

JOINT MESSAGE FROM OUR CHAIRMAN & CHIEF EXECUTIVE OFFICER



**Y.A.M. Tengku Syed
Badarudin Jamalullail**
Chairman



Lim Yew Hoe
*Chief Executive
Officer*

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Dear Shareholders & Stakeholders,

Looking back over 2024, we are delighted to share that Fraser & Neave Holdings Bhd (F&NHB or the Group) has remained focused on “CAPTURING VALUE” through our steadfast commitment to delivering “Pure Enjoyment, Pure Goodness”.

Staying true to our promise of building a “better business”, contributing to a “better planet”, and nurture a “better society”, these guiding principles continue to drive every aspect of our operations, reinforcing our purpose and inspiring us to create positive impact across our business and within the communities we serve.



As such, we are excited to share the Group's Sustainability Report (SR) for the financial year covering the period from 1 October 2023 to 30 September 2024 (FY2024). This report highlights our progress in building a more sustainable and resilient business beyond financial metrics. It encapsulates the Group's performance across key Environmental, Social & Governance (ESG) areas to generate long-term value for our stakeholders.

OVERVIEW OF F&NHB'S SUSTAINABILITY REPORT 2024

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

We are making steady strides toward our 2025 sustainability targets, set in 2020, with notable progress in six of the 12 goals ahead of schedule. Key milestones include a reduction in waste to landfill exceeding our target of 30%, reaching 25% recycled content in packaging, securing the healthier choice logo for two-thirds of our products, and implementing a 20% increase in community development programmes.

Meanwhile, we are intensifying efforts in the remaining six areas, especially in water and energy management. Performance in these areas has been influenced by operational expansions, including a new plant in Thailand and additional production and packaging lines across our Malaysian facilities, all of which increased water and energy demands. However, excluding the impact of these expansions, we are progressing well compared to our 2020 baseline under business-as-usual conditions. Our commitment remains firm as we work to achieve each of our sustainability goals.

CAPTURING VALUE IN TRANSITION TOWARDS GREENER FUTURE

F&NHB has taken a proactive stance in strengthening our climate-related disclosures in anticipation of Bursa Malaysia's reporting deadline for the Task Force on Climate-related Financial Disclosures (TCFD) by the end of 2025. Our alignment with the TCFD framework provides a strong foundation to prepare for the recently announced Malaysia National Sustainability Reporting Framework (NSRF) aligning to International Financial Reporting Standards (IFRS). This preparation not only ensures compliance with future regulations but also strengthens our ability to manage climate risks and opportunities, as part of long-term value creation for our stakeholders.

Continuing into our third year of assessment of climate-related risks and phased implementation of TCFD-based reporting, F&NHB is actively identifying opportunities to capture value in our transition towards greener practices, specifically in low-carbon technology-renewable energy. Detailed information regarding the TCFD and Climate Risk Assessment disclosures can be found on pages 29 to 40 of this report.

In parallel, we have continued our investment into adopting renewable energy by expanding the solar photovoltaic (PV) capacity across our operations. This year, we extended the solar PV roof panels at five of our plants in Malaysia, adding 6.38 Megawatt peak (MWp) capacity. This new installation is projected to generate over 6 million kilowatt per hour (kWh) of electricity annually, which equates to offsetting around 29,000 trees in CO₂ emissions. This expansion will significantly contribute to our efforts in reducing our Greenhouse gas (GHG) emissions, in alignment with our long-term sustainability goals.

Moreover, we have rolled out an internal carbon pricing initiative, a critical tool that drives accountability and advances carbon reduction efforts across our business units. By assigning a cost to carbon emissions, this initiative incentivises more efficient and sustainable practices, reinforcing our commitment to building a low-carbon future.

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CAPTURING VALUE WITH OUR FIRST INTEGRATED DAIRY FARM

Our integrated dairy farm in Gemas, Negeri Sembilan, which is set to become the largest of its kind in Malaysia, underscores our dedication to supporting Malaysia's journey toward greater self-sufficiency in food production.

Aligned with the Malaysia Madani framework, this strategic initiative supports the growth of the local agricultural ecosystem while improving Malaysians' nutritional intake by making fresh milk more accessible and affordable. Designed with sustainability principles at its core, the farm will incorporate green technology and circularity principles across all operations - from feed crop production to waste-to-energy facilities - ensuring maximum resource efficiency and reduced environmental impact.

As part of our commitment to responsible development, we are conducting a materiality assessment to identify and address material ESG issues around dairy farm. A carbon projection study is also underway to forecast the farm's carbon footprint, and once complete, we will develop a tailored decarbonisation strategy to further minimise our carbon impact.



Since 2020, all the palm oil used by F&NHB is RSPO-certified.



Since 2013, we have been actively building the capabilities of over 2,000 farmers from ten milk cooperatives in Thailand through our Farming Excellence System.

CAPTURING VALUE THROUGH ENHANCED INTERNAL CAPABILITY

From boots on the ground to the boardroom, awareness and education are critical in embedding ESG practices into the fabric of our business operations. This year, our Board and Management team have undergone training focusing on IFRS Standards. This programme equips our Board and leadership team with essential knowledge, enhancing their oversight of sustainability strategy and preparing to manage the complexities of sustainability-related financial reporting for the NSRF. This programme complements a range of other related training initiatives we have implemented, all aimed at building the capacity necessary to drive long-term value capturing.

CAPTURING VALUE THROUGH STRATEGIC SUPPLY CHAIN PARTNERSHIPS

▶ *Strengthening Malaysia's Halal Ecosystem*

Our commitment to supporting the Halal ecosystem is multi-faceted, involving industry engagement, mentorship and thought leadership. One of our key partnerships in this regard is our collaboration with Halal Development Corporation Berhad (HDC) to assist small and medium-sized enterprises (SMEs) in becoming qualified Halal vendors via our Halal Sourcing Partnership Programme. To-date, four SMEs have on-boarded as our vendors, and we continue to mentor six additional SMEs through this programme.

F&NHB also participated in knowledge-sharing forums such as World Halal Business Conference (2023 Circuit London & 2024), reinforcing our efforts to build the Halal industry, besides establishing our position as a Halal-leader.

▶ *Uplifting Our Business Partners*

While we expect our key partners to adhere to our Supplier Code of Practice (SCOP) and Code of Business Practices for Third Parties (COBP), we are also committed to collaborate closely with our respective partners to develop their capabilities in these areas. Since 2022, the annual F&N Business Partner Award has strengthened our relationships with suppliers, helping elevate service quality and incentivising alignment with our values. This year, this programme has empowered 19 suppliers in Malaysia to grow alongside us.

▶ *Capacity Building for Dairy Farmers*

Since 2013, we have been actively building the capabilities of over 2,000 farmers from ten milk cooperatives in Thailand through our Farming Excellence System. This programme consists of capacity-building initiatives, supply of equipment and technology, as well as regular audits to improve the farmers productivity, quality, and sustainability practices as part of a circular economy approach.

This year, we supported the Lam-Phaya Klang Dairy Cooperative at Saraburi Province by providing a Somatic Cell Counter to help enhance fresh milk quality. This initiative contributes to the cooperative's efforts in improving milk production standards, ensuring higher quality and safety for our consumers.

▶ *Sustainable Sourcing*

Across our supply chain, we are committed to responsible and ethical sourcing, partnering with global organisations and thought leaders in sustainability. We take 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).

Since 2020, all the palm oil used by F&NHB is RSPO-certified, achieved through RSPO credits and Certified Sustainable Palm Oil (CSPO). For 2024, the Group used 80% CSPO and the remaining 20% with RSPO credits. By 2025, our aim is to achieve 100% of our physical palm oil usage to be RSPO-certified palm oil.

JOINT MESSAGE FROM OUR CHAIRMAN & CHIEF EXECUTIVE OFFICER

CAPTURING VALUE THROUGH COMMUNITY ENGAGEMENT & EMPOWERMENT

▶ *Engaging the Local Community*

F&NHB has long been an integral part of festive celebrations for Malaysians, embodying our brand promise of “Pure Enjoyment, Pure Goodness” by fostering community connections during these special occasions. We celebrated Deepavali by supporting the MySkills Foundation, raising funds to support them with an industrial oven and cake mixers for their culinary school. For Christmas, we fulfilled the wish lists of over 170 children from three homes, providing a day of fun and gifts for those from Yayasan Sunbeams Home, Jireh Home, and The Salvation Army Home. During Chinese New Year, our volunteers spread joy to over 500 individuals in ten homes, contributing RM85,000 in food and essentials. We also hosted several ‘buka puasa’ events for the communities and participated in Bursa Malaysia’s ‘Rewang Ramadan’ event, preparing and distributing ‘Bubur Lambuk’ and food packs for 1,600 families.



In Gemas, where our new integrated farm will be located, we actively engage with the local community to foster meaningful connections. To this end, we have engaged with over 20 institutions, including local schools, mosques, orphanages, Tampin District Office, Pejabat Daerah Kecil dan Tanah Gemas, Royal Malaysia Police and Army Camp, through various activities ranging from friendly sports matches and roundtable discussions to educational talks for children.



In FY2024, we positively impacted the lives of over 100,000 beneficiaries within the less fortunate community through our initiatives.

▶ *Engaging Our Consumers with Healthier Lifestyle*

We take consumer well-being seriously and continued to grow our portfolio of healthier choices that do not compromise on taste. As of this year, we have reduced the sugar content across all our products by 53%. We have also achieved our 2025 target of having at least two-thirds of our beverage and dairy products comply with the national nutritional guidelines in Malaysia and Thailand, while we continue to expand the range of healthier options.

F&N is dedicated to promoting not only healthier product options but also healthier lifestyles for the communities we serve. This year, we launched the ‘Jom Sihat, Kekal Cergas’ campaign in collaboration with local retailer Mydin, encouraging healthier lifestyles among consumers through educational activities on exercise and nutrition. Building on our long-standing tradition of supporting sports and active lifestyles, we were also proud to serve as an official partner for SUKMA and PARASUKMA XXI Sarawak.



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Building a Better Future

At F&N, our commitment to sustainability comes from our desire to make the world a better place in all aspects, expressed in our three pillars of Better Business (Economy), Better Planet (Environment) and Better Society (Social) that provides a framework for a holistic approach.

On the social front, we proudly continued our long-standing support for the youths of Montfort Boys Town through the F&N Information Technology (IT) Corner programme, an initiative we launched in 2010. This programme empowers youths with essential digital literacy skills through a comprehensive six-month International Computer Driving License (ICDL) certification course. This year, we expanded our support to 54 students, equipping them with critical digital competencies to enhance their future career prospects.

We continued environmental education efforts through our annual School Recycling Programme targeting primary and secondary school children across Malaysia, in partnership with Solid Waste and Public Cleansing Management Corporation (SWCorp) Malaysia, under the Malaysian Ministry of Local Housing & Government Development. This year, we strengthened the collaboration through a three+two-year Memorandum of Understanding (MOU) which focuses on promoting recycling within school communities and organising community education programmes.

Complementing our school outreach initiatives, we placed several Reverse Vending Machines (RVM) throughout the Klang Valley, as part of our multi-faceted approach in encouraging Malaysians to recycle their food and beverage (F&B) packaging. These efforts were supported by roadshows and events including the “Karnival Alam Kitar 2024” organised by the Ministry of Natural Resources and Environmental Sustainability (NRECC) and the Sustainable Development Goal Day by Sunway University to raise awareness about recycling and sustainable practices.

Over in East Malaysia, we are partnering with the Jagoi Area Development Committee (JADC) in Kuching to install a water pump system as well as repair water storage tanks at Bung Jagoi Heritage Village in Sarawak, enabling villagers to have reliable access to clean water. This initiative will also support eco-tourism in the area, offering the local Jagoi Bidayuh community a new avenue for economic growth.

This year, our employees actively contributed to nature conservation through tree planting initiatives in Malaysia and Thailand. In Sabah, our team joined the Environmental Awareness Programme organised by the Kota Kinabalu Industrial Park (KKIP) Investors Council (KIC), planting 210 mangrove trees to support the preservation of Sungai Telipok, a vital river near our premise. Meanwhile, in Kuching, almost 100 employees, together with the JADC, planted 200 trees over Malaysia Day’s weekend celebration, which also celebrated the launch of our water conservation programme at Bung Jagoi Heritage Centre.



Additionally, over 360 colleagues in Thailand further reinforced our environmental commitment by planting 450 trees and 1,200 seed balls in clay soil at Salakpra Wildlife Sanctuary, Kanjanaburi province. These collective efforts reflect our ongoing dedication to environmental stewardship and community engagement, fostering a greener, more sustainable future for all.



We also established an official partnership with Yayasan Bursa Malaysia and The Lost Food Project to address the issue of food loss and waste. This collaboration focuses on rescuing near-expiry products and distributing them to those in need, thereby ensuring the needs of underprivileged people are met while reducing the environmental impact of food waste.

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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 2024, we have been selected as a member of the Sustainability Yearbook 2024 by S&P Global, ranking among the top five companies globally within the beverages industry. Our performance saw further improvement, with our percentile rising to 96th percentile from 95th percentile in 2022 (Score date: February 2024).

► *FTSE4Good Bursa Malaysia Indices*

We are one of the 120 constituents of the FTSE4Good Bursa Malaysia Index (F4GBM) for the sixth year running, as the Top 1% within our global FTSE Industry Classification Benchmark Supersector. We remain as one of the 95 constituents of the FTSE4Good Bursa Malaysia Shariah (F4GBMS) Index for the fourth year.

Our holistic efforts in ESG continue to receive external validation in various areas.



Note:

For the complete list of our awards, refer to our Annual Report 2024 on pages 10 to 12.

F&NHB

- PwC Malaysia's Building Trust Awards 2023 in the FBM Mid 70 Index category, with special mentions for PwC Malaysia's Public Trust Perception Analysis and ESG Reporting Benchmarking Analysis
- Gold Award for Consumer Products & Services Sector at The Edge ESG Awards 2023
- Top 50 Excellence Award at the National Corporate Governance & Sustainability Awards (NACGSA) 2024
- Best employers to work for at the Best Companies to Work for in Asia Award 2023
- Top 3 Employers of Choice for Graduates to Work or in 2023 within the Fast-Moving Consumer Goods (FMCG) category at the Graduates' Choice Award 2024

FNDT

- CSR-DIW Continuous Award 2024
- Thailand's National Safety Award 2024
- Thailand Labour Management Excellence Award 2024



CLOSING REMARKS

As we reflect on the progress we have made over the past year, we would like to express our appreciation to our team across the organisation and our stakeholders on behalf of the Board and management, for their dedication to ensuring excellence in meeting our sustainability goals. Their commitment to innovation, inclusivity, and environmental stewardship has been instrumental in our efforts.

We recognise that the journey ahead will continue to be filled with challenges as sustainability is a long game amidst evolving business pressures. Yet, we are confident of delivering exceptional value to our stakeholders, while creating positive impact to the communities we serve. This is the strong belief that keeps us firmly committed to investing in initiatives and strategies that promote economic, environmental, and social well-being. Looking forward, we remain optimistic in our ability to uncover opportunities to capture value along our sustainability journey.

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

LIM YEW HOE
 Chief Executive Officer