Introduction to

ENVIRONMENT PILLAR

Circularity and Environmental Protection

F&N acknowledges the environmental responsibilities associated with our operations and is dedicated to minimising our footprint through improved resource management involving energy, water and waste, as well as tracking our impact on emissions and on nature.

We recognise the critical roles our business plays in nurturing and preserving the planet for current and future generations. Our commitment extends to exploring innovative initiatives aimed at enhancing eco-efficiency and embracing circularity within our processes. By prioritising environmental efficiency and adopting strategic measures, we aim to not only reduce our impact, but to also align our practices with sustainability goals, fostering a balance between our operations and the ecosystem.

We are devoted to responsible sourcing that respects biodiversity and contributes positively to our natural surroundings.

Operational Eco-Efficiency
- Climate Change
- Energy
- Water Stewardship
- Waste Management

Value Chain Impacts
- Packaging
- Biodiversity

2025 SUSTAINABILITY TARGETS AND FOCUS AREAS

ENERGY AND CLIMATE CHANGE
- Reduce the Group's energy intensity ratio at our plants (from a 2020 baseline) by 8% by 2025
- Reduce the Group's GHG emissions intensity ratio at our plants (from a 2020 baseline) by 8% by 2025

WASTE STEWARDSHIP
Reduce the Group water intensity ratio at our plants (from a 2020 baseline) by 8% by 2025

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

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

CONTRIBUTING TO SDGS

Primary

Secondary

OPERATIONAL ECO-EFFICIENCY

F&N ACKNOWLEDGES THAT OUR OPERATIONS HAVE ENVIRONMENTAL IMPACTS ARISING FROM THE CONSUMPTION OF ENERGY, WATER, AND OTHER RESOURCES. TO MITIGATE THESE EFFECTS, WE ACTIVELY SEEK WAYS TO ENHANCE OUR MANUFACTURING PROCESSES THROUGH INNOVATIVE INITIATIVES AND STRATEGIC RESOURCE MANAGEMENT. BY IMPROVING ECO-EFFICIENCY, WE AIM TO REDUCE OUR ENVIRONMENTAL FOOTPRINT AND ALIGN OUR OPERATIONS MORE CLOSELY WITH SUSTAINABLE PRACTICES.

Details on how we approach each environmental impact are elaborated in the following sections:
- **Climate Change**
- **Energy**
- **Water Stewardship**
- **Waste Management**

CLIMATE CHANGE

SDGs:

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

ISSB Index:
IFRS S1 21, IFRS S1 23, IFRS S2 10, IFRS S2 13, IFRS S2 14, IFRS S2 16, IFRS S2 22, IFRS S2 25, IFRS S2 29, IFRS S2 33, IFRS S2 34, IFRS S2 35, IFRS S2 36

At F&N, we recognise the critical importance of addressing climate change as an integral part of our business strategy. Through comprehensive climate risk assessments, we evaluate how evolving climate patterns may impact our operations, supply chain, and distribution networks, identifying potential vulnerabilities that require proactive solutions.

Climate change exerts pressure on production processes and introduces risks such as fluctuations in raw material prices and challenges in accessing water resources. However, it also presents opportunities–such as cost efficiencies and the ability to meet growing consumer expectations for sustainability.

By integrating these insights into our strategic planning, we adopt adaptive measures and innovative practices to strengthen resilience and promote long-term sustainability. Our forward-looking approach not only mitigates the adverse effects of climate change but also aligns with global environmental initiatives, reinforcing our commitment to building a sustainable future.

MANAGEMENT APPROACH

STRATEGY

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

F&N remains committed to reduce GHG emissions by adopting renewable energy and implementing energy efficiency initiatives. Through these proactive measures, F&N aims not only to mitigate risks but also to capitalise on the growing demand for sustainable business practices.

IDENTIFICATION OF CLIMATE-RELATED RISKS AND OPPORTUNITIES

Since 2023, we have deepened our understanding of key climate-related risks and opportunities by evaluating the potential financial impacts through a forward-looking lens. Building upon the qualitative assessment conducted in 2022, F&N advanced its approach by undertaking a group-wide scenario analysis in 2023 and 2024 to quantify the anticipated financial implications of the most significant climate-related drivers.

- Physical risks (water scarcity and flooding)
- Transition risks (carbon pricing) and opportunities (cost savings through low-carbon technologies)

As carbon pricing regimes gain momentum in Malaysia and Thailand and with scheduled increase in Singapore's carbon price, our assets are increasingly exposed to higher operating costs. While this poses a financial risk, it also presents a strategic opportunity to accelerate our transition towards low-carbon energy sources. In response, we have steadily increased our investments in solar energy infrastructure across our operations, reinforcing our commitment to sustainable and resilient energy solutions.

Our scenario analysis evaluates various global temperature trajectories, offering forward-looking insights into how climate-related risks and opportunities may affect our business. These insights are informed by climate research, estimates, projections, and assumptions applied across selected climate scenarios and time horizons.

The outcomes of these quantitative assessments will support the Group in refining its business strategy to enhance resilience against climate-related risks, while capitalising on emerging opportunities. By considering a range of potential impacts, the Group seeks to strengthen its management of key climate-related risks and embed effective climate initiatives within F&N's existing Energy and Climate strategy.

OPERATIONAL ECO-EFFICIENCY

ASSESSING CLIMATE-RELATED RISKS AND OPPORTUNITIES USING SCENARIO ANALYSIS

Our scenario analysis covered 13 entities across Singapore, Malaysia, Thailand and Myanmar. Two sets of climate scenarios were used to assess the possible business impacts from climate-related risks and opportunities.

For transition risks and opportunities, the climate scenarios used in the quantitative modelling were referenced from the International Energy Agency's ("**IEA**") World Energy Outlook ("**WEO**") 2023 Report. These selected scenarios for assessment of transition risks and opportunities were aligned with the recommendations of Task Force on Climate-Related Financial Disclosures ("**TCFD**"), to minimally consider a scenario that limits the global temperature rise to 2°C above pre-industrial levels by 2100.

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

For physical risks, the impacts on F&N's businesses were modelled using climate scenarios from the latest Intergovernmental Panel on Climate Change ("**IPCC**") Sixth Assessment Report ("**AR6**").

The use of SSP1-2.6 scenario signifies alignment with the upper boundaries of the combined Paris Agreement pledges from all the participating countries. The High Carbon Emission Pathway, SSP5–8.5, assumes no additional climate policies would be enacted. This scenario was included to stress test the climate resilience of business which could potentially be challenged by the severe outcomes arising from the climate-related physical risks.

	Baseline	Low Carbon Emissions Pathway	High Carbon Emissions Pathway (Business-As-Usual)
Description	Scenario based on the historical data of climate change on F&N assets	Global temperature rise of 1.8°C by 2100	Global temperature rise of 4.4°C by 2100
IPCC Scenario	N. A.	SSP1-2.6 [Note]	SSP5-8.5
Key Assumptions	The present-day exposure risk of F&N's key assets to selected material natural hazards, with consideration of their respective geographical locations.	A low carbon emissions scenario which keeps global warming below 2°C by 2100. It aligns with current commitments under the Paris Agreement.	A high carbon emissions scenario with no additional climate policy. There is limited coordinated action, leading to temperature rise of 2.4°C by mid-century and reaching 4.4°C by 2100.

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

For each climate-related risk and opportunity, F&N has identified the time horizons the risk or opportunity are reasonably expected to occur. This is in line with the timeframes used for business and financial planning. These timeframes are defined as short term (1-3 years), medium term (3-10 years) and long term (>10 years).

We selected 2030 and 2050 as scenario time horizons to align with the climate targets in the countries where we operate. This enables a forward-looking assessment of how identified climate-related risks and opportunities may impact our business over time. The 2030 horizon also reflects alignment with our parent company ThaiBev's PASSION 2030 roadmap, which outlines strategic goals for the Group's next phase of sustainable growth.

	Short-to-Medium	Long-term
Scenario Time Horizon for Physical and Transition Risk Assessment	2030	2050
Year	The range of the time period is represented by '2030'	The range of the time period is represented by '2050'

CLIMATE-RELATED TRANSITION RISKS AND OPPORTUNITIES

F&N has progressively enhanced its understanding of climate-related transition risks and opportunities. In 2022, material risks and opportunities were identified through cross-functional stakeholder engagement across its F&B and P&P divisions. F&N had assessed the material transition risks and opportunities with reference to the four categories recommended by TCFD (policy and legal, technology, market, and reputation). Building on this understanding, F&N conducted quantitative scenario analysis in the following two years to assess the financial impact of its most material transition risk (carbon pricing), and its most promising opportunity (savings from low-carbon technologies).

	Risk	Opportunity
	Carbon Pricing	**Low Carbon Technologies**
Description	There is a risk of higher operating costs due to the introduction of carbon pricing regulations as well as higher carbon prices. Carbon pricing mechanisms are expected to be introduced in selected sectors in Malaysia and Thailand in the near term, while Singapore has already implemented a carbon tax for specific industries.	There are opportunities for cost savings and emissions reduction through the adoption of low-carbon technologies specifically renewable electricity across all countries where F&N operates. According to IEA projections, the cost of renewable electricity is expected to become increasingly competitive compared to grid electricity, which is partially powered by fossil fuels. This shift could potentially reduce F&N's operating costs while enhancing long-term financial resilience.
Business implications	The Group's business model is exposed to rising carbon-related expenses, particularly in production and logistics. These cost pressures may influence sourcing decisions, pricing strategies, and capital allocation.	F&N will continue to allocate capital resources towards investment in low carbon technologies such as self-owned solar installations. To encourage decarbonisation across the value chain, F&N may adopt a shift in its procurement strategy and engage with suppliers that source more energy from renewable sources.
Financial effects* * Where applicable, the data and assumptions in assessing the financial effects are consistent with the data and assumptions used in preparing the financial statements.	The carbon pricing developments represent transition risks that could progressively increase operating costs and impact financial performance over the short to medium term, considering F&N has energy-intensive operations in geographies where the Group has manufacturing facilities. In the current financial year, carbon taxes passed on from Singapore utility supplier is about 3% of electricity costs. Based on the previous climate scenario analysis updated in FY2024, carbon pricing will potentially reduce profit by 2% of the Group's annual profit in the short to medium-term (by 2030) under the Business-As-Usual scenario. These financial effects will be reassessed in the next review, incorporating more updated coverage, climate data, national-level variables, as well as other data and parameters. At present, there is no indication that climate-related risks or opportunities are likely to result in a significant risk of material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the current related financial statements.	While the investment in solar installations will increase capital expenditure in the short to medium term, it is expected to generate financial and environmental benefits over the longer term. As at year-end, the Group's investment in solar PV installations increased to SGD 19.1 million (2024: SGD 11.7 million). In the current financial year, 14% of the Group's electricity consumption is sourced from solar renewable energy, generating estimated cost savings of close to 2% of annual profit. Based on the previous scenario analysis performed in FY2024, cost savings from using onsite and offsite renewable energy sources will potentially increase profit by up to 5% of the Group's annual profit in the short to medium term (by 2030) under the Business-As-Usual scenario. The anticipated financial effects will be reassessed in the next review, incorporating more updated inputs and parameters.

OPERATIONAL ECO-EFFICIENCY

	Risk	Opportunity
	Carbon Pricing	**Low Carbon Technologies**
Inputs and parameters	Using F&N's historical Scope 1 and 2 GHG emissions to project future GHG emissions, with other inputs which include IEA's carbon pricing forecasts.	Using F&N's projected electricity consumption, with inputs from IEA's power generation mix projections, solar levelised cost of electricity, and NGFS's grid electricity price, with adjustments made where necessary.
Management Response	Direct efforts In the short term, F&N will closely monitor developments in carbon pricing across key jurisdictions where it operates, as these may affect future operating costs for financial planning. To mitigate potential cost increases and strengthen long-term financial resilience, most sites have invested in on-site solar systems and will continue expanding renewable energy infrastructure where feasible. These investments, along with energy efficiency initiatives are expected to reduce energy-related operating costs over time and support more sustainable capital deployment. Indirect efforts We are integrating sustainability criteria into supplier selection and planning to collaborate with suppliers to improve transparency in carbon emissions reporting. These efforts aim to enhance our ability to measure and manage emissions across the value chain. As part of our collaboration with downstream partners, we are also evaluating the use of third-party platforms such as EcoVadis which assess our ESG performance by providing valuable insights to companies and business partners.	Direct efforts F&N has invested, and plans to continue investing, in rooftop solar systems across most of its manufacturing sites. These capital investments in low-carbon technologies are expected to support long-term cost efficiency by reducing reliance on grid electricity. Additionally, F&N is considering exploring alternative renewable energy procurement options such as direct power purchase agreements (PPAs) that deliver actual reductions in greenhouse gas emissions. These initiatives are anticipated to reduce future operating costs as PPAs tend to be cheaper than grid electricity, hence contributing positively to the Group's financial performance and climate targets. Indirect efforts F&N is actively exploring opportunities to leverage low-carbon technologies to support our transition to a more sustainable operating model. This includes engaging suppliers to explore lower-emission solutions which allows for a mutually beneficial outcome for both parties.
Business implications to management response	The above efforts would inform our financial planning and resource allocation, prioritising investments that improve energy efficiency and reduce energy usage.	The above efforts would inform our financial planning and resource allocation, prioritising investments that are linked to energy transition and emissions reduction.
Resources allocated for management response	The capital expenditure planned for the current and short-term reporting periods has been integrated into F&N's financial planning processes. These investments will be funded through operating cash flows and, where applicable, supported by government-related incentives or budget allocations earmarked within operating cash flow forecasts.	
Progress of management response	In FY2024, we introduced an internal carbon pricing mechanism to attribute a monetary value to carbon emissions. This initiative encourages more resource-efficient and sustainable decision-making, aligning with our commitment to a low-carbon future. In FY2025, the policy was successfully implemented for major capital expenditure decisions. A carbon price of SGD 35 per metric tonne of CO_2e is now factored into the evaluation of new major investments. Any capital expenditure exceeding $200,000 will include carbon pricing in its capital expenditure requisition process. Examples of such investments include new manufacturing lines.	In FY2024, we expanded our solar photovoltaic ("**PV**") capacity by installing systems at six facilities in Malaysia and Thailand, adding 7.38 MWp of capacity. This expansion is expected to generate over 7 million kWh of clean electricity annually, offsetting more than 3,900 metric tonnes of CO_2e. In FY2025, building on this momentum, we installed solar PV roof panels at two additional sites in Malaysia, contributing a further 1.2 MWp to our renewable energy portfolio.

CLIMATE RESILIENCE TO TRANSITION RISKS

To manage the short-term financial impacts of carbon pricing, F&N is actively monitoring climate-related regulations, particularly carbon tax developments in key jurisdictions where the Group operates. In addition to installing solar panels at selected sites, F&N has conducted a comprehensive assessment of decarbonisation options across its business divisions. These actions are aimed at mitigating cost increases associated with carbon taxes and improving long-term operational efficiency.

F&N had successfully integrated internal carbon pricing into its capital investment decisions and strategic planning processes, ensuring climate-related costs are factored into financial evaluations. These efforts are expected to support more informed decision-making and enhance the Group's resilience in a transitioning economy.

CLIMATE-RELATED PHYSICAL RISKS

Climate change poses physical risks that can be either acute, such as extreme weather events, or chronic, involving long-term shifts in climate patterns. The level of vulnerability and exposure of a site to these risks is influenced by factors like its geographic location, infrastructure, and surrounding environmental conditions. Proactive adaptation strategies by F&N and/or local authorities can strengthen climate resilience. However, as climate change continues to drive more frequent, intense, and prolonged extreme weather events in the coming decades, the resulting impacts may surpass current or planned resilience measures, presenting potential future risks.

F&N used scenario analysis to assess the anticipated effects of its most material physical risks, i.e. water-related hazards such as water scarcity and flooding. F&N has assessed 20 sites in Singapore, Malaysia, Thailand and Myanmar for potential risks from coastal, river, and extreme rainfall flooding. These locations were selected based on their strategic importance to the Group's operations, offering a representative view of the potential financial impacts of climate-related hazards. The assessment process was validated through collaboration with key internal stakeholders across corporate, business, and operational teams.

	Risk	
	Water scarcity (Chronic)	**Flooding (Acute)**
Description	There is an increased risk of water scarcity due to rising global temperatures and shifting climate patterns. As water is a critical input for F&N's operations as a food and beverage company, reduced water availability could materially affect the Group's production capacity and ability to meet consumer demand.	There is an increased risk of flooding due to rising sea levels and extreme rainfall, driven by climate change and increased occurrence and severity of extreme weather events. Flood could potentially cause significant crop losses, water contamination, damage to facilities and consequent business disruption.
Business implications	Water scarcity may constrain access to sufficient clean water, to sustain production levels. Addressing this risk requires investments in water efficiency, recycling and long-term water security measures. It is also expected to impact upstream suppliers of water-intensive raw materials, potentially causing shortages or delays in supplying raw materials. This may require F&N to diversify its supplier base and adjust operational planning.	Flooding poses a material risk to F&N's business model and value chain, with potential shift in capital allocation towards facility repairs, alternative logistics and higher insurance costs. Flood may also damage suppliers' facilities and disrupt transport routes, reinforcing the need for supplier diversification and greater resilience to supply chain and logistics.

OPERATIONAL ECO-EFFICIENCY

	Risk	
	Water scarcity (Chronic)	**Flooding (Acute)**
Financial effects	Water scarcity is expected to increase operating costs through higher water tariffs and may reduce revenue and profitability due to potential business disruptions. In the current financial year, the Group did not experience any water scarcity event that impacted its financial results materially. In the short to medium-term (to 2030), the impact is expected to be minimal in the countries where F&N operates, as only three manufacturing sites in Thailand are in extremely high water stress regions.	In response to increasing flood risk, F&N has invested in protective infrastructure such as flood barriers and assets elevation, resulting in higher capital expenditure. The Group may also face additional capital or operating costs from asset damage and repairs in the event of a flood incident, which could affect cash flows. In the current financial year, the Group did not experience any flood event that impacted its financial results materially. In December 2021, flash floods in Malaysia resulted in damages equivalent to 5% of the Group's operating profits, including losses from inventories, property damage, repairs, and other related costs. These damages were mitigated by insurance claims. It is assessed that the potential impact from a recurrence of such flooding at the same site is low.
Inputs and parameters	Internal data, such as annual revenue and water usage were used with external data which included water stress data from the World Resources Institute ("**WRI**"), climate trend and academic research data.	Internal data, such as asset replacement value and annual revenue were mapped against flood projections (e.g. flood depth) from Fathom, coupled with assumptions based on research by EU Joint Research Centre.
Management Response	<u>Direct efforts</u> F&N regularly reviews water-related risks at key operational sites using WRI data to inform strategic decision-making. As part of its water stewardship efforts, the Group is optimising water circularity and efficiency to achieve its water intensity targets. These initiatives are expected to reduce long-term operating costs and mitigate risks associated with water scarcity. Where necessary, F&N will expand water storage systems, representing targeted capital investments aimed at strengthening operational resilience and safeguarding production continuity. <u>Indirect efforts</u> F&N is also planning to assess the baseline water stress risks of its key suppliers and focus on those that are exposed to higher risks. The Group aims to understand how these suppliers are improving their water stewardship practices, including the adoption of water-efficient processes and recycling initiatives to mitigate potential supply chain disruptions.	<u>Direct efforts</u> To mitigate the financial impacts of flooding, F&N is strengthening key operational sites with physical infrastructure such as flood barriers, elevated equipment installations, pumps, and drainage systems, supported by administrative controls including emergency response plans. <u>Indirect efforts</u> F&N is also considering the assessment of flood risk across its key suppliers and focus on those that are at higher risk and engage them to understand how they plan to reduce their vulnerability and exposure.
Business implications to management response	The above insights would guide F&N to reallocate resources towards suppliers that demonstrate stronger water efficiency and resilience.	The above efforts would guide F&N to prioritise resources towards suppliers that implement initiatives that strengthen business continuity and minimise flood-related disruptions.

	Risk	
	Water scarcity (Chronic)	**Flooding (Acute)**
Resources allocated for management response	The capital expenditure planned for the current and short-term reporting periods has been integrated into F&N's financial planning processes. These investments will be funded through operating cash flows and, where applicable, supported by government-related incentives or budget allocations earmarked within operating cash flow forecasts.	
Progress of management response	In FY2024, F&N implemented a robust water recycling system at its Rojana plant and optimised its water usage in water-intensive manufacturing processes. In FY2025, F&N continued to expand water saving initiatives to other key manufacturing plants. For example, the Tuas plant implemented a water recycling system which began operations in June 2025.	In FY2024, F&N carried out comprehensive flood surveys at two key manufacturing sites in Malaysia and Thailand to assess their risk exposure and adequacy of mitigation plans. In FY2025, similar site surveys were extended to two additional manufacturing sites in Malaysia. Ongoing efforts are made to reinforce the resilience of key manufacturing sites that are at risk.

CLIMATE RESILIENCE TO PHYSICAL RISKS

F&N has implemented a range of response measures to strengthen its resilience against flooding risk in the short and medium term, as summarised on pages 64 to 65 of this Report. The results from the Group's quantitative flood risk assessment will be incorporated into future investment decisions and strategic planning processes.

ASSUMPTIONS AND AREAS OF UNCERTAINTY IN CLIMATE RESILIENCE ASSESSMENT

The table below outlines the key assumptions applied in our climate-scenario analysis.

Areas	Key Assumptions
Climate-related policies	The study has considered climate-related policies in key jurisdictions in which F&N operates (i.e., Singapore, Malaysia, and Thailand).
Macroeconomic trends	The study has considered the trends in population growth, demographics, economic development, local weather, and infrastructure–factors that directly affect our assessment of operational exposure to climate-related events in the different climate scenarios. While the study provides valuable insights, long-term climate projections remain uncertain due to the complex interactions between climate systems, and socio-ecological factors.
National- or regional-level variables	The inputs used to estimate the potential impacts from the scenario analysis include but are not limited to the following sources: • IEA WEO 2023 • IPCC AR6 • WRI Aqueduct 4.0
Energy usage and mix	The study has considered the projections by IEA on the renewable energy generation, the use of solar energy in total power generation mix.
Developments in technology	Due to the uncertainty in predicting the development in technologies, the study assumes that this factor remains constant.

OPERATIONAL ECO-EFFICIENCY

CLIMATE-RELATED RISK MANAGEMENT

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

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

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

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

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

RESPECTIVE MANAGEMENT TEAMS AND COMMITTEES REGULARLY REVIEW AND MONITOR THE TOP ORGANISATIONAL RISKS AND OPPORTUNITIES WITH MATERIAL IMPACT, AS WELL AS THE PROGRESS OF IMPLEMENTING MEASURES.

CLIMATE RISK MANAGEMENT PROCESS INTEGRATED INTO F&N-ERM

1 Step 1: Objective Setting

- Incorporate climate-related objectives into F&N's overall business objectives and risk appetite statements, across all business divisions
- Resilience to climate change is one of the key strategic focus
- Assign responsibilities for climate-related risk management

2 Step 2: Identification and Assessment of Risks and Opportunities

- Material climate-related physical and transition risks are identified through research, regulatory development and stakeholder engagement. The risks are assessed based on the probability and potential impact
- The assessment of the potential financial impacts of key climate-related risks are supported with scenario analysis.

  External sources, such as emerging climate-related regulation, scientific databases and academic papers, are referenced, apart from internal information sources.

3 Step 3: Risk Responses

- Climate-related risks are monitored by refreshing F&N's scenario analysis periodically with updated and relevant scientific data
- Development of mitigating actions, risk indicators and targets

4 Step 4: Unifying Risk Management Strategy

- Consolidate climate-related risk mangement outcomes at the Group level
- Monitor and report climaterelated risks to SDC and SRMC

CLIMATE-RELATED METRICS & TARGETS:

As part of our broader climate strategy and in alignment with ThaiBev's commitments, we have established measurable emissions reduction targets. These targets are embedded within our strategic planning and performance monitoring processes to drive long-term value creation and climate resilience.

Our targets align with the Paris Agreement's goal to limit global temperature rise to 1.5°C above pre-industrial levels and address key transition risks, including carbon pricing mechanisms and tightening regulatory standards in markets such as Singapore, Malaysia, and Thailand. By proactively reducing emissions through improved energy efficiency and technology upgrades, we aim to mitigate future cost exposure and enhance operational efficiency.

We apply an internal carbon price to quantify the financial impact of emissions in investment decisions. This approach guides operations toward greener solutions, supports our decarbonisation plans, and helps manage climate-related financial risks as part of our enterprise risk management strategy. Our targets and methodologies have not yet undergone third-party evaluation unless otherwise stated.

2025 TARGETS[1]

TARGET

Reduce the Group's GHG emissions intensity ratio[2] at our plants (from a 2020 baseline) by 8% by 2025[3]

PERFORMANCE

In FY2025, our GHG emissions intensity ratio decreased by 17% from the 2020 baseline.

This was contributed by the reduction in gross GHG emissions from the use of solar energy at the plants of respective business units and the overall increase in production volume at F&NHB.

The GHG emission intensity target was calculated using gross GHG emissions and was not derived using a sectoral decarbonisation approach. The Group does not plan to purchase carbon credits to achieve its targets at the current juncture.

PERFORMANCE

Emissions performance

Metric[4]	Unit	2024[3, 5]	2025[5, 6]
Total Scope 1 GHG emissions	'000 MT CO_2e	50	86
Total Scope 2 GHG emissions[7]		65	97
Group total GHG emissions intensity ratio	MT CO_2e/MT	0.092	0.120

We do not disaggregate the emission between the consolidated accounting group and other investees as the parent and its consolidated subsidiaries contribute to Scope 1 and 2 GHG emissions.

The Group acknowledges that indirect Scope 3 emissions across its value chain constitute a substantial component of its overall carbon footprint, encompassing emissions from investments such as associates and joint ventures. Although Scope 3 emissions have not yet been fully quantified or reported, the Group is actively enhancing its data collection and management processes. Ongoing efforts are focused on systematically identifying and assessing key emission sources across both upstream and downstream activities, laying the groundwork for comprehensive Scope 3 measurement and disclosure in future reporting cycles.

Notes:

1 Performance against 2025 targets are based on the 2020 baseline, excluding new plants added in 2025
2 The calculation of GHG emission intensity target is based on gross direct (scope 1) and energy indirect (scope 2) emissions and includes CO_2, CH_4 and N_2O gases
3 Excludes trial and commissioning data from F&NHB Shah Alam Plant
4 GHG emissions were calculated under the operational control approach defined in the GHG Protocol Corporate Standard
5 The following information is provided at a Group level. For a breakdown by country level, refer to the performance summary
6 Includes data from new plants
7 Scope 2 GHG emissions are computed using location-based method and currently F&N has no plan to purchase any contractual instruments such as Renewable Energy Certificates ("**RECs**") to offset or reduce its Scope 2 GHG emissions

OPERATIONAL ECO-EFFICIENCY

INITIATIVES

In addition to the mitigation and adaptation measures addressing climate-related transition and physical risks outlined on pages 62, 64 and 65 of this Report, F&N has also undertaken the following targeted initiatives aimed at reducing GHG emissions:

ROUTE PLANNING

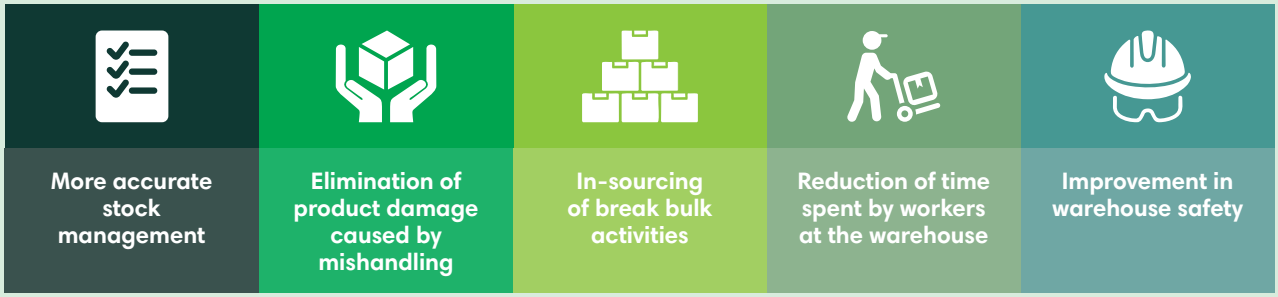
Optimal route planning is key to reducing GHG emissions. In recent years, we have consistently refined our distribution networks.

1. **Singapore, Malaysia, and Thailand: FNFS, F&NHB, and F&NDT – Automated Storage and Retrieval System ("ASRS")**
   F&N has strategically decentralised its distribution network to reduce GHG emissions, aligning with Total Supply Chain Management principles and incorporating advanced logistics management. A key innovation is the ASRS, now fully operational in the integrated warehouses at our plants in Singapore, Malaysia, and Thailand. This technology has transformed our operations by automating processes and supporting the handling of larger daily loads. Consequently, forklift usage has been optimised and reduced by up to 40%, saving time and energy by decreasing the number of trips down storage aisles. Additionally, the ASRS implementation has decreased the need for external warehouse rentals, leading to over a 15% reduction in transportation annually, conserving both time and energy and further cutting GHG emissions.

LOW CARBON PRODUCT

1. **Thailand: F&NDT – CARNATION Extra Non-dairy Half Creamer for Cooking and Baking**
   The 385g CARNATION Extra Non-Dairy Half Creamer for Cooking and Baking is F&NDT's inaugural low-carbon product, certified by the Thailand Greenhouse Gas Management Organisation ("**TGO**"). Its carbon footprint stands at 295g CO_2e, meeting the criteria of the TGO Carbon Footprint Reduction Label scheme. F&N is actively pursuing certification for additional products under this scheme to further support carbon footprint reduction.

This system drives improvements through:



ENERGY

SDGs:

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

Given the nature of our business, F&N's operations inevitably have environmental impacts, including contributions to global emissions, water consumption, and waste generation. These impacts primarily stem from energy use and resource consumption across our processes. To mitigate these effects, we focus on reducing our environmental footprint through improvements in manufacturing practices, adoption of innovative initiatives, and efficient utilisation of resources.

As part of our strategic development, we have recently integrated a dairy farm into our operations. While this is a step towards expanding our nutritious offering, it is expected to increase our emissions profile. Introduced part-way through FY2025, the full impact of our new dairy farm will be reflected in our emissions data from FY2026 onwards. This integration presents both challenges and opportunities; while it may contribute to heightened Scope 1 emissions, it also allows us to establish and implement sustainable farming practices from the outset. We are dedicated to

incorporating best practices and cutting-edge technologies to mitigate the overall environmental impact. As we move forward, continual monitoring and adaptation of strategies will ensure alignment with our broader sustainability goals.

While we aim to reduce emissions intensity at our dairy farm, we will work to establish a credible emissions baseline to provide a robust starting point for target setting.

MANAGEMENT APPROACH

Our operations are guided by the following principles:

- Fulfil and enhance the energy management system as energy conservation is an important part of our operations
- Utilise energy conservation technology and best practices as part of our continuous improvement
- Implement and improve energy management system to comply with relevant laws and regulations
- Conduct energy improvement programme to optimise business operations
- Promote, support and manage energy conservation efficiently

F&N's Energy Strategy aligns with our parent company ThaiBev's energy and climate change strategy in two key areas:

- Energy efficiency in our operations
- Renewable energy sourcing and generation

2025 TARGETS[1]

TARGET

Reduce the Group's energy intensity ratio at our plants (from a 2020 baseline) by 8% by 2025[2]

PERFORMANCE

In FY2025, our energy intensity ratio decreased by 3% from 2020, due to various energy efficiency initiatives at our plants.

While progress was made, we did not meet our FY2025 target. We continue to drive initiatives toward reducing our energy intensity ratio by implementing energy efficiency initiatives at the respective business units. Please refer to page 70 for further details.

PERFORMANCE

Energy performance

Metric	Unit	2024[2, 3]	2025[3, 4]
Total energy consumption within the organisation	'000 000 MJ	1,351	2,091
Energy consumption from non-renewable fuel sources		1,290	1,995
Energy consumption from renewable sources		61	96
Energy purchased*		1,351	1,996
Non-renewable fuel		823	1,269
Natural gas		688	849
Diesel		56	325
Liquified petroleum gas		39	35
Gasoline		0	6
Fuel oil		39	53
Biogas		0	0
Electricity		467	548
Steam		0	178
Solar		62	95
Biofuels		1	2

Notes:
1 Performance against 2025 targets are based on the 2020 baseline, excluding new plants added in 2025
2 Excludes trial and commissioning data from F&NHB Shah Alam Plant
3 The following information is provided at a Group level. For a breakdown by country level, refer to the performance summary
4 Includes data from new plants

OPERATIONAL ECO-EFFICIENCY

PERFORMANCE

Energy performance

Metric	Unit	2024[1, 3]	2025[1, 2]
Energy sold*		2	2
Solar	'000 000 MJ	0	1
Electricity		2	1
Group total energy intensity ratio	'000 MJ/MT	1.08	1.38
Production volume	'000 MT	1,250	1,515

* The breakdown of energy type purchased and sold are as follows, types that were not included such as cooling and heating may be assumed to be negligible.

F&N set an ambitious target to reduce energy intensity; however, this was not achieved during the reporting period due to strategic expansion across our Malaysian facilities and the commissioning of a new plant in Thailand. These developments, while essential for long-term growth, presented operational challenges that impacted our performance against energy efficiency goals.

Looking ahead, we will build on what has been achieved and drive continuous improvements to reduce our energy efficiency. F&N remains steadfast in its commitment to sustainability, with energy efficiency as a central priority.

INITIATIVES

ENERGY EFFICIENCY IN OUR OPERATIONS

Improving energy efficiency within our operations is a crucial step towards reducing our environmental impact. At F&N, we are dedicated to enhancing our GHG emissions reduction efforts by increasing energy efficiency throughout our operations and supply chain.

1. **Thailand: F&NDT – Innovative Heat Wave Radiation**
   We eliminated natural gas usage at one production line at our F&NDT Rojana plant by replacing our gas flame system, for sterilising steel cans, with an innovative heat wave radiation system. This was done by switching to UVGI, which uses Ultraviolet-C light to disinfect steel cans, instead of using gas flames, which is generated by burning natural gas at a temperature of 150°C. Regular real time reading and online control of the UVGI heatwave intensity ensures it remains at a level sufficient to effectively sterilise our steel cans, before interlocking the filling machine function and automating it. This reduced F&NDT's natural gas consumption by up to 11%, resulting in around 1,250 MT CO_2e GHG emissions avoided each year.

   Building on this success, we extended UVGI technology to sterilise SCM steel lids, replacing electricity-powered heat induction coils. The advanced system features real-time UVGI heat wave monitoring and an interlocking mechanism to ensure every lid is thoroughly sterilised, eliminating microbial contaminants before sealing. This transition cuts electricity use by 110,000 kWh annually, reducing GHG emissions by about 50 MT CO_2e. These initiatives underscore our commitment to sustainable, efficient operations.

2. **Malaysia: F&NHB – Reuse of Cooker Condensate Water**
   At our Pulau Indah plant, we implemented a resource efficiency initiative to reuse condensate water from the cooker, which is approximately 100°C, for preheating Zone 7 of the preheater. By recovering waste heat from the condensate, the project significantly reduces the need for additional energy input from natural gas, resulting in an average savings of 114MMBtu per month. This means a reduction of GHG emissions by around 840 MT CO_2e per year. In addition to energy savings, the project also conserves approximately 290 m^3 of water per month by reducing freshwater consumption for the preheater.

RENEWABLE ENERGY SOURCING AND GENERATION

Renewable energy sourcing and generation initiatives will be key for our progress toward our 2025 GHG emissions intensity reduction sustainability goals.

1. **Singapore, Malaysia and Thailand: FNFS, TPL, F&NHB, F&NICM, TOM, F&NDT and F&NUL – Installation of Solar Panels**
   Across the Group's operations in Singapore, Malaysia and Thailand, solar panels have been progressively installed across the rooftops of plants. In FY2025, additional solar panels installed at seven of our Malaysian plants have been operational. In total, all our installed solar panels are expected to reduce grid electricity usage by over 24 million kWh annually. This would result in around 12,400 MT CO_2e GHG emissions avoided each year.

Notes:
1 The following information is provided at a Group level. For a breakdown by country level, refer to the performance summary
2 Includes data from new plants
3 Excludes trial and commissioning data from F&NHB Shah Alam Plant

WATER STEWARDSHIP

SDGs:

GRI Index:
GRI 3-3a, 3-3b, 3-3c, 3-3d (i, ii, iii), 303-3, 303-4, 303-5

Reliable supply of water and effective water management is crucial to F&N as water is used extensively in our products and operational processes. With climate change expected to intensify the severity of flooding and water scarcity in the near future, we are committed to responsible water stewardship by managing our water use to safeguard the availability of clean water for local communities in the markets we operate.

MANAGEMENT APPROACH

F&N organised initiatives to enhance water security and reduce consumption to address water-related risks and opportunities through collaboration with relevant stakeholders, creating shared value projects. Our approach to mitigating risks to our water supply involves:

- **Quantitative Climate-Related Risks Assessment**: We assess the potential business impacts of water scarcity and flooding on key sites identified as having medium to high exposure to these risks.
- **Evaluation Tools**: Our sustainability team utilises resources like the World Resources Institute Aqueduct and the World Wildlife Fund Water Risk Filter to pinpoint areas experiencing significant water stress.
- **Tracking and Monitoring**: We have established a systematic process across all operations for daily and monthly tracking of water consumption and effluent quality, ensuring effective oversight and management.

2025 TARGETS[1]

TARGET

Reduce the Group's water intensity ratio at our plants by 8% from a 2020 baseline by 2025[2]

PERFORMANCE

In FY2025, our group water intensity ratio increased by 2% from the 2020 baseline due to business expansion and shift to producing more water intensive products.

We did not manage to meet our FY2025 target due to increased water usage for product manufacturing and cleaning programmes. However, we will continue efforts to drive reductions in our water intensity ratio by implementing operational and system changes at our plants.

PERFORMANCE

Water Stewardship performance

Metric	Unit	2024[2, 3]	2025[3, 4]
Total volume of water withdrawal	ML	3,606	5,010
Surface water		70	229
Ground water		377	1,145
Seawater		0	59
Third-party Water (e.g. municipal water)		3,159	3,577
Total volume of water discharged		1,985	2,210
Total freshwater (< 1,000 mg/l Total Dissolved Solids) discharge		1,664	1,386
Surface water		1,161	887
Ground water		14	26
Seawater		0	25
Third-party Water (e.g. municipal water)		490	473
Total other water (> 1,000 mg/l Total Dissolved Solids) discharge		321	824

Notes:
1 Performance against 2025 targets are based on the 2020 baseline, excluding new plants added in 2025
2 Excludes trial and commissioning data from F&NHB Shah Alam Plant
3 The following information is provided at a Group level. For a breakdown by country level, refer to the performance summary
4 Includes data from new plants

OPERATIONAL ECO-EFFICIENCY

Water Stewardship performance			
Metric	**Unit**	**2024[1, 3]**	**2025[1, 2]**
Surface water	ML	0	449
Ground water		0	0
Seawater		321	344
Third-party Water (e.g. municipal water)		0	30
Total volume of water consumed		1,620	2,800
Group water intensity ratio	m^3/MT	2.88	3.31

18% of the total water withdrawn and 22% of the total water consumed occur in regions with Extremely High Baseline Water Stress.

There were no known reported incidents of non-compliance associated with water quality permits, standards and regulations.

F&N set ambitious targets to reduce water intensity; however, these were not achieved during the reporting period due to strategic expansion across our Malaysian facilities and the commissioning of a new plant in Thailand. While these developments support long-term growth, they presented operational challenges that impacted our performance against water efficiency goals.

Notwithstanding, we will build on what has been achieved and drive continuous improvements to reduce our water intensity ratio. F&N remains steadfast in its commitment to sustainability, with water efficiency as a key priority. We are optimistic that our continuous improvements will strengthen our ability to meet future sustainability goals.

INITIATIVES

WATER STEWARDSHIP IN OUR OPERATIONS

F&N is committed to enhancing water efficiency through a variety of initiatives. Our plant engineers are actively exploring ways to close the loop in our water systems by treating wastewater for reuse in processes such as cooling and general cleaning. Collaboration with stakeholders in our value chain is also key to developing effective water management strategies.

1. **Malaysia: F&NHB – Reuse of Water from the PET Line 7 Bottle Rinsing Process**
   Water from the PET Line 7 bottle rinsing process is now being filtered and reused for warmer hot water spray and filler bottle body rinsing at our Shah Alam plant. This has resulted in over 4,640 m^3 of water savings this year.

2. **Singapore: FNFS – Water Recovery Plant**
   We are implementing a Water Recovery Plant in our Tuas plant, where the current plant capacity allows the initial recovery of 250 m^3 of water per day. When the plant stabilises, water savings of around 3,000 m^3 of water per month, based on the NEWater supplied quantity from PUB, is expected.

WASTE MANAGEMENT

SDGs:

GRI Index:
GRI 3-3a, 3-3b, 3-3c, 3-3d (i, ii ,iii), 306-1, 306-2, 306-3, 306-4, 306-5

In pursuit of a future free from waste, we embrace the circular economy approach, aiming to minimise waste and promote sustainable resource use by repurposing materials for other processes. By enhancing waste management, we improve resource efficiency, reduce our environmental footprint, and realise potential cost savings. Our practices support sustainability efforts, contributing to cleaner communities and fostering eco-friendly industries. While the transition to these models involves challenges, such as costs and cultural barriers, we are dedicated to overcoming these obstacles to promote sustainability and long-term resilience.

MANAGEMENT APPROACH

Waste is generated at various stages of the production process, including the supply chain and our operational activities. F&N is committed to efficient waste management by minimising and redirecting operational waste through innovative solutions and identifying opportunities to close the material cycle loop. Our collaboration with stakeholders along the supply chain focuses on adopting circular practices to achieve more resource-efficient operations.

Notes:
1 The following information is provided at a Group level. For a breakdown by country level, refer to the performance summary
2 Includes data from new plants
3 Excludes trial and commissioning data from F&NHB Shah Alam Plant

We prioritise environmentally responsible waste management practices to underscore our commitment to sustainability:

- Non-Hazardous Waste: We primarily recycle non-hazardous waste to maximise resource utilisation and reduce environmental impact. Waste that cannot be recycled is directed towards waste-to-energy facilities at power plants, whenever possible, to aid in energy recovery and minimise landfill contributions.
- Hazardous Waste: Although limited, hazardous waste is disposed of properly by licensed waste contractors, adhering to stringent regulatory standards.

Through our ESH strategy, we promote employee awareness of responsible consumption and the importance of effective waste management across our business activities.

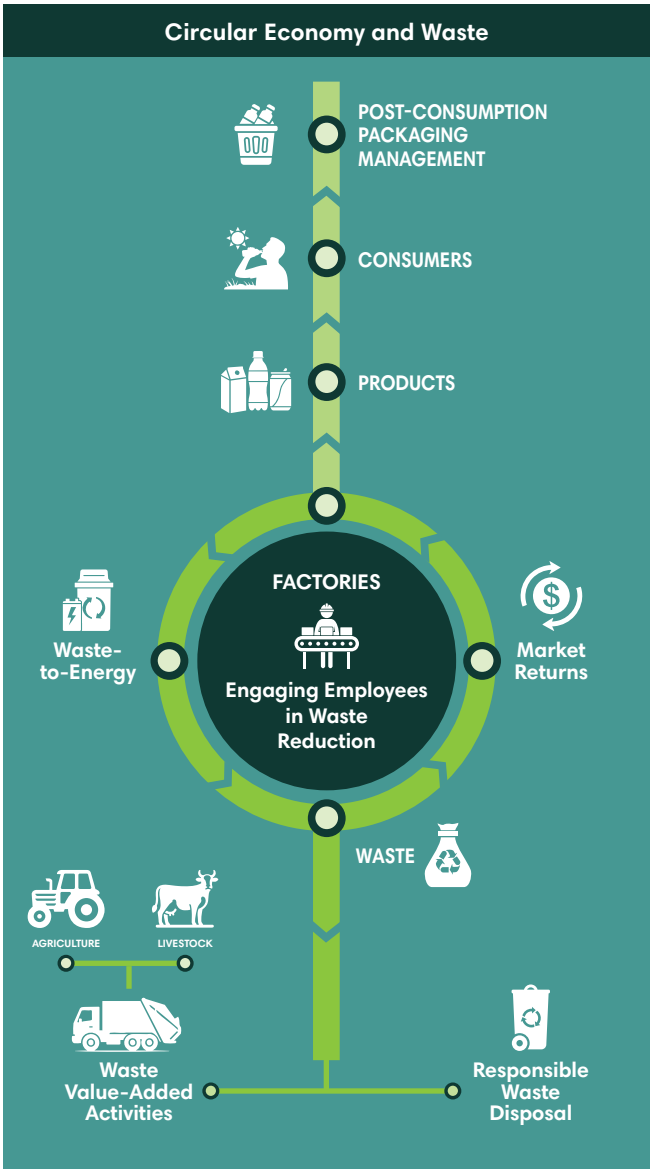
2025 TARGET[1]

TARGET

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

PERFORMANCE

In FY2025, the total solid waste sent to landfill decreased by 66% from a 2020 baseline year due to our sustainable waste management practice.



PERFORMANCE

Waste Management performance

Metric	Unit	2024[2]	2025[2, 3]
Total waste generated	'000 MT	22	23
Total waste diverted from disposal		19	19
Hazardous waste		0	0
Offsite[4]			
Prepare for reuse		0	0
Recycling		0	0
Composting (self-fertiliser)		0	0
Chemical wastewater treatment		0	0

Notes:
1 Performance against 2025 targets are based on the 2020 baseline, excluding new plants added in 2025
2 The following information is provided at a Group level. For a breakdown by country level, refer to the performance summary
3 Includes data from new plants
4 All disposed waste from F&N is processed offsite

OPERATIONAL ECO-EFFICIENCY

PERFORMANCE

Waste Management performance

Metric	Unit	2024[1]	2025[1,2]
Non-hazardous waste		18	19
Offsite[3]			
Prepare for reuse		0	1
Recycling		11	11
Composting (self-fertiliser)		7	7
Chemical wastewater treatment		0	0
Total waste directed to disposal		3	4
Hazardous waste		0	0
Offsite[3]	'000 MT		
Landfill		0	0
Incineration (with energy recovery)		0	0
Incineration (without energy recovery)		0	0
Non-hazardous waste		3	4
Offsite[3]			
Landfill		1	1
Incineration (with energy recovery)		2	0
Incineration (without energy recovery)		0	3
Solid waste incinerated, disposed or sent to landfill	'000 MT	1	1
Group solid waste intensity ratio	kg/MT	0.84	0.75
Solid waste reused, recycled or recovered	'000 MT	21	21
	%	95	95

INITIATIVES

OPTIMISING WASTE REDUCTION THROUGH INTERDEPARTMENTAL COLLABORATION

Collaborations between departments aim to boost product demand and refine quantity forecasting accuracy to minimise the occurrence of unsold products and reduce waste. To support these efforts, strategic investments have been made in software tools that aid in tracking returned SKUs, enhance forecast accuracy, and provide continuous opportunities for improvement in demand planning. Additionally, insights and feedback from sales teams are utilised to further refine the forecasting process.

TRANSFORMING MARKET RETURNS INTO COST-EFFECTIVE SOLUTIONS

To tackle the challenge of waste from non-recyclable market returns, FNFS is considering an initiative to blend these returns with okara and repurpose them as feed for black soldier fly larvae. These larvae can transform the waste into frass, a by-product that can serve as a substitute or supplement for commercial fertilisers in agriculture or be incorporated into poultry and aquaculture feed formulations. This strategy offers an environmentally friendly and sustainable solution that reduces the volume of waste sent to disposal.

PLANT MANAGEMENT – ROAD TO ZERO WASTE TO LANDFILL ("ZERO-LANDFILL")

Nine[4] factories in our sustainability reporting scope had achieved zero-landfill in FY2025. As part of this initiative, F&NDT's Rojana and Wang Muang plants, along with F&NHB's Bentong plant, have transformed non-recyclable waste into electricity at a waste-to-energy facility, successfully converting over 840 metric tonnes of waste into more than 2.3 million kWh of electricity.

REDUCING FOOD LOSS AND WASTE IN THE VALUE CHAIN

Food loss and waste present critical global challenges, severely impacting the achievement of sustainable development goals, with about one-third of the world's food production either lost or wasted. This issue leads to serious problems such as food shortages, water stress, biodiversity loss, and increased GHG emissions, highlighting the need to tackle this complex issue urgently.

Notes:
1 The following information is provided at a Group level. For a breakdown by country level, refer to the performance summary
2 Includes data from new plants
3 All disposed waste from F&N is processed offsite
4 F&NHB (Kota Kinabalu, Kuching, Pulau Indah and Shah Alam), FNFS, TP, F&NUL, F&NDT (Rojana and Wang Muang)

F&N is committed to reducing food loss and waste throughout our entire value chain by:

- Reducing our production waste to landfill by 30% by 2025; and
- Collaborating with our business partners to reduce food loss and waste.

The Group is currently prioritising efforts to comprehensively classify waste data by type and disposal method, including data on food loss and waste, to enable more detailed analysis. This initiative forms part of the Group's broader strategy to reduce the amount of waste sent to landfills, and to progress towards achieving its future waste reduction targets.

F&NHB has developed a framework for managing food loss and waste, inspired by the Food and Drink Material Hierarchy from the United Nations' Food and Agriculture Organisation. The framework involves active engagement with upstream and downstream partners to devise creative solutions focused on preventing food loss and optimising, recycling, and recovering food waste.

F&NHB has undertaken several initiatives to address food loss and waste, including partnering with collaborators to repurpose it, such as converting sludge into fertilisers. This year, F&NHB has further cemented its commitment through long-term partnerships with Yayasan Bursa Malaysia, The Lost Food Project, Kechara Soup Kitchen and Kembara Kitchen, contributing over 20,000 kg of products to those in need.

Raw Materials Upstream

Work closely with suppliers to ensure raw materials are of set standards and quality.

Track, measure and monitor any losses of raw materials on monthly basis to reduce food loss.

Production Processes Within Our Plants

Track, measure and monitor manufacturing processes.

Improve food loss management by identifying key categories and waste streams.

Reduce impact from operations by complying with, and going beyond, relevant regulations.

Collaboration with Partners

Team up with partners to look for innovative programmes/initiatives to reduce food lose or reuse food lose for alternative usage.

Managing Food Surplus Downstream

Regularly track, measure and monitor any food surpluses in retail.

Channel surplus food to organisations and communities.

VALUE CHAIN IMPACTS

AT F&N, WE VIEW PACKAGING AND BIODIVERSITY AS KEY MATERIAL ISSUES, GIVEN THE BROADER ENVIRONMENTAL IMPLICATIONS OF OUR PRODUCTS BEYOND OUR IMMEDIATE OPERATIONS. THE SOURCING OF RAW MATERIALS AND INGREDIENTS—WHETHER FOR OUR PRODUCTS OR THEIR PACKAGING—PLAYS A SIGNIFICANT ROLE IN SHAPING OUR OVERALL IMPACT. TO ADDRESS THIS, WE ARE COMMITTED TO ENHANCING OUR PACKAGING PRACTICES AND ENSURING THAT RAW MATERIALS ARE SOURCED RESPONSIBLY. THROUGH THESE EFFORTS, WE AIM TO REDUCE OUR ENVIRONMENTAL FOOTPRINT ACROSS THE ENTIRE VALUE CHAIN.

More information can be found in the following sections:
- **Packaging**
- **Biodiversity**

PACKAGING

SDGs:

GRI Index:
GRI 3-3, 301-1, 301-2

F&N is committed to addressing the societal concerns surrounding unsustainable packaging and the improper handling of post-consumer waste. In response to growing environmental awareness and evolving regulatory landscapes, we actively review and refine our packaging practices to support both current and future government policies. For instance, initiatives such as Singapore's Zero Waste Masterplan, Thailand's Roadmap on Plastic Waste Management and Malaysia's Roadmap Towards Zero Single-Use Plastics reflect the increasing emphasis on sustainable packaging across the regions where we operate.

To align with these developments and meet stakeholder expectations, we explore sustainable packaging solutions that prioritise recyclability and promote circularity. By focusing on responsible design and material selection, we aim to minimise environmental impact throughout the product lifecycle and contribute meaningfully to national and global sustainability goals.

VALUE CHAIN IMPACTS

MANAGEMENT APPROACH

F&N develops packaging solutions by investing in innovation, integrating principles of circular economy, and working closely with stakeholders, while making sure to keep our packaging designs environmentally friendly.

F&N's packaging approach is centred around several key objectives:

- Reducing amount of materials used in our packaging
- Increasing use of sustainable packaging materials
- Designing packaging to be recyclable

F&N actively works to find solutions to manage post-consumer packaging. We have partnered other organisations to close the loop and also seek to work with new suppliers that meet our sustainable packaging materials requirements.

2025 TARGET[1]

TARGET

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

PERFORMANCE

Average recycled content in our packaging has improved from 22% in FY2020 to 28% in FY2025

PERFORMANCE

Packaging materials performance

Metric	Unit	2024[2]	2025[2, 3]
Materials used to produce and package primary products and services	'000 MT	1,717	2,915
Renewable		1,621	2,804
Non-renewable		96	187
Recycled input materials used to manufacture products and services[4]	%	25	26

INITIATIVES

PARTNERSHIPS TO ENCOURAGE CIRCULAR ECONOMY

Since 2019, F&N has led a joint initiative with Singapore's NEA to deploy 50 Reverse Vending Machines ("**RVMs**") throughout the country. This initiative provides accessible avenues for consumers to recycle selected plastic bottles and aluminium cans, fostering a recycling habit. It aligns with the national vision outlined in the Sustainable Singapore Blueprint, which aims to elevate the country's recycling rate to 70% by 2030. As of September 2025, around 16.7 million aluminium cans and PET bottles have been collected.

F&N is also part of a consortium, granted a licence by Singapore's NEA, known as BCRS Ltd. This consortium is tasked with developing and operating Singapore's Beverage Container Return Scheme (BCRS), set to commence in April 2026. The scheme intends to boost recycling rates for beverage containers and reduce waste disposal and greenhouse gas emissions within Singapore, while raising consumer awareness on the significance of recycling and promoting responsible recycling practices.

REDUCING VOLUME OF MATERIALS USED IN PACKAGING

F&N aims to decrease the volume of packaging materials used in relation to our product's size. Whenever feasible, we actively minimise the use of materials that are less environmentally friendly.

At our F&NHB Pulau Indah plant, we have downgauged the tinplate body and lid. Together, these initiatives achieved annual savings of approximately MYR 1 million (about SGD 310,000) and reduced packaging usage by around 220 MT in FY2025.

Meanwhile, at our F&NHB Rojana plant, the thickness of shrink film has been reduced, cutting plastic usage by over 35 MT each year.

These efforts demonstrate F&N's commitment to optimise package design, reduce resource consumption and advance circularity across our operations.

INCREASING USAGE OF SUSTAINABLE PACKAGING MATERIALS

In Thailand, F&NHB has successfully implemented the use of 100% recycled paper for corrugated cartons in its local products, and it is striving to increase the proportion of recycled materials in its tinplate and plastic bottle packaging.

F&NHB continues to advance sustainable packaging initiatives for its ICE MOUNTAIN Drinking Water and BORNEO SPRINGS Natural Mineral Water brands. The environmentally conscious packaging incorporates FSC-certified paper that is fully recyclable and features a bio-based bottle cap derived from sugar cane. In addition, F&NHB has introduced

Notes:
1 Performance against 2025 targets are based on the 2020 baseline, excluding new plants added in 2025
2 The following information is provided at a Group level. For a breakdown by country level, refer to the performance summary
3 Includes data from new plants
4 Data for Packaging materials only

its first recycled PET bottle for the NEW BORNEO SPRINGS Natural Mineral Water series, available in 500ml and 1500ml sizes. These bottles are made entirely from recycled plastic, eliminating the need for virgin fossil-based plastic, reducing GHG emissions by 79% compared to virgin PET bottles. By reducing reliance on virgin plastic, the initiative also helps prevent the generation of additional plastic waste.

We are also currently implementing a comprehensive Group-wide packaging assessment to gain a better understanding on how to improve the recyclability of our packaging. A questionnaire to assess packaging recyclability will be integrated into new product development process, ensuring that sustainability considerations are embedded from the outset.

BIODIVERSITY

SDG:

GRI Index:
GRI 3-3, 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. The well-being and livelihoods of billions[1] of people are intricately linked to the prosperity of biodiverse ecosystems.

In recent decades, biodiversity loss and ecosystem degradation have accelerated, mainly driven by the overexploitation of resources, coupled with the escalating impacts of climate change, increased resource demands, and rapid technological advancements. These factors pose significant challenges to preserving our biodiverse ecosystems.

At F&N, our dependence on the natural environment for crucial raw materials such as palm oil, sugar, and paper is evident. We recognise that a decline in biodiverse ecosystems directly impacts our business. As a result, we are committed to extending our efforts beyond sustainable sourcing and collaborate with our suppliers to safeguard biodiversity in the regions where we operate.

MANAGEMENT APPROACH

F&NHB, a subsidiary of F&N, is at the forefront of addressing biodiversity matters, engaging with both internal and external stakeholders to shape our strategy for biodiversity management. Central to this initiative is the F&NHB Biodiversity Statement, which lays the groundwork for our biodiversity commitments:

- Avoid deforestation in our supply chain.
- 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 Sites and key biodiversity areas.
- 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:
  a. Avoidance - Avoid operating and developing in areas of high biodiversity value.
  b. Minimisation - Implement measures/initiatives to monitor and minimise impacts on biodiversity from our operations.
  c. Restoring - Seek to restore/rehabilitate areas where impacts cannot be prevented.
  d. Offset - Consider biodiversity compensation/offsets measures, where there is residual impact
- 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.

This statement is applicable to all current and future F&NHB operational sites.

INITIATIVES

F&N sources for sustainable palm oil in a bid to contribute to conservation of the ecosystem. As an ordinary member of RSPO, we abide by the RSPO Principles and Criteria 2018 and are committed to sourcing for traceable palm oil that is free from deforestation and conversion through suppliers with a no deforestation, no conversion policy.

We engage our palm oil suppliers to ensure palm oil sourced from them is RSPO certified, sustainable and traceable. Our current palm oil suppliers have No Deforestation, No Peat, No Exploitation Policies which they disclose on their websites.

To gain further insights into our Group's location of operations, we have started a biodiversity risk assessment exercise to identify and manage site-specific biodiversity risks in alignment with ThaiBev's sustainability direction. While this project is currently underway, our initial screening with using the WWF's Biodiversity Risk Filter has been completed, and the next step, field-based assessment, has been planned.

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.

Notes:

1 IPBES (2022). Summary for Policymakers of the Thematic Assessment Report on the Sustainable Use of Wild Species of the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services. Fromentin, J.M., Emery, M.R., Donaldson, J., Danner, M.C., Hallosserie, A., Kieling, D., Balachander, G., Barron, E.S., Chaudhary, R.P., Gasalla, M., Halmy, M., Hicks, C., Park, M.S., Parlee, B., Rice, J., Ticktin, T., and Tittensor, D. (eds.). IPBES secretariat, Bonn, Germany. https://doi.org/10.5281/zenodo.6425599