

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 3255  
**COMPANY NAME** : Heineken Malaysia Berhad  
**FINANCIAL YEAR** : December 31, 2021

## 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 defining the strategic direction and overseeing the conduct of the Company and its subsidiaries' ("Group") businesses and the management effectiveness. It 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 its 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 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> <p>In order to ensure orderly and effective discharge of the above functions and responsibilities of the Board, the Board has in place a governance framework where specific powers of the Board are delegated to the relevant Board Committees and the Managing Director and his team.</p> <p>The Board is supported by the Audit &amp; Risk Management Committee (ARMC) and the Nomination &amp; Remuneration Committee (NRC), which are entrusted with specific responsibilities and authorities to review matters before tabling to the Board for approval. The Chairman of the respective Board Committees reports to the Board on matters deliberated and recommendations made by the Board Committees.</p>

	<p>During 2021, the Board had four (4) meetings during which the Board reviewed the Group's business strategies and financial performance versus plans, market trends and business outlook, progress of strategic priorities undertaken by respective functions and sustainability matters; and deliberated key business and operational issues and challenges, organisation resources and investment, industry and regulatory issues as well as key initiatives proposed by Management. The Board also reviewed the Company's CG practices based on the revised Malaysian Code on Corporate Governance (MCCG) and considered reports and recommendations from respective Board Committees on matters concerning financial reporting, internal and external audit, risk management and internal control, dividend distribution, related party transactions, Board evaluation and appointment to the Board and Board Committees.</p>	
<p><b>Explanation for departure</b></p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>		
<p><b>Timeframe</b></p>		

### 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. The roles and responsibilities of the Chairman are set out in the Board Charter.</p> <p>The Chairman:</p> <ul style="list-style-type: none"> <li>▪ Leads the Board and oversees the Board in the effective discharge of its fiduciary duties; ensuring relevant corporate governance practices are adhered to;</li> <li>▪ With the assistance of the Managing Director and the Company Secretary, sets the Board Meeting agenda and ensures complete and accurate information are provided to the Directors in a timely manner to enable informed decision-making;</li> <li>▪ Leads Board Meeting's discussion and ensures sufficient time is allocated for deliberations of key issues; seeks views from the Directors on matters requiring decisions of the Board; and encourages active participation during the meetings;</li> <li>▪ Promotes constructive and respectful relations between Board members as well as between Board members and the Management; and</li> <li>▪ Chairs the Company's Annual General Meeting (AGM) and addresses questions raised by the shareholders.</li> </ul>	
<b>Explanation for departure</b>	:		
<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>As provided in the Board Charter, the positions of Chairman and Managing Director are held by separate individuals.</p> <p>The Chairman of the Company, Dato' Sri Idris Jala is an Independent Non-Executive Director. He is responsible for the orderly conduct and effective functioning of the Board.</p> <p>The Managing Director, Mr Roland Bala, is appointed by the Board. He is primarily responsible for the day-to-day management of the business and operations of the Group, organisational effectiveness and the implementation of the Group's strategies and policies approved by the Board. He is supported by the Management Team who is assisted by several functional committees that are tasked to oversee key operating areas.</p>
<b>Explanation for departure</b>	:	
<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 Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>		
<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	In May 2021, the Board reviewed the composition of the ARMC and the NRC taking into consideration the above practice recommended by the MCCG. Following the review, the Board unanimously agreed that no change shall be made to the composition of the NRC in which Dato' Sri Idris Jala, the Chairman of the Board shall remain as the NRC Chairman whilst the ARMC be reconstituted to comprise only three members excluding the Chairman of the Board effective 22 May 2021.
		Dato' Sri Idris Jala, who is well-regarded and respected by both Directors and Management for his broad knowledge, experience and dynamism, has been professional and objective in discharging his duties and responsibilities since his appointment as an Independent Non-Executive Director and Chairman of the Board and the NRC in 2017. He is responsible to carry out the leadership role in the conduct of the Board and the NRC.  He is conscious of his differing roles in the Board and the NRC. During the Board and the NRC meetings, he has demonstrated strong leadership in that he encourages open and constructive discussion, promotes latitude for deliberations and seeks views from Directors and Management. Prior to making recommendation to the Board, all issues are thoroughly deliberated at the committee level which involved the participation of the other two Independent and Non-Independent Directors. He will abstain from participating in deliberation and decision on matters in which a conflict of interest arises or could arise. All recommendations by the NRC to the Board have been arrived at unanimously and this would have eliminated the risk of self-review.
<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 Board intends to maintain the current practice.
<b>Timeframe</b>	:	Others The Company will review the need for application of this Practice on an annual basis.

### 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

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 advising the board on regulatory requirements and corporate governance matters to ensure that the Board discharges their duties and responsibilities effectively.</p> <p>During the financial year 2021 (FY2021), apart from ensuring compliance with the statutory requirements for the Group, the Company Secretary carried out the following activities:</p> <ul style="list-style-type: none"><li>(i) ensured that the Board and the Board Committees function effectively based on the Board Charter and the respective Terms of Reference;</li><li>(ii) provided updates on new statutory and regulatory requirements relating to the discharge of the Directors' duties and responsibilities;</li><li>(iii) monitor the developments of corporate governance and facilitated the application of the best practices of the MCCG taking into account the Board's needs and stakeholders' expectation;</li><li>(iv) managed the Company's AGM and all Board and Board Committee meetings logistic, attendance of the Directors and facilitated board communications;</li><li>(v) attended the Company's AGM and all Board and Board Committee meetings and ensured that the deliberations and decisions made are accurately minuted, and the records of the proceedings of the meetings are properly kept;</li><li>(vi) recorded the Directors' interest disclosures and advised the interested Directors on the restrictions in deliberation on related matters during the meetings;</li><li>(vii) facilitated the annual Board effectiveness evaluation and the induction for the two newly appointed Directors and ensured the Directors comply with their training requirements;</li><li>(viii) serves as a focal point for communication and engagement on corporate governance issues with relevant regulators.</li></ul>

	<p>The Company Secretary constantly keeps herself abreast with the regulatory changes and corporate governance development through attending relevant conferences and training programmes.</p> <p>All Board members have access to the advice and services of the Company Secretary in carrying out their duties.</p>	
<p><b>Explanation for departure</b></p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>		
<p><b>Timeframe</b></p>		



## 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 1.6

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>In order to facilitate Directors' and Management's planning for the whole financial year, meetings of the Board and the Board Committees are scheduled in advance before the commencement of each new financial year.</p> <p>In FY2021, the Board and the ARMC had four meetings respectively whilst the NRC had one meeting only. Prior to each meeting, a structured agenda together with management reports and proposals will be provided to the Directors at least five (5) days (or in any event not less than three (3) days) before the meeting. 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 meetings with required actions to be taken by responsible parties are documented in the minutes which will be circulated to Board members in a timely manner. In the intervals between Board meetings, Board's decisions or approvals for matters that are urgent or administrative in nature will be sought via circular resolutions which are supported with relevant information and explanations and the same applies to the Board Committees.</p>
<b>Explanation for departure</b>	:	
<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 of the Board and the Directors including Independent Directors and the Chairman, as well as the internal procedural matters for the Board. The Board Charter also outlines the key matters reserved for the Board deliberation and decision.</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 Charter is reviewed from time to time to ensure that it continues to remain relevant and appropriate. The last review was conducted in 2021 to reflect the relevant practice and processes recommended in the MCGG.</p> <p><i>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></i></p>
<b>Explanation for departure</b>	:	
<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>Establishing a culture of integrity and ethical in the organisation is essential in preservation of the Group's reputation and thereby increase the confidence of stakeholders. The Board continues to uphold good business conduct by ensuring there are adequate policies and procedures in place driven by the Management Team. Directors, officers, employees and business partners of the Group are required to observe and maintain high standards of integrity and ethical behaviour in the performance of their responsibilities or conducting business and to comply with relevant regulatory requirements and policies adopted by the Group, including those relating to anti-bribery and anti-corruption.</p> <p>The Group has in place the following codes which outline its commitment to conducting business with integrity and fairness, respect for the laws, our values and our Company Manifesto - We are HEINEKEN; as well as the principles for ethical and business conduct expected from relevant stakeholders in their dealing with the Group:</p> <p><b>HEINEKEN Code of Business Conduct (HeiCode)</b></p> <p>The HeiCode has embedded 17 policies that covers all aspects of the Group's business operations, categorised under four (4) key commitments namely:</p> <ul style="list-style-type: none"><li>▪ We advocate for responsible consumption</li><li>▪ We respect people and the planet</li><li>▪ We conduct business with integrity and fairness</li><li>▪ We safeguard our Company's assets</li></ul> <p>The HeiCode and the underlying policies, communication and training materials are documented and available in a Business Conduct Portal for employee access. They are reviewed and updated periodically to reflect the changing business environment. On an annual basis, all employees are required to complete the following online courses as part of the Company's efforts to drive awareness and assess their understanding of the respective codes and the underlying principles:</p>

	<table border="1" data-bbox="520 226 1399 367"> <tr> <td data-bbox="520 226 951 367"> <ul style="list-style-type: none"> <li>▪ Code of Business Conduct</li> <li>▪ Anti-Bribery and Corruption</li> <li>▪ Responsible Marketing Code</li> </ul> </td> <td data-bbox="951 226 1399 367"> <ul style="list-style-type: none"> <li>▪ Security Awareness</li> <li>▪ Fraud Awareness</li> <li>▪ Data Privacy</li> <li>▪ Competition law</li> </ul> </td> </tr> </table> <p data-bbox="512 398 1406 568">Employees are also required to disclose to the Company on a yearly basis if there is a possible conflict between their interest and that of the Company or any of its subsidiaries. This is to ensure decisions within the Group are based on sound and objective business judgement, not influenced by any possible personal interests or gain.</p> <p data-bbox="512 591 995 618"><b>HEINEKEN Responsible Marketing Code</b></p> <p data-bbox="512 622 1406 860">The Group strictly adheres to legal and regulatory guidelines and has a stringent Responsible Marketing Code that governs how we do business. The Code also covers low and no-alcohol business as well as our digital media and self-regulation initiatives. Our licence to operate depends on our efforts in marketing our brands responsibly and in driving sensible consumption. All marketing materials undergo a diligent check against our Responsible Marketing Code before they are published.</p> <p data-bbox="512 882 1219 909"><b>HEINEKEN Supplier Code and Distributor Code of Conduct</b></p> <p data-bbox="512 913 1406 1151">All business partners are required to adhere to all applicable laws and regulations where they operate and affirm their commitment to responsible business conduct at all times. They are expected to live up to the Group expectations towards conducting business responsibly, respecting human rights, ensuring health and safety, and protecting the environment as outlined in the HEINEKEN Supplier Code and the Distributor Code of Conduct.</p> <p data-bbox="512 1173 1406 1375">The Group has taken proactive steps to ensure its business partners embrace our values and commitment to responsible business conduct. In 2021, the Group has implemented a due-diligence tool which is designed to identify, assess and mitigate risks associated with third parties engaged by the Group including suppliers and distributors. Anti-bribery and corruption are among the risks to be assessed by the tool.</p> <p data-bbox="512 1420 1406 1473">The HeiCode is available on the Company's website at <a href="https://www.heinekenmalaysia.com/corporate-governance/">https://www.heinekenmalaysia.com/corporate-governance/</a>.</p>	<ul style="list-style-type: none"> <li>▪ Code of Business Conduct</li> <li>▪ Anti-Bribery and Corruption</li> <li>▪ Responsible Marketing Code</li> </ul>	<ul style="list-style-type: none"> <li>▪ Security Awareness</li> <li>▪ Fraud Awareness</li> <li>▪ Data Privacy</li> <li>▪ Competition law</li> </ul>
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<b>Explanation for departure</b> :			
<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 and stakeholders a standard process to report concerns about suspected misconduct within the Group in confidence and without fear of retaliation. The policy was communicated to the Group employees and business partners to create awareness of the Speak Up platform for them to raise concerns about suspected misconduct within the organisation.</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 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>	:	
<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 company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

**Practice 4.1**

The board together with management takes responsibility for the governance of sustainability in the company including setting the company’s sustainability strategies, priorities and targets.

The board takes into account sustainability considerations when exercising its duties including among others the development and implementation of company strategies, business plans, major plans of action and risk management.

Strategic management of material sustainability matters should be driven by senior management.

<b>Application</b>	: Applied												
<b>Explanation on application of the practice</b>	<p>The Board provides oversight and approves strategic priorities for the sustainability agenda of the Company and it is responsible to ensure that the Company has in place appropriate sustainability strategy, priorities and targets to support the Group’s long-term objectives. The Board emphasises on strategic management of material sustainability risks and opportunities, which includes integration of environmental, social and governance factors in their decision-making process and in the Group’s operations.</p> <p>The Group has adopted the HEINEKEN Global’s sustainability strategy - Brew a Better World (BABW) with commitments until year 2030 that prioritise on the following areas to protect the environment, support local communities and make a positive contribution to the society:</p> <table border="1" style="width: 100%; text-align: center;"> <thead> <tr style="background-color: black; color: white;"> <th>Environmental</th> <th>Social</th> <th>Responsible</th> </tr> </thead> <tbody> <tr> <td>Carbon neutral</td> <td>Embrace inclusion &amp; diversity</td> <td>Always a choice to consumer</td> </tr> <tr> <td>Maximise circularity</td> <td>Fair &amp; safe workplace</td> <td>Address harmful use</td> </tr> <tr> <td>Healthy watersheds</td> <td>Growing with community</td> <td>Promoting moderation</td> </tr> </tbody> </table> <p>The BABW ambitions and targets are aimed to contribute to the United Nations Sustainable Development Goals to protect the planet, ensure prosperity and end poverty. Initiatives within each priority area are driven by relevant functions /departments across the organisation.</p> <p>The Board is supported by a Sustainability Committee which is responsible for the formulation and implementation of the BABW sustainability priorities and initiatives for the Company. The Sustainability Committee reviews and deliberates the sustainability material matters for the Group through engagement with relevant stakeholders and ensures that they are aligned with the Group’s strategy and embedded in the annual plan.</p>	Environmental	Social	Responsible	Carbon neutral	Embrace inclusion & diversity	Always a choice to consumer	Maximise circularity	Fair & safe workplace	Address harmful use	Healthy watersheds	Growing with community	Promoting moderation
Environmental	Social	Responsible											
Carbon neutral	Embrace inclusion & diversity	Always a choice to consumer											
Maximise circularity	Fair & safe workplace	Address harmful use											
Healthy watersheds	Growing with community	Promoting moderation											

<b>Explanation for departure</b> :		
<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 company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

**Practice 4.2**

The board ensures that the company’s sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Group believes that stakeholder engagement is important to its sustainability journey. Leverage engagement and communication, the Group is able to work towards delivering the BABW commitments through cross-functional collaboration and partnership with external stakeholders.</p> <p>The BABW priorities and the comprehensive description of stakeholder group, engagements and targets as well as the the achievement versus targets are reported under the Sustainability Review in the Company’s Annual Report 2021.</p>	
<b>Explanation for departure</b>	:		
<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 company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

### Practice 4.3

The board takes appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to the company and its business, including climate-related risks and opportunities.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Group has been ahead of the curve as it has embarked on the sustainability journey for more than a decade ago. The Group remains committed to embedding sustainability at the core of its business by ensuring sustainability matters are being considered in all our business activities from sourcing, producing, marketing and selling our products all the way to how they are consumed and how we can reuse and recycle waste.</p> <p>in view of the increased interest from stakeholders and regulators on matters relating to sustainability, the Group will continue to engage its stakeholders and explore further improvement in conducting our business in a more sustainable manner benefiting all stakeholders.</p> <p>Whilst the Board is regularly updated on the progress of the Group’s sustainability priorities and initiatives, the Board is mindful of the need to keep abreast of the external trends and has agreed to devote more space for learning and sharing of sustainability matters and practices.</p>	
<b>Explanation for departure</b>	:		
<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 company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

### Practice 4.4

Performance evaluations of the board and senior management include a review of the performance of the board and senior management in addressing the company's material sustainability risks and opportunities.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Board effectiveness evaluation for year 2021 included an assessment on the Board's understanding on sustainability issues that are critical to the Group's performance whilst the performance evaluation for senior management takes into account the Group's progress and performance of its sustainability priorities in addressing material sustainability risks and opportunities.	
<b>Explanation for departure</b>	:		
<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 company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

### Practice 4.5- Step Up

The board identifies a designated person within management, to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the company.

*Note: The explanation on adoption of this practice should include a brief description of the responsibilities of the designated person and actions or measures undertaken pursuant to the role in the financial year.*

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<p>The Board is supported by a Sustainability Committee which is responsible for the formulation and implementation of the Group's sustainability priorities and initiatives. The Sustainability Committee comprises selected representatives from various key functions, led by Ms Renuka Indrarajah, the Corporate Affairs &amp; Legal Director (CAL Director) who is entrusted by the Board to oversee the sustainability matters of the Group.</p> <p>The CAL Director reports to the Managing Director and the Board on a quarterly basis on the progress of the sustainability priorities and initiatives undertaken by the Group.</p>

## Intended Outcome

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

### Practice 5.1

The Nomination Committee should ensure that the composition of the board is refreshed periodically. The tenure of each director should be reviewed by the Nomination Committee and annual re-election of a director should be contingent on satisfactory evaluation of the director's performance and contribution to the board.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The NRC evaluates the Board composition and performance annually and when there is any casual vacancy arising during the year, taking into consideration the Board's diversity of skills and competencies, knowledge and business experience, gender and ethnicity; the tenure and performance and contributions of the Directors.</p> <p>The NRC also reviews and recommends to the Board on re-election of retiring Directors contingent on satisfactory evaluation of the retiring Director's performance and contribution to the Board.</p> <p>During 2021, the Board composition was refreshed with the appointment of Mr Lau Nai Pek as the new Independent Non-Executive Director and ARMC Chairman, succeeding Mr Martin Giles Manen who retired at the Company's 57<sup>th</sup> AGM in May 2021; followed by the appointment of Ms Raquel Batallones Esquerra who filled the vacancy arising from the resignation of Ms Yu, Yu-Ping as a Non-Independent Non-Executive Director in September 2021. The Board believes that the newly appointed Directors will bring new perspective to the boardroom and that their breadth of expertise and experience will further enhance the core competencies of the Board.</p> <p>At the forthcoming 58<sup>th</sup> AGM of the Company, the following Directors are subject to retirement pursuant to the Company's constitution:</p> <ul style="list-style-type: none"><li>▪ Ms Seng Yi-Ying</li><li>▪ Mr Choo Tay Sian, Kenneth</li><li>▪ Mr Lau Nai Pek</li><li>▪ Ms Raquel Batallones Esquerra</li></ul> <p>Leveraging the annual Board's effectiveness evaluation, the NRC had on 16 February 2022, reviewed the performance and contributions of the above retiring Directors and is of the opinion that they have discharged their duties and responsibilities effectively and had provided valuable contributions to the leadership of the Board; and accordingly recommended the re-election for the Board's approval. Based on this, the Board has collectively resolved to recommend the re-election of the above retiring Directors for shareholders' approval at the forthcoming AGM.</p>

	<p>On the limitation of tenure of Independent Directors, the Board is guided by the recommended approach under the MCCG. Shareholders' approval is sought for retention of Independent Directors whose cumulative tenure exceeds the 9-year limit, failing which he/she shall be re-designated as Non-Independent Director.</p> <p>At the 57<sup>th</sup> AGM held in 2021, the Company obtained shareholders' approval via a single-tier voting process to allow Datin Ngiam Pick Ngoh, Linda, whose tenure had reached the 9-year mark on 3 December 2021, to continue as an Independent Non-Executive Director of the Company until the conclusion of the forthcoming AGM.</p> <p>The Board had on 16 February 2022, via the NRC, conducted an evaluation on the performance, contribution and independence of Datin Ngiam Pick Ngoh, Linda. Based on the outcome of the NRC's evaluation, the Board 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) Leveraged her good understanding of the Group's business and operations, she had contributed effectively to the Board and the Board Committees' deliberations during which she had participated actively and provided objective judgement and input for informed and balanced decision-making;</li> <li>(b) She had demonstrated her diligence and commitment in carrying out her professional duties in the interest of the Company and shareholders; and</li> <li>(c) She has fulfilled the criteria of an Independent Director as prescribed under the Main Market Listing Requirements (MMLR) of Bursa Securities.</li> </ul> <p>Based on the above recommendation, shareholders' approval will be sought via a 2-tier voting process at the forthcoming 58<sup>th</sup> AGM of the Company to allow Datin Ngiam Pick Ngoh, Linda to continue as Independent Non-Executive Director of the Company.</p>
<p><b>Explanation for departure</b> :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p><b>Measure</b> :</p>	
<p><b>Timeframe</b> :</p>	

## Intended Outcome

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

## Practice 5.2

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>	:	
<b>Explanation for departure</b>	:	<p>The Board has seven (7) Directors, led by an Independent Non-Executive 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 Board has regarded the current Board composition to be effective in decision making where independent deliberation is still being upheld with the presence of the three (3) Independent Directors at the Board together with the four (4) nominee Directors of the major shareholder.</p> <p>The Board recognises that the primary responsibility of Independent Directors is to protect the interests of minority shareholders and other stakeholders and it acknowledges 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 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> <p>The views and deliberations of nominee Directors are usually aligned to safeguard the interest of the Company's shareholders as a whole. In addition, the nominee Directors abstained from deliberation and decisions on matters which the major shareholder has interests. This has brought independence and objectivity to the Board deliberations of the Company and has to a certain extent met the intended outcome despite not meeting the required numbers in its expected form.</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 intends to maintain its current composition.
<b>Timeframe</b>	:	Others
		The Board has not ascertained any time frame to adopt this practice.

### Intended Outcome

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

### Practice 5.3

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 provide justification and seek annual shareholders' approval through a two-tier voting process.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>Datin Ngiam Pick Ngoh, Linda, whose tenure as Independent Non-Executive Director of the Company had exceeded the 9-year mark on 3 December 2021. At the 57<sup>th</sup> AGM held in May 2021, the Company obtained a prior Shareholders' approval via a single-tier voting process to allow her to continue as an Independent Non-Executive Director until the conclusion of the forthcoming 58<sup>th</sup> AGM with the following justifications provided to shareholders:</p> <ul style="list-style-type: none"><li>(a) She has fulfilled the criteria of an Independent Director as prescribed under the MMLR;</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 in the interest of the Company and shareholders.</li></ul> <p>The Board has recommended the continuation of Datin Ngiam Pick Ngoh, Linda as an Independent Directors of the Company as the Board believes that it is in the best position to evaluate the ability of any Independent Director to continue to act in the best interest of the Company and bringing unbiased and professional judgement to Board and Board Committees deliberations. The Board has to balance the need to continue with Directors who are well-verse and have good understanding of the Group's business and fresh perspective which new candidates may bring.</p>

	<p>The Board, based on the annual evaluation carried out by the NRC on the performance, contributions and independence of the Directors including Datin Ngiam Pick Ngoh, Linda, confirmed that Datin Ngiam Pick Ngoh, Linda has been objective and independent in participating in the deliberations and decision-making of the Board and Board Committees and that in discharging her roles, she has continued to act in the best interest of the Company. The length of her service on the Board does not interfere with her exercise of independent judgement.</p> <p>Based on the outcome of the evaluation, the Board recommended her to continue as Independent Non-Executive Director of the Company and will accordingly seek shareholders' approval via a 2-tier voting process at the forthcoming 58<sup>th</sup> AGM.</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>	<p>:</p>	<p>The Board will continue to evaluate and assess the above approach and take appropriate steps to adopt the recommended practice, taking into consideration the skillset and the contributions of the Director concerned and his/her ability to continue to act independently in the best interest of the Company with a view to ensure the Board is able to function effectively.</p>
<p><b>Timeframe</b></p>	<p>:</p>	<p>Others -</p>



**Intended Outcome**

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

**Practice 5.4 - Step Up**

The board has a policy which limits the tenure of its independent directors to nine years without further extension.

*Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.*

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

### Intended Outcome

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

### Practice 5.5

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.

Directors appointed should be able to devote the required time to serve the board effectively. The board should consider the existing board positions held by a director, including on boards of non-listed companies. Any appointment that may cast doubt on the integrity and governance of the company should be avoided.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>There is a formal and transparent process for selection, nomination and appointment of suitable candidates to the Board. The NRC is responsible to review the existing composition of the Board, identifying the gaps and subsequently determining the selection criteria for the new appointment with a view to close the gap or to strengthen the Board composition. In reviewing and recommending any new Director appointment to the Board, the NRC assesses the suitability of candidate identified taking into consideration the following objective criteria:</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, integrity, work ethics and professionalism</li><li>▪ Knowledge and skills, expertise and business judgement</li><li>▪ Regional and industry experience and understanding of local economic and operating environment</li><li>▪ Ability to devote time as needed to discharge duties and responsibilities effectively</li><li>▪ Factors that promote boardroom diversity</li><li>▪ Composition requirements for the Board and Board Committees</li><li>▪ Ability to represent the Company at any occasion that involves the Company</li><li>▪ Independence requirements for the appointment of Independent Directors.</li></ul> <p>In order to promote objectivity and independent judgement in line with the best practices of the MCCG, the Board will ensure that no person is to be appointed as a Director of the Board or continue to serve as a Director if the person is or becomes an active politician. The Board also observes a cooling-off period of 3 years before any appointment of former audit partners and its affiliates as Independent Directors to the Board.</p> <p>Directors are expected to consult the Chairman prior to committing to other Board's appointment and inform the Board immediately after accepting new directorships in other companies.</p>

	During 2021, Mr Lau Nai Pek and Ms Raquel Batallones Esguerra were appointed to the Board based on the said process taking into consideration the criteria stated above.	
<b>Explanation for departure</b>	:	
<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 5.6

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.

If the selection of candidates was based on recommendations made by existing directors, management or major shareholders, the Nominating Committee should explain why these source(s) suffice and other sources were not used.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>As explained under Practice 5.5, there is a formal and transparent process for selection, nomination and appointment of suitable candidates to the Board. The NRC is entrusted by the Board with the sourcing and assessment of potential candidates leverage on both internal and external sources based on the needs of the Company. The NRC shall conduct reference checks on shortlisted candidates, followed by engagement sessions with the shortlisted candidates to determine their suitability before its final recommendation to the Board for approval.</p> <p>In respect of the two new Directors appointed in 2021, Mr Lau Nai Pek was shortlisted based on recommendation from an existing Board member whilst Ms Raquel Batallones Esguerra was a representative nominated by the major shareholder. Both appointments were deliberated and approved by the Board based on the rigorous processes.</p> <p>In identifying, assessing and shortlisting suitable qualified candidates for Board's appointment, the Board ensures that all assessment of candidates is done through a transparent and rigorous process regardless the source of recommendation. In addition, Board's decision is made objectively in the best interest of the Company taking into account their credentials and the wealth of experience they can bring to the Board.</p> <p>The Board will consider utilising independent sources to identify suitably qualified candidates when the need arises in the future.</p>
<b>Explanation for departure</b>	:	
<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 5.7

The board should ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of a director. This includes details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the listed company as a whole. The board should also provide a statement as to whether it supports the appointment or reappointment of the candidate and the reasons why.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The information on Directors standing for re-election as well as the justification from the Board to support the re-election of Directors are disclosed in the Explanatory Notes to the Notice of AGM.	
<b>Explanation for departure</b>	:		
<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 5.8

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>	:	
<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 5.9**

The board comprises at least 30% women directors.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board currently comprises of 43% women directors, which has surpassed the 30% requirement for Large Companies.</p> <p>At senior management level, the Group continued to maintain a 50:50 male to female ratio.</p>	
<b>Explanation for departure</b>	:		
<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 5.10

The board discloses in its annual report the company's policy on gender diversity for the board and senior management.

<b>Application</b>	:	Applied														
<b>Explanation on application of the practice</b>	:	<p>Embracing a diverse and inclusive culture that promotes diversity and gender equality across the organisation has been a key priority for the Group. The Group has adopted the HeiCode and the HEINEKEN Human Rights Policy which outline the principles of non-discrimination without distinction according to, among others, race, gender, nationality and age.</p> <p>The Board, supported by the Management Team, is committed to drive this agenda across the organisation and has continued to maintain the right size and balance of gender, ethnicity and age diversity at the Board and the senior management levels for their effective functioning. The Board gives appropriate weight to diversity considerations in the selection and appointment process, whilst taking into account the overall profile and selection criteria for appointments to the Board.</p> <p>The Board diversity as of 31 December 2021 is depicted as follows:</p> <table border="1" data-bbox="576 1234 1350 1346"> <thead> <tr> <th></th> <th>Gender</th> <th>Ethnicity</th> <th>Age</th> </tr> </thead> <tbody> <tr> <td>57%</td> <td>Men</td> <td>Malaysian</td> <td>45 – 60</td> </tr> <tr> <td>43%</td> <td>Women*</td> <td>Foreigners</td> <td>Above 60</td> </tr> </tbody> </table> <p>*Exceeded the Government's target of 30% for public listed companies.</p>				Gender	Ethnicity	Age	57%	Men	Malaysian	45 – 60	43%	Women*	Foreigners	Above 60
	Gender	Ethnicity	Age													
57%	Men	Malaysian	45 – 60													
43%	Women*	Foreigners	Above 60													
<b>Explanation for departure</b>	:															
<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 6.1

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 its outcome, actions taken and how it has or will influence board composition.

For Large Companies, the board engages an independent expert at least every three years, to facilitate objective and candid board evaluation.

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
<b>Application</b>	: Departure
<b>Explanation on application of the practice</b>	:
<b>Explanation for departure</b>	: On an annual basis, the Board through the 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.  The Board engaged an independent consultant to facilitate the evaluation in 2018. For the financial year 2021, the NRC conducted the evaluation internally with the support of the Company Secretary.  The annual Board effectiveness evaluation for 2021 focused around the following aspects:  <b>How the Board leads</b> Examine the composition and the diversity of the Board and the Board Committees, the skills and experience the directors bring and their commitment in discharging their duties.  <b>How the Board manages</b> Evaluate the activities undertaken by the Board and the Board Committees, including Board dynamics and information flow.  <b>How the Board contributes</b> Review the manner in which Board members interact and participate; how decisions are made as well as the working relationship between the Board members and the Management.  The evaluation questionnaires were sent out by the Company Secretary to the Directors via a secured digital platform. The feedback gathered from the Directors were summarised and presented to the NRC for deliberation.

	<p>Based on the evaluation, the overall results were generally positive. The Board is satisfied that the Board as a whole and the Board Committees have been effective in their discharge of functions and duties in that:</p> <ul style="list-style-type: none"> <li>▪ the current size and composition of the Board is optimum and well balanced and represented with appropriate diversity of skills and competencies, knowledge and business experience, gender and ethnicity, contributing to the overall effectiveness of the decision-making process for the Company and the Group;</li> <li>▪ Board members have good understanding and knowledge of the Group’s business and market trends, industry issues and the risks and opportunities critical to the Group’s future performance. They scrutinized the Group’s performance and provided valuable insights and strategic directions to enable Management to take effective decisions. Board members have also exercised professional independence during deliberations of matters at meetings;</li> <li>▪ the Board and the Board Committees devoted adequate time in deliberating matters under their purview whilst meetings have been effective with productive discussion focusing on important and high impact matters; and</li> <li>▪ the working relationship between the Board members has been good with open and constructive conversations when discussing issues, driven by the strong leadership demonstrated by the Chairman. In addition, Management has been providing strong support which enable the Board to effectively discharge its function and duties.</li> </ul> <p>Based on the feedback gathered from the Board members, the Board agreed to implement the following recommendations for improvement:</p> <p>(i) The Board is to devote more space for learning and sharing of sustainability and environmental, social and governance (ESG) matters as a means to keep abreast with the latest developments and trends in this area.</p> <p>(ii) Independent Directors are to meet at least once a year without the Management’s presence, to discuss among others, strategic, governance and operational issues of the Group.</p> <p>The current practice of evaluating the Board has been objective and is deemed to have achieve the desired result of ensuring the effectiveness of the Board.</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p><b>Measure</b></p>	<p>: The Board will engage an independent expert to conduct the evaluation in 2023.</p>
<p><b>Timeframe</b></p>	<p>: Within 1 year</p>

## 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 7.1

The board has remuneration 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 remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive directors, executive directors and senior management. 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 fall under the purview of the NRC. The NRC 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 Company's value 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 Management Team including the Managing Director 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 NRC is responsible to review the remuneration package for the Non-Executive Directors 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 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</p>

Directors sitting on Board Committees. A meeting allowance is paid for attendance at meetings of the Board and Board Committees. Below is an overview of the remuneration package for the Non-Executive Directors approved by the shareholders on 25 November 2015:

Remuneration for Non-Executive Directors		RM
Annual fee	Non-Executive Director	75,000
	ARMC member	5,000
	NRC member	4,000
Annual allowance	Board Chairman	100,000
	ARMC Chairman	8,000
	NRC Chairman	6,000
Meeting attendance allowance	All Non-Executive Directors	1,200 per meeting attended

The above remuneration structure was determined based on a benchmarking exercise conducted by the Company with advice from an external consultant. The benchmarking exercise was done based on information and survey data on the remuneration practices of comparable companies obtained from independent sources. Any changes to the remuneration package will be presented to the Board for approval. 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. The remuneration framework for the Non-Executive Directors is available on the Company's website at <https://www.heinekenmalaysia.com/corporate-governance/>

In 2021, the Chairman of the Board namely Dato' Sri Idris Jala was also paid an annual consultancy services fee of RM142,000 for assisting the Company in managing its industry issues and providing consultancy support to Management and employees of the Group for business improvement.

Dato' Dominic Joseph Puthuchery, a Director of Heineken Marketing Malaysia Sdn Bhd (HMMSB), was paid an annual fee of RM6,000 for serving as a Director of HMMSB for 2021.

<b>Explanation for departure</b>	:	

*Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.*

<b>Measure</b>	:	
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<b>Timeframe</b>	:		
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### 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 7.2

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 Board has a NRC which consists of five (5) Non-Executive Directors with a majority being Independent Directors. 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>	:	
<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 8.1**

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 remuneration package of the Non-Executive Directors is disclosed under Practice 7.1 whilst the breakdown of the remuneration of the Managing Director is set out on the following page.

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Dato' Sri Idris Jala	Independent Director	183.5	7.2	0	0	23.9	0	214.6	183.5	7.2	0	0	23.9	0	214.6
2	Datin Ngiam Pick Ngoh, Linda	Independent Director	84	10.8	0	0	0	0	94.8	84	10.9	0	0	0	0	94.8
3	Choo Tay Sian, Kenneth	Non-Executive Non-Independent Director	84	10.8	0	0	0	0	94.8	84	10.8	0	0	0	0	94.8
4	Seng Yi-Ying	Non-Executive Non-Independent Director	75	4.8	0	0	0	0	79.8	75	4.8	0	0	0	0	79.8
5	Roland Bala	Executive Director	0	551	1,561	0	563	869	3,544	0	551	1,561	0	563	869	3,544
6	Lau Nai Pek (Appointed on 22 May 2021)	Independent Director	53	7.2	0	0	0	0	60.2	53	7.2	0	0	0	0	60.2
7	Raquel Batallones Esguerra (Appointed on 1 September 2021)	Non-Executive Non-Independent Director	26.3	1.2	0	0	0	0	27.5	26.3	1.2	0	0	0	0	27.5
8	Yu, Yu-Ping (Resigned on 31 August 2021)	Non-Executive Non-Independent Director	55.2	7.2	0	0	0	0	62.4	55.2	7.2	0	0	0	0	62.4
9	Martin Giles Manen (Retired on 21 May 2021)	Independent Director	33.9	6	0	0	0	0	39.9	33.9	6	0	0	0	0	39.9
10	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
11	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

12	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
13	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
14	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
15	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here



### 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 8.2

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>	:													
<b>Explanation for departure</b>	:	<p>In view of the confidentiality and sensitivity of the information and the competitive conditions for talents in the beer industry, 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>The remuneration of the top five (5) senior management, excluding the Managing Director, is disclosed as follows in the bands of RM50,000 but not on a named basis:</p> <table border="1" data-bbox="587 1173 1362 1438"> <thead> <tr> <th>Range of Remuneration (RM)</th> <th>Top 5</th> </tr> </thead> <tbody> <tr> <td>850,001 - 900,000</td> <td>1</td> </tr> <tr> <td>950,001 - 1,000,000</td> <td>1</td> </tr> <tr> <td>1,100,001 - 1,150,000</td> <td>1</td> </tr> <tr> <td>1,250,001 - 1,300,000</td> <td>1</td> </tr> <tr> <td>1,550,001 - 1,600,000</td> <td>1</td> </tr> </tbody> </table> <p>Such information is deemed adequate to enable stakeholders to assess the reasonableness of the remuneration paid to the senior management of the Company.</p>	Range of Remuneration (RM)	Top 5	850,001 - 900,000	1	950,001 - 1,000,000	1	1,100,001 - 1,150,000	1	1,250,001 - 1,300,000	1	1,550,001 - 1,600,000	1
Range of Remuneration (RM)	Top 5													
850,001 - 900,000	1													
950,001 - 1,000,000	1													
1,100,001 - 1,150,000	1													
1,250,001 - 1,300,000	1													
1,550,001 - 1,600,000	1													
<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. The Board will continuously monitor developments in the market and review the appropriateness of such disclosure in the future.												
<b>Timeframe</b>	:	Others												

No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
2	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
3	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
4	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
5	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.

**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 8.3 - 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 Adopted
<b>Explanation on adoption of the practice</b>	:	

No	Name	Position	Company ('000)					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
2	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
3	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
4	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
5	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

**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 9.1**

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>	:	The Chairman of the ARMC is Mr Lau Nai Pek, a Senior Independent Director. He is not the Chairman of the Board. The responsibilities of the ARMC Chairman are set out in the ARMC's Terms of Reference which is available at the Company's website at <a href="https://www.heinekenmalaysia.com/corporate-governance/">https://www.heinekenmalaysia.com/corporate-governance/</a>	
<b>Explanation for departure</b>	:		
<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 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 9.2**

The Audit Committee has a policy that requires a former partner of the external audit firm of the listed company to observe a cooling-off period of at least three years before being appointed as a member of the Audit Committee.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>None of the existing Board members of the Company was a former key audit partner.</p> <p>The Board will observe a cooling-off period of at least three (3) 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.</p>	
<b>Explanation for departure</b>	:		
<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 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 9.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The ARMC assesses the independence and objectivity of the external auditors in carrying out statutory audit for the Group and prior to the engagement of non-audit services of the external auditors. 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 reviews the nature of the non-audit services and the related fee levels individually and in aggregate relative to the audit fee to ensure they do not compromise their independence and objectivity. The external auditors are engaged mainly to perform statutory audit on the Group's financial statements. For FY2021, the external auditors also reviewed the reporting deliverables to Deloitte Netherlands and the Company's Statement on Risk Management and Internal Control.</p> <p>In 2021, the ARMC met the external auditors twice to discuss their audit plan, audit findings and their reviews of the Group's financial statements. The ARMC also had two (2) private meetings with the external auditors without the presence of the Managing Director and the Management staff to discuss the audit findings and any other observations they may have during the audit process.</p> <p>The ARMC considers the re-appointment and terms of engagement of the external auditors, guided by the following criteria and the assessment performed by HEINEKEN Global on the external auditors at the global level:</p>

	<ul style="list-style-type: none"> <li>▪ Technical and competencies of the audit team</li> <li>▪ Adequacy of resources and relevant specialist/experts deployed to conduct the audit</li> <li>▪ Audit scope and planning taking into consideration the size and complexity of the Group</li> <li>▪ Audit communications to the ARMC</li> <li>▪ Audit and non-audit fees</li> <li>▪ Independence and objectivity</li> </ul>
<b>Explanation for departure</b> :	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<b>Measure</b> :	
<b>Timeframe</b> :	



**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 9.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

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

## 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 9.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate, competent 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>The ARMC comprises three (3) Non-Executive Directors, with majority being Independent Directors including the Chairman. All the members of the ARMC are financially literate, they possess the appropriate level of expertise and experience and have sufficient understanding of the Group business and are able to objectively review, analyse, challenge and make recommendations on matters under the purview of the ARMC including the financial reporting process. Two of the members including the ARMC Chairman are Chartered Accountants.</p> <p>All members of the ARMC had undertaken continuous professional development to enhance their ability in discharging their duties and responsibilities. Training attended by the ARMC members during 2021 are as follows:</p> <table border="1"> <thead> <tr> <th>Members</th> <th>Training attended</th> </tr> </thead> <tbody> <tr> <td>Lau Nai Pek (Chairman)</td> <td> <ul style="list-style-type: none"> <li>▪ Bloomberg's webinar on ESG in the new Normal - an investor's lens.</li> <li>▪ ACCA &amp; CA ANZ Asia Pacific Thought-leadership webinar on Growth Recovery Leveraging on Analytics Driven Forward-Based Insights.</li> <li>▪ Institute of Corporate Directors Malaysia's virtual programme on Corporate Restructuring &amp; Turnaround for Company Directors.</li> <li>▪ Conference on Enhanced Understanding of Risk and Compliance Global Developments : Embracing Shifting Trends.</li> <li>▪ CA-ANZ's webinar on the Impact of 2021 Malaysian Code on Corporate Governance on Board Structure and Performance.</li> </ul> </td> </tr> </tbody> </table>	Members	Training attended	Lau Nai Pek (Chairman)	<ul style="list-style-type: none"> <li>▪ Bloomberg's webinar on ESG in the new Normal - an investor's lens.</li> <li>▪ ACCA &amp; CA ANZ Asia Pacific Thought-leadership webinar on Growth Recovery Leveraging on Analytics Driven Forward-Based Insights.</li> <li>▪ Institute of Corporate Directors Malaysia's virtual programme on Corporate Restructuring &amp; Turnaround for Company Directors.</li> <li>▪ Conference on Enhanced Understanding of Risk and Compliance Global Developments : Embracing Shifting Trends.</li> <li>▪ CA-ANZ's webinar on the Impact of 2021 Malaysian Code on Corporate Governance on Board Structure and Performance.</li> </ul>
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	Datin Ngiam Pick Ngoh, Linda	<ul style="list-style-type: none"> <li>▪ IGEM2021 Conference on Water Resources Management – Redefining Sustainability.</li> <li>▪ ASEAN Leadership and Partnership Forum 2021 Rebuilding ASEAN Towards Sustainable Recovery.</li> <li>▪ Understanding Board Decision-Making Process by Asia School of Business / Bank Negara Malaysia.</li> </ul>
	Choo Tay Sian, Kenneth	<ul style="list-style-type: none"> <li>▪ HEINEKEN Information Security Awareness.</li> <li>▪ HEINEKEN Inclusive &amp; Diversity Practices.</li> <li>▪ HEINEKEN Code of Business Conduct and Anti-Bribery and Corruption Training.</li> <li>▪ HEINEKEN GM Masterclass – Route to Consumer and Brand Building.</li> <li>▪ Organization &amp; Relationship System Coaching – Coaching Fundamentals.</li> </ul>
<b>Explanation for departure</b> :		
<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 10.1

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>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 the internal 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 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>	:	
<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.

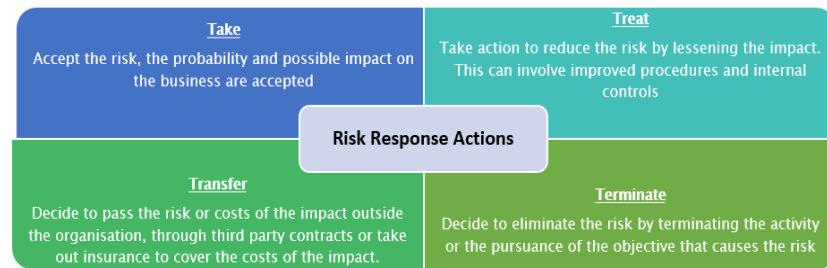
The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company’s objectives is mitigated and managed.

**Practice 10.2**

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

<p><b>Application</b> :</p>	<p>Applied</p>
<p><b>Explanation on application of the practice</b> :</p>	<p>Risk Management is an integral part of how the Group does business and it is supported by good governance. The Group has adopted the HEINEKN Risk Management Framework which comprises of a four-step process, supported by six (6) key pillars:</p> <div style="text-align: center;"> <pre> graph LR     A[Objectives Strategic and business objectives are aligned to the Group strategy] --&gt; B[Risks Risk assessment is performed on identified risks based on impact and likelihood of occurrence]     B --&gt; C[Actions &amp; Controls Management actions to mitigate the identified risks are periodically monitored]     C --&gt; D[Evaluation Management action plan is reviewed as part of business performance review and risk assessment cycle]         </pre> </div> <div style="text-align: center;"> <p style="text-align: center;"><b>RISK MANAGEMENT</b> supports the achievement of our objectives, through more effective decision making.</p> </div> <p>The risk profile of the Group is established during the risk assessment sessions with the Management Team. This exercise is facilitated by the Process &amp; Control Improvement (P&amp;CI) Team and is fully embedded as a key activity of the Risk and Control Workgroup (RCW). At each assessment session, members of the Management Team are engaged to identify and review key risk areas within their responsible function and they are responsible to ensure the adequacy and effectiveness of action plans to manage the risks identified. The risks landscape as well as the mitigation plans are assessed and categorised based on the level of impact and likelihood as set out in a Risk Management Matrix adopted by the Group.</p>

The identified risks will be mapped out in a heat map and ranked according to the level of risk and impact and the same will be tabled to the Management Team at the quarterly RCW meeting. In determining the most appropriate responses to be taken to address the risks, the following risk mitigation strategy will be applied:



For the managing of risk management activities, the Group applies the “Three-lines of Defence” model as follows:

Board and ARMC		
<b>1<sup>st</sup> Line – Management</b> Ownership and Responsibility	<b>2<sup>nd</sup> Line – P&amp;CI</b> Improve, Monitor, Design & Implement	<b>3<sup>rd</sup> Line – Internal Audit</b> Independent, Objective Assurance
Management is ultimately responsible for identifying, assessing and mitigating risks.	Management is supported by the P&CI Team that oversees compliance with the Group policies, processes and controls, facilitate the implementation of effective risk management practices and drive continuous improvements of internal controls.	Internal Audit function is tasked to review key processes, projects and systems based on the Group's strategic priorities and most significant risk areas and provide independent and objective assurance on the effectiveness of governance, risk management and internal control processes.

The above is supported by an assurance activity carried out by the external auditors whose responsibility is to evaluate and provide independent and objective assurance on the organisation's governance and risk management processes including reliability of information, compliance with regulations and procedures; and efficient and effective use of resources.

The 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 P&CI Team who is tasked to oversee compliance with the Group's Risk Management and Internal Control Systems and drive continuous process improvement.

The P&CI Team is administered as a function within the Corporate Assurance Department led by the Head of Corporate Assurance who in turn is supported by a P&CI Manager, an Internal Audit Manager and a Senior Internal Audit Executive. The Head of Corporate Assurance reports functionally to the ARMC and administratively to the Managing Director and the Finance Director for P&CI related matters.

As an integral part of the Framework, internal control activities are carried out with the aim of providing reasonable assurance as to the accuracy of financial information, non-financial disclosures, the Company's compliance with applicable laws and internal policies, and the effectiveness of internal processes.

	<p>The internal controls are defined in HeiRules, which comprise all mandatory standards and procedures including financial reporting, IT and Tax. On an annual basis, a Control Self-Assessment (CSA) is performed by each function to assess the implementation and execution of the mandatory standards and procedures required under the HeiRules. The Group has also adopted the HEINEKEN's Risk and Control Matrix (RACM) compliance programme that focuses on internal controls over financial reporting. The RACM assessment is performed on key controls surrounding the Group's financial reporting process based on materiality level; and it focuses on transparency, accountability and safeguarding of assets.</p> <p>The P&amp;CI Team coordinates both CSA and RACM assessments on an annual basis. The assessments are performed by competent assessors and the outcome are tested by qualified reviewers. The P&amp;CI Team discusses non-compliance areas, if any, and control deficiencies with relevant process owners and reports it in a monitoring tool whilst ensuring the necessary remediation action plan is in place. Completed actions are then retested to ensure adequate remediation. Deficiencies, if any, will be assessed and reported to the RCW and the ARMC during their quarterly meetings.</p> <p>The Board is of the view that the overall risk management and internal control systems in place for FY2021 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.</p>
<b>Explanation</b> : <b>for</b> <b>departure</b>	
<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 10.3 - 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>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<p>Risk management is under the purview of the ARMC which comprises a majority of Independent Directors, with two Independent Directors out of the three committee members.</p> <p>The principal responsibilities of the ARMC in relation to risk management are set out in its Terms of Reference.</p>



## 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 11.1

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 is performed in-house under the purview of the Corporate Assurance Department (CAD). It assists the ARMC and the Management in the effective discharge of their responsibilities and its principal role is to undertake independent and systematic reviews of the Group's internal control system so as to provide objective assurance on the adequacy, integrity and effectiveness of the Group's risk management, internal controls, anti-bribery and anti-corruption, Speak Up and the overall governance processes.</p> <p>The Internal Audit function is guided by an Internal Audit Charter approved by the ARMC. The charter sets out the purpose, scope, responsibility and authority of the function.</p> <p>The Internal Audit function carried out its activities based on the Internal Audit Plan approved by the ARMC. The Internal Audit Plan is developed based on the risk profiles identified in accordance with the Group's Risk Management Framework in consultation with the Management Team. The ARMC reviews the extent of the audit scope and coverage of the Group's activities; and the adequacy, competency and the internal audit resources to support the completion of the plan. At the quarterly ARMC meetings, the ARMC reviews the progress of internal audit activities and the resource requirements, including interim changes and the impact of resource limitations. The ARMC also reviews significant risk and control issues, including fraud risks, governance issues and other matters that require the ARMC's attention.</p> <p>During FY2021, the Internal Audit function completed 21 audit assignments which included 4 investigative audits on matters reported via the Speak Up channel. The audits were performed using a risk-based approach followed by root-cause analysis and were consistent with the Group's established framework in designing, implementing and monitoring of its internal control systems. The audit covered various operational areas within the Group, which included:</p> <ul style="list-style-type: none"><li>▪ Sales operations and distributor management.</li><li>▪ Brand marketing resource management and effectiveness of consumer promotions.</li><li>▪ Trade marketing control processes mainly around management of commercial assets and sales data and retailers' trading terms and conditions.</li></ul>

	<ul style="list-style-type: none"> <li>▪ E-commerce operations mainly on sales transactions and management of stock movements.</li> <li>▪ Management of finished goods at bonded warehouse.</li> <li>▪ Employees' disclosure on conflict of interest.</li> <li>▪ Related party transactions.</li> </ul> <p>Findings from the audits were highlighted to Management who are responsible for ensuring that the agreed action plans to address the reported weaknesses are implemented within the required timeframe. On a regular basis, the Internal Audit function reviewed the status of implementation of the recommended actions and preventive measures. The audit findings, audit opinion or conclusion and the status of implementation of the action plan were reported to the RCW and presented to the ARMC for review at their respective quarterly meetings.</p> <p>The Internal Audit function also works collaboratively with the P&amp;CI Manager to review the risk management process of the Group as a whole. During the financial year under review, the Internal Audit function also supported the P&amp;CI Manager on the implementation of several process improvement and cost reduction initiatives.</p> <p>The ARMC had evaluated the performance of the Internal Audit function for FY2021 and was satisfied with the overall performance of the function as it had been effective in performing its duties. The Internal Audit function also provided value added recommendations to the organisation, strengthening its internal controls whilst enabling cost savings, and was able to function independently.</p>
<b>Explanation for departure</b> :	
<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 11.2

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>	:	<p>The Internal Audit function is performed under the purview of the CAD which oversees both internal audit and P&amp;CI matters. The CAD is headed by Mr Eugene Ding Diew Ping who reports functionally to the ARMC and administratively to the Managing Director and the Finance Director for P&amp;CI related matters. The Internal Audit function does not have any direct operational responsibility or authority over any of the activities it audits nor has it engaged in any activity that might impair the internal auditor's judgement. All the internal audit staff had confirmed via an annual declaration that they were free from any relationships or conflict of interests which could impair their objectivity and independence.</p> <p>The Head of CAD, Mr Eugene Ding Diew Ping, is a holder of a Bachelor's Degree of Business (Accounting) from the University Of Technology Sydney, Australia. He is a Chartered Accountant of the Malaysian Institute of Accountants and a Chartered Member of the Institute of Internal Auditors Malaysia (IIA). He has over 20 years of internal audit experience. Currently, he is supported by a P&amp;CI Manager, an Internal Audit Manager and an Internal Audit Executive who are also members of the IIA.</p> <p>In carrying out the audit activities, the Internal Audit function has adopted the International Standards for the Professional Practice of Internal Auditing (IIA Standards) issued by the International Internal Audit Standards Board. The internal audit staff adhere to the Code of Ethics adopted by the IIA which sets out, among others, the principles relevant to the profession and practice of internal auditing and the rules of conduct expected of internal auditors.</p> <p>The Internal Audit function maintains a Quality Assurance and Improvement Programme (QAIP) to evaluate the internal audit activity's conformance with the IIA Standards and the Code of Ethics. The QAIP includes periodic internal self-assessment and external assessment to be conducted at least once every five (5) years by a qualified independent assessor or assessment team from outside the organisation.</p>

<b>Explanation for departure</b>	:	
<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 12.1

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 continued to maintain 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 MMLR along with the Corporate Disclosure Guide issued by Bursa Securities and the 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 with specific guidance on the disclosure of material information, maintenance of confidentiality of information and dissemination of information.</p> <p>The Company leverages on various communication platforms to reach out to shareholders and stakeholders. These include among others, announcements via Bursa LINK, disclosures on the Company's website, engagements through the Investor Relations function and the Company's social media. In 2021, 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 in the Annual Report 2021.</p>
<b>Explanation for departure</b>	:	
<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 12.2

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>Driven by a commitment to transparency, 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. For the Annual Report 2021, the Company continued to adopt the same reporting approach based on IIRF 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 MCGG 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>	:	
<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 13.1

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>The Company's Annual Report 2020 together with the Notice of the 57<sup>th</sup> AGM were issued on 22 April 2021, more than 28 days prior to the AGM held on 21 May 2021. Notification on the publication of the Annual Report and the AGM notice on the Company's website was sent out to shareholders on the same day.</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 participate in the AGM; and send pre-meeting questions in relation to the AGM agenda items to the Tricor's TIIH Online website.</li></ul>
<b>Explanation for departure</b>	:	
<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 13.2**

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>	:	In 2021, the Company's AGM was conducted entirely on a virtual basis using the remote participation and voting (RPV) facilities. All the local Board members were present at the broadcast venue together with the external auditor, the Company Secretary and the Finance Director whilst Board members who were based outside of Malaysia and the other Management Team members were in attendance virtually via a designated virtual meeting platform as a precautionary measure in view of the Covid-19 pandemic.	
<b>Explanation for departure</b>	:		
<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 13.3

Listed companies should leverage technology to facilitate–

- voting including voting in absentia; and
- remote shareholders' participation at general meetings.

Listed companies should also take the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>In 2021, the Company's AGM was conducted entirely on a virtual basis using the RPV facilities which are available on Tricor Investor &amp; Issuing House Services (TIH) online website, allowing remote shareholders' participation and voting in absentia.</p> <p>Together with the Share Registrar, the Company ensured that the online platform has appropriate measures to protect data privacy and manage cyber security risk and prevent cyber threats before and during the meeting.</p>
<b>Explanation for departure</b>	:	
<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 13.4

The Chairman of the board should ensure that general meetings support meaningful engagement between the board, senior management and shareholders. The engagement should be interactive and include robust discussion on among others the company's financial and non-financial performance as well as the company's long-term strategies. Shareholders should also be provided with sufficient opportunity to pose questions during the general meeting and all the questions should receive a meaningful response.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: <p>The Chairman chaired the 57<sup>th</sup> AGM held in May 2021 and briefed the meeting on the meeting agenda and reminded shareholders' of their rights to vote and submit their question to the Board during the meeting. He also explained to the meeting recommendations provided by the Board and the rationale behind each motion tabled at the meeting.</p> <p>During the AGM, a comprehensive review of the Group's business and financial performance together with an overview of the Group's activities, key challenges, market outlook and the Group's strategies and priorities for the ensuing year was presented by the Managing Director.</p> <p>A Questions &amp; Answers session was part of the meeting proceedings during which shareholders were given the opportunity and time to submit questions regarding the Company's performance, provide comments or suggestions for improvement via the RPV facilities. The Chairman and/or the Managing Director addressed all relevant questions submitted.</p> <p>A scrutineer was appointed to validate the votes cast at the AGM, after which, the poll results were announced and published on the Company's website and via Bursa LINK on the same day after the meeting. Minutes of AGM together with the written response to relevant questions raised were also published on the Company's website within 30 business days after the AGM.</p>
<b>Explanation for departure</b>	:  

*Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.*

<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 13.5

The board must ensure that the conduct of a virtual general meeting (fully virtual or hybrid) support meaningful engagement between the board, senior management and shareholders. This includes having in place the required infrastructure and tools to support among others, a smooth broadcast of the general meeting and interactive participation by shareholders. Questions posed by shareholders should be made visible to all meeting participants during the meeting itself.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>	
<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	<p>Together with the AGM notice, an Administrative Guide which sets out the meeting details, information on shareholders' rights/entitlement to participate and the relevant und to be followed by shareholders to participate at the meeting was sent out to shareholders.</p> <p>The proceedings of the Company's 57<sup>th</sup> AGM were live broadcasted using the RPV facilities which are available on TIIH online website. Eligible shareholders and proxies were able to join the live streamed AGM via web portal or mobile application via the TIIH online website.</p> <p>Shareholders were given the opportunity and time to submit questions in the query box via the RPV facilities prior to or during the AGM. Questions posed by shareholders including the Minority Shareholder Watch Group had been made visible to all meeting participants and were read out during the Questions &amp; Answers session. The Chairman and/or the Managing Director addressed all relevant questions submitted.</p>
<b>Explanation for departure</b> :	
<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 13.6**

Minutes of the general meeting should be circulated to shareholders no later than 30 business days after the general meeting.

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: The minutes of the 57 <sup>th</sup> AGM held on 21 May 2021 detailing the attendance of Directors and the meeting proceedings were published on the Company's website at <a href="https://www.heinekenmalaysia.com/annual-general-meetings.html">https://www.heinekenmalaysia.com/annual-general-meetings.html</a> within 30 business days after the AGM.
<b>Explanation for departure</b>	:  
<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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