

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 2836  
**COMPANY NAME** : CARLSBERG BREWERY MALAYSIA BERHAD  
**FINANCIAL YEAR** : December 31, 2019

## OUTLINE:

### **SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE**

*Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.*

### **SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

*Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.*

## SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

*Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.*

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.1

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"><li>• The Board leads and has effective control over the Group whereby collective decisions and/or close monitoring are conducted on issues relating to strategy, performance, resources, standards of conduct and financial matters.</li><li>• The matters reserved for the collective decision of the Board are listed in the Appendix A of the Board Charter which is available on the corporate website - <a href="http://www.carlsbergmalaysia.com.my">www.carlsbergmalaysia.com.my</a>.</li><li>• The Board has oversight on matters delegated to the Management whereby updates are reported at least on a quarterly basis. The Group adopts a Chart of Authority approved by the Board which the Management has to adhere to in carrying out its day-to-day functions.</li><li>• The roles and responsibilities of the Board as set out in the Board Charter are clear and distinct from that of the Managing Director.</li><li>• The Board also facilitates its principal responsibilities which include reviewing and adopting a strategic plan, overseeing the conduct of the business, risk management, succession planning, developing and implementing investor relations and reviewing internal controls. The Board has delegated specific responsibilities to the following committees ("Committees"):-<ol style="list-style-type: none"><li>i. Audit Committee ("AC") – prior to 21 February 2020, the Audit &amp; Risk Management Committee ("ARMC")</li><li>ii. Nomination &amp; Remuneration Committee ("NRC")</li><li>iii. Risk Management Committee ("RMC") - established on 21 February 2020</li></ol>The powers delegated to the Committees are set out in the Terms of Reference of each Committees as approved by the Board and set out in the Appendices B, C and D of the Board Charter which is available on the corporate website - <a href="http://www.carlsbergmalaysia.com.my">www.carlsbergmalaysia.com.my</a>.</li></ul>

<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"> <li>• The Chairman, Datuk Toh Ah Wah, holds a Non-Executive position and is primarily responsible for matters pertaining to the Board and the overall conduct of the Group.</li> <li>• The Chairman is committed to good corporate governance practices and has been leading the Board towards a high performing culture.</li> <li>• Key responsibilities of the Chairman include the following:             <ol style="list-style-type: none"> <li>a) provides leadership for the board so that the board may perform its responsibilities effectively;</li> <li>b) sets the board agenda and ensures that board members receive complete and accurate information in a timely manner;</li> <li>c) leads board meetings and discussions;</li> <li>d) encourages active participation and allows different views to be freely expressed;</li> <li>e) manages the interface between board and management;</li> <li>f) ensures appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the board as a whole;</li> <li>g) leads the board in establishing and monitoring good corporate governance practices in the company</li> </ol> </li> </ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

**Practice 1.3**

The positions of Chairman and CEO are held by different individuals.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"> <li>• The positions of the Chairman and the Managing Director are held by two different individuals. The Chairman, Datuk Toh Ah Wah and the Managing Director (MD), Stefano Clini, have their respective roles and responsibilities that are governed in the Company's Board Charter.</li> <li>• The roles and responsibilities of the Chairman and Managing Director are made clearly distinct to further enhance the existing balance of power and authority.</li> <li>• The Managing Director oversees the day to day management and running of the Group and the implementation of the Board's decisions and policies.</li> </ul>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.4

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	<ul style="list-style-type: none"><li>• The role of the Company Secretary was held by Mr. Lim Chee Keat, Chief Financial Officer to carry out the responsibilities in providing support to the Board as follows:-<ol style="list-style-type: none"><li>(a) Ensure compliance of listing and related statutory obligations as well as updates on regulatory requirements, codes, guidance and relevant legislation;</li><li>(b) Ensure adherence to board policies and procedures, rules, relevant laws and best practices on corporate governance;</li><li>(c) Attend Board, Committees and General Meetings, and ensure the proper recording of minutes as well as follow-up on matters arising;</li><li>(d) Ensure proper upkeep of statutory registers and records and maintain a secured retrieval system which stores meeting papers and minutes of meetings;</li><li>(e) Assist the respective Chairpersons in the preparation for and conduct of meetings; in terms of policies and procedures, and updates on regulatory requirements, codes, guidance and relevant legislation.</li></ol></li><li>• The Company Secretary has the requisite credentials, and is qualified to act as company secretary under Section 235(2) of the Companies Act 2016 and undertake continuous professional development.</li><li>• The Group also engages the services of Tricor Corporate Services Sdn. Bhd., an external consultant, on corporate secretarial matters and compliance to provide additional advice on issues pertaining to compliance and Corporate Governance.</li><li>• Mr. Lim Chee Keat has resigned as Company Secretary on 19 February 2020 and Ms Koh Poi San, Legal Director and Company Secretary is appointed as Company Secretary with effect thereon.</li></ul>
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

## Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.5

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"> <li>• All Directors have access to the advice and services of the Company Secretary as well as to all information within the Group. There is also a formal procedure sanctioned by the Board of Directors, whether as a full board or in their individual capacity, to take independent professional advice, where necessary and in appropriate circumstances, in furtherance of their duties, at the Group's expense.</li> <li>• All Directors are furnished with a comprehensive Board File including the meeting agenda usually no less than seven (7) days before each Board meeting. Sufficient time is given to enable the Directors to solicit further explanations and/or information, where necessary, so that deliberations at the meeting are focused and constructive.</li> <li>• The Board File includes, amongst others, sales and marketing development and strategies, financial results and forecasts, status of major projects, minutes of meetings of the Board and of the ARMC and other major operational, financial, compliance and legal issues.</li> <li>• In addition, there is a schedule of matters reserved specifically for the Board's decision.</li> <li>• All Directors should ensure that minutes of Board meetings accurately reflect the deliberations and decisions of the Board, including whether any Director abstains from voting or deliberating on a particular matter.</li> <li>• A secured online portal has been created to allow Directors online access to Board file, updates and other relevant documents. This portal enables sharing of updated information and documents with the Directors and amongst the Directors themselves.</li> </ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

**Practice 2.1**

The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"> <li>• The Board Charter was adopted by the Board on 27 August 2013.</li> <li>• Any subsequent amendment to the Charter can only be approved by the Board. Apart from setting out the roles and responsibilities of the Board, the Board Charter also outlines the membership guidelines, procedures for Board Meetings, Directors' remuneration, and investor relations and shareholder communication.</li> <li>• The Board Charter would be periodically reviewed and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities.</li> <li>• The Board Charter is available on the corporate website - <a href="http://www.carlsbergmalaysia.com.my">www.carlsbergmalaysia.com.my</a>.</li> </ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

### Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"><li>• The Group has embedded the 'Live by our Compass' programme in the Group culture by implementing the ethical standards for conducting business with integrity valued by the Carlsberg Group. The Group has adopted the 'Code of Ethics &amp; Conduct' (the "COEC"), introduced by the Carlsberg Group to help its employees to make the right choices and to act appropriately in response to ethical dilemmas in their daily work. The COEC applies to the Management, employees and contract workers of the Carlsberg Group.</li><li>• The COEC has 14 key areas: Compliance with laws and company policies • Anti-corruption and anti-bribery laws • Trade sanctions and export control laws • Competition laws • Data protection and privacy laws • Responsible drinking • Conflicts of interest • Insider trading and handling of inside information • Protection and proper use of corporate assets • Confidential and proprietary information • Work environment • Gifts, meals and entertainment • Political activities and donations • Accuracy of books, records and public reports.</li><li>• The COEC is extensive but not exhaustive and the Group expects its employees to exercise sound judgement in their decision-making in order to adhere to the highest ethical standards. The COEC will be reviewed periodically.</li><li>• In order to bring the COEC to life, employees are trained on the ethical standards set out in the COEC. As part of this training, the Group has implemented an e-learning module that makes employees aware of ethical behaviours that are meaningful for the Carlsberg Group and need to be followed. In 2019, employees across the Group in higher-risk roles received face-to-face training on data protection, anti-bribery and corruption and competition law. New joiners are enrolled in e-learning on competition law and COEC. This will continue in 2020, alongside the roll-out of a new anti-bribery and corruption e-learning course. Training is essential for maintaining awareness of the</li></ul>

	<p>importance and details of our policies, and our compliance programme as a whole.</p> <ul style="list-style-type: none"> <li>• The Group also adopted the Carlsberg Group’s new policy structure which was launched in 2017 to support more effective and ethical business conduct.</li> <li>• There are 30 group policies and around 200 manuals supporting the policies which are divided into • Governance &amp; Strategic Risks • Legal &amp; Compliance Risks • Financial Risks • Operational Risks.</li> <li>• The policies aim to mitigate the main company risks, protect our brands and highlight what is expected of employees. The policies explain what is expected and supporting manuals explain how the employees should comply to the requirements set.</li> </ul>	
<p><b>Explanation for departure</b> :</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b> :</p>		
<p><b>Timeframe</b> :</p>		

### Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

### Practice 3.2

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"> <li>• Carlsberg embraces an ‘open-door’ culture and all employees are encouraged to seek advice from their line managers, if they believe there is a violation of the COEC. As per the local whistleblowing policy, an employee is required to report any violation to the Legal Director and Company Secretary who is responsible for compliance related matters or the Head of Internal Audit who is functionally independent of the business operations.</li> <li>• Alternatively, an employee may choose to escalate the violation directly to the VP of Compliance at Carlsberg Group. To do so, the employee could escalate via an email to a Speak Up mailbox (<a href="mailto:SpeakUp@Carlsberg.com">SpeakUp@Carlsberg.com</a>), a secured web-based complaint platform (<a href="https://www.speakupfeedback.eu/web/wep4br/my">https://www.speakupfeedback.eu/web/wep4br/my</a>) or a telephone line (1-800-88-4307) with designated access code that is hosted by a 3rd party service provider.</li> <li>• The Board has adopted the above as the Group’s whistleblowing policy, which encompasses the Speak Up Policy introduced by Carlsberg Group. This whistleblowing policy is also extended to all business partners of the Group. All cases lodged within the framework of this policy will be overseen by the Board, through the AC Chairman. This applies to all whistleblowing cases including those reported via the channels provided by Carlsberg Group, as there is a policy of mutual communication between the Group and Carlsberg Group.</li> </ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 4.1

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	<ul style="list-style-type: none"> <li>• The Company is supportive of objective and independent deliberation review and decision making.</li> <li>• Currently, the Board comprises seven (7) Directors, with three (3) out of seven (7) Directors being Independent Directors and one (1) Executive Director, who also serves as the MD.</li> <li>• Three of the Non-Executive Directors including the Chairman, are Independent Directors, representing 43% of the Board with the remaining consisting of 3 Non-Independent Non-Executive Directors and the Managing Director of the company.</li> <li>• The current shareholding structure of the Company is that 51% of its equity interest are held directly by CARLSBERG BREWERY AS.</li> <li>• The Board was of the view that to fully leverage on the experience of the CARLSBERG Group, it is in the best interest of the company and that of its stakeholders that the Board constitutes a fair and adequate representation of the major shareholders.</li> </ul>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	N/A	
<b>Timeframe</b>	:		

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 4.2

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The cumulative tenure of each Independent Director of the Company, namely Datuk Toh Ah Wah, Mr. Chew Hoy Ping and Ms. Michelle Tanya Achuthan, does not exceed nine (9) years.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 4.3 - Step Up**

The board has a policy which limits the tenure of its independent directors to nine years.

<b>Application</b>	:	Applied
<b>Explanation on adoption of the practice</b>	:	The Board Charter stipulates that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the 9 years, an Independent Director may continue to serve on the Board subject to the director's redesignation as a non-Independent Director. Otherwise, the Board must justify and seek shareholders' approval at Annual General Meeting in the event it retains the director as an Independent Director.

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 4.4**

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"> <li>• Appointment of Board and Senior Management are based on objective criteria, merit and besides gender diversity, due regard are placed for diversity in skills, experience, age and cultural background.</li> <li>• The Board pursues diversity in both the Board level and Senior Management.</li> <li>• The Board recognises a diverse Board in the Company could offer greater depth and breadth compared to non-diverse Board whilst the diversity at Senior Management will lead to better decisions.</li> <li>• Please refer to the Annual Report, Profile of Directors and the Management Team on pages 76 to 79 and 74 to 75 respectively for further information.</li> </ul>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 4.5

The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	<ul style="list-style-type: none"> <li>• The Board is supportive of gender diversity in the Board composition and Senior Management. For the financial year 2019, two out of the seven (28.6 percent) Board members are women, with one of the female Board members being an Independent Director. The profiles of the Directors are set out on pages 76 to 79 of this Annual Report.</li> <li>• The Board through the Nomination and Remuneration Committee will continue to consider gender diversity as part of its future selection of female board representation.</li> </ul>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 4.6

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"><li>For all the appointment of directors, the Nomination and Remuneration Committee considers shortlisted candidates based on their profiles, professional achievements and personality assessments. Appropriate candidates for independent directors are sourced through Human Resource search networks based on the needs of the Board. The Nomination and Remuneration Committee then ensures that the candidates are suitable and of sufficient calibre for recommendation to the Board for approval. The Managing Director, Stefano Clini was interviewed by the Nomination &amp; Remuneration Committee before the Board of Directors endorsed his appointment.</li></ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 4.7

The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"> <li>• The Nomination and Remuneration Committee which is charged with the responsibility of, amongst others, recommending the appointment of new Directors to the Board, was established on 1 October 2001 and comprises all of whom are Non-Executive and Independent Directors. The current members are:               <ol style="list-style-type: none"> <li>a) Datuk Toh Ah Wah (Independent Non-Executive Director) - Chairman</li> <li>b) Chew Hoy Ping (Independent Non-Executive Director) – Member</li> </ol> </li> <li>• The Terms of Reference of the Nomination and Remuneration Committee is set out in the Appendix C of the Board Charter and is available on the corporate website - <a href="http://www.carlsbergmalaysia.com.my">www.carlsbergmalaysia.com.my</a>.</li> <li>• The role of Chairman of the Nomination and Remuneration Committee includes the following:-               <ol style="list-style-type: none"> <li>a) Leading in succession planning and appointment of Board members, future Chairman and Managing Directors; and</li> <li>b) Leading the annual review of board effectiveness, ensuring that the performance of each individual Director is independently assessed.</li> </ol> </li> </ul>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

### Practice 5.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out and its outcome.

For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"><li>• The Board undertakes an annual assessment of Independent Directors and is satisfied that they continue to bring independent and objective judgement to board deliberations.</li><li>• Peer and self assessments are carried out by the Directors and the AC members once every year.</li><li>• The Board had engaged PwC Consulting Associates (M) Sdn Bhd (PwC) to conduct the evaluation of the Board of Directors' Performance for the FYE 2018. The results, in particular the key strength and weaknesses identified from the evaluation were shared with the Board to allow enhancements to be undertaken.</li><li>• For FYE 2019, the Board's Effectiveness Evaluation was conducted in house by the company secretary in December 2019. The results will be shared to the Board to allow enhancements to be undertaken.</li></ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

### Practice 6.1

The board has in place policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The policies and procedures are periodically reviewed and made available on the company's website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"> <li>The objective of the Group's remuneration policy is to attract and retain the Directors and Senior Management required to lead and control the Group effectively. In the case of the Executive Director and Senior Management, the components of the remuneration package are linked to corporate and individual performance. For Non-Executive Directors, the level of remuneration is reflective of their experience and level of responsibilities.</li> <li>For the current remuneration policy, the remuneration payable to Non-Executive Directors in respect of Directors' fees are paid to Independent Non-Executive Directors only and also includes fees for the AC Chairman and AC Members of the Company, who are Independent Non-Executive Directors.</li> <li>Details of the Independent Non-Executive Directors' remuneration are set out in para 7.1 of the Corporate Governance Overview Statement at pages 88 to 89 of the Annual Report 2019. The fees were last revised in 2018.</li> <li>The remuneration for Non-Executive Directors who are Non-Independent and are representatives of the Carlsberg Group, are not paid by the Company but are paid by the Carlsberg Group.</li> <li>The Nomination and Remuneration Committee also reviews the remuneration policy for Senior Management and recommends to the Board for approval.</li> </ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

**Practice 6.2**

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"> <li>• The Nomination and Remuneration Committee, which was established on 18 August 2001, comprises exclusively of Independent Non-Executive Directors. The current members are:               <ul style="list-style-type: none"> <li>a) Datuk Toh Ah Wah (Independent Non-Executive Director) – Chairman</li> <li>b) Chew Hoy Ping (Independent Non-Executive Director) – Member</li> </ul> </li> <li>• The Nomination and Remuneration Committee evaluates the remuneration packages of senior management executives and recommends for the Board's approval, the framework of executive remuneration of the Executive Director's remuneration package.</li> <li>• Non-Executive Directors' fees are determined by the Board as a whole with the Director concerned abstaining from deliberations and voting on decisions in respect of his fee.</li> <li>• The Terms of Reference of the Nomination and Remuneration Committee is set out in the Appendix C of the Board Charter and is available on the corporate website - <a href="http://www.carlsbergmalaysia.com.my">www.carlsbergmalaysia.com.my</a>.</li> <li>• The role of Chairman of the Nomination and Remuneration Committee includes the following:-               <ul style="list-style-type: none"> <li>a) Leading in succession planning and appointment of Board members, future Chairman and Managing Directors; and</li> <li>b) Leading the annual review of board effectiveness, ensuring that the performance of each individual Director is independently assessed.</li> </ul> </li> </ul>
<b>Explanation for departure</b>	:	

*Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.*

<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

**Practice 7.1**

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The detailed disclosure on named basis for the remuneration of individual directors are set out in para 7.1 of the Corporate Governance Overview Statement at pages 88 to 89 of the Annual Report 2019.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

### Practice 7.2

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Company has disclosed the top five senior management's remuneration in bands of RM50,000 but not on a named basis due to confidentiality and sensitivity of each remuneration package.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	The Company will review and consider disclosing the top five senior management's remuneration in bands of RM50,000 on a named basis.	
<b>Timeframe</b>	:	Within 3 years	

**Intended Outcome**

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

**Practice 7.3 - Step Up**

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

<b>Application</b>	:	Departure
<b>Explanation on adoption of the practice</b>	:	The Board believes that the measure set out for Practice 7.2 is sufficiently transparent and allows stakeholders to assess the reasonableness of senior management's remuneration in the context of the Company's performance.

## Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

## Practice 8.1

The Chairman of the Audit Committee is not the Chairman of the board.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"><li>• The Audit Committee was renamed as the Audit &amp; Risk Management Committee with effect from 11 September 2017.</li><li>• Mr. Chew Hoy Ping, an Independent Non-Executive Director is the Chairman of the ARMC whilst the Chairman of the board is Datuk Toh Ah Wah.</li><li>• The composition of ARMC are as follows:<ul style="list-style-type: none"><li>a) Chew Hoy Ping (Independent Non-Executive Director) – Chairman</li><li>b) Roland Arthur Lawrence (Non-Executive Director) - Member</li><li>c) Datuk Toh Ah Wah (Independent Non-Executive Director) - Member</li></ul></li><li>• The Terms of Reference of the AC is set out in Appendix B of the Board Charter which is available on the corporate website - <a href="http://www.carlsbergmalaysia.com.my">www.carlsbergmalaysia.com.my</a>.</li><li>• In line with the Code, the Board has recently approved for the ARMC to be split into a separate Audit Committee (AC) and Risk Management Committee (RMC) on 21 February 2020. The composition of the RMC is Chew Hoy Ping, Datuk Toh Ah Wah, Michelle Tanya Achuthan and Stefano Clini.</li></ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee’s findings and recommendations. The company’s financial statement is a reliable source of information.

**Practice 8.2**

The Audit Committee has a policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"> <li>• The Group recognises the importance of independence of its external auditors and that no possible conflict of interest whatsoever should arise.</li> <li>• None of the members of the Board were former key audit partners. Hence, no member of the AC appointed was a former key audit partner.</li> <li>• The Group will observe a cooling-off period of at least two (2) years in the event any potential candidate to be appointed as a member of the AC was a key audit partner.</li> </ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

### Practice 8.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"> <li>• The scope of the external auditors is ascertained by the ARMC, with a twice-a-year meeting held between the ARMC and the external auditors.</li> <li>• The external auditors were present at four (4) ARMC meetings during the 2019 financial year. At these meetings, the ARMC also held separate sessions with the external auditors without the executive board members present whereby the ARMC was briefed by the external auditors on their audit findings and any other observations they may have had during the audit process.</li> <li>• The ARMC assessed the performance, competency and professionalism demonstrated by the external auditors during the year.</li> <li>• The ARMC obtained the requisite assurance on independence from the external auditors and recommended the audit fees payable to the Board for approval.</li> <li>• The ARMC considered and assessed the independence and objectivity of the external auditors during the year and also prior to engaging the external auditors for non-audit related services.</li> <li>• The non-audit fees paid to the member firms of external auditors, Messrs PricewaterhouseCoopers by the Group during the financial year ended 31 December 2019 amounted to RM80,321. This amount was incurred in respect of the following services:             <ol style="list-style-type: none"> <li>a) Retirement Plan for financial year 2018 and</li> <li>b) Statement on Risk Management and Internal Control</li> <li>c) Board Effectiveness Evaluation for financial year 2018</li> </ol> </li> </ul>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

## Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Departure
<b>Explanation on adoption of the practice</b>	:	<p>The Audit and Risk Management Committee consists of a majority of independent directors. Over the course of the financial year 2019, the committee comprised of 3 members (2 independents and 1 non independent). The Board considers the composition of the Audit and Risk Management Committee as fairly reflecting an appropriate balance of independent views and oversight while leveraging on the knowledge and experience of the regional Carlsberg finance director in its review of the Group's financial, risk and audit and accounting matters.</p> <p>In line with the Code, the Board has recently approved for the ARMC to be split into a separate Audit Committee (AC) and Risk Management Committee (RMC) on 21 February 2020. The composition of the RMC is Chew Hoy Ping, Datuk Toh Ah Wah, Michelle Tanya Achuthan and Stefano Clini.</p>

## Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

## Practice 8.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	<ul style="list-style-type: none"><li>• The members of ARMC have the relevant accounting or related experience and expertise in financial service industry to effectively discharge their duties.</li><li>• The qualification and experience of the individual ARMC members are disclosed in the Board of Directors' Profile on pages 76 to 78 of the Annual Report.</li><li>• All members of the ARMC had undertaken continuous professional development. During the year, the ARMC members attended the training as below:-  <u>Chew Hoy Ping</u><ol style="list-style-type: none"><li>1. Audit Committee Conference 2019, Malaysian Institute of Accountants (MIA) on 15 April 2019.</li><li>2. Cyber Security in the Boardroom, Deloitte Risk Advisory on 27 June 2019.</li><li>3. Introduction to Integrated Reporting, Malaysian Institute of Accountants (MIA) on 14 October 2019.</li><li>4. Corporate Liability Under Section 17A of the MACC Act 2018, Malaysian Institute of Accountants (MIA) on 6 November 2019.</li><li>5. Audit Oversight Board: Conversation with the Audit Committee, Securities Commission on 8 November 2019.</li></ol> <u>Roland Arthur Lawrence</u><ol style="list-style-type: none"><li>1. Asia Leadership Conference, Siem Reap, Cambodia on 6-7 March 2019.</li><li>2. Carlsberg Leadership Team Meeting, IMD Programme, Lausanne, Switzerland on 27-28 March 2019.</li><li>3. Asia Leadership Conference, Beijing, China on 10-11 July 2019.</li><li>4. Asia Leadership Conference, Hong Kong on 30-31 October 2019.</li><li>5. Carlsberg Leadership Team Meeting (Top 60), Oslo, Norway on 18-19 December 2019.</li></ol></li></ul>

	<p><u>Datuk Toh Ah Wah</u></p> <ol style="list-style-type: none"> <li>1. Audit Committee Conference 2019, Malaysian Institute of Accountants (MIA) on 15 April 2019.</li> <li>2. 20th Asia Oil &amp; Gas Conference (AOGC) 2019, Petroliam Nasional Berhad (PETRONAS) on 23 – 25 June 2019.</li> <li>3. Demystifying The Diversity Conundrum: The Road to Business Excellence, Bursa Malaysia on 5 July 2019.</li> <li>4. The Role of the Board in Risk Management of Legal Issues During Mergers &amp; Acquisitions, Institute of Corporate Directors Malaysia (ICDM) on 5 September 2019.</li> <li>5. Integrated Reporting: Communicating Value Creation, Bursa Malaysia on 16 October 2019.</li> <li>6. Plant Visit to BASF – PETRONAS Chemicals Sdn Bhd &amp; PETRONAS Chemicals MTBE Sdn Bhd (PCG) on 22 October 2019.</li> <li>7. Corporate Governance &amp; Anti-Corruption, Security Commission Malaysia on 31 October 2019.</li> <li>8. Audit Oversight Board Conversation with Audit Committees, Securities Commission Malaysia, Bukit Kiara on 8 November 2019.</li> <li>9. MFRS Updates for Public Listed Companies’ Board Audit Committee Members, KPMG on 3 December 2019</li> </ol>	
<p><b>Explanation for departure</b></p>	<p>:</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>	<p>:</p>	
<p><b>Timeframe</b></p>	<p>:</p>	

### Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

### Practice 9.1

The board should establish an effective risk management and internal control framework.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"><li>• The Board of Directors has always placed significant emphasis on sound internal controls which are necessary to safeguard the Group's assets and shareholders' investment.</li><li>• To this end, the Board affirms its overall responsibility for the Group's internal controls system which encompasses risk management practices as well as financial, operational and compliance controls. However, it should be noted that such system, by its nature, manages but not eliminates risks and therefore can provide only reasonable and not absolute assurance against material misstatement, loss or fraud.</li><li>• The Audit and Risk Management Committee was renamed as the Audit &amp; Risk Management Committee with effect from 11 September 2017, which oversees the risk management and internal control framework.</li><li>• The Board has recently approved for the ARMC to be split into a separate Audit Committee (AC) and Risk Management Committee (RMC) on 21 February 2020.</li></ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company’s objectives is mitigated and managed.

**Practice 9.2**

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

<b>Application</b>	Applied
<b>Explanation on application of the practice</b>	<ul style="list-style-type: none"> <li>• The Board is updated on the Group’s internal controls system which encompasses risk management practices as well as financial, operational and compliance controls on a quarterly basis.</li> <li>• Ongoing reviews are performed throughout the year on quarterly basis to identify, evaluate, monitor and manage significant risks affecting the business and ensure that adequate and effective controls are in place. Such continuous review processes are conducted by the Group’s independent and sufficiently resourced internal audit function as well as the Company’s management team.</li> <li>• The findings of the internal audit function(“IAD”) are regularly reported to the AC. Throughout the year, the IAD performed the followings:             <ul style="list-style-type: none"> <li>a) Performed reviews based on the approved annual audit plan, in which focus areas were derived from the results of risk assessment conducted on the business plan, financial statements and operational processes. Apart from such risk-based approach, the internal control principles as advocated by the Committee of Sponsoring Organizations of the Treadway Commission, commonly known as COSO framework was also observed where applicable in the execution of internal audit reviews.</li> <li>b) Identified auditable areas and performed reviews based on the risk levels assessed. Consideration was also given to any concerns shared by Management. The areas that were audited comprised trade and commercial, financial, manufacturing, compliance and information system related activities.</li> <li>c) Carried out special reviews and investigations whenever necessary and reported to the ARMC the outcomes of such engagements. Presented the necessary information and outcomes to the ARMC with regards to any case of whistleblowing.</li> <li>d) Reviewed the Group’s state of compliance with established principles and practices, as well as the relevant statutory requirements.</li> </ul> </li> </ul>

	<p>e) Assessed the effectiveness of internal controls put in place by Management to safeguard the Group’s assets &amp; inventory in the course of executing the Internal Audit plan.</p> <p>f) Collaborated with Management to promote the culture of practicing good internal controls and governance to attain optimal business efficiency and process effectiveness.</p> <p>g) Identified business areas that necessitated process improvements and put forward recommendations to minimize financial wastage and to prevent fraud. Closely monitored the timeliness and effectiveness of the implementation of corrective actions by Management in addressing reported audit observations.</p>
<p><b>Explanation for departure</b> :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p><b>Measure</b> :</p>	
<p><b>Timeframe</b> :</p>	

### **Intended Outcome**

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

### **Practice 9.3 - Step Up**

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<ul style="list-style-type: none"><li>• The RMC comprises a majority of independent directors, its members are:<ol style="list-style-type: none"><li>a) Chew Hoy Ping (Independent Non-Executive Director) – Chairman</li><li>b) Datuk Toh Ah Wah (Independent Non-Executive Director) - Member</li><li>c) Michelle Tanya Achuthan (Independent Non-Executive Director) - Member</li><li>d) Stefano Clini (Managing Director) - Member</li></ol></li></ul>

### Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

### Practice 10.1

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"> <li>• The Board of Directors has always placed significant emphasis on sound internal controls which are necessary to safeguard the Group's assets and shareholders' investment.</li> <li>• To this end, the Board affirms its overall responsibility for the Group's internal controls system which encompasses risk management practices as well as financial, operational and compliance controls. However, it should be noted that such system, by its nature, manages but not eliminates risks and therefore can provide only reasonable and not absolute assurance against material misstatement, loss or fraud.</li> <li>• Ongoing reviews are performed throughout the year to identify, evaluate, monitor and manage significant risks affecting the business and ensure that adequate and effective controls are in place. Such continuous review processes are conducted by the Group's independent and sufficiently resourced internal audit function as well as the Company's management team.</li> </ul>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

### Practice 10.2

The board should disclose–

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"> <li>• The Group has an Internal Audit Department (“IAD”) that provides the AC and the Board with reasonable assurance on the adequacy and integrity of the system of internal controls.</li> <li>• The IAD is staffed by a total of 4 professionals and it is led by Mr. Lim Tiong Eng @ Allan Lim as the Head of Internal Audit. He holds a Bachelor of Commerce (major in accounting) and is a certified member of both CPA Australia &amp; Malaysian Institute of Accountants.</li> <li>• The IAD is independent of activities related to business operations and performs its duties in accordance with standards set by relevant professional bodies, namely Institute of Internal Auditors.</li> <li>• The responsibilities of the IAD include developing the annual audit plan execution and reporting the audit results for the Group. For such purposes, the IAD:               <ol style="list-style-type: none"> <li>a) Prepares a detailed Annual Audit Plan in consultation with the Managing Director for submission to the AC for approval;</li> <li>b) Carries out all activities to conduct the audits in accordance with the audit plan;</li> <li>c) Shares its finding with the auditee upon completion of each audit; and</li> <li>d) Submits quarterly reports to the AC</li> </ol> </li> </ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

### Practice 11.1

The board ensures there is effective, transparent and regular communication with its stakeholders.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"> <li>• The Board recognises the importance of an effective communication channel between the Board, shareholders and general public, and at the same time, full compliance with the disclosure requirements as set out in the Listing Requirements.</li> <li>• The annual reports, press releases, quarterly results and any announcements on material corporate exercises are the primary modes of disseminating information on the Group's business activities and financial performance.</li> <li>• The Managing Director is the designated spokesperson for all matters related to the Group and dedicated personnel are tasked to prepare and verify material information for timely disclosure upon approval by the Board.</li> <li>• The Group maintains a website at <a href="http://www.carlsbergmalaysia.com.my">www.carlsbergmalaysia.com.my</a> for shareholders and the public to access information on, amongst others, the Group's background and products, financial performance, frequently-asked questions (FAQs) and updates on its various sponsorships and promotions.</li> <li>• Stakeholders can at any time seek clarification or raise queries through the corporate website, by email or phone. Primary contact details are set out at the group's website.</li> <li>• Written communications are attended to within 48 hours from day of receipt. The website also post all press releases made by the Group together with latest news on the Group and the industry.</li> </ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

### Practice 11.2

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Group will look into integrated reporting based on a globally recognised framework and that which is aligned with the Carlsberg Group.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	The Group targets to adopt integrated reporting based on a globally recognised framework and that which is aligned with the Carlsberg Group in the preparation of Annual Report, currently expected by year 2021 for the publication of its Annual Report FYE 2020.	
<b>Timeframe</b>	:	Within 3 years	

## Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

### Practice 12.1

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

<b>Application</b>	:	Applied												
<b>Explanation on application of the practice</b>	:	<ol style="list-style-type: none"><li>1. The Annual General Meeting (“AGM”) represents the principal forum for dialogue and interaction with shareholders.</li><li>2. At every meeting, the Board sets out the progress and performance of the Group since the last meeting held.</li><li>3. Shareholders are encouraged to participate in the subsequent Question &amp; Answer session wherein the Directors, Company Secretary, Heads of Department as well as the Group’s external auditors are available to respond to the queries raised. In the event that an answer cannot be readily given at the meeting, the Chairman will undertake to provide a written reply to the shareholder.</li><li>4. Each item of special business included in the notice of meeting will be accompanied by a full explanation on the effects of a proposed resolution.</li><li>5. The notices of AGM are despatched to shareholders at least 28 days before the AGM, to allow shareholders additional time to go through the Annual Report and make the necessary attendance and voting arrangements.</li><li>6. Details as below:<table border="1"><thead><tr><th></th><th>Date of Issue</th><th>No. of Days before AGM</th><th>Date of Annual General Meeting</th></tr></thead><tbody><tr><td>Annual Report 2017</td><td>12 March 2018</td><td>30 days</td><td>12 April 2018</td></tr><tr><td>Annual Report 2018</td><td>11 March 2019</td><td>29 days</td><td>10 April 2019</td></tr></tbody></table></li><li>7. During the year, the Managing Director and/or key management personnel also hold discussions with the press and analysts when necessary, to provide information on the Group’s strategy, performance and major developments.</li><li>8. A press briefing is also held after each AGM.</li><li>9. Before the commencement of AGM, the Directors and Management will join the shareholders together with a dedicated team of employees to assist the shareholders on the queries they may have.</li><li>10. After the Chairman’s address, the Managing Director will give a presentation which includes details on the performance, key developments and financial results for the reporting year and comments on outlook for the following year.</li></ol>		Date of Issue	No. of Days before AGM	Date of Annual General Meeting	Annual Report 2017	12 March 2018	30 days	12 April 2018	Annual Report 2018	11 March 2019	29 days	10 April 2019
	Date of Issue	No. of Days before AGM	Date of Annual General Meeting											
Annual Report 2017	12 March 2018	30 days	12 April 2018											
Annual Report 2018	11 March 2019	29 days	10 April 2019											

	<p>11. The Chairman will share the Company's responses to questions posed by the Minority Shareholders Watchdog Group before engaging the shareholders on Questions &amp; Answers session.</p> <p>12. The Board is satisfied with the current programme at AGM and there have been no major contentious issues noted with shareholders/investors.</p>	
<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

**Intended Outcome**

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

**Practice 12.2**

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<ul style="list-style-type: none"> <li>• All directors have always committed to attend the AGM. The Board members include executives of the Carlsberg Group with global and regional responsibilities.</li> <li>• All directors attended the Company's 49<sup>th</sup> Annual General Meeting in 2019.</li> <li>• The Chairmen of the ARMC and the Nomination and Remuneration Committee were present on stage to provide response if there are any questions addressed to them.</li> </ul>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

### Practice 12.3

Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate–

- including voting in absentia; and
- remote shareholders' participation at General Meetings.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>In compliance with the Practice, the Company has amended its Constitution to state that the Company may convene a meeting of Members at more than one venue using any technology or method that enables the Members of the Company to participate and to exercise the Members' right to speak and vote at the meeting. The main venue of the meeting shall be in Malaysia and the Chairman shall be present at the main venue.</p> <p>In view of the current Covid-19 pandemic, the Company is taking the necessary precautions and preventive measures in complying the directives issued by the Malaysian Ministry of Health. These include considering the option of shareholders' remote participation at the forthcoming AGM.</p> <p>The Company's Annual General Meeting has always been held within the capital city limits and not in a remote location. The date and venue for the forthcoming 50<sup>th</sup> Annual General Meeting (AGM) to be announced in due course.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES  
PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA  
MALAYSIA**

*Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.*

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