Heineken N.V.
Annual Report 2022

HEINEKEN

In this year's report

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The PDF and iXBRL viewer copy of the annual report of Heineken N.V. for the year 2022 is not in the ESEF-format as specified by the European Commission in Regulatory Technical Standard on ESEF (Regulation (EU) 2019/815).

The ESEF reporting package is available at: http://www.theheinekencompany.com/investors/results-reports-webcasts-and-presentations

Find more information online at:
theHEINEKENcompany.com

Chief Executive's Q&A

Delivering our EverGreen strategy

"We're mobilising the organisation and deploying EverGreen at scale as we pursue our dream to shape the future of beer and beyond."

Dolf van den Brink
Chairman of the Executive Board and CEO

What are your top reflections as CEO of HEINEKEN over 2022?

Firstly, I want to thank our people for their commitment, care and courage this year. 2022 saw a number of serious challenges: the war in Ukraine, energy crisis, supply disruption and high inflation – all in the wake of a pandemic. Despite these challenges, we're mobilising the organisation and deploying EverGreen at scale as we pursue our dream to shape the future of beer and beyond.

The Heineken® brand saw continued strong growth, bolstered by the remarkable performance of its line extensions. We're leading the way in premiumisation with our portfolio of strong international and local brands. We further developed our digital route-to-consumer, reduced our carbon emissions and average water usage, strengthened our global footprint and invested in our talent and capability building. Our cost programme delivered significant savings this year, keeping us on track to reach our target of €2 billion in savings by the end of 2023.

There's nothing more important than the health and safety of our people, who have shown immense resilience and agility. The HEINEKEN Executive Team and I are proud of how our colleagues took care of each other, our suppliers and customers and continued to make progress on EverGreen this year.

Key highlights of 2022's business performance?

We're pleased to have delivered a strong set of results in 2022 despite a continuously challenging and volatile environment, growing ahead of the beer category in the majority of our markets. Our premium portfolio continued to outperform, led by the excellent momentum of Heineken®, and the exciting new line extension of our iconic brand, Heineken® Silver, which was rolled out into 25 additional markets. Our innovations in premium, low- and no-alcohol and beyond beer categories were well received by consumers and are scaling fast, expanding our leadership positions in non-alcoholic and in beyond beer.

We're making good progress with the decarbonisation of our breweries, and we have made this part of our incentive compensation design. We further accelerated the deployment of our business-to-business digital platforms and the digitalisation of our route-to-consumer. We made significant progress in the delivery of our productivity programme, targeting €2 billion savings by 2023, which gave us the confidence to declare our new ambition to deliver ongoing productivity gains of €400 million year on year. We continued to invest in our brands and capabilities.

The progress on these and many other initiatives make us confident that our EverGreen strategy is on course to deliver long-term, sustainable value creation.

How is the EverGreen transformation progressing?

EverGreen is our strategy to future-proof HEINEKEN and ensure the company thrives for the next 158 years. We're building momentum across each of our five strategic pillars: boosting consumer- and customer-centricity by focusing on premiumisation and innovation; boosting productivity and embedding a continuous cost culture; boosting decarbonisation to decarbonise our production network globally; boosting digitisation of all our processes to become the best-connected brewer; and boosting our talent and capabilities to ensure we have highly motivated and capable people, the right culture and strong organisational health. Overall, we're leveraging the power of our companies and colleagues in over 70 countries to deliver on EverGreen.

What is HEINEKEN's approach to long-term value creation? How have recent acquisitions played a role?

We measure progress on long-term value creation through our Green Diamond model. Its four quadrants – growth, capital efficiency, sustainability & responsibility, and profitability – guide us as we work towards our long-term ambitions. Our aim is to strike a balance between short-term delivery and long-term sustainability, between top-line growth and overall stakeholder value creation.

One of these ambitions is to deliver balanced superior growth, both in terms of volume- and value-driven revenue expansion, positioning us among the fastest growing global beverage companies. To achieve this, we're leveraging our leading premium brands, developing winning consumer propositions in fast-growing segments and continuously shaping our geographic and portfolio footprint, whilst weaving sustainability and responsibility into each area of our business. We're focused on pioneering growth in low- and no-alcohol and exploring beyond beer. We've led the way in premiumisation for many years. All of this ladders up to our dream of shaping the future of beer and beyond.

In 2021, we announced our intention to acquire control of Distell and Namibia Breweries. The transaction is still subject to approval of the Competition Tribunal of South Africa. We remain very excited with the opportunity to bring together strong businesses to create a regional beverage champion for Southern Africa, and we are committed to being a strong partner for growth and to make a positive impact in the communities in which we operate. We continue to expect the transaction to close in Q2 2023.

Chief Executive's Q&A

Your Dream is "To shape the future of beer and beyond to win the hearts of consumers" – how does innovation play a role?

After a long history as successful brand builders, we're further stepping up on both consumer- and customer-centricity. We're revitalising and renewing core beer while continuously innovating and exploring beyond beer. Our approach to innovation can be encapsulated in '3x Superiority': superior consumer insight, superior product and superior brand.

Building on the health and well-being trend amongst our consumers, we're expanding our lower-calorie, lower-alcohol and non-alcoholic beer offerings. The latest exciting extension of our iconic brand, Heineken® Silver, offers consumers a smooth and extra-refreshing beer. HEINEKEN has truly pioneered 0.0 beer. In 2022 our innovation pipeline extended 0.0 options within our portfolio of global and local brands, including: Desperados Virgin Mojito 0.0%, Lagunitas Hoppy Refresher sparkling water, Cruzcampo Gran Reserva 0.0 and Zlaty Bazant Fresh Apple Radler 0.0%. In Mexico, we are currently introducing Tecate 0.0, a non-alcoholic variant to our second-largest brand globally by volume, aiming to counter the stigma that beer cannot be enjoyed during mid-day meal occasions.

We're staying relevant with younger legal drinking age consumers with brands that embody authenticity, diversity and a strong desire for connection, such as Birra Moretti across Europe, Tiger in Asia Pacific, Messina in Italy and El Águila in Spain. 2022 has been a year of experimentation, one example being the extension of the beer brand Dos Equis in the US into Ranch Water and Lime & Salt. Recognising the continued growth in the energy drinks category, we launched ZAGG Energy Malt in Nigeria.

As customer and consumer trends continue to further shift towards digitisation, how is HEINEKEN stepping up its digital transformation?

To keep pace with accelerating trends, we're boosting digitisation on the path to becoming the best-connected brewer. Shaping the future is also about digitising our route-to-consumer to unlock more value for our customers as well as overall productivity gains. We have significantly stepped up our capabilities in eCommerce and data and analytics, capturing and organising our data in a more effective way that enables us to hone insights to the benefit of both our customers and HEINEKEN's sales organisation.

Our eBusiness-to-business digital (eB2B) platforms aim to create a superior customer experience to drive demand. We continue to deploy them at speed, and in February 2023 we announced that we will start migrating them under a single banner: eazle, business made easier. The transition will enable better features at scale resulting in improved customer experience with increased efficiency, helping them to grow their business.

How is the Brew a Better World 2030 strategy progressing? Are you reaching your ambitions?

With Brew a Better World, HEINEKEN is on the path to zero impact on the environment, an inclusive fair and equitable world, and moderation and no harmful use. After stepping up our ambitions, we're building operational momentum towards our goals.

In 2022, we reduced our scope 1 and 2 emissions by 18% (against our 2018 baseline), meaning we are on track for our 2030 goal. We achieved this while integrating a large business in India into the scope of our reporting. We're driving progress in scope 3 by engaging our agriculture, packaging and cooling partners globally to set science-based targets and unlock low-carbon solutions. We're recognised as 'A Listed Company' by CDP for tackling Climate Change.

Our 2030 ambition is to reduce water usage to 2.6 hectolitre per hectolitre (hl/hl) in water-stressed areas and 2.9 hl/hl worldwide. In 2022, we reached 3.0 hl/hl and 3.3 hl/hl, respectively. Our multi-year water balancing programmes and collaboration with stakeholders in the same watershed are delivering positive outcomes.

We're making good progress on our targets for gender diversity and have grown from 19% women in our senior leadership in 2017 to 27% in 2022. We also want our consumers to always have a choice when reaching for one of our products. By the end of 2023, we'll provide a no-alcohol option for at least two strategic brands in most of our operating companies, which combined account for 90% of our business by volume.

How does HEINEKEN prioritise diversity, equity and inclusion amongst its people?

At HEINEKEN, people are at the heart of our business. Through unlocking the full potential of our people and organisation, we're on a journey to create a workplace and culture that attracts, develops and retains talent. Diversity, equity and inclusion is a key priority, and we make every effort to create an inclusive environment for people to work in, a culture of belonging where everybody can be themselves when they come to work.

We've set ourselves an ambition of reaching 40% of women in senior manager positions by 2030 and we are making strong progress reaching 27% at the year-end. As part of this ambition, we recently launched the Women Interactive Network, where we invite 100 women per year at mid-level career to stretch their leadership skills and prepare them to take on increasing levels of responsibility.

What has been your approach to leading a global company through volatile times?

To me, the key is balance. The risk is that all the energy in an organisation goes into managing crises, losing sight of the bigger picture. EverGreen as our North Star is about building on our strength, addressing vulnerabilities and adapting to seize opportunities as we see them emerge.

The world around us is changing rapidly. We're shifting to a more volatile and challenging era with increased geopolitical and social tensions, disrupted markets and climate change becoming reality. We also see technology advances, the potential of AI and a fight for talent. The pandemic and successive macroeconomic challenges make it all the more important that we future-proof the company.

We continue to be shocked and saddened by what is happening in Ukraine. In March 2022 we made the decision to leave Russia. We were the first global brewer to do so. We no longer sell the Heineken® brand in Russia. To minimise the risk of our company being nationalised and to ensure the ongoing safety and well-being of our employees, we concluded that it is essential that we continue with the reduced operations during this transition period while we seek to transfer our business to a new owner in full compliance with international and local laws. We make progress to transfer the ownership of our business in Russia whilst dealing with frequently changing regulations. We will not profit from any sale or transfer of ownership. We aim to reach an agreement in the first half of 2023.

What is the outlook for HEINEKEN?

In 2022, we accelerated the deployment of our EverGreen strategy to future-proof our business. The continuously challenging external environment has highlighted opportunities to boost our capabilities, balancing short-term delivery with long-term investments whilst sustaining value creation. We are encouraged by the strong performance of our business, with volume fully recovered compared to 2019, and how EverGreen is taking shape. We are confident we are on course to deliver superior and balanced growth to drive sustainable long-term value creation.

Our outlook for 2023 remains unchanged, as was shared on 30 November 2022 ahead of our Capital Markets Event to reconfirm our guidance. We expect operating profit (beia) to grow organically mid- to high-single-digit, subject to any significant unforeseen macroeconomic and geopolitical developments. This outlook is based on continued progress on EverGreen, a challenging global economic environment and lower consumer confidence in certain markets. We expect further progress towards building great brands, our digital route to consumer, strategic capabilities and our Brew a Better World activities with commensurate investments.

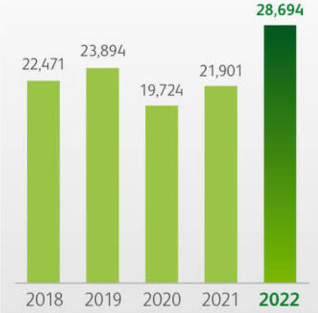
Wishing you all the joy of true togetherness in 2023!

Performance highlights

Delivered strong results in 2022

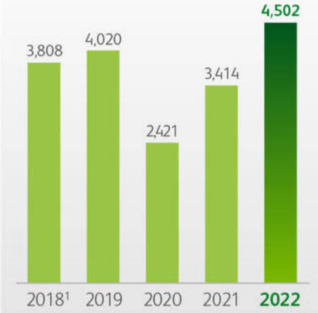
Net revenue (beia)
in millions of €

€28,694m



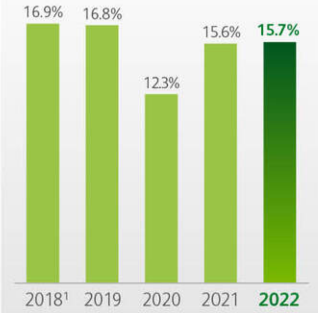
Operating profit (beia)
in millions of €

€4,502m



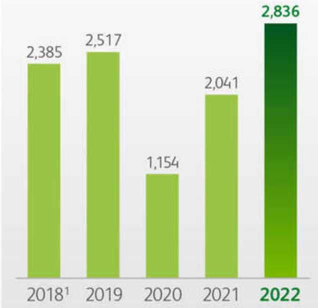
Operating profit (beia) margin
in percentages

15.7%



Net profit (beia)
in millions of €

€2,836m



Consolidated beer volume
in millions of hectolitres

256.9mhl

Gender balance

27%

of our senior management positions were held by women

Carbon emissions

18%

reduction of scope 1 and 2 emissions vs. 2018

Heineken® volume
in millions of hectolitres

54.9mhl

Consumers reached

1.2bn

with our responsible consumption campaigns

Average water usage (hl/hl)

34%

improvement compared to 2008

1 Restated for IAS37

Key figures[1]

Consolidated results

In millions of €	2022	2021	Change in %
Revenue	34,676	26,583	30.4 %
Net revenue	28,719	21,941	30.9 %
Net revenue (beia)	28,694	21,901	31.0 %
Operating profit	4,283	4,483	(4.5)%
Operating profit (beia)	4,502	3,414	31.9 %
Net profit	2,682	3,324	(19.3)%
Net profit (beia)	2,836	2,041	39.0 %
EBITDA (beia)	6,444	5,190	24.2 %
Dividend (proposed)	995	714	39.4 %
Free operating cash flow	2,409	2,514	(4.2)%

Balance sheet

In millions of €	2022	2021	Change in %
Total assets	52,406	48,850	7.3 %
Shareholders' equity	19,551	17,356	12.6 %
Net debt position	13,531	13,658	(0.9)%
Market capitalisation	50,621	56,940	(11.1)%

Per share

	2022	2021	Change in %
Weighted average number of shares – basic	575,563,505	575,740,269	0.0 %
Net profit	4.66	5.77	(19.2)%
Net profit (beia)	4.93	3.55	38.9 %
Dividend (proposed)	1.73	1.24	39.5 %
Free operating cash flow	4.19	4.37	(4.1)%
Shareholders' equity	33.97	30.15	12.7 %
Share price	87.88	98.86	(11.1)%
Weighted average number of shares – diluted	576,026,120	575,969,395	0.0 %
Net profit (beia) – diluted	4.92	3.54	39.0 %

Employees

	2022	2021	Change in %
Average number of employees (FTE)	86,390	82,257	5.0 %

Ratios

	2022	2021	Change
Operating profit (beia) as a % of net revenue (beia)	15.7 %	15.6%	10 bps
Net profit as % of average equity attributable to equity holders of the Company	14.5 %	21.6 %	(7.1)
Net debt/EBITDA (beia)	2.1	2.6	(0.5)
Dividend % payout	35.1 %	35.0%	0.1
Cash conversion ratio	75.3 %	110.0%	(34.7)

1 (beia) is before exceptional items and amortisation of acquisition-related intangible assets. Please refer to the Glossary section for an explanation of non-GAAP measures and other terms used throughout this report.

Executive Team

Setting direction and driving progress

The Executive Team consists of the two members of the Executive Board, the four regional Presidents and five Chief Officers. Its members are accountable for the global agendas of their functions, working closely with our operating companies.

1. **Dolf van den Brink**
   Chairman Executive Board and CEO
2. **Harold van den Broek**
   Member Executive Board and CFO
3. **Marc Busain**
   President, Americas
4. **Soren Hagh**
   President, Europe
5. **Roland Pirmez**
   President, Africa, Middle East & Eastern Europe
6. **Jacco van der Linden**
   President, Asia Pacific
7. **James Thompson**
   Chief Commercial Officer
8. **Stacey Tank**
   Chief Transformation and Corporate Affairs Officer
9. **Yolanda Talamo**
   Chief People Officer
10. **Magne Setnes**
    Chief Supply Chain Officer
11. **Ronald den Elzen**
    Chief Digital and Technology Officer

Our EverGreen strategy

Our EverGreen strategy

We launched our EverGreen strategy with the goal to future-proof the business, adapting to new external dynamics.

EverGreen is a bold strategy to deliver superior and balanced growth and the next evolution of our HEINEKEN business. As a 158-year-old company, we think in generations and deliver long-term, sustainable value creation.

Our EverGreen strategy has been built on our value creation model, which we call the Green Diamond. This value creation model puts growth, profit and capital on equal footing with sustainability and responsibility.

Our Values

Our Values are what we stand for:

Passion for consumers and customers

Courage to dream and pioneer

Care for people and planet

Enjoyment of life

Our Purpose

Our Purpose is our core reason for being, and it shapes our strategy and inspires our people:

"We brew the joy of true togetherness to inspire a better world."

Our Green Diamond

Using the lens of the Green Diamond we want to be clear on "what winning looks like". We aim to get the balance right between short-term delivery and long-term sustainability and between top-line growth and overall stakeholder value creation.

The Green Diamond encapsulates our balanced ambition including drivers on Growth, Profitability, Capital efficiency and Sustainability & Responsibility. At its heart EverGreen is a shift from superior growth to superior and balanced growth.

Our Dream

Our Dream:
To shape the future of beer and beyond to win the hearts of consumers

Beer has been bringing people together for thousands of years. Since 1864, HEINEKEN has been doing its part to put a smile on consumers' faces while continuously renewing and adapting.

We are entering an incredible next era of innovation and expansion in the beer industry. Our best days are ahead of us as we continue to deliver superior and balanced growth with beer and beyond. New flavours, styles and trends are helping us reimagine and revitalise beer, bringing the joy of true togetherness to consumers across the world.

Our business priorities

EverGreen for a future-proof business

EverGreen represents our multi-year strategy, allowing us to adapt to a fast-changing world and grow stronger.

This strategy leverages our existing strengths alongside new opportunities to chart the next chapter of our growth. Putting customers and consumers firmly at the core, we aim to continually enhance and expand our portfolio and footprint. We are making great strides in our end-to-end digital transformation to benefit our route-to-consumer and drive cost efficiencies as we aim to become the best-connected brewer. We are stepping up our focus to deliver continuous productivity improvements and raising the bar of our environmental and social sustainability ambitions.

EverGreen is a journey of both continuity and change, building on what has made us great and what is needed next. True to our ambitions, it meets short-term challenges and will ensure the long-term sustainability of our business to create lasting value for our stakeholders.

Shape the future of beer and beyond

Find out more
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Fund the growth, fuel the profit

Find out more
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Raise the bar on sustainability and responsibility

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Become the best-connected brewer

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Unlock the full potential of our people

Find out more
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Shape the future of beer and beyond

We aim to drive superior growth by shaping the future of beer and beyond, being obsessively consumer- and customer-centric. We are focused on premiumisation and innovation, extending beer into non-alcoholic, flavoured and less bitter variants, and exploring beyond beer with cider and refreshing line extensions.

There are big opportunities within and beyond beer. With premiumisation, led by Heineken® and including our expanding premium portfolio, we are well positioned to focus on scalable opportunities. Lager remains fundamental in capturing new consumers in emerging markets. The importance of moderation continues to be a motivation for us, and we are well placed to capture share of low- and no-alcohol beverages with our portfolio of malts, radlers and 0.0 beers.

The consumer market continues to grow for low-calorie, alcoholic beverage alternatives. We are expanding our portfolio of refreshing alcoholic brands, focusing on line extensions as we stretch beyond beer to meet consumers' evolving needs and explore new growth opportunities for our business.

"Shaping the future of beer and beyond is a consumer-centred vision. To win the hearts of our consumers, we are premiumising led by Heineken® and expanding our categories with a strong innovation agenda, meeting changing consumer demands."

James Thompson
Chief Commercial Officer

Shape the future of beer and beyond

Driving premiumisation at scale, led by Heineken®

Heineken® continues to win value share everywhere

Over the past year we have continued our focus on building direct connections with customers and consumers with campaigns that express our personality as the most open-minded brand in the world. Our goal is to be the beer brand of choice for Gen Z by 2030. As per the Kantar BrandZ 2022 global survey, Heineken® was the fastest growing in brand value among top alcohol brands, driven by its strong growth momentum, innovations and creativity. Heineken® volume grew double-digits in more than 50 markets. The largest market for our iconic brand is Brazil, followed by the US and then China. The outstanding growth of Heineken® Original was bolstered by the remarkable performance of its line extensions. We continued expansion of Heineken® 0.0, which saw particularly strong growth in Europe and the Americas regions. Heineken® Silver more than doubled its volume, driven by excellent performances in Vietnam and China and its global roll-out, reaching 28 markets in total by the end of 2022. The exciting line extension provides Gen Z with a premium alternative designed to be a smooth beer, brewed at -1° Celsius for a fresh taste. The Heineken® brand's world-renowned creativity was recognised at this year's Cannes Lions, the prestigious Festival of Creativity, winning 21 awards and credited as the most awarded alcohol brand.

Heineken® driving meaningfulness, sustainability and responsibility

Heineken® connects with millions of consumers every year with world-class campaigns and sponsorships to share our brand DNA in a meaningful way, as well as to highlight our sustainability goals and responsibility initiatives.

In 2022, we launched the 'Cheers to All Fans' (CTAF) campaign, making our football campaign across both the men's and women's game about tackling gender bias affecting football's players and fans. 2022 was Heineken®'s first year as a leading sponsor of the UEFA Women's EURO, with the objective to become the most inclusive sponsor of the tournament. The 'CTAF' spot was used in tournament activations, as well as for the UEFA Champion's League and UWCL. The campaign fuelled creativity from our teams around the world. For example, HEINEKEN UK launched 'The 12th Woman' campaign, standing for one passion, one tournament and one subtle name change to a familiar football phrase, rallying all fans regardless of gender.

The Heineken® Silver launch delivers a new meaningful option within our portfolio, for the next generation of beer drinkers who crave moments with friends that are 'Extra Fresh, for Real'. We first experimented with the Metaverse, launching Heineken® Silver from our virtual brewery before expanding to the real world. Inspired by the 'Instagram vs. Reality' viral trend, Heineken® then teamed up with real content creators to show that overly airbrushed advertising is a thing of the past.

In Asia Pacific, we collaborated with The Shoe Surgeon to bring to life the smoothness of Heineken® Silver with a limited-edition sneaker, allowing consumers for the first time ever to walk on beer. Heineken® also launched 'Refresh Your Music, Refresh Your Nights' across Asia, featuring local artists who refreshed The Chainsmokers' hit songs before joining the famous duo on stage, allowing fans of different cultures, tribes and music preferences to come together to expand their music tastes.

As part of our Brew a Better World strategy, Heineken® reinforced its commitment to responsible consumption. In 2022 we launched two bold new 'When You Drive Never Drink' campaigns, leveraging our partnerships with F1™ and W Series to drive real positive behaviour change. The campaign was activated across 42 markets, and we are on track to spend at least 10% of our global Heineken® media budget to reach a minimum of 1 billion consumers with this important message. The Heineken® #workresponsibly platform highlights the importance of sociability and connection. In 2022 we launched The Closer, a device that will close your laptop as it opens a beer with the aim to spark conversation on work-life imbalance, with a smile. The fully sustainable Heineken® Greener Bar made appearances in 2022 at the Electric Picnic Festival in Ireland, F1™ in Zandvoort, the Netherlands, and the UEFA Women's EURO.

Shape the future of beer and beyond

International Brands

The Year of the Tiger

2022 was the year of the tiger in the lunar calendar, and the Tiger brand was the #1 international premium beer in Asia. Tiger celebrated with a large global campaign, launching 'The Year of the Tiger' across seven Asian markets. The campaign celebrated those who uncaged their inner tiger and dreamed big for the year ahead. It featured a number of firsts for the brand, including the launch of 6,688 Tiger NFTs in Malaysia. These sold out within 10 minutes, raising over €850,000, 30% of which was allocated by Tiger to support up and coming artists and musicians to follow their passions. The year of the tiger was the brand's biggest year on record, surpassing 2019 performance as it exceeded 15 million hectolitres for the first time. Tiger continued its strong growth outside of Asia, becoming the fastest growing lager in Nigeria, and in the Americas continued its strong growth in Brazil, led by on-trade hitting key targets as part of the brand's growth strategy.

Tiger Crystal continued its strong growth across Asia, led by Vietnam and the Tiger Crystal global campaign 'Brewed for Fire' with the introduction of the new activation platform Tiger Crystal Rave.

Birra Moretti – Villa Moretti

Birra Moretti is all about sharing the authentic taste of Italy. The brand continues to accelerate across key markets in Europe, with outstanding growth in volume and value share in the Netherlands, Serbia, Romania, Switzerland and Ireland. In the UK, Birra Moretti more than doubled in volume and became the market leader of the premium segment in value. Birra Moretti continues to inspire people around the world to 'Enjoy Life's Simple Pleasures' and live the Italian way through a number of key initiatives. It successfully launched Villa Moretti in Tuscany, a full experiential event for consumers, influencers and customers to share in the Italian lifestyle with Birra Moretti, from pasta making to viewing Italy from the air in the Birra Moretti hot air balloon.

Amstel – Further spreading the spirit of Amsterdam

Amstel, the second-largest international beer in our portfolio, is available in over 110 markets across the world and has seen exceptional volume growth in 2022. A record year for the brand, the 24% volume growth was driven by double-digit growth in more than 15 markets. Key markets Brazil, South Africa, Mexico, Spain and the Netherlands delivered above their ambitious plans, and in China and India the brand is growing volume and equity steadily. In South America, Amstel successfully extended its sponsorship agreement with CONMEBOL for the Libertadores and Sudamericana football platforms until 2026. In line with our global commitment to inclusion and diversity, Amstel is now also a proud sponsor of the Copa Libertadores Feminina for the next four years. Additionally, we have partnered again with Big Brother Brazil.

Tapping into consumer trends in health and wellness, Amstel Ultra continues to grow rapidly in Latin and South America, supported by our global ambassador Rafa Nadal smashing historic records in tennis. Amstel 0.0% continues to grow steadily, driven by a successfully launched new recipe in the Netherlands. Together with the Amstel Malt variants in the Africa, Middle East & Eastern Europe region in particular, Amstel remains the second-largest contributor to our non-alcoholic portfolio.

Lagunitas – Leading the IPA segment

Born in Northern California in 1993 on a kitchen stove, Lagunitas has since been made available in more than 30 markets. In 2022, Lagunitas continued to grow internationally. Brazil, France, Italy and the Netherlands grew double-digits and continue to scale up the iconic Lagunitas IPA. In the US, the local team successfully launched the new range Disorderly Tea House, a 5% ABV hard tea brewed with real guayusa tea leaves, accelerating the brand's expansion beyond IPA and beer.

Shape the future of beer and beyond

International Brands

Sol – Live from the Sunny Side

Sol grew in key markets this year, such as Chile and South Africa, and remains important in Brazil. A new campaign called 'Live from the Sunny Side' launched in Chile in December 2022. The campaign shines a light on optimistic young consumers and has been followed by a complete visual identity update that makes the brand even more distinctive and relevant for newer generations.

Edelweiss – Chalet Edelweiss

Edelweiss, our premium Wheat Beer from the Alps, kept expanding in new markets such as Chile. Since July, Edelweiss has been locally brewed in Vietnam, and soon in China and Malaysia, to accelerate roll-out.

Earlier this year, the brand invited a group of 14 famous influencers from its different markets to embark on a snowy alpine experience at Chalet Edelweiss. Social media celebrities were filmed throughout the trip, resulting in a new campaign that captures the spirit of freedom and playfulness that has become synonymous with the Edelweiss brand.

Premiumisation

Premium beer volume grew 11.4% and outperformed the broader portfolio with growth in the majority of our markets, led by Heineken®. In 2022, we accelerated premiumisation at scale via our international brand portfolio, complementing Heineken® by connecting with an even more diverse range of consumer needs.

With our Next Generation brands, we have set out to build premium brands that connect with the values of Gen Y and Z. For example, El Águila in Spain, Messina in Italy and Birra Moretti, bringing the authentic taste of Italy to a growing number of new consumers across 64 markets. These brands are all increasing brand power and accelerating the growth and premiumisation of our beer portfolio in Europe by being meaningful and different to a new set of consumers.

Desperados – Go Desperados

A strong example of our forward movement in premiumisation is our spirited beer brand Desperados, which continued its momentum and grew in the mid-single-digits. This was driven by its core markets in Europe, particularly France, and successful expansion in Africa with accelerated growth coming from the launch in Nigeria.

Desperados Virgin 0.0% expanded into Germany in addition to France, the Netherlands, Poland and Belgium.

The brand continued to embrace its spirit of wild experimentation with its Go Desperados creative platform, designed to capture the essence of Desperados by inviting people to try new things and pour some unusual in their lives. This was further reinforced by a new product-focused campaign co-created with emerging and established artists from Africa and Europe. Desperados also expanded its dance-powered app, Rave to Save, to make parties more unusual with unexpected rewards as well as through raising money for causes that make the dance scene more inclusive and diverse. To date, the app has realised over 15 million dance steps.

Shape the future of beer and beyond

Explore beyond beer

Stretching beyond beer

In 2022, we have remained committed to win with our expanding portfolio of refreshing brands, focusing on line extensions as we stretch beyond beer. The spirit of experimentation is happening around the globe, one example being the stretch of the beer brand Dos Equis in the US into Ranch Water and Lime & Salt, as well as Sol Mangoyada in Mexico. Desperados Alcoholic Sparkling Water, launched in the Netherlands, is a refreshing sparkling water with the known Desperados kick of Tequila and Lime.

Recognising the continued growth in the energy category, and with an ambition to differentiate, HEINEKEN created a new energy drink powered by malt. In the first move, HEINEKEN is focusing its efforts in established malt drink markets across the Africa, Middle East & Eastern Europe region. With distinctive positioning and targeting younger generations, we launched ZAGG, a malt-based energy drink, entering a new category in Nigeria with potential to scale beyond within the region.

Leading the cider category

Continued strong performance and new releases in the cider category this year have strengthened HEINEKEN's position as the world's leading cider producer. Cider volume grew low-single-digits to 5.0 million hectolitres with growth outside its home market in the UK, mainly driven by Strongbow in South Africa, Mexico, Vietnam and Canada. The key to this year's performance has been the launch of Strongbow ULTRA, a new and refreshing Cider that has low calories per serving. The recipe is specific by country, but always less than 100kcal. ULTRA Dark Fruit launched in March in the UK, but was quickly followed by launches in Canada and Australia.

Pioneer choice in low- & no-alcohol

The global trend for wellness continues, and we see continued growth in the hydration segment offering healthy adult refreshment without the compromise on taste. Our low- and no-alcohol portfolio grew by a low-single-digit, reaching 15.5 million hectolitres in 2022.

We remain the global market share leader in the 0.0 beer category, led by Heineken® 0.0. We believe you should always have a choice of non-alcoholic beverages available, and in 2022 we continued to innovate and extend 0.0 options within our great portfolio of global and local brands. These include: Desperados Virgin Mojito 0.0%, Cruzcampo Gran Reserva 0.0 and Zlaty Bazant Fresh Apple Radler 0.0%. In Mexico, we are currently introducing Tecate 0.0, a non-alcoholic variant to our second-largest brand globally by volume, aiming to counter the stigma that beer cannot be enjoyed during mid-day meal occasions.

Our flagship Maltina brand in Nigeria is growing in the low-single-digits with the extension of the brand into pineapple and coconut flavours. Lagunitas Hoppy Refresher, launched in the US this year, is an IPA-inspired adult beverage proposition of hop-infused sparkling water that is zero alcohol, zero carbohydrate and zero calorie, made using everything we know about hops.

Fund the growth, fuel the profit

Our growth algorithm aims to deliver superior, balanced growth enabled by incremental investments behind the power of our brands, digital transformation, capabilities and sustainability objectives. We are bringing balance to our growth, investing behind the power of our brands which enables us to price responsibly.

To fund the growth and offset inflationary pressures, we are structurally addressing our cost base and building a cost-conscious culture. We are embedding this into an ongoing continuum of productivity improvements to fuel profit growth ahead of revenue growth over time.

"We continue to build on the strong foundation of operational excellence established across our supply chain, driving end-to-end productivity savings. Our broad network of increasingly connected breweries unlocks harmonised ways of working, leveraging our scale advantage and delivering world-class customer experiences."

Magne Setnes
Chief Supply Chain Officer

Fund the growth, fuel the profit

New cost capabilities in action

During 2022, we made significant progress in the delivery of our productivity programme, targeting €2 billion of structural gross savings by 2023, relative to our cost base of 2019.

Around two-thirds of our productivity savings in this programme will come from our supply chain, where we have been building new cost capabilities whilst addressing structural inefficiencies.

For example, in Europe, we are building on the strength of our local production footprint with new networked hubs to create centres of functional excellence, including in our Sales and Operational Planning. This is enabling improved service delivery to multiple customers across multiple markets, whilst also driving cost efficiencies at scale.

Our networked approach also supports how we share information and implement best practices across functions and geographies, to embed the cost-conscious culture in our DNA.

Our commercial productivity programmes are designed to optimise the efficiency of sales and marketing investments on a more focused portfolio of brands that are driving our growth agenda, at scale – including Heineken® Silver, which has been launched in 25 new markets in 2022.

We are also making significant steps in FTE productivity, consistently in the right direction, whilst investing in the talent and future capabilities we need to deliver our strategic objectives. The share of employees in our head office working on Digital & Technology has increased by around 50% since 2020, supporting our ambition to become the best-connected brewer.

Fuel the profit of the future

The EverGreen strategy represents a multi-year journey, and our cost-conscious transformation is designed to continue to fuel the profit of the future.

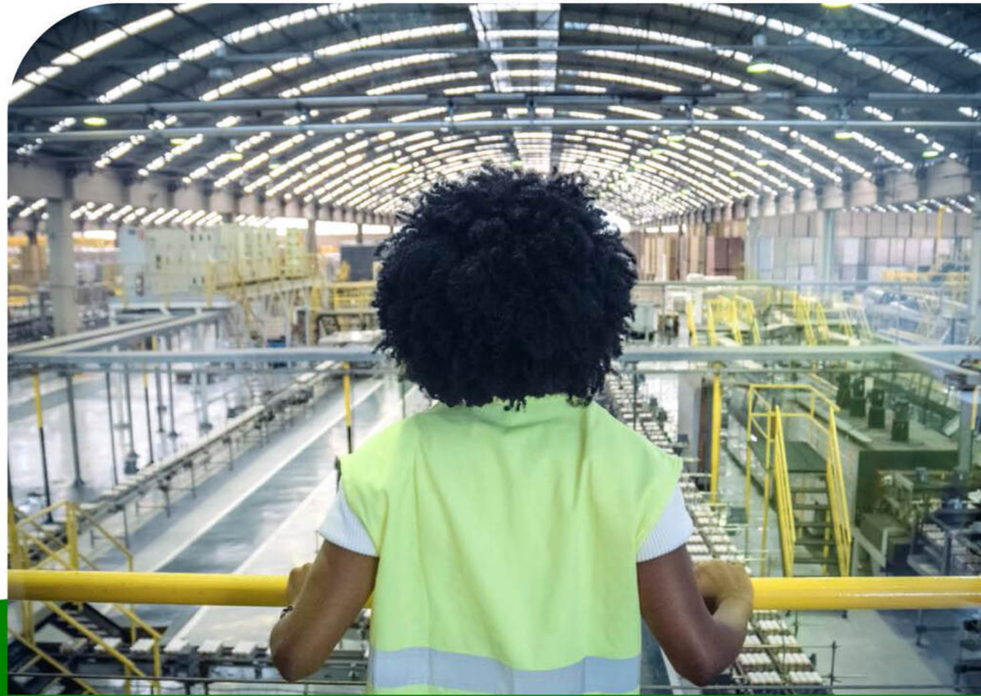
During 2022, we made significant progress in the delivery of our productivity programme, targeting €2 billion of structural gross savings by 2023, relative to our cost base of 2019. By the end of 2022, we captured €1.7 billion of these gross savings and are well on track to deliver ahead of our target in 2023.

We continued to invest in our business and in addition, we reversed the significant cost mitigation actions undertaken in 2021 to partially offset the financial impact of COVID-related restrictions. Last year these represented a reduction of expenses (beia) of circa €0.5 billion for the full year relative to 2019.

Our teams are advancing thousands of initiatives across all our operating companies and the head office. We are also accelerating large-scale transformation programmes, such as the transition to a network model for our supply chain in Europe.

We are improving our performance on cost and embedding cost management in the capabilities of the organisation.

Our continued progress and these achievements gave us the confidence to declare our new ambition to deliver ongoing productivity gains of €400 million year on year.



Raise the bar on sustainability and responsibility

Brew a Better World 2030

In 2021, we stepped up our ambition in sustainability and responsibility when we announced our Brew a Better World 2030 strategy. Our approach has three pillars which guide us on the path to zero impact on the environment, an inclusive fair and equitable world, and moderation and no harmful use.

Now, it is time to build execution and operational momentum towards our goals. Our operating companies have been working to implement the new strategy and bring the ambitions to life through local initiatives. At the same time, we are embedding the strategy across our global business, in every decision we make and action we take.

While we still have much to do, we are making good progress and can see the forward momentum achieving results. We are supporting delivery through sustainability-linked long-term incentives for all our leaders and fully integrated performance management across all operations globally.

"Weaving sustainability and responsibility into the fabric of our balanced growth strategy, EverGreen, is not just the right thing to do – it's building business resiliency in an increasingly volatile environmental and social context."

Stacey Tank
Chief Transformation and Corporate Affairs Officer

Raise the bar on sustainability and responsibility

Environmental

Mobilising our global organisation on the path to net zero impact

HEINEKEN's Brew a Better World ambition is to operate across a net zero value chain by 2040. This is 10 years ahead of the Paris Climate Agreement deadline.

To drive progress, our interim target is a 30% absolute reduction in emissions across the value chain by 2030. Our first mission is to deliver net zero emissions across our operations (scope 1 and 2) by 2030 and to engage stakeholders across our value chain to reduce scope 3 emissions by 21% by 2030.

In 2022, we reduced our scope 1 and 2 emissions by 18% vs. 2018 baseline meaning we are on track for our 2030 goal. We are driving progress in scope 3 by engaging our top packaging, cooling and raw material partners globally to set science-based targets and unlock low-carbon solutions. We also achieved an "A" score for Climate from the Carbon Disclosure Project (CDP) in 2022.

Investing in renewables

Brewing is an energy-intensive activity, but we are making progress globally to shift to renewable sources in our production sites. This protects us from rising energy prices and supports the journey to net zero. Two-thirds of our energy needs are thermal and the remaining one-third is electricity. We are joining forces with other companies to source renewable energy through Power Purchase Agreements and we rely on innovation to drive progress and reduce the need for fossil fuels. Examples of projects on the ground include:

- In Cambodia, we opened the country's first bioenergy plant which uses rice husks, an agricultural by-product, to supply 100% of the brewery's thermal energy needs.
- In Spain, we are constructing our first-ever thermal solar site, an innovative project that uses the sun's heat to generate renewable thermal energy and is expected to reduce the brewery's carbon footprint by 60%.
- In South Africa, a new solar plant will reduce the brewery's carbon impact by around 30%.

Facilitating access to renewable energy

We are also working to facilitate access to renewable energy for key stakeholders in our value chain.

- In Brazil, we launched Heineken® brand's purpose to 'Green Your City' based on three pillars: circularity, urban reforestation and green energy. In one of the campaigns, we facilitated access to renewable energy for consumers and customers. A TV ad reached 30 million households, which raised awareness to the topic and achieved significant results: more than 135,000 customers and consumers registered and a total of 10,000 contracts were signed to receive renewable energy.

Improving water usage and leading on water stewardship

Our 2030 water strategy – Towards Healthy Watersheds – looks beyond traditional water usage to prioritise the health of local watersheds, especially in water-stressed areas. As well as actively improving our average water usage and managing wastewater in our operations, we also look closely at the local context to manage our impacts and promote water security beyond our brewery walls. Our multi-year water balancing programmes and collaboration with stakeholders in the same watershed are delivering positive outcomes on the ground.

We set a target to reduce our water usage to 2.6 hl/hl beer by 2030 in water-stressed areas and 2.9 hl/hl for all sites. We have improved average water usage from 5.0 hl/hl to 3.3 hl/hl compared to 2008 across all sites, representing a 34% improvement.

26 of our 31 sites in water-stressed areas have now started water balancing projects and 29% of these sites are fully water balanced. Projects range from innovative nature-based solutions to infrastructure investments and development. Other highlights include:

- Our operation in Mexico continues to be our most water efficient operation globally. The Meoquí brewery used less than 2 hl/hl of water to brew 1 hl/hl of beer in 2022. Up to 40% of effluent reclaimed through the water reclamation plant is used for cleaning purposes, reducing reliance on freshwater.
- We established three new wastewater plants in Haiti, Serbia and Nigeria, which brings us closer to the 2023 goal to treat 100% of our wastewater.
- In Vietnam, we partnered with the WWF to replant forests which help regulate basin water supplies, putting us on track to be fully water-balanced there by 2025.

We proudly support the COP27 Business Declaration on Climate Resilient WASH to create systemic pathways towards universal access to water, sanitation and hygiene (WASH) alongside 25+ global businesses and 15 expert organisations.

Making progress on circularity by focusing on reusability and recyclability

When it comes to circularity, more than 75% of our production sites are now landfill-free, meaning 99% of our total volume of waste globally was reused or recycled in 2022. We are progressing towards our target to send zero waste to landfill for all our production sites worldwide by 2025.

We have started developing a circularity strategy focused on key areas where we can reduce our material footprint, improve reusability and increase recyclability. Making our product packaging returnable is a priority and approximately 38% of our packaging is now produced in a returnable format. We want to build on this by supporting existing and emerging deposit return schemes and other mechanisms to drive reuse at scale.

Visit page 126 to learn more about what we have done on sustainability and responsibility

Raise the bar on sustainability and responsibility

Social

Walking the talk on the path to an inclusive, fair and equitable world

HEINEKEN has always believed in fairness, human connection and the joy of true togetherness. We think inclusion starts with courageous leadership and that we all have a role to play to champion a culture of belonging.

In 2022, we launched a new ALL-Inclusive Leadership e-learning which is mandatory for people managers and available to all employees worldwide. We aim to have all managers trained by the end of 2023.

Between them, our operating companies delivered more than 260 engagement initiatives to raise Inclusion & Diversity (I&D) consciousness. These included listening and dialogue sessions and workshops on cultural diversity.

We have grown from 19% women in our senior leadership in 2017 to 27% in 2022 (2021: 25%). Our aim is to reach 30% by 2025 and 40% by 2030. We also aim for equal pay for equal work between female and male colleagues and want to ensure that all employees worldwide earn at least a fair wage by 2023.

As part of our ambition to create a positive impact in our communities, we have reached our annual target of having a social impact initiative in place in 100% of our in-scope markets. Many of these partnerships work to reduce social inequality, or focus on the restoration and preservation of natural habitats. We also increased the volume of locally sourced agricultural ingredients in Africa by 26% compared to a 2020 baseline, meaning we are halfway to our goal of 50% by 2025.

Our safety, health and well-being strategy reflects our company value of Care and is focused on shaping a leading safety culture. We do our utmost to ensure every colleague and contractor returns home safely at the end of the day.

Creating a diverse and inclusive workforce through leadership training and career development

We are levelling the playing field for women and men through global initiatives that are adapted to local contexts, including:

- Women in Sales, which represents a large part of our business. To increase the number of women in senior management, we need to develop our full talent pool. The Women in Sales initiative puts special focus on the recruitment, development and career advancement of women in sales, identifying challenges and removing barriers to progress. The initiative is implemented locally according to the reality of each operating company.
- In Nigeria, we created a support programme for nursing mothers, including daycare and supported female back-office managers in their transition to frontline roles.
- In Brazil, roles in sales previously required a motorcycle licence but only 15% of women who drive have a motorcycle licence. We adapted our processes to include using a car which increased the number of female hires.
- In Cambodia, the number of women in middle management sales positions went up from 9% to 32% between 2019 and 2022. The drivers included implementing an inclusive parental policy, equal opportunity via standardised recruitment processes and a flexible work policy.

We also champion diversity around the world through external initiatives like the 'Cheers to All Fans' campaign and sponsorship of the 2022 UEFA Women's EURO.

As a result of our actions, HEINEKEN was included in the Bloomberg Gender-Equality Index, as one of 484 companies worldwide committed to more equal and inclusive workplaces.

Improving working conditions for third-party workers

In Nigeria, we have worked with 76 outsourced service providers who employ 10,000 people over the last three years. Together with the service providers, we have improved management systems and business process to systematically improve the living standards and working conditions of third-party workers. This has resulted in wage payments that are 70% above the national minimum, provision of medical insurance, pension, and other benefits.

In 2022, we implemented a 57% wage increase for all third-party employees in the country. Our plan is to make yearly increases of between 25-30% to achieve our fair wage ambition by the year 2025. In addition to this, we executed capability development programmes on management systems which have further strengthened their business process.

Visit page 126 to learn more about what we have done on sustainability and responsibility

Raise the bar on sustainability and responsibility

Responsible

A consumer-centric approach on the path to moderation and no harmful use

Brew a Better World means empowering consumers by providing choice, transparency and zero tolerance of the harmful use of alcohol.

Heineken® 0.0 is now available in close to 110 markets (2021: 100). By the end of 2023, we aim to provide a zero alcohol option for at least two strategic brands in most of our operating companies, accounting for 90% of our business by volume. By the end of 2022, we were at 46% (2021: 43%).

Non-alcoholic products will play an increasing role in HEINEKEN's industry-leading messaging on responsible consumption and moderation.

To continue to lead the debate, our operating companies invested 11% of Heineken® media spend reaching 1.2 billion unique consumers worldwide through responsible consumption campaigns.

We take great pride in the creativity and ingenuity of the talented people who bring our brands to market and we are committed to world-class advertising. Launched in October, our refreshed Responsible Marketing Code reflects industry best practice and demonstrates our unwavering commitment to respectful, truthful and responsible marketing aimed at adults. It addresses our growing low- and no-alcohol business and digital media initiatives via social media, apps, influencers and advertising on gaming platforms, in the Metaverse and e-commerce.

Normalising alcohol-free beer

We don't want to just brew responsibly – we want everyone to drink responsibly too. Our aim is to empower consumers to select the right beverage for the right occasion, everywhere and at any time of day.

In the UK, we partnered with ITV to normalise alcohol-free beer among mainstream TV audiences. Heineken® 0.0 is available on draught and drunk by the characters from two of the UK's most famous TV pubs: Coronation Street's Rovers Return and Emmerdale's Woolpack.

Partnerships to address harmful drinking

Harmful drinking is damaging to the people involved and their communities, as well as our industry and reputation.

We have set up partnerships around the world to tackle harmful use such as drink driving, under-age drinking, excessive consumption, drinking while pregnant and alcohol addiction.

In South Africa, we partnered with AWARE.org to raise awareness on the dangers of drunk walking. The campaign was anchored by media activations, including TV, radio spots and billboards that encouraged drivers and pedestrians to plan their way home safely before having a drink.

In Croatia, our 10-year partnership with the TESA Psychological Centre supports parents and teachers to have meaningful conversations with teenagers about drinking. In 2022, 58 schools applied to be part of the programme and it continues to grow every year.

Making moderation cool

'When You Drive, Never Drink' is our long-standing flagship campaign which promotes an anti-drinking driving message.

One of the actions of this campaign is to partner with mobility apps to offer consumers a discount coupon to get them home safely. After a successful implementation in the US last year, the partnership with Uber was extended to other markets, including Brazil, Mexico, Spain and South Africa.

100% of our in-scope markets had a partnership to address alcohol-related harm by the end of 2022.

Visit page 126 to learn more about what we have done on sustainability and responsibility

Become the best-connected brewer

HEINEKEN wants to become the best-connected, most relevant brewer, for customers and consumers living in the digital age. To achieve this, we are digitally transforming our business and modernising our tech landscape at the same time.

HEINEKEN has increased investments in its digital transformation to build a future-proof company. To become the best-connected brewer, HEINEKEN needs to digitise its route-to-consumer, unlock the value of data, simplify and automate our end-to-end processes, build a more modern technology landscape (the Digital Backbone) and create a digitally enabled organisation. We have significantly stepped up our capabilities in eCommerce and data and analytics, while at the same time we continue to rationalise our IT infrastructure.

"We are investing further in our digital customer and consumer connections, digitally enabling our sales force and connecting our equipment as we transform our route-to-consumer to maximise the customer experience and value and to grow our business in a digital world."

Ronald den Elzen
Chief Digital & Technology Officer

Become the best-connected brewer

Digitise our route-to-consumer

Our world is moving ever more online, and so are our consumers and customers. HEINEKEN is building out its competitive advantage by using data to create the best consumer insights and to help our customers grow their business. Our sales organisation is evolving from order takers to 'data-driven business consultants'.

eB2B platforms

At HEINEKEN, our aim is to always maximise customer experience and value with a focus on customer convenience. Our eBusiness-to-business (eB2B) continues to grow significantly. We have created a global eBusiness team, driving this capability across all HEINEKEN markets. By the end of 2022 we implemented proprietary apps to take orders from our customers in more than 30 markets. We will start migrating our eB2B platforms under a single brand name and identity: eazle, business made easy.

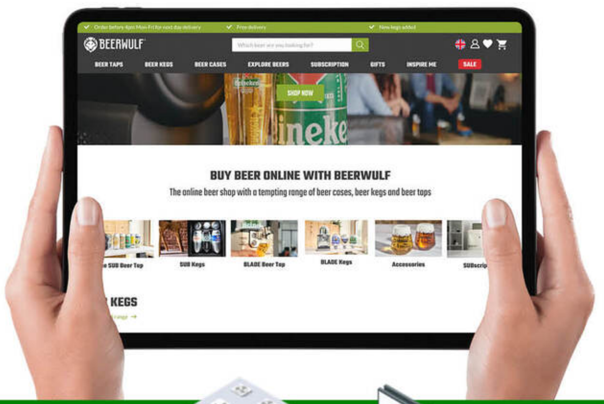
In total, more than 50% of our revenue in fragmented trade, for instance bars and small independent stores, was brought in via our own apps. This is to include modern trade, for instance grocery stores and supermarkets, where almost 80% of all our orders are now digitised.

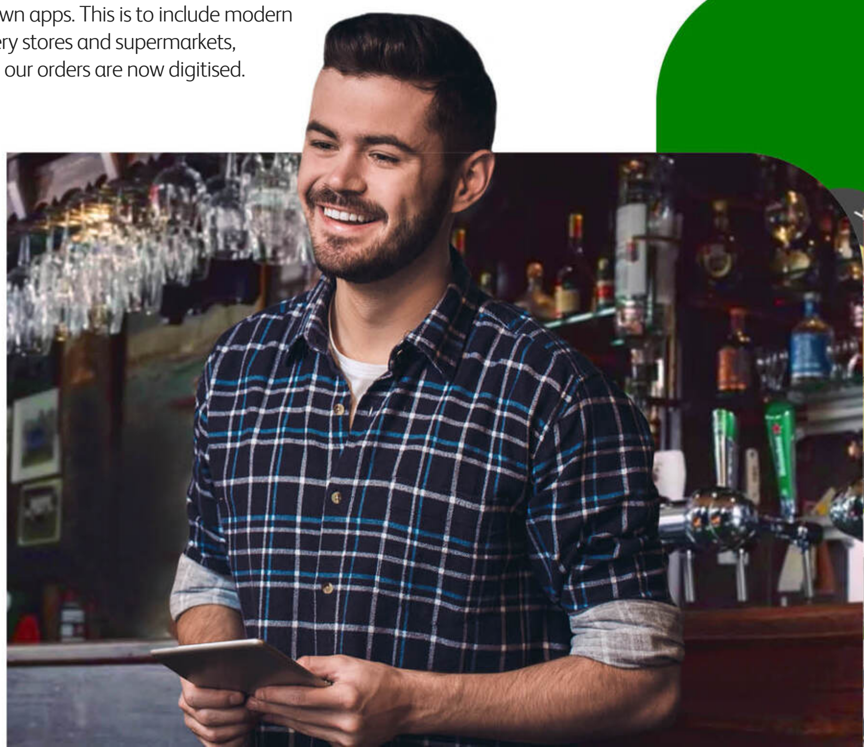
eCommerce (D2C and B2C)

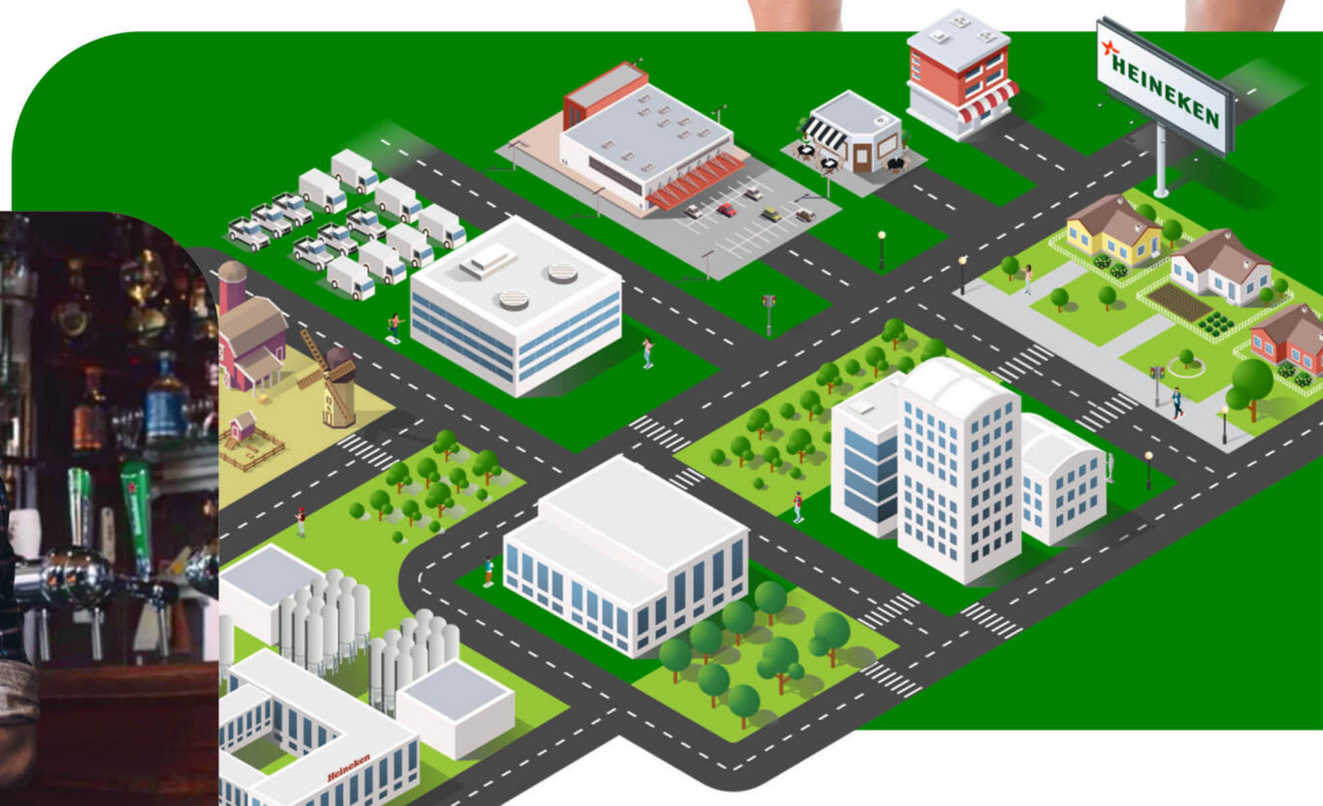
To continue to adapt to shifting consumer behaviours, we further increased investment in eCommerce in 2022. We focused on three different platforms. Beerwulf is the leading direct-to-consumer (D2C) online beer platform in Europe, active in 11 markets. GLUP is our business-to-consumer (B2C) rapid-delivery company in Mexico, using our network of SIX stores with a value proposition designed to delight consumers who want beer, beverages and more delivered in less than 60 minutes. It also leverages on HEINEKEN Mexico's suite of sponsorships, offering consumers the opportunity to access and enjoy great sports events or live music experiences. Finally we have Drinkies, our eB2B2C platform now used in markets such as Egypt and Malaysia.

Data-driven consumer and customer insights

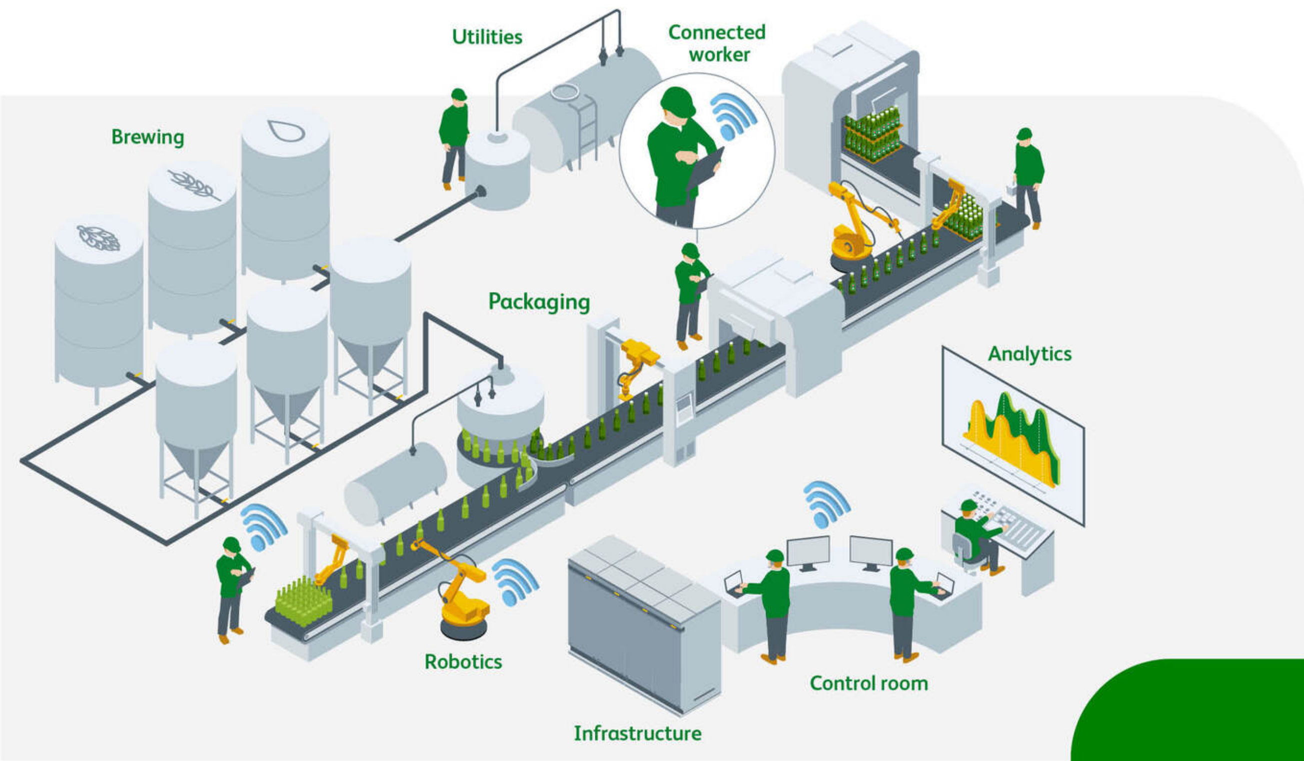
In 2022 we continued to expand our footprint with connected equipment. Connected equipment can connect to the internet (IoT) and helps both our customers and HEINEKEN to optimise service and delivery, as well as using data that will help grow the business of our customers. For example, this year we rolled out the Shelf Image Recognition app to increase execution at the point of sale and minimise out-of-stocks. This is now available in Mexico, Poland and Romania. AIDDA (AI Data Driven Advisor) is an event-driven, AI-based app within our eBusiness team designed to support our sales reps and help our customers to grow. We use data to create category insights for HEINEKEN and to make our sales organisation more effective and efficient.







Become the best-connected brewer



Since 2018 we have been on a journey to digitise our Supply Chain. This programme is called 'the Connected Brewery'. The Connected Brewery supports the shop floor in their increasingly complex tasks and unlocks opportunities through insights that we never had before. We collect machine data to improve productivity, quality and sustainability. By the end of 2022, almost 50 breweries have been connected to the HEINEKEN data layer, which has allowed, for example, smart algorithms to create actionable insights to improve performance on packaging lines. Our unique platform has made these algorithms scalable across all our breweries.

Simplifying and automating our end-to-end processes

By simplifying and automating our E2E processes, we can unlock significant efficiencies whilst improving internal and external user experience.

Our systems for our supporting functions like HR, Procurement and Planning are being standardised, where we create 'automation by design' as well as enhanced user experience for our employees. For example, Robotic Process Automation, including the use of ChatBots, notably in our shared service centres.

Unlocking the value of data

Data analytics has become a central capability across all industries, revolutionising the way companies operate by extracting previously undiscoverable business insights from data. More and more data is becoming readily available by the second. HEINEKEN's internally generated data is complemented by machine data, for instance data gathered from our breweries, or cash registers in outlets, along with increasingly more external sources. Our Global Analytics department uses machine learning and artificial intelligence (AI) to collect and analyse these inputs in order to support smart business decisions across the entire value chain, from brewer to distributor and all the way to the consumer.

To unlock the value of data, and to scale Global Analytics use cases across all our markets, HEINEKEN continues to deploy a global Data & Analytics platform. This platform allows for easy accessibility and scalability of the most relevant use-cases across our entire business.

Our analytics models deliver both cost savings as well as generate additional revenue. Key analytics models that have been deployed include product recommendation, promotion optimisation, churn prediction, commercial mix optimisation and machine stop analysis.

Become the best-connected brewer

Building a modern technology landscape (the Digital Backbone)

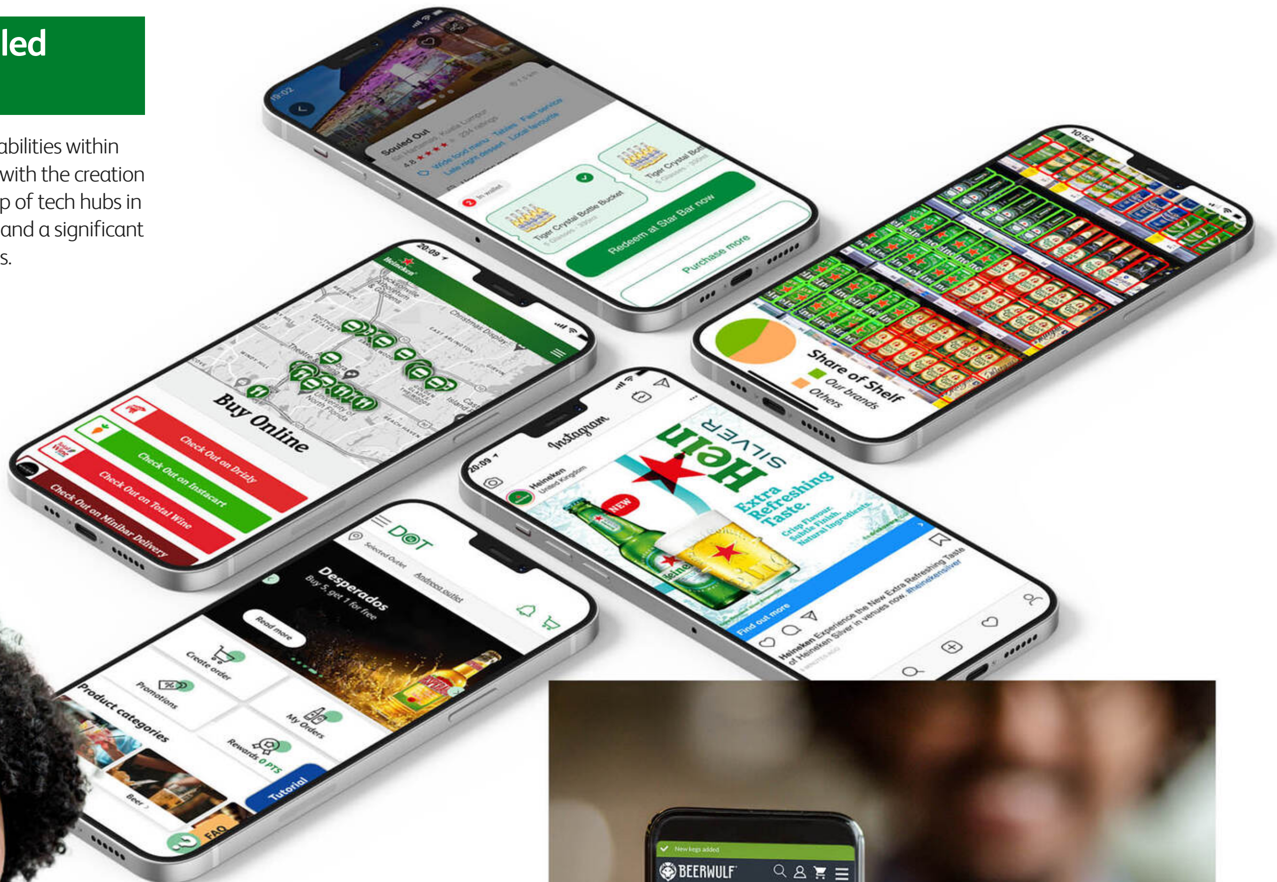
To become the best-connected brewer, HEINEKEN will need to digitally transform both the front-end (our route-to-consumers and analytics) and the back-end (simplifying and modernising our IT landscape). HEINEKEN historically has a widely varied technology landscape, with many local applications. In 2022, we continued to simplify and rationalise our technology landscape, moving applications to the cloud and consolidating our ERP systems.

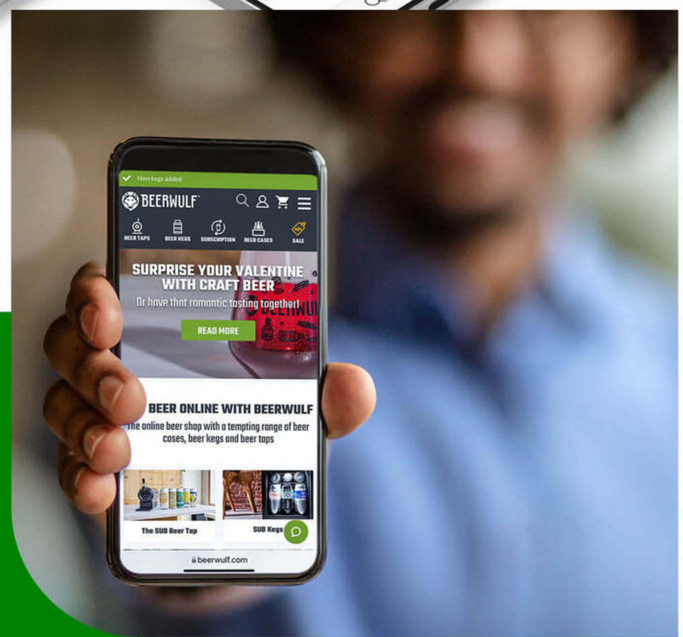
In 2022 we completed the SHARP-X programme where we simplified and harmonised our finance processes across 24 European markets on S/4HANA. By transforming and adopting more standardised processes and a different way of operating, the Finance function will become significantly more efficient and be enabled to better focus on adding value to the business.

We also continued preparations for our modern technology architecture, our Digital Backbone. The Digital Backbone consists of a Digital CORE (a lean ERP system), surrounded by specific cloud platforms. This programme will move all our operating companies to a lean and modern ERP system, playing a pivotal role in data and integration. The Digital Backbone builds on the successes of the BASE and SHARP-X programmes, which together made HEINEKEN more agile and efficient by standardising core business processes in Finance, Procurement, Production, Logistics and Sales, and aims to have a new and modular technology architecture in place by 2028.

Create a digitally enabled organisation

We have significantly stepped up our capabilities within the global Digital & Technology function, with the creation of a global eBusiness team, the building up of tech hubs in Krakow, Vietnam, Egypt and South Africa and a significant 'upskilling' effort across the entire business.





Unlock the full potential of our people

At HEINEKEN, we stand by our purpose of 'brewing the joy of true togetherness to inspire a better world', and we bring it to life by promoting true human connections and a 'we' culture amongst our people.

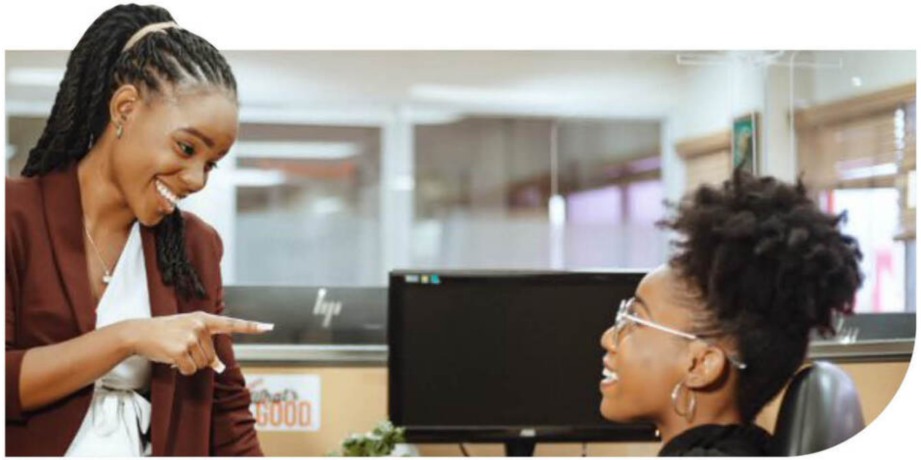
People are at the heart of our business. Our success depends on our ability to respond to changing market conditions while staying true to our company values: passion, courage, care and enjoyment – and heritage.

In 2022 we continued to navigate unprecedented changes in the workplace, which required us to adapt and continuously embrace learning and growth. We are boosting our strategic capabilities, talent attraction and development to ensure we have highly motivated and capable people, the right culture and strong organisational health. We continue to support the business to respond to constantly shifting priorities – always putting our people first.

"Our business will only thrive if our people and communities thrive. We continue shaping a culture of belonging and true togetherness that enables growth. Our ambition is to unlock the full potential of our people and organisation, by balancing our passion to win, care for people and deliver results."

Yolanda Talamo
Chief People Officer

Unlock the full potential of our people



Building a bright future

Strengthening our winning culture

For our EverGreen strategy to flourish, we need a culture and behaviours that enable the long-term sustainability of our business.

We have developed a refreshed set of eight HEINEKEN behaviours that have become a common language for recruitment, personal development, leadership development, performance and career conversations. We take personal accountability to live these behaviours and expect the same of each other every day.

We recognise that everyone plays a vital role in strengthening our winning culture. As such, we have aligned the development of our leaders, people managers and individual team players to our desired culture shifts, serving as role models to foster the needed agility required to adapt to a rapidly changing world.

Talent and leadership development

Our people and our brands are our greatest assets. In 2022 we began raising the bar on talent and development to match our brand positioning. We have shaped a new talent strategy, grounded in new talent beliefs. We also shaped a new potential model that considers three fundamental elements: drive to win, inspire & engage and being curious. These evolutions have led to fact-based talent and succession management, including action-oriented people reviews to ensure strong pipelines.

We have embarked on a journey with a renewed global leadership development curriculum aligned to delivering our EverGreen strategy. This year we have 80 participants in our HIMAC senior manager programme, 100 women in our Women Interactive Network (WIN) programme and 80 participants in our Accelerate programme. Overall in total, our people achieved more than 740,000 training hours.

This year we have also implemented global assessment and development centres for General Management and Marketing functions. We will carry on creating these for all of our key functions to ensure top quality talent to support our business with clear and aligned development areas.

Unleash our diverse talent

Our people are as diverse and unique as our brands. In 2022 we made progress towards our Inclusion & Diversity (I&D) strategy, with focus on three key areas: courageous leadership, creation of an inclusive environment and fostering fair and equal opportunities.

We have the ambition to improve the gender balance across our senior management population, with the goal of 30% women by 2025 and 40% by 2030. At the end of 2022, 27% of our senior managers are women. WIN (Women Interactive Network) and Women in Sales are two of our global initiatives to level the playing field for women in leadership at HEINEKEN.

We are also committed to cultural diversity, aiming for at least 65% of country leadership teams to be regional nationals by 2023, and 100% of our managers to be trained in Inclusive Leadership by 2023.

This year we launched a new ALL-Inclusive Leadership e-learning, mandatory for all people managers and available to all employees worldwide, to embrace learning and growth and to champion a culture of belonging. We continue to conduct listening and dialogue sessions in every country and function, to enable people to share their experience of inclusion and to inform improvement actions.

We had even more employees driving positive change together this year via our Employee Resource Groups, including the launch of the TogetHERness Global Network of Women and Allies and new local groups of HEINEKEN Open and Proud (HOP) in several countries.

Our brands are embracing I&D in many ways through campaigns such as Heineken's 'Cheers to all fans'. Our Amstel brand partnered with The Human Library organisation to 'unjudge' people and break stereotypes.

Visit page 142 to learn more about what we have done on our social ambitions

Unlock the full potential of our people

Caring for our people

Safety, health and well-being

At HEINEKEN, the Safety, Health and Well-being strategy reflects our company value of Care. We focus on shaping a leading Health & Safety culture fully embedded in our ways of working, counting on everyone's leadership, engagement and participation.

It has been a challenging time for all in the past year as we continued to navigate the pandemic and adjust to a new normal. With health and well-being as a key priority at HEINEKEN, we focused on supporting our employees through our HEI-Life framework. Four dimensions of well-being were addressed: professional, emotional, social and physical. We developed strategies to support our teams in areas such as mental health and stress management as well as to enable employees to successfully thrive in challenging times.

We have collected our global and operating company well-being initiatives and best practices under the HEI-Life framework, promoting sharing and learning throughout our HEI-Life community, fostering a culture where people openly discuss and address well-being while embracing enjoyment of life.

Our annual Climate Survey took place in September this year with the purpose to better understand how our colleagues experience working for HEINEKEN. More than 79,000 employees from 81 operating companies shared feedback – a 92% response rate (91% in 2021).

Social sustainability

People and community remain at the heart of our values. These values have grounded us for the past 158 years and are the foundation for our future success.

In 2022 we continued our global Brew a Better World ambition to create a fair and safe workplace for our more than 85,000 colleagues, as well as third-party employees working adjacent to our business.

Leveraging our partnership with an NGO, The Fair Wage Network, we continued to benchmark and adjust compensation to ensure every employee will earn a fair wage, and not just the legal minimum wage. Unfortunately, legal minimum wages are often insufficient to afford a decent standard of living, particularly in times of unprecedented cost of living increases as we saw in 2022.

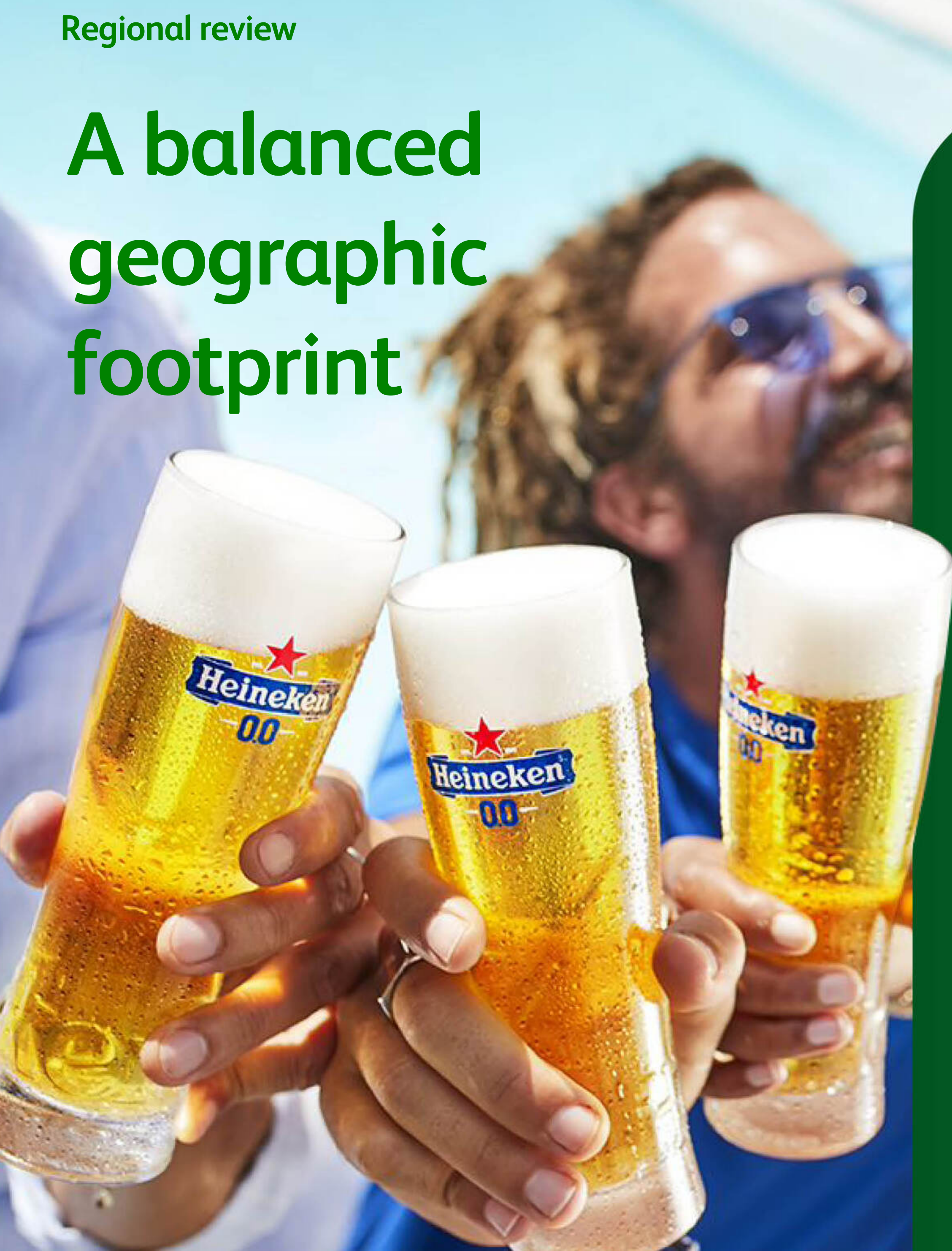
In 2022 we made progress on our equal pay for equal work ambition, ending the year with 100% of our operating companies having completed assessments and 100% with action plans to close any gaps.

Beyond HEINEKEN's direct employees, we continued our global initiative to ensure fair living and working standards for third-party employees and brand promoters through on-site, independent human & labour rights assessments by Elevate Ltd.

Visit page 142 to learn more about what we have done on our social ambitions

Regional review

A balanced geographic footprint



Africa, Middle East & Eastern Europe

Consolidated beer volume

39.2mhl

Page 30

Americas

Consolidated beer volume

88.5mhl

Page 31

Asia Pacific

Consolidated beer volume

48.0mhl

Page 32

Europe

Consolidated beer volume

81.2mhl

Page 33

Africa, Middle East & Eastern Europe

Continued strong performance across Africa

"We have deep roots in Africa. We think in generations and invest for the long term because we believe that Africa is the next frontier of growth with rising population, rapid urbanisation, and continued GDP growth."

Roland Pirmez
President, Africa, Middle East & Eastern Europe

39.2mhl
Consolidated beer volume
(2021: 38.9mhl)

6.4mhl
Heineken® volume
(2021: 6.7mhl)

€554m
Operating profit (beia)
(2021: €442m)

15.3%
Consolidated beer volume as % of total
(2021: 16.8%)

€4,005m
Net revenue (beia)
(2021: €3,159m)

12.6%
Operating profit (beia) as % of total
(2021: 12.4%)

Key brands:
Heineken®
Amstel
Primus
Desperados
Mutzig

We saw continued strong growth in 2022 across the region building on the post COVID-19 recovery in 2021. In the second half of the year there was increased macroeconomic volatility and uncertainty in the region, driven by significant inflation, currency devaluation, and reduced access to hard currency. Consumer purchasing power came under increased pressure, governments had limited fiscal space, and we saw growing signs of social instability in some markets. Despite these challenges we retained a very strong performance for 2022 driven by the performance of Ethiopia, South Africa, Nigeria and Rwanda.

In 2021, we announced our intention to acquire control of Distell and Namibia Breweries to create a regional beverage champion for Southern Africa. The transaction is still subject to approval of the Competition Tribunal of South Africa, and we continue to expect that it will close in Q2 2023. The combined business will be one of the top five operating companies of HEINEKEN, perfectly positioned to capture significant growth opportunities in Southern and Eastern Africa.

In March 2022, we announced our decision to leave Russia. We aim for an orderly transfer of our business to a new owner in full compliance with international and local laws. We continue to make progress to transfer the ownership of our business in Russia whilst dealing with frequently changing regulations. We aim to reach an agreement in the first half of 2023.

We continued to premiumise our portfolio in Africa, Middle East & Eastern Europe (AMEE), led by Heineken®. Total premium lager (excl. Russia) grew by 4.2%, outperforming the region. Heineken® continued its momentum, growing double-digit in volume and above 20% in revenue. The growth is well-balanced across the region with particularly strong performance in South Africa recovering to pre-pandemic levels. Brand power is growing in the majority of markets driven by successful UEFA Champions League activation, launch of the 'Credentials' campaign, and complemented by the 'Afterwork' activation platform.

Amstel, the second largest brand in the region, also showed good momentum with volume growing double-digit and revenue growing above 30%. Key contributors include South Africa, Burundi and Rwanda. In 2022 we launched a new regional positioning, supported by new brand campaign and refreshed visual identity.

Tiger continues to grow in Nigeria, becoming the second largest premium brand in the market after Heineken®.

We continued to expand our portfolio beyond beer, expanding into the Flavoured category with Desperados and Strongbow both growing above 30% in volume, driven by strong performance in Nigeria and South Africa respectively.

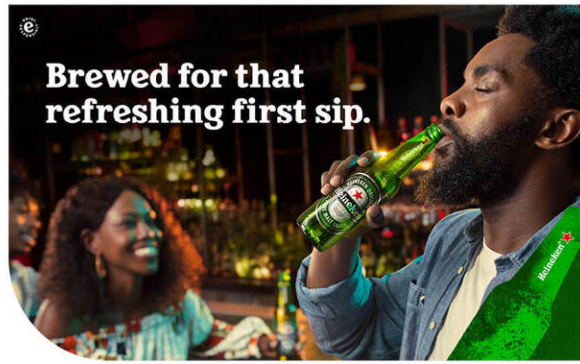
Our solid performance of Primus shows the strength of Mainstream Lager in Central Africa driven by double-digit growth in Democratic Republic of the Congo (DRC) and Rwanda.

We continued to build a customer-centric culture across the business. All markets launched robust customer service measurement, resulting in systematic solutions to meet the evolving needs of customers. This has resulted in flexible solutions to enable faster, more efficient service driven by digital accelerators, increasing precision in customer and consumer investment, growing resource and investment efficiencies.

Our Brew a Better World (BaBW) strategy took a significant step forward with the launch of the 6.5MW solar power plant next to our brewery in Sedibeng, South Africa. Believed to be the largest brewery project on the continent, 14,000 solar panels track the movement of the sun throughout the day to generate around 30% of the brewery's electricity requirements.

Operating in Africa brings many challenges for HEINEKEN. We are determined to learn from these and play our part in raising the bar on sustainable and responsible business practices. A recent IFC report highlights some of the impacts achieved by our long-term barley development programme in Ethiopia. Their analysis identified that 180,000 farmers are engaged in malt barley production and that another 137,000 full-time jobs have been created in aggregation, transport, processing and marketing. They also estimate that the sector contributed close to ETB 18 billion in tax revenue in 2021 and saved around USD 800 million via import substitution.

We also took important steps in our BaBW social ambitions. We believe that all our employees should be able to afford a decent standard of living for themselves and their families even where national minimum wage policies are lacking. That is why all our AMEE operating companies have implemented fair wages for employees based on independent data from the Fair Wage Network.



Americas

Strong performance in the Americas

"We continue to invest and deliver profitable growth in our core markets, alongside increasing our footprint in the region. Our focus remains on premiumisation and innovating in beer and beyond to meet the needs of our consumers and customers."

Marc Busain
President, Americas

88.5mhl Consolidated beer volume (2021: 85.4mhl)	**22.2mhl** Heineken® volume (2021: 19.6mhl)	**€1,391m** Operating profit (beia) (2021: €1,215m)
34.4% Consolidated beer volume as % of total (2021: 36.9%)	**€9,421m** Net revenue (beia) (2021: €7,226m)	**31.6%** Operating profit (beia) as % of total (2021: 34.0%)

Key brands:
Heineken®
Heineken® 0.0
Dos Equis
Tecate
Amstel ULTRA

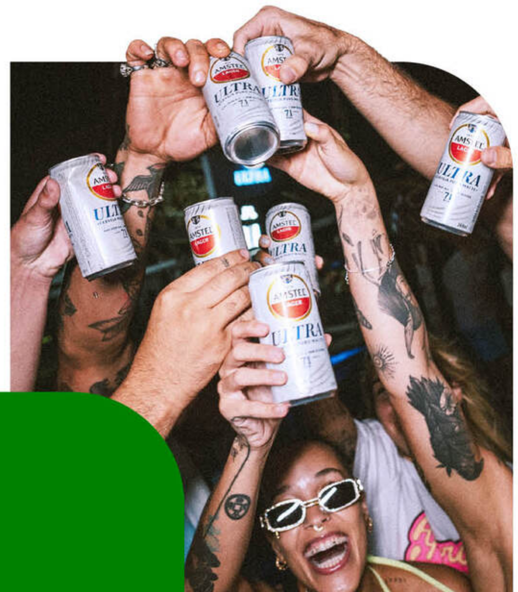
The Americas represents the largest profit pool for Global brewers, and we are increasing our share. We continue to grow in our key markets Mexico and Brazil while expanding our footprint in the region in line with our EverGreen strategy.

The premium beer portfolio grew double-digit in volume led by Heineken® in Brazil and Amstel ULTRA in Mexico. Heineken® 0.0 momentum continues with strong double-digit growth consolidating our position as the leading 0.0 proposition in the region. Heineken® Silver has been recently launched in Mexico and Chile. The Americas region is now the largest region for the Heineken® brand.

In Mexico, revenue grew double-digit due to revenue management initiatives with beer volumes growing single-digit. Our premium beer portfolio grew in the high-teens, led by Amstel ULTRA, Bohemia and Heineken®. The Dos Equis franchise grew double-digit driven by strong marketing investments and the continued growth of the Dos Equis Ultra innovation. We remain market leaders in beyond beer with continued double-digit growth of Sol "Mezclas" and the Strongbow franchise. The On-Premise channel is back to growth after lifting of COVID-19 restrictions. Our SIX retail business exceeded 16,000 stores and is being leveraged to deploy GLUP, our growing eB2C platform which already has more than 200,000 active users. Mexico also announced the construction of a new can manufacturing plant near Meoqui, further enhancing the brewery's legacy as a pioneer in circularity and waste management.

In Brazil, beer volume grew high-single-digit fuelled by the premium and mainstream portfolio. This has translated into a sustained market share trajectory growing value share ahead of volume share with intentional efforts behind premiumisation and accelerated growth of our returnable packaging SKUs. We have strengthened our leadership in premium led by Heineken®, growing triple-digit versus pre-pandemic levels, and Sol. Heineken® 0.0 continues to grow in the high-teens and has consolidated its position as segment leader. HEINEKEN Brazil is also now leading the craft beer segment with Lagunitas, Baden Baden, Blue Moon, and Eisenbahn styles. Our dual route-to-market strategy is proving to be effective in achieving increased reach across channels with continuously improved service levels to our customers. The Ponta Grossa brewery expansion phase 2 was completed and will create further capacity for our premium portfolio.

The HEINEKEN USA business went through significant supply chain disruptions leading to an overall volume decline. The supply chain improved in the second half of the year, yet most of the year faced unprecedented challenges resulting in out-of-stocks. Heineken® 0.0 holds its position as the #1 non-alcoholic beer in both volume and value. The Dos Equis brand continues to expand its range via innovations including Lime & Salt. We are gearing up for the large-scale launch of Heineken® Silver with an investment of more than €100 million in 2023.



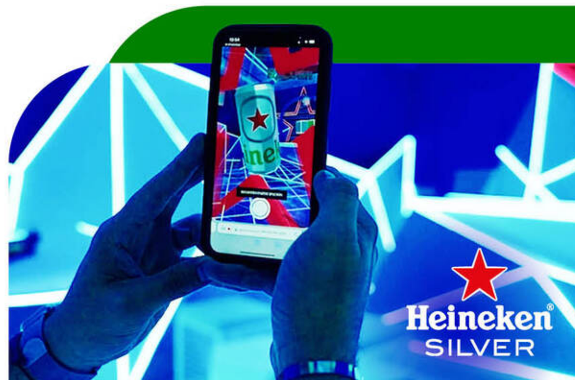
We continue to accelerate our digital transformation with our B2B solution HeiShop reaching close to €3.2 billion GMV and 250,000 active customers. We have also deployed our Connected Brewery programme over 15 breweries resulting in efficiencies and scalable use cases.

Our regional performance is also supported by a strong delivery in our Caribbean markets, particularly Suriname, Jamaica, Saint Lucia, and Panama which are offsetting the challenging situation in Haiti. Bahamas had a very strong year growing top and bottom line by double-digits. We also achieved positive results with our joint venture partners in Chile, Colombia, Argentina, Paraguay and Belize.

We continue to make strides in our recent market entries with Ecuador showing sustained market share gains and Peru gaining distribution and setting up the fundamentals for growth.

Within the Brew a Better World agenda, Brazil built a sustainability platform called 'Green Your City' which is based on three pillars: circularity, urban reforestation and green energy. For example, during Brazil's largest music festival, Rock in Rio, Heineken® built a $900m^2$ urban forest of native species of the Atlantic Forest to raise awareness for a sustainable environment.

Mexico also launched the TECATE 18+ campaign, aiming to raise awareness and generate conversations against underage drinking. HEINEKEN USA continued with its Behind the Label initiative, a multi-year platform celebrating the people and passion that make up HEINEKEN USA and our industry.



Asia Pacific

A region of growth

"Our recovery in Asia Pacific delivered an outstanding regional performance for HEINEKEN in 2022, accelerated by our superior portfolio and footprint. Top line and bottom line grew by high double-digits, giving us the foundation for continued growth. We remain cautiously optimistic about future opportunities in the region and will continue to bring meaningful and differentiated beer propositions to consumers."

Jacco van der Linden
President, Asia Pacific

48.0mhl
Consolidated beer volume
(2021: 29.4mhl)

9.5mhl
Heineken® volume
(2021: 7.1mhl)

€1,235m
Operating profit (beia)
(2021: €753m)

18.7%
Consolidated beer volume as % of total
(2021: 12.7%)

€4,652m
Net revenue (beia)
(2021: €2,764m)

28.1%
Operating profit (beia) as % of total
(2021: 21.1%)

Key brands:
Heineken® Silver
Kingfisher
Bia Viet
Tiger Crystal
Bintang

A strong market recovery from the impact of COVID-19 restrictions and HEINEKEN's superior relative performance drove outstanding results in 2022. A broad range of markets contributed to our overall success, including Vietnam, India, Malaysia, Cambodia and Indonesia.

Our Asia Pacific region delivered double-digit top- and bottom-line growth as we accelerated our recovery post COVID-19 with the ongoing execution of our EverGreen strategy. Premiumisation is our core engine of growth. We continued to build fantastic momentum in our international premium brands and broad portfolio of local premium jewels that bring relevant and exciting beer experiences to our consumers. Our increased investments in world-class marketing and communications accelerate meaningful differentiation across our brands, to drive brand power and strengthen our premium beer leadership positions, led by Heineken® and Tiger.

Innovation to deliver enhanced consumer value and meet a diverse range of functional needs remains a high priority. We accelerated growth in our easy-drinking and premium propositions Heineken® Silver and Tiger Crystal, both born in Asia. These consumer-centric innovations are now loved by our consumers globally. Heineken® Silver was launched in 20 markets outside of Asia Pacific in 2022, with more to come.

On the digital front, the region is a trailblazer in the digital route-to-consumers and the second-biggest region in HEINEKEN in terms of revenues earned through digital channels. Driven by the speed of digital adoption and the high demand for solutions, we launched Tiger Tribe, a digital product development & Innovation Hub in Vietnam, to accelerate our digital agenda.

We officially opened the Vung Tau brewery extension to support our growth trajectory in Vietnam, where we continue to evolve our portfolio for broad market leadership across premium, mainstream and regional brands. With an annual capacity of 11 million hectolitres, it is our largest brewery in Asia Pacific. Over the past five years, it has undergone multiple expansions to become a state-of-the-art, highly automated and sustainable brewery.

Across the region, we continue to raise the bar on our Brew a Better World agenda with efforts focusing on making significant progress on our Net Zero ambition in scope 1 & 2 and contributing to healthy watersheds.

Our success is achieved through intentional partnerships and cross-industry collaboration. For example, in Vietnam, we work in partnership with WWF to support healthy watersheds in Tien Giang and, in India, we work with various NGOs to scale our corporate social responsibility programmes. Recently, in Indonesia, we created a public-private platform, Cut The Tosh (CTT), an initiative focused on creating meaningful collaboration with organisations, government and media partners to collaborate on net zero efforts.

Meanwhile, our focus on people remains strong. We sharpened our regional talent development programme, BOOST (Build Our Own Sustainable Talent), to be even more intentional in driving the talent agenda. In 2022, BOOST helped grow our regional talent in senior management to two-thirds. We also launched a revised HEINEKEN Graduate Programme and enhanced our capability to attract the best talent in their markets through an Employer Branding intervention.

Asia Pacific's growth fundamentals remain strong: the middle-class population will continue to grow, and the citizens will be increasingly urbanised. By 2050, it will be home to over 90% of the global middle-class population. We will continue to uncage our full potential to shape the future of beer and beyond in Asia Pacific.

Europe

Strengthening our leadership in Europe

"In a continuously challenging and volatile environment, we delivered growth in Europe. As the market leader we want to shape the future of beer in the region. We continue to invest and grow our premium brands, while managing our costs and digitally transforming our route-to-market to best serve our customers and consumers."

Soren Hagh
President, Europe

81.2mhl Consolidated beer volume (2021: 77.5mhl)	**16.8mhl** Heineken® volume (2021: 15.5mhl)	**€1,221m** Operating profit (beia) (2021: €1,160m)
31.6% Consolidated beer volume as % of total (2021: 33.5%)	**€11,362m** Net revenue (beia) (2021: €9,494m)	**27.7%** Operating profit (beia) as % of total (2021: 32.5%)

Key brands:
Heineken®
Birra Messina
Birra Moretti
Desperados
Strongbow ULTRA

We continued to drive towards our regional ambition in 2022 by investing in our premium portfolio while driving innovation at scale. We also showed a strong commitment to the initiatives that fuel our EverGreen transformation in Europe, including continued efforts to future-proof our supply chain and digitise our sales footprint across the region. Despite increased inflationary pressure and challenging recovery in the on-trade, this sharp focus helped our teams deliver a 4.6% increase in beer volume and a 19.2% increase in net revenue (beia) compared to last year. In addition, our operating companies overcame high input and logistics costs with a broad and disciplined approach to Revenue Management and by accelerating our productivity initiatives.

As we navigated volatility in the region, we also worked together to continue building a future-fit HEINEKEN in Europe. Within our supply chain, we rolled out production excellence initiatives in all breweries, launched a Transport Management Hub and reduced the number of unique bottles in Europe by 50% through our proven platforming approach. We also grew our digital sales in the on-trade by about 50% vs. 2021, making our on-trade eB2B platform the largest in Europe. These activities deliver far more than cost savings – by successfully implementing these strategic initiatives, we will continue to win in Europe for generations to come.

Strengthening our portfolio and geographic footprint is key to our long-term growth strategy and in 2022 we made significant progress on this front. In fact, looking at brand power growth by brand by market, nine out of ten fastest growing brands belong to the HEINEKEN portfolio as reported by Kantar.

With our Next Generation brands, we have set out to build premium brands that connect with the values of Gen Y and Z. By delivering innovations that are meaningful and different, we can grow our gross profit margin and grow our business – and we saw progress on this front in 2022. Our premium beer volume grew by a high-single digit, boosted by the launch of Heineken® Silver and the performance of our portfolio of Next Generation brands, including Desperados, Birra Moretti and El Águila among others.

In Q2 of 2022, we reached a milestone in our premiumisation journey with the launch of Heineken® Silver. True to our mission, we did it in a way that was both meaningful and different – kicking off in March the first virtual beer launch in the Metaverse before launching the brand 'for real' in April. We also continued to push our portfolio beyond beer. Our non-alcoholic offerings continued to grow driven by the success of Heineken® 0.0.

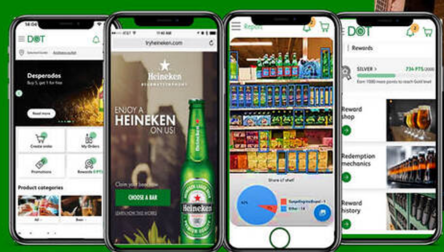
Cider continued growth in the UK, Ireland, Spain and Portugal, led by the launch of Strongbow Ultra Dark Fruit in the UK.

In September 2022, HEINEKEN UK acquired the remaining shares in Beavertown Brewery – one of the most popular super premium beers in the UK – assuming full ownership of London's largest brewery. We also reaffirmed our continued investment in Poland by acquiring 28.2% of the shares of Grupa Zywiec (GZ) to secure sole control of the business. These investments provide great long-term growth opportunities in high-potential markets, which is key to delivering our EverGreen ambition across Europe.

Our focus on Brew a Better World was visible across the Europe region in 2022. In addition to global activations our operating companies continued to find innovative ways to deepen the relevance of low- and no-alcohol beers among our consumers. A recent example is the HEINEKEN UK partnership with ITV to serve Heineken® 0.0 draught in two of the most iconic pubs on British TV.

We opened a new wastewater treatment plant at our brewery in Serbia as part of our aim to support the health of local watersheds by treating 100% of our wastewater. Furthermore, we are constructing our first-ever thermal solar site at our Seville brewery in Spain where eight hectares of solar panels will generate 28,700 MWh of thermal energy per year and reduce the brewery's carbon footprint of fossil gas by 60%. An important step in the ambition to deliver net zero carbon emissions in our production.

The continued drive to Brew a Better World is increasingly being recognised across the region. As such HEINEKEN Croatia was in October added to the Croatian Sustainability Index, the most reputable sustainability award in Croatia, and our Athenian Brewery in Greece received the 2022 Gold Award from the National Corporate Responsibility Index.



Risk Management

Integrated approach

At HEINEKEN, risk management is an integral part of doing business, supported by clear governance. Risks are an essential element when opportunities are assessed and strategies are set. Management decisions are made in line with HEINEKEN's risk appetite. Risks are identified, mitigated and monitored on an ongoing basis, as part of business routines.

HEINEKEN's risk management approach addresses the risks the Company inevitably faces in achieving its strategy. Managing risks in a conscious manner increases the likelihood of achieving our strategy and business objectives. A proactive approach ensures risk management is part of our executive conversations and is embedded in our processes. This benefits our decision-making and is essential to create and preserve long-term value.

Risk Management is part of the HEINEKEN business framework

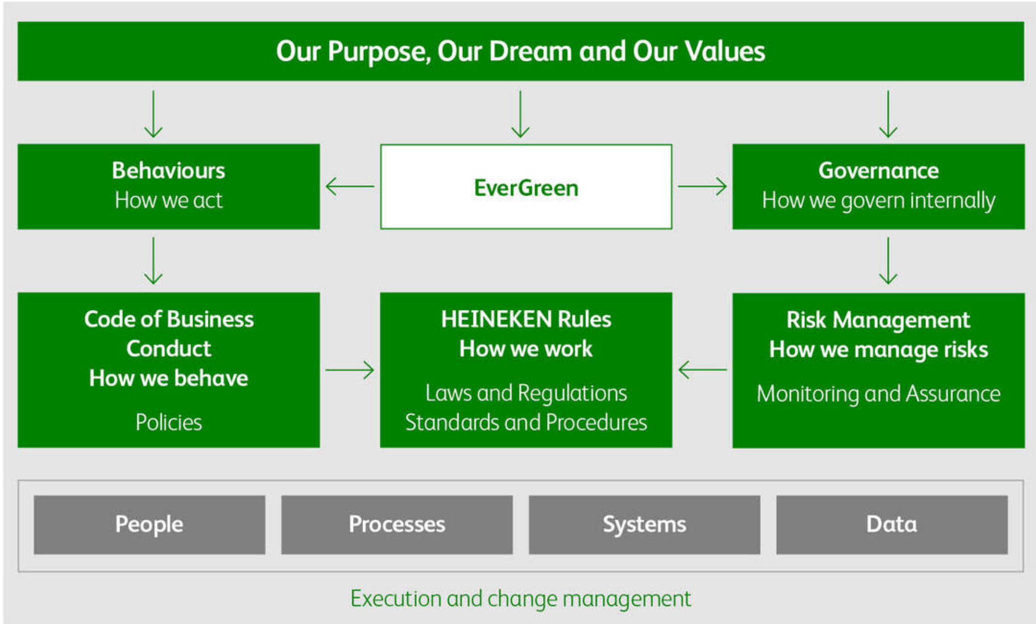
The HEINEKEN business framework articulates the key elements that the Company relies on to operate effectively and deliver long-term value creation while protecting its people, assets and reputation.

Our Purpose, Our Dream and Our Values underpin our EverGreen strategy, enabled by our organisational structure and strong governance. The behaviours give clear guidance to all employees on how to act and foster a culture of achievement, collaboration and growth, underpinned by a Behaviours Framework that reflects the expected attitudes in decision-making.

Continuous Risk Management supports the achievement of business objectives, based on our Risk Assessment Cycle, the HEINEKEN Code of Business Conduct and the HEINEKEN Rules. As part of the Risk Assessment Cycle, operating companies and their Management Teams review and update their risks on a continuous basis throughout the year. The Code of Business Conduct and its underlying policies set out HEINEKEN's commitment to conduct business with integrity and fairness, and respect for the law and our values. The HEINEKEN Rules articulate how we work and the Standards to which we commit. They are a key element for managing the risks faced by our Company and translating our objectives into clear instructions on how to conduct our daily business.

HEINEKEN's systems of risk management and internal control, which are based on the COSO Enterprise Risk Management and Internal Control Reference model, form a fundamental part of the HEINEKEN Business Framework.

Our Business Framework



Risk profile

HEINEKEN is predominantly a single-product business, operating throughout the world in the alcohol industry. HEINEKEN is present in more than 70 countries, with a growing share of its revenues originating from emerging markets.

An increasingly negative perception in society towards alcohol could prompt legislators to implement further restrictive measures, such as limitations on availability, advertising, sponsorships, distribution and points of sale, and increased tax. This may cause changes in consumption trends, which could lead to a decrease in the brand equity and sales of HEINEKEN's products.

HEINEKEN has undertaken business activities with other market parties in the form of joint ventures and strategic partnerships and with independent distributors. Where HEINEKEN does not have effective control, decisions taken by these entities may not be fully harmonised with HEINEKEN's strategic objectives. Moreover, HEINEKEN may not be able to identify and manage risks to the same extent as in the rest of the Group.

Risk appetite

HEINEKEN's risk appetite is the result of its wide geographical spread, prudent financial management and commitment to long-term value creation. Risks are taken consciously, assessing their impact on HEINEKEN's objectives. The level of risk HEINEKEN is willing to take depends on the type of objective it impacts (reputational, financial or business continuity related).

Reputational

HEINEKEN is reliant on the reputation of its brands and the protection of its intellectual property rights. Reputation management is of utmost importance to HEINEKEN. We have invested considerable effort in protecting our brands, including the registration of trademarks and domain names. We aim to reduce the risks that could negatively impact our reputation to the furthest extent possible, accepting that this may come at a cost.

Financial

HEINEKEN is keen on pursuing commercial opportunities to deliver superior and balanced growth, accepting uncertainties linked to its strategic choices and the context of the individual markets in which it operates.

Business continuity

HEINEKEN makes the availability of its brands a priority, accepting only minimal disruptions to its operations. In addition, HEINEKEN continuously invests in making the organisation future-proof and ensuring the sustainability of the business.

Risk Management

Internal control

HEINEKEN's internal control activities aim to provide reasonable assurance as to the accuracy of financial information, non-financial disclosures, the Company's compliance with applicable laws and internal policies, and the effectiveness of internal processes.

Internal controls have been defined at operating entity level (HEINEKEN Rules – comprising all mandatory standards and procedures) and at process level (Process and Control Standards) for key processes, including financial reporting, IT and Tax.

Compliance with company policies is periodically assessed. Deviations from the defined standards are included in the global monitoring and follow-up processes, supporting management in addressing these deviations. Management is responsible for the definition and timely implementation of action plans to remediate any deficiency identified as part of these assessments. The results are reported to the Executive Board.

The HEINEKEN Rules, policies and controls are periodically updated to reflect both the Company key risks and the extent to which the Company is willing and able to mitigate them.

Risk Committee

The Executive Board of HEINEKEN is accountable for risk management, risk oversight and the protection of HEINEKEN's reputation, value of assets and brands.

The Board is assisted by the Risk Committee, chaired by the CFO, in regular reviews of the Group risk assessment cycle that summarises the Company's key risks, associated mitigating actions and monitoring activities. These reviews consider the level of risk that HEINEKEN is willing to take and the type of HEINEKEN's objectives it impacts.

The Risk Committee identifies changes to the Company's risk exposure and proposes interventions if required.

Organisation

For the organisation of risk management activities, HEINEKEN applies a 'three lines of defence' model. First and most important is the quality and behaviour of operational management, the first line of defence. They have the ownership, responsibility and accountability for assessing and mitigating risks.

Operational management is supported by the second line of defence functions that oversee compliance with HEINEKEN's policies, processes and controls, facilitate the implementation of risk management practices and drive continuous improvements of internal controls.

As third line of defence, the internal audit function ('Global Audit') is mandated to perform Group-wide reviews of key processes, projects and systems, based on HEINEKEN's strategic priorities and most significant risk areas. Global Audit provides independent and objective assurance and consultancy services. It employs a systematic and disciplined approach to evaluate and improve the organisation's governance and risk management process including reliability of information, compliance with laws, regulations and procedures, and efficient and effective use of resources. The methodology followed by Global Audit is in accordance with the standards of the Institute of Internal Auditors.

To support the Executive Board's external representations, a formal bi-annual Letter of Representation process is in place. It requires management to take responsibility for accurate and complete reporting on financial and non-financial reporting disclosures, financial reporting controls and on compliance with the Code of Conduct and other HEINEKEN Rules, as well as identifying and reporting on fraud and irregularities.

Processes

HEINEKEN's risk management activities seek to identify and appropriately address any significant threat to the achievement of the Company's strategy and business objectives, its reputation and the continuity of its operations.

HEINEKEN's risk management system enables management to identify, assess, prioritise and manage risks on a continuous and systematic basis, and covers all subsidiaries across regions, countries, markets and corporate functions. Ongoing identification and assessment of risks, including new risks arising from changes in the global or local business environment, are part of HEINEKEN's planning, performance and risk management cycles. Risk assessments are performed by every subsidiary and all global functions. The implementation of responses and progress of risk mitigating measures is monitored on a quarterly basis.

Risk assessment outcomes are aggregated at a global level and serve as basis for determining HEINEKEN's risk exposure and risk management priorities by the Risk Committee. Accountability for mitigating, monitoring and reporting on the most significant risks is assigned to functional directors who report on progress and residual risk levels three times per year to the Risk Committee.

HEINEKEN continues to invest in the evolution of risk management in the Company. Building on the existing risk and controls mechanisms, improvements are aimed at driving business ownership of risks, increasing business involvement in risk management and expanding the integrated view of risks. In 2022, specific focus has been given to climate related-risks, refer to the 'Strategy and climate-related risk management' section on page 153.

Main risks

The risk overview on the next pages highlights the main risks that could hinder HEINEKEN in achieving its strategy and business objectives.

This is not a full overview of all risks and uncertainties that may affect the Company. As new risks emerge and existing immaterial risks evolve, timely discovery and accurate evaluation of risks are at the core of HEINEKEN's risk management system.

Financial risks are reported separately in note 11.5 in the Financial Statements on pages 107–110.

The Statement of the Executive Board is included in the Corporate Governance Statement on pages 44–51.

The way we manage risks related to Responsible Consumption, Business Conduct and Human Rights are further detailed in the Sustainability Review section of our Annual Report on pages 126–166.

Risk Management

Regulatory changes related to alcohol

What could happen?

The topic of alcohol and health is under scrutiny in many markets. This may prompt regulators to take further measures limiting HEINEKEN's freedom to operate, for example through restrictions or bans on advertising and marketing, sponsorship, availability of products, adding health warnings to labels, increased taxes and duties or imposing minimum unit pricing. This could lead to lower overall consumption or to consumers switching to different product categories.

Recent developments

Authorities and regulators continue to introduce restrictive measures on alcohol consumption and sales. Recent examples are restrictions in marketing and labelling requirements for specific markets. These measures can have a negative impact on our business in the affected markets.

What are we doing to manage this risk?

Responsible consumption is an important element of our Brew a Better World 2030 strategy, because HEINEKEN strongly believes in the importance of reducing alcohol-related harm. By using the power and reach of our brands through campaigns like the award-winning 'When You Drive Never Drink', HEINEKEN strives to make responsible consumption aspirational for all consumers. We aim to invest at least 10% of Heineken® media spend into responsible consumption campaigns each year, reaching one billion consumers. By the end of 2023, HEINEKEN strives to have at least two 0.0 options of its brands in the majority of the countries where it operates, because we aim to provide consumers more options for low- and no-alcohol brands.

We also work closely with stakeholders to prevent and reduce the harm caused by abuse such as underage drinking or drinking and driving. Our operating companies are engaging in formal partnerships with local stakeholders (like Governments, NGOs or specialists) to tackle harmful drinking.

We also stepped up our product labelling guidelines to provide consumers with more information about our products. We are aiming for clear and transparent consumer information on 100% of our products in scope, including full nutritional information and ingredients on pack, recycling and legal drinking age symbols and a QR code on pack that links to further information on alcohol and health.

Explore further: Raising the bar on responsible consumption, pages 147–148

Economic and political environment

What could happen?

Throughout the world, local or regional economic and political uncertainties could impact our business and that of our customers. In particular, the risk of an economic recession, change of law, trade restrictions, inflation, fluctuations in exchange rates, devaluation, nationalisation, financial crisis or social unrest could adversely affect our revenues and profits.

Recent developments

Early in the year, COVID-19 still forced major containment measures, diminished economic activity and required drastic fiscal and monetary actions to protect jobs and markets. Additionally, the global economy trends to a slow down due to the impact of the war in Ukraine and, until recently, China's zero COVID-19 policy, which have triggered inflationary pressure in supply chain and energy prices. This could lead to more structural shifts and lead to a prolonged recession of the global economy, with governments applying tighter monetary policies that weigh on real disposable income and consumption. This could increase the risk of bankruptcies and the potential failure of certain sectors to fully recover. As a consequence, structural unemployment – especially for youth – is likely to surge with knock-on effects on consumer demand. Public debt, the disruption of global value chains and barriers to the cross-border movement of people and goods round out the key risks.

Agility has become a priority to enable businesses to navigate subsequent changes in laws, currency movements, import restrictions, scarcity of hard currencies, commodity pricing and their impact on the Company's profit.

What are we doing to manage this risk?

HEINEKEN has set up various tools to limit the impact of such events on its business. They include supplier management, short-term liquidity management, tight foreign exchange monitoring, prudent balance sheet measures and scenario planning in respect to resource allocation including various cost and value optimisation initiatives.

HEINEKEN has monitoring mechanisms in place globally and locally to allow us to monitor, report and engage proactively on political risks. For events which could threaten the continuity of the business, contingency plans are in place. With our strategic priority of 'Fund the growth, fuel the profit', HEINEKEN continuously reviews its cost base to increase operating leverage

Explore further: Fund the growth, fuel the profit, pages 16–17

Environmental legislation

What could happen?

HEINEKEN not being able to respond to the impact of environment-related changes on our operations in a timely manner. If new environmental legislation is introduced, this could lead to legal claims, increased compliance costs, restrictions on production, packaging, distribution, selling and marketing of our products, reputation damage, and limits on our licence to operate resulting in negative business impact.

Recent developments

Speed and scope of environment-related changes on our operations are increasing. Markets need to be prepared to respond and adapt to these changes in a timely manner to prevent restrictions in all areas of the value chain and significant costs to ensure compliance.

What are we doing to manage this risk?

Environmental sustainability is one of the priorities of HEINEKEN's Brew a Better World sustainable development strategy. HEINEKEN continuously monitors existing and emerging environmental issues and regulations across the globe to ensure awareness and compliance and to prepare the business for future changes. Current and future environmental regulations are being assessed and cross-functional teams assigned to implement the actions needed.

Beyond this, HEINEKEN closely works with experts such as NGOs, universities, governmental organisations and suppliers across the value chain. It also co-operates with peer companies in international and national platforms such as The Brewers of Europe, the Beverage Industry Environmental Roundtable and the Dutch Sustainable Growth Coalition.

Changing consumer preferences

What could happen?

Consumers have an ever-expanding choice of beverages and brands available to meet their needs. This requires HEINEKEN to constantly adapt its product offering, innovate and invest to maintain the relevance and strength of its brands. Failure to do so would, in the longer term, affect our revenues, market share and, possibly, our brand equity.

Recent developments

Within the beer category, the diversification of taste and the rise of low- and no-alcohol products have been the most noticeable changes in consumer tastes in recent years. In particular, an increased consumer focus on health and well-being is resulting in a growing interest in low-alcohol, low-calorie and low-carb propositions.

Beyond beer, the significant diversification of choice in ready to drink beverages is remarkable but volatile, representing both risks and opportunities. Long-held boundaries between beer, wine, spirits and non-alcoholic beverages are blurring, changing the face of competition and stretching brands into new domains.

What are we doing to manage this risk?

HEINEKEN has embarked on an extensive Consumer Inspired Growth programme to address this risk and opportunity, helping us move from knowing beer to knowing consumers. By thoroughly understanding consumer needs in beer and beyond and comparing them within and across markets, we can uncover scalable innovation opportunities – be it within our existing categories, in adjacent categories or in nascent/ emerging sub-categories.

Explore further: Shape the future of beer and beyond, pages 11–15. Raising the bar on responsible consumption, pages 147–148

Risk Management

Leadership, talent and capabilities

What could happen?
Our EverGreen ambition requires us to unleash the full potential of our people, attract the best diverse talent and grow them to their full potential. If HEINEKEN is not successful in attracting, developing and retaining diverse and talented people and leaders with the required capabilities, it may jeopardise our ability to execute our strategy and achieve the targeted returns.

Recent developments
Within the context of EverGreen, we are on a journey to increasing our succession bench strength, enhance our leaders' skills, develop key capabilities (including digital) and the diversity of our leadership pipeline.

What are we doing to manage this risk?
We have recently updated our Company Purpose, Values and Behaviours, which are applicable to all our employees and define the shifts we will need to make to build on our strengths and address our vulnerabilities. We have refreshed our Talent Management strategy to align to EverGreen and external best practices and changes. This includes a new potential model to identify and develop talent.

Our revamped I&D strategy includes transparent ambitions on gender balance, cultural diversity and development for people managers. It focuses on courageous leadership, fostering an inclusive environment and creating equal opportunities.

We continue to invest in learning and development, with a new learning strategy and investments in developing leaders at all levels in the organisation. We launched a refreshed Leadership Development Curriculum, aligned to our EverGreen strategy.

We are boosting an intentional and scaled approach to capability building by identifying and developing our key Company-wide strategic capabilities and harmonising our capability framework across the organisation.

Explore further: Unlock the full potential of our people, pages 26–28

Changing beverage landscape

What could happen?
Consolidation and convergence in the beverages industry may affect existing market dynamics due to competitive disadvantage with suppliers and increased competition on commercial spend and customer acquisition strategies. There is also a risk from increasing consolidation and competition within overall beverages, with non-beer competitors targeting the same consumers and occasions as beer players, through product offerings such as hard seltzers and pre-mix spirits cocktails.

Recent developments
Despite recent market consolidation, beer remains a very local industry with respective country shares more relevant than global share. Further impact could come from consolidation on the customer side.

What are we doing to manage this risk?
HEINEKEN is constantly working to improve its cost efficiency while rolling out a strategy to maintain and develop its competitive advantages, in particular in Premium spaces.

Through a number of acquisitions and partnerships, HEINEKEN has evolved its footprint to reach an optimal balance of higher growth developing markets and more stable developed markets and to build an extensive and complementary brand and product portfolio, alongside its flagship Heineken® brand.

HEINEKEN is participating in capital- and knowledge-sharing to keep the beer category attractive and relevant for consumers. To continue winning on the customer side, HEINEKEN explores and implements new ways of working and new channels, including digital/eCommerce platforms. HEINEKEN combines this activity with an acceleration of its own internal innovation efforts to develop and bring to market new offers for consumers in both beer and other beverage categories.

Explore further: Shape the future of beer and beyond, pages 11–15

Health and safety

What could happen?
HEINEKEN aims to provide a healthy and safe workplace for all employees and contractors. Despite the controls in place, HEINEKEN employees, contractors and visitors may be impacted by uncontrolled events in the brewery, supply chain, route-to-market or in our offices, which could lead to illnesses, serious injuries or fatalities potentially followed by business disruption, losses, reputational or legal claims.

Recent developments
Despite our continuous efforts to provide safe working conditions, in 2022 we have still experienced incidents with significant safety impact on our premises, including two fatal accidents involving contracted employees, underlining the importance of realising further improvements in the area of safety and well-being.

It has been a challenging time for all in the past year as we continued to navigate the pandemic and adjust to a new normal. As the availability of quality (emergency) healthcare services varies across the large number of countries and regions in which we operate, ensuring access to quality medical care to our national and international employees and their family members remains a priority.

What are we doing to manage this risk?
Our Safety, Health and Well-being strategy reflects our company value of Care. We focus on shaping a leading Health & Safety culture fully embedded in our ways of working, counting on everyone's leadership, engagement and participation.

Throughout the Company, the HEINEKEN Life Saving Commitments target the activities that carry the greatest safety risks to employees and contractors.

To ensure healthcare coverage, HEINEKEN counts on more than 430 health professionals worldwide. Our employees and dependants have access to broad medical services including screening and lab tests, medicines and pharmacy, health benefits, disease prevention and health promotion projects, emergency evacuations, health training and education. Within the health area, mental health has been identified as an emerging risk. To address this risk, we have launched an internal well-being programme addressing the four dimensions of Well-being: professional, emotional, social and physical.

Explore further: Tackling social challenges and putting people first, pages 142–146

Product safety and integrity

What could happen?
Poor quality or contamination of HEINEKEN products, be it accidental or malicious, could result in health hazards, reputational damage, financial liabilities, disruption of the supply chain and product recalls.

Recent developments
The environment in which we operate is constantly changing. Changes to our product portfolio, growing insights of hazards associated with potential food contaminants, growing consumers' concern on food safety and a more complex legal environment, make it necessary to constantly take action to adapt and respond to these changes, to ensure food safety for our consumers.

What are we doing to manage this risk?
HEINEKEN has established a comprehensive Company-wide Quality Assurance programme covering employee competencies, production standards, recipe governance, suppliers' governance and production material risks. Continuous improvement is achieved through global compliance monitoring and systematic gap-closing.

HEINEKEN anticipates new legislation and emerging risks aided by its partners, suppliers and external scientific institutions and assures implementation of measures to avoid such risks. Should a risk materialise, global recall and crisis procedures are in place to mitigate the impact.

Risk Management

Supply chain continuity

What could happen?

Disruptions to the supply chain could lead to the inability to deliver products to key customers, revenue loss, brand damage and loss of market share. Significant changes in the availability or price of raw materials, commodities, transport, energy and water will either result in supply shortages or increased costs.

Recent developments

Global supply chains are continuing to face disruptions, with the Ukraine war leading to many supply challenges, especially across the energy networks. We have seen a number of our suppliers impacted by these events at different moments throughout the year, leading to previously unseen price volatility and contracting issues. Availability of some resources is limited, largely driven by the Ukraine war, and by global political instability. Climate change and water scarcity are starting to have an effect on crop yield and availability as well as grain prices. Markets and governments are required to take action to adapt and respond to these changes and thus, prevent, interruption of production, significant losses of revenues and increased costs for business.

What are we doing to manage this risk?

HEINEKEN has been able to mitigate the impact of disruptions by using its global footprint and supplier relationships, across both geographies and categories. We have used our agile sourcing methodology, coupled with our brewery flexibility, throughout our global operations in order to ensure supply was not compromised. Business continuity plans have been developed for HEINEKEN's key brands in all key markets and back-up plans are in place in operating companies. Business resilience is further strengthened through ownership of several strategic malteries, long-term procurement contracts, water management plans and central management of global insurance policies. Taking a long-term approach, HEINEKEN has a strategy that is focused on watershed health to protect water resources. Sustainable sourcing is another priority in our Brew a Better World 2030 strategy.

Explore further: Acting now to protect the environment for the long-term, pages 134–141

Increased scrutiny and expectations of society on multinationals

What could happen?

Public and employee scrutiny of HEINEKEN should it not conform to society's expectations to mitigate our potential negative impacts on the world and maximise our positive contribution, can lead to significant reputational damage to the Company or to the brands.

Recent developments

Stakeholder expectations, including those of employees, towards companies, their Environmental, Social and Governance (ESG) strategies and performance, is on the rise. Companies also face growing pressure to increase the positive contribution they make, including measures to address climate change and other sustainability issues, and to share consistent and transparent information that allows stakeholders to assess their sustainability performance and benchmark them versus peers in their industry.

What are we doing to manage this risk?

At HEINEKEN we are raising the bar. Our Brew a Better World 2030 strategy consists of three pillars and nine ambition areas. Each ambition area contains one or more concrete and measurable commitments.

Brew a Better World remains our foundation and our framework for working with others. Our updated strategy raises our ambitions on climate and water action. We will accelerate our efforts to support the social agenda and be even more ambitious and bold in promoting moderate consumption of alcohol.

We developed The Green Diamond to guide us towards 'what winning looks like': we aim to strike the right balance between short-term delivery and long-term sustainability, between top-line growth and overall stakeholder value creation. "Sustainability and Responsibility" is one of the four priorities alongside growth, profitability and capital efficiency. We disclose our ESG performance in a combined Annual Report, on our website and via social media channels. We believe in transparency and, as such, signed up for the WEF Stakeholder Capitalism Metrics in early 2021. HEINEKEN monitors trends and developments in the ESG area across the globe, to make sure we respond adequately and in a timely manner to increasing societal expectations.

Explore further: Our EverGreen strategy, page 8. Raise the bar on sustainability and responsibility, pages 18–21. Stakeholder engagement and materiality, pages 129–130. Brew a Better World strategy, page 127. World Economic Forum core metrics and disclosures, pages 159–165

Distribution channel transformation

What could happen?

The digital disruption is creating new routes to customers and consumers/shoppers, which is potentially a threat if we would be disintermediated and lose connection to transactions and consequently visibility on customer and consumer data.

Recent developments

New B2B and B2C players are entering the market. Some key consumer packaged goods players, including major competitors in our category, are accelerating their investments. Major online retailers continue to strengthen their omnichannel strategy, owning on- and off-line retail. Electronic point of sales systems are increasingly used to collect and leverage customer and consumer data.

What are we doing to manage this risk?

HEINEKEN has accelerated digitalisation in both fragmented trade and more traditional Retail eCommerce. For Fragmented Trade we have shaped a clear vision, strategy and organisational set-up which is structured around the customer. We call that the Unified Customer Ecosystem (UCE). The goal is to create a seamless experience for our customers which will result in a strengthened customer relationship and better visibility on what happens at the moment of purchase. We are also constantly improving our e-retail capability level through clear playbooks and training methods. This supports our ambition to be the number one partner of choice for our retail partners.

Explore further: Shape the future of beer and beyond, pages 11–15

Information security

What could happen?

HEINEKEN's business increasingly relies on technology, both in the office environment and in the industrial control domain of its breweries. Failure of our systems as well as cybersecurity incidents could lead to business disruption, loss of confidential information, unauthorised access to our data, as well as a breach of data privacy regulations. All of this might lead to financial or reputational damage.

Recent developments

HEINEKEN's digital footprint is expanding rapidly, in line with the strategy to become the best-connected brewer. Our Company is and will be more connected with our customers, consumers, suppliers and employees than ever. Attacks are becoming more sophisticated and potential consequences are more punitive and destructive in nature.

A growing number of attacks, most notably increasing cases of malware and phishing are actively blocked by our Cyber Defense Operations (CDO) team. Geopolitical tensions have led to an increase of hacktivism as well as a slow increase of cyber warfare activities. Both will increase the likelihood of a cyber incident. We observe an increase in cyberattacks on our customers as well as key suppliers leading to security of supplies concerns.

On top of this, regulations continue to place stricter security requirements on data processing by HEINEKEN and its ecosystem of partners.

What are we doing to manage this risk?

Cybersecurity remains a top priority within HEINEKEN. All functions collaborate closely to act promptly and aligned in case of cyber incidents at HEINEKEN or one of our suppliers or customers. The portfolio of cybersecurity initiatives, which is evaluated regularly, is executed to address cybersecurity threats in both our office systems and Industrial Control Domain. Our Cyber Defence and Operations teams monitor and act upon cyberattacks 24/7 globally.

Our main focus is to enhance the resilience of the current and future technology landscape of HEINEKEN, while continuously increasing employee security/privacy awareness.

Explore further: Become the best-connected brewer pages 22–25

Risk Management

Digital transformation

What could happen?

In recent years, HEINEKEN has engaged in several significant digital transformation programmes. Our large number of operating companies and fragmented data and technology landscape represent specific challenges to these programmes. These strategic transformation programmes may not deliver the expected benefits or may incur significant cost or time overruns.

Recent developments

The world becomes more digital, and more (inter)connected. Data is more and more an asset and technological developments and its opportunities quickly evolve. HEINEKEN will need to continue to develop its capabilities to stay engaged with its consumers, seamlessly serve its customers and ensure its processes are efficient as possible.

What are we doing to manage this risk?

The new Digital and Technology function, with representation on the Executive Team, has the objective to deliver business value through digital transformation of our route-to-consumer, whilst modernising and simplifying our data and technology landscape across all operating companies.

Programme Management and portfolio management is put in place to ensure prioritisation, de-bottlenecking and value delivery across both the entire value chain and Operating companies.

Explore further: Become the best-connected brewer, pages 22–25

Reporting

What could happen?

Historically, HEINEKEN has grown its footprint organically and through mergers and acquisitions, leading to a diverse landscape of processes and systems and a low level of centralisation. Deviations from the common accounting and reporting processes and related controls could impair the accuracy of financial and non-financial data used for Group reporting and external communications.

Recent developments

Enhanced techniques and technology have become available to strengthen the control environment and to deliver more efficient and robust financial and non-financial data.

External non-financial reporting requirements are changing fast. Developments in upcoming frameworks like CSRD and EU taxonomy are closely monitored and when effective, being embedded in the control environment.

What are we doing to manage this risk?

HEINEKEN is utilising enhanced techniques and technology to continue to drive the improvement and standardisation of its accounting and reporting processes and controls and to harmonise its system landscape.

HEINEKEN has implemented a common framework across its operating companies which includes Internal Control over Financial Reporting, Common Accounting Policies, Standard Chart of Accounts and periodic mandatory training.

The assurance model includes active monitoring of control execution, critical access and segregation of duties. HEINEKEN continues to strengthen the governance, reporting procedures and control framework around non-financial data to further improve the quality of the data reported under its Brew a Better World programme and the new regulatory non-financial reporting frameworks.

Explore further: Notes to the consolidated financial statements, pages 75–118. Reporting basis and governance of non-financial indicators, pages 167–184. Other climate related disclosures, page 166

Non-compliance

What could happen?

Changes in the legal and regulatory environment tend to increase the risk of non-compliance with local and global laws and regulations. Failure to comply with applicable laws and regulations could lead to enforcement, fines, civil (damage) claims and reputational damage. Across many geographies, law enforcement has increased over the past years, in particular with regard to anti-bribery and corruption, competition and data privacy laws, and human rights. This leads to increased risk of allegations of violations of laws and regulations by law enforcers as well as by private parties.

Recent developments

In respect of alleged competition law violations, there is an increasing trend of private parties pursuing civil claims for damages. Recent health trends may lead to an increased risk of consumers making claims. In addition to these trends, continuously expanding sanctions and export controls are posing increased compliance risks, in particular in respect of business in Russia.

What are we doing to manage this risk?

HEINEKEN is constantly looking to enhance its internal compliance system and resilience to adapt to changes in the legal environment. HEINEKEN has embedded legal compliance in its risk and controls system and has established processes and governance to drive implementation and compliance with the Company Rules and the HEINEKEN Code of Business Conduct. Our sanctions compliance framework includes due diligence and ongoing monitoring of business partners and transactions against sanctions lists.

Explore further: Corporate governance statement, pages 44–51

Climate risks

What could happen?

Climate changes could negatively impact the availability of natural resources such as water and agricultural commodities which can lead to interruption of production and loss of revenue. In addition, HEINEKEN will be impacted by carbon tax.

Recent developments

In April 2021, we announced our Brew a Better World 2030 strategy to raise the bar on HEINEKEN's environmental, social and responsible consumption ambitions. The strategy underpins our focus on climate action and translates our ambition into targets and action plans to reduce emissions, help restore healthy functioning watersheds and maximise the circularity of products and processes.

The implementation of the Task Force on Climate-related Financial Disclosures (TCFD) framework supported us in defining the climate-related risks that are more significant for our operations. These are: the impact of carbon pricing on our value chain and own operations, water stress impact on our own operations and climate-related barley yield losses.

What are we doing to manage this risk?

We understand the impact of climate change on the natural resources we use and we collaborate with stakeholders and suppliers to secure their supply and protect our licence to operate. We continue to focus on delivering our water strategy to protect the watersheds from which we source our water and build resilience to water availability. In parallel, we are adapting our processes, materials, and sourcing/production regions to create the agility required to ensure continuity of supply and we are reducing carbon emissions in line with our net zero carbon strategy across the value chain.

Explore further: Recommendations of the Task Force on Climate-related Financial Disclosures page 151. Strategy and climate-related risk management, page 153. Climate-related risk assessment outcomes, page 154

Financial Review

On the path to balanced superior growth

In 2022, we have made good progress against our EverGreen strategic priorities in a challenging external environment; delivering both balanced top line growth and productivity savings. We are stepping up investments in our brands, digital programmes and behind our sustainability ambitions, transforming our business on a multi-year journey fuelling profit growth for long-term value creation.”

Harold van den Broek
Member of the Executive Board and Chief Financial Officer

Key figures[1]

In millions of €	2021	Currency translation	Consolidation impact	Organic growth	2022	Organic growth %
Revenue (beia)	**26,583**	**1,740**	**1,247**	**5,072**	**34,643**	**19.1**
Excise tax expense (beia)	(4,683)	(159)	(677)	(431)	(5,949)	(9.2)
Net revenue (beia)	**21,901**	**1,582**	**570**	**4,642**	**28,694**	**21.2**
Total net other expenses (beia)	(18,487)	(1,324)	(558)	(3,824)	(24,192)	(20.7)
Operating profit (beia)	**3,414**	**258**	**12**	**818**	**4,502**	**24.0**
Net interest income/(expenses) (beia)	(403)	(7)	2	27	(380)	6.8
Other net finance income/(expenses) (beia)	(94)	4	16	12	(63)	12.3
Share of net profit of assoc./JVs (beia)	238	29	(32)	29	263	12.1
Income tax expense (beia)	(872)	(61)	(11)	(180)	(1,124)	(20.7)
Non-controlling interests (beia)	(241)	(26)	(17)	(79)	(363)	(32.5)
Net profit (beia)	**2,041**	**198**	**(30)**	**627**	**2,836**	**30.7**
Eia	1,283				(155)	
Net profit/(loss)	**3,324**				**2,682**	

1 This table will not always cast due to rounding.

Main changes in consolidation

As part of the organisational redesign of EverGreen, HEINEKEN merged its export business units of Europe and Africa, Middle East & Eastern Europe into a single unit, which is now reported under Europe as of 1 April 2021.

On 23 June 2021, HEINEKEN acquired additional ordinary shares in UBL, taking its shareholding in UBL from 46.5% to 61.5%. On 29 July 2021, HEINEKEN obtained control and consolidated UBL as of that date, following the changes to certain provisions in the Articles of Association of UBL.

On 23 December 2021, HEINEKEN reduced its shareholding in Brasserie Almaza in Lebanon to a minority position.

On 7 September 2022, HEINEKEN has purchased the remaining shares in Beavertown Brewery, achieving full ownership.

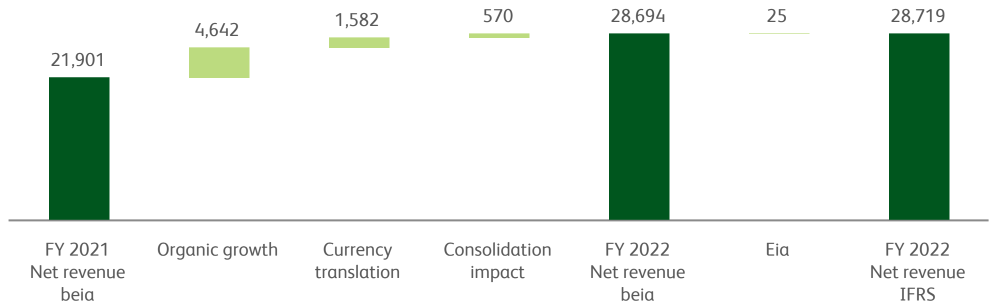
At the closing of 2022, HEINEKEN applied hyperinflation accounting in Ethiopia. Fixed assets are revalued for the inflation from the time of acquisition to date. The prior year impact from depreciation resulting from the revaluation of previous years is recorded as a change in consolidation and is excluded from the organic growth calculation. At the same time, all metrics in the income statement are restated to reflect the inflation level as per the reporting date. These impacts are recorded as exceptional items.

Revenue

Revenue was €34,676 million, an increase of 30.4% (2021: €26,583 million). Revenue (beia) increased 19.1% organically to €34,643 million.

Net revenue

Net revenue increased 30.9% to €28,719 million (2021: €21,941 million). Net revenue (beia) increased by 21.2% organically to €28,694 million, with total consolidated volume increasing 6.4% and an increase in net revenue (beia) per hectolitre of 13.9%. Translational currency developments positively impacted net revenue (beia) by €1,582 million, mainly driven by the Mexican Peso, Brazilian Real, Vietnamese Dong and the US Dollar. The positive impact of consolidation changes was €570 million, related primarily to UBL.



Total other expenses (beia)

Total net other expenses (beia) were €24,192 million, up 20.7% on an organic basis, driven by the increase in volume, inflationary pressures, incremental investments and the reversal of the cost mitigation actions from last year, partially offset by cost savings from our productivity programme.

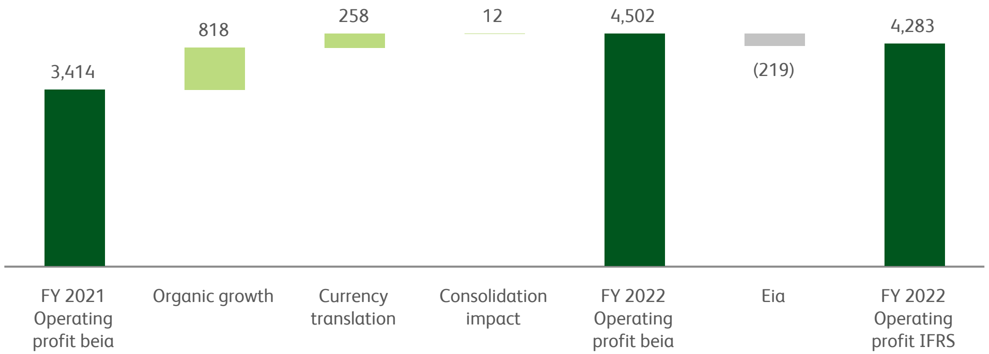
Financial Review

Operating profit

Operating profit declined slightly to €4,283 million as the performance of last year included the remeasurement to fair value of the previously-held equity interest in UBL in India. Operating profit (beia) was €4,502 million, up 24.0% organically, driven by the volume recovery in Asia Pacific and Europe, pricing for inflation, premiumisation and the delivery of our productivity programme, partially offset by inflationary pressures in our cost base and incremental investments behind our growth agenda.

The operating profit (beia) organic growth in the head office was driven by the increase in general proceeds from license fees and services, in line with the growth of the business. In addition, we revised the charging rate in 2022 for significantly increased global digital and technology investments, with an offsetting impact in the regions, particularly in Europe.

Currency translation had a positive impact of €258 million, mainly from Mexico, Vietnam and Brazil. Consolidation changes had a small positive impact of €12 million.



Net finance expenses (beia)

Net interest expenses (beia) decreased organically by 6.8% to €380 million, reflecting a lower average net debt position. The average effective interest rate (beia) in 2022 was 2.8% (2021: 2.7%). Other net finance expenses (beia) amounted to €63 million, down 12.3% on an organic basis, driven by a one-off positive mark-to-market gain of long-term green-energy contracts linked to the surge in market pricing for energy.

Share of net profit of associates and joint ventures (beia)

The share of net profit of associates and joint ventures (beia) amounted to €263 million, including the attributable profit from China Resources Beer (CRB) with a two-month delay (November 2021 to October 2022). The organic increase was €29 million, mainly driven by the strong performance of CRB.

Income tax expense (beia)

The effective tax rate (beia) was 27.7% (2021: 29.9%). The decrease is mainly driven by the increase of the profit before tax base, more effective use of tax credits and lower non-deductible expenses.

Net profit and loss

The net profit for 2022 was €2,682 million (2021: €3,324 million). Net profit (beia) increased organically by €627 million to €2,836 million. The impact on net profit (beia) of currency translation was positive €198 million, and of consolidation changes negative €30 million.

Earnings per share – diluted

Earnings per share – diluted increased to €4.66 (2021: €5.77 loss). Earnings per share – diluted (beia) increased by 38.9% from €3.54 to €4.92.

Exceptional items and amortisation of acquisition-related intangibles (eia)

The 2022 exceptional items and amortisation of acquisition-related intangibles on net profit and loss amount to €155 million net expense (2021: €1,283 million net benefit). This amount consists of:

- €333 million (2021: €286 million) of amortisation of acquisition-related intangibles recorded in operating profit.
- €114 million net benefit (2021: €1,355 million net benefit) of exceptional items recorded in operating profit. This includes:
  - a net reversal of impairments of €132 million, including impairment reversal of €234 million for Papua New Guinea and €88 million impairment for Russia (total net impairments in 2021: €108 million).
  - net restructuring expenses of €70 million (2021: €32 million).
  - €44 million exceptional net benefit recorded as reduction in marketing expense related to tax credits in Brazil (2021: €187 million exceptional net benefit recorded in other income related to tax credits in Brazil).
  - €44 million exceptional net expense recorded relating to hyperinflation accounting adjustment in Ethiopia (2021: nil).
  - €52 million of other exceptional net benefit (2021: €1,308 million other exceptional net benefit, including €1,270 million gain on previously-held equity interest in UBL).
- €106 million of exceptional net finance benefit, mainly related to the net monetary gain resulting from hyperinflation in Ethiopia of €94 million (2021: €99 million, exceptional net finance benefit, mainly related to interest on tax credits in Brazil).
- €40 million of exceptional net expense (2021: €12 million net benefit) included in the share of profit of associates and joint ventures, mainly relating to the amortisation of acquisition-related intangible assets.
- €8 million of exceptional net expense in income tax expense (2021: €73 million exceptional income tax benefit), mainly relating to the tax impact on exceptional items and amortisation of acquisition-related intangible assets.
- Total amount of eia allocated to non-controlling interests amounts to €6 million net benefit (2021: €30 million).

Financial Review

Reported to beia[1]

In millions of €	Reported 2022	Eia 2022	Beia 2022	Reported 2021	Eia 2021	Beia 2021
Revenue	**34,676**	**(33)**	**34,643**	**26,583**	**—**	**26,583**
Excise tax expense	(5,957)	8	(5,949)	(4,642)	(41)	(4,683)
Net revenue	**28,719**	**(25)**	**28,694**	**21,941**	**(41)**	**21,901**
Total net expenses	**(24,436)**	**244**	**(24,192)**	**(17,458)**	**(1,029)**	**(18,487)**
Operating profit	**4,283**	**219**	**4,502**	**4,483**	**(1,069)**	**3,414**
Share of profit of associates and joint ventures	223	40	263	250	(12)	238
Net interest income/(expenses)	(384)	5	(380)	(413)	10	(403)
Other net finance income/(expenses)	48	(111)	(63)	14	(109)	(94)
Income tax expense	(1,131)	8	(1,124)	(799)	(73)	(872)
Non-controlling interests	(357)	(6)	(363)	(211)	(30)	(241)
Net profit	**2,682**	**155**	**2,836**	**3,324**	**(1,283)**	**2,041**

1 Due to rounding, this table will not always cast.

Capital expenditure and cash flow

In millions of €	2022	2021
Cash flow from operations before changes in working capital and provisions	**6,347**	**5,154**
Total change in working capital	(480)	263
Change in provisions and post-retirement obligations	(207)	(290)
Cash flow from operations	**5,660**	**5,127**
Cash flow related to interest, dividend and income tax	(1,164)	(946)
Cash flow from operating activities	**4,496**	**4,181**
Cash flow used in operational investing activities	(2,087)	(1,667)
Free operating cash flow	**2,409**	**2,514**
Cash flow used in acquisitions and disposals	(199)	(610)
Cash flow used in financing activities	(3,127)	(2,883)
Net cash flow	**(917)**	**(979)**
Cash conversion ratio	**75%**	**110%**

HEINEKEN's priority in allocating capital is in the organic growth and expansion of the business. Capital expenditure related to property, plant and equipment and intangible assets (CAPEX) amounted to €2,011 million (2021: €1,597 million) representing 7.0% of net revenue (beia). The investments in the year amounted to €2,183 million (2021: €1,769 million) and include capacity expansions in Brazil, Vietnam and Nigeria.

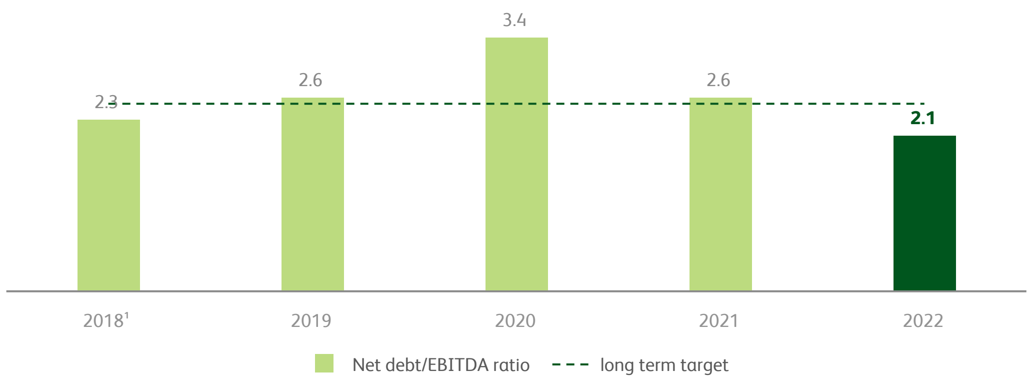
Free operating cash flow amounted to €2,409 million (2021: €2,514 million) behind 2021, mainly because higher cash flow from operations was offset by the negative change in working capital from a higher inventory position, higher CAPEX and income taxes paid.

Financial structure and liquidity

In millions of €	2022	%	2021	%
Total equity	21,920	42	19,700	40
Deferred tax liabilities	2,138	4	1,971	4
Post-retirement obligations	568	1	668	1
Provisions	798	2	937	2
Gross debt	16,377	31	16,873	35
Other liabilities	10,605	20	8,701	18
Total equity and liabilities	**52,406**	**100**	**48,850**	**100**

Financial Review

Net debt/EBITDA (beia) ratio



1 Restated for IAS37.

Shareholders' equity increased by €2,195 million to €19,551 million, mainly driven by the net profit of €2,682 million, and a positive comprehensive income of €357 million, mainly related to translational differences.

Total gross debt amounted to €16,377 million (2021: €16,873 million). Net debt decreased slightly to €13,531 million (2021: €13,658 million) as the positive free operating cash flow exceeded the cash outflow for dividends, acquisitions and the negative foreign currency impact on debt. . Including the effect of cross-currency swaps, 74% of net debt is Euro-denominated, and 17% is US dollar and US dollar proxy currencies.

The pro-forma 12 month rolling net debt/EBITDA (beia) ratio was 2.1x on 31 December 2022 (2021: 2.6x), in line with the Company's long-term target net debt/EBITDA (beia) ratio of below 2.5x. HEINEKEN expects this ratio to reduce further, in line with operational performance. At the same time, HEINEKEN could deploy capital for purposes beyond the organic growth and expansion of its business which could taper this development.

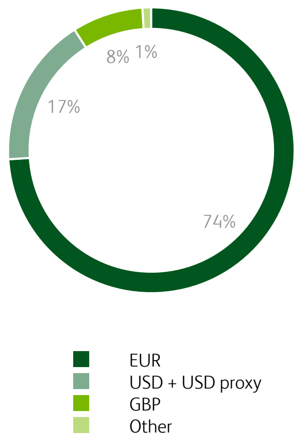
In millions of €	2022	2021
Operating profit	4,283	4,483
Share of profit of associates and joint ventures	223	250
Depreciation and impairments of property, plant and equipment	1,537	1,487
Amortisation and impairment of intangible assets	256	461
Impairment of assets classified as held for sale	88	—
EBITDA	**6,387**	**6,681**
Exceptional items	57	(1,490)
EBITDA (beia)	**6,444**	**5,191**

Heineken N.V. was assigned solid investment grade credit ratings by Moody's Investor Service and Standard & Poor's. On 7 November 2022 Moody's upgraded ratings to A3/P-2 with stable outlook. Standard & Poor's affirmed the BBB+/A-2 ratings with stable outlook on 31 March 2022.

Currency split of net debt

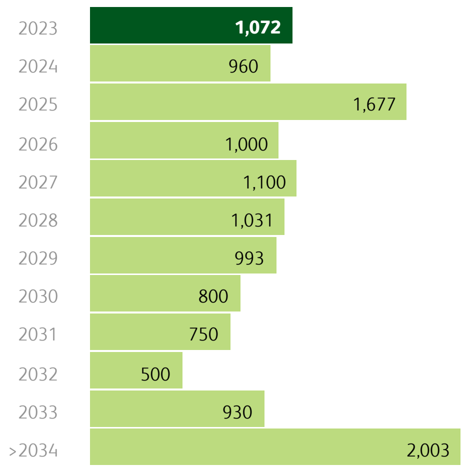
This currency breakdown includes the effect of derivatives, which are used to hedge intercompany lending denominated in currencies other than Euro. Of total net interest-bearing debt, 74% is denominated in Euro, 17% in US Dollar and US Dollar proxy currencies and 8% in British Pound. This is including the effect of cross-currency interest rate swaps and lease liabilities under IFRS 16. The fair value of the cross-currency interest rate swaps form part of net debt.

Currency split of net debt



Bond maturity profile

(incl. the currency effect of cross-currency interest rate swaps)
in millions of €



Average number of shares

HEINEKEN has 576,002,613 shares in issue. In the calculation of basic EPS, the weighted average number of shares outstanding was 575,563,505 (2021: 575,740,269).

In the calculation of 2022 diluted EPS (beia), shares to be delivered under the employee incentive programme (462,616 shares) are added to the weighted average shares outstanding. The weighted average diluted number of shares outstanding was 576,026,120 (2021: 575,969,395).

Total dividend for 2022

The Heineken N.V. dividend policy is to pay a ratio of 30% to 40% of full year net profit (beia). For 2022, a total cash dividend of €1.73 per share, representing an increase of 40% (2021: €1.24), and a payout ratio of 35.1%, in the middle of the range of our policy, will be proposed to the Annual General Meeting on 20 April 2023 ("2023 AGM"). If approved, a final dividend of €1.23 per share will be paid on 2 May 2023, as an interim dividend of €0.50 per share was paid on 11 August 2022. The payment will be subject to a 15% Dutch withholding tax. The ex-dividend date for Heineken N.V. shares will be 24 April 2023.

Corporate Governance statement

Introduction

Heineken N.V. (the 'Company') is a public company with limited liability incorporated under the laws of the Netherlands. Its shares are listed on the Amsterdam Stock Exchange, Euronext Amsterdam.

The Company's management and supervision structure is organised in a so-called two-tier system, consisting of an Executive Board (made up of two executive members) and a Supervisory Board (made up of ten non-executive members).

The Supervisory Board supervises the Executive Board and ensures external experience and knowledge are embedded in the Company's way of operating. The two Boards are independent of one another and accountable to the Annual General Meeting (AGM).

The Company complies with, among other regulations, the Dutch Corporate Governance Code of 8 December 2016 (the 'Code'). Deviations from the Code are explained in this report in accordance with the Code's 'comply or explain' principle. On 20 December 2022, the Corporate Governance Code Monitoring Committee published an update to the Dutch Corporate Governance Code. As the new Code came into force as of the financial year starting on 1 January 2023, this report does not yet address the new Code. The Company has started the assessment and implementation of the new Code and will provide details in the Annual Report of year 2023.

This report includes the information that the Company is required to disclose pursuant to the Dutch governmental decree on Article 10 Takeover Directive and the governmental decree on Corporate Governance. Substantial changes in the Company's corporate governance structure and in the Company's compliance with the Code, if any, will be submitted to the AGM for discussion under a separate agenda item.

Executive Board

General

The role of the Executive Board is to manage the Company. This means, among other things, that it is responsible for setting and achieving the operational and financial objectives of the Company, the strategy to achieve these objectives, the parameters to be applied in relation to the strategy (for example, in respect of the financial ratios), the Company culture aimed at long-term value creation, the associated risk profile, the development of results and corporate social responsibility issues that are relevant to the Company (including the sustainability strategy and progress).

The Executive Board is accountable to the Supervisory Board and to the AGM.

In discharging its role, the Executive Board shall be guided by the interests of the Company and its affiliated enterprises, taking into consideration the interests of the Company's stakeholders.

The Executive Board is responsible for complying with all primary and secondary legislation, for managing the risks associated with the Company's activities and for financing the Company.

The Company has four operating regions: Africa Middle East & Eastern Europe, Americas, Asia Pacific and Europe. Each region is headed by a President.

The two members of the Executive Board and the four Presidents, together with five functional Chief Officers (i.e. Commercial, Corporate Affairs and Transformation, Digital and Technology, People and Supply Chain), jointly form the Executive Team. The decision to work with an Executive Team is to ensure effective implementation of key priorities and strategies across the organisation.

Throughout the year, members of the Executive Team and other senior managers were invited to give presentations to the Supervisory Board.

A two-day meeting was held in June 2022 between the Supervisory Board and the Executive Team to discuss the Company's strategic priorities and main risks and opportunities in light of its long-term value creation, also addressing the Company culture and the global people and talent strategy. During this meeting, members of the Executive Team also presented their respective strategic topics and the risks and opportunities per region or function, as the case may be.

Further, in October 2022 a three-day visit to HEINEKEN Italy by the Executive Board and the Supervisory Board took place, with a focus on the European and local strategy, outlook, risks and opportunities.

Composition of the Executive Board

Executive Board members are appointed by the AGM from a non-binding nomination drawn up by the Supervisory Board.

The Supervisory Board appoints one of the Executive Board members as Chairman/CEO. The AGM can dismiss members of the Executive Board by a majority of votes cast if the subject majority at least represents one-third of the issued capital.

The Executive Board consists of two members, Chairman/CEO Dolf (R.G.S.) van den Brink and CFO Harold (H.P.J.) van den Broek.

Dolf (R.G.S.) van den Brink

1973	Dutch nationality	Male
Initial appointment in 2020*; Four-year term ends in 2024		
Profession: Chairman/CEO (since 1 June 2020)		
No supervisory board seats (or non-executive board memberships) in Large Dutch Entities**		
Other positions: Edesia Inc., International Alliance for Responsible Drinking (Chair of the CEO Group)		

Harold (H.P.J.) van den Broek

1967	Dutch nationality	Male
Initial appointment in 2021*; Four-year term ends in 2025		
Profession: CFO (since 1 June 2021)		
No supervisory board seats (or non-executive board memberships) in Large Dutch Entities**		
No other positions***		

* For the maximum period of four years.

** Large Dutch Entities are Dutch N.V.s, B.V.s or Foundations (that are required to prepare annual accounts pursuant to Chapter 9 of Book 2 of the Dutch Civil Code or similar legislation) that meet two of the following criteria (on a consolidated basis) on two consecutive balance sheet dates:
(i) The value of the assets (according to the balance sheet with the explanatory notes and on the basis of acquisition and manufacturing costs) exceeds €20 million;
(ii) The net turnover exceeds €40 million;
(iii) The average number of employees is at least 250.

*** Under 'Other positions', other functions are mentioned that may be relevant to the performance of the duties of the Executive Board.

Corporate Governance statement

Best practice provision 2.2.1 of the Code recommends that an Executive Board member is appointed for a maximum period of four years and that a member may be re-appointed for a term of not more than four years at a time.

In compliance with this best practice provision, the Supervisory Board has drawn up a rotation schedule to avoid, as much as possible, a situation in which Executive Board members retire at the same time.

Members of the Executive Board are not allowed to hold more than two supervisory board memberships or non-executive directorships in a Large Dutch Entity. Acceptance of such external supervisory board memberships or non-executive directorships by members of the Executive Board is subject to approval by the Supervisory Board, which has delegated this authority to the Selection & Appointment Committee.

Diversity

We strive to embrace diversity in everything we do, as also recognised and described in the Diversity Policy of the Supervisory Board, Executive Board and Executive Team. The Policy was updated in December 2021 and is available on our corporate website. The Policy considers the elements of a diverse composition in terms of nationality, gender, age and background, including expertise and experience. It is the aim of the Company to reflect this in the composition of the Supervisory Board, Executive Board and Executive Team.

For the Executive Board, appropriate weight is placed on diversity considerations in the selection and appointment process, while taking into account the overall profile and selection criteria for the appointments of suitable candidates to the Executive Board. The aim is that the Executive Board comprises of at least 30% male and at least 30% female members, as set out in the Diversity Policy. Currently, the Executive Board is composed of two male members. It is recognised that the current composition of the Executive Board leaves room for improvement on gender diversity. However, the composition is also impacted by the limited size of the Executive Board.

In the event of succession planning, we will continue to look for opportunities to strengthen the gender diversity in the Executive Board. Furthermore, increasing the gender diversity in the Company's senior management is a key priority for the Company, as also reflected in the other sections of this Annual Report.

Conflict of Interest

The Articles of Association and the Code prescribe how to deal with (apparent) conflicts of interest between the Company and members of the Executive Board.

A member of the Executive Board shall not take part in any discussion or decision-making that involves a subject or transaction in relation to which he has a personal conflict of interest with the Company.

Decisions to enter into transactions under which members of the Executive Board have conflicts of interest that are of material significance to the Company and/or the relevant member(s) of the Executive Board require the approval of the Supervisory Board.

Any such decision shall be published in the Annual Report for the relevant year, along with a reference to the conflict of interest and a declaration that the relevant best practice provisions of the Code have been complied with.

In 2022, no transactions were reported under which a member of the Executive Board had a conflict of interest that was of material significance.

Remuneration

In line with the remuneration policy adopted by the AGM, the remuneration of members of the Executive Board is determined by the Supervisory Board, upon recommendation of the Remuneration Committee.

The remuneration policy and the elements of the remuneration of Executive Board members are set out in the Remuneration Report and Notes 6.5 and 13.3 to the Financial Statements.

The main elements of the service agreements with Mr. Van den Brink and Mr. Van den Broek are available on our website.

Supervisory Board

General

The role of the Supervisory Board is to supervise the management of the Executive Board and the general affairs of the Company and its affiliated enterprises, as well as to assist the Executive Board by providing advice.

In discharging its role, the Supervisory Board shall be guided by the interests of the Company and its affiliated enterprises and shall take into account the relevant interest of the Company's stakeholders.

The supervision of the Executive Board by the Supervisory Board includes the achievement of the Company's objectives, the corporate strategy and the risks inherent in the business activities, the design and effectiveness of the internal risk and control system, the financial reporting process, compliance with primary and secondary legislation, the Company-shareholder relationship and corporate social responsibility matters that are relevant to the Company.

The Supervisory Board evaluates at least once a year the corporate strategy and main risks to the business, the result of the assessment by the Executive Board of the design and effectiveness of the internal risk management and control system, and any significant changes thereto.

Supervisory Board members are appointed by the AGM from a non-binding nomination drawn up by the Supervisory Board.

The AGM can dismiss members of the Supervisory Board by a majority of the votes cast, if the subject majority at least represents one-third of the issued capital.

Composition of the Supervisory Board

The Supervisory Board consists of ten members: Jean-Marc Huët (Chairman), José Antonio Fernández Carbajal (Vice-Chairman), Maarten Das, Michel de Carvalho, Pamela Mars Wright, Marion Helmes, Helen Arnold, Rosemary Ripley, Nitin Paranjpe and Francisco Josue Camacho Beltrán.

The Supervisory Board endorses the principle that the composition of the Supervisory Board shall be such that its members are able to act critically and independently of one another and of the Executive Board and any particular interests. Each Supervisory Board member is capable of assessing the broad outline of the overall strategy of the Company and its businesses and carrying out its duties properly.

Given the structure of the Heineken Group, the Company is of the opinion that, in the context of preserving the continuity of the Heineken Group and ensuring a focus on long-term value creation, it is in its best interest and that of its stakeholders that the Supervisory Board includes a fair and adequate representation of persons who are related by blood or affinity in the direct line descent to the late Mr. A.H. Heineken (former Chairman of the Executive Board), or who are members of the Board of Directors of Heineken Holding N.V., even if those persons would not, formally speaking, be considered 'independent' within the meaning of best practice provision 2.1.8 of the Code.

Corporate Governance statement

Currently, the majority of the Supervisory Board (i.e. six of its ten members) qualify as 'independent' as per best practice provision 2.1.8 of the Code. There are four members who in a strictly formal sense do not meet the applicable criteria for being 'independent' as set out in the Code: Mr. de Carvalho (who is the spouse of Mrs. C.L. de Carvalho-Heineken, the daughter of the late Mr. A.H. Heineken, and who is also an executive director of Heineken Holding N.V.), Mr. Das (who is the Chairman of the Board of Directors of Heineken Holding N.V.), Mr. Fernández Carbajal (who is a non-executive director of Heineken Holding N.V. and representative of FEMSA) and Mr. Camacho Beltrán (who is a representative of FEMSA). However, the Supervisory Board has ascertained that Mr. de Carvalho, Mr. Das, Mr. Fernández Carbajal and Mr. Camacho Beltrán in fact act critically and independently. Since Mr. de Carvalho, Mr. Das, Mr. Fernández Carbajal and Mr. Camacho Beltrán are representing or are affiliated with Heineken Holding N.V. and/or FEMSA, who (in)directly hold more than 10% of the shares in our Company, the maximum of one representative or affiliate per such shareholder of best practice provision 2.1.7 sub iii of the Code is not complied with. As a consequence, the Company also does not comply with best practice provision 2.1.10 of the Code, to the extent that this provision provides that the Supervisory Board report shall state that best practice provision 2.1.7 through 2.1.9 has been fulfilled.

In line with the belief that the focus on long-term value creation is best ensured by a fair and adequate representation of persons who are related by blood or affinity in the direct line descent to the late Mr. A.H. Heineken (former Chairman of the Executive Board), or who are members of the Board of Directors of Heineken Holding N.V., best practice provision 2.2.2 of the Code, which provides that a person may be appointed to the Supervisory Board for a maximum of two four-year terms, followed by two terms of two years each with an explanation in the Corporate Governance Statement, is not applied to Mr. de Carvalho, Mr. Das and Mr. Fernández Carbajal. In the interest of preserving the core values and the structure of the Heineken Group, the Company does not apply the maximum appointment period to members who are related by blood or affinity in the direct line descent to Mr. A.H. Heineken or who are members of the Board of Directors of Heineken Holding N.V.

The Supervisory Board has drawn up a rotation schedule to avoid, as far as possible, a situation in which many Supervisory Board members retire at the same time. The rotation schedule is available on our corporate website.

Profile and diversity

The Supervisory Board has prepared a profile of its size and composition, taking account of the nature of the business, its activities and the desired expertise and background of the Supervisory Board members. The profile deals with the aspects of diversity in the composition of the Supervisory Board that are relevant to the Company and states what specific objective is pursued by the Supervisory Board in relation to diversity.

At least one member of the Supervisory Board shall be a financial expert with relevant knowledge and experience of financial administration and accounting for listed companies or other large legal entities. The composition of the Supervisory Board shall be such that it is able to carry out its duties properly. The profile is available on our corporate website.

The importance of diversity in the composition of the Supervisory Board is described in the Diversity Policy of the Supervisory Board, Executive Board and Executive Team. The Policy emphasises elements of a diverse composition in terms of nationality, gender, age and background including expertise and experience.

Dutch law stipulates that supervisory boards of large Dutch public companies, such as the Company, are deemed to have a balanced composition if they consist of at least one-third female and one-third male members. The Supervisory Board currently consists of ten members, six male (60%) and four female (40%) members. The Supervisory Board will continue to take the balanced composition requirements into account when nominating and selecting new candidates for the Supervisory Board.

The Supervisory Board notes that, in its opinion, gender is only one element of diversity, and that experience, background, knowledge, skills and insight are equally important and relevant criteria in selecting new members as is also reflected in its profile.

Regulations of the Supervisory Board

The tasks, responsibilities and internal procedural matters for the Supervisory Board are addressed in the Regulations of the Supervisory Board and are available on our corporate website.

The Supervisory Board appoints from its members a Chairman (currently Mr. Huët). The Chairman of the Supervisory Board may not be a former member of the Executive Board. The Chairman of the Supervisory Board determines the agenda, chairs the meetings of the Supervisory Board, ensures the proper functioning of the Supervisory Board and its Committees, arranges for the adequate provision of information to its members and acts on behalf of the Supervisory Board as the main contact for the Executive Board and for shareholders regarding the functioning of the Executive Board and the Supervisory Board members. The Chairman also ensures the orderly and efficient conduct of the AGM.

The Chairman of the Supervisory Board is assisted in his role by the Company Secretary. All members of the Supervisory Board have access to the advice and services of the Company Secretary. The Company Secretary is responsible for ensuring that procedures are followed and that the Supervisory Board acts in accordance with its statutory obligations as well as its obligations under the Articles of Association.

The Supervisory Board appoints from its members a Vice-Chairman (currently Mr. Fernández Carbajal). The Vice-Chairman of the Supervisory Board acts as deputy for the Chairman. The Vice-Chairman acts as contact for individual Supervisory Board members and Executive Board members concerning the functioning of the Chairman of the Supervisory Board.

The Supervisory Board can only adopt resolutions in a meeting if the majority of its members are present or represented at that meeting. In such meetings, resolutions must be adopted by absolute majority of the votes cast. In addition, approval of a resolution by the Supervisory Board, as referred to in Article 8 paragraph 6 under a, b and c of the Articles of Association, requires the affirmative vote of the Delegated Member.

Induction and training

After appointment to the Supervisory Board, members receive an induction programme drawn up by the Company in consultation with the Chairman of the Supervisory Board.

The programme includes a general information package in respect of the Company and its corporate governance and meetings with members of the Executive Team and other senior management leaders. It also includes a visit to at least one of our breweries.

The Executive Board provides regular updates to the Supervisory Board on the Company's operations, results, legal matters, corporate governance, accounting, sustainability and compliance.

Conflict of Interest

The Articles of Association and the Regulations of the Supervisory Board prescribe how to deal with (apparent) conflicts of interest between the Company and members of the Supervisory Board.

A member of the Supervisory Board shall not take part in any discussion or decision-making that involves a subject or transaction in relation to which he has a personal conflict of interest with the Company.

Corporate Governance statement

Decisions to enter into transactions under which Supervisory Board members have conflicts of interest that are of material significance to the Company and/or the relevant member(s) of the Supervisory Board require the approval of the Supervisory Board.

Any such decision shall be published in the Annual Report for the relevant year, along with a reference to the conflict of interest and a declaration that the relevant best practice provisions of the Code have been complied with. Note 13.3 of the 2021 Financial Statements sets out the related party transactions in 2022.

In 2022, no transactions were reported under which a Supervisory Board member had a conflict of interest that was of material significance.

Remuneration

Supervisory Board members receive a fixed annual remuneration fee determined by the AGM.

More information on the remuneration of Supervisory Board members can be found in Note 13.3 to the 2022 Financial Statements.

Resolutions subject to Supervisory Board approval

Certain resolutions of the Executive Board are subject to the approval of the Supervisory Board. Examples are resolutions concerning the operational and financial objectives of the Company, the strategy designed to achieve the objectives, the parameters to be applied in relation to the strategy (for example, in respect of the financial ratios) and corporate social responsibility matters that are relevant to the Company (including the sustainability strategy).

Also, decisions to enter into transactions under which Executive Board or Supervisory Board members would have conflicts of interest that are of material significance to the Company and/or to the relevant Executive Board member/Supervisory Board member require the approval of the Supervisory Board.

Further reference is made to Article 8 paragraph 6 of the Articles of Association, which contains a list of resolutions of the Executive Board that require Supervisory Board approval.

Delegated Member

The AGM may appoint one of the Supervisory Board members as Delegated Member. Mr. Das currently acts as the Delegated Member. The delegation to the Delegated Member does not extend beyond the duties of the Supervisory Board and does not comprise the management of the Company. It intends to effect a more intensive supervision and advice and more regular consultation with the Executive Board.

The Delegated Member has a veto right concerning resolutions of the Supervisory Board to approve the resolutions of the Executive Board referred to in Article 8 paragraph 6 under a, b and c of the Articles of Association of the Company.

The role of Delegated Member is consistent with best practice provision 2.3.8 of the Code, except insofar that the delegation is not temporary but is held for the term for which the member concerned is appointed by the AGM. The Company is of the opinion that the position of Delegated Member, which has been in existence since 1952, befits the structure of the Company.

Committees

The Supervisory Board has five committees: the Preparatory Committee, the Audit Committee, the Remuneration Committee, the Selection & Appointment Committee and the Sustainability & Responsibility Committee. The function of these committees is to prepare the decision-making of the Supervisory Board.

The Supervisory Board has drawn up regulations for each committee, setting out the role and responsibility of the committee concerned, its composition and the manner in which it discharges its duties. These regulations are available on our corporate website.

In 2022, more than half of the members of the Audit Committee, were independent within the meaning of best practice provision 2.1.8 of the Code.

As of 1 July 2022, the composition of the Remuneration Committee has changed and the independence criteria of best practice provision 2.3.4 are met. For the Selection & Appointment Committee the independence criteria of best practice provision 2.3.4 are not met.

The Report of the Supervisory Board states the composition of the committees, the number of committee meetings and the main items discussed.

Preparatory Committee

The Preparatory Committee prepares decision-making of the Supervisory Board on matters not already handled by any of the other committees, such as in relation to acquisitions and investments.

The current Chair of the Preparatory Committee is Mr. Huët.

Audit Committee

The Audit Committee focuses on supervising the activities of the Executive Board with respect to: (i) the operation of the internal risk management and control systems, including the enforcement of the relevant primary and secondary legislation and supervising the operation of codes of conduct; (ii) the provision of financial information by the Company; (iii) compliance with recommendations and observations of internal and external auditors; (iv) the role and functioning of Global Audit, the internal audit function; (v) the policy of the Company on tax risk management; (vi) relations with the external auditor, including, in particular, its independence, remuneration and any non-audit services for the Company; (vii) the financing of the Company; and (viii) the applications of information and communication technology. The Audit Committee also looks after the provision of sustainability information by the Company.

The Audit Committee acts as the principal contact for the external auditor if the external auditor discovers irregularities in the content of the financial reporting. The Audit Committee meets with the external auditor as often as it considers necessary, but at least once a year, without the Executive Board members being present.

The Audit Committee may not be chaired by the Chair of the Supervisory Board or by a former member of the Executive Board. At least one member of the Audit Committee shall be a financial expert with relevant knowledge and experience of financial administration and accounting for listed companies or other large legal entities.

The current Chair of the Audit Committee is Mrs. Helmes.

Remuneration Committee

The Remuneration Committee, inter alia, makes the proposal to the Supervisory Board for the remuneration policy for the Executive Board and Supervisory Board to be pursued, and makes a proposal for the remuneration of the individual members of the Executive Board for adoption by the Supervisory Board.

The Remuneration Committee may not be chaired by the Chair of the Supervisory Board or by a former member of the Executive Board. However, given the structure of the Heineken Group and the character of the Board of Directors of Heineken Holding N.V., the regulations of the Remuneration Committee permit that the Remuneration Committee is chaired by a Supervisory Board member who is a member of the Board of Directors of Heineken Holding N.V.

The current Chair of the Remuneration Committee, Mr. Das, is a Non-Executive Director (and Chairman) of Heineken Holding N.V.

Corporate Governance statement

Selection & Appointment Committee

The Selection & Appointment Committee, inter alia: (i) draws up selection criteria and appointment procedures for Supervisory Board members and Executive Board members; (ii) periodically assesses the size and composition of the Supervisory Board and the Executive Board, and makes a proposal for a composition profile of the Supervisory Board as well as a diversity policy; (iii) periodically assesses the functioning of individual Supervisory Board members and Executive Board members and reports on this to the Supervisory Board; (iv) draws up a diversity policy for the composition of the Executive Board, the Supervisory Board and the Executive Team; (v) makes proposals for appointments and re-appointments; (vi) supervises the policy of the Executive Board on the selection criteria and appointment procedures for senior management; and (vii) decides on a request from Executive Board members to accept a board membership of a Large Dutch Entity (as defined above) or foreign equivalent.

The current Chair of the Selection and Appointment Committee is Mr. Huët.

Sustainability & Responsibility Committee

The Sustainability & Responsibility Committee focuses on supervising the activities of the Executive Board with respect to: (i) the environment, including (a) water scarcity, (b) renewable energy, (c) circularity strategy, and (d) carbon impact; (ii) social sustainability, including (a) human rights, (b) fair wages and (c) community engagement; (iii) responsible alcohol consumption, including (a) the regulatory framework, (b) the advancement of responsible consumption, (c) excise regimes, and (d) external developments; and (iv) the periodic review and evaluation of the Company's sustainability and responsibility performance and progress against its objectives, including external reporting and relationships with stakeholders; (v) external sustainability and responsibility developments relevant for the Company and its reputation; and (vi) such other matters concerning the Company's sustainability and responsibility matters as the Committee shall see fit and proper or as shall be referred by the Executive Board or Supervisory Board from time to time.

The current Chair of the Sustainability & Responsibility Committee is Mr. Fernández Carbajal.

General Meeting

Annually, within six months after the end of the financial year, the AGM shall be held, in which, inter alia, the following items shall be brought forward: (i) the discussion of the management report; (ii) the adoption of the Executive Board's and Supervisory Board's remuneration policy insofar as adjustments to those policies lead to a new policy or four years after adoption; (iii) the Remuneration Report of the members of the Executive Board and members of the Supervisory Board; (iv) the discussion and adoption of the financial statements; (v) the discharge of the members of the Executive Board for their management; (vi) the discharge of the members of the Supervisory Board for their supervision on the management; and (vii) the appropriation of profits.

According to the Articles of Association, the AGM shall be held in Amsterdam. The AGM of 2022 was held on 21 April 2022 in De La Mar Theatre in Amsterdam. Shareholders could attend in person or virtually.

Convocation

Pursuant to Dutch law, the Executive Board or the Supervisory Board shall convene the AGM with a convocation period of at least 42 days (excluding the date of the meeting, but including the convocation date).

The Executive Board and the Supervisory Board are obliged to convene an AGM upon request of shareholders individually or collectively owning at least 10% of the shares issued. Such meeting shall be held within eight weeks of the request and shall deal with the subjects as stated by those who wish to hold the meeting, failing which the shareholders may seek judicial leave to call a general meeting.

Right to include items on the agenda

If the Executive Board has been requested in writing not later than 60 days prior to the date of the AGM to deal with an item by one or more shareholders who solely or jointly represent at least 1% of the issued capital, the item will be included in the convocation or announced in a similar way.

A request of a shareholder for an item to be included on the agenda of the AGM needs to be substantiated. The principles of reasonableness and fairness may allow the Executive Board to refuse the request.

The Code provides the following in best practice provision 4.1.6: "A shareholder should only exercise the right to put items on the agenda after they have consulted with the management board on this. If one or more shareholders intend to request that an item be put on the agenda that may result in a change in the Company's strategy, for example as a result of the dismissal of one or several management board or supervisory board members, the management board should be given the opportunity to stipulate a reasonable period in which to respond (the response time)".

The opportunity to stipulate the response time should also apply to an intention as referred to above for judicial leave to call an AGM pursuant to Section 2:110 of the Dutch Civil Code. The relevant shareholder should respect the response time stipulated by the management board, within the meaning of best practice provision 4.1.7.

If the Executive Board invokes a response time, such period shall not exceed 180 days from the moment the Executive Board is informed by one or more shareholders of their intention to put an item on the agenda to the day of the AGM at which the item is to be dealt with. The Executive Board shall use the response time for further deliberation and constructive consultation. This shall be monitored by the Supervisory Board. The response time shall be invoked only once for any given AGM and shall not apply to an item in respect of which the response time has been previously invoked.

Record date

For each AGM, Dutch law provides a record date for the exercise of the voting rights and participation in the meeting, which record date shall be the 28th day prior to the date of the meeting. The record date shall be included in the convocation notice, as well as the manner in which those entitled to attend and/or vote in the meeting can be registered and the manner in which they may exercise their rights.

Only persons who are shareholders on the record date may participate and vote in the AGM.

Participation in person, by proxy or through electronic communication

Each shareholder is entitled, either personally or by proxy authorised in writing, to attend the AGM, to address the meeting and to exercise his or her voting rights.

The Executive Board may determine that the powers set out in the previous sentence may also be exercised by means of electronic communication.

If a shareholder wants to exercise his or her rights by proxy authorised in writing, the written power of attorney must be received by the Company no later than on the date indicated for that purpose in the convocation notice. Through its corporate website, the Company generally facilitates that shareholders can give electronic voting instructions.

Attendance list

Each person entitled to vote or otherwise entitled to attend a meeting, or such person's representative, shall have to sign the attendance list, stating the number of shares and votes represented by such person.

Corporate Governance statement

Chairman of the AGM

The AGM shall be presided over by the Chairman or the Vice-Chairman of the Supervisory Board or, in his absence, by one of the Supervisory Board members present at the meeting, to be designated by them in mutual consultation. If no members of the Supervisory Board are present, the meeting shall appoint its own chairman.

Voting

All resolutions of the AGM shall be adopted by an absolute majority of the votes cast, except for those cases in which the law or the Articles of Association prescribe a larger majority.

Each share confers the right to one vote. Blank votes shall be considered as not having been cast.

The Executive Board may determine in the convocation notice that any vote cast prior to the AGM by means of electronic communication shall be deemed to be a vote cast in the AGM. Such a vote may not be cast prior to the record date. A shareholder who has cast his or her vote prior to the AGM by means of electronic communication remains entitled, whether or not represented by a holder of a written power of attorney, to participate in the AGM.

Minutes

The proceedings in the AGM shall be recorded in minutes taken by a secretary to be designated by the chairman of the meeting. Upon request, the record of the proceedings of the AGM shall be submitted to shareholders, ultimately within three months after the conclusion of the meeting.

Resolutions to be adopted by the AGM

The AGM has authority to adopt resolutions concerning, inter alia, the following matters:

- Issue of shares by the Company or rights on shares (and to authorise the Executive Board to resolve that the Company issues shares or rights on shares)
- Authorisation of the Executive Board to resolve that the Company acquires its own shares
- Cancellation of shares and reduction of share capital
- Appointment of Executive Board members
- The remuneration policy for Executive Board members
- Suspension and dismissal of Executive Board members
- Appointment of Supervisory Board members
- The remuneration policy for Supervisory Board members
- The remuneration of Supervisory Board members
- Suspension and dismissal of Supervisory Board members
- Appointment of the Delegated Member of the Supervisory Board
- Adoption of the financial statements
- Granting discharge to Executive and Supervisory Board members
- Dividend distributions
- A material change in the corporate governance structure
- Appointment of the external auditor
- Amendment of the Articles of Association, and
- Liquidation.

Resolutions on a major change in the identity or character of the Company or enterprise shall be subject to the approval of the AGM. This would at least include (a) the transfer of the enterprise or the transfer of practically the entire enterprise of the Company to a third-party, (b) the entering into or the termination of a lasting co-operation of the Company or a subsidiary with another legal entity or company or a fully liable partner in a limited partnership or general partnership, if such co-operation or termination is of fundamental importance to the Company and (c) acquiring or disposing of a participation in the capital of a company by the Company or a subsidiary amounting to at least one-third of the amount of assets according to the Company's consolidated balance sheet plus explanatory notes as laid down in the last adopted Financial Statements of the Company.

Article 10 of the EU Take-Over Directive Decree

Shares

The issued capital of the Company amounts to €921,604,180.80, consisting of 576,002,613 shares of €1.60 each. Each share carries one vote. The shares are listed on Euronext Amsterdam.

All shares carry equal rights and are freely transferable (unless provided otherwise below).

Shares repurchased by the Company for the share-based Long-Term Incentive Plan (LTIP) or for any other purpose do not carry any voting rights and dividend rights.

Shareholders who hold shares on a predetermined record date are entitled to attend and vote at the AGM. The record date for the AGM of 20 April 2023 is 28 days before the AGM, i.e. on 23 March 2023.

Law on the Conversion of Bearer Shares

As of 1 July 2019, the Dutch Law on the Conversion of Bearer Shares (*Wet omzetting aandelen aan toonder*) has entered into effect. All (bearer) shares in the Company's authorised capital have already been registered as per earlier amendment of the Articles of Association. However, there still are share certificates for bearer shares circulating which are eligible for submission with the Company.

Pursuant to Dutch law, the Company received 12,037 certificates for bearer shares without consideration on 31 December 2020.

Any holder of certificates for bearer shares submitting its share certificates with the Company before 2 January 2026, shall receive a corresponding amount of registered shares by the Company as per the transitory provisions laid down in Article 18 of the Articles of Association.

Substantial shareholdings

Pursuant to the Financial Supervision Act (*Wet op het financieel toezicht*) and the Decree on Disclosure of Major Holdings and Capital Interests in Issuing Institutions (*Besluit melding zeggenschap en kapitaalbelang in uitgevende instellingen*), the Netherlands Authority for the Financial Markets has been notified about the following substantial shareholdings regarding the Company:

- Mrs. C.L. de Carvalho-Heineken (indirectly 50.005%; the direct 50.005% shareholder is Heineken Holding N.V.). Further details can be found in the Annual Report of Heineken Holding N.V.
- Voting Trust (FEMSA) (indirectly 8.63%).

Corporate Governance statement

Restrictions related to shares held by FEMSA

Upon completion (on 30 April 2010) of the acquisition of the beer operations of Fomento Económico Mexicano, S.A.B. de C.V. (FEMSA), CB Equity LLP (belonging to the FEMSA Group) received Heineken N.V. shares (and Heineken Holding N.V. shares). Pursuant to the Corporate Governance Agreement of 30 April 2010 concluded between the Company, Heineken Holding N.V., L'Arche Green N.V., FEMSA and CB Equity LLP the following applies:

- Subject to certain exceptions, FEMSA, CB Equity LLP, and any member of the FEMSA Group shall not increase its shareholding in Heineken Holding N.V. above 20% and shall not increase its holding in the Heineken Group above a maximum of 20% economic interest (such capped percentages referred to as the 'Voting Ownership Cap').
- Subject to certain exceptions, FEMSA, CB Equity LLP and any member of the FEMSA Group may not exercise any voting rights in respect of any shares beneficially owned by it, if and to the extent that such shares are in excess of the applicable Voting Ownership Cap.
- Unless FEMSA's economic interest in the Heineken Group were to fall below 14%, the current FEMSA control structure were to change or FEMSA were to be subject to a change of control, FEMSA is entitled to have two representatives on the Company's Supervisory Board, one of whom will be Vice-Chairman, who also serves as the FEMSA representative on the Board of Directors of Heineken Holding N.V.

Share plans

There is a share-based Long-Term Incentive Plan (LTIP) for both the Executive Board members and senior management. Eligibility for participation in the LTIP by senior management is based on objective criteria.

Each year, performance shares are awarded to the participants. Depending on the fulfilment of certain predetermined performance conditions during a three-year performance period, the performance shares will vest and the participants will receive Heineken N.V. shares.

Shares received by Executive Board members upon vesting under the LTIP are subject to a holding period of five years as from the date of award of the respective performance shares, which is approximately two years from the vesting date.

Under the Short-Term Incentive Plan (STIP) for the Executive Board, Executive Board members are entitled to receive a cash bonus subject to the fulfilment of predetermined performance conditions.

Executive Board members are obliged to invest at least 25% of their STIP payout in Heineken N.V. shares ('investment shares') to be delivered by the Company; the maximum they can invest in Heineken N.V. shares is 50% of their STIP payout (at their discretion).

The investment shares (which are acquired by the Executive Board members in the year after the year over which the STIP payout is calculated) are subject to a holding period of five years as from 1 January of the year in which the investment shares are acquired.

Executive Board members are entitled to receive one additional Heineken N.V. share (a 'matching share') for each investment share held by them at the end of the respective holding period.

The entitlement to receive matching shares shall lapse upon the termination by the Company of the service agreements of Mr. Van den Brink and Mr. Van den Broek, as the case may be, for an urgent reason ('dringende reden') within the meaning of the law or in case of dismissal for cause ('ontslag met gegronde redenen') whereby the cause for dismissal concerns unsatisfactory functioning of the Executive Board member.

In exceptional situations, extraordinary share entitlements may be awarded by the Executive Board to employees. These share entitlements are usually non-performance-related and the employees involved are usually entitled to receive Heineken N.V. shares after the expiry of a period of time.

The shares required for the LTIP, the STIP and the extraordinary share entitlements will be acquired by the Company on the basis of an authorisation granted by the AGM and subject to approval of the Supervisory Board of the Company.

Change of control

There are no important agreements to which the Company is a party and that will automatically come into force, be amended or be terminated under the condition of a change of control over the Company as a result of a public offer.

However, the contractual conditions of most of the Company's important financing agreements and notes issued (potentially) entitle the banks and noteholders respectively to claim early repayment of the amounts borrowed by the Company in the situation of a change of control over the Company (as defined in the respective agreement).

Also, some of the Company's important joint venture agreements provide that in case of a change of control over the Company (as defined in the respective agreement), the other party to such agreement may exercise its right to purchase the Company's shares in the joint venture, as a result of which the respective joint venture agreement will terminate.

Appointment and dismissal of Supervisory and Executive Board members

Members of the Supervisory Board and the Executive Board are appointed by the AGM on the basis of a non-binding nomination by the Supervisory Board.

The AGM can dismiss members of the Supervisory Board and the Executive Board by a majority of the votes cast, if the subject majority at least represents one-third of the issued capital.

Amendment of the Articles of Association

The Articles of Association can be amended by resolution of the AGM in which at least half of the issued capital is represented and exclusively either at the proposal of the Supervisory Board or at the proposal of the Executive Board that has been approved by the Supervisory Board, or at the proposal of one or more shareholders representing at least half of the issued capital.

Acquisition of own shares

On 21 April 2022, the AGM authorised the Executive Board (for the statutory maximum period of 18 months) to acquire own shares subject to the following conditions and with due observance of the law and the Articles of Association (which require the approval of the Supervisory Board):

The maximum number of shares which may be acquired is 10% of the issued capital of the Company as per 21 April 2022.

Transactions must be executed at a price between the nominal value of the shares and 110% of the opening price quoted for the shares in the Official Price List (Officiële Prijscourant) of Euronext Amsterdam on the date of the transaction or, in the absence of such a price, the latest price quoted therein.

Transactions may be executed on the stock exchange or otherwise.

The authorisation may be used in connection with the LTIP and the STIP for the members of the Executive Board and the LTIP for senior management, but may also serve other purposes, such as acquisitions. A new authorisation will be submitted for approval at the next AGM on 20 April 2023.

Corporate Governance statement

Issue of shares

On 21 April 2022, the AGM authorised the Executive Board (for a period of 18 months) to issue shares or grant rights to subscribe for shares and to restrict or exclude shareholders' pre-emption rights, with due observance of the law and Articles of Association (which require the approval of the Supervisory Board).

The authorisation is limited to 10% of the Company's issued capital as per 21 April 2022.

The authorisation may be used in connection with the LTIP and the STIP for the members of the Executive Board and the LTIP for senior management, but may also serve other purposes, such as funding of acquisitions.

A new authorisation will be submitted for approval to the AGM at 20 April 2023.

Compliance with the Code

On 8 December 2016, the current Code was published, which came into effect on 1 January 2017.

The Code can be downloaded at http://www.mccg.nl.

As stated in the Code, there should be a basic recognition that corporate governance must be tailored to the company-specific situation and, therefore, that non-application of individual provisions by a company may be justified.

The Company, in principle, endorses the Code's principles and applies virtually all best practice provisions. However, given the structure of the Heineken Group and, specifically, the relationship between the Company and its controlling shareholder Heineken Holding N.V., the Company does not (fully) apply the following best practice provisions:

- 2.1.7, 2.1.8, 2.1.10 and 2.3.4: Number of independent Supervisory Board members as well as number of independent members of the Remuneration and Selection & Appointment Committees; in that light the Supervisory Board report does not state that best practice provisions 2.1.7 through 2.1.9 have been fulfilled
- 2.2.2: Maximum terms of appointment Supervisory Board members
- 2.3.8: Temporary nature of appointing a delegated Supervisory Board member

The agreement with Mr. Van den Brink and Mr. Van den Broek with regards to their terms comply with the Code.

For more information please see the Remuneration Report.

Other best practice provisions which are not applied relate to the fact that these principles and/or best practice provisions are not applicable to the Company:

- 2.8.1: This best practice provision situation has not arisen
- 3.1.2: sub vii: The Company does not grant options on shares
- 4.1.5: This best practice provision relates to shareholders
- 4.2.6: The Company has no anti-takeover measures
- 4.3.1: This best practice provision relates to shareholders
- 4.3.4: The Company has no financing preference shares
- 4.3.5 and 4.3.6: This best practice provision relates to institutional investors
- 4.4: The Company has no depositary receipts of shares, nor a trust office
- 4.3.3 and 5.1: The Company does not have a one-tier management structure

In respect of transactions with related parties as disclosed in note 13.3, best practice provisions 2.7.3, 2.7.4 and 2.7.5 of the Code have been observed.

Statement of the Executive Board

This Report of the Executive Board, together with the Sustainability Review, serves as the management report for the purpose of Section 391, Book 2 of the Dutch Civil Code.

In accordance with best practice provision 1.4.3 of the Code, we are of the opinion that:

- This report provides sufficient insights into any failings in the effectiveness of the internal risk management and control systems
- The aforementioned systems provide reasonable assurance that the financial reporting does not contain any material inaccuracies
- Based on the current state of affairs, it is justified that the financial reporting is prepared on a going concern basis
- This report states those material risks and uncertainties that are relevant to the expectation of the Company's continuity for the period of 12 months after the preparation of this report.

It should be noted that the foregoing does not imply that these systems and these procedures provide absolute assurance as to the realisation of operational and strategic business objectives, or that they can prevent all misstatements, inaccuracies, errors, fraud and non-compliance with legislation, rules and regulations.

For a detailed description of the risk management system and the principal risks identified, please refer to the Risk Management section.

In accordance with Article 5:25c paragraph 2 sub c of the Financial Markets Supervision Act, we confirm that, to the best of our knowledge:

- the financial statements in this Annual Report 2022 give a true and fair view of our assets and liabilities, our financial position at 31 December 2022, and the results of our consolidated operations for the financial year 2022; and
- the Report of the Executive Board includes a fair review of the position at 31 December 2022 and the development and performance during the financial year 2022 of Heineken N.V. and the undertakings included in the consolidation taken as a whole, and describes the principal risks that Heineken N.V. faces.

This statement cannot be construed as a statement in accordance with the requirements of Section 404 of the US Sarbanes-Oxley Act, which Act is not applicable to Heineken N.V.

Executive Board
R.G.S. van den Brink
H.P.J. van den Broek
Amsterdam, 14 February 2023

To the Shareholders

During 2022, the Supervisory Board performed its duties in accordance with primary and secondary legislation and the Articles of Association of Heineken N.V. and supervised and advised the Executive Board on an ongoing basis.

Financial statements and results appropriation

The Supervisory Board hereby submits to the shareholders the financial statements and the report of the Executive Board for the financial year 2022, as prepared by the Executive Board and approved by the Supervisory Board in its meeting of 14 February 2023.

Deloitte Accountants B.V. audited the financial statements. Its report can be found in the Other Information section.

The Supervisory Board recommends that shareholders, in accordance with the Articles of Association, adopt these financial statements.

The underlying principle of the dividend policy is that 30-40% of net profit before exceptional items and amortisation of acquisition-related intangible assets (net profit beia) is placed at the disposal of shareholders for distribution as dividend.

The proposed dividend amounts to €1.73 per share of €1.60 nominal value, of which €0.50 was paid as an interim dividend on 11 August 2022.

Supervisory Board composition, skills, independence and remuneration

Composition

The Supervisory Board consists of the following ten members since the AGM of 2022: Jean-Marc Huët (Chairman), José Antonio Fernández Carbajal (Vice-Chairman), Maarten Das, Michel de Carvalho, Pamela Mars Wright, Marion Helmes, Rosemary Ripley, Helen Arnold, Nitin Paranjpe and Francisco Josue Camacho Beltrán.

The General Meeting at the Annual General Meeting of Shareholders (AGM) on 21 April 2022 re-appointed Mr. Jean-Marc Huët for a period of two years, re-appointed Mr. José Antonio Fernández Carbajal and Mrs. Marion Helmes for a period of four years and appointed Mr. Francisco Josue Camacho Beltrán for a period of four years.

Supervisory Board composition

Nationality

American	20%
British	10%
Dutch	20%
German	20%
Indian	10%
Mexican	20%

Supervisory Board composition

Gender

Male	60%
Female	40%

Supervisory Board composition

Tenure

0–4 years	50%
5–8 years	20%
9–12 years	n/a
>12 years	30%

To the Shareholders

Jean-Marc (J.M.) Huët

1969 Dutch nationality Male

Appointed in 2014; Chairman (as of 2019); latest re-appointment in 2022*

Profession:

Company Director

Supervisory board seats (or non-executive board memberships) in Large Dutch Entities***: Vermaat Groep B.V. (Chairman), Picnic International B.V.

Other positions**:**

Canada Goose Incorporated

José Antonio (J.A.) Fernández Carbajal

1954 Mexican nationality Male

Appointed in 2010; latest re-appointment in 2022**
Vice-Chairman (as of 2010)

Profession:

Executive Chairman Fomento Económico Mexicano S.A.B. de C.V. (FEMSA)

Supervisory board seats (or non-executive board memberships) in Large Dutch Entities***: Heineken Holding N.V.

Other positions**:**

Coca-Cola Fomento Económico Mexicano S.A.B. de C.V. (Chairman); Tecnológico de Monterrey (Chairman); participates on the Board of Industrias Peñoles S.A.B. de C.V.; Term Member of the MIT Corporation, Member of the Board of Global Advisors of the Council for Foreign Relations

Maarten (M.) Das

1948 Dutch nationality Male

Appointed in 1994; latest re-appointment in 2021**
Delegated Member (as of 1995)

Profession:

Lawyer

Supervisory board seats (or non-executive board memberships) in Large Dutch Entities***: Heineken Holding N.V. (Chairman)

Other positions**:**

L'Arche Green N.V. (Chairman); L'Arche Holding B.V.

Michel (M.R.) de Carvalho

1944 British nationality Male

Appointed in 1996; latest re-appointment in 2019**

Profession:

Chairman Capital Generation Partners

No supervisory board seats (or non-executive board memberships) in Large Dutch Entities***

Other positions**:**

Heineken Holding N.V. (Executive Director), L'Arche Green N.V., Koç Holding

Pamela (P.) Mars Wright

1960 American nationality Female

Appointed in 2016; latest re-appointment in 2020**

Profession:

Company Director

Supervisory board seats (or non-executive board memberships) in Large Dutch Entities***: SHV Holdings N.V.

Other positions**:**

Johns Hopkins International Medicine

Marion (M.) Helmes

1965 German nationality Female

Appointed in 2018; latest re-appointment in 2022**

Profession:

Company Director

No supervisory board seats (or non-executive board memberships) in Large Dutch Entities***

Other positions**:**

Prosiebensat.1 Media SE, Siemens Healthineers AG, Lonza Group Ltd

Rosemary (R.L.) Ripley

1954 American nationality Female

Appointed in 2019**

Profession:

Managing Director at NGEN

No supervisory board seats (or non-executive board memberships) in Large Dutch Entities***

Other positions**:**

Zevia PBC; Ripley Waterfowl Conservancy, Advisory board of the Yale Center for Business and the Environment; CEO and director of Better World Acquisition Corp

Helen (I.H.) Arnold

1968 German nationality Female

Appointed in 2019**

Profession:

Member of the Executive Board of Südzucker Group

No supervisory board seats (or non-executive board memberships) in Large Dutch Entities***

Other positions**:**

TUI AG

Nitin (N.) Paranjpe

1963 Indian nationality Male

Appointed in 2021**

Profession:

Chief Transformation Officer and Chief People Officer at Unilever

No supervisory board seats (or non-executive board memberships) in Large Dutch Entities***

Other positions**:**

Hindustan Unilever Ltd (Chairman), Chinmaya Mission Advisory Council

Francisco (F.J.) Camacho Beltrán

1965 Indian nationality Male

Appointed in 2022**

Profession:

Chief Corporate Officer at FEMSA

No supervisory board seats (or non-executive board memberships) in Large Dutch Entities***

Other positions**:**

Valora Holding AG, Coca-Cola FEMSA, S.A.B. de V.C.

* For a term of two years, in line with the Corporate Governance Code.
** For the maximum term of four years
*** Large Dutch Entities are Dutch N.V.s, B.V.s or Foundations (that are required to prepare annual accounts pursuant to Chapter 9 of Book 2 of the Dutch Civil Code or similar legislation) that meet two of the following criteria (on a consolidated basis) on two consecutive balance sheet dates:
(i) The value of the assets (according to the balance sheet with the explanatory notes and on the basis of acquisition and manufacturing costs) exceeds €20 million;
(ii) The net turnover exceeds €40 million;
(iii) The average number of employees is at least 250.
**** Under 'Other positions', other functions are mentioned that may be relevant to the performance of the duties of the Supervisory Board.

To the Shareholders

Supervisory Board composition and skills matrix

	Jean-Marc (R.J.M.S.) Huët	José Antonio (J.A.) Fernández Carbajal	Maarten (M.) Das	Michel (M.R.) De Carvalho	Pamela (P.) Mars-Wright	Marion (M.) Helmes	Rosemary (R.L.) Ripley	Helen (I.H.) Arnold	Nitin (N.) Paranjpe	Francisco (F.J.) Camacho Beltrán
Year of birth	1969	1954	1948	1944	1960	1965	1954	1968	1963	1965
Gender	Male	Male	Male	Male	Female	Female	Female	Female	Male	Male
Nationality	Dutch	Mexican	Dutch	British	American	German	American	German	Indian	Mexican
Committee memberships	AC, PC (Chair), RC, SAC (Chair)	PC, SAC, SRC (Chair)	PC, RC (Chair), SAC	RC, SAC, SRC, PC	SAC, SRC	AC (Chair), RC	RC, SRC	AC	SRC	AC
Skills and experience										
Business leadership	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
International business	✓	✓		✓	✓	✓	✓	✓	✓	✓
Consumer goods	✓	✓		✓	✓	✓	✓	✓	✓	✓
Finance/ Governance	✓		✓	✓		✓	✓	✓		
Marketing/ Innovation		✓			✓				✓	✓
Sustainability		✓			✓		✓		✓	✓
Digital/ Technology							✓	✓		✓

AC – Audit Committee, PC – Preparatory Committee, RC – Remuneration Committee, SAC – Selection & Appointment Committee, SRC – Sustainability & Responsibility Committee

To the Shareholders

The Supervisory Board has a diverse composition in terms of experience, gender, nationality and age. Four out of ten members are women and eight out of ten members are non-Dutch. There are six nationalities (American, British, Dutch, German, Indian and Mexican) and the age of the members ranges between 53 and 78.

The Supervisory Board is of the opinion that a diversity of experience and skills is represented on its board. The elements of a diverse composition of the Supervisory Board are laid down in the Diversity Policy of the Supervisory Board, Executive Board and Executive Team as per best practice provision 2.1.5 of the Dutch Corporate Governance Code of 8 December 2016 (the 'Code'). Currently, 40% (i.e. four out of ten) of the Supervisory Board members are female.

The profile of the Supervisory Board and the Diversity Policy of the Supervisory Board, Executive Board and Executive Team (available on the Company website) provides that a minimum of 1/3 of the seats of the Supervisory Board shall be held by women and a minimum of 1/3 of the seats shall be held by men. The composition of the Supervisory Board of the Company is compliant with the Diversity Policy and Dutch law.

Diversity and gender are important drivers in the selection process. With reference thereto, the Supervisory Board is committed to retain an active and open attitude as regards selecting female candidates. The Supervisory Board is keen to embrace diversity at large and considers gender, experience, background, nationality, knowledge, skills and insight equally important and relevant criteria in selecting new members. More details on the skills and experience of the various Supervisory Board members are provided on the previous page.

Composition and AGM 2023

Mr. de Carvalho, Mrs. Ripley and Mrs. Arnold will have completed their four-year appointment terms per the end of the AGM on 20 April 2023.

A non-binding nomination for the re-appointment of Mr. de Carvalho as member of the Supervisory Board for a period of four years shall be submitted to the 2023 AGM. Pursuant to best practice provision 2.1.8 of the Code, Mr. de Carvalho, married to Mrs. C.L. de Carvalho-Heineken, who holds indirectly more than 10% of the shares in the Company, and is an executive director of Heineken Holding N.V., does not qualify as 'independent'. A re-appointment of Mr. de Carvalho for a period of four years is a deviation of the maximum appointment term of best practice provision 2.2.2 of the Code. In the interest of preserving the core values and the structure of the Heineken Group, the Company does not apply the maximum appointment period to members who are related by blood or affinity in the direct line of descent to Mr. A.H. Heineken or who are members of the Board of Directors of Heineken Holding N.V.

A non-binding nomination for the re-appointment of Mrs. Ripley as member of the Supervisory Board for a period of four years shall be submitted to the 2023 AGM.

Mrs. Arnold's term as Supervisory Board member will end at the AGM on 20 April 2023. The Supervisory Board is very grateful for Mrs. Arnold's commitment and her meaningful contributions to the Supervisory Board and its Audit Committee over the past years. Especially her contributions to the Digital and Technology agenda of the Company have been very valuable.

A non-binding nomination for the appointment of Mr. Hijmans van den Bergh and Mrs. Pardo as members of the Supervisory Board for a period of four years.shall be submitted to the 2023 AGM. With these nominations the Supervisory Board will grow from ten to eleven members, in line with the Regulations of the Supervisory Board and reflecting an increased composition in times of transition. It is the aim of the Supervisory Board that its composition, also in terms of skills and expertise, supports the Company in its goal to future-proof the business and deliver superior and balanced growth with greater focus on meeting the needs of consumers and customers.

Independence

The Supervisory Board endorses the principle that the composition of the Supervisory Board shall be such that its members are able to act critically and independently of one another and of the Executive Board and any particular interests.

Given the structure of the Heineken Group, the Company is of the opinion that, in the context of preserving the continuity of the Heineken Group and ensuring a focus on long-term value creation, it is in its best interest and that of its stakeholders that the Supervisory Board includes a fair and adequate representation of persons who are related by blood or affinity in the direct line of descent to the late Mr. A.H. Heineken (former Chairman of the Executive Board), or who are members of the Board of Directors of Heineken Holding N.V., even if those persons would not, formally speaking, be considered 'independent' within the meaning of best practice provision 2.1.8 of the Code.

Currently, the majority of the Supervisory Board (i.e. six of its ten members) qualify as "independent" as per best practice provision 2.1.8 of the Code.

There are four members who in a strictly formal sense do not meet the applicable criteria for being 'independent' as set out in the Code: Mr. de Carvalho (who is the spouse of Mrs. C.L. de Carvalho-Heineken, the daughter of the late Mr. A.H. Heineken, and who also is an executive director of Heineken Holding N.V.), Mr. Das (who is the Chairman of the Board of Directors of Heineken Holding N.V.), Mr. Fernández Carbajal (who is a non-executive director of Heineken Holding N.V. and a representative of FEMSA) and Camacho Beltrán (who also is a representative of FEMSA). However, the Supervisory Board has ascertained that Mr. de Carvalho, Mr. Das, Mr. Fernández Carbajal and Mr. Camacho Beltrán in fact act critically and independently.

To the Shareholders

Remuneration

The AGM determines the remuneration of the members of the Supervisory Board. Details of the remuneration can be found in Note 13.3 to the Financial Statements.

Meetings and activities of the Supervisory Board

During 2022, the Supervisory Board held eight meetings with the Executive Board. Most meetings were held in person.

The agenda for the Supervisory Board regularly included topics such as the Company's strategy aimed at long-term value creation as well as the manner in which the Executive Board implements the Company's strategy. Other topics discussed were the Company's culture, the Company's financial position, the business and financial performance, acquisitions, large investment proposals, the annual budget and plan, management changes and the internal risk management and control system.

During the year, several representatives of senior management and the Executive Team were invited to give presentations to the Supervisory Board.

The external auditor attended the meeting in which the annual results were discussed.

The Supervisory Board had a two-day meeting in Amsterdam, the Netherlands, with the Executive Team to discuss the Company's strategic priorities.

The Supervisory Board also visited Milan, Italy, where the Management Team of Heineken Italy, the Managing Directors of Serbia and of Switzerland and various other senior managers presented an update on business performance and the organisational risks and opportunities. In addition, a market visit to customers and consumers provided insights in the local commercial environment.

To ensure permanent education, the Supervisory Board is provided with regular deep dives on strategic topics of the Company, both in the meetings of the Supervisory Board and in the meetings of the committees.

In 2022, the following deep dives were conducted:

- The EverGreen 2025 strategy.
- The impact of COVID-19 and related measures, amongst others, to ensure the health and safety of employees and pro-actively take business measures and mitigations.
- The impact of the war in Ukraine on people, the organisation and the business. Various meetings focused on the situation, the actions and the future of the Company in Russia.
- The Global People strategy, including succession planning, the inclusion and diversity strategy and talent management. This also included a reflection on the purpose, values and behaviours of the Company.
- Various business development related projects.
- An update of the operationalisation and progress made in the execution of the Brew a Better World strategy 2030.
- The strategy to design a competitive and sustainable supply chain for Europe.
- The strategy of Global Procurement.
- The strategy of Global Commerce, including the global sponsorship strategy.
- Digital & Technology, with additional attention placed on cybersecurity.
- An online education in the area of sustainability.

Regular Executive Sessions were held without the Executive Board being present. The purpose of these sessions was to evaluate the Supervisory Board meetings and, where relevant, further reflect on particular subjects discussed at the meetings.

One Executive Session was dedicated to the evaluation of the Supervisory Board relating to the performance, working methods, procedures and functioning of the Supervisory Board, its committees and its individual members as well as the functioning of the Executive Board and its individual members.

The evaluations were conducted on the basis of individual interviews of the Supervisory Board members with the Chairman. The conversations covered topics such as the composition and expertise of the Supervisory Board, access to information, frequency and quality of the meetings, leadership developments, quality and timeliness of the meeting materials, and the nature of the topics discussed during meetings.

The outcome of the evaluations showed that the Supervisory Board members indicated that the Board continues to be a diverse and well-functioning team. The Supervisory Board reflected on the skills and expertise of each member and decided to add a dedicated matrix in this Annual Report. A number of suggestions were made to further strengthen the Supervisory Board going forward. A few changes in the set-up of the committees were implemented to align the skills and expertise of all members to the right committees.

The Chairman of the Supervisory Board met frequently with the CEO and kept the Supervisory Board informed.

An induction programme was set up for Mr. Camacho Beltrán. As part of the programme, Mr. Camacho Beltrán. had meetings with several senior leaders and visited the brewery in Zoeterwoude, the Netherlands.

Committees

The Supervisory Board has five Committees: the Preparatory Committee, the Audit Committee, the Selection & Appointment Committee, the Remuneration Committee and the Sustainability & Responsibility Committee. The terms of reference for the Committees are available on the Company's website.

Preparatory Committee

Composition: Mr. Huët (Chairman), Mr. de Carvalho, Mr. Das and Mr. Fernández Carbajal. The Preparatory Committee met six times.

The Committee prepares decision-making by the Supervisory Board on matters not already handled by any of the other committees, such as in relation to acquisitions and investments. The Chairman of the Executive Board also attends the Preparatory Committee meetings.

Audit Committee

Composition: Mrs. Helmes (Chairperson), Mr. Huët, Mr. Astaburuaga Sanjinés (until 21 April 2022), Mrs. Arnold and Mr. Camacho Beltrán (as of 21 April 2022). Mrs. Ripley joined the Audit Committee as of 1 January 2023. The Audit Committee met four times.

The members collectively have the experience and financial expertise to supervise the Executive Board in its activities in relation to the publication of Financial Statements and operation of the internal risk management and control systems, including the risk profile of the Company.

The Executive Board attended all meetings, and so did the external auditor, the Executive Director Global Audit, as well as the Senior Director Global Accounting and Risk Management.

The Executive Director Global Audit has direct access to the Audit Committee, primarily through its Chairperson. During the year, the Audit Committee met once with the external auditors and once with the Executive Director Global Audit, in both instances without management being present. In addition, the Chairperson of the Audit Committee and the Executive Director Global Audit held regular update meetings during the year.

The Committee supervises the activities of the Executive Board with respect to the publication of financial information. The Committee reviews, in the presence of the Executive Board and the external auditor, the appropriateness of the half year reporting and the annual financial statements, focusing on:

- The decisions made on the selection and application of accounting policies.
- The reliability and completeness of disclosures.
- Compliance with financial, non-financial and other reporting requirements.
- Significant judgements, estimates and assumptions used in preparing the reports in respect of, among others, accounting for acquisitions and divestments, the annual impairment test and determining the level of provisions.

To the Shareholders

At the beginning of the year, the Committee reviews and approves the audit plans of the external auditor as well as Global Audit. The Committee focuses mainly on the scoping, key risks, staffing and budget.

During the year, the Committee reviews the reports of the external auditor and Global Audit.

The Chairperson of the Audit Committee held regular update meetings with the CFO and other senior executives.

Furthermore, the Committee in 2022 discussed recurring topics, such as:

- The effectiveness and the outcome of the internal control and risk management systems, as well as changes made and improvements planned to these systems.
- (Functional) Updates in respect of Global Procurement, Global Treasury & Insurance and Global Tax, Pensions, Business Conduct and Global Legal Affairs, as well as Risk Management.
- A dedicated deep dive in respect of Global Digital & Technology, including on cybersecurity.
- Specific updates in the area of sustainability reporting and the preparations for the anticipated European legislation in this area.
- HEINEKEN's governance, risk and compliance (GRC) activities, including the HEINEKEN Company Rules and the HEINEKEN Code of Business Conduct.
- The outcome of the Global Audit activities.
- The outcome of the annual Letter of Representation process and the report from the Integrity Committee related to fraud reporting and Speak Up policy.
- The evaluation of the external auditor, Deloitte Accountants B.V. and the proposed re-appointment of Deloitte Accountants B.V. as auditor for the financial year 2024. The process for future rotation of the external auditor was also discussed.

The Chairperson of the Audit Committee informed the Supervisory Board of the discussions held in the Audit Committee.

Selection & Appointment Committee

Composition: Mr. Huët (Chairman), Mr. de Carvalho, Mr. Das, Mr. Fernández Carbajal and Mrs. Mars Wright. The Selection & Appointment Committee met four times.

In 2022, the following subjects were on the agenda:

- The profile, composition and rotation schedule of the members of the Supervisory Board. This review has resulted in recommendations for nominations for appointment of two new members of the Supervisory Board at the AGM 2023.
- The composition of the committees of the Supervisory Board, considering the skills and expertise of the various members and the focus areas of the various committees. This review has resulted in various proposed changes in the committee composition.
- Evaluation of the Supervisory Board and the Executive Board.

Remuneration Committee

Composition: Mr. Das (Chairman), Mr. de Carvalho, Mr. Huët, Mrs. Ripley (until 31 December 2022) and Mrs. Helmes (as of 1 July 2022). The Remuneration Committee met three times.

The Committee made recommendations to the Supervisory Board regarding the achievement of the 2021 targets and related compensation of the Executive Board and the 2022 target setting of the Executive Board, that were endorsed by the Supervisory Board. As part of the recommendations, the Remuneration Committee took note of the Executive Board members' views with regard to the amount and structure of their own remuneration.

The Remuneration Committee also received a report on the status and trends in executive remuneration and executive remuneration governance in order to fulfil its remuneration governance responsibilities. The report aimed, among other things, to review alignment of the Company's remuneration practices with its remuneration principles, to provide an overview of the Company's competitive remuneration positioning versus the market, to assess the relation between actual remuneration and performance, and to update the Committee on executive compensation trends, regulatory developments and views of investors, external stakeholders including public opinion.

At the AGM 2022, the Company received valuable feedback from shareholders and shareholder interest organisations with respect to the Remuneration Report. This feedback has been discussed by the Remuneration Committee and has been taken into consideration. As a result, several changes have been implemented. The details are in the 2022 Remuneration Report, which is included in this Annual Report.

Sustainability & Responsibility Committee

Composition: Mr. Fernández Carbajal (Chairman), Mr. de Carvalho, Mrs. Mars Wright, Mrs. Ripley and Mr. Paranjpe. The Committee met four times.

In 2022, the following subjects were on the agenda:

- The operationalisation of the Brew a Better World 2030 strategy and the progress made against the KPIs across the three key pillars of the strategy, being environmental, social and responsible consumption.
- Various deep dives within the three pillars, including carbon, water, the Company's scope 3 footprint and responsible consumption.
- The Company's climate risk assessments and strategic considerations based on the standards of the Task Force on Climate-related Financial Disclosures and the anticipated European sustainability legislation.
- External sustainability developments, including the key sustainability focus areas of investors. An external speaker from a renowned bank was asked to share insights.
- The focus areas, risks and opportunities of the Company in the area of the Brew a Better World strategy for 2023 and beyond.

To the Shareholders

Attendance

The Supervisory Board confirms that all Supervisory Board members have adequate time available to give sufficient attention to the concerns of the Company.

In 2022, the attendance rate was 90% for the Supervisory Board meetings and 96% for the committee meetings. Due to various key developments two ad hoc Supervisory Board meetings were convened in 2022 (two out of eight). These meetings could not be attended by all members due to prior commitments or other constraints. In case of absence, members are fully informed in advance, enabling them to provide input for the meeting, and they are also updated on the meeting outcome.

The table below provides an overview of the attendance record of the individual members of the Supervisory Board. Attendance is expressed as a number of meetings attended out of the number eligible to attend.

	Supervisory Board	Preparatory Committee	Audit Committee	Selection & Appointment Committee	Remuneration Committee	Sustainability & Responsibility Committee
Mr. Huët	8/8	6/6	4/4	4/4	3/3	
Mr. Fernández Carbajal	8/8	6/6		4/4		4/4
Mr. Das	6/8	6/6		3/4	3/3	
Mr. de Carvalho	8/8	6/6		4/4	3/3	3/4
Mr. Astaburuaga Sanjinés*	3/3		1/1			
Mrs. Mars Wright	6/8			3/4		4/4
Mrs. Helmes	7/8		4/4		2/2	
Mrs. Ripley	8/8				3/3	4/4
Mrs. Arnold	7/8		3/4			
Mr. Paranjpe	6/8					4/4
Mr. Camacho Beltrán**	5/5		3/3			

* Mr. Astaburuaga Sanjinés' term in the Supervisory Board ended on 21 April 2022.
** Mr. Camacho Beltrán's term in the Supervisory Board started on 21 April 2022.

Executive Board composition and remuneration

Composition

Best practice provision 2.2.1 of the Code recommends that an Executive Board member is appointed for a period of four years and that a member may be reappointed for a term of not more than four years at a time.

In compliance with this best practice provision, the Supervisory Board has drawn up a rotation schedule to avoid, as much as possible, a situation in which Executive Board members retire at the same time.

Mr. Dolf van den Brink was appointed for a period of four years during the AGM in 2020 as Chairman and CEO of the Executive Board. Mr. Harold van den Broek was appointed for a period of four years during the AGM in 2021 as CFO and member of the Executive Board.

Remuneration

The AGM approved the current remuneration policy for the Executive Board in 2022.

Appreciation

The Supervisory Board wishes to express its gratitude to the members of the Executive Board and all HEINEKEN employees for their hard work and dedication in 2022.

Supervisory Board Heineken N.V.

Huët	**Helmes**
Fernández Carbajal	**Ripley**
Das	**Arnold**
de Carvalho	**Paranjpe**
Mars Wright	**Camacho Beltrán**

Amsterdam, 14 February 2023

Remuneration Report 2022

Annual statement from the Remuneration Committee Chair

Dear Shareholder,

I am pleased to present to you the HEINEKEN remuneration report for the year 2022, which includes our current remuneration policies for the Executive Board and the Supervisory Board and describes how the policies have been put into practice during 2022.

HEINEKEN's remuneration policy continues to reflect our long-standing remuneration principles of supporting the business strategy, paying for performance, and paying competitively and fairly. The remuneration policy and underlying principles support our long-term sustainable business growth in the widely diverse markets in which we operate. In addition, the perspective and input of internal and external stakeholders as well as public opinion have been taken into consideration in establishing and implementing the remuneration policy.

Looking to 2022

Linking pay to ESG performance
In 2022, we modified our Executive Board remuneration policy to introduce ESG-related performance measures in the long-term incentive plan, linking the Executive Board's long-term remuneration with HEINEKEN's Sustainability & Responsibility strategy. The revised policy was submitted to the April 2022 AGM and was adopted with 97.5% of the votes.

Three "Brew a Better World" commitments were selected to be included as long-term incentives ESG performance measures with equal weights: carbon emissions reduction, water efficiency and percentage of women at senior manager level.

Increased level of transparency
The 2021 remuneration report was submitted for an advisory vote to the April 2022 AGM and was approved with 79.5% of the votes. From the shareholder engagement in 2022, we noted the request for an increased level of transparency around performance conditions for the short-term and long-term incentive plans.

We have acted on this feedback and in this 2022 remuneration report we have added *ex-post* disclosure of the performance targets and intervals as well as the actual achievements for each of the performance measures in our Short-term and Long-term incentives. Additionally, we have added *ex-ante* disclosure of the performance targets and intervals for the ESG-related performance measures in our 2022-2024 Long-term incentive plan. We believe this decision reflects HEINEKEN's belief in transparent business practices and our commitment to an ongoing, constructive dialogue with our stakeholders.

Executive Board Remuneration outcomes
In the beginning of the year, the Supervisory Board reviewed the Executive Board's actual base salary and short-term and long-term variable remuneration versus the labour market peer group median. Based on that assessment, the Supervisory Board concluded that the Executive Board members would not receive a salary increase in 2022.

As the year progressed, we continued building on our strengths and delivered strong performance against our growth, profitability, and strategic targets in a challenging business environment. Within this context, the Supervisory Board concluded that the formulaic performance outcomes for the 2022 short-term incentives of 168%, as well as the performance vesting of the 2020-2022 long-term incentive award of 186%, are fair and reflective of the Executive Board's true performance and leadership navigating this volatile environment while building a brighter future for HEINEKEN.

Supervisory Board Remuneration
The Supervisory Board remuneration policy remained unchanged in 2022.

Looking to 2023

We are not proposing any policy changes for the year ahead.

We thank shareholders for their continued support, and I look forward to presenting this remuneration report at the 2023 AGM.

Maarten Das
Chairman of the Remuneration Committee

Remuneration Report 2022

This Remuneration Report includes five sections:

Part I
Describes the prevailing Executive Board remuneration policy, as adopted by the AGM in 2022, and as it has been implemented in 2022.

Part II
Describes the prevailing Supervisory Board remuneration policy, as adopted by the AGM in 2020, and as it has been implemented in 2022.

Part III
Provides details of the Executive Board actual remuneration for performance ending in, or at year-end, 2022.

Part IV
Provides details of the Supervisory Board actual remuneration ending in, or at year-end 2022.

Part V
Outlines adjustments to the remuneration policy and implementation for 2023.

Part I – Executive Board remuneration policy

Remuneration principles

The Executive Board remuneration policy is designed to meet four key principles:

- **Support the business strategy**
  We align our remuneration policy with business strategies focused on creating long-term sustainable growth and shareholder value, while maintaining a tight focus on short-term financial results.
- **Pay for performance**
  We set clear and measurable targets for our short-term and long-term incentive policies, and we pay higher remuneration when targets are exceeded and lower remuneration when targets are not met.
- **Pay competitively**
  We set target remuneration to be competitive with other relevant multinational corporations of similar size and complexity.
- **Pay fairly**
  We set target remuneration to be internally consistent and fair; we regularly review internal pay relativities between the Executive Board and the wider employee population and aim to achieve consistency and alignment in, amongst others, remuneration changes, salary structures and the design of variable compensation where possible.

Summary overview of remuneration elements

The Executive Board remuneration policy is simple and transparent in design, and consists of the following key elements:

Remuneration element	Description	Strategic role
Base salary	– Involves fixed cash compensation – Aims for the median of the labour market peer group	– Facilitates attraction and is the basis for competitive pay – Rewards performance of day-to-day activities
Short-term incentive	– Is based on achievements of annual measures, of which 75% relate to financial and operational measures for Heineken N.V. and 25% to individual leadership measures – Aims, at target level, for the median of the labour market peer group – Is partly paid in cash, and partly in investment shares with a holding period of five calendar years: – the part paid in shares is between 25% and 50% of the full before-tax Short-term incentive amount, depending on the individual's choice whether, and to which extent, to exceed the mandatory 25% share investment – the part in cash is paid net of taxes (i.e. after deduction of withholding tax due on the full before-tax Short-term incentive amount) – Investment shares are matched on a 1:1 basis after the holding period	– Drives and rewards sound business decisions for the long-term health of HEINEKEN – Aligns Executive Board and shareholder interests
Long-term incentive	– Is based on achievements of three-year targets for Heineken N.V., of which 75% relate to financial measures and 25% relate to ESG measures – Aims, at target level, for the median of the labour market peer group – Is awarded through the vesting of shares, net of taxes (i.e. after deduction of withholding tax due on the full before-tax Long-term incentive amount) – Vested shares are blocked for another two years, to arrive at a five-year holding restriction after the date of the conditional performance grant	– Drives and rewards sound business decisions for the long-term health of HEINEKEN – Aligns Executive Board and shareholder interests – Supports Executive Board retention
Pensions	– Defined Contribution Pension Plan and/or Capital Creation Plan	– Provides for employee welfare and retirement needs
Benefits	– Provides a range of benefits, including, but not limited to, company car, fuel and health insurance – Aims to be in line with local market practice	– Provides market competitive benefits to aid retention

Remuneration Report 2022

Labour market peer group

A global labour market peer group was adopted by the AGM in 2011, and subsequently adjusted in 2012 and 2017. The median target remuneration of this peer group is a reference point for the target remuneration of the CEO and CFO. Each year, the Remuneration Committee validates the peer group to ensure relevance, and recommends adjustments to the Supervisory Board if needed. For 2022 (and 2021), the peer group consisted of the following companies:

Anheuser-Busch InBev (BE)	Diageo (UK)	Nestlé (CH)
Carlsberg (DK)	Henkel (DE)	Pepsico (US)
Coca-Cola (US)	Kimberly-Clark (US)	Pernod Ricard (FR)
Colgate-Palmolive (US)	Mondelēz International (US)	Unilever (NL)
Danone (FR)	L'Oréal (FR)	

Base salary

Every year, peer group and base salary levels are reviewed, and the Remuneration Committee may propose adjustments to the Supervisory Board. HEINEKEN aims to compensate at median on target remuneration of the peer group. However, when changes in base salary are considered, broader factors are taken into account, including but not limited to the individual and business performance and the internal pay relativities.

Short-term incentive

The Short-term incentive (STI) is designed to drive and reward the achievements of HEINEKEN's annual performance targets. Through its payout in both cash and investment shares it also drives and rewards sound business decisions for HEINEKEN's long-term health while aligning Executive Board and shareholder interests at the same time. The target STI opportunities for 2022 are 140% of base salary for the CEO and 100% of base salary for the CFO. These percentage opportunities are well aligned with the labour market peer group medians.

The STI opportunities are for a weighted 75% based on financial and operational measures for Heineken N.V., and for a weighted 25% on individual leadership measures. At the beginning of each year, the Supervisory Board establishes the performance measures, their relative weights and corresponding targets based on HEINEKEN's business priorities for that year. The Supervisory Board ensures that a balanced mix of financial, operational and individual performance measures is selected, which incentivises executives to achieve our annual business strategy and the growth of shareholder value.

The financial and operational measures and their relative weights are reported in the Remuneration Report upfront (*ex-ante*); the numerical performance targets are only disclosed after the close of the financial year (*ex-post*) as they are considered to be commercially sensitive. In the first weeks of the following year, the Supervisory Board reviews the Company and individual performance against the pre-set targets, and approves the STI payout levels based on the performance achieved. The performance on the financial measures will be reported on actual measure achievement results (cf. Part III).

The STI payout for 2022 is subject to four performance measures: Organic Net Revenue Growth (weight: 35%), Organic Operating Profit beia Growth (weight: 15%), Free Operating Cash Flow (weight: 25%) and Individual Leadership measures (weight: 25%). The Individual leadership measures are a mix of quantitative and qualitative measures focused on the implementation of HEINEKEN's strategy. The STI payout for 2023 will be subject to four performance measures: Organic Net Revenue Growth (weight: 35%), Organic Operating Profit beia Growth (weight: 15%), Free Operating Cash Flow (weight: 25%) and Individual Leadership measures (weight: 25%). The individual leadership objectives will be tied to achievement of our EverGreen strategy. The detailed individual leadership objectives will be included in the annual report as of 2023.

For each performance measure, a threshold, target and maximum performance level is set with the following STI payout, as a percentage of target payout:

Threshold performance
50% of target payout

Target performance
100% of target payout

Maximum performance
200% of target payout.

For each measure, payout in between these performance levels is on a straight-line basis; below threshold performance the payout is zero, whereas beyond maximum performance it is capped at 200% of payout at target.

In line with policy, 25% of the STI payout is paid out in shares, referred to as investment shares. At their discretion, the Executive Board members have the opportunity to indicate before the end of the performance year whether they wish to receive up to another 25% of their STI payout in additional investment shares. All investment shares thus received are then blocked and cannot be sold under any circumstance, including resignation, for five calendar years to link the value of the investment shares to long-term Company performance. Withholding tax on the investment shares and on the cash part of the STI payout is settled with the cash part at the time of payout. After the blocking period is completed after five calendar years, the Company will match the investment shares 1:1 in the first weeks of the following year, i.e. one matching share is granted for each investment share. As from then, there are no holding requirements on these investment shares anymore, and there are no holding requirements on the resulting matching shares that remain after withholding tax on these shares.

According to plan rules, matching entitlements will be forfeited in case of dismissal by the Company for an urgent reason within the meaning of the law ('dringende reden'), or in case of dismissal for cause ('gegronde reden'), whereby the cause for dismissal concerns unsatisfactory functioning of the Executive Board member. With this 'deferral-and-matching' proposition a significant share ownership by the Executive Board is ensured, creating an increased alignment with the interests of shareholders. The Supervisory Board has the power to revise the amount of the STI payout to an appropriate amount if the STI payout that would have been payable in accordance with the agreed payment schedule would be unacceptable according to standards of reasonableness and fairness. The Supervisory Board is entitled to claw back all or part of the STI payout (in cash, investment shares or matching shares) insofar as it has been made on the basis of incorrect information about achieving the performance conditions.

Remuneration Report 2022

Long-term incentive

The Long-term incentive (LTI) is designed to drive and reward sound business decisions for HEINEKEN's long-term health, and to align the Executive Board with shareholder interests by linking rewards to HEINEKEN's share price performance. The target LTI opportunities for 2022 are 150% of base salary for the CEO and 125% of base salary for the CFO.

Each year, a target number of performance shares is conditionally granted based on the aforementioned target LTI opportunity percentage of that year, the base salary of that year, and the closing share price of 31 December of the preceding year.

HEINEKEN's strong and long-standing ambition regarding Sustainability & Responsibility is clearly reflected in our EverGreen strategy and related Brew a Better World ("BaBW") commitments. At the 2022 AGM, the Supervisory Board proposed to introduce a set of ESG-related performance measures to the Long-term incentive plan, directly linking the Executive Board's long-term remuneration with HEINEKEN's Sustainability & Responsibility strategy. Three BaBW commitments were selected to be included as performance measures: carbon emissions reduction, water efficiency, and percentage of women at senior manager level. The proposal to include these measures in place of the Operating Profit performance measure in the Long-term incentive plan was adopted with 97.49% of the votes.

The vesting of the performance shares is contingent on HEINEKEN's performance over a period of three years on a list of performance measures below.

Organic Net Revenue Growth (25%)
To drive top line growth

Earnings Per Share (EPS) beia Growth (25%)
To drive overall long-term Company performance

Free Operating Cash Flow (25%)
To drive focus on cash

ESG measures (25%):
To drive the sustainability & responsibility agenda (see below table)

The three financial performance measures and the combined ESG -related measures have equal weight to minimise the risk that participants over-emphasise one performance measure to the detriment of others. At the beginning of each performance period, the Supervisory Board establishes the corresponding numerical targets for these performance measures based on HEINEKEN's business priorities. The numerical targets for the three financial performance measures are not disclosed upfront as they are considered to be commercially sensitive. The targets for the ESG-related performance measures for the 2022-2024 Long-term incentive are as follows:

ESG Measures		Weight	Threshold	Target[1]	Maximum
Carbon emissions reduction in production	% vs 2018 baseline	8.33 %	-28.0 %	-33.0 %	-38.0 %
Water efficiency improvement	% vs 2018 baseline	8.33 %	-9.0 %	-12.0 %	-15.0 %
Women at senior manager level	% in 2024	8.33 %	27.0 %	28.5 %	30.0 %

1 Target to have been achieved at the end of the 2022-2024 performance period.

In the first weeks following the end of the performance period, the Supervisory Board reviews the Company's performance against the pre-determined targets, and approves the LTI vesting based on the performance achieved. The performance on both the financial and ESG-related measures will be reported on actual measure achievement results (cf. Part III).

For each performance measure, a threshold, target and maximum performance level is set with the following performance share vesting schedule:

Threshold performance
50% of performance shares vests

Target performance
100% of performance shares vests

Maximum performance
200% of performance shares vests.

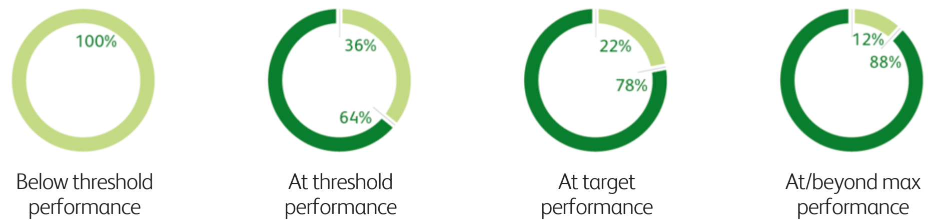
For each measure, vesting in between these performance levels is on a straight-line basis; below threshold performance the vesting is zero, whereas beyond maximum performance it is capped at 200% of vesting at target.

The Supervisory Board has the power to revise the amount of performance shares that will vest to an appropriate number if the number of performance shares that would have vested under the agreed vesting schedule would be unacceptable according to standards of reasonableness and fairness. The Supervisory Board is entitled to claw back all or part of the shares transferred to the Executive Board members upon vesting (or the value thereof) insofar as vesting occurred on the basis of incorrect information about achieving the performance conditions. The vested performance shares that remain after withholding tax are subject to an additional holding restriction of two years, to arrive at a five-year holding restriction after the date of the conditional performance grant.

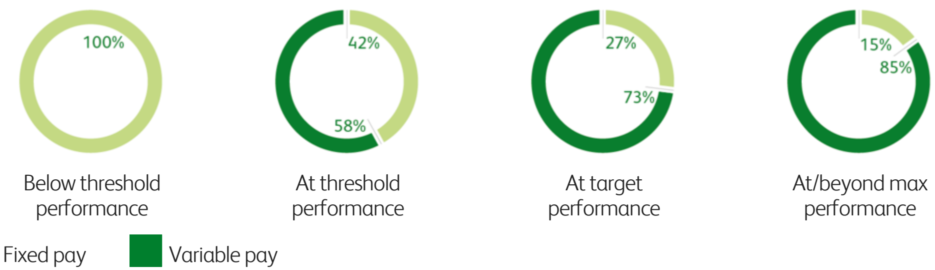
Pay mix

The mix between fixed pay and variable pay for various levels of performance is illustrated below. In these charts, fixed pay refers to base salary only, excluding pensions and other emoluments, and variable pay consists of the aforementioned Short-term and Long-term incentive opportunities, including the 'deferral-and-matching' proposition. Share price movements during performance and holding periods are hereby not included since these are unknown in the context of target remuneration.

CEO target pay mix 2022-2023



CFO target pay mix 2022-2023



Remuneration Report 2022

Pensions
The members of the Executive Board participate in a defined-contribution Capital Creation Plan. As of 2015, following pension reforms in the Netherlands, new members of the Executive Board receive the same contribution as new executives under Dutch employment contract below the Executive Board, which is currently 18% of base salary. This applies to our current CEO and CFO. Both Executive Board members have chosen to receive their full pension contributions as taxable income, as opposed to applying tax deferral to the maximum amount possible.

Benefits
The members of the Executive Board are eligible to receive benefits in line with HEINEKEN's most senior employees. The benefits include, but are not limited to, company car, fuel and health insurance. Other benefits could be offered in circumstances where this allows executives to successfully fulfil the responsibilities of their role. For example in case of a relocation the appropriate relocation support is provided. The levels of the benefits will be competitive in the relevant local market and could be changed year on year.

Loans
HEINEKEN does not provide loans to the members of the Executive Board.

Term of appointment
New members of the Executive Board are appointed by the AGM for the duration of 4 years, subject to reappointment by the AGM.

Notice period
The service agreement may either be terminated by the member of the Executive Board or by the Company. The notice period will not be more than 12 months for both the Company and the individual.

Compensation rights on termination of employment/service agreement
If the Company gives notice of termination of the employment agreement of a member of the Executive Board for a reason which is not an urgent reason ('dringende reden') within the meaning of the law, or decides not to extend the service agreement upon its expiry, or if the AGM does not re-appoint them as member of the Executive Board for a subsequent term, the Company shall pay an amount equal to one year of base salary.

The treatment of incentive awards will depend on the circumstances of departure. A proposal will be made by the Remuneration Committee to be pursued by the Supervisory Board. In case of dismissal by the Company for an urgent reason within the meaning of the law ('dringende reden'), or in case of dismissal for cause ('gegronde reden') whereby the cause for dismissal concerns unsatisfactory functioning of the Executive Board member, the unvested incentive awards will be forfeited.

Derogation clause
The Supervisory Board, upon recommendation of the Remuneration Committee, may temporarily deviate from any sections of the Policy based on its discretion in the circumstances described below:

- Upon change of the Executive Board member in accordance with the new hire policy,
- In any other circumstance where the deviation may be required to serve the long-term interests and sustainability of the Company as a whole or to assure its viability.

New hire policy
Our recruitment policy is to offer a compensation package that allows HEINEKEN to attract, retain and motivate the individual with the right skills for the required role. When determining remuneration for an Executive Board member, the Supervisory Board will, at the recommendation of the Remuneration Committee, consider the role's requirements, business needs, the individual's skills and experience and the relevant external talent market.

Where an individual is recruited externally for an Executive Board member position, the remuneration package in their prior role will be taken into account. The Supervisory Board will seek to align the new member's remuneration package with the Executive Board Remuneration Policy. The Company may offer compensation to buy out awards or other lost compensation which the candidate held prior to joining HEINEKEN, but which lapsed upon leaving their previous employer. The rationale of any such award will be disclosed in the Remuneration Report.

Where an individual is appointed to the Executive Board through internal promotion or following a corporate transaction (e.g. an acquisition), the Board retains the ability to honour any legally binding legacy arrangements agreed prior to the appointment.

Remuneration Governance
The Remuneration Committee makes the proposal to the Supervisory Board for the Remuneration Policy to be pursued, and makes a proposal for the remuneration of the individual members of the Executive Board for adoption by the Supervisory Board. In accordance with Dutch Law, the remuneration policy will be submitted for approval to the AGM at least every four years, or in case of material amendments to the policy. The Executive Board members shall not participate in the decision making regarding their own remuneration to avoid conflict of interest.

Remuneration Report 2022

Part II – Supervisory Board remuneration policy

Remuneration principles

The Supervisory Board remuneration policy is designed to attract and retain high-class and diverse profiles with relevant skills and experience that are required to perform the Supervisory Board's duties and it ensures appropriate corporate governance by meeting the following key principles:

- **Support the business strategy**
  We align our remuneration policy with business strategies focused on creating long-term sustainable growth and shareholder value.
- **Pay for purpose**
  We align our remuneration policy to promote the independence and objectivity of our Supervisory Board members, which is a key element to best serve the long-term interest of the company.
- **Pay competitively**
  We set remuneration levels to be competitive with other relevant multinational corporations of similar size and complexity.

While establishing and implementing the policy, the perspective and input of internal and external stakeholders and the external environment in which HEINEKEN operates, are taken into consideration. HEINEKEN is also committed to an ongoing dialogue with shareholders and seeks the views of significant shareholders before any material changes to remuneration arrangements are put forward for approval.

Summary overview of remuneration elements

The Supervisory Board remuneration policy is simple and transparent in design, and consists of the following key elements:

Element	Purpose	Description
Base Board Fees	– Supervisory Board members receive a fixed cash compensation for their services. – In line with the Dutch Corporate Governance code, no variable pay and / or equity awards are offered. – In order to provide a fee level that is competitive with other companies comparable to HEINEKEN, reviews are conducted on a regular basis.	– The Remuneration Committee is responsible to review the compensation levels on a regular basis and to bring forward proposals (if any) to the Supervisory Board. Proposals are submitted to the Annual General Meeting for approval. – This review is done through a benchmark assessment against a pan-European peer group consisting of companies that are of comparable size to HEINEKEN.
Committee Fees	– Supervisory Board members are compensated for additional responsibilities such as Committee membership. – In order to provide a fee level that is competitive with other companies comparable to HEINEKEN, reviews are conducted on a regular basis.	– Members are eligible to receive additional fees in respect of serving as a Chairman or Member of a Committee. – Fee levels between Committees can differ if this is deemed appropriate depending on the time commitment and responsibilities associated with the Committee membership. – Fees are additive; if a Board member serves in multiple Committees, the compensation will consist of the Board membership fee and the sum of the corresponding Committee fees.
Allowances and Benefits	– Supervisory Board members are reimbursed and compensated for additional efforts that enable them to exercise their role.	– Members receive reimbursement of travel expenses and are compensated for intercontinental travel required to exercise their role. – Small benefits such as retirement gifts may also be provided.

Remuneration Report 2022

Part III – The Executive Board actual remuneration for performance ending in, or at year-end, 2022

The following table provides an overview of the Executive Board actual remuneration that became unconditional in, or at year-end, 2022. For disclosures in line with IFRS reporting requirements, which are 'accrual-based' over earning/performance periods and partly depend on estimations/assumptions, see note 13.3 'Related parties' on page 116. The Supervisory Board conducted a scenario analysis with respect to possible outcomes of the variable remuneration disclosed in this section.

			2020-2022 Long-term incentive		Matching entitlements			Extraordinary Share Grants			
	(1) Base salary in €	(2) 2022 Short-term incentive in €	(3) No. of performance shares vesting[1]	(4) Value of performance shares vesting in €	(5) No. of matching entitlements vesting	(6) Value of matching entitlements vesting in €	(7) Pension cost in €	(8) No. of extraordinary shares vesting[2]	(9) Value of extraordinary shares vesting in €	(10) Other emoluments in €	(11) Total in €
Van den Brink	1,250,000	2,940,000	24,225	2,128,893	—	—	300,947	—	—	28,685	6,648,525
Van den Broek	850,000	1,428,000	—	—	—	—	156,920	13,155	1,156,061	—	3,590,981

1 The number of performance shares vesting for Mr. van den Brink includes 1,637 shares vesting based on shares that were granted to him as President for Asia Pacific, and 22,588 shares vesting based on shares that were granted to him as CEO and Member of Executive Board under the Executive Board LTI policy.
2 See details on Mr. Van den Broek's extraordinary share grant under point ad(8).

ad (1) – Base salary

These base salaries have been paid to the members of the Executive Board for 2022..

ad (2) – 2022 Short-term incentive

The 2022 Short-term incentive (STI) relates to the performance year 2022, and becomes payable in 2023. The STI for 2022 was subject to four performance measures: Organic Net Revenue Growth (weight: 35%), Organic Operating Profit beia Growth (weight: 15%), Free Operating Cash Flow (weight: 25%) and Individual leadership measures (weight: 25%). The following table shows the performance targets and intervals, as well as the actuals achievements as determined by the Supervisory Board for each of these measures:

Performance Measures	Weight	Threshold	Target	Maximum	Achievement	Payout
Organic Net Revenue Growth (%)	35 %	10.0%	15.0%	20.0%	21.2%	200 %
Operating Profit beia Growth (%)	15 %	10.0%	20.0%	30.0%	24.0%	140 %
Free Operating Cash Flow (€ m)	25 %	2,000	2,150	2,500	2,409	174 %
Individual leadership measures	25 %	–	–	–	–	134 %
Total	100 %					168 %

The specific objectives underlying the Individual leadership measures will be disclosed in the annual report as of 2023.

The resulting STI payout for 2022 is 168% of payout at target level for both members of the Executive Board. In line with policy, 25% of the STI payout is paid out in investment shares against the closing share price of 15 February 2022, the publication date of these financial statements. In addition, the Executive Board members have had the opportunity to indicate before the end of the 2022 performance year whether they wished to receive up to another 25% of their STI payout in additional investment shares; for 2022 the Executive Board members elected to receive an additional 25% investment shares beyond the mandatory 25% share investment. The investment shares are restricted for sale for five calendar years, after which they are matched 1:1 by matching shares. Revision and clawback provisions apply to this Short-term incentive, including the related matching share entitlement. The table below provides an overview of the investment shares at year-end that were awarded as part of STI payouts in the past, and that have remained blocked and await 1:1 matching by the Company, provided the conditions thereto are met. Only when the holding period of the investment shares has been completed, will the matching share entitlements be converted into shares and transferred to the recipient.

	STI payout for	% of STI payout invested in shares	Award date	No. of investment shares awarded	Value of investment shares as of the award date in €	End of blocking period	Value of investment shares as of 31.12.2022[1] in €
Van den Brink	2022	50 %	15.02.2023	t.b.d.	c.a. 1,470,000	31.12.2027	n.a.
	2021	50 %	16.02.2022	16,327	1,583,719	31.12.2026	1,434,817
	2020	n.a.	n.a.	—	—	n.a.	n.a.
Van den Broek	2022	50 %	15.02.2023	t.b.d.	c.a. 714,000	31.12.2027	n.a.
	2021	50 %	16.02.2022	4,626	448,722	31.12.2026	406,533

1 The share price as of 31 December 2022 is €87.88.

Remuneration Report 2022

ad (3) – 2020-2022 Long-term incentive: number of performance shares vesting

The 2020-2022 Long-term incentive (LTI) relates to the performance period 2020-2022 and vests shortly after 15 February 20223 the publication date of these financial statements. The vesting of the LTI award for performance period 2020-2022 is subject to Heineken N.V. performance on four financial measures with equal weight. The following table shows the performance targets and intervals, as well as the actuals achievements as determined by the Supervisory Board for each of these measures:

Performance Measures	Weight	Threshold	Target	Maximum	Achievement	Vesting
Organic Net Revenue Growth (%)	25 %	2.0 %	4.0 %	6.0 %	7.2 %	200 %
Organic Operating Profit beia Growth (%)	25 %	2.5 %	4.5 %	6.5 %	10.7 %	200 %
EPS beia Growth (%)	25 %	2.0 %	3.5 %	5.5 %	20.2 %	200 %
Free Operating Cash Flow (€ m)	25 %	5,000	6,000	7,000	6,436	144 %
Total	100 %					186 %

As a result, the vesting of the LTI grant for performance period 2020-2022 will be equal to 186% of the vesting at target level. For the CEO, this performance implies that 22,588 shares will vest shortly after 15 February 2023, as a result of the 12,144 conditional performance shares granted to him in 2020 as CEO and Member of the Executive Board in 2020. The resulting share award are defined in before-tax terms (i.e. before deduction of withholding tax due). Revision and clawback provisions apply to this award.

The table below provides an overview of outstanding LTI awards (awards granted but not yet vested, or awards vested but still blocked) as of 31 December 2022.

	Grant date	No. of shares conditionally granted at target level[1]	Value of shares conditionally granted in €	Vesting date[2]	No. of shares vesting on the vesting date[3] (before tax)	No. of shares vesting on the vesting date[4] (after tax)	End of blocking period	Value of unvested or blocked shares as of 31.12.2022[5] in €
Van den Brink	2022	18,967	1,875,078	02.2025	t.b.d.	t.b.d.	17.02.2027	885,567
	2021	20,555	1,875,027	02.2024	t.b.d.	t.b.d.	15.02.2026	959,650
	2020	12,144	1,021,310	15.02.2023	22,588	12,000	14.02.2025	1,054,560
Van den Broek	2022	10,748	1,062,547	02.2025	t.b.d.	t.b.d.	17.02.2027	501,795
	2021	10,030	914,937	02.2024	t.b.d.	t.b.d.	15.02.2026	468,225

1 Determined according to plan rules, using the closing share price of 31 December of the year preceding the grant date.
2 The vesting date is shortly after the publication of the financial statements after completion of the performance period.
3 Vested shares are disclosed in before-tax terms (i.e. before deduction of withholding tax due).
4 Vested shares are disclosed in after-tax terms (i.e. after deduction of withholding tax due).
5 The value for the grants in 2020 is based on the actual number of shares vesting on the vesting date after tax withholding, i.e. after applying the relevant income tax rate, whereas the value for the grants in 2021 and 2022 is based on the number of performance shares conditionally granted at target level (since the number of performance shares vesting is yet unknown) after applying the currently prevailing income tax rate. The share price as of 31 December 2022 is €87.88.

Remuneration Report 2022

ad (4) – 2020-2022 Long-term incentive: value of performance shares vesting

The value of performance shares vesting is based on the share price as of 31 December 2022 of €87.88.

ad (5) – Number of matching entitlements vesting

These entries refer to the number of matching share entitlements that vested after year-end 2022, as a result of the investment in shares of part of the STI payout for performance year 2017, and holding on to these investment shares until year-end 2022. Since neither Mr. Van den Brink nor Mr. Van den Broek were part of Executive board in 2017, no matching shares entitlements vested after year-end 2022 .

ad (6) – Value of matching entitlements vesting

The value of matching share entitlements vesting is based on the share price as of 31 December 2022 of €87.88. Since neither Mr. Van den Brink nor Mr. Van den Broek were part of Executive board in 2017, no matching shares entitlements vested after year-end 2022 .

ad (7) – Pension cost

The pension costs involve the employer contributions paid in the Capital Creation Plan as well as the employer contributions to the risk insurances for death and disability.

ad (8) – Extraordinary share awards

The table below provides an overview of Extraordinary Share grants as of 31 December 2022.

As compensation to buy out lost long-term incentive remuneration that Mr. Van den Broek held with his previous employer, an Extraordinary Share Award of 39,466 shares of Heineken N.V. (gross) was granted as of the moment of appointment as member of the Executive Board and of CFO by the Annual General Meeting. This is a time-vested conditional grant, and 13,155 shares vested on 1 June 2022. The remainder of the award is subject to time vesting over a period of two years. In line with the retention requisite of Best Practice provision 3.1.2 of the Dutch Corporate Governance Code, Mr. Van den Broek has an obligation to retain and hold the shares for a period of five years as from the date of award. This holding period continues to apply in respect of vested shares after termination of the Assignment Agreement for whatever reason.

	Award	Grant date	No. of the shares granted[1]	Value of shares conditionally granted as of the grant date in €	Vesting date	No. of shares vesting on the vesting date[2]	End of blocking period	Value of unvested or blocked shares as of 31.12.2022 in €
Van den Broek	Extraordinary share award	01.06.2021	6,578	642,144	01.06.2021	3,321	01.06.2026	291,849
	Extraordinary share award	01.06.2021	13,155	1,284,191	01.06.2022	6,643	01.06.2026	583,787
	Extraordinary share award	01.06.2021	13,155	1,284,191	01.06.2023	t.b.d.	01.06.2026	583,787
	Extraordinary share award	01.06.2021	6,578	642,144	01.03.2024	t.b.d.	01.06.2026	291,849

1 The 'Number of shares granted' refers to the grant in before-tax terms (i.e. before tax withholding).
2 Vested shares are disclosed in after-tax terms (i.e. after deduction of withholding tax due).

Remuneration Report 2022

ad (9) – Extraordinary share grants: value of shares vesting
The value of the share awards is based on the 'Number of shares vesting on the vesting date' against the share price as of 31 December 2022 of €87.88.

ad (10) – Other emoluments
The amounts mainly involve car benefits-in-kind.

ad (11) – Total
The addition of all remuneration elements as described in points (1) to (10).

Actual remuneration paid to former members of the Executive Board
Mr. Van Boxmeer stepped down as CEO and Chairman of the Board of Heineken on 1 June 2020. Mrs. Debroux stepped down as CFO and member of the Executive Board of Heineken on 30 April 2021. In line with contractual obligations, Mr. Van Boxmeer and Mrs. Debroux's existing long-term incentive awards (2020-2022 long-term incentives), are subject to vesting in accordance with the predetermined performance conditions as well as subject to a holding period of two years after vesting. Furthermore, their existing investment shares/share matching entitlements are subject to the regular holding period of 5 years.

The vesting of the LTI grant for performance period 2020-2022 will be equal to 186% of the vesting at target level, this implies that 36,743 shares will vest shortly after 15 February 2023, as a result of the 19,754 conditional performance shares granted to Mr. Van Boxmeer in 2020. For Mrs. Debroux, this implies that 20,821 shares will vest shortly after 15 February 2023, as a result of the 11,194 conditional performance shares granted to Mrs. Debroux in 2020. Furthermore, as a result of the investment in shares of part of the STI payout for performance year 2017, below you will find the number of matching share entitlements that vested after year-end 2022.

	2020-2022 Long-term incentive		Matching entitlements	
	No. of performance shares Vesting[1]	Value of performance shares vesting in €[2]	No. of matching entitlements vesting	Value of matching entitlements vesting in €[2]
van Boxmeer	36,743	3,228,975	8,326	731,689
Debroux	20,821	1,829,749	3,568	313,556

1 The 'number of performance shares vesting' and 'number of matching entitlements vesting' are before-tax (i.e. before tax withholding).
2 The share price as of 31 December 2022 is €87.88.

Pay Ratio
In the Netherlands a revised corporate governance code came into effect as of financial year 2017. This revised code requires Dutch stock-listed companies to consider pay ratios between Executive Board members and other employees within the Company when formulating the remuneration policy for the Executive Board, and to disclose these ratios in the Remuneration Report every year.

As is commonly understood, such ratios are specific to the company's industry, geographical footprint and organisational model. HEINEKEN has a truly wide geographical footprint, with the majority of its business and employees in emerging markets with widely different pay levels and structures compared to the Netherlands and Europe. In addition, HEINEKEN has a large number of breweries and in-house sales forces worldwide, which adds to the variety of pay within the Company. For other companies in other industries this will be different. Finally, pay ratios can also be quite volatile over time, as they may vary with exchange rate movements and can be very dependent on the Company's annual performance since that performance impacts the remuneration of the Executive Board much more than of all other employees.

The 2022 pay ratios for HEINEKEN are 198 for the CEO and 128 for the CFO. These ratios are obtained by dividing the 2022 total remuneration for the CEO and CFO by the 2022 average total remuneration of all other employees worldwide. The common denominator of these ratios is derived from note 6.4 on page 83 by dividing the 2022 total personnel expense (after subtracting the expense for the Executive Board and external contractors), by the reported FTE (minus two), leading to an amount of 45,276 versus 40,828 in 2021. The total remuneration for the CEO and CFO is retrieved from note 13.3 on page 116. The Executive Board's remuneration is obtained from note 13.3 to follow IFRS standards and ensure comparability with personnel expenses.

The Executive Board's average pay ratio increased by ca. 9% compared to 2021 results from an increase in the pay ratio of the CFO over 2021 by ca. 23%. This is due to the reason that CFO was appointed as per June 1, 2021. The remuneration included for 2021 pay ratio calculation is for 7 months in 2021.

Comparative overview of remuneration and company performance
The following table provides a comparative overview since 2018 of annual Executive Board remuneration; average employee remuneration; Executive Board pay ratio; and company performance:

	Total remuneration in thousands of €[1]		Average employee total remuneration in thousands of €[2]	Pay ratio[3]		Organic net revenue growth %[4]
Year	CEO	CFO		CEO	CFO	
2018	8,244	3,805	41.7	198	91	6.1%
2019	7,112	3,726	42.9	166	87	5.6%
2020	1,261	835	41.9	30	20	(11.9)%
2021	8,437	4,228	40.8	207	104	12.2%
2022	8,944	5,794	45.3	198	128	21.2%

1 Total remuneration for the CEO and CFO as per note 13.3 Related Parties (i.e. fixed salary, short-term and long-term incentives, pension contributions and other emoluments).
2 Total personnel expense in thousands of € (after subtracting the expense for the Executive Board and external contractor) divided by the reported FTE (minus two).
3 Total remuneration for the CEO and CFO divided by the average total remuneration of all other employees worldwide.
4 Organic net revenue growth percentage for the financial year (performance measure for short and long term incentives).

Remuneration Report 2022

Part IV – The Supervisory Board actual remuneration for performance ending in, or at year-end, 2022

In alignment with the Supervisory Board remuneration policy the Members of the Supervisory Board receive a fixed remuneration for their services. Members are also compensated for intercontinental travel required to exercise their role.The following table provides an overview of the Supervisory Board actual remuneration for year-end, 2022. In alignment with IFRS reporting requirements, this disclosure can also be found in note 13.3 Related Parties.

In thousands of €	2022 Base Board Fee	2022 Committee Fees	2022 Allowances and Benefits	2022 Total Remuneration	2021 Total Remuneration	2020 Total Remuneration	2019 Total Remuneration	2018 Total Remuneration
J.M. Huët	120	105	—	225	225	225	195	86
J.A. Fernández Carbajal	90	40	36	166	142	154	153	109
M. Das	90	40	—	130	130	130	133	85
M.R. de Carvalho	90	45	—	135	135	135	141	96
P. Mars-Wright	90	30	24	144	126	126	151	103
M. Helmes	90	43	—	133	125	125	131	62
R.L. Ripley	90	30	28	148	125	110	97	—
I.H. Arnold	90	20	—	110	110	115	100	—
N.K. Paranjpe[1]	90	20	—	110	78	—	—	—
F.J. Camacho Beltran[2]	63	14	23	100	—	—	—	—
J.G. Astaburuaga Sanjinés[3]	45	10	—	55	122	116	133	104
V.C.O.B.J. Navarre[4]	—	—	—	—	45	105	110	74
G.J. Wijers[5]	—	—	—	—	—	—	103	163
Y. Dervisoglu[5]	—	—	—	—	—	—	53	70
A.M. Fentener van Vlissingen[6]	—	—	—	—	—	—	—	43
	948	**397**	**111**	**1,456**	**1,363**	**1,341**	**1,500**	**995**

1 Appointed on 22 April 2021.
2. Appointed on 22 April 2022.
3. Stepped down on 22 April 2022.
4 Stepped down on 22 April 2021.
5 Stepped down on 25 April 2019.
6 Stepped down on 19 April 2018.

Part V. Adjustments to the remuneration policy for 2023

During 2022 the Supervisory Board reviewed the Executive Board's remuneration policy and after engaging with shareholders and other stakeholders decided not to submit any changes for approval to the 2023 AGM. The Supervisory Board will continue to look for opportunities to increase transparency in the remuneration report in areas where greater transparency will not pose risks to the organization. Consequently, and as previously mentioned, the detailed individual leadership objectives included in the short-term incentive will be disclosed in the annual report as of 2023.

Supervisory Board Heineken N.V.

Amsterdam, 14 February 2023.

Contents

Consolidated Income Statement

For the year ended 31 December

In millions of €	Note	2022	2021
Revenue	6.1	**34,676**	**26,583**
Excise tax expense	6.1	(5,957)	(4,642)
Net revenue	6.1	**28,719**	**21,941**
Other income	6.2	**147**	**1,521**
Raw materials, consumables and services	6.3	(18,618)	(13,535)
Personnel expenses	6.4	(4,079)	(3,485)
Amortisation, depreciation and impairments	6.6	(1,886)	(1,959)
Total other expenses		**(24,583)**	**(18,979)**
Operating profit		**4,283**	**4,483**
Interest income	11.1	74	49
Interest expenses	11.1	(458)	(462)
Other net finance income/(expenses)	11.1	48	14
Net finance expenses		**(336)**	**(399)**
Share of profit of associates and joint ventures	10.3	223	250
Profit before income tax		**4,170**	**4,334**
Income tax expense	12.1	(1,131)	(799)
Profit		**3,039**	**3,535**
Attributable to:			
Shareholders of the Company (net profit)		2,682	3,324
Non-controlling interests		357	211
Profit		**3,039**	**3,535**
Weighted average number of shares – basic	6.7	575,563,505	575,740,269
Weighted average number of shares – diluted	6.7	576,026,120	575,969,395
Basic earnings per share (€)	6.7	4.66	5.77
Diluted earnings per share (€)	6.7	4.65	5.77

Consolidated Statement of Other Comprehensive Income

For the year ended 31 December

In millions of €	Note	2022	2021
Profit		**3,039**	**3,535**
Other comprehensive income, net of tax:			
Items that will not be reclassified to profit or loss:			
Remeasurement of post-retirement obligations	12.3	63	210
Net change in fair value through OCI investments	12.3	15	9
Items that may be subsequently reclassified to profit or loss:			
Currency translation differences	5(b)/12.3	437	1,033
Change in fair value of net investment hedges	12.3	(62)	(54)
Change in fair value of cash flow hedges	12.3	(142)	97
Cash flow hedges reclassified to profit or loss	12.3	38	(3)
Cost of hedging	11.6/12.3	(1)	(6)
Share of other comprehensive income of associates/joint ventures	10.3/12.3	(46)	54
Other comprehensive income, net of tax	12.3	**302**	**1,340**
Total comprehensive income		**3,341**	**4,875**
Attributable to:			
Shareholders of the Company		3,039	4,562
Non-controlling interests		302	313
Total comprehensive income		**3,341**	**4,875**

Consolidated Statement of Financial Position

As at 31 December

In millions of €	Note	2022	2021
Intangible assets	8.1	21,408	20,762
Property, plant and equipment	8.2	13,623	12,401
Investments in associates and joint ventures	10.3	4,296	4,148
Loans and advances to customers	8.3	216	209
Deferred tax assets	12.2	618	682
Other non-current assets	8.4	1,230	1,070
Total non-current assets		**41,391**	**39,272**
Inventories	7.1	3,250	2,438
Trade and other receivables	7.2	4,531	3,662
Current tax assets		84	97
Derivative assets	11.6	70	96
Cash and cash equivalents	11.2	2,765	3,248
Assets classified as held for sale	10.2	315	37
Total current assets		**11,015**	**9,578**
Total assets		**52,406**	**48,850**

In millions of €	Note	2022	2021
Shareholders' equity	11.4	19,551	17,356
Non-controlling interests	11.4	2,369	2,344
Total equity		**21,920**	**19,700**
Borrowings	11.3	12,893	13,640
Post-retirement obligations	9.1	568	668
Provisions	9.2	572	636
Deferred tax liabilities	12.2	2,138	1,971
Other non-current liabilities	11.6	125	141
Total non-current liabilities		**16,296**	**17,056**
Borrowings	11.2/11.3	3,484	3,233
Trade and other payables	7.3	9,283	7,750
Returnable packaging deposits	7.4	545	476
Provisions	9.2	226	301
Current tax liabilities		352	268
Derivative liabilities	11.6	119	46
Liabilities associated with assets classified as held for sale	10.2	181	20
Total current liabilities		**14,190**	**12,094**
Total equity and liabilities		**52,406**	**48,850**

Consolidated Statement of Cash Flows

For the year ended 31 December

In millions of €	Note	2022	2021
Operating activities			
Profit		**3,039**	**3,535**
Adjustments for:			
Amortisation, depreciation and impairments	6.6	1,886	1,959
Net interest expenses	11.1	384	413
Other income	6.2	(147)	(1,326)
Share of profit of associates and joint ventures and dividend income on fair value through OCI investments		(230)	(256)
Income tax expenses	12.1	1,131	799
Other non-cash items		284	30
Cash flow from operations before changes in working capital and provisions		**6,347**	**5,154**
Change in inventories		(793)	(308)
Change in trade and other receivables		(668)	(697)
Change in trade and other payables and returnable packaging deposits		981	1,268
Total change in working capital		**(480)**	**263**
Change in provisions and post-retirement obligations		(207)	(290)
Cash flow from operations		**5,660**	**5,127**
Interest paid		(439)	(456)
Interest received		46	43
Dividends received		177	184
Income taxes paid		(948)	(717)
Cash flow related to interest, dividend and income tax		**(1,164)**	**(946)**
Cash flow from operating activities		4,496	4,181

In millions of €	Note	2022	2021
Investing activities			
Proceeds from sale of property, plant and equipment and intangible assets		112	86
Purchase of property, plant and equipment		(1,791)	(1,324)
Purchase of intangible assets		(220)	(273)
Loans issued to customers and other investments		(219)	(196)
Repayment on loans to customers and other investments		31	40
Cash flow used in operational investing activities		**(2,087)**	**(1,667)**
Free operating cash flow		**2,409**	**2,514**
Acquisition of subsidiaries, net of cash acquired		(171)	54
Acquisition of/additions to associates, joint ventures and other investments		(45)	(678)
Disposal of subsidiaries, net of cash disposed of		9	3
Disposal of associates, joint ventures and other investments		8	11
Cash flow used in acquisitions and disposals		**(199)**	**(610)**
Cash flow used in investing activities		**(2,286)**	**(2,277)**
Financing activities			
Proceeds from borrowings		644	1,571
Repayment of borrowings		(1,934)	(3,362)
Payment of lease commitments		(304)	(298)
Dividends paid		(1,099)	(796)
Purchase own shares and shares issued		(43)	12
Acquisition of non-controlling interests		(391)	(10)
Cash flow used in financing activities		**(3,127)**	**(2,883)**
Net cash flow		**(917)**	**(979)**
Cash and cash equivalents as at 1 January		2,556	3,519
Effect of movements in exchange rates		(21)	16
Cash and cash equivalents as at 31 December	11.2	**1,618**	**2,556**

Consolidated Statement of Changes in Equity

In millions of €	Note	Share capital	Share premium	Translation reserve	Hedging reserve	Cost of hedging reserve	Fair value reserve	Other legal reserves	Reserve for own shares	Retained earnings	Shareholders of the Company	Non-controlling interests	Total equity
Balance as at 1 January 2021		**922**	**2,701**	**(4,940)**	**28**	**(2)**	**54**	**1,171**	**(25)**	**13,483**	**13,392**	**1,000**	**14,392**
Profit		—	—	—	—	—	—	242	—	3,082	3,324	211	3,535
Other comprehensive income/(loss)	12.3	—	—	935	93	(6)	9	—	—	207	1,238	102	1,340
Total comprehensive income/(loss)		**—**	**—**	**935**	**93**	**(6)**	**9**	**242**	**—**	**3,289**	**4,562**	**313**	**4,875**
Realised hedge results from non-financial assets	12.3	—	—	—	(65)	—	—	—	—	—	(65)	—	(65)
Transfer to retained earnings		—	—	2	—	—	(7)	(285)	—	290	—	—	—
Dividends to shareholders		—	—	—	—	—	—	—	—	(564)	(564)	(238)	(802)
Purchase own shares or contributions received from NCI shareholders	11.4	—	—	—	—	—	—	—	(14)	—	(14)	28	14
Own shares delivered		—	—	—	—	—	—	—	2	(2)	—	—	—
Share-based payments		—	—	—	—	—	—	—	—	55	55	—	55
Acquisition of non-controlling interests		—	—	—	—	—	—	—	—	(10)	(10)	—	(10)
Changes in consolidation		—	—	—	—	—	—	—	—	—	—	1,241	1,241
Balance as at 31 December 2021		**922**	**2,701**	**(4,003)**	**56**	**(8)**	**56**	**1,128**	**(37)**	**16,541**	**17,356**	**2,344**	**19,700**

In millions of €	Note	Share capital	Share premium	Translation reserve	Hedging reserve	Cost of hedging reserve	Fair value reserve	Other legal reserves	Reserve for own shares	Retained earnings	Shareholders of the Company	Non-controlling interests	Total equity
Balance as at 1 January 2022		**922**	**2,701**	**(4,003)**	**56**	**(8)**	**56**	**1,128**	**(37)**	**16,541**	**17,356**	**2,344**	**19,700**
Hyperinflation restatement to 1 January 2022	5(c)	—	—	—	—	—	—	—	—	245	245	—	245
Balance as at 1 January 2022 after restatement		**922**	**2,701**	**(4,003)**	**56**	**(8)**	**56**	**1,128**	**(37)**	**16,786**	**17,601**	**2,344**	**19,945**
Profit		—	—	—	—	—	—	208	—	2,474	2,682	357	3,039
Other comprehensive income/(loss)	12.3	—	—	384	(103)	(1)	14	—	—	63	357	(55)	302
Total comprehensive income/(loss)		**—**	**—**	**384**	**(103)**	**(1)**	**14**	**208**	**—**	**2,537**	**3,039**	**302**	**3,341**
Realised hedge results from non-financial assets	12.3	—	—	—	—	—	—	—	—	—	—	—	—
Transfer to retained earnings		—	—	—	—	—	—	(94)	—	94	—	—	—
Dividends to shareholders		—	—	—	—	—	—	—	—	(840)	(840)	(263)	(1,103)
Purchase own shares or contributions received from NCI shareholders	11.4	—	—	—	—	—	—	—	(43)	—	(43)	—	(43)
Own shares delivered		—	—	—	—	—	—	—	20	(20)	—	—	—
Share-based payments		—	—	—	—	—	—	—	—	49	49	—	49
Acquisition of non-controlling interests		—	—	—	—	—	—	—	—	(373)	(373)	(18)	(391)
Hyperinflation impact		—	—	—	—	—	—	—	—	116	116	—	116
Changes in consolidation		—	—	—	—	—	—	—	—	2	2	4	6
Balance as at 31 December 2022		**922**	**2,701**	**(3,619)**	**(47)**	**(9)**	**70**	**1,242**	**(60)**	**18,351**	**19,551**	**2,369**	**21,920**

Notes to the Consolidated Financial Statements

1. Reporting entity

Heineken N.V. (the 'Company') is a public company domiciled in the Netherlands, with its head office in Amsterdam. The address of the Company's registered office is Tweede Weteringplantsoen 21, 1017 ZD, Amsterdam. The consolidated financial statements of the Company as at 31 December 2022 comprise the Company, its subsidiaries (together referred to as 'HEINEKEN') and HEINEKEN's interests in joint ventures and associates. The Company is registered in the Trade Register of Amsterdam No. 33011433. HEINEKEN is primarily involved in the brewing and selling of beer and cider. Led by the Heineken® brand, HEINEKEN has a range of more than 300 international, regional, local and speciality beers and ciders.

2. Basis of preparation

The consolidated financial statements are:

– Prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and comply with the financial reporting requirements included in Part 9 of Book 2 of the Dutch Civil Code. All standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) effective year-end 2022 have been adopted by the EU. Consequently, the accounting policies applied by the Company also fully comply with IFRS as issued by the IASB
– Prepared by the Executive Board of the Company and authorised for issue on 14 February 2023 and will be submitted for adoption to the Annual General Meeting of Shareholders on 20 April 2023
– Prepared on the historical cost basis unless otherwise indicated
– Prepared on a going concern basis
– Presented in Euro, which is the Company's functional currency
– Rounded to the nearest million unless stated otherwise

3. Significant events in the period and accounting estimates and judgements

(a) Significant events in the current reporting period

Trading conditions remained challenging throughout 2022 and were marked by increased input cost inflation and supply chain disruptions. Despite continued volatility and challenges across many markets, HEINEKEN reported a net profit of €2,682 million for the year ended 31 December 2022 (2021: €3,324 million).

On 28 March 2022, HEINEKEN announced its decision to leave Russia. The Russian business is classified as a disposal group held for sale as at 31 December 2022. An impairment loss of €88 million was recognised in relation to the write down of the Russia disposal group classified as held for sale. For more information refer to note 10.2 'Assets or disposal groups classified as held for sale'.

HEINEKEN applied hyperinflation accounting for its operations in Ethiopia. In 2022, the three-year cumulative inflation in Ethiopia exceeded 100% and as a result, hyperinflation accounting was applied for the year ended 31 December 2022. For more information refer to note 5(c) 'Hyperinflation economies'.

During its financial reporting process, HEINEKEN has assessed the impact of its main risks including increased exposure on risks related to supply chain continuity, commodity prices and macro-economic environment on its estimates and judgements. The impact on financial estimates and judgements is mainly reflected in impairment of financial and non-financial assets, and other financial instrument disclosures (including credit management). All significant estimates and judgements are disclosed in the notes to the consolidated financial statements (if applicable). Notes containing the most significant estimates and judgements are referred to in note 3(c).

(b) Climate change

In preparing the consolidated financial statements, HEINEKEN has considered climate change, including climate change scenarios and the Brew a Better World (BaBW) goals, on the estimates and judgements used in preparing the consolidated financial statements.

The following impacts were assessed in the consolidated financial statements:

– The impact of climate change on the residual values and useful lives of assets were considered in determining the carrying value of non-current assets (refer to note 8.1 and 8.2).
– The impact of climate change was considered in relation to the recognition and measurement of provisions and contingencies (refer to note 9.2 and 9.3).
– The impact of climate change was considered in relation to indications of impairment and the forecast of cash flows used in the impairment assessments of non-current assets including goodwill (refer to note 8.1 and 8.2).

For the year ended 31 December 2022, no material impact on financial reporting judgement and estimates arising from climate change were identified, as a result the valuations of assets or liabilities have not been significantly impacted by climate change risks.

Notes to the Consolidated Financial Statements

(c) Significant accounting estimates and judgement

In preparing these consolidated financial statements, management is required to make estimates and judgements that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses.

The application of accounting policies requires judgements that impact the amounts recognised. Additionally, amounts recognised are based on factors that are by default associated with uncertainty. Actual results may therefore differ from estimates. Where applicable, the estimates and judgements are described per note within the consolidated financial statements.

The following notes contain the most significant estimates and judgements:

Particular area involving significant estimates and judgements	Note
Significant judgement	
Judgement on acting as principal versus agent with respect to excise tax expense	6.1 Operating segments
Assessment of the recoverability of past tax losses	12.2 Deferred tax assets and liabilities
Significant estimates	
Assumptions used in impairment testing	8.1 Intangible assets and 8.2 Property, plant and equipment
Assumptions for discount rates, future pension increases and life expectancy to calculate the defined benefit obligation	9.1 Post-retirement obligations
Estimating the likelihood and timing of potential cash flows relating to claims and litigations	9.2 Provisions and 9.3 Contingencies

4. Changes in accounting policies

(a) Changed accounting policies in 2022

No new standards or amendments to existing standards, effective in 2022, had a significant impact on HEINEKEN's consolidated financial statements.

(b) Upcoming changes in accounting policies for 2023

No new standards or amendments to existing standards, effective in 2023, will have a significant impact on HEINEKEN 's consolidated financial statements.

5. General accounting policies

General

The accounting policies described in these consolidated financial statements have been applied consistently to all periods presented in these consolidated financial statements.

(a) Basis of consolidation

The consolidated financial statements are prepared as a consolidation of the financial statements of the Company and its subsidiaries. Subsidiaries are entities controlled by HEINEKEN. HEINEKEN controls an entity when it has power over the investee, is exposed or has the right to variable returns from its involvement with that entity and can affect those returns through its power over the entity. Control is generally obtained by ownership of more than 50% of the voting rights.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by HEINEKEN.

On consolidation, intra-HEINEKEN balances and transactions, and any unrealised gains and losses or income and expenses arising from intra-HEINEKEN transactions, are eliminated. Unrealised gains arising from transactions with associates and joint ventures (refer to note 10.3) are eliminated against the investment to the extent of HEINEKEN's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of HEINEKEN entities using the exchange rates at the transaction date, except for HEINEKEN entities in hyperinflationary economies, refer to note 5(c). Receivables, payables and other monetary assets and liabilities denominated in foreign currencies are re-translated to the functional currency using the exchange rates at the balance sheet date. The resulting foreign currency differences are recognised in the income statement, except for foreign currency differences arising on re-translation of Fair Value through Other Comprehensive Income (FVOCI) investments and financial liabilities designated as a hedge of a net investment, which is recognised in other comprehensive income.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are re-translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured at cost are translated into the functional currency at the exchange rate at the transaction date.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, and of intercompany loans with a permanent nature (quasi-equity) are translated to Euro at the exchange rates at the reporting date. The income and expenses of foreign operations are translated to Euro at the exchange rates that approximates the exchange rates ruling at the dates of the transactions, except for foreign operations in hyperinflationary economies.

Foreign currency differences are recognised in other comprehensive income and are presented within equity in the translation reserve. However, if the operation is not a wholly-owned subsidiary, the relevant proportionate share of the translation difference is allocated to the non-controlling interests. The cumulative amount in the translation reserve is (either fully or partly) reclassified to the income statement upon disposal (either fully or partly) or liquidation.

Notes to the Consolidated Financial Statements

Exchange rates of key currencies

The following exchange rates, for the most important countries in which HEINEKEN has operations, were used while preparing these consolidated financial statements:

In €	**Year-end 2022**	Year-end 2021	%	**Average 2022**	Average 2021	%
Brazilian Real (BRL)	0.1774	0.1585	11.9	0.1846	0.1569	17.7
Great Britain Pound (GBP)	1.1275	1.1901	(5.3)	1.1735	1.1631	0.9
Mexican Peso (MXN)	0.0485	0.0428	13.3	0.0472	0.0417	13.2
Nigerian Naira (NGN)	0.0020	0.0021	(4.8)	0.0022	0.0021	4.8
Polish Zloty (PLN)	0.2132	0.2174	(1.9)	0.2129	0.2190	(2.8)
Russian Ruble (RUB)	0.0126	0.0117	7.7	0.0139	0.0115	20.9
Singapore Dollar (SGD)	0.6993	0.6545	6.8	0.6897	0.6293	9.6
United States Dollar (USD)	0.9376	0.8829	6.2	0.9518	0.8455	12.6
Indian Rupee (INR)	0.0113	0.0119	(5.0)	0.0121	0.0114	6.1
Vietnamese Dong in 1,000 (VND)	0.0396	0.0386	2.6	0.0407	0.0369	10.3

(c) Hyperinflation economies

To determine the existence of hyperinflation, HEINEKEN assesses the qualitative and quantitative characteristics of the economic environment of the country, such as the cumulative inflation rate over the previous three years.

The Ethiopian economy was designated as hyperinflationary for the period ending 31 December 2022. As a result, application of IAS 29 'Financial Reporting in Hyperinflationary Economies' has been applied to Heineken Ethiopia, whose functional currency is the Ethiopian Birr. On the application of IAS 29 a cumulative inflation factor was applied using the consumer price index (CPI) in Ethiopia, published by the Central Statistics Agency of Ethiopia. The movement in the CPI for the year ended 31 December 2022 was 34% (2021: 35%).

The application of IAS 29 includes the following:

- Adjustment of historical cost non-monetary assets and liabilities for the change in purchasing power caused by inflation from the date of initial recognition to the balance sheet date
- Adjustment of the income statement for inflation during the reporting period
- The income statement is translated at the period-end foreign exchange rate instead of an average rate
- A net monetary gain/(loss) adjustment, recognised in the income statement, to reflect the impact of inflation and exchange rate movement on holding monetary assets and liabilities in local currency

(d) Cash flow statement

The cash flow statement is prepared using the indirect method. Assets and liabilities acquired as part of a business combination are included in investing activities (net of cash acquired). Dividends paid to shareholders are included in financing activities. Dividends received are classified as operating activities, as well as interest paid.

(e) Offsetting financial instruments

If HEINEKEN has a legal right to offset financial assets with financial liabilities and if HEINEKEN intends to either to settle on a net basis or to realise the asset and settle the liability simultaneously, financial assets and liabilities are presented in the statement of financial position as a net amount.

Notes to the Consolidated Financial Statements

6. Operating activities

6.1 Operating segments

HEINEKEN distinguishes five reportable segments: Europe; Americas; Africa, Middle East & Eastern Europe; Asia Pacific and Head Office & Other/Eliminations. Information about these reportable segments are provided in the table below:

		Europe		Americas		Africa, Middle East & Eastern Europe		Asia Pacific		Head Office & Other/Eliminations		Consolidated	
In millions of €	Note	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Net revenue (beia)[1]		**11,362**	**9,494**	**9,421**	**7,226**	**4,005**	**3,159**	**4,652**	**2,764**	**(746)**	**(744)**	**28,694**	**21,901**
Third party revenue[2]		13,461	11,444	9,608	7,372	4,868	3,828	6,706	3,926	33	13	34,676	26,583
Interregional revenue		761	724	18	28	—	—	—	5	(779)	(757)	—	—
Revenue		**14,222**	**12,168**	**9,626**	**7,400**	**4,868**	**3,828**	**6,706**	**3,931**	**(746)**	**(744)**	**34,676**	**26,583**
Excise tax expense[3]		(2,860)	(2,638)	(205)	(174)	(838)	(664)	(2,054)	(1,166)	—	—	(5,957)	(4,642)
Net revenue		**11,362**	**9,530**	**9,421**	**7,226**	**4,030**	**3,164**	**4,652**	**2,765**	**(746)**	**(744)**	**28,719**	**21,941**
Other income	6.2	**117**	**31**	**9**	**207**	**20**	**12**	**—**	**1,271**	**1**	**—**	**147**	**1,521**
Operating profit		**1,154**	**1,156**	**1,359**	**1,217**	**391**	**414**	**1,293**	**1,850**	**86**	**(154)**	**4,283**	**4,483**
Net finance expenses	11.1											**(336)**	**(399)**
Share of profit of associates and joint ventures	10.3	19	10	61	87	36	36	107	115	—	2	223	250
Income tax expense	12.1											(1,131)	(799)
Profit												**3,039**	**3,535**
Attributable to:													
Shareholders of the Company (net profit)												2,682	3,324
Non-controlling interests												357	211
Operating profit reconciliation													
Operating profit		1,154	1,156	1,359	1,217	391	414	1,293	1,850	86	(154)	4,283	4,483
Eia[1]		67	4	32	(2)	163	28	(58)	(1,097)	15	(1)	219	(1,069)
Operating profit (beia)[1]		**1,221**	**1,160**	**1,391**	**1,215**	**554**	**442**	**1,235**	**753**	**101**	**(155)**	**4,502**	**3,414**

1 Note that this is a non-GAAP measure. Due to rounding, this balance will not always cast.
2 Includes other revenue of €342 million (2021: €274 million).
3 Next to the €5,957 million of excise tax expense included in revenue (2021: €4,642 million), €2,333 million of excise tax expense is collected on behalf of third parties and excluded from revenue (2021: €1,606 million).

Notes to the Consolidated Financial Statements

		Europe		Americas		Africa, Middle East & Eastern Europe		Asia Pacific		Head Office & Other/Eliminations		Consolidated	
In millions of €	Note	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Current segment assets		3,259	2,606	2,837	2,367	1,842	1,255	2,091	1,542	848	1,661	10,877	9,431
Non-current segment assets		12,311	12,015	8,887	7,748	2,615	2,203	11,566	11,513	1,025	937	36,404	34,416
Investments in associates and joint ventures		181	258	861	790	266	260	2,988	2,839	—	1	4,296	4,148
Total segment assets		**15,751**	**14,879**	**12,585**	**10,905**	**4,723**	**3,718**	**16,645**	**15,894**	**1,873**	**2,599**	**51,577**	**47,995**
Unallocated assets												829	855
Total assets												**52,406**	**48,850**
Segment liabilities		**4,475**	**3,860**	**3,211**	**2,547**	**1,791**	**1,566**	**1,534**	**1,330**	**2,424**	**1,892**	**13,435**	**11,195**
Unallocated liabilities												17,051	17,955
Total equity												21,920	19,700
Total equity and liabilities												**52,406**	**48,850**
Purchase of owned property, plant and equipment	8.2	653	441	748	523	516	338	184	180	18	14	2,119	1,496
Acquisition of goodwill	8.1	106	12	—	—	—	—	3	632	—	—	109	644
Purchases of intangible assets	8.1	75	57	33	34	4	7	11	30	97	145	220	273
Depreciation of owned property, plant and equipment	8.2	(514)	(515)	(349)	(296)	(269)	(234)	(165)	(140)	(13)	(10)	(1,310)	(1,195)
Impairment (net of reversal) of owned property, plant and equipment and assets classified as held for sale	8.2, 10.2	(7)	(1)	(1)	(15)	(89)	—	36	—	—	—	(61)	(16)
Amortisation of intangible assets	8.1	(89)	(82)	(102)	(88)	(9)	(8)	(205)	(168)	(40)	(43)	(445)	(389)
Impairment (net of reversal) of intangible assets	8.1	(1)	(2)	—	(70)	—	—	190	—	—	—	189	(72)

Notes to the Consolidated Financial Statements

Reconciliation of segment profit or loss

The table below presents the reconciliation of operating profit before exceptional items and amortisation of acquisition-related intangibles (operating profit beia) to profit before income tax.

In millions of €	2022	2021
Operating profit (beia)	**4,502**	**3,414**
Amortisation of acquisition-related intangible assets included in operating profit	(333)	(286)
Exceptional items included in operating profit	114	1,355
Share of profit of associates and joint ventures	223	250
Net finance expenses	(336)	(399)
Profit before income tax	**4,170**	**4,334**

The 2022 exceptional items and amortisation of acquisition-related intangibles in operating profit amount to €219 million, net exceptional expense (2021: €1,069 million, net exceptional benefit). This amount consists of:

- €333 million (2021: €286 million) of amortisation of acquisition-related intangibles recorded in operating profit.
- €114 million net benefit (2021: €1,355 million net benefit) of exceptional items recorded in operating profit. This includes:
  - a net reversal of impairments of €132 million, including an impairment reversal of €234 million for Papua New Guinea and an impairment of €88 million for Russia (total net impairments in 2021: €108 million)
  - net restructuring expenses of €70 million (2021: €32 million)
  - €44 million exceptional net benefit recorded as reduction in marketing expense related to tax credits in Brazil (2021:€187 million exceptional net benefit recorded in other income related to tax credits in Brazil)
  - €44 million exceptional expense recorded relating to hyperinflation accounting adjustment in Ethiopia (2021: nil)
  - €52 million of other net exceptional benefit (2021: €1,308 million other exceptional net benefit, including €1,270 million gain on previously-held equity interest in UBL)

Accounting estimates and judgements

Due to the complexity and variety in tax legislation, significant judgement is applied in the assessment of whether excise tax expenses are borne by HEINEKEN or collected on behalf of third parties.

HEINEKEN makes estimates when determining discount accruals in revenue at year-end, specifically for conditional discounts. Refer to note 7.3 for more explanation on how discount accruals are estimated.

Accounting policies

Segment reporting

Operating segments are reported consistently with the internal reporting provided to the Executive Board, which is considered to be HEINEKEN's chief operating decision-maker. An operating segment is a component of HEINEKEN that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of HEINEKEN's other components. All operating segments' operating results are reviewed regularly by the Executive Board to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

The first four reportable segments as presented in the segmentation tables are HEINEKEN's business regions. These business regions are each managed separately by a Regional President, who reports to the Executive Board, and is directly accountable for the functioning of the segment's results, assets and liabilities. The Head Office operating segment falls directly under the responsibility of the Executive Board. The Executive Board reviews the performance of the segments based on internal management reports monthly.

Segment results, assets and liabilities that are reported to the Executive Board include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated result items comprise net finance expenses and income tax expenses. Unallocated assets mainly comprise deferred tax assets.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment and intangible assets other than goodwill.

Performance is measured based on operating profit (beia), as included in the internal management reports that are reviewed by the Executive Board. Beia stands for 'before exceptional items and amortisation of acquisition-related intangibles'. Exceptional items are defined as items of income and expense of such size, nature or incidence, that in the view of management their disclosure is relevant to explain the performance of HEINEKEN for the period. Exceptional items include, among others, impairments of goodwill and fixed assets (and reversal of impairments), gains and losses from acquisitions and disposals, redundancy costs following a restructuring, past service costs and curtailments, hyperinflation accounting adjustments, the tax impact on exceptional items and tax rate changes (the one-off impact on deferred tax positions).

Operating profit and operating profit (beia) are not financial measures calculated in accordance with IFRS. Operating profit (beia) is used to measure performance as management believes that this measurement is the most relevant in evaluating the results of the segments. Beia adjustments are also applied to other metrics. The presentation of these financial measures may not be comparable to similarly titled measures reported by other companies due to differences in the ways the measures are calculated.

HEINEKEN has multiple distribution models to deliver goods to end customers. There is no reliance on major clients. Deliveries to end consumers are country dependent and include deliveries via own wholesalers and pubs, direct to customers and via third-party distribution. As such, distribution models are country-specific and diverse across HEINEKEN. In addition, these various distribution models are not centrally managed or monitored. Consequently, the Executive Board does not allocate resources or assess performance based on business type information. Accordingly, no segment information on business type is provided.

Inter-segment transfers or transactions are determined on an arm's length basis. As net finance expenses and income tax expenses are monitored on a consolidated level (and not on an individual regional basis) and Regional Presidents are not accountable for that, net finance expenses and income tax expenses are not provided for the reportable segments.

Notes to the Consolidated Financial Statements

Revenue

The majority of HEINEKEN's revenue is generated by the sale and delivery of products to customers. The product range of HEINEKEN mainly consists of beer, soft drinks and cider. Products are mostly own-produced finished goods from HEINEKEN's brewing activities, but also contain purchased goods for resale from HEINEKEN's wholesale activities. HEINEKEN's customer group can be split between on-trade customers like cafés, bars and restaurants and off-trade customers like retailers and wholesalers. Due to HEINEKEN's global footprint, its revenue is exposed to strategic and financial risks that differ per region.

Revenue is recognised when control over products has been transferred and HEINEKEN fulfilled its performance obligation to the customer. For the majority of the sales, control is transferred either at delivery of the products or upon pickup by the customer from HEINEKEN's premises.

Revenue is recognised based on the price specified in the contract, net of returns, discounts, sales taxes and excise taxes collected on behalf of third parties.

Other revenues include rental income from pubs and bars, royalties, income from wholesale activities, pub management services and technical services to third parties. Royalties are sales-based and recognised in profit or loss (consolidated income statement) on an accrual basis in accordance with the relevant agreement. Rental income, income from wholesale activities, pub management services and technical services are recognised in profit or loss when the services have been delivered.

Discounts

HEINEKEN uses different types of discounts depending on the nature of the customer. Some discounts are unconditional, like cash discounts, early payment discounts and temporary promotional discounts. Unconditional discounts are recognised at the same moment of the related sales transaction.

HEINEKEN also provides conditional discounts to customers. These contractually agreed conditions include volume and promotional rebates. Conditional discounts are recognised based on estimated target realisation. The estimation is based on accumulated experience supported by historical and current sales information. A discount accrual is recognised at each reporting date for discounts payable to customers based on their expected or actual volume up to that date.

Other discounts include listing and shelving visibility fees charged by the customer whereby the payments to customers are closely related to the volumes sold. HEINEKEN assesses the substance of contracts with customers to determine the classification of payments to customers as either discounts or marketing expenses.

Discounts are accounted for as a reduction of revenue. Only when these payments to customers relate to a distinct service, the amount is classified as operating expense.

Excise tax expense

Local tax authorities impose multiple taxes, duties and fees. These include excise on the sale or production of alcoholic beverages, environmental taxes on the use of certain raw materials or packaging materials, or the energy consumption in the production process. Excise duties are common in the beverage industry but levied differently amongst the countries HEINEKEN operates in. HEINEKEN performs a country by country analysis to assess whether the excise duty is sales-related or effectively a production tax. In most countries, excise duties are effectively a production tax as excise duties become payable when goods are moved from bonded warehouses and are not based on the sales value. In these countries, increases in excise duties are not always (fully) passed on to customers and HEINEKEN cannot, or can only partly, reclaim the excise duty in the case products are eventually not sold to customers. Excise tax is borne by HEINEKEN for these countries and shown as expenses. Only for those countries where excise is levied at the moment of the sales transaction and excise is based on the sales value, the excise duties are collected on behalf of a tax authority and consequently deducted from revenue. Due to the complexity and variety in tax legislation, significant judgement is applied in the assessment of whether taxes are borne by HEINEKEN or collected on behalf of a third party.

To provide transparency on the impact of the accounting for excise, HEINEKEN presents the excise tax expense on a separate line below revenue in the consolidated income statement. A subtotal called 'Net revenue' is therefore included in the Income Statement. This 'Net revenue' subtotal is 'revenue' as defined in IFRS 15 (after discounts) minus the excise tax expense for those countries where the excise is borne by HEINEKEN.

Notes to the Consolidated Financial Statements

6.2 Other income

Other income includes the gain on sale from transactions that do not arise from contracts with customers and are therefore presented separately from revenue.

In millions of €	2022	2021
Gain on sale of property, plant and equipment	46	41
Gain on sale of intangible assets	10	9
Gain on sale of subsidiaries, joint ventures and associates	15	5
Gain on previously held equity-interests	76	1,270
Tax credits	—	196
	147	**1,521**

In 2021, other income mainly related to the gain on previously held equity-interest in United Breweries Limited (UBL) in India (€1,270 million) after obtaining control of UBL on 29 July 2021 and tax credits recognised in Brazil (€196 million) related to unduly paid PIS/COFINS[1] for the period 2001 until 2021.

Accounting policies

Other income is recognised in profit or loss when control over the sold asset is transferred to the buyer. The amount recognised as other income equals the proceeds obtained from the buyer minus the carrying value of the sold asset.

As part of a step acquisition, any previously held equity interest in the acquiree is remeasured to fair value on the date of the acquisition. The difference between the carrying value and the fair value of the previously held equity interest is recognised in other income.

6.3 Raw materials, consumables and services

In millions of €	2022	2021
Raw materials	2,843	1,925
Non-returnable packaging	5,624	4,031
Goods for resale	1,766	1,217
Inventory movements	5	96
Marketing and selling expenses	2,692	2,091
Transport expenses	1,922	1,222
Energy and water	834	529
Repair and maintenance	585	503
Other expenses	2,347	1,921
	18,618	**13,535**

The increase in raw materials, consumables and services is mainly driven by inflation in commodity and energy prices related to raw materials and non-returnable packaging.

Other expenses in raw materials, consumables and services mainly include consulting expenses of €321 million (2021: €242 million), telecom and office automation of €300 million (2021: €277 million), warehousing expenses of €245 million (2021: €189 million), travel expenses of €113 million (2021: €54 million), other taxes of €124 million (2021: €118 million), short-term lease expenses of €86 million (2021: €61 million) and low-value lease expenses of €32 million (2021: €30 million).

Accounting policies

Expenses are recognised based on accrual accounting. This means that expenses are recognised when the product is received or the service is provided regardless of when cash outflow takes place. Costs related to power purchase agreements are included as part of 'Energy and water'.

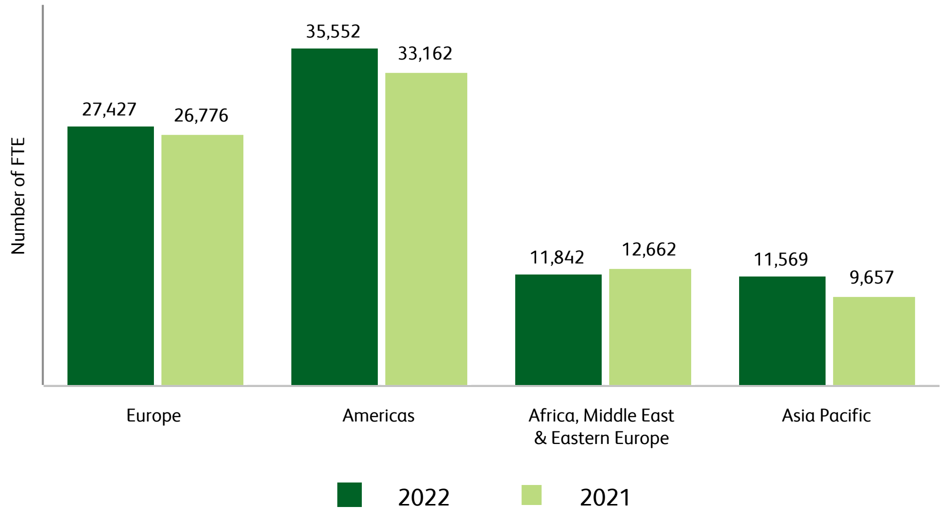
1 PIS/COFINS: PIS (Program of Social Integration) and COFINS (Contribution for the Financing of Social Security) are federal sales taxes based on turnover of companies

Notes to the Consolidated Financial Statements

6.4 Personnel expenses

The average number of full-time equivalent (FTE) employees, excluding contractors, in 2022 was 86,390 (2021: 82,257). FTE, excluding contractors, is divided per region as follows:

Average number of FTE per region



The increase in Asia Pacific is mainly attributable to the acquisition of UBL in India in the prior year, whilst the increase in the Americas is mainly due the expansion of the route-to-consumer.

A total of 4,089 FTEs are based in the Netherlands (2021: 3,925 FTE).

HEINEKEN's employees receive compensations such as salaries and wages, pensions (refer to note 9.1) and share-based payments (refer to note 6.5). Other personnel expenses include expenses for contractors of €153 million (2021: €114 million) and a reversal of restructuring provision of €53 million (2021: €4 million, expense). Refer to note 9.2 for the restructuring provisions.

In millions of €	Note	2022	2021
Wages and salaries		2,757	2,382
Compulsory social security contributions		412	365
Contributions to defined contribution plans		57	53
Expenses related to defined benefit plans	9.1	115	102
Expenses related to other long-term employee benefits		5	3
Equity-settled share-based payment plan	6.5	57	51
Other personnel expenses		676	529
		4,079	**3,485**

Accounting policies

Personnel expenses

Personnel expenses are recognised when the related service is provided. For more details on accounting policies related to post-retirements obligations and share-based payments refer to notes 9.1 and 6.5 respectively.

6.5 Share-based payments

HEINEKEN has the following share-based compensation plans: long-term incentive plan, extraordinary share plan and matching share plan (as part of the Short-term incentive plan of the Executive Board).

Long-term incentive plan (LTIP)

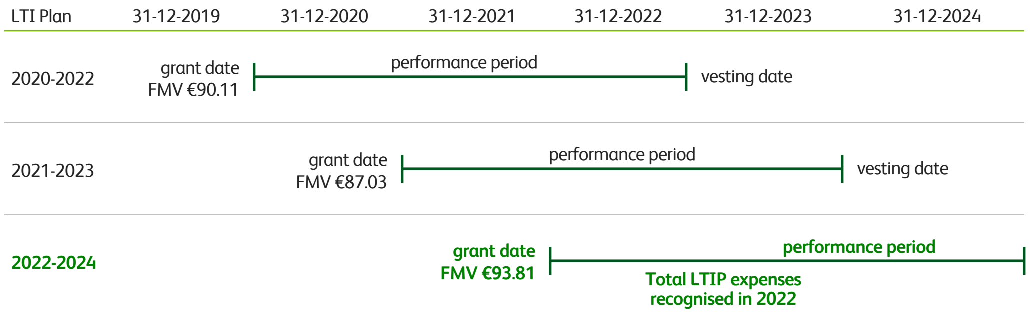
HEINEKEN has a performance-based LTIP for the Executive Board and senior management. Under this LTIP, share rights are conditionally awarded to participants on an annual basis. The vesting of these rights is subject to the performance of Heineken N.V. on specific internal performance conditions and continued service over a three-calendar year period by the employee. The share rights are not dividend-bearing during the performance period.

During 2022, a combined ESG-related performance measures, with equal weighting, were included in the LTIP. The performance conditions for LTIP 2022-2024 are organic net revenue growth, earnings per share beia growth, free operating cash flow and combined ESG-related measures. The performance conditions for LTIP 2020-2022 and 2021-2023, are organic net revenue growth, organic operating profit beia growth, earnings per share beia growth and free operating cash flow. The performance conditions are equally weighted.

At target performance, 100% of the awarded share rights vest. At threshold performance, 50% of the awarded share rights vest and at maximum performance, 200% of the awarded share rights vest.

Notes to the Consolidated Financial Statements

The grant date, fair market value (FMV) at the grant date, service period and vesting date for the LTIP are visualised below:



The number of outstanding share rights and the movement over the year under the LTIP of the Executive Board and senior management is as follows:

	Number of share rights 2022	Number of share rights 2021
Outstanding as at 1 January	**1,821,369**	**851,689**
Granted during the year	431,038	444,541
Forfeited during the year	(115,887)	(113,363)
Cancelled during the year	87	(60,145)
Vested previous year	(284,183)	—
Performance adjustment	311,194	698,647
Outstanding as at 31 December	**2,163,618**	**1,821,369**
Share price as at 31 December	**87.88**	**98.86**

At vesting, HEINEKEN deducts a number of shares to cover payroll taxes and mandatory withholdings on behalf of the individual employees. Therefore, the number of Heineken N.V. shares to be received by LTIP participants is a net (after-tax) number. Ownership of the vested LTIP 2020-2022 shares will transfer to the Executive Board members shortly after the publication of the annual results of 2022 and to senior management on 1 April 2023.

Other share-based compensation plans

In 2022, under the Extraordinary share plans for senior management, 500 shares were granted (2021: 58,566) and 32,505 (gross) shares vested (2021: 17,878). These extraordinary grants only have a service condition and vest between one and five years. The expenses relating to these additional grants are recognised in profit or loss during the vesting period. In 2022, expenses amounted to €2 million (2021: €4 million).

Matching shares granted to the Executive Board are disclosed in note 13.3.

Personnel expenses

The total share-based compensation expense that is recognised in 2022 amounts to €57 million (2021: €51 million share-based compensation expense).

In millions of €	Note	2022	2021
Share rights granted in 2019		—	7
Share rights granted in 2020		19	21
Share rights granted in 2021		18	23
Share rights granted in 2022		20	—
Total expense recognised in personnel expenses	6.4	**57**	**51**

Accounting estimates

The grant date fair value is calculated by adjusting the share price at the grant date for estimated foregone dividends during the performance period, as the participants are not entitled to receive dividends during that period. The foregone dividends are estimated by applying HEINEKEN's dividend policy on the latest forecasts of net profit (beia).

At each balance sheet date, HEINEKEN uses its latest forecasts to calculate the expected realisation on the performance targets per plan. The number of shares is adjusted to the new target realisation and HEINEKEN increases/decreases the total plan cost. The cumulative effect is recorded in the profit or loss, with a corresponding adjustment to equity.

Expenses related to employees that voluntarily leave HEINEKEN are reversed as they will not receive any shares from the LTIP. The expense calculation includes the estimated future forfeiture. HEINEKEN uses historical information to estimate this forfeiture rate.

Accounting policies

HEINEKEN's share-based compensation plans are equity-settled share rights granted to the Executive Board and senior management.

The grant date fair value is calculated by deducting expected foregone dividends from the grant date during the performance period share price. The costs of the share plans are adjusted for expected performance and forfeiture and spread evenly over the service period.

Share-based compensation expenses are recorded in the profit or loss, with a corresponding adjustment to equity.

Notes to the Consolidated Financial Statements

6.6 Amortisation, depreciation and impairments

In millions of €	Note	2022	2021
Property, plant and equipment	8.2	1,537	1,487
Intangible assets	8.1	256	461
Assets classified as held for sale	10.2	88	—
Other		5	11
		1,886	**1,959**

Property, plant and equipment include depreciation and impairment of ROU assets of €254 million (2021: €276 million).

Assets classified as held for sale relate to an impairment loss related to Russia disposal group classified as held for sale, refer to note 10.2.

For more information on impairment losses, refer to note 8.2.

Accounting policies

Refer to note 8.1 for the accounting policy on impairments and amortisation, and to note 8.2 for the policy on depreciation.

6.7 Earnings per share

The calculation of earnings per share (EPS) for the period ended 31 December 2022 is based on the profit attributable to the shareholders of the Company (net profit) and the weighted average number of shares outstanding (basic and diluted) during the year ended 31 December 2022.

In € per share (basic or diluted) for the period ended 31 December	2022	2021
Basic earnings per share	4.66	5.77
Diluted earnings per share	4.65	5.77

Refer to the table below for the information used in the calculation of the basic and diluted earnings per share.

Weighted average number of shares – basic and diluted

	2022	2021
Total number of shares issued	576,002,613	576,002,613
Effect of own shares held	(439,108)	(262,344)
Weighted average number of basic shares outstanding for the year	**575,563,505**	**575,740,269**
Dilutive effect of share-based payment plan obligations	462,616	229,127
Weighted average number of diluted shares outstanding for the year	**576,026,120**	**575,969,395**

Accounting policies

HEINEKEN presents basic and diluted earnings per share (EPS) data for its shares. Basic EPS is calculated by dividing the profit or loss attributable to shareholders of the Company by the weighted average number of shares outstanding during the year, adjusted for the weighted average number of own shares held in the year. Diluted EPS is determined by dividing the profit or loss attributable to shareholders by the weighted average number of shares outstanding, adjusted for the weighted average number of own shares held in the year and for the effects of all dilutive potential shares which comprise share rights granted to employees and the Executive Board. The effects of anti-dilutive potential ordinary shares are ignored in calculating diluted EPS.

7. Working capital

7.1 Inventories

Inventories include raw and packaging materials, work in progress, spare parts, goods for resale and finished products.

In millions of €	2022	2021
Raw materials	619	445
Work in progress	364	324
Finished products	598	499
Goods for resale	530	396
Non-returnable packaging	548	338
Other inventories and spare parts	591	436
	3,250	**2,438**

In 2022, the change in inventories written off to net realisable value was €9 million, release (2021: €11 million, write off).

Accounting policies

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on a weighted average cost and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Cost of inventories are generally updated on annual basis except if a structural change is identified during the period such as the impact of inflationary pressure on input costs.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Notes to the Consolidated Financial Statements

7.2 Trade and other receivables

Trade and other receivables arise during ordinary activities, for example from the sale of inventory, from proceeds for contract brewing or from royalty fees.

In millions of €	2022	2021
Trade receivables	3,104	2,376
Other receivables	926	865
Trade receivables due from associates and joint ventures	16	13
Prepayments	485	408
	4,531	**3,662**

Trade and other receivables contain a net impairment loss of €38 million (2021: €28 million) from contracts with customers, which is included in expenses for raw materials, consumables and services.

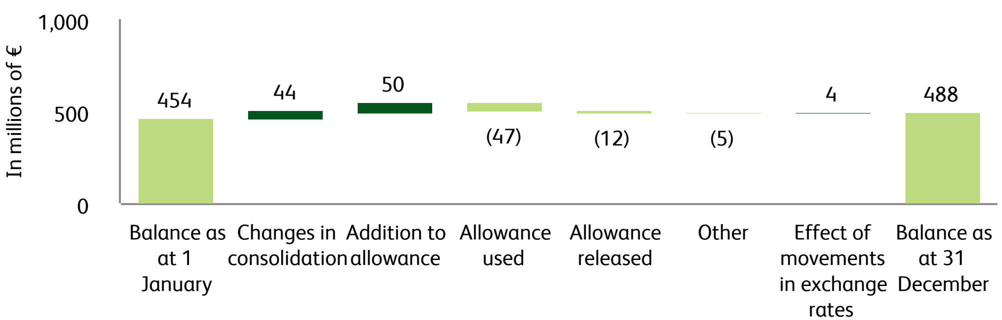
The ageing of trade and other receivables (excluding prepayments) as at 31 December 2022 is as follows:

	2022		Past due		
In millions of €	Total	Not past due	0-30 days	31-120 days	> 120 days
Gross	4,534	3,378	442	259	455
Allowance	(488)	(100)	(24)	(49)	(315)
	4,046	**3,278**	**418**	**210**	**140**

	2021		Past due		
In millions of €	Total	Not past due	0-30 days	31-120 days	> 120 days
Gross	3,708	2,788	322	196	402
Allowance	(454)	(72)	(34)	(45)	(303)
	3,254	**2,716**	**288**	**151**	**99**

The movement in allowance for credit losses for trade and other receivables during the year is as follows:

Allowance for credit losses 2022 - Trade and other receivables



In millions of €	2022	2021
Balance as at 1 January	**454**	**504**
Changes in consolidation	44	2
Addition to allowance	50	46
Allowance used	(47)	(77)
Allowance released	(12)	(18)
Other	(5)	(6)
Effect of movements in exchange rates	4	3
Balance as at 31 December	**488**	**454**

Accounting estimates

HEINEKEN determines on each reporting date the impairment of trade and other receivables using a model (e.g. flow rate method) which estimates the lifetime expected credit losses that will be incurred on these receivables. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. Due the macro-economic environment and uncertainties including increasing inflationary pressure on HEINEKEN's customers, more judgement is required in the calculation of expected credit losses compared to the prior year. As part of these assessments, HEINEKEN has incorporated all reasonable and supportable information available such as whether there has been a breach of payment terms or deterioration of payment against payment terms, a request for extended payment terms or a request for waived payment terms. For more information on HEINEKEN's credit risk exposure refer to note 11.5.

Accounting policies

Trade and other receivables are held by HEINEKEN to collect the related cash flows. These receivables are measured at fair value and subsequently at amortised cost minus any impairment losses. Trade and other receivables are derecognised by HEINEKEN when substantially all risks and rewards are transferred or if HEINEKEN does not retain control over the receivables.

Notes to the Consolidated Financial Statements

7.3 Trade and other payables

In the ordinary course of business, payable positions arise towards suppliers of goods and services, as well as to other parties. Refer to the table below for the different types of trade and other payables.

In millions of €	2022	2021
Trade payables	5,852	4,631
Accruals	1,802	1,615
Taxation and social security contributions	1,103	999
Interest	172	177
Dividends	25	23
Other payables	329	305
	9,283	**7,750**

In 2022, the increase in trade payables is mainly due to inflation in commodity prices related to raw materials and increased prices for transport.

Accounting estimates

HEINEKEN makes estimates in the determination of discount accruals. When discounts are provided to customers, these reduce the transaction price and consequently the revenue. The conditional discounts in revenue (refer to note 6.1) are estimated based on accumulated experience supported by historical and current sales information. Expected sales volumes are determined taking into account (historical) sales patterns and other relevant information. A discount accrual is recognised for expected volume and discounts due to customers in relation to sales made until the end of the reporting period.

Accounting policies

Trade and other payables are initially measured at fair value and subsequently at amortised cost. Trade payables are derecognised when the contractual obligation is either discharged, cancelled or expired.

7.4 Returnable packaging materials

HEINEKEN uses returnable packaging materials such as glass bottles, crates and kegs in selling the finished products to the customer.

Returnable packaging materials

The majority of returnable packaging materials are classified as property, plant and equipment. The category 'Other fixed assets' in property, plant and equipment (refer to note 8.2) includes €1,018 million (2021: €830 million) of returnable packaging materials.

Returnable packaging deposit liability

In certain markets, HEINEKEN has the legal or constructive obligation to take back the materials from the market. A deposit value is generally charged upon the sale of the finished product, which is reimbursed when the empty returnable packaging material is returned.

In millions of €	2022	2021
Returnable packaging deposits	**545**	**476**

Accounting estimates

The main accounting estimate relating to returnable packaging materials is determining the returnable packaging materials in the market and the expected return thereof. This is based on circulation times and losses of returnable packaging materials in the market.

Accounting policies

Returnable packaging materials

Returnable packaging materials may be classified as property, plant and equipment or inventory. The classification mainly depends on whether ownership is transferred and if HEINEKEN has the legal or constructive obligation to buy back the materials.

Refer to note 8.2 for the general accounting policy on property, plant and equipment. Specifically for returnable packaging materials, the estimated useful life depends on the loss of the materials in the market as well as on HEINEKEN's sites.

Returnable packaging deposit liability

HEINEKEN recognises a deposit liability when a legal or constructive obligation exists to reimburse the customer for returnable packaging materials that are returned. The returnable packaging deposit liability is based on the estimated returnable packaging materials in the market, the expected return thereof and the deposit value.

In light of increasing inflationary pressures and HEINEKEN's BaBW ambitions, the deposit value for a number of returnable packaging materials were increased. In the event the deposit value is increased, the relating liability is remeasured through profit and loss taking into account the returnable packaging materials which are already in the market.

Notes to the Consolidated Financial Statements

8. Non-current assets

8.1 Intangible assets

Intangible assets within HEINEKEN are mainly goodwill, brands and customer-related intangibles such as customer lists. The majority of intangible assets have been recognised by HEINEKEN as part of acquisitions. Refer to the table below for the historical cost per asset class and the movements during the year including amortisation.

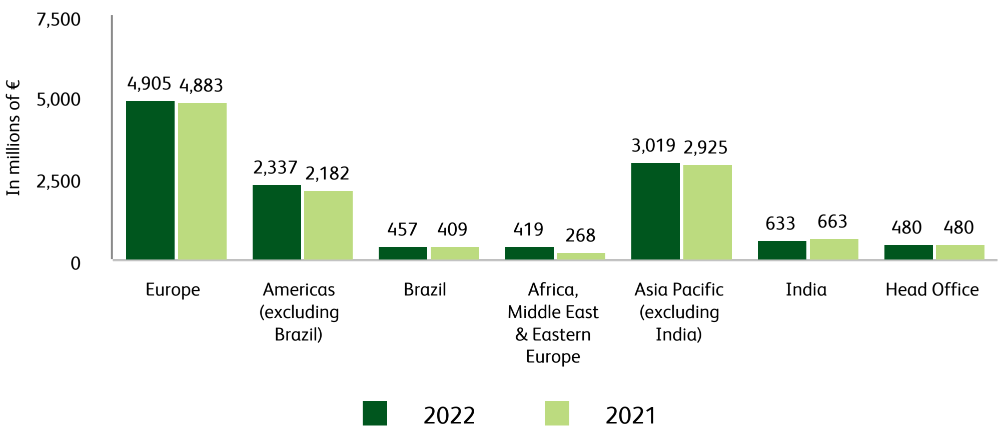
		2022						2021					
In millions of €	Note	Goodwill	Brands	Customer-related intangibles	Contract-based intangibles	Software, research and development and other	Total	Goodwill	Brands	Customer-related intangibles	Contract-based intangibles	Software, research and development and other	Total
Cost													
Balance as at 1 January		**12,278**	**8,712**	**2,172**	**1,033**	**1,185**	**25,380**	**11,149**	**4,552**	**2,051**	**946**	**1,081**	**19,779**
Hyperinflation restatement to 1 January 2022		108	7	—	—	1	116	—	—	—	—	—	—
Changes in consolidation		109	229	10	—	(3)	345	644	3,644	—	(4)	(3)	4,281
Purchased/internally developed		—	—	5	7	208	220	—	112	1	36	124	273
Transfer (to)/from assets classified as held for sale	10.2	—	(17)	—	—	(21)	(38)	—	(2)	—	—	(1)	(3)
Disposals		—	(2)	—	(1)	(22)	(25)	—	(1)	—	—	(31)	(32)
Hyperinflation adjustment		49	3	—	—	1	53	—	—	—	—	—	—
Effect of movements in exchange rates		174	10	115	29	15	343	485	407	120	55	15	1,082
Balance as at 31 December		**12,718**	**8,942**	**2,302**	**1,068**	**1,364**	**26,394**	**12,278**	**8,712**	**2,172**	**1,033**	**1,185**	**25,380**
Amortisation and impairment losses													
Balance as at 1 January		**(468)**	**(1,708)**	**(1,352)**	**(385)**	**(705)**	**(4,618)**	**(471)**	**(1,409)**	**(1,182)**	**(332)**	**(618)**	**(4,012)**
Hyperinflation restatement to 1 January 2022		—	(3)	—	—	—	(3)	—	—	—	—	—	—
Changes in consolidation		—	—	—	—	—	—	—	—	—	—	(3)	(3)
Amortisation charge for the year	6.6	—	(201)	(118)	(12)	(114)	(445)	—	(149)	(108)	(28)	(104)	(389)
Impairment losses	6.6	—	—	—	(1)	—	(1)	—	(134)	—	—	—	(134)
Reversals of impairments	6.6	—	173	16	—	1	190	—	53	9	—	—	62
Transfer to/(from) assets classified as held for sale	10.2	—	18	—	—	13	31	—	2	—	—	1	3
Disposals		—	2	—	1	15	18	—	1	—	—	25	26
Hyperinflation adjustment		—	(2)	—	—	(1)	(3)	—	—	—	—	—	—
Effect of movements in exchange rates		—	(61)	(82)	(3)	(9)	(155)	3	(72)	(71)	(25)	(6)	(171)
Balance as at 31 December		**(468)**	**(1,782)**	**(1,536)**	**(400)**	**(800)**	**(4,986)**	**(468)**	**(1,708)**	**(1,352)**	**(385)**	**(705)**	**(4,618)**
Carrying amount													
As at 1 January		**11,810**	**7,004**	**820**	**648**	**480**	**20,762**	**10,678**	**3,143**	**869**	**614**	**463**	**15,767**
As at 31 December		**12,250**	**7,160**	**766**	**668**	**564**	**21,408**	**11,810**	**7,004**	**820**	**648**	**480**	**20,762**

Notes to the Consolidated Financial Statements

Goodwill impairment testing

For impairment testing, goodwill in respect of Europe, Americas (excluding Brazil) and Asia Pacific (excluding India) is allocated and monitored on a regional basis. For Brazil, India, subsidiaries within Africa, Middle East & Eastern Europe and Head Office, goodwill is allocated and monitored on an individual country basis. The total amount of goodwill of €12,250 million (2021: €11,810 million) is allocated to each (group of) Cash Generating Unit (CGU) as follows:

Goodwill per (group of) CGU



The increase in goodwill of €440 million compared to 2021, mainly relates to application of hyperinflation accounting in Ethiopia of €157 million and the movement in exchange rates of €174 million.

The carrying amount of a CGU is compared to the recoverable amount of the CGU. The recoverable amounts of the (group of) CGUs are based on the higher of the fair value less costs of disposal (FVLCD) and value in use (VIU) calculations. CGUs for which the recoverable amount is based on a VIU model represent 94% of goodwill. VIU is determined by discounting the future cash flows generated from the continuing use of the CGU using a pre-tax discount rate.

The key assumptions used for the value in use calculations are as follows:

- Cash flows are projected based on actual operating results and the approved business plan. Cash flows thereafter are extrapolated up to a 10-year period (Europe 5-year) using an expected annual volume growth rate per country, which is based on external sources. The extrapolated cash flows are therefore projected using steady or progressively declining net cash flow growth rates. Based on past experience, management considers this period to reflect the long-term development of the local beer business.
- The beer price growth per year, after the forecast period, is assumed to be the expected country-specific annual long-term inflation, which is based on external sources.
- Cash flows after the first 10-year period (Europe 5-year) are extrapolated using a perpetual growth rate equal to the expected 30-year average inflation to calculate the terminal recoverable amount. For Europe, a return on inflation-linked bond rates is used to extrapolate cash flows.
- A CGU-specific pre-tax weighted average cost of capital (WACC) was applied per CGU in determining the recoverable amount of the units.

The values assigned to the key assumptions used for the VIU calculations are as follows:

In %	Pre-tax WACC	Expected annual long-term inflation applied for years 2026-2032	Expected volume growth rates applied for years 2026-2032
Europe	10.2	2.1	1.3
Americas (excluding Brazil)	12.3	2.9	1.6
Brazil	15.8	3.1	3.7
Africa, Middle East & Eastern Europe	16.6 - 30.1	4.9 - 8.6	1.5 - 4.4
Asia Pacific (excluding India)	13.6	3.3	1.4
Head Office	13.5	3.3	1.7

In 2022, there has been a general increase in the WACC applied across most CGUs, due to increased interest rates.

Impairment losses

The annual goodwill impairment test did not result in an impairment loss for the current year (2021: nil). The impairment test required as a result of the identification of impairment indicators resulted in an impairment reversal of €189 million on intangible assets other than goodwill (2021: €72 million on intangible assets other than goodwill, net impairment), which was charged to profit and loss (refer to note 8.2).

Sensitivity to changes in assumptions

The outcome of a sensitivity analysis of a 200 basis points adverse change in key assumptions (i.e. lower growth rates or higher discount rates respectively) did not result in a materially different outcome for the impairment test.

Brands, customer-related and contract-based intangibles

The main brands capitalised are the brands acquired in various acquisitions. The main customer-related and contract-based intangibles relate to customer relationships (constituted either by way of a contractual agreement or by way of non-contractual relations) and re-acquired rights.

Accounting estimates and judgements

The cash flow projections used in the value in use calculations for goodwill impairment testing contain various judgements and estimations as described in the key assumptions for the VIU calculations. Such judgements and estimates are subject to change because of changing economic conditions and climate impact and actual cash flows may differ from forecasts. The below additional considerations have been applied by HEINEKEN regarding the potential financial impact of the macro-economic environment and uncertainties including increasing inflationary pressures worldwide:

- Changes in the interest rate environment are taken into consideration when determining the discount rates
- Terminal growth rates do not exceed the long-term annual inflation rate of the country or region, thus excluding any increased inflation growth experiences in the short-term
- Sensitivity scenarios are applied to the key assumptions used in the impairment testing.

The impact of climate change risk on future cash flows have also been considered at an CGU and asset level, including committed capex and operational expenditure. No material financial impacts to the current year impairment assessment were identified.

Notes to the Consolidated Financial Statements

For intangible assets, other than goodwill, estimates are required to determine the (remaining) useful lives. Useful lives are determined based on the market position (for brands), estimated remaining useful life of the customer relationships or the period of the contractual arrangements, or estimates on technological and commercial developments (for software/development expenditure).

Amortisation is charged to profit or loss on a straight-line basis over the estimated useful life. HEINEKEN believes that straight-line depreciation most accurately reflects the expected pattern of consumption of the future economic benefits embodied in the intangible asset.

Accounting policies

Goodwill

Goodwill represents the difference between the fair value of the net assets acquired and the transaction price of the acquisition. Goodwill arising on the acquisition of associates and joint ventures is included in the carrying amount of the associates and joint ventures.

Goodwill is measured at cost less accumulated impairment losses. Goodwill is allocated to individual or groups of CGUs for impairment testing and is tested annually for impairment. Negative goodwill is recognised directly in profit or loss as other income. An impairment loss in respect of goodwill cannot be reversed.

Brands, customer-related and contract-based intangibles

Brands, customer-related and contract-based intangibles acquired as part of a business combination are recognised at fair value. Otherwise, these acquired intangibles are recognised at cost and amortised over the estimated useful life of the individual brand, respectively over the remaining useful life of the customer relationships or the period of the contractual arrangements.

Strategic brands are well-known international/local brands with a strong market position and an established brand name.

Software, research and development and other intangible assets

Purchased software is measured at cost less accumulated amortisation. Expenditure on internally developed software is capitalised when the expenditure qualifies as development activities, otherwise, it is recognised in profit or loss when incurred.

Expenditure on research activities, undertaken with the prospect of gaining new technical knowledge, is recognised in profit or loss when incurred.

Amortisation

Amortisation is calculated over the cost of the asset less its residual value. Intangible assets with a finite life are amortised on a straight-line basis over their estimated useful lives from the date they are available for use. The estimated useful lives are as follows:

– Strategic brands	40 – 50 years
– Other brands	5 – 25 years
– Customer-related and contract-based intangibles	5 – 25 years
– Re-acquired rights	3 – 12 years
– Software	3 – 7 years
– Capitalised development costs	3 years

The amortisation method, useful lives and residual values are reassessed annually. Changes in useful lives or residual value are recognised prospectively.

De-recognition of intangible assets

Intangible assets are derecognised when disposed of or sold. Gains on sale of intangible assets are presented in profit or loss as other income (refer to note 6.2); losses on sale are included in amortisation. Goodwill is derecognised when the related CGU is sold.

Impairment of non-financial assets

At each reporting date, HEINEKEN reviews the carrying amounts of its non-financial assets (except for inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount is estimated. The existence of any immediate or short-term physical threats due to climate change were also considered in assessing for any indication of impairment. Furthermore, HEINEKEN assesses goodwill and other intangible assets with an indefinite useful life annually for impairment.

For impairment testing, assets are grouped into the smallest group of assets that generate cash inflows from continuing use. The CGU for other non-financial assets is often the operating company on a country level. The recoverable amount of an asset or CGU is the higher of an asset's FVLCD and VIU. In assessing the VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset or CGU.

An impairment loss is recognised in profit or loss if the carrying amount of an asset or its CGU exceeds its recoverable amount. Impairment losses are first allocated to goodwill and intangible assets with an indefinite useful life. A remaining impairment loss is then allocated to the other assets in the unit on a pro-rata basis. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation if no impairment loss had been recognised.

8.2 Property, plant and equipment

Property, plant and equipment (P,P&E) are fixed assets that are owned by HEINEKEN, as well as right of use (ROU) assets under a lease agreement. Owned and ROU assets are held for use in HEINEKEN's operating activities. Refer to the table below for the split between owned assets and ROU assets as per balance sheet date:

In millions of €	2022	2021
Property, plant and equipment - owned assets	12,610	11,518
Right of use assets	1,013	883
	13,623	**12,401**

Notes to the Consolidated Financial Statements

Owned assets

The table below details the historical cost per asset class and the movements during the year for owned assets.

In millions of €	Note	2022 Land and buildings	2022 Plant and equipment	2022 Other fixed assets	2022 Under construction	2022 Total	2021 Land and buildings	2021 Plant and equipment	2021 Other fixed assets	2021 Under construction	2021 Total
Cost											
Balance as at 1 January		**7,534**	**10,099**	**5,934**	**1,068**	**24,635**	**7,042**	**9,455**	**5,699**	**669**	**22,865**
Hyperinflation restatement to 1 January 2022		72	161	102	1	336	—	—	—	—	—
Changes in consolidation and other transfers		63	36	2	(2)	99	187	171	13	13	384
Purchases		27	37	409	1,646	2,119	20	55	251	1,170	1,496
Transfer of completed projects under construction		237	646	462	(1,345)	—	119	393	279	(791)	—
Transfer (to)/from assets classified as held for sale		(163)	(269)	(84)	(4)	(520)	(21)	(29)	(9)	—	(59)
Disposals		(49)	(150)	(289)	(5)	(493)	(40)	(112)	(384)	(6)	(542)
Hyperinflation adjustment		47	100	65	1	213	—	—	—	—	—
Effect of movements in exchange rates		(3)	110	81	27	215	227	166	85	13	491
Balance as at 31 December		**7,765**	**10,770**	**6,682**	**1,387**	**26,604**	**7,534**	**10,099**	**5,934**	**1,068**	**24,635**
Depreciation and impairment losses											
Balance as at 1 January		**(2,759)**	**(6,048)**	**(4,247)**	**(63)**	**(13,117)**	**(2,586)**	**(5,605)**	**(3,999)**	**(69)**	**(12,259)**
Hyperinflation restatement to 1 January 2022		(14)	(57)	(85)	—	(156)	—	—	—	—	—
Changes in consolidation and other transfers		4	—	1	—	5	—	(4)	4	—	—
Depreciation charge for the year	6.6	(172)	(513)	(625)	—	(1,310)	(156)	(460)	(579)	—	(1,195)
Impairment losses	6.6	(68)	(18)	(3)	(1)	(90)	(6)	(43)	(1)	(2)	(52)
Reversals of impairments	6.6	75	30	7	5	117	4	19	10	3	36
Transfer to/(from) assets classified as held for sale		80	177	63	—	320	13	26	9	—	48
Disposals		33	146	271	—	450	34	110	374	—	518
Hyperinflation adjustment		(14)	(20)	(65)	—	(99)	—	—	—	—	—
Effect of movements in exchange rates		(15)	(49)	(49)	(1)	(114)	(62)	(91)	(65)	5	(213)
Balance as at 31 December		**(2,850)**	**(6,352)**	**(4,732)**	**(60)**	**(13,994)**	**(2,759)**	**(6,048)**	**(4,247)**	**(63)**	**(13,117)**
Carrying amount											
As at 1 January		**4,775**	**4,051**	**1,687**	**1,005**	**11,518**	**4,456**	**3,850**	**1,700**	**600**	**10,606**
As at 31 December		**4,915**	**4,418**	**1,950**	**1,327**	**12,610**	**4,775**	**4,051**	**1,687**	**1,005**	**11,518**

Notes to the Consolidated Financial Statements

Land and buildings include the breweries and offices of HEINEKEN as well as stores, pubs and bars. The plant and machinery asset class contains all the assets needed in HEINEKEN's brewing, packaging and filling activities. Other fixed assets mainly consist of returnable packaging materials, commercial fixed assets and furniture, fixtures and fittings. Refer to note 7.4 for further information on returnable packaging materials that are included in this category.

Impairment losses

A net impairment reversal of €27 million on owned P,P&E (2021: €16 million, net impairment), €4 million impairment reversal on ROU assets (2021: €20 million, net impairment) and €189 million impairment reversal on intangible assets with finite useful life (2021: €72 million, net impairment) were recorded for the year ended 31 December 2022. The net impairment reversal mainly relates to impairment reversal in the CGU Papua New Guinea (€234 million) which is included in the Asia Pacific operating segment. The reversal is primarily driven by an improved performance and stronger recovery from COVID-19 in a more favourable macro-economic environment, since the recognition of the impairment in 2020.

The determination of the recoverable amount of Papua New Guinea is based on a VIU valuation, which is based on a discounted 10-year cash flow forecast. The key assumptions used to determine the cash flows are based on market expectations and management's best estimate. Cash flows thereafter are extrapolated using a perpetual growth rate equal to the expected 30-year compounded average inflation, in order to calculate the terminal recoverable amount.

Impairments (reversals) are recorded on the line 'amortisation, depreciation and impairments' in the Income Statement. For a split per asset class, refer to the movement schedules in notes 8.1 and 8.2.

See the table below for the key assumptions:

	Papua New Guinea	
In %	2023 - 2025	2026-2032
Pre-tax WACC (in local currency)	20.5	20.5
Expected annual long-term inflation	4.1	4.1
Expected volume growth	8.1	1.7

Right of use (ROU) assets

HEINEKEN leases stores, pubs, offices, warehouses, cars, (forklift) trucks and other equipment in the ordinary course of business. HEINEKEN has around 36,000 leases with a wide range of different terms and conditions, depending on local regulations and practices. Many leases contain extension and termination options, which are included in the lease term if HEINEKEN is reasonably certain to exercise the option. Refer to the table below for the carrying amount of ROU assets per asset class per balance sheet date:

In millions of €	2022	2021
Land and buildings	830	692
Equipment	183	191
Carrying amount ROU assets as at 31 December	**1,013**	**883**

In 2022, €218 million was added to the ROU assets as a result of entering into new lease contracts and the remeasurement of existing leases (2021: €223 million). The depreciation and impairments of ROU assets for the financial year ending 31 December is as follows:

In millions of €	2022	2021
Land and buildings	174	180
Equipment	80	96
Depreciation and impairments for ROU assets	**254**	**276**

Accounting estimates and judgements

Estimates are required to determine the (remaining) useful lives of fixed assets. Useful lives are determined based on an asset's age, the frequency of its use, repair and maintenance policy, technology changes in production, redundancies or changes due to climate risks and expected restructuring.

HEINEKEN estimates the expected residual value per asset item. The residual value is the higher of the expected sales price (based on recent market transactions of similar sold items) and its material scrap value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of items of P,P&E. HEINEKEN believes that straight-line depreciation most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Judgement is required to determine the lease term. The assessment of whether HEINEKEN is reasonably certain to exercise such options impacts the lease term, which as a result could affect the amount of lease liabilities and ROU assets recognised.

Accounting policies

Owned assets

A fixed asset is recognised when it is probable that future economic benefits associated with the P,P&E item will flow to HEINEKEN and when the cost of the P,P&E can be reliably measured. The majority of the P,P&E of HEINEKEN are owned assets, rather than leased assets.

P,P&E are recognised at historical cost less accumulated depreciation and impairment losses. Historical cost includes all costs directly attributable to the purchase of an asset. The cost of self-constructed assets includes all directly attributable costs to make the asset ready for its intended use. Spare parts that meet the definition of P,P&E are capitalised and accounted for accordingly. If spare parts do not meet the recognition criteria of P,P&E, they are either carried in inventory or consumed and recorded in profit or loss.

Subsequent costs are capitalised only when it is probable that the expenses will lead to future economic benefits and can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

For the contractual commitments on ordered P,P&E refer to note 13.2.

Notes to the Consolidated Financial Statements

Depreciation and impairments

Depreciation is calculated using the straight-line method, based on the estimated useful life of the asset class. The estimated useful lives of the main asset classes are as follows:

– Buildings	15 – 40 years
– Plant and equipment	5 – 30 years
– Other fixed assets	3 – 10 years

Land and assets under construction are not depreciated. When assets under construction are ready for their intended use, they are transferred to the relevant category and depreciation starts. All other P,P&E items are depreciated over their estimated useful life to the asset's residual value.

The depreciation method, residual value and useful lives are reassessed annually. Changes in useful lives or residual value are recognised prospectively.

HEINEKEN reviews whether indicators for impairment exist on a CGU level. When an indicator of impairment exists, assets are tested for impairment. Impairment losses on assets, other than goodwill, recognised in prior periods are assessed at each reporting date for any indication of a reversal, due to observable indications that the asset's value has increased significantly or other significant changes with favourable effects.

Derecognition of Property, plant and equipment

P,P&E is derecognised when it is scrapped or sold. Gains on sale of P,P&E are presented in profit or loss as other income (refer to note 6.2); losses on sale are included in depreciation.

Right of use (ROU) assets

Definition of a lease

A contract contains a lease if it provides the right to control the use of an identified asset for a period of time in exchange for an amount payable to the lessor. The right to control the use of the identified asset exists when having the right to obtain substantially all of the economic benefits from the use of that asset and when having the right to direct the use of that asset.

HEINEKEN as a lessee

At the start date of the lease, HEINEKEN (lessee) recognises a ROU asset and a lease liability on the balance sheet. The ROU asset is initially measured at cost, and subsequently at cost less accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability. For measurement of the lease liability, refer to note 11.3.

HEINEKEN applies the following practical expedients for the recognition of leases:

– The short-term lease exemption means that leases with a duration of less than a year are expensed in the income statement on a straight-line basis.
– The low-value lease exemption, meaning that leased assets with an individual value of €5,000 or less if bought new, are expensed in the income statement on a straight-line basis.

HEINEKEN as a lessor

A lease is classified as a finance lease when it transfers substantially all the risks and rewards relating to ownership of the underlying asset to the lessee. For contracts where HEINEKEN acts as an intermediate lessor, the subleases are classified with reference to the ROU asset.

Lease related notes

For lease liabilities, refer to note 11.3 Borrowings. For short-term and low-value leases, refer to other expenses in note 6.3 Raw materials, consumables and services. For the lease receivables, refer to other receivables in note 8.4 Other non-current assets and other receivables in note 7.2 Trade and other receivables. For the contractual maturities of lease liabilities, refer to note 11.5 Credit, liquidity and market risk.

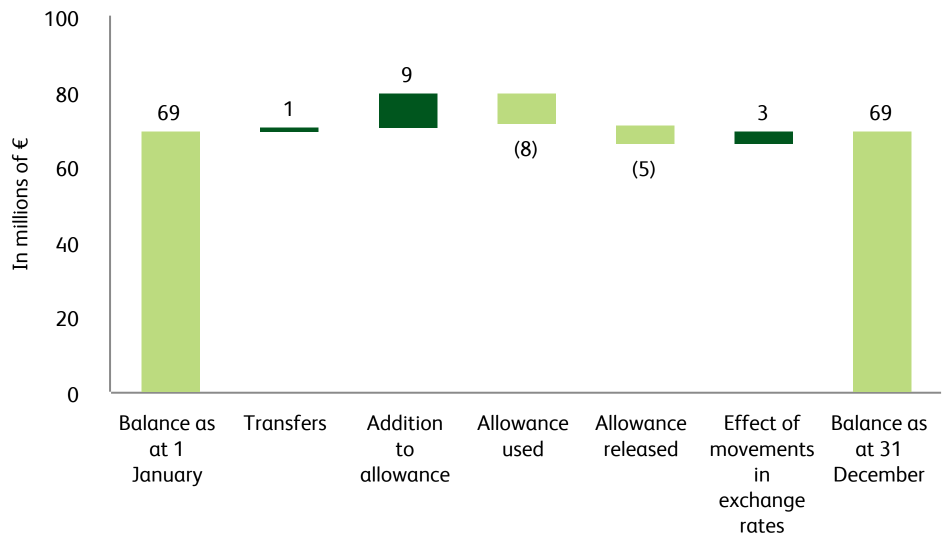
8.3 Loans and advances to customers

Loans and advances to customers are inherent to HEINEKEN's business model. Loans to customers are repaid in cash on fixed dates while the settlement of advances to customers is linked to the sales volume of the customer. Loans and advances to customers are usually backed by collateral such as properties.

In millions of €	2022	2021
Loans to customers	61	56
Advances to customers	155	153
Loans and advances to customers	**216**	**209**

The movement in allowance for impairment losses for loans and advances to customers during the year is as follows:

Allowance for credit losses 2022 - Loans and advances to customers



Notes to the Consolidated Financial Statements

In millions of €	2022	2021
Balance as at 1 January	**69**	**90**
Transfers	1	(2)
Addition to allowance	9	5
Allowance used	(8)	(14)
Allowance released	(5)	(12)
Effect of movements in exchange rates	3	2
Balance as at 31 December	**69**	**69**

Accounting estimates

HEINEKEN determines at each reporting date the impairment of loans and advances to customers using an expected credit loss model, which estimates the credit losses over 12 months. If a significant increase in credit risk occurs (e.g. more than 30 days overdue, change in credit rating, payment delays in other receivables from the customer), credit losses over the lifetime of the asset are incurred. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. Due to the macro-economic environment and uncertainties including increasing inflationary pressure on HEINEKEN's customers, more judgement is required for the calculation of expected credit losses compared to the prior years. For more information on HEINEKEN's credit risk exposure refer to note 11.5.

Accounting policies

Loans and advances to customers are initially measured at fair value and subsequently at amortised cost minus any impairment losses.

8.4 Other non-current assets

Other non-current assets mainly consist of Fair Value through other comprehensive income (FVOCI) investments, long-term prepayments and other receivables with a duration longer than 12 months.

In millions of €	Note	2022	2021
Fair value through OCI investments		154	135
Non-current derivatives	11.6	56	6
Loans to joint ventures and associates		15	28
Long-term prepayments		461	392
Other receivables		544	509
Other non-current assets		**1,230**	**1,070**

The FVOCI investments primarily consist of equity securities. HEINEKEN designates these investments as FVOCI as these are not held for trading purposes.

Other receivables include lease receivables of €137 million (2021: €148 million). The average outstanding term of the lease receivables, including the short-term portion of lease receivables, is 2.9 years (2021: 3.0 years). It further includes tax credits of €137 million (2021: €161 million) recognised in Brazil (refer to note 6.2). The remainder of other receivables mainly originate from the acquisition of the beer operations of FEMSA and represent a receivable on the Brazilian authorities on which interest is calculated in accordance with Brazilian legislation. The collection of this receivable is expected to be beyond a period of five years. A part of the aforementioned qualifies for indemnification towards FEMSA and is provided for.

Sensitivity analysis – equity securities

An increase or decrease of 1% in the share price of the equity securities at the reporting date would not have a material impact.

Accounting estimates

HEINEKEN determines on each reporting date the impairment of other receivables using an expected credit loss model, which estimates the credit losses over 12 months. Only in case of a significant increase in credit risk occurs (e.g. more than 30 days overdue, change in credit rating, payment delays in other receivables from the customer) the credit losses over the lifetime of the asset are incurred. Individually significant other receivables are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. For more information on HEINEKEN's credit risk exposure refer to note 11.5.

Accounting policies

Fair value through OCI investments

HEINEKEN's investments in equity securities are classified as FVOCI. These investments are interests in entities where HEINEKEN has less than significant influence. This is generally the case by ownership of less than 20% of the voting rights. Upon the sale of these equity securities the accumulated fair value and currency translation changes are transferred to retained earnings.

FVOCI investments are measured at fair value (refer to note 13.1). The fair value changes are recognised in OCI and presented within equity in the fair value reserve. Dividend income is recognised in profit or loss.

Non-current derivatives

Refer to the accounting policies on derivative financial instruments in note 11.6.

Other

The remaining non-current assets as presented in the previous table are initially measured at fair value and subsequently at amortised cost minus any impairment losses.

Notes to the Consolidated Financial Statements

9. Provisions and contingent liabilities

9.1 Post-retirement obligations

HEINEKEN makes contributions to pension plans that provide pension benefits to (former) employees upon retirement, both via defined benefit as well as defined contribution plans. Other long-term employee benefits include long-term bonus plans, termination benefits, medical plans and jubilee benefits. Refer to note 6.4 for the contribution to defined contribution plans. This note relates to HEINEKEN's defined benefit pension plans. Refer to the table below for the present value of the defined benefit plans as at 31 December.

In millions of €	2022	2021
Present value of unfunded defined benefit obligations	177	169
Present value of funded defined benefit obligations	7,745	10,013
Total present value of defined benefit obligations	**7,922**	**10,182**
Fair value of defined benefit plan assets	(7,569)	(9,680)
Present value of net obligations	**353**	**502**
Asset ceiling items	129	101
Defined benefit plans included under non-current assets	28	6
Recognised liability for defined benefit obligations	**510**	**609**
Other long-term employee benefits	58	59
	568	**668**

The vast majority of benefit payments are from pension funds that are held in trusts (or equivalent), however, there is a small portion where HEINEKEN fulfils the benefit payment obligation as it falls due. Plan assets held in trusts are governed by Trustee Boards composed of HEINEKEN representatives and independent and/or member representation, in accordance with local regulations and practice in each country. The relationship and division of responsibility between HEINEKEN and the Trustee Board (or equivalent) including investment decisions and contribution schedules are carried out in accordance with the plan's regulations.

The defined benefit pension plans in the Netherlands (NL) and the United Kingdom (UK) represent the majority of the total defined benefit plan assets and the present value of the defined benefit obligations.

Refer to the table below for the split of these plans in the total present value of the net obligations of HEINEKEN.

In millions of €	2022 UK	2021 UK	2022 NL	2021 NL	2022 Other	2021 Other	2022 Total	2021 Total
Total present value of defined benefit obligations	2,641	4,288	4,120	4,562	1,161	1,332	7,922	10,182
Fair value of defined benefit plan assets	(2,557)	(4,137)	(4,055)	(4,523)	(957)	(1,020)	(7,569)	(9,680)
Present value of net obligations	**84**	**151**	**65**	**39**	**204**	**312**	**353**	**502**

Defined benefit plan in the Netherlands

HEINEKEN provides employees in the Netherlands with an average pay pension plan based on earnings up to the legal tax limit. Indexation of accrued benefits is conditional on the funded status of the pension fund. HEINEKEN pays contributions to the fund up to a maximum level agreed with the Board of the pension fund and has no obligation to make additional contributions in case of a funding deficit.

During 2022, the coverage ratio of the Dutch pension fund improved significantly. Rising interest rates lowered the fund's net defined benefit obligations given its relatively low interest hedging policy. The fund's financial position allowed for pension indexation in 2022. In July 2022, the Board of the pension fund decided to provide an annual discretionary indexation of accrued benefits of 3.42% to all its members. In December 2022, the Board of the pension fund decided to provide an annual discretionary indexation of accrued benefits at 1 January 2023 of 14.33%.

In 2022, the decrease in the fair value of defined benefit plan assets is mainly due to a decrease in the value of bonds, interest rate swaps, mortgages and equity instruments. The lower defined benefit obligation is mainly due to a higher discount rate assumption, partially offset by a higher indexation assumption. HEINEKEN's cash contribution to the Dutch pension plan was at the maximum level. The same level will apply in 2023.

Defined benefit plan in the United Kingdom

HEINEKEN's UK plan (Scottish & Newcastle pension plan 'SNPP') was closed to future accrual in 2011 and the liabilities thus relate to past service before plan closure. Based on the triennial review finalised in early 2019, HEINEKEN has renewed the funding plan (until 31 May 2023) including an annual deficit reduction contribution of GBP39.2 million in 2018, thereafter increasing with GBP1.7 million per year. At the end of 2018, an agreement (the 'Funding Agreement') was reached with the UK pension fund Trustees on a more conservative longer-term funding and investment approach towards 2030. This agreement has been formalised during 2019 and signed in early 2020, which leads to a gradual decrease in investment risk. The current schedule of deficit recovery payments until May 2023 will remain in place. As of June 2023, deficit recovery payments will stop. Going forward recovery payments will be conditional on the funding position of the pension fund and capped on the current contribution level.

In 2022, the decrease in the fair value of defined benefit plan assets is mainly due to the lower value of debt investments, as a result of an increase in interest rates. The increase in interest rates lowered not only the plan assets, but also the plan liabilities. As the fund is closed to future accrual, the strategic asset allocation is more conservative with high interest and inflation hedging levels.

Defined benefit plans in other countries

In a few other countries, HEINEKEN offers defined benefit plans, which are individually not significant to HEINEKEN. The majority of these plans are closed for new participants.

Notes to the Consolidated Financial Statements

Movement in net defined benefit obligation

The movement in the net defined benefit obligation during the year is as follows:

		Present value of defined benefit obligations		Fair value of defined benefit plan assets		Present value of net obligations	
In millions of €	Note	**2022**	2021	**2022**	2021	**2022**	2021
Balance as at 1 January		**10,182**	**9,590**	**(9,680)**	**(8,757)**	**502**	**833**
Included in profit or loss							
Current service cost		112	106	—	—	112	106
Past service cost/(credit)		(2)	(9)	—	—	(2)	(9)
Administration expense		—	—	5	5	5	5
Expense recognised in personnel expenses	6.4	110	97	5	5	115	102
Interest expense/(income)	11.1	212	107	(198)	(93)	14	14
		322	**204**	**(193)**	**(88)**	**129**	**116**
Included in OCI							
Remeasurement loss/(gain):							
Actuarial loss/(gain) arising from	12.3						
Demographic assumptions		47	67	—	—	47	67
Financial assumptions		(2,714)	346	—	—	(2,714)	346
Experience adjustments		550	13	—	—	550	13
Return on plan assets excluding interest income[1]		—	—	2,011	(726)	2,011	(726)
Effect of movements in exchange rates		(114)	309	112	(288)	(2)	21
		(2,231)	**735**	**2,123**	**(1,014)**	**(108)**	**(279)**
Other							
Changes in consolidation and reclassification		1	12	(7)	(10)	(6)	2
Contributions paid:							
By the employer		—	—	(164)	(165)	(164)	(165)
By the plan participants		25	24	(25)	(24)	—	—
Benefits paid		(377)	(378)	377	378	—	—
Settlements		—	(5)	—	—	—	(5)
		(351)	(347)	**181**	179	**(170)**	(168)
Balance as at 31 December		**7,922**	**10,182**	**(7,569)**	**(9,680)**	**353**	**502**

1 The total OCI impact for the current year also included movement resulting from asset ceiling increase between 2021 and 2022.

Notes to the Consolidated Financial Statements

Defined benefit plan assets

			2022			2021
In millions of €	Quoted	Unquoted	Total	Quoted	Unquoted	Total
Equity instruments:						
Europe	316	—	316	462	—	462
Northern America	847	—	847	1,218	—	1,218
Japan	118	—	118	135	—	135
Asia other	160	—	160	254	—	254
Other	92	145	237	89	156	245
	1,533	**145**	**1,678**	**2,158**	**156**	**2,314**
Debt instruments:						
Bonds – investment grade	3,744	1,125	4,869	5,631	817	6,448
Bonds – non-investment grade	228	361	589	526	294	820
	3,972	**1,486**	**5,458**	**6,157**	**1,111**	**7,268**
Derivatives	41	(1,296)	(1,255)	38	(1,474)	(1,436)
Properties and real estate	249	659	908	326	615	941
Cash and cash equivalents	362	34	396	179	78	257
Investment funds	25	351	376	12	264	276
Other plan assets	94	(86)	8	114	(54)	60
	771	(338)	433	669	(571)	98
Balance as at 31 December	**6,276**	**1,293**	**7,569**	**8,984**	**696**	**9,680**

The HEINEKEN pension funds monitor the mix of debt and equity securities in their investment portfolios based on market expectations. Material investments within the portfolio are managed on an individual basis. Through its defined benefit pension plans, HEINEKEN is exposed to several risks, the most significant are detailed below.

Risks associated with defined benefit plans

Asset volatility

The plan liabilities are calculated using a discount rate set with reference to AA corporate bond yields. If the return on the plan assets is less than the return on the liabilities implied by this assumption, this will create a deficit. The plan in the Netherlands holds a significant proportion of equities, which are expected to outperform corporate bonds in the long term while providing volatility and risk in the short term.

In the Netherlands, an Asset-Liability Matching (ALM) study is performed at least on a triennial basis, the last ALM study was performed in 2021. The ALM study is the basis for the strategic investment policies and the (long-term) strategic investment mix. As at 31 December 2022, the strategic asset mix comprises 33.5% of plan assets in equity securities, 25% in bonds and swaps, 18% in alternative investments, 11% in mortgage and 12.5% in real estate.

In the UK, an actuarial valuation is performed at least on a triennial basis. The valuation is the basis for the funding plan, strategic investment policies and the (long-term) strategic investment mix. The valuation was performed in 2021. As at 31 December 2022, the strategic mix of assets comprises 30% of plan assets in liability-driven investments, 26.5% in corporate bonds, 15% in higher-yielding credit, 15% in private markets, 7.5% in long lease property and 6% in equities. As part of the Funding Agreement, the strategic asset mix will evolve between now and 2030 to provide greater certainty of return, lower volatility and higher cash generation.

Interest rate risk

A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' fixed-rate instruments holdings.

In the Netherlands, interest rate risk is managed through fixed-income investments and interest rate swap instruments. These investments and instruments match the liabilities by 38% as at 31 December 2022 (2021: 24%). In the UK, interest rate risk is managed through the use of a mixture of fixed income investments and interest rate swap instruments. These investments and instruments match 96% of the interest rate sensitivity of the total liabilities as measured on a Gilts +1% liability basis (2021: 96% as measured on the same basis).

Inflation risk

Some of the pension obligations are linked to inflation. Higher inflation will lead to higher liabilities, although in most cases caps on the level of inflationary increases are in place to protect the plan against extreme inflation. The majority of the plan assets are either unaffected by or loosely correlated with inflation, meaning that an increase in inflation will increase the deficit.

HEINEKEN provides employees in the Netherlands with an average pay pension plan, whereby indexation of accrued benefits is conditional on the funded status of the pension fund. In the UK, inflation risk is partly managed through the use of a mixture of inflation-linked derivative instruments. These instruments match 96% of the inflation-linked liabilities as measured on a Gilts +1% liability basis (2021: 96% as measured on the same basis).

Life expectancy

The majority of the plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will increase the plans' liabilities. This is particularly significant in the UK plan, where inflation-linked increases result in higher sensitivity to changes in life expectancy. In 2015, the Trustee of HEINEKEN UK's pension plan implemented a longevity hedge to remove the risk of a higher increase in life expectancy than anticipated for the 2015 population of pensioners.

Notes to the Consolidated Financial Statements

Principal actuarial assumptions as at the balance sheet date

Based on the significance of the Dutch and UK pension plans compared with the other plans, the table below refers to the major actuarial assumptions for those two plans as at 31 December:

	The Netherlands		UK[1]	
In %	**2022**	2021	**2022**	2021
Discount rate as at 31 December	3.8	1.1	5.0	1.8
Future salary increases	2.0	2.0	—	—
Future pension increases	2.9	1.3	3.1	3.4

1 The UK plan is closed for future accrual, leading to certain assumptions being equal to zero.

For the other defined benefit plans, the following actuarial assumptions apply as at 31 December:

	Europe		Americas	
In %	**2022**	2021	**2022**	2021
Discount rate as at 31 December	2.3-3.9	0.3-1.1	9.4-13.0	8.0-8.2
Future salary increases	0.0-3.4	0.0-3.1	0.0-4.5	0.0-4.5
Future pension increases	0.0-2.3	0.0-2.0	0.0-3.5	0.0-3.5
Medical cost trend rate	—	—	5.1-7.5	5.1-7.0

Assumptions regarding future mortality rates are based on published statistics and mortality tables. For the Netherlands, the rates are obtained from the 'AG-Prognosetafel 2022', fully generational. For the UK, the future mortality rates are obtained by applying the Continuous Mortality Investigation 2021 projection model.

The weighted average duration of the defined benefit obligation at the end of the reporting period is 16 years (2021: 18 years).

Except for the reduction in recovery contributions for the UK pension fund, HEINEKEN expects the contributions to be paid for the defined benefit plans for 2023 to be in line with 2022.

Sensitivity analysis

As at 31 December, changes to one of the relevant actuarial assumptions that are considered reasonably possible, holding other assumptions constant, would have affected the defined benefit obligation by the following amounts:

	2022		2021	
Effect in millions of €	**Increase in assumption**	**Decrease in assumption**	Increase in assumption	Decrease in assumption
Discount rate (0.5% movement)	(551)	629	(876)	989
Future salary growth (0.25% movement)	8	(8)	33	(31)
Future pension growth (0.25% movement)	253	(245)	403	(407)
Medical cost trend rate (0.5% movement)	3	(3)	4	(3)
Life expectancy (1 year)	318	(317)	484	(479)

Accounting estimates

To make the actuarial calculations for the defined benefit plans, HEINEKEN needs to make use of assumptions for discount rates, future pension increases and life expectancy as described in this note. The actuarial calculations are made by external actuaries based on inputs from observable market data, such as corporate bond returns and yield curves to determine the discount rates used, mortality tables to determine life expectancy and inflation numbers to determine future salary and pension growth assumptions.

Accounting policies

Defined contribution plans

A defined-contribution plan is a post-retirement plan for which HEINEKEN pays fixed contributions to a separate entity. HEINEKEN has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay out employees.

Defined benefit plans

A defined benefit plan is a post-retirement plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

HEINEKEN's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods; those benefits are discounted to determine its present value. The fair value of any defined benefit plan assets is deducted. The discount rate is the yield at balance sheet date on high quality credit-rated bonds that have maturity dates approximating to the terms of HEINEKEN's obligations and are denominated in the same currency in which the benefits are expected to be paid.

The calculations are performed annually by qualified actuaries using the projected unit credit method. When the calculation results in a benefit to HEINEKEN, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in HEINEKEN. An economic benefit is available to HEINEKEN if it is realisable during the life of the plan, or on settlement of the plan liabilities. When the benefits of a plan are changed, the expense or benefit is recognised immediately in profit or loss.

HEINEKEN recognises all actuarial gains and losses arising from defined benefit plans immediately in other comprehensive income and all expenses related to defined benefit plans in personnel expenses and other net finance income and expenses in profit or loss.

For changes to a defined benefit plan, which result in a plan amendment or a curtailment or settlement, HEINEKEN determines the amount of any past service cost, or gain or loss on settlement, by remeasuring the net defined benefit liability before and after the amendment, using current assumptions and the fair value of plan assets at the time of the amendment. In case the net defined benefit liability is remeasured to determine the impact of the changes, current service cost and net interest for the remainder of the year are remeasured using the same assumptions and the same fair value of plan assets.

Notes to the Consolidated Financial Statements

9.2 Provisions

Provisions within HEINEKEN mainly relate to restructuring, and claims and litigation that arise in the ordinary course of business. The outcome depends on future events, which are by nature uncertain.

In millions of €	Note	Claims and litigation	Taxes	Restructuring	Onerous contracts	Other	Total
Balance as at 1 January 2022		**196**	**344**	**234**	**25**	**138**	**937**
Transfers		10	(10)	—	—	—	—
Provisions made during the year		62	12	91	3	54	222
Provisions used during the year		(64)	(20)	(77)	(6)	(10)	(177)
Provisions reversed during the year		(75)	(61)	(38)	(3)	(47)	(224)
Effect of movements in exchange rates		12	12	—	(1)	2	25
Unwinding of discounts		9	6	—	—	—	15
Balance as at 31 December 2022		**150**	**283**	**210**	**18**	**137**	**798**
Non-current		131	256	88	6	91	572
Current		19	27	122	12	46	226

Claims and litigation

The provisions for claims and litigation of €150 million (2021: €196 million) mainly relate to civil and labour claims in Brazil.

Taxes

The provisions for taxes of €283 million (2021: €344 million) relate to indirect taxes not within the scope of IAS 12 and mainly relate to Brazil. Tax legislation in Brazil is highly complex and subject to interpretation, therefore the timing of the cash outflows for these provisions is uncertain.

Other provisions

Included are, among others, provisions for credit risk on surety and guarantees issued of €50 million (2021: €53 million).

Accounting estimates

In determining the likelihood and timing of potential cash outflows, HEINEKEN needs to make estimates. For claims, litigation and tax provisions, HEINEKEN bases its assessment on internal and external legal assistance and established precedents. For a large restructuring, management assesses the timing of the costs to be incurred, which influences the classification as current or non-current liabilities.

Accounting policies

A provision is a liability of uncertain timing or amount. A provision is recognised when HEINEKEN has a present legal or constructive obligation as a result of past events that can be estimated reliably, and it is probable (>50%) that an outflow of economic benefits will be required to settle the obligation. In the case of accounting for business combinations, provisions are also recognised when the likelihood is less than probable but more than remote (>5%).

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation, using a pre-tax rate that reflects the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as part of net finance expenses.

The impact of climate change is also considered in identifying whether HEINEKEN has a present legal or constructive obligation related to fines or penalties.

Restructuring

A provision for restructuring is recognised when HEINEKEN has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly. Future operating losses are not provided for. The provision includes the benefit commitments in connection with early retirement and redundancy schemes.

Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be received by HEINEKEN are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract, and the expected net cost of continuing with the contract. Before a provision is established, HEINEKEN recognises any impairment loss on the assets associated with that contract.

Other provisions

A provision for guarantees is recognised at the time the guarantee is issued (refer to note 9.3 for the total guarantees outstanding). The provision is initially measured at fair value and subsequently at the higher of the amount determined in accordance with the expected credit loss model and the amount initially recognised.

Notes to the Consolidated Financial Statements

9.3 Contingencies

HEINEKEN's contingencies are mainly in the area of tax, civil cases and guarantees.

Tax

The tax contingencies mainly relate to tax positions in Latin America and include a large number of cases with a risk assessment lower than probable but possible. Assessing the amount of tax contingencies is highly judgemental, and the timing of possible outflows is uncertain. The best estimate of tax-related contingent liabilities is €1,489 million (2021: €1,139 million), out of which €73 million (2021: €77 million) qualifies for indemnification. For several tax contingencies that were part of acquisitions, an amount of €173 million (2021: €175 million) has been recognised as provisions and other non-current liabilities in the balance sheet (refer to notes 9.2 and 11.6).

Other contingencies

Brazil civil cases

Part of other contingencies relates to civil cases in Brazil. Management's best estimate of the potential financial impact for these cases is €57 million (2021: €47 million).

Other

Part of other contingencies relate to two follow-on damage cases for a total amount claimed of €478 million, which arose as a result of the fine imposed by the Greek Competition Commission in 2014 against our subsidiary Athenian Brewery for alleged abuse of its dominant position. It is not possible to estimate the outcome of these claims with any degree of certainty for a number of reasons, including but not limited to the fact that (i) Athenian Brewery's appeal against the fine imposed by the Greek Competition Commission is pending before the Greek Council of State, (ii) the question whether the Dutch courts can assume (international) jurisdiction over these claims, insofar they are made against Athenian Brewery, is pending before the Dutch Supreme Court, and (iii) Athenian Brewery and HEINEKEN have raised defences against these claims, both on procedural grounds and on the merits. The amount of these potential liabilities (if any) can therefore not be measured with sufficient reliability. There are no reimbursements applicable for these cases.

As at 31 December 2022, €37 million (2021: €37 million) of other contingencies related to acquisitions is included in provisions (refer to note 9.2).

Guarantees

In millions of €	Total 2022	Less than 1 year	1-5 years	More than 5 years	Total 2021
Guarantees to banks for loans (to third parties)	345	50	292	3	349
Other guarantees	2,093	1,361	596	136	2,025
Guarantees	**2,438**	**1,411**	**888**	**139**	**2,374**

Guarantees to banks for loans relate to loans and advances to customers, which are given to external parties in the ordinary course of business of HEINEKEN. HEINEKEN provides guarantees to the banks to cover the credit risk related to these loans (refer to note 9.2 for the provision for credit risk on these guarantees).

Other guarantees include a €1.1 billion (2021: €1.1 billion) guarantee issued concerning the offer to acquire Distell Group Holdings Limited (refer to note 13.2).

Accounting estimates and judgements

HEINEKEN operates in a high number of jurisdictions and is subject to a wide variety of taxes per jurisdiction. Tax legislation can be highly complex and subject to interpretation. As a result, HEINEKEN is required to exercise significant judgement in the recognition of taxes payable and determination of tax contingencies.

Also for the other contingencies including climate change, HEINEKEN is required to exercise judgement to determine whether the risk of loss is possible but not probable. Contingencies involve inherent uncertainties including, but not limited to, court rulings, negotiations between affected parties and governmental actions.

Accounting policies

A contingent liability is a liability of uncertain timing and amount. Contingencies are not recognised in the balance sheet because the existence can only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of HEINEKEN or because the risk of loss is estimated to be possible (>5%) but not probable (<50%) or because the amount cannot be measured reliably.

10. Acquisitions, disposals and investments

10.1 Acquisitions and disposals of subsidiaries and non-controlling interests

Acquisition and disposals of subsidiaries in 2022

During 2022, there were no significant acquisitions or disposals.

Acquisition of non-controlling interests

In 2022, transactions with non-controlling interests mainly consists of a transaction where HEINEKEN purchased 3,409,660 shares and 95,798 shares of Grupa Żywiec S.A. from Harbin B.V. and other minority shareholders, respectively. This increased HEINEKEN's shareholding from 65.16% to 99.28%. The consideration paid for the acquisition of non-controlling interest in 2022 and the related equity impact are disclosed in the table below:

In millions of €	Consideration paid	Value on non-controlling interest	Equity Impact
Grupa Żywiec S.A	350	14	336
Other	41	4	37
Total	**391**	**18**	**373**

Accounting policies

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

Notes to the Consolidated Financial Statements

10.2 Assets or disposal groups classified as held for sale

The assets and liabilities below are classified as held for sale for the year ended 31 December 2022:

	2022			2021
In millions of €	Russia disposal group	Other	Total	Total
Current assets	104	28	132	10
Property, plant and equipment	129	32	161	27
Intangible assets	5	—	5	—
Other non-current assets	17	—	17	—
Assets of disposal group held for sale	**255**	**60**	**315**	**37**
Current liabilities	(150)	(23)	(173)	(19)
Non-current liabilities	(8)	—	(8)	(1)
Liabilities associated with assets classified as held for sale	**(158)**	**(23)**	**(181)**	**(20)**

Russia disposal group classified as held for sale

On 28 March 2022, HEINEKEN announced its decision to leave Russia. Efforts to sell the disposal group are continuing and HEINEKEN expects to reach an agreement in the first half-year of 2023. The disposal group is included in the reportable segment Africa, Middle East & Eastern Europe (refer to note 6.1).

An impairment loss of €88 million was recognised in relation to the write down of the Russia disposal group classified as held for sale for the year ended 31 December 2022. The determination of the fair value less cost of disposal amount involves judgement considering the general uncertainties around Russia.

Accounting estimates and judgements

HEINEKEN classifies assets or disposal groups as held for sale when they are available for immediate sale in their present condition, are expected to be sold within 1 year, and the sale is highly probable. HEINEKEN should be committed to the sale and it should be unlikely that the plan to sell will be withdrawn. This might be difficult to demonstrate in practice and involves judgement.

Accounting policies

Assets or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are measured at the lower of their carrying amount and fair value less cost to sell.

Intangible assets and P,P&E once classified as held for sale are not amortised or depreciated. In addition, equity accounting of equity-accounted investees ceases once classified as held for sale.

10.3 Investments in associates and joint ventures

HEINEKEN has interests in several joint ventures and associates. The total carrying amount of these associates and joint ventures was €4,296 million as at 31 December 2022 (2021: €4,148 million) and the total share of profit and other comprehensive income was a profit of €177 million in 2022 (2021: €304 million). The share of profit of associates and joint ventures includes an impairment loss of €4 million (2021: €10 million, impairment reversal).

The associate CRH (Beer) Limited ('CBL') is considered to be individually material. HEINEKEN holds a shareholding of 40% in CBL as of 29 April 2019. CBL holds a controlling interest of 51.67% in China Resources Beer (Holdings) Co. Ltd. ('CR Beer'), a company incorporated in Hong Kong and listed on the Main Board of The Stock Exchange of Hong Kong Limited, operating in the beer business in China. Consequently, HEINEKEN has an effective 20.67% economic interest in CR Beer. Based on the closing share price of HKD54.55 as at 31 December 2022 (2021: HKD63.85), the fair value of this economic interest in CR Beer amounts to €4,398 million (2021: €4,847 million). The carrying amount of CBL as at 31 December 2022 amounts to €2,908 million (2021: €2,752 million).

Set out below is the summarised financial information of CR Beer, not adjusted for the percentage of ownership held by HEINEKEN. The financial information has been amended to reflect adjustments made by HEINEKEN when using the equity method (such as fair value adjustments). Due to a difference in reporting timelines, the financial information is included with a two-month delay. This means that the financial information included relates to the period November 2021-October 2022. The reconciliation of the summarised financial information to the carrying amount of the effective interest in CR Beer is also presented.

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In millions of €	31 October 2022	31 October 2021
Summarised balance sheet (100%)		
Non-current assets	8,639	8,671
Current assets	2,291	1,822
Non-current liabilities	(1,809)	(1,774)
Current liabilities	(2,777)	(2,673)
Net assets	**6,344**	**6,046**
Reconciliation to carrying amount		
Opening net assets	6,046	5,384
Profit for the period	471	301
Other comprehensive income	88	532
Dividends paid	(256)	(171)
Other	(7)	—
Closing net assets	**6,342**	**6,046**
Company's share in %	20.67 %	20.67 %
Company's share	1,311	1,250
Goodwill	1,597	1,502
Carrying amount	**2,908**	**2,752**

In millions of €	November 2021 to October 2022	November 2020 to October 2021
Summarised income statement (100%)		
Revenue	5,198	4,360
Profit	**471**	**301**
Other comprehensive income	88	532
Total comprehensive income	**559**	**833**
Dividends received	**52**	**36**

Summarised financial information for equity-accounted joint ventures and associates

The following table includes, in aggregate, the carrying amount and HEINEKEN's share of profit and OCI of joint ventures and associates (net of income tax):

	Joint ventures		Associates[1]	
In millions of €	2022	2021	2022	2021
Carrying amount of interests	**953**	**984**	**3,343**	**3,164**
Share of:				
Profit from continuing operations	64	113	159	137
Other comprehensive income	17	30	(63)	24
	81	**143**	**96**	**161**

1 Includes the investment in CR Beer, which is considered to be individually material. The other joint ventures and associates are considered to be individually immaterial.

Accounting policies

Associates are entities in which HEINEKEN has significant influence, but not control or joint control. Significant influence is generally obtained by ownership of more than 20% but less than 50% of the voting rights. Joint ventures (JVs) are the arrangements in which HEINEKEN has joint control.

HEINEKEN's investments in associates and JVs are accounted for using the equity method of accounting, meaning they are initially recognised at cost. The consolidated financial statements include HEINEKEN's share of the net profit or loss of the associates and JVs whereby the result is determined using the accounting policies of HEINEKEN.

When HEINEKEN's share of losses exceeds the carrying amount of the associate or joint venture, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that HEINEKEN has an obligation or has made a payment on behalf of the associate or JV.

Notes to the Consolidated Financial Statements

11. Financing and capital structure

11.1 Net finance income and expense

Interest expenses are mainly related to interest charges over the outstanding bonds, commercial paper and bank loans (refer to note 11.3). Other net finance income and expenses comprise dividend income, fair value changes of financial assets and liabilities measured at fair value, transactional foreign exchange gains and losses (on a net basis), monetary gain resulting from hyperinflation accounting, unwinding of discount on provisions and interest on the net defined benefit obligation.

In millions of €	Note	2022	2021
Interest income		**74**	**49**
Interest expenses		(458)	(462)
Dividend income from fair value through OCI investments		7	6
Net change in fair value of derivatives		67	(10)
Net foreign exchange gain/(loss)[1]		(121)	(78)
Net monetary gain arising from hyperinflationary economies		94	—
Unwinding discount on provisions	9.2	(15)	(13)
Interest on the net defined benefit obligation	9.1	(14)	(14)
Other		30	123
Other net finance income/(expenses)		**48**	**14**
Net finance income/(expenses)		**(336)**	**(399)**

1 Transactional foreign exchange effects of working capital and foreign currency-denominated loans, the latter being partially offset by the net change in fair value of derivatives.

Interest expenses include the interest component of lease liabilities of €49 million (2021: €58 million). The line other in 2021 mainly includes €96 million of finance income due to the recognition of tax credits in Brazil, refer to note 6.2.

In 2022, a net monetary gain was recognised related to applying hyperinflation accounting in Ethiopia, refer to note 5(c).

Accounting policies

Interest income and expenses are recognised as they accrue, using the effective interest method.

Dividend income is recognised in the income statement on the date that HEINEKEN's right to receive payment is established, which is the ex-dividend date in the case of quoted securities.

11.2 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. In general bank overdrafts form an integral part of HEINEKEN's cash management and are included as a component of cash and cash equivalents in the statement of cash flows.

In millions of €	Note	2022	2021
Cash and cash equivalents		2,765	3,248
Bank overdrafts	11.3	(1,147)	(692)
Cash and cash equivalents in the statement of cash flows		**1,618**	**2,556**

For more information on HEINEKEN's liquidity risk exposure refer to note 11.5.

The following table presents recognised 'Cash and cash equivalents' and 'Bank overdrafts', and the impact of the netting of gross amounts. The 'Net amount' below refers to the impact on HEINEKEN's balance sheet if all amounts subject to legal offset rights are netted.

				2022
In millions of €	**Gross amounts**	**Net amounts presented in the statement of financial position**	**Amounts subject to legal offset rights**	**Net amount**
Assets				
Cash and cash equivalents	2,765	2,765	(792)	1,973
Liabilities				
Bank overdrafts	(1,147)	(1,147)	792	(355)
				2021
Assets				
Cash and cash equivalents	3,248	3,248	(412)	2,836
Liabilities				
Bank overdrafts	(692)	(692)	412	(280)

HEINEKEN operates in several territories where there is limited availability of foreign currency resulting in restrictions on remittances. Mainly as a result of these restrictions, €418 million (2021: €401 million) of cash included in cash and cash equivalents is restricted for use by the Company, yet available for use in the relevant subsidiary's day-to-day operations.

Notes to the Consolidated Financial Statements

Accounting policies

Cash and cash equivalents are initially recognised at fair value and subsequently at amortised cost.

HEINEKEN has cash pooling arrangements with legally enforceable rights to offset cash and overdraft balances. Where there is an intention to settle on a net basis, cash and overdraft balances relating to the cash pooling arrangements are reported on a net basis in the statement of financial position.

11.3 Borrowings

HEINEKEN mainly uses bonds, commercial paper and bank loans to ensure sufficient financing to support its operations. Net interest-bearing debt is the key metric for HEINEKEN to measure its indebtedness.

				2022			2021
In millions of €	Note	Non-current	Current	Total	Non-current	Current	Total
Unsecured bond issues		11,691	1,075	12,766	12,600	935	13,535
Lease liabilities		905	336	1,241	850	256	1,106
Bank loans		197	114	311	130	637	767
Other interest-bearing liabilities		100	255	355	60	151	211
Deposits from third parties[1]		—	557	557	—	562	562
Bank overdrafts		—	1,147	1,147	—	692	692
Total borrowings		**12,893**	**3,484**	**16,377**	**13,640**	**3,233**	**16,873**
Market value of cross-currency interest rate swaps	11.5			(17)			33
Other investments				(64)			—
Cash and cash equivalents	11.2			(2,765)			(3,248)
Net interest-bearing debt position				**13,531**			**13,658**

1 Mainly employee deposits.

As at 31 December 2022, €82 million of the €311 million of bank loans is secured (2021: €66 million).

In millions of €	Unsecured bond issues	Lease liabilities	Bank loans	Other interest-bearing liabilities	Deposits from third parties	Derivatives used for financing activities	Assets and liabilities used for financing activities
Balance as at 1 January 2022	**13,535**	**1,106**	**767**	**211**	**562**	**33**	**16,214**
Consolidation changes	—	27	17	41	(60)	—	25
Effect of movements in exchange rates	208	35	(7)	(31)	4	(50)	159
Addition of leases	—	428	—	—	—	—	428
Proceeds	—	—	332	258	54	—	644
(Re)payments	(987)	(305)	(882)	(45)	(3)	—	(2,222)
Interest paid over lease liability	—	(49)	—	—	—	—	(49)
Other	10	(1)	84	(79)	—	—	14
Balance as at 31 December 2022	**12,766**	**1,241**	**311**	**355**	**557**	**(17)**	**15,213**

In millions of €	Unsecured bond issues	Lease liabilities	Bank loans	Other interest-bearing liabilities	Deposits from third parties	Derivatives used for financing activities	Assets and liabilities used for financing activities
Balance as at 1 January 2021	**14,442**	**1,199**	**412**	**1,047**	**615**	**14**	**17,729**
Consolidation changes	—	4	30	—	—	—	34
Effect of movements in exchange rates	286	34	1	10	4	26	361
Addition of leases	—	265	—	—	—	—	265
Proceeds	—	—	589	983	(1)	—	1,571
(Re)payments	(1,203)	(298)	(266)	(1,818)	(64)	(7)	(3,656)
Interest paid over lease liability	—	(57)	—	—	—	—	(57)
Other	10	(41)	1	(11)	8	—	(33)
Balance as at 31 December 2021	**13,535**	**1,106**	**767**	**211**	**562**	**33**	**16,214**

Notes to the Consolidated Financial Statements

Changes in borrowings
In 2022, the decrease in borrowings is mainly due to the repayment of bonds and bank loans, which exceeds the proceeds from bank loans and other interest-bearing liabilities incurred.

Cash flows from financing activities are mainly generated by bonds, commercial paper, bank loans and other interest-bearing liabilities presented above. Additionally, HEINEKEN also uses derivatives related to its financing, which can be recognised as assets or liabilities. The above table details the reconciliation of the liabilities and assets arising from financing activities to the cash flow from financing activities. Bank overdrafts form an integral part of HEINEKEN's cash management and are included as a component of cash and cash equivalents in the statement of cash flows. For more information on derivatives refer to note 11.6.

The average effective interest rate on the net debt position as at 31 December 2022 was 2.8% (2021: 2.7%). The average maturity of the bonds as at 31 December 2022 was 7 years (2021: 8 years).

Centrally available financing headroom
The centrally available financing headroom at Group level was approximately €3.6 billion as at 31 December 2022 (2021: €4.6 billion) and consisted of the undrawn revolving credit facility and centrally available cash.

Accounting estimates and judgements

Judgement is required to determine the lease term and the incremental borrowing rate. The assessment of whether HEINEKEN is reasonably certain to exercise extension options or not to make use of termination options impacts the lease term, which as a result could affect the amount of lease liabilities recognised. The assumptions used in the determination of the incremental borrowing rate could impact the rate used in discounting future payments, which as a result could have an impact on the amount of lease liabilities recognised.

Accounting policies

Borrowings
Borrowings are initially measured at fair value less transaction costs. Subsequently, the borrowings are measured at amortised cost using the effective interest rate method. Borrowings included in a fair value hedge are stated at fair value in respect of the risk being hedged.

Borrowings for which HEINEKEN has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date are classified as non-current liabilities. For the accounting policy on cash and cash equivalents and derivatives refer to notes 11.2 and 11.6, respectively.

Lease liabilities
Lease liabilities are measured at the present value of the lease payments to be paid during the lease term, discounted using the incremental borrowing rate. Lease liabilities are subsequently increased by the interest cost on the lease liabilities and decreased by lease payments made. The lease liabilities will be remeasured when there is a change in the amount to be paid (e.g. due to indexation) or when there is a change in the assessment of the lease terms.

The IBR is determined on a country level. For each country, there are separate rates depending on the contract currency and the term of the lease. The IBR is calculated based on the local risk-free rate plus a country default spread and a credit spread.

The lease term is determined as the non-cancellable period of a lease, together with:
- Periods covered by a unilateral option to extend the lease if HEINEKEN is reasonably certain to make use of that option
- Periods covered by an option to terminate the lease if HEINEKEN is reasonably certain not to make use of that option

HEINEKEN applies the following practical expedients for the recognition of leases:
- Apply a single discount rate per country to a portfolio of leases with reasonably similar characteristics
- Include non-lease components in the lease liability for equipment leases

11.4 Capital and reserves

Share capital
Refer to the table below for the issued share capital as at 31 December. All issued shares are fully paid.

	2022		2021	
Share capital	Shares of €1.60	Nominal value in millions of €	Shares of €1.60	Nominal value in millions of €
1 January	576,002,613	922	576,002,613	922
Changes	—	—	—	—
31 December	576,002,613	922	576,002,613	922

The Company's authorised capital amounts to €2,500 million, consisting of 1,562,500,000 shares.

The shareholders are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholder meetings of the Company. In respect of the treasury shares that are held by HEINEKEN, rights are suspended.

Share premium
As at 31 December 2022, the share premium amounted to €2,701 million (2021: €2,701 million).

Notes to the Consolidated Financial Statements

Translation reserve

The translation reserve comprises foreign currency differences arising from the translation of the assets and liabilities of foreign operations of HEINEKEN (excluding amounts attributable to non-controlling interests) as well as value changes of the hedging instruments in the net investment hedges. HEINEKEN considers this a legal reserve.

Hedging reserve

This reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments where the hedged transaction has not yet occurred. HEINEKEN considers this a legal reserve.

Fair value reserve

This reserve comprises the cumulative net change in the fair value of FVOCI equity investments. HEINEKEN transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised. HEINEKEN considers this a legal reserve.

Other legal reserves

These reserves relate to the share of profit of joint ventures and associates over the distribution of which HEINEKEN does not have control. The movement in these reserves reflects the share of profit of joint ventures and associates minus dividends received. For retained earnings of subsidiaries that cannot be freely distributed due to legal or other restrictions, a legal reserve is recognised. Furthermore, part of the reserve comprises a legal reserve for capitalised development costs.

Reserve for own shares

The reserve for own shares comprises the treasury shares held by HEINEKEN. Refer to the table below with the changes in 2022.

Reserve for own shares	Number of shares
1 January 2022	**408,052**
Changes	276,349
31 December 2022	**684,401**

Dividends

The following dividends were declared and paid by HEINEKEN:

In millions of €	2022	2021
Final dividend previous year €0.96, respectively €0.70 per qualifying share	552	403
Interim dividend current year €0.50, respectively €0.28 per qualifying share	288	161
Total dividend declared and paid	**840**	**564**

For 2022, a payment of a total cash dividend of €1.73 per share (2021: €1.24) will be proposed at the AGM on 20 April 2023. If approved, the final dividend of €1.23 will be paid on 2 May 2023, as an interim dividend of €0.50 per share was paid on 11 August 2022. The payment will be subject to a 15% Dutch withholding tax.

After the balance sheet date, the Executive Board proposed the following appropriation of profit. The dividends, taking into account the interim dividends declared and paid, have not been provided for.

In millions of €	2022	2021
Dividend per qualifying share €1.73 (2021: €1.24)	995	714
Addition to retained earnings	1,687	2,610
Net profit	**2,682**	**3,324**

Non-controlling interests

The non-controlling interests (NCI) relate to minority stakes held by third parties in HEINEKEN consolidated subsidiaries. The total NCI as at 31 December 2022 amounted to €2,369 million (2021: €2,344 million), refer to note 10.1 for more information.

Capital management

There were no major changes in HEINEKEN's approach to capital management during the year. The Executive Board's policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain future development of the business and acquisitions.

HEINEKEN is not subject to externally imposed capital requirements other than the legal reserves. Shares are purchased from time to time to meet the requirements of the share-based payment awards, as further explained in note 6.5.

Accounting policies

Shares are classified as equity. When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, is net of any tax effects recognised as a deduction from equity. Repurchased shares recorded at purchase price are classified as treasury shares and are presented in the reserve for own shares.

When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to or from retained earnings.

Dividends are recognised as a liability in the period in which they are declared.

Notes to the Consolidated Financial Statements

11.5 Credit, liquidity and market risk

This note summarises the financial risks that HEINEKEN is exposed to, and HEINEKEN's policies and processes that are in place for managing these risks. For more information on derivatives used in managing risk refer to note 11.6.

Risk management framework

The Executive Board sets rules and monitors the adequacy of HEINEKEN's risk management and control systems. These systems are regularly reviewed to reflect changes in market conditions and HEINEKEN's activities.

Managing the financial risks and financial resources includes the use of derivatives, primarily spot and forward exchange contracts, options and interest rate swaps. It is HEINEKEN's policy not to enter into speculative transactions.

In the normal course of business HEINEKEN is exposed to the following financial risks:

- Credit risk
- Liquidity risk
- Market risk

Credit risk

Credit risk is the risk of a loss to HEINEKEN when a customer or counterparty fails to pay.

All local operations are required to comply with the Global Credit Policy and develop local credit management procedures accordingly. HEINEKEN reviews and updates the Global Credit Policy periodically to ensure that adequate controls are in place to mitigate credit risk.

Credit risk arises mainly from HEINEKEN's receivables from customers like trade receivables, loans to customers and advances to customers. At the balance sheet date, there were no significant concentrations of credit risk.

Loans and advances to customers

HEINEKEN's loans and receivables include loans and advances to customers. Loans and advances to customers are usually backed by collateral such as properties. HEINEKEN charges interest on loans to its customers.

Trade and other receivables

HEINEKEN's local management has credit policies in place and the exposure to credit risk is monitored on an ongoing basis. Under these policies, all customers requiring credit above a certain amount are reviewed and new customers are analysed individually for creditworthiness before HEINEKEN's standard payment and delivery terms and conditions are offered. This review can include external ratings, where available, and in some cases bank references. Credit limits are determined for each customer and are reviewed regularly. Customers that fail to meet HEINEKEN's credit requirements transact only with HEINEKEN on either a prepayment or cash on delivery basis.

Customers are monitored, on a country basis, according to their credit risk characteristics. A distinction is made between individuals and legal entities, type of distribution channel, geographic location, ageing profile, maturity and existence of previous financial difficulties.

HEINEKEN has a policy in place in respect of compliance with Anti-Money Laundering Laws. HEINEKEN considers it important to know with whom business is done and from whom payments are received.

Allowances

HEINEKEN establishes allowances for impairment of loans and advances to customers, trade and other receivables using an expected credit losses model. These allowances cover specific loss components that relate to individual exposures, and a collective loss component established for groups of similar customers. The collective loss allowance is determined based on historical data of payment statistics and updated periodically to incorporate forward-looking information.

The loans and advances to customers, trade and other receivables are written off when there is no reasonable expectation of recovery.

Due to the macro-economic environment and uncertainties including increasing inflationary pressure on HEINEKEN's customers, more judgement is required in the calculation of expected credit losses compared to previous years. As part of these assessments, HEINEKEN has incorporated all reasonable and supportable information available such as whether there has been a breach of payment terms or deterioration of payment against payment terms, a request for extended payment terms or a request for waived payment terms.

Investments

HEINEKEN invests centrally available cash balances in deposits and liquid investments with various counterparties that have strong credit ratings. HEINEKEN actively monitors these credit ratings.

Guarantees

HEINEKEN's policy is to avoid issuing guarantees unless this leads to substantial benefits for HEINEKEN. For some loans to customers HEINEKEN does issue guarantees. In these cases, HEINEKEN aims to receive security from the customer to limit the credit risk exposure.

Heineken N.V. has issued a joint and several liability statements to the provisions of Section 403, Part 9, Book 2 of the Dutch Civil Code with respect to legal entities established in the Netherlands. Refer to note A.1 of the Company financial statements.

Exposure to credit risk

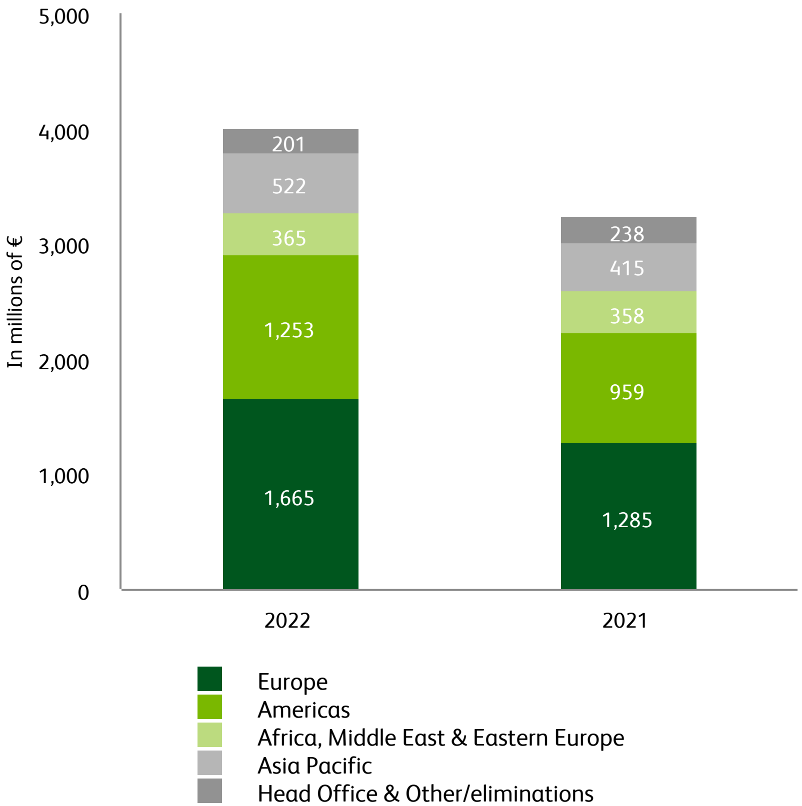
The maximum exposure to credit risk as at 31 December is as follows:

In millions of €	Note	2022	2021
Cash and cash equivalents	11.2	2,765	3,248
Trade and other receivables, excluding prepayments	7.2	4,006	3,254
Derivative assets	11.6	126	102
Fair value through OCI investments	8.4	76	14
Loans and advances to customers	8.3	216	209
Other non-current receivables	8.4	321	299
Guarantees to banks for loans (to third parties)	9.3	345	349
		7,855	**7,475**

Notes to the Consolidated Financial Statements

The exposure to credit risk by segment for trade and other receivables excluding prepayments is as follows:

Exposure to credit risk



Liquidity risk

Liquidity risk is the risk that HEINEKEN will have difficulties meeting payment obligations associated with its financial liabilities, like payment of financial debt or trade payables when they are due. HEINEKEN's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient funds to meet its liabilities when due without incurring unacceptable losses. We have strict credit policies in place, which help safeguard liquidity especially in macro-economic downturn.

HEINEKEN remains focused on ensuring sufficient access to capital markets to finance long-term growth and to refinance maturing debt obligations. HEINEKEN seeks to align the maturity profile of its long-term debts with its forecasted cash flow generation. More information about borrowing facilities is presented in note 11.3. Furthermore, strong cost and cash management, as well as controls over investment proposals, are in place.

Contractual maturities

The following table presents an overview of the expected timing of cash-out and inflows of non-derivative financial liabilities and derivative financial assets and liabilities, including interest payments.

					2022
In millions of €	Carrying amount	Contractual cash flows	Less than 1 year	1-5 years	More than 5 years
Financial liabilities					
Interest-bearing liabilities	(15,135)	(17,749)	(3,524)	(5,815)	(8,410)
Lease liabilities	(1,241)	(1,682)	(376)	(670)	(636)
Trade and other payables and returnable packaging deposits (excluding interest payable, dividends and including non-current part)	(9,639)	(9,639)	(9,596)	(40)	(3)
Derivative financial assets and (liabilities)					
Cross-currency interest rate swaps	17	(31)	(6)	(19)	(6)
Forward exchange contracts	24	(23)	(25)	2	—
Commodity derivatives	(79)	(82)	(75)	(7)	—
Other derivatives	36	74	9	35	30
Total	**(26,017)**	**(29,132)**	**(13,593)**	**(6,514)**	**(9,025)**

					2021
Financial liabilities					
Interest-bearing liabilities	(15,766)	(18,584)	(3,293)	(5,766)	(9,525)
Lease liabilities	(1,106)	(1,554)	(293)	(632)	(629)
Trade and other payables and returnable packaging deposits (excluding interest payable, dividends and including non-current part)	(8,036)	(8,036)	(7,978)	(37)	(21)
Derivative financial assets and (liabilities)					
Cross-currency interest rate swaps	(33)	(98)	6	(45)	(59)
Forward exchange contracts	(13)	(36)	(34)	(2)	—
Commodity derivatives	64	64	62	2	—
Other derivatives	1	21	—	7	14
Total	**(24,889)**	**(28,223)**	**(11,530)**	**(6,473)**	**(10,220)**

For more information on the derivative assets and liabilities refer to note 11.6.

Notes to the Consolidated Financial Statements

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, commodity prices and equity prices, will adversely affect HEINEKEN's income or the value of its financial instruments. In 2022, we witnessed increased volatility in financial and commodity markets. The objective of HEINEKEN's market risk management is to manage and control market risk exposures within acceptable boundaries.

HEINEKEN enters into derivatives and other financial liabilities to manage market risks. Generally, HEINEKEN seeks to apply hedge accounting or establish natural hedges to minimise the impact of market risks in profit or loss. Foreign currency, interest rate and commodity hedging operations are governed by internal policies and rules.

Foreign currency risk

HEINEKEN is exposed to:

- Transactional risk on (future) sales, working capital, (future) purchases, deposits, borrowings and dividends denominated in a currency other than the respective functional currencies of HEINEKEN entities
- Translational risk, which is the risk resulting from the translation of foreign operations into the reporting currency of HEINEKEN

The main currencies that give rise to this risk are the US Dollar, Mexican Peso, Brazilian Real, British Pound, Vietnamese Dong and Euro. In 2022, the transactional foreign exchange risk was hedged in line with the hedging policy to the extent possible. The resulting transactional impact was slightly negative, whereas the translational impact was positive.

In managing foreign currency risk, HEINEKEN aims to ensure the availability of foreign currencies and to reduce the impact of short-term fluctuations on earnings. Over the longer term, however, permanent changes in foreign exchange rates and the availability of foreign currencies, especially in emerging markets, will have an impact on profit.

HEINEKEN hedges up to 90% of its net US Dollar export cash flows on the basis of rolling cash flow forecasts of sales and purchases. Material cash flows in other foreign currencies are also hedged on the basis of rolling cash flow forecasts. For this hedging, HEINEKEN mainly uses forward exchange contracts. The majority of the forward exchange contracts have maturities of less than one year after the balance sheet date.

HEINEKEN has a clear policy on hedging transactional exchange risks. Translation exchange risks are hedged to a limited extent, as the underlying currency positions are generally considered to be long-term in nature. The result of the hedging of translation risk, using net investment hedges is recognised in the translation reserve, as can be seen in the consolidated statement of comprehensive income.

HEINEKEN's policy is to hedge material recognised transactional exposure like trade payables, receivables, borrowings and declared dividends. For material unrecognised transactional exposures like forecasted sales in foreign currencies, HEINEKEN hedges the exposure between agreed percentages according to the policy.

It is HEINEKEN's policy to provide intra-HEINEKEN financing in the functional currency of subsidiaries where possible to prevent foreign currency exposure on a subsidiary level. The resulting exposure at Group level is hedged by means of foreign-currency denominated external debts and by forward exchange contracts. Intra-HEINEKEN financing in foreign currencies is mainly in British Pound, US Dollar and Swiss Franc. In some cases, HEINEKEN elects to treat intra-HEINEKEN financing with a permanent character as equity and does not hedge the foreign currency exposure.

HEINEKEN has financial liabilities in foreign currencies like US Dollar and British Pound to hedge local operations, which generate cash flows that have the same or closely correlated functional currencies. The corresponding interest on these liabilities is also denominated in currencies that match the cash flows generated by the underlying operations of HEINEKEN.

In respect of other monetary assets and liabilities denominated in currencies other than the functional currencies of HEINEKEN, HEINEKEN ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

Exposure to foreign currency risk

Based on notional amounts, HEINEKEN's transactional exposure to the US Dollar and Euro as at 31 December is as follows. The Euro column relates to transactional exposure to the Euro within subsidiaries which are reporting in other currencies. The amounts below include intra-HEINEKEN cash flows.

		2022		2021
In millions	**EUR**	**USD**	EUR	USD
Financial assets	213	4,106	173	5,098
Financial liabilities	(2,730)	(4,480)	(2,186)	(5,457)
Gross balance sheet exposure	**(2,517)**	**(374)**	**(2,013)**	**(359)**
Estimated forecast sales next year	171	1,258	151	1,208
Estimated forecast purchases next year	(2,626)	(2,612)	(2,060)	(2,412)
Gross exposure	**(4,972)**	**(1,728)**	**(3,922)**	**(1,563)**
Net notional amounts foreign exchange contracts	426	1,057	325	670
Net exposure	**(4,546)**	**(671)**	**(3,597)**	**(893)**
Sensitivity analysis				
Equity	(172)	53	(139)	23
Profit/(Loss)	(67)	(10)	(33)	(5)

The sensitivity analysis above shows the impact on equity and profit of a 10% strengthening of the US Dollar against the Euro or, in the case of the Euro, a strengthening of the Euro against all other currencies as at 31 December 2022. This analysis assumes that all other variables, in particular interest rates, remain constant. In the case of a 10% weakening, the effects are equal but with an opposite effect.

Interest rate risk

Interest rate risk is the risk that changes in market interest rates affect the fair value or cash flows of a financial instrument. The most significant interest rate risk for HEINEKEN relates to borrowings (note 11.3).

By managing interest rate risk, HEINEKEN aims to reduce the impact of short-term fluctuations on earnings. Over the longer term, however, permanent changes in interest rates will have an impact on profit.

HEINEKEN opts for a mix of fixed and variable interest rate financial instruments like bonds, commercial paper and bank loans, combined with the use of derivative interest rate instruments. Currently, HEINEKEN's interest rate position is more weighted towards fixed than floating. Interest rate derivative instruments that can be used are (cross-currency) interest rate swaps, forward rate agreements, caps and floors.

Notes to the Consolidated Financial Statements

Interest rate risk – profile

At the reporting date, the interest rate profile of HEINEKEN's interest-bearing financial instruments is as follows:

In millions of €	2022	2021
Fixed rate instruments		
Financial assets	171	196
Financial liabilities	(14,285)	(14,862)
Cross-currency interest rate swaps	469	441
	(13,645)	**(14,225)**
Variable rate instruments		
Financial assets	3,186	3,534
Financial liabilities	(2,092)	(2,010)
Cross-currency interest rate swaps	(463)	(463)
	631	**1,061**

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates constantly applied during the reporting period would not have a material impact on equity and profit or loss.

Commodity price risk

Commodity price risk is the risk that changes in the prices of commodities will affect HEINEKEN's cost. The objective of commodity price risk management is to manage and control commodity risk exposures within acceptable parameters, giving forward guidance of key input costs to allow for business planning. Since the outbreak of COVID-19, commodity markets have become increasingly volatile, coupled with increasing inflationary pressures, 2022 saw some of the largest price increases witnessed over the last 20 years. The main commodity exposure relates to the purchase of aluminium cans, glass bottles, malt and utilities. Commodity price risk is in principle mitigated by negotiating fixed prices in supplier contracts with various contract durations.

Another method to mitigate commodity price risk is by entering into commodity derivatives. HEINEKEN enters into commodity derivatives for aluminium hedging and to a certain extent other derivatives for commodities like fuel, corn and sugar. HEINEKEN does not enter into commodity contracts other than to meet HEINEKEN's expected usage and sale requirements.

Sensitivity analysis for aluminium hedges

Despite the increased prices of aluminium, a 10% change in the market price of aluminium would not have a material impact on equity.

11.6 Derivative financial instruments

HEINEKEN uses derivatives in order to manage market risks. Refer to the table below for the fair value of derivatives recorded on the balance sheet of HEINEKEN as per reporting date:

	2022		2021	
In millions of €	Asset	Liability	Asset	Liability
Current	70	(119)	96	(46)
Non-current[1]	56	(9)	6	(37)
	126	**(128)**	**102**	**(83)**

1 Non-current derivative assets and liabilities are part of 'Other non-current assets' (note 8.4) and 'Other non-current liabilities' respectively.

Generally, HEINEKEN seeks to apply hedge accounting or make use of natural hedges in order to minimise profit and loss or cash flow volatility. Refer to the table below for derivatives that are used in hedge accounting:

	2022		2021	
In millions of €	Asset	Liability	Asset	Liability
No hedge accounting - Other	59	(6)	6	(8)
Cash flow hedge - Forwards	46	(40)	26	(34)
Cash flow hedge - Commodity forwards	2	(81)	69	(5)
Fair value hedge - CCIRS	4	—	—	(11)
Net investment hedge - CCIRS	13	—	—	(23)
Net investment hedge - Forwards	2	(1)	1	(2)
	126	**(128)**	**102**	**(83)**

Cash flow hedges

The hedging of future, highly probable forecasted transactions are designated as cash flow hedges. Cash flow hedges are entered into to cover commodity price risk and transactional foreign exchange risk.

Net investment hedges

HEINEKEN hedges its investments in certain subsidiaries by entering into local currency-denominated borrowings, forward contracts and cross-currency interest rate swaps, which mitigate the foreign currency translation risk arising from the subsidiaries net assets. These borrowings, forward contracts and swaps are designated as net investment hedges and fully effective, as such, there was no ineffectiveness recognised in profit and loss in 2022 (2021: nil). As at 31 December 2022, the fair value of these borrowings was €33 million (2021: €188 million), the market value of forward contracts was €1 million positive (2021: €1 million negative) and the market value of these swaps was €13 million positive (2021: €23 million negative).

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Fair value hedges
HEINEKEN has entered into several cross-currency interest rate swaps (CCIRS) which have been designated as fair value hedges to hedge the foreign exchange rate risk on the principal amount and future interest payments of certain US Dollar borrowings. The borrowings and the cross-currency interest rate swaps have the same critical terms. The accumulated gain arising on derivatives as designated hedging instruments in fair value hedges amounts to €3 million as at 31 December 2022 (2021: €13 million loss). The loss arising on the adjustment for the hedged item attributable to the hedged risk in a designated fair value hedge accounting relationship also amounts to €3 million as at 31 December 2022 (2021: €13 million gain).

Hedge effectiveness
Hedge effectiveness is determined at the start of the hedge relationship and periodically through a prospective effectiveness assessment to ensure that an economic relationship exists between the hedged item and the hedging instrument. This assessment is done qualitatively by comparing the critical terms, and if needed quantitative assessments are done using hypothetical derivatives. For the current hedges, no hedge ineffectiveness is expected.

Accounting policies

Derivative financial instruments are recognised initially at fair value. Subsequent accounting for derivatives depends on whether or not the derivatives are designated as hedging instruments in a cash flow, fair value or net investment hedge. Derivatives with positive fair values are recorded as assets and negative fair values as liabilities. Refer to note 13.1 for fair value measurements. Virtual power purchase agreements (such as power purchase agreements with a net settlement mechanism and no physical delivery of energy) are accounted for at fair value and are included as part of derivatives assets and liabilities.

Cash flow hedge
Changes in the fair value are recognised in other comprehensive income and presented in the hedging reserve within equity to the extent that the hedge is effective. The ineffective part is recognised as other net finance income/(expense). When the hedged risk impacts the profit or loss, the amounts previously recognised in other comprehensive income are recycled through other comprehensive income and transferred to the same item in the profit or loss as the hedged item. When the hedged risk subsequently results in a non-financial asset or liability (e.g. inventory or P,P&E), the amount previously recognised in the cash flow hedge reserve is directly included in its carrying amount and does not affect other comprehensive income.

Fair value hedge
The fair value changes of derivatives used in fair value hedges are recognised in profit or loss.

Net investment hedge
The fair value changes of derivatives used in net investment hedges are recognised in other comprehensive income and presented within equity in the translation reserve. Any ineffectiveness is recognised in profit or loss.

12. Tax

12.1 Income tax expense

Recognised in profit or loss

In millions of €	2022	2021
Current tax expense		
Current year	1,056	780
Under/(over) provided in prior years	(12)	42
	1,044	**822**
Deferred tax expense		
Origination and reversal of temporary differences, tax losses and tax credits	78	48
De-recognition/(recognition) of deferred tax assets	(11)	(41)
Effect of changes in tax rates	12	(10)
Under/(over) provided in prior years	8	(20)
	87	**(23)**
Total income tax expense in profit or loss	**1,131**	**799**

Reconciliation of the effective tax rate

In millions of €	2022	2021
Profit before income tax	4,170	4,334
Share of profit of associates and joint ventures	(223)	(250)
Profit before income tax excluding share of profit of associates and joint ventures	**3,947**	**4,084**

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	%	2022	%	2021
Income tax using the Company's domestic tax rate	25.8	1,018	25.0	1,021
Effect of tax rates in foreign jurisdictions	(0.4)	(14)	0.3	12
Effect of non-deductible expenses	2.7	105	1.8	73
Effect of tax incentives and exempt income	(2.6)	(104)	(9.0)	(369)
De-recognition/(recognition) of deferred tax assets	(0.3)	(11)	(1.0)	(41)
Effect of unrecognised current year losses	2.2	86	0.6	24
Effect of changes in tax rates	0.3	12	(0.2)	(10)
Withholding taxes	1.9	74	1.6	67
Under/(over) provided in prior years	(0.1)	(5)	0.5	22
Other reconciling items	(0.8)	(30)	—	—
	28.7	**1,131**	**19.6**	**799**

The 2022 effective tax rate includes the Russia impairment that is considered non-deductible for tax purposes. Last year's effective tax rate was substantially decreased by the tax-exempt revaluation of the previously held equity interest in United Breweries Limited.

For the income tax impact on items recognised in other comprehensive income and equity, refer to note 12.3.

12.2 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following items:

	Assets		Liabilities		Net	
In millions of €	**2022**	2021	**2022**	2021	**2022**	2021
Property, plant and equipment	149	119	(837)	(728)	(688)	(609)
Intangible assets	41	49	(2,052)	(2,002)	(2,011)	(1,953)
Investments	56	34	(5)	(5)	51	29
Inventories	67	52	(12)	(3)	55	49
Borrowings	314	286	(2)	—	312	286
Post-retirement obligations	203	225	(19)	(14)	184	211
Provisions	300	265	(13)	—	287	265
Other items	153	157	(211)	(190)	(58)	(33)
Tax losses carried forward	348	466	—	—	348	466
Tax assets/(liabilities)	1,631	1,653	(3,151)	(2,942)	(1,520)	(1,289)
Set-off of tax	(1,013)	(971)	1,013	971	—	—
Net tax assets/(liabilities)	**618**	**682**	**(2,138)**	**(1,971)**	**(1,520)**	**(1,289)**

Of the total net deferred tax assets of €618 million as at 31 December 2022 (2021: €682 million), €84 million (2021: €566 million) is recognised in respect of subsidiaries in various countries where there have been losses in the current or preceding period. Management's projections support the assumption that it is probable that the results of future operations will generate sufficient taxable income to utilise these deferred tax assets. This judgement is performed annually and based on budgets and business plans for the coming years, including planned commercial initiatives.

No deferred tax liability has been recognised in respect of undistributed earnings of subsidiaries, joint ventures and associates, with an impact of €573 million (2021: €521 million). This is because HEINEKEN is able to control the timing of the reversal of the temporary differences, and it is probable that such differences will not reverse in the foreseeable future.

Tax losses carried forward

HEINEKEN has tax losses carried forward of €3,802 million as at 31 December 2022 (2021: €3,752 million), out of which €389 million (2021: €236 million) expires in the following five years, €158 million (2021: €128 million) will expire after five years and €3,255 million (2021: €3,388 million) can be carried forward indefinitely. Deferred tax assets have not been recognised in respect of tax losses carried forward of €2,470 million (2021: €1,959 million) as it is not probable that taxable profit will be available to offset these losses. Out of this €2,470 million (2021: €1,959 million), €276 million (2021: €198 million) expires in the following five years, €37 million (2021: €10 million) will expire after five years and €2,157 million (2021: €1,751 million) can be carried forward indefinitely.

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Movement in deferred tax balances during the year

In millions of €	1 January 2022	Hyperinflation restatement to 1 January 2022	Changes in consolidation	Hyperinflation adjustment	Effect of movements in foreign exchange	Recognised in income	Recognised in OCI/equity	Transfers	31 December 2022
Property, plant and equipment	(609)	(54)	(1)	(9)	(14)	(23)	—	22	(688)
Intangible assets	(1,954)	(1)	(60)	—	(3)	6	—	1	(2,011)
Investments	30	—	—	—	3	18	—	—	51
Inventories	48	(5)	(1)	(1)	1	14	—	(2)	54
Borrowings	287	—	—	—	17	8	—	—	312
Post-retirement obligations	211	—	—	—	—	(9)	(19)	1	184
Provisions	265	—	—	—	18	6	—	(2)	287
Other items	(33)	—	(4)	—	(22)	(15)	26	(9)	(57)
Tax losses carried forward	466	—	—	—	2	(93)	(1)	(26)	348
Net tax assets/(liabilities)	**(1,289)**	**(60)**	**(66)**	**(10)**	**2**	**(88)**	**6**	**(15)**	**(1,520)**

In millions of €	1 January 2021	Hyperinflation restatement to 1 January 2021	Changes in consolidation	Hyperinflation adjustment	Effect of movements in foreign exchange	Recognised in income	Recognised in OCI/equity	Transfers	31 December 2021
Property, plant and equipment	(519)	—	(43)	—	(16)	(35)	—	4	(609)
Intangible assets	(1,004)	—	(917)	—	(96)	64	—	—	(1,953)
Investments	30	—	—	—	1	(2)	—	—	29
Inventories	54	—	(1)	—	1	(5)	—	—	49
Borrowings	278	—	—	—	13	(6)	3	(2)	286
Post-retirement obligations	274	—	—	—	6	(32)	(36)	(1)	211
Provisions	245	—	10	—	5	8	—	(3)	265
Other items	1	—	—	—	(5)	(10)	(18)	(1)	(33)
Tax losses carried forward	421	—	(1)	—	7	41	(2)	—	466
Net tax assets/(liabilities)	**(220)**	**—**	**(952)**	**—**	**(84)**	**23**	**(53)**	**(3)**	**(1,289)**

Notes to the Consolidated Financial Statements

Accounting estimates and judgements

The tax legislation in the countries in which HEINEKEN operates is often complex and subject to interpretation. In determining the current and deferred income tax position, judgement is required. New information may become available that causes HEINEKEN to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact the income tax expense in the period that such a determination is made.

Accounting policies

Income tax comprises current and deferred tax. Current tax is the expected income tax payable or receivable in respect of taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to income tax payable in respect of previous years.

Deferred tax is a tax payable or receivable in the future and is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax is not recognised on temporary differences related to:

- The initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss
- Investments in subsidiaries, associates and joint ventures to the extent that HEINEKEN is able to control the timing of the reversal of the temporary differences and it is probable (>50% chance) that they will not reverse in the foreseeable future
- The initial recognition of non-deductible goodwill

The amount of deferred tax provided is based on the expected manner of recovery or settlement of the carrying amount of assets and liabilities, using tax rates (substantively) enacted, at year-end.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be utilised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities which intend either to settle current tax liabilities and assets on a net basis or to realise the assets and settle the liabilities simultaneously.

Current and deferred tax are recognised in the income statement (refer to note 12.1), except when it relates to a business combination or for items directly recognised in equity or other comprehensive income (refer to note 12.3).

12.3 Income tax on other comprehensive income and equity

		2022			2021	
In millions of €	Amount before tax	Tax	Amount net of tax	Amount before tax	Tax	Amount net of tax
Items that will not be reclassified to profit or loss:						
Remeasurement of post-retirement obligations[1]	85	(22)	63	247	(37)	210
Net change in fair value through OCI investments	18	(3)	15	16	(7)	9
Items that may be subsequently reclassified to profit or loss:						
Currency translation differences	438	(1)	437	1,037	(4)	1,033
Change in fair value of net investment hedges	(62)	—	(62)	(54)	—	(54)
Change in fair value of cash flow hedges	(178)	36	(142)	119	(22)	97
Cash flow hedges reclassified to profit or loss[2]	52	(14)	38	(4)	1	(3)
Net change in fair value through OCI investments	1	(1)	—	—	—	—
Cost of hedging	(1)	—	(1)	(7)	1	(6)
Share of other comprehensive income of associates/joint ventures	(46)	—	(46)	54	—	54
Other comprehensive income/(loss)	**307**	**(5)**	**302**	**1,408**	**(68)**	**1,340**

1 Refer to note 9.1.
2 An amount of €10 million (2021: €14 million) relates to realised hedge results from non-financial assets reported directly in equity.

Notes to the Consolidated Financial Statements

13. Other

13.1 Fair value

In this note, more information is disclosed regarding the fair value and the different methods of determining fair values.

Financial instruments - hierarchy

The financial instruments included on the HEINEKEN statement of financial position are measured at either fair value or amortised cost. To measure the fair value, HEINEKEN generally uses external valuations with market inputs. The measurement of fair value can be subjective in some cases and may be dependent on inputs used in the calculations. The different valuation methods are referred to as 'hierarchies' as described below.

- Level 1 - The fair value is determined using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - The fair value is calculated using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 - The fair value is determined using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table shows the carrying amounts and fair values of financial assets and liabilities according to their fair value hierarchy.

		Carrying amount	Fair value		
In millions of €	Note		Level 1	Level 2	Level 3
Fair value through OCI investments	8.4	154	34	—	120
Non-current derivative assets	11.6	56	—	18	38
Current derivative assets	11.6	70	—	70	—
Total 2022		**280**	**34**	**88**	**158**
Total 2021		237	36	99	102
Non-current derivative liabilities	11.6	(9)	—	(9)	—
Borrowings[1]	11.3	(13,077)	(11,397)	(479)	—
Current derivative liabilities	11.6	(119)	—	(119)	—
Total 2022		**(13,205)**	**(11,397)**	**(607)**	**—**
Total 2021	11.3	(14,385)	(14,185)	(1,327)	—

1 Borrowings excluding lease liabilities, deposits, bank overdrafts and other interest-bearing liabilities.

Refer to the table below for detail of the determination of level 3 fair value measurements as at 31 December:

In millions of €	2022	2021
Level 3 fair value investments		
Balance as at 1 January	**102**	**84**
Fair value adjustments recognised in other comprehensive income	21	15
Fair value adjustments recognised in profit and loss	35	3
Balance as at 31 December	**158**	**102**

The fair values for the level 3 fair value through OCI investments are based on the financial performance of the investments and the market multiples of comparable equity securities.

Accounting estimates

The different methods applied by HEINEKEN to determine the fair value require the use of estimates.

Investments in equity securities

The fair value of financial assets at fair value through profit or loss and fair value through OCI is determined by reference to their quoted closing bid price at the reporting date or, if unquoted, determined using an appropriate valuation technique. These valuation techniques maximise the use of observable market data where available.

Derivative financial instruments

The fair value of derivative financial instruments is based on their listed market price, if available. If a listed market price is not available, fair value is in general estimated by discounting the difference between the cash flows based on contractual price and the cash flows based on the current price for the residual maturity of the contract using observable interest yield curves, basis spread and foreign exchange rates. These calculations are tested for reasonableness by comparing the outcome of the internal valuation with the valuation received from the counterparty. Fair values include the instrument's credit risk and adjustments to take account of the credit risk of the HEINEKEN entity and counterparty when appropriate.

Non-derivative financial instruments

Fair value, which is determined for disclosure purposes or when fair value hedge accounting is applied, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. Fair values include the instrument's credit risk and adjustments to take account of the credit risk of the HEINEKEN entity and counterparty when appropriate.

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13.2 Off-balance sheet commitments

The raw materials purchase contracts mainly relate to malt, bottles and cans which are used in the production and sale of finished products.

In millions of €	Total 2022	Less than 1 year	1-5 years	More than 5 years	Total 2021
Property, plant and equipment ordered	538	523	11	4	414
Raw materials purchase contracts	14,588	5,047	8,585	956	12,046
Marketing and merchandising commitments	505	346	155	4	696
Other off-balance sheet obligations	2,395	825	772	798	2,493
Off-balance sheet obligations	**18,026**	**6,741**	**9,523**	**1,762**	**15,649**
Undrawn committed bank facilities	**3,970**	**378**	**3,592**	**—**	**3,962**

On 15 November 2021, HEINEKEN announced that it intends to acquire control of Distell Group Holdings Limited (Distell) and Namibia Breweries Limited (NBL). On that date, HEINEKEN has entered into an Implementation Agreement with Distell, NBL and Ohlthaver & List Group of Companies (O&L), to integrate their respective and relevant businesses in Southern Africa into one enlarged company. The shareholders of NBL and Distell approved the proposed transaction on 20 December 2021 and 15 February 2022, respectively. Completion of the proposed transaction is conditional on obtaining anti-trust approval in South Africa. The proposed transaction includes a cash commitment of €1.5 billion of which €1.1 billion is included in other guarantees (refer to note 9.3) and the remaining €0.4 billion is included in other off-balance sheet obligations.

Furthermore, other off-balance sheet obligations include energy, distribution and service contracts.

Committed bank facilities are credit facilities on which a commitment fee is paid as compensation for the bank's requirement to reserve capital. The bank is legally obliged to provide the facility under the terms and conditions of the agreement.

Accounting policies

Off-balance sheet commitments are reported on an undiscounted basis.

Raw materials purchase contracts

Raw material purchase contracts include long-term purchase contracts with suppliers in which prices are fixed or will be agreed upon based upon predefined price formulas.

13.3 Related parties

Identification of related parties

The following parties are considered to be related to Heineken N.V.:

- Key management personnel: the Executive Board and the Supervisory Board
- Parent company Heineken Holding N.V. and ultimate controlling party Mrs. de Carvalho-Heineken (refer to 'Shareholder Information')
- Associates and Joint ventures of Heineken N.V.
- Shareholder with significant influence Fomento Económico Mexicano, S.A.B. de C.V. (FEMSA)
- HEINEKEN pension funds (refer to note 9.1)
- Employees of HEINEKEN (refer to note 6.4)

Key management remuneration

In millions of €	2022	2021
Executive Board	15	15
Supervisory Board	2	1
Total	**17**	**16**

Executive Board

The remuneration of the members of the Executive Board consists of a fixed component and a variable component. The variable component is made up of a Short-term incentive (STI) and a Long-term incentive (LTI). The STI is based on financial and operational measures (75%) and on individual leadership measures (25%) as set by the Supervisory Board at the beginning of the year. Refer to note 6.5 for information related to the LTI component. The separate Remuneration Report is stated on pages 59-69.

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As at 31 December 2022, Mr. R.G.S. van den Brink held 22,221 Company shares and Mr. H.P.J van den Broek held 14,590 Company shares (2021: Mr. R.G.S. van den Brink 4,379 and Mr. H.P.J van den Broek 3,321).

	2022			2021			
In thousands of €	R.G.S. van den Brink	H.P.J. van den Broek	Total	R.G.S. van den Brink	H.P.J. van den Broek[1]	L.M. Debroux[2]	Total
Fixed salary	1,250	850	2,100	1,250	496	283	2,029
Short-term incentive	2,940	1,428	4,368	3,168	897	—	4,065
Matching share entitlement	1,291	627	1,918	1,436	407	—	1,843
Long-term incentive	3,133	1,347	4,480	2,266	428	1,349	4,043
Extraordinary share award	—	1,385	1,385	—	1,883	—	1,883
Pension contributions	301	157	458	287	117	61	465
End of service indemnity	—	—	—	—	—	708	708
Other emoluments	29	—	29	30	—	80	110
Total	**8,944**	**5,794**	**14,738**	**8,437**	**4,228**	**2,481**	**15,146**

1 Appointed on 1 June 2021 as CFO and member of the Executive Board.
2 Stepped down as CFO and member of the Executive Board as of 1 May 2021.

The matching share entitlements for each year are based on the performance in that year. The Executive Board members receive 25% of their STI pay in (investment) shares. In addition, they have the opportunity to indicate before year-end whether they wish to receive up to another 25% of their STI in (investment) shares. All (investment) shares are restricted for sale for five calendar years, after which they are matched 1:1 by (matching) shares. For 2022 the Executive Board members elected to receive additional (investment) shares, hence the 'Matching share entitlement' in the table above is based on a 50% investment. The corresponding matching shares vest immediately and as such a fair value of €1.9 million was recognised in the 2022 income statement. The matching share entitlements are not dividend-bearing during the five-calendar year holding period of the investment shares. Therefore, the fair value of the matching share entitlements has been adjusted for missed expected dividends by applying a discount based on the dividend policy and vesting period.

Supervisory Board

The individual members of the Supervisory Board received the following remuneration:

In thousands of €	2022	2021
J.M. Huët	225	225
J.A. Fernández Carbajal	166	142
M. Das	130	130
M.R. de Carvalho	135	135
V.C.O.B.J. Navarre[1]	—	45
J.G. Astaburuaga Sanjinés[3]	55	122
P. Mars-Wright	144	126
M. Helmes	133	125
R.L. Ripley	148	125
N.K. Paranjpe[2]	110	78
F.J. Camacho Beltrán[4]	100	—
I.H. Arnold	110	110
Total	**1,456**	**1,363**

1 Stepped down on 22 April 2021
2 Appointed on 22 April 2021
3 Stepped down on 21 April 2022
4 Appointed on 21 April 2022

Mr. J.M. Huët held 3,719 shares of Heineken Holding N.V. as at 31 December 2022 (2021: 3,719 shares). Mr. M.R. de Carvalho held 100,008 shares of Heineken N.V. as at 31 December 2022(2021: 100,008 shares). As at 31 December 2022 and 2021, the Supervisory Board members did not hold any of the Company's bonds or option rights. Mr. M.R. de Carvalho held 100,008 shares of Heineken Holding N.V. as at 31 December 2022 (2021: 100,008 shares).

Heineken Holding N.V.

In 2022, an amount of €1.6 million (2021: €1.2 million) was paid to Heineken Holding N.V. for management services for HEINEKEN.

This payment is based on an agreement of 1977 as amended in 2001, providing that Heineken N.V. reimburses Heineken Holding N.V. for its costs.

Other related party transactions

	Associates & Joint Ventures		FEMSA		Total	
In millions of €	2022	2021	2022	2021	2022	2021
Sales	504	388	711	752	1,215	1,140
Purchases	278	235	180	166	458	401
Accounts receivables	142	127	141	137	283	264
Accounts payables and other liabilities	35	39	95	80	130	119

Notes to the Consolidated Financial Statements

13.4 HEINEKEN entities

Control of HEINEKEN

The shares of the Company are traded on Euronext Amsterdam, where the Company is included in the main AEX Index. Heineken Holding N.V. Amsterdam has an interest of 50.005% in the issued capital of the Company and consolidates the financial information of the Company.

A declaration of joint and several liability pursuant to the provisions of Section 403, Part 9, Book 2, of the Dutch Civil Code has been issued with respect to legal entities established in the Netherlands. The list of the legal entities for which the declaration has been issued is disclosed in the Heineken N.V. stand-alone financial statements.

Pursuant to the provisions of Section 357 of the Republic of Ireland Companies Act 2014, the Company irrevocably guarantees, in respect of the financial year from 1 January 2022 up to and including 31 December 2022, the liabilities referred to in Schedule 3 of the Republic of Ireland Companies Act 2014 of the wholly-owned subsidiary companies Heineken Ireland Limited, Heineken Ireland Sales Limited, The West Cork Bottling Company Limited, Western Beverages Limited, Beamish & Crawford Limited, Comans Beverages Limited and Nash Beverages Limited.

Significant subsidiaries

Set out below are HEINEKEN's significant subsidiaries at 31 December 2022. The subsidiaries as listed below are held by the Company and the proportion of ownership interests held equals the proportion of the voting rights held by HEINEKEN. The disclosed significant subsidiaries represent the largest subsidiaries and represent an approximate total revenue of €22 billion and total asset value of €33 billion and are structural contributors to the business.

Apart from increasing the shareholding in Grupa Żywiec S.A. (refer to note 10.1), there were no significant changes to the HEINEKEN structure and ownership interests.

		Percentage of ownership	
	Country of incorporation	**2022**	2021
Heineken International B.V.	The Netherlands	100.0	100.0
Heineken Brouwerijen B.V.	The Netherlands	100.0	100.0
Heineken Nederland B.V.	The Netherlands	100.0	100.0
Cuauhtémoc Moctezuma Holding, S.A. de C.V.	Mexico	100.0	100.0
Cervejarias Kaiser Brasil S.A.	Brazil	100.0	100.0
Bavaria S.A.	Brazil	100.0	100.0
Heineken France S.A.S.	France	100.0	100.0
Nigerian Breweries Plc.	Nigeria	56.7	56.3
Heineken USA Inc.	United States	100.0	100.0
Heineken UK Ltd	United Kingdom	100.0	100.0
Heineken España S.A.	Spain	99.8	99.8
Heineken Italia S.p.A.	Italy	100.0	100.0
Brau Union Österreich AG	Austria	100.0	100.0
Grupa Żywiec S.A.	Poland	99.3	65.2
LLC Heineken Breweries	Russia	100.0	100.0
Heineken Vietnam Brewery Limited Company	Vietnam	60.0	60.0
SCC - Sociedade Central de Cervejas e Bebidas S.A.	Portugal	100.0	99.9
United Breweries Limited	India	61.5	61.5
Heineken South Africa (Proprietary) Limited	South Africa	82.4	82.4

13.5 Subsequent events

No material subsequent events occurred.

Heineken N.V. Income Statement

For the year ended 31 December

In millions of €	2022	2021
Amortisation, depreciation and impairments	—	(2)
Personnel expenses	(17)	(19)
Total other expenses	**(17)**	**(21)**
Interest income	43	39
Interest expenses	(318)	(329)
Other net finance income/(expenses)	(184)	(266)
Net finance expenses	**(459)**	**(556)**
Share of profit of participating interests, after income tax	3,047	3,769
Profit before income tax	**2,571**	**3,192**
Income tax income/(expense)	111	132
Profit	**2,682**	**3,324**

For more details on personnel expenses and amortisation, depreciation and impairments, refer to notes 13.3 and 6.6 of the consolidated financial statements, respectively.

Heineken N.V. Balance Sheet

Before appropriation of results

For the year ended 31 December

In millions of €	Note	2022	2021
Investments in participating interests	A.1	32,363	30,995
Other investments		13	—
Deferred tax assets		35	52
Total financial fixed assets		**32,411**	**31,047**
Trade and other receivables		79	28
Cash and cash equivalents		2	140
Total current assets		**81**	**168**
Total assets		**32,492**	**31,215**

In millions of €	Note	2022	2021
Issued capital		922	922
Share premium		2,701	2,701
Translation reserve		(3,619)	(4,003)
Hedging reserve		(47)	56
Cost of hedging reserve		(9)	(8)
Fair value reserve		70	56
Other legal reserves		1,242	1,128
Reserve for own shares		(60)	(37)
Retained earnings		15,669	13,218
Net profit		2,682	3,324
Total shareholders' equity		**19,551**	**17,357**
Borrowings	A.2	11,687	12,615
Other non-current liabilities		5	8
Deferred tax liabilities		10	—
Total non-current liabilities		**11,702**	**12,623**
Borrowings	A.2	1,075	935
Trade and other payables		164	300
Total current liabilities		**1,239**	**1,235**
Total liabilities		**12,941**	**13,858**
Total shareholders' equity and liabilities		**32,492**	**31,215**

Heineken N.V. Shareholders' Equity

In millions of €	Share capital	Share premium	Translation reserve	Hedging reserve	Cost of hedging reserve	Fair value reserve	Other legal reserves	Reserve for own shares	Retained earnings	Net profit/ (loss)	Shareholders' equity
Balance as at 1 January 2021	**922**	**2,701**	**(4,940)**	**28**	**(2)**	**54**	**1,171**	**(25)**	**13,687**	**(204)**	**13,392**
Profit	—	—	—	—	—	—	242	—	(242)	3,324	3,324
Other comprehensive income/(loss)	—	—	935	93	(6)	9	—	—	207	—	1,238
Total comprehensive income/(loss)	**—**	**—**	**935**	**93**	**(6)**	**9**	**242**	**—**	**(35)**	**3,324**	**4,562**
Realised hedge results from non-financial assets	—	—	—	(65)	—	—	—	—	—	—	(65)
Transfer to retained earnings	—	—	2	—	—	(7)	(285)	—	86	204	—
Dividends to shareholders	—	—	—	—	—	—	—	—	(564)	—	(564)
Purchase own shares or contributions received from NCI shareholders	—	—	—	—	—	—	—	(14)	—	—	(14)
Own shares delivered	—	—	—	—	—	—	—	2	(2)	—	—
Share-based payments	—	—	—	—	—	—	—	—	55	—	55
Acquisition of non-controlling interests	—	—	—	—	—	—	—	—	(10)	—	(10)
Changes in consolidation	—	—	—	—	—	—	—	—	—	—	—
Balance as at 31 December 2021	**922**	**2,701**	**(4,003)**	**56**	**(8)**	**56**	**1,128**	**(37)**	**13,217**	**3,324**	**17,356**

In millions of €	Share capital	Share premium	Translation reserve	Hedging reserve	Cost of hedging reserve	Fair value reserve	Other legal reserves	Reserve for own shares	Retained earnings	Net profit/ (loss)	Shareholders' equity
Balance as at 1 January 2022	**922**	**2,701**	**(4,003)**	**56**	**(8)**	**56**	**1,128**	**(37)**	**13,217**	**3,324**	**17,356**
Profit	—	—	—	—	—	—	208	—	(208)	2,682	2,682
Other comprehensive income/(loss)	—	—	384	(103)	(1)	14	—	—	63	—	357
Total comprehensive income/(loss)	**—**	**—**	**384**	**(103)**	**(1)**	**14**	**208**	**—**	**(145)**	**2,682**	**3,039**
Realised hedge results from non-financial assets	—	—	—	—	—	—	—	—	—	—	—
Transfer to retained earnings	—	—	—	—	—	—	(94)	—	3,418	(3,324)	—
Dividends to shareholders	—	—	—	—	—	—	—	—	(840)	—	(840)
Purchase own shares or contributions received from NCI shareholders	—	—	—	—	—	—	—	(43)	—	—	(43)
Own shares delivered	—	—	—	—	—	—	—	20	(20)	—	—
Share-based payments	—	—	—	—	—	—	—	—	49	—	49
Acquisition of non-controlling interests	—	—	—	—	—	—	—	—	(373)	—	(373)
Hyperinflation impact on participating interest	—	—	—	—	—	—	—	—	361	—	361
Changes in consolidation	—	—	—	—	—	—	—	—	2	—	2
Balance as at 31 December 2022	**922**	**2,701**	**(3,619)**	**(47)**	**(9)**	**70**	**1,242**	**(60)**	**15,669**	**2,682**	**19,551**

For more details on reserves, refer to note 11.4 of the consolidated financial statements. For more details on share-based payments, refer to note 6.5 of the consolidated financial statements.

Notes to the Heineken N.V. Financial Statements

Reporting entity

The Company financial statements of Heineken N.V. (the 'Company') are included in the consolidated financial statements of Heineken N.V.

Basis of preparation

The Company financial statements have been prepared in accordance with the provisions of Part 9, Book 2, of the Dutch Civil Code. The Company uses the option of Article 362.8 of Part 9, Book 2, of the Dutch Civil Code to prepare the Company financial statements, using the same accounting policies as in the consolidated financial statements. Valuation is based on recognition and measurement requirements of IFRS as adopted by the EU as explained in the notes to the consolidated financial statements.

Accounting policies

Shareholders' equity

The translation reserve and other legal reserves were previously formed under, and are still recognised in accordance with, the Dutch Civil Code.

A. Company disclosures

A.1 Investments

The below table provides an overview of the movements of the investments during the year:

In millions of €	Participating interests	Loans to participating interests	Total
Balance as at 1 January 2022	**21,089**	**9,906**	**30,995**
Profit/(loss) of participating interests	3,047	—	3,047
Dividend payments by participating interests	(889)	889	—
Effect of movements in exchange rates	364	—	364
Changes in hedging and fair value adjustments	(88)	—	(88)
Actuarial gains	62	—	62
Acquisition of non-controlling interests without a change in control	(373)	—	(373)
Investments/(repayments)	86	(2,103)	(2,017)
Hyperinflation impact on participating interest	361	—	361
Other movements	12	—	12
Balance as at 31 December 2022	**23,671**	**8,692**	**32,363**
Balance as at 1 January 2021	**16,560**	**12,071**	**28,631**
Profit of participating interests	3,769	—	3,769
Dividend payments by participating interests	(436)	436	—
Effect of movements in exchange rates	961	—	961
Changes in hedging and fair value adjustments	38	—	38
Actuarial gains	208	—	208
Acquisition of non-controlling interests without a change in control	(10)	—	(10)
Investments/(repayments)	—	(2,601)	(2,601)
Other movements	(1)	—	(1)
Balance as at 31 December 2021	**21,089**	**9,906**	**30,995**

For disclosures of significant direct and indirect participating interests, refer to notes 10.3 and 13.4 of the consolidated financial statements.

Notes to the Heineken N.V. Financial Statements

A declaration of joint and several liability pursuant to the provisions of Section 403, Part 9, Book 2, of the Dutch Civil Code has been issued with respect to the following legal entities established in the Netherlands:

	Country of incorporation	Percentage of ownership 2022	2021
Heineken Nederlands Beheer B.V.	The Netherlands	100 %	100 %
Heineken Group B.V.	The Netherlands	100 %	100 %
Heineken Brouwerijen B.V.	The Netherlands	100 %	100 %
Heineken CEE Investments B.V.	The Netherlands	100 %	100 %
Heineken Nederland B.V.	The Netherlands	100 %	100 %
Heineken International B.V.	The Netherlands	100 %	100 %
Heineken Supply Chain B.V.	The Netherlands	100 %	100 %
Heineken Global Procurement B.V.	The Netherlands	100 %	100 %
Heineken Mexico B.V.	The Netherlands	100 %	100 %
Heineken Beer Systems B.V.[1]	The Netherlands	n/a	100 %
Amstel Brouwerij B.V.	The Netherlands	100 %	100 %
Vrumona B.V.	The Netherlands	100 %	100 %
B.V. Beleggingsmaatschappij Limba	The Netherlands	100 %	100 %
Brand Bierbrouwerij B.V.	The Netherlands	100 %	100 %
Heineken Asia Pacific B.V.	The Netherlands	100 %	100 %
Distilled Trading International B.V.	The Netherlands	100 %	100 %
Premium Beverages International B.V.	The Netherlands	100 %	100 %
De Brouwketel B.V.	The Netherlands	100 %	100 %
Proseco B.V.	The Netherlands	100 %	100 %
La Tropical Holdings B.V.	The Netherlands	100 %	100 %
Heineken Americas B.V.[1]	The Netherlands	n/a	100 %
Heineken Export Americas B.V.	The Netherlands	100 %	100 %
Amstel Export Americas B.V.	The Netherlands	100 %	100 %
Heineken Brazil B.V.	The Netherlands	100 %	100 %
B.V. Panden Exploitatie Maatschappij PEM	The Netherlands	100 %	100 %
Heineken Exploitatie Maatschappij B.V.	The Netherlands	100 %	100 %
Hotel De L'Europe B.V.	The Netherlands	100 %	100 %
Hotel De L'Europe Monumenten I B.V.	The Netherlands	100 %	100 %
Hotel De L'Europe Monumenten II B.V.	The Netherlands	100 %	100 %
Beerwulf B.V.	The Netherlands	100 %	100 %
Roeminck Insurance N.V.	The Netherlands	100 %	100 %
Heineken Belize B.V.	The Netherlands	100 %	100 %
Heineken Netherlands Supply B.V.	The Netherlands	100 %	100 %
Texelse Bierbrouwerij B.V.	The Netherlands	100 %	100 %
Drankenhandel Wauters B.V.	The Netherlands	100 %	100 %
Energie Conversie Maatschappij Bunnik B.V.	The Netherlands	100 %	100 %

1 Entity ceased to exist during 2022 following legal merger

Accounting policies

Investments in other entities are measured on the basis of the equity method. The share of profit of these investments is the Company's share of the investments' results. Results on transfers of assets and liabilities between the Company and its participating interests are eliminated.

The Company shall eliminate any expected credit losses on intercompany loans or receivables against the book value of the intercompany loan or receivable in accordance with Directive 100.107a of the Dutch Accounting Standards Board.

Notes to the Heineken N.V. Financial Statements

A.2 Borrowings

The borrowings of the Company comprise the following:

In millions of €	2022	2021
Unsecured bond issues	12,762	13,517
Derivatives used for financing activities	(17)	33
Total	**12,745**	**13,550**

The average effective interest rate on the unsecured bonds as at 31 December 2022 was 2.4% (2021: 2.4%). As at 31 December 2022, €7.0 billion (2021: €8.0 billion) of the outstanding bonds have a maturity longer than five years.

The movement in other net finance income/expense for the year is due to the negative transactional foreign exchange effects on foreign currency-denominated loans.

During the year the movements in borrowings were as follows:

In millions of €	Unsecured bond issues	Commercial paper	Derivatives used for financing activities	Total
Balance as at 1 January 2022	**13,517**	**—**	**33**	**13,550**
Effects of movements of exchange rates	209	—	(50)	159
Repayments	(974)	—	—	(974)
Other	10	—	—	10
Balance as at 31 December 2022	**12,762**	**—**	**(17)**	**12,745**

B. Other

B.1 Auditor fees

Fees for audit services include the audit of the financial statements of the Company and its subsidiaries. Fees for other audit services include a review of interim financial statements, sustainability, subsidy and other audits. Fees for tax services include tax compliance and tax advice. Fees for other non-audit services include agreed-upon procedures and advisory services. Fees for tax and other non-audit services are related to the network outside the Netherlands and are in accordance with local independence regulations.

In 2022 €11.4 million of fees are recognised in the consolidated financial statements for services provided by Deloitte Accountants B.V. and its member firms and/or affiliates (2021: €10.6 million). In the overview below, the breakdown per type of service is provided:

	Deloitte Accountants B.V.		Other Deloitte member firms and affiliates		Total	
In millions of €	2022	2021	2022	2021	2022	2021
Audit of HEINEKEN and its subsidiaries	3.1	3.1	7.6	6.9	10.7	10.0
Other audit services	0.3	0.2	0.2	0.3	0.5	0.5
Other non-audit services	—	—	0.2	0.1	0.2	0.1
Total	**3.4**	**3.3**	**8.0**	**7.3**	**11.4**	**10.6**

Accounting policies

Fees for audit services are included in the other expenses in the consolidated financial statements (refer to note 6.3 of the consolidated financial statements for more information). These fees are recognised when the service is provided.

Notes to the Heineken N.V. Financial Statements

B.2 Off-balance sheet commitments

In millions of €	Total 2022	Less than 1 year	1 – 5 years	More than 5 years	Total 2021
Undrawn committed bank facility	**3,500**	**—**	**3,500**	**—**	3,500

	2022		2021	
	Third parties	**HEINEKEN companies**	Third parties	HEINEKEN companies
Declarations of joint and several liability	**1,100**	**3,155**	1,100	3,001

The legal entities to which the declarations of joint and several liability relate, are listed in note A.1. The declarations include a conditional guarantee for the deficit of the defined benefit pension plan of HEINEKEN UK (Scottish and Newcastle pension plan) as calculated in accordance with IAS 19. Through this guarantee, Heineken N.V. is ultimately liable for the payments, including any potential recovery payments, to the pension plan. Refer to note 9.1 of the consolidated financial statements for more information. The declaration under third parties relates to a €1.1 billion guarantee issued by Heineken N.V in relation to the offer to acquire Distell, refer to note 13.2 of the consolidated financial statements for more information.

Fiscal unity

The Company is part of the fiscal unity of HEINEKEN in the Netherlands. As a result, the Company is liable for the tax liability of the fiscal unity in the Netherlands.

B.3 Subsequent events

For subsequent events, refer to note 13.5 of the consolidated financial statements.

B.4 Other disclosures

Remuneration

Refer to note 13.3 of the consolidated financial statements for the remuneration and incentives of the Executive Board and Supervisory Board.

Employees

In 2022, there was an average of 6 FTE (2021: 6 FTE).

Executive and Supervisory Board statement

The members of the Supervisory Board signed the financial statements in order to comply with their statutory obligation pursuant to Article 2:101, paragraph 2, of the Dutch Civil Code.

The members of the Executive Board signed the financial statements in order to comply with their statutory obligation pursuant to Article 2:101, paragraph 2, of the Dutch Civil Code and Article 5:25c, paragraph 2 sub c, of the Financial Markets Supervision Act.

Amsterdam, 14 February 2023	Executive Board	Supervisory Board
	Van den Brink	Huët
	Van den Broek	Fernández Carbajal
		Das
		de Carvalho
		Paranjpe
		Camacho Beltrán
		Mars-Wright
		Helmes
		Ripley
		Arnold

Raise the bar on sustainability and responsibility

Brew a Better World 2030

We are building execution and operational momentum to bring our stepped-up Brew a Better World 2030 ambitions to life. This means weaving sustainability into the fabric of how we run our business and the decisions we make, every day.

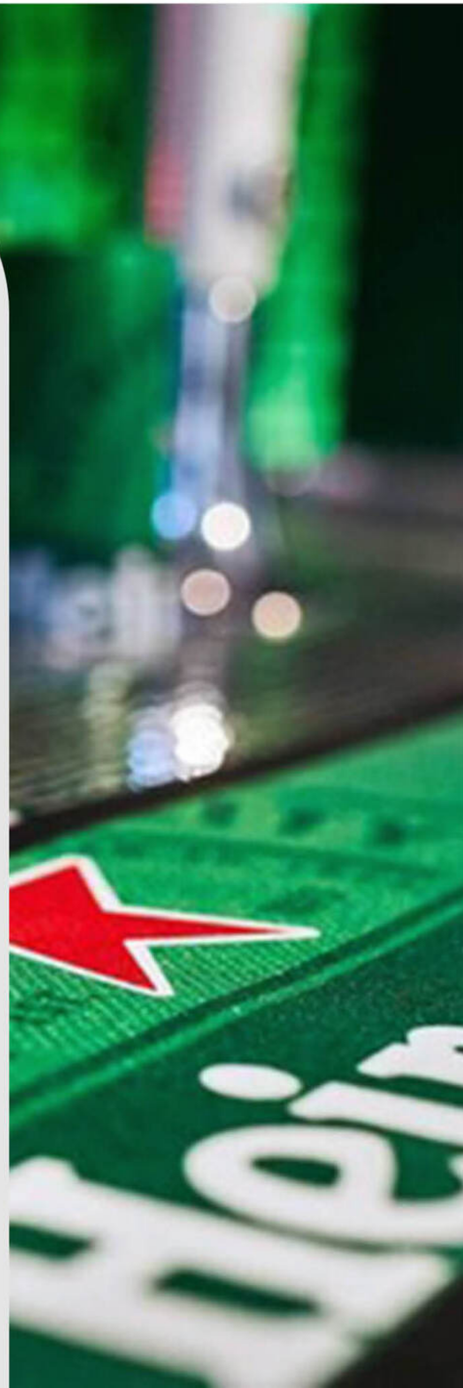
Achieving our Brew a Better World ambitions will require a number of shifts – from good progress to next-level ambition, from solid execution to global learning and sharing, from effective local partnership working to strategic global partnerships, and from stand-alone performance tracking to fully integrated performance management. We have also introduced long-term incentive targets linked to Brew a Better World progress for all our leaders globally.

None of us have done this before and we are learning together, sharing experience and collaborating internally, across our operating companies, and externally with our partners and peers.

Visit our website to discover more about our Brew a Better World strategy, material issues, contribution to the UN SDGs and benchmarks & ratings

Brew a Better World 2030 strategy

Our ambitions



Environmental

Reach net zero carbon

- Reach net zero in scope 1 and 2 by 2030
- Reduce scope 3 emissions by 21% by 2030
- Reduce emissions across our value chain (scope 1, 2 and 3) by 30% by 2030
- Reach net zero across our value chain by 2040
- 100% sustainably sourced ingredients (hops, barley) by 2030

Maximise circularity

- Zero waste to landfill for all our production sites by 2025
- Turn waste into value and close material loops throughout the value chain

Towards healthy watersheds

- Fully balance water used in our products in water-stressed areas by 2030
- Maximise reuse and recycling in water-stressed areas by 2030
- Treat 100% of wastewater of all breweries by 2023
- Reduce average water usage to 2.6 hl/hl in water-stressed areas, and 2.9 hl/hl worldwide by 2030

Social

Embrace inclusion & diversity

- Gender balance across senior management: 30% women by 2025, 40% by 2030
- Cultural diversity: across each region at least 65% of country leadership teams are regional nationals by 2023
- 100% of our managers trained in inclusive leadership by 2023

A fair & safe workplace

- Fair wage for employees: close any gaps by 2023
- Equal pay for equal work: assessments and action by 2023
- Ensure fair living and working standards for third-party employees and brand promoters
- Create leadership capacity to drive zero fatal accidents and serious injuries at work

Positive impact in our communities

- A social impact initiative in 100% of our markets in scope
- Local sourcing of agricultural ingredients in Africa: 50% increase in volume by 2025

Responsible

Always a choice

- A zero alcohol option for two strategic brands in the majority of our markets (accounting for 90% of our business) by 2023
- Clear and transparent consumer information on 100% of our products in scope by 2023

Address harmful use

- 100% of markets in scope have a partnership to address alcohol-related harm

Make moderation cool

- 10% of Heineken® media spend invested every year in responsible consumption campaigns, reaching 1 billion consumers

HEINEKEN
BREW A BETTER WORLD
RAISE THE BAR 2030

Foundation: our ways of working

Responsible business conduct

- An effective Speak Up framework
- Zero tolerance to bribery and corruption

Respecting human rights

- Ongoing due diligence
- Good governance

Our impact from Barley to Bar

Inspiring a better world

We brew the joy of true togetherness to inspire a better world. Our Brew a Better World 2030 strategy directly contributes to the UN SDGs and is woven into the fabric of our balanced growth strategy, EverGreen.

Agriculture

We use natural ingredients to brew our beer and make our cider. By supporting sustainable farming, we aim to have 100% of our main ingredients (barley and hops) sustainably sourced by 2030. Developing responsible agricultural supply chains to increase our volumes of sustainable raw materials is a key priority for growing our business and a crucial lever for reducing our carbon footprint. In 2022, we worked on more than 200 projects of our Low Carbon Farming Programme around the world.

Brewing

During 2022, we operated 186 breweries, malteries, cider plants and other facilities globally. We are on the path to net zero carbon emissions in scopes 1 and 2 by 2030 and across our full value chain by 2040. Our water strategy focuses on working towards healthy watersheds by combining internal and external efforts to support water security. All our production sites are on track to send zero waste to landfill by 2025.

Packaging

Our packaging must be distinctive and visible without burdening the environment. By investing in design and innovation, we aim to develop low carbon and circular solutions. We work closely with our suppliers to create and scale efficient and sustainable packaging, launching initiatives to reduce the amount of material in our packs, reuse packaging waste and increase returnable packaging.

Logistics

Every second, our products are on the move somewhere in the world on trucks, trains and ships. We aim to reduce the environmental impacts of our logistics and lower emissions by optimising routes, supporting suppliers to adopt low carbon technologies, shifting to renewable energy in our warehouses and using fuel-efficient transport in distribution.

Customers

Our drinks are sold via bars, restaurants and retailers around the world. Our Green Cooling programme has resulted in 100% of newly purchased fridges meeting low carbon footprint standards meaning they emit over 55% less carbon than those purchased 10 years ago. By 2030, we aim to have all fridges used by customers to cool our beverages to be in one of the Energy Efficiency Index's top energy classes.

Consumers

Brew a Better World means empowering consumers by providing choice, transparency and zero tolerance of the harmful use of alcohol. Our ambition is to serve 0.0 always, everywhere – ensuring our consumers around the world have a choice. Non-alcoholic products play an increasingly significant role in our industry-leading messaging on responsible consumption and moderation.

Brew a Better World 2030 supports the following UN SDGs:

On the path towards net zero impact

On the path to an inclusive, fair and equitable company and world

On the path to moderation and no harmful use

Stakeholder engagement and materiality

Stakeholder engagement and materiality

We defined our Brew a Better World priorities through open conversations and engagement with our stakeholders – both internal and external. This ensures we are addressing the most important issues and those on which we have the greatest potential impact – both positive and negative. We listen and learn from others and use our voice, reach and influence to help drive positive change.

Engaging with our stakeholders

Ongoing dialogue is instrumental in shaping our 2030 agenda. It helps us understand the issues, risks and opportunities that are most relevant to our business and stakeholders.

We engage with NGOs, academic experts, customers, investors, government representatives and industry peers to learn and gather feedback on our strategy, ambitions and progress. This dialogue is an opportunity to share experiences and dilemmas and discuss industry trends and opportunities for innovation and collaboration. Discussions cover our sustainability performance, overall agenda and future plans. We zoom in on key issues like carbon, water, responsible consumption, human rights, local sourcing and the opportunities and challenges of doing business in Africa.

In 2022, we engaged with a wide range of stakeholders. We held ESG meetings with over 20 key investors and 80 investors joined our Capital Markets Event in December.

We attended COP27 where we joined panels and met with civil society and government officials. We also participated in advocacy initiatives through the Alliance for CEO Climate Leaders, the World Economic Forum, UN Global Compact, the Water Resilience Coalition, RE100, the RE-Source Platform and the Dutch Sustainable Growth Coalition. We held regular meetings with NGOs like Human Rights Watch, WWF and the Fair Wage Foundation.

We actively engaged with our top suppliers in agriculture, packaging and cooling to help deliver our Brew a Better World goals and engaged with customers like Tesco, Carrefour and Walmart on our carbon footprint.

We collaborated and built on best practices with peer industries through platforms like Climate Week NYC, The Climate Pledge, the Consumer Goods Forum, and the Beverage Industry Environmental Roundtable.

Important themes in 2022

Our stakeholder meetings highlighted a number of relevant and recurring themes. In the table opposite, we summarise some of the most common questions we received from stakeholders in 2022 and our response.

Theme	Our response
Carbon emissions How much will you invest to deliver ambitious goals such as net zero in all your breweries?	We take a long-term view on the investments needed to deliver our Brew a Better World ambitions. Many of these are positive to margins and will be funded in the short term by our €2 billion cost-saving programme. More importantly, the required investment is generally significantly lower than the cost would be if we do not invest. More detail on the risks can be found in our TCFD section. We have ring-fenced the CAPEX needed in our strategic and annual planning processes for carbon and water to ensure these remain priorities for action within the business.
Biodiversity What's HEINEKEN's view on biodiversity and its importance on the ESG agenda?	Biodiversity and the health of ecosystems are closely connected with our actions to support healthy watersheds, reach net zero emissions across the value chain and aim for 100% sustainably sourced barley and hops. However, we realise we need to do more to understand and address biodiversity risks and opportunities in a more coherent way. We closely monitor developments and guidance of the Taskforce on Nature related Financial Disclosures (TNFD) and Science Based Targets for Nature (SBTN). We are developing an improved accounting approach for land use change and have joined the Forest, Land and Agriculture (FLAG) consultation group. We are building on existing programmes that address biodiversity and exploring further opportunities, including regenerative agriculture.
Inclusion and diversity How do you ensure that everyone has a fair access to opportunities within HEINEKEN?	We believe in fair and equal opportunities for all our employees. We are working towards equal pay for equal work between female and male colleagues and are working to achieve gender and cultural balance in our leadership teams. We are also exploring how to make certain benefits, like a life and disability insurance, accessible for all employees worldwide, regardless of their family situation.
Responsible consumption How can an alcohol company be viewed positively through an ESG lens given the harm that the abuse of alcohol causes?	We believe that alcohol, when consumed in moderation, can be part of a well-balanced lifestyle. Our purpose is to brew the joy of true togetherness, and responsible consumption is key to this. Our 2030 goals are focused on making moderation cool, addressing the harmful use of alcohol, providing consumers with a choice (with our growing 0.0 portfolio) and providing the right information through fully transparent labelling.
Human rights Will you leave Russia, given the war in Ukraine?	We continue to be shocked and saddened by what is happening in Ukraine. At the end of March 2022, we concluded that HEINEKEN's ownership of the business in Russia is not sustainable nor viable in the current environment. As a result, we decided to leave Russia and sell our business. The transfer to a new owner will be in full compliance with international and local laws. We will not profit from any sale or transfer of ownership.
Transparency Are you ready for the new reporting regulations and requirements, such as CSRD, EU Taxonomy, ISSB and TCFD?	We are enhancing our reporting capabilities and approach, including transitioning non-financial reporting to be a responsibility of the Finance team. This will increase the rigour of our reporting in alignment with emerging requirements while ensuring that we focus on the issues that matter to us. For more information, see the TCFD section and Other climate-related disclosures.

Stakeholder engagement and materiality

Materiality assessment

We updated our materiality matrix in 2020 as a foundation for developing our 2030 strategy. The materiality assessment process enabled us to identify and prioritise our most material issues, based on the extent to which they are found to:

- have a significant current or potential impact on our business or vice versa;
- be of significant interest to our stakeholders; and
- be an issue over which we have a reasonable degree of control where it comes to our impacts.

We used the outcomes of the assessment to shape our Brew a Better World strategy and reporting.

Our 2020 materiality assessment process comprised a number of steps:

1. Understanding global and industry trends, standards and frameworks, benchmarks and reputation research
2. Social listening, conversations with NGOs and investors, employee survey and expert interviews
3. Analysis of results and alignment with internal risk analysis to define most material topics
4. Validation of outcomes by the Executive Board and Supervisory Board

Our materiality matrix

The materiality matrix plots our most material sustainability issues based on their impact on our business and interest to stakeholders. In line with the upcoming CSRD framework, we are planning to conduct a double materiality exercise in 2023 and will publish an updated matrix in our next report.

*Waste, Plastics and Packaging have been integrated in this overarching theme

ESG benchmarks and disclosure frameworks

We participate in a selection of benchmarks, ratings and disclosure frameworks that matter most to our stakeholders.

In 2022, we were included on the CDP 'A list' for Climate Change and scored A- for Water. We were also rated AA in MSCI's ESG rating for the third consecutive year, and according to Sustainalytics HEINEKEN is top-rated among companies in its industry group.

We support convergence towards universal, comparable disclosures as discussed in the chapters on TCFD, EU Taxonomy and the World Economic Forum (WEF) Stakeholder Capitalism Metrics.

Read more about our performance in the Benchmarks and Ratings section of our website

How engagement impacts local decisions

Multi-stakeholder engagement influences our local decision-making as well as global strategy. For example, the city of Monterrey, Mexico, which also houses our largest brewery, faced an unexpected drought in 2022. Although the beer industry uses less than 1% of the water in Monterrey, the drought impacted the community.

Working together with government, NGOs and other businesses within the framework of the Monterrey Metropolitan Water Fund, we mobilised to provide 500,000 litres of drinking water weekly to the most affected communities in Monterrey. We also supplied public hospitals and the Red Cross with 7.5 million cans of drinking water. In addition, we also financed the search and drilling for a new deep well for public use and temporarily transferred part of our water rights to the public utilities.

Our Brew a Better World 2030 goals and progress

Environmental

Our focus area	Our goals and our progress	Our 2022 results
Reach net zero carbon 	**2030** Reach **net zero** in scope 1 and 2 emissions	Reduction of **18%** vs. baseline 2018 in scope 1 and 2 emissions
	2030 Reduce scope 3 emissions by **21%** / **2040** Reach net zero across the value chain	Reduction of **0.4%** vs. 2018 in scope 3 emissions (2021)
	2030 Absolute reduction of **30%** emissions across our value chain (scope 1, 2 and 3)	Total absolute reduction of **2%** vs. 2018 scope 1, 2 and 3 emissions (2021)
	2030 **100%** sustainably sourced ingredients (hops, barley)	**73%** sustainably sourced ingredients (hops, barley)
Maximise circularity 	**2025** **Zero waste** to landfill for all our production sites	**143** out of **186** sites are landfill free
	2030 Turn **waste into value** and close material loops throughout the value chain	Strategy to be announced in 2023
Towards healthy watersheds 	**2030** **Fully balance water** used in our products in water-stressed areas	**29%** of water-stressed sites are fully water balanced
	2030 Maximise **reuse and recycling** in water-stressed areas	Water circularity actions started
	2030 Reduce average water usage to **2.6 hl/hl** in water-stressed areas and **2.9 hl/hl** globally	Reduced to **3.0 hl/hl** average water usage in water-stressed areas and **3.3 hl/hl** globally
	2023 Treat **100%** of wastewater of all breweries	**179** of **186** sites have wastewater treatment

Progress towards our goals

Read more about the definitions and the scope

Note: All numbers in Our 2022 results have limited assurance by Deloitte, see page 191 for the Assurance Report.

Our Brew a Better World 2030 goals and progress

Social

Our focus area	Our goals and our progress	Our 2022 results
Embrace inclusion and diversity	**2025** **Gender balance:** **30%** women across senior management; **2030** **Gender balance:** **40%** women across senior management	**27%** women in senior management
	2023 At least **65%** of country leadership teams to be regional nationals	**2** of **4** regions have at least 65% regional nationals in leadership teams
	2023 **100%** of management trained in inclusive leadership	**16%** of management trained in inclusive leadership
A fair and safe workplace	**2023** **Fair wage** for employees: close any gaps	**100%** fair wage assessments across our operating companies, from which **99.96%** of direct employees earn at least a fair wage
	2023 **Equal pay for equal work**: assessments and action	**100%** of operating companies went through equal pay assessments and **100%** have action plans in place
	2030 Ensure **fair living and working standards** for third-party employees and brand promoters	**31%** of operating companies have been assessed to ensure fair living and working standards for third-party employees and brand promoters
	2030 **Create leadership capacity** to drive zero fatal accidents and serious injuries	**80%** of people managers completed the Life Saving Commitments training
Positive impact in our communities	**2030** (annually) A social impact initiative in **100%** of our markets in scope	**100%** of our markets in scope had a social impact initiative
	2025 In Africa, increase volume of local sourcing of agricultural ingredients by **50%**	**26%** increase in volume from locally sourced agricultural ingredients

Progress towards our goals

Read more about the definitions and the scope

Note: All numbers in Our 2022 results have limited assurance by Deloitte, see page 191 for the Assurance Report.

Our Brew a Better World 2030 goals and progress

Responsible

Our focus area	Our goals and our progress	Our 2022 results
Always a choice 	**2023** A zero alcohol option for **two** strategic brands available in majority markets (accounting for **90%** of our business)	Markets with a zero alcohol option for at least two strategic brands represented **46%** of our beer and cider volumes
	2023 Clear and transparent consumer information on **100%** of our products in scope by 2023	**24%** of our products in scope had fully compliant labels
Address harmful use 	**2030** (annually) **100%** of markets in scope have a partnership to address alcohol-related harm	**100%** of markets in scope had a partnership to address alcohol-related harm
Make moderation cool 	**2030** (annually) **10%** of Heineken® media spend invested in responsible consumption campaigns, reaching **1 billion** consumers (annual requirement)	Our operating companies invested over **11%** of Heineken® media spend in dedicated responsible consumption campaigns. Over **1.2 billion** unique consumers reached worldwide

Progress towards our goals

Read more about the definitions and the scope

Note: All numbers in Our 2022 results have limited assurance by Deloitte, see page 191 for the Assurance Report.

Environmental

Acting now to protect the environment for the long-term

Our Brew a Better World strategy is built on the understanding that we can only thrive when our planet is healthy and thriving. Climate change has already altered ecosystems and it is negatively impacting agriculture and people's health and livelihoods around the world. We must act now to dramatically reduce the long-term devastating impacts on our climate, biodiversity, water and natural resources, with business playing a central role.

We are leaning into our biggest opportunities and challenges with our ambition to reach net zero carbon emissions in our production and across our entire value chain. Maximising the circularity of products and processes and contributing to the health of local watersheds is central to this mission.

Contributing to the UN SDGs –
Path to net zero impact:

Learn more about our actions in the Environmental section of our website

Reach net zero carbon emissions

As well as being a global threat to humanity, climate change impacts our business in a myriad of ways. HEINEKEN is committed to taking action that will help limit global warming to 1.5°C and safeguard the planet. This ambition will shape the way we do business for the decades to come.

Our strategy is aligned with the sixth report of the Intergovernmental Panel on Climate Change (IPCC) and translates ambition into action to reduce emissions and help restore healthy functioning ecosystems.

In April 2021, we disclosed our Brew a Better World ambition to aim for net zero carbon emissions across our entire value chain by 2040. We also set intermediate goals to reach net zero in scope 1 and 2 and reduce our scope 3 emissions by 21%, by 2030. This means we are aiming to reduce our emissions across our value chain by 30% by 2030.

We continuously review our strategies and goals against the latest science. This includes measuring progress against verified science-based targets which determine how much and how quickly we need to reduce emissions to limit global warming to 1.5°C above pre-industrial levels.

In 2022, we kick started our strategy, setting up a team of experts and developing robust governance while engaging with external stakeholders including suppliers, peers and partners to take collaborative action to drive the low-carbon transition.

Science Based Targets initiative

We joined the Science Based Targets initiative (SBTi) in 2019 and we have contributed to their Net-Zero Standard and Forest, Land and Agriculture (FLAG) standard as technical advisor.

The SBTi has approved our 2030 near-term target to reach net zero emissions in scope 1 and 2 and reduce our total emissions (scope 1, 2 and 3) by 30% by 2030. In 2023, we will work to gain validation of our long-term target to reach net zero emissions across the entire value chain by 2040.

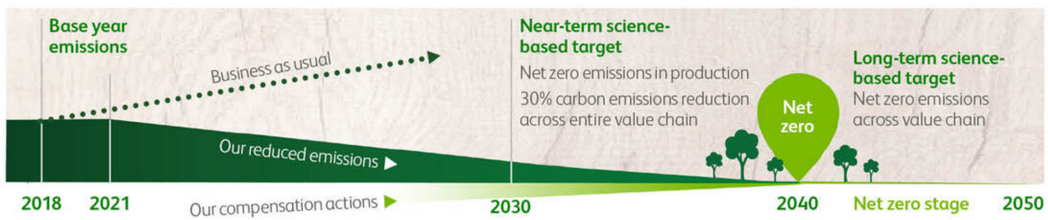
Read more about our net zero roadmap

Reducing emissions from barley to bar

Our strategy is based on the four Rs: Reduce, Replace, Remove and Report. We are working to decrease absolute carbon emissions across the entire value chain – from barley to bar – with supplier engagement and sustainable sourcing playing an important role.

Our ambition: Our roadmap to net zero emissions from barley to bar by 2040

We aim to reach net zero emissions in our operations in the near-term, by 2030, and we will do the same across our entire value chain in the long-term, by 2040.



Scale
For the first time, our plan includes all our operating companies across the world.

Scope
We are setting a firm net zero target for emissions in our value chain, scope 1, 2 and 3. We will work with over 30,000 direct suppliers and indirectly with more than 50,000 farmers to achieve this goal.

Speed
We are accelerating our plans. We aim to be net zero across our value chain and operations 10 years before the recommended Paris Climate agreement deadline.

Environmental

We are reducing fossil energy demand by delivering production efficiencies and process innovations, developing new capabilities to improve our manufacturing processes and sharing our capabilities to empower suppliers.

We are replacing the remaining energy used by our suppliers, breweries and customers as much as possible with renewable energy. Aligned with the SBTi Net-Zero Standard, we strive to only compensate for residual carbon emissions that we have not been able to reduce or replace as a last resort by investing in verified high-quality offsetting projects. We are monitoring the voluntary carbon market and plan to develop a strategy for carbon compensation in 2023.

We will continue to report transparently on our successes and challenges on the path to net zero. We are improving emissions reporting and working closely with the Carbon Disclosure Project (CDP) and Climate Group's RE100 to provide granular data that is consistent, transparent and understandable to external audiences.

This year, out of nearly 15,000 companies, we are proud to have earned a place on CDP's Climate Change A List for leadership in environmental transparency on climate change.

CDP
DISCLOSURE INSIGHT ACTION
A LIST
2022
CLIMATE

Empowering our employees

We are mobilising our employees and educating them about climate change and the importance of HEINEKEN's response to develop the capabilities they need to help reach our ambitions. Climate upskilling training is designed to equip people with scientific knowledge, tools and inspiration with content personalised to make the learning experience as meaningful as possible. Since its launch, 900 employees have taken up the training and we will continue to engage with the rest of our employees.

Total carbon footprint 2021

Scope 1	6%
Scope 2	2%
Scope 3	92%

2030 goal

Net zero carbon emissions in scope 1 and 2

Meeting our goal to reach net zero in scope 1 and 2 by 2030 requires us to optimise our processes, reduce energy demand and replace fossil fuels with renewable energy across all our sites. In 2022, we reduced our scope 1 and 2 emissions by 18% vs. 2018 baseline meaning we are on track for our 2030 goal.

Net zero in production

Emissions from our production sites (breweries, malting and cider plants) represents 87% of total scope 1 and 2 emissions and the rest of scope 1 and 2 is related to our own logistics activities and offices.

One of the key actions of our net zero strategy is to reduce energy consumption in our breweries for both thermal energy (70%) and electricity (30%).

In 2022, we launched a new programme, called Integrated Net Zero Production, and established a cross-functional team of internal experts and external suppliers to drive progress. The programme started with 30 production sites spanning all regions and will accelerate to eventually cover all production sites.

To date, we have identified 90 good practices to reduce electricity and thermal energy consumption. These are being implemented across our production sites. In Austria, we piloted an initiative to improve the thermal energy consumption during the pasteurisation process of our products, achieving around 17% reduction in energy consumption. In Poland, we delivered several energy efficiency projects including a system to recover energy from cold filtered beer and reuse it in the cooling process. While in Brazil and Hungary, we piloted a new internal cleaning process for packaging lines with tunnel pasteurisers at ambient temperatures, reducing around 30% of their thermal energy. More breweries will now implement this improved cleaning process.

The current average combined energy consumption of all our production sites is 90.4 MJ/hl (2021: 89.5 MJ/hl).

Since 2018, we have reduced absolute carbon emissions in production by 17%. Without our recent acquisition of United Breweries in India, we would have achieved a 23% reduction vs. the 2018 baseline. This acquisition triggers an adjustment of our baseline to year 2022.

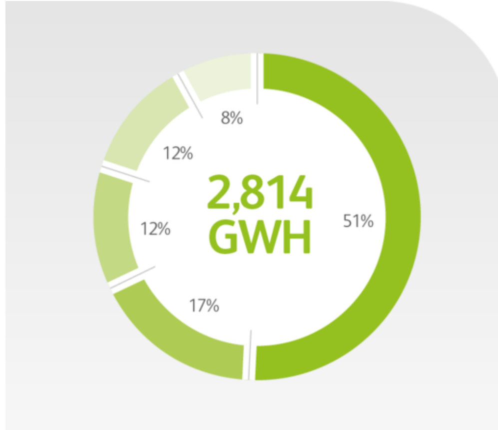
Shifting to renewable energy

Shifting our energy use to renewable sources is at the core of our net zero strategy. It has also been valuable in future-proofing our operations from potential energy security risks emerging from geopolitical conflicts.

In 2022, 58% of total electrical energy came from renewable sources (solar, wind, hydro) while 28% of total thermal energy demand was renewable (biogas, waste heat pumps, biomass). This means we have increased our total share of combined renewable energy to 37% (2021: 27%).

We aim for all our electricity to eventually come from renewable sources. As a member of RE100, we adopt a hierarchy of renewable energy solutions. This prioritises new assets – both on-site wind, solar and hydro power that supply electricity directly to our breweries and off-site assets, including wind and solar, supplied through long-term power purchase agreements (PPAs).

Renewable energy sources



Bioenergy	51%
Hydro	17%
Wind	12%
Solar PV	12%
Other	8%

37% energy from renewable sources

In South Africa, we built a new solar plant to power our Sedibeng Brewery outside Johannesburg with 6.5 MW of electricity. The installation includes 14,000 solar panels and can meet 30% of the brewery's electricity demand.

In Nigeria, we are supplying renewable electricity to two sites through an off-site PPA which supplies electricity generated by a hydro-power project.

There are still significant barriers to sourcing renewable energy in some countries. Rather than waiting, we aim to stimulate our operating companies by procuring Energy Attribute Certificates (EACs) through International Renewable Energy Certificates (I-RECs) as a first step until barriers are removed.

In 2022, we procured I-RECs in Vietnam from recent solar projects as well as in Sri Lanka and Malaysia. This is a temporary step towards meeting our goal and we will continue working with these operating companies to develop new renewable capacity.

Environmental

In Europe, we partner with RE-Source to develop a legal framework for corporates to source renewable electricity.

Our aim is to source thermal energy used in production from renewable sources by 2030. Thermal energy accounts for 70% of our total production energy demand but it is the most challenging to replace with renewable thermal solutions. This is because the renewable thermal market is not as mature as the electricity market and progress requires a site-by-site approach.

Through our Integrated Net Zero Production Programme, our central technical experts are working with breweries to develop roadmaps that rely on technologies such as bioenergy (biomass, biogas, biomethane) while piloting innovative technologies such as heat pumps or solar thermal.

One example is our brewery in Cambodia which, like Vietnam and Indonesia, has started to use agricultural waste as a sustainable source of biomass. The aim is to deploy this solution across our remaining Southeast Asian breweries. To ensure the sustainability of feedstock, we joined the Roundtable of Sustainable Biomass (RBS) to develop policy and audits of our biomass suppliers.

In partnership with Engie, our Seville Brewery in Spain commissioned the construction of the first-ever solar-thermal plant. This innovative project uses the sun's heat to generate renewable thermal energy. While in France, we secured our first contract of biomethane from a local farmer near our Mons Brewery, allowing us to cover 100% of our thermal energy demand.

Greenhouse gas and intensity emissions

	2018 (base-year)	2020	2021	2022
Scope 1 GHG emissions (ktonnes CO_2-eq)	**1,189**	**1,042**	**1,095**	**1,085**
Scope 2 GHG emissions (ktonnes CO_2-eq)[1]	**606**	**489**	**399**	**393**
Total scope 3 GHG emissions (ktonnes CO_2-eq)[2]	**17,605**	**16,122**	**17,538**	
Purchased goods & services	12,228	11,402	12,924	
Capital goods	593	400	524	
Fuel and energy-related activities	532	450	478	
Upstream transport and distribution	1,677	1,668	1,438	
Waste generated in operations	53	71	74	
Business travel	22	10	5	
Employee commuting	166	32	31	
Upstream leased assets	117	25	100	
Downstream transportation and distribution	229	257	263	
Use of sold products (refrigeration)	1,880	1,630	1,570	
Investment	106	176	131	
Total GHG emissions scope 1, 2, 3 (ktonnes CO_2-eq)[2]	**19,397**	**17,653**	**19,032**	
Intensity emissions (kg CO_2/hl)	**71.2**	**68.7**	**72.7**	

1 Scope 2 is location-based.
2 Scope 3 2022 results will be available from end of April 2023.

Shifting to renewable electricity at production sites also allows us to tackle our logistics warehousing emissions (scope 1 and 2). In 2022, we increased the share of renewable electricity for our warehouses to 46% and we continue to replace our fossil-fuel forklift trucks with electric ones.

2030 and 2040 goal

Absolute reduction scope 3 of 21% by 2030

Net zero emissions in our total carbon footprint by 2040

Our ambition to reduce scope 3 emissions by 21% vs. 2018 baseline will help us achieve our 2030 goal and set us on the path for net zero across our value chain by 2040.

Scope 3 emissions accounted for 92% of our total company carbon footprint in 2021. Every year, we improve the accuracy of the calculation of scope 3 categories to properly size our footprint and our aim is to disclose them annually with our scope 1 and 2 emissions. We will disclose our 2022 scope 3 emissions in the second quarter of 2023 on our Company website.

Our 2021 total carbon footprint reduced by 2% and our scope 3 emissions decreased by 0.4% versus the 2018 baseline, but increased against last year due to volume recovery in key markets after COVID-19 and global supply chain issues that impacted our sourcing strategy. This is a temporary impact and we will continue to deliver on our scope 3 reduction strategy.

From barley to bar, we collaborate with suppliers to set science-based targets and engage with strategic partners to decarbonise the industry. We also work to reduce emissions by optimising our processes, shifting to renewable energy, and piloting innovative technologies in our top four categories: agriculture, packaging, cooling and logistics.

Supplier engagement

Reducing emissions across the entire value chain will not be possible without engaging with our suppliers across all categories. Our role is to educate suppliers and support them in creating decarbonisation roadmaps. We joined Supplier Leadership on Climate Transition (SLoCT), an industry consortium launching a climate school to develop 40 suppliers across packaging, agriculture and cooling with an additional 28 suppliers due to join in 2023.

Agriculture accounts for 33% of our carbon footprint. We are continuing our Low-Carbon Farming Programme by partnering with suppliers and farmers. We have now completed 200 pilots to test low carbon agricultural practices, especially for our main crops – barley and maize – across different markets. We measure the results and impact of these practices on both carbon reduction and sequestration.

Packaging accounts for 27% of our total footprint. We have launched a new programme – Packaging the Future – through which our top 50 suppliers, accounting for 80% of our packaging-related emissions, have committed to set science-based targets by 2023. Through this programme, suppliers set targets to move to 100% renewable electricity in key markets by 2025, followed by the remaining markets by 2030.

To tackle the 8% of our carbon footprint that is related to refrigeration of our products, we engaged with the top 23 fridge suppliers and Beverage Industry Environmental Roundtable (BIER) members in the first-ever 'CoolBIER' conference to discuss opportunities for a radical change in energy efficiency (and circularity) of commercial refrigeration. The outcome was an agreement to establish a value-chain coalition – including our suppliers and retailers – to standardise energy protocols and set guiding principles for circularity.

Optimisation

Optimising our operations to reduce energy consumption remains a priority, especially for categories where technology is not yet scalable. For packaging, we are reducing emissions by shifting to returnable rather than single-use bottles, light weighting bottles and optimising pack size.

While for logistics activities, which represent10% of our total carbon footprint, we are focused on optimising logistics operations by developing transport management and warehousing capabilities and advancing digital tooling. For example, we are deploying a Global Truck Utilisation Improvement programme in 41 markets to optimise how we utilise our fleet. We encourage our fleet managers and suppliers to reduce fuel consumption by deploying fuel management capabilities.

Environmental

In Mexico, we set performance indicators on fuel consumption, driver behaviour and preventive truck maintenance which resulted in saving 557,000 litres of fuel.

We are also reducing the use of heavy-duty trucks, which now comprise 90% of our transport, by shifting to other modes such as barge and rail. We have continued to increase the share of cabotage in Brazil and started to use rail transport in 2022.

Innovations

Innovation is a big part of our culture and piloting modern technologies and understanding how to deploy them will be pivotal in our net zero journey. To improve the cooling of our products, we have completed the prototype for two different technologies: a fast-cooling technology called 'Chill it' that allows cooling of our products within 30 seconds, and an IoT (Internet of Things) solution for retail to track the effectiveness of our fridges at points of sales.

We are also piloting medium-sized electric trucks for city distribution. In 2022, we allocated a central budget and purchased eight electric trucks in Europe, Mexico and Brazil, which encouraged these markets to invest in an additional 15 trucks.

In Spain, we are using electric scooters to deliver beer in three Spanish cities. After a successful pilot in Seville, the project has been expanded to Madrid and Málaga. This innovation will avoid an estimated 25,000 kilos of CO_2-equivalents per year by delivering beer to bars in a quieter and less polluting way.

Strategic partnerships

Partnerships with non-profit organisations, suppliers and peer companies are key to achieving our net zero goal.

We played an active role at Climate Week in NYC and COP27 in Egypt to advocate for accelerated action on climate change and learn from other organisations. We are also engaged in multiple platforms such as World Economic Forum (WEF), CEO Climate Alliance, Climate Group's RE100, Amazon's the Climate Pledge, Race to Zero and Business Ambition for 1.5°C to drive systemic change across industries.

In addition, we pursue category-specific partnerships.

In 2022, we extended our existing membership with Smart Freight Center and joined Smart Freight Buyers Alliance (SFBA) to collaborate with peer companies on catalyst projects in the freight sector.

We have also established a global partnership with our draught beer equipment suppliers and technical lab (Re-gent) to optimise the energy consumption of our equipment.

We also engage in local partnerships to benefit communities while doing business. For example, in Brazil we entered in a partnership to collect and recycle our glass bottles especially since making our packaging more circular is one way to reduce emissions.

Looking ahead

In 2023, we will continue our efforts to accelerate the delivery of our goal of net zero in scope 1 and 2. For scope 3 we will focus on key areas that allow us to scale impact including strategic sourcing across our main categories, developing a portfolio of low-carbon products and investing in specific intervention in the value chain to stimulate transition. Additionally, we will develop our approach to identify the right carbon removal strategy that generates credible, impactful and high quality carbon credits to address residual emissions.

Our long-term target is to reach net zero across our value chain by 2040. In 2023, we aim to submit our 2040 target to SBTi and, given the improvement made in our methodology and the integration of new businesses such as United Breweries in India, we intend to report our future performance based on 2022 carbon footprint.

For more information, see page 155 in TCFD section.

2030 goal

100% sustainably sourced ingredients (hops, barley)

Developing responsible agricultural supply chains to increase our volumes of sustainable raw materials is a key priority for our growing business and a crucial lever for reducing our carbon footprint.

Growing the raw materials that are used in our products makes a significant contribution to our value chain emissions. Other environmental impacts relate to water resources, soil health and biodiversity.

We have a goal for 100% of our barley and hops to be sustainably sourced by 2030. We will achieve this by increasing our support to suppliers and committing to higher agricultural standards.

We base our standards for sourcing sustainably cultivated crops on the globally recognised Sustainable Agriculture Initiative Platform (SAI) principles. This requires the efficient production of safe, high quality agricultural products in a way that protects and improves the natural environment, enhances the social and economic conditions of farmers, their employees and local communities, and safeguards the health and welfare of farmed species.

Improving farming practices

We have made good progress in improving farming practices and sourcing sustainable crops by working with local suppliers.

In 2022, 96% of our hops (2021: 92%) and 73% of our barley (2021: 66%) came from sustainable sources, resulting in 73% coming from hops and barley.

Overall, 67% of all our crop-related raw materials came from sustainable sources (2021: 65%).

We made great efforts to increase our local sustainable sourcing by intensifying our partnership with suppliers and improving farming practices.

In Australia, we didn't have access to sustainable barley, but we started partnering with a local supplier that will deliver sustainable sourced barley accredited to SAI Silver level. This is a huge step forward in the region.

Low Carbon Farming Programme

We launched our Low Carbon Farming Programme in 2020 to reduce CO_2 emissions from agriculture by shifting to low carbon farming practices.

In most cases, we engage with farmers via our malted barley and maize suppliers. They advise the farmers on the different regenerative protocols (e.g. cover cropping, no tillage, organic matter use), seeds and fertilisers that can be used. The farmers decide which protocol(s) to apply, to lead their own farming and harvesting process.

Pilots in 2021 show a 25% CO_2 emissions reduction and 40% increase in CO_2 sequestration. In 2022, we continued working on more than 200 projects globally, including in Mexico, Brazil, France, UK, Ireland and Australia.

For more information, see page 157 in TCFD section.

Environmental

Maximise circularity

Unsustainable patterns of consumption and production are a major cause of climate change, biodiversity loss, waste generation and pollution. But demand for finite natural resources will continue to increase with global population growth.

The current economy is mainly linear, meaning we take resources to make products which we use and then throw away. To protect the planet and ensure enough food and water for all, we must move to a circular economy which stops waste being generated in the first place.

We have started to develop a circularity strategy focused on our products and operations. This will amplify our adoption of circular principles to move away from the 'take-make-waste' model to an 'eliminate-circulate-regenerate' one. This is in line with the principles of the Ellen MacArthur Foundation, of which we are a member.

With our products, we have initiated projects to reduce our packaging, make it more reusable and increase recyclability and recycled content. This is an area where we have exciting opportunities to do more.

Examples of how we already adopt circularity in our operations include converting spent grains into animal feed and human food sources, generating organic fertiliser from our wastewater sludge and recycling water within our breweries.

2025 goal

Zero waste to landfill for all our production sites

Beginning with our own operations, our goal is to send zero waste to landfill across all our production sites worldwide by 2025.

Most of our production waste is comprised of biodegradable co-products like brewers' grain, surplus yeast, anaerobic sludge from wastewater, spent kieselguhr and spent alcohol. We preserve the nutritional value of by-products by recirculating them in animal and human food applications. Where this is not possible, we recycle them as bio-based materials or soil organic fertilisers, contributing to circularity and lowering carbon emissions.

More than 40 of our operations spanning all regions now harvest the biogas from anaerobic digestion in our wastewater treatment plants as a renewable energy source.

In 2022, 143 of our 186 sites were landfill-free (2021: 123 sites) and 1% of our total waste ended up in landfill (2021: 1%).

Destination of co-products

This table shows where our residual materials from production ended up in 2022 (the higher up in the hierarchy, the better).

Co-products and waste hierarchy

Destination	ktonnes	%
1. Reuse	33,899	1%
2. Human consumption	64,292	1%
3. Animal feed	4,171,282	80%
4. Materials recycling	430,495	8%
5. Compost/soil improvement	365,454	7%
6. Energy (biogas)	34,930	1%
7. Combustion with energy recovery	60,493	1%
8. Combustion without energy	10,521	0%
9. Landfill (incl. dump and unknown destination)	66,822	1%
Total	**5,238,188**	**100%**

In Nigeria, several sites are now landfill-free through actions such as substantially reducing the mixed waste stream and recycling waste labels into ceiling tiles, wall slabs, door inserts and other building materials.

Operating companies reduced their waste arising from the co-products of the brewing process and found opportunities to convert these co-products into valuable destinations.

Papua New Guinea, although an isolated island, decreased the waste sent to landfill by more than 40% by connecting with farmers to use spent grain for animal feed and by re-using cardboard, paper and wood.

We continuously look for ways to improve the circularity of our non-biodegradable outputs on-site and engage in closed loop projects with glass, plastic and paper waste to maximise reuse of our packaging materials.

In Poland, we increased the value of our pallet waste stream by moving away from incineration. The pallets are now reused to produce furniture. As a result the waste to incineration has substantially reduced to almost zero.

2030 goal

Turn waste into value and close material loops throughout the value chain – strategy and targets in development

Taking a systemic approach, a cross-functional team is developing a circularity strategy looking at key opportunities to reduce our material footprint and improve reusability and recyclability.

Making our product packaging returnable is a key priority and approximately 38% of our packaging is now produced in a returnable format. We want to build on this by supporting existing and emerging deposit return schemes and other mechanisms to drive reuse at scale.

For example, we are involved in several initiatives across Brazil, for example:

We are one of the main supporters of 'Glass is Good', led by the Brazilian Beverage Association (Abrabe) which promotes glass collection at bars and events across 16 of Brazil's major cities.

'Ecogesto' is a partnership which supports waste picker and recycling co-operatives across everything from licensing and worker safety to establishing solid waste delivery points and environmental education.

Molecoola is a loyalty programme which allows consumers to earn points by depositing recyclable materials in containers at supermarkets which we are delivering in partnership with Carrefour.

SO+MA Advantages aims to develop the glass recycling chain and support socioeconomic development in the city of Salvador. Registered users can exchange recyclable materials for courses, exams, basic food goods, experiences and discounts at supermarkets. Over 12,000 families are now registered with the programme and more than 842,000 kg waste has been collected.

Environmental

Towards healthy watersheds

The world's freshwater ecosystems are under huge pressure from the competing demands of agriculture, business and communities. One of the primary effects of climate change is disruption of the water cycle and changing weather patterns are already making some places wetter and others much drier.

From using 5 hl of water to produce 1 hl beer in 2008, we have improved our average water usage to 3.3 hl of water to produce 1 hl of our beer produced in 2022. We believe more needs to be done.

Our 2030 water strategy – Towards Healthy Watersheds – looks beyond traditional water metrics to prioritise the health of local watersheds. We focus on positive water impact combining internal actions to ensure responsible water usage and wastewater management and to promote water security beyond our brewery walls, especially in water-stressed areas.

Our water strategy focuses on three goals with more ambitious ones for sites located in water-stressed areas.

- Reduce our water usage to 2.9 hl/hl beer globally and 2.6 hl in water-stressed areas by 2030.
- Treat 100% of wastewater and maximise reuse and recycling.
- Fully balance all water used in our products in water-stressed areas by 2030 through watershed protection programmes.

Understanding our water risks

We have assessed water risks across our breweries and beyond since 2010 using a three-step approach which comprises internal and external assessments and verification. Every year, our operating companies conduct a local water security assessment. We also carry out a Global Water Risk Screening (GWRS) every five years with the latest completed in 2021. We use water risk mapping tools developed by the World Resources Institute (WRI) to identify sites located at high water risk areas. In addition, we use geospatial data as an extra layer, to further understand water risks that are not accessible through the WRI tool.

Production sites in water-stressed areas

We have been assessing water-related risks since 2010 and focus our immediate efforts on the 31 production sites in water-stressed areas.

Sites that are identified as high water risk on the first two steps will be further evaluated through an in-depth local Source Water Vulnerability Assessment conducted by a credible third-party to confirm the water-stress conditions. These consider local water security issues and potential solutions.

Today, 31 sites in 12 countries are located in water-stressed areas. From 2023, three additional sites will become part of our reporting scope for water-stressed areas. These are Vietnam (Tien Giang), Burundi (Gitega) and Haiti (Port-au-Prince).

We also engage with barley, hop, maize and apple suppliers to assess potential water risks and management practices. We shared these outcomes this year to raise awareness among our suppliers on potential water risks.

For more information, see page 156 in TCFD section.

Partnerships for change

We collaborate through local and global alliances to increase our reach and scale our positive impact. We work with like-minded partners to advance watershed protection in water-stressed areas. For example, we are partnering with WWF in Vietnam and Avina Fundación in Brazil, along with government agencies and local communities, to deliver watershed protection programmes beyond our brewery walls.

We are also a member of the UNGC's CEO Water Mandate Water Resilience Coalition, a global partnership between the UN, companies and NGOs collaborating to reduce water stress by 2050.

In addition, we are part of the Beverage Industry Environmental Roundtable (BIER), a technical coalition of leading global beverage companies working together to advance environmental sustainability within the beverage sector.

Communities

We are one of the 25 global businesses and 15 water, sanitation and health (WASH) expert organisations that supported the WASH4Work business declaration at COP27 in Egypt. WASH4Work aims to create systemic pathways to increase water access for communities, in line with our goal of developing healthy watersheds beyond our brewery walls.

Environmental

2030 goal

Reduce average water usage to 2.6 hl/hl in water-stressed areas and 2.9 hl/hl worldwide

In 2022, our global average water usage was 3.3 hl/h in all our breweries and 3.0 hl/hl in water-stressed areas.

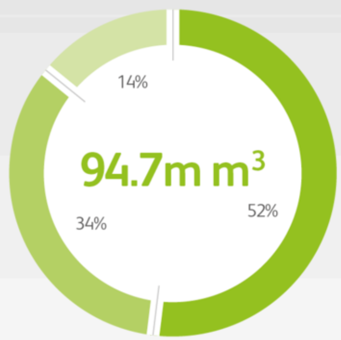
Our average water usage (hl/hl) has improved compared to last year. One contributing factor is the implementation of good water management practices. In 2022, more than 600 good practices were implemented worldwide.

Meoqui, our most efficient brewery in Mexico, used less than 2 hl/hl of water to brew 1 hl/hl of beer in 2022. More sites in Mexico and Vietnam are following, with average water usage close to or below 2 hl/hl.

In South Africa, we built a new water reclamation plant which reduces reliance on freshwater. It uses water recycling technology to reclaim wastewater, which is used for utilities and general cleaning.

Total water withdrawal

(including sources and excluding export water*)

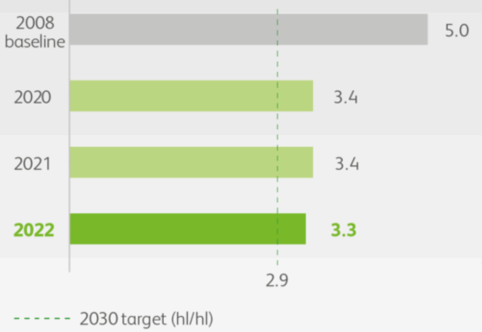


Groundwater	52%
Third-party water	34%
Surface water	14%

* Export water is not used for production

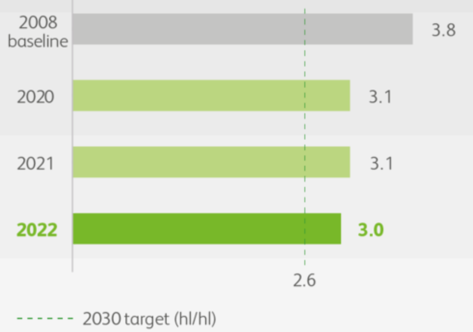
Average water usage (global)

(hl/hl beer, cider, soft drinks, water and wine)



Average water usage (water-stressed areas)

(hl/hl beer, cider, soft drinks, water and wine)



34%
improvement of average water usage (hl/hl) compared to 2008

€18m
savings from average water usage programmes since 2009

2023 goal

Treat 100% of wastewater of all breweries

Our brewery processes create wastewater that must be treated before discharge. Our ambition is to treat 100% of our brewery wastewater by 2023.

At the end of 2022, 97% of our wastewater volume was treated before discharge (2021: 95%). Seven sites out of 186 globally are without a wastewater treatment plant. This includes sites previously managed by a third-party that are transitioning towards HEINEKEN discharge quality standards and/or local regulations – whichever is higher. Total untreated wastewater was 3% of production sites volume (2021: 11 sites, 5% volume). At a number of our production sites, brewery wastewater is treated at third-party wastewater treatment plants, or discharge is compliant to local regulation.

We have built three new wastewater plants in Haiti, Serbia and Nigeria, bringing us closer to our 2023 goal to treat 100% of our wastewater.

2030 goal

Maximise reuse and recycling in water-stressed areas by 2030

We see opportunities to create healthier watersheds by maximising water circularity. This means recovering, reusing and recycling our on-site and off-site treated wastewater for other purposes.

We are at an early stage. For on-site circularity, we have built six water reclamation plants which treat and reuse wastewater for general cleaning to reduce reliance on freshwater. For off-site circularity, we are making progress while exploring ways to address local challenges such as limited infrastructure, perceptions and regulations.

At one site in Mexico, adjustments were made to the pipeline of a third-party wastewater treatment services company. This company treats and recycles wastewater from our brewery and four other companies, and part of it is sent to a local paper mill for use. By collectively re-purposing wastewater, we are reducing reliance on freshwater.

This year, we worked with BIER to establish industry-aligned Water Circularity Guidance which defines clear examples of water circularity.

2030 goal

Fully balance water used in our products in water-stressed areas

Our aim is to fully balance the water in our products we use in water-stressed areas. This means we will return to the local watershed every litre of water that goes into our product. We do this through water balancing projects that replenish water in the watershed that supports our operation. Projects range from nature-based solutions like large-scale reforestations and rainwater harvesting to infrastructure improvement projects which reduce water leakages.

We use the Volumetric Water Benefit Accounting standard launched by the World Resources Institute (WRI) to measure the outcomes and impacts of water balancing. By the end of 2022, 26 production sites in scope had started water balancing projects (2021: 23) and 29% of these sites are fully water balanced (2021: 32%).

Our breweries in water-stressed areas have developed roadmaps which set out actions they will take to support a healthy watershed by 2030. Each watershed is unique, being shaped by the ecosystem and biodiversity it supports as well as local governance and stakeholders, among other things. Our sites must take a contextual approach and progress may be faster and more straightforward for some than others.

In 2022, HEINEKEN Vietnam, WWF-Vietnam, the Ministry of Agriculture and Rural Development and local partners officially launched a water restoration programme to strengthen governance of Vietnam water resources. We will invest more than €1 million in this multi-year partnership to promote local water security.

In Brazil, we signed a partnership with Avina Fundación to deliver forest recovery and conservation by reforesting and increasing soil infiltration on-site to influence the long-term water cycle.

At some sites, we have faced challenges in establishing water balancing projects as reported in previous reports. We are pleased to share that, after considerable efforts, we have now signed MOUs with local implementation partners in Tunisia and Algeria to develop and commence water balancing projects.

Environmental

Environmental data table 2022

This table provides an overview of the environmental performance of our operations. It includes indicators for production, energy consumption, air emissions, refrigerants and wastewater from our beverage production plants, malting plants and other operations.

		Total all sites			Breweries, cider, soft drink and water plants			Malting sites			Other and packaging		
Performance indicator	**Unit**	**2020**	**2021**	**2022**	**2020**	**2021**	**2022**	**2020**	**2021**	**2022**	**2020**	**2021**	**2022**
Beverage production	Mhl	245.4	253.9	281.5	245.4	253.9	281.5						
Malt production	ktonnes	654	726	769				654	726	769			
Thermal energy consumption	PJ	16.2	17.1	19.2	14.6	15.5	17.5	1.4	1.5	1.6	0.3	0.1	0.1
Renewable thermal consumption Own-generated	PJ	1.1	1.5	3.7	1.1	1.5	3.6	0	0	0.1	0	0	0
Renewable thermal consumption Purchased	PJ	1.3	1.3	1.6	1.3	1.3	1.6	0	0	0	0	0	0
Electricity consumption	GWh	2,041	2,090	2,302	1,952	2,005	2,216	75	80	81	13	5	5
Renewable electricity consumption Own-generated	GWh	12	22	34	12	22	34	0	0	0	0	0	0
Renewable electricity consumption Purchased	GWh	711	1,057	1,303	674	998	1,251	33	55	47	4	4	5
HC-based refrigerants in use*	tonnes	85	85	67	80	81	63	4	4	4	1	0	0
HC-based refrigerants lost	tonnes	13.8	9.5	6.9	13.7	9.5	6.9	0.1	0	0	0	0	0
	kg R11 equivalents	132	153	191	132	153	191	0	0.1	0	0	0	0
	ktonnes CO_2-eq	15.6	16.8	16.9	15.5	16.8	16.9	0.2	0	0	0	0	0
Water withdrawal	Mm^3	84.6	87.5	94.7	82.4	85.4	92.5	1.9	2	2.1	0.3	0.1	0.1
Wastewater quantity	Mm^3	52.9	54.9	60.9	51.2	53.4	59.3	1.3	1.4	1.5	0.3	0.1	0.1
Wastewater organic load before treatment	ktonnes COD	175	192	218	169	186	212	4	5	5	1	1	1
Effluent organic load discharged to surface water	ktonnes COD	8.7	10.9	8.9	8.5	10.7	8.7	0.2	0.2	0.2	0	0	0

* 2020 and 2021 numbers have been restated

Social

Tackling social challenges and putting people first

Our business thrives on fairness, human connection and the joy of bringing people together. As the world struggles to manage the impacts of the pandemic, political instability and rising cost of living, we must work together to create a fairer, more equal and safer society.

We embrace fairness and inclusion in our operations and value chain. This includes aiming for gender balance at senior levels, paying all HEINEKEN employees a fair wage and demanding fair living and working standards for third-party employees and brand promoters. Our safety, health and well-being strategy is focused on embedding a leading safety culture that ensures everyone's leadership, engagement and participation. We are also becoming more strategic in how we deliver social and economic impact; our operating companies are developing social initiatives that support delivery of one or more of the UN Sustainable Development Goals and meet the needs of local communities.

Contributing to the UN SDGs –
Path to an inclusive, fair and equitable company and world:

5 GENDER EQUALITY
8 DECENT WORK AND ECONOMIC GROWTH

Learn more about our actions in the Social section of our website

Embrace inclusion and diversity

Inclusion and Diversity (I&D) fosters a sense of true togetherness and drives us to seek deeper connection with our employees, consumers and customers.

Aligned with our core value of 'care for people', our aim is to ensure every HEINEKEN employee feels a strong sense of belonging. We also want them to feel safe to speak up and help shape the future of our organisation. This is why we use employee engagement to amplify the voices of our workforce and enable people to act as catalysts for positive change.

We believe diversity of thoughts leads to greater innovation and better performance. Inclusion also starts with courageous leadership which is why we nurture bold and brave leaders who create space for everyone, equally.

The diversity of our people makes us as strong and unique as our brands. Providing fair and equal opportunities for our employees is a key driver for an inclusive environment.

Our inclusion and diversity strategy focuses on three key areas:

1. We accelerate I&D by starting with courageous leadership.
2. We all contribute to fostering an inclusive environment.
3. We create equal opportunity in the moments that matter.

Listening to our employees

Inclusion starts with listening to everyone, not just the loudest voices. We foster a continuous listening approach to shape a culture where all people feel heard and valued.

In 2022, our local operating companies and functions conducted 99 listening and dialogue sessions to understand the impact and progress of I&D action plans. Functional leaders were supported by I&D ambassadors to listen directly to employees to understand their views and inspire action.

Globally, we conducted live panel discussions and Q&A's for all employees to address topics including gender balance, cultural diversity and inclusion of LGBTQIA+ in the workplace. More than 10,000 employees joined these events in total.

I&D Councils

To ensure I&D is fully embedded in the organisation, our ambition is to set up I&D councils in all operating companies. Members work with the Managing Director to support the delivery of the global I&D strategy and roadmap, shape and deliver a local I&D action plan aligned to the global I&D framework. They also respond to local I&D contexts, engage and activate people throughout the operating company to deliver projects and inform the Region and the Global I&D team on local progress. By the end of 2022, 68% of our operating companies had an I&D Council.

2025 goal

Gender balance across senior management: 30% women by 2025, 40% by 2030

Our goal is to increase the number of women among our senior management population. To drive progress, we committed to have 30% women in senior management roles by 2025 and 40% by 2030, on the path to gender balance.

This is a bold ambition and we are strengthening our pipeline of women talent at levels below senior management and ensuring we create fair and equal opportunities when we attract, develop and promote talent. Senior leaders in key functions have expanded their commitments to ensure we develop and support a diverse group of future senior managers.

By the end of 2022, women representation at senior levels reached 27% (2021: 25%).

Representation by gender in 2022	% women	% men
Supervisory Board	40	60
Executive Board	0	100
Executive Team	18	82
Senior Management	27	73

Social

WIN (Women Interactive Network) is a global leadership development programme to level the playing field for women in leadership at HEINEKEN. Following two successful pilot editions which saw 40% of participants promoted, we partnered with an independent academic institute, IMD, and scaled up to include 100 participants from 36 nationalities. The aim is that every rising female leader will take part in the coming years.

In 2022, we connected existing Women & Allies employee resources groups (voluntary, employee-led groups that promote a more diverse and inclusive workplace) from different countries and functions as part of the TogetHERness global community.

As a result of our actions, HEINEKEN has been included in the Bloomberg Gender-Equality Index, as one of the 484 companies worldwide committed to more equal and inclusive workplaces.

2023 goal

Cultural diversity: across each region, at least 65% of country leadership teams are regional nationals

As the world's most international brewer, we must reflect the world around us to brew enjoyment of life for all. This means embracing multiple cultures to create a sense of inclusion for everyone.

Our goal is to balance the cultural diversity of our leadership teams in every region where we operate. By 2023, we aim to have at least 65% of country leadership teams across each region made up of regional nationals.

At the end of 2022, two of our four regions reached this target – Europe and Asia Pacific. In recognition of World Day for Cultural Diversity, we hosted several initiatives to champion a culture of belonging for everyone by appreciating our cultural differences and debunking myths and stereotypes. This included a Global Mix and Match initiative which connected employees from different parts of the world, a webinar on communicating inclusively with different cultures, and a multi-company panel discussion.

Our employee resources groups in Brazil and the US continued to work on fostering a more inclusive workplace for diverse ethnicities. In Brazil, we are part of Mover – an initiative that brings together more than 47 companies committed to having 40% black and brown people in middle management positions by 2030. Its aim is to create opportunities for three million people in the coming years. We are focused on delivering attraction, retention and development plans to support the target. Our actions will include developing awareness and training materials, mentoring for 500 black women, and external communications such as a webinar about racial diversity.

In the US, we have partnered with Black Ambition to Support Minority Entrepreneurs to provide funding and mentorship opportunities to Black and Latinx founders. The partnership builds upon our responsible stewardship commitment to support the economic development and empowerment of under-represented and under-resourced communities.

2023 goal

100% of our managers trained in inclusive leadership by 2023

Launched globally in 2020, the HEINEKEN Inclusive Practices are designed to spread awareness and understanding of how to practice inclusion. The message is shared through e-learnings and workshops focused on the 'what, why and how' to apply each inclusive practice.

Our operating companies continue to train employees on the Inclusive Practices. In some countries, such as in Singapore and Ethiopia, 100% of people managers have now been trained.

A new ALL-Inclusive Leadership e-learning was launched in October 2022. It is an engaging and interactive e-learning module which is mandatory for all people managers and available to everyone in the organisation. By the end of 2022, 16% of our people managers had completed the module.

LGBTQIA+ inclusion

Our employee resource group, HEINEKEN Open and Proud (HOP), has continued to be active across our operating companies. In 2022, we celebrated Amsterdam Pride, one of the most iconic demonstrations of love. In other places like the UK, we created a HOP local charter and in France we celebrated an event for Pride with several artists from the LGBTQIA+ community.

In Brazil, Amstel is committed to spend 10% of the brand's media budget to raise awareness and support the LGBTQIA+ community. The brand helped 800 trans people change their names to reflect their true identity by bringing the registry office to the streets during the 2022 São Paolo Pride Parade. The ERG Além do Colorido has been very active in increasing awareness and inclusion of LGBTQIA+.

Learn more about this topic on our website.

A fair and safe workplace

We are raising the bar to create a fair and safe workplace for our employees and those working adjacent to our business.

We will ensure that all our employees worldwide earn at least a fair wage and that we continue to act on our journey to achieve equal pay for equal work between female and male colleagues. Ensuring fair living and working standards for third-party employees and brand promoters is an important part of our responsibility.

We focus on shaping a leading health and safety culture fully embedded in our ways of working, counting on everyone's leadership, engagement and participation.

2023 goal

Fair wage for employees: close any gaps

Our ambition is to ensure all our employees worldwide earn at least a fair wage by 2023. A fair wage is often higher than the minimum wage and should be sufficient for a decent standard of living, covering the basic needs of the employee and his or her family – from food, housing and education to healthcare, transportation and some discretionary income and savings.

To determine the fair wage amount per country, we have partnered with the Fair Wage Network, an independent NGO. A fair wage is constantly increasing with the cost of living and other economic factors, making this an ongoing process of assessment and adjustment. Our goal is to assess and close any wage gaps by the end of 2023. To achieve this, we assess wages across all operating companies against the Fair Wage Network annually. We started assessments in 2021 with our operating companies in developing countries where the challenges are the greatest.

In 2022, we assessed the Europe region for the first time, following unprecedented inflation. We also re-assessed our operating companies in Asia Pacific, Africa, Middle East & Eastern Europe and the Americas. Out of this total, we identified fair wage gaps for our direct employees in seven operating companies and have closed the gaps in five. This means that we assessed all our operating companies and 99.96% of direct employees earn at least a fair wage, according to the Fair Wage Network.

Following an independent assessment of our business units in the Africa, Middle East & Eastern Europe region, our efforts were recognised with the Fair Wage Network certification as a living wage employer.

Social

2023 goal

Equal pay for equal work: assessments and action

We recognise the importance of equal pay and aim to drive this ambition within and beyond our organisation. Our goal is to ensure equal pay for equal work (or work of equal value) between female and male colleagues.

By 2023, assessments and actions will be in place to close any gaps. Action plans focus not only on potential pay gap by job grade, but also gender representation, performance assessments and salary increase, opportunities for promotions and gender balance in management teams.

We recognise the importance of equal pay for equal work in our rewards processes. For every moment in the employee lifecycle where salary decisions are made, a fair and neutral decision must be assured.

In 2022, we assessed progress across all our operating companies to track and monitor improvements on the path to equal pay for equal work. By the end of 2022, 100% of operating companies have been assessed and 100% have action plans in place. As part of this assessment, we looked at whether action plans in place are effective or needed to be refined and whether year-on-year progress has been made.

In 2023, we will focus on operating companies with higher pay gaps and work with them to close any gaps to remediate the identified gaps to drive year-on-year progress.

2030 goal

Ensure fair living and working standards for third-party employees and brand promoters

Looking beyond our direct employees, our goal is that third-party employees delivering labour-based services (catering, cleaning and security) on our sites and brand promoters benefit from fair living and working standards. Third-party employees are an important part of our Company and we take responsibility for making sure they work reasonable hours in a safe, healthy and decent environment and earn a fair wage. These topics are embedded in our definition of fair living and working standards. To meet our goal, the SMART Outsourcing programme and guidelines are designed to map third-party service providers and their employees. We assess a sample of these against our fair labour principles and work with service providers to close any gaps. We also continually embed learnings to improve contract management of outsourced service providers and workplace practices.

Raising standards with service providers

Social sustainability and human rights are a foundation of how we do business with third-party service providers in Africa. We conducted our third round of assessments in 2022, when 12 of our largest businesses in Africa were assessed.

Globally, in 2022, 31% of our operating companies were assessed. We accelerated the programme to include the Asia Pacific region, completing assessments of 18 operating companies.

In 2023, we will expand assessments beyond the Africa and Asia Pacific regions. Our aim is for all operating companies to have had an initial assessment by the end of 2025, with actions to close gaps and embed into business as usual, running until 2030.

We have seen encouraging improvements since we first embarked on this initiative. In Nigeria, we have worked with 76 outsourced service providers who employ 10,000 people over the last three years. Together with the service providers, we have improved management systems and business process to systematically improve the living standards and working conditions of third-party workers. This has resulted in wage payments that are 70% above the national minimum, provision of medical insurance, pension, and other benefits.

2030 goal

Create leadership capacity to drive zero fatal accidents and serious injuries at work

We have significantly reduced the accident frequency in our operations since 2015. However, we still experience incidents as a result of our business. We remain committed to doing our utmost to ensure all our colleagues and contractors return home safely every day.

We continue to strengthen and build from our HEINEKEN Safety Leadership framework, where we are taking our management teams through a safety leadership experience designed to make a safe working culture personal, and part of the way we do business.

We work diligently to integrate safety leadership into our global programmes (e.g. through competence building, leadership programmes, etc.). Our tools enable our operating companies around the world to assess their current status, identify gaps and develop improvement plans to close gaps.

We will launch the Safety Leadership standard in early 2023 to monitor progress as part of our global health and safety management system.

Grow leadership capacity to develop world-class safety culture and performance

Our safety, health and well-being strategy reflects our Company value of Care. We focus on shaping a leading safety culture and ensuring it is fully embedded in our ways of working. This requires everyone's leadership, engagement and participation.

Our team of more than 400 health and safety professionals around the world work together to implement best-in-class processes and programmes, build internal capabilities and develop talent to achieve a world-class safety culture and performance.

Our strategy targets our highest risks – namely road safety and driving, forklift safety, contractor safety and process safety. Centres of Excellence focus on these priority areas, identifying gaps, developing improvement plans and monitoring implementation and progress of plans. We continuously improve our safety performance by executing major risk reduction programmes focused on each of these risks.

Life Saving Commitments

The Life Saving Commitments (LSCs) are based on our operation's highest risk activities and apply to anyone working on behalf of our Company, employees and contractors, on or off premises. We expect everyone's personal commitment and actions to comply with the LSCs and HEINEKEN's safety standards.

We have developed specific guidelines for people managers who play a crucial role in the health, safety and well-being of employees and contractors. Safety must be included in all business decisions and all employees and contractors must be supported to adhere to the LSCs.

The newly launched Golden Principle is the overarching principle through which we empower and ask everyone to stop work and speak up when work cannot be executed safely, or if it is not possible to adhere to the LSCs.

In 2022, we launched the Life Saving Commitments e-learning for all people managers. It is designed to equip the learner with the knowledge to recognise and apply the LSCs and Golden Principle. The LCS e-learning has been completed by 80% of our people managers. We aim to train the remaining people managers before the end of 2023.

We also launched an LSC e-learning for all employees to ensure understanding of the 12 Life Saving Commitments and the Golden Principle across our operating companies globally.

Social

Fatal accidents[1]	2021[3]	2022[3]
Fatalities of Company personnel	1	0
Fatalities of Contractor personnel on-site[2]	1	2
Fatalities of Contractor personnel off-site[2]	0	0
Accidents (Absolute values)		
Accidents of Company personnel[4]	717	877
Accidents of Contractor personnel[4]	212	257
Permanent disabilities of Company personnel	4	5
Total Workforce	81,070	86,555
Accidents (Relative values)[4]		
Accident Frequency rate (per 100 FTE Company personnel)	0.89	1.01
Lost Time Accident Frequency rate (per 100 FTE Company personnel)	0.69	0.84

1 Company personnel fatalities: 2 Contractor fatalities in Nigeria. These numbers have limited assurance by Deloitte.
2 Contractors who operate under our direct control (either because they work on HEINEKEN premises or are supervised by HEINEKEN management and work elsewhere).
3 The reporting period of the safety data presented in this chapter is December – November with the exception of fatal accident data which reflected the full year period.
4 The reported absolute accidents and related relative values for 2021 have been aligned with the 2022 reported numbers which is based on the inclusion of all lost times cases in the Company.

Fatalities and serious injuries

We deeply regret that two people lost their lives while working for us in 2022 (2021: 2), both working as contractors. Every fatality is thoroughly investigated by an independent investigation team to identify and understand the root causes. We take action to prevent recurrence and share learnings with corrective and improvement actions followed up until closure.

Our injury (accident) rate in 2022 was 1.01 per 100 FTE (2021: 0.89).

The increase in the accident rate is related to the inclusion of the acquired India business and the 'positive' impact of COVID-19 on the 2021 figures.

There were 877 injuries that resulted in 725 with lost time injuries among our employees. 484 of these injuries were in logistics and distribution, 125 in commerce, 230 in production and 38 in other functions.

The main types of work-related injuries are cuts by sharp objects (e.g. glass), injuries while lifting or carrying objects, slips or falls, hits by moving falling objects or vehicles (e.g. forklifts).

Positive impact in our communities

With operations spanning the globe, HEINEKEN can be a positive force for change. This is especially relevant in a world where income inequality and injustice see increasing numbers of people facing challenges to afford a decent standard of living.

Many of our Brew a Better World ambitions directly touch local communities. From guaranteeing a fair wage for employees and raising working and living standards for third-party employees to contributing to healthy watersheds, supporting smallholder farmers in Africa and working with partners to address harmful use of alcohol – our actions aim to have a positive impact on communities as well as our business.

As a major employer and purchaser of raw materials, our biggest contribution to the social and economic well-being of communities is through the jobs we create, the businesses we support and the taxes we pay.

Sustainable and transparent tax strategy

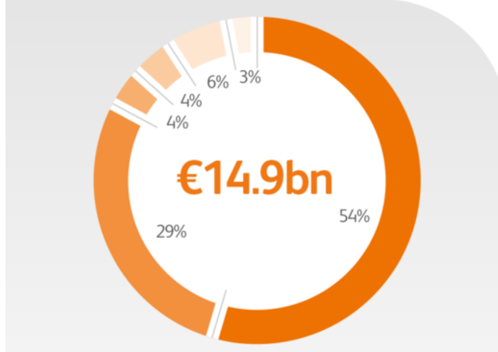
We believe in responsible tax behaviour as an essential part of our sustainability strategy. The taxes we pay contribute to local economies and support the development of the many countries in which we operate. We support stable, transparent and predictable tax regimes that incentivise long-term investment and economic growth.

Our sustainable and transparent tax strategy is based on a number of key principles:

- Our commitment to comply with relevant tax laws and international regulations – we aim to comply with the letter as well as the spirit of the law.
- Compliance with the HEINEKEN Code of Conduct and VNO-NCW Tax Governance Code.
- Expectation that we will pay tax in the country where our activities take place. We fully support and follow the OECD transfer pricing guidelines and transactions between our operating companies are based on the 'arm's length' principle.
- Not using tax havens for tax avoidance purposes.
- Open and constructive dialogue with tax authorities that is based on mutual respect, transparency and trust. We have co-operative compliance relationships with tax authorities in various countries.

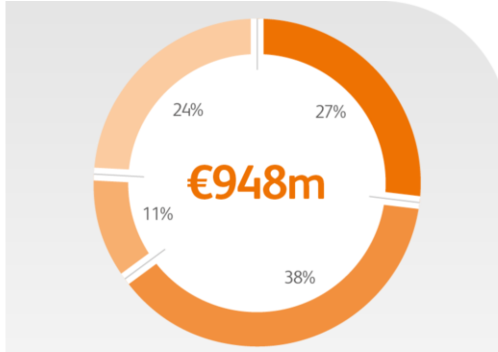
Our contribution in 2022

Total tax contribution paid by category



Excise duties paid – Collected	54%
Net VAT paid – Collected	29%
Employee taxes paid (incl. social security contributions) employer part – Borne	4%
Employee taxes paid (incl. social security contributions) employer part – Collected	4%
Income tax paid – Borne	6%
Other tax paid – Borne	3%

Corporation income tax paid per region



Europe	27%
Americas	38%
Africa, Middle East & Eastern Europe	11%
Asia Pacific	24%

Social

HEINEKEN Africa Foundation

The HEINEKEN Africa Foundation (HAF) supports the health and well-being of communities in sub-Saharan Africa by providing vital access to healthcare and clean water.

The HAF completed the final actions of our two-year COVID-19 emergency response in the first half of 2022. Together with our partners, WaterAid and World Vision, we committed €5 million to programmes in seven countries reaching over 37 million people with crucial hygiene messages via TV, radio and print campaigns. Over 1,400 handwashing stations were installed in markets, schools and health centres, giving 1.7 million people the ability to wash their hands. We also provided training for 1,800 people to promote good hygiene and brought clean water to 108,000 people. In collaboration with Mercy Corps, we completed the renovation of the Bushara water reservoir which was damaged by the eruption of the Nyiragongo volcano. The reservoir supplies water to over 500,000 people in the city of Goma, DRC.

We continued to support local communities with donations of €2 million in 2022. In Nigeria, South Africa, Ethiopia, Mozambique, Rwanda, Burundi and Sierra Leone we continued work with WaterAid and World Vision to provide WASH (water, sanitation and hygiene). We also launched three projects to improve public health centres in Amhara (Ethiopia), Bujumbura (Burundi) and Kisangani (DRC).

€17.8m

committed to 146 health and water projects since the start of the foundation in 2007

2030 goal

A social impact initiative in 100% of our markets every year

Our goal is that 100% of markets will have a social impact initiative in place each year. We want to make a positive difference based on what matters most for each community. That is why we require initiatives to support one or more of the UN SDGs, as relevant to the specific community.

By the end of 2022, 100% of our markets in scope had a social impact initiative in place. Many of these partnerships work to reduce social inequality, from improving access to the labour market to empowering women and indigenous communities. In Nigeria and the US for example we support the development of entrepreneurs that have limited access to capital and resources. Other initiatives focus on the restoration and preservation of natural habitats. In Vietnam for example we started a partnership with WWF to restore ecosystems in three critical river basins while supporting local livelihoods. In Surinam, we joined a partnership with the team of Professor Sieuwnath Naipal to plant mangroves for coast protection and biodiversity support. In total, the initiatives in place in 2022 represented a total investment of €5.5 million.

We are constantly looking for ways to bring our Company purpose, The Joy of True Togetherness, to life in a world where people are hyper-connected yet increasingly isolated. For example, our partnership with NGO, The Human Library, hosts personal conversations designed to challenge stigma and stereotypes. We also brought together a cross-section of HEINEKEN colleagues and external thought leaders to explore how we can catalyse the joy of true togetherness in an increasingly polarised world.

Supporting refugees from Ukraine

When Russia invaded Ukraine, we partnered with Habitat for Humanity in a co-ordinated effort to help Ukrainian refugees find emergency accommodation and longer-term shelter in Ukraine's neighbouring countries.

Through a global fundraising effort, we contributed over €1 million which enabled Habitat to support over 4,500 refugees with free short-term accommodation, 1,200 with subsidised mid-term accommodation, and 10,000 with shelter services at the border.

We also donated €700,000 to 20 local NGOs in the four neighbouring countries. Immediate relief efforts were focused on transport and legal assistance, accommodation in hotels and apartments, medical and psycho-social support, and access to reliable information. Employees also opened their homes to Ukrainian refugees and we provided support for Ukrainian colleagues to relocate their families.

2025 goal

Local sourcing of agricultural ingredients in Africa: 50% increase in volume

Our local sourcing projects in Africa have created jobs, supported sustainable development of the agricultural sector and improved the lives of rural communities. Our approach has embedded local sourcing through a business-led programme, which nowadays spans 30 value chains across 12 operating companies.

Local sourcing brings benefits to farming communities, governments and our Company alike. Substituting imports also reduces the demand for hard currency (Forex), which is a challenge in many markets.

However, creating stable agricultural value chains is complex and increasingly impacted by climatic, socio-economic and political volatility. We have learned that resilience and long-term persistence is critical to success. For example, through our barley sector development programme in Ethiopia we have increased local sourcing from less than 5% in 2018 to more than 70% in 2022.

Raising the bar on local sourcing

Our aim is to increase volume of agricultural raw materials sourced locally in Africa by 50% by 2025 compared to 2020. In 2022, we achieved an estimated 26% increase – almost 60,000 tonnes – above the 2020 baseline year.

This is driven by an over 40% increase in domestic raw materials, notably from growth in Ethiopia, South Africa, Egypt, Mozambique and Ivory Coast. The localisation of barley and malt in Ethiopia continues to grow rapidly, with a recent IFC report highlighting that the malting and brewing sectors contributed close to ETB 18 billion in tax revenue in 2021 and saved nearly USD 800 million in import substitution.

Conversely, regional raw materials have declined by almost 40%, largely because the scarcity of African sugar has resulted in a need to switch back to imported sources of supply.

Our local sourcing programme resulted in agricultural raw material purchases with a total value of around €250 million, which is double the value sourced in 2021. This value is shared across our end-to-end supply chain, benefiting farmers, aggregators, transporters and processors, as well as their families and wider communities.

The introduction of barley as a new crop for farmers in Africa continues to gather momentum, with varieties registered in nine countries in 2022. This will help to ensure our local sourcing keeps pace with the increasing demand for local barley and malt, which is driven by premiumisation of our brand portfolio across Africa.

We continue to work with partner experts in the local sourcing programme, including the Wageningen University on climate resilience and with IFC on the barley development programme in Ethiopia.

Responsible

Raising the bar on responsible consumption

We believe alcohol, when consumed in moderation, can be part of a well-balanced lifestyle. That's why we are dedicated to leading the debate on responsible consumption and are taking action to decrease harmful consumption.

Using the strength of our brands, we aim to reach 1 billion consumers every year by being bold in how we communicate a zero tolerance attitude towards harmful drinking. This includes directing 10% of Heineken® media spend towards promoting responsible consumption. We are also empowering consumers with our growing low- and no-alcohol portfolio to ensure they always have a choice. Advocating for labelling transparency is an important part of ensuring consumers can make an informed choice about the products they consume.

Contributing to the UN SDGs – **Path to moderation and no harmful use:**

3 GOOD HEALTH AND WELL-BEING

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Learn more about our actions in the Responsible section of our website

Always a choice

As society evolves, the number of adults who wish to reduce their alcohol consumption continues to grow in markets around the world. The trend towards moderation continues with research showing that 67% of people who consume alcohol are either moderating or looking to moderate their consumption of alcohol.

We are actively building a positive choice for consumers with our 0.0 beer portfolio of brands, recognising that this is where we can have a real impact. Our aim is to empower consumers by making it easier to select the right beer for the right occasion, everywhere and at any time of day – be that with or without alcohol.

Our 0.0 portfolio now includes global and local propositions spanning a variety of taste profiles (lager, flavoured, non-lager, etc.). 2022 saw the launch of the new Heineken campaign – 'Cheers To No Alcohol' – which addresses the feeling of exclusion that individuals often experience when choosing not to drink alcohol at social occasions and shows that Heineken® 0.0 gives everyone the opportunity to enjoy social drinking moments together.

We also launched our global multi-brand always a choice campaign, 'The Choice Is Yours'. Applying a creative spin to relatable occasions, the campaign reminds consumers that they always have a choice between alcoholic and non-alcoholic beverages.

2023 Goal

A zero alcohol option for two strategic brands in majority (90%) of markets

Our ambition is to serve 0.0 always, everywhere – ensuring our consumers around the world have a choice. This means investing in building the category and developing outstanding 0.0 beverages so that a non-alcoholic alternative is always available where we sell beverages.

In 2022, our operating companies with a zero alcohol option for at least two strategic brands represented 46% (2021: 43%) of our total beer and cider volume. Heineken® 0.0 was available in close to 110 markets by the end of the year (2021: 100).

Building on this, our zero alcohol beverages category had 289 zero alcohol line extensions across 125 brands. The next step in our journey is to focus on more brands tackling the moderation agenda and bringing the messaging to a new level.

Our focus on closing the gap between alcoholic and non-alcoholic beer penetration resulted in strong double-digit revenue growth in key markets such as Brazil, UK, Netherlands, Germany and Hungary.

We brought existing propositions to new markets (such as Ecuador and Mozambique) and introduced new brand extensions such as Cruzcampo Gran Reserva 0.0, Desperados Virgin Mojito 0.0 and Zlaty Bazant Fresh Apple Radler 0.0%.

Responsible

2023 goal

Clear and transparent consumer information on 100% of our products in scope

We advocate for labelling transparency so that consumers can make an informed choice about the products they consume. Responding to the evolving landscape, we are aiming for clear and transparent consumer information on 100% of our products in scope by the end of 2023, including full nutritional information and ingredients on pack, recycling and legal drinking age symbols and a QR code on pack that links to further information on alcohol and health.

In 2022, 24% of our products in scope have fully compliant labels. The initial focus was on designing a label that could be used effectively across the business. A global working group is in place to support all operating companies to implement the labelling changes and ensure full compliance by the end of 2023. Nevertheless, we anticipate challenges in the regulatory fields and our supply chain that might impact our journey.

Address harmful use

Harmful drinking is damaging to the people directly involved and their communities, as well as our industry and our reputation. We have set up partnerships around the world to tackle harmful use such as drink driving, under-age drinking, excessive consumption, drinking while pregnant and alcohol addiction.

Alcohol abuse is a complex societal issue and there is no simple solution or one-size-fits-all approach. Different regions have their own cultural attitudes towards alcohol and the issues vary across countries and markets.

Because of this, tackling harmful drinking requires a concerted effort by diverse stakeholders including government, NGOs, consumer groups, police forces, legislators, retailers, hospitality venues, communities, schools and more.

Community engagement is key as local stakeholders know what the issues are in their community and how best to address them.

2030 goal

100% of markets in scope have a partnership to address alcohol-related harm

We develop partnerships together with governments and society as the best way to make a difference. We have made significant progress through our partnerships to reduce harmful consumption and 100% of our markets had a partnership by the end of 2022.

Underage drinking is a serious societal issue in many countries and our operating companies are addressing the issue through local initiatives.

In Croatia, our 10-year partnership with the TESA Psychological Centre supports parents and teachers to have meaningful conversations with teenagers. 58 schools applied to be part of the programme in 2022 and it continues to grow every year.

In Mexico, TECATE® 18+ is a nation-wide campaign in partnership with SIX to invite Mexican adults to be part of the solution. Limited-edition packaging directs consumers to educational content and invites them to sign a pledge and commit to the cause.

We believe that a combined industry effort will drive a much bolder impact. This is why we participate in the International Alliance for Responsible Drinking (IARD), a not-for-profit organisation through which leading global beer, wine and spirits producers work together to combat harmful drinking. IARD works and collaborates with the public sector, civil society and private stakeholders to advance this mission.

Make moderation cool

We have a long history of using our brands to make moderate, responsible consumption cool. We leverage the strength of our brands and ensure our message resonates with consumers by creating innovative campaigns that lead the debate.

To connect with the right audiences, we design Heineken® campaigns to reflect different contexts and use a range of digital media platforms and advertising assets.

Over the years we have created ground-breaking campaigns such as 'Sunrise Belongs to Moderate Drinkers', 'Dance More, Drink Slow' and 'When You Drive, Never Drink'. Each looks to change habits by advocating positive behaviour rather than using criticism or shaming people.

2030 goal

10% of Heineken® media spend invested in responsible consumption campaigns, reaching 1 billion consumers

In 2022, our operating companies invested more than 11% of Heineken® media spend in our two latest campaigns dedicated to responsible consumption. In total, we reached over 1.2 billion unique consumers worldwide within the country borders of 47 operating companies. This outcome is calculated using the Sainsbury Formula method which allows us to estimate audience duplication to ascertain net reach across multiple markets and digital media channels/platforms. The approach has been validated by third-party independent media auditors such as Ebiquity.

Introducing our new campaigns

'When You Drive, Never Drink' is our long-standing flagship campaign which promotes an anti-drink driving message. In 2022, we launched two new campaigns to deliver this important message in an engaging and impactful way.

The Great Drivers campaign addresses one of the biggest reasons for drink driving – overconfidence after drinking alcohol. Research shows that 81% of people become overconfident when they drink, believing they are a better driver than they are. The campaign tackles this issue with the help of faces from the world of F1® and W series: McLaren Driver, Daniel Ricciardo, Oracle Red Bull Racing Driver, Sergio Perez, and W Series Ambassador and Racing Driver, Naomi Schiff. In the US, an activation was deployed where consumers were given a chance to be picked up in a McLaren supercar for taking an Uber after drink, with 22,000 Uber codes redeemed.

We also launched 'Riding Is Still Driving', as more people are preferring to use alternative modes of transport from bicycles to e-scooters, but many don't see these as 'driving' neither as a problem with using them while drinking. However, with alcohol-related accidents increasing, we are future-proofing our point of view that riding is still driving. In Canada, 'Riding Is Still Driving' was amplified with a campaign targeting bike stations in key cities across Canada. And in the Netherlands, we activated the campaign around the Dutch GP in Zandvoort, including an Uber in-app activation and rewarding thousands of visitors coming to the event by bike with a Heineken 0.0.

We will use what we learn from our campaigns and their outcomes as a foundation for making moderation cool over the next decade.

Foundation

Foundation: Our ways of working

We know that we can only be successful if we lead with integrity and fairness, with respect for people, the law and our values.

This is the purpose of our Foundation which guides our day-to-day decisions, actions, engagement and governance. Our ways of working apply to all our operating companies globally and everyone who works at, or on behalf of, HEINEKEN.

Responsible business conduct

We are committed to conducting business with integrity and fairness and with respect for people, the law and our values. Our business conduct framework ensures that we conduct business around the world in a responsible manner, following the principles of the UN Global Compact and the OECD Guidelines for Multinational Enterprises.

Code of Business Conduct

The HEINEKEN Code of Business Conduct sets out the basic principles that we require every employee to observe when acting for, or on behalf of, HEINEKEN. Underlying policies available in 40+ languages give further guidance on specific topics outlined in the Code.

We are in the process of reviewing and updating the Code of Business Conduct as part of the regular monitoring and updating of our compliance framework. The new Code of Business Conduct will be launched in 2023.

Business conduct training for employees

We provide annual mandatory Code of Business Conduct training to all employees worldwide. The training presents practical dilemmas to encourage participants to explore a range of responsible business conduct topics. In 2022, almost 81,000 employees completed the training.

We take every opportunity to raise awareness and keep employees engaged with understanding and applying the principles for responsible business conduct. In 2022, this included celebrating World Whistle Blower Day in June and a campaign during the Week of Integrity in December.

Zero tolerance of bribery and corruption

As a multinational company operating in more than 70 countries, we pay close attention to potential exposure to bribery and corruption. Our principle is never to engage in bribery and our anti-bribery framework is designed to prevent, detect and respond to bribery and corruption threats. The framework includes risk-based third-party due diligence and internal and external awareness and training.

Training employees on anti-bribery and corruption

Anti-bribery and corruption e-learning equips selected employees to recognise and deal with potential bribery challenges that they may encounter during their work. In 2022, almost 10,000 employees completed the training. Anti-corruption policies – which cover bribery and other topics such as conflicts of interest, fraud, money laundering and gifts, entertainment and hospitality – are also addressed in the mandatory Code of Business Conduct training for employees.

We also require third-parties that may be exposed to corruption risks to complete our third-party anti-bribery and corruption training. This training reiterates our zero tolerance of corruption policy and explains how to recognise and resist bribery and speak up where needed. In 2022, around 130 third-party employees completed this training.

An effective Speak Up framework

Transparency and trust are a crucial foundation of our culture and values. We encourage everyone to speak up when they have questions or concerns about potential misconduct such as fraud, discrimination, harassment or corruption.

Multiple channels are available for employees and people outside the Company to communicate concerns in confidence and without fear of retaliation. Requests for advice and sharing concerns are treated confidentially and people can make reports anonymously.

Our Speak Up channels include a network of trusted representatives (employees selected and trained to receive and help register potential Speak Up reports) and an external Speak Up service. This is run by an independent service provider and is available 24/7, 365 days a year. Speak Up channels are regularly communicated to employees and third-parties to encourage their use.

In 2022, we carried out pulse surveys in more than 30 countries to understand potential barriers that may prevent employees from speaking up. We are taking action in response to the findings including further clarification on various aspects of Speak Up and non-retaliation.

In 2022, we received over 2,400 reports of suspected misconduct through Speak Up (2021: 1,700).

Reports received concerned allegations of fraud (25%), discrimination and harassment (35%), conflicts of interest (6%) and other issues (34%). 81% of the cases reported in 2022 have been closed and 19% are pending closure. 60% of fraud cases, 42% of discrimination and harassment, 36% of conflicts of interest and 39% of other issues were fully or partly substantiated, which led to an overall substantiation rate of 46%.

Where appropriate corrective and preventive actions were taken. Such actions include process and control improvements, awareness-raising, training, coaching and disciplinary measures ranging from issuance of a warning to termination of employment.

We were not subject to any criminal or regulatory investigations on the grounds of corruption including bribery, facilitation payments, extortion, money laundering and collusion.

Robust internal controls

Robust internal controls ensure we keep reasonable and proportionate oversight of activities related to the implementation and effectiveness of our business conduct framework.

Learn more about this topic on our website.

Foundation

Respecting human rights

Respect for people's dignity and human rights is a foundation of how we do business – both in our own operations and across our entire value chain.

We follow the UN Guiding Principles on Business and Human Rights and OECD Guidelines for multinationals. Our Code of Business Conduct, Human Rights Policy and Supplier Code guide how we assess, understand, avoid and address human rights-related risks around the world. These are available in 40 languages to ensure information is accessible to intended audiences.

Tackling human rights issues requires multi-stakeholder collaboration and sharing of expertise internally and within and beyond our industry.

Addressing human rights in operating companies

To date, we have carried out on-site human rights risk assessments and action planning workshops with 16 operating companies. These are followed up with actions to address salient risks. Risks differ by country and include topics such as discrimination, excessive working hours, harassment, road safety and working conditions of third-party employees and farm workers.

In 2022, we took the time to reflect on the outcomes of workshops and to evaluate the capabilities of our operating companies for managing human rights risks. As a result, we decided to strengthen governance and support operating companies to further embed the Human Rights Policy before proceeding with more workshops.

We launched a standalone internal Human Rights control for operating companies to self-assess standards and accountability for implementation of our Human Rights Policy.

In 2022, we also updated and published Human Rights Policy implementation guidelines which provide practical advice on implementing our Human Rights Policy. We have published the guidelines on our Company website. In 2023, we plan to develop a human rights e-learning module and re-launch workshops in a refreshed format.

Human rights audits

Human rights remain as a top risk and awareness and focus on the topic has increased significantly in the last three years. We have performed 30 human rights reviews to assess performance across all four regions since 2019. We use the information provided to address human rights issues and risks. HEINEKEN employees and on-site outsourced employees are within the scope of these assessments.

In 2022, we completed nine reviews spanning the Europe, Americas and Asia Pacific regions. In the Africa, Middle East & Eastern Europe region, we worked closely with social assessment experts, Partner Africa and Elevate to conduct human rights audits in the Africa, Middle East & Eastern Europe and Asia Pacific regions.

These audits have resulted in 107 findings (29 high- and 78 medium-risk findings) since 2019. Findings differ per country and include topics such as excessive working hours, insufficient policy awareness, discrimination, working conditions of third-party employees, etc. We use the findings to take action with operating companies and inform our overall human rights approach.

In 2023, we plan to conduct a root cause analysis to identify and explore risks and recurring patterns found in the past four years, along with a risk-based review of internal management systems and controls related to our supplier code of conduct.

Respecting human rights in high-risk contexts

When we enter a market, we become part of the economy and are embedded in the local market. Some countries will go through periods of volatility which can present significant challenges and dilemmas for governments, citizens and long-term investors like us.

Experience has shown that we need to be prepared to deal with high-risk contexts that could impact our business and the human rights of our employees and people connected to our business. The risk of human rights violations can be disproportionately high in areas of poor governance, volatility and political instability. We constantly review whether we can continue to operate in such contexts and, if so, how we can manage risks to people.

When identifying volatile countries, and specifically what a volatile context could look like for our business, we are guided by external experts to consider conflict, security and factors such as governance, socioeconomics and potentially vulnerable groups. Countries included in this category will change over time and in relation to our portfolio of operating companies.

To guide operating companies that are operating in volatile locations, we include specific information on respecting human rights in high-risk contexts in our global Human Rights Policy. We have also designed a set of 'Golden Principles' and corresponding actions and conducted workshops on how to operate in high-risk contexts.

In 2022, we developed and launched a Volatile Environments playbook. It provides clear guidance for operating companies on how to identify and navigate volatile circumstances in line with applicable standards and guidance from external experts. The playbook steers local action to understand context and impact, get to know and connect with stakeholders, develop governance structures and train employees.

We are now implementing action plans and will include new operating companies within the scope of the initiative should their environment become volatile or more volatile.

Security and human rights training

We have developed an operational framework that supports operating companies to maintain the safety and security of people and assets with respect for human rights at its centre.

We launched new trainings for security staff in line with the Voluntary Principles on security and human rights, focusing on operations in volatile environments. This training is designed to ensure security service providers have the knowledge and understanding to conduct daily tasks in compliance with international standards on security and human rights and with our policies regarding human rights and ethical conduct.

Trainings are in person and have now been conducted in five operating companies including Ivory Coast, Democratic Republic of Congo, Ethiopia, Burundi and Mozambique in 2021/2022. We aim to conduct further training in 2023.

Human rights supplier due diligence

Our impact on human rights can occur wherever and however we operate – including through the activities of our direct suppliers and their own suppliers.

We are committed to conducting business with integrity and fairness and with respect for people, the law and our values. We expect our suppliers to commit to responsible business conduct at all times. Our Supplier Code Compliance Procedure is implemented across all global operating companies.

In 2022, we teamed up with a new partner to enhance the procedure and began piloting an end-to-end third-party risk management platform to perform environmental, financial and human rights screening and due diligence for suppliers.

These structural changes to our third-party risk management aim to provide the foundation for better insights, data and supply chain transparency.

Creating systemic social change and improving labour conditions of workers in our value chain and around the world requires proactive collaboration with our suppliers and many other stakeholders. In 2022, we co-sponsored an AIM-Progress Supplier Capability Building event in Brazil. The focus was on health and safety, human rights due diligence, working hours, remuneration and benefits, water resilience and management of subcontractors.

Learn more about this topic on our website.

Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)

Taking action on climate risk

In April 2021, we announced our Brew a Better World 2030 strategy to raise the bar on HEINEKEN's environmental, social and responsible consumption ambitions. The strategy underpins our focus on climate action and translates our ambition into targets and action plans to reduce emissions, help restore healthy functioning watersheds and maximise the circularity of products and processes.

We are committed to following the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) which aim to advance global efforts to improve quality and consistency of climate-related information. We actively support the move to universal and comparable disclosures and see the TCFD recommendations as an important step towards fully embedding climate-related risks and opportunities into business risk management and strategy.

Why climate risk assessment is important for HEINEKEN and its stakeholders

Climate change is a global threat to humanity that will shape the way we do business in the coming decades. The Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report, published in 2021, states that human-induced climate change is causing dangerous and widespread disruption to nature and affecting the lives of billions of people, despite efforts to reduce the risks. Urgent action is required to avoid mounting loss of life, biodiversity and infrastructure. As highlighted by our most recent materiality assessment, climate change and its implications on our business are a material topic for HEINEKEN and its stakeholders.

In 2021, we set our greenhouse gas (GHG) emissions targets for 2030 in line with the goals of the Paris Climate Agreement and the IPCC report. These targets have been validated by the Science Based Targets initiative (SBTi). Our goal is to reach net zero emissions by 2040 across our value chain, 10 years ahead of the Paris Climate Agreement deadline. To drive progress, we set an interim target to reach net zero in scope 1 and 2 and reduce scope 3 emissions by 21% by 2030. Overall, this means we will aim to reduce absolute emissions across our value chain by 30% by 2030.

Our journey to net zero will be challenging, requiring co-ordinated action with suppliers, academics, customers and other stakeholders. As well as tackling our climate impacts, we will use our voice as a global company to influence public policy and help drive the transition to a low carbon future.

How HEINEKEN addresses climate risks and opportunities

Our road to net zero emissions represents a major transformation in the way we operate and means we must continuously evaluate our impact on climate change and how it affects us. Risk management is an inherent element of doing business at HEINEKEN and it is supported by strong governance. This includes addressing climate risks and opportunities as an integral part of EverGreen, our balanced growth strategy.

The Financial Stability Board's TCFD recommendations guide companies to provide clear and transparent disclosure of their governance, strategy, risk management, metrics and targets in relation to climate change risks, opportunities and action. We followed TCFD guidelines to identify relevant climate-related risks for our business. For the top three identified risks we assessed financial impact considering two global trajectories; one corresponds to the baseline goals of the Paris Climate Agreement to limit global temperature increase to 1.5°C compared to pre-industrial levels, while the other corresponds to the implications of a society failing to deliver enough decarbonisation efforts, leading to a global temperature increase of 3-4°C.

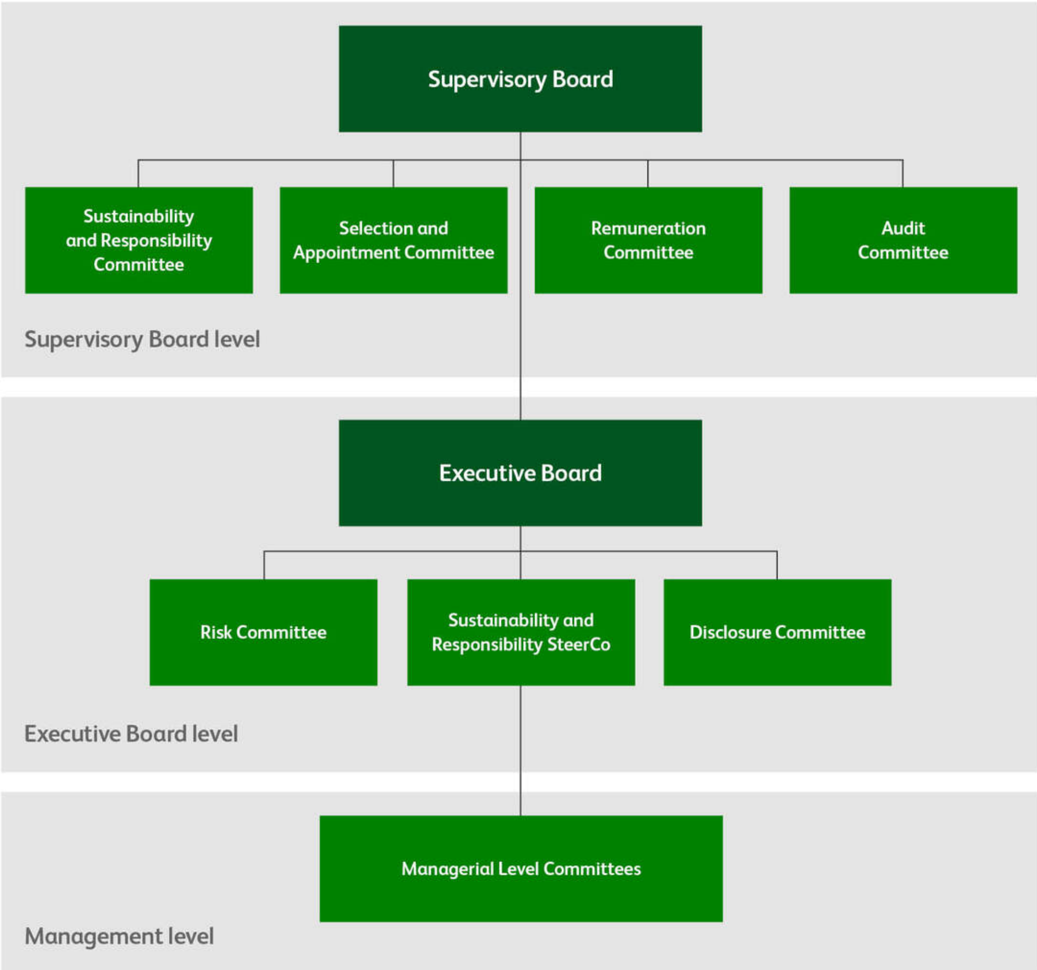
First year assessment

This is HEINEKEN's first TCFD-based analysis. Conclusions are based on high-level estimations and assumptions, given the uncertainties related to applied factors and evolving methodologies. Therefore, this year we reported financial impacts of selected climate-related risks qualitatively and comparatively to each other and not wider business risks.

Next steps for 2023 and beyond will include enhancing accuracy of impact assessments and integrating the actions of this analysis in our operational model and decision-making processes.

Climate-related risk governance

Strong governance for sustainability, which includes climate-related risk, is crucial for enabling success of our overall business strategy. Sustainability has been included as part of the Green Diamond, a 'North star' of the Company's EverGreen strategy and long-term value creation model, alongside top-line growth, profitability and capital efficiency. The broad range of sustainability issues, including identification and monitoring of climate risks, are embedded in HEINEKEN's governance. The governance bodies presented in the below overview are key forums where sustainability is discussed. Climate-related risks and other information are discussed by these bodies as and when required in the course of the Company's business.



Supervisory Board level committees

Supervisory Board

The role of the Supervisory Board is to supervise the management by the Executive Board as well as the general affairs of the Company and its affiliated enterprises. As part of this role, it has oversight of, amongst others, sustainability matters including climate risk.

The **Sustainability and Responsibility Committee** focuses on supervising the activities of the Executive Board with respect to environmental, social and responsible consumption matters. This includes a periodic review and evaluation of the Company's sustainability and responsibility performance and progress against its objectives, including climate risks. The Committee meets four times per year.

The **Audit Committee** supervises the activities of the Executive Board with respect to the publication of financial information and other areas like governance, risk management, non-financial reporting, and compliance with internal and external audit recommendations for these areas. The Committee meets at least twice a year.

The **Remuneration Committee**, meeting at least once a year, makes recommendations to the Supervisory Board on target setting, including for sustainability matters.

Executive Board level committees

Executive Board

The primary duties of the Executive Board are to initiate and set the corporate strategy and to manage the Company, including the sustainability strategy which is one of the Company's top priorities. Material climate-related topics are subject to approval by the Executive Board.

Executive Team

The role of the Executive Team in the sustainability area is to ensure effective implementation of our Brew a Better World strategy across the organisation. Several members of the Executive Team are members of the Executive Board level committees and the Managerial level committees.

The **Risk Committee**, chaired by the Chief Financial Officer (CFO), regularly reviews the group's risk assessment that summarises the Company's key risks, associated mitigating actions and monitoring activities. Climate risks are considered among the top risks. The Risk Committee meets three times per year.

The **Sustainability and Responsibility Steering Committee (S&R SteerCo)**, chaired by the CEO, is central to climate-related risk management across the organisation. The S&R SteerCo oversees the execution of the Brew a Better World agenda including delivery of the climate strategy and adequacy of response to identified climate risks. The SteerCo gathers at least every quarter.

The **Disclosure Committee** reviews and advises on material public disclosures, including TCFD reporting.

Topics considered by the Board committees in 2022 included, amongst others, our strategy, goals and performance on scope 1, 2 and 3 carbon emissions and water protection, related investment plans, climate-related risks and other TCFD implementation and disclosure aspects.

Managerial level committees

The **Carbon Steering Committee** informs the S&R SteerCo and reviews the progress of our net zero carbon programme towards set targets. The **Towards Healthy Watersheds Steering Committee** informs the S&R SteerCo and reviews the progress of our water programme towards set targets. Amongst other matters, the SteerCos consider the impact of climate-related risks and monitor progress through tracking tools and dashboards. The Carbon SteerCo gathers every six weeks. The Towards Healthy Watersheds Steering Committee gathers at least three times a year. The **CSRD Steering Committee**, which will focus on monitoring implementation of the upcoming EU CSRD/ESRS requirements, started its activities in February 2023.

We link targets to remuneration

In early 2022, following the proposal of the Remuneration Committee, the Supervisory Board proposed to align the remuneration policy of the Executive Board to the EverGreen strategy and our Brew a Better World strategy. The Annual General Meeting of Shareholders subsequently approved the introduction of ESG-related performance measures in the long-term incentive plan of the Executive Board in April 2022. Long-term incentive remuneration is tied to two environmental targets (on carbon and water usage) and one social target (on gender balance). The sustainability-tied part of the long-term incentive plan accounts for 25% and is linked to the performance over a three-year period. These targets are cascaded to the senior management community.

For further information on the corporate governance and remuneration please see pages 44–51 and 59–69

Strategy and climate-related risk management

How climate-related risks were identified

Identification and assessment of climate risks and their impacts is a new and complex exercise. To identify and assess the key risks, a dedicated task force team was set up. This included risk management specialists, internal and external subject matter experts and business strategy specialists. We performed scenario analysis following TCFD recommendations and analysed impacts of identified risks in line with our risk assessment methodology. Explanation of the methodology used for financial assessment of the three key climate-related risks is provided in the following sections of this report.

Based on the methodology applied and impact and likelihood analysis, we have added climate change in the risk management section of this report, highlighting carbon pricing, water stress and climate-related barley yield losses as the main elements.

The identified risk went through the established levels of approval as per the risk management governance (approved by the S&R SteerCo and the Risk Committee and reviewed by the Supervisory Board S&R Committee) and was included in our general risk management process.

How climate-related risks are managed

We continuously monitor and evolve our climate risk management and mitigating actions. Throughout the year, the Risk Committee reviews relevant risks to assess their potential impact on our business model, operations, performance, stakeholders, values and solvency or liquidity. Due to their specific and broad reaching nature, the identified climate-related risks are also regularly discussed at meetings of the S&R SteerCo and managerial level committees like Carbon and Towards Healthy Watersheds Steering Committees.

Climate risk management is integrated into our overall governance process to ensure we achieve our strategic GHG reduction goals and prepare for how climate change will impact our operations and value chain. A climate risk conscious approach is also being embedded in our ways of working, recognising that a proactive attitude towards managing climate risks is essential in our day-to-day operations to ensure delivery of our strategic objectives.

Due to the high uncertainty of climate factors, monitoring the significance of risk categories will be an ongoing process considering changes in external conditions and scenario assumptions. We will revise and update our detailed scenario analysis every two years and reassess identified climate risks annually. This scenario analysis and climate-related risk assessment may be conducted more frequently in the event of significant political and economic changes or a drastic change in climatic factors.

Read about the Company's Risk management framework on pages 34–39

How we used scenario analysis

We conducted our first detailed scenario analysis for climate risks following the TCFD guidance in 2022. When developing relevant scenarios based on the IPCC[1] and IEA[2] scenario models, we considered two climate scenarios, to test a full range of impacts:

- the global temperature increase of 1.5°C to preindustrial levels as the baseline goal of the Paris Climate Agreement; and
- the 3-4°C scenario reflecting the implications of a society failing to deliver enough decarbonisation efforts.

Every company selects its own time horizons for scenario analysis and must factor in the specifics of its operations and features of corporate governance and planning. For the purpose of the development of the two scenarios and the assessment of HEINEKEN's exposure and financial risk, we applied the long-term timeframes 2040 and 2050.

The scenarios were developed to assess HEINEKEN's exposure and financial risk in a structured way, through the following activities:

1. Scenario scoping was conducted by identifying macro-level driving forces. These can be described as underlying reasons of change and may relate to changes in technology, customer preferences, government interventions through regulation, competitor moves, and supplier or sourcing instabilities.
2. Forward-looking data from recognised scientific sources such as IPCC[1], IEA[2], NGFS[3], WRI[4] and FAO[5]. This includes climate models and projections which were used to inform the two scenarios.
3. PESTEL[6] analysis was performed to describe each of the dimensions for the two scenarios: political; economic; social; technological; environmental and legal.

Input from HEINEKEN's strategy, risk management and sustainability teams led to the selection of a range of risks for qualitative impact assessment, as presented in the charts on this page.

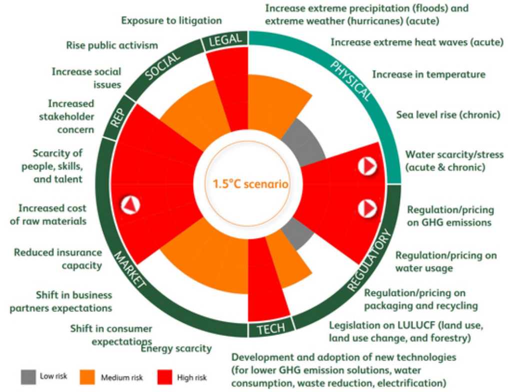
From the list of highly rated risks, we selected three most material risks for financial impact quantification based on the above-described scenarios. These three risks are related to:

- carbon pricing impact on value chain and own operations;
- water stress impact on own operations; and
- climate-related barley yield losses.

Other risks and opportunities identified as potentially relevant and material are monitored and will be further assessed during the next stages of our TCFD analysis.

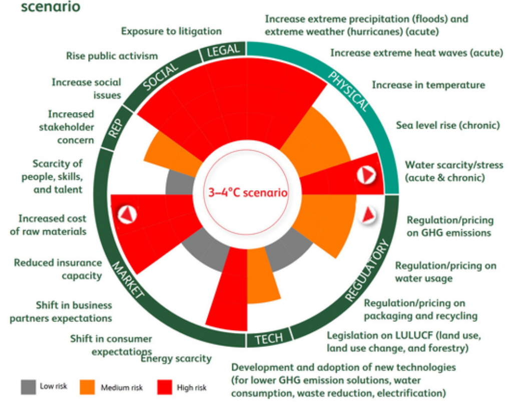
Risks for HEINEKEN in a 1.5°C scenario

Qualitative assessment of Heineken's risk exposure in a 1.5°C scenario



Risks for HEINEKEN in a 3-4°C scenario

Qualitative assessment of Heineken's risk exposure in a 3–4°C scenario



1 International Panel on Climate Change (IPCC).
2 International Energy Agency (IEA).
3 Network for Greening the Financial System (NGFS).
4 World Resources Institute (WRI).
5 Food and Agriculture Organization (FAO).
6 A PESTEL analysis is a strategic framework commonly used to evaluate the business environment in which a firm operates.

Climate-related risk assessment outcomes

A high-level assessment of gross financial implications of the three risks is presented below. This does not take into account mitigation strategies being implemented across the business and supply chains. Given the assumption-based approach and wide range of uncertainty on financial impact, we present results qualitatively. The financial impact overview in the table below shows the comparative impact of climate-related risks in relation to each other, not wider business risks. Going forward, we will deepen granularity and increase assessment accuracy of the financial implications of our ambition to transition to net zero by 2040 in line with the new SBTi[1] Net-Zero Standard.

Financial impact of climate-related risks, in relation to each other

	1.5°C scenario		3-4°C scenario		
Selected potential risks	**2040**	**2050**	**2040**	**2050**	**Risk drivers and assumptions**
Carbon pricing on supply chain and own operations Regulatory events to drive change in energy/supply costs	Higher	Higher	Medium	Higher	– Changing and more constricting regulations and (climate) ambitions could drive implementation of taxes or market schemes. This could translate into rising direct and indirect costs linked to carbon emissions, where the strongest impact would likely be on costs of sales linked to raw materials, production and distribution emissions. – Development of HEINEKEN's future GHG emissions in line with regular business growth. – Percentage of emissions subject to carbon pricing. For the purpose of the analysis, it is assumed that all emissions are covered. – Development of future carbon prices based on the IEA, IPCC and NGFS. – Extent of suppliers' cost increase passed on to the Company. In this first analysis we assumed that all costs are absorbed by HEINEKEN.
Water stress on own operations Price increase due to instability in supply and regulations	Higher	Higher	Higher	Higher	– Risks related to water may be experienced through exposure to water-related challenges – for example water scarcity, water stress, flooding, droughts – that may affect our manufacturing facilities' ability to supply water-based products due to lack of freshwater supply. – Development of HEINEKEN's future water footprint in line with regular business growth. – Development of future water prices based on water stress levels and maturity of different technological solutions. – Development of regulatory water usage restrictions during extended periods of extreme water stress and high seasonal variability (assumed that up to 100% of water usage is reduced for 14-30 days).
Climate-related barley yield losses Low yield to impact agri-commodity prices and volatility	Lower	Lower	Lower	Lower	– Elements of climate change such as increased temperature, extreme weather events and water scarcity are likely to impact barley yield. – While average yield losses are relatively limited, annual variability is expected to strongly increase. This could have an impact on price. – Future development of key commodity requirements against regular business growth. – Climate change crop yield factor: development of agricultural yield based on FAO and W. Xie et al. (2018) future projections. – Price response factor: direct 1:1 inverse relationship between crop yield and price.

Quantification approach

Carbon pricing

1. From desk research, obtain expected carbon pricing per scenario and regional breakdown[2].
2. Establish baseline carbon emissions.
3. Scale carbon emissions based on expected annual growth rate.
4. For each time horizon, scenario and country, calculate the gross financial impact on HEINEKEN business, based on the scaled emissions and carbon pricing outlooks. Scale according to emissions data coverage.

Water stress

1. From desk research, obtain baseline and expected changes in water stress and seasonal availability per site[3].
2. Establish baseline water requirements based on production volume and average water usage data, and business disruption value based on insurance data.
3. Scale water requirements based on expected annual growth rate.
4. Establish how change in water stress/seasonal variability drives changes in water pricing and operational disruption frequency.
5. For each time horizon, scenario and country, calculate the gross financial impact on HEINEKEN business, based on the scaled water requirements and water pricing outlooks, and business disruption occurrences and disruption values.

Barley yield

1. Establish baseline barley requirements based on sourcing data.
2. Establish baseline barley cost.
3. Scale barley requirements based on expected annual growth rate.
4. From desk research, calculate expected change in barley yield over time per climate scenario and supplier country[4].
5. Inversely apply percent change in yield to commodity price to calculate commodity price per year.
6. For each time horizon, scenario and country, calculate the gross financial impact on HEINEKEN business, based on the scaled barley needs and barley pricing outlooks.

1 Science Based Targets Initiative.
2 External data sources for carbon pricing include: IEA World Energy Report, Macro Drivers, IPCC Public Database (version 2.0), and NGFS Scenario Explorer.
3 External data sources for water risk include: World Resources Institute, Aqueduct Water Risk Atlas, IBNet Tariffs Database.
4 External data sources for barley yield loss include: FAO, Food and Agriculture projections to 2050 crop production, and Xie, W., Xiong, W., Pan, J. et al. Decreases in global beer supply due to extreme drought and heat.

Resilience to climate-related risks

Impact of carbon pricing

Carbon pricing, taxation and emissions trading schemes are anticipated to be the primary levers through which governments around the world will regulate emissions and incentivise decarbonisation. This will impact our business and value chain throughout the world, potentially increasing the price of (amongst others) raw materials, energy and equipment.

Key implications

– Prices within climate models account for direct taxation, regulatory measures and secondary market effects.
– Impacts are modelled on HEINEKEN's energy and supply costs.
– This assumes all sectors – including the agricultural sector which is largely exempt from carbon pricing schemes today – will be covered by carbon pricing schemes.
– The impact on HEINEKEN can be high in the 1.5°C scenario. Under this scenario, the strategic importance of delivering on our net zero strategy to mitigate carbon pricing impact is key.
– The main uncertainty of the 1.5°C scenario is whether agricultural emissions will be included in future carbon pricing schemes.

How the risk develops in two scenarios

1.5°C scenario:
– Steep carbon pricing of all activities across the value chain is used to incentivise businesses to meet 1.5°C goals.
– Price levels increase, ranging from €50 – 760/tonne[1], depending on the IPCC or IEA data source and region of emissions.

3–4°C scenario:
– Carbon pricing schemes differ regionally and prices remain low, with a smaller percentage of value chain activities covered by carbon pricing.
– Price levels range from €0 – 80/tonne[1] depending on data source and region.

Our strategy to address the impact of carbon pricing

We aim to be net zero across our value chain by 2040. To achieve this goal, we have set an intermediate target to reduce 30% of absolute emissions across our value chain by 2030, and we aim to reach net zero in scopes 1 and 2 also by 2030. To achieve these goals, we are optimising our beverage production processes and reducing energy consumption. We will replace our remaining energy demand using renewable sources for both electricity and thermal energy as much as possible. To reach 100% renewable electricity, we are adopting an array of on-site and off-site solutions – from solar, wind and hydro power to procuring Energy Attribute Certificates (EAC) in markets where we face challenges to signing Power Purchase Agreements (PPA). For thermal energy, we are developing roadmaps for investment in distinct technologies such as bioenergy (biomass, biogas, biomethane), heat pumps and solar thermal.

In parallel to reducing scope 1 and 2 emissions, we are working with suppliers to implement new capabilities, optimise processes and encourage them to set SBTi approved targets to reduce our scope 3 emissions across all categories. We have developed roadmaps with our top 16 operating companies for scope 3 emissions reduction including, amongst others, low carbon farming programmes, efficient fridge adoption, shift to low-emission vehicles and light weighting packaging.

We have financed a climate school for 40 of our strategic suppliers to educate them on GHG emissions, climate risk and science based targets. Finally, we collaborate with various platforms (RE100, BIER, The Climate Pledge) to move the sector towards decarbonisation. In Q4 2022, we reviewed our scope 3 strategy and identified focus areas to be implemented to reach our 2040 target, including supplier and customer decarbonisation, portfolio management and focus on specific markets.

We will follow the SBTi Net-Zero Standard, compensating for any residual carbon emissions we have not been able to reduce or replace as a last resort by investing in verified, high-quality carbon credits.

In addition to the above, we are a member and follow the guidance of the RE100 initiative to adopt a hierarchy of solutions that prioritises new assets.

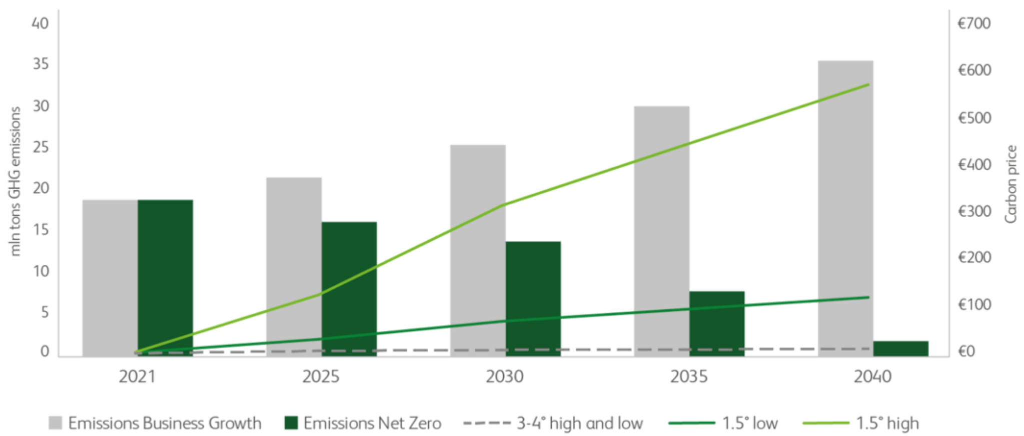
Gradually reducing our carbon footprint and introducing cutting-edge technologies will mitigate our impact on the environment and contribute to the goals set by the Paris Climate Agreement. It will also enhance our resilience to transitional risks such as the carbon cross-border tax and national quotas for GHG emissions.

For more information on our carbon initiatives, see pages 134–137

For information on Metrics we use to monitor our progress,see page 136

Development of emissions against average carbon prices

Forecast of carbon prices development towards 2040 mapped vs. reduction of carbon emissions in line with our net zero strategy goals, which aim to mitigate the carbon pricing risk impacts.



1 IEA World Energy Report, Macro drivers https://www.iea.org/reports/world-energy-model/macro-drivers
SSP Public Database (Version 2.0) https://tntcat.iiasa.ac.at/SspDb
NGFS Scenario Explorer https://data.ene.iiasa.ac.at/ngfs/

Resilience to climate-related risks

Impact of water risk

Periodic insufficient local water availability could lead to inability to meet operating demand for water at HEINEKEN locations, especially those in water-stressed areas. This is likely to limit our manufacturing sites' ability to produce products due to potential regulatory restrictions and prioritisation of water use for local communities during extreme drought periods. At the same time, water prices are likely to rise with increased levels of water stress in the form of taxes and tariffs to compensate for technologies to sustain freshwater supply, further impacting operating costs.

Key implications

- Insufficient local water availability during certain periods results in inability to meet operating demand at HEINEKEN's locations.
- Forced operational disruptions due to regulatory restriction of water use leads to loss of business revenue.
- Sudden increases in water prices in the form of taxes and tariffs push up operating costs.
- Physical water stress is expected to be worse in a 3-4°C scenario depending on locations (in general according to IPCC, wet regions will get wetter and dry regions drier).
- The combined water stress impact of financial and physical exposures is estimated to be higher globally in a 1.5°C scenario due to increasing international regulatory restriction on water use, expansion of water pricing mechanisms and extraction regulations.

How the risk develops in two scenarios

1.5˚C scenario:

- Nearly a fifth of HEINEKEN's sites (31) are currently exposed to water-stress.
- An increase in water-stressed sites is expected.
- Main impact is through the regulatory restrictions and access protection.

3–4˚C scenario:

- Water stress is expected to worsen under a 3–4°C scenario in some countries where we operate, based on the WRI Water Risk Aqueduct.

Our strategy to address water risk

We continue to focus on delivering our Towards Healthy Watersheds strategy to protect the watersheds from which we source our water and build resilience to water availability and pricing risks. Our ambition is to fully balance and replenish 100% of water used for our products back to the watershed by 2030 through multi-year water balancing activities and collective action in water-stressed sites. 26 of our 31 sites located in water-stressed areas have started watershed protection programmes with the aim to fully balance our water use in production by 2030. Our next steps will include deep-dive analyses for the significantly exposed countries identified based on a long-term outlook, assess the impact of climate change on water across our value chain and map water-stress exposure against mitigation actions. On pricing, we will conduct a true cost of water exercise to apply internal water pricing for investments, especially in water-stressed areas.

We anticipate that our future water withdrawal will increase, driven by organic and inorganic business growth. We will continue to drive water usage reduction by implementing good practices and treating our wastewater across our operations. In water-stressed areas, we manage risks through a combination of water usage, water circularity and water balancing to protect the overall watershed health.

We will continue our three-step water risk screening approach to understand watershed risks to support prioritisation of interventions and stakeholder engagement in water-stressed areas.

These are:

- Annual water security assessment by the local team.
- Risk screening every five years using tools such as the WRI Water Risk Aqueduct, and geospatial data mapping as an additional layer of information on watershed risks.
- Source Vulnerability Assessment, which is a detailed analysis of a watershed, its impact and possible solutions conducted by an independent third-party with hydrogeological experience.

All sites are assessed for physical water quantity risk, physical quality risk and regulatory and reputational risk. Datasets from the risk screening help us to shape a contextual approach when supporting watershed health and develop roadmaps for action through to 2030.

Strategic partnerships enable us to deliver Towards Healthy Watersheds: for example, we are part of the UNGC's CEO Water Mandate Water Resilience Coalition where we work together to identify collective action opportunities. We are also members of the Beverage Industry Environmental Roundtable (BIER) where we co-supported the development of industry guidance on water circularity.

In addition, we actively participate in several local water funds and alliances around the world, such as the Monterrey Metropolitan Water Air Fund (FAAMM) and the Indonesia Industry Water Coalition. We engage with suppliers of agricultural commodities ranging from barley, maize, apple and hops on water-related issues and request that our suppliers report on water use, risks and/or water-related management information through the Sustainable Agriculture Initiative Platform.

For more information on our water initiatives, see pages 139–140

For information on Metrics we use to monitor our progress, see page 140

Resilience to climate-related risks

Impacts of changes of barley yield

High quality agricultural commodities such as malting barley and hops are essential for the production of our beers. Negative climate impacts on agricultural yield and quality will affect agricultural commodity prices and market volatility, increasing our future cost of supply.

Key implications

- Barley represents 70% by volume of agricultural commodities in our supply chain. As a result, the quantification of risk and impact is mainly focused on barley.
- Increasing negative climate impacts on agricultural yields and quality may result from changes in precipitation, temperature and evapotranspiration.
- This could impact agricultural commodity prices and market volatility, increasing cost of supply for HEINEKEN.
- Most of the exposure to yield impacts on barley is concentrated in Europe and Latin America.
- While average yield losses are relatively limited, annual variability is expected to increase significantly, which could affect price.

How the risk develops in two scenarios

1.5˚C scenario:

- Increasing annual yield variability driven by climate change effects.
- Yield impacts fluctuate depending on sourcing country.
- Yield loss expected for some key sourcing countries.

3-4˚C scenario:

- Increased annual yield and quality variability driven by climate change effects compared to 1.5˚C scenario.
- Yield impacts vary in higher ranges per sourcing country.
- Yield loss and impact on quality in all main sourcing countries.

Our strategy to address impact on barley yield

Climate change impact differs per country. Based on our climate study, we have identified countries that benefit from moderate temperature increases and others which suffer a decline. In response to that, HEINEKEN takes a number of actions.

In our current barley-sourcing regions, we are developing low carbon farming practices to deliver our goal of a net zero value chain by 2040. HEINEKEN's Low Carbon Farming Programme (LCFP), launched in 2020, begins with pilot farms to test new practices, technologies and nature-based solutions to validate the impact. In most cases, we engage the farmers via our (processing) suppliers like maltsters. They advise farmers on different regenerative protocols (e.g. cover cropping, no tillage, organic matter use) and seeds/fertilisers that can be used. The farmers decide which protocols to apply, so they are in the lead of their farming and harvesting process. In 2022, we worked on more than 200 projects globally, including in Mexico, Brazil, France, UK, Ireland and Australia. Pilots in 2021 show a 25% CO_2 emissions reduction and 40% increase in CO_2 sequestration.

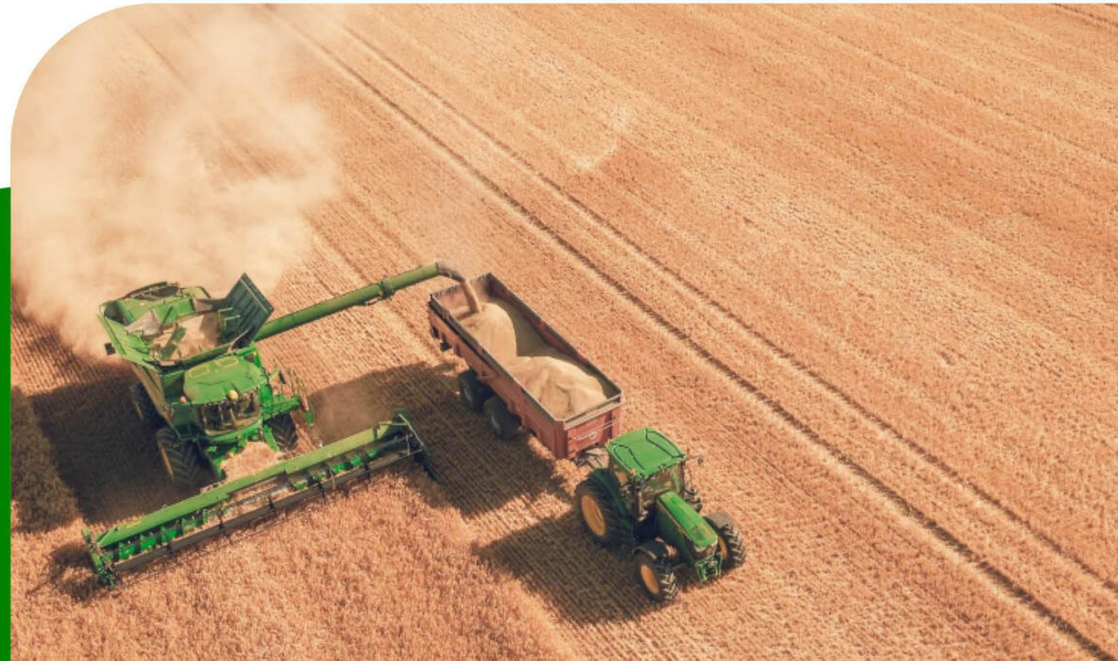
These measures bring us closer to regenerative agriculture initiatives which will cover wider areas such as water, biodiversity, soil health and farmer livelihoods.

We source barley from geographies including Western Europe, Central and Eastern Europe, UK, Scandinavia, Australia, USA, Argentina, Mexico, Brazil and others. This brings flexibility to our supply chain which helps mitigate climate impacts globally. We are partnering with one of the leading research institutions in this field to assess the physical climate change risk for barley growing areas globally up until 2050, with deep-dive assessments in Europe and the Americas. Using an advanced cropping systems model and tailored crop, water and soil parameters, we are able to identify the risk of yield reductions and opportunities for the development of new barley sourcing areas. Developing responsible agricultural supply chains to increase our volumes of sustainable raw materials is a key priority for growing our business and a crucial lever for reducing our carbon footprint.

One of the targets of our Brew a Better World strategy is that 100% of our main ingredients – hops and barley – will be sustainably sourced by 2030. We aim to achieve this by increasing our support to suppliers and committing to higher agricultural standards. We base our standards for sourcing sustainably cultivated crops on the globally recognised Sustainable Agriculture Initiative Platform. This requires 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.

For more information on our barley initiatives see page 137

For information on metrics we use to monitor our progress, see page 137



Evolving our approach

We believe that adopting the TCFD recommendations will help HEINEKEN to provide its stakeholders with robust information on climate-related risks and how we are managing them in the short, medium and long term. We are also embedding a climate-conscious approach to key decision-making processes, especially those that involve significant investment such as the development of greenfield projects.

We will continue to develop our assessment of climate change-related risks and opportunities, enhance the quality of our scenario modelling and impact quantification, and further embed our approach to risk management and mitigation throughout HEINEKEN. The wide geography of our operations means it is crucial to monitor and analyse climate change impacts at regional and country levels.

One of our main goals is to make climate change-related risk and opportunity management an integral part of our operational model across our global organisation. This is a constantly evolving process with the quantification of financial impact and methodologies, which are being continually refined. We will actively engage in discussions with internal and external stakeholders and experts to develop our understanding of climate risks, support action and inform decision-making as we progress towards our 2040 ambitions.

Disclaimer

This disclosure is focused on climate-related risks and opportunities following the recommendations of the TCFD.

This disclosure contains forward-looking statements based upon current expectations, high-level estimations and assumptions regarding anticipated developments and other factors and focuses its scope on key risks. These forward-looking statements and resulting scenario analyses are based on both publicly available and internal information and are intended to estimate the circumstances of HEINEKEN. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future, as this is subject to risks and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements and scenario analyses.

Many of these risks, expectations and uncertainties relate to factors that are beyond HEINEKEN's ability to control or estimate precisely, such as future market and economic conditions, the behaviours of other market participants, changes in consumer preferences, costs of raw materials, interest-rate and exchange-rate fluctuations, changes in tax rates, changes in law, the actions of government regulators and physical impacts of climate change.

No one should act on or place undue reliance on such information, which speaks only as of the date of this Annual Report, without appropriate professional advice after a thorough examination of a particular situation. HEINEKEN aims to evolve its disclosures in the future to provide meaningful information to stakeholders by adapting it to new facts and regulation impacting the changing climate landscape.

World Economic Forum core metrics and disclosures

Measuring stakeholder capitalism

We continually monitor and respond to developments in reporting standards and regulations to improve our reporting. HEINEKEN was one of the initial endorsing companies of the World Economic Forum (WEF) Stakeholder Capitalism Metrics. The metrics are a set of universal, comparable disclosures focused on people, planet, prosperity and governance that companies can report on, regardless of industry or region. We provide an overview of our disclosures based on the Stakeholder Capitalism Metrics in the following pages.

Read more on WEF Measuring stakeholder capitalism

Principles of Governance	Core metrics	Disclosures
Governing purpose	**Setting purpose** The company's stated purpose, as the expression of the means by which a business proposes solutions to economic, environmental and social issues. Corporate purpose should create value for all stakeholders, including shareholders.	Our Purpose and Values are presented in our strategy, EverGreen.
Quality of governing body	**Governance body composition** Composition of the highest governance body and its committees by: competencies relating to economic, environmental and social topics; executive or non-executive; independence; tenure on the governance body; number of each individual's other significant positions and commitments, and the nature of the commitments; gender; membership of under-represented social groups; stakeholder representation.	See the 'Corporate Governance statement' and 'Report of the Supervisory Board' for the composition and description of HEINEKEN's governance bodies.
Stakeholder engagement	**Material issues impacting stakeholders** A list of the topics that are material to key stakeholders and the company, how the topics were identified and how the stakeholders were engaged.	See the section 'Stakeholder engagement and materiality', which describes how we engage with stakeholders and how we analyse and identify material issues.
Ethical behaviour	**Anti-corruption** 1. Total percentage of governance body members, employees and business partners who have received training on the organisation's anti-corruption policies and procedures, broken down by region. a. Total number and nature of incidents of corruption confirmed during the current year, but related to previous years; and b. Total number and nature of incidents of corruption confirmed during the current year, related to this year. 2. Discussion of initiatives and stakeholder engagement to improve the broader operating environment and culture, in order to combat corruption.	1. Almost 10,000 of our employees received anti-bribery training in 2022. Our Company's anti-corruption policies (which not only cover bribery but also other topics such as conflicts of interest, fraud, money laundering and gifts, entertainment and hospitality) are also addressed in our annual Code of Business Conduct training, which was completed by almost 81,000 employees in 2022. Incidents of corruption are investigated and remedied as part of our Speak Up framework. See the section 'Foundation – Responsible business conduct' for details of our anti-bribery and Speak Up framework. 2. For initiatives and actions our anti-bribery framework refers to the section 'Foundation – Responsible business conduct'.
	Protected ethics advice and reporting mechanisms A description of internal and external mechanisms for: 1. Seeking advice about ethical and lawful behaviour and organisational integrity; and 2. Reporting concerns about unethical or unlawful behaviour and lack of organisational integrity.	1. Description of the Company's mechanisms and procedures that provide advice about ethical behaviours is presented in the section 'Foundation – Responsible business conduct'. 2. Details of our Speak Up framework, our mechanism for reporting concerns about unethical behaviour, are presented in the section 'Foundation – Responsible business conduct'. For more details on our Speak Up policy and procedures, see our website.

World Economic Forum core metrics and disclosures

Principles of Governance	Core metrics	Disclosures
Risk and opportunity oversight	**Integrating risk and opportunity into business process** Company risk factor and opportunity disclosures that clearly identify the principal material risks and opportunities facing the company specifically (as opposed to generic sector risks), the company appetite in respect of these risks, how these risks and opportunities have moved over time and the response to those changes. These opportunities and risks should integrate material economic, environmental and social issues, including climate change and data stewardship.	See a description of our risk management process, key company-specific risks and opportunities and risk response in the section 'Risk Management'. Our key risks integrate material economic, environmental and social issues, including impacts of climate change, information security and data privacy.

Planet	Core metrics	Disclosures
Climate change	**Greenhouse gas (GHG) emissions** For all relevant greenhouse gases (e.g. carbon dioxide, methane, nitrous oxide, F-gases etc.), report in metric tonnes of carbon dioxide equivalent (tCO_2e) GHG Protocol scope 1 and scope 2 emissions. Estimate and report material upstream and downstream (GHG Protocol scope 3) emissions where appropriate.	Net zero carbon emissions is one of key pillars of HEINEKEN Brew a Better World 2030 strategy. For details of the programme and current results, see the section 'Reach net zero carbon emissions'. Refer to HEINEKEN CDP Climate 2022 report for further details on our carbon performance.
	TCFD implementation Fully implement the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). If necessary, disclose a timeline of at most three years for full implementation. Disclose whether you have set, or have committed to set, GHG emissions targets that are in line with the goals of the Paris Climate Agreement – to limit global warming to well below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C – and to achieve net zero emissions before 2050.	We are committed to following the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) which aim to advance global efforts to improve quality and consistency of climate-related information. See the section 'Task Force on Climate-related Financial disclosures' for disclosures related to TCFD recommendations.
Nature loss	**Land use and ecological sensitivity** Report the number and area (in hectares) of sites owned, leased or managed in or adjacent to protected areas and/or key biodiversity areas (KBA).	We are in the process of developing our biodiversity and land use programmes. Current actions are focused on water stewardship and agriculture playing a highly important role in our value chain. For the water stewardship programme, see the section 'Towards healthy watersheds'. Among focus areas of our sustainable agriculture strategy are: – Land use change impact, better accountability and related CO_2 reduction strategy. – A regenerative agriculture strategy that will progressively bring to the next level our starting Low Carbon Farming programme, by incorporating more holistic agriculture key performance indicators close to carbon, such as water and biodiversity.

World Economic Forum core metrics and disclosures

Planet	Core metrics	Disclosures
Freshwater availability	**Water usage and withdrawal in water-stressed areas** Company risk factor and opportunity disclosures that clearly identify the principal material risks and opportunities facing the company specifically (as opposed to generic sector risks), the company appetite in respect of these risks, how these risks and opportunities have moved over time and the response to those changes. These opportunities and risks should integrate material economic, environmental and social issues, including climate change and data stewardship.	Supporting healthy watersheds is a key strategic priority of our Brew a Better World 2030 strategy. See the section 'Towards healthy watersheds' for details and current results of our water stewardship strategy. We are in a process of assessing our average water usage across the value chain, closely working with our suppliers. In the meantime: – We work with suppliers that comply with the Sustainable Agriculture Initiative platform (SAI), an organisation of multinational food companies working towards a more sustainable food chain. The Farm Sustainability Assessment (FSA) framework aims to assess, improve and validate on-farm sustainability in our supply chain, including such areas of water management as water management practices, irrigation methods, fertiliser management and soil pollution. – In 2022, 73% of our barley and 96% of our hops came from sustainable sources. Overall, 67% of our raw materials came from sustainable sources. – In 2021, we conducted global water risk screening in key sourcing areas by working with our suppliers. In 2022, we communicated the outcomes to suppliers to build awareness, especially in locations that are potentially water-stressed. We will conduct one-to-one sessions with suppliers in water-stressed areas to share best practice guidance on water risk management. Refer to HEINEKEN CDP Water 2022 report for further details on our water strategy and actions.

People	Core metrics	Disclosures
Dignity and equality	**Diversity and inclusion (%)** Percentage of employees per employee category, by age group, gender and other indicators of diversity (e.g. ethnicity).	As a part of our inclusion and diversity strategy, we monitor the composition of our workforce by gender and nationalities, both at senior management level and for the total workforce. Gender and cultural diversity are focus areas within our Brew a Better World 2030 strategy. See the section 'Embrace inclusion and diversity' for more details.

Percentage of employees by gender:

Women	24% of total workforce and 27% of senior management
Men	76% of total workforce and 73% of senior management
Other	0.1% of total workforce and 0% of senior management

Percentage of employees by nationalities:

Europe	31% of total workforce and 62% of senior management
The America's	43% of total workforce and 18% of senior management
Africa, Middle East & Eastern Europe	14% of total workforce and 11% of senior management
Asia Pacific	12% of total workforce and 9% of senior management

Percentage of employees by age:

Under 30 years old	21% of total workforce
30 to 50 years old	63% of total workforce
Above 50 years old	16% of total workforce

World Economic Forum core metrics and disclosures

People	Core metrics	Disclosures
Dignity and equality continued	**Pay equality (%)** Ratio of the basic salary and remuneration for each employee category by significant locations of operation for priority areas of equality: women to men, minor to major ethnic groups, and other relevant equality areas.	By 2023, ongoing assessments and actions will be in place to close any pay gaps between female and male colleagues. Action plans will focus on improving equal pay and gender representation, opportunity for promotion and gender balance in management teams. In 2022, we continued to assess the progress across all our operating companies to track and monitor improvements on the path to equal pay for equal work. By the end of 2022, 100% of operating companies have been assessed and 100% have action plans in place. See the section 'A fair and safe workplace' for further equal pay strategy information.
	Wage level (%) Ratios of standard entry level wage by gender compared to local minimum wage. Ratio of the annual total compensation of the CEO to the median of the annual total compensation of all its employees, except the CEO.	One of the key goals of our Brew a Better World 2030 strategy is to ensure all our employees worldwide earn at least a fair wage. A fair wage is often higher than the minimum wage and should be sufficient for a decent standard of living, covering the basic needs of the employee and him/her family from food, housing and education to healthcare, transportation and some discretionary income and savings. Data on what constitutes a fair wage around the world is obtained through the Fair Wage Network, an independent NGO. We assess wages across all operating companies against the Fair Wage Network annually. Our aim is to close any wage gaps by the end of 2023, we started with operating companies in developing countries where the challenges are the greatest. In 2022, we re-assessed operating companies in scope in Asia Pacific, Africa Middle East & Eastern Europe and the Americas. Companies in Europe were assessed for the first time. We have identified fair wage gaps for our direct employees in seven operating companies since 2021 and have closed these gaps in five. 99,96% of direct employees across all HEINEKEN operating companies now earn at least a fair wage. See the section 'A fair and safe workplace' of our Sustainability review, for more information. For the ratio of total annual compensation of CEO to median annual total compensation see the section 'Remuneration Report'.
Health and well-being	**Risk for incidents of child, forced or compulsory labour** An explanation of the operations and suppliers considered to have significant risk for incidents of child labour, forced or compulsory labour. Such risks could emerge in relation to: a. type of operation (such as manufacturing plant) and type of supplier; and b. countries or geographic areas with operations and suppliers considered at risk.	Respect for people's dignity and human rights is a foundation of how we do business. We follow the UN Guiding Principles on Business and Human Rights. Our Code of Business Conduct, Human Rights Policy and Supplier Code guide us to understand, avoid and address human rights-related risks around the world, supported by a robust due diligence process. We consider suppliers that are producing goods or providing services in certain geographies as potentially high risk for incidents of child or forced labour based on indexes such as Fragile State Index, Global Resilience Index, Global Slavery Index and Child Labour Human Development Index. On top of that, we consider suppliers that are producing certain goods or providing certain services as potentially high risk for incidents of child or forced labour. For example, suppliers of merchandise materials or temporary labour. Our Supplier Risk Management process would flag these suppliers for further screening and due diligence process. See the section 'Foundation – Respecting human rights' for more detail on our Supplier Risk management programme.

World Economic Forum core metrics and disclosures

People	Core metrics	Disclosures
Health and well-being continued	**The number and rate of fatalities as a result of work-related injury** The number and rate of fatalities as a result of work-related injury; high-consequence work-related injuries (excluding fatalities); recordable work-related injuries; main types of work-related injury; and the number of hours worked.	One of the key goals of our Brew a Better World 2030 strategy is to create leadership capacity to drive zero fatal accidents and serious injuries at work shifting our focus from an accident-based approach to building capacity for identifying and mitigating potential risks. See the section 'A fair and safe workplace' for 2022 data and details of our strategy.
	Access to non-occupational medical and healthcare services An explanation of how the organisation facilitates workers' access to non-occupational medical and healthcare services, and the scope of access provided for employees and workers.	We have more than 400 health professionals worldwide, based on more than 100 on-site HEINEKEN clinics in 25 different countries, to ensure our employees can access a wide and extensive health network. They provide care, early diagnosis, treatment, and recovery at all levels: primordial, primary, secondary, tertiary and quaternary (including remote areas within Africa, Middle East & Eastern Europe). Our employees and dependants have access to broad medical services, such as screening and lab tests, medicines and pharmacy, health benefits, disease prevention and health promotion projects (such as HIV, malaria, COVID-19), health trainings and educations. They also have access to a vast and extensive health services network, available through our local partnerships and insured by qualified private health insurance companies. HEINEKEN also provides world class international evacuating and treatment to expats, business travellers, local employees and dependants when the medical condition of a person cannot be safely and effectively treated in the country of employment or travel.
Skills for the future	**Training provided** Average hours of training per person that the organisation's employees have undertaken during the reporting period, by gender and employee category (total number of hours of training provided to employees divided by the number of employees). Average training and development expenditure per full time employee (total cost of training provided to employees divided by the number of employees).	We embrace the learning and growth of our employees, teams and organisation. Investing in the training and development of our people is a core priority. We follow the 70-20-10 approach recognising that around 70% of what people learn comes through the experience and practice of doing their jobs, 20% through engagement, networking and dialogue, and 10% through formal learning and training. In 2022, overall our employees received over 740,000 formal training hours. Our direct spend on the formal training was €31 million.

Prosperity	Core metrics	Disclosures
Employment and wealth generation	**Absolute number and rate of employment** 1. Total number and rate of new employee hires during the reporting period, by age group, gender, other indicators of diversity and region. 2. Total number and rate of employee turnover during the reporting period, by age group, gender, other indicators of diversity and region.	In 2022, almost 23,000 new employees joined HEINEKEN operating companies across the globe (27% of the total workforce). The total number of employee turnover was also almost 23,000 employees (27% to the total workforce).

World Economic Forum core metrics and disclosures

Prosperity	Core metrics	Disclosures
Employment and wealth generation continued	**Economic contribution**	

Core metrics

Economic contribution

1. Direct economic value generated and distributed (EVG&D), on an accruals basis, covering the basic components for the organisation's global operations, ideally split out by:
   - Revenues
   - Operating costs
   - Employee wages and benefits
   - Payments to providers of capital
   - Payments to government
   - Community investment

Disclosures

1. Direct economic value generated and distributed in 2022, € million:

Revenues	34,676	Consolidated Income Statement, Note 6.1
Operating costs: Raw materials, consumables and services	(18,618)	Consolidated Income Statement, Note 6.3
Operating costs: Amortisation, depreciation and impairments	(1,886)	Consolidated Income Statement, Note 6.6
Employee wages and benefits	(4,079)	Consolidated Income Statement, Note 6.4
Payments to capital providers: interest expenses	(458)	Consolidated Income Statement, Note 11.1
Payments to capital providers: dividend payments[1]	(840)	Note 11.4 Capital and Reserves
Payments to government: CIT expenses	1,131	Consolidated Income Statement, Note 12.1
Excise tax expense	(5,957)	Consolidated Income Statement, Note 6.1
Community investment (CSI)	5,5	Section 'Positive impact in our communities'

Core metrics

2. Financial assistance received from the government: total monetary value of financial assistance received by the organisation from any government during the reporting period.

Disclosures

Financial assistance reported in 2021 included mainly government grants related to COVID-19 (furlough arrangements), which are no longer reported.

Core metrics

Financial investment contribution

1. Total capital expenditures (CapEx) minus depreciation, supported by narrative to describe the company's investment strategy.

Disclosures

1. Total capital expenditures (CapEx) minus depreciation in 2022, € million:

CapEx related to Property, Plant and Equipment (PP&E)	(1,791)	Consolidated Statement of Cash Flows
Depreciation on PP&E	(1,310)	Note 8.2 Property, Plant & Equipment
CapEx minus Depreciation	481	

Our EverGreen strategy has been built on our value creation model, which we call the Green Diamond. This value creation model puts growth, profit and capital on equal footing with sustainability and responsibility. Refer to the section 'Our EverGreen strategy' for further details.

Core metrics

2. Share buybacks plus dividend payments, supported by narrative to describe the company's strategy for returns of capital to shareholders.

Disclosures

2. Share buybacks plus dividend payments in 2022, € million:

Share buybacks	(43)	Consolidated Statement of Cash Flows
Dividend payments	(840)	Note 11.4 Capital and Reserves[1]

1 Dividend payments are reported on a cash basis and relate to dividend payments to HEINEKEN N.V. shareholders. Dividend payments to minority shareholders of subsidiaries are excluded.

For a description of the Company Strategy for returns of capital to shareholders see the section 'Shareholder Information'/'Dividend Policy'.

World Economic Forum core metrics and disclosures

Prosperity	Core metrics	Disclosures
Innovation of better products and services	**Total R&D expenses** Total costs related to research and development.	**Expenses related to Research and Development in 2022, € million:** Consumer research, Brand development and Business innovation: 39 R&D in Digital & Technology: 154 Refer to the sections 'Shape the future of beer and beyond' and 'Become the best-connected brewer' for more details on our commerce and technology innovation strategy.
Community and social vitality	**Total tax paid** The total global tax borne by the company, including corporate income taxes, property taxes, non-creditable VAT and other sales taxes, employer-paid payroll taxes, and other taxes that constitute costs to the company, by category of taxes.	See details of the total tax paid in the section 'Sustainable and transparent tax strategy'.

Other climate-related disclosures

Other climate-related disclosures

The EU Taxonomy Regulation

The EU Taxonomy Regulation, adopted by the European Commission on 4 June 2021, is a classification system which defines a list of environmentally sustainable economic activities intended to provide a common language to identify to what degree economic activities can be considered environmentally sustainable. The EU taxonomy is divided into six objectives:

1. Climate Change Mitigation (CCM);
2. Climate Change Adaptation (CCA);
3. Sustainable and protection of water and marine resources (Water);
4. Pollution prevention and control (Pollution);
5. Protection and restoration of biodiversity and ecosystems (Biodiversity); and
6. Transition to a circular economy (Circularity).

For each of these objectives, companies should assess if their economic activities are in scope. For HEINEKEN, this means assessing if the primary revenue generating activities (brewing and selling of beer and cider) are in scope of one or more of the six objectives. For activities in scope, HEINEKEN is required to report on how much of its turnover, CAPEX and OPEX is in scope, or 'eligible', and how much is considered 'aligned' with the EU Taxonomy. For an activity to be considered aligned, it should make a substantial contribution to one or more of the EU's environmental objectives, providing it does not do significant harm (DNSH) to the other objectives and complies with the minimum safeguards.

CCM and CCA are in scope for reporting under the EU Taxonomy Regulation in 2022. The four remaining objectives are expected to come into effect in 2023. This will result in additional disclosures for HEINEKEN in the coming years. Based on analysis of the draft documents available for the four remaining objectives (as published by the Platform on Sustainable Finance in March 2022, Part A and B), we conclude that HEINEKEN's main revenue-generating activity is in scope for 'Biodiversity' and 'Circularity'. Based on this initial screening, 'Circularity' is expected to be most relevant for HEINEKEN.

Climate change mitigation and climate change adaptation

We concluded that the main revenue generating activity of HEINEKEN is not included in the current parts of the regulation (CCM and CCA). Other activities were excluded from the analysis as these are considered immaterial. Refer to the table below for the share of eligible and non-eligible activities under CCM and CCA.

	Share of eligible activities*	Share of non-eligible activities*
Turnover	0%	100%
CAPEX	0%	100%
OPEX	0%	100%

* As HEINEKEN does not have any eligible activities, we are not using the full table as prescribed in article 2 paragraph 2 (EU regulation 2021/2178).

Assumptions applied in our eligibility analysis

The regulation is still being developed and there is limited market practice and guidance available on how to apply and report on the EU Taxonomy at this time. This may lead to different interpretations, assumptions and disclosures by companies.

The key assumptions applied by HEINEKEN are:

– An activity is in scope of the eligibility reporting if the activity is revenue-generating. Other non-revenue generating activities mentioned in the regulation, such as transportation and acquisition of new buildings, are not considered eligible.

– CAPEX or OPEX are only reported for Taxonomy-eligible and Taxonomy-aligned activities.

Net zero carbon emission strategy

As part of Brew a Better World, we aim to reach net zero carbon emissions in scope 1 and 2 in 2030 and in scope 1, 2 and 3 in 2040.

Power Purchase Agreements (PPAs) and Energy Attribute Certificates (EACs) are an important part of our sourcing strategy to contract renewable energy and drive progress towards our net zero emissions ambitions in scope 1 and 2. While these steps contribute in decreasing our carbon emissions in scope 1 and 2, they are not part of the KPIs as reported under the EU Taxonomy.

The biggest part of our carbon footprint lies in our value chain beyond our owned production sites (scope 3). Any measures taken to reduce the carbon footprint in our value chain are also out of scope of the KPIs as reported under the Taxonomy.

More information on our net zero strategy and measures can be found on pages 134–137

The Corporate Sustainability Reporting Directive (CSRD)

The Corporate Sustainability Reporting Directive (CSRD) was adopted by the European Parliament on 10 November 2022 and published in the Official Journal on 16 December 2022.

Its purpose is to increase transparency on environment, social affairs and governance matters across companies. This should help to improve consistency and comparability in sustainability reporting and drive the quality of reporting against sustainability matters to the level achieved in financial reporting. It further promotes investment that supports the transition to a sustainable economy in line with the European Green Deal.

The CSRD will come into effect for HEINEKEN as of 1 January 2024 and will require limited assurance in the 2024 Annual Report (filed in 2025).

The introduction of CSRD will significantly increase our disclosure requirements, as provided in the European Sustainability Reporting Standards (ESRS). The first set of ESRS were submitted by the European Financial Reporting Advisory Group (EFRAG) to the European Commission in November 2022. The European Commission is expected to adopt the final standards in June 2023.

We are carrying out CSRD implementation activities towards CSRD compliance. This includes conducting a gap assessment of disclosure requirements on the April 2022 Exposure Drafts, developing an implementation roadmap and starting the process for carrying out a double materiality assessment.

As the CSRD will have a broad organisational impact, including on governance, strategy, systems, processes and controls, a cross functional team will manage the CSRD implementation.

Reporting basis of non-financial indicators

We see it as imperative to integrate our Brew a Better World performance in our Annual Report and provide independent confirmation that the information in this report is reliable and accurate. As a result, Deloitte provides limited assurance on the most important non-financial indicators. This section provides an overview of the reporting scope, key definitions and measurement principles related to our Brew a Better World 2030 KPIs.

Reporting period and operating companies in scope

The non-financial indicators in this report cover the performance of all HEINEKEN consolidated entities from 1 January 2022 up to and including 31 December 2022, unless otherwise stated. The scope of entities included in the reporting is equal to the basis of consolidation as per our financial statements, unless otherwise stated. Refer to note 5 General accounting policies sub (a) of the financial statements for the consolidation principles and note 13.4 for the list of our significant subsidiaries.

Deviations from the reporting scope depend on the nature of each indicator and exceptions and limitations are explained per each indicator below. Units (countries, sites, suppliers, brands, etc.) which, for specific reasons, received formal derogations for compliance are excluded from the indicator reporting scope.

New acquisitions and greenfield breweries are included in the consolidated reporting after the first full calendar year of operation. In 2022, there were no significant acquisitions or disposals (refer to note 10.1 Acquisitions and disposals of subsidiaries and non-controlling interests). UBL, as acquired in 2021, will be included in the BaBW reporting in a phased approach. In the 2022 reporting some KPIs do not yet include data of UBL. In the definitions per KPI on the next pages it is indicated in the scope section which KPIs are not yet including UBL.

Indicators in scope

The content of this report is based on material aspects for our Company and stakeholders and is directly linked to our Brew a Better World (BaBW) strategy and 2030 goals. We have selected non-financial KPIs that are most material, based on the following criteria:

- The KPI is a BaBW goal or a new target we publicly disclose;
- The KPI is not related to a target but is part of a BaBW focus area and seen as important by our stakeholders; and/or
- The combination of KPIs should give a balanced, high level overview of our progress in 2022.

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

As a part of the HEINEKEN Risk management process, we assess main risks that could hinder HEINEKEN in achieving its strategy and business objectives. This process includes identifying Environmental, Social and Governance (ESG) risks. These main risks are included in this report (see the Risk Management section).

Reliability and accuracy of data

We have processes governing the collection, review and validation of non-financial data included in this report at both local operating company and global level. We apply uniform definitions and instructions for reporting purposes to improve the accuracy and comparability of data. Where possible, standard or automated calculations and validity checks are built into systems to minimise errors. The Global Sustainable Development team consolidates, analyses and further communicates data reported by operating companies and global functions on a quarterly basis and in the Annual Report. Subject matter experts are involved at various levels to validate and challenge the data and process. We are continuously strengthening our data collection processes and underlying controls.

Our operating companies and data owners report fairly and in accordance with agreed procedures and instructions. However, it is not possible to ascertain full completeness and accuracy of data contained in our report. Operating companies are at different stages of maturity with regards to data collection and reporting processes. Where we have concerns, we highlight them in the report. HEINEKEN's internal audit function, Global Audit, is involved in the annual review of the non-financial reporting process, including the quality of control processes at various levels and data ownership. Deloitte provides limited assurance on the indicators as described in detail in the Assurance report of the independent auditor.

Definitions per indicator

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

'Production site' is used in various KPIs and refers to breweries, cider plants, soft drink plants, malteries, water plants and combinations of these at which malt, beer, cider, soft drinks, water or wine are produced. Production sites are only included when these are part of a consolidated entity.

The tables below provides more information on definitions scope, measurement criteria and reporting assumptions per reported indicator.

Reporting basis of non-financial indicators

Environmental – Reach net zero carbon

Reach net zero in scope 1 and 2 by 2030	
Key performance indicator	Metric tonnes of CO_2-equivalent (CO_2-eq) emissions.
Baseline	– 2018 – Baseline changes are implemented according to the GHG protocol.
Measurement/units	– Tonnes of CO_2-eq emissions (in metric tons). – % of CO_2-eq emissions reduction in production in the year compared to the CO_2-eq emissions in production in 2018.
Key Definitions	– To calculate the CO_2-eq emissions, the GreenHouseGas (GHG) protocol is used, Corporate reporting scope 1 and 2 methodology. – Formula: Volume produced (MioHL) x Energy used (MJ/MWh) x Energy Emission factor (MJ/MWh into CO_2-eq). Energy Emission factor: converts energy to carbon, depending on the type of energy and related emissions. The energy emission factor is based on the IEA (International Energy Agency, w.iea.org/) for grid electricity, Defra (Department for Environment, Food & Rural Affairs, UK) for biofuels and IPCC 2006 report for fossil fuels. – Net zero as defined by SBTi Net-Zero Standard means reducing CO_2eq (GHG) emissions to zero, or to a residual level, and compensating the residual emissions with a maximum of 10% of emissions. – CO_2-eq emissions: this includes emissions caused by direct emissions from combustion of fuels, indirect emissions from imported (purchased) heat and electricity, and emissions from refrigerant losses. – The production sites represent 90% of scope 1 and 2 emissions. By reaching 0 emissions in production, HEINEKEN will decrease its scope 1 and 2 emissions by 90% in line with its science based targets.
Scope	All production sites of consolidated entities.

Reporting basis and governance of non-financial indicators

Reduce scope 3 emissions by 21% by 2030
Reduce emissions across our value chain (scope 1, 2 and 3) by 30% by 2030
Reach net zero across our value chain by 2040

Key performance indicator

- Metric tonnes of CO_2-eq emissions.
- % of CO_2-eq emissions reduction in the value chain in the year compared to the CO_2-eq emissions in value chain in 2018.

Baseline

- 2018
- Baseline changes are implemented according to the GHG protocol.

Measurement/units

- Total CO_2-eq emissions (in metric tons).
- % of CO_2-eq emissions reduction in value chain in the year compared to the CO_2-eq emissions in value chain in 2018.

Methodology

- The Company Carbon Footprint includes CO_2 emissions from all the activities linked to making and selling our products across the entire barley to bar value chain. We have identified seven phases in the life cycle of a beverage: agriculture, raw materials processing, beverage production, packaging, logistics, cooling and other emissions. A full description of the coverage of the workstreams is given in the life cycle definitions below.
- We started measuring our carbon footprint in 2010 when only a few of our operating companies were included and a specific methodology was not yet available. Since then, our scope has expanded and the methodologies we use have improved. Today, our Company Carbon Footprint includes our entire value chain – from our own operations to suppliers, subcontractors and customers, across activities including manufacture and recycling of packaging and cooling beverages at points of sale. We continue to develop it in line with new methodologies, availability of better data sources and alignment with industry best practice.
- HEINEKEN's calculation scope and principles are compared to the requirements of three 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 GHG emissions along its production: carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), sulphur hexafluoride (SF_6), perfluorocarbons (PFCs), and hydrofluorocarbons (HFCs). HEINEKEN has worked closely with BIER (Beverage Industry Environmental Roundtable) to develop GHG emissions sector guidance to standardise GHG reporting. We adhere to the BIER protocol, version 4.1.

Key Definitions

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.
- Raw materials processing 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).
- 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 cooling in draught beer installations (DBIs), cooling in fridges in bars and restaurants and home cooling by consumers.
- Other emissions cover: Purchased goods and services, Capital goods, Business travel, Commuting, Upstream leased assets and Investments.

Emission categories: As per GHG Protocol requirements we split our emissions into scope 1, scope 2 and different scope 3 categories.

- Scope 1 emissions are emissions from fuel combustion and fugitive emissions at our production plants and own transport.
- Scope 2 emissions are emissions from acquired and consumed electricity, steam, heat.
- Scope 3 emissions fall under different categories:
  - Category 1 – upstream emissions from production of raw and packaging materials, external processing, co-packing and municipal water intake. The end-of-life treatment of packaging materials is also included in this category;
  - Category 2 – emissions from capital goods (purchased Property, Plant & Equipment);
  - Category 3 – upstream emissions of fuels, electricity and heat used by own production sites, warehouses and transport;
  - Category 4 – emissions from inbound and outbound transportation;
  - Category 5 – emissions from solid waste and wastewater;
  - Category 6 – emissions from business travel;
  - Category 7 – emissions from employee commuting;
  - Category 8 – emissions from leased cars (fuel);
  - Category 9 – emissions from transportation to end customer;
  - Category 11 – emissions of fridges, DBIs and home cooling;
  - Category 12 – end-of-life treatment of sold products emissions are included in category 1. (Category 12 cannot be separated at the moment. This will be separated as per next year's reporting.);
  - Category 15 – emissions of joint ventures and associates.

Reporting basis and governance of non-financial indicators

Reduce scope 3 emissions by 21%, by 2030
Reduce emissions across our value chain (scope 1, 2 and 3) by 30%, by 2030
Reach net zero across our value chain, by 2040

Significant estimates and judgements

- HEINEKEN strives to report the Carbon Footprint as accurately and completely as possible. Due to inherent limitations in relation to the uncertainty of measurement equipment and/or availability of actual data we apply extrapolations, use estimates, assumptions and judgements in our reporting. Estimates, assumptions and judgements are based on historical data. As such, emissions reporting provides inherent limitations to the accuracy of information. We used the following significant estimates to report our emissions:
  - To calculate emissions of our own production operations, we use data provided by our energy and fuel suppliers. If this data is not available, we use the 2006 IPCC Guidelines for National Greenhouse Gas Inventories for emission factors of fossil fuels, most recent International Energy Agency data (September 2022) for country grid emission factors and UK Department for Environment, Food & Rural Affairs (DEFRA) emission factors for biofuels;
  - The transport emissions reporting has limitations for all transport modes. For fleet within our control, we have started to use Fuel Based data in countries where we have telematics systems in place. For contracted partners where have the data of kilometres driven and type of vehicle used, we calculate emissions based on a Global Logistics Emissions Council (GLEC) framework accredited emission factor gCO_2-eq/km. For contracted partners where data on distance travelled is not available, calculations are based on estimates. For inbound transport, emissions are calculated for our biggest categories such as glass bottles, aluminium cans, malt and adjuncts;
  - Emissions at outsourced logistics sites also have limitations. For such sites where data on electricity (KWH) consumption and fuel consumption for Forklift trucks is not available, estimations are used.
  - Packaging emissions are based on a circular carbon footprint formula (as per PEFCR) incorporating upstream production, use and end of life of the product. As glass bottles and aluminium cans are HEINEKEN's most significant emissions contributors, suppliers making up 80% of these emissions provide information about the carbon intensity of their production locations supplying HEINEKEN. For the remainder of our Packaging materials , an industry approved PEFCR emissions factor is applied;
  - Agriculture and processing emissions reporting has limitations. We use external party inputs for land use change (LUC) emission factors per country and per crop. Based on the available data per country and per crop in the external party database, a weighted average emission factor per crop is calculated (for Barley we have data available for 61% of the total volume). This weighted average emission factor is applied to calculate the emission per crop for all countries. For processing, we collect data from suppliers. In case there is no data available, we estimate the emission factor per material group.
  - To calculate cooling emissions, we assume the lifetime of fridges and DBIs to be seven years. We calculate DBI emissions based on the assumption of the percentage of sales that goes via keg packaging type in each country. The rest of the volume sold is used to estimate the emissions from fridges and home cooling;
  - For the other emissions category we also apply assumptions and judgement. For goods purchased for resale, we assume that these have a similar carbon footprint as our own produced products. For assets under construction (purchased Property, Plant and Equipment), we assume that these have a similar carbon footprint as our capitalised assets. For employee commuting distance and methodology, we use regionally produced government statistics. For emissions factors, we use those published by parties like DEFRA – with a frequency of update to match the change scale.

Scope

- UBL is not included in the reporting scope.
- We calculate the CO_2 emissions for the largest CO_2 emitting operating companies and extrapolated the obtained results to reach the absolute total amount. Every year we add entities in scope of the calculation and at the same time decrease the extrapolated amount. calculation (e.g. pubs and bars in UK). Russia has been excluded of scope calculation and included in the extrapolation due to unavailability of actual information.

	Raw materials	Processing	Beverage Production	Packaging	Logistics	Cooling
2021 scope	Top-35	Top-35	60 (All)	Top-21	Top-21	Top-33
Coverage per stream based on total volume sold	90%	90%	100%	83%	78%	89%

Reporting basis and governance of non-financial indicators

Energy from renewable sources

Key performance indicator	Percentage of energy from renewable sources in production.
Baseline	N/A
Measurement/units	% of renewable energy consumption compared to the total amount of energy consumption.

Key Definitions	– Thermal energy from renewable sources: quantity of thermal energy coming from: biomass, biogas, solar thermal and imported heat (with 100% renewable % and 0 g CO_2/MJ)
	– Electrical energy coming from renewable sources includes:
	  – Own renewable energy production = all electricity generated from renewable resources on-site (hydro, solar, biogas);
	  – Imported electricity under green certificates via PPAs (Power Purchase Agreements). Such green certificates are dependent on information provided by the energy supplier.

Scope	All production sites of consolidated entities.

100% sustainable ingredients (hops, barley) by 2030

Key performance indicator	% of sustainable volume (barley and hops).
Baseline	N/A
Measurement/units	– % of contracted sustainable volumes (in metric tonnes) for the next year compared to total contracted volumes (in metric tonnes) for the next year. – For the measurement of the KPI, we use contracted volumes for the next year and not the actual volumes purchased.
Key Definitions	– Sustainable volume: measured in accordance with 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. – The compliance with SAI is monitored via a 3rd party. On an annual basis, the third party performs random on site visits for supplier verification on a number of suppliers and their farmers. – SAI: A food industry organisation aimed to support the development of sustainable agriculture, involving stakeholders of the food chain. For more details see www.saiplatform.org. – Sustainable ingredient: An agricultural material that was produced in a manner which produces safe, high quality agricultural products, protects and improves the natural environment and the social and economic conditions of farmers and their communities. – Mass balance approach: HEINEKEN applies the Mass Balance approach for the calculation of sustainable volumes in the supply chain. This entails that the inputs into a process must be equal to the outputs, plus any losses or accumulation in the process.
Scope	– The reported volume includes both the volume purchased for our consolidated entities, as well as volume purchased centrally on behalf of some joint ventures and associates.

Reporting basis and governance of non-financial indicators

Environmental – Maximise circularity

Zero waste to landfill for all our production sites by 2025	
Key performance indicator	Number of production sites with zero waste to landfill.
Baseline	N/A
Measurement/units	– # of landfill free sites compared to the total number of sites.
Key Definitions	– Landfill free site: A site is considered to be landfill free in case less than 2% of the waste (in kilograms) of that site is sent to landfill. – Waste: a material, substance, or by-product eliminated or discarded as no longer useful or required after the completion of a process. The majority of our production waste is comprised of organic co-products like brewers' grain, surplus yeast, anaerobic sludge from wastewater, spent kieselguhr and spent alcohol. – Waste destinations include reuse, human consumption, animal feed, material recycling, compost/soil improvement, energy (biogas), combustion with energy recovery, combustion without energy recovery. – Landfill: deposit into or on to land, deep injection, surface impoundment (e.g. discard into pits, ponds, or lagoons), release into water bodies, permanent storage (e.g. containers in a mine); sanitary landfills, all waste which is not re-used, recycled or combusted/incinerated, all waste brought to landfill by parties contracted by us, dump and or waste with unknown waste destination are also considered to be landfilled.
Scope	All production sites of consolidated entities.

Reporting basis and governance of non-financial indicators

Environmental – Towards healthy watersheds

Fully balance water used in our products in water-stressed areas by 2030

Key performance indicator	Percentage of water-stressed sites with 100% or more water balance.
Baseline	N/A
Measurement/units	– Percentage of water-stressed sites with 100% or more water balance compared to the total of water-stressed sites.

Key Definitions	– Water stress: A territory is considered water stressed when it withdraws 25% or more of its renewable freshwater resources (UN Water 2021).
	– Water balancing: 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 loss through evaporation.
	– Water stressed area: We identify water-stressed area through a three-step screening:
	  – A Site water security self-assessment that is completed by operating companies annually;
	  – Global Water Risk Screening that is led by Global Sustainable Production and supported by Global Sustainable Development every five years;
	  – Source Vulnerability Assessment (SVA) by a third-party with experience in hydrology for shortlisted sites is conducted after step two. SVA is a compilation, review and validation of scientific data in relation to quantity, quality, accessibility and local capabilities, has an inventory and analysis of water-related risks, stakeholder mapping and proposed list of solutions.
	– For reporting of this KPI make use of the Volumetric Water Benefit Accounting method as published by the World Resources Institute.

Scope	– All water-stressed production sites of consolidated entities. Currently 31 water-stressed sites are identified. – UBL is not included in the reporting scope: water risk assessment is in progress.

Treat 100% of wastewater of all breweries, by 2023

Key performance indicator	Number of sites discharging untreated wastewater to surface water.
Baseline	N/A
Measurement/units	– Number of sites discharging untreated wastewater to surface water.
Key Definitions	– Wastewater refers to untreated wastewater discharged from a production site or a third-party wastewater treatment plant. – Waste Water Treatment Plant (WWTP): Plant removing contaminants from the brewery's wastewater and producing environmentally safe treated wastewater before releasing it into surface water. – Third-Party WWTP: An external party in charge of the treatment of production site wastewater and subsequent discharge into surface water.
Scope	– All production sites of consolidated entities.

Reporting basis and governance of non-financial indicators

Reduce average water usage to 2.6 hl/hl in water-stressed areas, and 2.9 hl/hl worldwide by 2030

Key performance indicator	Water intake/volume beverage produced (hl/hl).
Baseline	– 2008 for all sites. – 2014 for sites in water-stressed areas.
Measurement/units	– hl water intake per hl of volume produced.
Key Definitions	– Water intake: The production site can obtain water from various sources, such as: groundwater or well water abstraction, water purchased from a public or private water company, surface water from rivers, lakes or sea and collected rainwater. – Volume produced is the total amount of beverage volume produced.
Scope	– All beverage production sites of consolidated entities. – UBL is not included in the reporting scope of the water-stressed area KPI.

Reporting basis and governance of non-financial indicators

Social – Embrace Inclusion and Diversity

Gender balance across senior management: 30% women by 2025, 40% by 2030	
Key performance indicator	Percentage of women in senior management.
Baseline	N/A
Measurement/units	Percentage of women senior managers in the full senior management population (men – women – others) as of 31 December.
Key Definitions	– Senior Managers are all internal employees entitled to the Senior Management Reward Policy.
Scope	All consolidated entities.

Cultural diversity: across each region at least 65% of country leadership teams are regional nationals by 2023	
Key performance indicator	In each region, % regional nationals across the operating company Management Teams.
Baseline	N/A
Measurement/units	– (Headcount with nationalities from the region in all operating company Management Teams in that region)/(Total headcount of all the operating company Management Teams in that region as of 31 December).
Key Definitions	– Management Team (MT): The Management team in an operating company is defined by the General Manager/Managing Director (GM/MD). In principle this includes all direct reports of the GM/MD, but there could be employees reporting to the GM/MD, which are not considered to be part of the operating company MT (e.g. business support). – Region follows the managerial reporting structure in our segment reporting (refer to note 6.1 Operating segments in the financial statements). Head office and regional offices are excluded. – Headcount: Based on internal headcount, both temporary as well as permanent contracts. – For people with double nationalities, we select the first nationality as recorded in our HR database.
Scope	All consolidated entities, except head office and regional offices.

Reporting basis and governance of non-financial indicators

100% of our managers are trained in inclusive leadership by 2023	
Key performance indicator	% of people managers trained in the full people managers population.
Baseline	N/A
Measurement/units	– People managers who completed the inclusive leadership e-learning/total population of people managers.
Key Definitions	– People managers are employees managing a team of employees (one or more direct reports). Employees without direct reports are excluded. – Inclusive leadership e-learning include our nine inclusive practices. The nine inclusive practices are: provide equal opportunities, seek multiple points of view, be transparent, communicate inclusively, give and receive feedback, develop self-awareness, find common ground, make it safe for others and shape and deliver with the team. The e-learning can be completed in 30 minutes.
Scope	– All people managers within all our consolidated entities. – Russia is not included in the reporting scope.

Social – A fair and safe workplace

Fair wage for employees: close any gaps by 2023	
Key performance indicator	1. % of (in scope) operating companies assessed per region. 2. % of direct employees of assessed (in scope) operating companies that earn at least a fair wage, according to the Fair Wages Network (FWN).
Baseline	N/A
Measurement/units	1. Percentage of operating companies assessed compared to all operating companies. 2. Percentage of employees (measured in FTE) that earn a fair wage according to the FWN compared to all employees (measured in FTE).
Key Definitions	– Fair wage: A wage that supports a decent standard of living for employee and his/her family and is reasonable for the type of work done and sufficient to meet employees' basic needs for food, shelter, education for their children and some discretionary income. Fair wages also take into account factors such as family size, number of individuals employed per family and hours worked. Fair wage is not structurally dependent on variable factors, such as working overtime or incentive pay. – Fair Wage Network: The FWN is our data source to determine the level of fair wages in different countries. The FWN is an NGO with data available for 200+ countries, which is updated annually. – Assessment: Evaluation of possible pay gap per employee per operating company in scope. – Pay gap: A difference between Country Annual Fair Wage based on FWN and the individual employee Annual Base Salary + Fixed Guaranteed Allowances + Cash Equivalent of Benefits.
Scope	– All directly employed employees with a permanent contract of all production sites of consolidated entities. – Consolidated entities with less than 50 FTE are not included in the reporting scope. – UBL and Russia are not included in the reporting scope.

Reporting basis and governance of non-financial indicators

Equal pay for equal work: assessments and action by 2023

Key performance indicator	1. % in scope operating companies assessed. 2. % in scope operating companies with actions to close any gap.
Baseline	N/A
Measurement/units	1. Percentage of operating companies assessed compared to the total number of HEINEKEN operating companies. 2. Percentage of operating companies with an action plan to close any gap compared to the total number of HEINEKEN operating companies.

Key Definitions	– Equal pay: Comparable salary levels for male and female employees on similar types of jobs in an operating company.
	– Equal work: Positions in HEINEKEN that are comparable to each other.
	– Assessment: The analysis to review the current state of equal pay for equal work in an operating company. This analysis includes five measurement drivers related to Equal Pay, and is based on the actual employee population and salary details in an operating company. The assessments are performed every two years, except in cases with a higher gap where more frequent monitoring takes place.
	– Action plan: A list of commitments, actions and timelines aimed to improve on the various drivers of Equal Pay, based on the outcomes of the Equal Pay assessment for the operating company.
	– Equal pay drivers:
	  – Gender Pay Gap: Relative salary position (RSP) % gap between male and female employees per job grade per operating company;
	  – Gender Representation: The distribution of males and females per operating company;
	  – Performance Assessment and Salary Increase: Comparison of the salary increase % difference per performance rating between males and females;
	  – Promotions: Comparison of the promotion % of male and female employees over the last twelve months respectively;
	  – MT representation: The distribution of male and female employees in management teams.

Scope	– All consolidated entities. – Consolidated entities with less than 50 FTE are not included in the reporting scope. – UBL and Russia are not included in the reporting scope.

Reporting basis and governance of non-financial indicators

Ensure fair living and working standards of third-party employees and brand promotors

Key performance indicator	Operating companies assessed for fair living and working standards.
Baseline	N/A
Measurement/units	Percentage of operating companies assessed compared to the total number of in scope operating companies.
Key Definitions	Living and working standards: – Workers of third party service providers are receiving legal entitlements and basic conditions of employment; – Legal entitlements: salaries, pensions, holiday allowance, overtime pay, etc. as required by local law; – Basic conditions of employment include: third party employees should be paid fair wages and work reasonable hours, above minimum requirements where applicable; work in a decent work environment and operate under an appropriate and effective Health and Safety management system. Assessments: – Social assessments at HEINEKEN are based on third party assessment as per the 'ERSA' and/or 'SMETA' methodology and are used to assess whether HEINEKEN facilities and the Outsourced Service Providers (OSPs) are compliant to these standards or have action plans in place to meet standards; – Operating companies and their facilities are expected to be assessed once per three years, in addition to follow up assessments where necessary to monitor non-compliance and corrective actions; – Assessments include a sample of OSPs on its facilities, the environment they work in and the management systems HEINEKEN has in place to monitor its relationship with both OSPs and Brand Promotor Agencies.
Scope	– Consolidated entities with production. – Entities without production (like sales only entities, export entities) are not in scope, with the exception of HEINEKEN USA. – Consolidated entities with less than 50 FTE are not included in the reporting scope. – UBL is not included in the reporting scope.

Reporting basis and governance of non-financial indicators

Create leadership capacity to drive zero fatal accidents and serious injuries at work

Key performance indicator	Completion Life Saving Commitments (LSC) e-learning training for People Managers.
Baseline	N/A
Measurement/units	Percentage of people managers that have completed the LCS training compared to the total population of people managers.
Key Definitions	– People managers are employees managing a team of employees (one or more direct reports). – The Life Saving Commitments (LSC) are based on our operation's highest risk activities and focus on our personal commitment to follow and abide HEINEKEN's safety standards. With the Golden Principle everyone is empowered to stop work and speak up when work cannot be executed safely or if it is not possible to adhere to the LSC. – LSC e-learning: The e-learning includes LSC and Golden Principle descriptions, scenarios with practical examples and questions. Once all questions are correctly answered, the training is completed.
Scope	– All consolidated entities. – Russia is not included in the reporting scope.

Key performance indicator	Zero work-related fatalities.
Baseline	N/A
Measurement/units	Total number of fatalities reported as a result of work-related accidents in a calendar year
Key Definitions	– Work-related fatal accident: 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 HEINEKEN, 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. Excluded are 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 consolidated entities.

Reporting basis and governance of non-financial indicators

Social – Positive impact in our communities

A social impact initiative in 100% of our markets in scope

Key performance indicator	Percentage of markets having a social impact initiative in place.
Baseline	N/A
Measurement/units	Percentage of operating companies in scope with a social impact initiative in place.
Key Definitions	– Social impact initiative: an initiative which addresses a social issue within a community. An initiative qualifies when having a relevant focus area, a valid partner and a clear agreement. – Community: a group of people living in the same place or having a particular characteristic in common (like circumstances, lifestyle, belief or interest). Examples are a neighbourhood, families living near the brewery, a municipality, smallholder farmers, an under-represented group in society. – Relevant focus area: a social issue within a community which is linked to HEINEKEN's business and Brew a Better World pillars, and which contributes to one (or more) of the UN Global Goals. For example creating access to water, reducing inequality, promoting inclusion and diversity, economic empowerment of underserved groups, etc. – Valid partner: a third-party organisation which has a well known and credible interest to bring people together and help tackle the problems raised by the community. Examples are an NGO, foundation (including HEINEKEN's own foundations), charity, governmental body, public agency, social enterprise, co-operative, etc. In case there is no suitable third-party to address the issue the operating company may take direct action itself. – A clear agreement: operating company and the relevant third-party have agreed objectives, actions and (financial) contribution. Evidence of this can include a Memorandum of Understanding, a contract signed by both parties, an exchange of letters or mails. The agreement should be valid for the reporting year. Only one initiative is required per country.
Scope	– All consolidated entities. – Entities without production (like sales only entities, export entities) are not in scope, with the exception of HEINEKEN USA. – Consolidated entities with less than 50 FTE are not included in the reporting scope. – Derogations may be granted, for example in case external circumstances, such as civil unrest and high volatility, which hamper or delay the process. For 2022, derogations were granted to Sierra Leone and Haiti.

Local sourcing of agricultural ingredients in Africa: 50% increase in volume by 2025

Key performance indicator	% increase in volume of locally sourced agricultural ingredients.
Baseline	2020
Measurement/units	Growth in the total quantity of local raw materials compared to 2020, reported in a percentage of increase.
Key Definitions	Locally sourced agricultural ingredients: – Estimated quantity (in metric tons) of agricultural 'extract' producing raw materials that are cultivated in Africa and that are used in the manufacture of beers, soft drinks, cider, wine and spirits at our own production facilities in Africa; – Local means both domestic as well as from other countries on the African continent.
Scope	All consolidated entities on the African continent.

Reporting basis and governance of non-financial indicators

Responsible – Always a choice

A zero alcohol option for two strategic brands in the majority of our markets (accounting for 90% of our business) by 2023	
Key performance indicator	% of volume of operating companies with 0.0 line extensions for two strategic brands.
Baseline	N/A
Measurement/units	Percentage of full-year consolidated Beer & Cider volumes of operating companies which have two zero alcohol options in the latest quarter of the year compared to the full-year consolidated volume for all operating companies in the scope for Beer & Cider.
Key Definitions	– Strategic brand: a brand in our portfolio where we invest in. – Zero alcohol option (line extension): An adult beverage (Beer or Cider) proposition which has beer associations either through brand or taste. – Export markets: refer to countries outside the custom borders of countries where operating companies are residing. – Licenced markets: refer to countries where our products are sold under a licence agreement by joint ventures, associates and third-parties.
Scope	– All consolidated entities selling Beer & Cider. – Export markets and licenced markets are excluded from the scope. – Lagunitas is excluded from the scope, as it is a single brand OpCo.

Clear and transparent consumer information on 100% of our products in scope by 2023	
Key performance indicator	Percentage compliant line extensions in scope.
Baseline	N/A
Measurement/units	Volume (in hl) of 100% compliant line extensions divided by total volume (in hl).
Key Definitions	– Line extension: A line extension is a different beverage from an established brand name. While the products have distinct differences the extension is very dependent initially on customer recognition of the parent brand name. For example, Heineken® 0.0 is a line extension of Heineken® original. – Compliant line extension: A line extension is compliant in case all stock-keeping-units (SKUs) reported under the line extension are compliant. A SKU is compliant in case all required consumer information is included on the label of that SKU or online in particular cases due to local market circumstances. – Required consumer information includes information on alcohol by volume, energy values (kcal), ingredients, allergens, nutritional values, responsible consumption symbols, QR code (not required for soft drinks) with a link to alcohol and health webpage and recycling symbols. – In case mandatory local laws prescribed more, less, or different information to be included on consumer facing packaging these local requirements take precedence. – Timing of compliance: all SKUs leaving the breweries before the end of 2023.
Scope	– Volumes produced and/or sold by consolidated operating companies. This does not include sales in export markets and licenced brands. – Line extensions with a prior year volume below 50 khl are excluded from the reported KPI. – UBL is not included in the reporting scope.

Reporting basis and governance of non-financial indicators

Responsible – Address harmful use

100% of markets in scope have a partnership to address alcohol-related harm	
Key performance indicator	Percentage of operating companies in scope with active partnership.
Baseline	N/A
Measurement/units	Percentage of operating companies in scope with active partnership compared to all operating companies in scope.
Key Definitions	– Active partnership: An initiative qualifies when having a relevant focus area, a valid partner and a clear agreement. – Relevant Focus area – A relevant Partnership should address one of the following alcohol-related harms: Drink driving (DD), Underage drinking, Excessive consumption, Drinking while pregnant, or Alcohol addiction. – Valid partner: a third-party organisation which has a well known and credible interest to bring people together and help tackle the problems raised by the community. Examples are an NGO, foundation (including HEINEKEN's own foundations), charity, governmental body, public agency, social enterprise, co-operative, etc. In case there is no suitable third-party to address the issue the operating company may take direct action itself. – A clear agreement: operating company and the relevant third-party have agreed objectives, actions and (financial) contribution. Evidence of this can include a Memorandum of Understanding, a contract signed by both parties, an exchange of letters or mails. The agreement should be valid for the reporting year. Only one initiative is required per country.
Scope	– All consolidated entities. – Entities without production (like sales only entities, export entities) are not in scope, with the exception of HEINEKEN USA. – Consolidated entities with less than 50 FTE are not included in the reporting scope. – UBL is not included in the reporting scope. – Derogations may be granted, for example in case of religious grounds, local legislation prohibiting alcohol companies from harm reduction activities or markets where there is a conflict or natural disaster. For 2022, derogations were granted to Myanmar, Algeria, Sri Lanka and Haiti.

Responsible – Make moderation cool

10% of Heineken® media spend invested every year in responsible consumption campaigns, reaching one billion consumers	
Key performance indicator	1. 10% Heineken Media Spend invested every year in responsible consumption campaigns. 2. Reaching one billion consumers.
Baseline	N/A
Measurement/units	1. Percentage of media spend on the Heineken® brand for responsible consumption campaigns compared to the total media spend on the Heineken® brand. 2. The number of consumers reached with Enjoy Heineken® Responsibly campaigns.
Key Definitions	– Heineken® media spend: expenses incurred for placing and broadcasting Heineken® brand dedicated campaigns. – Enjoy Heineken® Responsible campaign: Media spend for placing and broadcasting Heineken® brand dedicated responsible consumption campaigns (for example supporting 'Enjoy Heineken® Responsibly' or 'When You Drive, Never Drink', or other Responsible Consumption initiatives). – Consumers reached: The number of unique consumers reached is calculated using the Sainsbury Formula, allowing us to estimate audience duplication so we can ascertain the net reach across multiple markets and several digital media channels/platforms. – For reporting of the KPIs we rely on third-party information providers.
Scope	– Markets where our consolidated operating companies operate. Export markets and markets where media advertising is not fully allowed ('(semi-)dark markets') are excluded. – UBL is not included in the reporting scope.

Reporting basis and governance of non-financial indicators

Foundation: our ways of working – Responsible business conduct

An effective Speak Up framework	
Key performance indicator	– Speak Up reports per year.
Baseline	N/A
Measurement/units	– Number of Speak Up reports filed per year per 100 FTE.
Key Definitions	– Speak Up report: A report of a concern about a (suspected) violation(s) of the Code of Business Conduct and its underlying policies or the law, reported via one of the Speak Up channels (such as the Speak Up website, phone line or email).
Scope	All consolidated entities.

Zero tolerance to bribery and corruption	
Key performance indicator	1. The % of employees that completed the Code of Business Conduct (CoBC) training. 2. The % of employees out of the pre-assigned target audience that completed the Anti-Bribery & Corruption (ABAC) training.
Baseline	N/A
Measurement/units	1. Percentage of individual trainings completed compared to the total number of employees. 2. Percentage of total number of individual training completions compared to the total number of employees to whom the training is assigned.
Key Definitions	– CoBC training: Annual dilemma based e-learning covering the topics within the Code of Business Conduct. – ABAC training: Dilemma based e-learning aimed to recognise and resist bribery & corruption. – Pre-assigned target audience: the training is mandatory for employees in certain functions, such as Management teams, Sales and Distribution, Procurement, Finance, Corporate Affairs, Legal, Customer Service and Logistics and other employees who interact with public officials or manage relations with third-parties who interact with public officials on our behalf.
Scope	All consolidated entities.

Appropriation of Results

Article 12, paragraph 7, of the Articles of Association stipulates:

"Of the profits, payment shall first be made, if possible, of a dividend of six % of the issued part of the authorised share capital. The amount remaining shall be at the disposal of the General Meeting of Shareholders."

Civil Code

Heineken N.V. is not a 'structuurvennootschap' within the meaning of Section 2:152-164 of the Dutch Civil Code. Heineken Holding N.V., a company listed on Euronext Amsterdam, holds 50.005% of the issued shares of Heineken N.V.

Authorised capital

The Company's authorised capital amounts to €2,500 million.

Independent Auditor's Report

To the shareholders and the Supervisory Board of Heineken N.V

Report on the audit of the financial statements for the year ended 31 December 2022 included in the annual report

Our opinion

We have audited the financial statements for the year ended 31 December 2022 of Heineken N.V, based in Amsterdam, the Netherlands. The financial statements comprise the consolidated financial statements and the Company financial statements.

In our opinion:

– The accompanying consolidated financial statements give a true and fair view of the financial position of Heineken N.V as at 31 December 2022, and of its result and its cash flows for for the year ended 31 December 2022 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

– The accompanying Company financial statements give a true and fair view of the financial position of Heineken N.V as at 31 December 2022, and of its result for for the year ended 31 December 2022 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

– The consolidated statement of financial position as at 31 December 2022.

– The following statements for 2022: the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows.

– The notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

– The Company balance sheet as at 31 December 2022.

– The Company profit and loss account for for the year ended 31 December 2022.

– The notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Heineken N.V in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance- opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at

€ 210 million (2021: €170 million). The materiality is based on 5% of profit before tax from continuing operations using net revenue as supporting benchmark. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons. The increase compared to 2021 is predominantly the result of stronger performance, and the impact of newly acquired entities on the financial statements of Heineken N.V.

Audits of group entities (components) were performed using materiality levels determined by the judgement of the group audit team, having regard to the materiality of the consolidated financial statements.

Component materiality for our three largest components was € 65 million, and our materiality for other components did not exceed € 45 million.

We agreed with the Supervisory Board that misstatements in excess of €10.5 million, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

Heineken N.V is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements of Heineken N.V.

Because we are ultimately responsible for the opinion, we are responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out on the entities. Our group audit is mainly focused on financially large entities in terms of size and financial interest or where significant risks or complex activities were present, leading to full audits performed for 27 (2021: 28 components) components, including 2 non-consolidated components.

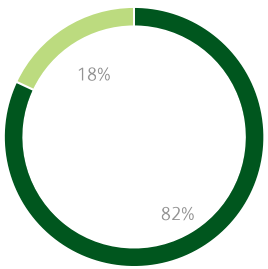
We have performed audit procedures ourselves at Heineken N.V., corporate entities and certain operations in the Netherlands. Furthermore, we performed audit procedures at group level on areas such as consolidation, disclosures, impairment testing for intangible assets (including goodwill) and non-current assets held for sale, joint ventures, financial instruments, acquisitions and divestments. Specialists were involved amongst others in the areas of treasury, information technology, forensics, tax, accounting, pensions and valuations. For the selected component audit teams, the group audit team provided detailed written instructions, which, in addition to communicating our requirements of component audit teams, also detailed significant audit areas and information obtained centrally relevant to the audit of individual components, including awareness for risks related to management override of controls.

Independent Auditor's Report

Furthermore, we developed a plan for overseeing each component audit team based on its relative significance and specific risk characteristics. Our oversight procedures included (virtual) meetings with the component auditor and component management and physical or remote working paper reviews for The Netherlands, United Kingdom, France, Spain, Italy, Austria, Poland, Brazil, Mexico, USA, Nigeria, Vietnam, South Africa and India. We also reviewed component audit team deliverables for the countries listed above and the additional countries in scope to gain a sufficient understanding of the work performed based on our instructions. The nature, timing and extent of our oversight procedures varied based on both quantitative and qualitative considerations. For smaller components, we have performed review procedures or specific audit procedures.

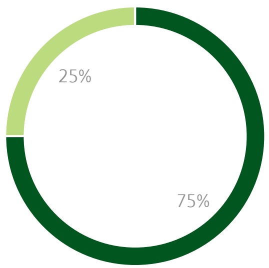
By performing the procedures mentioned above at group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the consolidated financial statements.

Revenues



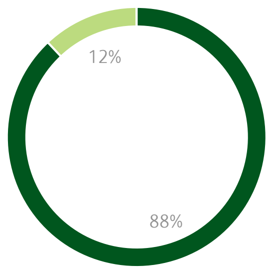
Full scope audit coverage
Other coverage

Profit before income tax



Full scope audit coverage
Other coverage

Assets



Full scope audit coverage
Other coverage

Audit approach fraud risks

In accordance with Dutch Standards on Auditing, we are responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatements, whether due to fraud or error. Inherent to our responsibilities for the audit of the financial statements, there is an unavoidable risk that material misstatements go undetected, even though the audit is planned and performed in accordance with Dutch law. The risk of undetected material misstatements due to fraud is even higher, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Also, we are not responsible for the prevention and detection of fraud and non-compliance with all laws and regulations. Our audit procedures differ from a forensic or legal investigation, which often has a more in-depth character.

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the entity and its environment and the components of the system of internal control, including the risk assessment process and management's process for responding to the risks of fraud and monitoring the system of internal control and how the supervisory board exercises oversight, as well as the outcomes. We refer to section Risk management of the annual report for the

Executive Board's (fraud) risk assessment and section To the Shareholders (paragraph Audit Committee) of the Supervisory Board report in which the supervisory board reflects on this fraud risk assessment. We note that management regularly updates on its risk assessment including fraud and updates its risk and control framework.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as the Code of Business Conduct, Company Rules, Speak Up policy and incident registrations. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness, of internal controls designed to mitigate fraud risks. Further, for certain selected speak up cases, we evaluated management's response and remedial actions and measures.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption in close co-operation with our forensic specialists. We evaluated whether these factors indicate that a risk of material misstatement due fraud is present.

Following these procedures, and the presumed risks under the prevailing audit standards, we considered fraud risks related to management override of controls. Our audit procedures to respond to these fraud risks include, amongst others, an evaluation of relevant internal controls and supplementary substantive audit procedures, including detailed testing of journal entries and post-closing adjustments based on supporting documentation. Data analytics, including selection of journal entries based on risk-based characteristics, form part of our audit approach to address the identified fraud risks.

Independent Auditor's Report

Additionally, we performed further procedures including, among others, the following:

- We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or noncompliance.
- We considered available information and made enquiries of relevant key management personnel, the Executive Board and the Supervisory Board.
- We tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements.
- We evaluated whether the selection and application of accounting policies by the group, particularly those related to subjective measurements and complex transactions, may be indicative of fraudulent financial reporting.
- We evaluated whether the judgments and decisions made by the Executive Board in making the accounting estimates included in the financial statements indicate a possible bias that may represent a risk of material misstatement due to fraud. The Executive Board's insights, estimates and assumptions that might have a major impact on the financial statements are disclosed in Note 3 of the financial statements.
- We performed a retrospective review of management judgments and assumptions related to significant accounting estimates reflected in prior year financial statements.

Certain management estimates and judgements are considered most significant to our audit. Reference is made to the section 'Our key audit matters' for further details on those estimates and judgments.

For significant transactions such as various business acquisitions during the year, we evaluated whether the business rationale of the transactions suggest that they may have been entered into to engage in fraudulent financial reporting or to conceal misappropriation of assets.

This did not lead to indications for fraud potentially resulting in material misstatements.

Audit approach compliance with laws and regulations

We assessed the laws and regulations relevant to the Company through discussion with, amongst others, the Executive Board, Group Legal Counsel and those charged with governance, reading minutes of board meetings and reports of internal audit. We also involved our forensic specialists in this assessment.

As a result of our risk assessment procedures, and while realizing that the effects from non-compliance could considerably vary, we considered the following laws and regulations: adherence to (corporate) tax laws and financial reporting regulations, the requirements under the International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and Part 9 of Book 2 of the Dutch Civil Code with a direct effect on the financial statements as an integrated part of our audit procedures, to the extent material for the related financial statements.

We obtained sufficient appropriate audit evidence regarding provisions of those laws and regulations generally recognized to have a direct effect on the financial statements.

Apart from these, Heineken N.V is subject to other laws and regulations where the consequences of non- compliance could have a material effect on amounts and/or disclosures in the financial statements, for instance, through imposing fines or litigation.

Given the nature and complexity of Heineken N.V's business, we considered the risk of non-compliance in the areas of competition, data protection, human rights, tax and other applicable laws and regulations. In addition, we considered major laws and regulations applicable to listed companies.

Our procedures are more limited with respect to laws and regulations that do not have a direct effect on the determination of the amounts and disclosures in the financial statements. Compliance with these laws and regulations may be fundamental to the operating aspects of the business, to Heineken N.V's ability to continue its business, or to avoid material penalties (e.g., compliance with the terms of operating licenses and permits or compliance with environmental regulations) and therefore non-compliance with such laws and regulations may have a material effect on the financial statements. Our responsibility is limited to undertaking specified audit procedures to help identify non-compliance with those laws and regulations that may have a material effect on the financial statements.

Our procedures are limited to (i) inquiry of key management personnel, the Executive Board, the Supervisory Board and others within Heineken N.V's as to whether the Heineken N.V is in compliance with such laws and regulations and (ii) inspecting correspondence, if any, with the relevant licensing or regulatory authorities to help identify non-compliance with those laws and regulations that may have a material effect on the financial statements.

We remained alert to indications of (suspected) non-compliance throughout the audit.

Finally, we obtained written representations that all known instances of (suspected) fraud or non-compliance with laws and regulations have been disclosed to us.

Audit approach going concern

Our responsibilities, as well as the responsibilities of the Executive Board and the Supervisory Board, related to going concern under the prevailing standards are outlined in the "Description of responsibilities regarding the financial statements" section below. In fulfilling our responsibilities, we performed procedures including evaluating management's assessment of the Company's ability to continue as a going concern and considering the impact of financial, operational, and other conditions. Based on these procedures, we did not identify any reportable findings related to the entity's ability to continue as a going concern.

Independent Auditor's Report

Our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed.

The below identified key audit matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment testing of intangible assets and property, plant and equipment — Refer to Notes 8.1 and 8.2 to the financial statements

Key audit matter

Intangible assets (including goodwill) and property, plant and equipment amounted to EUR 35,031 million at 31 December 2022 and represented 67 percent of the consolidated total assets. Following Russia's military actions and the ongoing war in the Ukraine, HEINEKEN decided to leave Russia and transfer its business to a new owner. Pending completion of the envisaged transfer, non-current assets of EUR 255 million related to HEINEKEN's business in Russia have been recognised as held for sale. This resulted in a total amount of assets and disposal groups held for sale of EUR 315 million.

For purposes of impairment testing, goodwill is allocated and monitored on a (groups of) Cash Generating Unit ('CGU') level. Other intangibles and property, plant and equipment, are grouped to CGUs. For goodwill, management is required to assess the recoverable amount of the respective CGUs (or groups of CGUs). Recoverable amounts of other non- current assets are assessed upon the existence of a triggering event. For assets or disposal groups held for sale, an impairment loss is recognised should the carrying amount exceed the fair value less cost to sell.

In view of the inherent uncertainties, including those related to the current macro- economic environment and geopolitical climate related to Russia, the projection of sales volumes, revenue, margins and discount rates in management's impairment tests, involved an increased level of judgement. As a result of the impairment testing for the current year, management concluded on impairment losses of EUR 126 million and a reversal of EUR 258 million. Further details on the accounting and disclosures under IAS 36 Impairment of Assets are included in notes 8.1 and 8.2 to the financial statements. Further details on the accounting and disclosure under IFRS 5 Non-current Assets Held for Sale are included in note 10.2 to the financial statements.

Given the increased level of judgement made by management to estimate the recoverable amounts used in management's impairment tests for intangible assets (including goodwill) and property, plant and equipment and the fair value less cost to sell for HEINEKEN's business in Russia, procedures to evaluate the reasonableness of projected sales volumes, revenue and discount rates required a high degree of auditor judgement and an increased extent of effort, including the need to involve our valuation specialists.

How the scope of our audit responded to the key audit matter

Our audit procedures related to the projection of sales volumes, revenue, margins and discount rates used by management included the following, amongst others:

- We obtained an understanding of management's process over the impairment trigger tests and the resulting impairment tests.
- We evaluated management's ability to accurately forecast by comparing actual results to management's historical forecasts.
- We evaluated sensitivities in management's projections, including those potentially related to climate risk factors, that could cause a substantial change to the impairments recorded, and or cause headroom to change in an impairment.
- We evaluated sensitivities in management's estimate of the fair value less cost to sell including the impact of current and expected uncertainties around Russia.
- We evaluated projected cash flows by:
  - Comparing the projections to historical forecasts, historical growth rates, including assessing the effects of the current macro-economic and geopolitical climate, and information included in HEINEKEN's internal communications to the management and the Executive Board.
  - Challenging management's ability to price adjust for expected inflation rates and comparing projected sales volumes, revenue and margins to, for example, external economic outlook data, analyst reports and external market data on the beer market.
- We evaluated the fair value less cost to sell of the Russia disposal group by challenging management's assumptions related to HEINEKEN'S plan to leave Russia and transfer its business to a new owner.
- With the assistance of our valuation specialists, we evaluated the reasonableness of discount rates, including testing the source information underlying the determination of the discount rates, testing the mathematical accuracy of the calculation, and developing a range of independent estimates and comparing those to the discount rates selected by management.

Observation

Applying the aforementioned materiality, we did not identify any reportable findings in management's assessment of the recoverability of intangible assets (including goodwill) and property, plant and equipment, the fair value less cost to sell for assets or disposal groups held for sale, the impairments recorded and the disclosures in Notes 8.1, 8.2 and 10.2.

Independent Auditor's Report

Management judgement related to the provisions for uncertain tax positions and the recoverability of deferred tax assets — Refer to Notes 9.2 and 12 to the financial statements	
Key audit matter	HEINEKEN operates across several tax jurisdictions and is subject to periodic challenges by local tax authorities during the normal course of business. In those cases where the amount of tax payable is uncertain, management establishes provisions based on its judgement of the probable amount of the related tax liability. Deferred tax assets are only recognized to the extent that it is probable that future taxable income will be available, against which unused tax losses can be utilized. This assessment is performed annually and based on budgets and business plans for the coming years, including planned commercial initiatives and the impact of macro- economic uncertainties. HEINEKEN recorded uncertain tax positions and deferred tax assets for an amount of EUR 371 million and EUR 618 million, respectively, as of 31 December 2022. The accounting for uncertain tax positions and deferred tax assets, as detailed in Notes 9.2 and 12 to the financial statements, inherently requires management to apply judgement in quantifying appropriate provisions (including assessing probable outcomes) for uncertain tax positions, and in determining the recoverability of deferred tax assets. Given the significant judgement applied by management, performing procedures to evaluate the reasonableness of probable outcomes for uncertain tax positions and the recoverability of deferred tax assets based on budgets and business plans, required a higher degree of auditor judgement, an increased extent of effort and a need to involve our in-country tax specialists.
How the scope of our audit responded to the key audit matter	Our audit procedures to address management's judgements related to the provisions for uncertain tax positions and recoverability of deferred tax assets included the following, amongst others: – We obtained an understanding of management's tax process related to the assessment of uncertain tax positions and the recoverability of deferred tax assets. – We involved our in-country tax specialists to assess tax risks, tax carry forward facilities, legislative developments and the status of ongoing local tax authority audits. – We challenged, with the help of our tax specialists, management's judgement applied in quantifying provisions for tax uncertainties and assessing probable outcomes based on correspondence with tax authorities, case law and opinions from management's tax experts. – We evaluated management's ability to forecast taxable income accurately by comparing prior forecasts on future taxable income with the actual income for the year. – We evaluated management's recoverability assessment, including the likelihood of generating sufficient future taxable income based on budgets, business plans, and tax losses carry forward facilities in the various tax jurisdictions (including expiry dates).
Observation	Applying the aforementioned materiality, we have audited the provisions for uncertain tax positions and the valuation of deferred tax assets as well as the related disclosure in Notes 9.2 and 12 and have no reportable findings.

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contain other information consists of:

– Report of the Executive Board.
– Report of the Supervisory Board.
– Other Information as required by Part 9 of Book 2 of the Dutch Civil Code.
– Other information included in the Annual Report.

Based on the following procedures performed, we conclude that the other information:

– Is consistent with the financial statements and does not contain material misstatement

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The Executive Board is responsible for the preparation of the other information, including the report of the Executive Board in accordance with Part 9 of Book 2 of the Dutch Civil Code, and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements and ESEF

Engagement

We were engaged by the Supervisory Board as auditor of Heineken N.V on April 24, 2014, for the audit of the year 2015 and have operated as statutory auditor ever since that financial year.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

European Single Electronic reporting Format (ESEF)

Heineken N.V has prepared its annual report in ESEF. The requirements for this are set out in the Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter: the RTS on ESEF).

In our opinion, the annual report, prepared in XHTML-format, including the (partly) marked-up consolidated financial statements, as included in the reporting package by Heineken N.V complies in all material respects with the RTS on ESEF.

The Executive Board is responsible for preparing the annual report including the financial statements in accordance with the RTS on ESEF, whereby the Executive Board combines the various components into a single reporting package.

Our responsibility is to obtain reasonable assurance for our opinion whether the annual report in this reporting package complies with the RTS on ESEF.

We performed our examination in accordance with Dutch law, including Dutch Standard 3950N 'Assurance-opdrachten inzake het voldoen aan de criteria voor het opstellen van een digitaal verantwoordingsdocument' (assurance engagements relating to compliance with criteria for digital reporting).

Independent Auditor's Report

Our examination included amongst others:

– Obtaining an understanding of the company's financial reporting process, including the preparation of the reporting package.
– Identifying and assessing the risks that the annual report does not comply in all material respects with the RTS on ESEF and designing and performing further assurance procedures responsive to those risks to provide a basis for our opinion, including:
  – obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance and the XBRL extension taxonomy files has been prepared in accordance with the technical specifications as included in the RTS on ESEF;
  – examining the information related to the consolidated financial statements in the reporting package to determine whether all required mark-ups have been applied and whether these are in accordance with the RTS on ESEF.

Description of responsibilities regarding the financial statements

Responsibilities of the Executive Board and the Supervisory Board for the financial statements

The Executive Board is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Executive Board is responsible for such internal control as the Board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the Executive Board is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Executive Board should prepare the financial statements using the going concern basis of accounting unless the Executive Board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Executive Board should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

– Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
– Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
– Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Executive Board.
– Concluding on the appropriateness of the Executive Board's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
– Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.
– Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identified during our audit. In this respect we also submit an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public- interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Supervisory Board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Amsterdam, February 14, 2023

Deloitte Accountants B.V.

M.J. van der Vegte

Assurance Report of the Independent Auditor (of non-financial indicators)

LIMITED ASSURANCE REPORT OF THE INDEPENDENT AUDITOR ON KEY PERFORMANCE INDICATORS SELECTED 2022 OF HEINEKEN N.V.

To: the Annual General Meeting

Our conclusion

We have reviewed selected key performance indicators (KPIs), as described below, and presented in the sustainability report the sustainability information as stated on page 126 – 183 in the accompanying Annual Report for the year 2022 ("the sustainability data") of Heineken N.V, Amsterdam. A review is aimed at obtaining a limited level of assurance.

Based on our procedures performed nothing has come to our attention that causes us to believe that the KPIs are not prepared, in all material respects, in accordance with the reporting criteria as included in the section 'Reporting Criteria' section of our report.

The scope of our review was to provide limited assurance on the following KPIs in the section "Our Brew a Better World 2030 goals and progress", on the pages 131 – 133 namely:

Areas	Key performance indicator as disclosed in the column "Our 2022 results"
Reach net zero Carbon	1. Reduction of tCO2e % vs. baseline 2018 in scope 1 & 2 emissions
	2. % energy from renewable sources (as disclosed on page 135)
	3. Total absolute reduction of tCO2 % versus 2018 scope 1, 2 and 3 emissions
	4. % sustainable sourced ingredients (hops, barley)
Maximise circularity	5. # of sites that are landfill free
Towards healthy watersheds	6. % of water-stressed sites are fully water balanced
	7. # of sites that have wastewater treatment plants
	8. Average water usage in water-stressed areas and globally
Embrace inclusion and Diversity	9. % women in senior management
	10. # of regions have at least 65% regional nationals in leadership team
	11. % of management trained in inclusive leadership
A fair & Safe workplace	12. % fair wage assessments across our operating companies
	13. % of direct employees earn at least a fair wage
	14. % of operating companies went through equal pay assessments
	15. % operating companies have action plans in place
	16. Fatal accidents (as disclosed on page 145)
	17. % of people managers completed the Life Saving Rules Commitments training
	18. % of operating companies have been assessed to ensure fair living and working standards for third party employees and brand promoters
Positive impact in our communities	19. % increase in volume from locally sourced agricultural ingredients
	20. % of our markets in scope had an social impact initiative
Always a choice	21. Markets with a zero alcohol option markets with a zero alcohol option for at least two strategic brands represented % of our beer and cider volumes
	22. % of our products in scope had fully compliant labels
Address harmful use	23. % of markets in scope had a partnership to address alcohol-related harm
Make moderation cool	24. Our operating companies invested over % of Heineken® media spend in dedicated responsible consumption campaigns
	25. Over # unique consumers reached worldwide

The information in scope of this assurance report needs to be read and understood in conjunction with the Reporting Basis of non-financial indicators as included in the Annual Report 2022 on page 167 – 183.

Assurance Report of the Independent Auditor (of non-financial indicators)

Basis for our conclusion

We have performed our review of the KPIs in accordance with Dutch law, including Dutch Standard 3000A 'Assurance-opdrachten anders dan opdrachten tot controle of beoordeling van historische financiële informatie' (Assurance engagements other than audits or reviews of historical financial information). This assurance engagement is aimed at obtaining limited assurance. Our responsibilities under this standard are further described in the 'Our responsibilities for the review of the KPIs'.

We are independent of Heineken N.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in The Netherlands. This includes that we do not perform any activities that could result in a conflict of interest with our independent assurance engagement. Furthermore we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Reporting criteria

The reporting criteria used for the preparation of the KPIs are disclosed on pages 167–183 of the annual report in the section 'Reporting basis of non-financial indicators'.

The absence of an established practice on which to draw, to evaluate and measure non-financial information allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time.

Consequently, the KPIs need to be read and understood together with the reporting criteria used.

The references to external sources, third parties or websites in the sustainability report are not part of the KPIs as reviewed by us. We therefore do not provide assurance on this information.

Responsibilities of the Executive Board and the Supervisory Board for the KPIs

The Executive Board of the Company is responsible for the preparation of the KPIs in accordance with the reporting criteria as included in the 'Reporting Criteria' section, including the identification of the intended users and the definition of material matters. The Executive Board is also responsible for selecting and applying the reporting criteria and for determining that these reporting criteria are suitable for the legitimate information needs of stakeholders, taking into account applicable law and regulations related to reporting. The choices made by the Executive Board regarding the scope of the KPIs and the reporting policy are summarised on pages 167–183 of the annual report.

Furthermore, the Executive Board is responsible for such internal control as it determines is necessary to enable the preparation of the KPIs that are free from material misstatement, whether due to fraud or errors.

The Supervisory Board is responsible for overseeing the reporting process of Heineken N.V.

Our responsibilities for the review of the KPIs

Our responsibility is to plan and perform the limited assurance assignment in a manner that allows us to obtain sufficient and appropriate evidence for our conclusion.

Procedures performed to obtain a limited level of assurance are aimed to determine the plausibility of information and vary in nature and timing from, and are less in extent, than for a reasonable assurance engagement. The level of assurance obtained in review is therefore substantially less than the assurance obtained in an audit.

We apply the 'Nadere voorschriften kwaliteitssystemen' (NVKS, Regulations for quality management systems) and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have exercised professional judgement and have maintained professional scepticism throughout the review, in accordance with the Dutch Standard 3000A, ethical requirements and independence requirements.

Our review included among others:

- Performing an analysis of the external environment and obtaining an understanding of relevant social themes and issues, and the characteristics of the company including a media search to identify relevant risks and issues within the scope of the assurance engagement during the reporting period;
- Evaluating the appropriateness of the reporting criteria used, their consistent application and related disclosures for the KPIs.
- Obtaining an understanding of the reporting processes for the KPIs, including obtaining a general understanding of internal control relevant to our review;
- Obtaining an understanding of the procedures performed by the internal audit department
- Identifying areas of KPIs where a material misstatement, whether due to errors of fraud, are most likely to occur, designing and performing procedures responsive to these areas, and obtaining information that is sufficient and appropriate to provide a basis for our conclusion.
- Evaluating the consistency of the KPIs with the information in the annual report which is not included in the scope of our review.
- Evaluating the presentation, structure and content of the sustainability data;
- Considering whether the sustainability information as a whole, including the disclosures, reflects the purpose of the reporting criteria used.

Amsterdam, February 14, 2023

Deloitte Accountants B.V.

M.J. van der Vegte

Shareholder Information

Investor relations

HEINEKEN is committed to maintaining an open and constructive dialogue with shareholders and bondholders. HEINEKEN aims to keep them updated by informing clearly, accurately and in a timely manner about HEINEKEN's strategy, performance and other matters and developments that could be relevant to investors' decisions.

Ownership structure

Heading the HEINEKEN Group and pursuant to its Articles of Association, the objective of Heineken Holding N.V., is to manage or supervise the management of the HEINEKEN Group and to provide services for Heineken N.V. The role Heineken Holding N.V. has performed for the HEINEKEN Group since 1952 has been to safeguard its continuity, independence and stability and create conditions for controlled and steady growth of the activities of the HEINEKEN Group. The stability provided by this structure has enabled the HEINEKEN Group to remain independent and to rise to its present position as the brewer with the broadest international presence and one of the world's largest brewing groups.

Every Heineken N.V. share held by Heineken Holding N.V. is matched by one share issued at the level of Heineken Holding N.V. These shares are traded at a lower price due to technical factors that are market-specific. Heineken Holding N.V. holds 50.005% of the Heineken N.V. issued shares. L'Arche Green N.V. holds 52.599% of the Heineken Holding N.V. shares. The Heineken family holds 88.86% of L'Arche Green N.V. The remaining 11.14% of L'Arche Green N.V. is held by the Hoyer family. Mrs. de Carvalho-Heineken also owns a direct 0.03% stake in Heineken Holding N.V.

Heineken N.V. shares and options

Heineken N.V. shares are traded on Euronext Amsterdam, where the Company is included in the main AEX Index. The shares are listed under ISIN code NL0000009165. Prices for the shares may be accessed on Bloomberg under the symbol HEIA.NA and on the Reuters Equities 2000 Service under HEIA. AS. Options on Heineken N.V. shares are listed on Euronext Amsterdam.

In 2022, the average daily trading volume of Heineken N.V. shares was 634,735 shares.

Market capitalisation Heineken N.V.

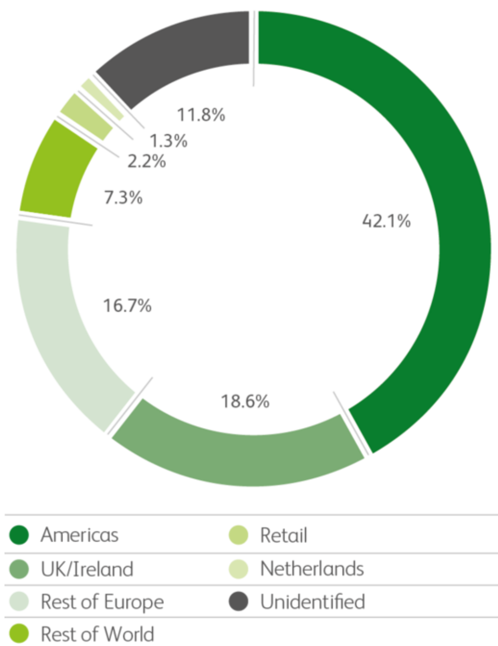
Shares outstanding as at 31 December 2022: 575,318,212 shares of €1.60 nominal value (excluding own shares held by the Company).

At a year-end price of €87.88 on 30 December 2022, the market capitalisation of Heineken N.V. on the balance sheet date was €50.6 billion.

Year-end price	€87.88	30 December 2022
Highest closing price	€104.10	17 January 2022
Lowest closing price	€79.20	8 March 2022

Share distribution by geography Heineken N.V. shares*

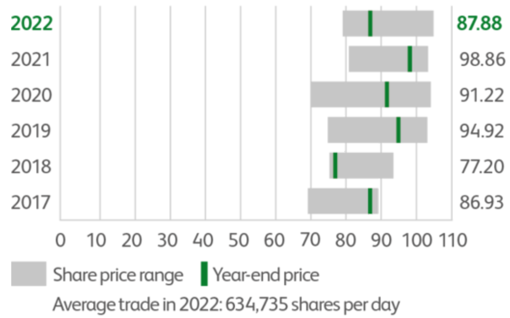
Based on 238.3 million shares in free float (excluding the holding of Heineken Holding N.V. and FEMSA in Heineken N.V.)



* Source: Cmi2i estimate based on available information December 2022.

Heineken N.V. share price

In €, Euronext Amsterdam



Dividend per share

Heineken Holding N.V. shares

The shares of Heineken Holding N.V. are traded on Euronext Amsterdam. The shares are listed under ISIN code NL0000008977. Prices for the shares may be accessed on Bloomberg under the symbol HEIO.NA and on the Reuters Equities 2000 Service under HEIO.AS.

In 2022, the average daily trading volume of Heineken Holding N.V. shares was 119,625 hares.

Shareholder Information

Market capitalisation Heineken Holding N.V.

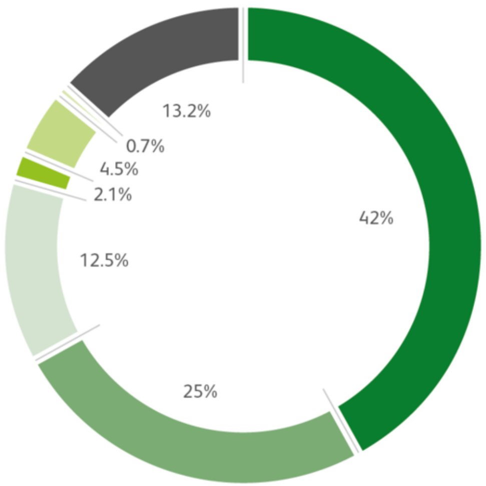
Shares outstanding as at 31 December 2022: 288,030,168 shares of €1.60 nominal value.

At a year-end price of €72.05 on 30 December 2022, the market capitalisation of Heineken Holding N.V. on the balance sheet date was €20.8 billion.

Year-end price	€72.05	30 December 2022
Highest closing price	€84.80	17 January 2022
Lowest closing price	€64.05	8 March 2022

Share distribution by geography Heineken Holding N.V. shares*

Based on 101.2 million shares in free float (excluding the holding of L'Arche Green N.V. and FEMSA in Heineken Holding N.V.)

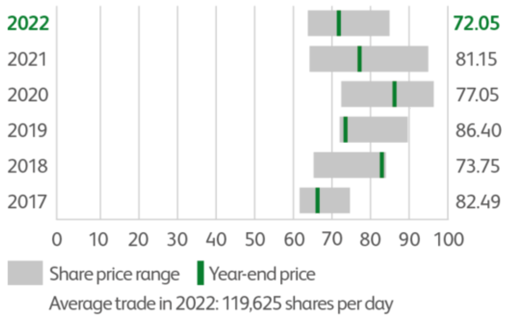


- Americas
- UK/Ireland
- Rest of Europe
- Rest of World
- Retail
- Netherlands
- Unidentified

* Source: Cmi2i estimate based on available information December 2022.

Heineken N.V. share price

In €, Euronext Amsterdam



Dividend per share

American Depositary Receipts (ADRs)

HEINEKEN's shares are trading Over-the-Counter (OTC) in the US as American Depositary Receipts (ADRs). There are two separate HEINEKEN ADR programmes representing ownership respectively in: 1) Heineken N.V. and 2) Heineken Holding N.V. For both programmes, the ratio between HEINEKEN ADRs and the ordinary Dutch (€ denominated) shares is 2:1, i.e. two ADRs represent one HEINEKEN ordinary share. Deutsche Bank Trust Company Americas acts as depositary bank for HEINEKEN's ADR programmes.

Heineken N.V.	Heineken Holding N.V.
Ticker: HEINY	Ticker: HKHHY
ISIN: US4230123014	ISIN: US4230081014
CUSIP: 423012301	CUSIP: 423008101
Structure: Sponsored Level I ADR	Structure: Sponsored Level I ADR
Exchange: OTCQX	Exchange: OTCQX
Ratio (DR:ORD): 2:1	Ratio (DR:ORD): 2:1

ADR contact information

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www.astfinancial.com

Shareholder Information

Financial calendar in 2022 for both Heineken N.V. and Heineken Holding N.V.

Announcement of 2022 results	15 February
Publication of Annual Report 2022	23 February
Trading update first quarter 2023	19 April
Annual General Meeting of Shareholders	20 April
Quotation ex-final dividend 2022	24 April
Final dividend 2022 payable	2 May
Announcement of half year results 2023	31 July
Quotation ex-interim dividend 2023	2 August
Interim dividend 2023 payable	10 August
Trading update third quarter 2023	25 October

Dividend policy

The dividend policy of Heineken N.V. intends to preserve the independence of the Company, to maintain a healthy financial structure and to retain sufficient earnings in order to grow the business both organically and through acquisitions.

The dividend payments are related to the annual development of the net profit before exceptional items and amortisation of brands (net profit beia), which translates in a dividend payout of 30-40%.

Dividends are paid in the form of an interim dividend and a final dividend. The interim dividend is fixed at 40% of the total dividend of the previous year. Annual dividend proposals will remain subject to shareholder approval.

Contact Heineken N.V. and Heineken Holding N.V.

Further information on Heineken N.V. and Heineken Holding N.V. is available from the Investor Relations department, telephone + 31 20 523 95 90 or by email: investors@heineken.com.

Further shareholder information is available on the Company's website: www.theHEINEKENcompany.com/investors.

Bondholder Information

In September 2008, HEINEKEN established a Euro Medium Term Note (EMTN) Programme which was last updated in March 2022. The programme allows Heineken N.V. to issue Notes for a total amount of up to €20 billion. Approximately €9.8 billion is outstanding under the programme as at 31 December 2022.

Traded Heineken N.V. Notes	Issue date		Total face value	Interest rate	Maturity	ISIN code
144A/RegS 2023	10 Oct 2012	USD	1,000 million	2.750%	1 Apr 2023	US423012AD54
EUR EMTN 2023	23 Oct 2015	EUR	140 million	1.700%	23 Oct 2023	XS1310154536
EUR EMTN 2024	19 Mar 2012	EUR	500 million	3.500%	19 Mar 2024	XS0758420748
EUR EMTN 2024	7 Dec 2015	EUR	460 million	1.500%	7 Dec 2024	XS1330434389
EUR EMTN 2025	25 Mar 2020	CHF	100 million	0.638%	25 Mar 2025	XS2145099201
EUR EMTN 2025	30 Mar 2020	EUR	600 million	1.625%	30 Mar 2025	XS2147977479
EUR EMTN 2025	2 Aug 2012	EUR	750 million	2.875%	4 Aug 2025	XS0811555183
EUR EMTN 2025	20 Oct 2015	EUR	225 million	2.000%	20 Oct 2025	XS1309072020
EUR EMTN 2026	4 May 2016	EUR	1,000 million[1]	1.000%	4 May 2026	XS1401174633
EUR EMTN 2027	29 Nov 2016	EUR	500 million	1.375%	29 Jan 2027	XS1527192485
EUR EMTN 2027	17 Sep 2018	EUR	600 million	1.250%	17 Mar 2027	XS1877595444
144A/RegS 2028	29 Mar 2017	USD	1,100 million	3.500%	29 Jan 2028	US423012AF03
EUR EMTN 2029	30 Jan 2014	EUR	200 million	3.500%	30 Jul 2029	XS1024136282
EUR EMTN 2029	3 Oct 2017	EUR	800 million	1.500%	3 Oct 2029	XS1691781865
EUR EMTN 2030	30 Mar 2020	EUR	800 million	2.250%	30 Mar 2030	XS2147977636
EUR EMTN 2031	17 Sep 2018	EUR	750 million[2]	1.750%	17 Mar 2031	XS1877595014
EUR EMTN 2032	12 May 2017	EUR	500 million	2.020%	12 May 2032	XS1611855237
EUR EMTN 2033	15 Apr 2013	EUR	180 million	3.250%	15 Apr 2033	XS0916345621
EUR EMTN 2033	7 May 2020	EUR	650 million	1.250%	7 May 2033	XS2168629967
EUR EMTN 2033	19 Apr 2013	EUR	100 million	2.562%	19 Apr 2033	XS0920838371
EUR EMTN 2040	7 May 2020	EUR	850 million	1.750%	7 May 2040	XS2168630205
144A/RegS 2042	10 Oct 2012	USD	500 million	4.000%	1 Oct 2042	US423012AE38
144A/RegS 2047	29 Mar 2017	USD	650 million	4.350%	29 Mar 2047	US423012AG85

1 Includes EUR 200 million tap issued on 15 July 2019.
2 Includes EUR 100 million tap issued on 5 June 2019.

The EMTN programme and the above Heineken N.V. Notes issued thereunder are listed on the Luxembourg Stock Exchange.

HEINEKEN has a €2.0 billion Euro Commercial Paper (ECP) programme to facilitate its cash management operations and to further diversify its funding sources. There was no ECP in issue as per 31 December 2022.

Historical Summary

	2022	2021	2020	2019	2018[1]
Revenue and profit					
In millions of €					
Revenue	34,676	26,583	23,770	28,521	25,811
Net revenue	28,719	21,941	19,715	23,969	22,489
Net revenue (beia)	28,694	21,901	19,724	23,894	22,471
Operating profit	4,283	4,483	778	3,633	3,121
Operating profit (beia)	4,502	3,414	2,421	4,020	3,808
as % of net revenue	15.7	15.6	12.3	16.8	16.9
as % of total assets	8.6	7.0	5.7	8.6	9.0
Net profit/(loss)	2,682	3,324	(204)	2,166	1,913
Net profit (beia)	2,836	2,041	1,154	2,517	2,385
as % of shareholders' equity	14.5	11.8	8.6	15.6	16.4
Dividend (proposed)	995	714	403	967	912
as % of net profit (beia)	35.1	35.0	34.9	38.4	38.2
Per share					
In €					
Cash flow from operating activities	7.81	7.26	5.45	7.56	7.70
Net profit (beia) - basic	4.93	3.55	2.00	4.39	4.18
Net profit (beia) - diluted	4.92	3.54	2.00	4.38	4.18
Dividend (proposed)	1.73	1.24	0.70	1.68	1.60
Shareholders' equity	33.97	30.15	23.27	28.15	25.48

1 Restated for IAS 37.

	2022	2021	2020	2019	2018[1]
Cash flow statement					
In millions of €					
Cash flow from operations	5,660	5,127	4,232	5,556	5,540
Cash flow related to interest, dividend and income tax	(1,164)	(946)	(1,096)	(1,219)	(1,152)
Cash flow from operating activities	**4,496**	4,181	3,136	4,337	4,388
Cash flow (used in)/from operational investing activities	(2,087)	(1,667)	(1,623)	(2,109)	(2,142)
Free operating cash flow	**2,409**	2,514	1,513	2,228	2,246
Cash flow (used in)/from acquisitions and disposals	(199)	(610)	185	(2,764)	(213)
Dividends paid	(1,099)	(796)	(811)	(1,223)	(1,090)
Cash flow (used in)/from financing activities, excluding dividend	(2,028)	(2,087)	2,049	207	123
Net cash flow	**(917)**	(979)	2,936	(1,552)	1,066
Cash conversion ratio	75.3%	110.0%	111.3%	80.2%	85.4%
Financing ratios					
Net debt/EBITDA (beia)	2.1	2.6	3.4	2.6	2.3

Historical Summary

	2022	2021	2020	2019	2018[1]
Operating profit (beia)/net interest expense (beia)	11.8	8.5	5.2	9.2	10.1
Free operating cash flow/net debt	17.8%	18.4%	11.0%	15.0%	19.0%
Net debt/shareholders'equity	0.69	0.79	1.06	0.95	0.83
Financing					
In millions of €					
Share capital	922	922	922	922	922
Reserves and retained earnings	18,629	16,434	12,470	15,225	13,603
Shareholders' equity	**19,551**	**17,356**	**13,392**	**16,147**	**14,525**
Non-controlling interest	2,369	2,344	1,000	1,164	1,183
Total equity	21,920	19,700	14,392	17,311	15,708
Post-retirement obligations	568	668	938	1,189	954
Provisions (including deferred tax liabilities)	2,936	2,908	2,103	2,362	2,428
Non-current borrowings	12,893	13,640	14,616	13,366	12,628
Other liabilities (excluding provisions)	14,089	11,934	10,583	12,276	10,433
Liabilities (excluding provisions and post-retirement obligations)	**26,982**	**25,574**	**25,199**	**25,642**	**23,061**
Total equity and liabilities	**52,406**	**48,850**	**42,632**	**46,504**	**42,151**
Shareholders' equity/ Total liabilities	**0.64**	**0.60**	**0.47**	**0.55**	**0.55**

	2022	2021	2020	2019	2018[1]
Employment of capital					
In millions of €					
Property, plant and equipment	13,623	12,401	11,551	13,269	11,359
Intangible assets	21,408	20,762	15,767	17,769	17,459
Other non-current assets	6,360	6,109	6,294	7,047	4,208
Total non-current assets	**41,391**	**39,272**	**33,612**	**38,085**	**33,026**
Inventories	3,250	2,438	1,958	2,213	1,920
Trade and other current assets	5,000	3,892	3,062	4,385	4,302
Cash, cash equivalents and current other investments	2,765	3,248	4,000	1,821	2,903
Total current assets	**11,015**	**9,578**	**9,020**	**8,419**	**9,125**
Total assets	**52,406**	**48,850**	**42,632**	**46,504**	**42,151**
Total equity/total non-current assets	**0.53**	**0.50**	**0.43**	**0.45**	**0.48**
Current assets/current liabilities (excluding provisions)	**0.79**	**0.81**	**0.86**	**0.69**	**0.89**

1 Restated for IAS 37.

Glossary

Acquisition-related intangible assets
Acquisition-related intangible assets are assets that HEINEKEN only recognises as part of a purchase price allocation following an acquisition. This includes, among others, brands, customer-related and certain contract-based intangibles.

Beia
Before exceptional items and amortisation of acquisition-related intangible assets.

Cash conversion ratio
Free operating cash flow/net profit (beia) before deduction of non-controlling interests.

Cash flow (used in)/from operational investing activities
This represents the total of cash flow from sale and purchase of Property, plant and equipment and Intangible assets, proceeds and receipts of Loans to customers and Other investments.

Centrally available financing headroom
This consists of the undrawn part of revolving credit facility and cash minus commercial paper and other short-term borrowings.

Consolidation changes
Changes as a result of acquisitions and disposals.

Depletions
Sales by distributors to the retail trade.

Dividend payout
Proposed dividend as percentage of net profit (beia).

Digital sales value
Value of the digital transactions with our customers for our products via our eB2B platforms at outlet level, including our net revenue and the margin captured by third-party distributors.

Gross merchandise value
Value of all products sold via our eB2B platforms. This includes our own and third-party products, including all duties and taxes.

Earnings per share (EPS)
Basic
Net profit/(loss) divided by the weighted average number of shares – basic – during the year.

Diluted
Net profit/(loss) divided by the weighted average number of shares – diluted – during the year.

EBITDA
Earnings before interest, taxes, net finance expenses, depreciation, amortisation and impairment. EBITDA includes HEINEKEN's share in net profit of joint ventures and associates.

Effective 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.

Eia
Exceptional items and amortisation of acquisition-related intangible assets.

Exceptional items
Items of income and expense of such size, nature or incidence, that in the view of management their disclosure is relevant to explain the performance of HEINEKEN for the period.

Free operating cash flow
Total of cash flow from operating activities and cash flow from operational investing activities.

Group net revenue (beia)
Consolidated net revenue (beia) plus attributable share of net revenue (beia) from joint ventures and associates.

Group operating profit (beia)
Consolidated operating profit (beia) plus attributable share of operating profit (beia) from joint ventures and associates, excluding Head Office and eliminations.

Net debt
Non-current and current interest-bearing borrowings (incl. lease liabilities), bank overdrafts and market value of cross-currency interest rate swaps less cash, cash equivalents and other investments.

Net profit
Profit after deduction of non-controlling interests (profit attributable to shareholders' of the Company).

Net revenue
Revenue as defined in IFRS 15 (after discounts) minus the excise tax expense for those countries where the excise is borne by HEINEKEN.

Net revenue per hectolitre
Net revenue divided by total consolidated volume.

Organic growth
Growth excluding the effect of foreign currency translational effects, consolidation changes, exceptional items and amortisation of acquisition-related intangible assets.

Organic volume growth
Growth in volume, excluding the effect of consolidation changes.

Price mix on a constant geographic basis
Refers to the different components that influence net revenue per hectolitre, namely the changes in the absolute price of each individual sku and their weight in the portfolio. The weight of the countries in the total revenue in the base year is kept constant.

Profit
Total profit of HEINEKEN before deduction of non-controlling interests.

®
All brand names mentioned in this report, including those brand names not marked by an ®, represent registered trademarks and are legally protected.

Region
A region is defined as HEINEKEN's managerial classification of countries into geographical units.

Volume
Brand specific volume (Heineken® volume, Amstel® volume, etc.)
Brand volume produced and sold by consolidated companies plus 100% of brand volume sold under licence agreements by joint ventures, associates and third parties.

Beer volume
Beer volume produced and sold by consolidated companies.

Premium beer
Beer sold at a price index equal or greater than 115 relative to the average market price of beer.

Non-beer volume
Cider, soft drinks and other non-beer volume produced and sold by consolidated companies.

Third-party products volume
Volume of third-party products (beer and non-beer) resold by consolidated companies.

Total consolidated volume
The sum of beer volume, non-beer volume and third-party products volume.

Licensed volume
100% of volume from HEINEKEN's beer brands sold under licence agreements by joint ventures, associates and third parties.

Group beer volume
The sum of beer volume, licensed beer volume and attributable share of beer volume from joint ventures and associates.

LONO
Low- and non-alcoholic beer, cider & brewed soft drinks with an ABV <=3.5%.

Flavoured alcoholic beverages (FAB)
All flavoured alcoholic beverages in the segments of alcoholic soft drinks, pre-mixed spirits, wine coolers, beer mixes, flavoured beer and cider.

Weighted average number of shares
Basic
Weighted average number of outstanding shares.

Diluted
Weighted average number of outstanding shares and the weighted average number of shares that would be issued on conversion of the dilutive potential shares into shares as a result of HEINEKEN's share-based payment plans.

Disclaimer and Reference Information

This Annual Report contains forward-looking statements based on current expectations and assumptions with regard to the financial position and results of HEINEKEN's activities, anticipated developments and other factors. All statements other than statements of historical facts are, or may be deemed to be, forward-looking statements. Forward-looking statements also include, but are not limited to, statements and information in HEINEKEN's non-financial reporting, such as HEINEKEN's emissions reduction and other climate change related matters (including actions, potential impacts and risks associated therewith). These forward-looking statements are identified by their use of terms and phrases such as "aim", "ambition", "anticipate", "believe", "could", "estimate", "expect", "goals", "intend", "may", "milestones", "objectives", "outlook", "plan", "probably", "project", "risks", "schedule", "seek", "should", "target", "will" and similar terms and phrases. These forward-looking statements, while based on management's current expectations and assumptions, are not guarantees of future performance since they are subject to numerous assumptions, known and unknown risks and uncertainties, which may change over time, that could cause actual results to differ materially from those expressed or implied in the forward-looking statements. Many of these risks and uncertainties relate to factors that are beyond HEINEKEN's ability to control or estimate precisely, such as but not limited to future market and economic conditions, the behaviour of other market participants, changes in consumer preferences, the ability to successfully integrate acquired businesses and achieve anticipated synergies, costs of raw materials and other goods and services, interest-rate and exchange-rate fluctuations, changes in tax rates, changes in law, environmental and physical risks, change in pension costs, the actions of government regulators and weather conditions.

You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this Annual Report.

HEINEKEN assumes no duty to and does not undertake any obligation to update the forward-looking statements contained in this Annual Report. Market share estimates contained in this Annual Report are based on outside sources, such as specialised research institutes, in combination with management estimates.

A Heineken N.V. publication
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The PDF, iXBRL viewer copy and the official ESEF reporting package of this Annual Report are available at: www.theheinekencompany.com

The PDF and iXBRL viewer copy of the Annual Report of Heineken N.V. for the year 2022 is not in the ESEF-format as specified by the European Commission in Regulatory Technical Standard on ESEF (Regulation (EU) 2019/815). The ESEF reporting package is available at http://www.theheinekencompany.com/investors/results-reports-webcasts-and-presentations.

Production and editing
Heineken N.V. Global Corporate Affairs

Text
HEINEKEN

Photography
Sander Stoepker page 7

Graphic design and electronic publishing
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Heineken N.V. Annual Report 2022

HEINEKEN