



HEINEKEN UK Sustainability Report 2013

Brewing a Better Future



Welcome

Our Sustainability Report 2013

HEINEKEN is the UK's leading cider & beer business, with a portfolio of some of the most iconic brands in the marketplace including Heineken®, Foster's, Strongbow, Bulmers, Kronenbourg 1664 and Desperados.

We've been brewing for 150 years. To ensure we're still making great beer and cider for years to come, it's essential that we grow our business in a responsible and sustainable way.

Enjoyment

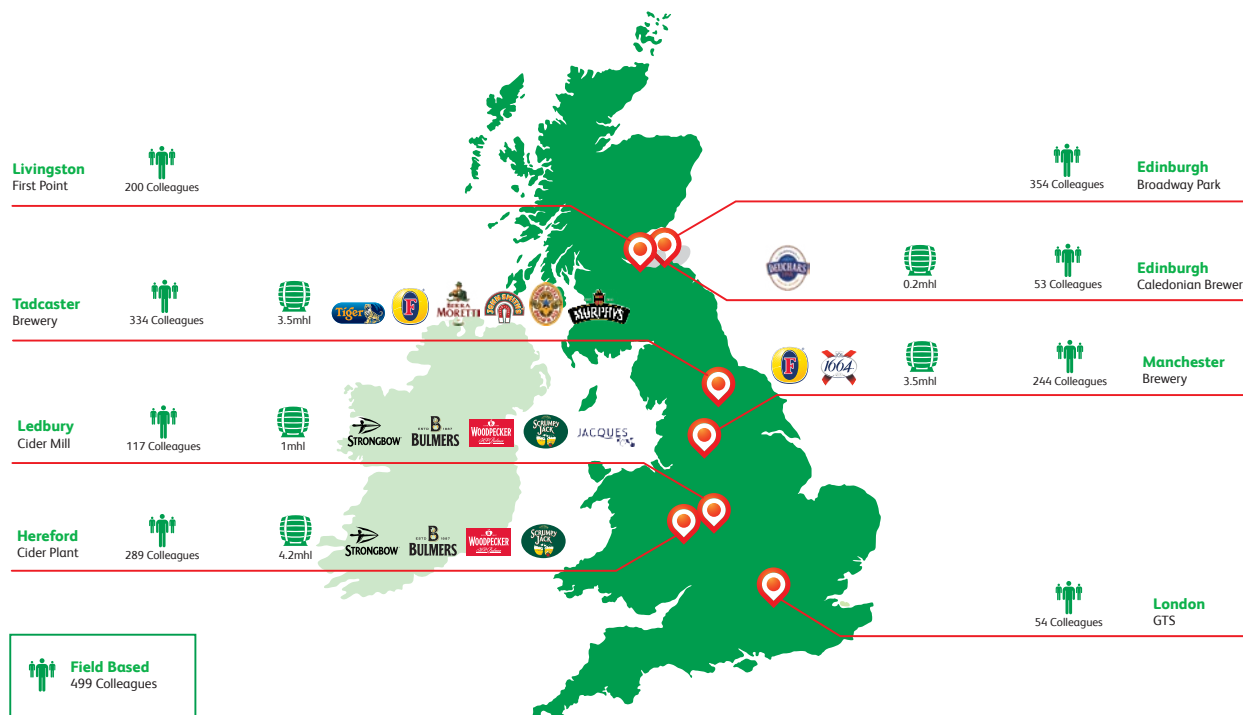
We're committed to delighting consumers, day in, day out, with perfect cider & beer experiences.

Respect

We have respect for individuals, society and the environment.

Quality

Our passion for quality is at the heart of everything we do.




2,000
COLLEAGUES


1,250
PUBS

PLATINUM
BIG TICK
2013
BUSINESS IN THE
COMMUNITY



CommunityMark
developed by Business in the Community

Managing Director Foreword

150 years ago, Gerard Adriaan Heineken founded our Company. From day one he was driven by the desire to create a business that was both successful and sustainable.



Fast forward 150 years and the values on which HEINEKEN was built remain at the core of how we do business.

Brewing a Better Future is our strategy for growing a responsible and sustainable business. We don't see commercial success and sustainability as contradictory ambitions – they go hand in hand.

A great example of this principle in practice was the launch of SmartDispense in 2013. SmartDispense uses innovative draught dispense technology in pubs and bars to cut down waste, reduce energy and water use, and to give the consumer a better quality pint. Introducing SmartDispense into pubs across the UK helps our customers grow their own businesses in a more sustainable way.

Making progress

In 2013 we've already made significant progress towards meeting the ambitious targets we've set ourselves for 2020 - whether that's moving to more sustainable energy sources like wind energy or changing our packaging to reduce carbon emissions in distribution.

As Brewing a Better Future evolves, we're putting our most important asset – our colleagues – at the heart of our approach. In 2013, we got more involved with the communities local to our sites than ever before. Colleagues volunteered their time to give something back – for example creating a pop-up brewing exhibit which celebrated the rich heritage of John Smith's brewery in Tadcaster, dating back to 1847.

Inspiring each and every one of our colleague to become ambassadors and passionate advocates for how we're growing a responsible and sustainable business is key to our success moving forward.

Our biggest challenge

Alcohol misuse remains the biggest sustainability challenge for HEINEKEN in the UK.

As the Managing Director of a cider and beer company, people often say that I must want to see people drink more in order to grow our business. That's not how I see it.

The harmful use of alcohol is one of the biggest risks to the ongoing success of this industry. If we want to continue to be proud of how we operate as a business, we need to find ways to encourage people to drink differently and in some cases that means less.

Of course brewers have a vested interest in seeing this happen. So does Government. So do families. So does the whole of society. It's in all of our interests to tackle alcohol misuse, educate consumers and make moderate drinking the social norm.

We know the vast majority of people enjoy cider and beer responsibly. However there's a small minority whose use turns into misuse, and this can have a devastating impact. That's why it's so important that we continue to challenge ourselves. In 2013 we continued to grow our long-term partnership with alcohol misuse charity Addaction. We also started to be bolder about using our brands to talk to consumers about moderation – launching the Heineken® 'Dance More Drink Slow' campaign globally.

Our 2013 sustainability report details our approach and achievements, showing that sustainability is at the heart of our business and our commercial strategy. And our intention is to build on the progress we've made and deliver even more together in 2014 and beyond.

David Forde
Managing Director, HEINEKEN UK



See our global online report to read the foreword of our CEO, Jean-François van Boxmeer, including 'Perspective on progress' by Sean O'Neill, Chief Corporate Relations Officer.

The Big Picture

Brewing a Better Future

Brewing a Better Future is HEINEKEN's global strategy to create shared, sustainable value: for our business, for society and for the planet.

'Embed and integrate sustainability' is one of the just six global business priorities for HEINEKEN. Based on dialogue with our stakeholders and insight into global trends, we have identified four key areas of focus where we can make the biggest difference. These focus areas are underpinned by our values and behaviours.



Our global 2020 commitments

Each focus area is underpinned by clear commitments that state our ambitions for 2020, with three-year milestones to be achieved by 2015.



Protecting water resources

- Reduce specific water consumption in the breweries by 25%¹ to 3.7 hl/hl
- Aim for significant water compensation/balancing by our production units in water-scarce and distressed areas.



Reducing CO₂ emissions

- In production by 40%¹
- Of our fridges by 50%²
- Of distribution by 20%³ in Europe and the Americas.



Sourcing sustainably

- Aim for at least 50% of our main raw materials from sustainable sources
- Deliver 60% of agricultural raw materials in Africa via local sourcing within the continent
- Ongoing compliance with our Supplier Code procedure.



Advocating responsible consumption

- Make responsible consumption aspirational through Heineken®
- Every market in scope has and reports publicly on a measurable partnership aimed at addressing alcohol abuse
- Deliver global industry commitments.



For more information about our Brewing a Better Future approach, see our global online report.

¹ Baseline 2008

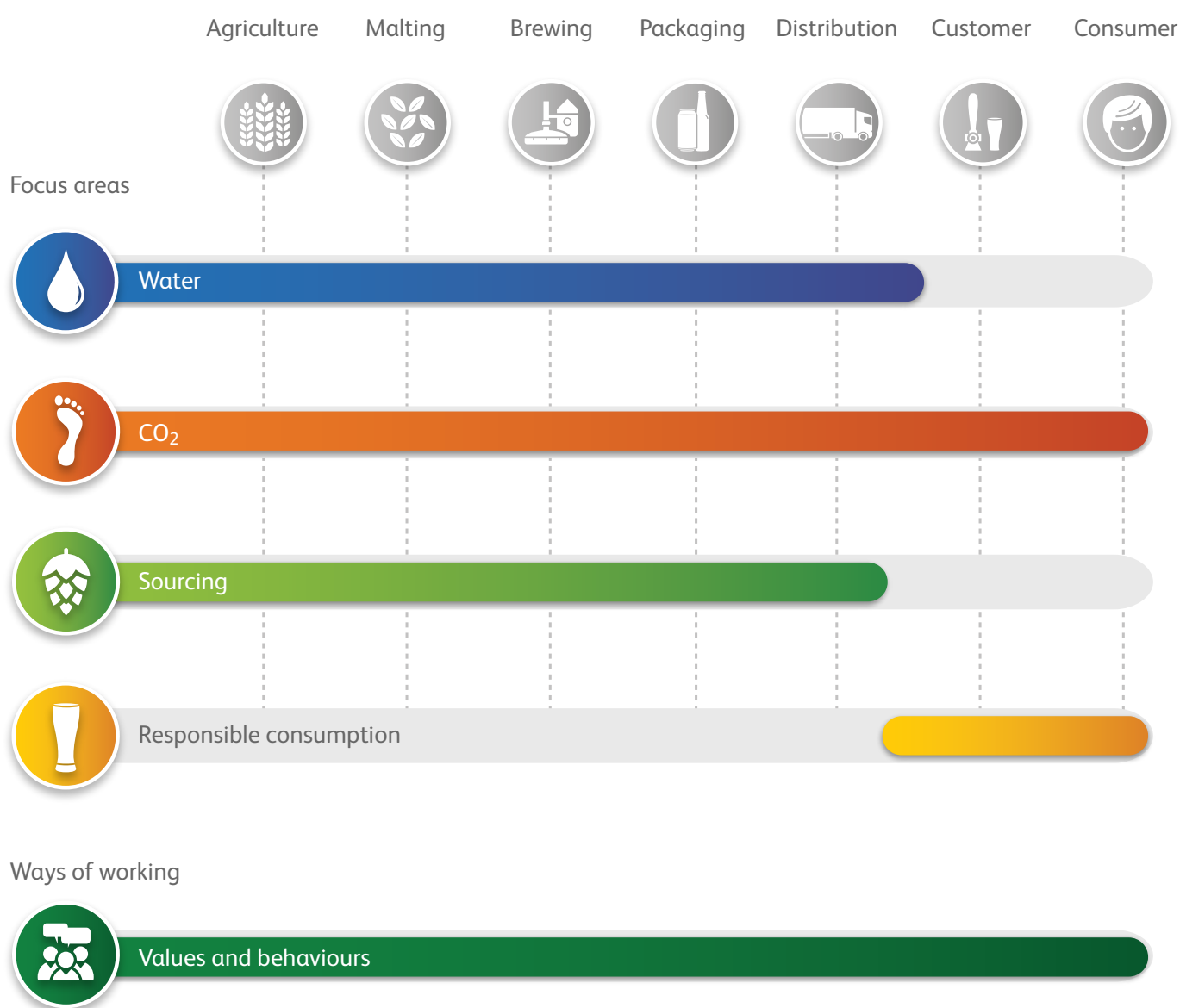
² Baseline 2010

³ Baseline 2011

The Big Picture

From barley to bar

Our approach to sustainability covers the entire value chain.








The Big Picture

What we said and what we've done

Focus area	Our global commitment for 2015	What we've done globally in 2013	What we've done in the UK in 2013
	Reduce our specific water consumption in the breweries to 3.9 hl/hl	Water consumption decreased to 4.1 hl/hl	Reduced water consumption in our breweries and cideries by 6.8% - from 3.8hl/hl in 2012 to an average of 3.6hl/hl in 2013. 
	100% of our production units in water-scarce and water distressed areas will have a Source Water Protection Plan	Ten (43%) of our production units have drafted a Source Water Protection Plan	
	Reduce CO ₂ emissions in production by 27% to 7.6 kg CO ₂ -eq/hl (baseline 2008)	CO ₂ emissions reduced from 8.4 kg CO ₂ -eq/hl in 2012 to 7.7 kg CO ₂ -eq/hl in 2013. This is a reduction of 26% compared with the baseline year 2008	We reduced our CO ₂ emissions from 9.7 kg CO ₂ -eq/hl in 2012 to 7.2 kg CO ₂ eq/hl in 2013. 
	Reduce the CO ₂ emissions of our fridges by 42% (baseline 2010)	99% of the 116,000 fridges that HEINEKEN purchased in 2013 were 'green'. The average reduction of CO ₂ emissions has improved from 38% to 40% in 2013, compared with the baseline year 2010	100% of the 1,210 fridges HEINEKEN UK purchased in 2013 were 'green'. 
	Reduce the CO ₂ emissions of distribution by 10% in Europe and the Americas (baseline 2010/2011)	Out of 23 operations in scope, 21 operations have now validated results. Fourteen performed better compared with the plan for 2013	Our emissions in distribution increased from 2.92 kg CO ₂ / hl traded in 2012 to 2.94 kg CO ₂ / hl traded in 2013. 

 On track
  More to do
  Not started yet



For full details of our global 2015 milestones and related progress, read our global online report.

Focus area	What we said we will do by 2015	What we've done in 2013	What we've done in the UK in 2013
	Aim for sustainable sourcing of raw materials for crop year 2015: 20% (barley), 40% (hops), 60% (bittersweet apples for cider)	<p>Sustainable sourcing procedures approved and being rolled out with our key suppliers</p> <p>Started development of reporting system to monitor progress on commitments, which we will pilot with suppliers in 2014</p>	<p>Sustainable sourcing self-assessment questionnaire piloted with our bittersweet apple farmers</p> 
	50% of agricultural raw materials used in Africa to be locally sourced within the continent	<p>Increased our local sourcing from 45% in 2012 to 46%</p> <p>Started three new Public-Private Partnership projects in Ethiopia, Rwanda and Sierra Leone</p> <p>Appointed a Local Sourcing Director to increase focus and coordination between projects</p>	
	Four-step Supplier Code Procedure operational within all Operating Companies	All majority-owned Operating Companies, excluding APB, were in scope for the Supplier Code Procedure, the speed of rollout depending on the maturity of the Operating Company	<p>All our UK Suppliers have signed our supplier code and 99.7% of high-risk suppliers have completed a full self-assessment</p> 
	We commit to invest a minimum of 10% of our media spend for Heineken® in supporting our dedicated responsible consumption campaign in at least 50% of our market volume	Developed 'Dance More, Drink Slow' campaign throughout the year, with official launch held in January 2014. Media investment commitment included as part of 2014 budget	<p>10% of Heineken media budget set aside for Dance More Drink Slow activation in January 2014</p> 
	Every market in scope has a partnership to address alcohol-related harm. All partnerships meet HEINEKEN's 7-point partnership criteria	Out of 40 markets in scope, 36 now have at least one partnership (33 in 2012)	<p>Our partnership with alcohol misuse charity Addaction has been in place since 2005</p> 
	Global industry commitments: precise goals for 2015 to be decided in conjunction with industry via ICAP and GAPG organisations	Global commitments KPIs developed and being implemented. In each of the action areas preparatory work was done in 2013	

Our Focus Areas



Protecting water resources

Balancing the needs of the local communities close to our breweries and cideries with our own needs is at the heart of our approach.



Why this is important

Global demand for water has doubled during the past 50 years and is expected to increase by another 40% by 2030. In water-scarce areas this may result in increased competition for water among industry, local communities, agriculture and ecosystems.

That's why we have a responsibility to safeguard this precious resource. We use water in our finished product – beer is 95% water – and throughout our supply chain, including to help our crops grow. We're working hard to reduce the amount of water we use in our breweries and cideries and across our entire supply chain.

“Water stewardship will increasingly become a priority and an area of focus. We have an opportunity to take a leadership role in the UK - especially in the communities which are home to our production sites.”

Jochen van Esch
Chief Supply Chain Officer

OUR HEREFORD SITE RECAPTURES
50%
OF THE WATER USED
IN THE BOILER HOUSE
THROUGH CONDENSATION

OUR MANCHESTER BREWERY
IS CONSISTENTLY IN THE
TOP 5
MOST WATER EFFICIENT
HEINEKEN BREWERIES GLOBALLY

Our global priorities

- Reduce the amount of water used in production
- Protect our water resources in water-scarce and water-distressed areas
- Compensate for the water that is not returned to the local water cycle: 'water balancing'.

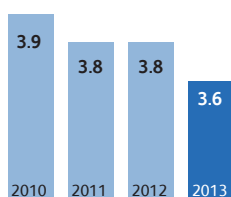
Actions and results

Reducing water consumption

We reduced water consumption across all our breweries and cideries by 6.8% - from 3.8hl/hl in 2012 to an average of 3.6hl/hl in 2013.

Specific water consumption

hl/hl beer + cider



This means we've reduced water consumption by 328,773m³ – the equivalent of almost a billion 330ml bottles of Heineken®.

We reduced our water consumption in a number of ways. Our Total Production Management (TPM) system helps us to be more efficient in all aspects of brewery operations. The combined impact of small efficiency savings across all our sites, especially in our Tadcaster brewery, had a big impact on reducing our water use.

The installation of a new boiler house at our cidrie in Hereford also had an effect by decreasing site effluent volumes and reducing the need for fresh water by increasing condensate recovery systems.



WE'VE REDUCED WATER CONSUMPTION
by 328,773m³
WHICH IS THE EQUIVALENT OF
NEARLY A BILLION
330ML BOTTLES OF HEINEKEN

SmartDispense: less water, less energy and the perfect pint in a Great British Pub



In 2013 we introduced the first green draught cooling system, SmartDispense, into the UK pub trade. Draught cooling systems are commonly used in pubs and bars to deliver chilled beer from kegs in the pub's cellar to the consumer's glass.

Designed to offer a better consumer experience and deliver more profit to our customers, SmartDispense is an innovative solution to an identified quality and waste issue in the licensed trade.

SmartDispense can save the average pub around 12,000 pints of water (6,800 litres) a year, as well as dramatic reductions in energy use. We've installed more than 500 SmartDispense systems into pubs, bars and restaurants across the UK.



"Introducing SmartDispense has revolutionised how publicans dispense draught beer and cider in the UK, helping our lessees and customers reduce their environmental impact."

Lawson Mounsteven
On Trade Director



For this and other case studies relating to CO₂, see our global online report.

Our Focus Areas

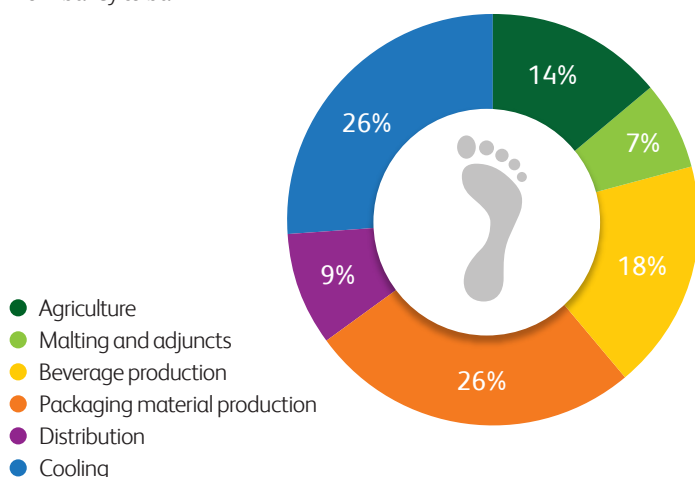


Reducing CO₂ emissions

In 2014 and beyond we will continue to work hard to reduce our UK emissions in production, contributing to our global commitment to reduce emissions in distribution by 10%.

Carbon footprint 2011 HEINEKEN UK

From barley to bar



The carbon footprint displayed was calculated in 2012 based on 2011 data. This is because HEINEKEN UK reports as part of our global results cycle, which will be updated every three years. The next update is planned for the 2015 Sustainability Report. In the intermediate years the focus is on analysis of hotspots, improvement efforts to reduce emissions and training on the greenhouse gas model.

Why this is important

CO₂ emissions directly contribute to climate change, causing temperatures and sea levels to rise. This in turn has an impact on the availability and cost of raw materials and other resources.

We believe it is our responsibility to play an active role in reducing CO₂ emissions across our value chain, from barley to bar. We've set some ambitious targets in brewing, cider making, cooling, and distribution.

Our global priorities

- 40% lower emissions in production, by increasing energy efficiency and making renewable energy sources like solar and wind power part of the energy mix
- 50% lower emissions of our fridges, by working with suppliers to develop best-in-class draught equipment technology and making sure that all our fridges comply to our global fridge policy
- 20% lower emissions of distribution in Europe and the Americas, by reducing kilometres driven, improving fuel efficiency, and switching to other modes of transport.

Actions and results

For the first time in 2013, we've been able to separate out the data from our milling operations in Ledbury from the wider production site. Global HEINEKEN definitions mean that milling operations, which are unique to cider making in the UK, fall into the category 'other operations' and so cannot be included in the reported data displayed below. We have included the figures for each section to show what they would be had the milling operation been included.

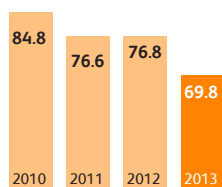
Production

Our thermal energy consumption decreased by 8.3% YOY in 2013 to 69.8 MJ/hl.

If we were, for comparison, to include data from our Ledbury mill this would be 72.6 MJ/hl.

Total specific thermal energy consumption

MJ/hl beer + cider



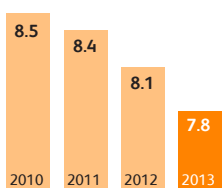
Our electricity consumption decreased from 8.1 kWh/hl in 2012 to 7.8 kWh/hl in 2013. The only site to increase electricity consumption was Caledonian Brewery in Edinburgh, due to inefficient performance of the main chiller unit. This unit has now been replaced.

With 7.8 kWh / hl, our electricity consumption is significantly lower than the HEINEKEN global average of 8.4 kWh / hl.

If we were, for comparison, to include data from our Ledbury mill this would be 8.1 kWh/hl.

Specific electricity consumption

kWh/hl beer + cider



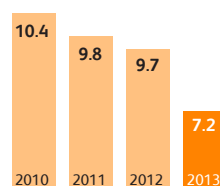
Our direct & indirect emissions decreased from 9.7 kg CO₂-eq/hl to 7.2 kg CO₂-eq/hl in 2013. This is lower than the global HEINEKEN average of 7.7 kg CO₂e / hl.

Total Productive Management (TPM) has also played a significant role in reducing our energy consumption – for example in Tadcaster we've used portable heat guns to identify where heat is being lost across site. We can then eliminate this heat loss through insulation.

If we were, for comparison, to include data from our Ledbury mill this would be 7.8 kg CO₂/hl.

Direct & Indirect CO₂ Emissions

kg CO₂-eq/hl beer + cider



Distribution

Our emissions in distribution increased from 2.92 kg CO₂/ hl traded in 2012 to 2.94 kg CO₂/ hl traded in 2013 due to a combination of higher stock-holding and increased export volumes.

In 2014 and beyond we will continue to work hard to reduce our UK distribution emissions to help us meet our global reduction target of 10% by end of 2015. We plan to do this by:

- Consolidating our distribution network, opening a National Distribution Centre in Derby in 2014;
- Maximising space available in trucks which ship our brands for export to the USA, reducing the number of containers being shipped as a result;
- Consolidating all export shipments from our Tadcaster brewery to reduce inter-goods movements;
- Increasing the number of deliveries direct to customer.



WE'RE INSTALLING LED LIGHTS
INTO OUR OFFICES AND
PRODUCTION SITES
TO REDUCE ENERGY
WE USE FOR LIGHTING
by up to 1/3



OVER THE LAST
TEN YEARS
WE'VE REDUCED THE ENERGY
NEEDED TO MAKE A PINT
by 20%

Our Focus Areas

The three key processes which contribute the most to our carbon footprint are:

- Packaging material production (28%)
- Cooling (28%)
- Agriculture (14%)

Packaging

Our bottles and cans are as light-weight as they can be without causing safety or quality issues in our supply chain.

One of the challenges we face in the UK is that as the cider & beer market becomes more premium, and our product portfolio evolves to reflect this shift, we increasingly use more glass bottles as opposed to cans as consumers expect a premium product to be served in a bottle.

More and more people are buying our products from supermarkets to drink at home rather than in pubs and bars. This long term trend means that increasingly less of our cider & beer is produced and transported in kegs – a much greener solution.

We are addressing these challenges in our supply chain through Consumer Value Engineering, considering how to evolve our products in a more sustainable way while maintaining their consumer value (see example case study on Newcastle Brown Ale).

Cooling

The majority of cooling emissions in the UK come from draught beer installations in pubs and bars. The UK has a much stronger culture of draught beer, so our cooling emissions are higher than the global average. We are investing in engineering innovation to address this issue.

In 2013 we introduced SmartDispense – the UK's first green draught dispense technology – into the trade. SmartDispense uses ground-breaking technology to cool the beer itself direct from keg to tap, rather than cooling the surrounding cellar environment: significantly reducing energy consumption.

Transforming the Newcastle Brown Ale bottle



Newcastle Brown Ale is an iconic heritage brand in the UK and is becoming increasingly popular in America and we export significant amounts from where it's brewed in Tadcaster to the USA. In 2013 our Consumer Value Engineering team changed the shape of the Newcastle Brown Ale 355ml bottle.

The new bottle is made using the 'Quad Gob process' which makes four bottles rather than the current three from the same amount of energy. This both reduces energy use for the bottle manufacturer, as well as allowing more bottles to be stacked onto a pallet.

As a result, this reduced Distribution emissions – both from the bottle manufacturer to Tadcaster (where Newcastle Brown Ale is brewed) and from Tadcaster to the USA. We estimate that this saves about 1,000 tonnes of carbon dioxide emissions every year.



For this and other case studies relating to CO₂, see our global online report.



***25% of the
electricity we use***
COMES FROM **SCOTTISH
WIND FARMS**



Our Focus Areas



Sourcing sustainably

HEINEKEN wants to operate in a way that improves the quality of life for local individuals and communities, helps the environment and ensures a consistent supply of our raw materials



“In an increasing resource-constrained world, sourcing all key ingredients sustainably is key to long term business success. We welcome HEINEKEN’s commitments to work with their suppliers to ensure the sustainability of their value chains whilst improving livelihoods.”

Mark Driscoll,
Head of Food, Forum for the Future

Why this is important

As global demand for food continues to grow, responsible agriculture and sourcing have never been more important. The key issue facing global agriculture is how to increase productivity in a more sustainable way to meet this rising demand.

Through our support for local suppliers for our barley and our apples we are helping smallholder farmers to improve yields and compete against imported crops. Local sourcing also benefits HEINEKEN; it eliminates import duties, secures a sustainable supply of raw materials and reduces our transport-related environmental footprint.

Our suppliers are key to helping us reach our sourcing commitments. We are working together to ensure we implement the right practices throughout our value chain, and we ask them to respect and abide by the principles expressed in our Supplier Code.

Our global priorities

- 50% of our main raw materials to be supplied from sustainable sources, based on the principles and practices of the Sustainable Agriculture Initiative Platform
- 60% of agricultural raw materials in Africa to be locally sourced within the continent, creating shared value for both smallholder farmers and HEINEKEN
- Ongoing compliance with our Supplier Code procedure.

 IN 2013
WE MILLED
1.6bn
APPLES

Actions and results

Supplier Code

We ask each and every one of our UK suppliers to sign up to our global Supplier Code, which means they commit to complying with our practice on integrity, environment, and human rights.

In 2013, we ensured that a process was in place for any high-risk suppliers to have a thorough assessment by the EcoVadis collaborative platform including a site visit full assessment.

Barley sourcing

In 2013, all the barley used in the beers we brew here in the UK was grown in the UK.

Apple sourcing

Working in partnership with an independent third party – ADAS – we piloted a simple way to help our apple farmers be even more sustainable. This included creating a self-assessment questionnaire for farmers, to assess whether they are operating under the minimum principles and practices of the Sustainable Agriculture initiative (SAI) Platform. For farmers who are not compliant, the SAI platform gives them advice and guidance on how to bring their apple farming up to standard. This questionnaire will be rolled out in 2014 and 2015.

Our support for rural communities and our commitment to a responsible supply chain has been recognised by Business in the Community. In 2013 we received a BiTC 'Big Tick' award for our sourcing of cider apples in rural Herefordshire.



The Golden Apple Awards



We give guidance, advice and share HEINEKEN best practice with our apple farmers, from the best pruning methods to the quality and cleanliness of the apples at delivery. The Preferred Orchard Management (POM) programme provides a checklist of simple and effective tips for orchard management which help to minimise impacts on the environment and increase biodiversity as a natural form of pest control.

This means we have a mutually beneficial relationship with our farmers from the very beginning. The biennial Golden Apple Awards celebrate and highlight examples of environmental and sustainability best practice.



For this and other global case studies relating to local sourcing, sustainable agriculture and Supplier Code governance, see our global online report.

Our Focus Areas



Advocating responsible consumption

We want to make moderation an aspirational behaviour. We also realise that alcohol misuse is a complex societal issue without simple solutions.



“Alcohol misuse is the biggest sustainability challenge we face as a business. We’re determined to confront it head on.”

Jeremy Beadles,
Corporate Relations Director, HEINEKEN

Why this is important

Despite the vast majority of people enjoying our products responsibly, there are still too many people who don’t. There are clear health and behavioural risks associated with consuming too much alcohol, either over time or on single occasions.

HEINEKEN has a long history of encouraging responsible consumption and we take our role seriously to help reduce the incidence and impact of harmful drinking. For us the goal is to make moderate, responsible consumption aspirational. We know that when brands communicate directly, the message resonates strongly with consumers.

Along with HEINEKEN, governments, NGOs, consumer groups, police forces, legislators, retailers, hotel, bar and restaurant owners and community groups all have a valuable role to play in encouraging responsible consumption.

Our global priorities

- Make responsible consumption aspirational through the Heineken® brand, bringing the message directly to our consumers around the world
- Build measurable partnerships in every market in scope, working closely together with local governments, NGOs and specialists to encourage responsible consumption and address alcohol-related harm
- Taking action at industry level, in collaboration with 12 global alcohol businesses, in five key areas: under-age drinking, marketing codes of practice, consumer information and product innovation, drink-driving and retailer support.



WE’VE INTRODUCED
20 million
UNIT LABELLED GLASSES
INTO PUBS AND BARS
ACROSS THE UK



WE’VE REMOVED
155 million
ALCOHOL UNITS
FROM THE ANNUAL UK MARKET

addaction

Actions and results

Working in partnership with Addaction



“Since we first started working together in 2005, Heineken and Addaction have cultivated a unique and important partnership. Together we have been able to develop and deliver innovative projects, helping people affected by alcohol misuse to go on to lead healthy, fulfilling lives.”

Simon Antrobus,
CEO Addaction

Our long-term partner, Addaction, is one of the largest specialist alcohol charities in the UK. We've worked together since 2005 to pilot new, targeted approaches to alcohol misuse which work. In 2013 we supported the following Addaction projects:

Manchester Resettlement Project

Anyone who's on the road to recovery after drug and alcohol treatment needs support to reintegrate back into society. For ex-offenders with substance misuse problems, the challenge is even greater. This dedicated alcohol service helped men and women recently released from HMP Styles and HMP Strangeways to maintain recovery as they settle back into their community. The service bridged an identified gap in support available for ex-offenders in the community to address their problematic drinking, avoid relapse and maintain their recovery. In 2013, the Manchester Resettlement project provided much needed support and advice to 135 ex-offenders, helping them to settle back into their community.

Brent Transitions Project

More young adults enter the criminal justice system because of alcohol influenced anti-social behaviour than any other age group. To address this issue, we supported Addaction in setting up a specialist service in Brent. The service targeted young people at risk of developing long term alcohol misuse problems or getting involved in crime. In 2013, the Brent Transitions Project provided dedicated and tailored support to over 275 young people.

Cool@Work

Cool@Work is our internal alcohol awareness programme which aims to educate colleagues about responsible consumption. In 2013 we continued to extend the reach and impact of the programme. A new induction module was introduced into the our Corporate Induction to ensure that all new colleagues receive training about what responsible consumption actually means. We also developed new guidelines for responsible entertaining to ensure we all enjoy our brands in a responsible way.

As part of the Cool@Work programme we also provide more careful controls for specific roles. In 2013 we worked closely with the UK Quality & Technical Services Team, the UK Sensory Manager and the production site sensory teams to create new guidelines for our Taste Testers. This included changing tasting protocols and creating a new alcohol unit tracker to help all our Tasters understand any consumption at work in relation to their personal consumption. Through this work tasting protocols were changed and an alcohol unit tracker was developed to help tasters understand any consumption at work in relation to their personal consumption.



**WE'RE THE BIGGEST
IN-KIND SUPPORTER FOR
drinkaware.co.uk
for the facts**

Our Focus Areas

Taking a leading role in the Government's Responsibility Deal

The Public Health Responsibility Deal was created by the UK Government to tackle issues related to poor health, lack of exercise and the misuse of alcohol. It embodies the Government's ambition for a more collaborative approach to tackling these challenges, tapping into the potential for businesses and other organisations to make a significant contribution to improving public health. HEINEKEN UK has been taking a leading role, signing up to a series of industry wide voluntary commitments as well as stretching individual commitments, to tackle alcohol misuse and improve public health.

HEINEKEN UK has exceeded its Responsibility Deal commitment to remove 100 million units of alcohol from the UK market - removing 155.7 million units by the end March 2014. This was achieved by reducing the ABV of bottled and canned Strongbow and John Smith's and by launching new lower ABV products such as Foster's Radler and new Strongbow and Bulmers variants.

We are delivering on a number of other pledges, including providing clear units and responsible drinking information on our labels and packaging, to help consumers make responsible choices about alcohol consumption. By the end of 2013 we had provided almost 20 million unit labelled glasses to the UK market, as well as encouraging our Star Pubs & Bars Lessees to provide more visible units information to consumers.

Drinkaware

We're a major funder of the Drinkaware Trust – an independent educational charity which aims to change the UK's drinking culture for the better. You'll find the Drinkaware logo on all our branded materials – from our secondary packaging, to our TV ads, to In 2013 our in-kind media support for Drinkaware was valued at over £6.4 million, the highest in-kind media support of any industry partner.

Reducing alcohol related crime & disorder

We support a number of initiatives which bring the industry together to ensure a safer night time economy, reduce alcohol-related anti-social behaviour and to encourage responsible alcohol consumption. These initiatives include:



Community Alcohol Partnerships

CAPs have a proven track record in reducing underage drinking and antisocial behaviour by bringing together local alcohol retailers with the police, local schools, and health networks. There are currently over 50 CAP schemes operating across the UK, and each one is unique.



Best Bar None & Best Bar None Scotland

Best Bar None is a locally led, nationally co-ordinated award scheme which aims to reduce alcohol related crime and disorder in towns and city centres across the UK. The awards scheme incentivises pubs and clubs to sell alcohol in a responsible way and to build a positive relationship with their local police authorities. Best Bar None has been adopted by 100 towns and cities across the country, totalling approximately 3,000 venues – about 10% of all pubs, bars and clubs.



In 2013 we launched the Responsible Marketing Policy: an easy-to-use guide for all our colleagues and external agencies working on our behalf which sets the standard for our marketing activity. The Policy, and accompanying training sessions, ensures that our approach to responsible marketing is consistent across all our brands and channels, and that everything we do is fully compliant with the strict codes

and regulations which govern our industry. Introducing the Policy has also kick-started the conversation with consumers about moderation, with each of our brands regularly using social media to encourage responsible consumption.



"We want to use the power of our brands to make moderation something to aspire to. Social media is crucial in getting that message across."

Jacco van der Linden
UK Marketing Director, HEINEKEN



For this and other global case studies relating to responsible consumption, see our global online report.



Our Ways of Working



Values and behaviours

Our values represent what we stand for as a corporate citizen, a business partner and an employer. How we behave and how we work together is key to our success.



“We put the safety and wellbeing of each and every one of our colleagues at the heart of everything we do. Our people are our most important asset”

Jane Brydon

UK Human Resources Director, HEINEKEN

Brewing a Better Future is integral to our way of working. Health, safety, and employees' and human rights have long been embedded in our culture and processes.

Health and Safety

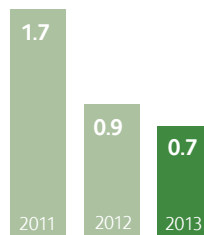
In 2013, we launched our new UK Safety Strategy to achieve zero accidents by 2020 on World Day for Safety and Health 2013. To achieve this ambitious goal, we've identified three key areas where we need to excel:

1. Safety Leadership: ensuring our leaders demonstrate strong, visible and consistent safety leadership at all levels;
2. Safety Competencies: taking an innovative approach to how we develop our colleagues' skills to ensure everyone is able to competently undertake their roles;
3. Hearts and Minds – building safety awareness by creatively engaging with our people to create a caring safety culture.

Accident frequency

Health & safety continues to be our number one priority with accident frequency in production reducing from 0.9 cases/ 100 FTE in 2012 to 0.7 accidents/ 100 FTE in 2013.

Cases/100 FTE, HEINEKEN Production Units





Absence 2013

In 2013 we continued to focus on absence management and rehabilitation. Largely through better reporting of absence we experienced an increase in absence to 3.33% vs 2012. In 2013 we increased our Occupational Health Service provision and now have a team of 3 Occupational Health nurses working across our business. We also published our Occupational Health standards which establish clear guidelines for when colleagues should be referred to Occupational Health to ensure they receive the help and support they need during their illness and assist them in a safe return to work.

Control of Work programme

'Control of Work' is HEINEKEN's programme to improve controls around high risk activities in Production including contractor management. All departments on all our manufacturing sites now have Control of Work Boards. The boards provide visual management, communication and help control high risk work activities in a clear and consistent manner across all departments in our UK production sites. The impact of these boards on our safety management has been recognised at global level – we were awarded the HEINEKEN Global Best Practice Award for Safety at the Global Safety Conference.

BeSAFE

Our BeSAFE behavioural safety programme is key in allowing our managers to demonstrate visible leadership by having constructive conversations on safety with colleagues. Accidents do happen as a result of unsafe behaviour, so our BeSAFE programme remains an important part of our strategy. During 2013, over 7000 BeSAFE conversations were held across our 5 manufacturing sites.

Hearts & Minds

On Valentine's Day we ran "Accidents affect your loved ones too", a DIY-focused campaign for Father's Day which promoted safety at home and a Kids Safety Poster Competition, asking our colleagues to submit drawings by their own children.

Road Safety Training

We launched our new driver training programme in 2013, which included on-road training for high risk drivers, and e-Learning modules for all medium and low risk drivers. As a result, the number of high risk drivers in the UK business has reduced by over 50% from 59 to 25.

Embedding our Code of Business Conduct

In 2013 we launched HeiCode, our HEINEKEN Code of Business Conduct. HeiCode helps ensure we always act with fairness, integrity and with respect for our values and the law. To ensure HeiCode is an integral part of how our business operates day to day, we asked all our colleagues to complete a mandatory online e-learning module which explains how HeiCode relates to every individual and team, highlighting the basic principles we all need to observe when acting for or on behalf of HEINEKEN.



OUR LEDBURY SITE
AND OUR ORCHARDING
TEAM HAVE HAD
2 YEARS
WITHOUT A LOST TIME ACCIDENT

Our Ways of Working

Our communities

Our business has long been at the heart of communities, both through our breweries, cideries and our pubs.



The Bulmer Foundation

We provide core funding for the Bulmer Foundation, which supports a range of community projects which aim to promote Herefordshire as a beacon of sustainability in the UK. Herefordshire has been home to our cider business, H.P. Bulmer, for over a century.

Projects supported through the foundation include:

- Orchard Art: giving people with learning difficulties the opportunity to experience the great outdoors and to tap into their creative skills by working with local artists in a safe and inspiring environment. In 2013 the unique role of orchards and the contribution that people with learning disabilities make to the richness of life in Herefordshire was celebrated through a special service at Hereford Cathedral, attended by the Heineken family.
- Sustainable Route Map: working with a range of stakeholders, in 2013 the Bulmer Foundation started to create a county-wide tool to facilitate the development of Herefordshire's sustainability strategy.
- Master's Degree in "Sustainable Development Advocacy" which is validated by the University of Worcester. Students complete three work-centred placements including evaluating the productive potential for ancient orchards on behalf of Herefordshire Nature Trust.

Raising money for charity

We support and encourage our colleagues to raise money for charitable causes which benefit communities across the UK and the wider world. This includes:

- Individual fundraising: in 2013 we supported colleagues who raise money for local and national causes they personally feel passionate about through Give As You Earn (the UK's largest payroll giving scheme) and by match-funding individual colleagues' fundraising activity.
- Pledge a Mile: we recruited our colleagues based at our three Scottish sites to get behind the 2013 STV Appeal, which raises money for children living in poverty across Scotland. We asked our colleagues to support the challenge by running, walking or cycling with HEINEKEN donating £10 for every mile pledged and together we raised an incredible £16,000;
- Macmillan World's Biggest Coffee Morning: all eight of our sites hosted their own coffee morning to raise money for Macmillan Cancer Care. Together, we raised £6,700!





Star Pubs & Bars

The pub trade has been in decline for a number of years, with pubs in the UK closing every week. Through our pub business, Star Pubs and Bars, we own around 1,250 pubs across the UK in a leased and tenanted model. Ensuring that our tenants' businesses are successful and profitable is essential to addressing our commitment to tackle the decline of the pub trade.

In 2013, we were awarded the ASDA Enterprise Growth Award category for our Star Pubs & Bars estate. Our lessee support programme is designed to help Star Pubs & Bars lessees' grow their businesses, which in turn has a positive effect on their local communities.



Investing in the communities local to our sites

In 2013 we worked closely with the communities local to our sites, focusing on responding to local issues of importance to our colleagues and communities and tackling wider social issues beyond those related to alcohol misuse for the first time. Examples of projects supported in 2013 include:

Manchester

- Fathers Against Violence is a community group which aims to keep local young people out of gangs. 'Can U Kick It?', their flagship project, uses football to get young people from 8-18 off the streets, using local volunteers as football coaches and informal mentors. We worked with Can U Kick It? to set up a new programme with local school Manchester Academy, and create publicity materials to recruit new members and mentors.
- The Moss Gardens Project is a community garden created by local residents on the site of a derelict bus depot. We donated cider apple trees from our orchards in Herefordshire and are working with the group in 2014 to continue transforming the site.

Tadcaster

- A group of colleagues volunteered their time to create a pop up brewing exhibit, celebrating the history of the John Smith's Brewery and displaying historical artefacts from our own archives for local residents to enjoy. This was in direct response to feedback from the public workshop that the town should do more to celebrate its rich brewing history.

Ledbury

- We worked with community leaders to set up the town's first 'Community Day'. The day brought together a wide range of community groups and societies – from hill-walking to knitting – to showcase what they have to offer and to encourage local people to get more involved in civic life. This responded to feedback that there was limited local understanding of the range of community organisations and initiatives in the town
- 15 colleagues volunteered across two days at Salter's Hill, a residential charity for adults with learning disabilities, renovating a vegetable patch, planting cider apple trees, and erecting a fence. The charity was selected because it neighbours our Ledbury cider mill and was identified as a charity with strong local support.

The Bigger Picture

Embedding sustainability

Brewing a Better Future will only succeed if the preconditions for success are defined and in place. A clear governance model and a system that measures progress are essential.



Global governance

Our governance model for Brewing a Better Future covers both global and local levels. In 2013, we updated our model at global level. A Corporate Affairs Committee (CAC) was formed to oversee a range of corporate areas, including sustainability. The CAC is chaired by our CEO and supported by other executive members. The Committee is responsible for delivering our plans and establishing clear functional ownership and alignment across the business.

At a local level in the UK, we have our own three-year plan and our own sustainability committee – our UK Management Team - responsible for its execution. It is this market-based approach that we believe is fundamental to success.

Building sustainability into performance plans

Sustainability remains an ongoing part of the performance plans of HEINEKEN's senior management. It is one of the five merit areas for senior managers in their Annual Performance Appraisal.

In 2013, all 29 of the Senior Managers in scope had an objective based on sustainability. The basis for the objective setting is the four focus areas and the values and behaviours, which have in turn been created as objectives for each Operating Company and function.

Measuring progress

Brewing a Better Future is one of the six Company strategic priorities. It therefore forms part of the Company Scorecard used for measuring progress on each of these priorities.

This is done via a dedicated measurement system called 'Green Gauge'. The system measures progress on each commitment across all companies and allows us to assess delivery by commitment, Operating Company, region, function and the global Company.

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**OPERATING COMPANIES
PUBLISHED A LOCAL
SUSTAINABILITY REPORT**

Stakeholder dialogue

Crucial to our Brewing a Better Future journey are our stakeholders. They help us to stay focused and tell us when they feel we are moving off-track.



Engaging with stakeholders

In 2013, we completed our largest reputation research cycle ever, talking to more than 7,000 stakeholders across 31 markets.

We also initiated a second series of expert meetings, in which a broad group of stakeholders including scientists, NGOs, suppliers and industry peers met with our internal team to share knowledge and insights on our sustainability performance and where we can improve in key areas.

In 2013, all of our Executive Committee members actively participated in senior level meetings with relevant external stakeholders including the World Trade Organisation, World Economic Forum, Dutch Sustainable Growth Coalition and ministers and members of national and European parliaments.

Feedback shows that HEINEKEN continues to have a positive overall reputation, and a high level of trust by the majority of our stakeholders. However, it also identifies areas for improvement, which is why we will continue to engage our stakeholders – both globally and in the UK – as we continue to shape Brewing a Better Future moving forward.

7,000

**STAKEHOLDERS ACROSS
31 MARKETS TOOK
PART IN OUR
REPUTATION RESEARCH**

Other Information

Benchmarks and achievements

We are moving closer to the targets we set for 2020 in each of the four focus areas. Many objective, external indicators also confirm we are making progress.

Global benchmarks

Dow Jones Sustainability Index

We received our highest ever score in 2013. We qualified for inclusion in the 2014 Sustainability Yearbook and received the RobecoSAM Bronze Class award, which means our score is within the range of 5% to 10% of the Industry Leader.

FTSE4Good

For the 10th consecutive year, we maintained our inclusion in the Index. For the Environmental, Social and Governance (ESG) rating, HEINEKEN achieved an absolute score of 4.1 out of 5, and a relative supersector score of 93 out of 100.

Investors Carbon Disclosure Project

We again participated in the Investors Carbon Disclosure Project (CDP) to measure and disclose our carbon-reduction activities. Our disclosure score improved to 96 points out of 100 (from 88 in 2012 and 59 in 2011). We maintained our B performance rating. Overall, this resulted in a ranking in the CDP Benelux Leadership Index. We lead the Consumer Staples category.



Business in the Community Platinum Big Tick

Business in the Community's Corporate Responsibility Index (CRI) is a way of assessing how well our strategy is integrated into four areas of the business: community, environment, workplace and marketplace. In 2013 we achieved Platinum Big Tick status – the highest possible ranking. We were also identified as the top performing drinks business in the UK.

In 2013, Business in the Community also recognised HEINEKEN UK for:

- Asda Enterprise Growth Award for our Star Pubs & Bars lessee support package
- Dairy Crest Rural Action Award for our cider apple sourcing in Herefordshire





The Dutch Transparency Benchmark

For the second consecutive year, HEINEKEN was mentioned as a 'frontrunner' in the Dutch Transparency Benchmark with an overall score of 193 out of 200 points. HEINEKEN now ranks 10th out of 500 Dutch companies. The Dutch Transparency Benchmark is conducted by the Ministry of Economic Affairs and assesses the transparency of CSR reporting by the top 500 Dutch companies.



CommunityMark

The CommunityMark recognises leadership and excellence in community investment. It is assessed and awarded by Business in the Community and incorporates 360 feedback from colleagues and community partners. HEINEKEN is one of just 44 companies to be recognised through the CommunityMark.

Top Employer

We achieved the Top Employer Award for the third year running in 2013, certified by the CRF Institute.



Let us know your thoughts

Which aspects of Brewing a Better Future are working well?

Where do you think we could do better?

We'd love to hear from you, because your feedback will allow us to learn and improve.

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Global HEINEKEN Sustainability Report 2013:

www.sustainabilityreport.HEINEKEN.com

Our Partners



pub is the hub



Material change for a better environment



About this Sustainability Report

This printed report summarises HEINEKEN UK's progress on Brewing a Better Future in 2013.

Published in September 2014

The full and audited Sustainability Report 2013 for HEINEKEN N.V. is published online and includes detailed performance data, (moving) images and additional information like:

- 24 insightful case studies, covering our focus areas
- Detailed environmental data of our production units
- List of Operating Companies in scope
- Independent Assurance Report from KPMG
- Interactive GRI Table.

Visit

www.sustainabilityreport.HEINEKEN.com

drinkaware.co.uk
for the facts