



Annual Report 2017

Appendix:
basis of preparation
non-financial indicators

Appendix: basis of preparation non-financial indicators

Reporting principles

As we continue our journey of integrated reporting, this is the second year we have disclosed our financial and Brewing a Better World performance together in one report. More information about our actions and progress in 2017, remaining non-financial KPIs, and background information, can be found online. This includes datasheets and the GRI Standards table (end of March 2018).

Operating companies in scope

For the first time, we included our greenfield brewery in Ivory Coast in this report. Ownership of our businesses in Belarus and Mongolia changed in 2017, which means that the key performance indicators have been included up to the sale date. We also acquired or gained a majority interest in the following businesses during 2017: Brasil Kirin in Brazil, Tuatara craft brewery in New Zealand, Stellenbrau in South Africa, Punch Securitisation A in the UK (comprising around 1,900 pubs) and Lagunitas in the USA. These businesses will be included in the 2018 Annual Report. We opened a new brewery in East Timor and started to build a greenfield brewery in Mozambique in December 2017, these two breweries will come into the scope of Annual Reporting the moment it has been in operation for a full year.

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 plants have been included too, such as a winery, distillery and ice production facilities.

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 in our 2016 report
- The KPI is not related to a target but 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 2017.

Scope and materiality of indicators are approved on an annual basis by the Disclosure Committee, and may be adjusted once a year with effect as of the following year.

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)
- 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
- The Green Gauge reporting system allows us to monitor and report quarterly progress against 17 key areas, related to our commitments
- Other reporting systems include the HEINEKEN Sourcing database, the Spend Analysis Tool (SAT) and the EcoVadis Platform for Supplier Code and performance information, and Ethics Point for 'Speak Up' data
- The Annual Sustainability Survey is the source of information for all other data that is not covered by the previously mentioned data sources.

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

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. Subject matter experts are involved at various levels to validate and challenge the data and process.

We are continuously formulating and applying uniform definitions and instructions for reporting purposes, in order to improve the accuracy and comparability of data. Where possible, standard calculations are built into our systems to minimise errors.

Despite the continuous strengthening of our data collection processes and the fact that our operating companies and data owners have reported to the best of their knowledge, in good faith and in accordance with agreed procedures, it is not possible to ascertain 100% completeness of data contained in our report. Our operating companies are at differing maturity levels with regards to implementing the various data collection processes. Where we have concerns, we highlight them in the report.

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

For 2017, Global Audit reviewed the text statements in this report. 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. For some of our responsible consumption measures, we track implementation in accordance with industry agreements (for example, labels on our packaging).

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.

Protecting water resources



Water consumption hl/hl and Water consumption in water-stressed areas*

Commitment:

All sites: 3.5 hl/hl in 2020, 3.6 hl/hl in 2018; Water-stressed areas: 3.3 hl/hl

Baseline:

2008

Measurement/units:

- Total water consumption (m³) 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 only

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 waste water to surface water in 2020

Baseline:

2015

Measurement/units:

Number of sites without waste water treatment plant, that discharge to surface water

Key Definitions:

Wastewater treated:

The volume of wastewater treated expressed in m³. 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

Waste water 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:

All production sites

Total water withdrawal including sources*

Commitment:

G4-EN8 GRI requirement

Measurement/units:

Water consumption (m³) per water source.

Key Definitions:

The total volume of water withdrawn from the following sources:

- Surface water, including water from wetlands, rivers, lakes, and oceans
- Ground water
- Rainwater collected directly and stored by the organization
- Waste water from another organization
- Municipal water supplies or other water utilities

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

Protecting water resources (continued)



Wastewater quantity*	<p>Focus area: Wastewater coming from the brewery</p> <p>Measurement/units: – All wastewater coming from the brewery (m³)</p> <p>Key Definitions: All wastewater coming from the brewery</p> <p>Scope: All production sites</p>
Effluent organic load to surface water (kg COD)*	<p>Commitment: No sites will discharge untreated waste water to surface water in 2020. GRI requirement G4-EN22</p> <p>Baseline: 2008</p> <p>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 m³ – 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</p> <p>Key Definitions: – The indicator relates to the pollution load of the effluent going to surface water from our breweries. This excludes the waste water which is treated by third parties.</p> <p>Scope: Beverage production only</p> <p>Assumptions: In case of absence of measurements, the effluent emissions can be estimated (temporarily) using the HEINEKEN established emission factors</p>
Number of production units in water-stressed areas that started implement action plan for Water Balancing*	<p>Commitment: By 2020 the 23 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; In 2016 13 production units started implementing their action plan.</p> <p>Measurement/units: Refer to definitions section</p> <p>Key Definitions: Water stress: – 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 the local communities – We consider a balancing project started once a Memorandum of Understanding has been signed with one or more partners. This is a change of definition compared to 2016, where we considered a project already started once a feasibility study was finalised. Water balancing: – 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. 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 Water balancing projects: – Projects that aim to conserve or restore water quantity or quality in the local watershed; and/or improve access to clean water for the local communities. We consider a balancing project started once a Memorandum of Understanding has been signed with one or more partners. This is a change of definition compared to 2016, where we considered a project already started once a feasibility study was finalised. Since a study is not always followed by a concrete project, we think the new definition is more robust.</p> <p>Scope: – 23 production sites in water stressed water sheds 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. 23 current sites represent 8 OpCos: Algeria, Egypt, Ethiopia, Nigeria, Tunisia, Mexico, Indonesia, Spain</p>

* Deloitte has provided external, limited assurance on this indicator

Reducing CO₂ emissions



Reduction CO₂ emissions in production/reduction CO₂ emissions since 2010*

Commitment:

6.2 kg CO₂/hl in 2020 (40% reduction in 2020 compared to 2008 baseline)

6.5 kg CO₂/hl in 2018

Baseline:

2008

Measurement/units:

- CO₂-equivalent emissions (direct and indirect) per hl (per hl produced)
- Total CO₂ eq. Emissions (Energy + Refrigerants) (kg) divided by Volume Produced

Key Definitions:

This indicator includes CO₂-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 CO₂/MJ

Percentage of thermal energy coming from renewable sources*

Commitment:

GRI requirement G4-EN3. % 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 0g CO₂/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 taken 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

Reducing CO₂ emissions (continued)



Total thermal and total electricity consumption/reduction since 2008*	<p>Focus area: Related to the CO₂ emissions reduction target</p> <p>Measurement/units:</p> <ul style="list-style-type: none"> – 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 <p>Key Definitions:</p> <p>Total energy consumption (Mstar) (MJ/hl): In absolute terms: consumption of thermal and electrical energy in MJ In relative terms: consumption of thermal and electrical energy per unit produced in MJ/hl beer, cider, soft, drinks and water This indicator includes all energy use, except:</p> <ul style="list-style-type: none"> – Fuels for on-site logistics – Heat and electricity from own generated biomass/biogas <p>Scope: Beverage production only</p> <p>Assumptions: Flows of electricity/heat that are exported to third parties are subtracted from the total. Fuel losses from generators and CHP are excluded</p>
Waste destination split and absolute value*	<p>Focus area: Report on number of sites with zero waste to landfill (less than 2% of co-products and waste to landfill)</p> <p>Measurement/units: Kilograms of co-products and waste per destination.</p> <p>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</p> <p>Scope: All production sites</p> <p>Assumptions: We assume all waste streams without destination are landfilled</p>
Reduction CO₂ emissions in distribution (Europe, Americas)*	<p>Commitment: Target – 20% reduction of the kg CO₂/hl traded for distribution of finished goods vs baseline year 2018 milestone: Reduce the CO₂ emissions from distribution by 16% in Europe and 16% in the Americas.</p> <p>Baseline: 2010 for Mexico and Netherlands 2011 for all other HEINEKEN operating companies</p> <p>Measurement/units:</p> <ul style="list-style-type: none"> – if fuel consumed available, kg CO₂ = litres of fuel consumed * emission factor for type of fuel (kg CO₂/litre) – if fuel consumed not available, kg CO₂ = Tons transported * kilometres transport * emission factor for type of vehicle (ocean, road, rail, barge, size of the truck, fuel type, etc.) in kg CO₂/ton.km – kg CO₂/hl traded <p>Key Definitions: This indicator refers to CO₂-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 CO₂ emissions generated from distribution operations.</p> <p>Scope:</p> <ul style="list-style-type: none"> – 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: <ul style="list-style-type: none"> – 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

Reducing CO₂ emissions (continued)



Percentage (%)
green fridges
(of total number
of fridges
purchased)*

Commitment:

Milestone 2018:
100% green fridges purchased

Measurement/units:

number of fridges purchased and % of green fridges.

Key Definitions:

Green Fridges: All fridges purchased in 2017 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 2017, including branded and unbranded fridges, except for glass coolers.

Scope:

All HEINEKEN Operating companies, as per the above general scope definition, excluding non-beverage selling entities

% reduction CO₂
emissions since
2010 due to
green fridges*

Commitment:

2020 commitment: Reduce the CO₂ emissions of our fridges by 50%.

2018 milestone:

Reduce the CO₂ emissions of our fridges by 47%.

Baseline:

2010

Measurement/units:

% reduction of CO₂ emissions

Key Definitions:

CO₂-emission:

This indicator refers to CO₂-eq emissions as a result of the electricity used by beverage fridges (branded and not branded) invoiced to HEINEKEN in the reporting year.

CO₂-reduction:

The Green Fridges use less electricity than the 2010 fridge models. The reduction of is compared to baseline year 2010 and is converted into an equal (1:1) % reduction of CO₂ emissions

Scope:

All HEINEKEN Operating companies, as per the above general scope definition, excluding non-beverage selling entities

Sourcing sustainably



Percentage (%) of our main agricultural raw materials from sustainable sources*

Commitment:

2018: Aim for at least 25% of our main raw materials to come from sustainable sources.

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 2017 for delivery in 2018 are reported in 2017 sustainability report:

Contracted sustainable volumes (tonnes)/Total contracted volumes (tonnes)

For apples:

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, the 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

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

Number of different local sourcing initiatives

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 AME 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 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 (PPP) 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), International Fertilizer Development Center (IFDC), and Dutch NGOs 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

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). This gives the estimated number of smallholder farms involved, which is multiplied by seven (average family size in Africa**) to give an estimation of the total number of beneficiaries:

- Average farm size (hectares) and average yield per hectare from project estimates
- Average family size in Sub Saharan Africa from World Bank estimates.

Key Definitions:

Number of smallholder farmers involved x7 to take account of their immediate family members

Scope:

Agricultural value chains in AME operating companies that source from smallholder farmers – Sierra Leone, Ivory Coast, Nigeria, DRC, Rwanda, Burundi, Ethiopia, South Africa. Large scale commercial farms (e.g. barley in Egypt) are not included.

Assumptions:

The supplier correctly reports the number of farmers in the Supplier self-assessment questionnaires

Sourcing sustainably (continued)



Percentage (%) operating companies compliant 4-step Supplier Code Procedure/ Number of suppliers involved in our 4 step programme*

Commitment:

2018: 95% compliance with four-step Supplier Code Procedure by 2018

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, per operating company. Depending on the availability of the data, we calculate the operating company's overall performance based on the average performance over the four steps or based on the percentage of suppliers compliant with all applicable steps. The reported % compliance reflects the simple average of all operating companies in scope.

Measured as the average performance over the four steps of the programme of the Supplier Code Procedure, per operating company and then taking the average of all in scope operating companies.

- Step 1: percentage of the suppliers that have signed Supplier Code compliance statement (or authorized derogation);
- Step 2: percentage of suppliers with Supplier Code Record for which the Supplier Risk Analysis was completed;
- Step 3: percentage of potentially high risk suppliers identified in step 2, with valid scorecard on EcoVadis platform (or authorized derogation);
- Step 4: percentage of required site audits conducted and all non-compliances closed out within applicable timelines.

$$\frac{(\% \text{ step 1} + \% \text{ step 2} + \% \text{ step 3} + \% \text{ step 4})}{4}$$

4

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

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.

Step three: Monitoring

We use the EcoVadis platform and scorecard to assess compliance with our code, monitor performance and identify areas for improvement. Suppliers complete the assessment by providing evidence that is assessed and completed by EcoVadis with a 360° scan. Suppliers considered high-risk, based on the scorecard, are be subject to a site audit according to Step four.

Step four: Site audit

The final step is a site audit by a third party using the SMETA four-pillar protocol as the basic assessment criteria. This way we contribute to (and use) the database of audits held by Aim-Progress, the global responsible-sourcing platform used by the world's leading consumer goods companies.

A supplier is an entity:

- that delivers goods and/or services on a regular basis, more than once a calendar year, and
- is registered in the vendor master database as an active supplier, and of which invoices are registered in the central systems for payment on behalf of HEINEKEN N.V. or one of its affiliates, and
- with which there has been spend in the 18 months preceding the assessment of the status of the supplier

The definition excludes: tax authorities, charities, sponsorships, customer refunds and intercompany suppliers.

Scope:

all HEINEKEN operating companies, as per the above general scope definition, except for Export AMEE, Mouterij Albert

Number of contract terminations

Commitment:

Refer to the commitment on the compliance with 4-step Supplier Code procedure

Measurement/units:

Number of suppliers with which any commercial relationship ended, triggered by;

- a unwilling to sign our supplier code;
- b refused to subscribe to EcoVadis; and,
- c Refused to undergo a site audit.

Key Definitions:

See measurement section above

Scope:

all HEINEKEN operating companies, as per the above general scope definition, except for Export AMEE, Mouterij Albert

Advocating responsible consumption



<p>% of operating companies spending % of media spend for Heineken® in supporting dedicated responsible consumption campaigns*</p>	<p>Commitment: 2020 commitment: Invest 10% of Heineken® media budget to support our responsible consumption programmes by every operating company selling Heineken® 2017 milestone: We commit to invest a minimum of 10% of our media spend for the Heineken® brand in supporting our dedicated responsible consumption message in all operating companies selling Heineken®.</p> <p>Measurement/units: Estimated number of companies in scope who achieved 10% target for annual EHR investment (numerator)/Total number of companies in scope (denominator) %</p> <p>Key Definitions: All operating companies 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.</p> <p>Scope: In 2017 we raised our ambition, going from 14 markets in scope to all consolidated operating companies selling Heineken® and investing media spend. Exception are Export markets, operating companies operating in 'dark markets' where media advertising is not allowed according to government regulations or local brewing associations.</p>
<p>Number of operating companies have an active and relevant partnership aimed at addressing alcohol-related harm*</p>	<p>Commitment: Every market in scope has a relevant and active partnership addressing alcohol-related harm.</p> <p>Measurement/units: The list includes HEINEKEN operating companies, which have a partnership aimed at addressing alcohol-related harm.</p> <p>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. 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.</p> <p>Scope: In scope are all HEINEKEN operating companies with the exemption of those in Islamic countries, export markets, markets where we have a Joint Venture and one minimal-volume market (Laos) for who allocating resource is unrealistic. South Africa is included as of 2017</p>
<p>Low- and no-alcohol as % of our global volume</p>	<p>Focus area: No commitment. We continue to innovate in the low- and no-alcohol category to respond to the consumer trend towards alcohol moderation, naturalness and health consciousness.</p> <p>Measurement/units: Consolidated Low & No Alcohol Volume/Consolidated Beer & Cider Volume</p> <p>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.</p> <p>Scope: All operating companies with production, excluding JV's, licenses and third parties (Consolidated volume)</p>
<p>Ingredients and nutrition information on pack and online for all our beer brands in the EU*</p>	<p>Commitment: 2018 commitment: Provide ingredient and nutrition information per 100 ml on pack and online for all beer brands produced and sold in the EU by 2017. For all our cider brands produced and sold in the EU, provide information on pack and online by the end of 2018.</p> <p>Measurement/units: Number of beer brands sold by HEINEKEN EU operating companies in the EU including imported beers</p> <p>Key Definitions: All beer brands sold by EU operating companies. Except for imported volumes, constituting less 1% of the total OpCo volume, and derogations for specific reasons. Commitment is only applicable to consumer-facing products (bottles, cans)</p> <p>Scope: All EU operating companies beers produced and sold by HEINEKEN operating companies in EU. Imported low volume non-European brands are not in scope</p>

* Deloitte has provided external, limited assurance on this indicator

Promoting health and safety



% of Life Saving Rules action plans carried out*

Commitment:

The HEINEKEN Life Saving Rules are effective 1st January 2016. In Q1 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.

Commitment 2020: 100% of Life Saving Rules action plans implemented

2018 milestone: Operating companies representing 95% of employees have carried out 80% of their Life Saving Rules action plans.

Measurement/units:

All operating companies have set up an action plan and have to carry out their actions within the defined timeline for each action.

% of actions completed according to an OpCo action plan:

- The indicator is calculated based on weighted average of the percentage of completed actions per operating company
- The indicator includes the operating companies that give a total of 95% of all FTEs

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.

Scope:

HEINEKEN operating companies with action plan

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 of permanent, fixed-term or temporary personnel while commuting.**
- **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 above general definition

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 2016 – 30th November 2017, comparable reporting period is 1st December 2015 – 30th November 2016

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.
- **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
- **Accident severity** is the number of days lost from work as a result of disabling injuries per 100 FTE

Scope:

All HEINEKEN operating companies as per the above general definition

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 EURO 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 €9.2 million to 104 projects, of which 41 projects were still running in 2017.

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/>

Values and behaviours



Speak Up policy (number of reports)	<p>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</p> <p>Measurement/units: Count of individual reports (number) and % per break-down topic. Also break-down 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</p> <p>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 in regard to a (possible) breach of the HEINEKEN Code of Business Conduct. – A break-down 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.</p> <p>Scope: All HEINEKEN operating companies as per the above general definition</p>
Training Code of Business Conduct (number of employees)	<p>Focus area: Trainings on Code of Business Conduct.</p> <p>Measurement/units: Count of total number of currently employed employees that have completed the COBC training. Count of unique training completions</p> <p>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. 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</p> <p>Scope: All HEINEKEN operating companies as per the above general definition</p>
Training anti-Bribery (number of employees)	<p>Focus area: Training on anti-bribery procedures</p> <p>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.</p> <p>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 our operating companies Training Coordinators). A training completion is counted if an employee has completed the e-learning (this is automatically registered in a database).</p> <p>Scope: All HEINEKEN operating companies, as per the above general definition, however, for a selected audience (determined by the operating companies)</p>
Gender representation in % at Senior Management Level. Nationality diversity at Senior Management*	<p>Focus area: Gender representation in % at senior management level. Nationality diversity at senior management.</p> <p>Measurement/units: Total male/female population to the total employees measured as per headcount: Headcount male/Total headcount Headcount female/Total headcount</p> <p>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</p> <p>Scope: All HEINEKEN operating companies as per the above general definition</p>

* Deloitte has provided external, limited assurance on this indicator