



HEINEKEN

HEINEKEN MALAYSIA BERHAD

Annual Report 2023



**150 years of
good times.
One way
or another.**

150  YRS
Heineken®

Heineken



EST. 1873
Good Times
Only

Heineken

Heineken

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60th

Virtual

Annual General Meeting



Date

Thursday, 16 May 2024



Time

9.30 a.m.

Please scan the QR code for further information on our 60th AGM.



For more information, visit:

<https://www.heinekenmalaysia.com/annual-general-meetings/>

This Annual Report has been developed in line with the relevant rules, regulations, guidelines and best practices, which include:

- Companies Act 2016
- Bursa Malaysia's Corporate Governance Guide 4th Edition
- Bursa Malaysia's Main Market Listing Requirements
- Malaysian Code on Corporate Governance 2021
- Malaysian Financial Reporting Standards
- International Financial Reporting Standards and other regulatory requirements, as applicable

As for sustainability, the scope and reporting framework of our ESG Review are detailed on page 35 of this Annual Report.



WE ARE **HEINEKEN**

Our Purpose

**We brew the
Joy of True Togetherness
to inspire a better world**

Our Values



PASSION
for consumers &
customer



COURAGE
to dream &
pioneer



CARE
for people &
planet



ENJOYMENT
of life

About Us



Heineken Malaysia Berhad (HEINEKEN Malaysia) is a leading brewer, with a portfolio of world-class brands that includes:

- The World's No. 1 international premium beer – Heineken®
- The great taste of Heineken® with dealcoholised Heineken® 0.0
- The World acclaimed Asian beer – Tiger Beer
- The crystal-cold filtered beer – Tiger Crystal
- The World's No. 1 stout – Guinness
- The smooth and creamy Guinness Draught in a Can
- The premium wheat beer born in the Alps – Edelweiss
- The New Zealand inspired cider – Apple Fox Cider
- The all-time local favourite – Anchor Smooth
- The premium Irish ale – Kilkenny
- The real shandy – Anglia
- The wholesome, premium quality non-alcoholic Malta

HEINEKEN Malaysia's history in the country dates back to 1964, and the Company's shares have been listed on the Main Market of Bursa Malaysia since 1965.

HEINEKEN Malaysia is 51% owned by GAPL Pte Ltd (GAPL) and 49% by the public. The Company's name was changed to Heineken Malaysia Berhad on 21 April 2016 following Heineken N.V.'s acquisition of Diageo Plc's stakes in GAPL in October 2015. GAPL is a subsidiary 100% owned by Heineken N.V., the world's most international brewer.

Our 23.72-acre Sungei Way Brewery is the first in Malaysia to receive the MS 1480: 2007 Hazard Analysis Critical Control Point (HACCP) Certification from the Ministry of Health in August 2002. The brewery also received the ISO 9002 Certification since 1995 and has upgraded to MS ISO 9001: 2008 in 2010 and, subsequently, to ISO 9001:2015 in 2018.

HEINEKEN Malaysia employs more than 500 people at our headquarters and brewery in Petaling Jaya, Selangor, as well as our 13 sales offices throughout Peninsular and East Malaysia.

Our people are the heart of the Company, driving us forward with their energy and dedication. Through their every action and day-to-day interactions, they reflect HEINEKEN's values of Passion for customers & consumers, Courage to dream & pioneer, Care for people & planet, and Enjoyment of life.

These values strengthen our stakeholder relationships from Barley to Bar, and underline our HEINEKEN Global sustainability strategy to Brew a Better World. We believe it is critical to be responsible in order to be sustainable, and take our responsibility to our people, planet and performance seriously.

While promoting the enjoyment of our beers and ciders, we take the lead in advocating responsible consumption. Through HEINEKEN Malaysia's corporate social responsibility arm SPARK Foundation, we extend our commitment to grow with local communities for a better tomorrow.

Our Chairman's Message



Group Revenue

RM2.64 billion (FY2022: RM2.86 billion)



Group Profit Before Tax (PBT)

RM511 million (FY2022: RM595 million)

“

Dear Shareholders,

As we reflect on the past year, I am pleased to present the 2023 Annual Report for HEINEKEN Malaysia. Despite the challenges posed by the various economic uncertainties, rising inflation, as well as increasing pressures on cost of living, we have navigated through the challenges with great resilience and I am proud to share that we have emerged stronger together.

”

Dato' Sri Idris Jala
Chairman



During the year, inflation was on the increase around the world, with food and energy prices hitting new highs. The global landscape remained complex, fuelled by geopolitical conflicts that intensified supply chain challenges, contributing to rising input costs for various industries including ours. In Malaysia, according to the Ministry of Finance, 2023 growth normalised to 3.7%, following the robust growth registered in the previous year (2022: 8.7%). Similarly, consumer sentiments measured by the Malaysian Institute of Economic Research, which recovered above the threshold level in 2022 declined for most of 2023 except for the last quarter when an improvement was recorded, indicating that inflation and cost of living worries persisted and had a detrimental effect on consumer spending during the year. However, the sentiment going into 2024 appears to show signs of recovery.

Similarly for HEINEKEN Malaysia, we had a strong 2022 having recorded a strong rebound where we accelerated our recovery to perform above pre-pandemic 2019 levels of revenue and profit. With the economy fully reopened, the restrictions that had suppressed consumer spending for an extended period lifted and a tidal wave of pent-up demand surged. People yearned for experiences – travel, dining out, entertainment, and retail therapy. This demand ultimately proved to be unsustainable and as we observed, the market experienced an extended phase of correction and normalisation in 2023.

Post COVID-19 pandemic, HEINEKEN Malaysia's revenue rose to an all-time high in 2022. This unprecedented growth is largely due to customers "making up for lost time" during the intermittent COVID-19 lockdowns in 2020 – 2021. In addition, many distributors placed more orders than their normal.

In 2023, HEINEKEN Malaysia's revenue decreased by 8% to RM2.64 billion compared to the previous year (FY2022). This was mainly due to market correction and weak consumer sentiment attributed

to growing macroeconomic concerns in 2023. In perspective, the group also underwent a notable recovery in 2022 (Revenue +44% versus 2021) post the COVID-19 pandemic restrictions. Correspondingly, Group PBT decreased by 14% principally due to lower revenue while the Group's net profit decreased by 6% due to the absence of the one-off Prosperity Tax in 2023.

The Board of Directors (Board) has proposed a single tier final dividend of 88 sen per stock unit for FY2023, subject to the approval of shareholders at the forthcoming Annual General Meeting. The total dividend for the year amounts to 128 sen per stock unit comprising:

▶ **A single tier interim dividend of 40 sen per stock unit paid on 10 November 2023**

▶ **A proposed single tier final dividend of 88 sen per stock unit**



I take the opportunity to recognise the efforts of the Management Team and all employees at HEINEKEN Malaysia for the extraordinary commitment towards transforming our organisation for a stronger future. Despite the many uncertainties and obstacles we have had to deal with in the past few years, the team's immense effort in collaboration with our business partners and valued customers helped to deliver commendable results on all fronts, accelerating our recovery above pre-pandemic levels in 2019.

As an operating company of Heineken N.V, we adopted the HEINEKEN Global strategy – EverGreen, which is a multi-year strategy designed to enable our next chapter of our growth. Through EverGreen, we aim to deliver superior and balanced growth with greater focus on meeting the needs of our consumers and customers. We will drive premiumisation, invest behind our brands

Our Chairman's Message

and capabilities, and do these with a cost and value mindset that will fund this growth journey. EverGreen leverages our existing strengths and new opportunities to chart the next chapter of our growth. We are making great strides in our end-to-end digital transformation to benefit our route-to-consumer and drive cost efficiencies as we aim to become the best-connected brewer. And we are stepping up our focus to deliver continuous productivity improvements and raising the bar on our environmental and social sustainability ambitions.

In 2023, we made significant progress towards our Brew a Better World sustainability and responsibility ambitions in three key areas – Environmental Sustainability, Social Sustainability and Responsible Consumption. I am proud that we have accelerated our progress in our Net Zero Carbon roadmap, which sets out our ambition to reach net zero in Scope 1 & 2 emissions by 2030 and the full value chain by 2040. Compared with the base year of 2018, we have reduced Scope 1 & 2 carbon emissions by 65% in 2023. We continued to maintain procurement of 100% renewable electricity through the Malaysian Renewable Energy Certificates (mRECs) which are purchased through utility provider Tenaga Nasional Berhad's Green Electricity Tariff (GET) programme. Our project to install an on-site solar power generation facility is still ongoing, and we target to go live by June 2024.

As a responsible brewer, we renewed our commitment to protect water resources through our "Towards Healthy Watersheds" programme, committing to invest RM6 million in our water stewardship project across the next eight years until 2030. Our three-pronged approach combines water efficiency, water circularity and water balancing to ensure we do our part to protect our watersheds. We have a target to balance 1.5 litres of water for every 1 litre of water in our products. In 2023, we are proud to have exceeded this target again just as we have done since 2020, achieving over 200% of the targeted volume. In terms of water efficiency,

Our Chairman's Message

we improved our water consumption by 1% versus 2022 and 21% versus our 2014 baseline. As for water circularity, we continued treating 100% of our wastewater before release.

We continued our practice of recycling or upcycling 100% of our bi-products and waste from production. Indeed, we are proud of achieving Zero Waste to Landfill since 2017. As a result of our achievements in environmental sustainability, we are proud to have received recognitions externally at the ESG Positive Impact Awards organised by the Star Media Group, winning Gold in the Waste Management and Innovative Partnership categories. At the UN Global Compact Network Malaysia & Brunei's Forward Faster Awards, we are proud to be the winner in the Water Resilience category.

We continued to lead by example when it comes to advocating for Diversity, Equity and Inclusion (DEI), with women comprising 43% of our Board, exceeding the Government's target of 30% women on the Boards of public listed companies. We are also proud to be recognised at the 2023 HR Excellence Awards winning Silver in the Work Life Harmony category and Bronze in the Workplace Culture category.

Our commitment to improving social sustainability extends beyond our business. Our long running Tiger Sin Chew Chinese Education Charity Concert broke several records, successfully raising RM26 million for eight institutions in 2023 which is the highest ever raised in a single year. Since 1994, this initiative has raised RM407 million for schools

across Malaysia. Recognising community resilience and food security as a growing societal concern, our HEINEKEN Cares community food aid programme, collaborated with Sokong, a civil society fundraising platform by online news organisation Malaysiakini. Our partnership resulted in RM250,000 channelled to six NGOs and social enterprises that focus on community farming and access to water and renewable electricity for underprivileged communities.

As a progressive and responsible corporate citizen, HEINEKEN Malaysia also contributed RM1.4 billion in taxes to the Government in 2023. I take this opportunity to thank the Government for not increasing excise duties on beer and stout. As it is, Malaysia's excise rate for beer and stout ranks among the highest in the world and any increase in taxes on legitimate beer and stout products will only fuel the illicit trade. We commend the Government for committing to further clamp down on illicit trade and pledge our support for a more holistic approach in addressing this issue, which represents a loss of revenue for both Industry and Government.

ACKNOWLEDGEMENTS

On behalf of the Board, I put on record sincere appreciation to Datin Linda Ngiam Pick Ngoh who retired from the Board after more than 10 years of service. Datin Linda Ngiam played an instrumental role in providing valuable guidance and insights in the Group's strategic matters on stakeholder communications, ESG/ sustainability, people development and corporate governance. We convey our

heartfelt gratitude to Datin Linda Ngiam for her invaluable contributions as a long-serving member of the Board. In her place, we are pleased to welcome Carmen Chua as Independent Director. Carmen is the Chief Executive Officer of ONE IFC Sdn Bhd, the developer of the St. Regis Hotel and Residences Kuala Lumpur, and the Managing Director of ONE KLCC Sdn Bhd, the developer of ONE KL condominium. She also sits on the Board of various companies within the CMY Capital Group and she is a Trustee of Amanah Warisan Negara, a National Public Trust founded by Khazanah Nasional Berhad.

During the year, we welcomed another new Board member, Erin Sakinah Atan who replaced Raquel B. Esguerra (Rocky) who has left the HEINEKEN Group to pursue other opportunities. Erin is the Regional Corporate Affairs Director of Heineken Asia Pacific Pte Ltd. Erin is an experienced Corporate Affairs professional with an extensive background in brand strategy, reputation and crisis management, public affairs, integrated communications and sustainability across different sectors, including aviation, automotive, conglomerates and financial services.

On behalf of the Board, we thank Datin Linda Ngiam and Rocky for their contributions and wish them the best. We welcome Carmen and Erin and I look forward to serving alongside both capable leaders on the Board together.

On behalf of the Board, I also take this opportunity to thank our shareholders and our trade partners for your continued trust and support during this challenging year.

I would also like to thank our Management Team, led by Roland, as well as all employees at HEINEKEN Malaysia for their One Strong Winning Team spirit, united by our common purpose to **Brew the Joy of True Togetherness to Inspire a Better World.**

Thank you.

Dato' Sri Idris Jala
Chairman
20 March 2024

We are proud to have received recognitions externally at the ESG Positive Impact Awards organised by the Star Media Group, winning Gold in the Waste Management and Innovative Partnership categories



Directors' Profile



DATO' SRI IDRIS JALA

Chairman
Independent Non-Executive Director

Malaysian | Male | 65

Appointed on 1 January 2017

Qualifications:

- Bachelor's Degree in Development Studies and Management, University Sains Malaysia
- Master's Degree in Industrial Relations, University of Warwick

Board Committee Membership:

- Nomination & Remuneration Committee (Chairman)

Working Experience:

- Presently, President and Chairman of PEMANDU Associates.
- Former Managing Director of BFR Institute and CEO of PEMANDU, a unit in the Prime Minister's Department, Malaysia, the organisation tasked with spearheading Malaysia's transition towards high income status by 2020.
- Served as Minister in the Prime Minister's Department for 6 years, and later as the Advisor to the Prime Minister on the National Transformation Programme.
- A renowned transformation guru in turning around companies' performance through his big fast results methodology and transformational strategies that are innovative, rigorous and relevant to today's demands.
- Has continuously delivered sustainable social economic reforms which, in 2014, saw Bloomberg place him among the top 10 most influential policy makers in the world.

- Founder and Executive Chairman of the Global Transformation Forum (GTF), the world's singular platform for influential, global leaders to engage and share experiences and best practices on how to drive transformation.
- An Expert Resource Speaker at the Harvard Health Leaders' Ministerial Forum and a Visiting Fellow of Practice at the Oxford Blavatnik School of Government.
- Served on the Advisory panel for the World Economic Forum (WEF) on New Economic Growth and also on the Advisory Panel of World Bank.
- Former Managing Director / CEO at Malaysia Airlines (MAS) for 3 years. He was brought on board to turn around the airline which was in crisis brought about by a prolonged bout of losses from operational inefficiencies.
- Prior to MAS, he spent 23 years at Shell, rising up the ranks to hold senior positions including Vice President, Shell Retail International and Vice President Business Development Consultancy, based in UK. This included successful business turnarounds in Malaysia and Sri Lanka.

Directorship in other Public Companies / Organisations in Malaysia:

- Sunway Berhad
- Jeffrey Cheah Foundation
- MyKasih Foundation

Directors' Profile



ROLAND BALA

Managing Director
Non-Independent Executive Director

Malaysian | Male | 58

Appointed on 1 September 2018

Qualifications:

- Bachelor's Degree in Business Administrations, UiTM Malaysia

Board Committee Membership:

- Nil

Working Experience:

Within HEINEKEN Group

- From February 2012 to August 2018, Managing Director of Cambodia Brewery Ltd (CBL), HEINEKEN's operating company in Cambodia. In this role, he has led CBL to increase its market share by more than double, establishing CBL as the market leader in Cambodia.
- From March 2009 to February 2012, General Manager for Danang and Quang Nam Breweries in the central region of Vietnam.
- February 2008 to February 2009, Special Assistant to the Regional Director of Asia Pacific Breweries.

Previous experience

- Started his career with British Petroleum (BP) where he spent 16 years working in sales, logistics, operations and planning roles in retail, gas and lubes businesses.
- He was then appointed as the General Manager for BP Vietnam from 2003 to 2005 and subsequently as the Sales Director for the lubes business for Malaysia and Singapore from 2005 to 2007.

Directorship in other Public Companies / Organisations in Malaysia:

- Confederation of Malaysian Brewers Berhad



LAU NAI PEK

Senior Independent Non-Executive Director

Malaysian | Male | 71

Appointed on 22 May 2021

Qualifications:

- Member of the Malaysia Institute of Accountants
- Bachelor of Commerce Degree, Canterbury University, New Zealand

Board Committee Membership:

- Audit & Risk Management Committee (Chairman)
- Nomination & Remuneration Committee

Working Experience:

- A finance professional with more than 35 years of working experience in various locations including New Zealand, Brunei, United Kingdom, Malaysia, China and the Netherlands.
- Retired from Shell Malaysia in August 2011 after serving the Royal Dutch Shell Group for over 30 years. His major assignments include Finance Director of Shell Malaysia, Finance Director of Shell China, Global Controller of the Exploration & Production Division of Royal Dutch Shell Group, and Vice-President Finance of Shell International Exploration and Production B.V., in the Netherlands.
- Upon his retirement from Shell, David served 12 years with Axiata Group Berhad and Celcom Axiata Berhad as an Independent non-executive Director and Chairman of their Board Audit Committees, and 11 years with Employees Provident Fund, Malaysia as an Independent Investment Panel member and 12 years with Malaysia Airlines Group as an Independent Non-Executive Director and Chairman of their Board Audit Committee.

Directorship in other Public Companies / Organisations in Malaysia:

- KKB Engineering Berhad
- Boost Bank Berhad

Directors' Profile

**SENG YI-YING**

Non-Independent Non-Executive Director

Singaporean | Female | 51

Appointed on 1 September 2020

Qualifications:

- Bachelor of Law, 2nd Class Upper (Honours), University of Nottingham, U.K.
- Diploma in Singapore Law, National University of Singapore

Board Committee Membership:

- Nil

Working Experience:

- Presently, Regional Legal Director of Heineken Asia Pacific Pte Ltd (APAC), responsible for the functional oversight of legal in Asia Pacific. She is also a member of the APAC Management Team.
- Has more than 20 years of in-house legal experience, with close to 15 years in the alcohol and beverage industry. Her experience includes general corporate and commercial matters (both regional and operational), mergers and acquisitions, joint ventures, set up of greenfield breweries, compliance and managing disputes in the Asia Pacific region.
- Joined the APAC team as Senior Legal Manager in 2006. During this time, she successfully advised on and negotiated various mergers and acquisition projects in various markets within APAC.
- In 2015, she moved to Asia Pacific Breweries (Singapore) Pte Ltd (APB Singapore) as Legal Director and a member of the Management Team, where she was a valued business partner and was instrumental in successfully achieving a commitment with the Competition and Consumer Commission of Singapore in respect of APB Singapore's draught exclusive arrangements with outlets as well as facilitating a transformational change to the APB Singapore route to market.
- In 2018, she undertook a short-term assignment to HEINEKEN Cambodia for three months to establish a robust legal framework and processes.
- In 2019, she moved back to the APAC Legal Affairs team to take on the position as Legal Manager for APAC where she was responsible to oversee a broad range of legal issues for various HEINEKEN operating companies across the region as well as manage a range of mergers and acquisitions and joint venture matters.
- Prior to joining HEINEKEN, she was the Legal Counsel for Sembcorp Utilities Pte Ltd for five years.

Directorship in other Public Companies / Organisations in Malaysia:

- Nil

**CHOO TAY SIAN, KENNETH**

Non-Independent Non-Executive Director

Singaporean | Male | 56

Appointed on 26 October 2020

Qualifications:

- Advanced Management Programme, Harvard Business School, Cambridge, USA
- Bachelor of Accountancy (Honours Degree), Nanyang Technological University Singapore
- Chartered Accountant, Institute of Singapore Chartered Accountants

Board Committee Membership:

- Audit & Risk Management Committee
- Nomination & Remuneration Committee

Working Experience:

- Currently serves as Managing Director of Heineken Asia Pacific Pte Ltd (APAC) responsible for overseeing HEINEKEN operating companies in the Asia Pacific region (2014 – present).
- Since joining APAC in 2003, he has held a number of strategic positions including Chief Financial Officer of APAC.
- Before joining HEINEKEN, he was the Regional Business Development Director of Royal Ahold N.V., a global retailer.
- He was a Non-Independent Non-Executive Director of HEINEKEN Malaysia from 15 August 2013 until 30 September 2019 prior to his re-appointment on 26 October 2020.

Directorship in other Public Companies / Organisations in Malaysia:

- Nil

Directors' Profile



CHUA CARMEN

Independent Non-Executive Director

Malaysian | Female | 40

Appointed on 13 May 2023

Qualifications:

- Bachelor of Science in Economics with First Class Honours, London School of Economics and Political Science, United Kingdom

Board Committee Membership:

- Audit & Risk Management Committee
- Nomination & Remuneration Committee

Working Experience:

- Carmen Chua is the Chief Executive Officer of ONE IFC Sdn Bhd, the developer of the St. Regis Hotel and Residences Kuala Lumpur; and the Managing Director of ONE KLCC Sdn Bhd, the developer of ONE KL condominium.
- She also sits on the Board of various companies within the CMY Capital Group and she is a Trustee of Amanah Warisan Negara, a National Public Trust founded by Khazanah Nasional Berhad with the objectives of undertaking projects involving the rejuvenation, rehabilitation and/or operations of selected public spaces together with heritage assets of national significance.
- Carmen was a member of the Blue Ocean Corporate Council (May 2017 – May 2018) whose initiatives include the MyApprenticeship programme, offering students the opportunity for hands-on training and employment post-graduation. She also served as a Trustee of Yayasan Hijau (November 2014 – August 2018) focusing on promoting, developing and improving education on energy efficiency, green technology applications and green lifestyle practices and a Director of the Kuala Lumpur Business Club from 2009 to 2012.

Directorship in other Public Companies / Organisations in Malaysia:

- Nil



ERIN SAKINAH ATAN

Non-Independent Non-Executive Director

Singaporean | Female | 50

Appointed on 14 July 2023

Qualifications:

- Bachelor of Arts, University of South Australia
- High Impact Leadership Programme, Institute of Sustainability – Cambridge University
- MBA Essentials, London School of Economics
- Women's Leadership Programme, INSEAD

Board Committee Membership:

- Nomination & Remuneration Committee

Working Experience:

- Erin Sakinah Atan is the Regional Corporate Affairs Director of Heineken Asia Pacific Pte Ltd (APAC). She is also a member of the APAC Regional Leadership Team and the HEINEKEN Global Corporate Affairs Management Team.
- Erin is an experienced Corporate Affairs professional with an extensive background in brand strategy, reputation and crisis management, public affairs, integrated communications and sustainability across different sectors, including aviation, automotive, conglomerates and financial services. She has led businesses and teams across multiple markets in Asia Pacific and beyond.
- For the first part of her career, she worked for consultancies in the region, culminating with a leadership role as Vice President at LEWIS (previously Blacki McDonald) where she led a team of 85 across 7 offices in Asia Pacific.
- She transitioned into in-house roles as Corporate Affairs Director for Asia at BMW Group. Then, in 2011, she joined Rolls-Royce plc as Corporate Affairs Director for Asia Pacific, Middle East and Turkey.
- After Rolls-Royce plc, she became Group Corporate Affairs Director for Jardine Matheson Limited, joining the Group Executive Management Team based in Hong Kong. In 2020, she took up the responsibility as Senior Director of Corporate Affairs of Prudential plc, responsible for the Asia and African regions, before joining HEINEKEN in 2021.

Directorship in other Public Companies / Organisations in Malaysia:

- Nil

Management Team's Profile



ROLAND BALA

Managing Director

Malaysian | Male | 58

Appointed on 1 September 2018

Qualifications:

- Bachelor's Degree in Business Administrations, UiTM Malaysia

Working Experience:

Within HEINEKEN Group

- From February 2012 to August 2018, Managing Director of Cambodia Brewery Ltd (CBL), HEINEKEN's operating company in Cambodia. In this role, he has led CBL to increase its market share by more than double, establishing CBL as the market leader in Cambodia.
- From March 2009 to February 2012, General Manager for Danang and Quang Nam Breweries in the central region of Vietnam.
- February 2008 to February 2009, Special Assistant to the Regional Director of Asia Pacific Breweries.

Previous experience

- Started his career with British Petroleum (BP) where he spent 16 years working in sales, logistics, operations and planning roles in retail, gas and lubes businesses.
- He was then appointed as the General Manager for BP Vietnam from 2003 to 2005 and subsequently as the Sales Director for the lubes business for Malaysia and Singapore from 2005 to 2007.



CHRISTIAAN JOHANNES FOLKERTS

Finance Director

Dutch | Male | 42

Appointed on 15 June 2021

Qualifications:

- Bachelor and Master of Science in International Business (Financial Management), Tilburg University, Netherlands

Working Experience:

Within HEINEKEN Group

- Prior to his appointment to HEINEKEN Malaysia, he was Chief Financial Officer/ Head of Finance, Procurement and Digital & Technology for AB HEINEKEN Philippines (ABHP) since January 2020, where he navigated ABHP through continuous COVID-19 lockdowns. Under these difficult circumstances, he has shaped a new future for HEINEKEN in the Philippines. He successfully managed the transition of the Philippines business from a joint venture structure with Asia Brewery to a new partnership.
- Before moving to Manila, he was Finance Manager for Europe Export & Global Duty-Free (EE&GDF) for three years. Under his leadership, the Finance team has significantly improved business partnering capabilities, professionalised the revenue management approach in EE&GDF and strengthened the control environment, considerably impacting the business.
- Joined HEINEKEN in 2007 as Finance Management Trainee, after which he was in Business Control and Project Management positions in VRUMONA, HEINEKEN Netherlands, and HEINEKEN Brazil.



JIMMY DING SU HONG

Sales Director

Malaysian | Male | 49

Appointed on 1 July 2023

Qualifications:

- Bachelor's Degree in Business Administration (Major in Marketing), Universiti Utara Malaysia

Working Experience:

Within HEINEKEN Group

- Joined HEINEKEN Malaysia in March 2020 as National Sales Manager responsible for Field Force Management, Route-to-Consumer and Distributor Management covering both Malaysian Duty Paid and Duty Not Paid Markets, before being promoted to Sales Director in July 2023.
- Notable achievements in role include reframing of Sponsorship Contracts, transforming Route-to-Consumer to improve market fundamentals and effective resource allocation. He has also led the Sales Team to deliver HEINEKEN's Premiumisation agenda, giving the business a better mix for long term growth.

Previous experience

- 22 years in Sales and Marketing in MNCs with last 14 years in Senior positions across Insurance (AIA), Tobacco (BAT) and Beverages (Red Bull) industries. He is experienced in both Brand and Trade Marketing particularly in delivering Field Force transformation, winning Route to Consumer solutions, Distributor reorganisation, Shopper Marketing, Trade Terms and Pricing.
- He has spent time managing the Sales Charter of the merger between BAT Indonesia operations with Bentoel International Investama PT Tbk in Indonesia between 2009 to 2013 before returning to BAT Malaysia.
- Since 2019, he is a member of the Board of Governors for British American Tobacco Malaysia Foundation.

Management Team's Profile



WILLEMIJN SNEEP

Marketing Director

Dutch | Female | 43

Appointed on 1 November 2022

Qualifications:

- Master's degree in Communication Sciences, University of Amsterdam
- Minor Degree in Business Economics, University of Amsterdam

Working Experience:

Within HEINEKEN Group

- Prior to joining HEINEKEN Malaysia, she was Heineken® Country Manager Australia since August 2020.
- Before moving to Australia, Willemijn was Head of Marketing for the Gulf Region at Sirocco FZCO, HEINEKEN's Joint Venture with Emirates Group in Dubai, leading the Brand and Trade Marketing team.
- A strong track record of working across the Heineken® brand and other portfolio brands, driving brand and commercial performance and working through-the-line.

Previous experience

- Prior to joining HEINEKEN, she was responsible for Marketing & Brand Activation at Danone Switzerland before developing her Marketing career at C1000 Retail in the Netherlands.
- She holds 5 years of agency experience in Amsterdam.



LUKASZ KAKOL

Digital & Technology Director

Polish | Male | 43

Appointed on 1 January 2024

Qualifications:

- Master's in Business Administration, University of Amsterdam, Netherlands
- Master's in Management and Economic Consulting, Jagiellonian University, Poland
- Master's in Political Science, University of Gdansk, Poland

Working Experience:

Within HEINEKEN Group

- Prior to joining HEINEKEN Malaysia from March 2022 to December 2023, he was the Digital & Technology Director and Digital, Technology and Shared Services Integration Lead at HEINEKEN South Africa responsible for the successful integration between HEINEKEN South Africa, Distell and Namibia Breweries.
- Between 2021 and 2022, he was the Markets & Technology Manager for Africa and Middle East, responsible for Technology overall in the region and full Digital & Technology agenda in 6 markets (Egypt, Algeria, Tunisia, Sierra Leone, Mozambique and UAE).
- In the previous years (2012-2021) he was the IT Manager for HEINEKEN Global Shared Services, Global Cloud & Hosting Manager and Global Product Owner for Software Development Lifecycle Management.

Previous experience

- IT Service Delivery Manager at UBS Investment Bank, building and running organisation of ~170 software developers and support engineers.
- Software Developer at Motorola, building software for public safety systems.



NIKO VAN CAUWENBERGE

Supply Chain Director

Belgian | Male | 48

Appointed on 1 August 2023

Qualifications:

- Master's Degree in Biochemistry (Specialising in Brewing), University of Ghent

Working Experience:

Within HEINEKEN Group

- Prior to his appointment to HEINEKEN Malaysia, he was Supply Chain Director HEINEKEN Mozambique since February 2019, where he built the new supply chain organisation within the newly founded Opco and greenfield production facility. He successfully guided HEINEKEN Mozambique through its first years of local operation, navigating the COVID-19 restrictions and building a strong local team.
- Before moving to Mozambique he was Supply Chain Director of HEINEKEN Jamaica – Red Stripe, laying the foundation for the HEINEKEN way of working in the newly acquired business and incorporating the formerly outsourced production of Red Stripe from the USA back to the Jamaican brewery.
- Before moving to Jamaica, he was Supply Chain Manager of HEINEKEN St Lucia – Windward & Leeward Brewery where he set the local operation up for growth and successfully integrated the acquired local soft drink plant.
- Joined HEINEKEN in 2008 as Brewing Specialist working on investment projects (green and brownfield) in various parts of the world before taking on the role of Team Leader for the Brewing Specialists department.

Management Team's Profile



RENUKA INDRARAJAH

Corporate Affairs & Legal Director

Malaysian | Female | 56

Appointed on 1 February 2002

Qualifications:

- Formerly an Advocate and Solicitor of the High Court of Malaya
- Solicitor of the High Court of Australia
- Solicitor of the Supreme Court of Queensland
- Post Graduate Diploma in Legal Practice (QUT)
- Bachelor of Laws, University of Queensland

Working Experience:

Within HEINEKEN Group

- Over 20 years of experience within HEINEKEN Malaysia.
- Held various roles including Head of Legal Affairs before being promoted to Corporate Affairs & Legal Director.
- Trustee of SPARK Foundation since 2013.

Directorships

- Since June 2007, serving as a Governing Council Member of the Confederation of Malaysian Brewers Berhad.
- Vice President and General Committee Member of the Malaysian International Chamber of Commerce & Industry (MICCI).
- EXCO member of the National Chamber of Commerce & Industry of Malaysia (NCCIM).

Previous experience

- Over 25 years of working experience in legal including 15 years of experience in corporate affairs.
- Advocate & Solicitor specialising in corporate law at Skrine.
- Regional Legal Counsel at Sema Group.
- Vice President of Legal at Schlumberger Sema.



VICTORIA ANG SU LIM

People Director

Malaysian | Female | 47

Appointed on 26 April 2021

Qualifications:

- Executive Education in Strategic Human Resources, National University Singapore

Working Experience:

Within HEINEKEN Group

- Joined HEINEKEN Malaysia in April 2021 and partnered with the Management Team establishing leadership capabilities leading to our One Strong Winning Team culture. Led culture change initiatives to drive trust and confidence of employees with the OpCo, leading to improved climate engagement survey score above Global High Performance Norms. She led Malaysia to be a front runner in Asia Pacific digitalization efforts, for the People Function, from its manual and fragmented ways of working, creating a reliable interconnected workplace.

Previous experience

- 12 years with BASF (Malaysia) Sdn. Bhd. with last position held as Vice Director, Human Resources, Malaysia – Singapore.
- 12 years with Levi Strauss (Malaysia) Sdn. Bhd. with last position held as HR Manager and Acting Retail Manager.
- Experience includes mergers & acquisition, systems implementation and deployment, change management, culture transformation, leadership development, talent management for workforce planning and development of people capabilities for future workforce requirements. Experience encompasses working with local stakeholders as well as in collaborative projects either regionally or globally.

Our Business Model

Our Impact *from Barley to Bar*

Agriculture



We brew beer and make cider from natural ingredients. By supporting sustainable farming, 100% of our main ingredients (barley and hops) will come from sustainable sources by 2030. Our suppliers comply with the HEINEKEN Supplier Code, which details our commitment and enforcement of ethical business conduct, human rights, and care for the environment.



Brewing

At our Sungei Way Brewery in Petaling Jaya, Selangor, we are on the path to net zero carbon emissions in production by 2030. Our water strategy focuses on working towards healthy watersheds by combining internal and external efforts to support water security. Our brewery has achieved zero waste to landfill since 2017.



Employees



We employ over 500 full time employees and we are committed to developing our people. At HEINEKEN Malaysia, we always aim to dream big and uncage our courage. Our One Strong Winning Team is guided by HEINEKEN's purpose to brew the joy of true togetherness to inspire a better world, as well as our values of Passion for customers & consumers, Courage to dream & pioneer, Care for people & planet, and Enjoyment of life.



Packaging

Our beers and ciders are served in bottles, cans and kegs. We aim for our packaging design to stand out from the crowd while we also strive to reduce its environmental footprint by innovating the materials we use as well as improve recycling and reusing. We work closely with our suppliers to create and scale efficient and sustainable packaging, reduce packaging waste and increase the returnability of our glass bottles.



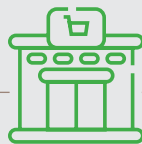
Our Business Model

We are committed to embedding sustainability at the core of our business. Our Brew a Better World 2030 strategy directly contributes to the United Nations Sustainable Development Goals (UN SDGs) and is woven into the fabric of our balanced growth strategy.

Distribution



We work to optimise efficiencies throughout our distribution networks across Malaysia. Safety is a key priority and we continually engage our employees, distributors and logistics partners to stay safe on the road.



Customers

Thousands of businesses rely on selling our products for a source of revenue. We promote awareness of responsible serving with the aim of ensuring our products are enjoyed responsibly. Through HEINEKEN Malaysia's Star Academy quality programmes, we also improve product knowledge and empower our customers to promote appreciation of brand heritage, product taste, and service etiquette.



Consumers



Millions of consumers enjoy the great tasting beers and ciders brewed by HEINEKEN Malaysia. We strictly market our products to those who are non-Muslims and aged 21 and above only. We are committed to advocate responsible consumption and dedicate 10% of the Heineken® brand's media spend annually to promote responsible consumption.



Communities

We believe in growing with our surrounding communities. Through our corporate social responsibility arm, SPARK Foundation, we are committed to creating positive social impact and grow with our communities through our projects that focus on environmental conservation as well as providing aid to communities in need.



Brew a Better World 2030 supports the following UN SDGs:

Path towards Net Zero Impact:

6 CLEAN WATER AND SANITATION



7 AFFORDABLE AND CLEAN ENERGY



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



13 CLIMATE ACTION



Path towards an Inclusive, Fair and Equitable Company and World:

5 GENDER EQUALITY



8 DECENT WORK AND ECONOMIC GROWTH



Path towards Moderation and No Harmful Use

3 GOOD HEALTH AND WELL-BEING



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



Five-Year Financial Indicators



Group Revenue

RM2.64 billion

(FY2022: RM2.86 billion)



PBIT

RM518 million

(FY2022: RM596 million)



Return on Equity

113%

(FY2022: 122.1%)

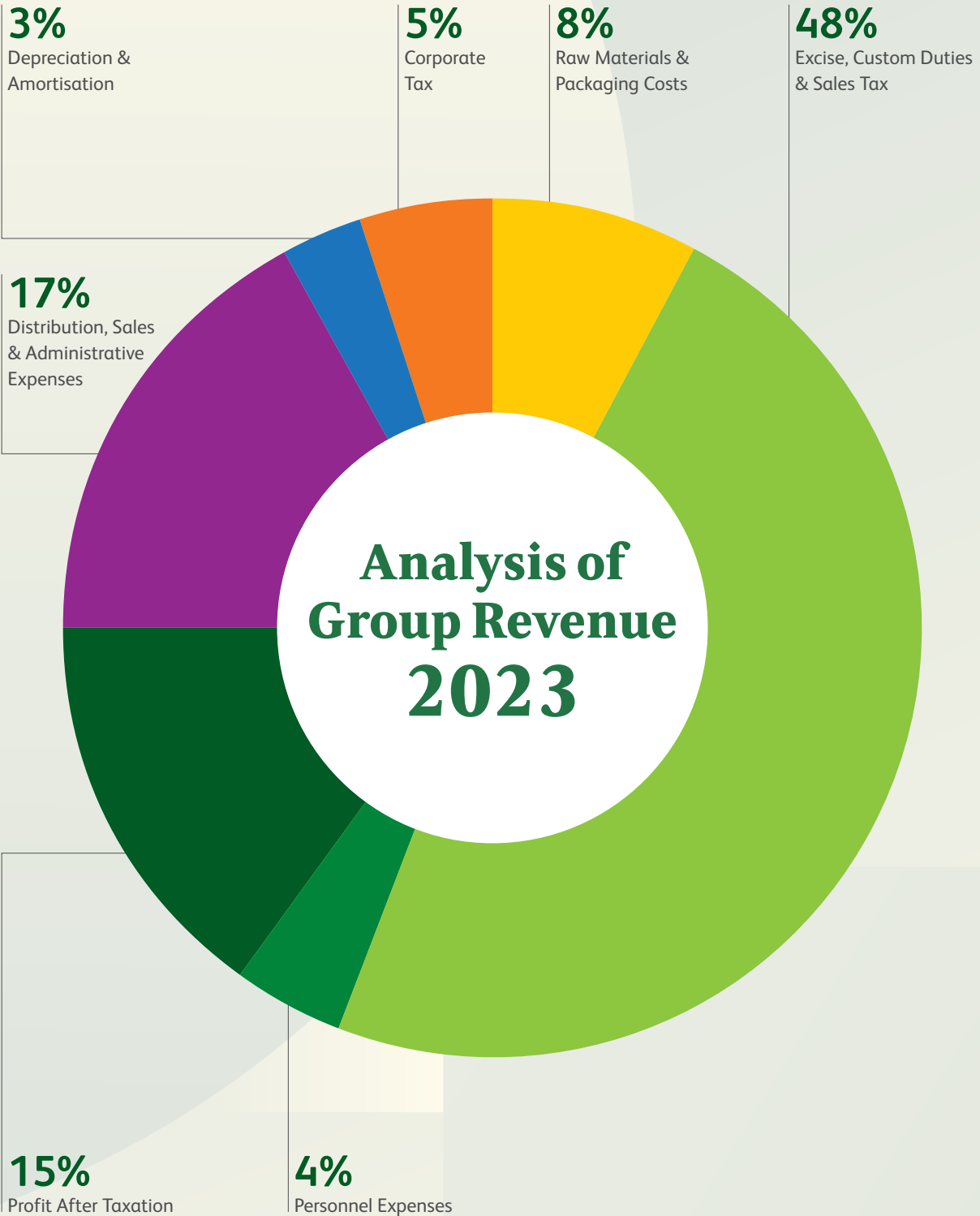
Financial year ended 31 December	2019	2020	2021	2022	2023
KEY OPERATING RESULTS (RM'000)					
Revenue	2,320,249	1,762,396	1,979,348	2,855,065	2,637,741
PBIT	414,399	203,652	323,925	596,224	518,311
Income Tax Expense	99,159	44,519	75,749	181,676	124,080
Profit After Tax	312,968	154,197	245,678	412,824	386,800
Net Cash from Operating Activities	411,333	226,300	339,871	469,066	584,101
OTHER KEY DATA (RM'000)					
Total Assets	1,099,993	1,046,708	1,088,173	1,408,221	1,247,429
Total Liabilities	705,892	697,325	692,497	919,768	788,757
Reserves	243,052	198,334	244,627	337,404	307,623
Total Equity	394,101	349,383	395,676	488,453	458,672
Capital Expenditure incurred for the year	117,112	63,422	112,865	199,479	142,837
FINANCIAL RATIOS (%)					
Operating Working Capital % of Revenue	6.1	7.3	4.5	3.5	-2.1
EBITDA Margin	20.3	15.5	19.9	23.6	22.5
Return on Equity	105.2	58.3	81.9	122.1	113.0
SHARE INFORMATION					
Earnings per stock unit (sen)	103.6	51.0	81.3	136.7	128.0
Net Dividend per stock unit (sen)	108.0	51.0	81.0	138.0	128.0
Dividend Yield (%)	4.0	2.2	3.9	5.5	5.3
Net Assets per stock unit (sen)	130.0	116.0	131.0	162.0	152.0
Market Capitalisation (RM'billion)	8.2	7.0	6.3	7.6	7.3

EBITDA : Earnings before interest, tax, depreciation and amortisation

PBIT : Profit before interest and tax

Analysis of Group Revenue

for the Financial Year Ended 31 December 2023



Performance Highlights

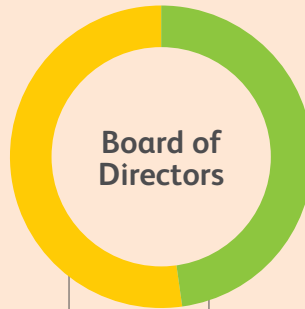
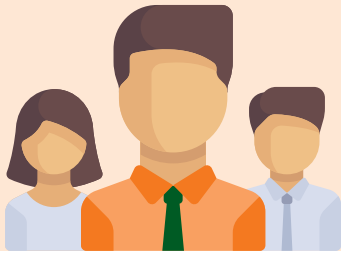
for Financial Year 2023



People

Total Employees

527



57%

43%



62%

38%

● Male

● Female



Planet

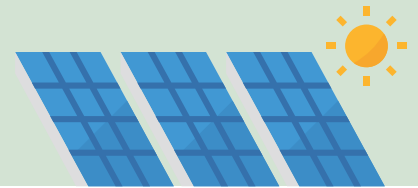


▼65%

Absolute Carbon Emissions
in Production
(Scope 1 & 2) vs 2018
baseline

100%

Renewable Electricity
since March 2022



Performance

Group Revenue

▼8%

**RM2.64
billion**

(FY2022: RM2.86 billion)

Group Profit Before Tax (PBT)

▼14%

**RM511
million**

(FY2022: RM595 million)

Contributed

**RM1.4
billion**

in taxes to the Government

Performance Highlights

for Financial Year 2023

Employee
Engagement Score**86**

(▼4% vs 2022)

Performance
Enablement Score**85**

(▲1% vs 2022)

Tiger Sin Chew
Chinese Education
Charity Concert**RM26 million**raised for
8 institutions,**RM407 million**

since 1994

HEINEKEN Cares

>850,000meals for
communities
since 2021**21%**improvement in water
consumption since 2014

Balanced

223%of water used in our
products in 2023**Zero
Waste**

to Landfill since 2017

Single Tier Interim
Dividend of**40 sen**per stock unit paid on
10 November 2023Proposed Single Tier
Final Dividend of**88 sen**per stock unit payable on
25 July 2024

Management Discussion & Analysis



“ *Creating Good Times, Celebrating the Joy of True Togetherness*”

In 2023, we celebrated the 150th anniversary of the Heineken® brand, the world’s no. 1 international premium beer. Forget the candles, this was about honouring how our consumers celebrate Good Times. Freddy Heineken once said, “I don’t sell beer. I sell ‘gezelligheid’ or ‘Good Times’,” and that’s what Heineken® is still all about.

”

Roland Bala
Managing Director

Management Discussion & Analysis



INTRODUCTION

Heineken Malaysia Berhad's business is all about transcending borders and connecting people through good times, one way or another. Indeed, we can often find beer at the center of social connections, and this is why our purpose, *Brew the Joy of True Togetherness to Inspire a Better World*, defines everything we do.

After a strong rebound in 2022, expectations for 2023 were high, however it proved to be a more challenging year. I am proud of the resilience of our business and our people, as we pushed flat out to deliver a commendable performance despite the challenges. We have made good progress on our EverGreen strategy and will continue to accelerate initiatives designed to help us meet our strategic goals not only for the short term, but also with the aim to future proof our business.

We had to adapt to the evolving environment with challenges that included global macroeconomic uncertainties, geopolitical tensions, a weakening Ringgit, rising costs of living, and softening consumer sentiments. These factors contributed to a market correction in 2023, which saw market demand gradually normalise as compared against the strong rebound we saw in 2022 after pandemic-related restrictions were lifted. It is important to note that despite the market correction, our strategy to enable balanced growth is bearing fruits, with our performance still above the pre-pandemic levels of 2019.

We are taking bold moves under the EverGreen strategy. Indeed, we have built strong momentum across our five key strategic pillars: emphasising consumer and customer-centricity as we shape the future of beer and beyond to drive superior growth; growing productivity and a cost conscious culture with an aim to unlock efficiencies that can be reinvested to power our growth engine; raising the bar on sustainability and responsibility to deliver our net zero ambition; boosting digitalisation of our processes to become the best-connected brewer; and developing our talent and capabilities to strengthen a culture of high performance.

With EverGreen, we are future-proofing HEINEKEN Malaysia to be a continually renewing, learning, and growing company to deliver superior and balanced growth. The following is a review of our business and financial performance, the highlights of our commercial campaigns, the progress of our sustainability goals, as well as the outlook for 2024.

OUR PERFORMANCE

Compared with our 2022 performance, Group revenue decreased by 8%, mainly due to weak consumer sentiment attributed to growing macroeconomic concerns. Comparatively, the Group had a strong base in 2022 following the re-opening of the economy at the end of the Covid-19 pandemic. Post the strong rebound in 2022, the Group views its 2023 performance as a form of market correction.

Group Profit Before Tax declined by 14% to RM511 million, primarily due to lower revenue. Comparatively, the Group's net profit for the year decreased by 6% due to

the absence of the one-off Prosperity Tax in the year under review. Corresponding with the above, earnings per share decreased from RM1.37 to RM1.28 per share.

Net cash from operating activities for FY2023 increased by 25% to RM584 million attributed to overall favorable working capital movement. The Group has improved its capital efficiency through entering into a factoring arrangement in FY2023.

Net assets for FY2023 was recorded at RM459 million, 6% lower versus FY2022 mainly due to decline in Group business performance during the year.

Capital expenditure for FY2023 decreased by 28% to RM143 million mainly due to lower spend incurred. The Group recorded a higher spend in FY2022 driven by investment in the brewery upgrade which has been completed in FY2023.

The Group paid a total of RM1.3 billion in excise, custom duties, and sales tax for the year. For income taxes, the Group has incurred a total of RM124 million, translated into an effective tax rate of 24.3%.

For FY2023, the Board has declared and paid a single tier interim dividend of 40 sen per stock unit on 10 November 2023 and proposed a single tier final dividend of 88 sen per stock unit. Subject to approval of the shareholders at the forthcoming Annual General Meeting, the single tier final dividend will be paid on 25 July 2024 to shareholders registered at the close of business on 28 June 2024. The dividend payout ratio for the year is approximately 100%.

GROUP FINANCIAL PERFORMANCE FOR FY2023

Revenue

RM2.64
billion

Profit Before Tax

RM511
million

Net Profit

RM387
million

Management Discussion & Analysis

DRIVE PREMIUM GROWTH

In 2023, we continued investing in our core brands and innovations to excite our consumers. The Heineken® brand, celebrating its 150th anniversary. As the Heineken® brand turned 150 this year, Heineken® invited consumers to showcase their unique ways of celebrating good times. Heineken® collaborated with local pop culture icons to blend global inspirations into local experiences to bring consumers extraordinary activations and limited-edition merchandise. Collaborations with local icons included content creator Jane Chuck with her fashion label Motherchuckers for an ultra-exclusive Heineken® 150 x Motherchuckers limited-edition collection, and Darkroom8 with the limited-edition Heineken® 150 x Darkroom8 reusable film camera accompanied by a special beer filter for fans to capture the good times.

Through the Work Responsibly campaign, Heineken® collaborated with global K-Drama Star Park Hyung Sik to raise awareness on the overworking culture in Malaysia and to remind everyone to work responsibly and to not let their social life down by 'ghosting their friends'. The campaign's 'Ghosted Bar' video received 1 Bronze lion at the 2023 Cannes Lions festival in the Film category, a true testament to a successful collaboration between the global and local teams. We extend our congratulations to all who played a crucial role in bringing these campaigns to life. A special thanks goes out to our agency partners, as together, we continue to unlock world-class, award-winning creativity. Cannes Lions is a

global event that awards the best of the best in the field of creativity, advertising, communication and related fields. Globally, Heineken® won 21 Lions in total.

Tiger Beer started the year with its 2023 Chinese New Year (CNY) festive campaign titled 'Cheers to Bold Beginnings'. The brand invited consumers to re-energise their inner Tiger for an even bolder tomorrow. Through the campaign, Tiger introduced 'Gan Gan Chong', meaning the spirit to breakthrough, as a blessing of boldness. Tiger partnered with three local artists to create a CNY song and music video, 'The Boldest Chase', inviting consumers to interact with the content and win exclusive prizes. Tiger has been on a journey of overcoming the odds since 1932, and the brand believes that much of its success is owed to its loyal fans. The brand brought to life an activation called 'Tiger Den' – dubbed as the home of all things Tiger – for fans to join the brand to celebrate its bold stride since the beginning and to continue roaring into the future. From learning more about Tiger's origins since the early 1900s to bask in the nostalgia of its evolution at Heritage Street, to going on a journey through a series of interactive experiences via AI at the AR-ffiti Street and Crystal Cold Room, the brand set itself apart as a distinctly Asian lager with the remarkable Tiger Den.

Guinness Malaysia's 2023 St. Patrick's celebration, 'Our Day to Remember', encouraged its fans to celebrate their loved ones – their true lucky charms – while commemorating the good times with Guinness. Fans celebrated the good times with Guinness with their lucky

charms at participating pubs and bars where they could join dance parades, enjoy and dance along to live music or participate in games to win exclusive Guinness merchandise. Guinness further elevated the St. Patrick's Day experience with the first-ever, Guinness St. Patrick's anthem. Through the anthem, fans could immortalise their memories in the form of a reel or video and post it on their social media platforms using the soundtrack. The Guinness Flavour By Fire event returned in 2023 with a bigger line-up of renowned chefs serving Guinness-infused flame-cooked foods. Visitors indulged in delectable bites at the event which took place in Sentul Depot, Kuala Lumpur and Fort Cornwallis, Penang, accompanied with live music and a variety of engaging activities.

Edelweiss Weekend Unwind came back to transform weekends with a series of fun activities over four weekends in Kuala Lumpur and Penang. Encouraging consumers to take a break from their busy schedules, guests were treated to a slew of fun experiences with an exciting programme packed with pop-up markets, workshops, music and experiential events headlined by local artists and personalities. The programme included activities like the Unwind Bar, featuring creative cocktail offerings by expert mixologists using Edelweiss Wheat Beer; fun activities by various local content creators and pop-up markets in collaboration with Pingmin Market and Hin Market.

Our brands continued to be recognised amongst Malaysia's most trusted and preferred brands. HEINEKEN Malaysia won four awards at the Putra Brand Awards and the Putra Aria Brand Awards 2023. Demonstrating continued excellence, we extended our winning streak at the prestigious Putra Brand Awards with Heineken® and Tiger Beer winning Gold, while Guinness took home a Bronze. Edelweiss marked a significant milestone by winning Bronze at the Putra Aria Brand Awards, its first since the brand's launch in Malaysia in 2021. With these wins, HEINEKEN Malaysia's cumulative award count is 43 since 2010.



Management Discussion & Analysis

SUSTAINABILITY HIGHLIGHTS

We are committed to create sustainable value for our stakeholders in a responsible way. In our EverGreen strategy, one of our key strategic priorities is to raise the bar on sustainability and responsibility. HEINEKEN's Brew a Better World sustainability strategy sets us on three important pathways:

- ▶ Path towards net zero impact
- ▶ Path towards inclusive, fair, and equitable company and world
- ▶ Path towards moderation and no harmful use



Our ESG Review section in this report provides a comprehensive overview of our Brew a Better World sustainability initiatives and progress. As we continue to embed sustainability across our business, we disclose and discuss our management of business risks, environmental risks, and climate risks. Our enhanced disclosures align with Bursa Malaysia's sustainability reporting requirements, the Global Reporting Initiative standards, Task Force on Climate-Related Financial Disclosures recommendations, and FTSE4Good Bursa Malaysia Index. Governed by a Sustainability Policy and operationalised through our Sustainability Committee, we report our progress quarterly to the Management Team and the Board of Directors. I am pleased to share that we have made significant strides in strengthening our sustainability practices. For more details, refer to the ESG Review section.

ENVIRONMENTAL SUSTAINABILITY



- ▶ **-65%** carbon emissions (scope 1 & 2) in production vs 2018 baseline
- ▶ **100%** renewable electricity
- ▶ **Zero** waste to landfill
- ▶ **3.41 hl/hl** water consumption
- ▶ Balanced **223%** water used in our products

SOCIAL SUSTAINABILITY



- ▶ **43%** women in Board of Directors
- ▶ **38%** women in Management Team
- ▶ **0** fatal accidents and serious injuries
- ▶ **100%** of people managers trained in inclusive leadership
- ▶ **RM26 million** raised for 8 institutions by Tiger Sin Chew Chinese Education Charity Concert
- ▶ **RM250,000** channeled to support community resilience projects under HEINEKEN Cares

RESPONSIBLE CONSUMPTION



- ▶ **>10%** of Heineken® brand media spend on promoting responsible consumption
- ▶ **When You Drive, Never Drink**
– Grab e-hailing promo codes for consumers

Management Discussion & Analysis

We are pleased to report that we are making good progress against our Brew a Better World goals. Nevertheless, we continue exploring innovative solutions to accelerate our journey towards ensuring HEINEKEN Malaysia's sustainable growth for the future. HEINEKEN Malaysia strongly believes that its operations can only thrive if the planet and its surrounding communities thrive. Throughout the year, the Group was widely recognised for the progress we continue to make on our sustainability ambitions. Some key awards include:

- UN Global Compact Network Malaysia and Brunei (UNGCMYB) Forward Faster Sustainability Awards – HEINEKEN Malaysia won in the Water Resilience category, acknowledging the brewer's achievement in its Towards Healthy

Watersheds programme, which enabled it to fully balance water used in its products since 2020.

- Star Media Group Positive Impact Awards – HEINEKEN Malaysia was awarded the Most Outstanding ESG Initiative at the ESG Positive Impact Awards, besides winning Gold in the categories of Waste Management and Innovative Partnership in recognition of its Zero Waste to Landfill programme and Water Stewardship partnership respectively.
- PwC Malaysia Building Trust Awards – Heineken Malaysia Berhad was among the Top 20 finalists for PwC Malaysia's Building Trust Awards 2023 and received a special mention for the PwC Malaysia-Asia School of Business's Trust and Leadership Survey (FBM Mid 70 Index) category.

On Governance, our approach to risk management is detailed in our Statement on Risk Management and Internal Control on pages 104 to 110. Key risks relating to climate and our business are also further discussed in detail in our ESG Review section. The Group has established a strong risk management and internal control system, drawing from the Enterprise Risk Management and Internal Control Reference model. This system is an essential component of our HEINEKEN Business Framework. Within this framework, we have incorporated the HEINEKEN Risk Management Framework, which assists in identifying and addressing risks during strategy development and the pursuit of business objectives.



Management Discussion & Analysis

OUR OUTLOOK

With a soft beer market in 2023, we maintain a cautious approach and expect the business environment in 2024 to remain challenging. This alongside the rising cost of living, geopolitical uncertainties, and weakening Ringgit could have a negative impact on consumer sentiment and spending. We will continue to adopt an agile approach in delivering our 2024 ambition. This year, we will remain committed to our EverGreen strategy, focusing on delivering superior and balanced growth amidst these dynamic conditions. We welcome the stance taken by the Government not to increase excise duties on beer in its latest Budget 2024, as any hike in excise rates will drive greater demand for illicit alcohol. The Group will continue to monitor and support the authorities in addressing this issue through comprehensive efforts and promoting greater awareness in the market.



ACKNOWLEDGEMENTS

I am pleased to welcome Niko van Cauwenberge as our new Supply Chain Director, who replaced Salima Bekoeva who has taken on a new role in the HEINEKEN APAC regional office. We also welcome Lukasz Kakol (Luke) as our new Digital & Technology Director, who replaced Janina Vriesekoop who has moved to HEINEKEN Spain. On behalf of the Group, I extend our sincere appreciation to Salima and Janina and wish them the best in their next assignments in the HEINEKEN Group. I am confident that we have two capable successors in Niko and Luke, and I look forward to working with both as a part of HEINEKEN Malaysia's Management Team.

I wish to put on record our gratitude to our shareholders, suppliers, distributors, customers, and consumers for their continued trust and support for our Company and brands. A special mention must also go to our employees, the One Strong Winning Team of HEINEKEN Malaysia. Without this team, we would not have been able to achieve such big wins. May we continue to Brew the Joy of True Togetherness to Inspire a Better World.

Thank you.

Roland Bala
Managing Director
20 March 2024

Brand Highlights

Heineken®

World's No.1 International premium beer



HEINEKEN® THE GHOSTED BAR

Heineken® partnered with K-Drama star Park Hyung Sik for its #workresponsibly campaign to address the overworking culture by encouraging fans to practice work-life balance and to avoid 'ghosting their friends'.

As part of the campaign, Park Hyung Sik went on Instagram live at a bar and witnessed unusual happenings — beer glasses moving on their own and chairs sliding across the room, which was later revealed to symbolise that the bar was haunted by the ghost of the people who chose to work late instead of having beers with their friends at the bar.

Heineken® organised 40 'Ghosted Bar' activations, from 9 May to 31 May 2023, at selected bars in Penang, Ipoh, the Klang Valley and Johor to bring to life the #workresponsibly message. Consumers could also create a personalised GIF with Heineken®'s online Ghost GIF Generator to share with their friends to remind friends not to "ghost" them.

The Ghosted Bar went on to receive 1 Bronze lion in the Film category at the prestigious Cannes Lion.



Brand Highlights

150 YEARS OF GOOD TIMES

In celebration of the Heineken® brand turning 150 in 2023, Heineken® invited consumers to showcase their unique ways of celebrating good times.

Heineken® collaborated with local pop culture and good time icons to blend global inspirations into local experiences to bring consumers extraordinary activations and limited-edition merchandise.

Collaborations with local icons included content creator Jane Chuck with her fashion label Motherchuckers for an ultra-exclusive Heineken® 150 x Motherchuckers limited-edition collection, and Darkroom8 with the limited-edition Heineken® 150 x Darkroom8 reusable film camera that utilised a special Heineken® beer infused beer film for fans to capture good times.



Brand Highlights

Tiger Beer

World acclaimed Asian beer



CHEERS TO BOLD BEGINNINGS

Starting the year with a roar, Tiger invited fans to re-energise their inner Tiger for an even bolder tomorrow through its 'Cheers to Bold Beginnings' campaign. Tiger introduced 'Gan Gan Chong', meaning the spirit to breakthrough, as a blessing of boldness. Partnering with local artists, Tiger created a CNY song and music video, 'The Boldest Chase', to engage and encourage consumers to win limited-edition CNY premiums.

To amp up the festivities, Tiger also decorated the concourse areas of several malls with vibrant décor depicting streets of Chinatown where fans could participate in activities to bring home exciting premiums, including exclusive Pestle and Mortar Clothing (PMC) merchandise, among others.

Additionally, Tiger celebrated the festive season with its fans through numerous promotions and attractive merchandise and prizes at held at selected hypermarkets, supermarkets, coffee shops and food courts.



Brand Highlights



TIGER DEN

In celebration of Tiger Beer's history, the brand brought to life the experiential Tiger Den where consumers could participate in immersive experiences paying tribute to the brand's journey throughout the years. The experience comprised six unique zones – Heritage Street, Tiger Brewery, AR-ffiti Street, Hype Street, the Crystal Cold Room, and the Tiger Bar. The event also featured a collaboration with local designers, where visitors could design and purchase their own exclusive Tiger x PMC T-shirt, or purchase a limited-edition sneaker designed by Edmond Looi. Consumers who collected stamps from all six zones could redeem Tiger Beer and Tiger Crystal, with the first 100 people per day standing to receive a customised Tiger bottle. Visitors who documented their journey and posted an Instagram Reel of their experience could also stand to win a trip for two to Singapore worth RM30,000.



Brand Highlights

Guinness

World's No. 1 stout



GUINNESS ST. PATRICK'S FESTIVAL 2023

Guinness Malaysia's 2023 St. Patrick's celebration, 'Our Day to Remember', encouraged its fans to celebrate their loved ones – their true lucky charms – while commemorating the good times with Guinness. Fans celebrated the good times with Guinness with their lucky charms at participating pubs and bars where they could join dance parades, enjoy and dance along to live music or participate in games to win exclusive Guinness merchandise. Guinness further elevated the St. Patrick's Day experience with the first-ever, Guinness St. Patrick's anthem. Through the anthem, fans could immortalise their memories in the form of a reel or video and post it on their social media platforms using the soundtrack. To kick the festive celebration up a notch, Guinness rewarded fans who used the Guinness St. Patrick's anthem with exclusive merchandise. The more fans used the anthem, the more prizes they unlocked. Among the prizes up for grabs were exclusive Guinness mugs, as well as the Guinness festive St. Patrick's hats.



Brand Highlights

GUINNESS FLAVOUR BY FIRE

Fueled by its success in 2019, the Guinness Flavour By Fire event returned in 2023, inviting fans and foodies to come together for a food festival featuring a bigger line-up of renowned chefs serving Guinness-infused flame-cooked foods. The event took place in Sentul Depot, Kuala Lumpur and Fort Cornwallis, Penang, over two weekends where visitors could indulge the delectable offerings by the chefs while enjoying live music performed by local musicians. Attendees could participate in fun activities at the festival to win exclusive merchandise or vouchers, in addition to getting their selfies printed on their Guinness stout. The first 500 visitors to attend the festival daily received a complimentary Guinness Draught, and attendees who purchased a Guinness Draught in a Can via Drinkies at the festival, could bring home a complimentary Guinness infused meat rub.

There were a series of other promotional activities where participants could stand to win tantalising prizes, including exclusive invites to the Finale Party, Arthur's Storehouse dining vouchers, Guinness smoky marinade sauce and other Guinness merchandise.



Brand Highlights

Edelweiss

Premium wheat beer born in the Alps



EDELWEISS WEEKEND UNWIND 2023

Edelweiss Weekend Unwind returned in 2023 to transform weekends with a series of fun activities over four weekends in Kuala Lumpur and Penang. Seeking to engage the younger generation (non-Muslims, aged 21 and above), the brand organised an action-packed agenda of weekend activities encouraging fans to take a break from their busy schedules discover the playful side to life. The programme was packed with fun activities such as pop-up markets, workshops, music and experiential events headlined by local artists and personalities.

The programme included activities like the Unwind Bar, featuring creative cocktail offerings by expert mixologists using Edelweiss Wheat Beer; 'Sip and Paint' and Jesmonite sessions for fans to express their creativity while unwinding at the bar; fun activities by seven local content curators; and pop-up markets in collaboration with Pingmin Market and Hin Market, featuring a vibrant array of local artisans showcasing a diverse blend of food and art. Visitors could explore the local scene and meet local artisans.



Brand Highlights

Putra Brand Awards & Putra Aria Brand Awards 2023



PUTRA BRAND AWARDS AND PUTRA ARIA BRAND AWARDS 2023

Demonstrating continued excellence, HEINEKEN Malaysia brought home four awards from the Putra Brand Awards and the Putra Aria Brand Awards 2023. At the Putra Brand Awards, Heineken® and Tiger won Gold, while Guinness earned a Bronze. Meanwhile, Edelveiss won a Bronze at the Putra Aria Brand Awards, a significant achievement for the brand, marking its first award since its launch in 2021. These victories bring HEINEKEN Malaysia's total awards won to 43 since 2010.

These wins were made possible with the immense support and trust from consumers in our brands, and the dedication and efforts of the One Strong Winning Team at HEINEKEN Malaysia. While we take pride in these achievements, we continue to be fueled by our desire to put our consumers first and strive to excite and inspire our fans with innovative campaigns and experiences.

Brand Highlights



Star Academy

HEINEKEN Malaysia

2023 NATIONAL STAR ACADEMY CHAMPIONSHIP AND REGIONAL QUALITY TRAINING

Following its successful run in 2022, HEINEKEN Malaysia's Star Academy returned with a new and improved 2023 National Star Academy Championship and Regional Quality Training. The training programme combined the best of both worlds, aiming to elevate industry standards, while honing the skills and expertise of bartenders to serve quality pints of Heineken® and Guinness, alongside a search for the best bartender.

The training sessions spanned across six states, training 1,250 bartenders. From each state, a regional champion was selected to compete in the finale held in Kuala Lumpur for the title of National Champion. At the finale, J'Shua Chua from JJ Wine and Tapas, Johor, emerged as the 2023 National Champion to win an all-expense paid trip to the Home of Heineken® – Amsterdam.

