

SUSTAINABILITY REPORT 2009

Heineken
NV



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“Our desire is to play a positive role in society and a leading role in our industry in building a sustainable future.”

Jean-François van Boxmeer
Chairman of the Executive Board/CEO

Foreword

A new approach for a new decade

During the last year, we were frequently asked the following question: “Will the economic downturn negatively impact your commitment to and actions on sustainability?” Our answer was simple: No. If anything, the current recession has shown that managing a business for only short-term gain destroys shareholder value in the long term and is harmful to employees and society at large.

We believe that maintaining a long-term perspective and helping to increase the positive impacts on the societies in which we operate, is crucial for a successful business. Our new approach reflects our desire to play a positive role in society and a leading role in our industry to build a sustainable future. And although I realise we do not have all the answers and we do not always meet 100 per cent of the objectives we have set, I am genuinely excited by what the next 10 years hold.

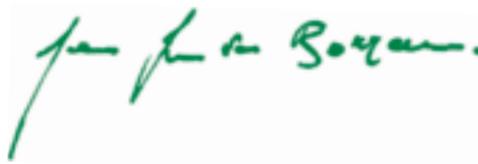
Our plan coincides with the 10th anniversary of our first sustainability report. In the last decade, I believe we have made great progress on a significant number of issues and we are encouraged by the recognition we receive for our achievements. This year, for the third year in a row, we are ranked as the leading brewer globally and the leading beverage company in Europe within the SAM Dow Jones Sustainability Index. Additionally, we have continued acceptance as a member of FTSE4Good.

Looking back, I believe that dialogue, commitment and transparency have formed the foundations of our progress. They will again be fundamental in the coming decade. Our support for, and investment in, important global initiatives such as the UN Global Compact, the UN CEO Water Mandate and the GAPG/ICAP CEO initiatives underline our continued commitment. But it is the local actions and investments that mark our progress, whether it is through the 33 market partnerships relating to responsible consumption or the projects supported by the Heineken Africa Foundation. As you go through this report, you will see many more of these great examples.

Throughout this year, you will also be able to read the reports from many of our local businesses directly. As part of our drive for transparency, we have asked 20 of our biggest markets to deliver a sustainability report to their local stakeholders. Our aim over the next 10 years is to have all our businesses publish their sustainability actions.

However, transparency also means being clear about where we fall short. In 2009, we were dismayed by an unprecedented 12 fatal accidents, eight of them relating to road or traffic accidents. These involved five employees, six contractors and one third party. This is unacceptable and comes despite our greater focus on occupational health and safety, particularly in the Africa and Middle East Region. Our thoughts go out to the families and friends of our colleagues and those working alongside us. We are determined to improve our performance and strengthen our focus in the area of accident prevention in the coming years.

A lot has been done in the last 10 years, but there is clearly much for us still to do. I would like to thank our employees, customers, suppliers, governments and other stakeholders, for their considerable efforts in helping us achieve our objectives so far. I look forward to working with you again in 2010 and beyond, as together we continue to drive our sustainability agenda forward.



Jean-François van Boxmeer
Chairman of the Executive Board / CEO

Amsterdam, 2 April 2010

About this report

This report marks the start of a new era. Over the past few years, we have concentrated our activities and reporting on seven focus areas. The work we have done to develop our new agenda coupled with feedback from our stakeholders has led us to rethink our approach to performance and reporting in the future.

Accountability

One thing though will remain unchanged: our printed (and online) Heineken N.V. Sustainability Report continues to be a key element of our public accountability (along with our Heineken N.V. Annual Report, company website and the Sustainability Data Sheet that is available online). We follow the Global Reporting Initiative (GRI) Guidelines and our Sustainability Data Sheet indicates where relevant information can be found.

Aligning our reports

In this year's report, we have restated our performance data from 2008 in the sections Energy, Water and Safety in order to bring the reporting in line with our consolidated Annual Report. We no longer include performance data on companies where we only hold a minority interest (see Appendix 2). As a result of the change to consolidated reporting, we compare our 2009 results with our restated 2008 results in order to enable a realistic and valid performance comparison to be made. This adjusted scope is applied throughout this report, unless specifically stated otherwise.

In the sections focused on performance against our seven focus areas, we show our promises from last year's Report in the section What we said we would do and what we delivered. In this way, we aim to make it easier for readers to keep track of our activities by each area.

Our new targets and commitments

You can read about our new sustainability framework and programmes in the chapter A New Approach for a New Decade (page 36 and 37) and about our concrete targets and shorter-term actions in Appendix 1: Brewing a Better Future.

Best practice, assurance and transparency

One of our core beliefs is that data presented and statements made by companies in relation to their sustainability activities should be independently and professionally assured. So, as always, we have asked our external assurance provider, KPMG Sustainability, to provide assurance on the entire report. You will find a summary of their activities and their conclusion in Appendix 4. During the year, we also held two formal management review meetings with KPMG Sustainability. In addition to the work performed by KPMG Sustainability, our internal auditors have been more involved with the verification of local performance data than ever before. This has improved the robustness of the data in line with our ultimate goal of increasing the level of assurance from limited to reasonable. We believe that this approach should be the required standard asked for by stakeholders and provided by companies.

We realise that our impact occurs at a market level. This year therefore in order to facilitate greater transparency and better stakeholder engagement locally, additional to this Heineken N.V. Sustainability Report, 20 of our main markets will publish their own sustainability reports. We will make the local reports available on our Company website.



"I feel passionately that our strategy for the next decade represents an opportunity for Heineken to do good business and to do good at the same time."

Sean O'Neill
Group Corporate Relations Director

Stakeholder dialogue

At the end of 2008 and throughout 2009, we engaged a broad group of stakeholders in order to obtain their views on the direction we should be taking on a variety of issues and concerns, as well as vis-a-vis our material sustainability issues. Many of the conclusions have been used as input for our new approach. Stakeholders that we have actively approached include European Union officials, representatives from the Socially Responsible Investment (SRI) community, employees, suppliers, NGOs and our external assurance provider.

The key stakeholder feedback entailed:

- Sustainability must be more embedded into the organisation and should include SMART (specific, measurable, achievable, realistic, time-based) targets;
- Align the scope of the report with the impact of the Company's full range of activities. Where necessary, redefine the scope of the report beyond production units;
- Consider including sustainability targets within long- or short-term incentive plans;
- Indicate how stakeholder engagement took place and the different groups involved;
- Provide greater transparency on how Heineken identifies suppliers and ensures they meet the standards outlined in our Supplier Code;
- Improve coverage of labour issues, and/or disclose more information on how employee rights are systematically implemented and monitored;
- The activities around agriculture lack quantitative targets or links to other issues on the sustainability agenda, such as water and impact on society;
- Heineken should be more explicit on its performance, challenges and ambitions towards energy and safety in transport.

We have addressed some of these points in our sustainability approach for 2010 and beyond.

Specific recommendations that have been addressed in this Report are as follows:

- Greater clarity on the implementation of the Supplier Code and the pilots planned in Africa and Middle East and Asia (see 'Supply Chain Responsibility' on page 26);
- Comparisons of results of the research commissioned by the Beer Sellers In Cambodia (BSIC) and by Siem Reap Citizens for Health, Educational and Social Issues (SirCHESI) and explanation of the differences between the research results from both organisations (see 'Our impact on society' on page 32);

- Regular updates on sustainability programmes on our Company website in the corporate responsibility section;
- A Global Compact Reference Index within the Sustainability Report to help stakeholders find relevant information more easily; as we follow the GRI Guidelines we do not feel a Global Compact Reference table adds to the accessibility of our information;
- Extended assurance to provide greater confidence in the overall reliability of the data (see 'About this report' on page 2);
- Inclusion of more examples of what happens in each of the markets in which Heineken operates in order to make the Report less technical, more engaging and easier to read (see the case studies used throughout the report).

In 2009, we further developed our reputation model that – in part – enables us to have a deeper insight into the views and opinions of our stakeholders on our sustainability agenda and performance. From 2010 onwards, we will begin to use this model to help track and trace opinions on Heineken.

Your feedback

We cannot improve performance or reporting without feedback from our stakeholders. If you have any questions or remarks, we would like to hear from you. Please send your e-mail to responsibility@heineken.com or write to:

Sean O'Neill, Group Corporate Relations Director
Sietze Montijn, Head of Corporate Responsibility
Mark van Rijn, Manager Company and Society
Heineken
P.O. Box 28
1000 AA Amsterdam
The Netherlands

We thank you for taking the time to read this report and we look forward to hearing your views and suggestions.

Sean O'Neill
Group Corporate Relations Director

10 years at a glance

2000

- Heineken publishes its first environmental report with external assurance. The report covers only European operations and data on average water and electricity consumption and thermal energy use. It announces it will publish its next report in 2002
- HIV/Aids policy adopted
- Cool@Work programme is introduced
- Heineken expands its operations in China, Nigeria, Sweden, Belgium, Slovakia and Spain.

62.6

Consolidated beer volumes (mhl)

2001

- HAART treatment made available to all employees and their direct dependants
- Update of environmental report is published
- Heineken announces commitment to waste water treatment in all its African breweries.

67.9

Consolidated beer volumes (mhl)

2002

- Alfred Heineken, who spearheaded the Company's transformation into a renowned global brand, passes away at the age of 78
- The Heineken Values & Principles are published
- Heineken initiates the Skylark project aimed at improving the environmental sustainability of barley farming
- Heineken publishes its second report. The scope covers environmental subjects on a global level and health and safety for the European operations.

73.9

Consolidated beer volumes (mhl)

2003

- Brau-Beteiligungs A.G. (BBAG) acquired in Austria, the largest acquisition in the history of Heineken. It significantly extends the Company's lead in Europe and Heineken becomes market leader in Austria, Romania, and Hungary and consolidates leading positions and brand portfolios in Poland and the Czech Republic
- Heineken commits to an energy reduction target of 15 per cent efficiency improvement by 2010 compared with 2002
- Heineken updates its 1997 Alcohol Policy.

84.5

Consolidated beer volumes (mhl)

2004

- The third report is published; now a full Sustainability Report covering the period 2002-2003. Heineken announces it will issue a new report every two years with a short performance update in the intermediate years
- Heineken strengthens its position in Russia and China through acquisitions
- Adoption of Heineken's Code of Business Conduct and Whistleblowing Procedure
- Introduction of the Selling Beer Safely programme aimed at beer promoters in Cambodia
- Energy saving is included within Heineken's Total Productive Management Programme, aimed at increasing efficiency in all aspects of production
- The Enjoy Heineken Responsibly programme is announced.

96.7

Consolidated beer volumes (mhl)

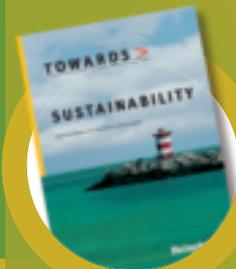
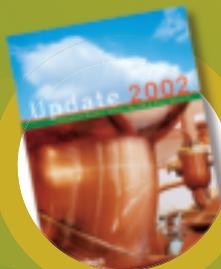
Ranking
SAM DJSI



Top 5 in beverages

Not listed

Top 5 in beverages



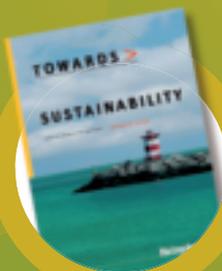
2005

- Heineken acquires a number of breweries in Germany and Russia
- Heineken Premium Light beer debuts in the USA
- Heineken introduces an online e-learning tool on the Rules for Responsible Commercial Communication for employees in the commercial discipline
- Heineken Supplier Code adopted
- Heineken joins the UN Global Compact, the UN-led initiative, which involves the private sector in solving global issues in the areas of integrity, human rights and environmental care.

100.5

Consolidated beer volumes (mhl)

No. 1 in beverages



2006

- Heineken publishes second full Sustainability Report and announces it will report on an annual basis in the future
- Seven focus areas for sustainability are introduced
- Heineken develops a methodology to measure its economic impact
- Heineken is one of the founders of the Beer Sellers in Cambodia (BSIC), an organisation aimed at improving the working conditions of beer promoters.

111.9

Consolidated beer volumes (mhl)

No. 2 in beverages



2007

- Heineken becomes a founding member of the EU Forum on Alcohol and Health
- A booklet with the learnings from the Skylark project (sustainable farming) is published
- Heineken begins to develop a methodology to measure the total carbon footprint of its activities
- Heineken enters into a long-term sponsorship agreement with the Hermitage Museum in Amsterdam.

105.4

Consolidated beer volumes (mhl)

No. 1 in beverages



2008

- Heineken acquires operations from Scottish & Newcastle (Western Europe) as well as its minority participation in UBL, India's largest brewer
- The companies that were part of Heineken in 2002 hit the 15 per cent energy efficiency target for 2010
- Compared to 2002, thermal energy consumption is reduced by 17.9 per cent per hectolitre, electricity use by 11 per cent and water consumption is down by 9.6 per cent
- The new brewery in Seville, one of the most energy and water efficient breweries in the Heineken Group, is opened
- The Know the Signs campaign, to promote responsible drinking, is launched.

125.8

Consolidated beer volumes (mhl)

No. 1 in beverages



2009

- Heineken signs up to the UN CEO Water Mandate
- Heineken develops a comprehensive sustainability strategy with objectives for 2020
- Heineken launches the Heineken Africa Foundation
- Heineken signs up to the Global Action on Harmful Drinking
- The Company framework for integrity is re-enforced through the re-launch of the Heineken Code of Business Conduct and the Whistleblowing Procedure.

125.2

Consolidated beer volumes (mhl)

No. 2 in beverages
No. 1 in beer



2009: what we said we would do and what we delivered

What we said

What we have done

Stakeholder dialogue



- Have a better structured dialogue

- Engaged with a broad group of stakeholders and gave open feedback on the conclusions in the report

Energy



- Extend to improve energy savings
- Redefine our scope and approach
- Review our actions on carbon footprint

- We are close to hitting our 15 per cent energy efficiency target in 2010
- We will extend our activities to non-production in the context of our new approach
- We have developed an approach towards reduction of our carbon footprint

Water



- Redefine our scope and approach
- Sign and support the UN CEO Water Mandate
- Continue realising water savings to 4.5 hl water/hl beer

- We have developed a new approach to water for the next decade
- In March 2009, we signed up to the UN CEO Water Mandate
- We are presently on 4.8 hl water/hl beer hence approaching our longer term target

Safety



- More attention to safety of contractors
- Extend scope outside production area
- Improve communication on road & vehicle safety at sites

- We have launched a programme aimed at contractor safety and the number of accidents involving contractors has gone down
- In the context of our new approach for a new decade, we will include non-production staff in our safety activities
- More attention was paid to road and vehicle safety in the Africa and Middle East Region however more still needs to be done

OUR IMPACT ON SOCIETY

RESPONSIBLE CONSUMPTION **Heineken**

AGRICULTURE SUPPLY CHAIN

ENERGY WATER SAFETY

STAKEHOLDER DIALOGUE



What we said

What we have done

Agriculture



- Measuring performance of most important malt suppliers
- Share learnings of the Skylark project and create governance model
- Extend GMO audits to local suppliers maize and rice

- We set up a measuring tool to be implemented in 2010
- We published a technical handbook on Skylark for farmers
- We extended the GMO audits to local suppliers of maize and rice and increased the number of quality audits

Supply chain responsibility



- Set long-term targets for the year 2020
- Start roll-out of supplier code in Asia, Americas and Africa and the Middle East
- Finalise supplier code pilots in Indonesia and Nigeria

- In the context of our new approach, we defined a long-term strategy for supply chain responsibility
- We started roll-out of the supplier code in Asia, Americas and Africa and the Middle East, to be finalised towards the end of 2010
- We divested the business in Indonesia. We postponed the supplier code pilot in Nigeria to early 2010

Responsible consumption



- 'Responsibility' part of the brand architecture of top 10 brands
- Ensure compliance to the Rules on Responsible Commercial Communication and Cool@Work programme internally
- Maintain market-based partnerships

- All our major brands have some form of responsibility messaging as integral part of the commercial communication
- In order to promote compliance, we successfully conducted an online training on our Rules on Responsible Commercial Communication (response rate: 90 per cent) and implemented Cool@Work in our new Operating Companies
- We increased the level of market based partnerships to 33

Our impact on society



- Launch new community investment approach for Africa
- Base measurement for employee rights
- Roll-out of training on Code of Business Conduct and Whistleblowing Procedure
- Conduct four Economic Impact Assessments (EIAs)

- We launched the Heineken Africa Foundation
- We finalised internal discussions on the draft employee rights policy and prepared a base measurement to be conducted early 2010
- We prepared the online training modules for the Code of Business Conduct and Whistleblowing Procedure to be implemented in the first half of 2010
- We conducted one EIA in Nigeria and one covering all our markets in the European Union

Energy

We use energy for heating and for power, throughout the brewing and packaging process therefore the availability and affordability of fuel is crucial for our business as is the availability of electricity in the bottling and fermentation process.

A “Win-Win” Opportunity

The use of fossil-based fuels is a significant cause of global warming and source of cost for our business. Therefore there is a significant mutual interest for us and society to reduce our energy consumption – particularly that of oil and gas.

What we said we would do and what we delivered

We committed to examining ways to extend energy savings, in the period 2009 – 2011, beyond the promise in our Aware of Energy programme.

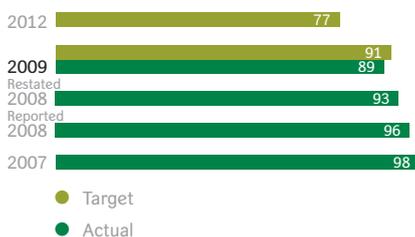
In 2002, we set a target of a 15 per cent energy efficiency improvement by 2010. At the end of 2009, we had already achieved 14.3 per cent. This means we are well on track to meet our commitment. We have done so both for the operations that were in our control in 2002, as well as for those businesses that we have acquired and consolidated during the period.

As a result of the change to consolidated reporting (see page 2), we have restated our 2008 Energy results in order to enable a valid performance comparison to be made.



Specific thermal energy consumption

MJ/hl beer + soft drink + cider



The performance data for 2009 (actual – target) relate to the companies that were part of the Heineken Company in 2008 and therefore exclude acquisitions made in 2009.

Thermal energy

In 2009 our total specific thermal energy consumption – the amount of heat needed to produce one hectolitre of beer, soft drinks or cider – was 89 MegaJoules per hectolitre (MJ/hl). Compared with the restated 2008 figure of 93 MJ/hl, this is an improvement and ahead of our target of 91 MJ/hl for 2009.

To a large extent, the savings in specific thermal energy consumption have been driven by the implementation of successful energy-saving measures, such as the re-use of condensate from steam plants at our production site in Ekaterinburg (Russia) and the minimalisation of steam losses in Tadcaster (United Kingdom), Vialonga (Portugal), Bujumbura (Burundi) and Tangerang (Indonesia). The sites in Madrid (Spain) and Patras (Greece) saved a significant amount of fossil fuel through extensive optimisation of their steam boilers.

Austria

Göss Brewery to become CO₂ neutral



Harald Raidl
Master Brewer

The Göss Brewery in Austria has set itself an ambitious goal: to become the first ‘green’ brewery in Europe. In 2008, the plant launched a project which would change the heat supply in such a way that no CO₂ emissions are released during the brewing process. The aim is to make the brewery CO₂ neutral by the end of 2010.

The technology involved in the project creates closed-cycles of energy at the brewery, using a variety of ‘green’ energy sources.

“The Göss Brewery already uses innovative energy concepts, such as biogas from brewing grains and waste water from our treatment plant,” explains Harald Raidl, Master Brewer. “With this project, we’re taking our commitment to the environment a step further by increasing our use of these energy concepts as well as introducing the use of new ‘green’ energy sources.

These sources include solar energy and ‘green’ fuel for the solid matter furnace, including wood, waste labels and dried fermentation residue. In addition, the project will involve optimising the brewery’s energy flows and reducing its overall energy consumption.

This pioneering project is now being looked at by scientists, who are keen to find ways to implement the innovative energy concepts in other Austrian breweries. A set of ‘green’ guidelines for Heineken’s other breweries is also being produced.

“The Göss Brewery is situated in a beautiful environment, so it is very clear to us that we have a responsibility to protect the natural world,” adds Harald. “We’re hoping our pioneering ‘green’ brewery becomes best practice wherever feasible.”

Nigeria

Reducing Nigeria's carbon impacts



Ad Belder
Supply Chain Manager

A new centralised distribution model, designed by Heineken Supply Chain, will allow Nigerian Breweries Ltd to reduce its carbon footprint by providing greater efficiency to the product delivery system.

During 2009, data collected from the previous year was analysed and used to devise a new system that will centrally coordinate the deliveries of the company's five breweries, taking into account the specific needs and differences of each site.

"Our overall aim was to create a more efficient and environmentally-friendly distribution system for Nigerian Breweries," says Ad Belder, Supply Chain Manager at Heineken.

"The new model will introduce a number of changes, one of which will reduce the number of journeys made by delivering directly to customers whenever possible. This means fewer kilometres will be driven, thus incurring lower costs and reducing carbon emissions."

In addition, by changing to centralised planning Nigerian Breweries will have greater control over product distribution, which should minimise the potential for error.

"The fact that all five breweries have fully backed the new distribution model means its implementation will be a success," explains Ad. "Over the next few years, Nigerian Breweries will develop an operational strategy, based on the new model, to realise an improved carbon footprint. This will have a major impact on the organisation but it is one that will be very positive and ensure future sustainability and efficiency in the country."

The project is part of a global initiative by Heineken that has also been successfully employed in breweries in Spain, Greece and Italy.

Natural gas is the most used fuel, accounting for 57 per cent of all heat generated. Fuel oil and diesel account for approximately 30 per cent. Nearly 4 per cent of total energy is derived from renewable fuels (biomass and biogas). Coal is not used.

Electricity

In 2009 our specific electricity consumption – the amount of electricity needed to produce one hectolitre of beer, soft drinks or cider – was 9.0 kWh per hectolitre (kWh/hl). Compared with a restated 2008 figure of 9.0 kWh/hl, our performance remained stable. It is slightly behind our stated target of 8.8 kWh/hl for 2009.

Unfortunately, lower volumes caused by the global economic downturn had a negative impact on our energy savings efforts which rely heavily on scale to deliver greater efficiency. Our breweries in Tadcaster (UK) and Irkutsk (Russia) saved a significant amount of electricity by installing a more energy-efficient refrigeration plant. The actions of Total Productive Management (TPM) teams in Valencia (Spain) and Madrid (Spain) contributed to a reduction in electricity consumption. The optimisation of the cooling plant in Ekaterinburg (Russia) also contributed positively. On the other hand, our breweries in Rechitsa (Belarus), St. Petersburg (Russia) and Lahti (Finland) saw an increase of their specific electricity consumption.

Total energy

Our Aware of Energy programme aims to save 15 per cent energy per hectolitre (i.e. thermal energy and electricity) between 2002 and 2010. With another year to go, the programme is well on track. To date we have achieved an energy reduction of 14.3 per cent.

The Heineken Group as a whole (i.e. those companies in scope in 2002 and those acquired and consolidated since) has realised 95 per cent of the promised improvements. The 2002 group is already well below the target of 170 MJ/hl in 2010.

Types of fuels used

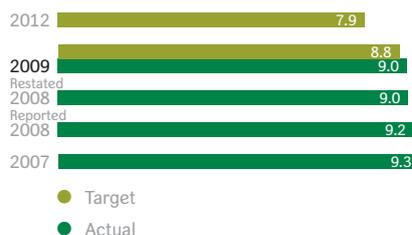
Calculation of MJ per type of fuel



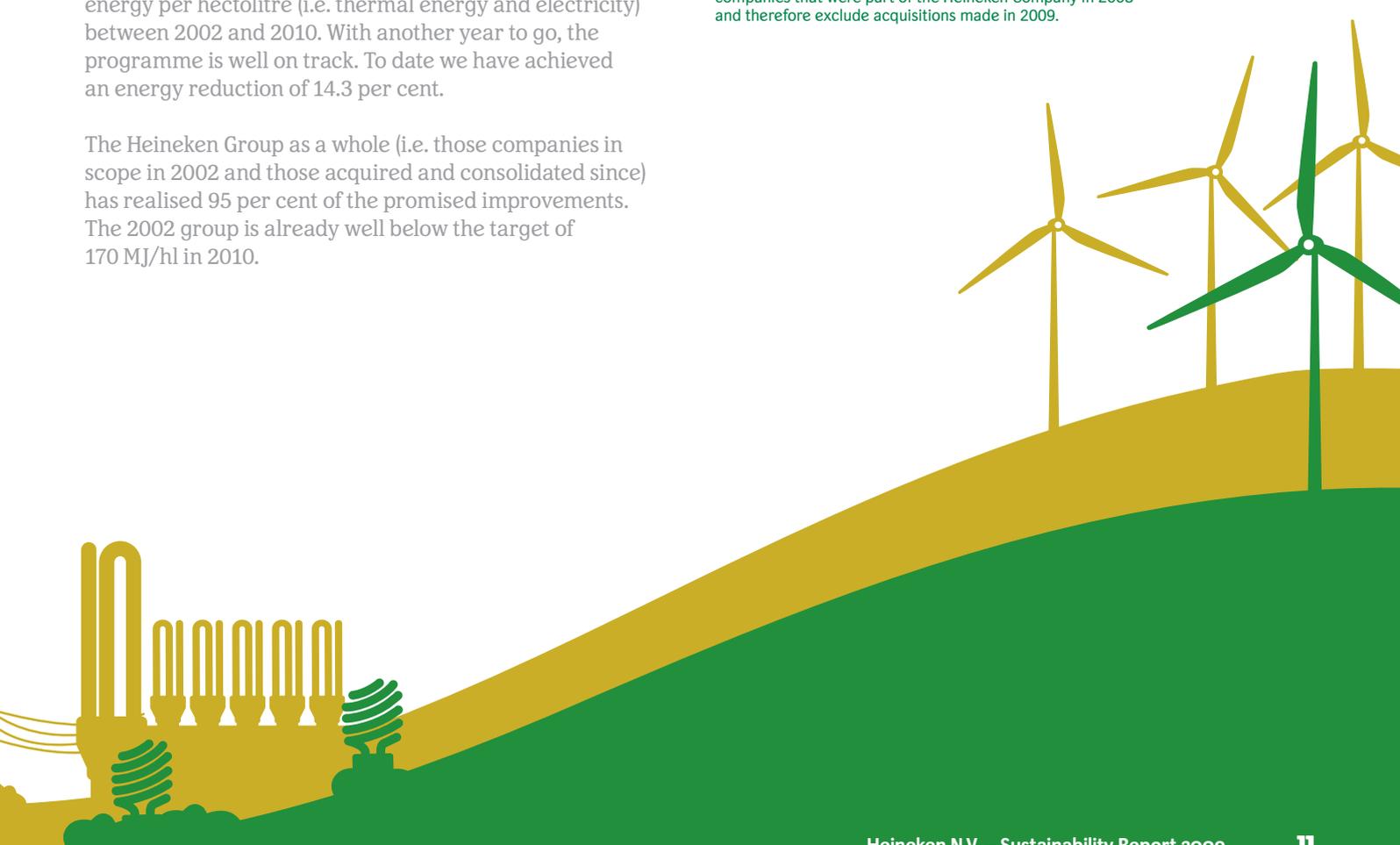
● LPG, natural gas, propane	66%
● Diesel oil, fuel oil, gas oil, kerosene	30%
● Biomass	3%
● Biogas	1%
● Coal, other	0%

Specific electricity consumption

kWh/hl beer + soft drink + cider



The performance data for 2009 (actual – target) relate to the companies that were part of the Heineken Company in 2008 and therefore exclude acquisitions made in 2009.



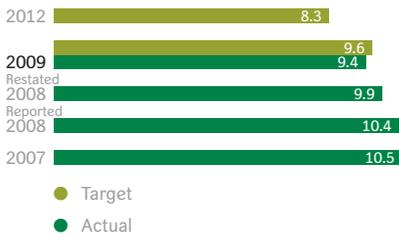
Total specific energy consumption

MJ/hl beer + soft drink + cider



Direct and indirect CO₂ emission

kg CO₂/hl beer + soft drink + cider



The performance data for 2009 (actual – target) relate to the companies that were part of the Heineken Company in 2008 and therefore exclude acquisitions made in 2009.

Greenhouse gases

In 2009 our total specific carbon dioxide emission (the amount of direct and indirect CO₂ emissions produced per hectolitre of beer, soft drinks or cider produced) was 9.4 kg CO₂ per hectolitre. Compared with a restated 2008 figure of 9.9 kg CO₂/hl, this is an improvement and ahead of our stated target of 9.6 kg CO₂/hl for 2009.

Overall, as a result of divested production units and lower volumes, our total absolute carbon dioxide emissions decreased from 904 ktonnes in 2008 to 848 ktonnes in 2009 (including our malting plants and new acquisitions).

Environmental compliance

From this year onwards, we report the total number of environmental and safety accidents with off-site effects. An environmental and safety accident is defined as an uncontrolled event with the potential to harm life, property or the ecosystem and which can cause nuisance to a third party. In total, 64 accidents were reported. In most cases, the quality of the effluent exceeded the legal limits or activities on the brewery premises caused noise-related nuisances. Nine production units had to pay fines as a result of one or more environmental accidents. The total amount of fines paid in 2009 was EUR 357,000 versus EUR 643,000 in 2008.

The number of environmental and safety complaints related to environmental or industrial safety accidents with off-site effects increased from 65 in 2008 to 75 in 2009. This is mainly the result of new, stricter reporting instructions and a change of our definitions. As the procedure for reporting safety complaints was reintroduced in the course of 2009, the accuracy of this figure cannot be guaranteed.



Russia

Simple Saving



Anna Meleshina
Communications Director

In 2009, employees at the Heineken Brewery in St Petersburg were encouraged to be energy efficient in the office as part of a new campaign known as 'Simple Saving'.

The campaign was launched on World Environment Day – 5 June – and prompted staff to consider the environmental and economic benefits of saving electricity and water.

“Simple Saving involves straightforward measures to raise awareness of the importance of energy efficiency,” explains Anna Meleshina, Communications Director at Heineken Russia. “Posters reminding people to switch off lights, computers and electrical appliances were displayed in strategic places around the office and stickers were attached to bathroom mirrors to remind people to turn the taps off completely.”

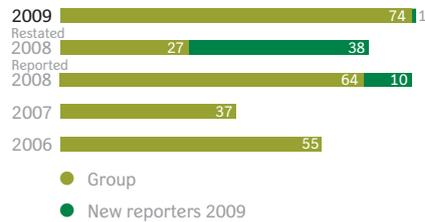
To strengthen the message, statistics were emailed to each colleague demonstrating the hourly electrical cost of keeping appliances on for longer than necessary and the water that is wasted by leaving a tap running.

The campaign targeted employees and also visitors to the St Petersburg brewery – around 600 people in total. Heineken Russia has run various energy saving initiatives since entering the Russian beer market in 2002, but Simple Saving was the first internal engagement project to focus on energy efficiency.

“As a result of this campaign, employees have been discussing a range of ways how to cut electrical and water waste,” comments Anna. “They’ve shown a real desire to embrace energy saving initiatives.”

The project has been so successful that in 2010 Heineken Russia intends to expand the Simple Saving campaign to all other breweries and sales offices across the country. “Our aim is to generate greater sustainability throughout all Heineken Russia’s workplaces,” adds Anna.

Environmental and safety complaints number



Redefine the scope of and approach to our energy and climate programme for 2010 – 2020

Energy is one of the main areas within our new approach to sustainability outlined in Appendix 1: Brewing a Better Future (pages 38-41).

Review actions on carbon footprint

In the context of our new approach, we have defined actions leading to a further and continuous reduction of our carbon footprint as one of the new focus areas. You can read more about this in the chapter A New Approach for a New Decade on page 36.

Water

Access to sufficient clean water is vital to our business. We use water as an ingredient and for cleaning purposes. We aim to clean our waste water prior to giving it back to the eco-system.

Scarce and valuable

Water is a valuable and in some cases scarce commodity for the communities in which our breweries are located. Therefore, we are active in our efforts to define areas of water scarcity and make lowering our consumption in these areas a priority. Wherever we operate, we aim to clean our waste water prior to discharging it back into the eco-system, either via our own waste water treatment plants or through those of the local authorities.

What we said we would do and what we delivered

Sign and support the UN CEO Water Mandate

On 20 March 2009 Jean-François van Boxmeer signed a letter to the United Nations confirming Heineken's endorsement of this important initiative. The requirements of the UN CEO Water Mandate have been integrated within our new approach.

Redefine the scope of and approach to our water and climate programme for 2010 – 2020

Water is a key area within our new plans to 2020. You can read about our new sustainability framework and progress in Appendix 1: Brewing a Better Future (pages 38-41).

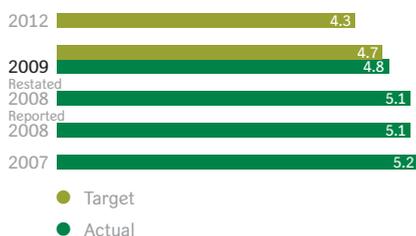
As a result of the change to consolidated reporting (see page 2), we have restated our 2008 water results in order to enable a valid performance comparison to be made.

In 2009, our total specific water consumption was 4.8 hectolitres of water per hectolitre of beer, soft drink and cider (hl water/hl beer). Compared with a restated 2008 figure of 5.1 hl water/hl beer, this is an improvement but slightly behind our target of 4.7 hl water/hl beer for 2009.



Specific water consumption breweries and soft drink plants

hl water/hl beer + soft drink + cider



The performance data for 2009 (actual – target) relate to the companies that were part of the Heineken Company in 2008 and therefore exclude acquisitions made in 2009.

In Tadcaster (UK) the specific water consumption decreased due to the installation of a new reverse osmosis plant, which allows for recuperation of hot water within the brewery. Upgrading and repair work in Ekaterinburg (Russia) and Karlovac (Croatia) resulted in additional water savings. In Valencia (Spain) and Irkutsk (Russia) water consumption decreased through more efficient water utilisation and monitoring within the brewery. TPM improvement programmes such as in Badr (Egypt) and Vialonga (Portugal) also reduced the specific consumption of water.

In 2009, almost 80 per cent of our breweries complied with the maximum limit of 7 hectolitres of water per hectolitre beer brewed as set out in our Aware of Water programme. Seven of the 26 non-compliant breweries are recent acquisitions.

Spain

Cleaner water in Spain



Alfonso Garcia
Environmental Manager

In 2009, Heineken Spain introduced important new measures to reduce the amount of phosphorous its breweries discharge into the environment.

Phosphorous is a naturally occurring chemical component that can be found in our bodies and in many everyday products, such as washing detergents and fertilisers. In breweries, it is used as a cleaning agent. It is also a substance that is naturally found in raw materials such as malt which therefore requires pH levels in beer to be adjusted.

“Phosphorous is an essential nutrient in order for natural life to flourish, but too much or even too little can be damaging,” explains Alfonso Garcia, Environmental Manager at Heineken Spain. “Heineken has always been well under the regulated limits of phosphorous discharge, but with these new measures we’re achieving our goal of reducing levels even further.”

During the course of the year, Heineken Spain identified two ways to reduce phosphorous discharge. The first involved substituting its use, where possible, with other natural compounds such as citric acid. The second incorporates a biological and chemical phosphorous removal process in the Waste Water Treatment Plant (WWTP), prior to it being discharged into the environment. This additional stage was put into operation in Heineken’s breweries in Madrid, Valencia and Jaén.

“These steps have led to a 65 per cent reduction in the amount of phosphorous we discharge, which will have a positive impact on the surrounding aquatic environment,” says Alfonso. “We will continue to think of ways to reduce the amount of phosphorous we use and release, and thus continue to protect and preserve the environment.”

Netherlands

Optimising water consumption



Frans van Hoof
SHE Manager

Reducing water consumption is high on the priority list at Heineken Netherlands. As a result a programme was launched in 2009 to discover where further savings could be made.

“The first place we looked to make this reduction was at our three wells, then the de-iron system, and finally the reverse osmosis installation,” explains Frans van Hoof, SHE Manager at Heineken Netherlands’ Brand Brewery in Wijlre. “The aim was to reduce the amount of water used without causing damage to the water treatment installations. We also needed to ensure that beer production was undisturbed when executing the project.”

Heineken worked with its Group Supply Chain specialists to uncover saving possibilities, and hired an external organisation to conduct further research.

In summer 2009, the brewery’s two osmosis facilities were upgraded to allow 10 per cent more water to flow through the system and be used in the production process, rather than being released into the sewers.

The water has to be treated by passing it through membranes in order to remove all chemicals and elements and ensure that it has a stable brewing quality.

As such, maintenance staff were given special training to ensure the reverse osmosis installation continued to operate efficiently following the changes.

The improvements have also saved electrical energy as previously both reverse osmosis installations ran all week. Now one installation runs from Monday to Friday and the other one at weekends only.

“The project has been a huge success as increasing the amount of water coming out of the reverse osmosis installation means that we do not have to pump as much water out of the wells,” says Frans. “Although we’ve achieved our targets for this project, we’re now even more focused on finding future ways to save water and energy to help protect the environment.”

Overall, two breweries reduced their water consumption below our 7 hectolitres target. The brewery in Mbandaka (Democratic Republic of Congo) reduced water use from 7 to 6.7 hectolitres per hectolitre beer and the brewery in Badr (Egypt) significantly reduced water consumption from 10.7 to 6.7 hectolitres per hectolitre beer through improved packaging activities and TPM improvement actions.

Two sites showed an increase in specific water consumption to more than 7 hectolitres per hectolitre beer. St. Petersburg (Russia) increased from 5.4 to 7.2 hectolitres per hectolitre beer and Kobbegem (Belgium) increased from 6.6 to 7.7 hectolitres per hectolitre beer. Both were the result of lower volumes. Additionally, our brewery in Rechitsa (Belarus) also saw an increase of its specific water consumption.

Waste water

In 2009 two waste water treatment projects were under construction in Kinshasa and Lubumbashi (Democratic Republic of Congo).

The effluent organic load discharged to surface water increased from 15.8 ktonnes in 2008 to 17.3 ktonnes in 2009, largely as a result of a malfunctioning waste water treatment plant at our production unit in Lagos (Nigeria) and due to two new acquisitions in 2009 (Bobruysk in Belarus and Louny in the Czech Republic).

Waste water treatment plants Africa & Middle East Region

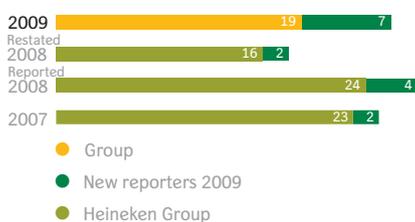


Perform risk mapping on long-term water availability for our sites

Using the Global Water Tool, as developed by the World Business Council for Sustainable Development, we made an inventory of expected water availability levels by 2025. The conclusion is that by 2025, some of our breweries will be located in areas of extreme water scarcity as well as in areas suffering water scarcity. We will focus our activities around these breweries, taking into account the requirements as set out in the UN CEO Water Mandate. Please refer to page 40 to learn more about our future approach to water.

Production units with water consumption higher than 7 hectolitres of water per hectolitre beer + soft drinks + cider

Number of production units



Slovakia

Investing in water treatment



Milan Slavik
Supply Chain Director

Over the past few years, Heineken Slovakia has been investigating how best to upgrade its Waste Water Treatment Plant (WWTP) in Hurbanovo City. The aim was to make the existing 20-year-old equipment more modern, efficient and environmentally-friendly.

The upgrade also focused on ensuring that the plant complied with Slovakian and EU waste water discharge limits. As such, a biological cleaning process, known as an anaerobe treatment, was installed to provide a more efficient solution to pre-treating waste water.

The project cost EUR 3.5 million and took eight months to complete, during which time the plant experienced only two interruptions to its continual operation.

“The plant has been completely transformed,” says Milan Slavik, Supply Chain Director at Heineken Slovakia. “Anaerobic systems require less nutrients and electrical input and generate far less sludge than aerobic treatments. It is a very effective method to use prior to an aerobic stage as the operating costs are lower. More importantly, we are reducing our carbon footprint too.”

Previously the WWTP worked as a two-step aerobic cleaning process but now the second stage is no longer used. The anaerobe process removes more than 70 per cent of pollution, with the rest eliminated in the aerobic treatment.

In addition, the methane-rich biogas that is produced in the anaerobe treatment can be burnt to produce ‘green’ electricity and then supplied to the national grid.

Meanwhile, once the used water from Heineken Slovakia’s brewery and maltery, cleaning processes, machinery and rain has been cleansed it is discharged to the nearby Zitava river.

“We are delighted at how successful the refurbishment has been,” Milan adds. “The plant is now modern, sustainable, and will have a positive impact on the environment.”



Safety

We have a responsibility towards our employees, visitors and neighbours. We believe that at all times they should be safeguarded from accidents happening. Therefore we pay considerable attention to safety.

Building a culture of safety at work

It is essential that people who come to work at or who live near a brewery, malting, cider plant or soft drink plant are safe. To this end, we have programmes aimed at accident prevention, including training and the provision of personal protective equipment (PPE). We maintain and demand high standards of safety in and around our installations.

What we said we would do and what we delivered

Heineken Africa and the Middle East will pronounce 2009 as the year of health and safety for the region

In 2009, specific attention was paid to our operations in Africa and the Middle East to ensure that safety performance matched that of other regions. Awareness was raised by job safety training and on the proper use of personal protective equipment (PPE). Operating Companies were encouraged to expand Occupational Health and Safety efforts to employees outside the production area, to include the registration of incidents and accidents and give attention to road and vehicle safety.

Overall safety performance

As a result of the change to consolidated reporting (see page 2), we have restated our 2008 safety results in order to enable a valid performance comparison to be made.

In 2009, the accident frequency for company personnel was 1.5 accidents per 100 FTEs compared with a restated 2008 figure of 2.0 accidents per 100 FTEs. This is a significant improvement.

The increased safety awareness through the worldwide implementation of the TPM safety pillar, as well as the wider availability and use of PPE, contributed significantly to this improvement. Our production units in Ijebu-Ode (Nigeria), Patras (Greece), Zipf and Klagenfurt (Austria) contributed significantly to this positive trend.



Be seen, be safe!



Pier Snieder
SHE Manager

At the start of 2009, Vrumona, Heineken's Dutch soft drink business, decided to introduce a simple but effective protective measure for all employees and visitors to its operations: safety jackets. In total, 1,000 jackets were bought – 500 for employees and 500 for visitors – and on 30 March they were distributed at its premises in Bunnik for the first time.

The aim of the jackets is simple: to make people more visible – employees' jackets are yellow and visitors' are orange.

"This safety initiative has been a huge success," says Pier Snieder, SHE manager at Vrumona. "We can already see employees are more aware of the importance of looking after themselves, and each other. Occasionally, someone will forget to wear their jacket and another employee will remind them to wear it straight away."

This safety jacket initiative is one of several safety programmes launched over the past two years. At the end of 2008, Vrumona held new, interactive safety training for employees who work on the production floor. Over two months, around 220 people took part in one-day group sessions.

Following this, in January 2009 Vrumona launched a safety awareness campaign, which will run until March 2010. The campaign involves monthly safety flyers sent to every employee's home and questionnaires distributed on specific safety topics. A prize is given to those who complete the questionnaire correctly.

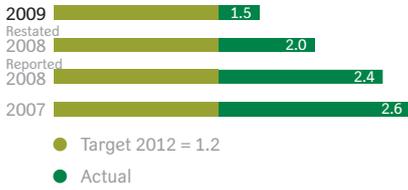
Furthermore, in June 2009 Vrumona selected employees to act as 'safety experts', responsible for monthly safety audits of their appointed area.

"The aim is to get more people involved in ensuring the whole Vrumona site is safe," explains Pier. "We want a responsible, safe attitude to be embedded throughout our organisation, and we are confident these initiatives will help achieve this."



Accident frequency

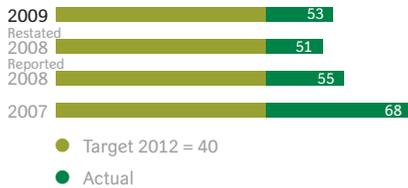
cases/100 FTE for all sites



The performance data for 2009 (actual – target) relate to the companies that were part of the Heineken Company in 2008.

Accident severity

lost calendar days/100 FTE for all sites



The performance data for 2009 (actual – target) relate to the companies that were part of the Heineken Company in 2008.

In 2009, the accident severity of the recorded accidents was 53 lost calendar days per 100 FTEs compared with a restated 2008 figure of 51 calendar days per 100 FTEs.

The reason for this upward trend is mainly due to the overflow of lost days from accidents that occurred in previous reporting years.

Notwithstanding these important efforts, 12 fatal accidents occurred in 2009, mainly in Africa and the Middle East and mainly involving contractors or employees in traffic accidents whilst at work or commuting. In total, five Heineken employees, six contractors and one third party lost their lives. Seven fatalities involved contractors or employees working in production (see the table on page 22) and five were non-production related. The accidents occurred in the Democratic Republic of Congo, Nigeria, Egypt, Tunisia, Panama, Portugal and the UK and were caused by eight vehicle/traffic accidents, two scaffolding accidents, one fall and one armed robbery.

More attention will be paid to the safety of contractors

During the Year of Safety in the Africa and Middle East Region, additional efforts were made to enhance the safety of our contractors: giving better, clearer instructions, provision of personal protective equipment (PPE) and strict checks on their proper use were among the most important initiatives taken. Contractors who failed to comply with our prerequisites were dismissed.

In 2009, the number of accidents involving contractor personnel was 105 compared with a restated 2008 figure of 112. This is a significant improvement, but the number of accidents remains a point of constant attention for future safety activities and a contractor safety management procedure will be enforced.



Driving home the safety message



Monika Matak
Internal Communication & CSR Director

From April to August 2009, Grupa Żywiec co-ordinated an educational programme across Poland to promote road safety and responsible driving. The wide-ranging campaign involved a variety of initiatives – from radio programmes to working with the police.

The campaign was launched to coincide with Road Safety Week, an annual event organised by the United Nations. During the week, a competition was held to design a road safety poster, and 400 entries were displayed at an exhibition following its conclusion.

On July 25, the campaign peaked with activities surrounding Safe Driver Day, another annual road safety initiative. Over the course of the day, police handed out information warning of the dangers of drink driving and radio stations broadcasted special programmes to promote road safety.

In co-operation with the police, Grupa Żywiec organised a 'Day Without Fines', where instead of giving out fines for traffic offences, police distributed stickers and reflective road safety vests, all branded with the Grupa Żywiec logo. A popular Polish rally driver, Krzysztof Holowczyc and his Safe Driver Foundation also helped raise awareness of the importance of driving responsibly.

In August, the campaign ended with the winning poster from the April competition being displayed on 250 billboards and 300 city-lights in the main cities across Poland. The winning poster displays the message 'Have driving in your blood?'

"We've taken part in road safety programmes before but this was the first year we've been involved on such a huge scale," says Monika Matak, Internal Communication & CSR Director at Grupa Żywiec. "We believe it is our duty to encourage not just responsible drinking but also responsible driving. By holding or supporting events over a long period of time, we've reached a great number of people and influenced their attitude towards road safety. In 2010, we look forward to running this programme again and continuing to promote these important messages."



Safety data on production units Heineken Group

Parameters (absolute values)	Unit	Reported safety data 2008		Restated safety data 2008		
		2007	2008	2008	2009**	
Fatalities of Company personnel	Cases	1	1	0	2	
Fatalities of Contractor personnel	Cases	1	1	1	3	
Permanent disabilities of Company personnel	Cases	6	2	2	4	
Fatalities of Company personnel in commuting	Cases	0	0	0	2	
Parameters (absolute values)						
Accidents of Company personnel	Cases	633	690	446	389	
Accidents of Contractor personnel	Cases	143	180	112	105	
Lost days of Company personnel	Days	16,336	15,437	11,336	11,727	
Production workforce (FTE)	FTEs	24,647	28,054	22,058	21,639	
Performance indicators (average values)		Achieved*				Targets/ Guides 2012
Accident frequency	Cases/100 FTE	2.6	2.4	2.0	1.5	
Targets accident frequency	Cases/100 FTE				1.2	
Accident severity	Days/100 FTE	68	55	51	53	
Guide values accident severity	Days/100 FTE				40	

* Performance data (average values) of 2009 relate to the companies that were part of the Heineken Company in 2008.

** The number of fatalities in this table reflect fatal accidents involving production personnel.



We will review our approach to safety and extend the scope of our safety management to the areas outside production

Safety is one of the areas included in our sustainability approach for the next decade. The expansion of our occupational health and safety efforts to all employees is covered by the plans made in this context. For further information on targets and actions, please see the final chapter on page 36 relating to our future agenda.

We made good progress in the area of Occupational Health and Safety requirements for greenfield operations. An Occupational Health and Safety analysis is now standard practice for all greenfield operations with additional requirements now including safety equipment, first aid availability and an emergency response plan.

We will improve communication on road traffic safety and vehicle safety at our sites

Road safety was part of the Year of Safety in the Africa and Middle East Region. The issue of road safety was also addressed during the medical conference for Western Europe that took place in December 2009. Other issues, such as vehicle safety and safe driving were addressed. Programmes will be rolled out in 2010, and given the poor rate of road traffic accidents in 2009, will require increased management focus.



Austria

Fit on the job



Susanne Rief
Health Manager

The success of BrauUnion Austria in their continued focus on employee welfare and health and fitness initiatives in the workplace, has been recognised by winning the 2009 Upper Austrian Health Awards for companies with more than 100 employees.

The “Fit on the Job” health project was developed with the Upper Austrian Regional Health Insurance Fund. 570 employees in Upper Austria took part in the scheme from 2007 to 2009. BrauUnion Austria implemented various measures such as employee health groups and surveys that were focused on relieving stress and strain in the workplace, in order to reduce the amount of sick leave.

Working conditions were improved by testing work stations for comfort and efficiency, providing technicians with suitable hearing protections and installing new air-cushioned seats for forklift trucks.

Furthermore, delivery drivers were provided with a nail pallet press, which is an easier method for maintaining pallet quality. Also, all new trucks now have continuous running boards to ensure the safety of the drivers.

At the Zipf Brewery, an innovative robot was introduced for lifting and moving heavy water bottles, whilst the canteen in Linz has begun to serve healthier foods such as salads and yoghurts. A water dispenser has also been set up.

The programme was concluded with an extensive range of health seminars, made available to employees in their spare time, on the issues of physical exercise, nutrition, smoking, mental training, stress and burnout.

“The project has been incredibly successful,” says Susanne Rief, Health Manager at BrauUnion Austria. “Not only have the working conditions been improved but also the communication between colleagues. The average sick leave days have also been reduced by 10 per cent and overall the climate of the company just seems to be much healthier and vibrant.”

Some of the measures are only available in regional breweries but many have extended across Austria and this number is expected to increase during 2010.

Agriculture

Beer is a natural product. It can not be brewed without crops. The quality and availability of these crops are of strategic importance to Heineken.

Quality crops at a fair price

We brew beer with natural ingredients and use the highest quality cereals, predominantly barley, for brewing, and hops for flavour and bitterness. For the continuity of our business, we need access to sufficient, high quality raw materials at an acceptable price. Our partners, the farmers that grow the crops and the maltsters that malt the barley, need to be sure that we pay them a fair price and support them over the long term. Making a commitment towards greater local sourcing and providing agricultural training and support, empowers local farmers economically (greater guaranteed sales and better crop yield) and reduces both the cost and environmental impact for Heineken.

What we said we would do and what we delivered

Translate the outcomes of the Skylark project to specific sustainability requirements and a suitable governance model

A new tool has been developed using the ten indicators that were developed in the Skylark project. This tool, called the Malting Assessment System for Sustainable Agriculture (MASSA), is designed to follow the activities of our suppliers in the area of sustainable agriculture. It will be used for barley, apples and hops. In the context of our future approach to agriculture, we will develop a governance system to enable us to structurally analyse and improve the ecological performance and impact of our raw materials suppliers.



Start measuring the sustainability performance of our most important malt suppliers

We developed a measurement model in 2009 and will implement it during the first quarter of 2010 with a pilot involving two malt suppliers and two apple suppliers.

Share the learnings of the Skylark project across other markets via a technical handbook on sustainable arable farming

The Technical Handbook was developed and was published early 2010.

Extend GMO audits to local suppliers of maize and rice and focus monitoring activities on weak spots with Group suppliers

We increased the number of supply audits from 58 to 61, including checks on Genetically Modified Organism (GMO), especially in markets where we use maize for brewing. As our normal supply chain audits supply us with sufficient guarantees in compliance with our policy relating to GMO, we deem it unnecessary to conduct specific audits solely aimed at detecting the possible presence of GMO material.

Include apple farming in the scope of our sustainable farming programme

We have integrated apple farming in the scope of our sustainable farming programme. We have included the orcharding of apples in our MASSA tool and will continue to do so as we roll out our future activities.

Africa

Empowering African farmers



Paul Kemp
Area Supply Chain Manager

In several African countries, Heineken is empowering significant numbers of the local communities by helping farmers grow crops – often in arid, desert land. These crops are then purchased by Heineken’s local Operating Companies to be used in their brewing plants. “We facilitate farming operations in different ways, depending on the local situation,” says Paul Kemp, Area Supply Chain Manager, Africa and Middle East. “This involves offering advice via our agronomist and upfront payments so farmers can purchase the inputs needed for their crops.”

On the banks of the Nile in Egypt, Heineken’s local company Al Ahram Beverages (ABC) helps farmers grow barley for its maltery. ABC also oversees farming projects in the Southern Desert and the Sinai. In total, ABC facilitates the production of 30,000 tons of barley which equals 25,000 tons of malt.

Since the mid-1980s, Heineken’s subsidiary, Nigerian Breweries (NBL) has been sourcing locally-produced sorghum and maize in Nigeria and has invested in the development of commercially viable sorghum varieties. Today, NBL has 5,000 farmers growing sorghum and malt for its plants.

Heineken is also facilitating agriculture through its local companies in other parts of Africa: assisting rice farmers in the Democratic Republic of the Congo, developing the production of sorghum in Burundi, encouraging farmers’ involvement in maize farming in Rwanda and supporting small sorghum projects in Sierra Leone and Ghana.

In 2009, Heineken finalised the construction of its new brewery in South Africa and is currently looking at ways to support agriculture in the country.

“A conglomerate of local distributors want to build a maltery to supply us and others, and they will need barley for this,” explains Paul. “We’re helping them to work with local farmers to develop good varieties of barley and to present a strong business case. It’s another example of how Heineken works with local communities to help the farming industry, which in turn helps our business.”

In total, Heineken now works with tens of thousands of farmers across Africa.

Supply chain responsibility

Improvements in our value chain, both in terms of ethics and the environment, are having a positive effect on our cost base and on the goals we set within our sustainability agenda.

Partnership and relationships bring improvements

Working alongside our suppliers to help build improvements in our value chain is now an established and important approach within Heineken. We work together to address both ethical considerations as well as the environment. It is a key element in establishing a joint commitment to sustainability with our suppliers. In turn this is having a positive effect on the goals we set within our sustainability agenda. We believe our approach to supply chain responsibility helps differentiate Heineken from its competitors.

What we said we would do and what we delivered

Continue implementation in Western Europe and Central and Eastern Europe

The roll-out of the Supplier Code in Western Europe and Central and Eastern Europe is well under way. In almost 60 per cent of our Operating Companies in the two regions implementation is ongoing. We expect to achieve full implementation by all Operating Companies by the end of 2010.



Start roll-out in Asia Pacific

We conduct most of our business in the Asia Pacific Region through our joint venture Asia Pacific Breweries (APB). In 2009, we had two fully owned Operating Companies in the region (Multi Bintang Indonesia and Grande Brasserie de Nouvelle Calédonie, New Caledonia), who will be integrated into APB in the course of 2010.

Finalise pilot in Indonesia and conduct pilot in Nigeria (originally planned for 2008)

We did not follow up on the activities of Multi Bintang Indonesia as they will no longer be part of the Heineken Group in 2010 and thus are no longer bound by the Heineken policies. The pilot in our Nigerian operating company has been delayed due to restructuring of the local organisation. The pilot is now planned to take place in 2010 and full implementation is foreseen for the end of 2010.

Start roll-out in the Americas and Africa and the Middle East

We have started the roll-out of the Heineken Supplier Code in the Americas and in the Africa and Middle Eastern Region. We aim to conclude this by the end of 2010.

Set long-term targets for supply chain responsibility for 2010 – 2020

You can read about our new sustainability framework and programmes in the chapter A New Approach for a New Decade (page 36 and 37).

United Kingdom

Heineken UK makes ethical purchasing a priority



Ruth Bromley
Head of Procurement

In 2009, Heineken UK launched a new supply chain code of conduct and focused on improving its responsible supply chain performance by further educating staff on ethical procurement.

“One of the first steps we took to improve ethical purchasing was to increase awareness and knowledge of sustainability issues among our Procurement team,” explains Ruth Bromley, Head of Procurement at Heineken UK. “Our ethical procurement standards now exceed the minimum expectations of Heineken’s Supplier Code.”

Business in the Community – a network of 850 businesses committed to improving their impact on society – held a series of workshops at the request of Heineken UK. These sessions helped to familiarise staff with ethical procurement concepts and raised awareness of the social, environmental and economic risks that exist within the supply chain.

Heineken UK has 4,000 suppliers and as such, the workshops also prompted staff to consider the opportunities available through working in partnership with them.

“We hope that this increased focus on responsible procurement in 2009 has empowered and motivated staff to think about the role they can play in ethical purchasing,” says Ruth. “Furthermore we’re developing our new supply chain code of conduct to ensure that we lead the way on delivering a world class procurement performance in everything we do.”

“Responsible sourcing is a critical component of our sustainability targets, and we will continue to raise our standards to ensure it remains at the heart of our business,” adds Ruth.

Responsible consumption

Beer is part of a balanced, healthy lifestyle and has been for thousands of years. As such, it provides enjoyment to a vast majority of consumers worldwide. However, a minority of consumers do not drink responsibly and this requires us to be active in the promotion of responsible consumption.

Playing our part to reduce harm

Society is routinely confronted with the negative aspects of alcohol when it is abused or misused and as one of the world's leading brewers, we are committed to playing our part in reducing alcohol-related harm. Wherever we can, we do so in conjunction with industry groups, governments, NGOs, third parties, consumer groups, police forces, legislators, retailers, Horeca owners and community groups – all of which have their role to play. We believe that working together to address specific aspects and incidence of abuse is the only way to effectively tackle the negative impact this has on society and individuals.

What we said we would do and what we delivered

Build 'responsibility' into the brand architecture of our top 10 brands

Two years ago, we embedded the concept of responsibility into the Heineken and Amstel brand architecture. Many brands, including our top 10, have since followed this example by introducing a responsibility message on their primary and secondary packaging, launching dedicated websites, including responsibility messaging in commercial communication or by engaging in responsibility activities, such as "drive alcohol-free" campaigns. As not all brands have a formal architecture, responsibility can not be formally embedded within all the brands' DNA. However, we make sure that we monitor our brands' activities in this respect so that the objective – clear responsibility messaging to the consumer – is met.



Review and adapt our international media campaign (www.knowthesigns.com)

Our Know the Signs campaign, launched in 2008, has been reviewed and the adjusted campaign was launched in November 2009. The campaign is globally accessible via the website www.knowthesigns.com. To date, eight markets, including Romania, USA, Canada, the Netherlands and Italy, have also launched the revised online drive as a dedicated part of the brand campaign. On 3 December 2009, we submitted this revised campaign as a formal commitment to the EU Forum on Alcohol & Health.

Upgrade our online refresher course for the Rules on Responsible Commercial Communication for all relevant marketing and sales staff

We updated our e-learning tool, which we use in conjunction with workshops, to continuously train all decision-making employees within the Group's commercial communication and marketing teams. At the end of 2009, we sent this tool to approximately 1,200 employees in this target group. The response rate was more than 90 per cent. Those who did not complete the training will be approached individually so that they understand its importance and know the content in order to make informed creative and commercial decisions.

Promote and update the learning tool for the Rules for Responsible Commercial Communication to ensure that new employees learn and understand our policy

Through our intranet, we have made all our previously used online training courses on compliance with the Rules for Responsible Commercial Communication available to our marketing and sales teams.

Develop workshops and ensure compliance

Overall, there is a high level of compliance with the Rules for Responsible Commercial Communication across the Group. Responsibility was built into the Heineken brand workshop and we will develop a workshop module that is focused on the responsibility in commercial communication as part of our future approach to responsible consumption activities (see also Appendix 1).

United Kingdom

Unit information on glasses in the UK



Mark Given
Brands Director

In November 2009, Heineken UK launched a new pint glass for Foster's, its best-selling lager, that encourages responsible drinking by displaying alcohol unit information on the side. The glass is specially designed to provide consumers with a superior drinking experience.

"Our goal is to make drinkers more aware of the alcohol units contained in one pint," explains Mark Given, Brands Director at Heineken UK. "Every time a customer buys a pint of Foster's in this glass they will be able to clearly see the alcohol unit information. We hope this will educate and encourage them to make sensible choices."

The aim is to deliver more than 1.8 million of the glasses into pubs and clubs by March 2010, and 4 million by the end of the year. Heineken UK plans to introduce alcohol unit information on branded glassware for other beer and cider brands during 2010.

"We led the way in promoting responsible drinking by displaying messages and alcohol consumption guidelines on our packaged beer and cider ranges," adds Mark. "Now, with this new glass, we're extending this to consumers of our draught products."

The glass intends to inform consumers on the quantity of alcohol they are consuming while enhancing the drinking experience by providing a pint that looks lively and creates excellent head retention. In testing, over 80 per cent of consumers said the glass would make Foster's a brand they would like to be seen drinking and a beer they would recommend to friends.



Romania

Online counselling and advice in Romania



Livia Bucatica
Corporate Relations Specialist

Heineken Romania has partnered with addiction counselling group ALIAT to fund and launch the country's first ever counselling and e-health website: www.alcoholhelp.ro. The site raises awareness of the dangers of excessive alcohol consumption and offers a range of free tools for people affected by alcohol misuse.

Alcoholhelp, which aims to reach one million Romanians, was developed by ALIAT with the support of Heineken Romania. ALIAT's team of mental health professionals will manage the site.

"Heineken Romania decided to support ALIAT in this project as we passionately believe that alcohol should always be consumed responsibly," says Livia Bucatica, Corporate Relations Specialist at Heineken Romania. "This website, conceived and managed by specialists in mental health, will provide effective and accessible advice and treatment for excessive consumption. We expect it to produce positive results."

www.alcoholhelp.ro went live in November and attracted around 450 unique users within the first month. This will increase as the service is publicised nationally. The online platform is free, easy to use and guarantees the confidentiality and anonymity of anyone who uses it.

Visitors to the website are expected to benefit in a variety of ways: for young adults, the focus will be on preventing alcohol misuse; for 25 to 44 year olds, the programme will take a curative approach, offering advice to those drinking excessively; and for older visitors, the platform will function as a gateway to specialised addiction treatment.

"We believe the website will reach a new, internet-savvy audience, for those who choose not to go to the doctor or those who cannot easily get to one," explains Livia. "It's the first website of its kind in Romania and we hope it will offer advice, education and support to anyone suffering from alcohol-related problems."

Heineken

Maintain our current level of partnerships

The number of our responsible consumption partners increased from 30 in 2008 to 33 in 2009. Following an evaluation of our partnerships we decided to develop success criteria. These will allow us to obtain better insight and to allow our partnerships to mature. We will start using the criteria in 2010 to measure our partnerships.

Further expand responsibility activities to local brands (through sponsorships and in commercial communication)

Apart from the top 10 brands mentioned above, a significant number of our local brands are engaged in responsibility-related activities such as Soproni, Zagorka, Zipfer, Gulder and Mutzig. The activities entail the introduction of responsibility messages on labels and packaging, the launch of dedicated websites with information on how to consume responsibly or the integration of responsibility at events. We also ran a number of drink-drive activities in partnership with these brands.

Secure compliance with new Cool@Work programme initiative

We updated communication to our markets on our Cool@Work programme and clarified what is expected of them in terms of 'refresher' activities. In 2009, 80 per cent of our Operating Companies complied with the Cool@Work provisions.

Introduce Cool@Work in operations that were acquired in the course of 2008

Cool@Work was introduced in Finland, Belgium, Portugal and the UK.

Russia

Are you 18?



Anna Meleshina
Communications Director

Preventing underage drinking was a key focus for Heineken Russia in 2009, with around 30,000 bars and shops backing a national campaign to encourage trade outlets to check the legal age of the consumer before selling beer.

The 'Are you 18? Show your ID' campaign was launched in 2006 by the Russian Beer Union. Heineken has been involved with the campaign since 2007.

"The main aim of the 'Are you 18? Show your ID' campaign is to remind alcohol sellers that it is illegal to sell alcoholic drinks to minors," says Anna Meleshina, Communications Director at Heineken Russia. "If someone cannot produce ID then they must be refused beer. This way, a consistent message will be sent to young people about responsible consumption."

As part of the campaign, 100,000 'Are you 18? Show your ID' stickers were displayed in bars and shops across the Central and Ural regions of Russia. Heineken also ran media campaigns in the towns of Sterlitamak and Novotroitsk and organised roundtable discussions with city administrations, non-commercial organisations and the media.

In addition, Heineken's regional brewery managers and sales teams worked in partnership with local governmental bodies, visiting trade outlets to check whether the legal ban on selling alcohol to minors was being followed.

"Our goal is to change people's attitudes towards underage drinking," adds Anna. "We hope this campaign will constantly remind people of the importance to consume beer responsibly, but mainly to prevent the sale of alcohol to anyone under the age of 18."

Our impact on society

We aim to maintain uniform minimum standards of conduct regardless of where we operate. In addition, we want to be an integral part of the societies where we conduct our business so that we actively contribute to the development of those societies.

Contributing to communities

Wherever we operate, our aim is to become a value-adding and integral part of those communities. This means actively participating in and contributing to everyday life. We do this in a variety of ways: our people contribute their time to support and run local groups; we donate money to specific causes; we use our products in appropriate settings and events to help raise or save money and we use our facilities in times of need. We also know that to create a positive impact on society, we must maintain uniform, minimum standards of conduct regardless of where we operate. Our Code of Business Conduct guides all our employees in delivering these standards, and our Economic Impact Assessments allow us to measure the economic contribution we make to a market.

What we said we would do and what we delivered

Continue to address the issue of beer drinking amongst Beer Promoters in Cambodia

In 2009, we continued to improve the working conditions of female beer promoters in Cambodia by focusing on points of concern that came to our attention following a 2008 audit. We increased the base salary by 8 per cent and continued to deliver the commitments we made in terms of health testing,



training and workplace support. We also conducted a campaign aimed at preventing drinking by promoters while working. This followed research carried out in 2008 that showed too many promoters drink alcohol while performing their duties. At the end of 2009/early 2010 Indochina Research was commissioned by the industry group Beer Sellers in Cambodia (BSIC) to repeat the survey. Results showed that the overwhelming majority of beer promoters are aware of the rules on drinking alcohol while at work but that it still occurs. Starting in 2010, we will monitor the situation quarterly in order to address this in a more effective and timely manner and to enable rapid intervention whenever results are unsatisfactory.

We have been asked to make a comparison between the findings of the audits conducted on behalf of the BSIC and those done by SirChESI. Unfortunately, we were only handed press releases and not the underlying reports so that no meaningful comparison could be performed.

Investigate and launch a new approach for community investment in Africa

At the end of 2008, Heineken invested EUR 10 million to establish the Heineken Africa Foundation. The organisation finances community healthcare projects on the African continent, particularly, but not exclusively, in the communities in which we operate. The Foundation is managed by an independent Board of Trustees that oversees the operations and the distribution of up to EUR 500,000 per year. In 2009, the fund made its first investments totalling EUR 400,000 in six projects. An example of one of these projects is included in the case studies. At the end of 2009, Heineken invested an additional EUR 10 million in the Foundation. This means that as of 2010, an annual amount of roughly EUR 1 million can be spent on health projects in Africa. For more information on the Heineken Africa Foundation and its projects, please visit <http://africafoundation.heineken.com>.

Continue our HIV/AIDS treatment in developing markets

Alongside the work of the Heineken Africa Foundation, we continued to support testing and treatment of HIV/AIDS. We commenced work on a trial programme in Nigeria and the Democratic Republic of Congo to facilitate access to HIV/AIDS treatment for people working in our supply chain. The programme will be gradually rolled out over the coming years to target employees of our suppliers in developing markets.

Rwanda

Joining the fight against malaria



Katinka van Cranenburgh
Foundation Co-ordinator

In August 2009, the Heineken Africa Foundation launched a new initiative in Rwanda to help prevent the spread of malaria by using insecticidal bed nets. The initiative also involves local organisations and provides employment to more than 100 people.

The nets will be produced by local textile company Utexrwa (Usine des Textiles du Rwanda) in a process that will provide 125 new jobs for the community. The Foundation will purchase the equipment needed to embed insecticides into the netting material and has committed to buy the first 140,000 bed nets produced.

“Bed nets provide a good way of controlling malaria for a number of reasons,” explains Katinka van Cranenburgh, Heineken Africa Foundation co-ordinator. “They are an effective way of protecting people against mosquito bites and the transmission of the parasite that causes malaria, and yet they are relatively cheap. Studies have shown that nets can reduce the mortality rate from malaria by approximately 20 per cent.”

The nets will be distributed through existing health centres in the area surrounding the Heineken breweries in Kigali and Rubavu, as well as through pre-natal and vaccination family visits by health advisers. Pregnant women and children in the areas in which Heineken operates will particularly benefit from the programme.

The plan is for Utexrwa to distribute a total of three million nets in Rwanda in 2010 and a further six million in 2011.

For further information please see:
<http://africafoundation.heineken.com>



Spain

Breast cancer prevention



Diego Antoñanzas
Sponsorship Director

An estimated 50,000 women participated in 'La Carrera de la Mujer' or 'The Race for a Cure', held in eight cities across Spain during 2009. The race was co-sponsored by Buckler, Heineken's non-alcohol brand in the market. The races aim to raise awareness for the prevention of breast cancer by encouraging women to look after their health and remind them to have regular check-ups.

Each racer represented a 2 euro contribution towards the efforts of the Spanish anti-cancer association (AECC). The number of participants in 2009 was a 25 per cent increase compared to the race the previous year, due to the increased support and publicity provided by Buckler and other partners.

Buckler created various initiatives that were backed by local celebrities and politicians, including launching an exclusive pink can to raise awareness for the event. Buckler also set up an interactive website with useful information about the race, health tips and training routines, as well as providing the opportunity for participants to download photographs of themselves at the event.

"This race empowers women across Spain to support the fight against breast cancer and ensure their health is always the top priority," says Diego Antoñanzas, Sponsorship Director at Heineken Spain. "The successful promotion of this event is reflected in the unprecedented number of participants who joined this year."

Diego is confident the race will be even bigger next year thanks to the positive impact it has had on Spanish society in highlighting the need to fight against this disease.

Increase the amount of money invested in local communities

In 2009 we increased by 9 per cent the investment in our markets. We invested a total of EUR 5.8 million on non-commercial sponsorships to support local communities around the world. These activities range from the sponsorship of local cultural events to financial assistance and training. The total amount excludes employee time and employee giving and the use of facilities.

Perform base measurement on employee rights

We have discussed our draft employee rights policy with human resources experts to formally adopt this revised policy in early 2010. Employee rights are included in our future programming. For an overview of our planned activities, please refer to our last chapter and Appendix 1 of this report.

Roll out training on Code of Business Conduct and Whistleblowing Procedure

We took a number of measures to reinforce integrity within Heineken in 2009. Firstly, we have revised our Whistleblowing Procedure to take into account new insights concerning the protection of personal data. We have also amended our Code of Business Conduct to include a mandatory disclosure of interests by senior managers. We have developed online training tools for employees on the Code of Business Conduct and on Whistleblowing for local Trusted Representatives and senior management, which will be implemented in early 2010. Furthermore, we have changed our external hotline provider in order to facilitate web-based reporting alongside reporting by freephone and to create a better registration and traceability of reports filed under the Whistleblowing Procedure. Finally, we have re-launched the Code of Business Conduct in a booklet to all employees from middle management upwards.

In 2009, we received 34 reports under the Whistleblowing Procedure either centrally or on a local level. Of these, 47 per cent concerned fraud; 21 per cent Conflicts of Interest; 6 per cent supply chain responsibility; and the remaining 26 per cent other issues, such as breach of Company policy or harassment. Around 50 per cent of all cases investigated were substantiated. We received no reports concerning breaches of our anti-corruption policy.

Conduct four economic impact assessments

In May 2009, we concluded an EIA study for Nigerian Breweries. The study showed that in the entire Nigerian economy, 637,000 jobs are related to (although not entirely dependent on) the presence of Nigerian Breweries. Approximately 415,000 jobs exist within the value chain, the bulk of which are in agriculture and trade (97,000 and 268,000 respectively). The large number of jobs in agriculture is related to Nigerian Breweries' substantial sorghum procurement (60,000 tons, which accounts for 0.5 per cent of Nigeria's total production) and the inefficiency of agricultural production.

In October 2009, we concluded an Economic Impact scan for all our Operating Companies in the European Union (63 breweries). This study showed the following results:

- Heineken operates 63 breweries in 19 countries across Europe
- A total of 495,000 jobs are directly or indirectly related to the production and sale of beers
- The total value-added attributed to the production and sale of our beers in Europe is estimated at approximately EUR 11.65 billion
- The total revenues for the national governments are estimated at approximately EUR 11.89 billion
- The annual expenditure of Heineken on goods and services is worth EUR 3.25 billion

In December 2009, we commissioned a full EIA study for our operation in Croatia, which will be completed in February 2010.



Croatia

Caring for the community



Iva Prekratic
Corporate Communications

In 2009, Karlovačka Pivovara enhanced its community initiatives by inviting charities, organisations and individuals from the Karlovac region to apply for support for their projects.

The brewery, which is a member of the Heineken Group, invited applicants for any humanitarian, sports or social initiative that meets the cultural, educational and environmental needs of the region. In total, 255 funding requests were received.

"We've always been very involved in community programmes but this was the first time we've run a donation tender system," says Iva Prekratic, Corporate Communications Assistant at Karlovačka Pivovara. "The goal is to make our donation system transparent and accessible to quality local initiatives. It has also raised our awareness of the concerns and issues that affect people in the community."

Prominent local figures were invited to sort through the first round of applications, utilising their subject expertise. Following this, Heineken employees had the opportunity to put their opinions forward, before the tender project team made their final proposal to the management team at Karlovačka Pivovara. They supported 43 projects, donating EUR 109,590 (800,000 Kuna), which was distributed amongst them.

The chosen organisations included a sports association that needed new balls for a range of sports, from table tennis to basketball. Another initiative involved the stocking of a school library with books. Financial assistance was also given to an organisation which offers therapeutic riding for children with special needs.

"The project was a huge success and we're delighted with the response we had," adds Iva. "We tried to communicate it as widely as possible through the local media and held a press conference to announce the tender programme. As such, our community involvement is now a more structured and transparent process and this has benefited all sides."

During 2009, some of the supported projects were also publicised to allow organisations to present the work they do generally, as well as highlighting their tender project and the brewery's role in it.

Following this success, Karlovačka Pivovara intends to run another community tender programme in the first quarter of 2010.

A New Approach for a New Decade

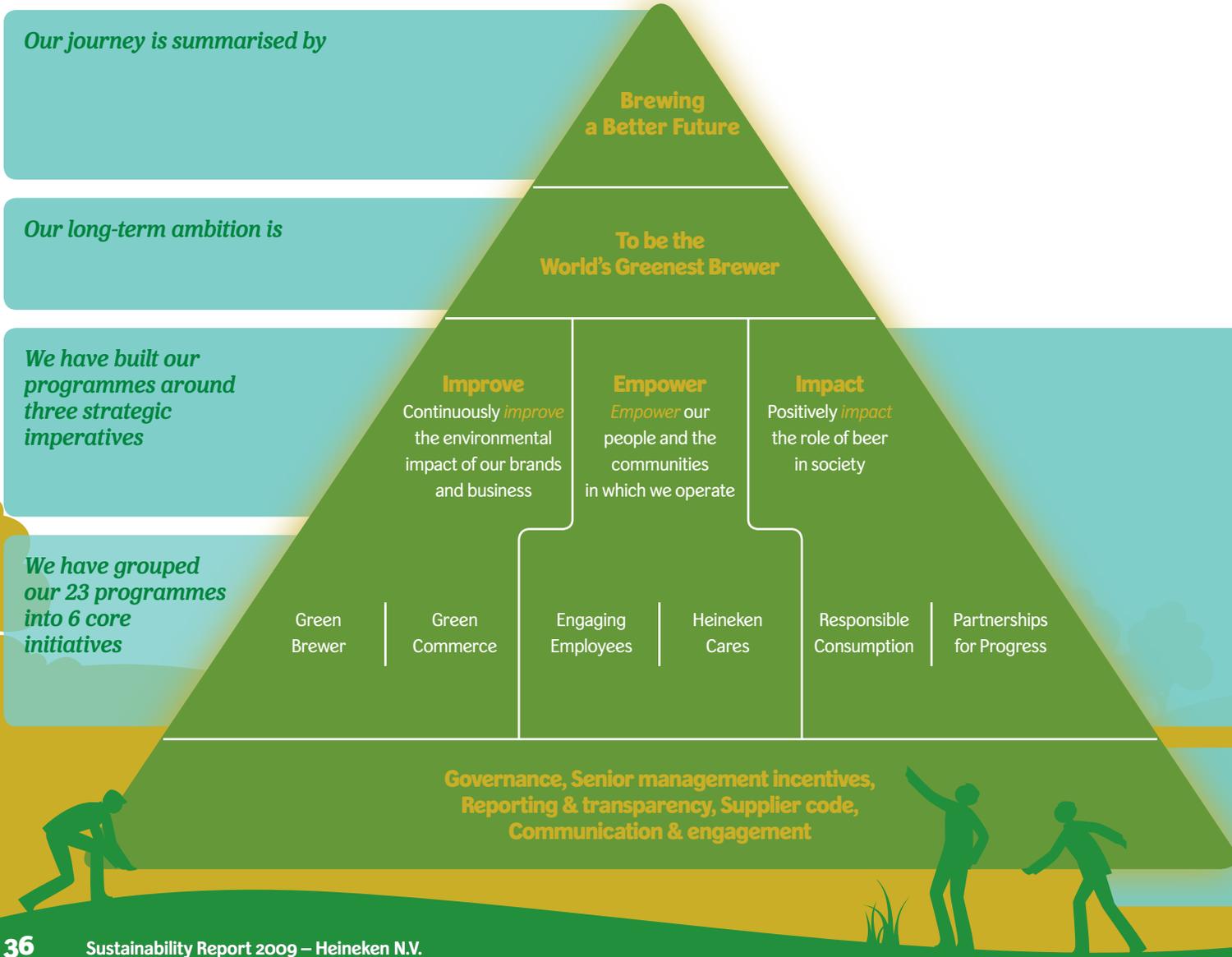
It would be easy to think that having been recognised by others for our successful approach to sustainability and with the backdrop of the global economic crisis, we would choose another time to review our future commitment to society.

But that has never been the Heineken way. Constant innovation on consistent themes to deliver long-term benefit is what we do best. So despite the considerable challenges of 2009, we decided that the time to make a decisive step in this direction is now, at the start of a new decade with a reshaped, more competitive business.

And it's also only natural that we would engage our stakeholders in our thinking. Their views on how we might better cover and report on our sustainability efforts have been both invaluable and included wherever possible in our new approach.

But as a business, we recognise the need to balance our financial sustainability with playing a role in society. We believe our new approach strikes the right balance and makes positive long-term commitments to investments in the environment, communities, people and partnerships.

We will review our progress each year and, as the world and we change over the coming decade, we will be prepared to adjust our approach to ensure that we continue to meet our responsibilities to all our stakeholders.



“Brewing a Better Future” – A Statement of Intent

Our new approach is built on the foundations provided by our three core values – Passion for Quality, The responsible Enjoyment of our brands and a Respect for people, the environment and the society in which we live and work.

As the world’s most international brewer, and with more than 230 beer brands in our global portfolio, “Brewing a Better Future” reflects our intent, our values, our heritage and the plans we have now put in place for the businesses consolidated in 2009.

A Green, Responsible Ambition

Green is Heineken’s colour and green is synonymous with sustainability. To us, being green is an overarching, all inclusive concept, not simply another word for environmental credentials. It means sustainability across all aspects of our business – not just the environment. Being green is about making a commitment to people, communities and society. And it means working with others throughout the value chain to make a difference. Whilst we fully recognise that sustainability is a never-ending journey, we have defined a long-term ambition “to be the world’s greenest brewer” meaning when taken as a whole across the spectrum of our sustainability commitments.

To ensure a solid reference point for our actions and achievements, we will measure our progress on this journey through the SAM Dow Jones Sustainability Index.

Three Strategic Imperatives

We have worked hard to define our material impact on society and our key externalities. In order to effectively

address these, we have set out three strategic imperatives around which we have built our programmes:

1. Continuously **IMPROVE** the environmental impact of our brands and business
2. **EMPOWER** our people and the communities in which we operate
3. Positively **IMPACT** the role of beer in society

Core Initiatives

In considering our future, we have created 23 programmes that – over the coming 10 years – will bring our words “Brewing a Better Future” to life. In order to focus our efforts, we have grouped the 23 programmes into six core initiatives:

- Green Brewer
- Green Commerce
- Engaging Employees
- Heineken Cares
- Responsible Consumption
- Partnerships for Progress

This grouping of activities will be the basis of our sustainability reporting in the years to come. Please see Appendix 1 (pages 38-41) for further information.

Enabling our Journey

To make our journey real, we have taken some significant decisions that will enable us to fully integrate our plans within the business. These enablers will be fundamental to delivering our vision and meeting our long-term ambition. The enablers we have defined are senior management incentives, reporting & transparency, robust governance, renewed supplier code and more consistent communication and stakeholder engagement.

Continuously **IMPROVE** the environmental impact of our brands and business:

- By 2020, reduce specific direct and indirect CO₂ emissions from fossil fuels in our breweries to 6.4 kg CO₂/hl
- By 2020, reduce specific water consumption in our breweries to 3.7 hl/hl
- Starting 2010, 100% of all replacement fridges based on green technology
- By 2020 aim for water neutrality of breweries in water-stressed areas
- Continually reduce and track the CO₂ footprint of our brands throughout the value chain
- By 2020, develop the concept of CO₂ neutral brewery and implement in at least three sites

EMPOWER our people and the communities in which we operate:

- In 2010, double, to EUR 20 million, the funding for the Heineken Africa Foundation, enabling EUR 1 million investment per year thereafter
- Ensure access to pre-defined, basic healthcare for 100% of employees and dependents
- By 2020 achieve 60% local sourcing of raw materials in Africa
- Aim for accident and incident-free work environment
- Implement and audit a new employee rights policy
- By 2020 map the economic impact of our business on developing markets

Positively **IMPACT** the role of beer in society:

- By 2015 100% of markets to have a partnership with a third party to help play our part in reducing alcohol related harm
- By 2015, include a culturally appropriate responsibility message on all brands
- Continue 100% adherence to rules on Responsible Commercial Communication
- Continue 100% adherence to rules on alcohol at work
- Partner with industry to address issues of drinking and driving, self-regulation and non-commercial alcohol
- Partner with industry to ensure effective self-regulation

Enabling the Journey

We have defined 5 key enablers that will be fundamental to meeting our long-term ambition:

- In 2010, introduce incentives for all senior management on sustainability targets
- From 2010, every market to have a three year sustainability plan
- By 2015 100% of markets to produce local sustainability reports (20 in 2010)
- Renewed Supplier Code based on new approach
- Executive level Governance model

Appendix 1: Brewing a Better Future

A New Approach for a New Decade

Scope

One of the inconsistencies in our current sustainability agenda is that in some areas, the scope is all operations where we have technical control (e.g. energy, water and safety) but limited approval over investments, whereas in other areas the scope is majority *owned* operations (e.g. supply chain responsibility and our impact on developing markets). Another scoping inconsistency relates to the reach of our activities: for example in the area of safety our activities and consequent reporting relate to accidents in the production area only.

We have therefore defined the scope for our new agenda as all operations where we have a majority share. This way, the scope of our financial reporting and sustainability reporting are fully aligned and we cover all businesses where we are able to fully implement our activities.

All new targets and commitments are valid for the operations that were fully consolidated in 2009, meaning that in the future we will report on the progress for this group. We will of course roll-out our programmes to any potential acquisitions between 2010 and 2020: we will also report separately on the progress made in these companies as time goes by.

Governance

To drive our new agenda, we have redesigned the governance for sustainability. We have created an Executive level Steering Committee comprising:

- Group Corporate Relations Director (Chair)
- Group Supply Chain Director
- Group Commerce Director
- Group Human Resources Director

This Steering Committee operates under the responsibility of the Executive Committee. It will meet four times a year to advise and challenge the progress on the 23 programmes and their associated targets and commitments. It will seek direct input from both internal and external stakeholders.

It prepares a written report for both the Executive Board and Executive Committee, defining the actions that should be part of the Three Year Plans and Key Issues Meetings for the Group functions, the Regions and the operations in order to achieve our targets. In compliance with the Dutch Corporate Governance Code, our Supervisory Board will discuss sustainability at least once per year.

A dedicated management role reporting to the Group Corporate Relations Director will be responsible for co-ordinating stakeholder engagement and co-ordinating and aligning all activities relating to the Sustainability agenda in all relevant Group departments. Sustainability Stream Leaders will drive the programmes that fall under the responsibility of their specific department.

Each of the 23 programmes has a dedicated 'owner' responsible for steering progress on that programme towards the 2020 ambition.

Twice a year we will seek independent, external input on our agenda from recognised experts in either sustainability in general or, in one of our specific programme areas.

Defining the project

Towards the end of 2008 and at the beginning of 2009, we consulted a great many of our stakeholders. We asked them to tell us how they view our current sustainability activities and how they believe key issues will evolve over time and what our objectives should be. We also asked them if the seven focus areas we currently address cover all of our material impacts.

In the same period, we produced a comprehensive benchmark, comparing our own agenda, performance and activities with those of our peers in the beverages sector as well as a select group of leading international food companies.

From our stakeholder consultation and the benchmark study, we defined six areas where we have a material impact relevant for what we called the Vision 2020 project. These areas were:

- Energy and Water: the energy and water we use in our own installations
- Route to Market Responsibility: our carbon footprint upstream and downstream
- Agriculture: mainstreaming sustainability for our raw materials
- Employer Responsibility and Employee Rights: covering safety, integrity and employee rights
- Responsible Consumption: how to get our efforts in the promotion of responsible consumption to a higher level
- Our impact on Developing Markets: covering Corporate Social Investment, economic impact, local sourcing and healthcare to employees and their dependents

We view our Supplier Code as a critical enabler for the new agenda and it will remain an important pillar of our approach to sustainability.

Project organisation

Overseeing the project was an Executive level Steering Committee consisting of:

- Group Corporate Relations Director (project principal and business sponsor)
- Regional President of Africa and Middle East
- Group Supply Chain Director
- Group Commerce Director
- Group Human Resources Director

The role of this group was to challenge findings and outcomes, resolve dilemmas, make decisions on issues to ensure a level of commitment and ownership through both line and function and appoint a Project Team to oversee and drive the process.

The Project Team comprised senior functional managers and a dedicated project manager to safeguard overall progress and consistency of the outcome. The Project Team supervised the work of six working groups that contained experts from the Group departments, Regions and Operating Companies.

Working group phase

Each working group was tasked with developing a scope for the workstream, a long-term direction and targets. This work needed to be supported by a concrete and comprehensive action plan for the period 2010-2012, with key milestones to be achieved in 2015, 2018 and 2020.

Working group leaders presented interim conclusions at set intervals to the Project Team, which then prepared the discussions for the Steering Committee. At the end of September, the working group phase was concluded.

Internal consultation and sign-off

To better understand the relevance of and impact on our operations, the Project Team commissioned a broad consultation on the findings of the working groups. In this context, all Regional Management teams, the management teams of eleven of our major Operating Companies and all functional management teams were consulted.

The entire plan and desired governance were presented to and approved by our Executive Committee in its meeting in December 2009. Finally, the approved plans were presented to and discussed by our Supervisory Board in February 2010.

10-year ambition and short-term targets to 2012

Here we outline the overall ambition that we have defined for 2020 for the six strategic initiatives and the interim targets to achieve by the end of 2012 in order to provide a sound platform on which to achieve our long-term ambition.

1. Green brewer

Our Ambition:

Use energy in an efficient way and to reduce the associated fossil CO₂ emissions at least in line with international agreements and treaties and, where possible, ahead of these. We will develop the concept of the CO₂-neutral brewery and implement this in at least 3 breweries. We will strive to use water in the most efficient way and without compromising access to water for users of the same source. The used water will be returned to the eco-system, in a quality that is suitable for its next use, or discharged with a quality that does not harm the eco-system or its potential next use. As far as is possible financially and technically, we will seek to apply the water-neutrality principle at our breweries and production units in water-stressed areas.

By 2012:

- Average fossil CO₂ emission: 8.5 kg/hl *
- Specific energy consumption: 155 MJ/hl
- Specific water consumption: 4.3 hl/hl
- First pilot on water neutrality executed
- Energy efficient brewery designed
- Water Footprint studies performed
- Inventory of energy & water consumption for brewery warehouses and offices, including studies for improving energy & water efficiency

2. Green Commerce

Our Ambition:

Achieve a significant reduction of the carbon footprint of our brands and business using stakeholder-accepted models and tools. Transparent reporting against clear benchmarks. Include carbon reduction throughout the value chain supported by a new supplier code. A significant reduction in the total carbon load per hectolitre by 2020. Carbon and environment are part of the considerations for new packaging, innovations and business ventures.

By 2012:

- Develop and execute a baseline carbon footprint model
- Design and adopt a new packaging policy with agreed targets for carbon reduction
- Evaluation criteria for new product innovations are introduced in all regions
- Energy reduction of 15% in cooling against index
- Continuous roll-out of guidelines on Life Cycle Analysis and carbon footprint for cooling equipment to suppliers
- Carbon reduction opportunities in distribution identified through footprint reviews for Top 20 markets
- Distribution efficiency standards defined for owned and outsourced operations

* Target refers to breweries in scope of the Energy Savings Programme

3. Engaging Employees

Our Ambition:

A completely safe and secure working environment for all our employees. Consistent achievement of zero fatalities across our business. All employees fully aware of their rights and their obligations. Rights part of the annual audit. Employees are routinely engaged in local, regional and international activities that support communities and causes.

By 2012:

- Accident frequency target for supply chain: maximum 1.2 accidents/100FTEs
- Safety targets set for non-production related activities
- Training modules for employees in high and medium safety risk functions rolled out
- Integrity included in employee surveys and followed up
- Employee Rights policy adopted, implemented and audited
- "Day of Giving" programme and volunteering scheme implemented in 10 operations

4. Heineken Cares

Our Ambition:

To help empower thousands of people across hundreds of communities where we are active via the sustainable local supply of raw materials, in the right quantity and quality and at a fair and acceptable return and cost. All of our employees and dependents have access to basic medical care (meeting pre-defined local standards). We will increase the level of Corporate Social Investment (CSI) in developing markets and will monitor our economic impact and act in order to maximise our local economic impact within the economic boundaries of our company.

By 2012:

- In 2010, double, to EUR 20 million, the funding for the Heineken Africa Foundation, enabling EUR 1 million investment per year thereafter
- Local sourcing activities fully evaluated and regional targets for 2015 are set
- Evaluation of our reporting and monitoring system for sustainable agriculture and the definition of an action plan to improve compliance
- Standards for sustainable agriculture are aligned with and verified by stakeholders
- Inventory of possible partnerships with NGOs in the area of CSI
- All operations that do not meet our defined standard of healthcare include improvement plans in their operational planning
- Perform 12 Economic Impact Assessments

5. Responsible Consumption

Our Ambition:

That the combined actions of us and all stakeholders result in a decline in levels of abuse. That the beer industry is fully accepted as a legitimate and value-adding player in the development of strategies to address abuse wherever it is evident. That Heineken is recognised as a leading and innovative player in its actions to promote responsible consumption.

By 2012:

- Development of “Enjoy Heineken Responsibly” to include on trade execution and further extend the online programme
- Horeca Server Programme developed and tested
- Retail Programme developed and tested
- Develop a specific alcohol and work plan for contractors
- Develop and deliver to 100% of commerce/marketing employees a specific workshop to support our rules on Responsible Commercial Communication

6. Partnerships for Progress

Our Ambition:

That the beer industry works routinely together with all those who have a responsibility to address alcohol abuse. That means working with governments, retail, police, judiciary, consumers, NGOs, Horeca amongst others to ensure that consumers make positive choices in relation to alcohol consumption. That at a market level and internationally, all relevant associations have the issue of abuse and/or responsible consumption as part of their programming. There is a recognition that the responsible consumption of beer has a legitimate place in a balanced healthy lifestyle.

By 2012:

- At least 50 Heineken markets have a partnership with a third party to address alcohol abuse
- Criteria for successful partnerships developed and existing partnerships reviewed
- Global Actions on Harmful Drinking have been implemented as planned in key markets
- Industry/Government partnership projects in Ireland, UK implemented and evaluated

Appendix 2: Reporting basis

Scope

The safety and environmental data presented in this report relate to the years 2007, 2008 and 2009 for the production units of the Heineken operating companies. The term 'production unit' means breweries, maltings, cider plants, soft drink plants and combinations of these, at which malt, beer, cider and soft drinks are produced. The data cover the production units of fully consolidated companies that are included in the financial statements. The figures do not include distribution departments nor head offices and do not include joint ventures.

The volume figures presented in the environmental section of this report, based on production, may differ slightly from the figures presented in Heineken's financial report, which are based on sales. This difference is accounted for by exports and a number of recently acquired production units that have not yet submitted data. Newly acquired production units are required to start reporting directly after the first calendar year after the date of acquisition.

The data presented in the sections on Agriculture, Supply Chain Responsibility, Responsible Beer Consumption and Our Impact on Developing Markets are derived from databases that are available on Group level.

Reporting systems

The maltings, breweries, cider plants and soft-drink plants gather the data in accordance with guidelines and definitions formulated by Heineken Supply Chain based on the Global Reporting Initiative Guidelines (G3 2006). Their reports are submitted annually to this Group, where they are checked for completeness, plausibility of data and accuracy.

A training course is also provided at the request of the production units to instruct employees in the production units on accurate acquiring, verification and filing of data. Visits have been conducted by Heineken Internal Audit and Heineken Supply Chain to check the quality of the information they provide by comparing it with invoices, measurements, calculations, etc. Additionally, all data have been subject to internal audit activities.

Targets

The Sustainability Report may contain two types of targets: long-term targets and operational targets. Long-term targets have centrally been set at Group Function level like for energy consumption. Operational targets are part of the normal Operational Plan Cycle and are set locally by the production unit to fulfill the long-term targets.

Each production unit sets annually operational targets for a number of parameters (e.g. safety, electricity consumption, water consumption) for the three years to come. The targets are influenced by e.g. changes of production volume and projects. The aggregated company target of a parameter is the volume-average of site targets. Therefore, these targets can differ over the years also due to acquisitions and divestments.

Safety reporting

The safety reporting system is used by the production units to record accidents at their locations and report on the consequences for both their own staff and contractor personnel. 'Own staff' includes both permanent, temporary staff and agency personnel. Overtime is included in the production workforce calculation. Heineken Supply Chain has defined six parameters, which must as a minimum be reported at local level, to serve as the basis for measuring the results achieved by our breweries, maltings and softdrink plants. These results are expressed in two performance indicators.

Environmental reporting

The purpose of environmental reporting is to clarify the environmental effects of producing malt, beer, cider and soft drinks at our production locations. These effects include depletion of resources, emissions and nuisance. To measure the results achieved in these areas, Heineken Supply Chain has defined 8 key parameters for our breweries, maltings, cider plants and soft-drink plants. Performance is measured for 4 parameters in terms of production, expressed in hectolitres of beer, cider and soft drinks or tonnes of malt, to facilitate comparison of the results.

The greenhouse effect covers CO₂ and refrigerant emissions. The ozone layer depletion covers refrigerant losses (e.g. HCFCs), acidification covers NO_x, SO_x, and NH₃ emissions, nitrification covers COD, nitrogen and phosphorus in wastewater after treatment, where discharged into surface water. Waste management deals with the destination of our by-products and hazardous waste.

Safety parameters and indicators

Parameters	Fatal accidents	Fatalities, own staff and contractor personnel
	Accidents resulting in permanent disability	Permanent disabilities, own staff
	Accidents resulting in absence from work	Accidents, own staff and contractor personnel
	Days absent	Absence, own staff in calendar days
	Workforce	Expressed in Full Time Equivalents
	Number of complaints	External complaints related to nuisance
Performance indicators	Accident frequency	Own staff, number of accidents resulting in absence from work per 100 full-time equivalents (FTE)
	Accident severity	Own staff, days absence from work per 100 full-time equivalents (FTE)

Environmental parameters and indicators

Parameters

Thermal energy consumption

Consumption of thermal energy in MJ (the corresponding CO₂ emission is derived from this figure using the WBCSD Protocol)

Electricity consumption

Consumption of electrical energy in kWh

Water consumption

Water consumption in m³

Solid waste disposal

Non-recycled waste in kg such as hazardous waste, waste water treatment sludge and industrial waste

COD load of effluent

The Chemical Oxygen Demand of the treated or untreated waste water leaving the production unit and discharged to surface water in kg

Waste water treated

The number of units discharging waste water untreated in the environment (status of the Waste Water Treatment Plant programme)

Environmental accident

Environmental or industrial safety accident with off-site effect = an uncontrolled event with the potential of harming human life, property or the ecosystem.

Performance indicators

Specific thermal energy consumption

Thermal energy consumption per unit produced in MJ/hl beer, cider plus soft drinks

Specific electricity consumption

Electricity consumption per unit produced in kWh/hl beer, cider plus soft drinks

Specific CO₂ consumption

Fossil carbon dioxide emission (direct and indirect) per unit produced in kg/hl beer, cider plus soft drinks derived from the thermal energy and electricity consumption

Specific water consumption

Water consumption per unit produced in hl/hl beer, cider plus soft drinks

Qualified reliability of safety and environmental data

The reliability of the data is subject to certain qualifications, despite the fact that the safety and environmental experts at our production units have reported to the best of their knowledge, in good faith and in accordance with agreed procedures and Heineken Supply Chain has validated their figures. Heineken is continuing to work on formulating and applying uniform definitions and instructions for reporting purposes, in order to improve the accuracy and comparability of the data. Standard calculation protocols for atmospheric emissions have been developed, for example, to minimise the error in these figures. Standard calculation tools are also present for refrigerant losses and waste discharge.

Definitions

Differences in the interpretation of definitions have occurred in some cases. On the basis of our internal validation findings, we do not expect these differences at the aggregated level to be material.

Completeness

Reporting was not forthcoming or incomplete in some cases. Often newly acquired production units need to improve their reporting system, especially on complaint and external accident registration, accident severity and COD measurement. In order to provide a realistic representation of Heineken's total environmental impact, the missing data has been estimated in accordance with our internal procedures for incomplete reports. Our operating companies have estimated some data. Production units that did not report have been listed in a footnote and in this case estimates have not been included. The environmental report of Rouiba (Algeria) and the safety report of Aba Malting (Nigeria) have not been returned and so have not been included in the Sustainability Report. The effect is not material.

Accuracy

The accuracy of the data depends on the method of measurement, the calculation procedure and whether estimates have been used. For some parameters, the sampling method and frequency, as for Chemical Oxygen Demand, can also affect the accuracy. The quantity of refrigerant is difficult to establish because it is used in dynamic systems in which it can occur in both the liquid and gaseous phase. Refrigerant losses are determined on the

basis of the quantities added to replenish systems. At a number of production units, waste is removed from the site in containers of a given volume, and inaccuracies can arise in translating volume to weight. In the absence of local legislation in some countries outside Europe, the definition of hazardous waste is not always clear. In some cases, hazardous waste is safely recycled and is no longer designated as hazardous. The scope and workforce size related to the accident frequency can give rise to inaccuracies in some locations due to the misinterpretation of overtime and number of temporary personnel.

Comparability

Each parameter to be reported has accurately been defined in the Safety Standards & Procedures and Environmental Standards & Procedures.

The comparability of the data depends on the extent to which estimates have been used in determining the performance indicators. Where estimates have been used in interpreting trends, it is stated in the text of this report. The comparison of data has been carried out over a three-year period such to limit the influence of incidental fluctuations.

Since no material changes have been made to definitions, calculations or estimating procedures, there is comparability from year to year, except when indicated in the text of this report.

In 2009 the scope of reporting has changed in line with the Heineken N.V. Annual Report 2009 : joint ventures are no longer included which means that the following units have been excluded in 2009 compared to 2008: Brazzaville, Pointe Noire, Netanya, Salta, Santa Fe, Antofagasta, Santiago, Temuco, Pnomh Penh, Hainan, Shanghai, Maharashtra, Hyderabad, Vientiane, Kuala Lumpur, Ulaanbaatar, Waitemata, Greymouth, Pahaitua, Timaru, Port Moresby, Lae, Singapore, Da Nang, Ho Chi Minh City, Quang Nam, Tien Giang, Stara Zagora, Bad Brambach, Chemnitz, Hof, Kulmbach, Munich, Plauen, Rosenheim, Würzburg, Donaueschingen Mossautal, Karlsruhe, Skopje.

Appendix 3: Overview of environmental performance

Absolute figures

Performance indicator	Unit	Heineken Group			
		Group Volume		Consolidated volume	Consolidated volume
		2007	2008	2008	2009
Beer production	Mhl	135.2	158.9	127.9	119.6
Cider production	Mhl	0.0	3.8	3.8	3.6
Soft drink production	Mhl	11.2	15.5	12.0	12.6
Malt production	ktons	612	600	600	586
Water	Mm ³	78.1	89.8	71.6	68.2
Waste water	Mm ³	56.0	64.7	51.7	48.7
Electricity	GWh	1,450	1,690	1,340	1,230
Thermal energy	PJ	16.0	18.2	14.4	13.6
CO ₂ emissions (direct)	ktons	1069	1187	904	848
NO _x emissions	tons	1,810	2,070	1,580	1,480
SO _x emissions	tons	3,490	3,160	1,940	2,040
Organic load before treatment	ktons COD	150	179	141	129
Effluent organic load*	ktons COD	28.1	30.3	15.9	17.3
Effluent total nitrogen*	tons N	913	1211	736	754
Effluent total phosphorous*	tons P	548	689	483	1588
Effluent suspended solids*	ktons d.m.	6.77	7.20	4.39	6.86
Total hazardous waste	ktons	1.51	1.95	1.70	1.81
Non-recycled hazardous waste	ktons	0.36	0.74	0.69	0.81
Total waste water sludge	ktons d.m.	10.06	13.03	10.60	12.14
Non-recycled waste water sludge	ktons d.m.	2.91	2.22	1.42	3.28
Total co-products, packaging & industrial waste	ktons	2,790	3,180	2,580	2,340
Non-recycled industrial waste	ktons	132	151	127	125
NH ₃ in use	tons	927	1049	782	862
NH ₃ losses	tons	75	95	71	76
HC based refrigerants in use	tons	38	51	33	36
HC based refrigerants lost	tons	17	15	14	15
	kg R11 equivalents	1,518	1,803	1,739	1,138
	ktons CO ₂ equivalents	37.3	37.4	34.7	35.2
Halons in use	tons	1.26	1.05	0.24	0.27
Environmental and safety complaints	number	37	74	65	75
Environmental and safety accidents with off-site effects	number				64

* discharged to surface water

NOTE: no report was received from Rouiba

Specific figures: Breweries and soft drink plants

Performance indicator	Unit	2007 Achieved*	2008 Reported	2008 Restated	2009	2012
Water	hl/hl	5.15	5.06	5.05	4.77	
	Targets				4.7	4.3
Electricity	kWh/hl	9.31	9.17	9.02	8.99	
	Targets				8.8	7.9
Thermal energy	MJ/hl	98	96	93	89	
	Targets				91	77
Non-recycled industrial waste	kg/hl	0.91	0.99	1.09	0.89	
	Targets				0.8	0.7
Direct CO ₂ emission	kg CO ₂ /hl	6.70	6.70	6.34	5.72	
	Targets				5.9	4.9
Indirect CO ₂ emission	kg CO ₂ /hl	3.83	3.65	3.51	3.71	
	Targets				3.8	3.3
Total CO ₂ emission	kg CO ₂ /hl	10.5	10.4	9.9	9.4	
	Targets				9.6	8.3

* performance data of 2009 relate to companies that were part of the Heineken Group in 2008. The targets for 2009 and beyond relate to the companies that are part of the Heineken Group in 2009

Specific figures Malting plants

Performance indicator	Unit	2007 Achieved*	2008 Reported	2008 Restated	2009	2012
Water	m ³ /ton	4.11	4.17	4.17	4.22	
Targets	m ³ /ton				4.2	3.8
Electricity	kWh/ton	127	127	127	118	
Targets	kWh/ton				119	112
Thermal energy	MJ/ton	2,660	2,592	2,592	2,470	
Targets	MJ/ton				2,430	2,240

* performance data of 2009 relate to companies that were part of the Heineken Group in 2008. The targets for 2009 and beyond relate to the companies that are part of the Heineken Group in 2009

Appendix 4: Assurance report from KPMG

Independent Assurance Report

To the readers of the Heineken Sustainability Report 2009

We were engaged by the Executive Board of Heineken N.V. ('Heineken') to provide limited assurance on the Heineken Sustainability Report 2009 (further referred to as 'The Report'). The Report, including the identification of material issues, is the responsibility of the company's management. Our responsibility is to issue an assurance report on The Report.

What was included in the scope of our assurance engagement?

Our engagement was designed to provide the readers of The Report with limited assurance on whether the information in The Report is in all material respects fairly stated in accordance with the reporting criteria described below.

Procedures performed to obtain a limited level of assurance are aimed at determining the plausibility of information and are less extensive than those for a reasonable level of assurance. To obtain a thorough understanding of the financial results and financial position of Heineken N.V. the reader should consult the Heineken audited financial statements for the year ended 31 December 2009.

Which reporting criteria did Heineken use?

Heineken applies its own sustainability performance reporting criteria, derived from the Sustainability Reporting Guidelines of the Global Reporting Initiative (G3), as detailed in the 'Reporting basis' on pages 42-45. It is important to view the performance data in the context of this explanatory information. We believe that these criteria are suitable in view of the purpose of our assurance engagement.

Which assurance standard did we use?

We carried out our engagement in accordance with Standard 3410N 'Assurance engagements relating to sustainability reports' of the Royal Netherlands Institute of Registeraccountants. This Standard requires, amongst others, that the assurance team possesses the specific knowledge, skills and professional competencies needed to understand and review the information in The Report, and that they comply with ethical requirements, including independence requirements.

What did we do to reach our conclusions?

To provide limited assurance on whether the information in The Report is fairly stated we:

- performed a media analysis and internet search on environmental, safety and social issues relating to Heineken, to obtain information on relevant sustainability issues in the reporting period;
- reviewed the follow up of the stakeholder dialogue in The Report;
- reviewed the systems and processes for information management, internal control and processing of the qualitative and quantitative information in The Report, at corporate level;
- reviewed the systems used for generating, validating and aggregating the environmental and safety data at corporate level;
- visited three sites in Nigeria, Spain and The Netherlands to assess the quality of the local data management systems and the reliability of the reported data;
- reviewed the results of twelve local data management audits performed by Heineken Internal Audit;
- reviewed Heineken Internal Audit activities to determine the plausibility of the information in The Report;
- collected and reviewed internal and external documentation to determine whether the qualitative information is supported by sufficient evidence;
- assessed the reasonableness of the assumptions underlying the forward-looking statements set out in The Report;
- evaluated whether the information presented in The Report is in line with our overall knowledge of, and experience with, sustainability at Heineken.

During the assurance process we discussed changes to the various drafts of The Report with Heineken, and reviewed the final version of The Report to ensure that it reflected our findings.

What are our conclusions?

Based on the procedures performed, as described above, the information in The Report does not, in all material respects, appear to be unfairly stated in accordance with the criteria described in 'Reporting basis' on pages 42-45.

What else did we observe?

Without affecting the conclusions presented above, we would like to draw readers' attention to the following:

Over the recent years, the results of the internal and external review activities have shown that the quality of data management systems at breweries varies per region. In 2009, Heineken has increased the number and quality of reviews on data management systems at breweries. In light of Heineken's assurance ambitions, we recommend to further improve the quality of data management and review by applying a risk based regional focus.

Amsterdam, 2 April 2010

KPMG Sustainability
W.J. Bartels RA

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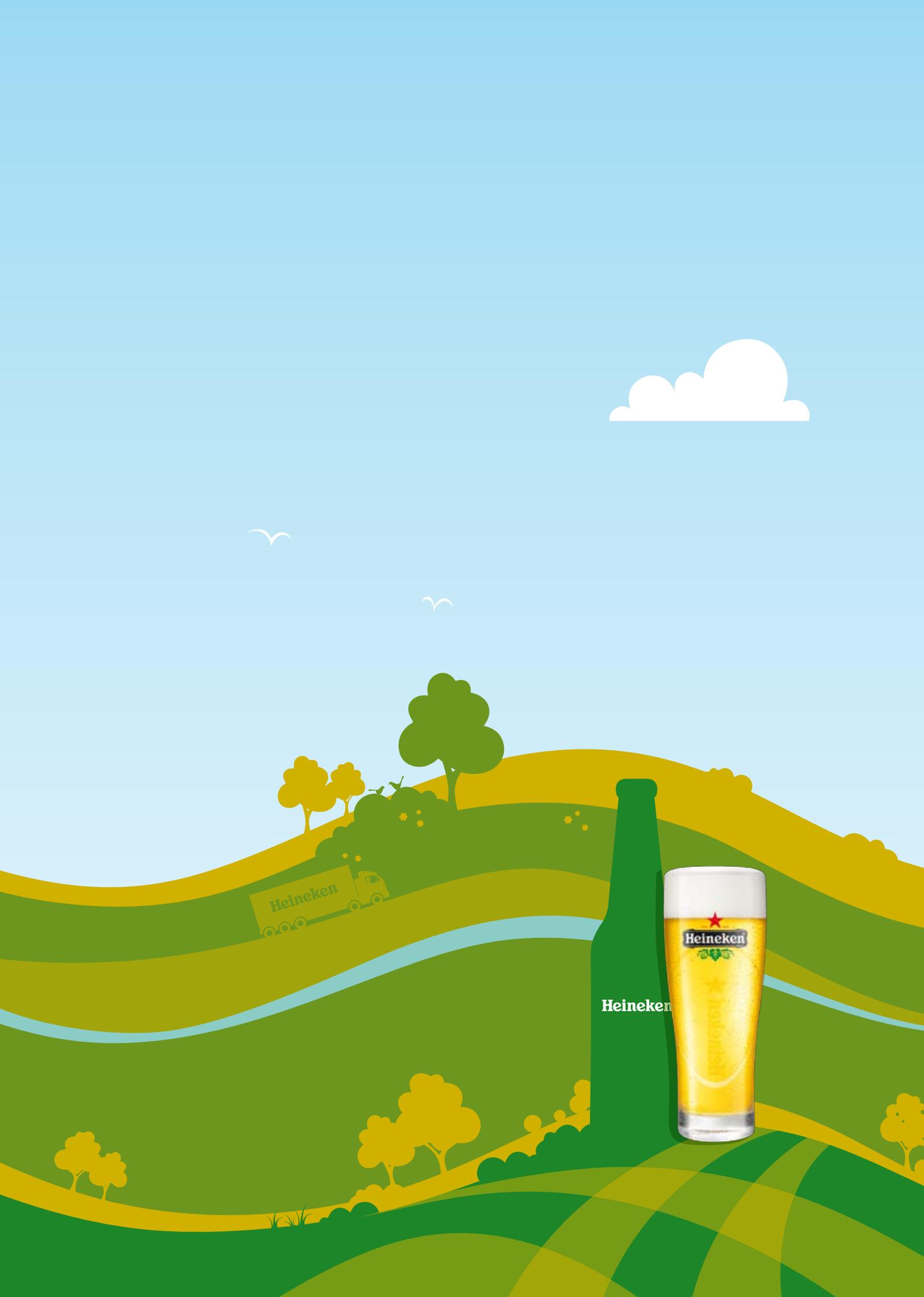
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