

Heineken Code of Business Conduct

Management primer

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1 Introduction

On 3 December 2004, the Executive Board of Heineken N.V. has adopted the Code of Business Conduct. This Code will be transposed (translated and made relevant) and implemented in the Opcos. This Management Primer is intended to give you background information and practical insight into the provisions of the Code of Business Conduct and is to be used as a reference manual by members of management teams, senior management and anyone else who plays a role in the transposition and implementation process. With this primer we aim to get a uniform interpretation of our rules on operating with integrity.

It is our intention to regularly update this publication with experiences from you. Therefore, you are more than welcome to comment on the content.

I do appreciate the fact that we require a lot of work from the Opcos, both in the implementation and in maintaining a high level of integrity. Experiences of Opcos where we have piloted this project have demonstrated that the result is worthwhile. Apart from the benefits of a higher level of integrity within our organisation, we have to carry out this project in order to better manage risks and meet the requirements that Dutch law is placing on us.

I wish you every success in your endeavours!

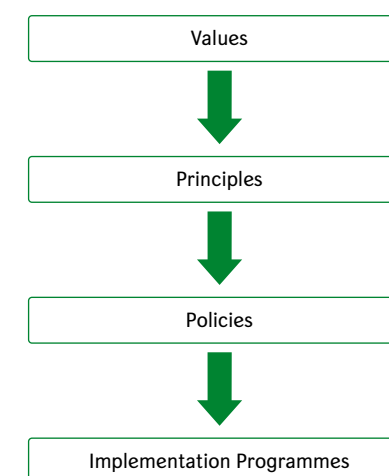


Amsterdam, 23 December 2004
Han de Goederen
Director Corporate Affairs

2 Heineken Values & Principles

The Heineken CSR programme is based on the Guidelines for Multi National Enterprises from the Organisation for Economic Cooperation and Development (OECD) being the most widely acclaimed standard for Corporate Social Responsibility. Within Heineken the OECD Guidelines are translated into the Heineken Principles. The principles are based on our three core values: respect, enjoyment and a passion for quality. The Heineken principles are operationalised through policies and policies, in their turn, are made relevant through implementation programmes.

Hence, within Heineken we see four layers in the way we have constructed our CSR programme:



The Code of Business Conduct is a compilation of a number of policies and is therefore a *partial* elaboration of the provisions in the Heineken Principles and hence part and parcel of the Heineken CSR programme. Other policies that are derived from the Heineken Values and Principles include the Heineken Alcohol Policy and the Safety, Health & Environment Policy.

The full text of the Heineken Values & Principles is as follows:

Heineken values & principles

Values

As a Company with its roots in the family tradition, Heineken has three core values. These values are based on our passion for beer and our imminent respect for our employees, business partners, customers, shareholders and all others who are connected to our Company. Our values are at the basis of the way in which we conduct our business, and determine our policies on all subjects and issues.

Our core values are:

1. **Respect** for individuals, society and the environment
Heineken sees itself as an integral part of the community in which it operates. This not only means that we respect the laws and regulations of the countries where we are active. First and foremost, Heineken acknowledges the fundamental human dignity and basic rights on which the Universal Declaration of Human Rights is based. This is reflected, among other things, in the respect we have for the differences in people and cultures.
We are very much aware of our responsibility towards our surroundings: spearheads of our accountability management include our highly evolved alcohol and environmental policies.
2. **Enjoyment:** we bring enjoyment to life
Heineken makes life more enjoyable. We do this through our products and our sponsorship policy, for instance, and other forms of commercial support. In this respect, our focus is on positive events that can contribute to the enjoyment of many. This core value is also reflected in the work atmosphere within the company.
3. **Passion for quality** Heineken radiates quality in everything it does or produces. It goes without saying that this qualification applies to our products and, for instance, our social policy. Heineken invests in its employees and therefore enjoys a good reputation as an employer.

Principles

In order to fulfil its ambitions Heineken has adopted the following principles:

- General** Heineken is actively aware of its social responsibilities, participating in societies all over the world, and lives up to them.
For the continuity of the Company, Heineken strives for a leading financial, environmental and social performance. To this end, investments in its workforce, its brands and its breweries are essential to the Heineken Company. Heineken feels part of the communities in which it operates. It aims to make a valuable and sustainable contribution to local and global societies.
Heineken has committed itself to providing an excellent and sustainable return on the investment made by its shareholders. It values the support of all its investors and seeks to communicate with them regularly and openly, providing reliable and timely financial and other information.
- Rule of Law** Heineken maintains a worldwide policy of compliance with laws and regulations. Heineken respects local cultures. It will adapt to local situations whenever possible, however, without prejudice to the Heineken values and principles or local laws and regulations.

Quality Heineken assures that its products are produced according to the highest food safety standards. In the case a product does not fully meet these standards, Heineken will not hesitate to take appropriate action. As for the use of raw materials, it is Heineken's policy to only use ingredients that are safe for human consumption.

Behaviour In relationships with employees, customers and other stakeholders, reliability and integrity are essential preconditions. Heineken expects its employees to refrain from acts that may damage these preconditions.
Heineken strives to provide a high level of enjoyment to its customers and consumers. Heineken will market and distribute its products in a responsible way. Therefore Heineken will act in good faith when persuading a consumer to choose one of its products. This means that vulnerable groups will not be targeted. Heineken aims to provide comprehensive information about the advantages and the disadvantages of its products in order to facilitate a balanced consumer choice.
Heineken will be truthful to employees, customers, consumers, governments, financial institutions or other stakeholders. All information it gives will be correct and transparent.

Employees Heineken aims to positively contribute to the well being of its employees. It will take appropriate measures to continuously improve safety and health aspects within its facilities. Heineken will maintain a medical policy aimed at providing access to medical services for its employees and their families. Heineken will keep in place a policy that is aimed at the development of skills in line with the natural talents of its employees. For the appointment or career prospects of employees, Heineken will pay attention only to the suitability of the candidate (education, personality, skills, working experience) and his or her legitimate demands. Heineken will base its decisions regarding (future) employees solely on the basis of objective criteria. It respects reasonable personal convictions or qualities of (future) employees.
Heineken supports fundamental human rights in line with the legitimate role of business. It secures the human rights of its employees within its facilities. In the case of external violations of the human rights of its employees, Heineken will provide assistance to its best abilities.
Heineken believes that children should be able to play and learn. This means that Heineken will not employ children within its facilities. Heineken will develop programmes to eliminate the employment of children by its business partners.

Conflicts of Interest Heineken expects its employees to avoid conflicts between business and private interests, as well as the acceptance or donation of personal gifts that could influence the integrity of business decisions.

Competition	Heineken believes in the principle of fair competition. It will keep in place policies and programmes aimed at giving guidance to employees to ensure that they understand competition laws and act in compliance with them.
Corruption	Heineken believes that corruption must be eliminated from society. It will maintain appropriate policies and programmes aimed at reducing and avoiding corruption.
Environmental Issues	Heineken aims to exercise due care with respect to the environment. It will pay specific attention to the consumption of raw materials, water, energy and other resources within its processes, as well as minimising waste emissions to the environment.
Compliance	<p>It is everybody's individual responsibility to give a correct interpretation to these principles. Communication, the development of tools, individual advising and monitoring are Heineken's responsibilities. The Executive Board, General Managers, Managing Directors, Corporate Directors and local Management Teams have a specific responsibility, which is amongst others, expressed by exemplary behaviour and by initiating and assessing activities.</p> <p>No employee will suffer negative consequences of bringing a breach or suspected breach of these principles to the attention of a senior manager.</p>

3 Rule of law

Content of the Code of Business Conduct

1. Employees shall respect all relevant laws and regulations (including self-regulatory agreements) that apply in the country in which they operate, amongst which applicable competition legislation. Wherever relevant laws and regulations are more restrictive than the provisions of this Code, these relevant laws and regulations prevail over the provisions in this Code.
2. Employees shall apply all relevant Heineken policies, procedures and standards in so far that these do not contradict local laws and regulations. To facilitate this, management will assure that these policies, procedures and standards are known internally.
3. Given the nature of the company's products, employees should specifically abide by the provisions of the Heineken Alcohol Policy and its supportive rules and guidelines.

Background

We operate in many different countries and/or regions that have their own laws and regulations. Laws and regulations exist on a supranational level (e.g. EU Council Regulations), national level (e.g. laws governing excise duties), regional level (e.g. regional environmental provisions) and municipal level (e.g. environmental permit). It is important that Heineken complies with all the relevant laws and regulations as non-compliance can be damaging to the Company reputation and lead to prosecution and fines that are costly.

In many countries there are also self-regulatory agreements, for example within the industry. Usually, self-regulatory bodies govern issues like advertising standards. Heineken has a policy to adhere to self-regulatory systems where they exist and do not contradict the policies as formulated by the Company.

Heineken has many policies, procedures and standards, for example in the fields of production, finance, marketing, human resources and communication. Many of these policies are also known externally. As an international Company that generally enjoys a good reputation and that is trusted by its stakeholders, it is very important that we are seen to practice what we preach. Therefore, Heineken policies, procedures and standards must be adhered to. In order to facilitate this, relevant policies, procedures and standards must be embedded in the day-to-day practice of the Opc. In this context it is crucial that we not only implement the relevant Company rules, but also that we have procedures and controls in place that stimulate long-term compliance. Frequent communication to the employees who are addressed by our policies, procedures and standards (including communication during the induction programme) are also important measures to assure long-term compliance.

Sometimes, laws and regulations are stricter than our own policies. In these cases the applicable laws and regulations prevail over or internal policies. The same goes for self-regulation: when self-regulation is stricter than Heineken policies, procedures and standards, the provisions of local self-regulation prevail.

In the Code of Business Conduct, special attention is paid to the Heineken Alcohol Policy. This provision is included as a signal to all employees that Heineken considers adherence to the Alcohol Policy and the rules and guidelines that are derived from it, of the utmost strategic importance.

4 Prevention of fraud

Content of the Code of Business Conduct

Fraud is defined as an intentional act designed to deceive or mislead others mainly to obtain unjust or illegal advantage to the detriment of the company. Fraud may involve falsification of documents, omission or concealment of facts, misappropriation of assets, theft, intentional misapplication of accounting rules etc.

1. Employees shall only make use of Company property, assets and resources for their intended business purposes, unless other use, including use for private goals, is specifically permitted by the appropriate local management.
2. Employees shall assure that all declarations of personal expenses are correct and well founded.
3. All business data and consequent reporting by employees must be truthful and traceable to documentary sources and records.

Background

Shareholders and other stakeholders continue to focus on good corporate governance. This focus imposes major obligations on companies to protect the interests of these stakeholders. One key risk which shareholders face is the potential depletion of their invested capital through frauds within an organisation. Failure to recognise fraud and not dealing properly with the consequences can and will be punished by stakeholders. History taught us that fraud can have a significant impact on results and reputation of a company. We therefore have a responsibility to put in place adequate safeguards and reporting procedures to provide the required reassurance.

It is difficult to be precise about the definition of 'fraud'. However, the above description from the Code of Business Conduct should provide some guidance. By its very nature, fraud involves deceit and concealment. Fraud can be categorised in financial reporting, misappropriation of assets, expenditure/liabilities for improper purposes, revenue/assets obtained through fraud, avoidance of cost and expenses and financial misconduct of senior management. There is an increased emphasis upon the prevention and detection of fraud as part of a healthy process, whereby prevention is always better than the cure.

Company management must continuously demonstrate that the standard of internal control is adequate for the needs of its business and that controls are operating satisfactorily. This section has been designed specifically to assist management in better understanding fraud risks in the business environment (paragraph A) and to be able to recognise possible fraud indicators/red flags on business process level (paragraph B), in reporting (paragraph C) and on personal level (paragraph D).

A. General conditions and environment

A symptom of fraud may be defined as a condition, which is directly attributable to dishonest or fraudulent activity. It may result from the fraud itself or from the attempt to conceal the fraud. Understanding general conditions that could lead to potential fraudulent behaviour is the key to detecting fraud. The size, complexity, and ownership characteristics of an Opco have a significant influence on the consideration of relevant fraud risk indicators, whereby the risk of management override of controls in place is considered higher, or that a lack of segregation of duties impact the effectiveness of good corporate governance procedures. General conditions that might contribute to fraud include:

- ▶ Management does not emphasize the role of strong internal controls or is not performing a visible follow up on reported fraudulent issues.
- ▶ Highly placed executives are less than prudent or restrained on expenditures for travel and entertainment, furnishings of offices, gifts to visitors and directors, etc.
- ▶ Management does not prosecute or punish identified embezzlers.
- ▶ Management does not have a clear position about conflicts of interest.
- ▶ No formal company financial schedule of authorities.
- ▶ Absence of formalised policies and procedures.
- ▶ Accounting and reporting policies, manual and procedures are on the lax or loose side e.g.: no or limited reconciliation between general and sub-ledger or between general ledger and external parties (e.g. bank statements, confirmations) and cash; no to limited follow up on variances between budget and actual and unexpected trends between periods, no beer flow analysis etc.
- ▶ Lack of automated and/or integrated systems.
- ▶ Internal auditing does not have authority to investigate certain executive activities involving heavy personal expenditures and does not have the appropriate position and reporting lines within the Opco.
- ▶ Lack of segregation of duties.
- ▶ Lack of automated and/or integrated systems.
- ▶ Debt or contractual repayments that are difficult to achieve.
- ▶ Allowed personal use of company assets.
- ▶ Employee motivation, morale and job satisfaction levels that are chronically low.
- ▶ The company does not inform employees about the rules or the action taken to prevent fraud.
- ▶ Rapid turnover of key employees either by quitting or firing.
- ▶ No mandatory vacations, periodic rotations, or transfers of key employees.
- ▶ Inadequate personnel-screening policies when hiring new employees to fill positions of trust.
- ▶ An absence of explicit and uniform personnel policies.
- ▶ No maintenance of accurate personnel records of dishonest acts or disciplinary actions.

- ▶ Executive disclosures and examinations not required.
- ▶ A dishonest or overly dominant management.
- ▶ Operating on a crisis basis.
- ▶ No attention paid to details.
- ▶ Unrealistic measurements and target setting.
- ▶ Poor compensation practices.
- ▶ A lack of internal security.
- ▶ Inadequate training programmes for integrity and codes of conduct.
- ▶ A business environment (internal and external) that supports unethical behaviour toward employees, customers, competitors, lenders and shareholders.
- ▶ No clear distinction between ownership and management of the company.
- ▶ Transactions that are odd as to:
 - ▶ Time (of day, week, month, year, or season)
 - ▶ Frequency (too many, too few)
 - ▶ Places (too far, too near, and too 'Far out')
 - ▶ Amount (too high, too low, too consistent, too alike, too different)
 - ▶ Parties or personalities (related parties, oddball personalities, strange and estranged relationships between parties, management performing clerical functions)

B. Business process level

On business process level the following circumstances could indicate an increased possibility of a fraud. Below we have set out an extensive though not exhaustive overview of fraud indicators (red flags) per business process.

B.1 Purchasing Process

- ▶ Turnover among buyers within the purchasing department significantly exceeds attrition rates throughout the organization.
- ▶ Purchase order proficiency rates fluctuate significantly among buyers within comparable workload levels.
- ▶ Dramatic increase in purchase volume per certain vendor(s) not justified by competitive bidding or changes in production specifications.
- ▶ Unaccounted purchase order numbers or physical loss of purchase orders.
- ▶ Rise in the cost of routine purchases beyond the inflation rate.
- ▶ Unusual purchases not consistent with the categories identified by prior trends or operating budget.
- ▶ Long-term relationships without considering tendering or annual assessment of the relationship.
- ▶ Delivery at strange times to unusual locations.
- ▶ Discrepancies between invoice, order and delivery.
- ▶ Insufficient procedures for opening creditor account.
- ▶ Suppliers with only a P.O. Box address.

B.2 Accounts Payable Process

- ▶ Recurring identical amounts from the same vendor.
- ▶ Unusual even dollar or high cash disbursement amounts for routine odd dollar or low value purchase.
- ▶ Multiple remittance addresses for the same vendor.
- ▶ Vendor addresses do not agree with vendor approval application.
- ▶ Sequential invoice numbers from the same vendor or invoice numbers with an alpha suffix.
- ▶ Payments to vendor have increased dramatically for no apparent reason.
- ▶ Lack of segregation of duties between:
 - ▶ Processing of accounts payable invoice and updates to vendor master files
 - ▶ Cheque preparation and posting to vendor account
 - ▶ Cheque preparation and mailing of signed cheques
- ▶ No proper documentation of additions, changes, or deletions to vendor master file.
- ▶ Excessive credit adjustments to a particular vendor and/or credit issued by unauthorized department (credits involving quantities and price).
- ▶ Systematic pattern of adjustments to accounts payable for goods returned.
- ▶ No reconciliation performed of accounts payable sub-ledger to general ledger control account.
- ▶ Insufficient supervisory review of accounts payable activity.
- ▶ Lack of documentation for payment of invoices.
- ▶ Possibility that (cash) payments to be approved/processed by unauthorised staff.
- ▶ Cash disbursements for unrecorded liabilities and routine expenses (e.g., rent) when all expenditures must be vouched prior to payment.
- ▶ Excessive miscoding to same expense account.
- ▶ Payments made on copies of invoices, not originals.
- ▶ Paid invoices not properly cancelled, allowing for reprocessing.
- ▶ High volume of manually prepared disbursement cheques.
- ▶ Unrestricted access to blank cheques, signature plates, and signing-signing equipment.
- ▶ Missing or easy access to blank cheques, facsimile, and manual cheques preparation machines.
- ▶ Vendor invoices are received by departments other than accounts payable (purchasing).
- ▶ Vendor complaints noted by credit rating services regarding slow or no payments not justified by disbursement schedule.

B.3 Payroll Process

- ▶ Dramatic increase in labour force or overtime not justified by production or volume.
- ▶ Turnover within the payroll department significantly exceeds attrition rates throughout the organization.
- ▶ Missing or easy access to blank cheques, facsimile, and manual cheques preparation machine.

- ▶ Tax deposits are substantially less than those required by current payroll expenses.
- ▶ High volume of manually prepared payroll cheques.
- ▶ No policies for new and retired staff.
- ▶ Salary increases or awarding bonuses that are not approved at the appropriate level.
- ▶ No analysis of holiday, sickness or other absenteeism by employees.

B.4 Warehousing

- ▶ Credit balances in inventory accounts.
- ▶ Consistent fluctuations in inventory accounts between months (e.g. debit balance one month, credit balance the next).
- ▶ Excessive inventory write-offs without documentation or approvals.
- ▶ Unusual volume of adjustments, write-offs, and disposal of material, inventory, or fixed assets.
- ▶ Unrestricted access to inventory storage areas by non-responsible employees and/or vendors.
- ▶ Significant weaknesses in inventory cut-off procedures.
- ▶ No policy regarding identification, sale, and disposal of obsolete and surplus materials.
- ▶ Finished goods inventory turnover rate does not correlate with operating cycle.
- ▶ No segregation of duties between:
 - ▶ Receipt of inventory and issuing of spare parts, finished goods, expensive POSM, etc.
 - ▶ Recording of inventory accounts and ordering materials
 - ▶ Identification of obsolete and surplus materials and sale and disposal of such materials
- ▶ No policy regarding inventory levels to be maintained (i.e., minimums, maximums, reorder points).
- ▶ No policy for free beer nor analysis of the free beer despatches.
- ▶ Systematic pattern of improperly labelled inventory and raw materials.
- ▶ Poor review of inventory accounts, write-offs, and physical access to storage areas.
- ▶ Lack of regular physical inventories carried out by independent personnel.
- ▶ Consistent production overruns beyond sales demand and backlog orders.
- ▶ Excessive production waste, spoilage, or other loss of raw materials.
- ▶ Physical replacement of finished goods within production area beyond a reasonable period of time.
- ▶ Abnormal expenditures for external maintenance services beyond normal repairs and capability of internal repair service personnel.
- ▶ Extended delay of goods marked for shipment maintained within shipping area.

B.5 Returnable packaging

- ▶ No company policy regarding the returnable packaging in general.
- ▶ No analysis available on the level of returnable packaging existing in the breweries and in the market.

- ▶ Significant difference between the real cost price and the consignment price (lower) to customers on bottle and crates returnable packaging.
- ▶ No sales credit policy regarding the returnable packaging.
- ▶ Large difference between stocktaking and accounting records.
- ▶ Unauthorised write off of packaging materials.
- ▶ No selection and no evaluation regarding procurements of returnable packaging.
- ▶ No proper analysis on the level of investment required resulting in higher level of returnable stock.
- ▶ No credit analyses performed before authorising credit to customer on returnable packaging resulting in high level of doubtful debt.
- ▶ New customers with low level of sales receive high level of credit facilities on returnable packaging.
- ▶ No reconciliation between security gate controls and physical receipt of returnable packaging resulting in falsified credit notes used to purchased finished products.
- ▶ Inadequate or lack of access procedure in the system.
- ▶ Un-reconciled difference on empties between deliveries and empties collected from customers.

B.6 Sales

B.6.1 Sales and commercial

- ▶ No sales credit policies.
- ▶ Unauthorised sales credit to customers.
- ▶ Regular returned cheques from some customers due to insufficient funds.
- ▶ Large time difference between cheque date and date of bank credit advice.
- ▶ No defined and unclear discount policies and high discount rate to specific customers having comparable volume of transaction with the other customers.
- ▶ No control on discount table in the system and no report on changes made in the table resulting in higher and unauthorised discount.
- ▶ Inaccurate and overstate sales volume resulting in higher bonus, commission etc.
- ▶ Incomplete or partial sales invoicing procedures resulting in invoice underpayment.
- ▶ Handwritten invoices.
- ▶ Premature sales recognition or reversal previous period sales.
- ▶ Manual adjustments to sales relates accounts.
- ▶ Unexplained differences between actual sales price and predefined sales prices.
- ▶ Different bank accounts from which cash receipts are received and payment of discounts.
- ▶ Unauthorised write off of outstanding balances.
- ▶ No reconciliation between goods despatch, invoices sent and debiting accounts receivable.
- ▶ Unexplained trends in volume and sales mix per customer/sales rep.

- ▶ No reconciliation between expected volume and sales mix for bonus calculation/investments and actual volume and sales mix.
- ▶ Significant debit balances on revenue accounts.
- ▶ Limited segregation of duties in master data maintenance or lacking mitigating controls.
- ▶ Widespread access to sales related master data.

B.6.2 Sales expenses

- ▶ No evaluation procedure and lack of segregation of duty on sales promotions and other sales activities.
- ▶ Repetitive sales promotions in (fictitious) outlet, bar or nightclub.
- ▶ High level of free beer gratuity regarding promotion compared to activities planned.
- ▶ No control on sales winning crown cork promotion and redeem centres and no reconciliation between winning injected in the market and redeemed crowns collected.
- ▶ Large difference between budget and actual without proper justification.
- ▶ Expenses sales staff without appropriate documentation supporting the claim.
- ▶ Expense reports sales staff not marked as 'paid'.
- ▶ Excessive POSM usage per sales rep/POSM responsible person.
- ▶ No guidance and limits for appropriate expenses sales staff.
- ▶ Unexplained abnormal expense reports.

B.7 Accounts Receivable Process

- ▶ Lack of segregation of duties between the following:
 - ▶ Processing of invoices and posting to sub-ledger
 - ▶ Posting to accounts receivable sub-ledger and cash receipts
- ▶ Lack of policies and procedures regarding write-offs.
- ▶ Frequent undocumented and/or unapproved adjustments, credits, and write-offs to accounts receivable sub-ledger.
- ▶ Long overdue accounts receivable.
- ▶ Dramatic increase in allowance for doubtful accounts.
- ▶ No reconciliation of accounts receivable sub-ledger to general ledger control account.
- ▶ Insufficient supervisory review of accounts receivable activity as well as customer account aging schedule.
- ▶ Unrestricted access to sub-ledgers and general ledger.

B.8 Cash Receipts Process

- ▶ Improper safeguarding of cash under lock and key.
- ▶ No segregation of duties between the following:
 - ▶ Receiving cash and posting to customer accounts
 - ▶ Issuing receipts and deposit preparation
- ▶ Infrequent bank deposits, allowing cash to accumulate.
- ▶ Consistent shortages in cash on hand.

- ▶ Consistent fluctuations in bank account balances.
- ▶ Closing out cash drawer before end of shift.
- ▶ Excessive number of voided transactions on a regular basis without proper explanation.
- ▶ Missing copies of pre-numbered receipts.
- ▶ Not balancing cash to accounts receivable sub-ledger.
- ▶ Insufficient supervisory review of cashier's daily activity.

B.9 IT

- ▶ No segregation of duty between development and production environment.
- ▶ No segregation of duty between the develop and test environment.
- ▶ Insufficient controls in place to monitor the IT operational activities by an independent person.
- ▶ No role based access control to systems, network, programs and data.
- ▶ Unauthorized of all changes to production environment.
- ▶ No Physical access control to computer rooms and buildings procedure in place.
- ▶ No formal procedure for downloading of data to be used outside Heineken buildings (needs to be business related).
- ▶ No complaints by users about data inconsistency and program errors.
- ▶ No monitoring of missing IT equipment (e.g. laptops, desktops etc).

C. Reporting

On reporting level the following circumstances could indicate an increased possibility of a fraud. Below we have set out an extensive though not exhaustive overview of fraud indicators (red flags) in reporting:

- ▶ Frequent large difference between reported result to management and accounting records resulting in overstatement of profit and losses accounts.
- ▶ Frequent overstatement of budget, business plan without supporting clear assumptions resulting into large difference between actual to budget, excess higher level of critical stocks.
- ▶ Frequent credit facilities to customers to meet the sales budget resulting into higher exposure on customer debts.
- ▶ Complex and sophisticated manual reporting procedure in high-risk environment without having retrieval data possibility.
- ▶ Frequent and unresolved difference between sub ledger and general resulting in un-reconciled differences impacting the reported result.

D. Personal level

Certain personal characteristics or circumstances may increase the risk of fraud committed by a person against the company. Below we have set out an extensive though not exhaustive overview of fraud indicators (red flags) in the personal sphere:

D.1 Personal characteristic red flags

- ▶ Rationalization of contradictory behaviour
- ▶ Lack of a strong code of personal ethics
- ▶ A wheeler-dealer personality
- ▶ Lack of stability
- ▶ A strong desire to beat the system
- ▶ A criminal or questionable background
- ▶ A poor credit rating and financial status
- ▶ Grievance against the company

D.2 Situational pressure red flags

- ▶ Significant observed changes from past behaviour patterns
- ▶ High personal debts or financial losses
- ▶ Inadequate income for lifestyle
- ▶ Extensive stock market or other speculation behaviour
- ▶ Excessive gambling
- ▶ Undue family, company, or community expectations
- ▶ Excessive use of alcohol or drugs
- ▶ Perceived inequities in the organization
- ▶ Resentment of superiors and frustration with job
- ▶ Peer group pressures
- ▶ Undue desire for self-enrichment and personal gain
- ▶ Emotional trauma in home life or work life

5 Conflict of interest

Content of the Code of Business Conduct

A Conflict of interest arises when an employee is engaged in carrying out a task on behalf of the Company and has a, factual or potential, private interest in the outcome of the task:

- ▶ that is possibly contrary to the best interest of the Company, and
- ▶ is substantial enough to affect the unbiased judgement or action the company expects the employee to exercise on its behalf.

1. Employees shall make business decisions solely in the best interest of the Company and in accordance with this Code.
2. Employees shall avoid conscious personal transactions, situations, relationships or other types of personal involvement in which – actually or potentially – a conflict might occur with the interests of the Company, or have the appearance of doing so.
3. Employees shall observe legal and Company provisions for owning shares in the Company. When making decisions on buying, holding or selling shares in a business partner, employees shall not make undue use of the information they obtained in their capacity of Company employee.
4. Employees shall obtain approval from the appropriate management, before continuing or undertaking actions, when he or she finds him or herself, or suspects him or herself to be in any situation where he or she is confronted with a conflict of interest.

Background

Heineken recognises and respects the right of its employees to engage in external activities so long as these activities do not impair, interfere or conflict with the conscientious performance of their company duties, and do not involve damage to or misuse of the company's name, trademarks, products, property, reputation, influence, facilities, relationships, confidential information or other resources.

As private citizens, people have all kinds of personal interests. They own property, possess shares, are part of a family with specific interests and obligations etc. At the same time, as employees, they are often responsible for actions of the Company. They are supposed to act in the best interests of all the stakeholders.

An actual or potential conflict of private and company interest may arise and is sometimes even unavoidable. This actual or potential conflict of interest does not necessarily always end in a problem but there are situations in which the balance of interests can be broken in favour of the individual when temptation of acting according to motives of self-interest is profitable.

Heineken expects employees to work according to the best interests of Heineken and to avoid any activities that may harm these interests. However, conflicts of interests may arise even when it is not a deliberate choice. When an employee finds himself in a situation that can or is resulting in a conflict of

interest, the employee should inform the proper internal authority. Usually this would be his direct line manager. This may lead to a reduction in the involvement of this employee in a particular project or other risk-reducing solutions.

Examples of dilemma's

While specific provisions cannot be made for each situation involving a potential conflict of interest that might confront an employee, the following examples may be a good illustration.

- ▶ An employee operates a small private business that is a potential supplier or customer of Heineken,
- ▶ The wife of a sales representative operates a small beer wholesale operation in his region
- ▶ A sales representative owns shares in a local outlet (e.g. a bar)
- ▶ A close relative of the HR-manager own an agency for temporary staffing
- ▶ The brother of a commercial manager works for a company that supplies Point Of Sale (POS) material
- ▶ A market researcher participates financially in an external market research company
- ▶ The uncle of the logistics manager has a trucking company
- ▶ The niece of an HR professional/manager is applying for a job within the company
- ▶ The football club where the general manager is president asks for a sponsorship

In all these examples, it is not necessary that there is an actual or potential conflict of interest. It is our responsibility as a company to assure that our employees are not confronted with situations where their personal integrity is questioned, internally or externally. Adequate disclosure of possible conflicts of interests and consequent management of these situations are imperative. Management should spend time and attention to enhancement of the sensitivity of employees regarding this issue and, maybe even more important, **lead by example!**

Owning shares

Most public authorities have specific rules and regulations concerning insider trading (trading in shares of a company when a person is suspected or expected to have a knowledge of a company that is greater than other investors would normally have). Heineken expects employees to obey the national and Company rules when buying, selling or advising on shares of companies where they have an inside knowledge that they acquired due to their working relationship with this company.

For owning shares in Heineken N.V. and Heineken Holding N.V. there are special provisions laid down in the 'Heineken N.V. Rules concerning inside information 2002' (see Annex 2). Opcos that have a public listing and that do not yet have rules to prevent insider trading are advised to define local rules in compliance with the provisions that are valid for Heineken N.V. and Heineken Holding N.V.

6 Business gifts

Content of the Code of Business Conduct

Business gifts include meals, entertainment (including lodging, travel, tickets to events or any other entertainment or related expense) and any other consideration of value including any discounted product or service, or subsidised social activity.

1. Employees shall not accept gifts that could be perceived to jeopardise the integrity of his or her business decisions or that are in violation of the rules set by the company.
2. When a business gift beyond what is considered to be normal business practice is accepted, it should be disclosed to the employee's manager.
3. The donation of a gift by a Company representative is only accepted when:
 - ▶ The nature and purpose of the gift is considered lawful and ethically unobjectionable in the local or business culture
 - ▶ The Company does not obtain or retain business or other improper advantage in the conduct of its business.
4. If an employee is not certain whether it is legal or contractually permitted to offer, donate or receive a gift of any kind, the employee should not offer, donate or receive it without consulting an authorised manager

Background

The provisions regarding gifts are valid for the donation to and the acceptance of gifts when acting on behalf of Heineken. Also carefully study the provisions on corruption when a gift is offered to a government official.

When two or more parties do business, there are conditions that are necessary to create an environment of integrity and trust. A proper amount of trust within the company and between business-partners is necessary; without mutual trust, no proper business can be done. Gifts often have a function in building or maintaining a trustful relationship between different business partners.

The essence of a business gift should primarily be its token character, and not the value of it. Here, the exchange of a gift implies a friendly gesture and functions as a token of desire to create a reliable relationship between the donator and receiver. But when a gift loses this token character and obtains an important status because of its content, it stops being a gift and might become a bribe. This can be the case when a gift is donated with the objective of placing the receiver in a credit position: the receiver will feel obliged to return a favour or gift to the former donator. Of course, this way of manipulating is incompatible with the idea of an open, mutual trustworthy (business)relationship.

Because of this (often subtle) ambiguity in the donate-and-receive relation, the following aspects should be taken in account in order not to cross the border between token and content.

First of all, the donator should consider the expectation. Sometimes a receiver simply expects valuable gifts (because he or she is used to it, maybe because of the cultural background). When this is not taken into account, there is a possibility that the receiver will feel insulted.

The relationship between the donator and the receiver is another factor that determines the nature of a gift. When the receiver is or should become an important business partner, a very small gift may not be appropriate, and vice versa. We see here that content and token aspect still are connected: the value underlines (the importance of) the token. With the composition of corporate gifts, this principle can also play a role: the value of the gift then reflects the importance of the company.

Heineken aims to create an environment in which an incorruptible way of doing business and the building of reliable relationships between business partners is possible. The ritual of donating and/or receiving gifts has an important symbolic function in this process, and is therefore often unavoidable.

Therefore, the value of the gift ('content') must always be seen in relation to the symbolic function it has in the relation with the business partners ('token'). When the value of the gift cannot be justified in terms of symbolic function anymore, it becomes a bribe.

Because improper or bribery gifts can (sometimes) be reason for (criminal) litigation and damage the reputation and/or financial situation of the company, it is necessary for Heineken to define the boundaries of donating proper gifts.

Checklist for accepting gifts by a Heineken employee

When judging whether the acceptance of a gift is in line with the Heineken policy as reflected in the Code of Business Conduct, the following questions should be answered:

1. Does the acceptance of the gift induce me to act in violation with my duties?
2. Is the acceptance of the gift legal?
3. What kind of impression do I create with my colleagues/boss when I accept this gift?
4. Do I believe that the intentions of the donator of the gift are honourable or is the gift offered to influence my decision?
5. By accepting the gift, do I create the impression that I will do something concrete in return?
6. Does the gift have a serious economic value for me?
7. Can I refuse to accept the gift without insulting the donator?
8. Is the gift offered openly?
9. Is the acceptance of the gift in line with the rules set out by my Company (e.g. on maximum value)?
10. Is it accounted for properly?

Please note that employees should never ask for a gift from a business relation. Gifts in the form of cash are always considered inappropriate.

Employees should be encouraged to consult their direct manager when they are in doubt whether a gift can be accepted or not in their search for an effective solution concerning dilemmas.

Examples of dilemma's

While specific provisions cannot be made for each situation involving the acceptance of a gift by an employee, the following examples may be a good illustration.

- ▶ A purchaser receives twelve bottles of expensive French wine
In most cultures, twelve bottles of wine will be perceived as a lavish gift that may influence the integrity of the employee
- ▶ An HR manager receives a Christmas gift at his home address
When a Christmas gift is received at a private address there is no control possible what so ever
- ▶ A sales representative accepts a small gift, such as a drink from a bar owner
If the acceptance of a drink could lead to the perception that the sales representative will do something in return (e.g. give more POS material than normal) he should be cautious
- ▶ An employee accepts cash from supplier
Cash is by nature considered to be an inappropriate gift?
- ▶ The marketing manager receives an invitation to a big social event organised by an advertising agency
Is the acceptance of the invitation in line with local customs? Is there a business goal in going to the event?

Accepting an invitation to go to an event

Sometimes Heineken employees are invited to go to events organised by suppliers, agencies, advertising media, consultancies etc. When considering to accept such an invitation the following guidelines should be observed:

- ▶ There should be a concrete business goal in accepting the invitation: accepting an invitation to go to a sunny beach resort to enjoy a holiday would not meet this criterion even if there is also a presentation/conference as an excuse.
- ▶ When there is a business reason, the Opco should be willing to bear the cost of travelling and hotel stay
- ▶ Before accepting any such invitation, approval from the direct line manager should be obtained

The donation of a gift by a Heineken employee

As a general statement, the organisation of the person to whom we offer a gift is responsible for its own rules and guidelines on this issue. As a Company, we should respect these rules and guidelines. When we know for example that the policy of a retail partner does not allow its employees to accept gifts with a value of more than € 50 we would compromise our business partner if we would offer a gift of € 100. Naturally, it is impossible to know all policies from our business partners, so when we do not know this, we should obey the following principles:

1. The nature and purpose of the gift is considered ethically unobjectionable in the local or business culture
2. The donation of the gift is not intended to induce the receiver to do something or refrain from doing something against his official duty
3. Heineken does not obtain or retain business or other improper advantage in the conduct of its business

As a rule of thumb one can say that when it would be allowed under Company policy to accept a certain gift, it is also considered to be an appropriate gift to offer to a business relation.

7 Corruption

Content of the Code of Business Conduct

An act of corruption is defined as to intentionally offer, promise or give any undue money, products or services to a public official in order that the official acts or refrains from acting in relation to the performance of official duties in order to obtain or retain business or other improper advantage in the conduct of business.

1. Employees shall not engage in acts of corruption for or on behalf of the Company.
2. Employees shall report any attempt by a government official to extort the Company to the appropriate local management

Background

Fighting corruption is currently a big issue: many countries and intergovernmental organizations develop and implement new legislation and undertake all kinds of actions to combat corruption in international commerce trade. The most notable legislation on corruption is the OECD (Organisation for Economic Co-operation and Development) Convention on Combating Bribery of Officials in International Business Transactions from 1997. This Convention that was signed by all OECD member countries and five non-OECD members makes the act of bribing a government official, committed anywhere in the world, punishable in all signatory countries. This means that for example an act committed in Saudi Arabia can be prosecuted in Denmark. This OECD Convention was the basis for relevant legislation in many countries across the world. Although it does not cover so-called facilitation payments (smaller payments made to lower government officials to induce them to perform their functions), these kinds of payments are considered a criminal offence under Dutch law. As Heineken is a Dutch company, Dutch law is applicable to our Company. This implies that any act of corruption committed on behalf of the Company in for instance Uruguay can lead to consequences to our Company. These consequences are a fine of Euro 1,000,000. – and/or a jail sentence of maximum four years for the person responsible for the act, plus the additional negative effects on the company's reputation. To mitigate criminal liability we are obliged to implement a strict anti-corruption policy.

According to OECD legislation, the official definition of corruption is *to intentionally offer, promise or give any undue pecuniary or other advantage, whether directly or through intermediaries, to a public official, for that official or for a third party, in order that the official acts or refrains from acting in relation to the performance of official duties, in order to obtain or retain business or other improper advantage in the conduct of business.*

In common language this means that:

- ▶ Money, products or services are paid or promised
- ▶ By a company or someone acting on behalf of that company
- ▶ To a civil servant or politician
- ▶ With the intent to influence his or her actions
- ▶ Resulting in a business advantage for the company

According to the OECD Convention on Combating Bribery of Officials in International Business Transactions from 1997 not all gifts or services to government officials constitute corruption. Practices intended to maintain a good relation that are customary in some cultures, such as sending a company Christmas calendar, are excluded as there is no *intent* to influence a specific government decision.

Examples

According to the definition given above, the following examples constitute an act of corruption:

- ▶ giving a golden watch to a customs official dealing with clearance of containers
A golden watch will be perceived a lavish gift under the Opco's gift policy
- ▶ I give an environmental surveyor \$ 100, = in order to stop him from giving a fine to the company
Heineken does not want to pay government officials to obstruct the law
- ▶ On demand from a cabinet minister I pay an amount of money to this minister's favourite charity as a condition to obtain a building permit
Although supporting charities can be in line with the Opco's community policies, there is a direct link between the donation and a desired government action
- ▶ I tell a customs official that if he clears my container within one week, I will pay him some money
Again, there is a direct link between the (promise of a) gift and a desired government action.

The Heineken anti-corruption policy

Heineken takes a firm stance against corruption. Therefore it has formulated an anti-corruption policy in 2002. This policy is:

Preamble

Corruption is a nuisance in the business environment in many countries. In the Heineken Values & Principles the Executive Board has stated that *"Heineken believes that corruption must be eliminated from society. It will maintain appropriate policies and programmes aimed at reducing and avoiding corruption"*. This means that Heineken, as a learning company, is committed to limiting the negative effects of corruption both on our business and on society. In accordance with both the Heineken Values & Principles and the OECD Convention on Combating Bribery of Officials in International Business Transactions from 1997, Heineken has adopted the following policy:

1) No employee shall engage in any act of corruption on behalf of the company.

This provision is very clear. It says that acts of corruption committed by our employees will not be tolerated.

- 2) **An act of corruption is defined as to intentionally offer, promise or give any undue money, products or services to a public official in order that the official acts or refrains from acting in relation to the performance of official duties in order to obtain or retain business or other improper advantage in the conduct of business.**

The definition that we use to describe corruption is derived from the OECD Convention on Combating Bribery of Officials in International Business Transactions. Important here to notice is that when talking about corruption we only refer to government officials. Bribing of other individuals or organisations is not allowed under the Heineken gift policy. What counts in acts of corruption is the intent of a gift.

- 3) **The Heineken policy is also applicable to agents, intermediaries or any other persons acting for or on behalf of Heineken. Heineken's policy will be an explicit part of any arrangements with any such third parties.**

We are legally also responsible for the acts committed on our behalf by third parties. Therefore, we must make our policy known to them and stipulate that we expect them to respect our policy.

- 4) **Based on a risk inventory carried out by local Management Teams, all employees in risk areas will receive training to fully comprehend the Heineken policy and live up to it. All such employees will receive a copy of the Heineken policy and will, where appropriate, have to attend training sessions.**

Many of our employees do not deal with government officials. Although they should be informed about our policy, no further training is required. Some employees, however, deal with government officials on a fairly regular basis, for instance employees in the logistic, financial and legal departments. As our objective is to reduce and avoid corruption, they should receive training in how to act in compliance with our policy. In order to determine the group of employees eligible for training, a careful risk inventory will be carried out by the Opco (*the implementation programme for the Code of Business Conduct foresees in these activities*).

- 5) **Within their local legal framework, Operating Companies will implement their own anti-corruption policy in compliance with the Corporate policy.**

The Heineken policy will have to be translated into national policy as local legislation might put additional demands on both the policy and the compliance system. Opcos will draw up an implementation programme that will be submitted to a Corporate Review Board for approval (*the implementation programme for the Code of Business Conduct foresees meeting this requirement*).

- 6) **Group Internal Audit will audit this implementation on a regular basis. It will report its findings to the Executive Board for evaluation purposes.**

Group Internal Audit has been assigned to check whether an Opco has taken the steps that it has defined in its implementation plan. It will do so on the basis of random checks.

- 7) **In the exceptional event that compliance with this policy would lead to disproportionate consequences for our employees, our customers or our consumers, employees should at all time consult with their manager, who will liaise with the General Manager.**

As mentioned in the Code of Business Conduct, any attempt to extort the company has to be reported.

- 8) **Any failure to comply with this policy will have serious career consequences up to dismissal.**

When defining their policy, Opcos will pay attention to the consequences of an infringement of the provisions of this policy by their employees.

8 Chain aspects

Content of the Code of Business Conduct

1. As regards the selection of suppliers, employees shall, as much as possible, select parties of good report. Agreements with suppliers with a questionable reputation in the field of, for instance, environmental care, working conditions and/or human rights shall be avoided wherever possible.

Background

Increasingly, companies are held responsible by the general public, governments and non-governmental organisations for their choice of suppliers. The reputation of a supplier can influence the stakeholder perception of the Company that orders goods or services. When, for example, Heineken or one of its Opcos would buy promotional textile from a supplier who employs young children in so-called sweatshops, Heineken effectively sends out a signal that it does not believe that child labour is a serious social problem. When we source chemicals from a Company that is known to discard large amounts of chemical waste into a local river, we transmit the signal that in fact we do not care about the environment. A reckless choice of suppliers can therefore undermine everything Heineken stands for in its CSR programme.

In the Code of Business Conduct an article is dedicated to the responsibility that we feel towards the supply chain. The article names a number of issues that we should take into consideration when selecting a supplier. When we speak about suppliers, we do not only mean the suppliers of raw materials, machinery, chemicals, promotional items and so forth, but also suppliers of services such as consultancy, temporary labour, transport and maintenance. In all these cases we should be able to have a good insight in the social and environmental performance of the supplier. The Heineken policy and guidelines for chain responsibility are being elaborated by Corporate Purchasing and implementation will start in 2005.

Examples

The following examples serve as an illustration of unwanted conduct by suppliers (not limitative):

- ▶ Extreme long working days are maintained on a structural basis (over 48 hours/week)
- ▶ Structural unnecessary environmental damage
- ▶ Employment of children under the legal working age (where there is no legal working age the minimum age of 15 is to be maintained)
- ▶ No effective employee representation
- ▶ Extremely low pay (what extremely low pay is will be different per country) that does not allow the worker to provide in his livelihood
- ▶ Unsafe working conditions
- ▶ Discrimination against certain groups (e.g. ethnic or religious)
- ▶ The supplier's company is merely a cover for whitewashing illegal money

9 Consultation

Content of the Code of Business Conduct

1. Whenever an employee is not certain whether he or she acts or can act in accordance with the provisions in this Code, he or she should always consult with the appropriate local management.

Background

We believe it is important that we maintain a culture where employees who face a dilemma, can share that dilemma with their superior or anyone else designated within the Opcos to assist on questions related to the Code of Business Conduct and together come to a solution that is in the best interest of the company. It is important that management takes time to resolve and explain issues and that anyone who seeks advice is not discouraged to do so a next time. Open mindedness and empathy are required to establish and maintain the desired culture.

Examples

The following examples serve to demonstrate the desired behaviour:

- ▶ A salesman informs you that his brother has opened a small outlet in his region
Transparency in business conduct is exactly what we want to achieve. Knowing things means we can manage them. Therefore you sit down with the salesman and discuss how you can avoid a conflict of interest from arising
- ▶ Your subordinate asks you whether he can accept an invitation from a supplier
Together you assess if acceptance is in line with your company policy. If not, you assess if it is possible to decline. If this would be inappropriate – e.g. because the supplier would feel insulted – together you determine how to handle the situation
- ▶ The logistic manager informs you that a customs official requires money to clear a container
Together with the relevant departments you assess whether further delay in receiving the container leads to substantial (financial) damage. If so, you intervene, e.g. by complaining about slow handling by customs to the proper authorities.

10 Implementation framework

The implementation framework of the Code of Business Conduct (annexed to the Code of Business Conduct) describes the implementation of the Heineken Code on an Opco level. This chapter outlines the content and comments on how the provisions in the annex are fulfilled.

Heineken will provide all senior managers with a detailed explanation on the interpretation of the provisions of this Code.

This primer is designed to fulfil this obligation. It is the responsibility of every Opco to ensure that every senior manager or management team member receives a copy, also future appointments.

Heineken will develop, implement and communicate key reporting indicators and monitoring procedures to safeguard compliance to this Code.

The reporting indicators and procedures are listed in Chapter 12 of this primer.

Before 31 December 2005, all operating companies will take appropriate measures to communicate and implement this Code to all employees and business partners, including sanctions for infringements. Where local Codes or policies on the subjects mentioned in this Code are already in place, they shall be brought in compliance to the provisions of this Code. All operating companies will submit the results of their transposition to the Business Conduct Review Board for approval. Communication to business partners is sometimes called for, e.g. in the case where an Opco uses agents or other third parties for dealing with governments (see Chapter 7). The implementation manual contains standard letters that can be used for this purpose. The approval procedure for Opco Codes is described in Chapter 13 of this primer.

Operating companies will provide adequate training and education programmes, enabling employees to act in accordance with the provisions in this Code.

This is further elaborated in the Implementation Manual. Continuous attention and information to employees about the Code of Business Conduct is required to keep the Code alive.

Operating companies will develop and communicate a system where employees can seek advice on the interpretation of this Code.

The general system is that employees can seek assistance with their direct line manager. Every line manager should be made aware of this and should be taught how to respond to a call for help (see also Chapter 9). When facing dilemma's managers should discuss cases with their peers and/or executives. Advice can also be obtained on an international level (e.g. with the relevant MMO or at Corporate).

Heineken and its operating companies shall design, implement and communicate a system where employees can report breaches of this Code, including the provision for bringing breaches forward anonymously. No employee will suffer negative consequences of bringing a breach or suspected breach of this Code to the attention of the Company.

To meet the provisions on whistle-blowing, Heineken has designed a whistle-blowing procedure that will be implemented together with the Code of Business Conduct. A manual for whistle-blowing is available. The outlines of the procedure are reflected in Chapter 11 of this primer.

Heineken shall enter into a dialogue with its joint venture partners and minority participations in order to persuade them to apply this Code within their operations.

This provision is still subject to further elaboration and is expected to be finalised mid 2005.

Corporate Affairs will provide tools and physical support to facilitate the transposition process by operating companies.

For the available tools, please refer to Chapter 14 of this primer.

11 Whistle-blowing

Background Heineken is committed to comply with local laws and regulations, but also to act in accordance with its own values and principles. Despite all our efforts, it may occur that individuals act unethically on behalf of the company. Such behaviour can cause harm to society, other individuals or the Company itself. For this reason, every employee (or other person authorised according to the procedure) is obliged to act immediately so that Heineken can intervene and stop further damage from occurring. We will act on any legitimate report of serious wrongdoings or malpractices within our Company.

What can be reported using this procedure:

- ▶ any serious breach of the provisions in the Heineken Code of Business Conduct
- ▶ any breach of other applicable laws, rules or regulations, codes of practice or professional statements
- ▶ mismanagement
- ▶ abuse of authority
- ▶ danger to public or worker health and safety
- ▶ any other serious social misconduct
- ▶ concealment of any malpractice

The whistle-blowing procedure does not replace existing procedures for handling (individual) grievances.

How a serious wrongdoing should be reported To enable the Company to assess the situation, a checklist for reporting a serious breach or malpractice has been developed (see annex 4).

First step When an employees wishes to raise a specific concern, he or she is encouraged to discuss the matter first with the direct supervisor or with the dedicated local Trusted Representative, before using the whistle-blowing procedure.

Next step If the matter is serious enough it should be reported to the (not involved) responsible line manager being local or international. By this provision we mean the line manager under whose responsibility the infringement lies: if for instance there is a fraud case in the financial department, the responsible line manager is the Finance Manager.

In the following circumstances a serious wrongdoing or malpractice should be reported to the Integrity Committee of Heineken International:

- ▶ local management itself is involved in the case
- ▶ the case has multinational or international dimensions
- ▶ the case concerns a joint venture
- ▶ a member of the Executive Board is implicated (the Integrity Committee will relay these cases to the Chairman of the Supervisory Board)

The Integrity Committee, that consists of the Directors of Corporate Affairs, Corporate Control & Accounting and Corporate Human Resources & Organisation Development as well as the manager of Group Internal Audit, can be reached at.

Heineken International B.V.
 attn. Integrity Committee
 P.O. Box 28
 1000 AA Amsterdam
 The Netherlands
 e-mail: intcom@heineken.com

or by phone via the international helpline (see below).

Safeguarding confidentiality and anonymity

If for any reason, the reporter does not think it possible or desirable to report to the line manager or the Trusted Representative, or if (s)he chooses to remain anonymous, a toll-free external multi-lingual telephone service is offered (24/7) for reporting or advice regarding the procedure to be followed. Heineken has a contract with an agency called Expolink. This organisation operates a system of national toll-free numbers in countries where this is possible. In other countries, employees can call the Expolink number in the UK, if desired as a collect call. Both the toll-free numbers and the UK number will be communicated in the course of the local implementation of the Code of Business Conduct. The international helpline will make an internal report of a call and will send this to Corporate Affairs in Amsterdam. Corporate Affairs assesses whether the reported case qualifies as a serious breach of Company policy or serious case of mismanagement. If so, an assessment will be made whether the case has international dimensions or not. A case with international dimensions will be forwarded to the Integrity Committee. Cases that lack this dimension will be forwarded to the Trusted Representative of the Opco where the breach or mismanagement has taken place for further investigation and handling.

Safeguarding the position of the employee

Heineken has procedures in place to protect employees who make legitimate reports on serious wrongdoings or malpractices. Local Trusted Representatives are instructed to safeguard the confidentiality of any person who makes a legitimate report when the reporter requests this. If desired, employees can fully conceal their identity when they make a report to the international helpline. Disclosure of serious wrongdoings or malpractices done in good faith will not have negative consequences and is encouraged by Heineken. However, Heineken will not tolerate false and malicious allegations and will take disciplinary action where and when this occurs.

12 Reporting indicators

Once the Code of Conduct has been transposed and implemented, maintenance should take place. In order to assure compliance every Opco should keep track of its activities (audit trail). The prescribed activities must be laid down in an annual internal report that has to be discussed in the Management Team in January of every year. Proof of this fact must also be kept in file (e.g. minutes of the Management Team meeting). The internal report should at least contain the following elements:

1. Information to new employees

Information on the Code of Conduct should be part of the induction programme of new employees. At least, they should receive a copy of the Opco's Code or a good summary. Either by procedure, or by proof of acceptance (e.g. asking employees to sign for receipt) there should be evidence that this activity has taken place. The reporting indicator for this activity is

$$\frac{\text{Number of new employees who have received general information}}{\text{Total number of new employees}} * 100 \%$$

The target for this indicator is 100%.

2. Number of people entering risk functions trained

When a new employee enters the company – or when someone within the company changes position – he or she should be able to understand the most relevant provisions of the Opco's Code of Conduct. Normally, this briefing will be given in a personal conversation with the responsible line manager. Assessment of training and information needs is done through the risk profile of the different departments. Evidence of this activity should be kept, e.g. by keeping attendance lists from training sessions or having individual employees sign that they have received proper training or information on the subjects concerned.

The reporting indicator for this activity is

$$\frac{\text{Number of new employees in risk departments who have been trained}}{\text{Total number of new employees in risk departments}} * 100 \%$$

The target for this indicator is 100%.

When someone changes jobs within the company, his or her training needs can change. Suppose that the risk assessment says that people in the finance department have a higher risk concerning fraud, conflict of interest and corruption and the commercial department has a higher risk concerning fraud, conflict of interest and gifts. If an employee moves from the finance department to the sales department, he or she should receive extra training on the missing element(s), in this example gifts.

Information on the training received by individual employees must be available, e.g. through a remark on the personnel file.

3. Number and nature of infringements and their follow up

It is not unlikely that the Opco will be confronted with infringements on the provisions of their Code. Infringements are typically disclosed through the whistleblowing procedure or through normal activities such as control, audit or forensic investigation. A report, whether made to the responsible line manager, the local Trusted Representative or through the international helpline, must have follow-up. In order for the Management Team to have an overview, a section on infringements should be included in the annual internal report. This section could look as follows:

	Total number of infringements:	3
	<i>Concerning</i>	
	- rule of law	0
	- fraud	1
	- conflict of interest	2
	- gifts	0
	- corruption	0
	- chain responsibility	0
Case 1: Fraud	<i>Reported infringement</i>	Wrongful, conscious malversation of returnable packaging administration
	<i>Action(s) undertaken</i>	Investigation by security and internal audit
	<i>Conclusion(s)</i>	Accusation was founded, three employees were involved, of whom one only marginally
	<i>Result(s)</i>	Two employees were dismissed, one was transferred and received an official reprimand. Procedure for bottle compound sharpened to prevent this kind of fraud in the future. As fraud amounted up to € 25,000 it was reported to GIA
Case 2: Conflict of Interest	<i>Reported infringement</i>	Employee alleged to have an interest in his family business
	<i>Action(s) undertaken</i>	Employee was asked to disclose any interests to his direct superior
	<i>Finding(s)</i>	The family business has no relation what so ever with the company
	<i>Result(s)</i>	Case dismissed
Case 3: Conflict of Interest	<i>Reported infringement</i>	Salesperson accused of having a financial interest in one of the bars in is region
	<i>Action(s) undertaken</i>	Discussion with salesperson; investigation into financing of this specific outlet
	<i>Finding(s)</i>	The salesperson in question has a 15% interest in this outlet. No evidence that the outlet received more favourable treatment
	<i>Result(s)</i>	Employee reprimanded for not disclosing this fact; account was transferred to another salesperson

4. Date of last confirmation or revision of the risk assessment

As the risk profile of the Company may change throughout the years, e.g. as a result of restructuring, it must be put on the agenda of the Management Team at least once every two years. In the Management Team a decision should be made whether the risk assessment in relation to the Code of Conduct is still valid or not.

The reporting indicator is:

Date of last confirmation or revision of risk assessment

The target is less than two years prior to the date of the internal report.

5. Evaluation of the Code

The Opco Code should be evaluated periodically, at least once every two years. The reason for this evaluation is to assess whether the Code in itself is clear enough, to incorporate practices that have evolved over time, to bring the Code in line with local legal requirements, etc. The evaluation should be done in the Management Team meeting and proof of this evaluation should be on file (e.g. minutes of the MT meeting where the content of the Code was discussed).

The reporting indicator is:

Date of last evaluation of the Code

The target is less than two years prior to the date of the internal report.

Administration As stated above, there is quite some administration to be done in relation to the Code. This task should be assigned to somebody who has access to the data, e.g. the HR manager or the Trusted Representative. Formal responsibility, however, should remain with a Management Team member, preferably the Financial Manager.

Compliance assurance The internal report can be subject to internal (internal audit) and external (external accountant) compliance assurance.

Approval procedure and timing

The Heineken Code of Business Conduct shall be transposed into an Opco specific Code. The result of this transposition by the Opco however requires approval from the Business Conduct Review Board (Corporate Affairs, Corporate Control & Accounting, Corporate Human Resources and Organisation Development, Corporate Legal & Business Affairs, Group Internal Audit). Opcos are required to send their own Code (in an English translation) to this board before 30 June 2005. The Review Board will perform a consistency check on the Opco specific Codes.

Local implementation, including internal (and where desired external) communication and training and information session should be concluded before 31 December 2005.

14 Tools and further information

A number of tools have been developed to facilitate the implementation of the Code of Business Conduct. These tools are available upon request and include:

- ▶ This management primer
- ▶ Implementation manual
- ▶ Training presentations
- ▶ Whistle-blowing manual
- ▶ Organisational assessment (a validated way to measure the ethical climate of a Company)
- ▶ Chronos (ethical self-assessment and e-learning tool)

These tools are distributed by the Corporate Affairs department.

In case you have any questions or remarks, you can reach Corporate Affairs at:

Heineken International B.V.
Corporate Affairs
P.O. Box 28
1000 AA Amsterdam
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tel: + 31 20 5239 375
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Annex 1 Heineken Code of Business Conduct

Preface As part of its extensive social responsibility programme, Heineken has defined rules on a number of integrity related issues that apply to all our employees worldwide. These rules are laid down in this Code of Business Conduct. This Code should be seen as a partial elaboration of the provisions in our Business Principles. Other topics in our Business Principles that to date are supported by implemented policies include alcohol policy, safety, health and environmental policy and competition law compliance. It also is designed to meet the criteria as defined by the Dutch Corporate Governance Committee. We see it as the duty of all employees to take good notice of the provisions in this Code. For those employees who have a management position we see it as their duty to demonstrate leadership through exemplary behaviour and to provide guidance to their subordinates when they are facing dilemmas. We acknowledge the fact that we operate in a very diverse world. Therefore, all our operating companies should transpose this Code to suit the needs of their business environment. In order to assure that these transpositions remain within the letter and the spirit of this Code, any local transposition requires approval from the Business Conduct Review Committee. We appreciate that implementing and maintaining this Code will take efforts on the part of our operating companies. All who share the responsibility of making this a success can count on our continuous support and we wish them all the best in their efforts.

A. Ruys, Chairman of the Executive Board

Definitions **This Code** provides the rules that employees should observe when acting for or on behalf of the Company.

The Company includes Heineken N.V. and all the companies in which it owns a majority share.

Employees are all those employed by the Company, regardless of the type of contract (temporary or fixed), including people who are employed through a third party or at will.

Rules for employees

A. Rule of law

1. Employees shall respect all relevant laws and regulations (including self-regulatory agreements) that apply in the country in which they operate, amongst which applicable competition legislation. Wherever relevant laws and regulations are more restrictive than the provisions of this Code, these relevant laws and regulations prevail over the provisions in this Code.
2. Employees shall apply all relevant Heineken policies, procedures and standards in so far that these do not contradict local laws and regulations. To facilitate this, management will assure that these policies, procedures and standards are known internally.
3. Given the nature of the company's products, employees should specifically abide by the provisions of the Heineken Alcohol Policy and its supportive rules and guidelines.

B. Prevention of fraud

Fraud is defined as an intentional act designed to deceive or mislead others mainly to obtain unjust or illegal advantage to the detriment of the company. Fraud may involve falsification of documents, omission or concealment of facts, misappropriation of assets, theft, intentional misapplication of accounting rules etc.

1. Employees shall only make use of Company property, assets and resources for their intended business purposes, unless other use, including use for private goals is, specifically permitted by the appropriate local management.
2. Employees shall assure that all declarations of personal expenses are correct and well founded.
3. All business data and consequent reporting by employees must be truthful and traceable to documentary sources and records.

C. Conflict of interest

A Conflict of interest arises when an employee is engaged in carrying out a task on behalf of the Company and has a, factual or potential, private interest in the outcome of the task:

- ▶ *that is possibly contrary to the best interest of the Company, and*
- ▶ *is substantial enough to affect the unbiased judgement or action the company expects the employee to exercise on its behalf.*

1. Employees shall make business decisions solely in the best interest of the Company and in accordance with this Code.
2. Employees shall avoid conscious personal transactions, situations, relationships or other types of personal involvement in which – actually or potentially – a conflict might occur with the interests of the Company, or have the appearance of doing so.
3. Employees shall observe legal and Company provisions for owning shares in the Company. When making decisions on buying, holding or selling shares in a business partner, employees shall not make undue use of the information they obtained in their capacity of Company employee.

4. Employees shall obtain approval from the appropriate management, before continuing or undertaking actions, when he or she finds him or herself, or suspects him or herself to be in any situation where he or she is confronted with a conflict of interest.

D. Business gifts

Business gifts include meals, entertainment (including lodging, travel, tickets to events or any other entertainment or related expense) and any other consideration of value including any discounted product or service, or subsidised social activity.

1. Employees shall not accept gifts that could be perceived to jeopardise the integrity of his or her business decisions or that are in violation of the rules set by the company.
2. When a business gift beyond what is considered to be normal business practice is accepted, it should be disclosed to the employee's manager.
3. The donation of a gift by a Company representative is only accepted when:
 - ▶ The nature and purpose of the gift is considered lawful and ethically unobjectionable in the local or business culture
 - ▶ The Company does not obtain or retain business or other improper advantage in the conduct of its business.
4. If an employee is not certain whether it is legal or contractually permitted to offer, donate or receive a gift of any kind, the employee should not offer, donate or receive it without consulting an authorised manager.

E. Corruption

An act of corruption is defined as intentionally offer, promise or give any undue money, products or services to a public official in order that the official acts or refrains from acting in relation to the performance of official duties in order to obtain or retain business or other improper advantage in the conduct of business.

1. Employees shall not engage in acts of corruption for or on behalf of the Company.
2. Employees shall report any attempt by a government official to extort the Company to the appropriate local management.

F. Chain aspects

1. As regards the selection of suppliers, employees shall, as much as possible, select parties of good report. Agreements with suppliers with a questionable reputation in the fields of, for instance, environmental care, working conditions and/or human rights shall be avoided wherever possible.

G. Consultation

1. Whenever an employee is not certain whether he or she acts or can act in accordance with the provisions in this Code, he or she should always consult with the appropriate local management.

Heineken, 3 December 2004

Annex to the Code of Business Conduct: Implementation framework

Heineken will provide all senior managers with a detailed explanation on the interpretation of the provisions of this Code.

Heineken will develop, implement and communicate key reporting indicators and monitoring procedures to safeguard compliance to this Code.

Before 31 December 2005, all operating companies will take appropriate measures to communicate and implement this Code to all employees and business partners, including sanctions for infringements. Where local Codes or policies on the subjects mentioned in this Code are already in place, they shall be brought in compliance to the provisions of this Code. All operating companies will submit the results of their transposition to the Business Conduct Review Board for approval.

Operating companies will provide adequate training and education programmes, enabling employees to act in accordance with the provisions in this Code.

Operating companies will develop and communicate a system where employees can seek advice on the interpretation of this Code.

Heineken and its operating companies shall design, implement and communicate a system where employees can report breaches of this Code, including the provision for bringing breaches forward anonymously. No employee will suffer negative consequences of bringing a breach or suspected breach of this Code to the attention of the Company.

Heineken shall enter into a dialogue with its joint venture partners and minority participations in order to persuade them to apply this Code within their operations.

Corporate Affairs will provide tools and physical support to facilitate the transposition process by operating companies.

Annex 2 Fraud Reporting Procedure 2004

Definition (Code of Business Conduct)

Fraud is defined as an intentional act designed to deceive or mislead others mainly to obtain unjust or illegal advantage to the detriment of the company. Fraud may involve falsification of documents, omission or concealment of facts, misappropriation of assets, theft, intentional misapplication of accounting rules etc.

Responsibilities

It is the responsibility of Managing Directors, General Managers and Directors of Corporate functions to take all reasonable precautions against fraud, to investigate any potential frauds, and to initiate corrective and punitive action as necessary. They are responsible for ensuring that all employees understand that the Company will treat any incident of fraud with severity. They ensure that no employee suffers for bringing a suspected fraud to their attention and that any offender should expect to be dismissed and prosecuted. They ensure that local reporting procedures are in place and that all information concerning fraud, regardless of the amount involved, is retained. On demand, they should be made available for review by Corporate. All information should be treated as highly personal & confidential. Unless a Managing Director, General Manager, or Director of a Corporate function sets a lower reporting threshold, all frauds with a gross loss in excess of € 20,000 (Twenty thousand Euros or local equivalent) should be reported to the Manager Group Internal Audit. Frauds where the gross loss exceeds € 50,000 (fifty thousand Euros), as well as all frauds involving senior executives irrespective of the amount involved, should also directly be reported to the CFO and responsible COO. General Managers report via the MMO Managing Director. Quarterly, the Manager Group Internal Audit presents a summary of reported frauds to the Executive Board and the Audit Committee.

Reporting Requirements

The initial report should be prepared soon after the first evidence of fraud becomes available and should contain as a minimum:

- ▶ Description of facts;
- ▶ People involved;
- ▶ Estimated gross loss (see loss threshold above);
- ▶ Potential impact on company reputation.

Any additional significant facts that emerge from further investigation should be provided in a follow-up report, which is updating the above information and includes as a minimum:

- ▶ Corrective action, punitive action;
- ▶ Estimated recoveries from all sources, including insurance companies and contributions from third parties for shared responsibilities;
- ▶ Tax relief.

December 2004

Heineken N.V. Rules Concerning Inside Information 2002

The Executive Board of Heineken N.V. has adopted the following rules of conduct with regard to Inside Information¹.

I. General rules for all Heineken-Employees

Prohibition from Executing Transactions

1. Every Heineken-Employee shall be prohibited from Executing a Transaction in Heineken Holding N.V.-Securities, Heineken N.V.-Securities or Other Heineken-Securities, if he or she has Inside Information. This prohibition shall not apply to the situations set out in paragraph 5.

Prohibition from recommending Transactions

2. Every Heineken-Employee shall be prohibited from recommending the Execution of Transactions in Heineken Holding N.V.-Securities, Heineken N.V.-Securities or Other Heineken-Securities to a third party, if he or she has Inside Information.

Confidentiality

3. Every Heineken-Employee shall be prohibited from disclosing Inside Information to a third party.

Advice Central Officer

4. If a Heineken-Employee is in doubt as to whether a prohibition applies to him or her, it is recommended that he or she contact the Central Officer.

Exceptions

5. The prohibition of paragraph 1 shall not apply to:
 - a. a person who Executes a Transaction in order to fulfil a due and payable obligation which already existed when that person became aware of the details with regard to which he or she has Inside Information;
 - b. the receipt, by choice or otherwise, of Heineken Holding N.V.-Securities, Heineken N.V. – Securities or Other Heineken-Securities as payment of dividend.
6. The prohibitions of paragraphs 2 and 3 shall do not apply if the conduct referred to takes place as part of the normal fulfilment by the relevant person of his or her work, profession or position.

Statutory prohibitions

7. The law also contains provisions prohibiting, among other things, the Execution of Transactions in securities other than Heineken Holding N.V.-Securities, Heineken N.V.-Securities or Other Heineken-Securities, if the person concerned has inside information within the meaning of the Securities Act. The statutory prohibitions apply to everybody, not only to Heineken-Employees. Obviously, the provisions of these rules shall be entirely without prejudice to the prohibitions under the Securities Act. With regard to the Execution of Transactions in Other Heineken-Securities, the provisions of these rules shall be entirely without prejudice to the prohibitions and provisions of foreign legislation.

¹ In these rules, a number of terms are used regularly in a particular meaning. Those terms have been capitalized and are defined in paragraph 44.

II. Prohibitions for Mandatory Designated Persons and Other Designated Persons

Mandatory Designated Persons

8. For the purposes of these rules, the following entities shall be deemed Mandatory Designated Persons:
 - a. members of the Supervisory Board of Heineken N.V.;
 - b. members of the Executive Board of Heineken N.V.;
 - c. managing directors and supervisory directors of legal entities or companies which have been designated as a Large Group Company by the Executive Board, to the extent that they are not already covered by subparagraph a. or b.

Other Designated Persons

9. The Executive Board of Heineken N.V. (either directly or through the Central Officer) may (whether or not on a temporary basis) designate persons (other than Mandatory Designated Persons), who (whether or not pursuant to an employment agreement) are employed by or associated with Heineken N.V. or a group company, as Other Designated Persons, if it believes that the person concerned has or may obtain Inside Information or if it believes that the person concerned might create the impression of acting in violation of the Securities Act. The Central Officer shall inform the person concerned in writing of the designation. The Executive Board of Heineken N.V. (either directly or through the Central Officer) may withdraw the designation as Other Designated Person if it believes that the reason for the designation has ceased to exist. The Central Officer shall inform the person concerned in writing of the withdrawal.

Prohibitions for Mandatory Designated Persons and Other Designated Persons

10. Every Mandatory Designated Person and Other Designated Person shall be prohibited from:
 - a. Executing Transactions in Heineken Holding N.V.-Securities, Heineken N.V.-Securities or Other Heineken-Securities during a Closed Period, also when he or she does not have Inside Information in such period;
 - b. Executing Transactions in Heineken Holding N.V.-Securities, Heineken N.V.-Securities or Other Heineken-Securities during the period – not being a Closed Period – in which the Central Officer has prohibited him or her from doing so pursuant to the provisions of paragraph 11 of these rules;
 - c. Executing a Transaction in Heineken Holding N.V.-Securities, Heineken N.V.-Securities or Other Heineken-Securities and, within one year thereafter, Execute another Transaction in such securities, if the other Transaction is opposite to the first Transaction or if the risk of the first Transaction is thereby excluded or limited.

The prohibitions of this paragraph 10 shall not apply to Transactions as referred to in paragraph 5.

11. The Central Officer may prohibit one or more (groups of) Mandatory Designated Persons and Other Designated Persons from Executing Transactions in Heineken Holding N.V.-Securities, Heineken N.V.-Securities or Other Heineken-Securities during a period – outside the Closed Period – determined by him.
12. At the request of a Mandatory Designated Person or an Other Designated Person, the Central Officer may under special circumstances grant dispensation from the provisions of paragraph 10 sub a. The request shall be made in writing and the dispensation shall be granted in writing. If the Central Officer himself is a Mandatory Designated Person or Other Designated Person, the dispensation can only be granted by the chairman of the Executive Board of Heineken N.V.
13. The provisions of this Chapter shall remain applicable to a Mandatory Designated Person during six months after he has lost the capacity of Mandatory Designated Person.
14. The provisions of this Chapter shall remain applicable to an Other Designated Person for the duration of the designation.

III. Obligations to notify

- Forms 15. The notifications referred to in this Chapter III shall be made by using forms supplied by the Central Officer. In making the notifications, the questions contained in the forms must be answered in a complete and truthful manner.

Statutory obligation of members of the Executive Board of Heineken N.V. and members of the Supervisory Board of Heineken N.V. to notify Autoriteit Financiële Markten (*Authority Financial Markets*) and the Central Officer

16. In accordance with the provisions of section 2a subsection 1 of the Disclosure Act, members of the Executive Board of Heineken N.V. and members of the Supervisory Board of Heineken N.V. must within two weeks of their designation or appointment notify the Central Officer and the Autoriteit Financiële Markten (*Authority Financial Markets*) of the number of Heineken Holding N.V.-Securities and Heineken N.V.-Securities at their disposal and the number of votes they can cast on the issued capital of Heineken Holding N.V. and the issued capital of Heineken N.V.
17. In accordance with section 2a subsections 4 and 5 of the Disclosure Act, members of the Executive Board of Heineken N.V. and members of the Supervisory Board of Heineken N.V. must notify the Central Officer and the Autoriteit Financiële Markten (*Authority Financial Markets*) without delay of

any change in the number of Heineken Holding N.V.-Securities and Heineken N.V.-Securities at their disposal and of any change in the number of votes that they can cast on the issued capital of Heineken Holding N.V. and the issued capital of Heineken N.V.

18. The obligation as referred to in section 46b subsection 3 Securities Act, i.e. the notification by the member of the Executive Board of Heineken N.V. or the member of the Supervisory Board of Heineken N.V. of Transactions in Heineken Holding N.V.-Securities and Heineken N.V.-Securities Executed in or from the Netherlands, shall be met if pursuant to paragraph 17 the Autoriteit Financiële Markten (*Authority Financial Markets*) has been notified on time of a change in the number of Heineken Holding N.V.-Securities and Heineken N.V.-Securities at the disposal of the member of the Executive Board of Heineken N.V. or the member of the Supervisory Board of Heineken N.V.
19. The member of the Executive Board of Heineken N.V. or the member of the Supervisory Board of Heineken N.V. may request the Central Officer to comply on his or her behalf with the statutory obligation to notify the Autoriteit Financiële Markten (*Authority Financial Markets*), as referred to in paragraphs 16 and 17. The members of the Executive Board of Heineken N.V. and the members of the Supervisory Board of Heineken N.V. must notify the Central Officer hereof without delay.

Notification of Executed Transactions to the Central Officer by members of the Executive Board of Heineken N.V. and members of the Supervisory Board of Heineken N.V.

20. Members of the Executive Board of Heineken N.V. and members of the Supervisory Board of Heineken N.V. must inform the Central Officer in writing of any Transaction in Other Heineken-Securities within five working days of its Execution. This shall not apply to Transactions as referred to in paragraph 5.

Statutory obligation of managing directors and supervisory directors of a Large Group Company as referred to in paragraph 8 sub c to notify Autoriteit Financiële Markten (*Authority Financial Markets*)

21. Pursuant to the provisions of section 46b of the Securities Act, read in conjunction with section 3 (and further) of the Ministerial Regulation, managing directors and supervisory directors of a Large Group Company as referred to in paragraph 8 sub c shall be obliged to notify the Autoriteit Financiële Markten (*Authority Financial Markets*) of Executed Transactions in Heineken Holding N.V.-Securities and Heineken N.V.-Securities effected by him or her in or from within The Netherlands. This does not apply to Transactions as referred to in paragraph 5.

22. The notification must be effected no later than ten calendar days after the end of the calendar month in which the Transaction to be notified has been Executed by the managing directors and supervisory directors of a Large Group Company as referred to in paragraph 8 sub c.
23. Each managing director or supervisory director of a Large Group Company as referred to in paragraph 8 sub c. may request the Central Officer in writing to make the relevant notification on his or her behalf. This request can only be made simultaneously with the statement referred to in paragraph 24.

Notification of Executed Transactions to the Central Officer by managing directors or supervisory directors of a Large Group Company as referred to in paragraph 8 sub c. and Other Designated Persons

24. Managing directors or supervisory directors of a Large Group Company as referred to in paragraph 8 sub c. and Other Designated Persons must inform the Central Officer in writing of any Transaction in *Heineken Holding N.V.-Securities, Heineken N.V.-Securities* and *Other Heineken-Securities* within five working days of its Execution. This shall not apply to Transactions as referred to in paragraph 5.

Statutory obligation of other persons to notify Autoriteit Financiële Markten (*Authority Financial Markets*)

25. Pursuant to the provisions of section 46b of the Securities Act, read in conjunction with section 3 (and further) of the Ministerial Regulation, the following persons are, in addition to the Mandatory Designated Persons, obliged to inform the Autoriteit Financiële Markten (*Authority Financial Markets*) of a Transaction in *Heineken Holding N.V.-Securities* and *Heineken N.V.-Securities* in or from within The Netherlands no later than ten calendar days after the end of the calendar month in which the Transaction was Executed:
- a. any person providing directly or indirectly more than 25% of the capital of Heineken N.V., and, if it concerns a legal entity or company, the managing directors and supervisory directors of that legal entity or company;
 - b. spouses of:
 - ▶ a member of the Executive Board of Heineken N.V.;
 - ▶ a member of the Supervisory Board of Heineken N.V.;
 - ▶ a managing director of a Large Group Company;
 - ▶ a supervisory director of a Large Group Company;
 - ▶ a person referred to in sub a.;
 - c. persons who share a household with:
 - ▶ a member of the Executive Board of Heineken N.V.;
 - ▶ a member of the Supervisory Board of Heineken N.V.;
 - ▶ a managing director of a Large Group Company;

- ▶ a supervisory director of a Large Group Company;
 - ▶ a person referred to in sub a.;
- d. relations by blood or affinity to the first degree of:
- ▶ a member of the Executive Board of Heineken N.V.;
 - ▶ a member of the Supervisory Board of Heineken N.V.;
 - ▶ a managing director of a Large Group Company;
 - ▶ a supervisory director of a Large Group Company;
 - ▶ a person referred to in sub a.;
- but not sharing a household with the abovementioned persons, if these relations by blood or affinity have at least 5% of (the depository receipts of) the shares in the capital of Heineken N.V. or Heineken Holding N.V. or will obtain this percentage through the Transaction. This obligation to notify shall not apply to Transactions as referred to in paragraph 5.

26. To the extent it is aware thereof, Heineken N.V. shall inform the persons referred to in paragraph 25, that they are subject to the obligation referred to in paragraph 25.
27. Mandatory Designated Persons must inform their spouses, their relations by blood or affinity and any other persons with whom they share a household of the obligations set out in paragraph 25.
28. The persons referred to in paragraph 25 must make the notification to the Autoriteit Financiële Markten (*Authority Financial Markets*) themselves. A notification to the Central Officer is not required.

IV. Central Officer

29. The Executive Board of Heineken N.V. shall appoint a Central Officer and may dismiss him from this function at any time.
30. The Executive Board of Heineken N.V. shall announce the identity of the Central Officer and where he can be reached.
31. The Central Officer has the duties and powers conferred on him by these rules. The Executive Board of Heineken N.V. may confer additional duties and powers on the Central Officer.
32. The Central Officer may in consultation with the Executive Board of Heineken N.V. designate one or more deputies who may be established in other countries and who may, for the benefit of the Heineken-Employees in those countries, exercise such duties and powers as the Central Officer shall determine in consultation with the Executive Board of Heineken N.V. The Central Officer may in consultation with the Executive Board of Heineken N.V. designate persons to replace him or her during his or her absence.

33. The Central Officer shall report annually to the chairman of the Executive Board of Heineken N.V.

V. Register

34. The Central Officer shall keep a register containing the following information:
- all names and addresses of Mandatory Designated Persons;
 - all requests as referred to in the paragraphs 16 and 17;
 - all notifications as referred to in paragraph 24;
 - all designations of Other Designated Persons;
 - all withdrawals of designations of Other Designated Persons;
 - all decisions to apply paragraph 11;
 - all requests for dispensation and all dispensations granted as referred to in paragraph 12;
 - all requests and information provided to the Central Officer as referred to in the paragraphs 19 and 23;
 - copies of the authorisations referred to in paragraph 40;
 - copies of management agreements received by him pursuant to the provisions of paragraph 42.
35. As soon as a member of the Executive Board of Heineken N.V. or a member of the Supervisory Board of Heineken N.V. ceases to hold office, the Central Officer will notify the Autoriteit Financiële Markten (*Authority Financial Markets*) of this without delay.
36. Heineken-Employees may inspect all data included in the register to the extent that it concerns them.
37. The chairman of the Executive Board of Heineken N.V. and the chairman of the Supervisory Board of Heineken N.V. may inspect the register at any time.
38. The Central Officer may remove data from the register after seven years.

VI. Independent managers

Members of the Executive Board of Heineken N.V. and members of the Supervisory Board of Heineken N.V.

39. The prohibitions contained in these rules shall not apply if and to the extent that a Transaction in Heineken Holding N.V.-Securities, Heineken N.V.-Securities or Other Heineken-Securities is Executed for the account of a member of the Executive Board of Heineken N.V. or a member of the Supervisory Board of Heineken N.V. by an independent manager who has

been authorised in writing by the relevant member of the Executive Board of Heineken N.V. or member of the Supervisory Board of Heineken N.V. and Executes the Transaction concerned without any instruction from or consultation with his principal.

40. The member of the Executive Board of Heineken N.V. or the member of the Supervisory Board of Heineken N.V. shall, even if a Transaction is Executed by an independent manager in accordance with the preceding paragraph, continue to be under an obligation to make the notifications that he or she must make pursuant to paragraphs 16 and 17. The member of the Executive Board of Heineken N.V. or the member of the Supervisory Board of Heineken N.V. may authorise the independent manager to make the notifications referred to in paragraphs 16 and 17 on his or her behalf. The member of the Executive Board of Heineken N.V. or the member of the Supervisory Board of Heineken N.V. shall send a copy of the authorisation to the Central Officer. The authorisation shall not affect the (continued) responsibility of the member of the Executive Board of Heineken N.V. and the member of the Supervisory Board of Heineken N.V. for the notification being accurate and made on time.

Other persons

41. The prohibitions contained in these rules and the obligations to notify referred to in these rules shall not apply if and to the extent that a Transaction in Heineken Holding N.V.-Securities, Heineken N.V.-Securities and Other Heineken-Securities is Executed for the account of a Heineken-Employee (with the exception of members of the Executive Board of Heineken N.V. and members of the Supervisory Board of Heineken N.V.) or a person referred to in paragraph 25 by an independent manager who has been authorised in writing by the relevant Heineken-Employee or person referred to in paragraph 25 and Executes the Transaction concerned without any instruction from or consultation with his principal.

Management Agreement

42. Every Heineken-Employee must provide the Central Officer with a copy of the management agreement and inform the Central Officer in writing of any change to that agreement.
43. The Central Officer may send a copy of the management agreement to the Autoriteit Financiële Markten (*Authority Financial Markets*) on behalf of the person concerned.

VII. Definitions

Definitions

44. In these rules, a number of terms are regularly used in a particular meaning. These capitalized terms are defined below:

Central Officer: The officer referred to in Chapter IV;

Closed Period:	<ul style="list-style-type: none"> a. the period starting on 1 November of any year and ending on the moment of the publication of the annual figures of Heineken N.V.; b. the period starting on 1 June of any year and ending on the moment of the publication of the semi-annual figures of Heineken N.V.; c. an other period as announced by the Executive Board of Heineken N.V.; 	Inside Information:	<ul style="list-style-type: none"> c. securities whose value is co-determined by the value of (depository receipts for) shares in the capital of Heineken N.V. (such as bonds convertible to shares in the capital of Heineken N.V., warrants and options which upon exercising require delivery or issuance of shares in the capital of Heineken N.V., claims and stock dividend) or of the securities referred to in sub b.;
Disclosure Act:	1996 Act on the Disclosure of Holdings in Listed Companies (<i>Wet melding zeggenschap in ter beurze genoteerde vennootschappen 1996</i>);	Large Group Company:	A legal entity or company in which Heineken N.V. has a participating interest as referred to in section 24c, book 2 of the Dutch Civil Code, if the turnover of that legal entity or company as most recently determined constitutes at least 10% of the consolidated turnover of Heineken N.V.
Execution of a Transaction:	Directly or indirectly and for one's own account or for the account of others, buy, sell, exchange or donate securities, buy or write options on securities, exercise options, convert convertible bonds or effect any other legal act aimed at acquiring or disposing securities;	Mandatory Designated Persons:	The persons referred to in paragraph 8;
Foreign Listed Subsidiary Company:	A legal entity or company, in which Heineken N.V., directly or indirectly, has an interest of at least 20% and of which (part of) the shares are listed on a stock exchange;	Ministerial Regulation:	1999 Ministerial Regulation regarding the notification and regulation of securities transactions (<i>Regeling melding en reglementering transacties in effecten 1999</i>) (stcr. 1999, 122, as amended in Stcr. 1999, 188);
Heineken-Employee:	Any person employed by or in any other type of relationship of authority to Heineken N.V., Heineken Nederlands Beheer B.V., a Large Group Company established in The Netherlands or a subsidiary of Heineken N.V. established in The Netherlands, irrespective of the duration of the employment, as well as the members of the Supervisory Board and the members of the Executive Board of Heineken N.V. and managing directors and supervisory directors of Large Group Companies, in any case including every Mandatory Designated Person and Other Designated Person;	Other Designated Persons:	Persons who pursuant to the provisions of paragraph 9 are designated by the Executive Board of Heineken N.V. or the Central Officer as Other Designated Person;
Heineken Holding N.V.-Securities:	<ul style="list-style-type: none"> a. (depository receipts for) shares in the capital of Heineken Holding N.V.; b. other securities issued by Heineken Holding N.V. that are listed on a stock exchange recognized under section 22 of the Securities Act or a stock exchange established outside The Netherlands and officially recognized; or any other securities which are likely to be listed shortly on such a stock exchange in the near future; and c. securities whose value is co-determined by the value of (depository receipts for) shares in the capital of Heineken Holding N.V. (such as bonds convertible to shares in the capital of Heineken Holding N.V., warrants and options which upon exercising require delivery or issuance of shares in the capital of Heineken Holding N.V., claims and stock dividend) or of the securities referred to in sub b.; 	Other Heineken-Securities:	<ul style="list-style-type: none"> a. (depository receipts for) shares in the capital of Foreign Listed Subsidiary Companies; b. other securities issued by a Foreign Listed Subsidiary Company that are listed on a stock exchange recognized under section 22 of the Securities Act or a stock exchange established outside The Netherlands and officially recognized; or any other securities which are likely to be listed shortly on such a stock exchange in the near future; and c. securities whose value is co-determined by the value of (depository receipts for) shares in the capital of a Foreign Listed Subsidiary Company (such as bonds convertible to shares, warrants and options which upon exercising require delivery or issuance of shares, claims and stock dividend) or of the securities referred to in sub b.; d. other securities as referred to in section 46 subsection 1 sub a. or b. of the Securities Act, to the extent that these are designated as such by the Central Officer;
Heineken N.V.-Securities:	<ul style="list-style-type: none"> a. (depository receipts for) shares in the capital of Heineken N.V.; b. other securities issued by Heineken N.V. that are listed on a stock exchange recognized under section 22 of the Securities Act or a stock exchange established outside The Netherlands and officially recognized; or any other securities which are likely to be listed shortly on such a stock exchange in the near future; and 	Securities Act:	1995 Act on the supervision of the securities trade (<i>Wet toezicht effectenverkeer 1995</i>).

VIII. Sanctions

45. In case of violation of one or more provisions of these rules, Heineken N.V. or, as the case may be, the employer reserves the right to impose any sanctions which he is entitled to impose pursuant to the law and/or the (employment) agreement with the party concerned. Such sanctions include termination of the (employment) agreement with the party involved, whether or not by way of summary dismissal.

IX. Other provisions

- Entering into effect 46. These rules shall take effect on 1 September 2002.
47. With effect from 1 September 2002, these rules have replaced the 'Heineken N.V. Rules concerning Insider Information' of 1 April 1999.
- Applicability 48. These rules shall apply to all Heineken-Employees, unless these rules provide otherwise.
- Other capacities 49. The provisions of these rules shall apply to Heineken-Employees irrespective of the capacity in which they Execute a Transaction and shall therefore also apply if the person concerned Executes a Transaction for the account of another person or as representative of another person.
- Amendments 50. The provisions of these rules can be amended and supplemented by a resolution of the Executive Board of Heineken N.V. Amendments and supplements shall enter into force upon their announcement, unless the announcement specifies a later date.
- Autoriteit Financiële Markten
(Authority Financial Markets) 51. A copy of these rules shall be sent to the Autoriteit Financiële Markten (Authority Financial Markets).
- Further 52. The Executive Board of Heineken N.V. shall have the power to take decisions in those cases which are not covered by these rules.
53. These rules are governed by Dutch law.

Annex 4

Checklist report serious wrongdoing or malpractice

Heineken encourages all who wish to raise concern to discuss the matter with proper management as soon as they encounter a practice that can be interpreted as a serious wrongdoing or malpractice.

Any employee, former employee, individual who is engaged or contracted under a contract for services to do work for the organisation, contractor or agent, can report serious wrongdoing or malpractice and is even allowed to circumvent the normal prescribed hierarchical internal channels of communication if necessary.

In order to make investigation of a suspected (imminent) serious wrongdoing or malpractice possible, the information of the report should be as specific and complete as possible. However **the whistle-blower is strongly recommended not to execute any investigation on his/her own**. The report should preferably include as much information as available on the following:

- ▶ A description of all relevant facts regarding the issue. (what happened, when, where, who was involved, special circumstances)
- ▶ Description of any documentation or other physical evidence, which will be handed over.
- ▶ What operating company and organisational unit does it concern. And who is according to your assessment responsible for the organisation where this reported serious wrongdoing or malpractice refers.
- ▶ Why one considers this to be a case of serious wrongdoing or malpractice (preferably describe the rules of the Code of Business Conduct violated)
- ▶ What is the (potential) damage to the organisation, employees or other individuals, business partners, institutions including government, society or other stakeholders both regarding the present and future.
- ▶ How did you personally become aware of the practice and are there witnesses, documents or other information that will support the investigation.
- ▶ Who else knows about the reported practices without being actively involved and/or did you inform about your concern before reporting.
- ▶ Whether you do expect this to happen again, and when.
- ▶ Any other details or information, which may help the investigation or otherwise be useful to know.

In order to be able to contact you to get more information if needed for a thorough investigation of the facts, we would like you to provide your name and contact details. This makes it also possible for us to give you feed back on the results of the investigation.

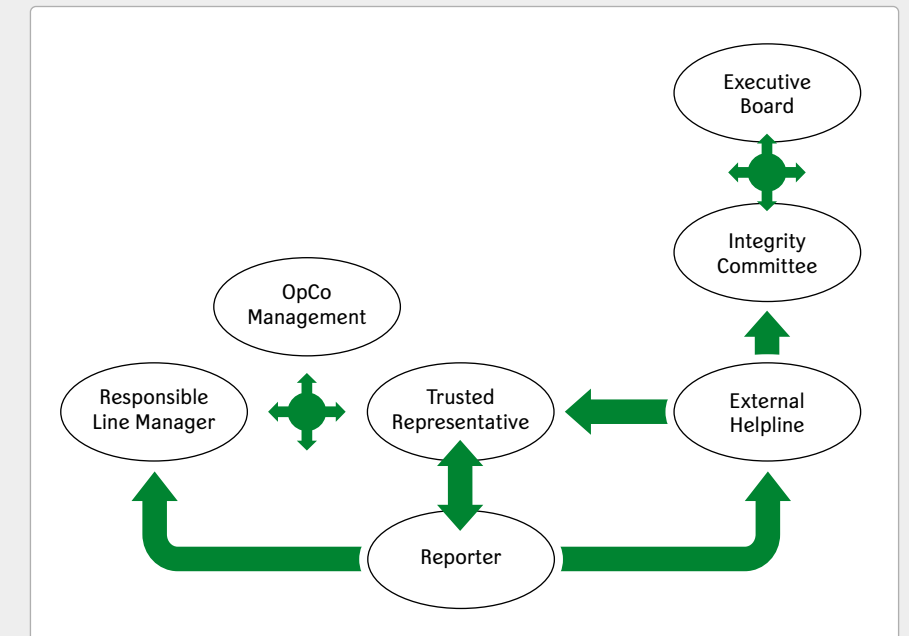
However, if one chooses to remain anonymous one should report via a worldwide toll-free external multi-lingual telephone service that will offer you a call log number which allows for anonymous contact and that will act as an advisor and mediator in this matter between the company and yourself.

The whistle-blower will receive a copy of the report with the date of reporting and the name, position and signature of the competent recipient.

The Heineken Code of Whistle-Blowing, executive summary

Executive summary	<p>The whistle-blowing procedure is developed in order to promote transparency, to underpin the risk management systems and to help protect the reputation of the organisation. It defines the procedure for employees and others, to report (suspicion of) serious contravention of the Heineken Code of Business Conduct. It is based on advice from KPMG and discussed with the CSR Advisory Board and specifically with MMO SSA.</p> <p>By this Code Heineken is in compliance with the Corporate Governance regulation in the Netherlands. Local adaptation of this policy is only permissible in order to comply with local mandatory law and regulations.</p>
Principles	<p>The procedure is based on the following principles:</p> <ul style="list-style-type: none"> ▶ Heineken will act on any serious wrongdoing or malpractice within the company. ▶ A toll free number (external agency) offers employees the possibility to report serious wrongdoing 24/7 in their own language and, if the whistle-blower chooses so, guarantees anonymity ▶ Local management is responsible for managing an issue locally. The Executive Board decides on international issues, in case of appeal and if local management is involved in alleged serious wrongdoing or malpractice. ▶ The whistle-blower will be offered protection, confidentiality and on request anonymity. ▶ Heineken will not tolerate false and malicious allegations and will take disciplinary action where this occurs. ▶ Implementation and communication of the procedure is GM/MD's responsibility. ▶ An Integrity Committee will prepare decisions and monitor execution on corporate level on behalf of the Executive Board. ▶ The Code does not replace existing procedures for handling (individual) grievances.
Procedure	<p>In headlines the whistle-blowing procedure has the following features:</p> <ul style="list-style-type: none"> ▶ An infringement of Code of Business Conduct or any other serious misconduct or malpractice is primarily reported to the responsible line manager. ▶ If – for whatever reason – this is not possible or desirable, the reporter can get in touch with the local Trusted Representative or call a helpline (toll free international number) that will establish contact between the reporter and the local trusted representative (coach) or the Integrity Committee. ▶ If the whistle-blower chooses to remain anonymous, (s)he will receive a 'call log number', which allows him/her to call back for checking the status of the investigation. ▶ The Trusted Representative/Integrity Committee will investigate the issue, Local management/the Executive Board will decide.

In graphics, the procedure can be represented as follows:



Implementation	<p>Local implementation of the procedure and communication is GM/MD's responsibility and will be done together with the implementation of the Code of Business Conduct. It implies:</p> <ol style="list-style-type: none"> a. Information to employees about the procedure in headlines (toll free number, protection, issues, false allegations etc.) This will also be posted on the company/corporate website. b. Appointing one or more local Trusted Representative(s) c. Providing proper instructions regarding the procedure to those involved and monitor correct execution. d. Installing proper administrative procedures.
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Implementation of the Corporate procedure, the helpline and monitoring of the procedure will be done by Corporate Affairs.

