Heineken N.V. Remuneration Report 2020



Remuneration Report 2020

The remuneration policy reflects our longstanding remuneration principles of supporting the business strategy, paying for performance, and paying competitively and fairly. The remuneration policy and underlying principles support our long-term sustainable business growth in the widely diverse markets in which we operate.

This year, the revised Executive Board and Supervisory Board remuneration policies were submitted for approval to the April 2020 AGM. The AGM approved the revised policies with 97% and 99% favourable support respectively.

The perspective and input of internal and external stakeholders as well as public opinion have been taken into consideration in establishing and implementing the remuneration policy. HEINEKEN is also committed to an ongoing dialogue with shareholders and seeks the views of main shareholders before any material changes to remuneration arrangements are put forward for approval.

This Remuneration Report includes five sections:

Part I

Describes the prevailing Executive Board remuneration policy, as adopted by the AGM in 2020, and as it has been implemented in 2020.

Part II

Describes the prevailing Supervisory Board remuneration policy, as adopted by the AGM in 2020, and as it has been implemented in 2020.

Part III

Provides details of the Executive Board actual remuneration for performance ending in, or at year-end, 2020.

Part IV

Provides details of the Supervisory Board actual remuneration ending in, or at year-end 2020.

Part V

Outlines adjustments to remuneration policy and implementation for 2021.

Part I – Executive Board remuneration policy

Remuneration principles

The Executive Board remuneration policy is designed to meet four key principles:

Support the business strategy

We align our remuneration policy with business strategies focused on creating long-term sustainable growth and shareholder value, while maintaining a tight focus on short-term financial results.

Pay for performance

We set clear and measurable targets for our short-term and long-term incentive policies, and we pay higher remuneration when targets are exceeded and lower remuneration when targets are not met.

Pay competitively

We set target remuneration to be competitive with other relevant multinational corporations of similar size and complexity.

Pay fairly

We set target remuneration to be internally consistent and fair; we regularly review internal pay relativities between the Executive Board and the wider employee population and aim to achieve consistency and alignment in, amongst others, remuneration changes, salary structures and the design of variable compensation where possible.

Summary overview of remuneration elements

The Executive Board remuneration policy is simple and transparent in design, and consists of the following key elements:

Remuneration element	Description	Strategic role
Base salary	Involves fixed cash compensation Aims for the median of the labour market peer group	Facilitates attraction and is the basis for competitive pay Rewards performance of day-to-day activities
Short-term incentive	Is based on achievements of annual measures, of which a weighted 75% relate to financial and operational measures for Heineken N.V. and 25% to individual leadership measures Aims, at target level, for the median of the labour market peer group Is partly paid in cash, and partly in investment shares with a holding period of five calendar years: – the part paid in shares is between 25% and 50% of the full before-tax Short-term incentive amount, depending on the individual's choice whether, and to which extent, to exceed the mandatory 25% share investment – the part in cash is paid net of taxes (i.e. after deduction of withholding tax due on the full before-tax Short-term incentive amount) Investment shares are matched on a 1:1 basis after the holding period	Drives and rewards annual HEINEKEN performance Drives and rewards sound business decisions for the long-term health of HEINEKEN Aligns Executive Board and shareholder interests

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Remuneration element	Description	Strategic role
Long-term incentive	Is based on achievements of three-year financial targets for Heineken N.V. Aims, at target level, for the median of the labour market peer group Is awarded through the vesting of shares, net of taxes (i.e. after deduction of withholding tax due on the full before-tax Long-term incentive amount) Vested shares are blocked for another two years, to arrive at a five-year holding restriction after the date of the conditional performance grant	Drives and rewards sound business decisions for the long-term health of HEINEKEN Aligns Executive Board and shareholder interests Supports Executive Board retention
Pensions	Defined Contribution Pension Plan and/ or Capital Creation Plan	Provides for employee welfare and retirement needs
Benefits	Provides a range of benefits, including, but not limited to, company car, fuel and health insurance Aims to be in line with local market practice	Provides market competitive benefits to aid retention

Labour market peer group

A global labour market peer group was adopted by the AGM in 2011, and subsequently adjusted in 2012 and 2017. The median target remuneration of this peer group is a reference point for the target remuneration of the CEO and CFO. Each year, the Remuneration Committee validates the peer group to ensure relevance, and recommends adjustments to the Supervisory Board if needed. For 2020 (and 2019), the peer group consisted of the following companies:

Anheuser-Busch InBev (BE)	Diageo (UK)	Nestlé (CH)
Carlsberg (DK)	Henkel (DE)	Pepsico (US)
Coca-Cola (US)	Kimberley-Clark (US)	Pernod Ricard (FR)
Colgate-Palmolive (US)	Mondelēz International (US)	Unilever (NL)
Danone (FR)	L'Oréal (FR)	

Base salary

Every year, peer group and base salary levels are reviewed, and the Remuneration Committee may propose adjustments to the Supervisory Board. HEINEKEN aims to compensate at median on target remuneration of the peer group. However, when changes in base salary are considered, broader factors are taken into account, including but not limited to the individual and business performance and the internal pay relativities.

Short-term incentive

The Short-term incentive (STI) is designed to drive and reward the achievements of HEINEKEN's annual performance targets. Through its payout in both cash and investment shares it also drives and rewards sound business decisions for HEINEKEN's long-term health while aligning Executive Board and shareholder interests at the same time. The target STI opportunities for 2020 are 140% of base salary for the CEO and 100% of base salary for the CFO. These percentage opportunities are well aligned with the labour market peer group medians.

The STI opportunities are for a weighted 75% based on financial and operational measures for Heineken N.V., and for a weighted 25% on individual leadership measures. At the beginning of each year, the Supervisory Board establishes the performance measures, their relative weights and corresponding targets based on HEINEKEN's business priorities for that year. The Supervisory Board ensures that a balanced mix of financial, operational and individual performance measures is selected, which incentivises executives to achieve our annual business strategy and the growth of shareholder value. The financial and operational measures and their relative weights are reported in the Remuneration Report upfront; the numerical performance targets themselves are not disclosed as they are considered to be commercially sensitive. In the first weeks of the following year, the Supervisory Board reviews the Company and individual performance against the pre-set targets, and approves the STI payout levels based on the performance achieved. The performance on each of the measures is reported in qualitative terms in the Remuneration Report after the end of the performance period. The STI payout for 2020 is subject to four performance measures: Organic Net Revenue Growth (weight: 35%), Organic Net Profit beia Growth (weight: 15%), Free Operating Cash Flow (weight: 25%) and Individual Leadership measures (weight: 25%). The Individual leadership measures are a mix of quantitative and qualitative measures focused on the implementation of HEINEKEN's strategy. The 2020 individual leadership measures were selected in line with our ambition to contribute to an inclusive and sustainable economy and society.

For 2021 the individual leadership objectives will be tied to achievement of our EverGreen strategy which includes sustainability and social goals.

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For each performance measure, a threshold, target and maximum performance level is set with the following STI payout, as a percentage of target payout:

Threshold performance

50% of target payout

Target performance

100% of target payout

Maximum performance

200% of target payout.

For each measure, payout in between these performance levels is on a straight-line basis; below threshold performance the payout is zero, whereas beyond maximum performance it is capped at 200% of payout at target.

In line with policy, 25% of the STI payout is paid out in shares, referred to as investment shares. At their discretion, the Executive Board members have the opportunity to indicate before the end of the performance year whether they wish to receive up to another 25% of their STI payout in additional investment shares. All investment shares thus received are then blocked and cannot be sold under any circumstance, including resignation, for five calendar years to link the value of the investment shares to long-term Company performance. Withholding tax on the investment shares and on the cash part of the STI payout is settled with the cash part at the time of payout. After the blocking period is completed after five calendar years, the Company will match the investment shares 1:1 in the first weeks of the following year, i.e. one matching share is granted for each investment share. As from then, there are no holding requirements on these investment shares anymore, and there are no holding requirements on the resulting matching shares that remain after withholding tax on these shares. According to plan rules, matching entitlements will be forfeited in case of dismissal by the Company for an urgent reason within the meaning of the law ('dringende reden'), or in case of dismissal for cause ('gegronde reden'), whereby the cause for dismissal concerns unsatisfactory functioning of the Executive Board member. With this 'deferral-and-matching' proposition a significant share ownership by the Executive Board is ensured, creating an increased alignment with the interests of shareholders. The Supervisory Board has the power to revise the amount of the STI payout to an appropriate amount if the STI payout that would have been payable in accordance with the agreed payment schedule would be unacceptable according to standards of reasonableness and fairness. The Supervisory Board is entitled to claw back all or part of the STI payout (in cash, investment shares or matching shares) insofar as it has been made on the basis of incorrect information about achieving the performance conditions.

Long-term incentive

The Long-term incentive (LTI) is designed to drive and reward sound business decisions for HEINEKEN's long-term health, and to align the Executive Board with shareholder interests by linking rewards to HEINEKEN's share price performance. The target LTI opportunities for 2020 are 150% of base salary for the CEO and 125% of base salary for the CFO.

Each year, a target number of performance shares is conditionally granted based on the aforementioned target LTI opportunity percentage of that year, the base salary of that year, and the closing share price of 31 December of the preceding year. The vesting of these performance shares is contingent on HEINEKEN's performance over a period of three years on four fundamental financial performance measures:

Organic Net Revenue Growth

To drive top line growth

Organic Operating Profit beia Growth

To drive profitability and operational efficiency

Earnings Per Share (EPS) beia Growth

To drive overall long-term Company performance

Free Operating Cash Flow

To drive focus on cash.

These four performance measures have equal weight to minimise the risk that participants over-emphasise one performance measure to the detriment of others. At the beginning of each performance period, the Supervisory Board establishes the corresponding numerical targets for these performance measures based on HEINEKEN's business priorities. These targets are not disclosed upfront as they are considered to be commercially sensitive. In the first weeks after the end of the performance period, the Supervisory Board reviews the Company's performance against the pre-set targets, and approves the LTI vesting based on the performance achieved. The performance on each of the measures is reported in qualitative terms in the Remuneration Report after the performance period has been completed (cf. Part III).

For each performance measure, a threshold, target and maximum performance level is set with the following performance share vesting schedule:

Threshold performance

50% of performance shares vests

Target performance

100% of performance shares vests

Maximum performance

200% of performance shares vests.

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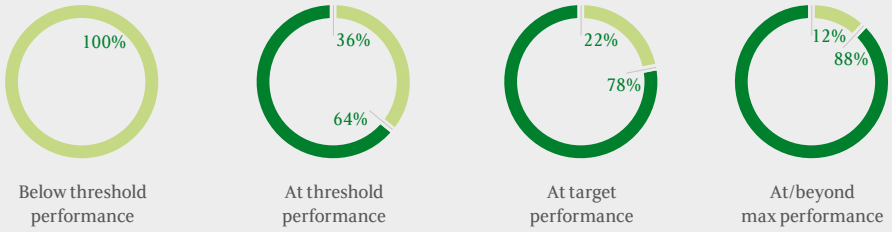
For each measure, vesting in between these performance levels is on a straight-line basis; below threshold performance the vesting is zero, whereas beyond maximum performance it is capped at 200% of vesting at target.

The Supervisory Board has the power to revise the amount of performance shares that will vest to an appropriate number if the number of performance shares that would have vested under the agreed vesting schedule would be unacceptable according to standards of reasonableness and fairness. The Supervisory Board is entitled to claw back all or part of the shares transferred to the Executive Board members upon vesting (or the value thereof) insofar as vesting occurred on the basis of incorrect information about achieving the performance conditions. The vested performance shares that remain after withholding tax are subject to an additional holding restriction of two years, to arrive at a five-year holding restriction after the date of the conditional performance grant.

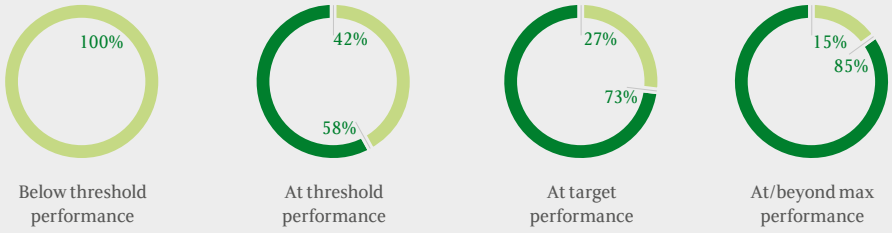
Pay mix

The mix between fixed pay and variable pay for various levels of performance is illustrated below. In these charts, fixed pay refers to base salary only, excluding pensions and other emoluments, and variable pay consists of the aforementioned Short-term and Long-term incentive opportunities, including the 'deferral-and-matching' proposition. Share price movements during performance and holding periods are hereby not included since these are unknown in the context of target remuneration.

CEO target pay mix 2020-2021



CFO target pay mix 2020-2021



Pensions

The members of the Executive Board participate in a defined-contribution Capital Creation Plan. As of 2015, following pension reforms in the Netherlands, new members of the Executive Board receive the same contribution as new executives under Dutch employment contract below the Executive Board, which is currently 18% of base salary. This applies to our current CEO and CFO. Both Executive Board members have chosen to receive their full pension contributions as taxable income, as opposed to applying tax deferral to the maximum amount possible.

Benefits

The members of the Executive Board are eligible to receive benefits in line with HEINEKEN's most senior employees. The benefits include, but are not limited to, company car, fuel and health insurance. Other benefits could be offered in circumstances where this allows executives to successfully fulfil the responsibilities of their role. For example in case of a relocation the appropriate relocation support is provided. The levels of the benefits will be competitive in the relevant local market and could be changed year on year.

Loans

HEINEKEN does not provide loans to the members of the Executive Board.

Term of appointment

New members of the Executive Board are appointed by the AGM for the duration of 4 years, subject to reappointment by the AGM.

Notice period

The service agreement may either be terminated by the member of the Executive Board or by the Company. The notice period will not be more than 12 months for both the Company and the individual.

Compensation rights on termination of employment/service agreement

If the Company gives notice of termination of the employment agreement of a member of the Executive Board for a reason which is not an urgent reason ('dringende reden') within the meaning of the law, or decides not to extend the service agreement upon its expiry, or if the AGM does not re-appoint them as member of the Executive Board for a subsequent term, the Company shall pay an amount equal to one year of base salary.

The treatment of incentive awards will depend on the circumstances of departure. A proposal will be made by the Remuneration Committee to be pursued by the Supervisory Board. In case of dismissal by the Company for an urgent reason within the meaning of the law ('dringende reden'), or in case of dismissal for cause ('gegronde reden') whereby the cause for dismissal concerns unsatisfactory functioning of the Executive Board member, the unvested incentive awards will be forfeited.

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Derogation clause

The Supervisory Board, upon recommendation of the Remuneration Committee, may temporarily deviate from any sections of the Policy based on its discretion in the circumstances described below:

- Upon change of the Executive Board member in accordance with the new hire policy,
- In any other circumstance where the deviation may be required to serve the long-term interests and sustainability of the Company as a whole or to assure its viability.

New hire policy

Our recruitment policy is to offer a compensation package that allows HEINEKEN to attract, retain and motivate the individual with the right skills for the required role. When determining remuneration for an Executive Board member, the Supervisory Board will, at the recommendation of the Remuneration Committee, consider the role's requirements, business needs, the individual's skills and experience and the relevant external talent market.

Where an individual is recruited externally for an Executive Board member position, the remuneration package in their prior role will be taken into account. The Supervisory Board will seek to align the new member's remuneration package with the Executive Board Remuneration Policy. The Company may offer compensation to buy out awards or other lost compensation which the candidate held prior to joining HEINEKEN, but which lapsed upon leaving their previous employer. The rationale of any such award will be disclosed in the Remuneration Report.

Where an individual is appointed to the Executive Board through internal promotion or following a corporate transaction (e.g. an acquisition), the Board retains the ability to honour any legally binding legacy arrangements agreed prior to the appointment.

Remuneration Governance

The Remuneration Committee makes the proposal to the Supervisory Board for the Remuneration Policy to be pursued, and makes a proposal for the remuneration of the individual members of the Executive Board for adoption by the Supervisory Board. In accordance with Dutch Law, the remuneration policy will be submitted for approval to the AGM at least every four years, or in case of material amendments to the policy. The Executive Board members shall not participate in the decision making regarding their own remuneration to avoid conflict of interest.

Part II –Supervisory Board remuneration policy

Remuneration principles

The Supervisory Board remuneration policy is designed to attract and retain high-class and diverse profiles with relevant skills and experience that are required to perform the Supervisory Board's duties and it ensures appropriate corporate governance by meeting the following key principles:

- **Support the business strategy**
  We align our remuneration policy with business strategies focused on creating long-term sustainable growth and shareholder value.
- **Pay for purpose**
  We align our remuneration policy to promote the independence and objectivity of our Supervisory Board members, which is a key element to best serve the long-term interest of the company.
- **Pay competitively**
  We set remuneration levels to be competitive with other relevant multinational corporations of similar size and complexity.

While establishing and implementing the policy, the perspective and input of internal and external stakeholders and the external environment in which HEINEKEN operates, are taken into consideration. HEINEKEN is also committed to an ongoing dialogue with shareholders and seeks the views of significant shareholders before any material changes to remuneration arrangements are put forward for approval.

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Summary overview of remuneration elements

The Supervisory Board remuneration policy is simple and transparent in design, and consists of the following key elements:

Element	Purpose	Description
Base Board Fees	– Supervisory Board members receive a fixed cash compensation for their services. – In line with the Dutch Corporate Governance code, no variable pay and / or equity awards are offered. – In order to provide a fee level that is competitive with other companies comparable to HEINEKEN, reviews are conducted on a regular basis.	– The Remuneration Committee is responsible to review the compensation levels on a regular basis and to bring forward proposals (if any) to the Supervisory Board. Proposals are submitted to the Annual General Meeting for approval. – This review is done through a benchmark assessment against a pan-European peer group consisting of companies that are of comparable size to HEINEKEN.
Committee Fees	– Supervisory Board members are compensated for additional responsibilities such as Committee membership. – In order to provide a fee level that is competitive with other companies comparable to HEINEKEN, reviews are conducted on a regular basis.	– Members are eligible to receive additional fees in respect of serving as a Chairman or Member of a Committee. – Fee levels between Committees can differ if this is deemed appropriate depending on the time commitment and responsibilities associated with the Committee membership. – Fees are additive; if a Board member serves in multiple Committees, the compensation will consist of the Board membership fee and the sum of the corresponding Committee fees.
Allowances and Benefits	– Supervisory Board members are reimbursed and compensated for additional efforts that enable them to exercise their role.	– Members receive reimbursement of travel expenses and are compensated for intercontinental travel required to exercise their role. – Small benefits such as retirement gifts may also be provided.

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Part III – The Executive Board actual remuneration for performance ending in, or at year-end, 2020

The following table provides an overview of the Executive Board actual remuneration that became unconditional in, or at year-end, 2020. For disclosures in line with IFRS reporting requirements, which are 'accrual-based' over earning/performance periods and partly depend on estimations/assumptions, see note 13.3 'Related parties' on page 115. The Supervisory Board conducted a scenario analysis with respect to possible outcomes of the variable remuneration disclosed in this section.

		2018-2020 Long-term incentive			Matching entitlements				
	(1) Base salary in €[1,2&3]	(2) 2020 Short-term incentive in €[4]	(3) No. of performance shares Vesting[5]	(4) Value of performance shares vesting in €[5]	(5) No. of matching entitlements vesting	(6) Value of matching entitlements vesting in €	(7) Pension cost in €	(8) Other emoluments in €	(9) Total in €
Van den Brink	631,317	–	–	–	–	–	154,168	80,170[6]	865,655
Debroux	736,667	–	–	–	5,713	521,140	179,077	154,168	1,591,051
Van Boxmeer	500,000	–	–	–	20,105	1,833,978	119,584	5,536,152[7]	7,989,714

1 The base salary of Mr. Van Boxmeer represents the actual base salary paid from 1 January to 31 May 2020.
2 The base salary of Mr. Van den Brink represents the actual base salary paid as from his appointment to the Executive Board on 24 April 2020.
3 The base salaries of Mr. Van den Brink, Mrs. Debroux and Mr. Van Boxmeer have been decreased by 20% as of May 1, 2020.
4 Following Supervisory Board decision in response to the COVID-19 crisis, the 2020 short term incentive has not been paid out.
5 Following Supervisory Board decision in response to the COVID-19 crisis, the 2018-2020 long term incentive plan has not vested.
6 Includes the expatriation allowances provided to Mr. Van den Brink during his international assignment in Asia from 24 April to 31 May, 2020, whilst being a member of the Executive Board.
7 Includes Mr. Van Boxmeer's end of service indemnity as well as car benefits-in-kind provided from 1 January to 31 May 2020.

End of service agreement for Mr. Van Boxmeer as Chairman of the Executive Board and CEO and appointment of Mr. Van den Brink as member of the Executive Board and CEO at the 2020 AGM

In mutual agreement with the Supervisory Board and following the 2020 AGM, Mr. Van Boxmeer stepped down as CEO and Chairman of the Board of Heineken on 1 June 2020. Mr. Van Boxmeer continued to be paid in line with HEINEKEN's normal Executive Board remuneration policy until the end of his service on 1 June 2020. Mr. Van Boxmeer's end of service terms are aligned to HEINEKEN's remuneration policy as disclosed in previous annual reports as well as the terms of his employment agreement, which dates from before the first Dutch Governance Code publication. Mr. Van Boxmeer received an end of service indemnity of EUR 5,520,000 in June 2020. This amount represents 12 months of remuneration, including variable compensation at target. In line with contractual obligations, Mr. Van Boxmeer's existing long-term incentive awards (2019-2021 and 2020-2022 long-term incentive plans) will continue to be subject to vesting at their regular vesting dates in accordance with the predetermined performance conditions, and as defined in the Long Term Incentives Plan Rules. Shares that may vest under these plans will be subject to the holding period of two years. Furthermore, all existing investment shares/share matching entitlements will continue to be subject to the regular holding period (5 years). Mr. Van Boxmeer is subject to a 12 months non-competition restriction at end of service.

Mr. Van Boxmeer was appointed to the Heineken Holding N.V. Board as a non-executive director effective 1 June 2020.

At the same AGM, the Supervisory Board nominated Mr. Van den Brink for appointment as member of the Executive Board as of 24 April 2020 and to hold the position of CEO and Chairman of the Executive Board as of 1 June 2020. The AGM approved the appointment.

Reduction of Executive Board remuneration in response to the COVID-19 crisis

In the context of the significant impact of the COVID-19 crisis on the Company, the following remuneration related measures were approved by the Supervisory Board in April 2020:

– As described in our Executive Board remuneration policy, the Supervisory Board has the power to revise the amount of the STI payout to an appropriate level according to standards of reasonableness and fairness. Within that context, the Supervisory Board, in full agreement with the Executive Board, decided that regardless of performance conditions being met, the STI will not be paid out for the 2020 performance year,
– As described in our Executive Board remuneration policy, the Supervisory Board has the power to revise the amount of performance shares that will vest to an appropriate level according to standards of reasonableness and fairness. Therefore, the Supervisory Board, in full agreement with the Executive Board, decided that regardless of performance conditions being met, the 2018-2020 long term incentive plan will not vest.

Furthermore, the Executive Board voluntarily decided to personally contribute to the financial measures taken by the Company by reducing their base salary by 20% for the period 1 May to 31 December 2020.

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ad (1) – Base salary

These base salaries have been paid to the members of the Executive Board for 2020. In the context of the COVID-19 crisis, the Executive Board has voluntarily decided to personally contribute to the financial measures taken by the Company by reducing their base salary by 20% for the period 1 May to 31 December 2020.

ad (2) – 2020 Short-term incentive

In the context of the significant impact of the COVID-19 crisis on the Company, in April 2020 the Supervisory Board decided that the 2020 STI relating to the performance year 2020 will not be paid out. This includes the part of the STI relating to the achievement of individual leadership objectives. As a consequence, there will be no investment shares this year for either member of the Executive Board. The table below provides an overview of the investment shares at year-end that were awarded as part of previous STI payouts, and that have remained blocked and await 1:1 matching by the Company, provided the conditions thereto are met. Only when the holding period of the investment shares has been completed, will the matching share entitlements be converted into shares and transferred to the recipient.

	STI payout for	% of STI payout invested in shares	Award date	No. of investment shares awarded	Value of investment shares as of the award date in €	End of blocking period	Value of investment shares as of 31.12.20201 in €
Van den Brink	2020	n.a.	n.a.	–	–	n.a.	n.a.
Debroux	2020	n.a.	n.a.	–	–	n.a.	n.a.
	2019	25%	13.02.2020	2,623	269,776	31.12.2024	239,270
	2018	25%	14.02.2019	3,323	286,576	31.12.2023	303,124
	2017	25%	13.02.2018	3,568	293,076	31.12.2022	325,473
	2016	25%	16.02.2017	4,760	359,999	31.12.2021	434,207
Van Boxmeer	2020	n.a.	n.a.	–	–	n.a.	n.a.
	2019	25%	13.02.2020	5,402	555,596	31.12.2024	492,770
	2018	25%	14.02.2019	7,913	682,417	31.12.2023	721,824
	2017	25%	13.02.2018	8,326	683,898	31.12.2022	759,498
	2016	25%	16.02.2017	11,106	839,947	31.12.2021	1,013,089

1 The share price as of 31 December 2020 is €91.22.

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ad (3) – 2018-2020 Long-term incentive: number of performance shares vesting

In the context of the significant impact of the COVID-19 crisis on the Company, in April 2020 the Supervisory Board decided that regardless of performance conditions achievement, the 2018-2020 LTI related to the performance period 2018-2020 will not vest.

	Grant date	No. of shares conditionally granted at target level[1]	Value of shares conditionally granted as of the grant date in €	Vesting date[2]	No. of shares vesting on the vesting date[3] (before tax)	No. of shares vesting on the vesting date[4] (after tax)	End of blocking period	Value of unvested or blocked shares as of 31.12.2020[5] in €
Van den Brink[6]	2020	12,144	1,021,310	02.2023	t.b.d.	t.b.d.	14.02.2025	588,551
Debroux	2020	11,194	1,151,303	02.2023	t.b.d.	t.b.d.	14.02.2025	542,485
	2019	13,763	1,186,921	02.2022	t.b.d.	t.b.d.	14.02.2024	667,001
	2018	10,569	868,138	02.2021	–	–	n.a.	–
	2017	12,630	955,207	13.02.2020	22,734	15,389	16.02.2022	1,403,785
	2016	11,426	832,613	14.02.2019	20,910	13,836	11.02.2021	1,262,120
Van Boxmeer	2020	19,754	2,031,699	02.2023	t.b.d.	t.b.d.	14.02.2025	957,354
	2019	24,288	2,094,597	02.2022	t.b.d.	t.b.d.	14.02.2024	1,177,103
	2018	21,570	1,771,760	02.2021	–	–	n.a.	–
	2017	25,260	1,910,414	13.02.2020	45,468	24,157	16.02.2022	2,203,602
	2016	22,852	1,665,225	14.02.2019	41,820	21,279	11.02.2021	1,941,070

1 Determined according to plan rules, using the closing share price of 31 December of the year preceding the grant date.

2 The vesting date is shortly after the publication of the financial statements after completion of the performance period.

3 Vested shares are disclosed in before-tax terms (i.e. before deduction of withholding tax due).

4 Vested shares are disclosed in after-tax terms (i.e. after deduction of withholding tax due).

5 The value for the grants in 2016, 2017 and 2018 is based on the actual number of shares vesting on the vesting date after tax withholding, i.e. after applying the relevant income tax rate, whereas the value for the grants in 2019 and 2020 is based on the number of performance shares conditionally granted at target level (since the number of performance shares vesting is yet unknown) after applying the currently prevailing income tax rate. The share price as of 31 December 2020 is €91.22.

6 Performance shares granted to Mr. Van den Brink as per his appointment as Executive Board member on 24 April 2020.

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ad (4) – 2018-2020 Long-term incentive: value of performance shares vesting

The value of performance shares vesting is based on the share price as of 31 December 2020 of €91.22.

ad (5) – Number of matching entitlements vesting

These entries refer to the number of matching share entitlements that vested after year-end 2020, as a result of the investment in shares of part of the STI payout for performance year 2015, and holding on to these investment shares until year-end 2020. For Mr. Van Boxmeer the number of matching shares is the result of a 50% investment of this STI payout in investment shares at the time. For Mrs. Debroux the number of matching shares is the result of a 50% investment of this STI payout in investment shares at the time.

ad (6) – Value of matching entitlements vesting

The value of matching share entitlements vesting is based on the share price as of 31 December 2020 of €91.22.

ad (7) – Pension cost

The pension costs involve the employer contributions paid in the Capital Creation Plan as well as the employer contributions to the risk insurances for death and disability.

ad (8) – Other emoluments

The amounts mainly involve car benefits-in-kind, and also for Mrs. Debroux housing allowance (grossed-up) and schooling costs.

ad (9) – Total

The addition of all remuneration elements as described in points (1) to (8).

Actual remuneration paid to former members of the Executive Board

There has not been any remuneration for 2020 paid to former members of the Executive Board.

Pay Ratio

In the Netherlands a revised corporate governance code came into effect as of financial year 2017. This revised code requires Dutch stock-listed companies to consider pay ratios between Executive Board members and other employees within the Company when formulating the remuneration policy for the Executive Board, and to disclose these ratios in the Remuneration Report every year.

As is commonly understood, such ratios are specific to the company's industry, geographical footprint and organisational model. HEINEKEN has a truly wide geographical footprint, with the majority of its business and employees in emerging markets with widely different pay levels and structures compared to the Netherlands and Europe. In addition, HEINEKEN has a large number of breweries and in-house sales forces worldwide, which adds to the variety of pay within the Company. For other companies in other industries this will be different. Finally, pay ratios can also be quite volatile over time, as they may vary with exchange rate movements and can be very dependent on the Company's annual performance since that performance impacts the remuneration of the Executive Board much more than of all other employees.

The 2020 pay ratios for HEINEKEN are 30 for the CEO and 20 for the CFO, versus 166 and 87 in 2019 respectively. These ratios are obtained by dividing the 2020 total remuneration for the CEO and CFO by the 2020 average total remuneration of all other employees worldwide. The common denominator of these ratios is derived from note 6.4 on page 79 by dividing the 2020 total personnel expense (after subtracting the expense for contractors and for the Executive Board), by the reported FTE (minus two; excluding contractors), leading to an amount of 41,934 versus 42,937 in 2019. The total remuneration for the CEO and CFO is retrieved from note 13.3 on page 115. The reason why the Executive Board's remuneration is obtained from note 13.3 rather than from this Remuneration Report is explained by the fact that the personnel expense in note 6.4 is based on IFRS standards, which implies that the Executive Board's remuneration also needs to be based on these standards for reasons of comparability.

The Executive Board's average pay ratio decrease of ca. 80% compared to 2019 results from a decrease in the remuneration of the CEO and CFO over 2019 by ca. 81%. The decrease in the CEO and CFO remuneration is predominantly driven by:

- The cancellation of 2020 STI payout and 2018-2020 LTI vesting as well as the voluntary 20% base salary reduction, measures taken in the context of the COVID-19 crisis as referred on page 63.
- The CEO ratio calculation is based on the remuneration of Mr. Van den Brink as per appointment to the Executive Board on 24 April 2020.

Comparative overview of remuneration and company performance

The following table provides a comparative overview since 2016 of annual Executive Board remuneration; average employee remuneration; Executive Board pay ratio; and company performance:

	Total remuneration in thousands of €[1]		Average employee total remuneration in thousands of €[3]	Pay ratio[4]		Organic net revenue growth %[5]
Year	CEO	CFO[2]		CEO	CFO	
2016	9,480	3,514	n.a.	n.a.	n.a.	4.8%
2017	9,060	4,203	42.1	215	100	5.0%
2018	8,244	3,805	41.7	198	91	6.1%
2019	7,112	3,726	42.9	166	87	5.6%
2020	1,261[6]	835	41.9	30	20	-11.9%

1 Total remuneration for the CEO and CFO as per note 13.3 Related Parties (i.e. fixed salary, short and long term incentives, pension contributions and other emoluments).

2 Appointed on 23 April 2015.

3 Total personnel expense in thousands of € (after subtracting the expense for contractors and for the Executive Board) divided by the reported FTE (minus two; excluding contractors). Reporting available since 2017.

4 Total remuneration for the CEO and CFO divided by the average total remuneration of all other employees worldwide. Reporting available since 2017.

5 Organic net revenue growth percentage for the financial year (performance measure for short and long term incentives).

6 In 2020, CEO's remuneration refers to Mr. Van den Brink, as per appointment to the Executive Board on 24 April 2020.

Remuneration Report 2020

Part IV – The Supervisory Board actual remuneration for performance ending in, or at year-end, 2020

In alignment with the Supervisory Board remuneration policy the Members of the Supervisory Board receive a fixed remuneration for their services. Members are also compensated for intercontinental travel required to exercise their role.

The following table provides an overview of the Supervisory Board actual remuneration for year-end, 2020. In alignment with IFRS reporting requirements, this disclosure can also be found in note 13.3 Related Parties.

In thousands of €	2020 Base Board Fee	2020 Committee Fees	2020 Allowances and Benefits	2020 Total Remuneration	2019 Total Remuneration[3]
J.M. Huët	120	105	0	225	195
J.A. Fernández Carbajal	90	40	24	154	153
M. Das	90	40	0	130	133
M.R. de Carvalho	90	45	0	135	141
V.C.O.B.J. Navarre	90	15	0	105	110
J.G. Astaburuaga Sanjinés	90	20	6	116	133
P. Mars-Wright	90	30	6	126	151
M. Helmes	90	35	0	125	131
R.L. Ripley[2]	90	15	5	110	97
I.H. Arnold	90	20	5	115	100
G.J. Wijers[1]	–	–	–	–	103
Y. Dervisoglu[1]	–	–	–	–	53
	930	**365**	**46**	**1,341**	**1,500**

1 Stepped down on 25 April 2019.
2 Appointed as at 25 April 2019.
3 Supervisory Board management fees were approved by the AGM in 2019.

V. Adjustment to remuneration policy and implementation 2021

Policy changes

The Supervisory Board reviewed the remuneration policy and decided not to submit changes for approval to the 2021 AGM.

Implementation changes

As stated in our remuneration policy, the Supervisory Board has the power to revise the amount of performance shares that will vest to an appropriate number if the number of performance shares that would have vested under the agreed vesting schedule would be unacceptable according to standards of reasonableness and fairness. The same rule of reasonableness and fairness applies to the revision of the amount of short-term incentive payout.

Given the significant impact of the COVID-19 crisis on the Company in 2020, the Supervisory Board considered reasonable and fair to cancel the vesting of the 2018-2020 long term incentive awards as well as to cancel the payout of the 2020 short-term incentive. Furthermore, the Supervisory Board has decided to keep under review the performance of the outstanding 2019-2021 and 2020-2022 long-term incentive awards as well as the 2021 short-term incentives to ensure that potential pay-outs remain appropriate according to standards of reasonableness and fairness.

Moreover, given the uncertain, volatile, and unprecedented economic times, the Supervisory Board feels unable to set sound performance conditions for the 2021-2023 long term incentive awards at the beginning of 2021. Due to the insufficient insight into the longer term financial prospects, the Supervisory Board has decided to only set preliminary performance targets for the 2021-2023 LTI award and, if necessary, to adjust those targets in the summer of 2021, at which time it is envisaged that there will be better visibility of the market conditions for the company's three-year plan.

Supervisory Board Heineken N.V.
Amsterdam, 9 February 2021.