

Corporate Governance Overview Statement

The Board of Directors (the Board) of Heineken Malaysia Berhad (HEINEKEN Malaysia or the Company) is committed to upholding good business ethics and corporate governance (CG), as these are crucial for the long-term sustainability and performance of the Company and its subsidiaries (the Group). The Company supports the principles of good governance, and the recommended practices outlined 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 FY2024. This overview makes reference to the following key CG principles and the recommended practices set out in the MCCG and it should be read together with the Audit & Risk Management Committee Report, Statement on Risk Management and Internal Control, ESG Review and the Corporate Governance Report (CG Report) for FY2024 which are 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 materially complied with the principles and adopted all recommended practices, including two step-up practices in the MCCG, except for the following:

Principle 1.4

Chairman of the Board should not be a member of the Nomination & Remuneration Committee

Principle 5.2

For Large Companies, the Board comprises a majority independent directors

Principle 8.2

Disclosure on a named basis the top five Senior Management's remuneration in bands of RM50,000

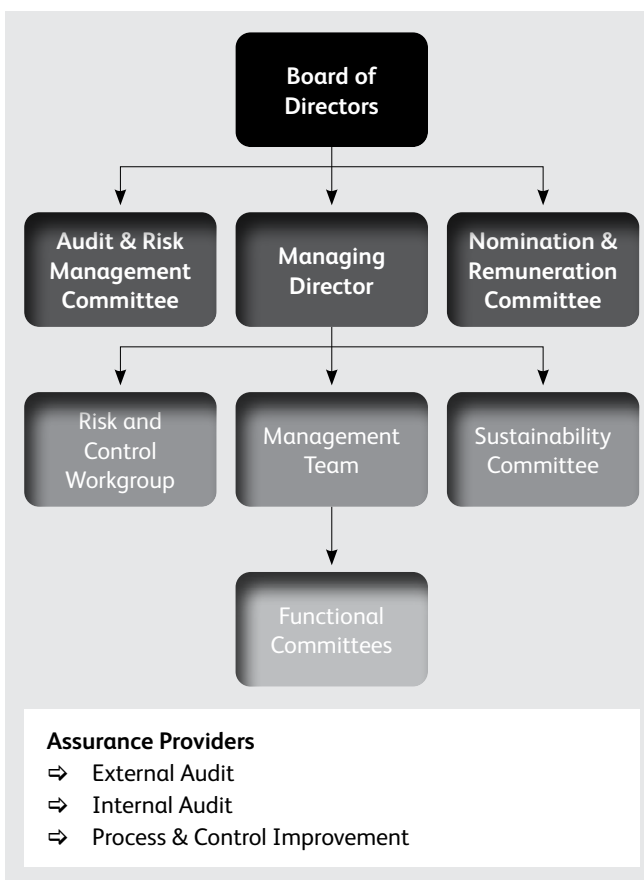
The Company's application of MCCG principles and CG practices, along with explanations for any departures, are detailed in the CG Report 2024.

Principle A

Board Leadership and Effectiveness

Governance Framework

To ensure orderly and effective discharge of the functions and responsibilities of the Board, the Board has established a governance framework. Within this framework, specific powers are delegated to the appropriate Board Committees as well as the Managing Director and his team. The governance framework is depicted as follows:



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Board Responsibilities

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

The Board is also responsible to establish the corporate values, promote good governance practices, reinforce ethical and professional behaviour and ensure its obligations to shareholders and other stakeholders are fulfilled.

The Board is guided by its Charter which delineates the purpose, composition, key roles and primary responsibilities as well as the internal procedural matters for the Board. The principal responsibilities of the Board are in line with those outlined in the MCCG. The Board Charter serves as a reference for Board members, assisting 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), with each entrusted with specific responsibilities and authorities to review relevant matters prior to tabling to the Board for approval. The Chairpersons of these respective Board Committees report to the Board on discussions held and recommendations made.

The roles of the Chairman and the Managing Director are held by separate individuals. The responsibilities of the Chairman are outlined in the Board Charter. The Managing Director, appointed by the Board, is primarily responsible for the daily management of the Group's business and operations, ensuring organisational effectiveness and implementing strategies and policies approved by the Board. The Managing Director is supported by the Management Team, which 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 achieving the defined corporate objectives:

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

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

A schedule of key matters is specifically reserved for the Board's consideration and decision-making to ensure that the direction and control of the Group are in its hands. These matters are outlined 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 quarterly to review business and financial performance and discuss operational and industry issues as well as challenges affecting the Group. Additional meetings are scheduled as necessary, to address urgent and important matters. Directors can participate in meetings remotely via a designated virtual meeting platform. To assist Directors and Management in planning for the financial year, meetings of the Board and the Board Committees are scheduled in advance before the start of each new financial year.

In 2024, the Board had five meetings. The Finance Director and the Company Secretary attended every meeting whilst other Management Team members were invited to attend specific sessions to report on their respective areas of 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	5/5
Choo Tay Sian, Kenneth	Non-Independent Non-Executive Director	5/5
Seng Yi-Ying	Non-Independent Non-Executive Director	*4/5
Lau Nai Pek	Senior Independent Non-Executive Director	5/5
Chua Carmen	Independent Non-Executive Director	*4/5
Erin Sakinah Atan	Non-Independent Non-Executive Director	5/5
Martijn Rene van Keulen (Appointed on 1 July 2024)	Managing Director	2/2
Roland Bala (Resigned on 1 July 2024)	Managing Director	3/3

* Absent from one meeting due to other commitment.

During Board Meetings, the Managing Director leads the presentation, providing comprehensive explanation of the Group's strategy and priorities, business performance and other pertinent issues whilst the Finance Director reports on the Group's financial performance and financial-related matters. Other Management Team members provide updates on activities and issues within their responsibility.

Directors are encouraged to actively participate and share their perspectives during deliberations in meetings. They may also pose questions to Management before each Board Meeting for better

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preparation. Directors with a direct or deemed interest must abstain from deliberation and voting on the related resolution. Board decisions are made by consensus.

The proceedings of all meetings, including discussed issues, decisions, conclusions, dissenting views and whether any Director abstained from voting or deliberating on a specific matter at the meetings, along with required actions to be taken by responsible parties, are recorded in the minutes by the Company Secretary. Between Board meetings, time-sensitive or administrative matters requiring the Board's decisions or approvals will be addressed via circular resolutions, supported by relevant information and explanations. This procedure is also applicable to the Board Committees.

As a good CG practice, the Independent Directors convened a meeting during FY2024, excluding the Non-Independent Directors and Management. This session provided an opportunity for them to exchange insights and discuss potential enhancements in governance.

Access to Information

The Board emphasises on provision of timely and high-quality information by Management to enable effective deliberation and decision-making. Prior to each meeting, a structured agenda, along with management reports and proposals, is provided to the Directors at least five days in advance (or no fewer than three days under any circumstances). To enhance meeting efficiency, the agenda is organised according to the priority of the matters or proposals to be discussed, with clear indications to guide the Directors whether the items are for approval, discussion or notation. Additionally, time allocations for each agenda item are specified to ensure the meetings are conducted efficiently.

All Directors have unrestricted access to the Management Team, allowing them to have informal meetings with the team members to discuss significant developments or matters concerning the Group's operations. The Board also has full access to information, as well as the advice and services of the Company Secretary, who is a Chartered Secretary and qualified under the Companies Act 2016. The Company Secretary ensures that Directors receive adequate information and sufficient time to prepare for Board meetings. Additionally, the Company Secretary prepares minutes of meetings promptly and advises the Board on corporate administration and governance matters, including compliance with relevant regulatory requirements.

With the Board's approval, Directors, whether collectively 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 recognise the importance of broadening their perspectives and staying updated with market developments and regulatory changes to enhance their ability in discharging

their duties and responsibilities. The Board, through its annual effectiveness evaluation, assessed training needs based on feedback from the Directors. Additionally, Directors may personally identify specific areas where additional training would be beneficial. When necessary, learning sessions on relevant topics pertinent to the Group's business will be organised for the Directors.

All Directors have completed the Mandatory Accreditation Programme (MAP) Part I on CG and Director's roles, duties and liabilities as required under the Bursa Securities' Main Market Listing Requirements (MMLR). Most Directors have also completed the MAP Part II on sustainability, which is another mandatory programme to be completed in 2025.

During FY2024, several Directors attended learning programmes on global macroeconomics trends, governance and risk management practices, business, international relations and the political economy, responsible marketing, anti-bribery and anti-corruption, competition law and team coaching. Additionally, some Board members participated in forums and seminars as speakers and panelists in their areas of expertise.

Commitment to Integrity and Ethical Conduct

Establishing a culture of integrity and ethical within the organisation is important for preserving the Group's reputation and enhancing stakeholders' confidence. The Board remains committed to upholding exemplary business conduct by implementing adequate policies and procedures. Directors, officers, employees and business partners of the Group are required to observe and maintain high standards of integrity and ethical behaviour in their duties or business dealings, and to comply with relevant regulatory requirements and policies adopted by the Group, including those relating to anti-bribery and anti-corruption.

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

HEINEKEN Code of Business Conduct (HeiCode)

The HeiCode outlines the core principles and expectations that apply to all individuals within the Group. It addresses various topics, including discrimination, harassment, fraud and corruption. It specifies the standards of conduct and behaviour expected in daily work, both within and outside the Group. The HeiCode covers all aspects of the Group's business operations, organised into four broad categories:

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

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The HeiCode and the underlying policies, communication and training materials are documented and accessible through a Business Conduct Portal for employees. Annually, all employees must complete the following e-learning modules as part of the Company's efforts to enhance awareness and assess their understanding of the respective codes and 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

Board members and employees, including Senior Management, are required to annually disclose any potential conflicts of interest between their personal interests and those of the Company or its subsidiaries. This policy ensures decisions within the Group are based on objective business judgement and are not influenced by personal interests or gains.

HEINEKEN Responsible Marketing Code

The Group has adopted the HEINEKEN Responsible Marketing Code, which governs all commercial communications to ensure adherence to the highest standards of responsible marketing. The Code focuses on promoting moderate drinking, respect and truthfulness in commercial activations. It also includes guidelines for low and no-alcohol business, digital media and self-regulation initiatives. The Group's licence to operate depends on its efforts in marketing its brands responsibly and driving sensible consumption. All marketing materials undergo thorough review against the Code prior to publication.

The Code is updated periodically to reflect developments in the fast-changing world, with the latest update in April 2024.

HEINEKEN Supplier Code and Distributor Code of Conduct

All business partners are expected to comply with all applicable laws and regulations where they operate and affirm their responsibility to responsible business conduct at all times. They are required to meet the Group's expectations for 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 implemented proactive measures to ensure its business partners uphold our values and dedication to responsible business conduct. The Group has established a due-diligence tool designed to identify, assess and address risks associated with third parties engaged by the Group, including suppliers and distributors. Among the risks evaluated by this tool are bribery and corruption.

HEINEKEN Speak Up Policy

The HEINEKEN Speak Up Policy provides employees and stakeholders with a standard procedure to confidentially report concerns related to suspected misconduct or unethical practices within the Group, without fear of retaliation. Reports may be submitted to designated trusted representatives appointed by the Company or through an external Speak Up Service, which is available 24/7. The Speak Up Service is managed by an independent third party. All Speak Up reports are assessed by a Global Speak Up Review Team, comprising representatives from Global Business Conduct, Global Process & Control Improvement, Global Audit and Global People. This team determines the admissibility of concerns and identifies whether they should be handled by the Global Integrity Committee or by respective company involved.

The policy has been communicated to employees and business partners, emphasising that reports are treated confidentially and that retaliation is not tolerated.

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

Sustainability Governance

The Board ensures the Company's sustainability strategy aligns with the Group's strategic direction to support its long-term goals. It provides oversight on management of material sustainability risks and opportunities, ensuring ESG factors, including climate-related factors, are integrated into the Group's strategy and risk management.

The Group has adopted the HEINEKEN sustainability strategy Brew a Better World 2030 (BaBW) which outlines measurable and ambitious goals across three pillars: environmental sustainability, social sustainability and responsible consumption. The objectives are to achieve net zero environmental impact, fostering an inclusive, fair and equitable world, and promoting moderation in consumption.



ENVIRONMENTAL SUSTAINABILITY

- ⇒ Reach Net Zero Carbon
- ⇒ Maximise Circularity
- ⇒ Towards Healthy Watersheds and Nature



SOCIAL SUSTAINABILITY

- ⇒ Diversity, Equity and Inclusion
- ⇒ Fair and Safe Workplace
- ⇒ Community Impact



RESPONSIBLE CONSUMPTION

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

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The BaBW ambitions and targets align with the benchmarks established by the United Nations Global Compact., aiming 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 and departments across the organisation.

Since 2022, the Group has implemented an ESG Framework, aligning the BaBW ambitions with the Group's overall sustainability strategy and emphasising key components of its sustainability agenda. The Group has also adopted a Sustainability Policy to reinforce its responsibility to integrating sustainability practices throughout its operations and value chain, particularly in the areas of ESG.

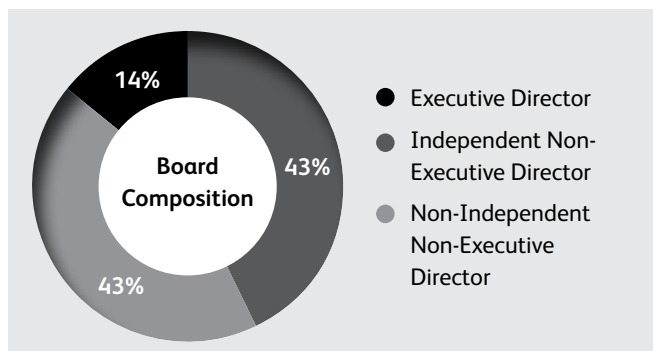
The Board is supported by a management Sustainability Committee responsible for strategically managing the material sustainability matters, including the formulation and implementation of the Group's sustainability priorities and initiatives. The Sustainability Committee is chaired by the Managing Director, who has been entrusted by the Board to oversee the Group's sustainability matters. He is supported by a secretariat led by the Corporate Affairs & Legal Director (CAL Director). The committee comprises members of the Management Team who monitor the progress of sustainability performance within their 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.

Additional details regarding the Company's sustainability strategy are reported in the ESG Review of 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 is composed of seven Directors. It is chaired by an Independent Non-Executive Chairman and includes a Managing Director along with five Non-Executive Directors. Among these Non-Executive Directors, three, including the Chairman, are Independent Directors, constituting 43% of the Board. The remaining three Non-Executive Directors are Non-Independent Directors.



All the Directors are professionals of high calibre and integrity. Collectively, the Board has 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 effectiveness of the Board and Board Committees.

The primary responsibility of Independent Directors is to safeguard the interests of minority shareholders and other stakeholders. Their role includes providing independent perspectives and advice promoting accountability and balance in Board decisions.

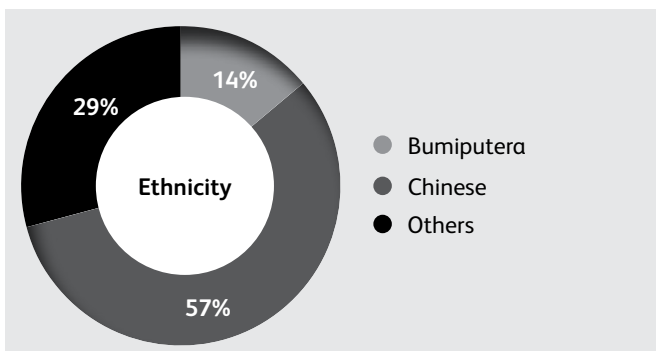
Mr Lau Nai Pek, the ARMC Chairman, has been designated as the Senior Independent Non-Executive Director of the Company. His roles are outlined in the Board Charter.

The Board recognised the recommendation under the MCCG for large companies to have a majority of Independent Non-Executive Directors on the Board. Considering the current shareholding structure, where 51% of the Company's equity interest is held indirectly by Heineken N.V. through its wholly-owned subsidiary, GAPL Pte Ltd, the Board believes that to fully leverage the experience of the HEINEKEN Group and ensure a focus on long-term value creation, it is in the best interest of the Company and the stakeholders that the Board includes a fair and adequate representation of the major shareholders.

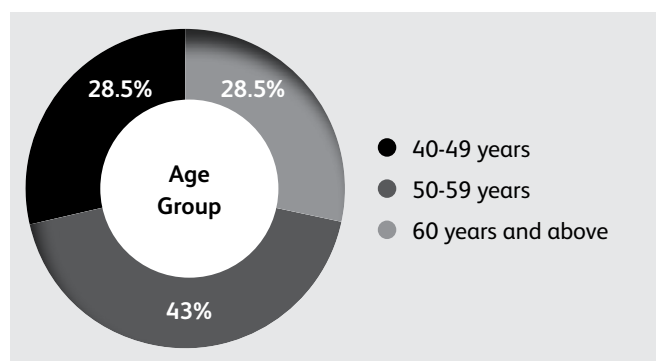
The Group acknowledges the importance of having an inclusive and diverse Board and has continued to maintain a balanced mix of gender, ethnicity and age diversity with sufficient independent elements for effective functioning. The Board considers diversity factors in the selection and appointment process to ensure that members can provide a variety of perspectives, insights and challenges necessary for effective decision-making. The diversity of the Board is depicted as follows:

57% Male  **43%** Female 

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



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The Group has adopted the HeiCode and the HEINEKEN Human Rights Policy, which outline the principles of non-discrimination without distinction based on factors such as race, gender, nationality and age. Promoting a culture of diversity and inclusion, along with gender equality across the organisation, will continue to be a priority for the Group.

Regarding the tenure limitation of Independent Directors, the Board is guided by the recommended approach under the MCCG. Shareholders' approval is sought to retain Independent Directors whose cumulative tenure exceeds the nine-year limit, failing which, they will be re-designated as Non-Independent Directors.

Appointments to the Board

There is a formal and transparent process for the selection, nomination and appointment of suitable candidates to the Board. The NRC reviews the existing composition of the Board, identifies gaps and determines the selection criteria for new appointments to address these gaps and enhance the Board's composition. When reviewing and recommending a new Director appointment to the Board, the NRC assesses the suitability of identified candidates based on their profile, professional knowledge and experience, considering the criteria outlined in the Directors' Fit and Proper Policy. The NRC leverages the Directors' network of professional and business contacts as well as external sources, to identify qualified candidates and conduct engagement sessions with shortlisted candidates before making a final recommendation to the Board for approval.

To uphold objectivity and independent judgement in accordance with the best practices of the MCCG, the Board will ensure that no individual is appointed or continues to serve as a Director if the individual is or becomes an active politician. Furthermore, the Board adheres to a cooling-off period of three years before appointing any former audit partners and their affiliates as Independent Directors.

A comprehensive induction programme will be organised for newly appointed Directors to facilitate their understanding of the Group's business and operations, organisational structure, management functions and the issues and challenges facing both the Group and the industry. Members of the Management Team will present their specific areas of responsibility, providing an overview of the key strategies and priorities within their functions. Additionally, as part of the induction programme, a brewery tour

will be arranged to enhance understanding of the supply chain operations.

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

Board Effectiveness Evaluation

The Board, through the NRC, evaluates its collective performance annually by reviewing the effectiveness of the Board's structure and activities as well as those of the Board Committees. For FY2024, this evaluation was conducted internally with the support of the Company Secretary. This process involved the Board members completing online questionnaires that encompassed various parameters to evaluate the Board's performance against best practices.

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

- The Board and the Board Committees have the required mix of competent members and are well-balanced with appropriate diversity in terms of skills, business experience, knowledge, gender and ethnicity. This diversity contributes to the overall effectiveness of the decision-making process for the Company and the Group. The Board adheres to CG standards and has established policies and processes to discharge its duties and responsibilities.
- The Board is led by a knowledgeable and respected Chairman known for being inclusive and effective. He facilitates open discussions, allowing Directors to express their views and he succinctly summarises their observations. This approach ensures the Board functions cohesively and decisions are made objectively in the best interest of the Company.
- Board members understand their roles and responsibilities in providing strategic oversight of the Group's business conduct and management. They exhibit comprehensive knowledge of the Group's business and good insights into external trends and developments. They share a common understanding of the Group's long-term strategy and goals and maintain oversight of the execution of the strategy and business plan. Board members demonstrate professional independence and impartiality during deliberations at meetings.
- Board members demonstrated a strong dedication to discharging their fiduciary duties where they participate actively in discussions during Board and Board Committees' meetings. The attendance record of the Board was good, and the Board agenda, meeting reports and minutes of meetings adhered to the standards of good CG.
- The working relationship among the Board members has been positive, characterised by meaningful interactions and mutual respect. There have been professional and constructive debates on wide ranging topics and issues, with valuable insights, guidance and feedback provided to the Management during Board deliberations. Additionally, the Management Team has provided consistent support, enabling the Board to effectively perform its function and duties.

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For FY2025, the Board will maintain its strategic oversight of the Group's business conduct and performance management, with a focus on the following areas:

- (i) Digital transformation, leveraging new technologies including AI to drive productivity and operational efficiency.
- (ii) Risk management, specifically reputational risks.
- (iii) Sustainability and ESG reporting.
- (iv) Talent Development.

NRC

The NRC is responsible for assisting the Board with Nomination & Remuneration matters. The NRC consists of five 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	8 years +
Choo Tay Sian, Kenneth*	Non-Independent Non-Executive Director	26 October 2020	4 years +
Lau Nai Pek	Senior Independent Non-Executive Director	22 May 2021	3 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.

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

The Managing Director and the Company Secretary attend every meeting, whilst the People Director attends by invitation as required by the NRC. The NRC Meeting is normally held before or in conjunction with the Board Meeting. When necessary, decisions are made through 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 meeting in FY2024 with full attendance. During this meeting, the NRC deliberated on and reported the following matters to the Board:

- Management's proposals on short-term incentives payment and annual salary review for Group employees.

- Evaluation of Board and Board Committees' effectiveness and Directors' performance.
- Recommendation for re-election of retiring Director at the Company's Annual General Meeting (AGM).

During FY2024, the NRC also considered and recommended the appointment of Mr Martijn Rene van Keulen, nominated by the major shareholder, to succeed Mr Roland Bala as the Managing Director of the Company for the Board's approval, ensuring a smooth leadership transition.

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 Company's Remuneration Policy:

- Remuneration should reflect performance, complexity and responsibility with a view to attract, motivate and retain high-performance individuals whilst enhancing the Company's value for its shareholders.
- Remuneration practices are benchmarked against external market data using remuneration surveys to ensure fair compensation for staff.
- The process of remuneration management shall be transparent, conducted in good faith and adhere to appropriate levels of confidentiality.

The remuneration of the Management Team including the Managing Director, is determined based on the HEINEKEN Global Senior Management Reward Policy. The remuneration package consists of both fixed and performance-linked elements, along with a long-term incentive plan. Salaries for the Managing Director do not include a commission or a percentage of the Group's turnover. The Managing Director is not entitled to annual fee nor any meeting allowances for attending Board and Board Committees Meetings. The performance of the Managing Director is evaluated annually, taking into account both corporate and individual performance metrics.

The remuneration for the Non-Executive Directors is determined based on a standard fixed fee with the Chairman of the Board and the Board Committees receiving additional allowance due to their additional responsibilities and commitments. Non-Executive Directors who are members of Board Committees also receive an additional fee. A meeting allowance is provided for attending meetings of the Board and Board Committees. The remuneration package for the Non-Executive Directors is detailed in the CG Report 2024.

The NRC is tasked with reviewing the remuneration package for Non-Executive Directors to ensure it appropriately reflects their experience, level of responsibilities and contributions, and is competitive with market practices. Any proposed changes to the remuneration package will be submitted to the Board for approval.

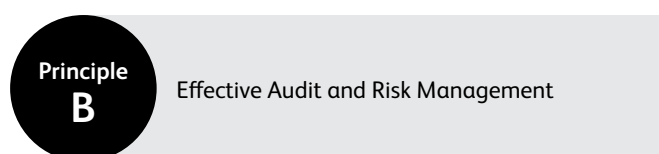
The Board collectively determines the remuneration of the Non-Executive Directors based on the recommendation of the NRC. Each Non-Executive Directors shall abstain from deliberating and

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voting on their own remuneration. The fees for Directors, along with any benefits payable to Non-Executive Directors, shall be subject to shareholders' approval at the AGM.

At the 60th AGM held on 16 May 2024, shareholders' approval was sought for the payment of Directors' fees and benefits up to RM810,000 for the Non-Executive Directors for FY2024. The total remuneration paid to the Non-Executive Directors of the Company for FY2024 was RM804,600. A detailed breakdown of the remuneration paid to the Non-Executive Directors and the Managing Director (former and present), who served during FY2024, is disclosed in the CG Report 2024.

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



ARMC

As of the date of this statement, the ARMC consists of three Non-Executive Directors, with a majority being Independent Directors, including the Chairman. The Chairman of the ARMC is not the Chairman of the Board. All members are financially literate, possess relevant expertise and experience, understand the Group's business and are able to objectively review, analyse, challenge and provide recommendations on matters within the ARMC's jurisdiction, including the financial reporting process. None of the ARMC members are former audit partners who are required to observe a cooling-off period of at least three years before appointment. Detailed information regarding the composition and responsibilities of the ARMC is outlined in the Audit & Risk Management Committee Report.

The Board, through the NRC, assessed the performance and effectiveness of the ARMC for FY2024 and is satisfied that the ARMC and its members have effectively discharged their functions, duties and responsibilities in accordance with the ARMC's Terms of Reference.

The Board ensures that the Group's financial statements comply with the relevant financial reporting standards and applicable legislations and regulations. The Statement by the Directors regarding the preparation of the Group's financial statements is included 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 a clear authority to communicate directly with external auditors. The ARMC meets the external auditors at least twice a year to review their audit plan, audit findings and the Group's financial statements. Additionally, the ARMC conducts private meetings with the external auditors twice annually without the presence

of the Managing Director and Management staff to discuss any areas of concerns or confidential matters, as well as audit findings and other observations from the audit process.

The ARMC evaluates the independence and objectivity of the external auditors in performing statutory audit for the Group, as well as prior to the engagement of non-audit services of the external auditors. The external auditors, Deloitte PLT, have confirmed that they comply with the independence requirements set forth 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). They have also affirmed that they have fulfilled their ethical responsibilities according to the By-Laws and IESBA Code.

The ARMC also reviews the nature of non-audit services and the associated fees to ensure they do not compromise the auditors' independence and objectivity. Additionally, the ARMC has in place pre-approved policies and procedures governing the provision of permissible and non-permissible non-audit services to the Group to further ensure that these services do not impair the audit firm's independence. For FY2024, the external auditors were primarily engaged to perform statutory audit on the Group's financial statements and review reporting deliverables to Deloitte Netherlands as well as the Company's Statement on Risk Management and Internal Control. The fees for these services were reported in the Audit & Risk Management Committee Report. The ARMC also reviews the Annual Transparency Report issued by 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.

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

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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 FY2024, 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 FY2024 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 recognises the importance of timely and equitable dissemination of material information to shareholders, investors and the public. It consistently maintains an active and proactive communication approach with its shareholders and other stakeholders to foster mutual understanding of each party'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, HEINEKEN Media Policy and HEINEKEN Financial Disclosure Guidelines. These guidelines specify the authorised spokespersons responsible for communicating specific information to both internal and external stakeholders. They also provide specific guidance on the disclosure of material information, maintaining confidentiality and dissemination of information.

The Company's Annual Report serves as a communication tool with the Group's stakeholders, providing a comprehensive review of the Group's financial and non-financial performance.

The Company ensures that its annual report is published on a timely basis and made available electronically to shareholders immediately upon publication.

The Company leverages various communication platforms to engage with shareholders and stakeholders. These include announcements via Bursa LINK, publication 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 2024, the Company conducted several engagement activities with 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

The AGM is a key platform for Directors and Management Team to engage shareholders, providing insights into the Group's business, governance and performance. Shareholders were notified of the AGM ahead of time, and relevant reports were published via the Company's and Bursa Malaysia's website at least 28 clear days prior to the meeting. Shareholders were also given the opportunity to submit pre-meeting questions regarding the AGM agenda via the Tricor's TIIH Online website.

In 2024, the Company conducted its AGM entirely virtually using the remote participation and voting (RPV) facilities. The AGM was attended by all Board members, the Finance Director, Company Secretary, the External Auditors and shareholders of the Company.

At the AGM, the Managing Director presented a comprehensive review of the Group's business and financial performance, alongside an overview of the Group's activities, key challenges, market outlook and strategies and priorities for the ensuring year. Shareholders were provided with the opportunity to submit real-time questions, comments or suggestions for improvement and cast their votes via the RPV facilities. The Chairman, representing the Board, along with the Managing Director, addressed questions submitted in advance by shareholders, including those from the Minority Shareholder Watch Group as well as the real-time questions posed during the meeting. All resolutions outline 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 conclusion of the AGM and were subsequently published on the Company's website and via Bursa LINK on the same day. Additionally, the minutes of AGM, along with the written responses to relevant questions raised were also made available on the Company's website at www.heinekenmalaysia.com.

LOOKING AHEAD

The Board will continue to uphold strong governance and ethical practices, strengthen sustainability oversight and ensure all material risks are managed effectively to drive sustainable growth and performance for the Group.

This CG Overview Statement was approved by the Board on 11 March 2025.

Audit & Risk Management Committee Report

The Audit & Risk Management Committee (ARMC) comprises the following three 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	3 years +
Choo Tay Sian, Kenneth*	Non-Independent Non-Executive Director	26 October 2020	4 years +
Chua Carmen	Independent Non-Executive Director	13 May 2023	1 year +

* Representing HEINEKEN, major shareholder of the Company.

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 (Bursa Malaysia).

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 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. Audits are also 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 2024 (FY2024), the ARMC had four 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 FY2024 were as follows:

Financial Reporting

- Reviewed the quarterly financial reports to Bursa Malaysia based on the Group's business and financial performance, working capital movements, capital expenditure and cash flow 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 alcohol trade, contraband/ counterfeit products, growing conservatism, increase in excise duty, data privacy, cyber security, weakened consumer sentiment, volatile currency rates and people safety were among the key risk areas deliberated.
- Reviewed the adequacy and effectiveness of the Group's risk management and internal control systems based on the following assessments 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 and non-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 ServiceNow Integrated Risk Management system (formerly B Wise), an integrated risk management solution used for enterprise and fraud risk assessment, issues and actions management, to ensure all key risks and control issues were effectively addressed in compliance with the Group's policies and procedures.
- Reviewed the key changes to the HEINEKEN Rules and additional actions required to ensure compliance.
- Reviewed audit observations and recommendations provided by the HEINEKEN Global Audit Team in respect of audits performed on selected operating processes, and implementation of action plans by Management to address the concerns raised.

Audit & Risk Management Committee Report

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 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 circumvention of internal controls 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 risk items, 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 2024 and November 2024. The ARMC enquired about Management's co-operation with the external auditors, their sharing of information, proficiency and adequacy of resources in the financial reporting function 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 in 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.
- 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 and services provided by Deloitte PLT and recommended to the Board on their re-appointment and remuneration for FY2024. The re-appointment of external auditors was approved at the Company's Annual General Meeting in May 2024. The ARMC also reviewed the Annual Transparency Report issued by Deloitte PLT.

For FY2024, 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	155	245
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
	195	285

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

Related Party Transactions (RPT) and Conflict of Interest

- 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; and the announcement to Bursa Malaysia in respect of the deviation between actual transacted value and estimated value provided in the shareholders' mandate.
- 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.
- Reviewed potential conflict of interest situations based on declaration submitted by Board members, Management Team members and employees, along with the measures taken to mitigate the potential conflicts. No conflict-of-interest situation required ARMC's attention.

Others

- Reviewed Management's proposal on dividend distribution for FY2024, taking into consideration the Group's earnings and cash flow requirements and its solvency position.
- Reviewed Management's proposal on increase of account receivables factoring capacity, taking into consideration

Audit & Risk Management Committee Report

the Group's working capital requirements, debt and equity structure and its cash flow positions.

- Reviewed the status of the material litigation involving the Company and its operating subsidiary which was disclosed under Note 26 of the Group's Audited Financial Statements.

During FY2024, 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 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 Assistant Manager and an Internal Audit Executive. During FY2024, 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 FY2024, the Internal Audit function completed 17 audit assignments which included five investigative audits on matters reported via the Speak Up channel and requested 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 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
- Procurement process
- Packaging material management process
- Management of spare parts in supply chain
- Employee claims processing
- Controls over consumer redemption of vouchers
- Compliance with the HEINEKEN Brand Promoters Policy
- 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 timeline. 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 collaborates with the Process & Control Improvement Team to review the Group's risk management process. Additionally, it provided support to the Safety Team by conducting a pre-audit review of the safety controls outside of production and assisted the Industrial Relations function during domestic inquiries.

The total expenses incurred by the Internal Audit function in discharging its functions and responsibilities for FY2024 amounted to RM971,000 (FY2023: RM832,000). The expenses incurred comprised mostly of salaries and departmental overheads.

Audit & Risk Management Committee Report

The ARMC had evaluated the performance of the Internal Audit function for FY2024 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 FY2024, 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 understand the Group's business well and can objectively review, analyse, challenge and recommend matters deliberated by the ARMC including the financial reporting process. During the year, all members of the ARMC have attended various development and learning programmes to stay informed of the market developments 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 11 March 2025.

Statement on Risk Management and Internal Control

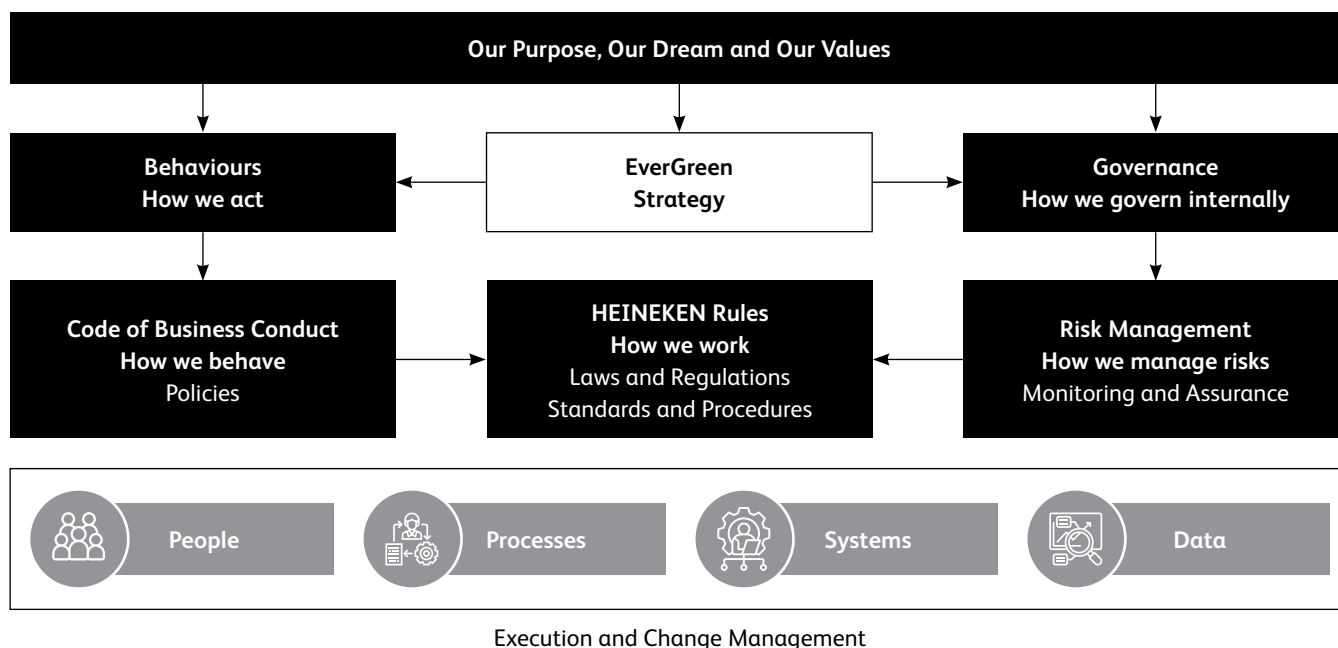
The Board of Directors (the Board) is pleased to present this Statement on Risk Management and Internal Control, which outlines the nature and key elements of the risk management and internal control systems of Heineken Malaysia Berhad (HEINEKEN Malaysia or the Company) and its subsidiaries (collectively, the Group) for the financial year ended 31 December 2024 (FY2024). 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 N.V.. The Framework articulates the key elements that the Company relies on to operate effectively and deliver long-term value creation whilst protecting its 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.

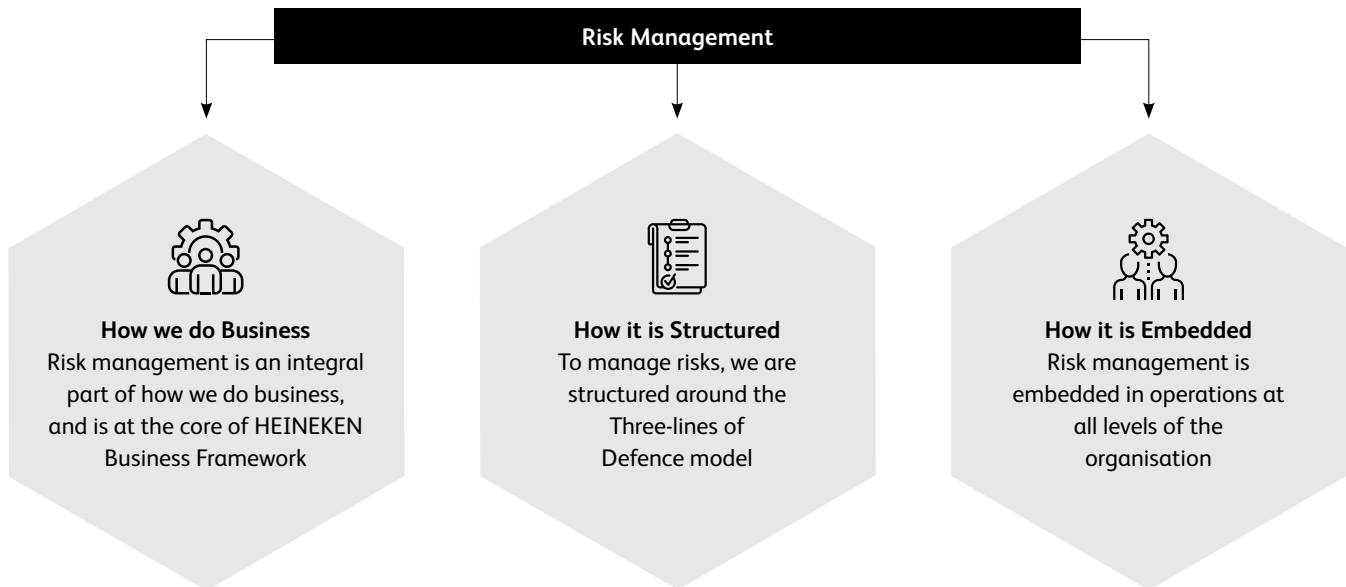
Continuous Risk Management supports the achievement of business objectives, based on our Risk Assessment Cycle, the HEINEKEN Code of Business Conduct (HeiCode) and the HEINEKEN Rules (HeiRules). As part of the Risk Assessment Cycle, the Management Team reviews and updates the risks faced by the Group on a continuous basis throughout the year. The HeiCode and its underlying policies set out the Group's responsibility 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 translating 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.

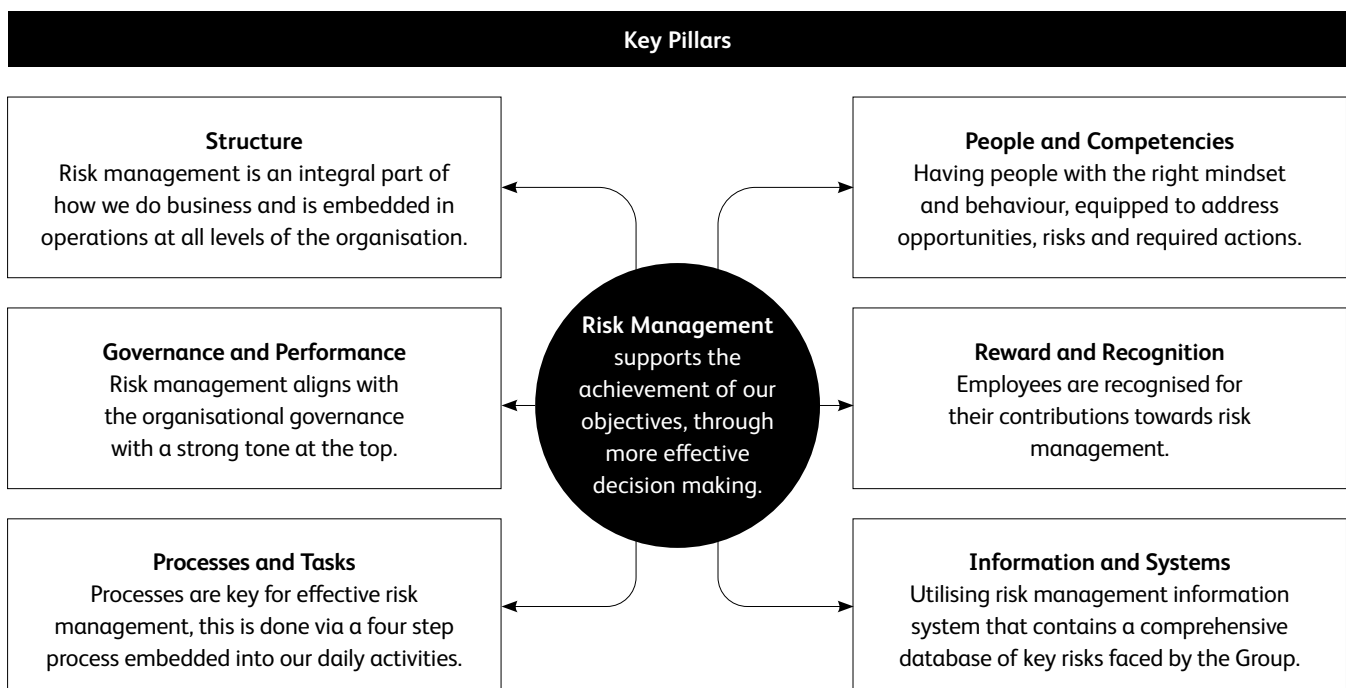
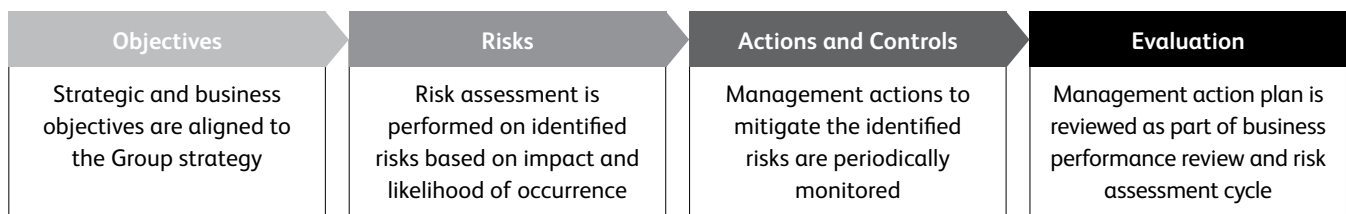
Statement on Risk Management and Internal Control

RISK MANAGEMENT

Risks are an essential element when opportunities are assessed and strategies are 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 key pillars:



Statement on Risk Management and Internal Control

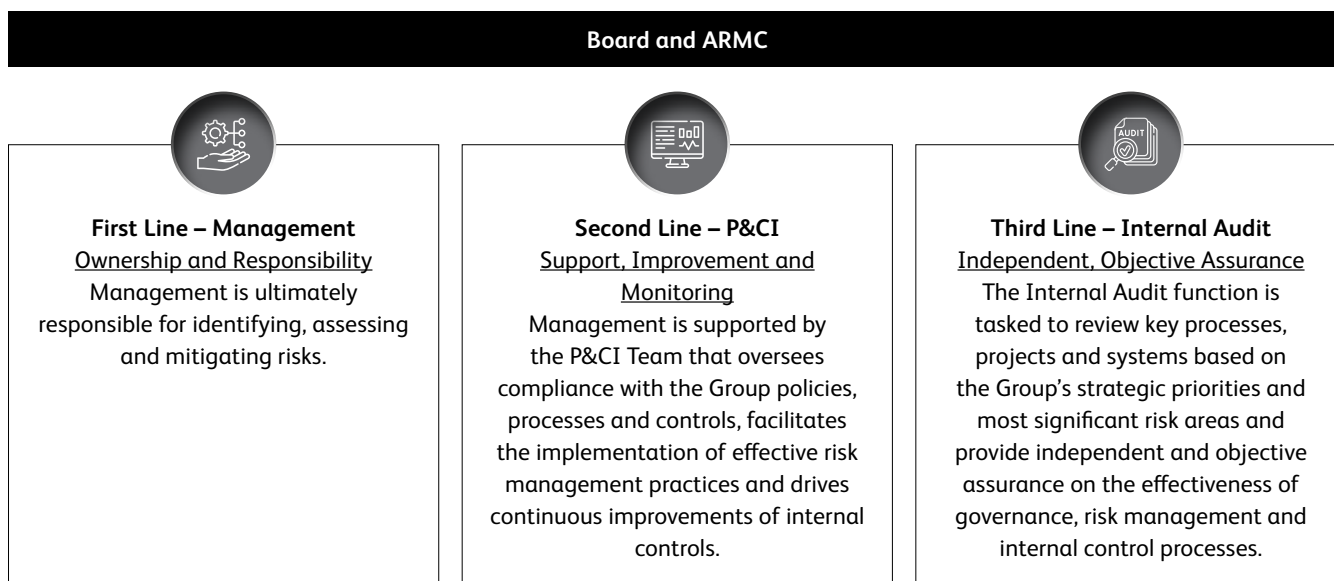
The risk profile of the Group is determined during the risk assessment sessions with the Management Team. This process is facilitated by the Process & Control Improvement (P&CI) Team and is an integral part of the Risk and Control Workgroup (RCW). During each assessment session, members of the Management Team are engaged to identify and review key risk areas within their respective function. They are responsible for ensuring that appropriate and effective mitigation plans are in place to manage the identified risks. The risks landscape, along with the mitigation plans, is assessed and categorised according to the level of impact and likelihood, using 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 on a heat map and ranked according to their level of risk and impact; and then presented to the Management Team at the quarterly RCW meeting. In determining the most appropriate responses 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 of a P&CI Manager and a P&CI Executive, is a function within the Finance Department 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 Business 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, encompassing all mandatory standards and procedures including financial and non-financial reporting, IT and Tax. On an annual basis, a Control Self-Assessment (CSA) is performed by each function to evaluate the implementation and execution of the mandatory standards and procedures stipulated 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 conducted on key controls surrounding the Group's financial reporting process based on materiality level. It focuses on transparency, accountability and the safeguarding of assets.

The P&CI Team coordinates both CSA and RACM assessments annually. The assessments are performed by competent assessors and the outcome are tested by qualified reviewers. The P&CI Team discusses non-compliance areas and control deficiencies with relevant process owners and documents them in a monitoring tool whilst ensuring remediation action plans are in place. Completed actions are retested to ensure adequate remediation. Any deficiencies identified 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 risk-based Annual Audit Plan approved by the ARMC. The audit reports which highlight significant findings and audit recommendations with regards to the effectiveness of governance, risk management and internal control processes, including regulatory compliance such as related party transactions are presented to the RCW and the ARMC at their quarterly meetings.

Details of activities carried out by the Internal Audit function during FY2024 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 that clearly defined lines of accountability, responsibilities and delegated authority to the Board Committees and the Management, ensuring they discharge their duties effectively. Risk management and internal controls matters are under the purview of the ARMC, chaired by the Senior Independent Director.

Statement on Risk Management and Internal Control

- There is a schedule of key matters reserved for Board deliberation and decision. The Group practices segregation of duties to ensure that specific tasks or duties within related business processes and related systems are assigned to different employees, preventing unintentional or fraudulent transactions.
- Internal policies and procedures governing the core business processes, along with the limits of authority delegated to appropriate levels of employees, are documented and stored in a document repository portal. These documents are regularly reviewed and updated to reflect changing risks or to address operational deficiencies.
- 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 N.V.. This letter demonstrates management's accountability over financial and non-financial reporting disclosures, financial reporting controls, compliance with the HeiCode and HeiRules and reporting of fraud and irregularities.

Integrity and Ethical Values

Monitoring, Reporting and Performance Measurement

- The Management Team meets monthly to review business performance and to identify, discuss and address operational, financial and key management issues. On a quarterly basis, the Managing Director reports to the Board on key business and operational issues, including strategy, performance, resources and regulatory compliance.
- The RCW meets quarterly to review risk management and internal control activities, discuss risk mitigation strategies and follow-up on action plans implemented in response to issues raised as a result of reviews, assessments and tests performed by the P&CI Team and the internal/external auditors.
- Compliance audits for the ISO 9001:2015 Quality Management System and the Hazard Analysis Critical Control Point (HACCP) requirements are conducted according to the frequency determined by the Ministry of Health to ensure adherence to product safety standards.
- The Group has adopted the HEINEKEN Information Security Maturity Assessment (ISMA) framework as part of its internal controls to protect and detect threats against its information systems. Quarterly ISMA assessments are conducted to evaluate the effectiveness of the Group's information security management system and cyber security risk management measures.
- The annual planning process involves each function preparing and reviewing their strategies and activity plans, including budgets, prior to the commencement of a new financial year. The annual plan, which embeds the budget, is reviewed by the Management Team and approved by the Board. The Management Team conducts a monthly review of performance and expenditure against the plan to ensure effective execution and spends are managed in line with the strategic and financial objectives of the organisation. Performance gaps or key variances are followed up and addressed by respective functions.
- Regular stakeholder engagements with employees, investors, analysts, media, trade partners and relevant authorities are conducted to understand stakeholders' needs and collect feedback for continuous improvements.
- The Group has adopted the HeiCode which outlines the standards of ethics and responsible business conduct expected from employees at all levels. The HeiCode encompasses all aspects of the Group's business operations, categorised under four broad areas: Caring for People and Planet, Maintaining Business Integrity, Protecting Our Assets and Engaging Responsibly. These areas include responsible alcohol consumption; responsibility to health and safety, human rights and sustainable initiatives, equal opportunities and the prevention of 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. Annually, employees are required to disclose to the Company any potential conflicts between their personal interest and those of the Company or its subsidiaries. This ensures decisions within the Group are based on objective business judgement and not influenced by personal interests or gain.
- The Group has taken proactive actions to ensure that our business partners align with our values and responsible business conduct. Our distributors and suppliers adopt the HEINEKEN Distributor Code of Conduct and the HEINEKEN Supplier Code (the Codes) 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 assessed by the tool.
- The Group also adopted the HEINEKEN Speak Up Policy, which provides employees and stakeholders a standard process to confidentially report concerns related to suspected misconduct or unethical practices within the Group, without fear of retaliation. Reports may be submitted to designated trusted representatives appointed by the Company or through an external Speak Up Service, which is available 24/7. The Speak Up Service is managed by an independent third party. All Speak Up reports are assessed by a Global Speak Up Review Team, comprising representatives from Global Business Conduct, Global Process & Control Improvement, Global Audit and Global People. This team determines the admissibility of concerns and identifies whether they should be handled by

Statement on Risk Management and Internal Control

the Global Integrity Committee or by respective company involved. The policy has been communicated to all employees, emphasising that reports are treated confidentially, and that retaliation is not tolerated. It has also been communicated to distributors and suppliers through engagement sessions and e-learning that focuses on the Codes. This policy is available for reference on the Company's website at <https://www.heinekenmalaysia.com/corporate-governance/>

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

Employees' Competency and Awareness

- Annually, employees are required to complete the following e-learning modules as part of the Company's efforts to enhance awareness and evaluate their understanding of the respective codes and underlying principles. The People function closely monitors the results from the online assessments.
 - 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 modules, annual briefings were conducted for regional sales employees to ensure they remain updated and to address any questions on challenges or issues encountered in their daily operations.

- Training and development programmes covering 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 in achieving the Group's objectives. The Group provides an integrated learning platform where employees can access a wide range of courses, covering areas such as cross functional business skills, digital trends and 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 cyber security awareness measures, mandatory trainings were conducted for all employees through an online learning platform. Additionally, a simulated phishing email exercise was performed during the year to enhance awareness of phishing and its attack methods.
- Briefings are held to update employees on legislative changes that may impact the Group's operations or business practices. These briefings cover updates in food legislation, local council licensing requirements relevant to the beer industry and the new Guidelines on the Marketing and Advertising of Intoxicating Liquor introduced by the Communications and

Multimedia Content Forum of Malaysia.

- Induction programmes for new joiners are organised to raise awareness and educate them on the Group's approach to risk management and internal control. These programmes also aim to enhance participants' understanding of the Group's risk management and control procedures, as well as their responsibilities in managing risks.

Other Policies

- The Codes outline the standard for ethical and business conduct expected from distributors and suppliers in their business dealings with the Group. The Codes were communicated to distributors and suppliers through e-learning modules and engagement sessions aimed at raising awareness and assessing their understanding of the principles outlined within the Codes, particularly regarding bribery, fraud and the offering and acceptance of gifts and entertainment.
- The Group's assets are insured against potential incidents that may lead to material financial losses. Additionally, stringent measures are implemented to ensure that major assets within the Group are securely protected.
- The Group has adopted the HEINEKEN Crisis Manual and has a Contingency Plan and an Emergency Preparedness and Response Plan for crisis situations. A Crisis Management Team, consisting of members of the Management Team, is in place to provide leadership and timely decision-making to ensure business operations continue during significant disruption or disaster. The plan addresses scenarios such as fire/explosion, product contamination and IT disaster. During FY2024, an emergency evacuation drill for fire and a chemical leak and a disaster recovery drill focusing on critical systems were conducted. These drills involved comprehensive examination and simulation of potential crisis scenarios to evaluate the organisation's preparedness, resilience and ability to mitigate the damages, ensure people safety and recover essential systems during a crisis.

BOARD ASSESSMENT

The Board is of the view that, the overall risk management and internal control systems in place for FY2024, 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, through the Letter of Representation submitted to Heineken N.V.. During the financial year under review, no material financial or non-financial losses were reported due to weaknesses or inadequacies in internal control. The Board will continue to review the systems and ensure that measures are taken to strengthen the risk management and internal control environment within the Group.

Statement on Risk Management and Internal Control

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

In compliance with 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 2024. Their limited assurance review was conducted 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 provide 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, or is the Statement factually inaccurate.

This statement was approved by the Board on 11 March 2025.