

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 3255  
**COMPANY NAME** : Heineken Malaysia Berhad  
**FINANCIAL YEAR** : 31 December 2020

## **OUTLINE:**

### **SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE**

*Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.*

### **SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

*Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.*

## SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.1

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Board is collectively responsible for leading and determining the strategic direction and overseeing the conduct of the Group's businesses and the management effectiveness. The Board takes into consideration the interests of all stakeholders in its decision-making to ensure the Group's objectives of creating long-term sustainable value for the benefit of our stakeholders are met.</p> <p>The Board is also responsible to set the corporate values and promote good corporate governance culture within the Group which reinforces ethical, prudent and professional behavior and ensure that its obligations to shareholders and other stakeholders are met.</p> <p>The Board is guided by its Charter which sets out the purpose, composition, key roles and principal responsibilities as well as the internal procedural matters for the Board. The principal responsibilities of the Board are in line with that provided in the Malaysian Code on Corporate Governance ("MCCG"). The Board Charter serves as a source of reference for Board members to assist them in discharging their fiduciary duties as Directors. It is available on the Company's website at <a href="https://www.heinekenmalaysia.com/corporate-governance/">https://www.heinekenmalaysia.com/corporate-governance/</a></p> <p>The Board delegates, with appropriate oversight, to the Management Team for meeting defined corporate objectives, implementing approved strategic and operating plans, carrying on Company's business in the ordinary course, managing Company's cash flow, evaluating new business opportunities, recruiting staff and complying with applicable regulatory requirements. The responsibilities and authorities of the Management Team are defined in the Statement of Authority approved by the Board.</p> <p>There is a schedule of key matters reserved specifically for the Board deliberation and decision to ensure the direction and control of the Group are in its hands. The list of matters are provided in the Board Charter approved by the Board.</p> <p>In 2020, the Board had six (6) meetings. Two (2) of the meetings were convened on an ad-hoc basis to discuss critical issues impacting the Group business and operations as a result of the Movement Control Order and the related restrictions implemented by the Government to contain the Covid-19 infection. During the routine quarterly meetings, the Board reviewed the Group's business and financial performance, business outlook and its strategic priorities and deliberated key business and operational issues and challenges, organisation resources, and initiatives proposed by Management. The Board also considered reports and recommendations from the Board Committees on matters related to financial reporting, internal and external audit, risk management and internal control, regulatory and industry issues, changes to the Board and Board evaluation.</p>
<b>Explanation for departure</b>	: Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	:
<b>Timeframe</b>	:

**Intended Outcome**

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

**Practice 1.2**

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Chairman of the Board is primarily responsible for the orderly conduct and functioning of the Board and ensure its effectiveness on all aspects of its roles. He plays an important leadership role and is responsible for the following:</p> <ul style="list-style-type: none"> <li>▪ To provide leadership to the Board, and oversee the Board in the effective discharge of its fiduciary duties;</li> <li>▪ To set the agenda for Board Meetings and ensure efficient and effective conduct of the Board Meetings;</li> <li>▪ To ensure that complete and accurate information to facilitate decision-making are provided to the Board members in a timely manner;</li> <li>▪ To lead Board Meetings and encourage active participation and allow dissenting views to be freely expressed;</li> <li>▪ To promote constructive and respectful relations between Board members and manage the interface between the Board and Management;</li> <li>▪ To ensure that appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole; and</li> <li>▪ To lead the Board in establishing and monitoring good corporate governance in the Company.</li> </ul> <p>The Chairman of the Board shall also act as Chairman at all Board Meetings and general meetings. He facilitates discussion during Board meetings and encourages open participation and constructive discussions when deliberating issues. He also ensures that there is a good balance between the time allocated to discussions on business performance, strategies, key issues and governance matters during Board meetings.</p>
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

#### Practice 1.3

The positions of Chairman and CEO are held by different individuals.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The positions of Chairman and Managing Director are held by two different individuals. The Chairman, Dato' Sri Idris Jala, is primarily responsible for the stewardship and smooth functioning of the Board. He is an Independent Director who has never assumed an executive position in the Company.</p> <p>The Managing Director, Mr Roland Bala, is a nominee of the major shareholder and leads the Management Team. He is primarily responsible for the day to day management of the business and operations of the Company and its subsidiaries ("the Group"), organisational effectiveness and the implementation of the Group's strategies and policies approved by the Board.</p>
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

**Practice 1.4**

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company Secretary is a qualified Chartered Secretary. She is an Associate Member of the Malaysian Institute of Chartered Secretaries and Administrators and she holds a Practising Certificate for Secretaries under Section 241 of the Companies Act, 2016.</p> <p>The Company Secretary is responsible for ensuring that the Board is advised and kept updated on the regulatory requirements governing the Company and its business. As and when required, the Company Secretary provides advice to the Board on its roles and responsibilities, corporate governance and corporate disclosures requirements.</p> <p>The Company Secretary also manages all Board and Board Committee Meetings logistics as well as the proceedings pertaining to Shareholders' Meetings, attends and records minutes of all Board and Board Committees Meetings and the Shareholders' Meetings.</p> <p>All Board members have access to the advice and services of the Company Secretary in carrying out their duties.</p>
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

**Practice 1.5**

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Prior to each Board/Board Committee meeting, a structured agenda together with management reports and proposals will be furnished to the Directors at least five (5) days (or in any event not less than three (3) days) before the meeting.</p> <p>In order for meetings to be more effective, the meeting agenda is organised according to the priority of the matters / proposals to be deliberated with an indication to guide the Directors as to whether the matters are for approval, discussion or for notation purpose and time allocated for each agenda item in order for the meetings to be conducted efficiently.</p> <p>The proceedings of all meetings, including issues discussed, decisions and conclusions including dissenting views made and whether any Director abstained from voting or deliberating on a particular matter at the Board/Board Committee meeting with required actions to be taken by responsible parties raised are documented in the minutes of meetings by the Company Secretary and circulated to the Board members in advance of the next Board/Board Committee meeting for comments and inputs.</p>
<b>Explanation for departure</b>	:	Not applicable.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

**Practice 2.1**

The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies–

- ✦ the respective roles and responsibilities of the board, board committees, individual directors and management; and
- ✦ issues and decisions reserved for the board.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is guided by its Charter which sets out the purpose, composition, key roles and principal responsibilities as well as the internal procedural matters for the Board. The principal responsibilities of the Board are in line with that provided in the Malaysian Code on Corporate Governance.</p> <p>The Board Charter serves as a source of reference for Board members to assist them in discharging their fiduciary duties as Directors. The Board reviews the Board Charter from time to time to ensure that it continues to remain relevant and appropriate and the last review conducted by the Board was in 2018.</p> <p>The Board Charter is available on the Company's website at <a href="https://www.heinekenmalaysia.com/corporate-governance/">https://www.heinekenmalaysia.com/corporate-governance/</a></p>
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

**Practice 3.1**

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board understands that it has the responsibility to set the tone and standards of the Company and is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders business integrity, fairness and approach to health and safety.</p> <p>As disclosed in the CG Overview Statement in the Annual Report, the Group has in place the following codes which outline its commitment to conducting business with integrity, fairness, respect for the laws and the values and principles for ethical and business conduct expected from relevant stakeholders in their business conduct and dealing with the Group.</p> <ul style="list-style-type: none"> <li>(i) HEINEKEN Code of Business Conduct ("HeiCode")</li> <li>(ii) HEINEKEN Responsible Marketing Code</li> <li>(iii) HEINEKEN Supplier Code and Distributor Code of Conduct</li> <li>(iv) HEINEKEN Speak Up Policy</li> </ul> <p>On an annual basis, all employees are required to attend an awareness session and complete an e-learning programme to assess their understanding of the HeiCode. The HeiCode and the underlying policies, communication and training materials are documented and available in a Business Conduct Portal for employee access.</p> <p>During 2020, an e-learning programme was developed and rolled out to all distributors and suppliers to drive awareness and assess their understanding of the codes and the underlying principles related to, among others, anti-bribery, fraud and offering and acceptance of gifts and entertainment.</p> <p>The HeiCode and the HEINEKEN Speak Up Policy are available on the Company's website at <a href="https://www.heinekenmalaysia.com/corporate-governance/">https://www.heinekenmalaysia.com/corporate-governance/</a></p>
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



**Intended Outcome**

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

**Practice 3.2**

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company adopted the HEINEKEN Speak Up Policy which provides employees with a standard process to report concerns about suspected misconduct within the Group in confidence and without fear of retaliation.</p> <p>The Speak Up Service is managed by an independent third party and is available 24/7, 365 days a year. Report can be submitted through the Speak Up Service via online or phone call. All Speak Up reports are handled by a Case Manager who works under the supervision and instruction of the HEINEKEN Global Integrity Committee which comprises representatives from the HEINEKEN Business Conduct Office, Global Audit, Global Human Resources and Global Legal Affairs.</p> <p>The Speak Up Policy was communicated to the employees and the business partners of the Group to create awareness of the Speak Up platform for them to raise concerns about suspected misconduct within the organisation.</p> <p>The HEINEKEN Speak Up Policy are available on the Company's website at <a href="https://www.heinekenmalaysia.com/corporate-governance/">https://www.heinekenmalaysia.com/corporate-governance/</a></p>
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 4.1**

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	Not applicable
<b>Explanation for departure</b>	:	<p>The Board has seven (7) Directors, led by a Non-Executive Independent Chairman, and supported by a Managing Director as well as five (5) Non-Executive Directors. Three (3) of the Non-Executive Directors (including the Chairman) are Independent Directors, representing 43% of the Board whilst the remaining three (3) Non-Executive Directors are Non-Independent Directors.</p> <p>The primary responsibility of Independent Directors is to protect the interests of minority shareholders and other stakeholders. They play a key role in providing independent views and advice and their effective participation serves to promote greater accountability and balance in the Board's decision-making process.</p> <p>The Board acknowledged the practice recommended under the MCCG for large companies to have a majority Independent Non-Executive Directors in the Board. Based on the current shareholding structure of the Company in which 51% of its equity interest are held indirectly by Heineken N.V. via its wholly-owned subsidiary, GAPL Pte Ltd, the Board was of the view that to fully leverage on the experience of the HEINEKEN Group and to ensure focus on long-term value creation, it is in its best interest and that of its stakeholders that the Board includes a fair and adequate representation of the major shareholders.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	The Company has no plan to change the current Board composition.
<b>Timeframe</b>	:	N/A

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 4.2

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.

<b>Application</b>	:	Shareholders' approval is sought for retention of Independent Directors serving beyond 9 years.
<b>Explanation on application of the practice</b>	:	<p>The Board is guided by the recommended approach under the MCGG for retention of Independent Directors beyond the cumulative term limit of nine (9) years and twelve (12) years. Independent Directors who exceed the cumulative term limit shall be re-designated as Non-Independent Director, unless shareholder approval is sought for him/her to remain as Independent Director providing justification. Notwithstanding this, the Board will continue to evaluate and assess this approach and take appropriate steps to adopt the recommended practice, taking into consideration the best interest of the Company.</p> <p>Mr Martin Giles Manen has served as an Independent Non-Executive Director of the Company for twelve (12) years as of 28 August 2020. Shareholders' approval was obtained via a two-tier voting process at the Company's 56<sup>th</sup> Annual General Meeting ("AGM") held on 14 August 2020, to allow Mr Martin Giles Manen to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next AGM.</p> <p>The tenure of Datin Ngiam Pick Ngoh, Linda as Independent Non-Executive Director of the Company is expected to reach the nine-year mark on 3 December 2021. The Board had, via the NRC, conducted an evaluation on the contribution of Datin Ngiam Pick Ngoh, Linda and recommended her to continue as Independent Non-Executive Director of the Company on the basis that she possesses the following attributes necessary in discharging her duties and responsibilities as an Independent Non-Executive Director:</p> <ul style="list-style-type: none"><li>(a) She has fulfilled the criteria of an Independent Director as prescribed under the Bursa Malaysia Main Market Listing Requirements;</li><li>(b) She has been with the Company for long and therefore understands the Group's business and operations well;</li><li>(c) She participates actively and provides objective judgement and input to the Board and the Board Committees for informed and balanced decision-making; and</li><li>(d) She has exercised due care in carrying out her professional duties as an Independent Non-Executive Director of the Company in the interest of the Company and shareholders.</li></ul> <p>Based on the above recommendation, shareholders' approval will be sought at the forthcoming AGM of the Company to allow Datin Ngiam Pick Ngoh, Linda to continue as Independent Non-Executive Director of the Company.</p>
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 4.3 - Step Up**

The board has a policy which limits the tenure of its independent directors to nine years.

<b>Application</b>	Not applied
<b>Explanation on adoption of the practice</b>	: Not applicable

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 4.4**

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board, via the Nomination &amp; Remuneration Committee (“NRC”), reviews the suitability of candidate for appointment to the Board and ensure that appointments are made on merit. There are specific criteria for assessing candidature for directorship. The suitability of a candidate is assessed taking into consideration the following aspects:</p> <ul style="list-style-type: none"> <li>▪ Core competencies that meet the needs of the Company</li> <li>▪ Personal qualities in terms of leadership skills, ability to provide strategic insight and direction, work ethics and professionalism</li> <li>▪ Industry knowledge, business judgement, expertise and special skills</li> <li>▪ Understanding of local economic and operating environment</li> <li>▪ Ability to commit time and effort to carry out duties and responsibilities effectively</li> <li>▪ Ability to represent the Company at any occasion that involves the Company</li> <li>▪ Educational qualification</li> <li>▪ Factors that promote boardroom diversity</li> </ul> <p>For appointment of Independent Directors, considerations will be given on whether the candidate meets the independence criteria and requirements as defined in the Bursa Malaysia Main Market Listing Requirements (“MMLR”).</p>
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 4.5**

The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Board recognises the importance of diversity in its membership, including gender, ethnicity and age, and strives to maintain the right balance for effective functioning of the Board. Presently, the Board comprises of 43% women directors, which has surpassed the 30% requirement for Large Companies.
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 4.6**

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>There is a process for selection, nomination and appointment of suitable candidates to the Board of the Company. Potential candidates will be identified through internal or external sources via recruitment agencies based on the needs of the Board.</p> <p>The NRC reviews the suitability of candidate identified and recommends appointments to the Board and Board Committees based on merit. As disclosed under Practice 4.4, there are specific criteria for assessing candidature for directorship.</p>
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 4.7**

The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	<p>Dato' Sri Idris Jala, the current Chairman of the NRC, is an Independent Director.</p> <p>The Chairman of the NRC assumes the following responsibilities:</p> <ul style="list-style-type: none"> <li>▪ Conduct the NRC meetings and report to the Board on matters deliberated and recommended by the NRC.</li> <li>▪ Lead the succession planning and appointment of Board members, including the future Chairman and Managing Director; and</li> <li>▪ Lead the annual review of Board effectiveness, ensuring that the performance of each individual Director is independently assessed.</li> </ul> <p>The above are stipulated in the Terms of Reference of the NRC which is available on the Company's website at <a href="https://www.heinekenmalaysia.com/corporate-governance/">https://www.heinekenmalaysia.com/corporate-governance/</a>.</p>
<b>Explanation for departure</b> :	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	



**Intended Outcome**

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

**Practice 5.1**

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out and its outcome.

For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.

<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	<p>The Board, through its NRC, evaluates the Board's collective performance by examining the effectiveness of the structure and activities of the Board and Board Committees as well as the contribution of Board members on an annual basis. The evaluation revolves around the following aspects:</p> <p><b>How the Board leads</b> Examine the current composition and activities of the Board and Board Committees and their commitment in discharging their functions.</p> <p><b>How the Board manages</b> Evaluate the rigour of deliberation, information flow and Board administration.</p> <p><b>How the Board contributes</b> Review the manner in which Board members interact and participate and their working relationship with Management.</p> <p>For the financial year ended 31 December 2020, the NRC conducted the evaluation internally with the support of the Company Secretary based on the following processes:</p> <ol style="list-style-type: none"> <li>1. The Company Secretary prepared the list of questions and criteria for the evaluation using an online platform and sent out the link to all the Board members for completion.</li> <li>2. Upon completion of the evaluation by the Directors, the Company Secretary compiled the feedback submitted and presented the same to the NRC for discussion.</li> <li>3. The NRC evaluated the feedback and suggestions received and made recommendations to the Board on areas of improvement.</li> <li>4. The Board reviewed the recommendations and agreed on action plans which were documented in the minutes.</li> </ol> <p>Outcome of the evaluation is disclosed in the Corporate Governance Overview Statement in the Annual Report.</p> <p>The Board was satisfied with the outcome of the evaluation and was of the view that the internal evaluation was adequate to determine the overall effectiveness of the Board and individual Directors.</p> <p>The Board also acknowledges the recommendation that the Board evaluation could be facilitated by a professional independent party periodically in order to achieve a greater objectivity to the assessment. The Board had engaged an independent consultant to conduct the assessment in 2018 and will consider engaging an independent consultant to conduct the evaluation at an appropriate time.</p>
<b>Explanation for departure</b> :	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

**Intended Outcome**

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

**Practice 6.1**

The board has in place policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The policies and procedures are periodically reviewed and made available on the company's website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The remuneration matters of the Group is guided by the following principles:</p> <ul style="list-style-type: none"> <li>▪ Remuneration should reflect performance, complexity and responsibility with a view to attracting, motivating and retaining high performance individuals and promoting the enhancement of the value of the Company to its shareholders.</li> <li>▪ Remuneration practices are benchmarked against external market data through the use of remuneration surveys to ensure staff are fairly remunerated.</li> <li>▪ The process of remuneration management shall be transparent, conducted in good faith and in accordance with appropriate levels of confidentiality.</li> </ul> <p>The remuneration of the Managing Director and other members of the Management Team is guided by the HEINEKEN Global Senior Management Reward Policy. Their remuneration package consists of both fixed and performance-linked elements. Salaries payable to the Managing Director shall not include a commission on or percentage of the Group turnover. The performance of the Managing Director is reviewed annually taking into consideration the corporate and individual performance. The Managing Director is not entitled to annual fee nor any meeting allowances for the Board and Board Committees Meetings he attended.</p> <p>The remuneration for the Non-Executive Directors is based on a standard fixed fee with the Chairman of the Board and the Board Committees receiving additional allowance for additional responsibilities and commitment required. An additional fee is also paid to Non-Executive Directors sitting on Board Committees. A meeting allowance is paid for attendance at meetings of the Board and Board Committees</p> <p>The NRC is responsible to review the remuneration package to ensure the same is appropriately reflective of experience and the level of responsibilities and contributions; and competitive compared with the prevalent market practices. Any changes to the remuneration package will be presented to the Board for approval.</p> <p>The Board, collectively, determines the remuneration of the Non-Executive Directors based on the recommendation of the NRC. Each of the Non-Executive Directors shall abstain from deliberating and voting on their own remuneration. Fees of Directors, and any benefits payable to Non-Executive Directors shall be subject to shareholders' approval at AGM.</p> <p>The remuneration package and details for the Non-Executive Directors and the Managing Director of the Company are disclosed in the Corporate Governance Overview Statement in the Annual Report.</p>
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

**Practice 6.2**

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The NRC consists of five (5) Non-Executive Directors with a majority being Independent Directors. The Chairman of the NRC is Dato' Sri Idris Jala, an Independent Director.</p> <p>The NRC's responsibilities include reviewing and recommending to the Board the remuneration package for Non-Executive Directors and ensure it is consistent with the Group business strategy and long-term objectives to attract and retain Directors.</p> <p>The NRC's roles and functions are governed by its Terms of Reference which is available on the Company's website at <a href="https://www.heinekenmalaysia.com/corporate-governance/">https://www.heinekenmalaysia.com/corporate-governance/</a></p>
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

**Practice 7.1**

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The detailed disclosure on a named basis for the remuneration of individual directors has been made in the Corporate Governance Overview Statement in the Annual Report.	
<b>Explanation for departure</b>	:	Not applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

**Practice 7.2**

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	Not applicable
<b>Explanation for departure</b>	:	<p>In view of the confidentiality and sensitivity of the information, the Board is of the view that it would not be in the best interest of the Company and the key senior management members for the Company to disclose their remuneration on a named basis.</p> <p>Nevertheless, details of the remuneration of the Managing Director were disclosed in the Corporate Governance Overview Statement in the Annual Report whilst an aggregate amount of remuneration / compensation of the key management personnel was disclosed under Note 23 of the Audited Financial Statements for the financial year ended 31 December 2020. Such information is deemed adequate to enable stakeholders to assess the reasonableness of the remuneration paid to the senior management of the Company.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	The Company has a robust internal process where we continuously benchmark the remuneration practices against external market data through the use of remuneration surveys and ensures that the remuneration of the Directors and senior management members are fairly remunerated.
<b>Timeframe</b>	:	The Board will continuously monitor developments in the market and review the appropriateness of such disclosure in the future.

**Intended Outcome**

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

**Practice 7.3 - Step Up**

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

<b>Application</b> :	Not applied
<b>Explanation on application of the practice</b> :	Not applicable

**Intended Outcome**

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

**Practice 8.1**

The Chairman of the Audit Committee is not the Chairman of the board.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>As provided in the Terms of Reference of the Audit &amp; Risk Management Committee ("ARMC"), the Chairman of the ARMC shall be an Independent Director and is not the Chairman of the Board.</p> <p>The Chairman of the ARMC is Mr Martin Giles Manen, a Senior Independent Director. He is not the Chairman of the Board.</p>	
<b>Explanation for departure</b>	:	Not applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

**Practice 8.2**

The Audit Committee has a policy that requires a former key audit partner to observe a cooling off period of at least two years before being appointed as a member of the Audit Committee.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	None of the existing Board members of the Company was a former key audit partner.  The Board will observe a cooling-off period of at least two years in the event any potential candidate who is a former key audit partner is being considered to be appointed as a member of the ARMC. Such requirement is also set out in the ARMC's Terms of Reference.	
<b>Explanation for departure</b>	:	Not applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



**Intended Outcome**

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

**Practice 8.3**

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The ARMC assessed the independence and objectivity of the external auditors in performing statutory audit and prior to the engagement of external auditors for non-audit services. The external auditors, Messrs Deloitte PLT, have confirmed that they have complied with the independence requirements set out in the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) and that they have fulfilled their ethical responsibilities in accordance with the said By-Laws and Code. Based on this, the ARMC was satisfied that they were not likely to create any conflict of interest nor impair the independence and objectivity of the external auditors.</p> <p>The ARMC also considered the re-appointment, remuneration and terms of engagement of the external auditors, guided by the following criteria and made recommendation to the Board on their re-appointment and remuneration for FY2020:</p> <ul style="list-style-type: none"> <li>▪ Technical competencies of the audit team</li> <li>▪ Audit scope and planning</li> <li>▪ Adequacy of resources and relevant specialists/experts employed to conduct the audit</li> <li>▪ Independence and objectivity</li> <li>▪ Audit communications to the ARMC</li> <li>▪ Audit and non-audit fees.</li> </ul>
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Practice 8.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Not applied
<b>Explanation on adoption of the practice</b>	:	Not applicable

**Intended Outcome**

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

**Practice 8.5**

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Members of the ARMC have the relevant experience and expertise to effectively discharge their duties. The profile of the members are disclosed in the Directors' profile in the Annual Report. The ARMC Chairman, Mr Martin Giles Manen is a member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants.</p> <p>The Board evaluates the composition and performance of the ARMC and its members through an annual Board Committee effectiveness evaluation. Based on the evaluation conducted for the financial year ended 31 December 2020, the Board was satisfied that the ARMC and its members have effectively discharged their functions, duties and responsibilities in accordance with the ARMC's Terms of Reference in that the ARMC has provided useful recommendations in assisting the Board in making informed decisions and enabling effective functioning of the Board.</p> <p>The ARMC members are mindful of the need to continue to enhance their skills and knowledge to assist them in the discharge of their duties and they have attended relevant development and training programmes according to their individual needs to keep abreast of relevant developments in accounting and auditing standards and other relevant changes in laws and regulations and to enhance their ability in discharging their duties and responsibilities more effectively.</p>
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company’s objectives is mitigated and managed.

**Practice 9.1**

The board should establish an effective risk management and internal control framework.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Heineken Malaysia Berhad and its subsidiaries (“the Group”) has adopted the HEINEKEN Risk Management and Internal Control Systems which enables Management to identify, assess, prioritise and manage risks on a continuous and systematic basis. The Board, through the ARMC continually reviews the adequacy, integrity and effectiveness of the risk management and internal control systems to ensure that the same are soundly conceived, in place, effectively administered and regularly monitored.</p> <p>As an integral part of the risk management and internal control systems, an assessment is also performed on key controls surrounding the Group financial reporting process on an annual basis, focusing on transparency, accountability and safeguarding of the Group’s assets. Outcome of the assessment is reported to the ARMC during their quarterly meetings.</p> <p>The Risk Control Workgroup (“RCW”), which is made up of members of the Management Team and is chaired by the Managing Director, oversees the areas of risk management and internal control of the Group. It meets on a quarterly basis to review the risk management activities and internal control issues raised. Matters deliberated in the RCW meetings are reported to the ARMC. The RCW is supported by the Process &amp; Control Improvement function who is tasked to oversee compliance with the Group’s Risk Management and Internal Control Systems and drive continuous process improvement.</p> <p>The Internal Audit function, which is performed in-house, assists the ARMC and the Management in the effective discharge of their responsibilities in respect of risk management, internal control and governance. It is guided by its Charter and its principal responsibility is to provide independent and objective reviews on the Group’s internal control system so as to ensure that controls which are instituted are appropriate and can effectively address acceptable risk exposures. The Internal Audit function also ensures that recommendations to improve controls are followed through by Management.</p>
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

**Practice 9.2**

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The key features of the risk management and internal control systems are set out in the Statement on Risk Management and Internal Control in the Annual Report.</p> <p>The Statement on Risk Management and Internal Control has been reviewed by the external auditors who have reported that nothing has come to their attention that had caused them to believe that this statement is not prepared, in all material respects, in accordance with the disclosures required by the Statement on Risk Management and Internal Control : Guidelines for Directors of Listed Issuers to be set out, nor is the statement factually inaccurate.</p>	
<b>Explanation for departure</b>	:	Not applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Practice 9.3 - Step Up**

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

<b>Application</b>	:	Not applied
<b>Explanation on application of the practice</b>	:	Not applicable

**Intended Outcome**

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

**Practice 10.1**

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Internal Audit function, which is performed in-house, assists the ARMC and the Management in the effective discharge of their responsibilities in respect of risk management, internal control and governance. It is guided by its Charter and its principal responsibility is to provide independent and objective reviews on the Group's internal control system so as to ensure that controls which are instituted are appropriate and can effectively address acceptable risk exposures. The Internal Audit function also ensures that recommendations to improve controls are followed through by Management.</p> <p>The Internal Audit function, which is led by the Head of Internal Audit, has a clear line of reporting to the ARMC and its performance is reviewed by the ARMC on an annual basis. The ARMC also reviews the internal audit plan including the adequacy of the audit scope, approach, methodology, resources and authority of the Internal Audit function in carrying out its audit activities. It is independent of the operational and management activities they audit.</p> <p>Based on the evaluation carried out by the ARMC on the performance of the Internal Audit function for FY2020, the Internal Audit function was found to be effective and able to function independently in discharging its responsibilities in that it provided value added recommendations that helped strengthen the internal controls within the Group.</p> <p>The Board is of the view that the overall risk management and internal control systems in place for FY2020 are operating adequately and effectively for the purpose of safeguarding the Group's assets, as well as shareholders' investments and the interests of customers, employees and other stakeholders. The key features of the risk management and internal control systems are set out in the Statement on Risk Management and Internal Control in the Annual Report.</p> <p>On 1 January 2021, the Internal Audit function was renamed as Corporate Assurance Department (CAD) following its merger with the Process &amp; Control Improvement (P&amp;CI) function. The CAD is led by the Head of Internal Audit who is supported by a P&amp;CI Manager, an Internal Audit Manager and a Senior Internal Audit Executive.</p>
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

**Practice 10.2**

The board should disclose–

- ✦ whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- ✦ the number of resources in the internal audit department;
- ✦ name and qualification of the person responsible for internal audit; and
- ✦ whether the internal audit function is carried out in accordance with a recognised framework.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The required information on the Internal Audit function of the Company and its activities were disclosed on pages 69 and 70 of the Annual Report under the Audit & Risk Management Committee Report.	
<b>Explanation for departure</b>	:	Not applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



### Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

### Practice 11.1

The board ensures there is effective, transparent and regular communication with its stakeholders.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Company maintains an active and proactive communication approach with its shareholders and other stakeholders to facilitate mutual understanding of each other's objectives and expectations.</p> <p>The Company is guided by the disclosure requirements of the Main Market Listing Requirements of Bursa Malaysia and the following policies and guidelines:</p> <p>(i) HEINEKEN Media Policy and HEINEKEN Financial Disclosure Guidelines which stipulate the authorised spokespersons through which/whom certain information shall be disclosed to internal and external stakeholders and specific guidance on the disclosure of material information, maintenance of confidentiality of information and dissemination of information. The Company's authorised spokespersons are the Chairman and the Managing Director of the Company. In appropriate circumstances, the Managing Director may from time to time authorise other spokespersons on particular issues and those within their area of expertise.</p> <p>(ii) Corporate Disclosure Guide issued by Bursa Malaysia which provides guidance on:</p> <ul style="list-style-type: none"><li>▪ how to assess whether a particular information is material and warrants an immediate announcement;</li><li>▪ when to make the announcement including when to withhold making the announcement;</li><li>▪ minimum contents to be included in the announcements; and</li><li>▪ how to comply in substance rather than in form when making disclosures pertaining to transactions.</li></ul> <p>During 2020, timely announcements and disclosures were made to Bursa Malaysia, including the release of financial results on a quarterly basis and the updates on the Group's operations in light of the Covid-19 pandemic, with a view of providing investors with an updated overview of the performance and operations of the Group.</p> <p>The Company leverages on various communication platforms to reach out to shareholders and stakeholders. These include among others, the Company's social media and Company's website at <a href="http://www.heinekenmalaysia.com">www.heinekenmalaysia.com</a> which has a dedicated section on Investor Relations ("IR") to support its communication with the investor community. In addition, stakeholders who wish to reach the Group can do so via <a href="https://www.heinekenmalaysia.com/contact-us/">https://www.heinekenmalaysia.com/contact-us/</a></p> <p>In 2020, numerous engagement activities were carried out by the Company to engage its stakeholders. Details of the engagement activities are reported in the Stakeholder Engagement section on pages 23 to 25 in the Annual Report.</p> <p>The IR function of the Company organises briefing and discussion sessions with investment analysts, fund managers, institutional investors and media in conjunction with the Company's announcements of financial results. Briefings are conducted by the Managing Director and the Finance Director to disseminate the financial results of the Group, provide comprehensive insights and address concerns raised about the Group's business strategies, market prospects, major development of the Group's business initiatives and matters affecting the Group and the industry. Presentation materials used in the briefing sessions are uploaded to the Company's website as soon as practicable after the briefing.</p> <p>During 2020, the IR function held 18 discussion sessions with institutional investors and two (2) briefing sessions for investors and media. Throughout the year, the Company received relatively extensive coverage from large equity research analysts.</p>

<b>Explanation for departure</b>	:	Not applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

**Practice 11.2**

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company has, since 2016, adopted the International Integrated Reporting Framework (IIRF) in its annual report with the objective of demonstrating how the Company's strategy, actions, performance, governance and prospects lead to stakeholder value creation.</p> <p>For the Annual Report 2020, the Company continued to adopt the same integrated reporting approach based on IIRF in its Annual Report which focuses on linking the financial and non-financial aspects of the Group business to provide a clear picture of what strategies and initiatives the Group have implemented to meet the stakeholders' expectation.</p> <p>In addition to adhering to the principles of the IIRF, the Company is guided by the MMLR for the non-financial statements which cover environmental performance and social impact reporting; the MCCG for its governance section; the Malaysian Companies Act 2016, Malaysian Financial Reporting Standards and the International Financial Reporting Standards for the Group financial statements; and the Global Reporting Initiative G4 for sustainability reporting.</p>
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

**Practice 12.1**

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>In 2020, due to the implementation of the Conditional Movement Control Order in Malaysia, the Company's Annual Report 2019 was published on 30 June 2020 whilst the Notice of the 56<sup>th</sup> AGM was separately issued on 16 July 2020, which is more than 28 days before the date of the AGM on 14 August 2020. Notification on the publication of the Annual Report and the AGM notice on the Company's website was sent out to the shareholders on the respective dates.</p> <p>The following information were provided in the AGM notice:</p> <ul style="list-style-type: none"> <li>(i) explanatory notes to shareholders regarding their entitlement to attend the AGM and their right to appoint proxy and detailed explanations for each motion to be tabled at the AGM to enable shareholders to make informed decisions in exercising their voting rights; and</li> <li>(ii) administrative details regarding the AGM to allow the shareholders to plan and make necessary arrangements to attend and participate in the AGM.</li> </ul>
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

**Practice 12.2**

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>All Directors including the Chairman of the Board and the Board Committees, had attended the last AGM held during 2020. They were available to respond to queries raised during the meeting. At the AGM, the Managing Director presented a comprehensive review of the progress and performance of the Group's business together with an overview of the Group's activities, key challenges and market outlook.</p> <p>A Questions &amp; Answers session was part of the meeting proceedings during which Shareholders were given the opportunity and time to post questions, seek clarification on the Group performance as well as to share views and suggestions for improvement. The Chairman also addressed questions submitted in advance by the shareholders as well as the Minority Shareholder Watch Group for the meeting.</p> <p>The minutes of the AGM detailing the list of attendance of Directors and the meeting proceedings are made available for reference at <a href="https://www.heinekenmalaysia.com/annual-general-meetings.html">https://www.heinekenmalaysia.com/annual-general-meetings.html</a></p>
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

**Practice 12.3**

Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate—

- ✦ including voting in absentia; and
- ✦ remote shareholders' participation at General Meetings.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company's AGM are always held within the Kuala Lumpur City Centre at a venue that is centrally accessible.</p> <p>In 2020, in view of the Covid-19 pandemic, the Company's 56<sup>th</sup> AGM was conducted entirely on a virtual basis using the remote participation and voting facilities which are available on Tricor Investor &amp; Issuing House Services TIIH online website, allowing remote shareholders' participation and voting in absentia.</p>
<b>Explanation for departure</b>	:	Not applicable.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

*Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.*

Not applicable
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