HEINEKEN

HEINEKEN MALAYSIA BERHAD

Annual Report 2023

150 years of good times. One way or another.

150 YRS Heineken®


motherchuckers.
EST. 1873
Good Times Only
Heineken

IN THIS YEAR'S REPORT

1 WHO WE ARE

Our Purpose & Values	02
About Us	03
Our Chairman's Message	04
Directors' Profile	07
Management Team's Profile	11

2 OUR BUSINESS MODEL

Our Impact from Barley to Bar	14

3 PERFORMANCE REVIEW

Five-Year Financial Indicators	16
Analysis of Group Revenue	17
Performance Highlights	18
Management Discussion & Analysis	20
Brand Highlights	26

4 ESG REVIEW

About This Statement	35
Sustainability Governance	39
Materiality Assessment	45
Governance	51
Environmental Sustainability	55
Social Sustainability	69
Responsible Consumption	81
Bursa Malaysia Sustainability Indicators	87

5 HOW WE ARE GOVERNED

Corporate Governance Overview Statement	89
Audit & Risk Management Committee Report	100
Statement on Risk Management and Internal Control	104

6 OUR NUMBERS AND OTHER INFORMATION

Financial Statements	112
Other Information	163
Analysis of Stockholdings	164
Statement of 2023 Volumetric Water Benefits	166
Statement of External Assurance	167
Bursa Malaysia Sustainability Reporting Index	173
GRI Standards 2021 Content Index	174
Group Directory	177
Corporate Information	179

60th Virtual Annual General Meeting

Date
Thursday, 16 May 2024

Time
9.30 a.m.

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

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

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

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

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

WE ARE HEINEKEN

Our Purpose

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

Our Values

PASSION
for consumers & customer

COURAGE
to dream & pioneer

CARE
for people & planet

ENJOYMENT
of life

About Us

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

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

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

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

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

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

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

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

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

Our Chairman's Message

Group Revenue

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

Group Profit Before Tax (PBT)

RM511 million (FY2022: RM595 million)

Dear Shareholders,

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

Dato' Sri Idris Jala
Chairman

Our Chairman's Message

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

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

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

In 2023, HEINEKEN Malaysia's revenue decreased by 8% to RM2.64 billion compared to the previous year (FY2022). This was mainly due to market correction and weak consumer sentiment attributed to growing macroeconomic concerns in 2023. In perspective, the group also underwent a notable recovery in 2022 (Revenue +44% versus 2021) post the COVID-19 pandemic restrictions. Correspondingly, Group PBT decreased by 14% principally due to lower revenue while the Group's net profit decreased by 6% due to the absence of the one-off Prosperity Tax in 2023.

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

- **A single tier interim dividend of 40 sen per stock unit paid on 10 November 2023**
- **A proposed single tier final dividend of 88 sen per stock unit**

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

As an operating company of Heineken N.V, we adopted the HEINEKEN Global strategy – EverGreen, which is a multi-year strategy designed to enable our next chapter of our growth. Through EverGreen, we aim to deliver superior and balanced growth with greater focus on meeting the needs of our consumers and customers. We will drive premiumisation, invest behind our brands and capabilities, and do these with a cost and value mindset that will fund this growth journey. EverGreen leverages our existing strengths and new opportunities to chart the next chapter of our growth. We are making great strides in our end-to-end digital transformation to benefit our route-to-consumer and drive cost efficiencies as we aim to become the best-connected brewer. And we are stepping up our focus to deliver continuous productivity improvements and raising the bar on our environmental and social sustainability ambitions.

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

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

Our Chairman's Message

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

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

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

Our commitment to improving social sustainability extends beyond our business. Our long running Tiger Sin Chew Chinese Education Charity Concert broke several records, successfully raising RM26 million for eight institutions in 2023 which is the highest ever raised in a single year. Since 1994, this initiative has raised RM407 million for schools across Malaysia. Recognising community resilience and food security as a growing societal concern, our HEINEKEN Cares community food aid programme, collaborated with Sokong, a civil society fundraising platform by online news organisation Malaysiakini. Our partnership resulted in RM250,000 channelled to six NGOs and social enterprises that focus on community farming and access to water and renewable electricity for underprivileged communities.

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

ACKNOWLEDGEMENTS

On behalf of the Board, I put on record sincere appreciation to Datin Linda Ngiam Pick Ngoh who retired from the Board after more than 10 years of service. Datin Linda Ngiam played an instrumental role in providing valuable guidance and insights in the Group's strategic matters on stakeholder communications, ESG/sustainability, people development and corporate governance. We convey our heartfelt gratitude to Datin Linda Ngiam for her invaluable contributions as a long-serving member of the Board. In her place, we are pleased to welcome Carmen Chua as Independent Director. Carmen is the Chief Executive Officer of ONE IFC Sdn Bhd, the developer of the St .Regis Hotel and Residences Kuala Lumpur, and the Managing Director of ONE KLCC Sdn Bhd, the developer of ONE KL condominium. She also sits on the Board of various companies within the CMY Capital Group and she is a Trustee of Amanah Warisan Negara, a National Public Trust founded by Khazanah Nasional Berhad.

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

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

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

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

Thank you.

Dato' Sri Idris Jala
Chairman
20 March 2024

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

Directors' Profile

DATO' SRI IDRIS JALA

Chairman
Independent Non-Executive Director

Malaysian I Male I 65

Appointed on 1 January 2017

Qualifications:

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

Board Committee Membership:

- Nomination & Remuneration Committee (Chairman)

Working Experience:

- Presently, President and Chairman of PEMANDU Associates.
- Former Managing Director of BFR Institute and CEO of PEMANDU, a unit in the Prime Minister's Department, Malaysia, the organisation tasked with spearheading Malaysia's transition towards high income status by 2020.
- Served as Minister in the Prime Minister's Department for 6 years, and later as the Advisor to the Prime Minister on the National Transformation Programme.
- A renowned transformation guru in turning around companies' performance through his big fast results methodology and transformational strategies that are innovative, rigorous and relevant to today's demands.
- Has continuously delivered sustainable social economic reforms which, in 2014, saw Bloomberg place him among the top 10 most influential policy makers in the world.
- Founder and Executive Chairman of the Global Transformation Forum (GTF), the world's singular platform for influential, global leaders to engage and share experiences and best practices on how to drive transformation.
- An Expert Resource Speaker at the Harvard Health Leaders' Ministerial Forum and a Visiting Fellow of Practice at the Oxford Blavatnik School of Government.
- Served on the Advisory panel for the World Economic Forum (WEF) on New Economic Growth and also on the Advisory Panel of World Bank.
- Former Managing Director / CEO at Malaysia Airlines (MAS) for 3 years. He was brought on board to turn around the airline which was in crisis brought about by a prolonged bout of losses from operational inefficiencies.
- Prior to MAS, he spent 23 years at Shell, rising up the ranks to hold senior positions including Vice President, Shell Retail International and Vice President Business Development Consultancy, based in UK. This included successful business turnarounds in Malaysia and Sri Lanka.

Directorship in other Public Companies / Organisations in Malaysia:

- Sunway Berhad
- Jeffrey Cheah Foundation
- MyKasih Foundation

Directors' Profile

ROLAND BALA

Managing Director
Non-Independent Executive Director

Malaysian | Male | 58

Appointed on 1 September 2018

Qualifications:

- Bachelor's Degree in Business Administrations, UiTM Malaysia

Board Committee Membership:

- Nil

Working Experience:

Within HEINEKEN Group

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

Previous experience

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

Directorship in other Public Companies / Organisations in Malaysia:

- Confederation of Malaysian Brewers Berhad

LAU NAI PEK

Senior Independent Non-Executive Director

Malaysian | Male | 71

Appointed on 22 May 2021

Qualifications:

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

Board Committee Membership:

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

Working Experience:

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

Directorship in other Public Companies / Organisations in Malaysia:

- KKB Engineering Berhad
- Boost Bank Berhad

Directors' Profile

SENG YI-YING

Non-Independent Non-Executive Director

Singaporean | Female | 51

Appointed on 1 September 2020

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

Board Committee Membership:
- Nil

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

Directorship in other Public Companies / Organisations in Malaysia:
- Nil

CHOO TAY SIAN, KENNETH

Non-Independent Non-Executive Director

Singaporean | Male | 56

Appointed on 26 October 2020

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

Board Committee Membership:
- Audit & Risk Management Committee
- Nomination & Remuneration Committee

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

Directorship in other Public Companies / Organisations in Malaysia:
- Nil

Directors' Profile

CHUA CARMEN

Independent Non-Executive Director

Malaysian | Female | 40

Appointed on 13 May 2023

Qualifications:

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

Board Committee Membership:

- Audit & Risk Management Committee
- Nomination & Remuneration Committee

Working Experience:

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

Directorship in other Public Companies / Organisations in Malaysia:

- Nil

ERIN SAKINAH ATAN

Non-Independent Non-Executive Director

Singaporean | Female | 50

Appointed on 14 July 2023

Qualifications:

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

Board Committee Membership:

- Nomination & Remuneration Committee

Working Experience:

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

Directorship in other Public Companies / Organisations in Malaysia:

- Nil

Management Team's Profile

ROLAND BALA

Managing Director

Malaysian | Male | 58

Appointed on 1 September 2018

Qualifications:
- Bachelor's Degree in Business Administrations, UiTM Malaysia

Working Experience:

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

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

CHRISTIAAN JOHANNES FOLKERTS

Finance Director

Dutch | Male | 42

Appointed on 15 June 2021

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

Working Experience:

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

JIMMY DING SU HONG

Sales Director

Malaysian | Male | 49

Appointed on 1 July 2023

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

Working Experience:

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

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

Management Team's Profile

WILLEMIJN SNEEP

Marketing Director

Dutch | Female | 43

Appointed on 1 November 2022

Qualifications:

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

Working Experience:

Within HEINEKEN Group

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

Previous experience

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

LUKASZ KAKOL

Digital & Technology Director

Polish | Male | 43

Appointed on 1 January 2024

Qualifications:

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

Working Experience:

Within HEINEKEN Group

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

Previous experience

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

NIKO VAN CAUWENBERGE

Supply Chain Director

Belgian | Male | 48

Appointed on 1 August 2023

Qualifications:

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

Working Experience:

Within HEINEKEN Group

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

Management Team's Profile

RENUKA INDRARAJAH

Corporate Affairs & Legal Director

Malaysian | Female | 56

Appointed on 1 February 2002

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

Working Experience:

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

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

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

VICTORIA ANG SU LIM

People Director

Malaysian | Female | 47

Appointed on 26 April 2021

Qualifications:
- Executive Education in Strategic Human Resources, National University Singapore

Working Experience:

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

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

Our Business Model

Our Impact from Barley to Bar

Agriculture

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

Brewing

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

Employees

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

Packaging

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

Our Business Model

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

Distribution

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

Customers

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

Consumers

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

Communities

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

Brew a Better World 2030 supports the following UN SDGs:

Path towards Net Zero Impact:

- 6 CLEAN WATER AND SANITATION
- 7 AFFORDABLE AND CLEAN ENERGY
- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
- 13 CLIMATE ACTION

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

- 5 GENDER EQUALITY
- 8 DECENT WORK AND ECONOMIC GROWTH

Path towards Moderation and No Harmful Use

- 3 GOOD HEALTH AND WELL-BEING
- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Five-Year Financial Indicators

Group Revenue

RM2.64 billion

(FY2022: RM2.86 billion)

PBIT

RM518 million

(FY2022: RM596 million)

Return on Equity

113%

(FY2022: 122.1%)

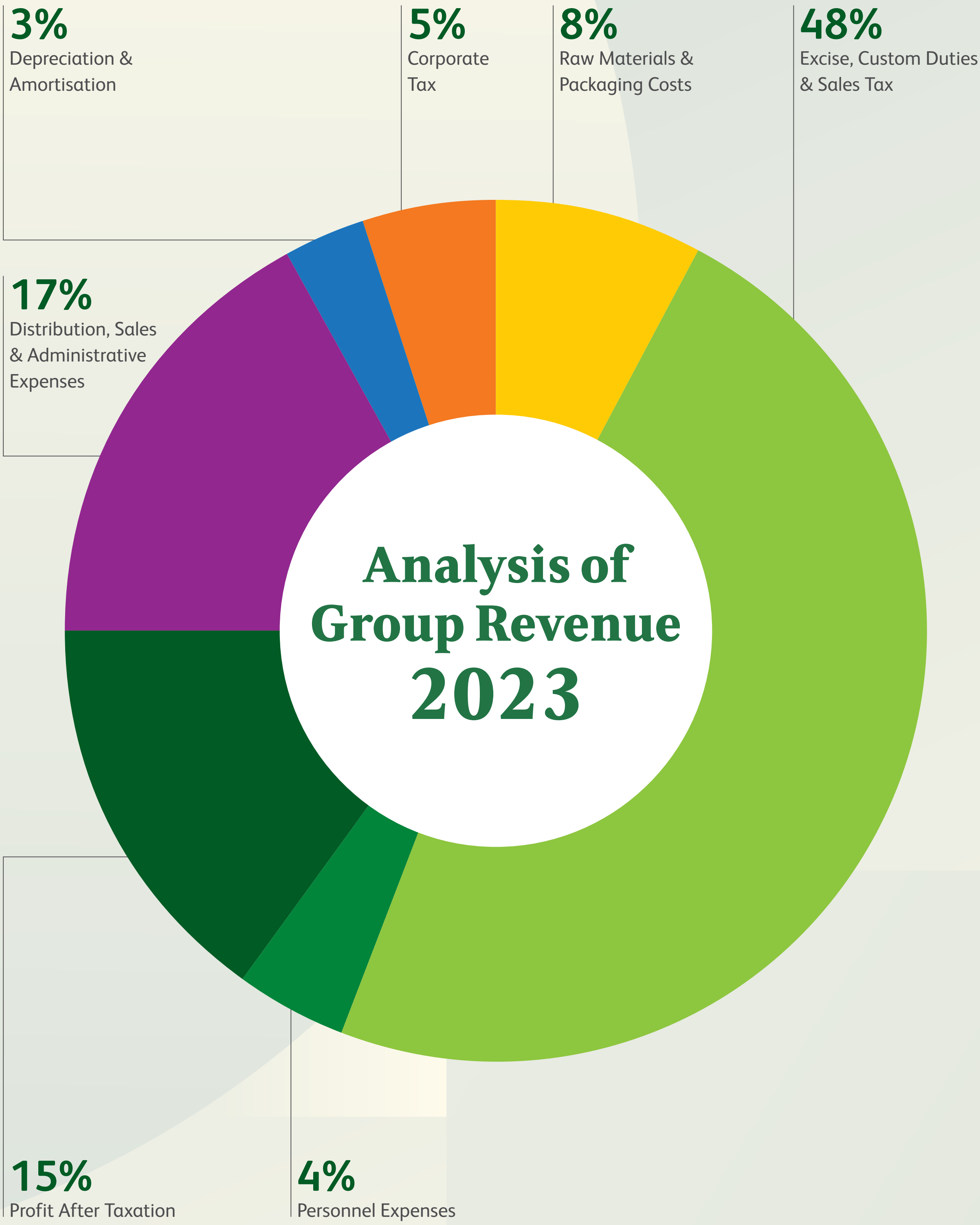
Financial year ended 31 December	2019	2020	2021	2022	2023
KEY OPERATING RESULTS (RM'000)					
Revenue	2,320,249	1,762,396	1,979,348	2,855,065	2,637,741
PBIT	414,399	203,652	323,925	596,224	518,311
Income Tax Expense	99,159	44,519	75,749	181,676	124,080
Profit After Tax	312,968	154,197	245,678	412,824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

EBITDA : Earnings before interest, tax, depreciation and amortisation

PBIT : Profit before interest and tax

Analysis of Group Revenue

for the Financial Year Ended 31 December 2023



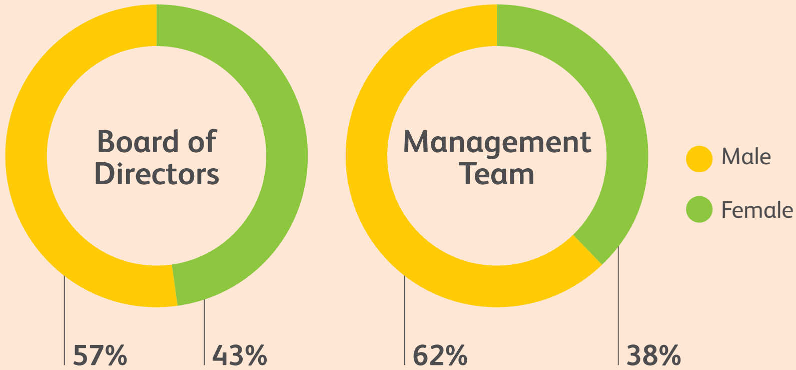
Performance Highlights

for Financial Year 2023

People

Total Employees

527



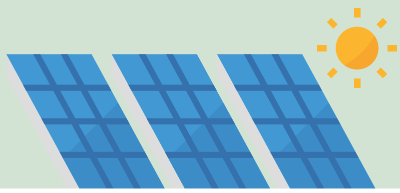
Planet

▼65%

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

100%

Renewable Electricity since March 2022



Performance

Group Revenue

▼8%

RM2.64 billion

(FY2022: RM2.86 billion)

Group Profit Before Tax (PBT)

▼14%

RM511 million

(FY2022: RM595 million)

Contributed

RM1.4 billion

in taxes to the Government

Performance Highlights

for Financial Year 2023

Employee Engagement Score

86

(▼4% vs 2022)

Performance Enablement Score

85

(▲1% vs 2022)

Tiger Sin Chew Chinese Education Charity Concert

RM26 million

raised for 8 institutions,

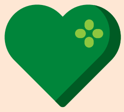
RM407 million

since 1994

HEINEKEN Cares

>850,000

meals for communities since 2021



21%

improvement in water consumption since 2014

Balanced

223%

of water used in our products in 2023

Zero Waste

to Landfill since 2017

Single Tier Interim Dividend of

40 sen

per stock unit paid on 10 November 2023

Proposed Single Tier Final Dividend of

88 sen

per stock unit payable on 25 July 2024

Management Discussion & Analysis

Creating Good Times, Celebrating the Joy of True Togetherness

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

Roland Bala
Managing Director

Management Discussion & Analysis

INTRODUCTION

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

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

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

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

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

OUR PERFORMANCE

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

Group Profit Before Tax declined by 14% to RM511 million, primarily due to lower revenue. Comparatively, the Group's net profit for the year decreased by 6% due to the absence of the one-off Prosperity Tax in the year under review. Corresponding with the above, earnings per share decreased from RM1.37 to RM1.28 per share.

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

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

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

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

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

GROUP FINANCIAL PERFORMANCE FOR FY2023

Revenue	Profit Before Tax	Net Profit
RM2.64 billion	RM511 million	RM387 million

Management Discussion & Analysis

DRIVE PREMIUM GROWTH

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

Through the Work Responsibly campaign, Heineken® collaborated with global K-Drama Star Park Hyung Sik to raise awareness on the overworking culture in Malaysia and to remind everyone to work responsibly and to not let their social life down by 'ghosting their friends'. The campaign's 'Ghosted Bar' video received 1 Bronze lion at the 2023 Cannes Lions festival in the Film category, a true testament to a successful collaboration between the global and local teams. We extend our congratulations to all who played a crucial role in bringing these campaigns to life. A special thanks goes out to our agency partners, as together, we continue to unlock world-class, award-winning creativity. Cannes Lions is a global event that awards the best of the best in the field of creativity, advertising, communication and related fields. Globally, Heineken® won 21 Lions in total.

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

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

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

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

SUSTAINABILITY HIGHLIGHTS

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

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

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

ENVIRONMENTAL SUSTAINABILITY

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

SOCIAL SUSTAINABILITY

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

RESPONSIBLE CONSUMPTION

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

Management Discussion & Analysis

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

- UN Global Compact Network Malaysia and Brunei (UNGCMYB) Forward Faster Sustainability Awards – HEINEKEN Malaysia won in the Water Resilience category, acknowledging the brewer's achievement in its Towards Healthy Watersheds programme, which enabled it to fully balance water used in its products since 2020.
- Star Media Group Positive Impact Awards – HEINEKEN Malaysia was awarded the Most Outstanding ESG Initiative at the ESG Positive Impact Awards, besides winning Gold in the categories of Waste Management and Innovative Partnership in recognition of its Zero Waste to Landfill programme and Water Stewardship partnership respectively.
- PwC Malaysia Building Trust Awards – Heineken Malaysia Berhad was among the Top 20 finalists for PwC Malaysia's Building Trust Awards 2023 and received a special mention for the PwC Malaysia-Asia School of Business's Trust and Leadership Survey (FBM Mid 70 Index) category.

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

OUR OUTLOOK

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

HEINEKEN EverGreen 2025

DRIVE SUPERIOR GROWTH

With consumer centricity, shape & lead premium category. Continue investing behind our brands.

FUND THE GROWTH

Cost & Value to drive efficiency, enabling reinvestments into our brands and business.

RAISE THE BAR ON SUSTAINABILITY & RESPONSIBILITY

Deliver on our ambition to become net zero carbon in production by 2030 and the full value chain by 2040.

BECOME THE BEST CONNECTED BREWER

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

UNLOCK THE FULL POTENTIAL OF OUR PEOPLE

Promote a high-performance culture that boosts our strategic capabilities.

ACKNOWLEDGEMENTS

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

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

Thank you.

Roland Bala
Managing Director
20 March 2024

Brand Highlights

Heineken®
World's No.1 International premium beer

HEINEKEN® THE GHOSTED BAR

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

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

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

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

Brand Highlights

150 YEARS OF GOOD TIMES

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

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

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

Brand Highlights

Tiger Beer
World acclaimed
Asian beer

CHEERS TO BOLD BEGINNINGS

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

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

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

Brand Highlights

TIGER DEN

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

Brand Highlights

Guinness
World's No. 1 stout

GUINNESS

GUINNESS ST. PATRICK'S FESTIVAL 2023

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

Brand Highlights

GUINNESS FLAVOUR BY FIRE

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

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

Brand Highlights

Edelweiss

Premium wheat beer born in the Alps

EDELWEISS WEEKEND UNWIND 2023

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

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

Putra Brand Awards & Putra Aria Brand Awards 2023

PUTRA BRAND AWARDS AND PUTRA ARIA BRAND AWARDS 2023

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

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

Brand Highlights

Star Academy HEINEKEN Malaysia

2023 NATIONAL STAR ACADEMY CHAMPIONSHIP AND REGIONAL QUALITY TRAINING

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

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

ABOUT THIS STATEMENT

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

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

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

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

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

ESG Review

SCOPE AND REPORTING FRAMEWORK

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

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

- **Principal Guideline:**
  Bursa Malaysia's Sustainability Reporting Guide (3rd edition)
- **Reporting Framework:**
  Global Reporting Initiative Standards
- **Aligning with recommendations:**
  Task Force on Climate-Related Financial Disclosures
- **Benchmark against:**
  FTSE4Good Bursa Malaysia (F4GBM) Index
- **Aligning with:**
  United Nations Sustainable Development Goals

ASSURANCE STATEMENT

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

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

FEEDBACK CONTRIBUTION

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

BREW A BETTER WORLD 2023 HIGHLIGHTS

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

ENVIRONMENTAL
Path towards Net Zero Impact

- **100%** renewable electricity since March 2022
- **21%** improvement in water consumption since 2014
- **ZERO** waste to landfill since 2017
- **65%** reduction in Scope 1 and Scope 2 emissions in production vs 2018 baseline
- **223%** water balanced via water stewardship projects

SOCIAL
Path towards Inclusive, Fair and Equitable Company and World

- **43%** of women in Board of Directors
- **38%** of women in Management Team
- **100%** of our employees trained in inclusive leadership training
- **100%** people managers completed the Life Saving Commitments training
- **ZERO** fatal accidents and serious injuries
- **2** social impact initiatives

RESPONSIBLE
Path towards moderation and no harmful use

- **>10%** of Heineken® brand media spend on promoting responsible consumption
- **100%** fully compliant with HEINEKEN Global Labelling Policy
- **ENJOYRESPONSIBLY** Grab promo codes for consumers across brand events and the year-end festive period

ESG Review

SUSTAINABILITY APPROACH

ESG Framework

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

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

Our Purpose
Brew the Joy of True Togetherness to Inspire a Better World

Our Values
Passion for consumers & customers | Courage to dream & pioneer | Care for people & planet | Enjoyment of life

Our Foundation
ESG GOVERNANCE

ESG Pillars & Ambition Areas

	ENVIRONMENTAL SUSTAINABILITY	SOCIAL SUSTAINABILITY	RESPONSIBLE CONSUMPTION
ESG Pillars & Ambition Areas	▪ Net Zero Carbon ▪ Maximise Circularity ▪ Towards Healthy Watersheds	▪ Diversity, Equity and Inclusion ▪ Fair & Safe Workplace ▪ Community Impact	▪ Always a Choice ▪ Address Harmful Use ▪ Make Moderation Cool
Our Agenda	Reaching net zero carbon, maximising circularity and continue working towards healthy watersheds	Embracing inclusion and diversity, building a fairer and safer workplace and investing in local communities	Empowering consumers by providing choice, transparency and forging partnerships to reduce harmful use of alcohol
Material Sustainability Matters	▪ Waste & Effluent Management ▪ Climate Resilience & Energy Efficiency ▪ Water Stewardship ▪ Resource Use	▪ Employee Health, Safety & Wellbeing ▪ Human Rights & Labour Standards ▪ Supply Chain Management ▪ Human Capital Development ▪ Community Investment & Development ▪ Diversity	▪ Product Safety and Quality ▪ Responsible Marketing & Consumption
	6 CLEAN WATER AND SANITATION 7 AFFORDABLE AND CLEAN ENERGY 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	3 GOOD HEALTH AND WELL-BEING 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Stakeholder Groups

Regulators / Public Authorities	Consumers	Industry Associations
Employees	Customers / Trade Partners	NGOs / Communities
Shareholders / Investors	Suppliers / Vendors / Contractors	Media / Analysts

OUR SUSTAINABILITY GOVERNANCE STRUCTURE

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

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

Board of Directors

Sustainability Committee Chairperson
Managing Director

Sustainability Secretariat
- *Led by Corporate Affairs & Legal Director*
- *Managed by Head of Communications & Sustainability*
- *Advised by Process & Controls Improvement function*

Sustainability Committee

ENVIRONMENTAL

Sponsors:
- Finance Director
- Supply Chain Director
- Corporate Affairs & Legal Director

SOCIAL

Sponsors:
- People Director
- Corporate Affairs & Legal Director
- Digital & Technology Director

RESPONSIBLE

Sponsors:
- Marketing Director
- Sales Director
- Corporate Affairs & Legal Director

Sustainability Working Group

Net Zero Carbon
- Net zero in production
- Net zero in value chain

Maximise Circularity
- Zero waste in landfill
- Waste to value

Towards Healthy Watersheds
- Water Effeciency
- Water Circularity
- Water Stewardship

Area Owners:
- Supply Chain
- Corporate Affairs & Legal
- Procurement
- Safety, Health & Environment

Diversity, Equity and Inclusion
- Gender diversity
- Cultural diversity
- Inclusive Leadership Training for managers

Fair & Safe Workplace
- Fair Wage
- Equal Pay
- Fair Living standards for 3rd party employees
- Zero accidents

Community Impact
- Social Impact Initiative

Area Owners:
- People Function
- Procurement
- Safety, Health & Environment
- Corporate Affairs & Legal
- Marketing

Always a Choice
- 0.0 (non alcoholic) options
- Transparent information on labelling

Address Harmful Use
- Partnership in addressing harmful use

Make Moderation Cool
- 10% media spend to promote Responsible Consumption
- Employee engagement on Responsible Consumption

Area Owners:
- Marketing
- Sales
- Corporate Affairs & Legal

ESG Review

ROLES AND RESPONSIBILITIES

Board of Directors

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

Sustainability Committee

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

Sustainability Working Group

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

OUR HOLISTIC SUSTAINABILITY POLICY

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

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

OUR ALIGNMENT WITH THE UN SDGs

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

SDG	Target	Target Description	Our Actions	Materiality
3 GOOD HEALTH AND WELL-BEING	3.5	Strengthen the prevention and treatment of substance abuse, including harmful use of alcohol	▪ Implemented a Policy on Responsible Alcohol Consumption ▪ Supported the Government's initiatives to eradicate illicit alcohol sales in Malaysia as a member of the Confederation of Malaysian Brewers Berhad (CMBB) ▪ Dedicated 10% of the Heineken® brand's media spend annually to advocate responsible consumption ▪ Provision of Grab e-hailing promo codes to consumers to encourage 'When You Drive, Never Drink' at all brand events and during the year-end festive season	▪ Corporate Governance and Anti-Corruption ▪ Responsible Consumption
5 GENDER EQUALITY	5.5	Ensure women's full and effective participation for leadership	▪ Adopted the HEINEKEN Code of Business Conduct and the HEINEKEN Human Rights Policy which outline the principles of non-discrimination without distinction according to, among others, race, gender, nationality and age ▪ Employed, rewarded and promoted employees based on the principle of equal opportunity	▪ Diversity
6 CLEAN WATER AND SANITATION	6.3	Improve water quality by reducing pollution	▪ Ensures that wastewater treatment adheres strictly to the Environmental Quality Act 1974 and the Environmental Quality (Industrial Effluent) Regulations 2009 Fifth Schedule ▪ Our wastewater treatment surpasses Department of Environment standards by 100%	▪ Water Stewardship
	6.4	Substantially increase water-use efficiency across all sectors	▪ Improved water efficiency by 21% compared to the 2014 baseline year and balanced 223% of the water used in our products	▪ Water Stewardship
	6.6	Protect and restore water-related ecosystems, including rivers, aquifers and lakes	▪ Protected and rehabilitated rivers and watersheds through our Working Actively Through Education & Rehabilitation (W.A.T.E.R.) Project	▪ Water Stewardship

ESG Review

SDG	Target	Target Description	Our Actions	Materiality
7 AFFORDABLE AND CLEAN ENERGY	7.2	Increase substantially the share of renewable energy	▪ Continued subscription to TNB's Green Electricity Tariff (GET) programme since March 2022 and transitioned to 100% renewable electricity in FY2023	▪ Climate Resilience & Energy Efficiency
	7.3	Double the global rate of improvement in energy efficiency	▪ Upgraded utilities, cooling plants and CO_2 plants at the brewery for increased energy efficiency ▪ Utilised green refrigerators	▪ Climate Resilience & Energy Efficiency
8 DECENT WORK AND ECONOMIC GROWTH	8.7	Measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour	▪ 100% compliance with The Employment Act 1955 and Minimum Wages Order 2022 ▪ The Code of Business Conduct and HEINEKEN Human Rights Policy outlined the principles of non-discrimination ▪ Advocated ethical business conduct and human rights through HEINEKEN Supplier Code and the Distributor Code of Conduct	▪ Human Rights & Labour Standards
	8.8	Protect labour rights and promote safe and secure working environments for all workers	▪ Ensured all employees receive training on HEINEKEN Life Saving Commitments (LSC) ▪ Addressed the prevalent culture of overworking by encouraging healthier work-life balance	▪ Employee, Health, Safety and Wellbeing ▪ Human Capital Development
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	12.5	Reduce waste generation through prevention, reduction, recycling and reuse	▪ Recycled or upcycled 100% of production waste since 2017 ▪ Utilised returnable packaging materials including kegs, bottles and crates from the on-trade in Peninsula Malaysia which are collected and returned to our brewery to be reused ▪ Require suppliers to comply with the HEINEKEN Supplier Code	▪ Waste & Effluent Management ▪ Resource Use
13 CLIMATE ACTION	13.1	Strengthen resilience and adaptation to climate-related hazards	▪ Continued effort towards our net zero carbon roadmap that targets net zero carbon emissions in production by 2030 and net zero across the value chain by 2040 ▪ 100% of Scope 2 emissions offset via GET programme	▪ Climate Resilience & Energy Efficiency
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	16.5	Substantially reduce corruption and bribery	▪ All Board members received training on Anti-Bribery and Anti-Corruption ▪ Conduct online courses to raise awareness of the Group's Anti-Bribery & Anti-Corruption principles among the employees ▪ Drive awareness of the HEINEKEN's Speak Up Policy to encourage reporting concerns about suspected misconduct	▪ Corporate Governance and Anti-Corruption

STAKEHOLDER ENGAGEMENT

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

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

Our Focus	How We Engage	Frequency	Our Response
Shareholders / Investors			
▪ Strategic direction and business performance ▪ Business strategy and targets ▪ Shareholders' returns ▪ Sustainability agenda	▪ Annual General Meeting ▪ Investor Relations enquiries ▪ Enquiries to Company Secretary ▪ Analysts and media briefings ▪ Investor calls/meetings ▪ Financial announcements via Bursa Malaysia ▪ Annual Reports in Investor Relations section on corporate website	▪ Annually ▪ As needed ▪ As needed ▪ As needed ▪ As needed ▪ Quarterly ▪ Annually	▪ We provide timely updates and insights into the Group's strategy, operating performance and financial reporting through Bursa Malaysia's announcements section ▪ We communicate sustainability policies and practices and corporate governance through the Annual Report
Regulators / Public Authorities			
▪ Industry issues ▪ Excise duty ▪ Licensing and regulatory matters ▪ Anti-contraband initiatives ▪ Support for business operations	▪ Courtesy visits ▪ Dialogue sessions ▪ Workshops and training ▪ Scheduled meetings ▪ Round-table discussions, Industry and F&B sector engagement via chambers of commerce and trade associations	▪ As needed ▪ As needed ▪ As needed ▪ Regularly ▪ As needed	▪ As a member of CMBB, we engage with the Government in sustainability, responsible consumption, responsible marketing and combatting illicit beer
Customers / Trade Partners			
▪ Business strategy and targets ▪ Identification of areas for improvement	▪ Trade partner engagements ▪ Distributor engagement sessions ▪ One-on-one engagements ▪ Joint business planning/ review meetings	▪ Regularly ▪ Regularly ▪ Regularly ▪ Regularly	▪ By conducting our business ethically, we help our customers improve their business strategy, targets, and sustainability initiatives ▪ We work with our trade partners via a deposit system to ensure that reusable kegs, bottles and crates are returned to the brewery

ESG Review

Our Focus	How We Engage	Frequency	Our Response
Consumers			
▪ Brand campaigns and engagement activities ▪ Responsible consumption campaigns ▪ Product quality and freshness ▪ Consumer attitude and behaviour	▪ Brand events ▪ Social media campaigns ▪ Product sampling ▪ Consumer research interviews and focus groups ▪ Virtual consumer engagements	▪ Regularly ▪ Ongoing ▪ Regularly ▪ Regularly ▪ Regularly	▪ We are exploring innovative packaging ways to eliminate plastic use and transition to other recyclable materials such as paper collars ▪ We advocate responsible consumption through campaigns
Suppliers / Vendors / Contractors			
▪ Safety and health ▪ Anti-bribery and corruption ▪ Cost and value	▪ Compliance with HEINEKEN's Supplier Code ▪ Supplier meetings ▪ Vendor registration briefings/ requirements	▪ Ongoing ▪ Ongoing ▪ Ongoing	▪ We require our suppliers to comply with HEINEKEN's Supplier Code and Distributor Code of Conduct ▪ We collaborate with suppliers to create and scale efficient and sustainable packaging
Employees			
▪ 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 (Speak Up) ▪ Responsible consumption	▪ Online communication platform – Workplace by Facebook ▪ Employee Pulse Survey ▪ Employee Climate Survey ▪ 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 programme for new employees ▪ Employee engagement get togethers ▪ Annual Dinner ▪ Festive get togethers ▪ Inclusive Behaviour workshops	▪ Ongoing ▪ Annually ▪ Annually ▪ Quarterly ▪ As needed ▪ Ongoing ▪ Monthly ▪ Monthly ▪ Twice a year ▪ Weekly ▪ As needed ▪ Regularly ▪ Annually ▪ Regularly ▪ Regularly	▪ We provided training on the LSC ▪ Transparent performance appraisal and reviews were given ▪ Multiple employee engagement programmes were conducted
NGOs / Communities			
▪ Environmental conservation projects ▪ Water stewardship projects ▪ Fundraising for schools via Tiger Sin Chew Chinese Education Charity Concert ▪ HEINEKEN Cares community food aid programme	▪ SPARK Foundation activities ▪ NGO partner activities ▪ Community engagement programmes ▪ Fundraising initiatives ▪ Community events	▪ Regularly ▪ Ongoing ▪ Ongoing and Annually ▪ Regularly ▪ Regularly	▪ We continued to contribute to our flagship community initiatives and collaborate with our NGO partners through the HEINEKEN Cares Programme administered by our SPARK Foundation

Our Focus	How We Engage	Frequency	Our Response
Media / Analysts			
▪ Strategic direction and business performance ▪ Sustainability agenda ▪ Brand activities	▪ Media briefings ▪ Media interviews ▪ Media visits ▪ Product launches ▪ Brand marketing campaigns	▪ As needed ▪ As needed ▪ As needed ▪ As needed ▪ Ongoing	▪ We allocate 10% of our Heineken® media spend to promote responsible consumption campaigns ▪ We partnered with Grab to promote responsible consumption
Industry Associations			
▪ Industry issues	▪ Engagement session ▪ Dialogue sessions ▪ Scheduled meetings	▪ As needed ▪ As needed ▪ Regularly	▪ We work with other members of the industry to mitigate irresponsible drinking and curb drinking and driving

Industry and Business Associations

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

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

MATERIALITY ASSESSMENT

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

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

ESG Review

Materiality Matrix

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

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

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

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

ESG Review

Mapping of Material Matters

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

Material Matters	GRI Indicator	UN SDG	Key Stakeholders Groups
Governance			
Regulatory Compliance	GRI 2: General Disclosures	16 Peace, Justice and Strong Institutions	- Shareholders / Investors - Regulators / Public Authorities - Customers / Trade Partners - Suppliers / Vendors / Contractors - Media / Analysts - Industry Associations
Corporate Governance and Anti-Corruption	GRI 205: Anti-corruption		
Data Privacy & Cybersecurity	GRI 418: Customer Privacy		
Risk Management	GRI 201: Economic Performance		
Environmental Sustainability: On a path towards net zero impact			
Climate Resilience & Energy Efficiency	GRI 302: Energy GRI 305: Emissions	7 Affordable and Clean Energy 12 Responsible Consumption and Production 13 Climate Action	- Shareholders / Investors - Regulators / Public Authorities - Customers / Trade Partners
Water Stewardship	GRI 303: Water and Effluents	6 Clean Water and Sanitation 12 Responsible Consumption and Production 13 Climate Action	- Regulators / Public Authorities - NGOs / Communities
Waste & Effluent Management	GRI 306: Waste	12 Responsible Consumption and Production 13 Climate Action	- Regulators / Public Authorities - NGOs / Communities
Resource Use	GRI 301: Materials		- Regulators / Public Authorities - Customers / Trade Partners - Media / Analysts - Industry Associations
Social Sustainability: On the path to an inclusive, fair and equitable world			
Diversity	GRI 405: Diversity and Equal Opportunity	5 Gender Equality	- Employees
Human Rights & Labour Standards	GRI 401: Employment GRI 404: Training and Education	5 Gender Equality 8 Decent Work and Economic Growth	- Regulators / Public Authorities - Suppliers / Vendors / Contractors - Employees
Employee Health, Safety & Wellbeing	GRI 403: Occupational Health and Safety	8 Decent Work and Economic Growth	- Regulators / Public Authorities - Suppliers / Vendors / Contractors - Employees - Industry Associations
Human Capital Development	GRI 404: Training and Education		- Employees
Community Investment & Development	GRI 201: Economic Performance GRI 413: Local Communities		- NGOs / Communities - Media / Analysts
Supply Chain Management	GRI 204: Procurement Practices		- Regulators / Public Authorities - Suppliers / Vendors / Contractors - Employees
Responsible Consumption: On the path to moderation with no harmful use			
Product Safety, Quality & Hygiene	GRI 416: Customer Health and Safety	3 Good Health and Well-Being 12 Responsible Consumption and Production	- Regulators / Public Authorities - Customers / Trade Partners - Consumers - Employees
Responsible Marketing & Consumption	GRI 417: Marketing and Labelling	3 Good Health and Well-Being	- Shareholders / Investors - Customers / Trade Partners - Consumers - Employees - Media / Analysts

ESG Review

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

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

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

Core Elements	Disclosures	Reference
Governance		
The Board's oversight of climate-related risks and opportunities	The Board's roles in the oversight of climate-related risks and opportunities include: ▪ Providing strategic oversight of the Group's alignment of sustainability strategy which includes climate-related strategy with its overarching strategic trajectory and goals. ▪ Responsible for approving the Annual Sustainability plan and associated targets, while also monitoring quarterly advancements of Brew a Better World 2030 goals which include climate-related objectives. ▪ Providing strategic oversight of policies implementation geared towards mitigating climate-related risks. ▪ Proactively keeps abreast of climate-related matters and continuously enhance understanding and awareness of associated climate risks and opportunities. ▪ Reviewing the Group's Sustainability agenda including climate-related issues along with the progress against the Brew a Better World ambition which addressed climate-related targets. ▪ Reviewing the Group's Strategy and Annual Plan which embed our sustainability ambition, priorities and initiatives in line with the Brew a Better World strategy. The Board is also guided by the Group's Sustainability Policy in governing our sustainability strategies and initiatives.	Sustainability Governance Structure (pages 39 to 40) Corporate Governance Overview Statement (pages 89 to 99) Board ESG Training (page 77)
The Management's roles in assessing and managing climate-related risks and opportunities	The Management's roles in the assessment and management of climate-related risks and opportunities include: ▪ Provide oversight and directs initiatives across all ambition areas outlined in our Brew a Better World strategies, incorporate climate-related key performance indicators (KPIs) within the environmental sustainability domain. ▪ Provide comprehensive progress reports on sustainability endeavours addressing climate-related risks and opportunities to the Board on a regular basis. ▪ Monitor to ensure that function area owners within distinct Brew a Better World pillars execute initiatives aimed at fulfilling the 2030 goals, specifically targeting climate-related risks and opportunities.	Sustainability Governance Structure (pages 39 to 40) Corporate Governance Overview Statement (pages 89 to 99)

ESG Review

<table>
<tr><th>Core Elements</th><th>Disclosures</th><th>Reference</th></tr>
<tr><td colspan="3">Strategy</td></tr>
<tr><td>The climate - related risks and opportunities the organisation has identified over the short, medium, and long term

The impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning

The resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario</td><td>Our journey to net zero represents a major transformation in the way we operate and means we must continuously evaluate our climate risks and their impact on our business. Risk management is a core element of how we do business and is supported by strong governance. This includes addressing climate risks and creating the right opportunities to futureproof our business, which is the core of our EverGreen strategy.

HEINEKEN Malaysia adopts the TCFD analysis of the HEINEKEN Global Group, as published in the Heineken N.V. Annual Report 2023.

For the top three identified risks, HEINEKEN Global assessed financial impact considering two global trajectories that correspond to:

1. The baseline goals of the Paris Climate Agreement to limit global temperature increase to 1.5°C compared to pre-industrial levels.

2. The implications of a society failing to deliver enough decarbonisation efforts, leading to a global temperature increase of 3-4°C.

The three climate-related risks identified are:

▪ carbon pricing impact on value chain and own operations;
▪ water stress impact on own operations; and
▪ climate-related barley yield losses.

For a detailed analysis of the above three climate-related risks, please refer to the Heineken N.V. Annual Report 2023 available at www.theheinekencompany.com.

In line with the HEINEKEN Global Brew a Better World sustainability strategy, the Group's climate-related initiatives are discussed in the Environmental Sustainability section under the ESG Review. The initiatives include our Net Zero Carbon, Towards Healthy Watersheds and Zero Waste to Landfill programmes. The targets set are in line with the HEINEKEN Global sustainability goals and we continue to report the progress we have made.</td><td>Risk Management (pages 52 to 54)

Net Zero Carbon: Climate Resilience and Energy Management (pages 55 to 56)

Heineken N.V. Annual Report 2023 (pages 136 to 142)</td></tr>
<tr><td colspan="3">Risk Management</td></tr>
<tr><td>The organisation's processes for identifying and assessing climate-related risks</td><td>HEINEKEN Malaysia's Risk Management Framework (RMF) forms an integral component of our overarching business framework. Our processes for identifying and assessing climate-related risks via the RMF consist of:
▪ Identifying key sustainability risks and opportunities, including those pertaining to climate, in combination with the utilisation of the EverGreen strategy. These assessments are conducted based on the evaluation of both impact and likelihood of occurrence.
▪ Periodic evaluation of approaches to mitigate the identified risks by the Management.
Materiality reassessments which complement our RMF, enabling us to pinpoint relevant topics each year, including climate change, as recognised risks.</td><td>Statement on Risk Management and Internal Control (pages 104 to 110)

Risk Management (pages 52 to 54)

Materiality Assessment (pages 45 to 47)</td></tr>
</table>

ESG Review

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

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

GOVERNANCE

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

Material Sustainability Matters	
Corporate Governance & Anti-Corruption	Risk Management
Regulatory Compliance	Data Privacy and Cybersecurity

Our Key Highlights:

ZERO
cases of corruption

ZERO
incidents of customer privacy and data breach

100%
employees underwent training on anti-bribery and anti-corruption

CORPORATE GOVERNANCE & ANTI-CORRUPTION

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

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

HEINEKEN Code of Business Conduct

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

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

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

ESG Review

Mandatory Training on Governance

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

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

HEINEKEN Policy on Bribery

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

HEINEKEN Policy on Fraud

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

HEINEKEN Speak Up Policy

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

Email to businessconduct@heineken.com

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

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

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

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

REGULATORY COMPLIANCE

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

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

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

RISK MANAGEMENT

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

ESG Review

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

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

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

Type of Risks	Our Actions
Responsible Commercial Communication	
Commercial communication that appears to target minors or promote excessive alcohol consumption can result in fines, litigation, and significant damage to a brand's reputation.	▪ The commercial teams take additional caution in their external activities and communications. ▪ Corporate Communication will persist in enhancing HEINEKEN Malaysia's positive reputation and narrative within the industry. ▪ A new e-learning module on the Responsible Marketing Code will be introduced in early 2024.
Safety	
Unforeseen incidents resulting in severe injuries or fatalities may result in disruptions to business continuity, damage to reputation, or legal liabilities.	▪ A safety leadership workshop was conducted with the Management Team. ▪ A fire drill was executed in collaboration with the Fire and Rescue Department (BOMBA). ▪ A driving restriction hour was imposed for the commercial team. Additionally, mandatory safety e-learning sessions, focusing on Life Saving Commitments, were rolled out across the organisation.
Non-compliance with Human Rights Policy	
Significant alleged or actual non-compliance with the Human Rights policy arising from our business activities within our operations or value chain, may result in claims, fines, and reputational damage.	▪ We have in place the Code of Business Conduct (COBC) e-learning initiative to enhance awareness of human rights issues. ▪ Spot checks on contract workers' payroll are conducted by the People Function and Internal Audit Department to ensure compliance. ▪ A recent Human Rights audit concluded with no major findings or violations detected. ▪ The HEINEKEN Global Human Rights team is currently conducting an independent worker sentiment survey and proceeding with the Outsourced Service Provider Self-Assessment Questionnaire, in line with SMART outsourcing practices. ▪ The HeiRules Control Self-Assessment pertaining to Human Rights has been rated effective, following review and approval by the HEINEKEN Global team.
Compliance with Environmental Regulations	
Occurrences of excessive waste, pollution, or any other non-compliance with legal and regulatory requirements or stakeholder expectations may result in legal claims, reputational damage, or the revocation of operational licenses.	▪ A Waste Water Treatment Plant has been established with the employment of qualified personnel. ▪ We completed inspection and repair of underground drainage in 2021. ▪ Proactive measures were taken to minimise the volume of scheduled waste within the factory premises.
Sustainability Goals	
Failure to fulfill Brew a Better World goals could result in substantial damage to our reputation and heightened scrutiny of our sustainability programmes.	▪ We have a sustainability governance structure in place. ▪ We provide quarterly reports to the Management Team and Board of Directors on sustainability progress. ▪ HEINEKEN Malaysia serves as a partnering Operating Company for Brew a Better World controls implementation. ▪ Reporting on Brew a Better World governance ensures adherence to our goals.
Sustainability Disclosures	
Inaccurate reporting or unbalanced disclosure of non-financial indicators and Brew a Better World goals could undermine transparency and accountability.	▪ We implemented similar actions to mitigate the risks associated with Brew a Better World goals. ▪ Consultants have been appointed to benchmark the standards, with the process currently ongoing.

ESG Review

Type of Risks	Our Actions
Business Conduct	
Non-compliance with business conduct standards, such as competition law, anti-bribery law, and conflict of interest disclosure, may result in lawsuits, fines, and reputational damage.	▪ All mandatory e-learning sessions on Code of Business Conduct, anti-bribery and fraud, as well as annual Conflict of Interest declarations, were launched in 2022. ▪ Communication during Integrity Week clarified company expectations. ▪ Fair living wages ensured for all HEINEKEN Malaysia employees, surpassing the threshold deemed sufficient for living.
Fraud Risk	
Occurrences of falsified or manipulated information, data, or documentation, misappropriation or misuse of assets, or misapplication of accounting rules, arising from fraudulent activities perpetrated by employees or third parties, can lead to financial losses, legal claims, penalties, and reputational damage.	▪ We conduct continuous and periodic engagement with outlet owners to promote transparency of outlet incentives. ▪ Regular visits are made by the internal audit team. ▪ We have in place anti-fraud and Distributor Code of Conduct e-learning. ▪ Mandatory screening of third parties is implemented in accordance with the HEINEKEN Global guidelines.
Competition Law Violation	
Violation of competition law can result in criminal liability for the company or its employees, potentially leading to imprisonment, fines, and reputational damage.	▪ We continuously provide guidance to relevant employees. ▪ Annual refreshers on Competition Law Do's & Don'ts are conducted for the Commercial teams. ▪ The Legal team reviews all outlet contracts to ensure compliance.

DATA PRIVACY AND CYBERSECURITY

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

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

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

Data Security Measures in 2023

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

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

ENVIRONMENTAL SUSTAINABILITY

6 CLEAN WATER AND SANITATION | 7 AFFORDABLE AND CLEAN ENERGY | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | 13 CLIMATE ACTION | 16 PEACE, JUSTICE AND STRONG INSTITUTIONS

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

Brew a Better World 2030 Ambition Areas	Material Sustainability Matters
Net Zero Carbon	Climate Resilience and Energy Management
Maximise Circularity	Waste and Effluent Management
	Resource Use
Towards Healthy Watersheds	Water Stewardship

Our Key Highlights:

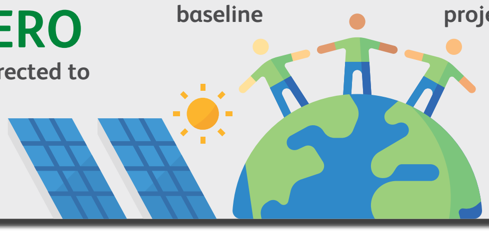
100% of Scope 2 emissions offset via subscription to TNB GET programme

65% reduction in total Scope 1 and Scope 2 emissions in production vs 2018 baseline

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

21% improvement in water consumption vs 2014 baseline

223% water balanced via water stewardship projects



NET ZERO CARBON

Our Ambition

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

Climate Resilience and Energy Management

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

Net Zero Roadmap

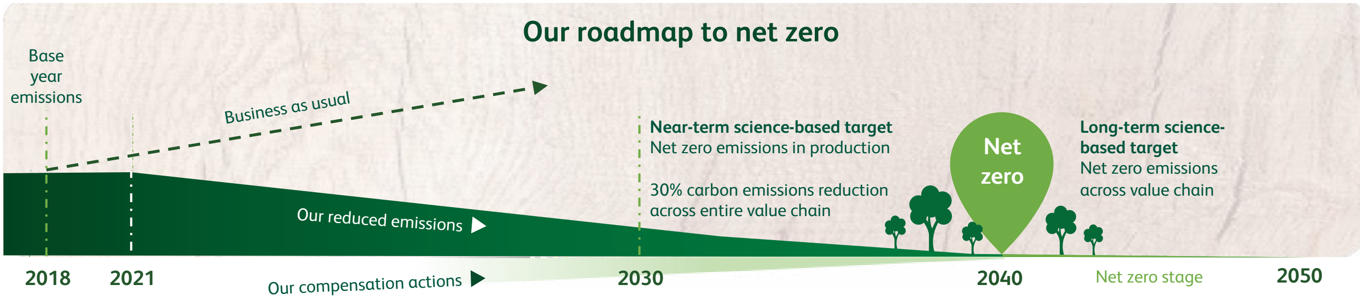
Climate action stands as a key area of focus within HEINEKEN Global sustainability strategy Brew a Better World. In line with this, we aim to achieve net zero emissions across the value chain by 2040. This ambition, announced in 2021, is grounded in the latest climate science and is translated into action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

ESG Review

Science Based Targets Initiative Verified Targets

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

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



Please scan the QR code

to find more information on the Group's net zero roadmap or visit https://www.theheinekencompany.com/sustainability-and-responsibility/environmental/path-net-zero

Increased Renewable Energy Deployment

We mainly utilise electricity for refrigeration systems, power pumps and motors as well as storage and machinery operations. Additionally, as a source of thermal energy for boiling, cooling and sterilisation processes, we use natural gas at our operations. As a step towards achieving carbon reduction, we are switching to biogas, a renewable energy source, where possible. In 2023, we have introduced a new biogas station with dryer and hydrogen sulfide (H_2S) scrubber to produce high-purity gas.

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

Process Optimisation for Increased Energy Efficiency

HEINEKEN Malaysia key energy saving initiatives includes:

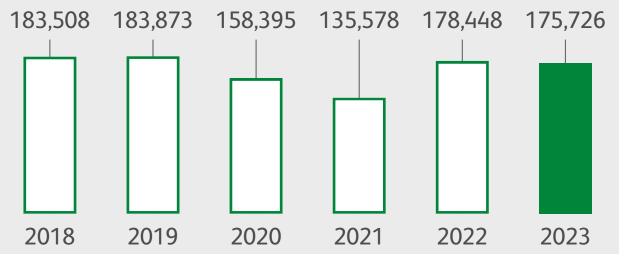
- Utility upgrades, production process improvements, cooling plants and CO_2 plant upgrades which contributed to improved cooling plant electricity consumption by 1 kWh/hl.
- Installation of insulation on various components of the brewery including steam boilers, hot water tanks and fermentation tanks to reduce heat loss as well as improve energy conservation. We continue to procure energy efficient and environmentally friendly refrigeration equipment as part of our initiatives to reduce our carbon footprint.
- Upgraded our brewhouse with heat recovery system to reduce thermal energy consumption.

Energy Management

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

ESG Review

Total Energy Consumption (GJ)



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

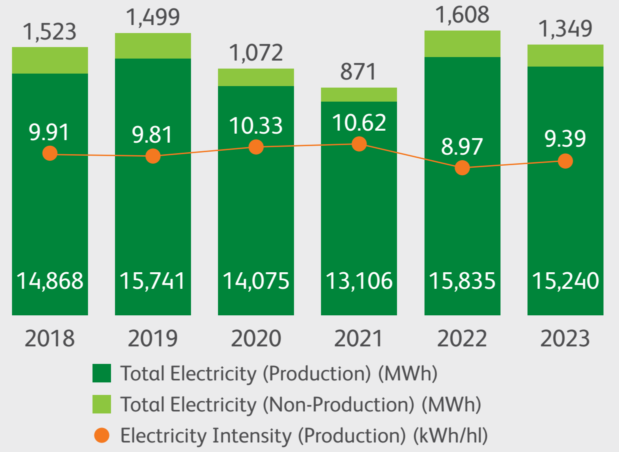
Note: Based on the availability of data, fuel consumption from company-owned vehicles is reported for the years 2022 and 2023 only.

Breakdown by Type of Energy Consumption

<u>Procured Electricity</u>

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

Electricity Consumption



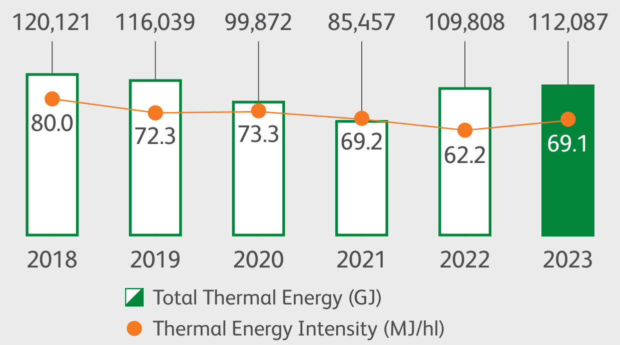
Note: Electricity consumption data presented in HEINEKEN Malaysia's Annual Report 2022 is only inclusive of electricity consumption for production only.

<u>Thermal Energy</u>

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

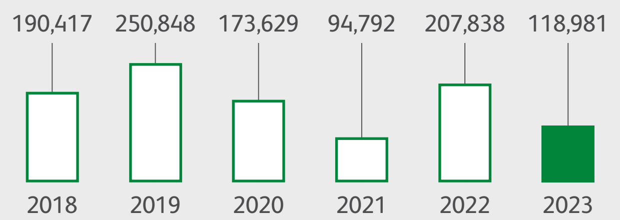
In 2023, we recorded 112,087 GJ of natural gas consumption with an intensity of 69.1 MJ/hl. Since 2018, we have recorded a 7% reduction in natural gas consumption.

Non-Renewable Thermal Energy - Natural Gas (m^3)



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

Renewable Thermal Energy - Biogas (m^3)



<u>Fuel Consumed by Company-Owned Vehicles</u>

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

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

Fuel Consumption from Company-Owned Vehicles (litres)

ESG Review

Total GHG Emissions

In 2023, our total GHG emissions amounted to 7,685 tCO_2e. Of this total, 83% is attributed to Scope 1 emissions which comprise thermal energy generation, refrigerants in production and fuel consumption for company-owned vehicles. It is important to note that emissions from company-owned vehicles are only reported from 2022 onwards. We are pleased to report zero Scope 2 emissions from purchased electricity, achieved through our 100% transition to renewable electricity by subscribing to the GET programme. Through this initiative, we successfully offset 100% of our Scope 2 emissions.

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

	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Scope 1 emissions *(natural gas refrigerants and company-owned vehicles)*	8,271	8,267	7,179	6,609	7,810	6,375
Scope 2 emissions *(procured electricity in production and non-production)*	10,474	11,017	9,679	8,931	11,146	10,600
Scope 2 emissions offset *(through procured electricity from the GET programme)*					(9,736)	(10,600)
Scope 3 emissions *(employee commute and business travel)*						1,310
Total GHG Emissions (tCO_2e)	18,745	19,284	16,858	15,540	9,220	7,685

Note:

i. Total GHG emissions from FY2018 to FY2021 encompasses Scope 1 emissions from production (natural gas) and Scope 2 emissions from both production and office operations.

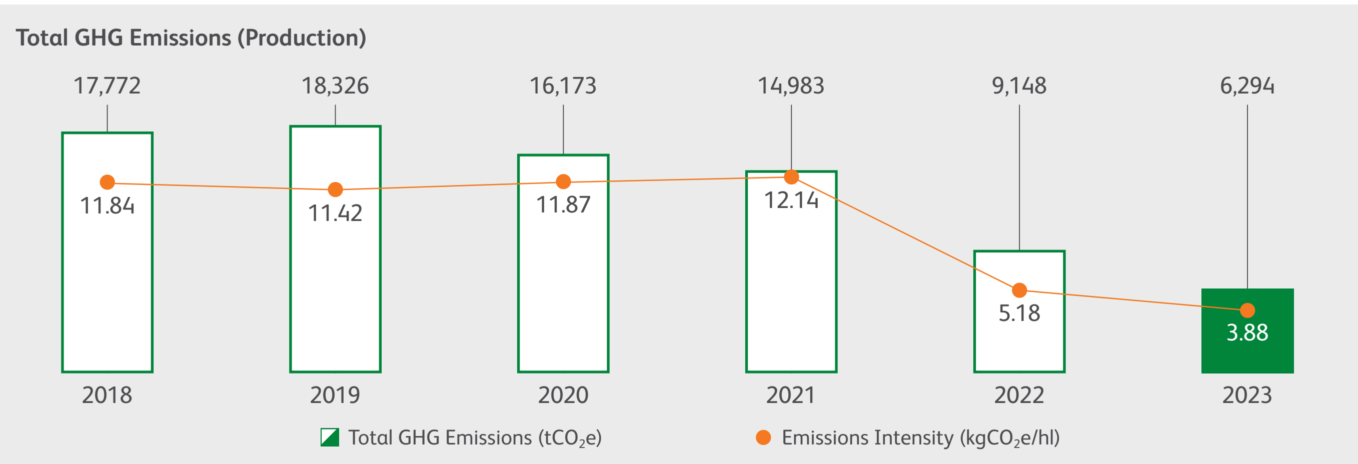
ii. FY2022's emissions expanded to include Scope 1 emissions from production and company-owned vehicles, in addition to Scope 2 emissions from production and office activities.

iii. FY2023's emissions encompass Scope 1 emissions from production and company-owned vehicles, Scope 2 emissions from production and office operations, and the inclusion of Scope 3 emissions from business travel (both land and air).

iv. Total GHG emissions data presented in HEINEKEN Malaysia's Annual Report 2022 is only inclusive of scope 1 and 2 for production only. The numbers in this chart from the year 2018 include the non-production data.

Total GHG Emissions from Production

Our GHG emissions from production include those from natural gas consumption, refrigerants, and purchased electricity for use at the brewery. Our total carbon emissions have decreased by 65% since 2018, reaching 6,294 tCO_2e. The emissions intensity has also decreased by 67% since 2018, recording at 3.88 $kgCO_2e/hl$. This reduction is attributed to the Group's complete transition to renewable electricity since March 2022.

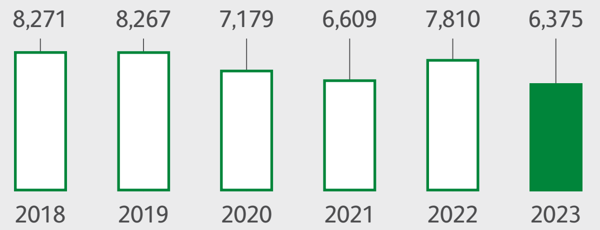


Note: The CO_2 emissions offset recorded in FY2022 and FY2023 is attributed to our subscription to the GET programme.

Direct Scope 1 Emissions

The Group's Scope 1 emissions primarily stem from natural gas usage and refrigerants in production processes. Additionally, starting in 2022, we began reporting on the Scope 1 emissions attributed to our fleet of company-owned vehicles. In 2023, our total Scope 1 emissions amounted to 6,375 tCO_2e.

Total Scope 1 Emissions (tCO_2e)

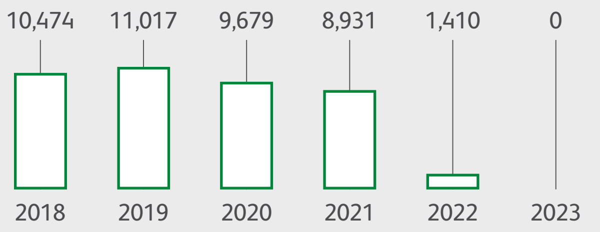


Note:
i. FY2022's and FY2023's Scope 1 emissions expanded to include emissions from company-owned vehicles (The Scope 1 emissions reported for FY2018 to FY2021 do not account for emissions from company-owned vehicles).
ii. Emissions from natural gas calculated based on the emissions factor from Intergovernmental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

Indirect Scope 2 Emissions

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

Total Scope 2 Emissions from Purchased Electricity in Production (tCO_2e)



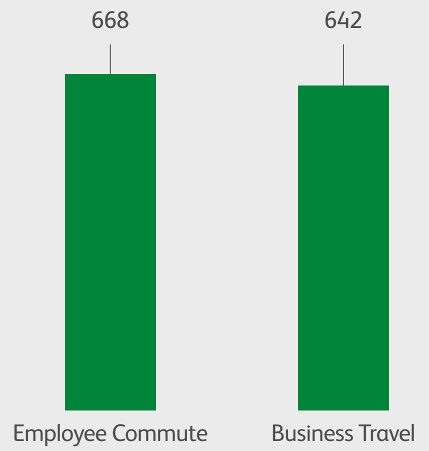
Note:
i. Scope 2 emissions is calculated based on the emissions factor for electricity sourced from Tenaga Nasional Berhad (TNB).
ii. We commenced subscription to the GET programme since FY2022 thereby offsetting 87% of our Scope 2 emissions in FY2022 and 100% of our Scope 2 emissions in FY2023.

Other Indirect Scope 3 Emissions

In 2023, marks the initiation of our Scope 3 emissions reporting, encompassing emissions arising from both employee commute and business travel, which includes land and air travel. Our total Scope 3 emissions for the current year amounted to 1,310 tCO_2e. Specifically, our emissions from business travel reached 642 tCO_2e, with 51% originating from employee commute.

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

FY2023 Scope 3 Emissions (tCO_2e)



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

ESG Review

MAXIMISE CIRCULARITY

Our Ambition

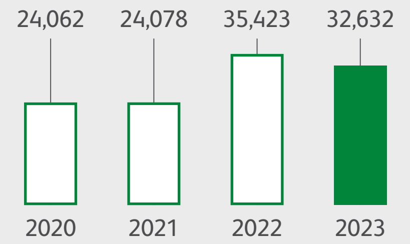
Maximising circularity within our production highlights the Group's commitment towards responsible resource consumption. We are striving to achieve zero waste to landfill for all production sites by 2025 and to turn waste into value as well as to close material loops throughout the value chain.

Waste and Effluent Management

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

Total Waste Generated

Total Waste Generated (tonnes)



Waste Recycled

Recycled **100%** of waste

Generated **RM2 million** in revenue

Organic Waste Management

Turning Waste into Value

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

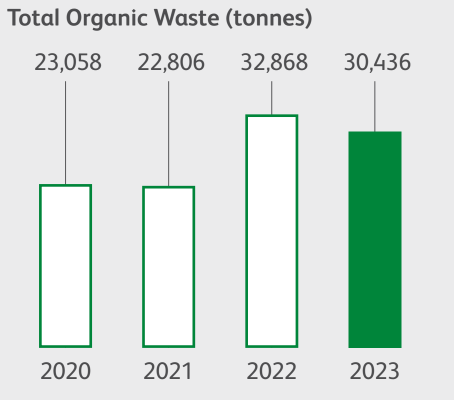
Waste to Energy

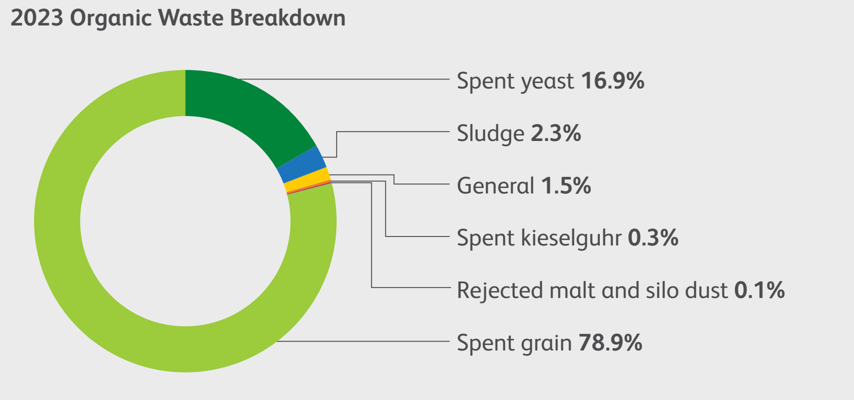
At our brewery, wastewater serves as a valuable resource for producing biogas through anaerobic digestion systems, effectively reducing our reliance on traditional fossil fuels in the beer production process. We continuously explore technologies to convert organic waste into biogas, aiming to enhance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

In 2023, we introduced a new biogas plant equipped with advanced features such as a dryer and hydrogen sulfide (H_2S) scrubber, ensuring the production of high-purity biogas.

Breakdown by Type of Waste

Organic waste





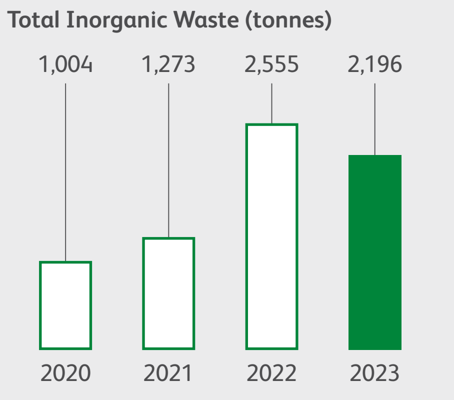
In 2023, we produced a total of 30,436 tonnes of organic waste of which spent grain accounted for 78.9% of the organic waste. We have recorded a reduction of 7% from 2022.

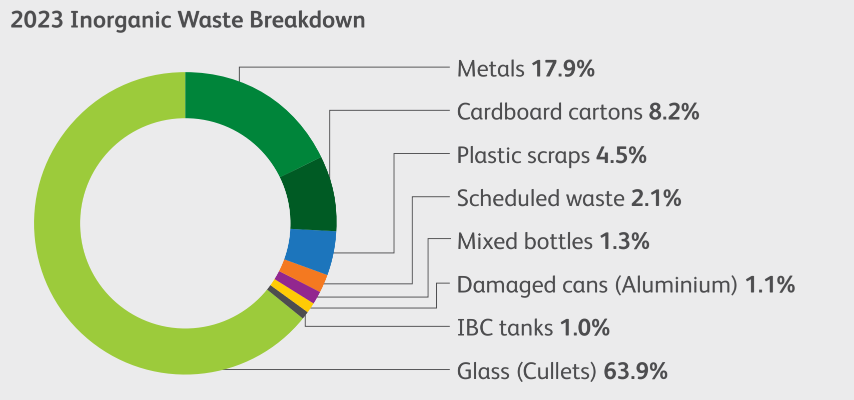
Inorganic Waste Management

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

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

Inorganic waste





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

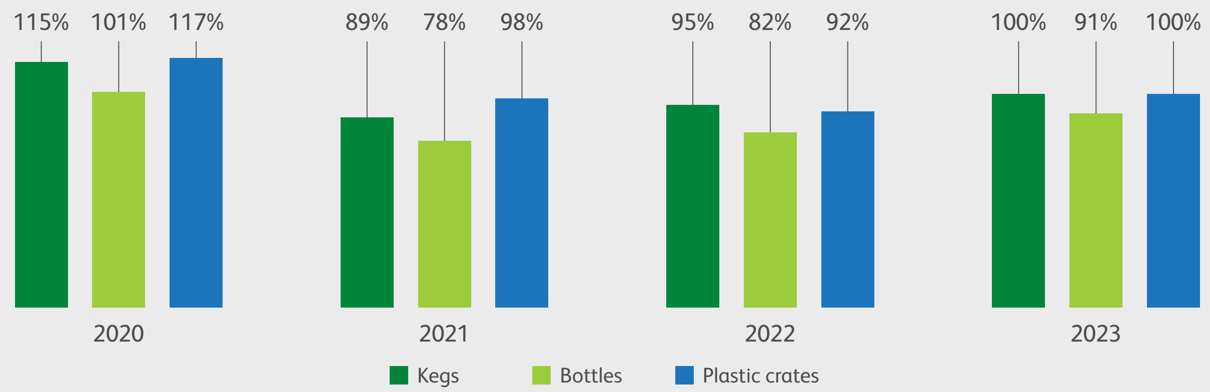
ESG Review

Packaging Materials

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

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

Packaging Return Rates (On-Trade, Peninsular Malaysia)



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

TOWARDS HEALTHY WATERSHEDS

Our Ambition

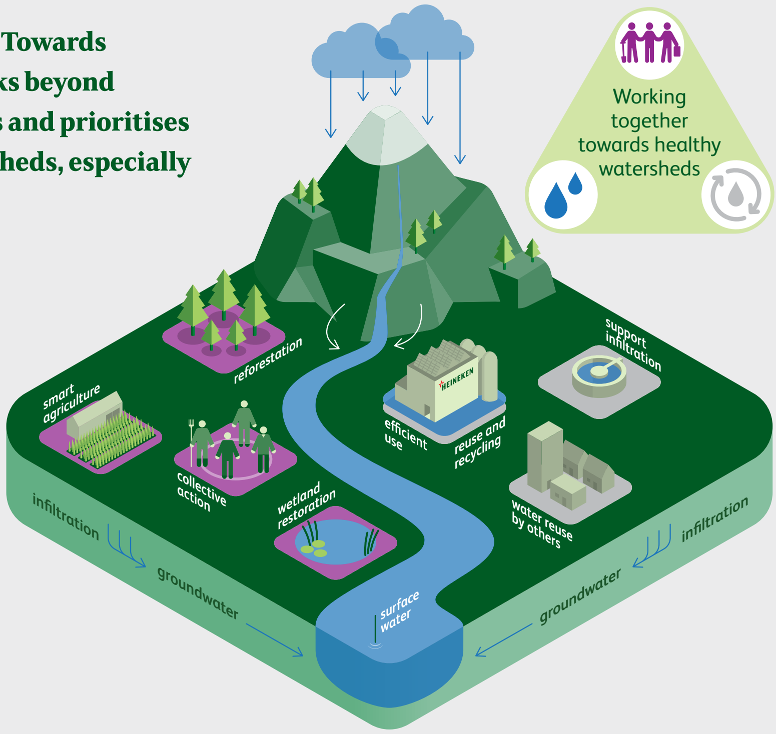
We strive to improve our average water consumption and conserve water resources through water stewardship projects. The release of wastewater to sources are monitored and we aim to treat 100% of wastewater before releasing.

Water Stewardship

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

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

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



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

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

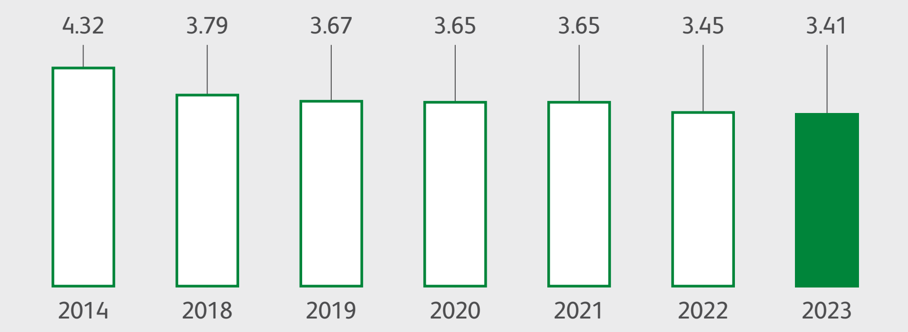
Our approach to managing water goes beyond internal management, where we not only practise responsible water consumption and wastewater management, but also commit to long-term water security for the community.

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

Water Efficiency

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

Average Water Consumption (hl/hl of production)



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

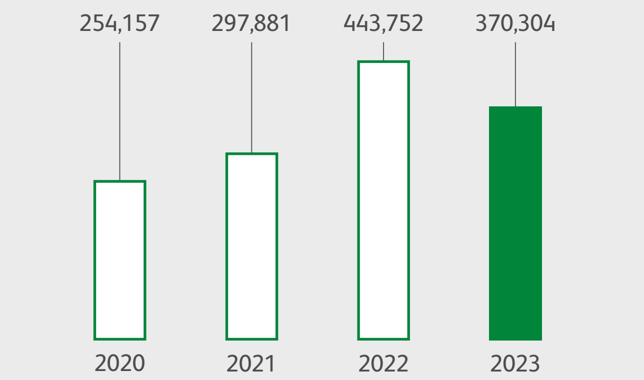
ESG Review

Water Circularity

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

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

Total Wastewater Discharged (m^3)



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

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

Water Balancing

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

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

HEINEKEN Malaysia Target:

Balance Volume (m^3) = Water Intake (m^3) – Treated Effluent (m^3)

Balancing amount to be more than water used in our products

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

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

Watershed supplies water to communities and industries

Water consumption for production activities

100% of wastewater treated beyond standards of Department of Environment

WATER PROJECT

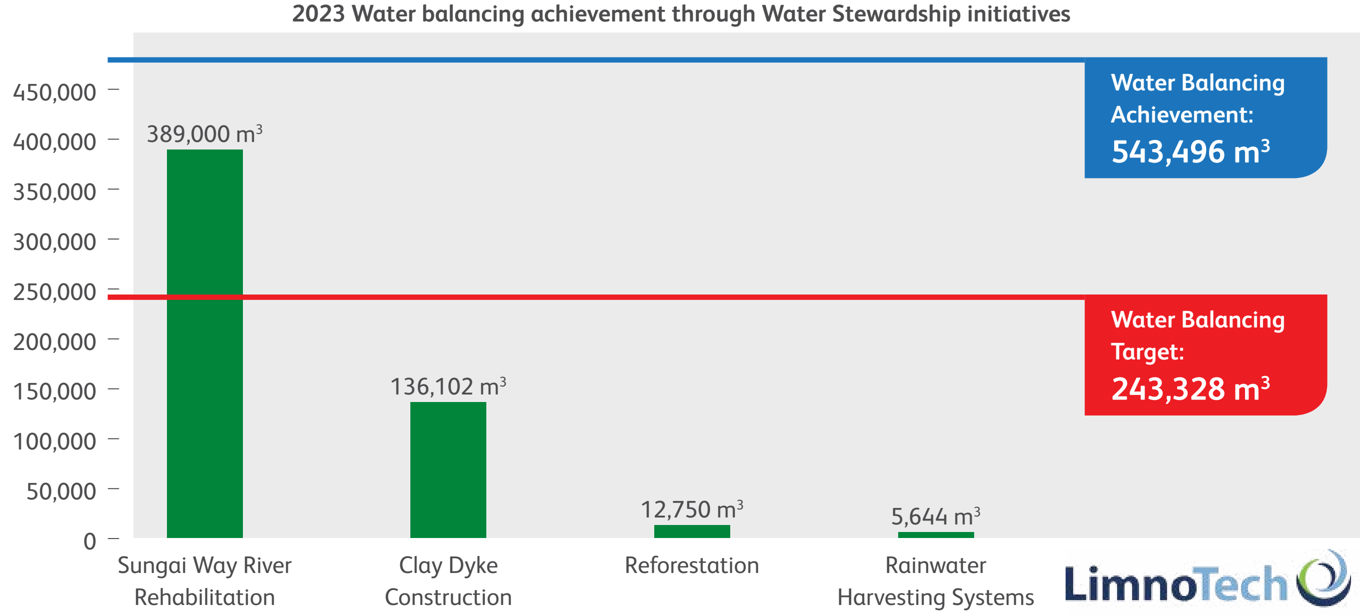
Water that goes to our products is replenished through water balancing programme. **1.5 litres of water is replenished for every 1 litre used in our products.**

Long term watershed health protection

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

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

2023 Water balancing achievement through Water Stewardship initiatives



ESG Review

Sungai Way River Rehabilitation

WHERE

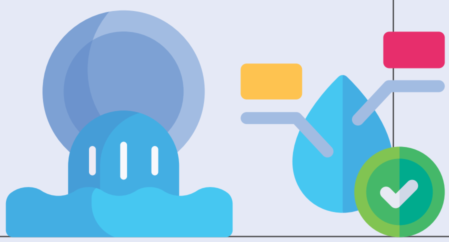
Sungai Way river
Petaling Jaya

WHAT

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

WHY

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



HOW

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

RESULT

- Reduction in pollution
- Improved habitat and biodiversity

VOLUMETRIC WATER BENEFIT

389,000 m³
(389 million litres)

Clay Dyke for Water Retention

WHERE

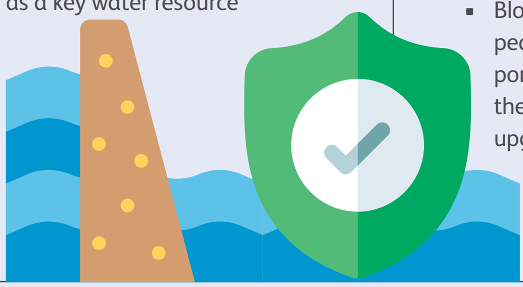
Raja Musa Forest Reserve
Hulu Selangor

WHAT

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

WHY

Sungai Selangor watershed as a key water resource



HOW

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

RESULT

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

VOLUMETRIC WATER BENEFIT

136,102 m³
(136 million litres)

ESG Review

Reforestation of Degraded Peatland

WHERE

Raja Musa Forest Reserve

Hulu Selangor

WHAT

1,800 trees planted

and maintained on three hectares of degraded peatland

WHY

Prevent peatland fires

by promoting wetter soil conditions

HOW

- Open planting techniques
- Cleared invasive weeds and plants

RESULT

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

VOLUMETRIC WATER BENEFIT

12,750 m³

(12.7 million litres)

Rainwater Harvesting for Local Communities

WHERE

Klang Valley

WHAT

25 Rainwater Harvesting Systems

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

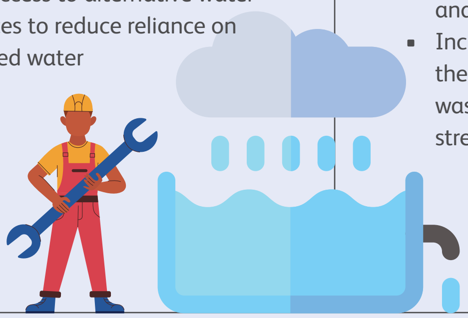
WHY

Help communities

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

HOW

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



RESULT

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

VOLUMETRIC WATER BENEFIT

5,644 m³

(5.6 million litres)

ESG Review

OUR PROGRESS AGAINST BREW A BETTER WORLD 2030 GOALS

ENVIRONMENTAL SUSTAINABILITY

6 CLEAN WATER AND SANITATION | 7 AFFORDABLE AND CLEAN ENERGY | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | 13 CLIMATE ACTION | 16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Ambition Areas	Our Brew a Better World Global Goals	Our 2023 Progress
Net Zero Carbon	▪ Reach net zero in scope 1 and 2 by 2030 ▪ Reduce scope 3 emissions by 21% by 2030 ▪ Reduce emissions across our value chain (scope 1, 2 and 3) by 30% by 2030 ▪ Reach net zero across our value chain by 2040 ▪ 100% sustainably sourced ingredients (hops, barley) by 2030	▪ Reduced 65% of carbon emissions (Scope 1 & 2) in production vs 2018 baseline year ▪ 100% renewable electricity via TNB GET programme ▪ Started Scope 3 reporting for employee commute and business travel only ▪ Ongoing carbon footprint assessment across our value chain to identify suitable pathways to net zero
Maximise Circularity	▪ Zero waste to landfill for all our production sites by 2025 ▪ Turn waste into value and close material loops throughout the value chain	▪ Zero waste to landfill achieved since 2017 ▪ Circularity strategies and targets under development
Towards Healthy Watersheds	▪ Fully balance* water used in our products in water- stressed areas ** For every 1 litre of water in our products, we aim to balance 1.5 litres of water through water stewardship projects.* ▪ Maximise reuse and recycling in water-stressed areas by 2030 ▪ Treat 100% of wastewater of all breweries by 2023 ▪ Reduce average water consumption to 2.6 hl/hl in water-stressed areas, and 2.9 hl/hl worldwide by 2030	▪ 223% water balanced in 2023 ▪ Treated wastewater is collected and reused for general cleaning and gardening purposes ▪ 100% of wastewater treated beyond the standards required by the Department of Environment ▪ Improved water consumption by 21% vs 2014 baseline year

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

SOCIAL SUSTAINABILITY

5 GENDER EQUALITY · 8 DECENT WORK AND ECONOMIC GROWTH · 16 PEACE, JUSTICE AND STRONG INSTITUTIONS

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

Brew a Better World 2030 Ambition Areas	Material Sustainability Matters
Diversity, Equity and Inclusion	Diversity
Fair & Safe Workplace	Employee Health, Safety & Wellbeing
	Human Rights and Labour Standards
	Supply Chain Management
	Human Capital Development
Community Impact	Community Investment & Development

Our Key Highlights:

43% women in Board of Directors

38% women in Management Team

100% employees completed Life Saving Commitments training

19,608 hours of training

67% procurement spend on local suppliers

DIVERSITY, EQUITY AND INCLUSION

Our Ambition

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

Diversity

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

ESG Review

Diversity, Equity and Inclusion (DEI)

DEI strategy

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

Elevating DEI Practice to focus on Unconscious Bias

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

Women Interactive Network (WIN)

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

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

Talent Acquisition & External Brand

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

Leadership Development

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

Performance Management and Rewards/ Gender Pay Parity

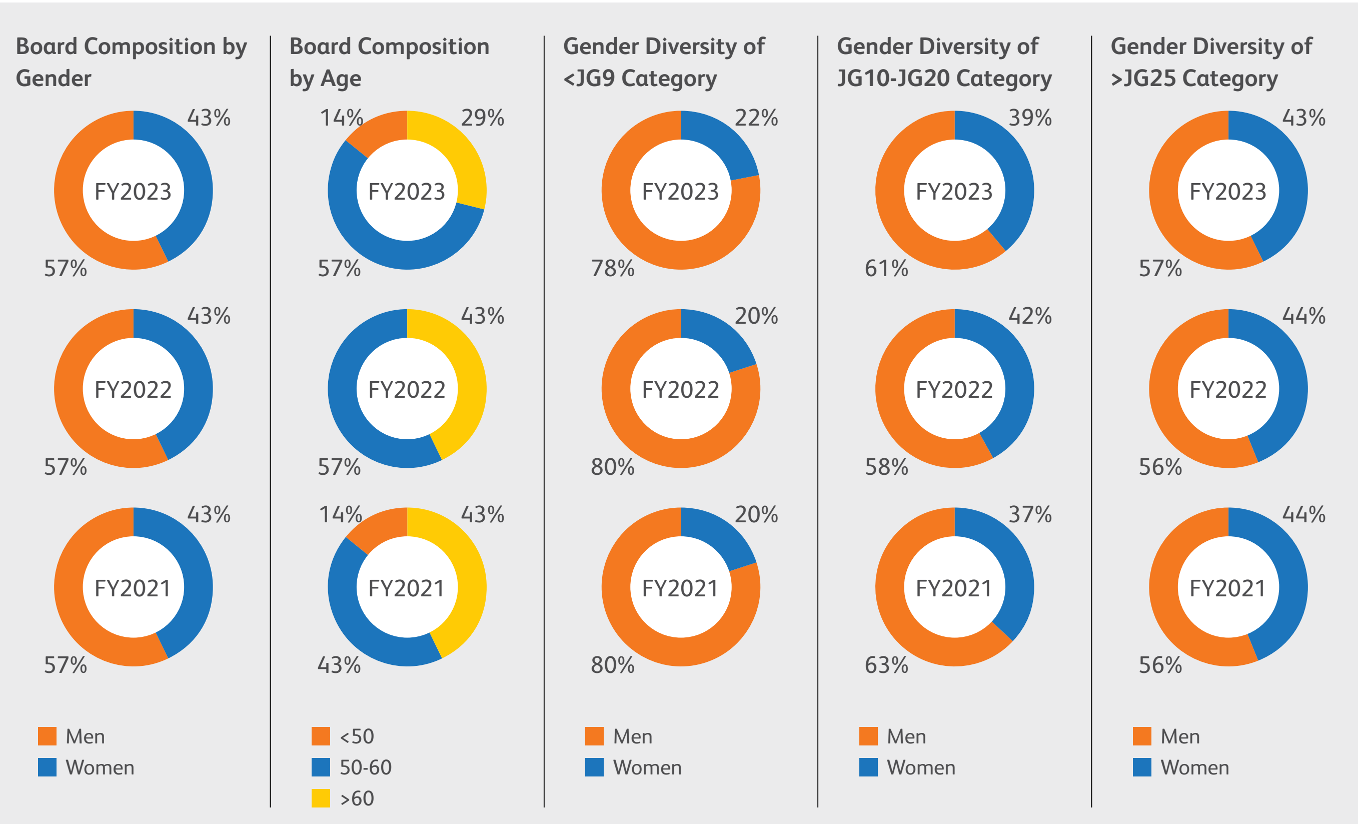
- Inclusive Leadership promotes unbiased performance conversations, leading to increased promotions for women.
- Integration of Gender Pay Gap analysis into annual salary reviews and consideration of internal gender pay equity in new hire salary proposals.

Talent Management	▪ Facilitation of international assignment arrangements accommodating female talents with family commitments, ensuring equal career advancement opportunities. ▪ Implementation of initiatives to empower women in Sales and Supply Chain roles.
Employee Relations/ Inclusive Culture	▪ Launched Anti-Sexual Harassment policy refresher to enhance understanding and awareness. ▪ Introduction of Speak Up Policy refresher to reinforce awareness and platform availability. ▪ Conducted bi-annual listening circles and dialogue sessions with women to gather feedback on gender equality initiatives. ▪ Ensure female representation in all company events, initiatives, and projects, both internally and externally.

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

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

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



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

ESG Review

Women in the Group in 2023

43% Board

38% Management Team

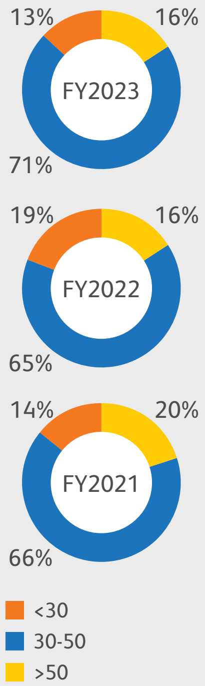
39% Middle Management

43% Senior Management

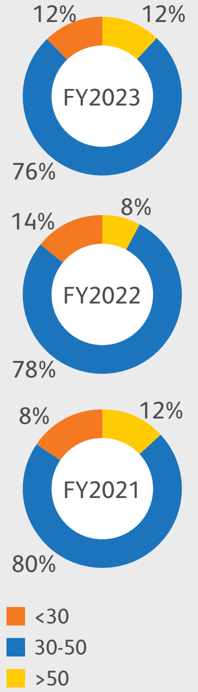
13% Supply Chain Function
Target: 18%

23% Sales Function
Target: 18% (Achieved)

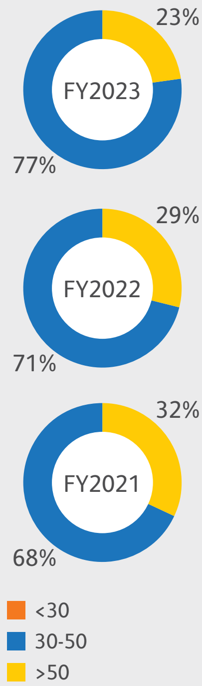
Age Diversity of <JG9 Category



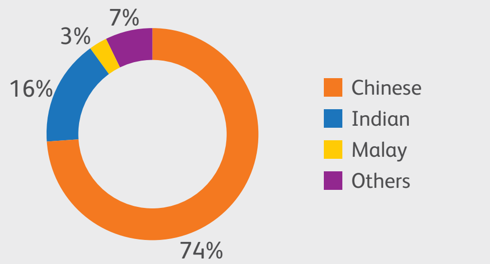
Age Diversity of JG10-JG20 Category



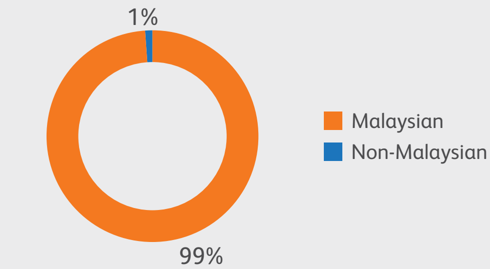
Age Diversity of >JG25 Category



Ethnic Diversity in Workplace



Nationality in Workplace



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

Employee Climate Survey

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

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

FAIR AND SAFE WORKPLACE

Our Ambition

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

Employee Health, Safety & Wellbeing

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

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

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

Life Saving Commitments (LSC)

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

ESG Review

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

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

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

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

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

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

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

Human Rights and Labour Standards

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

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

10 Standards for Human Rights

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

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

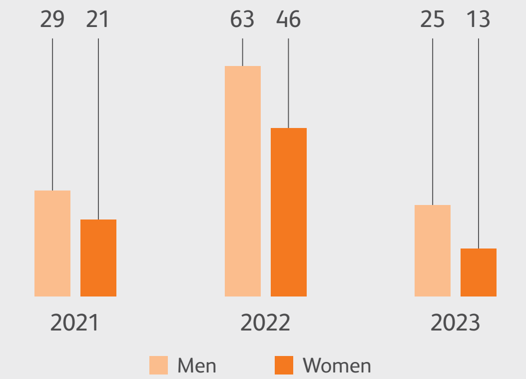
Our recruitment processes are impartial and free from discrimination. The Group actively seeks to employ local talents, including individuals from underprivileged backgrounds, as an integral part of our business approach. Furthermore, HEINEKEN Malaysia ensures that employees receive prior notification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

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

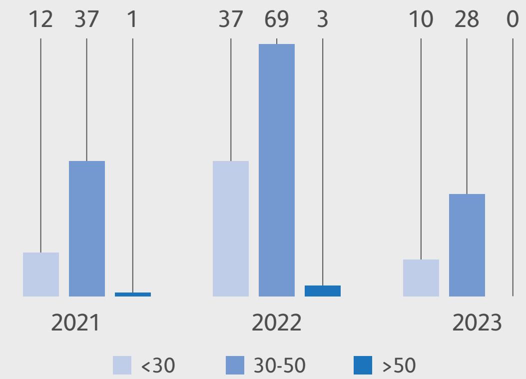
We conducted assessments throughout all our operations in 2023 to monitor our compliance with equal compensation and fair wage standards. From 2021 to 2023, there were no reported complaints regarding labour standards or human rights violations across the Group. As of December 2023, 50.1% of our employees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

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

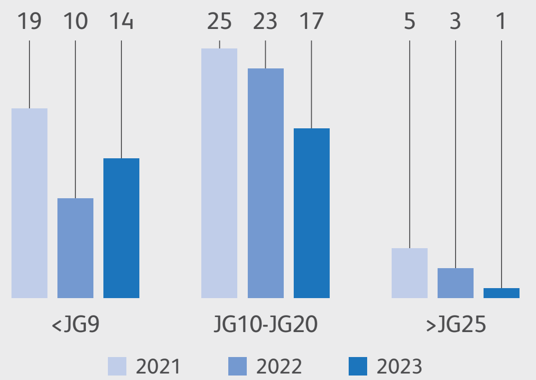
Number of New Hires by Gender



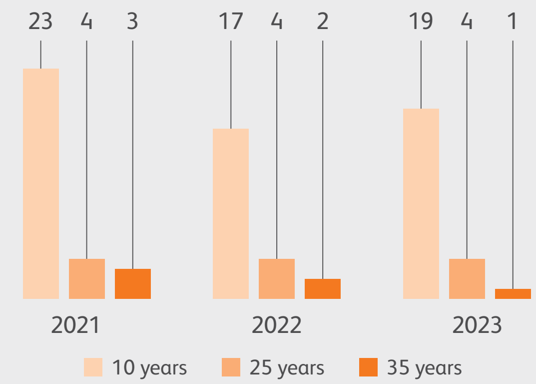
Number of New Hires by Age



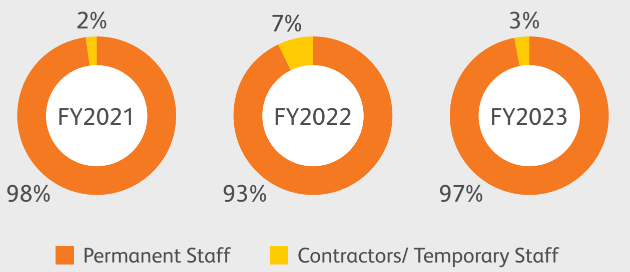
Number of Turnovers by Employee Category



Length of Service



Percentage of Permanent and Contractors/ Temporary Staff



	FY2021	FY2022	FY2023
Parental Leave			
Number of employees entitled to parental leave	332	352	336
Number of employees that took parental leave	21	13	12
Number of employees that returned after parental leave	21	13	12
Return to work rate	**100%**	**100%**	**100%**

ESG Review

Supply Chain Management

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

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

The HEINEKEN Supplier Code should be referenced alongside the HEINEKEN General Terms & Conditions for Purchase Orders which are both accessible at https://www.heinekenmalaysia.com/procurement/.

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

SMART Outsourcing

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

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

Supplier Evaluation

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

Communication

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

Due diligence process

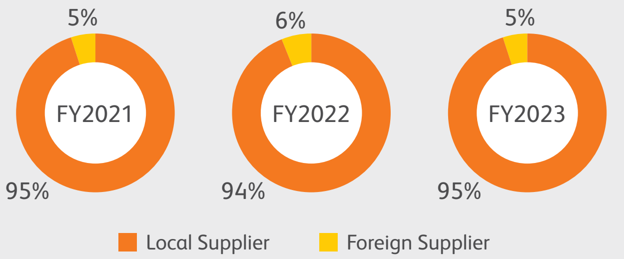
- We request information on company name, names of directors, shareholders, politically exposed persons, ultimate beneficial owners, and other key employees for screening purposes.
- Third parties may be asked to complete a due diligence questionnaire to gain deeper insights into potential bribery, money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

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

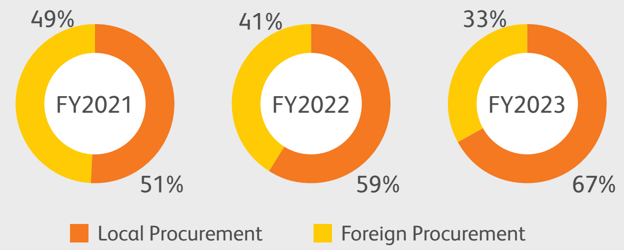
In 2023, 100% of our suppliers demonstrated compliance with the HEINEKEN Suppliers Code. We allocated 67% of our total procurement budget to local suppliers, marking an 8% increase from 2022. Additionally, 95% of the suppliers we engaged with are local.

ESG Review

Percentage of Local Suppliers Contracted



Procurement Spend



Human Capital Development

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

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

Training and Development Programme Themes in 2023

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

Strengthening Board Expertise: ESG Training and Development

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

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

HEINEKEN Graduate Programme

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

ESG Review

Short Term Assignments

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

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

Total Training Hours

COMMUNITY IMPACT

Our Ambition

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

Community Investment & Development

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

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

Tiger Sin Chew Chinese Education Charity Concert

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

HEINEKEN Cares 2023

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

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

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

- Empowering Orang Asli community in Bentong, Pahang to self-sustain through aquaponic initiatives, led by the Soroptimist International Region of Malaysia.
- Nourishing the underprivileged and homeless community in Ampang through the establishment of a community garden, led by Yellow House KL.
- Supporting marginalised communities in Subang Jaya through an urban farming project, led by Ferris Wheel Organisation.
- Equipping Orang Asli village in Perak with renewable electricity access through solar-powered lighting installations, led by SOLS Energy.
- Equipping elderly, disabled, and B40 communities in Kuching with essential food supplies, led by Hope Place Kuching.
- Channelling clean water for rural communities in Sabah through a gravity water system, led by Hopes Malaysia.

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

TOTAL INVESTED IN COMMUNITY PROJECTS

2021	2022	2023
RM2.2 million	RM3.1 million	RM3 million

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

ESG Review

OUR PROGRESS AGAINST BREW A BETTER WORLD 2030 GOALS

SOCIAL SUSTAINABILITY

5 GENDER EQUALITY | 8 DECENT WORK AND ECONOMIC GROWTH | 16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Ambition Areas	Our Brew a Better World Global Goals	Our 2023 Progress
Diversity, Equity and Inclusion	▪ Gender balance across senior management: 30% women by 2025, 40% by 2030	▪ 38% of women in the Management Team ▪ In HEINEKEN Malaysia (Target 18%) - 13% women in Supply Chain - 23% women in Sales function
	▪ Cultural diversity: across each region at least 65% of county leadership teams are regional nationals by 2030	▪ 57% of Management Team are regional (Asia Pacific) nationals
	▪ 100% of our managers trained in inclusive leadership by 2023	▪ 100% of people managers completed inclusive leadership e-learning
Fair & Safe Workplace	▪ Fair wage for employees: close any gaps by 2023	▪ 100% assessments completed
	▪ Equal pay for equal work: assessments and action by 2023	▪ 100% assessments completed
	▪ Ensure fair living and working standards for third-party employees and brand promoters	▪ Zero fatalities
	▪ Create leadership capacity to drive zero fatal accidents and serious injuries	▪ 100% completion by managers in Life Saving Commitment training
Community Impact	▪ A social impact initiative in 100% of markets by 2030	▪ Tiger CECC ▪ HEINEKEN Cares Community Food Aid Programme

RESPONSIBLE CONSUMPTION

3 GOOD HEALTH AND WELL-BEING | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | 16 PEACE, JUSTICE AND STRONG INSTITUTIONS

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

Brew a Better World 2030 Ambition Areas	Material Sustainability Matters
Always a Choice	Product Safety, Quality & Hygiene
Address Harmful Use	Responsible Marketing & Consumption
Make Moderation Cool	

Our Key Highlights:

>10%
Heineken® media spend on promoting responsible consumption

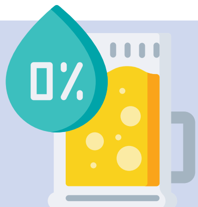
5,000
Grab promo codes were provided during the year-end festive season campaign

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

ALWAYS A CHOICE

Our Ambition

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



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

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

Product Safety, Quality & Hygiene

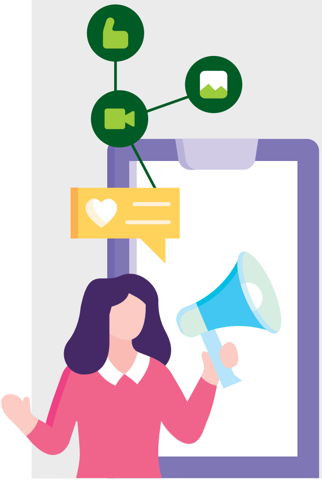
Maintaining strict adherence to quality standards throughout our brewing process, from ingredient selection to packaging and distribution, is essential for preserving the integrity of our products and ensuring consumer satisfaction.

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

ESG Review

Responsible Marketing Code

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



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

Marketing Materials Reviewing Process

1. External agency develops marketing material
2. Reviewed by Brand Team
3. Verified by Marketing Manager
4. Signed off by Head of Communications & Sustainability
5. Signed off by Senior Legal Manager
6. Signed off by Marketing Director

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

ADDRESS HARMFUL USE

Our Ambition

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

Responsible Consumption

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

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

Illicit Trade

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

Advocating Responsible Consumption

Heineken N.V. has been a signatory of the Beer, Wine and Spirits Producers' Commitments to reduce harmful drinking since 2012. These commitments comprise five ambitious goals aimed at promoting responsible drinking among both our internal and external stakeholders.

HEINEKEN Malaysia has consistently taken the lead in educating our customers and consumers on responsible consumption. Through our efforts, millions of individuals worldwide have been reached in our mission to combat harmful drinking practices.

In 2023, we partnered again with Grab Malaysia to provide e-hailing ride promo codes to our consumers for all our brand and corporate events to encourage consumers to travel to and from these events safely, in line with our commitment to When You Drive, Never Drink. During the year-end festive season, we engaged consumers through our "Enjoy Responsibly and Get Home Safely" campaign. The primary objective was to raise awareness of safety and responsibility and to foster the habit of using alternative transport when planning to consume alcoholic beverages. In 2023, we distributed 5,000 Grab ride promo codes, with a value of RM10 discount on Grab rides.

MAKE MODERATION COOL

Our Ambition

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

Responsible Consumption

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

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

ESG Review

OUR PROGRESS AGAINST BREW A BETTER WORLD 2030 GOALS

RESPONSIBLE CONSUMPTION

3 GOOD HEALTH AND WELL-BEING | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | 16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Ambition Areas	Our Brew a Better World Global Goals	Our 2023 Progress
Always a Choice	▪ A zero-alcohol option for two strategic brands in the majority of our markets (accounting for 90% of our business) by 2023 ▪ Clear and transparent consumer information on 100% of our products in scope by 2023	▪ Heineken® 0.0 has been available in Malaysia since 2019 ▪ 100% fully compliant with the HEINEKEN Global Labelling Policy for all brands
Address Harmful Use	▪ 100% of markets in scope to have a partnership to address alcohol-related harm	▪ Partnership with Grab Malaysia offering Grab e-hailing promo codes to promote responsible consumption
Make Moderation Cool	▪ 10% of Heineken® media spend invested in responsible consumption campaigns annually	▪ More than 10% of Heineken® media spend invested in responsible consumption campaigns

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

RECOGNITION

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

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

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

The Star ESG Positive Impact Awards 2022

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

Heineken® Quality Awards 2023

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

ESG Review

HR Excellence Awards 2023

We have been awarded for two categories:

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

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

The Building Trust Awards 2023

HEINEKEN Malaysia was among the Top 20 finalists for PwC Malaysia's Building Trust Awards 2023 and received a special mention for the PwC Malaysia-Asia School of Business' Trust and Leadership Survey (FBM Mid 70 Index) category.

Malaysian Dutch Business Council Innovation and Sustainability Awards 2023

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

Sustainability & CSR Malaysia Awards 2023

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

BURSA MALAYSIA SUSTAINABILITY INDICATORS

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

Governance

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

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

Social

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

ESG Review

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

Environment

Indicator	Unit	FY2021	FY2022	FY2023
Climate Resilience and Energy Management				
Bursa C4(a) Total energy consumption	GJ	135,578	178,448	175,726
Bursa C11(a) Scope 1 emissions in tonnes of CO_2e	tCO_2e	6,609	7,810	6,375
Bursa C11(b) Scope 2 emissions in tonnes of CO_2e	tCO_2e	8,931	11,146	10,600
Scope 2 emissions offset (through procured electricity from the GET programme)	tCO_2e	-	(9,736)	(10,600)
Bursa C11(c) Scope 3 emissions in tonnes of CO_2e (business travel and employee commuting)	tCO_2e	-	-	1,310
Waste and Effluent Management				
Bursa C10(a) Total waste generated	Metric tonnes	24,078	35,423	32,632
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	24,078	35,423	32,632
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	0	0	0
Bursa S8(a) Total volume of water (effluent) discharge over the reporting period	m^3	297,881	443,752	370,304
Water				
Bursa C9(a) Total volume of water used	hl of water/ hl of beer	3.65	3.45	3.41

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).

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 FY2023. 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, ESG Review and the Corporate Governance Report (CG Report) for FY2023 which is available on the Company's website *https://www.heinekenmalaysia.com/corporate-governance/*.

Principle A

Board Leadership and Effectiveness

Principle B

Effective Audit and Risk Management

Principle C

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:

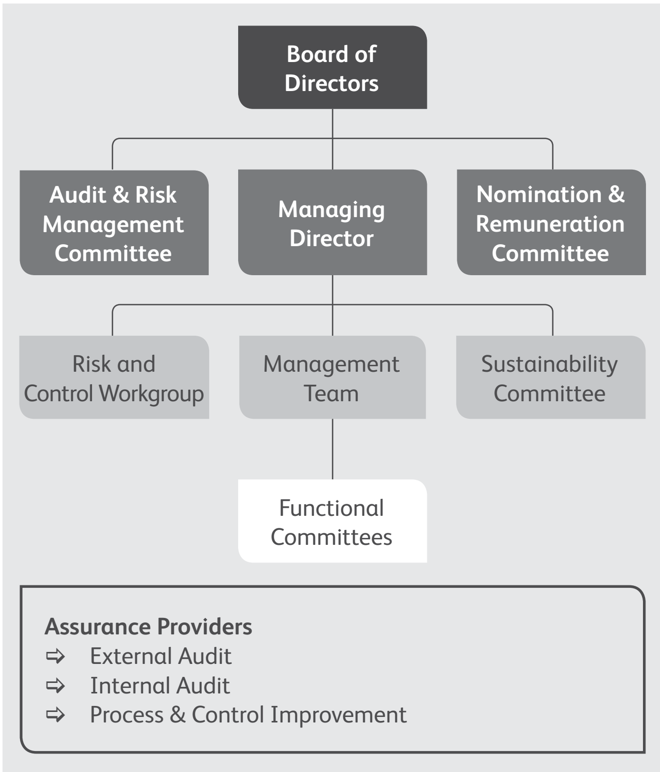
Practice 1.4	Chairman of the Board should not be a member of the Nomination & Remuneration Committee
Practice 5.2	For Large Companies, the Board comprises a majority Independent Directors
Practice 8.2	Disclosure on a named basis the top five (5) Senior Management's remuneration in bands of RM50,000

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 2023.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Governance Framework

In order to ensure orderly and effective discharge of the 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:



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.

Corporate Governance Overview Statement

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 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.

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

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 will 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 2023, the Board had six (6) 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 on areas within their responsibility. The attendance of each Director at the Board meetings, was as follows:

Name	Designation	Attendance
Dato' Sri Idris Jala (Chairman)	Independent Non-Executive Director	6/6
Roland Bala	Managing Director	6/6
Choo Tay Sian, Kenneth	Non-Independent Non-Executive Director	6/6
Seng Yi-Ying	Non-Independent Non-Executive Director	*5/6
Lau Nai Pek	Senior Independent Non-Executive Director	6/6
Chua Carmen (Appointed on 13 May 2023)	Independent Non-Executive Director	3/3
Erin Sakinah Atan (Appointed on 14 July 2023)	Non-Independent Non-Executive Director	3/3
Datin Ngiam Pick Ngoh, Linda (Retired on 12 May 2023)	Independent Non-Executive Director	3/3
Raquel Batallones Esguerra (Resigned on 14 July 2023)	Non-Independent Non-Executive Director	*2/3

* *Absent from one meeting due to other meeting commitment*

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 time-sensitive 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.

As a good corporate governance practice, the Independent Directors met once outside of regular Board meetings in July 2023 without the presence of Non-Independent Directors and Management to share observations and exchange views on potential improvements in governance.

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 personally identify training on specific areas that would assist them in discharging their responsibilities. When necessary, learning sessions on topics which are relevant to the Group's business will also be organised for the Directors.

All Directors have attended the Mandatory Accreditation Programme (MAP) Part I on corporate governance and director's roles, duties and liabilities as required under the Bursa Securities' Main Market Listing Requirements whilst some Directors have also completed the MAP Part II on sustainability, a new mandatory onboarding programme which Directors are required to complete by 1 August 2025.

During FY2023, some of the Directors attended learning programmes on topics related to corporate governance and sustainability, financial reporting on climate change impact, consumer trends and commercial strategy, anti-bribery and corruption, data protection and information security, innovation and technology, leadership development and organisational management. Some Board members were also invited to participate in forums and seminars as speakers and panelists in areas of their expertise.

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 adequate policies and procedures are put in place. 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

Corporate Governance Overview Statement

to comply with relevant regulatory requirements and policies adopted by the Group, including those relating to anti-bribery and anti-corruption.

The Group has adopted the following codes which outline its commitment to conducting business with integrity and fairness, respect for the laws, sustainability and responsibility as well as the key principles for ethical and business conduct expected from relevant stakeholders in their dealing with the Group.

HEINEKEN Code of Business Conduct

In 2023, the Code of Business Conduct was refreshed to reflect the dynamic nature of the Group's business environment and to keep up with developments and challenges. The new Code incorporates insights from past learnings and it aims to improve clarity and understanding of relevant topics such as harassment and corruption. The Code of Business Conduct covers all aspects of the Group's business operations, categorised under four (4) broad areas namely:

- Caring for People and Planet
- Maintaining Business Integrity
- Protecting our Assets
- Engaging Responsibly

The Code of Business Conduct and the underlying policies, communication and training materials are documented and available in a Business Conduct Portal for employee access. On an annual basis, all employees are required to complete the following e-learning 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
- Life Saving Commitments
- Responsible Consumption

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 the legal and regulatory guidelines and has a stringent Responsible Marketing Code that governs how it markets its products. 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. The Group has 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. 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 People and Global Legal Affairs.

The HEINEKEN Code of Business Conduct and the HEINEKEN Speak Up Policy are available on the Company's website at https://www.heinekenmalaysia.com/corporate-governance/.

Corporate Governance Overview Statement

Sustainability Governance

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 environmental, social and governance (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 goals 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 Sustainability	Social Sustainability	Responsible Consumption
▪ Net Zero Carbon ▪ Maximise Circularity ▪ Towards Healthy Watersheds	▪ Diversity, Equity and Inclusion ▪ Fair & Safe Workplace ▪ Community Impact	▪ Always a Choice ▪ Address Harmful Use ▪ Make Moderation Cool

The BABW ambitions and targets are in line with the benchmarks set by the United Nations Global Compact and they 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.

Since 2022, the Group has in place an ESG Framework which aligns the BABW ambitions with the Group's overall sustainability strategy and highlights key elements of its sustainability agenda. The Group has adopted a Sustainability Policy to reinforce its commitment in embedding sustainability practices throughout its operations and value chain specifically in the areas of ESG.

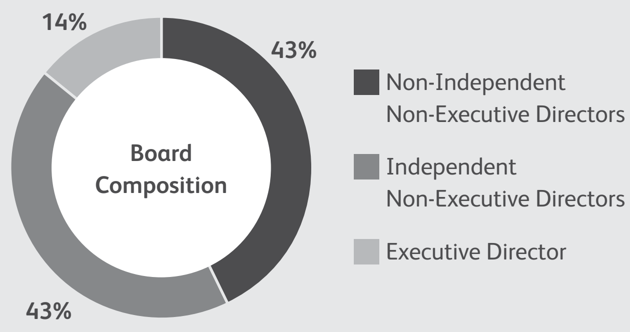
The Board is supported by a management Sustainability Committee which is responsible for the strategic management of the material sustainability matters including the formulation and implementation of the Group's sustainability priorities and initiatives. The Sustainability Committee is chaired by the Managing Director, who is entrusted by the Board to oversee the sustainability matters of the Group and he is supported by a secretariat which is led by the Corporate Affairs & Legal Director (CAL Director). The committee comprises members of the Management Team who monitor the progress of sustainability performance in the respective pillars. 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 ESG Review in this Annual Report.

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

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 management, business and administration, finance and accounting, media relations and corporate affairs, sustainability and legal 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.

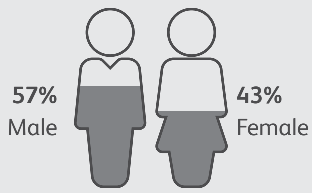
Corporate Governance Overview Statement

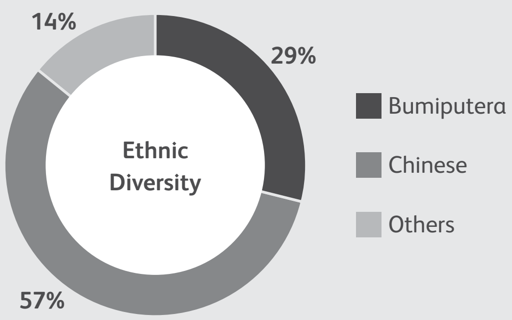
Mr Lau Nai Pek, the ARMC Chairman, has been designated as the Senior Independent Non-Executive Director of the Company. His roles are defined in the Board Charter.

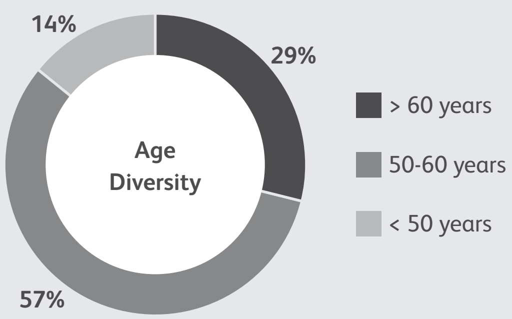
The Board acknowledged the practice recommended under the MCCG for large companies to have a majority Independent Non-Executive Directors in the Board. Based on the current shareholding structure of the Company in which 51% of its equity interest are held indirectly by Heineken NV via its wholly-owned 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 with a view to ensure that the Board members are able to provide a range of perspectives, insights and challenge required to support effective decision-making. The Board diversity as of the date of this statement is depicted as follows:

The female representation on the Board has exceeded the Malaysian Government's target of 30% for public listed companies.







The Group has adopted the HEINEKEN Code of Business Conduct and the HEINEKEN Human Rights Policy which outline the principles of non-discrimination without distinction according to, among others, race, gender, nationality and age. 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.

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.

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 and to strengthen the Board composition. In reviewing and recommending any new Director appointment to the Board, the NRC assesses the suitability of candidate identified based on his/her profile, professional knowledge and experience taking into consideration the criteria set out in the Directors' Fit & Proper Policy. The NRC leverages on the Directors' wide network of professional and business contacts as well as and external sources to identify suitable qualified candidates and conduct engagement sessions with shortlisted candidates before its final recommendation to the Board for approval.

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 three (3) years before any appointment of former audit partners and its affiliates as Independent Directors to the Board.

A comprehensive induction programme will be arranged for newly appointed Directors to enable them to better understand the Group's business and operations, organisational 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 supply chain operations.

The Directors' Fit & Proper Policy is available on the Company's website at https://www.heinekenmalaysia.com/corporate-governance/.

Corporate Governance Overview Statement

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. For FY2023, the NRC conducted the evaluation internally with the support of the Company Secretary. The evaluation was conducted via online questionnaires that cover the following parameters to gauge the Board's performance against best practices:

- Board composition, skills and developments, dynamics and culture
- Board leadership, governance oversight and processes, Board agenda, meetings and information flow
- Board Committees effectiveness
- Working relationship between Board members and the Management Team
- Board and stakeholder engagement
- Sustainability matters
- Board Members' contributions and performance

Based on the evaluation, the Board was satisfied with its overall performance and concluded that the Board as a whole and the Board Committees have been effective in discharging their functions and duties, in that:

- The Board and the Board Committees have the necessary mix of competent members and are well balanced and represented with appropriate diversity of skills, knowledge and business experience, gender and ethnicity, contributing to the overall effectiveness of the decision-making process for the Company and the Group. The Board has met the standards of corporate governance and has established policies and processes in place to discharge its duties and responsibilities.
- The Board is led by a very knowledgeable and well-respected Chairman who is being viewed as an inclusive and effective leader. The Chairman facilitates robust discussions through sharing of insightful information and he provided room for the Directors to openly express their views and succinctly summarises their observations.
- Board members are clear about their roles and responsibilities in providing strategic oversight over the Group's business conduct and management. They have good knowledge of the Group's business, external trends and industry issues and share common understandings of the Group's long-term strategy and goals whilst maintaining an effective oversight on the Group's performance. Board members have also demonstrated professional independence and impartiality during deliberations of matters at meetings.
- Board members were committed in discharging their fiduciary duties where they participate actively in the Board and Board Committees' discussions. The Board members have a good attendance record whilst the Board agenda, information prior to meetings, minutes of meetings and preparation by members met the standards of good corporate governance.
- The working relationship between the Board members has been good with strong interactions and respect for each other, professional and healthy debates and discussions on wide ranging topics and issues during Board deliberations. In addition, Management has been providing strong support which enable the Board to effectively discharge its function and duties.

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 a 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	7 years +
Choo Tay Sian, Kenneth*	Non-Independent Non-Executive Director	26 October 2020	3 years +
Lau Nai Pek	Senior Independent Non-Executive Director	22 May 2021	2 years +
Chua Carmen	Independent Non-Executive Director	13 May 2023	< 1 year
Erin Sakinah Atan*	Non-Independent Non-Executive Director	14 July 2023	< 1 year

* *Representing HEINEKEN, major shareholder of the Company.*

Corporate Governance Overview Statement

During FY2023, Ms Chua Carmen was appointed to the NRC to succeed Datin Ngiam Pick Ngoh, Linda who retired from the Board in May 2023 whilst Ms Erin Sakinah Atan was appointed in place of Ms Raquel Batallones Esguerra who ceased to be an NRC member following her resignation from the Board in July 2023.

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 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.

The NRC had one (1) meeting during FY2023 with a 100% attendance rate. During the said meeting, the NRC deliberated and reported the following matters to the Board:

- Management's proposals on short-term incentive payment and salary increment and promotion for the Group employees and travelling allowance for expatriate employees;
- Independent evaluation of Board effectiveness and recommendations to strengthen the effective functioning of the Board; and
- Recommendation for re-election of retiring Director at the Company's AGM based on satisfactory evaluation of the Directors' performance and contribution to the Board.

During FY2023, 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:

- Appointment of Ms Chua Carmen as the new Independent Non-Executive Director, succeeding Datin Ngiam Pick Ngoh, Linda who retired from the Board in May 2023. 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.
- Appointment of Ms Erin Sakinah Atan as Non-Independent Non-Executive Director, to fill the vacancy arising from the resignation of Ms Raquel Batallones Esguerra from the Board in July 2023.

Remuneration

The remuneration matters of the Group fall under the purview of the NRC. The NRC is guided by the following principles as stipulated in the Remuneration Policy of the Company:

- 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.
- 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 and a long-term incentive scheme. Salaries payable to the Managing Director shall not include a commission on or percentage of the Group turnover. The Managing Director is not entitled to annual fee nor any meeting allowances for the Board and Board Committees Meetings he attended. The performance of the Managing Director is reviewed annually taking into consideration the corporate and individual performance.

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 2023.

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 59th AGM held on 12 May 2023, shareholders' approval was sought for the payment of Directors' fees and benefits up to RM700,000 to the Non-Executive Directors for FY2023. Total remuneration paid to the Non-Executive Directors of the Company for FY2023 was RM672,717. The detailed breakdown of the remuneration paid to the Directors, including the Managing Director, of the Company who served during FY2023 is disclosed in the CG Report 2023.

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

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

ARMC

As of the date of this statement, the ARMC comprises three (3) Non-Executive Directors, with a 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.

The Board via the NRC, evaluated the performance and effectiveness of the ARMC for FY2023 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 areas of concerns, if any, or additional matters which may be of a confidential nature; and 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 (By-Laws) and the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code) and that they have fulfilled their ethical responsibilities in accordance with the said By-Laws and IESBA Code.

The ARMC also reviews the nature of the non-audit services and the related fee levels individually and in aggregate relative to the audit fee to ensure they do not compromise their independence and objectivity. As an additional measure to ensure that the non-audit services do not impair the audit firm's independence, the ARMC has put in place pre-approved/agreed policies and procedures for provision of permissible and non-permissible non-audit services to the Group. For FY2023, the external auditors were engaged mainly to perform statutory audit on the Group's financial statements and review the reporting deliverables to Deloitte Netherlands and the Company's Statement on Risk Management and Internal Control. The fees paid for these 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 NV 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

The ARMC also reviewed the information presented in the Annual Transparency Report of Messrs Deloitte PLT.

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.

Corporate Governance Overview Statement

As an integral part of the risk management and internal control systems, an assessment is also performed under the HEINEKEN' Risk and Control Matrix compliance programme 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 Internal Audit, has a clear line of reporting to the ARMC and its performance is reviewed by the ARMC on an annual basis. The ARMC also reviews the internal audit plan including the adequacy of the audit scope, approach, methodology, resources and authority of the Internal Audit function in carrying out its audit activities. It is independent of the operational and management activities they audit. 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 FY2023, 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 FY2023 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 Main Market Listing Requirements along with the Corporate Disclosure Guide issued by Bursa Securities and the HEINEKEN Media Policy and HEINEKEN Financial Disclosure Guidelines which stipulate the authorised spokepersons 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's Annual Report remains a key channel of communication with the Group's stakeholders in that it provides a comprehensive review on the Group's key financial and non-financial performance. The Company disseminates its annual report to its shareholders on a timely basis. The report is also made available to shareholders electronically as soon as it is published.

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, bi-annually results briefings with analysts, fund managers and media, engagements through the Investor Relations function and the Company's social media. In 2023, 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 within the ESG Review in this Annual Report.

Conduct of General Meetings

AGM is a principal platform for Directors and Management Team 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 via the Tricor's TIIH Online website.

Corporate Governance Overview Statement

In 2023, the Company's AGM was conducted entirely on a virtual basis using the remote participation and voting (RPV) facilities. All Board members were present at the broadcast venue together with the external auditor, the Company Secretary and the Finance Director whilst some of the Management Team members were also present at the AGM.

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 and the Group's strategies and priorities for the ensuring year were presented by the Managing Director. 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 shareholders including the Minority Shareholder Watch Group. All resolutions set out in the notice of the AGM were voted by poll and an independent scrutineer was appointed to validate the votes for each resolution. The poll results were announced before the closure of the AGM and were 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 made available on the Company's website at www.heinekenmalaysia.com.

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 governance whilst ensuring all material risks are managed appropriately to deliver sustainable growth and performance for the Group.

This CG Overview Statement was approved by the Board on 20 March 2024.

Audit & Risk Management Committee Report

The Audit & Risk Management Committee (ARMC) comprises the following three (3) Non-Executive Directors, with a majority being Independent Directors including the Chairman:

Name	Designation	Date appointed	Years of service
Lau Nai Pek (Chairman)	Senior Independent Non-Executive Director	22 May 2021	2 years +
Choo Tay Sian, Kenneth*	Non-Independent Non-Executive Director	26 October 2020	3 years +
Chua Carmen	Independent Non-Executive Director	13 May 2023	< 1 year

* *Representing HEINEKEN, major shareholder of the Company.*

In May 2023, the ARMC was refreshed with the appointment of Ms Chua Carmen who succeeded Datin Ngiam Pick Ngoh, Linda who ceased as a member of the ARMC following her retirement from the Board on 12 May 2023.

Mr Lau Nai Pek is a member of the Malaysian Institute of Accountants whilst Mr Choo Tay Sian, Kenneth is a Chartered Accountant and a member of the Institute of Singapore Chartered Accountants. Accordingly, the Company complies with Paragraph 15.09(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

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.

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 that covers policies on, among others, bribery, fraud, conflicts of interest and Speak Up on concerns about suspected misconduct within the Group or potential violation of the code.

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 2023 (FY2023), the ARMC had four (4) meetings with a 100% attendance rate. The Managing Director, the Finance Director and the Head of Internal Audit 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 FY2023 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 and financial performance plan.
- Reviewed the annual audited financial statements of the Group 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. Illicit trade, growing conservatism, fraud, increase in excise duty, cyber security, rising input costs, weakened consumer sentiment, weakening Ringgit Malaysia, supply chain disruptions, IT service disruption, human rights and employee health and safety 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.
- Reviewed the key changes to the HEINEKEN Rules and additional actions required to ensure compliance.
- Reviewed the implementation of non-financial reporting controls to track carbon emission, water consumption in production and gender diversity at workplace in line with the Brew a Better World strategy.
- Reviewed the amendments to the Statement of Authority which documents the approval limits and approving processes related to the Group's business and operations.

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.
- 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 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 Internal Audit.

External Audit

- Reviewed the external audit plan including the significant accounting and auditing issues and impact of changes in accounting standards 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 in February 2023 and November 2023. 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. The ARMC was satisfied that there were no areas of concern on the process for the year end audit, full cooperation was extended to the auditors and no information was being withheld from the auditors.
- Obtained written assurance from the external auditors to confirm their independence and objectivity in performing statutory audit. Deloitte PLT have 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.
- Reviewed the pre-approved/agreed policies and procedures for provision of permissible and non-permissible non-audit services (NAS) to the Group as a means to ensure that the NAS do not impair the audit firm's independence.
- 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. The ARMC was satisfied with the work performed by Deloitte PLT and recommended to the Board on their re-appointment and remuneration for FY2023. The re-appointment of external auditors will be tabled at the forthcoming Annual General Meeting for shareholders' approval. The ARMC also reviewed the information presented in the Annual Transparency Report of Messrs Deloitte PLT.

For FY2023, 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	149	236
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
	189	276

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.

Audit & Risk Management Committee Report

Related Party Transactions (RPT)

- Reviewed the quarterly recurrent RPT entered into by the Company and the Group 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 FY2023, 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.
- Reviewed the statistics of the Company's investor base and stock price movements.

During FY2023, the ARMC Chairman had two meetings with the external auditors and had separate meetings with the Managing Director, Finance Director and the Head of Internal Audit prior to every scheduled ARMC Meeting.

The ARMC Chairman reports to the Board on matters deliberated and highlighted significant matters 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 and it is headed by Eugene Ding Diew Ping who reports functionally to the ARMC and administratively to the Managing Director. 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 Internal Audit, Eugene Ding Diew Ping, holds a Bachelor's Degree of Business (Accounting) from the University of Technology Sydney, Australia. He is also a Chartered Accountant of the Malaysian Institute of Accountants and a Chartered Member of the Institute of Internal Auditors Malaysia (IIAM). He has over 20 years of internal audit experience. Currently, he is supported by an Internal Audit Manager who is assisted by an Internal Audit Executive. During FY2023, relevant trainings were provided to the internal audit team to enhance their competencies.

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 and 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 Internal Audit reports to the ARMC on the progress of internal audit activities and the resource requirements. 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.

During FY2023, the Internal Audit function completed 18 audit assignments which included 4 investigative audits on matters reported via the Speak Up channel and requests made by Management. 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

Audit & Risk Management Committee Report

and monitoring of its internal control systems. The audit covered various operational areas within the Group, which included:

- Regional sales offices and distributors' safety standards
- Management of decanting process
- Trade activities in selected outlets
- Management of commercial assets i.e. draught beer equipment and fridges
- Compliance with the HEINEKEN Brand Promoters Policy
- Compliance with the "When You Drive, Never Drink" Policy
- Employees' declaration of conflict of Interest
- Recurrent RPT

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 Process & Control Improvement team to review the risk management process of the Group as a whole.

The total expenses incurred by the Internal Audit function in discharging its functions and responsibilities for FY2023 amounted to RM832,000 (FY2022: RM883,000). The expenses incurred comprised mostly of salaries and departmental overheads.

The ARMC had evaluated the performance of the Internal Audit function for FY2023 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, improving efficiency of processes 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 FY2023, 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 20 March 2024.

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 2023 (FY2023). 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).

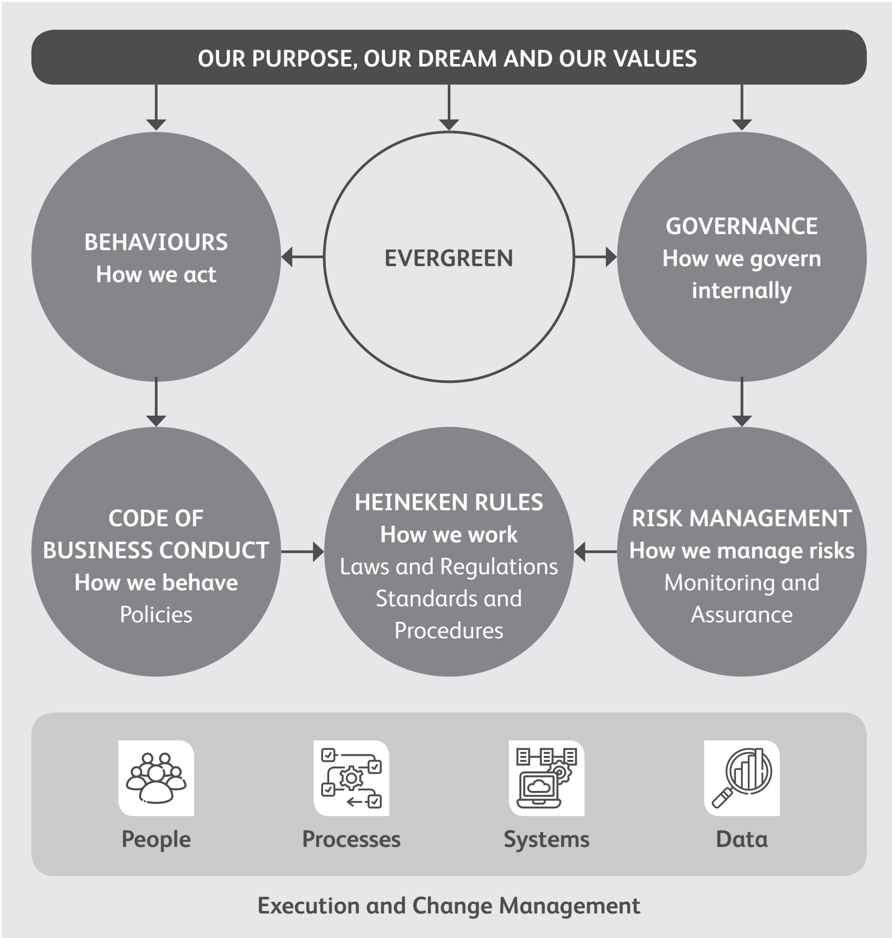
BOARD'S RESPONSIBILITY

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 Business 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 strong governance. The 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 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 Code of Business Conduct 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 Business Framework.

RISK MANAGEMENT

Risk Management

How we do Business
Risk management is an integral part of how we do business, and is at the core of HEINEKEN Business Framework

How it is Structured
To manage risks, we are structured around the 3 Lines of Defence model

How it is Embedded
Risk management is embedded in operations at all levels of the organisation

Risks is an important 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 (the Risk Management Framework) which is embedded within the Business Framework. The Risk Management Framework addresses the risks the Group inevitably faces in achieving 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:

Objectives	Risks	Actions & Controls	Evaluation
Strategic and business objectives are aligned to the Group strategy	Risk assessment is performed on identified risks based on impact and likelihood of occurrence	Management actions to mitigate the identified risks are periodically monitored	Management action plan is reviewed as part of business performance review and risk assessment cycle

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.

People & Competencies
Having people with the right mindset and behaviour, equipped to address opportunities, risks and required actions.

Governance & Performance
Risk management aligns with the organisational governance with a strong tone at the top.

Reward & Recognition
Employees are recognised for their contributions towards risk management.

Processes & Tasks
Processes are key for effective risk management, this is done via a four step process embedded into our daily activities.

Information & Systems
Utilising risk management information system that contains a comprehensive database of key risks faced by the Group.

Statement on Risk Management and Internal Control

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 respective function and are responsible to ensure the adequacy and effectiveness of mitigating 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:

IMPACT	RISK MANAGEMENT MATRIX				
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 on 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:

Risk Response Actions

Take
Accept the risk, the probability and possible impact on the business are accepted

Treat
Take action to reduce the risk by lessening the impact. This can involve improved procedures and internal controls

Transfer
Decide to pass the risk or costs of the impact outside the organisation, through third party contracts or take out insurance to cover the costs of the impact

Terminate
Decide to eliminate the risk by terminating the activity or the pursuance of the objective that causes the risk

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

Board and ARMC

First Line - Management	Second Line – P&CI	Third Line - Internal Audit
Ownership and Responsibility	Support, Improvement and Monitoring	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, facilitates the implementation of effective risk management practices and drives continuous improvements of internal controls.	The 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 also supported by assurance activities carried out by the external auditors whose responsibility is to evaluate and provide independent and objective assurance on the financial statements and risk management processes including reliability of information, compliance with regulations and procedures; and efficient and effective use of resources.

Statement on Risk Management and Internal Control

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 improvements.

The P&CI Team, which comprises a P&CI Manager and a P&CI Executive, is a function within the Finance Department with effect from 1 June 2023 whilst the Internal Audit Department maintains a functional reporting relationship with the ARMC and reports administratively to the Managing Director.

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 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/anti-corruption, Speak Up and the overall governance processes within the Group.

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 and audit recommendations in respect on 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 FY2023 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.

Statement on Risk Management and Internal Control

- 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 cyber security risk management measures.
- 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 a bi-annual Letter of Representation to the Chief Financial Officer of Heineken NV, demonstrating management's accountability over financial and non-financial reporting disclosures, financial reporting controls, compliance with the HEINEKEN Code of Business Conduct and HeiRules and reporting of fraud and irregularities.

Integrity and Ethical Values

- The Group has adopted the HEINEKEN Code of Business Conduct which governs the standards of ethics and responsible business conduct expected from employees at all levels. The Code of Business Conduct covers all aspects of the Group's business operations, categorised under four (4) broad areas namely, Caring for People and Planet, Maintaining Business Integrity, Protecting Our Assets and Engaging Responsibly. The four areas cover responsible alcohol consumption; commitment to health and safety, human rights and sustainable initiatives, equal opportunities and no discrimination and harassment, 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 towards responsible business conduct. Our distributors and suppliers adopt the HEINEKEN Distributor Code of Conduct and the HEINEKEN Supplier Code in running their business, further details on this were set out under 'Other policies' below. A due-diligence tool was implemented to identify, assess and remedy risks associated with third parties engaged by the Group including suppliers and distributors. 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 trusted representatives appointed by the Company. The Speak Up service is managed by an independent third party appointed by Heineken NV and is available 24/7, 365 days a year. Reports can be made online or via a phone call. All Speak Up reports are handled by a Case Manager who works under the supervision of the HEINEKEN Global Integrity Committee which comprises representatives from

the HEINEKEN Business Conduct Office, Global Audit, Global People 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 through engagement sessions and e-learning that focuses 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, employees are required to complete the following e-learning 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 assessments are closely monitored by the People function.
  - Code of Business Conduct
  - Anti-Bribery and Corruption
  - Responsible Marketing Code
  - Security Awareness
  - Fraud Awareness
  - Data Privacy
  - Competition law
  - Life Saving Commitments
  - Responsible Consumption

  In addition to the e-learning, briefings were conducted for regional sales employees on an annual basis to keep them refreshed at the same time to address any questions on challenges or issues faced during their day-to-day operations.
- Training and development programmes on areas related to health and safety, technical knowledge and leadership are organised for employees to ensure that they are equipped with necessary knowledge / skills and 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 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.
- 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. These include changes in food legislations, local council licensing requirements relevant for the beer industry and the recent revamp of the Malaysian Communications and Multimedia Content Code 2022.
- 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 (the Codes) which outline the standard for ethical and business conduct expected from distributors and suppliers in their business dealings with the Group. The said Codes were communicated to distributors and suppliers via e-learning and engagement sessions 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. During FY2023, a disaster recovery drill was executed, focusing specifically on critical systems. This involved a thorough examination and simulation of potential disaster scenarios to evaluate the organisation's preparedness, resilience, and effectiveness in recovering essential systems and data in the event of a crisis.

Statement on Risk Management and Internal Control

BOARD ASSESSMENT

The Board is of the view that, the overall risk management and internal control systems in place for FY2023, 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 Letter of Representation submitted to Heineken NV. 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 2023. 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 20 March 2024.

Our Numbers and Other Information

112 Financial Statements

163 Other Information

164 Analysis of Stockholdings

166 Statement of 2023 Volumetric Water Benefits

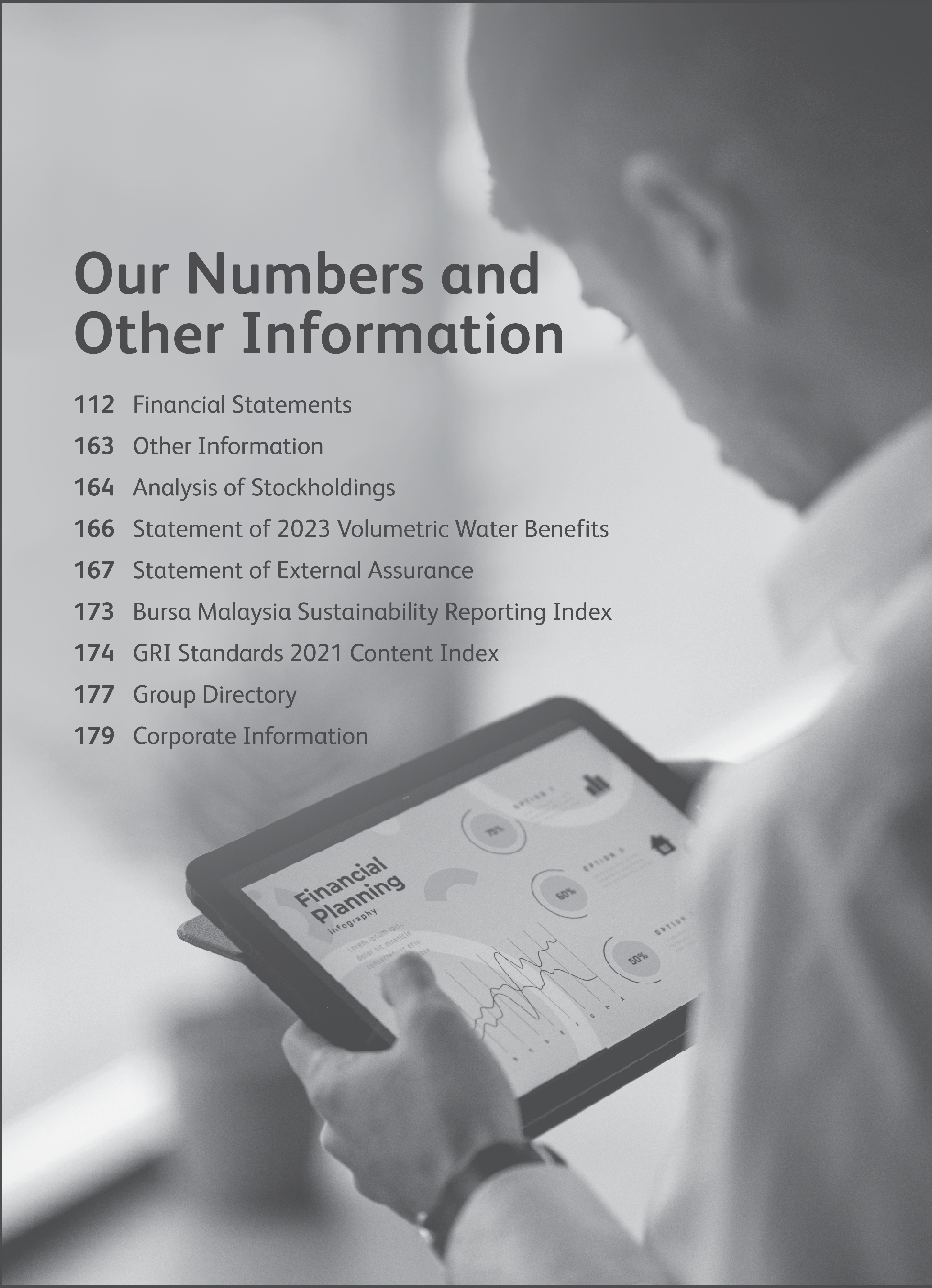
167 Statement of External Assurance

173 Bursa Malaysia Sustainability Reporting Index

174 GRI Standards 2021 Content Index

177 Group Directory

179 Corporate Information



Directors' Report

The directors of **HEINEKEN MALAYSIA BERHAD** have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the production, packaging, marketing and distribution of beverages, primarily alcoholic, whilst the principal activities of the subsidiaries are as stated in Note 13 to the financial statements.

RESULTS OF OPERATIONS

The results of operations of the Group and of the Company for the financial year are as follows:

	Group RM'000	Company RM'000
Profit for the year attributable to:		
Owners of the Company	386,800	371,553

In the opinion of the directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

Since the end of the previous financial year, the amount of dividends paid or proposed by the Company are in respect of the following:

(i) A final ordinary dividend of 98 sen per stock unit under the single tier tax system totalling RM296,056,040 in respect of the financial year ended 31 December 2022 on 20 July 2023; and

(ii) An interim ordinary dividend of 40 sen per stock unit under the single tier tax system totalling RM120,839,200 in respect of the financial year ended 31 December 2023 on 10 November 2023.

The directors now recommend the declaration of a final ordinary dividend of 88 sen per stock unit under the single tier system totalling RM265,846,240 in respect of the financial year ended 31 December 2023 which if approved by the owners of the Company will be payable on 25 July 2024.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

The Company has not issued any new shares or debentures during the financial year.

SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As at the end of the financial year, there were no unissued shares of the Company under options.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and had satisfied themselves that no known bad debts to be written off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances:

(a) which would require the writing off of bad debts or render the amount of the allowance for doubtful debts in the financial statements of the Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

(a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; and

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company for the succeeding financial year.

DIRECTORS

The directors of the Company in office during the financial year and during the period from the end of the financial year to the date of this report are:

Dato' Sri Idris Jala
Roland Bala
Choo Tay Sian, Kenneth
Seng Yi-Ying
Lau Nai Pek
Chua Carmen (appointed on 13 May 2023)
Datin Ngiam Pick Ngoh, Linda (retired on 12 May 2023)
Erin Sakinah Atan (appointed on 14 July 2023)
Raquel Batallones Esguerra (resigned on 14 July 2023)

Directors' Report

DIRECTORS (CONTINUED)

The directors of the subsidiaries of the Company in office during the financial year and during the period from the end of the financial year to the date of this report are:

Dato' Dominic Joseph Puthucheary
Roland Bala
Renuka A/P V. Indrarajah
Christiaan Johannes Folkerts

DIRECTORS' INTERESTS

None of the directors in office at the end of the financial year held shares or had beneficial interest in the ordinary stock units/shares of the Company or its related corporation during or at the beginning and end of the year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, save for the consultancy services fee paid to a director of the Company during the financial year 2023, none of the directors of the Company has received or become entitled to receive any benefit (other than the benefit included in the aggregate amount of emoluments received or due and receivable by directors as disclosed below) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Directors:				
Fees	**598**	596	**592**	590
Remuneration	**5,583**	4,854	**5,583**	4,854
Share-based payment	**939**	660	**939**	660
Meeting attendance allowance	**63**	48	**63**	48
Estimated monetary value of benefits-in-kind otherwise than in cash	**428**	569	**428**	569
	7,611	6,727	**7,605**	6,721

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

The Company maintains a directors and officers liability insurance for the purposes of Section 289 of the Companies Act, 2016, throughout the year, which provides appropriate insurance cover for the directors and officers of the Group. The amount of insurance premium paid during the financial year amounted to RM44,805.

No indemnity was given to or insurance effected for auditors of the Company and of the Group during the financial year.

Directors' Report

HOLDING CORPORATIONS

The directors regard GAPL Pte. Ltd. ("GAPL") and Heineken Asia Pacific Pte. Ltd. ("HAPPL"), both corporations incorporated in the Republic of Singapore, as the immediate and intermediate holding corporations.

HAPPL is owned by Heineken N.V., a corporation incorporated in the Netherlands, which in turn is the ultimate holding corporation of the Company.

AUDITORS' REMUNERATION

The amount paid/payable as remuneration of the auditors for the financial year ended 31 December is as below:

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Statutory audit fees	**236**	214	**149**	136
Other services	**40**	40	**40**	40

AUDITORS

The auditors, Deloitte PLT, have indicated their willingness to continue in office.

Signed on behalf of the Board of Directors
in accordance with a resolution of the directors,

DATO' SRI IDRIS JALA

ROLAND BALA

Petaling Jaya, Selangor
27 February 2024

Independent Auditors' Report

to the Members of Heineken Malaysia Berhad (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of **HEINEKEN MALAYSIA BERHAD**, which comprise the statements of financial position of the Group and of the Company as at 31 December 2023, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of material accounting policy information, as set out on pages 119 to 161.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

BASIS FOR OPINION

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue Recognition - Accruals for Promotional Allowances and Volume Rebates

Accounting for promotional allowances and volume rebates impacts the amounts of revenue recognised during the year. The revenue accounting policies are disclosed in Note 3 to the financial statements. Management judgement is required to estimate the value of promotional allowances and volume rebates. This estimate is considered to be a key audit matter relevant to our audit of the financial statements.

Our audit response

Our audit procedures included, amongst others, evaluating controls relating to management's process for determining the value of promotional allowances and volume rebates. In addition, we performed substantive testing and analytical procedures to test the accuracy and completeness of the underlying calculation of the accruals. These procedures included challenging the appropriateness of management's assumptions and estimates, and agreeing input data, including volume sold, pricing and allowance data to the underlying agreements entered into with customers. We also compared the actual promotional discounts and rebates incurred against the accrual made in the prior year.

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to communicate in our auditors' report.

Independent Auditors' Report

to the Members of Heineken Malaysia Berhad (Incorporated in Malaysia)

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

The directors of the Company are responsible for the other information. The other information comprises the Chairman's Statement, Five-Year Financial Indicators, Analysis of Group Revenue, Management Discussion and Analysis, Properties owned by the Group and Directors' Report (but does not include the financial statements of the Group and of the Company and our auditors' report thereon) which we obtained prior to the date of this auditors' report and the Analysis of Stockholdings, Corporate Governance Overview Statement, Audit and Risk Management Committee Report, Statement on Risk Management and Internal Control which are expected to be made available to us after that date.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other information that are expected to be made available to us after the date of this auditors' report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

Independent Auditors' Report

to the Members of Heineken Malaysia Berhad (Incorporated in Malaysia)

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are as disclosed in Note 13 to the financial statements.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

DELOITTE PLT (LLP0010145-LCA)
Chartered Accountants (AF 0080)

LAI CAN YIEW
Partner - 02179/11/2024 J
Chartered Accountant

Kuala Lumpur
27 February 2024

Statements of Profit or Loss and Other Comprehensive Income

for the Year Ended 31 December 2023

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue		**2,637,741**	2,855,065	**1,478,397**	1,685,611
Cost of sales		**(1,758,969)**	(1,888,973)	**(1,442,365)**	(1,628,152)
Gross profit		**878,772**	966,092	**36,032**	57,459
Other operating income		**11,391**	19,437	**3,697**	7,229
Distribution, marketing and selling expenses		**(263,951)**	(264,151)	**(898)**	(1,013)
Administrative expenses		**(106,084)**	(121,454)	**(28,785)**	(32,821)
Other operating expenses		**(1,817)**	(3,700)	**(1,735)**	(3,666)
Dividend income		**-**	-	**370,344**	398,832
Results from operating activities		**518,311**	596,224	**378,655**	426,020
Finance income	5	**1,154**	1,193	**1,111**	1,156
Finance costs	6	**(8,585)**	(2,917)	**(8,185)**	(2,744)
Net finance costs		**(7,431)**	(1,724)	**(7,074)**	(1,588)
Profit before tax	7	**510,880**	594,500	**371,581**	424,432
Income tax expense	8	**(124,080)**	(181,676)	**(28)**	(1,438)
Profit/Total comprehensive income for the year attributable to:					
Owners of the Company		**386,800**	412,824	**371,553**	422,994
Basic/Diluted earnings per ordinary stock unit (sen)	9	**128.0**	136.7		

The accompanying Notes form an integral part of the Financial Statements.

Statements of Financial Position

as at 31 December 2023

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Non-current Assets					
Property, plant and equipment	10	**576,464**	505,309	**544,959**	472,794
Intangible assets	11	**20,357**	20,530	**18,083**	17,652
Right-of-use assets	12	**18,848**	16,091	**11,665**	13,131
Investment in subsidiaries	13	**-**	-	**14,344**	14,344
Deferred tax assets	14	**1,742**	2,147	**-**	-
Other receivables and prepaid expenses	15	**2,663**	889	**31**	11
Total Non-current Assets		**620,074**	544,966	**589,082**	517,932
Current Assets					
Inventories	16	**120,564**	190,684	**80,309**	80,626
Current tax assets		**29,912**	17,982	**22,383**	17,982
Receivables, deposits and prepaid expenses	15	**433,561**	602,035	**7,938**	166,011
Cash and bank balances		**43,318**	52,554	**38,376**	49,147
Total Current Assets		**627,355**	863,255	**149,006**	313,766
Total Assets		**1,247,429**	1,408,221	**738,088**	831,698
Equity					
Share capital	17	**151,049**	151,049	**151,049**	151,049
Reserves		**307,623**	337,404	**151,103**	196,270
Total Equity Attributable To Owners of The Company		**458,672**	488,453	**302,152**	347,319
Non-current Liabilities					
Lease liabilities	19	**5,021**	3,092	**530**	1,536
Deferred tax liabilities	14	**34,567**	34,208	**35,149**	35,502
Total Non-current Liabilities		**39,588**	37,300	**35,679**	37,038
Current Liabilities					
Borrowings	18	**135,000**	170,000	**135,000**	170,000
Trade and other payables	20	**610,263**	693,387	**264,177**	275,751
Provision for restructuring	21	**-**	288	**-**	288
Lease liabilities	19	**3,906**	2,857	**1,080**	1,302
Current tax liabilities		**-**	15,936	**-**	-
Total Current Liabilities		**749,169**	882,468	**400,257**	447,341
Total Liabilities		**788,757**	919,768	**435,936**	484,379
Total Equity and Liabilities		**1,247,429**	1,408,221	**738,088**	831,698

The accompanying Notes form an integral part of the Financial Statements.

Statements of Changes in Equity

for the Year Ended 31 December 2023

	Note	Share capital RM'000	Capital reserve RM'000	Distributable - Retained earnings RM'000	Total RM'000
Group					
As at 1 January 2022		151,049	470	244,157	395,676
Total comprehensive income for the year		-	-	412,824	412,824
Credit to equity for equity-settled share-based payments		-	177	-	177
Dividends	22	-	-	(320,224)	(320,224)
As at 31 December 2022/1 January 2023		**151,049**	**647**	**336,757**	**488,453**
Total comprehensive income for the year		**-**	**-**	**386,800**	**386,800**
Credit to equity for equity-settled share-based payments		**-**	**314**	**-**	**314**
Dividends	22	**-**	**-**	**(416,895)**	**(416,895)**
As at 31 December 2023		**151,049**	**961**	**306,662**	**458,672**
Company					
As at 1 January 2022		151,049	470	92,915	244,434
Total comprehensive income for the year		-	-	422,994	422,994
Credit to equity for equity-settle share-based payments		-	115	-	115
Dividends	22	-	-	(320,224)	(320,224)
As at 31 December 2022/1 January 2023		**151,049**	**585**	**195,685**	**347,319**
Total comprehensive income for the year		**-**	**-**	**371,553**	**371,553**
Credit to equity for equity-settle share-based payments		**-**	**175**	**-**	**175**
Dividends	22	**-**	**-**	**(416,895)**	**(416,895)**
As at 31 December 2023		**151,049**	**760**	**150,343**	**302,152**

The accompanying Notes form an integral part of the Financial Statements.

Statements of Cash Flows

for the Year Ended 31 December 2023

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES					
Profit before tax		**510,880**	594,500	**371,581**	424,432
Adjustments for:					
Depreciation of property, plant and equipment	10	**65,343**	69,899	**54,203**	58,168
Amortisation of prepaid contractual promotion expenses		**6,959**	3,209	**-**	-
Amortisation of intangible assets	11	**5,689**	4,675	**5,085**	4,543
Inventories written off		**8,180**	1,664	**3,052**	1,462
Depreciation of right-of-use assets	12	**3,980**	4,197	**1,670**	2,036
Finance costs	6	**8,585**	2,917	**8,185**	2,744
Property, plant and equipment written off	10	**817**	3,117	**816**	3,114
Net unrealised loss/(gain) on foreign exchange		**19**	(143)	**3**	(156)
Loss /(Gain) on disposal of right-of-use assets		**-**	3	**-**	(1)
Gain on disposal of property, plant and equipment		**(254)**	(109)	**(107)**	(24)
Reversal of provision for restructuring	21	**(288)**	(3,360)	**(288)**	(2,325)
Finance income	5	**(1,154)**	(1,193)	**(1,111)**	(1,156)
Dividend income from a subsidiary		**-**	-	**(370,344)**	(398,832)
Impairment loss on trade receivables		**-**	509	**-**	-
Operating Profit Before Working Capital Changes		**608,756**	679,885	**72,745**	94,005
Movement in working capital:					
Decrease /(Increase) in					
Receivables, deposits and prepaid expenses		**159,741**	(189,844)	**158,053**	(101,704)
Inventories		**61,940**	(41,170)	**(2,735)**	(27,757)
(Decrease) /Increase in					
Trade and other payables		**(86,569)**	196,205	**(15,142)**	89,514
Cash Generated From Operations		**743,868**	645,076	**212,921**	54,058
Income tax paid		**(151,182)**	(173,093)	**(4,782)**	(2,058)
Interest paid		**(8,585)**	(2,917)	**(8,185)**	(2,744)
Net Cash From Operating Activities		**584,101**	469,066	**199,954**	49,256

Statements of Cash Flows

for the Year Ended 31 December 2023

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES					
Acquisition of property, plant and equipment	10	**(133,581)**	(170,481)	**(123,444)**	(154,144)
Acquisition of intangible assets	11	**(5,516)**	(9,548)	**(5,516)**	(6,653)
Interest received		**1,154**	1,193	**1,111**	1,156
Proceeds from disposal of property, plant and equipment		**260**	119	**107**	25
Dividend received		**-**	-	**370,344**	398,832
Net Cash (Used In)/From Investing Activities		**(137,683)**	(178,717)	**242,602**	239,216
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES					
Dividends paid	22	**(416,895)**	(320,224)	**(416,895)**	(320,224)
(Repayment)/Drawdown of revolving credit and trade financing - net		**(35,000)**	9,869	**(35,000)**	9,869
Repayment of lease liabilities	29	**(3,759)**	(3,919)	**(1,432)**	(1,757)
Net Cash Used In Financing Activities		**(455,654)**	(314,274)	**(453,327)**	(312,112)
NET DECREASE IN CASH AND BANK BALANCES		**(9,236)**	(23,925)	**(10,771)**	(23,640)
CASH AND BANK BALANCES AT BEGINNING OF YEAR		**52,554**	76,479	**49,147**	72,787
CASH AND BANK BALANCES AT END OF YEAR		**43,318**	52,554	**38,376**	49,147

The accompanying Notes form an integral part of the Financial Statements.

Notes to the Financial Statements

1. GENERAL INFORMATION

Heineken Malaysia Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The Company is principally engaged in the production, packaging, marketing and distribution of beverages, primarily alcoholic, whilst the principal activities of the subsidiaries are as stated in Note 13.

The registered office and principal place of business of the Company is located at Sungei Way Brewery, Lot 1135, Batu 9, Jalan Klang Lama, 46000 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

The financial statements of the Group and of the Company have been authorised by the Board of Directors for issuance on 27 February 2024.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act, 2016 in Malaysia.

Application of Amendments to MFRS

In the current financial year, the Group and the Company adopted all the Standards and Amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") and effective for an annual financial period beginning on or after 1 January 2023:

MFRS 17	*Insurance Contracts*
Amendments to MFRS 4	*Extension of the Temporary Exemption from Applying MFRS 9*
Amendments to MFRS 17	*Insurance Contracts*
Amendments to MFRS 17	*Initial Application of MFRS 9 and MFRS 17 Comparative Information*
Amendments to MFRS 101 and MFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to MFRS 108	*Disclosure of Accounting Estimates*
Amendments to MFRS 112	*International Tax Reform – Pillar Two Model Rules – Other Disclosure Requirements*
Amendments to MFRS 112	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The adoption of the above standards and amendments to MFRSs did not result in significant changes in the accounting policies of the Group and of the Company and has no significant effect on the financial performance or position of the Group and of the Company.

The Group has adopted amendments to MFRS 101, Presentation of Financial Statements and MFRS Practice Statement 2 - Disclosures of Accounting Policies from 1 January 2023. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Although the amendments did not result in any changes to the Group's accounting policies, it impacted the accounting policy information disclosed in the financial statements. The material accounting policy information is disclosed in Note 3.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

Amendments to MFRSs in issue but not yet effective

At the date of authorisation for issue of these financial statements, the amendments to MFRSs which were in issue but not yet effective and not early adopted by the Group and the Company are as listed below:

Amendments to MFRS 16	*Lease Liability in a Sale and Leaseback*[1]
Amendments to MFRS 101	*Classification of Liabilities as Current or Non-current*[1]
Amendments to MFRS 101	*Non-current Liabilities with Covenants*[1]
Amendments to MFRS 121	*Lack of Exchangeability*[2]
Amendments to MFRS 7 and MFRS 107	*Supplier Finance Arrangement*[1]
Amendments to MFRS 10 and MFRS 128	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]

[1] Effective for annual periods beginning on or after 1 January 2024, with earlier application permitted.
[2] Effective for annual periods beginning on or after 1 January 2025, with earlier application permitted.
[3] Effective date deferred to a date to be determined and announced by MASB, with earlier application permitted.

The Directors anticipate that the abovementioned Amendments will be adopted in the annual financial statements of the Group and of the Company when they become effective and that the adoption of these Amendments will have no material impact on the financial statements of the Group and of the Company in the period of initial application.

3. MATERIAL ACCOUNTING POLICIES

Statement of Compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as disclosed in the summary of material accounting policies. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group and the Company take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of MFRS 16 and measurements that have some similarities to fair value but are not fair value, such as net realisable value in MFRS 102 or value-in-use in MFRS 136.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below:

Notes to the Financial Statements

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Basis of Consolidation and Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interest. Total comprehensive income of subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interest having a deficit balance.

All intra-group assets and liabilities, equity income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

<u>Subsidiaries</u>

Investment in subsidiaries, which are eliminated on consolidation, are stated at cost less any accumulated impairment losses, if any, in the Company's financial statements.

Revenue Recognition

Revenue is recognised when or as a performance obligation in the contract with customer is satisfied, i.e. when the "control" of the goods or services underlying the particular performance obligation is transferred to the customer. A performance obligation is a promise to transfer a distinct goods or services (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Group's and the Company's customary business practices.

Revenue is measured at the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties such as sales taxes or goods and services taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group and the Company estimate the amount of consideration to which it will be entitled based on the expected value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

The revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The control of the promised goods or services may be transferred over time or at a point in time. The control over the goods or services is transferred over time and revenue is recognised over time if:

- the customer simultaneously receives and consumes the benefits provided by the Group's and the Company's performance as the Group and the Company perform;
- the Group's and the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's and the Company's performance does not create an asset with an alternative use and the Group and the Company have an enforceable right to payment for performance completed to date.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (continued)

Revenue for performance obligation that is not satisfied over time is recognised at a point in time at which the customer obtains control of the promised goods or services.

(i) **Sales of Goods**

Revenue is generated by the sale and delivery of products to customers. Revenue is measured based on the consideration specified in a contract with a customer. The products are mostly own-produced finished goods from the Group's brewing activities, but also contain purchased goods from related companies for resale to customers. The Group and the Company recognise revenue at a point in time when they transfer control over a product or service to a customer and satisfy their performance obligation to a customer. Where applicable, rebates and discounts to customers are accounted as net of revenue according to contract. The revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

(ii) **Dividend Income**

Dividend income is recognised in profit or loss on the date that the Group's or the Company's rights to receive payment is established.

Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax is provided for, using the "liability" method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from the initial recognition of an asset or liability in a transaction that affects neither the accounting profit nor taxable profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting date. Deferred tax is recognised in profit or loss except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority the Group and the Company intend to settle its current tax assets and liabilities on a net basis.

Notes to the Financial Statements

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the Group and the Company and the cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repair and maintenance costs are charged to profit or loss in the year in which they are incurred.

Returnable bottles and kegs in circulation are recorded within property, plant and equipment and a corresponding liability is recorded in respect of the obligation to repay the customers' deposits. Deposits paid by customers for returnable items are reflected in the consolidated statement of financial position within current liabilities.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Freehold land is not depreciated. Capital work-in-progress are not depreciated until the assets are ready for their intended use.

The following annual rates based on the estimated useful lives of the various assets:

Buildings	50 years
Plant and machinery	13 - 20 years
Movable plant	2 - 10 years

Where significant parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately.

At each reporting date, the residual values, useful lives and depreciation method of property, plant and equipment are reviewed, and the effects of any change in estimates are recognised prospectively.

Gain or loss arising from the disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value.

The cost of inventories is calculated using weighted average method, and includes cost of raw materials, duties where applicable, and other expenses incurred in acquiring inventories and bringing them to their existing location and condition. For finished goods and work-in-progress, cost also includes direct labour and an appropriate proportion of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated cost necessary to make the sale.

Financial Instruments

Financial assets and financial liabilities are recognised in the Group's statements of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3. **MATERIAL ACCOUNTING POLICIES (CONTINUED)**

Financial Assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Amortisation cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss.

Notes to the Financial Statements

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial Assets (continued)

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortised cost, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial Assets (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk (continued)

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- The financial instrument has a low risk of default,
- The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
- Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 180 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event (see (ii) above);
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Notes to the Financial Statements

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial Assets (continued)

Impairment of financial assets (continued)

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(v) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

If the Group measures the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial Liabilities

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Group, are measured in accordance with the specific accounting policies set out below.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial Liabilities (continued)

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship. For those which are designated as a hedging instrument for a hedge of foreign currency risk foreign exchange gains and losses are recognised in other comprehensive income and accumulated in a separate component of equity.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably.

Statements of Cash Flows

The Group and the Company adopt the indirect method in the preparation of the statements of cash flows.

4. CRITICAL JUDGEMENTS AND ESTIMATION UNCERTAINTY

(i) Critical judgements in applying the Group's and the Company's accounting policies

In the process of applying the Group's and the Company's accounting policies, which are described in Note 3 above, management is of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements.

(ii) Key sources of estimation uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities of the Group and the Company within the next financial year except as discussed below.

Notes to the Financial Statements

4. CRITICAL JUDGEMENTS AND ESTIMATION UNCERTAINTY (CONTINUED)

(ii) Key sources of estimation uncertainty (continued)

Accruals for promotional discounts and volume rebates

Significant management judgment is required relative to the consideration of the Group's ability to estimate the promotional allowances and volume rebates, which impact revenue recognition. In making the estimates, the Group refers to the terms agreed with the customers and relies on the historical and current sales information to determine the accruals for promotional discounts and rebates as at the end of the reporting period.

Recognition of deferred tax assets

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. This involves judgement regarding the future financial performance of the Group in which the deferred tax assets have been recognised.

Allowance for obsolete and slow moving inventories

The Group and the Company review the inventory age listing on a periodic basis. This review involves comparison of the carrying value of the aged inventory items with the respective net realisable value. The purpose is to ascertain whether an allowance is required to be made in the financial statements for any obsolete and slow moving items. In addition, the Group and the Company conduct physical counts on inventories on a periodic basis in order to determine whether an allowance is required to be made.

Returnable packaging deposits

The Group collects deposits from customers on returnable packaging materials such as bottles, kegs, crates and cylinders. Management estimates the returnable packaging materials being circulated in the market and the expected return from customers. The estimate is based on circulation time and losses of returnable packaging materials in the market.

Contingent liabilities

Contingent liabilities are recognised when a possible obligation pending on whether some uncertain future events occurs, or a present obligation but payment is not probable or the amount cannot be measured reliably. Significant management estimate is required to determine likelihood of the obligations to be realised by the Group.

5. FINANCE INCOME

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Interest income received from deposits placed with licensed banks	**1,154**	1,192	**1,111**	1,155
Interest income received from staff loans	**-**	1	**-**	1
Recognised in profit or loss	**1,154**	1,193	**1,111**	1,156

6. FINANCE COSTS

	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Interest expenses of financial liabilities that are not at fair value through profit or loss:				
Revolving credit and trade financing	**8,086**	2,589	**8,086**	2,589
Factoring	**160**	-	**-**	-
Lease liabilities	**339**	328	**99**	155
Recognised in profit or loss	**8,585**	2,917	**8,185**	2,744

7. PROFIT BEFORE TAX

Profit before tax is arrived at after the following:

	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
After charging:				
Personnel expenses (including key management personnel):				
Wages, salaries and others	**100,802**	107,598	**33,151**	35,695
Contributions to state plans	**15,106**	16,942	**4,479**	5,202
Depreciation of property, plant and equipment (Note 10)	**65,343**	69,899	**54,203**	58,168
Amortisation of prepaid contractual promotion expenses	**6,959**	3,209	**-**	-
Amortisation of intangible assets (Note 11)	**5,689**	4,675	**5,085**	4,543
Inventories written off	**8,180**	1,664	**3,052**	1,462
Depreciation of right-of-use assets (Note 12)	**3,980**	4,197	**1,670**	2,036
Rental expense on buildings	**7,483**	7,563	**802**	299
Property, plant and equipment written off	**817**	3,117	**816**	3,114
Loss on disposal of right-of-use assets	**-**	3	**-**	-
Hire of equipment	**2,700**	2,238	**1,012**	683
Net unrealised loss on foreign exchange	**19**	-	**3**	-
Auditors' remuneration:				
Statutory audit	**236**	214	**149**	136
Other services	**40**	40	**40**	40
Impairment loss on trade receivables [Note 28.4(a)]	**-**	509	**-**	-
And after crediting:				
Dividend income from unquoted subsidiary	**-**	-	**370,344**	398,832
Net realised gain on foreign exchange	**1,451**	2,402	**1,510**	2,245
Reversal of provision for restructuring (Note 21)	**288**	3,360	**288**	2,325
Gain on disposal of property, plant and equipment	**254**	109	**107**	24
Gain on disposal of right-of-use assets	**-**	-	**-**	1
Net unrealised gain on foreign exchange	**-**	143	**-**	156

Notes to the Financial Statements

8. INCOME TAX EXPENSE

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Estimated tax payable:				
Current year	**122,867**	178,566	**231**	395
Under/(Over) provision in prior years	**449**	(2,526)	**150**	(1,164)
	123,316	176,040	**381**	(769)
Deferred tax (Note 14):				
Current year	**1,115**	4,159	**686**	2,180
(Over)/Under provision in prior years	**(351)**	1,477	**(1,039)**	27
	764	5,636	**(353)**	2,207
	124,080	181,676	**28**	1,438

A reconciliation of income tax expense applicable to profit before tax at the applicable statutory income tax rate to the income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Profit before tax	**510,880**	594,500	**371,581**	424,432
Tax at statutory tax rate of 24% (2022: 24%)	**122,611**	142,680	**89,179**	101,864
Prosperity tax	**-**	43,084	**-**	-
Tax effects of:				
Expenses not deductible for tax purposes	**1,618**	804	**903**	274
Recognition of deferred tax arising from reinvestment allowances	**(247)**	(3,843)	**(247)**	(3,843)
Under/(Over) provision in prior years:				
Current tax	**449**	(2,526)	**150**	(1,164)
Deferred tax	**(351)**	1,477	**(1,039)**	27
Tax exempt dividend	**-**	-	**(88,918)**	(95,720)
	124,080	181,676	**28**	1,438

9. EARNINGS PER ORDINARY STOCK UNIT

Basic earnings per ordinary stock unit

The calculation of basic earnings per ordinary stock unit at 31 December 2023 was based on the profit attributable to the holders of ordinary stock units of RM386,800,000 (2022: RM412,824,000) and the number of ordinary stock units outstanding of 302,098,000 (2022: 302,098,000).

	Group	
	2023 RM'000	**2022 RM'000**
Issued ordinary stock unit ('000)	**302,098**	302,098
Basic earnings per ordinary stock unit (sen)	**128.0**	136.7

There were no diluted earnings per ordinary stock unit for the Group as at 31 December 2023.

10. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Movable plant RM'000	Capital work-in-progress RM'000	Total RM'000
Cost						
At 1 January 2022	4,037	106,137	451,921	321,379	92,885	976,359
Additions	-	90	3,700	59,110	127,031	189,931
Write offs	-	-	(815)	(22,004)	-	(22,819)
Disposals	-	-	(783)	(719)	-	(1,502)
Reclassifications	-	569	44,508	19,176	(64,253)	-
At 31 December 2022/ 1 January 2023	**4,037**	**106,796**	**498,531**	**376,942**	**155,663**	**1,141,969**
Additions	**-**	**149**	**4,282**	**51,331**	**81,559**	**137,321**
Write offs	**-**	**(35)**	**(10,115)**	**(18,251)**	**-**	**(28,401)**
Disposals	**-**	**-**	**(84)**	**(2,723)**	**-**	**(2,807)**
Reclassifications	**-**	**739**	**111,046**	**5,366**	**(117,151)**	**-**
At 31 December 2023	**4,037**	**107,649**	**603,660**	**412,665**	**120,071**	**1,248,082**

Notes to the Financial Statements

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Movable plant RM'000	Capital work-in-progress RM'000	Total RM'000
Accumulated Depreciation						
At 1 January 2022	-	64,200	316,084	207,671	-	587,955
Charge for the year	-	3,628	16,720	49,551	-	69,899
Write offs	-	-	(815)	(18,887)	-	(19,702)
Disposals	-	-	(783)	(709)	-	(1,492)
At 31 December 2022/ 1 January 2023	**-**	**67,828**	**331,206**	**237,626**	**-**	**636,660**
Charge for the year	**-**	**2,746**	**20,704**	**41,893**	**-**	**65,343**
Write offs	**-**	**(35)**	**(9,863)**	**(17,686)**	**-**	**(27,584)**
Disposals	**-**	**-**	**(84)**	**(2,717)**	**-**	**(2,801)**
At 31 December 2023	**-**	**70,539**	**341,963**	**259,116**	**-**	**671,618**
Carrying amounts						
At 31 December 2023	**4,037**	**37,110**	**261,697**	**153,549**	**120,071**	**576,464**
At 31 December 2022	4,037	38,968	167,325	139,316	155,663	505,309

Company	Buildings RM'000	Plant and machinery RM'000	Movable plant RM'000	Capital work-in-progress RM'000	Total RM'000
Cost					
At 1 January 2022	97,726	451,921	246,667	89,472	885,786
Additions	90	3,700	49,796	120,008	173,594
Write offs	-	(815)	(21,446)	-	(22,261)
Disposals	-	(783)	(386)	-	(1,169)
Reclassifications	569	44,508	9,254	(54,331)	-
At 31 December 2022/1 January 2023	**98,385**	**498,531**	**283,885**	**155,149**	**1,035,950**
Additions	**149**	**4,282**	**48,767**	**73,986**	**127,184**
Write offs	**(35)**	**(10,115)**	**(17,208)**	**-**	**(27,358)**
Disposals	**-**	**(84)**	**(1,441)**	**-**	**(1,525)**
Reclassifications	**482**	**111,046**	**3,046**	**(114,574)**	**-**
At 31 December 2023	**98,981**	**603,660**	**317,049**	**114,561**	**1,134,251**

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Buildings RM'000	Plant and machinery RM'000	Movable plant RM'000	Capital work-in-progress RM'000	Total RM'000
Accumulated Depreciation					
At 1 January 2022	57,532	316,084	151,687	-	525,303
Charge for the year	3,010	16,720	38,438	-	58,168
Write offs	-	(815)	(18,332)	-	(19,147)
Disposals	-	(783)	(385)	-	(1,168)
At 31 December 2022/1 January 2023	**60,542**	**331,206**	**171,408**	**-**	**563,156**
Charge for the year	**2,208**	**20,704**	**31,291**	**-**	**54,203**
Write offs	**(35)**	**(9,863)**	**(16,644)**	**-**	**(26,542)**
Disposals	**-**	**(84)**	**(1,441)**	**-**	**(1,525)**
At 31 December 2023	**62,715**	**341,963**	**184,614**	**-**	**589,292**
Carrying amounts					
At 31 December 2023	**36,266**	**261,697**	**132,435**	**114,561**	**544,959**
At 31 December 2022	37,843	167,325	112,477	155,149	472,794

During the financial year, the Group and the Company acquired property, plant and equipment as follows:

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Cash payments	**133,581**	170,481	**123,444**	154,144
Other payables	**3,740**	19,450	**3,740**	19,450
Total additions	**137,321**	189,931	**127,184**	173,594

Notes to the Financial Statements

11. INTANGIBLE ASSETS

Group	Computer software RM'000	Capital work-in-progress RM'000	Total RM'000
Cost			
At 1 January 2022	92,221	4,839	97,060
Additions	2,989	6,559	9,548
Reclassifications	5,468	(5,468)	-
At 31 December 2022/1 January 2023	**100,678**	**5,930**	**106,608**
Additions	**55**	**5,461**	**5,516**
Write offs	**(2,392)**	**-**	**(2,392)**
Reclassifications	**9,242**	**(9,242)**	**-**
At 31 December 2023	**107,583**	**2,149**	**109,732**
Amortisation			
At 1 January 2022	81,403	-	81,403
Amortisation for the year	4,675	-	4,675
At 31 December 2022/1 January 2023	**86,078**	**-**	**86,078**
Amortisation for the year	**5,689**	**-**	**5,689**
Write offs	**(2,392)**	**-**	**(2,392)**
At 31 December 2023	**89,375**	**-**	**89,375**
Carrying Amounts			
At 31 December 2023	**18,208**	**2,149**	**20,357**
At 31 December 2022	14,600	5,930	20,530

Company	Computer software RM'000	Capital work-in-progress RM'000	Total RM'000
Cost			
At 1 January 2022	91,871	4,840	96,711
Additions	94	6,559	6,653
Reclassifications	5,468	(5,468)	-
At 31 December 2022/1 January 2023	**97,433**	**5,931**	**103,364**
Additions	**55**	**5,461**	**5,516**
Write offs	**(2,392)**	**-**	**(2,392)**
Reclassifications	**9,242**	**(9,242)**	**-**
At 31 December 2023	**104,338**	**2,150**	**106,488**

11. INTANGIBLE ASSETS (CONTINUED)

Company	Computer software RM'000	Capital work-in-progress RM'000	Total RM'000
Amortisation			
At 1 January 2022	81,169	-	81,169
Amortisation for the year	4,543	-	4,543
At 31 December 2022/1 January 2023	**85,712**	**-**	**85,712**
Amortisation for the year	**5,085**	**-**	**5,085**
Write offs	**(2,392)**	**-**	**(2,392)**
At 31 December 2023	**88,405**	**-**	**88,405**
Carrying amounts			
At 31 December 2023	**15,933**	**2,150**	**18,083**
At 31 December 2022	11,721	5,931	17,652

12. RIGHT-OF-USE ASSETS

Group	Long term leasehold land RM'000	Building RM'000	Motor vehicles RM'000	Total RM'000
Cost				
At 1 January 2022	11,426	5,245	11,673	28,344
Additions	-	1,122	737	1,859
Disposals	-	(838)	(1,959)	(2,797)
At 31 December 2022/1 January 2023	**11,426**	**5,529**	**10,451**	**27,406**
Additions	**-**	**1,461**	**5,276**	**6,737**
Disposals	**-**	**(2,964)**	**(115)**	**(3,079)**
At 31 December 2023	**11,426**	**4,026**	**15,612**	**31,064**
Accumulated Depreciation				
At 1 January 2022	765	4,164	4,696	9,625
Depreciation for the year	255	1,457	2,485	4,197
Disposals	-	(722)	(1,785)	(2,507)
At 31 December 2022/1 January 2023	**1,020**	**4,899**	**5,396**	**11,315**
Depreciation for the year	**255**	**1,126**	**2,599**	**3,980**
Disposals	**-**	**(2,964)**	**(115)**	**(3,079)**
At 31 December 2023	**1,275**	**3,061**	**7,880**	**12,216**
Carrying Amounts				
At 31 December 2023	**10,151**	**965**	**7,732**	**18,848**
At 31 December 2022	10,406	630	5,055	16,091

Notes to the Financial Statements

12. RIGHT-OF-USE ASSETS (CONTINUED)

Company	Long term leasehold land RM'000	Building RM'000	Motor vehicles RM'000	Total RM'000
Cost				
At 1 January 2022	11,426	1,823	4,884	18,133
Additions	-	356	737	1,093
Disposals	-	-	(624)	(624)
At 31 December 2022/1 January 2023	**11,426**	**2,179**	**4,997**	**18,602**
Additions	**-**	**59**	**145**	**204**
Disposals	**-**	**(2,238)**	**-**	**(2,238)**
At 31 December 2023	**11,426**	**-**	**5,142**	**16,568**
Accumulated Depreciation				
At 1 January 2022	765	1,472	1,658	3,895
Depreciation for the year	255	557	1,224	2,036
Disposals	-	-	(460)	(460)
At 31 December 2022/1 January 2023	**1,020**	**2,029**	**2,422**	**5,471**
Depreciation for the year	**255**	**209**	**1,206**	**1,670**
Disposals	**-**	**(2,238)**	**-**	**(2,238)**
At 31 December 2023	**1,275**	**-**	**3,628**	**4,903**
Carrying Amounts				
At 31 December 2023	**10,151**	**-**	**1,514**	**11,665**
At 31 December 2022	10,406	150	2,575	13,131

13. INVESTMENT IN SUBSIDIARIES

	Company 2023 RM'000	Company 2022 RM'000
Unquoted shares, at cost	**14,344**	14,344

13. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows:

Name of entity	Country of incorporation	Proportion of ownership interest and voting power 2023 %	2022 %	Principal activities
Heineken Marketing Malaysia Sdn. Bhd.	Malaysia	**100**	100	Marketing and distribution of beverages primarily alcoholic in Malaysia
Ramaha Corporation (M) Sdn. Bhd.*	Malaysia	**100**	100	Property holding and land development
Heineken East Malaysia Sdn. Bhd.*	Malaysia	**100**	100	Dormant

* Elected to be exempted from audit under Practice Directive No.3/2017 issued by the Companies Commission of Malaysia.

14. DEFERRED TAX ASSETS/(LIABILITIES)

The deferred tax amounts, determined after appropriate offsetting, are as follows:

	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Deferred tax assets	**1,742**	2,147	**-**	-
Deferred tax liabilities	**(34,567)**	(34,208)	**(35,149)**	(35,502)
	(32,825)	(32,061)	**(35,149)**	(35,502)
Assets				
Inventories	**2,338**	2,994	**1,335**	786
Receivables, deposits and prepaid expenses	**491**	490	**-**	-
Trade and other payables	**3,382**	4,371	**2,429**	3,561
Unused reinvestment allowances	**4,533**	3,568	**4,533**	3,568
Unused capital allowances	**10,547**	-	**10,547**	-
Lease liabilities	**2,142**	1,420	**386**	673
Tax assets	**23,433**	12,843	**19,230**	8,588
Set off of tax	**(21,691)**	(10,696)	**(19,230)**	(8,588)
	1,742	2,147	**-**	-

Notes to the Financial Statements

14. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

The deferred tax amounts, determined after appropriate offsetting, are as follows: (continued)

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Liabilities				
Property, plant and equipment	**(54,169)**	(43,540)	**(54,014)**	(43,436)
Right-of-use assets	**(2,089)**	(1,364)	**(365)**	(654)
Tax liabilities	**(56,258)**	(44,904)	**(54,379)**	(44,090)
Set off of tax	**21,691**	10,696	**19,230**	8,588
	(34,567)	(34,208)	**(35,149)**	(35,502)
Net				
Property, plant and equipment	**(54,169)**	(43,540)	**(54,014)**	(43,436)
Inventories	**2,338**	2,994	**1,335**	786
Receivables, deposits and prepaid expenses	**491**	490	**-**	-
Trade and other payables	**3,382**	4,371	**2,429**	3,561
Unused reinvestment allowances	**4,533**	3,568	**4,533**	3,568
Unused capital allowances	**10,547**	-	**10,547**	-
Right-of-use assets and lease liabilities	**53**	56	**21**	19
Tax liabilities	**(32,825)**	(32,061)	**(35,149)**	(35,502)

Movement in temporary differences during the year:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At beginning of year	**(32,061)**	(26,425)	**(35,502)**	(33,295)
Recognised in profit or loss (Note 8):				
Property, plant and equipment	**(10,629)**	(9,384)	**(10,578)**	(8,601)
Inventories	**(656)**	(510)	**549**	278
Receivables, deposits and prepaid expenses	**1**	122	**-**	-
Trade and other payables	**(986)**	1,414	**(1,132)**	2,542
Unused reinvestment allowances	**965**	3,568	**965**	3,568
Unused capital allowances	**10,547**	-	**10,547**	-
Right-of-use assets and lease liabilities	**(6)**	(846)	**2**	6
	(764)	(5,636)	**353**	(2,207)
At end of year	**(32,825)**	(32,061)	**(35,149)**	(35,502)

15. RECEIVABLES, DEPOSITS AND PREPAID EXPENSES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Non-current				
Other receivables	55	56	31	11
Prepaid expenses	2,608	833	-	-
	2,663	889	31	11
Current				
Trade				
Trade receivables	424,351	583,836	-	-
Less: Impairment losses [Note 28.4(a)]	(2,041)	(2,041)	-	-
	422,310	581,795	-	-
Amount due from a subsidiary	-	-	-	149,847
	422,310	581,795	-	149,847
Non-trade				
Amount due from intermediate holding corporation	5	2	-	-
Amount due from related parties	633	1,934	214	681
Amount due from a subsidiary	-	-	4,043	4,043
Deposits	4,009	4,630	2,821	2,865
Other receivables	1,119	6,891	536	6,333
Prepaid expenses	5,485	6,783	324	2,242
	11,251	20,240	7,938	16,164
	433,561	602,035	7,938	166,011

(a) **Trade receivables**

Included in trade receivables is a portfolio of receivables which are subject to factoring arrangement. Under this arrangement, the Group will transfer the relevant trade receivables to a bank in exchange for cash with no recourse to the Group subsequent to the transfer.

(b) **Amounts due from related parties, intermediate holding corporation and subsidiaries**

The trade amounts due from a subsidiary is subject to normal trade terms.

The non-trade amounts due from intermediate holding corporation, related parties and a subsidiary are unsecured, interest-free and repayable on demand.

(c) **Other receivables**

Included in other receivables are staff loans of the Group and of the Company amounting to RM95,000 (2022: RM98,000) and RM50,000 (2022: RM32,000) respectively of which RM55,000 (2022: RM56,000) and RM31,000 (2022: RM11,000) are repayable after the next 12 months for the Group and the Company respectively.

Notes to the Financial Statements

15. RECEIVABLES, DEPOSITS AND PREPAID EXPENSES (CONTINUED)

(d) **Prepaid expenses**

Included in prepayments of the Group are upfront payments for contracts with on-trade retailers of RM7,769,235 (2022: RM5,319,138) of which RM2,608,448 (2022: RM833,245) are to be amortised over a period of more than 12 months but not exceeding 36 months. The upfront payments are made to the on-trade retailers to carry out promotional activities over the period specified in the contract. The amount is amortised to profit or loss based on actual volumes sold by the on-trade retailers as stipulated in the contract.

16. INVENTORIES

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Raw materials	**35,712**	43,027	**35,712**	43,027
Work-in-progress	**12,975**	9,192	**12,975**	9,192
Finished goods	**47,730**	113,741	**13,127**	7,531
Packaging materials	**10,684**	12,450	**10,684**	12,450
Engineering stores and spares	**13,463**	12,274	**7,811**	8,426
	120,564	190,684	**80,309**	80,626
Recognised in profit or loss:				
Inventories recognised as cost of sales	**1,507,363**	1,646,083	**1,302,552**	1,497,863

The Group and the Company have written off inventories of RM8,180,000 (2022: RM1,664,000) and RM3,052,000 (2022: RM1,462,000) respectively. The inventories written off arose mainly from global delay in sea freight shipment on imported brands.

17. SHARE CAPITAL

	Group and Company			
	Number of shares		Amount	
	2023 ('000)	**2022 ('000)**	**2023 RM'000**	**2022 RM'000**
Issued and fully paid up shares with no par value classified as equity instrument:				
Ordinary stock units	**302,098**	302,098	**151,049**	151,049

The holders of ordinary stock units are entitled to receive dividends as declared from time to time, and are entitled to one vote per ordinary stock unit at meetings of the Company.

18. BORROWINGS

	Group and Company 2023 RM'000	Group and Company 2022 RM'000
Current		
Revolving credit and trade financing (unsecured)	**135,000**	170,000

Revolving credit and trade financing as at 31 December 2023 consist of the following:

	Tenure (weeks)	Interest rate (per annum)	Maturity date	Nominal value (RM'000)
Revolving credit	4	3.54%	4 January 2024	45,000
Trade financing	9	3.80%	5 February 2024	90,000

Revolving credit and trade financing as at 31 December 2022 consist of the following:

	Tenure (weeks)	Interest rate (per annum)	Maturity date	Nominal value (RM'000)
Revolving credit	7	3.14%	13 January 2023	50,000
Revolving credit	8	3.16%	26 January 2023	20,000
Revolving credit	8	3.16%	26 January 2023	60,000
Trade financing	14	2.96%	20 January 2023	40,000

The principal and interest are repayable in full upon maturity.

19. LEASE LIABILITIES

	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Non-current	**5,021**	3,092	**530**	1,536
Current	**3,906**	2,857	**1,080**	1,302
	8,927	5,949	**1,610**	2,838
Minimum lease payments:				
Not later than 1 year	**4,328**	3,058	**1,127**	1,397
Later than 1 year but not later than 5 years	**5,537**	3,195	**538**	1,590
	9,865	6,253	**1,665**	2,987
Less: Unexpired finance charges	**(938)**	(304)	**(55)**	(149)
	8,927	5,949	**1,610**	2,838
Present value of lease liabilities:				
Not later than 1 year	**3,906**	2,857	**1,080**	1,302
Later than 1 year but not later than 5 years	**5,021**	3,092	**530**	1,536
	8,927	5,949	**1,610**	2,838

Notes to the Financial Statements

19. LEASE LIABILITIES (CONTINUED)

The Group and the Company discounted the lease liabilities by using the Group's and the Company's incremental borrowing rates of 3.42% - 6.97% (2022: 3.42% - 5.72%).

During the year, the Group and the Company recognised RM10,183,206 (2022: RM9,801,446) and RM1,813,589 (2022: RM981,950) respectively of short-term leases and leases of low value assets on a straight-line basis as expenses.

20. TRADE AND OTHER PAYABLES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Trade				
Amount due to intermediate holding corporation	**9,817**	11,392	**619**	686
Amount due to related parties	**20,265**	14,387	**16,356**	10,426
Trade payables	**175,583**	210,247	**114,259**	102,027
	205,665	236,026	**131,234**	113,139
Non-trade				
Amount due to intermediate holding corporation	**213**	87	**213**	87
Amount due to related parties	**5,176**	8,027	**5,176**	7,820
Amount due to a subsidiary	**-**	-	**36,887**	100
Returnable packaging deposits	**31,674**	35,580	**355**	-
Other payables	**56,941**	117,625	**52,918**	112,680
Derivative financial liabilities	**-**	4	**-**	-
Accrued expenses	**310,594**	296,038	**37,394**	41,925
	404,598	457,361	**132,943**	162,612
	610,263	693,387	**264,177**	275,751

(a) **Amount due to related parties, intermediate holding corporation and a subsidiary**

The trade amount due to related parties and intermediate holding corporation are subject to normal trade terms.

The non-trade amounts due to related parties, intermediate holding corporation and a subsidiary are unsecured, interest-free and repayable on demand.

(b) **Trade payables**

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group and the Company range from 90 to 150 days (2022: 90 to 150 days).

(c) **Other payables**

Included in others payables are amount due to suppliers for acquisition of property, plant, and equipment, sales tax payable and payroll.

(d) **Accrued expenses**

Included in accrued expenses of the Group are accruals for promotional expenses of RM246,686,000 (2022: RM220,085,000).

20. TRADE AND OTHER PAYABLES (CONTINUED)

(e) Derivative financial liabilities

The Group's and Company's derivatives comprise solely foreign exchange forward contracts incepted to hedge its currency exposures arising from short term borrowings in United States Dollar ("USD"). In the previous financial year, foreign exchange forward contracts were entered into with licensed banks. The foreign exchange forward contracts generally had a maturity period between 1 to 2 months.

Details of the Group's and Company's derivative financial instruments are outlined below:

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Fair value of remeasured foreign forward exchange contracts	**-**	4	**-**	-

21. PROVISION FOR RESTRUCTURING

On 28 October 2020, Heineken N.V., the ultimate holding corporation, announced a review of the effectiveness and efficiency of the organisations at Head Office, regional offices and each of its local operations as a part of its strategic review. Subsequently on 16 December 2020, the Group and the Company announced the restructuring exercise to the employees.

The provision relates to redundancy costs incurred. The Group and the Company have completed the restructuring exercise in the financial year 2023.

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
At beginning of year	**288**	3,648	**288**	2,613
Reversal of provision	**(288)**	(3,360)	**(288)**	(2,325)
At end of year	**-**	288	**-**	288

22. DIVIDENDS

Dividends recognised by the Group and the Company are:

	Sen per stock unit	Total amount RM'000	Date of payment
31 December 2023			
Interim 2023 ordinary	**40**	**120,839**	**10 November 2023**
Final 2022 ordinary	**98**	**296,056**	**20 July 2023**
Total amount		**416,895**	
31 December 2022			
Interim 2022 ordinary	40.0	120,839	11 November 2022
Final 2021 ordinary	66.0	199,385	28 July 2022
Total amount		320,224	

Notes to the Financial Statements

22. DIVIDENDS (CONTINUED)

The Directors now recommend the declaration of a final ordinary dividend of 88 sen per stock unit under the single tier tax system totalling RM265,846,240 in respect of the financial year ended 31 December 2023 which, if approved by the owners of the Company, will be payable on 25 July 2024.

23. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of the Group and of the Company include the directors of the Company and subsidiaries and certain members of senior management of the Group and the Company. Their compensation are as follows:

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Directors:				
Fees	**598**	596	**592**	590
Remuneration	**5,583**	4,854	**5,583**	4,854
Share-based payment	**939**	660	**939**	660
Meeting attendance allowance	**63**	48	**63**	48
Estimated monetary value ofbenefits-in-kind otherwise than in cash	**428**	569	**428**	569
	7,611	6,727	**7,605**	6,721
Other key management personnel:				
Short term employee benefits	**10,173**	9,113	**6,492**	5,779
Share-based payment	**801**	592	**602**	350
	18,585	16,432	**14,699**	12,850

Other key management personnel comprise persons other than the directors of Group entities, having authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly.

24. OPERATING SEGMENTS

The Group's business is focussed only in malt liquor brewing including production, packaging, marketing and distribution of its products, principally in Malaysia. In the current financial year, less than 1% of the total sales is exported, mainly to Asian countries. As such, only one reportable segment analysis is prepared. The Managing Director of the Company (the chief operating decision maker) reviews internal management reports at least on a monthly basis.

Performance is measured based on segment profit, as included in the internal management reports that are reviewed by the Managing Director of the Company. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of the segments relative to other entities that operate within this industry.

Segment assets and liabilities

Segment assets and liabilities information is neither included in the internal management reports nor provided regularly to the Managing Director of the Company. Hence, no disclosure is made on segment assets and liabilities.

24. OPERATING SEGMENTS (CONTINUED)

Segment capital expenditure

Segment capital expenditure is the total costs incurred during the financial year to acquire property, plant and equipment, right-of-use assets and intangible assets.

	Group	
	2023 RM'000	2022 RM'000
Total additions to property, plant and equipment, right-of-use assets and intangible assets	**149,574**	201,338
Segment profit		
Included in the measure of segment profits are:		
Revenue from external customers	**2,637,741**	2,855,065
Depreciation and amortisation	**(75,012)**	(78,771)
Not included in the measure of segment profit but provided to the Managing Director of the Company:		
Net finance costs	**(7,431)**	(1,724)

Reconciliation of reportable segment revenue, profit and other material items.

	Group	
	2023 RM'000	2022 RM'000
Net finance costs		
Finance income	**1,154**	1,193
Finance costs	**(8,585)**	(2,917)
Consolidated net finance costs	**(7,431)**	(1,724)

No reconciliation is performed for reportable segment profit, revenue, depreciation and amortisation to consolidated figures as there are no differences.

25. CAPITAL COMMITMENTS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Capital expenditure commitments				
Property, plant and equipment:				
Authorised and contracted for within one year	**20,445**	29,420	**20,324**	28,806

Notes to the Financial Statements

26. CONTINGENT LIABILITY – UNSECURED

(i) On 13 April 2021, the Company and its wholly-owned subsidiary, Heineken Marketing Malaysia Sdn. Bhd ("Companies"), had received a Writ of Summons dated 2 April 2021 and Statement of Claim dated 29 March 2021 filed by Thirteen Wings Sdn Bhd, Ashwin Kumar Kandiah (trading under Sivam Kandiah Enterprise, Ashwin Kandiah Enterprise and Skan Ventures), Astrike Sdn Bhd, Axcend Sdn Bhd, Turbo Booze Sdn Bhd and Hops Sdn Bhd ("Plaintiffs") under Kuala Lumpur High Court Civil Suit No. WA-22NCVC-221-04/2021 ("Suit") in respect of a dispute regarding the purchase and supply of the Company's products. The Plaintiffs are claiming among others that the Companies had failed to honour an alleged contract and are seeking for, among others, specific performance of an alleged contract, in the alternative, damages for breach of contract in the liquidated sum of RM26,520,000; and various consequential orders and declarations relating to various contract terms. The Companies had disputed the claims and filed their defence accordingly on 20 May 2021.

(ii) On 6 December 2021, the Companies received another Writ of Summons and Statement of Claim filed by the Plaintiffs under Kuala Lumpur High Court Civil Suit No. WA-22NCVC-781-12/2021 ("Claim"). The Claim is related to the Suit filed in April 2021 as they arose from the same series of transactions, dealings and disputes between the Plaintiffs and the Companies. The Plaintiffs claimed that the Companies have breached the contract between the Plaintiffs and Heineken Marketing Malaysia Sdn Bhd relating to the company's products ("Contract") and they are claiming, among others, the liquidated sum of RM58,225,545. As the Claim and the Suit are inter-related, the Plaintiffs have pleaded that they will be applying to have the Claim and the Suit consolidated and/or heard together.

The directors are of the opinion that they have a strong defence against the Suit, which is frivolous and vexatious and the Claim, which is unwarranted, premature and vexatious. Correspondingly, the Companies had on 10 January 2022 filed their defence and counterclaim against the Plaintiffs in respect of Plaintiffs' breaches of the Contract and are claiming, among others, a sum of RM36,984,914. The Suits will be heard on 18 to 20 November 2024.

27. RELATED PARTIES

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the directors of the Group, and certain members of senior management of the Group.

The Group has related party relationships with its holding corporations, related corporations, subsidiaries and key management personnel.

The directors regard GAPL Pte. Ltd. ("GAPL") and Heineken Asia Pacific Pte. Ltd. ("HAPPL"), both corporations incorporated in the Republic of Singapore, as the immediate and intermediate holding corporations.

HAPPL is owned by Heineken N.V., a corporation incorporated in the Netherlands, which in turn is the ultimate holding corporation of the Company.

Significant related party transactions

Significant related party transactions of the Group and the Company other than those disclosed elsewhere in the financial statements are shown below. The balances related to the below transactions are shown in Notes 15 and 20.

27. RELATED PARTIES (CONTINUED)

Significant related party transactions (continued)

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Intermediate holding corporation				
Heineken Asia Pacific Pte. Ltd.				
Royalties paid and payable	**(39,963)**	(41,033)	**-**	-
Subsidiary				
Heineken Marketing Malaysia Sdn. Bhd.				
Dividend income	**-**	-	**370,344**	398,832
Sale of products	**-**	-	**1,478,352**	1,685,611
Management service fee received and receivable	**-**	-	**50,533**	54,469
Related corporations				
Related corporations of Heineken N.V.				
Sales of products	**44**	-	**44**	-
Purchase of goods	**(28,099)**	(28,191)	**(28,099)**	(28,191)
Royalties paid and payable	**(13,059)**	(12,263)	**-**	-
Marketing and technical fees paid and payable	**(39,119)**	(39,642)	**(36,084)**	(36,643)

28. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as results from operating activities divided by total equity attributable to owners of the Company. The Board of Directors also monitors the level of dividends to owners of the Company.

The Group monitors and maintains a balanced level of total equity to ensure the Group has adequate capital to support its future development and the payment of dividends to owners of the Company. There was no change in the Group's approach to capital management during the financial year.

Under the requirements of Bursa Malaysia Practice Note 17, the Company is required to maintain a consolidated shareholders' equity equal to or not less than 25 percent of the share capital and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

28.1 Significant Accounting Policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the basis of measurement and the bases for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in Note 3.

Notes to the Financial Statements

28. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (CONTINUED)

28.2 Categories of Financial Instruments

Group	2023 RM'000	2022 RM'000
Financial assets		
At amortised cost:		
Receivables and deposits	**428,131**	595,308
Cash and bank balances	**43,318**	52,554
Financial liabilities		
At fair value:		
Trade and other payables - derivative financial liabilities	**-**	4
At amortised cost:		
Trade and other payables - others	**610,263**	693,383
Provision for restructuring	**-**	288
Borrowings	**135,000**	170,000
Lease liabilities	**8,927**	5,949
Company		
Financial assets		
At amortised cost:		
Receivables and deposits	**7,645**	163,780
Cash and bank balances	**38,376**	49,147
Financial liabilities		
At amortised cost:		
Trade and other payables - others	**264,177**	275,751
Provision for restructuring	**-**	288
Borrowings	**135,000**	170,000
Lease liabilities	**1,610**	2,838

28.3 Financial Risk Management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Market risk
- Liquidity risk

28. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (CONTINUED)

28.4 Credit Risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its trade receivables. The Company's exposure to credit risk arises principally from trade amount subsidiaries and advances to subsidiaries.

(a) Receivables

Risk management objectives, policies and processes for managing the risk

Management has credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group requires collateral to be pledged by most of its customers to cover a percentage of the credit limit granted to them.

The Group has factoring arrangement in place and will transfer the relevant trade receivables to a bank in exchange for cash with no recourse to the Group subsequent to the transfer.

New customers are subject to the credit evaluation process and existing customers' risk profiles are reviewed regularly with a view to setting appropriate terms of trade and credit limits. Where appropriate, further transactions are suspended and legal actions are taken to attempt recoveries and mitigate losses. Financial guarantees from certain customers may be obtained.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk from receivables is represented by the carrying amounts in the statement of financial position.

The Group has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. Due to the nature of the industry, a significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor credit quality of the receivables. Any receivables having significant balances past due, which are deemed to have higher credit risk, are monitored individually.

The Group has credit policies in place and the exposure to credit risk is monitored on an ongoing basis. Under these policies all customers requiring credit are reviewed and new customers are analysed individually for creditworthiness before payment and delivery terms and conditions are offered. This review can include external ratings, where available, and in some cases bank references. Credit limits are determined for each customer and are reviewed regularly.

The Group has a policy in place in respect of compliance with Anti-Money Laundering Laws. The Group considers it important to know with whom business is done and from whom payments are received.

The Group establishes allowances on trade receivables using an expected credit losses model. These allowances cover specific loss components that relate to individual exposures, and a collective loss component established for groups of similar customers. The collective loss allowance is determined based on historical data of payment statistics and updated periodically to incorporate forward looking information.

At the end of the reporting period, the Group has a concentration of credit risk in the form of trade debtors from 3 (2022: 3) main customers, representing approximately 53% (2022: 44%) of the Group's trade receivables.

Notes to the Financial Statements

28. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (CONTINUED)

28.4 Credit Risk (continued)

(a) Receivables (continued)

Exposure to credit risk, credit quality and collateral (continued)

The carrying amounts of collateral for trade receivables as at the end of reporting period were:

	Group Carrying amounts	
	2023 RM'000	**2022 RM'000**
Type of collateral		
Bank guarantees	**65,270**	63,770
Properties charged	**51,067**	51,067
Quoted shares pledged	**1,554**	1,554
	117,891	116,391

Impairment losses

The Group applies the MFRS 9 simplified approach to measuring expected credit losses ("ECL") which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables will pay within 60 days.

The Group uses an allowance matrix to measure ECLs of trade receivables for all segments. Consistent with the debt recovery process, invoices which are past due more than 180 days will be considered as credit impaired. The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at the end of the reporting period which are grouped together as they are expected to have similar risk nature:

		Trade receivables - days past due			
2023 Group	**Not past due RM'000**	**1 - 30 days RM'000**	**31 - 180 days RM'000**	**More than 180 days RM'000**	**Total RM'000**
Expected credit loss rate	**0%**	**0%**	**0%**	**100%**	
Estimated total gross carrying amount at default	**404,929**	**16,683**	**698**	**2,041**	**424,351**
Lifetime ECL				**(2,041)**	**(2,041)**
					422,310

28. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (CONTINUED)

28.4 Credit Risk (continued)

(a) Receivables (continued)

Impairment losses (continued)

		Trade receivables - days past due			
2022	**Not past due**	**1 - 30 days**	**31 - 180 days**	**More than 180 days**	**Total**
Group	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Expected credit loss rate	0%	0%	0%	47%	
Estimated total gross carrying amount at default	553,125	21,875	4,494	4,342	583,836
Lifetime ECL				(2,041)	(2,041)
					581,795

The movements in the allowance for impairment losses of receivables during the financial year were:

	Group	
	2023 RM'000	**2022 RM'000**
At beginning of year	**2,041**	1,532
Impairment loss recognised (Note 7)	**-**	509
At end of year	**2,041**	2,041

The allowance account in respect of trade receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

(b) Amount due from subsidiaries, intermediate holding corporation and related parties

Risk management objectives, policies and processes for managing the risk

The Group and the Company undertake trade and non-trade transactions with the intermediate holding corporation and related parties. The Company also provides unsecured advances to subsidiaries. The Group and the Company monitor their results regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Advances are only provided to subsidiaries which are wholly owned by the Company.

Impairment losses

As at the end of the reporting period, there was no indication that the intercompany balances are not recoverable.

Notes to the Financial Statements

28. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (CONTINUED)

28.5 Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates that will affect the Group's financial position or cash flows.

(a) **Foreign currency risk**

The Group is exposed to foreign currency risk through normal trading activities on sales and purchases that are denominated in currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily U.S. Dollar ("USD"), Singapore Dollar ("SGD"), Euro Dollar ("EURO") and Great Britain Pound ("GBP").

Risk management objectives, policies and processes for managing the risk

The Group uses forward exchange contracts to hedge its foreign currency risk. The outstanding forward exchange contracts as at the end of reporting period are disclosed in Note 20(e).

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the respective functional currencies of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

	Denominated in			
	USD	SGD	EURO	GBP
Group	**RM'000**	**RM'000**	**RM'000**	**RM'000**
2023				
Trade payables	**(3,391)**	**(6,424)**	**(28,702)**	**-**
2022				
Trade payables	(3,055)	(7,986)	(17,842)	-

A foreign currency risk arising from Group's operations is not material, sensitivity analysis is not presented.

(b) **Interest rate risk**

The Group's fixed rate borrowings are exposed to a risk of change in their fair values due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group does not have a formal policy in place for managing the risk arising from interest rate. The fluctuation of interest rate is however monitored closely by the Group.

28. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (CONTINUED)

28.5 Market Risk (continued)

(b) Interest rate risk (continued)

Exposure to interest rate risk

The interest rate profile of the Group's and of the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of reporting period was:

	Group and Company	
	2023 RM'000	2022 RM'000
Fixed rate instruments		
Borrowings	135,000	170,000

Interest rate risk sensitivity analysis

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of reporting period would not affect profit or loss.

28.6 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its trade and other payables and borrowings.

The Group maintains a level of cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due. It is not expected that the cash flows included in the maturity analysis could occur significant earlier, on at significant different amounts.

Maturity analysis

The table below summaries the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

Group	Carrying amount RM'000	Contractual interest	Contractual cash flows RM'000	Under 1 year RM'000	Between 1 and 2 years RM'000	Between 2 and 5 years RM'000
As at 31 December 2023						
Borrowings						
- Revolving credit and trade financing	135,000	3.54% to 3.80%	135,693	135,693	-	-
Trade and other payables	610,263	-	610,263	610,263	-	-
Lease liabilities	8,927	3.42% to 6.97%	9,865	4,328	2,371	3,166
	754,190		755,821	750,284	2,371	3,166

Notes to the Financial Statements

28. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (CONTINUED)

28.6 Liquidity risk (continued)

Maturity analysis (continued)

The table below summaries the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments: (continued)

Group	Carrying amount RM'000	Contractual interest	Contractual cash flows RM'000	Under 1 year RM'000	Between 1 and 2 years RM'000	Between 2 and 5 years RM'000
As at 31 December 2022						
Borrowings						
- Revolving credit and trade financing	170,000	2.96% to 3.16%	170,510	170,510	-	-
Trade and other payables	693,387	-	693,387	693,387	-	-
Provision for restructuring	288	-	288	288	-	-
Lease liabilities	5,949	3.42% to 5.72%	6,253	3,058	2,289	906
	869,624		870,438	867,243	2,289	906

Company	Carrying amount RM'000	Contractual interest	Contractual cash flows RM'000	Under 1 year RM'000	Between 1 and 2 years RM'000	Between 2 and 5 years RM'000
As at 31 December 2023						
Borrowings						
- Revolving credit and trade financing	**135,000**	**3.54% to 3.80%**	**135,693**	**135,693**	**-**	**-**
Trade and other payables	**264,177**	**-**	**264,177**	**264,177**	**-**	**-**
Provision for restructuring	**-**	**-**	**-**	**-**	**-**	**-**
Lease liabilities	**1,610**	**3.42% to 6.97%**	**1,665**	**1,127**	**538**	**-**
	400,787		**401,535**	**400,997**	**538**	**-**
As at 31 December 2022						
Borrowings						
- Revolving credit and trade financing	170,000	2.96% to 3.16%	170,510	170,510	-	-
Trade and other payables	275,751	-	275,751	275,751	-	-
Provision for restructuring	288	-	288	288	-	-
Lease liabilities	2,838	3.42% to 5.72%	2,987	1,397	1,052	538
	448,877		449,536	447,946	1,052	538

28. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (CONTINUED)

28.7 Fair values

The carrying amounts of cash and bank balances, short term receivables and payables, short term borrowings and lease liabilities reasonably approximate their fair values due to the relatively short term nature of these financial instruments or exposed to floating interest rates.

The fair value of the Group's foreign exchange forward contracts at the end of the reporting period as disclosed in Note 20(d) is determined by reference to the differences between the contract rates and quoted forward exchange rates of contract with similar quantum and maturity profile at the end of the reporting period. The fair value is categorised as Level 2 in the fair value hierarchy and classified as financial liabilities at fair value through profit or loss.

29. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details the reconciliation of the opening and closing amounts in the statements of financial position for each liability for which cash flows have been, or would be, classified as financing activities in the statements of cash flows:

				Cash Flows		
	Note	As at 1.1.2023 RM'000	Non-cash changes Addition RM'000	Drawdown RM'000	Repayment RM'000	As at 31.12.2023 RM'000
Group						
Borrowings	18	**170,000**	**-**	**2,252,000**	**(2,287,000)**	**135,000**
Lease liabilities	19	**5,949**	**6,737**	**-**	**(3,759)**	**8,927**
Company						
Borrowings	18	**170,000**	**-**	**2,252,000**	**(2,287,000)**	**135,000**
Lease liabilities	19	**2,838**	**204**	**-**	**(1,432)**	**1,610**

				Cash Flows		
	Note	As at 1.1.2022 RM'000	Non-cash changes Addition RM'000	Drawdown RM'000	Repayment RM'000	As at 31.12.2022 RM'000
Group						
Borrowings	18	160,131	-	1,040,000	(1,030,131)	170,000
Lease liabilities	19	8,298	1,570	-	(3,919)	5,949
Company						
Borrowings	18	160,131	-	1,040,000	(1,030,131)	170,000
Lease liabilities	19	3,668	927	-	(1,757)	2,838

Statement by Directors

The directors of **HEINEKEN MALAYSIA BERHAD** state that, in their opinion, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 and of the financial performance and the cash flows of the Group and of the Company for the year ended on that date.

Signed on behalf of the Board of Directors
in accordance with a resolution of the directors,

DATO' SRI IDRIS JALA

ROLAND BALA

Petaling Jaya, Selangor
27 February 2024

Declaration by the Officer Primarily Responsible for the Financial Management of the Company

I, **CHRISTIAAN JOHANNES FOLKERTS**, the officer primarily responsible for the financial management of **HEINEKEN MALAYSIA BERHAD**, do solemnly and sincerely declare that the accompanying financial statements are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

CHRISTIAAN JOHANNES FOLKERTS

Subscribed and solemnly declared by the abovenamed **CHRISTIAAN JOHANNES FOLKERTS** at **PETALING JAYA, SELANGOR** this 27th day of February 2024.

Before me,

PESURUHJAYA SUMPAH MALAYSIA
B459
GUNALAN A/L MUNUSAMY
1.1.2022 - 31.12.2024
NO. 13 (TINGKAT 1), JALAN 52/10, PJ NEW TOWN, 45200 PETALING JAYA, SELANGOR

COMMISSIONER FOR OATHS

Other Information

PROPERTIES OWNED BY THE GROUP

Address	Land area (acres)	Existing use	Tenure	Approximate age of building (years)	Audited Net Carrying Amount as of 31 December 2023 RM'000	Date of Acquisition/ Revaluation*
Lot 1135, Batu 9 Jalan Klang Lama 46000 Petaling Jaya Selangor	20.84	Office building & factory	Leasehold expiring 23 September 2063	57	44,972	30 September 1984*
120, Air Keroh Industrial Estate 75450 Melaka	1.07	Office building & store	Leasehold expiring 13 January 2080	41	231	30 September 1984*
Lot 123, Semambu Industrial Site 25350 Kuantan Pahang	0.52	Office building & store	Leasehold expiring 5 March 2046	41	160	30 September 1984*
Lot 1136, Batu 9 Jalan Klang Lama 46000 Petaling Jaya Selangor	2.88	Storage	Freehold	Not applicable	4,037	31 December 1991
					49,400	

* The revaluation of properties was carried out primarily for the purpose of bonus issue in 1984.

UTILISATION OF PROCEEDS

There was no corporate proposal undertaken by Heineken Malaysia Berhad to raise proceeds during the financial year ended 31 December 2023.

MATERIAL CONTRACTS

There were no material contracts (not being contracts entered into in the ordinary course of business) entered into by Heineken Malaysia Berhad and/or its subsidiaries involving the interest of Directors and major shareholders, either still subsisting at the end of the financial year ended 31 December 2023 or entered into since the end of the previous financial year.

CONFLICT OF INTEREST/CONVICTION OF OFFENCES/SANCTIONS/PENALTIES

None of the members of the Board and the Management Team has any:
- family relationship with any Director and/or major shareholder of Heineken Malaysia Berhad.
- conflict of interest in any business arrangement involving Heineken Malaysia Berhad.
- convictions for any offences, other than traffic offences, within the past 5 years.
- public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2023.

Analysis of Stockholdings

As of 8 March 2024

Share Capital : RM151,049,000
Number of Issued Shares : 302,098,000 ordinary stock units
Class of Shares : Ordinary stock unit
Voting Rights : One vote per ordinary stock unit

Size of Holdings	No. of Stockholders	%	No. of Stock Units	%
1 – 99	1,059	7.99	7,640	0.00
100 – 1,000	6,671	50.34	3,934,083	1.30
1,001 – 10,000	4,427	33.41	16,244,176	5.38
10,001 – 100,000	925	6.98	26,331,198	8.72
100,001 – 15,104,899	169	1.27	101,511,003	33.60
15,104,900 and above	1	0.01	154,069,900	51.00
TOTAL	**13,252**	**100.00**	**302,098,000**	**100.00**

SUBSTANTIAL STOCKHOLDERS AS PER REGISTER OF SUBSTANTIAL STOCKHOLDERS

Name	Direct No. of Stock Units	%	Indirect No. of Stock Units	%
GAPL Pte Ltd	154,069,900	51.00	-	-

DIRECTORS' INTEREST

According to the Register of Directors' Shareholdings, none of the Directors (including the spouses or children of the Directors who themselves are not Directors of the Company) holding office as of 8 March 2024 had any interest in the ordinary stock units of the Company or its related corporations.

30 LARGEST STOCKHOLDERS AS PER RECORD OF DEPOSITORS

	Name	No. of Stock Units	%
1.	GAPL Pte Ltd	154,069,900	51.00
2.	Citigroup Nominees (Tempatan) Sdn Bhd - Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)	7,082,880	2.34
3.	Cartaban Nominees (Asing) Sdn Bhd - The Bank of New York Mellon for Virtus KAR International Small-Mid Cap Fund	5,931,800	1.96
4.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad - Deutsche Trustees Malaysia Berhad for Hong Leong Value Fund	4,112,600	1.36
5.	Citigroup Nominees (Tempatan) Sdn Bhd - Exempt AN for AIA Bhd	4,099,500	1.36
6.	UOB Kay Hian Nominees (Asing) Sdn Bhd - Exempt AN for UOB Kay Hian Pte Ltd (A/C Clients)	3,841,059	1.27
7.	CIMB Group Nominees (Asing) Sdn Bhd - Exempt AN for DBS Bank Ltd (SFS)	2,857,700	0.95
8.	Tai Tak Estates Sdn Bhd	2,156,000	0.71
9.	Key Development Sdn Berhad	2,037,000	0.67
10.	Cartaban Nominees (Asing) Sdn Bhd - The Bank of New York Mellon for Virtus KAR Emerging Markets Small-CAP Fund	2,002,400	0.66

Analysis of Stockholdings

As of 8 March 2024

30 LARGEST STOCKHOLDERS AS PER RECORD OF DEPOSITORS (CONTINUED)

	Name	No. of Stock Units	%
11.	ChinChoo Investment Sdn Berhad	1,865,000	0.62
12.	Cartaban Nominees (Tempatan) Sdn Bhd - PAMB for Prulink Equity Fund	1,786,500	0.59
13.	Ho Han Seng	1,600,000	0.53
14.	Cartaban Nominees (Asing) Sdn Bhd - SSBT Fund JNDP for JNL Multi-Manager Emerging Markets Equity Fund	1,592,800	0.53
15.	Cartaban Nominees (Asing) Sdn Bhd - SSBT Fund KG33 for Invesco EQV Asia Pacific Equity Fund	1,574,800	0.52
16.	Cartaban Nominees (Asing) Sdn Bhd - The Bank of New York Mellon for Florida Retirement System	1,497,800	0.50
17.	Cartaban Nominees (Asing) Sdn Bhd - Exempt An for State Street Bank & Trust Company (West CLT OD67)	1,488,400	0.49
18.	Hong Leong Assurance Berhad - As Beneficial Owner (Life PAR)	1,404,700	0.46
19.	Kam Loong Mining Sdn Bhd	1,320,000	0.44
20.	Cartaban Nominees (Asing) Sdn Bhd - SSBT Fund KG67 for Invesco EQV International Small Company Fund	1,319,400	0.44
21.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad - Deutsche Trustees Malaysia Berhad for Hong Leong Balanced Fund	1,300,000	0.43
22.	Gan Teng Siew Realty Sdn Berhad	1,277,000	0.42
23.	Cartaban Nominees (Tempatan) Sdn Bhd - Prudential Assurance Malaysia Berhad for Prulink Strategic Fund	1,261,800	0.42
24.	Cartaban Nominees (Asing) Sdn Bhd - BBH (Lux) SCA for Fidelity Funds Asean	1,259,400	0.42
25.	Cartaban Nominees (Asing) Sdn Bhd - SSBT Fund DU5J for Caisse De Depot ET Placement DU Quebec	1,228,300	0.41
26.	Cartaban Nominees (Asing) Sdn Bhd - The Bank of New York Mellon for Public Employees Retirement System of Ohio	1,213,676	0.40
27.	Citigroup Nominees (Asing) Sdn Bhd - CBLDN for PohJola Bank PLC (Client AC-EUR)	1,212,100	0.40
28.	HLB Nominees (Asing) Sdn Bhd - Tan Eng Chin Holdings (Pte.) Limited (CUST.SIN 40555)	1,150,000	0.38
29.	Citigroup Nominees (Tempatan) Sdn Bhd - Great Eastern Life Assurance (Malaysia) Berhad (PAR 3)	1,143,300	0.38
30.	Citigroup Nominees (Tempatan) Sdn Bhd - Great Eastern Life Assurance (Malaysia) Berhad (PAR 1 ACB Fund)	1,076,400	0.36
	TOTAL	**215,762,215**	**71.42**

LimnoTech
Water | Scientists
Environment | Engineers

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Statement of Confirmation of 2023 Volumetric Water Benefits of Water Stewardship Projects Implemented by HEINEKEN Malaysia

LimnoTech conducted an independent third-party quantification of volumetric water benefits of project activities implemented by HEINEKEN Malaysia to achieve its water balancing goal.

Industry standard methodologies, consistent with the Volumetric Water Benefit Accounting (VWBA) framework published by the World Resources Institute were applied to quantify the water balance benefits of these water stewardship projects.

The 2023 volumetric water benefits were confirmed for 4 different project activities as shown below.

Project	Benefit (HL)
Sungei Way River Rehabilitation	3,890,000
Rainwater Harvesting System (25)	56,440
Peatland Reforestation (3 hectares)	127,500
Clay Dyke Implementation	1,361,020
TOTAL	**5,434,960**

The 2023 water balancing target for HEINEKEN Malaysia is 2,433,276 HL. Therefore, the 2023 water balance achievement is **223%** of the target**.**

Sincerely,
LimnoTech

Pranesh Selvendiran
Sr. Project Engineer

March 7, 2024

Limited Assurance Statement

Relating to Heineken Malaysia Berhad's Sustainability Statement (ESG Review) in the Group's Annual Report 2023

Terms of Engagement

The engagement of **Rapid Genesis Sdn. Bhd.** as commissioned by Heineken Malaysia Berhad is to provide an independent, limited assurance engagement on the following selected *key performance indicators (KPIs)*, referred to thereafter as "Selected Information", as described below, that have been prepared in accordance with HEINEKEN Malaysia's reporting criteria that accompanies the sustainability information on the relevant pages of the Report (the accompanying HEINEKEN reporting criteria) and presented in the Group's "*Sustainability Statement (ESG Review)*". This engagement was conduct by a multidisciplinary team including social, environmental and governance specialists with relevant experience in sustainability reporting.

Governance			
Material Matters	**GRI Standards**	**Sub-Topic**	**Selected KPIs**
Regulatory Compliance	GRI2: General Disclosures		Sustainability Statement 2023
Ethical Business Conduct	GRI 205: Anti-corruption	Anti-Corruption	□ Anti-Corruption & Bribery Training □ Composition of the highest governance body
Data Privacy & Cybersecurity	GRI 418: Customer Privacy	Data Privacy	Data Privacy & Security
Risk Management	GRI 201: Economic Performance	Economic Performance	Economic Performance
Environment			
Climate Resilience & Energy Efficiency	GRI 302: Energy GRI 305: Emissions	Scope 1, 2 & 3 emissions	□ Scope 1: Natural Gas □ Scope 2: Electricity □ Scope 3: - Employee commute - Business travel (Land) - Business travel (Air)
		Energy Consumption	Total energy usage

Water Stewardship	GRI 303: Water & Effluent	Water Consumption	☐ Total Water Usage ☐ Water Efficiency ☐ Water Circularity ☐ Total Wastewater Discharged ☐ Water Balancing
Waste & Effluent Management	GRI 306: Waste	Organic & Inorganic Waste	☐ Total Waste Generated ☐ Organic & Inorganic Waste Management
Resource Use	GRI 301: Materials	Material Return Rate	Material Return Rate
Social Sustainability			
Diversity	GRI 405: Diversity & Equal Opportunity	Workforce Diversity	☐ Workforce Breakdown ☐ Workforce Diversity by Race ☐ Employees that are contractors of temporary staff ☐ Employee Engagement ☐ Speak Up
Employee Health, Safety & Wellbeing	GRI 403: Occupational Health & Safety	Safety & Health	☐ Training on Health & Safety Standards ☐ Additional Health & Training programmes for FY2023
Human Rights & Labour Standards	GRI 401: Employment GRI 404: Training & Education	Human Rights & Labour Standards	☐ Total number of Employee new hires by employee category, age & gender ☐ Total number of employee turnover by employee category ☐ Length of service ☐ Human Rights Violation ☐ Parental Leave

Human Capital Development	GRI 404: Training & Education	Training & Development	☐ Total training spend ☐ Total Hours of Training by employee category ☐ Average Hours of training per employee ☐ Employee Training & Development Programmes in FY2023 ☐ Graduate & Internship Programmes ☐ Short Term Assignment
Community Investment & Development	GRI 201: Economic Performance GRI 413: Local Communities	Community	☐ SPARK Foundation ☐ Education – English Enrichment Training Programmes (EETP) ☐ Environment – W.A.T.E.R Project ☐ HEINEKEN Cares ☐ Big Day Out ☐ Other Support (Floor, Fire, Virus) ☐ GRAB code investment ☐ Tiger CECC
Supply Chain Management	GRI 204: Procurement	Supply Chain	☐ Supply Chain Performance ☐ Green Fridges ☐ Supplier Code ☐ Supplier Screening ☐ Supplier Assessment
Responsible Consumption			
Product Safety, Quality & Hygiene	GRI 416: Customer Health & Safety	Responsible Drinking	Responsible Drinking
Responsible Marketing & Consumption	GRI 417: Marketing & Labelling	Responsible Drinking	Product Responsibility

We have not performed any modification, work, conclusion or any other information to be included in the ESG Review for the current year or for the previous periods unless stated otherwise.

Scope of Coverage

The scope of work engaged covers the verification and validation of Selected Information within the organisation's boundary:

- Organisational boundary: Heineken Malaysia Bhd and Heineken Marketing Malaysia Sdn. Bhd.
- Control approach: Operational Control and Finance Control
- Period: 1 January 2023 to 31 December 2023

Reporting Criteria

The Reporting Criteria used by HEINEKEN Malaysia include:

- Bursa Malaysia Main Market Listing Requirements on Sustainability Reporting
- Bursa Malaysia's Sustainability Reporting Guide (3rd Edition)
- The Global Reporting Initiative ("GRI") Sustainability Reporting Standards 2021

Management's Responsibility

Heineken Malaysia management is responsible for:

- Selection, preparation and presentation of the selected KPIs in accordance with HEINEKEN Malaysia's reporting criteria;
- Identification of stakeholders and stakeholder requirements, material issues, commitments with respect to sustainability performance;
- The design, implementation and maintenance of internal control relevant to the preparation of the Report that is free from material mistreatment, whether due to fraud of error;
- Determining the appropriateness of the measurement and reporting criteria in view of the intended users of the "Selected Information" and for ensuring that those criteria are publicly available to the Report users.

Our Independence and Quality Control

We have complied with the independence and all other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the selected KPIs based on the procedures we have performed and the evidence we have obtained. The engagement was conducted in accordance with the ISO 14064-3:2019 standard for Greenhouse gases "Part 3: Specification with guidance for the verification and validation of greenhouse gas statements" for the Environment component and International Standard for Assurance Engagement (ISAE) 3000: "Assurance Engagements other than Audits or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board for both Social and Governance component. We at our level best comply with ethical requirements and plan and perform the verification to obtain a limited assurance conclusion based on the work undertaken and evidence provided.

A limited assurance engagement undertaken in accordance with ISAE 3000 (Revised) involves assessing the suitability in the circumstances of HEINEKEN Malaysia's use of its reporting criteria as the basis of preparation for the selected KPIs, assessing the risks of material misstatement of the selected KPIs whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the selected KPIs. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks. The procedures we performed were based on our professional judgement and included inquiries, observation of processes followed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Assurance Activities

The main objective is to examine whether the "Selected Information" is reported as complete and accurate. Our verification strategy used a combined data and controls testing approach. Works as below are carried out but not limited to:

- Review of 2023 Annual Report data reporting and sampling of operational records to confirm traceability and accuracy of source data;
- Re-calculation of energy and water consumption, GHG emissions and waste generation;
- Examination of recycling and waste activities;
- Review of water project details and water balancing reports;
- Performed interview with key sustainability personnel to obtain an understanding of HEINEKEN Malaysia's business, internal control environment and information systems relevant to the sustainability reporting process;
- Inspected documentation to corroborate the statements of management and senior executives;
- Evaluated the reasonableness and appropriateness of significant estimates and judgments made by the directors in the preparation of the selected KPIs;
- Tested the processes and systems to generate, collate, aggregate, monitor and report the selected KPIs; and
- Inspected supporting documentation on a sample basis and performed analytical procedures to evaluate the data generation and reporting processes against the reporting criteria, including evaluation on whether the selected KPIs presented in the Report are consistent with our overall knowledge and experience of sustainability management and performance.

Limited Assurance Conclusion

Based on our examination of the data, inventory and evidence provided by HEINEKEN Malaysia, nothing has come to our attention that causes us to believe that the "Selected Information" for the year ended 2023 are not prepared, in all material respects, in accordance with the aforementioned Reporting Criteria.

Other Matters

In the context of external assurance review 2024, no other assurance procedures were performed on the previous sustainability report. The information relating to the prior reporting periods has not been subject to assurance procedures. Our report does not include any other disclosures (other than "*Selected Information"*) in HEINEKEN's Sustainability Report 2023 (SR 2023). The maintenance and integrity of HEINEKEN Malaysia's website is the responsibility of HEINEKEN Malaysia management. Our procedures did not involve consideration of these matters and, accordingly, we accept no responsibility for any changes to either the information in the Report or our independent limited assurance report that may have occurred since the initial date of its presentation on HEINEKEN Malaysia website.

Restriction of Liability

Our work has been undertaken to enable us to express a limited assurance conclusion on the selected KPIs to the management of HEINEKEN Malaysia in accordance with the terms of our engagement, and for no other purpose.

We do not accept or assume liability to any party other than HEINEKEN Malaysia, for our work, for this report, or for the conclusion we have reached.

Rapid Genesis Sdn Bhd

Tang Kok Mun
Lead Consultant
04 April 2024

RAPID
GENESIS

Bursa Malaysia Sustainability Reporting Index

The table below contains the common and specific sustainability indicators required by Bursa Malaysia under their Enhanced Sustainability Guide (3rd edition). This content index helps stakeholders navigate the disclosures and information that the Group has reported.

Bursa Malaysia's Common Material Matters	Indicators	Location (Page)
Anti-corruption	Percentage of employees who have received training on anti-corruption by employee category	Corporate Governance & Anti-Corruption (51-52)
	Percentage of operations assessed for corruption-related risks	Corporate Governance & Anti-Corruption (51-52)
	Confirmed incidents of corruption and action taken	Corporate Governance & Anti-Corruption (51-52)
Community/ Society	Total amount invested in the community where the target beneficiaries are external to the listed issuer	Community Investment & Development (79)
	Total number of beneficiaries of the investment in communities	Community Investment & Development (79)
Diversity	Percentage of employees by gender and age group, for each employee category	Diversity (71-72)
	Percentage of directors by gender and age group	Diversity (71)
Energy management	Total energy consumption	Climate Resilience and Energy Management (57)
Health and safety	Number of work-related fatalities	Employee Health, Safety & Wellbeing (74)
	Lost time incident rate	Employee Health, Safety & Wellbeing (74)
	Number of employees trained on health and safety standards	Employee Health, Safety & Wellbeing (74)
Labour practices and standards	Total hours of training by employee category	Human Capital Development (78)
	Percentage of employees that are contractors or temporary staff	Human Rights and Labour Standards (75)
	Total number of employee turnover by employee category	Human Rights and Labour Standards (75)
	Number of substantiated complaints concerning human rights violations	Human Rights and Labour Standards (75)
Supply chain management	Proportion of spending on local suppliers	Supply Chain Management (77)
Data privacy and security	Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Data Privacy and Cybersecurity (54)
Water	Total volume of water used	Water Efficiency (63)
Waste management	Total waste generated, and a breakdown of the following: (i) total waste diverted from disposal (ii) total waste directed to disposal	Waste and Effluent Management (60-61)
Emissions management	Scope 1 emissions in tonnes of CO_2e	Climate Resilience and Energy Management (58-59)
	Scope 2 emissions in tonnes of CO_2e	Climate Resilience and Energy Management (58-59)
	Scope 3 emissions in tonnes of CO_2e (at least for the categories of business travel and employee commuting)	Climate Resilience and Energy Management (58-59)

GRI Standards 2021 Content Index

GRI CONTENT INDEX

The GRI Standards 2021 Content Index ensures reported ESG information is traceable and increases the transparency of information covered in this report. HEINEKEN Malaysia has reported the information cited in this GRI content index for the period 1 January 2023 to 31 December 2023 with reference to the GRI standards. This content index helps stakeholders navigate the disclosures and information that the Group has reported.

GRI	Disclosure	Location (Page)
GRI 2: General Disclosures 2021	2-1 Organisational details	3
	2-2 Entities included in the organisation's sustainability reporting	36
	2-3 Reporting period, frequency and contact point	36
	2-5 External assurance	36, 166-172
	2-6 Activities, value chain and other business relationships	3, 14-15, 26-34
	2-7 Employees	71-72, 75
	2-8 Workers who are not employees	71, 75
	2-9 Governance structure and composition	39, 93-94
	2-10 Nomination and selection of the highest governance body	94
	2-11 Chair of the highest governance body	93-94
	2-12 Role of the highest governance body in overseeing the management of impacts	39, 89-90
	2-13 Delegation of responsibility for managing impacts	39, 89
	2-14 Role of the highest governance body in sustainability reporting	39
	2-16 Communication of critical concerns	92, 108-109
	2-17 Collective knowledge of the highest governance body	77
	2-18 Evaluation of the performance of the highest governance body	95
	2-19 Remuneration policies	96
	2-20 Process to determine remuneration	96
	2-22 Statement on sustainable development strategy	35-42
	2-23 Policy commitments	41, 51-52
	2-24 Embedding policy commitments	41, 51-52, 91-92
	2-25 Processes to remediate negative impacts	52-54
	2-26 Mechanisms for seeking advice and raising concerns	52, 92
	2-27 Compliance with laws and regulations	52
	2-28 Membership associations	45
	2-29 Approach to stakeholder engagement	43-45
GRI 3: Material Topics 2021	3-1 Process to determine material topics	45-46
	3-2 List of material topics	46
	3-3 Management of material topics	35-88
GRI 201: Economic Performance 2016	201-2 Financial implications and other risks and opportunities due to climate change	48-50
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	77
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	52
	205-2 Communication and training about anti-corruption policies and procedures	52
	205-3 Confirmed incidents of corruption and actions taken	52

GRI Standards 2021 Content Index

GRI	Disclosure	Location (Page)
GRI 301: Materials 2016	301-1 Materials used by weight or volume	60-62
	301-2 Recycled input materials used	61-62
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	57
	302-2 Energy consumption outside of the organisation	58-59
	302-3 Energy intensity	57
	302-4 Reduction of energy consumption	57
	302-5 Reductions in energy requirements of products and services	56-57
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	62-67
	303-2 Management of water discharge-related impacts	62-67
	303-3 Water withdrawal	63
	303-4 Water discharge	64
	303-5 Water consumption	63
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	58-59
	305-2 Energy indirect (Scope 2) GHG emissions	58-59
	305-3 Other indirect (Scope 3) GHG emissions	58-59
	305-4 GHG emissions intensity	58
	305-5 Reduction of GHG emissions	58-59
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	60
	306-2 Management of significant waste-related impacts	60-62
	306-3 Waste generated	60
	306-4 Waste diverted from disposal	61-62
	306-5 Waste directed to disposal	61-62
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	75
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	75
	401-3 Parental leave	75
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	73-74
	403-2 Hazard identification, risk assessment, and incident investigation	73-74
	403-3 Occupational health services	73-74
	403-4 Worker participation, consultation, and communication on occupational health and safety	73-74
	403-5 Worker training on occupational health and safety	73-74
	403-6 Promotion of worker health	73-74
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	73-74
	403-8 Workers covered by an occupational health and safety management system	73-74
	403-9 Work-related injuries	74
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	78
	404-2 Programmes for upgrading employee skills and transition assistance programmes	77-78
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	71-72
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	72

GRI Standards 2021 Content Index

GRI	Disclosure	Location (Page)
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	74
GRI 408: Child Labour 2016	408-1 Operations and suppliers at significant risk for incidents of child labour	74
GRI 409: Forced or Compulsory Labour 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	74
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programmes	78-79
GRI 417: Marketing and Labelling 2016	417-2 Incidents of non-compliance concerning product and service information and labelling	82
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	54

UN GLOBAL COMPACT INDEX

Global Compact Principle	Location (Page)
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights;	Human Rights and Labour Standards (74-75) Supply Chain Management (76)
Principle 2: make sure that they are not complicit in human rights abuses.	Human Rights and Labour Standards (74-75) Supply Chain Management (76)
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	Human Rights and Labour Standards (74-75)
Principle 4: the elimination of all forms of forced and compulsory labour;	Human Rights and Labour Standards (74-75) Supply Chain Management (76)
Principle 5: the effective abolition of child labour;	Human Rights and Labour Standards (74-75)
Principle 6: the elimination of discrimination in respect of employment and occupation.	Diversity (69-72) Human Rights and Labour Standards (74-75)
Principle 7: Businesses should support a precautionary approach to environmental challenges; Principle 8: undertake initiatives to promote greater environmental responsibility; and Principle 9: encourage the development and diffusion of environmentally friendly technologies.	Climate Resilience and Energy Management (55-59) Waste and Effluent Management (60-61) Resource Use (62) Towards Healthy Watersheds (62-67)
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	Corporate Governance & Anti-Corruption (51-52) Risk Management (52-54)

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