

ANNUAL REPORT SUMMARY

THE HEINEKEN PENSION FUND IN 2017



2017 in ten minutes

The year in figures
How we stand

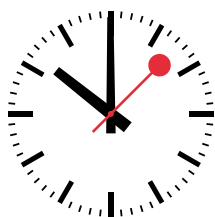
Investing with
a view to people
and the
environment

Anxious about
your pension?
Two questions –
two answers

Do you have
three minutes to
spare for your
pension?

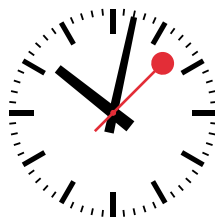
 Stichting
Heineken
Pensioenfonds

2017 in ten minutes



Things are going slightly better

In terms of finance the year 2017 was a good one for the Heineken Pension Fund. We had a good return of 5.8% on investments. Plus the fact that the interest rate we must use to calculate how much money we need for the pensions showed a slight increase. Our capital grew (thanks to the return) and the commitments decreased (because of the higher rate of interest). On balance this means that things are going better for us. How much better? You can see that from our policy funding ratio. This shows whether we have adequate money in hand for the pensions that have been accrued. In 2017 our policy funding ratio increased from 95.7 to 110.2%. In other words: from substantially below the legal minimum norm of 104.2% (which is a situation for concern) to a good deal above.



Does that mean we are no longer in trouble?

We are now doing slightly better. That is good news after all those years watching our financial situation worsen, just as other pension funds did. But are we really no longer in trouble? Not yet. If the interest rate would go down again, or if we see a setback in the investments, we could see a relapse. We are climbing out of a precarious situation in which an emergency measure such as a cut-back in pensions was quite imaginable. The chance of that happening is less now. But we are not quite there yet. We need large financial buffers to safeguard the pensions. We only satisfy all legal norms when we have a policy funding ratio of approximately 123%. Only then can we consider ourselves a financially healthy pension fund.



Indexation: a small increase on your pension

The Heineken Pension Fund aims to see your pension rising each year in line with the increase in prices in the Netherlands. We try to keep the purchasing power of your pension up to standard. But... we can (and may) only do that if we have sufficient money to do so. Legally we are only allowed to start following the price levels in part if our policy funding ratio is 110%. That percentage was reached at the end of 2017. Even if it was only by a marginal 110.2%. In accordance with legal norms we were allowed to increase pensions on 1 January 2018 by a maximum of 0.02%. While it is obviously a very small amount we still decided to give the increase. We hope that the uphill journey continues and that we will be able to increase the pensions more over the next few years. But... that can not be guaranteed. We remain dependant on returns on investments and the interest rate. Fully compensating the price increases is more or less certain not to happen in the next few years. At present that can only be done if the policy funding ratio is above 125%.

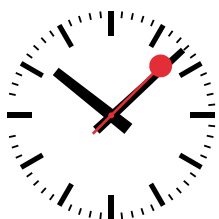
What you should know about your pension fund

2017 ANNUAL REPORT SUMMARY

In this edition we explain briefly how the Heineken Pension Fund has performed in 2017. Want to read more? Go to our website for the full 2017 Annual Report (Only available in Dutch).

Stichting Heineken Pensioenfondsen

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Costs

Pension funds incur costs. And obviously that also applies in our case. We spend money on executing the pension scheme and have investment expenses. We keep a close eye on keeping the costs low in order to ensure that your pension benefits as much as possible. It goes without saying that we are very transparent regarding our costs. While the majority of our expenditures are on asset management you must bear in mind that these costs are made in order to obtain a good return at a well-considered risk.

Our costs in 2017 for asset management of approximately 3.6 billion were about € 17 million. We earned € 194 million on our investments in 2017. This is after the costs were deducted.

We spent a further € 2 million on executing the pension scheme. That is € 125 per member.



From 67 to 68

On 1 January 2018 a change was made in your pension. Because of the new tax rules we raised the starting age for future accrual from 67 to 68. The accrual percentage remains unchanged. On 1 January we also converted the pension you accrued with us up to that date to the age of 68. It goes without saying that this conversion does not mean that you have lost any pension (your pension commences a year later but your pension will be proportionately higher).

Why have we done that? To prevent that in due course you have different pension components with different retirement ages. This gives a more clear view of the situation. You can, of course, still have your pension starting earlier. When you reach the state pension age for example.

Has your pension already commenced in full? Then this change will not affect you.



Want to know more about your pension?

Do you want to know more about your pension and your pension fund? Continue to read this summarised annual report. You can also visit our updated website:

www.heinekenpensioen.nl where you can keep close track on our financial situation.

As a pension scheme member or person entitled to a pension, every year you receive an overview of your accrued and attainable pension. It also provides you with information as to what is arranged for your family in the event of your death.

A complete overview of your pension (UPO), also what you may have accrued with previous employers, can be found on the government website: www.mijnpensioenoverzicht.nl.

Would you prefer to receive information in English?

From now on the Heineken Pension Fund is going to communicate in English as well. Hence this summarised annual report has been drawn up in two languages. The website, newsletter and other communications are also available in English. If you wish to receive information about your pension in English from now on please inform us through pensioenfondsen@heineken.nl or in writing. We shall send all communications to you in English in the future.

Disclaimer

The utmost care was taken when drawing up this annual report. No rights and/or expectations may be derived from the contents of this annual report. For the full annual report go to www.heinekenpensioenfondsen.nl (Only available in Dutch).

Colofon

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Report of the Accountability Council

The Accountability Council (VO) plays an important role in supervising the affairs of the pension fund. The VO advises the Board, either voluntarily or requested, on significant subjects. Furthermore, the Board is accountable to the VO on policy and how policy is implemented. The VO is made up of three employees' representatives, three representatives of persons entitled to a pension and three on behalf of the employers. One of their most important points of interest is the question whether the interests of all pension fund stakeholders are weighed up in a well-balanced manner.

In 2017 the VO devoted particular attention to a number of spearheads mentioned by the Board in the 2016 Annual Report. They include:

- an assessment of the effectiveness of the fund's communications and the ensuing points for improvement;
- monitoring governance concerning the investments, partly in response to the investments inspection carried out by The Dutch Central Bank at our fund. The VO ascertains that the points brought forward as a result of that inspection were picked up dynamically by the Board and that governance concerning the investments is organised clearly and orderly. Risk management has also been crystallised further.
- The VO requests the Board to draw up measurable objectives for all areas of policy. This will make accountability more transparent.

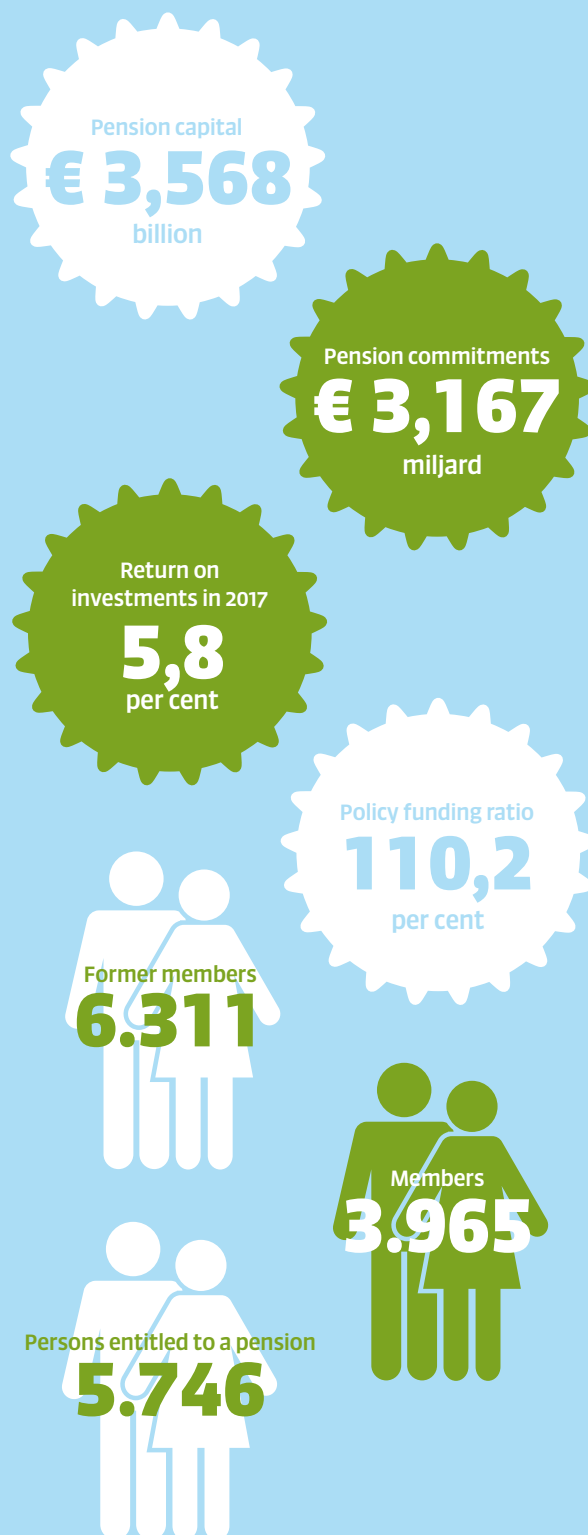
In 2017 the VO dealt with six requests for advice from the Board, particularly taking a well-balanced weighing up of interests into account. Among other things these were concerned with the policy on indexation and contributions, internal monitoring, the profile and remuneration of the Supervisory Board and the conversion of pension entitlements to the age of 68.

Judgement

The VO highly valued the open dialogue with the Board in 2017. The VO is of the opinion that the Board has executed the policies it pursues in a well-balanced and adequate manner and has taken the right decisions on the basis of arguments.

The Heineken Pension Fund

(at the close of 2017)



Investing

with a view to mankind and the environment

The Heineken Pension Fund invests approximately 3.6 billion Euros. We do that in order to obtain a good return at a well-considered risk. But we are also aware of the impact our investments have on the world of today and tomorrow. We do our absolute best to respect human rights, honest corporate governance and protection of the environment. We know that our (former) members and persons entitled to a pension feel that this is important.

United Nations treaties

We invest a large part of the capital through external managers. When selecting asset managers we keep a close eye on their socially responsible investment policy. After the selection we continue to monitor their performance in this area. Where possible we ask our external managers to sign the UN Global Compact Principles for responsible investments.

Positive selection

One of our managers has integrated the characteristics of socially responsible investment policy into the investment process (positive selection). We intentionally do not do that with all our investments because we also want to urge companies to perform better by entering into discussion with them. By still investing in these companies we are able to use our influence to persuade them to make improvements.

In discussion with companies

We regularly enter into discussion with the companies in which we invest about their performance regarding people and the environment or good corporate governance through our asset managers. In the event that insufficient improvements are made we can decide to withdraw our investments.

Voting

We vote through our asset managers at shareholders' meetings of the companies we invest in. This makes it possible for us as an investor to use our influence to block counterproductive developments in companies and to stimulate productive ones.

Class actions

We take part in class actions against companies that have breached the law and have consequently caused financial damage. By doing this we attempt to recoup the damage and try to motivate companies to pursue sound corporate governance.

Sustainable real estate

We stimulate real estate managers to practice a sustainability policy. We invest in property funds that score well in this respect.

Exclusion policy

There are several companies and nations we exclude from our investments. For example, out of principle we will not invest in companies that are in any way involved in the manufacture of cluster bombs and land mines. Moreover, we do not invest in companies that contravene the non-proliferation treaty. The non-proliferation treaty is a treaty that attempts to limit the possession of nuclear weapons. We also exclude government bonds from nations that fall under the arms embargo of the United Nations. This embargo concerns an enforcement ruling to condemn serious violations of human rights or international law.

The 11th place in the VBDO survey 2017

In 2017 our investment policy earned us a shared 11th place on the socially responsible investors list of the 50 largest pension funds in the Netherlands.

This list is drawn up every year by the Association of Investors for Sustainable Development (VBDO).



Worries about your pension?

Two questions – two answers

Things are going very well with the economy. How is it possible that my pension hardly benefits?

One of the driving forces behind the economic growth is the low rate of interest that allows businesses to make low-cost investments and, for instance, the housing market has also gathered steam. On the other hand, it is the pension funds that have mainly been suffering from the low interest rate. According to the calculation rules, we have to work on the basis that our pension capital increases in line with the interest that goes with the absolute safest investments. This is set down in the law because in the Netherlands we want to finance pensions in a solid way. Therefore if the interest rate is very low, as it is now, we need to have (much) more money for pensions.

However, the interest rate did rise slightly in 2017 (and that had an immediate substantial positive effect on our funding ratio) but it still remains very low. As long as this situation lasts it continues to be financially difficult for pension funds.

The investments themselves have not been a problem over the past few years. During the last five years we have had an average return of 7.6% a year. The pension capital increased substantially during that period. Certainly no pension money has been lost! But whether we have enough money for the pensions depends to a large extent on the interest rate.

Will there still be enough pension for me?

It is by no means strange that some people – especially younger people – ask this question. The government has stopped you from building up as much pension as you could earlier. The age of retirement is going up. Moreover many pension funds find themselves in an awkward position.

However, together with your employer you still save enough money for later with the Heineken Pension Fund. That money is set aside for you to grow into a pension that will give you much pleasure in the future. However you will have to carry on working longer. Nowadays we live longer than our parents and grandparents did. Plus: it is true that our pension fund is still not sufficiently strong (even though we have moved in the right direction over the past year). But that is mainly thanks to the cautious way in which we calculate how much money we need for the pensions. That must be done cautiously to ensure that there is still enough later for today's young people.

Especially for young people

Do you have three minutes to spare for your pension?

Pension; something that's mainly taken for granted. You set aside part of your income every month for later. And, your employer adds an even larger amount to what you save. No action needed on your part. However, there are a couple of things you should know about, and some things you should act on.

Things you should know:

- Your Heineken pension and AOW (state pension) are two entirely different things. AOW is the basic pension you will in due course receive from the state. Your Heineken pension supplements the state pension.
- With the Heineken Pension Fund you not only build up a pension for later. Other things are also arranged for the present:
 - should you become fully disabled a partial pension is still built up for you
 - if you become fully disabled you can receive a disability pension
 - if you were to die today a pension is paid out to your partner and your children

Things you should do:

- If you have entered into a notarised partnership contract, make sure that your partner is registered with us for a partner's pension (if you are married or have a registered partnership this is done automatically).
- If you change jobs you can take your pension with you. You lose no pension doing this. You need to apply for the transfer with your new pension fund yourself.
- Check your pension situation. For instance, check your last pension overview. How much have you accrued up to now? And what do you receive at the end of your working life? You check your bank statements don't you? And pension... that's your money too!

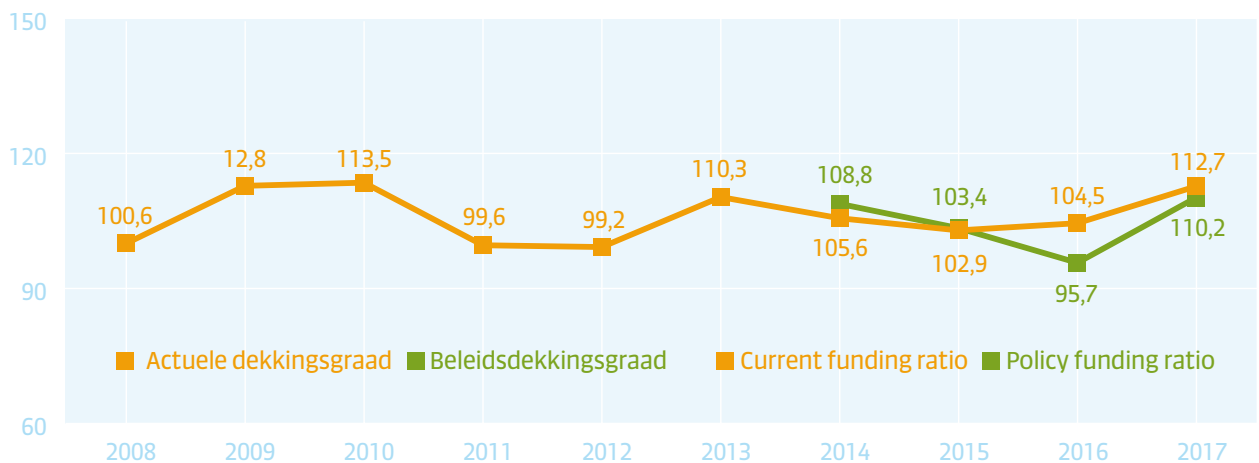
Go to www.mijnpensioenoverzicht.nl. and check all your pensions and AOW.

Any questions about your pension?

Take a look at our website. Or call or mail us. We will be pleased to give you further assistance.

Het jaar in cijfers

The year in figures



Ontwikkeling dekkingsgraad

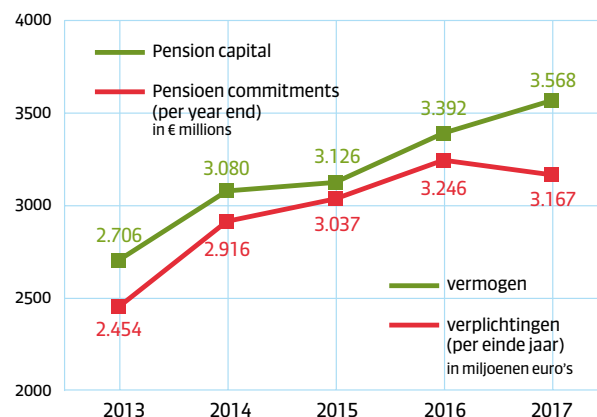
Hier zie je hoe onze actuele dekkingsgraad en beleidsdekkingsgraad zich in de afgelopen jaren hebben ontwikkeld. De actuele dekkingsgraad geeft aan in hoeverre de opgebouwde pensioenen (de pensioenverplichtingen) op een bepaald moment voldoende zijn gedekt door vermogen. De beleidsdekkingsgraad geeft de gemiddelde stand van de actuele dekkingsgraad over de laatste twaalf maanden weer. Dat is ook de dekkingsgraad waarop we de belangrijke beslissingen als het toeslagenbesluit moeten baseren. De minimumnorm van de overheid is een beleidsdekkingsgraad van circa 104%. En pas bij circa 123% voldoen we aan alle normen.

Funding ratio development

Here you see how our current funding ratio and policy funding ratio has developed over the past few years. The current funding ratio shows to what extent the accrued pensions (the pension commitments) are sufficiently covered by capital at a given point in time. The policy funding ratio shows the average of the current funding ratio over the past twelve months. This is also the funding ratio on which important decisions such as the decision on indexation must be based. The government minimum norm is a policy funding ratio of approximately 104%. Only when we have reached approximately 123% do we comply with all the norms.

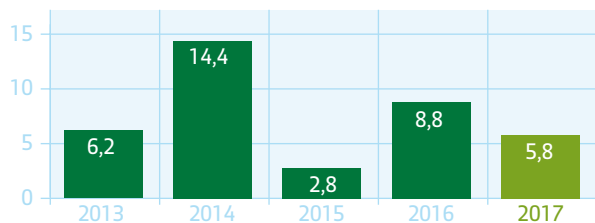
Pensioenvermogen en pensioenverplichtingen

Hier zie je hoe er de afgelopen jaren steeds meer pensioenvermogen is opgebouwd. Maar je ziet dat ook de pensioenverplichtingen toegenomen zijn. Dat komt vooral ook door de rente en de gestegen levensverwachting. Hoe lager de rente, des te meer geld er nodig is.



Pension capital and pension commitments

This shows how we have constantly built up more pension capital over the past years. It also shows that the pension commitments have increased as well. This is mainly due to the interest rate and the higher life expectancy. The lower the rate of interest, the more money is needed.



Rendement

We beleggen je pensioengeld. Dat doen we om een zo goed mogelijk rendement te behalen op de lange termijn. Natuurlijk moet het risico altijd verantwoord blijven. We hebben dat rendement nodig om het pensioengeld aan te laten groeien. Hier zie je welke rendementen we de afgelopen jaren hebben behaald.

Return

We invest your pension money. We do that to realise the best possible return in the long term. It goes without saying that the risk must always be well considered and sound. We need that return in order to ensure the pension capital continues to grow. Here you see the return we have achieved over the past years.

Soort belegging	Verdeling eind 2017	Bijdrage rendement
Type of investment	Distribution end of 2017	Return contribution
Aandelen Shares	40,7	4,7%
Obligaties Debentures	37,5	0,0%
Onroerend goed Real estate	9,7	1,2%
Overige beleggingen* Other investments*	11,4	-0,1%
Liquide middelen Liquid assets	0,7	0,0%
Totaal/Total	100%	5,8%

Zo beleggen wij

Het extra rendement dat je op beleggingen kunt halen, is een beloning voor de risico's die je loopt. Wij hebben de mate waarin we risico lopen samen met het verantwoordingsorgaan en de sociale partners bepaald. We lopen geen risico's die we niet kunnen dragen. Om de risico's te beperken spreiden we het pensioengeld over verschillende soorten beleggingen. Hier zie je hoe we eind 2017 belegden.

This is how we invest

The extra return you can obtain from investments is a reward for the risks you take. We determine the extent of the risk involved jointly with the accountability council and the social partners. We do not take risks we are unable to bear. To limit the risks we spread out the pension capital over different sorts of investments. Here you can see how we invested at the close of 2017.

*high yield bonds, emerging markets, hedge funds, grondstoffen en derivaten.

*high yield bonds, emerging markets, hedge funds, commodities and derivatives.

Toeslag

Wij willen je pensioen ieder jaar laten meegroeien met de prijsstijgingen in Nederland. Dit noemen we toeslagverlening (ook wel indexatie). We mogen wettelijk gedeeltelijke toeslag verlenen vanaf een beleidsdekkingsgraad 110% en volledig vanaf een beleidsdekkingsgraad van meer dan 125% (dit percentage wordt jaarlijks vastgesteld). Hier zie je de toeslagen van de afgelopen jaren en welke achterstand op de prijzen je hebt opgelopen. De achterstanden van de afgelopen 10 jaar kunnen overigens in goede tijden geheel of gedeeltelijk worden gerepareerd.

Indexation

We want to see that your pension increases every year in line with the price increases in the Netherlands. That is what we call indexation. By law we can grant partial indexation when we have reached a funding ratio of 110% and full indexation when we reach a policy funding ratio above 125% (this percentage is established annually). Here you see the indexation over the past few years and the arrears that have been built up on the price increases. For that matter, the arrears over the past 10 years can always be repaired in better times, either in full or in part.

Toeslag deelnemers / Indexation for members

Jaar	Maatstaf*	toegekend	niet toegekend
Year	Criterion*	granted	not granted
2013	2,00%	0%	2,00%
2014	2,00%	1,60%	0,40%
2015	2,00%	0%	2,00%
2016	0,65%	0%	0,65%
2017	0,45%	0%	0,45%

Toeslag gewezen deelnemers en pensioengerechtigden

Indexation for former members and persons entitled to a pension

Jaar	Maatstaf*	toegekend	niet toegekend
Year	Criterion*	granted	not granted
2013	2,90%	0%	2,90%
2014	1,60%	0,45%	1,15%
2015	1,10%	0%	1,10%
2016	0,65%	0%	0,65%
2017	0,45%	0%	0,45%

*De maatstaf voor toeslagverlening is de prijsindex (CPI).

*The criterion for indexation is the consumer price index (CPI).