2023

Annual overview

HEINEKEN PENSIOENFONDS

www.heinekenpensioenfonds.nl

HEINEKEN PENSIOENFONDS

Welcome to this 2023 annual overview. We take you through the most important issues that have played a role in your pension and your pension fund. Would you like to view the full annual report 2023? Then go to our

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Disclaimer

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Colofon

The Annual Review 2023 is a publication by Stichting Heineken Pensioenfonds.

THE HEINEKEN PENSION FUND IN 2023

CONTRIBUTIONS PREMIE RECEIVED IN 2023

€ 69
MILLION

PENSION BENEFITS IN 2023

€ 132
MILLION

POLICY FUNDING RATIO END OF 2023

132,9%

RETURN ON INVESTMENTS

in 2023

8.4%

PENSION CAPITAL

end of 2023

4,323
million

PENSION COMMITMENTS

end of 2023

3,284
million

PARTICIPANTS AND PENSIONERS

5,902
Pensioners
end 2023

7,570
Former participants
end 2023

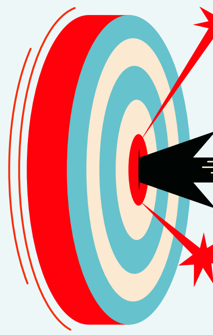
3,137
Active participants
end 2023

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

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

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

2023 in four themes



01

A financially strong pension fund

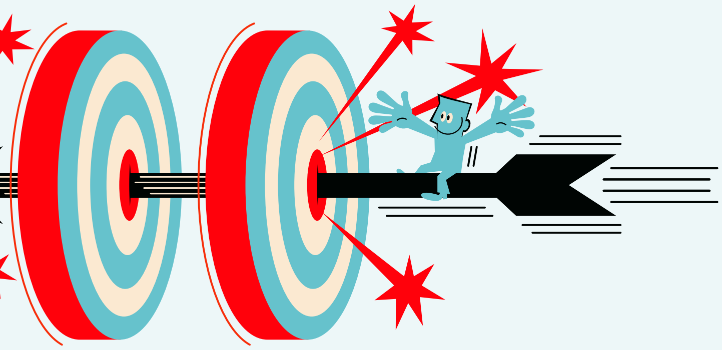
Financially, 2023 was a great year for the pension fund. Despite all the turmoil in the world and the human suffering that resulted from it (just think of the wars in Ukraine and Gaza), it was a good investment year. We achieved a return on our investments of 8.4%. As a result, we were in a better financial position.

You can see that through our funding ratio. Our current funding ratio (the financial situation at a given point in time) increased from 128.9% at the end of 2022 to 131.7% at the end of 2023. This means that for every euro that we need to have for pensions, there is € 1.32 present. With this we meet the legal capital requirements that a pension fund must have.

02

On 1 January 2024, your pension has not been increased

The Heineken Pension Fund tries to annually increase your pension in line with the price increases in the Netherlands. This is important for the purchasing power of your pension, now (if you are already retired) and in the future. On 1 January 2023, we increased your pension with no less than 14.33%. This fully compensated for the huge price increases of the previous year. But on 1 January 2024, we were unable to increase your pension. This was because prices did not rise in the previous year, but dropped. In our measurement period (October 2022 to October 2023), prices dropped with 0.4%, according to Statistics Bureau of the Netherlands (CBS). If there are no price increases, no indexation can be given.



03

New pension scheme coming soon

On 1 July 2023, new rules for pensions in the Netherlands, the Future Pensions Act (Wet toekomst Pensioenen), came into force. This means that you will have a new pension scheme with the Heineken Pension Fund. Together with the social partners, we have been preparing for this new pension scheme for some time. The works councils of HEINEKEN, the Accountability Council, the Supervisory Board and the Association of Pensioners of Heineken are also involved. We intend to switch to the new pension scheme on 1 January 2026. What's going to change? Quite a lot, but above all a lot of the good things are preserved. We will continue to aim for a good pension that you will receive for life, no matter how old you become. And there will also be a partner's and orphan's pension in the event of your death.

What is different: you will receive an individual pension box and your pension will move along more directly with economic conditions than it does now. As you get older, we keep your pension as stable as possible. We will then invest your capital for retirement with less risk. And in addition, the social partners have decided to build in extra security in the scheme: a solidarity reserve for difficult times.

Want to know more about the new pension scheme?
You can already find a lot of information about it on our website.

04

Socially responsible investment

We invest the pension assets in order to achieve the highest possible return on it, with a responsible risk. In doing so, we also make sure that the companies in which we invest treat people and the environment well. We do this out of our social responsibility and because we know that our participants find it important. For example, we are responding to this with our climate policy. We have decided to gradually reduce the emission of greenhouse gas of the companies in which we invest going forward to 2050. In doing so, we endorse the objectives of the Paris climate agreement, and we reduce our interest in companies that are vulnerable to developments in this area. Want to know more? Read more on page 7.

In 2023, the Heineken Pension Fund asked participants what they consider important about socially responsible investing. Based on these results, it has been concluded that our participants still sufficiently identify with the policy pursued on socially responsible investment. Therefore, this policy does not need to be amended.

Pension not increased on 1 January 2024

It is one of our most important objectives: we want to maintain the purchasing power of your pension.

You have already read on the previous page that (and why) we were unable to increase your pension on 1 January 2024. At first glance, this is surprising, because prices in the store have really risen. But the figures from CBS, the basis for our calculations, already included energy prices that rose sharply in 2022 and dropped again in 2023 before they were felt in the store. With the indexation of 1 July 2022 (3.42%) and 1 January 2023 (14.33%), your pension has fully grown in line with the price increases from 1 November 2022.

What about the indexation missed in the past?

On the right, you can see the indexation over the past 10 years and the arrears that pensions have accrued. The total of the allowances not granted until 1 January 2024 in that period for active participants (participants who are still accruing pension with us) is 9.78%. For non-active persons (pensioners and former members) it is 8.81%.

It is not yet possible to make up for missed indexations

The board may decide to make up for missed indexations in the past. But that is only possible if there is sufficient financial capacity for it. It was not yet possible to make up for missed indexations in the past – our funding ratio was not high enough for that. In 2023, our legal standard for this was a policy funding ratio of more than 140%. We are in good financial shape, but not that good. At the end of 2023, our policy funding ratio was 132.9%.

Indexation overview active participants over the past 10 years

Year	Benchmark (collective labor agreement /CPI-index) [1]	Allocated	Not Allocated
2015	2.00%	-	2.00%
2016	0.65%	-	0.65%
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%	-
2023	14.33%	14.33%	-
2024	-0.41%	-	-0.41%

Indexation overview for pensioners and former participants over the past 10 years

Year	Benchmark (CPI-index)	Allocated	Not Allocated
2015	1.10%	-	1.10%
2016	0.65%	-	0.65%
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%	-
2023	14.33%	14.33%	-
2024	-0.41%	-	-0.41

[1] Until 2016, the benchmark for active participants was the collective labor agreement wage index at HEINEKEN; from 1-1-2016 this is the CPI index with which it is aligned with the benchmark for the non-active participants.

More information about the indexation can be found on our website.

We invest in a world worth living in

Read more on the next page

The Heineken Pension Fund invests around 4.3 billion euros. Our goal is to get as much return as possible with a responsible risk. This is important for your pension. We also take sustainability into account in our investment decisions. We do this to make a contribution to a world worth living in. Just think of what it means for a company (and its shares) if their product or production method no longer fits society's views. So it's good for the world and for your pension.

Sustainable investing: this is how we do it

In 2022, we further strengthened our policy on socially responsible investment. In doing so, we have chosen three points of interest that are in line with HEINEKEN's sustainability policy: climate, water and human rights. In 2023, we further rolled out this policy in practice.

We invest with the interest of people and environment in mind

When choosing investments, we always take sustainability aspects into account.

We use our influence as a shareholder

We do this by entering into discussions with companies (often together with other large investors) about their sustainability performance. We believe this is more effective than excluding companies. But if they don't make the required improvements, we will withdraw as an investor.

In addition, we vote (through our asset managers) at shareholders' meetings. Sustainability aspects are taken into account.

Exclusion

We do not invest in companies that deal with controversial weapons and in countries that are on the sanctions lists of the United Nations or the European Union. In addition, it is our policy to exclude companies where the conversations about their sustainability performance do not lead to the desired results and companies with the worst human rights score.

Point of interest: Climate

It is one of the great challenges of our time: combating global warming. That is something that we, as an investor, respond to.

Climate change and everything related to it is a serious risk to our investments. A company that emits a lot of CO_2 is vulnerable to measures taken to reduce those emissions (e.g. pricing emissions). This has consequences for the shares in this situation. This is another reason why we have decided that we will gradually invest less in companies that emit (a relatively large amount of) CO_2. By 2050, the emissions of our shares must be close to zero. In doing so, we endorse the international agreements in the Paris Agreement. For the time being, our targets only apply to our developed market equities. If enough data becomes available, we can expand this to other investments, such as emerging market equities, real estate and corporate bonds.

We have adjusted our share portfolio so that we are in line with our reduction schedule and therefore meet our targets.

We invest extra in positive projects

The Heineken Pension Fund wants to make a positive contribution to important sustainability issues with so-called impact investments. We do this while also applying our normal standards for a good financial return at an acceptable risk.
We aim to invest 1% of the total invested assets in a water fund. The water fund invests in companies that offer solutions to make improvements in water consumption and the use of water. We have selected a water fund to make the investment portfolio more sustainable and to make a positive impact on the global problem of water scarcity and to contribute to clean water. We made our first investment in 2023. In addition, we want to invest 10% of the government bond portfolio in green bonds.

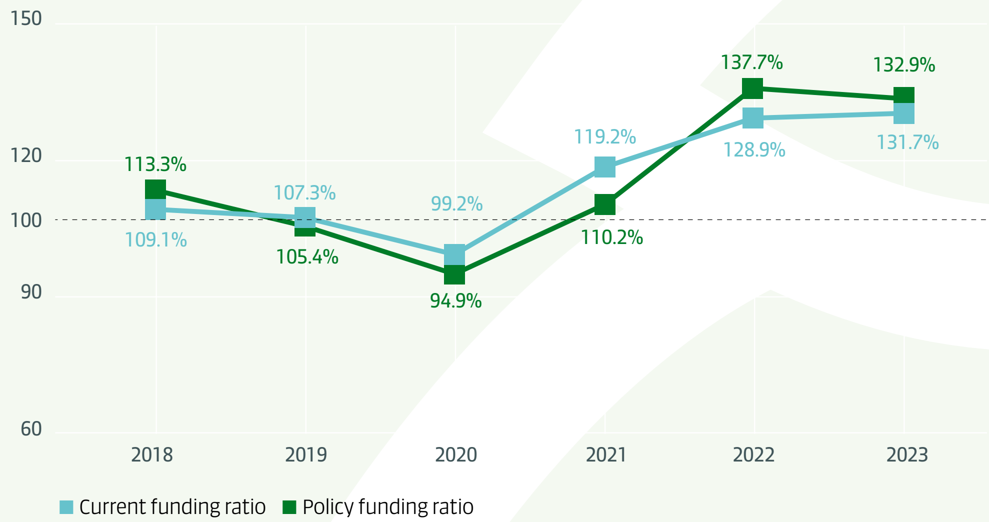
Want to know more?
Read our Sustainability Report

There is much more to say about our policy on socially responsible investment than is possible within the scope of this annual overview. We explain our policy and its results in a separate Sustainability Report. The Sustainability Report for 2023 can be found on our website.

2023 in detail

Development of funding ratio

You can see how the pension fund is doing financially by looking at the funding ratio. This indicates whether we have enough capital to be able to pay out the accrued pensions now and in the future (the pension commitments). The higher the funding ratio, the better off we are. With a funding ratio of 100%, the pension assets are equal to the pension commitments. But that is not enough: we need to have solid buffers to be able to absorb setbacks. This is important for your pension. We are also only allowed to increase your pension in line with the price increases with an indexation if our funding ratio is high enough.



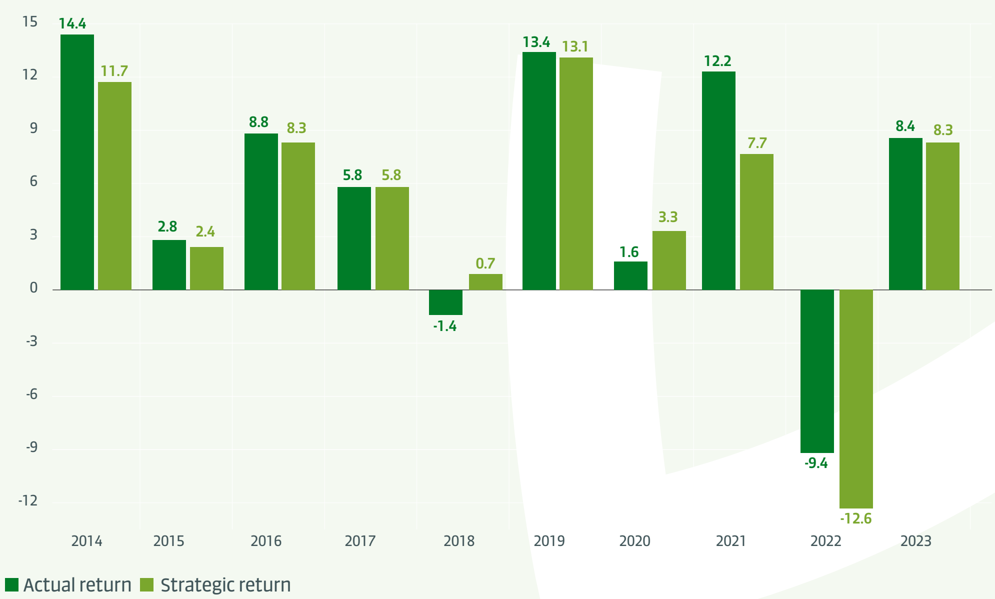
The **current funding ratio** reflects the position at a certain point in time. We measure it at the end of each month.
The **policy funding ratio** is the average of the current funding ratio over the last twelve months. We base important decisions on this policy funding ratio, such as the indexation of pensions. With our policy funding ratio of 132.9% at the end of 2023, we meet the legal standards in that regard. This means that we are financially healthy.

The graph shows the development of our funding ratio over the last five years.

Return on investment

We invest the pension capital in order to achieve the highest possible return with a responsible risk. 2023 was a good year in that regard. We achieved a return of 8.4%. The investment costs are already taken into account. Our return for 2023 was slightly better than our benchmark, which came in at 8.3%.
We invest for the long term and know that there are good and bad years. Here you can see our returns over the last ten years. Over that entire period, we achieved an average return of 5.4% per year.

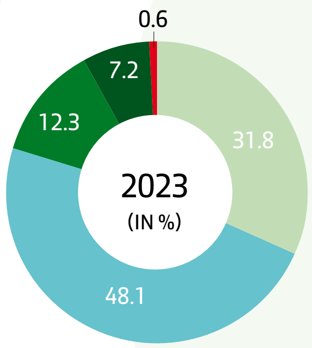
RETURN PAST YEARS IN %



This is how we manage the investment

Investing always involves risk. We ensure that these risks are justified and remain within the agreed limits. We do this mainly by diversifying. We divide the pension capital across different types of investments, sectors and regions. For example, we don't put everything into shares. You can expect a higher return from shares in the long term, but the chance of interim price declines is also greater. That is why we also invest in government bonds, for example. They have a much lower risk, but also a lower expected return. Through a careful distribution over all these types of investments, we find a responsible balance between risk and return.

DISTRIBUTION OF INVESTMENTS



Shares	31.8%
Return	14.5%
Fixed income (e.g. bonds)	48.1%
Return	10.3%
Real Estate	12.3%
Return	-8.1%
Hedgefunds	7.2%
Return	-2.5%
Cash and other	0.6%
Return	-0.1%

Here you can see how our investments were distributed at the end of 2023 and what there return was.

Critical on costs

Of course, we incur costs to take care of your pension professionally. But we pay close attention to keeping costs as low as possible and in line with the costs of comparable pension funds.

In 2023, we have paid € 3.5 million (2022: € 3.0 million) on administering the pension scheme, from administration to communication and governance. That's € 387 per participant (2022: € 318). Former participants are not included in this calculation. There are several reasons why we have more costs in 2023 than in 2022. For example, in preparation for the new pension system, we have invested in a necessary replacement of the IT system for the pension administration. The preparations for the transition to the new pension system also temporary entail extra costs. Furthermore, at the end of 2023, the sale of Vrumona by HEINEKEN reduced the number of active participants by more than 300, which also increased the cost per participant.

Asset management costs amounted to € 37.3 million in 2023 (2022: € 61.3 million). That includes transaction fees. The costs are therefore significantly lower than in 2022. This is because we paid much more on performance-related fees in 2022, due to the high returns on investment types to which such agreements apply. Hedge funds, for example.

Would you like to know more about the costs? Take a look at our full annual report of 2023. You can find it on our website.

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Accountability and supervision

The Accountability Body looks over the shoulder of the board at everything that is going on at the pension fund and has the right to advise on a number of important subjects.

The Supervisory Board (consisting of three independent members from outside the pension fund) also supervises the affairs of the pension fund and assists the Board with advice.

Curious about their findings? The report of the Accountability Body and the report of the Supervisory Board are included in the annual report.

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