HEINEKEN

Annual Report 2019

Appendix: basis of preparation non-financial indicators

Appendix: Basis of Preparation non-financial indicators

Reporting principles

We continue to disclose our financial and Brewing Better World (BaBW) performance combined in one report. More information about our actions and progress in 2019, remaining non-financial KPIs, and background information, can be found online. This includes datasheets and the GRI Standards table (published online in March 2020).

Operating companies in scope

Operating companies included in the scope of our reporting are listed in the BaBW section of the Annual Report. The reporting scope depends to a significant extent on the nature of each indicator and hence exceptions and limitations are explained per each indicator in this document.

Consolidated operating companies include companies fully owned by HEINEKEN, or where HEINEKEN holds a majority share. Minority joint ventures, associates, licensed partners, export markets are not consolidated, unless stated otherwise (in a number of indicators). Export markets refer to countries outside the custom borders of countries where operating companies are residing. The term 'production unit' means breweries, cider plants, soft drink plants, malteries, water plants and combinations of these, at which malt, beer, cider, soft drinks and water are produced. Two packaging material plants are also in the scope of production units, covering the manufacture of bottles and crates. Other consolidated plants include a winery, and distillery facilities. Following an internal procedure, units (countries, sites, suppliers, brands etc.), which for specific reasons received formal derogations for compliance with commitments, are excluded from the indicator scope in consolidation, unless stated otherwise.

New acquisitions and greenfield breweries are included in the consolidated reporting after the first full year of their operation.

In 2019 we started reporting on six new sites in Mexico (Meoqui), USA (Chicago and Petaluma of our craft brewer Lagunitas), Mozambique (Marracuene), New Caledonia (Monte Dore) and Indonesia (Sampang Agung soft drink plant). Two sites have been excluded from BaBW reporting in 2019, following changes in ownership and operations (Cieszyn in Poland and Monterrey ice plant in Mexico).

Indicators in scope

The content of the report is based on the material aspects for both our Company and our stakeholders and is directly linked to the Brewing a Better World strategy, our four focus areas and our 2020 commitments. We have selected the non-financial KPIs that are most material, based on the following criteria:

– The KPI is a Brewing a Better World commitment

– The KPI is a new target we publicly disclosed

– The KPI is not related to a target but a part of one of the Brewing a Better World focus areas and seen as important by our stakeholders

– The combination of KPIs should give a balanced, high level overview of our progress in 2019.

Scope and materiality of indicators are reviewed by the Disclosure Committee, and may be adjusted once a year with effect as of the following year.

Material strategy and targets per focus area are subject to approval by the Executive Board. Significant changes in definitions are subject to approval by the Executive Board, if deemed material.

Being one of four HEINEKEN Strategic priorities, the progress on BaBW achievement and key highlights are reported to the Executive Team, the Executive Board and the Supervisory Board.

As of 2018, BaBW focus areas are formally included in HEINEKEN strategic and annual planning process.

Reporting systems

The main systems used for collection, validation and analysis of reported data:

– Safety data is reported quarterly via a global system named ARISO (Accident Reporting & Investigation Software system)

Appendix: basis of preparation non-financial indicators (continued)

– The collection and validation of environmental data have been integrated in Business Comparison System (BCS). Production units submit environmental data on a monthly basis in BCS

– Other reporting systems include the HEINEKEN Sourcing database, the Spend Analysis Tool (SAT), Rosslyn, Zycus, and the EcoVadis Platform for Supplier Code and performance information, Ethics Point for 'Speak Up' data, CiL for Low and No alcohol category volumes.

– The Annual Sustainability Survey is the source of information for all other data that is not covered by the previously mentioned data sources.

– Since 2018, the consolidation of BaBW indicators and monitoring progress in targets achievements at all levels of the organisation are performed in a new reporting tool based on SharePoint and Power BI.

Reliability and accuracy of data

We have processes governing the collection, review and validation of the non-financial data included in this reporting, at both local operating company and global level.

As per the Brewing a Better World governance, accountability for driving BaBW ambition lies with the HEINEKEN Executive Team globally, and with the general manager of each HEINEKEN operating company locally. Functions (at global and operating company level) have the responsibility to define ambition and targets, implement, deliver, monitor progress and report on their respective indicators. Global Sustainable Development team of Global Corporate Affairs and Corporate Affairs management at operating company level oversee the BaBW strategy and drive collaboration and coordination of BaBW activities between involved functions. Each operating company has a responsible for sustainability reporting and a team engaged in delivering the Brewing a Better World strategy. The data reported by operating companies are consolidated, validated and analysed by respective responsible Global Functions. Global Sustainable Development team further consolidates, analyses and communicates data reported by operating companies and Global Functions on a quarterly basis internally, and in the Annual Report.

We are continuously strengthening processes and controls around our reporting. Where possible, standard or automated calculations and validity checks are built into our systems to minimise errors. Subject matter experts are involved at various levels to validate and challenge the data and process.

Despite the continuous strengthening of our data collection processes and the fact that our data owners have reported to the best of their knowledge, in good faith and in accordance with agreed procedures, it is not yet possible to ascertain 100% completeness of data contained in our report.

Our operating companies are at differing maturity levels in implementing data collection and reporting processes. Where we have concerns, we highlight them in the report.

HEINEKEN Global Audit is involved in the annual review of the non-financial reporting process, including reviewing the quality of control processes at various levels, data ownership and clarity of definitions.

Deloitte provides limited assurance on the selected indicators as described in detail in the Assurance report of the independent auditor. All indicators in scope of external assurance are listed with an (*) on the following pages.

Definitions

We gather data in accordance with guidelines and definitions based on the Global Reporting Initiative (GRI Standards) Guidelines, unless stated otherwise. Overall, we aim to align with international standards, and, if not available, we work with industry partners such as the Beverage Industry and Environmental Roundtable (BIER), to develop common practices.

On the next pages, you will find the Basis of Preparation of our reporting on non-financial indicators in the Annual Report: indicators, definitions, scope, measurement criteria and reporting assumptions applied, if any.

* Deloitte has provided external, limited assurance on this indicator

Every Drop – Protecting water resources

Water consumption hl/hl and Water consumption in water-stressed areas*	**Commitment:** All sites: 3.5 hl/hl in 2020; Water-stressed areas: 3.3 hl/hl **Baseline:** 2008 **Measurement/units:** – Total water consumption (m^3) divided by Volume Produced – hl (water intake) per hl of Volume Produced **Key Definitions:** Specific water consumption: – Hectolitre water intake per hectolitre volume produced of beer, cider, soft drinks and water. Water intake minus water exported. We make detailed action plans for reducing water use in our breweries, embedded within the Total Productive Management (TPM) framework. Examples of actions are reducing water losses in the pasteuriser and solving leakages. We focus our water efforts on breweries in water-stressed areas, which is the reason why we have a separate water consumption target for these breweries Water stress: – Refers to the ability, or lack thereof, to meet human and ecological demand for water. Compared to scarcity, 'water stress' is a more inclusive and broader concept. It considers several physical aspects related to water resources, including water scarcity, but also water quality, environmental flows, and the accessibility of water. Every five years, we assess current and future risks arising from the watersheds in which our breweries are located. **Scope:** Beverage production and a maltery. **Assumptions:** Water losses due to own water treatment are included, but due to third party treatment are not included.
Number of sites without water treatment plant*	**Commitment:** No sites will discharge untreated wastewater to surface water in 2020 **Baseline:** 2015 **Measurement/units:** Number of sites without wastewater treatment plant that discharge to surface water **Key Definitions:** Wastewater treated: The volume of wastewater treated expressed in m^3. It is our policy to ensure all of our wastewater volumes are treated – by us or by a third party – before being discharged into surface water. Those breweries currently lacking wastewater treatment infrastructure are part of our future investment planning Wastewater treatment plant: Plant removing contaminants from the brewery's wastewater and producing environmentally safe treated wastewater before releasing it into the environment. Third party plant: An external party (most often a municipal plant) taking care of the treatment of brewery wastewater and subsequent discharge into surface water **Scope:** Beverage production only.
Total water withdrawal including sources*	**Focus area:** GRI requirement: "The reporting organization shall report the following information: a. Total water withdrawal from all areas ..., and a breakdown of this total by the following sources, if applicable..." **Measurement/units:** Water consumption (m^3) per water source. **Key Definitions:** The total volume of water withdrawn from the following sources: – Ground water – Surface water, including water from wetlands, rivers, lakes, and oceans – Municipal water supplies or other water utilities – Rainwater collected directly and stored by the organization – Waste water from another organization **Scope:** All production sites. **Assumptions:** Flows of water that are exported to third parties are subtracted from the total.

* Deloitte has provided external, limited assurance on this indicator

Every Drop – Protecting water resources (continued)

Wastewater quantity*	**Focus area:** Wastewater coming from the brewery **Measurement/units:** – All wastewater coming from all production facilities (m^3) – Production volumes of our production facilities (m^3) **Key Definitions:** All wastewater coming from the brewery. **Scope:** Beverage production only.
Effluent organic load to surface water (kg COD)*	**Commitment:** No sites will discharge untreated wastewater to surface water in 2020. GRI requirement G4-EN22 **Baseline:** 2008 **Measurement/units:** – This indicator relates to the pollution load of the effluent that is discharged into surface water from our breweries. This excludes the wastewater, which is treated by third parties. COD stands for Chemical Oxygen Demand, which is a measure for the pollution of water with organic material – Effluent organic load to surface water (kg COD) – The volume of wastewater treated expressed in m^3 – To measure COD water samples are taken, which are analysed for their COD content. The COD is then multiplied with the amount of waste water produced **Key Definitions:** – The indicator relates to the pollution load of the effluent going to surface water from our breweries. This excludes the wastewater, which is treated by third parties. **Scope:** Beverage production only. **Assumptions:** In case of absence of measurements, the effluent emissions can be estimated (temporarily) using the HEINEKEN established emission factors.
Number of production units in water-stressed areas that started implement action plan for Water Balancing*	**Commitment:** By 2020, the 24[1] sites in water stressed watersheds will significantly balance the volume of water that is not returned to the local watershed by financing and supporting local projects that aim to: conserve or restore water quantity, quality or biodiversity in the local watershed; and/or improve access to clean water for the local communities; **Measurement/units:** Refer to definitions section **Key Definitions:** – Water stress refers to the ability, or lack thereof, to meet human and ecological demand for water. Compared to scarcity, "water stress" is a more inclusive and broader concept. It considers several physical aspects related to water resources, including water scarcity, but also water quality, environmental flows, and the accessibility of water – Water balancing is redressing the balance in water-stressed areas between the amount of water we source from the watershed and the amount that is not returned because it is used in our products, and through evaporation – Water balancing projects are Projects that aim to conserve or restore water quantity, quality or biodiversity in the local watershed; and/or improve access to clean water for local communities – We consider a balancing project started once a Memorandum of Understanding has been signed with one or more partners. – One of the challenges is mobilising stakeholders, particularly at a government level. To help us, in February 2015, we entered into a partnership with the United Nations Industrial Development Organization (UNIDO). HEINEKEN and UNIDO are jointly organising three-day stakeholder engagement workshops to develop a shared vision on the most important water issues and on collective efforts needed to redress them in priority locations. **Scope:** – 24 production sites in water stressed watersheds that will take priority in our water resources considerations. – WWF identified 26 additional sites qualifying as Water-Stressed Areas, however through internal assessments based on Aqueduct website risk indicators (Overall Water Risk + Current risk quantity + Baseline water-stress + Projected stress 2030 + increased demand 2030) only 13 sites were considered as the most water scarce areas where the Site vulnerability Assessment (SVA) will take place. – 24 current sites represent 8 OpCos: Algeria, Egypt, Ethiopia, Nigeria, Tunisia, Mexico, Indonesia, Spain.

* Deloitte has provided external, limited assurance on this indicator

[1] In 2019 Sampang Agung site in Indonesia is split in 2 parts: beer production and a soft drink plant

Drop the C – Reducing CO_2 emissions

Reduction CO_2 emissions in production/ reduction CO_2 emissions since 2010*	**Commitment:** 6.2 kg CO_2/hl in 2020 (40% reduction in 2020 compared to 2008 baseline). **Baseline:** 2008 **Measurement/units:** – CO_2-equivalent emissions (direct and indirect) per hl (per hl produced) – Total CO_2 eq. Emissions (Energy + Refrigerants) (kg) divided by Volume Produced **Key Definitions:** This indicator includes CO_2-eq emissions caused by: – direct emissions from combustion of fuels – indirect emissions from imported heat and electricity – emissions from refrigerant losses The emission factors for those can be either: – default emission factors (from IEA, etc.) – specific emission factors set by the site **Scope:** Beverage production only. **Assumptions:** Emissions associated with exported flows of electricity/heat are subtracted from the total. Renewable sources (wind, solar, biomass etc.) have an emission factor of 0g CO_2/MJ.
Percentage of thermal energy coming from renewable sources*	**Commitment:** GRI requirement G4-EN3. Percentage of thermal energy coming from renewable sources. **Baseline:** 2014 **Measurement/units:** Quantity of renewable thermal energy use (MJ) divided by total thermal energy use (MJ). (Note: this includes logistics and own generated heat from biogas) **Key Definitions:** Quantity of thermal energy coming from: Biomass, Biogas, Solar thermal and imported heat (with 100% renewable % and 0 g CO_2/MJ). **Scope:** Beverage production only. **Assumptions:** Emissions associated with exported flows of electricity/heat are subtracted from the total.
Percentage (%) of electrical energy coming from renewable sources*	**Commitment:** Percentage (%) of electrical energy coming from renewable sources. **Baseline:** 2015 **Measurement/units:** Quantity of renewable electrical energy use (kWh) divided by total electrical energy use (kWh). (Note: this includes own generated electricity from biogas) **Key Definitions:** Sources can be: – Own renewable production = all electricity generated from renewable resources on-site (wind, solar, biogas) – Imported electricity under green certificates = all electricity streams for which certified green electricity is purchased. For some countries this is not 100%, but a smaller fraction **Scope:** Beverage production only. **Assumptions:** Exported electricity is fully subtracted from imported electricity (rather than also taking account of the own-renewable production and subtracting from the mix of import and own-production.) The part of the country specific electricity mix that is generated using renewable resources is not included in the numbers we report.

* Deloitte has provided external, limited assurance on this indicator

Drop the C – Reducing CO_2 emissions (continued)

Total thermal and total electricity consumption/ reduction since 2008*	**Focus area:** Related to the CO_2 emissions reduction target. **Measurement/units:** – MJ (Thermal + Electrical) per hl (VolPr, Volume produced) – Total thermal energy consumption MStar (MJ/Volume Produced) and Total electricity consumption Mstar (kWh/Volume Produced) – The latter is in kWh and has to be multiplied with 3.6 (MJ/kWh) to get to MJ **Key Definitions:** Total energy consumption (Mstar) (MJ/hl): In absolute terms: consumption of thermal and electrical energy in MJ. In relative terms: consumption or thermal and electrical energy per unit produced in MJ/hl beer, cider, soft, drinks and water. This indicator includes all energy use, except: – Fuels for on-site logistics – Heat and electricity from own generated biomass/biogas **Scope:** Beverage production only. **Assumptions:** Flows of electricity/heat that are exported to third parties are subtracted from the total. Fuel losses from generators and CHP (Combined Heat and Power) are excluded.
Waste destination split and absolute value*	**Focus area:** Report on number of sites with zero waste to landfill (less than 2% of co-products and waste to landfill). **Measurement/units:** Kilograms of co-products and waste per destination. **Key Definitions:** Destination of residual products from the brewing process: either recycled into feed, material loops, compost or energy, or – when not recycled – incinerated or sent to landfill. **Scope:** All production sites. **Assumptions:** We assume all waste streams without destination are landfilled.
Reduction CO_2 emissions in distribution (Europe, Americas)*	**Commitment:** 20% reduction of the kg CO_2/Hl traded for distribution of finished goods in 2020 vs baseline year. **Baseline:** 2010 for Mexico and Netherlands 2011 for all other HEINEKEN operating companies **Measurement/units:** – if fuel consumed available, kg CO_2 = litres of fuel consumed * emission factor for type of fuel (kg CO_2/litre) – if fuel consumed not available, kg CO_2 = Tons transported * kilometres transport * emission factor for type of vehicle (ocean, road, rail, barge, size of the truck, fuel type, etc.) in kg CO_2/ton.km – kg CO_2/Hl traded **Key Definitions:** This indicator refers to CO_2-eq emissions from outbound distribution of finished goods and returns of empty packaging material. Green Distribution is the HEINEKEN standard model to calculate and report CO_2 emissions generated from distribution operations. **Scope:** – Geography: 23 operating companies (all Europe**, Russia, Mexico, USA, Brazil) outbound transport in HEINEKEN control – Markets: Domestic Primary/Secondary, Export – Activities: Transportation (owned and outsourced) until change-of-ownership – Products: Finished goods and returnable packaging (own production and 3rd party products) – Flows: Delivery to Customer, Inter-unit finished goods, Inbound finished goods from supplier. – Out of scope: – Brewing and Warehousing flows and emissions – Non-finished product shipments (Packaging materials, Tanker beer, promotional materials) – Shipments where the operating companies does not have ownership of the products (ExWorks exports/deliveries, self-collections).

* Deloitte has provided external, limited assurance on this indicator
** Excluding Slovenia as it was not part of the HEINEKEN Group when the baseline was set

Drop the C – Reducing CO_2 emissions (continued)

Percentage (%) green fridges (of total number of fridges purchased)*	**Commitment:** 100% green fridges purchased. **Measurement/units:** Number of fridges purchased and % of green fridges. **Key Definitions:** Green Fridges: All fridges purchased in the reporting period having one of more or the four characteristics of 'green fridges' in order to reduce the HEINEKEN Energy Efficiency Index (HEEI): – Use of hydrocarbon refrigerant – LED illumination – An energy management system – Energy-efficient fans Fridges: All fridges invoiced in the reporting period, including branded and unbranded fridges, except for glass coolers. **Scope:** All HEINEKEN Operating companies, as per the general scope definition, excluding non-beverage selling entities.
% reduction CO_2 emissions since 2010 due to green fridges*	**Commitment:** 2020 commitment: Reduce the CO_2 emissions of our fridges by 50%. **Baseline:** 2010 **Measurement/units:** % reduction of CO_2 emissions. **Key Definitions:** CO_2-emission: This indicator refers to CO_2-eq emissions as a result of the electricity used by beverage fridges (branded and not branded) invoiced to HEINEKEN in the reporting year. CO_2-reduction: The Green Fridges use less electricity than the 2010 fridge models. The reduction is compared to baseline year 2010 and is converted into an equal (1:1) % reduction of CO_2 emissions. **Scope:** All HEINEKEN Operating companies, as per the above general scope definition, excluding non-beverage selling entities.

* Deloitte has provided external, limited assurance on this indicator

Drop the C – Reducing CO_2 emissions (continued)

Carbon Footprint 2018*; a Product Carbon Footprint and a Company Carbon Footprint

Our Product Carbon Footprint:

The Product Carbon Footprint includes CO_2 emissions from all the activities linked to making and selling our products, through the entire "barley to bar" value chain.

With this model, we can identify critical points, which impact our CO_2 footprint. Our model incorporates six phases in the life cycle of a beverage: agriculture, malting and adjuncts, beverage production, packaging, logistics, cooling.

We began measuring our carbon footprint in 2010 when only a few of our operating companies were included and specific methodology was not yet available. Since then, our scope has expanded and the methodologies we use have been improved. We continue to develop it in line with new methodologies, availability of better data sources and alignment with industry best practice. We publish our results every year in the Drop the C section of the sustainability part of our annual report.

Methodology:

Our approach is aligned with the EU Beer Product Environmental Footprint pilot. We actively participate in the pilot, together with the Brewers of Europe, which has established the PEFCR (Product Environmental Footprint Category Rule).

HEINEKEN calculation scope and principles are compared to the requirements of three additional relevant protocols; the GHG protocol Product standard, the GHG protocol Corporate Standard (scope 1 and 2) and the GHG protocol Corporate standard (scope 3).

HEINEKEN accounts for relevant greenhouse gas (GHG) emissions along its production: carbon dioxide (CO_2), methane (CH4), nitrous oxide (N2O), sulphur hexafluoride (SF6), perfluorocarbons (PFCs), and hydrofluorocarbons (HFCs).

Scope:

We calculated the CO_2 emissions for the largest CO_2 emitting companies (between 20 and 34 companies depending on the stream) and extrapolated the obtained results to reach the absolute total amount.

The HEINEKEN product carbon footprint calculation methodology covers all beverages produced by HEINEKEN operating companies: beer, cider and other beverages, bottled, canned and kegged (draught beer) per operating company.

Our main updates in comparison to the last year include the following:

– The scope of logistics was expanded to include emissions in warehouses, collection by customers and other secondary operations;
– The volumes considers for the CO_2/hl calculation additionally include "other drinks", whereas last year's volumes concerned only brewed and soft drinks;
– The scope of operating companies validated was further increased;
– The total CO_2 emissions were calculated using an extrapolation method in the following way:

	Agriculture	Malting and Adjuncts	Brewing and Beverage Production	Packaging	Logistics	Cooling
2018 Scope	Top-34	Top-34	All Operating Companies	Top-22	Top-20	Top-34
Coverage per stream	89%	89%	100%	87%	72%	91%

Life-cycle definitions:

Agriculture covers all activities for land-bound inputs used for beverage production, for example cultivation of barley, hops, sugar beets, fruits. The impact related to land use change is included in this life cycle stage.

Malting & adjuncts covers all processing of inputs before the beverage production stage, for example malting barley, concentrating hops, producing sugar syrup or fruit concentrates.

Packaging material production and disposal covers all activities for packaging material production, generated at the packaging suppliers. This includes raw materials, energy used and the recycled material used. The disposal (recycling) of packaging materials are calculated with the "Circular Footprint Formula" (as per the Product Environmental Footprint Category Rules (PEFCR)) and includes country and material specific recycling rates.

Beverage production & filling covers all processes at the production sites for brewing of beer, mixing of sodas and fruit juices. This stage also includes all activities for packing of the beverages; e.g. filling of bottles.

Logistics covers both inbound transport of raw agricultural inputs, processed inputs and packaging materials to our breweries as outbound distribution of beverages to the point of sale consumer, and warehouse energy consumption. It includes the logistics network both controlled and not controlled by HEINEKEN, to get the finished product to the point of sale and back (returnable packaging).

Cooling covers the emissions from cooling the beverages; this can be home cooling, cooling in draught beer installations or cooling in fridges in bars and restaurants.

* Deloitte has provided external, limited assurance on this indicator

Drop the C – Reducing CO_2 emissions (continued)

Carbon Footprint 2018*; a Product Carbon Footprint and a Company Carbon Footprint (continued)

Data collection and automation:
Our Carbon Footprint includes our entire value chain – from our own operations to suppliers, subcontractors and customers, across activities such as manufacture and recycling of packaging and cooling beverages at points of sale. We increasingly use actual primary performance data, for example supplied by our suppliers, rather than estimates.

Our Company Carbon Footprint:
In the alignment with Science Based Targets Initiative we extended our Product Carbon footprint into a Company Carbon Footprint. Compared to our Product Carbon Footprint, the Company Carbon Footprint includes "other carbon emissions" that are relevant. These other emissions represent in total 12% to the Company Carbon Footprint.
These additional emissions are explained below:

Extension to a Company Carbon Footprint:

Purchased goods and services
In the Product Carbon Footprint the scope is beverage produced in our own production plants (beverage produced). For the Company Carbon Footprint we also include an additional beverage volume, bought from third parties and licensed partners. We also include advertising and market research services, other manufactured goods, and professional, scientific and technical services.

Capital Goods
These emissions are composed of all upstream (cradle to gate) emissions of capital goods purchased in the reporting year and calculated using the actual spend by category ("Plant and Equipment", "Land and buildings", and "Other fixed assets") and multiplied by its related emission factor.

Business travel
The impact of our global air travel is calculated based on yearly actual flights.

Commuting
The impact of our employee commuting is estimated based on actual FTE's and estimated proportions travelled by car, public transportation, specified to geographical regions.

Upstream leased assets
The impact of leased cars is estimated based on the actual number of cars multiplied by the total estimated kilometres driven.

Investments
Operation of investments (including equity and debt investments and project finance) in the reporting year, not included in scope 1 or scope 2.

* Deloitte has provided external, limited assurance on this indicator

Sourcing sustainably

Percentage (%) of our main agricultural raw materials from sustainable sources*	**Commitment:**
	2020: Aim for at least 50% of our main raw materials to come from sustainable sources.
	Measurement/units:
	All except for apples:
	Estimated volumes contracted in 2019 for delivery in 2020 are reported in 2019 sustainability report:
	Contracted sustainable volumes (tonnes)/Total contracted volumes (tonnes)
	For apples (UK origin):
	Actual figures for the reporting year are used (not contracted volumes).
	Key Definitions:
	– We follow the definition of the Sustainable Agriculture Initiative (SAI): The efficient production of safe, high quality agricultural products, in a way that protects and improves the natural environment, social and economic conditions of farmers, their employees and local communities, and safeguards the health and welfare of all farmed species.
	– Contracted sustainable volumes (tonnes)/Total contracted volumes (tonnes).
	– Sustainable volume = any agricultural product in scope of the Sustainable Agriculture programme, that has been:
	  – cultivated in accordance with an approved Code of Practice and
	  – has been allocated to HEINEKEN by our supplier, in accordance with the mass balance approach
	Scope:
	HEINEKEN operating companies with production sites (including joint ventures and subsidiaries).

Percentage (%) agricultural raw materials locally sourced in Africa*	**Commitment:** 60% of all agricultural raw materials sourced in the Africa and Middle East Region for use in the region by 2020 **Measurement/units:** Local raw materials as a percentage of total raw materials in metric tons Percentage of metric tons **Key Definitions:** Estimated quantity (in tons) of agricultural 'extract' producing raw materials (plus hops) that are cultivated in the Africa and Middle East Region and that are used in the manufacture of beers, soft drinks, cider, wine and spirits at our own production facilities in that region. **Scope:** Consolidated operating companies (excluding minority JV's) in Africa and the Middle East: Lebanon, Egypt, Tunisia, Algeria, Sierra Leone, Nigeria, DRC, Rwanda, Burundi, Ethiopia, South Africa, La Reunion, Ivory Coast, and Mozambique.
Number of different local sourcing initiatives/ Public-Private Partnerships	**Commitment:** Refer to the above Local Sourcing target **Measurement/units:** Number of operating companies and local value chains **Key Definitions:** HEINEKEN operating companies sourcing any agricultural raw material within the Africa and Middle East Region. Each value chain is counted individually and some involve working with smallholder farmers, while others work with larger scale commercial farmers. As a large buyer of crops, we can have a significant economic impact on local agricultural communities. Our local sourcing Public-Private Partnerships (PPP) projects work with smallholder farmers and aim to help them raise yields and compete against imported crops. They empower farmers and their communities by helping to alleviate poverty and improve local food security. At the same time, HEINEKEN benefits by reducing import-related duties and securing a sustainable supply of raw materials. To achieve more, faster, we support a number of Public-Private Partnerships in which HEINEKEN and a public sector donor (e.g. the Dutch Ministry of Foreign Affairs and the German GIZ development agency) jointly fund agricultural development projects. Other partners include the European Cooperative for Rural Development (EUCORD), International Finance Corporation (IFC), and Dutch NGOs Agriterra, ICCO and FairMatch Support **Scope:** Consolidated operating companies (excluding minority JV's) in Africa and the Middle East: Lebanon, Egypt, Tunisia, Algeria, Sierra Leone, Nigeria, DRC, Rwanda, Burundi, Ethiopia, South Africa, La Reunion, Ivory Coast.

* Deloitte has provided external, limited assurance on this indicator

Sourcing sustainably (continued)

Number of farmers and families impacted	**Focus area:** Refer to the above Local Sourcing target **Measurement/units:** Calculation based on the total quantity of agricultural raw materials purchased (tons), divided by the average farm size (hectares) and the average yield per crop produced (tons per hectare), plus the number of farmers supported with training in our PPP projects. This gives the estimated number of smallholder farms involved, to give an estimation of the total number of beneficiaries. The average household size to calculate the number of beneficiaries per household is based on UN population data. **Key Definitions:** Beneficiaries per household based on UN population data **Scope:** Agricultural value chains in AME operating companies that source from smallholder farmers – Cote d'Ivoire, DRC, Ethiopia, Sierra Leone & South Africa. Large-scale commercial farms are not included. **Assumptions:** The supplier correctly reports the number of farmers in the Supplier self-assessment questionnaires.
Percentage (%) operating companies compliant with 4-step Supplier Code Procedure/ Number of suppliers involved in our 4 step programme*	**Commitment:** 2020: Ongoing compliance with our Supplier Code Procedure. **Measurement/units:** This indicator measures the overall performance over the four steps of our Supplier Code Procedure. Step 1: suppliers that have signed Supplier Code compliance statement Step 2: suppliers with Supplier Code Record for which the Supplier Risk Analysis was completed Step 3: Screening of supplier database Step 4: Actions The supplier database includes suppliers with which there has been spend in the 18 months preceding the assessment of the status of the supplier. The latest review if the supplier database was performed in November 2019. **Key Definitions:** **Supplier Code:** The HEINEKEN Supplier Code, applicable to all our suppliers, provides clear guidelines for how we expect them to act in the areas of Integrity and Business Conduct, Human Rights, and the Environment Our Supplier Code was updated in 2018. New suppliers sign the new Code. The existing suppliers sign the new Code in the contract renewal process. **Step one: Signing** We aspire only to do business with suppliers who share our values. By signing the HEINEKEN Supplier Code, our suppliers agree to comply with our principles of integrity, environmental care and human rights, which are based on International Labour Organisation standards. **Step two: Risk analysis** The intensity with which we monitor compliance against our Supplier Code depends on the risk profile of a supplier. Our supplier risk analysis (SRA) tool identifies suppliers based on their type of business and level of supplier-specific risk. All potentially high-risk suppliers are required to go through step three of the programme. In 2019, we updated the SRA questionnaire and the methodology of risk assessment to reflect current developments in business environment. As a result, more suppliers go to Step 3 as in the previous years. **Step three: Screening** We screen our suppliers based on 4 key risk drivers: (1) sanctions, (2) anti-bribery and anti-corruption, (3) state-owned entities and politically exposed persons, (4) adverse media (human and labour rights, health, safety and environment, fair competition, fraud, and anti-money laundering). **Step four: Action** All medium and high risk suppliers identified in Step 3 have to go through the Step 4 "Action", which has several options of follow up actions: contract termination, training, contract clause, enhanced due-diligence, annual certification, or supplier on-site audits. **Derogation:** Derogation can be provided in Step 1 and Step 4. Suppliers with derogation in step 1 automatically go to Step 3 for screening. Derogation in Step 4 is granted only based on a risk assessment in step 3 if the actual risk for the supplier base was not identified (e.g. supplier of utilities, which is a government owned entity). For this indicator, derogations are included in the calculation scope. It is an exception from our general rule, however, is applied for this indicator because of the large total population and hence relatively negligent impact of derogations on the calculation outcome. **Scope:** All HEINEKEN operating companies, as per the above general scope definition, except for Export AMEE, Export NSA and HEINEKEN Canada (these entities are not yet connected to our tracking systems).

* Deloitte has provided external, limited assurance on this indicator

Advocating responsible consumption

% of markets spending % of media spend for Heineken® in supporting dedicated responsible consumption campaigns*	**Commitment:** 2020 commitment: Invest 10% of Heineken® media budget to support our responsible consumption programmes by every market selling and advertising Heineken® **Measurement/units:** Number of markets in scope who achieved 10% target for annual Enjoy Heineken® Responsibly investment (numerator)/ Total number of companies in scope (denominator) % **Key Definitions:** All markets where expenses incurred for placing and broadcasting Heineken® brand dedicated responsible consumption campaigns (either supporting 'Enjoy Heineken Responsibly' or 'When You Drive, Never Drink', or local Responsible Consumption initiatives) amount to a minimum of 10% of their actual Heineken® media spend. **Scope:** It includes all consolidated operating companies, Joint ventures and export markets selling Heineken® and investing media spend. Exception are export markets, operating companies in 'dark markets' where media advertising is not allowed according to government regulations or local brewing associations. Consolidated operating companies in scope (excluding 'dark markets'): Cote d'Ivoire, Democratic Republic of Congo, Lebanon, Mozambique, Nigeria, Rwanda, South Africa, Bahamas, Brazil, Canada, Haiti, Jamaica, Mexico, Panama, Saint Lucia, Suriname, Cambodia, Japan, Korea, Laos, Malaysia, New Zealand, Papua New Guinea, Philippines, Singapore, Taiwan, Timor Leste, Vietnam, Austria, Bulgaria, Croatia, Czech Republic, Germany, Greece, Hungary, Ireland, Italy, Netherlands, Poland, Portugal, Romania, Serbia, Slovakia, Slovenia, Switzerland, United Kingdom. Markets with joint ventures in scope: Macedonia, Australia, Mongolia, Argentina, Chile, Costa Rica, Trinidad and Tobago, Congo Brazzaville, China. Markets with licensed production: Cameroon. Export markets: Latvia, Georgia, Finland, Denmark, Bosnia and Herzegovina, Albania, Colombia, Puerto Rico, Paraguay, Uruguay, Bolivia. Markets not included in the scope: 'dark markets' and markets with no Heineken® sales and/or advertising. USA received a derogation in 2019 to keep their investment below the required threshold, to be able to revisit the effectiveness of their responsible consumption campaigns.
Number of operating companies have an active and relevant partnership aimed at addressing alcohol-related harm*	**Commitment:** Every operating company in scope has a relevant and active partnership addressing alcohol-related harm. **Measurement/units:** The list includes HEINEKEN operating companies, which have an active and relevant partnership aimed at addressing alcohol-related harm. **Key Definitions:** Working closely with third parties like local governments, NGOs and specialists, these partnerships address alcohol-related harm on issues like underage drinking, drinking and driving or excessive drinking. We simplified and clarified definition and guidance of this commitment for our operating companies. Active partnerships means: meaningful, substantive engagement over a year or years, with each side benefiting and being challenged by the other. An active partnership should have a regular cadence of communication and a regular schedule for collaborations or joint executions. A relevant alcohol partnership is one that is responsive to the needs of the local community as identified by critical stakeholders and/or local trends, and addresses alcohol-related harm. **Scope:** In scope are HEINEKEN operating companies with the exemption of those in Islamic countries, export markets, markets where we have a Joint Venture and minimal-volume markets where allocating resources to such partnerships is unrealistic. New operating companies receive a three-year grace period to enter a partnership and start relevant activities. As of 2019, the scope includes markets where we feel our business could make a positive contribution to reducing the harmful use of alcohol. For other markets, where partnerships have already delivered what we aspired or partnerships are expiring and markets are preparing for a new, sustainable ambition 2030, this commitment became optional. 2019 scope included the following markets: Lebanon, Rwanda, Burundi, DRC, Russia, Ivory Coast, Mozambique, La Reunion, Sierra Leone, South Africa, Nigeria, Brazil, USA, Jamaica, Mexico, Cambodia, Vietnam, Indonesia, Sri Lanka, Malaysia, Myanmar, New Caledonia, New Zealand, PNG, Singapore, Greece, Croatia, Czech Republic, Hungary, Ireland, Italy, Romania, Serbia, Slovakia, Switzerland, UK, Bulgaria, Netherlands, Slovenia, and Poland.

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Advocating responsible consumption (continued)

Low- and no alcohol as % of our global volume	**Focus area:** We continue to innovate in the low- and no-alcohol category to respond to the consumer trend towards alcohol moderation, naturalness and health consciousness. **Measurement/units:** Consolidated Low & No Alcohol Volume/Consolidated Beer & Cider Volume **Key Definitions:** – Low & No Alcohol = all beer, cider, hop and/or malt based drinks with an ABV of 3.5% or less, this does not include soft drinks. – Beer and Cider volume = Consolidated Beer & Cider Volume (excl. JV, licenses and third parties) – The denominator includes also malt and hops based drinks next to the total Consolidated Beer & Cider volume, as these are also non- and low alcohol drink categories included in the nominator. **Scope:** All operating companies with production, excluding JV's, licenses and third parties (Consolidated volume).
Ingredients and nutrition information*	**Commitment:** Provide ingredient and nutrition information per 100 ml on pack and online for all beer and cider brands produced and sold in the EU. Provide ingredient and nutrition information per 100 ml on pack or online for all beer and cider brands produced and sold outside the EU. **Measurement/units:** Number of beer brands sold by HEINEKEN operating companies **Key Definitions:** The commitment covers all beer and cider brands sold by HEINEKEN operating companies. Commitment is only applicable to consumer-facing products (bottles, cans). Scope includes brands (line extensions) sold in volumes above a threshold of 6,000 hl per year (based on the full previous year volume data, 2018 for the 2019 reporting year). Total % of compliance is assessed as average compliance per line extensions in scope. Licensed brands are excluded from the scope for 2019. **Scope:** All operating companies, excluding JV's, licenses and third parties. Mexico received a derogation for compliance with the indicator till end 2020.

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Promoting health and safety

% of Compliance with Life Saving Rules*	**Commitment:** The HEINEKEN Life Saving Rules are effective 1st January 2016. In 2016 General Managers, Global and Regional offices, had to conduct an assessment to define an action plan to close existing gaps versus the Life Saving Rules (LSR). Commitment 2020: All our operating companies in scope will be at least 98%** compliant with requirements included in our safety standards and procedures related to the Life Saving Rules. As of 2018, we aligned our external commitment with the internal target, and started monitoring Life Saving Rules compliance. This is a change to the previous definition where we reported on % of the Life Saving Rules actions carried out. The monitoring based on compliance provides a more insightful picture and a better focus, being result-oriented rather than process oriented. **Measurement/units:** All operating companies have made a baseline assessment of LSR compliance in 2016 and have set up an action plan with a defined timeline for each action. The compliance per company in scope is reported for production sites and areas outside production (projects, commerce, distribution and other areas outside production), based on self-assessment by operating companies. The Global compliance for breweries and areas outside production is calculated as a simple average of the respective OpCo compliance percentages. **Key Definitions:** Our 'Safety First' approach is focused on improving safety across the whole company. The 12 rules set out clear and simple 'do's and don'ts' for our highest-risk activities. All operating companies are required to assess their safety performance and close any gaps through action plans. Compliance with the Life Saving Rules means compliance by HEINEKEN operating companies with requirements included in our safety standards and procedures related to the Life Saving Rules. **Scope:** HEINEKEN consolidated operating companies (with management control), including Head Office, Regional Offices, Export entities, Import entities etc. The scope of LSR compliance covers own employees and personnel employed by HEINEKEN (temporary workers and supervised contractors).
Total number of fatal accidents and breakdown*	**Commitment:** Zero fatal accidents **Measurement/units:** Number of work-related fatal accidents **Key Definitions:** – **Work-related fatal accident** means occupational accident leading to death. All work-related fatal accidents of permanent, fixed-term or temporary personnel. Including work related fatal accidents occurring outside the premises owned or rented by a HEINEKEN Company, such as during outlet visits, business travel, participation in courses or visits to conferences and fairs. – **Any fatal accidents involving permanent, fixed-term or temporary personnel** in case the fatal accident occurred on the premises owned or rented by the HEINEKEN Company (e.g. headquarters, the production or warehousing site (incl. employee housing when applicable) and HORECA (hotels, restaurants and cafés). – **Any fatal accidents when occurring with HEINEKEN Company assets** (e.g. trucks), HEINEKEN materials (e.g. promotion materials), HEINEKEN Company products or HEINEKEN Company services (e.g. events), including such fatal accidents involving contractor personnel when work was carried out as ordered by or on behalf of the HEINEKEN Company. NB this excludes fatal accidents of members of the public due to use of HEINEKEN products. – **Fatal accidents to suppliers** delivering raw materials, auxiliary materials and packaging materials are only in scope if a connection can be made to the HEINEKEN Company (e.g. drunk driving). – We are following a prudent approach in disclosure of fatalities. In case we do not have sufficient information on the causes or circumstances of a fatality (e.g. lack of witnesses) and the conclusion of the local authorities is not clear, we consider the case as work-related and disclose it accordingly. **Scope:** All HEINEKEN operating companies as per the general definition.

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** We aim to achieve at least 98% compliance. 2% are reserved for the ongoing natural business developments, such as changes in business, newly acquired business, new employees to be on boarded, changes in legislation or reporting requirements

Promoting health and safety (continued)

Total number of accidents companywide/ Accident frequency/Lost days of company personnel companywide*	**Commitment:** 20% of accident frequency reduction within HEINEKEN operating companies **Reporting period:** Current reporting period: 1st December 2018 – 30th November 2019, comparable reporting period is 1st December 2017 – 30th November 2018 **Measurement/units:** Number of work-related accidents, number of lost days of company personnel companywide and number of accidents per 100 FTE. Formula for accident frequency is number of accidents per 100 FTE. **Key Definitions:** – An accident which resulted in permanent disability or which requires hospitalization for more than 24 hours or resulting in more than 1 lost day. – Lost Days are counted from the first day after the case until the day the person returns to normal duties at work. All calendar days are counted. In case the lost day period starts later than the first day after the case the calculations starts from that day. – Lost Time Accident frequency is the number of accidents resulting in absence from work per 100 FTE. This is an indicator of the state of health and safety at the workplace. **Scope:** All HEINEKEN operating companies as per the above general definition.

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Growing with communities

Total tax contribution per category*	**Focus area:** Total tax contribution per category **Measurement/units:** EUR and % **Key Definitions:** See scope section below **Scope:** – Corporate income tax paid: cash flows arising from taxes on income, reported by the fully consolidated HEINEKEN companies. – Total tax contribution: the tax payments made by the fully consolidated Heineken companies during the calendar year. The total tax contribution includes a limited degree of estimation. – The scope of total tax contribution is limited to the consolidated reporting entities (not JVs and associates). The categories are: – Corporate income tax paid – Excise duties paid – Net VAT paid – Employee taxes paid (incl. social security contributions, but excluding pension contributions) – Other taxes paid – Effective income tax rate: income tax expense expressed as a percentage of the profit before income tax, adjusted for share of profit of associates and joint ventures and impairments thereof (net of income tax). – Beia: before exceptional items and amortisation of acquisition-related intangible assets. All HEINEKEN consolidated operating companies **Assumptions:** Only tax effectively paid during the period shall be reported (not necessarily the same as tax accrued).
Total direct contributions operating companies	**Focus area:** Direct contributions operating companies **Measurement/units:** For total contributions: in EUR million. We split out these contributions using % in categories, to define how we contributed, motive for contribution, where we contributed (regions) and what we supported **Key Definitions:** Voluntary contributions (in cash, knowledge, employee time, products and equipment) that help local communities and broader societies address their development priorities and increase the quality of life. The operating companies are free to establish which issues are relevant to both the community and the business. We provide guidelines how to prioritise projects within the focus areas of Brewing a Better World, for example on water stewardship and addressing alcohol related harm. In certain markets, community investments are coordinated through local foundations. We encourage our employees to volunteer their time with local community organisations. Volunteerism enables employees to give their time and professional expertise to organisations in need of human resources, and it makes Brewing a Better World personal, relevant and a source of pride and ownership for our employees **Scope:** All HEINEKEN operating companies as per the above general definition.
Total contribution HEINEKEN Africa Foundation	**Focus area:** Projects of HEINEKEN Africa Foundation. Since it was established in 2007, the Foundation has committed €10.7 million to 119 projects. **Key Definitions:** Donations as a voluntary engagement in collaboration with (non) governmental charitable organisations that extends beyond our core business activities, to help improve the health of the communities where we do business. The HEINEKEN Africa Foundation supports projects that improve health for the people who need it most. **Scope:** Projects run by the sub-Saharan African operating companies. Further information can be found on http://africafoundation.heineken.com/home/.

* Deloitte has provided external, limited assurance on this indicator

Values and behaviours

Speak Up policy (number of reports)	**Focus area:** The number of Speak Up reports is the total number of reports received via our Speak Up channels in which reporters raised a concern in regards to a (possible) breach of the HEINEKEN Code of Business Conduct. **Measurement/units:** Count of individual reports (number) and % per break down topic. Also, breakdown per substantiated/unsubstantiated reports (in % of total). For total: count of individual reports. For % per topic: # of reports in topic/total number of reports) For % substantiated/unsubstantiated: # of reports substantiated/total number of reports **Key Definitions:** – The number of Speak Up reports is the total number of reports received via our Speak Up channels in which reporters raised a concern with regards to a (possible) breach of the HEINEKEN Code of Business Conduct. – A breakdown per topic is presented to give insight into the main topics of said Speak Up reports. A break down into substantiated/unsubstantiated reports is provided to give insight into the number of reports that were proven to be substantiated. **Scope:** All HEINEKEN operating companies as per the above general definition.
Training on Code of Business Conduct (number of employees)	**Focus area:** Trainings on Code of Business Conduct (COBC). **Measurement/units:** Count of total number of currently employed employees that have completed the COBC training. Count of unique training completions **Key Definitions:** The Code of Business Conduct training is a training that has to be completed by all HEINEKEN employees. It is expected to be completed as part of the induction for new joiners. Thereafter it is expected to be completed regularly. In 2019, we launched a new mandatory Code of Business Conduct training which exposes employees to practical business conduct dilemmas. This updated training is to be completed by all employees, both existing and new. The training is facilitated by an e-learning, which can be completed online, as well as during a classroom session for those employees without access to their own workstation. A training completion is counted if (i) an employee has completed the e-learning (this is automatically registered in a database), or (ii) if an employee has attended a classroom training and signed of an attendance form. **Scope:** All HEINEKEN operating companies as per the above general definition.
Anti-Bribery Training (number of employees)	**Focus area:** Training on anti-bribery procedures **Measurement/units:** Count of total number of employees that have completed the anti-bribery training. Count of unique training completions (#) for modules 1, 2 and 3 combined. **Key Definitions:** The anti-bribery training (in e-learning format) currently consists out of 3 training modules. The training is mandatory for a selected audience (those above a certain job grade and those considered to be risk groups. This is determined by Training Coordinators in our operating companies). A training completion is counted if an employee has completed the e-learning (this is automatically registered in a database). **Scope:** All HEINEKEN operating companies, as per the above general definition, however, for a selected audience (determined by the operating companies).

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Values and behaviours (continued)

Gender representation in % at Senior Management Level. Nationality diversity at Senior Management*	**Focus area:** Gender representation in % at senior management level. Nationality diversity at senior management. **Measurement/units:** Total male/female population to the total employees measured as per headcount: – Headcount male/Total headcount – Headcount female/Total headcount **Key Definitions:** Senior Management level includes: – Supervisory Board – Executive Board – Executive Team – Senior Management Team (Global/at operating companies) Nationalities: Nationalities as countries defined by the UN **Scope:** All HEINEKEN operating companies as per the above general definition. Senior management of joint ventures is included in the indicator scope if they have an employment contract with a consolidated HEINEKEN operating company.

* Deloitte has provided external, limited assurance on this indicator