

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:

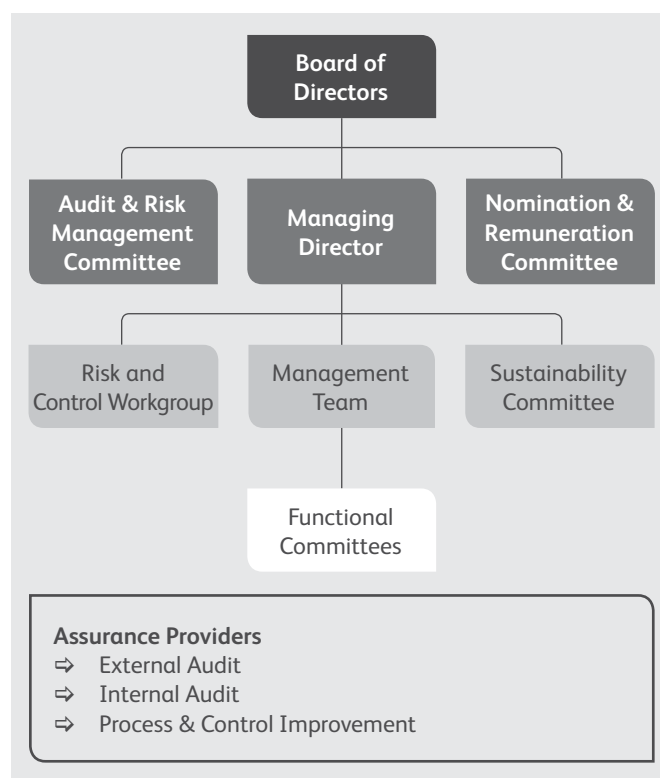
Practice 1.4	Chairman of the Board should not be a member of the Nomination & Remuneration Committee
Practice 5.2	For Large Companies, the Board comprises a majority Independent Directors
Practice 8.2	Disclosure on a named basis the top five (5) Senior Management's remuneration in bands of RM50,000

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

Corporate Governance Overview Statement

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.

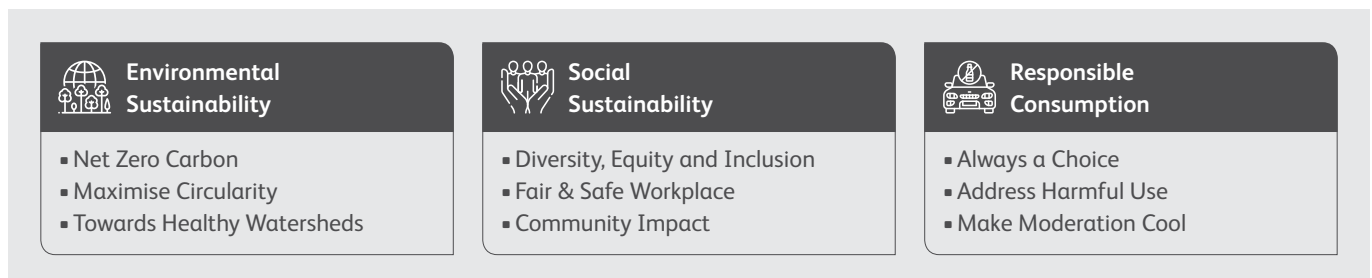
The HEINEKEN Code of Business Conduct and the HEINEKEN Speak Up Policy are available on the Company's website at <https://www.heinekenmalaysia.com/corporate-governance/>.

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:



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.

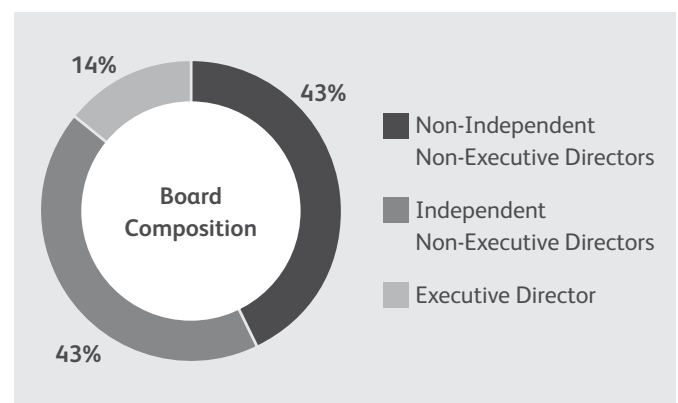
The Board is supported by a management Sustainability Committee which is responsible for the strategic management of the material sustainability matters including the formulation and implementation of the Group's sustainability priorities and initiatives. The Sustainability Committee is chaired by the 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.

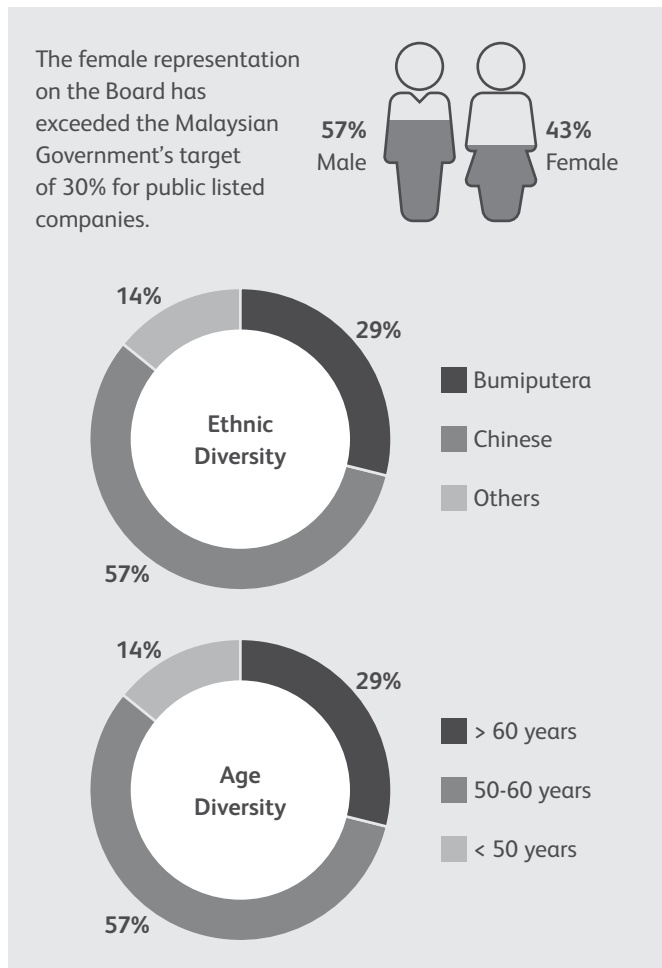
The primary responsibility of Independent Directors is to protect the interests of minority shareholders and other stakeholders. They play a key role in providing independent views and advice and their effective participation serves to promote greater accountability and balance in the Board's decision-making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

Corporate Governance Overview Statement

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 spokespersons through which/whom certain information shall be disclosed to internal and external stakeholders with specific guidance on the disclosure of material information, maintenance of confidentiality of information and dissemination of information.

The Company'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

Audit & Risk Management Committee Report

- (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 B Wise 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.
- 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.

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.

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).

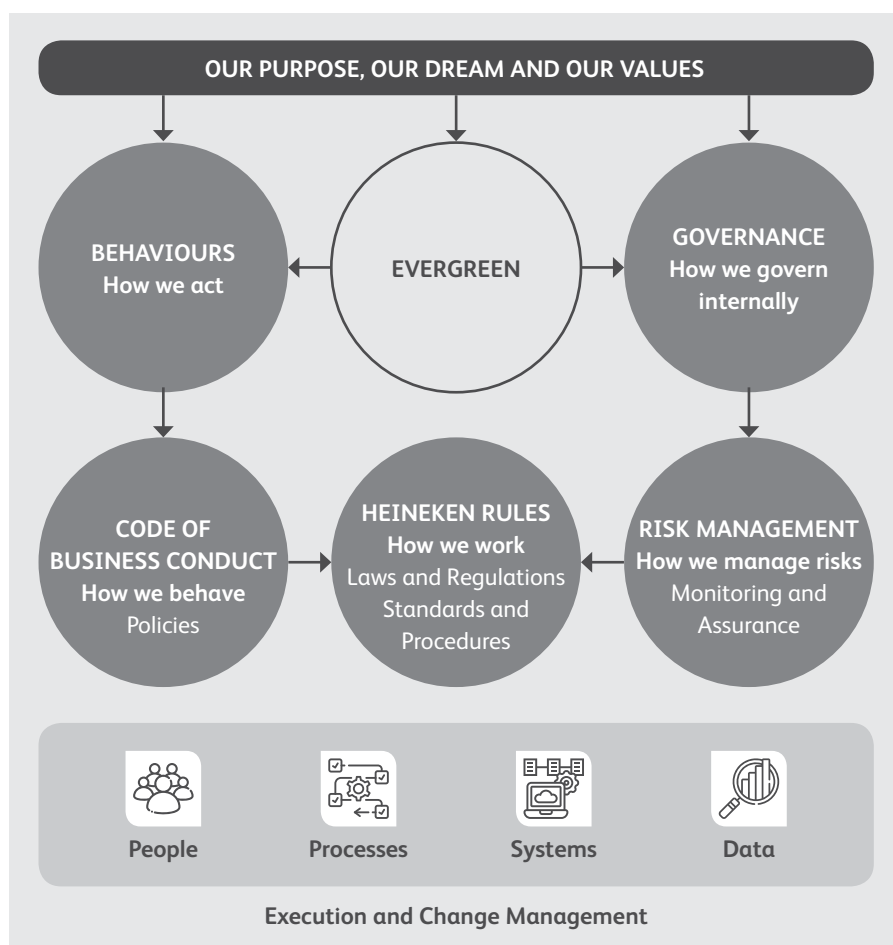
BOARD’S RESPONSIBILITY

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.

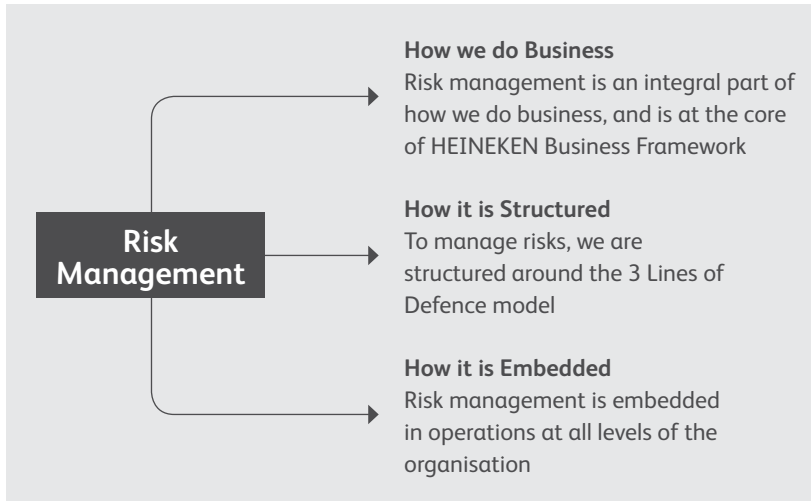


Continuous Risk Management supports the achievement of business objectives based on our Risk Assessment Cycle, the HEINEKEN Code of Business Conduct and the HEINEKEN Rules (HeiRules). As part of the Risk Assessment Cycle, the Management Team reviews and updates the risks faced by the Group on a continuous 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.

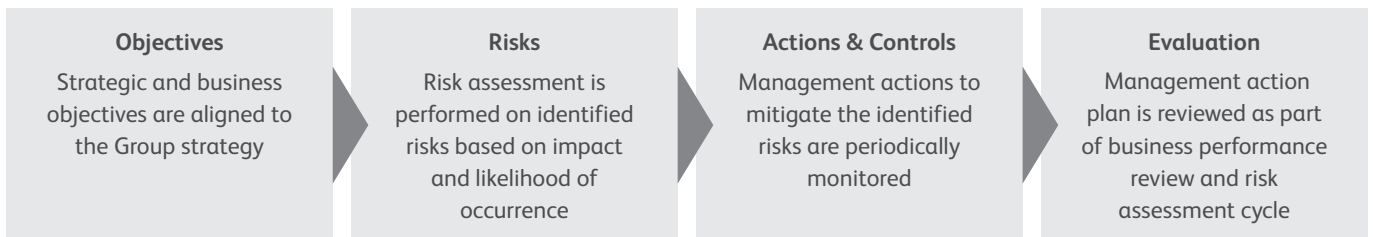
Statement on Risk Management and Internal Control

RISK MANAGEMENT

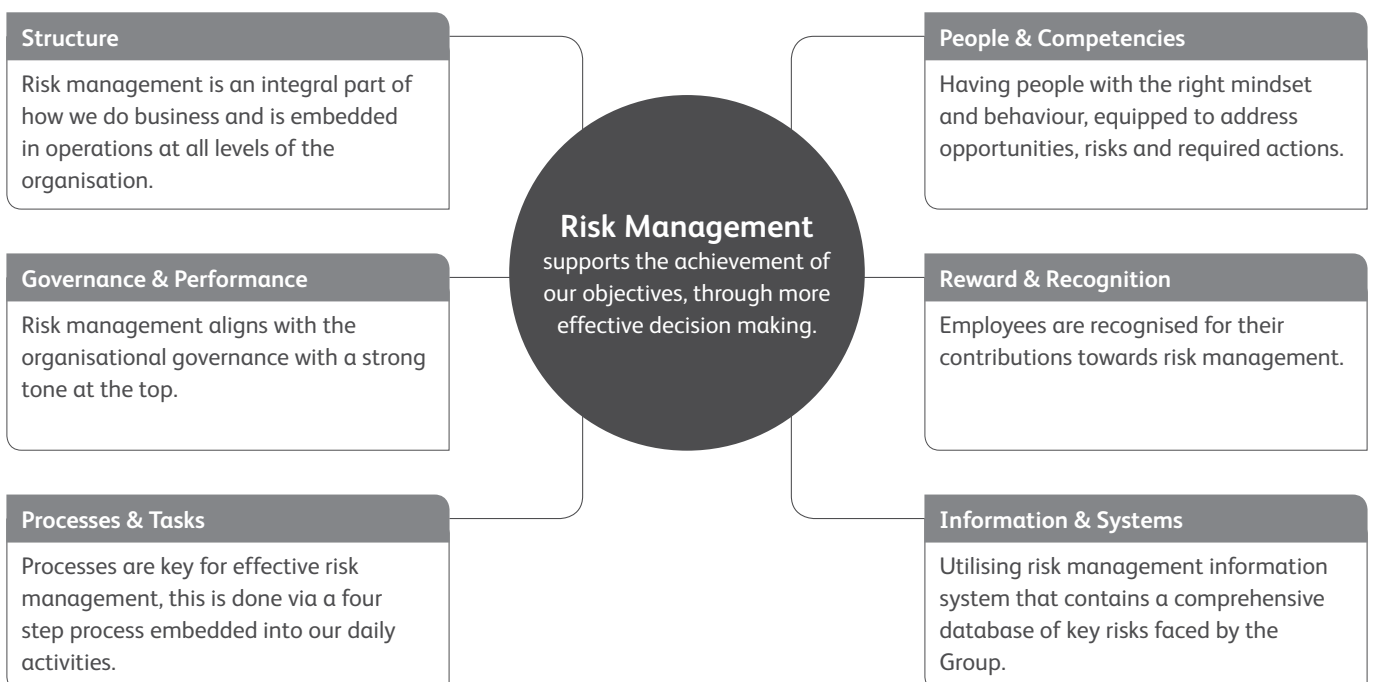


Risks is an important element when opportunities are assessed and strategies set. At HEINEKEN Malaysia, risk management is an integral part of doing business, supported by good governance. The Group has adopted the HEINEKEN Risk Management Framework (the Risk Management Framework) which is embedded within 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:



Key Pillars



Statement on Risk Management and Internal Control

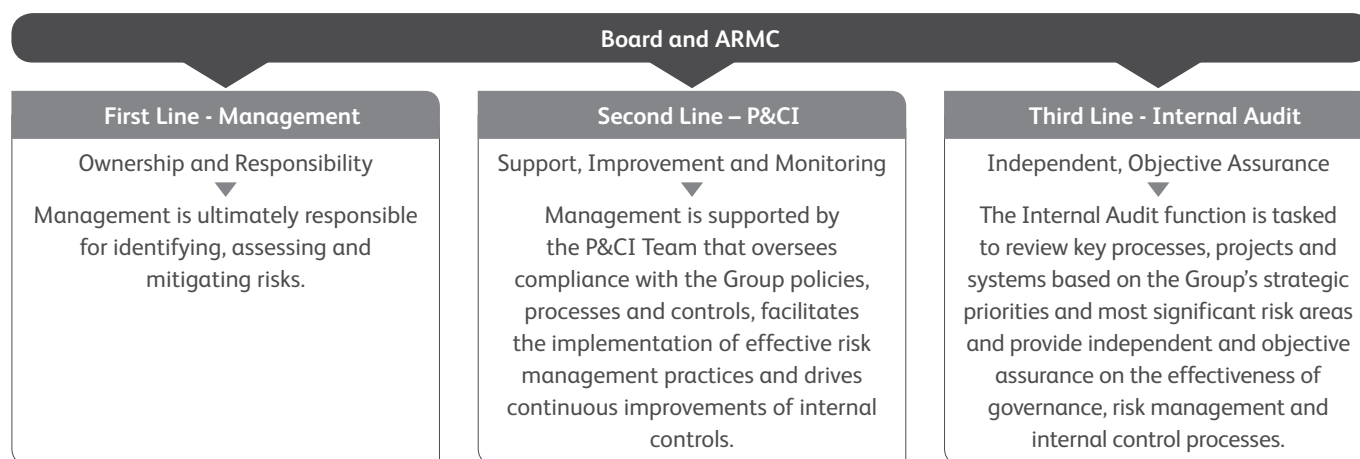
The risk profile of the Group is established during the risk assessment sessions with the Management Team. This exercise is facilitated by the Process & Control Improvement (P&CI) Team and is fully embedded as a key activity of the Risk and Control Workgroup (RCW). At each assessment session, members 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				
	Nearly Impossible	Unlikely	Possible	Likely	Almost Certain
Major	Medium	Medium	High	High	Major
Significant	Medium	Medium	Medium	High	High
Moderate	Low	Medium	Medium	Medium	High
Minor	Low	Low	Medium	Medium	Medium
Insignificant	Low	Low	Low	Low	Medium
	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:



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



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

Statement on Risk Management and Internal Control

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.