

Brewing a Better Future



Welcome to our Sustainability Report 2011

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Company profile

HEINEKEN in the UK is the country's leading beer and cider business and part of HEINEKEN N.V, the world's most international brewer.

Over 2,400 HEINEKEN colleagues work across offices, breweries and cider mills in the UK, in Edinburgh, London, Manchester, Tadcaster and Herefordshire.

As well as a brewer and cider maker we are the fourth largest pub operator in the UK with more than 1,300 pubs.

We have an unrivalled portfolio of truly global brands including Foster's, Heineken®, Strongbow, Kronenbourg 1664, John Smith's and Bulmers, as well as heritage brands such as Deuchars and Newcastle Brown Ale.

We are passionate about our brands and the services we offer to our customers, but equally passionate about being a responsible and sustainable business.



Foreword

HEINEKEN launched its global sustainability strategy, 'Brewing a Better Future' in 2010, and it is now firmly embedded in our business in the UK. This Sustainability Report summarises our commitments and how we have sought to deliver them in 2011.

We've been brewing for 150 years and to ensure we're still making great beer and cider for years to come, we're working hard to:

- Make, package and distribute our products in the most environmentally way possible.
- Only use locally sourced raw materials.
- Be an employer that our colleagues are proud to work for, and others really want to join.
- Build long term relationships with our local communities, investing in them to make a real difference.
- Lead the industry in promoting the responsible enjoyment of alcohol.

We believe that to truly make a difference in these areas, we must look for opportunities to create both profit and societal change by integrating responsible business behaviour throughout new product innovation, development, supply chains and marketing.

The systems for measuring and tracking our performance are embedded within our business processes and we report regularly on our progress both internally and externally in a transparent and accountable manner.

As the UK's leading beer and cider company we strongly believe it is our duty to continue to improve how we encourage consumers to enjoy our brands responsibly, and to lead the industry in implementing a consistent, best practice approach to tackling alcohol misuse.

We are proud that our work in addressing alcohol responsibility has gained us Government recognition. This year, the UK's Health Secretary commended HEINEKEN's commitment to encouraging responsible behaviour, and we were singled out as an example of best practice by the Cabinet Office in the Government's Behavioural Insights Team annual report.

For the second consecutive year, we achieved the highest ranking of Platinum Plus in Business in the Community's Corporate Responsibility Index (CRI). Again, we were the only alcohol company to achieve this.

In consistently scoring highly in the UK's leading voluntary benchmark of corporate responsibility, we are clearly demonstrating that sustainability lies at the heart of our commercial strategy and has influenced our business model. However, achieving this recognition has not made us complacent. On the contrary, the business has been tasked with a challenging goal – our aim is now to achieve the highest ranking in the Corporate Responsibility Index annually. We believe this is a necessary challenge if we are genuine in our ambitions to be industry leaders in our approach to being a responsible and sustainable business.

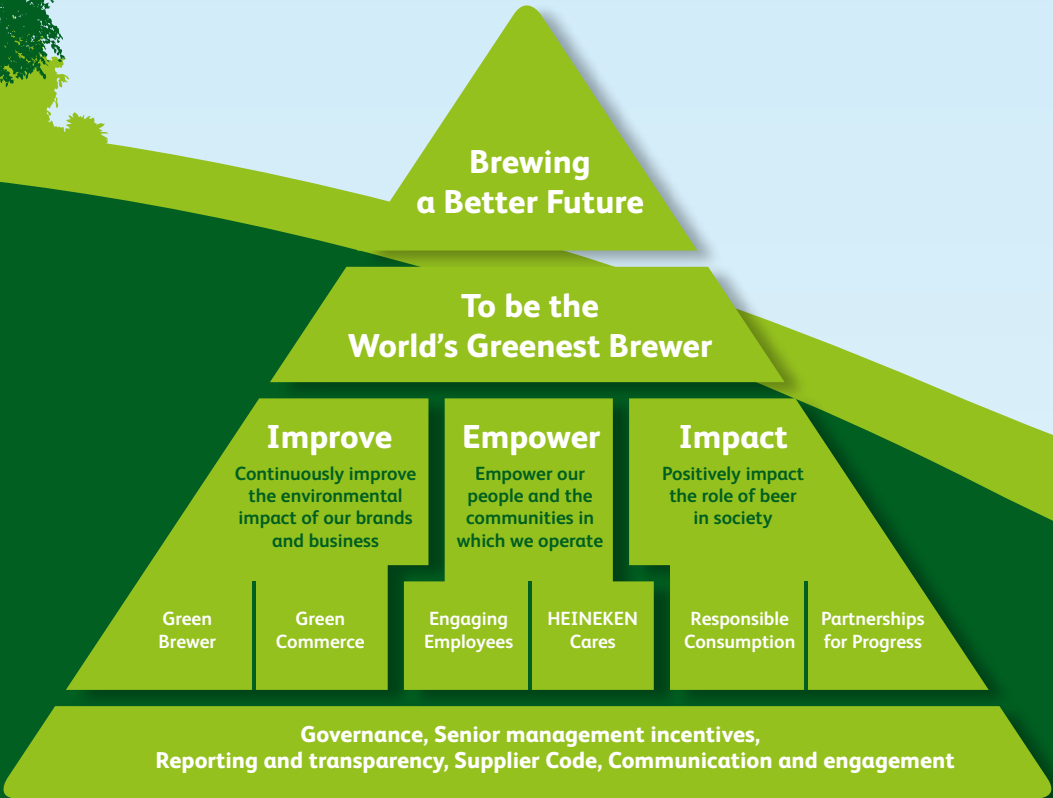
An important benchmark and test of our responsible business practice is genuine feedback from our partners. Through our annual reputation research, we talk to our key stakeholders, including NGOs, governments, employees, and customers, asking their opinions of us. This is crucial in allowing us to better understand what is important to our partners and where they think we can improve.

We remain focused on strengthening our performance in 2012 and identifying stretching targets for years to come. I am confident that through collaborative working we will deliver on our long-term ambition to be the World's Greenest Brewer.

Stefan Orlowski
UK Managing Director, HEINEKEN

About Brewing a Better Future

Brewing a Better Future is an exciting journey that has only just begun. To realise our vision of a more sustainable world, we will make positive and long-term investments in the environment, communities, people and partnerships.



“We have created 23 programme areas that by 2020 will bring our words ‘Brewing a Better Future’ to life with our people and our stakeholders and which cover our material impacts as well as our value-based approach to people and society.”

To make sure we reach our destination, we have focused our actions and energy on delivering six strategic initiatives that support the three pillars of IMPROVE, EMPOWER and IMPACT;

- Green Brewer
- Green Commerce
- Engaging Employees
- HEINEKEN Cares
- Responsible Consumption
- Partnerships for Progress

These ‘Sustainable Six’ will enable us to realise our Brewing a Better Future goals and ensure sustainability is embedded across all aspects of our business.

HEINEKEN is considered a responsible business and has a solid approach to managing sustainability issues, but to ensure that we are continually challenging ourselves to go further, in 2011, we compared our

current performance in the UK against HEINEKEN’s global Brewing a Better Future targets and ambitions.

We acknowledged the actions that were necessary to address gaps or maximise opportunities to position us as a leader in sustainability. We set out our ambitions for all six initiatives and developed a plan for 2012 to 2015, with clear measures and targets to track our progress.

To make our journey actionable and achievable, we are taking some significant decisions that will enable us to fully integrate our sustainability plans within the business.

We believe that in delivering HEINEKEN’s sustainability plans and integrating responsible behaviour throughout our supply chain, we will be a valued and effective partner that exceeds our stakeholders’ expectations.



What we said and what we've done*

What we said we will do by 2012 ¹	What we've done in 2011
Green Brewer	
Specific energy consumption < 152 MJ/hl	We achieved 155 MJ/hl and are on target
Average greenhouse gas emission < 9.6kg CO2-eq/hl for breweries in scope	We achieved 9.8 kg CO2-eq/hl and are on target
Specific water consumption < 3.8 hl/hl	We achieved 3.8 hl/hl and are on target
Green Commerce	
Evaluation criteria for new product innovations introduced in all regions	Environmental criteria were introduced into the decision making process for new product launches
Develop and execute a baseline carbon footprint model	The carbon footprinting baseline model was used for the first time in the UK in 2011 to calculate the carbon footprint from 'barley to bar'
Engaging Employees	
Accident frequency target for supply chain is 1.2 accidents/100 FTEs	There were 1.7 / 100 FTE production personnel accidents in our supply chain. Our 2012 target is 1.2/100 FTE.
Employees' & Human Rights policy approved	Employees' & Human Rights policy adopted, implemented and audited
HEINEKEN Cares	
Undertake CommunityMark review – national standard for recognising excellence in community investment	Review completed. Retained standard while areas for further improvement identified
Undertake Economic Impact Assessment	Thorough assessment completed
Donate at least 1% of profit pre-tax to alcohol education, charitable and community organisations	We continue to achieve this target annually

What we said we will do by 2012 ¹	What we've done in 2011
Responsible Consumption	
Alcohol unit information provided on our packaging	Over 95% of our packaging carries unit information
Develop and deliver a workshop to 100% of commerce/marketing employees that supports our Rules on Responsible Commercial Communication (RCC)	All relevant employees received RCC and Portman Group training and new annual RCC module was integrated into the Global Commerce University and is now online in December
Support the UK Government Responsibility Deal on alcohol	Taken an industry leadership position pledging individual stretching commitments in addition to signing up to common set of pledges
Partnerships for Progress	
Measure existing and identify new targeted interventions with existing alcohol misuse partner, Addaction	Quarterly evaluation reports produced by Addaction for all targeted interventions
Support community partnerships which address alcohol related harm locally	On and Off Trade community partnerships in place
Use alcohol misuse partner to educate business and stakeholders	Visit to Addaction service held for retail customers
Enablers	
From 2010, have a three-year sustainability plan in place	Target achieved and plans in place to continue to develop the three-year plan
Renewed Supplier Code based on new approach by mid-2010	100% of UK suppliers had signed up to the supplier code by end of 2011
In 2010, introduce incentives for all senior managers on sustainability target	All relevant senior managers had an incentive on sustainability in 2011

¹ Unless stated differently.

IMPROVE

Green Brewer

To achieve our long-term ambition to be the world's greenest brewer we are working hard to continuously improve the environmental impact of our brands and business and to reduce our CO2 emissions. We are focussed on processes which increase the water and energy efficiency of our breweries, offices and warehouses.

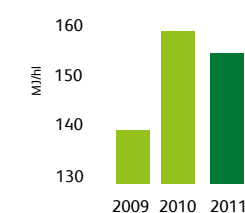
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Through our Total Productive Management approach, our focus remains on reducing the impact of our manufacturing operations. Our production processes are designed to make efficient use of available resources and minimise the environmental impact. This focus has ensured we are in line to meet our year on year targets.”

Paul Hoffman

Supply Chain Director

Total specific energy consumption
MJ/hl beer + cider



Working hard to drive down total energy consumption.

Energy

Our total energy consumption decreased from 158.6 MJ/hl in 2010 to 155.0 MJ/hl in 2011. Whilst we did not meet our target of 142.8 MJ/hl (due to a large increase in thermal energy use in Edinburgh, from increased volumes of tankered beer), the decrease we did achieve in consumption since 2010 was thanks to Ledbury's exceptional season, where milling ending four weeks ahead of schedule, drastically reducing energy consumption.

With 155.0 MJ/hl, our total energy performance in the UK is better than the HEINEKEN Group average of 158.8 MJ/hl.

Our total CO2 emissions decreased from 10.4 kg CO2/hl in 2010 to 9.8 kg CO2/hl in 2011, but we did not achieve the target of 9.1 MJ/hl. Not meeting our target is primarily due to the fact that at Ledbury most electricity is generated with diesel generators, which have a relatively high CO2 emission compared to grid electricity.

Our aim is to reduce the direct and indirect CO2 emissions from fossil fuels in our breweries to 8.7 kg/hl by 2014.

Thermal Energy

Our specific thermal energy consumption declined from 82.4 MJ/hl in 2010 to 79.3 MJ/hl in 2011, thanks to Ledbury's exceptional milling season and single stream brewing being introduced in Manchester, providing heating efficiency improvements.

We did not however meet our thermal energy target of 74.7 MJ/hl due to the increased volumes of tankered beer in Edinburgh.

With a thermal energy performance of 79.3 MJ/hl, our performance is better than the HEINEKEN Group average of 82.5 MJ/hl.

Specific thermal energy consumption
MJ/hl beer + cider



A Sustainable New Office

In December 2011, we were delighted to open our new London office, following the redevelopment of Elsley Court, 20 - 22 Great Titchfield Street.

The £1 million refurbishment presented us with an opportunity to adopt a new approach to the development and management of our office premises. Our ambition for the redevelopment of the Great Titchfield Street office was to reduce the environmental and resource impact of both the office and support facilities, whilst continuing to engage with employees and improve the environmental quality of working environments.

Future considerations for our existing HEINEKEN buildings will inevitably focus on energy efficiency, water conservation, waste management and social wellbeing – the redevelopment of Great Titchfield Street allowed us to pilot the process, which will then be used to benchmark future activities. Environmental considerations into the design were made from the outset, and just some of the sustainable outcomes included:

- 100% FSC and reclaimed timber used
- 95% existing floor untouched
- 100% heating system retained

Waste from the construction was managed at best practice levels, with only 3 tonnes produced for each £100,000 of project cost. Of that waste produced, 93% was recycled, with only 7% going to other disposal. This is a level of recycling that exceeds current best practice benchmarks.

Telepresence

Further reducing our environmental impact, a large Video Conferencing "Tele-presence" suite was created in our new London office, allowing for meetings to take place without the need for travel, while improving links between our Edinburgh HQ, London office and manufacturing sites across the UK. Indicative savings suggests travel costs have so far been reduced by more than £250,000 and saved 160 tons of CO2 in just 12 months – the equivalent of 1,270 car journeys or 752 return flights between Edinburgh and London.

IMPROVE

Green Brewer



Water

Water is key to producing and packaging our beers and ciders, but we recognise that this important ingredient is also a valuable and finite resource. We therefore continue to invest time, energy and money in developing a strategy to reduce consumption.

Globally, substantially reducing the amount of water used for brewing is a priority for HEINEKEN. In the UK, we are saving water in the production process, by recycling and reusing secondary water, and by purifying it for other purposes, through reverse osmosis, for example.

With the ambition to globally reach a 2020 target of 3.7 hl of water per hl of beer produced, we are pleased that our water performance in 2011 of 3.8 hl/hl was lower than the HEINEKEN Group average of 4.3 hl/hl.

On target: Water consumption decreased from 3.9 hl/hl in 2010 to 3.8 hl/hl in 2011, meaning we surpassed our 2011 target of 3.9 hl/hl.

Our 2014 target is to reduce water use to 3.7hl of water per hl of beer produced.

Helping to drastically reduce our overall water consumption, was the decrease in Ledbury where the milling season ended four weeks ahead of schedule. Improvements were also made in Hereford where condensate was reclaimed and reused.

Manchester Brewery remains our most water efficient brewery in the UK and in the top five HEINEKEN breweries globally.

In 2011, with an increase in beer volume of 8% at Manchester Brewery, we were able to achieve a water consumption of 3.3hl/hl.

Specific water consumption

hl/hl beer + cider



Waste

Non-recycled industrial waste production increased from 0.025 kg/hl in 2010 to 0.041 kg/hl in 2011.

We missed our target of 0.023 kg/hl due to a change in a disposal contractor at our Ledbury cider mill. Previous contractors segregated mixed waste off site before landfilling the remaining waste, whereas the new contractor sent all waste directly to landfill. This one-off change resulted in an isolated increase in non-recycled industrial waste from 0.04 to 0.35 kg/hl in Ledbury.

However, we recycled 100% of industrial waste at our sites in Edinburgh, Manchester and Tadcaster.

At 0.041 kg/hl, non-recycled industrial waste production in the UK is better than the HEINEKEN Group average of 0.73 kg/hl.

Wastewater

We ensure that the wastewater of our production units is treated before discharge, either by our own or third party treatment.

Effluent organic load to surface water produced by us decreased from 90 tons in 2010 to 71 tons in 2011. This decrease is caused by cleaner apples and earlier harvest of the apples at Ledbury, leading to a less organic load in the waste water.

Ledbury and Tadcaster are our only sites that release organic load to surface water after treatment. At Edinburgh, Manchester and Hereford effluent is sent to third parties for further treatment.

Across HEINEKEN sites globally, a total of 18.8 ktonnes of effluent organic load was discharged to surface water in 2011.

Environmental Safety

Environmental and safety complaints have reduced from 44 in 2009 to 5 complaints in 2011. 3 of 5 of these complaints were noise related and measures were taken to prevent further issues in this area.



IMPROVE

Green Commerce

The greatest potential for significantly reducing our total carbon footprint is in our supply chain, from brewery or cider mill to consumer. As the majority of our carbon footprint occurs in this area, we are focused on weight reduction, recycled content, carbon footprint, and the optimisation of new packaging, without impacting product quality.



Green Packaging

We are driving improvements through innovation.

Packaging accounts for a substantial part of the carbon footprint of our products. The carbon impact of packaging is primarily determined by the choice of material, weight and recycled content. In the UK, we have made significant reductions in packaging weight over a number of years. Most notably our work on bottle lightweighting has had a particular impact between 2009 and 2011.

We take the opportunity to lightweight our bottles when the occasions arise. For example, when the existing bottle mould is due to be replaced, when technological improvements by the manufacturer become available and when the product is being re-branded.

Our goal in these instances is to reduce bottle weight to the lowest achievable whilst maintaining product safety and the ability to be filled and distributed through the supply chain.

Since 2009, primarily through the lightweighting of Bulmers, Strongbow, Jacques and Newcastle Brown Ale, we have saved 16,000 tonnes of glass, producing an annual saving of 11,600 tonnes of carbon. This saving is equivalent to approximately 70% of carbon emissions associated with burning natural gas to produce steam at either of our two main breweries, Manchester and Tadcaster.

Calculating Our Carbon Footprint

We undertook carbon footprinting of two of our major brands, Fosters and Bulmers, in 2010 following our experience of working with the Carbon Trust. We brought this experience to HEINEKEN Group and informed the workstream which developed HEINEKEN's Carbon Footprint Model. The model designed now calculates the total environmental impact expressed in carbon dioxide output globally. In 2011 HEINEKEN also defined how we should incorporate recycling in our carbon footprint calculation.

Annual saving
11,600
tonnes
of carbon
through bottle
lightweighting

On-Pack Recycling Label

To meet our reduction goals we see great value in innovating and co-operating with our partners. In 2011 we began rolling out an on-pack recycling label to all of our brands. Developed by the UK British Retail Consortium (BRC), the aim of the scheme was to adopt a recycling logo which could deliver a simple, UK-wide, consistent, recycling message on both retailer's own brand labels and brand-owner packaging, helping consumers recycle more packaging, more often.

The facilitation of this initiative was aided by our commitment to WRAP. In 2010 we became a signatory to the second phase of the Courtauld Commitment – a cross-industry agreement to reduce packaging waste.

The recycling logo has been applied to most of our major brands, but may take up to two years to fully implement.



Engaging Employees

Recruiting, developing and retaining the best talent for HEINEKEN is fundamental to our long term and sustainable success in the UK market. Our priority is to attract the right people from outside our business, but also to grow and develop our own talent from within.



“

Our talent strategy is a simple one - invest in people, nurture the talent they have, inspire them to do and to be more, and then to help them achieve it.”

Robin Pring

Human Resources Director

We've got some fantastic people working with us, and whether we're looking for our future leaders or recruiting young talent at the start of their working lives, we want to continue to attract and retain the best and we can only do that through fostering a healthy corporate culture where employees feel proud and excited to be a part of our business.

Raising the Bar

We're providing our colleagues with the opportunity to develop, to learn, and to shape their own career development.

Core to our development strategy is the new Talent Management programme 'Raising the Bar'. Launched in 2011, the programme consists of 12 months of structured development followed by a second 12 months of supported career management. Colleagues are put forward for the programme based on their performance review, and our top performing colleagues are invited to attend an Assessment Centre. The successful candidates then join the two year Talent Development Programme.

Through motivational talks from inspirational speakers or mentoring and networking opportunities, our aim has been to explore the various aspects of self awareness, leadership, building relationships and ultimately, winning.

Graduate Recruitment Programme

In 2011, five graduates were accepted onto our Graduate Programme.

Our two year rotational development programme is a very structured programme for our graduates in the early years of their employment. Through continuous learning groups, we are helping our graduates develop a range of communication skills and self-awareness, we also ensure they gain a broad understanding of the business.

Following the success of the first year of the programme, we have recruited another 10 graduates in 2012.

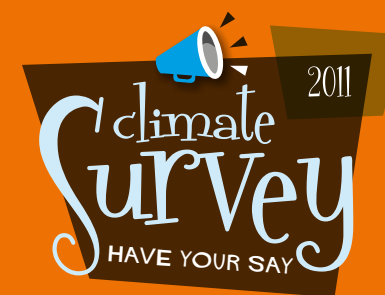
Through our consistent performance management processes, such as our personal development and performance programme, STAR Review, or enabling employees to talk confidentially to the business through their HR managers and if and when need be, through our whistleblowing policy, we are making sure integrity exists in all our people processes

A Culture of Integrity

We promote a culture of integrity and compliance. Ensuring integrity is fully embedded in our culture, last year we reported the launch of a new Code of Business and Conduct. We also have a specific 'whistle blowing procedure' that is designed to provide transparency, to support our risk management systems and to help protect the reputation of our business.

If any of our colleagues want to disclose confidential information, whether it's personal or general, they are encouraged to do so first with their line manager. Depending on its nature, the information confided may or may not then be reported, again in confidence, to a higher authority.

Our whistle blowing procedure is extremely important to our business as it offers a confidential ear to colleagues needing to air concerns or grievances without fear of losing their job and this enables us to further improve the environment and conditions in which our colleagues work.



Climate Survey – What Our Colleagues Said

We're focused on creating a healthy corporate culture where employees feel engaged. We believe it's vital that we have an open two-way dialogue across our business through strong engagement mechanisms. We want all of our people to really understand and be proud of what HEINEKEN stands for and what we can truly achieve together.

Our annual Climate Survey provides our colleagues with the opportunity to tell the business how they feel about life at HEINEKEN.

In 2011, 83% of our colleagues responded and our average scores across all dimensions increased versus 2010. The results were best in class and significantly above the industry benchmark. The results clearly demonstrate there's a positive vibe across the business and that colleagues are proud, and excited, to be a part of the HEINEKEN story in the UK! One of the most encouraging bits of feedback is that colleagues believe the investments we're making, particularly in the area of personal development, are making a real difference.

However, we know we have no room for complacency, and, as we did last year, we spend time and effort to understand what lies behind some of the areas where our colleagues tell us there's scope for improvement. Line managers received the 2011 Climate Survey report for their business area and action plans were agreed which built on areas of strength and identified actions to improve the weaker scores.

Engaging Employees

Everyone who works for us has a part to play in working safely. Our directors, managers, colleagues and contractors all have a responsibility to promote and maintain safe and healthy working conditions.



Health and Safety

It is our aim to ensure the health, safety and welfare of our colleagues and others who may be affected by our activities at all times. We will reduce the risk of occupational illness, accidents and incidents in the workplace or while undertaking company business or responsibilities in a variety of work situations.

As a minimum, we are committed to meeting our legal responsibilities. However, we aspire to effectively and efficiently improve occupational health and safety performance and our management systems to meet the changing needs of the business and regulatory requirements.

In 2011, the overall total number of reported accidents decreased and no fatal accidents were reported. Accident frequency decreased from 2.0 cases/100 FTE in 2010 to 1.7 cases/100 FTE in 2011.

With the exception of the production unit in Manchester Brewery, where there was an increase by one reported accident in 2011, all sites reported less or the same number of accidents than 2010.

However, while our accident frequency declined, regrettably our accident severity increased.

The number of serious accidents of employees increased from 26 lost days/100 FTE in 2010 to 33 lost days/100 FTE in 2011. However, in Ledbury, greatly improved safety induction and safety training processes led to lost days reducing drastically, from 73 in 2010 to only two in 2011.

The number of minor accidents decreased compared to 2010.

Contractor accidents decreased and there were no contractor fatalities reported in 2011.

Our accident severity may be lower than the HEINEKEN Group average of 40 lost days/100 FTE for 2011, but we are committed to continually improving our performance in this critical area, and so will prioritise its importance.

Our Policy

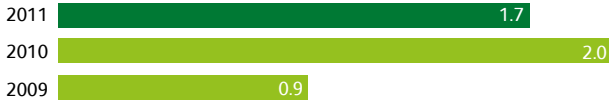
In 2011, a revised Health & Safety Policy was implemented in the UK, outlining commitments which reflect our aspirations for the future. The detailed policies and procedures provide the foundations for the culture we wish to achieve and sustain. The Policy is not a static document and will be reviewed and revised to reflect future health and safety developments.

Everyone who works for us has a part to play in helping us achieve our goal by working safely. Our directors, managers, colleagues and contractors all have a responsibility to ensure that any risks arising from our operations are eliminated or effectively controlled.

The UK Management Team (UKMT) takes ultimate responsibility for ensuring the health and safety of all colleagues and others who may be affected by the company's operations in the UK. Specifically, the UKMT will allocate clear accountabilities to support the Health & Safety Policies' implementation.

Accident frequency

cases/100FTE for all sites



Accident severity

lost calendar days /100 FTE for all sites



HEINEKEN Cares

We recognise that achieving business sustainability means effectively managing the impact we have on the environment, community, workplace and marketplace.

We have made clear our ongoing commitment to support UK agriculture, sourcing locally and investing in world class processes to raise brewing standards in the UK.

We will ensure that we have full insight to where we source our raw materials and understand how they meet brewing and sustainable sourcing criteria.



We are focused on maintaining an effective and ethical supply chain and recognise that to achieve this, we must not only improve our own operations, but must work with suppliers who share our determination to manage these issues responsibly.”

Paul Hoffman

Supply Chain Director

Supplier Code

When HEINEKEN's global Supplier Code of conduct was introduced at the end of 2010, we worked hard to quickly ensure 100% of UK suppliers had signed up to the Supplier Code. We have now fully embedded in our procurement process the requirement that every new supplier who works with us signs up to the Supplier Code.

Marketplace Leadership

Our desire to be a leading sustainable business, not only in our approach to alcohol responsibility, was recognised in 2011 when HEINEKEN's UK Managing Director, Stefan Orlowski was appointed as Chair of the Business in The Community's Marketplace Leadership Team.

The Leadership Team is a group of prominent business leaders whose role is to encourage other business leaders in the UK to integrate responsible business behaviour into their commercial operations, with a particular emphasis on new product and service development, supply chains and marketing.

Sustainable Agriculture

Demonstrating our dedication to sustainable agriculture and local sourcing:

- All of the barley used in the brewing of HEINEKEN's beer in the UK is grown in the UK.
- More than 95% of our beer sold in the UK is brewed in the UK.
- All of our malt is sourced through UK maltsters using barley sourced from all over Scotland and England. Our annual malt volume is equivalent to approximately 170,000 metric tonnes of raw barley.



- 30% of all apples grown in the UK are used by HEINEKEN, and two thirds of all cider apples.
- Our cider business, Bulmers, accounts for around 10,000 acres of apple orchards in Herefordshire and its surrounding areas: 2,500 acres of Bulmer owned farms; 6,500 acres of mature orchards on locally owned farms; and 1,200 acres of orchards currently being planted.
- Around 250 local farmers grow apples for us; some are fifth generation dating back to the 1920s. Our contracts with farmers are typically for 25-30 years.
- We core fund the Bulmer Foundation – a sustainable development charity providing the only postgraduate education in the county, helping to retain talent and improving attitudes to sustainable business.

Community Investment

We have a strong history of contributing to our local communities. We focus on building long term relationships with communities where we have breweries, cider mills and offices, and aim to use local activities to strengthen community relationships and increase employee engagement.

Our grassroots community support targets local needs. We work with Community Foundations across the country to identify and support local projects that encourage health, well-being and self-confidence through education, training and physical activity. We support projects which we believe will encourage community pride, strengthen networks or bring different parts of the community together.

Our contribution to local communities has been recognised by our achieving the CommunityMark standard. CommunityMark is the UK's national standard for recognising excellence in community investment. We're the only alcohol company to achieve the CommunityMark.

We invest more than 1% of profit before tax into charitable and community organisations.

Economic Impact Assessment

We undertook economic research in 2011 to assess the value that we bring directly and indirectly to the UK economy. Key findings from the detailed assessment included:

- We represent 0.5% of UK GDP and pay £1 billion in tax each year to the Treasury.
- 157,700 jobs are directly or indirectly related to the production and sale of our beer and ciders.
- The jobs generated by HEINEKEN amount to more than 0.5% of people in employment.



Placing Sustainable Orchards at Our Core

Growing cider apples is not a high-profit business. It takes seven years for a cider apple tree to achieve a commercially viable yield. A peak crop is achieved in about year 15.

Therefore, to secure a long-term supply of environmentally sustainable, high-quality apples, HEINEKEN provides growers with long-term contracts of up to 30 years, which gives farmers some income security and an incentive not to switch to other crops. At the same time, HEINEKEN is assured of a long-term supply of the right sort of good quality apples.

To ensure we maintain and improve quality further, we supported the launch of a UK cider apples grower network. For HEINEKEN, HONE (Herefordshire Orchards Network of Excellence), will hopefully ensure continued efforts to improve the sustainability of cider apple production. For the growers, it offers greater sustainability from all perspectives.

Through our financial and technical backing, HONE will provide a platform for sharing cider apple growing best practice in a structured way. The organisation arranges seminars on topics ranging from farm accounting and innovations in pest control to more sustainable fertilisers. It also conducts trials on more sustainable orchard techniques, such as the use of airborne nitrogen-fixing bacteria as a partial replacement for chemical fertilisers. Current experiments include a trial using a natural garlic spray as a pesticide.

The idea of creating a platform like HONE was considered for about two years among cider apple growers in the UK, where about three-quarters of the world's cider is produced. HEINEKEN owns half a million British apple trees due to its acquisition of Bulmers in 2008 and has approximately a 47% share of the cider market by volume – further good reasons to support sustainable agriculture improvements. The creation of HONE was made possible this year by a grant from the EU, matched by 25% from HEINEKEN. HONE now has over 100 members, representing nearly half of HEINEKEN's contract apple growers.

Responsible Consumption

We take pride in our ambition to be industry leaders in our approach to promoting responsible alcohol consumption.

To truly be leaders however, we must not only talk about responsibility, but demonstrate responsible behaviour. That's why our business is committed to taking a proactive approach to promoting responsibility in the marketplace; encouraging, influencing and leading the industry and our customers.



As business leaders, we have a duty to demonstrate and drive responsible business behaviour. Not only can we make clear to others that doing business responsibly can be value enhancing, but we can also stretch the boundaries beyond what has already been done."

Jacco van der Linden
Marketing Director

As the UK's leading brewer and cider maker, we recognise that we have a tremendous opportunity and responsibility to play a crucial role in encouraging consumers to enjoy our products responsibly. Whilst moderate consumption is enjoyed by many, and can play a part in a healthy lifestyle, we realise that some people misuse alcohol, which can have health and social implications.

Responsible Leadership

Wanting to gain a genuine understanding of alcohol misuse, our UK Management Team spent a day with alcohol misuse charity, Addaction in 2010, meeting with service users who shared their experiences of alcohol addiction. The visit had such an impact that the decision to remove Strongbow Black cider from the market was taken.

As a result of this visit stretching our thinking and informing business practice, we saw value in sharing the experience with some of our most valued customers. In 2011, we invited them to take time out of a normal business day to witness the real problems associated with alcohol addiction. We invited Category Directors and Senior Buyers from our major grocery customers to an Addaction centre in Brent, north-west London, where the retailers heard at first-hand from those who are battling with or recovering from alcohol addiction.

We are committed to sharing this experience with other teams in the business. As the UK's largest brewer, it is critical that our business understands the issues of alcohol misuse, and so in educating our colleagues, we will attempt to bring to life the issues to encourage our colleagues and partners to think differently about the role they have to play in making a positive impact on society.



Commitment to the Department of Health's Responsibility Deal

The Public Health Responsibility Deal was established by the UK Government in 2011 to tackle issues in society related to poor diet, lack of exercise and the misuse of alcohol, by encouraging the businesses to make collective and individual pledges. In addition to signing up to the core set of pledges, HEINEKEN pledged to:

- Remove 100 million drink units from the market by reducing the average ABV (Alcohol by Volume) of a major brand.
- Improve consumer awareness of alcohol units in our beers by introducing 11 million branded glasses with unit information into the On Trade and ensuring that over 99% of our bottles and cans also have unit labelling.
- Launch the 'schooner', a two-thirds of a pint glass, for premium brands to promote smaller servings and units for Heineken®, Amstel and Tiger. This goal was achieved in 2011.

We were publicly acknowledged by the UK Health Secretary as a leading responsible alcohol producer for our commitment to the Responsibility Deal, as well as being singled out as an example of best practice by the Cabinet Office in their Government's Behavioural Insights Team annual report.

Responsible Commercial Communication

We have an excellent reputation in commercial communication. HEINEKEN is a founding member of The Portman Group - the alcohol industry's self regulator on advertising, whose role is to encourage and challenge the industry to promote its products responsibly. We based our own Responsible Marketing Policy on the Portman Group's Code of Practice on the Naming, Packaging and Promotion of Alcoholic Drinks.

Our Rules on Responsible Commercial Communication guide all our colleagues involved in marketing and selling our products to ensure we do not contribute to excessive consumption or misuse.

We already use our brands to promote responsible drinking, but we think there is more we can do. We have committed to better understanding the roles of our brands in communicating responsible messaging to consumers and we will commit to thoroughly embedding responsibility in our marketing activity. We will be exploring the potential opportunities in 2012.



No Nonsense Drinking

Our sponsorship platforms provide excellent opportunities for us to engage consumers on responsible consumption. At events we are able to initiate innovative activity that, if executed over time, could have a real cultural impact.

At the 2011 John Smith's Grand National we trialed a 'behavioural change' initiative that promoted the positive impact of responsible drinking. As well as using the 'No Nonsense' voice and personality of the John Smith's brand deliver to responsible drinking messages in an effective and entertaining way, 'Hydration Teams' handed out free bottled water to keep racegoers more hydrated than they might otherwise have been. The teams handed out water throughout the day at the most isolated bar area so the impact could be more easily measured.

Results: the short-term impact objective was to allow people to get more from their weekend – staying out for longer and feeling better the next day as a result of staying hydrated. The long-term aim was to achieve a cultural shift in the way people approach 'big days out'. This initial 'nudge' trial will shape our thinking on how best to execute responsible initiatives through our other brands in the future.

Partnerships for Progress



If we are to continue to improve our actions around alcohol responsibility, we know that there is still much to learn.

Through continued collaboration with business partners, NGOs, consumers and the Government, we will aim to improve and create value in society. We must continue to earn the right to be a respected business.



We can't achieve our ambition to be a leader in encouraging responsible consumption alone. We must continue to build strategic partnerships and work closely with a number of industry and NGO partners, pilot new and innovative ways to encourage responsible alcohol consumption and reduce the harm caused by misuse."

Jeremy Beadles

Corporate Relations Director



A Valued Partnership with Addaction

HEINEKEN has worked closely with one of the largest specialist alcohol treatment charities in the UK, Addaction, since 2005. Addaction plays a crucial role in helping individuals and communities manage the effects of alcohol misuse.

Through our partnership with Addaction, HEINEKEN's thinking and approach to promoting responsible consumption and addressing alcohol related harm has been challenged and informed.

Mutual Aids Partnerships

In 2011, we agreed funding for a Mutual Aid Partnership (MAP) pilot project. Delivered by Addaction, the aim of the MAP programme is to help people with alcohol and drug related problems to both recover and maintain their abstinence using specific tools and techniques, such as Motivational Enhancement Therapy, Cognitive Behaviour Therapy and Rational Emotive Behaviour Therapy. Key to MAP programmes is that they can be delivered by a wide range of trained volunteers – including those recovering from addictive behaviour and those affected by their actions.



Results have so far been very encouraging. Pilot sites in Scotland and England have reported a steady increase in the majority of users' feelings of wellbeing and significant reductions in their substance use as the scheme progressed.

Alcohol and Prisoner Resettlement

Last year we reported on the Manchester Resettlement programme we established with Addaction - a specialist alcohol service for ex-offenders in Manchester, home to HEINEKEN's largest brewery in the UK.

In the first year, the project worked with more than 300 men from HMP Strangeways and women from HMP Styal, before they were released from prison, at the point of release and as they settled back into their community. Those referred to the project were supported with a range of interventions to offer the best opportunity of making and maintaining positive life changes, including one-to-one work to continue their recovery, assistance in finding work and somewhere to live, self management and accessing financial support and budgeting. Evaluation after one full year of the project has been extremely encouraging and indicative of the need to roll the programme out more widely. There are clear cost benefits in addition to positively changing the lives of ex-offenders and their communities.

With the success evident, HEINEKEN committed in 2011 to support the set up of a 12-month Commission to examine nationally the gaps in alcohol services for offenders being released and what might be done to improve the future commissioning and delivery of such vital services. Ultimately, the aim is that through improved services, the lives of the individual, the community into which they are reintegrated and the wider society will be measurably improved. The Commission will be launched in 2012.



Reducing Alcohol Related Harm in Town Centres

In 2011, HEINEKEN agreed to support and commit investment in both Best Bar None and Community Alcohol Partnerships. Through these partnerships we're building positive relationships between the licensed trade, police and local authorities to reduce alcohol related crime and disorder in town centres.

Best Bar None

Best Bar None is a locally led, nationally coordinated award scheme which successfully incentivises responsible On Trade alcohol retailing. Through collective industry support, we expect to see a reduction in alcohol related crime and a reduction in alcohol related attendances at A&E in those areas where Best Bar None becomes established.

Community Alcohol Partnerships

The aim of Community Alcohol Partnerships is to reduce underage drinking by bringing together alcohol retailers and local stakeholders, such as Trading Standards, police, local authority licensing teams, schools and health networks. CAPs interventions focus on:

- Education of young people on the health and legal implications of underage consumption.
- Training and mentoring for retailers in off and on licensed premises.
- Enforcement through mystery shopping exercises and police and Trading Standards patrols.
- Working with local media to celebrate success.

There are currently 30 Community Alcohol Partnerships in the UK, and the aim is to roll out another 70 Partnerships over the next three years.

Community Alcohol Partnerships operate under the banner of the Retail of Alcohol Standards Group (RASG); a group of 22 high street retailers who have worked together since 2005 to drive down underage sales.

Enabling our journey

Brewing a Better Future is a comprehensive, integrated strategy for creating a more sustainable company and future. Considering that HEINEKEN has more than 250 brands and 140 breweries in 71 countries, this is a challenging task. That’s why we are making sure that our culture and organisation can support our ambitions.

Implementation of our Supplier Code

Given that much of our impact is outside of our direct oversight, HEINEKEN’s newly launched Supplier Code sets out the expectations we have of our suppliers in the areas of integrity, human rights and the environment. So in signing the new document, suppliers agree, for example, to minimise their own impact on the environment and to develop environmentally friendly technologies.

At the end of 2010 we identified over 2,000 UK suppliers and through 2011, worked to ensure every supplier had signed the new Supplier Code. We also chose to include all of our Third Party drinks suppliers to ensure broad agreement of our Code.

By the end of 2011, 100% of UK suppliers had signed up to the Supplier. The UK was amongst the first HEINEKEN OpCo able to report 100% compliance. Now embedded in our procurement process is the requirement that every new supplier who works with our business signs up to our Supplier Code.

As of the end of 2011, 98% of global suppliers and around 12,000 local suppliers had signed HEINEKEN’s Supplier Code.

Building Sustainability into Performance Plans

For the last two years, sustainability criteria have been built into our senior managers’ performance criteria. Our senior managers now have CSR targets included in their short-term bonus-related performance objectives.

Measurement and Transparency: the Green Gauge Scorecard

To better track and communicate our performance, HEINEKEN developed the Green Gauge. This global scorecard monitors across 16 key areas in all HEINEKEN OpCos covered by the Brewing a Better Future programme. Launched in July 2011, HEINEKEN in the UK reports quarterly on our progress.

Local Sustainability Reports

Demonstrating HEINEKEN’s commitment towards greater transparency in reporting across all geographies, in 2011 the UK was one of 27 HEINEKEN Operating Companies to publish a 2010 local sustainability report based on the global approach. All these reports can be viewed online on HEINEKEN’s global website; www.heineken.com



Stakeholder dialogue

Stakeholders are a vital part of our Brewing a Better Future journey. They help us to stay focused on what matters and warn us when they feel we are moving off-track.

An important platform for stakeholder engagement and dialogue is HEINEKEN’s biannual Reputation Research. Since early 2010, almost 300 UK stakeholders including NGOs, government departments, colleagues and customers have given their opinions about our performance in the UK. In addition to this we remain in an ongoing dialogue with all our stakeholders through regular one-to-one contact.

The research and ongoing dialogue shows that stakeholders have a high level of trust in us as a company. It also identifies issues and areas for improvement.

Working with Partners

Our philosophy of sharing the journey by working with partners and stakeholders means that we continue to work in close partnership with relevant groups and individuals.

We are a founding member of the Portman Group, a self-regulatory organisation which encourages and challenges the industry to promote its products responsibly.

We are also a major funder of the Drinkaware Trust, an educational charity which aims to change the UK drinking culture for the better. In 2011, in addition to our financial contribution to the “Why Let Good Times Go Bad” responsible drinking campaign, HEINEKEN’s audited media value of in kind support was nearly £900,000.

Stakeholder Dialogue

In addition to these, we are actively engaged in an increasing number of organisations that support our aims for both business and society. Some of the most notable are:

- British Beer and Pub Association, the leading body representing, promoting and protecting Britain’s brewers and pub companies.
- National Association of Cider Makers (NACM), the governing body of the cider industry in the UK, representing both larger producers and the many hundreds of smaller scale cider makers.
- Confederation of British Industry, one of the UK’s leading employers’ organisations.
- WRAP UK, organisation helping businesses and individuals reduce waste and develop sustainable products.
- Business in the Community, business-led charity focusing on promoting responsible business practice.
- Scottish Government Alcohol Partnership, partnership between the Scottish Government and alcohol industry, producers and retailers, to address our shared aim of reducing alcohol related harm in Scotland.
- Charities Aid Foundations.



Benchmarks and Achievements

In 2011, as part of our commitment to increased levels of transparency, we participated in external assessments and measurements.



Business **CR INDEX**
Community **PLATINUM PLUS**

Global Benchmarks

- **SAM Dow Jones Sustainability Index**
Although we were not ranked amongst the top three within the beverage category, we were listed amongst the top 15% in our sector and achieved our highest ever score.
- **FTSE4Good**
We again maintained our inclusion in the FTSE4 Good Index. With a score of 4.2 out of 5, HEINEKEN was ranked in the top 5 of 'food and beverage' supersector leaders (ESG Performance).
- **Investors Carbon Disclosure Project (CDP)**
This year we participated in the Investors CDP global survey, to measure and disclose our carbon reduction activities. With a disclosure score of 59 out of 100 points and a performance category D, we clearly need to do more.
- **CDP Water Disclosure**
For the first time in 2011 we participated in the CDP Water Disclosure Global Survey, reporting on water usage, on the risks that water presents and on responses to that risk.

HEINEKEN in the UK

Over the last number of years we have undertaken Business in the Community's Corporate Responsibility Index (CRI).

The CRI is a way of assessing how well our strategy is integrated into four areas of the business: community, environment, workplace and marketplace. It gives us a benchmark to evaluate management practices and performance in a range of environmental and social impact areas as well as identify where and how we can make improvements.

We have consistently scored at Platinum level in the index and in 2011 we achieved the Platinum Plus standard with our highest ever score. We were also identified as the top performing Food & Drink business in the UK.

CommunityMark
Business in the Community's CommunityMark is the UK's only national standard that recognises excellence in community investment.

HEINEKEN in the UK was the first alcohol company to achieve the CommunityMark.

Successful companies must demonstrate excellence in five key principles of community investment:

- Identify the social issues that are most relevant to the business and most pressing to the communities you work with.
- Work in partnership with your communities leveraging the combined expertise for mutual benefit.
- Plan and manage community investment using the most appropriate resources to deliver against targets.
- Inspire and engage employees, customers and suppliers to support community programmes.
- Measure and evaluate the difference investment has made in the community and your business. Strive for continual improvement.

Let us know your thoughts!

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Please visit HEINEKEN's global
2011 Sustainability Report at

www.sustainabilityreport.HEINEKEN.com



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