

Introduction to

ECONOMIC PILLAR

Responsible Business Fundamentals

F&N acknowledges the significant influence our business has on the societies and environments where we operate. As a leading Food and Beverage company in Southeast Asia, we are committed to making informed decisions that balance social, environmental, and financial value creation.

We aspire to be a regional leader by integrating Responsible Business Fundamentals into our operations.

2025 SUSTAINABILITY TARGETS AND FOCUS AREAS



PRODUCT QUALITY AND SAFETY

FSSC scheme 22000 and Halal Standard (or equivalent) certification for all plants by 2025



INNOVATION

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



SUPPLY CHAIN STEWARDSHIP

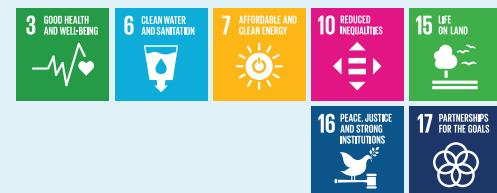
100% of active key suppliers accept and comply with F&N's SCOP by 2025

CONTRIBUTING TO SDGS

Primary



Secondary



RESPONSIBLE BUSINESS PRACTICE

OUR BUSINESS IS GROUNDED IN RESPONSIBLE PRACTICES. WE COMMUNICATE OUR GOVERNANCE POLICIES AND ETHICAL STANDARDS TRANSPARENTLY TO MAINTAIN TRUST WITH STAKEHOLDERS. THESE PRACTICES GUIDE EVERY ASPECT OF F&N-FROM FINANCIAL PERFORMANCE AND RISK MANAGEMENT TO OUR RELATIONSHIPS WITH SUPPLIERS AND CUSTOMERS.

In this chapter, we outline how F&N promotes and upholds responsible business practices across the organisation:

- Governance and Ethics
- Policy and Regulation
- Economic Performance

ESG considerations are incorporated in F&N's business strategy. Recognising its role and responsibility in driving climate action and supporting the transition to a low-carbon economy, F&N has integrated climate-related responsibilities into its governance framework. These responsibilities span the Board, Board Committees, Sustainability-related Committees, and working teams, ensuring accountability and alignment across all levels of the organisation.

GOVERNANCE AND ETHICS

GRI Index:

GRI 2-9, 2-12, 2-13, 2-14, 2-15, 2-16, 3-3, 205-3

ISSB Index:

IFRS S2 6, IFRS S2 29, IFRS S2 33, IFRS S2 34

SDGs:



Sustainability is a core strategic priority for the Group and is embedded in the overall strategy and financial planning processes. Climate-related risks and opportunities are systematically considered in business decisions, including capital expenditures, major acquisitions, and investment evaluations. Our updated investment policy require business units to assess potential climate impacts, such as carbon pricing, when evaluating significant investments. This approach ensures that long-term climate transition risks are reflected in strategic decision-making.

The Board of Directors holds ultimate responsibility for sustainability oversight, including the review of major climate-related investment decisions. Trade-offs are carefully considered, including upfront costs, long-term operational benefits, regulatory alignment, and environmental impact. Scenario analysis, financial assessments, and management inputs support these decisions, ensuring climate considerations are integrated into the Group's broader strategy, resource allocation, and risk management processes. Board oversight is supported by the Audit Committee and the Sustainability and Risk Management Committee, as well as inputs from management and business units, ensuring that climate-related considerations are integrated consistently across strategic, operational, and investment decisions.

As a Board-level committee, the F&N SRMC is responsible for steering the Group's ongoing sustainability efforts. It ensures that sustainability risks and opportunities are addressed at the highest level by providing strong guidance and support to management. The SRMC approves all strategic initiatives and policies related to sustainability.

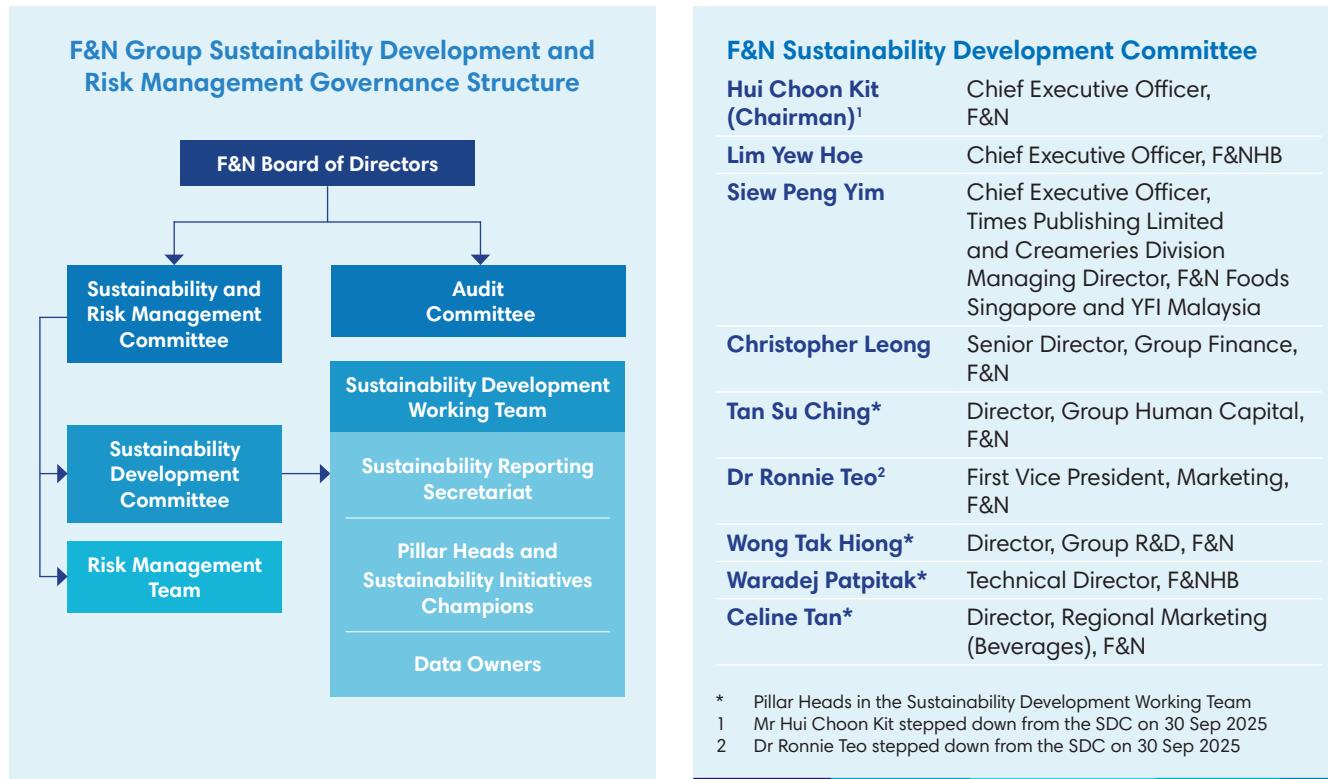
Supporting the SRMC, the SDC monitors and reports on the progress of sustainability projects. The SDC is further supported by the Sustainability Development Working Team, a cross-functional group that tracks performance against designated goals, drives operational initiatives, and gathers data for reporting. In FY2025, both the SRMC and SDC convened three times each to deliberate on sustainability matters.

F&N's Board of Directors ensures it has the appropriate sustainability-related skills and competencies through an ongoing process overseen by the Nominating Committee ("NC"). The NC periodically reviews the skills matrix, including climate and sustainability competencies, to identify gaps and recommend training where necessary. All Directors have completed SGX-prescribed sustainability training, and the Board participates in targeted sessions facilitated by external consultants to deepen climate-related knowledge and strengthen oversight of sustainability risks and opportunities. In addition, the Audit Committee and SRMC hold an annual joint meeting to support integrated oversight of climate-related matters across the Group.

Sustainability currently accounts for 5%-10% of annual performance assessments for both executives and selected supervisory and confidential job levels. As we set our 2030 targets, we are considering the integration of key sustainability and climate-related performance indicators into management's annual performance reviews, with a view to strengthen the linkage between sustainability performance and remuneration.

For FY2025, the structure of these dedicated roles and responsibilities is outlined on page 26.

RESPONSIBLE PRODUCT BUSINESS PRACTICE



F&N Sustainability Governance Roles and Responsibilities

F&N Functions	Sustainability-Related Roles and Responsibilities	Meeting Frequency
Board of Directors	<ul style="list-style-type: none"> Oversees material sustainability issues and impacts, including environmental and climate-related risks and opportunities, as part of F&N Group's overall strategy planning and risk management. Approves F&N's sustainability-related goals, targets, strategy, and management plans, aligning with the Group's risk appetite and tolerance, in pursuit of its strategic objectives. Approves sustainability report which includes climate-related disclosures and performance metrics endorsed by the SRMC. 	Five times a year
Board Committee: Sustainability and Risk Management Committee	<ul style="list-style-type: none"> Supports the Board in reviewing and monitoring material sustainability and climate-related risks and opportunities, providing strategic direction on managing the associated impacts as part of the Group's Enterprise-wide Risk Management (F&N ERM) framework. Ensures management of material risks arising from the Group's ERM assessment, including escalating sustainability and climate-related risks and opportunities to the Board for their information. Endorse development of sustainability and other risk management strategies and related policies that advance sustainability objectives and consider sustainability factors in decision making process. Endorse sustainability report which includes climate-related disclosures and performance metrics. 	Three times a year

F&N Functions	Sustainability-Related Roles and Responsibilities	Meeting Frequency
Board Committee: Audit Committee	<ul style="list-style-type: none"> Assists the Board in reviewing and monitoring the effectiveness of the Group's internal control system, audit process and compliance with relevant policies, laws and regulations. Reviews key risks and recommendations from the SRMC, including sustainability and climate-related matters, and provides advice to the Board annually. 	Four times a year One time a year
Sustainability Development Committee	<ul style="list-style-type: none"> Headed by the Chief Executive Officer ("CEO"), Fraser and Neave, Limited and comprised of CEOs and senior executives from various F&N businesses across different functions. Identifies and assess material sustainability topics, including climate-related risks and opportunities, and monitor the progress of implementing sustainability activities. Reviews and validates climate scenario analysis, risk assessment and disclosure in line with relevant sustainability reporting standards and frameworks and makes recommendations to the SRMC. Recommend appropriate goals and targets, mapped to the material sustainability topics, for endorsement by SRMC and monitor progress toward these targets. Engage sustainability consultants on various climate-related topics, such as risks and opportunities identification, impact assessment and decarbonisation strategies, as part of ongoing knowledge building efforts. 	Three times a year
Sustainability Development Working Team	<ul style="list-style-type: none"> Consist of cross-functional representatives from each Business Unit who take on the role of Sustainability Reporting Secretariat, Pillar Heads and Sustainability Initiative Champions, and/or Data Owners. Develop sustainability and climate-related projects and initiatives that align with the five pillars of F&N Climate Strategy (i.e. energy efficiency, renewable energy, carbon reduction, route planning and exposure to climate change risks). Engage internal and external stakeholders to drive the implementation of sustainability and climate-related strategies at the operational level. Collect and analyse primary inputs from respective Business Units' Data Owners to track progress towards achieving the Group's sustainability and climate-related goals and prepare periodic reports to SDC and SRMC. 	Ad-Hoc
Risk Management Team	<ul style="list-style-type: none"> Risk discussion, including climate-related risks, with Business Units and corporate office as part of the Risk Management system. Organise climate-related risks and opportunities engagements with Business Units. 	Three times a year Ad-Hoc

RESPONSIBLE PRODUCT BUSINESS PRACTICE

MANAGEMENT APPROACH

RISK MANAGEMENT

Each business division has a dedicated risk coordinator who works with management to conduct risk analyses. These coordinators compile and submit reports to division heads and provide briefings on risk policies and practices. To ensure alignment with evolving business priorities, risk appetite and tolerance statements are reviewed annually by the Board SRMC and approved by the Board.

In line with the F&N ERM Policy, risk identification and assessment follow a systematic process. Risks are evaluated based on likelihood and potential impact on business objectives, and the results are consolidated into a Corporate Risk Scorecard. This provides a holistic view of the organisation's risk landscape and enables proactive management of potential impacts on business performance.

At the end of each FY, the CEO, Senior Director of Group Finance, Business Unit CEOs, Chief Financial Officer, and other key management review F&N's risk management and internal control systems. This process assesses the adequacy and effectiveness of these systems in addressing key risks, including climate-related risks and opportunities, and reports outcomes to the Board.

We have identified key priorities for sustainability issues, including climate-related risks and opportunities, for integration into our overall risk management framework.

Three perspectives were considered in assessing the sustainability risks:

- Review risks from external sources. For example, environmental trends, consumer trends, stakeholders' expectations, and legal and regulatory developments;
- Review potential impact which F&N products might have on the environment; and
- Review new and emerging risks from external sources as well as within the organisation

Some examples of key sustainability-related risks F&N had identified were:

- Increasing awareness of sugar consumption among consumers
- Plastic usage and its impact on health and the environment
- Supply chain management
- Talent management
- Product quality and safety
- Human rights
- Climate change



CORPORATE GOVERNANCE

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

List of policies

- Anti-Bribery Policy
- Human Rights Policy
- Supplier Code of Practice
- Code of Business Conduct
- Personal Data Protection Policy
- Information Security Policy
- Whistle-Blowing Policy
- Workplace Safety, Health & Security Policy

The F&N Code of Business Ethics & Conduct reflects our core principles of integrity, respect, and excellence. This Code is communicated to all employees and made accessible via our intranet.

Violations of any codes can be reported through any of these mechanisms:

1. Email to fnlwhistleblowing@fnegroup.com.sg
2. Contact us at +65 6273 6789
3. Any reporting mechanism provided in existing F&N policies

The Board sets good principles of ethics and values for the Group, ensures proper accountability within the Group, and seeks to ensure that obligations to shareholders and other stakeholders are understood and met. In FY2025, our operations were assessed for corruption, and to the best of our knowledge, there were no known substantiated corruption cases.

POLICY AND REGULATION

SDGs:

GRI Index:

GRI 2-23, 2-24, 2-26, 2-27, 3-3



F&N places strong emphasis on regulatory compliance across all operations and engages with policymakers in a responsible and transparent manner.

In Malaysia, where the majority of the population is Muslim, ensuring halal compliance and maintaining halal integrity is a top priority. We are committed to strict adherence to halal standards throughout our supply chain, providing confidence and assurance to our Muslim consumers.



WE ARE COMMITTED TO STRICT ADHERENCE TO HALAL STANDARDS THROUGHOUT OUR SUPPLY CHAIN, PROVIDING CONFIDENCE AND ASSURANCE TO OUR MUSLIM CONSUMERS.

MANAGEMENT APPROACH

HALAL POLICY

F&N upholds halal integrity across our entire supply chain to meet the needs of and provide confidence to our local and global Muslim consumers. We monitor ingredient handling processes throughout our operations to prevent any mixing of non-halal and halal ingredients.

F&N has adopted a 2-tier halal management structure to drive halal development:

- Establishing a Group Halal Council, with support from the Halal Affairs Department, to determine policies and strategies; and
- Establishing an internal Halal Committee at each manufacturing facility to be responsible for all matters pertaining to Halal compliance throughout the supply chain.

F&N is awarded with product halal certifications by complying with the halal audit requirements by regulatory authorities, such as the Department of Islamic Development Malaysia (JAKIM) and other relevant Islamic certification authorities, such as MUI, CICOT, MUIS, and adherence to the Good Halal Manufacturing Practices.

RESPONSIBLE PRODUCT BUSINESS PRACTICE

Halal Standards

F&N's products are halal certified by JAKIM and other relevant authorised Islamic certification bodies, in accordance with the Halalan Toyiban standards and the Islamic Shariah Law requirements.

F&N contributes to developing halal-related standards with the Federation of Malaysian Manufacturers ("FMM") and JAKIM through trade associations, such as the Sertu standards and Malaysian Standard 1514 Good Manufacturing Practice (GMP for food).

F&N commits to adhering to the halal standards and requirements by strengthening our employees' awareness and understanding through the following initiatives:

- Regular halal awareness training programme
- Auditing our distributors and training transporters to actively ensure the downstream of our supply chain is halal compliant
- Perform Sertu (ritual cleansing) on our second-hand machines brought into our factories
- Strictly prohibit non-halal food/drinks within factory premises, including the office and canteen
- Progressing toward working exclusively with Malaysian partners who handle halal products to eliminate cross-contamination risks

PERFORMANCE

F&N works closely with regulators in Singapore, Malaysia and Thailand, such as the Singapore National Environment Agency ("NEA"), Public Utilities Board, Malaysian Ministry of Health, Ministry of Trade and Industry and Ministry of Domestic Trade and Costs of Living, Thai Chamber of Commerce, Federation of Thai Industry and Dairy Industry Association to ensure regulatory compliance across the following areas:

Product and Service Labelling

We ensure that our marketing and advertising activities do not violate any ethical standards. F&N adheres to the Singapore Code of Advertising Practice in Singapore, Malaysian Code of Advertising Practice in Malaysia and the Consumer Protection Act of B.E. 2522 (2019) in Thailand. In Malaysia, F&N is a signatory to the 'Responsible Advertising to Children' initiative and has pledged to restrict marketing to children under 12 years of age.

Quality Management

We adhere to all health and safety regulations applicable to the F&B industry for the markets in which we operate. All F&N products are manufactured under stringent international quality and food safety standards. Every stage of our production processes is subjected to rigorous quality control procedures. Our F&B plants are certified with FSSC 22000 scheme and Halal certifications.

Nutrition

F&N has collaborated with authorities like Singapore's Health Promotion Board, Singapore Food Agency, Malaysian Ministry of Health, and FMM to adhere to food safety regulations.

Employee Safety, Health and Well-being

Safety is integrated across our operations through the implementation of Environmental, Safety and Health ("ESH") systems and monitoring processes. All employees, workers and activities are covered by our ESH systems, and all workers receive adequate training and appropriate safety equipment, where applicable. We also align with international standards, such as ISO 14001 Environmental Management Systems (EMS) and ISO 45001 Occupational Health and Safety (OH&S), at our major sites to enhance our safety practices.

Environmental Compliance and Management

The F&B manufacturing process involves generation of liquid (effluent) and solid wastes. We strive to improve our waste management by identifying key waste streams which we can recycle to reduce waste.

Our ESH Policy and adherence to circular economy principles guides waste management at F&N. We apply strict standards to our waste management and continuously explore alternative uses for 'waste' from our operations.

New SGX Sustainability Reporting guidelines

SGX had updated the Sustainability Reporting guidelines to also mandate listed companies on the following:

- Internal review of the sustainability reporting process by the internal audit ("IA") function;
- All Board directors to undergo sustainability training; and
- Incorporation of IFRS SDS for reports published from the beginning of FY2025, with greater emphasis on climate-related disclosures.

This year, we enhanced our climate-related disclosures by progressively incorporating requirements of the IFRS S2 and climate-relevant provisions from IFRS S1 into this Report.

In compliance with SGX Listing Rule 711B, F&N's IA Department conducted an internal review of the Group's sustainability reporting process for selected business units under the approved IA plan. The review focused on the design of internal controls and adherence to policies and procedures to ensure data accuracy and integrity in sustainability reporting.



ALL F&N PRODUCTS ARE MANUFACTURED UNDER STRINGENT INTERNATIONAL QUALITY AND FOOD SAFETY STANDARDS. EVERY STAGE OF OUR PRODUCTION PROCESSES IS SUBJECTED TO RIGOROUS QUALITY CONTROL PROCEDURES.

ECONOMIC PERFORMANCE

GRI Index:
GRI 3-3, 201-1

SDGs:



F&N's business success is driven by long-term value creation for our stakeholders. We achieve this by maintaining leadership in our core markets, leveraging innovative technologies, harnessing employee expertise to meet evolving consumer demands, and expanding into new markets.

The F&N Business Model is detailed on pages 12 to 13 of this Report. Our economic performance is built on six capitals: Financial, Manufactured, Intellectual, Human, Social &

Relationship, and Natural. Our sustainability initiatives strengthen these capitals and support F&N's ability to create financial value while delivering positive environmental and social impact.

Our full economic performance can be found in our audited financial statements, as part of our FY2025 Annual Report:

- Group Financial Highlights, pages 10 to 11
- Group Financial Statements, pages 110 to 117

PERFORMANCE

FY2023 Revenue

\$2,099m



● Singapore	20%
● Malaysia	40%
● Thailand	31%
● Others	9%

FY2024 Revenue

\$2,162m



● Singapore	20%
● Malaysia	39%
● Thailand	31%
● Others	10%

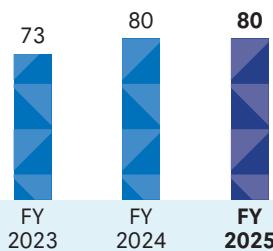
FY2025 Revenue

\$2,323m

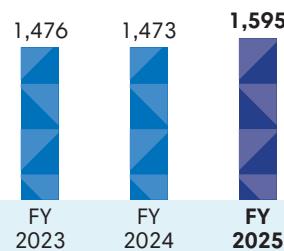


● Singapore	18%
● Malaysia	39%
● Thailand	30%
● Others	13%

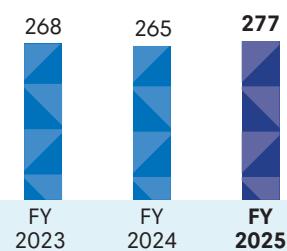
Dividend (\$m)



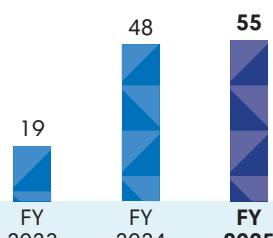
Cost of Sales (\$m)



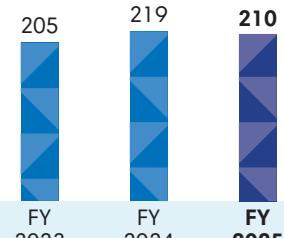
Employee Benefit Expenses¹ (\$m)



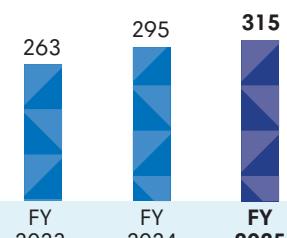
Taxation (\$m)



Profit After Tax (\$m)



Economic Value Retained² (\$m)



Notes:

1 Employee Benefit Expenses comprise Staff Costs, Employee Shared Based Expenses Defined Contribution Plans and Defined Benefit Plans

2 Economic value retained = Direct economic value generated (Revenue) less Economic value distributed (Cost of Sales, Employee Benefit Expenses, Taxation, Dividend). Community investments are not included

RESPONSIBLE PRODUCT STEWARDSHIP

OUR PHILOSOPHY 'PURE ENJOYMENT. PURE GOODNESS' IS OUR COMMITMENT TO CONSUMERS TO DELIVER GOOD QUALITY PRODUCTS THAT ADHERE TO SAFETY STANDARDS. PUTTING OUR CONSUMERS FIRST IN OUR PRODUCT STEWARDSHIP APPROACH, WE ARE COMMITTED TO PROVIDE PRODUCT INFORMATION THAT IS VIEWED AS IMPORTANT BY OUR CONSUMERS. WE ALSO CONTINUOUSLY INNOVATE TO MEET THE CHANGING NEEDS AND WANTS OF OUR CONSUMERS.

In this chapter, we elaborate on how responsible product stewardship is ensured:

- Product Quality and Safety
- Product and Service Labelling
- Innovation

PRODUCT QUALITY AND SAFETY

GRI Index:

GRI 3-3, 416-2

SDGs:



Product Quality and Safety is a core principle embedded in F&N's culture. Our 142 years of success is built on offering products that earned the trust, created the satisfaction, and considered the well-being of our consumers. To uphold the high standards of excellence across our value chain, we

adopt a holistic approach to maintain quality and safety at every stage—from sourcing and production to distribution and consumer engagement. This commitment ensures that our products consistently meet rigorous standards and gains our consumers' trust and satisfaction.

MANAGEMENT APPROACH

F&N adheres to all health and safety regulations applicable to the F&B industry for the markets we operate in. Our plants are certified with international standards – FSSC 22000, ISO 22000 and HACCP Food Safety management systems, and our production processes at all stages are subjected to rigorous quality control procedures. The F&N SRMC regularly reviews the key risks related to product quality and safety.

Critical suppliers were audited against food safety regulations and standards, and opportunities for improvement were

identified. All non-compliant suppliers are now engaged in corrective action plans to strengthen overall supply chain performance. We evaluate comprehensive quality assurance and food protection criteria to safeguard consumer health and ensure a safe working environment throughout our supply chain. Our suppliers are assessed on the basis of: the implementation and monitoring of good manufacturing processes, use of protective clothing, food safety management systems, and chemical management.

We obtained local and international certifications, such as:

FNFS	F&NHB (including F&NDT)	F&NUL	F&NCM
<ul style="list-style-type: none"> • FSSC 22000 – Food Safety System Certificate • Halal certification 	<ul style="list-style-type: none"> • ISO 22000:2018 Food Safety Management System • FSSC 22000 – Food Safety System Certificate • Food Safety According to Hazard Analysis and Critical Control Point (HACCP) System MS 1480:2007 • Good Manufacturing Practice 	<ul style="list-style-type: none"> • ISO 22000:2018 Food Safety Management System • FSSC 22000 – Food Safety System Certificate • Halal certification 	<ul style="list-style-type: none"> • FSSC 22000 – Food Safety System Certificate • Halal certification • Food Safety According to HACCP System MS 1480:2007 • Veterinary Health Mark (VHM) Certification (required for the export of dairy products)

Our production facilities adhere to strict operational procedures to ensure products are stored and transported under optimal conditions, including appropriate temperature control, lighting, and package handling.

At F&N, we believe that listening to and acting on consumer feedback is essential to delivering an exceptional

experience. We provide multiple communication channels for consumers to share feedback or enquiries, including our product website, dedicated email address, and social media platforms such as Facebook and LINE. In Singapore, consumers can also reach us directly through our hotline for assistance.



PERFORMANCE	
GRI 416-2 Incidents of non-compliance concerning the health and safety impact of products and services	No incidents of non-compliance concerning the health and safety impacts of products and services.

PRODUCT AND SERVICE LABELLING	SDGs:
GRI Index: GRI 3-3, 417-1, 417-2, 417-3	 3 GOOD HEALTH AND WELL-BEING  12 RESPONSIBLE CONSUMPTION AND PRODUCTION

We communicate key information on product quality, nutrition, safety, and disposal methods through our packaging and labelling. Our labels are designed to be comprehensive, accurate, and clear, enabling consumers to make informed purchasing decisions. Through transparent labelling practices, we aim to help consumers understand the value and benefits of our products while promoting responsible consumption and proper disposal.

MANAGEMENT APPROACH

Our comprehensive processes and controls ensure our labelling adheres to Singapore Food Regulations and to guidelines set by the Singapore Food Agency. F&N also adheres to the Food Regulation in Malaysia and all requirements of the Food and Drug Administration in Thailand. Information disclosed on our labels are regularly reviewed by internal experts, and the labels are then submitted to government authorities for verification and endorsement.

F&N goes beyond mandatory labelling requirements to provide customers with greater transparency in their purchasing decisions. Our labels include comprehensive information such as the back-of-pack Nutrition Information Panel, the HCS in Singapore, and the Healthier Choice Logo "HCL" for relevant products in Malaysia. Selected products in Malaysia also feature a front-of-pack energy icon for quick reference. Additionally, our Halal-certified products display the Halal logo, enabling Muslim consumers to easily identify products that meet their dietary requirements.

We strictly adhere to marketing and advertising regulations, including the Singapore Code of Advertising Practice, the Malaysian Code of Advertising Practice, the Thailand Consumer Protection Act of B.E. 2522 (2019) and the Thai FDA's Advertising Guidelines. In Malaysia, F&N is a signatory to the 'Responsible Advertising to Children' initiative, pledging to restrict marketing to children under 12 years of age. Additionally, F&N voluntarily adopts the Malaysian Advertisers Association guidelines, which promote ethical marketing standards. To reinforce compliance, F&N conducts annual refresher training for existing employees and provides marketing ethics training for all new hires in marketing and communications.



Note:

¹ Performance against 2025 targets are based on the 2020 baseline, excluding new plants added in 2025

RESPONSIBLE PRODUCT STEWARDSHIP

PERFORMANCE

GRI 417-1 (2016)

Requirements for product and service information and labelling



The sourcing of components of the product or service



Content, particularly with regard to substances that might produce environment or social impact



Safe use of the product or service



Disposal of the product and environmental/social impacts



Other such as Halal logo, Certification on HACCP, Nutritional information

All product categories comply with product labelling requirements

GRI 417-2 (2016)

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

Throughout our product information, labelling and marketing communications efforts in FY2025, to the best of our knowledge, there was no incident of non-compliance with regulations or voluntary codes resulting in a fine, penalty or warning.

GRI 417-3 (2016)

Incidents of non-compliance concerning marketing communications

In FY2025, we recorded zero incidents of non-compliance concerning marketing communications.

INNOVATION

SDGs:



Innovation is central to F&N's long-term success and underpins our proactive approach to addressing societal and environmental challenges. We continuously evolve to deliver new and innovative products that meet changing consumer needs while improving production efficiency. Guided by circular economy principles, we focus on innovations that extend product shelf life and enhance packaging recyclability, helping to minimise waste and promote sustainable consumption.

MANAGEMENT APPROACH

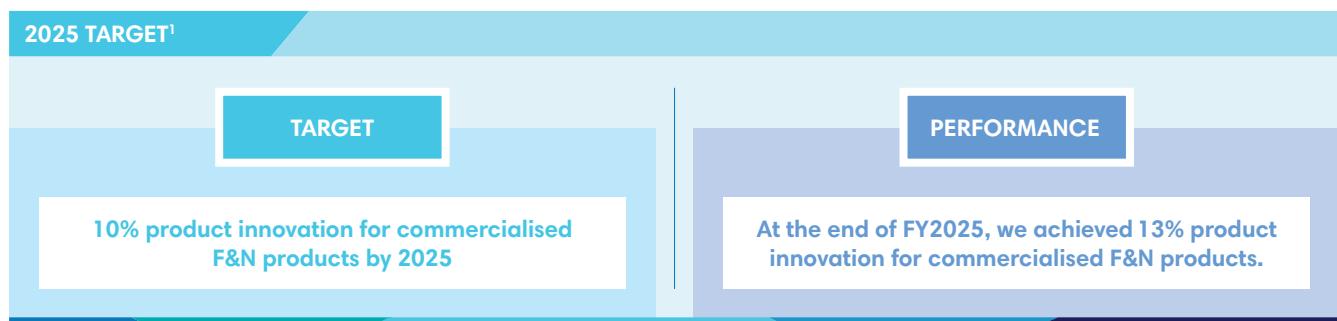
The F&N Group Research and Development ("R&D") Department supports the Singapore, Malaysia and Thailand markets by spearheading continuous improvements to product formulations in line with consumer preferences and regulatory requirements. It also explores innovative approaches to enhance functional benefits and extend shelf life.

On 14 August 2025, F&N's Group R&D Innovation Day 2025 brought together teams from across Singapore, Malaysia, Thailand, and various business units for a day of

collaboration, inspiration and forward-looking dialogue. Hosted by the Group R&D team, the event welcomed senior leaders and colleagues to explore how innovation thrives from within—through shared purpose, cross-functional alignment, and a bold mindset for growth. Throughout the day, participants exchanged ideas on transformation, future-focused strategies, and translating market insights into actionable solutions. Conversations centred on Agility, Adaptability, and Resilience—qualities that continue to guide F&N's innovation journey. Beyond idea-sharing, the event celebrated camaraderie, offering teams a chance to connect, recharge, and recognise the collective spirit that fuels creativity. It was a powerful reminder that relevance is earned through innovation and that every success is built on teamwork.



**WE CONTINUOUSLY EVOLVE
TO DELIVER NEW AND
INNOVATIVE PRODUCTS THAT
MEET CHANGING CONSUMER
NEEDS WHILE IMPROVING
PRODUCTION EFFICIENCY.**



CONSUMER-FOCUSED PRODUCT INNOVATION

Innovation in F&N is guided by changing consumer demands with regards to – Health & Wellness, Convenience, and Sustainability. These concerns are addressed by F&N in the following ways:

Convenience – Launched in January 2020 in Malaysia and November 2021 in Singapore, the F&N flagship online store, F&N Life, enables consumers to conveniently purchase F&N products in bulk at competitive prices, with direct home delivery. F&N Life also provides detailed product information, nutritional values, recipes, and loyalty programmes to support informed and sustainable consumer choices.

Health & Wellness – Developing healthy and nutritious products that our consumers love. More details can be found in the 'Nutrition' section of this Report.

Sustainability – Choosing materials that are sourced sustainably. More details can be found in the 'Supply Chain Stewardship' section of this Report.

EMPLOYEE-DRIVEN PROCESS INNOVATION

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

Cost and eco-efficiency – F&N continually assesses existing system processes to enhance efficiency within our plants through innovative approaches – facilitating water conservation, lowering GHG emissions, and minimising resource consumption. We apply circular economy principles by prioritising the reuse and recycling of wastewater whenever possible. More details can be found in 'Energy and Climate Change' and 'Water Stewardship' section of this Report.

Cultivating an innovative mind-set – Our F&NDT team organised its annual World Class Manufacturing – Excel as One Convention 2025, which inspired its manufacturing colleague to work in groups to propose and implement innovative and cost-saving initiatives. The innovative ideas generated through this convention have successfully resulted in significant cost savings through more than 60 projects.

Note:

¹ Performance against 2025 targets are based on the 2020 baseline, excluding new plants added in 2025

RESPONSIBLE PRODUCT STEWARDSHIP

INNOVATIVE BEVERAGE AND DAIRY PRODUCTS: Key launches in Singapore, Malaysia and Thailand in FY2025



SINGAPORE

1. F&N MAGNOLIA Cookies & Cream Low Fat Flavoured Milk (Limited Edition) – 475ml	7. F&N NUTRISOY Hojicha Latte (Limited Edition) – 946ml, 475ml	12. F&N Full Cream Evaporated Milk – 380g
2. F&N Sparkling Zero Lemonade – 325ml	8. F&N SEASONS Strawberry Tea – 1.5L	13. F&N MAGNOLIA Earl Grey Low Fat Flavoured Milk (Limited Edition) – 946ml, 475ml
3. F&N Sparkling Zero Korean Peach – 325ml	9. SUNKIST Orange Juice Drink – 946ml	14. 100PLUS Zero Peach – 1.5L, 500ml
4. F&N Sparkling Zero Pink Grapefruit – 325ml	10. SUNKIST Apple Juice Drink – 946ml	15. F&N MAGNOLIA Cholestcare Low Fat Fresh Milk – 946ml
5. F&N SEASONS Jasmine Green Tea – 250ml	11. F&N MAGNOLIA Banana Low Fat Flavoured Milk (Limited Edition) – 946ml, 200ml	
6. F&N SEASONS White Chrysanthemum Tea – 250ml		



MALAYSIA

1. 100PLUS Zero Peach – 500ml	5. F&N SEASONS Soya Pudding Caramel – 1L	11. F&N NUTRIWELL Purple Rice Soya Milk – 1L
2. F&N Sparkling Zero Lemonade – 500ml, 325ml	6. F&N SEASONS Strawberry Tea – 1L	12. F&N NUTRIWELL Oats and Quinoa Soya Milk – 1L
3. F&N Sparkling Zero Korean Peach – 500ml, 325ml	7. F&N MAGNOLIA Banana Low Fat Flavoured Milk – 200ml	13. OYOSHI Chakulza Sparkling Honey Lemon – 240ml
4. F&N Sparkling Zero Pink Grapefruit – 500ml, 325ml	8. F&N MAGNOLIA Chocolate (Made with Fresh Milk) – 200ml	14. OYOSHI Chakulza Sparkling Kyoho Grape – 240ml
	9. F&N NUTRIWELL Oat Milk – 1L	15. SUNKIST Orange Pulp Juice – 1.5L, 350ml
	10. F&N NUTRIWELL Almond Milk – 1L	16. RANGER RIMAU Reduced Sugar – 240ml



THAILAND

1. F&N NUTRIWELL Oats and Quinoa Soya Milk – 180 ml	3. TEAPOT Squeeze Tube Strawberry Amaou – 180g
2. F&N NUTRIWELL Flaxseed Oil Soya Milk – 180 ml	



RESPONSIBLE SUPPLY CHAIN

COLLABORATING WITH UPSTREAM VALUE CHAIN PARTNERS IS CRITICAL TO MITIGATING SUPPLY CHAIN RISKS. MORE IMPORTANTLY, WORKING CLOSELY WITH SUPPLIERS ENHANCES EFFICIENCY, PROVIDES DEEPER INSIGHTS INTO OUR SUPPLY CHAIN, AND STRENGTHENS OPERATIONAL RESILIENCE. THIS COLLABORATION ENABLES US TO IDENTIFY AREAS FOR IMPROVEMENT AND BUILD A ROBUST, RESILIENT SUPPLY CHAIN—AN ESSENTIAL FOUNDATION FOR LONG-TERM BUSINESS SUCCESS.

In the following chapter, we detail how F&N engages with suppliers to reduce the environmental and social impacts of our products.

SUPPLY CHAIN STEWARDSHIP							SDGs:						
GRI Index: GRI 3-3, 204-1, 308-1, 414-1													
2	ZERO HUNGER	6	CLEAN WATER AND SANITATION	8	DECENT WORK AND ECONOMIC GROWTH	9	INDUSTRY, INNOVATION AND INFRASTRUCTURE	12	RESPONSIBLE CONSUMPTION AND PRODUCTION	15	LIFE ON LAND	17	PARTNERSHIPS FOR THE GOALS

Climate-related disruptions to the supply chain are projected to become more severe as global warming continues. Additional risks include evolving government regulations and human rights risks, such as poor working conditions and forced or child labour. Establishing a resilient and sustainable supply chain helps to mitigate the impact of these risks and is a key component of our overall sustainability strategy.

MANAGEMENT APPROACH

As a leader in the F&B industry, we maintain ongoing collaborations with our supply chain counterparts, including business partners, suppliers, and vendors. Our engagements aim to understand their needs and challenges and provide sustainable solutions to foster enduring value for all parties involved. We also actively encourage the improvement of sustainability performance among our stakeholders within the supply chain, whenever feasible, and lead by example through our own actions.

The key components of our Supply Chain Stewardship are as follows:

- Sustainable Sourcing
- Sustainable Supply Chain Policies
- Supplier Management
 - Identify Risks: Screening and Critical Suppliers Identification
 - Manage Risks: Supplier Capacity Building and Partnerships
 - Monitor Risks: Monitoring, Auditing and Corrective Action Planning

2025 TARGET¹

TARGET

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

PERFORMANCE

As of September 2025, 100% of key active suppliers have accepted and complied with F&N's SCOP.

PERFORMANCE

GRI 204-1	GRI 308-1	GRI 414-1
Proportion of spending on local suppliers	New suppliers that were screened using environmental criteria	New suppliers that were screened using social criteria
F&N works with about 87% local suppliers ² , where possible, representing over 78% of our purchase value expenditures.	Over the year, a total of over 506 new suppliers were screened using the environmental criteria.	Over the year, a total of over 506 new suppliers were screened using the social criteria.

Notes:

1 Performance against 2025 targets are based on the 2020 baseline, excluding new plants added in 2025

2 Local suppliers refer to suppliers who conduct their businesses within the respective countries where F&N's operations are based, namely Singapore, Malaysia, Thailand and Myanmar

RESPONSIBLE SUPPLY CHAIN

Group Suppliers by Supplier Category



Direct material suppliers **Indirect material suppliers**
87% **13%**

Proportion of Spending on Materials



Direct material suppliers **Indirect material suppliers**
74% **26%**

Notes:

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

INITIATIVES

Sustainable Sourcing

As a F&B business, we depend on a steady supply of raw materials for our production processes. As part of our sustainable supply chain strategy, we aim to source raw materials certified with eco-credentials, including RSPO and FSC, whenever possible.

1. Sustainable Palm Oil

As palm oil is a key raw material in our supply chain, F&N recognises the criticality of our actions and business practices in supporting sustainable palm oil production. F&N became an ordinary member of the RSPO in August 2017 to reiterate our support for the use of CSPO in products. As of September 2025, 100% of the Group's annual palm oil usage was sourced from physical¹ RSPO-certified palm oil.

2. Sustainable Paper

Paper is an essential component of F&N's operations, and we recognise the importance of sourcing it sustainably to support responsible forest management.

Since 2009, our subsidiary Times Publishing Group has been certified under the Programme for the Endorsement of Forest Certification ("PEFC") Chain of Custody, which ensures that forest-based products are tracked from sustainable sources to the finished product. Each step of the process undergoes independent auditing to maintain compliance with PEFC standards.

Our beverage and dairy paper carton packaging carries the FSC certification, ensuring that the paper used to produce them originates from responsibly managed forests that provide environmental, social, and economic benefits.

Sustainable Supply Chain Policies

To underscore our dedication to sustainable sourcing, F&N supports the UN Guiding Principles on Business and Human Rights while F&NHB is a member of the Supplier Ethical Data Exchange, a global platform for ethical supply chain management.

Our SCOP includes the following requirements: business ethics², whistle blowing, communications, competitors, environmental management, human rights, and occupational health and safety. Suppliers are expected to treat their employees equally, with respect and dignity, in accordance with the ILO standards and applicable labour laws under the SCOP. This covers child and compulsory labour, equality, human capital development, layoff practices, wages, and benefits, and working hours.

Additionally, F&NHB's Sustainable Agriculture Commitments, which apply to all their suppliers, outline clear expectations to promote responsible environmental stewardship and sustainable sourcing practices:

- Energy and Emissions Management: Suppliers are expected to optimise energy consumption throughout their operations and supply chains, actively reduce GHG emissions, and implement measures to mitigate any adverse impacts of GHG emissions on surrounding communities and the environment.
- Conservation of Biodiversity: Suppliers shall safeguard natural ecosystems to ensure the sustainable use of natural resources and, where possible, avoid any interference with biodiversity. Under no circumstances shall suppliers source agricultural raw materials from areas with high conservation value or those that are legally protected.

Our 2025 target is to ensure that suppliers are compliant with the F&N SCOP, of which, by the end of FY2025, 100% were compliant.

Notes:

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

Supplier Management

1. Identify Risks

a. Screening

F&N applies a systematic screening process for all new suppliers based on environmental and social criteria. These criteria reflect the commitments towards the environment (such as reducing waste, pollution and water usage) and society (including human rights and labour practices).

Suppliers are assessed annually to verify if they have:

- Implemented an environmental policy
- Undertaken audits to monitor environmental performance and compliance
- Maintain an ISO 14001 compliant Environmental Management System

During the pre-qualification screening of suppliers, we assess our suppliers on delivery capacity, technical capabilities, ESG company policies and certifications.

b. Critical Suppliers Identification

- Critical suppliers are active direct (tier 1) material suppliers with a sales value greater than MYR 1 million per annum (for F&NHB suppliers) and/or irreplaceable suppliers, such as single-source suppliers
- Direct material suppliers are those who supply packaging materials, raw ingredients and auxiliary materials.

We conduct a vendor performance evaluation for critical suppliers annually and consider their sustainability performance.

In 2025, we adopted a structured approach to managing supplier sustainability risks, starting with screening all active suppliers using economic and ESG criteria to identify those with high business impact or potential negative ESG impacts. We have progressed to the second stage—supplier assessment—covering significant suppliers, including critical ones and those with high ESG risks. This assessment, conducted via our parent company's Supplier Life Cycle Management platform, evaluates governance, environmental practices, social responsibility, and supplier management using a questionnaire aligned with the Together for Sustainability Initiative. The next stage will focus on supplier development through capacity-building programmes to enhance knowledge of sustainable supply chain management, enabling high-risk suppliers to integrate sustainability into procurement and understand ESG impacts across the value chain.



WE CONDUCT A VENDOR PERFORMANCE EVALUATION FOR CRITICAL SUPPLIERS ANNUALLY AND CONSIDER THEIR SUSTAINABILITY PERFORMANCE.

2. Manage Risks

a. Supplier Capacity Building and Partnerships

In FY2025, we partnered over 6,700 global and local suppliers across our supply chain, including manufacturers, wholesalers, retailers, importers/merchants, contractors and professional service providers, to procure raw materials for our operations.

To recognise the suppliers with outstanding performance, F&NHB introduced the Business Partner Award Programme in 2022. The programme acknowledges the suppliers who demonstrate outstanding performance and strengthens long-term partnership with them by encouraging service improvements, especially in ESG factors. The programme objectives include:

- Strengthening strategic partnerships to foster strong and productive collaboration
- Encouraging suppliers to pursue excellence in their products, service levels, and operational efficiency
- Driving performance in key areas such as delivery, quality, price, project development, and sustainability

In 2025, 23 of F&NHB suppliers actively participated in the third edition of the Business Partner Award Programme. The award winners were selected based on multiple criteria, including sustainability, financial returns, functionality and technology capabilities.

This programme underscores our commitment to nurturing the growth and success of local partners—empowering them to enhance their capabilities and evolve into regional suppliers with access to broader business opportunities.

3. Monitor Risks

a. Monitoring, Auditing and Corrective Action Planning

The Group works closely with our suppliers and conducts regular audits to ensure standards and practices for food safety, and the environment are maintained throughout the value chain. Non-compliant or underperforming suppliers must demonstrate their commitment to taking necessary corrective actions within a predefined period, or risk having contracts terminated.

F&N is in the process of updating its evaluation checklist to include additional ESG criteria, such as corporate governance and human rights.

