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Sustainability online



- Full HTML of this Sustainability Report with added functionality and features at www.sustainabilityreport.heineken.com
- An overview of our Brewing a Better Future approach
- Downloadable information relating to our six strategic initiatives
- The sustainability reports of our markets

Foreword

Brewing a Better Future, Together

During 2010 we accelerated the transformation of our business and our platforms for future growth. Through our acquisition of the beer operations of FEMSA in Mexico and Brazil, we welcomed new shareholders, new colleagues and iconic brands into our business.

We also transformed our approach to building a more sustainable business with the launch of our Brewing a Better Future initiative. This ten-year journey will have a significant impact on the way in which we bring our products to market, improve and measure our environmental performance, contribute to our communities and engage with our internal and external stakeholders. It is a considerable undertaking that puts renewed focus on our need to create value at all levels of society. We shared our new thinking and commitments with our stakeholders last year both in our 2009 Sustainability Report and at our launch symposium in April 2010.

What I said then is worth repeating now: introducing this new initiative will not come without its challenges. The fact is that defining programmes and setting KPIs is not enough. The real key to success will be to translate our philosophy into actions that make us think and behave differently. So we are investing a significant amount of time and resources in integrating Brewing a Better Future into our business processes, governance, and engagement models. To help us, each of our majority-owned businesses and our Head Office has formed dedicated sustainability committees. Each has developed a three-year sustainability plan and each has ensured that sustainability is being discussed at the Management Team level.

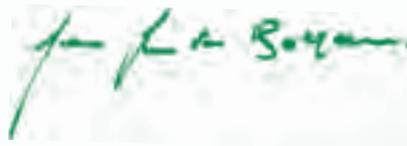
Sustainability was also a key agenda item at five of our Executive Committee meetings and our Sustainability Steering Committee comprises five Executive Committee members. Alongside this we took the decision to incentivise our senior managers against a sustainability target. We improved our transparency: 21 of our markets published their own annual Sustainability Report and by 2015, all of our majority-owned businesses will have done so.

As I point out each year, transparency also means being honest when we fall short of our own or others' expectations. The inclusion of our new Mexican business in 2010 was primarily responsible for an increase in the number of fatalities to 14. We believe that a single fatality is one too many and our sympathies go out to the family, friends and colleagues of those we lost in 2010. We will not accept the loss of life of any individual working on our behalf. We will continue to focus on accident prevention through education and ever more stringent safety policies in the coming years.

We were also disappointed that for the first time in four years, Heineken was not ranked as one of the top five beverage companies within the SAM Dow Jones Sustainability Index. It is our intention to return to the ranking and we believe that by delivering our Brewing a Better Future commitments, we will do so.

But we were also proud of the recognition we received for our efforts. At the end of the year we were invited by the United Nations to become an inaugural member of Global Compact LEAD, a group of leading, sustainable enterprises that are asked to set new, higher benchmarks for sustainability. In September, our groundbreaking sustainable supply chain initiative in Sierra Leone won a World Business and Development Award from the United Nations Development Programme and our continued membership of FTSE4Good was confirmed. We also made another major step in our support of African development by doubling our investment in the Heineken Africa Foundation to EUR20 million. This means we now have a minimum of EUR1 million per year available for health-related projects across our African markets.

We cannot undertake our journey alone. We believe that there is much we can learn and much we can share with others on these issues. It is through greater co-operation that we will move faster and go further. But we also need feedback. So please contact us and continue to let us know how we are doing, and what we can do better. It is only with input on your expectations that we can ensure we are on the right track to Brewing a Better Future. I thank you, our business partners, NGOs, our consumers, our employees and other stakeholders for taking this journey with us. Most of all, I look forward to what we will accomplish together.



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

Amsterdam, 31 March 2011



About this report

“We will do whatever we can, wherever we can, to increase the value we add.”

Sean O’Neill
Chief Corporate Relations Officer



Accountability

The printed and digital versions of this report are key elements of our public accountability and demonstrate our genuine commitment to transparency. They complement our Annual Report and our corporate website www.heinekeninternational.com.

In this year's report, we have included a Global Reporting Initiative (GRI) Reference Table (see page 56) and a brief summary of some of the ways in which we contribute to the United Nations Millennium Development Goals (see pages 47, 48 and 49). Via our membership of the Global Compact and Global Compact LEAD, Heineken supports these important ambitions.

A new reporting structure

Brewing a Better Future represents a new way of thinking and acting. As we promised last year, we have changed the style and scope of this year's report in order to bring it in line with this new, integrated approach.

The diagram on page 10 will help you to understand the structure of both this report and our approach to Sustainability. You will see that Brewing a Better Future is focused on the delivery of three strategic imperatives – Improve, Empower and Impact. Each of these is divided into two key initiatives, six in total. Additionally, in order to support the delivery of our plans, we have created five key enablers. This report dedicates one chapter to each of the three strategic imperatives and we have dedicated a single chapter to cover all of the enablers.

You will also read a number of good and best practices in the report. These represent only a small proportion of the positive changes we are helping to make. For more examples of what we are doing, please visit www.heinekeninternational.com.

We recognise that our impact – both positive and negative – is highest within our Operating Companies. With that in mind you may also want to read some or all of the 21 local sustainability reports that our businesses published in 2010. These reports can be downloaded from our website.

Assurance

We believe that the data and statements in this report should be externally assured. We do not expect our stakeholders to accept only internal or subjective assurance. So, as in previous years, we have asked KPMG to provide us with independent, limited assurance on both the facts and the wording in this report. KPMG summarises its activities and conclusions in Appendix 5. In addition, we have further improved and extended the scrutiny by our internal audit teams. This improves the quality and robustness of the data.

Reporting standard

We would welcome the introduction of a global reporting standard that ensures the data and reporting of every organisation is independently assessed. It is the only way that accurate comparisons can be made and the most effective practices identified and quantified from which others can learn. It is also the best way to ensure the integrity of information and data for stakeholders.

Stakeholder dialogue

Stakeholders are a vital part of our Brewing a Better Future journey. They help us to stay focused on what matters and warn us if we are moving off-track. However, balancing business needs and financial sustainability with the expectations and requests of our stakeholders is not easy and means we can never deliver 100 per cent of every stakeholder's expectation. Our commitment though is that we will do whatever we can, wherever we can, to balance these competing needs and increase the value we add.

Who we spoke to

This year we engaged many different stakeholders in dialogue, including:

- **Employees**
Our global climate survey formed a key part of the feedback from employees. In total, 46,539 (86 per cent) of our colleagues responded to the survey. In addition, online, internal surveys were held with different groups of employees on issues such as communication and sustainability.
- **Employee representatives**
It is an important principle that our employees are free to associate wherever in the world they work. We maintained strong links with employee representatives through regular European and local works councils of Heineken, as well as meetings and discussions with trade unions.



- **Investors**

As always, we maintained close contact with our investors via road show events, specific presentations on sustainability, meetings and financial market conferences.

- **Shareholders associations**

As a listed company, we have regular dialogue with shareholder groups and regulators. This year, at a central level, we had dialogue with the Vereniging van Beleggers voor Duurzame Ontwikkeling (VBDO) and IMSA through a combination of meetings, correspondence, Annual General Meeting (AGM) and discussions.

- **NGOs**

We maintained contact with NGOs although not as many as in 2009 when we had an extensive consultation in order to build our Brewing a Better Future initiative. This year, at a corporate level, we met, corresponded or consulted with, among others, the World Wide Fund for Nature (WWF), Oxfam Novib, the International Labour organization (ILO), Amnesty International and Stichting Onderzoek Multinationale Ondernemingen (SOMO).

- **Other stakeholders**

In order to have objective views on our approach and performance, external parties are regularly consulted. This takes place via input into or consultation on Heineken's sustainability approach. Besides Jean-François van Boxmeer, the following speakers took part in the symposium on sustainable development organised by Heineken (in alphabetical order):

- Jacqueline Cramer, former Dutch Minister of Environment and Spatial Planning
- Wouter van Dieren, Managing Director, IMSA
- Paul Hohnen, Sustainability Strategies
- Peter Lacy, Managing Director Sustainability Services, Accenture
- Tobias Webb, Managing Director, Ethical Corporation.

See also:

http://www.heinekeninternational.com/100413heineken_announces_10_year_brewing_a_better.aspx

In addition, Baroness Jean Coussins from the UK acts as an advisor on corporate responsibility to the Company. She is former Chief Executive of the Portman Group and has served on the Better Regulation Commission of the UK and the Advertising Standards Authority and sits as a cross-bench peer in the House of Lords.

Market-based dialogue

In addition to the direct stakeholder dialogue as described above, we have also been active in our markets. Our local sustainability reports provide us with a strong basis for discussions with local stakeholders. As our sustainability agenda expands, we are in the process of designing a system that can fully capture our total stakeholder dialogue at both a global and local level.

In 2010, we also delivered our commitment to conduct a reputation survey among employees, governmental and political stakeholders, media, NGOs and trade associations in nine key markets. One of the seven dimensions of our reputation is 'responsibility and sustainability'. We will use the outcome of the survey in our discussions with stakeholders and the continuous review of our Brewing a Better Future Approach. In 2010, we achieved an overall reputation score of 4.06 out of a possible 5 and a score of 3.84 in relation to 'responsibility and sustainability'. This is a clear indication that we need to improve both the action and – in particular – the communication that supports our work.

What our stakeholders told us

Though we used many different channels for our dialogue, we clearly identified common themes and requests. Here is what we heard and did in response:

- **More communication on environmental responsibility**
 - 21 markets published sustainability reports
 - We made a further commitment that all markets will do so by 2015
 - Issued five Heineken N.V. corporate announcements relating to sustainability initiatives
 - Held a public sustainability symposium in Amsterdam
 - Delivered nine senior executive media interviews.
- **Harder targets and KPIs in all areas**
 - More specific targets and KPIs in areas covered by Brewing a Better Future.
- **More and clearer local sourcing targets**
 - Commitment to move to 60 per cent local sourcing in Africa by 2020
 - Committed to review regional approach 2011
 - Established a joint venture in Mexico to locally source 50,000 tons of corn starch previously imported
 - Agreement in Ireland to locally source 100 per cent of barley in 2011

- In April 2010, we organised a workshop in the Netherlands with local buyers to generate buy-in and new ideas on local sourcing.
- **Higher levels of community support in developing markets**
 - Expanded our agriculture sourcing and growing projects
 - Invested a further EUR10 million in the Heineken Africa Foundation
 - Increased both the absolute amount (EUR5.8 million in 2009 to EUR23.2 million in 2010) and percentage invested (0.3 per cent of operating profit BEIA in 2009 to 1.0 per cent in 2010) of Corporate Social Investment; investments in local communities in both cash and product.
- **More, and more visible Responsible Consumption programmes**
 - 34 markets now have a partnership relating to responsible consumption
 - We committed money and resources to GAPG/ICAP global actions (see page 40)
 - We made new commitments for European Forum on Alcohol and Health.
- **Clearer Responsible Consumption policy**
 - Committed to review our Alcohol Policy in 2011
 - In 2011 we will review and publish new guidelines for responsible commercial communication.
- **More attention to human rights**
 - All five Heineken regions were closely involved in the (further) development of our new Employees' & Human Rights Policy. In addition, we discussed the content of the new policy with representatives of the Heineken European Works Council. The policy will be implemented in 2011.
- **More work through customers, distributors and suppliers**
 - Developed and launched our new Supplier Code
 - Rolled out more environmentally efficient fridges.
- **Dialogue with consumers**
 - Interviews in markets by using the Heineken® Brand Dashboard. This is a Heineken®

International Brand health measurement tool based on consumer input

- For the development of new sustainable packaging, we have interviewed consumers about their behaviours and attitudes towards sustainable and responsible solutions (past, current and future).

As you read through this report, you will see more about how we have incorporated this feedback into our programming and our actions.

Your feedback

We actively encourage all of our stakeholders to give us their feedback. We would like to know which aspects of Brewing a Better Future are working well. But we also want to know in what areas you think we could do better and whether you think there are actions we need to take or issues we need to address but which are not yet on our agenda. Please contact us, because your feedback will allow us to learn and improve.

You can reach us via email, post or twitter:

Sean O'Neill, Chief Corporate Relations Officer
 Vera Zandbergen, Manager Global Sustainable Development
 Responsibility@heineken.com

PO Box 28
 1000 AA Amsterdam
 The Netherlands

Twitter address: @Heineken_CR

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

Sean O'Neill
 Chief Corporate Relations Officer

**Responsibility
 @heineken.com**



Milestones 2010

January

An additional EUR10 million donated to the Heineken Africa Foundation

Haiti disaster: Global employee fund-raising and partnership with Habitat for Humanity

Heineken USA hosts a 'Heineken with a Heart' event in aid of Legal Information for Families Today (LIFT)



February

Brewing a Better Future presented to Supervisory Board



March

Brewing a Better Future presented at Heineken Global Leadership Forum

Heineken USA signs agreement with Taxi Magic to revolutionise the call for a Safe Ride Home



April

External launch of Brewing a Better Future via Sustainability Symposium

Publication Heineken N.V. Sustainability Report 2009



August

Know the Signs campaign launched in Slovakia

Heineken Africa Foundation provides funds for new clinic in Nigeria

Heineken Spain obtains the certification of family-friendly company from Fundación Másfamilia



September

Heineken receives the 2010 World Business and Development Award for its groundbreaking sustainable supply chain initiative in Sierra Leone



October

Alpherium container terminal in the Netherlands opened; takes thousands of vehicles journeys off the road and reduces CO₂ emissions

Jean-François van Boxmeer is key panelist and speaker at 'Beer Serves Europe' event in Brussels

Heineken France launches Forum Citoyen, addressing the vital role of local bars in the bonding of communities



May

Johan Cruyff sports workshop for adult learning held in South Africa

Mobile healthcare clinic in South Africa launched

Heineken Spain brewery in Jaén wins a safety award from Mutua de Accidentes de Trabajo y Enfermedades Profesionales (FREMAP)



June

Heineken awarded three commendations for healthcare programmes in Africa by the Global Business Coalition

Heineken Africa Foundation provides funds for Well Woman Clinic in Sierra Leone

July

Promoting Responsible Consumption in Russia at the Kvass and Beer Festival in St Petersburg

Management Team of Heineken UK visit to understand more about alcohol issues

Cuauhtémoc Moctezuma in Mexico leads distribution of drinking water after hurricane

New Supplier Code launched



November

Heineken Africa Foundation provides funding for three projects with the Nigerian Sickle Cell Foundation

Poland's Grupa Żywiec wins Safety Award "Employer – the Organiser of Safe Labour"

Heineken attends the first Clean Cargo Working Group meeting

Symposium with Michael Braungart, founder and director of the Environmental Protection and Encouragement Agency (EPEA), in Zoeterwoude, the Netherlands



December

Heineken participates in the launch of European initiative of carriers and shippers

Toy Run organised at Heineken Head Office

Heineken® sign powered by solar panels placed at Schiphol Airport



What we said and what we've done

What we said we will do by 2012¹

What we've done in 2010

Green Brewer



- Average greenhouse gas emissions < 8.5 kg CO₂ eq/hl for breweries in scope
- Specific energy consumption < 155 MJ/hl
- Specific water consumption < 4.3 hl/hl
- Inventorise the environmental performance for offices, warehouses and brewery building offices, including studies for improving energy and water efficiency
- Energy efficient brewery designed
- Water footprint studies performed
- First water neutrality pilot conducted
- Actual CO₂ emission improved to 9.3 kg CO₂ eq/hl, from 9.8 kg CO₂ eq/hl in 2009
- Actual specific energy consumption in 2010 improved to 166 MJ/hl from 170 MJ/hl in 2009
- Actual specific water consumption improved from 4.8 hl/hl in 2009 to 4.5 hl/hl in 2010
- Engaged with International Sustainability Alliance on methodology to track energy consumption of buildings and warehouses
- Design currently being validated (Göss brewery in Austria)
- Conducted two water footprint studies (Egypt and Slovakia)
- Conducted water stress survey to serve as input for the water neutrality pilots

Green Commerce



- Develop and execute a baseline carbon footprint model
- Design and adopt a new packaging policy with agreed targets for carbon reduction
- Evaluation criteria for new product innovations introduced in all regions
- Starting 2010, all new purchased fridges to be based on green technology
- 15 per cent energy reduction of fridges in cooling against index²
- Models tested in the UK, France, the Netherlands and Italy
- Draft policy developed; it will be agreed and introduced in 2011
- Eco design procedure and criteria in development
- 80 per cent of newly-bought fridges use green technology
- Estimated average energy saving of all fridges sourced in 2010 is 16 per cent, resulting in an estimated saving of 3 per cent on our total installed base. In line with our 2012 ambitions
- Draft test protocol developed to assess carbon footprint and energy consumption of fridges by suppliers, to be implemented in 2011
- Calculation model for carbon emissions developed. Already applied to the latest distribution footprint review in France
- CO₂ emissions included as criteria in the selection process for road and ocean transport companies. We joined industry initiatives driving common standards for calculating and reducing carbon emissions in distribution
- Continuous roll-out of guidelines on Life Cycle Analysis and carbon footprint for cooling equipment to suppliers
- Carbon reduction opportunities in distribution identified through footprint reviews for top 20 markets
- Distribution efficiency standards defined for owned and outsourced operations

Engaging Employees



- Accident frequency target for supply chain < 1.2 accidents/100 FTEs
- Safety targets set for non-production related activities
- Training modules for employees in high and medium safety risk functions rolled out
- Integrity included in employee surveys and followed up
- Performance improved from 1.8 (2009) to 1.6 accidents/100 FTEs
- We began measuring non-production related activities
- Blueprint for training modules for forklift driving created and collateral development begun
- Integrity related questions included in our 2010 Climate Survey. Overall results are positive. Where necessary suitable interventions will be put in place
- Draft policy developed. Will be implemented in Q1 of 2011. Auditing starts 2011
- Programme piloted in Head Office, based on best practice in Heineken USA
- Employees' & Human Rights Policy adopted, implemented and audited
- Day of Giving programme and volunteering scheme implemented in 10 Operating Companies

What we said we will do by 2012¹

What we've done in 2010

Heineken Cares



- In 2010: double the funding for the Heineken Africa Foundation to EUR20 million
- Evaluate all local sourcing activities and set regional targets by 2015
- Evaluate reporting and monitoring system for agriculture; define an action plan to improve compliance
- Standards for sustainable agriculture are aligned with and verified by stakeholders
- Inventory of possible partnerships with NGOs in the area of Corporate Social Investment (CSI)
- All operations that do not meet our defined standard of healthcare to include improvement plans 2012
- Perform 12 Economic Impact Assessments (EIA)

- Funding doubled to EUR20 million
- Local sourcing activities initiated in Brazil, Ireland and Mexico
- We developed and tested the metrics and questionnaires underpinning MASSA (Malting Assessment System for Sustainable Agriculture). This monitoring system will help us to acquire data relating to the sustainability indicators for the apple to cider; barley to beer and hops to beer chains
- Pilot tests of our MASSA system conducted with selected apple and barley suppliers
- Preparation of better registration of current activities by developing common definition of CSI
- Standard defined and a gap analysis made for six companies
- A further three EIAs were completed in Egypt, Croatia and The Bahamas. UK based EIA started

Responsible Consumption



- Develop 'Enjoy Heineken® Responsibly' (EHR) to include on trade execution; further extend the online programme; application of EHR in Heineken® communication materials and primary merchandise; migrate EHR website to consumer facing website Heineken.com
- Horeca Server Programme and Retail Programme developed and tested
- Develop a specific alcohol and work plan for contractors
- Develop and deliver a workshop to 100 per cent of commerce/marketing employees that support our rules on Responsible Commercial Communication

- EHR logo and link to EHR website on all Heineken® primary and secondary packaging. Rules and guidelines in development for application of EHR logo on communication materials and primary merchandise. We began integrating EHR into Heineken.com
- Horeca Best Practices gathered as input
- Planned for 2011
- Plan of approach for inclusion in online Heineken Academy to be defined in 2011

Partnerships for Progress



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

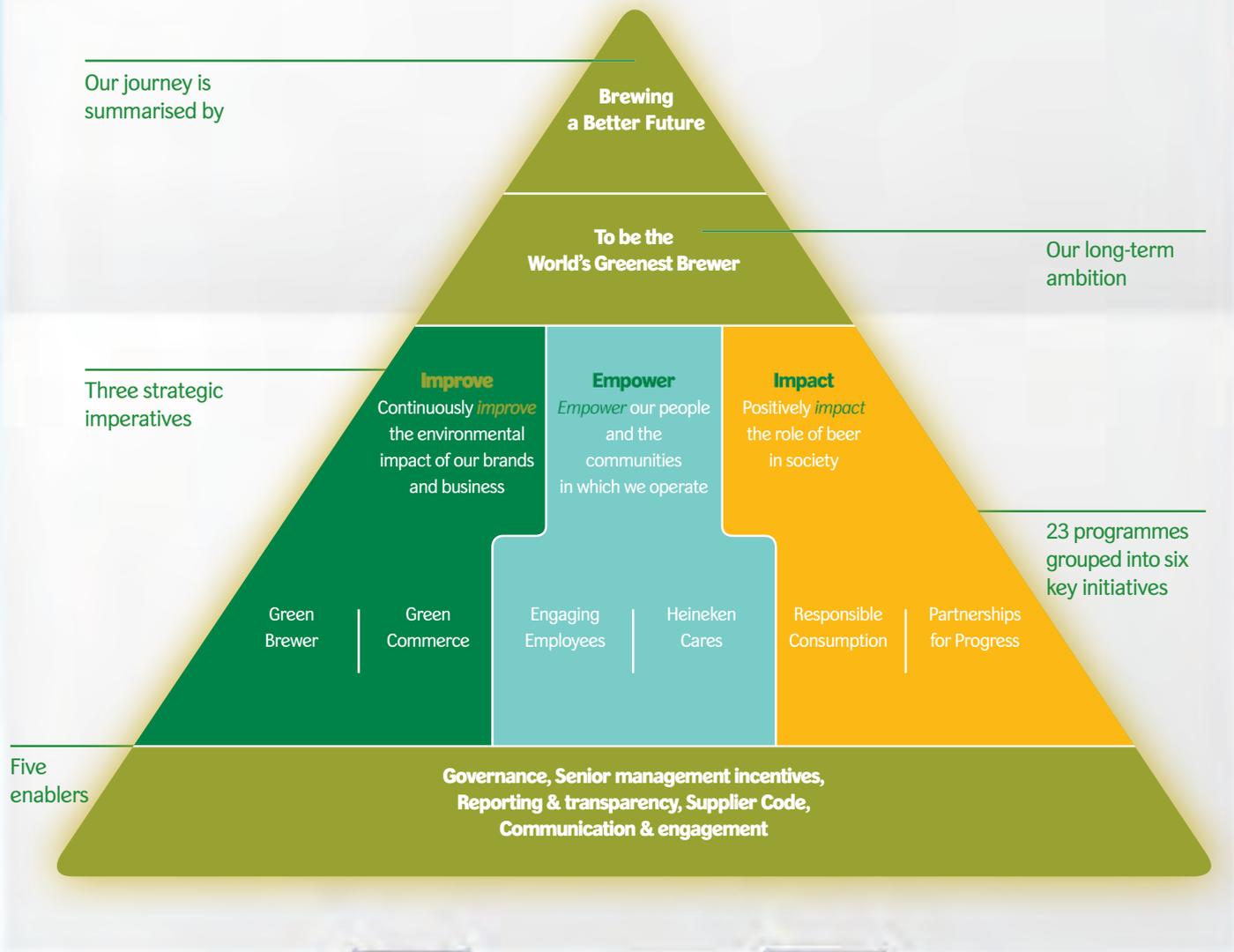
- Currently 34 markets have a partnership
- Draft criteria developed. Markets to assess in 2011
- In selected markets (Nigeria, Rwanda, Russia and Vietnam) actions were taken in the areas of self-regulation, drink driving and non-commercial alcohol
- In 2011, Ireland will evaluate and revisit its five-year partnership to reduce alcohol-related harm

¹ Unless stated differently.

² Index calculated with an average lifetime of a fridge of five years, new installed fridges are equal to replacement.

Brewing a Better Future

In April 2010, we proudly unveiled Brewing a Better Future, our comprehensive and integrated sustainability strategy for the next decade. It increases the scope and scale of our work on sustainability and gives substance to our long-term ambition to be the world's greenest brewer. It also allows us to balance our need for financial sustainability with the role we play in society.



Brewing a Better Future is an exciting journey that has only just begun. To realise our vision of a more sustainable world, we will make positive and long-term investments in the environment, communities, people and partnerships. To make sure we reach our destination, we have focused our actions and energy around three strategic imperatives:

- Continuously **Improve** the environmental impact of our brands and business
- **Empower** our people and the communities in which we operate
- Positively **Impact** the role of beer in society.

From these, we have grouped 23 programmes of work into six inter-related initiatives that will enable us to realise our Brewing a Better Future goals.

Governance structure

Brewing a Better Future is governed by a Steering Committee that meets each quarter. The committee comprises:

- Chief Corporate Relations Officer (chair)
- Regional President Africa and Middle East
- Chief Supply Chain Officer
- Chief Commercial Officer
- Chief Human Resources Officer.

On a day-to-day basis, Brewing a Better Future is governed by a team of representatives from the Supply Chain, Commerce, HR, Control & Accounting and Corporate Relations functions. The team is chaired by the Manager Global Sustainable Development. Each individual programme is led by a workstream leader from one of our global functions.

Progress and issues in relation to Brewing a Better Future are regularly on the Executive Committee agenda, and the subject is on the agenda of every Management Team in our operating businesses.

We realise that in order to be successful, we need to embed our Brewing a Better Future approach into our business processes. In other words: it needs to become part of our DNA. That is why as a first step in 2010 we established a sustainability committee in each market. Each market has developed its own three-year plan for achieving Brewing a Better Future goals, which will be rolled out in 2011.

