



Economic Impact Assessments

The contribution of a company

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S.W. Montijn, Group Corporate Relations



Outline presentation

- Why we developed the model
- How does the model work
- What does the model tell you
- How to use the results



WHY: Economic Impact Assessment methodology developed

- Heineken produces locally for the local markets in many countries. Thus, many countries benefit from our operations, our investments, the production of local raw materials, our training and educational efforts; the value chain that is connected with our industry.
- It is our aim that all stakeholders better understand the economic dynamics of the way in which we conduct our business. Better insight into local economic impact enables stakeholders, including local management, to take informed decisions that are in the best interest of both the Company and the local economy.
- In 2006, Heineken developed a uniform measurement tool. This tool is available for use by all our operating companies.



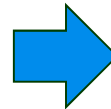
WHY: A multinational's assets may become its liabilities

Assets

- Provider of jobs
- Tax contributor
- Standard setter
- Foreign investor



Profitable



Liabilities

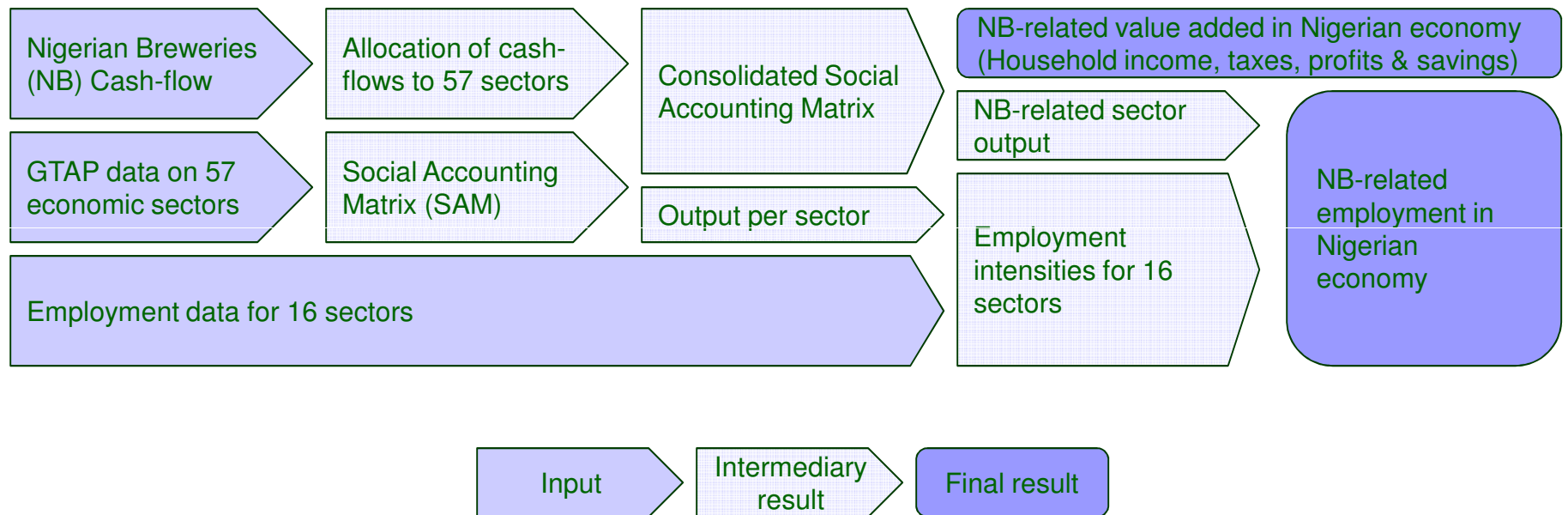
- Exploiter of people
- Beneficiary of tax advantages
- Abuser of low standards
- Foreign extractor



Predatory

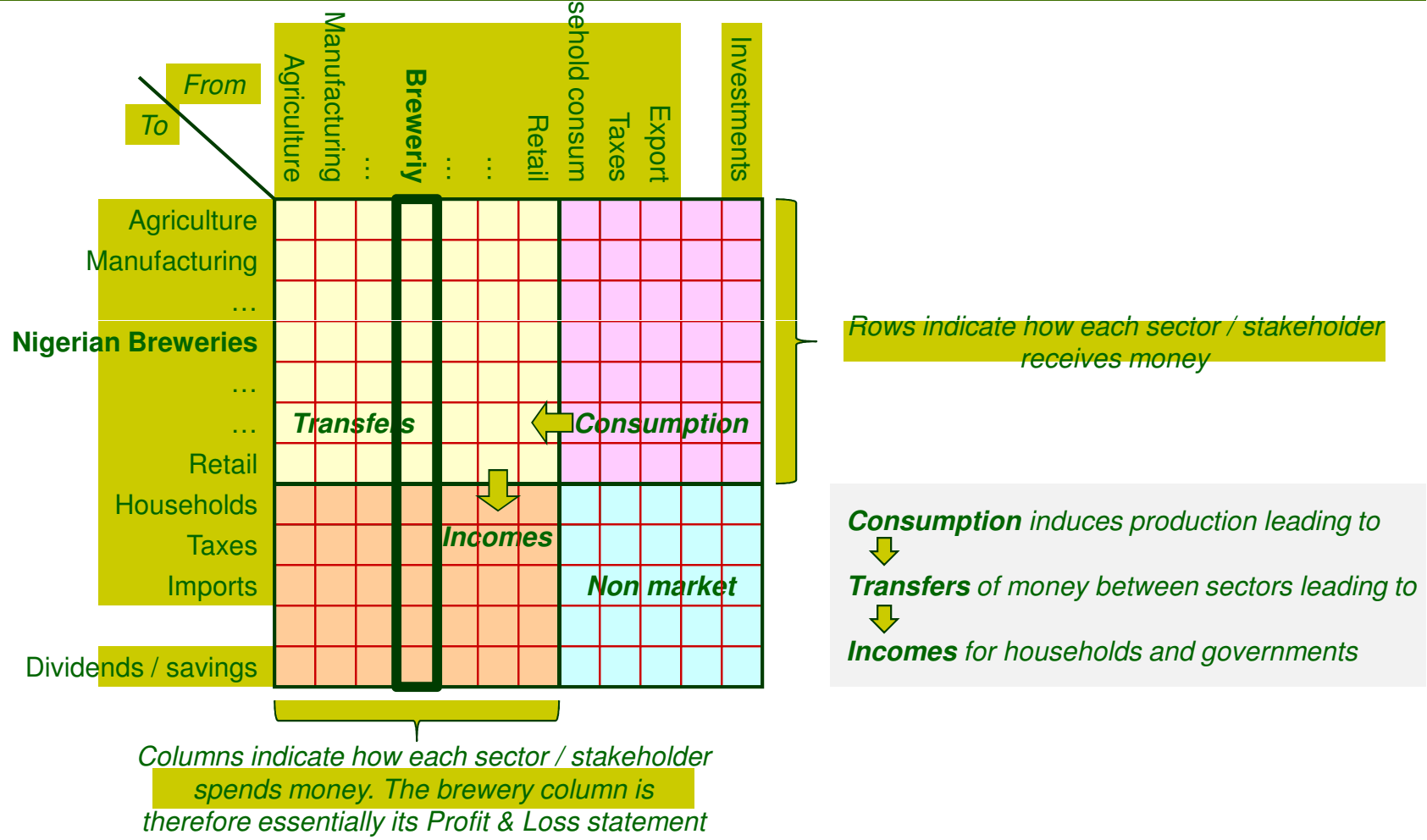


WHAT: The EIA model generates company related value added and employment figures based on three inputs





HOW: Social Accounting Matrix combines brewery financials with the macro-economic structure of the country





What: on the tip of the iceberg is known

Direct (0th Round) impact

(Impact of multinational + related trade)

+

Indirect (1st Round) impacts

(Impact of direct suppliers)

+

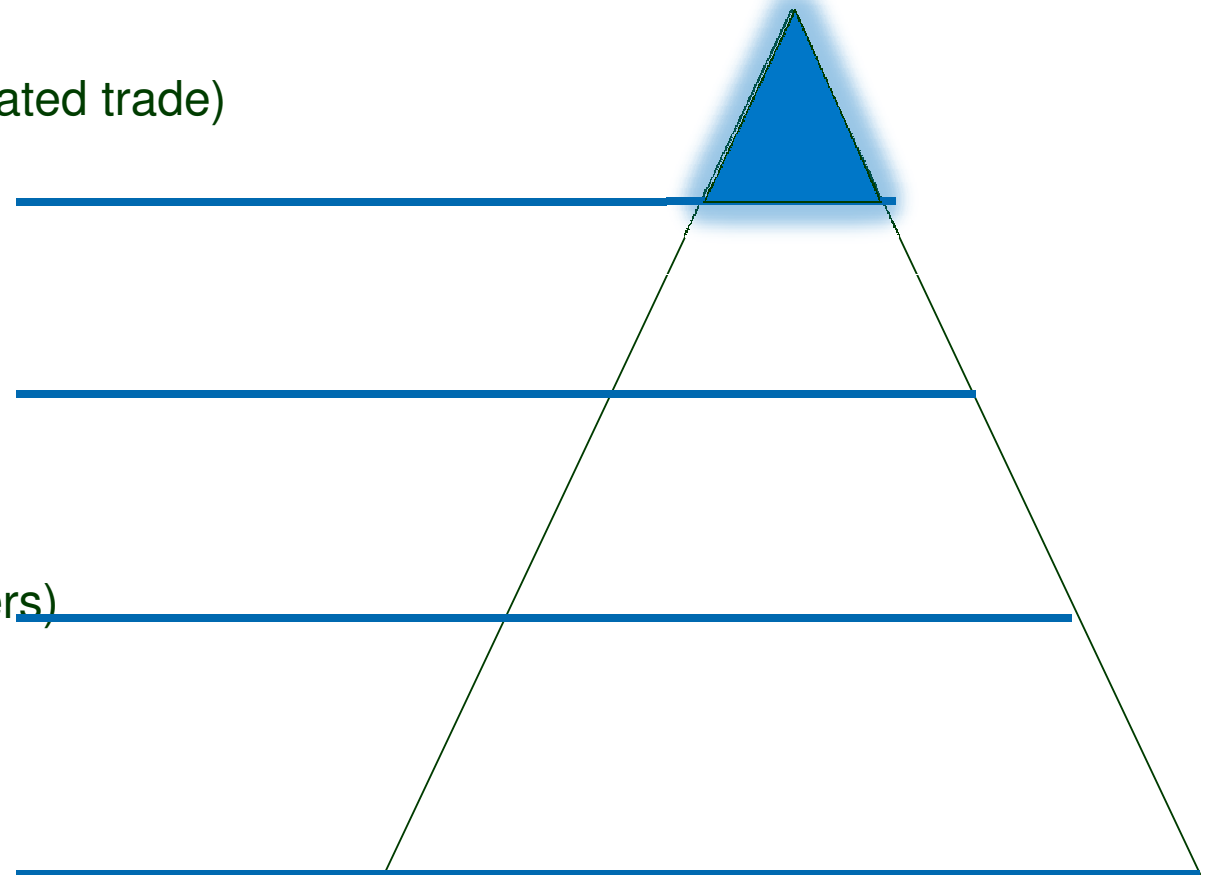
Indirect (2nd Round) impact

(Impact of (suppliers') suppliers)

+

Induced (3^d Round) impact

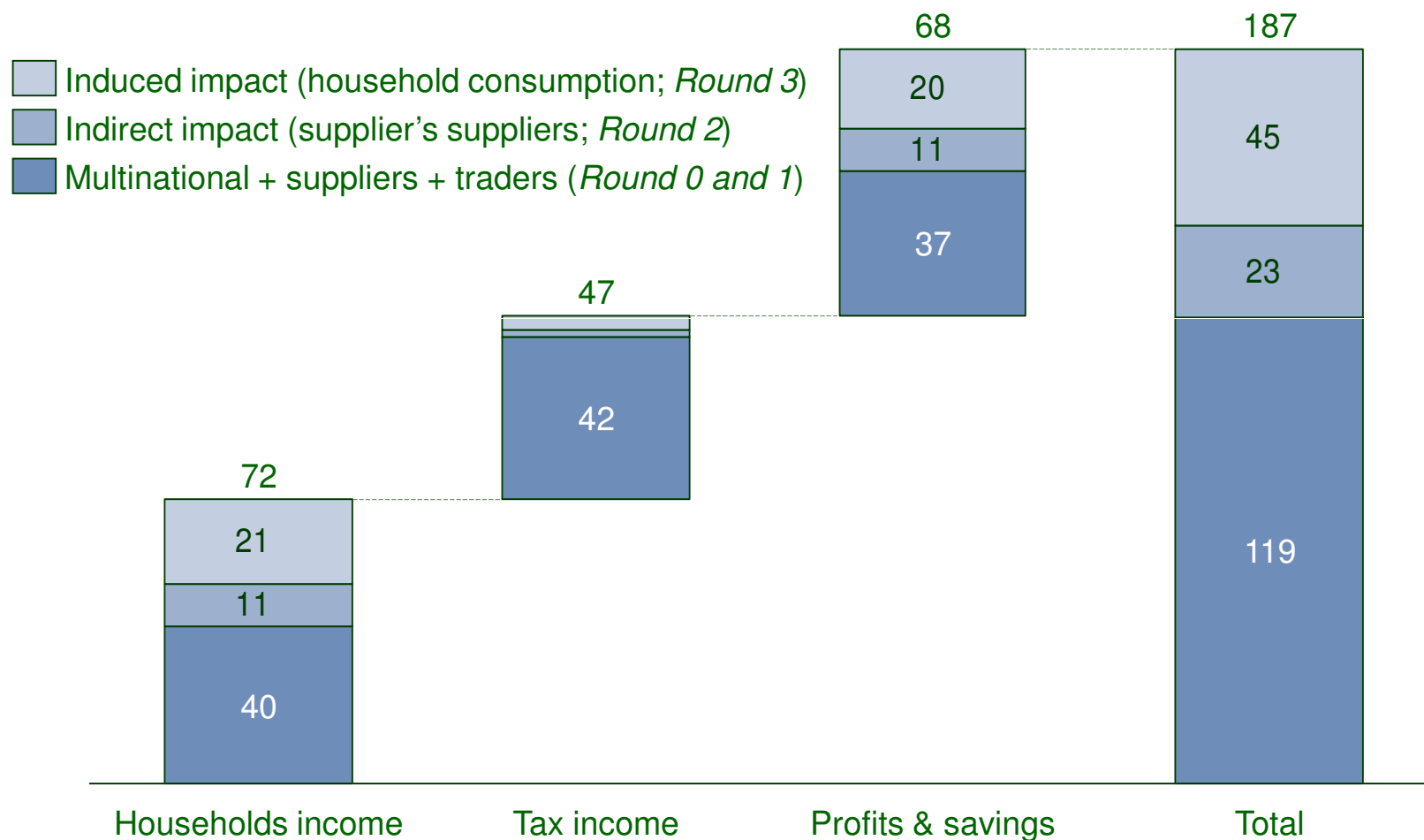
(Impact of all employees' consumption decisions)



Heineken
International

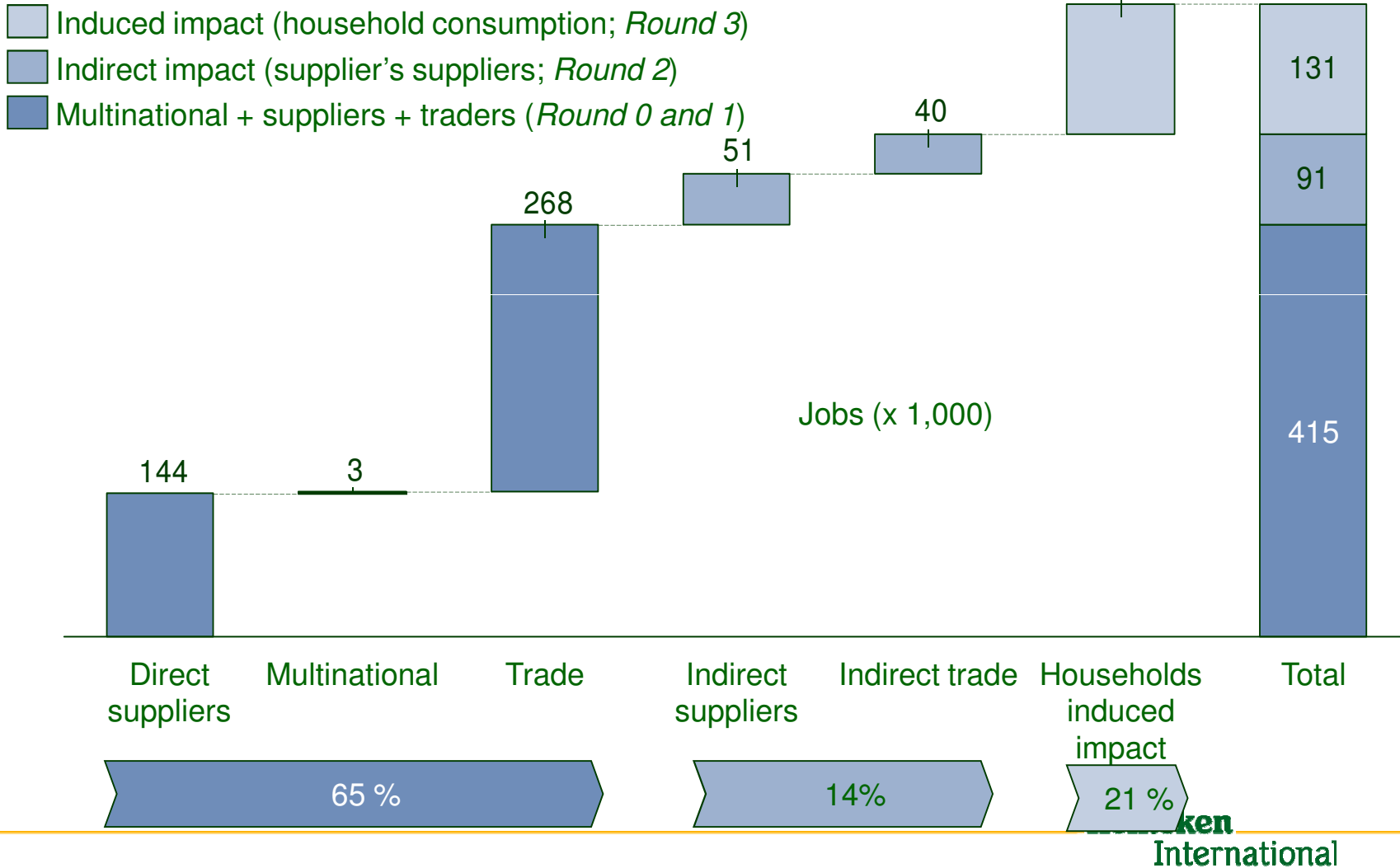


What: Example of output: Breakdown of Value Added components





Example of output: Direct, Indirect and Induced Jobs





How to use: “What if” scenarios can be helpful

Current situation

Possible Scenarios

Current
Economic impact of
Multinational

1. Increase local
sourcing

2. Import only company

3. Changes in tax
regime

4. Other scenarios

Impact on jobs, household income, tax income, savings



How to use: Examples of “what if” scenarios

Increase import substitution through local sourcing initiatives (often to be undertaken together with NGOs) where economically feasible

Dialogue with government and other stakeholders to support a policy environment that promotes private sector investment

Work with suppliers to promote their competitiveness

Consider more targeted CSI programme



Economic Impact studies have not gone unnoticed



Economist.com

WORLD
ECONOMIC
FORUM



fd.nl
het financieeledagblad

Sierra Leone Times

The **BIG** Change

Understanding and communicating Economic Impact is a next step after the “happy face” (but hardly read) CSR reports