

ANNUAL OVERVIEW

HEINEKEN PENSIOENFONDS

www.heinekenpensioenfonds.nl

2021

 STICHTING
HEINEKEN
PENSIOENFONDS

The year 2021
in brief

Responsible
Investment

Accountability and
supervision



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Despite corona, the year 2021 was a good financial year for the Heineken Pension Fund. With this Annual Overview, we would like to inform you about how we performed. If you would like to know more, please go to our website and see the complete Annual Report of 2021.

CONTRIBUTIONS RECEIVED IN 2021

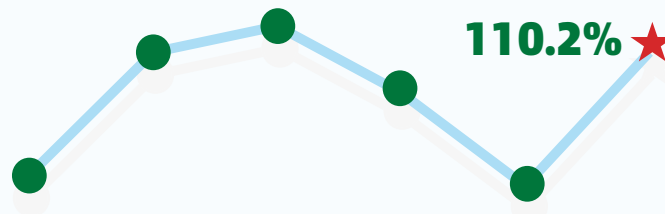


★ THE HEINEKEN PENSION FUND IN 2021

PENSION BENEFITS IN 2021



POLICY FUNDING RATIO END OF 2021



RETURN ON INVESTMENTS IN 2021



PENSION CAPITAL END OF 2021



PENSION COMMITMENTS IN 2021



PARTICIPANTS AND PENSIONERS



Pensioner

A former employee or surviving relative who receives a pension from the pension fund.



Former participant

A former employee or ex-partner who has a pension with the pension fund.



Active participants

An employee or former employee who accrues pension with the pension fund.

Disclaimer

The utmost care was taken when drawing up this Annual Overview. No rights and/or expectations may be derived from the contents of this Overview. For the full Annual Report go to our website.

Colophon

This Annual Overview 2021 is a publication of the Stichting Heineken Pensioenfonds @ 2022 Stichting Heineken Pensioenfonds



2021 in brief

We recorded a return on the investments of 12.2%. A great result.



A serious step in the right direction

Financially, 2021 was a good year for the pension fund. We recorded a return on the investments of 12.2%. A great result. In 2021, we were also helped by the fact the interest rate increased towards the end of the year. With a higher interest rate, we need to have less money for the pensions. These two aspects combined - a good investment result and the higher interest rate - made that we were able to take a serious step in the right

direction. Our current funding ratio increased from 99.2% to 119.2% over the year. The policy funding ratio - the average position of the funding ratio over the last twelve months - increased from 94.9% to 110.2%.



Pensions not increased, however

So, in financial terms, we are in better shape, but we were still not able to have the pensions increased per 1 January along with the prices. Our policy funding ratio (105.5%) was still

too low on 30 September (reference date) to be able to do this. We can only start thinking about increasing your pension when our policy funding ratio is at least 110%. A full price compensation is even only possible with a policy funding ratio of roughly 124%. So, there will be no pension increases per 1 January 2022. That is unfortunate, certainly now that store prices (and the energy bill) have increased considerably.

Read further on page 4

2021 in brief

We have no major interests in Russia, and we will scale these down where possible.



Expectations

At the end of April 2022, our policy funding ratio increased to 117.6%. As it now stands, there will be room to be able to increase the pensions. But, we don't know what the markets and the interest rate will do in the coming period, of course. Besides the human suffering, the war in Ukraine has also made it abundantly clear how vulnerable the world in which we operate is. We have no major interests in Russia, and we will scale these down where possible. Investments in Russia have been added

to the exclusion list. The war shall undoubtedly have an impact on the world economy. We report the position of the funding ratio on our website every month.



Investing with a view for man and environment

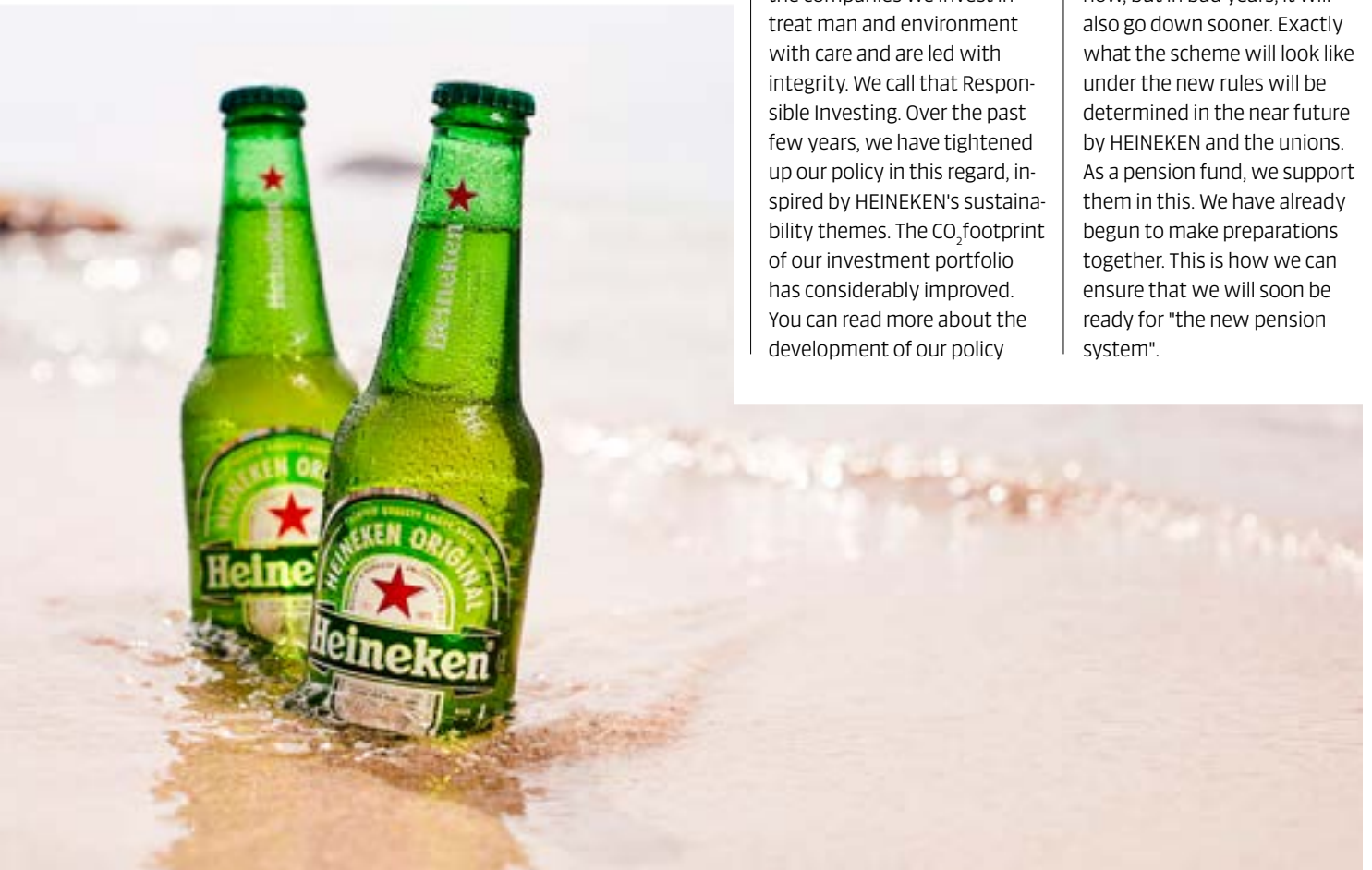
We invest the pension capital in order to record the best possible returns. At the same time, with our investments, we want to contribute to a more sustainable and liveable world for today and tomorrow. That is why we examine whether the companies we invest in treat man and environment with care and are led with integrity. We call that Responsible Investing. Over the past few years, we have tightened up our policy in this regard, inspired by HEINEKEN's sustainability themes. The CO₂ footprint of our investment portfolio has considerably improved. You can read more about the development of our policy

in this area in the section on sustainability further down in this Annual Overview.



On the way towards a new pension system

As you know: The Netherlands will have a new pension system. The new rules for this will be established this year. Within a few years, and ultimately by 1 January 2027, you will have a new pension system. What has already become clear: you will accrue capital for your pension in your own pension pot. In good years, your pension will go up sooner than it does now, but in bad years, it will also go down sooner. Exactly what the scheme will look like under the new rules will be determined in the near future by HEINEKEN and the unions. As a pension fund, we support them in this. We have already begun to make preparations together. This is how we can ensure that we will soon be ready for "the new pension system".





Responsible Investment

Pension funds ultimately have only one task. They must provide good pensions. The employer and the employees pay premiums and the funds need to ensure that this capital receives enough return to be able to pay for the pensions now and in the future. That is why we invest the pension capital and that is why it is clear we do this for the returns.

It's that simple, initially. And yet, this is not the whole story. It will sound familiar: I do not want my money to be used to earn money in strange way. A handy criminal may guarantee high returns. This may involve a company that uses child labour or makes cluster bombs. It may well be very lucrative, but you would rather have nothing to do with it. Money can stink sometimes. How you earn your money, always matters. And that is why we say: investors have a social responsibility.

How far does this responsibility reach? The law establishes boundaries. But is that enough? At the very least, you want a good pension that was earned legally. But it's much better if you are able to enjoy your pension in a world that is really worthwhile to live in. This is not so self-evident these days. And please realise, we share this opinion at HEINEKEN. For a liveable world, we need a focused effort. Also from the Heineken Pension Fund. With this conviction, we believe that this effort to create a better world does not have to come at the expense of the returns. But, achieving this is easier said than done.

The fund manages approx. €4.5 billion. Compared to the entire economy, that may not be so much, but we are still able to put some weight on the scale with this amount. Especially when you partner with like-minded funds. That is why we signed the International Responsible Investment Covenant (IMVB Covenant) in 2018. This requires us to formulate and then implement our RI Policy.



Five guiding principles

In order to provide direction to the practical implementation of the RI Policy, we have formulated five guiding principles.

1

GUIDING PRINCIPLE 1:

Controlled and visible responsible investment

The RI Objective of the Heineken Pension Fund is to invest in a responsible manner in a visible and controlled way.

One frequently asked question: is responsible investing good for my pension? As we stated earlier: we are fundamentally convinced that healthy returns can go together with responsible investment. We believe that sustainable investing contributes to making better investment decisions and sometimes even lower risks. Take, for example, the consequences for the value of a company when its products or production method no longer meet the social standards. That our conviction is correct remains to be seen, of course. That is why we will keep track of the returns and adapt the policy where necessary. And we will periodically report on the executed policy and the results.

2

GUIDING PRINCIPLE 2:

Phased growth

The RI Policy of the Heineken Pension Fund is relevant and achievable, and it will develop by way of a phased growth as stated in the International RI Covenant.

To continue to have a meaningful impact, we will enter into partnerships with asset managers and other pension funds. Combined, we will surely be able to place more weight on the scale. We will also have to

learn from the experience of others in order to gain insight into the efficiency of our efforts to promote a more sustainable society.

3

GUIDING PRINCIPLE 3:

Three themes

Inspired by HEINEKEN's sustainability themes and the Sustainable Development Goals (SDGs) of the United Nations, the Heineken Pension emphasizes three Themes:

- Climate - countering climate change
- Water - responsible water use and clean drinking water world-wide
- Human rights - especially when it comes to human labour

4

GUIDING PRINCIPLE 4:

Instruments for RI

The Heineken Pension Fund considers RI as an integral component of the investment process, and uses to following instruments in this regard: ESG Integration, Active Investing, Exclusion and Impact Investing, where possible.

● ESG Integration: We select 'at the gate'

We only invest in opportunities that meet our RI requirements. All of the asset managers that invest for us shall subscribe to the most important international agreements and treaties in this area, including the guidelines of the OESO that form the basis of the International RI Covenant.



- **Active Investing: We vote and enter into discussion with companies**

Active Investing is distinguished by Engagement, Voting, Class Actions and Claims.

Engagement

We are involved in the sustainable performance of the companies we invest in. This could mean that we will confront companies in which we invest on their sustainable performance. We bundle our forces with other investors for this. At this moment, our policy of involvement is geared towards meeting the OESO guidelines which adequately represent our human rights theme. If companies show insufficient progress in this regard, we can decide to withdraw. In 2021, we carried out 55 of these so-called engagement projects. These can often run for several years. In 2021, we successfully completed 10 of these projects.

Voting

As an investor, we have voting rights at shareholders meetings. We always use our voting right. In 2021, we voted on 26,853 agenda items at 6,190 meetings. This is how we express our opinion at shareholders meetings.

Class Actions and Claims

We carry out Class Actions against companies that are guilty of violations and

have thereby caused financial damage to shareholders. With Class Action law suits, we try to improve the corporate governance of a company and win back the financial damage suffered by the Heineken Pension Fund.

- **Exclusion: We exclude companies and countries**

We do not invest in certain sectors in principle, such as in companies that deal with controversial weapons. Neither do we invest in countries that are on the UN sanction list. Also companies that show insufficient improvement after we have confronted them on their sustainable performance can end up on our exclusion list. At the end of 2021, 31 companies and 16 countries were on this list. You can find the exclusion list on our website.

- **Impact Investing: We intend to make impact investments**

So-called impact investments also have a place in our updated RI Policy. We want to invest a portion of the pension capital in companies and projects that make an immediate contribution to the quality of life in this world. We expect to make our first investments in this regard in 2022.



GUIDING PRINCIPLE 5: Engagement before Exclusion

The Heineken Pension Fund prefers Engagement over Exclusion.

Some pension funds decide, in advance, to exclude companies that perform poorly when it comes to sustainability. We believe that we can have more influence by entering into a discussion with such companies so that they can improve their sustainable performance. We are not going to enter into discussion with every one of these companies, of course. In any event, we do not invest in companies that do not comply with international treaties in their business operations, products or services. And we certainly will not engage in discussion endlessly. When companies fail to improve their sustainable performance after repeated requests, they too, can end up on our exclusion list.

Want to know more?



If you would like to know more about our RI Policy, please visit our website.

2021 RI Results

Measuring is knowing

We understand that, as investors, we have an influence on companies to exercise corporate responsibility. We don't do this alone, but together with other major investors who have the same ambition. But, what do we achieve with this? The results are not always immediately visible. Yet, we still want to make concrete (and measurable) what we

have achieved. Fortunately, the number of data suppliers that can help us with this is growing all the time. Since 2021, we can express the performance of our investments for our climate, water and human rights themes, in numbers for a part of our portfolio, namely the shares in developing markets. Please see the sections below.



Climate

We want the CO₂ emissions of the companies we invest in to be as low as possible. The CO₂ emissions can also be measured properly for our shares in developing countries. That is approx. 38% of our total investments in 2021. The emissions of the share portfolio at the end of 2019 was 224 gram of CO₂ per every euro invested. This was declined to 110 gram in our portfolio at the end of 2020, because we made fewer investments in industry and utility companies and the companies we did invest in were able to contribute in this regard. In 2021, emissions declined further, down to 16% to 84 gram per euro invested. A key component of this result can be attributed to the increase in the value of the shares. Simply put, there were more euros to be distributed over the emissions. The absolute emissions of our portfolio did increase slightly. This is caused by the companies we were already investing in.



Water

Clean water is essential for everyone and everything. HEINEKEN also expressly wants to make its contribution in this area. As the pension fund of HEINEKEN, we want the companies in which we invest to not make unnecessary or polluting use of water. This too, can be measured for our shares in developing markets. The water use of "our" companies declined significantly in 2020. At face value, this is a great development. But if you look more closely, you will see that a large portion of this is due to switching asset managers which meant we no longer invested in a utility company in New Zealand. But this company happened to be doing a great deal with hydro-power. Being able to 'read' the great figures we achieved at first sight does require some knowledge of the facts.



Human rights

We can also properly measure the observance for human rights within our investments in developed countries. We score incredibly high, but there are also companies that score too low. Here, you can see that measuring is useful: a low score gives us good reason to enter into discussion with the companies in question.



Where do we go from here?

We are now able to show how we score on the selected RI Themes for a major portion of our portfolio. But, the question of what outcomes we want to see in the future cannot be answered yet. That will be the next step in the RI process. Now that we know what our portfolio does and above all, now that we know what the figures mean, we can start to discuss targeted objectives.



Accountability and supervision

The Annual Overview also contains the Accountability Council (AC) report and the report of the Supervisory Board (SB). On this page, we have included a short summary of these.

The AC watches over the shoulder of the board to follow everything that is happening at the pension fund and has the right to give advice on a number of key topics. The AC consists of employee, employer and pensioner representatives. The SB (consisting of three independent external members) supervises the state of affairs at the pension fund and provides the board with advice.

The Accountability Council about 2021

The AC believes that the board represents the interests all participants equally and carries out its tasks as legally described. The AC also believes the board can more open to the perspective of the AC and more willing to engage in an open dialogue. In 2021, the AC focused intensively on a great many topics, including the RI Policy, the communication with participants, the investment policy and the preparations for the new pension system. In this regard, the board has not always followed the opinion/advice of the AC, but always well-considered, weighed and discussed.

Composition of the AC



2 employee representatives



4 pensioner representatives



3 employer representatives

The Supervisory Board about 2021

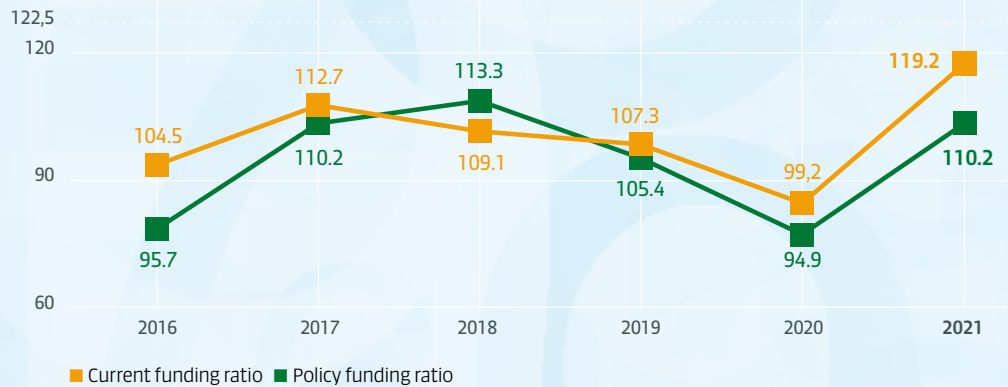
In 2021, the SB reported that the pension fund, in their opinion, is being well managed. There is a sufficient level of expertise in the board and an open culture in which individual board members have enough room to operate freely. The decision-making process is in order, risks are well described, decision-making criteria were upheld which also safeguarded the balanced consideration of the interests concerned. In 2021, the SB focused on a number of key topics, including the long-term strategy of the fund, asset management, risk management, the new pension system and the communication policy. The SB closely monitored each of these topics.

The year 2021 in numbers

Increased funding ratio

You can determine how the pension is doing financially by the funding ratio. The higher the funding ratio, the better the financial position of the pension fund. The current funding ratio indicates the position at one certain moment (we establish this at the end of every month). The policy funding ratio indicates the average position of the current funding ratio over the last twelve months. We base key decisions on this policy funding

DEVELOPMENT OF THE FUNDING RATIO



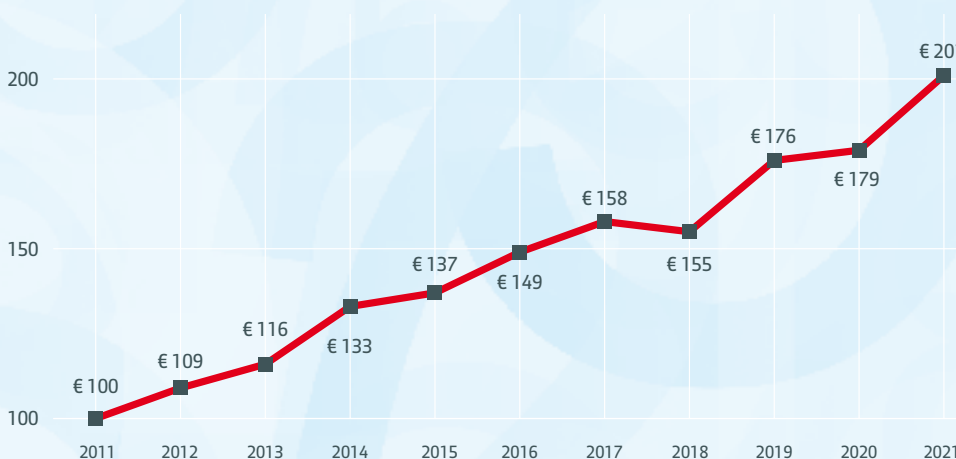
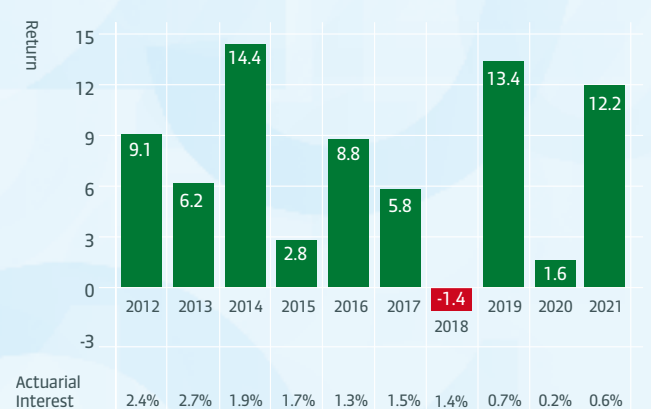
ratio, including the annual decision of whether we can increase the pensions.

With a policy funding ratio of 122.5%, our buffers meet all the standards for being financially healthy.

Good investment return

In 2021, we recorded a return on the investments of 12.2%. The costs have already been deducted from this. This is considerably better than our benchmark which ended up at 7.7% (before the deduction of costs). Over the past 10 years, we have recorded an average return of 7.3%.

Here you can see the investment return over the past 10 years. Below, you will find the actuarial interest in those years. The lower the interest, the more money we need to have for the pensions. An increase in the interest also means the funding ratio will increase.



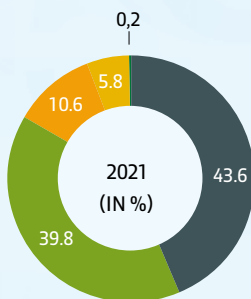
What is the result of investing?

Alongside you can see how an investment of EUR 100 made between the end of 2011 and the end of 2021 has increased thanks to our investment returns.

This is how we invest your pension money

A considerable portion of your pension must be earned with the return on investments. The pension fund runs risks in aiming for these returns. The risks must, of course, still be responsible. That is why we spread the capital over various kinds of investments. You can expect a higher return from shares than from bonds, for example, but the risks are also higher. That is why we also invest a part of the capital in government bonds, for example. The table shows how the capital was invested at the end of 2021.

THE 2021 DISTRIBUTION OF INVESTMENTS PLUS RETURNS



Shares	43.6%
Return	27.9%

Fixed rate	39.8%
Return	-2.7%

Real Estate	10.6%
Return	13.0%

Hedge Funds	5.8%
Return	19.9%

Cash	0.2%
Return	-0.1%



Pension purchasing power

We have the specific ambition to maintain the purchasing power of your pension. We want to have your pension grow along with price developments in the Netherlands every year by granting an indexation. Partial indexation is legally permitted with a policy funding ratio above 110%. Full indexation is only

allowed when our policy funding ratio is approximately 124% (this percentage is annually established). Here, you see the indexation over the past few years. Arrears in indexation can partially or fully be caught up in good times. We do have to be in a considerably better position for this than we are now.

Indexation overview for active participants, former participants and pensioners over the last 6 years:

Per 1 January	Benchmark	Allocated	Not Allocated
2017	0.45%	-	0.45%
2018	1.33%	0.02%	1.31%
2019	2.10%	0.61%	1.49%
2020	2.72%	-	2.72%
2021	1.22%	-	1.22%
2022	3.42%	-	3.42%

Costs

We monitor our costs closely at the pension fund, but executing your pension costs money, of course.

In 2021, we € spent 2.9 million (2020: 2.8 million) in executing the pension scheme. This includes costs for the pension administration and communication. Per participant, this was an amount of € EUR 173. This is slightly higher than in 2020. This is partially due to the declining number of participants, and also due to cost increases. The pension administration costs are paid by HEINEKEN.

We also spent money on managing our capital. In 2021, this concerned an amount of € 30 million, including transaction fees. This is an enormous amount, but we need to see this in relation to the amount (€ 461 million) that we earned with our investments in 2021. The costs for managing our capital were € 12.4 million higher than in 2020. This is mainly because the performance-dependent rewards to asset managers were higher due to the higher investment returns achieved.



A detailed overview of the costs can be found on page 31 of our full Annual Report 2021 that you can download on our website.



