

## ESG Review

## ABOUT THIS STATEMENT

As a responsible and progressive brewer guided by our purpose - To Brew the Joy of True Togetherness to Inspire a Better World, we are committed to creating long-term sustainable value for our stakeholders. The HEINEKEN Global sustainability strategy, Brew a Better World 2030 showcases our ambitious goals aimed at driving a positive impact on the environment, social sustainability and the responsible consumption of alcohol. The three pillars of the strategy put us on the path to achieving net zero impact on the environment, contributing towards an inclusive, fair and equitable world while promoting moderation and responsible consumption. We measure our success not only by the value we provide to our shareholders but also by how we contribute to a resilient and shared future for our people and the planet.



Featuring nine ambition areas and 24 concrete and measurable goals, the HEINEKEN Global Brew a Better World 2030 strategy raises the bar across our three core pillars of environmental sustainability, social sustainability, and responsible consumption. HEINEKEN Global's net zero and FLAG (Forest, Land & Agriculture) targets have been approved by the Science-Based Targets initiative (SBTi) as being aligned with the 1.5°C pathways required for a science-based approach.

We are committed to meeting our 2030 goals through close monitoring and a proactive approach to the implementation of our initiatives. Data on each key initiative is tracked and updated regularly during Sustainability Committee meetings. Meetings are conducted quarterly to ensure the desired progress is made throughout the year.

Building on the tenets of our sustainability strategy and raising the bar on our environmental, social and governance (ESG) performance, Heineken Malaysia Berhad (HEINEKEN Malaysia) and its operating subsidiary (the Group) are pleased to present its annual sustainability statement.

In line with HEINEKEN's Brew a Better World sustainability strategy, we demonstrate our commitment to environmental responsibility through several initiatives. One of which is the initiation of limited Scope 3 (employee commute and business travel only) emissions reporting for FY2023 in which it focuses our effort to enhance the disclosures based on the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, providing stakeholders with a more in-depth understanding of climate-related risks and opportunities.

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### SCOPE AND REPORTING FRAMEWORK

Our ESG narrative and performance covered in this statement, encapsulates the period spanning from 1 January 2023 to 31 December 2023 (FY2023). To provide a comparable view, we have incorporated at least three years of data, offering insights into our annual trends and performance monitoring. The disclosed data encompasses HEINEKEN Malaysia and its wholly-owned operating subsidiary, Heineken Marketing Malaysia Sdn. Bhd. located in Petaling Jaya, Selangor, responsible for actively engaging in marketing and distributing HEINEKEN Malaysia's products.

To ensure thorough, relevant and meaningful reporting, our Statement has been prepared with reference to Bursa Malaysia Securities Berhad's (Bursa Malaysia) Main Market Listing Requirements on Sustainability Reporting, Bursa Malaysia's sustainability reporting guide (3<sup>rd</sup> edition) and Bursa Malaysia's Illustrative Sustainability Reporting guide. Our Statement is also guided by the Global Reporting Initiative (GRI) Standards. We strive to raise the bar for transparent climate-related disclosures by adopting elements of the recommendations from the TCFD. In an effort to enhance our disclosures, we have aligned our sustainability initiatives with the targets in the United Nations Sustainable Development Goals (UN SDGs or SDGs) and benchmarked them against the FTSE4Good Bursa Malaysia (F4GBM) Index.

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| <p>▶ <b>Principal Guideline:</b><br/>Bursa Malaysia's Sustainability Reporting Guide (3<sup>rd</sup> edition)</p> <hr/> <p>▶ <b>Reporting Framework:</b><br/>Global Reporting Initiative Standards</p> <hr/> <p>▶ <b>Aligning with recommendations:</b><br/>Task Force on Climate-Related Financial Disclosures</p> | <p>▶ <b>Benchmark against:</b><br/>FTSE4Good Bursa Malaysia (F4GBM) Index</p> <hr/> <p>▶ <b>Aligning with:</b><br/>United Nations Sustainable Development Goals</p> |
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### ASSURANCE STATEMENT

The contents of this Statement have been reviewed and approved by the Sustainability Committee and the Board of HEINEKEN Malaysia. To ensure credibility and transparency, the Group has conducted third party assurance through engagement of Rapid Genesis Sdn. Bhd., a consultancy specialising in environmental sustainability and carbon footprint assessment, to undertake external assurance for our ESG data and the ESG review section of our Annual Report.

Additionally, Limnotech, a leading water sciences and environmental engineering firm in the United States of America, quantified and verified our water balancing initiatives.

### FEEDBACK CONTRIBUTION

We remain steadfast in advancing our sustainability reporting journey, and we encourage all stakeholders to share your feedback with us. We value your input and invite active engagement in our sustainability reporting journey. Please contact us at MY1-generalenquiry@heineken.com.

# ESG Review

## BREW A BETTER WORLD 2023 HIGHLIGHTS

HEINEKEN Malaysia exemplifies a dedication to ESG principles, shaping a future where brewing excellence integrates with responsible business practices. Our Brew a Better World 2023 Highlights section provides a snapshot of our impactful initiatives and achievements throughout the reporting period.

 <p><b>ENVIRONMENTAL</b> <i>Path towards Net Zero Impact</i></p>	<p><b>100%</b> renewable electricity since March 2022</p> 	<p><b>21%</b> improvement in water consumption since 2014</p>	<p><b>ZERO</b> waste to landfill since 2017</p>	<p><b>65%</b> reduction in Scope 1 and Scope 2 emissions in production vs 2018 baseline</p>	<p><b>223%</b> water balanced via water stewardship projects</p>
 <p><b>SOCIAL</b> <i>Path towards Inclusive, Fair and Equitable Company and World</i></p>	<p><b>43%</b> of women in Board of Directors</p>	<p><b>38%</b> of women in Management Team</p>	<p><b>100%</b> of our employees trained in inclusive leadership training</p>	<p><b>100%</b> people managers completed the Life Saving Commitments training</p>	<p><b>ZERO</b> fatal accidents and serious injuries</p> <p><b>2</b> social impact initiatives</p> 
 <p><b>RESPONSIBLE</b> <i>Path towards moderation and no harmful use</i></p>	<p><b>&gt;10%</b> of Heineken® brand media spend on promoting responsible consumption</p>	<p><b>100%</b> fully compliant with HEINEKEN Global Labelling Policy</p>	<p><b>ENJOY RESPONSIBLY</b> Grab promo codes for consumers across brand events and the year-end festive period</p> 		



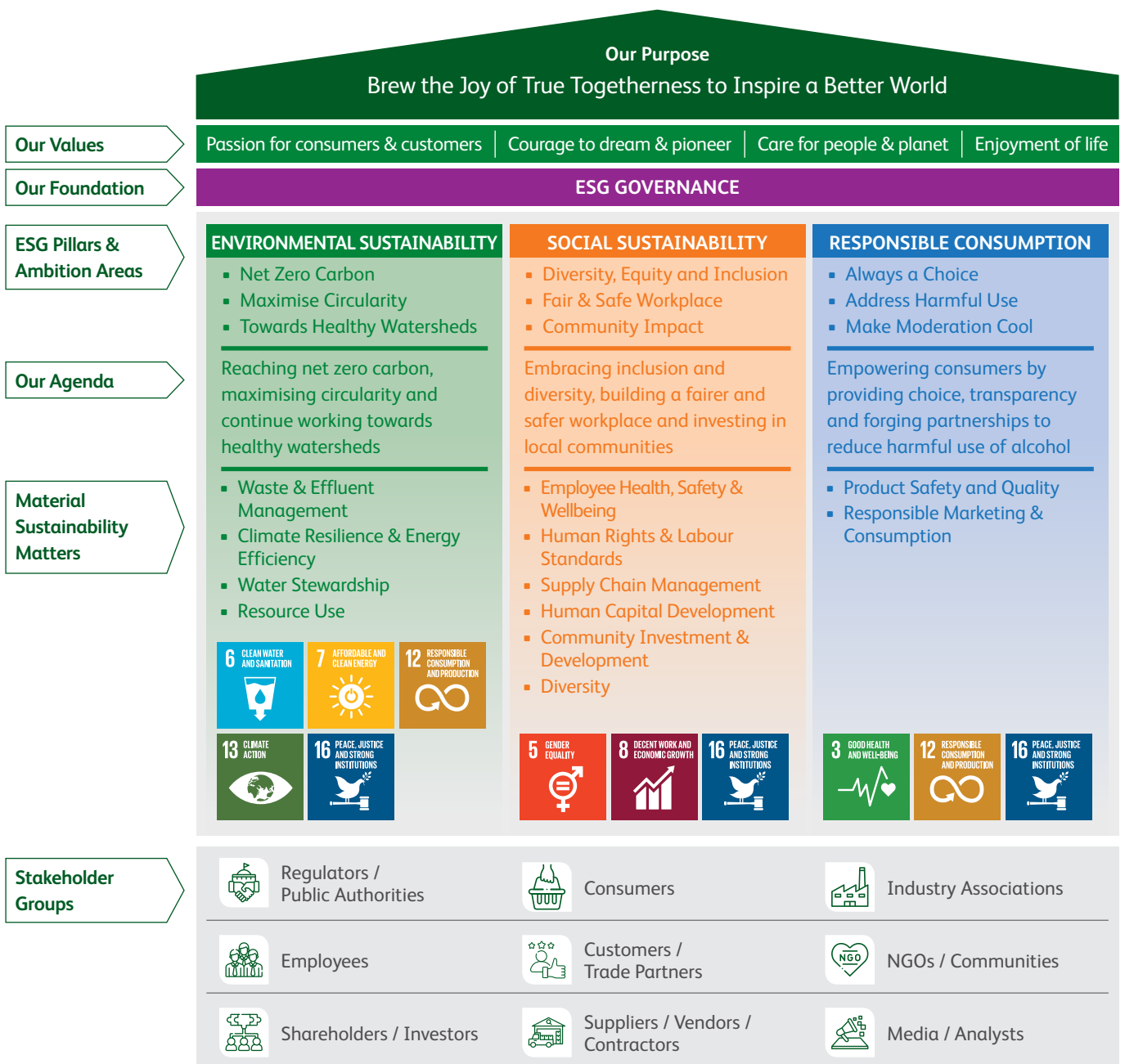
# ESG Review

## SUSTAINABILITY APPROACH

### ESG Framework

Our ESG Framework is aligned with our Brew a Better World 2030 ambition and it highlights key elements of our sustainability agenda. The ESG Framework serves as the focal point for how we define our long-term sustainability goals and guides our initiatives to best address our key ESG risks and opportunities. We incorporated our stakeholder concerns, operational environment as well as emerging climate risks and opportunities when establishing our framework. Understanding and prioritising material matters of most relevance to our operations enables us to approach our sustainability strategy in a holistic manner.

The framework is further aligned with our goals where it is built upon our three major sustainability pillars: environmental sustainability, social sustainability and responsible consumption.

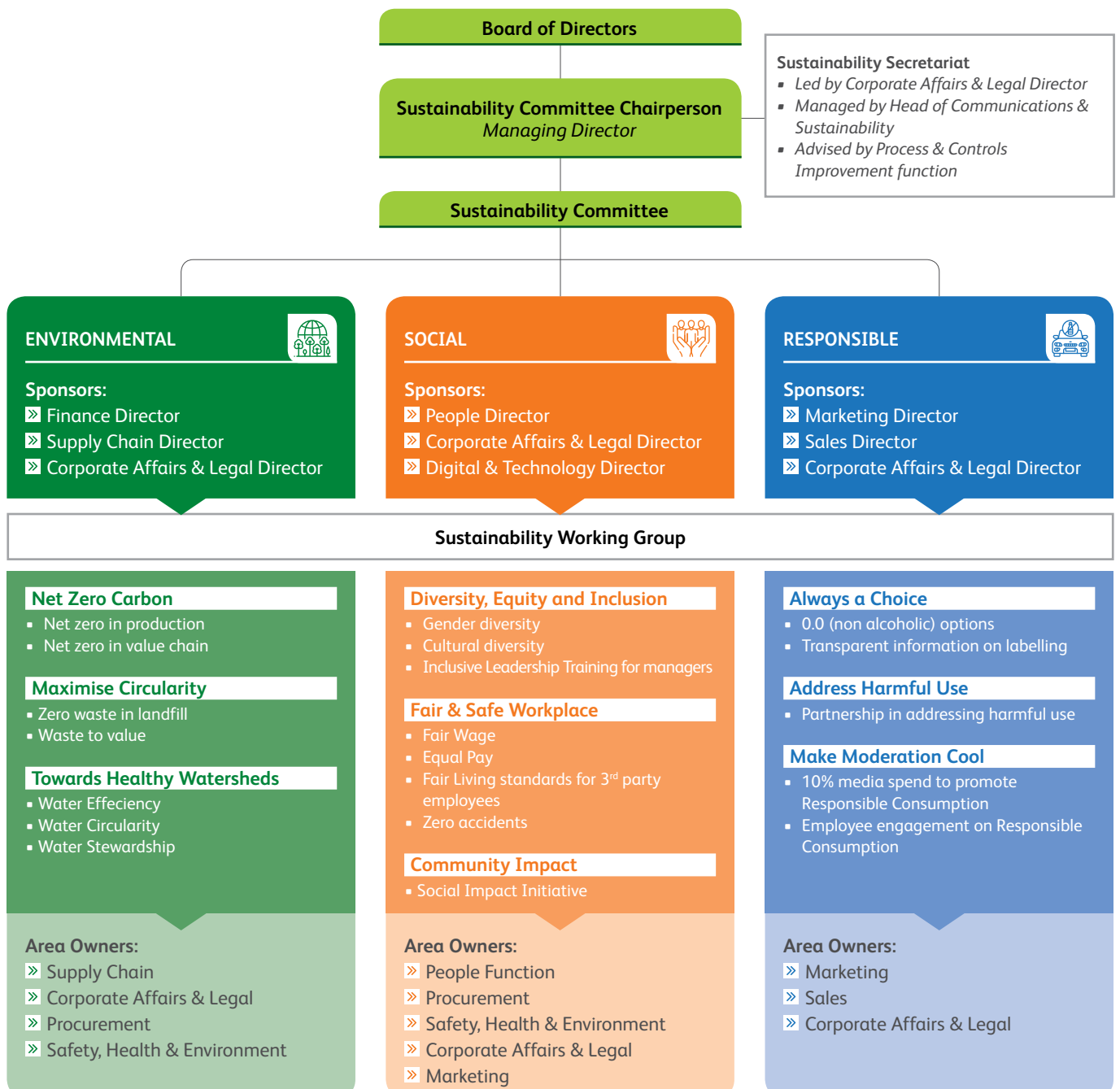


# ESG Review

## OUR SUSTAINABILITY GOVERNANCE STRUCTURE

HEINEKEN Malaysia upholds a comprehensive framework for accountability in identifying and addressing sustainability matters through a well-structured governance system. In 2022, the Group implemented a three-tiered structure encompassing the Board, the Sustainability Committee (SC), and the Sustainability Working Group (SWG). The Board's oversight plays a role in monitoring the progress of HEINEKEN Malaysia's sustainability strategy, evaluating progress, and identifying potential risks and opportunities.

The Sustainability Committee Chairperson ensures consistent reporting on the progress of our sustainability initiatives to the Board, with support from a secretariat led by the Corporate Affairs & Legal Director. The secretariat also receives support provided by sponsors representing various functions. Through this synergistic effort, it ensures a thorough overview of our sustainability progress. In addition, the SC receives valuable assistance from the SWG, comprising experts from diverse departments within HEINEKEN Malaysia to drive the Group's sustainability initiatives forward.



## ESG Review

### ROLES AND RESPONSIBILITIES

#### Board of Directors



- Strategic oversight of the Group's management of sustainability strategies, material sustainability matters, policies and targets
- Reviews and approves proposed sustainability strategies, policies, material sustainability matters, and annual sustainability statement
- Strategic oversight of the integration of ESG-related risks and opportunities into the Group's strategy and risk management including climate-related risks and opportunities
- Receives updates on the Group's sustainability progress from the Managing Director and Management Team

#### Sustainability Committee



- Led by the Sustainability Committee Chairperson
- Responsible for the strategic management of the material sustainability matters and resources
- Proposes and advises the Board on sustainability strategies, initiatives and targets and ensures its alignment with the Group's overall business strategy and goals
- Assesses and manages the Group's ESG-related risks and opportunities including climate-related risks and opportunities
- Reviews quarterly progress of respective pillars in line with HEINEKEN Global Brew a Better World 2030 goals and updates the progress to the Managing Director and Management Team
- Oversees the implementation of sustainability strategies and initiatives towards the Group's targets
- Organises pillar meetings with the pillar sponsors and collects feedback to build for improvement

#### Sustainability Working Group



- Implements the Group's sustainability strategies and initiatives into the day-to-day operations towards our Brew a Better World 2030 goals
- Engages with stakeholders regularly to understand and respond to their concerns and expectations
- Reports the progress and performance in the implementation of sustainability strategies and initiatives to the SC
- Compiles ESG-related data for sustainability reporting and updates from respective pillar owners on the progress of the key initiatives and moving forward plans



## ESG Review




### OUR HOLISTIC SUSTAINABILITY POLICY

We have a Sustainability Policy, approved by our Sustainability Committee and subsequently adopted by the Board that mirrors our ESG strategies and firm commitments to sustainable development, aligning with our Purpose and Values. It describes the fundamental principles that govern our sustainability strategies, serving as a compass to incorporate sustainable practices throughout our operations and value chain.

The Sustainability Policy is available on the Company's website at <https://www.heinekenmalaysia.com/corporate-governance/>.

### OUR ALIGNMENT WITH THE UN SDGs

The Group is committed to its contribution to the UN SDGs, incorporating them into our Brew a Better World strategy for impactful global sustainable development. We have aligned our Brew a Better World 2030 ambitions and goals in support of the targets and indicators laid out in the UN SDGs. We adopted eight UN SDGs that were most relevant to our business operations with SDG 16 (Peace, Justice and Strong Institutions) as an addition since 2022. Below are the highlights of our contributions to the SDGs:

SDG	Target	Target Description	Our Actions	Materiality
	3.5	Strengthen the prevention and treatment of substance abuse, including harmful use of alcohol	<ul style="list-style-type: none"> <li>Implemented a Policy on Responsible Alcohol Consumption</li> <li>Supported the Government's initiatives to eradicate illicit alcohol sales in Malaysia as a member of the Confederation of Malaysian Brewers Berhad (CMBB)</li> <li>Dedicated 10% of the Heineken® brand's media spend annually to advocate responsible consumption</li> <li>Provision of Grab e-hailing promo codes to consumers to encourage 'When You Drive, Never Drink' at all brand events and during the year-end festive season</li> </ul>	<ul style="list-style-type: none"> <li>Corporate Governance and Anti-Corruption</li> <li>Responsible Consumption</li> </ul>
	5.5	Ensure women's full and effective participation for leadership	<ul style="list-style-type: none"> <li>Adopted the HEINEKEN Code of Business Conduct and the HEINEKEN Human Rights Policy which outline the principles of non-discrimination without distinction according to, among others, race, gender, nationality and age</li> <li>Employed, rewarded and promoted employees based on the principle of equal opportunity</li> </ul>	<ul style="list-style-type: none"> <li>Diversity</li> </ul>
	6.3	Improve water quality by reducing pollution	<ul style="list-style-type: none"> <li>Ensures that wastewater treatment adheres strictly to the Environmental Quality Act 1974 and the Environmental Quality (Industrial Effluent) Regulations 2009 Fifth Schedule</li> <li>Our wastewater treatment surpasses Department of Environment standards by 100%</li> </ul>	<ul style="list-style-type: none"> <li>Water Stewardship</li> </ul>
	6.4	Substantially increase water-use efficiency across all sectors	<ul style="list-style-type: none"> <li>Improved water efficiency by 21% compared to the 2014 baseline year and balanced 223% of the water used in our products</li> </ul>	<ul style="list-style-type: none"> <li>Water Stewardship</li> </ul>
	6.6	Protect and restore water-related ecosystems, including rivers, aquifers and lakes	<ul style="list-style-type: none"> <li>Protected and rehabilitated rivers and watersheds through our Working Actively Through Education &amp; Rehabilitation (W.A.T.E.R.) Project</li> </ul>	<ul style="list-style-type: none"> <li>Water Stewardship</li> </ul>

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SDG	Target	Target Description	Our Actions	Materiality
 7 AFFORDABLE AND CLEAN ENERGY	7.2	Increase substantially the share of renewable energy	<ul style="list-style-type: none"> <li>Continued subscription to TNB's Green Electricity Tariff (GET) programme since March 2022 and transitioned to 100% renewable electricity in FY2023</li> </ul>	<ul style="list-style-type: none"> <li>Climate Resilience &amp; Energy Efficiency</li> </ul>
	7.3	Double the global rate of improvement in energy efficiency	<ul style="list-style-type: none"> <li>Upgraded utilities, cooling plants and CO<sub>2</sub> plants at the brewery for increased energy efficiency</li> <li>Utilised green refrigerators</li> </ul>	<ul style="list-style-type: none"> <li>Climate Resilience &amp; Energy Efficiency</li> </ul>
 8 DECENT WORK AND ECONOMIC GROWTH	8.7	Measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour	<ul style="list-style-type: none"> <li>100% compliance with The Employment Act 1955 and Minimum Wages Order 2022</li> <li>The Code of Business Conduct and HEINEKEN Human Rights Policy outlined the principles of non-discrimination</li> <li>Advocated ethical business conduct and human rights through HEINEKEN Supplier Code and the Distributor Code of Conduct</li> </ul>	<ul style="list-style-type: none"> <li>Human Rights &amp; Labour Standards</li> </ul>
	8.8	Protect labour rights and promote safe and secure working environments for all workers	<ul style="list-style-type: none"> <li>Ensured all employees receive training on HEINEKEN Life Saving Commitments (LSC)</li> <li>Addressed the prevalent culture of overworking by encouraging healthier work-life balance</li> </ul>	<ul style="list-style-type: none"> <li>Employee, Health, Safety and Wellbeing</li> <li>Human Capital Development</li> </ul>
 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	12.5	Reduce waste generation through prevention, reduction, recycling and reuse	<ul style="list-style-type: none"> <li>Recycled or upcycled 100% of production waste since 2017</li> <li>Utilised returnable packaging materials including kegs, bottles and crates from the on-trade in Peninsula Malaysia which are collected and returned to our brewery to be reused</li> <li>Require suppliers to comply with the HEINEKEN Supplier Code</li> </ul>	<ul style="list-style-type: none"> <li>Waste &amp; Effluent Management</li> <li>Resource Use</li> </ul>
 13 CLIMATE ACTION	13.1	Strengthen resilience and adaptation to climate-related hazards	<ul style="list-style-type: none"> <li>Continued effort towards our net zero carbon roadmap that targets net zero carbon emissions in production by 2030 and net zero across the value chain by 2040</li> <li>100% of Scope 2 emissions offset via GET programme</li> </ul>	<ul style="list-style-type: none"> <li>Climate Resilience &amp; Energy Efficiency</li> </ul>
 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	16.5	Substantially reduce corruption and bribery	<ul style="list-style-type: none"> <li>All Board members received training on Anti-Bribery and Anti-Corruption</li> <li>Conduct online courses to raise awareness of the Group's Anti-Bribery &amp; Anti-Corruption principles among the employees</li> <li>Drive awareness of the HEINEKEN's Speak Up Policy to encourage reporting concerns about suspected misconduct</li> </ul>	<ul style="list-style-type: none"> <li>Corporate Governance and Anti-Corruption</li> </ul>






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## STAKEHOLDER ENGAGEMENT

Our stakeholders hold an instrumental role in shaping decisions throughout our operations at HEINEKEN Malaysia. Hence, we have identified nine key stakeholder groups significantly impacted by our activities, placing a strong emphasis on fostering continuous engagement with them. Through establishing a two-way communication flow, it allows us to gain valuable insights into their expectations and concerns.



We actively pursue our Brew a Better World goals through effective communication strategies, bolstered by cross-functional collaboration within our organisation and strategic partnerships with external stakeholders. By maintaining constructive dialogue, we enhance our ability to address stakeholder expectations while stepping up our efforts to responsible business practices.

Our Focus	How We Engage	Frequency	Our Response
 <b>Shareholders / Investors</b>			
<ul style="list-style-type: none"> <li>Strategic direction and business performance</li> <li>Business strategy and targets</li> <li>Shareholders' returns</li> <li>Sustainability agenda</li> </ul>	<ul style="list-style-type: none"> <li>Annual General Meeting</li> <li>Investor Relations enquiries</li> <li>Enquiries to Company Secretary</li> <li>Analysts and media briefings</li> <li>Investor calls/meetings</li> <li>Financial announcements via Bursa Malaysia</li> <li>Annual Reports in Investor Relations section on corporate website</li> </ul>	<ul style="list-style-type: none"> <li>Annually</li> <li>As needed</li> <li>As needed</li> <li>As needed</li> <li>Quarterly</li> <li>Annually</li> </ul>	<ul style="list-style-type: none"> <li>We provide timely updates and insights into the Group's strategy, operating performance and financial reporting through Bursa Malaysia's announcements section</li> <li>We communicate sustainability policies and practices and corporate governance through the Annual Report</li> </ul>
 <b>Regulators / Public Authorities</b>			
<ul style="list-style-type: none"> <li>Industry issues</li> <li>Excise duty</li> <li>Licensing and regulatory matters</li> <li>Anti-contraband initiatives</li> <li>Support for business operations</li> </ul>	<ul style="list-style-type: none"> <li>Courtesy visits</li> <li>Dialogue sessions</li> <li>Workshops and training</li> <li>Scheduled meetings</li> <li>Round-table discussions, Industry and F&amp;B sector engagement via chambers of commerce and trade associations</li> </ul>	<ul style="list-style-type: none"> <li>As needed</li> <li>As needed</li> <li>As needed</li> <li>Regularly</li> <li>As needed</li> </ul>	<ul style="list-style-type: none"> <li>As a member of CMBB, we engage with the Government in sustainability, responsible consumption, responsible marketing and combatting illicit beer</li> </ul>
 <b>Customers / Trade Partners</b>			
<ul style="list-style-type: none"> <li>Business strategy and targets</li> <li>Identification of areas for improvement</li> </ul>	<ul style="list-style-type: none"> <li>Trade partner engagements</li> <li>Distributor engagement sessions</li> <li>One-on-one engagements</li> <li>Joint business planning/ review meetings</li> </ul>	<ul style="list-style-type: none"> <li>Regularly</li> <li>Regularly</li> <li>Regularly</li> <li>Regularly</li> </ul>	<ul style="list-style-type: none"> <li>By conducting our business ethically, we help our customers improve their business strategy, targets, and sustainability initiatives</li> <li>We work with our trade partners via a deposit system to ensure that reusable kegs, bottles and crates are returned to the brewery</li> </ul>

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Our Focus	How We Engage	Frequency	Our Response
 <b>Consumers</b>			
<ul style="list-style-type: none"> <li>Brand campaigns and engagement activities</li> <li>Responsible consumption</li> <li>Product quality and freshness</li> <li>Consumer attitude and behaviour</li> </ul>	<ul style="list-style-type: none"> <li>Brand events</li> <li>Social media campaigns</li> <li>Product sampling</li> <li>Consumer research interviews and focus groups</li> <li>Virtual consumer engagements</li> </ul>	<ul style="list-style-type: none"> <li>Regularly</li> <li>Ongoing</li> <li>Regularly</li> <li>Regularly</li> <li>Regularly</li> </ul>	<ul style="list-style-type: none"> <li>We are exploring innovative packaging ways to eliminate plastic use and transition to other recyclable materials such as paper collars</li> <li>We advocate responsible consumption through campaigns</li> </ul>
 <b>Suppliers / Vendors / Contractors</b>			
<ul style="list-style-type: none"> <li>Safety and health</li> <li>Anti-bribery and corruption</li> <li>Cost and value</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with HEINEKEN's Supplier Code</li> <li>Supplier meetings</li> <li>Vendor registration briefings/ requirements</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing</li> <li>Ongoing</li> <li>Ongoing</li> </ul>	<ul style="list-style-type: none"> <li>We require our suppliers to comply with HEINEKEN's Supplier Code and Distributor Code of Conduct</li> <li>We collaborate with suppliers to create and scale efficient and sustainable packaging</li> </ul>
 <b>Employees</b>			
<ul style="list-style-type: none"> <li>Safety and health</li> <li>Alignment on business strategy, direction and goals</li> <li>Industrial relationship management</li> <li>Talent development</li> <li>Cross-function collaboration</li> <li>Employee engagement and team morale</li> <li>Employee wellbeing</li> <li>Productivity</li> <li>Addressing grievances</li> <li>Whistleblowing (Speak Up)</li> <li>Responsible consumption</li> </ul>	<ul style="list-style-type: none"> <li>Online communication platform – Workplace by Facebook</li> <li>Employee Pulse Survey</li> <li>Employee Climate Survey</li> <li>Town halls</li> <li>Meetings with Union employees</li> <li>Flexible and open workspace</li> <li>Management Team meetings</li> <li>Leadership Team meetings</li> <li>Union Work-Site Committee engagements</li> <li>Department meetings</li> <li>On-boarding programme for new employees</li> <li>Employee engagement get togethers</li> <li>Annual Dinner</li> <li>Festive get togethers</li> <li>Inclusive Behaviour workshops</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing</li> <li>Annually</li> <li>Annually</li> <li>Quarterly</li> <li>As needed</li> <li>Ongoing</li> <li>Monthly</li> <li>Monthly</li> <li>Twice a year</li> <li>Weekly</li> <li>As needed</li> <li>Regularly</li> <li>Annually</li> <li>Regularly</li> <li>Regularly</li> </ul>	<ul style="list-style-type: none"> <li>We provided training on the LSC</li> <li>Transparent performance appraisal and reviews were given</li> <li>Multiple employee engagement programmes were conducted</li> </ul>
 <b>NGOs / Communities</b>			
<ul style="list-style-type: none"> <li>Environmental conservation projects</li> <li>Water stewardship projects</li> <li>Fundraising for schools via Tiger Sin Chew Chinese Education Charity Concert</li> <li>HEINEKEN Cares community food aid programme</li> </ul>	<ul style="list-style-type: none"> <li>SPARK Foundation activities</li> <li>NGO partner activities</li> <li>Community engagement programmes</li> <li>Fundraising initiatives</li> <li>Community events</li> </ul>	<ul style="list-style-type: none"> <li>Regularly</li> <li>Ongoing</li> <li>Ongoing and Annually</li> <li>Regularly</li> <li>Regularly</li> </ul>	<ul style="list-style-type: none"> <li>We continued to contribute to our flagship community initiatives and collaborate with our NGO partners through the HEINEKEN Cares Programme administered by our SPARK Foundation</li> </ul>

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Our Focus	How We Engage	Frequency	Our Response
 <b>Media / Analysts</b>			
<ul style="list-style-type: none"> <li>Strategic direction and business performance</li> <li>Sustainability agenda</li> <li>Brand activities</li> </ul>	<ul style="list-style-type: none"> <li>Media briefings</li> <li>Media interviews</li> <li>Media visits</li> <li>Product launches</li> <li>Brand marketing campaigns</li> </ul>	<ul style="list-style-type: none"> <li>As needed</li> <li>As needed</li> <li>As needed</li> <li>As needed</li> <li>Ongoing</li> </ul>	<ul style="list-style-type: none"> <li>We allocate 10% of our Heineken® media spend to promote responsible consumption campaigns</li> <li>We partnered with Grab to promote responsible consumption</li> </ul>
 <b>Industry Associations</b>			
<ul style="list-style-type: none"> <li>Industry issues</li> </ul>	<ul style="list-style-type: none"> <li>Engagement session</li> <li>Dialogue sessions</li> <li>Scheduled meetings</li> </ul>	<ul style="list-style-type: none"> <li>As needed</li> <li>As needed</li> <li>Regularly</li> </ul>	<ul style="list-style-type: none"> <li>We work with other members of the industry to mitigate irresponsible drinking and curb drinking and driving</li> </ul>

### Industry and Business Associations

HEINEKEN Malaysia values partnerships with sustainability-focused organisations that foster responsible practices. Our engagement in industry alliances exhibits our sustainability efforts and a responsible future.

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| ▶ Confederation of Malaysian Brewers Berhad (CMBB) | ▶ Malaysian Employers Federation (MEF)                             |
| ▶ Federation of Malaysian Manufacturers (FMM)      | ▶ Malaysian International Chamber of Commerce and Industry (MICCI) |
| ▶ Malaysian Advertisers Association (MAA)          | ▶ UN Global Compact Network Malaysia & Brunei (UNGCMYB)            |
| ▶ Malaysian Dutch Business Council (MDBC)          |  |

### MATERIALITY ASSESSMENT

HEINEKEN Malaysia analyses the relevance of ESG topics and material sustainability matters to both our organisation as well as our stakeholders. This systematic assessment enables our Board and Management Team to align our sustainability strategy and formulate effective risk management processes.

In 2023, we retained our material matters and the materiality matrix from the previous fiscal year 2022 as they remain pertinent. Nevertheless, we renamed one material matter to enhance our focus and ensure alignment with Bursa Malaysia’s recommended common material matters.

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## Materiality Matrix



**Governance**

- 2 Regulatory Compliance
- 4 Corporate Governance and Anti-Corruption
- 8 Data Privacy & Cybersecurity
- 10 Risk Management

**Environmental Sustainability**

- 3 Climate Resilience & Energy Efficiency
- 5 Water Stewardship
- 12 Waste & Effluent Management
- 16 Resource Use

**Social Sustainability**

- 7 Employee Health, Safety & Wellbeing
- 9 Human Rights & Labour Standards
- 11 Supply Chain Management
- 13 Human Capital Development
- 14 Community Investment & Development
- 15 Diversity

**Responsible Consumption**

- 1 Product Safety, Quality & Hygiene
- 6 Responsible Marketing & Consumption

## ESG Review

## Mapping of Material Matters

We aligned our material matters with key stakeholders and relevant UN SDGs while mapping them to GRI Standards and TCFD. Our ESG focus areas are tailored to stakeholder needs, demonstrating the interconnectivity of our sustainability efforts.

Material Matters	GRI Indicator	UN SDG	Key Stakeholders Groups
<b>Governance</b>			
Regulatory Compliance	GRI 2: General Disclosures		- Shareholders / Investors
Corporate Governance and Anti-Corruption	GRI 205: Anti-corruption		- Regulators / Public Authorities
Data Privacy & Cybersecurity	GRI 418: Customer Privacy		- Customers / Trade Partners
Risk Management	GRI 201: Economic Performance		- Suppliers / Vendors / Contractors
			- Media / Analysts
			- Industry Associations
<b>Environmental Sustainability: On a path towards net zero impact</b>			
Climate Resilience & Energy Efficiency	GRI 302: Energy GRI 305: Emissions	  	- Shareholders / Investors
			- Regulators / Public Authorities
			- Customers / Trade Partners
Water Stewardship	GRI 303: Water and Effluents	  	- Regulators / Public Authorities
			- NGOs / Communities
Waste & Effluent Management	GRI 306: Waste	 	- Regulators / Public Authorities
Resource Use	GRI 301: Materials		- NGOs / Communities
			- Regulators / Public Authorities
			- Customers / Trade Partners
			- Media / Analysts
			- Industry Associations
<b>Social Sustainability: On the path to an inclusive, fair and equitable world</b>			
Diversity	GRI 405: Diversity and Equal Opportunity		- Employees
Human Rights & Labour Standards	GRI 401: Employment GRI 404: Training and Education	 	- Regulators / Public Authorities
			- Suppliers / Vendors / Contractors
			- Employees
Employee Health, Safety & Wellbeing	GRI 403: Occupational Health and Safety		- Regulators / Public Authorities
Human Capital Development	GRI 404: Training and Education		- Suppliers / Vendors / Contractors
Community Investment & Development	GRI 201: Economic Performance GRI 413: Local Communities		- Employees
Supply Chain Management	GRI 204: Procurement Practices		- NGOs / Communities
			- Media / Analysts
			- Regulators / Public Authorities
			- Suppliers / Vendors / Contractors
			- Employees
<b>Responsible Consumption: On the path to moderation with no harmful use</b>			
Product Safety, Quality & Hygiene	GRI 416: Customer Health and Safety	 	- Regulators / Public Authorities
			- Customers / Trade Partners
			- Consumers
			- Employees
Responsible Marketing & Consumption	GRI 417: Marketing and Labelling		- Shareholders / Investors
			- Customers / Trade Partners
			- Consumers
			- Employees
			- Media / Analysts

## ESG Review

### TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

Through the years, social and economic constraints on the progress of climate action have escalated the need for accelerated implementation of climate mitigation and adaptation to reduce the impacts of climate change for mankind and our ecosystems. The 2023 World Economic Forum Global Risks Report highlights that despite three decades of global climate advocacy, international systems have faced challenges in making necessary progress on climate change.

The impacts from climate change have necessitated action from all sectors and industries globally. As a brewer, our operations and value chain are also exposed to potential climate-related risks which may affect our performance long-term. In our efforts to address this, HEINEKEN Malaysia has set out a strategic aim to achieve net zero across our operations by 2030 and across our value chain by 2040, in line with the Group's Brew a Better World 2030 strategy. In addition, we aligned our strategies and climate-related disclosures with TCFD recommendations to provide greater transparency for our stakeholders, regarding the Group's potential climate-related risks and opportunities and how we manage them.

Core Elements	Disclosures	Reference
<b>Governance</b>		
The Board's oversight of climate-related risks and opportunities	<p>The Board's roles in the oversight of climate-related risks and opportunities include:</p> <ul style="list-style-type: none"> <li>Providing strategic oversight of the Group's alignment of sustainability strategy which includes climate-related strategy with its overarching strategic trajectory and goals.</li> <li>Responsible for approving the Annual Sustainability plan and associated targets, while also monitoring quarterly advancements of Brew a Better World 2030 goals which include climate-related objectives.</li> <li>Providing strategic oversight of policies implementation geared towards mitigating climate-related risks.</li> <li>Proactively keeps abreast of climate-related matters and continuously enhance understanding and awareness of associated climate risks and opportunities.</li> <li>Reviewing the Group's Sustainability agenda including climate-related issues along with the progress against the Brew a Better World ambition which addressed climate-related targets.</li> <li>Reviewing the Group's Strategy and Annual Plan which embed our sustainability ambition, priorities and initiatives in line with the Brew a Better World strategy.</li> </ul> <p>The Board is also guided by the Group's Sustainability Policy in governing our sustainability strategies and initiatives.</p>	<p>Sustainability Governance Structure (pages 39 to 40)</p> <p>Corporate Governance Overview Statement (pages 89 to 99)</p> <p>Board ESG Training (page 77)</p>
The Management's roles in assessing and managing climate-related risks and opportunities	<p>The Management's roles in the assessment and management of climate-related risks and opportunities include:</p> <ul style="list-style-type: none"> <li>Provide oversight and directs initiatives across all ambition areas outlined in our Brew a Better World strategies, incorporate climate-related key performance indicators (KPIs) within the environmental sustainability domain.</li> <li>Provide comprehensive progress reports on sustainability endeavours addressing climate-related risks and opportunities to the Board on a regular basis.</li> <li>Monitor to ensure that function area owners within distinct Brew a Better World pillars execute initiatives aimed at fulfilling the 2030 goals, specifically targeting climate-related risks and opportunities.</li> </ul>	<p>Sustainability Governance Structure (pages 39 to 40)</p> <p>Corporate Governance Overview Statement (pages 89 to 99)</p>

# ESG Review

Core Elements	Disclosures	Reference
<b>Strategy</b>		
<p>The climate - related risks and opportunities the organisation has identified over the short, medium, and long term</p>	<p>Our journey to net zero represents a major transformation in the way we operate and means we must continuously evaluate our climate risks and their impact on our business. Risk management is a core element of how we do business and is supported by strong governance. This includes addressing climate risks and creating the right opportunities to futureproof our business, which is the core of our EverGreen strategy.</p> <p>HEINEKEN Malaysia adopts the TCFD analysis of the HEINEKEN Global Group, as published in the Heineken N.V. Annual Report 2023.</p>	<p>Risk Management (pages 52 to 54)</p> <p>Net Zero Carbon: Climate Resilience and Energy Management (pages 55 to 56)</p>
<p>The impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning</p>	<p>For the top three identified risks, HEINEKEN Global assessed financial impact considering two global trajectories that correspond to:</p> <ol style="list-style-type: none"> <li>1. The baseline goals of the Paris Climate Agreement to limit global temperature increase to 1.5°C compared to pre-industrial levels.</li> <li>2. The implications of a society failing to deliver enough decarbonisation efforts, leading to a global temperature increase of 3-4°C.</li> </ol>	<p>Heineken N.V. Annual Report 2023 (pages 136 to 142)</p>
<p>The resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario</p>	<p>The three climate-related risks identified are:</p> <ul style="list-style-type: none"> <li>▪ carbon pricing impact on value chain and own operations;</li> <li>▪ water stress impact on own operations; and</li> <li>▪ climate-related barley yield losses.</li> </ul> <p>For a detailed analysis of the above three climate-related risks, please refer to the Heineken N.V. Annual Report 2023 available at <a href="http://www.theheinekencompany.com">www.theheinekencompany.com</a>.</p> <p>In line with the HEINEKEN Global Brew a Better World sustainability strategy, the Group's climate-related initiatives are discussed in the Environmental Sustainability section under the ESG Review. The initiatives include our Net Zero Carbon, Towards Healthy Watersheds and Zero Waste to Landfill programmes. The targets set are in line with the HEINEKEN Global sustainability goals and we continue to report the progress we have made.</p>	
<b>Risk Management</b>		
<p>The organisation's processes for identifying and assessing climate-related risks</p>	<p>HEINEKEN Malaysia's Risk Management Framework (RMF) forms an integral component of our overarching business framework. Our processes for identifying and assessing climate-related risks via the RMF consist of:</p> <ul style="list-style-type: none"> <li>▪ Identifying key sustainability risks and opportunities, including those pertaining to climate, in combination with the utilisation of the EverGreen strategy. These assessments are conducted based on the evaluation of both impact and likelihood of occurrence.</li> <li>▪ Periodic evaluation of approaches to mitigate the identified risks by the Management.</li> </ul> <p>Materiality reassessments which complement our RMF, enabling us to pinpoint relevant topics each year, including climate change, as recognised risks.</p>	<p>Statement on Risk Management and Internal Control (pages 104 to 110)</p> <p>Risk Management (pages 52 to 54)</p> <p>Materiality Assessment (pages 45 to 47)</p>

## ESG Review

Core Elements	Disclosures	Reference
<b>Risk Management (Continued)</b>		
The organisation's processes for managing climate-related risks	<p>The Group has instituted the Brew a Better World strategy, wherein annual KPIs are established to drive progress towards our 2030 targets, inclusive of climate-related objectives. HEINEKEN Malaysia is intensifying its adoption of renewable energy to curtail its carbon footprint. We adhere to the recommendations outlined by the TCFD to shape actionable plans aimed at mitigating identified climate risks and harnessing emerging opportunities.</p> <p>A Sustainability Policy has been formulated to serve as a guiding framework for both the Group and our stakeholders, facilitating the integration of sustainable practices across our operations and value chain. This policy underscores our commitment to communicating and addressing Environmental, Social and Governance (ESG) risks, including those related to climate, throughout our operations.</p>	<p>Net Zero Carbon: Climate Resilience and Energy Management (pages 55 to 59)</p> <p>Sustainability Policy (page 41)</p> <p>Our Progress Against Brew a Better World 2030 Goals: Environmental Sustainability (page 68)</p>
How processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	The Group conducts an annual risk assessment involving active engagement of the Management Team to identify key risk areas within their respective functions. Through this process, the Management Team guarantees the sufficiency and efficacy of action plans formulated to manage the identified risks.	Risk Management (pages 52 to 54)
<b>Metrics and Targets</b>		
The metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	Our Brew a Better World 2030 goals serve as our compass and provide the metrics to measure our sustainability performance. We have set 2018 emissions as our baseline to track our progress and journey towards emissions reductions. The quantification approach used to assess the three climate-related risks can be referred to in the Heineken N.V. Annual Report 2023.	<p>Our Progress Against Brew a Better World 2030 Goals: Environmental Sustainability (page 68)</p> <p>Heineken N.V. Annual Report 2023 (page 139)</p>
Disclosure of Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	<p>We disclosed our Scope 1 and 2 GHG emissions for 2023, tracked based on our 2018 baseline year and will continue to monitor our emissions performance in the following years. This year we have begun tracking and reporting our Scope 3 emissions (employee commute and business travel only) in preparation for complying with Bursa Malaysia's sustainability reporting requirement that will come into effect FY2024.</p> <p>The full disclosure of our GHG emissions can be viewed under the Environmental Sustainability section of this report.</p>	<p>Net Zero Carbon: Climate Resilience and Energy Management (pages 55 to 59)</p> <p>Bursa Malaysia Sustainability Indicators (pages 87 to 88)</p>
The targets used by the organisation to manage climate-related risks and opportunities and performance against targets	We are determined to achieve net zero carbon emissions in production (Scope 1 & 2) by 2030 and across our value chain by 2040. We monitor our environmental performance and are continuously tracking, monitoring, and reporting our progress against the set KPIs. A summary of our progress in 2023 compared against the HEINEKEN Global sustainability goals can be found in the Environmental Sustainability section of this report.	Our Progress Against Brew a Better World 2030 Goals: Environmental Sustainability (page 68)



ESG Review



GOVERNANCE



At HEINEKEN Malaysia, we consider responsible business practices essential for a thriving organisation. Therefore, we prioritise fostering an ethical and compliant culture. Our commitments reinforce our dedication to upholding high ethical standards among our directors, officers, employees, and business partners, ensuring the trust of our stakeholders remains resolute.

Material Sustainability Matters

Corporate Governance & Anti-Corruption

Risk Management

Regulatory Compliance

Data Privacy and Cybersecurity

Our Key Highlights:

**ZERO**

cases of corruption

**ZERO**

incidents of customer privacy and data breach

**100%**

employees underwent training on anti-bribery and anti-corruption



CORPORATE GOVERNANCE & ANTI-CORRUPTION

Corporate Governance and Anti-Corruption matter for legal compliance, ethical standards, and reputation management. They instill investor confidence, mitigate risks, and enhance employee morale. Essential for global market access, these principles foster long-term sustainability, making organisations resilient and trustworthy, building stakeholder trust and contributing to overall success.

The Group implements various codes and policies that outlines how we conduct business with integrity and fairness.

HEINEKEN Code of Business Conduct

In 2023, the Code was refreshed to reflect the dynamic nature of the Group’s business environment and to keep up with developments and challenges. The new Code incorporates insights from past learnings and it aims to improve clarity and understanding of relevant topics such as harassment and corruption. The HeiCode has embedded policies that cover all aspects of the Group’s business operations, categorised under four broad areas namely Caring for People and Planet, Maintaining Business Integrity, Protecting our Assets, and Engaging Responsibly. They undergo regular review to ensure alignment with the evolving business landscape, keeping us at the forefront of the industry. Compliance with the Code is obligatory, and any breaches of its regulations will result in disciplinary action, termination of employment, or legal consequences.



To read the HEINEKEN Code of Business Conduct, please visit <https://www.heinekenmalaysia.com/corporate-governance/>.



Scan the QR code to view our HEINEKEN Code of Business Conduct

## ESG Review

### Mandatory Training on Governance

All employees are mandated to complete seven hours of e-learning annually through the Business Conduct Portal, comprising seven focus areas.



### HEINEKEN Policy on Bribery

The HEINEKEN Policy on Bribery offers clear guidance on navigating such scenarios, ensuring a principled approach in our dealings with government officials or political figures. This includes strict regulations on facilitation payments and the avoidance of any improper requests for bribes. Upholding the law and avoiding any conduct that could be misconstrued as bribery remain our top priorities.

### HEINEKEN Policy on Fraud

Fraud poses significant financial and reputational risks to the Group. It is imperative that all records, both financial and non-financial, are maintained with transparency, accuracy, and completeness to avoid misleading stakeholders. This policy aims to provide clarity on what constitutes fraud and aids in its identification to safeguard our interests.

### HEINEKEN Speak Up Policy

Aligned with leading corporate governance standards, we have a whistleblowing mechanism in place known as Speak Up to instill a culture of accountability within our organisation. The Speak Up Policy offers a confidential avenue for reporting any instances of misconduct, ranging from fraud and corruption to harassment and discrimination. Reports can be submitted online or via phone where they are handled by a third-party case manager overseen by the HEINEKEN Global Integrity Committee. This service is accessible around the clock, ensuring prompt attention to any concerns raised.



Email to [businessconduct@heineken.com](mailto:businessconduct@heineken.com)



Call the integrity line at 1-800-80-8641



For more information, go to <https://www.heinekenmalaysia.com/>

From 2021 to 2023, we are pleased to report that 100% of our Board of Directors as well as employees underwent training on anti-bribery and anti-corruption measures. There were also zero cases of corruption reported throughout 2021 to 2023. Additionally, we conducted fraud risk assessments, and 100% of our operations were assessed from 2021 to 2023. We aim to expand our assessment to include corruption risks in the near future.

In 2023, four reports were received via the Speak Up Channel. The Internal Audit and People functions carried out the required investigations where it successfully resolved three cases. The investigation into the remaining case is ongoing with our global counterpart as of the conclusion of the reporting period.

### REGULATORY COMPLIANCE

At HEINEKEN Malaysia, regulatory compliance is fundamental to our operational integrity and serves as a safeguard against risks across all aspects of our business activities. The Board holds the responsibility of ensuring that the Group adheres to all pertinent regulatory requirements.

To uphold compliance with regulatory requirements, we have developed relevant codes and policies to guide us in our business operations. These include the Code of Business Conduct, the Policy on Competition, the Policy on Fraud, and our Responsible Marketing Code. Additionally, we conduct training programmes to ensure that our employees remain compliant, covering areas such as Fraud Awareness, Brand Promoters training, as well as Anti-Corruption and Anti-Bribery training. We also keep our employees informed of any updates to legislation that may impact the Group's operations.

There were no reported incidents of non-compliance with major laws and regulations recorded for 2023.

### RISK MANAGEMENT

The contemporary business landscape presents numerous challenges such as climate change and emerging technological risks, all of which are imperative for businesses to address to ensure sustained growth and progress.

## ESG Review

To effectively manage risks, the Group implemented a robust system of risk management and internal control based on the COSO Enterprise Risk Management and Internal Control Reference model, integral to our HEINEKEN Business Framework.

Embedded within this framework is the HEINEKEN Risk Management Framework, which guides the identification and mitigation of risks encountered in strategy development and business goal achievement. In light of the increasingly pressing challenge of climate change, the integration of sustainability into our operations has become an absolute necessity.

In 2023, the key risks reviewed by Management and the Audit & Risk Management Committee included the following. For climate-related risks, please see the discussion on pages 48 to 50.

Type of Risks	Our Actions
<b>Responsible Commercial Communication</b>	
Commercial communication that appears to target minors or promote excessive alcohol consumption can result in fines, litigation, and significant damage to a brand's reputation.	<ul style="list-style-type: none"> <li>▪ The commercial teams take additional caution in their external activities and communications.</li> <li>▪ Corporate Communication will persist in enhancing HEINEKEN Malaysia's positive reputation and narrative within the industry.</li> <li>▪ A new e-learning module on the Responsible Marketing Code will be introduced in early 2024.</li> </ul>
<b>Safety</b>	
Unforeseen incidents resulting in severe injuries or fatalities may result in disruptions to business continuity, damage to reputation, or legal liabilities.	<ul style="list-style-type: none"> <li>▪ A safety leadership workshop was conducted with the Management Team.</li> <li>▪ A fire drill was executed in collaboration with the Fire and Rescue Department (BOMBA).</li> <li>▪ A driving restriction hour was imposed for the commercial team. Additionally, mandatory safety e-learning sessions, focusing on Life Saving Commitments, were rolled out across the organisation.</li> </ul>
<b>Non-compliance with Human Rights Policy</b>	
Significant alleged or actual non-compliance with the Human Rights policy arising from our business activities within our operations or value chain, may result in claims, fines, and reputational damage.	<ul style="list-style-type: none"> <li>▪ We have in place the Code of Business Conduct (COBC) e-learning initiative to enhance awareness of human rights issues.</li> <li>▪ Spot checks on contract workers' payroll are conducted by the People Function and Internal Audit Department to ensure compliance.</li> <li>▪ A recent Human Rights audit concluded with no major findings or violations detected.</li> <li>▪ The HEINEKEN Global Human Rights team is currently conducting an independent worker sentiment survey and proceeding with the Outsourced Service Provider Self-Assessment Questionnaire, in line with SMART outsourcing practices.</li> <li>▪ The HeiRules Control Self-Assessment pertaining to Human Rights has been rated effective, following review and approval by the HEINEKEN Global team.</li> </ul>
<b>Compliance with Environmental Regulations</b>	
Occurrences of excessive waste, pollution, or any other non-compliance with legal and regulatory requirements or stakeholder expectations may result in legal claims, reputational damage, or the revocation of operational licenses.	<ul style="list-style-type: none"> <li>▪ A Waste Water Treatment Plant has been established with the employment of qualified personnel.</li> <li>▪ We completed inspection and repair of underground drainage in 2021.</li> <li>▪ Proactive measures were taken to minimise the volume of scheduled waste within the factory premises.</li> </ul>
<b>Sustainability Goals</b>	
Failure to fulfill Brew a Better World goals could result in substantial damage to our reputation and heightened scrutiny of our sustainability programmes.	<ul style="list-style-type: none"> <li>▪ We have a sustainability governance structure in place.</li> <li>▪ We provide quarterly reports to the Management Team and Board of Directors on sustainability progress.</li> <li>▪ HEINEKEN Malaysia serves as a partnering Operating Company for Brew a Better World controls implementation.</li> <li>▪ Reporting on Brew a Better World governance ensures adherence to our goals.</li> </ul>
<b>Sustainability Disclosures</b>	
Inaccurate reporting or unbalanced disclosure of non-financial indicators and Brew a Better World goals could undermine transparency and accountability.	<ul style="list-style-type: none"> <li>▪ We implemented similar actions to mitigate the risks associated with Brew a Better World goals.</li> <li>▪ Consultants have been appointed to benchmark the standards, with the process currently ongoing.</li> </ul>

## ESG Review

### Type of Risks

### Our Actions

#### Business Conduct

Non-compliance with business conduct standards, such as competition law, anti-bribery law, and conflict of interest disclosure, may result in lawsuits, fines, and reputational damage.

- All mandatory e-learning sessions on Code of Business Conduct, anti-bribery and fraud, as well as annual Conflict of Interest declarations, were launched in 2022.
- Communication during Integrity Week clarified company expectations.
- Fair living wages ensured for all HEINEKEN Malaysia employees, surpassing the threshold deemed sufficient for living.

#### Fraud Risk

Occurrences of falsified or manipulated information, data, or documentation, misappropriation or misuse of assets, or misapplication of accounting rules, arising from fraudulent activities perpetrated by employees or third parties, can lead to financial losses, legal claims, penalties, and reputational damage.

- We conduct continuous and periodic engagement with outlet owners to promote transparency of outlet incentives.
- Regular visits are made by the internal audit team.
- We have in place anti-fraud and Distributor Code of Conduct e-learning.
- Mandatory screening of third parties is implemented in accordance with the HEINEKEN Global guidelines.

#### Competition Law Violation

Violation of competition law can result in criminal liability for the company or its employees, potentially leading to imprisonment, fines, and reputational damage.

- We continuously provide guidance to relevant employees.
- Annual refreshers on Competition Law Do's & Don'ts are conducted for the Commercial teams.
- The Legal team reviews all outlet contracts to ensure compliance.

## DATA PRIVACY AND CYBERSECURITY

We recognise the potential risks associated with data privacy, encompassing concerns such as data breaches and identity theft. We are committed to uphold the trust of our stakeholders by protecting both their data and ours.

At HEINEKEN Malaysia, we have implemented a Privacy Policy to govern all data management activities in compliance with the 2010 Personal Data Protection Act (PDPA). We also prioritise the confidentiality of all sensitive data, spanning audit reports, product designs, recipes, and business plans. In conjunction with our Privacy Policy, we adopted the HEINEKEN Information Security Maturity Assessment (ISMA) framework to fortify our information systems against potential threats. The efficacy of our cybersecurity risk management measures and the robustness of our information security management system undergo quarterly assessments through ISMA evaluations.

In 2023, our employees underwent mandatory training via the Data Privacy e-learning course to enhance their awareness of cybersecurity. Additionally, a simulated phishing email exercise was conducted to bolster employee vigilance against phishing attacks and their tactics. We also enlisted external specialists to conduct network penetration tests, simulating real-world attacks to identify vulnerabilities in our computer network. These tests help uncover weaknesses and provide recommendations for enhancing security measures.

### Data Security Measures in 2023

- |   |                                    |
|---|------------------------------------|
| ▶ Phishing email exercise                             | ▶ Data Privacy Challenge 2023      |
| ▶ WhatsApp/ Email Phishing Scam Alert Awareness       | ▶ Data Privacy Sub-Challenge       |
| ▶ Disaster Recovery Drill for Production Systems      | ▶ Security Awareness Training 2023 |
| ▶ CEO Fraud – Phishing Attempt                        | ▶ Digital Day                      |
| ▶ D&T Data Center Room Fire Protection System Testing |                                    |

Notably, there were no reported incidents of customer privacy breaches or data loss across our operations throughout 2021 to 2023.

## ESG Review



### ENVIRONMENTAL SUSTAINABILITY



As a responsible brewer, our operations are inherently tied to environmental factors, exposing us to risks associated with climate change and resource scarcity. Challenges such as high energy consumption, water consumption, and effluent management persist within the brewing industry. Recognising this, HEINEKEN Malaysia remains resolute in advancing environmental responsibility standards, where our Brew a Better World strategy will guide us in brewing responsibly for a greener future.

#### Brew a Better World 2030 Ambition Areas

Net Zero Carbon

Maximise Circularity

Towards Healthy Watersheds

#### Material Sustainability Matters

Climate Resilience and Energy Management

Waste and Effluent Management

Resource Use

Water Stewardship

#### Our Key Highlights:

**100%**

of Scope 2 emissions offset via subscription to TNB GET programme

**65%**

reduction in total Scope 1 and Scope 2 emissions in production vs 2018 baseline

Recycled **100%** of waste generated and **ZERO** waste directed to landfill

**21%**

improvement in water consumption vs 2014 baseline

**223%**

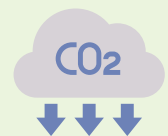
water balanced via water stewardship projects



#### NET ZERO CARBON



The Group is set on the path to climate resilience by aspiring to achieve net zero carbon emissions in production by 2030, across value chain by 2040 and 30% absolute reduction (Scope 1, 2 and 3) by 2030.



#### Climate Resilience and Energy Management

Severe climate events such as extreme drought and heat may pose a significant impact on the brewing industry by disrupting the availability of key ingredients such as barley and hops. As Intergovernmental Panel on Climate Change (IPCC) urges immediate action on climate change, we are playing our part in achieving the global agenda of reducing GHG emissions. As such, we are committed to implementing effective climate change mitigation and adaptation measures.

#### Net Zero Roadmap

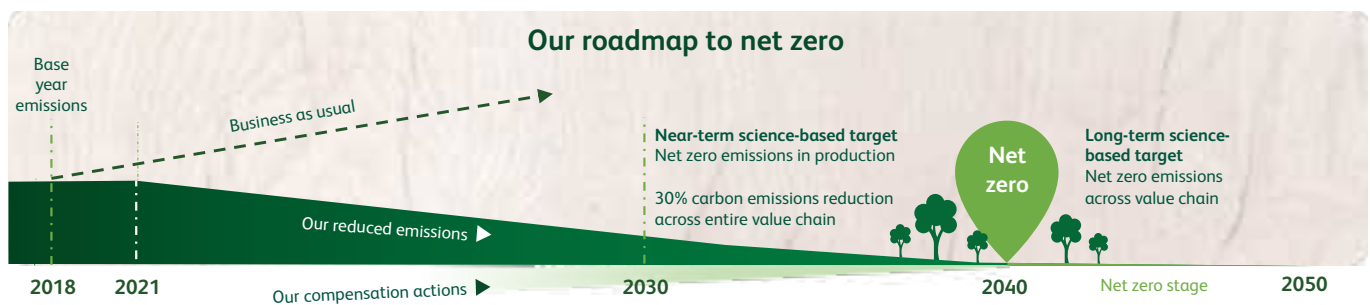
Climate action stands as a key area of focus within HEINEKEN Global sustainability strategy Brew a Better World. In line with this, we aim to achieve net zero emissions across the value chain by 2040. This ambition, announced in 2021, is grounded in the latest climate science and is translated into action through both short and long-term strategies. We have set an intermediate target to reach net-zero emissions in production by 2030.

## ESG Review

### Science Based Targets Initiative Verified Targets

The Science Based Targets initiative (SBTi), a collaboration between the Carbon Disclosure Project (CDP), the United Nations Global Compact (UNGC), the World Resources Institute (WRI), and the World Wide Fund for Nature (WWF), established industry best practices for emissions reductions. SBTi sets science-based climate targets with clearly defined pathways aimed at limiting global warming to 1.5°C above pre-industrial levels. HEINEKEN Global's net zero and FLAG (Forest, Land & Agriculture) targets have been approved by the Science-Based Targets initiative (SBTi) as being aligned with the 1.5°C pathways required for a science-based approach.

To deliver our net zero ambition, we implement the 4R strategy: Reduce, Replace, Remove, and Report. This approach entails reducing energy demand through the integration of energy-efficient equipment, transitioning to renewable energy sources, and innovating solutions to mitigate Scope 3 emissions, all while ensuring transparent reporting on our progress.



Please scan the QR code

to find more information on the Group's net zero roadmap or visit

<https://www.theheinekencompany.com/sustainability-and-responsibility/environmental/path-net-zero>



### Increased Renewable Energy Deployment

We mainly utilise electricity for refrigeration systems, power pumps and motors as well as storage and machinery operations. Additionally, as a source of thermal energy for boiling, cooling and sterilisation processes, we use natural gas at our operations. As a step towards achieving carbon reduction, we are switching to biogas, a renewable energy source, where possible. In 2023, we have introduced a new biogas station with dryer and hydrogen sulfide (H<sub>2</sub>S) scrubber to produce high-purity gas.

The Group has continued its subscription to Green Electricity Tariff (GET) programme in partnership with Tenaga Nasional Berhad (TNB) to offset our emissions from electricity consumption. Initiatives such as this support our Malaysian Government in achieving its net zero GHG emissions by 2050 target.

### Process Optimisation for Increased Energy Efficiency

HEINEKEN Malaysia key energy saving initiatives includes:

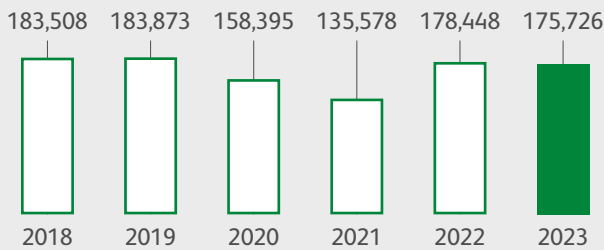
- Utility upgrades, production process improvements, cooling plants and CO<sub>2</sub> plant upgrades which contributed to improved cooling plant electricity consumption by 1 kWh/hl.
- Installation of insulation on various components of the brewery including steam boilers, hot water tanks and fermentation tanks to reduce heat loss as well as improve energy conservation. We continue to procure energy efficient and environmentally friendly refrigeration equipment as part of our initiatives to reduce our carbon footprint.
- Upgraded our brewhouse with heat recovery system to reduce thermal energy consumption.

### Energy Management

Our total energy consumption data includes purchased electricity, natural gas, and biogas usage for thermal energy in production. In 2023, we extended our energy consumption reporting to encompass non-production data by incorporating electricity usage from our headquarters office building in Sungei Way Brewery and fuel consumption for our company-owned vehicles.

## ESG Review

### Total Energy Consumption (GJ)



In 2023, HEINEKEN Malaysia's total energy consumption is recorded at 175,726 GJ. It is important to note that 64% of the total energy consumption stemmed from natural gas usage, followed by 31% from procured electricity used for the production process at the brewery. The remaining are from non-production processes at the office and company-owned vehicles. In 2023, we recorded a reduction of 2% in total energy consumption compared to the previous year.

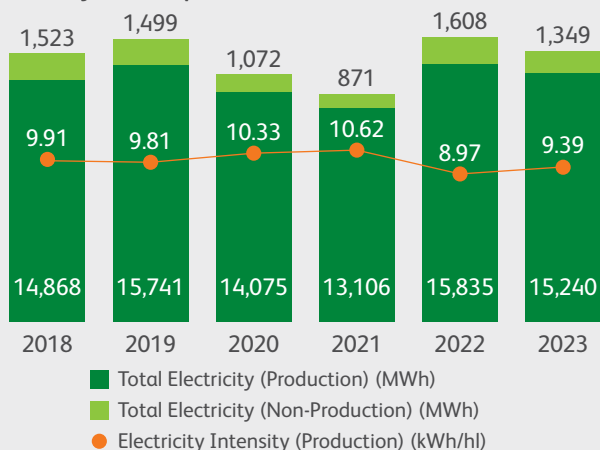
*Note: Based on the availability of data, fuel consumption from company-owned vehicles is reported for the years 2022 and 2023 only.*

### Breakdown by Type of Energy Consumption

#### Procured Electricity

This year, our procured electricity data accounts for consumption at both the brewery and the office. In 2023, HEINEKEN Malaysia's total electricity consumption was at 16,589 MWh, where 92% was attributed to the production at the brewery. This marks a 5% decrease compared to 2022 when total electricity usage was 17,443 MWh. Our electricity consumption for production decreased by 4% in 2023, however, the electricity intensity for production has increased from 8.97 kWh/hl to 9.39 kWh/hl, possibly due to an 8% reduction in production rate.

### Electricity Consumption



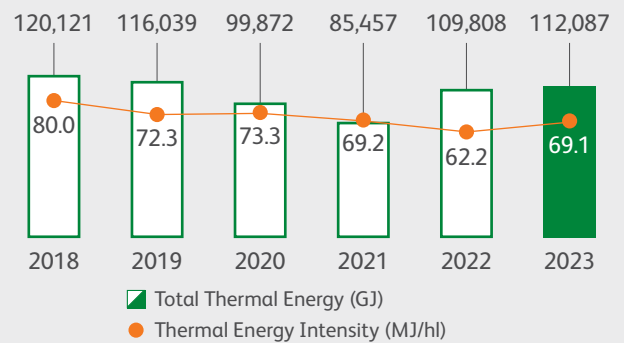
*Note: Electricity consumption data presented in HEINEKEN Malaysia's Annual Report 2022 is only inclusive of electricity consumption for production only.*

### Thermal Energy

The primary sources of thermal energy for our production processes are natural gas, supplemented by biogas generated from our wastewater treatment plant, which serves as an alternative renewable energy source.

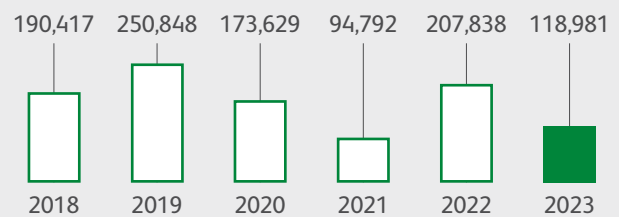
In 2023, we recorded 112,087 GJ of natural gas consumption with an intensity of 69.1 MJ/hl. Since 2018, we have recorded a 7% reduction in natural gas consumption.

### Non-Renewable Thermal Energy - Natural Gas (m<sup>3</sup>)



As for the biogas consumption, we generated 118,981 m<sup>3</sup> of biogas this year. There is a notable drop of 43% in 2023 as compared to 2022 due to the installation and commissioning of a new biogas plant at our brewery which resulted in a pause in biogas recovery during the transitioning phase, leading to reduced biogas generation.

### Renewable Thermal Energy - Biogas (m<sup>3</sup>)



### Fuel Consumed by Company-Owned Vehicles

We began tracking fuel consumption from company-owned vehicles since FY2022, which comprises both petrol and diesel. In 2023, our total fuel consumption amounted to 33,409 litres, with 60% sourced from petrol.

Company-owned vehicles comprise commercial vans used by our Sales team.

### Fuel Consumption from Company-Owned Vehicles (litres)



## ESG Review

### Total GHG Emissions

In 2023, our total GHG emissions amounted to 7,685 tCO<sub>2</sub>e. Of this total, 83% is attributed to Scope 1 emissions which comprise thermal energy generation, refrigerants in production and fuel consumption for company-owned vehicles. It is important to note that emissions from company-owned vehicles are only reported from 2022 onwards. We are pleased to report zero Scope 2 emissions from purchased electricity, achieved through our 100% transition to renewable electricity by subscribing to the GET programme. Through this initiative, we successfully offset 100% of our Scope 2 emissions.

In 2023, our GHG emissions reporting expanded to encompass Scope 3 emissions which include employee commute and business travel for this report, representing 17% of total emissions.

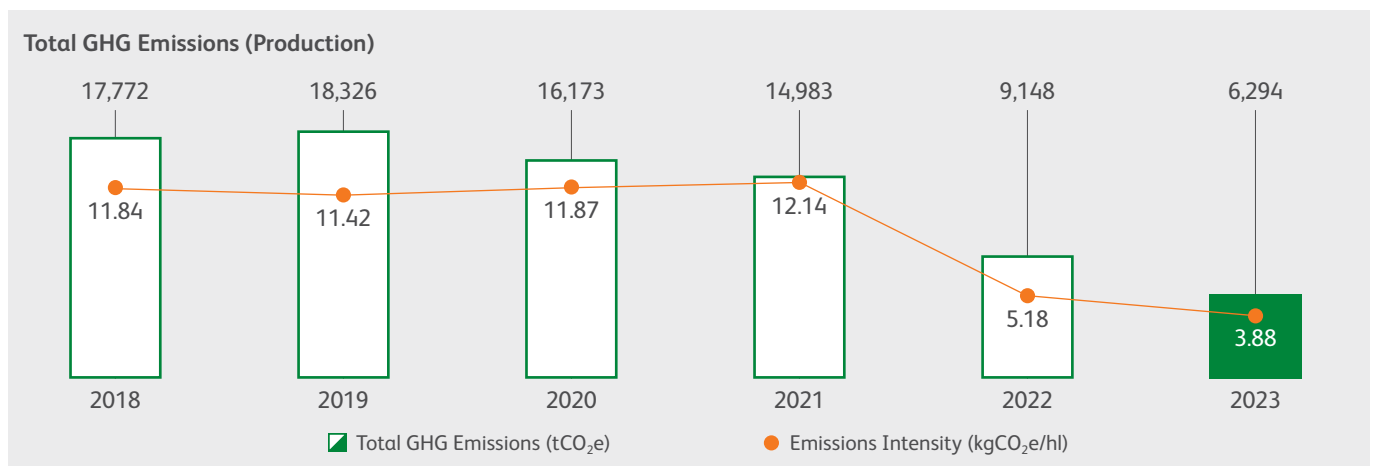
	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
<b>Scope 1 emissions</b> (natural gas refrigerants and company-owned vehicles)	8,271	8,267	7,179	6,609	7,810	6,375
<b>Scope 2 emissions</b> (procured electricity in production and non-production)	10,474	11,017	9,679	8,931	11,146	10,600
<b>Scope 2 emissions offset</b> (through procured electricity from the GET programme)					(9,736)	(10,600)
<b>Scope 3 emissions</b> (employee commute and business travel)						1,310
<b>Total GHG Emissions (tCO<sub>2</sub>e)</b>	18,745	19,284	16,858	15,540	9,220	7,685

#### Note:

- Total GHG emissions from FY2018 to FY2021 encompasses Scope 1 emissions from production (natural gas) and Scope 2 emissions from both production and office operations.
- FY2022's emissions expanded to include Scope 1 emissions from production and company-owned vehicles, in addition to Scope 2 emissions from production and office activities.
- FY2023's emissions encompass Scope 1 emissions from production and company-owned vehicles, Scope 2 emissions from production and office operations, and the inclusion of Scope 3 emissions from business travel (both land and air).
- Total GHG emissions data presented in HEINEKEN Malaysia's Annual Report 2022 is only inclusive of scope 1 and 2 for production only. The numbers in this chart from the year 2018 include the non-production data.

### Total GHG Emissions from Production

Our GHG emissions from production include those from natural gas consumption, refrigerants, and purchased electricity for use at the brewery. Our total carbon emissions have decreased by 65% since 2018, reaching 6,294 tCO<sub>2</sub>e. The emissions intensity has also decreased by 67% since 2018, recording at 3.88 kgCO<sub>2</sub>e/hl. This reduction is attributed to the Group's complete transition to renewable electricity since March 2022.



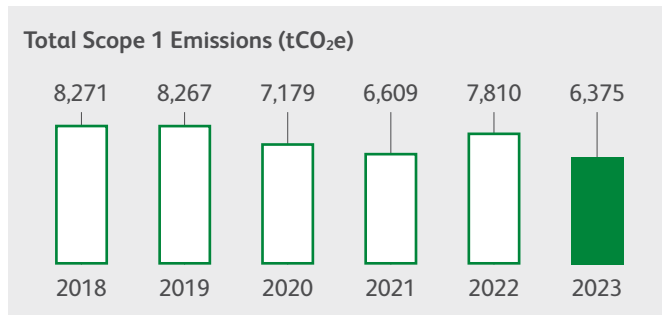
Note: The CO<sub>2</sub> emissions offset recorded in FY2022 and FY2023 is attributed to our subscription to the GET programme.



## ESG Review

### Direct Scope 1 Emissions

The Group's Scope 1 emissions primarily stem from natural gas usage and refrigerants in production processes. Additionally, starting in 2022, we began reporting on the Scope 1 emissions attributed to our fleet of company-owned vehicles. In 2023, our total Scope 1 emissions amounted to 6,375 tCO<sub>2</sub>e.

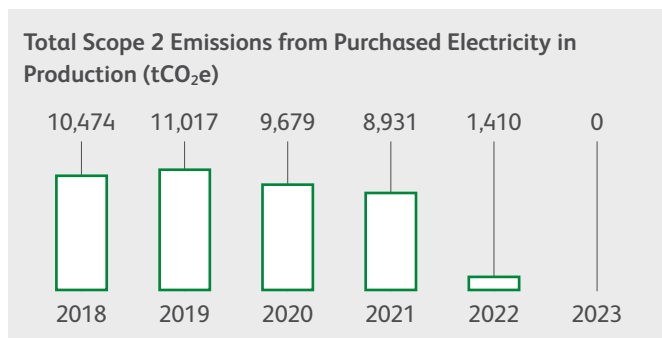


Note:

- i. FY2022's and FY2023's Scope 1 emissions expanded to include emissions from company-owned vehicles (The Scope 1 emissions reported for FY2018 to FY2021 do not account for emissions from company-owned vehicles).
- ii. Emissions from natural gas calculated based on the emissions factor from Intergovernmental panel on Climate Change (IPCC) Guideline for National Greenhouse Gas Inventories, 2006.
- iii. Emissions from company-owned vehicles calculated by utilising methodology from the GHG Protocol Scope 1 Guidance and the emissions factors sourced from the UK Government's Conversion Factors for Company Reporting.

### Indirect Scope 2 Emissions

The Group's Scope 2 emissions arise from the electricity consumed in both brewery production and non-production activities at the headquarters office in Sungei Way Brewery. In 2023, we mitigated all Scope 2 emissions through subscription to the GET programme, where 100% of our electricity was sourced from renewable sources, resulting in zero Scope 2 emissions recorded for the year.



Note:

- i. Scope 2 emissions is calculated based on the emissions factor for electricity sourced from Tenaga Nasional Berhad (TNB).
- ii. We commenced subscription to the GET programme since FY2022 thereby offsetting 87% of our Scope 2 emissions in FY2022 and 100% of our Scope 2 emissions in FY2023.

### Other Indirect Scope 3 Emissions

In 2023, marks the initiation of our Scope 3 emissions reporting, encompassing emissions arising from both employee commute and business travel, which includes land and air travel. Our total Scope 3 emissions for the current year amounted to 1,310 tCO<sub>2</sub>e. Specifically, our emissions from business travel reached 642 tCO<sub>2</sub>e, with 51% originating from employee commute.

It is noteworthy that our emissions from employee commute represent the entire workforce at HEINEKEN Malaysia (527 employees). However, we have utilised an average-based methodology to estimate these emissions, drawing insights from a survey conducted by Heineken NV, categorised by region, specifically Asia-Pacific (APAC) region. We are committed to enhancing the accuracy of our Scope 3 emissions calculation in the future.



Note:

- i. Emissions from Land Travel for Business purposes were calculated in accordance with the GHG Protocol Scope 3 Guidance. The emissions factor used was sourced from the UK Government's GHG Conversion Factor 2023.
- ii. For emissions from air travel, we adopted Sabre's methodology, which aligns with the guidelines and methodology outlined by the Intergovernmental Panel on Climate Change (IPCC) and the International Civil Aviation Organization (ICAO). This model incorporates distance as a key input to estimate aviation emissions, leveraging fuel burn data across a comprehensive spectrum of aircraft types.
- iii. Emissions stemming from employee commute were calculated by HEINEKEN Global by utilising factors such as average distance traveled, frequency of travel per week, and the mode of transport chosen at a regional scale.

## ESG Review

### MAXIMISE CIRCULARITY



**Maximising circularity within our production highlights the Group's commitment towards responsible resource consumption. We are striving to achieve zero waste to landfill for all production sites by 2025 and to turn waste into value as well as to close material loops throughout the value chain.**



#### Waste and Effluent Management

We practice a systematic waste management process where we apply waste segregation at source, waste recycling, repurposing organic wastes and eliminate waste where possible.

#### Total Waste Generated



#### Organic Waste Management

##### Turning Waste into Value

As the majority of our organic waste consists of biodegradable co-products such as spent grain, yeast and kieselguhr which have commercial value for reuse in other industrial applications. Primarily, we produce spent grain at our production facilities. Collaborating with contractors, we process the spent grain and other materials through bioconversion processes to create valuable components used in various industries.

##### Waste to Energy

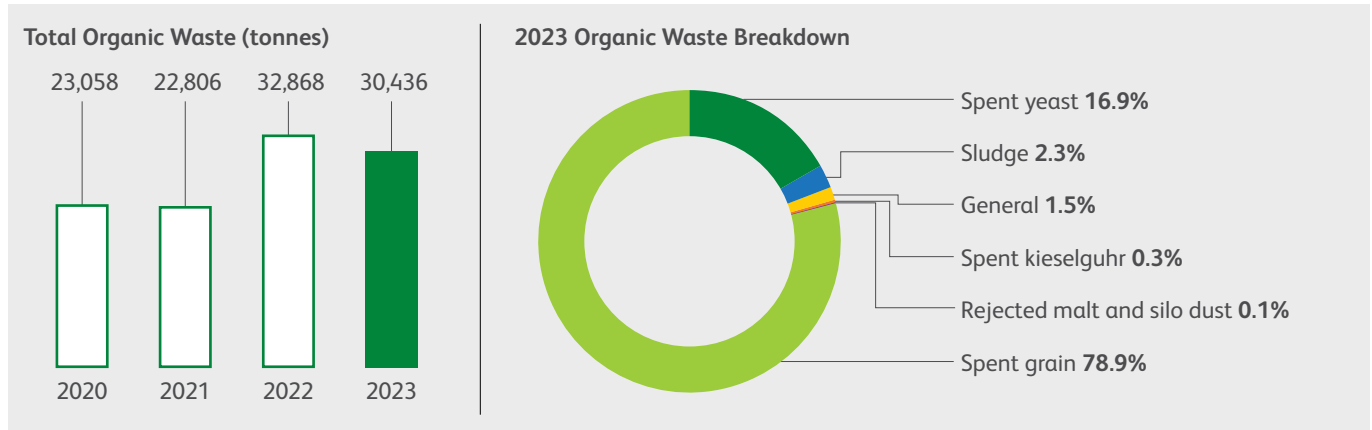
At our brewery, wastewater serves as a valuable resource for producing biogas through anaerobic digestion systems, effectively reducing our reliance on traditional fossil fuels in the beer production process. We continuously explore technologies to convert organic waste into biogas, aiming to enhance our sustainability efforts.

In 2023, we introduced a new biogas plant equipped with advanced features such as a dryer and hydrogen sulfide (H<sub>2</sub>S) scrubber, ensuring the production of high-purity biogas.

## ESG Review

### Breakdown by Type of Waste

#### Organic waste



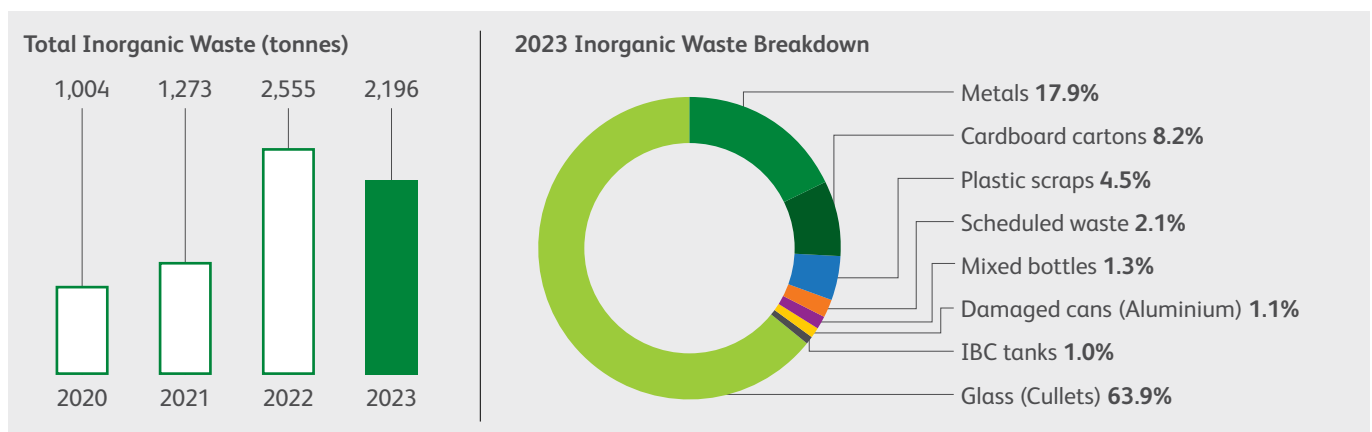
In 2023, we produced a total of 30,436 tonnes of organic waste of which spent grain accounted for 78.9% of the organic waste. We have recorded a reduction of 7% from 2022.

#### Inorganic Waste Management

Our inorganic waste comprises glass, metals, cardboard cartons, plastics, damaged aluminium cans, intermediate bulk containers (IBC) tanks, and scheduled wastes.

All our wastes are managed and disposed through certified waste management partners. The scheduled wastes generated are minimal at our brewery and we ensure that it is disposed responsibly via a licensed contractor. We have re-introduced waste segregation bins at the offices, pantries, and cafe for employees to segregate food waste, packaging waste, and other waste in different bins.

#### Inorganic waste



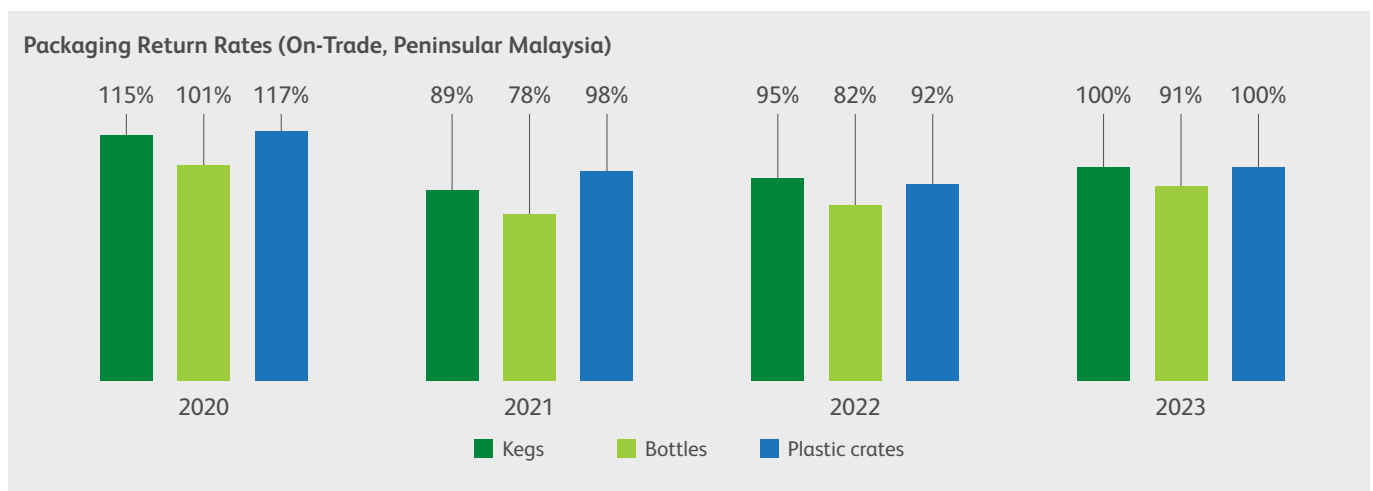
In 2023, we produced a total of 2,196 tonnes of inorganic waste. 63.9% of our inorganic waste consisted of glass. In 2023, we have noted a decrease of 14% in inorganic waste generation from the previous year.

## ESG Review

### Packaging Materials

Packaging materials stands as the largest component of our global environmental impact. Amidst growing concerns over resource scarcity worldwide, we are fully committed to optimising the circularity of our packaging materials and eradicating waste. We employ a strategy centred on the principles of reduction, reuse, and recycling to manage waste from bottles, kegs, and crates. Embracing a circular approach to packaging helps us to reduce our impact on the world's limited resources as well as delivering long-term financial cost-benefits.

Recognising the environmental impact of packaging waste, we are committed to material innovation along with increasing recycling and reuse rates. We collaborate with our on-trade partners in Peninsular Malaysia using a deposit system to retrieve reusable kegs, bottles, and crates.



In 2023, the returned kegs, bottles and plastic crates, which are collected from the on-trade in Peninsular Malaysia, are at 100%, 91% and 100% respectively. The overall return rate has improved from the previous year.

### TOWARDS HEALTHY WATERSHEDS

Our  
Ambition

We strive to improve our average water consumption and conserve water resources through water stewardship projects. The release of wastewater to sources are monitored and we aim to treat 100% of wastewater before releasing.

#### Water Stewardship

Amidst the challenges posed by population growth, economic development, and climate change, global water stress is intensifying. This surge in demand, compounded by pollution and unpredictable weather patterns, emphasises the critical need for water conservation. As a brewer, water is integral to our production process. Therefore, our Group is resolute in reducing our water impact and support water security especially in water-stressed area through internal and external approaches.

As a responsible brewer, we continue to play our part in safeguarding this shared precious resource by taking the lead in our water conservation efforts. We established a 2030 water strategy anchored by three key principles of our water triangle: Water Efficiency, Water Circularity and Water Balancing.

# ESG Review

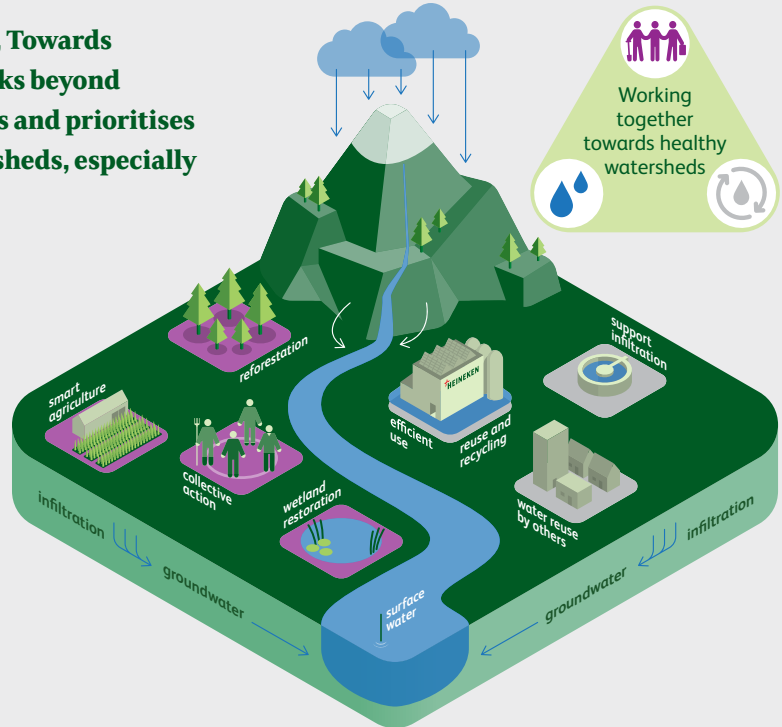


**Our 2030 water strategy, Towards Healthy Watersheds, looks beyond traditional water metrics and prioritises the health of local watersheds, especially in water-stressed areas.**



**Our Goals**

- Water Efficiency**: Reduce average water consumption to 2.6 hl/hl in water-stressed areas and 2.9 hl/hl worldwide by 2030
- Water Circularity**: Treat 100% of wastewater by 2023; Maximise reuse and recycling in water-stressed areas by 2030
- Water Balancing**: Fully balance water used in our products in water-stressed areas by 2030, through water balancing programme and collective action



We look at internal approaches in ensuring responsible water management and supporting water security beyond our brewery walls. Each watershed is unique; therefore, collaboration with multiple stakeholders is key to reduce shared risks.

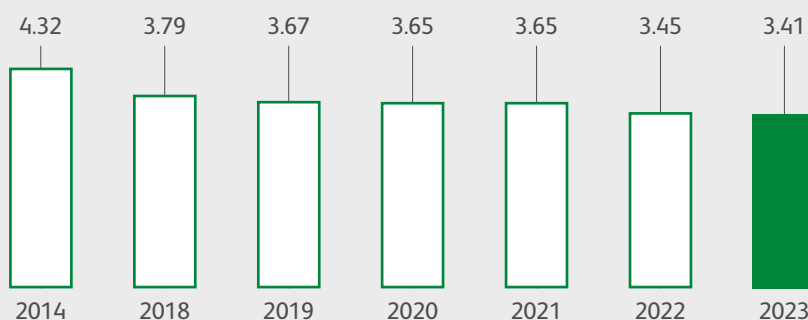
Our approach to managing water goes beyond internal management, where we not only practise responsible water consumption and wastewater management, but also commit to long-term water security for the community.

In 2023, we recorded zero non-compliance incidents with regard to treated wastewater quality, standards and regulations.

## Water Efficiency

We enhance our water efficiency by eliminating the wastage of water within our brewing operations through the practice of responsible water management. We aim to implement a new, more water-efficient cleaning-in-place (CIP) process. Additionally, we are exploring efficiency enhancements in our brewery’s packaging and bottling line as well as recycling water from carbon filter regeneration for general cleaning. Installation of flow meters will allow us to quantify while monitoring progress for reusing and recycling water.

**Average Water Consumption (hl/hl of production)**



In 2023, we recorded average water consumption of 3.41 hl/hl of beer produced, a 21% improvement versus our baseline year in 2014. There was a decreasing pattern seen from previous years and we continue to strive to meet our Brew a Better World 2030 water consumption goal of 2.6 hl/hl.

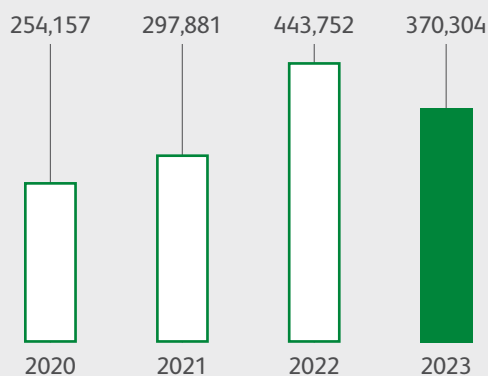
## ESG Review

### Water Circularity

In line with our efforts to protect our water resources, we are mindful of the potential environmental impact of our wastewater discharge. Rigorous monitoring and tracking ensure our effluent adheres to regulatory standards. Equipped with a wastewater treatment plant with a capacity of 780 million litres annually, we maintain strict compliance with the Environmental Quality Act 1974 and the Environmental Quality (Industrial Effluent) Regulations 2009 Fifth Schedule (Standard B). Our wastewater treatment surpasses Department of Environment (DOE) standards by 100%. Notably, in 2023, we achieved zero instances of non-compliance with wastewater standards and regulations.

Additionally, we have improved the Clean-In-Place process at our brewery to reduce water consumption which in turn reduces the generation of wastewater.

#### Total Wastewater Discharged (m<sup>3</sup>)



In 2023, we recorded a 17% decrease in the total volume of wastewater discharged from 2022. We are pleased to report that we have achieved our Brew a Better World ambition of treating 100% of wastewater.

Parameters	Units	Quality of Effluent Discharged (Average 2023)	DOE Limits
pH	-	8.09	5.5 - 9.0
Biological Oxygen Demand (BOD) at 20°C	mg/L	17.39	50
Chemical Oxygen Demand	mg/L	57.79	200
Suspended Solids	mg/L	57.98	100
Oil and Grease	mg/L	0.00	10

### Water Balancing

We aim to balance the amount of water used in our products with our local watersheds through investing in water stewardship projects. For every 1 litre of water in our beers and ciders, we target to balance 1.5 litres of water in our watersheds.

We have initiated various water conservation projects and remain dedicated to ongoing contributions. Central to these efforts is our flagship initiative, the Working Actively Through Education and Rehabilitation (W.A.T.E.R Project), undertaken in collaboration with the Global Environment Centre, government agencies, and local communities. Spearheaded by the SPARK Foundation, HEINEKEN Malaysia's corporate social responsibility arm established in 2007, our endeavours focus on environmental protection and educational enrichment.



ESG Review

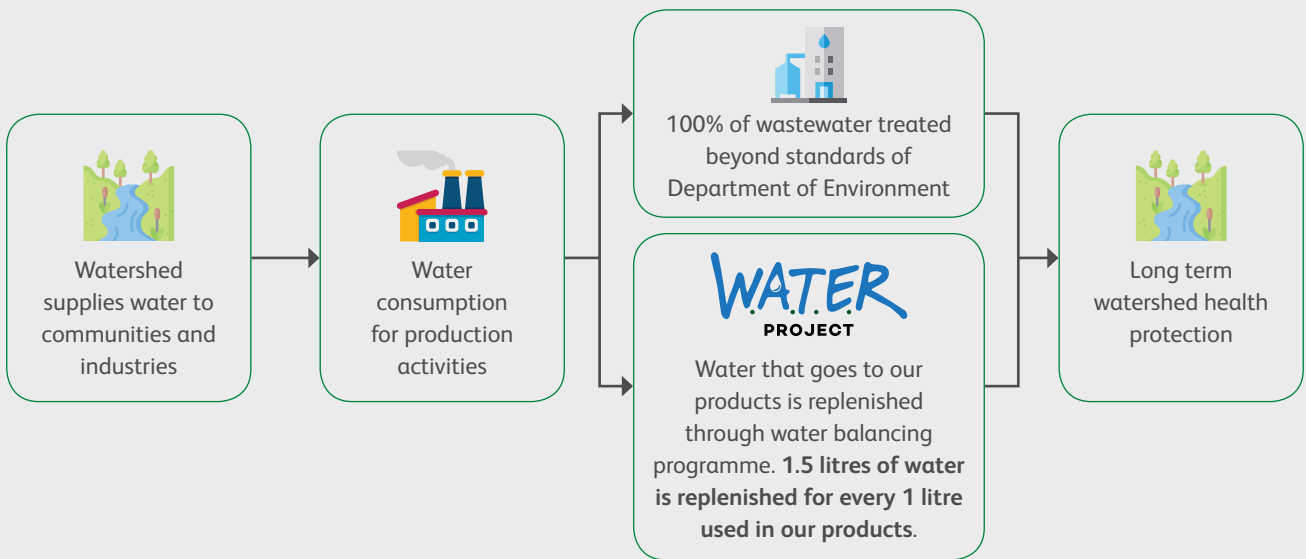
### HEINEKEN Malaysia Target:

**Balance Volume (m<sup>3</sup>) = Water Intake (m<sup>3</sup>) – Treated Effluent (m<sup>3</sup>)**

Balancing amount to be more than water used in our products

1.5 litre of water is replenished for every 1 litre of product. 0.5 litre accounts for unavoidable losses from evaporation and moisture

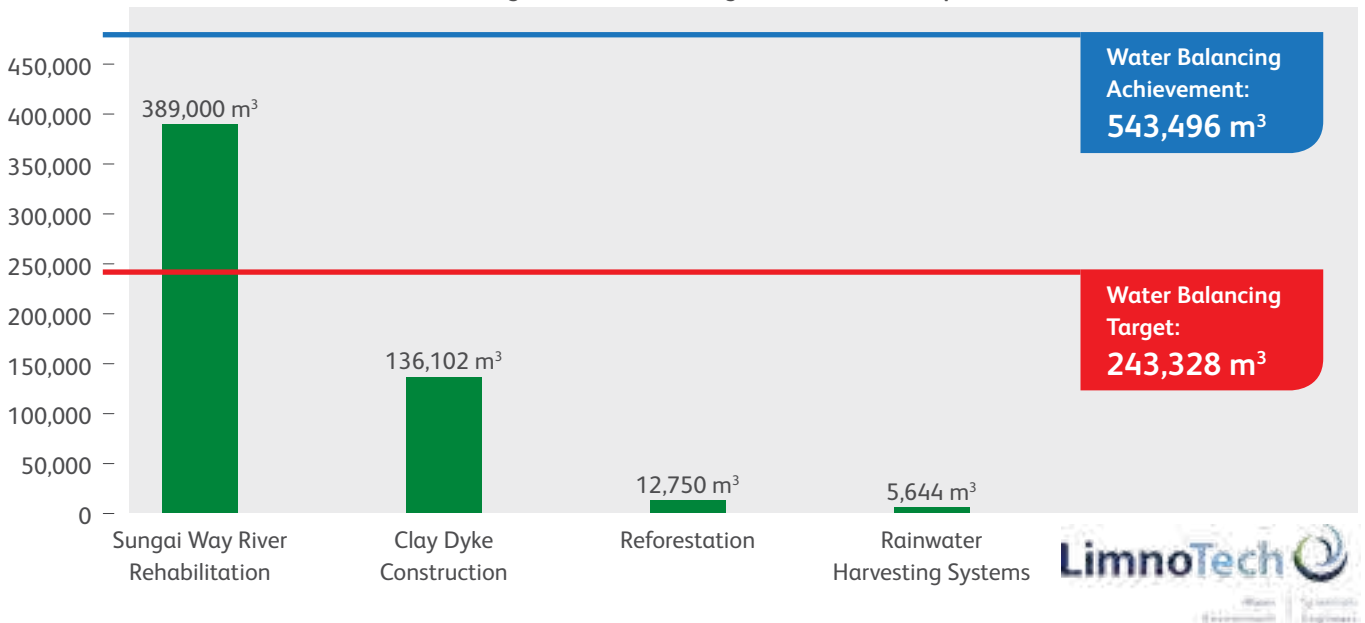
Target Water Balancing (1.5 x water used in our products)



Our efforts have had a positive impact on improving water security. Our water balancing volumes are quantified and verified in line with the Volumetric Water Benefit Accounting (VWBA) framework by the World Resources Institute; volumetric benefit evaluation is independently verified by LimnoTech, a leading water sciences and environmental engineering firm based in the United States.

In 2023, HEINEKEN Malaysia achieved 223% of our target balancing volume

2023 Water balancing achievement through Water Stewardship initiatives



## ESG Review



## Sungai Way River Rehabilitation

## WHERE

## Sungai Way river

Petaling Jaya

## WHAT

## Transformed

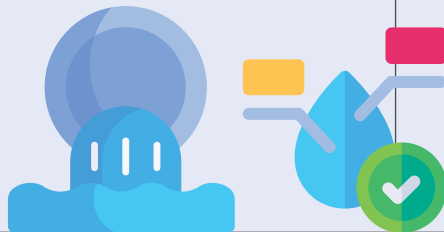
water quality from Class IV-V (extremely polluted) to Class III (suitable for living organisms)

## WHY

Located next to HEINEKEN Malaysia's Sungei Way Brewery, this is where our **treated wastewater is discharged**

## HOW

- Pollution reduction: point source mapping, rubbish traps, solid waste monitoring
- Water quality improvement: food oil grease (FOG) traps systems and biological treatment
- River within river concept - constructed wetlands to improve quality of water in the river



## RESULT

- Reduction in pollution
- Improved habitat and biodiversity

## VOLUMETRIC WATER BENEFIT

**389,000 m<sup>3</sup>**  
(389 million litres)



## Clay Dyke for Water Retention

## WHERE

## Raja Musa Forest Reserve

Hulu Selangor

## WHAT

Constructed **305-metre clay dyke** at Raja Musa Forest Reserve

## WHY

## Sungai Selangor watershed

as a key water resource

## HOW

- Built 4-5 metres vertical wall of clay below the peat surface to prevent peatland fires by promoting wetter soil conditions
- Blocks water flow from the peatlands into disused mining ponds, effectively raising the water table in the areas upgradient to the dyke



## RESULT

- Increase in soil water retention
- Decrease in the risks of peatland fires
- Restoration of peatland, contributes to the long-term sustainability of the watershed

## VOLUMETRIC WATER BENEFIT

**136,102 m<sup>3</sup>**  
(136 million litres)



ESG Review



## Reforestation of Degraded Peatland

**WHERE** Raja Musa Forest Reserve  
Hulu Selangor

**WHAT** 1,800 trees planted and maintained on three hectares of degraded peatland

**WHY** Prevent peatland fires by promoting wetter soil conditions

**HOW**

- Open planting techniques
- Cleared invasive weeds and plants



**RESULT**

- Prevent further degradation of the peat
- Increased soil water retention

**VOLUMETRIC WATER BENEFIT**

**12,750 m<sup>3</sup>**  
(12.7 million litres)



## Rainwater Harvesting for Local Communities

**WHERE** Klang Valley

**WHAT** 25 Rainwater Harvesting Systems consists of an interconnected rooftop area that serves as a catchment for the rainwater and storage tanks to collect and store rainwater

**WHY** Help communities get access to alternative water sources to reduce reliance on treated water

**HOW**

- The rainwater collected serves as non-potable water supply including cleaning, landscaping and irrigation
- Increase water availability in the local community to reduce wastage on treated water and stress on our water resources



**RESULT**

- Reduced demands on treated water source
- Rainwater harvesting systems are linked to 10 community farming projects which help in supplementing income and food

**VOLUMETRIC WATER BENEFIT**

**5,644 m<sup>3</sup>**  
(5.6 million litres)

## ESG Review

## OUR PROGRESS AGAINST BREW A BETTER WORLD 2030 GOALS



## ENVIRONMENTAL SUSTAINABILITY



## Ambition Areas

## Our Brew a Better World Global Goals

## Our 2023 Progress

## Net Zero Carbon

- Reach net zero in scope 1 and 2 by 2030
- Reduce scope 3 emissions by 21% by 2030
- Reduce emissions across our value chain (scope 1, 2 and 3) by 30% by 2030
- Reach net zero across our value chain by 2040
- 100% sustainably sourced ingredients (hops, barley) by 2030

- Reduced 65% of carbon emissions (Scope 1 & 2) in production vs 2018 baseline year
- 100% renewable electricity via TNB GET programme
- Started Scope 3 reporting for employee commute and business travel only
- Ongoing carbon footprint assessment across our value chain to identify suitable pathways to net zero

## Maximise Circularity

- Zero waste to landfill for all our production sites by 2025
- Turn waste into value and close material loops throughout the value chain

- Zero waste to landfill achieved since 2017
- Circularity strategies and targets under development

## Towards Healthy Watersheds

- Fully balance\* water used in our products in water- stressed areas  
\* For every 1 litre of water in our products, we aim to balance 1.5 litres of water through water stewardship projects.
- Maximise reuse and recycling in water-stressed areas by 2030
- Treat 100% of wastewater of all breweries by 2023
- Reduce average water consumption to 2.6 hl/hl in water-stressed areas, and 2.9 hl/hl worldwide by 2030

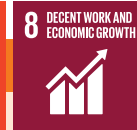
- 223% water balanced in 2023
- Treated wastewater is collected and reused for general cleaning and gardening purposes
- 100% of wastewater treated beyond the standards required by the Department of Environment
- Improved water consumption by 21% vs 2014 baseline year

Note: A comprehensive set of environmental data in compliance with Bursa Malaysia's sustainability reporting requirements can be referred to Bursa Malaysia Sustainability Indicators on page 87 to 88.

## ESG Review



### SOCIAL SUSTAINABILITY



As we strive to embody the spirit of “Brewing the Joy of True Togetherness to Inspire a Better World,” our actions are guided by a profound sense of social responsibility. Nurturing a safe, supportive and conducive workplace fosters the development of our team. We cultivate a high-performing workforce that remains inspired by a shared vision. Our dedication to upholding equitable labour standards and human rights is evident in our company-wide policies, such as the HEINEKEN Human Rights Policy and the HEINEKEN Supplier Code. HEINEKEN Malaysia is dedicated to uniting people and acknowledging cherished moments through corporate social responsibility programmes.

#### Brew a Better World 2030 Ambition Areas

Diversity, Equity and Inclusion

Fair & Safe Workplace

Community Impact

#### Material Sustainability Matters

Diversity

Employee Health, Safety & Wellbeing

Human Rights and Labour Standards

Supply Chain Management

Human Capital Development

Community Investment & Development

#### Our Key Highlights:

**43%**

women in Board of Directors

**38%**

women in Management Team

**100%**

employees completed Life Saving Commitments training

**19,608 hours** of training

**67%**

procurement spend on local suppliers



### DIVERSITY, EQUITY AND INCLUSION



The Group aims to foster an inclusive and diverse workforce by having gender balance across our management and by providing inclusive leadership training to all managers.



#### Diversity

Prioritising diversity and inclusion fosters a profound sense of belonging within our workforce and promotes innovative thinking. Aligned with the ongoing diversification of our brands, it is imperative that our workforce remains exceptionally dynamic. Guided by our Code of Business Conduct, we remain firm in establishing a workplace devoid of any form of harassment, bullying, abuse, or threats, whether they arise internally or externally. This dedication to diversity and inclusion additionally enriches our organisational culture as well as stimulates adaptability, and talent retention. We cultivate an inclusive and diverse workforce where individuals are empowered to express their uniqueness and realise their full potential.

## ESG Review

### Diversity, Equity and Inclusion (DEI)

#### DEI strategy

Our DEI strategy centres on initiating DEI through strong leadership, fostering a collectively inclusive environment, and ensuring equal opportunities in the workplace. To enhance this, we appoint selected employees from each department as DEI ambassadors, leading sessions on inclusion to gain deeper insights into our employees' perspectives and experiences regarding DEI.

#### Elevating DEI Practice to focus on Unconscious Bias

We have intensified our efforts to address Unconscious Bias which began with a kick-off message delivered by our Managing Director. Subsequently, we launched various interactive activities during our Town Hall meetings, aimed at engaging employees in discussions and activities related to Unconscious Bias. These activities included sharing examples that challenged social norms and discouraged stereotyping, such as the message "Don't put people in boxes." Additionally, real-life experiences were shared through e-posters, screen-savers, and comic strips distributed via our internal communication platforms, encouraging employees to reflect on and challenge common stereotypes. Additionally, we also organised forums and shared a series of videos internally featuring guest speakers from various backgrounds, with an aim to raise awareness and foster empathy among our employees.

### Women Interactive Network (WIN)

The HEINEKEN Women Interactive Network Programme (WIN) targets female top talent at the middle to senior management level who are ready for advancement within the next 6 to 18 months. The programme aims to support women leaders in their career development, strengthen the succession pipeline, and has shown success in previous pilots. WIN is a global 10-month initiative focusing on structured development and sponsorship for top talent women, including activities such as awareness of gender dynamics, authentic leadership training, networking, coaching, and building confidence in career progression discussions.

We are dedicated to advancing the gender equality agenda through five key pillars.



#### Talent Acquisition & External Brand

- Ensure diverse candidate pools for every recruitment process, aiming for a minimum of 30% women applicants, especially for Sales and Supply Chain roles.
- Craft inclusive job postings without gender-specific pronouns, promoting equality and diversity, and using gender-neutral job titles.
- Remove applicant photographs from CVs to prevent bias.
- Hire based on merit while striving for gender parity with diverse interview panels.



#### Leadership Development

- Mandatory completion of All-Inclusive Leadership e-learning for all People Managers, focusing on gender equality strategies.
- Deployment of the nine Inclusive Practices toolkit, including equal opportunity provision.
- Implementation of two key actions to support women in Sales and Supply Chain roles.



#### Performance Management and Rewards/ Gender Pay Parity

- Inclusive Leadership promotes unbiased performance conversations, leading to increased promotions for women.
- Integration of Gender Pay Gap analysis into annual salary reviews and consideration of internal gender pay equity in new hire salary proposals.

## ESG Review



### Talent Management

- Facilitation of international assignment arrangements accommodating female talents with family commitments, ensuring equal career advancement opportunities.
- Implementation of initiatives to empower women in Sales and Supply Chain roles.



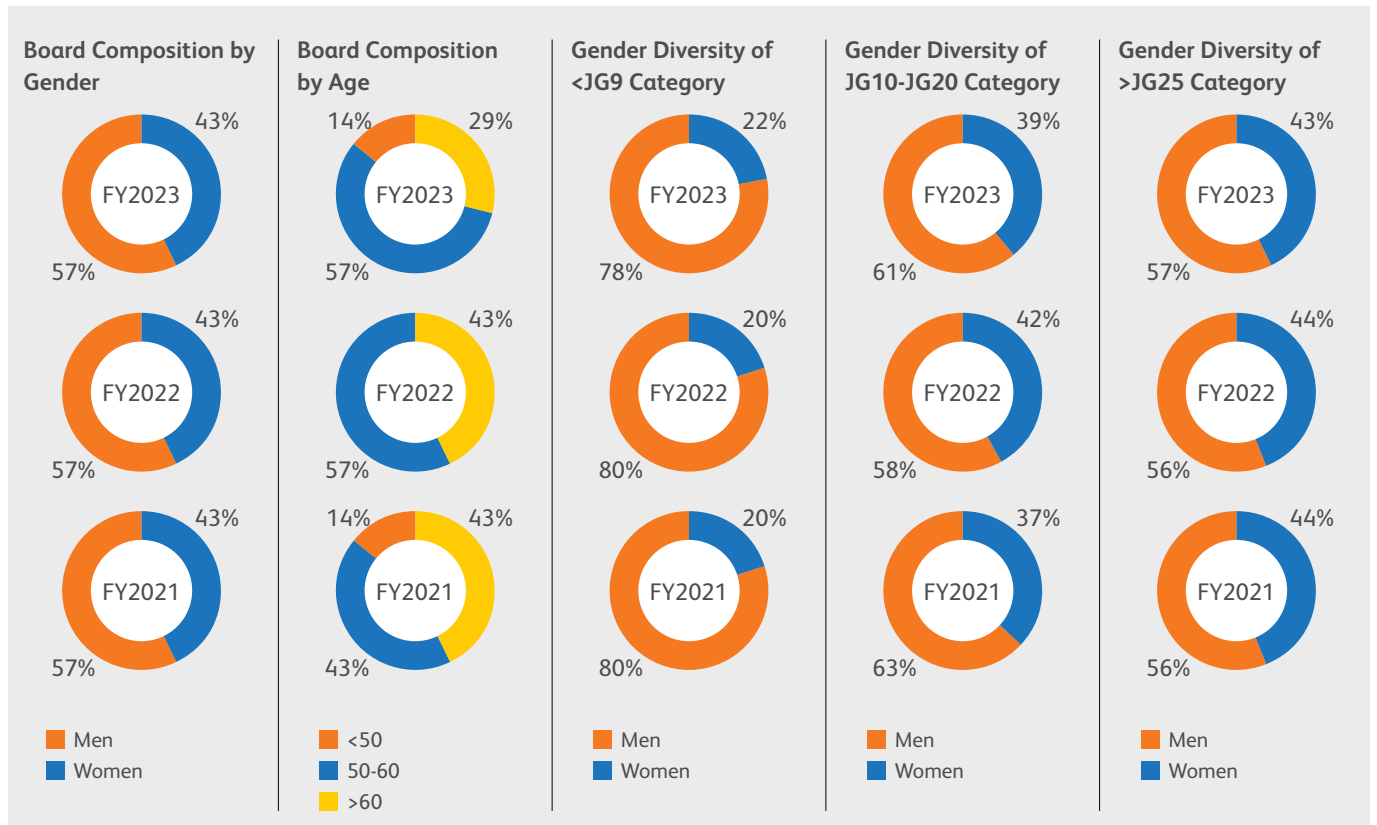
### Employee Relations/ Inclusive Culture

- Launched Anti-Sexual Harassment policy refresher to enhance understanding and awareness.
- Introduction of Speak Up Policy refresher to reinforce awareness and platform availability.
- Conducted bi-annual listening circles and dialogue sessions with women to gather feedback on gender equality initiatives.
- Ensure female representation in all company events, initiatives, and projects, both internally and externally.

Hiring, remuneration and promotion practices are conducted without any discrimination based on race, gender, sexual orientation, religion, national or social origin, age, or disability. Furthermore, our remuneration practices are benchmarked against external market data to guarantee fair compensation for our employees.

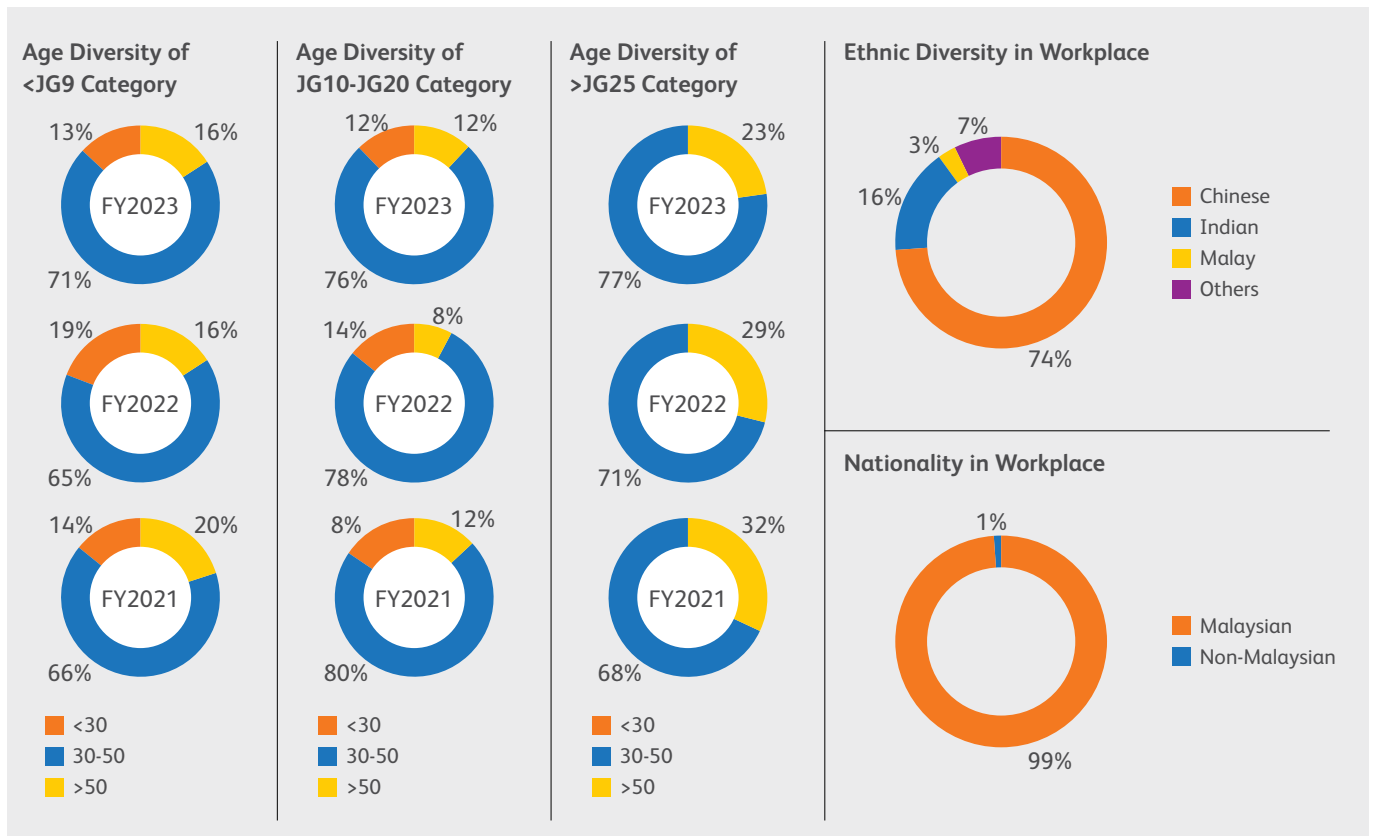
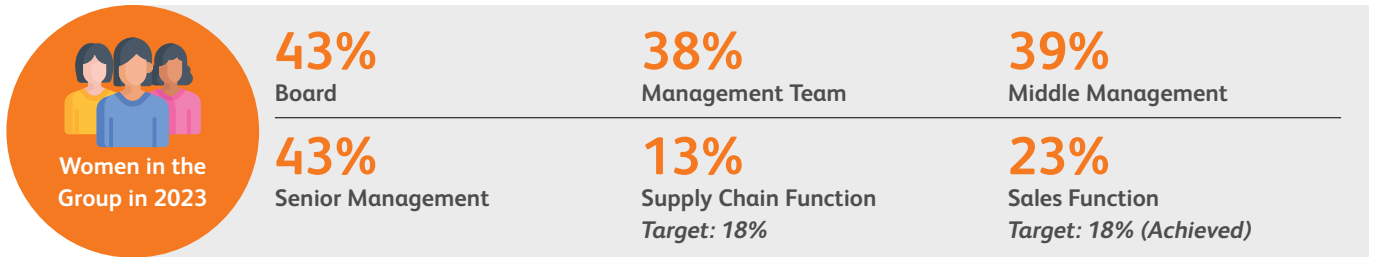
In total, our workforce comprised 527 employees, with a gender ratio of 70:30 between men and women. In terms of age distribution, 10% were under 30 years old, 74% fell within the 30-50 range, and 16% were above 50 years old. The breakdown also showed a majority of employees in permanent positions, constituting 97% of the workforce.

Our Board of Directors exceeded the 30% women representation recommended under the Malaysian Code on Corporate Governance 2021 by the Securities Commission Malaysia, achieving 43%. 57% of the directors fell within the age range of 50 to 60, while 29% were above 60, and 14% below 50.



\* JG refers to Job Grade (<JG9: Non-Managerial positions, JG10-JG20: Middle Management, >JG25: Senior Managers and Directors)

## ESG Review



Note: Other individuals under the ethnic demographics encompass indigenous people of Sabah and Sarawak, Eurasians, and foreign nationals.

### Employee Climate Survey

By employing impactful engagement mechanisms, we are confident that we can sustain an ongoing, bidirectional communication flow across our business operations. Each year, we conduct an employee 'Climate survey' to gather feedback on our work practices and organisational culture. This survey assesses employees based on the Employee Engagement Index, which measures their motivation, commitment and willingness to contribute discretionary effort, and the Performance Enablement Index, which evaluates their perceptions of our efficiency alongside the support they receive for ongoing improvement.


In the year 2023, our Employee Engagement Index reached a score of 86, recording a 4% decrease. Meanwhile, the Performance Enablement Index saw a 1% improvement, reaching a score of 85 compared to the figure from 2022. As a result of our dedicated efforts, we are pleased to report that there were no incidents of discrimination recorded during the reporting period.

# ESG Review

## FAIR AND SAFE WORKPLACE

Our  
Ambition

We respect the rights of our employees to a fair and safe workplace through continuous assessments on wage rate provided to be equal pay for equal work and through leadership capacity building which will help us achieve zero fatal accidents and serious injuries in the workplace.



### Employee Health, Safety & Wellbeing

Placing emphasis on health and safety is crucial for protecting employees, complying with regulations and maintaining reputation. The Group upholds the highest standards of workplace safety, acknowledging our responsibility to safeguard employees from safety and health risks.

In terms of employee health, safety and wellbeing, HEINEKEN Malaysia remains compliant with all relevant health and safety laws and regulations where we continually fortify our safety management systems. We aim to pursue ISO 45001 certification for Occupational Health and Safety Management Systems in 2024. Operating under the strict guidance of local regulatory requirements outlined by the Department of Safety and Health (DOSH), we stringently follow the stipulations of the Occupational Safety and Health Act 1994 together with the Factories and Machinery Act 1967. Intrinsic to our Code of Business Conduct, the HEINEKEN Health and Safety Policy outlines a robust strategy for managing health and safety risks, underscoring our commitment to instilling a culture of zero fatalities. 'Put Safety First' stands as our paramount company behaviour, symbolising our resolution to prioritise the safety and wellbeing of our employees above all else.

The Safety Council oversees the comprehensive health and safety management system of the Group, ensuring the effective implementation of preventive measures for success.

### Life Saving Commitments (LSC)

We foster a safe environment in the implementation of LSC, guided by the stringent HEINEKEN Global Safety Standards & Requirements. These LSC delineate the fundamental principles governing our operation's highest-risk activities and are applicable to both our dedicated employees and contractors.



## ESG Review

Recognising that the wellbeing of our employees takes precedence in the workplace, we provide comprehensive coverage through group term life insurance, group personal accident insurance, together with an extensive health care plan encompassing outpatient and inpatient costs, along with optical and dental care.

During the reporting period, there were no incidents of non-compliance concerning health and safety management system recorded for 2023.

Launched in 2022, the Life Saving Commitments training (LSC e-learning) fortifies our culture of safety. Our efforts yielded a commendable 100% completion rate among people managers and 98% among targeted employees in 2023.

- ▶ Occupational Safety and Health (Amendment) Act 2022 (ACT A1648) Compliance
- ▶ 2023 Mandatory Defensive Driving & Telematics
- ▶ Safety Leadership & Behaviours Based Safety (BBS) Workshop
- ▶ Emergency Response Team Training
- ▶ Mandatory 2023 SWB ERT Drill
- ▶ Fire Safety Act 2020

We recorded zero fatalities and two lost time injuries from a total of 1,062,866 man-hours worked attributable to our robust Occupational Health and Safety (OHS) management system.

	FY2022	FY2023
Total number of hours worked	960,831	1,062,866
Number of fatalities	0	0
Number of lost time accidents per 100 full-time employees	0	2
Lost time accident rate	0	0.4

Note: The value of 200,000 was used as a standardised value of the total amount of hours that 100 employees work weekly.

### Human Rights and Labour Standards

Upholding human rights and fair labour standards is integral to our business principles, extending throughout our entire value chain. Guided by the HEINEKEN Code of Business Conduct, Human Rights Policy and Supplier Code, we systematically assess, address, and prevent risks related to human rights. As an active member of the Malaysian Employers Federation, we promote principles and practices concerning labour relations.

Embedded within the Code of Business Conduct to Respect People and the Planet, the HEINEKEN Human Rights Policy outlines our principles of non-discrimination, irrespective of race, gender, nationality or age. We diligently monitor incidents of non-compliance with labour standards, swiftly implementing corrective actions when necessary.

#### 10 Standards for Human Rights

-  Health & safety
-  No forced labour
-  No discrimination
-  Rest and leisure
-  No harassment and violence
-  Fair wages and income
-  Child protection
-  Access to water
-  Freedom of association and the right to collective bargaining
-  Respect for human rights in high-risk contexts

In line with HEINEKEN Global's 2023 objective for equitable wages on a global scale, we prioritise gender pay equity. Our commitment to adhering to the Malaysian Minimum Wages Order 2022 ensures that employee salaries align with the prescribed standards.



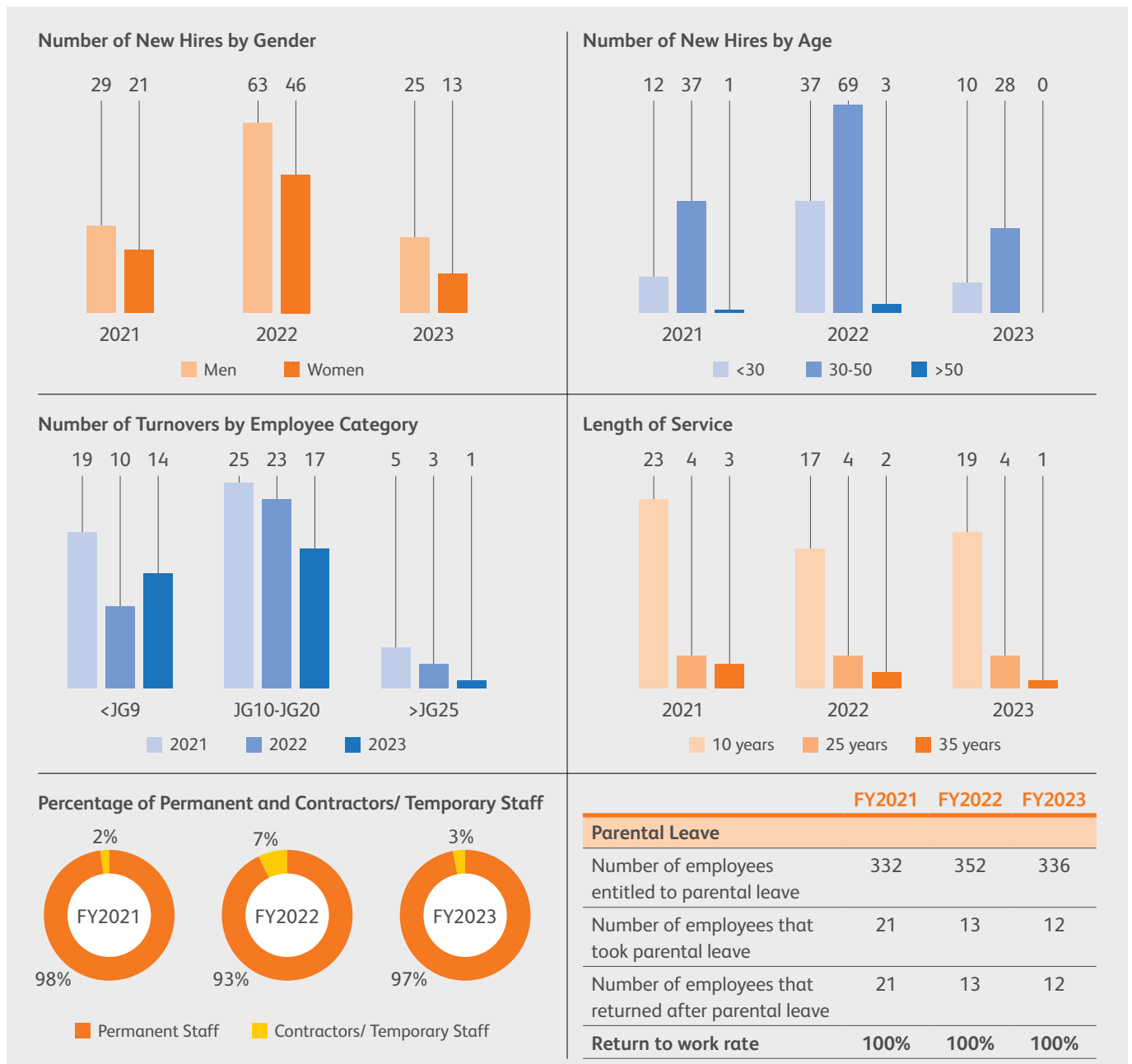
## ESG Review

Our recruitment processes are impartial and free from discrimination. The Group actively seeks to employ local talents, including individuals from underprivileged backgrounds, as an integral part of our business approach. Furthermore, HEINEKEN Malaysia ensures that employees receive prior notification regarding any employment-related conditions or other circumstances such as operational and policy changes.

In compliance with the Employment Act 1955, we extend outpatient medical, inpatient medical, dental care and optical coverage to both employees and their dependents. Additionally, permanent employees benefit from medical insurance, group term life insurance, and group personal accident insurance coverage.

We conducted assessments throughout all our operations in 2023 to monitor our compliance with equal compensation and fair wage standards. From 2021 to 2023, there were no reported complaints regarding labour standards or human rights violations across the Group. As of December 2023, 50.1% of our employees were trade union members.

In 2023, the Group welcomed 38 new hires and the turnovers stood at 32. Additionally, all of our employees underwent performance appraisals in 2023. The following charts include data required by Bursa Malaysia Sustainability Reporting:

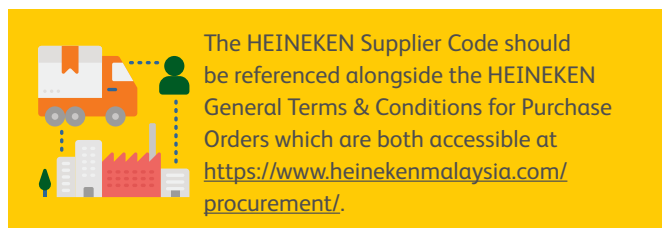


## ESG Review

### Supply Chain Management

Supply chain management is vital to us as it ensures the timely and efficient delivery of raw materials, ingredients and other essential resources needed for brewing processes. Additionally, effective supply chain management helps maintain product quality, reduces costs and minimises risks associated with disruptions in the supply chain. Thus, prioritising a well-managed supply chain is integral to the success and sustainability of a brewery.

Throughout our supply chain, suppliers are mandated to adhere to our HEINEKEN Supplier Code. Updated in 2023, this code outlines our approach to ethical business practices, human rights, responsible sourcing and environmental stewardship. In cases of non-compliance with the code, collaborative efforts with our suppliers are initiated to develop strategies for resolution.



We prioritise the involvement of local suppliers in our operations to minimise transportation, lower emissions and contribute to environmental conservation. This approach in turn opens doors for local suppliers, offering opportunities for employment and business growth, thereby strengthening the local economy.

### SMART Outsourcing

Recognising their valuable contributions, we take responsibility for ensuring our third-party vendors work reasonable hours and receive fair wages in a safe and healthy environment. In alignment with this commitment, we initiated the SMART Outsourcing programme in 2022, conducting a comprehensive survey among contractors and local workers. To bridge any identified gaps, we assessed the results against our established fair labour standards and collaborated closely with service providers for necessary improvements. We consistently apply acquired knowledge by implementing an action plan to enhance the management of contracts with outsourced service providers as well as improve workplace practices.

To protect the integrity of the Group, we conduct periodic risk assessments for new and existing suppliers. We screen selected suppliers using environmental and social criteria to ensure that our partners align with our sustainability values. Additionally, we conduct assessments to evaluate their specific impacts in these areas.

### Supplier Evaluation

HEINEKEN conducts assessments to mitigate potential risks associated with third parties, ensuring compliance with applicable data protection laws and respecting privacy rights. We have specified the personal data we collect, the purposes for which we use the personal data and how long we will generally retain personal data. A third party may be engaged to acknowledge or enact remedial actions to reduce risk identified during the due diligence process.

#### Communication

We send questionnaire invitations, login details, reminders, and follow-up communications, including requests for the third party to accept or implement risk remediation measures.

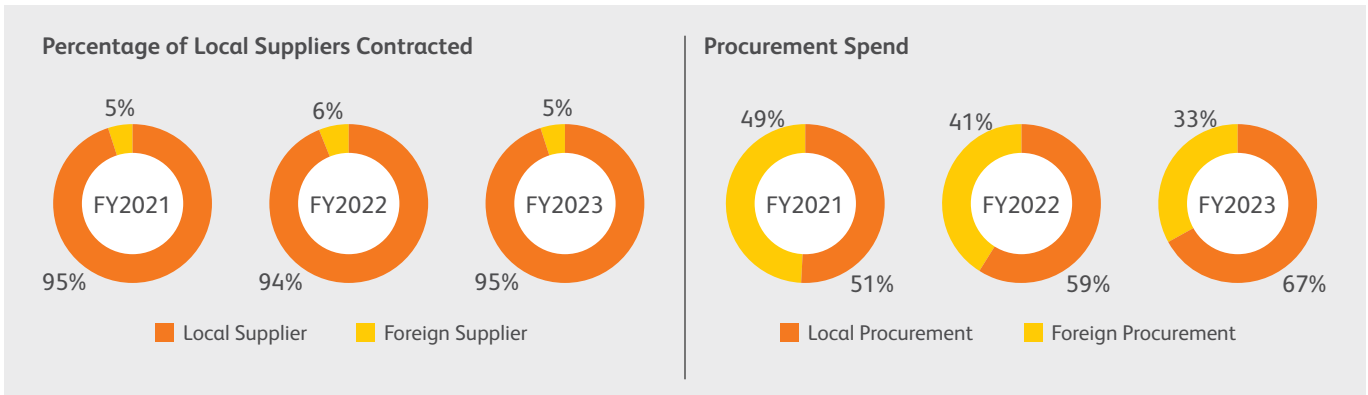
#### Due diligence process

- We request information on company name, names of directors, shareholders, politically exposed persons, ultimate beneficial owners, and other key employees for screening purposes.
- Third parties may be asked to complete a due diligence questionnaire to gain deeper insights into potential bribery, money laundering, or sanctions risks associated with them or relevant individuals.
- Names are cross-referenced with publicly available databases containing risk information related to bribery, sanctions, human rights, negative news, and in some cases, criminal convictions, offenses, or political affiliations.
- Screening and due diligence reports include a summary of findings, if any, and a risk rating for the third party.

The Speak Up Policy has been effectively communicated to distributors and suppliers, empowering them to report concerns about any actual or suspected misconduct within the supply chain without fear of retaliation or unfair treatment.

In 2023, 100% of our suppliers demonstrated compliance with the HEINEKEN Suppliers Code. We allocated 67% of our total procurement budget to local suppliers, marking an 8% increase from 2022. Additionally, 95% of the suppliers we engaged with are local.

## ESG Review



### Human Capital Development

Providing learning and development opportunities for our employees is essential to championing competitiveness and dynamism. Our pursuit of this extends to delivering continuous training, ensuring the development of diverse skill sets that equip our team to adeptly navigate the evolving challenges within the brewery landscape.

Employees have access to a diverse range of courses, spanning cross-functional business skills and digital trends via our integrated learning platform. Our training and development programmes in 2023 can be categorised into eight themes.

#### Training and Development Programme Themes in 2023

- Compliance & Regulatory
- Customer Service Excellence
- Ethics & Integrity
- Leadership & Management Skills
- Quality Assurance
- Technology & Software
- Environmental Sustainability
- Diversity, Equity & Inclusion

#### Strengthening Board Expertise: ESG Training and Development

In the pursuit of enhancing their effectiveness in fulfilling their responsibilities, our Directors remain diligently informed about evolving market dynamics and regulatory requisites. Particularly in 2023, some Directors attended the following training programmes which aimed to empower Directors for effective oversight of material sustainability matters, including the impacts, risks, and opportunities of climate change:

- Remaking Corporate Governance for an ESG World
- Mandatory Training Programme Part II - Leading for Impact - Building High Impact Boards for Sustainable Growth
- MIA Webinar Series: Financial Reporting on Impact of Climate Change Effects

#### HEINEKEN Graduate Programme

The HEINEKEN Graduate Programme provides graduates with a platform for accelerated career advancement within the industry. This regional initiative spans 18 months, offering comprehensive induction and exposure to diverse roles and development programmes. HEINEKEN Graduate Programme participants undergo four assignments: three at HEINEKEN Malaysia for four months each, followed by a six-month cross-functional assignment at a HEINEKEN operating company in Asia Pacific. These assignments prepare them for future roles in Commerce, Supply Chain, Finance, HR, Corporate Affairs, Legal, or Digital & Transformation.

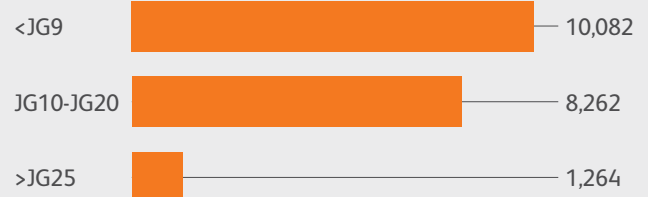
## ESG Review

### Short Term Assignments

Local talents have the opportunity to undertake Short Term Assignments, enabling them to work at other HEINEKEN operating companies within the Asia Pacific Region. Short-term assignments offer immediate business engagement, leveraging creativity in diverse locations to showcase leadership qualities and elevate Malaysia's talent globally. These opportunities drive learning, growth and international network expansion for long-term career development. In 2023, five employees were sent on a Short-Term Assignment to other HEINEKEN operating companies.

We are proud to share that our employees completed a total of 19,608 hours of training in FY2023, averaging 37 hours per employee.

### Total Training Hours



## COMMUNITY IMPACT

### Our Ambition

The Group strives to contribute at least one positive social impact initiative annually.



### Community Investment & Development

HEINEKEN Malaysia is committed to being a force for good through our Brew a Better World 2030 strategy. Our initiatives ranging from promoting the health of watersheds to providing meals to those in need, and collaborating with partners to tackle the issue of harmful alcohol use, are all designed to create a positive social impact.

HEINEKEN Malaysia takes pride in making a substantial contribution to the Malaysian economy, directly through significant tax payments and indirectly through the creation of jobs and added value throughout the supply chain. In 2023, our tax contributions amounted to over RM1.4 billion. As we grow alongside communities, HEINEKEN Malaysia directly employs 527 individuals and supports over 30,000 jobs indirectly. Our products also serve as a source of income for more than 27,000 Malaysian businesses and retailers. This contribution is anticipated to expand further with the continued growth of HEINEKEN Malaysia in the brewing industry.

### Tiger Sin Chew Chinese Education Charity Concert

HEINEKEN Malaysia is pleased to announce the successful conclusion of our annual Tiger Sin Chew Chinese Education Charity Concert (Tiger CECC) programme, demonstrating our commitment to social impact initiatives. The programme raised an impressive RM26 million through eight institutions in 2023, marking a historic milestone since its establishment in 1994. Notably, this amount doubled our initial 2023 target of RM12 million which showcases the overwhelming response and generosity of our stakeholders. Through the Tiger CECC, we have contributed to the enhancement of educational facilities in seven schools and supported the overall development of UTAR Hospital, thereby leaving a positive impact on the communities we serve. Tiger CECC has raised more than RM407 million for Chinese schools in Malaysia since 1994.



## ESG Review

## HEINEKEN Cares 2023

HEINEKEN Malaysia partnered with Sokong by Malaysiakini for HEINEKEN Cares 2023, a community impact initiative focused on enhancing community resilience amidst growing social and economic challenges.

As part of the initiative, six non-governmental organisations (NGOs) and social enterprises were chosen to execute projects in the areas of food security, community farming, as well as providing access to clean water and renewable electricity.

HEINEKEN Cares 2023 invited the public to support the commendable initiatives of the NGOs. For each RM10 donated by the public, HEINEKEN Cares contributed an additional RM40, resulting in a total raised value of RM50. The project successfully channelled RM250,000 to support 6 community projects.

▶ Empowering Orang Asli community in Bentong, Pahang to self-sustain through aquaponic initiatives, led by the Soroptimist International Region of Malaysia.

▶ Nourishing the underprivileged and homeless community in Ampang through the establishment of a community garden, led by Yellow House KL.

▶ Supporting marginalised communities in Subang Jaya through an urban farming project, led by Ferris Wheel Organisation.

▶ Equipping Orang Asli village in Perak with renewable electricity access through solar-powered lighting installations, led by SOLS Energy.

▶ Equipping elderly, disabled, and B40 communities in Kuching with essential food supplies, led by Hope Place Kuching.

▶ Channelling clean water for rural communities in Sabah through a gravity water system, led by Hopes Malaysia.

In support of our commitment to social responsibility, we spent RM3 million in our external corporate responsibility programmes in 2023. The following data is 3 years data required by Bursa Malaysia on the total amount invested in the community where the target beneficiaries are external to the listed issuer:



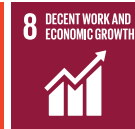
Project	Approximate number of beneficiaries		
	2021	2022	2023
Tiger CECC	5 institutions	8 institutions	8 institutions
HEINEKEN Cares Community Food Aid Programme	14,000 individuals from 9 projects	14,500 individuals from 7 projects	5,000 individuals from 6 projects
W.A.T.E.R Project – Rainwater harvesting beneficiaries	6,600	6,700	6,750

# ESG Review

## OUR PROGRESS AGAINST BREW A BETTER WORLD 2030 GOALS



### SOCIAL SUSTAINABILITY



#### Ambition Areas

#### Our Brew a Better World Global Goals

#### Our 2023 Progress

<p><b>Diversity, Equity and Inclusion</b></p>	<ul style="list-style-type: none"> <li>Gender balance across senior management: 30% women by 2025, 40% by 2030</li> <li>Cultural diversity: across each region at least 65% of county leadership teams are regional nationals by 2030</li> <li>100% of our managers trained in inclusive leadership by 2023</li> </ul>	<ul style="list-style-type: none"> <li>38% of women in the Management Team</li> <li>In HEINEKEN Malaysia (Target 18%)                             <ul style="list-style-type: none"> <li>13% women in Supply Chain</li> <li>23% women in Sales function</li> </ul> </li> <li>57% of Management Team are regional (Asia Pacific) nationals</li> <li>100% of people managers completed inclusive leadership e-learning</li> </ul>
<p><b>Fair &amp; Safe Workplace</b></p>	<ul style="list-style-type: none"> <li>Fair wage for employees: close any gaps by 2023</li> <li>Equal pay for equal work: assessments and action by 2023</li> <li>Ensure fair living and working standards for third-party employees and brand promoters</li> <li>Create leadership capacity to drive zero fatal accidents and serious injuries</li> </ul>	<ul style="list-style-type: none"> <li>100% assessments completed</li> <li>100% assessments completed</li> <li>Zero fatalities</li> <li>100% completion by managers in Life Saving Commitment training</li> </ul>
<p><b>Community Impact</b></p>	<ul style="list-style-type: none"> <li>A social impact initiative in 100% of markets by 2030</li> </ul>	<ul style="list-style-type: none"> <li>Tiger CECC</li> <li>HEINEKEN Cares Community Food Aid Programme</li> </ul>



## ESG Review



### RESPONSIBLE CONSUMPTION



Our beers and ciders are crafted for people's enjoyment and we believe that when consumed in moderation, they can be part of a fulfilling and balanced lifestyle. As a responsible company, promoting responsible drinking behaviour is our top priority, aiming to make a positive impact on society with our brands. We also strongly advocate responsible consumption through the marketing and promotion of our products.

#### Brew a Better World 2030 Ambition Areas

- Always a Choice
- Address Harmful Use
- Make Moderation Cool

#### Material Sustainability Matters

- Product Safety, Quality & Hygiene
- Responsible Marketing & Consumption

#### Our Key Highlights:

**>10%**

Heineken® media spend on promoting responsible consumption



**5,000**

Grab promo codes were provided during the year-end festive season campaign



**ZERO**

incidents of non-compliance with Global Labelling Policy in product labelling

#### ALWAYS A CHOICE

#### Our Ambition

We strive to cater the different needs of our consumers by offering zero-alcohol options and providing clear and transparent consumer information on our products.



Every individual should have the choice to select the most suitable beverage for any given occasion. We believe in empowering consumers to make informed choices about our products. With Heineken® 0.0, our consumers are given the choice of enjoying the taste of good beer without having the effects of alcohol.

We publish clear information about our products, which can be found on our corporate website and brands websites. This includes details such as Alcohol by Volume (ABV), calorie content, ingredients, allergens, nutritional information, and harm reduction symbols. We provide clear and transparent product information for 100% of our offerings.

#### Product Safety, Quality & Hygiene

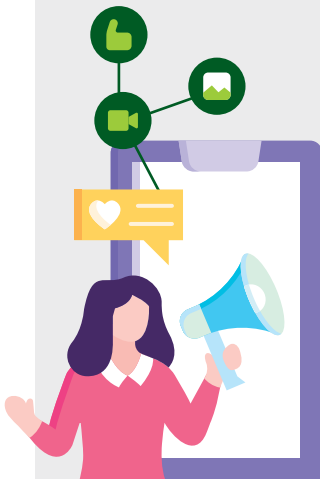
Maintaining strict adherence to quality standards throughout our brewing process, from ingredient selection to packaging and distribution, is essential for preserving the integrity of our products and ensuring consumer satisfaction.

To ensure we provide high quality products to our consumers, we adhere to hygiene and safety protocols at every stage of production. Our Sungei Way Brewery attained MS 1480: 2007 Hazard Analysis Critical Control Point (HACCP) Certification from the Ministry of Health in August 2002. Additionally, we have maintained accreditation with the global ISO 9001:2015 (Quality Management Systems) certification since 2018.

## ESG Review

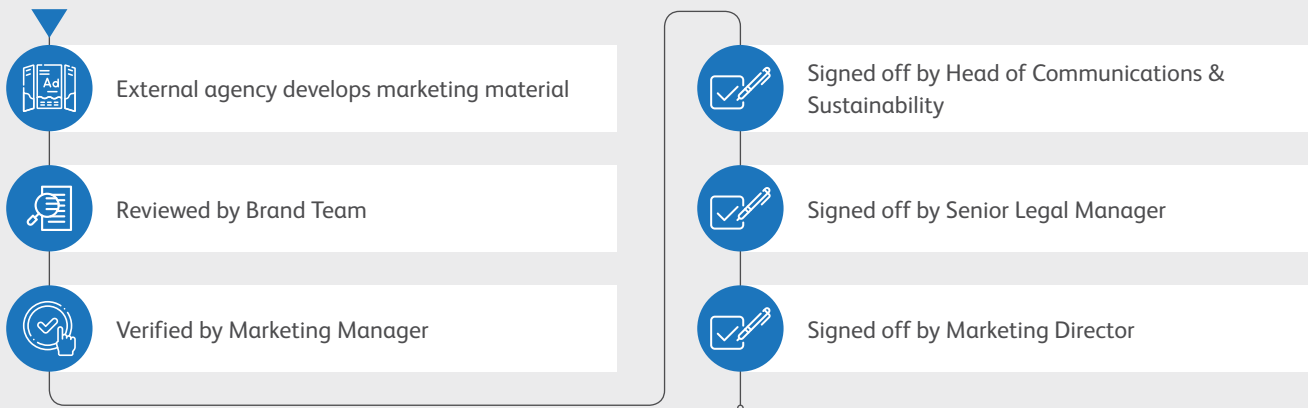
### Responsible Marketing Code

We uphold our dedication to promote responsible consumption through our Responsible Marketing Code (RMC). We review all marketing materials, including point-of-sale items, based on the following eight principles:



Read more about our Responsible Marketing Code on our website:  
<https://www.heinekenmalaysia.com/responsible-consumption-heineken/>

### Marketing Materials Reviewing Process




Since the majority of our brands transitioned to the new labelling format in 2023, we are pleased to report that there were no instances of non-compliance with the HEINEKEN Global Labelling Policy. There were also no incidents of non-compliance with the Responsible Marketing Code concerning marketing communications for 2023.

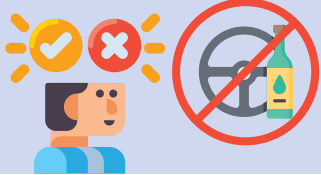


## ESG Review

## ADDRESS HARMFUL USE



**The Group is committed to engage consumers on addressing harmful use of alcohol with an aim to build culture of moderation and responsible consumption.**



## Responsible Consumption


Responsible consumption and marketing are crucial for HEINEKEN as it aligns with our commitment to ensuring a safe drinking culture. It also enhances brand reputation by appealing to conscientious consumers and contributes to the wellbeing of communities, supporting HEINEKEN's global sustainability objectives.

We believe awareness is the key to emphasise the importance of moderation and responsible consumption. In addition, by cultivating partnerships at the local level, we aim to promote responsible drinking practices, including preventing underage drinking, and reducing drink-driving incidents, while discouraging excessive consumption.

## Illicit Trade

As a member of the Confederation of Malaysian Brewers Berhad, HEINEKEN Malaysia supports the Government initiatives to eradicate illicit alcohol sales in Malaysia. Our measures include strengthening enforcement in collaboration with the Royal Malaysian Customs Department and raising awareness among Malaysian consumers.

## MAKE MODERATION COOL



**We are committed that 10% of Heineken® media spend are invested in responsible consumption campaigns focusing on Enjoy Responsibly and When You Drive, Never Drink.**



## Responsible Consumption

The Heineken® brand allocates 10% of our media budget annually to support campaigns promoting responsible consumption. In 2023, we invested more than 10% of the Heineken® brand's media budget to engage consumers and promote greater awareness on responsible consumption.

Furthermore, we strive to lead by example in promoting responsible alcohol consumption. HEINEKEN's Policy on Responsible Alcohol Consumption underscores our commitment to serve as advocates for moderation. Our employees are required to adhere to this policy as ambassadors of our brand, promoting the enjoyment of our products as part of a balanced lifestyle. The policy is effectively communicated throughout our workforce, and non-compliance may result in disciplinary action, including termination.

# ESG Review

## OUR PROGRESS AGAINST BREW A BETTER WORLD 2030 GOALS



### RESPONSIBLE CONSUMPTION



Ambition Areas	Our Brew a Better World Global Goals	Our 2023 Progress
<b>Always a Choice</b>	<ul style="list-style-type: none"> <li>A zero-alcohol option for two strategic brands in the majority of our markets (accounting for 90% of our business) by 2023</li> <li>Clear and transparent consumer information on 100% of our products in scope by 2023</li> </ul>	<ul style="list-style-type: none"> <li>Heineken® 0.0 has been available in Malaysia since 2019</li> <li>100% fully compliant with the HEINEKEN Global Labelling Policy for all brands</li> </ul>
<b>Address Harmful Use</b>	<ul style="list-style-type: none"> <li>100% of markets in scope to have a partnership to address alcohol-related harm</li> </ul>	<ul style="list-style-type: none"> <li>Partnership with Grab Malaysia offering Grab e-hailing promo codes to promote responsible consumption</li> </ul>
<b>Make Moderation Cool</b>	<ul style="list-style-type: none"> <li>10% of Heineken® media spend invested in responsible consumption campaigns annually</li> </ul>	<ul style="list-style-type: none"> <li>More than 10% of Heineken® media spend invested in responsible consumption campaigns</li> </ul>

\* Product information includes Alcohol by Volume, calorie content, ingredients, allergens, nutritional information, and harm reduction symbols.



## ESG Review

### RECOGNITION

HEINEKEN Malaysia's commitment to excellence has been consistently acknowledged through numerous prestigious awards in the beverage industry. From accolades for product quality to recognition for sustainable practices, our pursuit of innovation and global leadership is consistently celebrated.



#### UN Global Compact Network Malaysia and Brunei Forward Faster Sustainability Awards 2023

The Group was recognised for our exceptional leadership in building resilience for water-related challenges at the recent UN Global Compact Network Malaysia and Brunei (UNGCMYB) Forward Faster Sustainability Awards 2023.



#### The Star ESG Positive Impact Awards 2022

We received the Most Outstanding ESG Initiative at the ESG Positive Impact Awards 2022. Additionally, we were awarded two Gold awards for Waste Management and Innovative Partnership, the latter recognising our external water stewardship partnerships.



#### Heineken® Quality Awards 2023

We received the Heineken® Packaging Quality Award. The prestigious award recognises the best performers in brewing, freshness, and packaging within the HEINEKEN Global Group.

## ESG Review



### HR Excellence Awards 2023

We have been awarded for two categories:

- Silver for Excellence in Work-Life Harmony
- Bronze for Excellence in Workplace Culture

The awards are a testament to our efforts in fostering a safe, supportive, and conducive work environment.



### The Building Trust Awards 2023

HEINEKEN Malaysia 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' Trust and Leadership Survey (FBM Mid 70 Index) category.



### Malaysian Dutch Business Council Innovation and Sustainability Awards 2023

We were honoured with the Outstanding Dutch Investor in Malaysia award in the MNC category, recognising our involvement with the United Nations Sustainable Development Goals and sustainable practices across our value chain, including community outreach programmes.



### Sustainability & CSR Malaysia Awards 2023

HEINEKEN Malaysia was recognised as Company of the Year (Beverage Manufacturing) for the sixth year. This award is a testament to our commitment to our HEINEKEN Global sustainability strategy, Brew a Better World, and our efforts to protect the environment and grow with our people and communities.

## ESG Review

## BURSA MALAYSIA SUSTAINABILITY INDICATORS

The table below contains the common and specific sustainability indicators required by Bursa Malaysia under their Enhanced Sustainability Guide (3<sup>rd</sup> edition), and it is presented in the prescribed format as shown in the Bursa Malaysia's Illustrative Sustainability Report.

## Governance

Indicator	Unit	FY2021	FY2022	FY2023
<b>Corporate Governance &amp; Anti-Corruption</b>				
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category				
▪ <JG9	%	100	100	100
▪ JG10-JG20	%	100	100	100
▪ >JG25	%	100	100	100
Bursa C1(b) Percentage of operations assessed for corruption-related risks	%	-	-	-
Bursa C1(c) Confirmed incidents of corruption and actions taken	Number	0	0	0
<b>Data Privacy and Cybersecurity</b>				
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy or losses of customer data	Number	0	0	0

\* JG refers to Job Grade (<JG9: Non-Managerial positions, JG10-JG20: Middle Management, >JG25: Senior Managers and Directors)

## Social

Indicator	Unit	FY2021	FY2022	FY2023
<b>Employee Health, Safety &amp; Wellbeing</b>				
Bursa C5(a) Number of work-related fatalities	Number	-	0	0
Bursa C5(b) Lost time incident rate (LTIR)	Rate	-	0	0.4
Bursa C5(c) Number of employees trained on health and safety standards	Number	-	-	519 (98%)
<b>Human Rights and Labour Standards</b>				
Bursa C6(d) Number of substantiated complaints concerning human rights violation	Number	0	0	0
<b>Human Capital Development</b>				
Bursa C6(a) Total hours of training by employee category				
▪ <JG9	Hours	-	-	10,082
▪ JG10-JG20	Hours	-	-	8,262
▪ >JG25	Hours	-	-	1,264
Bursa C6(c) Total number of employee turnover by employee category				
▪ <JG9	Number	19	10	14
▪ JG10-JG20	Number	25	23	17
▪ >JG25	Number	5	3	1
<b>Diversity</b>				
Bursa C3(a) Percentage of employees by gender and age group, for each employee category				
Gender group by employee category				
▪ <JG9 (Men)	%	80	80	78
▪ <JG9 (Women)	%	20	20	22
▪ JG10-JG20 (Men)	%	63	58	61
▪ JG10-JG20 (Women)	%	37	42	39
▪ >JG25 (Men)	%	56	56	57
▪ >JG25 (Women)	%	44	44	43
Age group by employee category				
▪ <JG9 (<30)	%	14	19	13
▪ <JG9 (30-50)	%	66	65	71
▪ <JG9 (>50)	%	20	16	16
▪ JG10-JG20 (<30)	%	8	14	12

## ESG Review

Indicator	Unit	FY2021	FY2022	FY2023
▪ JG10-JG20 (30-50)	%	80	78	76
▪ JG10-JG20 (>50)	%	12	8	12
▪ >JG25 (<30)	%	0	0	0
▪ >JG25 (30-50)	%	68	71	77
▪ >JG25 (>50)	%	32	29	23
Bursa C3(b) Percentage of directors by gender and age				
▪ Men	%	57	57	57
▪ Women	%	43	43	43
▪ <50	%	14	0	14
▪ 50-60	%	43	57	57
▪ >60	%	43	43	29
Bursa C6(b) Percentage of employees that are contractors or temporary staff				
▪ Permanent	%	98	93	97
▪ Contract	%	2	7	3
<b>Supply Chain Management</b>				
Bursa C7(a) Proportion of spending on local suppliers	%	51	59	67
<b>Community Investment &amp; Development</b>				
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	RM	2.2 million	3.1 million	3 million
Bursa C2(b) Total number of beneficiaries of the investment in communities				
Tiger CECC	Number	5 institutions	8 institutions	8 institutions
HEINEKEN Cares	Number	14,000 individuals from 9 projects	14,500 individuals from 7 projects	5,000 individuals from 6 projects
W.A.T.E.R Project	Number	6,600 individuals	6,700 individuals	6,750 individuals

## Environment

Indicator	Unit	FY2021	FY2022	FY2023
<b>Climate Resilience and Energy Management</b>				
Bursa C4(a) Total energy consumption	GJ	135,578	178,448	175,726
Bursa C11(a) Scope 1 emissions in tonnes of CO <sub>2</sub> e	tCO <sub>2</sub> e	6,609	7,810	6,375
Bursa C11(b) Scope 2 emissions in tonnes of CO <sub>2</sub> e	tCO <sub>2</sub> e	8,931	11,146	10,600
Scope 2 emissions offset (through procured electricity from the GET programme)	tCO <sub>2</sub> e	-	(9,736)	(10,600)
Bursa C11(c) Scope 3 emissions in tonnes of CO <sub>2</sub> e (business travel and employee commuting)	tCO <sub>2</sub> e	-	-	1,310
<b>Waste and Effluent Management</b>				
Bursa C10(a) Total waste generated	Metric tonnes	24,078	35,423	32,632
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	24,078	35,423	32,632
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	0	0	0
Bursa S8(a) Total volume of water (effluent) discharge over the reporting period	m <sup>3</sup>	297,881	443,752	370,304
<b>Water</b>				
Bursa C9(a) Total volume of water used	hl of water/ hl of beer	3.65	3.45	3.41