



> SOCIAL SUSTAINABILITY

4.1 Reporting basis

Unless stated otherwise, the information presented in this chapter relates to the companies in which Heineken N.V. has a direct or indirect interest of 50 per cent or more, except for our operating companies in Croatia and Kazakhstan. The figures relating to social policy may therefore differ from those presented elsewhere in this report and in the financial statements. The results presented in this chapter are based partly on the first large-scale study of its kind carried out within Heineken and partly on estimates made by local management teams. For that reason, the results presented here are less reliable than the data given elsewhere in this report. A full list of the companies which supplied data for this chapter can be found in Annex 6.

4.2 Social responsibility policy and governance

Responsibility for corporate social policy was reallocated in 2002 and 2003. Ultimate responsibility is vested in the Executive Board of Heineken N.V. and social policy is the chairman's area of special interest.

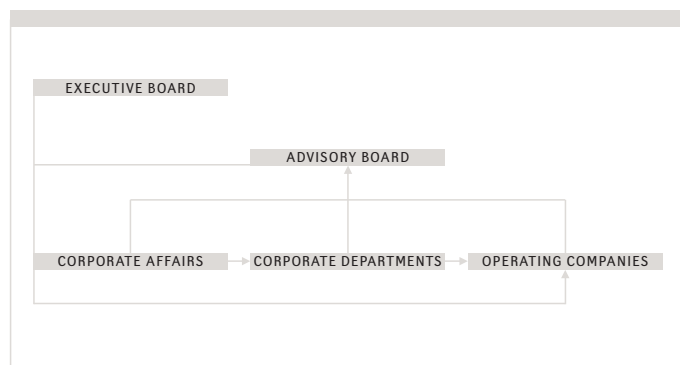
In determining strategy and making policy choices, the Executive Board is advised by a multidisciplinary

Corporate Social Responsibility Advisory Board (CSRAB). The council is presided over by the chairman of the Executive Board and consists of the directors of the corporate departments who are most closely involved with this policy area, and the general managers of two operating companies. The council facilitates cooperation between the various disciplines on social issues, identifies relevant aspects of the activities and policy of the various corporate departments and determines the level of involvement of these departments in policy on corporate social responsibility. The council is also responsible for monitoring and evaluation and formulates strategy in the event of any departure from policy or current practice.

Policy is prepared and coordinated by the Corporate Affairs department and developed and implemented by Corporate Affairs in conjunction with other corporate departments.

In the first structured survey of our performance in the area of corporate social responsibility, which was carried out in 2003, a detailed questionnaire was sent to all Heineken operating companies. The results of this survey are presented in various sections of this chapter. The survey findings are used internally to adjust our priorities with regard to corporate social responsibility and to compare the performance of the operating companies with one another. Externally, the survey findings are used in our dialogue with stakeholders. We intend to carry out this survey on an annual basis.

Social responsibility management



4.3 Dialogue with stakeholders

Heineken's vision of sustainability, how it is formulated and the programmes initiated in pursuit of it are topics which are discussed frequently at meetings between the European Works Council and company representatives. This has established a substantive dialogue about corporate policy and its consequences for the personnel, which will be continued

in 2004 and 2005, focusing on specific themes. The company actively seeks dialogue with other groups of employees, for example through various presentations given during training programmes, international departmental conferences and the publication of our internal brochure entitled ‘Heineken: an integral part of society’.

Our performance in the area of corporate social responsibility is regularly discussed with external stakeholders, at both local and central level. These include Amnesty International, FTSE4Good, international development organisations, the Association of Investors for Sustainable Development and various financial institutions which attach particular value to sustainability.

Heineken N.V. or other Heineken companies are also key members of the Confederation of Netherlands Industry & Employers (VNO-NCW), the General Employers’ Federation (Algemeen Werkgevers Verbond), the Confederation of the EU Food & Drink Industries (CIAA), Brewers of Europe, the World Business Council for Sustainable Development, the International Center for Alcohol Policies, The Amsterdam Group, the Amnesty International–VNO-NCW Round Table and the Association for the Sustainable Use and Recovery of Resources in Europe (ASSURRE).

Heineken also engages in dialogue with shareholders, faculty or students at academic institutions and other interested parties who, for example, make contact via the Heineken website. These discussions often produce new insights and viewpoints which we

use to refine policy and continuously improve reporting on our results.

In parallel with this more central dialogue with stakeholders, Heineken’s operating companies are constantly engaged at local level in dialogue with their communities. They are in contact with local authorities on such matters as permits, taxation and working conditions and with the local community on issues such as nuisance, transport, infrastructure and environmental protection.

68 per cent of the Heineken operating companies engage in dialogue with non-governmental organisations. At 43 per cent of the operating companies, this has led to practical projects which they are implementing in cooperation with these organisations. Progress with our policy of encouraging this dialogue at local level is being held back by the shortage of well-organised and bona-fide non-governmental organisations in many countries.

4.4 Alcohol

Most people enjoy alcoholic beverages sensibly, as one of the pleasures of life, and Heineken takes the view that drinking beer – provided it is done responsibly – is consistent with a positive lifestyle. A small minority abuse alcohol, drinking at the wrong time, at the wrong place or to excess, which can lead to a whole range of problems. Heineken initiates and supports projects to combat alcohol abuse and imposes its own internal rules on its marketing communication, to prevent its advertising messages from encouraging alcohol abuse.

A differentiated approach

In the past, the view generally taken by healthcare organisations and public authorities was that alcohol abuse could be reduced by reducing total alcohol consumption. Efforts were made to achieve this through price and restrictions on sales and advertising. In recent years, greater scope has been created for a differentiated approach, in which the distinction between responsible and irresponsible alcohol consumption forms the basis for effective measures and effective cooperation between industry, government and healthcare organisations. In many cases, this


Operation teenproof

Heineken USA joins forces with Jeanine Pirro in combating underage drinking

 <p>JAMIE LUCAS</p>	<p>In the continuing fight against underage drinking in the US, Heineken USA joined forces with District Attorney Jeanine Pirro of Westchester County, New York, in a joint project to distribute 2,500 security laminate verifiers to alcohol retailers and police departments which enable them to detect fake IDs. Heineken USA received an award and District Attorney Pirro was given a commendation for their efforts in addressing this problem.</p>
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Start with the parents

CCU in Chile teaches parents how to advise their children on responsible alcohol use



MARISOL BRAVO

As part of its ongoing efforts to combat underage drinking, CCU in Chile introduced a programme of two-hour workshops for parents, to help them give their children good advice on responsible alcohol use. By the end of this year, CCU will have organised workshops at 230 schools, reaching 20,000 families. CCU also provides five-day training courses for parents, teachers and psychologists, so that they can run these workshops themselves.

perception has not filtered through into policy proposals, and the authorities, in Heineken’s view, too often revert to blanket measures, such as higher excise duties and sales and advertising restrictions, to combat alcohol abuse.


Heineken takes the view that, by making the distinction between responsible drinking and irresponsible/illegal drinking, we can identify high-risk consumption patterns and identify and address the actual causes of alcohol abuse.

Alcohol policy statement

Heineken’s alcohol policy statement dating from 1997 was revised and adopted at group level in December 2003. This policy statement sets out Heineken’s positions on alcohol and alcohol abuse

‘Pensaci’

Heineken Italy promotes responsible alcohol use



CARLA SACCHI
GIANLUCA DI TONDO

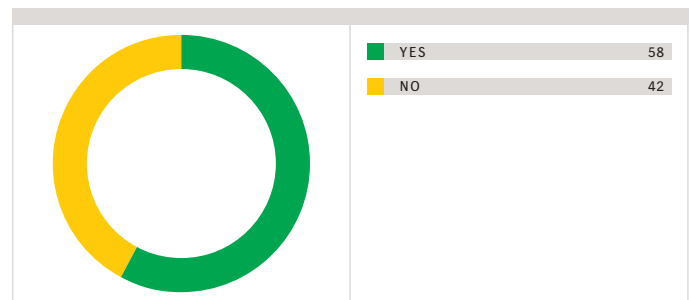
Heineken Italy evolved a fresh approach to combating drink-driving, in the form of a new commercial which encourages people to think about the consequences of irresponsible alcohol use. Young people in particular were receptive to this new approach, which was highly praised by the government and other organisations. The government appreciates that it can achieve more working with the industry than it can alone.

and actions taken by Heineken to combat irresponsible alcohol use. The key concept in Heineken’s policy statement is responsibility, acknowledging that the consumer bears ultimate responsibility for his or her alcohol use and that Heineken is under an obligation to sell and promote beer in a responsible manner.

Heineken contributes to the dissemination of information and education regarding the use and misuse of alcohol and encourages all operating companies to enter into consultation with local governments and non-governmental agencies on the development of activities designed to curb alcohol abuse. Sponsorship and advertising must only present responsible alcohol consumption.

Alcohol & Work programme introduced

% of companies



Alcohol and Work

Through the Alcohol & Work programme, Heineken encourages all employees to use alcohol responsibly and thus set a good example. Alcohol consumption during work is prohibited throughout the organisation. Heineken has run an information programme for several years, telling employees about the effects of alcohol and how to use it responsibly. To support implementation, six workshops have been held around the world to advise operating companies on setting up local Alcohol & Work programmes. A training programme has been devised for representatives of the on-trade, because people employed in this sector have to cope with additional pressures at work. Heineken also offers help for employees with an alcohol problem. In terms of number of employees, over half of the operating companies have now introduced the programme and some experience has been gained with it, especially in the United States, Western Europe and Africa. Roll-out of the programme will

continue in the coming period, paying particular attention to refresher programmes and procedures for new employees.

Additional effort will be devoted to the operating companies which have joined the group in the past year, to ensure that the rules are better understood and more effectively applied throughout the organisation.

Advertising

A second pillar of our alcohol policy is our belief that it is our obligation to advertise and promote our products responsibly to consumers who have reached the age at which they are permitted to purchase alcohol by the local regulations and not to advertise our products in a manner which might encourage their irresponsible use.

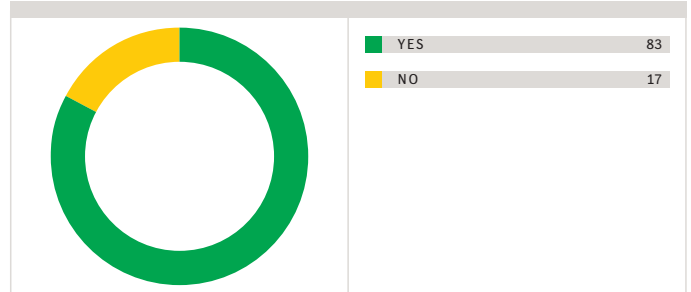
Heineken’s policy on this issue has a long history. Since the 1960s, our rules on advertising have been elaborated and extended to apply to all the company’s brands. One aim of these rules, as currently in effect, is to avoid conveying a message in our advertising that alcohol enhances physical performance, makes people more popular or more attractive, has therapeutic properties or acts as a stimulant. We do not portray irresponsible drinking in our advertising, nor do we show abstinence in a negative light.

In terms of sales volume, three-quarters of the employees involved in the marketing communication function have been given specific instruction in the importance of and background to the rules on responsible advertising and promotion.

Heineken’s advertising rules are designed to ensure responsible marketing, but they are not sufficient in themselves to promote responsible alcohol use and

Active promotion of responsible alcohol use

% of companies in terms of sales volume



prevent misuse, which has many root causes. Further action has been taken in recent years to highlight the importance of responsible alcohol consumption. Our operating companies are becoming increasingly actively involved in encouraging responsible drinking, some in cooperation with other organisations.

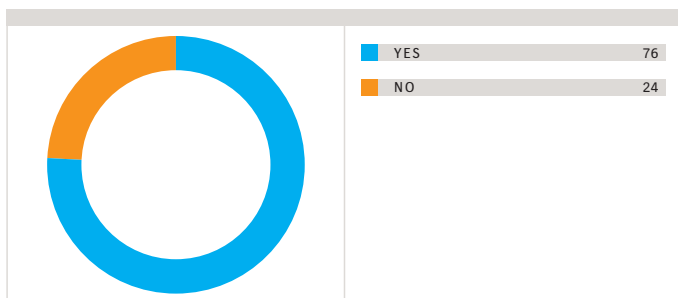
Promoting responsible alcohol use is a complex undertaking and, to improve our chances of success, programmes and activities which have proved successful in one country will be replicated in other countries. In addition to its own rules on responsible marketing communication and specific alcohol advertising codes, Heineken also complies with general advertising codes in countries where these are in force. Such codes apply to 45 per cent of our operating companies. A total of four infringements of the provisions of advertising codes of this kind by Heineken operating companies worldwide were reported in 2003. In the United States, a number of private civil lawsuits have recently commenced against numerous alcohol beverage companies, including Heineken USA and Heineken N.V., claiming unlawful advertising in respect of people under the legal drinking age. Heineken management believes that these charges are without merit and that Heineken has not contravened any applicable US law or regulation. The applicable Heineken companies are seeking dismissal of these proceedings.

Cooperation

Heineken companies have cooperated with other alcoholic beverage companies in promoting responsible drinking, including The Amsterdam Group, STIVA and the International Center for Alcohol Policies (Washington, DC).

Instruction given in rules on marketing communication

% of companies



Heineken employees excluding minority interests, as at year-end 2003

Europe (excl. Kazakhstan and Croatia)	33,686		
Africa/Middle East	11,563		
The Americas	5,441		
Asia/Pacific (excl. Asia Pacific Breweries)	1,296		
		Full-time	Part-time
Total	51,986	93%	7%

The sector organisation Brewers of Europe performs an important function in the implementation of programmes which it develops centrally and which are then translated by the affiliated national sector organisations into local programmes tailored to the specific local beer culture and stage of social and economic development of the country concerned.

Concrete results of this cooperation include various drink-driving campaigns, one of which encourages the practice of naming one member of the party as the designated driver, who agrees to stay 'on the wagon' for the evening and can drive his or her friends home safely at the end. The campaign was developed in Belgium by the national brewing industry in conjunction with the Belgian government and the road safety organisation. It is now running in other European countries and is being actively supported by Heineken.

Specific campaigns are mounted in the Christmas period and at other times, in Europe, the United States and elsewhere, to bring home to consumers the dangers of drink-driving

4.5 Employees

Our employees are crucially important to the success of our business, in both the short and long term. Heineken's personnel policy seeks to develop and utilise their individual potential and deepen their involvement in the business.

As at year-end 2003, the Heineken companies which provided information for this part of the report employed a total of 51,986 (part-time and full-time), of whom 65 per cent were employed in Europe. These figures exclude the employees of our joint venture in Singapore, the companies in Kazakhstan and Croatia and the companies in which Heineken has a minority interest. If these are included, Heineken employed a total of 61,271 people as at year-end 2003, an increase of 27 per cent on the year-end 2002 figure of 40,237.


The average rate of staff turnover rose from 12 per cent in 2002 to 15 per cent in 2003, due partly to the closure of several breweries, reorganisations and early-retirement programmes.

Remuneration policy

Heineken's remuneration policy is based on the principles of internal fairness and external comparability and complies with local legislation and collective labour agreements where applicable. Heineken also provides various supplementary pay and pension schemes. In countries where public provision is inadequate, Heineken supports its employees and their immediate families by helping with healthcare, water and energy costs.

STAMP II

African managers learn the tricks of the trade in Amsterdam



JEAN MUKUNZI

In a more competitive and challenging international environment, Heineken's African operating companies are having to learn new ways of working if they are to achieve the goals set out in Heineken's Africa 2010 plan. Under the STAMP (Strategic Action Management Process) project, groups of African executives and other staff have been brought to Amsterdam to acquire the skills needed for Heineken International's approach to doing business.

Involvement

The success of Heineken's efforts to increase employee involvement with the business at several levels is difficult to measure because only 47 per cent of the operating companies have systems in place to monitor the progress achieved. In most cases, this issue is addressed on an ad hoc basis. To establish a valid basis on which to build an effective policy for increasing employee involvement, Heineken is running a number of programmes to gather information and develop specific policy proposals. The aim is to devise a procedure which will enable the operating companies to work systematically to foster employee involvement.

4.6 Safety

Our aim is to eliminate from the working environment as far as possible any factors which may present a danger to employees' health and safety. It is the company's responsibility, in pursuit of that aim, to provide all employees with personal protective equipment wherever necessary. Because the human factor is the main cause of work-related accidents and incidents, we give high priority to raising awareness, providing training and changing behaviour. The briefings and instruction given to employees to encourage the adoption of safe practices have made a major contribution to reducing the number of accidents in recent years. Heineken is working con-

stantly, through monitoring and analysis, to achieve even better safety performance and reduce the number of work-related accidents still further.

97 per cent of our employees are familiar with the company's safety and health policy and are briefed on potential hazards and risks at the workplace. A similar percentage have been trained to manage safety and health risks as far as possible.

Organisation

Meetings of local European safety and environmental coordinators are held each year to brief them on new policy and define new procedures. The first meeting of African safety coordinators and medical advisers was held in 2003 in Ghana. One of the early results of this meeting was a guide to personal protective equipment used when working. The guide, which covers selecting and ordering protective equipment, instructing employees in its use and writing procedures and instructions, has been tested at the production units in the Democratic Republic of Congo and at Brazzaville (Congo). After modification on the basis of experience gained at these plants, the guide will be made available to all Heineken sites around the world from 2004 onwards.

57 per cent of Heineken employees work under a health and safety system which has been formally adopted by trade unions. 84 per cent of employees are covered by health and safety risk management procedures.


Monitoring

Work-related accidents are recorded in a central data base and analysed. A uniform system is employed for reporting accident figures. Reporting is optional for distribution departments. The figures for personal injuries relate to Heineken personnel, temporary workers, agency staff and people working on a contract basis. Safety performance is also expressed in terms of accident frequency and severity. Three aspects are monitored in our safety reporting: industrial safety, personal safety and time lost.

The frequency of accidents involving personal injury fell from 5.1 accidents per 100 FTEs in 2002 to 3.5 in 2003, mainly reflecting improved performance by Heineken companies in Africa, Europe and the

'Getting the Stars Protected'

New safety requirements in Africa

 <p>MAARTEN LAUWERIJSEN</p>	<p>Half of the accidents at Heineken's African breweries are due to the lack of personal protective equipment or its incorrect use. A matrix has been constructed, based on European requirements, to show what equipment needs to be used in any given situation. It is equally important to instil the right attitudes in both management and personnel. All the information from this project has been placed on a CD-ROM entitled 'Getting the Stars Protected'.</p>
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Caribbean. In Asia, in contrast, the accident frequency increased in 2003.

The number of accidents involving contractors increased sharply, which can be explained partly by the volume of construction work at several new breweries. Other accidents were caused primarily by individuals disregarding safety regulations, despite our efforts to ensure strict compliance.

Two Heineken production units won awards for their safety performance. Our brewery in Sampang Agung (Indonesia) was presented with an award for its accident-free record in 2002, at a ceremony attended by President Megawati, while our brewery in Elblag (Poland) won first prize in a national safety competition for companies employing over fifty people. The Elblag brewery also obtained safety certification under the OSHAS 18001 standard.

Disability and absence

The accidents at all consolidated Heineken companies are summarised in the table below. Improved recording in 2003 has also produced more reliable figures for prior years, but there is still room for improvement in the quality of recording by some production units. The 2002 figures for one production unit, which could not be verified last year because there was a civil war in progress, have now been checked and corrected, which has had a material effect on the safety indicators. The previously report-

ed figures for 2002 have been kept as they were, and this fact needs to be taken into account in interpreting the figures.

As noted last year in our interim report, there were a number of fatal accidents in 2002. Recording of fatal accidents was extended in 2003 to include non-production personnel, such as those working in office jobs or commercial functions. There were no fatal accidents at work involving production personnel in 2003, but one production worker in Italy died in a road accident while travelling between home and work and a further seven employees from non-production departments lost their lives while travelling on company business or to or from work. Four of these fatal accidents occurred in Europe, three in Africa and one in Asia.

Overall, the number of accidents was lower in 2003 than in previous years, but there was no reduction in the number of accidents resulting in disability, which remained unchanged at 15. The most common causes of disability are injuries due to falling and loss of fingers. Accident severity increased from 81 days per 100 FTEs in 2002 to 82 days in 2003.

4.7 Health

Heineken International Medical Services develops many activities in the field of preventive and curative healthcare for their employees and their immediate

Accidents involving production unit employees worldwide

	2001	2002	2003	2004	2005	2006
Fatal accidents:						
own personnel	2	2	0			
contractors' personnel	1	1	0			
travelling to or from work	1	2	1			
Accidents resulting in disability	24	15	15			
Total accidents:						
own personnel	1,168	1,007*	679			
contractors' personnel	41	48	82			
Days lost (own personnel)	16,682	16,073	16,244			
Full-time equivalents	21,199	19,852	19,697			
Indicators	Actual			Target		
Accident frequency per 100 FTEs (own personnel)	5.5	5.1*	3.5	2.8	2.5	2.2
Accident severity in days lost per 100 FTEs (own personnel)	79	81	82	53	44	40

* Adjusted: total accidents 736 and accident frequency 3.7 per 100 FTEs

families, especially in countries where public health-care provision is inadequate. This is the case particularly with breweries on the African continent.

HIV/Aids

One of the main policy priorities in recent years has been our HIV/Aids programme in Africa. It is estimated that one in every nine of the population of sub-Saharan Africa is infected with the HIV virus. Because the provision of information and medication is inadequate, Heineken is running a large-scale programme of information, education and training to support prevention and is providing medication for HIV+ employees and their immediate families. To ensure the success of the programme, the company has entered into several public-private partnerships with local authorities, because we have learned from experience that this kind of cooperation helps to maintain the continuity of the programme. The HIV/Aids programme was extended in 2003 to Nigeria and the Democratic Republic of Congo.

Malaria

Heineken is running a similar programme to help in the fight against malaria. The figures show that the distribution of impregnated mosquito nets to the employees of the Kigali and Gysenyi (Rwanda) production units has made a significant contribution to reducing the number of malaria cases. The experi-

ence we have gained here is now being used to set up similar projects at other operating companies in regions where malaria is prevalent.

Occupational diseases

Heineken's doctors and other medical personnel have been trained to recognise and instructed to report job-related health problems. From 2004, occupational diseases will be reported on a structured and standardised basis four times a year. As well as information on occupational diseases, other parameters such as medical expenses and local disease patterns are recorded. Our object is to generate data which we can use to establish a continuous cycle of improvement.

4.8 Human rights

Heineken endorses the principles underlying the Universal Declaration of Human Rights: respect for the dignity of all people, irrespective of race, religion, sexual orientation or political conviction. Heineken will not cooperate, actively or passively, directly or indirectly, in any violation of human rights and will support its employees if their rights are violated by third parties. We are willing to declare in the most appropriate manner our position on the human rights situation in countries in which we operate and we seek to ensure that our employees are aware of their rights.

28 per cent of Heineken's operating companies (employing 69 per cent of our workforce) have an active human rights policy. At our operating companies in Poland and the United States, security personnel are trained to respect human rights in the performance of their duties. The impact on human rights is a factor taken into account by 23 per cent of our operating companies when planning investments or selecting suppliers. Four per cent of the operating companies have a procedure for systematic monitoring and evaluation of human rights performance within the production chain. At six per cent of our operating companies, there were one or more incidents within the production chain in 2003 which prompted dialogue with the suppliers concerned. Heineken has launched a project to improve procurement conditions and practices with respect to human

Saliva testing

Heineken checks HIV status of African employees and their families

	<p>In Africa, the focus of Heineken's free HIV screening and treatment programme has shifted to the 50 per cent of employees and their families who have not yet come forward. A voluntary HIV saliva-testing session was organised at a 'family day' in Rwanda to provide data for estimating the probable prevalence of HIV among this group. On the basis of the results, it is safe to assume that most seropositives are already aware of their status and there are very few among those who have not yet been screened.</p>
<p>ALETTA KLIPHUIS STEFAN VAN DE BORCHT</p>	

rights. A start has been made in 2004 on the development of a training programme to enable employees to operationalise human rights within the organisation. In fulfilling its responsibilities regarding the socio-economic rights of employees, Heineken has prioritised six issues which are discussed below.

Employee representation

To help them make an active contribution to the development of the business, virtually all Heineken employees are kept informed on a systematic basis of developments within their companies. In the majority of our companies, it is a rule that employees must be consulted when changes are made to the organisation. More than half of our companies have complaints procedures.

Employee information in percentage of workforce

	Yes	No
Employees are informed about developments within their company	100	0
Employees are consulted on developments	63	37
Employee satisfaction is measured on a systematic basis	51	49
Employee privacy is guaranteed	85	15
Internal complaints procedure exists (at operating company level)	60	40

Heineken promotes representation of employees by works councils and trade unions. Heineken guarantees the freedom of labour to organise and gives employees the right to be recognised via trade unions as partners in negotiations on terms of employment. The extent to which employees exercise that right varies significantly from region to region, reflecting local circumstances, traditions and cultures.

Percentage of employees who are members of trade unions

Europe	40
Africa/Middle East	37
The Americas	60
Asia/Pacific	13
Average	38

Diversity

Appointments and promotions are decided on the basis of the candidate’s education and training, personality, expertise and skills and his or her reasonable demands. Heineken bases decisions in personnel matters solely on objective criteria. Within reasonable limits, Heineken respects the personal beliefs and convictions of existing and future employees.

Diversity within our organisation, in terms of nationality, gender, ethnicity and educational standard, is crucial if we are to retain our position as one of the world’s leading brewers. We take the view that diversity in leadership enables the company to view its operations from different angles, which will ultimately help us to steer our business towards a future which is more than a repetition of the past.

Reflecting Heineken’s global presence, our workforce consists of a unique mix of nationalities. To promote the development of leadership skills, 285 employees were sent on temporary assignment to countries outside their country of origin in 2003.

The male/female ratio is 82/18 in our workforce as a whole and 87/13 at senior management level. Although these figures are good compared with those for other industrial enterprises, there is still much room for improvement.

Sexual harassment

Sexual harassment can be harmful to employees’ physical and/or mental integrity and, to guarantee a safe working environment, we protect employees against such abuse. Operating companies in the Netherlands, Egypt, Slovakia, Ireland, the United States and elsewhere have taken measures to protect their employees and specific procedures have been set up in some operating companies to provide active protection for employees who are particularly vulnerable to sexual harassment. Many operating companies operate a complaints procedure designed specifically for complaints concerning sexual harassment, supplemented by procedures which ensure that any complaints are dealt with transparently.

Although the information currently available to us indicates that sexual harassment has not caused problems within Heineken so far, we are continuing to monitor this issue closely and are working to formu-

late a policy at central level. This policy, which will be part of our human rights policy, will then be translated by the operating companies into local policy.

Child labour

We have invited the European Works Council to discuss the draft position paper on child labour which was formulated by Heineken in 2003 and we hope to finalise our position in 2004 so that the policy can be implemented by all our companies.

Heineken already complies strictly with local and international minimum-age legislation and employed no-one under the applicable minimum age in 2003. In some countries, we also check on the use of child labour by suppliers and contractors. We support non-governmental organisations which are active in combating this problem.

Health and safety

A safe and healthy working environment is a basic right of all employees. Factors in the working environment which might endanger the health and safety of employees are analysed and managed to the best of our ability. Work-related accidents are recorded and analysed. Information on circumstances which endanger health is systematically linked to the provision of instruction, training and personal protective equipment. Heineken's efforts and results in this area are discussed elsewhere in this chapter.

Training and education

Heineken's policy seeks to develop knowledge and skills which are consistent with the employee's natural talents. Knowledge productivity is essential to the preservation and advancement of Heineken's competitive position. To make more effective use of the knowledge which exists within the organisation, the Heineken University was established five years ago. This internal training facility has developed into a meeting place where knowledge can be developed, shared and translated into a usable form within the specific Heineken environment. The university experiments constantly with new learning and development processes, including via the internet. Extensive research has been conducted in recent years into the changing demands on management and leadership,

Training and education 2003

Average days' training and education per employee	2.8 days
Average expenditure on training and education per employee	€361
Percentage of operating companies with formal training programmes	68 per cent
Percentage of operating companies with programmes designed to increase employee flexibility	55 per cent

the effectiveness of virtual teams and learning processes in different cultures. Over 1,500 Heineken employees took part in the university's activities in 2003.

4.9 Integrity management

Heineken's reputation is determined partly by the integrity of its individual employees. To increase their awareness of the need for integrity and enable them to conduct themselves accordingly, Heineken has to do more than simply impose rules and formulate policy positions. Individual employees need to be given the knowledge, expertise and skills to cope with the day-to-day dilemmas which arise in business, and there must be a culture which enables and promotes integrity.

Integrity programme

Nyenrode University has been commissioned by Heineken to set up a programme, in conjunction with Dutch and foreign experts, for instituting a good integrity policy. The programme addresses three levels: the organisational level, where the object is to develop and internalise an ethical business culture, the individual level, which involves a study of individual learning options, and the professional level, where the aim is to translate the existing codes for the various professions into practical codes which are consistent with Heineken practice.

Because the integrity programme is an ongoing programme, the shared culture we seek to engender will be an issue which receives constant attention and can adjust to changing social conditions and expectations. The programme provides education, coaching

and support at several levels and addresses the dilemmas which can arise in practice. Heineken encourages continuous dialogue with stakeholders, from which can be distilled a shared corpus of examples of how and how not to behave and against which each employee can compare his or her own conduct.

Local management will be responsible for implementation at local level of an integrity policy which reflects the principles and priorities defined by Heineken at the international level. Local management will be supported by an international infrastructure, including a network of experts to assist with formulating policy, facilitating the exchange of experience and providing advice. The infrastructure is supplemented by a whistleblower's charter, to ensure that errors committed despite our credible and effective integrity programme are reported, so that Heineken can, if possible, make good any loss suffered by individuals, the community or Heineken itself.

The first elements of this integrity programme will be tested in 2004 before being rolled out worldwide.

4.10 Heineken in the community

The activities at Heineken's production units, as in any manufacturing facility, can cause some degree of nuisance to people living in the immediate vicinity, and distribution can give rise to traffic problems. Consistent with our involvement in the communities in which we operate, our policy is to minimise these adverse effects. The way in which the operating companies implement this policy is left to the discretion of local management.

'Cruzcampo'

Heineken Spain shows its social face

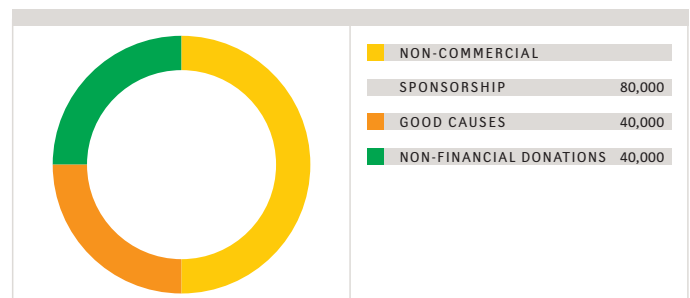


Fundación Cruzcampo was set up by Heineken Spain to promote social and cultural initiatives of many kinds. It uses its annual budget of €5-600,000 to support social causes, including a drug and alcohol rehabilitation programme and organisations which help orphans and the poor and disadvantaged, sporting activities and the arts. The foundation has recently received a number of awards in recognition of its work.

43 per cent of our operating companies have policies on donations to good causes and non-financial support and 57 per cent also have policies on non-commercial sponsorship. Expenditure on community involvement in 2003 amounted to 0.55 per cent of the profit before tax. On average, just over €160,000 per operating company was spent on good causes.

Community involvement

average per operating company in euros



Complaints

32 per cent of our operating companies have formal procedures in place for local communities to lodge complaints about nuisance or inconvenience. 30 per cent of our operating companies have policies for managing the impact of their activities on the local community and 53 per cent also have policies on environmental impact. The operating companies' procedures have been officially recognised in a significant number of cases, with 36 per cent of them receiving awards in 2003 for their social, ethical or environmental performance. Heineken N.V. won the 2003 Dutch Reputation Award for the company with the best reputation.

Political interference

It is not Heineken's policy to become involved in national or local politics, except where necessary to explain or defend its legitimate corporate interests. This latter eventuality arose among four per cent of our operating companies. Third parties attempted to use six per cent of the operating companies for political purposes, in most cases by attempting to influence appointments within the company.

Free competition

Heineken acknowledges the importance of free competition on the beer market. 74 per cent of our operating companies are working in environments which are subject to competition legislation. 60 per cent of the operating companies have programmes in place to raise employees' awareness of this legislation, which is monitored by 49 per cent of them. Five operating companies were investigated by the authorities in 2002 and 2003 for anti-competitive activities, in three cases relating to promotional activities and in two cases relating to alleged distortion of competition. These latter two cases are still being processed by the relevant authorities. In the wake of the investigations initiated by the European Commission in 2000 of alleged restraint of trade by Heineken, we have decided to strengthen our existing competition law compliance programmes, concentrating in the first instance on our operating companies within the European Union.

4.11 Chain responsibility

Heineken's interest in the social dimension of its activities does not stop at the brewery gates – where possible, we reach out to address the actions of our suppliers, distributors and other business partners that affect our consumers.

Heineken requires its business partners to familiarise themselves with our policy on such issues as human rights and corruption, which they are required to endorse. This is not simply written into the contract: we monitor compliance. Where possible, we are guided by the findings of external auditing organisations, which evaluate actual projects and compile blacklists of companies with a poor record in this area.

The purchasing conditions of 32 per cent of the operating companies include regulations on working conditions and terms of employment and 23 per cent also include regulations on other human rights. We are not satisfied with these numbers and have launched a project to improve our performance in this area. Supply-chain aspects will also be covered in the Code of Business Conduct which is currently in preparation.

Selling beer safely

In some countries, companies use promotion girls to help sell their products. This sales technique is also used by the brewing sector. The promotion girls – all of whom, in the case of Heineken, are over the legal drinking age – are often employed through a third party. They work at venues where they come into direct contact with consumers, in bars, restaurants and at events. It is a locally accepted – and in many markets the only available – marketing method, especially in developing countries. However, this form of product promotion can also involve risks for the women doing this job. As well as the difficult customers and situations they occasionally have to deal with, some are at risk in their personal lives and those who engage in sexual activity with customers after work can be exposed to the risk of sexually transmitted disease.

Creating a safe working environment

Heineken is aware of these risks and is developing programmes to minimise potential risks. Heineken has opted for a wide-ranging approach, through careful selection, effective support and good working conditions. No women under the legal drinking age may be recruited for this work. Heineken recommends that local management provide an organisational structure which offers them prospects of advancement to jobs as coaches to younger colleagues to whom they can pass on their experience.

The organisation of the work is an important aspect. Heineken provides good facilities and changing rooms and our promotion girls are escorted to and from work and supervised by experienced staff. As Heineken's ambassadors, the girls are required to dress and present themselves appropriately and are briefed on Heineken's products and history. They are also given health information on responsible alcohol use and prevention of sexually transmitted diseases such as HIV/Aids. We try to make our beer promotion girls less vulnerable by training them in dealing with difficult customers. We work on the principle that the greater their self-respect and their appreciation of quality, the more professional their work.

Implementation

Policy in this area is coordinated and evaluated by Corporate Affairs, but implementation is the responsibility of local operating company managers, with the support of Heineken International Medical Services. The policy will be implemented worldwide in the parts of the organisation which are under Heineken's direct responsibility. One complicating factor is that beer promotion girls are not employed by Heineken itself, but by our joint venture partners, distributors and other business associates. Heineken is actively engaged in bringing this issue to their attention.

Heineken also hopes to reach agreement with other brewers on a clear joint policy on optimising the working conditions of the beer promotion girls.

Trial project

A trial project was launched in Cambodia in mid-2003 to provide training for beer promotion girls and give them information on all health aspects relating to this work. The training course has been designed in conjunction with CARE, an organisation which specialises in this area. The experience we gain from this trial will enable us to implement the policy effectively elsewhere.