



In This Year's *Report*



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58th

VIRTUAL ANNUAL GENERAL MEETING

THURSDAY, 12 MAY 2022

9.30 A.M.



For more information, visit:
<https://www.heinekenmalaysia.com/annual-general-meetings.html>



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Note: This annual report focuses on our activities, performance and results for the financial year ended 31 December 2021. This report has been prepared in accordance with the GRI Standards: Core option.

Our Purpose & Values

Our Purpose



Our Values



About Us

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

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

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

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

Our 23.72-acre Sungei Way Brewery is the first in Malaysia to receive the MS 1480: 2007 Hazard Analysis Critical

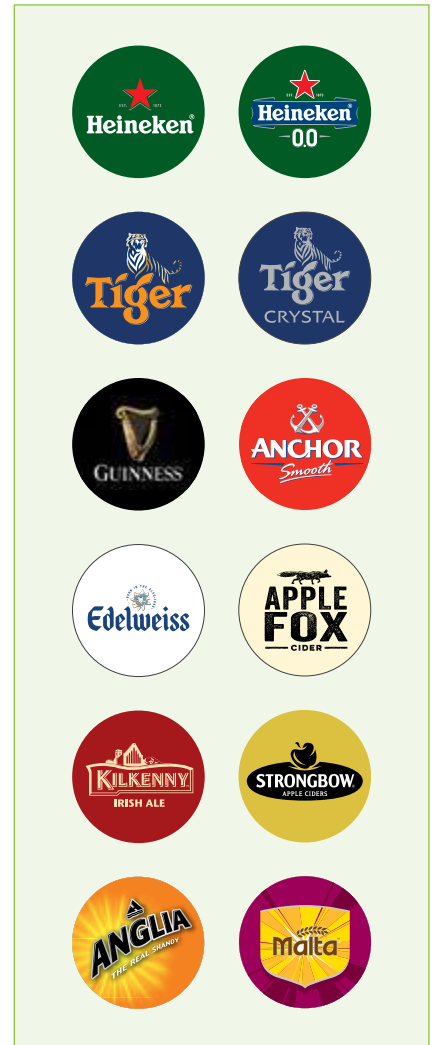
Control Point (HACCP) Certification from the Ministry of Health in August 2002. The brewery also received the ISO 9002 Certification since 1995 and has upgraded to MS ISO 9001: 2008 in 2010 and, subsequently, to ISO 9001:2015 in 2018.

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

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

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

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



Our Chairman's Message

Brew the Joy of True Togetherness to Inspire a Better World

I take the opportunity to recognise the efforts of the Management Team and all employees at HEINEKEN Malaysia for the immense resilience demonstrated as we rode through this bumpy journey that was filled with uncertainties. The effort, in collaboration with our business partners and valued customers, enabled us to not only survive, but emerge stronger together.



Our Chairman's Message

Dear Shareholders,

2021 was another challenging year for the Group. Government-imposed restrictions on social and economic activities continued as the world battled the rise of new variants of the COVID-19 pandemic. These prolonged lockdowns put great pressure on supply chains and the external business environment, putting the brakes on the pace of economic recovery.

Heineken Malaysia Berhad (HEINEKEN Malaysia) was required to suspend operations at our Sungei Way Brewery for 11 weeks from June to August 2021 as brewers were again classified as non-essential and placed in the National Security Council's negative list. In addition to the 7 weeks we stopped operations in 2020, the total of 18 weeks we were not able to operate is unprecedented in nature and brought significant impact to our performance.

In this regard, I take the opportunity to recognise the efforts of the Management Team and all employees at HEINEKEN Malaysia for the immense resilience demonstrated as we rode through this bumpy journey that was filled with uncertainties. The effort, in collaboration with our business partners and valued customers, enabled us to not only survive, but emerge stronger together.

The Group sharpened its focus on various initiatives designed to enable recovery whilst improving operational efficiency to protect profitability. These efforts, which started in the year before, were further accelerated in 2021:

- Front-load cost and value measures to right-size the cost base and organisation
- Fund the growth by investing in our core brands and innovations that have potential to scale
- Accelerate digital and technology through B2B and B2C e-Commerce
- Raise the bar on sustainability and responsibility
- Unlock talent by developing people and embedding the HEINEKEN culture

The effectiveness of these big bold moves helped mitigate the negative impacts of the lockdowns and so, despite the longer period of stoppage in our operations, Group revenue FY21 increased 12% to RM1.98 billion, mainly due to improved revenue management and higher in-home consumption as a result of the recovery of business and economic activities. The effectiveness of our cost and value initiatives as well as efficiency of commercial and marketing investments contributed to the Group Profit Before Tax increase of 62% to RM321 million in FY21.

The Board at HEINEKEN Malaysia has proposed a single tier final dividend of 66 sen per stock unit for the year ended 31 December 2021, subject to the approval of shareholders at the forthcoming Annual General Meeting. The single tier dividend will be paid on 28 July 2022 to shareholders registered at the close of business on 30 June 2022.

The total dividend for the year ended 31 December 2021 is 81 sen per stock unit comprising:

- a single tier interim dividend of 15 sen per stock unit which was paid on 18 November 2021; and
- a proposed single tier final dividend of 66 sen per stock unit.

During the year, the health and safety of our people remained a key priority. We appreciate the effort of the Government's roll-out of vaccines to the general population and cooperated by encouraging our employees to sign up voluntarily to participate in the National COVID-19 Immunisation Programme (PICK), the Public-Private Partnership COVID-19 Industry Immunisation Programme (PIKAS), or the AstraZeneca Voluntary Opt-in. This effort enabled 100% of our brewery's essential workforce to receive their first dose of the vaccine by July 2021 and enabled all other employees and contractors required to work on site to be fully vaccinated during the second half of the year.

By implementing a rigorous process to proactively screen for and prevent the spread of COVID-19 at the workplace, we were able to create a safe workplace at our brewery. Besides fully complying with all required SOPs by the Government, we test our on-site employees and contractors on a bi-weekly basis. Our operations are highly automated, thus requiring only a minimal number of workers to handle systems and machines on our 23.72-acre site and allowing physical distancing of at least 10 metres between operators. With no external visitors allowed to our brewery and our office-based employees returning to the office on a split-teams basis, this method has ensured zero workplace clusters. We remain confident that a fully vaccinated workforce and strict observation of SOPs will minimise the risk of transmission at the workplace.

At the time of writing, Malaysia is fighting a surge in new COVID-19 cases due to the wave of Omicron variant infections. On the positive side, the Government has announced that Malaysia will begin its transition to the endemic phase from 1 April 2022, with a national strategy named #ReopeningSafely. We remain hopeful that the gradual relaxation of restrictions and reopening of the country's borders will spur tourism and reignite the hospitality industry, which will be beneficial to the recovery of the vibrant

SINGLE TIER INTERIM DIVIDEND

15 sen

per stock unit paid on
18 November 2021

PROPOSED SINGLE TIER FINAL DIVIDEND

66 sen

per stock unit, payable in
July 2022



Our Chairman's Message



In total, we successfully channelled more than 250,000 meals and care packages to communities in need from July to December 2021."

food and beverages scene Malaysia is so well known for.

In 2021, we reinforced our commitment to sustainability. Launching the next phase of our Brew A Better World sustainability strategy, Raise the Bar 2030 represents an ambitious undertaking with clear targets in three key areas – Environmental Sustainability, Social Sustainability and Responsible Consumption. Amongst the commitments is a stepped-up ambition to decarbonise our production by 2030 and the full value chain by 2040. Compared with the base year of 2018, we have reduced carbon emissions in production at our Sungei Way Brewery by 15.7% in 2021. We still have more to do to reach our net zero carbon ambition and will continue exploring feasible pathways that will enable us to achieve this goal.

As a responsible brewer, we continued to demonstrate leadership in water conservation. Our three-pronged approach combines water efficiency, water circularity and water stewardship to ensure we do our part to protect our watersheds. We have a target to balance 1.5 litres of water for every 1 litre of water used in the production of our beers and ciders. In 2021, we are proud to have exceeded this target, achieving 289% of the targeted volume. Undoubtedly, it will take a bigger collective effort to safeguard Malaysia's long term water security. In 2022 and the years ahead,

we aim to step up collaboration and engagement with key stakeholders including the Government, civil society, other companies, as well as our surrounding communities.

In 2021, we joined the 30% Club Malaysia, a local chapter of the global business-led campaign focused on building an ecosystem of businesses to promote diversity, equity and inclusion (DEI) with a focus on gender balance on boards and C-suites. Launched in May 2015, 30% Club Malaysia aims to activate the Chairs and CEOs to be visible in adopting DEI best practices in their organisations as well as engage wider stakeholders with market influence through its activities. We lead by example when it comes to advocating for inclusion and diversity, with women comprising 43% of our Board of Directors, exceeding the Government's target of having at least 30% women on the Boards of public listed companies. We also ranked number two out of 312 companies on Bursa Malaysia benchmarked in the Board Diversity Index 2021 and have a 55:45 male to female ratio in the middle to senior management positions.

Despite the challenges we faced in 2021, we did not forget our commitment to support our local communities. We launched HEINEKEN Cares and worked with 8 community partners across Peninsular Malaysia, Sabah and Sarawak. In total, we successfully channelled more than 150,000 meals to communities in need from July to December 2021. During the massive flood disaster in December, we committed a further 100,000 meals and urgent care packages to victims of the floods in the states of Selangor, Negeri Sembilan, Johor as well as Pahang.

I take this opportunity to thank the Government for not increasing excise duties on beer and stout during its Budget 2022 announcement. As it is, Malaysia's excise rate for beer and stout ranks amongst the highest in the world. We also commend the Government for committing to further clamp down

on illicit trade through its Multi-Action Task Force. We greatly appreciate this approach by the Government and we believe that this will be a win-win solution for both Industry and Government.

Acknowledgements

On behalf of the Board, I would like to welcome Lau Nai Pek (David) to the Board. David has over 35 years professional experience in finance and leading financial organisations in various locations in Australia, Brunei, China, Malaysia, New Zealand, Netherlands and UK. He retired from Shell Malaysia in August 2011 after serving the Shell Group for about 30 years. He succeeds Martin Giles Manen who retired from the Board in May 2021 having served the Board as an Independent Director for over 12 years. I would also like to welcome Raquel Batallones Esquerra (Rocky) who joined the Board in September 2021. Rocky replaces Yu Yu-Ping who left the HEINEKEN Group in August 2021. I look forward to working closely with both of them.

On behalf of the Board and Management, I take this opportunity to thank both Martin and Yu-Ping for their valuable contributions and wise counsel to the Board.

I would like to give sincere appreciation to our shareholders, business partners and consumers for their confidence and relentless support despite the challenging times over the past two years. I would also like to thank our Management Team, led by Roland Bala, as well as all employees at HEINEKEN Malaysia for their resilience, courage and commitment towards our purpose, which is to **Brew the Joy of True Togetherness to Inspire a Better World**.

Thank you.

Dato' Sri Idris Jala

Chairman

15 March 2022

Directors' Profile



**DATO' SRI
IDRIS JALA**
Chairman,
Independent
Non-Executive
Director

Malaysian ■ Male ■ Age 63

Appointed on 1 January 2017

Qualifications

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

Board Committees Membership

- ⇒ Nomination & Remuneration Committee (Chairman)

Working Experience

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

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

Directorship in other Public Companies / Organisations in Malaysia

- ⇒ Sunway Berhad
- ⇒ Jeffrey Cheah Foundation

Directors' Profile



ROLAND BALA
Managing Director,
Non-Independent Executive Director

Malaysian ■ Male ■ Age 56
Appointed on 1 September 2018

Qualifications

Bachelor's Degree in Business Administrations, UiTM Malaysia

Board Committees Membership

Nil

Working Experience

Within HEINEKEN Group:

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

Previous Experience:

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

Directorship in other Public Companies / Organisations in Malaysia

- ⇒ Confederation of Malaysian Brewers Berhad



LAU NAI PEK
Senior Independent Non-Executive Director

Malaysian ■ Male ■ Age 69
Appointed on 22 May 2021

Qualifications

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

Board Committees Membership

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

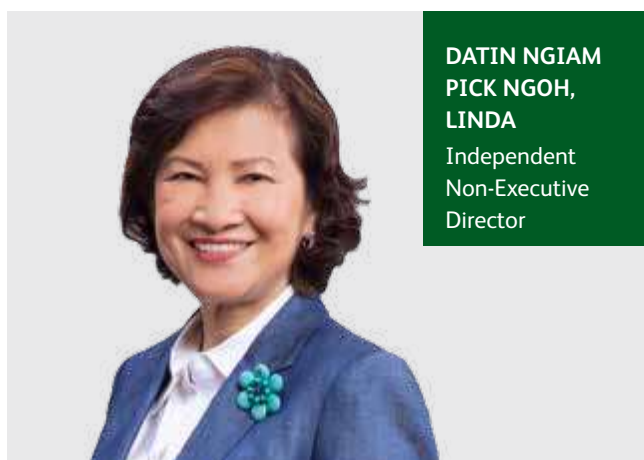
Working Experience

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

Directorship in other Public Companies / Organisations

- ⇒ KKB Engineering Bhd
- ⇒ Malaysia Airlines Group
- ⇒ Dialog Axiata PLC, Sri Lanka

Directors' Profile



DATIN NGIAM PICK NGOH, LINDA
Independent Non-Executive Director

Malaysian ■ Female ■ Age 67
Appointed on 3 December 2012

Qualifications

- ⇒ Bachelor of Arts (Hons) in Social Sciences, University of Malaya
- ⇒ Diploma in Advertising and Marketing, Institute of Communications, Advertising and Marketing (CAM) of United Kingdom

Board Committees Membership

- ⇒ Audit & Risk Management Committee
- ⇒ Nomination & Remuneration Committee

Working Experience

- ⇒ Former Group Managing Director/Chief Executive Officer of Star Publications (M) Bhd (The Star) from 1 July 2008 to 30 June 2011. First employed in The Star as Advertising Sales Promotions Manager in 1985 before serving as General Manager, Advertising and Business Development in 1995. In 2004, she was appointed as Deputy Group General Manager and in 2007 she was promoted to Executive Director/Group Chief Operating Officer before assuming the office as Group Managing Director/Chief Executive Officer of The Star in 2008, a position she held till her retirement in 2011.
- ⇒ Former Board Member of the Audit Bureau of Circulations (ABC) Malaysia and Chairperson of the ABC Content & Communications Committee.
- ⇒ Represented The Star on the Malaysian Newspapers Publishers Association as its Honorary Secretary.
- ⇒ Former Board Member of the Advertising Standards Authority Malaysia.

Directorship in other Public Companies / Organisations in Malaysia

- ⇒ MUI Properties Berhad
- ⇒ Yayasan Sin Chew
- ⇒ Make A Wish Malaysia Welfare Association



SENG YI-YING
Non-Independent Non-Executive Director

Singaporean ■ Female ■ Age 49
Appointed on 1 September 2020

Qualifications

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

Board Committees Membership

Nil

Working Experience

- ⇒ Presently, Regional Legal Director of Heineken Asia Pacific Pte Ltd ("APAC"), responsible for the functional oversight of legal in Asia Pacific. She is also a member of the APAC Management Team.
- ⇒ Has more than 20 years of in-house legal experience, with 15 years in the alcohol and beverage industry.
- ⇒ Joined the APAC team as Senior Legal Manager in 2006. During this time, she successfully advised on and negotiated various mergers and acquisition projects in various markets within APAC.
- ⇒ In 2015, she moved to Asia Pacific Breweries (Singapore) Pte Ltd as Legal Director and a member of the Management Team.
- ⇒ In 2018, she undertook a short term assignment to HEINEKEN Cambodia for three months to establish a robust legal framework and processes.
- ⇒ In 2019, she moved back to the APAC Legal Affairs team to take on the position as Legal Manager for APAC where she was responsible to oversee a broad range of legal issues for various Heineken operating companies across the region as well as manage a range of mergers and acquisitions and joint venture matters.
- ⇒ Prior to joining HEINEKEN, she was the Legal Counsel for Sembcorp Utilities Pte Ltd for five years.

Directorship in other Public Companies / Organisations in Malaysia

- Nil

Directors' Profile



CHOO TAY SIAN, KENNETH
Non-Independent
Non-Executive
Director

Singaporean ▪ Male ▪ 54
Appointed on 26 October 2020

Qualifications

- ⇒ Advanced Management Program, Harvard Business School
- ⇒ Chartered Accountant, Singapore
- ⇒ Bachelor of Accountancy Degree (Hons), Nanyang Technological University, Singapore

Board Committees Membership

- ⇒ Audit & Risk Management Committee
- ⇒ Nomination & Remuneration Committee

Working Experience

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

Directorship in other Public Companies / Organisations in Malaysia

- Nil



RAQUEL BATALONES ESGUERRA
Non-Independent
Non-Executive
Director

Filipino ▪ Female ▪ Age 56
Appointed on 1 September 2021

Qualifications

- ⇒ Bachelor of Science in Management Engineering, Ateneo de Manila University.

Board Committees Membership

- ⇒ Nomination & Remuneration Committee

Working Experience

- ⇒ A senior regional HR executive with very strong HR experiences in various disciplines.
- ⇒ Presently, Senior Director, People Function for HEINEKEN Asia Pacific, heading the Human Resources function for the region in HEINEKEN.
- ⇒ Prior to joining HEINEKEN, she was the Regional Senior Director – HR for the Emerging Markets Asia of Pfizer, Inc., a growth engine and innovation powerhouse for the Company (2017 – 2021).
- ⇒ Prior to Pfizer, she had a long, distinguished HR career at Procter & Gamble, starting in the Philippines and eventually being assigned to country and regional roles in Indonesia, Thailand, Taiwan and Singapore (1987 – 2017).

Directorship in other Public Companies / Organisations in Malaysia

Nil

Management Team's Profile



ROLAND BALA

Managing Director

Malaysian | Male | 56
Appointed on 1 September 2018

Qualifications

- ⇒ Bachelor's Degree in Business Administrations, UiTM Malaysia

Working Experience

Within HEINEKEN Group:

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

Previous Experience:

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



CHRISTIAAN JOHANNES FOLKERTS

Finance Director

Dutch | Male | 40
Appointed on 15 June 2021

Qualifications

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

Working Experience

Within HEINEKEN Group:

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



VASILY BARANOV

Sales Director

Russian | Male | 44
Appointed on 4 February 2019

Qualifications

- ⇒ Bachelor's Degree in Environmental Engineering & Ecology Russian State Environmental University, St. Petersburg, Russia

Working Experience

Within HEINEKEN Group:

- ⇒ Head of Sales at HEINEKEN Hanoi from November 2015 to January 2019. In this tenure, he developed and implemented long-term company commercial strategy; as well as maximised company top line and profit growth; while he also strengthened and built the sales team with talent development and succession planning programs implementation.
 - He was previously the Commercial Manager at Mongolian Beverages Company Pte Ltd, HEINEKEN's operating company in Mongolia, from 2012-2013; then as a Sales Development Manager at HEINEKEN APAC from 2013 to 2015. In total, he has 7 years of experience managing sales performance in the Asia Pacific region.
 - First joined HEINEKEN in 2001 at its Russia operating company where he worked his way up from Area Sales Manager to Business Development Manager and finally Regional Sales Manager before pursuing a career outside of HEINEKEN in 2009.

Previous Experience:

- ⇒ He worked at Nike Russia from 2009 to 2012, where he held various roles such as Regional General Manager (St. Petersburg region), Field Sales Director, and Football & Team Sports Category Sales Manager.

Management Team's Profile



PABLO CHABOT

Marketing Director

Dutch | Male | 39
Appointed on 1 May 2019

Qualifications

- ⇒ Master of Science in Marketing Management, Erasmus University Rotterdam, Netherlands

Working Experience

Within HEINEKEN Group:

- ⇒ Joined HEINEKEN in 2008 as a Commercial Management Trainee and has held various roles in both Marketing and Trade Marketing across multiple HEINEKEN operating companies, including Netherlands, Nigeria, and Switzerland.
- ⇒ In his most recent role, he was Heineken® Marketing Manager at HEINEKEN China from November 2017 to April 2019. In this role, he focused on building a winning team while championing a more digital and mobile first marketing approach. He also leveraged on partnership platform such as F1 and thematic campaigns to drive growth.
- ⇒ He was with HEINEKEN China from April 2016, where he was first appointed as the Commercial Organisation & Capability Manager then subsequently the Head of Innovation.
- ⇒ A strong track record of working across the Heineken® brand and other portfolio brands, driving both equity and commercial performance.



RENUKA INDRARAJAH

Corporate Affairs & Legal Director

Malaysian | Female | 54
Appointed on 1 February 2002

Qualifications

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

Working Experience

Within HEINEKEN Group:

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

Directorships:

- ⇒ Since June 2007, serving as a Governing Council Member of the Confederation of Malaysian Brewers Berhad
- ⇒ General Committee Member of Malaysian International Chamber of Commerce & Industry (MICCI).

Previous experience:

- ⇒ Over 20 years of working experience in legal including 14 years of experience in corporate affairs.
- ⇒ Advocate & Solicitor specialising in corporate law at Skrine.
- ⇒ Regional Legal Counsel at Sema Group.
- ⇒ Vice President of Legal at Schlumberger Sema.



SALIMA BEKOEVA

Supply Chain Director

Russian | Female | 51
Appointed on 1 April 2019

Qualifications

- ⇒ Economist – Mathematician, Moscow Plekhanov University of Economics
- ⇒ Certified Professional Accountant and Auditor, Moscow Professional Educational Center, Russia

Working Experience

Within HEINEKEN Group:

- ⇒ Brewery Manager at Sampang Agung, Multi Bintang Indonesia (MBI), HEINEKEN's operating company in Indonesia, from October 2017 to March 2019. During her time with MBI, she enhanced its route to market efficiencies and cost management, as well as played a key role in the brewery's expansion.
- ⇒ Previously the Branch Director at the Volga Brewery in Russia where she developed and implemented the vision and strategic direction of the brewery amongst others. Under her leadership, Volga Brewery was the first brewery to achieve TPM Bronze and was nominated as the best employer in Nizhegorodsky region in 2014. In 2017, the brewery achieved the highest productivity and lowest cost results, successfully passed ISO 14000 and OHSAS standards audits. Volga Brewery became a winner of Heineken AMEE region Supply Chain award on a basis of 2017 results.
- ⇒ Joined the HEINEKEN Group in 2005 and has held multiple roles across the finance and supply chain divisions.

Previous Experience:

- ⇒ More than 13 years of experience in audit and finance; 3 years in sales and distribution; and more than 8 years in supply chain.

Management Team's Profile



JANINA VRIESEKOOP

Digital & Technology Director

Dutch | Female | 39
Appointed on 15 January 2020

Qualifications

- ⇒ Pre-master Culture, Organisation & Management, Vrije University Amsterdam
- ⇒ Bachelor of Communications, INHolland Rotterdam

Working Experience

Within HEINEKEN Group:

- ⇒ Started her career in HEINEKEN Netherlands in 2013 as a Digital Media Consultant and worked her way up to a Senior Digital Consultant and then to her current role as Innovation Digital Manager.
- ⇒ Key milestones included kick starting iDDM (Individualised Data Driven Marketing), creating an Innovation mindset within her organisation and being the frontrunner in Agile by defining the organisation's ambition and programmes.

Previous Experience:

- ⇒ Owner and founder of online publisher 'Ons Woord'.
- ⇒ Account Manager & Project Manager in Internet agency, Virtual Affairs.
- ⇒ Site Manager Internet & Intranet, AkzoNobel.



VICTORIA ANG SU LIM

People Director

Malaysian | Female | 45
Appointed on 26 April 2021

Qualifications

- ⇒ Executive Education in Strategic Human Resources, National University of Singapore

Working Experience

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

Our Business Model

Our Impact *From Barley to Bar*

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



AGRICULTURE

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

BREWING

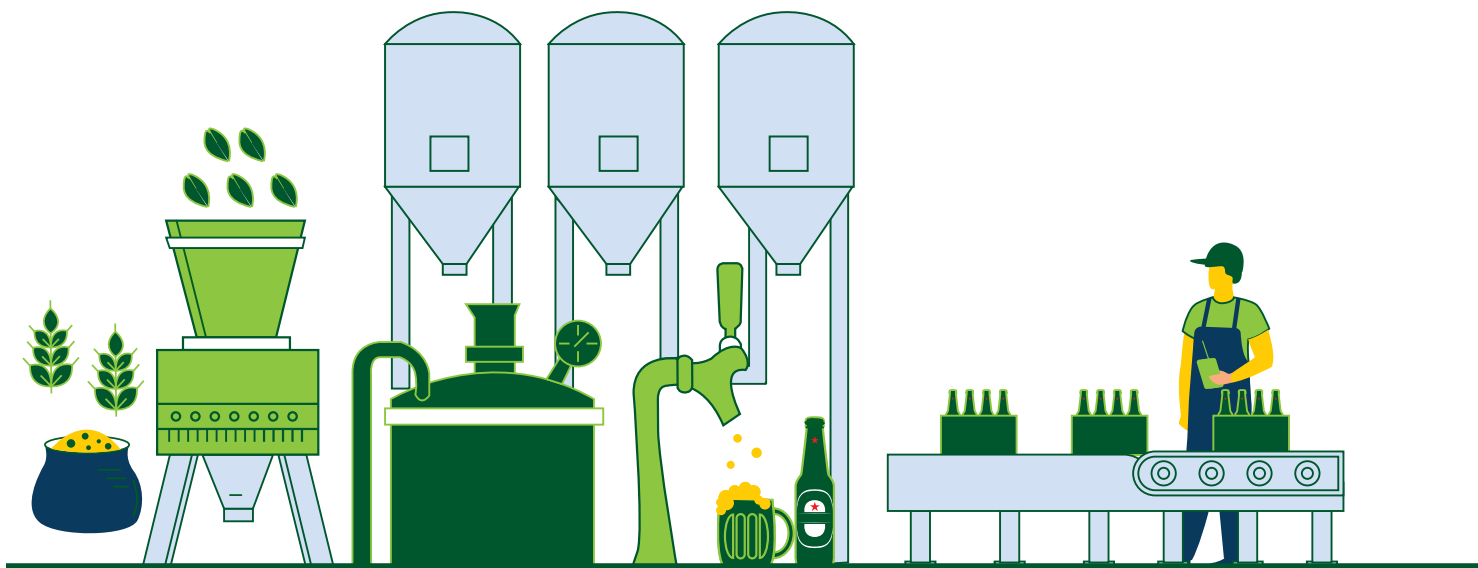
At our Sungei Way Brewery in Petaling Jaya, Selangor, we are on the path to net zero carbon emissions in production by 2030. Our water strategy focuses on working towards healthy watersheds by combining internal and external efforts to support water security. Our brewery has achieved zero waste to landfill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

EMPLOYEES

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

PACKAGING

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



Our Business Model

Brew A Better World 2030 supports the following UN SDGs:

Path to zero impact...				Path to an inclusive, fair and equitable world...		Path to moderation and no harmful use...	
6 CLEAN WATER AND SANITATION	7 AFFORDABLE AND CLEAN ENERGY	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION	5 GENDER EQUALITY	8 DECENT WORK AND ECONOMIC GROWTH	3 GOOD HEALTH AND WELL-BEING	12 RESPONSIBLE CONSUMPTION AND PRODUCTION



Five-Year Financial Indicators

Financial year ended 31 December	2017	2018	2019	2020	2021
KEY OPERATING RESULTS (RM'000)					
Revenue	1,874,322#	2,029,672	2,320,249	1,762,396	1,979,348
PBIT	366,403	383,134	414,399	203,652	323,925
Tax Expense	(93,116)	(98,244)	(99,159)	(44,519)	(75,749)
Profit After Tax	270,058	282,520	312,968	154,197	245,678
Net Cash from Operating Activities	357,856	348,437	411,333	226,300	339,871
OTHER KEY DATA (RM'000)					
Total Assets	867,780	940,323	1,099,993	1,046,708	1,088,173
Total Liabilities	(507,265)	(569,176)	(705,892)	(697,325)	(692,497)
Reserves	209,466	220,098	243,052	198,334	244,627
Total Equity	360,515	371,147	394,101	349,383	395,676
Capital Expenditures	77,235	99,522	117,112	63,422	112,865
FINANCIAL RATIOS (%)					
Operating Working Capital % of Revenue	10.3#	8.3	6.1	7.3	4.5
EBITDA Margin	22.3#	21.1	20.3	15.5	19.9
Return on Equity	101.6	103.2	105.2	58.3	81.9
SHARE INFORMATION					
Earnings per stock unit (sen)	89.4	93.5	103.6	51.0	81.3
Net Dividend per stock unit (sen)	90.0	94.0	108.0	51.0	81.0
Dividend Yield (%)	4.8	4.6	4.0	2.2	3.9
Net Assets per stock unit (sen)	119.0	123.0	130.0	116.0	131.0
Market Capitalisation (RM'billion)	5.7	6.2	8.2	7.0	6.3

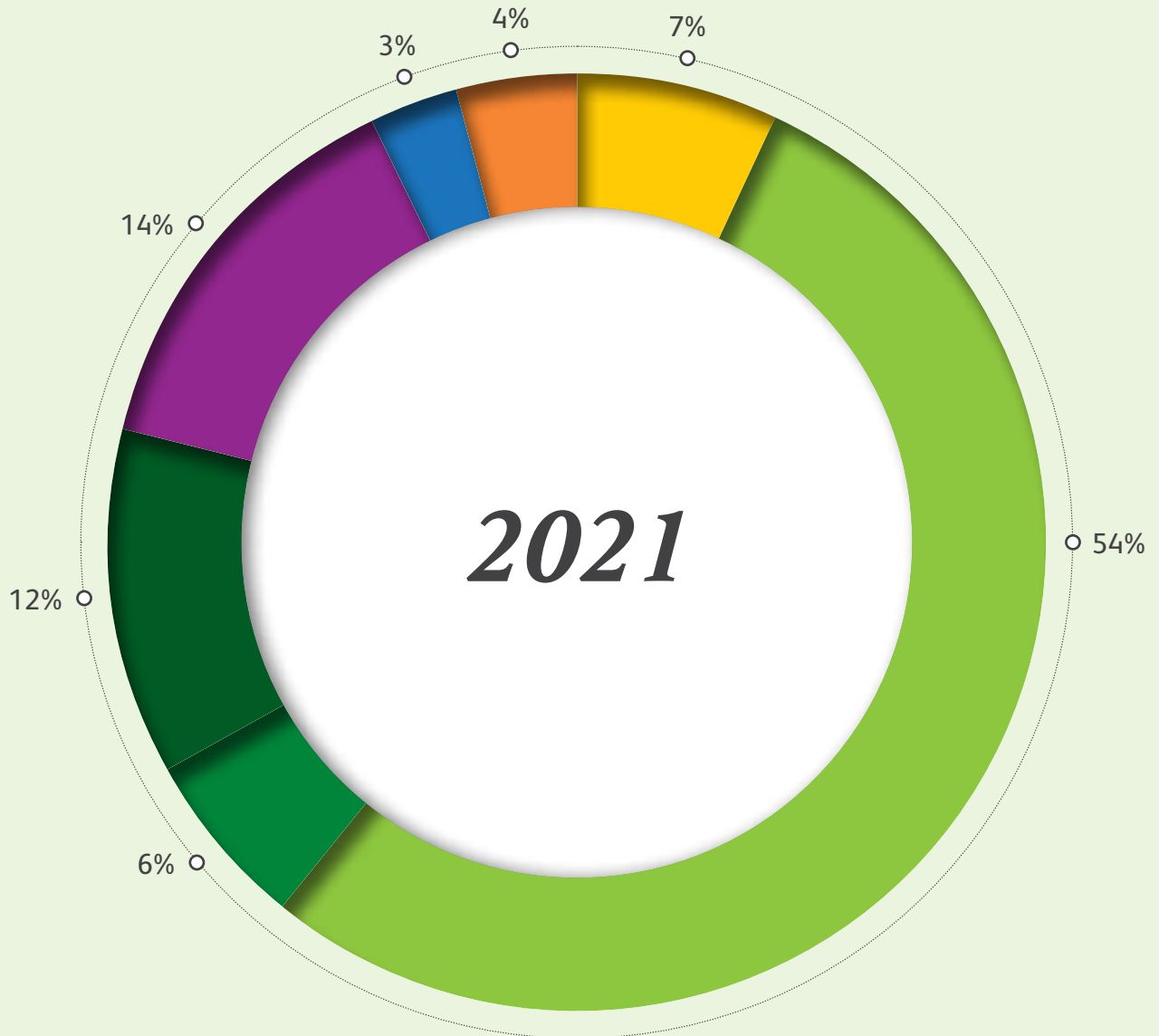
EBITDA : Earnings before interest, tax, depreciation and amortisation








PBIT : Profit before interest and tax

Revenue was restated to conform to Malaysian Financial Reporting Standard 15 : Revenue from Contracts with Customers.

Analysis of Group Revenue

For The Financial Year Ended 31 December 2021



- | | |
|---|--|
|  Raw Materials & Packaging Costs
7% |  Distribution, Sales & Administrative Expenses
14% |
|  Excise, Customs Duties & Sales Tax
54% |  Depreciation & Amortisation
3% |
|  Personnel Expenses
6% |  Corporate Tax
4% |
|  Profit After Taxation
12% | |

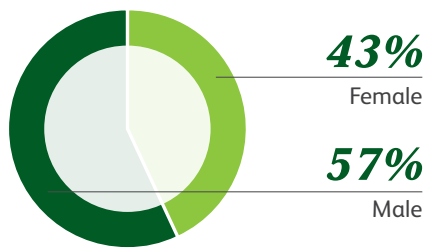
Performance Highlights

People

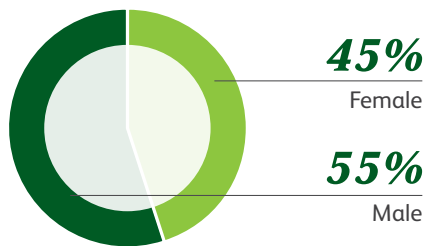


Total Employees
510

Board of Directors



Middle to Senior Management



Employee Engagement score
84%
(+2% vs 2020)

Performance Enablement Score
80%
(+2% vs 2020)



>155 million steps

by HEINEKEN Malaysia employees (July to December 2021)



150,000 meals

for communities in need during the pandemic



100,000 care packages

for victims of the December 2021 flood disaster



Performance Highlights

Planet



15.7%
reduction in CO₂ emissions compared with 2018



15.5%
reduction in water consumption since 2014



Balanced
289%
of water used in our beer and ciders
1st company in Malaysia to fully balance water used in its products



Zero Waste
to landfill



Performance



Revenue
+12%
to RM1.98 billion vs 2020



Profit Before Tax
+62%
to RM321 million vs 2020



FY21 Dividend
81 sen
per stock unit
(2020: 51 sen)



Contributed
RM1.14 billion
in taxes to the Government

Management Discussion & Analysis

Navigating through the storm

We kept an all hands on deck approach by keeping the team connected and motivated through regular communications and updates, despite the many uncertainties in the external environment. Building on our experience in the previous year, our team had adapted to the new normal and leveraged agile ways of working to unlock greater efficiency and productivity.



Management Discussion & Analysis

After a difficult 2020 due to the COVID-19 pandemic, we went into 2021 hopeful of continued recovery. The prolonged restrictions and lockdowns had adversely impacted the Group's business performance in the previous year and dampened economic recovery in the country. To protect our business, adapt to the new realities and accelerate recovery, we front-loaded our cost and value initiatives by right-sizing our cost base and the organisation. These bold moves were crucial to help the Group navigate the crisis whilst building for a stronger future.

Unfortunately, due to the continued spike in COVID-19 cases, the Government announced another lockdown which took effect in June 2021. For the second time in two years, we had to suspend our brewery operations for 11 weeks from June 2021 to August 2021, whilst operating restrictions were once again imposed on food & beverage (F&B) outlets, which continued until Q4. The pause in our brewery operations was significantly longer than the seven week stoppage we faced in 2020 due to the first MCO and this impeded on the Group's ability to conduct our normal business operations.

Nevertheless, I am pleased to share that the bold moves we took proved effective and helped to mitigate the adverse impacts of the longer pause in our operations. The following is a review of our business performance, highlights of our marketing campaigns, as well as our sustainability progress.

OUR PERFORMANCE

Despite a longer lockdown, Group revenue increased by 12% in FY21 to RM1.98 billion, mainly due to improved revenue management and improved agility in managing our supply chain that helped mitigate the adverse impacts of the pause in our brewery operations.

The improvement in revenue, coupled with highly disciplined cost management, enabled the Group's Profit Before Tax (PBT) to grow by 62% in FY21 to RM321



Despite the longer lockdown in 2021, we delivered revenue growth of +12% and PBT growth of +62%. This was possible due to the bold moves we took to right-size our cost base.

million. Excluding the one-off settlement Customs' Bill of Demand amounting to RM7.2 million incurred in June 2020 and the one-off provision of RM14 million in December 2020 for costs associated with the organisational restructuring exercise implemented in 2021, Group PBT would have grown by 46%.

However, compared with pre-pandemic levels, the Group Revenue and PBT performance was still below the 2019 levels where Revenue was at RM2.32 billion and PBT was RM412 million, an indication that business is still under the recovery phase.

Net cash from operating activities for FY21 increased by 50% to RM340 million attributed to the improvement in working capital. Net assets for FY21 was recorded at RM396 million, 13% higher versus FY20 mainly due to better business performance during the year.

The Group paid a total of RM1 billion in excise, customs duties, and sales tax for the year. The Group incurred a total of RM76 million in income tax, translated into an effective tax rate of 24%.

Based on our 2021 results, the total dividend for the year is 81 sen per stock unit comprising:

- a single tier interim dividend of 15 sen per stock unit which was paid on 18 November 2021; and
- a proposed single tier final dividend of 66 sen per stock unit payable

in July 2022 upon shareholders' approval at forthcoming Annual General Meeting.

The dividend payout ratio for the year is approximately 99.6% of the Group's profit after tax.

HOME OF WORLD CLASS BRANDS

We started 2021 with our Chinese New Year campaign led by Tiger Beer, Malaysia's No. 1 Beer. Tiger's 'Bring on the ONG' campaign welcomed the year of the Ox with an exciting and rewarding nationwide promotion, giving loyal consumers RM1,000,000 worth of prizes up for grabs, including RM18,888 'ONGsome' cash Ang Pows, among others. Throughout the campaign period from January to mid-February, various promotions and contests were activated across channels in participating restaurants, coffeeshops, supermarkets, convenience stores, as well as through HEINEKEN Malaysia's e-Commerce platform Drinkies.



Our FY21 performance was still below 2019 levels, an indication that business is still under the recovery phase."

Due to ongoing social restrictions during the year, Tiger hosted its Virtual Street Food Festival for the second year in a row, bringing together streetwear, street food and many new exciting features for the virtual festivalgoers. As part of Tiger's consistent efforts to support the local street food scene, over 100 street food vendors took part in the festival. Fans could enjoy their favourite street food dishes paired with Tiger Beer and Tiger Crystal, all delivered to their doorsteps.

After more than a year of waiting, UEFA Euro 2020™ finally took place from 12 June to 12 July 2021. Heineken®, the proud official beer partner of UEFA Euro

Management Discussion & Analysis

2020™, encouraged fans to join in the fun with through its campaign 'Enjoy the Rivalry'. Accompanying the campaign was a range of Limited-Edition Heineken® UEFA Euro 2020™ bottles and cans, featuring the flags of participating teams.

With working from home being the new norm in 2021 and in line with the brand's mission to refresh consumers' next long day of work, Heineken® gave away 10,000 units of Heineken® 0.0 4-can packs. Our message? #NowYouCan work responsibly while enjoying a cold Heineken® 0.0 - a refreshing beer, minus the guilt and minus the alcohol.

After a difficult 2020, which was defined by social distancing and isolation, Guinness gave consumers a chance to celebrate all of the previous year's missed occasions during St. Patrick's month. For 31 days in a row in March, Guinness spread joyful St. Patrick's spirit to its fans in Klang Valley and Penang with the Guinness St. Patrick's Celebration Kits, which were curated exclusively with a dash of Guinness and St. Patrick's elements to it.

When the lockdown was lifted, restaurants were finally able to welcome guests back for dine-in. Guinness gave family and loved ones an opportunity to reconnect post lockdown through its 'Ready When You Are' campaign. Whenever they are ready, fans will finally be able to reunite with friends, family and loved ones at their favourite outlets, while catching up with long-overdue conversations. Guinness brought back the renowned STOUTie machines to selected partner restaurants and bars where consumers can print their selfies on top of a cold and creamy glass of Guinness.

During the year, we also launched a new brand – the premium wheat beer Edelweiss. Born in the Alps and made with all-natural mountain ingredients, Edelweiss is now available across Peninsular Malaysia in bottles, cans and on draught. Easy-to-drink with a refreshing finish and a subtle, fruity aftertaste, Edelweiss is a smooth wheat beer with a golden hue and a natural cloudiness. We

are confident that Edelweiss will cater to growing demand amongst consumers for refreshingly smooth wheat beer.

I am pleased to share that our world-class brands continued to be recognised by consumers amongst Malaysia's most trusted and preferred brands at the Putra Brand Awards 2021. Heineken® and Tiger won Gold, and Guinness took home a Silver award. The triple win brings HEINEKEN Malaysia's total awards tally at Putra Brand Awards to 36 awards since 2010.

CARE FOR PEOPLE & PLANET

Our performance was made possible by the resilience and commitment of our One Strong Winning Team at HEINEKEN Malaysia. Navigating through the storm whilst building for the future, we kept an all hands on deck approach by keeping the team connected and motivated through regular communications and updates, despite the many uncertainties in the external environment.

Building on our experience in the previous year, our team had adapted to the new normal and leveraged agile ways of working to unlock greater efficiency and productivity. This enabled us to be better prepared and mitigated the adverse impacts of the 11-week suspension of operations at our brewery, compared with the 7-week stoppage in the previous year. Our priority has always been to safeguard the health and safety of our people. When the COVID-19 vaccination programmes were made available by the Government, we proactively encouraged our employees to receive their vaccinations. By getting our employees and contractors who were required to work on site fully vaccinated, we were able to demonstrate to the Government our industry's readiness to resume operations in a safe manner.

I am pleased to share that as a result of the various employee engagement efforts in 2021, HEINEKEN Malaysia's employee engagement score improved by 2% to 84%, whilst our performance enablement score improved by 2% to 80%.



I am pleased to share that our world-class brands continued to be recognised by consumers amongst Malaysia's most trusted and preferred brands at the Putra Brand Awards 2021."

Diversity, equity and inclusion are indeed important drivers of performance. In 2021, we joined the 30% Club Malaysia to support the drive for more balanced representation at the highest levels of business. I am happy to report that HEINEKEN Malaysia continues to exceed the Government's target for public listed companies to have 30% of women on company boards, with 43% representation on our Board of Directors.

In our Management Team, we have a 50:50 balance of men and women, whilst at middle to senior management, we have a 55:45 ratio of men and women. We acknowledge that we have more to do to support more women to grow with us, especially in our Sales and Supply Chain functions, which are traditionally male-dominated.

Representation alone is not sufficient, we are committed to train 100% of our people managers on inclusive leadership practices by 2023. In 2021, we had already trained 80% of our people managers and we are on track to meet this target to create a more inclusive and diverse workforce at HEINEKEN Malaysia. In 2022, we will be launching a new set of HEINEKEN Behaviours to complement our refreshed Purpose and Values. Once again, continued engagement with employees will be key to build and sustain a culture of high performance to shape our future growth journey.

Management Discussion & Analysis



In 2021, we trained 80% of our people managers on inclusive leadership practices. We are on track to reach 100% by 2023.

In 2021, we launched our Brew A Better World 2030 sustainability commitments. Our sustainability strategy is now driven through three key pillars – Environmental Sustainability, Social Sustainability, and Responsible Consumption. More details on our progress can be found in the Sustainability Review section of this Annual Report.

Amongst our key commitments are to reach net zero CO₂ emissions in production by 2030 and the wider value chain by 2040. This is indeed a bold commitment and requires us to immediately evaluate the possible pathways to reach net zero in the years ahead. I am glad to share that we already have a roadmap to cut CO₂ emissions in production by 50% by the year 2025, compared with our 2018 baseline. In 2021, we had reduced 15.7% of CO₂ emissions compared with 2018 and we will continue exploring available innovations that will reduce our reliance on non-renewable sources for energy generation, whilst continuing improvements in energy efficiency to reduce consumption where possible.

We continued to demonstrate leadership as a responsible water user through our water strategy that is focused on protecting healthy watersheds. Through our water triangle, we focus on reducing what we use (Water Efficiency), treating, reusing and recycling our waste (Water Circularity) and investing in projects that conserve our watersheds (Water Stewardship). In 2021, our average water consumption was 3.65 hl/hl, a 15.5% reduction compared to 2014 despite efficiency being impacted by the 11-week suspension of operations at our brewery.

We still have more to do in the years ahead to reach our 2030 target of 2.6 hl/

hl. For water circularity, we continue to treat 100% of our wastewater beyond the standards prescribed by the Department of Environment and will need to continue to identify the right opportunities to maximise reuse and recycling of our treated wastewater. In terms of water stewardship, after years of investment in projects in collaboration with civil society organisations and local communities, we reached more than 100% water balanced in 2020 by balancing 267% of the target balancing volume. In 2021, our water stewardship project achieved 289% of the target balancing volume.



We are committed to reach net zero CO₂ emissions in production by 2030 and the wider value chain by 2040. In 2021, we reduced CO₂ emissions in production by 15.7% vs our 2018 baseline.

Building on the work we started in 2020 to bring relief to those impacted by the pandemic, prolonged lockdowns and natural disasters, we launched HEINEKEN Cares in 2021 to deliver a bigger impact to those in need. Undoubtedly, the pandemic had brought significant impact to communities who endured the effects of loss of income during times of lockdown.

HEINEKEN Cares brought together eight civil society organisations and community partners across Peninsular Malaysia and East Malaysia, and supported their work in reaching out to B40 communities to offer a helping hand. All HEINEKEN Malaysia employees played a part to support this effort as every 1,000 steps an employee made during the period of July to December 2021 equaled 1 meal being provided for someone in need. Every step counts, every meal matters. We exceeded our target by collectively achieving 155 million steps during the period and this enabled us to channel more than 150,000



We are the first company in Malaysia to fully balanced the water we use in or products, achieving 289% of our target balancing volume in 2021.

meals during the period. Additionally, during the December 2021 flood disaster that hit the Klang Valley and several other areas in Peninsular Malaysia, we activated HEINEKEN Cares to deliver more 100,000 meals and urgent care packages to flood victims, including a number of our own employees who were also badly affected.

We are also proud of the positive impact made by our long-running Tiger Sin Chew Chinese Education Charity Concert (Tiger CECC) platform. After a pause in 2020 due to the pandemic, we brought Tiger CECC back in 2021 as a virtual concert, successfully helping to raise close to RM6 million for five schools. Since 1994, the Tiger CECC has raised more than RM361 million for schools across Malaysia, enabling the enhancement of teaching and learning environments through upgrade of facilities and amenities that has benefitted multiple generations of students who go on to contribute to Malaysia's growth.

In 2021, HEINEKEN Malaysia was accepted as one of the 54 members of the CEO Action Network (CAN), a closed-door peer-to-peer informal network of CEOs and Board members focused on sustainability advocacy, capacity building, action and performance. Through a dedicated Working Group, Workstreams and active members driving bespoke initiatives, CAN aspires to catalyse its members towards shaping future-ready and ESG-integrated business models and ecosystems. As a member, we are committed to engage with various stakeholders including our supply chain, regulators and policy makers, government, as well as our peers across various sectors to forge partnerships that are committed

Management Discussion & Analysis

to responsible business practices and sustainable development. In the process, we will not only exchange industry best practices, but also share proven strategies and future proof ideas with CAN participants.

MANAGING OUR RISKS

Our approach to risk management is detailed in our Statement on Risk Management and Internal Control on page 64 to 70. The following table contains a general description of different areas of risks and actions undertaken by Management:

	<p>REGULATORY & TAX</p> <p>We continue to engage the Government on key issues affecting the industry, in support of the country's growth ambition as well as recovery from the significant economic impact attributed to the ongoing global pandemic.</p>		<p>ILLICIT ALCOHOL</p> <p>We fully support the Government's efforts in eradicating illicit alcohol, which represents a loss of revenue to both Government and Industry. We continue to work proactively to raise awareness about the dangers of illicit alcohol through engagements with relevant enforcement authorities, our trade partners and consumers.</p>
	<p>GROWING SENSITIVITIES</p> <p>We advocate responsible consumption. The Heineken® brand spends 10% of its media budget annually on promoting moderation and responsible consumption. Through our global partnership with F1, we reinforce a bold message – When You Drive, Never Drink. We also adhere strictly to the HEINEKEN Responsible Marketing Code to ensure that all promotional activities are respectful of cultural sensitivities.</p>		<p>SAFETY & SECURITY</p> <p>We continue to increase awareness and practice of the HEINEKEN Life Saving Rules amongst our people. 100% of our employees and contractors are fully vaccinated against COVID-19, and we continue to conduct bi-weekly screening tests to minimise risk of workplace transmissions and clusters. We also continue practicing strict health and safety SOPs that ensure we create a safe workplace.</p>

OUR OUTLOOK

We observed encouraging business recovery in the last quarter of 2021 when most states moved to Phase 4 of the National Recovery Plan and local tourism and food & beverage sectors started reopening. However, the Group remains cautious on the outlook for 2022 given the continual discovery of new COVID-19 variants.

In early 2022, the Omicron variant sparked a new wave of infections globally and Malaysia has not been spared, with new cases surging to a 7-day average of more than 30,000 cases per day in early March. The Government has proactively encouraged the population to receive booster doses of the vaccine and at the time of writing, this strategy appears to be succeeding in keeping hospitalisations

relatively low with the majority of cases demonstrating mild symptoms only.

The Government has further announced that Malaysia will begin its transition to the endemic phase in April 2022. This represents light at the end of the long tunnel and with the gradual reopening of international borders and revival of international tourism, Malaysia's hospitality and food & beverage sector is expected to accelerate further recovery after two extremely challenging years. Having said that, pubs and nightclubs continue to be on the negative list in the endemic phase. In this regard, we will support the industry through continued engagement with the Government to address any remaining concerns.

The adverse impacts of the pandemic on the global supply chain are expected

to pose continued challenges to the industry. The rise in prices for commodities and services, coupled with logistics constraints are factors that could drive higher input costs.

The Group welcomes the stance taken by the Government not to increase excise duties on beers and stouts in its Budget 2022, as any hike in excise rates will drive greater demand for illicit alcohol. HEINEKEN Malaysia remains committed to support the Government to stamp out illicit trade through holistic efforts including strengthening enforcement and raising greater awareness in the market.

The Government's one-off tax of 33% on taxable income above RM100 million in 2022 is another factor that will impact the Group's bottom line in FY22.

Management Discussion & Analysis

In 2021, we launched our EverGreen strategy with the goal to future-proof the business, adapt to new external dynamics and emerge stronger from the COVID-19 crisis. EverGreen is a bold strategy to deliver superior and balanced growth and the next evolution of our HEINEKEN business.

Our EverGreen priorities are as follows:

OUR 2022 FOCUS



DRIVE SUPERIOR GROWTH

- With consumer centricity, we shape and lead the premium category and continue investing behind our brands.



FUND THE GROWTH, FUEL THE PROFIT

- Cost and value to drive efficiency to enable reinvestments into our brands and business.



RAISE THE BAR ON SUSTAINABILITY AND RESPONSIBILITY

- Full commitment to deliver on our ambition to become net zero carbon in our productions by 2030 and the full value chain by 2040.



BECOME THE BEST CONNECTED BREWER

- Accelerate digital and technology to create a Unified Customer Ecosystem with a customer and consumer-first approach.



UNLOCK THE FULL POTENTIAL OF OUR PEOPLE

- Promote a high-performance culture that boosts our strategic capabilities, nurture the best talents, and foster an organisation where people thrive.

ACKNOWLEDGEMENTS

I would like to welcome Christiaan Johannes Folkerts (Karsten) who joined us in June 2021 as Finance Director, replacing Szilard Voros who has left the HEINEKEN Group. Prior to joining us, Karsten was Head of Finance, Procurement and Digital & Technology for HEINEKEN's business in the Philippines. He joined the HEINEKEN Group in 2007 as a Finance Management Trainee and has taken on increasingly senior roles in HEINEKEN's businesses in the Netherlands and Brazil. I take this opportunity to thank Szilard for his contributions to the Group.

I would also like to thank Aileen Aumentado who supported us as Interim Human Resources Director for five months from December 2020. In April 2021, we welcomed Victoria Ang as our new People Director. Victoria brings on board more than two decades of experience in the HR field having worked with American and European organisations in sectors including consumer goods, manufacturing as well as shared services.

The past two years have been extraordinarily challenging. I would like to also put on sincere appreciation to our shareholders, business partners,

customers, consumers and most importantly our employees who have persevered through this storm together and now emerge stronger than ever. Striving to win in the market, our One Strong Winning Team will continue to be driven by our purpose – to brew the Joy of True Togetherness to inspire a better world.

Thank you.

Roland Bala
Managing Director
15 March 2022

Brand Highlights

36 Putra Brand Awards since 2010



Cheers To Yet Another Triple Win At Putra Brand Awards 2021



HEINEKEN Malaysia's world-class brands continued its winning streak, seizing three outstanding accolades at the Putra Brand Awards 2021. It was yet another triple win as Heineken® and Tiger Beer won Gold, while Guinness achieved Silver. These new wins bring the total awards tally to 36 since the inception of the Putra Brand Awards.

Despite the challenges in the external environment, we continued to invest behind our brands and stay connected with our customers and consumers whilst adapting to the new normal. This achievement was made possible by the team at HEINEKEN Malaysia and our business partners who demonstrated resilience, courage, commitment, and passion to ensure we delivered the best to our consumers.

By putting our consumers at the centre, we enabled the creation of innovative, meaningful, and exciting campaigns. The pandemic challenged existing norms and pushed us to be more creative as we strived to connect with consumers whilst delivering premium, world-class experiences just as we have been known to do.



Brand Highlights

Heineken®

World's No.1 International Premium Beer Brand



Heineken® - Enjoy the rivalry of UEFA Euro 2020™

Heineken®, the proud official beer partner of UEFA Euro 2020™, encouraged fans to join in the fun with its new campaign 'Enjoy the Rivalry'. After more than a year of waiting, UEFA Euro 2020™ finally took place from 12 June to 12 July 2021. Accompanying the campaign is a range of Limited-Edition Heineken® UEFA Euro 2020™ bottles and cans, featuring the flags of participating teams. Available in special combo packs at participating supermarkets, hypermarkets, convenience stores and on Drinkies, HEINEKEN Malaysia's e-Commerce platform, where exciting promotions and special bundles included Limited-Edition jerseys, football scarves and official Heineken® glassware.

Heineken® 0.0 Dry March – Enjoy Guilt Free March

After the exciting holiday and festive season when many indulged in food and drinks after overindulging in food and drinks, Heineken® 0.0 helped consumers take a step back and refresh with the Heineken® 0.0 Dry March campaign. Taking inspiration from the popular global trend of Dry January where consumers give up alcohol for a month, Heineken® 0.0 encouraged Malaysian consumers to adopt a balanced lifestyle by having their own Dry March. To keep consumers motivated, Heineken® 0.0 partnered with local fitness instructors and a celebrity chef to curate a series of virtual activities to enjoy with a can of ice cold Heineken® 0.0.



#PerfectWithHeineken Festive Campaign

In conjunction with the year-end festive period, Heineken® launched the #PerfectWithHeineken campaign to elevate festivities and make celebrations perfect. Consumers were asked to share their #PerfectWithHeineken Wishlist and winners got to experience unique celebrations with friends and family, accompanied by the Artificial Intelligence (AI) beer companion - Heineken® Beer Outdoor Transporter (B.O.T.), an autonomous robot cooler that utilises AI and motion sensor technology to transport Heineken® beer and follow its user wherever they go.

Brand Highlights

Tiger Beer

World-acclaimed iconic Asian beer



'Bring on the ONG' Chinese New Year Festive Campaign

Tiger's 'Bring on the ONG' campaign welcomed the year of the Ox with an exciting and rewarding nationwide promotion, giving loyal consumers RM1,000,000 worth of prizes up for grabs, including RM18,888 'ONGsome' cash Ang Pows, among others. Tiger also launched limited edition festive cans. The collectible cans in auspicious colours of red and gold were designed with the Chinese greeting 'Wang Shi Ru Yi' symbolising prosperity. Throughout the campaign period from January to mid-February, various promotions and contests were activated across channels in participating restaurants, coffeeshops, supermarkets, convenience stores, as well as through HEINEKEN Malaysia's e-Commerce platform Drinkies.



'Xperience The Xtraordinary' With Tiger Street Food

Due to ongoing social restrictions, the Tiger Street Food Virtual Festival was held again, this time bringing together streetwear, street food and many new exciting features for the virtual festivalgoers. As part of Tiger's consistent efforts to support the local street food scene, over 100 street food vendors took part in the festival. Fans could enjoy their favourite street food dishes paired with Tiger Beer and Tiger Crystal, all delivered to their doorsteps. Breaking the boundaries of street food, the brand also partnered with Malaysian streetwear brands to curate limited-edition streetwear apparels specially for this virtual festival. The six-week-long campaign featured many other attractive promotions available for fans outside of the virtual festival too, including rewarding Tiger Beer consumers with exclusive vouchers of food delivery platforms to drive support towards street food vendors.



Uncage Your Inner Fire with Tiger Crystal

Tiger Crystal – crystal cold refreshment, brewed for your fire, is all about inspiring fans to uncage their inner fire. Tiger Crystal launched the #FireStarter platform to encourage fans to explore and discover new skills and passions with confidence. Featuring local mentors, surfskate pro Aaron Chan, Don Michael of Happyfingers Jumps, Meng from All Is Amazing and Mavic from Craft at No.7, the #FireStarterSquad welcomed fans to learn tricks of the trade and master the basics from them. To keep the fire burning and to put the skills learnt to the test, each mentor ran a contest on their respective Instagram pages to give away an exclusive Tiger Crystal Fire Starter Kit, for fans to kick start their new passion.

Brand Highlights

Guinness

No.1 Stout in Malaysia and the world over



Add joy to Mid-Autumn Festival with Guinness Mooncakes

Just in time for the Mid-Autumn Festival, local bar chain The Beer Factory (TBF) and Malaysia’s favourite stout, Guinness, partnered once again to create the limited-edition Guinness Snowskin Mooncakes. Wrapped up in a velvety black snowskin, Guinness Mooncakes set themselves apart with deep roasted flavours of Guinness and chocolate-infused lotus paste with an alcohol-infused golden bean paste centre, creating a rich and indulgent treat. Exclusively available at selected TBF outlets across Peninsular Malaysia, the Guinness Snowskin Mooncakes were housed in a premium presentation box of black and gold layering, making it an ideal gift for Guinness-lovers.

31 Days of St. Patrick’s Celebration with Guinness

Guinness gave consumers a chance to celebrate all last year’s missed occasions this St. Patrick’s month. For 31 days in a row in March, Guinness spread joyful St. Patrick’s spirit to its fans in Klang Valley and Penang with the Guinness St. Patrick’s Celebration Kits, which were curated exclusively for fans to catch up on their missed celebrations. Each kit is carefully curated with a dash of Guinness and St. Patrick’s elements to it. Guinness partnered with various vendors across the Klang Valley and Penang to create these masterpieces, namely myBurgerLab with Topsy Boar, Coley, Makhan By Kitchen Mafia, The Ice Cream Bar and Anniekins Cakehouse in the Klang Valley as well as Mish Mash, Cake By X and Three Tiers Ice Cream in Penang. Besides that, also available at participating outlets nationwide was a free limited-edition Guinness tumbler with any purchase of Guinness Draught or Guinness Foreign Extra Stout all through March.



Guinness is Ready When You Are

When the lockdown was lifted, restaurants were finally able to welcome guests back for dine-in. Guinness gave family and loved ones an opportunity to reconnect post lockdown through its ‘Ready When You Are’ campaign. Whenever they are ready, fans will finally be able to reunite with friends, family and loved ones at their favourite outlets, while catching up with long-overdue conversations. Doing all that with a glass of fresh, cold, smooth and creamy Guinness in hand is the perfect commemoration to all those months of waiting. Guinness brought back the renowned STOUTie machines to selected partner restaurants and bars where consumers can print their selfies on top of a cold and creamy glass of Guinness.

Brand Highlights

Edelweiss

The premium wheat beer born in the Alps



New Brand Launch: Edelweiss, the premium wheat beer

In June 2021, HEINEKEN Malaysia launched the latest addition to its portfolio of award-winning beers and ciders – the premium wheat beer Edelweiss. Born in the Alps, Edelweiss offers a fresh, contemporary twist to a centuries-old wheat beer.

Edelweiss is brewed with all-natural ingredients and a unique blend of mountain herbs, it is easy to drink with a refreshing finish and a subtle, fruity aftertaste. It is a smooth wheat beer with a distinctive golden cloudiness.

Edelweiss is available across Peninsular Malaysia in bottles, cans and on draught. Stylish and beautifully designed, the new Edelweiss Blade machine is a countertop draught dispenser, which serves Edelweiss at a crisp Alpine temperature of 2°C. With its “Brewlock” technology, BLADE delivers pints of Edelweiss through a keg of eight litres and keeps beer fresh for 30 days without the need to finish the keg in a single seating.



#FeelTheAlps in your City with Edelweiss

Edelweiss, the premium wheat beer born in the Alps, inspired fans to hit the refresh button and awaken their senses to enjoy life in a fun way whilst rediscovering their cities in a new light. Edelweiss kicked off the #FeelTheAlps journey by rallying various influencers share their inspirations on how they rediscovered their cities. Fans were invited to share their #FeelTheAlps experience in the comments section of Edelweiss’ social media post, or take part in contests run by influencers and stand to get rewarded with exclusive prizes and Edelweiss experiences.

In conjunction with the campaign, Edelweiss took the Alpine experience to a whole new altitude by launching the first Edelweiss Flagship outlet – The Alps Bar in Genting. The modern and sophisticated bar was majestically decked out to depict the essence of the Alps, and a highlight was the breath-taking view experienced from the first floor of the bar that truly brought the #FeelTheAlps experience to new heights.

Brew A Better World

Over the past decade, we have been guided by HEINEKEN’s global Brew A Better World sustainability strategy. This strategy has driven us to deliver on our commitment as a responsible and progressive brewer, working towards protecting our planet, growing our people and supporting local communities – all with a focus on delivering the United Nations Sustainable Development Goals (SDGs).

In our 2020 Annual Report, we had reported strong progress on all key indicators against our 2020 targets in the areas of protecting water resources, reducing CO₂ emissions, sourcing sustainably, advocating responsible consumption, promoting health and safety, and growing with communities. We know we can only thrive if our planet and communities thrive. For this reason, in 2021, we announced our Brew A Better World 2030 ambitions, a new set of ambitious commitments aimed at driving

a positive impact on the environment, social sustainability and the responsible consumption of alcohol.

Our Brew A Better World 2030 ambitions are woven into the fabric of a balanced growth strategy, putting sustainability and responsibility front and centre as we write our next growth chapter. Our 2030 ambitions raise the bar across three pillars, nine ambition areas and 22 commitments.

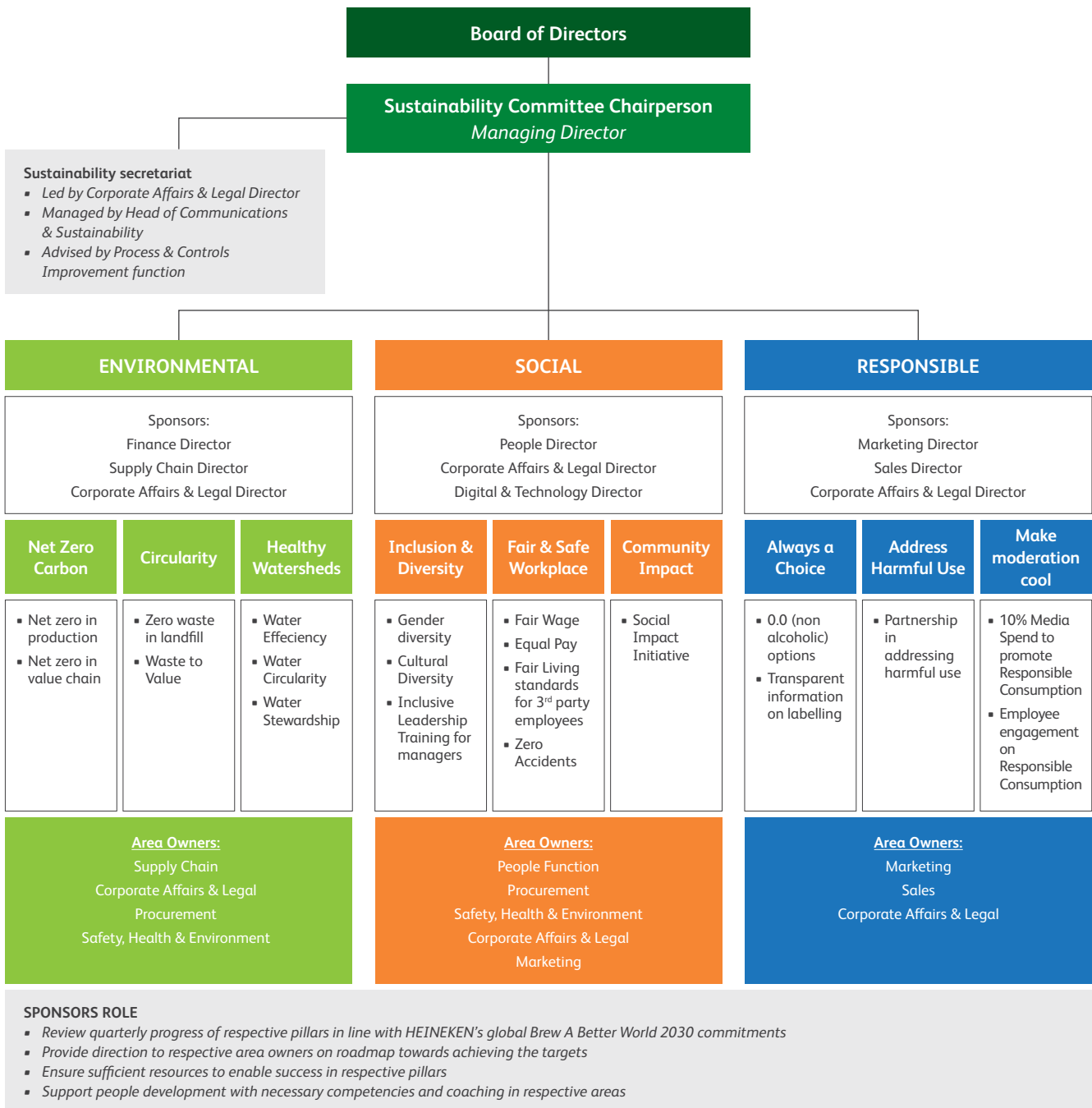
Transparency is key and we have disclosed our sustainability efforts in line with the Global Reporting Initiative (GRI) and Climate Disclosure Project (CDP) for many years. In 2021, HEINEKEN Global committed to the World Economic Forum’s (WEF) Stakeholder Capitalism Metrics and to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) which aim to advance global efforts to improve quality and consistency of climate-related disclosures.



Brew A Better World

Sustainability Governance

In line with our Brew A Better 2030 sustainability commitments, we have refreshed our sustainability governance structure that comprises key stakeholders across various functions. HEINEKEN Malaysia’s Sustainability Committee is chaired by the Managing Director, supported by a secretariat led by the Corporate Affairs & Legal Director, and comprising sponsors and area owners from functions across the business who are responsible for driving progress against our sustainability targets.



Brew A Better World

Stakeholder Engagement

Our stakeholders are important to our sustainability journey. Through engagement and communication, we are able to work towards delivering our Brew A Better World commitments supported by cross-functional collaboration and partnerships with external stakeholders.



Brew A Better World

Our engagement with key stakeholders and communication strategies to address our materiality are as below.

WHO WE ENGAGE	HOW WE ENGAGE	OUR FOCUS	MATERIALITY
 <p>Regulators and Public Authorities</p>	<ul style="list-style-type: none"> ▪ Courtesy visits ▪ Dialogue sessions ▪ Workshops and training ▪ Regular scheduled meetings ▪ Round-table discussions ▪ Industry and F&B sector engagement via chambers of commerce and trade associations 	<ul style="list-style-type: none"> ▪ Industry issues ▪ Excise duty ▪ Licensing and regulatory matters ▪ Anti-contraband initiatives ▪ Support for business operations 	<p>Regulatory compliance</p> <p>Economic impact and tax</p> <p>Business continuity</p>
 <p>Employees</p>	<ul style="list-style-type: none"> ▪ Online communication platform – Workplace by Facebook ▪ Employee Pulse Survey ▪ Employee Climate Survey ▪ Quarterly town halls ▪ Meetings with Union employees ▪ Flexible and open workspace ▪ Management Team meetings ▪ Leadership Team meetings ▪ Union Work-Site Committee engagements ▪ Department meetings ▪ On-boarding program for new employees ▪ Employee engagement get-togethers ▪ Annual Dinner ▪ Festive get togethers ▪ Inclusive Behaviours workshops 	<ul style="list-style-type: none"> ▪ Safety and health ▪ Alignment on business strategy, direction and goals ▪ Industrial relationship management ▪ Talent development ▪ Cross-function collaboration ▪ Employee engagement and team morale ▪ Employee wellbeing ▪ Productivity ▪ Addressing grievances ▪ Whistleblowing (SpeakUp) ▪ Responsible consumption 	<p>Responsible marketing and consumption.</p> <p>Human capital development</p> <p>Industrial relations</p> <p>Human rights</p>
 <p>Suppliers</p>	<ul style="list-style-type: none"> ▪ Compliance with HEINEKEN Supplier Code ▪ Supplier meetings ▪ Vendor registration briefings/ requirements 	<ul style="list-style-type: none"> ▪ Safety and health ▪ Anti-bribery and corruption ▪ Cost and value 	<p>Product safety, quality and hygiene</p> <p>Regulatory compliance</p> <p>Human rights</p> <p>Supply chain management</p>
 <p>Customer / Trade partners</p>	<ul style="list-style-type: none"> ▪ Trade partner engagements ▪ Distributor engagement sessions ▪ One-on-one engagements ▪ Joint business planning/ review meetings 	<ul style="list-style-type: none"> ▪ Business strategy and targets ▪ Identification of areas for improvement 	<p>Responsible marketing and consumption</p> <p>Regulatory compliance</p>

Brew A Better World

WHO WE ENGAGE	HOW WE ENGAGE	OUR FOCUS	MATERIALITY
 <p>Media/Analysts</p>	<ul style="list-style-type: none"> Media briefings Media interviews Media visits Product launches Brand marketing campaigns 	<ul style="list-style-type: none"> Strategic direction and business performance Sustainability agenda Brand activities 	<ul style="list-style-type: none"> Regulatory compliance Economic impact and tax Community investment and development Responsible marketing and consumption
 <p>Shareholders and investors</p>	<ul style="list-style-type: none"> Annual General Meeting Investor Relations enquiries Enquiries to Company Secretary Analysts and media briefings Investor calls/meetings Quarterly financial announcements via Bursa Malaysia Annual Reports Investor Relations section on corporate website 	<ul style="list-style-type: none"> Strategic direction and business performance Business strategy and targets Shareholders' returns Sustainability agenda 	<ul style="list-style-type: none"> Economic impact and tax Responsible marketing and consumption Regulatory compliance
 <p>Industry associations</p>	<ul style="list-style-type: none"> Engagement session Dialogue sessions Regular scheduled meetings 	<ul style="list-style-type: none"> Industry issues 	<ul style="list-style-type: none"> Regulatory compliance Economic Impact and Tax
 <p>Consumers</p>	<ul style="list-style-type: none"> Brand events Social media campaigns Product sampling Consumer research interviews and focus groups Virtual consumer engagements 	<ul style="list-style-type: none"> Brand campaigns and engagement activities Responsible consumption campaigns Product quality and freshness Consumer attitude and behaviour 	<ul style="list-style-type: none"> Responsible marketing and consumption Product safety, quality and hygiene
 <p>Communities</p>	<ul style="list-style-type: none"> SPARK Foundation activities NGO partner activities Community engagement programmes Fundraising initiatives Community events 	<ul style="list-style-type: none"> Environmental conservation projects Water stewardship projects Fundraising for schools via Tiger Sin Chew Chinese Education Charity Concert HEINEKEN Cares community food aid programme 	<ul style="list-style-type: none"> Community investment and development

Environmental Sustainability

ENVIRONMENTAL SUSTAINABILITY	OUR 2021 PROGRESS	OUR BREW A BETTER WORLD GLOBAL COMMITMENTS
REACH NET ZERO CARBON EMISSIONS	15.7% reduction in CO ₂ emissions compared with 2018 baseline	Net zero emissions in production by 2030
	Carbon footprint for emissions beyond our production being assessed with aim to identify suitable pathways to net zero across the value chain.	Net zero across the value chain by 2040 30% absolute reduction by 2030
MAXIMISE CIRCULARITY	Zero waste to landfill achieved since 2017.	Zero waste to landfill for all production sites by 2025
	Circularity strategy and targets under development.	Turn waste into value and close material loops throughout the value chain
TOWARDS HEALTHY WATERSHEDS	Fully water balanced since 2020. In 2021, we achieved 289% of our water balancing target.	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.
	Average water usage of 3.65 hl/hl. Efficiency of water use was impacted by the 11-week suspension of operations at the Sungei Way Brewery due to the Government's Movement Control Order.	Reduce average water usage to 2.6 hl/hl in water-stressed areas and 2.9 hl/hl globally
	100% of wastewater is treated beyond the standards required by the Department of Environment (DOE).	Treat 100% of wastewater of all breweries

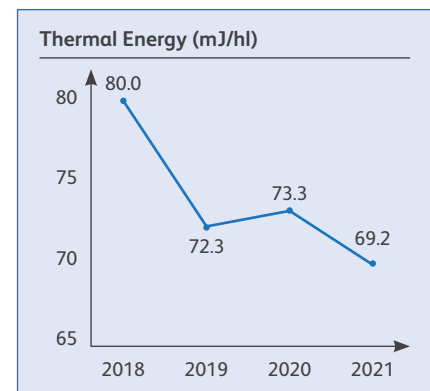
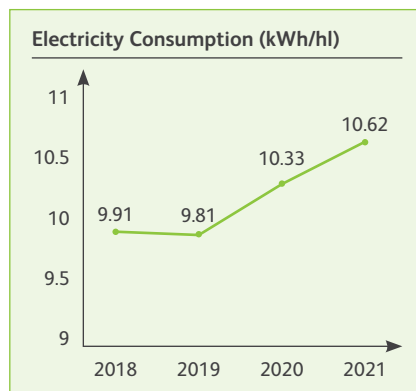
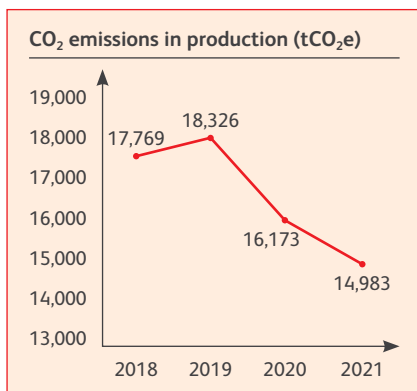
Net Zero Carbon

In 2021, we announced our target to reach net zero emissions in production by 2030. The main contributors to emissions in production are electricity consumption and thermal energy generation. During the year, the Sustainability Committee worked on a net zero roadmap that aims at reducing 50% of CO₂ emissions in production by the year 2025 compared with our 2018

baseline. Our decarbonisation strategy for the years ahead will bring together a combination of innovations and options that will increase the share of renewables in our energy mix, whilst aggressively improving energy efficiency to manage our consumption.

We are happy to report that the total CO₂ emissions in production at our Sungei Way Brewery in Petaling Jaya have reduced by 15.7% to a 14,983

tCO₂e compared with our 2018 baseline of 17,769 tCO₂e. Electricity consumption was marginally higher at 10.62 kWh/hl compared with 10.33/hl in 2020 due to the 11-week suspension of operations that impacted energy efficiency. Thermal energy efficiency improved by 5.5% to 69.2 mJ/hl in 2021 from 73.3 mJ/hl in 2020. This was attributed to the improvements in piping insulation that reduced losses significantly.



Environmental Sustainability

Zero Waste to Landfill


Since 2017, we have practiced zero production waste to landfill. We continue to recycle and upcycle production waste including spent grains, spent yeast, rejected malt, spent kieselguhr, and other materials including cartons, glass and mixed steel scrap. Such waste are managed responsibly through licensed waste management partners. In 2021, we generated a total of 23,834 tonnes of waste, of which 100% were recycled.




We generated a total of **23,834 tonnes** of waste, of which 100% were recycled.

Towards Healthy Watersheds

Water is a shared resource that must be protected. Based on projected demand, the world will face a 40% shortfall in freshwater supply within 10 years. HEINEKEN's water strategy is aimed at addressing our water vulnerabilities, especially in water-stressed areas. We believe our long-term impact will be created by adopting three key principles of our water triangle: Water Stewardship (restore watersheds to absorb more water), Water Circularity (treat wastewater and reuse water) and Water Efficiency (using as little water as possible).



100% of wastewater treated beyond standards of DOE




Water Efficiency: Improved by **15.5%** since 2014 to 3.65 hl/hl.



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 Commitments



Water Efficiency
Reduce average water usage to 2.6hl/hl in water-stressed areas and 2.9 hl/hl worldwide by 2030

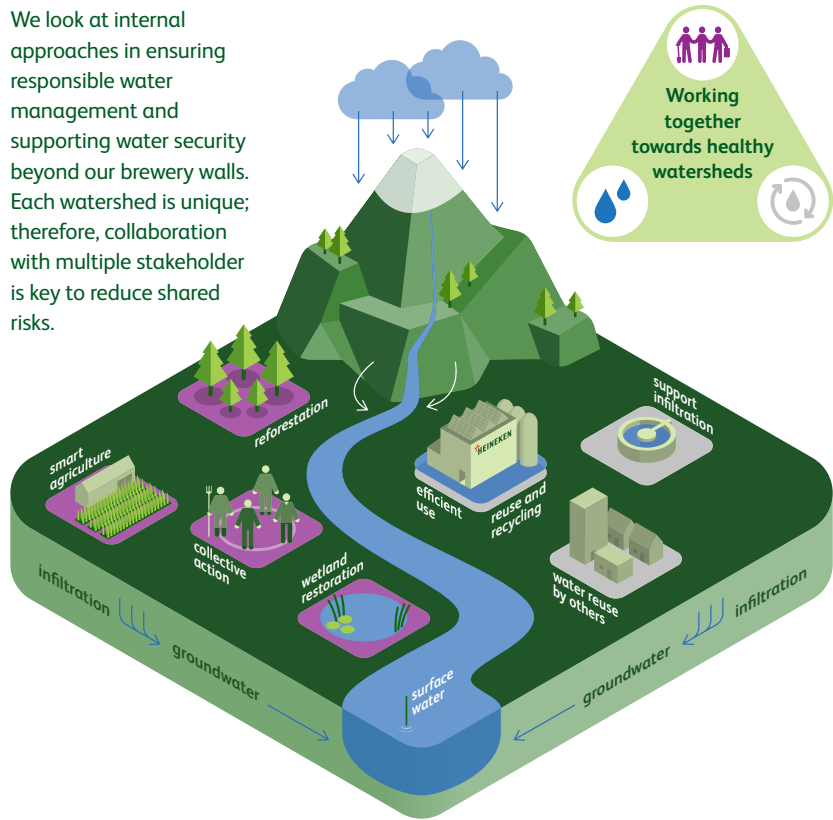


Water Circularity
Treat 100% of wastewater of breweries by 2023
Maximise reuse and recycling in water-stressed areas by 2030



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 stakeholder is key to reduce shared risks.



Environmental Sustainability

Water Stewardship

Our goal is to balance the equivalent amount of water used in our products by investing in water stewardship projects that conserve our watersheds. For every 1 litre of water in our beers and ciders, we have a target to balance 1.5 litres of water in the environment. We reached this goal in 2020 and we are happy to report that we have maintained this achievement in 2021, balancing 289% of

the targeted volume during the year. Our water balancing volumes are quantified and verified in line with the Volumetric Water Benefit Accounting (VWBA) framework by the World Resources Institute. The volumetric benefit evaluation is independently verified by LimnoTech, a leading water sciences and environmental engineering firm based in the United States.

Our key projects include:

- Rehabilitation and conservation of Sungai Way, a river that flows adjacent to our brewery in Petaling Jaya
- Construction and maintenance of a 305-metre clay dyke at the Raja Musa Forest Reserve
- Installation and maintenance of rainwater harvesting systems for communities in Selangor
- Reforestation of degraded peatland at the Raja Musa Forest Reserve

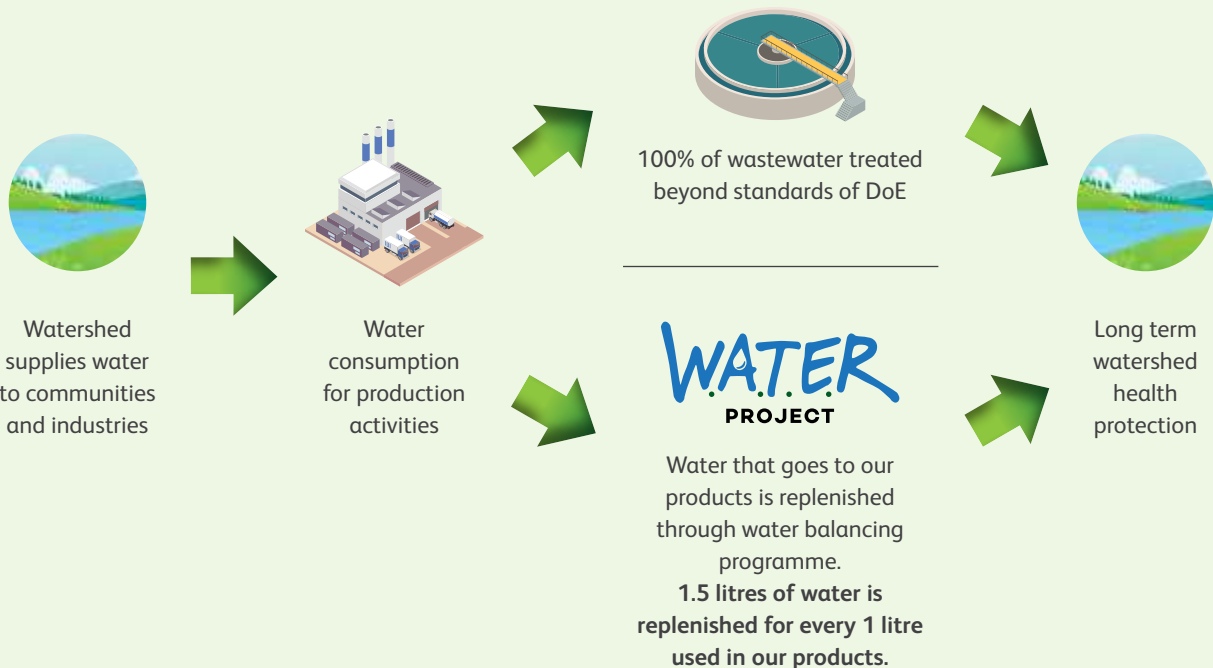
HEINEKEN Malaysia Target:

Balance Volume (m³) = Water Intake (m³) – Treated Effluent (m³)

Balancing amount to be more than water used in our products

1 litres of water per litre produced plus unavoidable losses from evaporation and moisture included in by products like spent grains (~0.5 litre per litre)

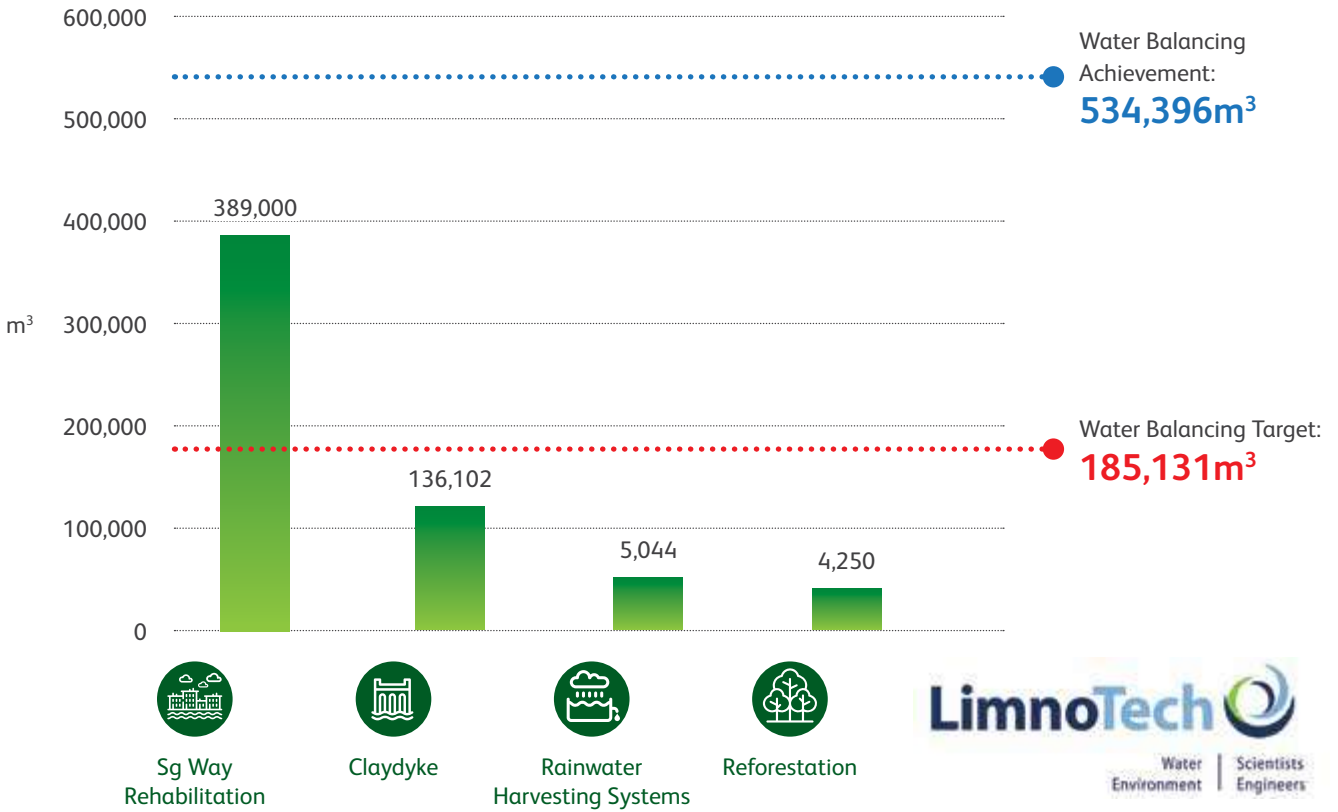
Target Water Balancing 2020 (1.5 x water used in our products)



Environmental Sustainability

2021: Achieved 289% of target water balancing volume

2021 Water balancing achievement through Water Stewardship initiatives



Water Balancing volumes are measured & quantified in line with the Volumetric Water Benefit Accounting (VWBA) framework by the World Resources Institute.

HEINEKEN Malaysia's water balancing volumetric benefit evaluation is independently verified by LimnoTech, a leading water sciences and environmental engineering consulting firm based in the United States.

Environmental Sustainability



Sungai Way River Rehabilitation

WHERE



Sungai Way river
Petaling Jaya

WHY

Located next to HEINEKEN Malaysia's Sungei Way Brewery, this is where our

treated wastewater is discharged



WHAT

Transformed

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



VOLUMETRIC WATER BENEFIT

389,000 m³
(389 million litres)

RESULTS

Reduction in pollution

- Improved habitat and biodiversity



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



Construction of Clay Dyke for Water Retention

WHERE



Raja Musa Forest Reserve
Hulu Selangor

WHY

Sungai Selangor watershed
as a key water resource



WHAT

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



VOLUMETRIC WATER BENEFIT

136,102 m³
(136 million litres)

RESULTS

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



HOW

- Built 4-5 meters 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 up-gradient to the dyke



Environmental Sustainability



Rain Water Harvesting for Local Communities

WHERE



Klang Valley

WHY

Help communities

get access to alternative water sources to reduce reliance on treated water



WHAT

Rainwater Harvesting System

consists of an interconnected rooftop area that serves as a catchment for the rainwater and storage tanks to collect and store rainwater

VOLUMETRIC WATER BENEFIT

5,044 m³
(5 million litres)

RESULTS

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



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



Reforestation of Degraded Peatland

WHERE



Raja Musa Forest Reserve
Hulu Selangor

WHY

Prevent peatland fires

by promoting wetter soil conditions



WHAT

600 trees planted

and maintained on one hectare of degraded peatland. In December 2021, we reforested an additional 1-hectare of degraded peatland. The water benefit from this additional 1-hectare will be accounted for the year 2022.



VOLUMETRIC WATER BENEFIT

4,250 m³
(4 million litres)

RESULTS

- Offsets 2,000 tonnes of soil carbon
- Prevent further degradation of the peat
- Increased soil water retention



HOW

- **Open planting techniques**
- **Cleared invasive weeds and plants**



Social Sustainability

SOCIAL SUSTAINABILITY	OUR 2021 PROGRESS	OUR BREW A BETTER WORLD GLOBAL COMMITMENTS
EMBRACE INCLUSION & DIVERSITY	50% women in HEINEKEN Malaysia's Management Team.	Gender balance: 30% women across senior management by 2025 40% women across senior management by 2030
	80% of people managers trained in inclusive leadership.	100% people managers trained in inclusive leadership by 2023
A FAIR & SAFE WORKPLACE	100% assessments completed.	Fair wage for employees: close any gaps by 2023
	100% assessments completed and action plan defined.	Equal pay for equal work: assessments and action by 2023
	1 accident, 0 fatalities in 2021. Continual trainings on HEINEKEN Life Saving Rules to increase awareness and compliance amongst employees and contractors.	Create leadership capacity to drive zero fatal accidents and serious injuries
POSITIVE IMPACT IN OUR COMMUNITIES	2 social impact initiatives: - Tiger Sin Chew Chinese Education Charity Concert - HEINEKEN Cares community food aid programme	A social impact initiative in 100% of markets by 2030

Embrace Inclusion & Diversity

At HEINEKEN, we believe that embracing inclusion and diversity sparks joy and fosters a sense of true togetherness. Our core value of care for people drives us to seek deeper connection with our increasingly diverse employees, consumers and customers. We employ, reward and promote, based on the principle of equal opportunity. We are building an inclusive culture, ensuring our people feel a strong sense of belonging, providing fair and progressive policies as well as listening and dialogue sessions.

In 2021, we trained 80% of our people managers on inclusive leadership behaviours and we are on-track to ensure 100% of people managers are trained by 2023. To foster a culture of inclusion, functional leaders were supported by I&D Ambassadors who listen directly to employees to understand views and inspire action.

Despite the continued challenges of COVID-19 restrictions, we kept our One Strong Winning Team engaged throughout the year, leveraging digital platforms during times of lockdown and

bringing back certain physical gatherings whilst observing strict SOPs on testing and social distancing. Our office-based teams continued working on a hybrid, split-teams arrangement to allow everyone back to the office on a rotation basis, whilst ensuring we continued minimising the risk of workplace transmission and the formation of workplace clusters. The results of our 2021 Climate Survey indicate that our people have adapted well to this new normal.



80%
of People Managers trained on Inclusive Leadership

Climate Survey Scores 2021:



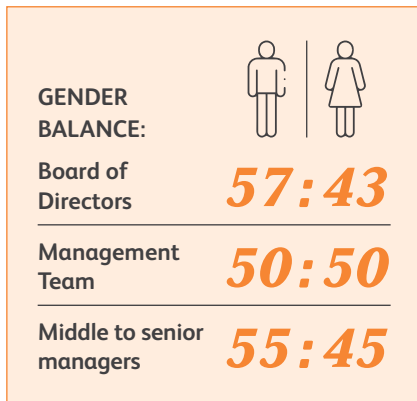
Employee Engagement
84%
(+2% vs 2020)



Performance Enablement
80%
(+2% vs 2020)

Social Sustainability

In terms of gender balance, HEINEKEN Malaysia has a 57:43 male to female ratio at the Board of Directors level, exceeding the 30% target set by the Government. We have a Management Team that has 50:50 representation, whilst middle to senior managers have a 55:45 male to female ratio.

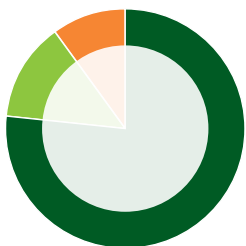


AGE GROUP



By age	No. of employees
>55	35
50-55	59
40-49	152
30-39	209
25-29	51
<25	4

LONG SERVICE AWARDS



10 years	23
25 years	4
35 years	3

A Fair & Safe Workplace

Safety continues to be a key priority at HEINEKEN Malaysia. In support of the Government’s drive to vaccinate the population against COVID-19, we encouraged all employees and contractors to be fully vaccinated through the National COVID-19 Immunisation Programme (PICK), the Public-Private Partnership COVID-19 Industry Immunisation Programme (PIKAS), or the AstraZeneca Voluntary Opt-in Programme.

In addition to this, we have been implemented a rigorous process to proactively screen for and prevent the spread of COVID-19 at the workplace. Besides fully complying with all required SOPs by the Government, we test our on-site employees and contractors on a bi-weekly basis. Our operations are highly

automated, thus requiring only a minimal number of workers to handle systems and machines on our a 23.72-acre site and allowing physical distancing of at least 10 metres between operators. With no visitors allowed to our brewery, we effectively created a workplace bubble comprised of essential workers who are critical for production operations. This method ensured zero workplace cluster during the year and demonstrated that our industry can indeed operate safely.








Social Sustainability

Our employees are also educated on the HEINEKEN Life Saving Rules, which set out clear and simple 'Do's' and 'Don'ts' for our highest risk activities. These rules must be followed by employees across our operations. In 2021, although we had no fatalities, we reported one accident involving an employee. Although this is an improvement compared with the 9 accidents recorded in 2020, we are still committed to ensure zero accidents and ensure the wellbeing of every individual.



Positive Impact in our Communities

As a responsible and progressive brewer, we work to be a positive force for change. Our business cannot thrive unless the communities we operate in thrive also. Our biggest contribution to the social and economic well-being of communities is through our core business – the jobs we create, the businesses we support and the taxes we pay.

	1 Brewery in Petaling Jaya		Supports >30,000 jobs indirectly
	13 sales offices nationwide		Contributed RM1.14 billion in taxes
	Provides >500 jobs directly		

Social Sustainability

Tiger Sin Chew Chinese Education Charity Concert

After a pause in 2020 due to the COVID-19 pandemic, our long-standing social impact project Tiger Sin Chew Chinese Education Charity Concert returned in 2021 as a virtual event, successfully raising RM5.96 million for five schools. Since 1994, Tiger Beer together with Sin Chew Daily and Guang Ming Daily have helped to raise more than RM361 million for schools in Malaysia. The concerts and events, which are sponsored by Tiger Beer, become a platform for local businesses and communities to come together and raise funds to help schools improve their facilities.



HEINEKEN Cares



150,000
meals for communities in need

100,000
care packages for flood victims in December 2021

In 2021, we launched the HEINEKEN Cares programme, pledging 150,000 meals to vulnerable communities across Malaysia to help mitigate the negative impacts of a prolonged COVID-19 lockdown. The pandemic had taken a toll on many communities, leaving many families without stable income to obtain food and other basic needs. In this challenging period, we reached out with a helping hand to support those in need. The HEINEKEN Cares programme, which connected employee wellness with community purpose, encouraged all HEINEKEN Malaysia employees to take action as every 1,000 steps taken by an employee from July to December 2021 equaled 1 meal for someone in need. In total, HEINEKEN Malaysia's employees exceeded the 150 million steps target by recording a total of 155 million steps during the period.

The HEINEKEN Cares programme was administered by SPARK Foundation, which is HEINEKEN Malaysia's CSR arm. The programme brought together eight organisations across Malaysia in a joint effort, including Epic, Dialogue Includes All, PWD Smart FarmAbility, Soroptimist International Damansara, and the Make It Right Movement in Peninsular Malaysia. In East Malaysia, food aid was channeled through Hope Place Kuching in Sarawak, as well as Kupikupi FM and Hopes Malaysia in Sabah. The type of food aid generally includes cooked meals, groceries, fresh vegetables and fish, and other essentials depending on the needs of the different local communities.



In December 2021, during the flood disaster that hit the Klang Valley and several other areas in Peninsular Malaysia, an additional 100,000 meals and emergency care packages were delivered via our community partners in the Klang Valley. A number of HEINEKEN Malaysia's distributors and industry partners, including the Malaysian International Chamber of Commerce & Industry (MICCI) and the Sarawak Chamber of Commerce & Industry (SCCI), donated graciously to support this urgent effort to bring relief to thousands of flood victims.



Responsible Consumption

RESPONSIBLE CONSUMPTION	OUR 2021 PROGRESS	OUR BREW A BETTER WORLD GLOBAL COMMITMENTS
ALWAYS A CHOICE	Heineken® 0.0 is available in Malaysia since 2019.	A zero-alcohol option for two strategic brands in the majority of our markets
	100% of products disclose clear and transparent consumer information* on our website.	100% of products to include clear and transparent consumer information*
ADDRESS HARMFUL USE	Currently being explored.	100% of markets in scope to have a partnership to address alcohol-related harm
MAKE MODERATION COOL	Over 10% of Heineken® media spend invested in responsible consumption campaigns globally.	10% of Heineken® media spend invested in responsible consumption campaigns annually

* consumer information includes ABV, calories, ingredients, allergens, nutrient information and harm reduction symbols

We are committed to create a responsible consumption culture. As a brewer, we believe that our products should be enjoyed responsibly and in moderation. Since 2012, HEINEKEN has been one of the signatories of the Beer, Wine and Spirits Producers’ Commitments to Reduce Harmful Drinking. We continue leading the effort in engaging and educating our customers and consumers on enjoying beers and ciders responsibly. The Heineken® brand dedicates 10% of media spend globally to promote responsible consumption campaigns. This investment includes the ‘When You Drive, Never Drink’ programme, which leverages the reach and appeal of the Heineken® brand to help change attitudes and behaviours and reduce drink driving around the world.

Our Responsible Marketing Code

Our commitment to advocate responsible consumption is supported by a stringent and comprehensive Responsible Marketing Code (RMC). To help ensure our brands communicate ethically and enable consumers to enjoy our beers and ciders responsibly and in moderation, we have a process in place where all marketing materials are reviewed according to the eight principles below:

1

We do not primarily appeal to minors

2

We actively restrict exposure of our branding to minors

3

We are always legal, ethical and truthful

4

We advocate drinking responsibly, driving responsibly and general safety

5

We do not associate our brands with anti-social behaviour of over-consumption

6

We never claim that consuming our brands leads to social or sexual success or enhanced performance

7

We are committed to our brands being part of a healthy lifestyle

8

We are progressive about cultural context and its evolution

Responsible Marketing Code Approval Process Flow:



Awards & Recognitions



SUSTAINABLE BUSINESS AWARDS 2021

HEINEKEN Malaysia received the Highly Commended Award at the Sustainable Business Awards (SBA) 2020/2021 for the third consecutive year, an award series committed to sustainability, which comprehensively assesses corporate sustainability programmes across areas including sustainability strategy, community, energy and water management, supply chain, business responsibility and ethics, and contributions towards the UN SDGs, among others.

ASIA RESPONSIBLE ENTERPRISE AWARDS 2021

HEINEKEN Malaysia won the Green Leadership Award at the Asia Responsible Enterprise Awards (AREA) 2021 for its water stewardship efforts that culminated with the achievement of balancing more than 100% of the water used in its products in 2020.

SUSTAINABILITY & CSR MALAYSIA AWARDS 2021

For the fourth time since 2017, HEINEKEN Malaysia was recognised for its excellence in social and environmental sustainability, winning the Company of the Year award in the Manufacturing & Beverage Category in recognition of efforts towards supporting micro-businesses and enterprises during the pandemic as well as our water stewardship initiatives that enabled us to reach reach more than 100% water balanced, 10 years ahead of our 2030 commitment.

Corporate Governance Overview Statement

The Board of Directors (the Board) of Heineken Malaysia Berhad (HEINEKEN Malaysia or the Company) firmly believes that commitment to good business ethics and corporate governance (CG) is essential to the long-term sustainability of the business and performance of the Company and its subsidiaries (the Group). The Company supports the principles of good governance and the recommended practices provided in the Malaysian Code on Corporate Governance (MCCG).

Financial year 2021 (FY2021) was another challenging year when COVID-19 pandemic continued to impact the global and domestic economy resulting a slowdown in economic recovery. Despite the challenging economic environment, the Board remained focus on building resilience by providing an effective stewardship whilst continuing its commitment in maintaining high CG standards and embracing a responsible business culture throughout the Group. This has enabled the Group to deliver a solid and sustainable performance for FY2021.

The Board is pleased to present this statement to provide shareholders and investors with an overview of the CG practices applied by the Company during FY2021. This overview makes reference to the following key CG principles and the recommended practices as set out in the MCCG and it should be read in conjunction with the Audit & Risk Management Committee Report, Statement on Risk Management and Internal Control, Sustainability Review and the Corporate Governance Report (CG Report) for FY2021 which is available on the Company's website <https://www.heinekenmalaysia.com/corporate-governance/>

Principle A	Principle B	Principle C
Board Leadership and Effectiveness	Effective Audit and Risk Management	Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

As of the date of this statement, the Company has complied in all material aspects with the principles and has applied all recommended practices including two of the step-up practices in the MCCG with the exception of the following practices:

Practice 1.4	Chairman of the Board should not be a member of the Nomination & Remuneration Committee
Practice 5.2	For Large Companies, the Board comprises a majority independent directors

Practice 5.3	Tenure of an independent director does not exceed nine years
Practice 6.1	For Large Companies, the Board engages independent experts at least every three years, to facilitate objective and candid board evaluations
Practice 8.2	Disclosure on a named basis the top five (5) senior management's remuneration in bands of RM50,000

The details of how the Company has complied with the MCCG principles and applied the CG practices and the explanation on the departed practices are outlined in the CG Report 2021. The Board will continue its commitment to provide effective leadership and promote ethical standards by ensuring good governance principles and practices are adhered to throughout the Group.

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS

Board Responsibilities

The Board is collectively responsible for defining the Group's strategic direction and overseeing the conduct of the Group's businesses and the management effectiveness. It takes into consideration the interests of all stakeholders in its decision-making to ensure the Group's objectives of creating long-term sustainable value for the benefit of our stakeholders are met.

The Board is also responsible to set the corporate values and promote good corporate governance culture within the Group which reinforces ethical, prudent and professional behavior and ensure that its obligations to shareholders and other stakeholders are met.

The Board is guided by its Charter which sets out the purpose, composition, key roles and principal responsibilities as well as the internal procedural matters for the Board. The principal responsibilities of the Board are in line with that provided in the MCCG. The Board Charter serves as a source of reference for Board members to assist them in discharging their fiduciary duties as Directors.

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

In order to ensure orderly and effective discharge of the above functions and responsibilities of the Board, the Board has in place a governance framework where specific powers of the Board are delegated to the relevant Board Committees and the Managing Director and his team. The governance framework is depicted as follows:

Corporate Governance Overview Statement



The Board is supported by the Audit & Risk Management Committee (ARMC) and the Nomination & Remuneration Committee (NRC), which are entrusted with specific responsibilities and authorities to review matters before tabling to the Board for approval. The Chairman of the respective Board Committees reports to the Board on matters deliberated and recommendations made by the Board Committees.

The roles of the Chairman and the Managing Director are held by separate individuals. The roles of the Chairman are defined in the Board Charter. The Managing Director, who is appointed by the Board, is primarily responsible for the day-to-day management of the business and operations of the Group, organisational effectiveness and the implementation of the Group's strategies and policies approved by the Board. He is supported by the Management Team who is assisted by several functional committees that are tasked to oversee key operating areas.

The Board delegates the following responsibilities, with appropriate oversight, to the Management Team for meeting the defined corporate objectives:

- ⇒ Implementing approved strategy and operating plans
- ⇒ Managing the Group's business and operations
- ⇒ Managing the Group's resources, cash flow and investments
- ⇒ Evaluating risks and opportunities arising from changing market environment
- ⇒ Ensuring compliance with applicable regulatory requirements.

The responsibilities and authorities of the Management Team are defined in the Statement of Authority approved by the Board.

There is a schedule of key matters reserved specifically for the Board deliberation and decision to ensure the direction and control of the Group are in its hands. The list of matters is provided in the Board Charter approved by the Board.

Board Meetings

The Board meets on a quarterly basis to review the Group's business and financial performance and discuss operational and industry issues as well as challenges impacting the Group. Additional meetings may be convened as and when necessary, to deliberate urgent and important matters. Directors may participate at the meeting remotely via a designated virtual meeting platform. In order to facilitate Directors and Management's planning for the whole financial year, meetings of the Board and the Board Committees are scheduled in advance before the commencement of each new financial year.

In 2021, the Board had four (4) meetings. The Finance Director and the Company Secretary are in attendance in every meeting whilst the other Management Team members are invited to attend the Board meetings at designated sessions for them to report and update on areas within their responsibility. The attendance of each Director at the Board meetings, was as follows:

Corporate Governance Overview Statement

Name	Designation	Attendance
Dato' Sri Idris Jala (Chairman)	Independent Non-Executive Director	4/4
Datin Ngiam Pick Ngoh, Linda	Independent Non-Executive Director	4/4
Roland Bala	Managing Director	4/4
Choo Tay Sian, Kenneth	Non-Independent Non-Executive Director	4/4
Seng Yi-Ying	Non-Independent Non-Executive Director	4/4
Lau Nai Pek (Appointed on 22 May 2021)	Senior Independent Non-Executive Director	2/2 #
Raquel Batallones Esguerra (Appointed on 1 September 2021)	Non-Independent Non-Executive Director	1/1
Yu Yu-Ping (Resigned on 31 August 2021)	Non-Independent Non-Executive Director	3/3
Martin Giles Manen (Retired on 21 May 2021)	Senior Independent Non-Executive Director	2/2

Attended one Board meeting by invitation as part of the transition process prior to his appointment

At Board Meetings, the Managing Director would lead the presentation to the Board and provide comprehensive explanation of the Group's strategy and priorities, business performance and other pertinent issues whilst the Finance Director would report to the Board on the Group's financial performance and matters related to the finance function. Other Management Team members would update the Board on activities and issues within their responsibility.

During the meetings, Directors are encouraged to participate in the meeting and share their views and insight in the course of deliberation. They are also encouraged to pose queries (if any) to Management prior to each Board Meeting to enable them to better prepare for the meeting. Any Director who has a direct or deemed interest in the subject matter shall abstain from deliberation and voting on the respective resolution. Decisions of the Board are made by consensus.

The proceedings of all meetings, including issues discussed, decisions and conclusions including dissenting views made and whether any Director abstained from voting or deliberating on a particular matter at the meetings with required actions to be taken by responsible parties are documented in the minutes by the Company Secretary. In the intervals between Board meetings, Board's decisions or approvals for matters that are

urgent or administrative in nature will be sought via circular resolutions which are supported with relevant information and explanations and the same applies to the Board Committees.

Access to Information

The Board emphasises on provision of timely and quality information by Management to facilitate effective deliberation and decision-making process. Prior to each meeting, a structured agenda together with management reports and proposals will be provided to the Directors at least five (5) days (or in any event not less than three (3) days) before the meeting. In order for meetings to be more effective, the meeting agenda is organised according to the priority of the matters / proposals to be deliberated with an indication to guide the Directors as to whether the matters are for approval, discussion or for notation purpose and time allocated for each agenda item in order for the meetings to be conducted efficiently.

All Directors have unrestricted access to the Management Team in that they may have informal meetings with the Management Team members to brief them on matters or major developments concerning the Group operations. The Board also has full access to information and the advice and services of the Company Secretary who is a Chartered Secretary and is qualified under the Companies Act 2016. The Company Secretary ensures the Directors are provided with adequate information and time to prepare for Board meetings. The Company Secretary also prepares minutes of meetings in a timely manner and provides advisory services to the Board on corporate administration and governance matters including compliance with relevant regulatory requirements.

Subject to the approval of the Board, the Directors, either as a group or individually may seek and obtain independent professional advice at the Company's expense on specific issues to assist them in discharging their duties effectively.

Directors' Professional Development

Directors are mindful of the needs to broaden their perspective and to keep abreast with developments in the marketplace as well as changes to the regulatory requirements in order to enhance their ability in discharging their duties and responsibilities more effectively. The Board, through its annual effectiveness evaluation, assessed the training needs based on feedback gathered from the Directors. From time to time, Directors may also request training on specific areas which may help in discharging their responsibilities. When necessary, learning sessions on particular topics which are relevant to the Group's business will also be organised for the Directors.

During FY2021, the Directors have attended various development and learning programmes on relevant topics

Corporate Governance Overview Statement

among others, leadership, corporate governance, sustainability, business management, information technology and security, risk management and legal.

Under the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad (Bursa Securities), newly appointed Directors (if appointed for the first time in a listed issuer) are required to complete the Mandatory Accreditation Programme (MAP) within four (4) months from the date of appointment. The newly appointed Directors Mr Lau Nai Pek had completed the MAP prior to his appointment to the Board whilst Ms Raquel Batallones Esguerra has been granted an extension of time by Bursa Securities to complete the MAP in April 2022.

For newly appointed Directors, induction programme is arranged with the objectives of assisting them in the nature of business, business strategies, corporate structure and management functions as well as issues and challenges facing the Group and the industry. The Management Team members will present their respective area of responsibility with an overview of the key strategies and priorities of their function. As part of the induction programme, a brewery tour will also be arranged to provide greater understanding about the production processes. In 2021, induction sessions were conducted for the newly appointed Directors Mr Lau Nai Pek and Ms Raquel Batallones Esguerra.

Commitment to Integrity and Ethical Conduct

Establishing a culture of integrity and ethical in the organisation is essential in preservation of the Group's reputation and thereby increase the confidence of stakeholders. The Board continues to uphold good business conduct by ensuring there are adequate policies and procedures in place driven by the Management Team. Directors, officers, employees and business partners of the Group are required to observe and maintain high standards of integrity and ethical behaviour in the performance of their responsibilities or conducting business and to comply with relevant regulatory requirements and policies adopted by the Group, including those relating to anti-bribery and anti-corruption.

The Group has in place the following codes which outline its commitment to conducting business with integrity and fairness, respect for the laws, our values and our Company Manifesto - We are HEINEKEN; as well as the principles for ethical and business conduct expected from relevant stakeholders in their dealing with the Group.

HEINEKEN Code of Business Conduct (HeiCode)

The HeiCode has embedded 17 policies that covers all aspects of the Group's business operations, categorised under four (4) key commitments namely:

- ⇒ We advocate for responsible consumption
- ⇒ We respect people and the planet
- ⇒ We conduct business with integrity and fairness
- ⇒ We safeguard our Company's assets

The HeiCode and the underlying policies, communication and training materials are documented and available in a Business Conduct Portal for employee access. They are reviewed and updated periodically to reflect the changing business environment. On an annual basis, all employees are required to complete the following online courses as part of the Company's efforts to drive awareness and assess their understanding of the respective codes and the underlying principles:

- ⇒ Code of Business Conduct
- ⇒ Anti-Bribery and Corruption
- ⇒ Responsible Marketing Code
- ⇒ Security Awareness
- ⇒ Fraud Awareness
- ⇒ Data Privacy
- ⇒ Competition law

Employees are also required to disclose to the Company on a yearly basis if there is a possible conflict between their interest and that of the Company or any of its subsidiaries. This is to ensure decisions within the Group are based on sound and objective business judgement, not influenced by any possible personal interests or gain.

HEINEKEN Responsible Marketing Code

The Group strictly adheres to legal and regulatory guidelines and has a stringent Responsible Marketing Code that governs how we do business. The Code also covers low and no-alcohol business as well as our digital media and self-regulation initiatives. Our licence to operate depends on our efforts in marketing our brands responsibly and in driving sensible consumption. All marketing materials undergo a diligent check against our Responsible Marketing Code before they are published.

HEINEKEN Supplier Code and Distributor Code of Conduct

All business partners are required to adhere to all applicable laws and regulations where they operate and affirm their commitment to responsible business conduct at all times. They are expected to live up to the Group expectations towards conducting business responsibly, respecting human rights, ensuring health and safety, and protecting the environment as outlined in the HEINEKEN Supplier Code and the Distributor Code of Conduct.

The Group has taken proactive steps to ensure its business partners embrace our values and commitment to responsible business conduct. In 2021, the Group implemented a due-diligence tool which is designed to identify, assess, and remedy risks associated with third parties engaged by the Group including

Corporate Governance Overview Statement

suppliers and distributors. Anti-bribery and corruption are among the risks to be assessed by the tool.

HEINEKEN Speak Up Policy

The HEINEKEN Speak Up Policy provides employees and stakeholders with a standard process to report concerns about suspected misconduct within the Group in confidence and without fear of retaliation. The policy was communicated to the Group employees and business partners to create awareness of the Speak Up platform for them to raise concerns about suspected misconduct within the organisation.

The Speak Up Service is managed by an independent third party and is available 24/7, 365 days a year. Report can be submitted through the Speak Up Service via online or phone call. All Speak Up reports are handled by a Case Manager who works under the supervision and instruction of the HEINEKEN Global Integrity Committee which comprises representatives from the HEINEKEN Business Conduct Office, Global Audit, Global Human Resources and Global Legal Affairs.

In 2021, four (4) reports were received via the HEINEKEN Speak Up channel and investigated by the Internal Audit function. The nature of these Speak Up reports were centered around non-compliances with the Group’s policies and procedures. Corrective and preventive actions including disciplinary measures as well as process and control improvements were taken by the Company subsequent to the investigations. None of the Speak Up cases has caused any material financial impact to the Group. The Group will continue to educate and encourage its employees and business partners to Speak Up given that this is an effective mechanism to protect the Group against fraud and non-compliance with rules and policies.

The HeiCode and the HEINEKEN Speak Up Policy are available on the Company’s website at <https://www.heinekenmalaysia.com/corporate-governance/>.

Sustainability Governance

In recent years, there has been an increased interest from stakeholders and regulators on matters relating to sustainability and environmental, social and governance (ESG). The Board is responsible for ensuring that the Company has in place appropriate sustainability strategy which is aligned with the Company’s strategic direction to support the Group’s long-term objectives. The Board emphasises on strategic management of material sustainability risks and opportunities, which includes integration of ESG factors in their decision-making process and in the Group’s operations.

The Group has adopted the HEINEKEN Global’s sustainability strategy - Brew A Better World (BABW) with commitments until

year 2030 that prioritise on the following areas to protect the environment, support local communities and make a positive contribution to the society:

Environmental	Social	Responsible
Net zero carbon	Embrace inclusion & diversity	Always a choice to consumer
Maximise circularity	Fair & safe workplace	Address harmful use
Healthy watersheds	Growing with community	Promoting moderation



The BABW ambitions and targets are aimed to contribute to the United Nations Sustainable Development Goals to protect the planet, ensure prosperity and end poverty. Initiatives within each priority area are driven by relevant functions /departments across the organisation.

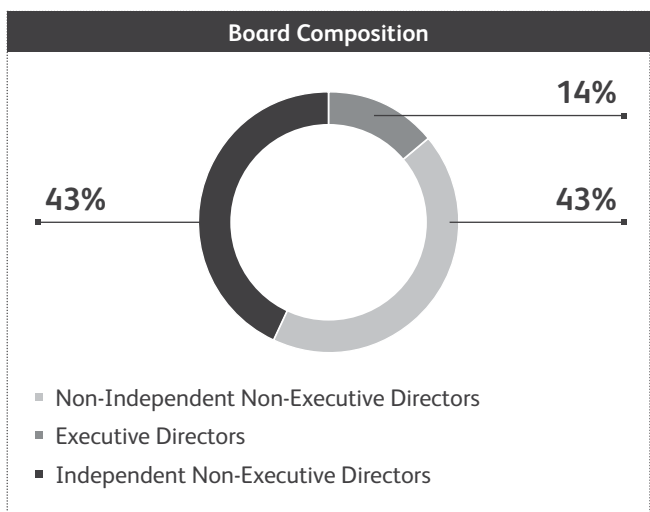
The Board is supported by a Sustainability Committee which is responsible for the formulation and implementation of the Group’s sustainability priorities and initiatives. The Sustainability Committee comprises selected representatives from various key functions, led by the Corporate Affairs & Legal Director (CAL Director) who is entrusted by the Board to oversee the sustainability matters of the Group. The CAL Director reports to the Managing Director and the Board on a quarterly basis on the progress of the sustainability priorities and initiatives undertaken by the Group.

Further information about the Company’s approach to sustainability are disclosed in the Sustainability Review in this Annual Report.

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Board Size, Composition and Diversity

As of the date of this statement, the Board has seven (7) Directors, led by an Independent Non-Executive Chairman, and supported by a Managing Director as well as five (5) Non-Executive Directors. Three (3) of the Non-Executive Directors (including the Chairman) are Independent Directors, representing 43% of the Board whilst the remaining three (3) Non-Executive Directors are Non-Independent Directors.



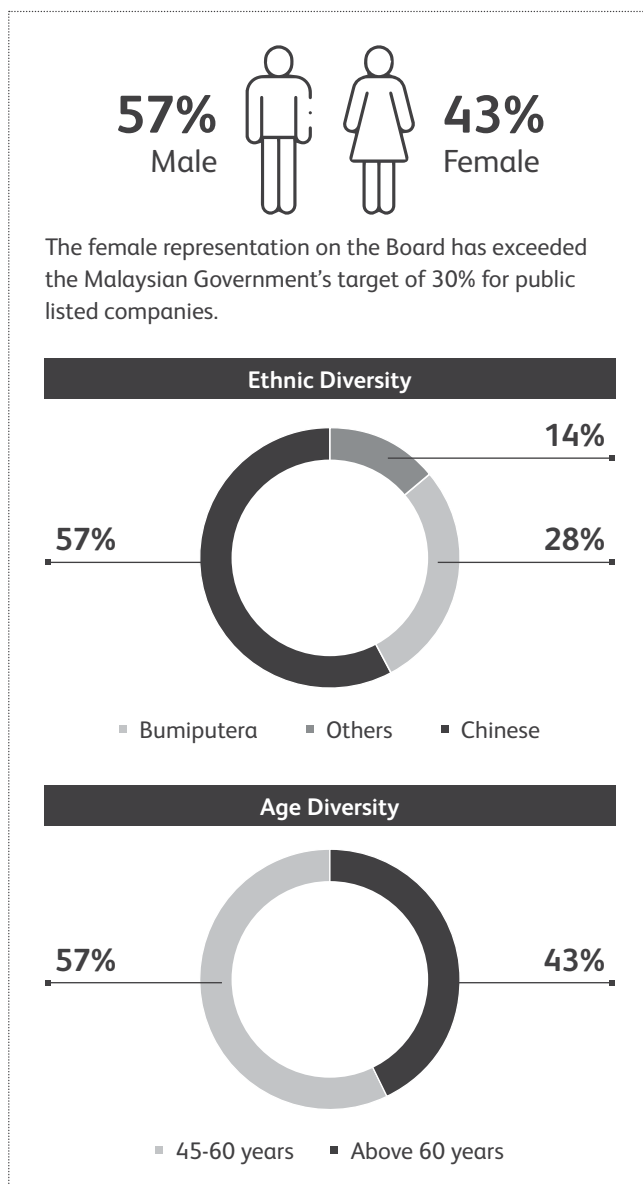
All the Directors are professionals of high calibre and integrity. As a whole, the Board possesses a diverse set of skills, experience and expertise in various fields including strategy and risk, business and administration, finance and accounting, media and public relations, legal and human resource which are necessary for the overall Board and Board Committees' effectiveness.

The primary responsibility of Independent Directors is to protect the interests of minority shareholders and other stakeholders. They play a key role in providing independent views and advice and their effective participation serves to promote greater accountability and balance in the Board's decision-making process.

Mr Lau Nai Pek, the ARMC Chairman who was appointed to the Board in May 2021, has been designated as the Senior Independent Non-Executive Director of the Company. His roles are defined in the Board Charter.

The Board acknowledged the practice recommended under the MCCG for large companies to have a majority Independent Non-Executive Directors in the Board. Based on the current shareholding structure of the Company in which 51% of its equity interest are held indirectly by Heineken N.V. via its wholly-owned subsidiary, GAPL Pte Ltd, the Board was of the view that to fully leverage the experience of the HEINEKEN Group and to ensure focus on long-term value creation, it is in its best interest and that of its stakeholders that the Board includes a fair and adequate representation of the major shareholders.

The Group recognises the importance of ensuring an inclusive and diverse Board and has continued to maintain the right size and balance of gender, ethnicity and age diversity with adequate independent elements for effective functioning. The Board gives appropriate weight to diversity considerations in the selection and appointment process, whilst taking into account the overall profile and selection criteria for appointments to the Board. The Board diversity as of the date of this statement is depicted as follows:



The Group has adopted the HeiCode and the HEINEKEN Human Rights Policy which outline the principles of non-discrimination without distinction according to, among others, race, gender, nationality and age. Embracing a diversity and inclusion culture that promotes diversity and gender equality across the organisation will remain a key priority for the Group going forward.

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During the year, the Board composition was refreshed with the appointment of Mr Lau Nai Pek as the new Independent Non-Executive Director and ARMC Chairman, succeeding Mr Martin Giles Manen who retired at the Company's 57th Annual General Meeting (AGM) in May 2021; followed by the appointment of Ms Raquel Batallones Esquerra who filled the vacancy arising from the resignation of Ms Yu, Yu-Ping as an Non-Independent Non-Executive Director in September 2021. The Board believes that the newly appointed Directors will bring new perspective to the boardroom and that their breadth of expertise and experience will further enhance the core competencies of the Board.

On the limitation of tenure of Independent Directors, the Board is guided by the recommended approach under the MCCG. Shareholders' approval is sought for retention of Independent Directors whose cumulative tenure exceeds the 9-year limit, failing which he/she shall be re-designated as Non-Independent Director.

At the 57th AGM held in 2021, the Company has obtained shareholders' approval via a single-tier voting process to allow Datin Ngiam Pick Ngoh, Linda, whose tenure had reached the 9-year mark on 3 December 2021, to continue as an Independent Non-Executive Director of the Company until the conclusion of the forthcoming AGM.

The Board had, via the NRC, conducted an evaluation on the performance, contribution and independence of Datin Ngiam Pick Ngoh, Linda. Based on the outcome of the NRC's evaluation, the Board recommended her to continue as Independent Non-Executive Director of the Company on the basis that she possesses the following attributes necessary in discharging her duties and responsibilities as an Independent Non-Executive Director:

- (a) Leveraged her good understanding of the Group's business and operations, she has contributed effectively to the Board and the Board Committees' deliberations during which she has participated actively and provided objective judgement and input for informed and balanced decision-making;
- (b) She has demonstrated her diligence and commitment in carrying out her professional duties in the interest of the Company and shareholders; and
- (c) She continued to fulfill the criteria of an Independent Director as prescribed under the MMLR.

Based on the above recommendation, shareholders' approval will be sought via a 2-tier voting process at the forthcoming AGM of the Company to allow Datin Ngiam Pick Ngoh, Linda to continue as Independent Non-Executive Director of the Company.

Appointments to the Board

There is a formal and transparent process for selection, nomination and appointment of suitable candidates to the Board. The NRC is responsible to review the existing composition of the Board, identifying the gaps and subsequently determining the selection criteria for the new appointment with a view to close the gap or to strengthen the Board composition. In reviewing and recommending any new Director appointment to the Board, the NRC assesses the suitability of candidate identified taking into consideration the following objective criteria:

- ⇒ Core competencies that meet the needs of the Company
- ⇒ Personal qualities in terms of leadership skills, ability to provide strategic insight and direction, integrity, work ethics and professionalism
- ⇒ Knowledge and skills, expertise and business judgement
- ⇒ Regional and industry experience and understanding of local economic and operating environment
- ⇒ Ability to devote time as needed to discharge duties and responsibilities effectively
- ⇒ Factors that promote boardroom diversity
- ⇒ Composition requirements for the Board and Board Committees
- ⇒ Ability to represent the Company at any occasion that involves the Company
- ⇒ Independence requirements for the appointment of Independent Directors.

In order to promote objectivity and independent judgement in line with the best practices of the MCCG, the Board will ensure that no person is to be appointed as a Director of the Board or continue to serve as a Director if the person is or becomes an active politician. The Board also observes a cooling-off period of 3 years before any appointment of former audit partners and its affiliates as Independent Directors to the Board.

The NRC shall consider potential candidates from internal and external sources and conduct engagement sessions with shortlisted candidates before its final recommendation to the Board for approval.

In respect of the two new Directors appointed in 2021, Mr Lau Nai Pek was shortlisted based on recommendation from internal source whilst Ms Raquel Batallones Esquerra was a representative nominated by the major shareholder. Both appointments were deliberated and approved by the Board based on the above processes.

Board Effectiveness Evaluation

On an annual basis, the Board through the NRC, evaluates the Board's collective performance by examining the effectiveness of the structure and activities of the Board and Board Committees as well as the contribution of Board members. The evaluation revolves around the following aspects:

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How the Board leads

Examine the composition and the diversity of the Board and the Board Committees, the skills and experience the directors bring and their commitment in discharging their duties.

How the Board manages

Evaluate the activities undertaken by the Board and the Board Committees, including Board dynamics and information flow.

How the Board contributes

Review the manner in which Board members interact and participate; how decisions are made as well as the working relationship between the Board members and the Management.

For FY2021, the NRC conducted the evaluation internally with the support of the Company Secretary. Based on the evaluation, the overall results were generally positive. The Board is satisfied that the Board as a whole and the Board Committees have been effective in their discharge of functions and duties in that:

- ⇒ the current size and composition of the Board is optimum and well balanced and represented with appropriate diversity of skills and competencies, knowledge and business experience, gender and ethnicity, contributing to the overall effectiveness of the decision-making process for the Company and the Group;
- ⇒ Board members have good understanding and knowledge of the Group's business and market trends, industry issues and the risks and opportunities critical to the Group's future performance. They scrutinised the Group's performance and provided valuable insights and strategic directions to enable Management to take effective decisions. Board members have also exercised professional independence during deliberations of matters at meetings;
- ⇒ the Board and the Board Committees devoted adequate time in deliberating matters under their purview whilst meetings have been effective with productive discussion focusing on important and high impact matters; and
- ⇒ the working relationship between the Board members has been good with open and constructive conversations when discussing issues, driven by the strong leadership demonstrated by the Chairman. In addition, Management has been providing strong support which enable the Board to effectively discharge its function and duties.

Based on the feedback gathered from the Board members, the Board agreed to implement the following recommendations for enhancement:

- (i) The Board is to devote more space for learning and sharing of sustainability and ESG matters as a means to keep abreast with the latest developments and trends in this area.
- (ii) Independent Directors are to meet at least once a year without the Management's presence, to discuss among others, strategic, governance and operational issues of the Group.

NRC

The NRC is entrusted by the Board to assist the Board with regard to its nomination and remuneration matters. As of the date of this statement, The NRC comprises the following five (5) Non-Executive Directors, with majority being Independent Directors including the Chairman:

Name	Designation	Date appointed	Years of service
Dato' Sri Idris Jala (Chairman)	Independent Non-Executive Director	1 January 2017	5 years +
Datin Ngiam Pick Ngoh, Linda	Independent Non-Executive Director	8 April 2013	8 years +
Choo Tay Sian, Kenneth*	Non-Independent Non-Executive Director	26 October 2020	1 year +
Lau Nai Pek	Senior Independent Non-Executive Director	22 May 2021	Less than a year
Raquel Batallones Esguerra*	Non-Independent Non-Executive Director	1 September 2021	Less than a year

* Representing HEINEKEN, major shareholder of the Company.

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The roles and responsibilities of the NRC are defined in the NRC's Terms of Reference which is available on the Company's website at <https://www.heinekenmalaysia.com/corporate-governance/>.

The NRC met once in 2021 and the attendance of each member at the meeting was as follows:

Name	Designation	Attendance
Dato' Sri Idris Jala (Chairman)	Independent Non-Executive Director	0/1*
Datin Ngiam Pick Ngoh, Linda	Independent Non-Executive Director	1/1
Choo Tay Sian, Kenneth	Non-Independent Non-Executive Director	1/1
Lau Nai Pek (Appointed on 22 May 2021)	Senior Independent Non-Executive Director	**
Raquel Batallones Esguerra (Appointed on 1 September 2021)	Non-Independent Non-Executive Director	**
Yu Yu-Ping (Resigned on 31 August 2021)	Non-Independent Non-Executive Director	1/1
Martin Giles Manen (Retired on 21 May 2021)	Senior Independent Non-Executive Director	1/1

* Absent due to an emergency matter.

** No meeting was held since their appointment until 31 December 2021.

The Managing Director and the Company Secretary are in attendance in every meeting whilst the People Director attends the meeting by invitation as and when required by the NRC. The NRC Meeting is normally held before or in conjunction with the Board Meeting. When necessary, decisions are made via circular resolutions. At Board Meeting, the Chairman of the NRC reports to the Board on matters deliberated at the NRC Meeting.

During FY2021, the NRC deliberated and reported the following matters to the Board:

- ⇒ Evaluation of the effectiveness of the Board and the Board Committees and the Directors' contribution in relation to the effective decision-making of the Board and the independence of Independent Directors.
- ⇒ Recommendation for re-election of retiring Directors at the Company's AGM based on satisfactory evaluation of the Directors' performance and contribution to the Board;
- ⇒ Recommendation for retention of Datin Ngiam Pick Ngoh, Linda, who had served on the Board beyond nine years, as Independent Director of the Company; and
- ⇒ Mr Martin Giles Manen's retirement from the Board in view of his 12-year term and the agreed profile of the position to be filled and the search process, which includes soliciting recommendations from existing Directors.

The NRC also considered candidates recommended by Directors and major shareholder to fill the casual vacancies and recommended the following appointments for the Board's approval:

- (i) Appointment of Mr Lau Nai Pek as the new Independent Non-Executive Director and the ARMC Chairman, succeeding Mr Martin Giles Manen who retired from the Board in May 2021. The NRC, represented by the Chairman and the major shareholder's representative, went through a rigorous assessment process including engagement sessions with proposed candidates prior to recommending the shortlisted candidate for the Board's approval.
- (ii) Appointment of Ms Raquel Batallones Esguerra as Non-Independent Non-Executive Director, to fill the vacancy arising from the resignation of Ms Yu, Yu-Ping from the Board in September 2021.
- (iii) Appointment of Mr Christiaan Johannes Folkerts as the new Finance Director, succeeding Mr Szilard Voros who left the Company in June 2021.

Remuneration

The remuneration matters of the Group fall under the purview of the NRC. The NRC is guided by the following principles:

- ⇒ Remuneration should reflect performance, complexity and responsibility with a view to attracting, motivating and retaining high performance individuals and promoting the enhancement of the Company's value to its shareholders.
- ⇒ Remuneration practices are benchmarked against external market data through the use of remuneration surveys to ensure staff are fairly remunerated.

Corporate Governance Overview Statement

⇒ The process of remuneration management shall be transparent, conducted in good faith and in accordance with appropriate levels of confidentiality.

The remuneration of the Management Team including the Managing Director is guided by the HEINEKEN Global Senior Management Reward Policy. Their remuneration package consists of both fixed and performance-linked elements. Salaries payable to the Managing Director shall not include a commission on or percentage of the Group turnover. The performance of the Managing Director is reviewed annually taking into consideration the corporate and individual performance. The Managing Director is not entitled to annual fee nor any meeting allowances for the Board and Board Committees Meetings he attended.

The remuneration for the Non-Executive Directors is based on a standard fixed fee with the Chairman of the Board and the Board Committees receiving additional allowance for additional responsibilities and commitment required. An additional fee is also paid to Non-Executive Directors sitting on Board Committees. A meeting allowance is paid for attendance at meetings of the Board and Board Committees. The remuneration package for the Non-Executive Directors is disclosed in the CG Report 2021.

The NRC is responsible to review the remuneration package for the Non-Executive Directors to ensure the same is appropriately reflective of experience and the level of responsibilities and contributions; and competitive compared with the prevalent market practices. Any changes to the remuneration package will be presented to the Board for approval.

The Board, collectively, determines the remuneration of the Non-Executive Directors based on the recommendation of the NRC. Each of the Non-Executive Directors shall abstain from deliberating and voting on their own remuneration. Fees of Directors, and any benefits payable to Non-Executive Directors shall be subject to shareholders' approval at AGM.

At the 57th AGM held on 21 May 2021, shareholders' approval was sought for the payment of Directors' fees and benefits up to RM700,000 to the Non-Executive Directors for FY2021. Total remuneration paid to the Non-Executive Directors of the Company for FY2021 was RM674,149. The detailed breakdown of the remuneration paid to the Directors, including the Managing Director, of the Company who served during FY2021 is disclosed in the CG Report 2021.

PRINCIPLE B EFFECTIVE AUDIT AND RISK MANAGEMENT

ARMC

As of the date of this statement, the ARMC comprises three (3) Non-Executive Directors, with majority being Independent Directors including the Chairman. The ARMC Chairman is not the

Chairman of the Board. All the members are financially literate, they possess the appropriate level of expertise and experience and have sufficient understanding of the Group business and are able to objectively review, analyse, challenge and make recommendations on matters under the purview of the ARMC including the financial reporting process. None of the ARMC members were former audit partners who are required to observe a cooling-off period of at least three (3) years before being appointed. Details of the composition and responsibilities of the ARMC are set out in the Audit & Risk Management Committee Report.

In May 2021, the Board reviewed and reconstituted the composition of the ARMC in line with the best practices recommended in the MCCG. The Board also via the NRC, evaluated the performance and effectiveness of the ARMC for FY2021 and is satisfied that the ARMC and its members have been able to discharge their functions, duties and responsibilities in accordance with the ARMC's Terms of Reference.

The Board is responsible for ensuring that the Group's financial statements comply with the relevant financial reporting standards and any other applicable legislations and regulations. The Statement by the Directors in relation to the preparation of the Group's financial statements is set out in the Financial Statements section of this Annual Report.

Suitability and Independence of External Auditors

The Board, through the ARMC, maintains a professional relationship with the external auditors. The ARMC has explicit authority to communicate directly with external auditors. The ARMC meets the external auditors at least twice a year to discuss their audit plan, audit findings and their reviews of the Group's financial statements. The ARMC also have private meetings with the external auditors twice annually without the presence of the Managing Director and the Management staff to discuss the audit findings and any other observations they may have during the audit process.

The ARMC assesses the independence and objectivity of the external auditors in carrying out statutory audit for the Group and prior to the engagement of non-audit services of the external auditors. The external auditors, Messrs Deloitte PLT, have confirmed that they have complied with the independence requirements set out in the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) and that they have fulfilled their ethical responsibilities in accordance with the said By-Laws and Code.

The ARMC also reviews the nature of the non-audit services and the related fee levels individually and in aggregate relative to the

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audit fee to ensure they do not compromise their independence and objectivity. The external auditors are engaged mainly to perform statutory audit on the Group's financial statements. For FY2021, the external auditors also reviewed the reporting deliverables to Deloitte Netherlands and the Company's Statement on Risk Management and Internal Control. The fees paid for the above services were reported in the Audit & Risk Management Committee Report.

The ARMC considers the re-appointment and terms of engagement of the external auditors, guided by the following criteria and the assessment performed by HEINEKEN Global on the external auditors at the global level:

- ⇒ Technical and competencies of the audit team
- ⇒ Adequacy of resources and relevant specialist/experts deployed to conduct the audit
- ⇒ Audit scope and planning taking into consideration the size and complexity of the Group
- ⇒ Audit communications to the ARMC
- ⇒ Audit and non-audit fees
- ⇒ Independence and objectivity

Risk Management and Internal Control

The Board is also responsible for ensuring the Group has in place an effective risk management and internal control system to manage and mitigate significant risks across the Group and to safeguard stakeholders' interests and the Group's assets. The Group adopted the HEINEKEN Risk Management and Internal Control Systems which enable Management to identify, assess, prioritise and manage risks on a continuous and systematic basis. The Board, through the ARMC continually reviews the adequacy, integrity and effectiveness of the risk management and internal control systems to ensure that the same are soundly conceived, in place, effectively administered and regularly monitored.

As an integral part of the risk management and internal control systems, an assessment is also performed on the internal controls surrounding the Group financial reporting process on an annual basis, focusing on transparency, accountability and safeguarding of the Group's assets. Outcome of the assessment is reported to the ARMC during their quarterly meetings.

The Internal Audit function, which is performed in-house, assists the ARMC and the Management in the effective discharge of their responsibilities in respect of risk management, internal control and governance. It is guided by its Charter and its principal responsibility is to provide independent and objective reviews on the Group's internal control system so as to ensure that controls which are instituted are appropriate and can effectively address acceptable risk exposures. The Internal Audit function also ensures that recommendations to improve controls are followed through by Management.

The Internal Audit function, which is led by the Head of Corporate Assurance, has a clear line of reporting to the ARMC and its performance is reviewed by the ARMC on an annual basis. The ARMC also reviews the internal audit plan including the adequacy of the audit scope, approach, methodology, resources and authority of the Internal Audit function in carrying out its audit activities. It is independent of the operational and management activities they audit. Further information on the Internal Audit function were reported in the Audit & Risk Management Committee Report.

Based on the evaluation carried out by the ARMC on the performance of the Internal Audit function for FY2021, the Internal Audit function was found to be effective and able to function independently in discharging its responsibilities in that it provided value added recommendations that helped strengthen the internal controls within the Group.

The Board is of the view that the overall risk management and internal control systems in place for FY2021 are operating adequately and effectively for the purpose of safeguarding the Group's assets, as well as shareholders' investments and the interests of customers, employees and other stakeholders. The key features of the risk management and internal control systems are set out in the Statement on Risk Management and Internal Control.

PRINCIPLE C INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Communication with Stakeholders

The Company acknowledges the importance of timely and equal dissemination of material information to shareholders, investors and public at large. It continued to maintain an active and proactive communication approach with its shareholders and other stakeholders to facilitate mutual understanding of each other's objectives and expectations.

The Company is guided by the disclosure requirements of the MMLR along with the Corporate Disclosure Guide issued by Bursa Securities and the HEINEKEN Media Policy and HEINEKEN Financial Disclosure Guidelines which stipulate the authorised spokespersons through which/whom certain information shall be disclosed to internal and external stakeholders with specific guidance on the disclosure of material information, maintenance of confidentiality of information and dissemination of information.

The Company leverages on various communication platforms to reach out to shareholders and stakeholders. These include among others, announcements via Bursa LINK, disclosures on the Company's website, engagements through the Investor

Corporate Governance Overview Statement

Relations function and the Company's social media. In 2021, numerous engagement activities were carried out by the Company to engage its stakeholders. Details of the engagement activities are reported in the Stakeholder Engagement section in this Annual Report.

Driven by a commitment to transparency, the Company has since 2016 adopted the International Integrated Reporting Framework (IIRF) in its annual report with the objective of demonstrating how the Company's strategy, actions, performance, governance and prospects lead to stakeholder value creation. For the Annual Report 2021, the Company continued to adopt the same reporting approach based on IIRF which focuses on linking the financial and non-financial aspects of the Group business to provide a clear picture of what strategies and initiatives the Group have implemented to meet the stakeholders' expectation.

Conduct of General Meetings

AGM is a principal platform for Directors and Senior Management to engage shareholders to provide them a greater understanding of the Group's business, governance and performance. Prior to the AGM, shareholders were notified on the meeting and the relevant reports were published via the Company's and Bursa Malaysia's website at least 28 clear days ahead of the meeting and they were allowed to send pre-meeting questions in relation to the AGM agenda items to the Tricor's TIIH Online website.

In 2021, the Company's AGM was conducted entirely on a virtual basis using the remote participation and voting (RPV) facilities. All the local Board members were present at the broadcast venue together with the external auditor, the Company Secretary and the Finance Director whilst Board members who were based outside of Malaysia and the other Management Team members were in attendance virtually via a designated virtual meeting platform as a precautionary measure in view of the COVID-19 pandemic. At the AGM, a comprehensive review of the Group's business and financial performance together with an overview of the Group's activities, key challenges, market outlook the Group's strategies and priorities for the ensuing year was presented by the Managing Director.

During the meeting, shareholders were given the opportunity and time to submit real-time questions, provide comments or suggestions for improvement and cast their votes via the RPV facilities. The Chairman, on behalf of the Board, and the Managing Director also addressed questions submitted in advance by the shareholders including the Minority Shareholder Watch Group. A scrutineer was appointed to validate the votes cast at the AGM, after which, the poll results were announced and published on the Company's website and via Bursa LINK on the same day after the meeting. Minutes of AGM together with the written response to relevant questions raised were also published on the Company's website within 30 business days after the AGM.

The Company will continue to leverage technology to enhance the quality of engagement and to ease shareholder's participation at AGM.

LOOKING AHEAD

The Board will continue to ensure the Group maintains a robust governance framework and embraces an ethical corporate culture by strengthening its sustainability practices to deliver sustainable growth and performance for the Group.

This CG Overview Statement was approved by the Board on 15 March 2022.

Audit & Risk Management Committee Report

In May 2021, the Audit & Risk Management Committee (ARMC) was reconstituted in line with the best practice recommended in the Malaysian Code on Corporate Governance 2021 (MCCG) to comprise the following three (3) Non-Executive Directors, with majority being Independent Directors including the Chairman:

Name	Designation	Date appointed	Years of service
Lau Nai Pek (Chairman)	Senior Independent Director	22 May 2021	Less than a year
Datin Ngiam Pick Ngoh, Linda	Independent Director	21 August 2014	7 years +
Choo Tay Sian, Kenneth*	Non-Independent Director	26 October 2020	1 year +

* Representing HEINEKEN, major shareholder of the Company.

The representation of the major shareholder in the ARMC is essential in that it provides an avenue for the major shareholder's representative to share insights on HEINEKEN Global best practices and learning with the Company. None of the ARMC members were former audit partners who are required to observe a cooling-off period of at least three (3) years before being appointed.

Mr Lau Nai Pek is a member of the Malaysian Institute of Accountants. On 22 May 2021, he was appointed as Chairman of the ARMC, succeeding Mr Martin Giles Manen, who retired from the Board of Directors (Board) on 21 May 2021.

The ARMC discharges its functions according to its Terms of Reference in that it assists the Board in fulfilling its statutory duties and responsibilities by ensuring:

- ⇒ accurate and timely financial reporting and compliance with applicable financial reporting standards;
- ⇒ adequate internal control in the systems and processes which enable the Company and its subsidiaries (Group) to operate effectively and efficiently;
- ⇒ that an effective risk management framework is in place to manage risks impacting the Group;
- ⇒ that Internal Audit functions effectively and audits are performed by external auditors objectively and independently; and
- ⇒ the Group complies with applicable laws, rules and regulations and has in place an appropriate code of business conduct.

The Terms of Reference of the ARMC is available on the Company's website at <https://www.heinekenmalaysia.com/corporate-governance/>.

ACTIVITIES OF THE ARMC

During the financial year ended 31 December 2021 (FY2021), the ARMC had four (4) meetings with a 100% attendance rate. The Managing Director, the Finance Director and the Head of Corporate Assurance of the Company normally attend the meetings. When necessary, certain members of the Management Team will be invited to the meetings to assist in clarifying matters raised at the meeting.

The main activities carried out by the ARMC during FY2021 were as follows:

Financial Reporting

- ⇒ Reviewed the quarterly financial reports to Bursa Malaysia based on the Group's financial performance, borrowings and cashflow positions as well as its performance outlook.
- ⇒ Reviewed the annual audited financial statements including the pertinent disclosures in the notes to the financial statements.

Risk Management and Internal Control

- ⇒ Reviewed the top 10 risks and emerging risks together with the risk mitigating measures and the progress of mitigating actions on a quarterly basis. COVID-19 pandemic related risks, cyber security risks and rising input costs were among the key risk areas deliberated.
- ⇒ Reviewed the adequacy and effectiveness of the Group's risk management and internal control framework based on the following self-assessment performed by Management:
 - (i) business self-assessment under the HEINEKEN Risk and Control Matrix compliance programme which assesses the Group's internal controls over financial reporting; and
 - (ii) control self-assessment which focuses on the implementation and execution of the mandatory standards and procedures under the HEINEKEN Rules that describe the boundaries within which the Group can operate, with the objectives of protecting the Group's assets and reputation.
- ⇒ Reviewed the control issues reported in the BWISE system, an online risk management reporting system which tracks key processes compliance, on a quarterly basis to ensure all key risks and control issues were effectively addressed.

Internal Audit

- ⇒ Reviewed the internal audit annual plan including the adequacy of the audit scope, approach, methodology, resources and authority of the Internal Audit function in carrying out its audit activities and provided input on key areas to be included in the plan.

Audit & Risk Management Committee Report

- ⇒ Reviewed the quarterly internal audit reports which encompassed the audit issues, audit opinion or conclusion, audit recommendations, Management's responses to these recommendations and improvement actions in the area of internal controls, systems and process efficiency enhancements; and suggested additional improvement opportunities in the said areas.
- ⇒ Reviewed the progress of the implementation of audit recommendations on a quarterly basis to ensure all key risks and control gaps were addressed.
- ⇒ Reviewed outcome of ad-hoc investigations / special reviews conducted by the Internal Audit function on matters reported via the Speak Up channel concerning misconduct and suspicion of fraud or operational failures within the Group.
- ⇒ Reviewed the effectiveness of the audit process, resource requirements for the year and assessed the performance and contributions of the Internal Audit function as well as the competency and performance of the Head of Corporate Assurance.

External Audit

- ⇒ Reviewed the external audit plan including the significant accounting and auditing issues, impact of new or proposed changes in accounting standards and regulatory requirements applicable to the Group prior to commencement of annual statutory audit by the external auditors.
- ⇒ Reviewed the external audit findings and observations and the accompanying management reports and representation, focusing particularly on key audit matters and key accounting and audit adjustments.
- ⇒ Held two private sessions with the external auditors without the presence of the Management in conjunction with the ARMC meetings held on 18 February 2021 and 11 November 2021. The ARMC enquired about Management's co-operation with the external auditors, their sharing of information, proficiency and adequacy of resources in financial reporting functions and key areas of concern or issues encountered by the external auditors during their audit.
- ⇒ Assessed the independence and objectivity of the external auditors in performing statutory audit and prior to the engagement of the external auditors for non-audit services. Based on the written assurance obtained from Deloitte PLT which confirmed that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements, the ARMC was satisfied that they were not likely to create any conflict of interest nor impair the independence and objectivity of the external auditors.
- ⇒ Evaluated the performance of the external auditors taking into consideration the competencies, the quality of the audit

deliverables and the resource capacity of the audit team; and recommended to the Board on their re-appointment and remuneration for FY2021. The re-appointment of external auditors will be tabled at the forthcoming Annual General Meeting for shareholders' approval.

For FY2021, the fees paid / payable to the external auditors, Deloitte PLT in relation to the audit and non-audit services rendered to the Company and the Group are as follows:

	Company RM'000	Group RM'000
Statutory audit services	126	203
Non-audit services		
(i) Review of reporting deliverables to Deloitte Netherlands	30	30
(ii) Review of the Statement on Risk Management and Internal Control	10	10
	166	243

The ARMC believes that the provision of these services by the external auditors to the Group was fair and reasonable given the scope of the audit and the size of the Group business as well as their knowledge and understanding of the Group operations, and they did not compromise their independence and objectivity.

Related Party Transactions (RPT)

- ⇒ Reviewed the quarterly recurrent RPT to ensure transactions with related parties were carried out within the mandate approved by shareholders.
- ⇒ Reviewed the proposed shareholders' mandate for recurrent RPT to be entered into by the Group for the ensuing year.
- ⇒ Reviewed the processes that the Company has in place for identifying, evaluating, approving, reporting and monitoring of recurrent RPT based on the assurance from the Internal Audit function.

Others

- ⇒ Reviewed Management's recommendation on dividend distribution for FY2020 and FY2021, taking into consideration of the Group's earnings and cashflow requirements and its solvency position.
- ⇒ Reviewed the potential impact of the material litigation involving the Company and its operating subsidiary (Companies) which was disclosed under Note 26 of the Group's Audited Financial Statements, and the Companies' legal position against the litigation case.

Audit & Risk Management Committee Report

During FY2021, the ARMC Chairman had two meetings with the external auditors without the Management's presence and had separate meetings with the Managing Director, Finance Director and the Head of Corporate Assurance prior to every scheduled ARMC Meeting.

The ARMC Chairman reports to the Board on matters deliberated and highlighted significant matters including unusual events or transactions for Board's attention. The ARMC has provided useful recommendations in assisting the Board in making informed decisions and enabling effective functioning of the Board.

The ARMC has unrestricted access to any information pertaining to the Group enabling it to discharge its duties effectively.

INTERNAL AUDIT FUNCTION

The ARMC is supported by the Internal Audit function in discharging its duties and responsibilities. The Internal Audit function is an integral part of the assurance framework and its principal role is to undertake independent and systematic reviews of the Group's internal control system so as to provide objective assurance on the adequacy, integrity and effectiveness of the Group's risk management, internal controls, anti-bribery and anti-corruption, Speak Up and the overall governance processes.

The Internal Audit function is performed in-house under the purview of the Corporate Assurance Department (CAD) which oversees both internal audit and process and control improvement (P&CI) matters. The CAD is headed by Mr Eugene Ding Diew Ping who reports functionally to the ARMC and administratively to the Managing Director and the Finance Director for P&CI related matters. The Internal Audit function does not have any direct operational responsibility or authority over any of the activities it audits nor has it engaged in any activity that might impair the internal auditor's judgement. All the internal audit staff had confirmed via an annual declaration that they were free from any relationships or conflict of interests which could impair their objectivity and independence.

The Head of CAD, Mr Eugene Ding Diew Ping, is a holder of a Bachelor's Degree of Business (Accounting) from the University Of Technology Sydney, Australia. He is a Chartered Accountant of the Malaysian Institute of Accountants and a Chartered Member of the Institute of Internal Auditors Malaysia (IIA). He has over 20 years of internal audit experience. Currently, he is supported by a P&CI Manager, an Internal Audit Manager and an Internal Audit Executive who are also members of the IIA.

The Internal Audit function is guided by an Internal Audit Charter approved by the ARMC. The charter sets out the purpose, scope, responsibility and authority of the function.

The Internal Audit function carried out its activities based on the Internal Audit Plan approved by the ARMC. The Internal Audit Plan is developed based on the risk profiles identified in accordance with the Group's Risk Management Framework in consultation with the Management Team. The ARMC reviews the extent of the audit scope and coverage of the Group's activities; and the adequacy, competency and the internal audit resources to support the completion of the plan. At the quarterly ARMC meetings, the Head of CAD reports to the ARMC on the progress of internal audit activities and the resource requirements, including interim changes and the impact of resource limitations. The report to the ARMC also covers significant risk and control issues, including fraud risks, governance issues and other matters that require the ARMC's attention.

In carrying out the audit activities, the Internal Audit function has adopted the International Standards for the Professional Practice of Internal Auditing (IIA Standards) issued by the International Internal Audit Standards Board. The internal audit staff adhere to the Code of Ethics adopted by the IIA which sets out, among others, the principles relevant to the profession and practice of internal auditing and the rules of conduct expected of internal auditors.

The Internal Audit function maintains a Quality Assurance and Improvement Programme (QAIP) to evaluate the internal audit activity's conformance with the IIA Standards and the Code of Ethics. The QAIP includes periodic internal self-assessment and external assessment to be conducted at least once every five (5) years by a qualified independent assessor or assessment team from outside the organisation.

During FY2021, the Internal Audit function completed 21 audit assignments which included 4 investigative audits on matters reported via the Speak Up channel. The audits were performed using a risk-based approach followed by root-cause analysis and were consistent with the Group's established framework in designing, implementing and monitoring of its internal control systems. The audit covered various operational areas within the Group, which included:

- ⇒ Sales operations and distributor management.
- ⇒ Brand marketing resource management and effectiveness of consumer promotions.
- ⇒ Trade marketing control processes mainly around management of commercial assets and sales data and retailers' trading terms and conditions.
- ⇒ E-commerce operations mainly on sales transactions and management of stock movements.
- ⇒ Management of finished goods at bonded warehouse.

Audit & Risk Management Committee Report

- ⇒ Employees' disclosure on conflict of interest.
- ⇒ Related party transactions.

Findings from the audits were highlighted to Management who are responsible for ensuring that the agreed action plans to address the reported weaknesses are implemented within the required timeframe. On a regular basis, the Internal Audit function reviewed the status of implementation of the recommended actions and preventive measures. The audit findings, audit opinion or conclusion and the status of implementation of the action plan were reported to the Risk and Control Workgroup and presented to the ARMC for review at their respective quarterly meetings.

The Internal Audit function also works collaboratively with the P&CI Manager to review the risk management process of the Group as a whole. During the financial year under review, the Internal Audit function also supported the P&CI Manager on the implementation of several process improvement and cost reduction initiatives.

The total expenses incurred by Internal Audit function in discharging its functions and responsibilities for FY2021 amounted to RM780,000 (FY2020 : RM883,000). The expenses incurred comprised mostly of salaries and departmental overheads.

The ARMC had evaluated the performance of the Internal Audit function for FY2021 and was satisfied with the overall performance of the function as it had been effective in performing its duties. The Internal Audit function also provided value added recommendations to the organisation, strengthening its internal controls whilst enabling cost savings, and was able to function independently.

EFFECTIVENESS OF ARMC

The Board, via the Nomination & Remuneration Committee, reviewed the composition and performance of the ARMC through its annual Board and Board Committees effectiveness evaluation. Based on the evaluation conducted for FY2021, the Board was of the view that the present composition in the ARMC was appropriate in that the ARMC members possess the appropriate level of expertise and experience. They have sufficient understanding of the Group's business and are able to objectively review, analyse, challenge and make recommendations on matters under the purview of the ARMC including the financial reporting process. During the year, all members of the ARMC have attended various development and learning programmes to keep themselves abreast of current developments in the market place and changes in the statutory and regulatory requirements.

The Board agreed that the ARMC had continued to support the Board in matters related to the Group's financial and audit, risk management and internal control. The Board was also satisfied that the ARMC has effectively discharged its functions, duties and responsibilities in accordance with its Terms of Reference in that it had provided useful recommendations to the Board for better decision-making and consequently made Board Meetings more efficient and effective.

This report was approved by the Board on 15 March 2022.

Statement on Risk Management and Internal Control

The Board of Directors (the Board) is pleased to present this Statement on Risk Management and Internal Control, which outlines the nature and key elements of the risk management and internal control systems of Heineken Malaysia Berhad (HEINEKEN Malaysia or the Company) and its subsidiaries (the Group) for the financial year ended 31 December 2021 (FY2021). This statement is prepared in accordance with the Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers which is in line with Paragraph 15.26(b) of the Bursa Malaysia Securities Berhad’s Main Market Listing Requirements (MMLR) and Principle B of the Malaysian Code on Corporate Governance (MCCG).

BOARD’S RESPONSIBILITY

The Board is responsible and accountable for the Group’s systems of risk management and internal control and for reviewing the effectiveness, adequacy and integrity of the system. In this regard, the Board is assisted by the Audit & Risk Management Committee (ARMC) who is responsible to ensure that appropriate methods and procedures are adopted in the risk management and internal control activities and to obtain the level of assurance required by the Board.

BUSINESS FRAMEWORK

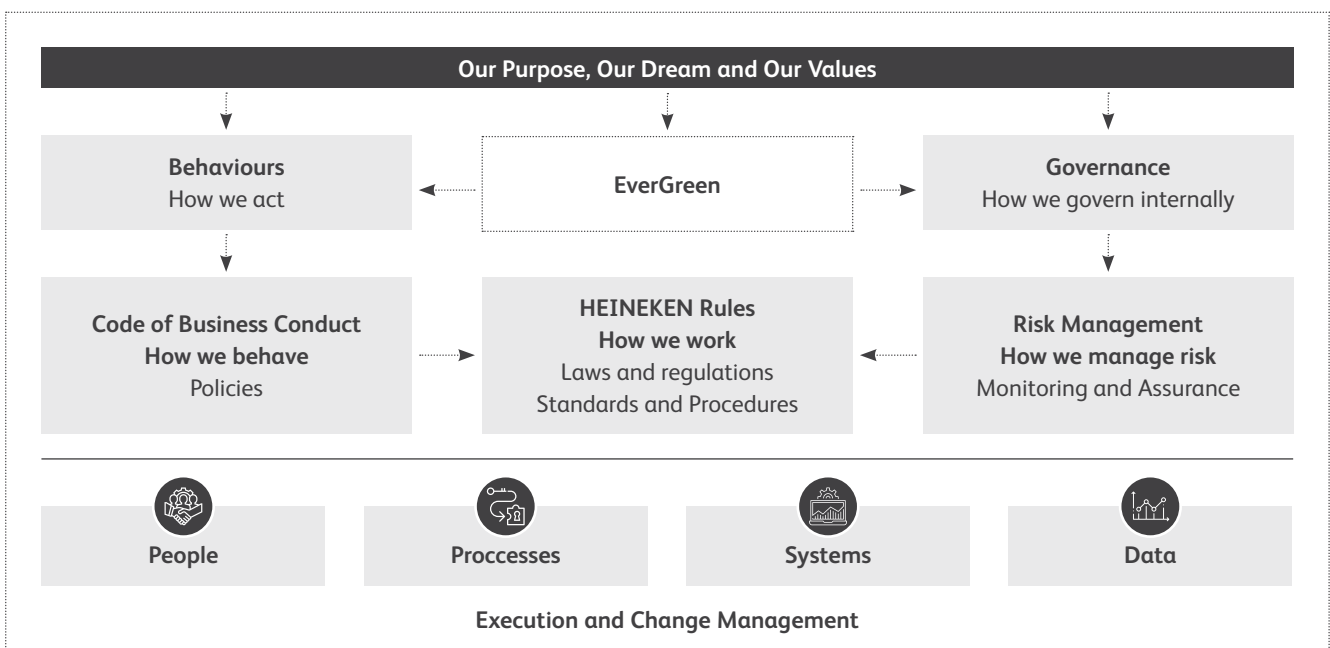
As part of the HEINEKEN Group, the Group has adopted the HEINEKEN Business Framework (the Framework) established by

HEINEKEN NV. The Framework articulates the key elements that the Company relies on to operate effectively and deliver long-term value creation whilst protecting the Company’s people, assets and reputation.

HEINEKEN’s Purpose, Dream and Values underpin the HEINEKEN’s EverGreen strategy, enabled by our organisational structure and governance. The expected behaviours provide clear guidance to all employees on how to act and foster a culture of achievement, collaboration and growth, underpinned by a Behaviours Framework that reflects the expected attitude in decision-making, including risk taking.

Continuous Risk Management supports the achievement of business objectives based on our Risk Assessment Cycle, the HEINEKEN Code of Business Conduct (HeiCode) and the HEINEKEN Rules (HeiRules). As part of the Risk Assessment Cycle, the Management Team reviews and updates the risks faced by the Group on a continuous basis throughout the year. The HeiCode and its underlying policies set out the Group’s commitment to conduct business with integrity and fairness, and respect for the law and our values. The HeiRules articulate how we work and the standards to which we commit. They are a key element for managing the risks faced by our Company and translate our objectives into clear instructions on how to conduct our daily business.

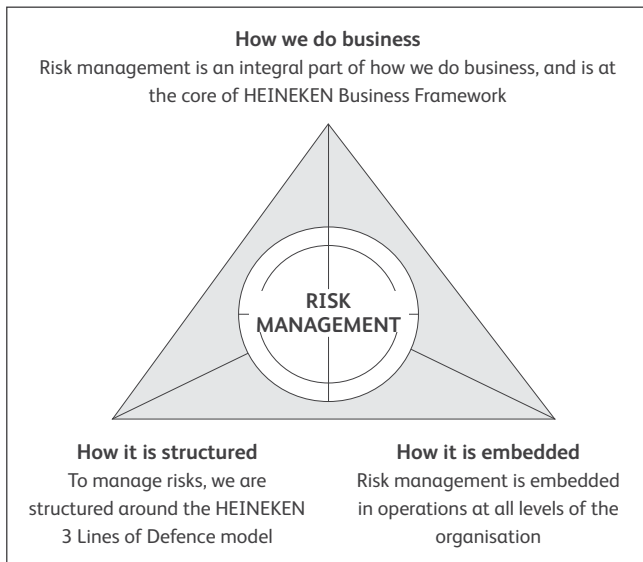
The Group’s systems of risk management and internal control, which are based on the Committee on Sponsoring Organisations (COSO) Enterprise Risk Management and Internal Control Reference model, form a fundamental part of the HEINEKEN Business Framework.



Statement on Risk Management and Internal Control

RISK MANAGEMENT

Risks are an essential element when opportunities are assessed and strategies set. At HEINEKEN Malaysia, risk management is an integral part of doing business, supported by good governance. The Group has adopted the HEINEKEN Risk Management Framework which is embedded within the HEINEKEN Business Framework. The risk management framework addresses the risks the Company inevitably faces in delivering its strategy. Managing risks in a conscious manner increases the likelihood of delivering our strategies and business objectives. The Group has adopted a proactive approach to ensure risk management is embedded in our processes for effective decision-making which is essential to create and preserve the Group's long-term value.



The Risk Management Framework comprises a four-step process and is supported by six (6) key pillars:



KEY PILLARS

Risk Management supports the achievement of our objectives, through more effective decision making

- **Structure**
Risk management is an integral part of how we do business and is embedded in operations at all levels of the organisation.
- **Governance & Performance**
Risk management aligns with the organisational governance with a strong tone at the top.
- **Processes & Tasks**
Processes are key for effective risk management, this is done via a four step process embedded into our daily activities.
- **People & Competencies**
Having people with the right mindset and behaviour, equipped to address opportunities, risks and required actions.
- **Reward & Recognition**
Employees are recognised for their contributions towards risk management.
- **Information & Systems**
Utilising risk management information system that contains a comprehensive database of key risks faced by the Group.

The risk profile of the Group is established during the risk assessment sessions with the Management Team. This exercise is facilitated by the Process & Control Improvement (P&CI) Team and is fully embedded as a key activity of the Risk and Control Workgroup (RCW). At each assessment session, members of the Management Team are engaged to identify and review key risk areas within their responsible function and they are responsible to ensure the adequacy and effectiveness of action plans to manage the risks identified. The risks landscape as well as the mitigation plans are assessed and categorised based on the level of impact and likelihood as set out in the following Risk Management Matrix adopted by the Group:

Statement on Risk Management and Internal Control

IMPACT	RISK MANAGEMENT MATRIX				
	Nearly Impossible	Unlikely	Possible	Likely	Almost Certain
Major	Medium	Medium	High	High	Major
Significant	Medium	Medium	Medium	High	High
Moderate	Low	Medium	Medium	Medium	High
Minor	Low	Low	Medium	Medium	Medium
Insignificant	Low	Low	Low	Low	Medium
	Nearly Impossible	Unlikely	Possible	Likely	Almost Certain
	LIKELIHOOD				

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



Statement on Risk Management and Internal Control

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

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

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

The RCW, which is made up of members of the Management Team and is chaired by the Managing Director, oversees the areas of risk management and internal control of the Group. It meets on a quarterly basis to review the risk management activities and internal control issues raised. Matters deliberated in the RCW meetings are reported to the ARMC. The RCW is supported by the P&CI Team who is tasked to oversee compliance with the Group's Risk Management and Internal Control Systems and drive continuous process improvement.

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

INTERNAL CONTROLS

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

The internal controls are defined in HeiRules, which comprise all mandatory standards and procedures including financial reporting, IT and Tax. On an annual basis, a Control Self-Assessment (CSA) is performed by each function to assess the implementation and execution of the mandatory standards

and procedures required under the HeiRules. The Group has also adopted the HEINEKEN's Risk and Control Matrix (RACM) compliance programme that focuses on internal controls over financial reporting. The RACM assessment is performed on key controls surrounding the Group's financial reporting process based on materiality level; and it focuses on transparency, accountability and safeguarding of assets.

The P&CI Team coordinates both CSA and RACM assessments on an annual basis. The assessments are performed by competent assessors and the outcome are tested by qualified reviewers. The P&CI Team discusses non-compliance areas, if any, and control deficiencies with relevant process owners and reports it in a monitoring tool whilst ensuring the necessary remediation action plan is in place. Completed actions are then retested to ensure adequate remediation. Deficiencies, if any, will be assessed and reported to the RCW and the ARMC during their quarterly meetings.

INTERNAL AUDIT

The Internal Audit function is performed in-house under the purview of the Corporate Assurance Department (CAD) which oversees both internal audit and P&CI matters. The primary role of the Internal Audit function is to undertake independent and systematic reviews of the Group's internal control system so as to provide objective assurance on the adequacy, integrity and effectiveness of the Group's risk management, internal controls, anti-bribery and anti-corruption, Speak Up and the overall governance processes within the Group.

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The Internal Audit function has a clear reporting line to the ARMC and its performance is reviewed by the ARMC annually. It is independent of the operational and management activities they audit and have unrestricted access to information, records, physical properties, and personnel, in order for it to complete the audit assignments.

Audits are carried out based on the Internal Audit Plan approved by the ARMC. The audit plan is developed based on the risk profiles identified in accordance with the Group's Risk Management Framework in consultation with the Management Team. The audit reports which highlight significant findings, audit opinions or conclusions and audit recommendations in respect of the effectiveness of governance, risk management and internal control processes are presented to the RCW and the ARMC at their quarterly meetings.

Details of activities carried out by the Internal Audit function during FY2021 are further disclosed in the Audit & Risk Management Committee Report.

KEY ELEMENTS OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

The key elements of the Group's risk management and internal controls system are described below:

Authority and Responsibility

- ⇒ As part of the Risk Management Framework, and in line with the MCCG, the Board has an organisational structure with clearly defined lines of accountability and responsibilities and delegated authority to the Board Committees and the Management to ensure they discharge their duties. Matters concerning risk management and internal controls are under the purview of the ARMC that is chaired by the Senior Independent Director.
- ⇒ There is a schedule of key matters reserved specifically for Board deliberation and decision. The Group practices segregation of duties to ensure that specific tasks or duties within related business processes or associated with the systems supporting business processes are allocated to different employees, to prevent unintentional or fraudulent transactions.
- ⇒ Internal policies and procedures of core business processes together with limits of authority delegated to appropriate levels of employees are documented and stored in a document repository portal. These documents are subject to review and improvements to reflect changing risks or resolve operational deficiencies.

Monitoring, Reporting and Performance Measurement

- ⇒ The Management Team meets on a monthly basis to review business performance, identify, discuss and resolve operational, financial and key management issues. On a quarterly basis, the Managing Director reports to the Board on key business and operational issues covering, but not limited to strategy, performance, resources and regulatory compliance.
- ⇒ The RCW meets on a quarterly basis to review risk management and internal control activities and discuss risk mitigation strategies and follow-up on action plans implemented in response to matters raised as a result of reviews, assessments and tests performed by the P&CI Team and the internal / external auditors.
- ⇒ Compliance audit in line with the ISO 9001:2015 Quality Management System and the Hazard Analysis Critical Control Point (HACCP) requirements are conducted based on the frequency determined by the Ministry of Health to monitor compliance with product safety requirements.
- ⇒ The Group has adopted the HEINEKEN's Information Security Maturity Assessment (ISMA) framework as part of the Group's internal control to protect and detect threats against the Company's information systems. Quarterly ISMA assessment is performed to evaluate the strength of the Group's information security management system and the effectiveness of the Group's cybersecurity risk management measures. The outcome of the assessment is reported to the RCW at its quarterly meeting.
- ⇒ The annual planning process involves respective functions preparing and reviewing their strategies and activity plans including budgets before a new financial year commences. The annual plan which embeds the budget is reviewed by the Management Team and approved by the Board. Monthly review of performance and expenditure versus the plan is carried out by the Management Team to ensure effectiveness of execution and spends are managed in line with the strategic and financial objectives of the organisation. Performance gaps or key variances, if any, are followed up and addressed by respective functions.
- ⇒ Regular stakeholder engagements with employees, investors, analysts, media, trade partners and relevant authorities are held to better gauge the needs of the stakeholders and gather feedback for continuous improvements.
- ⇒ On behalf of the Management Team, the Managing Director and the Finance Director sign-off on a bi-annual Letter of Representation (LOR) to the Chief Financial Officer of Heineken NV, demonstrating management's accountability

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over financial and non-financial reporting disclosures, financial reporting controls, compliance with the HeiCode and HeiRules and reporting of fraud and irregularities.

Integrity and Ethical Values

- ⇒ The Group has adopted the HeiCode which governs the standards of ethics and responsible business conduct expected from employees at all levels. The HeiCode has embedded 17 policies which covers all aspects of the Group's business operations, categorised under four (4) broad areas namely, Responsible Consumption, Respect People and the Planet, Conducting Business with Integrity and Fairness and Safeguarding of Company's Assets. The four areas cover responsible alcohol consumption; commitment to health and safety, human rights and sustainable initiatives, equal opportunities and no discrimination, avoidance and disclosure of conflicts of interest, insider trading, management of intellectual property and confidential information, privacy and data protection; fair competition practices, responsible communication, fraud, bribery, offering and acceptance of gifts, entertainment, hospitality and donations, money laundering and sanctions; and business partner governance. On a yearly basis, all employees are required to disclose to the Company if there is a possible conflict between their interest and that of the Company or any of its subsidiaries. This is to ensure decisions within the Group are based on sound and objective business judgement, not influenced by any possible personal interests or gain.
- ⇒ The Group has taken proactive actions to ensure the business partners share our values and commitment to responsible business conduct. In 2021, the Group implemented a due-diligence tool which is designed to identify, assess, and remedy risks associated with third parties engaged by the Group including suppliers and distributors. Anti-bribery and corruption are among the risks to be assessed by the tool.
- ⇒ The Group also adopted the HEINEKEN Speak Up Policy, which provides employees and stakeholders a standard process to raise concerns about suspected misconducts within the Group in confidence and without fear of retaliation. Speak Up allows and encourages employees and stakeholders to report suspected misconducts through their line managers, to a colleague in the people or legal function or to a trusted representatives appointed by the Company. The Speak Up service is managed by an independent third party and is available 24/7, 365 days a year. Report can be made online or via a phone call. All Speak Up reports are handled by a Case Manager who works under the supervision and instruction of the HEINEKEN Global Integrity Committee which comprises representatives from the HEINEKEN Business Conduct Office, Global Audit, Global Human

Resources and Global Legal Affairs. The Speak Up Policy was communicated to all employees to create awareness that there is an established channel for them to raise concerns about suspected misconduct within the organisation. The Speak Up Policy was also communicated to distributors and suppliers via an e-learning programme focusing on the Distributor Code of Conduct and Supplier Code of Conduct to encourage business partners to raise their concerns about suspected misconducts within the Group. The Speak Up policy is available for reference at the Company's website <https://www.heinekenmalaysia.com/corporate-governance/>

- ⇒ Employees are guided by HEINEKEN's Purpose, Dream and Values which are embedded within the Group's policies and procedures and work culture.

Employees' Competency and Awareness

- ⇒ On an annual basis, all employees are required to complete the following online courses as part of the Company's efforts to drive awareness and assess their understanding of the respective codes and the underlying principles, the results from the online courses assessment are closely monitored by the people function and is reported to the RCW.
 - Code of Business Conduct
 - Anti-Bribery and Corruption
 - Responsible Marketing Code
 - Security Awareness
 - Fraud Awareness
 - Data Privacy
 - Competition law
- ⇒ Training and development programmes such as health and safety, technical knowledge training and leadership are organised for employees to ensure that they are equipped with necessary knowledge / skills and kept up to date with the necessary competencies to carry out their responsibilities towards achieving the Group's objectives. The Group has in place an enhanced integrated learning platform for employees to access a vast selection of courses ranging from cross functional business skills and digital trends to self-development.
- ⇒ The Group relies on the IT systems to support its operations via data, analysis and reports essential for business decision making. As part of the measures to raise awareness on cyber security, mandatory trainings were conducted for all employees through an online learning platform. A simulated phishing email exercise was also carried out during the year to enhance awareness on phishing and its methods of attack.

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- ⇒ Briefings are conducted to keep employees informed on changes to legislation that are expected to affect the Group's operations or the way the Group conducts its business.
- ⇒ Induction programmes for new joiners are organised with the aim of raising their awareness and educating them on the Group's approach to risk management and internal control. The programmes also provide a forum to enhance the participants' understanding of the Group's risk management and control procedures as well as their roles in managing risks.

Other Policies

- ⇒ The Distributor Code of Conduct and the HEINEKEN Supplier Code which outline the standard for ethical and business conduct expected from distributors and suppliers in their business dealings with the Group. E-learning programmes on the said Distributor Code of Conduct and the Supplier Code were developed and rolled out to all distributors and suppliers to drive awareness and assess their understanding of the codes and the underlying principles related to, among others, bribery, fraud and offering and acceptance of gifts and entertainment.
- ⇒ The Group's assets are insured against any mishap that will result in material losses. Measures are also put in place to ensure major assets within the Group are physically safeguarded.
- ⇒ The Group has adopted the HEINEKEN Crisis Manual and has in place a Contingency Plan and an Emergency Preparedness & Response Plan which lays out contingency plans and procedures to follow in the event of a crisis. The Group has a Crisis Management Team which comprises members of the Management Team, to provide leadership and timely decision making to ensure continuity of business operations in the event of a significant disruption or disaster. Among the crisis scenarios covered under the plan are fire / explosion, product contamination and IT disaster. Leveraging the learning from the challenges facing the Group during the first nationwide lockdown imposed by the Government due to the COVID-19 pandemic in 2020, the Group's pandemic preparedness was strengthened as seen from the excellent teamwork amidst work-from-home arrangement during the second nationwide lockdown in 2021.

Board Assessment

The Board is of the view that, the overall risk management and internal control systems in place for FY2021, and up to the date of approval of this statement are operating adequately and effectively. This covers all material aspects, based on, the same assurance provided by the Managing Director and the Finance Director who represent the Management Team of the Company via the LOR submitted to Heineken N.V. During the financial year under review, there were no material financial and non-financial losses reported as a result of weaknesses or inadequacies in internal control. The Board will continue to review the systems and ensure that measures will be taken to strengthen the risk management and internal control environment within the Group.

Review of the Statement by External Auditors

As required by Paragraph 15.23 of the MMLR, the external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the Annual Report 2021. Their limited assurance review was performed in accordance with the Audit and Assurance Practice Guide 3 (AAPG3) issued by the Malaysian Institute of Accountants. AAPG3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control systems.

Based on the review, the external auditors have reported that nothing has come to their attention that had caused them to believe that this Statement is not prepared, in all material respects, in accordance with the disclosures required by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is the Statement factually inaccurate.

This statement was approved by the Board on 15 March 2022.