HEINEKEN

Heineken N.V.
Annual Report
2023

In this year's report

Report of the Executive Board

Report of the Supervisory Board

Financial Statements

Sustainability Review

Other Information

The PDF and iXBRL viewer copy of the annual report of Heineken N.V. for the year 2023 is not in the ESEF-format as specified by the European Commission in Regulatory Technical Standard on ESEF (Regulation (EU) 2019/815).

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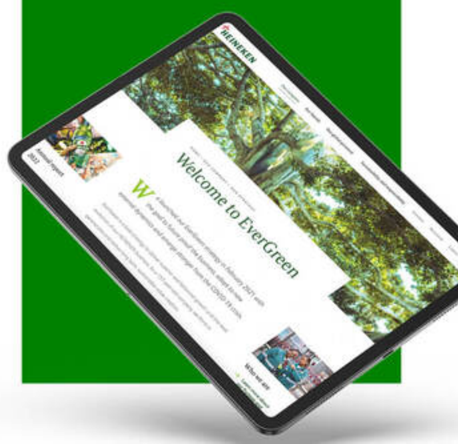


Chief Executive's Q&A

Delivering our EverGreen strategy

"I am proud of the resilience of our business and our people and encouraged by our progress on our EverGreen strategy."

Dolf van den Brink
Chief Executive Officer

What are your top reflections over 2023?

After a strong 2022, 2023 proved to be challenging. I am proud of the resilience of our business and our people and encouraged by our progress on our EverGreen strategy. In 2023 we welcomed three new Executive Team members. Joanna Price joins us as Chief Corporate Affairs Officer, Bram Westenbrink as Chief Commerce Officer and Glenn Caton as President of the Europe region. Their fresh perspectives and immense combined knowledge and experience have already brought new insights and energy to the company.

We continue to make progress on our EverGreen priorities, while adapting to the macroeconomic and geopolitical volatility. We built on momentum across our five key strategic pillars: emphasising consumer and customer-centricity as we shape the future of beer and beyond; growing productivity and a cost-conscious culture; boosting decarbonisation of our production network globally; boosting digitisation of all our processes to become the best-connected brewer; and investing in our talent and capabilities to ensure a workforce that is highly motivated and capable, fostering the right culture and maintaining robust organisational health.

In this way we are future-proofing HEINEKEN as a learning, adapting and more agile company to deliver superior, balanced growth in a fast-changing world.

What are the key highlights of EverGreen and your 2023 business performance?

This year we continued investing in our brands and capabilities. We gained or held volume market share in over half of our markets as volume performance moderately improved quarter by quarter. We exceeded our productivity commitments, delivering €0.8 billion of gross savings in 2023 and achieved operating profit growth in three out of four regions. We made excellent progress with our digital business-to-business platforms and now capture close to €11 billion of gross merchandise value. We increased our investments in our brands, capabilities, digital programs, and sustainability initiatives. We also further evolved our portfolio footprint with the acquisition of Distell and Namibia Breweries to form Heineken Beverages, a new beverages champion for Southern Africa, and exit from Russia in the third quarter.

Also this year, the Heineken® brand celebrated its 150-year anniversary and delivered another year of volume growth, driven by continued momentum of Heineken® 0.0 and Heineken® Silver.

The beverage industry is evolving – how is HEINEKEN shaping the future of beer and beyond?

Our Dream is to shape the future of beer and beyond to win the hearts of consumers. With a long history as successful brand builders to pave the way, in 2023 we continued to invest in expanding growth opportunities beyond beer, experimenting with innovative product concepts and new brand propositions.

We aim to stay relevant to younger legal drinking age consumers with brands that embody authenticity, diversity and a strong desire for connection, such as Birra Moretti across Europe and Tiger in Asia Pacific. With our premium brands led by Heineken® targeting Gen Y consumers in many markets, our strategy remains focused on the fundamentals of delighting consumers to build brand power. We are increasingly building direct connections through premium digital, social and event engagements. In 2023 we continued to expand Heineken® Silver to more markets, specifically the US and Mexico. The support in the US culminated with the sponsorship of the F1™ first race in Las Vegas. Heineken® 0.0 grew in the double-digits in 16 markets, further consolidating its position as the #1 non-alcoholic beer brand globally.

We remain committed to win with our expanding portfolio of refreshing beyond beer brands. For instance, Tiger Soju, the smooth Tiger lager recipe infused with a touch of soju in a range of natural flavours, was launched in Vietnam and Singapore this year. Also this year, we further grew Zagg in Nigeria, a malt-based energy drink that provides a powerful functional offering: the benefits of malt on top of other energy boosting properties, differentiating us from traditional energy players. Red Stripe celebrated the launch of its new Rum Punch and Rum Mojito canned cocktails during the culmination of Caribbean-American Heritage Month. And for beyond beer in the no-alcohol space, Clash'd is our new soft drink from Brazil, crafted through an artisanal quality process which elevates the flavour.

Chief Executive's Q&A

How did HEINEKEN create value through its strategic initiatives in 2023?

We measure progress on long-term value creation through our Green Diamond model. Its four quadrants – growth, capital efficiency, sustainability and 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 bottom-line value creation. Ultimately, we aim for long-term value creation.

For instance, this year we announced the investment in Mexico of €430 million to build a state-of-the-art brewery in the Yucatán, with focus on sustainable brewing practices and job creation, benefiting local communities with an eye on long-term value. HEINEKEN Mexico expects to create over 2,000 new direct and indirect job opportunities. We also further evolved our portfolio footprint with the acquisition of Distell and Namibia Breweries to form Heineken Beverages, a new beverages champion for Southern Africa.

Strong pricing to offset very high input and energy cost inflation and volatile macro-economic conditions in some key markets affected our volume momentum.. Notwithstanding these difficult conditions, we continued investing in our brands and capabilities. We gained or held volume market share in over half of our markets as volume performance moderately improved quarter by quarter. We recorded operating profit (beia) organic growth in 3 out of 4 regions while we adapted to the challenges in Asia Pacific.

How is HEINEKEN leveraging digital technologies and innovation to enhance its operations in 2023?

HEINEKEN has been proactively investing in digital technologies and innovations to enhance our operations in 2023. Data-driven insights and AI applications have been strategically deployed across the organisation. These technologies have significantly improved sales recommendations and enhanced brewery efficiency, contributing to a more streamlined and efficient experience for both our teams and customers.

For example, AIDDA, our AI application to advise sales, is now deployed in five markets where it can generate product recommendations, predict customer churn, identify price discrepancies, and suggest optimal sales routes among other features.

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 and unlock more value to the benefit of both our customers and HEINEKEN's sales organisation. We continue to expand our business-to-business digital (eB2B) platforms. By the end of the year the platforms had captured close to €11 billion in gross merchandise value, connecting with 700,000 active customers in fragmented, traditional channels. We progressed with the migration of our eB2B platforms under a single brand name and identity: eazle, business made easy. As we develop towards meaningful scale in our key markets, we aim to unlock better features, improved customer experience and increased efficiency.

How is HEINEKEN progressing towards its Brew a Better World 2030 strategy and meeting its sustainability goals?

We are now three years into developing and executing our Brew a Better World 2030 strategy. We are learning as we implement at scale, understanding the enablers and challenges that need to be addressed and developing the right capabilities to deliver.

We reduced scope 1 and 2 emissions by 34% compared to the 2018 baseline. We are also driving progress on scope 3 by engaging strategic suppliers and using our scale to support their transition to renewable energy. 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. We have improved our global average water usage from 3.3 hl/hl to 3.2 hl/hl compared to last year. In addition, 28 of our 32 sites in water-stressed areas have now started water balancing projects and 28% of these sites are fully water balanced. We have grown from 19% women in our senior leadership in 2017 to 28% in 2023 (2022: 27%). Finally, 100% of our markets had a partnership in place to address the harmful effects of alcohol in 2023.

We will continue to leverage our brands to promote industry-leading messaging on responsible consumption and moderation. In 2023, HEINEKEN's net zero and FLAG (Forest, Land and Agriculture) targets were approved by the Science Based Targets initiative (SBTi).

What initiatives has HEINEKEN implemented to promote diversity, equity, and inclusion within the company and its workforce in 2023?

Diversity, equity and inclusion is a key priority at HEINEKEN. 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. In 2023 our focus remained on three core pillars: fostering courageous leadership, promoting an inclusive culture and creating equal opportunities.

We have set ourselves an ambition of reaching 40% of women in senior manager positions by 2030 and we are making strong progress. As of this year, 99.8% of our people managers globally have been trained on inclusive leadership. Also this year, we established a new Women in Supply Chain network, joining the likes of our Women Interactive Network and Women in Sales, global initiatives to level the playing field for women in leadership at HEINEKEN. Our multiple employee resource groups, including HOP (Heineken Open and Proud) Women and Allies, continued to thrive across functions and operating companies.

What is the outlook for HEINEKEN?

As we continue to advance on our EverGreen journey, we remain committed to our medium-term ambition to deliver superior growth, balanced between volume and value, and to drive continuous productivity improvements to fund investments behind EverGreen and enable operating profit (beia) to grow ahead of net revenue (beia) over time.

Our volume performance at the closing of 2023 was under pressure from external factors, with a moderate sequential improvement quarter by quarter. For 2024, we expect the macroeconomic environment and geopolitical developments to remain a factor of uncertainty that may impact our business. In this context, our focus going forward will be on restoring our volume growth by continuing to invest behind our brands, innovations, commercial capabilities and route-to-consumer.

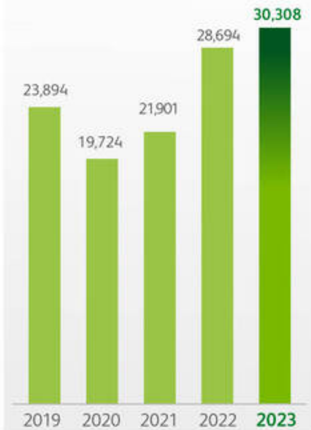
Overall, we expect to grow operating profit (beia) organically in the range of a low- to high-single-digit. The wide range corresponds to the volatility in geo-political and economic conditions we have also witnessed in the past months and the fact that we will continue to invest behind EverGreen for long-term sustained value creation.

Wishing you all the joy of true togetherness in 2024!

Performance highlights

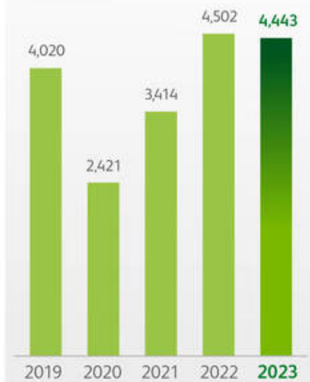
Net revenue (beia)
in millions of €

€30,308m



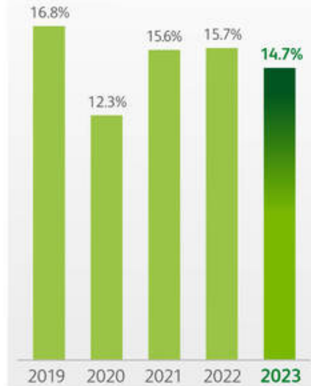
Operating profit (beia)
in millions of €

€4,443m



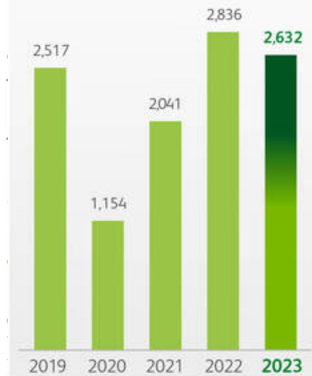
Operating profit (beia) margin
in percentages

14.7%



Net profit (beia)
in millions of €

€2,632m



Consolidated beer volume
in millions of hectolitres

242.6mhl

Gender balance

28%

of our senior management positions were held by women

Carbon emissions

34%

reduction of scope 1 and 2 emissions vs. 2018

Heineken® volume
in millions of hectolitres

56.3mhl

14%

of Heineken® media spend invested in our responsible consumption campaigns

Average water usage (hl/hl)

36%

improvement compared to 2008

Key figures[1]

Consolidated results

In millions of €	2023	2022	Change in %
Revenue	36,375	34,676	4.9%
Net revenue	30,362	28,719	5.7%
Net revenue (beia)	30,308	28,694	5.6%
Operating profit	3,229	4,283	(24.6%)
Operating profit (beia)	4,443	4,502	(1.3%)
Net profit	2,304	2,682	(14.1%)
Net profit (beia)	2,632	2,836	(7.2%)
EBITDA (beia)	6,541	6,444	1.5%
Dividend (proposed)	978	995	(1.7%)
Free operating cash flow	1,759	2,409	(27.0%)

Balance sheet

In millions of €	2023	2022	Change in %
Total assets	55,153	52,406	5.2%
Shareholders' equity	20,056	19,551	2.6%
Net debt position	15,835	13,531	17.0%
Market capitalisation	51,852	50,621	2.4%

Per share

	2023	2022	Change in %
Weighted average number of shares – basic	563,448,845	575,563,505	(2.1%)
Net profit	4.09	4.66	(12.2%)
Net profit (beia)	4.67	4.93	(5.3%)
Dividend (proposed)	1.73	1.73	0.0%
Free operating cash flow	3.12	4.19	(25.5%)
Shareholders' equity	35.60	33.97	4.8%
Share price	91.94	87.88	4.6%
Weighted average number of shares – diluted	563,979,620	576,026,120	(2.1%)
Net profit (beia) – diluted	4.67	4.92	(5.1%)

Employees

	2023	2022	Change in %
Average number of employees (FTE)	89,732	86,390	3.9%

Ratios

	2023	2022	Change
Operating profit (beia) as a % of net revenue (beia)	14.7%	15.7%	-103 bps
Net profit as % of average equity attributable to equity holders of the Company	11.6%	14.5 %	(2.9)
Net debt/EBITDA (beia)	2.4	2.1	0.3
Dividend % payout	37.2%	35.1%	2.1
Cash conversion ratio	61.4%	75.3%	(13.9)

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

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 **Glenn Caton**
President, Europe*

5 **Roland Pirmez**
President, Africa, Middle East & Eastern Europe

6 **Jacco van der Linden**
President, Asia Pacific

7 **Bram Westenbrink**
Chief Commercial Officer

8 **Joanna Price**
Chief Corporate Affairs Officer

9 **Yolanda Talamo**
Chief People Officer

10 **Magne Setnes**
Chief Supply Chain Officer

11 **Ronald den Elzen**
Chief Digital & Technology Officer

* Glenn Caton succeeded Soren Hagh as President Europe as per 1 January 2024.

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.

Our Purpose

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, brewing connections that ignite joy, create memories and fuel happiness. We think in generations and deliver long-term, sustainable value creation. Our core reason for being, shaping our strategy and inspiring our people:

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

Our EverGreen strategy

EverGreen is our strategy to deliver superior and balanced growth for our HEINEKEN business. It 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.

HEINEKEN EverGreen

Our Dream

Shaping the future of beer and beyond to win the hearts of consumers

Our best days are ahead of us as we continue to deliver superior and balanced growth with beer and beyond.

Our Values

Our Values are what we stand for:

Passion for consumers and customers

Care for people and planet

Courage to dream and pioneer

Enjoyment of life

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 and Responsibility. At its heart EverGreen is a shift from superior growth to superior and balanced growth.

Building an adaptable future-proof business

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

We are future-proofing our business with the following business priorities:

Shape the future of beer and beyond

Find out more
Page 11

Fund the growth, fuel the profit

Find out more
Page 16

Raise the bar on sustainability and responsibility

Find out more
Page 18

Become the best-connected brewer

Find out more
Page 23

Unlock the full potential of our people

Find out more
Page 27

HEINEKEN EverGreen

Shape the future of beer and beyond

We aim to drive superior balanced growth by shaping the future of beer and beyond, by putting our consumers and customers at the heart of everything we do. We are focused on premiumisation, led by Heineken® and a portfolio of global and local brands.

We are innovating to grow the category, extending beer into non-alcoholic, flavoured and less bitter variants, and exploring beyond beer with cider and other refreshing alcohol offers. This will ensure our portfolio evolves to meet new and changing consumer needs and captures new growth opportunities.

We continue to digitise our route-to-consumer. We have ambitiously grown our eB2B business and launched eazle which will help our customers to make it easier to run and grow their business.

"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 and customer demands."

Bram Westenbrink
Chief Commercial Officer

Shape the future of beer and beyond

Driving premiumisation at scale, led by Heineken®

The Heineken® brand continues to grow across the world, focusing on building more meaningful connections with its consumers, expressing 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. The Heineken® brand continues to establish itself as a protector of quality socialising, finding opportunities to provoke a more open and inclusive world. Heineken® 0.0 remains the overall leader in non-alcoholic beers globally.

The growth of the brand aligns with our growing responsible consumption impact, which is seen through our F1™ sponsorship, as well as through our partnership with three-time world champion Max Verstappen and his F1™ team Oracle Red Bull Racing.

Heineken® 0.0 remains the overall leader in non-alcoholic beers globally.

In 2023 we continued to expand Heineken® Silver, specifically to the US and Mexico, now totalling 50 markets. The support in the US culminated with the sponsorship of the F1™ first race in Las Vegas. In the Asia Pacific region, Heineken® Silver continues to lead the growth, leveraging the taste appeal and the brand's cool and premium credentials.

Heineken® driving meaningfulness, sustainability and responsibility

Our global partnerships with F1™ and Max Verstappen inspired our team to push beyond the physical racetrack onto the virtual racetrack. In August 2023 we launched Player 0.0, a simulation-racing series that held local tournaments around the world before hosting a global final. The final took place in Amsterdam in early December 2023, and four winners from Canada, Mexico, Brazil and the Netherlands had the chance to race Max himself, with the winner crowned as the Player 0.0 champion. This was a bold step into the social world of gaming and another way to send out the message of responsible consumption.

In support of our 'Cheers to All Fans' inclusivity campaign, in 2023 we enacted 'The Social Swap', a social experiment where two neutral pundits (one man and one woman) secretly switched their social media accounts for five days to highlight how women's opinions are unfairly dismissed in football with toxic remarks. The results showed that the woman's account, while secretly run by a man, still received five times more online abuse. This sparked many conversations on social media around gender bias in football culture. The campaign was applauded by the industry and strengthened the position of Heineken® as a key and meaningful player in the football industry.

Heineken® was recognised once again at the Cannes Lions, the prestigious Festival of Creativity. Heineken® was awarded 12 Bronze Lions, seven Silver Lions and one outstanding Gold Lion for The Closer campaign. It was voted the #1 most creative brand in the alcoholic drinks category and #3 most creative brand of the year across all categories.

150 years of good times

2023 saw the 150th Anniversary of the Heineken® brand, a milestone that was celebrated in more than 190 countries in a truly global way. In the words of Freddy Heineken: "We don't sell beer, we sell gezelligheid." The occasion brought our Heineken® DNA to life, fully encompassed in the theme 150 Years of Good Times, One Way or Another.

With the large number of markets participating, and further activities expected to take place in 2024, this was the most 'glocal' (globally local) campaign the brand has ever seen. From debuting Boiler Rooms in Singapore to fashion partnerships with MGSM in Italy and Adidas in Brazil, Heineken®'s 150th Anniversary good times made headlines – over 1,000 of them with the Heineken® brand name featured, generating over 3.3 billion impressions with 98% being neutral or positive in sentiment. The campaigns and elevated experiences continue to focus on premium quality, good times, open-mindedness and offering consumers a choice to drink Heineken® Original, Heineken® 0.0 or Heineken® Silver. All of these themes will continue in the future as we further drive meaningful differentiation.

Shape the future of beer and beyond

International brands

Amstel – The spirit of Amsterdam

2023 was a year in which Amstel continued to outperform on revenue and equity growth, with volume growth in high-single digits. Amstel is the second-largest international beer brand in our portfolio in the Europe and the Africa, Middle East & Eastern Europe regions, and it is the third-largest in the Americas. Amstel is available in over 110 markets across the world.

Amstel's global positioning of welcomeness and inclusion resonates across the world while innovations, such as Amstel Ultra in the Americas and the new Amstel Vibes in Brazil, boost Amstel's performance. Amstel's ambition remains: To welcome consumers into the world of international and premium beer, owning the accessible premium opportunity.

Birra Moretti – Enjoy life's simple pleasures

Born in 1859 in Udine in Italy, Birra Moretti brings an authentic taste of Italy to consumers, reminding them to savour life's simple pleasures. Available in over 40 markets globally, the brand is one of the fastest growing premium beer brands in its heartland of Europe, driving incremental category value and volume, and shaping the future of beer. In 2023 Birra Moretti continued its international range expansion, launching Sale di Mare – an unfiltered lager enriched with a hint of Italian sea salt. This unique combination creates a beautifully refreshing beer that is full of flavour, perfect for an aperitivo moment and food pairing.

Birra Moretti also launched the 'Live Italian' series on Amazon Prime. This innovative mini-series welcomed three celebrities to Birra Moretti's home to experience authentic Italian activities like cooking, music and sports. Each episode transported viewers to Italy and inspired them to embrace life's simple pleasures and make the most of the things that really matter.

Tiger – Feel the twist

Since 1932, Tiger has been inspiring consumers around the world to ignite their inner tigers, making Tiger the #1 international premium beer from Asia. Tiger is now available in 60 markets, having been rolled out in Indonesia this year. Tiger Crystal, the line extension marked by its unique brewing process called 'Cold Suspension', is growing double-digits in volume across Asia.

In 2023, Tiger expanded beyond beer, launching Tiger Soju infused lager with the intent to bring the Tiger brand to younger generations. Tiger Soju is an easy-to-drink lager infused with a touch of soju in a range of natural flavours, bringing a hint of sweetness and a refreshing beer aftertaste, uncaging a bold new Tiger experience.

Launching a new product unknown to any audience, Tiger needed to be clear about what Tiger Soju infused lager brings to the table. It is a bold twist on something familiar: Tiger beer infused with soju spirit. To celebrate this collision of Asian cultures, Tiger partnered with G-Dragon (leader of BigBang), a renowned South Korean artiste and international trendsetter at the forefront of music, fashion and culture. In the campaign, G-Dragon leads the way through a portal to discover a bold new twist and a place where Asia's cultures collide, opening minds to an entirely new experience and taste.

Lagunitas – Weirdly original

Lagunitas brews weirdly original beverages for weirdly original people. Born in Northern California in 1993 on a kitchen stove, Lagunitas has since been made available in more than 40 markets. In 2023 the brand leaned into its uniqueness and originality with the new 'Weirdly Original' campaign, which highlighted consumer favourites like the flagship IPA and Maximus. Lagunitas Hoppy Refresher, a zero alcohol sparkling hop water that continues to be the US market leading Hop Water product, rolled out new Berry & Lemon and Blood Orange flavours this year. The brand also brought out new packaging to better reflect its quirky personality, featuring the famous Lagunitas dog and improving visibility on store shelves.

Shape the future of beer and beyond

International brands

Sol – Live from the Sunny Side

Sol believes that sun-powered positivity brightens our world. Now available in over 50 markets, Sol offers simple unwinding without overthinking for our aspirational Gen Z audience group. They are change makers who stand up to the fear, uncertainty and doubt of modern times, channelling their energy into positive actions, combating whatever challenges the world throws at them. Sol is a brand that shares their values and provides them with sun-powered optimism. 2023 saw the continuation of the 'L-I-V-E from the Sunny Side' campaign, which broadcasts this message.

Edelweiss – Feel the Alps

Edelweiss is a modern take on a centuries-old wheat beer recipe, crafted with all-natural ingredients and infused with a subtle refreshing hint of mountain herbs (such as sage, coriander and elderflower). It provides an elevated drinking experience that delights all the senses. The original Edelweiss wheat beer is available in six markets. In 2023, Edelweiss Peach and Red Berries were introduced in the Taiwan market.

Building on the success of last year's award-winning campaign 'Feel the Alps', Edelweiss continues to push the boundaries of beer communication. Drawing inspiration from the rejuvenating alpine vistas of Edelweiss' origins, the campaign offers viewers a sensorial journey that captures the essence of the Edelweiss experience.

Premiumisation

Premium beer volume has shown growth in the majority of our markets, led by Heineken®. Across 2023 we have been building out our premium portfolio of international brands, complementing Heineken® by connecting with an even more diverse range of consumer needs through new line extensions and through new premium ways of communicating with our consumers.

For instance, this year Tiger entered new territory with Tiger Soju Infused Lager, a bold twist on something familiar, uncaging a new premium Tiger experience. The brand also partnered with fashion designer Izzy Du to create the first summer puffer jacket that keeps the body temperature cool, lowering it by up to five degrees Celsius using cold beer cans, perfectly pairing beer with the premium fashion industry.

With Birra Moretti targeting Gen Y consumers in many markets, our strategy remains focused on the fundamentals of delighting consumers to build brand power, but increasingly building direct connections through premium digital, social and event engagements. Activities such as 'Piazza Birra Moretti' or 'Slice of Italy' invite consumers to experience the elevated Italian life.

Desperados – #InclusiveDancefloors

Desperados continues to be a strong example of our forward movement in premiumisation. The spirited beer brand is now available in over 30 markets globally, with the zero alcohol line extension Desperados Virgin available in six markets.

We believe that true togetherness happens when you feel respected, safe and included, and Desperados has been working to ensure party-goers feel exactly this on a night out.

In 2023 we introduced the Doorperson Diploma, part of Desperados' larger F.R.E.E. platform aimed at Fostering Respect, Equity and Empowerment on the dance floor.

Working together with various partners, Desperados aims to educate security staff and make nightlife safer and more inclusive for all, ensuring everyone can dance without worry. Let's come together to #ProtectTheParty and create #InclusiveDancefloors for everyone.

According to research by Desperados, over three-quarters of people cite dancing as a source of happiness. Hence the revamped launch in 2023 of Desperados Dance Club, a dance-powered app allowing people to dance from anywhere, at any time. App users turn dance steps into rewards and cash for charities such as Stonewall and Women in Music in another bid to make dance floors a safer and more inclusive space for all.

Shape the future of beer and beyond

Explore beyond beer

Stretching beyond beer

In 2023, we have remained committed to win with our expanding portfolio of refreshing brands beyond beer.

For instance, Zagg is a malt-based energy drink that provides a powerful functional offering: the energy of malt on top of other energy boosting properties, differentiating us from traditional energy players.

This year we fuelled its growth even further. The brand was launched in Nigeria towards the end of 2022 in a challenging market situation. However, it was able to rapidly achieve significant market share growth supported by a through-the-line activation plan. Zagg expanded its footprint this year to Congo Brazzaville and Sierra Leone, demonstrating the strong potential to expand further in the region and beyond. 'That's Our Kind of Energy' is the first-ever Zagg campaign that, through people-centred stories, engages the consumer and further drives differentiation and brand affinity.

Additionally, in 2023 Red Stripe celebrated the launch of its new Rum Punch and Rum Mojito canned cocktails during the culmination of Caribbean-American Heritage Month by hosting its DanceHall of Fame, a celebration of Caribbean music and culture. Amstel Vibes line extension was also launched in Brazil.

Leading the cider category

Cider volume closed the year at 7.1 million hectolitres following the acquisition of Distell in South Africa. Volume declined on an organic basis, driven by the UK. Nonetheless, cider is facing positive momentum in the Mexican market, in Australia, and is on a global journey to return to growth. In the UK home market, 2023 has seen total cider volume share return to growth in a declining market, driven by continued success of Inch's and Old Mout. Strongbow is improving following a brand relaunch, new flavour innovation and significant marketing investment. In South Africa, our cider portfolio outperformed the category and strengthened our leadership position, driven by the strong performance of Savanna..

Pioneer choice in low- & no-alcohol

Zero alcohol is no longer just for Dry January. Consumers' reasons for moderation are changing and regular alcohol consumption is decreasing with younger generations. The global trend for wellness continues, and we see continued growth in the hydration segment, offering healthy adult refreshment without the compromise on taste. The non-alcoholic beer and cider portfolio grew volume by a mid-single-digit led by Heineken® 0.0, growing in the double-digits in 16 markets, further consolidating its position as the #1 non-alcoholic beer brand globally.

We believe you should always have a choice of non-alcoholic beverages available. Wherever you can buy Heineken®, you can also find Heineken® 0.0. Our great portfolio of global and local brands offering 0.0 options continues to grow, with favourites already including Amstel Oro 0.0 Tostada, Birra Moretti Zero and Desperados Virgin 0.0. In 2023 we launched Tecate 0.0 in Mexico.

In 2023 we also continued to innovate and extend 0.0 options beyond beer. Clash'd is our new soft drink from Brazil that goes through an artisanal quality process which elevates the flavour. Unlike anything you've ever tasted, it can be found in the refreshing flavours of golden apple-lemongrass-mint, Sicilian lemon-strawberry-ginger, and red fruits-hibiscus.

Fund the growth, fuel the profit

Our growth algorithm seeks to deliver superior, balanced growth enabled by investments in innovation, in brand power, behind our digital transformation, in new capabilities and in making our business more sustainable. To fund this, we are structurally driving productivity across all parts of our business.

"We operate the broadest footprint of breweries in the industry and are increasingly connecting them digitally, leveraging data to drive learning and scale of knowledge across our brewery network, optimising upstream and downstream operations."

Magne Setnes
Chief Supply Chain Officer

Fund the growth, fuel the profit

Cost management to enable growth

Our growth algorithm seeks to deliver superior, balanced growth enabled by investments in innovation, in brand power, behind our digital transformation, in new capabilities and in making our business more sustainable. To fund this, we are structurally driving productivity across all parts of our business.

2023 marked the fourth year of our productivity programme. We delivered €0.8 billion in gross savings this year, reaching a cumulative € 2.5 billion gross savings versus the cost base of 2019, significantly ahead of our initial €2 billion commitment.

In Europe, our supply chain transformation programme progressed ahead of schedule. It delivered in excess of €200 million in gross savings from portfolio and data-driven efficiency gains in production, purchasing and logistics.

Outside of Europe, we accelerated procurement initiatives across the group. Major projects in the Americas including near shoring production capabilities and more sustainable local sourcing solutions contributed more than €240 million. For example, by working with our strategic suppliers in Brazil to bring dedicated furnaces online for our local glass bottle demand we have eliminated the need for imports.

Our efforts also involved leveraging technology to drive productivity across the organisation, like the aforementioned example of AIDDA in Mexico to improve sales force productivity and the increase use of shared service centres.

We now have established a practice of continued cost and productivity management in our organisation, and have begun to build the foundations of stronger capital governance. With this in place, we are confident to deliver on our €400 million gross savings ambition for the next years.

Fuel the profit of the future

Operating profit landed at €3.2 billion (2022: €4.3 billion), lower due to higher exceptional items and amortisation of acquisition related intangibles in 2023 amounting to €1.2 billion (2022: €219 million), of which amortisation of acquisition-related intangibles represented €385 million (2022: €333 million) and net exceptional expense items amounted to €829 million (2022: €114 million net benefit), including an impairment of €491 million for Heineken Beverages. Operating profit (beia) grew organically 1.7% with a strong recovery in the second half of the year and with growth delivered in three of the four regions. Pricing to offset inflation and premiumisation, together with strong delivery of our productivity programme, more than offset the inflationary pressures in our cost base and incremental investments behind our growth agenda. Currency translation negatively impacted operating profit (beia) by €102 million, or 2.3%, mainly driven by the devaluation of currencies in emerging markets being partially offset by appreciation of the Mexican Peso.

Net profit was €2.3 billion (2022: €2.7 billion). The negative impact of exceptional items and amortisation of acquisition related intangibles on net profit in 2023 was €329 million (2022: €155 million), where the higher exceptional expenses in operating profit were partially offset by the exceptional benefits from the recognition of €661 million of previously unrecognised deferred tax assets in Brazil. Net profit (beia) declined 4.3% organically to €2.6 billion (2022: €2.8 billion). The gains from higher operating profit, higher profits from associates and joint ventures and lower minority interests and income taxes were more than offset by a significant increase in other net financing expenses and higher-interest expenses.

For more details, please refer to the Financial Review

Raise the bar on sustainability and responsibility

We are now three years into developing and executing our Brew a Better World 2030 strategy. Sustainability & Responsibility are an integral part of how we operate as a business, and we include in our planning and performance management processes. We are learning as we implement at scale, understanding the enablers and challenges that need to be addressed and developing the right capabilities to deliver.

"We must continue to embed sustainability into the fabric of how we work. The steps that we are taking today will enable us to anticipate and mitigate risks, adapt to changing market conditions and seize new opportunities. It's not only the right thing for the planet and society, but also for our business and stakeholders."

Joanna Price
Chief Corporate Affairs Officer

Raise the bar on sustainability and responsibility

Achieving our Brew a Better World ambitions will require significant investment, committed execution, continuous learning and bold collaboration. We are mobilising the entire global organisation on our path to net zero, to deliver our ambitions for an inclusive, fair and equitable world, and to ensure moderation. Strategic global and local partnerships help us to shape our actions, refine our approach and scale our positive impact.

Environmental

Mobilising our global organisation on the path to net zero impact

In 2023, our target to reach net zero in our full value chain by 2040 was approved by the Science Based Targets initiative ('SBTi'). We also set and received SBTi approval for a new Forest, Land and Agriculture ('FLAG') scope 3 target, which will help us focus on reducing agriculture emissions and address deforestation. HEINEKEN has become the first global brewer to have long-term and FLAG targets approved by SBTi. In 2023, we achieved:

34% reduction in scope 1 and 2 emissions compared to 2018 baseline

This is in line with our net zero roadmap expectations.

We are also driving progress on scope 3 emissions reduction by engaging strategic suppliers and using our scale to support their transition to renewable energy. We were recognised as a leading company on CDP's (Carbon Disclosure Project) A-list for Climate. As of the end of 2023, we have reduced scope 3 emissions by 20% compared to the 2018 baseline.

To continue to drive progress towards our goals, we are building internal capabilities. Through the 'Brew a Better World Academy', more than 1,400 colleagues from different functions globally have been upskilled in carbon-related knowledge applicable to their specific roles.

Investing in renewables

We have made significant progress to shift our production sites to renewable sources of energy. This supports our journey to net zero and protects us from fluctuating energy prices. We are joining forces with other companies to source renewable energy through on-site solutions and Power Purchase Agreements (PPAs), and we rely on innovation to drive progress and reduce the need for fossil fuels. Examples of projects on the ground include the following:

– In Finland, the Mutkalampi wind farm came online, supported by a PPA with HEINEKEN, Signify, Nobian and Philips. This collaboration will deliver enough renewable electricity to cover 27 of our European production sites for the next 10 years.
– In Spain, we launched the largest industrial solar thermal plant in Europe in partnership with Engie. This eight-hectare solar thermal plant with a capacity of 30MW is expected to reduce our Seville brewery's consumption of fossil gas by over 60%.

Raise the bar on sustainability and responsibility

Partnering with suppliers to reduce scope 3 carbon emissions

Becoming net zero means not only decarbonising our own business, but our entire value chain. In the past year, we intensified collaboration with key suppliers in agriculture, packaging, logistics and cooling to unlock low-carbon solutions.

- We are driving systemic change to reduce agriculture-related emissions through our global Low Carbon Farming programme, which has resulted in 13% reduction of carbon emissions and 81% improvement of carbon sequestration (results based on 300 pilots in 13 different countries).
- Along with a consortium of six investors (HEINEKEN, Siemens Financial Services, EIT InnoEnergy, RIC Energy, MAIRE, InVivo), we invested in a company called FertigHy and, together, we aim to develop low carbon fertiliser solutions.
- In Nigeria, one of our biggest markets in Africa, the local team engaged with the logistics service providers to invest in newer, larger and lighter trucks to reduce the number of trips on the road.
- For packaging, we continue to engage suppliers through the Supplier Leadership on Climate Transition (Supplier LOCT), offering support with capability-building in their carbon reduction efforts. In 2023, we engaged glass suppliers in decarbonisation workshops.
- As members of the Beverage Industry Environmental Roundtable (BIER), we joined the Coolition initiative, a coalition that consists of BIER members, refrigeration manufacturers and other key stakeholders to drive change on three fronts: standards and legislation, circularity, and energy efficiency and innovation.

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. We are focused on water efficiency and the long-term restoration of critical water basins, especially in water-stressed areas. We take a value chain approach to water focusing on our operations, upstream with our suppliers and working in the communities where we operate.

We set a target to reduce our water usage to 2.6 hectolitres per hectolitre (hl/hl) beer by 2030 in water-stressed areas and 2.9 hl/hl for all sites. Despite efficiency loss due to reduced production volumes, we have maintained our global average water usage at 3.0 hl/hl in our breweries in water-stressed areas and improved our global average water usage across all our breweries to 3.2 hl/hl (2022: 3.3), progressing towards our 2030 targets.

28 of our 32 sites in water-stressed areas have now started water balancing projects and 28% of these sites are fully water balanced. Other highlights include:

- In Brazil, we have improved water efficiency by almost 7.5% through a collective pilot project with its local C&D partner.
- In Ethiopia, our partnership with World Vision International aims to comprehensively restore the watershed, improve carbon sequestration and livelihoods. In the last three years the project has led to over 500 hectares of rehabilitated land and half a million trees planted.
- In Tunisia, we have initiated a project to provide access to clean water for 400 families in the Jebel Trifi region. This endeavour reflects our focus in WASH (Water, Sanitation and Hygiene) – together, we're making a positive impact, fostering healthier lives and brighter futures.

Most of the water we use is dedicated to growing our crops, with agriculture representing approximately 90% of our water footprint. In 2023, we initiated a comprehensive Water Global Screening, focused on our top suppliers and primary sourcing areas. This yielded valuable insights into regions experiencing water stress and into the maturity of our suppliers in managing water resources.

Launching our global circularity strategy

We have developed a global circularity strategy focused on packaging where we will increase reusability, maximise recycled content and improve recyclability. Making our product packaging reusable is a priority. Today, approximately 38% of our packaging is produced in a reusable format. We want to build on this by supporting existing and emerging deposit return schemes and other mechanisms to drive reuse at scale.

By 2030, we aim to reach the following goals:	
43%	of volumes sold in reusable format
50%	recycled content in bottles and cans
99%	of all packaging is recyclable by design

This builds on existing projects across the business that will support implementation at scale. For example:

- In Cambodia, we transitioned to reusable glass bottles with over 1,600 on-trade outlets in urban areas, signing up so far to implement crates and support #ReturnTheBottle.
- In the Netherlands, Desperados is the eighth beer brand to switch to reusable bottles in the catering and retail industry meaning more than 90% of HEINEKEN Netherlands bottles will be filled and sold in a refillable format in 2024.

Visit page 147 to learn more about what we have done on sustainability and environmental

Raise the bar on sustainability and responsibility

Social

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

We are raising the bar to create a fair and safe workplace and to promote diversity, equity and inclusion. This means achieving gender balance at senior levels, paying our 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 aims to embed a leading safety culture and our social impact initiatives are aligned with the UN Sustainable Development Goals.

We have been recognised by Forbes World's Best Employers ranking as one of the top five best places to work in the industry and 78th (out of 700) best employers in the world. This is a result of more than 170,000 workers from more than 50 countries that were polled, asking them about their experiences at work and with their employers.

Embrace inclusion and diversity

We think inclusion starts with courageous leadership and that we all have a role to play to champion a culture of belonging.

In 2023, 99.8% of our managers completed the All-Inclusive Leadership e-learning, which is an important step to empower our leaders to set an example.

Embracing Diversity, Equity and Inclusion (DEI) is the right thing to do for our people and our business. We have grown from 19% women in our senior leadership in 2017 to 28% in 2023 (2022: 27%). Our aim is to reach 30% by 2025 and 40% by 2030.

To reach this goal, our plan is to set up DEI councils across all operating companies to fully embed DEI. Council members work with the local managing director to support the delivery of the global DEI strategy. By the end of 2023, 75% of our operating companies had a DEI Council in place.

We are levelling the playing field for women and men through global initiatives, including:

– WIN (Women Interactive Network), a leadership development programme that aims to level the playing field for women at HEINEKEN. To this date, 139 women have participated in the programme.

A fair and safe workspace

On our path to a fair and safe workplace, 100% of our direct employees now earn a fair wage according to the Fair Wage Network, reaching our 2023 goal. We continue to make progress in providing fair living and working standards for third-party employees. 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.

Bringing our purpose to life in the communities

'Worlds Together' is HEINEKEN's social impact campaign, developed in collaboration with The Social Gastronomy Movement, The Human Library, and local partners. In a world that is becoming increasingly disconnected, polarised and lacking in trust, we want to bring people together over a beer and a meal, who would otherwise not likely meet or even speak.

This campaign was launched in Amsterdam and effectively nurtured authentic togetherness. Eight operating companies and head office hosted 12 events, bringing together a total of 1,144 people from different walks of life to foster connection and understanding.

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.

By the end of 2023, 100% of all our markets globally in scope had a social impact initiative in place. For example:

– In Haiti, we partner with three women's organisations to provide microcredits to women in rural areas, enabling them to start small businesses where they lacked access to funding.

Visit page 159 to learn more about what we have done on sustainability and social

Raise the bar on sustainability and responsibility

Responsible

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

We aim to lead the debate on responsible consumption and support actions that decrease harmful consumption. We are giving consumers more choice with our 0.0 portfolio of beer and cider brands and empowering them with clear and transparent information on our labels.

Always a choice

Through Brew a Better World we want to empower consumers to make responsible choices by providing low-and no-alcohol options, transparent information and promoting zero tolerance of harmful use. Heineken® 0.0 is now available in 114 markets, including launches in Japan, Argentina, China and Morocco.

We made progress in delivering our ambition to serve 0.0 always, but we fell short of the 2023 goal to provide a zero alcohol option for at least two strategic brands in most of our operating companies.

Operating companies with a zero alcohol option for at least two strategic brands represented 53% (2022: 46%) of our total beer and cider volume.

Our experience has found that, for operating companies without an established non-alcoholic beer category, focusing on seeding one strategic brand, rather than two, is more impactful. Going forward, our new goal will reflect this approach; We aim to have a zero alcohol option for two strategic brands in the majority of our markets (accounting for 90% of our business) by 2025. Non-alcoholic products will play an increasing role in HEINEKEN's industry-leading messaging on responsible consumption and moderation. With the no-alcohol category increasing in popularity, we want to continue to empower consumers by always providing a choice while at the same time addressing the harmful effects of alcohol.

As members of the International Alliance for Responsible Drinking (IARD), we helped to launch a new free online training for servers and bar staff to help equip them with the knowledge and practices to ensure all consumers enjoy alcohol responsibly.

In the UK, we introduced the world's first 'Nommelier' service in Edinburgh and London, curating an alcohol-free pairing menu.

Partnerships to address harmful drinking

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

In 2023, we achieved our goal of having 100% of the markets in scope with a partnership in place to address harmful drinking.

- In Saint Lucia, we hosted the first ever knowledge forum at the annual Saint Lucian Carnival, sharing responsible drinking tips, and exploring solutions to effectively enable a culture of responsible consumption and promote moderation in Saint Lucia.
- In Ethiopia, we are joining forces with three universities in the country to create awareness and promote responsible behaviours in addressing underage drinking. The initiative aims to underline the critical role that educational institutions play in promoting responsible behaviour among young individuals.

Making moderation cool

'When You Drive, Never Drink' is our long-standing flagship campaign which promotes an anti-drink-driving message. In 2023, we launched a new edition raising awareness of the fact that the best driver is always the one who's not drinking. F1™ World Champion Max Verstappen helps us to convey this message as our new Heineken® 0.0 ambassador.

Verstappen also plays a leading role in a new initiative called 'Player 0.0', a virtual racing experience that incorporates responsible consumption themes in the gaming space.

- In the US, Heineken® 0.0 and Marvel Studios' 'Ant-Man and The Wasp: Quantumania' teamed up on a campaign that focused on drinking (and shrinking) responsibly. The ad was shown during Super Bowl LVII.

To continue to lead the debate, our operating companies have invested 14% of Heineken® media spend, reaching almost 900 million unique consumers worldwide through responsible consumption campaigns. We overachieved our goal related to media spend. However, we missed out on our goal of reaching 1 billion consumers as efforts were focused on increasing our impact in certain markets.

Visit page 166 to learn more about what we have done on sustainability and responsibility

Become the best-connected brewer

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 are significantly stepping up our capabilities in eCommerce and data and analytics, while at the same time we continue to rationalise and modernise our tech infrastructure.

"HEINEKEN wants to become the best-connected, most relevant brewer for consumers and customers living in the digital age. This year we continued to invest in building out our capabilities in digital and technology to further maximise the customer experience, unlock business value and to grow our business."

Ronald den Elzen
Chief Digital & Technology Officer

Become the best-connected brewer

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 are significantly stepping up our capabilities in eCommerce and data and analytics, while at the same time we continue to rationalise our IT infrastructure.

Digitise our route-to-consumer

HEINEKEN has strong connections with our consumers, through the power of our brands, and with customers through the strong relationships with our sales force. In a world that is moving more online, where consumers stream films and series and where customers order online, we are building new digital capabilities to keep these strong connections. This includes new digital consumer engagement models, online order platforms and becoming a data-driven sales organisation.

Our actions are aimed to support our customers to grow, engrained in deep customer understanding. In 2023 we collected 1.1 million surveys from 66 markets, measuring our service levels and asking direct feedback on customer painpoints to help shape our agenda.

By the end of 2023 we implemented proprietary apps to take orders from our customers in 34 markets. We have brought nine markets under our new eB2B brand name and identity: eazle, business made easy.

By the end of the year our eB2B platforms had captured close to €11 billion in gross merchandise value, connecting with 700,000 active customers in fragmented, traditional channels, an increase of 28% versus the same period last year.

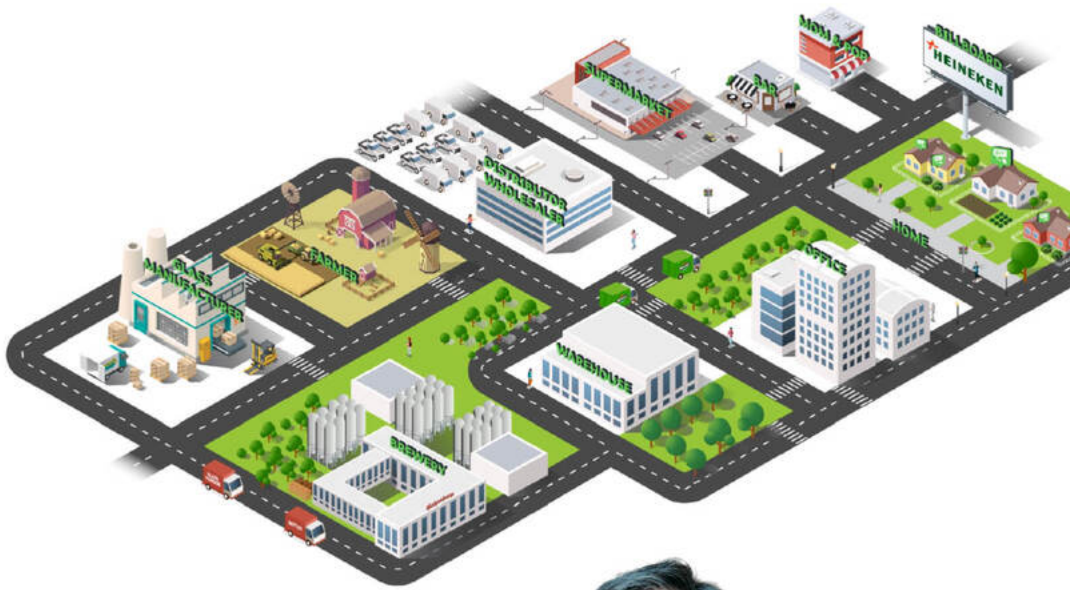
At the end of 2023, over 60% of our revenue in fragmented trade (bars, restaurants and small independent stores) was brought in via our own apps. This excludes modern trade (grocery stores and supermarkets) where over 80% of all our orders are now digitised.

63% of our customers are now online

With the increased scale of our online order taking, we now use AI products in various areas: product recommendation, churn detection (the risk of a customer leaving HEINEKEN) and sales route optimisation.

In various markets we use shelf image recognition software, to improve on-shelf sales execution, by scanning planograms, on-shelf availability and shelf space management.

Regarding direct-to-consumer (D2C) sales, our focus this year has been on three different platforms. Beerwulf continues to operate as a leading direct-to-consumer (D2C) online beer platform in Europe. GLUP is our business-to-consumer (B2C) rapid-delivery company that services consumers in five metropolitan areas in Mexico. GLUP operates using our network of SIX stores, which have the value proposition designed to delight consumers who want beer, beverages and more delivered in less than 60 minutes. Finally, we have Drinkies, our eB2B-to-consumers platform used in markets such as Egypt and Malaysia.



Become the best-connected brewer

Unlocking the value of data

In 2023 we have made significant progress on our data agenda. 60 of our operating companies are now connected to our Global Data Enablement Platform. This data is used more and more for AI products that drive value for HEINEKEN.

AI Data Driven Advisor (AIDDA) is an AI product that augments our sales organisation to help customers grow. This product has been rolled out to sales representatives, helping them predict the next best activity to implement with our customers. This is now live with over over 200,000 HEINEKEN customers in five markets. AIDDA delivers both increased top line as well as sales productivity. Product Recommender is an AI product (within the AIDDA Product Suite) that recommends the right product to the right customer at the right time on our B2B platform.
Additional AI products we focused on in 2023 are Mercury and Promo Advisor. Mercury was built for commercial mix optimisation. It measures, simulates and predicts impact of investments in different brands across different touchpoints (e.g. TV, sponsorships, online) and different regions to maximise the impact of gross margin. Promo Advisor focuses on measuring, simulating and predicting the impact of promotions and discounts, and analyses the uplift and profit impact for both HEINEKEN and our customers.

This year we also made the first steps in introducing Generative AI for chatbots, reporting and document summarisation markets. For example, we are utilising virtual assistants for consumer and customer care, natural language input and output for business intelligence and document and policy summarisation.

Simplifying and automating our end-to-end business

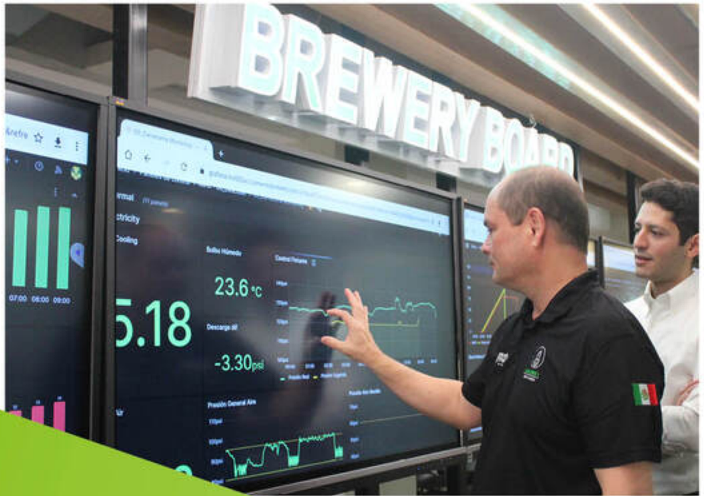
Within HEINEKEN we are making big steps to harmonise and simplify our end-to-end processes. This leads to more efficiency, higher Net Promoter Score (NPS) of our customers, and enables new shared- service opportunities.

In Supply Chain, we continued with our Connected Brewery programme to retrofit our breweries with our future-fit digital eco-system. We have now 85 breweries and over 4,100 machines connected to our Internet of Things (IoT) platform. 180 billion data points are streaming into our data cloud, that we use to measure and optimise Supply Chain performance. In 2023 we made significant progress in building a scalable Machine Learning and AI capability to train models to optimise specific brewery processes and reducing consumption of energy and water.

At the same time, more than 20,000 brewery operators are empowered through Connected Worker Apps to support them in faster problem solving, scanning QR codes for work instructions and using Augmented Reality to receive 'remote support' from colleagues around the globe when problems with equipment occur.

Robotic Process Automation is used to automate repetitive tasks and free up time for value added activities. In 2023 alone 200,000 hours were saved by automating mainly finance, IT and commerce processes bringing the cumulative hours saved to over 400,000,. We now learn fast and replicate at scale.

Become the best-connected brewer



Building a modern technology landscape (the Digital Backbone)

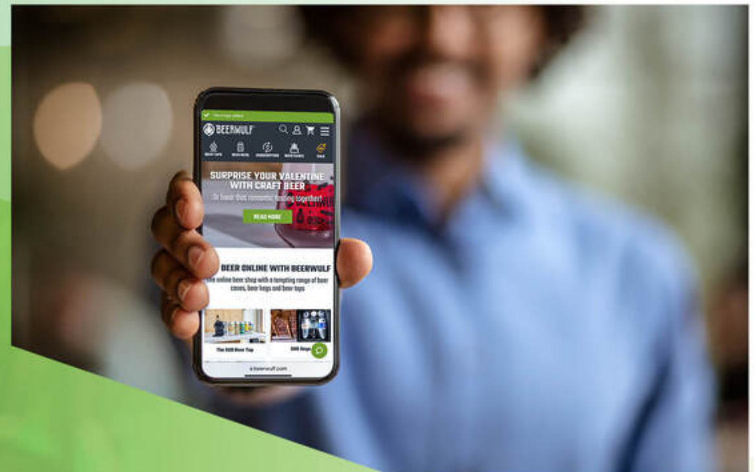
To become the best-connected brewer, HEINEKEN is not only digitally transforming the front-end (our route-to-consumers and analytics) but also modernising and simplifying the back-end. HEINEKEN historically has a widely varied technology landscape, with many local applications.

With the build and deployment of the Digital Backbone, HEINEKEN creates a future-proof modular architecture. It will enable new capabilities to grow the business, drive further productivity and increase our speed to market. The Digital Backbone consists of a Digital CORE (a lean ERP system), surrounded by specific cloud platforms. This programme started in 2022 and will run at least until 2028. In 2023 we made 535 deployments of our future-proof applications, across all our countries, which constitutes around 22% of our future architecture. At the same time, we decommissioned almost 350 older applications.

Create a digitally-enabled organisation

We continue to step up our capabilities within the global Digital & Technology function. We are building out our digital hubs in Kraków, Ho Chi Minh City, Cairo and Johannesburg and have added Bangalore and Monterrey as new hubs. Key capabilities such as Cybersecurity, Machine Learning Engineering and DevOps are being insourced, to accelerate our digital transformation.

At the same time significant 'upskilling' efforts are taking place across HEINEKEN, focused on Data and AI, Cybersecurity and data-driven decision-making.



Unlock the full potential of our people

At HEINEKEN, we recognise that our success is driven by our people. We continue to raise the bar on talent and performance management and thrive to create a winning culture. We demonstrate deep care for our people by providing best-in-class health, safety and well-being support. We combine the power of technology and people in our processes, unlocking valuable data insights and creating a common user experience for our more than 90,000 colleagues around the world. We are proud to lead a social sustainability and human rights agenda that is relevant and meaningful, embodying our commitment to brewing a better world for all.

"By nurturing authentic human connections, cultivating a culture of belonging and giving people the opportunity to thrive we continue to unlock the full potential of our people and organisation. Looking back at 2023, we continued to invest behind our EverGreen priorities: future-proofing our talent, strengthening our winning culture, and building strategic priorities to anticipate the ever-changing demands of our industry and world."

Yolanda Talamo
Chief People Officer

Introduction

Report of the Executive Board

Report of the Supervisory Board

Financial Statements

Sustainability Review

Other Information

Unlock the full potential of our people

Building a bright future

Strengthening our winning culture

While we move down the path of our EverGreen journey, we continue to evolve our culture. Our behaviours continue to be embedded deeper into our key people processes. For instance, we have enhanced our performance management process by placing a balanced emphasis on the 'what' and the 'how' to reinforce the importance of our HEINEKEN behaviours. They also have become our guide in hiring new colleagues and our language in providing feedback and showing appreciation for each other's contributions.

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 93% response rate (92% in 2022).

We continue to record great results with our climate survey, outperforming on several dimensions above the external norms. This also reflects our winning culture, with 91% of our employees expressing pride in working with HEINEKEN in 2023.

Talent and leadership development

Our people and our brands are our greatest assets. In 2023, we continued to focus on talent management as one of the strategic capabilities in our EverGreen strategy by building leadership competence with a strong focus on proactive talent identification, development and retention, from early/mid-careers to functional leadership and general management levels. The journey to embed our potential model within our Talent Review processes is well underway, with sharper focus on career and development conversations facilitated by people managers. In addition, we have provided senior leaders with clarity on the mindsets and shifts required to enable talent acceleration via clearly defined critical experiences and career accelerator assignments, to ensure a strong pipeline of future leaders for our business.

We have also extended our assessment and development centre offerings to management team and senior management roles for a globally standardised and objective talent evaluation process.

In 2023, leadership development remains a top priority as we continue our EverGreen 2025 journey.

This year we launched Thrive, our leadership development programme dedicated to our top 160 leaders. Thrive is an 18-month development journey designed to support our leaders in unlocking their true potential while defining and amplifying our collective leadership identity and impact. The programme will help our leaders to perform while we transform the business, scaling up early successes and new capabilities so we are ready for the future.

Our Heineken International Management Course (HIMAC) for our senior managers and the ACCELERATE leadership programmes continue, targeted at our next generation of leaders currently at the middle management level, also supporting our talent and succession pipeline while delivering personal and professional transformative experiences for participants. As female diversity is a key imperative for us, the Women's Interactive Network (WIN) caters to our female top talent globally, ensuring that they develop the much-needed competencies to advance their careers.

Unleash our diverse talent

In 2023, we continued to shape an inclusive and equitable environment to unlock the full potential of our diverse people. Our focus remained on three core pillars: fostering courageous leadership, promoting an inclusive culture, and creating equal opportunities.

Inclusion starts with courageous leadership. By the close of 2023, we successfully trained 99.8% of our people managers globally in inclusive leadership, promoting a culture of growth, learning and belonging. Our operating companies further advanced inclusivity by establishing Diversity, Equity and Inclusion (DEI) Councils. By year-end, 75% of our operating companies had created these councils to drive our ambitions.

Our more than 100 DEI Ambassadors played a pivotal role in creating an inclusive atmosphere across our operating companies and functions, conducting over 190 listening and dialogue sessions. These sessions empowered individuals to share their experiences of inclusion, informing actionable improvements. We initiated global campaigns and engagement sessions, including Q&A sessions with senior leaders, and launched an Allyship Playbook to enhance our colleagues' ability to create a safe environment.

In our commitment to equitable practices at every stage of the employee lifecycle, we have embedded DEI principles in core processes. This ranged from creating inclusive hiring guidelines to implementing and analysing exit interviews.

We remain steadfast in our goal to improve gender balance within senior management, aiming for 30% women by 2025 and 40% by 2030.

28% of our senior managers were women in 2023

Initiatives like WIN (Women's Interactive Network) and Women in Sales continued to level the playing field for women in leadership at HEINEKEN.

This year, we established a new Women in Supply Chain network to promote engagement, community building and career progression within this function. Multiple employee resource groups, including HOP (Heineken Open and Proud) and Women and Allies, continued to thrive across functions and operating companies.

Cultural diversity remains a cornerstone of our operating companies, with programmes like Unleash in AMEE and BOOST in Asia Pacific. By the end of 2023, three out of four regions had achieved the goal of having 65% regional nationals in country leadership teams, underscoring our commitment to this important topic for HEINEKEN.

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. Building on the company value of Care, this year's Safety Day theme was: 'Because we Care, I don't compromise Safety.'

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. To support this journey towards shaping a leading health and safety culture, a cultural safety programme has been developed and piloted during 2023 and is planned to be rolled out in 2024.

In 2023, we have created and launched our Health and Safety Academy with diverse learning opportunities to further develop the health and safety capabilities across the organisation.

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 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.

Social sustainability

In 2023 we continued to advance our social sustainability ambition. Our values place people and community at the core. This has anchored us for over 159 years, defining our past but also forming the foundation for our future success. At HEINEKEN, we are dedicated to promoting and upholding human rights in the realm of the business. One of the key 2023 initiatives has been the launch of a new People function competencies model, with human rights included for the first time; governance, clear roles and responsibility and necessary capabilities being paramount to deliver ambitions and embed practices into the business.

Steady progress was made on our global initiative to ensure fair living and working standards for third-party employees and brand promoters, as well as on gender balance. We delivered on our 2023 targets for fair wage, equal pay, supporting the economic empowerment of our employees, as well as on inclusive leadership practices training.

In 2023 we built leadership safety capabilities. Reaching our regional nationals targets happened to be more challenging than anticipated. We will nonetheless continue to focus on these important initiatives, as business as usual practices, embedding them into our daily operations. New people managers will be trained on inclusive leadership, on safety and on our company's Life Saving Commitments as part of their mandatory onboarding training.

The journey of the past three years brought a lot of learnings. They will help inform the next generation of our social sustainability ambition, as promoting DEI and offering a fair and safe workplace remain of strategic importance for the company.

Visit page 145 to learn more about what we have done on our social ambitions

A balanced geographic footprint

Africa, Middle East & Eastern Europe

Consolidated beer volume

34.8mhl

Page 31

Americas

Consolidated beer volume

88.4mhl

Page 32

Asia Pacific

Consolidated beer volume

43.0mhl

Page 33

Europe

Consolidated beer volume

76.4mhl

Page 34

Africa, Middle East & Eastern Europe

Building long-term growth in challenging conditions

"We believe in the long-term future of Africa. While operating in Africa brings many challenges, the opportunities to grow with the continent are significant. We aim to be a partner for growth, building long-term value chains, investing in local economies and continuing to focus on good governance and social sustainability."

Roland Pirmez
President, Africa, Middle East & Eastern Europe

34.8mhl
Consolidated beer volume
(2022: 39.2mhl)

5.7mhl
Heineken® volume
(2022: 6.4mhl)

€450m
Operating profit (beia)
(2022: €554m)

14.3%
Consolidated beer volume as % of total
(2022: 15.3%)

€4,229m
Net revenue (beia)
(2022: €4,005m)

10.6%
Operating profit (beia) as % of total
(2022: 12.6%)

Key brands:
Primus
Amstel Lager
Heineken®
Desperados
Maltina

The Africa, Middle East & Eastern Europe (AMEE) region faced challenging macroeconomic headwinds including persistently high inflation, low consumer purchasing power, currency shortages, devaluation, rising energy costs and socio-political instability. Despite this, the AMEE region delivered a resilient performance with organic revenue (beia) growth despite single-digit volume decline.

To navigate significant volatility in Nigeria, we prioritised value capture over volume leading to a positive revenue uplift despite double digit volume decline, mostly driven by mainstream lagers.

Continuing power shortages and sluggish economic growth contributed to a challenging year in South Africa as we managed the integration of HEINEKEN South Africa, Distell and Namibia Breweries Limited in a highly competitive market. Route-to-consumer remains a key priority to narrow market share gaps in total lager with Heineken®, Amstel and Windhoek while consolidating leadership in beyond beer with Savanna and Hunters in cider and Old Buck, Amarula and Klipdrift in spirits.

Ethiopia reached an all-time high in volume and revenue growth, extending our market leadership. All categories grew including premium led by Heineken® and mainstream led by Harar brand – now the second biggest beer brand in the country by market share and brand power.

Across the region, premiumisation was driven by Desperados, Windhoek Draught and Bedele Special. Brand Heineken® grew brand power, distribution and volume in seven markets, offset by volume decline in Nigeria and South Africa. We continue to grow the brand footprint with localised production in Congo Brazzaville together with the launch of Heineken® Silver in South Africa.

Our regional jewels, Primus and Turbo King, were rejuvenated with more progressive and differentiated identities, supported by exciting through-the-line campaigns delivering impressive growth in DRC, Rwanda and Congo Brazzaville. Maltina extended its leadership in Nigeria, strengthening brand power and delivering revenue growth supported by the 'Together with Happiness' credentials campaign.

We continued to focus on improving market grip and building strong sales power. Through 'Voice of the Customer' feedback we achieved positive momentum in response rate, closure of issues and strong net promoter score growth. We increased digital transaction capture across all markets, leveraging data to improve customer experience and capture productivity gains. Portfolio and revenue management initiatives were a key priority to address the evolving market.

The role of the region is to transform to a profitable growth model to create more value from the long-term potential in Africa and deliver balanced and profitable growth. Strengthening our position in the five largest African markets is a strategic priority and we took a major step towards that objective with the acquisition of Distell and Namibia Breweries Limited. Following Competition Approval in May, we completed the integration in September. The new business – named HEINEKEN Beverages – operates across 13 markets, employs almost 6,000 people and is a top 5 operating company. It brings together a unique multi-category portfolio, with strong brands in beer, cider, wine and spirits able to address consumer needs across demand spaces with a strengthened route to market. HEINEKEN Beverages is implementing an ambitious public interest package in South Africa supporting local suppliers, building the barley value chain and making a positive impact in communities.

In August we completed our exit from Russia. While it took much longer than we had hoped, the transaction secured the livelihoods of our employees and allowed us to exit the country in a responsible manner. Following the divestment, the region was renamed Africa Middle East (AME).

The localisation of barley and malt in Africa continues to make progress. In Ethiopia, more than 90% of agricultural raw materials were sourced locally in 2023, up from <5% in 2018. Our barley development programme entered its 12th year. The BOOST 2 project, with partners IFC and Soufflet Malteries, was launched in order to expand malt barley production to farmers in new regions of Ethiopia.

Barley varieties have now been approved for commercial production in nine African countries and COMESA added barley to its regional seed register. Since 2020, the quantity of locally sourced barley has increased by over 400% and malt has more than tripled, allowing us to meet rising demand driven by portfolio premiumisation. Despite these successes, a structural shortage of African sugar is among the challenges faced which requires continued imports.

The HEINEKEN Africa Foundation supports communities in sub-Saharan Africa where HEINEKEN operates. HAF refreshed its strategy to focus on helping smallholder farmers thrive and build climate resilience through regenerative farming. Pilot projects were launched in Burundi and Ethiopia, investing €2.7 million to empower around 40,000 smallholder families by 2026.

Americas

Continuing our profitable growth journey

"The majority of our operating companies in the Americas are gaining market share while delivering profitable growth. Our focus remains on premiumisation, led by Heineken®, and innovations in beer and beyond to meet the evolving needs of our consumers and customers. Additionally, we've made further progress in expanding our digital routes, enhancing strategic capabilities, and investing in Brew a Better World initiatives."

Marc Busain
President, Americas

88.4mhl
Consolidated beer volume
(2022: 88.5mhl)

23.7mhl
Heineken® volume
(2022: 22.2mhl)

€1,531m
Operating profit (beia)
(2022: €1,391m)

36.4%
Consolidated beer volume as % of total
(2022: 34.4%)

€10,469m
Net revenue (beia)
(2022: €9,421m)

35.9%
Operating profit (beia) as % of total
(2022: 31.6%)

Key brands:
Dos Equis
Heineken®
Heineken® Silver
Tecate
Amstel Lager

Given the Americas region stands as the most important profit pool for global brewers, we are leveraging our momentum by scaling premium, stepping up innovation, digitising our route-to-consumer, and improving profitability through near-shoring our sourcing and enhancing our returnable packaging mix. Across the majority of our markets, we have not only gained market share but also improved financial results compared to 2022.

Despite facing challenges and the inflationary pressure on disposable income, 2023 witnessed robust growth in our premium portfolio. The Heineken® brand reached high single-digit volume growth, experiencing substantial growth in Brazil and successes in markets like Panama, Ecuador and Argentina. In 2023, the Amstel brand achieved similar levels of success, representing more than half of the global Amstel volume.

We observed continuous growth in no-alcohol beer (+23% compared to the previous year), with an intentional focus on responsible consumption and moderation. This was demonstrated by Heineken® 0.0 being the first non-alcoholic brand advertising at the Super Bowl in the US, teaming up with Marvel Studios' 'Ant-Man and The Wasp: Quantumania' on a campaign that focused on drinking (and shrinking) responsibly. Tecate 0.0 was also launched in Mexico this year.

The evolution of our beyond beer portfolio includes sustained investments in Lagunitas Hoppy Refresher and successful launches in the RTD segment with line extensions such as Red Stripe Rum available in Punch and Mojito in the US, Rum Stripe available in Cranberry and Coconut Pine in Jamaica, and Amstel Vibes available in Strawmelon and Lemon in Brazil.

In the US, we introduced Heineken® Silver with significant activations throughout the year, including sponsorships at Coachella Valley Music, the US Open Tennis, and F1™ races. Notably, we served as the title sponsor for the highly anticipated F1™ Heineken® Silver Las Vegas Grand Prix in November.

Continuing our commitment to expanding market share, this year we announced a groundbreaking investment of €430 million to establish a new brewery in Mexico. The construction is set to take place in Merida, Kanasín municipality, marking our first brewery in the country's southeast region. This project aligns with our EverGreen ambitions, establishing a new standard for sustainable brewing. Furthermore, through ongoing investments, such as the can manufacturing factory in the Mexican state of Chihuahua, the Passos Brewer in Brazil, and line expansions across Central America and the Caribbean, we are advancing to better serve customers, seize growth opportunities, and reinforce the strategic role of the Americas for the company.

Despite increased volatility in Haiti and Suriname, we continue to perform well in the Caribbean. Our local sourcing initiatives across the region are positively impacting input costs, with notable contributions from local and regional sourcing of bottles and malt in Brazil in 2023.

2023 also saw rising revenues generated by our eB2B platforms, with a growing number of customers now ordering on our platforms. Approximately 60% of our revenue in the fragmented trade channel is now digital revenue. Brazil onboarded all indirect distributors into our eB2B platforms, with more than 265,000 active customers connected at year end.

Progressing toward our Brew a Better World ambitions, Brazil is scaling up its activities anchored in three pillars: circularity, urban reforestation and renewable energy. One of the campaigns in 2023 was the installation of a Heineken® Floating Bar in the Pinheiros River in São Paulo, with all sales proceeds supporting the SOS Mata Atlantic, a partner NGO, in their efforts to clean the river. Mexico is leading globally with an average of 2.4 hl/hl on water usage, implementing water balancing projects such as reforestation and soil conservation in Monterrey, conservation agriculture in Toluca and Guadalajara, and Ecological Restoration in Tecate.

We also continued to drive our Diversity, Equity and Inclusion (DEI) initiative with the aim of cultivating an inclusive environment where everyone belongs. Moreover, we are enhancing our efforts in Talent Management with the launch of our New Heineken Potential Model, with Mexico and Brazil leading the way in engaging leaders and providing training, coaching and support.

Asia Pacific

Adapting to short-term challenges to capture future growth

"As we adjusted for challenging circumstances in 2023, our focus remains on value creation through our balanced portfolio, consumer-driven innovations, and high-value product and packaging offerings."

Jacco van der Linden
President, Asia Pacific

43.0mhl
Consolidated beer volume
(2022: 48.0mhl)

11.4mhl
Heineken® volume
(2022: 9.5mhl)

€926m
Operating profit (beia)
(2022: €1,235m)

17.7%
Consolidated beer volume as % of total
(2022: 18.7%)

€4,157m
Net revenue (beia)
(2022: €4,652m)

21.7%
Operating profit (beia) as % of total
(2022: 28.1%)

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

After a record-breaking performance in 2022, HEINEKEN faced short-term growth challenges in Vietnam in 2023. Despite the slowdown in this key market, we increased our market share in most of our Asia Pacific (APAC) markets, demonstrating the region's long-term potential for HEINEKEN.

Our flagship premium brand, Heineken®, achieved a remarkable 20% growth driven by China and Vietnam. In India, our flagship brand, Kingfisher, reached all-time high volumes, reinforcing its position as the largest and most iconic Indian beer brand. We also continue to grow our volume market share and appeal to a new generation of beer enthusiasts in India by introducing innovations such as Heineken® Silver draught.

Our power brand innovations, such as Heineken® Silver and Tiger Crystal, grew by 42%, demonstrating our ability to connect with new consumers and meet changing consumer needs. We launched Tiger Soju in markets including Indonesia, Singapore, Taiwan and Vietnam. This easy-to-drink lager is infused with a touch of soju and comes in various flavours, creating exciting new experiences for Gen Z consumers of legal drinking age. This innovation helped us expand into new segments, occasions and consumer groups, driving incremental growth.

In APAC, we aim to deliver growth at attractive operating profit margins through a balanced portfolio of brands led by premiumisation and innovation, targeting the region's rapidly growing middle class, who demand more varied and meaningful experiences. To strengthen our ability to deliver disruptive and scalable product innovations, we launched our Innovation Hub in Singapore in 2023 and set-up a Regional Consumer & Market Insights team.

We strengthened our Revenue Margin Growth (RMG) capabilities to enable us to drive value for consumers, customers and our business through pricing and non-pricing levers.

We are on a journey digitally enabling our route-to-consumer across the region. As of 2023, 60% of our fragmented trade revenues are coming through our eB2B eCommerce platform in Vietnam, Cambodia, New Zealand, Malaysia, Singapore, Indonesia, Myanmar and New Caledonia. This lays an important foundation for enhanced service for our customers and bring value across the entire value chain.

Furthermore, we continue to make strides in achieving net zero emissions in production, achieving 79% renewable energy in our breweries across the region. Malaysia achieved net zero carbon emissions in its breweries, successfully transitioning to 100% renewable electricity through the Renewable Energy Certificate (REC) programme and installing renewable energy solutions on site. Additionally, Multi Bintang Indonesia has built biomass plants for each of its two breweries, lowering emissions by 11%, and HEINEKEN Malaysia's rooftop solar panels will cover an estimated 14% of its annual energy consumption, once operational.

Finally, we are proud of our Diversity, Equity and Inclusion (DEI) agenda progress. 72% of our leadership in our markets are now regional talents, and 26% of our senior management positions are held by women, supporting our global goal of 30% by 2025. This progress is achieved through the BOOST (Build Our Own Sustainable Talent) programme, where we aim to grow our leaders for APAC and HEINEKEN worldwide. The main programme, Management Team FastTrack (MTFT), has welcomed 109 leaders from 19 operating companies since 2019.

Europe

Shaping the future of beer and beyond in Europe

"In another challenging year for our consumers and customers, we continued to drive the initiatives that fuel our EverGreen transformation. As the market leader in Europe, we want to shape the future of beer. We continued to invest in and grow our premium brand portfolio and our digital sales footprint while accelerating our productivity initiatives to future-proof our market leadership in the region."

Soren Hagh*
President, Europe

* Soren Hagh has been succeeded by Glenn Caton as per 1 January 2024.

76.4mhl
Consolidated beer volume
(2022: 81.2mhl)

15.5mhl
Heineken® volume
(2022: 16.8mhl)

€1,353m
Operating profit (beia)
(2022: €1,221m)

31.5%
Consolidated beer volume as % of total
(2022: 31.6%)

€12,211m
Net revenue (beia)
(2022: €11,362m)

31.8%
Operating profit (beia) as % of total
(2022: 27.7%)

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

Despite a challenging year for our consumers and customers in Europe, we continued to build on our strong foundation of initiatives that fuel our EverGreen transformation. The unprecedented inflationary pressure in 2023 required a bold and disciplined approach to revenue management to protect the long-term health of our business. Beer volume declined organically 5.4% for the full year, sequentially improving into the final quarter to a 3.4% decline, offset by pricing which increased net revenue (beia) by 6.3%. A strong performance in the on-trade market has been more than offset by market share losses in the off-trade. Additionally, bad weather impacted our business over the key summer months in 2023.

Our premium beer portfolio outperformed the wider portfolio in the majority of markets, boosted by the performance of our next generation brands, including Texels, Gallia, Birra Moretti and El Aguila among others. Our non-alcoholic offerings continued to build scale in the majority of our markets, driven by the success of Heineken® 0.0. Cider continued to outperform the beer portfolio in the UK, Ireland, Spain and Portugal, led by the success of innovations such as Inch's in the UK. We also continued to expand our consumer-centric offering and pushed our portfolio beyond beer, for instance by taking a minority position in SERVED, the UK's leading hard seltzer brand endorsed by Ellie Goulding.

Strengthening our portfolio and geographic footprint is key to our long-term growth strategy, and in 2023 we made progress on this front despite the challenging operating environment. For example, launching in the UK in 2023, Cruzcampo delivered the biggest innovation in the beer, wine, and spirits categories in the country. In July 2023, we sold the soft drinks player Vrumona in the Netherlands. We also sold K1664 in the UK. Both moves were with the intent to focus more on our core business, optimising our capital allocation and portfolio to unlock exciting long-term growth opportunities in high potential markets, which remains a crucial element of delivering our EverGreen ambition across Europe.

As we navigated volatility in the region, we also worked to continue building a future-fit HEINEKEN in Europe. Our operating companies accelerated our productivity initiatives, including the end-to-end transformation of our supply chain. Operating profit (beia) grew 11.9% organically as price-led revenue growth, better on-trade mix and significant cost savings from our end-to-end supply chain transformation programme delivered in the second half more than offset the material inflationary pressures in our input and energy costs and a step-up in investment behind our brands. Consequently, operating profit (beia) margin improved by 33 bps.

We also continued to transform our digital sales footprint, with more than 80% of sales in our focus markets now online, proudly retaining the largest on-trade eB2B platform in Europe.

We have made great progress to digitise our route-to-consumer in Europe this year, successfully migrating nine markets in Europe to our eB2B platform and identity: eazle, business made easy. Created to make it easy for our customers to run and grow their business. We continued to focus on our Brew a Better World strategy across the Europe region in 2023. A significant milestone in our journey to reach net zero carbon emissions in production (scope 1 and 2) by 2030, is the launch of Project Circle in France. In partnership with our vendor Duynie this initiative will extract high-quality proteins from our brewer spent grain and use the remaining fibres as biofuel for our French brewery. In Spain, we launched the largest industrial solar thermal plant in Europe in partnership with Engie – built to generate the heat that is key to the brewing process. By the end of 2024, the site, known by locals as the home of Cruzcampo, is expected to operate with 84% renewable energy.

In addition to global activations, our operating companies in Europe continued to explore innovative local ways to promote and grow the relevance of low- and no-alcohol beers among our consumers. A recent example of how we are raising the bar on responsible consumption is the launch of Player 0.0, a simulation-racing tournament. Through a virtual racing experience for fans, Player 0.0 will help drive cut-through of our message of responsible consumption to a broader audience. The continued drive and built-up momentum to bring our Brew a Better World 2030 ambitions to life is increasingly visible and recognised across the region.

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. The increased volatility in the past years (as a result of COVID and the supply and energy crisis) has highlighted the importance of active risk management.

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.

In 2023 we conducted our first double materiality assessment to prepare for compliance with the Corporate Sustainability Reporting Directive (CSRD) requirements. The risks identified as part of our risk management process have been used as input to perform this assessment.

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.

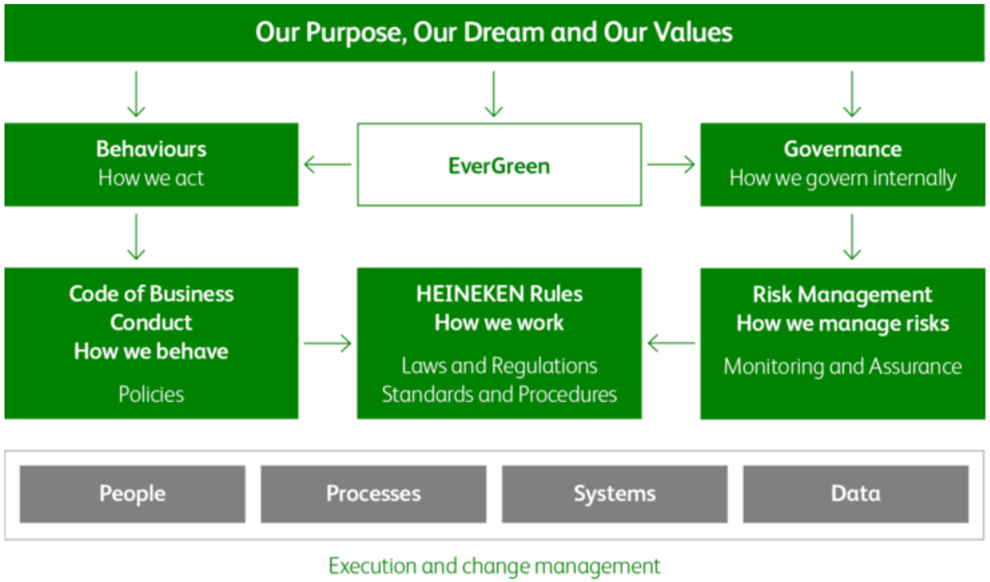
Our Purpose, Our Dream and Our Values underpin our EverGreen strategy, enabled by our organisational structure and strong governance. The behaviours give clear guidance to all employees on how to act and foster a culture of achievement, collaboration and growth, underpinned by a Behaviours Framework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

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 113–116.

The Statement of the Executive Board is included in the Corporate Governance statement on pages 45–52.

The ways 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 132–196.

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, aiming to reach one billion consumers.

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: Brew a Better World 2030 Strategy - Responsible, pages 166–168

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

The global economy could trend to a slow down due to an uncertain political landscape impacted by the war in Ukraine and conflicts in Africa and Middle East; at the same time, high inflation and higher interest rates have led to a tightening of monetary policy. This could lead to more structural shifts and lead to a prolonged recession of the global economy, with governments tighter monetary policies weigh on real disposable income and consumption. This could increase the risk of bankruptcies and the potential failure of certain sectors to 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 and risks and opportunity assessments. We shifted to the practise of a monthly rolling forecast instead of fixed forecasts updates throughout the year and expressly introduced much more scenario planning.

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 drive productivity and increase operating leverage.

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

Environmental legislation

What could happen?

HEINEKEN could not be 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, governments 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.

Explore further: Brew a Better World 2030 Strategy - Environmental, pages 147–158

Changing consumer & beverage trends

What could happen?

Consumers have an ever-expanding choice of beverages and brands available to meet their needs. There is an increasing risk of non-beer competitors reaching the same consumers and occasions as beer players, through product offerings such as hard seltzers and pre-mix spirits cocktails. This requires HEINEKEN to constantly adapt its product offering, innovate and invest to maintain the relevance and strength of its brands, while meeting new and evolving consumer needs. Failure to do so would, in the longer term, affect our revenues, market share and, possibly, our brand equity.

Recent developments

The beverage landscape is rapidly changing, with many categories growing faster than beer. There's a significant risk of losing market share to other beverages, as long-held boundaries between beer, wine, spirits and non-alcoholic beverages are blurring, changing the face of competition and stretching brands into new domains.

Within the beer category, the rise of low- and no-alcohol products have been the most noticeable changes due to an increased consumer focus on health and well-being. Beyond beer, the significant diversification of choice in ready to drink beverages is remarkable but volatile. Thus, it is crucial to offer relevant propositions that resonate with consumers and meet their evolving needs.

What are we doing to manage this risk?

The evolving beverage landscape presents both opportunities and risks for HEINEKEN. To succeed, HEINEKEN needs to focus on brand building, premiumisation, differentiation from other beverage categories, and adapting to changing consumer preferences and behaviours. The key commercial levers that are considered priorities for every market are: brand power increase for strategic and game changer brands, innovation boost in beer including low- and no-alcohol and beyond beer, maximisation of distribution and value creation through smart pricing, promotions, pack/price architecture and trade terms.

HEINEKEN is constantly working to maintain, develop and strengthen its portfolio and competitive advantages, in particular, in Premium spaces, through an integrated Brand Building Process, making it more appealing to consumers. HEINEKEN has also embarked on an extensive Consumer Inspired Growth programme, 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.

Explore further: Shape the future of beer and beyond, pages 11–15. Brew a Better World 2030 Strategy - Responsible, pages 166–168

Risk Management

Leadership, talent and capabilities

What could happen?

Our EverGreen ambition requires us to unlock the full potential of our people and organisation. If HEINEKEN is not successful in intentionally attracting, retaining and developing talent with the required skills and capabilities, it could have an impact on business continuity and results.

Recent developments

Within the context of EverGreen, we are on a journey to build strategic capabilities, deepen and diversify our succession bench and amplify the impact of our senior leaders.

What are we doing to manage this risk?

Talent Management is one of the strategic capabilities in our EverGreen Strategy – building leadership competence with a strong focus on proactive talent identification, development and retention at all levels (early/mid-careers to Functional Leadership & General Management).

In 2023, we continued the journey to embed our potential model within our Talent Review processes through effective career and development conversations facilitated by People Managers. Leadership Development also remains a top priority with the continuation of our global leadership development programmes.

The Global Talent Acquisition Strategy and supporting structure was defined to strengthen the capabilities required to attract, identify and recruit talent required globally to deliver on our EverGreen ambitions.

We remain on the journey to shape an inclusive and equitable environment through continued focus on three core pillars: fostering courageous leadership, promoting an inclusive culture and creating equal opportunities. As part of our commitment to equitable practices throughout the employee lifecycle, we incorporate Diversity Equity and Inclusion (DEI) principles in our core processes . In 2023, we have also met our ambition to pay our employees at least a fair wage, as determined by the Fair Wage Network, an NGO.

Explore further: Unlock the full potential of our people, pages 27–29

Health and safety

What could happen?

HEINEKEN aims to provide a healthy and safe workplace for all employees, temporary workers and contractors. Despite the controls in place, HEINEKEN employees, temporary workers, 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 2023 we still experienced incidents with significant safety impact on our premises, including events resulting in three fatal accidents involving one employee, a temporary worker and a contracted employee, underlining the importance of realising further improvements in the area of safety, health and well-being.

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, temporary workers and contractors.

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.

Furthermore, to ensure healthcare coverage, HEINEKEN counts on more than 430 health professionals worldwide. Our employees and dependents 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 to keep investing in our internal well-being programme addressing the four dimensions of well-being: professional, emotional, social and physical.

Explore further: Brew a Better World 2030 Strategy - Social, pages 159–165

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.

It is mandatory for all our production units, as well as any outsourced production of HEINEKEN brands, to have an external certified Food Safety Management System, which should be in accordance with the systems approved by GFSI (Global Food Safety Initiative) and an external certified Quality Management System based on ISO9001. All raw, auxiliary and packaging materials used in production must be purchased from approved suppliers and must comply with our Production Material Specifications. All products have a Basic Recipe in place, in accordance with our Recipe Governance standards.

Should a risk materialise, global recall and crisis procedures are in place to mitigate the impact. Specifically, all product units (including outsourced production of HEINEKEN brands) are able to block and/or recall products and have implemented the HEINEKEN Traceability standard. Compliance to our standards is verified by the production unit through self-assessments and through Global Supply Chain compliance audits. Global Supply Chain also carries out yearly integrity surveys on final products for known contaminants to assure that the standards in place are effective.

Moreover, 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.

Supply chain continuity

What could happen?

Supply chain disruptions such as the ocean freight disruption in the Suez canal can have far-reaching consequences, including the potential inability to fulfil orders for crucial clients, financial setbacks, harm to brand reputation, and a decline in market presence. Substantial fluctuations in the accessibility or pricing of essential inputs such as raw materials, commodities, transportation, energy and water may precipitate either shortages in supply or elevated operational expenses.

Recent developments

The global supply chain landscape continues to deal with substantial disruptions. Throughout the year, we have observed several instances where our suppliers have been adversely affected by these events, resulting in price volatility and contractual challenges. The availability of certain critical resources has become constrained, driven by the prevailing global political instability.

Furthermore, the growing concerns of climate change and increasing water shortages are starting to have effects on how much crops can grow, the availability of resources and the prices of grains. Considering these developments, it is imperative for both markets and governments to proactively address these challenges, implementing measures to adapt and respond effectively.

What are we doing to manage this risk?

HEINEKEN has effectively minimised the impact of disruptions by leveraging its extensive global presence and strong supplier relationships across various regions and product categories. Our agile sourcing approach (including our geographic spread of sourcing and local sourcing), combined with the adaptability of our breweries worldwide, has ensured the uninterrupted flow of supplies across our global operations.

We've taken proactive measures to safeguard business continuity by devising comprehensive plans for HEINEKEN's flagship brands in all critical markets, along with implementing contingency plans within our operational entities. Our resilience is further reinforced by our ownership of strategic malt production facilities, long-term procurement contracts, meticulous water management strategies, and centralised oversight of global insurance policies.

HEINEKEN has adopted a watershed-centric strategy aimed at preserving water resources. Sustainable sourcing is a top priority within our Brew a Better World 2030 initiative, reflecting our dedication to making a positive impact on the environment and society.

Explore further: Brew a Better World 2030 Strategy - Environmental, pages 147–158

Risk Management

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, are on the rise. Companies also face growing pressure to increase the positive contribution they make, including measures to address societal and environmental 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 goals.

Brew a Better World remains our foundation and our framework for working with others. Our strategy raises our ambitions on climate and water action. We continue our efforts to support the social agenda and promote moderate consumption of alcohol.

The Green Diamond continues 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 sustainability performance in a combined Annual Report, on our website and via social media channels. 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 9. Raise the bar on sustainability and responsibility, pages 18–22. Stakeholder engagement and materiality, pages 134–135. Climate-related risks assessment (TCFD analysis), pages 136–142. Brew a Better World 2030 strategy, page 143. World Economic Forum core metrics and disclosures, pages 172–177. Other climate-related disclosures, page 178–181

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 continue to enter the market although this has slowed down following increased financing cost. 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. The acceleration has resulted in significant scale of transactions on our owned digital platforms giving us in many markets an online leadership position. 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: Become the best-connected brewer, pages 23–26

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. Mandatory trainings on Information Security are in place for all employees.

Explore further: Become the best-connected brewer pages 23–26

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. Furthermore, the pace of change (e.g. disruptive technologies such as (Gen)AI) is constantly increasing. 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 as efficient as possible.

What are we doing to manage this risk?

The 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, while 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. The Digital and Technology Function also continuously scans the external market for upcoming opportunities and threats as well as new technologies.

Explore further: Become the best-connected brewer, pages 23–26

Risk Management

Reporting

What could happen?

Deviations from the common reporting processes and related controls could impair the accuracy of financial and non-financial data used for Group reporting and external communications.

Recent developments

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. HEINEKEN is preparing to report under the CSRD effective as of 1 January 2024 with setting up enhanced governance, reporting processes and controls.

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 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. As of 2023, the control framework is being implemented across all operating companies and global functions to enhance the reporting process for BaBW and this initiative will continue through 2024. Additionally, the assurance model for CSRD reporting is rolled out as a component of the CSRD implementation.

Explore further: Notes to the Consolidated Financial Statements, pages 79–124. Other climate-related disclosures, pages 178–181. Reporting basis of non-financial indicators, pages 182–196

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. 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. In addition to these trends, continuously expanding sanctions and export controls are posing increased compliance risks.

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 anti-corruption and sanctions compliance framework includes due diligence and ongoing monitoring of business partners, as well as screening of transactions against sanctions lists. Our focus on competition law training and compliance has increased, including new training initiatives which have been launched in tandem with the sales function.

Explore further: Corporate Governance statement, pages 45–53

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 taxation.

Recent developments

Our Brew a Better World 2030 strategy, announced in 2021, raises 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 and help restore healthy functioning watersheds.

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. Our first disclosure following TCFD recommendations was included in the Annual Report 2022.

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: Climate-related risks assessment (TCFD analysis), pages 136–142

Financial Review

On the path to long-term value creation

"In 2023 we advanced our multi-year EverGreen transformation, navigating challenging macroeconomic conditions across our markets, including significant pricing to offset very high levels of inflation. We surpassed our productivity commitments and delivered operating profit growth in three out of four regions. Simultaneously we stepped up investments in our brands,capabilities, digital programmes and behind our sustainability ambitions. We remain committed to investing behind EverGreen in the pursuit of long-term sustainable value creation."

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

Key figures[1]

(in € million unless otherwise stated)	2022 Reported	2022 Eia	2022 Beia	2023 Reported	2023 Eia	2023 Beia	Currency translation	Consolidation impact	Organic growth	Organic growth %
Revenue	**34,676**	**(33)**	**34,643**	**36,375**	**(65)**	**36,310**	**(1,168)**	**1,253**	**1,582**	**4.6%**
Excise tax expense	(5,957)	8	(5,949)	(6,013)	12	(6,001)	305	(366)	9	0.1%
Net revenue	**28,719**	**(25)**	**28,694**	**30,362**	**(54)**	**30,308**	**(864)**	**887**	**1,591**	**5.5%**
Marketing and selling expenses	(2,692)	(43)	(2,735)	(2,767)	1	(2,766)	76	(52)	(54)	(2.0)%
Personnel expenses	(4,079)	74	(4,005)	(4,353)	139	(4,214)	69	(150)	(128)	(3.2)%
Amortisation, depreciation and impairments	(1,886)	207	(1,679)	(3,096)	1,268	(1,828)	41	(64)	(126)	(7.5)%
Other net (expenses)/income	(15,779)	6	(15,773)	(16,917)	(141)	(17,058)	576	(656)	(1,204)	(7.6)%
Total net other (expenses)/income	(24,436)	244	(24,192)	(27,133)	1,268	(25,865)	762	(922)	(1,513)	(6.3)%
Operating profit	**4,283**	**219**	**4,502**	**3,229**	**1,214**	**4,443**	**(102)**	**(35)**	**78**	**1.7%**
Interest income	74	(1)	73	90	0	90	(6)	0	23	31.8%
Interest expense	(458)	6	(452)	(640)	(4)	(644)	57	(55)	(193)	(42.7)%
Net interest income/(expenses)	**(384)**	**5**	**(380)**	**(550)**	**(4)**	**(554)**	**51**	**(55)**	**(170)**	**(44.8)%**
Other net finance income/(expenses)	48	(111)	(63)	(375)	34	(343)	68	(12)	(336)	(537.3)%
Share of profit of associates and joint ventures	223	40	263	218	52	270	(7)	3	11	4.3%
Income tax expense	(1,131)	8	(1,124)	(121)	(831)	(952)	(2)	26	148	13.2%
Non-controlling interests	(357)	(6)	(363)	(97)	(136)	(233)	(2)	(14)	146	40.2%
Net profit	**2,682**	**155**	**2,836**	**2,304**	**329**	**2,632**	**6**	**(87)**	**(123)**	**(4.3)%**
EBITDA[2]	**6,392**	**52**	**6,444**	**6,543**	**(2)**	**6,541**				

1 This table will not always cast due to rounding.
2 EBITDA is derived from 'Operating profit' less 'Amortisation, depreciation and impairments' plus 'Share of profit of associates and joint ventures'.

Financial Review

Main changes in consolidation

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

On 15 November 2022, HEINEKEN disposed of Société Nouvelle des Boissons Gazeuses (SNBG), its soft drinks, juice and water business in Tunisia.

On 1 February 2023, HEINEKEN acquired a majority stake in Davidov Hram, a wholesale business in Slovenia.

On 14 April 2023, HEINEKEN obtained control of NBL and on 26 April 2023, of Distell. NBL and Distell have been combined with Heineken South Africa into a new HEINEKEN majority-owned business 'Heineken Beverages'. Distell and NBL are consolidated within HEINEKEN as from those dates.

On 1 June 2023, HEINEKEN disposed of its licence to brew a brand in the UK.

On 25 August 2023, HEINEKEN announced it completed its exit from Russia.

On 29 September 2023, HEINEKEN completed the sale of soft-drink producer Vrumona in the Netherlands.

On 1 October 2023, HEINEKEN began consolidating Comans Beverages Limited, a beverage wholesale business in Ireland.

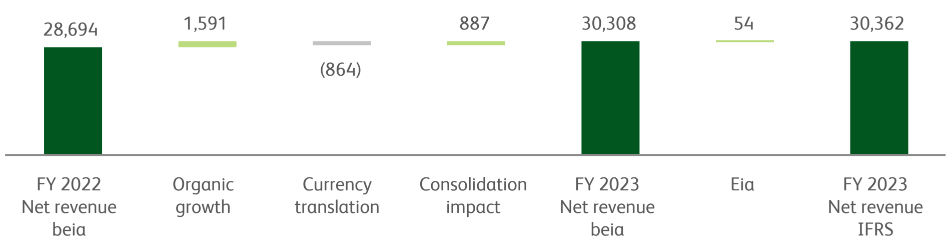
HEINEKEN applies hyperinflation accounting in Ethiopia and Haiti. Fixed assets are revalued for the inflation from the time of acquisition to date. The prior year impact from depreciation resulting from the revaluation of previous years is recorded as a change in consolidation and is excluded from the 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 €36,375 million, an increase of 4.9% (2022: €34,676 million). Revenue (beia) increased 4.6% organically to €36,310 million (2022: €34,643 million). Exceptional items in revenue amounted to €65 million (2022: €33 million), mainly related to hyperinflation accounting adjustments in Ethiopia and Haiti.

Net revenue

Net revenue (beia) increased by 5.5% organically, with net revenue (beia) per hectolitre up 10.8% and total consolidated volume declining by 4.7%. The underlying price-mix on a constant geographic basis was up 10.2%, driven by pricing for inflation and positive mix effects. Currency translation negatively impacted net revenue (beia) by €864 million or 3.0%, mainly from the devaluation of currencies in emerging markets partially offset by a stronger Mexican Peso. Consolidation effects positively impacted net revenue (beia) by €887 million or 3.1%, mainly from the consolidation of Distell and Namibia Breweries.



Total net other expenses (beia)

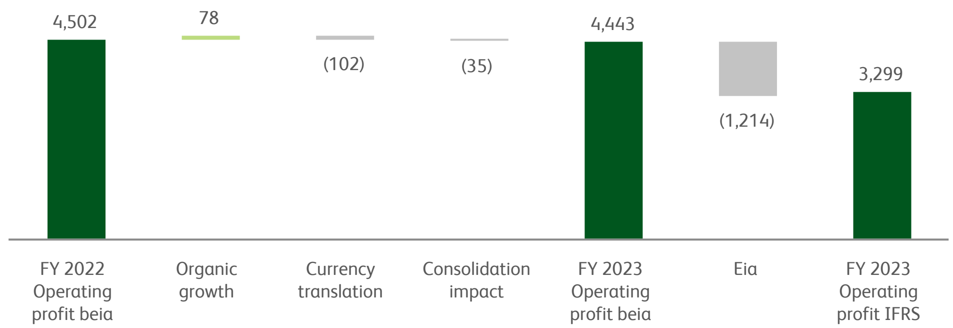
Total net other expenses were €27,133 million (2022: €24,436 million).Total net other expenses (beia) were €25,865 million, up 6.3% on an organic basis driven by inflationary pressures on our cost base, especially on input and energy costs, and incremental investments behind our brands, capabilities, digitalisation and sustainability agenda; partially offset by cost savings from our productivity programme.

Operating profit

Operating profit landed at €3,229 million (2022: €4,283 million), lower due to higher exceptional items and amortisation of acquisition related intangibles in 2023 amounting to €1,214 million (2022: €219 million) of which amortisation of acquisition-related intangibles represented €385 million (2022: €333 million) and net exceptional expense items amounted to €829 million (2022: €114 million net benefit), including an impairment of €491 million for Heineken Beverages.

Operating profit (beia) grew organically 1.7% with a strong recovery in the second half of the year and with growth delivered in three of the four regions. Pricing to offset inflation and premiumisation, together with strong delivery of our productivity programme, more than offset the inflationary pressures in our cost base and incremental investments behind our growth agenda. Currency translation negatively impacted operating profit (beia) by €102 million, or 2.3%, mainly driven by the devaluation of currencies in emerging markets being partially offset by appreciation of the Mexican Peso.

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 revenue growth of our operating companies.



Net finance expenses

Net interest expenses were €550 million (2022: €384 million). Net interest expenses (beia) increased organically by 44.8% to €554 million. The increase reflects a higher average net debt position and a higher average effective interest rate. The average effective interest rate (beia) in 2023 was 3.4% (2022: 2.8%).

Other net finance expenses were €375 million (2022: €48 million income). Other net finance expenses (beia) amounted to €343 million, an increase of €336 million on an organic basis. The steep increase is mainly driven by negative impacts from currency revaluations on outstanding foreign currency payables and the revaluation of long-term green-energy contracts.

Share of profit of associates and joint ventures

The share of profit of associates and joint ventures amounted to €218 million (2022: €223 million) and includes the attributable profit from China Resources Beer (Holdings) Co. Ltd. (CR Beer) with a two-month delay (November 2022 to October 2023). Share of profit of associates and joint ventures (beia) amounted to €270 million, an organic increase of €11 million, reflecting the strong profit growth of CR Beer in China and partially offset by lower profits from our joint venture partnerships in Africa.

Income tax expense

Total income tax expense reduced from €1,131 million in 2022 to €121 million in 2023, mainly driven by the recognition of previously unrecognised deferred tax assets in Brazil and partly offset by the non-deductible goodwill impairment for Heineken Beverages and the loss on the Russia disposal. As a result, the reported effective tax rate decreased from 28.7% to 5.2%. The effective tax rate (beia) was 26.8% (2022: 27.7%). The decrease is mainly driven by a lower effective tax rate in Brazil.

Financial Review

Net profit

Net profit was €2.3 billion (2022: €2.7 billion). The negative impact of exceptional items and amortisation of acquisition related intangibles on net profit in 2023 was €329 million (2022: €155 million), where the higher exceptional expenses in operating profit were partially offset by the exceptional benefits from the recognition of €661 million of previously unrecognised deferred tax assets in Brazil.

Net profit (beia) declined 4.3% organically to €2.6 billion (2022: €2.8 billion). The gains from higher operating profit, higher profits from associates and joint ventures and lower minority interests and income taxes were more than offset by a significant increase in other net financing expenses and higher interest expense.

Earnings per share – diluted

Earnings per share – diluted decreased to 4.09 (2022: 4.66). Earnings per share – diluted (beia) decreased by 5.2% from €4.92 to €4.67.

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

The 2023 exceptional items and amortisation of acquisition-related intangibles on net profit and loss amount to €329 million net expense (2022: €155 million net expense). This amount consists of:

- €385 million (2022: €333 million) of amortisation of acquisition-related intangibles and inventory recorded in operating profit, of which € 317 million in amortisation, depreciation and impairments (2022: €333 million) and €68 million in raw material consumables and services (2022: nil).
- €829 million net exceptional expense (2022: €114 million net benefit) recorded in operating profit. This includes:
  - a net impairment of €683 million recorded in amortisation, depreciation and impairments, including impairment of €491 million for Heineken Beverages (total net impairment reversal in 2022: €132 million).
  - €209 million exceptional expense related to the recycling of foreign currency translation reserve upon selling the Russia disposal group recorded in amortisation, depreciation and impairments and €195 million of exceptional gain on sale of Vrumona B.V. (Vrumona) recorded in other income.
  - net restructuring expenses recorded in personnel expenses of €130 million (2022: €70 million).
  - €40 million exceptional benefit recorded in other income related to tax credits in Brazil (2022: €44 million net benefit as reduction recorded in marketing expense related to tax credits in Brazil).
  - €50 million net exceptional expense relating to hyperinflation accounting adjustments (2022: €44 million), of which €55 million income recorded in revenue (2022: €25 million), €69 million expense in raw materials consumables and services (2022: €54 million), €32 million expense in amortisation, depreciation and impairments (2022: €13 million) and €4 million in personnel expenses (2022: €2 million).
  - €8 million of other exceptional net benefits (2022: €52 million of other exceptional net benefits).
- €30 million of exceptional net finance expenses, mainly related to €125 million of exceptional net expense related to the one-off impact of the devaluation of the Nigerian Naira, €76 million of exceptional net benefit related to the net monetary gain resulting from hyperinflation, €30 million of exceptional net benefit mainly related to interest on tax credits in Brazil and €11 million other exceptional net finance expenses (2022: €106 million, exceptional net finance benefit, mainly related to the net monetary gain resulting from hyperinflation of €94 million).
- €52 million of exceptional net expense (2022: €40 million net expense) included in the share of profit of associates and joint ventures, mainly relating to the amortisation of acquisition-related intangible assets.
- €831 million of exceptional net benefit in income tax expense, mainly related to the recognition of previously unrecognised deferred tax assets in Brazil of €661 million (2022: €8 million of exceptional net expense in income tax expense.
- Total amount of eia allocated to non-controlling interests amounts to €136 million net benefit (2022: €6 million, net benefit).

Capital expenditure and cash flow

In millions of €	2023	2022
Cash flow from operations before changes in working capital and provisions	**6,127**	**6,347**
Total change in working capital	(146)	(480)
Change in provisions and post-retirement obligations	(32)	(207)
Cash flow from operations	**5,949**	**5,660**
Cash flow related to interest, dividend and income tax	(1,519)	(1,164)
Cash flow from operating activities	**4,430**	**4,496**
Cash flow used in operational investing activities	(2,671)	(2,087)
Free operating cash flow	**1,759**	**2,409**
Cash flow used in acquisitions and disposals	(905)	(199)
Cash flow used in financing activities	(816)	(3,127)
Net cash flow	**38**	**(917)**
Cash conversion ratio	**61%**	**75%**

Capital expenditure related to property, plant and equipment and intangible assets (CAPEX) amounted to €2,677 million (2021: €2,011 million) representing 8.8% of net revenue (beia). The investments in the year include returnable packaging materials across several markets and capacity expansion in Brazil.

Capital expenditure related to PP&E and intangible assets (capex)

In millions of €	2023	2022
Purchase of property, plant and equipment	2,434	1,791
Purchase of intangible assets	243	220
Capital expenditure related to PP&E and intangible assets (capex)	**2,677**	**2,011**

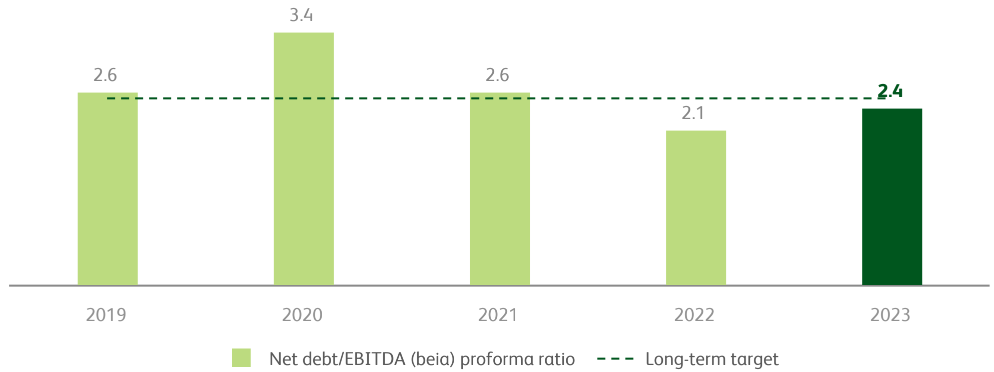
Free operating cash flow amounted to €1,759 million (2022: €2,409 million) 2022, mainly due to higher CAPEX, interest and income taxes paid.

Financial structure and liquidity

In millions of €	2023	%	2022	%
Total equity	22,789	41	21,920	42
Deferred tax liabilities	2,213	4	2,138	4
Post-retirement obligations	586	1	568	1
Provisions	833	2	798	2
Gross debt	18,238	33	16,377	31
Other liabilities	10,494	19	10,605	20
Total equity and liabilities	**55,153**	**100**	**52,406**	**100**

Financial Review

Net debt/EBITDA (beia) ratio*



* Includes acquisitions and excludes disposals on a 12-month pro-forma basis.

Shareholders' equity increased by €505 million to 20,056 million, mainly driven by the net profit of €2,304 million, the negative other comprehensive income of €272 million, a decrease of €943 million due to the 10.3 million share repurchase in HEINEKEN, a decrease of €1,080 million due to dividend paid to shareholders, and and an increase of €349 million in changes in consolidation due to the Distell acquisition.

Total borrowings amounted to €18,238 million (2022: €16,377 million). Net debt increased to €15,835 million (2022: €13,531 million) as the cash outflow for acquisitions, share purchases from FEMSA and dividends was only partially offset by the positive free operating cash flow. Including the effect of cross-currency swaps, 75% of net debt is Euro-denominated, and 13% is US dollar and US dollar proxy currencies.

The pro-forma 12-month rolling net debt/EBITDA (beia) ratio was 2.4x on 31 December 2023 (2022: 2.1x), in line with the Company's long-term target net debt/EBITDA (beia) ratio of below 2.5x.

The centrally available financing headroom at Group level was approximately €3.2 billion at 31 December 2023 (2022: €3.6 billion) and consisted of the undrawn part of the committed €3.5 billion revolving credit facility and centrally available cash minus centrally issued commercial paper and short-term bank borrowings at group level.

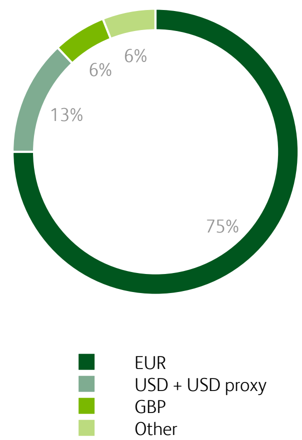
In millions of €	2023	2022
Operating profit	3,229	4,283
Share of profit of associates and joint ventures	218	223
Depreciation and impairments of property, plant and equipment	1,896	1,537
Amortisation and impairment of intangible assets	980	256
Impairment of assets classified as held for sale	220	88
EBITDA	**6,543**	**6,387**
Exceptional items	(2)	57
EBITDA (beia)	**6,541**	**6,444**

Heineken N.V. was assigned solid investment grade credit ratings by Moody's Investor Service and Standard & Poor's. On 27 November 2023 Moody's affirmed A3/P-2 ratings with stable outlook. Standard & Poor's affirmed the BBB+/A-2 ratings with stable outlook on 8 June 2023.

Currency split of net debt

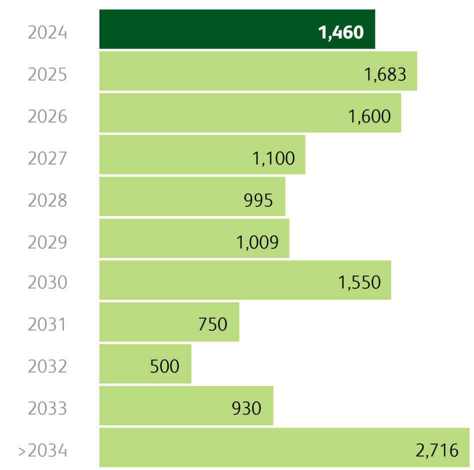
This currency breakdown includes the effect of derivatives, which are used to hedge intercompany lending denominated in currencies other than Euro. Of total net interest-bearing debt, 75% is denominated in Euro, 13% in US Dollar and US Dollar proxy currencies and 6% in British Pound. This is including the effect of cross-currency interest rate swaps and lease liabilities under IFRS 16. The fair value of the cross-currency interest rate swaps forms 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 effect of own shares held in treasury (8,489,088 shares) and shares for which dividend is waived by Heineken Holding N.V. (4,064,680 shares) has been excluded. As a result, the weighted average number of shares outstanding was 563,448,845 (2022: 575,563,505).

In the calculation of 2023 diluted EPS (beia), shares to be delivered under the employee incentive programme (530,775 shares) are added to the weighted average shares outstanding. The weighted average diluted number of shares outstanding was 563,979,620 (2022: 576,026,120).

Total dividend for 2023

The Heineken N.V. dividend policy is to pay a ratio of 30% to 40% of full year net profit (beia). For 2023, a total cash dividend of €1.73 per share, a similar amount to last year (2022: €1.73), representing a payout ratio of 36.8%, within the range of our policy, will be proposed to the Annual General Meeting on 25 April 2024 ("2024 AGM"). If approved, a final dividend of €1.04 per share will be paid on 7 May 2024, as an interim dividend of €0.69 per share was paid on 10 August 2023. The payment will be subject to a 15% Dutch withholding tax. The ex-dividend date for Heineken N.V. shares will be 29 April 2024.

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 nine 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 20 December 2022 (the 'Code'). Deviations from the Code are explained in this report in accordance with the Code's 'comply or explain' principle.

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 sustainability matters that are relevant to the Company.

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 regional Presidents together with the five functional Chief Officers (i.e. Commercial, Corporate Affairs, 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 2023 between the Supervisory Board and the Executive Team to discuss the Company's strategic priorities and main risks and opportunities in light of its sustainable long-term value creation. 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 2023 a four-day visit to HEINEKEN Beverages in South Africa by the Executive Board and the Supervisory Board took place, with a focus on the integration of Distell Group Holdings Limited and Heineken South Africa next to the local strategy, the outlook and the risks and opportunities. Various locations of HEINEKEN Beverages in Cape Town as well as the brewery in Johannesburg were visited, and presentations by the local management team were held. The commercial strategy with the new multi-category portfolio was also discussed in detail.

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), member of the IMD Foundation Board		

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.

Mr. Van den Brink and Mr. Van den Broek are in their first four-year term as members of the Executive Board, being appointed in 2020 and 2021 respectively. A proposal for the re-appointment of Mr. Van den Brink for a second four-year term as member of the Executive Board will be submitted to the AGM in 2024.

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 and 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.

For the Supervisory Board, the diversity details are set out on page 54 of this Annual Report as well as in the Report of the Supervisory Board in this Annual Report.

For the Company, increasing the gender diversity in the Company's senior management is a key priority. Details on diversity and inclusion in the Company and in the senior management group of the Company can be found on page 161 of this Annual Report. This section also sets out the goals of the diversity and inclusion policy, the strategy to achieve the goals and the results of the strategy.

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 2023, 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 culture in the Company, 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 nine members since the AGM in 2023: Jean-Marc Huët (Chairman), Maarten Das, Michel de Carvalho, Pamela Mars-Wright, Marion Helmes, Rosemary Ripley, Nitin Paranjpe, Beatriz Pardo and Lodewijk Hijmans van den Bergh.

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 sustainable 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 vast majority of the Supervisory Board (i.e. seven of its nine members) qualify as 'independent' as per best practice provision 2.1.8 of the Code. There are two 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.) and Mr. Das (who is the Chairman of the Board of Directors of Heineken Holding N.V.).

However, the Supervisory Board has ascertained that Mr. de Carvalho and Mr. Das in fact act critically and independently. Since Mr. de Carvalho and Mr. Das are representing or are affiliated with Heineken Holding N.V. , that holds 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 and Mr. Das. 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 and in the Profile of the Supervisory Board (that is part of the Regulations of the Supervisory Board). These policies emphasise 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 consists of nine members, five male (56%) and four female (44%) 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. The Supervisory Board has updated its profile in December 2023. The profile is published on the corporate website as part of the Regulations of the Supervisory Board.

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 due 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 (as part of the press release of the Company of 14 December 2023, it was announced that the proposal is to appoint Mr. P. Wennink as Vice-Chairman, subject to his appointment as Supervisory Board member at the AGM in 2024). 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.

Mr. Hijmans van den Bergh and Mrs. Pardo followed the introduction programme in 2023. The programme included a general information package in respect of the Company and its corporate governance. It also included various meetings with members of the Executive Team and other senior management leaders. Furthermore, in addition to attending the Supervisory Board meetings including the strategy meeting and the visit to South Africa, the introduction programme also included a visit to the brewery in Zoeterwoude.

Information

The Executive Board provides regular updates to the Supervisory Board on the Company's operations, results, legal matters, corporate governance, accounting, sustainability and compliance. This takes place in the scheduled Supervisory Board meetings as well as via email in case of ad hoc material developments.

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 2023 Financial Statements sets out the related party transactions in 2023.

In 2023, 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 2023 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 and Appointment Committee and the Sustainability and 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 2023, more than half of the members of the Audit Committee, of the Remuneration Committee, of the Selection and Appointment Committee and of the Sustainability and Responsibility Committee were independent within the meaning of best practice provision 2.1.8 of the Code.

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 and sustainability 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 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.

Mr. Das was the Chair of the Remuneration Committee until 13 December 2023, when he was succeeded by Mr. Hijmans van den Bergh.

Corporate Governance statement

Selection and Appointment Committee

The Selection and Appointment Committee focuses on: (i) drawing up selection criteria and appointment procedures for Supervisory Board members and Executive Board members; (ii) periodically assessing the size and composition of the Supervisory Board and the Executive Board, and making a proposal for a composition profile of the Supervisory Board; (iii) periodically assessing the functioning of individual Supervisory Board members and Executive Board members, and reporting on this to the Supervisory Board; (iv) drawing up a plan for the succession of Supervisory Board members and Executive Board members; (v) making proposals for appointments and re-appointments of Supervisory Board and Executive Board members; (vi) supervising the policy of the Executive Board regarding the selection criteria and appointment procedures for senior management; (vii) drawing up a diversity policy for the composition of the Executive Board, the Supervisory Board and the Executive Team; and (viii) deciding on a request from Executive Board members to accept an external board membership of a Large Dutch Entity or foreign equivalent.

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

Sustainability and Responsibility Committee

The Sustainability and Responsibility Committee focuses on: (i) the periodic review and evaluation of the Company's sustainability and responsibility strategy and related objectives and the performance on these objectives, including in the areas of the environment, social and responsible consumption; (ii) the relationships of the Company with its stakeholders on sustainability and responsibility matters; (iii) external sustainability and responsibility-related developments relevant for the Company; and (iv) 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 and Responsibility Committee is Mr. Paranjpe, who succeeded Mr. Fernández Carbajal after his resignation as member of the Supervisory Board on 15 February 2023.

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 reflecting on the financial year 2022 was held on 20 April 2023 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 25 April 2024 is 28 days before the AGM, i.e. on 28 March 2024.

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 (holds indirectly 50.005% of the issued share capital of the Company; the direct 50.005% shareholder is Heineken Holding N.V.). Further details can be found in the Annual Report of Heineken Holding N.V.

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Corporate Governance statement

FEMSA

Fomento Económico Mexicano, S.A.B. de C.V. (FEMSA) was a significant shareholder in the HEINEKEN group as of 2010. Upon completion of the acquisition of the beer operations from FEMSA, CB Equity LLP (belonging to the FEMSA group) received shares in the HEINEKEN group and furthermore the relevant parties entered into a Corporate Governance Agreement (CGA) on 30 April 2010.

On 15 February 2023, FEMSA announced that it intended to divest its full shareholding in the Company and in Heineken Holding N.V. and that FEMSA's representatives, Mr. Fernández Carbajal and Mr. Camacho Beltrán, would resign from the Company's Supervisory Board and from Heineken Holding N.V.'s Board of Directors with immediate effect.

FEMSA subsequently sold its shares in the Company and Heineken Holding N.V. in two tranches, in February 2023 and May 2023.

As part of the transaction in February 2023, the Company purchased 7,782,100 shares in the Company at a price of €91 per share (totalling €708 million) and 3,891,050 shares in Heineken Holding N.V. at a price of €75 per share (totalling €292 million) for an aggregate amount of €1 billion.

Subsequently, the Company purchased from FEMSA approx. 2.5 million shares in the Company at a price of €92.75 per share (totalling €235 million) and approx. 1.3 million shares in Heineken Holding N.V. at a price of €77.25 per share (totalling €98 million) for an aggregate amount of €333 million in May 2023.

As a consequence of the sale by FEMSA, the CGA has terminated.

The Company intends to keep the purchased Heineken N.V. shares in treasury and the purchased Heineken Holding N.V. shares on its balance sheet.

The Company is grateful to FEMSA for its contribution and support to the HEINEKEN Group over the past thirteen years and to the respective Supervisory Board members for their valuable contributions and their commitment.

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 20 April 2023, 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 20 April 2023.

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 25 April 2024.

Corporate Governance statement

Issue of shares

On 20 April 2023, 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 20 April 2023.

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 25 April 2024.

Compliance with the Corporate Governance Code

On 20 December 2022, the current Code was published, which came into effect on 1 January 2023. The Code can be downloaded at http://www.mccg.nl.

The Code was first adopted in 2003 and was amended in 2008, 2016 and 2022. In the years since the last revision of the Code in 2016, a number of important developments have been observed in the field of governance, such as the greater emphasis on sustainability and digitisation and diversity and inclusion as well as addressing changed legislation and regulations. These developments have been addressed in the latest update of the Code.

The Code contains principles and best practice provisions that regulate relations between the management board, the supervisory board and the general meeting/shareholders. The principles in the Code may be regarded as reflecting widely held general views on good corporate governance. The principles have been expressed in the form of best practice provisions. These provisions contain standards for the conduct of management board members, supervisory board members and shareholders. They reflect best practices and supplement the general principles of good corporate governance.

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 and 2.1.10 4: Number of independent Supervisory Board members; 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.

Various topics included in the updated Code are addressed in detail in other sections of this Annual Report, including with respect to long-term sustainable value creation, company culture, diversity and inclusion and a policy for an effective dialogue with stakeholders with regard to sustainability aspects of the Company's strategy. Please refer to these dedicated sections to read more about these topics.

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 2023 give a true and fair view of our assets and liabilities, our financial position at 31 December 2023, and the results of our consolidated operations for the financial year 2023; and
- the Report of the Executive Board includes a fair review of the position at 31 December 2023 and the development and performance during the financial year 2023 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, 13 February 2024

To the Shareholders

During 2023, 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 2023, as prepared by the Executive Board and approved by the Supervisory Board in its meeting of 13 February 2024.

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 €0.69 was paid as an interim dividend on 10 August 2023.

Supervisory Board composition, skills, independence and remuneration

Composition

The Supervisory Board started the year 2023 with 10 members: 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.

Related to the earlier described transactions of FEMSA, José Antonio Fernández Carbajal and Francisco Josue Camacho Beltrán resigned from the Supervisory Board on and as per 15 February 2023.

The General Meeting at the Annual General Meeting of Shareholders (AGM) on 20 April 2023 re-appointed Mr. de Carvalho and Mrs. Ripley for a period of four years and appointed Mr. Hijmans van den Bergh and Mrs. Pardo for a period of four years as members of the Supervisory Board. The term of Mrs. Arnold expired at the 2023 AGM.

Supervisory Board composition*

Nationality	
American	22%
British	11%
Dutch	33%
Indian	11%
German	11%
Spanish	11%

Supervisory Board composition

Gender	
Male	56%
Female	44%

Supervisory Board composition*

Tenure	
0–4 years	33%
5–8 years	33%
9–12 years	11%
>12 years	22%

* % do not cast due to rounding.

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**:**

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**:**

Moffitts National Board of Advisors

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**:**

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, Better World Acquisition Corp (CEO and Director)

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, Infosys (Independent Director)

Lodewijk (L.J.) Hijmans van den Bergh

1963 **Dutch nationality** **Male**

Appointed in 2023

Profession:

Lawyer, Company Director

Supervisory board seats (or non-executive board memberships) in Large Dutch Entities***
ING Groep N.V. (Member Supervisory Board), HAL Holding N.V. (Vice-Chairman Supervisory Board)

Other positions**:**

Utrecht Universiteitsfonds (Chairman), Vereniging Aegon (Chairman)

Beatriz (B.) Pardo

1969 **Spanish nationality** **Female**

Appointed in 2023

Profession:

Vice President General Manager of Starbucks Reserve

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

Other positions**:**

No other positions

* 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	Maarten (M.) Das	Michel (M.R.) de Carvalho	Pamela (P.) Mars Wright	Marion (M.) Helmes	Rosemary (R.L.) Ripley	Nitin (N.) Paranjpe	Lodewijk (L.J.) Hijmans van den Bergh**	Beatriz (B.) Pardo**
Year of birth	1969	1948	1944	1960	1965	1954	1963	1963	1969
Gender	Male	Male	Male	Female	Female	Female	Male	Male	Female
Nationality	Dutch	Dutch	British	American	German	American	Indian	Dutch	Spanish
Committee memberships	AC, PC (Chair), RC, SAC (Chair)	PC, RC, SAC	RC, SAC, SRC, PC	SAC, SRC	AC (Chair), RC	RC, SRC	SRC (Chair)	RC (Chair), SRC	SAC
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 and Appointment Committee, SRC – Sustainability and Responsibility Committee

**Appointed at the AGM 2023.

To the Shareholders

The Supervisory Board has a diverse composition in terms of experience, gender, nationality and age. Four out of nine members are women and six out of nine members are non-Dutch. There are six nationalities (American, British, Dutch, German, Indian and Spanish) and the age of the members ranges between 54 and 79.

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 (available on our company website) as per best practice provision 2.1.5 of the Code. Currently, 44% (i.e. four out of nine) 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 provides that a minimum of one-third of the seats of the Supervisory Board shall be held by women and a minimum of one-third 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 2024

Mr. Huët and Mrs. Mars Wright will have completed their four-year appointment terms per the end of the AGM on 25 April 2024.

A non-binding nomination for the re-appointment of Mr. Huët and Mrs. Mars Wright as members of the Supervisory Board for a period of two years shall be submitted to the 2024 AGM.

A non-binding nomination for the appointment of Mr. Wennink as member of the Supervisory Board for a period of four years shall be submitted to the 2024 AGM.

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. seven of its nine members) qualify as 'independent' as per best practice provision 2.1.8 of the Code.

There are two 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.). However, the Supervisory Board has ascertained that Mr. de Carvalho and Mr. Das in fact act critically and independently.

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 2023, the Supervisory Board held six meetings with the Executive Board. Five meetings were held in person and one meeting was held virtually.

The agenda for the Supervisory Board regularly included topics such as:

- The business and financial performance of the Company.
- The Company's EverGreen strategy aimed at long-term sustainable value creation as well as the manner in which the Executive Board implements the Company's strategy.
- The financial position of the Company, including the financing, liquidity position, dividend policy and credit rating.
- An update of the operationalisation and progress made in the execution of the Brew a Better World strategy 2030.
- Large investment proposals, as well as the overall business development and acquisition landscape and the geographical footprint of the Company.
- The annual budget and plan as well as the three-year strategic plan.
- The Company's People strategy and priorities, including employee engagement and retention, succession planning, the inclusion and diversity strategy and talent management. This also included a reflection on the purpose, values and behaviours of the Company.
- Succession planning for the Executive Board, Supervisory Board and senior management.
- The internal risk management and control system.
- The agenda for the 2023 Annual General Meeting of Shareholders.
- The selection process of the new external auditor, to be appointed as per book year 2025.

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 also had a two-day meeting with the Executive Team in Amsterdam, the Netherlands, to discuss the Company's strategic priorities. Each Regional President provided an overview of the performance, growth, productivity and sustainability developments in their regions and key markets. The various functional Chiefs presented about growth and innovation, the route to consumers and eB2B, productivity, carbon and the technology landscape.

To the Shareholders

The Supervisory Board furthermore visited South Africa together with the Executive Board and the President AMEE. The General Managers of the operating companies in South Africa, Namibia and Ethiopia presented an update on business performance and the organisational risks and opportunities in their local organisation and markets. In addition, a market visit to customers and consumers provided insights in the local commercial environment. The Supervisory Board also visited the brewery in Johannesburg and interacted with many colleagues in the business. The Chief People Officer also attended the programme in South Africa and presented an update on various topics.

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 as well as in the meetings of the committees of the Supervisory Board. The education is provided by internal as well as external experts. By way of external education, in October 2023, a presentation was provided by a professor of IMD on people topics, including health and well-being and the drivers for successful employee engagement and employee performance.

In addition to the foregoing, the following deep dives were discussed in 2023:

- The announced sale by FEMSA of its shareholding in the Company and Heineken Holding N.V., and the subsequent participation of the Company in these transactions. In these deliberations, Mr. de Carvalho and Mr. Das excused themselves from participating in line with their potential conflict of interest due to their roles as members of the Board of Directors of Heineken Holding N.V.
- An update on corporate governance developments including the new Corporate Governance Code, and an update of the Regulations of the Supervisory Board and the Committees.
- The impact of inflation and supply chain disruptions on the Company and the required business measures and mitigations.
- The Global People strategy, including succession planning, the inclusion and diversity strategy and talent management.
- Various business development related projects.
- The strategy to design a competitive and sustainable supply chain for Europe.
- The strategy for specific markets, including a deep dive on the United States.
- The strategy of Global Commerce, with additional attention to the Company's portfolio in various regions and markets.
- Digital & Technology, with additional attention placed on digital transformation programs and cybersecurity.
- Share price developments of the Company, also compared to competitors and peers in the FMCG industry.

The Chairs of the various Committees of the Supervisory Board provided an update of each of the Committee meetings to the full Supervisory Board, focusing on the key topics and developments that were discussed.

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

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 discussions provided for open conversations and for depth and breadth of the topics discussed. The periodic use of an external facilitator to guide the evaluation of the Supervisory Board will continue to be considered in the future.

The evaluation discussion covered topics such as the composition and expertise of the Supervisory Board, the fulfilment of the advisory and supervisory role of the Supervisory Board, the role of the Chairman of the Supervisory Board, the topics discussed in the meetings, the frequency and quality of the meetings, the quality and timeliness of the meeting materials and the relation and ways of working with the Executive Board. The company culture was also discussed.

The outcome of the evaluations was discussed in a meeting of the Supervisory Board. The outcome was very positive and showed that the Supervisory Board members indicated that the Board functions very well. A shared conclusion was also that there is room for open and constructive discussions, well facilitated by the Chairman of the Supervisory Board. The members underlined that the Chairman fosters harmony in the Supervisory Board and enables an inclusive, effective and positive environment. The evaluation also showed that the fruitful and constructive relation between the Supervisory Board and Executive Board is highly appreciated and valued.

Various suggestions for enhancement of the ways of working of the Supervisory Board were made in the evaluations and will be implemented in 2024. As an example, the Supervisory Board has suggested deep dives on various strategic and emerging topics with the Executive Board, including in the commerce area and developments in the alcohol landscape. The Supervisory Board would also appreciate a continuation of the internal and external education, including on topics such as sustainability and digital and technology including AI. Furthermore, 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.

Committees

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

The function of the Committees is to prepare the decision-making of the full Supervisory Board. The full Supervisory Board retains overall responsibility for the activities of the Committees.

Preparatory Committee

Composition: Mr. Huët (Chairman), Mr. de Carvalho, Mr. Das and Mr. Fernández Carbajal (member until 15 February 2023). 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 (Chair), Mr. Huët, Mr. Camacho Beltrán (member until 15 February 2023), Mrs. Arnold (member until 20 April 2023) and Mrs. Ripley.

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.

To the Shareholders

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 Audit 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 and sustainability 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.

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

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

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

During the year, the Chair of the Audit Committee informed the Supervisory Board of the discussions held in the Audit Committee.

Furthermore, the Audit Committee in 2023 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 (including CSRD).
- HEINEKEN's governance, risk and compliance (GRC) activities, including the HEINEKEN Company Rules and the HEINEKEN Code of Business Conduct.
- The outcome of the internal 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.
- A post investment review of material asset and equity investments that have been operationally live for a certain period of time.

The Audit Committee spent significant time in 2023 on the selection process of the Company's new external auditor. Deloitte Accountants B.V. has been the Company's external auditor since the reporting year 2014. The Audit Committee initiated the selection process for a new external auditor in October 2022 in connection with the mandatory external audit firm rotation as per the financial year 2025.

The Audit Committee considered it important to start with the preparations and selection process in a timely manner to ensure a thorough process, considering the high level of complexity and wide range of stakeholders involved. In addition, the Audit Committee considered it essential to have sufficient time for transitioning to the new external audit firm and for transferring any non-audit services currently performed by the newly appointed external audit firm.

The Audit Committee established a separate Committee (the 'Selection Committee') to make recommendations regarding the selection of the external audit firm. The Selection Committee met frequently during this process in 2023. The Chair of the Audit Committee acted as Chair of the Selection Committee. The CFO and the Executive Director Global Audit were also part of the Selection Committee. The Senior Director Global Accounting & Risk Management participated in the Selection Committee as a non-voting member.

The Selection Committee invited all audit firms that have a licence to audit public interest entities in the Netherlands (other than the current engaged audit firm), to participate in the selection process. The three 'big four' audit firms decided to participate in the selection process, whereas the other firms declined participation considering HEINEKEN's size and footprint.

After conducting a series of interviews as well as two presentation rounds, in which the participating firms were offered the opportunity to present themselves and their audit proposals, the Selection Committee evaluated the participating audit firms based on certain pre-defined selection criteria, such as the international network of the audit firm, the experience with the industry, the qualities of the engagement team, the readiness related to non-financial reporting, the 'fit' with the audit partner and the audit team, the effectiveness of the audit approach, the transition strategy, the competitiveness of the audit fee as well as proposal documentation and presentations provided by the invited audit firms.

The two final participants subsequently presented to the Selection Committee and the other members of the Audit Committee. The Audit Committee concluded that the proposal of KPMG best matched the selection criteria of the Company, noting the overall strength and in-depth knowledge of the audit team, the proposed audit approach and the competitiveness in the proposal. The Audit Committee also recognised the cultural fit of the Company with KPMG.

On this basis the recommendation was made by the Audit Committee to the Supervisory Board to propose one of the two final participants at the AGM 2024 for appointment, with a preference for KPMG, which recommendation the Supervisory Board has followed. Based on this assessment, it is intended to submit the proposal to the 2024 AGM to appoint KPMG Accountants N.V. as external auditor of the Company for the financial year 2025.

Selection and Appointment Committee

Composition: Mr. Huët (Chairman), Mr. de Carvalho, Mr. Das, Mrs. Mars Wright, Mrs. Pardo and Mr. Fernández Carbajal (member until 15 February 2023). The Selection and Appointment Committee met three times.

In 2023, 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 one new member of the Supervisory Board at the AGM 2024.
- 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.
- The succession of various members of the Executive Team as well as succession planning and talent management.
- The Chief People Officer presented research on 'Succeeding at HEINEKEN', a study undertaken to identify and understand individual and organisational factors contributing to success or early departure of new hires in senior management leadership positions.

To the Shareholders

Remuneration Committee

Composition: Mr. Hijmans van den Bergh (Chairman as per 13 December 2023), Mr. Das (Chairman and member until 13 December 2023), Mr. de Carvalho, Mr. Huët, Mrs. Helmes. The Remuneration Committee met three times.

The Committee made recommendations to the Supervisory Board regarding the achievement of the 2022 targets and related compensation of the Executive Board and the 2023 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.

The Remuneration Committee also discussed the Remuneration Policy for the Supervisory Board in light of the legislation that provides that the Policy shall be referred to the AGM every 4 years, and therefore will be part of the agenda of the AGM 2024. The Committee also reflected on the appropriateness of the fees of the Supervisory Board in light of the increased scope of activities and responsibilities next to the overall internal and external developments of fees of Supervisory Board members.

Furthermore, after receiving valuable feedback from shareholders and shareholder interest organisations at the AGM 2022 with respect to the Remuneration Report, several changes were implemented and were discussed in the AGM 2023. The Remuneration Report received high voting outcomes at the AGM 2023.

The details of the remuneration practices and outcome of 2023 are in the 2023 Remuneration Report, which is included in this Annual Report.

Sustainability and Responsibility Committee

Composition: Mr. Paranpje (Chairman as per 16 February 2023), Mr. de Carvalho, Mrs. Mars Wright, Mrs. Ripley, Mr. Fernández Carbajal (Chairman and member until 15 February 2023) and Mr. Hijmans van den Bergh (member as per 14 December 2023). The Committee met three times.

In 2023, 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 on social sustainability and human rights, responsible consumption, circularity and the role of alcohol in society.
- At the end of the year, the learnings from Brew a Better World delivery since the launch in 2021 were discussed, including the right target setting, the prioritisation by Operating Companies and stakeholder expectations. The impact of increased sustainability reporting was also discussed.
- The focus areas, risks and opportunities of the Company in the area of the Brew a Better World strategy for 2024 and beyond. As various KPIs of Brew a Better World were set for 2023, the sustainability priorities and target setting beyond 2023 were discussed, taking into account progressive insights, legislation and internal and external expectations.

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 2023, the attendance rate was 93% for the Supervisory Board meetings and 96% for the committee meetings. 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	6/6	6/6	4/4	3/3	3/3	
Mr. Das	5/6	6/6		3/3	3/3	
Mr. de Carvalho	6/6	6/6		3/3	3/3	3/3
Mrs. Mars Wright	6/6			3/3		3/3
Mrs. Ripley	6/6		4/4			3/3
Mrs. Helmes	6/6		4/4		3/3	
Mr. Paranjpe	6/6					3/3
Mrs. Pardo*	5/5			3/3		
Mr. Hijmans van den Bergh*	5/5				2/2	1/1
Mr. Camacho Beltrán**	0/1		0/1			
Mr. Fernández Carbajal***	0/1	0/1				
Mrs. Arnold****	0/1		0/1			

* Mrs. Pardo and Mr. Hijmans van den Bergh's term started on 20 April 2023 at the AGM.
** Mr. Camacho Beltrán's term in the Supervisory Board started on 21 April 2022 and ended on 15 February 2023.
*** Mr. Fernández Carbajal's term in the Supervisory Board ended on 15 February 2023.
**** Mrs. Arnold's term in the Supervisory Board ended on 20 April 2023 at the AGM.

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. As announced on 14 December 2023, the Supervisory Board shall nominate Mr. Van den Brink for re-appointment as member of the Executive Board at the 2024 AGM.

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 2023.

Supervisory Board Heineken N.V.

Huët	**Helmes**
Das	**Paranjpe**
de Carvalho	**Pardo**
Mars Wright	**Hijmans van den Bergh**
Ripley	

Amsterdam, 13 February 2024

Remuneration Report 2023

Annual statement from the Remuneration Committee Chair

Dear Shareholder,

I am pleased to present the HEINEKEN remuneration report for the year 2023. This report includes our remuneration policies for the Executive Board and the Supervisory Board and describes how these policies were put into practice during the year.

Our remuneration policies and practices are based on our long-standing remuneration principles. They align with our aim to achieve sustainable business growth in the diverse markets where we operate. In designing and implementing the remuneration policies, the Supervisory Board has taken into account the perspectives and input of both internal and external stakeholders, as well as public opinion, to the best of its abilities.

Stakeholder engagement

In the lead-up to the 2023 annual general meeting of shareholders, the Company actively engaged with major shareholders and other stakeholders on various critical topics, including remuneration. Our decision to provide more comprehensive details in the 2022 remuneration report received positive feedback from all parties. Our discussions with stakeholders delved into various aspects of our remuneration practices, including the performance measures of the Short- and Long-term incentives for the Executive Board and the terms and conditions for individual executives. The Supervisory Board carefully considered all the feedback received and engaged in thorough internal discussions. We highly value the ongoing dialogue with our shareholders and stakeholders and will continue to consider their valuable input when shaping future revisions to our remuneration policies.

Increased transparency

During the 2023 annual general meeting, shareholders were asked to cast an advisory vote on the 2022 remuneration report. The report was adopted with 97.84% of the votes cast in favour, which was a significant increase from the previous year's results. The Supervisory Board attributes the increased shareholder support to the enhanced disclosures presented in the 2022 remuneration report and is sincerely thankful for the shareholders' support, which we view as a validation of our commitment to transparency and accountability.

Building on this positive momentum, this 2023 remuneration report further increases transparency by disclosing the individual leadership objectives that were included in the 2023 Short-term incentive. Additionally, it introduces a "Remuneration at a glance" page, which offers a comprehensive overview of the key remuneration outcomes for 2023 in a single, easily accessible format.

Executive Board remuneration

Base salary adjustments

Both the CEO and CFO received a 4% base salary increase effective 1 January 2023. This increase was in line with the projected increase for executives of companies of similar size and complexity, and below the percentage increase received by other HEINEKEN employees in the Netherlands.

2023 Short-term incentive outcomes and vesting of 2021-2023 Long-term incentive

The overall mathematical outcome of the 2023 Short-term incentive was 19% of target. This outcome reflects the company's financial performance in 2023 and the significant advances made in Cost management and Accelerating the EverGreen Strategic Plan delivery. The overall outcome of the 2021-2023 Long-term incentive was 198% of target. The Supervisory Board believes this outcome is representative of HEINEKEN's strong performance in the first two years of the performance period.

Supervisory Board remuneration

The Supervisory Board remuneration policy and fee levels remained unchanged in 2023. During the year, the Supervisory Board discussed the need for an adjustment to the fee levels. A proposal will be put forth for approval at the 2024 AGM.

I would like to thank our shareholders for their continued support. On behalf of the Supervisory Board, I would also like to express our sincere appreciation to Maarten Das for his exemplary service as the Chairman of the Remuneration Committee for nearly two decades.

I look forward to presenting this remuneration report at the 2024 AGM.

Lodewijk Hijmans van den Bergh
Chairman of the Remuneration Committee

Remuneration Report 2023

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 2023.

Part II
Describes the prevailing Supervisory Board remuneration policy, as adopted by the AGM in 2020, and as it has been implemented in 2023.

Part III
Provides details of the Executive Board's actual remuneration for performance ending in, or at year-end, 2023.

Part IV
Provides details of the Supervisory Board's actual remuneration ending in, or at year-end 2023.

Part V
Outlines adjustments to the remuneration policy and implementation for 2024.

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 plans, 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 what extent, to exceed the mandatory 25% share investment
	  – the part paid 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 2023

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 2023, 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 (UK)
Danone (FR)	L'Oréal (FR)	

Base salary

Every year, the 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 individual and business performance and internal pay relativities.

Short-term incentive

The Short-term incentive (STI) is designed to drive and reward the achievement 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 2023 are 140% of base salary for the CEO and 100% of base salary for the CFO.

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 disclosed after the close of the financial year (*ex-post*) as they are considered commercially sensitive. In the first weeks of the following year, the Supervisory Board reviews 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 2023 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 tied to the achievement of our EverGreen strategy and are detailed in Part III of this report. The STI payout for 2024 will be subject to the same 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 are tied to the achievement of our EverGreen strategy.

For each performance measure, a threshold, target and maximum performance level are 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 of 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 2023

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 2023 at grant 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 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. A set of ESG-related performance measures was introduced to the Long-term incentive plan in 2022, directly linking the Executive Board's long-term remuneration with HEINEKEN's Sustainability & Responsibility strategy. Three BaBW commitments are included as performance measures: carbon emissions reduction, water efficiency improvement, and women at senior manager level.

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

The three financial performance measures and the combined ESG -related measures have equal weight to minimise the risk that executives 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 ESG measures and corresponding performance targets for the 2023-2025 Long-term incentive were set in line with our Brewing a Better World ambitions. They are as follows:

ESG Measures		Weight	Threshold	Target[1]	Maximum
Carbon emissions reduction in production	% vs 2022 baseline	8.33 %	-32.0 %	-35.0 %	-38.0 %
Water efficiency improvement	% vs 2018 baseline	8.33 %	-12.0 %	-15.0 %	-18.0 %
Women at senior manager level	% in 2025	8.33 %	28.0 %	30.0 %	32.0 %

1 Target to have been achieved at the end of the 2023-2025 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 are 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.

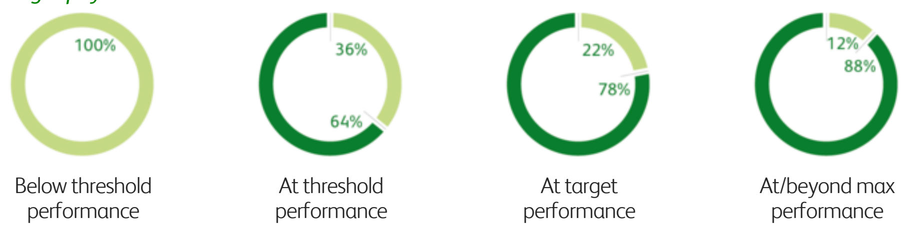
For each measure, vesting in between these performance levels is on a straight-line basis; below threshold performance the vesting is zero, whereas beyond maximum performance it is capped at 200% of vesting at target.

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.

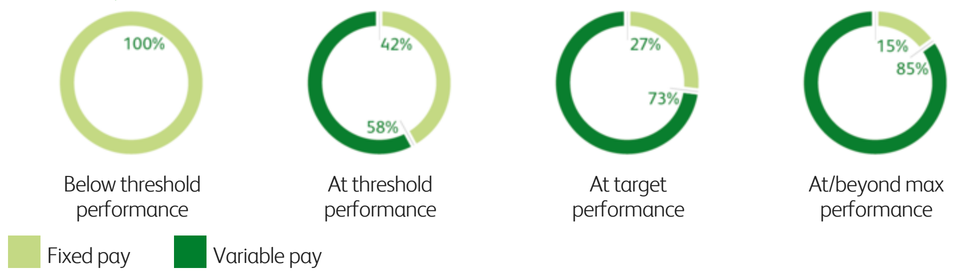
Pay mix

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 2023



CFO target pay mix 2023



Remuneration Report 2023

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 2023

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 for reviewing 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 2023

Part III – The Executive Board actual remuneration for performance ending in, or at year-end, 2023

Company performance

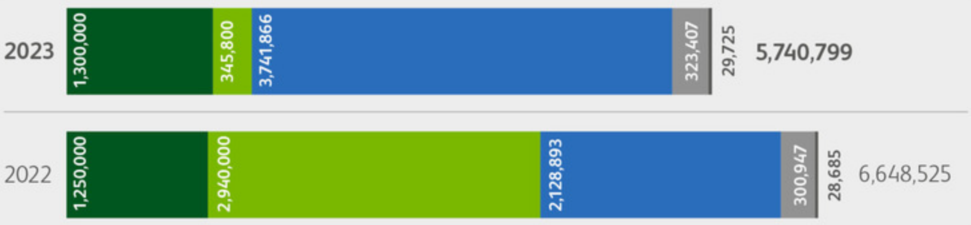
Organic Net Revenue Growth
5.5%
2022: 21.2%

Operating Profit beia Growth
1.7%
2022: 24.0%

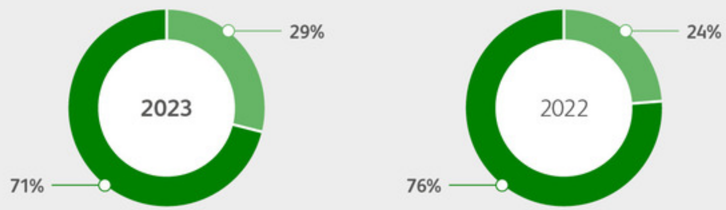
Free Operating Cash Flow
€1,759m
2022: €2,409m

Chief Executive Officer

Actual remuneration

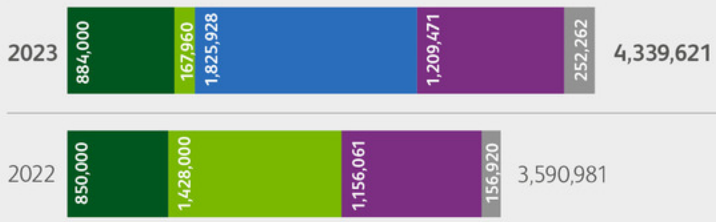


Total fixed versus total variable remuneration

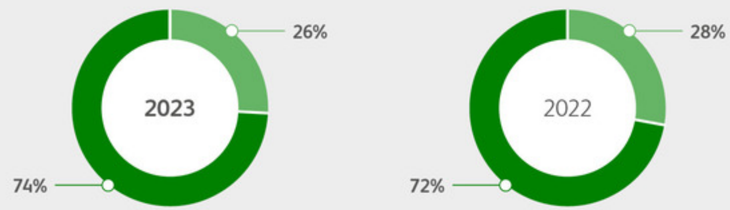


Chief Financial Officer

Actual remuneration

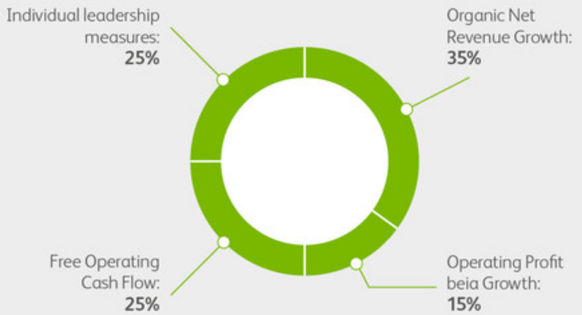


Total fixed versus total variable remuneration

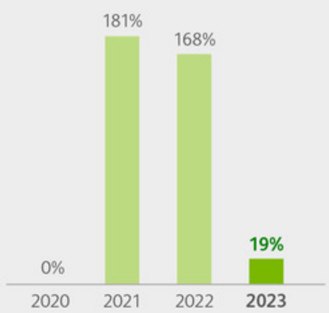


Short and long-term incentive performance

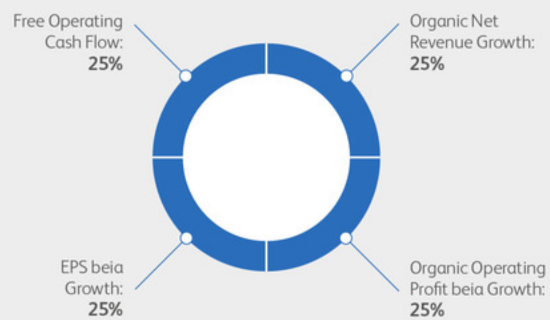
Performance measures 2023 STI



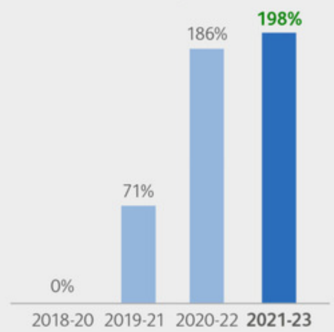
Historical STI performance



Performance measures 2021-2023 LTI



Historical LTI performance



Key: Base salary | Short-term incentive (STI) | Long-term incentive (LTI) | Extraordinary share award | Pension contributions | Other emoluments | Fixed remuneration | Variable remuneration

Introduction

Report of the Executive Board

Report of the Supervisory Board

Financial Statements

Sustainability Review

Other Information

Remuneration Report 2023

The following table provides an overview of the Executive Board actual remuneration that became unconditional in, or at year-end of, 2023. 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 122.

As part of its annual agenda, the Remuneration Committee conducted scenario analyses to evaluate the potential financial outcomes of meeting different performance levels. These analyses considered how such outcomes would affect the structure and value of the Executive Board's total remuneration and whether they would align with our remuneration policy principles.

			2021-2023 Long-term incentive		Matching entitlements			Extraordinary Share Grants			
	(1) Base salary in €	(2) 2023 Short-term incentive in €	(3) No. of performance shares vesting	(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[1]	(9) Value of extraordinary shares vesting in €	(10) Other emoluments in €	(11) Total in €
Van den Brink	1,300,000	345,800	40,699	3,741,866	—	—	323,407	—	—	29,725	5,740,799
Van den Broek	884,000	167,960	19,860	1,825,928	—	—	252,262	13,155	1,209,471	—	4,339,621

1 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 2023.

ad (2) – 2023 Short-term incentive

The 2023 Short-term incentive (STI) relates to the performance year 2023 and becomes payable in 2024. The target opportunities were 140% of base salary for the CEO and 100% of base salary for the CFO.

The 2023 STI 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 Measure	Weight	Threshold	Target	Maximum	Achievement	Payout
Organic Net Revenue Growth (%)	35 %	9.0%	12.0%	15.0%	5.5 %	0 %
Operating Profit beia Growth (%)	15 %	5.0%	7.5%	12.5%	1.7 %	0 %
Free Operating Cash Flow (€ m)	25 %	2,300	2,400	2,700	1,759	0 %
Individual leadership measures	25 %	-	-	-	-	75 %
Total	100 %					19 %

The Individual leadership measures were a mix of quantitative and qualitative measures tied to the achievement of our EverGreen strategy. They included Organic Net Profit beia Growth (weight: 10%), Fixed cost as a percentage of revenue (weight: 3.75%), Embedding a cost-conscious culture (weight: 3.75%) and Accelerating the EverGreen Strategic Plan delivery (weight: 7.5%). Although performance on Organic Net Profit beia Growth was below expectations, significant advances were made in Cost management and Accelerating the EverGreen Strategic Plan delivery, as described in other parts of this Annual Report. The combined outcome for the Individual leadership measures was 75%.

The resulting STI payout for 2023 is 19% of the target opportunity 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 14 February 2024, the publication date of the full year results. In addition, the Executive Board members had the opportunity to indicate before the end of the 2023 performance year whether they wished to receive up to another 25% of their STI payout in additional investment shares. For 2023, both 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 the 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 31.12.2023[1] in €
Van den Brink	2023	50 %	14.02.2024	t.b.d.	ca. 172,900	31.12.2028	n/a
	2022	50 %	15.02.2023	15,674	1,469,908	31.12.2027	1,441,068
	2021	50 %	16.02.2022	16,327	1,583,719	31.12.2026	1,501,104
Van den Broek	2023	50 %	14.02.2024	t.b.d.	ca. 83,980	31.12.2028	n/a
	2022	50 %	15.02.2023	7,613	713,947	31.12.2027	699,939
	2021	50 %	16.02.2022	4,626	448,722	31.12.2026	425,314

1 The closing share price on 29 December 2023 was €91.94.

Remuneration Report 2023

ad (3) – 2021-2023 Long-term incentive: Number of performance shares vesting

The 2021-2023 Long-term incentive (LTI) relates to the performance period 2021-2023 and vests shortly after 14 February 2024, the publication date of the full year 2023 results. The target LTI opportunities at grant were 150% of base salary for the CEO and 125% of base salary for the CFO.

The vesting of the LTI award for performance period 2021-2023 was subject to company performance on four financial measures with equal weight. The following table shows the performance targets and intervals, as well as the actual achievements as determined by the Supervisory Board for each of these measures:

Performance Measure	Weight	Threshold	Target	Maximum	Achievement	Vesting
Organic Net Revenue Growth (%)	25 %	4.0 %	7.0 %	10.0 %	13.0 %	200 %
Organic Operating Profit beia Growth (%)	25 %	10.0 %	17.0 %	24.0 %	23.2 %	189 %
EPS beia Growth (%)	25 %	20.0 %	27.0 %	34.0 %	36.8 %	200 %
Free Operating Cash Flow (€ m)	25 %	4,900	5,400	5,800	6,682	200 %
Total	100 %					198 %

As a result, the vesting of the LTI grant for performance period 2021-2023 will be equal to 198% of the vesting at target level. For the CEO, this performance implies that 40,699 shares will vest shortly after 14 February 2024, as a result of the 20,555 conditional performance shares granted to him in 2021 as CEO and Member of the Executive Board. For the CFO, this performance implies that 19,860 shares will vest as a result of the 10,030 conditional performance shares granted to him in 2021 as CFO and Member of the Executive Board.The resulting share awards are defined in before-tax terms (i.e., before the 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 2023.

	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 31.12.2023[5] in €
Van den Brink	2023	22,190	1,950,057	02.2026	t.b.d.	t.b.d.	16.02.2028	1,083,881
	2022	18,967	1,875,078	02.2025	t.b.d.	t.b.d.	17.02.2027	926,479
	2021	20,555	1,875,027	14.02.2024	40,699	21,623	15.02.2026	1,988,019
	2020	12,144	1,021,310	15.02.2023	22,588	12,000	14.02.2025	1,103,280
Van den Broek	2023	12,574	1,105,003	02.2026	t.b.d.	t.b.d.	16.02.2028	614,159
	2022	10,748	1,062,547	02.2025	t.b.d.	t.b.d.	17.02.2027	524,977
	2021	10,030	914,937	14.02.2024	19,860	10,551	15.06.2026	970,059

1 Determined according to plan rules, using the closing share price on 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 2021 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 2022 and 2023 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 closing share price on 29 December 2023 was €91.94.

Remuneration Report 2023

ad (4) – 2021-2023 Long-term incentive: Value of performance shares vesting

The value of performance shares vesting is based on the closing share price on 31 December 2023 of €91.94.

ad (5) – Matching entitlements: Number of matching entitlements vesting

These entries refer to the number of matching share entitlements that vested after year-end 2023, as a result of the investment in shares of part of the STI payout for performance year 2018 and the holding of these investment shares until year-end 2023. Since neither Mr. Van den Brink nor Mr. Van den Broek were part of Executive board in 2018, no matching shares entitlements vested after year-end 2023.

ad (6) – Matching entitlements: Value of matching entitlements vesting

The value of matching share entitlements vesting is based on the closing share price on 31 December 2023 of €91.94. Since neither Mr. Van den Brink nor Mr. Van den Broek were part of Executive board in 2018, no matching shares entitlements vested after year-end 2023.

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 Grants: Number of extraordinary shares vesting

The table below provides an overview of Extraordinary Share grants as of 31 December 2023.

As compensation for 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 his appointment as CFO and member of the Executive Board by the 2021 annual general meeting. This is a time-vested conditional grant, of which 6,578 shares vested on 1 June 2021, 13,155 shares vested on 1 June 2022, and 13,155 shares vested on 1 June 2023. The remainder of the award will vest on 1 March 2024. 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 from the date of the award. This holding period will continue 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 31.12.2023 in €[3]
Van den Broek	Extraordinary share award	01.06.2021	6,578	642,144	01.06.2021	3,321	01.06.2026	305,333
	Extraordinary share award	01.06.2021	13,155	1,284,191	01.06.2022	6,643	01.06.2026	610,757
	Extraordinary share award	01.06.2021	13,155	1,284,191	01.06.2023	6,643	01.06.2026	610,757
	Extraordinary share award	01.06.2021	6,578	642,144	01.03.2024	t.b.d.	01.06.2026	305,333

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).
3 The closing share price on 31 December 2023 was €91.94.

Remuneration Report 2023

ad (9) – Extraordinary Share Grants: Value of shares vesting

The value of the share awards is based on the 'No. of shares vesting' against the closing share price on 31 December 2023 of €91.94.

ad (10) – Other emoluments

The amounts primarily concern car benefits-in-kind.

ad (11) – Total

The sum 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 Executive 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's and Mrs. Debroux's existing investment shares/share matching entitlements are subject to a holding period of 5 years. As a result of the investment in shares of part of the STI payout for the performance year 2018, the following number of matching shares will vest shortly after year-end 2023.

	No. of matching entitlements vesting[1]	Value of matching entitlements vesting in €[2]
van Boxmeer	7,913	727,521
Debroux	3,323	305,517

1 The 'number of matching entitlements vesting' are before-tax (i.e. before tax withholding).
2 The share price on 31 December 2023 was €91.94.

Pay Ratio

In 2023, the ratio between the CEO's annual total remuneration and the average annual total remuneration for HEINEKEN employees was 83. For the CFO, this ratio was 62. These ratios were calculated by dividing the 2023 total remuneration for the CEO and CFO by the 2023 average total remuneration of all other employees worldwide. As per the revised Dutch Corporate Governance Code, the average total remuneration of all other employees worldwide is derived from note 6.4 on page 87 by dividing the 2023 total personnel expense (after subtracting the expense for the Executive Board and external contractors), by the reported FTE (minus two, and excluding external contractors), leading to an amount of 46,476 (versus 45,276 in 2022). The total remuneration for the CEO and CFO is retrieved from note 13.3 on page 122.

In accordance with the Dutch Corporate Governance Code, the Supervisory Board takes into account the internal pay ratios as one factor to determine the appropriateness of the implementation of the remuneration policy. However, pay ratios are affected by various factors such as a company's industry, geographical reach, and organisational structure. HEINEKEN has a wide geographical footprint, with the majority of its business and employees in emerging markets where pay levels and structures differ widely from those in the Netherlands and Europe. The company also has a large number of breweries and in-house sales forces across the world, which further adds to the diversity of pay within the organization. This will differ for other companies in other industries. Therefore, external comparison of pay ratios will not always be meaningful.

Moreover, pay ratios can also be highly variable over time due to factors such as fluctuations in exchange rates, and are heavily influenced by the Company's annual performance, which impacts the Executive Board's remuneration more significantly than it does for all other employees. To address these limitations, the Supervisory Board evaluates not only the actual pay ratios but also their evolution, particularly in relation to the Company's performance.
The pay ratios for the Executive Board significantly decreased in comparison to 2022, primarily due to the low payout of the 2023 Short-term incentive. This outcome is in line with the organization's commitment to paying the Executive Board based on performance.

Comparative overview of remuneration and company performance

The following table provides a comparative overview since 2019 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	
2023	3,879	2,902	46.5	83	62	5.5 %
2022	8,944	5,794	45.3	198	128	21.2%
2021	8,437	4,228	40.8	207	104	12.2%
2020	1,261	835	41.9	30	20	(11.9)%
2019	7,112	3,726	42.9	166	87	5.6%

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-term and Long-term incentives).

Remuneration Report 2023

Part IV – The Supervisory Board actual remuneration for performance ending in, or at year-end, 2023

In accordance 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, 2023. In alignment with IFRS reporting requirements, this disclosure can also be found in note 13.3 Related Parties.

In thousands of €	2023 Base Board Fee	2023 Committee Fees	2023 Allowances and Benefits	2023 Total Remuneration	2022 Total Remuneration	2021 Total Remuneration	2020 Total Remuneration	2019 Total Remuneration
J.M. Huët	120	105	6	231	225	225	225	195
M. Das	90	40	—	130	130	130	130	133
M.R. de Carvalho	90	45	6	141	135	135	135	141
P. Mars-Wright	90	30	24	144	144	126	126	151
M. Helmes	90	50	6	146	133	125	125	131
R.L. Ripley	90	35	23	148	148	125	110	97
N.K. Paranjpe[1]	90	24	5	119	110	78	—	—
B. Pardo[2]	63	10	18	91	—	—	—	—
L.J. Hijmans van den Bergh[2]	63	14	6	83	—	—	—	—
I.H. Arnold[3]	45	10	—	55	110	110	115	100
J.A. Fernández Carbajal[4]	23	10	—	33	166	142	154	153
F.J. Camacho Beltran[4]	23	5	—	28	100	—	—	—
J.G. Astaburuaga Sanjinés[5]	—	—	—	—	55	122	116	133
V.C.O.B.J. Navarre[6]	—	—	—	—	—	45	105	110
G.J. Wijers[7]	—	—	—	—	—	—	—	103
Y. Dervisoglu[7]	—	—	—	—	—	—	—	53
	877	**378**	**94**	**1,349**	**1,456**	**1,363**	**1,341**	**1,500**

1 Appointed on 22 April 2021.
2 Appointed on 20 April 2023.
3 Stepped down on 20 April 2023.
4 Stepped down on 15 February 2023.
5 Stepped down on 21 April 2022.
6 Stepped down on 22 April 2021.
7 Stepped down on 25 April 2019.

Remuneration Report 2023

Part V – Adjustments to the remuneration policy and implementation in 2024

Policy

Executive Board

The current Executive Board remuneration policy was adopted by the AGM in 2022. During 2023, the Remuneration Committee reviewed the Executive Board remuneration policy and actively engaged with shareholders and other stakeholders to obtain their perspectives on the subject. Based on their findings, the Supervisory Board decided not to submit any changes to the policy for approval to the 2024 AGM.

Supervisory Board

The current Supervisory Board remuneration policy was adopted by the AGM in 2020. Under the European Shareholder Rights Directive II, shareholders have the right to vote on a remuneration policy at least every 4 years. Because the Supervisory Board still considers the current policy effective, they will not be proposing any changes to the policy. Therefore, the unaltered policy will be submitted to the 2024 AGM for re-adoption.

Implementation

Executive Board

To seek alignment with the policy target level of the median target remuneration of the labour market peer group, the Supervisory Board will make adjustments to the base salaries and variable remuneration of the Executive Board in 2024. Base salaries will be increased from €1,300,000 to €1,397,500 for the CEO and from €884,000 to €950,300 for the CFO. Target opportunities for the Short-term incentive and Long-term incentive for the CEO will be increased from 140% to 150% and from 150% to 170%, respectively. Target opportunities for the Short-term incentive and Long-term incentive for the CFO will be increased from 100% to 110% and from 125% to 135%, respectively.

Supervisory Board

The prevailing fixed annual remuneration and Committee fees of the Supervisory Board were adopted at the 2019 AGM and have not changed since. Recognizing the increased complexity and time commitment associated with board membership, the Remuneration Committee conducted an assessment of the Supervisory Board remuneration. As part of this assessment, the Remuneration Committee performed a benchmark analysis of the current fees against a pan-European group of companies of comparable size and complexity. Based on the outcomes of this assessment, the Supervisory Board, upon recommendation of the Remuneration Committee, will submit a proposal to the 2024 AGM to adjust the fixed annual remuneration, Committee fees, and intercontinental travel fee of the Supervisory Board.

Supervisory Board Heineken N.V.

Amsterdam, 13 February 2024

Contents

Consolidated Income Statement

For the year ended 31 December

In millions of €	Note	2023	2022
Revenue	6.1	**36,375**	**34,676**
Excise tax expense	6.1	(6,013)	(5,957)
Net revenue	6.1	**30,362**	**28,719**
Other income	6.2	**393**	**147**
Raw materials, consumables and services	6.3	(20,077)	(18,618)
Personnel expenses	6.4	(4,353)	(4,079)
Amortisation, depreciation and impairments	6.6	(3,096)	(1,886)
Total other expenses		**(27,526)**	**(24,583)**
Operating profit		**3,229**	**4,283**
Interest income	11.1	90	74
Interest expenses	11.1	(640)	(458)
Other net finance income/(expenses)	11.1	(375)	48
Net finance expenses		**(925)**	**(336)**
Share of profit of associates and joint ventures	10.3	218	223
Profit before income tax		**2,522**	**4,170**
Income tax expense	12.1	(121)	(1,131)
Profit		**2,401**	**3,039**
Attributable to:			
Shareholders of the Company (net profit)		2,304	2,682
Non-controlling interests		97	357
Profit		**2,401**	**3,039**
Weighted average number of shares – basic	6.7	563,448,845	575,563,505
Weighted average number of shares – diluted	6.7	563,979,620	576,026,120
Basic earnings per share (€)	6.7	4.09	4.66
Diluted earnings per share (€)	6.7	4.09	4.65

Consolidated Statement of Other Comprehensive Income

For the year ended 31 December

In millions of €	Note	2023	2022
Profit		**2,401**	**3,039**
Other comprehensive income, net of tax:			
Items that will not be reclassified to profit or loss:			
Remeasurement of post-retirement obligations	12.3	(66)	63
Net change in fair value through OCI investments	12.3	—	15
Items that may be subsequently reclassified to profit or loss:			
Currency translation differences	5(b)/12.3	(170)	437
Change in fair value of net investment hedges	12.3	(28)	(62)
Change in fair value of cash flow hedges	12.3	(135)	(142)
Cash flow hedges reclassified to profit or loss	12.3	12	38
Net change in fair value through OCI investments - debt investments	12.3	1	—
Cost of hedging	11.6/12.3	2	(1)
Share of other comprehensive income of associates/joint ventures	10.3/12.3	(75)	(46)
Other comprehensive income, net of tax	12.3	**(459)**	**302**
Total comprehensive income		**1,942**	**3,341**
Attributable to:			
Shareholders of the Company		2,032	3,039
Non-controlling interests		(90)	302
Total comprehensive income		**1,942**	**3,341**

Consolidated Statement of Financial Position

As at 31 December

In millions of €	Note	2023	2022
Intangible assets	8.1	21,781	21,408
Property, plant and equipment	8.2	14,772	13,623
Investments in associates and joint ventures	10.3	4,130	4,296
Loans and advances to customers	8.3	239	216
Deferred tax assets	12.2	1,292	618
Equity instruments	8.4	562	145
Other non-current assets	8.5	978	1,085
Total non-current assets		**43,754**	**41,391**
Inventories	7.1	3,721	3,250
Trade and other receivables	7.2	5,019	4,531
Current tax assets		196	84
Derivative assets	11.6	58	70
Cash and cash equivalents	11.2	2,377	2,765
Assets classified as held for sale	10.2	28	315
Total current assets		**11,399**	**11,015**
Total assets		**55,153**	**52,406**

In millions of €	Note	2023	2022
Shareholders' equity	11.4	20,056	19,551
Non-controlling interests	11.4	2,733	2,369
Total equity		**22,789**	**21,920**
Borrowings	11.3	14,046	12,893
Post-retirement obligations	9.1	586	568
Provisions	9.2	627	572
Deferred tax liabilities	12.2	2,213	2,138
Other non-current liabilities	11.6	67	125
Total non-current liabilities		**17,539**	**16,296**
Borrowings	11.2/11.3	4,192	3,484
Trade and other payables	7.3	9,432	9,283
Returnable packaging deposits	7.4	531	545
Provisions	9.2	206	226
Current tax liabilities		332	352
Derivative liabilities	11.6	132	119
Liabilities associated with assets classified as held for sale	10.2	—	181
Total current liabilities		**14,825**	**14,190**
Total equity and liabilities		**55,153**	**52,406**

Consolidated Statement of Cash Flows

For the year ended 31 December

In millions of €	Note	2023	2022
Operating activities			
Profit		**2,401**	**3,039**
Adjustments for:			
Amortisation, depreciation and impairments	6.6	3,096	1,886
Net interest expenses	11.1	550	384
Other income	6.2	(352)	(147)
Share of profit of associates and joint ventures and dividend income on fair value through OCI investments		(226)	(230)
Income tax expenses	12.1	121	1,131
Other non-cash items		537	284
Cash flow from operations before changes in working capital and provisions		**6,127**	**6,347**
Change in inventories		(4)	(793)
Change in trade and other receivables		(42)	(668)
Change in trade and other payables and returnable packaging deposits		(100)	981
Total change in working capital		**(146)**	**(480)**
Change in provisions and post-retirement obligations		(32)	(207)
Cash flow from operations		**5,949**	**5,660**
Interest paid		(624)	(439)
Interest received		118	46
Dividends received		147	177
Income taxes paid		(1,160)	(948)
Cash flow related to interest, dividend and income tax		**(1,519)**	**(1,164)**
Cash flow from operating activities		**4,430**	**4,496**

In millions of €	Note	2023	2022
Investing activities			
Proceeds from sale of property, plant and equipment and intangible assets		154	112
Purchase of property, plant and equipment		(2,434)	(1,791)
Purchase of intangible assets		(243)	(220)
Loans issued to customers and other investments		(244)	(219)
Repayment on loans to customers and other investments		96	31
Cash flow used in operational investing activities		**(2,671)**	**(2,087)**
Free operating cash flow		**1,759**	**2,409**
Acquisition of subsidiaries, net of cash acquired		(806)	(171)
Acquisition of/additions to associates, joint ventures and other investments		(409)	(45)
Disposal of subsidiaries, net of cash disposed of		257	9
Disposal of associates, joint ventures and other investments		53	8
Cash flow used in acquisitions and disposals		**(905)**	**(199)**
Cash flow used in investing activities		**(3,576)**	**(2,286)**
Financing activities			
Proceeds from borrowings		6,751	644
Repayment of borrowings		(4,614)	(1,934)
Payment of lease commitments		(390)	(304)
Dividends paid		(1,335)	(1,099)
Purchase own shares and shares issued		(942)	(43)
Acquisition of non-controlling interests		(286)	(391)
Cash flow used in financing activities		**(816)**	**(3,127)**
Net cash flow		**38**	**(917)**
Cash and cash equivalents as at 1 January		1,618	2,556
Effect of movements in exchange rates		(231)	(21)
Cash and cash equivalents as at 31 December	11.2	**1,425**	**1,618**

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 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/from 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/disposal of non-controlling interests without losing control		—	—	—	—	—	—	—	—	(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**

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 2023		**922**	**2,701**	**(3,619)**	**(47)**	**(9)**	**70**	**1,242**	**(60)**	**18,351**	**19,551**	**2,369**	**21,920**
Hyperinflation restatement to 1 January 2023[1]	5(c)	—	—	—	—	—	—	—	—	40	40	—	40
Balance as at 1 January 2023 after restatement		**922**	**2,701**	**(3,619)**	**(47)**	**(9)**	**70**	**1,242**	**(60)**	**18,391**	**19,591**	**2,369**	**21,960**
Profit		—	—	—	—	—	—	204	—	2,100	2,304	97	2,401
Other comprehensive income/(loss)	12.3	—	—	(86)	(123)	2	1	—	—	(66)	(272)	(187)	(459)
Total comprehensive income/(loss)		**—**	**—**	**(86)**	**(123)**	**2**	**1**	**204**	**—**	**2,034**	**2,032**	**(90)**	**1,942**
Realised hedge results from non-financial assets	12.3	—	—	—	156	—	—	—	—	—	156	—	156
Transfer to/from retained earnings		—	—	—	—	—	—	534	—	(534)	—	—	—
Dividends to shareholders		—	—	—	—	—	—	—	—	(1,080)	(1,080)	(270)	(1,350)
Purchase own shares or contributions received from NCI shareholders	11.4	—	—	—	—	—	—	—	(943)	—	(943)	1	(942)
Own shares delivered		—	—	—	—	—	—	—	37	(37)	—	—	—
Share-based payments		—	—	—	—	—	—	—	—	2	2	—	2
Acquisition/disposal of non-controlling interests without losing control		—	—	—	—	—	—	—	—	(214)	(214)	(9)	(223)
Hyperinflation impact		—	—	—	—	—	—	—	—	163	163	—	163
Changes in consolidation		—	—	—	—	—	—	—	—	349	349	732	1,081
Balance as at 31 December 2023		**922**	**2,701**	**(3,705)**	**(14)**	**(7)**	**71**	**1,980**	**(966)**	**19,074**	**20,056**	**2,733**	**22,789**

[1] Includes impairment related to the hyperinflationary impact on the opening balance

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 2023 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 350 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 2023 have been adopted by the EU.
- Prepared by the Executive Board of the Company and authorised for issue on 13 February 2024 and will be submitted for adoption to the Annual General Meeting of Shareholders on 25 April 2024.
- 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 2023 and were marked by increased input and energy costs and cost inflation. Despite continued volatility and challenges across many markets, HEINEKEN reported a net profit of €2,304 million for the year ended 31 December 2023 (2022: €2,682 million).

During the first half-year of 2023, HEINEKEN purchased own shares and Heineken Holding N.V. shares from Fomento Económico Mexicano, S.A.B. de C.V. (FEMSA). For more information refer to note 13.3 'Related parties'.

In April 2023, HEINEKEN obtained control of Namibia Breweries Limited (NBL) and Distell Group Holdings Limited (Distell). Following the annual goodwill impairment test an impairment loss of €491 million was recognised for Heineken Beverages, which is the combined business of Distell and NBL with Heineken South Africa. For more information, refer to note 8.1 'Intangible assets' and 10.1 'Acquisitions and disposals of subsidiaries and non-controlling interests'.

On 24 August 2023, HEINEKEN sold 100% 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 Haiti and Ethiopia. In 2023, the three-year cumulative inflation in Haiti exceeded 100% and as a result, hyperinflation accounting was applied for the first time for the year ended 31 December 2023. 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 exposure to increased input costs and energy prices and the macroeconomic 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) ambitions, 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 2023, no material impact on financial reporting judgement and estimates arising from climate change was 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
Judgement used in the identification of acquired assets and liabilities	10.1 Acquisitions and disposals of subsidiaries and non-controlling interests
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
Assumptions used in the valuation of acquired assets and liabilities	10.1 Acquisitions and disposals of subsidiaries and non-controlling interests

4. Changes in accounting policies

(a) Changed accounting policies in 2023

The following accounting policy changes have been adopted in 2023 and are reflected in the consolidated financial statements:

Amendment to IAS 12 - International tax reform - pillar two model rules

The amendments to IAS 12 issued in May 2023 offer temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's (OECD) international tax. Refer to note 12.1 'Income tax expense'.

IFRS 17 - Insurance contracts

HEINEKEN has implemented IFRS 17 'Insurance contracts', replacing the existing guidance on insurance contracts in IFRS 4 'Insurance contracts'.

Neither the above amendments, nor any other new standards or amendments to existing standards effective in 2023, had a significant impact on HEINEKEN's consolidated financial statements.

(b) Upcoming changes in accounting policies for 2024

Amendments to IAS 7 and IFRS 7 - Supplier finance arrangements

The amendments to IAS 7 and IFRS 7 introduce new disclosure requirements with regard to supplier finance arrangements, relating to the effect on liabilities, cash flows and the exposure to liquidity risk. The amendments apply for annual periods beginning or after 1 January 2024. HEINEKEN has not applied the amendments in preparing the 2023 consolidated financial statements.

HEINEKEN has supplier finance arrangements in place, to which the disclosure requirements will apply. HEINEKEN is in the process of obtaining the information needed to meet the new disclosure requirements.

Other than mentioned above, no new standards or amendments to existing standards, effective in 2024, 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 are 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.

Notes to the Consolidated Financial Statements

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.

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 2023	Year-end 2022	%	Average 2023	Average 2022	%
Brazilian Real (BRL)	0.1865	0.1774	5.1	0.1852	0.1846	0.3
Great Britain Pound (GBP)	1.1507	1.1275	2.1	1.1497	1.1735	(2.0)
Indian Rupee (INR)	0.0109	0.0113	(3.5)	0.0112	0.0121	(7.4)
Mexican Peso (MXN)	0.0532	0.0485	9.7	0.0521	0.0472	10.4
Nigerian Naira (NGN)	0.0010	0.0020	(50.0)	0.0015	0.0022	(31.8)
Polish Zloty (PLN)	0.2300	0.2132	7.9	0.2203	0.2129	3.5
Russian Ruble (RUB)	0.0100	0.0126	(20.6)	0.0109	0.0139	(21.6)
Singapore Dollar (SGD)	0.6854	0.6993	(2.0)	0.6886	0.6897	(0.2)
United States Dollar (USD)	0.9050	0.9376	(3.5)	0.9246	0.9518	(2.9)
Vietnamese Dong in 1,000 (VND)	0.0373	0.0396	(5.8)	0.0388	0.0407	(4.7)
South African Rand (ZAR)	0.0492	0.0553	(11.0)	0.0502	0.0582	(13.7)

(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 from the period ended 31 December 2022 and the Haitian economy was designated as hyperinflationary for the period ended 31 December 2023. 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 and to Brasserie Nationale d'Haiti S.A., whose functional currency is the Haitian Gourde.

On the application of IAS 29 to Heineken Ethiopia, 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 2023 was 29% (2022: 34%).

On the application of IAS 29 to Brasserie Nationale d'Haiti S.A., a cumulative inflation factor was applied using the consumer price index (CPI) in Haiti, published by the L'Institut Haïtien de Statistique et d'Informatique (IHSI). The movement in the CPI for the year ended 31 December 2023 was 21% (2022: 48%).

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
- Reduction of the restated amount of a non-monetary item, in accordance with the appropriate standards, when it exceeds its recoverable amount

(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	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Net revenue (beia)[1]		12,211	11,362	10,469	9,421	4,229	4,005	4,157	4,652	(758)	(746)	30,308	28,694
Third party revenue[2]		14,185	13,461	10,700	9,608	5,260	4,868	6,179	6,706	51	33	36,375	34,676
Interregional revenue		803	761	5	18	—	—	—	—	(808)	(779)	—	—
Revenue		14,988	14,222	10,705	9,626	5,260	4,868	6,179	6,706	(757)	(746)	36,375	34,676
Excise tax expense[3]		(2,777)	(2,860)	(211)	(205)	(1,002)	(838)	(2,023)	(2,054)	—	—	(6,013)	(5,957)
Net revenue		12,211	11,362	10,494	9,421	4,258	4,030	4,156	4,652	(757)	(746)	30,362	28,719
Other income	6.2	302	117	53	9	36	20	2	—	—	1	393	147
Operating profit		1,439	1,154	1,382	1,359	(487)	391	737	1,293	158	86	3,229	4,283
Net finance expenses	11.1											(925)	(336)
Share of profit of associates and joint ventures	10.3	22	19	69	61	25	36	102	107	—	—	218	223
Income tax expense	12.1											(121)	(1,131)
Profit												2,401	3,039
Attributable to:													
Shareholders of the Company (net profit)												2,304	2,682
Non-controlling interests												97	357
Operating profit reconciliation													
Operating profit		1,439	1,154	1,382	1,359	(487)	391	737	1,293	158	86	3,229	4,283
Eia[1]		(86)	67	149	32	937	163	189	(58)	25	15	1,214	219
Operating profit (beia)[1]		1,353	1,221	1,531	1,391	450	554	926	1,235	183	101	4,443	4,502

1 Note that this is a non-GAAP measure. Due to rounding, this balance will not always cast.
2 Includes other revenue of €509 million (2022: €342 million).
3 Next to the €6,013 million of excise tax expense included in revenue (2022: €5,957 million), €2,190 million of excise tax expense is collected on behalf of third parties and excluded from revenue (2022: €2,333 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	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
Current segment assets		2,917	3,259	3,292	2,837	2,341	1,842	1,798	2,091	687	848	11,035	10,877
Non-current segment assets		12,494	12,311	9,430	8,887	3,772	2,615	11,003	11,566	1,582	1,025	38,281	36,404
Investments in associates and joint ventures		200	181	794	861	227	266	2,909	2,988	—	—	4,130	4,296
Total segment assets		**15,611**	**15,751**	**13,516**	**12,585**	**6,340**	**4,723**	**15,710**	**16,645**	**2,269**	**1,873**	**53,446**	**51,577**
Unallocated assets												1,707	829
Total assets												**55,153**	**52,406**
Segment liabilities		**4,292**	**4,475**	**3,640**	**3,211**	**2,008**	**1,791**	**1,373**	**1,534**	**2,324**	**2,424**	**13,637**	**13,435**
Unallocated liabilities												18,727	17,051
Total equity												22,789	21,920
Total equity and liabilities												**55,153**	**52,406**
Purchases of owned property, plant and equipment	8.2	784	653	778	748	496	516	176	184	21	18	2,255	2,119
Acquisition of goodwill	8.1	11	106	—	—	652	—	21	3	—	—	684	109
Purchases of intangible assets	8.1	60	75	41	33	7	4	10	11	123	97	241	220
Depreciation of owned property, plant and equipment	8.2	(541)	(514)	(459)	(349)	(288)	(269)	(165)	(165)	(11)	(13)	(1,464)	(1,310)
Impairment (net of reversal) of owned property, plant and equipment and assets classified as held for sale	8.2, 10.2	(7)	(7)	(70)	(1)	(60)	(89)	—	36	—	—	(137)	(61)
Amortisation of intangible assets	8.1	(94)	(89)	(98)	(102)	(24)	(9)	(188)	(205)	(44)	(40)	(448)	(445)
Impairment (net of reversal) of intangible assets	8.1	—	(1)	(41)	—	(491)	—	—	190	—	—	(532)	189

Introduction
Report of the Executive Board
Report of the Supervisory Board
Financial Statements
Sustainability Review
Other Information

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 €	2023	2022
Operating profit (beia)	**4,443**	**4,502**
Amortisation of acquisition-related intangible assets recorded in operating profit	(385)	(333)
Exceptional items included in operating profit	(829)	114
Share of profit of associates and joint ventures	218	223
Net finance expenses	(925)	(336)
Profit before income tax	**2,522**	**4,170**

The 2023 exceptional items and amortisation of acquisition-related intangibles recorded in operating profit amount to €1,214 million, net exceptional expense (2022: €219 million). This amount consists of:

- €385 million (2022: €333 million) of amortisation of acquisition-related intangibles recorded in operating profit.
- €829 million net exceptional expense (2022: €114 million net benefit) recorded in operating profit. This includes:
  - a net impairment of €683 million recorded in amortisation, depreciation and impairments, including an impairment of €491 million for Heineken Beverages (total net impairment reversal in 2022: €132 million)
  - €209 million exceptional expense related to the recycling of foreign currency translation reserve upon selling the Russia disposal group recorded in amortisation, depreciation and impairments and €195 million of exceptional gain on sale of Vrumona B.V. (Vrumona) recorded in other income
  - net restructuring expenses recorded in personnel expenses of €130 million (2022: €70 million)
  - €40 million exceptional benefit recorded in other income related to tax credits in Brazil (2022: €44 million net exceptional benefit as reduction recorded in marketing expense related to tax credits in Brazil)
  - €50 million net exceptional expense relating to hyperinflation accounting adjustments (2022: €44 million), of which €55 million income recorded in revenue (2022: €25 million), €69 million expense in raw materials consumables and services (2022: €54 million), €32 million expense in amortisation, depreciation and impairments (2022: €13 million) and €4 million in personnel expenses (2022: €2 million)
  - €8 million of other exceptional net benefits (2022: €52 million of other net exceptional benefits)

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. Unallocated liabilities mainly comprise borrowings and deferred tax liabilities.

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. Wherever appropriate and practical, HEINEKEN provides reconciliations for relevant GAAP measures.

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 €	2023	2022
Gain on sale of property, plant and equipment	47	46
Gain on sale of intangible assets	86	10
Gain on sale of subsidiaries, joint ventures and associates	196	15
Gain on previously held equity-interests	23	76
Tax credits	41	—
	393	**147**

In 2023, other income mainly relates to a gain on sale of Vrumona B.V. (Vrumona) of €195 million (refer to note 10.1).

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 €	2023	2022
Raw materials	3,097	2,843
Non-returnable packaging	6,114	5,624
Goods for resale	1,997	1,766
Inventory movements	—	5
Marketing and selling expenses	2,767	2,692
Transport expenses	1,891	1,922
Energy and water	968	834
Repair and maintenance	622	585
Other expenses	2,621	2,347
	20,077	**18,618**

The increase in raw materials, consumables and services is mainly driven by inflation in commodity prices related to raw materials and non-returnable packaging.

The line 'Energy and water' contains costs related to Power Purchase Agreements (PPA). As part of its Brew a Better World (BaBW) ambitions, HEINEKEN enters into either physical PPAs or virtual PPAs. These arrangements are usually entered into for periods up to 10 to 15 years and contain either fixed prices or variable prices.

Other expenses in raw materials, consumables and services mainly include consulting expenses of €339 million (2022: €321 million), telecom and office automation of €319 million (2022: €300 million), warehousing expenses of €235 million (2022: €245 million), travel expenses of €121 million (2022: €113 million), other taxes of €197 million (2022: €124 million), short-term lease expenses of €110 million (2022: €86 million) and low-value lease expenses of €42 million (2022: €32 million).

Accounting policies

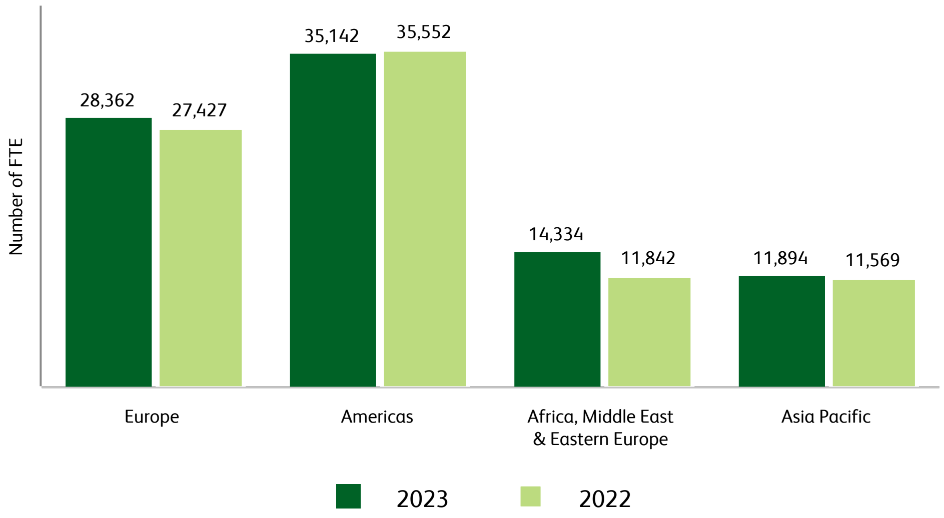
Expenses are recognised based on accrual accounting. This means that expenses are recognised when the product is received or the service is provided regardless of when cash outflow takes place. Costs related to power purchase agreements are included as part of 'Energy and water' if the own use exemption can be applied. If not, power purchase agreements are considered to be derivative financial instruments, refer to note 11.6.

Notes to the Consolidated Financial Statements

6.4 Personnel expenses

The average number of full-time equivalent (FTE) employees, excluding contractors, in 2023 was 89,732 (2022: 86,390). FTE, excluding contractors, is divided per region as follows:

Average number of FTE per region



The increase in Africa, Middle East & Eastern Europe is mainly attributable to the acquisition of Distell Group Holdings Limited (Distell) and Namibia Breweries Limited (NBL). Refer to note 10.1.

A total of 4,715 FTEs are based in the Netherlands (2022: 4,089 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 €176 million (2022: €153 million) and net restructuring costs of €94 million (2022: €53 million). Refer to note 9.2 for the restructuring provisions.

In millions of €	Note	2023	2022
Wages and salaries		2,950	2,757
Compulsory social security contributions		443	412
Contributions to defined contribution plans		60	57
Expenses related to defined benefit plans	9.1	76	115
Expenses related to other long-term employee benefits		8	5
Equity-settled share-based payment plan	6.5	31	57
Other personnel expenses		785	676
		4,353	**4,079**

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)

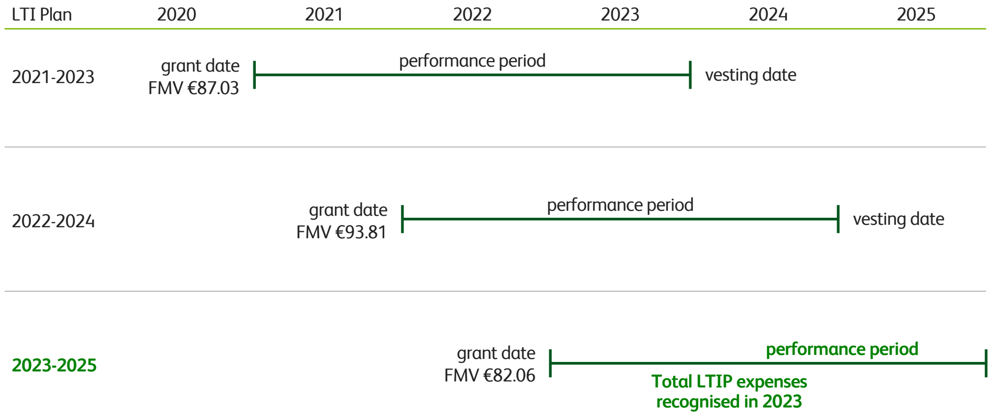
HEINEKEN has a performance-based LTIP for the Executive Board and senior management. Under this LTIP, share rights are conditionally awarded to participants on an annual basis. The vesting of these rights is subject to the performance of Heineken N.V. on specific internal performance conditions and continued service over a three-calendar year period by the employee. The share rights are not dividend-bearing during the performance period.

During 2022, combined ESG-related performance measures, with equal weighting, were included in the LTIP. The performance conditions for LTIP 2022-2024 and 2023-2025 are organic net revenue growth, earnings per share beia growth, free operating cash flow and combined ESG-related measures. The performance conditions for 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 2023	Number of share rights 2022
Outstanding as at 1 January	**2,163,618**	**1,821,369**
Granted during the year	539,901	431,038
Forfeited during the year	(122,526)	(115,887)
Cancelled during the year	—	87
Vested previous year	(639,523)	(284,183)
Performance adjustment	(561,999)	311,194
Outstanding as at 31 December	**1,379,471**	**2,163,618**
Share price as at 31 December	**91.94**	**87.88**

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 2021-2023 shares will transfer to the Executive Board members shortly after the publication of the annual results of 2023 and to senior management on 1 April 2024.

Other share-based compensation plans

In 2023, under the Extraordinary share plans for senior management, 13,900 shares were granted (2022: 500) and 23,805 (gross) shares vested (2022: 32,505). 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 2023, expenses amounted to €1 million (2022: €2 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 2023 amounts to €31 million (2022: €57 million share-based compensation expense).

In millions of €	Note	2023	2022
Share rights granted in 2020		—	19
Share rights granted in 2021		20	18
Share rights granted in 2022		4	20
Share rights granted in 2023		7	—
Total expense recognised in personnel expenses	6.4	**31**	**57**

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	2023	2022
Property, plant and equipment	8.2	1,896	1,537
Intangible assets	8.1	980	256
Assets classified as held for sale	10.2	220	88
Other		—	5
		3,096	**1,886**

Property, plant and equipment include depreciation and impairment of right of use (ROU) assets of €304 million (2022: €254 million).

Assets classified as held for sale mainly include a loss of €219 million relating to the disposal of the Russia disposal group classified as held for sale. The loss includes the recycling of foreign currency translation reserve of €209 million and a net impairment of €10 million (2022: €88 million) of the same disposal group. The net impairment consists of €113 million impairment during the first half-year of 2023 and an impairment reversal of €103 million during the second half-year of 2023, following the commitment by the buyer to repay the historical intercompany debt.

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 2023 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 2023.

In € per share (basic or diluted) for the period ended 31 December	2023	2022
Basic earnings per share	4.09	4.66
Diluted earnings per share	4.09	4.65

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

	2023	2022
Total number of shares issued	576,002,613	576,002,613
Effect of own shares held	(8,489,088)	(439,108)
Shares for which dividend is waived by Heineken Holding N.V.	(4,064,680)	—
Weighted average number of basic shares outstanding for the year	**563,448,845**	**575,563,505**
Dilutive effect of share-based payment plan obligations	530,775	462,616
Weighted average number of diluted shares outstanding for the year	**563,979,620**	**576,026,120**

HEINEKEN entered into a cross-holding agreement with Heineken Holding N.V., which includes a waiver by HEINEKEN of payment of any dividends on the Heineken Holding N.V. shares held by HEINEKEN as well as by Heineken Holding N.V. on an equivalent number of HEINEKEN shares held by Heineken Holding N.V. The HEINEKEN shares for which dividend is waived by Heineken Holding N.V. are therefore not part of the number of outstanding ordinary shares of HEINEKEN. The shares were acquired during 2023, refer to note 13.3 'Related parties'.

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 €	2023	2022
Raw materials	815	619
Work in progress	493	364
Finished products	765	598
Goods for resale	481	530
Non-returnable packaging	472	548
Other inventories and spare parts	695	591
	3,721	**3,250**

In 2023, the inventories written down to net realisable value was €11 million (2022: €9 million, release).

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, mainly relating to the sale and delivery of products to customers.

In millions of €	2023	2022
Trade receivables	3,368	3,104
Other receivables	1,111	926
Trade receivables due from associates and joint ventures	8	16
Prepayments	532	485
	5,019	**4,531**

Trade and other receivables contain a net impairment loss of €36 million (2022: €38 million) from contracts with customers, which is included in expenses for raw materials, consumables and services.

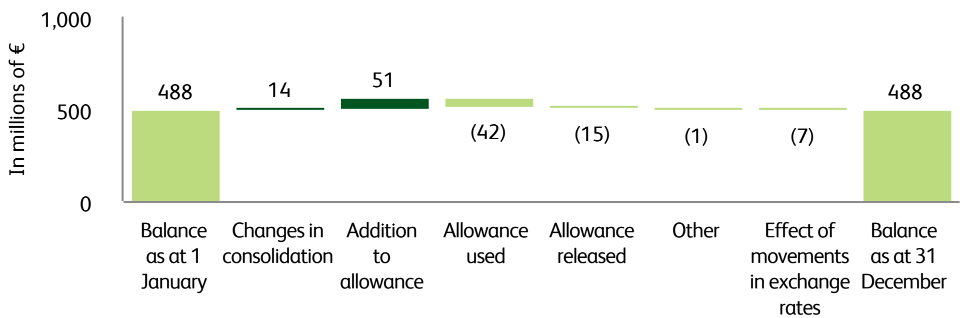
The ageing of trade and other receivables (excluding prepayments) as at 31 December 2023 is as follows:

	2023		Past due		
In millions of €	Total	Not past due	0-30 days	31-120 days	> 120 days
Gross	4,975	3,824	390	235	526
Allowance	(488)	(123)	(27)	(44)	(294)
	4,487	**3,701**	**363**	**191**	**232**

	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**

The movement in allowance for credit losses for trade and other receivables during the year is as follows:

Allowance for credit losses 2023 - Trade and other receivables



In millions of €	2023	2022
Balance as at 1 January	**488**	**454**
Changes in consolidation	14	44
Addition to allowance	51	50
Allowance used	(42)	(47)
Allowance released	(15)	(12)
Other	(1)	(5)
Effect of movements in exchange rates	(7)	4
Balance as at 31 December	**488**	**488**

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 to the macro-economic environment and uncertainties including increasing inflationary pressure on HEINEKEN's customers, judgement is required in the calculation of expected credit losses. 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 €	2023	2022
Trade payables	5,735	5,852
Accruals	1,728	1,802
Taxation and social security contributions	1,420	1,103
Interest	216	172
Dividends	13	25
Other payables	320	329
	9,432	**9,283**

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 €1,103 million (2022: €1,018 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 €	2023	2022
Returnable packaging deposits	**531**	**545**

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.

Introduction
Report of the Executive Board
Report of the Supervisory Board
Financial Statements
Sustainability Review
Other Information

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.

							2023						2022
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		**12,718**	**8,942**	**2,302**	**1,068**	**1,364**	**26,394**	**12,278**	**8,712**	**2,172**	**1,033**	**1,185**	**25,380**
Hyperinflation restatement to 1 January		51	11	—	—	1	63	108	7	—	—	1	116
Changes in consolidation	10.1	684	784	32	—	11	1,511	109	229	10	—	(3)	345
Purchased/internally developed		1	—	1	13	226	241	—	—	5	7	208	220
Transfer (to)/from assets classified as held for sale	10.2	(50)	(5)	—	—	(6)	(61)	—	(17)	—	—	(21)	(38)
Disposals		—	—	(340)	—	(39)	(379)	—	(2)	—	(1)	(22)	(25)
Hyperinflation adjustment		44	6	—	—	2	52	49	3	—	—	1	53
Effect of movements in exchange rates		(190)	(182)	(15)	(18)	3	(402)	174	10	115	29	15	343
Balance as at 31 December		**13,258**	**9,556**	**1,980**	**1,063**	**1,562**	**27,419**	**12,718**	**8,942**	**2,302**	**1,068**	**1,364**	**26,394**
Amortisation and impairment losses													
Balance as at 1 January		**(468)**	**(1,782)**	**(1,536)**	**(400)**	**(800)**	**(4,986)**	**(468)**	**(1,708)**	**(1,352)**	**(385)**	**(705)**	**(4,618)**
Hyperinflation restatement to 1 January		—	(4)	—	—	(1)	(5)	—	(3)	—	—	—	**(3)**
Changes in consolidation		7	—	—	—	—	7	—	—	—	—	—	**—**
Amortisation charge for the year	6.6	—	(216)	(94)	(10)	(128)	(448)	—	(201)	(118)	(12)	(114)	**(445)**
Impairment losses[1]	6.6	(559)	(41)	—	—	(1)	(601)	—	—	—	(1)	—	**(1)**
Reversals of impairments	6.6	—	—	—	—	—	—	—	173	16	—	1	**190**
Transfer to/(from) assets classified as held for sale	10.2	—	3	—	—	5	8	—	18	—	—	13	**31**
Disposals		—	—	339	—	32	371	—	2	—	1	15	**18**
Hyperinflation adjustment		—	(4)	—	—	(2)	(6)	—	(2)	—	—	(1)	**(3)**
Effect of movements in exchange rates		—	13	(8)	18	(1)	22	—	(61)	(82)	(3)	(9)	**(155)**
Balance as at 31 December		**(1,020)**	**(2,031)**	**(1,299)**	**(392)**	**(896)**	**(5,638)**	**(468)**	**(1,782)**	**(1,536)**	**(400)**	**(800)**	**(4,986)**
Carrying amount													
As at 1 January		**12,250**	**7,160**	**766**	**668**	**564**	**21,408**	**11,810**	**7,004**	**820**	**648**	**480**	**20,762**
As at 31 December		**12,238**	**7,525**	**681**	**671**	**666**	**21,781**	**12,250**	**7,160**	**766**	**668**	**564**	**21,408**

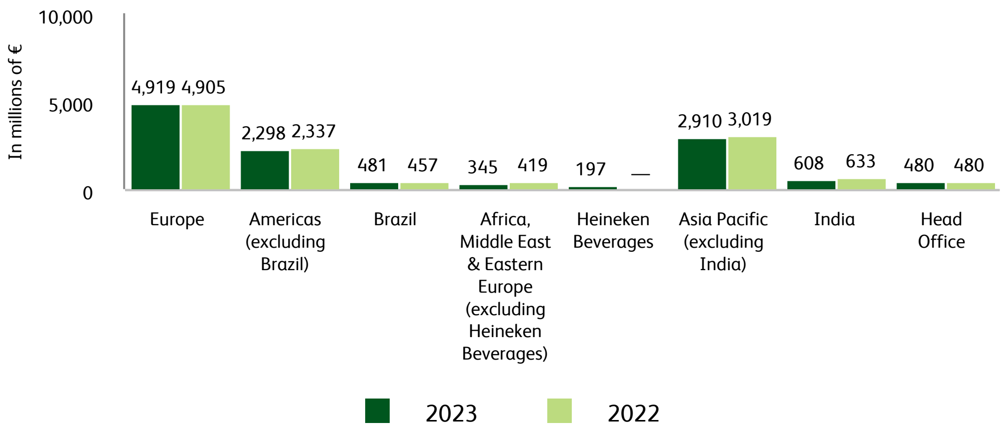
1 Includes impairment recorded in opening equity.

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, Heineken Beverages and other subsidiaries within Africa, Middle East & Eastern Europe and Head Office, goodwill is allocated and monitored on an individual or combined country basis. The total amount of goodwill of €12,238 million (2022: €12,250 million) is allocated to each (group of) Cash Generating Unit (CGU) as follows:

Goodwill per (group of) CGU



In the current year, Distell and NBL have been combined with Heineken South Africa into a new HEINEKEN business 'Heineken Beverages' (refer to note 10.1), which is considered the CGU for goodwill impairment testing purposes.

The net decrease in goodwill of €12 million compared to 2022 mainly relates to an impairment loss of €491 million for Heineken Beverages, a negative movement in exchange rates of €190 million, partially offset by the initial goodwill of €656 million recognised for Heineken Beverages (refer to note 10.1).

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 95% 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 2027-2033	Expected volume growth rates applied for years 2027-2033
Europe	9.8	2.0	1.2
Americas (excluding Brazil)	9.5	2.9	1.9
Brazil	15.5	3.2	2.5
Africa, Middle East and Eastern Europe (excluding Heineken Beverages)	21.1 - 29.0	6.2 - 9.0	1.6 - 4.4
Heineken Beverages	16.3	4.9	1.9
Asia Pacific (excluding India)	15.5	3.4	3.8
Head Office	13.3	3.4	2.4

In 2023, there has been a general decrease in the WACC applied across most CGUs, due to decreased interest rates.

Impairment losses

The annual goodwill impairment test resulted in an impairment loss of €491 million (2022: nil) for the current year. The goodwill impairment relates to Heineken Beverages, which is included in the Africa, Middle East & Eastern Europe operating segment.

The impairment for Heineken Beverages is recorded on the line 'amortisation, depreciation and impairments' in the income statement. The lower current valuation of the business, relative to the time of the announced acquisition, reflects predominantly the increase in the weighted average cost of capital over this time period used for impairment testing. In addition, inflationary pressures and higher brand support levels to address a more challenging competitive environment impacted the valuation.

The determination of the recoverable amount of Heineken Beverages is based on a VIU valuation and amounts to €2.6 billion, 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, to calculate the terminal recoverable amount.

Notes to the Consolidated Financial Statements

See the table below for the key assumptions:

	Heineken Beverages	
In %	2024-2026	2027-2033
Pre-tax WACC (in local currency)	16.3	16.3
Expected annual long-term inflation	4.9	4.9
Expected volume growth	9.1	1.9

In addition, the asset impairment test required as a result of the identification of impairment indicators resulted in an impairment of €68 million on goodwill and €42 million on intangible assets other than goodwill (2022: €189 million net impairment reversal on intangible assets other than goodwill) (refer to note 8.2).

Sensitivity to changes in assumptions

Following the goodwill impairment recognised for Heineken Beverages, the CGU is sensitive to changes in key assumptions applied. HEINEKEN assesses that a reasonably possible adverse change in a key assumption (i.e. lower growth rates or higher discount rates respectively) would cause the carrying amount to exceed the recoverable amount. Excluding Heineken Beverages, the outcome of a sensitivity analysis of a 200 basis points adverse change in key assumptions did not result in a materially different outcome for the goodwill 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 VIU 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.

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.

Notes to the Consolidated Financial Statements

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, except where IAS 29 requires entities that apply hyperinflation accounting for the first time to recognise impairment related to prior periods in opening equity. 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 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 €	**2023**	2022
Property, plant and equipment - owned assets	13,732	12,610
Right of use assets	1,040	1,013
	14,772	**13,623**

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	2023 Land and buildings	2023 Plant and equipment	2023 Other fixed assets	2023 Under construction	2023 Total	2022 Land and buildings	2022 Plant and equipment	2022 Other fixed assets	2022 Under construction	2022 Total
Cost											
Balance as at 1 January		**7,765**	**10,770**	**6,682**	**1,387**	**26,604**	**7,534**	**10,099**	**5,934**	**1,068**	**24,635**
Hyperinflation restatement to 1 January		66	143	89	1	299	72	161	102	1	336
Changes in consolidation and other transfers	10.1	172	286	102	96	656	63	36	2	(2)	99
Purchases		26	88	289	1,852	2,255	27	37	409	1,646	2,119
Transfer of completed projects under construction		306	760	574	(1,640)	—	237	646	462	(1,345)	—
Transfer (to)/from assets classified as held for sale		(51)	(108)	(42)	(8)	(209)	(163)	(269)	(84)	(4)	(520)
Disposals		(46)	(110)	(460)	(11)	(627)	(49)	(150)	(289)	(5)	(493)
Hyperinflation adjustment		67	140	99	3	309	47	100	65	1	213
Effect of movements in exchange rates		(22)	(383)	(313)	(104)	(822)	(3)	110	81	27	215
Balance as at 31 December		**8,283**	**11,586**	**7,020**	**1,576**	**28,465**	**7,765**	**10,770**	**6,682**	**1,387**	**26,604**
Depreciation and impairment losses											
Balance as at 1 January		**(2,850)**	**(6,352)**	**(4,732)**	**(60)**	**(13,994)**	**(2,759)**	**(6,048)**	**(4,247)**	**(63)**	**(13,117)**
Hyperinflation restatement to 1 January		(12)	(62)	(80)	—	(154)	(14)	(57)	(85)	—	(156)
Changes in consolidation and other transfers		—	—	1	1	2	4	—	1	—	5
Depreciation charge for the year	6.6	(180)	(575)	(709)	—	(1,464)	(172)	(513)	(625)	—	(1,310)
Impairment losses[1]	6.6	(52)	(73)	(24)	(13)	(162)	(68)	(18)	(3)	(1)	(90)
Reversals of impairments	6.6	2	2	—	—	4	75	30	7	5	117
Transfer to/(from) assets classified as held for sale		33	87	34	—	154	80	177	63	—	320
Disposals		33	110	453	—	596	33	146	271	—	450
Hyperinflation adjustment		(14)	(59)	(75)	—	(148)	(14)	(20)	(65)	—	(99)
Effect of movements in exchange rates		26	214	193	—	433	(15)	(49)	(49)	(1)	(114)
Balance as at 31 December		**(3,014)**	**(6,708)**	**(4,939)**	**(72)**	**(14,733)**	**(2,850)**	**(6,352)**	**(4,732)**	**(60)**	**(13,994)**
Carrying amount											
As at 1 January		**4,915**	**4,418**	**1,950**	**1,327**	**12,610**	**4,775**	**4,051**	**1,687**	**1,005**	**11,518**
As at 31 December		**5,269**	**4,878**	**2,081**	**1,504**	**13,732**	**4,915**	**4,418**	**1,950**	**1,327**	**12,610**

1 Includes impairment recorded in opening equity.

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

Impairments of €68 million on goodwill (2022: nil), €158 million on owned property, plant and equipment (2022: €27 million, net impairment reversal), €42 million on intangible assets with finite useful life (2022: €189 million, net impairment reversal) and €14 million on right of use (ROU) assets (2022: €4 million, impairment reversal) were recorded for the year ended 31 December 2023. The impairments mainly relate to Brasserie Nationale d'Haiti S.A. (Haiti) for €139 million which is included in the Americas operating segment.

The impairment for Haiti relates to hyperinflation accounting, which was applied for the first time during the year ended 31 December 2023. Fixed assets are revalued for the inflation since they were acquired, which resulted in an increase in the carrying value of fixed assets.

The determination of the recoverable amount of the assets of Haiti 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.

IAS 29 requires entities that apply hyperinflation accounting for the first time to recognise impairment related to prior periods in opening equity. The impairment for Haiti related to prior periods (€135 million) is recorded in the retained earnings balance as at 1 January 2023. The impairment charge relating to the current year (€4 million) and other impairments 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:

	Haiti	
In %	2023-2026	2027-2032
Pre-tax WACC (in local currency)	33.5	33.5
Expected annual long-term inflation	5.9	5.9
Expected volume growth	5.5	4.4

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 35,000 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 €	2023	2022
Land and buildings	836	830
Equipment	204	183
Carrying amount ROU assets as at 31 December	**1,040**	**1,013**

In 2023, €350 million was added to the ROU assets as a result of entering into new lease contracts and the remeasurement of existing leases (2022: €218 million). The depreciation and impairments of ROU assets for the financial year ending 31 December is as follows:

In millions of €	2023	2022
Land and buildings	213	174
Equipment	91	80
Depreciation and impairments for ROU assets	**304**	**254**

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 8.5 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.

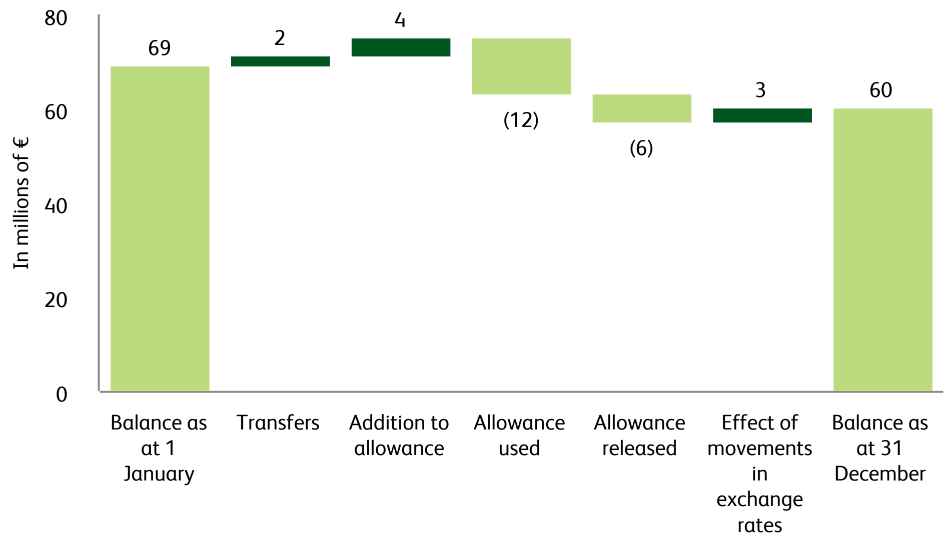
8.3 Loans and advances to customers

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 €	2023	2022
Loans to customers	60	61
Advances to customers	179	155
Loans and advances to customers	**239**	**216**

The movement in allowance for impairment losses for loans and advances to customers during the year is as follows:

Allowance for credit losses 2023 – Loans and advances to customers



In millions of €	2023	2022
Balance as at 1 January	**69**	**69**
Transfers	2	1
Addition to allowance	4	9
Allowance used	(12)	(8)
Allowance released	(6)	(5)
Effect of movements in exchange rates	3	3
Balance as at 31 December	**60**	**69**

Notes to the Consolidated Financial Statements

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 Equity instruments

Equity instruments mainly consist of shares in Heineken Holding N.V., which HEINEKEN acquired from FEMSA during 2023 as part of the accelerated bookbuild offering. The investment is not held for trading purposes. Refer to note 13.3 'Related parties'. In the financial statements 2022, equity instruments were presented under other non-current assets.

In millions of €	Note	2023	2022
Shares in Heineken Holding N.V.		395	—
Other		167	145
Equity instruments		**562**	**145**

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 policies

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 when ownership is 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 other comprehensive income (OCI) and presented within equity in the fair value reserve. Dividend income is recognised in profit or loss.

8.5 Other non-current assets

Other non-current assets mainly consist of long-term prepayments and other receivables with a duration longer than 12 months.

In millions of €	Note	2023	2022
Fair value through OCI debt investments		14	9
Non-current derivatives	11.6	33	56
Loans to joint ventures and associates		10	15
Long-term prepayments		504	461
Other receivables		417	544
Other non-current assets		**978**	**1,085**

Other receivables include lease receivables of €115 million (2022: €137 million). The average outstanding term of the lease receivables, including the short-term portion of lease receivables, is 3.0 years (2022: 2.9 years). 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.

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

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 €	2023	2022
Present value of unfunded defined benefit obligations	167	177
Present value of funded defined benefit obligations	8,193	7,745
Total present value of defined benefit obligations	**8,360**	**7,922**
Fair value of defined benefit plan assets	(8,006)	(7,569)
Present value of net obligations	**354**	**353**
Asset ceiling items	145	129
Defined benefit plans included under non-current assets	39	28
Recognised liability for defined benefit obligations	**538**	**510**
Other long-term employee benefits	48	58
	586	**568**

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 €	2023 UK	2022 UK	2023 NL	2022 NL	2023 Other	2022 Other	2023 Total	2022 Total
Total present value of defined benefit obligations	2,717	2,641	4,386	4,120	1,257	1,161	8,360	7,922
Fair value of defined benefit plan assets	(2,581)	(2,557)	(4,324)	(4,055)	(1,101)	(957)	(8,006)	(7,569)
Present value of net obligations	**136**	**84**	**62**	**65**	**156**	**204**	**354**	**353**

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 2023, the coverage ratio of the Dutch pension fund improved slightly. The interest rates showed a small decrease that increased the fund's net defined benefit obligations. The fund's financial position allowed for pension indexation in 2023.

In 2023, the increase in the fair value of defined benefit plan assets is mainly due to an increase in the value of equities, bonds, interest rate swaps, mortgages and alternative credits. The higher defined benefit obligation is mainly due to a lower discount rate assumption, and a higher indexation assumption. HEINEKEN's cash contribution to the Dutch pension plan was at the maximum level. The same level will apply in 2024.

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 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 schedule of deficit recovery payments remained in place until May 2023. As of June 2023, deficit recovery payments have stopped. Going forward recovery payments will be conditional on the funding position of the pension fund and capped on the former contribution level.

In 2023, the increase in the fair value of defined benefit plan assets is due to a stronger British Pound foreign currency translation impact offset by the decrease in the fair value of the defined benefit plan assets mainly due to a fall in the value of the longevity swap, as a result of updating the assumption for future mortality improvements. The increase in defined benefit obligation over 2023 is mainly due to actual deferred revaluations and pension increases being higher than assumed. The increase in the defined benefit obligation as a result of a fall in the discount rate assumption was mostly offset by a fall in the long term inflation assumption and a change in the mortality assumption to adopt the latest available model for projecting future improvements in life expectancies.

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	**2023**	2022	**2023**	2022	**2023**	2022
Balance as at 1 January		**7,922**	**10,182**	**(7,569)**	**(9,680)**	**353**	**502**
Included in profit or loss							
Current service cost		78	112	—	—	78	112
Past service cost/(credit)		(4)	(2)	—	—	(4)	(2)
Administration expense		—	—	4	5	4	5
Effect of any settlement		(2)	—	—	—	(2)	—
Expense recognised in personnel expenses	6.4	72	110	4	5	76	115
Interest expense/(income)	11.1	360	212	(339)	(198)	21	14
		432	**322**	**(335)**	**(193)**	**97**	**129**
Included in OCI							
Remeasurement loss/(gain):							
Actuarial loss/(gain) arising from	12.3						
Demographic assumptions		(46)	47	—	—	(46)	47
Financial assumptions		336	(2,714)	—	—	336	(2,714)
Experience adjustments		(47)	550	—	—	(47)	550
Return on plan assets excluding interest income[1]		—	—	(169)	2,011	(169)	2,011
Effect of movements in exchange rates		45	(114)	(40)	112	5	(2)
		288	**(2,231)**	**(209)**	**2,123**	**79**	**(108)**
Other							
Changes in consolidation and reclassification		93	1	(136)	(7)	(43)	(6)
Contributions paid:							
By the employer		—	—	(132)	(164)	(132)	(164)
By the plan participants		26	25	(26)	(25)	—	—
Benefits paid		(401)	(377)	401	377	—	—
Settlements		—	—	—	—	—	—
		(282)	(351)	**107**	181	**(175)**	(170)
Balance as at 31 December		**8,360**	**7,922**	**(8,006)**	**(7,569)**	**354**	**353**

1 The total OCI impact for the current year also included movement resulting from asset ceiling increase between 2022 and 2023.

Notes to the Consolidated Financial Statements

Defined benefit plan assets

In millions of €	Quoted	Unquoted	2023 Total	Quoted	Unquoted	2022 Total
Equity instruments:						
Europe	348	—	348	316	—	316
Northern America	900	—	900	847	—	847
Japan	132	—	132	118	—	118
Asia other	70	—	70	160	—	160
Other	76	151	227	92	145	237
	1,526	**151**	**1,677**	**1,533**	**145**	**1,678**
Debt instruments:						
Bonds – investment grade	4,278	1,167	5,445	3,744	1,125	4,869
Bonds – non-investment grade	233	442	675	228	361	589
	4,511	**1,609**	**6,120**	**3,972**	**1,486**	**5,458**
Derivatives	43	(1,314)	(1,271)	41	(1,296)	(1,255)
Properties and real estate	222	688	910	249	659	908
Cash and cash equivalents	186	18	204	362	34	396
Investment funds	26	368	394	25	351	376
Other plan assets	82	(110)	(28)	94	(86)	8
	559	(350)	209	771	(338)	433
Balance as at 31 December	**6,596**	**1,410**	**8,006**	**6,276**	**1,293**	**7,569**

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 2023, the strategic asset mix comprises 32% of plan assets in equity securities, 20% in bonds and swaps, 18% in alternative investments, 15% in mortgage and 15% 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 2023, the strategic mix of assets comprises 33% of plan assets in liability-driven investments, 12.5% in corporate bonds, 15% in higher-yielding credit, 23.5% in private markets, 10% 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 54% as at 31 December 2023 (2022: 38%). 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 target a match of 100% of the interest rate sensitivity of the total liabilities as measured on a Gilts +1% liability basis (2022: 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 fixed income investments and inflation-linked derivative instruments. These instruments target a match of 100% of the inflation-linked liabilities as measured on a Gilts +1% liability basis (2022: 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 %	**2023**	2022	**2023**	2022
Discount rate as at 31 December	3.5	3.8	4.8	5.0
Future salary increases	2.0	2.0	—	—
Future pension increases	2.9	2.9	3.0	3.1

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 %	**2023**	2022	**2023**	2022
Discount rate as at 31 December	1.5-3.5	2.3-3.9	9.8-11.0	9.4-13.0
Future salary increases	0.0-2.3	0.0-3.4	0.0-4.5	0.0-4.5
Future pension increases	0.3-2.3	0.0-2.3	0.0-3.5	0.0-3.5
Medical cost trend rate	0.0-2.3	—	5.1-9.0	5.1-7.5

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 (2022: 16 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 2024 to be in line with 2023.

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:

	2023		2022	
Effect in millions of €	**Increase in assumption**	**Decrease in assumption**	Increase in assumption	Decrease in assumption
Discount rate (0.5% movement)	(588)	671	(551)	629
Future salary growth (0.25% movement)	9	(9)	8	(8)
Future pension growth (0.25% movement)	276	(254)	253	(245)
Medical cost trend rate (0.5% movement)	7	(6)	3	(3)
Life expectancy (1 year)	356	(357)	318	(317)

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	Restruc-turing	Onerous contracts	Other	Total
Balance as at 1 January 2023		**150**	**283**	**210**	**18**	**137**	**798**
Changes in consolidation	10.1	—	—	—	—	15	15
Provisions made during the year		32	48	112	2	53	247
Provisions used during the year		(6)	(4)	(86)	(1)	(10)	(107)
Provisions reversed during the year		(45)	(8)	(18)	(7)	(61)	(139)
Effect of movements in exchange rates		2	6	(2)	—	(1)	5
Unwinding of discounts		7	5	3	—	(1)	14
Balance as at 31 December 2023		**140**	**330**	**219**	**12**	**132**	**833**
Non-current		125	302	122	4	74	627
Current		15	28	97	8	58	206

Claims and litigation
The provisions for claims and litigation of €140 million (2022: €150 million) mainly relate to civil and labour claims in Brazil.

Taxes
The provisions for taxes of €330 million (2022: €283 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 €41 million (2022: €50 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 €1,233 million (2022: €1,489 million), out of which €78 million (2022: €73 million) qualifies for indemnification. For several tax contingencies that were part of acquisitions, an amount of €188 million (2022: €173 million) has been recognised as provisions and other non-current liabilities in the balance sheet (refer to notes 9.2 and 8.5).

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 €52 million (2022: €57 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) 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 (ii) 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 2023, €26 million (2022: €37 million) of other contingencies related to acquisitions is included in provisions (refer to note 9.2).

Guarantees

In millions of €	Total 2023	Less than 1 year	1-5 years	More than 5 years	Total 2022
Guarantees to banks for loans (to third parties)	381	183	196	2	345
Other guarantees	1,115	271	708	136	2,093
Guarantees	**1,496**	**454**	**904**	**138**	**2,438**

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).

In 2022, other guarantees included a €1.1 billion guarantee issued concerning the offer to acquire Distell Group Holdings Limited.

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 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 of Distell and Namibia Breweries

On 14 April 2023, HEINEKEN obtained a controlling stake of 59.4% in NBL and on 26 April 2023, HEINEKEN fully acquired the operations of Distell post the carve-out of their whiskey and gin activities. NBL and Distell have been combined with Heineken South Africa into a new HEINEKEN majority-owned business 'Heineken Beverages'. HEINEKEN has a 65% shareholding in Heineken Beverages. Distell and NBL are consolidated within HEINEKEN as from those dates.

Distell is Africa's leading producer and marketer of ciders, flavoured alcoholic beverages, wines and spirits, and NBL is the beer market leader in Namibia. Heineken Beverages will have a significantly strengthened and complementary route to market in South Africa and Namibia with further growth opportunities across Southern Africa.

The Savanna and Windhoek brands represent the majority of the intangible assets valued at Distell and NBL respectively. The goodwill is mainly attributable to a strategic premium included in the transaction and earnings beyond the period over which intangible assets are amortised. None of the goodwill recognised is expected to be deductible for income tax purposes. Heineken Beverages is considered the CGU for goodwill impairment testing purposes.

Upon obtaining control, the existing equity interest in NBL (29.6%) was revalued to fair value (€179 million), which resulted in a gain in previously-held equity interest of €14 million (net of gain in previously held equity interest and recycling of currency exchange differences from translation reserve), recorded in 'Other income' in the income statement (refer to note 6.2).

Notes to the Consolidated Financial Statements

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

In millions of €	Note	Distell	NBL
Property, plant and equipment		513	84
Intangible assets		611	164
Investments in associates and joint ventures		58	—
Inventories		566	30
Trade and other receivables		285	26
Cash and cash equivalents		88	83
Other assets		46	—
Assets acquired		**2,167**	**387**
Current liabilities		(556)	(133)
Deferred tax liabilities		(280)	(71)
Other non-current liabilities		(20)	(5)
Liabilities assumed		**(856)**	**(209)**
Total net identifiable assets		**1,311**	**178**

In millions of €	Note	Distell	NBL
Consideration transferred		1,230	358
Non-controlling interests		481	76
Net identifiable assets acquired		1,311	178
Goodwill on acquisition	8.1	**400**	**256**

€17 million of acquisition-related costs have been recognised in the income statement for the year ended 31 December 2023.

HEINEKEN considers the measurement period for acquiring control of Distell and NBL to be closed at 30 June 2023. Any adjustments afterwards will be recognised in the consolidated income statement (no such adjustments occurred during the second half-year of 2023).

The amount of revenue recognised for Distell and NBL after obtaining control amounts to €1,237 million; the amount of loss recognised after obtaining control amounts to €66 million. If control was obtained on 1 January 2023, revenue and profit for HEINEKEN would have been €37 billion and €2.4 billion respectively, for the year ended 31 December 2023.

Next to the acquisition of Distell and NBL, there were no other significant acquisitions of subsidiaries during 2023.

Disposal of Vrumona

On 29 September 2023, HEINEKEN completed the sale of soft drinks manufacturer Vrumona. As a result, a gain of €195 million has been recorded in 'Other income' in the income statement (refer to note 6.2).

Next to the sale of Vrumona and Russia disposal group classified as held for sale (refer to note 10.2), there were no other significant acquisitions or disposals of subsidiaries during 2023.

Acquisition/disposal of non-controlling interests

In 2023, transactions with non-controlling interests mainly consists of a transaction where HEINEKEN purchased 14,201 shares of Heineken Beverages (South Africa) (Pty) Ltd from Namibia Breweries Limited. This temporarily increased HEINEKEN's shareholding from 75% to 100%. Subsequently, as part of the acquisition of Distell (refer to note 10.1), this equity shareholding decreased to 65% which is recorded on the line 'Changes in consolidation' in the statement of changes in equity. The consideration paid for the acquisition of non-controlling interest in 2023 and the related equity impact are disclosed in the table below:

In millions of €	Consideration	Book value of non-controlling interest	Equity impact
Heineken Beverages (South Africa) (Pty) Ltd[1]	274	24	179
Other	20	(15)	35
Total	**294**	**9**	**214**

1 The equity impact includes an elimination of a €71 million gain reported in the share of profit of NBL on the sale of 25% equity stake in Heineken Beverages (South Africa) (Pty) Ltd to HEINEKEN.

Accounting estimates and judgements

The identification and valuation of acquired assets and liabilities in a business combination involves significant judgements and assumptions. The fair value of brands acquired is generally determined using either the multi-period excess earnings method (MEEM) or the relief from royalty method (RfR).

Accounting policies

When HEINEKEN obtains control over an entity, the initial accounting for its assets and liabilities is at fair value. The difference between the fair value of the consideration transferred (plus the fair value of any previously-held equity interest in the acquiree and the recognised amount of any non-controlling interests in the acquiree) and the net recognised amount of the identifiable assets acquired and liabilities assumed, is calculated. When the difference is negative, a bargain purchase gain is recognised immediately in the income statement. When the difference is positive, goodwill is recognised on the balance sheet.

Changes to the initial fair value of the acquired assets and liabilities, based on new information about the circumstances at the acquisition date, can be made up to a maximum of 12 months after the acquisition date.

Acquisition-related costs are directly expensed in the income statement.

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 2023:

In millions of €	2023	2022
Current assets	—	132
Property, plant and equipment	28	161
Intangible assets	—	5
Other non-current assets	—	17
Assets or assets of disposal group held for sale	**28**	**315**
Current liabilities	—	(173)
Non-current liabilities	—	(8)
Liabilities associated with assets classified as held for sale	**—**	**(181)**

Russia disposal group classified as held for sale

On 24 August 2023, HEINEKEN sold 100% of the Russia disposal group classified as held for sale for €1. This includes a commitment from the buyer to repay the historical intercompany debt of €103 million to HEINEKEN in instalments. The net loss on disposal as per 31 December 2023 amounts to €219 million, which mainly relates to the recycling of foreign currency translation reserve to profit or loss and a net impairment of €10 million (refer to note 6.6).

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 €4,130 million as at 31 December 2023 (2022: €4,296 million) and the total share of profit and other comprehensive income was a profit of €143 million in 2023 (2022: €177 million). The share of profit of associates and joint ventures includes an impairment loss of €8 million (2022: €4 million, impairment loss).

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 HKD34.20 as at 31 December 2023 (2022: HKD54.55), the fair value of this economic interest in CR Beer amounts to €2,657 million (2022: €4,398 million). The carrying amount of CBL as at 31 December 2023 amounts to €2,832 million (2022: €2,908 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 2022-October 2023. The reconciliation of the summarised financial information to the carrying amount of the effective interest in CR Beer is also presented.

Notes to the Consolidated Financial Statements

In millions of €	31 October 2023	31 October 2022
Summarised balance sheet (100%)		
Non-current assets	10,206	8,639
Current assets	1,692	2,291
Non-current liabilities	(2,390)	(1,809)
Current liabilities	(2,744)	(2,777)
Net assets	**6,764**	**6,344**
Reconciliation to carrying amount		
Opening net assets	6,342	6,046
Profit for the period	466	471
Other comprehensive income	(311)	88
Dividends paid	(250)	(256)
Other	517	(7)
Closing net assets	**6,764**	**6,342**
Company's share in %	20.67%	20.67 %
Company's share	1,398	1,311
Goodwill	1,434	1,597
Carrying amount	**2,832**	**2,908**

In millions of €	November 2022 to October 2023	November 2021 to October 2022
Summarised income statement (100%)		
Revenue	5,023	5,198
Profit	**466**	**471**
Other comprehensive income	(311)	88
Total comprehensive income	**155**	**559**
Dividends received	**52**	**52**

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 €	2023	2022	2023	2022
Carrying amount of interests	**934**	**953**	**3,196**	**3,343**
Share of:				
Profit from continuing operations	71	64	147	159
Other comprehensive income	(56)	17	(19)	(63)
	15	**81**	**128**	**96**

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.

At each reporting date, HEINEKEN reviews its investments in associates and JVs to determine whether there is any indication of impairment. A significant or prolonged decline in the fair value of the investment below its cost is also considered in assessing for any indication of impairment. If any such indication exists, an impairment test is performed (refer to note 8.1).

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	2023	2022
Interest income		**90**	**74**
Interest expenses		(640)	(458)
Dividend income from fair value through OCI investments		7	7
Net change in fair value of derivatives		(85)	67
Net foreign exchange gain/(loss)[1]		(323)	(121)
Net monetary gain arising from hyperinflationary economies		79	94
Unwinding discount on provisions	9.2	(13)	(15)
Interest on the net defined benefit obligation	9.1	(21)	(14)
Other		(19)	30
Other net finance income/(expenses)		**(375)**	**48**
Net finance income/(expenses)		**(925)**	**(336)**

1 Transactional foreign exchange effects of working capital and foreign currency-denominated borrowings.

Interest expenses include the interest component of lease liabilities of €58 million (2022: €49 million).

In 2023, a net monetary gain was recognised related to applying hyperinflation accounting in Ethiopia and Haiti.

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	2023	2022
Cash and cash equivalents		2,377	2,765
Bank overdrafts	11.3	(952)	(1,147)
Cash and cash equivalents in the statement of cash flows		**1,425**	**1,618**

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.

				2023
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	2,377	2,377	(512)	1,865
Liabilities				
Bank overdrafts	(952)	(952)	512	(440)
				2022
Assets				
Cash and cash equivalents	2,765	2,765	(792)	1,973
Liabilities				
Bank overdrafts	(1,147)	(1,147)	792	(355)

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, €478 million (2022: €418 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.

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.

Notes to the Consolidated Financial Statements

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.

		2023			2022		
In millions of €	Note	Non-current	Current	Total	Non-current	Current	Total
Unsecured bond issues		12,751	1,458	14,209	11,691	1,075	12,766
Lease liabilities		961	306	1,267	905	336	1,241
Bank loans		240	286	526	197	114	311
Other interest-bearing liabilities		94	699	793	100	255	355
Deposits from third parties[1]		—	491	491	—	557	557
Bank overdrafts		—	952	952	—	1,147	1,147
Total borrowings		**14,046**	**4,192**	**18,238**	**12,893**	**3,484**	**16,377**
Market value of cross-currency interest rate swaps	11.5			(3)			(17)
Other investments				(23)			(64)
Cash and cash equivalents	11.2			(2,377)			(2,765)
Net debt				**15,835**			**13,531**

1 Mainly employee deposits.

As at 31 December 2023, €87 million of the €526 million of bank loans is secured (2022: €82 million). Other interest-bearing liabilities includes €500 million of centrally issued commercial paper (2022: €0 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 2023	**12,766**	**1,241**	**311**	**355**	**557**	**(17)**	**15,213**
Consolidation changes	—	66	201	3	1	—	271
Effect of movements in exchange rates	(82)	26	(27)	(227)	—	17	(293)
Addition of leases	—	348	—	—	—	—	348
Proceeds	2,598	—	1,104	2,991	58	—	6,751
(Re)payments	(1,087)	(390)	(1,067)	(2,325)	(126)	(3)	(4,998)
Interest paid over lease liability	—	(58)	—	—	—	—	(58)
Other	14	34	4	(4)	1	—	49
Balance as at 31 December 2023	**14,209**	**1,267**	**526**	**793**	**491**	**(3)**	**17,283**

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**

Notes to the Consolidated Financial Statements

Changes in borrowings
In 2023, the increase in borrowings is mainly due to proceeds from new bonds, bank loans and commercial paper, which exceeded the repayments.

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 2023 was 3.4% (2022: 2.8%). The average maturity of the bonds as at 31 December 2023 was 7 years (2022: 7 years).

Centrally available financing headroom
The centrally available financing headroom at Group level was approximately €3.2 billion as at 31 December 2023 (2022: €3.6 billion) and consisted of the undrawn part of the committed €3.5 billion revolving credit facility and centrally available cash minus centrally issued commercial paper and short-term bank borrowings at group level.

In March 2023, HEINEKEN refinanced its €3.5 billion revolving credit facility. The new revolving credit facility is set to mature in May 2028 and has two 1-year extension options. The facility is committed by a group of 18 banks.

New financing
During the year period ended 31 December 2023, HEINEKEN secured additional financing by issuing the following notes, which are included in the unsecured bond issues:

Date of placement	Note	Date of maturity
9 March 2023	€500 million of 1.5-year Notes with a coupon of 3.875%	23 September 2024
9 March 2023	€750 million of 7.5-year Notes with a coupon of 3.875%	23 September 2030
9 March 2023	€750 million of 12-year Notes with a coupon of 4.125%	23 March 2035
8 November 2023	€600 million of 3-year Notes with a coupon of 3.625%	15 November 2026

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 incremental borrowing rate (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.

	2023		2022	
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 2023, the share premium amounted to €2,701 million (2022: €2,701 million).

Introduction
Report of the Executive Board
Report of the Supervisory Board
Financial Statements
Sustainability Review
Other Information

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 2023. The increase mainly relates to the purchase of shares in HEINEKEN from FEMSA as part of the accelerated bookbuild offering (refer to note 13.3).

Reserve for own shares	Number of shares
1 January 2023	**684,401**
Changes	9,891,244
31 December 2023	**10,575,645**

Dividends
The following dividends were declared and paid by HEINEKEN:

In millions of €	2023	2022
Final dividend previous year €1.23, respectively €0.96 per qualifying share	693	552
Interim dividend current year €0.69, respectively €0.50 per qualifying share	387	288
Total dividend declared and paid	**1,080**	**840**

For 2023, a payment of a total cash dividend of €1.73 per share (2022: €1.73) will be proposed at the AGM on 25 April 2024. If approved, the final dividend of €1.04 will be paid on 7 May 2024, as an interim dividend of €0.69 per share was paid on 10 August 2023. 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 €	2023	2022
Dividend per qualifying share €1.73 (2022: €1.73)	978	995
Addition to retained earnings	1,326	1,687
Net profit	**2,304**	**2,682**

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 2023 amounted to €2,733 million (2022: €2,369 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, judgement is required in the calculation of expected credit losses. 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.

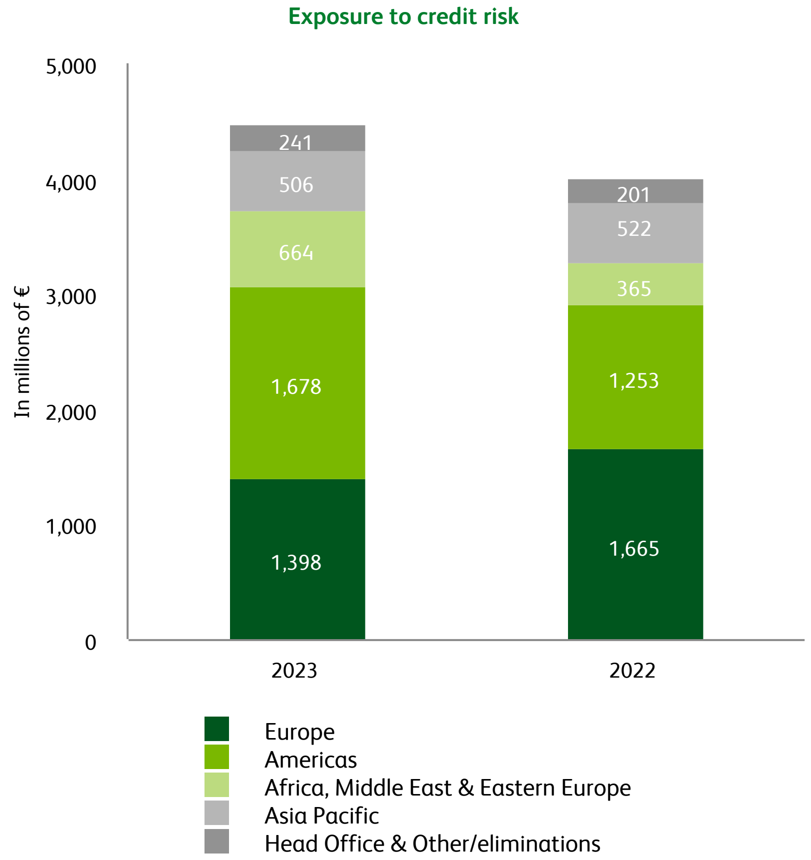
Exposure to credit risk

The maximum exposure to credit risk as at 31 December is as follows:

In millions of €	Note	2023	2022
Cash and cash equivalents	11.2	2,377	2,765
Trade and other receivables, excluding prepayments	7.2	4,487	4,006
Derivative assets	11.6	91	126
Fair value through OCI investments	8.5	14	76
Loans and advances to customers	8.3	239	216
Other non-current receivables	8.5	331	321
Guarantees to banks for loans (to third parties)	9.3	381	345
		7,920	**7,855**

Notes to the Consolidated Financial Statements

The exposure to credit risk by segment for trade and other receivables excluding prepayments is as follows:



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. HEINEKEN has 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.

					2023
In millions of €	**Carrying amount**	**Contractual cash flows**	**Less than 1 year**	**1-5 years**	**More than 5 years**
Financial liabilities					
Interest-bearing liabilities	(16,972)	(19,955)	(4,322)	(6,711)	(8,922)
Lease liabilities	(1,267)	(1,756)	(350)	(704)	(702)
Trade and other payables and returnable packaging deposits (excluding interest payable, dividends and including non-current part)	(9,749)	(9,749)	(9,698)	(49)	(2)
Derivative financial assets and (liabilities)					
Cross-currency interest rate swaps	3	(50)	(7)	(27)	(16)
Forward exchange contracts	(55)	(99)	(99)	—	—
Commodity derivatives	(10)	(10)	(10)	—	—
Other derivatives	17	32	5	15	12
Total	**(28,033)**	**(31,587)**	**(14,481)**	**(7,476)**	**(9,630)**

					2022
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)**

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 2023, HEINEKEN continued to witness 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, Nigerian Naira and Euro. In 2023, the transactional foreign exchange risk was hedged in line with the hedging policy to the extent possible. Mainly due to the development of the Nigerian Naira, the overall transactional impact was negative, whereas the translational impact was slightly positive for HEINEKEN.

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.

		2023		2022
In millions	EUR	USD	EUR	USD
Financial assets	146	3,506	213	4,106
Financial liabilities	(2,373)	(3,323)	(2,730)	(4,480)
Gross balance sheet exposure	**(2,227)**	**183**	**(2,517)**	**(374)**
Estimated forecast sales next year	180	1,221	171	1,258
Estimated forecast purchases next year	(2,559)	(2,590)	(2,626)	(2,612)
Gross exposure	**(4,606)**	**(1,186)**	**(4,972)**	**(1,728)**
Net notional amounts foreign exchange contracts	573	697	426	1,057
Net exposure	**(4,033)**	**(489)**	**(4,546)**	**(671)**
Sensitivity analysis				
Equity	(136)	66	(172)	53
Profit/(Loss)	(37)	(13)	(67)	(10)

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 2023. 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). The increasing interest rate environment during 2023 resulted in a higher average effective interest rate on the net debt position of HEINEKEN (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 €	2023	2022
Fixed rate instruments		
Financial assets	222	171
Financial liabilities	(16,304)	(14,285)
Cross-currency interest rate swaps	—	469
	(16,082)	**(13,645)**
Variable rate instruments		
Financial assets	2,765	3,186
Financial liabilities	(1,935)	(2,092)
Cross-currency interest rate swaps	—	(463)
	830	**631**

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. 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 hedging aluminium and natural gas, 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:

	2023		2022	
In millions of €	Asset	Liability	Asset	Liability
Current	58	(132)	70	(119)
Non-current[1]	33	(4)	56	(9)
	91	**(136)**	**126**	**(128)**

1 Non-current derivative assets and liabilities are part of 'Other non-current assets' (note 8.5) 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:

	2023		2022	
In millions of €	Asset	Liability	Asset	Liability
No hedge accounting - Other	40	(32)	59	(6)
Cash flow hedge - Forwards	25	(71)	46	(40)
Cash flow hedge - Commodity forwards	23	(33)	2	(81)
Fair value hedge - CCIRS	—	—	4	—
Net investment hedge - CCIRS	3	—	13	—
Net investment hedge - Forwards	—	—	2	(1)
	91	**(136)**	**126**	**(128)**

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 2023 (2022: nil). As at 31 December 2023, the fair value of these borrowings was €120 million (2022: €33 million), the market value of forward contracts was €0 million (2022: €1 million positive) and the market value of these swaps was €3 million positive (2022: €13 million positive).

Fair value hedges

HEINEKEN had entered into several cross-currency interest rate swaps (CCIRS) which were 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 underlying borrowing was repaid and the cross-currency interest rate swaps were settled in April 2023.

Notes to the Consolidated Financial Statements

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

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. Reference is made to note 6.3 for the accounting policy on power purchase agreements where the own-use exemption can be applied.

Cash flow hedge

Changes in the fair value of the hedging instrument 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 €	2023	2022
Current tax expense		
Current year	982	1,056
Under/(over) provided in prior years	(10)	(12)
	972	**1,044**
Deferred tax expense		
Origination and reversal of temporary differences, tax losses and tax credits	(147)	78
De-recognition/(recognition) of deferred tax assets	(674)	(11)
Effect of changes in tax rates	(4)	12
Under/(over) provided in prior years	(26)	8
	(851)	**87**
Total income tax expense in profit or loss	**121**	**1,131**

Reconciliation of the effective tax rate

In millions of €	2023	2022
Profit before income tax	2,522	4,170
Share of profit of associates and joint ventures	(218)	(223)
Profit before income tax excluding share of profit of associates and joint ventures	**2,304**	**3,947**

	%	2023	%	2022
Income tax using the Company's domestic tax rate	25.8	594	25.8	1,018
Effect of tax rates in foreign jurisdictions	(0.7)	(15)	(0.4)	(14)
Effect of non-deductible expenses	11.9	275	2.7	105
Effect of tax incentives and exempt income	(7.8)	(181)	(2.6)	(104)
De-recognition/(recognition) of deferred tax assets	(29.3)	(674)	(0.3)	(11)
Effect of unrecognised current year losses	2.4	55	2.2	86
Effect of changes in tax rates	(0.2)	(4)	0.3	12
Withholding taxes	4.0	93	1.9	74
Under/(over) provided in prior years	(1.5)	(36)	(0.1)	(5)
Other reconciling items	0.6	14	(0.8)	(30)
	5.2	**121**	**28.7**	**1,131**

The 2023 IFRS ETR is 5.2% (2022: 28.7%). The lower 2023 ETR includes the benefit of additional DTA recognition in Brazil, partly offset by the non-deductible goodwill impairment for Heineken Beverages and the loss on the Russia disposal. Last year's ETR included the Russia impairment that is considered non-deductible for tax purposes.

For the income tax impact on items recognised in other comprehensive income and equity, refer to note 12.3.

Notes to the Consolidated Financial Statements

OECD Pillar Two model rules

Since the Pillar Two legislation was not effective at the reporting date, HEINEKEN has no related current tax exposure. HEINEKEN has calculated an expected exposure to the Pillar Two income taxes based on information that is known or can be reasonably estimated to understand HEINEKEN's exposure. Based on the 2023 numbers, adjusted for the impact of one-off events, HEINEKEN does not expect a material exposure to Pillar Two income taxes.

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 €	**2023**	2022	**2023**	2022	**2023**	2022
Property, plant and equipment	162	149	(988)	(837)	(826)	(688)
Intangible assets	42	41	(2,166)	(2,052)	(2,124)	(2,011)
Investments	81	56	(7)	(5)	74	51
Inventories	63	67	(36)	(12)	27	55
Borrowings	399	314	(1)	(2)	398	312
Post-retirement obligations	209	203	(30)	(19)	179	184
Provisions	396	300	(9)	(13)	387	287
Other items	320	153	(210)	(211)	110	(58)
Tax losses carried forward	854	348	—	—	854	348
Tax assets/(liabilities)	2,526	1,631	(3,447)	(3,151)	(921)	(1,520)
Set-off of tax	(1,234)	(1,013)	1,234	1,013	—	—
Net tax assets/(liabilities)	**1,292**	**618**	**(2,213)**	**(2,138)**	**(921)**	**(1,520)**

In 2023, HEINEKEN approved a corporate restructuring plan to optimize the legal structure of Heineken Brazil, and part of the plan was executed in 2023. As a result of this restructuring, previously unrecognised deferred tax assets were recognised, amounting to €751 million. These assets mainly relate to tax losses carried forward. The measurement of these deferred tax assets takes into account the recent tax law changes in Brazil, effective from 2024, which are expected to lead to higher taxable profits in future years. Furthermore, a number of mergers are planned in future years resulting in a tax depreciable base, amounting to €403 million. No deferred tax asset was recorded for this tax depreciable base in 2023 awaiting the respective mergers. Reassessment will take place at the end of each reporting period.

Of the total net deferred tax assets of €1,292 million as at 31 December 2023 (2022: €618 million), €72 million (2022: €84 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 €743 million (2022: €573 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 €4,011 million as at 31 December 2023 (2022: €3,802 million), out of which €294 million (2022: €389 million) expires in the following five years, €162 million (2022: €158 million) will expire after five years and €3,555 million (2022: €3,255 million) can be carried forward indefinitely. Deferred tax assets have not been recognised in respect of tax losses carried forward of €1,076 million (2022: €2,470 million) as it is not probable that taxable profit will be available to offset these losses. Out of this €1,076 million (2022: €2,470 million), €142 million (2022: €276 million) expires in the following five years, €13 million (2022: €37 million) will expire after five years and €921 million (2022: €2,157 million) can be carried forward indefinitely.

Notes to the Consolidated Financial Statements

Movement in deferred tax balances during the year

In millions of €	1 January 2023	Hyperinflation restatement to 1 January 2023	Changes in consolidation	Hyperinflation adjustment	Effect of movements in foreign exchange	Recognised in income	Recognised in OCI/equity	Transfers	31 December 2023
Property, plant and equipment	(688)	(35)	(104)	(17)	46	(46)	(1)	19	(826)
Intangible assets	(2,011)	(2)	(227)	(1)	48	83	—	(14)	(2,124)
Investments	51	—	(3)	—	5	21	—	—	74
Inventories	54	(2)	(39)	(3)	1	15	—	1	27
Borrowings	312	—	—	—	93	(1)	—	(6)	398
Post-retirement obligations	184	—	(6)	—	(4)	(15)	20	—	179
Provisions	287	—	7	—	10	81	—	2	387
Other items	(57)	—	1	—	(12)	192	(11)	(3)	110
Tax losses carried forward	348	—	2	—	(24)	521	(1)	8	854
Net tax assets/(liabilities)	**(1,520)**	**(39)**	**(369)**	**(21)**	**163**	**851**	**7**	**7**	**(921)**

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)**

Introduction
Report of the Executive Board
Report of the Supervisory Board
Financial Statements
Sustainability Review
Other Information

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.

HEINEKEN is within the scope of the OECD Pillar Two model rules. Pillar Two legislation was enacted in the Netherlands and will come into effect from 1 January 2024. Under the legislation, a top-up tax for the difference between the Global Anti-Base Erosion Rules (GloBE) effective tax rate per jurisdiction and the 15% minimum rate is introduced. This top-up tax is considered an income tax in scope of IAS 12. HEINEKEN applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023.

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

In millions of €	2023 Amount before tax	2023 Tax	2023 Amount net of tax	2022 Amount before tax	2022 Tax	2022 Amount net of tax
Items that will not be reclassified to profit or loss:						
Remeasurement of post-retirement obligations[1]	(85)	19	(66)	85	(22)	63
Net change in fair value through OCI investments	—	—	—	18	(3)	15
Items that may be subsequently reclassified to profit or loss:						
Currency translation differences	(288)	118	(170)	438	(1)	437
Change in fair value of net investment hedges	(28)	—	(28)	(62)	—	(62)
Change in fair value of cash flow hedges	(179)	44	(135)	(178)	36	(142)
Cash flow hedges reclassified to profit or loss[2]	14	(2)	12	52	(14)	38
Net change in fair value through OCI investments	2	(1)	1	1	(1)	—
Cost of hedging	2	—	2	(1)	—	(1)
Share of other comprehensive income of associates/joint ventures	(75)	—	(75)	(46)	—	(46)
Other comprehensive income/(loss)	**(637)**	**178**	**(459)**	**307**	**(5)**	**302**

1 Refer to note 9.1.
2 An amount of €(53) million (2022: €10 million) relates to tax on realised hedge results from non-financial assets reported directly in equity.

Introduction

Report of the Executive Board

Report of the Supervisory Board

Financial Statements

Sustainability Review

Other Information

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, 8.5	576	429	—	147
Non-current derivative assets	11.6	33	—	12	21
Current derivative assets	11.6	58	—	58	—
Total 2023		**667**	**429**	**70**	**168**
Total 2022		280	34	88	158
Non-current derivative liabilities	11.6	(4)	—	(4)	—
Borrowings[1]	11.3	(14,735)	(13,465)	(694)	—
Current derivative liabilities	11.6	(132)	—	(132)	—
Total 2023		**(14,871)**	**(13,465)**	**(830)**	**—**
Total 2022	11.3	(13,205)	(11,397)	(607)	—

1 Borrowings excluding lease liabilities, deposits, bank overdrafts and other interest-bearing liabilities.

During the period ended 31 December 2023, the shares acquired in Heineken Holding N.V. (refer to note 13.3) have been included in the line 'Fair value through OCI investments'. The fair value is based on the share price (level 1 fair value hierarchy).

Refer to the table below for detail of the determination of level 3 fair value measurements as at 31 December:

In millions of €	2023	2022
Balance as at 1 January	**158**	**102**
Fair value adjustments recognised in other comprehensive income	(5)	21
Consolidation changes	36	—
Disposals	(4)	—
Fair value adjustments recognised in profit and loss	(17)	35
Balance as at 31 December	**168**	**158**

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.

Notes to the Consolidated Financial Statements

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 2023	Less than 1 year	1-5 years	More than 5 years	Total 2022
Property, plant and equipment ordered	836	833	3	—	538
Raw materials purchase contracts	13,442	4,867	7,826	749	14,588
Marketing and merchandising commitments	982	365	614	3	505
Other off-balance sheet obligations	2,197	498	860	839	2,395
Off-balance sheet obligations	**17,457**	**6,563**	**9,303**	**1,591**	**18,026**
Undrawn committed bank facilities	**4,188**	**648**	**3,540**	**—**	**3,970**

In 2022, other off-balance sheet obligations included €0.4 billion of cash commitment concerning the offer to acquire Distell Group Holdings Limited.

Furthermore, other off-balance sheet obligations include energy, distribution and service contracts.

Committed bank facilities are credit facilities on which generally 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) until 17 February 2023.
- HEINEKEN pension funds (refer to note 9.1)
- Employees of HEINEKEN (refer to note 6.4)

In 2023, HEINEKEN purchased approximately 10.3 million shares in HEINEKEN for €943 million and approximately 5.2 million shares in Heineken Holding N.V. for €390 million from FEMSA as part of the accelerated bookbuild offering.

The shares in HEINEKEN are recognised as treasury shares, in reserve for own shares (refer to note 11.4). The shares in Heineken Holding N.V. are recognised as fair value through OCI investments and included in the line 'Equity instruments' in the statement of financial position (refer to note 8.4).

Following the completion of the purchase, FEMSA no longer holds any shares in HEINEKEN except for any shares retained underlying FEMSA's outstanding Bonds, exchangeable into ordinary shares of Heineken Holding N.V., and has ceased to be a shareholder with significant influence (2022: shareholder with significant influence).

Key management remuneration

In millions of €	2023	2022
Executive Board	7	15
Supervisory Board	1	2
Total	**8**	**17**

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 61–73.

Notes to the Consolidated Financial Statements

As at 31 December 2023, Mr. R.G.S. van den Brink held 50,721 Company shares and Mr. H.P.J van den Broek held 28,846 Company shares (2022: Mr. R.G.S. van den Brink 22,221 and Mr. H.P.J van den Broek 14,590).

	2023			2022		
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	Total
Fixed salary	1,300	884	2,184	1,250	850	2,100
Short-term incentive	346	168	514	2,940	1,428	4,368
Matching share entitlement	155	75	230	1,291	627	1,918
Long-term incentive	1,725	1,036	2,761	3,133	1,347	4,480
Extraordinary share award	—	487	487	—	1,385	1,385
Pension contributions	323	252	575	301	157	458
Other emoluments	30	—	30	29	—	29
Total	**3,879**	**2,902**	**6,781**	**8,944**	**5,794**	**14,738**

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 2023 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 €0.2 million was recognised in the 2023 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 €	2023	2022
J.M. Huët	231	225
J.A. Fernández Carbajal[1]	33	166
M. Das	130	130
M.R. de Carvalho	141	135
J.G. Astaburuaga Sanjinés[2]	—	55
P. Mars-Wright	144	144
M. Helmes	146	133
R.L. Ripley	148	148
N.K. Paranjpe	119	110
F.J. Camacho Beltrán[3]	28	100
I.H. Arnold[4]	55	110
L. Hijmans van den Bergh[5]	83	—
B. Pardo[5]	91	—
Total	**1,349**	**1,456**

1 Stepped down on 15 February 2023.
2 Stepped down on 21 April 2022.
3 Appointed on 21 April 2022, stepped down on 15 February 2023.
4 Stepped down on 20 April 2023.
5 Appointed on 20 April 2023.

Mr. J.M. Huët held 3,719 shares of Heineken Holding N.V. as at 31 December 2023 (2022: 3,719 shares). Mr. M.R. de Carvalho held 100,008 shares of Heineken N.V. as at 31 December 2023(2022: 100,008 shares). As at 31 December 2023 and 2022, 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 2023 (2022: 100,008 shares).

Heineken Holding N.V.

In 2023, an amount of €1.3 million (2022: €1.6 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.

As at 31 December 2023, HEINEKEN holds approximately 5.2 million shares in Heineken Holding N.V.

Other related party transactions

	Associates & Joint Ventures		FEMSA[1]		Total	
In millions of €	2023	2022	2023	2022	2023	2022
Sales	563	504	74	711	637	1,215
Purchase	198	278	33	180	231	458
Accounts receivables	166	142	—	141	166	283
Accounts payables and other liabilities	19	35	—	95	19	130

1 Sales and purchases until 17 February 2023 when FEMSA ceased to be a shareholder with significant influence.

In addition, HEINEKEN has purchased shares in HEINEKEN and Heineken Holding N.V. from FEMSA as mentioned in section 'Identification of related parties'.

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 2023 up to and including 31 December 2023, 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 2023. 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 €21 billion and total asset value of €35 billion and are structural contributors to the business.

Apart from the acquisition of the controlling stake in NBL and Distell (combined with Heineken South Africa into Heineken Beverages, refer to note 10.1), the sale of the Russia disposal group classified as held for sale (refer to note 10.2) and the sale of Vrumona (refer to note 10.1), there were no significant changes to the HEINEKEN structure and ownership interests.

		Percentage of ownership	
	Country of incorporation	2023	2022
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 Ltda.	Brazil	100.0	100.0
Bavaria Ltda.	Brazil	100.0	100.0
Heineken France S.A.S.	France	100.0	100.0
Nigerian Breweries Plc.	Nigeria	56.7	56.7
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	100.0	99.3
Heineken Vietnam Brewery Limited Company	Vietnam	60.0	60.0
SCC - Sociedade Central de Cervejas e Bebidas S.A.	Portugal	100.0	100.0
United Breweries Limited	India	61.5	61.5
Heineken Beverages (South Africa) Proprietary Limited	South Africa	65.0	—

13.5 Subsequent events

The share price of CR Beer decreased in the period after 31 December 2023. The decrease in the share price is not considered a significant or prolonged decline in the fair value of the investment below its cost.

Heineken N.V. Income Statement

For the year ended 31 December

In millions of €		2023	2022
Personnel expenses		(8)	(17)
Total other expenses		**(8)**	**(17)**
Interest income	A2	188	43
Interest expenses		(392)	(318)
Other net finance income/(expenses)	A2	67	(184)
Net finance expenses		**(137)**	**(459)**
Share of profit of participating interests, after income tax		2,408	3,047
Profit before income tax		**2,263**	**2,571**
Income tax income/(expense)		41	111
Profit		**2,304**	**2,682**

For more details on personnel expenses, refer to note 13.3 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	2023	2022
Investments in participating interests	A.1	34,799	32,363
Other investments		398	13
Deferred tax assets		13	35
Total financial fixed assets		**35,210**	**32,411**
Trade and other receivables		14	79
Current tax assets		29	—
Cash and cash equivalents		2	2
Total current assets		**45**	**81**
Total assets		**35,255**	**32,492**

In millions of €	Note	2023	2022
Issued capital		922	922
Share premium		2,701	2,701
Translation reserve		(3,705)	(3,619)
Hedging reserve		(14)	(47)
Cost of hedging reserve		(7)	(9)
Fair value reserve		71	70
Other legal reserves		1,980	1,242
Reserve for own shares		(966)	(60)
Retained earnings		16,770	15,669
Net profit		2,304	2,682
Total shareholders' equity		**20,056**	**19,551**
Borrowings	A.2	12,750	11,687
Other non-current liabilities		1	5
Deferred tax liabilities		8	10
Total non-current liabilities		**12,759**	**11,702**
Borrowings	A.2	1,959	1,075
Trade and other payables		481	164
Total current liabilities		**2,440**	**1,239**
Total liabilities		**15,199**	**12,941**
Total shareholders' equity and liabilities		**35,255**	**32,492**

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 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/from 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/disposal of non-controlling interests without losing control	—	—	—	—	—	—	—	—	(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**

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 2023	**922**	**2,701**	**(3,619)**	**(47)**	**(9)**	**70**	**1,242**	**(60)**	**15,669**	**2,682**	**19,551**
Profit	—	—	—	—	—	—	204	—	(204)	2,304	2,304
Other comprehensive income/(loss)	—	—	(86)	(123)	2	1	—	—	(66)	—	(272)
Total comprehensive income/(loss)	**—**	**—**	**(86)**	**(123)**	**2**	**1**	**204**	**—**	**(270)**	**2,304**	**2,032**
Realised hedge results from non-financial assets	—	—	—	156	—	—	—	—	—	—	156
Transfer to/from retained earnings	—	—	—	—	—	—	534	—	2,148	(2,682)	—
Dividends to shareholders	—	—	—	—	—	—	—	—	(1,080)	—	(1,080)
Purchase own shares or contributions received from NCI shareholders	—	—	—	—	—	—	—	(943)	—	—	(943)
Own shares delivered	—	—	—	—	—	—	—	37	(37)	—	—
Share-based payments	—	—	—	—	—	—	—	—	2	—	2
Acquisition/disposal of non-controlling interests without losing control	—	—	—	—	—	—	—	—	(214)	—	(214)
Hyperinflation impact on participating interest	—	—	—	—	—	—	—	—	203	—	203
Changes in consolidation	—	—	—	—	—	—	—	—	349	—	349
Balance as at 31 December 2023	**922**	**2,701**	**(3,705)**	**(14)**	**(7)**	**71**	**1,980**	**(966)**	**16,770**	**2,304**	**20,056**

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 are 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 2023	**23,671**	**8,692**	**32,363**
Profit of participating interests	2,408	—	2,408
Dividend declared by participating interests	(1,027)	1,027	—
Effect of movements in exchange rates	(71)	—	(71)
Changes in hedging and fair value adjustments	29	—	29
Actuarial gains/(losses)	(66)	—	(66)
Acquisition/disposal of non-controlling interests without a change in control	(214)	—	(214)
Investments/(repayments)		(202)	(202)
Hyperinflation impact on participating interest	203	—	203
Changes in consolidation	349	—	349
Other movements		—	—
Balance as at 31 December 2023	**25,282**	**9,517**	**34,799**
Balance as at 1 January 2022	**21,089**	**9,906**	**30,995**
Profit of participating interests	3,047	—	3,047
Dividend declared by participating interests	(889)	889	—
Effect of movements in exchange rates	364	—	364
Changes in hedging and fair value adjustments	(88)	—	(88)
Actuarial gains/(losses)	62	—	62
Acquisition/disposal 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**

For disclosures of significant direct and indirect participating interests, refer to notes 10.3 and 13.4 of the consolidated 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:

Heineken N.V. Annual Report 2023

Introduction

Report of the Executive Board

Report of the Supervisory Board

Financial Statements

Sustainability Review

Other Information

Notes to the Heineken N.V. Financial Statements

	Country of incorporation	Percentage of ownership 2023	2022
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 %
Amstel Brouwerij B.V.	The Netherlands	100%	100 %
Vrumona B.V.[1]	The Netherlands	n/a	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 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 %
Oedipus Brewing B.V.	The Netherlands	100%	n/a
Energie Conversie Maatschappij Bunnik B.V.[1]	The Netherlands	n/a	100 %

1 Entity ceased to exist during 2023 following a disposal.

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 €	2023	2022
Unsecured bond issues	14,209	12,762
Commercial paper	500	—
Derivatives used for financing activities	(3)	(17)
Total	**14,706**	**12,745**

The average effective interest rate on the unsecured bonds as at 31 December 2023 was 2.5% (2022: 2.4%). As at 31 December 2023, €7.5 billion (2022: €7.0 billion) of the outstanding bonds have a maturity longer than five years.

The other net finance income/expense for the year is due to the positive transactional foreign exchange effects on foreign currency-denominated loans.

The interest income for the year is due to the increase in interest rates and the underlying loans to participating interests.

During the year the movements in borrowings were as follows:

In millions of €	Unsecured bond issues	Bank loans	Commercial paper	Derivatives used for financing activities	Total
Balance as at 1 January 2023	**12,762**	**—**	**—**	**(17)**	**12,745**
Effects of movements of exchange rates	(82)	—	—	17	(65)
Proceeds	2,598	350	2,307	—	5,255
(Re)payments	(1,083)	(350)	(1,807)	(3)	(3,243)
Other	14	—	—	—	14
Balance as at 31 December 2023	**14,209**	**—**	**500**	**(3)**	**14,706**

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 2023 €13.9 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 (2022: €11.4 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 €	2023	2022	2023	2022	2023	2022
Audit of HEINEKEN and its subsidiaries	3.5	3.1	8.7	7.6	12.2	10.7
Other audit services	0.4	0.3	0.3	0.2	0.7	0.5
Tax services	—	—	0.1	—	0.1	—
Other non-audit services	—	—	0.9	0.2	0.9	0.2
Total	**3.9**	**3.4**	**10.0**	**8.0**	**13.9**	**11.4**

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 2023	Less than 1 year	1 – 5 years	More than 5 years	Total 2022
Undrawn committed bank facility	3,500	—	3,500	—	3,500

	2023		2022	
	Third parties	HEINEKEN companies	Third parties	HEINEKEN companies
Declarations of joint and several liability	—	2,549	1,100	3,155

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. In 2022, the declaration under third parties related to a €1.1 billion guarantee issued by Heineken N.V in relation to the offer to acquire Distell.

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 2023, there was an average of 5 FTE (2022: 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, 13 February 2024	Executive Board	Supervisory Board
	Van den Brink	Huët
	Van den Broek	Das
		de Carvalho
		Paranjpe
		Mars-Wright
		Helmes
		Ripley
		L. Hijmans vd Bergh
		B. Pardo

Brew a Better World 2030

We are now three years into developing and executing our Brew a Better World 2030 ambitions. They are increasingly an important part of our business and of decisions we make.

Achieving our Brew a Better World ambitions will require significant investment, committed execution, continuous learning and bold collaboration. We are mobilising the entire global organisation on our path to net zero, to deliver our ambitions for an inclusive, fair and equitable world, and to ensure moderation. Strategic global and local partnerships help us to shape our actions, refine our approach and scale our positive impact.

As we continue to evolve, several of our goals came to an end in 2023. We are proud of our achievements although we have not met all our targets. Our commitment to transparency means we aim to back-up the data with a clear explanation of our successes, limitations and strategic decisions.

The Sustainability Review section and the Sustainability Section in the Report of the Executive Board illustrate what initiatives we are deploying to bring these ambitions to life. This section is intended to provide updates and examples to stakeholders, including investors, colleagues, governments, and NGOs in countries where we operate on the basis of currently available data. This report covers our global operations and contains available data for operations that are consolidated in HEINEKEN's financial statements. When assessing achievements against the 2030 Brew a Better World goals, businesses acquired three years prior to 2030 will be excluded. However, they will be part of the reporting data.

Visit our Disclaimers page here

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 reducing our carbon footprint. In 2023, we worked on more than 300 projects of our Low Carbon Farming Programme around the world.

Brewing

Through our Integrated Net Zero production programme, technical experts continue to work with each site to develop roadmaps to reduce our impact in production. In 2023, we reduced scope 1 and 2 carbon emissions by 34% compared to 2018 baseline. Our water strategy takes a holistic approach, focusing on responsible water use, effective wastewater management, and supporting water security in our supply chain, production and communities - particularly in water stressed areas.

Packaging

In 2023, we developed a global circularity strategy for our products and operations. The strategy prioritises three key areas to drive progress towards a closed loop approach for our packaging: Reuse, Recycled content and Recyclable by design. This builds on existing work to support implementation at scale.

Logistics

Every second, our products are on the move somewhere in the world on trucks, trains and ships. Optimising our logistics activities to minimise energy consumption remains a priority. Reducing the distance our products travel is best for the environment and optimising the trips and the trucks used to distribute our products is essential to reducing our impact.

Customers

Our drinks are sold via bars, restaurants and retailers around the world. The cooling category accounts for 8% of our total carbon footprint. In 2023, HEINEKEN took part in the first 'Coolition' conference in partnership with the Beverage Industry Environmental Roundtable (BIER). Coolition is a value chain coalition working across three work streams: energy efficiency and innovation for commercial refrigeration, standards and legislations for energy consumption, and circularity of fridges.

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

Our Brew a Better World priorities are defined through open conversations and engagement with stakeholders – both internal and external. Their feedback ensures we address the most important issues and those on which we have the greatest potential impact – both positive and negative. While listening and learning from others, we also use our voice, reach and influence to help drive positive change.

Engaging with our stakeholders

Ongoing dialogue is instrumental in shaping and executing our 2030 agenda. It helps us understand the issues, risks and opportunities that are most relevant to our business and stakeholders. We engage with employees, investors, customers, NGOs, government representatives, academic experts 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 agenda, performance and plans and we home in on key topics like carbon, water, packaging, responsible consumption & marketing, sustainable agriculture, human rights and inclusion and diversity. In 2023, we held dedicated sustainability meetings with over 30 key investors including deep dives on topics like the net zero transition and regenerative agriculture.

We met with civil society and government officials and participated in open panels at the UN 2023 Water Conference, NY Climate Week and COP28 in Dubai. We also participated in advocacy initiatives through the WEFs 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. Ahead of COP28 we endorsed letters from both the We Mean Business Coalition and Alliance of CEO Climate Leaders to urge world leaders to redouble efforts to keep the 1.5C target alive.

We held regular meetings with NGOs like Human Rights Watch and WWF and participated in multi-stakeholder sessions to discuss topics such as fair wage. We also engaged with our top suppliers in agriculture, packaging and cooling to help deliver our Brew a Better World goals and increased the percentage of suppliers that have set science-based carbon targets from 16% to 60%.

We collaborated with industry peers through platforms like The Climate Pledge, the Consumer Goods Forum and the Beverage Industry Environmental Roundtable (BIER). For example, we are driving a coalition of beverage companies and refrigeration producers to find ways to further reduce the environmental impact of commercial refrigeration equipment.

In 2023, we joined the Beyond the Megawatt Initiative to help advance the environmental and social outcomes of clean energy investments and the Emissions First Partnership which is calling for improved emissions accounting in the GHG Protocol. We also became a member of the Roundtable for Sustainable Biomaterials (RSB) Policy Platform, launched in December 2022 to advocate for sustainable biomass with global policymakers and regulators.

Important themes in 2023

Our stakeholder meetings throughout 2023 highlighted several recurring themes. In the table opposite, we summarise some of the questions we received from stakeholders and our response.

For more information, see Stakeholders & Partners and Stakeholder policy on our website.

Theme	Our response
Carbon emissions How do you ensure your net zero strategy aligns with the 1.5-degree pathway?	In 2023, our net zero and FLAG (Forest, Land, and Agriculture) targets were approved by the Science Based Targets initiative (SBTi). This confirms that our near- and long-term decarbonisation ambitions align with the 1.5-degree pathways required for a science-based approach. As a result, in 2024 we will start reporting against our updated 2030 scope 3 reduction targets, including a 30% reduction in HEINEKEN's scope 3 agriculture emissions (FLAG), a 25% reduction in HEINEKEN's scope 3 non-agriculture emissions, and initiatives to address potential deforestation risks.
Circularity What are your plans to close material loops in your value chain, especially for packaging?	We further developed our circularity strategy in 2023 with a major focus on packaging. We established 2030 targets for the percentage of volumes sold in reusable format, the percentage of recycled content in our bottles and cans, and the percentage of packaging that is designed for recyclability. These targets complement our aim to eliminate waste from landfills from all our production sites worldwide by 2025. We also launched 'Project Circle' to create a circular business model to reuse brewer spent grain. More information can be found on page 152.
Biodiversity How are you addressing biodiversity?	Biodiversity and ecosystem health are intrinsically linked to our efforts to support healthy watersheds, achieve net zero emissions and aim for 100% sustainably sourced barley and hops. We are expanding existing programmes that address biodiversity and exploring opportunities to promote regenerative agriculture. In 2023, we started work to better understand biodiversity risks and opportunities across our value chain. We also joined the Science Based Targets Network (SBTN) Corporate Engagement programme and the Taskforce for Nature-related Financial Disclosures (TNFD) forum to support the development of emerging methodologies for nature-related science-based target setting and disclosures. Our next step in 2024 is to carry out a comprehensive assessment of our supply chain and direct operations, which will serve as the foundation for developing our biodiversity approach. More information can be found on page 157.
Human rights What is your view on the upcoming Corporate Sustainability Due Diligence Directive?	We support new EU legislation in relation to business activities that will improve outcomes for people and the environment. For us, this means supporting legislation that is clear, realistic, proportionate and workable to truly enable and guide businesses in taking meaningful steps towards more sustainable supply chains. We also promote the need for a harmonised legal framework in which national legislation creates a level playing field by aligning with EU legislation.
Transparency Can you provide more insight into your advocacy efforts and how they align with your sustainability objectives?	We use multiple channels and platforms to publicly disclose our engagements in detail. For instance, we share our engagement with policymakers and regulators on climate topics through the yearly CDP Climate Change and Water questionnaires, which are publicly available. We also disclose the costs and focus of our public affairs activities and the trade associations we are affiliated with through the EU Transparency Register. A complete list of our memberships and partnerships is published on our company website. Our goal is to ensure that our advocacy activities align with our sustainability goals. For our net zero agenda, for example, we focus on platforms that are in line with the goals of the Paris Agreement and which can accelerate action to address climate change by positively influencing the development of the right policies and regulations to promote renewable energy.

Double Materiality Matrix

In 2023, HEINEKEN conducted its first double materiality assessment to prepare for compliance with the Corporate Sustainability Reporting Directive (CSRD) requirements. This replaces the single materiality assessment which was updated in 2020 and is therefore also used as a reference for sustainability-related disclosures in this year's Annual Report.

A double materiality analysis has two dimensions: impact materiality (sustainability topics that can significantly affect the economy, environment and people) and financial materiality (sustainability topics that can significantly influence HEINEKEN's development, performance, or financial value). These dimensions identify which sustainability topics are material for an organisation under the CSRD reporting requirements.

The double materiality assessment followed a six-phase process (see figure below). Through desk research, we first identified a broad list of 30 sustainability topics which we narrowed down to a shortlist of 15. To pinpoint HEINEKEN's most crucial sustainability topics, we gathered input from internal and external stakeholders. This involved HEINEKEN subject experts and senior managers, along with representatives from NGOs, investors, governments, customers and trade associations.

We conducted 25 in-depth interviews and distributed surveys to 119 stakeholders across 15 markets across all four regions, with a 60% response rate.

Additionally, we collaborated with the risk management team to use the yearly Risk Assessment Cycle as another source for determining the financial materiality of the sustainability topics. The outcomes of interviews and risk assessments contributed to a double materiality assessment matrix, while the survey results were used to validate the findings. Ultimately, the Executive Board conducted the final validation to approve the double materiality matrix.

We have established cross-functional teams to implement the requirements of the CSRD throughout the organisation and support internal governance, measures around controls, data availability and system changes. We will start reporting according to the CSRD framework in 2025, covering the reporting year 2024.

For more information, see the CSRD section on page 178.

Benchmarks and disclosure frameworks

We participate in the benchmarks, ratings and disclosure frameworks that matter most to our stakeholders. In 2024, we were once more included on the CDP 'A list' for Climate Change and we scored -A for Water. We were also recognised by CDP as a leading company for engaging suppliers on climate change. In MSCI's ESG rating we were rated AA for the fourth consecutive year.

We support convergence towards universal, comparable disclosures as we are seeing with CSRD and discussed further in this report in the chapters on TCFD, EU taxonomy and the World Economic Forum (WEF) Stakeholder Capitalism Metrics.

Double Materiality Six-Phase Process

Phase 1 — Evaluating HEINEKEN's current state and external context

Phase 2 — Mapping the value chain and potential impacts

Phase 3 — Engaging internal and external stakeholders

Phase 4 — Prioritising the material topics

Phase 5 — Validating the outcomes with the Risk and Reporting team

Phase 6 — Confirming the results with the Executive Board

Our Double Materiality Matrix

Sustainability topics identified as highly material
Above the threshold of 2.5 on a scale from 1 to 5 in impact and/or financial significance. These topics are considered within the scope of CSRD reporting requirements.

Sustainability topics identified as less material
Below the threshold of 2.5 in impact and/or financial significance. These topics are considered outside the scope of CSRD reporting.

* Even though biodiversity emerged as less material compared to other topics, it is closely connected to our existing efforts of reducing emissions, supporting healthy watersheds, and sustainably sourcing our raw materials. We also recognise the need to better understand our impacts and dependencies on nature and biodiversity across the value chain, which is our focus for 2024. For more information, see our Biodiversity chapter.

Taking action on climate risk

Understanding and managing our climate-related risks sharpens our environmental and wider business strategy. It translates ambition into targets and action to reduce emissions, restore healthy functioning watersheds and increase the resilience of our supply chain for the decades to come.

We follow the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) which aim to improve the quality and consistency of climate-related information. The TCFD recommendations are an important step towards fully embedding climate-related risks and opportunities into our business strategy and risk management processes.

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. According to scientists, 2023 was the hottest year on record. We must take urgent action to avoid mounting loss of life, biodiversity and infrastructure. As highlighted by our recent double materiality assessment, climate change and its implications are a material topic for HEINEKEN and its stakeholders.

Climate risk assessment helps us to identify the likelihood of future events that may have a significant impact on our business. Understanding these risks early on is essential to prioritising climate action and investing in mitigation and adaption, ensuring the resilience of our operations across the world.

How HEINEKEN addresses climate risks and opportunities

Three years since announcing our Brew a Better World 2030 strategy, we remain focused on climate action and on translating our ambitions into targets and action plans to reduce emissions, help restore healthy watersheds and maximise the circularity of products and processes.

In 2023, we validated our net zero targets with the Science Based Targets initiative (SBTi), reaffirming our ambition to reach net zero across our entire value chain by 2040. In the same year, our total scope 1 and 2 emissions reached the lowest level since 2018.

Our journey to net zero represents a major transformation in the way we operate and means we must continuously evaluate our climate risks and their impact on our business. Risk management is a core element of how we do business and is supported by strong governance. This includes addressing climate risks and creating the right opportunities to future-proof our business, which is the core of our EverGreen strategy.

The 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. For the top three identified risks, we assessed financial impact considering two global trajectories that correspond to:

1. The baseline goals of the Paris Climate Agreement to limit global temperature increase to 1.5°C compared to pre-industrial levels.
2. The implications of a society failing to deliver enough decarbonisation efforts, leading to a global temperature increase of 3–4°C.

Our second year of assessment

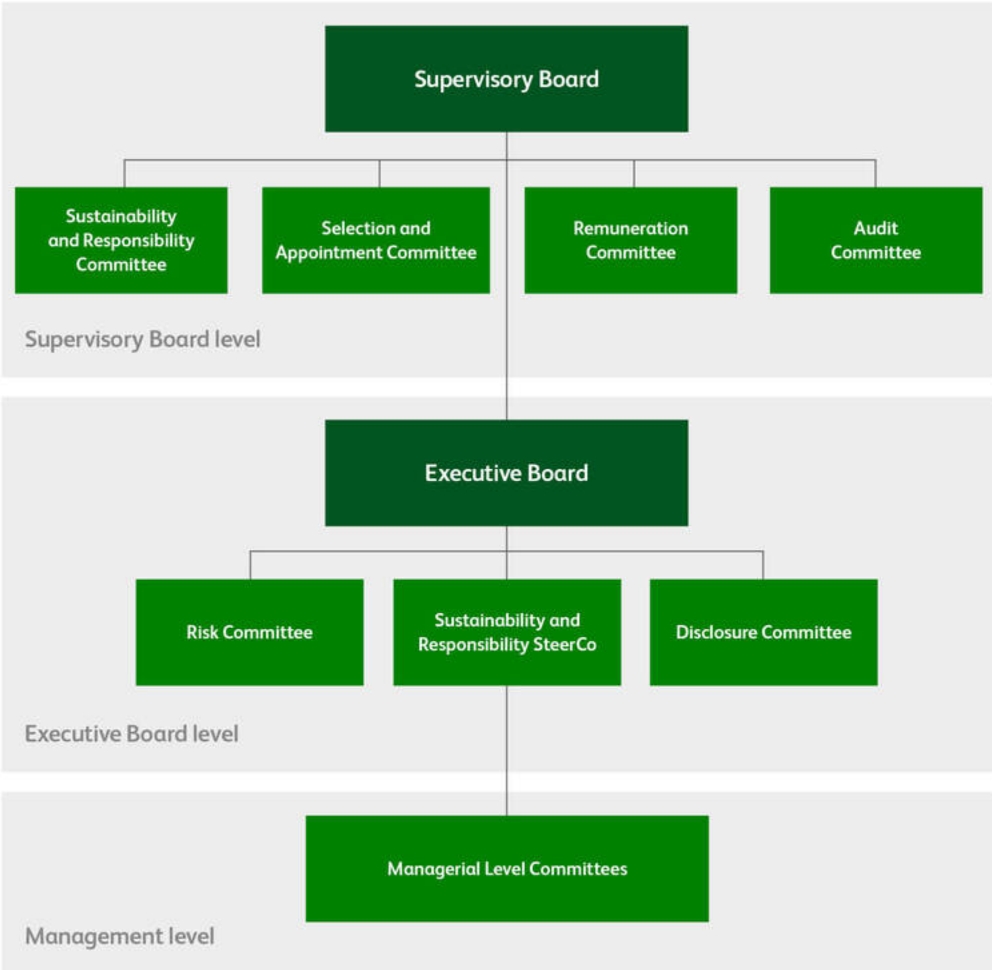
This is HEINEKEN's second TCFD-based analysis. Conclusions are based on refining the three key climate risks identified last year. In 2023, we engaged with two of our markets, Brazil and the UK, to validate the risks' quantification in those markets. We have also assessed which parameters to include in our model with the support of our internal global experts and external experts.

Our evolving methodology remains with high-level assumptions and uncertainties. Therefore, this year we continue to report financial impacts of selected climate-related risks only qualitatively and comparatively to each other.

Next steps for 2024 and beyond will include further enhancing the accuracy of impact assessments and to continue embedding the actions in our decision-making processes and operating model. We will also disclose our risks in line with CSRD requirements.

Climate-related risks Assessment (TCFD analysis)

Strong governance for sustainability, which includes climate-related risk, is crucial to the success of our overall business strategy. Sustainability is included in the Green Diamond, the 'North Star' for the Company's EverGreen strategy and long-term value creation model alongside top-line growth, profitability and capital efficiency. A broad range of sustainability topics, including identification and monitoring of climate risks, are embedded in HEINEKEN's governance. The governance bodies presented below are key forums where sustainability is discussed. Climate-related risks and other information are discussed by these bodies periodically during the Company's business.



Supervisory Board level committees

The role of the **Supervisory Board** is to supervise the Executive Board and the general affairs of the Company and its affiliated enterprises. As part of this role, it has oversight of 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 three 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, sustainability and compliance with internal and external audit recommendations for these areas and meets at least four times per year.. 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 **Remuneration Committee**, meets at least three times per year and makes recommendations to the Supervisory Board on target setting, including for sustainability topics linked to remuneration.

Executive Board level committees

The primary duties of the **Executive Board** are to initiate and set the corporate strategy and to manage the Company, including the sustainability strategy. Material climate-related topics are subject to approval by the Executive Board.

The role of the **Executive Team** 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 implementation of the S&R strategy, including the delivery of our climate strategy and the response to identified climate risks. The SteerCo meets six times per year.

The **Disclosure Committee** reviews and advises on material public disclosures.

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. The SteerCos consider the impact of climate-related risks and monitor progress using tracking tools and dashboards. The Carbon SteerCo meets six times per year. The towards healthy watersheds Steering Committee meets at least three times per year. In 2024, we will establish a consolidated environmental Steering Committee to tackle all environmental topics: carbon, water, circularity and biodiversity. The **CSRD Steering Committee**, established in 2023, monitors implementation of EU CSRD/ESRS requirements.

Targets linked to remuneration

In 2023, we continued to align the remuneration policy of the Executive Board to the EverGreen strategy and our Brew a Better World ambitions. Long-term variable remuneration is tied to two environmental goals (on carbon and water usage) and one social goal (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 goals are cascaded to the senior management community.

For further information on the corporate governance and remuneration please see pages 45–52 and 61–74

How we identify climate-related risks

In 2022, and from the list of highly rated risks, we selected the three most material risks for the financial impact quantification based on the scenarios described earlier. 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.

In 2023, we maintained our focus on these three risks, deep-diving to understand their potential impact in specific markets and globally. This required setting up a dedicated task force team of internal and external subject matter experts and business strategy specialists. We performed scenario analysis following TCFD recommendations and analysed the impacts of identified risks in line with our risk assessment methodology. An explanation of the methodology used for financial assessment of key climate-related risks is provided in the following sections of this report.

Based on the methodology applied and impact and likelihood analysis, we added climate change to the risk management section of this report, highlighting carbon pricing, water stress and climate-related barley yield losses as the main elements.

Read about how risks were identified in our TCFD report 2022

How climate-related risks are managed

We continuously monitor and evolve our climate risk management and mitigating actions. Managing risks in a conscious manner increases the likelihood of achieving our strategy and business objectives.

Throughout the year, the Risk Committee reviews relevant risks to assess their potential impact on achieving our strategy and business objectives. Due to their specific and broad reaching nature, climate-related risks are also regularly discussed at meetings of the S&R SteerCo and relevant managerial level committees.

Due to the high level of 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 continue to review our detailed scenario analysis annually as well as reassess our identified climate risks. 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 35-40

How we use 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 pre-industrial 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.

To develop the two scenarios and assess HEINEKEN's exposure and financial risk, we applied 2040 and 2050 timeframes.

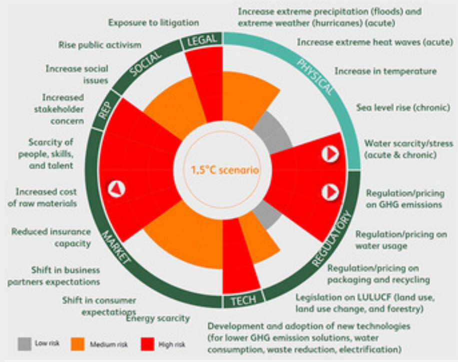
Both scenarios do not consider any mitigation actions that are being implemented at HEINEKEN. Input from HEINEKEN's strategy, risk management and sustainability teams led to the selection of a range of risks for qualitative impact assessment, as presented in the charts on this page.

Explanation of our methodology

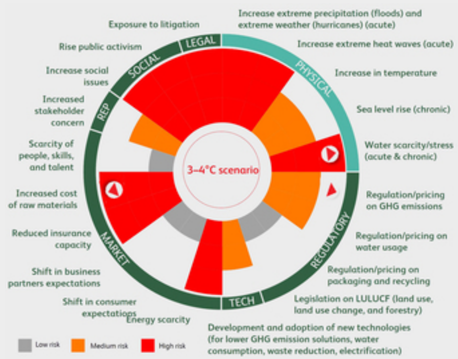
In 2023, we have refined our model to calculate financial impact of our three key risks by including the most relevant and more granular parameters into our model. For example, we have included operational costs and revenue losses in the financial impact of water stress risk and created a refined model to estimate the impact of carbon pricing on a country and regional level rather total company only.

We have also conducted several interviews with global experts on carbon pricing, water stress and barley as well as local experts from two of our operating companies: UK and Brazil. This has helped us to understand the climate risks at local level, ensuring we apply the right assumptions in our assessment. While carbon pricing remains our main risk on company level, if not mitigated; the impact of water stress and loss of barley yields may highly vary per country. See next page for more information about key assumptions and results of the 2023 climate risks assessment.

Risks for HEINEKEN in a 1.5˚C scenario



Risks for HEINEKEN in a 3–4˚C scenario



1 International Panel on Climate Change (IPCC).
2 International Energy Agency (IEA).

Climate-related risks Assessment (TCFD analysis)

The 2023 refinement of our risk assessment led to an update of the gross financial implications of the three risks. Given the assumption-based approach and wide range of uncertainty on financial impact, we continue to 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. In the 2023 analysis, carbon pricing remains as a relative top risk, while water stress is considered as a relative medium risk. The table below outlines the main drivers for the changes versus last year's analysis.

Gross 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	Higher	Higher	– Changing and tightening 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 cost 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. Emissions that are most likely to be impacted by carbon pricing regulation have been considered. This reduced the impact of the risk compared to our 2022 analysis. – Development of future carbon prices based on the IEA and NGFS. In this year's analysis, we assumed the 2040 and 2050 carbon pricing will be equal to 2030 forecasted prices. This provides some degree of certainty on impact. The pricing assumption is the main driver for the total impact of the risk. Though carbon pricing remains our top risk, changing the assumption of carbon prices by 2040 and 2050 has reduced the expected gross financial impact of this risk versus our 2022 analysis. – Extent of suppliers' cost increase passed on to the Company. We modelled the most likely scenario of how our suppliers might pass on the costs to HEINEKEN. This has reduced the impact of the risk compared to our 2022 analysis.
Water stress on own operations Production halts due to instability in supply and regulations	Medium	Medium	Medium	Medium	– Water-related risks come from exposure to water-related challenges such as water scarcity, water stress, flooding and droughts that may affect our production facilities' ability to produce water-based products due to lack of freshwater supply. – Development of HEINEKEN's future water footprint in line with regular business growth. – This year's analysis did not include the development of water prices based on water stress levels and maturity of different technological solutions because of the uncertainty of water prices increasing in the short- to medium-term globally. This exclusion reduced the financial impact of the risk compared to the 2022 analysis. – Development of regulatory water usage restrictions during extended periods of extreme water stress and high seasonal variability leading to production halts for 14 days. The frequency and length of the disruption period is the main driver for the total impact of this risk. – Cost of business disruption is based on revenue loss and continued operational costs.
Climate-related barley yield losses Low yield to impact agri-commodity prices and volatility	Lower	Lower	Lower	Lower	– Climate change impacts such as increased temperature, extreme weather events and water scarcity are likely to impact barley yield. – No technological advancement is assumed in either scenario. – 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 future projections. – Impact is related to price response factor. We assume a 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.[1]
2. Establish baseline carbon emissions based on year 2022.
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.[2]
2. Establish baseline water requirements based on production volume, 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 may drive operational disruption.
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.[3]
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 External data sources for carbon pricing include: IEA World Energy Report, and NGFS Scenario Explorer.
2 External data sources for water risk include: World Resources Institute, Aqueduct Water Risk Atlas, IBNet Tariffs Database.
3 External data sources for barley yield loss include FAO, Food and Agriculture projections to 2050 crop production.

Climate-related risks Assessment (TCFD analysis)

Carbon pricing

Carbon pricing, taxation and emissions trading schemes are expected 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, potentially increasing the price of raw materials, energy and equipment, among others.

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 and related emissions, except agricultural land use change emissions will be covered by carbon pricing schemes. Land use change is excluded as it is considered least likely to be impacted in the future.
- The impact on HEINEKEN can be higher in the 1.5°C scenario, due to the materialisation of carbon pricing schemes around the world. Under this scenario, the strategic importance of delivering on our net zero strategy to mitigate carbon pricing impact is key.
- Pass-on factor of carbon pricing from our suppliers in the value chain. The pass-on factor is the most uncertain parameter in our analysis. However, we have considered that in countries where carbon prices are likely to be high, suppliers are more likely to pass on the full costs to HEINEKEN.

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. such as:
- Implementation of carbon taxes on fossil fuels and industrial processes.
- Expansion and strengthening of cap-and-trade systems (ETS).
- Development of international carbon markets for cross-border trading of emission reductions.
- Utilisation of carbon pricing revenue to fund sustainable development, support vulnerable communities, and invest in clean technologies.
- Financial incentives, including subsidies and grants, to stimulate research and development in low carbon technologies.
- Average Price levels considered, ranging from €54 to €108/ tonne[1], depending on the NGFS or IEA data source and country of emissions. This is considerably lower than the carbon pricing range considered for 2022 analysis (€50 – €760/tonne).

3–4°C scenario:

- Carbon pricing schemes are fragmented and prices remain low, with a smaller percentage of value chain activities covered by carbon pricing that is ineffective to incentivise renewable alternatives.
- Many countries do not implement any form of carbon pricing.
- Limited carbon pricing revenues or financial incentives to stimulate low carbon technology investment.
- Average Price levels range from €9 – €33/tonne[1] depending on data source and region. The pricing range considered in 2022 was €0 – €80/tonne.

Our strategy to address carbon pricing risk

Our Brew a Better World strategy aims to equip us to mitigate our key climate risks. One of the key pillars of our strategy in terms of climate action is reaching net zero by 2040 across our value chain. Our intermediate 2030 goal as well as our long-term net zero ambition will help in mitigating our impact on the environment and will enhance our resilience to transitional risks, such as carbon cross-border tax and national quotas for GHG emissions. Moreover, it will help protect HEINEKEN's operating profit in the coming years and decades.

To achieve our climate goals, we are optimising our beverage production processes and reducing energy consumption. We have also continued to reduce our scope 1 and 2 emissions to an all-time low level with a reduction of 34% vs. 2018.

This is mainly due to the increase of combined renewable energy to 45% in 2023 out of which 77% is our share of renewable electricity that is sourced in alignment with the RE100 criteria.

We also continue to deploy different initiatives to reduce our scope 3 emissions. Optimising our outsourced activities is not enough to reduce our value chain emissions. This year, we continued engaging with our suppliers and we focused on our top glass and aluminium suppliers by supporting them in developing decarbonisation roadmaps. We have also continued investing in innovative technologies such as low-carbon fertiliser, an important step to reduce our agriculture emissions.

See more information on our net zero strategy on pages 148-151

1 IEA World Energy Report, Macro drivers and NGFS Scenario Explorer

Climate-related risks Assessment (TCFD analysis)

Water stress

Recurring insufficient local water availability could lead to the inability to meet operating demand for water at HEINEKEN locations, especially in water-stressed areas. This is likely to limit the ability of production sites to produce products due to potential regulatory restrictions and prioritisation of water use for local communities during extreme drought periods. We assumed that water unavailability in water stress areas is more material than changes of water prices. Therefore, water price changes are excluded from this year's analysis, contrary to last year's analysis.

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.
- 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 financial impact is estimated to be higher in a 1.5°C scenario due to increasing international regulatory restriction on water use and public activism leading to more frequent business disruptions especially during extreme heat waves.

1.5°C scenario:

- Nearly a fifth of HEINEKEN's sites (32) are currently exposed to water stress.
- With proactive measures in water resource management and conservation, the overall stress on water resources is expected to be lower.
- There will be significant technological advancements and innovations in water management. This may include the adoption of smart water systems, precision agriculture, and other technologies that contribute to efficient water use.
- An increase in integration across various sectors, such as agriculture, industry and urban planning, to optimise water use.
- An increase in HEINEKEN 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.
- Increased population growth, uneven economic development and limited efforts to mitigate climate change contribute to higher greenhouse gas emissions and temperature rise, intensifying water stress globally.
- An increase in conflicts over water resources especially in regions with limited adaptive capacity.

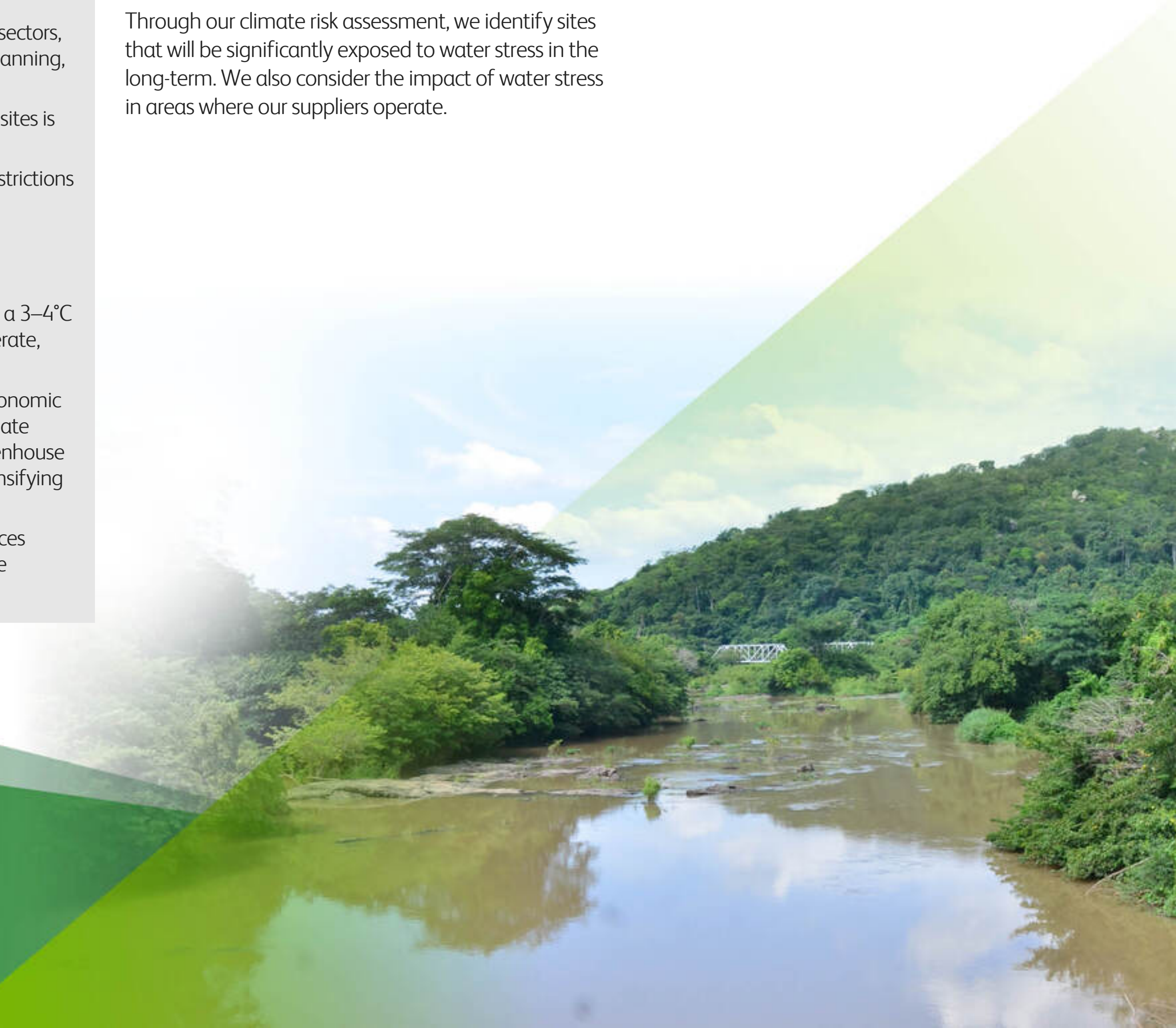
Our strategy to address water stress risk

For water risk, our strategy towards healthy watersheds aims to protect and restore the watersheds from which we source our water. This will help us in building resilience against water unavailability and business disruptions. 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.

Through our climate risk assessment, we identify sites that will be significantly exposed to water stress in the long-term. We also consider the impact of water stress in areas where our suppliers operate.

Moreover, in 2023, we have incorporated water stress in our greenfield breweries due-diligence process which guides the decision-making process for site location and brewery design as well as determine the potential impact on local communities for our greenfield projects. Additionally, we aim to engage with our raw materials suppliers to assess potential water risks in the value chain and develop sustainable management practices.

For more information on our towards healthy watershed strategy, see pages 154-156.



Climate-related risks Assessment (TCFD analysis)

Loss of barley yield

High quality agricultural commodities such as malted barley and hops are essential to produce 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 some sourcing countries will see a decline in barley yields, others will experience moderate temperature increases meaning average yield losses may be relatively limited. However, annual variability is expected to increase significantly, which could affect price.

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.
- Impact of weather on yields by 2050 is expected to be less severe compared to higher warming scenarios.
- Technological advancements and practices that minimise environmental impact may have a negative impact on yields compared to conventional agricultural practices.

3–4˚C scenario:

- Climate-related yield losses are expected to increase by 2050.
- Increased annual yield and quality variability driven by climate change effects compared to 1.5˚C scenario.
- Extreme weather events such as wetter and warmer winters in key growing areas will increase the protein content, leading to more processing costs for brewing.

Our strategy to address loss of barley yield

Climate change impact differs per country. Based on our climate study, we have identified countries that benefit from moderate temperature increases while others can be negatively impacted. In response to that, HEINEKEN takes a number of actions. For example, our barley sourcing strategy relies on sourcing from different 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. We are also 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. On a local level and for countries which will benefit from temperature increase such as the UK, maintaining fully locally sourced Barley is key for mitigating the impact of this risk.

Additionally, in our current barley-sourcing regions, we continue to deploy regenerative agriculture practices with our farmers, through our raw materials suppliers, as part of our Low Carbon Farming Programme. (LCFP). This programme aims to improve the soil quality which in turn, improves the barley yields throughout the year.

For more information our agriculture related initiatives, see pages 150 and 157

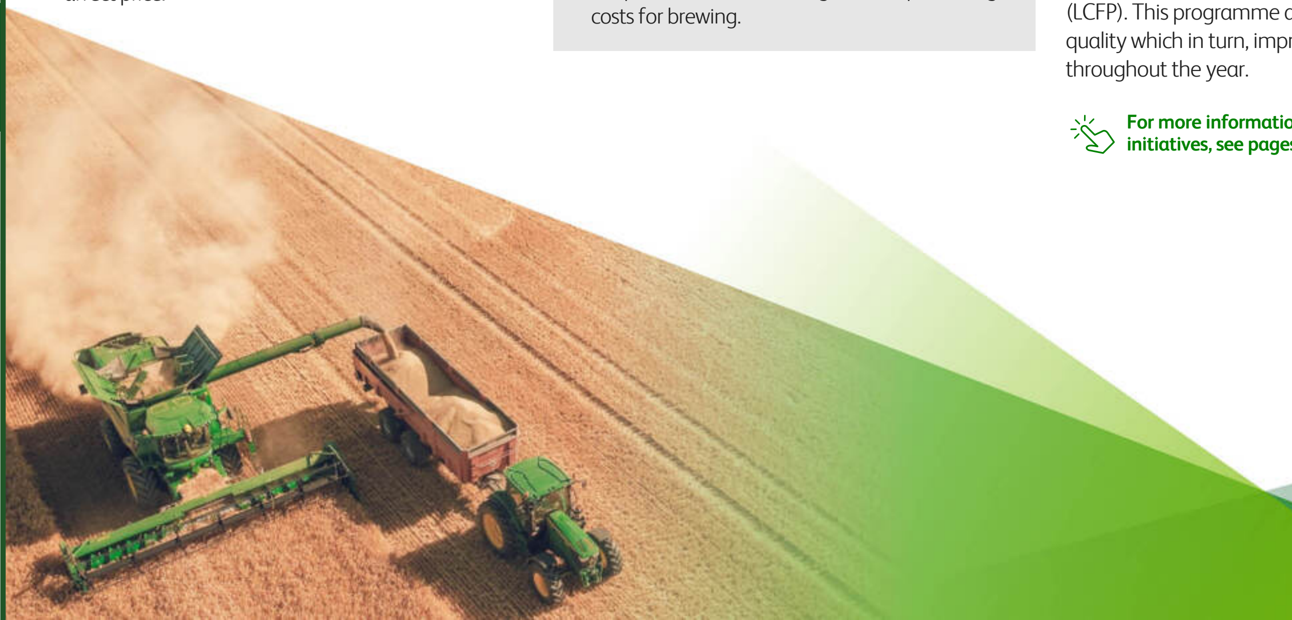
Looking ahead

Adopting the TCFD recommendations will ensure HEINEKEN provides its stakeholders with robust information on climate-related risks and how we are managing them in the short, medium and long term.

We will continue to develop our assessment of climate change-related risks and opportunities. This includes enhancing the quality of scenario modelling and impact quantification and further embedding our approach to risk management and mitigation throughout HEINEKEN.

The geographical spread of our operations makes it crucial to monitor and analyse climate change impacts at both regional and country levels. In 2023, we have already started this process by including two markets in our assessment, Brazil and UK, and we will continue to engage with more internal and external stakeholders and experts. We also aim for the management of climate-related risks and opportunities to become an integral part of our operational model across our global organisation.

This is a constantly evolving process and the quantification of financial impact and methodologies will continue to be refined especially with external guidance evolving. In 2025, covering the reporting year 2024, we will disclose our climate risks in line with the EU CSRD requirements which is also aligned with the TCFD framework.



Our BaBW pillars, ambitions and goals

Our pillars

Our ambitions

Our goals

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 Brew a Better World 2030 goals and progress

Environmental

Our focus area	Our goals and our progress	Our 2023 results
Reach net zero carbon 	**2030** Reach net zero in scope 1 and 2 emissions	Reduction of **34%** 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 **20%** vs. baseline 2018 in scope 3 emissions
	2030 Absolute reduction of **30%** emissions across our value chain (scope 1, 2 and 3)	Total absolute reduction of **21%** vs. baseline 2018 scope 1, 2 and 3 emissions
	2030 **100%** sustainably sourced ingredients (hops, barley)	**77%** sustainably sourced ingredients (hops, barley)
Maximise circularity 	**2025** Zero waste to landfill for all our production sites	**120** out of **168** sites are landfill free
	2030 Turn **waste into value** and close material loops throughout the value chain	Strategy completed, goals can be found on page 152 and actions ongoing
Towards healthy watersheds 	**2030** Fully balance water used in our products in water-stressed areas	**28%** of water-stressed sites are fully water balanced
	2030 Maximise **reuse and recycling** in water-stressed areas	Water circularity actions continuing
	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 **3.2 hl/hl** globally
	2023 Treat **100%** of wastewater of all breweries	**163** of **168** sites have wastewater treatment

Progress towards our goals

Read more about the definitions and the scope

Note: All numbers in our 2023 results have limited assurance by Deloitte, see page 205 for the Assurance Report.

Introduction
Report of the Executive Board
Report of the Supervisory Board
Financial Statements
Sustainability Review
Other Information

Our Brew a Better World 2030 goals and progress

Social

Our focus area	Our goals and our progress	Our 2023 results
Embrace inclusion & diversity 	**2025** **Gender balance: 30%** women across senior management; **2030** **Gender balance: 40%** women across senior management	**28%** women in senior management
	2023 At least **65%** of country leadership teams to be regional nationals	**3** of **4** regions have at least 65% regional nationals in leadership teams
	2023 **100%** of management trained in inclusive leadership	**99.8%** of management trained in inclusive leadership
A fair & safe workplace 	**2023** **Fair wage** for employees: close any gaps	**100%** fair wage assessments across our operating companies, from which **100%** 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	**38%** 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	**97%** 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%**	**19%** increase in volume from locally sourced agricultural ingredients

● Progress towards our goals

Read more about the definitions and the scope

Our Brew a Better World 2030 goals and progress

Responsible

Our focus area	Our goals and our progress	Our 2023 results
Always a choice 	**2023** A zero alcohol option for two strategic brands in the majority of our markets (accounting for 90% of our business)	Markets with a zero alcohol option for at least two strategic brands represented **53%** of our beer and cider volumes
	2023 Clear and transparent consumer information on **100%** of our products in scope by 2023	**53%** 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.	Our operating companies invested **14%** of Heineken® media spend in dedicated responsible consumption campaigns
	Reaching 1 billion consumers.	Almost **0.9** billion unique consumers reached worldwide

Progress towards our goals

Read more about the definitions and the scope

Note: All numbers in our 2023 results have limited assurance by Deloitte, see page 205 for the Assurance Report.

Mobilising our global organisation towards net zero

Climate change is impacting ecosystems, agriculture and the health and livelihoods of communities around the world. We must take bold and urgent action to deliver science-based targets that align with limiting global warming to 1.5°C. We are focused on reducing emissions, supporting a circular economy, securing the health of local watersheds and managing our impact on biodiversity.

Contributing to the UN SDGs – Path to net zero impact:

6 CLEAN WATER AND SANITATION | 7 AFFORDABLE AND CLEAN ENERGY | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | 13 CLIMATE ACTION

Learn more in the Environmental section of our website.

Brew a Better World 2030 Strategy – Environmental

Reach net zero carbon by 2040

Why it matters

HEINEKEN is committed to taking bold action to help limit global warming to 1.5°C. This is crucial to safeguard the planet and protect communities from the worst impacts of climate change.

Our aim is to reduce emissions and conserve the natural world which we all depend on. Achieving it requires us to find solutions that connect carbon, water, biodiversity and people's livelihoods and to reshape the way we do business globally.

A key ambition of our Brew a Better World strategy is to reach net zero by 2040. This strategy is aligned with the latest climate science and translates ambition into action in both the near and long-term. We have announced this ambition in April 2021 with intermediate goals to reach net zero carbon in scope 1 and 2 and reduce 21% of scope 3 emissions, both by 2030.

We have mobilised the organisation, established a team of internal experts and are developing robust governance and reduction roadmaps.

We have also been engaging and collaborating with external stakeholders – including suppliers, peers and partners – to drive collective actions towards a low-carbon transition.

Science-based approach

We joined the Science Based Targets initiative (SBTi) in 2019 and contributed to its Net-Zero Standard and Forest, Land and Agriculture (FLAG) standard as a technical advisor.

In April 2023, the SBTi approved our long-term net zero targets and our updated near-term targets. We added a FLAG target to focus on reducing emissions from the agriculture and land sectors and stopping deforestation in our primary commodities.

We are the first global brewer to have both net zero and FLAG targets approved by SBTi. By grounding our emissions reduction targets in climate science, SBTi helps us to define how much and how quickly we need to reduce our greenhouse gas (GHG) emissions to limit global warming to 1.5°C above pre-industrial levels.

Our net zero strategy

Our net zero strategy is built around the four Rs: Reduce, Replace, Remove and Report. We are working to decrease absolute carbon emissions in our operations and across the value chain from barley to bar. In each category, we focus on reducing energy demand by deploying energy efficient equipment at breweries, lightweighting our packaging and optimising transport. We replace fossil fuels with renewable energy, develop new capabilities for our operations and develop and scale solutions with our suppliers, customers and partners with which it is crucial we partner with to reach our ambition and reduce scope 3 emissions.

Read more about our net zero roadmap

We will face many challenges as we work to fully decarbonise our business and value chains. We are integrating our strategy in the annual strategic and planning cycles to prioritise and deliver our goals in a phased way.

Following SBTi guidance, we aim to neutralise a maximum 10% of our unabated emissions by investing in high-integrity removal carbon credits. In 2023, we started defining the strategy that will shape how we acquire carbon credits to achieve net zero by 2040.

Understanding our emissions ensures that we develop robust and effective near- and long-term roadmaps to reduce our emissions. Accurate data sharpens our focus and identifies areas for maximum impact. We continuously improve our GHG accounting methodologies to align with the latest standards. We will continue to report transparently on our successes and challenges on the path to net zero through the Climate Disclosure Project (CDP). This year, we were included in the CDP climate A-list for the second year in a row. Our current disclosure with CDP will pave the way to comply with new regulations such as the Corporate Sustainability Reporting (CSRD).

Enabling the organisation

Since 2021, the number of employees working on the net zero carbon agenda has increased. We aim to upskill our teams with the best tools, training and guidance possible.

An example is the launch of the internal Brew a Better World Academy to educate employees on climate change and net zero strategy. In 2023, we added function-specific training to help each team integrate the agenda into their unique daily activities. So far, more than 1,400 employees have completed the training.

We also developed several internal policies to guide our teams on the latest best practices and external standards to follow. These include a renewable electricity policy, a sustainable biomass policy and GHG accounting standard.

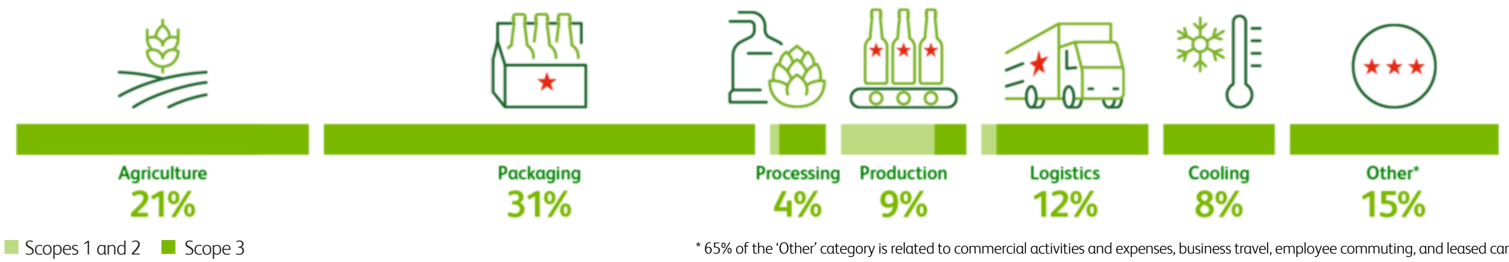
We also developed a funnel system to manage the pipeline of reduction projects across scope 1, 2 and 3 and to enable us to forecast delivery against our targets.

We continue to include absolute carbon reduction in the Long-Term Incentive scheme for senior managers in the Company, alongside water efficiency and gender balance.

Our carbon footprint

HEINEKEN's entire carbon footprint (scopes 1, 2 and 3) is broken down across the following lifecycles:

2023 total	Scope 1	Scope 2	Scope 3
15.3 million tonnes CO_2e	1.0 million tonnes CO_2e	0.2 million tonnes CO_2e	14.1 million tonnes CO_2e



* 65% of the 'Other' category is related to commercial activities and expenses, business travel, employee commuting, and leased cars.

Brew a Better World 2030 Strategy – Environmental

Finally, we are working with advocacy groups aligned with our net zero strategy who can influence policymakers and regulators. We played an active role in Climate Week NYC and COP28 and continue to engage in platforms such as the World Economic Forum Alliance of CEO Climate Leaders, RE100, RE-Source Platform, Race to Zero, Business Ambition for 1.5°C, Emissions First Partnership, European Biogas Association and Smart Freight Centre to drive systemic change across industries. Additionally, we are an active member of the Beverage Industry Environmental Roundtable (BIER) with the objective of standardising the way the beverage industry reports emissions, complies with upcoming standards and regulations and shares knowledge and learnings.

2030 goal

Reach net zero in scope 1 and 2 emissions

Meeting our scope 1 and 2 net zero goal by 2030 will require us to optimise processes, reduce energy demand and replace fossil fuels with renewable energy across all our sites globally. 86% of our direct emissions comes from beverage production and we are working to reduce emissions and shift to renewable energy at all our sites. We also have developed reduction roadmaps across our operations including our own logistics activities, which is 8% of total scope 1 and 2 emissions.

Our progress

In 2023, our total scope 1 and 2 emissions were 1.2 million tonnes CO_2-eq (2018: 1.8million). This was a reduction of 34% against the 2018 baseline and 19% since last year, putting us on track to meet our 2030 goal.

This performance was driven by emissions reduction in production and own logistics. In production, our emissions fell by 20% versus 2022 due to rapid adoption of renewable electricity (77% vs 58% in 2022).

For beverage production scope 1 and 2 emissions, we achieved a 34% reduction since 2018.

In our logistics operations, scope 1 and 2 emissions decreased by 10% versus last year, mainly driven by volume decline and reduction of own transport as well as through shifting to renewable electricity and electric forklifts in our warehouses.

Highlights and challenges

We have maintained our strategic focus on Reduce and Replace. Thermal energy makes up 70% of our production energy demand and we have set ambitious roadmaps for all our sites to identify the right renewable heat solutions. We are also accelerating our sourcing of renewable electricity as part of our ambition to reach 100% as part of our RE100 membership.

Energy efficiency

In 2023, we set internal energy efficiency targets for each production site. The average combined energy consumption of all our 168 production sites increased to 25.16 kwh/hl (2022: 25.10 kwh/hl).

We launched the Integrated Net Zero Production programme in 2022, establishing a cross-functional team of internal experts and external suppliers to drive energy efficiency at our production sites. The programme is now running at 60 production sites spanning all regions. With our partners, we are exploring innovative ways to switch from steam usage to hot water in the main brewery process, including mashing, achieving around 20% reduction in energy usage. Deploying this programme will be key to achieving our 2030 ambition.

To drive additional reduction in thermal and electric energy consumption, we deployed 75 good practices improving efficiency in the brewing process (boiling and gravity) and utilities (cooling process). We are already seeing results; implementing three of these initiatives within three months led to a 3% reduction of energy consumption.

Additionally, we have launched a new programme Race to Reduce, which aims to accelerate energy and water reduction efforts on the shop floor by raising awareness of the importance of reducing energy and water consumption.

Shifting to renewable energy

Using renewable energy is at the core of our net zero strategy. It also future-proofs our operations from potential energy security risks and price increase that can emerge from geopolitical conflicts.

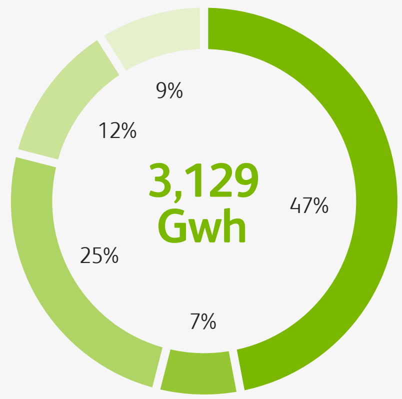
In 2023, 77% of total electrical energy came from renewable sources (solar, wind, hydro) and 30% of our total thermal energy demand was renewable. This increased our total share of combined renewable energy to 45% (2022: 37%).

Thermal energy accounts for 70% of our total production energy demand but it is the most challenging to replace with renewable solutions. 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, technical experts continue to work with each site to develop roadmaps with the right technology. These solutions can be bioenergy from sustainable feedstocks such as biomass from agriculture waste in our breweries in Cambodia, Vietnam and Indonesia or biomethane, as we do in Mons brewery in France. We have also identified other solutions, for instance, at HEINEKEN UK and specifically in our Manchester brewery, we have announced a major investment to install heat pumps and a heat pump network to capture and reuse thermal energy to brew and package beer. Moreover, we are always exploring innovative solutions such as Project Circle (see page 153) that aims to drive both emissions reductions and circularity, and our first solar thermal in our Seville plant. This plant became operational in 2023 and is expected to reduce the Seville brewery's fossil gas consumption by 60%.

In 2023, we defined our renewable electricity sourcing policy in line with the RE100 criteria. We set sourcing principles (carbon reduction, additionality, local impacts, environmental impacts, human and labour rights) which aim to maximise positive impact while identifying and managing potential risks. Where possible, we sign Power Purchase Agreements (PPAs) and pursue on-site solutions.

Renewable energy source



Bioenergy	47%
Hydro	7%
Wind	25%
Solar	12%
Other	9%

45% energy from renewable sources

Brew a Better World 2030 Strategy – Environmental

For example, in 2023, we celebrated the opening of the Mutkalampi wind farm in Finland. After signing a Virtual Power Purchase Agreement (VPPA) in 2020 with our partners Signify, Nobian, and Philips, we are now receiving renewable electricity that will power 27 of our European operations with renewable energy for the next 10 years. Moreover, this year we announced a 10-year PPA in the Lazio region of Italy with the 70 MW Pontinia agrivoltaic solar project developed by Cero Generation. The project is estimated to reduce emissions by approximately 40,000 tonnes annually. Besides solar energy, over 65% of the site will be dedicated to agricultural crops, maximising land use and providing local employment opportunities.

In Nigeria, we announced a 15-year solar PPA with Daystar Power Energy Solutions. This is a milestone in a country with limited renewable electricity access. The project includes a rooftop solar installation and battery storage at our brewery in Lagos, expected to cover approximately 20% of the brewery's demand.

There are many markets where we operate today where we cannot sign PPAs due to regulatory, supply or permitting barriers. In these countries, we source Energy Attribute Certificates (EACs) as a short-term solution to stimulate the market while pursuing more impactful options. For example, we sourced I-RECs for the first time in India and Mexico in 2023 which helped in reducing our scope 2 emissions.

Looking ahead

As we progress through our net zero journey, our processes will mature and evolve despite the volatile circumstances. We aim to continue deploying our Integrated Net Zero Production programme across all sites, improve energy efficiency in our breweries while deploying renewable energy solutions to meet our ambition. We aim to also expand our focus to incorporate more decarbonisation roadmaps for our own production and own logistics activities.

2030 goal

Reduce scope 3 carbon emissions by 21%

Our ambition to reduce scope 3 emissions by 21% against the 2018 baseline will help us achieve our 2030 goal and set us on the path for net zero across our value chain by 2040. With the new science-based scope 3 FLAG (forest, land and agriculture) target, we will update our near-term scope 3 goal. For more details, see next page 'The future of our net zero journey'.

Our progress

We started working on internal carbon reporting in 2019 and have consistently improved the scope and quality of data. In 2022, we disclosed our carbon footprint two months after our annual report.

In 2023, we are pleased to reach a new milestone and disclose our full carbon footprint alongside financial data for the first time in our history.

In 2023, our total scope 3 emissions were 14.1 million tonnes of CO_2-eq (2018: 17.6 million). This accounts for 92% of our total carbon footprint and is a decrease of 20% versus 2018 and 12% versus 2022. This decrease is mainly driven by a decline in purchased packaging materials due to lower product volumes sold and changes in methodology. Furthermore, our active engagement with our strategic suppliers has supported their transition towards renewable energy, directly impacting our scope 3 emissions.

Highlights and challenges

We continue to focus on the top four categories which account for more than 70% of total emissions: Packaging, Agriculture, Cooling and Logistics.

Greenhouse gas and intensity emissions	2023 ktonnes CO_2-eq	2023 Intensity per hl
Scope 1 GHG emissions	**993**	**3.6**
Scope 2 GHG emissions[1]	**200**	**0.7**
Scope 3 GHG emissions	**14,116**	**51.3**
Purchased goods and services	9,803	
Capital goods	666	
Fuel and energy-related activities	259	
Upstream transport and distribution	1,547	
Waste generated in operations	68	
Business travel	62	
Employee commuting	74	
Upstream leased assets	91	
Downstream transportation and distribution	188	
Use of sold products (refrigeration)	1,168	
End-of-life treatment of sold products	39	
Franchises	41	
Investment	110	
Total GHG emissions	**15,309**	**55.7**

[1] Scope 2 follows market-based approach.

Following our analysis completed in 2022, we identified areas of impact across these categories: strategic sourcing and supplier engagement, efficiency and optimisation, market intervention and product design.

In 2023, we started exploring and implementing high impact initiatives that have a strong business case across these four areas.

Supplier engagement

Reducing emissions across the value chain will only be possible through supplier engagement in all categories. Strategic meetings aim to identify and develop shared solutions that span the entire value chain. This is how we share our knowledge with suppliers and support them in creating decarbonisation roadmaps.

In 2023, a total of 39 suppliers registered in the Supplier Leadership on Climate Transition (SLoCT), an industry consortium launching a climate school to develop suppliers across the value chain.

Through our Low Carbon Farming Programme we engage with farmers via our raw materials suppliers to advise them on sustainable practices such as cover cropping, no tillage, organic matter use, seeds and fertiliser use. Farmers decide which approaches to adopt as they lead their own farming and harvesting process. Pilots in 2022 delivered a 13% reduction in CO_2 emissions and an 81% increase in CO_2 sequestration because of methods adopted.

In 2023, we worked on almost 300 pilots including in Mexico, Brazil, France, UK, Ireland, USA, the Netherlands, Greece and Australia. We will monitor and report on the outcomes of these projects. Our aim is to deliver 500 pilots by 2025 and to scale the programme across volume, crops and regions.

Apart from the Low Carbon Farming programme, we regularly engage with our Tier 1 raw materials suppliers and encourage them to set science-based targets.

To date, 13 suppliers, representing around 63% of our agriculture-related emissions, are committed to SBTi, out of which five have already set targets.

Brew a Better World 2030 Strategy – Environmental

As part of our Packaging the Future programme, 46 packaging suppliers are committed to SBTi, out of which 24 have already set near-term targets. We also launched specific engagements with our glass and aluminium suppliers. We are supporting our glass suppliers through roadmap developments that focus on increasing energy efficiency and use of renewable energy. We have identified concrete opportunities with suppliers and will work with them to deliver them in the coming years.

The cooling category accounts for 8% of our total carbon footprint. In 2023, HEINEKEN took part in the first 'Coalition' conference in partnership with BIER. Coalition is a value chain coalition consisting of 41 companies and more than 80 members working across three work streams: energy efficiency and innovation for commercial refrigeration, standards and legislations for energy consumption, and circularity of fridges.

Optimisation

Optimising our logistics activities to reduce energy consumption remains a priority, especially for categories where technology is not yet scalable. For our outsourced transport and warehouses, we focus on optimisation of warehouse capacity and transport by deploying the right capabilities and digital tools that support both our operating companies and logistics service providers for more efficient operations.

Reducing the distance our products travel is best for the environment and optimising the trips and the trucks used to distribute our products is essential to reducing scope 3 logistics emissions. In Mexico, we have reduced our empty return trips and made sure all trucks – both for inbound or outbound trips – are always transporting materials or finished products for the operating company. In Nigeria, one of our biggest markets in Africa, the local team engaged with the logistics service providers to invest in newer, larger and lighter trucks to reduce the number of trips on the road.

Market intervention

Investing in the right technologies for the future is essential for our net zero journey. In 2023, HEINEKEN invested in a company called Fertighy alongside Siemens Financial Services, EIT InnoEnergy, RIC Energy, MAIRE and InVivo. Together, we aim to develop low carbon fertiliser solutions. With this project, we want to stimulate demand for low carbon fertilisers and have a wider positive impact in the agricultural industry.

We continue to explore technologies to support the electrification of freight. By the end of 2023, we have purchased 57 electric trucks in Austria, France, Mexico and Brazil, among other countries. We have also partnered with Einride to introduce five heavy-duty electric trucks powered by renewable electricity between HEINEKEN's Den Bosch brewery and Duisburg distribution centre in Germany. This is a promising new and scalable solution for heavy-duty transport.

Product design and circularity

We are taking concrete steps with our aluminium value chain, encouraging them to set science-based targets, transition to renewable electricity and increase recycled content in their production since the use of recycled content in our aluminium cans reduces energy needs during can production. Through this engagement, we are already seeing results and reducing aluminium-related emissions.

Moreover, our new circularity strategy (see next page) is focused on three key areas: Reuse, Recycled content and Recycle by design. It will contribute to reducing scope 3 carbon reductions by increasing reuse of resources and driving up the recycled content of our glass and cans in collaboration with suppliers.

Looking ahead

Scope 3 emissions are complex and their decarbonisation requires partnership and collaboration with many different parties in the value chain along with investment in innovative solutions. We are making progress and we will continue to engage with our operating companies to find the right solutions that will unlock further reduction of emissions.

For more information, see page 140 in the TCFD section

Carbon credits and removals strategy

We have started developing a carbon credit and removals strategy. In the coming years, we will start building our portfolio of compensation and removals actions focused on key criteria: high quality, permanence, positive impact on local communities (creating jobs, fair livelihoods, gender diversity) and on nature (increase water retention, restore biodiversity).

The future of our net zero journey

As of 2024, we will begin integrating our updated science-based targets into our global approach. Meaning that our near-term scope 3 goals will be:

- Reduce 30% of scope 3 FLAG emissions (agriculture) by 2030
- Reduce 25% of scope 3 non-FLAG emissions by 2030

Our near-term goal for scope 1 and 2 (reach net zero in scope 1 and 2 by 2030) remain the same as well as our long-term ambition to reach net zero across the value chain (scopes 1, 2 and 3) by 2040.

With these combined targets we aim for a 33% emission reduction across scope 1, 2 and 3 by 2030.

As part of our new FLAG target we will also aim to have no deforestation across our primary crops, with a target date of 2025.Through our existing initiatives (Low Carbon Farming and low-carbon fertiliser), we have already started to work on this and we will incorporate our efforts towards the assessment that we have started for science-based targets for nature.

As of 2024, we will change our baseline year from 2018 to 2022 to reflect the Company's most accurate inventory and start measuring progress against this new 2022 baseline.

Following the SBTi Net-Zero Standard, we are driven to regularly review our targets and strategy at least every five years.

2030 goal

100% sustainably sourced ingredients (barley and hops)

We aim to achieve our goal by intensifying our support to suppliers and adopting higher agricultural standards in our supply chain.

Our progress

In 2023, 98% of our hops (2022: 96%) and 77% of our barley (2022: 73%) came from sustainable sources, resulting in 77% coming from hops and barley. Overall, 68% of all our crop-related raw materials came from sustainable sources (2022: 67%).

Highlights and challenges

We base our standards for sourcing sustainably cultivated crops on the globally recognised Sustainable Agriculture Initiative (SAI) platform 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.

We have made good progress in improving farming practices and sourcing sustainable crops by working with local suppliers.

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.

Looking ahead

We keep fostering our suppliers to adopt SAI principles and to incorporate more agricultural areas into sustainable practices around the world.

Brew a Better World 2030 Strategy – Environmental

Maximise circularity

Today's patterns of consumption and production are a leading cause of climate change, biodiversity loss, waste and pollution. Continued population growth will only increase pressure on natural resources. We must transition from a linear economy to a circular one to protect the planet, mitigate climate change and safeguard finite resources.

Why it matters

A circular economy moves us away from a 'take-make-waste' system towards one that is focused on 'eliminate-circulate-regenerate'. By stopping waste being generated in the first place and embedding circular principles throughout the value chain, we can significantly reduce environmental impacts and conserve resources.

Transitioning to a circular economy is important to HEINEKEN as it reduces our reliance on finite resources, addresses supply risks and avoids negative externalities rising from waste.

Improving circularity will play a significant role in delivering our scope 3 carbon emissions targets and having a positive social impact on communities while delivering sustainable and balanced growth for the Company.

2030 goal

Turn waste into value and close material loops throughout the value chain

Our progress

Our circularity strategy

In 2023, we developed a circularity strategy for our products and operations that aligns with the principles of the Ellen MacArthur Foundation. Based on the outcome of our double materiality assessment, the strategy focuses on packaging, which builds on existing work we have been doing to improve circularity of production waste and water in our operations.

The strategy prioritises three areas to embed a closed loop approach in our packaging development: Reuse, Recycled content and Recyclable by design. These priorities include goals which are designed to be transparent and achievable and which prioritise the areas where we can make the biggest impact.

Reuse

Our aim is to increase our volumes reuse and decrease the amount of new packaging material we need to source.

Our 2030 goal

43% of volumes sold in reusable format

Achieving our goal will require significant effort and collaboration with multiple stakeholders. We will need to co-create complex reuse infrastructure and launch innovations that make reusable formats aspirational.

Recycled content

Our focus is on growing the volume of recycled content and closing the loop on packaging by increasing recycling rates.

Our 2030 goal

50% recycled content in bottles and cans

We will drive up recycling rates in 10 priority markets and regions and collaborate with suppliers to increase the availability of high-quality recycled content.

Recyclable by design

When it comes to creating packaging that is recyclable by design.

Our 2030 goal

99% of all packaging is recyclable by design

We will ensure that our primary and secondary packaging is technically designed to fit into a recycling stream which has been proven to work at scale in a representative market for the company.

Highlights and challenges

Our circularity strategy requires a holistic approach and engagement with stakeholders across the entire value chain to unlock opportunities to boost the circular economy.

Reuse: *Transitioning from one-way packaging to reusable formats.*

Increasing the share of reusable packaging in markets where the infrastructure to collect and process does not yet exist is a challenge that must be addressed. It will require cross-industry collaboration to set-up the required infrastructure with an optimally designed and regulated operation system. We will continue to work on launching new product innovations to increase the share of reusable formats in markets where the infrastructure is available.

In 2023, HEINEKEN Cambodia transitioned to reusable glass bottles with over 1,600 on-trade outlets in urban areas signing up so far to implement crates and support #ReturnTheBottle. After six months, a quarter of the overall bottle volume in the country is now sold in crates with a bottle return rate of over 80%.

In the Netherlands, Desperados is the eighth beer brand to switch to reusable bottles in the catering and retail industry meaning more than 90% of HEINEKEN Netherlands bottles will be filled and sold in a refillable format in 2024.

Recycled content: *Collaborating across the value chain to maximise recycled content.*

We are working on two key enablers to close the loop for our packaging. Firstly, we can better optimise can-to-can recycling. Although aluminium is well recycled, it often ends up in other applications. Second, there is room to increase glass recycling rates in some markets where it is still low due to lack of infrastructure and incentives.

The recycled content of our packaging portfolio is mainly driven by suppliers, and we must engage in negotiations and partnerships to achieve our goal. We are collaborating with partners across the value chain to maximise the recycled content in aluminium cans through our global initiative Packaging the Future. In 2023, we tested a high recycled content solution ahead of the can deposit return system implementation in the Netherlands. We incorporated 95% recycled content made from used beverage cans. To make this a success we work with partners who span the value chain, like the can maker (Can-Pack), rolling mill (Constellium) and aluminium smelter (Alcoa).

To create the best market environment for the specific packaging waste material we also invest in collection projects. In South Africa, we are collaborating with local entrepreneurs to establish collection points for recyclable materials on glass waste and returnable bottles. Collection hubs serve as crucial centres for sorting and processing waste. These create employment opportunities and generate sustainable income for bottle collectors in low-income neighbourhoods.

Brew a Better World 2030 Strategy – Environmental

Recyclable by design: A closed loop approach is more easily achieved when a product is designed to be recycled or reused at its conception. The majority of our packaging is already designed to be recyclable and is recycled at scale across the globe. Our two main challenges are to improve the recyclability of our caps and secondary packaging film. To do so we need to improve the designs and recycling at scale through market interventions. We will also ensure all innovations meet the recyclable by design standards and are further integrating this into our sustainable innovation process.

Looking ahead

In 2024, we will establish our governance and operating model, develop roadmaps and start pilots in priority markets before we scale up action across the business.

We will look to identify partnerships and co-develop collaborative actions across the value chain.

At the same time, we will focus on upskilling our workforce to empower operating companies to deliver our strategy.

We developed our circularity strategy in 2023 and will start reporting on our goals in 2024.

2025 goal

Zero waste to landfill for all our production sites

Our progress

For the current target of zero waste to landfill in 2023, 120 of our 168 sites were landfill-free (2022: 143 of 186 sites). The drop in landfill-free sites was mostly due to divestments and acquisitions. A small number of sites lost their landfill-free status due to challenging local circumstances and lack of reliable access to waste management services.

By volume over 99% of waste was diverted from landfill, and therefore less than 1% went to landfill.

Destination of co-products

We embed circularity in our operations by converting spent grains into animal feed and human food sources, generating organic fertiliser from our wastewater sludge and recycling water within our breweries. This table shows where our waste from production ended up in 2023 (the higher up in the hierarchy, the better).

Co-products and waste hierarchy

Destination	ktonnes	%
1. Post-industrial reuse	28	1%
2. Human consumption	67	1%
3. Animal feed	4,092	80%
4. Materials recycling	406	8%
5. Compost/soil improvement	336	7%
6. Energy (biogas)	36	1%
7. Combustion with energy	56	1%
8. Combustion without energy	8	0%
9. Landfill (incl. dump and unknown destination)	63	1%
Total	**5,092**	**100%**

Highlights and challenges

Most of our production waste comprises biodegradable co-products like brewers' grain, surplus yeast, anaerobic sludge from water treatment plant, spent kieselguhr and spent alcohol. We preserve the nutritional value of co-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. 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.

Project Circle is our new initiative to give new life to spent grains from our breweries. The project is based on an innovative separation technology that creates proteins for food and generates renewable energy. The first industrial implementation will be at our brewery in Mons-en-Baroeul in France. Following a successful kick-off which brought together internal and external experts, construction of the site and preparation for the installation of the technology has begun. Once fully operational and optimised, we will explore the potential for rolling out the technology to other sites around the world.

Closing the gap on the last 1% of sites to become landfill-free is a challenge due to local complexities. For example, in remote places like island states alternative solutions are harder to find while in other locations there is a long chain of smaller sites which cannot cost effectively meet the requirements.

Looking ahead

We will review each situation and identify possible solutions for the remaining sites in 2024. For example, we will seek technological solutions that can be implemented in remote sites, continue working on technologies that can create value from our waste products, and work with our local stakeholders to improve waste management services in the areas where we operate.

Towards healthy watersheds

Why it matters

Water is essential to life and a basic human right – we cannot live without it. However, freshwater ecosystems are under increasing pressure from the competing demands of agriculture, business and communities. Globally, over 70% of freshwater resources are devoted to crop and livestock production. Population growth, economic development, and urbanisation are driving up demand and adding pressure on water quality. At the same time, one of the primary effects of climate change is the disruption of the water cycle.

Changing weather patterns are making some places wetter and others much drier. In many parts of the world, water is becoming a scarce resource. Without significant changes in how we consume water, water demand is expected to outstrip supply by 40% in 2030.

Water is also essential for our product: without water, there is no beer. This is one of the reasons why this topic has been high on our agenda for decades. We take a holistic approach which looks beyond the walls of our breweries and puts the health of local watersheds front and centre. This includes responsible water use, effective wastewater management, and supporting water security in our supply chain, production and communities – particularly in water-stressed areas.

Understanding our water risks

We have assessed water risks across our breweries and beyond since 2010. Our three-step approach to assessing water risks comprises internal and external evaluations and verification. Every year, our operating companies conduct a local water security assessment. We also carry out a Global Water Risk Screening at least once every five years. For this, we use a water risk mapping tool developed by the World Resources Institute (WRI) to identify sites located in high water risk areas and in addition, we include geospatial data as an extra layer to better understand water risks that are not accessible through the WRI tool.

Sites identified as high-water risk are further evaluated through in-depth local Source Water Vulnerability Assessments conducted by a third party to confirm water-stress conditions in areas where we operate. Currently, 32 of our sites in 15 countries are in water-stressed areas (see map). We are assessing areas in which our new sites operate (especially in India) to confirm their water stress status, anticipating an increase in the number of sites in the coming year.

For more information on water see page 141 in the TCFD section

Production sites in water-stressed areas in 2023

Key areas towards healthy watersheds

Supply chain
Working with suppliers on water quanitity and quality

Production
Water efficiency, treating wastewater effectively and maximise reuse

Communities
Replenishing watersheds and supporting access to clean water

Water in our supply chain

Most of the water we use is dedicated to growing our crops, with agriculture representing approximately 90% of our water footprint. The primary contributor to our agricultural footprint is our main crop - barley - which is highly water efficient and relatively tolerant to drought. In most countries, barley is rainfed and unlike many other crops it does not require irrigation. However, in certain sourcing areas, structural irrigation is required to maintain optimal soil moisture. We anticipate that this need will grow in the future.

We address water concerns via our Sustainable Sourcing programme through dedicated conservation agriculture projects, such as in Mexico.

In 2023, we initiated a comprehensive Water Global Screening, focused on our top suppliers and primary sourcing areas. This yielded valuable insights into regions experiencing water stress and into the maturity of our suppliers in managing water resources. Our next step involves complementing our initial screening with a broader assessment of our supply chain following guidance provided by the Science Based Targets Network (SBTN) which focuses on both water quantity and quality. This assessment will enable us to identify priority sourcing countries that require attention. The initiative marks the first phase of our Water in Agriculture programme which will guide us incorporating effective measures to address water quantity and quality alongside our existing sustainable agriculture programmes.

Heineken N.V. Annual Report 2023

Introduction

Report of the Executive Board

Report of the Supervisory Board

Financial Statements

Sustainability Review

Other Information

Water in our production

2030 goal

Reduce average water usage to 2.6 hl/hl in water-stressed areas and 2.9 hl/hl worldwide

Water serves various purposes in the production of beer, including cleaning, steam generation, cooling and, of course, the product itself.

Our progress

Despite efficiency loss due to reduced production volumes, we have maintained water efficiency at 3.0 (hl/hl) in our breweries in water-stressed areas and improved our global average water usage across all our breweries to 3.2 hl/hl (2022: 3.3), progressing towards our 2030 targets.

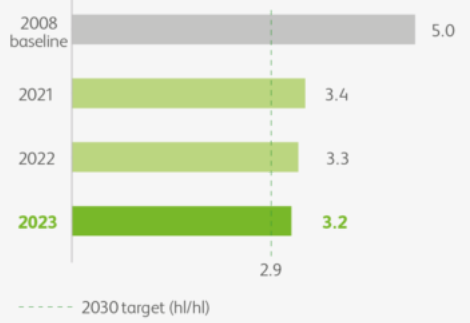
Highlights and challenges

In Europe, we identified 290 projects to increase water efficiency, including a 12-month pilot in Spain that successfully delivered a 10% reduction in water usage.

We are also actively engaged in a water acceleration programme, focused on forming partnerships with an external engineering company and cleaning and disinfection (C&D) suppliers to unite expertise and on-the-ground support. For example, our Ponta Grossa brewery in Brazil improved water efficiency by almost 7.5% through a collaborative pilot project with its local C&D partner, setting the benchmark for other breweries.

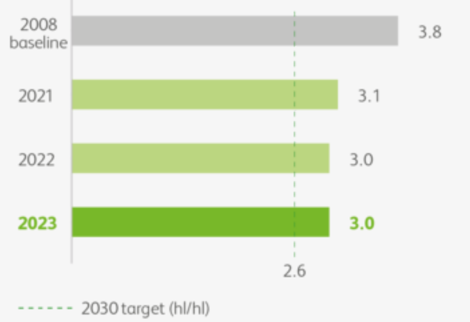
We faced some efficiency loss due to a decrease in volumes in regions known for high water efficiency. At the same time, we are increasing the reuse of bottles to advance our circularity and net zero agenda, which, in turn, has the knock-on effect of increasing water use for washing. Despite this, the continued implementation of our 'good practices platform' helped ensure that we maintained our water usage in water-stressed areas, rather than increasing it, and even improved our efficiency overall.

Average water usage (global)
(hl/hl beer, cider, soft drinks, water and wine)



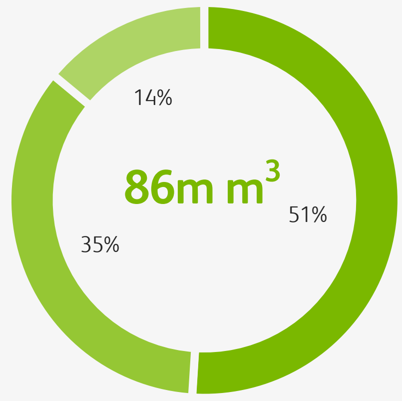
36% improvement of average water usage (hl/hl) compared to 2008

Average water usage (water-stressed areas)
(hl/hl beer, cider, soft drinks, water and wine)



€19m savings from average water usage programmes since 2009

Total water withdrawal
(including sources and excluding export water*)



Groundwater	51%
Third-party water	35%
Surface water	14%

* Export water is not used for production

Looking ahead

We are advancing our efforts through the water acceleration programme and implementing sustainable water management projects in collaboration with our partners. We aim to add 20 new breweries to the acceleration programme in the coming years based on their potential impact on water efficiency. Sites included in the programme will increase efforts and move from planning to implementation of water efficiency initiatives.

2023 goal

Treat 100% of wastewater of all breweries

Our beverage and malting plants generate wastewater that requires treatment before discharge. Wastewater treatment plants are either operated on-site or managed by a third party.

Our progress

In 2023, 163 of our 168[1] breweries have wastewater treatment. We built six new wastewater treatment plants in Burundi (two), New Zealand, Nigeria and Papua New Guinea (two), ensuring that nearly all our breweries had a wastewater treatment facility installed: 167. One brewery does not have a wastewater treatment plant. Four of the newly constructed treatment plants are in the final phase of commissioning and will be fully operational in the first quarter of 2024.

In 2023, 98% of our total wastewater volume was treated before discharge (2022: 97%).

Highlights and challenges

The four breweries faced challenges in commissioning new wastewater treatment plants on time due to unforeseen external factors, such as supplier constraints and customs-related issues. They will be fully operational in the first quarter of 2024.

Looking ahead

We remain committed to treating 100% of our wastewater before discharge worldwide and will ensure this continues by incorporating it as a standard in our internal HEINEKEN rules. Regarding our new breweries, all of them are constructed in line with our Green by Design standard, which mandates wastewater treatment. Furthermore, any future acquired brewery will have wastewater treatment in place, in accordance with local regulations or HEINEKEN's standards - whichever is better.

[1] In the 2022 report, we mentioned 186 breweries; however, this number decreased in 2023 due to divestments, such as our business in Russia.

Brew a Better World 2030 Strategy – Environmental

2030 goal

Maximise reuse and recycling in water-stressed areas

We see opportunities to create healthier watersheds by maximising water circularity. This means recovering, reusing and recycling on-site and off-site treated wastewater for other purposes.

Our progress

By the end of 2023 we had 23 water reclamation plants in operation that treat and reuse wastewater for general cleaning to reduce our reliance and impact on freshwater (2022: 6). Most of these plants are related to our breweries in India.

Highlights and challenges

In 2023, we commenced a partnership with paper manufacturer Greenpaper in Monterrey, Mexico. Our brewery's treated wastewater is now being used in the production of paper and cellulose, benefiting the local watershed, the community and both businesses. In many geographies we continue to face local contextual challenges ranging from infrastructure, perceptions and regulations related to the use of treated recycled water.

Looking ahead

We will explore further opportunities to reuse water on our sites and collaborate externally with others.

Water in our communities

Our approach in communities is to implement programmes to replenish watersheds in water-stressed areas and provide access to safely managed water in targeted countries. In 2023, we were actively involved in Water, Sanitation, and Hygiene (WASH) projects in several countries, including Myanmar and India. Additionally, the HEINEKEN Africa Foundation supported projects in Nigeria, Ethiopia, Burundi, South Africa, Mozambique, and Sierra Leone. Following a review of our approach in 2023, we plan to be more intentional in supporting community water projects in the coming years.

2030 goal

Fully balance water used in our products in water-stressed areas

Our aim is to fully balance the water used in our products 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 operations. 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.

Our progress

By the end of 2023, 28 of our 32 sites in water-stressed areas had active watershed replenishment programmes in place (2022: 26), including large-scale reforestation efforts in Vietnam and Nigeria. Nine out of 32 water-stressed sites (28%) are more than 100% water balanced (2022: 29%). The total number of water-stressed sites in scope changed from 31 to 32 due to the divestment of two sites in Tunisia and the identification of three sites in Burundi, Vietnam, and Haiti as being water-stressed.

Highlights and challenges

Each watershed is unique, being shaped by the ecosystem and biodiversity it supports as well as local governance, stakeholders and community needs. This means our sites must take a contextual approach based on local circumstances and that progress may be faster and more straightforward in some other locations than others.

In Ethiopia, we renewed our partnership with World Vision International. This partnership aims to comprehensively restore the watershed, improve carbon sequestration and livelihoods. In the last three years the project has led to over 500 hectares of rehabilitated land and half a million trees planted. In its second phase, it will serve as a broader initiative, providing a collaborative platform for multiple agencies in Ethiopia's watershed management.

In Algeria, we embarked a collaboration with local partners to initiate a sustainable agriculture project supporting local farmers to improve irrigation efficiency and promote soil restoration.

And in Tunisia, we initiated a project to provide access to clean water for 400 families in the Jebel Trifi region. This initiative reflects our focus in WASH benefiting families by ensuring access to safe drinking water and contributing to water conservation efforts on both regional and national level.

Partnerships for change

Many different users tap into shared water resources and maintaining the health of the watershed requires collective multi-stakeholder action. As well as partnering with NGOs like WWF in Vietnam and Fundación Avina in Brazil, we actively participate in several local water funds and alliances around the world, including Mexico and Indonesia.

We are a dedicated 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. Emphasising our commitment to water resilience and aligning with the UN Forward Faster initiative, we endorse the CEO Water Mandate. This aims to collectively achieve a positive water impact in at least 100 vulnerable water basins through UNGCs' Water Resilience Coalition, a partnership between the UN, companies and NGOs collaborating to reduce water stress by 2050. The commitment was underscored at the historic UN 2023 Water Conference where HEINEKEN joined over 50 other businesses in an 'Open Call to Accelerate Water Action'. We are also 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.

Looking ahead

Our breweries in water-stressed areas have developed roadmaps which set out the actions they will take to support a healthy watershed by 2030, including water balancing. Based on ongoing water-risk assessments we expect the number of breweries to increase over time. We will work on sites in water-stressed areas that do not yet have a water balancing programme in place to identify the right partners to build water resilience in the watershed.

Brew a Better World 2030 Strategy – Environmental

Biodiversity

Global biodiversity is declining faster than ever before – mainly driven by human activity. WWF's Living Planet Report 2023 finds that wildlife populations have declined by an average of 69% in the past 50 years and 1 million animal and plant species are threatened with extinction (IPBES, 2019).

Biodiversity underpins the health of local communities; it is directly related to food security, livelihoods, provision of shelter and materials, and a wide range of other ecosystem services. Biodiversity is also crucial to business with more than half of the world's GDP – approximately $44 trillion – moderately or highly dependent on nature and its services (WEF, 2021).

Why it matters

As a global company, we see these external developments and increasing stakeholders' interest leading to a need to better understand our impacts and dependencies on nature and biodiversity across the value chain. At HEINEKEN, we depend on nature for essential raw materials such as water, barley, hops, yeast, and fruit extracts.

At the same time, our activities have both direct and indirect impacts on biodiversity through our use of land and water, GHG emissions, pollutants to the environment and waste generation. Understanding this delicate balance of dependencies and impacts shapes our approach and demonstrates the importance of having a holistic strategy to protect the natural world.

Highlights and challenges

Protection and restoration of biodiversity is closely interrelated with our existing efforts to reach net zero emissions, support healthy watersheds, sustainably source raw materials, promote regenerative agriculture, and increase circularity.

Many of our existing Brew a Better World goals contribute to protecting biodiversity, including those set in our Net Zero roadmap to mitigate GHG emissions. We are expanding many programmes that contribute to the preservation and restoration of biodiversity including our Low Carbon Farming Programme and water balancing projects. For example, in Ethiopia the second phase of water balancing activities will reduce environmental degradation and ground water depletion in Bedele. In the last three years the project has already led to over 500 hectares of rehabilitated land and half a million trees planted.

We are also exploring opportunities to promote regenerative agriculture. In March 2023, we launched a pilot project with Irish Distillers and Earthworm Foundation to adopt regenerative practices in barley farming with a specific emphasis to enhance soil health, water and biodiversity. HEINEKEN Africa Foundation's new strategy [link to page] also aims to adopt programmes that focus on regenerative farming practices for smallholders.

Our partnerships

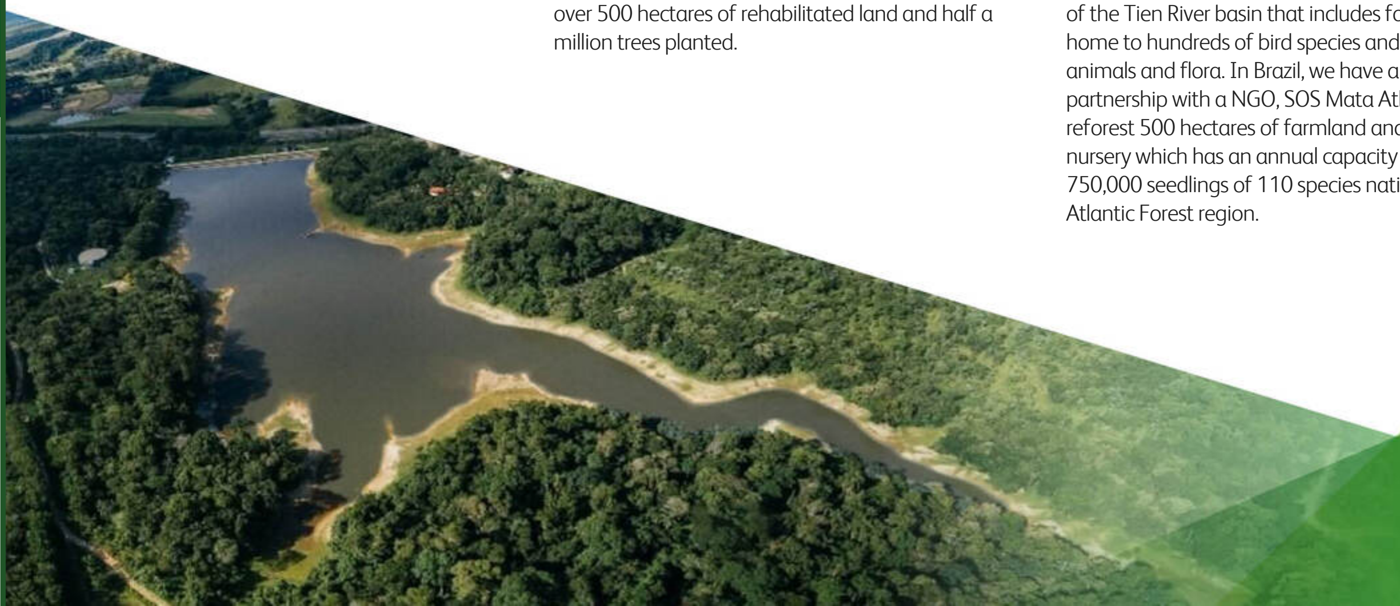
We started work to gain deeper insights into the biodiversity risks and opportunities across our global value chain. In 2023, we have joined the Science Based Targets Network (SBTN) Corporate Engagement programme and the Taskforce on Nature-Related Financial Disclosures (TNFD) forum. This will help us guide our assessment of nature across the value chain and further support development of our biodiversity approach.

In addition, our operating companies around the world implement a wide range of projects such as reforestation to enhance local biodiversity, in collaboration with local partners. For example, in Vietnam, our partnership with WWF aims to reforest one of the most important water conservation areas of the Tien River basin that includes four canals and is home to hundreds of bird species and other native animals and flora. In Brazil, we have a long-standing partnership with a NGO, SOS Mata Atlantica, to reforest 500 hectares of farmland and to support a nursery which has an annual capacity to produce 750,000 seedlings of 110 species native to the Atlantic Forest region.

The partnership has resulted in a 156% increase in local biodiversity over the last 15 years.

Looking ahead

We aim to strengthen our biodiversity approach by carrying out a comprehensive assessment of our supply chain and direct operations in 2024. This assessment will serve as the foundation for developing our biodiversity approach. To guide our efforts, we will draw upon the expertise and recommendations of SBTN and TNFD, enabling us to identify key areas and activities within our value chain that require attention to combat biodiversity loss and promote regeneration. Additionally, we will continue to integrate biodiversity considerations into our existing Brew a Better World initiatives and projects, such as our Net Zero roadmap and water balancing projects, while also advancing our efforts in regenerative agriculture.



Brew a Better World 2030 Strategy – Environmental

Environmental data table 2023

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**	**2021**	**2022**	**2023**	**2021**	**2022**	**2023**	**2021**	**2022**	**2023**	**2021**	**2022**	**2023**
Beverage production	Mhl	253.9	281.5	258.6	253.9	281.5	258.6						
Malt production	ktonnes	726	769	694				726	769	694			
Total combined energy consumption	GWh	6,983	7,622	7,009	6,342	7,066	6,508	610	537	480	31	20	21
Total energy consumption from non-renewables	GWh	5,116	4,808	3,880	4,534	4,332	3,473	555	461	392	27	16	16
Total energy consumption from renewables	GWh	1,867	2,814	3,129	1,808	2,734	3,035	56	76	88	4	5	5
Thermal energy consumption	GWh	4,890	5,321	4,832	4,337	4,850	4,408	527	456	408	26	16	16
Renewable thermal consumption self-generated	GWh	530	1,160	1,113	530	1,131	1,086	0	29	27	0	0	0
Renewable thermal consumption Purchased	GWh	257	318	339	257	318	339	0	0	0	0	0	0
Electricity consumption	GWh	2,093	2,301	2,177	2,005	2,216	2,101	83	81	71	5	5	5
Renewable electricity consumption self-generated*	GWh	30	42	34	30	41	34	0	0	0	0	0	0
Renewable electricity consumption Purchased*	GWh	1,049	1,295	1,643	991	1,244	1,577	55	47	61	4	5	5
HC-based refrigerants lost	kg R11 equivalents	153	191	166	153	191	166	0.1	0	0	0	0	0
HC-based refrigerants lost	ktonnes CO_2-eq	16.8	16.9	24.2	16.8	16.9	24.2	0	0	0	0	0	0
Water withdrawal	Mm^3	87.5	94.7	86	85.4	92.5	84	2	2.1	1.9	0.1	0.1	0.1
Wastewater quantity	Mm^3	54.9	60.9	54.7	53.4	59.3	53.2	1.4	1.5	1.2	0.1	0.1	0.2
Wastewater organic load before treatment	ktonnes COD	192	218	207	186	212	203	5	5	4	1	1	1
Effluent organic load discharged to surface water	ktonnes COD	10.9	8.9	7.5	10.7	8.7	7.3	0.2	0.2	0.2	0	0	0

* 2021 and 2022 numbers have been restated.

Walking the talk towards an inclusive, fair and equitable world

We are raising the bar to create a fair and safe workplace and to promote diversity, equity and inclusion. This means achieving gender balance at senior levels, paying our 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 aims to embed a leading safety culture and our social impact initiatives are aligned with relevant UN SDGs.

Contributing to the UN SDGs – Path to an inclusive, fair and equitable company and world:

Learn more in the Social section of our website

Brew a Better World 2030 Strategy – Social

Embrace inclusion & diversity

Why it matters

Diversity, Equity and Inclusion (DEI) fosters a sense of true togetherness and drives us to seek meaningful connections with our employees, consumers and customers.

Our DEI approach is built on the belief that diversity of thoughts drives innovation and performance. It starts with courageous leadership which is why we nurture bold and caring leaders who create space for everyone, equally.

Our diverse employees make our company as strong and as unique as our brands. Equal opportunities and fair treatment are fundamental building blocks of an inclusive environment.

Our DEI strategy follows three key principles:

1. We accelerate DEI, starting with courageous leadership.
2. We all contribute to fostering an inclusive environment.
3. We create equal opportunity in all the moments that matter.

Embed our DEI policy

We empower our leaders to role model inclusive practices, develop inclusive teams and take responsibility and accountability for the DEI agenda.

Our ambition is to set up DEI councils across all operating companies to fully embed DEI in our global operations. Council members work with the local managing director to support the delivery of the global DEI strategy. By the end of 2023, 75% of our operating companies had a DEI Council in place.

Fostering an inclusive environment

We aim to create an environment where people can share their views freely and be engaged through inclusive dialogue. We foster a safe and inclusive culture that ensures psychological safety and provides learning and development opportunities for everyone that support DEI and personal growth.

In 2023, our local operating companies and functions conducted more than 300 listening and dialogue sessions to understand the impact and progress of DEI action plans. DEI Ambassadors supported functional leaders to listen directly to employees to understand their views and inspire action.

Creating equal opportunities in all the moments that matter

We embed equal opportunities in HEINEKEN's way of working as well as across our recruitment and career development processes. Inclusive policies and tools reflect our values, operating companies and global functions integrate DEI into their people plans, talent management strategies, employee engagement surveys and everyday business practices. By the end of 2023, 78% of operating companies and functions had reviewed and updated their key people processes to further reflect DEI.

2025 goal

Gender balance across senior management: 30% women

Our goal is to increase the number of women among the HEINEKEN senior management population on our path to gender balance with 30% women by 2025 and 40% by 2030.

Our progress

By the end of 2023, the representation of women at senior levels reached 28% (2022: 27%).

Representation by gender in 2023	% women	% men
Supervisory Board	44	56
Executive Board	0	100
Executive Team	18	82
Total Management	29	71
Senior Management	28	72
Middle Management	29	71
Non-Managerial positions	23	77
Total workforce	24	76
Total promotions	29	71
IT/Engineering	16	84
New hires	25	75
Attrition	23	77

Highlights and challenges

We continue to develop our pipeline of talent at levels below senior management and ensure fair and equal opportunities when we attract, develop and promote talent. Senior leaders in key functions have expanded their commitments to develop and support a diverse group of future senior managers.

WIN (Women Interactive Network) is a global leadership development programme for women at HEINEKEN conducted in partnership with an independent academic institute, IMD.

43% of participants have been promoted to more senior positions in the organization. With over 139 women having completed the programme since its inception, 2023 marked the launch of the WIN Alumni Network to nurture strong female role models who will contribute to mentoring and inspiring emerging female leaders.

Our operating companies are also conducting leadership development programmes for women. In Mexico, the Women to Grow programme aims to accelerate female talents that are part of a succession pipeline for senior and managerial roles in Mexico. The first 31 rising female leaders undertook a 12-month development journey comprising virtual master classes and face-to-face workshops. Participants learnt how to increase their impact and influence, visibility, networking, self-leadership and personal branding, as well as developing a personal development plan and having a mentor or coach to guide their career development. They also attended connect sessions with the management team and female senior leaders.

Our efforts to build a more inclusive and equitable workplace were recognised in 2023 by the LinkedIn Talent Awards, and the World Economic Forum included our Women in Sales initiative as a DEI Lighthouse.

Looking ahead

In 2024, we will launch a leadership development pilot – the Women Summit – specifically created for senior female leaders to level the playing field for women within the organisation. Our women leaders have a unique opportunity to be positive female role models as we work to strengthen female succession pipelines at all levels.

Brew a Better World 2030 Strategy – Social

2023 goal

Cultural diversity: across each region, at least 65% of country leadership teams are regional nationals

Embracing and celebrating diversity enriches our lives and strengthens our business. As part of our EverGreen strategy, we embrace the cultural diversity of our operating companies, notably in country leadership teams.

Our progress

At the end of 2023, three out of four regions reached 65% of regional nationals in their leadership teams. All regions embraced developing their regional talents into leadership, and the dynamics of the fourth region required blending developing own leaders, as well as talents from other regions.

Highlight and challenges

We are driven to develop and promote local talent into leadership roles within the regions to leverage cultural diversity. Since we first made this commitment in 2021, we have been on a learning journey to support longer-term talent management planning at regional levels.

Boost is the regional talent management agenda focused on building a sustainable leadership pipeline in Asia Pacific (APAC). It ensures a holistic approach through talent acquisition, identification and development initiatives. Asia Pacific nationals now hold 72% of management team positions in the region.

Unleash is the regional talent programme in Africa and Middle East (AME) which fosters ownership, consistency and partnership across the talent management agenda. Unleash intentionally develops regional talent through assessment centres and short- and long-term assignments to improve the business by unleashing the talent of employees. In the Africa region, the proportion of nationals on regional and national management teams has increased from 49% in 2016 to 72% in 2023.

Looking ahead

Embracing cultural diversity in our leadership is strategically important and we will continue to create space for everyone, equally, while sharing learnings and best practices to strengthen our cultural diversity.

2023 goal

100% of our managers trained in inclusive leadership

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 progress

More than 11,000 leaders completed the ALL Inclusive Leadership programme in 2023, bringing the total people managers trained to almost 100% (99.8%). This engaging and interactive e-learning module is mandatory for all people managers and available to everyone in the organisation.

LGBTQIA+ inclusion

The employee resource group, HEINEKEN Open and Proud (HOP), is active across our operating companies. In 2023, HEINEKEN employees attended some of the most iconic demonstrations of love world-wide taking part in Pride Parades from Amsterdam, Brighton and Madrid to Monterrey and São Paulo.

HEINEKEN UK and Stonegate Group joined forces to shine a light on inclusive pub practices through the initiative 'Serving with Pride'. They conducted research and hosted an event to share best practices on how hospitality venues can be more inclusive.

In Brazil, Amstel spent 10% of the brand's media budget to raise awareness and support the LGBTQIA+ community. The brand helped more than 400 trans people change their names to reflect their true identity by bringing the registry office to the streets during the 2023 São Paulo Pride Parade.

Looking ahead

We will continue to foster an inclusive environment starting with courageous leadership. Every new people manager at HEINEKEN will take the All Inclusive Leadership training to understand and develop awareness of how to practise inclusion.

Learn more about DEI on our website

A fair and safe workplace

Why it matters

We are committed to maintaining a fair and safe workplace for our employees and third parties.

We ensure that all our employees worldwide earn at least a fair wage and take action to advance equal pay for equal work between female and male colleagues. Fair living and working standards for third-party employees and brand promoters are also an important part of our responsibility.

We also count on everyone's leadership, engagement and participation to embed a leading health and safety culture in our ways of working.

2023 goal

Fair wage for employees: close any gaps

Our goal is to ensure all our employees worldwide earn at least a fair wage by assessing and closing any wage gaps by the end of 2023. We assess wages across all operating companies against the Fair Wage Network annually. Assessments started in 2021 with a step-by-step approach in our operating companies in developing countries and were rolled out to all other countries in 2022.

Our progress

In 2023, we reached our commitment: 100% of our direct employees globally earn at least a fair wage, according to the Fair Wage Network definition.

Brew a Better World 2030 Strategy – Social

Highlights and challenges

We partner with the Fair Wage Network, an independent NGO, to determine the fair wage amount per country to inform our assessments. 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 maintain a high quality of our data and assessment, we continued our journey to independently certify operating companies with the Fair Wage Network. Following in the footsteps of our operating companies in the Africa, Middle East and Eastern Europe region, which were certified in 2022, the Asia Pacific region will be the next region to have all entities certified in 2024.

Looking ahead

Although we achieved our goal in 2023, ensuring a fair wage is a dynamic and ongoing process as the cost of living and other economic factors can change. We will maintain the focusing on fair wages through ongoing assessments and adjustments.

2023 goal

Equal pay for equal work: assessments and action plans

Equal pay is a key social enabler, complementary to our DEI commitments and non-discrimination principles. Our goal is to ensure equal pay for equal work (or work of equal value) between female and male colleagues. We also recognise the importance of equality in our rewards processes by striving for fair decision making at all key moments experienced by our colleagues.

Our progress

We achieved our goal by having 100% of our operating companies assessed and 100% action plans in place by the end of 2023.

Highlights and challenges

We have received strong support from operating companies in reviewing and adjusting local plans based on the latest assessment results (full Company) in 2022. We continue to monitor the effectiveness of action plans and check whether year-on-year progress has been made.

All operating companies are dedicated to delivering, monitoring and evaluating local action plans aimed at closing pay disparities between female and male colleagues. This includes integrating equal pay considerations into reward strategies, reward processes and initiatives.

Action plans also target gender representation, equal opportunities for promotion and gender balance in management teams. Actions may include embedding structural checks and controls in processes to ensure gender-neutral pay decisions. We monitor the outcomes annually to ensure equal pay for equal work between female and male colleagues.

Looking ahead

It remains our focus to assess all operating companies, continuously tracking and monitoring improvements to ensure equal pay for equal work between female and male colleagues.

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 such as 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 show responsibility for making sure they work reasonable hours in a safe, healthy and decent environment and earn a fair wage. We operationalise this ambition through our SMART Outsourcing programme.

Our progress

38% of our operating companies globally have now been assessed for compliance with our standards for third-party employees and brand promoters.

Highlights and challenges

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 by using an external social compliance partner and work with service providers to close any gaps. We continually embed learnings to improve contract management of outsourced service providers and workplace practices.

In 2023, we took significant steps to strengthen our global governance and clarify operating companies' roles and responsibilities in delivering this goal. We began onboarding our operating companies to improve the quality and consistency of assessments. As a result, we now have a solid basis on which to deliver assessments, reassessments and action plans up to 2025 to drive progress towards our 2030 goal.

Raising standards with service providers

Social sustainability and human rights are foundations of how we do business with third-party service providers.

In 2023, we continued to expand the programme beyond the Africa region where it was first launched, assessing our operating companies in Asia, and onboarding the America's region.

Looking ahead

Our aim is to have carried out an initial assessment in all regions by the end of 2025 with actions to close gaps and embed standards into the way our operating companies do business running until 2030. We will increase the scope to include the Americas region in 2024.

Brew a Better World 2030 Strategy – Social

2030 goal

Create leadership capacity to drive zero fatal accidents and serious injuries at work

While we have significantly reduced incident severity across our operations, we still experience safety incidents as a result of our activities. We remain committed to doing the utmost to ensure that every one of our colleagues and contractors return home safely every day.

We are all safety leaders, and our approach must engage the whole organisation at all levels. The personal commitment and actions of everyone who works on behalf of our Company – including employees, temporary workers and contractors – must comply with the Life Saving Commitments and HEINEKEN's safety standards.

The HEINEKEN Life Saving Commitments (LSCs) are designed to address the highest risk activities in our operations. The Golden Principle is the overarching principle through which we empower people to stop and speak up when work cannot be executed safely or if it is not possible to adhere to the LSCs.

Our progress

The Life Saving Commitments training for people managers is designed to equip leaders in recognising and applying the LSCs and Golden Principle. In 2023, the training was completed by 97% of our people managers.

Life saving commitments:

Highlights and challenges

We developed specific guidelines for people managers who play a crucial role in the health, safety and well-being of employees, temporary workers and contractors. Safety must be included in all business decisions and all employees, temporary workers and contractors must be supported to adhere to the LSCs.

We have also an LSC training to ensure all employees across our operating companies understand the 12 LSCs and Golden Principle.

Safety, health and well-being at the heart of everything we do

We carried out many activities to shape a leading health and safety culture in 2023. A regional turn-around programme was launched as an immediate call to action to improve safety performance where it is needed most. Plans to reduce injuries and strengthen a safety culture and mindset were implemented for selected functions and operating companies based on their safety performance and will be implemented accordingly.

We continue to strengthen the HEINEKEN capability framework to embed health and safety and to integrate safety leadership into our global programmes through competence building, leadership programmes, etc.

Dedicated tools enable operating companies to assess their current status, identify gaps and develop improvement plans to close them. We launched the Safety Leadership standard in early 2023 to monitor progress as part of the global health and safety management system. Other safety standards were updated and launched – for example, permit to work and machine safety. Operating companies carried our gap assessments and put plans in place to meet the new standards.

This year's Safety Day theme was: "Because we care, I don't compromise on safety!" A wide range of global and local initiatives were held to reinforce the commitment and increase awareness around safety.

Looking ahead

To equip all people managers with capabilities to deliver the Life Saving Commitments, training is now part of the mandatory onboarding curriculum. This means that all future people managers will be trained on the LSCs.

Having almost reached the 100% completion target for LSC people manager training, we will develop a new safety ambition to drive down the number of injuries during 2024. We will also launch a new safety culture transformation programme and a digital H&S management system to drive safety excellence daily.

Fatalities and serious injuries

We deeply regret that 3 people lost their lives while working for us in 2023 (2022: 2): one employee, a temporary worker and a contractor. An independent investigation team thoroughly investigates every fatality to identify and understand the root cause.

We take action to prevent recurrence and share learnings with corrective and improvement actions followed up until closure.

In 2023, we updated our reporting governance and standards to align with international standards. Our Total Recordable injury Rate (TRR) for employees and temporary workers was 1.2 per 200,000 hours worked (2022: 0.9). Injuries resulting in permanent disabilities decreased to 4 in 2023 (2022: 5).

There were 1,073 (2022: 783) injuries that resulted in 735 with lost time injuries among our employees and temporary workers. 594 of these injuries were in logistics and distribution, 167 in commerce, 282 in production and 30 in other functions.

The increase in the recordable injuries of employees and temporary workers is mainly related to the updated governance and reporting standards.

The main types of work-related injuries are slips or falls, injuries while lifting or carrying objects, cuts by sharp objects (e.g. glass), hits by moving falling objects or vehicles (e.g. forklifts).

Fatalities[1]	2022	2023
Fatalities of employees	0	1
Fatalities of temporary workers	0	1
Fatalities of contractors	2	1
Injuries (absolute values)[2]		
Permanent disabilities of employees	5	4
Total recordable injuries of employees and temporary workers	891	1,073
Total recordable injuries of contractors	216	198
Injuries (relative values) – employees and temporary workers		
Total reportable injury rate (per 200,000 hours)	0.9	1.2
Lost time injury rate (per 200,000 hours)	0.7	0.8

1 These numbers have limited assurance by Deloitte.
2 Injury classification and people categories are updated in alignment with international standards.

Brew a Better World 2030 Strategy – Social

Positive impact in our communities

Why it matters

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.

While 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, 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.

Sustainable and transparent tax strategy

We believe in responsible tax behaviour as an essential part of our Brew a Better World 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.

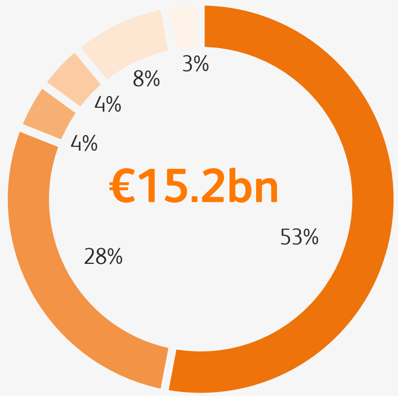
Our tax strategy is fully aligned with the EverGreen strategy and our business and organisational values. This ensures that our approach to taxation reflects our commitment to sustainability and responsible business practices.

The tax strategy adheres to the following 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 Dutch 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 HEINEKEN 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.

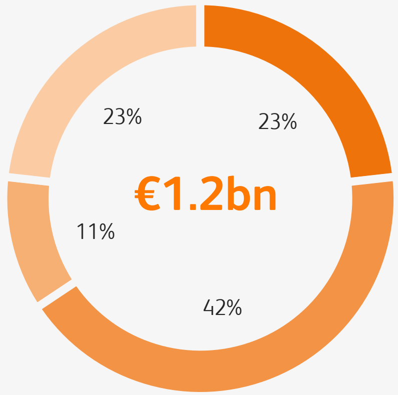
For more information about our tax strategy see our website

Total tax contribution paid by category



Excise duties paid – Collected	53%
Net VAT paid – Collected	28%
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	8%
Other tax paid – Borne	3%

Corporate income tax paid per region



Europe	23%
Americas	42%
Africa, Middle East & Eastern Europe	11%
Asia Pacific	23%

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.

Our progress

By the end of 2023, 100% of all our markets globally in scope had a social impact initiative in place.

€6m invested by our markets in dedicated social impact initiatives

This amount excludes all other donations (both cash and in-kind) to charities.

Highlights and challenges

Many initiatives rely on partnerships to address social inequality, from enhancing access to jobs to supporting women's empowerment and supporting underserved communities.

In Haiti, we partner with three women's organisations to provide microcredits to women in rural areas, enabling them to start small businesses where they lacked access to funding.

In South Africa, we installed fire alarms in 700 homes near our Sedibeng brewery, with plans for another 500. Benefiting over 2,500 residents, this initiative will prevent fires and safeguard lives and homes. Ten fires were prevented in the first month post-installation.

In Myanmar, we are aiming to provide clean and safe water to over 1,000 households. We completed construction of a water supply system in Pawlamaw Village in 2023 and began similar projects in three other villages.

The Joy of True Togetherness

We are constantly looking for ways to bring our Company purpose, 'The Joy of True Togetherness', to life in a world that is increasingly disconnected and polarised. We started a global partnership with The Social Gastronomy Movement and The Human Library to launch the grassroots campaign #WorldsTogether. This initiative brought individuals together over a meal and a beer, fostering connections among people who might not otherwise meet or interact.

Brew a Better World 2030 Strategy – Social

In the pilot phase, events at our headquarters and in eight markets around the world united 1,150 community members and employees – from the favelas in Brazil to farm fields in Cambodia. Research conducted after the events revealed increased openness, understanding and empathy among participants, reinforcing the goal of #WorldsTogether to break down barriers and bridge societal gaps, one conversation at a time.

Looking ahead

In 2024, we will maintain our objective to have an initiative every year in every market. We will also introduce a more focused social impact strategy to improve our impact and how we measure it. We will also scale up the Worlds Together platform to engage more communities.

2025 goal

Local sourcing of agricultural ingredients in Africa: 50% increase in volume

Our aim is to increase the quantity of agricultural raw materials sourced locally in Africa by 50% from 2020 to 2025. Our local sourcing programme is delivered through a business-led programme which spans 32 value chains across 12 operating companies.

Our progress

In 2023, we achieved an estimated 19% increase - more than 43,000 tonnes – above the 2020 baseline. This is lower than the increase reported in 2022, due to significant market declines in Nigeria and South Africa, which we have not been able to fully compensate across the region.

However, the percentage of raw materials sourced locally shows a positive trend, increasing from 44% in 2020 to 48% in 2023.

Highlights and challenges

Local sourcing is mutually beneficial for farming communities, governments and businesses. Substituting imports also reduces demand for hard currency (Forex) which remains a significant challenge in many African countries.

We purchased agricultural raw materials with a total value of over €200 million in 2023, which was shared across our end-to-end supply chain benefiting farmers, aggregators, transporters and processors, as well as their families and wider communities.

The localisation of barley and malt in Africa continues to make strong progress. In Ethiopia, more than 90% of agricultural raw materials were sourced locally in 2023, up from less than 5% in 2018. Our barley development program in Ethiopia started in 2012 and entered its fifth phase in 2023, through the launch of the “BOOST 2” project together with the International Finance Corporation (IFC) and Soufflet Malteries. This project runs from 2023 to 2027 and will expand malt barley production to farmers in new parts of the country.

The introduction of barley as a new crop for farmers in other African countries continues to gather momentum. Barley varieties have been tested and approved in nine countries and barley was added to the regional seed register of the Common Market for Eastern and Southern Africa (COMESA). The quantity of barley and malted barley sourced locally in Africa has almost tripled between 2020 and 2023.

This is helping our local sourcing programme to keep pace with rising demand for barley and malt driven by the premiumisation of our brand portfolios across Africa. Despite these successes, supply of regional raw materials continues to be a challenge with, for example, the structural shortage of African sugar resulting in higher imports in 2023.

Improving working conditions on farms

Working conditions for farm workers in Africa vary significantly and we collaborated with Partner Africa in 2023 to develop a training toolkit to encourage and support our direct farmers to improve conditions for their employees. The toolkit aims to raise awareness of local legislation and HEINEKEN expectations on working conditions. It will increase visibility of potential issues through training and farm self-assessments, as well as providing tools and templates to support sustainable improvements at farm level. The toolkit was piloted in Nigeria and in the Republic of Congo in 2023 and we are using feedback from these farmers to improve the content prior to rolling out in 2024.

Looking ahead

With African agricultural value chains increasingly impacted by climatic, socioeconomic, and political volatility, long-term persistence and resilience are prerequisites to improve local sourcing. We continue to work with expert partners to tackle these challenges, including with Wageningen University on climate resilience and IFC on barley development in Eastern Africa. We anticipate starting new projects in 2024, with a continued focus on localising barley and malt, including preparations to build a new malting plant in Southern Africa.

HEINEKEN Africa Foundation

The aim of the HEINEKEN Africa Foundation (HAF) is to improve livelihoods in communities in sub-Saharan African countries where HEINEKEN operates.

Evolving our strategy

In 2023, the HAF shifted its strategy significantly while still honouring its previous strategic focus on water, sanitation, hygiene (WASH) and healthcare. In line with its former strategy, the HAF contributed €1.58 million towards WASH projects in Nigeria, South Africa, Ethiopia, Mozambique, Rwanda, Burundi, and Sierra Leone by partnering with WaterAid and World Vision this year.

Moving forward, the new strategy aims to empower smallholder farmers to thrive and build climate resiliency through regenerative farming.

To define the new strategy, we engaged with internal and external stakeholders – including NGOs, research institutions and local experts – to understand where the HAF can make a meaningful impact while leveraging HEINEKEN's local presence and infrastructure.

Stakeholder interviews, desk research and board discussions highlighted the SDGs for poverty alleviation, food security, climate action and equality as priorities. Smallholder farming communities were identified as the key stakeholder group with whom we can make the most significant impact.

Supporting thriving and resilient communities

Our goal is to enable a shift from surviving to thriving by improving farmer incomes, implementing regenerative agriculture practices and making land more resilient to climate shocks. The active involvement of women and young adults in farming communities is a key priority.

The HAF has committed €3 million to fund a series of three-year pilots in Burundi and Ethiopia to kick-start the strategy. These programmes will equip smallholders with essential skills in regenerative farming practices and provide access to inputs like seeds, mechanisation and small livestock, empowering them to improve their livelihoods and climate resilience.

€3m committed to improve smallholder farmers in Burundi and Ethiopia

Looking ahead

In Burundi, we are partnering with Ripple Effect and One Acre Fund to reach approximately 20,000 smallholder families by 2026. Similarly, in Ethiopia we are collaborating with World Vision to reach more than 23,000 smallholder farmers within the same timeframe.

We will start more projects in other sub-Saharan African countries and aim to expand gradually to include two additional countries per year, drawing on insights gained from the previous pilot programmes.

For more information about the HAF see our website

A consumer-centric approach to moderation and no harmful use

We aim to lead the debate on responsible consumption and support actions that address harmful consumption. We are giving consumers more choice with our 0.0 portfolio of beer and cider brands and empowering them with clear and transparent information on our products.

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 in the Responsible section of our website

Always a choice

Why it matters

As society evolves, the trend towards moderation continues to grow in markets around the world. Research shows that 67% of people are moderating their consumption of alcohol and consuming low- or non-alcoholic alternatives (Global Data, Moderation & Avoidance 2023).

We are actively creating choices for consumers with our 0.0 beer and cider 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 and cider for the right occasion, be it with or without alcohol.

2023 goal

A zero alcohol option for two strategic brands in the majority of our markets (accounting for 90% of our business)

Our ambition is to serve 0.0 always, so that our consumers around the world have a choice. This means building the category and investing in developing outstanding 0.0 beverages so that a non-alcoholic alternative is available where we sell beverages.

Our progress

We made progress in delivering our ambition but fell short of the 2023 goal. Operating companies with a zero alcohol option for at least two strategic brands represented 53% (2022: 46%) of our total beer and cider volume.

Our zero alcohol beer and cider beverages category had 245 zero alcohol line extensions across 103 brands. Heineken® 0.0 was available in 114 markets by the end of the year and was launched in four countries: Argentina, China, Japan and Morocco.

Highlights and challenges

Our experience has found that, for operating companies without an established non-alcoholic beer category, focusing on seeding one strategic brand, rather than two, is more impactful. Going forward, our new goal will reflect this approach. We aim to have a zero alcohol option for one strategic brand in the majority of markets (accounting for 90% of our business) by 2025.

The redesigned target will build on our achievements to date and consider the different development stages of markets to direct our strategic investments to ensure there is always a choice.

Our 0.0 category

We are closing the gap between alcoholic and non-alcoholic beer penetration, resulting in strong double-digit revenue growth for Heineken® 0.0 in key markets such as Brazil, USA and Vietnam. We are also witnessing strong growth in Mexico with the launch of Tecate 0.0. Meanwhile, we continue to add a variety to the category in markets where it is well established by extending existing ranges through innovative flavour launches such as Zywiec 0.0 Lemon & Cola, Zywiec 0.0 Tropical with a hint of ginger and Ciuc Radler Melon & Blackcurrant.

Looking ahead

Our aim is to have a zero alcohol option for one strategic brand in the majority of markets (accounting for 90% of our business) by 2025.

In markets where the non-alcoholic category is less established, we will bring credibility through the launch of Heineken® 0.0 and/or a local 0.0 strategic brand launch.

Meanwhile, we will bring even more diversity of choice to the category in established markets by continuing to widen our portfolio with options for all occasions.

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.

Our progress

By the end of 2023, 53% of our products in scope had fully compliant labels. Our journey to achieving 100% has been impacted by complex local market circumstances and as a result we did not reach our goal.

Highlights and challenges

Responding to the evolving landscape, we aim for clear and transparent consumer information on 100% of our products in scope. This means including full nutritional information, ingredients, alcohol warning symbols (enjoy responsibility, don't drink and drive, don't drink pregnant and legal drinking age), packaging recycling symbols and a QR code on pack that links to further information on alcohol and health. This goal goes beyond industry standard.

We aim to have this information on pack whenever possible. However, in specific cases when local market circumstances make this problematic, a URL or QR code is used to ensure consumers have access to the necessary information.

Looking ahead

We have extended the goal deadline until the end of 2024 – with a clear roadmap in place to deliver against this ambition, We also have a global working group supporting all operating companies to implement the labelling changes and confirm ongoing compliance.

Brew a Better World 2030 Strategy – Responsible

Address harmful use

Why it matters

Harmful drinking negatively impacts the people directly involved and their communities, as well as our industry and our reputation. 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.

Due to the complexities, we must work with diverse stakeholders including industry peers, governments, NGOs, consumer groups, police forces, legislators, retailers, hospitality venues, communities, schools and consumers themselves. Community engagement is key as local stakeholders are best placed to understand the issues in their community and how best to address them.

2030 goal

100% of markets in scope have a partnership to address alcohol-related harm

In some countries we develop partnerships together with governments to maximise the impact we can have.

Our progress

For a second consecutive year, 100% of our markets in scope had a partnership in place to contribute to the reduction of harmful drinking.

Highlights and challenges

The issues tackled by our partnerships around the world include drink driving, under-age drinking, excessive consumption, drinking while pregnant and alcohol addiction.

In Italy, we are proud to partner with the top Italian Sommelier Association (ASPI) where we were able to incorporate responsible consumption and moderate drinking on the curriculum of National Hotel schools.

This initiative draws on the power of education to promote a culture of moderate drinking and making conscious choices.

In Vietnam, we continued to champion moderation through its 14-year partnership with the Vietnamese National Traffic Safety Committee. This is a strategic partnership that aims to tackle drink and driving through advocating a positive change on consumers' behaviour.

Looking ahead

We will continue to strengthen and develop our partnerships to maximise our impact and address harmful use in markets around the world.

Make moderation cool

Why it matters

We have a long history of using our brands to make moderation and responsible consumption cool. By leveraging the strength of our brands and partnerships, we ensure that our message resonates with consumers through innovative campaigns that lead the debate. We design Heineken® campaigns to connect with the right audiences and reflect different contexts by using digital media platforms, advertising assets and digital activations to drive awareness and relevance at scale.

2030 goal

10% of Heineken® media spend invested every year in responsible consumption campaigns, reaching 1 billion consumers

Our progress

In 2023, our operating companies invested 14% of Heineken® media spend in our latest campaigns dedicated to responsible consumption. The over-achievement has been reached through an additional campaign rolled out in the US. The US overinvested in their responsible consumption campaign activation, doubling down on an innovative partnership to drive relevance for this important message.

We reached almost 900 million unique consumers worldwide within the country borders of 30 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.

This year, a smaller number of markets executed the campaigns on responsible consumption we therefore did not achieve our goal of reaching 1 billion unique consumers.

Highlights and challenges

Our groundbreaking campaigns such as 'Sunrise Belongs to Moderate Drinkers', 'Dance More, Drink Slow' and 'When You Drive, Never Drink' aim to change habits by advocating positive behaviour rather than using criticism or shaming people.

Introducing our new campaigns

'When You Drive, Never Drink' (WYDND) is our long-standing flagship campaign promoting an anti-drink driving message. In 2023, we doubled down on the ambition to make moderation cool by partnering with three-time F1™ World Champion Max Verstappen and Marvel Studios to create two innovative campaigns.

Max Verstappen features in our latest WYDND campaign. He delivers this important message 'the best driver is the one that 'does not drink' featuring Heineken® 0.0 as an alternative. Through our partnership with Max Verstappen we developed Player 0.0, a unique online gaming competition tapping into the fast-growing global gaming universe. The immersive online competition layer reinforces the important message that 'When You Drive, Never Drink – even if it is online'.

In the US, our first-ever partnership with Marvel Studios was built around the 'Ant-Man and The Wasp: Quantumania' movie. The campaign stars main actors from the movie, Paul Rudd and Michael Douglas, to reinforce responsible consumption by building on the movie theme 'Don't Drink & Shrink, Shrink Responsibly'. The campaign was premiered during Super Bowl, one of the biggest events in the US, and was heavily supported in digital.

Looking ahead

We will unleash the full potential of The Best Driver campaign across the globe in 2024. Our learnings and results have proven that this campaign is breaking through in the fight for consumer attention and the campaign message take-out is strong.

Having piloted the Player 0.0 activation in the Netherlands, Mexico and Brazil with positive impact across PR, media, on-site and gaming, we will scale the initiative across at least 10 markets in 2024.

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

Our business conduct framework ensures that we conduct our global business in a responsible manner, following the principles of the UN Global Compact and the OECD Guidelines for Multinational Enterprises.

Code of Business Conduct

A cornerstone of the framework is our Code of Business Conduct (the 'Code'). It serves as a beacon and reflects the core principles and policies that define expected behaviours for everyone in our Company. The Code serves as a framework for ethical decision-making, provides guidance to employees on how to navigate challenges, and fosters a culture of integrity and compliance.

In 2023, we updated the Code to reflect the dynamic nature of our business environment and keep up with developments and challenges. The new Code incorporates insights and lessons learned from past experiences – including breaches of its standards – and aims to improve clarity and understanding of relevant topics such as harassment and corruption. Regular updates ensure the Code remains a relevant and effective tool for guiding ethical behaviour.

Business conduct training for employees

We provide annual mandatory Code of Business Conduct training to all employees worldwide. This training presents practical dilemmas and encourages participants to explore a range of business conduct topics. In 2023, more than 82,000 employees completed the training.

We take every opportunity to raise awareness and keep employees engaged in understanding and applying the principles for responsible business conduct.

In 2023, global and local campaigns supported the launch of the new Code of Business Conduct and promoted World Whistleblower Day, Anti-Corruption Day and Integrity Week.

Zero tolerance of bribery and corruption

As a multinational company operating in more than 70 countries, including countries with high levels of corruption, 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, mandatory disclosures of conflicts of interests, and internal and external awareness campaigns and training.

Training 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 2023, more than 16,000 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 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 2023, around 180 third-party employees completed this training.

An effective Speak Up framework

Transparency and trust are a crucial foundation of our culture and values. We proactively encourage everyone to speak up when they have questions or concerns about potential misconduct such as fraud, discrimination, harassment or corruption related to our Company, employees or business partners.

Multiple channels are available to employees and people outside the Company to communicate concerns in confidence and without fear of retaliation. Requests for advice and concerns shared are treated confidentially and people have the option to 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 2023, we received over 2,700 reports of suspected misconduct through Speak Up (2022: 2,400). Reports received concerned allegations of fraud (26%), discrimination and harassment (35%), conflicts of interest (7%) and other issues (32%). 85% of the cases reported in 2023 have been closed and 15% are pending closure. 63% of fraud cases, 43% of discrimination and harassment, 34% of conflicts of interest and 36% 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 Business Conduct on our website

Respecting human rights

Respect for people's dignity and human rights is a foundation of how we do business within our own operations and across our value chain. Tackling human rights issues requires multi-stakeholder collaboration and sharing expertise across HEINEKEN as well as within and beyond our industry.

We follow the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinationals. Our Code of Business Conduct, Human Rights Policy and Supplier Code guide us to assess, act to prevent or address, and track human rights-related risks around the world as well as our progress. These documents are available in 40 languages and therefore accessible for all intended audiences.

Human rights is overseen by our Chief People Officer. As part of our governance structure, the Executive Board, S&R Steering Committee and Supervisory Board receive regular updates to align on strategy and report on progress and challenges.

We took the time during the year to reflect on our overall journey and profound societal developments in the near term. We started to shape a new ambition and strategy to keep future-proofing the company and ensuring the respect of people's rights connected to our business.

Addressing human rights in our operations

To identify the risks to people and the business, we continued to carry out local on-site human rights risk assessments and action planning through internal workshops.

We have conducted these with 17 operating companies globally to date. Risks differ by country and include topics such as discrimination, excessive working hours, harassment, road safety, working conditions of third-party employees and farm workers. The workshop a carried out in Croatia in 2023 identified potential risks related to working conditions of employees, especially around health and safety due to heat stress during the peak season, as well as overtime for third-party employees. The responsible consumption of alcohol was also discussed. These salient risks inform the Operating Companies' priorities.

In 2023, we extended and strengthened our approach to land rights through an enhanced due diligence process to assess environmental and human rights impacts of development projects.

To ensure proper implementation of our human rights policy in our operations and to continuously integrate learnings, we reviewed our standalone internal human rights control introduced in 2022. This requires operating companies to execute self-assess standards and local implementation of specific programmes, such as fair wage and our goal to ensure fair living and working conditions for third-party employees.

Human rights audits

We also conduct internal human rights audits to assess performance of our internal human rights management at global and local levels across all four regions. We have completed 30 reviews since 2019. HEINEKEN employees, and in some instances on-site third-party employees, are in scope of these reviews. Action plans are put in place to address audit findings and root causes.

In 2023, a global human rights audit concluded that awareness of human rights risks within the Company has increased over time, but we have an opportunity to further strengthen governance and joint accountability with relevant functions to ensure consistent implementation that keeps pace with evolving stakeholder expectations and regulatory demands.

Building capabilities and culture is critical to fully embed respect for human rights in daily operations. A new competency model for employees working in the People function has been launched and includes human rights as a key competency. We delivered an internal campaign to support employees in mastering this competency via diverse content- including videos, podcasts and live chats with peer companies on relevant topics - and to elevate the topic of human rights beyond compliance. To create the right culture, we delivered an internal awareness campaign for all employees to mark International Human Rights Day.

Human rights in high-risk contexts

When we enter a new market, we become embedded in the local economy and society. Some countries may go through periods of volatility which can present significant challenges and dilemmas for governments, citizens and long-term investors like HEINEKEN. We must be prepared to deal with high-risk contexts that could impact our business and the human rights of employees and other people connected to our business. The risk of human rights violations can be disproportionately high in areas of poor governance, volatility and political instability and we constantly reviews whether we can continue to operate in such contexts and how to manage the risks.

When identifying volatile countries, and specifically what a volatile context could look like for our business, we are guided by external expertise to consider conflict, security and economic, political and social factors such as governance, economic development and potentially vulnerable groups. Countries included in this category invariably change over time in relation to the external context and our portfolio of operating companies. We review the situation annually to consider developments.

Our global Human Rights Policy includes specific information on respecting human rights in high-risk contexts. We have also provided a set of Golden Principles, a 'Volatile Environment' playbook of actions, and internal workshops on how to operate in high-risk contexts. Our focus in 2023 remained on business preparedness and the implementation of the playbook.

Our presence in a volatile country can be an enabler for development when we operate responsibly and sustainably. With this in mind, we continue to thoughtfully consider how to stay engaged in Myanmar while respecting the company's commitment to doing business responsibly. For this purpose, we collectively engaged with other companies in Myanmar and an independent organisation with expertise in human rights to help us gain a better understanding of the negative impacts a company may be associated with when operating in a conflict- affected country. In 2023, we took the learnings and ran a heightened human rights due diligence for the company across its value chain, including a conflict risk analysis in line with international standards. The outcomes of this heightened human rights due diligence will be used in 2024 to create the relevant actions plan.

Security and human rights training

Our Human Rights Policy commits us to protect the security of our employees and of our facilities.

To uphold our ambition, 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. This framework includes in-person training for security staff in line with the Voluntary Principles on security and human rights, especially focused on operations in volatile environments. We have also developed an onboarding video for security staff to raise awareness from day one of security tasks and respect for human rights.

Launched in 2022, the 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.

Brew a Better World 2030 Strategy – Foundation

In 2023, we delivered training in Democratic Republic of Congo (DRC), Burundi and Nigeria. Over 2,300 private security staff have been trained in 2023 – more than 3,500 since the implementation of this training - and a pre- and post-training survey has been set up to ensure we monitor the impact of each session.

Respecting human rights in our value chain

We take responsibility for human rights impacts arising from our business activities across the entire value chain – from the farms on which our raw materials are grown to the disposal of our waste.

Human rights supplier due diligence

Our impact on human rights can occur wherever 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 do the same as stated in our Supplier Code.

Our Supplier Code compliance procedure is implemented across all our operating companies worldwide with a compliance score of 98% in 2023. We also pursued our journey for improving our supplier risk management process.

We built on the pilot run in 2022 and the new solution tested allowed us to perform an extended screening of our new suppliers as part of the selection process as well as for the performance evaluation of our existing suppliers. This approach covers financial, compliance, environmental and human rights risks. So far, we have covered nearly 4,000 of our direct suppliers and we plan to complete the assessment of our 40,000 supplier-base by the end of 2025.

On top of this systemic suppliers screening, we proceed with enhanced human rights due diligence of our suppliers. For instance, as part of the Distell business acquisition in South Africa, we performed a series of risk assessments of outsourced service providers and some key suppliers, further up in our value chain. For the assessments performed, we are tracking closure of the issues identified. Follow-up reviews will be conducted where required depending on the severity of the cases.

Despite our commitment and the management systems in place, we must sometimes manage cases of non-compliance among our suppliers. In March 2021, HEINEKEN Brazil was made aware of labour violations by one of its transportation service providers involving transportation employees servicing HEINEKEN Brazil and others. These practices were in clear breach of the HEINEKEN Supplier Code and swift disciplinary action was taken.

We ensured that affected employees were offered lodging, financial assistance and emotional support. Following a comprehensive review, HEINEKEN Brazil terminated business relations with the supplier and implemented a more rigorous supplier governance process in addition to maintaining stringent enforcement of its Supplier Code of Conduct. We invested locally approximately €3.6 million to establish new facilities at all its breweries to cater to the needs of truck drivers during shipment drop-offs and pick-ups.

See our SMART Outsourcing programme to understand what else we do to assess human rights risks of on-site suppliers' employees and to ensure proper living and working conditions.

Raising awareness at farms level

As a food and beverage company, we rely on our agricultural value chain and its many farmers to deliver our raw materials. Working conditions for farm workers can vary significantly. In 2023, we collaborated with Partner Africa, a company specialising in social compliance, to develop a training toolkit to encourage and support farmers in Africa we source directly from. The toolkit aims to raise awareness of local legislation and HEINEKEN expectations on working conditions. It will increase visibility of potential issues through training and farm self-assessments, as well as providing tools and templates to support sustainable improvements at farm level. The toolkit was piloted in Nigeria and the Republic of Congo in 2023. To ensure it would fit farmers' needs, we engaged with a small group to get their feedback. We adapted the content of the toolkit based on their inputs and plan to roll it out in all markets in Africa where we directly source our agricultural raw materials in 2024.

We have also provided face-to-face trainings to around 40 people from our direct supplying farms in South Africa, one of our largest markets. This training took place within three of our facilities and offered a deep dive into our supplier code and human rights policy to clarify expectations, roles and responsibilities.

Human rights in local communities

In 2023, we extended and strengthened our processes and controls around land rights due diligence for greenfield projects to assess environmental and human rights impacts.

To ensure we prioritise the rights of local communities, improvements include enhanced rights holders engagement such as landowners, tenants, informal settlers to evaluate multiple parameters relevant to the responsible acquisition of new sites. This process ensures that we assess and understand the potential impacts of projects on local communities and the environment to inform business decision and shape action plans when needed to prevent or mitigate any potential adverse impacts.

Within one specific project, which ran in 2023, we set up in-house a community liaison officer role as part of our grievance mechanism process to ensure we stay connected with the local communities.

To find out what else we do to support local communities, please see Positive impact in our communities .

Learn more about Human Rights on our website

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.

Find out more about the World Economic Forum

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. More than 16,000 of our employees received anti-bribery training in 2023. 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 more than 82,000 employees in 2023. 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 the key pillars of the HEINEKEN Brew a Better World 2030 strategy, and our ambition is to reach net zero by 2040. For details of the programme and current results, see the section 'Reach net zero carbon emissions'. Refer to HEINEKEN CDP Climate 2023 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 follow 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 'Climate-related risks assessment (TCFD analysis)' 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).	In 2023, we started work to gain deeper insights into the biodiversity risks and opportunities across our value chain. To support us in our journey, we have joined the Science Based Targets Network (SBTN) Corporate Engagement programme and the Taskforce for Nature-Related Financial Disclosures (TNFD) forum, which will help guide our assessment of, and enhance disclosure for nature across the value chain. We also continue to work towards existing Brew a Better World goals which help protect biodiversity, including advancing our net zero roadmap to mitigate greenhouse gas emissions. We are expanding our programmes that contribute to the preservation of biodiversity including the implementation of water balancing projects and our partnerships with farmers – as well as exploring opportunities to promote regenerative agriculture. See the section 'Biodiversity' for details of our current programmes on biodiversity enhancement.
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.	Water is essential to our business; it constitutes 95% of our beer and is vital for growing our crops. Our 2030 water strategy, Towards Healthy Watersheds, is based on three pillars that focus our efforts on responsible water management in our operations, in local communities and across the value chain. In 2023, we initiated a comprehensive Water Global Screening, focusing on our top suppliers and primary sourcing areas. This initiative has provided valuable insights into regions experiencing high water stress and has assessed the maturity level of our suppliers in managing water resources. This screening marks the initial phase of our water in agriculture programme, and we are dedicated to further action. Our next step involves adopting the SBTN guidance approach, particularly for freshwater in agriculture, addressing both water quantity and quality. This approach will help us identify priority sourcing countries and establish targets at the watershed level for water quality and quantity. Additionally, we are committed to adhering to the latest European and global reporting requirements for water management. Refer to HEINEKEN CDP Water 2023 report for further details on our water strategy and actions. And, see the section 'Towards healthy watersheds' for details and current results of our water stewardship strategy.

World Economic Forum core metrics and disclosures

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 28% of senior management Men: 76% of total workforce and 72% of senior management Other: 0% of total workforce and 0% of senior management **Percentage of employees by nationalities:** Europe: 29% of total workforce and 61% of senior management The Americas: 41% of total workforce and 17% of senior management Africa, Middle East & Eastern Europe: 17% of total workforce and 13% of senior management Asia Pacific: 13% of total workforce and 9% of senior management **Percentage of employees by age:** Under 30 years old: 23% of total workforce and 0% of senior management 30 to 50 years old: 62% of total workforce and 66% of senior management Above 50 years old: 15% of total workforce and 34% of senior management
	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.	Equal pay is an important social topic and we promote this ambition both within and beyond our Company. Our goal is to ensure equal pay for equal work (or work of equal value) between female and male colleagues. We also recognise the importance of equality in our rewards processes; a fair and neutral decision must be assured at every moment in the employee lifecycle where relevant decisions are made. By the end of 2023, 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.	Our goal is to ensure all our employees worldwide earn at least a fair wage by assessing and closing any wage gaps by the end of 2023. We assess wages across all operating companies against the Fair Wage Network annually. Assessments started in 2021 with our operating companies in developing countries where the challenges are the greatest and were rolled out to all other countries in 2022. In 2023 we achieved a threshold of 100% of employees globally paid at least a fair wage. This means all of our direct employees earn at least a fair wage, according to the Fair Wage Network. Whilst we achieved our goal in 2023, ensuring a fair wage is a dynamic and ongoing process as the cost of living and other economic factors can change. We will maintain the focusing on fair wages through ongoing assessments and adjustments and will continue to disclose the percentage of employees paid 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'.

World Economic Forum core metrics and disclosures

People	Core metrics	Disclosures
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 within our own operations and across our value chain. Tackling human rights issues requires multi-stakeholder collaboration and sharing of expertise internally across HEINEKEN and within and beyond our industry. We follow the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinationals. Our Code of Business Conduct, Human Rights Policy and Supplier Code guide us to assess, act to prevent or address, and track human rights-related risks around the world. 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 and we expect our suppliers to do the same as stated in our Supplier Code. Our Supplier Risk Management process would flag any suppliers for further screening and due diligence process if required. See the section 'Foundation – Respecting human rights' for more detail on our Supplier Risk management programme.
	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 permanent disabilities 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 2023 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 2023, overall our employees received over 560,000 hours of formal training. Our direct spend on the formal training was €36.6 million.

World Economic Forum core metrics and disclosures

Prosperity

Employment and wealth generation

Core metrics

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.

Disclosures

In 2023, over 20,500 new employees joined HEINEKEN operating companies across the globe (23.46% of the total workforce). The total number of employee turnover was also just over 20,300 employees (24.09% to the total workforce).

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:
   - Community investment
   - Revenues
   - Operating costs
   - Employee wages and benefits
   - Payments to providers of capital
   - Payments to government
   - Community investment
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

1. Direct economic value generated and distributed in 2023, € million:

Revenues	36,375	Consolidated Income Statement, Note 6.1
Operating costs: Raw materials, consumables and services	(20,077)	Consolidated Income Statement, Note 6.3
Operating costs: Amortisation, depreciation and impairments	(3,096)	Consolidated Income Statement, Note 6.6
Employee wages and benefits	(4,353)	Consolidated Income Statement, Note 6.4
Payments to capital providers: interest expenses	(640)	Consolidated Income Statement, Note 11.1
Payments to capital providers: dividend payments[1]	(1,080)	Note 11.4 Capital and Reserves
Payments to government: CIT expenses	(121)	Consolidated Income Statement, Note 12.1
Excise tax expense	(6,013)	Consolidated Income Statement, Note 6.1
Community investment (CSI)	6	Section 'Positive impact in our communities'

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.
2. Share buybacks plus dividend payments, supported by narrative to describe the company's strategy for returns of capital to shareholders.

Disclosures

1. Total capital expenditures (CapEx) minus depreciation in 2023, € million:

CapEx related to Property, Plant and Equipment (PP&E)	(2,434)	Consolidated Statement of Cash Flows
Depreciation on PP&E	(1,464)	Note 8.2 Property, Plant & Equipment
CapEx minus Depreciation	970	

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.

2. Share buybacks plus dividend payments in 2023, € million:

Share buybacks	(942)	Consolidated Statement of Cash Flows
Dividend payments	(1,080)	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 2023, € million:** Consumer research, Brand development and Business innovation: 44.7 R&D in Digital & Technology: 207 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

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.

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).

We are carrying out CSRD implementation activities towards CSRD compliance. In 2023 we have carried out our first double materiality assessment, which determines the ESRSs HEINEKEN will report on in our 2024 Annual Report. In addition, a gap assessment has been conducted and new metrics have been defined. Deployment of the metrics is in progress, including implementing the related control framework. A cross-functional team is managing the CSRD implementation, following a detailed implementation roadmap.

As the CSRD will have a broad organisational impact, including on governance, strategy, systems, processes and controls, many functions within HEINEKEN are involved in the execution of the CSRD implementation.

More information on our double materiality assessment can be found on page 135

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 activities that could make a substantial contribution to one or more of six environmental 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 economic activities in scope, it is required to report on how much Turnover, Capital Expenditure ('CapEx') and Operating Expenses ('OpEx') are 'eligible' (in scope), and how much is 'aligned' with the EU taxonomy. For an economic activity to be 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 that the company as a whole complies with the minimum safeguards and the economic activity has to comply with the applicable technical screening criteria.

Reporting

Based on further guidance published on the practical application of the EU taxonomy, we have re-assessed our approach during 2023. Non-revenue generating activities have now been included in the scope of the eligibility assessment for the CapEx and OpEx KPIs. This resulted in the inclusion of activities related to energy efficient equipment, renewable energy technology, wastewater treatment and water collection into the reporting of the eligible CapEx KPI. As the eligible CapEx is not material, HEINEKEN has not assessed the alignment criteria and therefore reports 0% alignment. The OpEx KPI is not reported as the amounts are also considered immaterial and therefore reporting 0% eligible and aligned OpEx.

New EU taxonomy requirements came into effect in 2023 related to Water, Pollution, Biodiversity and Circularity. HEINEKEN has assessed the new requirements and found no additional activities to report on.

In the future HEINEKEN will further update and fine-tune the reporting as more practical guidance comes available.

The disclosure tables are included on the next pages.

Assumptions and accounting policies applied in our eligibility analysis

There are different practices in reporting and interpretations observed in the market. We continue to monitor the developments in the regulation and market practice and consider this in our future reporting.

The key assumptions and policies applied by HEINEKEN are:

- Total Turnover under the EU taxonomy is assumed equal to Revenue as reported under IFRS and HEINEKEN's accounting policies (see note 6.1 of the consolidated financial statements).
- Total CapEx includes purchased PP&E, additions to ROU assets and purchased intangible assets as reported in the consolidated financial statements. See the table below with the total CapEx as included in the denominator of the CapEx KPI, including references to the consolidated financial statements.

CapEx denominator In millions of €	2023	Reference to consolidated financial statements
Purchased owned PP&E	2,255	Note 8.2
Additions to ROU Assets	350	Note 8.2
Purchased Intangible Assets	241	Note 8.1
Total CapEx	**2,846**	

- Total 'OpEx' includes direct non-capitalized costs incurred for the day-to-day servicing of assets, consisting primarily of repair and maintenance costs and short -term lease expenses. See the table below with the total OpEx as included in the denominator of the OpEx KPI, including references to the consolidated financial statements.

OpEx denominator In millions of €	Amount in € mn	Reference to consolidated financial statements
Repair and Maintenance	622	Note 6.3
Short-term lease expenses	110	Note 6.3
Total OpEx	**732**	

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 CapEx and OpEx KPIs as reported under the EU taxonomy.

The biggest part of our carbon footprint lies in the value chain beyond our own production sites (scope 3). Any measures taken to reduce the carbon footprint in the value chain are also out of scope of the CapEx and OpEx KPIs.

More information on our Sustainability strategy and measures can be found in the Sustainability Review section

EU taxonomy

Turnover

Economic Activities (1)	Code (2)	Absolute Turnover (3)	Proportion o Turnover (4)	Substantial Contribution Criteria: Climate Change Mitigation (5)*	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity and Ecosystems (10)	DNSH Criteria ('Does Not Significantly Harm'): Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Taxonomy aligned proportion of total turnover, year 2022 (18)	Category (enabling activity) (20)	Category (transitional activity) (21)
Text		Millions, €	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	0%		
Of which enabling		0	0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	0%	E	
Of which transitional		0	0%	0%						N	N	N	N	N	N	N	0%		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0%	0%	0%	0%	0%	0%	0%								0%		
A. Turnover of Taxonomy-eligible activities (A.1+A.2)		0	0%	0%	0%	0%	0%	0%	0%								0%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		36,375	100%																
Total (A+B)		36,375	100%																

Heineken N.V. Annual Report 2023

Introduction

Report of the Executive Board

Report of the Supervisory Board

Financial Statements

Sustainability Review

Other Information

CapEx

Economic Activities (1)	Code (2)	Absolute CapEx (3)	Proportion of CapEx (4)	Substantial Contribution Criteria: Climate Change Mitigation (5)*	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity and Ecosystems (10)	DNSH Criteria ('Does Not Significantly Harm'): Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Taxonomy aligned proportion of total CapEx, year 2022 (18)	Category (enabling activity) (20)	Category (transitional activity) (21)
Text		Millions, €	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. CapEx of environmentally sustainable activities (Taxonomy-aligned)																			
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	0%		
Of which enabling		0	0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	0%	E	
Of which transitional		0	0%	0%						N	N	N	N	N	N	N	0%		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Construction, extension and operation of water collection, treatment and supply systems	5.1	8	0.3 %	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
Construction, extension and operation of waste water collection and treatment	5.3	28	1.0 %	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
Installation, maintenance and repair of energy efficiency equipment	7.3	8	0.3 %	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
Installation, maintenance and repair of renewable energy technologies	7.6	27	0.9 %	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		71	2.5 %	2.5 %													0%		
A. CapEx of Taxonomy-eligible activities (A.1+A.2)		71	2.5 %	2.5 %													0%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Capex of Taxonomy-non-eligible activities		2,775	97.5 %																
Total (A+B)		2,846	100%																

EU taxonomy

OpEx

Economic Activities (1)	Code (2)	Absolute OpEx (3)	Proportion of OpEx (4)	Substantial Contribution Criteria: Climate Change Mitigation (5)*	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity and ecosystems (10)	DNSH criteria ('Does Not Significantly Harm'): Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Taxonomy aligned proportion of total OpEx, year 2022 (18)	Category (enabling activity) (20)	Category (transitional activity) (21)
Text		Millions, €	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	0%		
Of which enabling		0	0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	0%	E	
Of which transitional		0	0%	0%						N	N	N	N	N	N	N	0%		T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0%	0%	0%	0%	0%	0%	0%								0%		
A. OpEx of Taxonomy-eligible activities (A.1+A.2)		0	0%	0%	0%	0%	0%	0%	0%								0%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		732	100%																
Total (A+B)		732	100%																

Reporting basis of 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

The non-financial indicators in this report cover the performance of all HEINEKEN consolidated entities from 1 January 2023 up to and including 31 December 2023, unless otherwise stated. The scope of entities included 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.

Entities in scope of reporting

New acquisitions are included in the consolidated reporting from the first full calendar year after acquisition. In 2023, HEINEKEN acquired NBL and Distell and disposed Russia and Vrumona (refer to note 10.1 Acquisitions and disposals of subsidiaries and non-controlling interests and note 10.2 Assets or disposal groups classified as held for sale). The results of NBL and Distell will be included as of next reporting year (2024). The results of Russia and Vrumona are included until the date of disposal (24 August and 29 September 2023 respectively).

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.

Indicators in scope

The content of this report is related to the Key Performance Indicators ('KPI's) directly linked to our Brew a Better World (BaBW) strategy and 2030 goals.

Risk management

As a part of the HEINEKEN Risk management process, we assess the 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. 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. 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, CSRD, 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 provide 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

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.

Baseline:

– 2018
– Baseline changes are implemented according to the GHG protocol.

Key definitions

– To calculate the CO_2-eq emissions, the green house gas (GHG) protocol is used, Corporate reporting scope 1 and 2 methodology.
– Formula: Fuel purchased and energy imported (MJ or kWh) x GHG emission factor (CO_2, N_2O, CH_4).
– 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, https://www.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 with more than 20 khl volume produced on an annual basis.

Environmental – Reach net zero carbon

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

1. **Metric tonnes of CO_2-eq emissions**
2. **% 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**

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.

Baseline:

– 2018
– Baseline changes are implemented according to the GHG protocol.

Methodology

– The Company Carbon Footprint includes GHG emissions, measured with CO_2-equivalent (CO_2-eq) 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 lifecycle 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 lifecycle 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 (SF6), 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 latest BIER protocol, version 4.2.

Reporting basis of non-financial indicators

Key definitions

Lifecycle 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 lifecycle 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 input 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 (other than packaging and raw materials), 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. This category also includes end-of-life treatment of packaging materials related to recycling credits;
  - 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 customers and storage of products at retailers;
  - Category 11 – emissions of fridges, DBIs and home cooling;
  - Category 12 – end-of-life treatment of sold products emissions, as well as fridges and DBIs;
  - Category 14 – emissions from franchises (UK Star Pubs & Bars)
  - Category 15 – emissions of joint ventures and associates.

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, International Energy Agency data (September 2022) for country grid emission factors and UK 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 gCO2-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 supplier shed base (regional base of our farmers) and per crop in the external party database, a weighted average emission factor per crop is calculated (for barley we have data available for 67% 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 actual number of DBIs in the market. Emissions of fridges are based on the total number of fridges purchased in the last seven years (2017- 2023). We also estimate home cooling emissions based on the volume sold via non-keg pack types and percentage sold via home cooling (vs. fridges).
- 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 an employee survey to have HEINEKEN related statistics about average distance of the commute, its frequency per week and the chosen mode of transport. For emissions factors, we use those published by parties like DEFRA – with a frequency of update to match the change scale. As of 2022 we also included emissions related to UK Star Pubs & Bars business in the 'Other' category.

Scope

- We calculate the GHG emissions for the largest 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 from the scope of calculation and included in the extrapolation due to unavailability of actual information from 1 January 2023 until 26 August 2023 (moment of HEINEKEN's exit from Russia)

	Raw materials	Processing	Beverage Production	Packaging	Logistics	Cooling
2023 scope	Top-34	Top-34	64 (All)	Top-23	Top-32	Top-32
Coverage per stream based on total volume produced	85%	85%	100%	75%	82%	86%

Reporting basis of non-financial indicators

Environmental – Reach net zero carbon

Energy from renewable sources

Key performance indicator

Percentage of energy from renewable sources in production

Measurement/units
- % of renewable energy consumption compared to the total amount of energy consumption.

Baseline:
- N/A

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 CO2/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 with more than 20 khl volume produced on an annual basis.

Environmental – Reach net zero carbon

100% sustainable ingredients (hops, barley) by 2030

Key performance indicator

% of sustainable volume (barley and hops)

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.

Baseline:
- N/A

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 third 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 at supporting 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.
- Smaller African farmers (<150ha) are excluded from the reporting scope.

Introduction
Report of the Executive Board
Report of the Supervisory Board
Financial Statements
Sustainability Review
Other Information

Reporting basis 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

Measurement/units

– # of landfill free sites compared to the total number of sites.

Baseline:

– N/A

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 comprises 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 reused, 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 with more than 20 khl volume produced on an annual basis.

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

Measurement/units

– Percentage of water-stressed sites with 100% or more water balance compared to the total of water-stressed sites.

Baseline:

– N/A

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 with more than 20 khl volume produced on an annual basis.
– Currently 32 water-stressed sites are identified.

Reporting basis of non-financial indicators

Environmental – Towards healthy watersheds

Treat 100% of wastewater of all breweries by 2023

Key performance indicator

Number of sites discharging untreated wastewater to surface water

Measurement/units

– Number of sites discharging untreated wastewater to surface water.

Baseline:

– N/A

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 with more than 20 khl volume produced on an annual basis.

Environmental – Towards healthy watersheds

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 withdrawal/volume beverage produced (hl/hl)

Measurement/units

– hl water withdrawal per hl of volume produced.

Baseline:

– 2008 for all sites.
– 2014 for sites in water-stressed areas.

Key definitions

– Water withdrawal: 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 with more than 20 khl volume produced on an annual basis.

Reporting basis 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

Measurement/units

– Percentage of women senior managers in the full senior management population (men – women – others) as of 31 December.

Baseline:

– N/A

Key definitions

– Senior managers are all internal employees entitled to the Senior Management Reward Policy.

Scope:

– All consolidated entities.
– HEINEKEN South Africa is excluded due to the integration within HEINEKEN

Social – Embrace inclusion and diversity

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

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).

Baseline:

– N/A

Key definitions

– Management Team (MT): The MT 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 People database.

Scope:

– All consolidated entities, except head office and regional offices.
– HEINEKEN South Africa is excluded due to the integration within HEINEKEN Beverages.

Reporting basis of non-financial indicators

Social – Embrace inclusion and diversity

100% of our managers are trained in inclusive leadership by 2023

Key performance indicator

% of people managers trained in the full people managers population

Measurement/units

– People managers who completed the inclusive leadership e-learning/total population of people managers.

Baseline:

– N/A

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 includes 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.
– HEINEKEN South Africa is excluded due to the integration within HEINEKEN Beverages.

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)

Measurement/units

– Percentage of operating companies assessed compared to all operating companies.
– Percentage of employees (measured in FTE) that earn a fair wage according to the FWN compared to all employees (measured in FTE).

Baseline:

– N/A

Key definitions

– Fair wage: A wage that supports a decent standard of living for the 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.
– HEINEKEN South Africa is excluded due to the integration within HEINEKEN Beverages.
– UBL is excluded from the reporting scope in 2023.

Reporting basis of non-financial indicators

Social – A fair and safe workplace

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

Measurement/units

- Percentage of operating companies assessed compared to the total number of HEINEKEN operating companies.
- Percentage of operating companies with an action plan to close any gap compared to the total number of HEINEKEN operating companies.

Baseline:

- N/A

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 12 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.
- HEINEKEN South Africa is excluded due to the integration within HEINEKEN Beverages.

Introduction

Report of the Executive Board

Report of the Supervisory Board

Financial Statements

Sustainability Review

Other Information

Reporting basis of non-financial indicators

Social – A fair and safe workplace

Ensure fair living and working standards of third-party employees and brand promoters

Key performance indicator

Operating companies assessed for fair living and working standards

Measurement/units
- Percentage of operating companies assessed compared to the total number of in scope operating companies.

Baseline:
- N/A

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 promoter agencies.

Scope:
- 2023 regions in scope: AMEE and Americas.
- Consolidated entities with production.
- Export entities are not in scope.
- Consolidated entities with less than 50 FTE are not included in the reporting scope.
- On-site labour based third-party service providers.
- HEINEKEN South Africa is excluded due to the integration within HEINEKEN Beverages.

Social – A fair and safe workplace

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

Measurement/units
- Percentage of people managers that have completed the LSC training compared to the total population of people managers.

Baseline:
- N/A

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 by 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.
- HEINEKEN South Africa is excluded due to the integration within HEINEKEN Beverages.

Reporting basis of non-financial indicators

Social – A fair and safe workplace

Create leadership capacity to drive zero fatal accidents and serious injuries at work

Key performance indicator

Zero work-related fatalities and permanent disabilities

Measurement/units

- Total number of fatalities and permanent disabilities as a result of work-related accidents in a calendar year.

Baseline:

- N/A

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.
- Permanent disabilities: Work related injury that diminishes a worker's ability to perform the duties or normal activities performed before the accident. Permanent disabilities are reported for permanent, fixed-term or temporary HEINEKEN personnel, not for contractors.

Scope:

- All consolidated entities.
- HEINEKEN Beverages is included in the reporting of fatalities.

Introduction
Report of the Executive Board
Report of the Supervisory Board
Financial Statements
Sustainability Review
Other Information

Reporting basis 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

Measurement/units

– Percentage of operating companies in scope with a social impact initiative in place.

Baseline:

– N/A

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 of external circumstances, such as civil unrest and high volatility, which hamper or delay the process.
– HEINEKEN South Africa is excluded due to the integration within HEINEKEN Beverages.

Social – Positive impact in our communities

Local sourcing of agricultural ingredients in Africa: 50% increase in volume by 2025

Key performance indicator

% increase in volume of locally sourced agricultural ingredients

Measurement/units

– Growth in the total quantity of local raw materials compared to 2020, reported in a percentage of increase.

Baseline:

– 2020

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 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

Measurement/units

– Percentage of full-year consolidated beer and 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 and cider.

Baseline:

– N/A

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.
– Licensed 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 and cider.
– Export markets and licensed markets are excluded from the scope.
– Lagunitas is excluded from the scope, as it is a single brand OpCo.
– HEINEKEN South Africa is excluded from the scope.

Responsible – Always a choice

Clear and transparent consumer information on 100% of our products in scope by 2023

Key performance indicator

Percentage compliant line extensions in scope

Measurement/units

– Volume (in hl) of 100% compliant line extensions divided by total volume (in hl).

Baseline:

– N/A

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 on the labels includes information on alcohol by volume, ingredients, allergens, energy values, full nutritional values, responsible consumption symbols, recycling symbols, QR code (not required for soft drinks) with a link to alcohol and health webpage and recycling symbols. If the full nutritional values do not fit on the label, they may alternatively be put online, on the brand's webpage. Energy values (Kcal) should always be presented on pack.
– 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 licensed brands.
– Line extensions with a prior year volume below 50 khl are excluded from the reported KPI.
– UBL is excluded from the reporting scope in 2023.

Reporting basis 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

Measurement/units

– Percentage of operating companies in scope with active partnership compared to all operating companies in scope.

Baseline:

– N/A

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.
– HEINEKEN South Africa is excluded due to the integration within HEINEKEN Beverages.
– 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.
– In 2023 a derogation was granted for Algeria.

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**

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.

Baseline:

– N/A

Key definitions

– Heineken® media spend: Expenses incurred for placing and broadcasting Heineken® brand dedicated campaigns.
– Enjoy Heineken® Responsibly campaign: Media spend for placing and broadcasting Heineken® brand dedicated responsible consumption campaigns (e.g. 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.

Reporting basis 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

Measurement/units
– Number of Speak Up reports filed per year per 100 FTE.

Baseline:
– N/A

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.

Foundation: our ways of working – Responsible business conduct

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**

Measurement/units
– Percentage of individual trainings completed compared to the total number of employees.
– Percentage of total number of individual training completions compared to the total number of employees to whom the training is assigned.

Baseline:
– N/A

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 at recognising and resisting bribery and 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.
– HEINEKEN South Africa is excluded due to the integration within HEINEKEN Beverages.

Introduction
Report of the Executive Board
Report of the Supervisory Board
Financial Statements
Sustainability Review
Other Information

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 December 31, 2023 included in the annual report

Our opinion

We have audited the financial statements for the year ended December 31, 2023 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 December 31, 2023, and of its result and its cash flows for the year ended December 31, 2023 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 December 31, 2023, and of its result for the year ended December 31, 2023 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 2023.
- The following statements for 2023: the Consolidated Income Statement, the Consolidated Statement of Other Comprehensive Income, the Consolidated Statement of Cash Flows, and the Consolidated statement of Changes in Equity.
- The Notes to the Consolidated Financial Statements comprising material accounting policy information and other explanatory information.

The Company Financial Statements comprise:

- The Company Balance Sheet as at 31 December 2023.
- The Company Income Statement for the year ended December 31, 2023.
- The Notes to the Company Financial Statements 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 €220 million (2022: €210 million). The materiality is based on 8.7% of profit before tax from continuing operations using also net revenue as supporting benchmark and 6.5% of profit before tax from continuing operations when normalized for impairments and CTA recycling of the Russia disposal. 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 2022 is predominantly the result of the increase in operating income before the effects of the impairments recorded during the year and the loss from the sale of the Russia disposal group.

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 two largest components was €77 million (2022: €65 million), and our materiality for other components did not exceed €69 million (2022: €45 million).

We agreed with the Supervisory Board that misstatements in excess of €11 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 (2022: 27 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.

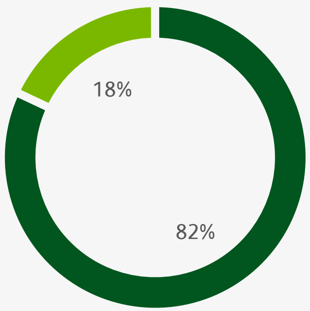
Furthermore, we developed a plan for overseeing each component audit team based on its relative significance and specific risk characteristics.

Independent Auditor's Report

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 (Heineken Beverages), India, Greece, Ethiopia, Burundi, DRC, Cambodia, Indonesia, UBL and Malaysia. 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.

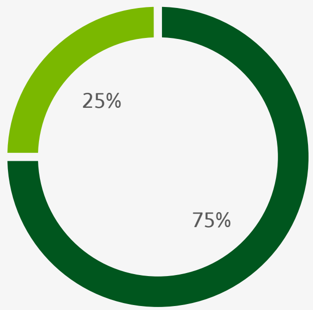
By performing the procedures mentioned above at group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion on the consolidated financial statements.

Revenues



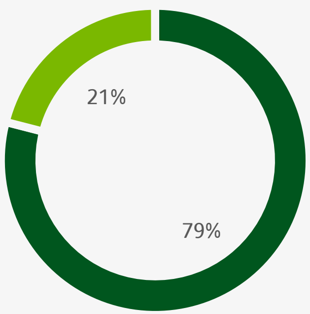
Full scope audit coverage
Other coverage

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 Executive Board 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 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, third party screening 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 non-compliance.
- 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 or disposals 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 entity through discussion with, amongst others, the Executive Board, Group Legal Counsel, and those charged with governance, reading minutes of board meetings and reports in 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, anti-competition laws, sanctions and trade laws) 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 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.

Accounting for the acquisition of Distell and Namibia Breweries — Refer to Note 10.1 to the financial statements

Key audit matter

On 14 April 2023, HEINEKEN obtained a controlling stake of 59.4% in Namibia Breweries Limited (NBL) and on 26 April 2023, HEINEKEN fully acquired the remaining operations of Distell Group Holdings Limited (Distell) post the carve-out of their whiskey and gin activities.

Accounting for these acquisitions in accordance with IFRS 3 requires management to apply estimates to determine the fair value of the identifiable assets and liabilities. The purchase price allocation resulted in the recognition of goodwill (€656 million), intangible assets other than goodwill (€775 million), a non-controlling interest (€557 million), and a gain on previously held equity interest (€14 million).

Further details on the accounting and disclosures under IFRS 3 Business Combinations are included in note 10.1 to the financial statements.

Given the significance of the acquisition transaction, the complexity of accounting for business combinations, and the significant management assumptions in the valuation of the (intangible) assets identified, performing procedures to evaluate the purchase price allocation required higher degree of auditor judgement and a need to involve valuation, real estate and 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 accounting for the acquisition of Distell and Namibia Breweries included the following, amongst others:

- We have gained an understanding of the main processes and procedures in place at the company for acquisitions that are relevant for our audit.
- We assessed and evaluated the purchase consideration of Distell (€1.2 billion) and NBL (€358 million) and evaluated management's accounting assessment for the valuation of the previously held equity interest in NBL, the recognition of related gains (€14 million) and the accounting policy choice of applying the partial goodwill method.
- We involved our valuation, real estate and tax specialists for the evaluation and challenge of management's position regarding the methodology and valuation of brands, property, plant & equipment, and tax positions.
- We challenged the business assumptions used in the forecast period underlying the valuation of the (in)tangible fixed assets (revenue, EBITDA, cash flow projections, royalty, synergies) including the useful lives of the (in)tangible assets, by management.
- We assessed the integration of the acquired companies with HEINEKEN South Africa into the new established company HEINEKEN Beverages and challenged management on the CGU identification. For the outcome of impairment testing related to the HEINEKEN Beverages CGU we refer to the KAM *Impairment of intangible assets (including goodwill), property, plant, and equipment, investments in associates and assets or disposal groups held for sale.*

Observation

Applying the aforementioned materiality, we did not identify any reportable findings in management's accounting for the acquisition of Distell and Namibia Breweries and the determination and recognition of the fair value of assets and liabilities and the disclosures in Note 10.1.

Impairment of intangible assets (including goodwill), property, plant and equipment, investments in associates, and assets or disposal groups held for sale — Refer to Notes 8.1, 8.2, 10.2, 10.3 and 13.5 to the financial statements

Key audit matter

Intangible assets (including goodwill), property, plant and equipment and investments in associates and joint ventures amounted to €40,683 million on 31 December 2023 and represented 93 percent of the consolidated total assets.

For purposes of impairment testing, goodwill is allocated and monitored on a (group 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. Investments in associates are accounted for using the equity method of accounting, meaning they are initially recognized at cost. The consolidated financial statements include HEINEKEN's share of the net profit or loss of the associates and joint ventures whereby the result is determined using the accounting policies of HEINEKEN. Triggers for the impairment of investments in associates, are amongst others, a prolonged and significant decline in the fair value of the equity instrument. 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, the projection of sales volumes, revenues, margins, and discount rates in management's impairment tests, involved an increased level of judgement for certain CGUs. As a result of impairment testing for the current year, management concluded on impairment losses of €783 million, of which €491 million is related to the impairment loss recorded for the newly established HEINEKEN Beverages CGU, and €10 million for Russia (excluding €209 million for CTA recycling). A reversal of €103 million was recorded during the year for the impairment of €113 million recorded at HY1 2023 for Russia that was classified as a disposal group held for sale. 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. Further details on the accounting and disclosure under IAS 28 Investments in Associates and Joint Ventures are included in note 10.3 to the financial statements.

Given the high 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, 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.

Independent Auditor's Report

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, which could cause a substantial change to the impairments recorded, and or cause headroom to change in an impairment.
	– 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.
	– For HEINEKEN Beverages we challenged the key business assumptions used in the impairment model which are related to volume growth, which is driven by sourcing costs and returnable bottle introductions.
	– 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.
	– We assessed whether a decline in available quoted market price investments in associates is either prolonged or significant and any impairment loss should be recognized.

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, investments in associates and assets or disposal groups held for sale, the impairments recorded and the disclosures in Notes 8.1, 8.2, 10.2, 10.3 and 13.5.

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 reported provisions for uncertain tax positions and deferred tax assets for an amount of €397 million and €1,292 million, respectively, as of 31 December 2023. Deferred tax assets significantly increased to €775 million, this includes newly recorded amounts of €751 million following a corporate restructuring, the recent win of the lawsuit regarding goodwill deduction and higher forecasted taxable profits. 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). – We challenged, with the support of our tax specialist and local component team, management's judgement applied in the timing of deferred tax recognition, the underlying profit forecast, and the potential effects of Pillar Two.
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.

Independent Auditor's Report

Report on the other information included in the annual report

The annual report contains other information, in addition to the financial statements and our auditor's report thereon.

The other information consists of:

- Report of the Executive Board.
- Report of the Supervisory Board.
- Sustainability Review.
- 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 misstatements.
- Contains all the information regarding the management report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

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 one 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).

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.

Independent Auditor's Report

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 13, 2024

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 HEINEKEN'S SELECTED KEY PERFORMANCE INDICATORS 2023

To the Shareholders and the Supervisory Board of Heineken N.V

Our conclusion

We have examined selected key performance indicators 2023 ("KPIs"), as described below, and presented in the sustainability report the sustainability information as stated on page 132 to 196 in the accompanying Annual Report for the year 2023 ("the sustainability data") of Heineken N.V., Amsterdam.

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' 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 144 to 146 namely:

Focus areas	Key performance indicator as disclosed in the column "Our 2023 results"
Reach net zero carbon	1. Reduction of tCO_2e % vs. baseline 2018 in scope 1 & 2 emissions
	2. % energy from renewable sources (as disclosed on page 149)
	3. Reduction of tCO_2 % versus 2018 scope 1, 2 and 3 emissions
	4. % sustainable sourced ingredients (barley and hops)
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 and permanent disabilities (as disclosed on page 163)
	17. % of people managers completed the Life Saving 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 a social impact initiative
Always a choice	21. Markets with a zero alcohol option for at least two strategic brands representing 90% of our beer and cider volumes
	22. % of our products in scope had fully compliant labels
Make moderation cool	23. Our operating companies invested over 10% of Heineken media spend in dedicated responsible consumption campaigns
	24. # unique consumers reached worldwide
Address harmful use	25. % of markets in scope had a partnership to address alcohol-related harm

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 2023 on page 182 to 196.

Assurance Report of the Independent Auditor (of non-financial indicators)

Basis for our conclusion

We have performed our examination in accordance with Dutch law, including Dutch Standard 3000A 'Assurance-opdrachten anders dan opdrachten tot controle of beoordeling van historische financiële informatie (attest-opdrachten)' (Assurance engagements other than audits or reviews of historical financial information (attestation engagements)). This engagement is aimed to obtain limited assurance. Our responsibilities under this standard are further described in the 'Our responsibilities for the examination of the KPIs' section of our report.

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 assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Reporting criteria

The reporting criteria applied for the preparation of the KPIs are disclosed on page 182 to 196 of the annual report in the section 'Reporting basis of non-financial indicators'.

The comparability of KPIs between entities and over time may be affected by the absence of an uniform practice on which to draw, to evaluate and measure this information. This allows for the application of different, but acceptable, measurement techniques.

Consequently, the KPIs need to be read and understood together with the reporting criteria used.

Limitations to the scope of our assurance engagement

In the sustainability data, the calculations to determine KPIs are partly based on assumptions and sources from third parties. The assumptions and sources used are disclosed on page 182 to 196 of the annual report in the section 'Reporting basis of non-financial indicators'. We have reviewed that these assumptions and external sources are appropriate, but we have not performed procedures on the content of these assumptions and external sources. Also we note that in accordance with the reporting criteria we evaluate whether compliance of a KPI is substantiated by either a third-party verification or other information provided by third parties for example evidenced by a certificate or confirmation (together: "third party info"). We have not performed any procedures on the objectivity or competence of the third party or its processes underpinning this third party info.

The references to external sources or websites in the sustainability information are not part of the sustainability data as included in the scope of our assurance engagement. We therefore do not provide assurance on this information.

Our conclusion is not modified in respect to these matters.

Responsibilities of the Executive Board and the Supervisory Board for the KPIs

The Executive Board 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 page 182 - 196 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 examination of the KPIs

Our responsibility is to plan and perform the examination in a manner that allows us to obtain sufficient and appropriate evidence to provide a basis 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. This includes the evaluation of the results of the stakeholders' dialogue and the reasonableness of estimates made by the Executive board.
- Obtaining through inquiries a general understanding of control environment, processes and information systems relevant to the preparation of the KPIs, but not to obtain assurance evidence about their implementation or their operating effectiveness.
- Obtaining an understanding of the procedures performed by the internal audit department and the external subject matter experts of Heineken.
- Identifying areas of KPIs with a higher risk of misleading or unbalanced information or material misstatements, whether due to errors of fraud. Designing and performing further assurance procedures aimed at determining the plausibility of the sustainability data responsive to this risk analysis. These procedures consisted amongst others of:
  - interviewing management responsible for the sustainability strategy, policy and results;
  - interviewing relevant staff responsible for providing the information for, carrying out internal control procedures on, and consolidating the data for the KPIs;
  - for certain KPIs involving component auditors to enhance our understanding for 5 key locations, validating source data and evaluating the design (and implementation) of internal controls and validation procedures;
  - obtaining assurance information that the sustainability data reconciles with underlying records of the company;
  - reviewing, on a limited test basis, relevant internal and external documentation;
  - performing an analytical review of the data and trends.
- 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.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the review and significant findings that we identify during our review.

Amsterdam, February 13, 2024

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 53.171% of the issued share capital of Heineken Holding N.V.. The Heineken family holds 88.98% of L'Arche Green N.V. The remaining 11.02% 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 2023, the average daily trading volume of Heineken N.V. shares was 647,245 shares.

Market capitalisation Heineken N.V.

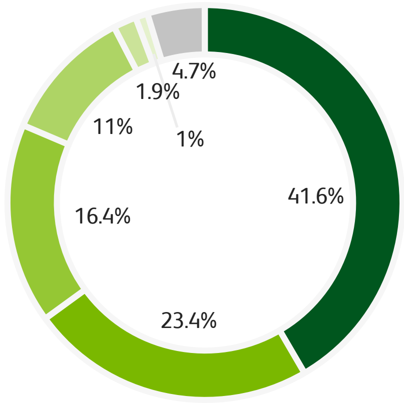
Shares outstanding as at 31 December 2023: 565.426.968 shares of €1.60 nominal value (excluding own shares held by the Company)

At a year-end price of €91.94 on 29 December 2023, the market capitalisation of Heineken N.V. on the balance sheet date was €52.0 billion.

Year-end price	€91.94	29 December 2023
Highest closing price	€105.40	4 May 2023
Lowest closing price	€82.18	3 October 2023

Share distribution by geography Heineken N.V. shares*

Based on 277.4 million shares in free float (excluding the holding of Heineken Holding N.V. and shares held by Treasury)



Americas	41.6
UK/Ireland	23.4
Rest of Europe	16.4
Rest of World	11
Retail	1.9
Netherlands	1
Unidentified	4.7

* Source Cmi2i based on available information December 2023.

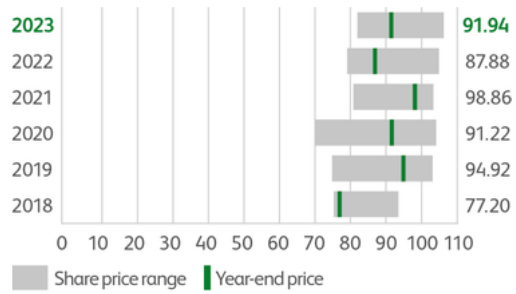
Heineken Holding N.V. shares

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 2023, the average daily trading volume of Heineken Holding N.V. shares was 138,852 shares.

Heineken N.V. share price

In €, Euronext Amsterdam



Average trade in 2023: 647,245 shares per day

Dividend per share

Shareholder Information

Market capitalisation Heineken Holding N.V.

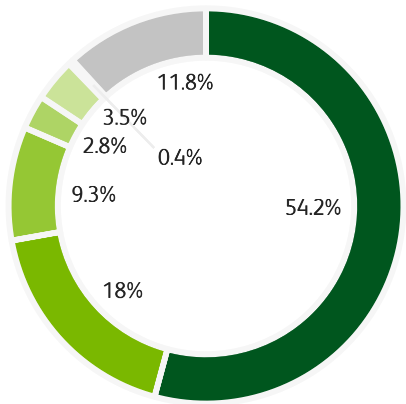
Shares outstanding as at 31 December 2023: 282.873.387 shares of €1.60 nominal value (excluding Heineken Holding N.V. shares held by Heineken N.V.).

At a year-end price of €76.60 on 29 December 2023, the market capitalisation of Heineken N.V. on the balance sheet date was €21.7 billion.

Year-end price	€76.60	29 December 2023
Highest closing price	€87.95	19 April 2023
Lowest closing price	€70.00	20 October 2023

Share distribution by geography Heineken Holding N.V. shares*

Based on 129.7 million shares in free float (excluding Heineken Holding shares held by L'Arche Green N.V. and Heineken N.V.)

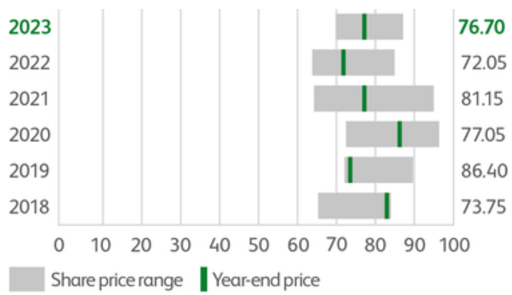


Americas	54.2
UK/Ireland	18
Rest of Europe	9.3
Rest of World	2.8
Retail	3.5
Netherlands	0.4
Unidentified	11.8

* Source Cmi2i based on available information December 2023.

Heineken N.V. share price

In €, Euronext Amsterdam



Average trade in 2023: 138,852 shares per day

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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E-mail: adr@equiniti.com
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www.equinity.com

Shareholder Information

Financial calendar in 2024 for both Heineken N.V. and Heineken Holding N.V.

Announcement of 2023 result	14 February
Publication of Annual Report 2023	22 February
Trading update first quarter 2024	24 April
Annual General Meeting of Shareholders	25 April
Quotation ex-final dividend 2023	29 April
Final dividend 2023 payable	7 May
Announcement of half year results 2024	29 July
Quotation ex-interim dividend 2024	31 July
Interim dividend 2024 payable	8 August
Trading update third quarter 2024	23 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

HEINEKEN has a Euro Medium Term Note (EMTN) Programme which was last updated in March 2023. The programme allows Heineken N.V. to issue Notes for a total amount of up to €20 billion. Approximately €12.2 billion is outstanding under the programme as at 31 December 2023.

Traded Heineken N.V. Notes	Issue date		Total face value	Interest rate	Maturity	ISIN code
EUR EMTN 2024	19 Mar 2012	EUR	500 million	3.500%	19 Mar 2024	XS0758420748
EUR EMTN 2024	23 Mar 2023	EUR	500 million	3.875%	23 Sept 2024	XS2599731473
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 2026	15 Nov 2023	EUR	600 million	3.625%	15 Nov 2026	XS2719096831
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 2030	23 Mar 2023	EUR	750 million	3.875%	23 Sept 2030	XS2599730822
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 April 2013	EUR	180 million	3.250%	15 Apr 2033	XS0916345621
EUR EMTN 2033	19 Apr 2013	EUR	100 million	2.562%	19 Apr 2033	XS0920838371
144A/RegS 2033	7 May 2020	EUR	650 million	1.250%	7 May 2033	XS2168629967
EUR EMTN 2035	23 Mar 2023	EUR	750 million	4.125%	23 Mar 2035	XS2599169922
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 €500 million ECP in issue per 31 December 2023.

Historical Summary

	2023	2022	2021	2020	2019
Revenue and profit					
In millions of €					
Revenue	36,375	34,676	26,583	23,770	28,521
Net revenue	30,362	28,719	21,941	19,715	23,969
Net revenue (beia)	30,308	28,694	21,901	19,724	23,894
Operating profit	3,229	4,283	4,483	778	3,633
Operating profit (beia)	4,443	4,502	3,414	2,421	4,020
as % of net revenue	14.6	15.7	15.6	12.3	16.8
as % of total assets	8.1	8.6	7.0	5.7	8.6
Net profit/(loss)	2,304	2,682	3,324	(204)	2,166
Net profit (beia)	2,632	2,836	2,041	1,154	2,517
as % of shareholders' equity	13.1	14.5	11.8	8.6	15.6
Dividend (proposed)	978	995	714	403	967
as % of net profit (beia)	37.2	35.1	35.0	34.9	38.4
Per share					
In €					
Cash flow from operating activities	7.86	7.81	7.26	5.45	7.56
Net profit (beia) – basic	4.67	4.93	3.55	2.00	4.39
Net profit (beia) – diluted	4.67	4.92	3.54	2.00	4.38
Dividend (proposed)	1.73	1.73	1.24	0.70	1.68
Shareholders' equity	35.60	33.97	30.15	23.27	28.15

	2023	2022	2021	2020	2019
Cash flow statement					
In millions of €					
Cash flow from operations	5,949	5,660	5,127	4,232	5,556
Cash flow related to interest, dividend and income tax	(1,519)	(1,164)	(946)	(1,096)	(1,219)
Cash flow from operating activities	**4,430**	4,496	4,181	3,136	4,337
Cash flow used in operational investing activities	(2,671)	(2,087)	(1,667)	(1,623)	(2,109)
Free operating cash flow	**1,759**	2,409	2,514	1,513	2,228
Cash flow (used in)/from acquisitions and disposals	(905)	(199)	(610)	185	(2,764)
Dividends paid	(1,335)	(1,099)	(796)	(811)	(1,223)
Cash flow (used in)/from financing activities, excluding dividend	519	(2,028)	(2,087)	2,049	207
Net cash flow	**38**	(917)	(979)	2,936	(1,552)
Cash conversion ratio	61.4%	75.3%	110.0%	111.3%	80.2%
Financing ratios					
Net debt/EBITDA (beia)	2.4	2.1	2.6	3.4	2.6

Historical Summary

	2023	2022	2021	2020	2019
Operating profit (beia)/net interest expense (beia)	8.0	11.8	8.5	5.2	9.2
Free operating cash flow/net debt	11.1%	17.8%	18.4%	11.0%	15.0%
Net debt/shareholders' equity	0.79	0.69	0.79	1.06	0.95
Financing					
In millions of €					
Share capital	922	922	922	922	922
Reserves and retained earnings	19,134	18,629	16,434	12,470	15,225
Shareholders' equity	**20,056**	**19,551**	**17,356**	**13,392**	**16,147**
Non-controlling interest	2,733	2,369	2,344	1,000	1,164
Total equity	22,789	21,920	19,700	14,392	17,311
Post-retirement obligations	586	568	668	938	1,189
Provisions (including deferred tax liabilities)	3,046	2,936	2,908	2,103	2,362
Non-current borrowings	14,046	12,893	13,640	14,616	13,366
Other liabilities (excluding provisions)	14,686	14,089	11,934	10,583	12,276
Liabilities (excluding provisions and post-retirement obligations)	**28,732**	**26,982**	**25,574**	**25,199**	**25,642**
Total equity and liabilities	**55,153**	**52,406**	**48,850**	**42,632**	**46,504**
Shareholders' equity/ Total liabilities	**0.62**	**0.64**	**0.60**	**0.47**	**0.55**

	2023	2022	2021	2020	2019
Employment of capital					
In millions of €					
Property, plant and equipment	14,772	13,623	12,401	11,551	13,269
Intangible assets	21,781	21,408	20,762	15,767	17,769
Other non-current assets	7,200	6,360	6,109	6,294	7,047
Total non-current assets	**43,753**	**41,391**	**39,272**	**33,612**	**38,085**
Inventories	3,721	3,250	2,438	1,958	2,213
Trade and other current assets	5,301	5,000	3,892	3,062	4,385
Cash, cash equivalents and current other investments	2,377	2,765	3,248	4,000	1,821
Total current assets	**11,399**	**11,015**	**9,578**	**9,020**	**8,419**
Total assets	**55,153**	**52,406**	**48,850**	**42,632**	**46,504**
Total equity/total non-current assets	**0.52**	**0.53**	**0.50**	**0.43**	**0.45**
Current assets/current liabilities (excluding provisions)	**0.78**	**0.79**	**0.81**	**0.86**	**0.69**

Historical Summary

Key figures[1]

(in € million unless otherwise stated)	2021 Reported	2021 Eia	2021 Beia	2022 Reported	2022 Eia	2022 Beia	2022 Currency translation	2022 Consolidation impact	2022 Organic growth	2022 Organic growth %
Revenue	**26,583**	**0**	**26,583**	**34,676**	**(33)**	**34,643**	**1,740**	**1,247**	**5,072**	**19.1 %**
Excise tax expense	(4,642)	(41)	(4,683)	(5,957)	8	(5,949)	(159)	(677)	(431)	(9.2)%
Net Revenue	**21,941**	**(40)**	**21,901**	**28,719**	**(25)**	**28,694**	**1,582**	**570**	**4,642**	**21.2 %**
Marketing and selling expenses	(2,091)	0	(2,091)	(2,692)	(43)	(2,735)	(150)	(27)	(467)	(22.4)%
Personnel expenses	(3,485)	(4)	(3,489)	(4,079)	74	(4,005)	(160)	(40)	(316)	(9.1)%
Amortisation, depreciation and impairments	(1,959)	420	(1,539)	(1,886)	207	(1,679)	(81)	(35)	(24)	(1.6)%
Other net (expenses)/income	(9,923)	(1,445)	(11,368)	(15,779)	6	(15,773)	(933)	(456)	(3,016)	(26.5)%
Total net other (expenses)/income	(17,458)	(1,029)	(18,487)	(24,436)	244	(24,192)	(1,324)	(558)	(3,824)	(20.7)%
Operating profit	**4,483**	**(1,069)**	**3,414**	**4,283**	**219**	**4,502**	**258**	**12**	**818**	**24.0 %**
Interest income	49	(1)	48	74	(1)	73	6	0	18	37.2 %
Interest expense	(462)	11	(451)	(458)	6	(452)	(13)	2	9	2.1 %
Net interest income/(expenses)	**(413)**	**10**	**(403)**	**(384)**	**5**	**(380)**	**(7)**	**2**	**27**	**6.8 %**
Other net finance income/(expenses)	14	(108)	(94)	48	(111)	(63)	4	16	12	12.3 %
Share of profit of associates and joint ventures	250	(12)	238	223	40	263	29	(32)	29	12.1 %
Income tax expense	(799)	(73)	(872)	(1,131)	8	(1,124)	(61)	(11)	(180)	(20.7)%
Non-controlling interests	(211)	(30)	(241)	(357)	(6)	(363)	(26)	(17)	(79)	(32.5)%
Net profit	**3,324**	**(1,283)**	**2,041**	**2,682**	**155**	**2,836**	**198**	**(30)**	**627**	**30.7 %**
EBITDA[2]	**6,692**	**(1,501)**	**5,191**	**6,392**	**52**	**6,444**				

1 This table will not always cast due to rounding.
2 EBITDA is derived from 'Operating profit' less 'Amortisation, depreciation and impairments' plus 'Share of profit of associates and joint ventures'.

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.

Average effective interest rate

Net interest income and expenses related to the net debt position divided by the average net debt position calculated on a quarterly basis.

Beia

Before exceptional items and amortisation of acquisition-related intangible assets.
Whenever used in this report, the term “beia” refers to performance measures (EBITDA, net profit, effective tax rate, etc) before exceptional items and amortisation of acquisition related intangible assets.

Beyond Beer

Alcoholic and non-alcoholic beverage propositions beyond core beer, which leverage natural ingredients and/or beer production process. This includes for example flavoured beer, Ciders, RTDs (Ready-To-Drinks) and malt based drinks.

Capital expenditure related to PP&E and intangible assets (capex)

Sum of ‘Purchase of property, plant and equipment’ and ‘Purchase of intangible assets’ as included in the consolidated statement of cash flows.

Cash conversion ratio

Free operating cash flow/net profit (beia) before deduction of non-controlling interests, calculated on an annual basis.

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 cash

Represents cash after the deduction of overdraft balances in the group cash pooling structure and other cash and cash equivalents owned at group level.

Centrally available financing headroom

This consists of the undrawn part of the committed €3.5 billion revolving credit facility and centrally available cash, minus centrally issued commercial paper and short-term bank borrowings at group level.

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).

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.

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.

Gross savings

Structural cost reductions resulting from targeted initiatives to improve efficiency and productivity, relative to the baseline of expenses of a previous period adjusted for inflation. The gross savings exclude cost-to-achieve, consolidation changes and decisions to reinvest.

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 Growth %

Organic growth divided by the related prior year beia amount. Whenever used in this report, the term “organically” refers to the organic growth % of the related performance measures (revenue, operating profit, net profit, etc).

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.

Glossary

Profit

Total profit of HEINEKEN before deduction of non-controlling interests.

Pro-forma 12-month rolling net debt/EBITDA (beia) ratio

Net debt divided by the 12-month rolling pro-forma EBITDA (beia), which includes acquisitions and excludes disposals on a 12-month pro-forma basis.

®

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.

Total borrowings

Sum of 'Non-current borrowings' and 'current borrowings' as included in the consolidated statement of financial position.

Variable cost

Includes input costs (raw material, packaging material and inventory movements), transport and energy & water.

Volume

Beer volume
Beer volume produced and sold by consolidated companies.

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.

Group beer volume
The sum of beer volume, licensed beer volume and attributable share of beer volume from joint ventures and associates.

Licensed volume
100% of volume from HEINEKEN's beer brands sold under licence agreements by joint ventures, associates and third parties.

LONO
Low- and non-alcoholic beer, cider & brewed soft drinks with an ABV <=3.5%.

Non-beer volume
Cider, soft drinks and other non-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.

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.

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 report contains forward-looking statements based on current expectations and assumptions regarding the financial and non-financial position of HEINEKEN's activities, anticipated developments, and other factors and HEINEKEN's Brewing a Better World ambitions, which sets out amongst others emissions reduction ambitions and other climate change related matters (including actions, potential impacts and risks associated therewith). 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 Brewing a Better World ambitions, which sets out amongst others 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 interchangeable terms and phrases such as "aim", "aims to", "ambition", "anticipate", "believe", "could", "estimate", "expect", "goals", "intend", "is anticipated", "is predicted", "it is estimated", "commit", "committed to", "may", "might", "milestones", "objectives", "outlook", "plan", "potential", "probably", "project", "result", "risks", "schedule", "seek", "should", "target", "will", "will continue", "will likely result", or other similar expressions. All forward-looking statements are subject to numerous assumptions, known and unknown risks and uncertainties, and limits in data quality and integrity which may change over time, that could cause actual results to differ materially from those expressed or implied in the forward-looking statements. These statements are out of scope of assurance, in the sense that they are not guarantees of future performance.

One should not place undue reliance on these forward-looking statements since actual results may differ from those stated in this report. 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, climate change, other sustainability related factors, and legal, regulatory or market measures in response to developments regarding such factors, including climate change mitigation and adaptation, the cost and supply of water; water stress; financial distress; negative publicity; our ability to hire and/or retain the best talent; our ability to find sustainable solutions for our input and output materials and packaging; legal and regulatory developments, including changes in regulations relating to production, distribution, importation, marketing, advertising, sales, pricing, labelling, packaging, product liability, antitrust, labour, compliance and control systems, environmental issues and/or data privacy; changes or evolution in measurement standards, modelling methodology and the level of data granularity, quality and integrity; reputation of our brands; changes in consumer preferences; the ability to make acquisitions and/or divest businesses; execution and effectiveness of business transformation projects; consequences of integrating acquired businesses and/or divestment of divisions; economic, social and political risks and natural disasters; costs of raw materials and other goods and services; access to capital and the actions of government regulators, and weather conditions.

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.

This report also contains data on HEINEKEN's Scope 1, 2 and 3 emissions. Scope 1 and 2 emissions relate to emissions under HEINEKEN control from own activities and supplied heat, power and cooling. Scope 3 emissions relate to indirect emissions from different organisations (suppliers, service providers, customers) and is therefore subject to a range of uncertainties, amongst others due to various methodologies applied. International standards and protocols governing emissions calculations and categorisations evolve, as do accepted norms regarding terminology such as 'carbon neutral' and 'net zero'.

Any forward-looking statements made in this communication are qualified in their entirety by these cautionary statements, and there can be no assurance that the actual results, targets, ambitions, goals, commitments, or developments anticipated by HEINEKEN will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, HEINEKEN or its business or operations. Except as required by law, HEINEKEN undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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The PDF and iXBRL viewer copy of the Annual Report of Heineken N.V. for the year 2023 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.

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