



**SUBMITTED QUESTIONS AND ANSWERS
FOR THE ANNUAL GENERAL MEETING OF SHAREHOLDERS OF
HEINEKEN N.V. ON 22 APRIL 2021**

Publication: 22 April 2021

Time: 12:00 uur

INTRODUCTION

This document captures the questions received from shareholders and the answers prepared by Heineken N.V. The questions relate to the agenda items of the Annual General Meeting of Shareholders. The Company will aim to discuss as many of these questions during the meeting. The following shareholders submitted questions:

- Mrs. M. Kruitbos on behalf of MN, asset manager of amongst others PMT, PME and Pensioenfonds Koopvaardij. These questions are also asked on behalf of NN Investment Partners and Robeco
- Mr. E. van den Hudding on behalf of Vereniging van Effectenbezitters (*VEB submitted two statements which are included as well*)
- Mrs. A. Laskewitz on behalf of VBDO
- Mr. P. Spanjer
- Mr M. Monkau

CONTENTS

Agenda item 1a Report of the Executive Board for the financial year 2020.....	3
Agenda item 1b Advisory vote on the 2020 remuneration report.....	10
Agenda item 4a Re-appointment of Mr. M. Das as member (and delegated member) of the Supervisory Board.....	11

HEINEKEN answers in green

Agenda item 1a Report of the Executive Board for the financial year 2020

Questions received from Mrs. M. Kruitbos on behalf of MN, asset manager of amongst others PMT, PME and Pensioenfonds Koopvaardij. These questions are also asked on behalf of NN Investment Partners and Robeco

1. In het jaarverslag wordt zichtbaar dat 2020 voor Heineken een zwaar jaar is geweest. Het voelt zich daarom genoodzaakt om 2 miljard euro te bezuinigen. Als onderdeel hiervan wordt momenteel een forse reorganisatie uitgevoerd waarbij 8000 banen zullen verdwijnen. Een groot deel van de bezuinigingen zal worden geherinvesteerd in het herstellen van het marketing- en verkoopniveau op (minimaal) het niveau van 2019. Vorig jaar gaf Heineken aan dat het zich in het licht van de pandemie tot het uiterste zou inzetten gedwongen ontslagen te voorkomen. In hoeverre acht u de uiteindelijke beslissing voor een grootschalige ontslagronde proportioneel, kijkend naar de aangekondigde investeringen? *(submitted in Dutch)*

Answer: On 8 April 2020, at the start of the pandemic and while there was much uncertainty, HEINEKEN wanted to provide security to its employees and committed to no structural layoffs during 2020 as a result of COVID-19. As the crisis unravelled, HEINEKEN has been affected severely and disproportionately relative to its peers in the beverage sector, given its geography and channel mix. As such the reorganisation has been inevitable but it is very difficult to let our colleagues go. The largest part of the gross savings of €2 billion will help offsetting significant cost pressures coming from inflation, rising commodity prices and significant transactional currency effects.

2. Tijdens onze jaarlijkse dialoog in aanloop naar deze AVA, spraken wij over de Say on Climate-campagne – een initiatief waarbij beleggers bedrijven vragen hun klimaatplannen ter goedkeuring voor te leggen aan aandeelhouders op de AVA. Wij zien dergelijke plannen met enthousiasme tegemoet, omdat we geloven dat een Say on climate bedrijven stimuleert het duurzaamheidsbeleid concreet te maken en transparant te rapporteren over de voortgang. Hoe staat u tegenover de mogelijkheid om de klimaatplannen van Heineken, conform het Say on Climate-initiatief periodiek voor te leggen aan de AVA? Heeft u plannen de klimaatstrategie voor te leggen op de AVA van 2022? *(submitted in Dutch)*

Answer: We are looking at all aspects and following these developments during the 2021 AGM season with much interest as these will inform our position towards say on climate for the future

Questions received from Vereniging van Effectenbezitters

3. In the five years before the corona pandemic, net revenue grew organically by an average of 5 percent per year. In its new strategy Heineken aims for 'superior' top-line growth. What does Heineken envision as a sustainable organic growth rate in the medium term?

Answer: We have qualified our top-line growth of 5%, during 2015–2019, as superior, as this places us in the top quartile amongst FMCGs. The growth of our business is heavily dependent on the performance of the overall economy. So while we do not provide an absolute figure of what that growth could be, we do have a relative sense of what we are aiming for. We are naturally a GDP+ or a GDP++ growth company and in that context we aim to deliver a superior top-line growth relative to the FMCG space.

4. Heineken has seen the costs for non-returnable packaging rise sharply in absolute and relative terms to net revenue in previous years. How does Heineken address the margin dilutive effect of this cost item?
5. Heineken refers to the premiumisation trend as part of the explanation for the higher costs of non-returnable packaging. Heineken's gross margin has not expanded, appearing the company is unable to pass on these higher input costs to customers through higher prices? Are prices of premium beers high enough to offset the higher cost of non-returnable packaging?

Answer to 3 & 4 combined: The increases we observe on the costs of non-returnable packaging are indeed associated with a shift in our mix from returnable packaging to non-returnable. They also very much relate to increases in commodity prices, transactional currency costs and in general our premiumisation strategy which uses more expensive packaging materials per litre. The main levers to offset these cost pressures are precisely pricing and premiumisation. Premium propositions sell at a higher price and better margins (even though of course you have to give it a bit of time for margins to increase when you launch new products). Over the past few years there have also been other effects, for instance the acquisition in Brazil which impacted margins in 2017 and 2018 as well as the exceptional transactional foreign exchange impact in 2020 and 2021.

6. Every year substantial investments are required to maintain and further grow Heineken's brand portfolio. However, marketing and sales as a percentage of revenue decreased from 13.4 percent in 2015 to 10.4 percent in 2020. Is Heineken spending enough to grow sustainably in the future, and what specific actions is the company taking?

Answer: If you look further back in time, we increased that percentage by 120 bps between 2010 and 2016, and then decreased it back by pretty much the same percentage between 2016 and 2019 (excluding the effect of IFRS 15). Of course 2020 is an atypical year, with lockdowns in many markets and significant cost mitigation efforts. First of all, if you look at our top-line growth it is a good proof that we have supported our brands adequately in the past. Now moving forward, we do not want to see that kind of

decreasing trend in investments. Steady investment behind our brands provide for good brand health, resulting in pricing power also in markets where we are not the market leader (see for example the two price increases in Brazil in 2020).

7. In the past year, Heineken achieved an operating profit margin (beia) of 12.3 percent. Heineken stated that it was aiming for a margin of 17 percent by 2023. Looking at the realized operating margin during the five years pre COVID-19, is this objective ambitious enough?

Answer: The margin in 2020 was disproportionally impacted by the proportion of our business coming from countries heavily impacted by the Covid-19 crisis (for instance Mexico and South Africa where business as closed for weeks and months) as well as our strength in the on-trade in Europe. Moving forward, it is indeed important to restore the margin to the level of before the Covid-19 crisis, so at around 17 percent which we aim to do by 2023. In terms of timing a lot will depend on the pace and shape of the top-line recovery. We are doing this in a context of continued volatility due to Covid-19 with economies that are still deteriorating as a fallout from the pandemic. This is impacting consumer income and thus, the related uncertainty on top-line recovery.

At the same time, there is a significant increase in transactional foreign exchange and inflation at least for 2021. Therefore, we are very focussed on what we can control: building our continuous productivity improvement capability starting with the €2bn gross savings ambition and at the same time stepping up our investment behind our digital transformation, our sustainability ambition and of course our brands. Based on all of this we have formulated our overall ambition to recover to 17% margin and from there gear for operating leverage.

8. To what extent does a lack of scale of Heineken in countries in Africa and Latin America play a role in the operating profit margin lagging competitor AB InBev?

Answer: Of course, scale plays a role in general and it is true to say that strong market share in a few very large markets can drive a structural margin difference. It has always been our strategy to win with strong brand equity and recognition of our strong partnerships with our customers.

9. Within the regions the margin in Asia Pacific (in particular Indonesia and Vietnam, together over half of Asia Pacific sales) is far above the Heineken group. Is this high operating profit margin sustainable in the medium term?

Answer: Our margins in Vietnam are not only driven by market share but also by our strong position in the premium segment and the high efficiency of our operations. Much of Vietnam's success as a major margin and growth contributor to the group was due to investments made 5-10 years ago (and patience). This is the benefit of being a family controlled business as it allows to invest today with longer term growth ambitions in mind. We also continue to invest for the future and are now building our mainstream portfolio with Larue and Bia Viet, growing into secondary cities and rural areas. The

margins on these brands in these regions are lower so it is logical that our margins may recede a little in the medium term for the benefit of stronger overall growth.

10. Currently, Asia-Pacific accounts for approximately 14 percent of net revenue. Does Heineken see opportunities here for increasing its market position in certain Asian countries?

Answer: As you know we never comment on specific acquisition opportunities. However, fair to say that we are continuously monitoring opportunities for each of the four regions.

More specifically on APAC, we recently entered into an important partnership with CRB in China. And in Australia we recently acquired the rights for Strongbow and other cider and premium beer brands.

11. In the past year, the online channel (including Beerwolf) has grown rapidly. Do you see opportunities to roll out this pan-European success formula in other parts of the world, and what consequences will this have for future margin development?

Answer: Beerwolf, our D2C platform for Europe, nearly doubled its revenues last year as consumers embraced e-commerce during the pandemic, ordering food and beverages from their homes. In other markets we have other platforms which also performed strongly, for instance Six2Go in Mexico and Drinkies across several markets including Egypt, Malaysia, Portugal and Vietnam. Together our D2C platforms tripled the number of orders they delivered last year. The D2C still represents a very small part of our business and therefore does not impact margin significantly one way or the other.

12. Heineken owns approximately 3,000 pubs in the United Kingdom and is active in wholesaling in Europe. Has the pandemic changed Heineken's view of these low-return activities?

Answer: The Pubs have actually quite good margins and our Pubs estate plays an important role for us in the UK. As regards the wholesale business, it does have relatively low margins and we only maintain it where we feel it is an important driver for our local business. Wholesale provides close proximity to customers and consumers tapping into a broader range of products, and enabling a better service and deeper insight into our customer and consumer base. While this is a long-term competitive advantage, in the short term they have been a drag given the impact of COVID-19 and the closing of the on-trade.

Questions received from the Dutch Association of Investors for Sustainable Development (VBDO)

13. In mid-March 2021, the Financieele Dagblad reported about the alcohol problem in South Africa, which leads to the highest percentage of children with fetal alcohol syndrome worldwide. Heineken, accounting for more than 12% of the multi-billion South African beer market in 2018, invested together with other beverage producers 1 million euros for two years in the fight against fetal alcohol syndrome. VBDO appreciates the fact that Heineken

takes responsibility for responsible alcohol consumption through its media budget, partnerships, and increased transparency, but has a question related to the effectiveness of these programmes: How is Heineken collaborating with the government of South Africa and other stakeholders to address this systemic issue and what is the company's financial commitment in the years to come?

Answer: HEINEKEN South Africa works through AWARE.ORG, which is the industry body to raise awareness on responsible drinking and implement programmes to address harm with specific focus on drinking and driving, binge drinking and underage drinking. This is done through e.g. community-based programmes to address the root cause of the problem and to minimise the impact of harmful drinking, ongoing research to better understand the systemic causes of alcohol abuse and appropriate interventions to address the problem, and building partnerships with government and civil society organisations to drive behavioural change across society in respect of alcohol use.

In October 2020, the industry confirmed that it will be increasing its investment towards harm reduction initiatives outlined in the industry's social compact on harm reduction to 55 million Euros for the next 5 years starting in Jan 2021. HEINEKEN's contribution towards this investment will be approximately 10%.

14. VBDO is pleased with Heineken's efforts to preserve water resources and to improve access to safe water and sanitation (SDG 6) as part of its Every Drop 2030 strategy. VBDO considers Nature Based Solutions (NBS) and the involvement of local communities as valuable assets for water balancing projects, in every local context. These local communities are – just as the ecosystems in which these communities live – integral part of the water resources where Heineken breweries retrieve its water from. VBDO learned from previous engagement with Heineken that it approaches these issues case-by-case, which respects local conditions and communities. VBDO understands that differences between regions exist but would like to encourage Heineken to measure overall progress on this topic, also making it easier for stakeholders to scrutinise Heineken's efforts. Can Heineken set up a general set of criteria in order to implement NBS's and to involve local communities in a structural way?

Answer: Indeed, we follow a customised, contextual approach per site as each watershed is unique. The involvement of stakeholders and communities depends on where the watershed is located, what the watershed vulnerabilities are and who is capable to address the vulnerabilities for long term sustainability of the water supply. This is different between for example our projects in Spain and Ethiopia. So there is no one-size-fits all solution. But measuring the outcomes and impacts of water balancing and these projects is essential, and complex at the same time. We use the Volumetric Benefit Accounting (VBA) standard, which was launched by the World Resources Institute in 2019, across all markets in scope. We work closely with LimnoTech, one of the authors of this standard, to externally audit and verify the outcomes and impacts of our projects. At the same time we continue to learn from experts and other peers, through the CEO Water Mandate and the Water Resilience Coalition.

15. VBDO would like to congratulate Heineken with the Financial Times ranking for Europe's most inclusive companies. VBDO appreciates this external recognition, but also finds it difficult to assess the effectiveness of Heineken's strategies and initiatives related to diversity and inclusion. Can Heineken make a commit to choosing a suitable set of indicators on this subject matter, set relevant targets and explain how it has included relevant stakeholders in the process?

Answer: We are raising the bar by setting external targets on I&D for the first time, which has been the outcome of a process engaging with internal and external stakeholders (through surveys and workshops).

We are aiming for gender balance across senior management. In 2011, 11% of our senior managers were female. This percentage increased to 23% by 2020. Our commitment is to have 30% women in senior management roles by 2025 and 40% by 2030.

We also want to embrace cultural diversity, notably in our leadership. Our ambition is to balance the cultural diversity of our leadership teams in the countries where we operate. By 2023, across each region, at least 65% of country leadership teams will be made up of regional nationals. In practice, for a specific region this means the management teams of operating companies will be made up of 65% regional nationalities and 35% nationals from outside this region.

Our third goal is to have 100% of our managers trained in inclusive leadership by 2023. We will continue to focus on building a culture where people feel they belong, including fair and progressive recruitment, equal pay for equal work (see next page) and listening and dialogue sessions.

Progress will be measured through our global I&D dashboard, people plans and employee climate survey. We will report on KPIs related to our targets and disclose core information that is in line with the reporting frameworks we follow.

16. VBDO would like to mention again that equal pay is a crucial part of a diverse and inclusive company. Last year, Heineken mentioned that it recognised this importance and is committed to equal pay. VBDO would like to stress the importance of public disclosure for this theme and has not seen a materialization of full disclosure on this issue as of yet. Can Heineken commit to measure and report on the possible pay gap in different layers of the organisation in 2021?

Answer: We are raising the bar here as well by externally committing to equal pay for equal work (or work of equal value) between female and male colleagues. By 2023, ongoing assessments and actions will be in place to close any gaps. These action plans will focus on equal pay and also on representation, opportunity for promotion and gender balance in management teams. In that sense it will be an important instrument for our Inclusion & Diversity ambition.

We will start reporting on our progress towards this commitment as of our next Annual Report, however a decision still needs to be taken about the specific disclosures.

Question received from Mr. P. Spanjer

17. What is our position – particularly in AMEE – in making C19 vaccine available to our employees

Answer: COVID-19 vaccines are administered by Governments and they are not yet widely available to private companies like us. As soon as national roll-out plans allow, we strongly encourage our employees to receive the COVID-19 vaccination in their countries. Once they become commercially available, we will explore the potential for on-site vaccinations at our premises. Besides regulatory restrictions (e.g. access to vaccines, export) also logistical requirements (i.e. specific cool storage conditions for certain vaccines, batch sizes of vaccines) increase the complexity.

Questions received from Mr. M. Monkau

18. How much savings were made due to limited to no travel as a consequence of Covid-19 restrictions?

Answer: As per our disclosures in the Annual Report, the reduction in travel expenses was €87 million, which contributed to the overall net reduction of fixed expenses of €800 million.

19. Will HEINEKEN continue to reduce travel also beyond 2021 / post Covid-19?

Answer: As many economies reopen we can expect that we will resume travelling so these savings will partially revert. Some will be kept as new ways of working will make travelling unnecessary in many situations.

20. EverGreen aims to increase productivity, this surely is an ongoing process so how will you make sure this lasts (and is not a one-off exercise)?

Answer: HEINEKEN has shown in the past that we can execute successfully cost savings programmes. What we aim to build with Evergreen is a continuous productivity improvement capability so this is done consistently through time and across the entire organisation, leveraging on the scale and scope of our business to learn from each other.

21. How is the China partnership with CRE performing, are there good results? And will there be an option to consolidate the business in the middle to long term (or is it just a dividend generating investment)?

Answer: We are very happy with the progress that our partner CRB is making with Heineken®. They have grown the brand strongly last year and launched Heineken® Silver and Amstel successfully. We are impressed by their strong execution capabilities and deep knowledge of the beer market in China. HEINEKEN owns a 40% minority stake on the holding company of the listed entity that controls CRB. HEINEKEN reports the results of

CRB as part of the Share of Profits and Associates and Joint Ventures line of our Profit & Loss statement and receives the corresponding dividend. In addition, HEINEKEN will receive royalty income from the sale of our brands in China, which in the short term is being fully reinvested to accelerate the growth of the brands.

Agenda item 1b Advisory vote on the 2020 remuneration report

Questions received from Mrs. M. Kruitbos on behalf of MN, asset manager of amongst others PMT, PME and Pensioenfonds Koopvaardij. These questions are also asked on behalf of NN Investment Partners and Robeco

22. Heineken heeft recent aangekondigd dat het ambities heeft de eigen productie voor 2030 klimaatneutraal te maken. In 2040 moet ook de volledige keten klimaatneutraal werken, waarvoor een tussendoel is gesteld van 30% reductie in 2030 ten opzichte van 2018. Wij waarderen deze ambities. Wij vinden het echter ook belangrijk dat aan Heineken's duurzaamheidsdoelstellingen een financiële prikkel verbonden is in het beloningsbeleid. Zijn er plannen om de ambities ten aanzien van klimaatneutraliteit ook te verwerken in het beloningsbeleid? *(submitted in Dutch)*

Answer: Answer: First, it is good to highlight that the 2021 STI Individual leadership measures are focused on the implementation of our 'EverGreen' Strategy, this includes goals regarding environmental sustainability, social sustainability and responsible consumption. Furthermore, we are currently working on assessing how to further align our remuneration policy with our renewed, and just announced, sustainability ambitions.

23. Zoals gezegd, zien we in dat 2020 een moeilijk jaar is geweest, waarin Heineken financieel zwaar getroffen is. We waarderen de keuzes die in dat verband zijn gemaakt met betrekking tot het beloningsbeleid – er zijn geen bonussen uitgekeerd over het afgelopen jaar en de salarissen van het bestuur zijn met 20 procent verlaagd. Wat in dat verband echter minder goed te rijmen valt, is de vertrekpremie van de heer Van Boxmeer. Aan hem is een vertrekbonus van 5,5 miljoen euro uitgekeerd, hetgeen niet in lijn is met de Nederlandse Corporate Governance Code. Om die reden is tevens een fiscale boete van 7 miljoen euro ingecalculeerd.

Deze vraag zal u niet onbekend voorkomen – we hebben eerder al kenbaar gemaakt dat wij de vertrekpremie van de heer Van Boxmeer niet goed kunnen plaatsen in het licht van de pandemie. We zijn ons ervan bewust dat destijds contractuele afspraken zijn gemaakt. Kunt u met het oog op de toekomst toezeggen dat u geen vertrekregelingen meer introduceert die boven het maximum van een jaarsalaris uitgaan zoals gesteld door de Corporate Governance Code?

Answer: As described in our remuneration report, the Service Agreements of current EB members are fully compliant with the Corporate Governance Code. If the Company gives notice of termination of the service agreement of Mr. Van den Brink or Mr. Van den Broek

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.

24. Voor zowel de LTI-plannen 2019–2021 en 2020–2022 als de STI 2021 zijn definitieve targets vastgesteld. De eventuele uitkering van deze bonusprogramma's (in 2022) blijven echter "under review" om onredelijke en onbillijke uitkomsten te voorkomen. Ten aanzien van de LTIP 2021–2023 zijn "voorlopige targets" vastgesteld. Als er meer zicht is op de omzetgroei, winstontwikkeling en kasstromen, zullen de targets voor dit plan definitief worden vastgesteld. Zijn de targets voor de LTIP 2021–2023 inmiddels vastgesteld? Indien dit niet het geval is, wanneer verwacht u de targets vast te stellen en daarover te communiceren?

Answer: Given the uncertain, volatile, and unprecedented economic times, as well as the insufficient insight into the longer term financial prospects, the Supervisory Board decided to set preliminary performance targets for the 2021–2023 LTI award. If necessary, those targets could be adjusted in the summer of 2021, time at which it is envisaged that there will be better visibility of the market conditions for the company's three-year plan. Therefore preliminary targets have been already set.

Statement received from Vereniging van Effectenbezitters regarding this agenda item

"European Investors–VEB will vote against the remuneration report. In our view the remuneration report is not compliant with the SRD II requirements. In particular, this holds true for the lack of transparency about targets and ex post performance regarding both the Short and Long Term Incentives.

European Investors–VEB does not find the argument that this information would be commercially sensitive compelling as it concerns high-level objectives. Moreover, European Investors–VEB is of the opinion that the excessive severance payment for Jean-François van Boxmeer is inappropriate. It's another example of a long sequence of payments to (former) Heineken executives without proper grounds."

Agenda item 4a Re-appointment of Mr. M. Das as member (and delegated member) of the Supervisory Board

Statement received from Vereniging van Effectenbezitters regarding this agenda item

"European Investors–VEB will vote against the re-appointment of Mr. Das as member of the Supervisory Board. Mr. Das has been a Heineken supervisory director since 1994. His re-appointment can be considered an anachronism by all means and violates the best practices of the Dutch Governance Code once again. As the chairman of the Remuneration Committee, Mr. Das is also responsible for determining all elements of remuneration, including the excessive severance payment to former CEO Van Boxmeer. This excessive



severance pay follows a long history of ad hoc compensation by Heineken to (former) executives, during which Mr. Das was chairman of the Remuneration Committee."