



**FRASER & NEAVE  
HOLDINGS BHD**

196101000155 (4205-V)

# FORWARD TOGETHER



SUSTAINABILITY REPORT 2023

# 2023 HIGHLIGHTS



## BETTER BUSINESS

# Capturing Opportunities, Furthering Growth and Building a Better, Responsible Business

Celebrating its 140<sup>th</sup> anniversary, Fraser & Neave (F&N) exemplifies a legacy of responsible business practices in the Food and Beverage (F&B) sector. With a deep understanding of its substantial impact on society and the environment, F&N has navigated the challenges of growth while maintaining a strong commitment to social and environmental responsibilities alongside financial success. This historic milestone reflects the company's journey of embracing opportunities for expansion and innovation, all while building a business model that aligns with the highest standards of ethical practices.

### Strong ESG Performance

**The Edge ESG Awards 2023**  
Gold in Consumer Goods & Services

**FTSE4GOOD Rating 2023**  
4.6 out of 5.0 rating  
Top 1 percent in the Global Food & Beverage Supersector

**S&P Global ESG Score 2022**  
Global TOP 6 COMPANIES among Beverages sector

**2021 Asean Corporate Governance Scorecard Awards (ACGS)**  
ASEAN Asset Class PLCs



### Responsible Product Stewardship



**100%**  
of our plants and production processes are **certified with Halal Standards**

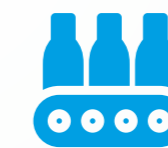


**6**  
new products introduced

**THB31 million** annual cost avoidance through employee-driven innovation projects in 2023

### Responsible Supply Chain

Engaged with  
**>2,000**  
global and local suppliers  
Annual procurement spend of RM3.17 billion



**99%** of our active key suppliers have accepted F&N Group's Supplier Code of Practice.

**100%**  
Sustainable Palm Oil



**40%** RSPO credits  
**60%** physical RSPO palm oil

Built the capacity of  
**>2,000** farmers in Thailand,  
through the Farming Excellence System

F&N Business Partner Programme 2023

participated by  
**38**  
suppliers

# 2023 HIGHLIGHTS



## BETTER SOCIETY

# Responding to Our Stakeholders with a Commitment to the Betterment of All

F&N's journey is characterised by unwavering dedication, and robust community support. Our people's commitment, coupled with insightful consumer interactions, has been pivotal in driving our achievements. It's at this juncture, celebrating 140 years of existence, that we reflect on our growth, which has been significantly shaped by our relationship with stakeholders, fostering trust, innovation, and resilience. Beyond providing quality, nutritious products, we are dedicated to supporting vulnerable communities and creating empowering work environments. Our approach, deeply rooted in respecting the human rights of all stakeholders, ensures that our legacy is defined not just by success, but by a positive, responsible impact on society.

### Create Value for Society

**51%** reduction in sugar per ml of our total beverages (2014 - 2023)

**>90%** of the RTD beverages sold are healthier options with less sugar



Continued to nurture young eco-warriors through F&N School Recycling Programme 2023

Participated by **>1,400 schools** Collected

almost **3,000 MT** of recyclables

**64%** products endorsed with healthier choice logo/symbol

**81** F&N volunteers in Thailand built a check dam at the Chet Sao Noi Waterfall



Spread hydration awareness through **World Hydration Day** and distributed **100PLUS** to **Malaysians nationwide** during the heat wave.

Our festive community outreach activities **touch the lives** of over **500 beneficiaries** this year

### Empower Our People

**>3,800** number of employees



**85%** of our employees underwent ESG-related training since 2022

Female Representation **27%** Total workforce

**46%** Managerial positions

**>25,000 hours** in FY2023

**33** training hours per employee in the executive category

**12** training hours per employee in the non-executive category

Maintained

**0** lost-time injury, high-consequence work-related injury, work-related fatality, work-related illness



# 2023 HIGHLIGHTS



## BETTER PLANET

# Playing Our Part to Ensure a Sustainable Value Chain

F&N is at the forefront of environmental conscientiousness in the F&B industry, with a focus on balancing resource use. The company is dedicated to sustainable sourcing of materials and the implementation of circular economy strategies in its operations. This commitment enhances business value and environmental care, underscoring our on-going efforts to safeguard the earth for the current and future generations. This enduring commitment is especially noteworthy as the company celebrates its 140<sup>th</sup> anniversary, marking a significant milestone in its journey towards sustainability.

### Operational Eco-efficiency

**TCFD** Conducted scenario analysis to quantify material climate-related risks as part of the phased implementation of climate-related disclosures

**Integrated Warehouse in Thailand and Malaysia Reduces**

**1,400** tonnes CO<sub>2e</sub> emission annually

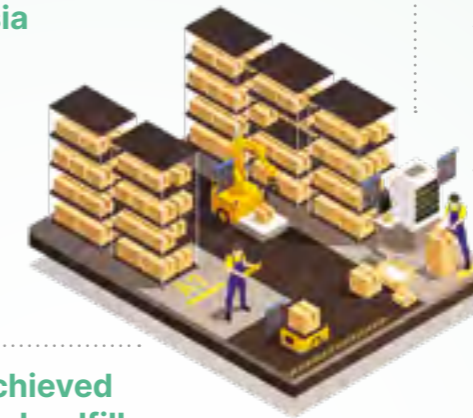


**3** plants have achieved ZERO waste to landfill

Kota Kinabalu Plant

Rojana Plant

Wang Muang Plant



At least **20%** of our electricity supply in Malaysia is from **renewable sources** in FY2023

New investment of **RM19 million** to install Solar PV systems with total capacity of **6.38 MWp** at **5 locations**



**>88%** of solid waste was reused, recycled or recovered

### Value Chain Impacts

**18** AI-powered Reverse Vending Machines

placed across key locations in the Klang Valley to encourage post-consumption recycling among the community at large

**25%** recycled content in beverage and dairy packaging

**98%** of packaging is recyclable

**Pulau Indah Plant** **Rojana Plant**

**100%** of sludge from dairy production @ **1,652 MT**

Converted to organic fertiliser and distributed to local farmers

**Kuching Plant**

Converted **486 MT** okara waste to organic feed by local organic chicken farm





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### Cover Rationale

In our "Forward Together" theme, we celebrate 140 years of diversity, collaboration, and innovation. Central to the design are four distinctively coloured circles, interlocking to form an unbreakable bond. This symbolises the different business pillars within the Group and unity and teamwork that have propelled our company's success over a century and a half. By visually interconnecting the circles, we emphasise the importance of teamwork and showcase the collective effort that goes into moving the Company forward together. As we continue to move forward together, we do so with a deep sense of responsibility and a commitment to positively impacting the world, honouring our rich history while forging a sustainable and innovative path for the future.



Read the full version of F&NHB Annual Report 2023 and Sustainability Report 2023 here



## JOINT MESSAGE FROM

# Our Chairman & CEO



**Y.A.M. TENGGU SYARIF  
BENDAHARA PERLIS SYED  
BADARUDIN JAMALULLAI IBNI  
ALMARHUM TUANKU SYED  
PUTRA JAMALULLAIL**  
Chairman

**LIM YEW HOE**  
Chief Executive Officer

**Dear Shareholders & Stakeholders,**

2023 has been another exciting year for F&NHB, as we continued to provide “Pure Enjoyment, Pure Goodness” to our stakeholders by fostering a “better business”, contributing to a “better planet”, and nurturing a “better society”.

As such, we are pleased to share Fraser & Neave Holdings Bhd’s (F&NHB’s or the Group’s) Sustainability Report (SR) for the fiscal year covering the period from 1 October 2022 to 30 September 2023 (FY2023). This report encapsulates the Group’s performance across key Environmental, Social & Governance (ESG) topics and illustrates our continued dedication to sustainable practices.

### OVERVIEW OF F&NHB’S SUSTAINABILITY REPORT 2023

This report was prepared in accordance with the internationally recognised Global Reporting Initiative (GRI) Universal Standards 2021. Selected Safety, Health & Environmental (SHE) practices and indicators have been externally validated by Lloyd’s Register Quality Assurance (LRQA).


We review our materiality matrix and 2025 sustainability targets annually to reflect changes in today’s sustainability landscape. This year, we have identified that four key material topics, namely “Climate Change”, “Energy”, “Policy & Regulations”, and “Governance & Ethics”, have an increased significance for our stakeholders and perceived impact on our business.

We continue to make good progress towards achieving our 2025 sustainability targets that were set in 2021. We are making good strides on eight of the 12 goals while undertaking various initiatives to improve our performance in the other four areas to ensure we are on track for all targets by 2025.

### STRENGTHENING CLIMATE-RELATED DISCLOSURES

F&NHB has embarked on a phased implementation of climate-related disclosures in a proactive step ahead of Bursa Malaysia’s stipulated Task Force on Climate-related Financial Disclosures (TCFD) reporting timeline by end 2025. Our qualitative climate-related risks assessment last year allowed F&NHB to identify material transition drivers and physical climate-related risks on our operations and supply chain.

Continuing our phased implementation of climate-related disclosures from the previous year, we quantified material climate-related risks (material physical risks and key transition risks) through scenario analysis.

 Details on the TCFD & Climate Risk Assessment-related disclosure can be found on pages 38 to 51 of this Report.

To further refine our sustainability strategy, F&NHB has begun exploring different decarbonisation pathways we can take for our business. Although still in the initial stages, our aim is to ensure that we put in place robust measures to meet our decarbonisation goals and be accountable to our stakeholders.

### AN ENCOURAGEMENT TO OUR SUSTAINABILITY EFFORTS

We continued to be recognised for excellence in sustainability reporting and strong ESG practices. These serve to validate our sustainability efforts, which further motivates us to continue advancing in our sustainability journey.

### S&P Corporate Sustainability Assessment

In our second annual submission to S&P Global Corporate Sustainability Assessment (S&P CSA), F&NHB scored 74 out of 100, placing us among the top six companies out of 101 companies assessed globally within the beverages industry. (Score date: April 21, 2023)

### FTSE4Good Bursa Malaysia Indices

We were retained as a constituent of the FTSE4Good Bursa Malaysia Index (F4GBM) for the fifth year running. This year, our percentile rank rose to the top 1% with a rating of 4.6 out of 5.0 from 4.4 last year. We are also a proud constituent of the FTSE4Good Bursa Malaysia Shariah (F4GBMS) Index for the third consecutive year.

## JOINT MESSAGE FROM OUR CHAIRMAN & CEO

### Recent Awards & Recognition

Our ESG efforts continue to receive strong external validation, as below:

#### The Edge Malaysia ESG Awards 2023

F&NHB bagged the Gold Award under the Consumer Products and Services sector for the second consecutive year at The Edge Malaysia Awards 2023.



#### National Annual Corporate Report Awards 2022

F&NHB received the prestigious Platinum Award for Best Sustainability Reporting at the National Annual Corporate Report Awards (NACRA) 2022. We received this recognition for the second year, highlighting the quality of our sustainability disclosure and communication.



#### HR Excellence Awards 2022 Malaysia

F&NHB received a Bronze for Excellence in Human Resources (HR) Communication Strategy at the HR Excellence Awards 2022 Malaysia. We were also named one of the Top 5 Graduates' Choice of Employer to Work for at the Graduates' Choice Award 2023.



#### World Halal Excellence Award 2022

Our collective efforts and contributions to the Halal industry earned us the esteemed Halal Innovation Excellence Award at the recent World Halal Excellence Award 2022 (WHEA 2022).



#### Thailand's National Safety Award 2023, CSR-DIW Continuous Award 2023 & Thailand Labour Management Excellence Award 2023

In Thailand, we proudly received multiple accolades for our dedication to employee health and safety, as well as community development through the Farming Excellence Programme with local Thailand-based fresh milk cooperatives. F&N Dairies Thailand bagged Thailand's National Safety Award 2023 and CSR-DIW Continuous Award 2023 from the Ministry of Industry Thailand, and the Thailand Labour Management Excellence Award 2023 by the Department of Labour Protection and Welfare, Ministry of Labour Thailand.



For the complete list of our awards, please refer to the AR 2023.

## FY2023 SUSTAINABILITY HIGHLIGHTS

### Building Internal Capacity in ESG

From boots to boardroom, awareness and education are vital in embedding ESG practices into business. This year, our Board of Directors and Senior Management underwent training on sustainable agriculture in alignment with our broader mission to establish one of the most sustainable dairy farms in the country.

At our CEO Townhall held in June this year, we emphasised our three core sustainability pillars: fostering a better business, contributing to a better society, and nurturing a better planet. The session was made interactive and engaging through a series of games and activities, building up internal capacity on ESG.

Meanwhile, 100% of our executives received training to equip them with a broader understanding of ESG and environmental issues. Following this, we aim to provide topical ESG training for employees situated in different business functions in key topics to increase the applicability of ESG in their everyday work routines. We aim for all our employees to receive ESG training at least once annually by 2025.

### Safeguarding the Health & Well-being of our People

At F&NHB, the well-being and safety of our employees take top priority. During the year, we introduced a range of initiatives designed to safeguard their health and safety, including comprehensive safety training programmes, sports programmes, and influenza vaccinations. Partly thanks to these initiatives, we are pleased to share that we have maintained a healthy workplace free from accidents throughout the year.



### Capacity Building Programme with Our Business Partners

Last year, we established the F&N Business Partner Award Programme to strengthen our partnership with our suppliers. This is a collaborative effort to enable them to elevate the quality of their services and align them with our values and sustainability goals. Through this one-year programme, we have empowered 38 local suppliers in Malaysia to grow with F&NHB and become regional suppliers with an expanded business horizon.

To address the logistic challenges of our fresh milk farmers in Thailand, we extended THB1.1 million assistance into building a milk collection centre (MCC) in Nakhon Rachasima this year to support the farmers of Khao Yai Milk Cooperative from the Northeast area. The MCC commenced operations in August 2023, enabling the Khao Yai Milk Cooperative to ease the logistic issues in supplying fresh milk to us. In the process, F&N also secured a partner supplier.

Read more about the Farming Excellence Programme in "Supply Chain Stewardship", on pages 78 and 79 of this Report.

### Driving Consumer-centric Innovation

This year, we continue to grow our portfolio of healthier options, with 64% of our total ready-to-drink beverage and dairy portfolio endorsed with the Healthier Choice Logo (HCL). This is well on track to achieve our 2025 target of having healthier options making up two-thirds of our portfolio.

Alongside developing healthier options for consumers, we also promote hydration awareness and active lifestyles to Malaysians through 100PLUS World Hydration Day as part of our consumer education programme to raise awareness of the importance of hydration to the community.

### Supporting the Halal Ecosystem

Our commitment to supporting the Halal ecosystem is multi-faceted, involving both mentorship and thought leadership. F&NHB continued to partner with Halal Development Corporation Berhad (HDC) on a Halal Sourcing Partnership Programme, imparting crucial knowledge on the best practices of the Halal industry. Our efforts have been focused on coaching Small and Medium-sized Enterprises (SMEs) to become qualified Halal vendors for large and multi-national companies through a three-stage programme. Thus far, F&NHB has provided mentorship to 16 SMEs who have high potential to elevate their business capacity.

F&NHB also participated in knowledge-sharing forums such as the World Halal Business Conference Australia 2022 and Halal Sector Forum 2023, focusing on topics related to Halal requirements and sustainability. Such forums validate our efforts to build up the Halal industry, besides establishing our credibility as a thought leader in this field.

Read more in "Policy & Regulations", on pages 63 and 64 of this Report.

## JOINT MESSAGE FROM OUR CHAIRMAN & CEO


### Serving the Local Community

In each market we operate in, we continue to create greater social equity through community programmes in four main thematic areas, including strengthening vulnerable groups. As part of our commitment, we have taken steps to support Sekolah Kebangsaan Tobobon, Kota Kinabalu in upgrading the facilities of its school library to foster a more enriching learning experience for the students.



As a heritage brand, F&NHB an integral part of festive celebrations for generations of Malaysians. We were able to resume spreading cheer among the less fortunate during the festive seasons post-pandemic. Over Chinese New Year, the holy month of Ramadhan and Deepavali, we reached out to more than 500 beneficiaries across the nation including the children at Pertubuhan Rumah Anak Yatim Dan Asnaf Kampung Sijangkang in Selangor, and children and senior citizens at Pertubuhan Kebajikan Thangam Illam, Pandan Indah.

Through 100PLUS, we support the Football Association of Malaysia (FAM), Badminton Association of Malaysia (BAM), Malaysian Hockey Confederation and the National Sports Council. 100PLUS is also the official beverage partner of the Johor Darul Takzim and Selangor Football Club. In addition, 100PLUS works closely with the Sportswriters Association of Malaysia (SAM) and is the primary sponsor for the annual SAM-100PLUS Awards.

 Read more in "Community Development & Inclusive Growth" on pages 88 to 93 of this Report.



Since 2020, we have made significant strides in reducing our reliance on fossil fuels by installing one of Malaysia's largest rooftops solar photovoltaic (PV) systems at our facilities. The 11,000 solar panels installed at our Shah Alam plant, harness enough solar energy to generate more than half of the electricity needed to produce 100PLUS, Malaysia's No. 1 Isotonic beverage. Supported by external validation of our solar energy generation, 100PLUS now features the "Solar" emblem across its packaging to signify our ongoing commitment to renewable energy sources. By next year, more of our products will carry the "Solar" emblem following our plan to extend solar roof systems to more facilities - Shah Alam, Pulau Indah and Rawang. Solar PV systems have also been invested for our plants in Thailand, with the same strategy towards increasing the proportion of green energy source.

### Building a Sustainable, Greener Future

At our integrated farm, we are innovating a complete "farm-to-bottle" model, growing animal feed and housing a milk processing facility within the same locality as the dairy barns. This holistic approach enables us to produce not just the freshest milk, but also in the most sustainable way possible. By reducing the need to import milk, the Group will also be able to reduce its overall carbon footprint. The farm will be designed around sustainable farming and circular economy practices, employing green technology throughout the farm's processes. The Group is looking to invest at least RM1.5 billion into developing Phase 1 of the farm. Following the groundbreaking ceremony in June 2023, we have begun our social impact study and will soon commence actual land development.

The 2023 edition of the F&N School Recycling Programme continues the Group's efforts to raise awareness about the importance of recycling among school children. The five-month campaign involved more than 1,400 primary and secondary schools across Malaysia in partnership with Solid Waste and Public Cleansing Management Corporation (SWCorp) Malaysia, an agency under the Malaysian Ministry of Local Government Development. To further drive sustainable change and encourage recycling among the community at large, we have partnered with industry leaders like GRAB, KLEAN and Malaysian Research Accelerator for Technology and Innovation (MRANTI) to launch 18 AI-driven Reverse Vending Machines in strategic locations across Klang Valley.

In Thailand, our team initiated a water conservation programme at Wang Muang, Saraburi province. This programme saw 81 employees building a check dam at the Chet Sao Noi Waterfall - a crucial water source of our Wang Muang plant. This initiative helps to safeguard against soil erosion and preserve water supply during dry seasons to mitigate the risks of forest fires.

Since 2020, 100% of the palm oil used by F&NHB is RSPO certified through RSPO credits. By 2025, we aim to achieve 100% RSPO physical certified palm oil for our palm oil usage. For 2023, the Group used 60% Certified Sustainable Palm Oil and the remaining 40% with RSPO credits.



### CLOSING REMARKS

On behalf of the Board and management, we extend our heartfelt gratitude to our dedicated team across the organisation and stakeholders for their unwavering commitment to driving our sustainability agenda. We look forward to more years in which we continue to create value for our stakeholders and accelerate climate action together.

As F&N proudly celebrates our 140<sup>th</sup> year of delivering "Pure Enjoyment, Pure Goodness" to our stakeholders, sustaining the legacy of F&N for the next hundred years will require more sustainable transformation and support from our stakeholders.

We recognise that the journey ahead will continue to be filled with challenges. Nevertheless, we are optimistic about the economic, environmental, and social opportunities that our continuous sustainability initiatives and strategies can unlock. This is the reason for us to remain firmly committed to advancing our business sustainably.

Rest assured, we are ready to embrace this era of growth and move **"FORWARD TOGETHER"**.

**Y.A.M. TENGKU SYARIF BENDAHARA PERLIS  
SYED BADARUDIN JAMALULLAIL  
IBNI ALMARHUM TUANKU SYED PUTRA JAMALULLAIL**  
Chairman

**LIM YEW HOE**  
Chief Executive Officer

## ABOUT THIS REPORT

F&NHB SR 2023 aims to provide our stakeholders and shareholders with concise material, and clear assessment of our operational and governance performance the past reporting year – FY2023.

This report reviews our key ESG strategy, achievements, and provides a progressive update against our 2025 targets. It describes sustainability-related risks and opportunities for the business and our forward-looking action plans.

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

### BETTER BUSINESS

#### RESPONSIBLE BUSINESS FUNDAMENTALS

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

### BETTER SOCIETY

#### WELL-BEING OF PEOPLE & COMMUNITIES

- Create Value for Society
- Empower Our People

### BETTER PLANET

#### CIRCULARITY & ENVIRONMENTAL PROTECTION

- Operational Eco-efficiency
- Value Chain Impacts

This SR is best read together with our 2023 Annual Report (AR) to provide a comprehensive view of integrating our financial goals with social and environmental imperatives. For specific references to our F&NHB 2023 Annual Report, refer to our GRI Index in pages 148 to 153 of this Report. We appreciate the opportunity to share our sustainability commitments and progress in long-term value generation for our stakeholders.

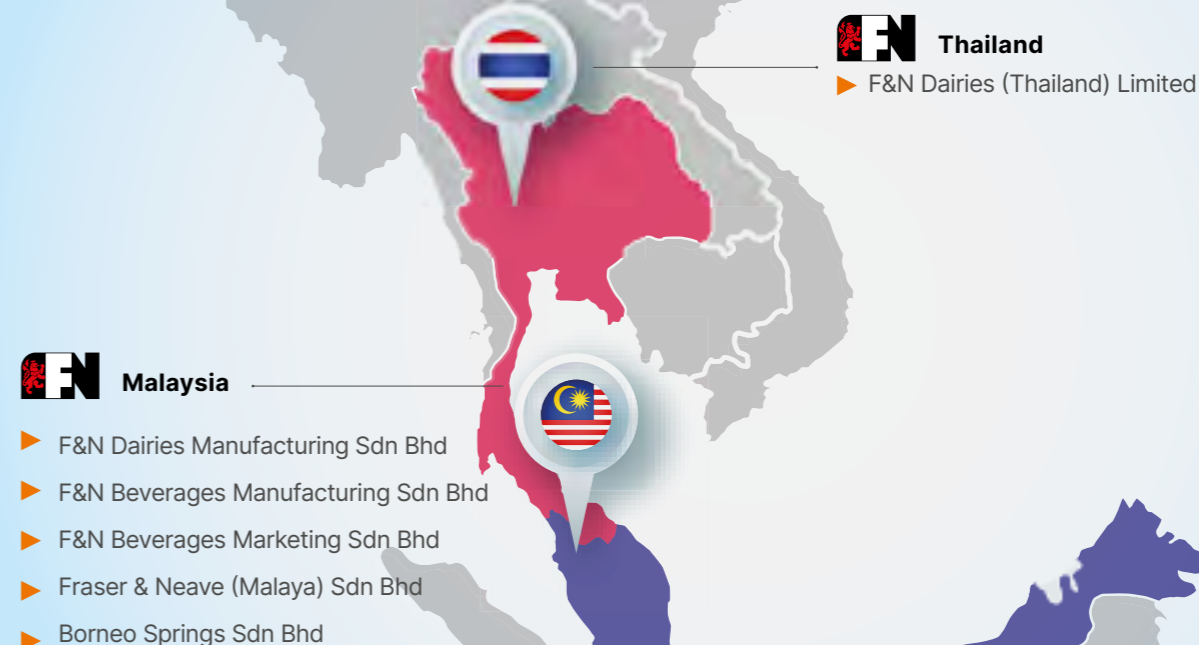


Read our full version of our AR and SR 2023 here

### REPORTING PERIOD & BASIS OF SCOPE

F&N publishes the Sustainability Report every year. The reporting period for this Report is from 1 October 2022 to 30 September 2023. The Report is published on 19 December 2023.

The scope of this report includes information that covers all the Group's operations in Malaysia and Thailand, as stated below, including environmental and social performance.\*



\* The environmental performance data from the newly acquired Sri Nona and Cocoland will be included in 2025's SR.

The entities within the reporting scope report on their sustainability performance across all our material topics, including environmental and social performances. The list of operations included in the Report are likewise considered for our Annual Report. Sustainability data consolidated through a single approach across our operations are given equal weightage in the reporting.

### REPORTING FRAMEWORK & INDICES

We are proud to continue our sustainability journey and reporting in accordance with the GRI Universal Standards 2021 in our seventh stand-alone SR. The SR is prepared in alignment with the International Integrated Reporting Council's (IIRC) Integrated Reporting <IR> Framework and Bursa Malaysia Securities Berhad's Main Market Listing Requirements. We have begun a phased climate-reporting approach as recommended by TCFD, well ahead of the stipulated timeline of end 2025 by Bursa Malaysia.

We remain as a constituent of the FTSE4Good Bursa Malaysia Index (F4GBM) for the fifth year running, with an improved rating of 4.6 this year from 4.4 in June 2022. For the third consecutive year, we are also included as a constituent of the FTSE4Good Bursa Malaysia Shariah (F4GBMS) Index for the third year.

We continue to participate in the S&P Global Corporate Sustainability Assessment (CSA) for inclusion in the S&P ESG Index for the third consecutive year. In 2022, F&NHB emerged as one of the top decile companies in our second S&P CSA and ranked among the top six companies out of 101 companies assessed in the beverages industry. F&NHB scored 74 (out of 100). (Score date: April 21, 2023)

We look to address the gaps in our sustainability performance by benchmarking our sustainability processes and performance against industry leaders, such as our parent company, Thai Beverage Public Company Limited.

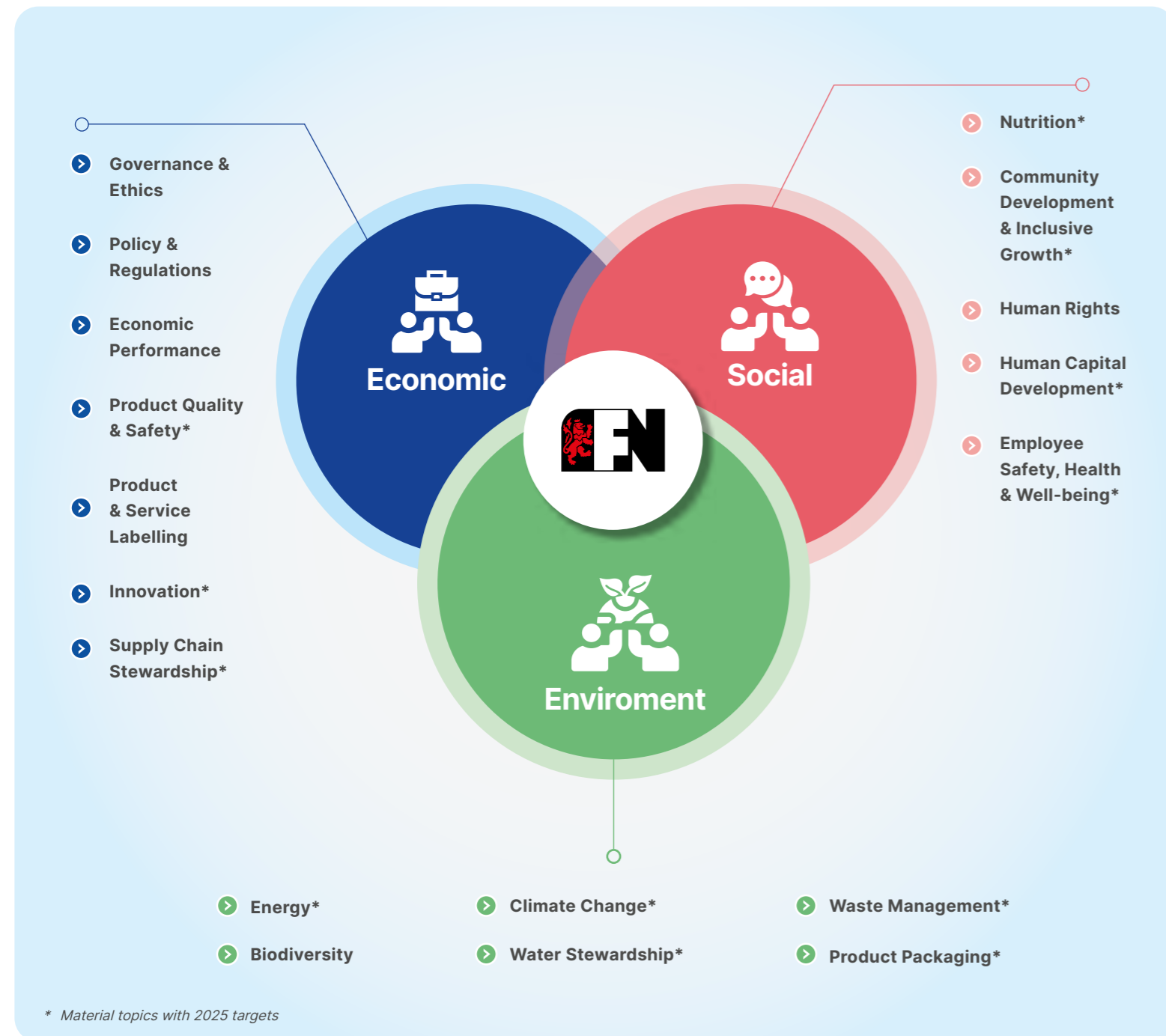
## ABOUT THIS REPORT

### F&N MATERIAL SUSTAINABILITY MATTERS

In 2020, F&N Group had undertaken a robust materiality assessment to determine a set of material topics on which we would focus our sustainability efforts and disclosures. We have established a set of targets to be achieved by 2025 for key material topics.

This year, we reviewed the material topics and refreshed the materiality matrix, where necessary, to reflect changes in the sustainability landscape. The outlined material topics guides the next phase of our sustainability journey – spanning from 2021 to 2025.

Refer to "Materiality Assessment Approach" and "F&N's Sustainability Focus Areas & 2025 Targets", on pages 26 to 27 and 31 to 33 of this Report.



### EXTERNAL ASSURANCE

Our policy aligns our reporting of non-financial information with the most up-to-date international standards and protocols available at the beginning of our financial year. We believe in reporting reliable data and strives to continuously improve the quality of non-financial disclosures.

External assurance of the sustainability data disclosed in this Report serves to ensure accuracy and credibility of these reported data. Approved by the F&NHB Board Sustainability & Risk Management Committee (SRMC), external assurance has been obtained from an independent assurance provider, LRQA. The scope and outcome of the external assurance is reported at the respective F&NHB Board SRMC, SMC and F&N Group Sustainable Development Committee meetings.

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 the materiality of the professional judgement of the verifier, using the International Standard on Assurance Engagements 3000. The assurance engagement covered F&NHB's operations and activities in Malaysia and Thailand. The scope and outcome of the external assurance is reported at the Board SRMC meetings to keep them constantly updated on the status of our external assurance.

Read about LRQA's assurance statement on pages 146 and 147 of this Report.

### POINT OF CONTACT

We value and appreciate all feedback that help improve the relevancy of our Reports to meet our stakeholders' needs. Any questions pertaining to our sustainability initiatives or reporting, or comments and feedback, can be directed to:

#### Communications, Corporate Affairs & Sustainability Department

groupcomms@fn.com.my

+603-5101 4288

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40400 Shah Alam, Selangor, Malaysia

### FORWARD STATEMENTS

Certain statements in the report are "forward-looking statements" that reflect F&NHB's current views of future events, considers our present and future sustainability strategies, and the environment in which F&NHB will operate. These views necessarily involve risks, uncertainties and assumptions which may cause the actual performance or achievements of F&NHB or industry, to be materially different from the future performance or achievements expressed or implied by such forward-looking statements and financial information.

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

## COMPANY PROFILE

F&NHB is a subsidiary of Fraser and Neave, Limited (F&N Group). The F&N Group was founded in 1883 by John Fraser and David Chalmers Neave to produce carbonated soft drinks. Today, F&N Group is an iconic household name that is trusted to provide “Pure Enjoyment, Pure Goodness” through our wide portfolio of well-loved brands.

Listed on the Bursa Malaysia’s Main Board, F&NHB is a Shariah-compliant company with an annual turnover of RM5 billion from its core businesses in the manufacturing, sales, and marketing of Food & Beverage (F&B) products.

F&NHB boasts a portfolio of brands which are leaders in many segments such as; 100PLUS, F&N Fun Flavours, F&N SEASONS, OYOSHI, F&N Magnolia, FARMHOUSE, F&N ICE MOUNTAIN; Condensed and Evaporated Milk under F&N, TEAPOT, Gold Coin, Cap Junjung, Ideal and Carnation brands; as well as NONA brand of ketupat and sauces. The Group’s subsidiary, Cocoland, is also the largest gummy candy producer in Malaysia with its flagship LOT 100 brand. Currently, F&NHB has over 200 products in Malaysia and Thailand.

F&NHB is also an exclusive manufacturer, marketer, and distributor of Carnation products in Thailand, Laos and Cambodia; as well as Carnation, Cap Junjung and Ideal canned milk products in Malaysia, Singapore and Brunei. F&NHB has also the exclusive rights as the exclusive manufacturer and distributor for Nestlé’s BEAR BRAND sterilised milk and BEAR BRAND Gold milk for Thailand, Cambodia and Laos.

The Group’s operating businesses are organised according to products and services, namely Food and Beverages Malaysia (F&B Malaysia) – encompassing soft drink, dairy, and food business in Malaysia; Food and Beverages Thailand (F&B Thailand); Property and Others.



F&NHB is a Shariah-compliant company with an annual turnover of **RM5 billion**

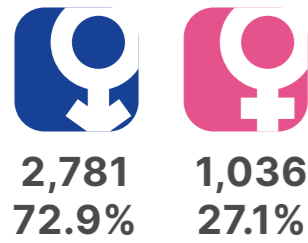
F&NHB has over **200 products** in Malaysia and Thailand.

# GEOGRAPHICAL FOOTPRINT, TOTAL WORKFORCE & FINANCIAL HIGHLIGHTS

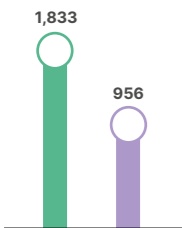
F&NHB is headquartered in Shah Alam, Malaysia. We have 13 manufacturing plants in Malaysia and Thailand to serve the needs of consumers in ASEAN and beyond. F&NHB operates in Malaysia, Brunei, Thailand and Indochina, and export products to 93 countries around the globe.

## Total Workforce

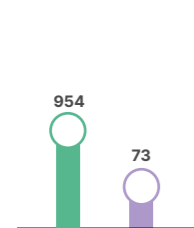
### GENDER



### FULL TIME



### TEMPORARY



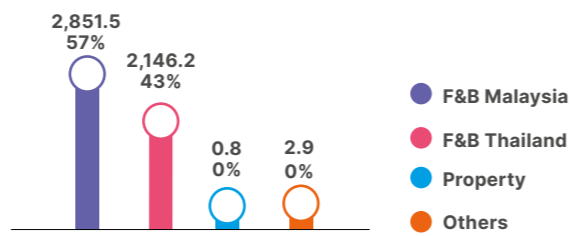
### PART TIME



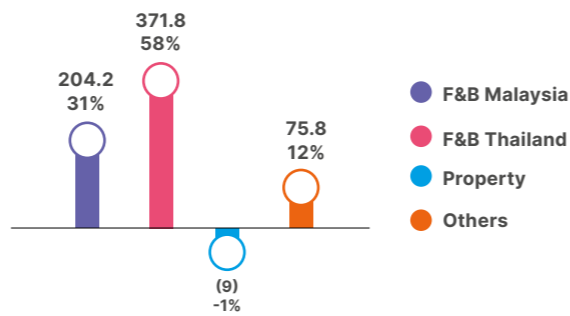
Male Female

## Financial Highlights

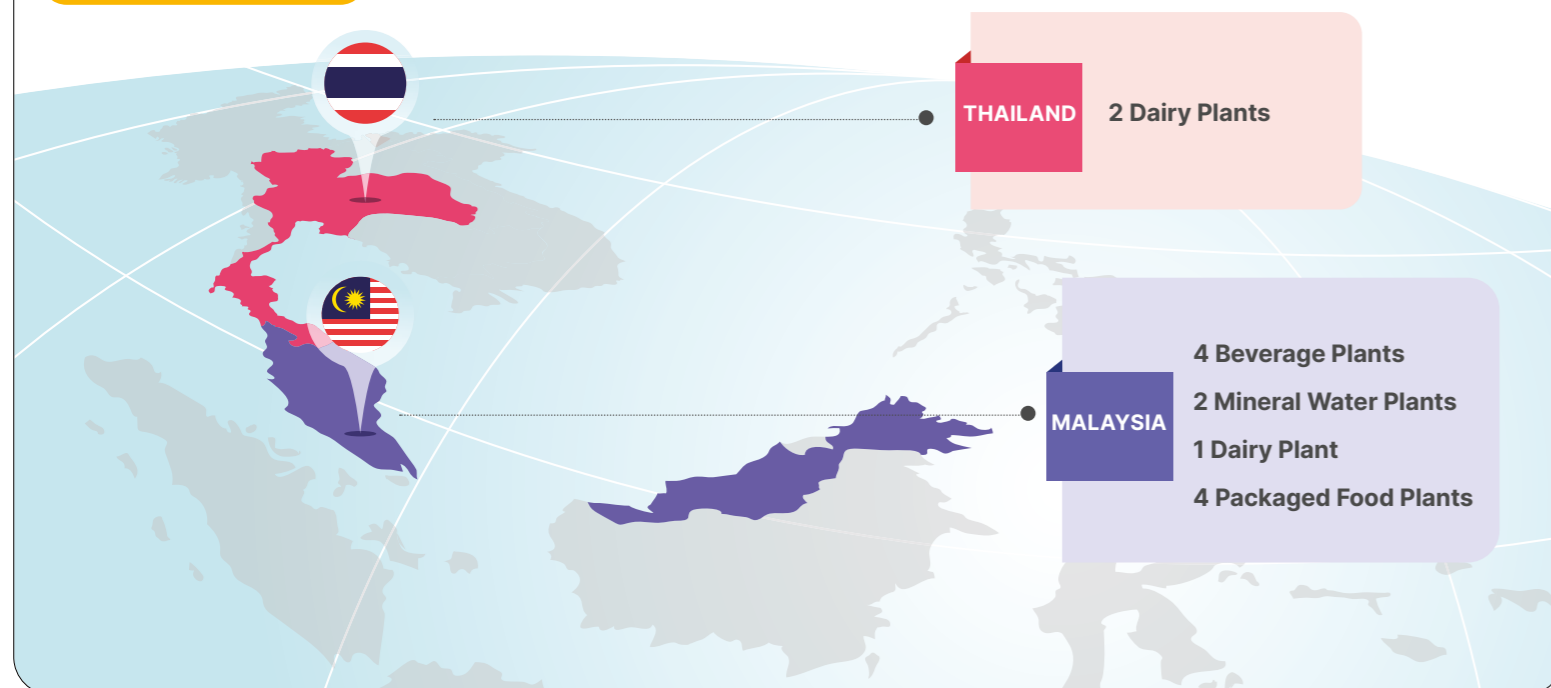
### GROUP REVENUE (RM MILLION)



### GROUP OPERATING PROFIT (RM MILLION)



## Geographical Footprint



# CORPORATE STRUCTURE

as at 15 November 2023

## FOOD & BEVERAGES MALAYSIA

- 100% F&N Beverages Manufacturing Sdn Bhd
  - 100% Borneo Springs Sdn Bhd
- 100% F&N Beverages Marketing Sdn Bhd
- 100% F&N Dairies Manufacturing Sdn Bhd
- 100% F&N Dairies Distribution (Singapore) Pte Ltd
- 100% F&N Marketing (B) Sdn Bhd
- 100% Fraser & Neave (Malaya) Sdn Bhd \*
  - 100% Fraser and Neave MENA DWC-LLC
- 100% F&N Dairies (Malaysia) Sdn Bhd
- 100% Premier Milk (Malaya) Sdn Berhad

- 100% Awana Citra Sdn Bhd
  - 100% Sri Nona Industries Sdn Bhd
  - 100% Sri Nona Food Industries Sdn Bhd
  - 100% Lee Shun Hing Sauce Industries Sdn Bhd
  - 72.38%\* Cocoaland Holdings Berhad
    - 100% Sri Nona Food Manufacturing Sdn Bhd (formerly known as Cocoaland Industry Sdn Bhd)
    - 100% CCL Food & Beverage Sdn Bhd
    - 100% Sri Nona Foods Sdn Bhd (formerly known as L.B. Food Sdn Bhd)
      - 10% PT Cocoaland Indonesia
    - 100% 乐一百贸易(深圳)有限公司 Lot 100 Food Co. Ltd.
    - 90% PT Cocoaland Indonesia
- 27.62%\* Cocoaland Holdings Berhad

## FOOD & BEVERAGES THAILAND

- 100% F&N Dairies (Thailand) Limited

## PROPERTY

- 100% F&N Properties Sdn Bhd
- 100% Greenclipper Corporation Sdn Bhd
- 100% Nuvak Company Sdn Bhd
- 100% Utas Mutiara Sdn Bhd
- 100% Tropical League Sdn Bhd
- 70% Lettricia Corporation Sdn Bhd
- 50% Vacaron Company Sdn Bhd

## OTHERS

- 100% Fraser & Neave (Malaya) Sdn Bhd \*
- 100% F&N Capital Sdn Bhd
- 100% Elsinburg Holdings Sdn Bhd
- 100% F&N AgriValley Sdn Bhd
- 100% Usahaniaga Abadi Sdn Bhd
  - 65% Dagang Sejahtera Sdn Bhd
    - 100% Ladang Permai Damai Sdn Bhd

Notes:

\* Classified under Food & Beverages Malaysia and Others segments.

© Effective equity interest owned by the Group is 100%; with 27.62% held by F&NHB and the balance 72.38% held by Awana Citra Sdn Bhd

## OUR SUPPLY CHAIN

The preparation, production, and packaging of our products require a range of raw materials, equipment, and other goods and services. In FY2023, we engaged with over 2,000 global and local suppliers across our supply chain, including manufacturers, wholesalers, retailers, importers/merchants, contractors, and professional services providers. We spent a total of RM3.17 billion on procuring products and services.



**SOURCING**

We work closely with suppliers to ensure their goods and services meet our internal stringent requirements and supports external social, environmental, and ethical standards. We upkeep robust risk management mechanisms to manage issues associated with the commodities upon which we rely, ensuring the sustainability of our business.

[Read more in Supply Chain Stewardship on pages 75 to 81.](#)



**PRODUCTION**

The production process throughout our operations is standardised in accordance with international standards. We strive for eco-efficient processes to provide good value, while minimising negative environmental and social impacts. We strive to optimise resource use and consider the impacts of water consumption, waste, effluents, and emissions at all production stages.

[Read more in Product Quality and Safety on page 67.](#)

[Read more in Operational Eco-efficiency on pages 116 to 128.](#)



**DISTRIBUTION**

We fully integrate our distribution system to enhance efficiency to our customers. We focus on improving our processes through digital technologies to ensure efficient energy management in our transportation, while ensuring the safety of our personnel and local communities.

[Read more in Energy & Climate Change on pages 117 to 121.](#)



**MARKETING & SALES**

Responsible marketing and sales practices are of great importance to F&NHB. We engage regulators and customers to improve our marketing practices when communicating value – e.g. nutritional information to our consumers. Conversations with our stakeholders enable us to innovate better, providing healthier product options that are desired.

[Read more in Product & Service Labelling on pages 68 to 69.](#)



**POST-CONSUMPTION PACKAGING MANAGEMENT**

We minimise the impact of post-consumer waste through research and development to deliver innovative packaging that is sustainable and meets the needs of our consumers. Beyond applying the Circular Economy principles through F&NHB, we promote environmental awareness within communities where we operate.

[Read more in Waste Management on pages 125 to 128.](#)

# VALUE CREATION BUSINESS MODEL

## INPUTS - RESOURCES WE USE



### HUMAN CAPITAL

- >3,800 employees
- 27.1% of employees are female
- 46.3% of female representation in managerial positions
- 4 women directors on Board



### FINANCIAL CAPITAL

- As at 30 Sep 2023
- RM816.8 million in share capital
  - RM3,343.2 million in shareholder's equity



### INTELLECTUAL CAPITAL

- Equity from >30 well-loved brands
- New product formulations and recipes
- Innovative process and technology
- Strategic Partnerships  
ThaiBev, Fraser and Neave, Limited, Nestlé, Sunkist

## OUR BUSINESS - HOW WE CREATE VALUE

### OUR BUSINESSES

- Food & Beverages Malaysia
- Food & Beverages Thailand
- Property & Others

### HOW WE CONDUCT BUSINESS

#### VISION

To be a stable and sustainable food and beverage (F&B) leader in the ASEAN region.

#### MISSION

To be ASEAN's leading provider of quality and innovative products that consumers choose and trust.

#### CORE VALUES

- Collaboration
- Creating Values
- Caring for Stakeholders

SUPPORTED BY STRONG GOVERNANCE & EFFECTIVE BOARD LEADERSHIP

## OUTPUTS - VALUE CREATED

### HUMAN CAPITAL

- Paid RM372.4 million in total employee remuneration & benefits
- Employed 696 new employees
- Provided training and development to employees
  - Executives : 32.9 average hours
  - Non-executives : 11.7 average hours
- Awarded RM206,000 to 71 children of employees under F&N Chairman's Award

### FINANCIAL CAPITAL

- Revenue : RM5,001.4 million
- Profit before Tax : RM624.7 million
- Profit for the Year : RM542.0 million
- Dividend per Share : 77.0 sen \*
- Total Dividend Payout : RM220.1 million
- Economic Value Retained : RM316.80 million

\* Included proposed final dividend of 33.0 sen per share and special dividend of 17.0 sen per share, which will only be recognised in the financial statements upon shareholders' approval.

### INTELLECTUAL CAPITAL

- Introduced various innovative solutions for our customers in 93 countries nationwide
- Launched 6 new products
- 82 products endorsed with Healthier Choice Logo

### 3 STRATEGIC DOMAINS

- BUILD**  
Building new capabilities and business opportunities
- UNLOCK**  
Unlocking potentials of the Group to create maximum value
- STRENGTHEN**  
Strengthening core businesses for market leadership positions

### OPERATING ENVIRONMENT

- Inflation & Increased Cost of Living
- Effects of Climate Change
- Waste Management & Conscious Consumption
- Employee Engagement & Well-being

### CORE AREAS OF SUSTAINABILITY

- Responsible Business Practice
- Responsible Product Stewardship
- Responsible Supply Chain
- Create Value for Society
- Empower Our People
- Operational Eco-efficiency
- Value Chain Impacts

### COMPETITIVE ADVANTAGE

- Better Products
- Greater Efficiency
- Strengthen Relationships with key stakeholders

# DELIVERING ON OUR STRATEGY

## THROUGH OUR VALUE CREATION BUSINESS MODEL



### MANUFACTURED CAPITAL

- 13 production plants
- 25 offices in Malaysia, Thailand, Brunei and United Arab Emirates
- RM5.11 billion worth of assets



### SOCIAL & RELATIONSHIP CAPITAL

- Engaged with > 2,000 local and global suppliers across our supply chain
- > 230,000 outlets in Malaysia, Thailand, Laos & Cambodia
- 53,000 hawkers in Thailand, Laos & Cambodia



### NATURAL CAPITAL

- > 1 billion MJ energy consumed
- > 42.9 million MJ solar energy generated
- > 2.7 million m<sup>3</sup> water consumed
- Sourced raw materials that are sustainable



Read more in "Our Supply Chain" on pages 22 and 23.

### MANUFACTURED CAPITAL

- Capital investment of > RM800 million over past five years
  - Renewable energy programme
  - Shah Alam Integrated Warehouse, Malaysia
  - Rojana Distribution Centre, Thailand
  - Fresh milk line in Rojana, Thailand
  - Drinking water line in Kota Kinabalu Industrial Park, Malaysia
  - Water packing line in Matang, Malaysia

### SOCIAL & RELATIONSHIP CAPITAL

- Social investment of > RM1 million to support > 100 beneficiaries

### NATURAL CAPITAL

- Energy intensity (MJ/MT) : 898.30
- GHG Emissions Intensity (MTCO<sub>2e</sub>/MT) : 0.065
- Water Intensity (m<sup>3</sup>/MT) : 2.36
- Solid Waste Recycling Rate : 88%
- % of Recyclable Packaging : 98%
- % of Recycled Content in Packaging : 25%

## CREATING VALUES FOR OUR STAKEHOLDERS

- Emp Employees
- Sup Suppliers

- S&I Shareholders and Investors
- Reg Regulators

- S&I Shareholders and Investors
- Con Consumers

- S&I Shareholders and Investors
- D&T Distributors and Trade Customers
- Con Consumers

- D&T Distributors and Trade Customers
- Con Consumers
- Com Communities
- Sup Suppliers

- S&I Shareholders and Investors
- Com Communities
- Reg Regulators

# MATERIALITY ASSESSMENT APPROACH

## MATERIALITY ASSESSMENT APPROACH

In 2020, F&N undertook an extensive engagement process with support from an external independent consultant to gain insights of stakeholders' primary concerns regarding sustainability. Understanding their priorities and evolving concerns is crucial to our business. The process of compilation of these topics laid the groundwork for the development of our sustainability strategy and related goals for the year 2025.

### STEP 1 IDENTIFICATION

We first conducted a trends and peer analysis to identify possible sustainability issues for our business, noting changes since our last materiality assessment. Through a survey of peer best practices, desktop research into sustainability trends, and a review of global initiatives and frameworks, an initial list of 50 possible sustainability topics was identified.

### STEP 2 PRIORITISATION

To prioritise our sustainability issues, we engaged internal and external stakeholders across our value chain.

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

Based on the stakeholder inputs, we refined our list to 18 material sustainability issues that were prioritised from "moderate" to "high".

### STEP 3 VALIDATION

Finally, we conducted a materiality workshop with the Board of Directors, C-suite, and department heads, to review and validate the prioritisation of material sustainability topics. The workshop involved an in-depth discussion of each identified sustainability issue, including the possibility of impacts to our business and stakeholders.

In 2023, we thoroughly reviewed our assessment of materiality to ensure it accurately represented the present concerns of both internal and external stakeholders. Our material issues were assessed against established standards and frameworks (GRI, FTSE4Good, S&P CSA) to uncover any potential gaps and emerging sustainability issues.

The topics of "Packaging" and "Nutrition" remain of utmost importance as significant material subjects, particularly for our customers and consumers. These areas present opportunities for our business to create notable positive impact.

The subjects of "Climate Change," "Energy," "Governance & Ethics," and "Policy & Regulations" have been elevated in priority due to their increased significance to external stakeholders and thus in turn increase its potential impact on our business.

We will maintain the practice of monitoring sustainability trends and conduct an annual review of our material sustainability topics.

F&N MATERIALITY MATRIX



#### Material Matters

- |                     |                            |                                |   |                              |
|---------------------|----------------------------|--------------------------------|---|------------------------------|
| 1 Packaging         | 5 Energy                   | 9 Product Quality & Safety     | 13 Economic Performance                       | 17 Human Rights              |
| 2 Water Stewardship | 6 Biodiversity             | 10 Policy & Regulations        | 14 Nutrition                                  | 18 Human Capital Development |
| 3 Climate Change    | 7 Supply Chain Stewardship | 11 Governance & Ethics         | 15 Employee Safety, Health and Well-being     |                              |
| 4 Waste Management  | 8 Innovation               | 12 Product & Service Labelling | 16 Community Development and Inclusive Growth |                              |

# F&N SUSTAINABILITY PRIORITIES



Material Issues of F&N	OPPORTUNITIES FOR F&N If issue is addressed	POTENTIAL RISKS FOR F&N If issue is not addressed
<b>BETTER BUSINESS</b>		
<p><b>GOVERNANCE &amp; ETHICS</b> <i>Business policies and practices to ensure ethical, transparent, and responsible governance.</i></p>	<ul style="list-style-type: none"> <li>Upholding F&amp;N reputation as a responsible business maintains trust among stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>Failure to establish transparent and robust governance represents a risk to our reputation</li> </ul>
<p><b>POLICY &amp; REGULATIONS</b> <i>Regulatory compliance across our operations and engaging with policymakers in a responsible and transparent manner.</i></p>	<ul style="list-style-type: none"> <li>Engaging with regulators allows F&amp;N to prepare for emerging legislation and ensure compliance</li> <li>Reduced operational costs</li> </ul>	<ul style="list-style-type: none"> <li>Risk of unprepared to adhere to new regulations</li> <li>Reputational risk due to absence of transparent and robust policies</li> </ul>
<p><b>ECONOMIC PERFORMANCE</b> <i>Financial performance to deliver shareholder value and secure long-term viability of the company.</i></p>	<ul style="list-style-type: none"> <li>Long-term value for all stakeholders through sustainable financial performance</li> </ul>	<ul style="list-style-type: none"> <li>Hinder F&amp;N's business continuity</li> </ul>
<p><b>PRODUCT QUALITY &amp; SAFETY</b> <i>Delivering products to consumers which meet the highest quality and safety standards.</i></p>	<ul style="list-style-type: none"> <li>Delivery of F&amp;N brand commitment to consumers through product excellence</li> <li>Retention and increase in market share through product range expansion and diversified portfolio</li> </ul>	<ul style="list-style-type: none"> <li>Reputational risk and customer claims arising from an interrupted supply chain or compromised packaging outside the factory</li> <li>Specific regulatory changes that may affect product recipe and/or packaging</li> </ul>
<p><b>PRODUCT &amp; SERVICE LABELLING</b> <i>Labelling our products and services in a responsible and transparent way for consumers.</i></p>	<ul style="list-style-type: none"> <li>Meet regulatory requirements</li> <li>Meet consumer expectations relating to product and ingredient communication</li> </ul>	<ul style="list-style-type: none"> <li>Inability to satisfy stakeholder expectations on transparency of product information</li> </ul>
<p><b>INNOVATION</b> <i>Building competitive advantage through innovative products and solutions to meet consumer and societal needs.</i></p>	<ul style="list-style-type: none"> <li>Respond to customer and consumer demands and stay relevant</li> <li>Embrace emerging and disruptive technologies increases competitive edge</li> </ul>	<ul style="list-style-type: none"> <li>Balancing between risk of consumer non-acceptance and vulnerability of being outpaced by competitors</li> </ul>
<p><b>SUPPLY CHAIN STEWARDSHIP</b> <i>Procurement policies, contractor management and supplier relationships which address material issues across the value chain.</i></p>	<ul style="list-style-type: none"> <li>Enhanced vendors' efficiency and sustainability performance, ensuring compliance with food safety standards</li> <li>Achieve cost savings through stronger collaboration</li> <li>Implementation of robust policies and systems to ensure competitive pricing and safeguard vendors from corruption and unethical practices</li> </ul>	<ul style="list-style-type: none"> <li>Expose F&amp;N's supply chain to various ESG risks (e.g. human rights, product quality); unethical practice can lead to regulatory violations, monetary fines and reputational risk</li> <li>Disruption to operations</li> <li>Price fluctuation as a result of global economic performance and vulnerability to foreign exchange exposure</li> </ul>

Material Issues of F&N	OPPORTUNITIES FOR F&N If issue is addressed	POTENTIAL RISKS FOR F&N If issue is not addressed
<b>BETTER SOCIETY</b>		
<p><b>NUTRITION</b> <i>Helping consumers lead healthy lives by developing nutritious and accessible products.</i></p>	<ul style="list-style-type: none"> <li>Avenue for innovation to align with customer and consumer expectations</li> <li>Shift in product portfolio towards healthier choices that contribute to consumer well-being</li> </ul>	<ul style="list-style-type: none"> <li>Regulatory risks (e.g. sugar tax) from the markets we operate in; focusing on Nutrition helps mitigate this</li> </ul>
<p><b>COMMUNITY DEVELOPMENT &amp; INCLUSIVE GROWTH</b> <i>Supporting economic development and creating positive social impact for communities connected to our business activities.</i></p>	<ul style="list-style-type: none"> <li>Investment in communities supports national social and economic development and ensures F&amp;N's parallel growth with society</li> <li>Collaboration with communities to reinforce our relationships, credibility and presence</li> </ul>	<ul style="list-style-type: none"> <li>Absence of community programmes and initiatives impacts our reputation as a corporate citizen and impacts employee morale</li> <li>Inadequate equilibrium between social, economic and environmental requirements results in financial implications</li> </ul>
<p><b>HUMAN RIGHTS</b> <i>Upholding strong human rights practices in our operations and supply chain.</i></p>	<ul style="list-style-type: none"> <li>Taking proactive measures to recognise and address human rights risks in F&amp;N operations and supply chain ensures a safe workforce</li> <li>Reduced inequalities (e.g. gender inequality)</li> <li>Improved productivity and resource efficiency</li> </ul>	<ul style="list-style-type: none"> <li>Human rights violations in operations and supply chain lead to regulatory risks, monetary fines and reputational risk</li> <li>Disruption to operations</li> <li>Demotivated and unproductive workforce</li> </ul>
<p><b>HUMAN CAPITAL DEVELOPMENT</b> <i>Attracting, developing, and retaining high-performing employees, creating an inclusive and diverse culture.</i></p>	<ul style="list-style-type: none"> <li>Skilled and diverse employees enable F&amp;N to deliver our business strategy and uphold competitiveness</li> <li>Effective training and upskilling programmes contribute to a high-performance culture</li> <li>Offer employment opportunities for local communities in areas of operation</li> </ul>	<ul style="list-style-type: none"> <li>Challenge in attracting and retaining talent</li> <li>Adapting to the rapid alterations in skill set requirement within the evolving market</li> </ul>
<p><b>EMPLOYEE SAFETY, HEALTH &amp; WELL-BEING</b> <i>Improving and maintaining the health, safety and well-being of our employees</i></p>	<ul style="list-style-type: none"> <li>A healthy and safe workforce increases productivity of F&amp;N's operations</li> <li>Improvements in talent acquisition and retention</li> <li>Cultivation of positive employer reputation</li> </ul>	<ul style="list-style-type: none"> <li>Incidents such as injuries, occupational illnesses, lost days at work, and fatalities can lead to decline of productivity, disrupted business continuity and pose challenges to F&amp;N's license to operate</li> <li>Financial and reputational risks</li> </ul>

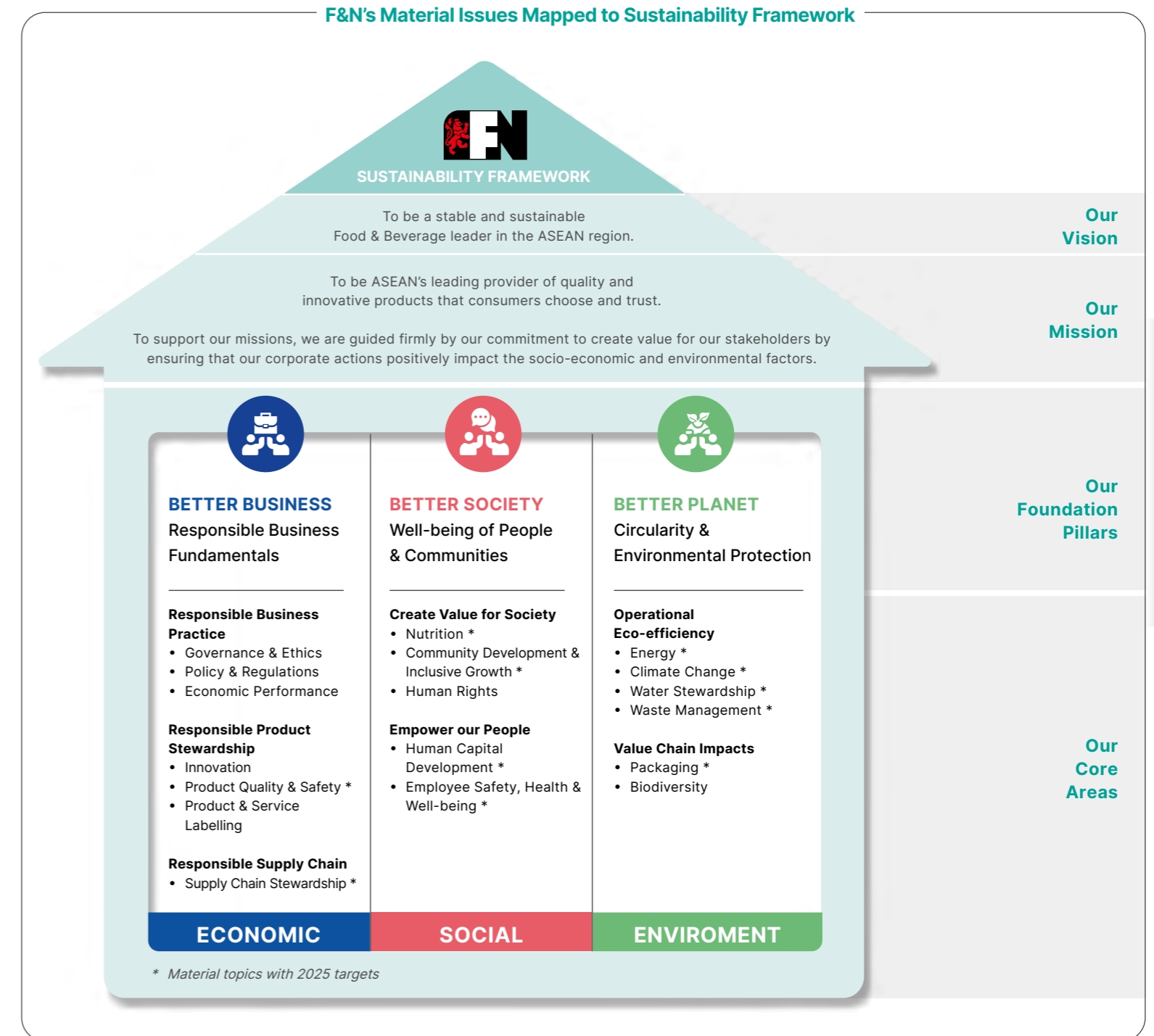
## F&N SUSTAINABILITY PRIORITIES



Material Issues of F&N	OPPORTUNITIES FOR F&N If issue is addressed	POTENTIAL RISKS FOR F&N If issue is not addressed
<b>BETTER PLANET</b>		
<b>PACKAGING</b> <i>Developing sustainable packaging solutions to reduce the impact of packaging on the environment.</i>	<ul style="list-style-type: none"> <li>Meeting customer and consumer demands for products packaged sustainably uplifts reputation</li> <li>Improve resource efficiency in packaging</li> <li>Reduce dependence on virgin materials, resulting in cost savings</li> </ul>	<ul style="list-style-type: none"> <li>Failure to meet stakeholders' expectations in packaging management results in reputational risks</li> <li>Risk of competitors taking lead and securing market shares</li> </ul>
<b>ENERGY</b> <i>Minimising GHG emissions and energy use in our operations in line with global climate goals.</i>	<ul style="list-style-type: none"> <li>Minimised energy use and emissions enables F&amp;N to reduce costs</li> <li>Pre-empt future regulation (e.g. carbon tax)</li> <li>Conform to targets set by governments and customers</li> </ul>	<ul style="list-style-type: none"> <li>Pressure from public resulting in reputational risks</li> <li>Increase in operational expenses due to stricter regulations and alterations in energy sourcing</li> </ul>
<b>CLIMATE CHANGE</b> <i>Adapting our business model to ensure resiliency to climate-related risks.</i>	<ul style="list-style-type: none"> <li>Meet growing expectations of investors and regulators by assessing climate-related risks and opportunities, e.g. supply chain disruption, market shifts or extreme weather events</li> </ul>	<ul style="list-style-type: none"> <li>Costly damages on F&amp;N physical assets from extreme weather events due to climate change</li> <li>Failure to meet stakeholders' expectations in addressing climate change poses reputational risks</li> </ul>
<b>WATER STEWARDSHIP</b> <i>Protecting and preserving shared water resources.</i>	<ul style="list-style-type: none"> <li>Efficient water management presents cost-saving opportunities for F&amp;N</li> <li>Enhance water security for suppliers, increasing supply chain resilience</li> </ul>	<ul style="list-style-type: none"> <li>Water insecurity will have a direct impact on F&amp;N operations and business as water is a key material resource</li> <li>Regulatory risks around water as an important national resource</li> </ul>
<b>WASTE MANAGEMENT</b> <i>Minimising waste and safely disposing of hazardous materials.</i>	<ul style="list-style-type: none"> <li>Reducing and reusing waste supports operational efficiency, which leads to cost savings</li> <li>Inculcate sustainable practices and values in employees and communities through the 3Rs: Reduce, Reuse and Recycle</li> </ul>	<ul style="list-style-type: none"> <li>Failure to meet stakeholders' expectations in managing our waste impact pose reputational risks</li> </ul>
<b>BIODIVERSITY</b> <i>Sourcing raw materials responsibly, protecting biodiversity and eliminating deforestation from our supply chain.</i>	<ul style="list-style-type: none"> <li>Mitigate reputational risks of negative environmental practices, particularly in our supply chain</li> <li>Create a sustainable business operation without exploitative processes</li> </ul>	<ul style="list-style-type: none"> <li>Failure to meet stakeholders' expectations in protecting the natural environment and biodiversity</li> </ul>








## F&N'S SUSTAINABILITY FOCUS AREAS & 2025 TARGETS

The 18 material issues have been mapped onto the seven core areas of our Sustainability Framework. Through this framework, we align our business and sustainability goals with a sharpened focus on how we create value for each material issue.



## F&N'S SUSTAINABILITY FOCUS AREAS & 2025 TARGETS

In 2020, we set ambitious sustainability performance targets to be achieved by 2025. We have focused our targets on the 12 highest priority material issues. These 2025 goals will drive F&N's sustainability performance throughout our business and strengthen our commitment to creating long-term value for our stakeholders.

Material Issue	2025 Target	2023 Progress
 <b>Product Quality &amp; Safety</b>	Achieve 100% of our plants and production processes certified with the Food Safety System Certification scheme 22000 (FSSC22000 scheme) and Halal Standard (or equivalent)	100% of our plants and production processes are certified with Halal Standards.  50% of our plants and production processes are certified with FSSC22000 scheme.
 <b>Innovation</b>	Achieve 10% product innovation for commercialised F&N products from 2020 baseline <sup>^</sup>	2% product innovation for commercialised F&N products.
 <b>Supply Chain Stewardship</b>	100% of our active key suppliers to accept and comply with F&N's Supplier Code of Practice	99% of our active key suppliers have accepted and complied with our SCOP, of which all our direct suppliers have accepted.
 <b>Nutrition</b>	At least two third of beverage and dairy products <sup>^</sup> comply with the Nutritional Guidelines	64% of our beverage and dairy products are endorsed with Healthier Choice Logo (HCL).
 <b>Community Development &amp; Inclusive Growth</b>	Increase the number of annual community programmes to 11	11 community programmes conducted this year.
 <b>Human Capital Development</b>	Provide an average of at least 18 hours of training to executive level employees and 11 hours of training to non-executives	32.9 training hours per employee in the executive category and 11.7 training hours per employee in the non-executive category.
 <b>Employee Safety, Health &amp; Well-being</b>	Reduce the Lost Time Injury Frequency Rate (LTIFR) to 0	We achieved 0 LTIFR this year.

<sup>^</sup> Based on formulation, excluding canned milk and cordial

Material Issue	2025 Target	2023 Progress
 <b>Energy</b>	Reduce the Group's energy intensity ratio at our plants by 8% from a 2020 baseline	Our group energy intensity ratio has increased by 3% to 898.30 (as compared to FY2020 baseline at 868.56). Energy efficiency was impacted by lower machine utilisation.
 <b>Climate Change</b>	Reduce the Group's GHG emissions intensity ratio at our plants by 8% from a 2020 baseline	Our group GHG intensity ratio has improved by 2% to 0.0650 (as compared to FY2020 baseline at 0.0661), making good progress towards our 2025 target with our investment in our solar PV system at our plants to replace fossil fuel.
 <b>Water Stewardship</b>	Reduce the Group's water intensity ratio at our plants by 8% from a 2020 baseline	Our group water intensity ratio has increased by 3% to 2.36 (as compared to FY2020 baseline at 2.29), Water efficiency was impacted by lower production volume at some of our plants.
 <b>Waste Management</b>	Reduce the solid waste sent to landfill by 30% from a 2020 baseline	Our total solid waste sent to landfill increased slightly by 1% to 1,128 MT (as compared to FY2020 baseline at 1,122 MT), due to the waste from the new plant sent to landfill as per GMP requirements in October and November 2022.
 <b>Packaging</b>	Increase the recycled content in our beverage and dairy packaging to 25%	The average recycled content in our beverage and dairy packaging maintained at 25% this year, on track for our 2025 target.

# OUR CONTRIBUTION TO THE UN SDGS

Through our sustainability framework and targets, our business contributes to the United Nations (UN) Sustainable Development Goals (SDGs), particularly towards SDG 2, 8, 9, 12 and 13. Our business also contributes to SDG 1, 3, 4, 5, 6, 7, 10, 15, 16 and 17.

Our business contribution to the specific SDG targets is summarised across our material topics:

## F&N ALIGNMENT WITH SDG TARGETS

Material Issues	1 NO POVERTY	2 ZERO HUNGER	3 GOOD HEALTH AND WELL-BEING	4 QUALITY EDUCATION	5 GENDER EQUALITY	6 CLEAN WATER AND SANITATION	7 AFFORDABLE AND CLEAN ENERGY
Governance & Ethics							
Policy & Regulations			● 3.9				
Economic Performance							
Product Quality & Safety		● 2.1	● 3.4				
Product & Service Labelling			● 3.4				
Innovation		● 2.1 ● 2.2	● 3.4			● 6.4	● 7.3
Supply Chain Stewardship		● 2.3 ● 2.4				● 6.a	
Nutrition		● 2.1 ● 2.2	● 3.4				
Community Development & Inclusive Growth	● 1.4	● 2.2	● 3.4	● 4.1 ● 4.7 ● 4.b			
Human Rights							
Human Capital Development				● 4.4 ● 4.7	● 5.5		

8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	10 REDUCED INEQUALITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION	15 LIFE ON LAND	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	17 PARTNERSHIPS FOR THE GOALS
		● 10.2 ● 10.3		● 13.2		● 16.5 ● 16.6	
						● 16.5 ● 16.6	
● 8.1 ● 8.2	● 9.2						
			● 12.3 ● 12.8				
● 8.1 ● 8.2	● 9.4		● 12.5				
● 8.1 ● 8.2 ● 8.7 ● 8.8	● 9.2 ● 9.4		● 12.2		● 15.2 ● 15.5	● 17.16	
● 8.6		● 10.2	● 12.8				
● 8.6 ● 8.7 ● 8.8		● 10.2 ● 10.3					
● 8.2							● 17.16

## OUR CONTRIBUTION TO THE UN SDGS

Material Issues	1 NO POVERTY	2 ZERO HUNGER	3 GOOD HEALTH AND WELL-BEING	4 QUALITY EDUCATION	5 GENDER EQUALITY	6 CLEAN WATER AND SANITATION	7 AFFORDABLE AND CLEAN ENERGY
Employee Safety, Health & Well-being			● 3.4 ● 3.8				
Energy & Climate Change							● 7.2 ● 7.3
Water Stewardship			● 3.9			● 6.3 ● 6.4 ● 6.a	
Waste Management							
Packaging		● 2.1					
Biodiversity							

8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	10 REDUCED INEQUALITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION	15 LIFE ON LAND	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	17 PARTNERSHIPS FOR THE GOALS
● 8.7 ● 8.8							
● 8.2 ● 8.4	● 9.2 ● 9.4		● 12.2	● 13.2			● 17.16
● 8.2 ● 8.4	● 9.2 ● 9.4		● 12.2				● 17.16
● 8.2 ● 8.4	● 9.2 ● 9.4		● 12.2 ● 12.5				
			● 12.2 ● 12.3 ● 12.5				
					● 15.5		

SDGs	Targets most relevant to F&N, in summary
● 1.4	Provide access to basic services for vulnerable groups
● 2.1, 2.2, 2.3, 2.4	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
● 3.4, 3.8	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
● 4.1, 4.4, 4.7, 4.b	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

SDGs	Targets most relevant to F&N, in summary
● 5.5	Provide women full and effective participation and equal opportunities for leadership
● 6.3, 6.4, 6.a	6.3 Improve water quality, reduce pollution, enhance wastewater treatment and improve water circularity 6.4 Increase water-use efficiency and ensure sustainable use of freshwater 6.a Expand water and sanitation support to developing countries
● 7.2, 7.3	7.2 Increase use of renewable energy 7.3 Improve energy efficiency
● 8.1, 8.2, 8.4, 8.6, 8.7, 8.8	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

SDGs	Targets most relevant to F&N, in summary
● 9.2, 9.4	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
● 10.2, 10.3	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
● 12.2, 12.3, 12.5, 12.8	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

SDGs	Targets most relevant to F&N, in summary
● 13.2	Integrate climate change measure into policies, strategies and planning
● 15.2, 15.5	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
● 16.5, 16.6	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

## TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES & CLIMATE RISK MANAGEMENT UPDATES

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

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

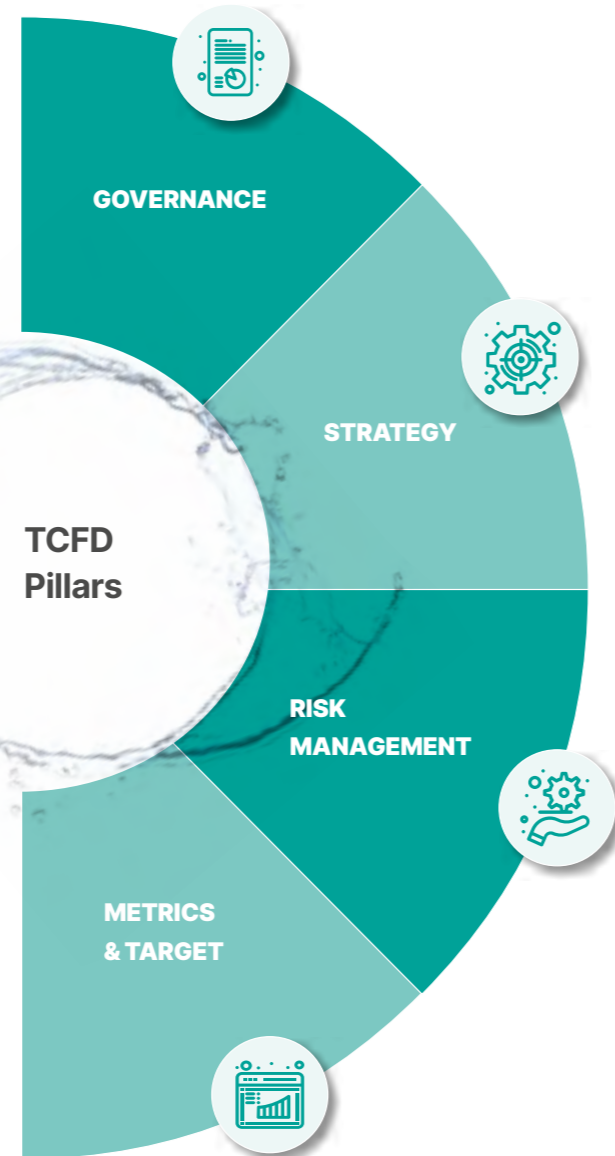
Since the beginning of FY2022, F&N had embarked on a journey to understand the potential climate-related risks and opportunities for its businesses by conducting scenario analysis for short-term, medium-term, and long-term time horizons.

This is the second year that F&N publishes climate-related disclosures in accordance with the recommendations of the TCFD. A TCFD Index can be referenced on page 155 of this Report. F&N has voluntarily provided climate reporting disclosures based on the recommendations of the TCFD, ahead of the timeline stipulated by Bursa Malaysia's 2025 deadline. It has achieved the following milestones to strengthen its understanding and management of the material climate-related risks:

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

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

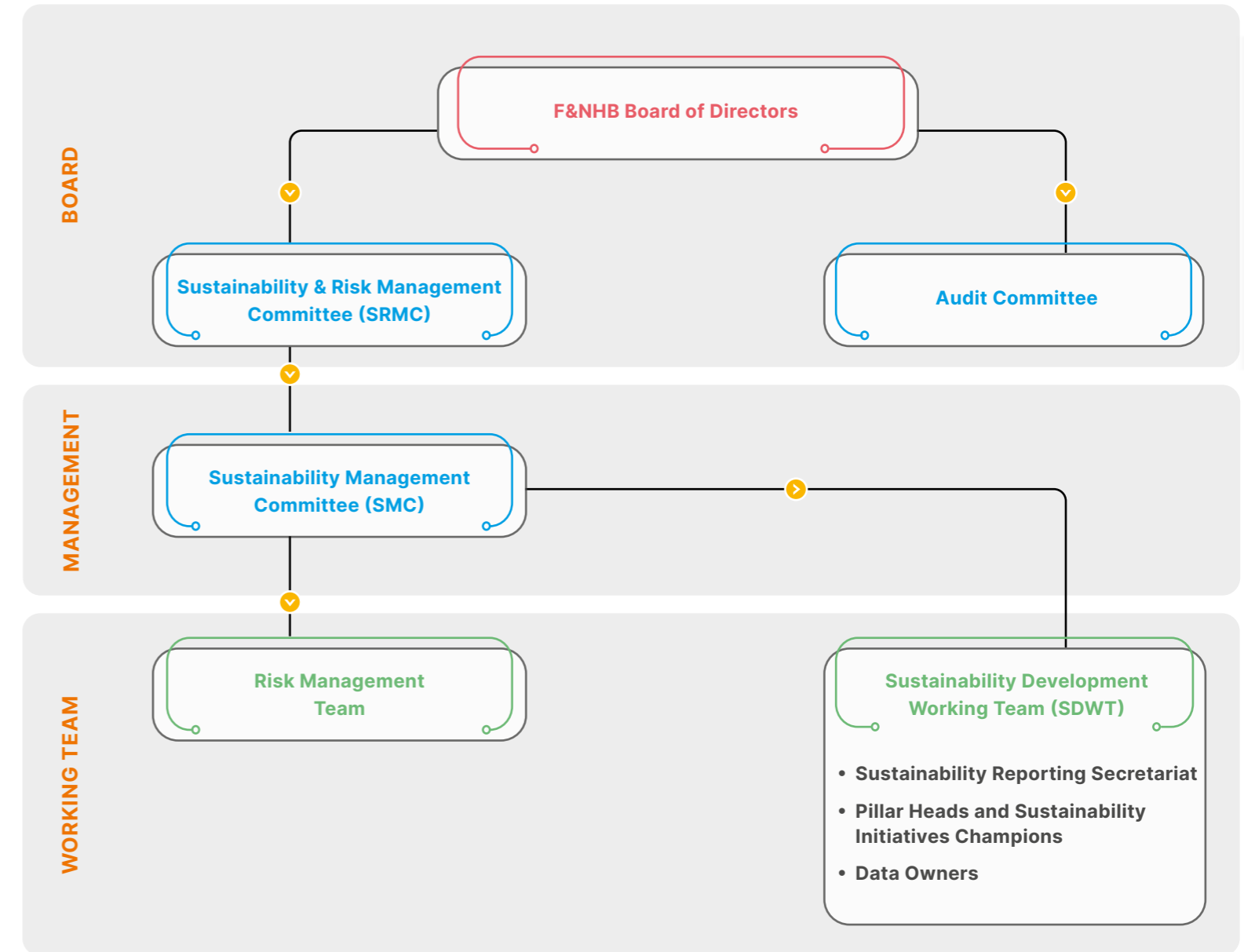
In the following sections, we describe how we manage our material climate-related risks and opportunities, with reference to the four key pillars, as per the recommendations of the TCFD:



### GOVERNANCE

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.

Governance Structure of F&NHB's Sustainability Development & Risk Management



## TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES & CLIMATE RISK MANAGEMENT UPDATES

F&N's Climate Governance Roles & Responsibilities		
F&N Functions	Climate Risks & Climate Strategy Roles & Responsibilities	Meeting Frequency
<b>Board of Directors</b>	<ul style="list-style-type: none"> <li>Oversees material sustainability-related topics, including environmental and climate-related risks and opportunities, as part of F&amp;N Group's overall strategy planning and risk management.</li> <li>Approves F&amp;N climate-related goals, targets, strategy, and management's plans, according to the risk appetite and risk tolerance of the Group, in pursuit of its strategic objectives.</li> <li>Approves sustainability report which includes climate-related disclosures and metrics.</li> </ul>	<b>Quarterly basis</b>
<b>Board Committee: Sustainability &amp; Risk Management Committee (SRMC)</b>	<ul style="list-style-type: none"> <li>Supports the Board in monitoring and reviewing key sustainability and climate-related risks and opportunities and provides strategic direction in managing aforementioned risks as part of the Group's Enterprise-wide Risk Management framework.</li> <li>Ensures sustainability and climate-related risks and opportunities are escalated and considered at the Board level.</li> <li>Guides the development of risk and sustainability frameworks, policies, and guidelines to ensure that sustainability and climate-related issues, are effectively managed and integrated into business operations and corporate objectives.</li> <li>Endorses sustainability report which includes climate-related disclosures and metrics.</li> </ul>	<b>Quarterly basis</b>
<b>Board Committee: Audit Committee</b>	<ul style="list-style-type: none"> <li>Assists the Board in reviewing and monitoring the integrity of the Group's sustainability and climate reporting process, the system of internal controls, audit process and compliance with applicable legal and regulatory requirements.</li> <li>Reviews key risks and recommendations from the SRMC, including sustainability and climate-related matters, and advise the Board annually.</li> </ul>	<b>Quarterly basis</b>
<b>Sustainability Management Committee (SMC)</b>	<ul style="list-style-type: none"> <li>Headed by the CEO, the F&amp;NHB SMC translates the overall direction into specific policies and goals for functions.</li> <li>The SMC team works in alignment with the Sustainability Development Council (SDC) at the F&amp;N Group level, headed by the CEO, F&amp;N Group.</li> <li>Identify and evaluate material ESG topics - including climate-related risks and opportunities, and the progress of climate-related risk mitigation measures.</li> <li>Review and validate climate scenario analysis, risk assessment and disclosure in alignment with TCFD framework and make recommendations to SRMC.</li> <li>Monitor, track and report progress of the Group's sustainability and climate-related strategies, initiatives, and targets to the SRMC.</li> </ul>	<b>Monthly</b>
<b>Sustainability Development Working Team (SDWT)</b>	<ul style="list-style-type: none"> <li>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.</li> <li>Develop sustainability and climate-related projects and initiatives under the five pillars of F&amp;N Climate Strategy (e.g. energy efficiency, renewable energy, carbon reduction, route planning and exposure to climate change risks).</li> <li>Engage internal and external stakeholders to drive the implementation of sustainability and climate-related strategy at an operational level.</li> <li>Collate and analyse primary inputs from Data Owners of respective operational units to track progress towards the Group's sustainability and climate-related goals; and prepare periodic reports to F&amp;N Group's SDC and F&amp;NHB SRMC.</li> </ul>	<b>Ad-hoc</b>
<b>Risk Management Team</b>	<ul style="list-style-type: none"> <li>Risk discussion with internal and external stakeholders as part of the risk management system.</li> </ul>	<b>Quarterly basis</b>



### STRATEGY

The adverse effects of climate change continue to pose challenges for F&N as the risks from transition towards a low-carbon economy and changing climate patterns intensify. Amidst these challenges, there are emerging drivers that present opportunities that allow for cost savings and alignment with customers' expectations.

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

#### Identifying our Climate-Related Risks & Opportunities

In 2022, we started with a preliminary qualitative assessment to identify potential climate-related risks and opportunities for our business.

#### Transition Risk Assessment Approach

<b>STEP 1</b>	Identification of relevant transition risks and opportunity drivers for F&N from peer analysis, industry/ sector-specific research papers and information received from F&N.
<b>STEP 2</b>	Evaluation of climate-related transition drivers for F&N portfolio under different climate scenarios.
<b>STEP 3</b>	Identification of business implications qualitatively on F&N.

#### Physical Risk Assessment Approach

<b>STEP 1</b>	Identification of relevant climate hazard drivers for F&N regions and countries, and overview of historical (baseline) hazard risk level.
<b>STEP 2</b>	Evaluation of climate-related physical risks for F&N sites under different climate scenarios.
<b>STEP 3</b>	Identification of high-level business implications and risk management recommendations.

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

## TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES & CLIMATE RISK MANAGEMENT UPDATES

### Assessing our Climate-related Risks & Opportunities with Scenario Analysis

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

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

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

#### Time Horizons

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

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

Time Horizons	Short-term	Medium-term to Long-term
Definition for Transition Risk Assessment	1-7 years, to 2030	8 - 27 years, from 2031 to 2050
Definition for Physical 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'

#### Climate Scenarios

Two sets of climate scenarios were used to evaluate the possible business impacts from climate-related risks. The climate scenarios used in the quantitative modelling of transition risks were referenced from the International Energy Agency (IEA) World Energy Outlook 2022 Report. The physical impacts of the changing climate on F&N's businesses had been modelled using climate scenarios from the latest Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report.

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

	Low Carbon Pathway	Business-as-Usual Pathway
<b>Description</b>	Global temperature increase of <2.0°C by 2100	Global temperature increase between 2.7-3.3°C by 2100
<b>IEA Scenario Name</b>	Announced Pledges Scenario (APS)	Stated Policies (STEPS)
<b>Key Assumptions</b>	All climate commitments, including NDCs and long-term net zero targets, will be fully met in time.  In 2100, the global median 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 scenarios selected for physical risk assessment reflect the latest available data from leading scientific sources.

SSP2-4.5 scenario, the Business-as-Usual Pathway, signifies alignment with the upper boundaries of the combined Paris Agreement pledges from all the participating countries. The High Carbon Emission Pathway, SSP 5-8.5, assumes no additional climate policy will be enacted. This scenario was included to stress test the climate resilience of the business that may be challenged by severe outcomes of the key climate-related physical risks.

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

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

## TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES & CLIMATE RISK MANAGEMENT UPDATES

### Climate-related Transition Risks & Opportunities

In FY2022, F&N identified the material climate-related transition risks and opportunities through engagement with key internal stakeholders, from Finance, Risk Management, Sustainability and Manufacturing, across F&N's business divisions. The transition risks and opportunities were evaluated according to the four categories, as recommended by TCFD, namely "Policy and Legal", "Technology", "Market", and "Reputation".

In this year, F&N conducted a quantitative assessment on one key material transition risk, "Carbon Pricing", which had been identified as the most material driver. The potential financial impact on the Group's future profits were evaluated by considering the expected future carbon pricing regulations in the countries we operate in.

#### Financial Impact of Transition Risk & Opportunities

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

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

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

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



#### Carbon Pricing

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

The development of a carbon pricing regime varies in maturity between the different countries F&N operates in. Thailand is in its third phase of piloting a voluntary emission trading scheme, which includes the Food sector, and Malaysia had just launched its voluntary carbon market in March 2023. Carbon pricing developments in Malaysia and Thailand do not yet pose a risk to F&N, although the model shows potential impacts in the medium-term to long-term time horizon to 2050.

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

#### Increase Availability of Low-carbon Technologies

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

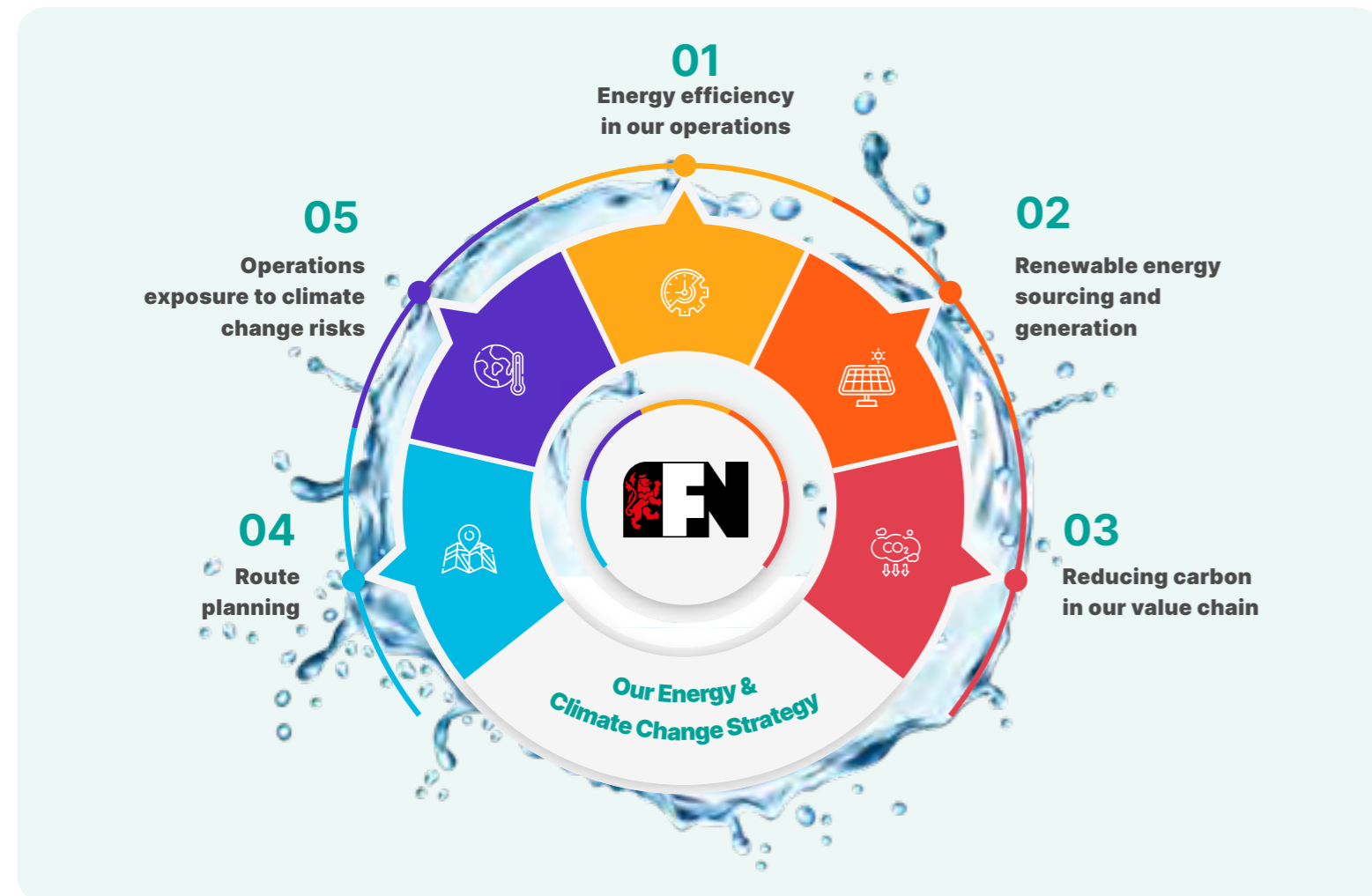
With growing commercial feasibility of emerging green technologies to support decarbonisation, F&N is keeping abreast of these developments and exploring the possibilities of implementing other low-carbon technologies in its future operations, if applicable.

## TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES & CLIMATE RISK MANAGEMENT UPDATES

### Resilience Towards Transition Risks

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

Further details of these strategic pillars are on pages 117 to 121 of this Report.



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

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

Over the medium-term, F&N will explore evaluating the potential financial impact of other material climate-related risks and opportunities, such as rising customer demand for sustainably produced products, if possible. To this end, F&N had begun launching low-carbon products including plant-based products and products certified with carbon footprint labels, such as Thailand Greenhouse Gas Management Organisation (TGO)'s Carbon Footprint Reduction Label.

### Climate-related Physical Risks

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

### Financial Impact of Physical Risks

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

### Countries for Financial Impact Assessment



## TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES & CLIMATE RISK MANAGEMENT UPDATES

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

RISK	Material Physical Risks	
	Water Scarcity	Flooding (Coastal, River & Extreme Rainfall)
<b>Description</b>	Considering the nature of F&N business as a F&B organisation, water availability is critical. Water scarcity occurs when the depleting supply is unable to meet demands. This could be exacerbated by the increase in global average temperature.	On a global level, climate projections indicate an increasing trend in sea level rise and extreme rainfall under future climate change scenarios. This may lead to an increased risk of flooding, causing damage to equipment, other assets and disruptions to our operations.
<b>Business Implications</b>	<ul style="list-style-type: none"> <li>Increase in operating costs due to an increase in water tariffs; and</li> <li>Decrease in potential revenue due to business disruption</li> </ul>	<ul style="list-style-type: none"> <li>Increase cost for assets damage and repair; and</li> <li>Decrease potential revenue and profits due to business disruptions</li> </ul>
<b>Financial Impacts</b>	Minimal impact expected by 2030 in the countries where F&N operates.	<ul style="list-style-type: none"> <li>The actual damage from the flash floods in Malaysia in December 2021 was approximately 5% of the Group's operating profits. This was inclusive of inventories and property damage, repairs and other related costs. The damage was mitigated by insurance.</li> </ul>
<b>Methodology</b>	Internal data such as annual revenue, water usage volume, and level of adaptation measures were used with external data which included World Resources Institute (WRI)'s water stress data, climate trend data and academic research.	Internal data such as replacement value, net insurance coverage, annual revenue, and level of adaptation measures, were plotted against flood projections (e.g. flood depth) from Fathom, coupled with the assumptions based on the research by EU Joint Research Centre and Federal Emergency Management Agency of the United States.
<b>Management Response</b>	<ul style="list-style-type: none"> <li>Regularly review water risk at our key sites through WRI</li> <li>Optimise water circularity for sustainable water management, improving water efficiency against our water intensity target</li> <li>Expand water storage systems, as necessary</li> </ul>	<p>Our efforts to mitigate the risk impact include:</p> <ul style="list-style-type: none"> <li>Equipping key sites with physical infrastructure (e.g. flood barriers, pumps or other drainage solutions) with supporting administrative controls (e.g. emergency response plans)</li> <li>Raising new assets to a minimum height from their surroundings</li> <li>Insuring our assets appropriately</li> <li>Continuing to strengthen flooding assessment and mitigation measures</li> </ul>

### Water Scarcity

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

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

### Flooding (Coastal, River & Rainfall)

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

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

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

To further enhance the Group's management of flooding risk, a forward-looking scenario analysis to determine its potential financial impacts was conducted across different climate scenarios and time horizons – 2030 and 2050. Data from Fathom and EU Joint Research Centre were used to project flood depths and flood damage

function. The results suggest about 14% of the Group's key sites are highly exposed to flooding as they are in flood-prone areas. We found that without mitigating measures, flooding may potentially have the highest financial impact on capital expenditure, in terms of asset repair or replacement.

### Resilience Towards Physical Risks

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

The group has placed various measures to increase the Group's resilience against flooding risk. The results of the quantitative flooding risk assessment will be integrated into the Group's future investment decisions and strategy planning, where applicable.

**F&N  
expects minimal  
financial impact from  
water scarcity across  
all key operating  
facilities by 2030**

## TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES & CLIMATE RISK MANAGEMENT UPDATES



### RISK MANAGEMENT

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

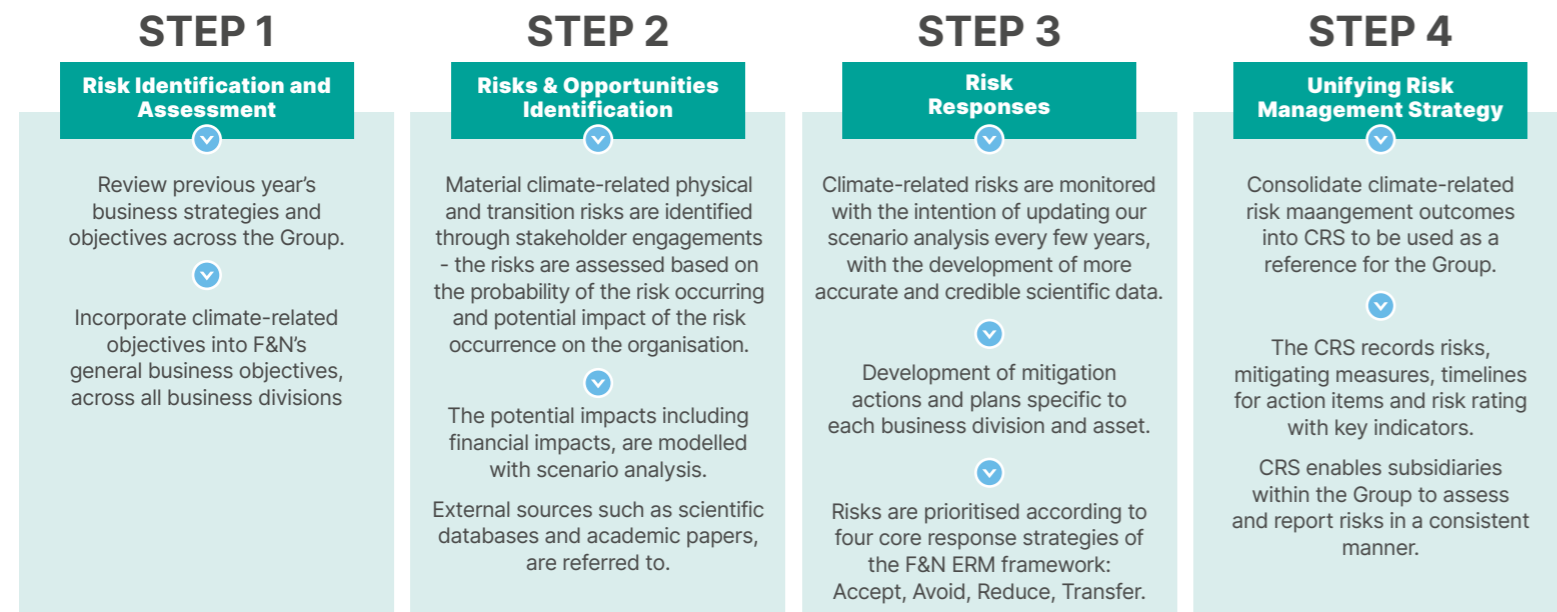
Climate change poses a range of risks that can potentially impact the Group's assets, revenue, operations, supply chain and others, potentially causing damage to assets and disruption to business activities. Each business unit will identify, assess, and manage risks within its own risk register by employing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

F&N aims to mitigate its potential risk exposure through appropriate risk management strategies by integrating relevant sustainability-related controls into its annual business planning and budgeting process. The implementation of the control measures and key risk indicators are updated and monitored by the respective management teams and committee.

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

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

#### Climate Risk Management Process Integrated into F&N ERM



### METRICS & TARGETS

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

[Further details of these climate-related targets for 2025 can be found on pages 114 to 115 of this Report.](#)

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

Climate-related Metrics Relevancy with Climate-related Targets											
Metric	2025 Targets (against 2020 Baseline)	Progress (2023)	F&N's Climate Risk & Opportunity								
			Carbon Pricing	Low Carbon Refrigerant	Water Tariff	Low Carbon Land Transport	Low Carbon Technology	Reduction of Virgin Packaging	Demand for Sustainably Produced Products	Reputation	Physical Risks
Group's GHG emissions intensity at plants	8% reduction	-2%	✓	✓				✓			✓
Group's energy intensity at plants	8% reduction	+3%	✓					✓			✓
Group's water intensity at plants	8% reduction	+3%			✓						✓
Average recycled content in beverage and dairy packaging	25% recycled content	25%							✓	✓	✓

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

#### Next Steps

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

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

# STAKEHOLDER ENGAGEMENT



F&N's stakeholders include individuals or groups who are impacted by or are interested in our activities and vice versa. Maintaining strong relationships based on trust and respect is fundamental with all stakeholders. It enables us to flag out potential negative impacts that 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 identify stakeholder groups to engage by the level of interest the individual or group may have in our business, and/or have influence over the functioning of our business. Our engagement approach is tailored accordingly to the stakeholder groups' level of interest and influence. Here is a summary of our engagement approach for different stakeholder groups. We are open to feedback from our stakeholders beyond our engagements with them.

	Engagement Channels	Key Concerns	How F&N Creates Value for this Stakeholder	Relevant Sections
<b>Investment Community</b>	<ul style="list-style-type: none"> <li>General meetings of Shareholders (Annual General Meeting)</li> <li>Face-to-face meetings &amp; conference calls</li> <li>Office/ plant visits, as and when required</li> <li>Investor days/briefing</li> <li>Annual reports</li> </ul>	<ul style="list-style-type: none"> <li>Transparent &amp; accurate disclosure</li> <li>Return on investment</li> <li>Financial &amp; operational performance</li> </ul>	<ul style="list-style-type: none"> <li>Managing resources effectively to maximise profits</li> <li>Maintaining a strong balance sheet</li> </ul>	<ul style="list-style-type: none"> <li>Governance &amp; Ethics</li> <li>Economic Performance</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>Biennial employee engagement survey</li> <li>CEO town hall/ roadshow</li> <li>Annual company dinner</li> <li>Festive gatherings</li> <li>Sports tournaments</li> <li>Teambuilding programme</li> <li>iConnect (intranet), monthly email news highlights, digital TV &amp; Fraserians Connect App (mobile app)</li> <li>F&amp;N Voice via Fraserians Connect App</li> <li>Dialogues with unions</li> </ul>	<ul style="list-style-type: none"> <li>Compensation &amp; benefits</li> <li>Learning &amp; development opportunities</li> <li>Senior leadership</li> <li>Rewards &amp; recognition</li> <li>Health &amp; safety at work</li> </ul>	<ul style="list-style-type: none"> <li>Career advancement &amp; ability to reach individual potential</li> <li>Boosting earning potential of employees with training &amp; development</li> <li>Strict hygiene practices &amp; sanitary environment in the workplace</li> </ul>	<ul style="list-style-type: none"> <li>Human Capital Development</li> <li>Employee Safety, Health &amp; Well-being</li> <li>Human Rights</li> </ul>
<b>Distributors &amp; Trade Customers</b>	<ul style="list-style-type: none"> <li>Annual customer meetings</li> <li>Annual factory visits</li> <li>Annual business planning</li> <li>Regular business development activities</li> <li>Joint supply chain meetings</li> <li>Quarterly business reviews</li> <li>Customer appreciation events</li> </ul>	<ul style="list-style-type: none"> <li>Supply chain disruptions</li> <li>Reduced raw materials yield</li> <li>Latest consumer trends</li> <li>Product innovation</li> <li>Customer relationship management</li> <li>Shopper loyalty programmes</li> <li>Business practices &amp; ethics</li> <li>Efficient delivery systems</li> </ul>	<ul style="list-style-type: none"> <li>Partnering with retailers on shared opportunities</li> <li>Job creation for our distributors</li> <li>Supporting livelihoods of SMEs in Malaysia, Thailand, Laos &amp; Cambodia</li> </ul>	<ul style="list-style-type: none"> <li>Innovation</li> <li>Nutrition</li> <li>Product Quality &amp; Safety</li> <li>Product &amp; Service Labelling</li> </ul>
<b>Consumers</b>	<ul style="list-style-type: none"> <li>Marketing &amp; sales promotions</li> <li>Advertising</li> <li>On-going social media interactions</li> <li>On-ground events &amp; activities</li> <li>Dedicated consumer hotline</li> </ul>	<ul style="list-style-type: none"> <li>Product quality &amp; safety</li> <li>Consumer health &amp; safety</li> <li>Fair &amp; reasonable product pricing</li> <li>Social &amp; community engagement</li> <li>Environmental- friendly packaging</li> </ul>	<ul style="list-style-type: none"> <li>Launching innovative products</li> <li>Fulfilling consumers' demand for safe &amp; quality products</li> <li>Providing accessible products through an extensive distribution network coverage</li> </ul>	<ul style="list-style-type: none"> <li>Innovation</li> <li>Nutrition</li> <li>Product Quality &amp; Safety</li> <li>Product &amp; Service Labelling</li> </ul>
<b>Communities</b>	<ul style="list-style-type: none"> <li>Collaborations &amp; partnerships</li> <li>Outreach programmes</li> <li>Meetings/ dialogues with community representatives</li> <li>Leadership programmes</li> <li>Sponsorship for sports programmes</li> <li>Donation of food &amp; beverages to the less privileged and elderly</li> </ul>	<ul style="list-style-type: none"> <li>Social &amp; environmental responsibility</li> <li>Job opportunities for locals</li> <li>Promotion of good health &amp; quality of life</li> <li>Skill development in sports &amp; leadership</li> <li>Stimulating local economies</li> </ul>	<ul style="list-style-type: none"> <li>Social investment in community projects</li> <li>Advocating active lifestyles via sports events &amp; activities</li> <li>Supporting beneficiaries from vulnerable communities</li> </ul>	<ul style="list-style-type: none"> <li>Community Development &amp; Inclusive Growth</li> <li>Human Rights</li> </ul>
<b>Regulators</b>	<ul style="list-style-type: none"> <li>Active collaborations such as Federation of Malaysian Manufacturers and MAREA</li> <li>Meetings with government agencies and statutory bodies</li> <li>Collaboration &amp; partnerships with local councils</li> </ul>	<ul style="list-style-type: none"> <li>Good governance</li> <li>Fair labour practices</li> <li>Safety at work</li> <li>Compliance with laws &amp; regulations</li> <li>Effectiveness of new or revised policies</li> <li>Water &amp; waste management</li> <li>Environmental- friendly labelling &amp; packaging</li> <li>Greenhouse gas emissions</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with regulation to mitigate against systemic risks</li> <li>Adhering to sustainable practices to protect stakeholders</li> <li>Participation in public or sector consultation by regulators</li> <li>Actively collaborate &amp; exchange knowledge within industry</li> </ul>	<ul style="list-style-type: none"> <li>Policy &amp; Regulations</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>Supplier meetings</li> <li>Tender Management System</li> <li>Annual supplier assessment review and audit</li> <li>F&amp;N Business Partner Award Programme</li> </ul>	<ul style="list-style-type: none"> <li>Fair &amp; robust procurement system</li> <li>Support of local businesses</li> <li>Social &amp; environmental responsibility</li> <li>Ethics - anti-bribery &amp; corruption</li> </ul>	<ul style="list-style-type: none"> <li>Working with local suppliers</li> <li>Partnering with suppliers on shared opportunities</li> <li>Extend our Environmental, Safety &amp; Health Policy to our suppliers</li> </ul>	<ul style="list-style-type: none"> <li>Supply Chain Stewardship</li> <li>Biodiversity</li> </ul>

## PARTNERSHIPS, MEMBERSHIPS & CERTIFICATIONS

In a world where collaborative efforts and shared commitments are essential for addressing complex environmental and societal challenges, we believe that active management and assessment of the impacts of our actions on the planet and society are imperative.



F&NHB is aligned with sustainability guidelines, principles, and standards, including the UN SDGs, GRI, and IIRC. 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 Roundtable on Sustainable Palm Oil (RSPO), the Support Asia for Sustainable Palm Oil (SASPO), and Supplier Ethical Data Exchange (SEDEX).

In Malaysia, F&NHB partners with influential industry leaders to establish a voluntary initiative named Malaysian Recycling Alliance (MAREA), that aims to enhance the collection and recycling of packaging after use focusing on Extended Producer Responsibility. The alliance has set a target to recycle a minimum of 25% of its members' packaging volume by 2025. In the past year, MAREA has piloted projects on curb side collection of plastics – PET bottles, HDPE and flexibles, across Langkawi, Malaysia.

We are actively involved in the CEO Action Network (CAN)'s capacity-building initiative that aims to enhance sustainability within supply chains and business ecosystems. The coalition promotes peer sharing on important topics, with F&NHB facilitating a series of sessions such as Cybersecurity, and Supply Chain.

This year, we were also privileged to participate in the Thailand Sustainability Expo 2023, the largest sustainability expo in the ASEAN region to share and showcase our latest product innovation and green initiatives. During the expo, we also engaged with the visitors while raising eco-awareness through an interactive game called Eco-ladder game, which was a twist on the classic game of "Snakes & Ladders", designed for learning about the challenges and solutions on the path to a sustainable and zero-carbon future.



Our journey toward Sustainability excellence was acknowledged through different prestigious awards received in Malaysia.

### ▶ NATIONAL ANNUAL CORPORATE REPORT AWARDS (NACRA) 2022

Platinum Award for Best Sustainability Reporting for second consecutive year

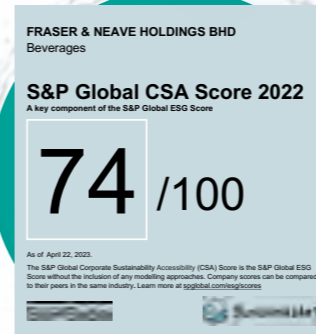
### ▶ THE EDGE MALAYSIA ESG AWARDS 2023

Gold Award in Consumer Products and Services for second consecutive year



### ▶ 2021 ASEAN CORPORATE GOVERNANCE SCORECARD AWARD (ACGS)

ASEAN Asset Class



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.

### ▶ S&P GLOBAL ESG SCORE 2022

In our second annual submission to S&P Global Corporate Sustainability Assessment (S&P CSA), F&NHB scored 74 out of 100, placing us among the top six companies out of 101 companies assessed globally within the beverages industry. (Score date: April 21, 2023)

### ▶ FTSE4GOOD RATING 2023

We remained a constituent of the FTSE4Good Bursa Malaysia Index (F4GBM) for the fifth year running, with an improved rating to 4.6 out of 5.0 this year from 4.4 in June 2022 and improved percentile rank of 100 out of 100 from 97 in June 2022. We are also a constituent of the FTSE4Good Bursa Malaysia Shariah (F4GBMS) Index for the third consecutive year.



Better Business

# RESPONSIBLE BUSINESS FUNDAMENTALS

F&N recognises the scale of the impact our business has on the societies and environments in which we operate. It is our responsibility as a prominent F&B organisation in Southeast Asia, to make informed decisions in consideration of our business fundamentals – corporate governance in our operations and supply chain, by weighing social, environmental, and financial value creation impacts.



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

**Responsible Business Practice**

- Governance & Ethics
- Policy & Regulations
- Economic Performance

**Responsible Product Stewardship**

- Product Quality & Safety
- Product & Service Labelling
- Innovation

**Responsible Supply Chain**

- Supply Chain Stewardship

**Our contribution to the SDGs:**

**Primary**



**Secondary**



## 2025 TARGETS for Better Business

**Product Quality & Safety**

**Target**

Achieve 100% of our plants and production processes certified with the FSSC22000 scheme and Halal Standard (or equivalent).

**Performance**

- 100% of our plants and production processes are certified with Halal Standards.
- 50% of our plants and production processes are certified with FSSC22000 scheme.

**Innovation**

**Target**

Achieve 10% product innovation for commercialised F&N products from 2020 baseline.

**Performance**

2% product innovation for commercialised F&N products as brand-building was the primary focus in 2023.

**Supply Chain Stewardship**

**Target**

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

**Performance**

99% of our active key suppliers have accepted and complied with our SCOP, of which all our direct suppliers have accepted.



# RESPONSIBLE BUSINESS PRACTICE

Upholding responsible business practices is the foundation of our business. We communicate our robust governance policies and high ethical standards with transparency, establishing and sustaining trust with our stakeholders. These principles are integrated into every aspect of our business, spanning from financial performance, and risk management, to engagement with our suppliers and customers.



In this chapter, we elaborate on how we practice responsible product stewardship in the following sections:



Governance & Ethics



Policy & Regulations



Economic Performance



## GOVERNANCE & ETHICS

GRI 205-1, GRI 205-2, GRI 205-3, GRI 207-1



We consider sustainability issues such as environmental and social factors as part of our business strategic formulation – integrated in our governance structure and decision-making process. The Board has ultimate oversight on all our material sustainability issues, and they are guided by sustainability principles when making decision for long-term strategy planning.

During FY2023, our Board of Directors attended a training on Sustainable Agriculture, in line with our mission to build one of the most sustainable dairy farms in Malaysia. The training is an on-going initiative to enhance the Board's effectiveness in overseeing the Group's sustainability and its underlying ESG issues.

### F&NHB Sustainability & Risk Management Committee (SRMC)

#### Chairperson

**Madam Tan Fong Sang**

#### Members

**Dato' Ng Wan Peng**



**Mr. Michael Chye Hin Fah**

**Mr. Kosit Suksingha**  
(Alternate Director: Mrs Tongjai Thanachanan)

### F&NHB Sustainability Management Committee (SMC)

**Lim Yew Hoe \***  
Chief Executive Officer

**Dato' Raffiq Md Ariff**  
Managing Director, Foods & Industry Engagement

**Timothy Ooi Aik Tuan**  
Director, Group Legal Counsel & Company Secretarial

**Tiong Yean Yau**  
Director, Group Finance

**Dr. Yap Peng Kang\***  
Managing Director, Agriculture & Dairy Farm

**Karen Tan Chui Chui\*\***  
Director, Communications, Corporate Affairs & Sustainability

**Suchit Riewcharoon**  
Managing Director, Dairies Thailand

**David Hoong Cheong Wai**  
Senior Director, Human Capital

**Kelleigh Foo Chooi Kian**  
Director, Risk Management & Corporate Planning

**Ng Eng Cheang**  
Managing Director, Commercial Operations Malaysia

**Jordan Ng Boon Leong**  
Senior Director, Manufacturing & Supply Chain

**Waradej Patpitak\***  
Director, Manufacturing & Supply Chain, Dairies Thailand

\* F&N Group Sustainability Development Committee  
\*\* F&N Group Sustainability Reporting Secretariat

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

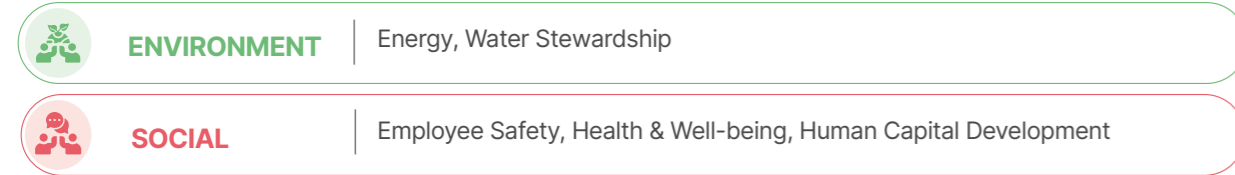
Headed by the CEO, the SMC supports the overall direction of the Board SRMC by monitoring and reporting the progress of F&N's sustainability projects, policies, and goals. The SMC is supported by the SDWT which consists of cross-functional representatives responsible for monitoring the performance of designated goals, driving initiatives at an operational level, and gathering data for reporting.

The Board SRMC works closely with the Audit Committee. The Audit Committee reviews and ensures integrity of the Group's reporting, audit, and internal control system, while adhering to legal and regulatory requirements.

For further information on Sustainability Development & Risk Management Governance Structure, refer to "TCFD & Climate Risk Management Updates", on page 39 of this Report.

## GOVERNANCE & ETHICS

At F&N, we have integrated sustainability metrics which are aligned with F&N Group targets into all executives' annual variable compensation (including CEO and senior management) in the below areas:

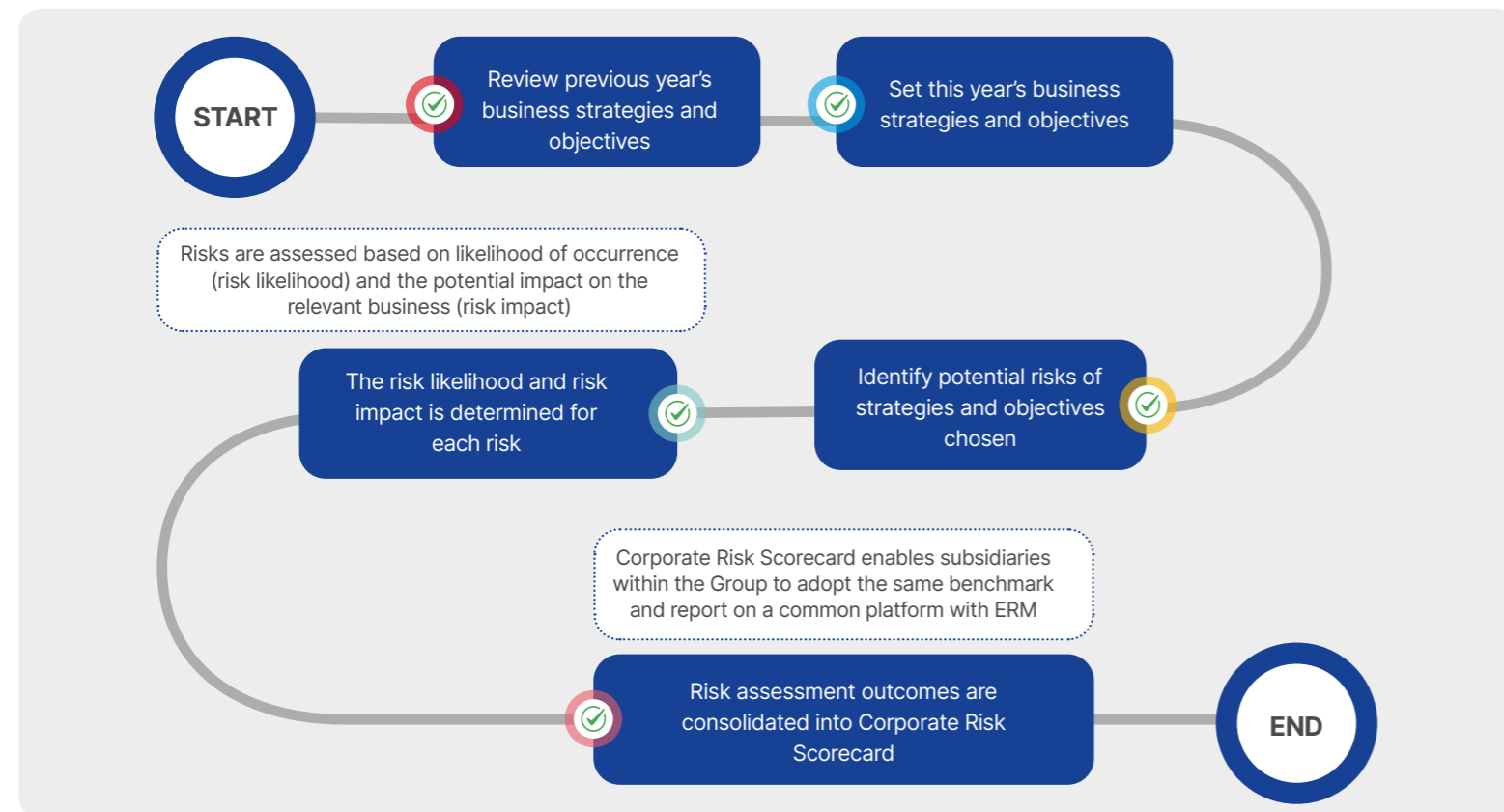


Sustainability metrics are weighted at 15% of the annual variable compensation plan.

### RISK MANAGEMENT

Risk appetite and risk tolerance statements are reviewed by the Board SRMC and approved by the Board annually. Each business division has a dedicated risk coordinator to conduct risk analyses with management. The risk coordinators are responsible for compiling and submitting the report to the division heads, and conduct briefings on risk policies and practices to our executives and operational employees.

Risks are identified through the ERM Validation Report and Comfort Matrix, which assesses the likelihood of risk occurrence and potential impact on relevant business objectives. The outcomes of identified risks are consolidated in a Corporate Risk Scorecard as a reference for the rest of the Group.

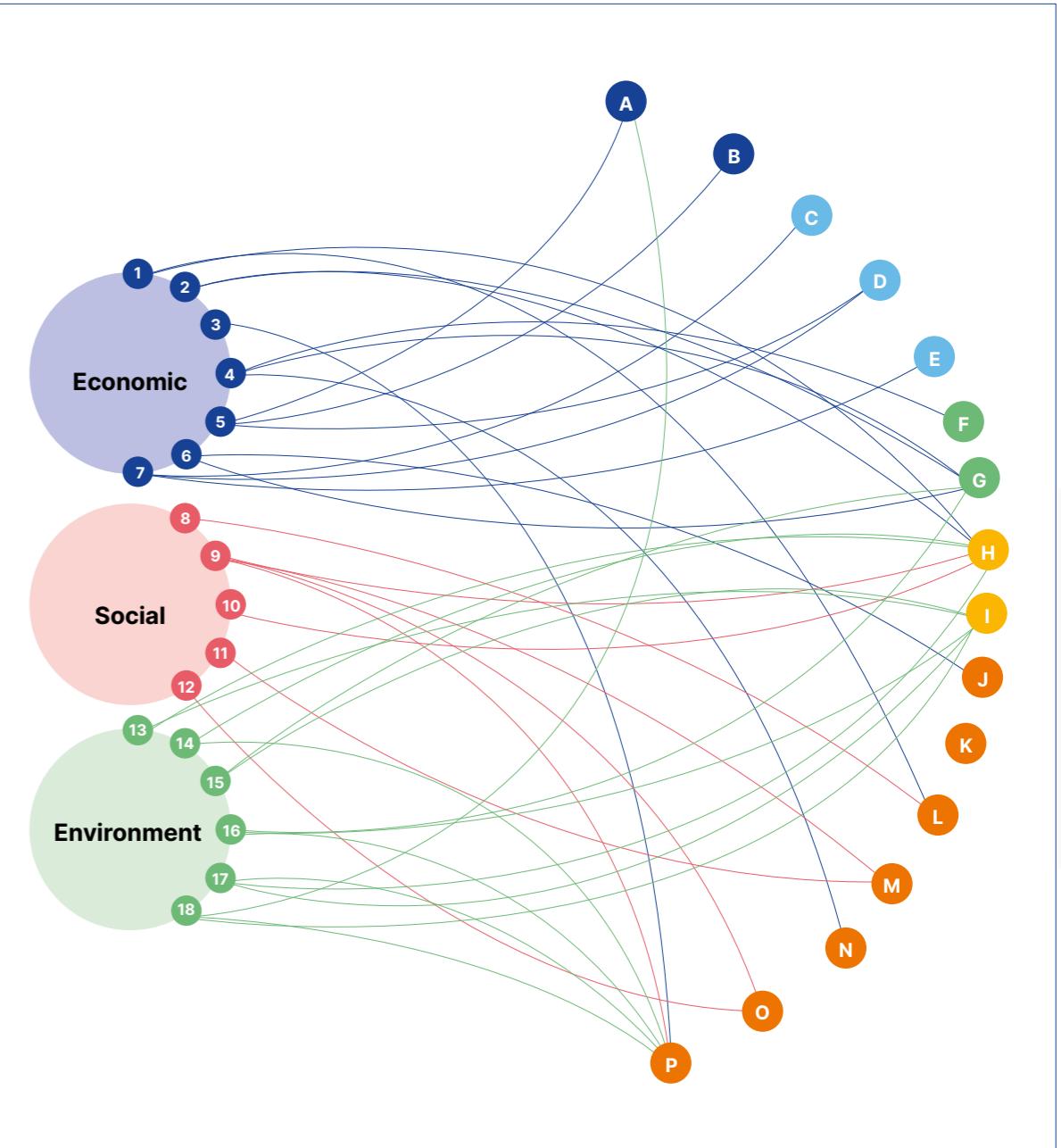


At the end of the FY, the Board receives assurance from the CEO and Director, Group Finance that the risk management and internal control systems are adequate and effective to address the risks from key material topics identified by the Group. The Board will be made aware of concerns around potential or identified negative ESG impacts raised by stakeholders through our internal and external mechanisms. No such concerns were recorded during the reporting period.

To drive our strategic decisions for the financial year, our risk management framework accounts for varied risk types - (a) business operational risks, (b) material sustainability-related risks and opportunities, and (c) new and emerging risks which may impact us on a mid-term or long-term basis.

### Material Issues

- Product Quality & Safety
- Product & Service Labelling
- Supply Chain Stewardship
- Governance & Ethics
- Economic Performance
- Policy & Regulations
- Innovation
- Nutrition
- Human Rights
- Community Development & Inclusive Growth
- Employee Safety, Health & Well-being
- Human Capital Development
- Packaging
- Water Stewardship
- Waste Management
- Energy
- Climate Change
- Biodiversity



### Key Risks

- |  |   |  |  |                                |
|--|---|--|--|--------------------------------|
| <b>A</b> Significant Increase in Commodity Prices                          | <b>E</b> Risk from Disruptive Digital Technology & Innovation     | <b>I</b> Environmental Damage                                    | <b>M</b> Health, Safety & Security               | <b>Financial/economic</b>      |
| <b>B</b> Other Financial Risks   | <b>F</b> Corruption, Fraud, Pilferage & Ethical Risks             | <b>J</b> Political/International Instability & Geopolitical Risk | <b>N</b> Cyber Threats & Data Security Risk      | <b>Strategic</b>               |
| <b>C</b> Strategic Risk Involving New Business Investment                  | <b>G</b> Non-compliance with Laws, Rules, Regulations & Standards | <b>K</b> Infectious Disease                                      | <b>O</b> Talent Management & Succession Planning | <b>Governance &amp; Ethics</b> |
| <b>D</b> Inability to Anticipate/Respond Timely to Changing Consumer Needs | <b>H</b> Managing Stakeholders, Expectations & Perceptions        | <b>L</b> Product Quality & Standards                             | <b>P</b> Supply Chain Risks                      | <b>Reputational</b>            |
|  |   |  |  | <b>Operational</b>             |

## GOVERNANCE & ETHICS

### CORPORATE GOVERNANCE

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

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

During the year, mandatory online training in anti-bribery, business ethics and integrity, code of conduct, fraud prevention, whistleblowing, business continuity management and ESG were provided for all our executives. Almost 100% of employees completed these mandatory training.

In our commitment to fostering a safe and inclusive workplace, we have also rolled out the enhanced version of "Prohibiting Sexual Harassment Policy" this year, through various channels – email, video, and physical roadshows across offices in Malaysia, to ensure that all employees have a comprehensive understanding of our collective efforts to a workplace free from any form of sexual harassment.

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


In FY2023, **100%** of our operational locations were assessed for corruption, with no substantiated bribery and corruption cases found.

We fulfill our duty to the government by paying tax based on our income annually. We have policies and procedures in place to guide our tax management and ensure compliance with the applicable standards, laws, and regulations in the countries in which we operate. We also ensure our tax policies are aligned with our business and sustainable development strategy. These tax-related policies and practices will be reviewed by the Management annually.

**List of F&NHB policies**

- ▶ **Anti-Bribery & Anti-Corruption Policy**
- ▶ **Code of Business Ethics Conduct**
- ▶ **Code of Business for Third Parties (COBP) & Supplier Code of Practice (SCOP)**
- ▶ **Corporate Donation & Sponsorship Policy**
- ▶ **Environment, Safety & Health (ESH) Policy**
- ▶ **Fraud Control Policy**
- ▶ **Human Rights Policy**
- ▶ **Whistleblowing Policy**
- ▶ **Prohibiting Sexual Harassment Policy and more**

*Read the codes and policies here:*



Policies are also communicated through internal mobile app, intranet, training sessions and new employee on-boarding sessions.

Any violation of Code can be reported via these mechanisms, managed internally by F&N:

- ▶ Email to [whistleblowing@fn.com.my](mailto:whistleblowing@fn.com.my)
- ▶ Email to [noncompliance@fn.com.my](mailto:noncompliance@fn.com.my)
- ▶ Any reporting mechanism provided in existing F&NHB's policies.

The mechanisms provide internal and external parties with a way to raise concerns on our business conduct. We ensure non-anonymous parties are treated confidentially, and that reported cases are investigated through internal channels of communication. The reporting party will be kept informed of the case outcome, including follow-up actions to assure our external stakeholders.

### Performance

<b>GRI 205-1</b> Operations assessed for risks related to corruption 100% of our operational locations assessed for corruption.	
<b>GRI 205-3</b> Confirmed incidents of corruption and action take	In FY2023, there was no reported incident of corruption.

*Read our Tax Strategy here:*



## POLICY & REGULATIONS

GRI 3-3



F&N places a high importance on regulatory compliance across our operations and engages with policymakers in a responsible and transparent manner. We work closely with local regulators, such as the Ministry of Health (MOH), Ministry of International Trade and Industry (MITI), and Ministry of Agriculture and Food Security. Ensuring Halal compliance and maintaining Halal integrity is of utmost importance in Malaysia, a pre-dominantly Muslim country.

### EMBEDDING HALAL STANDARDS & REQUIREMENTS

As a leading manufacturer of Halal-compliant products, Halal integrity is maintained throughout our supply chain, including our distributors and transporters, to meet the needs and provide confidence to our local and global Muslim consumers. We ensure strict adherence to and implementation of Halal standards throughout our operations and supply chain by scrutinising the handling process of our ingredients to prevent mixing of non-Halal ingredients with Halal ingredients.

F&NHB adopted a 2-tier Halal management structure to embed the Halalan Toyyiban guidelines and the Islamic Shariah Law requirements, across our operations at the Group level:

- F&NHB established a Group Halal Council in 2016 to determine policies and strategies, with the support of the Halal Affairs Department in implementation.
- Each of its manufacturing facilities has an internal Halal Committee that is responsible for all matters pertaining to Halal compliance in the supply chain; from the procurement of ingredients and raw materials, management of manufacturing facilities and personnel involved in production processes, to the storage, warehousing, and transportation of our products.

### Halal Standards

F&N is awarded with product Halal certifications by complying to Halal audit requirements by regulatory authorities such as the Department of Islamic Development Malaysia (JAKIM) and other relevant Islamic certification authorities, such as Indonesian National Body of Halal Assurance (BJPH), and Central Islamic Council of Thailand (CICOT).

Our high Halal standards and robust assurance system have earned the Shah Alam and Pulau Indah plants Whitelist accreditation from JAKIM, where Halal applications and approvals are expedited.

### Internal Control & Processes

Halal Assurance Management System (HAS) is used to manage and assure the sustainability of Halal production processes in accordance with JAKIM Halal regulations and standards. We conduct porcine analysis on our products and ingredients as an added layer of Halal assurance. Used equipment or machinery purchased for our plants have been serti cleansed to retain the Halal integrity of our goods.

We commit to adhering with the Halal standards and requirements by strengthening our Malaysia employees' Halal awareness and understanding through the following initiatives:

- Regular Halal awareness training programme - which includes Good Manufacturing Practices (GMP) and Good Hygiene Practices
- Employees with Halal responsibilities received professional training in Halal internal audits and assurance
- Strictly prohibit non-Halal food/drinks within factory premises, including the office and canteen

Various trainings were organised to expand internal Halal capacity. All employees in Malaysia, including new joiners' undergo mandatory Halal awareness training within 3 months. This year, we have extended our Halal awareness training programme to our foreign employees in their native language. Over 1,700 employees attended Halal-related training this year.

Apart from our employees, we also train and audit our distributors and transporters to actively ensure the downstream of our supply chain is Halal compliant. Specifically, this year we conduct Halal audits on our potential recyclable PET bottle suppliers.

## POLICY & REGULATIONS

### External Engagement

To further propel the Halal eco-system in Malaysia, we facilitate positive collaborative engagement with Halal authorities such as JAKIM, Jabatan Agama Islam Selangor (JAIS) and HDC. We actively engage with the Department of standards Malaysia through the Federation of Malaysian Manufacturers (FMM) to provide our input towards developing Halal related standards and framework, such as Sertu standards, Malaysian Standard 1514 GMP (for Food) and Halal Industrial Park - General Requirements and Guidelines.

This year, we continued to partner HDC on the Halal Sourcing Partnership Programme, to build the capacity of SMEs.

[Read more in "Supply Chain Stewardship", on page 80 of this Report.](#)

F&NHB participated in knowledge-sharing forums with international industry representatives, government leaders, trade council and civil society leaders - World Halal Forum 2023, Business Conference Australia 2022 and Halal Sector Forum 2023, focusing on topics related to Halal and sustainability.

We also support the Human Resource Development Corporation by providing our input towards the development of Industrial Skills Framework for F&B - Food Manufacturing, particularly in career development related to Halal Industry.

### ENGAGEMENT WITH POLICY & REGULATORY BODY ENGAGEMENTS

F&NHB places high importance on regulatory compliance across our operations and works closely with local regulators of our operations in a responsible and transparent manner - in Malaysia and Thailand. We engage with Malaysian MOH, MITI and MIDA, Thai Chamber of Commerce, Federation of Thai Industry and Thai Dairy Industry Association on the following matters.

Employee Safety, Health & Well-being	Environmental Compliance & Management	Product & Service Labelling	Quality Management
Safety is integrated across our operations through the implementation of ESH systems and monitoring processes. Our adherence to international standards - ISO 14001 and ISO 45001 for our major sites, demonstrates our commitment to extend our safety practices beyond compliance with national regulations. All employees, workers and activities are covered by our ESH systems, and all workers receive adequate training and safety equipment as appropriate.	The F&B manufacturing process involves the generation of both liquid (effluent) and solid wastes. We strive to improve on our solid waste management by identifying key categories and key waste streams so that we can recycle and reduce our waste generation.  We strive to reduce the impacts from our operations, and this means complying with, and going beyond, relevant regulations. Under the guidance of our ESH Policy and the principles of a circular economy, we apply strict standards over the quality of our effluent discharges, and we continuously explore how 'waste' from our operations can be minimised and put to alternative uses.	We ensure that our marketing and advertising activities do not violate any ethical standards. F&NHB adheres to the Malaysian Code of Advertising Practice in Malaysia and the Consumer Protection Act of B.E. 2522 (1979) in Thailand. In Malaysia, F&NHB is a signatory to the "Responsible Advertising to Children" initiative and have pledged to restrict marketing to children under 12 years of age.	We adhere to all health and safety regulations applicable to the F&B industry for the markets in which we operate. All F&N products are manufactured under stringent international quality and food safety standards; our production processes at every stage are subjected to rigorous quality control procedures. Our plants are certified with FSSC22000 scheme, ISO22000, Halal certifications and Hazard Analysis Critical Control Points (HACCP) Food Safety management systems.

### Performance

<b>GRI 2-27</b> Non-compliance with laws and regulations	In FY2023, there was no incident of non-compliance with laws and regulations resulting in a fine, penalty or warning.
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## ECONOMIC PERFORMANCE

GRI 201-1



F&N's business success is based upon long-term value creation for our stakeholders. This is achieved by maintaining leadership in our core markets, leveraging innovative technologies, engaging our employees' expertise to meet consumers' evolving demands, and to enter new markets. Our economic performance provides us with a firm foundation to continue delivering the products our customers enjoy.

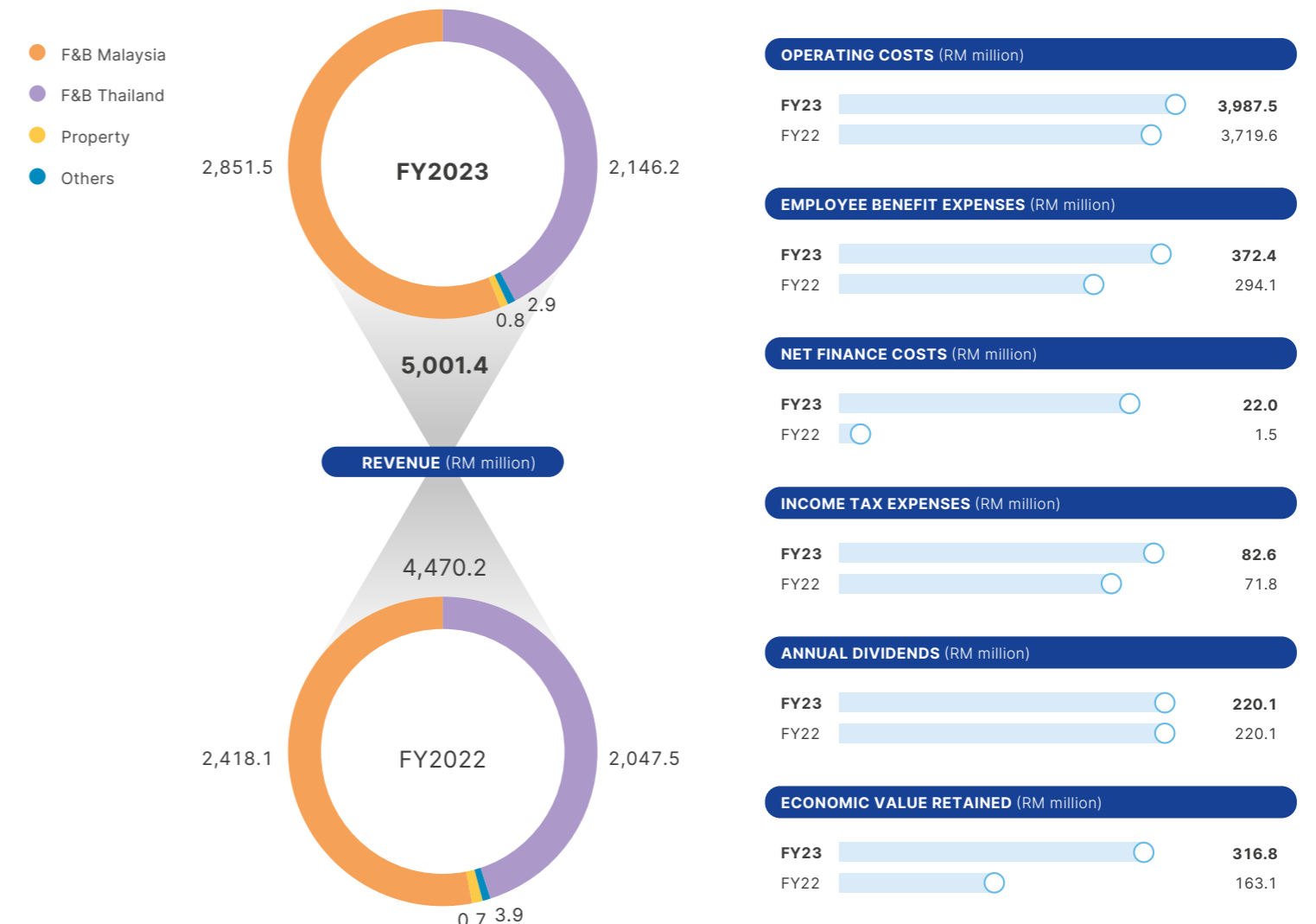
Our Value Creation Business Model is explained in detail on pages 24 and 25 of this Report. F&N's economic performance depends upon six capitals - Financial, Manufactured, Intellectual, Human, Social and Natural. Our sustainability initiatives support F&N's abilities to create financial value.

[Our full economic performance can be found in our audited financial statements, as part of our FY2023 Annual Report:](#)

- Group Financial Highlights, pages 20 to 21.
- Group Financial Statements, pages 168 to 284.

### Performance

**GRI 201-1**  
Direct economic value generated and distributed



Notes:  
 (i) Employee benefit expenses comprise wages, salaries, contributions to state plans, expenses related to defined benefit plans, share-based payment expense and other staff costs.  
 (ii) Economic value retained is calculated by direct economic value generated (revenue) - economic value distributed (operating costs, employee benefit expenses, net finance costs, income tax expenses and annual dividends).

# RESPONSIBLE PRODUCT STEWARDSHIP

Our dedication to providing customers and consumers high-quality, safety-compliant products is embodied in our company's philosophy, "Pure Enjoyment, Pure Goodness." We prioritise the needs of our consumers and constantly innovate to fulfill our consumers' evolving demands and desires. We are committed to providing useful product information on our labels and packaging.



In this chapter, we elaborate on how we practice responsible product stewardship in the following sections:



Product Quality & Safety



Product & Service Labelling



Innovation



## PRODUCT QUALITY & SAFETY

GRI 3-3



Product quality and safety is a core principle ingrained in the F&N culture. Our 140-year history of success is a result of providing goods that have gained the confidence of our customers, created satisfaction, and have taken their well-being in consideration. This requires a holistic approach to quality and safety across our value chain.

### Approach

We are committed to ensuring product integrity from manufacturing to distribution and storage.

At F&N, we promote a culture of good product quality and safety standards. We adhere to all health and safety regulations applicable to the F&B industry for the markets we operate in.

Our plants are certified with international standards – FSSC22000 scheme, ISO 22000 and HACCP. Our production processes at all stages are subjected to rigorous quality control procedures. Our Board SRMC reviews key risks relating to product quality and safety on a quarterly basis.

Our production facilities comply with strict standard of operation procedures so that all our products are stored and transported in good conditions, such as the appropriate temperature range, lighting, and stress on packages.

Our operations have obtained local and international product quality and food safety certifications:



- FSSC22000 Food Safety System Certification
- GMP
- HACCP
- Halal Certification (JAKIM + MUI)
- Industry Responsibility of Food Certification Scheme (Mesti)
- ISO 22000 Food Safety Management System
- ISO 9001:2015 Quality Management System
- ISO/IEC 17025:2017 Accredited Laboratory
- ISO/TS 22002-1:2009 Prerequisite Programme on Food Safety
- MS 1480:2019 Food Safety According to HACCP
- Veterinary Health Mark (VHM) Certification
- GB12693:2010 China National Certification & Accreditation (CNCA)
- Roundtable Sustainability Palm Oil (RSPO)
- Supply Chain Certification Standard 2017
- SEDEX – SMETA (4-pillar)
- ISO 45001 Management System of Occupational Health and Safety



- ISO 22000:2005 Food Safety System Certification
- FSSC22000:2010
- GMP
- Green Industry Level 4
- HACCP
- Halal Certification (CICOT)
- ISO 22000 Food Safety Management System
- ISO/IEC 17025:2017 Accredited Laboratory
- ISO 45001 Management System of Occupational Health and Safety

All critical suppliers were audited on food safety regulations and standards, and none were found to be non-compliant in FY2023. We assess a range of quality assurance and food security criteria to safeguard the health of consumers and the safety of workers in our supply chain. Our suppliers are assessed based on the implementation and monitoring of good manufacturing processes, use of protective clothing, food safety management systems, and chemical management.

Listening and acting on our customers' feedback is critical to the F&N customer experience. Multiple communication channels are made available for our customers to provide their feedback - through a toll-free consumer care line, our website, or through email.

### 2025 Target

Achieve 100% of our plants and production processes certified with the FSSC22000 scheme and Halal Standard (or equivalent).

### Performance

At the end of FY2023, 100% of our plants are certified Halal, with 50% certified with the FSSC22000 scheme.

In the coming years, we have planned initiatives to meet this target by 2025.

Read more in "Policy & Regulations", on pages 63 to 64 of this Report.

# PRODUCT & SERVICE LABELLING

GRI 417-1, 417-2



We communicate information about our product quality, nutrition, safety, and disposal methods in a transparent manner by the means of packaging & labelling. It is important to ensure that our labelling is comprehensive, accurate and clear for our consumers to make informed purchasing decisions.

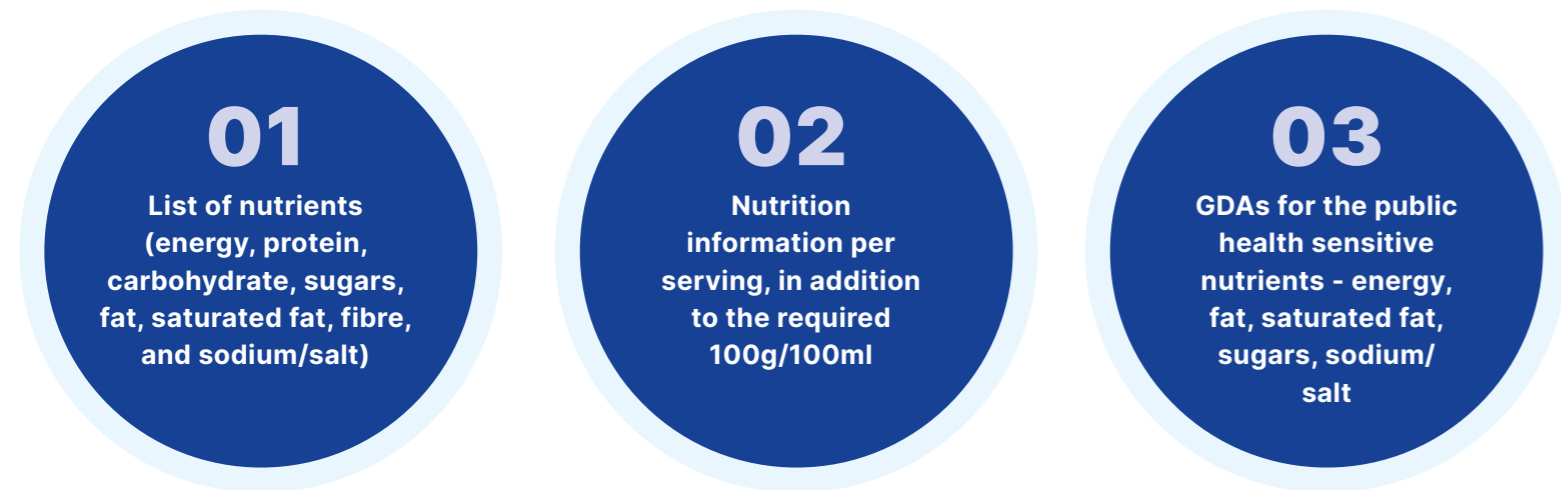
## Approach

Our comprehensive processes and controls ensure our labelling adheres to the Food Act in Malaysia and all requirements of the Food & Drug Administration (FDA) in Thailand.

All information disclosed on our labels are reviewed regularly by internal experts from Research & Development (R&D) teams, and Scientific & Regulatory Affairs teams, to ensure rigorous quality standards. Labels are then submitted to government authorities for verification and endorsement of credibility.

F&N goes beyond mandatory labelling requirements because we believe our customers deserve clarity and transparency in their purchases. We include comprehensive information on our labels located at the front and the back of our packaging.

Front-of-pack consist of calories per serving and the percent of Guideline of Daily Amounts (GDA) the calories represent, while the Nutrition information panel is found at the back-of pack. Back-of-pack labelling includes the below three elements:



The HCL can be found at the front-of-pack for our products certified as the healthier option by local regulators in Malaysia and Thailand. The Halal logo is displayed on our Halal certified products for our Muslim consumers to easily identify suitable products that meet their dietary requirements.

100% of our F&N carton packaged products are Forest Stewardship Council (FSC) certified and are labelled as such. FSC cartons are sourced responsibly from managed forests and other controlled areas where new trees replace those harvested through planting or natural regeneration.

Along with listing the nutritional components of our products on the packaging, F&N has incorporated the nutritional data in the Malaysian Food Composition Database to provide quick access for our consumers.



To view Malaysian Food Composition Database, visit <https://myfcd.moh.gov.my/myfcdindustri/>

## RESPONSIBLE MARKETING & ADVERTISING

We conduct marketing and advertising activities ethically and responsibly, by providing accurate and balanced information about our brands and products to our customers and consumers.

We adhere to the Malaysian Code of Advertising Practice in Malaysia, and the Consumer Protection Act of B.E. 2522 (1979) and the FDA's Advertising Guidelines in Thailand, which sets out the principles in protecting consumer rights. In Malaysia, we are a signatory to the "Responsible Advertising to Children" initiative and have pledged to restrict marketing to children under 12 years of age.

Our marketing and advertising activities comply and go beyond relevant laws and regulations to abstain from disinforming customers or consumers on our competitors' activities. We do not make exaggerated claims about the social and environmental impacts of our business activities. The R&D team works with the Scientific & Regulatory Affairs department to ensure nutritional information advertised is factual.

All employees and new joiners responsible for marketing communication activities undergo orientation training on marketing ethics. A yearly refresher training is conducted.



## Performance

### GRI 417-1

All product categories comply with product labelling requirements

All product categories comply with product labelling requirements as below:

- The sourcing of components of the product or service
- Safe use of the product or service
- Content, particularly with regard to substances that might produce and environmental or social impact
- Disposal of the product and associated environmental/ social impact
- Others such as Halal logo, Certification on HACCP, Nutritional information

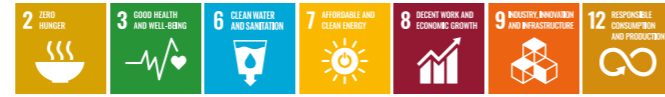
### GRI 417-2

Incidents of non-compliance concerning product and service information and labelling

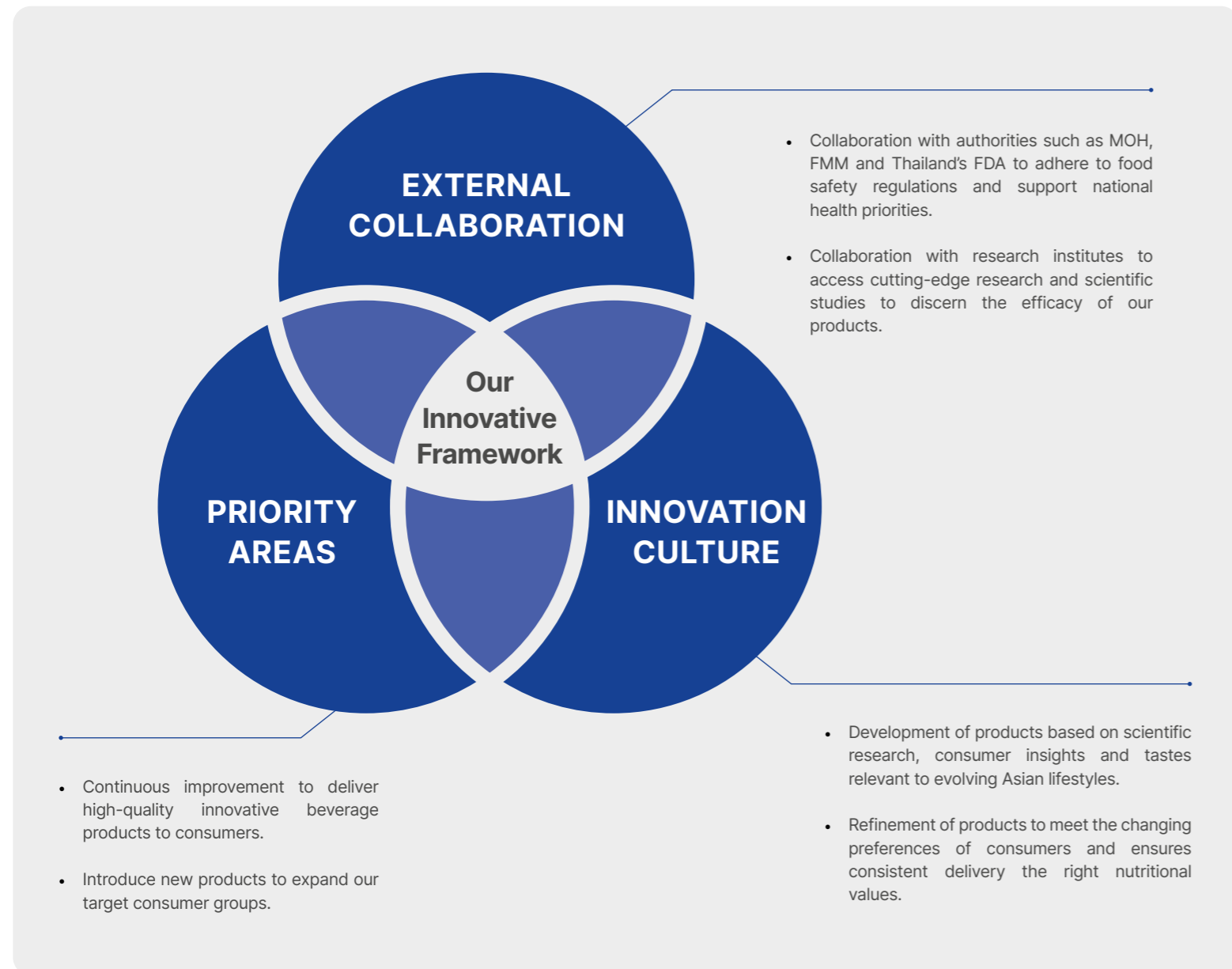
Throughout our product information, labelling and marketing communications efforts in FY2023, to the best of our knowledge, there was no incident of non-compliance with regulations or voluntary codes resulting in a fine, penalty or warning.

# INNOVATION

GRI 3-3



Innovation plays a pivotal role in securing F&N's long-term business success. It serves as a proactive approach to address the growing concerns surrounding societal and environmental issues, and an opportunity to deliver new and unique product offerings which cater to consumers' changing needs. We are guided by the principles of the circular economy, driving us to continually innovate, extending product shelf life, and enhancing the recyclability of our packaging.



## Approach

The principal Group R&D unit in Singapore is supported by the R&D teams in Malaysia and Thailand. Efforts are directed on driving continuous improvements in product formulations that are in line with consumer preferences and regulatory standards. Other R&D activities involve exploring alternative approaches to enhance the functional advantages and shelf life of our products.

focused on advancing food packaging technology and converting waste from food processing into valuable resources for the future. Our collaboration with NTU extends beyond the lab to include research. Our Group R&D team had co-authored three innovation-related research papers with NTU around the topics of food nutrition.

F&N engages in a collaborative partnership with Nanyang Technological University (NTU) through the F&N-NTU F&B Innovation Lab based in Singapore. This collaboration aims to nurture research endeavours

F&N continually seeks out opportunities for research partnership with higher education institutions in the countries they operate in including Malaysia, and Thailand.

## R&D Principles

- 01 SCIENTIFIC ADVANCES** | for application in our processes and products
- 02 TECHNICAL DEVELOPMENTS** | that support quality improvement and cost optimisation
- 03 REGULATORY COMPLIANCE** | for application in our processes and products
- 04 QUALITY PRODUCTS** | that meet food safety standards
- 05 INNOVATION & CREATION** | in terms of products, processes, packaging and sensory science\*

\* A scientific method of measuring and interpreting consumers' response to prototypes/ products based on the senses of taste, smell and touch/ texture.

## 2025 Target

Achieve 10% product innovation for commercialised F&N products.

## Performance

2% product innovation for commercialised F&N products as this year we focus mainly on brand building initiatives or programmes.

## INNOVATION

### Initiatives

#### CONSUMER-FOCUSED PRODUCT INNOVATION

At F&N, we strive to deliver our “Pure Enjoyment, Pure Goodness” promise to consumers by offering more options in different product categories; healthier, functional products without compromising on taste and convenience through differentiation in packaging (including sustainable packaging) to cater to consumers’ evolving needs.

In FY2023, we launched six new products and packaging formats, with each one having underwent comprehensive tests before they reached the shelves to ensure they are safe for our consumers and of the desired quality.

**Malaysia**

- 100PLUS ZERO – 1.75L
- 100PLUS PRO High Protein – 500ml
- LOT 100 Kurma Gummy Raya Edition – 125g
- Ketupat Wangi NONA – 400g, 780g

**Thailand**

- TEAPOT Sweetened Condensed Milk Nom Yen Flavoured – 150g
- TEAPOT UHT Evaporated Creamer – 1L

**New products and packaging formats launched in Malaysia and Thailand**

#### Differentiated Product Offering

##### Developing functional, healthier products for sports enthusiasts

This year, we introduced 100PLUS PRO High Protein Electrolyte Drink – an all-in-one functional, healthier drink for hydration, muscle repair and energy. Endorsed with the HCL, 100PLUS PRO High Protein is packed with electrolytes, Vitamin B, 10g of Protein and 2g of BCAA. This drink will help to support the post-training replenishment and recovery for sports enthusiasts with muscle support and repair.

#### Differentiated Product Packaging & Pack Size

##### Catering to the different needs of consumers through differentiated product packaging

In Malaysia, we introduced TEAPOT evaporated milk in 1L paper carton format for greater convenience of usage and at the same time maintains the hygiene of product. We have also launched the zero-sugar offering of our isotonic drink - 100PLUS ZERO in 1.75L bottle for value-conscious consumers.

#### Sustainable Packaging

##### Choosing packaging materials sourced sustainably

We have introduced a sustainable packaging for F&N ICE MOUNTAIN Drinking Water, where it is made from recycled paper carton packaging. The caps are bio-based bottle caps, made from sugar cane.

#### EMPLOYEE-DRIVE PROCESS INNOVATION

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

##### Cost & Eco-efficiency

We review our current system processes to improve efficiency in our plants through innovation – enabling water savings, reduction in GHG emissions and minimising resource consumption. We leverage on circular economy principles to reuse and recycle wastewater where possible.

[Read more in “Energy & Climate Change” on pages 117 to 121 in this Report.](#)

##### Cultivating Innovative Culture & Mindset

We look towards our operational employees on ground who are most familiar with the gaps in our production processes to enhance our productivity, quality, cost, delivery, safety, ethics and environment.

Our Dairies Thailand team organised its annual World Class Manufacturing – Excel as One Convention 2023, which encouraged manufacturing teams to propose and implement innovative and cost-saving initiatives. Past innovative ideas initiated through the convention have successfully achieved an average cost saving of THB31 million per annum.

# RESPONSIBLE SUPPLY CHAIN

Effective collaboration with upstream partners plays a pivotal role in mitigating supply chain risks. More importantly, working with suppliers help drive efficiencies and provide better insights into our supply chain, thereby amplifying our operational strengths, allowing identification of areas for improvement and forming a resilient and robust supply chain, which is essential for long-term business success.



In the following chapter, we elaborate on how we engage and work with our suppliers to reduce environmental and social impacts of F&N products.



**Supply Chain Stewardship**



## SUPPLY CHAIN STEWARDSHIP

GRI 204-1, GRI 308-1, GRI 414-1



### Approach

The changing weather and climate conditions, human rights threats, and government-imposed regulatory changes have been cited as key supply chain risk factors. As a market leader in the F&B industry, we maintain on-going collaboration with our supply chain counterparts, encompassing business partners, suppliers, and vendors. Our objective is to understand their needs and provide sustainable solutions that foster enduring value for all parties involved.

We actively promote the enhancement of sustainability performance among our stakeholders within the supply chain whenever feasible, setting the standard through our own actions.

The cornerstones to our Supply Chain Stewardship are as follows:

- Supply Chain Policies
- Sustainable Sourcing
- Supplier Management



### 2025 Target

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

100% of all critical suppliers to be audited to ensure compliance with SCOP by 2025.

### Performance

99% of key active suppliers have accepted and complied with F&N's SCOP.

We will initiate audits on our critical suppliers in next financial year.

#### Key Active Suppliers

Suppliers who have transactions with F&N within the last 24 months

#### Critical Suppliers

Active direct (tier-1) material suppliers with sales value >RM1 million per annum and/or irreplaceable suppliers - Irreplaceable suppliers include single-source suppliers

#### Direct Suppliers

Suppliers who supply F&N with packaging materials, raw ingredients and auxiliary materials

## SUPPLY CHAIN STEWARDSHIP

### Initiatives

#### SUPPLY CHAIN POLICIES

F&N supports the UN Guiding Principles on Business and Human Rights, and F&NHB is a member of the SEDEX. The SCOP and COBP includes the following requirements: business ethics<sup>1</sup>, whistleblowing, communications, competitors, environmental management, human rights, and occupational health & safety.

Suppliers are expected to treat their employees equally, with respect and dignity, in accordance with the ILO standards and applicable labour laws under the SCOP. This covers child and compulsory labour, equality, human capital development, layoff practices, wages & benefits, and working hours.

#### SUSTAINABLE SOURCING

We are dependent on supply of raw materials for production operations as a F&B business. Our aim is to procure raw materials certified with eco-credentials – RSPO and FSC, in the future, to ensure the materials we use are from environmentally and socially responsible sources.



#### Sustainable Palm Oil

Palm oil is a significant raw material in F&N and in our supply chain. Irresponsible palm oil cultivation has caused – and continues to cause – significant environmental and social damage. We recognise the importance of our business activities and practices in supporting sustainable palm oil production.

F&N became an ordinary member of the RSPO in August 2017 to reiterate our support for the use of Certified Sustainable Palm Oil (CSPO) in products. Currently, 100% of palm oil used at F&N is RSPO certified. 60% of the RSPO CSPO<sup>2</sup> is physical while 40% is offset by RSPO credits. By 2025, F&N has set a target to purchase 100% RSPO's physical certified palm oil for our palm oil usage.

<sup>1</sup> Antitrust, business gift, legal compliance, confidentiality and conflict of interest  
<sup>2</sup> As calculated by calendar year in alignment with the RSPO Annual Communication of Progress

#### Sustainable Paper

Paper is an essential packaging material used by F&N. All our paper products used in carton packaging carry the FSC certification, ensuring that they come from responsibly managed forests that provide environmental, social, and economic benefits.

#### SUPPLIER MANAGEMENT

##### Risk Identification: Screening & Critical Suppliers

At F&N, all our new suppliers are screened against a systematic screening process, which also incorporates environmental and social criteria, for all our new suppliers. These criteria reflect the commitments towards the environment (such as reducing waste, pollution, and water usage) and society (including human rights and labour practices).

Raw material and primary packaging suppliers are assessed annually to verify on following parameters:

- 01 Implementation of environmental policy
- 02 Audits undertaken for monitoring environmental performance and compliance
- 03 ISO 14001 compliant EMS

During the pre-qualification screening of suppliers, our suppliers are assessed based on a wide range of criteria, from delivery capacity and technical capabilities to ESG company policies and certifications. This includes key policies such as business continuity plan, food safety, responsible sourcing, bribery & corruption, carbon management and child labour and certifications for management systems such as quality, occupational health and safety, environment and food safety.

We conduct vendor performance evaluation for all critical suppliers annually, including sustainability related metrics.

For non-compliant or underperforming suppliers, they must demonstrate that they are committed to taking necessary corrective actions within a predefined period, or risk having contracts terminated.



## SUPPLY CHAIN STEWARDSHIP

### Risks Management: Supplier Capacity Building & Partnerships

In FY2023, we have engaged with over 2,000 global and local suppliers across our supply chain, including manufacturers, wholesalers, retailers, importers/merchants, contractors and professional service providers.

#### Case Study 1

##### Farming Excellence System – Thailand

Since 2013, we have been collaborating with local Thailand-based farmers in cooperatives which supply F&N Dairies Thailand with fresh milk.



Through the Farming Excellence System, we continued to build the capability of over 2,000 farmers. It consists of three key programmes:

#### 01 Booklet, guidelines, newsletters and training programmes to share information about good farming practice to improve milk quality

- In FY2023, we organised a four-month programme to train farmers and milk cooperatives on good agriculture practices to increase their productivity and achieve cost optimisation
- We also established a learning centre at our manufacturing plant for milk farmers and cooperatives, to share with them sustainable manufacturing practices

#### 02 Mobile application to conduct assessment at farms and engage with farmers

- GMP assessment, focusing on cleaning, antibiotics' drug usage and physical properties inspection of raw milk
- Online Certificate of Analysis assessment to monitor the waiting and delivery time to F&N to ensure quality of raw milk
- LINE Mobile App serving as two-way communication channel with farmers to discuss on issues/ challenges and collaborate to develop solutions / action plans

#### 03 Sustainability projects

- Provided a water storage tank to tackle the water shortage problem in Chaiyaphum Province
- Provided a Bundling Machine for Grass Silage and a Tiller Fertiliser Machine to Thepsathit Dairy Cooperative in Chaiyaphum Province
- Supplied solar cell water pumps to farmers to address the challenge of water scarcity in the region, which have enabled farmers to grow their own cow's food supplies
- Conducted a GHG study on milk farms to understand the GHG impact of milk farms by identifying the key sources of GHG emissions, and develop a long-term roadmap to reduce the GHG impact

At F&N, our supplier engagement takes a ground-up and collaborative approach. We understand the challenges our suppliers face and work with them to address the challenges. Recognising the logistic challenges of our milk farmers in Thailand, this year we supported the Khao Yai Milk Cooperative in building a milk collection centre (MCC) in Nakhon Ratchasima for farmers from the Northeast area, with an investment of THB1.1 million. Starting August 2023, the MCC commenced and Khao Yai Milk Cooperative started to supply fresh milk to us.

To maintain the quality of fresh milk, our team develops and utilises a digital platform to support the MCCs and farmers to improve milk quality and to encourage traceability from farm to factory. With the digital platform, the receiving time of the raw milk was reduced significantly by 70%. The method of milk transportation has been developed to simplify running routes, reduce environmental impact and monitor raw milk data in real time. This new milk transportation method can reduce more than 200,000 kg CO<sub>2</sub> emission per year.

Understanding the challenges brought about by weather and climate changes, we installed a large water storage tank to raise water security for our milk farmers in Chaiyaphum Province. This has minimised the need to travel long distances to access reservoirs and water resources, especially during times of droughts. This initiative provides 1,680,000L of water every month for up to 180 households across communities in Chaiyaphum Province, supplying sufficient water for up to 24 farms, consisting of 955 cattle, to minimise disruption from drought and ensure farmers can continue their farming operations sustainably.

We also implemented another project that has significantly improved water supply for local farmers. In this initiative, the company has supplied solar cell water pumps to farmers, addressing the challenge of water scarcity in the region. This effort yielded positive results, with farmers expressing their satisfaction and providing feedback on the cost-saving benefits. Notably, the solar cell water pumps have enabled farmers to grow their cow's feed, such as forage grass, reducing their expenses and contributing to their economic well-being.

## SUPPLY CHAIN STEWARDSHIP

### Case Study 2

#### Halal Sourcing Partnership Programme

In a Muslim pre-dominant market, we have intensified our commitment to advancing the Halal industry in Malaysia. Beyond upholding Halal standards within our own operations, we take a holistic approach that spans both upstream (suppliers) and downstream (packers) processes. Collaborating closely with HDC through the Halal Sourcing Partnership Programme, we contribute valuable technical guidance and knowledge transfer to support the SMEs since 2018.

To-date, we have mentored 16 SMEs to qualify as Halal vendors for large and multi-national companies (MNCs). Of those, two have progressed to become Halal suppliers including some partnership with F&NHB. Notably, in 2021, one of these identified vendors successfully joined us as an ingredient supplier for F&N Kurma Madu Cordial. This achievement marks just one of our milestones in our on-going efforts to foster and develop additional Halal SMEs to become our business partners.

In the year, we hosted a pitching session aimed at recruiting potential suppliers through the programme. A total of 14 SMEs actively engaged in this pitching session, demonstrating their interest to becoming our potential partners in our on-going journey.

In 2022, we initiated the F&N Business Partner Award Programme to recognise the suppliers with outstanding performance. The programme strengthens our partnership with vendors to elevate the quality of their services, while improving their performance in ESG factors. The overall objectives of this programme are to:

- ▶ Build mutually beneficial business relationship with business partners.
- ▶ Strengthen strategic partnerships which foster strong and productive collaboration.
- ▶ Encourage suppliers to strive for excellence in their products, service levels, and operations.
- ▶ Drive supply chain performance in delivery, quality, price, project development, and sustainability.

In this year-long programme, 38 of our suppliers actively took part, and we are delighted to announce that our cap and closure supplier, emerged as the Gold Award recipient for the 2023 programme. This programme is our commitment to fostering the growth of our local partners, enabling them to evolve into regional suppliers with broader business prospects.

#### Risk Monitoring: Monitoring, Auditing & Corrective Action Planning

F&N works closely with our suppliers and conducts regular audits to ensure standards and practices for food safety and the environmental and occupational health and safety, are maintained throughout the value chain. Performance of all suppliers are assessed monthly, and audits for medium and high-risk suppliers are conducted twice per year.

All 220 critical suppliers have been audited on food safety regulations and standards in FY2023, and none were found to be non-compliant.

A range of quality assurance and food security criteria are assessed to protect the health and safety of our consumers and workers in our supply chain. Our criteria for assessing suppliers include the implementation and monitoring of good manufacturing processes, use of protective clothing, food safety management systems, and chemical management.

As an outcome of evaluation, non-compliant or underperforming suppliers must demonstrate their commitment to taking necessary corrective actions within a predefined period, or risk having contracts terminated. F&N is exploring the update of the evaluation checklist to include additional ESG criteria, such as climate change, corporate governance, and human rights.

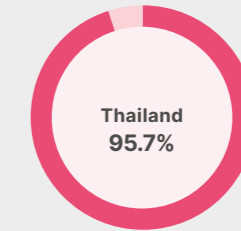
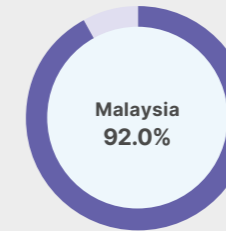
### Performance

#### GRI 204-1

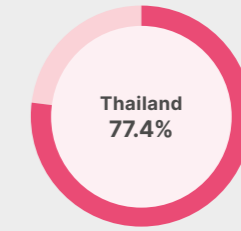
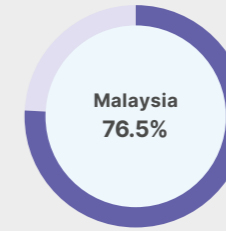
Proportion of spending on local suppliers

F&N works with about 93.5% local suppliers\* where possible, representing 76.9% of our purchase value expenditures.

Percentage of local suppliers



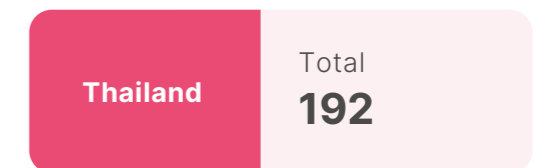
Percentage of purchase value spent on local suppliers



#### GRI 308-1

New suppliers that were screened using the environmental criteria

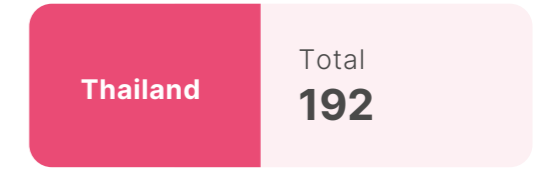
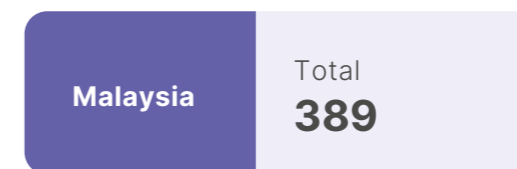
Over the year, a total of 581 suppliers were screened using the environmental criteria.



#### GRI 414-1

New suppliers that were screened using the social criteria

Over the year, a total of 581 suppliers were screened using the social criteria.



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

Group Suppliers by Supplier Category	<b>13.0%</b> of direct material suppliers <b>87.0%</b> of indirect material suppliers
Proportion of Spending on Materials	<b>83.7%</b> of purchase value spent on direct materials <b>16.3%</b> of purchase value spent on indirect materials

Notes:

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

Better Society

# WELL-BEING OF PEOPLE & COMMUNITIES

F&N's achievements spanning 140 years have been achievable owing to the dedication of our people, the feedback from our consumers, and the support of the communities where we conduct our operations. Cultivating a collaborative relationship with our stakeholders is imperative for our sustained success and growth. These relationships foster trust, innovation, and resilience and require ongoing effort and adaptability to changing needs.

We are committed to providing good quality, nutritious products to our consumers, supporting vulnerable groups, and empowering employees to provide long-term success and rewarding work environments. Critically, we do all of which in respect to the human rights of all stakeholders.



This section elaborates on our approach in promoting the well-being of our key stakeholders, including:

**Create Value for Society**

Nutrition      Human Rights

Community Development & Inclusive Growth

**Empower Our People**

Human Capital Development

Employee Safety, Health & Well-being

**Our contribution to the SDGs:**

**Primary**



**Secondary**



## 2025 TARGETS for Better Society

**Nutrition**

**Target**

At least two third of beverage and dairy products comply with the Nutritional Guidelines.

**Performance**

64% of our beverage and dairy products are endorsed with Healthier Choice Logo (HCL).

**Community Development & Inclusive Growth**

**Target**

Increase the number of annual community programmes to 11.

**Performance**

11 community programmes conducted this year.

**Human Capital Development**

**Target**

Provide an average of at least 18 hours of training to executive level employees and 11 hours of training to non-executives.

**Performance**

32.9 training hours per employee in the executive category and 11.7 training hours per employee in the non-executive category.

**Employee Safety, Health & Well-being**

**Target**

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

**Performance**

We achieved 0 LTIFR this year.



# CREATE VALUE FOR SOCIETY

F&N recognises its role as a responsible corporate citizen and understands the importance of creating value not only for its consumers but also for the communities in which it operates. As a leader in the F&B industry, we are committed to enhancing societal well-being by introducing healthier product options for its customers, extending support to local communities, and advocating for human rights.



Our efforts are further elaborated in the following sections:



Nutrition



Community Development & Inclusive Growth



Human Rights



## NUTRITION

GRI 416-1, GRI 416-2



Our philosophy of “Pure Enjoyment, Pure Goodness” embodies our promise to consumers – to provide delicious, quality products that are rich in nutritional benefits. Our dedication to ensuring affordable nutrition that enhances our consumers’ health and well-being remains steadfast.

The decisions and strategies within our R&D department are significantly influenced by the microenvironment – including market trends, and the regulatory landscape, ensuring that our products meet the highest standards of health and wellness.

By deeply understanding the evolving needs and preferences of the societies in the countries where we operate, we strategically steer our new product development efforts towards offering choices that resonate with our consumers. This approach not only reflects our responsiveness to changing market dynamics but also reinforces our dedication to promoting well-being through our product offerings.

### Approach

Consumers changing perception of quality has placed an emphasis on affordability and nutritional valuable products. To meet this consumer demand, we are dedicated to consistently enhancing the nutritional value of our products through ongoing innovation, reformulation, and the introduction of new and enhanced offerings annually.

We have also established a Nutrition Guideline in reference to World Health Organisation (WHO)'s recommendations to strengthen our commitment in healthier products.

- All our products are free from trans fatty acids.
- More than 70% of our products (by Stock Keeping Unit - SKU) contain less than 5% added sugar.

### NUTRITION CHARTER

The F&N Nutrition Charter outlines principles that guide us in our product development, creating healthy products that benefit consumers:

We remain committed to broadening the health and nutrition aspects, focusing on:

- ▶ Led by our brand promise of “Pure Enjoyment, Pure Goodness” to consumers - to deliver products that are not only great-tasting but also packed with nutritional goodness
- ▶ To actively self-regulate and ensure accountability via strong corporate governance
- ▶ To provide safe, high quality and affordable products to all our consumers
- ▶ To develop products based on proven scientific evidence and research, and consumer insights and tastes relevant to evolving Asian lifestyles
- ▶ To innovate and constantly refine our products to meet the changing needs of all our consumers and ensure consistent delivery of good taste and the right nutritional values

**Reducing Sugar Level**  
Since 2004, F&N has taken deliberate steps in reducing sugar content in our beverages. Today, over 90% of our ready-to-drink products have less than 5g sugar per 100ml.

**Developing Products without Partially Hydrogenated Oils (trans fatty acids)**  
All our products do not contain partially hydrogenated oils (trans fatty acids) and we remain committed to this in our product formulation.

**Fortifying our Products with Micronutrients**  
Our product development team constantly work on meeting consumer demands for healthier and immune building products.

**Catering to Consumers with Diverse Dietary Need and Preference**  
Today's consumer preferences have become more diverse. We aim to provide more flexibility through alternative options for example by developing products for consumers with certain food intolerances.

**Promoting Health and Well-being through Consumer Education Programme**  
F&NHB has a long and proud tradition of supporting and promoting health and active lifestyles in the community.

Read more in “Community Development & Inclusive Growth” on pages 92 to 93 of this Report.

## NUTRITION

### 2025 Target

At least two-thirds of beverage and dairy products comply with the Nutritional Guidelines.

### Performance

64% of our beverage and dairy products are endorsed with Healthier Choice Logo (HCL).

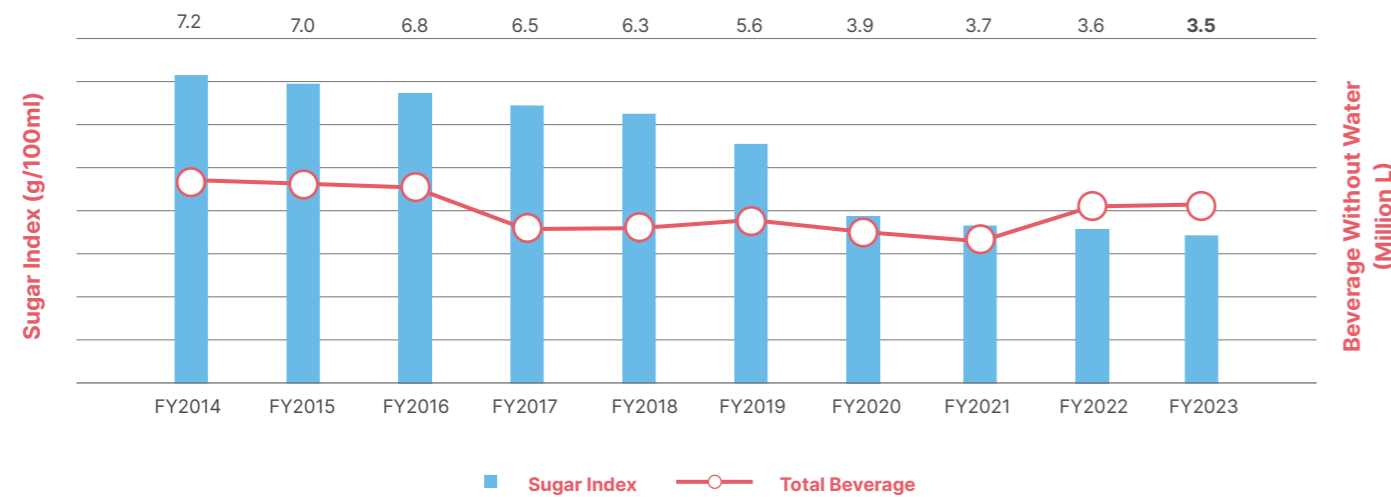
### Initiatives

Providing healthier choices for our consumers is a top priority, all the while ensuring their enjoyment is not compromised. Our product development team is dedicated to enhancing the health and nutritional attributes of our products – as we continue to effectively lower the sugar content in our products, where possible, without compromising their taste.

### REDUCING SUGAR LEVEL

A vital component of our dedication to providing healthier options is our commitment to reduce the sugar content in our products - a measure we have taken since 2013. Our efforts have resulted in a substantial reduction in the sugar index (grams of sugar per 100ml) across our entire range of beverages compared to 2013, leading to a remarkable 51% decrease in the sugar content across all our products.

### FY2023 Sugar Index (Total Beverages)



### CATERING TO CONSUMERS WITH DIETARY RESTRICTIONS & PREFERENCES

#### Lactose-free

We provide alternative and healthier options by developing products for consumers with food intolerances, such as lactose-free milk. Lactose-free milk is currently available in Thailand, and we are looking to expand this offering to Malaysia.

#### Zero-sugar

With the increased demand for zero sugar products, we have developed a zero-sugar and zero-calorie variant of our classic isotonic range – 100PLUS ZERO. This year, we introduced this zero-sugar offering in a new pack size of 1.75L for value-conscious consumers.

### ADVOCATING HEALTHIER CHOICES AND LIFESTYLE

Our focus in developing low-sugar products and fortifying them with micronutrients has been validated by the regulatory authorities of where we operate. Many of our products carry the Healthier Choice Symbol or Logo. This year, a total of 82 products are endorsed with a HCL, representing 64% of our total portfolio.

### NEW HEALTHIER PRODUCT INTRODUCED

#### 100PLUS PRO High Protein – 500ml

Our latest introduction in FY2023 - 100PLUS PRO High Protein, the new performance range for hydration and muscle recovery during workout. Formulated with proprietary healthier-choice recipe with top quality functional ingredients for hydration, muscle repair and energy.



- 10g Protein helps to build and maintain body tissues.
- Vitamins B3, B6 and B12 helps to release energy.
- Branched-chain amino acids (BCAA) helps to reduce muscle damage from exercise and aids muscle recovery to reduce exercise downtime.
- Electrolytes to help maintain water balance in the body and assists with proper muscle function.

Alongside developing healthier options for consumers, we continued to promote hydration and active lifestyles to communities through consumer education programmes. This year, we increased public awareness on the importance of staying hydrated, through the World Hydration Day, organised by our key hydration brand, 100PLUS. Through this initiative, 100PLUS successfully spread hydration awareness to Malaysians, in pursuit of their active lifestyle.

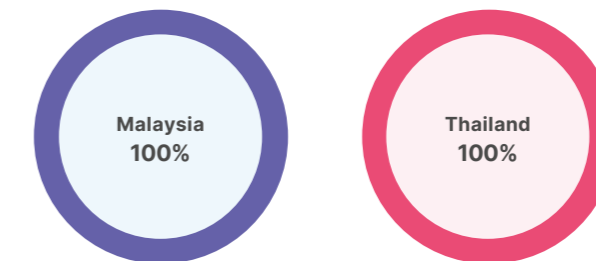
This year, we also worked with University Malaysia Sabah and Sports Nutrition Academy Malaysia to provide nutritional education to general public. We also supported the “2022 Malaysia Nutrition Month” and “You Are What You Eat” as industry committee to promote Healthier Choice products to public.

### Performance

#### GRI 416-1

Assessment of the health and safety impacts of product and service categories

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



#### GRI 416-2

Incidents of non-compliance concerning the health and safety impacts of products and services

In FY2023, we maintained our health and safety standards with no significant incidents of non-compliance with regulations resulting in fine, penalty or warning.

# COMMUNITY DEVELOPMENT & INCLUSIVE GROWTH

GRI 413-1



The scale of our operations in the region goes beyond impacting our consumers. Community is an essential component of our stakeholder network that influences our business operations and achievements. We foster positive connections and offer support to local communities by nurturing strong relationships that bridge different cultures, thereby promoting social inclusion.

## Approach

Our model of creating shared value flourishes through collaborative partnerships with the community. In every market where we are present, we engage in both long and short-term programmes aimed at fostering greater social equity. Our community programmes are centred on four key themes:

 <b>Strengthening vulnerable groups</b>	 <b>Spreading festive cheer</b>
 <b>Promoting environmental consciousness</b>	 <b>Promoting sports &amp; active lifestyle</b>

## 2025 Target

Increase the number of annual community programmes to 11.

## Performance

In FY2023, 11 community programmes conducted this year.

## Initiatives

### STRENGTHENING VULNERABLE GROUPS

#### Upgrading of School's Resource Centre

F&NHB supported Sekolah Kebangsaan Tobobon, Kota Kinabalu in upgrading the facilities of the school's resource centre to create a more conducive learning environment for the students. The funds were utilised to purchase reading materials, two sets of air conditioning units, as well as rubber mats and curtains to improve the resource centre's ambiance.



## PROMOTING ENVIRONMENTAL CONSCIOUSNESS



#### F&N School Recycling Programme

F&NHB kickstarted the 2023 iteration of the School Recycling Programme as a part of the Group's continuous efforts to raise awareness about the importance of recycling among school children. The campaign is held in partnership with SWCorp Malaysia, an agency under the Ministry of Local Government Development (MLGH). This five-month campaign targets about over 1,400 primary and secondary schools throughout Malaysia.

Each participating school will compete to collect the largest number of recyclable materials as well as implement a creative campaign to practice the 5R principles of "Reduce, Reuse, Recycle, Rethink & Reinvent". All the schools will be assessed at the end of the campaign period and winners will receive a cash prize sponsored by F&NHB.

F&NHB has been working closely with SWCorp and the Ministry of Education (KPM) since 2019 as one of the partners of the programme. The Group also works closely with municipal councils around Malaysia on this programme.

In Thailand, the Waste Bank and Recycling Project was established in two local schools within the Ayutthaya Province - Wattanodtia School and Watkokmayom School. The waste bank provides tangible monetary benefits to the students by selling the recyclables they have collected.

#### Reverse Vending Machines at Klang Valley, Malaysia

We have partnered with industry leaders KLEAN, GRAB and Malaysian Research Accelerator for Technology and Innovation (MRANTI) to launch 18 Artificial Intelligence (AI)-driven Reverse Vending Machines (RVMs) in strategic locations across the Klang Valley.

The pilot project is set to run for a period of six months, with each fully operational RVM ready to accept plastic food containers, on top of aluminium cans and PET bottles that are more commonly collected for recycling. These would then be collected by Asasrama Sdn Bhd, a certified processor, to recycle into raw materials such as plastic pallets/flakes, eventually giving them a second-life by turning them into new products including apparels, furniture fillings and plastic furniture/boxes.



#### F&N Save our Seas Programme

From 2011-2013, we joint hands with Reef Check Malaysia, Marine Park Terengganu and DM Scuba to rehabilitate coral reefs and encourage responsible behaviour on the beach among communities and tourists at Redang Island, Terengganu. Our team and partners conducted reef rehabilitation initiatives by collecting coral fragments and planting them in nursery sites, then transplanting them to permanent sites at Paku Kecil and Terumbu Kiri. We continue to perform regular checks and annual maintenance. Today, the rehabilitated sites has shown healthy rejuvenation with corals of different colonies on the man-made reefs.

#### Mangrove Tree Planting

In conjunction with World Wetlands Day, our Sabah team joined the Mangrove Tree Planting programme, organised by Kota Kinabalu Industrial Park Sabah (KKIP), Jabatan Perlindungan Alam Sekitar Sabah, Sabah Wetlands Conservation Society and Sabah Credit Corporation. Through this programme, 200 mangrove seedlings have been planted at V19 Phase 1 of KKIP, to preserve and rehabilitate the mangroves areas. This is also in line with the Malaysian Tree Planting Programme, targeting to plant 100 million trees by 2025.

## COMMUNITY DEVELOPMENT & INCLUSIVE GROWTH

### Improving the Reliability of Water Supply for Farmers

In Thailand, our Thai team has installed a water storage tank to provide efficient water supply for the community and dairy farmers. This project reduces the need to travel long distances to access reservoirs during seasonal droughts. The THB460,000 investment has been supplying 1,680,000L of water every month to up to 180 households across communities in Chaiyaphum Province. This provides sufficient water supply to up to 24 farms, consisting of 955 cattle, to minimise disruption from drought and ensure farmers can continue their farming operations sustainably.

We have also implemented a project that has significantly improved water supply for local farmers in Thailand. Through this initiative, we supplied them with solar cell water pumps, addressing the challenge of water scarcity in the region. The solar cell water pumps have enabled farmers to grow their own cow's feed, such as forage grass, reducing their expenses and contributing to their economic well-being.



### Conservation of Water Resources

In November 2022, our Thai team took a proactive stance in environmental conservation by initiating a water conservation programme at Wang Muang, Saraburi province. This programme saw the collaborative efforts of 81 passionate employees, building a check dam at the Chet Sao Noi Waterfall – a crucial water source of our Wang Muang plant. This initiative can help to safeguard against soil erosion and serve as sustained water supply during dry seasons, thus mitigating the risk of forest fires.

### SPREADING FESTIVE CHEER

F&NHB has always been an integral part of festive celebrations for generations of Malaysians. In line with the brand promise of "Pure Enjoyment, Pure Goodness", F&NHB strives to encourage communities to connect with each other, especially during festive seasons.



### Deepavali

In the spirit of Deepavali, F&NHB brought the cheer to 32 residents of Pertubuhan Kebajikan Thangam Illam, Pandan Indah, by spreading the joy of giving. The home, which consists of underprivileged children and old folks, was in great need of a new washing machine. F&N sponsored two 17 kg washing machines worth RM5,000 as well as storage racks and boxes for residents to keep their clothes and other belongings as some of their existing wardrobes were either old or damaged by the flood of 2021. We also gifted them new clothes for Deepavali and F&N products for them to enjoy during the festive season.



### Chinese New Year

This year, F&NHB continued its tradition to spread smiles this Chinese New Year, by visiting 460 orphans, disabled children, and senior citizens all across Malaysia. The homes visited included Persatuan Syukur Penyayang Pulau Pinang, Pertubuhan Pengurusan Pusat Jagaan 1 Malaysia, Persatuan Kebajikan Kanak-kanak Terencat Akal, Cheerful Children Centre, Persatuan Kebajikan Shan De Johor Bahru, Joy Garden Karak - House of Joy, Lions Club Kota Bahru Down Syndrome Center, Pusat Penjagaan Kanak-Kanak Terencat Akal Kuala Terengganu, Sarawak Hung Num Siang Tng, One Home Care Centre, Brunei's Autism Centre and Pusat Jagaan Titian OKU Nur Rawang.

Close to 100 F&N volunteers visited 12 homes in total, located in Butterworth, Ipoh, Kuala Lumpur, Melaka, Johor, Mentakab, Kota Bahru, Kuala Terengganu, Kuching, Kota Kinabalu, and even Brunei. The volunteers distributed personal care products, Mandarin oranges, F&N food items, and ang paws worth RM5,000 to the residents.



### Hari Raya

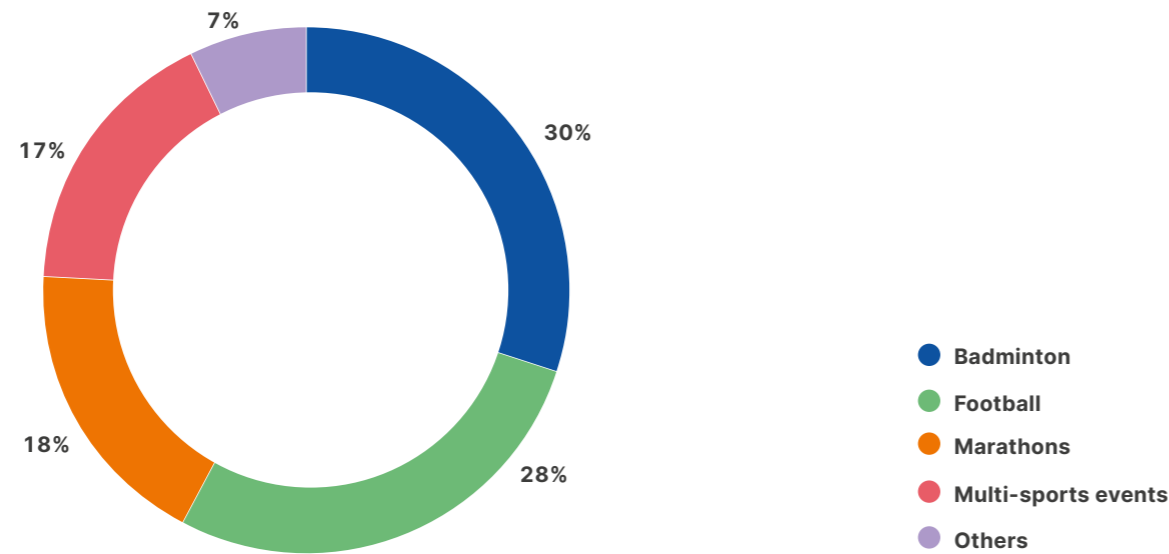
F&NHB continued its tradition of spreading joy to the less fortunate this Ramadan by hosting a buka puasa with the residents and staff of the Pertubuhan Rumah Anak Yatim Dan Asnaf Kampung Sijangkang in Selangor at the Kota Permai Golf & Country Club. During the buka puasa, our Chairman Y.A.M. Tengku Syed Badarudin Jamalullail presented duit raya and a full set of baju raya to each of the 51 children from the orphanage along with products from the F&N portfolio.

## COMMUNITY DEVELOPMENT & INCLUSIVE GROWTH

### PROMOTING SPORTS & ACTIVE LIFESTYLE

F&NHB has a long and proud tradition of promoting sports and active lifestyle in the community - from grassroots development to supporting elite levels.

We believe sports represent a powerful instrument for youth development as it imparts core values like teamwork and respect, while instilling discipline and self-confidence. As such, we are passionate about providing youths access to sports through our investment in sports developments as below:



Through 100PLUS, we support the Football Association of Malaysia (FAM), Badminton Association of Malaysia (BAM), Malaysian Hockey Confederation and the National Sports Council. 100PLUS is also the official beverage partner of the Johor Darul Takzim and Selangor Football Club. In addition, 100PLUS works closely with the Sportswriters Association of Malaysia (SAM) and is the primary sponsor for the annual SAM 100PLUS Awards.



#### Grassroot Badminton Programmes

Since 2003, 100PLUS has been the official partner for the events and activities of BAM. F&NHB has participated in the organising of 100PLUS Junior Elite Tour, a premier youth development badminton competition to motivate young and rising players to excel. Many current national players of Malaysia – Tan Wee Kiong, Goh V Shem, Chan Peng Soon, Goh Liu Ying and Goh Jin Wei, had competed in 100PLUS Junior Elite Tour during their youth.

#### Supporting Football Development

Our decades long support towards the FAM remains as we continue to be the official hydration partner for major football and futsal events across Malaysia. Some of these events are targeted at youth in primary schools who are selected to be trained by the Selangor football club coach, that grooms football players to be potential national athletes.

#### Recognising Local Sports & Sports Media Practitioners

A proud advocate of local sports development, we recognise our local sports personalities and sports media practitioners through the annual SAM - 100PLUS Awards and we have been the main sponsor of this award since 2006.

Bodybuilder Datuk Mohd Syarul Azman Mahen Abdullah was crowned the Best Athlete, while Shuttler Cheah Liek Hou clinched the Best Para Athlete 2022 award.

#### Supporting Hockey Athletes

F&NHB supports the national development of hockey in Malaysia, as our athletes rise through the ranks onto the international playing field. We have begun supporting the Malaysian Hockey Confederation by providing our beverages to keep the athletes stay hydrated.

#### Advocating for Healthy & Active Lifestyle

F&NHB promotes hydration and active lifestyles to the community through consumer education programmes. We raised public awareness on the importance of staying hydrated during the World Hydration Day. Organised by our key hydration brand, 100PLUS, Malaysians had gained awareness around the importance of hydration and its effects on our bodies - regulates body temperature, prevents head & body aches, improves concentration and memory, and reduces fatigue.

We continue to support major runs, marathons and sports activities across Malaysia, such as Standard Chartered Kuala Lumpur Marathon, Bursa Bull Charge 2023, Minggu Amanah Saham Walk 2023, and KL Car Free Morning.

#### 2025 Target

**GRI 413-1**  
Operations with local community engagement, impact assessments and development programmes

#### Performance

100% of our operations have implemented local community engagement, impact assessments and development programmes.

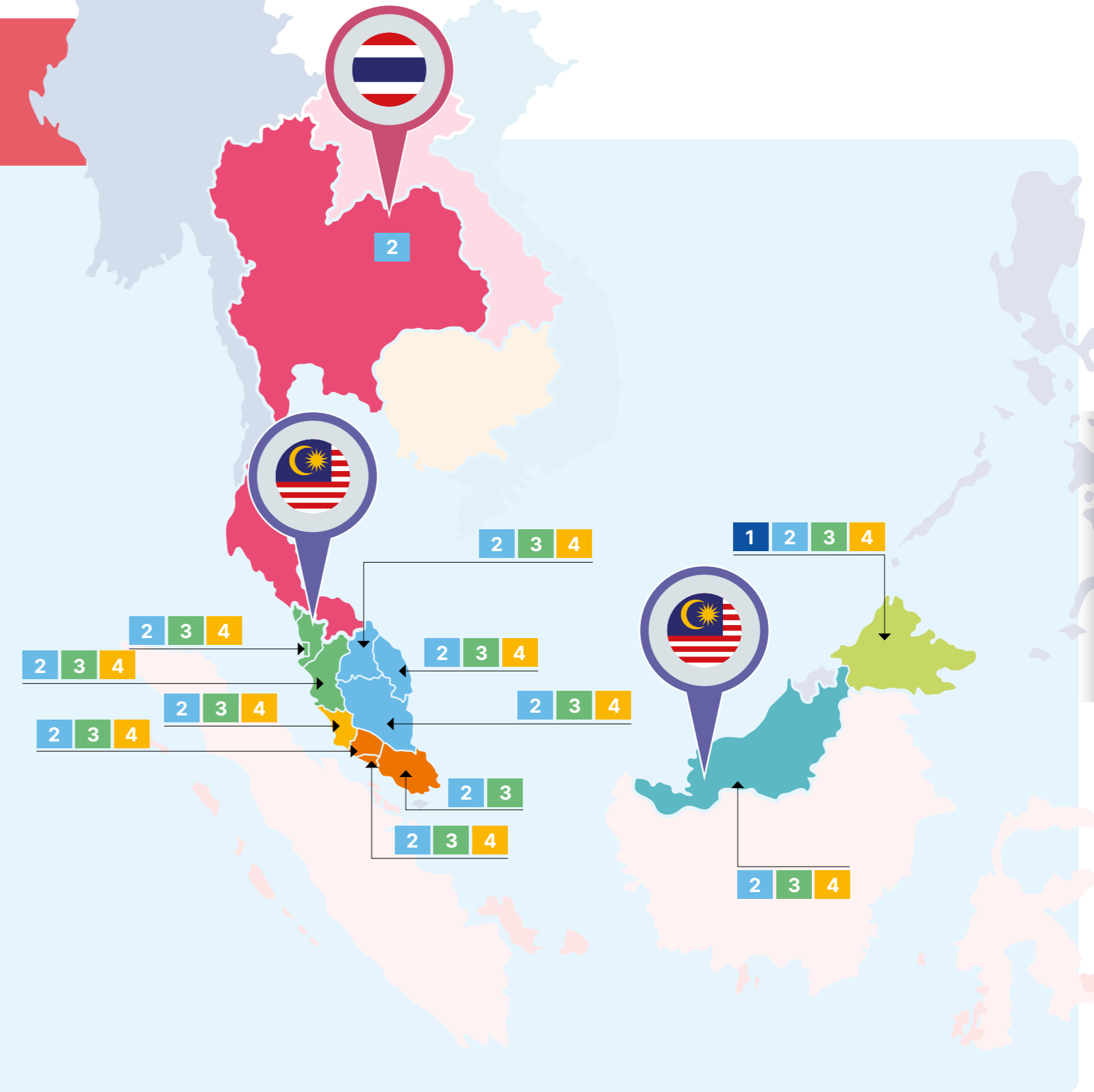
**COMMUNITY DEVELOPMENT & INCLUSIVE GROWTH**

**100%**

of our operations<sup>^</sup> have implemented local community engagement, impact assessments and development programmes

Programme	Location	Timeline	On-going
<b>1 Strengthening Vulnerable Groups</b>			
• Upgrading of School's Resource Centre	Kota Kinabalu, Sabah	2023	
<b>2 Promoting Environmental Consciousness</b>			
• F&N School Recycling Programme	Various cities in Malaysia	2006	
	Ayutthaya Province	2021	
• KLEAN X F&N Reverse Vending Machine	Klang Valley	2023	
• F&N Save our Seas Programme	Redang Island, Terengganu	2012	
• Mangrove Tree Planting	Kota Kinabalu, Sabah	2023	
• Improving the Reliability of Water Supply for Farmers	Chaiyaphum Province	2022	
• Conservation of Water Resource	Saraburi Province	2022	
<b>3 Spreading Festive Cheer</b>			
• Deepavali	Kuala Lumpur	Annual	
• Chinese New Year	Various cities in Malaysia	Annual	
• Hari Raya	Shah Alam, Selangor	Annual	
<b>4 Promoting Sports &amp; Active Lifestyle</b>			
• Grassroot Badminton Programmes	Various cities in Malaysia	2003	
• Supporting Football Development	Various cities in Malaysia	2008	
• Recognising Local Sports Personalities	Various cities in Malaysia	2006	
• Supporting Hockey Athletes	Various cities in Malaysia	2023	
• Advocating for Healthy & Active Lifestyle	Various cities in Malaysia	1983	

<sup>^</sup> Refer to all our major operating sites in Malaysia and Thailand, which include major offices and plants.



Thailand*	Northern Region	Central Region	Sabah Region
	East Coast Region	Southern Region	Sarawak Region

\* F&NHB has collaborated with farmers in cooperatives from different provinces of Thailand.

# HUMAN RIGHTS

GRI 2-30, GRI 406-1



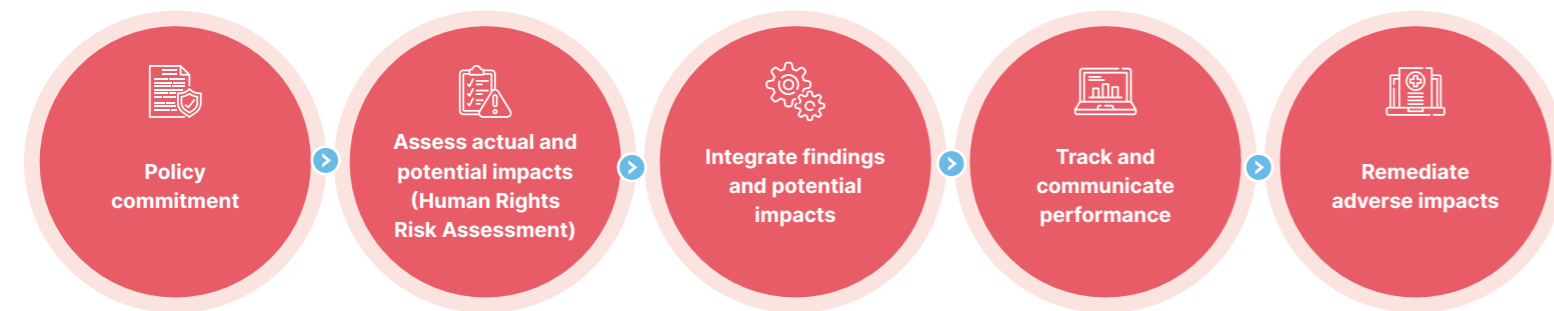
At F&N, all our business activities are driven by a strong sense of responsibility, firmly rooted in our commitment to good governance. Our corporate governance framework empowers us to maintain the highest standards of human rights across our operations and supply chain. We strive to improve our stakeholders' health and well-being and treat all our stakeholders with dignity, respect, and fairness.

## Approach

### HUMAN RIGHTS DUE DILIGENCE PROCESS

F&N is dedicated to safeguarding and advancing the human rights of all our stakeholder categories. In 2021, we initiated a Human Rights Due Diligence (HRDD) process aimed at gaining insights into real and potential human rights challenges encountered by our stakeholder groups. The detailed process of our due diligence is essential in enhancing the depth of our understanding and for fostering environments that enable the respect and advancement of human rights.

F&N does not restrict freedom of association. The management actively engages with our seven formal employee-unions to have balanced collective bargaining agreements that covers more than 27% of our full-time employees. Employees not covered by collective bargaining agreements can be assured that F&N adheres to existing local workforce regulations and labour standards.



### POLICY COMMITMENT

Our Human Rights Policy is applicable to all employees, suppliers, and business partners. The policy describes our commitments, particularly in the following areas:

- ▶ Prohibition of child labour, forced labour, human trafficking, and discrimination and harassment.
- ▶ Respecting and promoting fairness, diversity, the right to freedom of association and collective bargaining, fair remuneration and fair working conditions.
- ▶ Respect and promote health and safety, data privacy and the environment of our stakeholders.

F&N Human Rights Policy was developed in accordance with related human rights principles under international standards – the UN Universal Declaration of Human Rights, UN Guiding Principles on Business and Human Rights, UN Global Compact, International Bill of Human Rights and ILO's Declaration on Fundamental Principles and Rights at Work. The Human Rights Policy upholds under domestic and international laws, rules, and regulations. The Human Rights Policy extends to all companies under the F&N Group.

F&N will persist in its endeavours to enhance the capacity of all relevant internal and external stakeholders when it comes to Human Rights. Training is conducted annually on human rights-related issues throughout our entire business, including for the senior management.

## HUMAN RIGHTS RISK ASSESSMENT

### Scope of HRRA

The scope of our Human Rights Risk Assessment (HRRA) covers the material business activities across F&N's operational sites in Malaysia and Thailand for all segments of the value chain, including Sourcing, Production, Distribution & Logistics, and Marketing & Sales, and the supporting function, Human Capital.

### F&NHB's Value Chain

#### Business Activities and Associated Activities



The risk evaluation considered actual and potential human rights concerns throughout F&N's entire business operations. It also recognised specific concerns of marginalised communities such as migrant workers, LGBTQI+ individuals, and the elderly, with whom F&N collaborates. Our interactions with these communities have shaped our Human Rights Policy and our pledges. Their feedback has influenced the frequency with which we assess our actual and potential human rights issues, making it a more dynamic process.

Consideration of Actual & Potential Human Rights Issues				Consideration of Employees & At Risk/Vulnerable Groups	
<p><b>Labour Rights</b></p> <ul style="list-style-type: none"> <li>Working conditions and fair remuneration</li> <li>Health and safety</li> <li>Freedom of association and rights to collective bargaining</li> <li>Discrimination and harassment</li> <li>Illegal forms of labour (including child labour, forced labour and human trafficking)</li> </ul>	<p><b>Community and Environmental Rights</b></p> <ul style="list-style-type: none"> <li>Community health and safety</li> <li>Community standard of living</li> <li>Community access to water and sanitation</li> <li>Land acquisition</li> </ul>	<p><b>Supplier Rights</b></p> <ul style="list-style-type: none"> <li>Supplier data privacy</li> <li>Supplier discrimination</li> </ul>	<p><b>Customer Rights</b></p> <ul style="list-style-type: none"> <li>Customer health and safety</li> <li>Customer data privacy</li> <li>Customer discrimination</li> </ul>	<p><b>Women/Pregnant Women</b></p>	<p><b>Children</b></p>
				<p><b>Migrant Workers</b></p>	<p><b>Indigenous People</b></p>
				<p><b>Third-party contracted labour</b></p>	<p><b>Local Communities</b></p>
				<p><b>People with Disabilities</b></p>	<p><b>LGBTQI+</b></p>
				<p><b>Elderly</b></p>	<p><b>Other minorities (e.g. stateless, refugee)</b></p>

# HUMAN RIGHTS

## METHODOLOGY OF HRRRA

### Human Rights Issues Identification

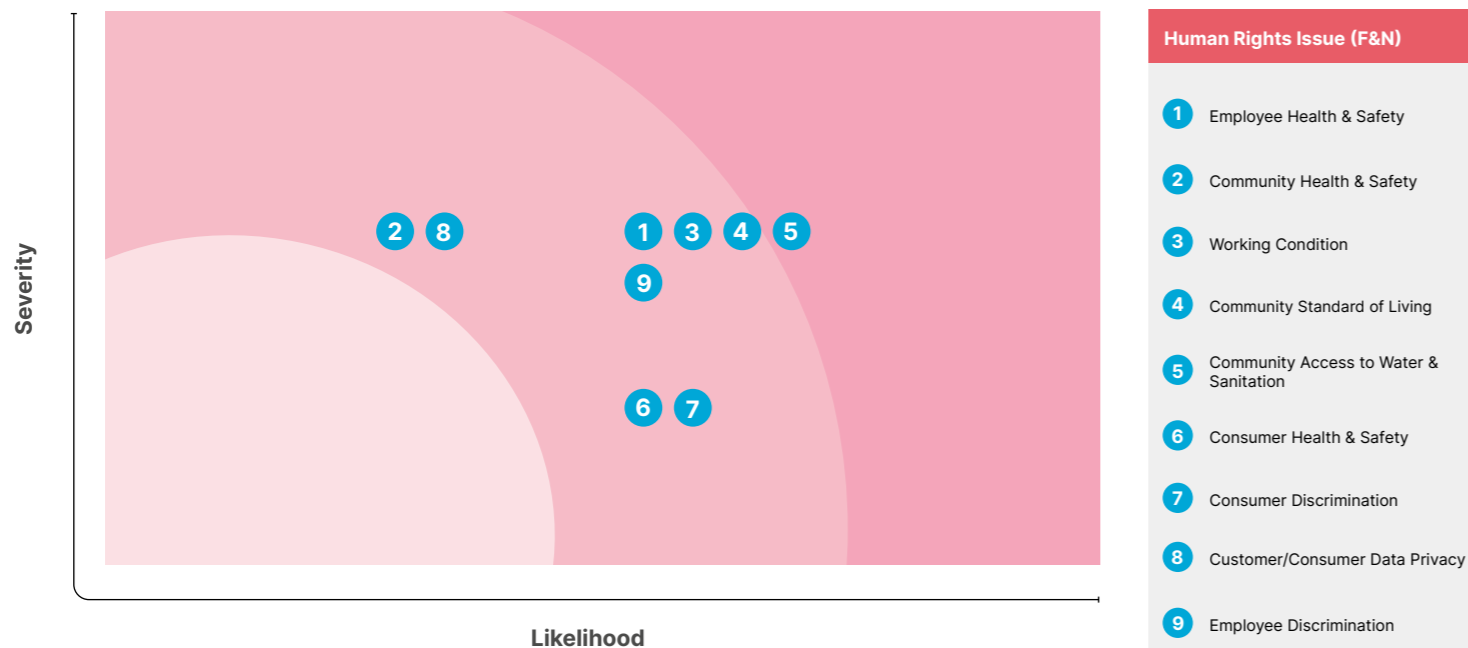
Human rights concerns were identified across F&N Group's internal activities, value chain, and in new business partnerships. We benchmarked against our peers in the dairy and beverage industries and consulted global human rights trends to enhance our comprehension of our actual and potential human rights issues.

The identified issues were prioritised according to the criticality of the human rights issue and/or its residual risk level.



### Results of Human Rights Risk Assessment

A total of nine salient human rights issues were identified across our value chain. No salient issues had a "High" residual risk rating. We conducted an annual systemic review of our self human rights assessment and found no changes to the residual risk rating, since 2021.



### Integrate Findings & Potential Impacts

F&N designs and implements mitigation measures with preventive and corrective actions to reduce the actual and potential impacts of human rights issues.

### Examples of Salient Human Rights Issues and Mitigating Measures

	Actual Issues	Mitigation Measures
<b>Employee Health &amp; Safety</b>	<ol style="list-style-type: none"> <li>Client-focused departments have an increased risk of being infected with the COVID-19 virus (e.g. employees exposed to virus during working hours since it is expected for them to meet people in high frequencies)</li> <li>Production + Human Capital: Minor work injuries and accidents</li> <li>Logistics: Road accidents during transportation, minor vehicle malfunction (e.g. flat tires)</li> </ol>	<ol style="list-style-type: none"> <li>Compliance with Public Health Regulations on COVID-19 measures e.g. self test, face masks, hand sanitisers, temperature checks</li> <li>Approved paid leaves for vaccinations &amp; launched vaccination programme for employees</li> <li>Tracking employees' vaccination progress</li> <li>Offer doctor consultations and in-house panel clinics in large-scale production plants</li> <li>Increased safety training and safety briefing to identify potential risks at the start of the work day</li> </ol>
<b>Community Health &amp; Safety, and Community Standard of Living</b>	<ol style="list-style-type: none"> <li>Marketing &amp; Sales: Spread of COVID-19 virus from employees infected to members of the community (e.g. during large scale events)</li> <li>Marketing &amp; Sales: Road accidents will increase health and safety risks for community members</li> <li>Marketing &amp; Sales: Reckless driving complaints of the distributor in the local area</li> </ol>	<ol style="list-style-type: none"> <li>Compliance with Public Health Regulations</li> <li>Provide PPEs such as face masks, face shield, hand sanitisers to employees</li> <li>Increased safety training and safety briefing to identify potential risks at the start of the work day</li> <li>F&amp;N Voice channel available for employees to report on safety risks and concerns</li> </ol>
<b>Employee Discrimination</b>	<ol style="list-style-type: none"> <li>Human Capital: An employee felt uncomfortable to report a case of verbal harassment until after resigning from the company</li> </ol>	<ol style="list-style-type: none"> <li>Inform employees on various channels and measures available- to raise discrimination and harassment issues (e.g. welfare committee, reporting channel, mental health hotline)</li> <li>Implement additional trainings for supervisors on preventing discrimination and harassment to employees</li> </ol>
<b>Customer/ Consumer Discrimination</b>	<ol style="list-style-type: none"> <li>Discrimination by prioritising against certain groups of customers/ consumers</li> </ol>	<ol style="list-style-type: none"> <li>Ensure F&amp;N's products are targeted to all consumers</li> <li>Marketing strategies are suitable for a multi-racial society and ensure no content are inappropriate or discriminatory against one's gender, race, culture etc</li> </ol>

## HUMAN RIGHTS

### Track & Communicate Performance

The Group continuously monitors and assesses our human rights risks to stay informed on issues and concerns related to human rights violations. We will conduct the HRDD to identify, review and evaluate any actual or potential human rights violations and impacts caused by the Group's business operations and associated activities. The outcome of the assessment will be reported annually in our SR.

F&N educates all employees on our human rights practices. We encourage and support all directors, executives, employees, and stakeholder groups across the business value chain to report all forms of human rights suspicions, incidents, and violations that arise from our business operations through established and dedicated communication channels – including via Fraserians Connect App, that is accessed regularly by employees.

Feedback provided are considered to develop appropriate mitigation and remediation measures. The effectiveness of our implemented human rights policies and mitigation measures are monitored.

### Remediate Adverse Impacts

F&N recognises our business activities may potentially contribute to or is linked with human rights violations. We are committed to mitigating these potential human rights risks and violations by conducting a revised assessment every three years. Additional measures will be established to remediate and/or mitigate human rights violations caused or endorsed by F&N's business activities.

No human rights violation cases were noted in 2023. Thus, no remediation measures were taken.

### Performance

<p><b>GRI 406-1</b> Incidents of discrimination and corrective actions taken</p>	<p>In FY2023, there was no reported incident of discrimination.</p>
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# EMPOWER OUR PEOPLE

F&N recognises the pivotal role our employees play in our enduring success. Their unwavering commitment, expertise, and contributions breathe life into F&N's strategic vision and propel our business forward. In exchange, we actively promote continuous learning and development of our employees through comprehensive Group-wide learning initiatives and value their well-being. We strive to cultivate a safe and healthy workplace environment for all.



Our efforts are further elaborated in:



**Human Capital Development**



**Employee Safety, Health & Well-being**



# HUMAN CAPITAL DEVELOPMENT

GRI 401-1, GRI 401-2, GRI 401-3, GRI 404-1, GRI 404-2, GRI 404-3, GRI 405-1



Our employees are increasingly appreciative of a diverse work environment that supports continuous learning and professional development. Through ongoing investments in these areas, we empower our employees to drive innovation, embrace sustainability, and promote a culture of continuous learning.

Even as the world emerges from the peak of COVID-19, its implications especially on mental health remains. Our employees continually seek to prioritise their mental well-being at work. To support the mental wellness of our people, we introduced several initiatives and benefits including adopting a mental wellness framework used internationally to support our efforts in creating a culture of well-being and a healthy working environment.

The effective implementation of our strategic goals and the achievement of sustainable business performance heavily rely on the contributions of our workforce. We continue to engage our employees through various communication channels, including CEO Townhall, engagement survey, recognition events, and periodic performance reviews. As the grip of COVID-19 pandemic subsided, this year provided us with opportunity to engage with our employees in person at a variety of internal engagement activities such as CEO Townhall, 140<sup>th</sup> Anniversary Celebration Dinners and festive gatherings.

In all our operational locations, we adhere to labor laws, aiming to offer equal employment opportunities to our employees and job applicants. Our overarching aim is to foster a workplace environment that is devoid of discrimination, harassment, and retaliation.

## PROMOTING DIVERSITY & INCLUSION

Building a company that consumers choose, and trust requires a good understanding of the richness and cultural diversity of the societies we serve in. We celebrate and promote diversity and inclusion on all levels. Our goal is to cultivate a genuinely diverse workforce and foster an inclusive culture, where every team member is appreciated, involved, provided with equitable chances, and treated without bias, regardless of their personal characteristics.

We strive to offer equal opportunities regardless of race, religion, age, nationality, gender, political beliefs, marital status, disability, and any other unrelated criteria to employment requirements. This belief is embedded into our employment policies as a non-discrimination principle. We seek to recruit a good mix of employees with varied experiences and diverse backgrounds to enrich our business. The ethnic composition of F&NHB's workforce closely resembles the ethnic diversity of Malaysia and Thailand.

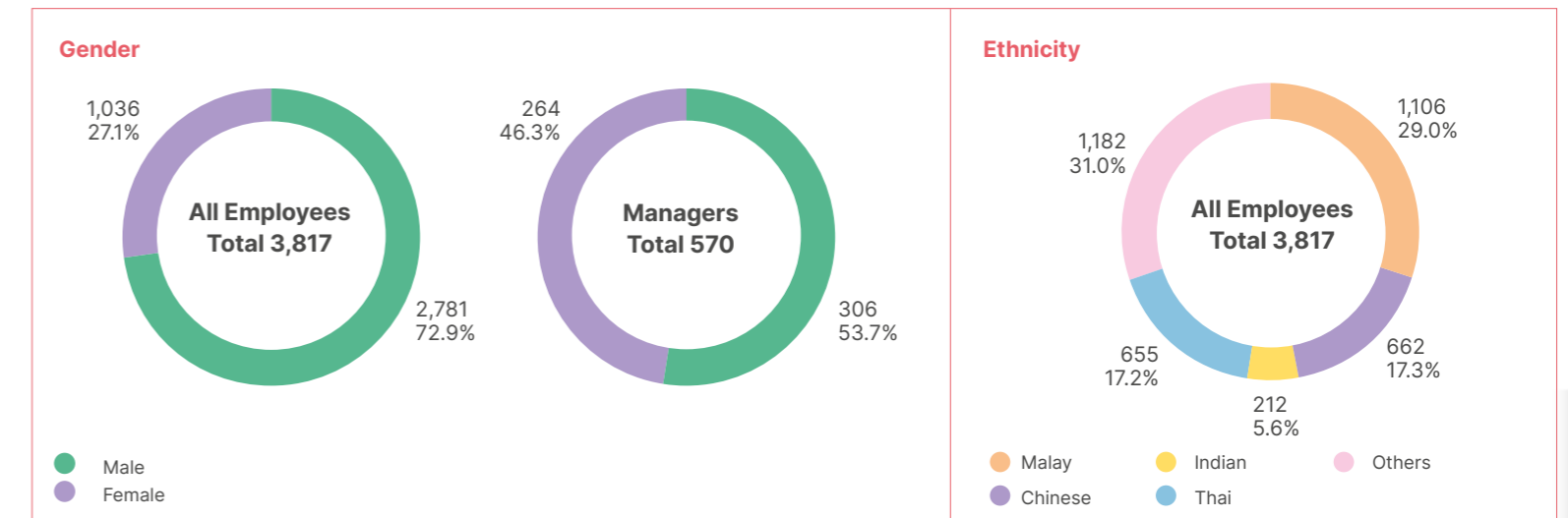
We promote diversity and inclusion by strictly complying with prevailing legislation on employment rights in the countries of operations - including no hiring of minors.

Over the past few years, significant strides have been made in our efforts to promote gender equality within the F&N workforce. Currently, women comprise 27.1% of our total employee population. Moreover, within our managerial ranks, 46.3% of leadership positions are held by female professionals.

We support our employees in contributing meaningfully as a collective, by engaging in challenging experiences within an open and mutually respectful environment.

## EMPLOYEES BY ETHNICITY & GENDER

We are proud of the diversity and inclusivity our community brings to the Company.



## 2025 Target

Provide an average of at least 18 hours of training to Executives and 11 hours of training to non-Executives by 2025.

100% of our employees trained on ESG and Digitalisation at least once by 2025.

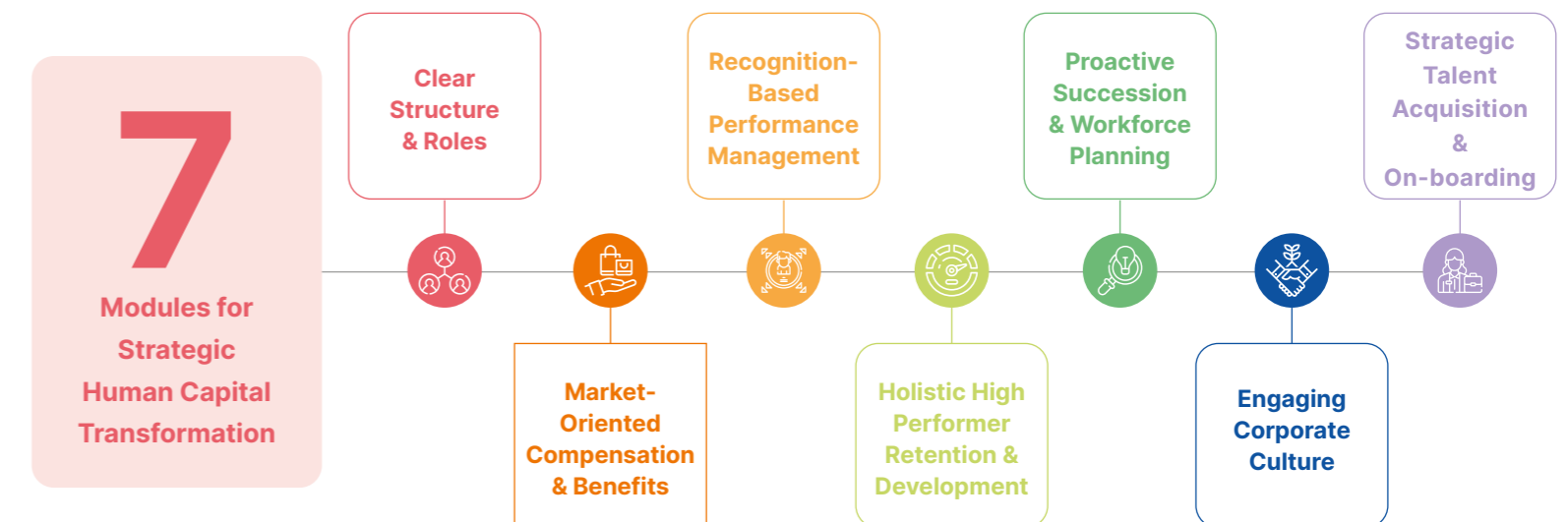
## Performance

**32.9** training hours per employee in the executive category and **11.7** training hours per employee in the non-executive category.

To-date, **85.4%** of our employees were trained on ESG and **67.0%** of our employees were trained on digitalisation.

## HUMAN CAPITAL ROADMAP & STRATEGY

F&N Group developed a Human Capital Roadmap and formulated a strategy to groom our employees. The roadmap consists of seven modules for strategic human capital transformation:



## HUMAN CAPITAL DEVELOPMENT



### Clear Structure & Roles

F&N implements the “Beverest” system, which serves as an integrated platform for aligning our Human Capital processes and systems throughout the organisation. This encompasses activities ranging from recruitment and onboarding to performance evaluations and career advancement. The system plays a crucial role in effectively communicating the expectations and duties of every employee.



### Market-Orientated Compensation & Benefits

We ensure our employees are rewarded and recognised for their contributions with competitive pay and benefits. F&N regularly reviews our remuneration packages to ensure alignment within the Group and with our peers, under prevailing local market rates and practices. Our commitment is to align and comply with the Minimum Wages and Employment Act.

F&N provides full-time employees benefits that include life insurance, health care, disability and invalidity coverage, parental leave, retirement provision, and stock ownership options (share-based incentive plans for certain job grades).

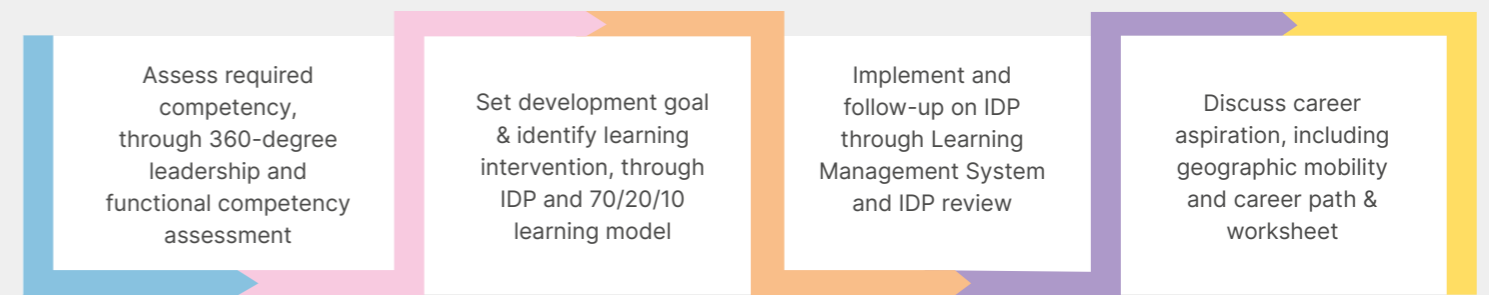
This year, we introduced an advanced Human Resource Management System (HRMS) that is available on mobile applications to empower our employees and managers to efficiently handle and access various aspects of their employment, including managing leave, appraisals, reviewing tax information, and accessing pay slips. The objective of the initiative is to reduce reliance on paper printing, contributing to a more environmentally sustainable approach within our Human Capital team's operations.



### Recognition-Based Performance Management

A Performance Assessment Review occurs twice a year where employees appraise their outcomes and identify development opportunities together with their supervisors. Employees are assessed against well-defined SMART (specific, measurable, Achievable, Relevant, and Time Bound) Goals and Key Performance Indicators set through their Individual Development Plans (IDP).

#### Employees develop their IDP through four stages:



### Holistic High Performer Retention & Development

F&N actively promotes internal career growth opportunities to foster a positive and fulfilling work environment. To support our employees in their professional development, we provide online training, and on-the-job training opportunities that will benefit their career trajectory.

We are targeting to have 100% of our employees trained on ESG and Digitalisation at least once by 2025. In 2023, 85.4% of our employees were trained on ESG and 67% of our employees were trained on Digitalisation.

PROGRAMME	FOCUS	EMPLOYEES TARGETED
▶ Finance & Strategy	Business acumen and competitive strategic thinking	Managers & senior managers
▶ Design Thinking	Innovative thinking	Managers & senior managers
▶ Supply Chain Management	Value creation and supply chain innovation via technology	Managers & senior managers
▶ Coaching, Mentoring & Leadership Skills	Leadership and management skills to increase team's productivity	Managers & senior managers
▶ Business Presentation & Storytelling	Business presentation skills	Managers & senior managers
▶ Educational Assistance Programme	For various technical and professional certification	Executives & supervisors
▶ Functional & Technical Training	Functional and technical skills	Executives & supervisors
▶ Digital Training	Awareness and adoption of digital technology	Executives & supervisors
▶ ESG Training	Awareness of ESG issues	Executives & supervisors

## HUMAN CAPITAL DEVELOPMENT



### Proactive Succession & Workforce Planning

We nurture employees who are identified with potential to become future leaders within the organisation. These individuals are provided with opportunities – including job rotations and transfers, to further develop their understanding of our operations.

Targeting executives and other levels above, F&N has devised a comprehensive training and development programme known as Leadership and Management Potential Unleashed (LAMPU) Programme, that is specifically designed for leadership and talent development. LAMPU consists of a series of training courses covering critical thinking, communication skills, personal development, and leadership style. These courses have been curated from various sources to provide a well-rounded learning experience.

We look forward to offering more advanced and impactful learning opportunities for our leadership and talent development initiatives. We aim to successfully train 100% of individuals qualified for the programme, within the next two years.



### Engaging Corporate Culture

Guided by our Global Values, F&NHB promotes a culture of engagement and inclusion by offering channels like monthly employee email newsletters and internal mobile apps (Fraserians Connect (FC) app in Malaysia and LINE app in Thailand).

Employees are encouraged to share real-time feedback, ideas, and suggestions directly with senior management via F&N Voice, an internal feedback channel that facilitates communication between employees and senior management within our organisation. F&N Voice is integrated into the FC mobile app, to make accessible and convenient for all stakeholders to engage in constructive dialogue and contribute to the betterment of our company.

Every 2 years, we conduct check-in of our employees through our comprehensive Employee Engagement Survey to better understand their present needs and areas in which F&N can improve on. Based on the scores, F&N was able to understand and plan initiatives to improve employee satisfaction and well-being.

To support the mental well-being of our employees, F&N has implemented flexible working hours for office employees since 2020. We have also encouraged our employees to improve their physical well-being through participation in our company sports events and teambuilding activities.



### Strategic Talent Acquisition & On-Boarding

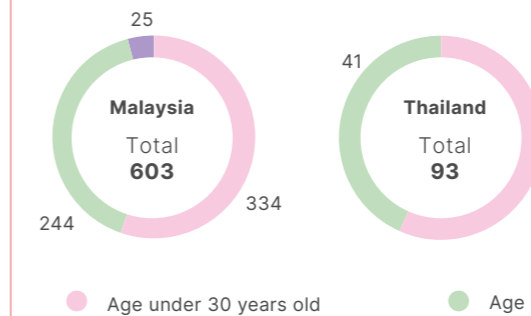
We aim to nurture and advance our own workforce, enabling them to progress within F&N. We are committed to optimising opportunities for our internal talent pool. Instances where internal promotion may not be feasible, our Human Capital team takes deliberate measures to employ a diverse range of assessment tools to ensure a fair and rigorous recruitment process. Candidates are selected based on alignment with specific job requirements and with the objectives of the company. We aim to attract, hire, develop, and retain the right candidates to contribute positively to our mission.

We ensure every recruit experiences a thorough and uniform onboarding programme throughout the entire Group. Across the Group, we ensure all new hire benefit from a comprehensive and consistent on-boarding programme that incorporates a blend of self-paced e-learning modules and personalised one-on-one support to facilitate a smooth transition into the organisation.

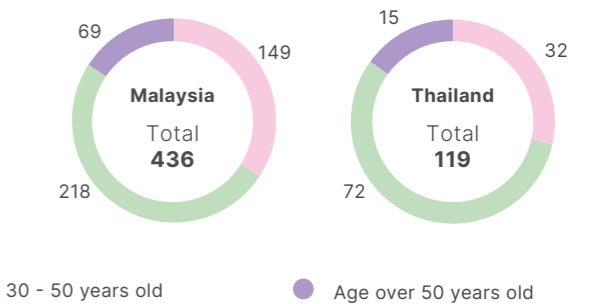
## Performance

**GRI 401-1**  
New employee hires and employee turnover

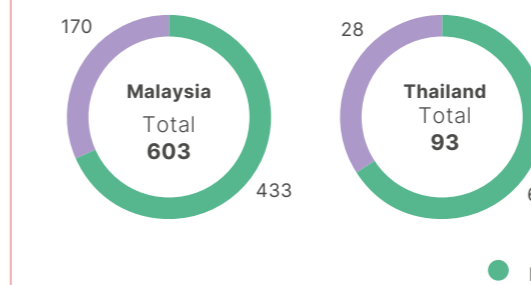
### New Employee Hires by Age Group



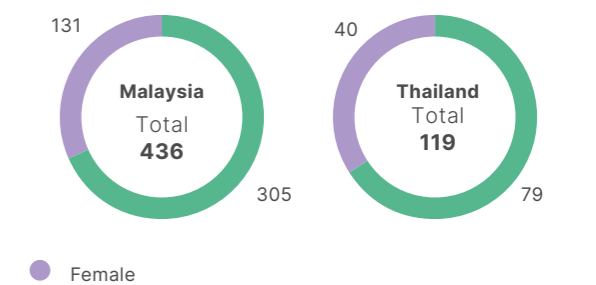
### Employee Turnover by Age Group (including involuntary resign)



### New Employee Hires by Gender

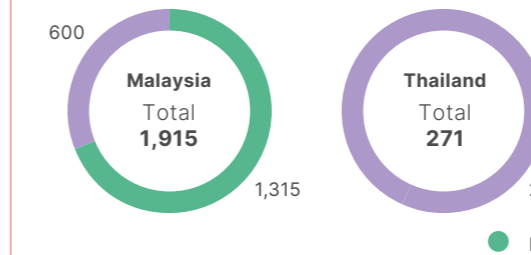


### Employee Turnover by Gender (including involuntary resign)

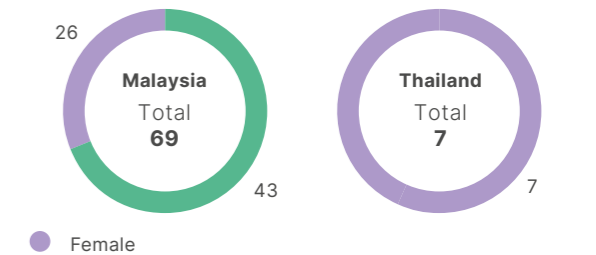


**GRI 401-3**  
Parental Leave

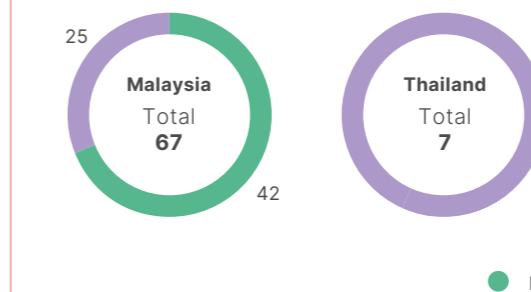
### Total Number of Employees Entitled to Parental Leave



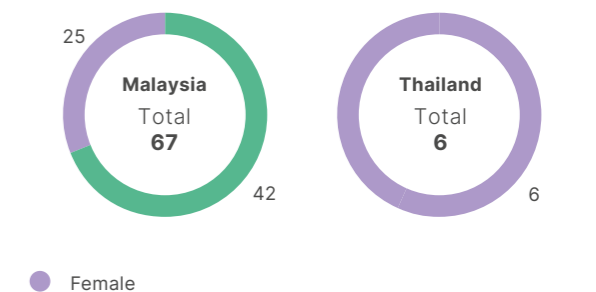
### Total Number of Employees who Took Parental Leave



### Total Number of Employees who Returned to Work after Parental Leave Ended



### Total Number of Employees after Returning to Work Were Still Employed after 12 Months

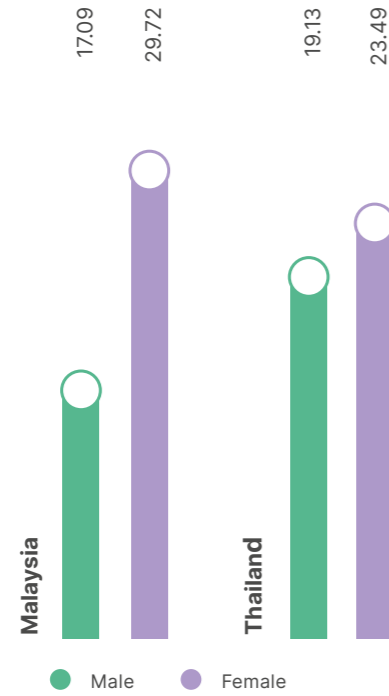


## HUMAN CAPITAL DEVELOPMENT

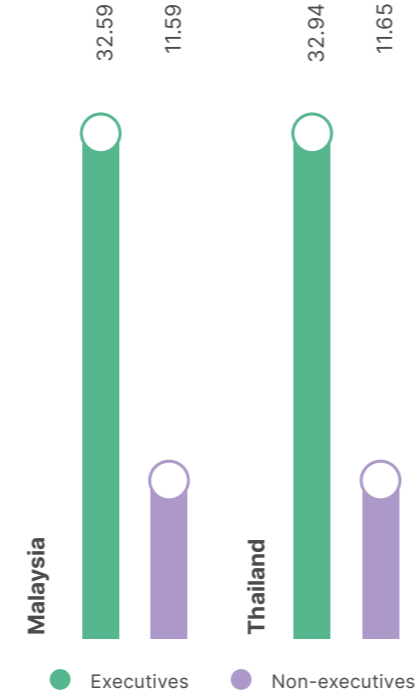
### Performance

**GRI 404-1**  
Average hours of training per year per employee

**Average Training Hours by Gender**

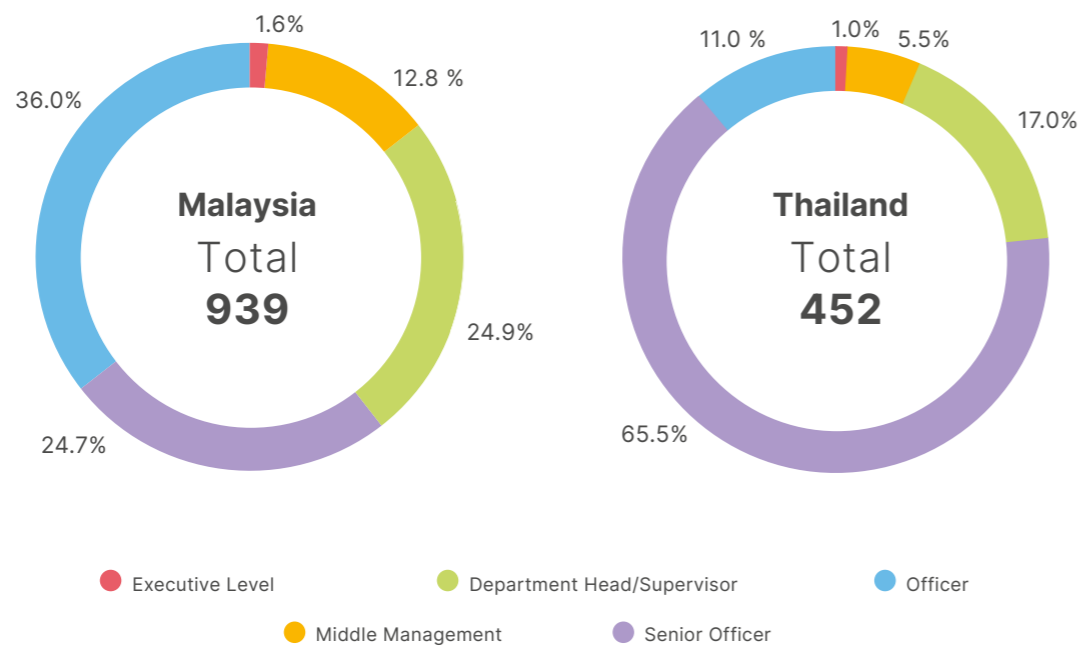


**Average Training Hours by Employee Category**



**GRI 404-3**  
Percentage of employees receiving regular performance and career development reviews

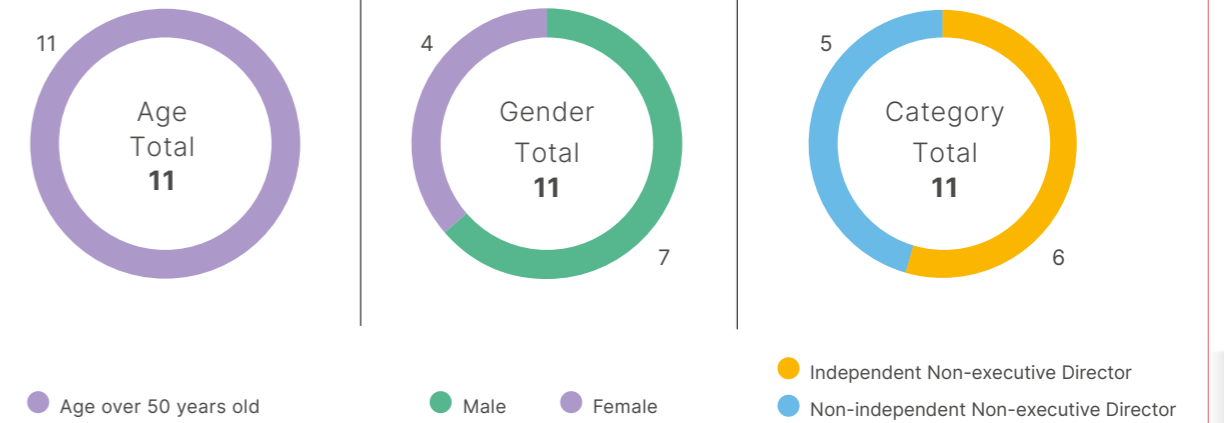
**Total Employees who Receive Performance and Career Development Reviews**



### Performance

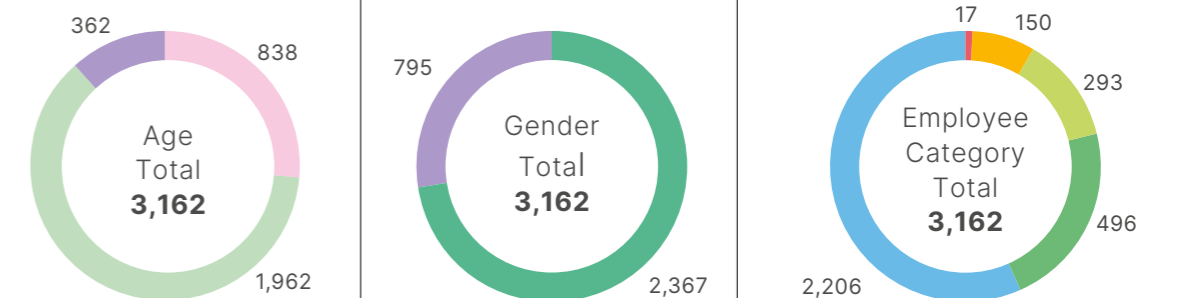
**GRI 405-1**  
Diversity of governance bodies and employees

**Total Directors**

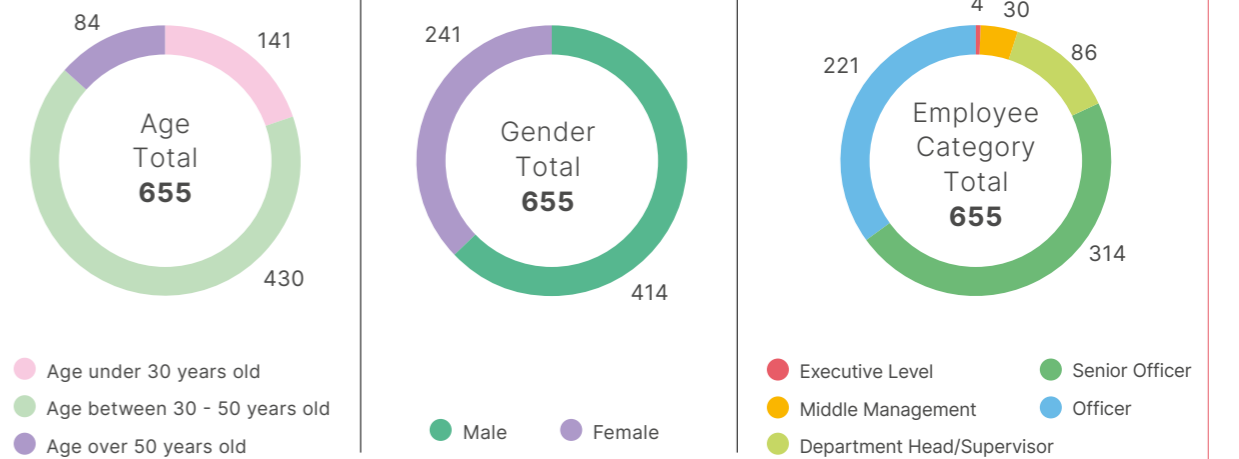


**Total Employees**

**Malaysia**



**Thailand**



# EMPLOYEE SAFETY, HEALTH & WELL-BEING

GRI 403-1, GRI 403-2, GRI 403-3, GRI 403-4, GRI 403-5, GRI 403-6, GRI 403-7, GRI 403-8, GRI 403-9, GRI 403-10



Prioritising employee health is essential in building sustainable organisations. We have effectively instilled a culture of behaviour change aimed at eliminating unsafe practices and fostering a proactive “safety first” culture for employees to be aware of their responsibilities to themselves and their colleagues. We firmly believe teamwork is essential in our pursuit of achieving zero Lost Time Injury Frequency Rate (LTIFR).

At F&N, workplace health and safety are integrated into our daily work routines and are ingrained into every aspect of our operations. We implement stringent procedures to ensure the physical well-being of our on-site employees and promote practices that enhance the mental health of our people.

To further strengthen our commitment to safety culture, zero lost time injury was incorporated in FY2023 as part of shared sustainability KPIs for all executives.

## Approach

The safety of our people, and those who work with us, is one of our top priorities. To ensure our employees and contractors’ employees carry out their functions aligned with F&N’s safety protocols, various safety training programmes are conducted. We ensure that all our employees and contractors receive appropriate safety training tailored to their specific roles and responsibilities.

### CREATING A SAFETY CULTURE

F&NHB strictly adheres to the ILO guidelines, Thailand’s Labour Protection Act and Malaysia Employment Act 1955. The guidelines and legal requirements of these international and national policies have been extended in our internal ESH policy as a signal to our employees about F&N’s commitment to creating a safety culture for all.

This ESH policy is fundamental to our EHS management system that focuses on improving EHS performance through establishing objectives, targets, and ongoing monitoring of key performance indicators. All personnel and activities are covered under our ESH management system, ensuring that every worker receives proper training and appropriate safety gear when needed.

Safety is inherent to our operations. Our primary facilities adhere to global standards like ISO 45001, and our safety measures go beyond adhering to national regulations. Each plant has established a Safety Committee comprising both management and workers’ representatives. Furthermore, we have instituted a Safety and Health Committee for our corporate office and regional sales offices. These committees play a vital role in supervising F&N’s safety systems and programmes.



Should any health and safety incidents arise, our Company Emergency Response Teams that have undergone training will respond swiftly.

The Board has an oversight and conducts an evaluation of the company’s health and safety strategy – health and safety policies and procedures, setting and assessing health and safety targets, and the assessment of our performance in relation to these targets. The Board SRMC engage in discussions concerning health and safety concerns and provide quarterly updates to the Board on these matters.

## EMPLOYEE SAFETY, HEALTH & WELL-BEING



### EMPLOYEE SAFETY TRAINING & AWARENESS

Our safety trainings remained effective with 1,600 attendees participating in over 8,500 hours of safety trainings in Malaysia and Thailand. Topics covered in FY2023 included:

▶ Safety, Health & Environmental Awareness

▶ Warehouse Safety Management

▶ Occupational Disease & Syndrome

▶ Fire Safety & ERT

▶ Safety at Workplace & First Aid

▶ Radiation Safety & Health

Beyond trainings, we keep our employees educated on health and safety topics through monthly trainings and newsletters where we highlight risky behaviours and safety hazards. Employees are encouraged to report any potential health and safety hazards by communicating their concerns to their safety representative or supervisor, or through a formal reporting channel maintained by our safety committees, with the option to maintain anonymity.

### CONDUCTIVE WORKING ENVIRONMENT

In our commitment to safeguarding our workforce, we have intensified our efforts to create a workplace environment that not only prioritises safety but also fosters the health and well-being of our employees. Whenever necessary, F&N collaborates with accredited Occupational Health and Safety consultants to ensure the highest standards are upheld.

Our Health Risk Assessment Committee consists of highly trained personnel who are proficient in conducting assessments of areas where employees may be exposed to health risks. This includes continuous monitoring of air quality, lighting, temperature, and noise levels across all our facilities. We have established a routine noise monitoring protocol to ensure that noise levels are within the recommended range.

For employees working in environments with elevated noise levels, hearing protection is provided to reduce their exposure. Workers who are at risk of hearing impairment due to their work environment have access to regular audiometric tests. In cases where hearing impairments are identified, follow-up consultations with doctors are arranged for our employees to address the issue appropriately.

All workers - employees and contractors, have access to comprehensive occupational health services that cater to their specific job roles. These services encompass hygiene resources, ergonomic tools, protective equipment, and readily available first aid kits. We extend healthcare insurance coverage to all our employees in Malaysia and Thailand.

Annual health screenings for all workers are facilitated by F&N, reinforcing our commitment to their overall health. In the unfortunate event of work-related illnesses, we provide follow-up consultations with medical professionals to address the situation appropriately. The annual check-up medical records are kept by a clinic or specialist with no copies given to F&N. All employees' personal health-related information is kept confidential. This year, we have also provided vaccine to our employees in Malaysia to protect them from influenza.

To prioritise the wellness of our employees, we have implemented a range of initiatives designed to enhance their work-life balance and overall health including mental health. These include:

▶ Flexi working hours and working from home arrangement, allowing employees to align their work schedule with their personal needs

▶ Workplace stress management, assisting employees in managing workplace stress through various talks and seminars

▶ Sports and health initiatives, including sports day, health and wellness month, and flexi benefit scheme that covers health and wellness aspects

▶ In-house gym facilities at some offices and factories

▶ Extended health insurance to families with 50% subsidy, ensuring their health and financial security are well looked after

### 2025 Target

Reduce the LTIFR to 0.

100% of employees participate in annual safety, health and well-being programmes.

### Performance

We achieved **0** LTIFR this year.

In 2023, **83%** of employees participated in annual safety, health and well-being programmes.

### Performance

**GRI 403-9**  
Work-related injuries

- **0** work-related injury for both employees and non-employees
- **0** high-consequence injury
- **0** work-related fatality

**GRI 403-10**  
Work-related ill health

- **0** work-related illness for both employees and non-employees

Better Planet

# CIRCULARITY & ENVIRONMENTAL PROTECTION

**At F&N, we acknowledge and embrace the significant responsibility our business bears in safeguarding the environment. We understand the complex connection between the F&B sector and the biodiversity of our value chain.**

We are fully aware of the pivotal role we play in preserving and nurturing our natural surroundings for the benefit of current and future generations and remain dedicated to sourcing ingredients with utmost respect for their impact on ecosystems.

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



This section elaborates on our approach in six main environmental impact areas:

**Operational Eco-efficiency**

- Energy
- Water Stewardship
- Climate Change
- Waste Management

**Value Chain Impacts**

- Packaging
- Biodiversity

**Our contribution to the SDGs:**

**Primary**



**Secondary**



## 2025 TARGETS for Better Planet

**Energy**

**Target**  
Reduce the Group's energy intensity ratio at our plants by 8% from a 2020 baseline.

**Performance**  
Our group energy intensity ratio has increased by 3% to 898.30 (as compared to FY2020 baseline at 868.56). Energy efficiency was impacted by lower machine utilisation.

**Product Packaging**

**Target**  
Achieve 25% of beverages and dairy packaging that contains recycled materials.

**Performance**  
The average recycled content in our beverage and dairy packaging maintained at 25% this year, on track for our 2025 target.

**Waste Management**

**Target**  
Reduce the solid waste sent to landfill by 30% from a 2020 baseline.

**Performance**  
Our total solid waste sent to landfill increased slightly by 1% to 1,128 MT (as compared to FY2020 baseline at 1,122 MT), due to the waste from the new plant sent to landfill as per GMP requirements in October and November 2022.

**Water Stewardship**

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

**Performance**  
Our group water intensity ratio has increased by 3% to 2.36 (as compared to FY2020 baseline at 2.29), Water efficiency was impacted by lower production volume at some of our plants.

**Climate Change**

**Target**  
Reduce the Group's GHG emissions intensity ratio at our plants by 8% from a 2020 baseline.

**Performance**  
Our group GHG intensity ratio has improved by 2% to 0.0650 (as compared to FY2020 baseline at 0.0661), making good progress towards our 2025 target with our investment in solar PV system to replace fossil fuel.



**Environment, Safety & Health Policy**

Our ESH Policy ensures all major plants in the group are ISO 14001:2015 (environmental management system) certified.

Our Policy serves as a framework for all our decisions concerning the environment across our value chain, from production operations, business facilities, products, distribution and logistics, management of waste.

We undertake Environmental Impact Assessments prior to the commencement of new project. We work with local communities to protect and preserve the environment, and we strive for zero waste and zero pollution through continuous improvement of our environmental management system.

Our employees, suppliers, service providers, contractors, key business partners, and relevant stakeholder groups are made aware of the Policy via email, intranet, notice boards and internal briefings to employees.

Read the policy here:

# OPERATIONAL ECO-EFFICIENCY

F&N is acutely aware of the environmental footprint associated with our operations, encompassing energy consumption, water usage, and resource utilisation. We are committed to mitigate these impacts and are actively engaged in exploring avenues to enhance our manufacturing processes, with a primary focus on optimising eco-efficiency. Through innovative initiatives and resourceful strategies, we aspire to not only minimise our environmental footprint but also align our operations more closely with sustainable practices, promoting a harmonious coexistence with our planet.



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



Energy & Climate Change



Water Stewardship



Waste Management



## ENERGY & CLIMATE CHANGE

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



The GHG emissions stemming from our business operations play a role in driving climate change. Consequently, the repercussions of climate change also impact F&N in various ways. Climate change places pressure on our production processes, including fluctuations in the prices of raw materials and potential disruptions to our access to water resources at F&N. At the same time, it also provides climate-related opportunities, such as cost savings, and alignment with consumer expectations.

For a more detailed focus on climate change risks, refer to "TCFD & Climate Risk Management Updates" on pages 38 to 51 of this Report.

We are committed to reducing the energy intensity and GHG emissions intensity at our plants, in alignment with our 2025 sustainability targets. F&N upholds the responsibility to minimise carbon footprints across our value chain, ranging from manufacturing, packaging, storage and logistics, to end use and disposal.

### Approach

Our operations, spanning manufacturing, storage, and transportation, consume energy. F&N efficiently oversees energy usage across our operations and the entire value chain by adhering to our "Energy & Climate Change Management Strategy". Our workforce, business associates, and various stakeholder groups are well-informed about this policy and endorse our objectives. We actively collaborate with suppliers and service providers to secure their dedication to environmental-responsible practices.

### OUR ENERGY & CLIMATE CHANGE MANAGEMENT POLICY

All our operations in Malaysia and Thailand are guided by the following principles:

<p><b>01</b></p> <p>Fulfil and enhance the energy management system as energy conservation is one important part of our operations</p>	<p><b>02</b></p> <p>Well manage and utilise energy conservation technology and best practices as part of our continuous improvement</p>	<p><b>03</b></p> <p>Implement and improve energy management system to comply with relevant laws and regulations</p>	<p><b>04</b></p> <p>Conduct energy improvement programme to optimise business operations</p>	<p><b>05</b></p> <p>Promote, support and manage energy conservation efficiently</p>
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Our Energy & Climate Change Strategy, which aligns with our parent company, ThaiBev's climate change and energy strategy, is broken into five priority areas:

- Energy efficiency in our operations
- Renewable energy and sourcing and generation
- Route planning
- Operations' exposure to climate change risks
- Reducing carbon in our value chain

### 2025 Target

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

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

### Performance

Our group energy intensity ratio has increased by 3% to 898.30 (as compared to FY2020 baseline at 868.56). Energy efficiency was impacted by lower machine utilisation.

Our group GHG intensity ratio has improved by 2% to 0.0650 (as compared to FY2020 baseline at 0.0661), making good progress towards our 2025 target with our investment in our solar PV system at our plants to replace fossil fuel.


## ENERGY & CLIMATE CHANGE

### Initiatives

#### ENERGY EFFICIENCY IN OUR OPERATIONS

Enhancing the energy efficiency of our operations is not only a smart business move but also aligns with our commitment to reducing GHG. F&N is dedicated to expanding our efforts in reducing GHG emissions by optimising energy efficiency across our operations and supply chain.

Throughout the year, our manufacturing team proactively identified opportunities to implement various energy-efficiency improvement initiatives:



#### Malaysia

**Bentong plant**

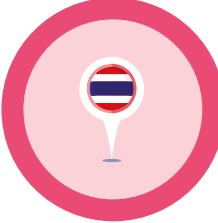
- Increasing the temperature of bottle blowing air conditioner from 23°C to 25°C to reduce electricity consumption
- Sharing one high-pressure compressor by 2 production lines to optimise electricity usage

**Pulau Indah plant**

- Reducing the frequency of AHU blower from 50Hz to 40Hz in new tank farm and filling room to lower electricity consumption
- Shutting down of electrical heater for Quality Assurance (QA) Room on weekend to minimise electricity consumption
- Installing new Energy Efficient Variable Speed Drivers at filling room and cooling tower to reduce electricity consumption

**Shah Alam plant**

- Installing an air compression at one manufacturing line and 40-bar compressor at three manufacturing lines to optimise electricity consumption
- Steam condensate recovery for one manufacturing line and replacement of steam trap unit to reduce the consumption of natural gas
- Replacing existing compressed air bottle drying method with Paxton blowers to reduce electricity consumption, and this initiative can also help to lower the noise levels generated by the blowers



#### Thailand

**Rojana plant**

- Upgrading the batch jumbo steriliser with new system to reduce the consumption of electricity and natural gas
- Implementing heat recovery solutions at sterilisers to recover heat waste from cooling tower, which will help to reduce natural gas consumption
- Implementing an eco-chiller system to collect free energy from liquid nitrogen through heat transfer between nitrogen and ice water to improve energy efficiency

#### RENEWABLE ENERGY SOURCING & GENERATION

In our on-going efforts to achieve our 2025 targets for reducing energy consumption and GHG emissions, we have prioritised the development and utilisation of renewable energy sources. Specifically, we have been gradually implementing solar photovoltaic (PV) systems at our facilities in Malaysia and Thailand. This initiative aligns with our overall strategy to decrease our reliance on fossil fuels and minimise our carbon footprint.

In April 2020, we commissioned our first solar PV system in our Rojana plant with a generating capacity of 1MWp. In FY2022, we completed the installation of solar roofs at our Shah Alam, Pulau Indah and Bentong plants with a total capacity of 10MWp. This has replaced at least 20% of our total electricity needs in Malaysia with clean energy. In the same year, we have also installed solar roof at our dairy plant in Wang Muang with a capacity of 1MWp.

The solar PV systems at three Malaysia plants and two Thailand plants have made a significant impact by reducing the amount of electricity usage from the grid by over 14 million kWh per year, with an estimation reduction of 10,000 MT CO<sub>2e</sub> in GHG emissions per annum.

Additionally, we have plans to expand this initiative by increasing the capacity of solar roofs in near future, further underlining our commitment to energy efficiency and environmental sustainability.

		Begin energising	Capacity
Malaysia	Bentong plant	2022	10 MWp
	Pulau Indah plant		
	Shah Alam plant		
Thailand	Rojana plant	2020	2 MWp
	Wang Muang plant	2022	1 MWp


#### ROUTE PLANNING

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

One key technological advancement is the Automated Storage and Retrieval System (ASRS), which is now fully operational in an integrated warehouses located in Malaysia and a regional distribution centre in Thailand. This system has revolutionised our operations by automating processes, allowing for the handling of more daily loads. As a result, it optimises forklift usage and substantially reduces their use, by up to 40%, thereby saving both time and energy while cutting down on trips down storage aisles.

A notable benefit of implementing the ASRS is the elimination of the need for external warehouses that were previously rented. As a result, we have achieved a remarkable 15% reduction in transportation costs annually, which not only saves time and energy but also contributes significantly to reducing GHG emissions by 1,400 MT CO<sub>2e</sub>.

The system drives improvement through the following steps:

**Low Carbon Product**

**Thailand - CARNATION Extra Non-dairy Half Creamer for Cooking and Baking**

The CARNATION Extra Non-dairy Half Creamer for Cooking and Baking (385g) is our first low-carbon product certified by TGO. The product's carbon footprint of 295 kg CO<sub>2</sub> successfully meets the requirements of the Carbon Footprint Label Scheme.

We are working towards having more products certified by TGO under the Carbon Footprint Label Scheme.


## ENERGY & CLIMATE CHANGE

### OPERATIONS EXPOSURE TO CLIMATE CHANGE RISKS

The growing and evident effects of climate change worldwide are causing disturbances in both societies and businesses. F&N is no exception to the vulnerability posed by climate-related risks, which range from extreme temperatures to floods and droughts. These risks have the potential to interrupt our operations and disrupt our supply chain.

In order to gain a deeper insight into our current standing, F&N has undertaken its first-ever climate change risk assessment last year and continued the assessment this year by embarking on quantifying our material climate-related risks through scenario analysis. The aim is to recognise and evaluate potential climate change risks, encompassing both physical and transition risks. These identified risks will be seamlessly integrated into F&N's overarching ERM framework. This integration will enable us to monitor these risks and opportunities effectively and, in turn, inform strategic decisions for managing these climate-related risks.

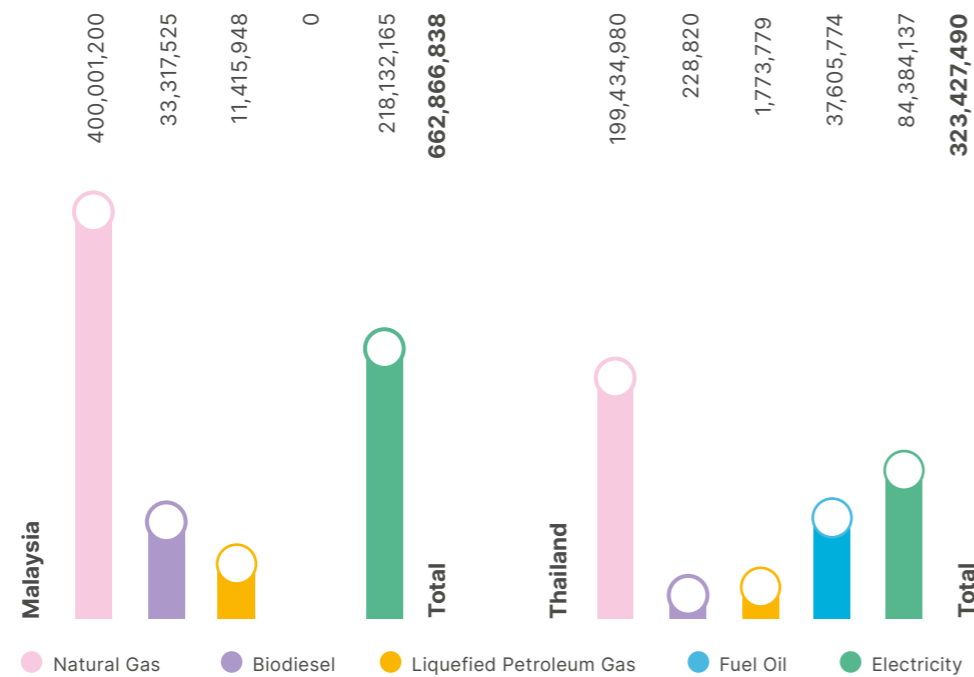
We have identified climate change-related risks, such as the threat of flooding, which could have a significant impact on our mineral water sources by potentially contaminating them. To mitigate these risks, we maintain a close partnership with state authorities and local councils to proactively manage and minimise such threats. Additionally, as part of our Business Continuity Management strategy, F&N has established a robust incident escalation procedure and response plans to ensure our operations remain resilient in the face of climate-related challenges.

 For a more detailed focus on climate change risks, refer to "TCFD & Climate Risk Management Updates" on pages 38 to 51 of this Report.

### Performance

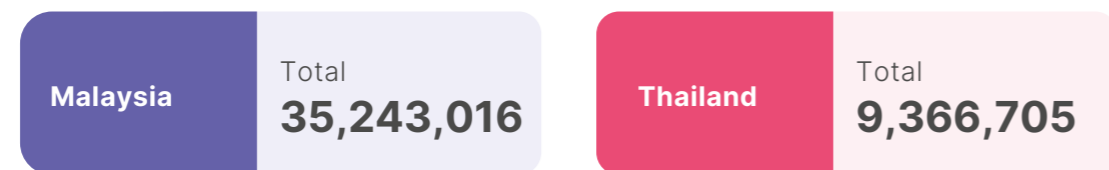
**GRI 302-1**  
Energy Consumption within the Organisation

#### Non-renewable Source by Type (MJ)



#### Renewable Source by Type (MJ)

Solar

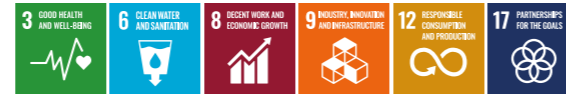


<p><b>GRI 302-3</b> Energy Intensity</p>	<p><b>Energy Intensity Ratio (MJ/MT)</b></p> <table border="0"> <thead> <tr> <th colspan="2">Malaysia</th> <th colspan="2">Thailand</th> </tr> </thead> <tbody> <tr> <td>FY2019</td> <td>818.85</td> <td>FY2019</td> <td>1,001.19</td> </tr> <tr> <td>FY2020</td> <td>832.76</td> <td>FY2020</td> <td>955.29</td> </tr> <tr> <td>FY2021</td> <td>903.25</td> <td>FY2021</td> <td>927.03</td> </tr> <tr> <td>FY2022</td> <td>903.52</td> <td>FY2022</td> <td>929.02</td> </tr> <tr> <td><b>FY2023</b></td> <td><b>870.23</b></td> <td><b>FY2023</b></td> <td><b>963.49</b></td> </tr> </tbody> </table>	Malaysia		Thailand		FY2019	818.85	FY2019	1,001.19	FY2020	832.76	FY2020	955.29	FY2021	903.25	FY2021	927.03	FY2022	903.52	FY2022	929.02	<b>FY2023</b>	<b>870.23</b>	<b>FY2023</b>	<b>963.49</b>
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<p><b>GRI 305-1</b> Direct (Scope 1) GHG Emissions (CO<sub>2e</sub>)</p>	<table border="0"> <thead> <tr> <th colspan="2">Malaysia</th> <th colspan="2">Thailand</th> </tr> </thead> <tbody> <tr> <td>Natural Gas</td> <td>22,440</td> <td></td> <td>11,188</td> </tr> <tr> <td>Biodiesel</td> <td>1,869</td> <td></td> <td>13</td> </tr> <tr> <td>Liquefied Petroleum Gas</td> <td>720</td> <td></td> <td>112</td> </tr> <tr> <td>Fuel Oil</td> <td>0</td> <td></td> <td>2,911</td> </tr> <tr> <td><b>Total</b></td> <td><b>25,029</b></td> <td><b>Total</b></td> <td><b>14,224</b></td> </tr> </tbody> </table> <p>Legend: Natural Gas (Pink), Biodiesel (Purple), Liquefied Petroleum Gas (Yellow), Fuel Oil (Blue)</p>	Malaysia		Thailand		Natural Gas	22,440		11,188	Biodiesel	1,869		13	Liquefied Petroleum Gas	720		112	Fuel Oil	0		2,911	<b>Total</b>	<b>25,029</b>	<b>Total</b>	<b>14,224</b>
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<p><b>GRI 305-4</b> GHG Emissions Intensity (CO<sub>2e</sub>/MT)*</p>	<table border="0"> <tbody> <tr> <td><b>Malaysia</b></td> <td>Total</td> <td><b>0.063</b></td> <td><b>Thailand</b></td> <td>Total</td> <td><b>0.070</b></td> </tr> </tbody> </table>	<b>Malaysia</b>	Total	<b>0.063</b>	<b>Thailand</b>	Total	<b>0.070</b>																		
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\* Scope 1 and 2 Emissions

# WATER STEWARDSHIP

GRI 303-1, GRI 303-2, GRI 303-3, GRI 303-4, GRI 303-5



Water holds immense significance for F&N, serving as a vital resource extensively utilised in both our product development and operational processes. The sustainability and prosperity of our business hinge upon a dependable supply of water and the effective management of this invaluable resource.

Our climate change risk assessment has identified specific sites in Thailand and Malaysia that are moderately exposed to water stress, a situation where the demand for clean water surpasses its availability. Given the anticipated escalation of flooding and water stress due to climate change in the coming years, F&N is dedicated to practicing responsible water stewardship. We are focused on efficiently managing our water consumption to ensure the continued availability of clean water for the local communities in the regions where we operate.

## Approach

Driven by our ESH Policy and following the principles of the circular economy, we have taken up initiatives to boost water security and minimise our water usage. We actively recognise and manage water-related risks and opportunities through collaborative partnerships with relevant stakeholders to develop projects that create shared value.

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

We use various methods to identify and assess water in our operations and supply chain:

We conducted our first climate change risk assessment with a third-party consultant to identify potential sites that are faced with medium to high exposure to water stress, and flooding.

This year, we continued to understand our material climate-related risks (including water-related risks) through the quantification of the identified risks in scenario analysis.

Internally, we utilise publicly available tools such as the World Resources Institute (WRI) Aqueduct and World Wildlife Fund (WWF) Water Risk Filter to evaluate water-stress areas.

We have an established system for systematic daily and monthly tracking and monitoring of water consumption and effluents quality across all our production facilities.

These non-exhaustive methods of tracking water associate risks are part of F&N ERM processes. To manage the identified risks, action policies are deployed across our facilities.

## 2025 Target

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

## Performance

Our group water intensity ratio has increased by 3% to 2.36 (as compared to FY2020 baseline at 2.29), water efficiency was impacted by lower production volume at some of our plants.

## Initiatives

We actively engage with relevant stakeholders to develop shared-value projects aimed at addressing and managing water-related risks that have been identified. When devising water stewardship initiatives in and around our operations, supply chains, and the local communities adjacent to F&N facilities, we draw upon the principles of the circular economy. This approach also extends to our collaboration with other stakeholders, including local government authorities, to ensure a holistic and sustainable approach to water management.

### Government Agencies

We adhere to local regulations of water stewardship by reporting to governmental agencies on our water consumption. Our direct operations are regularly inspected by the governmental agencies.

### Local communities

Supporting continued access to good quality water for the communities surrounding our direct operations and our supply chains strengthens our relations with communities. As we share the water sources with local communities around our direct operations, we believe it is crucial to maintain zero conflicts. Water withdrawals from groundwater and the water reservoirs have not left any negative impacts on nearby communities.

### Dairy Farmers

As part of our Farmer Excellence Programme, we have implemented a project that has significantly improved water supply for local farmers. In this initiative, the company has supplied solar cell water pumps to farmers, addressing the challenge of water scarcity in the region. This effort has yielded positive results, with farmers expressing their satisfaction and providing feedback on the cost-saving benefits. Notably, the solar cell water pumps have enabled farmers to grow their own cow's food supplies, such as forage grass, reducing their expenses and contributing to their economic well-being.



## WATER STEWARDSHIP IN OUR OPERATIONS

Water holds a crucial position as a vital resource for our business operations, and we regard it with the utmost importance. F&N has continued to build upon our previous efforts to enhance water efficiency, reduction, and recovery initiatives within our production facilities.

A range of initiatives have been implemented at our plants to increase water savings through optimising plant processes. Some initiatives include:

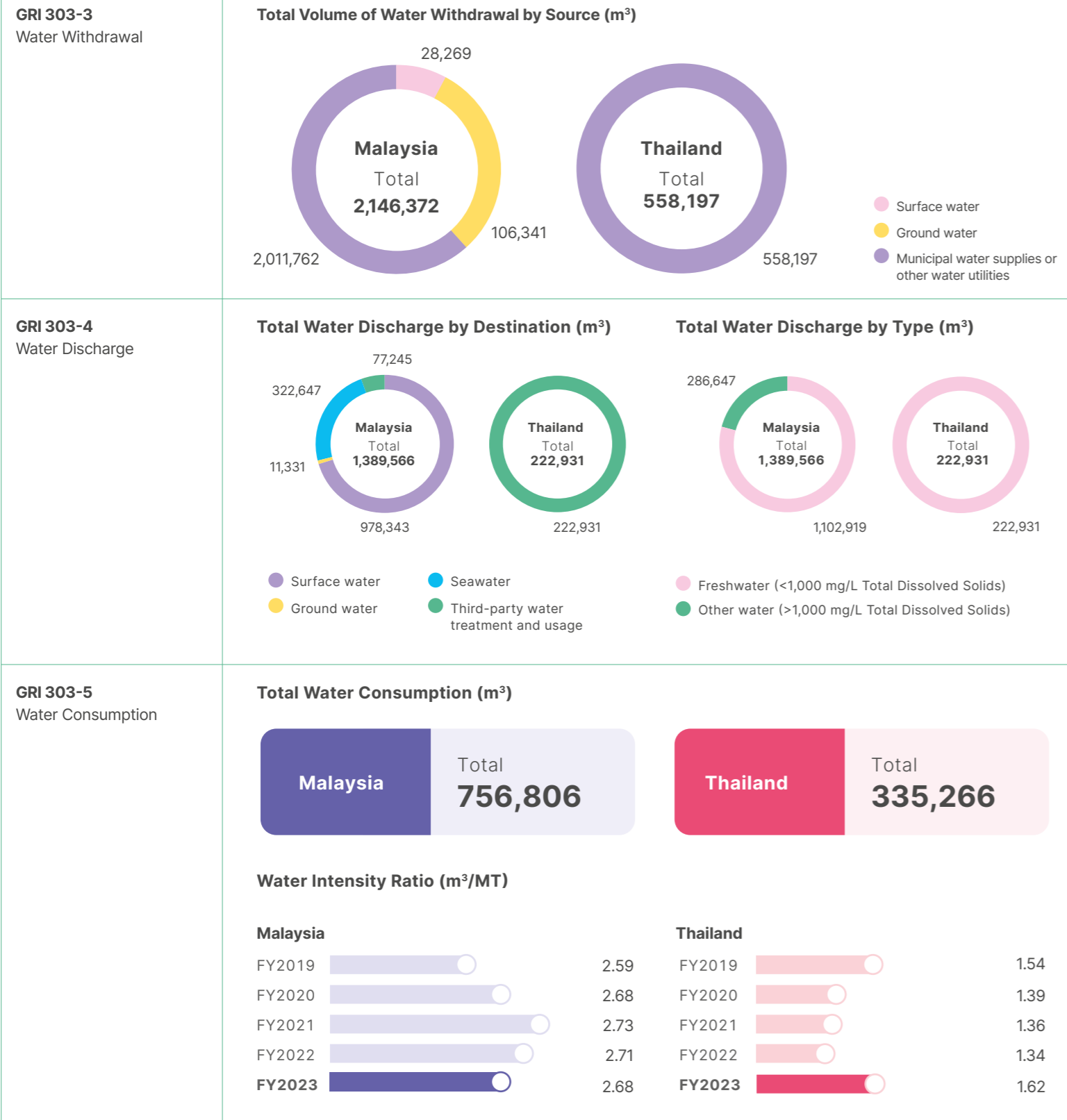
Malaysia	Location	Initiative
	Kota Kinabalu plant	<ul style="list-style-type: none"> <li>Upgrading the Water Treatment Plant (WTP) to improve flow rate and water usage efficiency</li> <li>Reducing water usage through optimisation of backwash process, saving average of 100m<sup>3</sup> water per month</li> </ul>
	Pulau Indah plant	<ul style="list-style-type: none"> <li>Converting four tanks into rainwater tanks to harvest rainwater, collecting about 2,000 m<sup>3</sup> water per month</li> </ul>

In Thailand, our comprehensive water management strategy is geared towards two primary goals: reducing water usage and minimising effluent discharge into the Rojana industrial park. In the first phase of water recycling, we treat effluent and channel it to supply our Evaporative Condenser and Cooling Tower systems. The remaining effluent is transferred to the garden within the plant and subsequently directed to the WWTP located in the Rojana industrial park.

We have also been collaborating closely with liquid sugar manufacturer spanning over two years to address a significant challenge in the sugar manufacturing process, which is the substantial water consumption during the crystallisation stage. To mitigate this environmental impact, we have implemented a filtration resin method, effectively transforming the sugar into a liquid form. This innovative approach eliminates the need for large quantities of water traditionally required for the crystallisation process.

## WATER STEWARDSHIP

### Performance



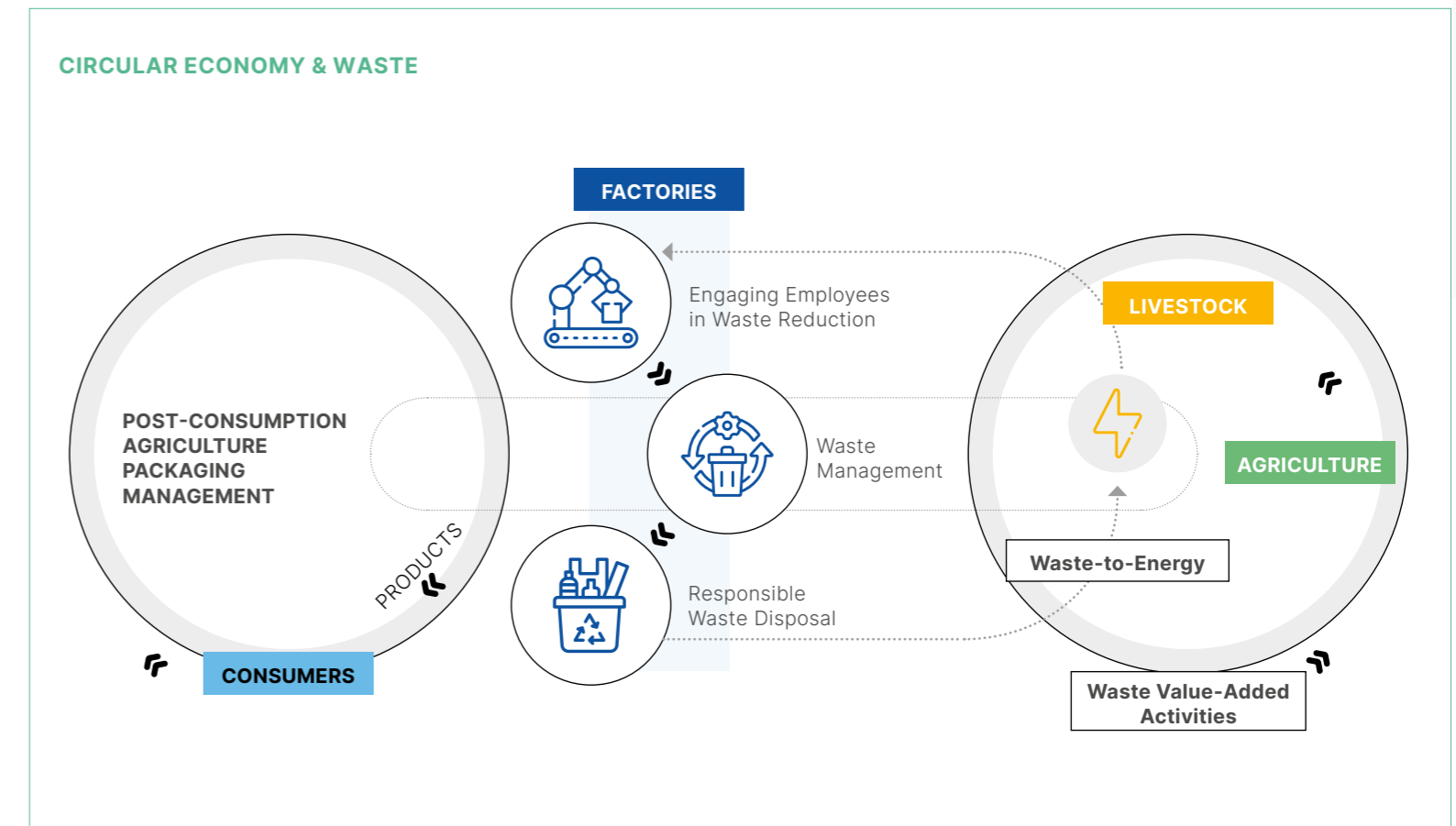
## WASTE MANAGEMENT

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



Our commitment lies in shaping a future devoid of waste, and we are actively translating this commitment into action by adopting the circular economy approach. The concept of the circular economy regards waste as a valuable resource that can be repurposed as an input for other processes. Proficient waste management not only strengthens our capacity for resource efficiency but also diminishes our environmental footprint, potentially resulting in cost savings for the business.

### Approach



Waste generation occurs at various points within the production process, spanning the supply chain and our own operational activities. F&N places a paramount emphasis on fostering efficient waste management by minimising and redirecting our operational waste. Furthermore, we extend our dedication beyond our immediate operations to collaborate with stakeholders along the supply chain. Together, we identify opportunities to embrace circular practices in their operations, thereby enabling them to achieve cost savings through resource-efficient practices.

## WASTE MANAGEMENT

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

In our waste management strategy, we prioritise environmentally responsible practices for different types of waste. Non-hazardous waste is predominantly recycled, as we aim to maximise resource utilisation and minimise environmental impact. General waste, which includes materials that cannot be recycled, is directed towards power plant waste-to-energy facilities, where it can contribute to energy production while reducing

landfill usage. Although hazardous waste generation is minimal, we ensure its proper disposal by entrusting licensed waste contractors to transport and incinerate it safely at specialised facilities, adhering to stringent regulatory standards. This comprehensive approach underscores our commitment to sustainable waste management practices across all waste categories.

In accordance with our ESH Policy, we actively promote employee awareness regarding responsible consumption and the critical significance of efficient waste management throughout all our business endeavors.

### 2025 Target

Reduce the solid waste sent to landfill by 30% from a 2020 baseline.

### Performance

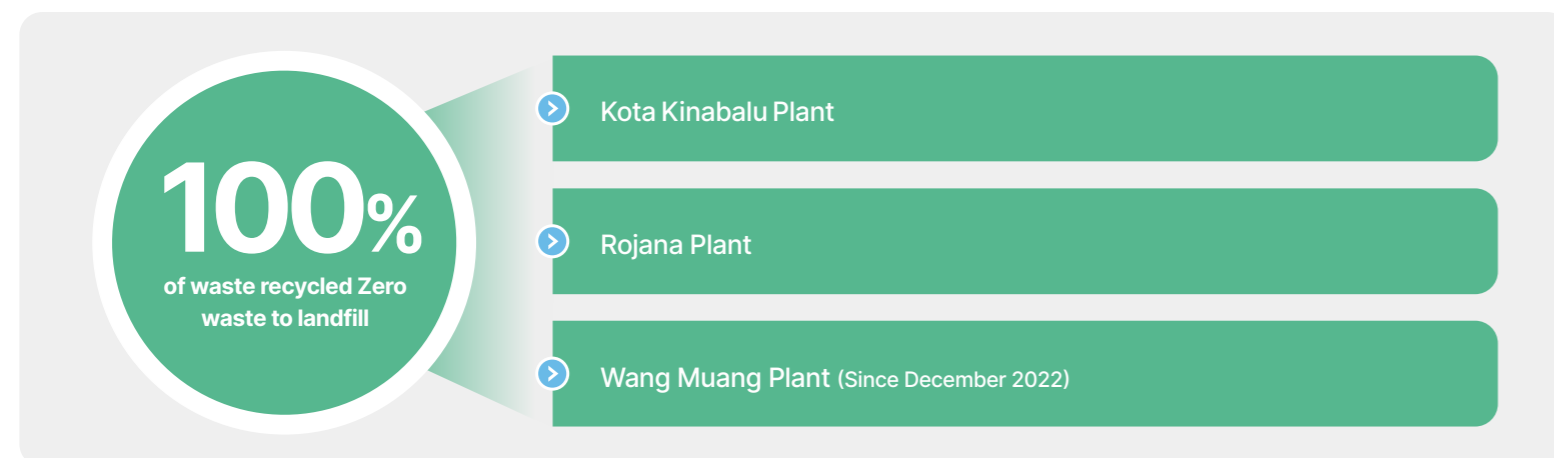
Our total solid waste sent to landfill increased slightly by 1% to 1,128 MT (as compared to FY2020 baseline at 1,122 MT), due to the waste from the new Wang Muang plant sent to landfill as per GMP requirements in October and November 2022. Wang Muang plant has since December 2022 achieved zero waste to landfill.

### Initiatives

#### ZERO WASTE TO LANDFILL

We are dedicated to the goal of eliminating landfill waste. Among our eight plants, three have successfully reached zero waste to landfill status: Kota Kinabalu plant in Malaysia, and Rojana and Wang Muang plant in Thailand.

Rojana plant has undertaken a remarkable zero waste to landfill initiative, wherein non-recyclable waste is transformed into electricity using an incinerator system. Through this innovative effort, our Rojana plant has successfully converted more than 60,000 kg of waste into an impressive 300,000 kw of electricity. Furthermore, as of May 2021, the Rojana plant has achieved the significant milestone of zero waste to landfill, with 100% of its waste being effectively managed through sustainable methods.



#### WASTE MANAGEMENT: ORGANIC FERTILISER BY LIQUID WASTE

Our approach to liquid waste management involves the conversion of liquid waste into organic fertiliser, which is then distributed to our employees and local farmers. This year, a total of 1,652 industrial sludge from dairy production was converted to organic fertiliser. This initiative not only minimises the environmental impact of liquid waste but also contributes to sustainable agricultural practices in our community. Additionally, we have successfully reduced liquid waste disposal by our suppliers by more than 60 MT per year, underscoring our commitment to responsible waste management throughout our supply chain.

#### EMPLOYEE AWARENESS

We have embedded the concept of the Circular Economy into the heart of our environmental awareness initiatives for our employees. These ongoing programmes focus on instilling responsible waste management practices, particularly through waste separation activities. The goal is to promote the continual reuse of what is conventionally considered “waste” as a valuable resource until it reaches the end of its lifecycle.

An excellent example of our commitment to these principles can be seen in our team in Thailand. They have taken steps to eliminate the use of plastic bags in waste collection by repurposing bags originally used for packaging materials. This simple yet effective change has resulted in a remarkable reduction in plastic bag consumption, amounting to over 10,000 kg. This initiative showcases the tangible benefits of embracing a Circular Economy approach.

In Malaysia, as part of our efforts in inculcating eco-awareness among employees, we organised a waste-to-cash Recycle Day at our Shah Alam office. Employees were rewarded with vouchers to redeem food and household items. Over 358 kg of recyclable materials was collected and recycled through this programme.

#### INTEGRATED BUSINESS PLANNING & DIGITAL SYSTEMS FOR EFFICIENT DEMAND MANAGEMENT & PRODUCTION PLANNING

Our integrated business planning approach relies on cutting-edge digital systems, specifically AI-driven technology, to enhance our demand planning process. This integration starts with master data, which plays a critical role in generating production planning. We harness historical data analysis to determine the optimal production quantities and timing, aligning our production with the established plan and also contributing significantly to waste reduction and resource efficiency.

Within our systems, we employ Stock Transfer Orders (STO) to precisely calculate the quantities to send to distributors and warehouses. These systems enable us to maintain optimal stock levels at distributor locations based on forecasts and existing stock levels. This ensures that we produce the right amount of each SKU at the right time to meet our customers’ demands. Our goal is to enhance efficiency and precision in our supply chain operations while ensuring customer satisfaction.

#### FOOD LOSS & WASTE IN THE VALUE CHAIN

In today’s world, food loss and waste have emerged as a pressing global concern. An approximately one-third of the world’s entire food production is either lost or discarded. Food loss and waste contributes to food shortage, water stress, biodiversity loss and alarming upsurge in GHG emissions. This multifaceted issue underscores the urgency of taking collective action to mitigate food loss and waste. We have established a food loss and waste management framework, which

draws inspiration from the Food and Drink Material Hierarchy provided by the UN’s Food and Agriculture Organisation. We actively engage with both upstream and downstream partners to explore creative solutions aimed at reducing food loss and redirecting it. Our efforts primarily revolve around prevention, optimisation, recycling, and recovery initiatives, all aimed at minimising food waste throughout our value chain.

In addition to our goal of reducing production waste sent to landfills by 30%, we are equally committed to addressing food loss and waste by engaging in collaborative efforts with our business partners. Our approach involves working closely with both upstream and downstream partners within our value chain. Together, we will place emphasis on a comprehensive strategy that includes Prevention, Optimisation, Recycling, and Recovery initiatives. By adopting these measures, we aim to minimise food wastage at every stage of our value chain, promoting sustainability and responsible resource management.

#### RAW MATERIALS



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

#### COLLABORATION WITH PARTNERS



- We team up with our partners to constantly look for innovative initiatives/ programmes to reduce food loss, or reuse food loss for alternative usage, for example transforming sludge into fertilisers for farmers.

#### PRODUCTION PROCESSES



- To manage food loss, we regularly track, measure and monitor any losses during our manufacturing processes.
- From there, we improve our food loss management by identifying key categories and waste streams.
- We strive to reduce the impacts from our operations, and this means complying with, and going beyond relevant regulations.

#### MANAGING FOOD SURPLUS

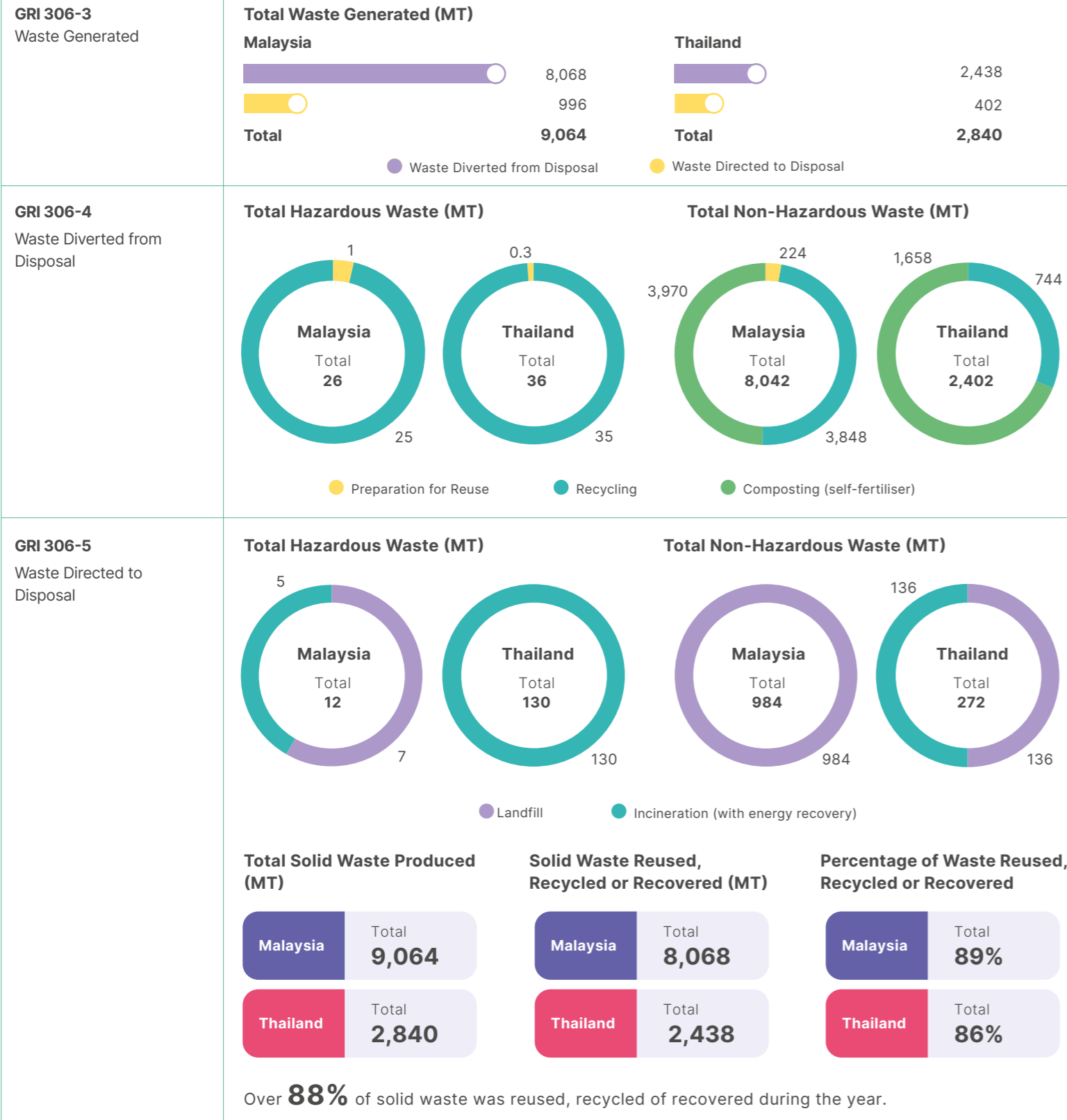


- To manage food surplus, we regularly track, measure and monitor any losses during retail processes.
- We channel our surplus food to the organisations and community in need.

Various initiatives have been implemented toward this end, including channelling surplus food to charitable organisations and communities in need. Since 2019, we have established a partnership with Yayasan Food Bank Malaysia to support the Food Bank Siswa programme. We have also supported various communities in need with surplus food.

## WASTE MANAGEMENT

### Performance



# VALUE CHAIN IMPACTS

Our products have implications that go beyond our immediate operations. The raw materials and ingredients we procure for our products and packaging encompass the broader impact of our business. F&N considers packaging and biodiversity as important areas of concern. We strive to mitigate these impacts throughout our value chain by enhancing packaging practices and sourcing raw materials more responsibly.



Our efforts are further elaborated in the following sections:



Packaging



Biodiversity



# PACKAGING

GRI 301-1, GRI 301-2



“Management of packaging waste is a significant societal concern. Our vision is to move towards a future where none of our packaging contributes to landfill waste”.

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

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

In regions where we operate, governments have introduced environmental policies aimed at encouraging companies to reconsider their production methods. Examples include Thailand's "Roadmap on Plastic Waste Management", and Malaysia's "Roadmap towards Zero Single-Use Plastics".

As a key player in the F&B industry, F&N prioritises sustainable packaging solutions through advanced R&D. Our focus lies in designing packaging and selecting materials that promote recyclability and circularity, aiming to minimise negative environmental impacts.

## Approach

F&N is dedicated to designing packaging with a strong environmental focus and actively invests in pioneering innovations that integrate the principles of the circular economy. We maintain close collaboration with our stakeholders to develop innovative packaging solutions.

At F&N, our primary objective is environmentally responsible design, specifically, packaging that minimises its environmental footprint. We have established long-term goals to boost the proportion of recycled materials in our packaging and ensure that all our packaging is recyclable by 2025. Our approach involves substantial investments in innovation, the adoption of circular economy principles, and collaborative efforts with stakeholders to develop sustainable packaging solutions.

F&N's approach is focused on:

### Reducing the amount of materials used in our packaging

We are decreasing the proportion of packaging materials relative to the product's size. Furthermore, we are actively reducing the use of materials that are not environmental-friendly in our labels and flexible packaging by transitioning to PET and laminated paper packaging.

### Increasing the usage of sustainable packaging materials

Our efforts are directed toward incorporating a higher percentage of recycled content into our packaging materials. In Thailand, we have already adopted 100% recycled paper for coagulated cartons in our local products, and we're actively increasing the recycled content in tins and plastic bottles.

Additionally, we are actively sourcing renewable and bio-based packaging materials, including options like sugarcane-based plastics. In order to meet our sustainability goals for packaging materials, we are also exploring new supplier and partner relationships.

### Designing packaging to be recyclable

We are enhancing the recyclability of both primary and secondary packaging in our product lines. This effort involves finding solutions for challenging packaging materials, such as labels, and being adaptable in our approach to identify alternative solutions.

In our commitment to closing the recycling loop, F&N has established partnerships with local councils, recycling partners, and non-governmental organisations (NGOs). Together, we are working to raise awareness about recycling and promote the 5R concept among school-going children and local community. Simultaneously, F&N is actively addressing post-consumer packaging waste through industry collaborations and partnership, such as our involvement in the MAREA initiative and Reverse Vending Machine.

Read more in "Policy & Regulations" on pages 63 to 64 of this Report and "Community Development & Inclusive Growth" on pages 88 to 95 of this Report.

## 2025 Target

Increase the recycled content in our beverage and dairy packaging to 25%

Achieve 100% of our packaging recyclable by 2025

## Performance

The average recycled content in our beverage and dairy packaging maintained at 25% this year, on track for our 2025 target.

In 2023, 98% of our packaging is recyclable. We are working towards increasing the recyclability of packaging used in our products.

## Initiatives

### SECONDARY PACKAGING REDUCTION

Stretch wrap is essential to safeguard our products during shipping from our factory. However, this process historically consumed significant quantities of stretch film, with each wrap cycle using 200g of film. Our Thailand team introduced a creative solution by adapting the roping device. This innovative approach has led to a remarkable 60% reduction in plastic film wrap usage, resulting in cost savings of nearly THB100,000 in just six months.

### SUSTAINABLE PACKAGING

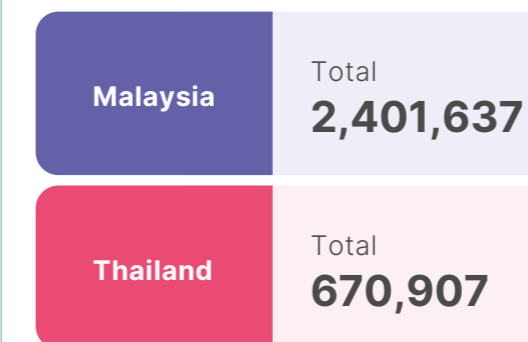
Our environmentally-conscious packaging for F&N ICE MOUNTAIN drinking water features FSC certified paper, which is recyclable, and is complemented by a biobased bottle cap crafted from sugar cane. We will roll out more products with sustainable packaging, including sustainable paper carton and recycled PET in near future.

## Performance

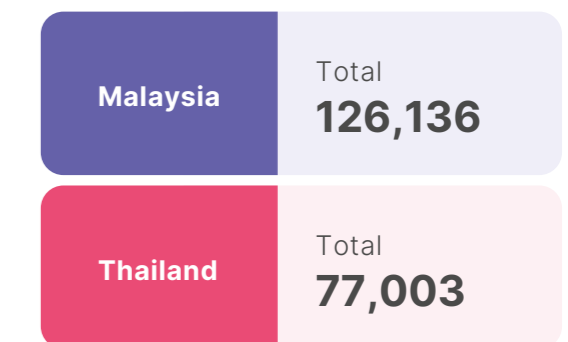
### GRI 301-1

Materials Used by Weight or Volume

### Renewable Materials (MT)



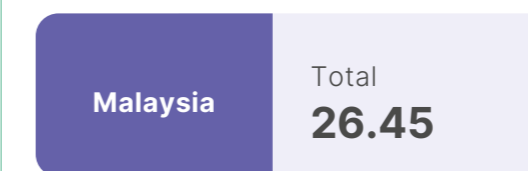
### Non-Renewable Materials (MT)



### GRI 301-2

Recycled Input Materials

### Percentage of Recycled Input Materials (%)



# BIODIVERSITY

GRI 304-1



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

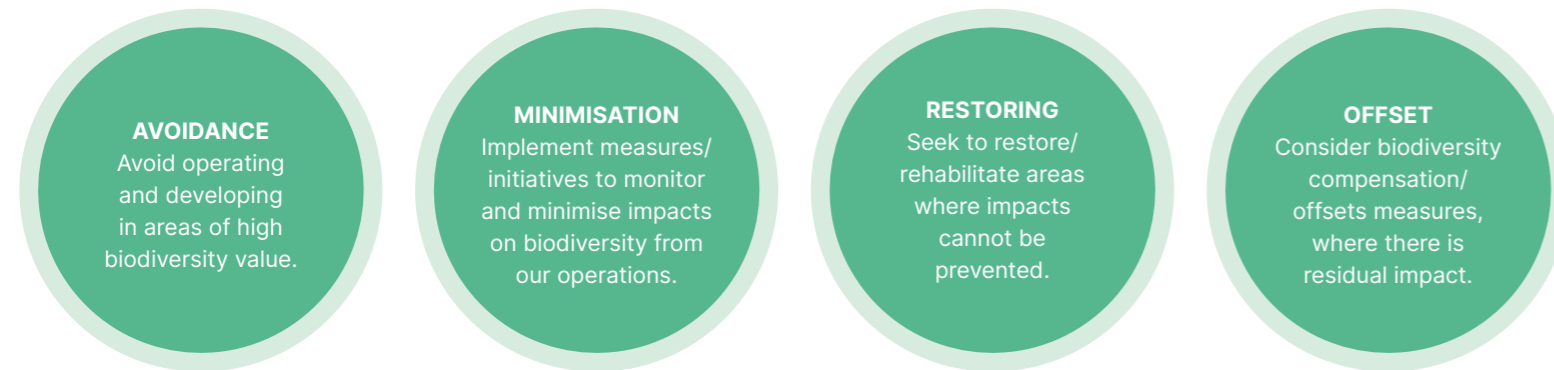
However, in recent decades, we have witnessed a concerning acceleration in biodiversity loss and ecosystem deterioration, largely driven by the overexploitation of resources. The preservation of biodiverse ecosystems is facing mounting challenges, including the escalating impacts of climate change, rising demand for resources, and rapid technological advancements.

At F&N, our operations rely on the natural environment for essential raw materials such as palm oil, sugar, and paper. The decline in biodiverse ecosystems not only poses a threat to the environment but also directly impacts our business. Recognising these interconnected challenges, we are committed to expanding our efforts beyond sustainable sourcing. Together with our suppliers, we are dedicated to safeguarding biodiversity and promoting the restoration of natural ecosystems in the regions where we operate.

## Approach

Our approach to biodiversity management is guided by our biodiversity statement, which was introduced in 2021. Through collaborative discussions with both internal and external stakeholders, we have established a clear direction within our statement. These commitments serve as a foundation for our biodiversity initiatives:

- 1 Avoid deforestation in our supply chain.
- 2 Avoid operating and developing in close proximity to nationally, or internationally recognised areas of high biodiversity value, including World Heritage areas, International Union for Conservation of Nature (IUCN) Category I-IV protected areas, RAMSAR (The Ramsar Convention on Wetland) Sites and key biodiversity areas.
- 3 In any circumstance where our production sites or a proposed project is located within, or depend upon, areas of high biodiversity value, we will apply the following mitigation hierarchy:



- 4 In managing potential biodiversity risk, we will engage necessary stakeholders, including local authorities and the communities nearby, and ensure appropriate mitigation strategy is developed to minimise impacts to as low as reasonably possible. We are committed to collaborating with external partners, such as biodiversity experts, to support our biodiversity assessment and management process.

These commitments are binding for all our existing and forthcoming operational sites. Across all our operational sites located in Malaysia and Thailand, F&N is dedicated to ensuring comprehensive compliance with our biodiversity commitments. This will be achieved through the implementation of monitoring systems, which are integral components of our company's ESH policy.

We actively promote and urge our suppliers and business partners to make a commitment to safeguard biodiversity and ecosystems within their operations. This is achieved through our Sustainable Agriculture Guideline, wherein we engage and collaborate closely with our suppliers to develop an environmentally and socially responsible supply chain.

## Initiatives

F&N is dedicated to sourcing sustainable palm oil as part of our commitment to ecosystem conservation. We are an ordinary member of RSPO, and we adhere to the RSPO Principles and Criteria of 2018. Our pledge involves procuring traceable palm oil that is obtained without engaging in deforestation and conversion activities. We collaborate with suppliers who have a strict no-deforestation, no-conversion policy to ensure the integrity of our palm oil sourcing.

We actively collaborate with our palm oil suppliers to guarantee that the palm oil we source from them is RSPO certified, sustainable, and traceable. Our present palm oil suppliers have adopted and publicly disclosed "No Deforestation, No Peat, No Exploitation Policies" on their websites, further underscoring our commitment to responsible and ethical palm oil sourcing practices.

Read more in "Supply Chain Stewardship" on page 76 of this Report.



## Performance

**GRI 304-1**  
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas

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

# ADDITIONAL INFORMATION



- Performance Summary
- Independent Assurance Statement
- GRI Standards 2021 Content Index
- UN Global Compact Content Index
- TCFD Content Index
- List of Abbreviations



## PERFORMANCE SUMMARY

			FY2019	FY2020	FY2021	FY2022	FY2023
<b>RESPONSIBLE BUSINESS PRACTICE</b>							
<b>Material Topic: Governance &amp; Ethics</b>							
<b>GRI 205-1</b> Operations assessed for risks related to corruption ^	Percentage of operations assessed for risks related to corruption	%	-	100.0	100.0	100.0	100.0
<b>GRI 205-3</b> Confirmed incidents of corruption and actions taken^	Total number of confirmed incidents of corruption	Case	-	0	0	0	0
<b>Material Topic: Policy &amp; Regulations</b>							
<b>GRI 2-27</b> Non-compliance with laws and regulations^	Total number of incidents of non-compliance with laws and regulations resulting in a fine, penalty or warning	Case	-	0	0	0	0
<b>Material Topic: Economic Performance</b>							
<b>GRI 201-1</b> Direct economic value generated and distributed <sup>1</sup>	<b>Revenue</b>	<b>RM million</b>	<b>4,077.1</b>	<b>3,988.5</b>	<b>4,130.9</b>	<b>4,470.2</b>	<b>5,001.4</b>
	- F&B Malaysia		2,164.8	2,040.7	2,130.5	2,418.1	2,851.5
	- F&B Thailand		1,909.5	1,943.8	1,994.4	2,047.5	2,146.2
	- Property		1.1	0.9	0.6	0.7	0.8
	- Others		1.7	3.1	5.4	3.9	2.9
	Operating Costs		3,247.0	3,168.1	3,363.5	3,719.6	3,987.5
	Employee benefit expenses <sup>(i)</sup>		307.8	297.4	289.7	294.1	372.4
	Net Finance Costs/(Income)		(10.7)	(0.2)	(1.8)	1.5	22.0
	Income tax expenses		122.7	112.8	84.3	71.8	82.6
	Annual dividends		210.9	220.1	220.1	220.1	220.1
	<b>Economic value retained<sup>(ii)</sup></b>		<b>199.4</b>	<b>190.3</b>	<b>175.1</b>	<b>163.1</b>	<b>316.8</b>

^ New reporting scope since 2021.

<sup>1</sup> Prior years comparison re-aligned to FY2023 presentation.

(i) Employee benefit expenses comprise wages, salaries, contributions to state plans, expenses related to defined benefit plans, share-based payment expense and other staff costs.

(ii) Economic value retained is calculated by direct economic value generated (revenue) - economic value distributed (operating costs, employee benefit expenses, net finance costs/(income), income tax expenses and annual dividends).

## PERFORMANCE SUMMARY

			FY2019		FY2020		FY2021		FY2022		FY2023	
			MY	TH	MY	TH	MY	TH	MY	TH	MY	TH
<b>RESPONSIBLE PRODUCT STEWARDSHIP</b>												
<b>Material Topic: Product &amp; Service Labelling</b>												
<b>GRI 417-1</b>	Percentage of significant product categories covered by and assessed for compliance with such procedures stated	%	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
<b>GRI 417-2</b>	Total number of incidents of non-compliance concerning product and service information and labelling	Case	0	0	0	0	0	0	0	0	0	0
<b>RESPONSIBLE SUPPLY CHAIN</b>												
<b>Material Topic: Supply Chain Stewardship</b>												
<b>GRI 204-1</b>	Percentage of local suppliers	%	93.7	96.0	92.4	96.2	91.8	95.0	91.8	95.5	92.0	95.7
	Percentage of purchase value spent on local suppliers		77.8	81.5	72.3	77.7	76.5	78.6	67.8	74.4	76.5	77.4
<b>GRI 308-1</b>	Number of new suppliers screened using environmental criteria	Company		-			211	84	186	159	389	192
<b>GRI 414-1</b>	Number of new suppliers screened using social criteria	Company					211	84	186	159	389	192

^ New reporting scope since FY2021.

			FY2019		FY2020		FY2021		FY2022		FY2023	
			MY	TH	MY	TH	MY	TH	MY	TH	MY	TH
<b>CREATE VALUE FOR SOCIETY</b>												
<b>Material Topic: Nutrition</b>												
<b>GRI 416-1</b>	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	%	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
<b>GRI 416-2</b>	Total number of incidents of non-compliance concerning the health and safety impacts of products and services	Case	0	0	0	0	0	0	0	0	0	0
<b>Material Topic: Community Development &amp; Inclusive Growth</b>												
<b>GRI 413-1</b>	Percentage of operations with implemented local community engagement, impact assessment, and development programmes	%	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
<b>Material Topic: Human Rights</b>												
<b>GRI 406-1</b>	Total number of incidents of discrimination during the reporting period	Case									0	0

\* New reporting scope since 2023.

## PERFORMANCE SUMMARY

		Malaysia		Thailand		FY2019		FY2020		FY2021		FY2022		FY2023		
		MY	TH	MY	TH	MY	TH	MY	TH	MY	TH	MY	TH	MY	TH	
<b>EMPOWER OUR PEOPLE</b>																
<b>Material Topic: Human Capital Development</b>																
<b>GRI 401-1</b> New employee hires and employee turnover	<b>Total new employee hires</b>	Person	191	103	156	48	182	54	218	111	603	93				
	- Age under 30 years old		116	71	62	27	61	32	82	63	334	52				
	- Age between 30 - 50 years old		63	32	77	20	105	22	125	48	244	41				
	- Age over 50 years old		12	0	17	1	16	0	11	0	25	0				
	- Male		132	74	112	33	119	34	149	74	433	65				
	- Female		59	29	44	15	63	20	69	37	170	28				
	<b>Total employee turnover</b>		158	83	135	48	442	54	272	108	436	119				
	- Age under 30 years old		71	33	34	12	79	14	68	31	149	32				
	- Age between 30 - 50 years old		81	43	61	30	232	32	150	61	218	72				
	- Age over 50 years old		6	7	40	6	131	8	54	16	69	15				
	- Male		96	68	86	28	268	34	174	67	305	79				
	- Female		62	15	49	20	174	20	98	41	131	40				
	<b>GRI 401-3</b> Parental Leave <sup>^</sup>	<b>Total number of employees entitled to parental leave</b>	Person	-	-	-	-	1,596	256	1,628	287	1,915	271			
		- Male		-	-	-	1,151	0	1,174	0	1,315	0				
- Female			-	-	-	445	256	454	287	600	271					
<b>Total number of employees who took parental leave</b>			-	-	-	55	3	55	9	69	7					
- Male			-	-	-	31	0	38	0	43	0					
- Female			-	-	-	24	3	17	9	26	7					
<b>Total number of employees who returned to work after parental leave ended</b>			-	-	-	55	3	55	9	67	7					
- Male			-	-	-	31	0	38	0	42	0					
- Female			-	-	-	24	3	17	9	25	7					
<b>Total number of employees after returning to work were still employed after 12 months</b>			-	-	-	46	3	55	9	67	6					
- Male			-	-	-	30	0	38	0	42	0					
- Female			-	-	-	16	3	17	9	25	6					
<b>Return to work rate</b>		%				100	100	100	100	97	100					
- Male						0	0	0	0	0	0					
- Female					100	100	100	100	0	100						
<b>Retention rate</b>	%				84	100	100	100	97	100						
- Male					0	0	0	0	0	0						
- Female					67	100	100	100	0	100						

<sup>^</sup> New reporting scope since 2021.

		Malaysia		Thailand		FY2019		FY2020		FY2021		FY2022		FY2023	
		MY	TH	MY	TH	MY	TH	MY	TH	MY	TH	MY	TH	MY	TH
<b>EMPOWER OUR PEOPLE (Cont'd)</b>															
<b>Material Topic: Human Capital Development (Cont'd)</b>															
<b>GRI 404-1</b> Average hours of training per year per employee	<b>Total training hours</b>	Hours	38,299	19,275	36,317	13,376	33,184	9,201	27,585	11,705	37,921	13,215			
	- Male		17.41	27.40	18.89	20.68	18.01	12.42	15.07	16.32	17.09	19.13			
	- Female		25.78	30.27	24.42	18.49	24.57	15.62	20.27	18.79	29.72	23.49			
	- Executives		29.42	39.29	28.10	25.21	30.88	23.93	21.23	24.64	32.59	33.95			
	- Non-executives		13.54	20.85	14.87	16.08	12.63	6.33	13.39	12.20	11.59	11.65			
	Average hours of training per employee per year		19.91	28.51	18.70	19.85	19.86	13.63	16.49	17.23	20.78	20.11			
	<b>Group average hours of training per employee per year</b>		<b>22.14</b>	<b>19.00</b>	<b>18.07</b>	<b>16.70</b>	<b>20.60</b>								
	<b>GRI 404-3</b> Percentage of employees receiving regular performance and career development reviews <sup>^</sup>	<b>Total employees who receive performance and career development reviews</b>	Person	-	-	-	834	646	877	679	939	452			
		- Executive Level		-	-	-	15	5	17	5	15	4			
		- Middle Management		-	-	-	116	27	118	30	120	25			
- Department Head/ Supervisor			-	-	-	214	81	207	89	234	77				
- Senior Officer			-	-	-	358	316	319	318	232	296				
- Officer			-	-	-	131	217	216	237	338	50				
- Male			-	-	-	505	398	560	427	585	234				
- Female			-	-	-	329	248	317	252	354	218				

<sup>^</sup> New reporting scope since 2021.

Notes for GRI 404-1 and GRI 404-3:  
1 Data coverage for full-time equivalent employees only

## PERFORMANCE SUMMARY

		Malaysia		Thailand		FY2019		FY2020		FY2021		FY2022		FY2023		
		MY	TH	MY	TH	MY	TH	MY	TH	MY	TH	MY	TH	MY	TH	
<b>EMPOWER OUR PEOPLE (Cont'd)</b>																
<b>Material Topic: Human Capital Development (Cont'd)</b>																
GRI 405-1 Diversity of governance bodies and employees	Total directors	Person	-	11	11	11	11	11	11	11	11	11	11	11	11	
	- Age under 30 years old		-	0	0	0	0	0	0	0	0	0	0	0	0	
	- Age between 30 - 50 years old			1	1	0	0	1	1	0	0	1	1	0	0	
	- Age over 50 years old			10	10	10	10	10	10	11	11	11	11	11	11	
	- Male			8	8	7	7	8	8	7	7	8	8	7	7	
	- Female			3	3	4	4	3	3	4	4	3	3	4	4	
	- Independent Non-executive Director			6	6	6	6	6	6	6	6	6	6	6	6	
	- Non-independent Non-executive Director			5	5	5	5	5	5	5	5	5	5	5	5	
	<b>Total employees</b>		-	1,942	674	1,672	675	1,673	679	3,175	655					
	- Age under 30 years old		-	304	154	201	144	226	152	864	141					
	- Age between 30 - 50 years old			1,258	429	1,156	437	1,120	441	1,945	430					
	- Age over 50 years old			380	91	315	94	327	86	366	84					
	- Male			1,374	428	1,204	419	1,217	427	2,384	414					
	- Female			568	246	467	256	456	252	791	241					
- Executive Level			12	5	12	5	14	5	17	4						
- Middle Management			149	26	123	28	130	30	148	30						
- Department Head/ Supervisor			250	92	222	85	212	89	290	86						
- Senior Officer			427	304	386	323	370	318	482	314						
- Officer			1,104	247	928	234	947	237	2,238	221						

		Malaysia		Thailand		FY2019		FY2020		FY2021		FY2022		FY2023	
		MY	TH	MY	TH	MY	TH	MY	TH	MY	TH	MY	TH	MY	TH
<b>EMPOWER OUR PEOPLE (Cont'd)</b>															
<b>Material Topic: Employee Safety, Health &amp; Well-being</b>															
GRI 403-9 Work-related injuries	Employee recordable work-related injuries	Case	10	0	6	6	0	0	5	1	0	0	0	0	0
	- Fracture	Case	2	0	1	0	0	0	3	1	0	0	0	0	0
	- Burns	Case	2	0	0	0	0	0	0	0	0	0	0	0	0
	- Lacerations	Case	1	0	2	0	0	0	0	0	0	0	0	0	0
	- Others	Case	5	0	3	6	0	0	2	0	0	0	0	0	0
	High-consequence work-related injuries	Case	0	0	0	0	0	0	0	0	0	0	0	0	0
	Work-related Fatalities	Case	0	0	0	1	0	0	0	0	0	0	0	0	0
	Lost Time Injury Frequency Rate (LTIFR)	Case / million hours	1.84	0	1.27	4.30	0	0	1.53	0.72	0	0	0	0	0
	<b>Group Lost Time Injury Frequency Rate (LTIFR)</b>	<b>Case / million hours</b>	<b>2.19</b>		<b>1.97</b>		<b>0.00</b>		<b>1.28</b>		<b>0.00</b>				
	Non-employee recordable work-related injuries	Case	7	0	5	1	3	0	1	0	0	0	0	0	0
	- Fracture	Case	2	0	2	1	0	0	1	0	0	0	0	0	0
	- Burns	Case	0	0	1	0	0	0	0	0	0	0	0	0	0
	- Lacerations	Case	1	0	2	0	1	0	0	0	0	0	0	0	0
	- Others	Case	4	0	0	0	2	0	0	0	0	0	0	0	0
High-consequence work-related injuries	Case	0	0	0	0	0	0	0	0	0	0	0	0	0	
Work-related Fatalities	Case	0	0	0	0	0	0	0	0	0	0	0	0	0	
Lost Time Injury Frequency Rate (LTIFR)	Case / million hours	2.36	0	1.58	1.00	1.68	0	0.35	0	0	0	0	0	0	
<b>Group Lost Time Injury Frequency Rate (LTIFR)</b>	<b>Case / million hours</b>	<b>1.79</b>		<b>1.44</b>		<b>1.06</b>		<b>0.25</b>		<b>0.00</b>					
GRI 403-10 Work-related ill-health	Employee recordable work-related ill health	Case	0	0	0	1	0	0	0	0	0	0	0	0	
	Work-related fatalities	Case	0	0	0	1	0	0	0	0	0	0	0	0	
	Work-related ill health rate	Case	0	0	0	0	0	0	0	0	0	0	0	0	
	<b>Group Work-related Ill Health Rate</b>	<b>Case / million hours</b>	<b>0</b>		<b>0</b>		<b>0</b>		<b>0</b>		<b>0</b>		<b>0</b>		<b>0</b>
	Non-employee recordable work-related ill health	Case	0	0	0	0	0	0	0	0	0	0	0	0	
	Work-related fatalities	Case	0	0	0	0	0	0	0	0	0	0	0	0	
Work-related ill health rate	Case	0	0	0	0	0	0	0	0	0	0	0	0		
<b>Group Work-related Ill Health Rate</b>	<b>Case / million hours</b>	<b>0</b>		<b>0</b>		<b>0</b>		<b>0</b>		<b>0</b>		<b>0</b>		<b>0</b>	

## PERFORMANCE SUMMARY

		Malaysia		Thailand		FY2019		FY2020		FY2021		FY2022		FY2023	
		MY	TH	MY	TH	MY	TH	MY	TH	MY	TH	MY	TH	MY	TH
<b>OPERATIONAL ECO-EFFICIENCY</b>															
<b>Material Topic: Energy &amp; Climate Change **</b>															
<b>GRI 302-1</b>	<b>Total energy consumption within the organisation</b>	MJ	719,921,494	337,912,592	633,775,631	313,845,400	694,025,080	332,199,960	723,986,962	315,827,985	698,109,855	332,794,196			
Energy consumption within the organisation ^^	- Natural Gas	MJ	433,950,315	229,361,825	382,432,480	213,371,208	412,726,281	230,914,430	425,153,552	214,873,646	400,001,200	199,434,980			
	- Diesel		26,862,654	0	2,777,147	185,859	251,855	0	0	0	0	0			
	- Biodiesel		0	0	15,235,027	8,186	19,962,496	162,069	28,732,672	195,523	33,317,525	228,820			
	- Liquefied Petroleum Gas		3,316,611	0	1,812,430	1,777,924	13,840,500	1,858,650	14,826,400	2,015,850	11,415,948	1,773,779			
	- Solar		0	0	0	2,598,494	0	5,076,947	5,983,690	4,877,603	35,243,016	9,366,705			
	- Fuel Oil		0	17,271,792	0	13,965,900	0	12,553,699	152,320	13,468,262	0	37,605,774			
	- Electricity		255,791,914	91,278,975	231,518,547	83,909,797	247,243,948	81,634,165	249,138,328	80,397,101	218,132,165	84,384,137			
<b>GRI 302-3</b>	<b>Total energy intensity ratio</b>	MJ/MT	818.85	1,001.19	832.76	955.29	903.52	927.03	833.39	929.02	870.23	963.49			
Energy intensity ^^	<b>Group total energy intensity ratio</b>	MJ/MT	895.51		865.38		911.00		860.29		898.30				
	Energy intensity ratio														
	- Natural Gas	MJ/MT	514.71	679.25	498.54	643.76	537.31	644.38	489.40	632.06	498.62	577.39			
	- Diesel		31.86	0	3.69	0.56	0.33	0	0	0	0	0			
	- Biodiesel		0	0	20.26	0.02	25.99	0.45	33.07	0.58	41.53	0.66			
	- Liquefied Petroleum Gas		3.93	0	2.41	5.36	18.02	5.19	17.07	5.93	14.23	5.14			
	- Solar		0	0	0	7.84	0	14.17	6.89	14.35	43.93	27.12			
	- Fuel Oil		0	51.07	0	42.14	0	35.03	0.18	39.62	0	108.87			
	- Electricity		303.40	269.92	307.86	253.16	321.88	227.81	286.79	236.49	271.91	244.30			
	<b>GRI 305-1</b>	<b>Total Direct GHG emissions (equivalent)</b>	MTCO <sub>2e</sub>	26,435	14,204	21,213	13,177	24,046	14,043	24,798	13,224	25,029	14,224		
Direct (Scope 1) GHG emissions (CO <sub>2e</sub> ) ^^	Direct GHG emissions														
	- Natural Gas	MTCO <sub>2e</sub>	24,235	12,867	20,893	11,970	23,154	12,954	23,851	12,054	22,440	11,188			
	- Diesel		1,991	0	206	14	19	0	0	0	0	0			
	- Biodiesel		0	0	106	1	1,479	12	1,612	11	1,869	13			
	- Liquefied Petroleum Gas		209	0	114	112	873	117	936	127	720	112			
	- Fuel Oil		0	1,337	0	1,081	0	972	12	1,042	0	2,911			
<b>GRI 305-2</b>	<b>Total Indirect GHG emissions (equivalent)</b>	MTCO <sub>2e</sub>	30,183	10,771	27,319	9,901	29,175	9,633	28,953	9,487	25,415	9,957			
Energy indirect (Scope 2) GHG emissions (CO <sub>2e</sub> ) ^^	Indirect GHG emissions														
	- Electricity	MTCO <sub>2e</sub>	30,183	10,771	27,319	9,901	29,175	9,633	28,953	9,487	25,415	9,957			
<b>GRI 305-3</b>	<b>Total Other Indirect GHG emissions (equivalent)</b>	MTCO <sub>2e</sub>	-	-	-	-	-	-	377,835	616,625	310,964	414,289			
Other indirect (Scope 3) GHG emissions (CO <sub>2e</sub> ) ^^	Category 1 – Purchased goods and services								360,563	610,947	292,442	215,009			
	Category 3 – Fuel- and Energy-Related Activities								17,273	5,054	17,941	198,699			
	Category 5 – Waste Generated in Operations								624	3	581	16,209			
<b>GRI 305-4</b>	<b>Total GHG emissions (equivalent)</b>	MTCO <sub>2e</sub>	56,618	23,638	48,532	23,078	53,221	23,676	53,751	22,711	50,444	24,181			
Greenhouse gas (GHG) emissions intensity ^^	Total GHG emissions intensity ratio	MTCO <sub>2e</sub> /MT	0.063	0.070	0.065	0.070	0.069	0.066	0.062	0.067	0.063	0.070			
	<b>Group total GHG emissions intensity ratio</b>	MTCO <sub>2e</sub> /MT	0.069		0.066		0.068		0.0633		0.0650				

\*\* Pak Chong plant ceased operating since September 2022. Wang Muang plant commenced operations since October 2022.  
^^ Environmental data for Shah Alam exclude the trials and non-production consumption commissioning.

		Malaysia		Thailand		FY2019		FY2020		FY2021		FY2022		FY2023	
		MY	TH	MY	TH	MY	TH	MY	TH	MY	TH	MY	TH	MY	TH
<b>OPERATIONAL ECO-EFFICIENCY (Cont'd)</b>															
<b>Material Topic: Water Stewardship **</b>															
<b>GRI 303-3</b>	<b>Total volume of water withdrawal</b>	m <sup>3</sup>	2,180,527	520,236	2,019,020	461,213	2,096,595	487,472	2,357,401	455,489	2,146,372	558,197			
Water withdrawal by source ^^	- Surface water	m <sup>3</sup>	0	0	335	0	0	0	0	0	28,269	0			
	- Ground water		102,160	0	102,058	0	113,040	0	117,281	0	106,341	0			
	- Rainwater collected directly and stored by F&N		0	0	0	0	0	0	0	0	0	0			
	- Municipal water supplies or other water utilities		2,078,367	520,236	1,916,627	461,213	1,983,555	487,472	2,240,120	455,489	2,011,762	558,197			
	<b>GRI 303-4</b>	<b>Total water discharge by destination</b>	m <sup>3</sup>	1,061,609	220,056	1,218,381	180,114	1,220,706	230,983	1,214,171	257,849	1,389,566	222,931		
Water discharge ^^	- Surface water	m <sup>3</sup>	659,501	0	786,513	0	883,720	0	903,994	0	978,343	0			
	- Ground water		3,949	0	10,152	0	15,040	0	2,371	0	11,331	0			
	- Seawater		270,785	0	302,570	0	317,571	0	302,333	0	322,647	0			
	- Third-party water treatment and usage		127,374	220,056	119,147	180,114	4,375	230,983	5,472	257,849	77,245	222,931			
<b>GRI 303-5</b>	<b>Total volume of water consumption</b>	m <sup>3</sup>	1,138,596	300,180	800,639	281,099	875,889	256,489	1,143,230	197,640	756,806	335,266			
Water intensity ^^	Total volume of water withdrawal	m <sup>3</sup>	2,180,527	520,236	2,019,020	461,213	2,096,595	487,472	2,357,401	455,489	2,146,372	558,197			
	Water intensity ratio	m <sup>3</sup> /MT	2.59	1.54	2.68	1.39	2.73	1.36	2.71	1.34	2.68	1.62			
	<b>Group water intensity ratio</b>	m <sup>3</sup> /MT	2.29		2.29		2.29		2.33		2.36				

\*\* Pak Chong plant ceased operations since September 2022. Wang Muang plant commenced operations since October 2022.  
^^ Environmental data for Shah Alam exclude the trials, commissioning and non-production consumption.

Notes for GRI 302-1 and GRI 302-3:

- 1 There is no electricity, heating, cooling and steam sold.
- 2 The data on natural gas and electricity consumption is collected through meter readings and converted to MJ through standard conversion values.
- 3 Energy intensity ratio is calculated based on the total amount of energy consumed (in megajoule, MJ) per metric tonne of product (MT).
- 4 Energy intensity ratio is for energy consumed within F&N only.
- 5 Natural Gas, Diesel, Biofuels, Liquefied Petroleum Gas, Solar, Fuel Oil and Electricity are included in the energy intensity ratio.

Notes for GRI 303-3:

- 1 Water withdrawal is not from areas with high water stress.

Notes for GRI 305-1, GRI 305-2 and GRI 305-4:

- 1 CO<sub>2e</sub> emissions estimated based on the conversion factors from 2006 Intergovernmental Panel on Climate Change ("IPCC") Guidelines for National Greenhouse Gas Inventories and IGES List of Grid Emission Factors v10.12 and using the location-based method.
- 2 Only CO<sub>2</sub> is included in the calculation of the Direct (Scope 1) GHG emissions and Energy indirect (Scope 2) GHG emissions.
- 3 There is no biogenic CO<sub>2</sub> emissions generated from the combustion of biomass.
- 4 The Global Warming Potential ("GWP") value for a time horizon of 100 years based on the IPCC Fifth Assessment Report: Working Group I Report "Climate Change 2013: The Physical Science Basis" (chapter 8) is used in the calculation.
- 5 Operational control method is used for the consolidation approach of emissions.
- 6 GHG emissions intensity ratio is calculated based on the total amount of CO<sub>2e</sub> generated (in metric tonne, MT) per metric ton of product (MT).
- 7 Direct (scope 1) and energy indirect (scope 2) is included in the GHG emissions intensity ratio.
- 8 Only CO<sub>2</sub> is included in the calculation of the GHG emissions intensity ratio.

## PERFORMANCE SUMMARY

		Malaysia		Thailand		FY2019		FY2020		FY2021		FY2022		FY2023	
		MY	TH	MY	TH	MY	TH	MY	TH	MY	TH	MY	TH	MY	TH
<b>OPERATIONAL ECO-EFFICIENCY (Cont'd)</b>															
<b>Material Topic: Waste Management **</b>															
<b>GRI 306-3</b>	<b>Total waste generated</b>	MT	12,730	1,523	10,882	1,605	10,704	1,293	10,524	898	9,064	2,840			
<b>Waste Generated **</b>	Waste diverted from disposal		10,967	1,426	9,842	1,498	9,631	1,180	9,187	764	8,068	2,438			
	- Hazardous waste		8	0	27	0	22	0	25	0	26	36			
	- Non-hazardous waste		10,959	1,426	9,816	1,498	9,609	1,180	9,161	764	8,042	2,402			
	Waste directed to disposal		1,763	97	1,040	107	1,073	113	1,337	133	996	402			
	- Hazardous waste		14	16	20	17	3	9	2	5	12	130			
	- Non-hazardous waste		1,749	81	1,020	89	1,070	103	1,335	129	984	272			
<b>GRI 306-4</b>	<b>Total hazardous waste</b>	MT	8	0	27	0	22	0	25	0	26	36			
<b>Waste diverted from disposal</b>	Offsite														
	- Preparation for reuse	MT	8	0	27	0	15	0	22	0	1	0.3			
	- Recycling		0	0	0	0	4	0	1	0	25	35			
	- Composting (self-fertiliser)		0	0	0	0	3	0	2	0	0	0			
	- Chemical waste water treatment		0	0	0	0	0	0	0	0	0	0			
	<b>Total non-hazardous waste</b>	MT	10,959	1,426	9,816	1,498	9,609	1,179	9,161	764	8,042	2,402			
	Offsite														
	- Preparation for reuse	MT	257	0	175	0	217	0	329	0	224	0			
	- Recycling		4,507	1,426	4,507	1,446	4,346	635	3,896	202	3,848	744			
	- Composting (self-fertiliser)		6,195	0	5,133	52	5,046	545	4,936	562	3,970	1,658			
	- Chemical waste water treatment		0	0	0	0	0	0	0	0	0	0			
<b>GRI 306-5</b>	<b>Total hazardous waste</b>	MT	14	16	20	17	3	9	2	5	12	130			
<b>Waste directed to disposal</b>	Offsite														
	- Landfill	MT	3	3	3	7	2	1	2	1	7	0			
	- Incineration (with energy recovery)		12	13	17	10	1	8	0	3	5	130			
	- Incineration (without energy recovery)		0	0	0	0	0	0	0	1	0	0			
	<b>Total non-hazardous waste</b>	MT	1,749	81	1,020	89	1,070	104	1,335	129	984	272			
	Offsite														
	- Landfill	MT	1,749	56	1,020	20	1,070	18	1,335	6	984	136			
	- Incineration (with energy recovery)		0	25	0	69	0	86	0	123	0	136			
	- Incineration (without energy recovery)		0	0	0	0	0	0	0	0	0	0			

		Malaysia		Thailand		FY2019		FY2020		FY2021		FY2022		FY2023	
		MY	TH	MY	TH	MY	TH	MY	TH	MY	TH	MY	TH	MY	TH
<b>VALUE CHAIN IMPACTS</b>															
<b>Material Topic: Packaging</b>															
<b>GRI 301-1</b>	<b>Total materials</b>	MT	-	-	2,254,308	651,955	2,525,145	623,443	2,527,773	747,909					
<b>Materials used by weight or volume^</b>	- Renewable materials	MT			2,123,069	560,374	2,376,804	540,950	2,401,637	670,907					
	- Non-renewable materials				131,240	91,582	148,341	82,493	126,136	77,003					
<b>GRI 301-2</b>	<b>Recycled Input Materials^</b>	%	-	-	24.76	19.84	28.19	20.25	26.45	23.89					
	- Percentage of recycled input materials^^^														
<b>Material Topic: Biodiversity</b>															
<b>GRI 304-1</b>	<b>Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas^</b>	%	-	-	0	0	0	0	0	0	0	0			
	Percentage of operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas														

^ New reporting scope since 2021.

^^^ Data for packaging materials only.

\*\* Pak Chong plant ceased operations since September 2022. Wang Muang plant commenced operations since October 2022.



# LRQA Independent Assurance Statement

## Relating to Fraser & Neave Holdings Bhd's data for selected GRI indicators for the fiscal year 2023 (1<sup>st</sup> October 2022 – 30<sup>th</sup> September 2023)

This Assurance Statement has been prepared for Fraser & Neave Holdings Bhd in accordance with our contract but is intended for the readers of this Report.

### Terms of engagement

LRQA (Thailand) Limited was commissioned by Fraser & Neave Holdings Bhd (F&NHB), to provide independent assurance on its selected GRI indicators ("the data") against the assurance criteria below to a limited level of assurance and at the materiality of the professional judgement of the verifier using LRQA's verification procedure. LRQA's verification procedure is based on current best practice, is in accordance with ISAE 3000<sup>1</sup> and uses the following principles of - inclusivity, materiality, responsiveness and reliability of performance data.

Our assurance engagement covered F&NHB's operations and activities in Malaysia and Thailand specifically the following requirements:

- Confirming whether the selected economic, environmental and social indicators below were compiled with reference to GRI's Standard 2021.
- Evaluating the reliability of data and information for only the selected environmental and social indicators listed below:
  - Economic:*
    - GRI 201-1 Direct economic value generated and distributed (Community investment)
  - Environmental*
    - GRI 302-1 Energy consumption within the organization
    - GRI 302-3 Energy intensity
    - GRI 303-3 (2018 edition) Water withdrawal
    - GRI 303-4 (2018 edition) Water discharge and Water consumption
    - GRI 303-5 (2018 edition) Water consumption
    - GRI 305-1 Direct (Scope 1) GHG emissions
    - GRI 305-2 Energy indirect (Scope 2) GHG emissions
    - GRI 305-4 GHG emissions intensity
    - GRI 306-3 (2020 edition) Waste generated
    - GRI 306-5 (2020 edition) Waste diverted from disposal
    - GRI 306-5 (2020 edition) Waste directed to disposal
  - Social*
    - GRI 403-8 Workers covered by an occupational health and safety management system
    - GRI 403-9 and 10 Work-related injuries and Work-related ill health
    - GRI 404-1 Average hours of training per year per employee
    - GRI 404-3 Percentage of employees receiving regular performance and career development reviews
    - GRI 413-1 Operations with local community engagement, impact assessments, and development programs

Our assurance engagement excluded the data and information of F&NHB's suppliers, contractors and any third-parties mentioned in the report.

LRQA's responsibility is only to F&NHB. LRQA disclaims any liability or responsibility to others as explained in the end footnote. F&NHB's responsibility is for collecting, aggregating, analysing and presenting all the data and information within the report and for maintaining effective internal controls over the systems from which the report is derived. Ultimately, the report has been approved by, and remains the responsibility of F&NHB.

<sup>1</sup> GHG quantification is subject to inherent uncertainty.



### LRQA's Opinion

Based on LRQA's approach nothing has come to our attention that would cause us to believe that F&NHB has not, in all material respects:

- Met the requirements above
- Disclosed reliable performance data and information as no errors or omissions were detected

The opinion expressed is formed on the basis of a limited level of assurance and at the materiality of the professional judgement of the verifier.

**Note:** The extent of evidence-gathering for a limited assurance engagement is less than for a reasonable assurance engagement. Limited assurance engagements focus on aggregated data rather than physically checking source data at sites. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

### LRQA's approach

LRQA's assurance engagements are carried out in accordance with our verification procedure. The following tasks though were undertaken as part of the evidence gathering process for this assurance engagement:

- Auditing F&NHB's data management systems to confirm that there were no significant errors, omissions or mis-statements in the data. We did this by reviewing the effectiveness of data handling procedures, instructions and systems, including those for internal verification. We also spoke with those key people responsible for compiling the data and drafting the report.
- Sampling F&NHB's performance data for the selected GRI indicators at F&NHB plant (Pulau Indah) in Malaysia and the consolidated final data at F&NHB's corporate level.

### Observations

Further observations and findings, made during the assurance engagement, are:

- Reliability: Data management systems are established and centralized for the data and information collection and calculation associated with the selected GRI indicators. However, we believe that the periodic internal verification will help improving the quality and reliability of data reported in the future, typically for reporting of water and waste management performance.

### LRQA's standards, competence and independence

LRQA ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all verification and certification assessments is then internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.

This verification is the only work undertaken by LRQA for F&NHB and as such does not compromise our independence or impartiality.

Dated: 24<sup>th</sup> November 2023

Opart Charuratana  
LRQA Lead Verifier

On behalf of LRQA (Thailand) Limited  
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LRQA reference: BGK00000959/C

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# GRI STANDARDS 2021 CONTENT INDEX

## UNIVERSAL STANDARDS

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	2-2	Entities included in the organisation's sustainability reporting	About F&N	Page 15
	2-3	Reporting period, frequency and contact point	Reporting Framework	Pages 15, 17
	2-4	Restatements of information	Boundary and Scope of this Report	-
	2-5	External assurance	Independent Assurance Statement	Pages 146, 147
Activities and workers	2-6	Activities, value chain and other business relationships	About F&N	Pages 18, 19
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2-19	Remuneration policies	The Directors' Remuneration Policy and Senior Management's Remuneration Policy are available on our corporate website: <a href="https://www.fn.com.my/investors/#corporate-governance">https://www.fn.com.my/investors/#corporate-governance</a>	Page -	
2-20	Process to determine remuneration	Annual Report 2023	Pages 128, 134	
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TOPIC	GRI DISCLOSURE NUMBER	GRI DISCLOSURE TITLE	REFERENCE PAGE / REASONS FOR OMISSION	PAGE
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## GRI 3: MATERIAL TOPICS 2021

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	<b>Principle 2:</b> Businesses should make sure that they are not complicit in human rights abuses		
Labour	<b>Principle 3:</b> Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	Human Rights Policy	<b>Human Rights (Pages 96 to 100)</b> <b>Human Capital Development (Pages 102 to 109)</b>
	<b>Principle 4:</b> Businesses should uphold the elimination of all forms of forced and compulsory labour		
	<b>Principle 5:</b> Businesses should uphold the effective abolition of child labour		
	<b>Principle 6:</b> Businesses should uphold the elimination of discrimination in respect of employment and occupation		
Environment	<b>Principle 7:</b> Businesses should support a precautionary approach to environmental challenges	Environment, Health & Safety Policy	<b>Operational Eco-Efficiency (Pages 116 to 128)</b> <b>Value Chain Impacts (Pages 129 to 133)</b>
	<b>Principle 8:</b> Businesses should undertake initiatives to promote greater environmental responsibility		
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Anti-Corruption	<b>Principle 10:</b> Businesses should work against corruption in all its forms, including extortion and bribery	Anti-Bribery & Anti-Corruption Policy	<b>Governance &amp; Ethics (Page 62)</b>

## TCFD CONTENT INDEX

TCFD RECOMMENDATION	REFERENCE
<b>Governance</b> - Disclose the organisation's governance of climate-related risks and opportunities.	
a) Describe the board's oversight of climate-related risks and opportunities.	TCFD - Governance (Pages 39 to 40)
b) Describe the management's role in assessing and managing climate-related risks and opportunities.	TCFD Governance (Pages 39 to 40)
<b>Strategy</b> - Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.	
a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long-term.	TCFD - Strategy (Pages 41 to 49)
b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	TCFD - Strategy (Pages 41 to 49)
c) Describe the resilience of the organisation's strategy, taking into consideration different climate related scenarios, including a 2°C or Lower scenario.	TCFD - Strategy (Pages 41 to 49)
<b>Risk Management</b> - Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	
a) Describe the organisation's processes for identifying and assessing climate-related risks.	TCFD - Risk Management (Page 50)
b) Describe the organisation's processes for managing climate-related risks.	TCFD - Risk Management (Page 50)
c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.	TCFD - Risk Management (Page 50)
<b>Metrics &amp; Targets</b> - Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	
a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	TCFD - Metrics & Targets (Page 51) • Performance Summary (Page 142) • Energy & Climate Change (Pages 117 to 121)
b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions and the related risks.	TCFD - Metrics & Targets (Page 51) • Performance Summary (Page 142) • Energy & Climate Change (Page 121)
c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	TCFD - Metrics & Targets (Page 51)

## LIST OF ABBREVIATIONS

5R	Reduce, Reuse, Recycle, Rethink & Reinvent	LRQA	Llyod's Register Quality Assurance
AI	Artificial Intelligence	LTIFR	Lost Time Injury Frequency Rate
APS	Announced Pledges Scenario	MAREA	Malaysian Recycling Alliance
AR	Annual Report	MCC	Milk Collection Centre
AR6	Sixth Assessment Report	Mesti	Industry Responsibility of Food Certification Scheme
ASRS	Automated Storage and Retrieval System	MIDA	Malaysian Investment Development Authority
BAM	Badminton Association of Malaysia	MITI	Malaysian Ministry of International Trade and Industry
CEO	Chief Executive Officer	MLGH	Ministry of Local Government Development
CICOT	Central Islamic Council of Thailand	MNCs	Multi-national Companies
CNCA	China National Certification & Accreditation	MOH	Ministry of Health
COBP	Code of Business for Third Parties	MRANTI	Malaysian Research Accelerator for Technology and Innovation
CRS	Corporate Risk Scorecard	MUI	Majelis Ulama Indonesia
CSA	Corporate Sustainability Assessment	NACRA	National Annual Corporate Report Awards
CSPO	Certified Sustainable Palm Oil	NGO	Non-governmental Organisations
EIA	International Energy Agency	NTU	Nanyang Technological University
ERM	Enterprise Risk Management	PBIT	Profit Before Interest and Taxes
ESG	Environmental, Social & Governance	PET	Polyethylene Terephthalate
ESH	Environment, Safety & Health	PV	Photovoltaic
F&B	Food & Beverages	QA	Quality Assurance
F&B Malaysia	Food & Beverages Malaysia	R&D	Research & Development
F&B Thailand	Food & Beverages Thailand	RAMSAR	The Ramsar Convention in Wetland
F&NHB	Fraser & Neave Holdings Bhd	RSP0	Roundtable on Sustainable Palm Oil
F4GBM	FTSE4Good Bursa Malaysia Index	RVM	Reverse Vending Machines
F4GBMS	FTSE4Good Bursa Malaysia Shariah Index	SAM	Sportswriters Association of Malaysia
FAM	Football Association of Malaysia	SASPO	Support Asia for Sustainable Palm Oil
FDA	Food & Drug Administration	SCOP	Supplier Code of Practice
FMM	Federation of Malaysian Manufacturers	SDGs	Sustainable Development Goals
FSC	Forest Stewardship Council	SDWT	Sustainability Development Working Team
FSSC22000	Food Safety System Certification Scheme 22000	SEDEX	Supplier Ethical Data Exchange
GDA	Guideline of Daily Amounts	SHE	Safety, Health & Environmental
GHG	Greenhouse Gas	SMART	Specific, Measurable, Achievable, Relevant and Time Bound
GMP	Good Manufacturing Practices	SKU	Stock Keeping Unit
GRI	Global Reporting Initiative	SMC	Sustainability Management Committee
HACCP	Hazard Analysis Critical Control Points	SME	Small & Medium-sized Enterprises
HAS	Halal Assurance Management System	SMETA	Sedex Members Ethical Trade Audit
HDC	Halal Development Corporation	SR	Sustainability Report
HDPE	High-density Polyethylene	SRMC	Sustainability & Risk Management Committee
HCL	Healthier Choice Logo	STEPS	Stated Policies
HR	Human Resources	STO	Stock Transfer Orders
HRMS	Human Resource Management System	SWCorp	Solid Waste and Public Cleansing Management
HRDD	Human Rights Due Diligence	TCFD	Taskforce on Climate-Related Disclosures
HRRA	Human Rights Risk Assessment	TGO	Thailand Greenhouse Gas Management Organisation
IDP	Individual Development Plan	TSCM	Total Supply Chain Management
ILO	International Labour Organisation	UN	United Nations
IPCC	Intergovernmental Panel on Climate Change	VHM	Veterinary Health Mark
IR	Integrated Reporting	WHO	World Health Organisation
IIRC	International Integrated Reporting Council	WRI	World Resources Institute
IUCN	International Union for Conservation of Nature	WWTP	Wastewater Treatment Plant
JAIS	Jabatan Agama Islam Selangor		
JAKIM	Department of Islamic Development Malaysia		
KPM	Ministry of Education		
KKIP	Kota Kinabalu Industrial Park		



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