

● Report of the Executive Board

Net profit	Operating profit
€795 million + 11.2%	€1,282 million + 14%
Net turnover	Total beer sales
€10.3 billion + 10.3%	108.9 million hl + 3.8%
Heineken beer sales	
22.9 million hl + 2.5%	

Foreword by the Chairman

In pursuit of its unvarying strategic objectives, Heineken continued resolutely on its course in 2002. The climate in which we had to operate was dictated by a flagging global economy and wet weather in Europe. Net profit on ordinary activities was 11.2% higher at €795 million. Profitable companies with good development potential were acquired, while we worked steadily on improving our organisation's effectiveness and strengthening our ties with customers, suppliers and consumers.

The increase in operating profit reflects both organic growth and contributions by newly consolidated participating interests. Higher beer sales, a better sales mix and higher selling prices were responsible for the organic growth in turnover. Demand for international beers and national premium beers in the global market continued to rise, and sales were substantially higher in the United States and Poland in particular. Although increased sales of the Heineken brand accounted for much of the improvement in the sales mix, other beers such as Amstel Light and our speciality beers, notably Desperados, also helped.

Consistent implementation of strategy

It is still our goal to defend and strengthen our global market position and preserve our independence. Two strategic objectives have been defined to help us realise that goal.

The first is to achieve profitable volume growth. Last year, organic growth and acquisitions raised our beer sales to 84.8 million hl, making us the world's third largest brewer and yielding economies of scale at all levels in the supply chain. Our average operating margin (operating

profit as a percentage of net turnover) increased for the seventh consecutive year, rising to 12.5% in 2002.

The second objective is to consolidate our leading position as the international brewer with the strongest portfolio of beer brands. Sales of our Heineken brand increased last year to 22.9 million hl (+2.5%), mainly reflecting vigorous growth in the United States, Poland and Thailand. We also made good progress in strengthening the positions of our other international and local beers, as evidenced by the 17.1% growth in sales of Amstel Light in the United States and the rising sales of Desperados, our speciality beer. Sales of Amstel, which is positioned in the mainstream segment, remained steady at 10.8 million hl.

Merger and acquisition activity continues

The process of consolidation and internationalisation in the brewing industry around the world continued in 2002. This process is already well advanced in most countries, but in China, Russia and Germany in particular the market is still relatively fragmented. In some European countries, Heineken's market share is so large that we are no longer able to obtain competition authority approval for further acquisitions, while in other cases the purchase price bears no relation to the value of the potential acquisition together with any synergy gains. Although, in Western and Southern Europe in particular, there are fewer opportunities now than in the 1980s and 1990s, when Heineken played a prominent role in consolidating and building breweries, there are still ample opportunities to acquire breweries with national or cross-border positions which offer sufficient added value for shareholders and can help to grow profits. In 2002 we were, however, able to acquire breweries which met our criteria.

Acquisitions in 2002

The acquisitions we made in 2002 and early 2003 have strengthened Heineken's positions in Russia, the Middle East, Germany, Central and South America, Kazakhstan and the Balkans. Heineken sees all these regions and countries as growth markets for the business.

The acquisition of the Bravo International brewery in Russia has secured a strong starting position for Heineken in the world's fifth largest beer market.

In Egypt, we made a successful public offer for the shares in Al Ahram Beverages Company, the country's only brewer, which also produces and distributes a complementary range of other drinks, and in Lebanon we increased our stake in the Almaza brewery from 10% to 81%.



FROM LEFT TO RIGHT: GUUS LUBSEN, JEAN FRANÇOIS VAN BOXMEER, THONY RUYLS, RENÉ HOOFT GRAAFLAND, MARC BOLLAND

Both businesses are performing well on their home markets and will provide valuable support for our Middle East expansion.

In Germany, we reached agreement, via our joint venture BrauHolding International, on the purchase of 45% of the shares in Karlsberg International Brand, which has a strong position in the Saarland and Rheinland-Pfalz regions. The large German beer market, though still fragmented, offers good potential for growing our market share and reducing costs.

In Costa Rica, we acquired a 25% stake in Florida Bebidas, the country's only brewery, which also owns a modern fruit drinks plant and has interests in bottled water. Heineken also acquired an 8% interest in COCECA, the only brewery in Nicaragua, and in Panama we pur-

chased a 74.5% stake in Cervecerias Barú-Panama, the country's second largest brewery. The Central American countries have good long-term economic growth prospects, their populations include a high proportion of young people and their beer markets are growing.

In Brazil, we converted our 14% interest in the Kaiser breweries into a 20% interest in Cervejarias Kaiser Brasil, a company created by the Canadian brewer Molson Inc., which purchased Kaiser and combined it with the previously acquired Bavaria brewing group.

In Kazakhstan, we increased our interest in the Dinal brewery, which has an 8% share of this rapidly growing beer market, to 51%.

In early 2003 we acquired Schörghuber Corporate Group's 50% interest in IRSA, which has a 62% interest

holding in CCU, the largest brewery in Chile with an 88% share of its home market. Licensing agreements have been signed with CCU for the brewing and distribution of Heineken beer in Chile and Argentina. Our 15% interest in the holding company Quilmes International Bermuda was sold at a net book profit of €73 million and the licensing agreements with Quilmes were terminated.

Also in early 2003 we reached an agreement in principle with Southern Breweries Establishment on the acquisition of a 68.8% interest in Karlovacka Pivovara, the second largest brewery in Croatia, which has a 19% market share and also exports within the Balkans.

Taking Heineken to the Next Level

A new programme has been launched with the object of raising our operating efficiency and performance to a higher level. Greater efficiency and effectiveness and a management which works closer to the market will help us to perform better. Maximising our performance is essential if we are to achieve our long-term strategic objectives and retain our place among the world's top brewing groups. The activities under this programme, which we call 'Taking Heineken to the Next Level', include speeding up business processes, creating 'win/win' situations in our dealings with customers, measuring our performance and costs and comparing them with both internal and external benchmarks to identifying and implementing best practices around the world. The aim of the Executive Board is to foster an inspiring and challenging culture of innovation and diversity, as only with such a culture can our employees lift themselves and Heineken to a higher level.

Young and relevant

To maintain brand relevance, it is important to know your target groups well. During 2002, Heineken launched a global programme known as the 'Beacon' project to gather in-depth information on young adults' aspirations, motivation and needs, as we place great value on ongoing

dialogue with this age group. We are working with young adults, selected as representative of their target groups, to evaluate our current marketing activities and devise and implement new activities to reinforce and optimise young people's affinity with our brands on a market-by-market basis. We can only keep our brands young, strong and relevant if we strike the right balance between brand consistency and prompt updating of our marketing communication to reflect cultural change.

Cooperation

We aim to integrate our support services in the Netherlands so that our accumulated expertise and available capacity can be utilised more efficiently. Good progress has been made with the development of a uniform ICT infrastructure and uniform software. New applications have been installed which enable us to work together more effectively and increase our productivity, and we have continued to develop e-business applications for transactions with our customers and suppliers. Heineken places great value on the establishment of efficient and transparent relationships with customers and suppliers which benefit all parties.

Cooperation is facilitated by our systems, networks, databases and training courses and by the knowledge that we always have colleagues somewhere in the world who have extensive experience with specific market situations or business processes. In more and more areas, it is our people who are making this cooperation a success, in more and more areas, and I am pleased to see that our determination to learn from one another is still growing and that operating companies have taken over many successful programmes from one another in the past year. I thank all our staff for their untiring enthusiasm, professionalism and commitment during 2002.

Thony Ruys

Chairman of the Executive Board

● Outlook for 2003

Although the immediate economic outlook for many markets is less than bright, Heineken expects the structural growth in sales of premium beers and international speciality beers to continue in 2003, perhaps temporarily at a slightly slower rate, which will further benefit our sales mix over the long term. Despite the uncertainties, we are looking forward to sustained growth in net profit in 2003.

In developing countries, an economic slowdown will depress beer consumption, because price becomes a significant factor for consumers in those countries if their purchasing power is eroded. In the developed countries, beer consumption will be relatively unaffected by an economic downturn, though there may be a temporary shift towards lower-priced beers, mainly at the expense of mainstream beers. We do not expect the premium and international speciality beer segments to decline, as price is not a significant factor in those segments and the trend towards 'less but better' is too strong. Given our strong position in the premium segment, we can therefore look forward to a further improvement in our sales mix.

Regions

If there is any growth in the beer market in Western and Southern Europe, it will only be modest. Our operating companies in these regions are concentrating primarily on reducing costs, strengthening the brand portfolio and improving the sales mix, by expanding sales of premium and speciality beers. The main objective is to secure the largest possible share of the profitable segments of the beer market.

In Central and Eastern Europe, the upward trend in beer consumption is only occasionally interrupted by temporary factors, such as a poorly-performing economy or increases in excise duty, so there is scope for us to grow our sales in this region. Heineken has also invested a great deal of effort in the region in keeping costs as competitive as possible and improving the sales mix.

In North America, we predict sustained growth in the imported beer segment in both the United States and Canada. With Heineken and Amstel Light, we are ideally placed to benefit from this trend. The popularity of 'malternatives' (ready-to-drink mixes), which are in competition with a part of the beer market, has passed its peak. Against the background of slower economic growth, our pricing policy in 2003 is likely to be more cautious than in 2002.

In Latin America, the acquisition in early 2003 of a 50% interest in IRSA, which owns 63% of CCU in Chile, has created excellent opportunities for developing our business in this region. CCU is to take over the production and distribution of Heineken beer from our former Argentinian partner. Given the economic situation in Argentina, it is difficult to predict the trend in beer consumption in the region in the short term, but we are looking forward to further sales growth in the longer term.

We do not foresee any significant changes in the Asia/Pacific region. Beer consumption will continue to rise, but the picture may differ markedly from one country to another. We predict sustained growth of both the Heineken brand and our local brands.

Africa has great growth potential, but whether that potential is realised will depend largely on how consumer purchasing power develops. Many of the local economies are reliant on the world market prices for oil, minerals and agricultural commodities. The future trend in these prices is hard to forecast, making it difficult to give short-term predictions for the beer markets in this region.

Acquisitions, investments and cost-savings

It is a requirement that new acquisitions must contribute to Heineken's long-term profit growth. One of our primary aims is to strengthen our position in attractive, growing markets.

In Europe, we are planning further expansion of our production capacity to meet the rising export demand. The new brewery in Nigeria is scheduled to come on stream in early 2003, but the brewery in Vietnam will not be completed before the end of the year. Investments in tangible fixed assets in 2003 will total around €750 million, which will in principle be financed out of existing cash reserves and cash flow and if appropriate supplemented by external financing.

In early 2003, we acquired an interest in CCU, the Chilean brewery group, and sold our holding in Quilmes International Bermuda, resulting in a net cash outflow of €272 million. The proposed acquisition of a 68.8% interest in Karlovacka Pivovara in Croatia is also part of this combined transaction. We also agreed to advance a subordinated loan of approximately €150 million to the pension fund in the Netherlands. These transactions will be funded largely by external financing.

We shall continue to reduce costs and increase efficiency, which means that, excluding acquisitions, the steady downward trend in the total number of employees is likely

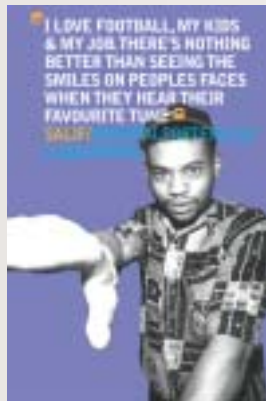
- Outlook for 2003

to continue. Other contributory factors, apart from the ongoing improvements in our business processes, will be the reorganisation projects in Spain and the Netherlands and the closure of one brewery in Poland.

Profit forecast

Our results are affected from year to year by factors which are difficult to predict such as exchange rates, government policy and the weather. Further in 2003 higher pension charges, the cost of launching Heineken beer in the premium segment in the United Kingdom, the effects of the weaker dollar, the deteriorating economic situation in many countries, will also play a role. The newly acquired

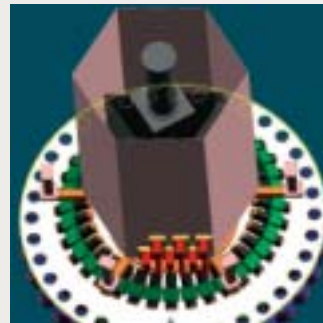
breweries will deliver a positive contribution. Despite these uncertainties, Heineken expects further growth in net profit in 2003. The possible impact on our results of increasing international tensions can't be predicted. We shall also realise a non recurring after tax gain of €73 million in 2003 on the sale of our 15% stake in the Argentinian brewer Quilmes International (Bermuda) Ltd. We remain positive regarding the longer-term profit outlook, given the success of our corporate strategy, the strength of our brands, our international coverage, the current debt capacity at our disposal and our extensive international experience.



You have to work hard to keep your place among the leading international brewers. Standing behind Heineken, Amstel and our other brands is a global organisation working constantly to respond to the changing needs and wishes of custo-

mers, consumers and the wider community. Heineken strives for innovation in all links in the supply chain. Recent innovations include ingenious dispensing systems, advances in quality and safety monitoring in the brewing and bottling

processes, imaginative new packaging designs, welcoming themed bars, interactive communication with our target groups and new approaches to understanding the needs of young adults. Some examples are given in this annual report.



● 2002 in Retrospect

Heineken

The Heineken brand achieved sustained growth last year, with sales rising from 22.4 million hl to 22.9 million hl (+2.5%). Most of the growth in sales was generated in the United States, Poland and Thailand.

The growth of the Heineken brand largely reflects our efforts to enhance brand value and secure a higher level of consumer preference while improving availability, both via the acquisition of beverage wholesalers, such as in France, Italy and Slovakia, and via cooperation with new distribution partners, such as in China and Portugal.

The development and refinement of our central marketing information systems has enabled us to optimise the quality and international consistency of our marketing activities and tailor them more closely to individual markets and specific target groups within those markets. An important new vehicle for gathering detailed market information is our global 'Beacon' project, through which Heineken engages in dialogue with young adults on their aspirations, motivation and preferences. The findings are used as the basis for marketing projects in which substantive input by and active involvement of this target group play an important part. This research also helps us to take regional and local cultures into account in our marketing projects and marketing communication.

Updating our packaging and tailoring it to consumers' needs is a constant priority. Several new can designs were introduced last year and a new aluminium bottle was launched in France.

Marketing communication

Further advances were made in facilitating the exchange of expertise and information between our operating companies in the area of advertising campaigns and other brand management tools by expanding and making more intensive use of our intranet portal and organising brand workshops in local markets. Operating companies in smaller countries or emerging markets are increasingly using campaigns developed centrally or elsewhere. Adapting a uniform concept for optimum deployment in local markets benefits the quality and consistency of our advertising campaigns.

Sponsorship and on-line activities, which provide excellent opportunities for responding to the needs and wishes of specific target groups, accounted for a growing proportion of our total marketing communication effort. Although the mix of marketing communication-related

activities may differ widely from one market to another, it is essential in all cases that the activities are related and mutually supportive.

Heineken focuses its sponsorship activities chiefly on music, film and selected sporting events, mainly tennis and rugby. As in 2001, music sponsorship again accounted for most of the growth in our sponsorship expenditure, because music is an ideal medium through which to share Heineken's brand values with our target groups. Our music-related activities were amalgamated last year to create a new website, www.heinekenmusic.com, to provide a global music platform which enhances the inter-activity and effectiveness of our music-related marketing communication. Thirst, a series of dance events featuring both world-class and local DJs, was staged in many countries around the world, to which numerous related activities were linked, both online and via retail outlets. The Thirst concept and its execution, including a DJ competition, were based partly on the findings of our new 'Beacon' project.

Brand awareness was boosted by our sponsorship of several annual European music festivals, including Green Energy in Ireland, Jammin' in Italy and the FIB festival in Spain. A number of successful activities were organised in the United States by Heineken Music Initiative Inc., which was formed last year to support young talent. The Green Room Sessions concert series in Singapore won several international awards.

Our involvement in and expenditure on film sponsorship also increased, to support the Heineken brand's international stature. The films we sponsored included Hollywood productions such as 'The Bourne Identity' and the new James Bond film, 'Die Another Day'.

The principal sporting events we sponsored last year were the Australian Open, US Open and Masters Cup tennis competitions and the Heineken Rugby Cup, a competition for top European clubs. As in 2001, we also sponsored many local events to reinforce our local identity.

Amstel

While the mainstream beer segment, in which Amstel is positioned, contracted in several important European markets, in many others, especially outside Europe, Amstel recorded growing sales. Amstel's total sales volume remained stable at 10.8 million hl.

Amstel was not immune to the effects of the declining mainstream beer market. The wet weather and sharply

2002 in Retrospect

reduced tourist numbers in Southern Europe had an adverse effect on consumption, but sales in Africa and the United States were substantially higher. Sales also developed well in a number of new markets in the Balkans and in Lebanon and Ireland.

As well as lager, Amstel also markets a selection of other beers which have become popular with a broad target group and are successful in many markets. Amstel Light, a low-calorie beer, benefited from the rising demand for lighter beers in a number of mature markets, chiefly outside Europe. Sales of Amstel light also rose rapidly in the United States, in response to our greatly increased marketing effort. Although still modest, sales of Amstel Bright, a speciality Caribbean beer brewed on Curaçao, developed promisingly.

Marketing communication

The growing exchange of expertise and intelligence between our operating companies is benefiting the quality, consistency, efficiency and local optimisation of Amstel's brand management. The 'Three Friends' campaign concept, which was developed in the Netherlands, has been adopted in several other countries. With its particular brand values, Amstel lends itself to tie-ins with popular sporting events. In Europe, Amstel was again the principal sponsor of the UEFA Champions League for top European football clubs and continued to sponsor the African Cup

of Nations for national football teams, the most important sporting event on the African continent. In the United States, where Amstel Light sponsors leading golf tournaments, association with this prestige sport fits well with the brand's image. As in 2001, Amstel also sponsored numerous local events with strong local appeal.

International Speciality Beers

Demand for speciality beers is rising fast and sales grew strongly in many markets, reflecting the consumer's need for variety. Sales of our international speciality beers, which generate above-average margins once a given volume is reached, increased from 1,314,000 hl to 1,364,000 hl.

Although international speciality beers still represent only a small proportion of Heineken's total sales, they have growth potential and help to improve the sales mix. In more and more markets, they are a permanent part of our portfolio alongside local speciality beers.

Desperados, a tequila-flavoured speciality beer, maintained the rapid growth achieved in 2001 and performed extremely well in France, Germany and Spain in particular. Desperados has a strong appeal to young adults and good international development potential.

Sales of Paulaner Hefe Weisse, a traditional white beer produced by BrauHolding International, our joint venture

2002

2001

Change (%)

Geographical distribution of Group volume

in 1,000 hl of beer

	2002	2001	Change (%)
Europe	57,913	55,388	4.6
Western Hemisphere	8,380	7,810	7.3
Africa/Middle East	10,558	9,899	6.7
Asia/Pacific	7,997	7,837	2.0
Group volume¹	84,848	80,934	4.8
Affiliated companies	24,101	24,131	- 0.1
Total beer volume²	108,949	105,065	3.7

¹ Group volume = beer volume sold by consolidated companies and Heineken beers brewed under licence by third parties.

² Total beer volume = Group volume plus beer volume produced by affiliated breweries Kaiser and Quilmes.

in Germany, developed well. We see Paulaner Hefe Weisse, which has substantial market positions in Germany, Italy, Spain, France and the United States, as one of the mainstays of our portfolio of speciality beers.

In the UK and Ireland, stout continued to lose ground to lager. Sales of Murphy's Irish Stout were down, mainly due to lower sales in the UK, but Murphy's Irish Red achieved significant growth in Spain.

Affligem, our Belgian abbey beer which has gained a reputation as a high-quality beer for the connoisseur, sold well in France and Spain and we expect it to find good niche-market positions in other countries. Sales of Wieckse Witte, a light, fresh-tasting white beer, were lower due to the poor summer in Western Europe. Kriska, a vodka-flavoured beer, was launched in France and sales have exceeded our expectations.

Research and Development

Research and development are the basis of innovation and therefore have strategic importance for Heineken. Much of the R&D activity is carried out locally, but coordination is centralised. The R&D programme covers the entire supply chain, from the evaluation of new and improved strains of barley and hops to the development of new products and packaging. On many projects, Heineken works closely with other companies, suppliers, research institutes and universities around the world.

The most significant innovation last year was the David dispensing system for retail outlets with a relatively low beer turnover. The David system, which uses a 20-litre keg, offers good returns at lower sales volumes than the systems based on a 50-litre keg. The patented David dispensing system is user-friendly, there is no wastage and no pipework to be cleaned and, once connected, the keg contents remain fresh up to seven times longer than with the traditional dispensing systems. The number of David systems installed since the launch has exceeded our expectations.

A new 24-ounce (67-cl) can was developed for the US market, to supplement our successful 12-ounce keg-shaped can which had been introduced previously.

Warka in Poland became the first brewery to install a membrane filtration system. This technology, which is employed at the final filtration stage, replaces kieselguhr and is therefore more environment-friendly.

Trials started with a new bottle inspection system known as FBI (Filled Bottle Inspector) in 2002, which enables us to detect glass fragments and other foreign objects in bottles

after filling. The FBI system, which has been developed by Heineken in conjunction with other companies, is currently undergoing extended testing at one of our breweries.

Health, Safety and Environment

Our operating companies achieved good results with their water-saving projects. In the years ahead we shall intensify our efforts in the area of energy-saving. Our health and safety programme in Africa was extended.

Having previously published a two-yearly environmental report, Heineken published its first biennial safety, health and environment report last year, covering the period 2000–2001. This latest report was extended to include information on the environmental performance of our businesses outside Europe and our safety performance in Europe. In recognition of our approach to reporting on our social responsibility and sustainability policies and our performance in those areas, Heineken was included in the Dow Jones Sustainability STOXX Indices and the Store-brand Index. Companies which perform well both financially and in terms of their social responsibility are admitted to these indices.

Health and safety

Heineken makes every effort to prevent circumstances arising at its breweries which might jeopardise the health and safety of its employees and third parties such as suppliers and people living close to its plants. Where local legal statutory requirements and rules do not exist or are deficient, Heineken sees it as its responsibility to develop and apply its own standards. Information and awareness are essential to prevent employees being exposed to unsafe and unhealthy conditions.

On the basis of a risk analysis performed on the findings of a comprehensive health and safety study carried out at our Bralima brewery in the Democratic Republic of the Congo, guidelines have been drawn up for personnel instruction and training which will be introduced at all our breweries in Africa. One element of our medical policy in Africa is care for employees who are HIV-positive or have contracted Aids. Last year, we invested mainly in improving the medical/social infrastructure in the Democratic Republic of the Congo and the Republic of the Congo.

The exchange of expertise between our European locations resulted in more consistent standards for our installations and more extensive and better coordinated safety training provision.

Environment

As well as being beer's principal constituent, water plays an important part in many stages of the production process. Heineken's policy of economising on water consumption has now been introduced in all operating companies in which we have a majority interest. The impact of our 'Aware of Water' programme, which was launched in 2000, was clearly apparent. A new system installed under our waste-water treatment expansion programme was commissioned at Ibadan in Nigeria in 2002. Work on a new waste-water treatment plant at Enugu in Nigeria is in progress and the contracts for construction of the plants at Kinshasa in the Democratic Republic of the Congo and Hatay in Vietnam have been awarded.

New waste-reduction and energy-saving programmes are being developed and will be implemented in the next few years. The target for our 'Aware of Energy' programme is to reduce energy consumption by 10% from the beginning of 2003 to the end of 2004. Achieving that target will require both promotion of energy-saving practices and adoption of new technologies, such as heat recovery and biogas.

Alcohol and Society

Most people use alcohol sensibly, as one of the pleasures of life, but a small minority abuse it, and that can lead to problems. Heineken initiates and supports – in some cases with the European trade organisation – information and education projects to prevent alcohol abuse and has formulated internal rules to ensure that its marketing messages do not encourage it.

Heineken regards acknowledgement of the distinction between responsible use and abuse of alcohol as the basis for effective action by and cooperation between the industry, government and other organisations to prevent and curb alcohol abuse. Governments still resort too often to blanket measures to address alcohol-related problems, for example by restricting advertising or distribution or influencing prices through excise duty. The use of alcohol only presents a danger to safety and/or health if it is used at an inappropriate time, for example before driving a vehicle or operating machinery, or in excessive quantity.

In a growing number of countries, we are going further than imposing internal rules to prevent our commercial communications encouraging alcohol abuse. In the United States, the Netherlands, Ireland and Italy, our advertising now carries a warning against abuse and we are planning to introduce similar messages in other countries.

A joint approach by the industry, government and health organisations to combating alcohol-related problems is one of the objects of the dialogue project initiated by the Amsterdam Group of international companies, with which Heineken cooperates in promoting responsible alcohol use and preventing its abuse. However, cooperation with governments in this area cannot be truly effective until the dialogue project is sufficiently advanced and a common position on the issue has been agreed.

The first phase of a 'virtual forum' project in the Netherlands, which enables young people to learn about the use of alcohol and other substances via an interactive game, has been completed. This sociopsychological approach is designed to find effective ways to help young people avoid behaviour which incurs health risks.

Personnel

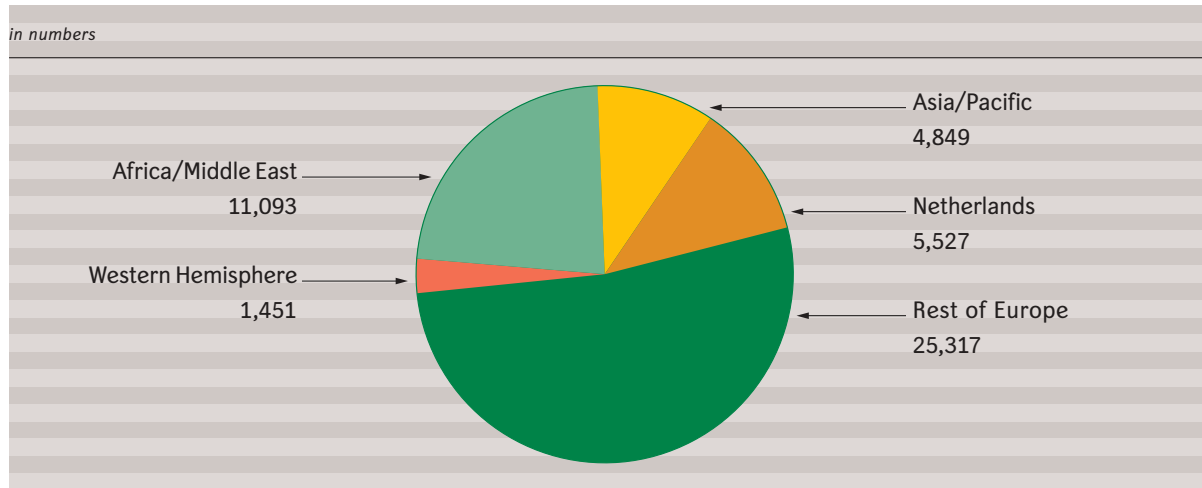
The average number of people employed by Heineken increased by 8,212 to 48,237, due to the acquisition of several breweries and beverage wholesalers. Excluding acquisitions, the number of employees decreased, as a result of the action taken to boost efficiency.

Central personnel policy is involved with the recruitment, development and retention of managers for senior international positions. The operating companies have their own policies for other staff which take account of the local labour market, regulations and practices.

As an international group, Heineken needs managers with an international outlook and a recognisable management style. Heineken fosters the creation of a shared culture and encourages the international exchange of expertise by organising international postings for management trainees and placing staff, including senior management, on temporary secondment. In 2002 there were 260 expatriates working within the organisation, of whom 100 were relatively young. These expatriates came from 26 countries and were employed in 62 host countries. The findings of the Europe-wide study of recruitment and retention of highly qualified staff, which was completed in 2002, will be used by Heineken as a starting-point for encouraging the individual employee to take a more active role in the development of his or her career.

A new cooperation agreement between the European works council and Heineken N.V. came into effect on 1 January 2002 which clarifies the decision-making process in relation to important local acquisitions and requires that the European works council be informed in good time.

Geographical distribution of personnel



Training

Productive application of knowledge is essential if Heineken is to strengthen its competitive position. So that it can respond swiftly and effectively to change, whether triggered by growing competition, globalisation, advances in information technology or social trends, Heineken as an organisation must be committed to continuous learning. To supplement our regular local and international training courses, the Heineken University provides a range of short and intensive training programmes to promote the sharing, creation and mobilisation of expertise within the Heineken

organisation. Over 1,500 employees took part in the activities organised by the Heineken University in 2002, some of which were held at the Learning Centre in Amsterdam and some in the different regions and countries. A virtual learning centre was added last year, so that e-learning modules can be incorporated as a permanent element in all courses. The Heineken University carried out a survey last year of the changing demands made on management and leadership, learning processes in different cultures and the effectiveness of teams. The survey findings have been applied in new programmes and teaching materials.