



From Barley to Bar, together we Brew a Better World

HEINEKEN UK Sustainability Report 2021/2022

Welcome to HEINEKEN UK's Sustainability Report

We believe transparency is key to our sustainability progress and we strive for continuous improvement in our performance, data quality and reporting. In April 2021, we introduced our updated global Brew a Better World (BaBW) 2030 sustainability strategy – raising the bar towards a fairer, stronger, healthier and more sustainable world. This report captures a summary of our HEINEKEN UK sustainability journey up to the launch of the updated BaBW strategy, as well as detailing our progress as a business on the sustainability topics most material, or relevant, to our stakeholders from April 2021 to April 2022.

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Message to the reader

As a UK business, we've been guided by HEINEKEN's global Brew a Better World sustainability strategy for over a decade and I'm proud of our progress and the impact it has had on our business. As we move into a decade where the world is facing many challenges, from addressing climate change to creating a fairer and healthier society, HEINEKEN is stepping up its ambitions as a sustainable and responsible business with our updated global Brew a Better World 2030 strategy.

The Brew a Better World objectives are integrated into our balanced growth strategy, EverGreen, putting sustainability and responsibility at the heart of our business. And to ensure we're able to continue to meet the needs and requirements of all our stakeholders, we've added sustainability and responsibility to our Green Diamond model, which is the guiding principle to measure our company performance and the value we create.

We know we will only thrive as a business for another 150 years if the environment, our people and the communities around us are also thriving. So, we're taking a bolder, yet longer-term, approach to the changes we need to make to secure a more sustainable future for us and all our stakeholders.

Our Brew a Better World strategy is raising the bar on climate action, accelerating efforts to create a positive social impact, and promoting the responsible consumption of our beers and ciders. In this report, you'll find out what we at HEINEKEN UK have been doing to progress in these important areas.

The health and safety of our colleagues will always be our number one priority. In 2021 we launched our new HEINEKEN Life Saving Commitments and we continue to strive for zero fatal accidents and serious injuries. As part of our journey to net zero, we reduced our carbon emissions in production by 17% at the end of 2021, versus our 2018 baseline, and 30% of the combined thermal and electrical energy we used came from renewable sources. We've made progress in addressing the gender balance of our business and have set new targets for 2025 and 2030 to increase the number of women in senior management positions. As part of our path to moderation and no harmful use, Heineken® 0.0 the UK's leading alcohol-free beer, has been supported by ongoing innovation in draught technology and a ground-breaking partnership with ITV.

As the UK's leading pub, cider and beer company, I'm proud of the work we've done towards ensuring a more sustainable future. Following the completion of the first year of our refreshed and updated BaBW strategy, this report summarises our progress focusing on 2021 and into 2022, but it also looks towards the journey we've ahead of us.

We know we operate in changing times, and that our path to zero impact, to an inclusive, fair and equitable world and to moderation and no harmful use will not be straightforward, and we're resolute that no matter the challenges we face, they are the right areas to prioritise for the long-term success of our business and the world around it.

Boudewijn Haarsma
Managing Director HEINEKEN UK



Who we are & our value chain



HEINEKEN UK's Corporate Affairs Director James Crampton says: "At HEINEKEN we brew enjoyment of life for our consumers, our customers and our people. We also make a huge contribution to the broader UK society through our business and our extended value chain. Over the past decade, we've built a solid foundation that ensures we make a positive impact on the environment, local communities and society as a whole, and our Brew a Better World sustainability strategy is vital to ensure we continue this positive impact."



Agriculture



We brew beer and make cider from natural ingredients. We strive to source all our ingredients from sustainable sources. 100% of our barley is UK grown and sustainably sourced and we work with over 100 apple growers to support their journey to sustainable accreditation. Supporting sustainable farming within the UK is vital to both our environmental and economic impact as a business. We recently launched a low carbon barley farming pilot to further our support for our farmer partners.



Phil Beanland, Technical Operator, Canning, Tadcaster

Brewing & cider making



In the UK, we operate breweries, a ciderie and an apple milling plant. We're on the path to net zero carbon emissions in production by 2030 and across our full value chain by 2040. Our water strategy focuses on working towards healthy watersheds by combining internal and external efforts to support water security and improve efficiency. All our production sites are already zero waste to landfill and all have water treatment facilities.



Packaging



Our aim is to have distinctive and visible packaging that doesn't burden the environment. By investing in design and innovation, we can develop low carbon and circular packaging solutions. We work closely with our suppliers to create and scale up efficient and sustainable packaging and have launched initiatives to reduce the amount of plastic in our packaging such as the Green Grip.

Chemaine Moon, Shift Manager, Packaging, Tadcaster

Our Company Values

Passion for consumers and customers
Courage to dream and pioneer
Care for people and planet
Enjoyment of life

Our locations

Edinburgh
Tadcaster
Manchester
Hereford & Ledbury
London



Distribution



The majority of the beer and cider we sell in the UK is made in the UK. We use trucks, trains and ships to deliver our beers and ciders around the UK as well as to import and export. To reduce the environmental impacts of distribution and lower emissions, we aim to optimise routes and deliveries, support suppliers to adopt low carbon technologies and shift to fuel-efficient transport.

Customers & licensees



Our beers and ciders are sold in pubs, bars, restaurants and through retailers across the UK. We continue to work closely with our customers and our Star Pubs & Bars licensees to support their businesses and to ensure we're all progressing towards our sustainability commitments.



Consumers



Brew a Better World also means empowering consumers by providing choice and transparency with our products and we have zero tolerance for harmful use of alcohol. Our ambition is to ensure our consumers always have a choice of a zero-alcohol alternative with our brands. Alcohol-free products also play an increasingly significant role in our industry, leading messaging on responsible consumption and moderation.



Brew a Better World

Raising the bar for a fairer, stronger, healthier, and more sustainable world

As the UK's leading pub, cider and beer business, we know the way we operate has impact way beyond our offices and production sites. It affects our customers and communities, and it has consequences on the environment and our planet. We've a collective responsibility to reduce our impact on the climate, water and natural resources and strive to make a positive impact in everything we do.



Living our values

In 2009, we launched Brew a Better World, HEINEKEN's first global strategy to guide our efforts as a business to operate more sustainably. Over the past decade, we've made huge strides in the UK to significantly improve in areas such as water and energy efficiency in production, sustainable sourcing, creating a health and safety-conscious culture in the workplace as well as progressing our responsible consumption agenda.

Today, as the world faces more challenges, it's more important than ever, as a business we continue to drive progress in our three focus areas: environmental sustainability, social sustainability, and responsible consumption.



A refreshed vision, a sharper focus

In April 2021, we introduced our updated BaBW sustainability strategy, committing to 'raising the bar' with bold and ambitious 2030 and 2040 commitments.



HEINEKEN UK's Head of Sustainability, Chelsey Wroe, says: "The updated, bolder approach builds on the foundations of our company's 150-year heritage and our Brew a Better World journey to date, whilst future-proofing the business with the flexibility to adapt to external dynamics. It's great to see our sustainability commitments now integrated into our EverGreen business strategy putting sustainability and responsibility front and centre of the next phase of our HEINEKEN journey."

To guide and lead the UK business and ensure it delivers against the global BaBW commitments, our UK management team empowers the Sustainability Cabinet with day-to-day decision-making that positively supports the delivery and progress of our sustainability agenda on time and in full across the business. The Sustainability Cabinet is a forum of cross-functional leaders and experts from across the business, it is chaired by HEINEKEN UK's Head of Sustainability and sponsored by the Corporate Affairs Director and Supply Chain Director.

Sustainability is complex, but with our BaBW strategy to guide us, we hope that all of our stakeholders and business partners will join us on this journey of both continuity and change, building on our achievements so far to deliver on our future ambitions.



Brew a Better World Commitments

Three pillars, nine ambition areas



ENVIRONMENTAL



Reach carbon neutrality

- Net zero emissions in production by 2030
- Net zero emissions across the value chain by 2040, 30% absolute reduction by 2030
- 100% sustainable ingredients (hops, barley) by 2030 ✓



Maximise circularity

- Zero waste to landfill for all our production sites by 2025 ✓
- Turn waste into value and close material loops throughout the value chain – strategy & targets in development



Towards healthy watersheds

- Treat 100% of wastewater from all sites by 2023 ✓
- Reduce average water use to 2.71hl/hl by 2025

SOCIAL



Embrace inclusion & diversity

- Gender balance across senior management: 30% women by 2025, 40% by 2030
- Cultural diversity: at least 65% of our management team to be regional nationals by 2023 ✓
- 100% of our managers trained in inclusive leadership by 2023



A fair & safe workplace

- Fair wage for employees: close any gaps by the end of 2023
- Equal pay for equal work: assessments done and action plan in place by the end of 2023
- Create leadership capacity to drive zero fatal accidents and serious injuries at work



Positive impact in our communities

- At least one social impact initiative each year ✓

RESPONSIBLE



Always a choice

- A zero alcohol option for two strategic brands by 2023 ✓
- Clear and transparent consumer information on 100% of our products by the end of 2023



Address harmful use

- Partnership in place each year to address alcohol-related harm ✓



Make moderation cool

- 10% of Heineken® media spend invested every year in responsible consumption campaigns, contributing to reaching 1 billion consumers globally ✓





Environment

Our commitment to a more sustainable future

The impact of climate change on our planet is significant and undeniable. There's clear evidence we need urgent action to limit, and where possible, reverse the devastating impacts on our planet's climate, biodiversity, water and natural resources. This is shaping how we do business and will become an increasingly critical factor in the way we do things in the coming decades.



Tadcaster Brewery

Reducing our carbon emissions

In response to the challenges of greenhouse gases and climate change, HEINEKEN UK has set out a pathway to reduce its carbon footprint.

Through Brew a Better World, we have ambitious commitments to achieve a net zero future – net zero emissions in production (Scopes 1 and 2) by 2030 and net zero emissions across our entire value chain (Scopes 1, 2 and 3) by 2040, with an intermediate goal of a 30% absolute reduction by 2030. With the majority of our emissions in Scope 3, we're reliant on our suppliers and business partners to support our ambition and to set out on their own net zero journeys.

We've been working on energy efficiency in our breweries and cider-making for the past 11 years, reaching an efficiency rating of 3.10 kgCO₂e/hl by the end of 2020. The focus is now turning to the

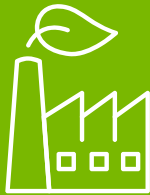
absolute reduction of emissions and by the end of 2021 we achieved a 17% reduction of emissions from our production sites versus our 2018 baseline*. We must recognise, however, that this reduction was partly influenced by the effects on our production from Covid-19. Therefore, as we look towards achieving net zero, we know that a more concerted effort is required to progress our efficiency while also growing the business.



17% reduction in carbon emissions from our production in 2021 vs. 2018



Tadcaster Brewery



Net Zero emissions in production by **2030**

Net Zero across our full value chain by **2040**

More renewables

Our journey to net zero carbon emissions will be facilitated by a transition to renewable energy. Like our homes, our breweries and cider-making sites need both gas and electricity. 100% of the electricity we use comes from renewable sources and a small amount of our thermal energy is generated from renewable sources being biogas (a bi-product from our water treatment facilities). In 2021, of the total combined electric and thermal energy consumed across our production sites, 30% came from renewable sources.

Our biggest challenge will be reducing our use of natural gas for thermal energy and replacing it with a reliable sustainable renewable source. During the past 12 months, we've assessed all of our major UK sites to identify opportunities where energy consumption can be reduced.



30% of our combined electric and thermal energy comes from renewable sources



Joanna Carr-Will, Head of Packaging, Tadcaster and Chemaine Moon, Shift Manager, Tadcaster

*Our 2018 baseline carbon emissions from production was 43,049 tonnes of CO₂e.

Environment

Our path to zero impact

Reducing emissions beyond production



Our '4R' strategy for our emissions (reduce, replace, remove, report) is helping us to prioritise and to decrease carbon emissions by improving our efficiency throughout the company. However, with much of our carbon footprint being in the value chain beyond our production activities, we realise we need to focus beyond what is in our direct control, as HEINEKEN UK's Head of Procurement, John Hutchison explains: "Upstream sourcing (Scope 3 emissions) is where we need to make the single biggest change to achieve our targets and make a genuine difference in changing our carbon footprint."

Agriculture, in the form of sourcing of our raw ingredients, is the biggest contributor (39%) to our total carbon footprint. Although all of our barley is sustainably sourced in the UK and with Red Tractor accreditation*, we must continue to work with farmers to reduce carbon emissions from barley farming by adopting new methods and techniques.

In 2021, we launched an innovative trial with 10 of the barley farmers we source from to explore how barley, one of the main ingredients of beer, can be grown more sustainably. The pilot focuses on several sustainable farming techniques including inter-row cropping, growing cover crop mixes, using less invasive measures to prepare the land and optimising crop nitrogen. Whilst we're still awaiting the year

one results, soil analysis reports and feedback from the participating farmers have been positive.

As the UK's leading cider producer, orchards are hugely important to us. We source 100% of the apples we press at our Ledbury mill from the UK and of the 66,873 tonnes of apples delivered in 2021, 86.6% were from orchards that are members of our sustainable orchards scheme. This is an externally benchmarked scheme that allows the orchard to verify their apples come from a sustainable source and our objective is that all apples sourced in the UK will come from sustainably verified sources. Our new Inch's Cider was very much developed with sustainability as a key element of the product. The apples used to make Inch's cider are sourced locally to our Hereford cider making site with all apple waste being reused for the generation of green energy.

Packaging, the second largest contributor to our total carbon footprint, making up 27% of our total emissions in 2021. Our primary packaging is mostly made up of glass bottles and aluminium cans, all of which are fully and easily recyclable. The kegs that go out to pubs, bars, restaurants and other hospitality venues to serve draught beer and cider, are all part of a circular system – once empty, they're returned to our sites where they're washed and refilled to go back out into trade.



100%
of our barley
has Red Tractor
accreditation



100%

of our cider apples that
are pressed in the UK are
grown in the UK



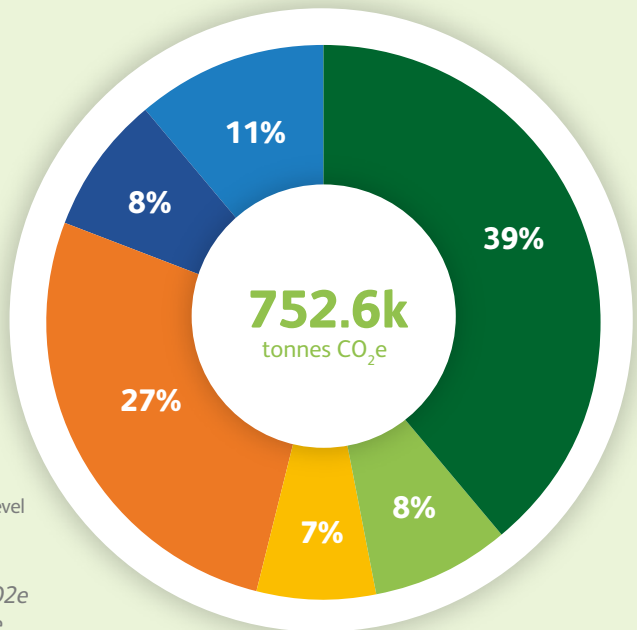
*Red Tractor accreditation. means that the food you buy has been responsibly sourced, safely produced and comes from crops (and animals) that have been well cared for.

Carbon emissions across our value chain (2021)

- Agriculture incl. LUC
- Raw materials processing
- Beverage production
- Packaging materials
- Logistics
- Cooling

Agriculture
LUC: Land use change.
This is aggregated at global HEINEKEN level

Scope 1 & 2 emissions = 35,650 tCO₂e
Scope 3 emissions = 716,930 tCO₂e



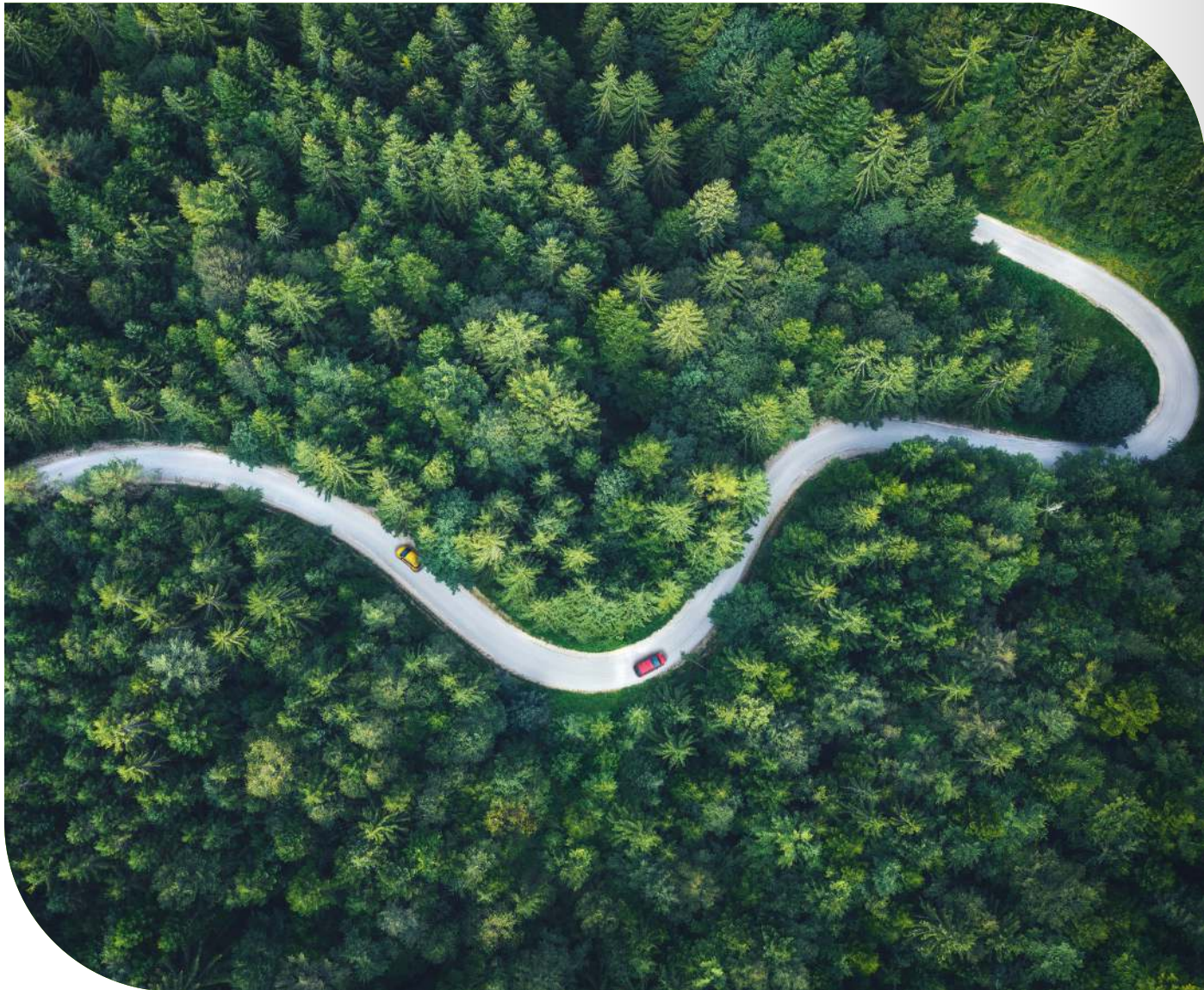
Scope 1 emissions
are emissions from
fuel combustion and
fugitive emissions at
our production plants
and own transport.

Scope 2 emissions
are emissions from
acquired and consumed
electricity, steam, heat.

**Scope 3 indirect
emissions** in our value
chain which fall under
different categories

Environment

Our path to zero impact



Creating roadmaps

HEINEKEN UK has put in place roadmaps that will help us reach net zero in production by replacing our reliance on fossil fuels with renewable sources.



We've also started conversations with suppliers to understand their net zero journeys and upstream commitments. "We've been mapping out more than 200 suppliers and their materials, examining targets and timelines and evaluating knock-on impacts," says John Hutchison. "For us to achieve our 2040 goal, we're reliant on our suppliers joining us."

With our clear environmental ambitions and the specific commitments under each mapped out with an action plan, covering what we do from barley to bar, glass-makers to customers, suppliers to consumers, gives us greater confidence that we can reduce the footprint across our total value chain at a pace that achieves our goals of a 30% reduction by 2030, and net zero by 2040.



158 tonnes of single use plastic removed from our supply chain

Improving use and increasing reuse

Maximising circularity is key to sustainability. As we move from 'take-make-waste' to 'reduce-reuse-recycle', a circular approach creates more efficient use of resources, with environmental benefits and additional commercial opportunities.

Having assessed many alternatives to plastic can rings, in 2020 we launched the Green Grip, a cardboard topper for multi-packs of cans that is fully recyclable and uses less material than alternative solutions. As a result, this enabled us to eliminate all consumer-facing secondary plastic from our UK-packaged beers and ciders by the end of 2021 - removing approximately 158 tonnes of plastic in total from entering the market.

In 2021, we undertook a pilot to produce around 1.4 million lower-carbon glass Heineken® bottles using biofuels. The pilot also included utilising increased recycled content of up to 100%. This

delivered a reduction in emissions of up to 90% per bottle. Reviewing the results, the next challenge is to work with our supply partners to see how we can scale this proposition in an economically viable way.

We also maximise the reuse of the by-products of our production where we can. In 2021, 100% of our spent grain, over 75,000 tonnes, was sent for animal feed and over 19,000 tonnes of yeast (another by-product) was re-used for animal feed as well.



1.4m low carbon glass bottles produced using biofuels



134m pints of water saved by SmartDispense in 2021

Water efficiency

Water. Without it, we don't have beer. Whilst the UK hasn't historically suffered water stress compared to other countries, climate change heightens the urgency to use and replenish water responsibly. Through BaBW we're committed to improving our water efficiency in the production of our ciders and beers and we're aiming to reduce the ratio of hectolitres of water used per hectolitre of the cider and beer we produce to 2.71hl/hl by 2025.

During the pandemic, the closure of pubs, bars, restaurants (on trade) and changing shopping habits (off trade) made our packaging mix within our production more complex. In 2021, due to this added complexity, our water efficiency rose to an average of 3.26 hl/hl (from a previous low of 3.19 in 2019). However, this is still below the industry average of 3.7 hl/hl*.

SmartDispense, a range of innovative technologies for draught beer and cider, helps our on trade customers to serve quality drinks whilst reducing water use in their outlets. Since its launch in 2012, SmartDispense has continued to develop the benefits it provides and due to extended cleaning cycles compared to other technologies, it's helped save more than 134 million pints of water and, in 2021 alone, more than 37 million pints.

**As cited by The British Beer & Pubs Association*



Social

Brewing the joy of togetherness

Our company purpose is our reason for existing as a business. It shapes our strategy and inspires our people: We brew the joy of true togetherness to inspire a better world.

In everything we do, we aim to live our company purpose. This is brought to life in particular through the social sustainability pillar of Brew a Better World.



From left to right: Grace Daley, Senior Brand Manager, Rocky Clark (MBE), Jenny Tong, Aoife Mannion and Charlie Fryday, Category & Commercial Strategy Manager



Promoting inclusive leadership

Fostering inclusive leadership is vital to building an inclusive culture and to HEINEKEN UK's continued success. We identified nine key areas of focus including making it safe for others, being transparent, communicating inclusively and shaping and delivering as a team. We also pledged to train all people managers in at least four of the nine areas by the end of 2023.



Embracing inclusion and diversity

We continue to embrace and promote inclusion and diversity (I&D) across our organisation. We want all colleagues to feel comfortable in bringing their true selves to work every single day, and we believe more diverse teams bring broader perspectives and a greater number of experiences and skills, which allows a better, more representative understanding of our customers and consumers and enables more informed decision-making.

In 2018, HEINEKEN UK launched a five-year I&D strategy to guide, support and hold the company to account as it moved towards being a fully inclusive organisation. Early steps included training leaders about unconscious bias and creating a network of I&D ambassadors. In 2020, we introduced Inclusion Task Forces focused on five areas, (age, disability, gender, LGBTQ+, and race & ethnicity). These task forces are led by colleagues across the business from all functions and levels with a management team sponsor for each task force.


In 2021, alongside our annual Climate Survey, HEINEKEN UK conducted its first diversity census. From our total population of 2,200 colleagues, we received over 900 responses, with the aggregated and anonymised data providing insight so that as a business we can measure and improve our diversity representation.



During 2021, we continued to gain momentum, with our task forces identifying areas for improvement both big and small. "For instance, we've adopted the term 'partner leave' instead of 'parental leave' – a simple

change that makes a difference. We've also developed guidance in relation to menopause, which offers support to those who are affected, while raising awareness throughout the business on how to be an ally to those experiencing menopause," explains Jacqui Sutherland, Inclusion & Diversity, Health & Wellbeing Consultant.

In 2021 we published our first gender commitments as part of BaBW. In an industry historically indexing high in the number of men employed, we've pledged to increase gender balance by aiming to have at least 30% of senior management roles held by women in 2025 - increasing to 40% by 2030. This is supported by the creation of an active Women & Allies Network, which welcomes all colleagues looking to promote a gender balanced workplace and be part of the conversation in a safe environment as well as increasing focus on gender balance in succession planning and pipeline building.

 **40%** of senior manager roles to be held by women by 2030



Social

Our path to an inclusive, fair and equitable world



HEINEKEN UK Colleagues volunteering with Mencap : Cheryl Lawson, E-Commerce Customer Manager, Rhea Clarkson, E-Commerce Customer Manager, Sam Kibbler, E-Commerce Customer Manager, Nicola Harrison, Head of Digital Commerce, Off Trade

A positive impact in our communities



HEINEKEN UK is a part of its local communities and, in turn, they're a part of who we are. As well as our offices in Edinburgh and London and our breweries and cideries, we've an estate of 2,400 pubs across the UK. These pubs provide us with a platform to

engage directly with our consumers and make a real difference to people's lives. "Pubs are at the centre of communities," says Sam Tarratt, Senior Sustainability and Community Impact Manager. "We need to support our pubs so that they can continue to support our communities and provide us with a valued connection to our consumers."

A friendly face, a helping hand

We've been running our Brewing Good Cheer campaign (BGC) for the past six years. Whilst each year has been slightly different, the continuing thread has been to support those in our communities who need it most by bringing them together in one of our pubs to enjoy a free lunch and some company.

During 2020, and into 2021, the Covid-19 pandemic closed pubs and restricted us from meeting people face-to-face and the effects of isolation were well publicised. In response, and unable to operate BGC as we normally would, we established the HEINEKEN UK Community Fund, making £250,000 worth of donations to local causes and charities.

Alongside this, and in collaboration with the Campaign to End Loneliness, the Pub is the Hub and the University of Loughborough,

we also commissioned the Open Arms report, which studied the role of pubs in tackling loneliness and social isolation. "Particularly after the recent events and impacts of COVID-19, this report emphasised the important role that pubs have within communities and showed that even a brief conversation between pub staff and their regulars can alleviate the feeling of solitude," says Tarratt.

In early 2022, as we started to emerge from the pandemic, we launched Brewing Good Cheer once again by aiming to support 100 good causes around the country, donating £100 towards a bar-tab for people to come together once again in their local. Our focus was to bring people together in a way that was sensitive to the pandemic and people's comfort levels but realising it was time to celebrate in the joy of being able to get back together.



Supporting charities and volunteering

As a business, we encourage our colleagues to do what they can to support their local community. Each year, colleagues are entitled to take up to three days of paid leave so they can volunteer. On top of this, we support colleague fundraising by matching what they raise up to £500.

We also have partnership as a business with many trade charities and organisations. In 2021 we made over £200,000 of donations to charities including GroceryAid, York Mind and Pub is the Hub, with support to those working within the drinks or retail industry who need it most.



£200,000

donated to charities in 2021



HEINEKEN UK Corporate Affairs colleagues volunteering with Sustainable HIVE



Responsibility

Our path to responsible consumption and moderation

As a business, we're strong advocates of the responsible consumption of beers and ciders, whilst also supporting efforts to address harmful consumption.

We want to make sure consumers always have a choice when it comes to low and no-alcohol beers and ciders, and to give them the information they need to make that choice. We use the power of our brands to promote responsible consumption and address the stigmas attached to different drinking habits. We also know that targeted solutions are better to address harmful consumption for those it impacts most, and we work with third parties to help implement these initiatives.



Always a choice

Having successfully launched Heineken® 0.0 in 2017, which is now the UK's leading alcohol-free brand, we followed up with Old Mout Alcohol-Free and Birra Moretti Zero. In 2021, we extended our range and announced the addition of a new flavour to the Old Mout Alcohol-Free range with Pineapple & Raspberry. We're committed to getting these brands out into trade so that consumers always have a choice when it comes to alcohol-free options.



Heineken 0.0 is first on tap

Heineken 0.0® is the UK's number one alcohol-free beer and has been available in pubs and bars in bottles, cans and through its Blade bar-top technology for a number of years. However, key to making it more visible and acceptable in a pub setting is to serve it in pints alongside other beers and cider. At the end of 2021, HEINEKEN UK announced it was to roll out at scale Heineken 0.0® on draught through a traditional 'cellar line'. Utilising specially designed cooling technology ensures that Heineken® 0.0 remains cool on its journey from keg to glass.



Diederick ter Kulve, Assistant Brand Manager for Heineken® 0.0, explains: "Most consumers in pubs prefer their beer on draught with 7 in 10 drinks in pubs being draught product, but there were simply no

options available. The challenge is achieving high-quality for alcohol free beers on draught over a period of time, because the alcohol content isn't present to aid the consistent quality required. In a world-first, using our new technology, Heineken® 0.0 was successfully tested in pubs over a 12-week period and the results were encouraging. The trial helped validate our hypothesis and prove the technology can deliver high quality alcohol-free beer and this is a game-changing opportunity in making moderation a more conventional choice."

Over the coming years, HEINEKEN UK plans to roll out Heineken 0.0 on draught to thousands of pubs and bars across the UK, ensuring our consumers always have a choice, and helping us further the journey on our path to moderation.





Responsibility

Our path to responsible consumption and moderation

Dr Zoe Williams, NHS GP and Media Medic



Raising awareness

To properly integrate alcohol-free beers and ciders into society, we need to increase their visibility and address the historical stigmas that exist when drinking alcohol-free. This is something we tackled head-on through a ground-breaking partnership with ITV. In early 2022, Heineken® 0.0 on draught was installed in two of the nation's favourite pubs, Coronation Street's The Rover's Return and Emmerdale's The Woolpack.



Joanna Dring, Head of Media, says: "Whether you fancy alcohol or not, there's a choice when you go to the pub. According to official ITV viewing figures, both soap operas attract an average of 11 million viewers daily and so exert a significant influence on popular culture. The campaign increased awareness of alcohol-free products and helped normalise the idea of going into your local and ordering a pint of alcohol-free beer."

To help drive awareness further, we have also invested in retail with specific merchandising areas in stores, called 'Zero Zones', that sell alcohol-free and low alcohol brands and products.



Alexander Wilson, Off Trade Category & Commercial Manager explains "From our consumer research, we know shoppers struggle to find alcohol-free or low alcohol drinks in-store but are really open to trying them. By investing in this type of category initiative, we hope to raise awareness of these products whilst also helping to normalise the drinking of alcohol-free beers and ciders for consumers".

Making moderation cool



William Mills, Responsibility and Policy Manager at HEINEKEN UK says: "We've a long history of encouraging responsible consumption through the Heineken® brand to make moderation cool. We use the strength of the brand to ensure our 'Enjoy Heineken® Responsibly' messaging resonates with consumers by creating innovative campaigns that lead the debate."

In 2021 we exceeded our annual target to invest 10% of the Heineken® brand's media budget in promoting responsible consumption and put 17% of our spend behind the 'When you Drive, Never Drink' campaign.



Addressing harmful use

We recognise that addressing alcohol-related harm demands commitment and concerted effort from many different stakeholders. Every year we dedicate resource to partner with and support other organisations that are committed to this issue. We've pioneered several initiatives including a collaboration with Drinkaware and promoting alcohol-free days via retailers. We're also proud to work with the following organisations and charities to promote responsible consumption and a safe on trade environment:

The Portman Group, the Alcohol Education Trust safer freshers, Best Bar None, Community Alcohol Partnerships, the Scottish Alcohol Industry Partnership and National Pubwatch.

be.drinkaware.co.uk



Star Pubs & Bars

At the heart of communities

Through our Star Pubs & Bars business (SP&B), we own an estate of 2,400 pubs across the UK, made up of both leased and tenanted and managed properties. It's through them that we have a valued connection with local communities. Likewise, our pubs provide communities with social hubs.

The Bird I'th Hand, Urmston



Pubs as a venue to facilitate climate action

As Glasgow played host to COP26 in November 2021, we put our heads together to consider what we could do as a business to help facilitate conversations on tackling climate action. With this in mind, we were delighted to co-host the COP26 Frontrunners Dinner together with the Netherlands British Chambers of Commerce at one of our Star pubs, The Ardnamurchan in Glasgow.

The dinner brought together 50 business leaders, including CEOs and Sustainability leads from all different industries, to discuss the challenges and possible solutions businesses can offer to halt the climate emergency. Being at the heart of their communities, we believe pubs can play an important role in driving awareness of climate change and the all-important actions we can all take.



HEINEKEN UK event for COP26, The Ardnamurchan, Glasgow



Candice Brown, Publican and Great British Bake Off Winner



A journey to net zero carbon emissions

For over a decade, our Brew a Better World sustainability strategy has focused on the production and the value chain of our beers and ciders. In 2021, as part of HEINEKEN UK's governance of strategy and action, we set up the SP&B Sustainability sub-cabinet. This cross-functional team focuses on four areas of the SP&B business to address our environmental impact: Our carbon footprint, property and technology, supply chain and procurement, and communications and behaviour. The cabinet will track progress, identify opportunities and make recommendations to ensure we continue to meet sustainability targets and compliance directives.



We completed the necessary groundwork in 2021, according to Chris Sladen, Head of Property for SP&B and Chair of the Star Sustainability Cabinet. "We ascertained our current carbon footprint and started to establish how much we needed to reduce it to comply with official net zero levels. Having set the commitment for net zero carbon emissions in our production operations by 2030, and net zero across our full supply chain by 2040, it became clear that further work was needed to align our chain of pubs with these targets, incorporating both our fully managed and leased and tenanted estates."

These commitments mean that we, like others in the pub industry, face significant challenges. We've started the journey to identify and tackle these, but we also acknowledge that some answers are, at this stage, unknown. Alongside this, we must also consider potential changes to regulations for our pub's Energy Performance Certificates (EPCs) as well as ensuring our pubs and operators can sustain a profitable level of business.

In 2021, working with third-party partners, as well as good progress towards measuring our carbon footprint baseline, we also started identifying ways to improve. We kicked off trialling efficiency and improvement initiatives in a small number of pubs to reduce emissions and water usage as part of our ongoing investment programme. These pilot projects involved initiatives such as solar arrays, LED lighting and heat recovery systems and will provide us with data so we can use it to learn about the benefits and make more informed choices. While we've achieved much in a relatively short time, we've only just begun this journey and, as we move towards our net zero commitments, there's much we must continue to address.



Our fundamentals

With the three pillars, nine ambition areas and our commitments that make up Brew a Better World, HEINEKEN UK has a strategy and a full agenda for years to come. However, we recognise we can only be successful if we lead with integrity and fairness, with respect for the law and our values, and in line with our company's Code of Business Conduct.



Peter Higgins, Technical Operator, Manchester and Katie Higgins, Laboratory Technician, Manchester

Our Life Saving Commitments

Be sober and free from drugs

Two hands on the wheel, mind on driving

Wear a seatbelt or full-face helmet

Drive at correct speed

Safe use of vehicles and equipment

Follow lock out tag out procedures

Follow CO2 procedures

Handle dangerous substance safely

Follow confined space procedures

Follow working at height procedures

Follow hot work procedures

Follow forklift truck procedures

Golden principle

Business Conduct

HEINEKEN UK is committed to the highest standards of business conduct, ethical behaviour and integrity throughout its business. The company has a clear code of conduct outlining basic principles for colleagues when acting for or on behalf of our company. The principles follow those of the UN Global Compact and the OECD Guidelines for Multinational Enterprises. We actively encourage everyone to Speak Up, our confidential method of raising misconduct without retaliation, when they've concerns about the way we're operating as a business or want to raise cases of potential misconduct such as fraud, discrimination, harassment, or corruption. This is for everyone and allows us the opportunity to address concerns more promptly and continuously improve as a company.

Fair Living

We're determined to embrace fairness and inclusion in all areas of our operation and supply chain. In doing so, we can take the first practical step towards helping break the cycle of poverty and support economic inclusion. Our commitment is to ensure all HEINEKEN UK colleagues earn at least a fair wage. A fair wage is often higher than the minimum wage and should be sufficient for a decent standard of living - covering the basic needs of the colleague and their family.

Health & Safety

We've built a strong culture of safety and work rigorously and continuously to achieve the highest standards of health, safety and wellbeing in our offices, breweries, cider-making facilities, and throughout our value chain. As a direct result, we've significantly reduced the frequency of accidents in our operations. Unfortunately, accidents aren't always avoidable. We regret that in 2021, one serious incident occurred whilst a colleague was at work. The incident was immediately and thoroughly investigated, and we were able to identify the root cause, putting preventative measures in place to stop a reoccurrence.

Along with our legal obligations as a responsible employer, safety is embedded within our BaBW commitments by ensuring we create a leadership capacity to drive zero fatal accidents and zero serious injuries at work. To improve road safety, we installed telematics across our company car fleet and pioneered the use of data to improve driver performance. We've established and continue to evolve our 12 Life Saving Commitments, based on what we learn when accidents occur to prevent, or best deal with, future reoccurrence. In addition, we encourage all HEINEKEN UK colleagues to be involved in risk assessments and to identify measures to control risks associated with their activities - enabling them to own their safety and support colleagues.

Labour practices and human rights

We do business with respect for human rights and dignity. Globally and in the UK, we follow the UN Guiding Principles on Business and Human Rights.

HEINEKEN UK has a zero-tolerance approach to modern slavery in our organisation and are committed to implementing and enforcing effective systems and controls to ensure modern slavery is not taking place anywhere in our organisation or within our wider supply chain network. This is set out in detail in our annual Modern Slavery Statement available via our company website.

Our Human rights Policy is the foundation to help us to understand, avoid and address human rights-related risks. While our principles remain constant, our approach to supporting them is ever-evolving. Across our business, we use champions and ambassadors to represent our code of conduct.

Economic Impact & Tax

We believe in responsible tax behaviour as an essential part of our sustainability strategy. The taxes we pay contribute to economic growth and support development across the UK.

Overall, the UK beer and pub industry is estimated to sustain 936,000 jobs, £14.3bn of wages and £26.2bn of GVA across the UK from direct, indirect and induced effects, with a significant contribution in every region of the UK, reflecting pub locations. [1]

Reporting to the UK Finance Director, the UK Head of Tax is responsible for all taxes which impact the HEINEKEN UK corporate group, with the HR department having day-to-day responsibility for employee taxes. The input of qualified external advisors is a key source of expertise to supplement the skills of the HEINEKEN UK tax team. Therefore external advisors are used when required on specialist matters. HEINEKEN UK carries out an assessment annually against the HEINEKEN Tax Control Framework to identify any potential improvements that could be made regarding tax risk management.

Environmental Responsibility

HEINEKEN UK strives consistently to reduce the environmental impact we have on our planet, to drive continuous improvement in our value chain from barley to bar and to comply with applicable environmental legislation and regulations. We're committed to partnering with suppliers and customers to continuously seek improvements and our Environmental policy details the commitments we've made and our areas of focus. (Carbon emissions, circularity, and water consumption).

Click here for access to all our policies which are located on our Company website

Reference [1]: Source Oxford Economics Report for BBPA, September 2021



About this report



This report aims to set a foundation for our Sustainability reporting for future years. It uses the Global Reporting Initiative (GRI) as a guide on what and how to include our topic areas. A light materiality assessment was carried out to guide the selection of these topics from our areas of focus, identifying and detailing what we had the most impact on in both a positive and negative way. The brewery sites included in this report are those we owned and operated up until the end of 2021: Manchester, Tadcaster, Hereford, Ledbury and Edinburgh or unless otherwise stated.

We intend to build on this report each year – assessing our materiality topics each time and sharing our progress against our commitments transparently, detailing how we've achieved them as well as the challenges and learnings we've faced.

For further information please visit our website.



Heineken UK Limited
3-4 Broadway Park,
South Gyle Broadway,
Edinburgh, EH12 9JZ.
Private Limited Company