



Taking social and environmental considerations into account in our sourcing decisions reflects an important part of our global citizenship principles.

Henk van Rooijen
Group Purchasing Director

Supply chain responsibility

- 23 Activities in 2006
- 25 Planned activities in 2007

Buying goods and services is an important activity for any company. Quality, availability, price and timeliness of delivery must all be considered as part of the procurement process. Our Group Purchasing department purchases centrally a number of goods that are strategically important. These include raw materials (malt, hops and adjuncts), packaging, promotional items and investment material. In 2006, Group Purchasing bought raw material and packaging with a total value of over €1.5 billion. The department only contracts with approved suppliers (whose performance matches a number of wide-ranging criteria). Our Group Supply Chain department regularly audits the quality of all approved suppliers.

The information included in this section has been compiled on the basis of data and background information available within Group Purchasing. It excludes activities by our operating companies. Data on the activities and performance of our operating companies with respect to supply chain responsibility can be found in the 2006 Sustainability Data Sheet on our corporate website.



Activities in 2006

At the end of 2005, we adopted the Heineken Supplier Code, which is available on our corporate website. In line with the Code, we aim at sourcing products and services in a responsible manner by requiring our suppliers to operate in accordance with the principles as set out in our Supplier Code. In our previous Sustainability Report we stated our intention to start the implementation of the Supplier Code during 2006 with Group Purchasing, covering all contracts with group suppliers (i.e. all suppliers who supply goods to Group Purchasing).



During 2006, all group suppliers received our Supplier Code, along with a request to review their own practices against this Code and to explicitly indicate whether they were compliant. By the end of the year, 83 percent of all our group suppliers acknowledged their full compliance with the Code. Three suppliers have responded that they are unable to formally acknowledge their compliance due to legal constraints. Together with these suppliers we are investigating ways to achieve the same level of assurance without compromising their legal obligations.

During 2007, those companies that still have to respond will be contacted and will be asked to confirm their status. Our implementation process does not automatically mean that non-compliance will lead to the discontinuation of supplier status. Depending on the scale and nature of any failure to comply, suppliers may be given a set period (up to three years for minor areas of non-compliance) during which they can take the measures necessary to meet our standards.

All correspondence with suppliers, along with details of inquiries related to the Supplier Code, will be stored in a central Heineken database, which will be accessible to all buyers in Group Purchasing.

In order to help buyers in the department to incorporate discussion on the Supplier Code into their regular contacts with suppliers, a meeting was held in November 2006 to brief Group Purchasing managers and employees. The Code will become even more embedded into the normal practices of the department in 2007, when the Supplier Code will become part of the criteria used to assess all approved suppliers. Following this, the Code will be subject to all periodic quality audits.

In addition to quality audits, Group Purchasing is developing a vendor rating system, already operational for malt suppliers, which will regularly monitor a number of critical factors, including compliance with the Supplier Code.



During 2006 we also developed internal and external reporting indicators on supply chain responsibility. In the future, we will report on this on the basis of the following indicators:

- Total relevant purchasing spend covered by the Supplier Code – expressed as a percentage of purchasing spend
 - The total percentage of suppliers who have responded to our compliance statement, indicating that they are compliant; the total percentage of suppliers who have responded to our compliance, indicating that they are not (yet) compliant; the total percentage of suppliers who have not responded to our compliance statement
 - The number of audits completed during our reporting year, including results to date.
- Achieve a 100 percent response rate from all suppliers that were contacted by Group Purchasing in 2006
 - Integrate supply chain responsibility in the periodic quality audits and subject at least 20 percent of group suppliers to a quality audit
 - Further integrate supply chain responsibility in the supplier assessment process
 - Start the expansion of the Supplier Code to local contracts for raw material, packaging, promotional materials and investment goods from operating companies in our regions of Western Europe, Central & Eastern Europe and Africa & Middle East (to be completed in 2008)
 - Define a process for integrating the Supplier Code in goods and services other than those mentioned above (for example, utilities, advertising, maintenance and repair work).

Planned activities in 2007

In 2007, we will take steps to further implement the Supplier Code and to broaden its scope.

We plan to: