

● Comply or Explain

Corporate governance

While Heineken Holding endorses the principles of the corporate governance code (the 'Code') referred to in Section 391, subsection 4, of Book 2 of the Dutch Civil Code, the structure of the Heineken group, and in particular the relationship between Heineken Holding N.V. and Heineken N.V., prevents Heineken Holding complying with a number of the principles and best-practice provisions, as discussed below.

Structure of the Heineken group

A 50.005% interest in Heineken N.V. is held by Heineken Holding. Both companies are listed on Euronext Amsterdam. L'Arche Holding S.A., a Swiss company owned by the Heineken family, in turn holds a 50.005% interest in Heineken Holding.

Standing at the head of the Heineken Group, Heineken Holding is not an ordinary holding company. Since its formation in 1052, Heineken Holding's object pursuant to its Articles of Association has been to manage or supervise the management of the Heineken group and to provide services for Heineken N.V. The policy principles hereby are promotion of the continuity, independence and stability of the Heineken group. This creates conditions which enables Heineken N.V. to pursue its long-term policy in the interest of the shareholders, the staff and other stakeholders.

Within the Heineken group, the primary duties of Heineken N.V.'s Executive Board are to initiate and implement corporate strategy and to manage Heineken N.V. and its related companies. It is supervised in the performance of its duties by Heineken N.V.'s Supervisory Board.

Heineken Holding's governance structure

Heineken Holding is managed by the Board of Directors, whose activities are directed towards implementing the policy principles outlined above.

Because Heineken N.V. manages the Heineken group companies, Heineken Holding, unlike Heineken N.V., does not have a Supervisory Board or an internal risk management and control system. Heineken Holding engages in no operational activities and employs no staff.

Pursuant to its Articles of Association, Heineken Holding distributes the dividend it receives from Heineken N.V. in full to its shareholders.

Compliance with the Code

Heineken Holding intends to preserve its existing governance structure and will therefore not apply those principles and best-practice provisions which are inconsistent with its preservation.

For the reasons stated above, Heineken Holding engages in no operational activities, employs no staff, has no internal risk management and control system and has no Supervisory Board. Pursuant to its Articles of Association, Heineken Holding distributes the dividend it receives from Heineken N.V. in full to its shareholders. Heineken Holding will not apply principles and best-practice provisions which presume that this will not be the case.

Heineken Holding will not apply best-practice provision II.1.1, which limits the period of appointment and reappointment of a member of the Board of Directors to a maximum of four years. The members of the Board of Directors are appointed for an indeterminate period. The Board of Directors will, however, apply best-practice provision II.1.1 if it is made generally applicable by a change in the law.

Heineken Holding will not apply best-practice provision II.1.7, which limits the number of supervisory directorships of listed companies which may be held by a member of the Board of Directors to a maximum of two and does not permit a member of the Board of Directors to be the chairman of the supervisory board of a listed company. The Board of Directors considers this best-practice provision to be inconsistent with the nature of its activities.

Heineken Holding will apply best-practice provision II.2.6, concerning regulations governing the holding of and transactions in securities other than those of the company by members of the Board of Directors. The Board of Directors itself has formulated its own regulations, which require once-yearly notification.

According to best-practice provision IV.3.8, the minutes of the General Meeting of Shareholders should be made available on request within three months from the date of the meeting, after which the shareholders should be given three months to comment on them. The minutes should then be adopted in the manner stipulated in the Articles of Association. It is customary, as provided in Article 14, paragraph 7, of the Articles of Association, to have a

- Comply or Explain

notarial record made of the proceedings of the General Meeting of Shareholders of Heineken Holding. The Board of Directors considers it desirable to continue this practice and best-practice provision IV.3.8 will be applied to the extent that it is consistent with it. The notarial record will be made available not later than three months from the date of the meeting.

Heineken Holding will comply with the other principles and best-practice provisions, provided the proposal to amend the Articles of Association is adopted by the General Meeting of Shareholders on 20 April 2005.