

# Our Sustainability Journey

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# Sustainability Statement

**WE HAVE ENSHRINED THE PRINCIPLES OF SUSTAINABILITY INTO THE VERY CORE OF OUR BUSINESS STRATEGY. DRIVEN BY OUR VISION TO BE A SUSTAINABLE AND HONEST FOOD COMPANY THAT PRIORITISES THE WELL-BEING OF CONSUMERS, WE ARE CONSISTENTLY EXPANDING OUR SUSTAINABILITY PRACTICES TO MAXIMISE THE POSITIVE IMPACT WE DELIVER TO PEOPLE, THE ENVIRONMENT AND LOCAL ECONOMIES.**

Our commitment to sustainability extends well beyond our primary mission to produce nutritional dairy and plant-based products, as we recognise our responsibility to minimise our environmental impact through sustainable farming and processing practices. Our ongoing efforts in adopting sustainable practices across all our farms and closely monitoring our carbon footprint exemplify our dedication to this objective.

At the same time, we strive to ensure that the value our business generates is shared meaningfully with local communities. This is evidenced by the employment and career advancement opportunities we provide employees, the skills and know-how we impart to our partner-farmers, the support we provide to micro-entrepreneurs in rural and economically disadvantaged areas, as well as the youth outreach and CSR programmes we regularly undertake.

The importance and significance of sustainable practices is becoming increasingly pronounced, and our holistic efforts to drive responsible value creation will safeguard the resilience and longevity of the Group while ensuring the delivery of sustainable, long-term benefits to local communities, our stakeholders and the planet.

## About This Statement

This report has been prepared in accordance with the Bursa Malaysia Securities Berhad Main Market Listing Requirements and in reference to the Global Reporting Initiative (GRI) Standards. The following key principles are covered:



### Stakeholder Inclusiveness

Identifying and addressing our stakeholders' expectations



### Sustainability Context

Presenting our performance in the wider context of sustainability



### Completeness

Reporting on all sustainability topics that are relevant to the Group and which influence our stakeholders



### Materiality

Identifying and prioritising the key sustainability issues that the Group encounters

Our sustainability practices are further aligned with their respective contributions towards the United Nations Sustainable Development Goals ("UN SDGs").

## SCOPE & BOUNDARY

This report includes all subsidiaries under Farm Fresh Berhad, with an emphasis on our Malaysian businesses, which constitute the bulk of our operations.



## REPORTING PERIOD & CYCLE

This statement covers our sustainability performance for the financial year ended 31 March 2023 ("FY2023"), unless otherwise stated.



## RESTATEMENTS OF INFORMATION

This statement contains no restatements of any information or performance data presented in previous reports or statements.



## MEMBERSHIPS AND ASSOCIATIONS

The Group is currently not a member of any associations relevant to our industry.



## ASSURANCE

In the continued development of our approach towards sustainability reporting, we have maintained an internal review methodology for the disclosure of this year's Sustainability Statement, which includes our Internal Auditor review of the key figures in the Sustainability Report. Importantly, in reporting our GHG emissions, we have engaged an independent third party firm, Eco-Ideal Consulting Sdn Bhd, to perform the Group-wide carbon footprint inventory exercise.





## Sustainability Highlights

### 336.7

**million litres** of Farm Dairy Effluent (FDE) recycled and removed from waste discharge  
**FY2022: 335.0 million litres**

### 88.3

**million kg** of solid waste recycled and removed from waste discharge  
**FY2022: 86.4 million kg**

### 1,748,730

**kg** of chemical fertiliser removed from our cycle  
**FY2022: 687,876 kg**

### 500.5

**million litres** of municipal water saved through rainwater harvesting and tube well pumping  
**FY2022: 428.8 million litres**

### 35.5%

of turnover from products using fully recyclable, sustainably sourced packaging  
**FY2022: 28%**

The carbon emissions intensity of our Malaysian farms is **17%** lower than the average Asian dairy farm



The carbon emissions intensity of our Australian farms is **31%** lower than the average dairy farm in Oceania



### 0.42 tCO<sub>2</sub>eq

Our Group-wide carbon emissions intensity per tonne of milk in **CY2022, representing a 9% reduction since 2020**



All our completed Malaysian farms have received the **Certified Humane® accreditation**



**>140,000 plastic bottles**, equivalent to **>7,200kg of plastic usage**, have been avoided via our Milk on Tap initiative



### RM45.4

**million** in gross income earned by stockists and dealers under our home dealer network  
**FY2022: RM46.5 million**

### RM1.7

**million** in income generated for our partner farmers  
**FY2022: RM3.2 million**

### 72%

of our total workforce across farms and processing facilities recruited from rural communities in Malaysia  
**FY2022: 72%**



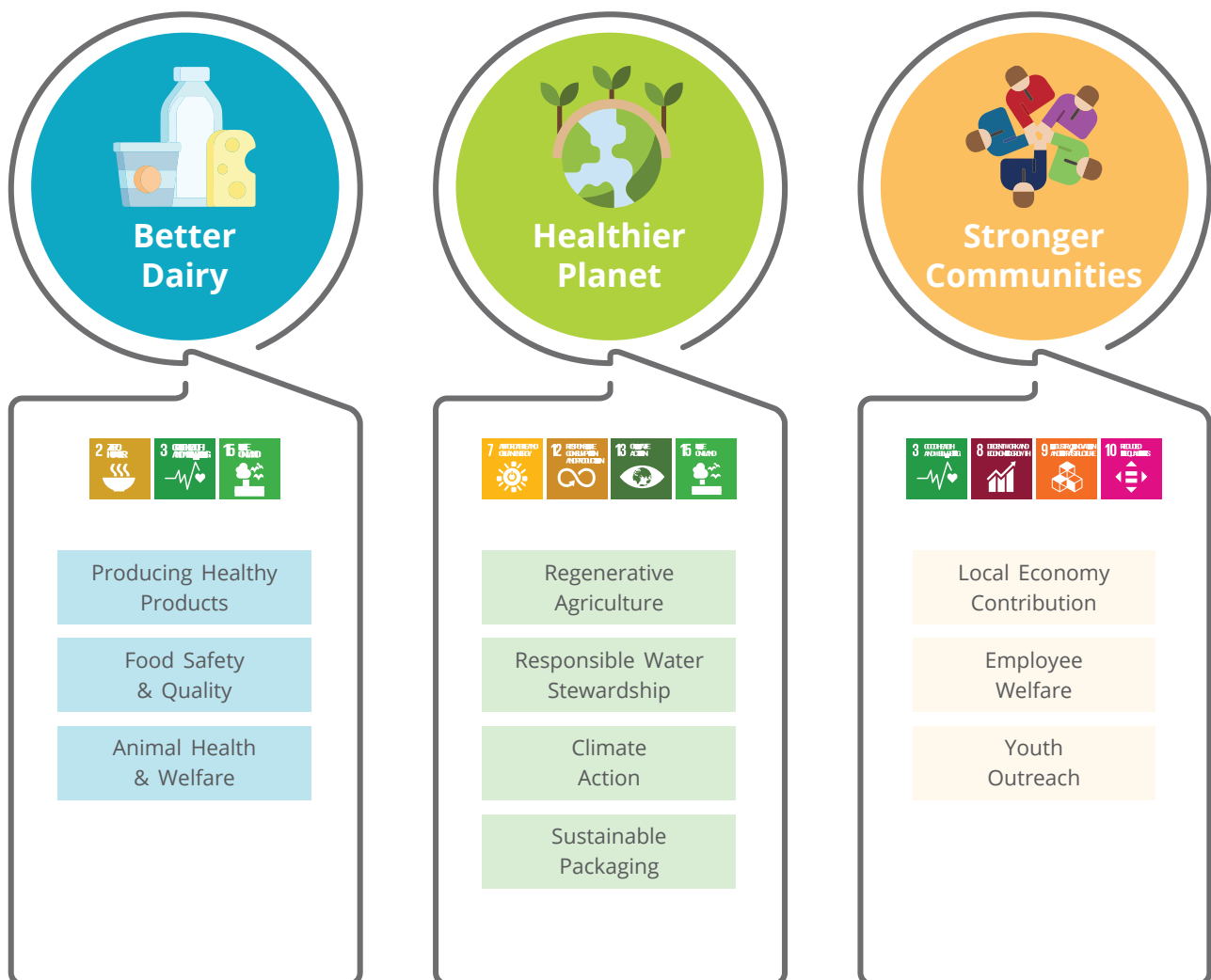
## Our Sustainability Focus Areas

Our primary sustainability efforts stem from the three key pillars of Better Dairy, Stronger Communities and Healthier Planet, which form the framework from which we are empowered to spur collective and synergistic sustainability practices across the Group.

We have aligned each of our focus areas with the United Nations Sustainable Development Goals (UN SDGs), in tandem with the Dairy Declaration of Rotterdam, which acknowledges the UN SDGs as the comprehensive framework for the dairy industry to contribute to sustainable development by 2030.

The mapping of the UN SDGs to our focus areas and corresponding sustainability material matters is presented below and elaborated on further in this statement.

### 3 FOCUS AREAS



## Engaging Our Stakeholders

We recognise the valuable input of our stakeholders in understanding the comprehensive impact of our business practices. Their insights enable us to develop sustainability strategies that effectively balance their needs with our business and growth objectives. Through open and ongoing dialogue, we engage with the following groups to uncover insights, which in turn guide the determination of our sustainability material matters.

Stakeholder Group	Their Expectations	Mode and Frequency of Engagement
 <b>Customers</b>	Delivering safe and nutritious food that caters to their dietary requirements and taste preferences, all at a reasonable cost	<ul style="list-style-type: none"> <li><b>O</b> Our corporate website</li> <li><b>O</b> Our above the line and below the line advertising</li> <li><b>O</b> Our social media channels</li> <li><b>P</b> Customer surveys and focus groups</li> <li><b>P</b> Face-to-face interactions at roadshows and other on-ground marketing events</li> </ul>
 <b>Distributors</b>	Ensuring clear, transparent and up-to-date information on our products, distribution areas and resale prices, while providing business development and sales support to stockists and dealers in our home dealer programme	<ul style="list-style-type: none"> <li><b>P</b> Face-to-face interactions and calls</li> <li><b>P</b> Circulars and e-mail communication</li> <li><b>P</b> Visits and assessments</li> <li><b>P</b> Distributor training courses</li> </ul>
 <b>Employees</b>	Creating a safe, non-discriminatory and respectful working environment that fosters career advancement, skills development and income growth opportunities for all employees	<ul style="list-style-type: none"> <li><b>P</b> Circulars and e-mail communication</li> <li><b>P</b> Employee townhalls</li> <li><b>P</b> Training courses</li> <li><b>SA</b> Team-building events</li> <li><b>A</b> Employee appraisals</li> </ul>
 <b>Governments &amp; Regulators</b>	Complying with local, state and federal laws and regulations while contributing to national development via community outreach and knowledge transfer initiatives	<ul style="list-style-type: none"> <li><b>O</b> E-mail communication</li> <li><b>O</b> Face-to-face interactions and calls</li> <li><b>P</b> Seminars, training sessions and dialogues</li> <li><b>P</b> On-site inspections and audits</li> <li><b>A</b> Our Integrated Annual Report</li> </ul>
 <b>Investors &amp; Shareholders</b>	Achieving sustainable and profitable long-term growth while upholding ethical and responsible business practices to safeguard against reputational damage	<ul style="list-style-type: none"> <li><b>O</b> IR website</li> <li><b>P</b> E-mail communication</li> <li><b>P</b> One-on-one meetings</li> <li><b>P</b> Investor briefings</li> <li><b>P</b> Site visits</li> <li><b>P</b> Our quarterly financial result briefings</li> <li><b>A</b> Our Annual General Meeting</li> <li><b>A</b> Our Integrated Annual Report</li> </ul>
 <b>Local Communities</b>	Distributing the economic benefits of our growth by creating employment opportunities and fostering collaborative business partnerships, while protecting local communities from adverse environmental or social impacts	<ul style="list-style-type: none"> <li><b>O</b> Community initiatives and outreach programmes</li> <li><b>P</b> Face-to-face interactions and calls</li> <li><b>P</b> Visits to local communities</li> </ul>
 <b>Suppliers</b>	Maintaining a transparent and equitable procurement system that adheres to stringent anti-bribery and anti-corruption practices, while supporting local business ecosystems	<ul style="list-style-type: none"> <li><b>O</b> E-mail communication</li> <li><b>P</b> Face-to-face interactions and calls</li> <li><b>P</b> Supplier visits and assessments</li> </ul>

O = Ongoing

P = Periodically

SA = Semi-Annually

A = Annually

# Determining What Matters

To objectively ascertain the issues that are crucial to generating shared value, we employ a rigorous materiality determination process that takes into account stakeholder input as well as our ongoing analysis of industry trends, risks and emerging issues specific to the food and dairy sector. This comprehensive approach ensures we address all relevant and impactful factors affecting our business, enabling us to identify our sustainability priorities and develop impactful strategies.

### Risk Determination

The Audit and Risk Management Committee reviews key risks, especially those particular to the food and dairy sectors and our business operations, with special attention placed on developments within our core Malaysian market.

### MATERIALITY MATRIX

































The materiality matrix displayed below represents the outcomes of our materiality determination process, illustrating the importance of each sustainability material matter to both the Group and our stakeholders.





## Our Sustainability Material Matters

The table presented below describes the significance of each of our sustainability material matters and identifies stakeholders that have indicated the matter as a 'high priority' during our engagements with them.

Sustainability Material Matter	Why It Matters	Who It Matters To
<b>BETTER DAIRY</b>		
<b>Producing Healthy Products</b>	Producing fresh and healthy dairy and plant-based products remains our core purpose and provides us with a competitive advantage.	   
<b>Animal Health &amp; Welfare</b>	The well-being of our livestock directly influences the nutritional value and safety of our products, which in turn impacts our reputation and growth potential.	  
<b>Food Safety &amp; Quality</b>	As a dairy producer, it is imperative that our products meet stringent food safety standards while providing for key nutritional needs.	   
<b>STRONGER COMMUNITIES</b>		
<b>Local Economy Contribution</b>	Given the rural and suburban locations of our farms, where the average income is below the national average, we have a responsibility to empower positive change and improve livelihoods.	   
<b>Employee Welfare</b>	Creating a supportive, secure and well-equipped work environment for our employees enhances productivity and boosts the sustainability of our business.	  
<b>Youth Outreach</b>	By fostering positive lifestyle and nutrition habits among the younger generation, we can develop beneficial behaviours that endure for generations.	 
<b>HEALTHIER PLANET</b>		
<b>Regenerative Agriculture</b>	Embracing regenerative agriculture practices allows us to produce in equilibrium with the natural environment, enhancing product quality and delivering positive effects for the environment and local communities.	  
<b>Responsible Water Stewardship</b>	As a farm-based business, we recognise our responsibility to responsibly extract and treat water to minimise our impact on the environment and safeguard the resources of local communities.	  
<b>Climate Action</b>	We are playing close attention to our emissions performance and adopting greater use of renewable energy to minimise our carbon footprint and contribute to the fight against climate change.	  
<b>Sustainable Packaging</b>	The use of sustainable packaging reduces the ecological footprint of our products and enables our customers to make environmentally-conscious choices.	  

# Sustainability Governance

To ensure effective governance of sustainability practices, we have established principles, structures and reporting mechanisms that uphold leadership, oversight and accountability throughout the organisation.

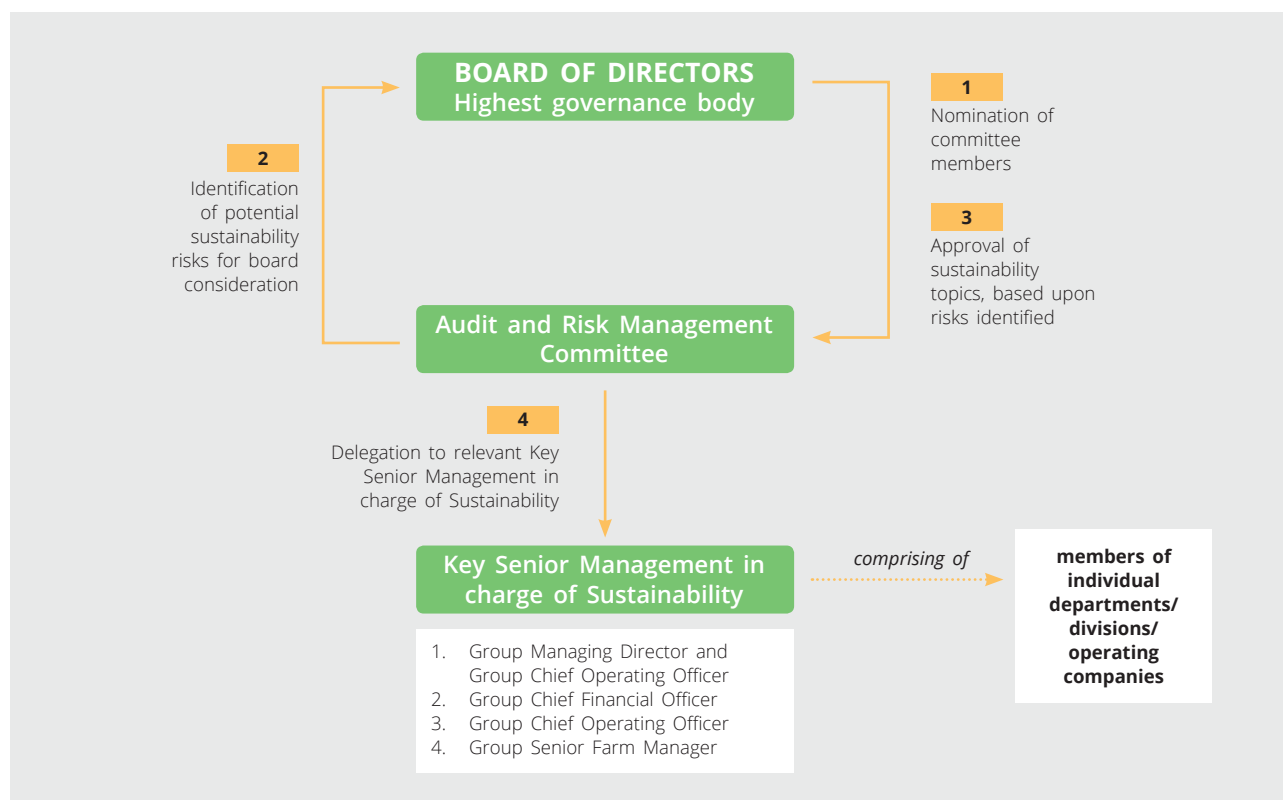
Our Board of Directors, as the highest body in the governance of sustainability practices, holds ultimate responsibility of the Group's sustainability agenda and provides oversight of the integration of ESG matters in the Group's corporate strategy with the aim of balancing the many stakeholders' interests while ensuring that we grow responsibly and create long-term value.

The Board of Directors is supported by the Audit and Risk Management Committee (ARMC), which is responsible for identifying sustainability-related risks. Building upon the ARMC's insights, the Board reviews key sustainability material matters that drive our sustainability initiatives each year. Selected Key Senior Management of the Company will then be tasked to implement strategies and initiatives pertaining to these selected matters and then report the outcomes of their sustainability efforts to the Board. Supporting the relevant Key Senior Management in fulfilling the implementation of the tasks are relevant members of the operating departments, divisions or operating companies.

To ensure progress and alignment, Management presents to the Board as part of an annual review of the Group's sustainability actions and how it aligns to the Group's sustainability roadmap and priorities.

Underpinning our sustainability governance structure are various policies we have introduced to inculcate a high standard of responsible business conduct and ethical human rights practices throughout the organisation. These include our Code of Conduct and Business Ethics, Conflict of Interest Policy and Ethical Trading Policy, which, along with our other policies, may be viewed and downloaded from our corporate website at <https://www.farmfresh.com.my/investor-relations/>.

We strive to embed these policy commitments across our workforce, business relationships, strategies and processes, supported by relevant training modules to ensure their effective implementation.



# BETTER DAIRY

**Related  
UNSDG**





# Producing Healthy Products

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## WHY IT MATTERS

Producing healthy products is central to our mission and pivotal in establishing ourselves as a trusted and honest brand. Our longstanding reputation for delivering dairy and plant-based products free from harmful substances has resonated strongly with consumers, and by continuing to surpass industry standards and expanding our consideration for consumer health, we aim to build trust, foster loyalty and drive sustainable organic growth.



## OUR ACTIONS AND INITIATIVES

### Leveraging our Integrated Supply Chain

As a vertically integrated dairy producer with a presence spanning farming to distribution, we possess the unique ability to closely monitor the quality of our products and their ingredients. Consequently, all our offerings adhere to the highest standards of food safety and meet stringent quality requirements. Our efforts are further empowered by rigorous practices that prioritise the health and well-being of our dairy livestock, ensuring they are treated in accordance with established animal welfare practices (refer to 'Food Safety & Quality' and 'Animal Health & Welfare' for additional details).

Leveraging our experience and presence across the dairy value chain, we have successfully established a satellite network of partner-farmers to whom we provide comprehensive training on our processes and standards, enabling them to align with our practices. Through continuous mentorship, frequent seminars and ongoing technical support, we actively transfer our knowledge to this expanding community, enabling us to maintain

exceptional nutritional quality standards as we grow our production capacity and capabilities.

### Diversifying our Range of Nutritional Products

As consumer preferences and dietary needs evolve, alternative milk products and plant-based options are increasing in popularity amongst a growing consumer base. Utilising our strong research and development capabilities, we have proactively responded by being the first local player to introduce organic A2 milk, kurma milk, lactose-free milk, oat milk and almond milk in Malaysia. These products are free from preservatives and colourings while being rich in nutrients such as high-quality protein, vitamins and minerals that are easily absorbed. Additionally, many of these options are available in UHT/ambient varieties, extending their shelf life and allowing for wider distribution beyond major urban areas.

In FY2023, we expanded our reach into the growing up milk segment with the launch of Farm Fresh Grow. This range offers pure cow's milk fortified with essential vitamins and nutrients crucial for children's healthy development. Notably, our growing up milk does not contain preservatives, artificial flavouring, vegetable oil, calcium carbonate (from sources such as limestone), and, most importantly, hidden sugar in the form of maltodextrin, which has a high Glycemic Index (GI) and contains no nutritional value.

The launch was complemented by an educational campaign entitled 'The Hidden Truth', which emphasised our commitment to transparency and assured parents of our commitment to deliver milk that only contains necessities.

Backed by strong market response, we will further augment our presence in this segment with the impending launch of Farm Fresh Grow in powder format by end-2023, which will similarly be made from fortified pure cow's milk that is free from sugar, maltodextrin and other unnecessary ingredients.

### Future Plans

- We will continue to actively pursue research and development initiatives to innovate and expand our range of dairy and plant-based recipes, while exploring avenues to enhance their nutritional and functional benefits.
- We will continue to increase awareness and adoption of our products among children and families, leveraging on our newly launched pure cow's milk-based formula for children as well as milk for School Milk Programme.

### Our Performance

- 100% of our products meet endorsed nutritional guidelines
- Our efforts to deliver healthy dairy products was once again recognised and appreciated by consumers, as we picked up our second consecutive Platinum Award in the Beverage – Dairy category of the Putra Brand Awards 2022

## Animal Health and Welfare

W

### WHY IT MATTERS

The well-being of our animals is paramount to our success, and we embrace our duty to set a positive example for the dairy industry through the adoption of responsible practices. By prioritising the care, comfort and nutrition of our dairy herd, we not only take care of their health and that of their offspring, but simultaneously safeguard the sustainability and quality of our dairy products.



### OUR ACTIONS AND INITIATIVES

All of our farms strictly adhere to the Group's Good Animal Husbandry Practices (GAHP), which encompasses a comprehensive set of guidelines for animal health care, nutrition and housing. Aligned with the Malaysian Good Agricultural Practices (myGAP) and the World Organisation for Animal Health's standards, this code ensures that our farms maintain the highest standards in animal welfare.

Furthermore, we continuously invest in research and development to enhance animal health and welfare practices that are specifically tailored for tropical climates. This empowers us to implement practices that ensure the well-being and comfort of our herd while optimising their milk output, yield and longevity. In sharing these best practices with our network of partner-farmers, we contribute towards raising the overall standards of livestock rearing nationwide.

#### Animal Feed Practices

To ensure optimal nutrition for our entire herd, we implement a total mixed ration feeding system that entails developing specific feed formulas for different members of our herd, taking into account their individual nutritional requirements and stage in the breeding cycle.

A majority of our feed mixture consists of on-site grown grass, cultivated without the use of pesticides and enriched through vermicomposting, a process that breaks down animal waste. This sustainable approach not only reduces our environmental impact by utilising the animal waste we generate but also enhances the nutritional value of the feed. Additionally, we supplement the feed mixture

with a variety of farm-grown crops such as corn, soybean and palm kernel, ensuring both volume and nutritional balance in their diet.

#### Animal Healthcare Practices

Each of our individual farms is equipped with dedicated animal healthcare teams, comprising veterinarians and animal science graduates, and are led by Animal Health Compliance Managers. These teams are entrusted with providing comprehensive veterinary care for the entire herd, including assisting with the delivery of newborns and administering medical treatments to sick animals. They also conduct regular health checks on all our herd members to ensure their well-being.

A crucial aspect of their role involves caring for the hoofs of our cows. Hoof care significantly contributes to cow health and enables them to move comfortably between milking parlours, feed bunks and watering areas. To optimise hoof health, we trim the hoofs of our cows twice a year – 60 days before calving and 120 days after calving. This practice ensures proper weight distribution on all four legs and helps to prevent hoof lesions.

We take pride in the fact that all our completed farms in Malaysia have obtained the Certified Humane® accreditation from Humane Farm Animal Care. We are honoured to be the first player in Asia to achieve the certification, and are committed to achieving the certification for our Taiping farm and our farms in Australia in the near future.

#### Animal Welfare Practices

To ensure the well-being of our Australian Friesian-Sahiwal and Holstein Jersey cows in Malaysia, where they are not native and thus more susceptible to heat and humidity stress, we have implemented various measures to enhance their comfort both inside and outside our barns.

At all our farms, we have installed tunnel ventilation barns designed to keep the cows cool and promote abundant milk production. Additionally, soakers are installed in the barns, spraying water on the cows at regular intervals throughout the day to further enhance their comfort. Our cows also have access to clean and comfortable dry sand bedded areas where they can freely eat, drink and relax. Furthermore, the setup of our Australian-based farms means that cows can graze on grass outside their barns.

In maximising animal welfare, we also employ strategic animal breeding processes. Our dedicated in vitro fertilisation (IVF) unit conducts ongoing research and development to optimise the genetic makeup of our cows. This enables us to breed cows that are ideally suited to thrive in the harsh tropical climate of Malaysia, minimising their predisposed vulnerability to heat and humidity stresses that may impact feed intake, milk production and reproductive efficiency.

### Spearheading Innovation in Animal Health and Welfare

With the aim of developing enhanced practices for the health and welfare of our cows and contributing to best practices in our region, we continually engage in strategic collaborations with veterinary-related institutions, corporations and research centres. These collaborations serve to lower the cost of herd medicinal care, shift resources to preventive care and improve yields through increased animal well-being and productivity.

Collaboration	Objective	Intended Long-Term Outcome
Malaysian Agricultural Research and Development Institute ("MARDI")	Research the potential of local herbs as a remedy to control bovine mastitis in cows	Substitute the use of veterinary drugs with local herbs as a sustainable and organic disease control solution
Bayer Malaysia	Research the effect of Catosal™ on milk yield in peak- and late-lactation stage cows. Catosal™ is a source of Vitamin B12 and phosphorus for the prevention or treatment of deficiencies of these nutrients in animals	Enhance milk productivity while maintaining the strength, health and proper nourishment of our cows with essential nutrients.
Universiti Putra Malaysia ("UPM")	Investigate the relationship between claw trimming and claw health, animal welfare and milk production.	Establish best practices in claw trimming that are specific to our climactic conditions, and that can be applied across our farms

### Future Plans

- We will continue to invest in animal health and welfare technologies across all our farms, while deepening our partnerships with veterinary-related institutions, corporations and research centres to advance animal health and welfare practices tailored to tropical climates.
- We will actively share the results of our research and development endeavours with the Malaysian government through the National Dairy Industry Development ("NDID") programme, with the goal of driving positive transformation throughout the industry.

### Our Performance

- All our farms adhere to the Group's Good Animal Husbandry Practices ("GAHP")
- All our completed Malaysian farms have received the Certified Humane® accreditation
- 82.3% of our cows across all farms have access to tunnel-ventilation barns
- 96.8% of our cows across all farms have access to dry sand-bedded areas for relaxation



## Food Safety and Quality

W

### WHY IT MATTERS

Ensuring the quality and safety of our products is central to our sustainability agenda and keenly reflects the ethos of our collective vision – to place the well-being of consumers at the forefront of our considerations. By upholding the highest and most rigorous standards in our farming, production and distribution processes, we are empowered to provide nutritional benefits to our consumers, foster loyalty and trust in our products, and grow our positive impact and contributions to local communities as we expand our business reach.



### OUR ACTIONS AND INITIATIVES

We leverage our presence as a fully vertically integrated dairy company to exercise robust control over our processes and minimise our reliance on external suppliers. Even when we source dairy from outside the Group, it primarily comes from our network of partner-farmers who follow our stringent processes and undergo continuous monitoring.

Our processing facilities in Malaysia and Australia strictly adhere to internationally recognized standards, including the Hazard Analysis Critical Control Points (“HACCP”) control system and the Good Manufacturing Practices (“GMP”). We provide training to our processing facility staff members in GMP and HACCP food safety practices so they remain equipped to maintain high standards of food safety and quality throughout the production process.

#### Adopting Local and International Standards

All our farms and processing facilities have obtained certifications in the following standards and systems:

- The Halal certification – a globally recognised Malaysian accreditation certifying that all our products are prepared by Halal methods.
- The Malaysian Good Agricultural Practices (“myGAP”) – a comprehensive certification scheme introduced by the Malaysian Ministry of Agriculture and Food Security for the agricultural, aquaculture and livestock sector. The scheme recognises farms which adhere to the Good Agricultural Practices (“GAP”) resource management system, which provides practices that ensure high levels of food safety.

- The GMP – a set of standards that encapsulate the essential principles of food hygiene and safety in the food processing industry. The standards are defined and certified by the Malaysian Ministry of Health’s section for food safety and quality.
- The HACCP – a management system that assists with the control of biological, chemical and physical hazards across the production chain, from procurement and production to manufacturing, distribution and consumption.
- The Quality Assurance Programme (“QAP”) – a management education programme for total quality management formulated and implemented by the Department of Veterinary Services, under the Malaysian Ministry of Agriculture and Food Security. The QAP is specific to the livestock industry and encapsulates specific codes of practice at all levels of the supply chain.



#### The Farm Fresh Food Safety Management System

Our in-house food safety management system expands upon the controls established by the HACCP and GMP standards, and includes the following key practices, amongst others:

### Action

Review of critical control points (CCP) monitoring record and implementation of corrective actions
Checking of cleaning and maintenance activity records
HACCP team meetings
Testing of raw materials and finished products
Review of HACCP plan
Checking of mock recall reports
Supplier audits
Full internal audits
Management review meetings

### Frequency

Daily
Weekly
Twice monthly
Quarterly
Half-yearly and every time a report is made
Yearly
Yearly
Yearly
Yearly and as deemed necessary

Our food safety management system is overseen by a specialised team consisting of a HACCP team leader, maintenance supervisors, internal auditors, Quality Assurance (QA) professionals and/or production managers. This team functions independently from our operational teams and possesses the authority to initiate supplementary processes and actions as deemed necessary, including:

- Mock product recalls
- Random samplings of products
- Laboratory-based chemical analyses of products
- Gap analyses of staff training and knowledge standards with respect to food safety
- Evaluations of conformity to national-level food safety regulations
- Review of food safety documentation
- Customer complaint reviews

Additionally, the food safety management team is entrusted with supervising routine maintenance activities for our existing equipment, ensuring they remain functioning to the highest standards.

### Biosecurity Practices

To ensure the good health of our herd, we have implemented rigorous protocols across all our farms that align with the guidelines outlined in our GAHP manual and the myGAP certification.

As part of these comprehensive measures, all cows at our Malaysian farms receive vaccinations for Foot and Mouth Disease. Moreover, we proactively monitor global biosecurity risks to identify potential threats and promptly introduce additional vaccinations as deemed necessary.

### Future Plans

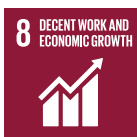
- We will enhance our collaboration with partner-farmers to ensure the implementation of GAHP and myGap standards across all farms that supply dairy to the Group.

### Our Performance

- 100% of our processing facilities across Malaysia and Australia are operated in accordance with the GMP and HACCP food safety and quality principles
- All our staff in our processing facilities are trained in GMP and HACCP food safety practices
- We have had no product recalls due to safety reasons since 2014

# STRONGER COMMUNITIES

**Related  
UNSDG**





## Local Economy Contribution

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### WHY IT MATTERS

Many suburban and rural areas in Malaysia suffer from a lack of economic opportunities and are underserved compared to urban centres. Leveraging our presence in these areas, we assume responsibility to empower these communities, not only by providing sustainable employment opportunities to locals but also through skills development and education programmes that foster professional growth. By doing so, we create shared value that uplifts these regions while simultaneously supporting our business objectives.



### OUR ACTIONS AND INITIATIVES

#### Rural Employment and Talent Development

Our “local first” policy ensures that we prioritise hiring from local communities where we operate before considering options in urban markets. Currently, 72% of employees in our farms and processing facilities are recruited from rural communities in Malaysia, including 11 individuals from the indigenous Orang Asli community.

We believe in nurturing local talents and have established several talent development programmes that include internships in collaboration with renowned universities and colleges. Since 2019, we have provided internships

and potential full-time employment opportunities to 223 high-performing students, with many becoming valuable contributors to our workforce.

Our efforts also include the Farm Fresh Scholarship Programme, which we launched in 2021 in collaboration with the East Coast Economic Region Development Council (ECERDC). The programme provides Orang Asli children with educational and financial support from primary to university level, and has onboarded 20 Orang Asli students from five local schools in the district of Rompin with RM30,000 disbursed to support their educational needs thus far. We aspire to inspire at least 80% of these students to pursue university studies and offer all of them the opportunity to join our workforce upon graduation.



## Local Economy Contribution

### Uplifting Local Farmers

The satellite network of rurally located partner-farmers we established in 2011 has played a vital role in promoting fair pricing for customers and enabling us to cost-effectively meet our external dairy sourcing needs. In addition to purchasing their milk, we have expanded our relationship with our partner-farmers to provide them with knowledge transfer opportunities through mentorship programmes and access to technical support throughout the production process.

By paying fair market prices to our partner-farmers for raw milk, we contribute meaningfully to their livelihoods as well as to the Malaysian government's goal of achieving self-sufficiency in domestic fresh milk production by 2025.

### The Farm Fresh Home Dealer Programme

In 2016, we introduced our innovative home dealer programme, a first-of-its-kind distribution network that spans rural regions in Malaysia without access to major grocery stores or supermarkets. This programme has not only expanded the reach of our products but has also created sustainable income opportunities for micro-entrepreneurs in underserved areas. Currently, we have 55 stockists, 801 home dealers, and 952 agents across all states in Malaysia, with 80% of them being women. These independent contractors distribute Farm Fresh and Yarra Farm products within their communities, earning commission for the sales they generate while spreading awareness on the nutritional benefits of dairy products to their friends and families.

To support their professional development, we conduct regular seminars and courses that keep them updated on our product range, pricing and their distribution areas. In 2019, we also launched an e-commerce website called Farm Fresh Mart, which provides information on the location and availability of home dealers and agents, allowing customers to purchase our products online, contact a home dealer or agent directly, or visit their nearest stockist or home dealer.

Via our home dealer programme, stockists may earn up to RM25,000 per month, while home dealers can generate a monthly income of up to RM5,000, surpassing average salaries in the regions they live in. Meanwhile, the programme continues to contribute significantly to our financial performance, with direct sales to stockists and distribution support provided by our network partners contributing towards 29% of our total revenue in FY2023.

In recognition of the social benefits provided by our home dealer programme, we were honoured with the ASEAN Inclusive Business Award in 2020.



### Future Plans

- We intend to extend the Farm Fresh Scholarship Programme to more Orang Asli students who require financial assistance in Pahang.
- As our product range continues to expand, we will enhance our home dealer programme through roadshows and other outreach initiatives, extending this income-generation opportunity to entrepreneurs throughout Malaysia.
- We are developing strategies to promote greater female participation in the home dealer network, thereby empowering an increasing number of housewives to achieve economic independence and financial freedom.

### Our Performance

- 72% of our total workforce across our farms and processing facilities were recruited from rural and underserved communities
- 223 students from local universities and colleges have benefitted from our internship programmes
- We have 55 stockists, 801 home dealers and 952 agents within our home dealer programme
- 80% of the micro-entrepreneurs within our home dealer programme are women
- RM1.7 million in income was generated for our partner-farmers



## Youth Outreach

W

### WHY IT MATTERS

We recognise the vital role of healthy and nutritious food in shaping the development of future generations. Utilising our position as Malaysia's leading homegrown dairy company, we have a unique opportunity to instil better consumption habits, particularly within schools.

O

### OUR ACTIONS AND INITIATIVES

#### Farm Fresh's Multidimensional Human Capital Development Programme (*Program Pembangunan Insan Multidimensi*)

In June 2023, we have commenced our new Multidimensional Human Capital Development Programme to support hardcore poor students in areas of education, nutrition and living standards. As part of this programme, we have committed to invest over RM1 million towards establishing Special Community Centres in areas with prevalent hardcore poor students. The first centre was launched at Sentul in the Klang Valley, providing 60 students with extra classes, tuition, religious classes, motivational sessions and nutritious meals, including Farm Fresh milk.

We are going to expand this initiative to nine more locations in other states across Malaysia, trailblazing an effort that paves the way for other large corporations, multinationals and government-linked companies to join this noble cause. This initiative is undertaken in collaboration with the Ministry of Education, Ministry of Health and Yayasan Didik Negara.



#### School Milk Programme

In our most recent collaboration with the Ministry of Education, we have begun participating in a new *Program Susu Sekolah*, or 'School Milk Programme', which aims to deliver quality nutritional milk to school canteens in the Northern, Eastern and Southern regions of Peninsular Malaysia. Through our involvement, we have delivered over 62 million packs of school milk to about 3,400 schools from April 2022 to March 2023, with a further 30 million packs delivered from March to June 2023. As a result of our successful involvement thus far, we have been awarded a new contract to deliver a further 70 million packs in the next phase of the programme.

#### Our Performance

- Delivered over 62 million packs of school milk from April 2022 to March 2023 under the School Milk Programme
- Launched first out of 10 planned Special Community Centres in Sentul, providing hardcore poor students with extra classes, religious classes, motivational sessions and nutritious meals, including Farm Fresh milk



## Employee Welfare

W

### WHY IT MATTERS

The bulk of our workforce operates in our farms and processing facilities, encountering occupational risks associated with heavy machinery, working with livestock in high heat and humidity, and engaging in construction or repair tasks. In our efforts to ensure their on-the-job safety and comfort, we adhere to international occupational health and safety standards, while additionally offering healthcare benefits and subsidised meals. Through our provision of a holistic workplace experience that nurtures personal growth and development, we encourage loyalty and productivity, thereby supporting the sustainability of our business operations.



### OUR ACTIONS AND INITIATIVES

Our approach to employee welfare encompasses implementing robust occupational health and safety systems for all staff across our farms and processing facilities, in addition to providing housing and resources for sustainable and healthy living to our farm-based employees.

At present, none of our employees are covered by collective bargaining agreements. Instead, we maintain open and direct communication with them to address their concerns and ensure a conducive and fair working environment for all.

#### The Farm Fresh Safety Management System

To address the specific challenges encountered in our employee working environments, we have devised a Safety Management System ("SMS") and a Safety, Health and Environment ("SHE") Policy that adhere to the following relevant Malaysian regulations and laws:

- Occupational Safety and Health Act ("OSHA") 1994
- Use and Standard of Exposure Chemical Hazardous to Health ("USECHH") 2000
- Control of Industrial Major Accident Hazards ("CIMAH") 1996
- Environmental Quality Act 1974: Environmental Quality (Prescribed Premises) (Scheduled Wastes Treatment and Disposal Facilities) Order 1989 and 2006
- Fire Services Act 1988

Furthermore, our SMS and SHE policies meet stringent international and national-level standards, including:

- MS 1722:2003
- OHSAS 18001
- ISO 1400

#### Implementing HIRARC Procedures

Our Hazard Identification, Risk Assessment and Risk Control ("HIRARC") procedures play a crucial role in managing potentially hazardous activities. We have established specific protocols for operating machinery and conducting maintenance, which are strictly enforced across all our farms and production facilities. Additionally, we strive to proactively identify and address emerging hazards through additional measures and practices that include:

- Periodic safety audits of processing facilities
- Monitoring, measuring and controlling exposure to hazardous chemicals
- Annual audiometric testing carried out on employees working at our processing facilities to measure noise exposure and its effects on hearing
- Internal Emergency Response Teams ("ERT") which are tasked with evacuating employees and fighting fires in the event of an emergency



Dedicated safety officers are responsible for overseeing our HIRARC procedures, monitoring personnel safety and conducting regular safety audits of our factory premises, towards maintaining safe working environments at all times.

In addition to these measures, employee training is prioritised at all levels and across all job functions, with occupational first aid, Confined Space training, forklift handling training, reach truck handling training and Hazard Identification, Risk Assessment and Determining Control ("HIRADC") training provided to employees based on their

relevant job requirements. Personal Protective Equipment (“PPE”) is also provided to employees wherever necessary to enhance their safety. Furthermore, to ensure new employees are well-informed on safety measures and protocols, we have included a comprehensive safety awareness component in our orientation programme.

### **Safety, Health and Environment Committee**

We have established a Safety, Health and Environment Committee that consists of a mix of representatives from both employers and employees, fostering meaningful dialogue on health and safety matters and providing a channel for emerging risks to be identified and brought to the attention of our management.

The primary responsibilities of the committee include, but are not limited to:

- Conducting regular workplace inspections, including specific inspections of machinery, equipment, substances, appliances and work processes
- Investigating workplace accidents, near misses, dangerous occurrences, occupational poisoning and occupational diseases, and reporting significant findings and recommending corrective actions to management
- Supporting the development of safety and health rules and safe work systems
- Evaluating the effectiveness of existing safety and health policies and recommending revisions as needed

### **Encouraging Sustainable Living**

As part of our dedication to promote economic progress in rural communities (see ‘Local Economy Contribution’ for more details), we offer meal subsidies and free accommodation to our farm-based employees. Currently, 80% of farm employees benefit from subsidised meals, while 50% enjoy the privilege of free accommodation. Additionally, we provide them with access to fresh vegetables and fresh fish that is grown and reared on-site, ensuring nutritious and sustainable ingredients for their daily meals.

#### **Our Performance**

- We recorded zero work-related fatalities and serious injuries in FY2023
- Our employees received an average of 4 hours of safety and health training in FY2023
- 100% of our employees are covered by our Safety Management System and our Safety, Health and Environmental Policy
- Subsidised meals and free accommodation are provided to 80% and 50% of farm employees respectively





# HEALTHIER PLANET

**Related  
UNSDG**



# Regenerative Agriculture

## W WHY IT MATTERS

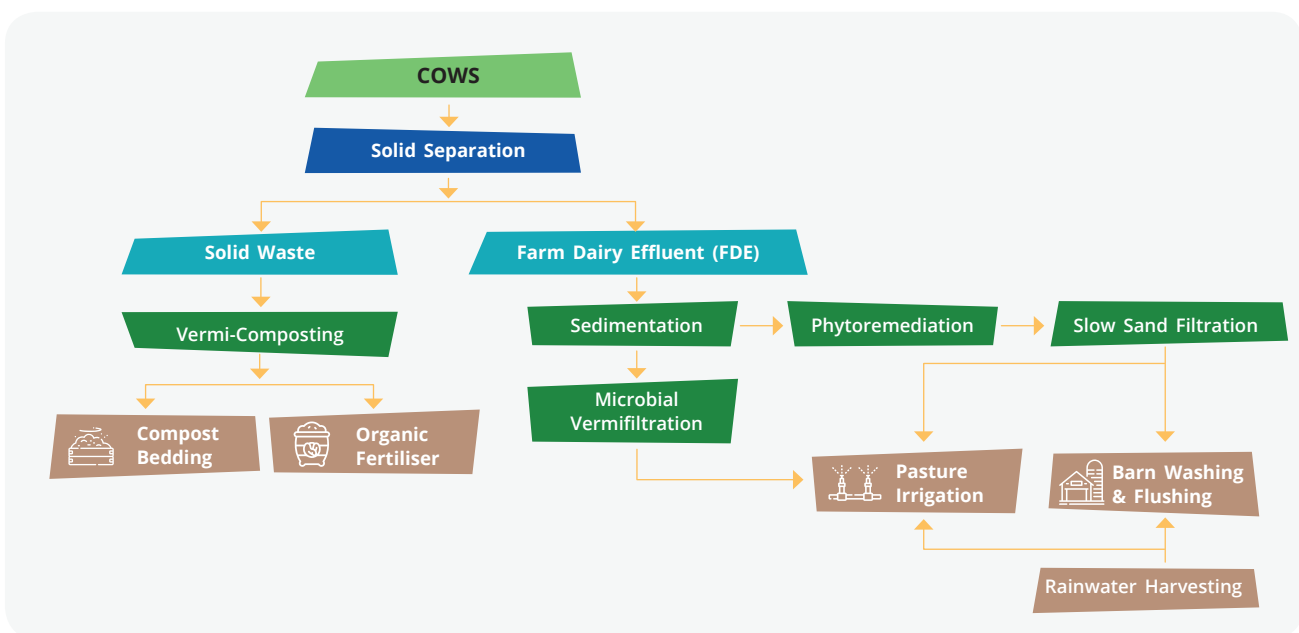
With many of our farms and landbanks located in close proximity to protected natural environments and local communities, we recognise the importance of embracing circular farming practices that minimise external or unnatural inputs, reduce waste and nourish the land upon which we produce. Such practices generate tangible and intangible value for the Group throughout our entire value chain, benefiting the health of our livestock, sustaining our ability to provide nutritious products to customers and safeguarding the integrity of our landbanks from degradation.

## O OUR ACTIONS AND INITIATIVES

Since 2014, we have gradually adopted regenerative agriculture techniques at our Muadzam Shah and UPM farms, focusing on two primary objectives:

1. Minimising the production of non-recyclable organic waste
2. Maximising the utilisation of locally available natural resources

In our pursuit of circular farming, we aim to reduce our reliance on external inputs such as chemical fertilisers. Instead, we harness the potential of the waste generated by our herd, as depicted in the accompanying chart, to serve essential functions.



Through the practice of vermicomposting, we effectively transform treated solid waste into a usable component in our cow bedding, thereby increasing the comfort and health for our herd. Additionally, this waste is used as organic fertiliser for the grass cultivated at our farms, with this nutrient-rich grass then forming a significant part of the feed mix provided to our cows. We also treat liquid animal waste for use in pasture irrigation, with this treated waste also used in conjunction with recycled rainwater for the washing and flushing of our barns.

By implementing these practices, we redirect a significant amount of animal waste away from landfills and sewerage systems each year, resulting in a reduction to the methane emissions that would have occurred through landfill decomposition and during chemical treatments in sewerage systems. Furthermore, we have observed a decrease in our dependence on external water sources for our operations as well as a reduced reliance on chemical fertilisers that can negatively impact soil health.

## Regenerative Agriculture

The regenerative agricultural practices we have adopted, together with the benefits they provide, are outlined in greater detail in the table below.

Function	Processes Undertaken	Benefits
<b>Compost Bedding</b>	African Nightcrawler worms are used to break down solid waste produced by our cows into vermicompost (worm castings), which is then used as part of the mix for the bedding of our cows.	<ul style="list-style-type: none"> <li>· Promotes claw health and creates a comfortable environment for cows</li> <li>· After 5 to 6 months of composting, the bedding becomes the perfect feed for vermiculture composting</li> <li>· Minimises waste discharge that enters the drainage system</li> </ul>
<b>Organic Fertiliser</b>	The vermicompost produced from solid waste is spread over our pasture as an organic fertiliser for grass, which in turn forms a major component of the feed provided to our cows.	<ul style="list-style-type: none"> <li>· Reduces the usage of chemical fertilisers</li> <li>· Minimises waste discharge that enters the drainage system</li> <li>· Improves physical characteristics of the soil, such as water holding capacity, aeration and porosity, thereby enhancing soil fertility</li> <li>· Using organic fertiliser results in more nutritious feed for our cows</li> </ul>
<b>Barn Washing and Flushing</b>	<p>After solid separation, the Farm Dairy Effluent ("FDE") that is isolated undergoes three major processes:</p> <ol style="list-style-type: none"> <li>1. It is filtered by sitting in sedimentation ponds, a process that uses gravity to split and remove any remaining solids from the liquid waste</li> <li>2. Phytoremediation uses living plants to effectively treat the effluent against contaminants and excess nutrient content</li> <li>3. Finally, the effluent goes through a slow sand water purification process that removes turbidity and pathogenic organisms</li> </ol> <p>The resulting water is then used along with recycled rainwater for the washing and flushing of our barns.</p>	<ul style="list-style-type: none"> <li>· Reduces reliance on external sources of water</li> <li>· Minimises waste discharge that enters the drainage system</li> <li>· Minimises groundwater and surface water contamination by reducing the amount of toxic waste released into the environment</li> </ul>
<b>Pasture Irrigation</b>	<p>FDE can also be used for irrigating our pasture, provided that it goes through microbial vermifiltration after the solid separation and sedimentation processes.</p> <p>Vermifiltration is a biological wastewater treatment process that uses composting worms to treat water, with the output being water that is suitable for watering pastures.</p>	<ul style="list-style-type: none"> <li>· Filtered FDE contains beneficial nutrients for plant growth, feeding a positive cycle that in turn leads to more nutritious feed for our cows and produce for our customers</li> <li>· The use of irrigation ponds mean that our pastures can be adequately watered even during the dry season, thus producing nutritious grass all year round</li> </ul>



### Turning Waste into Fuel

To further optimise our recycling of animal waste, we have entered into an agreement with Green Lagoon Technology Sdn Bhd to construct a new biogas facility at Muadzam Shah. Green Lagoon will construct and manage the plant while we will provide cow manure to facilitate the production of biofuel (see 'Climate Action' for more details).

### Future Plans

- Over the next three years, our goal is to implement regenerative agriculture practices across all of our farms.
- Additionally, we will develop an action plan to facilitate the implementation of regenerative agriculture practices at farms operated by our partner-farmers.

### Our Performance

- 88.3 million kg of solid animal waste removed from waste discharge and recycled into organic fertiliser
- 336.7 million litres of FDE recycled and removed from waste discharge
- 1,748,730 kg of chemical fertiliser removed from our production cycle
- 329.7 acres of farmland irrigated by recycled FDE



## Responsible Water Stewardship

### W WHY IT MATTERS

Ensuring the sustainable extraction and discharge of water is of utmost importance to us as it directly impacts the health of our soil and the overall quality of our products. Furthermore, given that our farms and processing facilities are situated near local communities which rely on the land for their livelihoods, we recognise the need to minimise our impact on the natural water table and reduce the potential of water-based discharge entering nearby waterways.

### O OUR ACTIONS AND INITIATIVES

To minimise our reliance on surface and municipal water sources, we have made strategic investments in new technologies that enable us to efficiently collect and utilise rainwater and groundwater. Furthermore, our adoption of regenerative agriculture practices (see 'Regenerative Agriculture' for more) plays a vital role in our water conservation efforts, as the use of treated liquid animal waste for barn washing and pasture irrigation significantly reduces our dependence on the water table.

#### Harnessing Groundwater and Rainwater

The installation of tube well pumping and rainwater harvesting systems are amongst our key initiatives to promote sustainable water management, and, in combination, have helped us reduce our use of municipal water by a total of 500.5 million litres in FY2023.

Our tube well pumping system allows us to extract groundwater from the lower levels of the water table. This reduces the impact of our withdrawal needs on surface water, which is vital for maintaining soil health and protecting the surrounding natural resources for neighbouring farms and communities. Groundwater is also available throughout the year and less susceptible to droughts, providing us with a reliable water source and reducing our reliance on municipal water during periods of water scarcity.

Additionally, our rainwater harvesting systems collect and store rainwater for use across various farm-based processes. This includes activities such as barn washing and flushing, irrigation, the cleaning of our herds and the maintenance of farm machinery.

#### The Impact of Regenerative Agriculture Practices

Untreated animal waste presents a significant threat to water sources, carrying the potential to cause contamination that could impact the entire dairy production process. However, by implementing regenerative agriculture practices that treat and transform both solid and liquid animal waste into functional resources, we effectively distance animal waste from water sources and substantially reduce the risk of cross-contamination.

Our well-established regenerative agriculture practices remove 88.3 million kg of solid waste and 336.7 million litres of liquid waste per year from potential entry into the water table and local waterways.







### Future Plans

- We aim to expand our use of rainwater harvesting and tube well pumping systems with the goal of achieving a 60% reduction in municipal water use by 2025, compared to peak levels
- We will develop an action plan to support our partner-farmers in adopting sustainable water withdrawal and management strategies at their respective farms

### Our Performance

Water withdrawn by source	FY2022 (megalitres)	FY2023 (megalitres)
Municipal sources*	2,883.8	2,909.4
Groundwater and Surface water (incl. tube well pumping, rainwater and water from rivers)	428.8	500.5
<b>Total</b>	<b>3,312.6</b>	<b>3,409.9</b>

\* Figure includes the usage of 1,835 megalitres (FY2023) and 2,397 megalitres (FY2022) of municipal water at our Australian farms, where there are no groundwater and surface water sources available for extraction.

- 500.5 million litres of municipal water saved per year through tube well pumping and rainwater harvesting
- 14.7% reduction in municipal water usage due to adoption of tube well pumping and rainwater harvesting

## Climate Action

W

### WHY IT MATTERS

According to the Food and Agriculture Organisation (FAO) of the United Nations, agrifood systems account for one-third of total anthropogenic greenhouse gas (GHG) emissions. This encompasses emissions from farming, land use, food production and the food supply chain, all of which are relevant to our operations.

As an industry leader committed to protecting the environment, we shoulder the responsibility to actively pursue and implement sustainable measures that may reduce our carbon footprint. Through our efforts, we can set an exemplary role in environmental stewardship for other Malaysian and regional dairy farming communities, while simultaneously bolstering the sustainability of our operations and enhancing our reputation amongst consumers.



### OUR ACTIONS AND INITIATIVES

Our emissions originate from different sources, including methane produced during enteric fermentation, nitrous oxide released from fertilisers, carbon dioxide generated by tillage and the combustion of fossil fuels for powering machinery across our farms and processing facilities.

In seeking to reduce our footprint, we have implemented regenerative agriculture practices and have adopted the use of renewable energy across many of our farms and facilities. We also conducted our first carbon emissions inventory in 2021, enabling us to identify actionable strategies for emissions reduction that we are gradually implementing throughout our value chain.

#### Reducing Nitrous Oxide Emissions

Our use of treated animal waste for pasture fertilisation, which is a key component of our regenerative agriculture practices, reduces our use of traditional chemical fertilisers that release Nitrous Oxide, a potent greenhouse gas, into the atmosphere. With vermicompost offering the added advantage of improving soil quality, we unlock the dual

benefits of producing superior feed for our cows while minimising the environmental impact of our pasture fertilisation practices.

At the same time, our efforts to treat and productively repurpose animal waste also reduces the potential release of Nitrous Oxide from untreated waste matter, further mitigating carbon emissions from our farms.

#### Increasing Our Adoption of Renewable Energy

Our efforts to implement renewable energy use across our operations are focused on the two most viable options currently available – solar power and biogas production.

We have already installed photovoltaic (PV) technology systems at two of our Malaysian farms to harness the high potential of solar power in tropical climates. Our rooftop solar projects at Muadzam Shah and Larkin are capable of generating clean energy at a peak power of 1,025.07 kWp and 689.02 kWp respectively, while an additional PV system with a capacity of 525.03 kWp is planned for our Taiping facility and expected to commence operation in 2024.

We are also leveraging the well-established regenerative agricultural practices implemented at our Muadzam Shah farm to launch our first on-site biogas plant. This joint venture project with Green Lagoon Technologies Sdn Bhd, a leading integrator of biogas technologies in Malaysia, will entail the construction of a new facility that utilises the manure produced by our herd to produce biofuel. As part of our agreement with Green Lagoon Technologies Sdn Bhd, we will receive a discount on fuel purchased of up to 25% compared to the monthly average industrial diesel rate.

The new plant is expected to be operational by the end of 2023 and will contribute to an estimated reduction of 9,800 tCO<sub>2</sub> per annum and an estimated displacement or reduction of diesel usage of 670,000 litres per annum. We are currently in talks to launch a similar biogas project at our Taiping farm.

By gradually incorporating renewable energy sources into our operations, we are actively decreasing our reliance on the Malaysian national power grid and growing our contribution to the broader renewable energy ecosystem.

### Undertaking A Group-wide Carbon Inventory

Following on from our inaugural Group-wide carbon footprint inventory exercise for the calendar year 2020, which was conducted in July 2021, we have engaged an independent third party, Eco-Ideal Consulting Sdn Bhd, which utilised the GHG Protocol Corporate Accounting and Reporting Standard to monitor carbon emissions for the calendar year 2022 across our farms and processing facilities in both Malaysia and Australia.

We identify and calculate emissions across all three scopes:

- Scope 1 GHG emissions, which mainly comprise direct emissions from machinery, equipment and motor vehicles operated at our farms and processing facilities, as well as enteric fermentation, manure management and soil management at our farms

- Scope 2 GHG emissions, which encompass emissions from the electricity we consume in operating machinery and equipment at our farms and processing facilities
- Scope 3 GHG emissions, which comprise indirect emissions not recognised in Scope 2 as well as emissions from business travel, including by car, train and flight

Our monitoring efforts have enabled us to calculate the emissions intensity of our Malaysian and Australian farms, which we are pleased to report remain well below the average of dairy farms in Asia and Oceania, reflecting the success of our ongoing efforts to adopt responsible farming and energy conservation practices.

The data we have compiled through monitoring will also inform the development of improved emissions reduction strategies in our quest to minimise our Group-wide carbon footprint.

### Future Plans

The insights revealed in our carbon footprint inventory exercise have helped us identify strategies for improving our future performance, including:

- Replacing existing anaerobic lagoons with anaerobic digestion tanks at our Muadzam Shah Farm, thereby enabling us to use our farm-sourced manure to produce biofuel
- Installing solar thermal systems to reduce the use of diesel for our boiler and generator units
- Installing biogas and solar energy generation systems in the other farms and processing facilities we operate

In recognising that the ongoing expansion of our business will result in an overall increase in our GHG emissions, we have pivoted towards reducing emissions intensity as our Group-wide focus. To this end, we aim to achieve a 5% reduction in our Group-wide emissions intensity each year.

### Our Performance

In FY2023, the scope of our carbon emissions monitoring<sup>1</sup> was expanded to include our new Taiping farm as well as the operations of St David Dairy in Australia, which was acquired in August 2022. We also expanded Scope 3 monitoring to calculate indirect emissions from our employees commuting to and from work. This has collectively resulted in an increase to our total Group-wide GHG emissions.

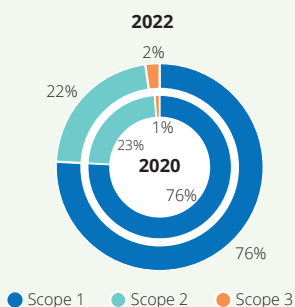
However, while our absolute emissions increased in line with our new facilities and expanded monitoring scope, the report revealed that we were successful in reducing our Group-wide emissions intensity from 0.46 tCO<sub>2</sub>eq/tonne of milk in 2020 to 0.42 tCO<sub>2</sub>eq/tonne of milk in 2022, representing a significant reduction of 9% in just two years.

1. Our latest GHG inventory exercise was completed in July 2023 by an external consultant, Eco-Ideal Consulting Sdn Bhd, based on the GHG Protocol Corporate Accounting and Reporting Standard by World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD).

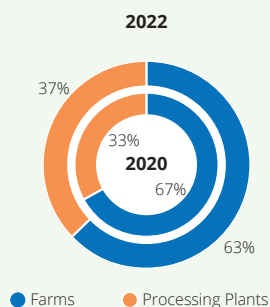


## Climate Action

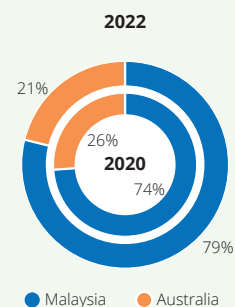
**Total Emissions (tCO<sub>2</sub>eq)<sup>1</sup> by Scope**



**Total Emissions (tCO<sub>2</sub>eq) by Farms/Manufacturing Plants**



**Total Emissions (tCO<sub>2</sub>eq) by Country of Operation**

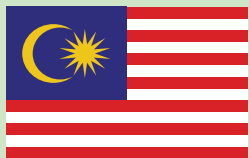


**Total Emissions**

**CY2020 – 47,339 tCO<sub>2</sub>eq**

**CY2022 – 68,892 tCO<sub>2</sub>eq**

### Benchmarking of Our Emissions Against Dairy Farms in Asia and Oceania<sup>2</sup>



Our Malaysian farms have an emissions intensity of

**2.7kg** CO<sub>2</sub>eq/kg FPCM

(17% lower than 2015 average of dairy farms in Asia)



Our Australian farms have an emissions intensity of

**0.9kg** CO<sub>2</sub>eq/kg FPCM

(31% lower than the average of dairy farms in Oceania)

FPCM = fat and protein corrected milk

### Reduced Emissions Due to Transition from Daily Spread to Composting of Manure

The table below illustrates the significant reduction in untreated manure discharged into the environment, along with the corresponding decrease in greenhouse gas (GHG) emissions, resulting from our shift from daily spread to composting of cow manure.

Description	Daily Spread	Compost	% Decrease
Amount of manure discharged (kg N)	67,942	30,973	54.4%
GHG Emissions (tCO <sub>2</sub> eq/year)	433	202	53.3%

1. tCO<sub>2</sub>eq stands for tonnes of carbon dioxide equivalent

2. Based on comparison with report issued by Food and Agriculture Organization of the United Nations and Global Dairy Platform Inc. in 2019.

# Sustainable Packaging

W

## WHY IT MATTERS

Given the large volume of packaged goods we produce annually, we recognise our responsibility to address various sustainability concerns associated with packaging, such as the source and volume of raw materials used, the environmental impact of manufacturing processes employed, the recyclability of the end product and the packaging's potential to help reduce food waste.

Furthermore, a growing number of consumers are actively seeking FMCG brands that demonstrate strong sustainability practices, with packaging being one of the most visible factors in their decision-making process.



## OUR ACTIONS AND INITIATIVES

Our primary commitment is to prioritise sustainable sourcing for our packaging materials, ensuring that they come from sustainably and responsibly managed rainforests. By sourcing our materials in this way, we aim to minimise our long-term impact on natural resources and contribute to their preservation.

We are also actively working to reduce the environmental footprint of our products after they are consumed. As we transition to using fully recyclable materials for all our product varieties, we are concurrently developing initiatives to actively engage and educate consumers, especially the younger generation, on the importance of recycling and the proper disposal of packaging materials.



### Pioneering Milk Sold in Reusable Bottles

In September 2022, via our Milk on Tap initiative in collaboration with Jaya Grocer, we have pioneered fresh milk sold in reusable glass bottles. This trailblazing move will provide impetus to the dairy industry to reduce plastics usage significantly via this eco-friendly way of buying milk. With four Milk on Tap stations currently in operation, we are set to commence operations at a further three locations in the second half of 2023. Our goal here is to increasingly reduce the proliferation of single-use plastics and reduce the load at landfills, which has proven to be a success as reflected by the increasing popularity of Milk on Tap amongst our consumers. From September 2022 to June 2023, the Milk on Tap initiative has contributed to the reduction in usage of 140,000 plastic bottles, simultaneously avoiding the usage of more than 7,300kg of plastic for packaging.



## Sustainable Packaging

### Adopting Sustainably Sourced and Recyclable Packaging

Since 2018, we have adopted Tetra Pak paper packaging for our UHT products, which is composed of 75% paper, 20% plastic and 5% aluminium, making it fully recyclable. The paperboard used in this packaging is also FSC® Forest Stewardship Council certified, meaning that it comes from responsibly managed forests and controlled sources.

By choosing Tetra Pak packaging, we actively support the sustainable management of forests, which encompasses considerations such as upholding the rights of indigenous peoples, contributing to local communities' social and economic well-being, and conserving ecosystem services and environmental values.

Moving forward, we are committed to working with packaging suppliers who share a similarly strong commitment to sustainability. To this end, we will establish specific sustainability criteria for suppliers, focusing on both ingredients and packaging materials, while striving to evaluate a significant portion of our key suppliers using detailed sustainability assessment templates that include criteria for sustainable packaging. This approach will ensure that our packaging supply chain aligns with our sustainability goals.

### Instilling Recycling Practices Amongst Malaysians

We recognise that recyclable packaging is only effective when it is actually recycled. Thus, we are consistently seeking opportunities to spread awareness and promote recycling as a regular practice among Malaysians.

In 2022, we established a recycling education centre at our UPM farm in collaboration with Tetra Pak. The centre's primary goal is to raise awareness about the recyclability of our packaging and educate consumers on adopting simple and impactful recycling habits in their daily lives, both at home and in the workplace. Through this initiative, we aim to empower individuals with the knowledge and tools they need to contribute to a more sustainable future through proper recycling practices.



### Future Plans

- We will expand our Milk on Tap initiative to more retail outlets and educate the public on reducing plastics usage, encouraging the use of reusable glass bottles
- We aim to launch sustainability-linked supplier criteria within the next two to three years, which will include criteria on sustainably sourced packaging
- We will continue to engage and educate youth on the importance of recycling via school-based campaigns

### Our Performance

Our sales of finished goods that use fully recyclable and FSC® certified Tetra Pak packaging has increased by 5% over the past year, from 28% to 35.5% of total sales in FY2023.