

ENTERPRISE-WIDE RISK MANAGEMENT

The Board and senior management of the Group actively promote a strong risk management culture by implementing sound processes and operating procedures. F&N continuously monitors the business environment for risks and opportunities, develops strategies to mitigate risks and seizes emerging opportunities. Within the Group, management diligently tracks and promptly reports key risks, fostering open communication and ensuring timely issue resolution. Our primary objective is to safeguard the interests of shareholders, while also considering the interests of other stakeholders, to achieve long-term sustainable performance.

The Sustainability & Risk Management Committee ("SRMC") assists the Board in overseeing the Group's risk management framework and policies. It:

- provides strategic direction in managing risks and opportunities, taking into account the Group's risk appetite and risk tolerance; and
- guides the development of risk and sustainability frameworks, and initiatives to ensure that risk and sustainability issues, including environmental, social, governance ("ESG") related issues, are effectively managed and integrated into business operations and corporate objectives.

RISK MANAGEMENT PROCESS

F&N adopts a cohesive risk management system to manage risks in a sustainable, structured and consistent manner. F&N takes into account sustainable business practices in formulating strategies and decisions to ensure the Group remains resilient

and competitive. The Group identifies risks from various sources, including ESG sources.

The system encompasses the review of vision and mission statements, risk appetite and risk tolerance statements, as well as strategies for risk identification, risk impact assessment and response and recovery processes. F&N employs both top-down and bottom-up approaches in this endeavour. F&N's vision statement reflects our commitment to become a stable, sustainable, and profitable leader in the ASEAN food and beverage sector.

The responsibility for identifying, evaluating and monitoring risks and material ESG factors lies with the management team. They also report regularly to the SRMC and Board

KEY RISKS IN FINANCIAL YEAR 2025

As at 30 September 2025, F&N has identified the key risks impacting the Group and developed mitigation strategies accordingly. The proportion of risks that were rated as "very significant" and "high" has been reduced substantially after taking into account the mitigating measures. The Group recognises that the risk landscape is increasingly complex, requiring cross-functional risk management strategies. The key categories of risk facing the Group are summarised as follows.

1

Strategic - Geopolitical Tensions

Geopolitical tensions continue to evolve in 2025, weighing on overall consumer sentiments as well as supply chains globally. The Group is keeping a close eye on the resulting tensions and its impact on our operations. Existing contingency plans have been enhanced, including development of diversified logistics arrangements, so as to manage and mitigate disruptions in supply chain, and safeguard our strategic investments. Proactive measures are also being put in place to manage business risks arising from shifting consumer sentiments, including making operational adjustments, which would be adapted as conditions evolve.

2

Strategic - New Investments

As part of the Group's strategic growth, we are expanding our operations across the region. In addition to our established presence in Singapore, Malaysia, Thailand, and Myanmar, we are enhancing our operations in Cambodia and Malaysia.

Our initial investment in Cambodia involves securing land and planning the construction of a dairy plant. This facility will supply canned milk to the local market, enhancing our presence and supporting the growing demand for dairy products in the market.

Another key initiative is the development of a large-scale integrated dairy farm in Malaysia, which is projected to produce 100 million litres of fresh milk annually in its first phase. This project underscores the Group's commitment to enhancing food security and promoting sustainability in the region.

In April 2025, the Group reached another milestone in its regional dairy growth strategy with the arrival of our first commercial batch of 2,500 dairy cattle at F&N AgriValley, the Group's integrated dairy farm located in Gemas, Negeri Sembilan, Malaysia, with the second batch of 2,500 dairy cattle to be received in November 2025. Development plans in Cambodia are on track and expected to commence operations in the upcoming financial year.

To ensure the success of these initiatives, we have implemented robust governance measures to minimise project risks, ensure delivery of financial targets and the timely completion of projects. In addition, we integrate ESG considerations into every phase where possible, ensuring minimal environmental impact and maximising positive contributions to the communities where we operate.

the status and effectiveness of risk mitigation measures, sustainability practices and strategic implementation.

Key risks of various business units and recommendations on sustainability initiatives are reviewed by the Company's CEO, the CEOs of the Group's strategic business divisions ("**CEOs**") and division heads at the Crisis Management Steering Committee, Business Information Management Committee and Sustainability Development Committee. These assessments are conducted regularly and are shared with the SRMC. The F&N Audit Committee reviews these key risks and recommendations from SRMC, and then advises the Board annually.

Each business division has a dedicated risk manager to conduct

risk analyses with the Management. Risk managers compile reports for timely submission to division heads and conduct briefings on risk policies and practices. The objective is to promote a culture of risk awareness, as some risks may impact more than one department, division or subsidiary and could have financial, reputational, legal and/or operational impacts on the Group. To facilitate the reporting and monitoring of risks, F&N Group uses a web-based Corporate Risk Scorecard ("**CRS**") system, a common platform which enables business units to report risks and risk status consistently and cohesively. The CRS records risks, mitigating measures, timelines for action items and risk ratings. Key risk indicators, upon which risk ratings are measured against risk tolerance levels, are also reviewed.

Risk appetite and risk tolerance statements, which set out the nature and extent of the significant risks that the Group is willing to accept in achieving its strategic objectives, are reviewed annually.

At the end of each financial year, the CEO and Senior Director, Group Finance of the Company and the CEOs and key management personnel who are responsible for each of the Group's business divisions provide assurances to the Board, Audit Committee and SRMC on the adequacy and effectiveness of the Group's risk management system and internal controls. These assurances for FY2025 are disclosed on Page 91 of this report.

3 Strategic – ESG Risks

The Group periodically reviews its business model and strategies to ensure its continued relevance to its stakeholders. The Company recognises the importance of ESG and climate-related factors on business operations and proactively monitors developments in the F&B and P&P industries, ensuring our strategies remain relevant.

F&N has put in place numerous ESG initiatives to strengthen the Group's resilience against natural disasters, including enhancing flood mitigation measures in Malaysia and Thailand. Additionally, we have installed solar panels at multiple locations. To reduce our carbon footprint, we are progressively transitioning our transport fleet to green vehicles.

The Group actively participates in national recycling programs in collaboration with industry partners. In Malaysia, F&NHB partners with more than 20 fast-moving consumer goods and packaging companies

through the Malaysian Recycling Alliance to enhance the collection and recycling of post-consumer packaging. F&N together with two other major beverage producers in Singapore, formed a consortium to operate the Beverage Container Return Scheme ("**Scheme**") set to launch in 2026. Under this Scheme, all pre-packaged beverage in plastic bottles and metal cans, ranging from 150ml to 3L will be collected for recycling.

F&N remains committed to protecting biodiversity and ensuring deforestation-free sourcing by securing sustainably certified materials like palm oil and paper.

F&N continues to prioritize environmental sustainability by actively seeking out innovative and eco-friendly packaging solutions. This includes introducing paper-based eco-pouches for secondary packaging materials. To ensure the effectiveness of these sustainable packaging options, F&N conducts

regular assessments, taking into account evolving consumer preferences and expectations.

At the large-scale dairy farm, we are committed to addressing ESG risks through planned proactive mitigating actions. While we have adopted smart farming technologies to operate at low energy consumption, we continue to explore new low-carbon technologies like biogas and solar, to further reduce energy consumption. We have also conducted a materiality assessment and greenhouse gas projection, which will lead to the development of a strategic roadmap to guide our sustainability efforts. We continue to engage with our communities and neighbours, fostering strong relationships and contributing to the local economy, to ensure that our farm will be both sustainable and socially responsible.

Refer to the F&N Sustainability Report 2025 for more details on the Group's sustainability initiatives.

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4 Operational – Cyber Risks

As cyber threats evolve, particularly with the rise of AI-enabled phishing and ransomware, as well as supply chain attacks, F&N recognises the continued importance of cybersecurity. The Group's Digital Solutions & Technology ("DST") team oversees a robust cybersecurity framework including data classification, vulnerability assessments, privileged access management, and penetration

testing. Ongoing regular employee training and simulated phishing exercises further enhance our resilience, as well as reinforce the focus on cybersecurity culture to employees. The DST team reviews and reports any cybersecurity incidents to the SRMC to ensure continuous monitoring and improvement in the Group's defenses. The Group also procures cyber insurance to mitigate potential loss due to cyber incidents.

5 Operational and Reputational – Food Safety Risks

Food safety is a cornerstone of our F&B division's operations. F&N adheres to rigorous food safety standards and continually monitors global food safety developments. Key risk indicators have been established to track food safety risks across the Group which are reported to the SRMC, and business continuity ("BC") exercises are conducted regularly to enhance F&N's preparedness for potential contamination incidents. Best practices and lessons learned are shared across all business units to ensure consistent quality and safety.

6 Operational – Workplace Safety and Health Risks

To facilitate a safe work environment, the Group conducts regular workplace safety and health risk assessments, and puts in place measures to improve the health and safety of our employees. Plants have also been surveyed to identify potential fire hazards and non-compliance of fire safety standards. F&N also supports activities such as health screenings, health and wellness talks and sponsors sports and community events like the SGX Cares Bull Charge Charity Run.

7 Operational – Operational Resilience

Ensuring operational resilience is essential to the Group's success. BC plans are in place and are reviewed and practiced periodically for each regional entity. The plans addresses potential scenarios such as denial of access, political instability, social media crises, product contamination, and cyber incidents.

8 Operational – Third-Party Risks

The Group relies on a network of vendors for its day-to-day operations. To mitigate the risks associated with third-party dependencies, we diversify our sourcing by engaging with a range of reputable vendors whenever possible. This approach ensures continuity of operations and reduces vulnerability to disruptions.

Service level agreements are in place with stringent requirements relating to security, privacy, backup and recovery processes. We continually review the measures put in place to address third party risks to ensure that they are adequate and effective.

RISK CULTURE

The SRMC encourages proactive and periodic benchmarking of the Group's ERM, BCP and insurance programmes against industry best practices and standards. It considers recommendations from consultants and insurance advisers in mitigating/seizing climate-related risks/opportunities, cybersecurity and terrorism risks, as well as pandemic and epidemic events, to ensure that its ERM, BCPs and insurance programmes remain adequate and effective.

As every member of staff has a role to play in adhering to F&N policies including risk management, BCP and cybersecurity, new staff are briefed on these subjects. Refresher sessions are organised periodically when required.