



**BUDWEISER BREWING COMPANY APAC LIMITED**

*(A company incorporated in the Cayman Islands with limited liability)*

**CORPORATE GOVERNANCE CHARTER**

**May 2020**

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## 1. Introduction

Budweiser Brewing Company APAC Limited (the **Company**, together with its subsidiaries, the **Group**) is committed to achieving the highest standards of corporate governance. For the Company, the issue is two-fold. Corporate governance concerns both the effectiveness and the accountability of its board of directors (the **Directors** and together the **Board**).

Effectiveness, and therefore the quality of leadership and direction that the Board provides, is measured by performance which is ultimately reflected in enhanced shareholder value.

Accountability, including all the issues surrounding disclosure and transparency, is what provides legitimacy to the Board's actions. Shareholders elect Directors to run the Company on their behalf and the Board is accountable to shareholders for its actions.

As a company incorporated under Cayman Island law and whose shares (the **Shares**) are listed on the Stock Exchange of Hong Kong Limited (the **Stock Exchange**), the Company needs to comply with, *inter alia*

- the applicable laws and regulations in the Cayman Islands (the **Cayman Laws**);
- the applicable laws and regulations in Hong Kong (the **Hong Kong Laws**); and
- the Rules Governing the Listing of Securities of the Stock Exchange (the **Listing Rules**), including the Model Code for Securities Transactions by Directors of Listed Issuers (the **Model Code**) under Appendix 10 to the Listing Rules, Corporate Governance Code (the **CG Code**) under Appendix 14 to the Listing Rules and the Environmental, Social, Governance Reporting Guide (the **ESG Guide**) under Appendix 27 to the Listing Rules.

The Company adopts the Code of Business Conduct (supplemented by a global anti-corruption policy) of AB InBev and has adopted its own code of share dealing (the **Code of Dealing**).

This corporate governance charter (the **Charter**) aims at providing a transparent disclosure of the Company's governance, which is further detailed in the Company's articles of association (the **Articles of Association**, as amended and restated from time to time). It is understood that in the event of any inconsistency or discrepancy between the Cayman Laws/Hong Kong Laws/Listing Rules/Articles of Association and the Charter, the Cayman Laws/Hong Kong Laws/Listing Rules/Articles of Association shall prevail (as the case may be). The Charter is posted on the on the Company's website (<http://www.budweiserapac.com>) (the **Company's Website**) and will be periodically reviewed and updated as required.

In addition, the Company will include in its annual report a corporate governance statement with factual information with respect to its corporate governance and relevant modifications thereto as required under the Listing Rules and applicable legislation, together with details of executive remuneration and of relevant events that took place during the year.

Our dream is to *Bring People Together for a Better World*. In pursuing this dream, the Company strives to strike a balance between generating great business results and managing its environmental and social responsibilities. Sustainability is central to the Company's culture and embedded in the way the Company does business.

In accordance with the ESG Guide, the Company also will also publish an environmental, social and governance report annually and which outlines its targets and progress made in, among other things, the following areas of our Better World agenda:

- smart drinking;
- environment;
- workplace safety; and
- community.

## **2. Controlling shareholders**

### **2.1 Controlling shareholders**

Immediately after the Company's listing on the Stock Exchange, Anheuser-Busch InBev SA/NV (*AB InBev*) will be the controlling shareholder of the Company.

As a company incorporated under Belgian law and listed on Euronext Brussels, AB InBev adheres to most of the principles and provisions of the 2009 Belgian Corporate Governance Code, taking into account its specific status as a multinational group with secondary listings in Mexico and Johannesburg. Further to the New York Stock Exchange listing of ADS's representing ordinary shares of AB InBev, the New York Stock Exchange Corporate Governance rules for Foreign Private Issuers are applicable to AB InBev. According to these rules, AB InBev discloses in item 16G of its annual report on Form 20-F any significant ways in which its corporate governance practices differ from those followed by domestic companies listed on the NYSE. AB InBev has also registered under the U.S. Securities Exchange Act of 1934, as amended. As a result, it is subject to the Sarbanes-Oxley Act of 2002 and to certain U.S. Securities laws and regulations relating to corporate governance.

As a subsidiary of AB InBev, the Company will endeavour to assist AB InBev in complying with its legal and regulatory requirements.

### **2.2 Shareholders' structure**

After the Company's listing on the Stock Exchange, shareholders of the Company will be subject to obligations of disclosure of interests under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). The information of shareholders which are interest in 5% or more of the Shares will be available on the website of the Stock Exchange (<http://www.hkexnews.hk>).

## **3. Shareholders**

### **3.1 Shareholders' meetings and voting rights**

The Company encourages its shareholders to participate in general meetings. In order to facilitate this, voting in absentia may take the form of proxy voting in accordance with the Articles of Association. Agendas and all other relevant information will be despatched to members and will be available on the Company's Website in advance of general meetings. General meetings may be held in any part of the world as may be determined by the Board.

### **3.1.1 Annual general meeting**

An annual general meeting shall be held no later than the end of June each year other than the year of the Company's adoption of the Articles of Association (within a period of not more than 15 months after the holding of the last preceding annual general meeting or not more than 18 months after the date of adoption of the Articles of Association, unless a longer period would not infringe the rules of the Stock Exchange, if any).

At this meeting, among other things, the Board and the external auditor shall present a report on the management, corporate governance and the financial situation of the Company at the end of the previous fiscal year. The shareholders then vote on the adoption of the annual accounts, the distribution (or not) of the Company's profits, the appointment or renewal, if necessary, of directors or external auditors, and the remuneration, if necessary, of the directors and the external auditor(s).

### **3.1.2 Extraordinary general meeting**

Extraordinary general meetings may be held for any purposes which require the approval of shareholders at an extraordinary meeting. These include, amongst other things, any amendments to the Articles of Association, any increase or reduction of the share capital, any authorisation to the Board to increase the capital, any amendment to the rights attached to a class of shares, share repurchase authorisations granted to the Board to acquire or dispose of its own Shares, any decisions to change the legal form of the Company, any decision to liquidate the Company and any merger or split.

### **3.1.3 Notice and agenda**

An annual general meeting must be called by written notice unless otherwise specifically stated and as further defined in the Articles of Association (the *Notice*) of not less than 21 clear days and not less than 20 clear business days. All other general meetings (including an extraordinary general meeting) must be called by Notice of not less than 14 clear days and not less than 10 clear business days but if permitted by the rules of the Stock Exchange, a general meeting may be called by shorter notice in accordance with the Articles of Association where agreed by the shareholders. For the avoidance of doubt, when counting "clear business days", the day on which a notice is given and the day on which a meeting is held are not included.

The Notice shall specify the time and place of the meeting and particulars of resolutions to be considered at the meeting and, in case of special business, the general nature of the business. The notice convening an annual general meeting shall specify the meeting as such. Notice of every general meeting shall be given to all shareholders other than to such shareholders as, under the provisions of the Articles of Association or the terms of issue of the shares they hold, are not entitled to receive such Notices from the Company, to all persons entitled to a share in consequence of the death or bankruptcy or winding up of a shareholder and to each of the Directors and the auditors.

Notices of all general meetings and all related documents, such as specific Board and auditor's reports, are also published on the Company's Website and the website of the Stock Exchange.

### **3.1.4 Admission to meetings**

No shareholder shall, unless the Board otherwise determines, be entitled to attend and vote and to be reckoned in a quorum at any general meeting unless he/she is duly registered and all calls or other sums presently payable by him/her respect of Shares have been paid.

Where the Company has knowledge that any shareholder is, under the Listing Rules, required to abstain from voting on any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

The right to participate in and vote at a shareholders' meeting requires shareholders to have the ownership of their Shares recorded in their name on the register of members of the Company on the record date as specified in the relevant Notice.

Any shareholder may attend shareholders' meetings in person or be represented by a proxy or corporate representative, who need not be a shareholder. All proxies must be in writing in accordance with the form prescribed by the Company and must be received by the Company by a date prescribed in the relevant Notice.

### **3.1.5 *Votes, quorum and majority requirements***

Each fully paid Share entitles its holder to one vote. Shareholders are allowed to vote in person, by corporate representative or by proxy.

Two shareholders entitled to vote and present in person (it being understood that, in the case of a shareholder which is a legal entity such shareholder will be deemed present in person if it is represented by its duly authorised representative) or by proxy shall form a quorum of a general meeting for all purposes.

A resolution put to the vote of a meeting shall be decided by way of a poll save that the chair of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands.

Ordinary resolutions are the resolutions passed by a simple majority of the votes cast by the Shareholders that are entitled to vote and present in person, by corporate representative or by proxy. Special resolutions are resolutions passed by a majority of not less than 3/4 of the votes cast by the Shareholders that are entitled to vote and present in person, by corporate representative or by proxy. Matters which are required to be passed by special resolutions include but not limited to reduction of the Company's share capital or any capital redemption reserve or other undistributable reserve, removal of an auditor, winding-up, change of name and amendment of the Memorandum or Articles of Association.

### **3.2 *Rights to dividends***

Subject to the Cayman Companies Law, the Company in general meeting may from time to time declare dividends in any currency to be paid to the shareholders but no dividend shall be declared in excess of the amount recommended by the Board. The Board may from time to time pay interim dividends to the shareholders as appear to the Board to be justified by the profits of the Company.

The value, timing and frequency of future dividend payments will be at the discretion of the Board, subject to applicable laws and shareholders' approval. The payment of dividends will depend on a number of factors the Board deems relevant, taking into account the organic and inorganic investment opportunities.

### **3.3 *Communication to shareholders***

The Company encourages its shareholders to take an active interest in the Company. In support of this objective, it provides quality information, in a timely fashion, through a variety of

communication tools. These include annual reports, the non-financial statement, financial results announcements, briefings, and the section of the Company's Website which is dedicated to investors.

According to the Listing Rules, the Company adopted a shareholders communication policy with effect from the Listing Date which is published on the Company's Website.

#### **4. The Board**

##### **4.1 Powers and responsibilities of the Board**

The Company has a "one-tier" governance structure whereby the Board is the ultimate decision-making body and responsible for the overall management of the Group, except for the powers reserved to the shareholders at the shareholders' meeting by law, or as specified in the Articles of Association, or matters required to be approved by the Shareholders by the Listing Rules.

Under the Articles of Association, the business of the Company shall be managed and conducted by the Board, which may exercise all powers of the Company (whether relating to the management of the business of the Company or otherwise) which are not required by the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (the *Cayman Companies Law*), the Articles or the Listing Rules to be exercised by the Company in general meeting. As such, the Board has, among other things, the following exclusive powers and responsibilities:

- to approve the Company's long-term objectives and overall strategy, as recommended by the chief executive officer (the *CEO*) and to oversee the Company's principal objectives;
- to appoint and dismiss the CEO and to appoint and remove the Company Secretaries;
- to appoint and dismiss members of the committees of the Board, to appoint and dismiss the chairs of all committees of the Board, and to monitor and review the effectiveness of the committees of the Board;
- to extend, as the case may be, the Company's activities into new business or geographical areas;
- to make decision, as the case may be, to cease to operate all or any material part of the Company's business;
- to nominate Director candidates for election and/or re-election by the shareholders at the shareholders' meeting, upon recommendation of the Nomination Committee;
- to assume ultimate responsibility for the oversight of the Company's activities ensuring:
  - (i) competent and prudent management, (ii) sound planning, (iii) an adequate system of risk management and internal control, (iv) adequate accounting and other records and (v) compliance with statutory and regulatory obligations and, in each case, that any corrective action is taken;
- to work with the Audit Committee to ensure that the Executive Committee (*ExCom*) develops and maintains appropriate, adequate and cost-effective internal control and risk management mechanisms, including:
  - receiving reports on, and reviewing the effectiveness of, the Group's risk and control processes to support its strategy and objectives;

- undertaking an annual assessment of these processes; and
- approving and appropriate statement for inclusion in an annual report;
- to review and approve the annual, six-monthly, and if required quarterly, financial and consolidated statements or reports, interim management statements and any preliminary announcement of the interim or final results, examine the financial position of any subsidiary of the Company if needed, and present at the ordinary shareholders' meeting a clear and complete evaluation of the Company's financial condition;
- to review and approve, to the extent not required to be approved by the shareholders, any annual report and accounts, including any business review, corporate governance statement, remuneration report and corporate responsibility report;
- to approve the dividend policy, and to declare any interim dividends and recommend the final dividend;
- to review and approve all significant judgments concerning the application of International Financial Reporting Standards (IFRS) in the preparation of the Company's financial statements upon the recommendation of the Audit Committee and to approve any significant changes in accounting policies or practices;
- to convene the shareholders' meetings and determine any resolutions and corresponding documentation to be submitted for approval, including, among other matters, resolutions relating to the allocation of annual corporate financial results, and requests to discharge the Board;
- to approve all notifiable transaction and connected transaction announcements, circulars, interim reports and annual reports;
- to establish the Company's policy with respect to corporate communications and to oversee all external means of communication, it being understood that communication on behalf of the Company to the outside world (after Board approval) is reserved to the co-chairs of the Board (the *Co-Chairs*) and the CEO, with the right of delegation; the Company's policy will ensure the integrity and timely disclosure of the Company's financial statements and other material information;
- to select a Chair and a CEO;
- to appoint, reappoint or remove the external auditor to be put to shareholders for approval, following the recommendation of the Audit Committee;
- to determine remuneration policy for the Directors, Company Secretaries and other senior executives;
- to determine the remuneration of the non-executive Directors (if any), subject to the Articles of Association and shareholder approval as appropriate;
- to determine the independence of Directors;
- to approve policies;
- to make any changes to the Company's listing or its status as a Cayman Islands incorporated or Hong Kong tax resident company; and

- to approve other matters that are required to be approved by the Board by the Articles of Association and the Listing Rules.

The Board is also vested with the following powers and responsibilities that it exercises upon recommendation from the CEO, which are not required by the Cayman Companies Law, the Articles or the Listing Rules to be exercised by the Company in general meeting:

- to make any changes to the Company's listing or its status as a Cayman Islands incorporated or Hong Kong tax resident company;
- to appoint and dismiss the members of the ExCom and the senior management members;
- to determine and change the general corporate structure of the Company;
- to determine and change the Company's management and control structure;
- for key subsidiaries and affiliates, for strategic partnerships, and for companies in which the Company holds a strategic minority interest, to nominate the statutory auditors and Directors to represent the Company, to be approved by the shareholders at the shareholders' meeting of the company concerned;
- to approve the annual operating budget and investment plans, the annual plan for capital expenditure, and any material changes to them. To approve all non-planned capital expenditure exceeding the amount approved by the Board, it being understood that the Board may delegate this responsibility to the ExCom;
- to approve finance transactions and financial commitments and related guarantees which exceed the amount approved by the Board, in notional amount, in any year and which are not intra-group transactions, it being understood that the Board may delegate this responsibility, in whole or in part, to the ExCom;
- to approve the opening, closing or transfer of facilities, registered offices or operating sites, either in whole or in part, other than in the ordinary course of business; and
- to approve other significant transactions of the Company.

## **4.2 Composition of the Board**

### **4.2.1 Composition**

Unless otherwise determined by the Company, the number of Directors shall not be less than two and there shall be no maximum number of Directors unless otherwise determined from time to time by the Shareholders in general meeting. At least one-third of the Board must be independent non-executive Directors. It is currently composed of 7 members as follows:

- one executive Director;
- three non-executive Directors; and
- three independent non-executive Directors, all of which must be Hong Kong residents and at least one of which must have appropriate professional qualifications or accounting or related financial management expertise appointed by the shareholders' meeting upon proposal by the Board.

#### **4.2.2 Appointment**

Subject to the Articles of Association and the Cayman Companies Law, the Shareholders may by ordinary resolution elect any person to be a Director either to fill a casual vacancy of the Board, or as an addition to the existing Board.

The Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board, or as an addition to the existing Board. Any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting after his/her appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

Other than where directly nominated by a member in accordance with the Articles of Association, the appointment and renewal of all Directors is based on a recommendation of the Nomination Committee, taking into account the rules regarding the composition of the Board that are set out in the Articles of Association.

The Directors may only be natural persons but need not be shareholders. The composition of the Board will be balanced primarily considering the respective skills, education, experience and background, but also gender, nationality and age of each of the Board members.

Board members undertake that they have sufficient time to exercise their duties, taking into consideration the number and importance of their other commitments.

#### **4.2.3 Independence**

Independence will be assessed taking into consideration the following criteria, none of which is necessarily conclusive. Independence is more likely to be questioned if the Director:

- holds more than 1% of the number of Shares;
- has received an interest in Shares or any securities of the Company as a gift, or by means of other financial assistance, from a core connected person or the Company. However, subject to note 1 to rule 3.13(1) of the Listing Rules, the Director will still be considered independent if he/she receives Shares or any securities of the Company from the Company or its subsidiaries (but not from core connected persons) as part of his director's fee or pursuant to share option schemes established in accordance with Chapter 17 of the Listing Rules;
- is or was a director, partner or principal of a professional adviser which currently provides or has within two years immediately prior to the date of his proposed appointment provided services, or is or was an employee of such professional adviser who is or has been involved in providing such services during the same period, to:
  - the Company, its holding company or any of its respective subsidiaries or core connected persons; or
  - any person who was a controlling shareholder or, where there was no controlling shareholder, any person who was the CEO or a Director (other than an independent non-executive Director), of the Company within two years immediately prior to the date of the proposed appointment, or any of their close associates;

- currently, or within one year immediately prior to the date of the person's proposed appointment, has or had a material interest in any principal business activity of or is or was involved in any material business dealings with the Company, its holding company or their respective subsidiaries or with any core connected persons of the Company;
- is on the Board specifically to protect the interests of an entity whose interests are not the same as those of the shareholders as a whole;
- is or was connected with a Director, the CEO or a substantial shareholder of the Company within two years immediately prior to the date of his proposed appointment;
- is, or has at any time during the two years immediately prior to the date of his proposed appointment been, a member of the senior management, Company Secretaries or Director (other than an independent non-executive Director) of the Company, of its holding company or of any of their respective subsidiaries or of any core connected persons of the Company; and
- is financially dependent on the Company, its holding company or any of their respective subsidiaries or core connected persons of the Company.

When an independent Director has served on the Board for three terms or nine years, whichever is longer, the proposal to renew his mandate as independent Director will expressly indicate why the Board considers that his independence as a Director is preserved.

#### **4.2.4 Term**

At each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years.

All Directors will be eligible for re-election.

Directors can be dismissed at any time by, among other things, ordinary resolution of Shareholders at the shareholders' meeting.

#### **4.2.5 Vacancy**

When a position on the Board becomes vacant, the remaining Directors shall have the right to temporarily fill the vacancy by appointing a candidate.

### **4.3 The functioning of the Board**

#### **4.3.1 Board meeting**

The Board shall meet as frequently as the interests of the Company shall require. There should be at least four Board meetings in each financial year.

All Board meetings shall normally be held in person in Hong Kong. All meetings require the majority of the Directors to be physically present in Hong Kong. Hong Kong resident Directors and the executive Director should be physically present at all meetings to be held and chaired in Hong Kong.

The Board can meet by a conference call or similar communications equipment by means of which all persons participating in the meeting can hear each other (*Telephone Board Meetings*).

Telephone Board Meetings may be held in exceptional circumstances but (i) the location of each Board member must be recorded; and (ii) should occur infrequently.

Other participants (who are not Directors), such as employees and advisers, should normally attend meetings in person but they may also attend meetings by conference call or similar communications equipment.

Unscheduled or emergency meetings should take place in Hong Kong whenever possible. If an unscheduled or emergency meeting is necessary:

- the Company secretaries (*Company Secretaries*) will notify Board members;
- those who are able to attend will inform the Co-Chairs and Company Secretaries of their intended location (Hong Kong or, if by telephone, where outside of Hong Kong);
- if a quorum will be present, or the Co-Chairs are satisfied that a sufficient number of Directors will be able to attend to consider the business, the meeting will proceed;
- if a Board Committee has been established, it shall meet in accordance with the powers delegated to it by the Board.

Decisions may be adopted, without a meeting, by the unanimous written consent of the Directors.

In addition, special meetings of the Board may be called and held at any time upon the call of either the Co-Chair or at least two Directors, by notice to each Director at least three business days before the meeting. Where duly justified by emergency and by the corporate interest of the Company, the above notice period of three business days may be waived by the unanimous consent of the Directors expressed in writing.

#### ***4.3.2 Notice and agenda of Board meeting***

Reasonable efforts shall be made to ensure that each Director actually receives timely notice of any such special meeting. Convening notices may validly be made in writing, or sent by electronic mail, provided that no notice (other than the resolution fixing their time) need be given as to regularly scheduled meetings.

A detailed agenda specifying the topics for decision and those for information shall be provided to Board members prior to the meeting. Board members have the power to raise any question which they consider appropriate concerning the Company and its operations.

#### ***4.3.3 Voting in Board meeting***

Save as otherwise provided in the Articles of Association, the Board can only deliberate if a majority of its members are present or represented. Each Director can appoint another person (including a member of the Board) to represent him/her and vote in his/her name. One Director cannot represent more than one other Director. Decisions are made by a simple majority of the votes cast.

#### ***4.3.4 Attendance of the senior management***

The CEO and the other members of the ExCom attend the meetings of the Board *ex officio*, unless the Board decides otherwise for a specific meeting.

At any Director's request, any senior management member may be invited to attend the whole or any part of a Board meeting.

#### **4.3.5 Minutes of Board meeting**

The Company Secretaries shall draft minutes of each meeting reflecting the issues which were discussed, the decisions which were taken and, if any, the reservations which were voiced by dissenting Directors. The minutes will be approved by the Co-Chairs and subsequently by the Board during its next regularly scheduled meeting.

#### **4.3.6 Conflicts of interest**

Directors are required to arrange their personal and business affairs so as to avoid any actual or potential, direct or indirect conflicts of interest with the Company. Any Director with a conflicting financial interest on any matter before the Board will be required to bring it to the attention of both the Co-Chairs and the other Directors, and take no part in any deliberations related thereto unless permitted by the Articles of Association. Any abstention from voting as a result of a conflict of interest will be disclosed in the minutes and as otherwise required in accordance with the relevant legal provisions.

#### **4.3.7 Connected transactions**

Certain proposed connected transaction shall only be entered into after review and approval by the Board as required by the Listing Rules. Please see Appendix I for the percentage ratios in relation to determining the requirements of connected transactions under the Listing Rules.

The connected transaction will be subject to the Board's approval, annual review and announcement requirement if all the applicable percentage ratios listed in Appendix I are:

- not less than 0.1%;
- not less than 1% and the transaction is a connected transaction that only involves connected person(s) at the subsidiary level; and
- not less than 5% and the total consideration (or in the case of any financial assistance, the total value of the financial assistance plus any monetary advantage to the connected person or commonly held entity) is not less than HK\$3,000,000.

The connected transaction will be subject to the circular and shareholders' approval requirements if all the percentage ratios listed in Appendix I (other than the profits ratio) are:

- not less than 5%; and
- not less than 25% and the total consideration (or in the case of any financial assistance, the total value of the financial assistance plus any monetary advantage to the connected person or commonly held entity) is not less than HK\$10,000,000.

#### **4.3.8 Mandate to Directors**

A Director may be given a particular mandate to act on behalf of the Company. The mandate may only be granted once the Board has decided on its objective and duration. The Director to whom a particular mandate has been given will report to the Board on progress regularly, and also on completion of the mission.

#### **4.3.9 Evaluation**

Annually, the Board will undertake a formal evaluation of its own performance and that of its committees in order to assess, among other things, whether (i) the Board operates efficiently, (ii) important issues are debated and presented properly, and (iii) each Director makes a constructive contribution to the decision making. Such evaluation will be done at the initiative of the Co-Chairs and, if required, with the assistance of external advisors.

#### **4.4 Relationship with management**

The Co-Chairs will establish a close relationship with the CEO, providing support and advice, while fully respecting the executive responsibilities of the CEO.

Directors ordinarily shall not give instructions to, or interfere with the activities of Company management and employees engaged in the due exercise of powers granted to them by the Board. By exception to this principle, members of the Audit Committee shall at all times have full and free access to the CFO and any other officers or employees to whom they may require access in order to carry out their responsibilities.

#### **4.5 Access to advisors**

The Board and its committees shall have the authority, at the expense of the Company, to retain such independent accounting, financial, legal and other advisors as they deem necessary or appropriate without management approval or consultation.

#### **4.6 Information for Directors**

Directors have access to all corporate information that the Board considers necessary for the Directors to fulfil their fiduciary duties and all information that the Board considers is material to the Company. This right of access is subject, in the case of personal information concerning employees of the Company, to applicable privacy laws. The Company Secretaries are available to supply the requested information.

Directors will only use the information they receive for the purpose of exercising their duties and must preserve the confidentiality of such information.

#### **4.7 The remuneration of Directors**

The Remuneration Committee recommends the level of remuneration for Directors, including the Co-Chairs, subject to approval by the Board and, subsequently, by the shareholders at the shareholders' meeting.

The Remuneration Committee will regularly benchmark Directors' compensation against peer companies to ensure that it is competitive. Remuneration is linked to the time committed to the Board and its various committees. Changes to the compensations of the Directors will be submitted to the shareholders' meeting for approval.

In addition, Board members may be granted certain number of stock options or restricted share units or bonus shares under share incentive schemes adopted by the Company from time to time. Such securities may be granted upon the recommendation of the Remuneration Committee and will be subject to approval by the Board and, subsequently, by the shareholders' meeting.

The remuneration of the Board members is thus composed of a fixed fee and certain securities of the Company, which makes Board compensation simple, transparent and easy for shareholders to understand.

The Company is prohibited from making loans to Directors or executive officers, whether for the purpose of exercising options or for any other purpose (except for routine advances for business-related expenses in accordance with the Company's rules for reimbursement of expenses).

The Board sets and revises, from time to time, the rules and level of compensation for Directors carrying out a special mandate or sitting on one of the committees of the Board and the rules for reimbursement of Directors' business-related out-of-pocket expenses. Remuneration for Directors will be disclosed to shareholders in accordance with applicable laws and stock exchange rules.

## **4.8 Chair and Company Secretaries**

### ***4.8.1 Appointment of the Chair***

The Board elects the Chair from amongst its members who meet the criteria for an independent Director. For the appointment of the Chair, the Nomination Committee will prepare a job description, including an assessment of the time commitment expected, recognising the need for availability in the event of crises. The CEO will not be the Chair unless the Board otherwise determines.

### ***4.8.2 Powers and responsibilities of the Chair***

The Chair is responsible for the proper and efficient functioning of the Board and shall:

- determine the calendar of the Board and Board committees meetings and the agenda of the Board meetings after consultation with the CEO and he/she chairs Board meetings;
- ensure that Directors receive, prior to each meeting, complete and accurate information, and to the extent appropriate, a copy of any management presentation to be made at the Board meeting. The Chair will also make sure that there is sufficient time for making decisions;
- ensure that new Directors receive a complete and tailored induction to the Company prior to joining the Board and that existing Directors continually update their skills and the knowledge and familiarity with the Company required to fulfil their role both on the Board and on the committees of the Board; and
- represent the Board from a public relations standpoint to shareholders and the public at large and chairs the shareholders' meetings. The Chair will serve as interface between the Board and major shareholders of the Company on matters of corporate governance.

### ***4.8.3 Company Secretaries***

The Company Secretaries shall ensure that Board procedures are complied with and that the Board acts in accordance with its statutory obligations and its obligations under the Articles of Association. He/she shall advise the Board on all governance matters and assist the Chair in fulfilling his/her duties as detailed above, as well as in the logistics associated with the affairs of the Board (information, agenda, etc.).

## **4.9 Authority**

The Company is validly represented by any two of its Directors acting jointly. Moreover, the Board may delegate to such members of the management as it determines, the power to represent the Company on a permanent basis. In such case, the representation powers and list of authorised signatories will be clearly defined. These powers do not prevent the Board from granting from time to time, at its entire discretion, a specific power to represent the Company in view of a specific transaction or operation.

## **5. Executive Management**

### **5.1 CEO**

#### ***5.1.1 Appointment***

The Board appoints and removes the CEO.

#### ***5.1.2 Powers and responsibilities***

The CEO reports directly to the Board.

The CEO is entrusted by the Board with the day-to-day management of the Company. He/she oversees the organisation and efficient day-to-day management of subsidiaries, affiliates and joint ventures. The CEO is responsible for the execution and management of all Board decisions.

The CEO can delegate authority for day to day management to executives at corporate, at zone, at regional or at country level. Notwithstanding this delegation, the CEO will retain ultimate accountability to the Board for his actions and actions of his delegates.

### **5.2 ExCom**

#### ***5.2.1 Composition and functioning***

The members of the ExCom shall be determined by the Board and currently include the CEO, CFO and the Chief Legal and Corporate Affairs Officer.

The ExCom shall meet regularly, and typically prior to each meeting of the Board of Directors. ExCom meetings shall normally be held in person in Hong Kong. Minutes of the meetings shall be prepared by the Company Secretaries.

#### ***5.2.2 Role and responsibilities***

The ExCom reports to the CEO and works with the Board on matters such as corporate governance, general management of the Company and the implementation of corporate strategy as defined by our Board. The ExCom shall perform such duties as may be assigned to it from time to time by the CEO or the Board.

## **6. Senior Management**

The members of the senior management include: (1) the ExCom; (2) the Business Unit Presidents for China, South Asia, East Asia and Southeast Asia; and (3) as the Board decides from time to time.

The senior management shall meet regularly. The ExCom will drive the commercial and operational agenda, reflecting the strategy set out by the Board. In addition, the senior management shall perform such duties as may be assigned to it from time to time by the CEO, ExCom or the Board.

## 7. Committees

There may be two types of committees:

1. Committees of the Board; and
2. other committees.

Other than for matters as may be identified in the Articles of Association, applicable law and regulation, or otherwise as good corporate governance and practice, the Board may delegate its powers, authorities and discretions to a Committee of the Board. Such committees shall have the power to make substantive decisions in relation to the Company in accordance with the powers so delegated to them. They may comprise of executive and/or non-executive Directors and other Company employees, in accordance with the directions of the Board, as appropriate.

Other committees may be established pursuant to a Board resolution or by management for administrative and operational convenience. These committees do not have authority to make decisions which would bind the Company or to take any action which would, in either case, be regarded as assuming the role, authority or discretion of the Board. They may make proposals to the Board, or may implement decisions and instructions given the Board. They may operate within the scope of any formal delegation of authority that has been approved by resolution of the Board or a Committee of the Board. They may comprise the executive Director and/or other employees of the Company.

### Board committees

The Board is assisted by the following Board committees formally appointed by the Board: the audit committee (the *Audit Committee*), the remuneration committee (the *Remuneration Committee*), the nomination committee (the *Nomination Committee*) and any Ad Hoc Committee create pursuant to a formal resolution of the Board, with its scope, authority and discretions clearly defined by the Board.

Committees of the Board shall operate in accordance with their own terms of reference, which shall be reviewed annually.

Committee meetings must take place in Hong Kong. Meetings may be held by telephone, but only in very limited circumstances. A record must be kept of the location from which members are calling.

Board committees and other committees shall provide periodic reports to the Board, in accordance with their terms of reference or other requirements of the Board. If required representatives of those committees shall attend Board meetings in Hong Kong or such other location as has been determined. The existence of the committees does not decrease the responsibility of the Board as a whole. Board committees meet to prepare matters for consideration by the Board. By exception to this principle, the Remuneration Committee may make decisions on individual remuneration packages, other than with respect to the CEO, the ExCom and the senior management, and on performance against targets.

## **7.1 Remuneration Committee**

The Remuneration Committee was established by resolution of the Board on 2 July 2019, effective conditional upon the listing of the Shares on the Stock Exchange.

The Remuneration Committee has adopted its Terms of Reference on 2 July 2019, effective conditional upon the listing of the Shares on the Stock Exchange. These Terms of Reference will be published on the Company's Website and the website of the Stock Exchange.

## **7.2 Nomination Committee**

The Nomination Committee was established by resolution of the Board on 2 July 2019, effective conditional upon the listing of the Company's shares on the Stock Exchange.

The Nomination Committee has adopted its Terms of Reference on 2 July 2019, effective conditional upon the listing of the Shares on the Stock Exchange. These Terms of Reference will be published on the Company's Website and the website of the Stock Exchange.

The Board has also adopted the Board Diversity Policy on 2 July 2019, effective conditional upon the listing of the Shares on the Stock Exchange. This policy will be published on the Company's Website and the website of the Stock Exchange.

## **7.3 Audit Committee**

The Audit Committee was established by resolution of the Board on 2 July 2019, effective conditional upon the listing of the Company's shares on the Stock Exchange.

The Audit Committee has adopted its Terms of Reference on 2 July 2019, effective conditional upon the listing of the Shares on the Stock Exchange. These Terms of Reference will be published on Company's Website and the website of the Stock Exchange.

## **7.4 Other Committees**

Other committees may be formally appointed by the Board or otherwise established for organizational and operational convenience. Such committees have no discretion to make decisions which are of a strategic nature or which assume the primary powers of the Board or committees of the Board. They are regarded as implementing the decisions of the Board or those committees of the Board.

Meetings of these other committees do not need to be held in Hong Kong.

These other committees shall operate in accordance with their own terms of reference, or other scope of authority as may have been specified pursuant to the act or resolution constituting them.

Committees other than Committees of the Board shall report to the Board as it may determine.

## **8. Code of Business Conduct and Code of Dealing**

### **8.1 Business integrity and ethics**

The location of AB InBev's affiliates in countries having a broad range of cultures and business practices necessitates a clear set of guidelines for all AB InBev employees across the world, in terms of their ethical behaviour.

In achieving its business objectives, both AB InBev and the Company emphasise the adherence to the highest standards of business integrity and ethics, as well as the respect of and compliance with all applicable national and supra-national laws and regulations.

The Company has adopted a code of business conduct (the *Code of Business Conduct*). Its precepts should be self-evident to anyone with an understanding of right and wrong and must be the context in which all business decisions are made, and it provides clear set of guidelines for all of the Company's employees.

The Code of Business Conduct is published on the Company's Website.

## **8.2 Transactions in Shares**

The Company has adopted the code of dealings in shares (the *Code of Dealing*). The Code of Dealing ensures that all employees, and particularly the Directors, ExCom or members of the senior management maintain the confidentiality of inside information that they may have or be thought to have and do not abuse, nor place themselves under suspicion of abusing such insider knowledge, especially in periods leading up to an announcement of financial results or of price-sensitive events or decisions.

**APPENDIX I**  
**SIZE TESTS FOR NOTIFIABLE TRANSACTIONS AND**  
**CONNECTED TRANSACTIONS**

**Five percentage ratio tests – to determine category of notifiable transactions**

**1. Assets ratio**

Value of total assets being the subject of the transaction

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Consolidated total assets of the Issuer

**2. Profits ratio**

Net profit (after deducting all charges except taxation and before minority interests and extraordinary items) attributable to assets being the subject of the transaction

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Net profit (after deducting all charges except taxation and before minority interests and extraordinary items) of the Issuer

**3. Revenue ratio**

Total revenue attributable to the assets being the subject of the transaction

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Total revenue of the Issuer

**4. Consideration ratio**

Aggregate value of consideration given or received

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Market capitalisation of the Issuer

**5. Equity capital ratio**

Number of shares to be issued by the Issuer as consideration (if any)

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Total number of the Issuer's issued shares immediately before the transaction

### **Requirements for different categories of notifiable transactions**

The Listing Rules set out different requirements for different categories of notifiable transactions, as summarised in the following table:

	Notification to HKSE	Publication of an announcement	Circular to shareholders	Shareholders' approval	Accountants' report
<b>Share transaction</b>  (all the ratios are less than 5%, but consideration includes securities for which listing sought)	√	√	X	X	X
<b>Discloseable transaction</b>  (any ratio is 5% or more but less than 25%)	√	√	X	X	X
<b>Major transaction</b>  (any ratio is between (i) 25% and 100% for an acquisition or (ii) 25% and 75% for a disposal)	√	√	√	√	√  <b>For major acquisitions only</b>
<b>Very substantial disposal</b>  (any ratio is 75% or more)	√	√	√	√	X
<b>Very substantial acquisition</b>  (any ratio is 100% or more)	√	√	√	√	√
<b>Reverse takeover</b>  (attempt to achieve a listing of the assets to circumvent the listing requirements (change of control))	√	√	√	√	√