



BULMER

Chapter 1

What sustainability means to us



Building a Sustainable Business

Our company has been around for over 150 years, and we intend to be around for a further 150 years. We know that will only be possible if we continue to challenge ourselves to innovate sustainably. Our Sustainability Story is about how our 2,300 colleagues live our company's values of enjoyment of life, passion for quality and respect for people and planet.

In the last 18 months, our business has transformed with the purchase of 1,900 pubs taking our pub estate to around 2,900 pubs. As a result, we're now the UK's leading pub, cider and beer business.

Pubs are the heartbeat of our business and of the communities they serve. We've invested tens of millions of pounds supporting locals up and down the country, breathing new life into neighbourhoods and providing opportunities for budding entrepreneurs to realise their ambitions.

I've been excited to see how our pubs are connecting communities together in new and exciting ways. Our Christmas campaign, Brewing Good Cheer, celebrates the role pubs play in bringing people together and helping to combat loneliness. We're also helping make the Great British pub greener. Our ground breaking SmartDispense system technology is helping pubs pour greener pints. Since its launch in 2013, it's helped landlords save energy and prevented 72 million pints of water from going down the drain.

Minimising the impact our business has from barley to bar and from orchard to alass is a top priority. For the third year we've supported a programme to help our barley farmers grow their crops more sustainably. We've continued to invest in our brewing facilities to modernise and make them more energy efficient, and this has helped us meet our 2020 CO₂ emission reduction targets, two years ahead of schedule. Packaging is increasinaly becoming an area where we're being challenged. Whilst all the packaging we use to safely transport our products is 100% recyclable, and plastic only accounts for 2.7% of our total packaging, we know there's a lot more we can do and we will continue to reduce our reliance on it.

We've used the power of our brands to deliver change. From helping to save the endangered Kiwi bird with Old Mout cider's Kiwis for Kiwi campaign, to removing 100 million teaspoons of sugar from our cider portfolio. Through our partnerships with organisations like the School of Hard knocks and the Orchard Project, we've helped to build communities, provide training and skills, and support unemployed men and women back into the job market. Mental health has continued to be a focus, with the expansion of our Mental Health Champions across all of our sites and more than 300 colleagues challenging themselves for our Race to the Tower event, in aid of Mind.

Responsible drinking remains a key focus. We've partnered with charities like Addaction, who support people with significant alcohol problems, and provide funding for the independent education charity, Drinkaware. And we're continuing to build on making moderate drinking cool. This year we've created the UK's largest no alcohol advertising campaign, with our flagship Heineken® 0.0 brand and 'Now You Can'.

Sustainability has never been more important in our business and we recognise we've much more to do. I hope you enjoy this story of how we're Brewing a Better World.

David Forde Managing Director, HEINEKEN UK



How we're Brewing a Better World

We see sustainability as a driver for business success, and business as a positive force for change. 'Brewing a Better World' is our Global Sustainability Strategy and it helps us to maximise our potential.

We set ambitious commitments and aim to embed sustainability across our entire value chain, from growing the barley and apples that go into our beers and cider to working with our customers who serve a quality chilled pint.

The strategy is centred on three key themes: People, Planet and Prosperity, within which we have six focus areas. As it evolves in conversation with our stakeholders, Brewing a Better World continues to drive us to address our social and environmental issues. It also shapes our contribution to delivering the UN Sustainable Development Goals which aim to end global poverty, protect the planet and ensure prosperity for all.

As a global business we're making great progress. And, over the next seven chapters, you can discover more about how in the UK we're bringing Brewing a Better World to life through Our Sustainability Story.



Chapter 2

Long live the Great British Pub

Pubs, bars, alehouses and inns aren't just a place to have a drink, they're often the heartbeat of local communities. They bring people together from all walks of life, and provide jobs for hundreds of thousands of people across the UK. However, with business rates, VAT and beer duty, we know pubs are increasingly under pressure. That's why we continue to invest in our pubs, support our landlords and work with the broader pub industry to help ensure the Great British Pub continues to thrive.



Introduction to Star Pubs & Bars

We're a supporter of the Great British Pub and our nationwide Star Pubs & Bars estate is a key part of our business. It's our mission to create great individual pubs rooted in the heart of their communities for generations to come.

Today we own 2,900 pubs across the UK, the majority of which we rent to small businesses,

budding entrepreneurs and motivated operators with the talent and vision to build a thriving business. We support them with training and industry expertise to help them do so and ensure through investment and innovation they can provide a consistently excellent experience for customers.

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Investing in our pubs

In 2018, we made our largest ever annual investment of £44 million in our pubs. This brings our total investment in our pubs to almost £140 million in just five years. Around a quarter of our pubs will benefit from the investment and 140 pubs will go through a major transformation with an average spend of £170,000. The investments are tailored to ensure each pubs' offering is relevant to the community where it's based, including offering excellent food, superior service and an enjoyable

environment. The investment programme, which includes a £4.4 million investment in Scotland, will also create 1,000 new jobs across the UK.

This commitment to investment, and understanding of consumer trends, will help our licensees to keep growing their businesses and ensure the Great British Pub remains at the heart of British communities for years to come.



Did You Know?

The pub industry supports **900,000 jobs**



In 2018, we're investing **£44m to transform over 140 of our pubs**

#BrewingGood Cheer

Forget Facebook, Twitter, Instagram or Snapchat. Pubs are the original social network – a hub for all ages and backgrounds.

#BrewingGood Cheer is our annual campaign that celebrates the role pubs play in communities in bringing people together and helping to combat loneliness. In 2017, during the lead up to Christmas, we held 27 #BrewingGood Cheer lunches around the country bringing people together in their local pubs. And in 2018, we've plans to go even bigger by holding over 100 lunches for over 2,000 people across our pub estate. With pubs across the UK linking up with local charities, supporting those most in need, the campaign is further brought to life by the passion our of our colleagues who play their part by volunteering at the lunches and chatting with those who might otherwise be spending time on their own.

We're also helping to ensure pubs remain at the heart of their communities by supporting Pub is the Hub. This year we made a $\pm 30,000$ donation to the not for profit organisation that encourages pubs to provide additional services to meet the needs of the local community.





In the UK, over 9 million people often feel lonely



In 2017, we organised 27 festive lunches in our pubs for socially isolated groups through our #BrewingGood Cheer campaign



Chapter 3

The Story of Cider

British apples are fundamental to our cider. With growers across Herefordshire, we use around 30% of apples grown in the UK. Orcharding is a classic part of British agriculture and we're proud to have partnered with our growers, some of which we've worked with for generations, providing them with long term sustainable contracts.

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The global home of cider

Herefordshire is steeped in a rich cider-making history which stretches back to 1887 when brothers Percy and Fred Bulmer first pressed fruit from their orchard. Over 130 years later, their entrepreneurial spirit lives on through a new generation of cider-makers. Our recent completion of a £58 million project to create a world-class ciderie has allowed us to scale up our cider-making and offer a fantastic range of modern ciders as consumer demands change and grow. As the home to Strongbow, the world's No.1 cider brand, our highly efficient, state-of-theart facility, has consolidated Herefordshire's place as the global home of cider.





Creating fruitful communities

If there's an initiative which best embodies our commitment to sustainable development and investment in communities, it's our nationwide community orchard programme in partnership with The Orchard Project. Launched in 2014, the programme demonstrates our commitment to helping local people to create, restore and access orchards for the benefit of their local neighbourhoods. Our ambition is to restore and create over 200 orchards around the UK by the end of 2019.

It's proved to be a powerful way of bringing people together to create green spaces and build healthier, happier and more sustainable communities. Having already created 167 orchards working with over 3,000 local people, we've refocused our efforts on building resilient communities and working with marginalised groups where green space is especially lacking in their areas.

Through the different projects, some of which have been led by colleague volunteers, we've provided training for 200 orchard mentors and leaders, 25 of which have received Level 3 vocational qualifications in horticulture.



Did You Know?

We're helping to create and restore over 200 community orchards around the UK

That's Why...

Over 3,000 local community members have been involved in creating the orchards



The restoration of Saughton Park in Edinburgh, one of the city's hidden gems, is a project we're especially proud to be at the heart of. Working closely with groups living with mental health problems, we've planted three community orchards producing free fresh fruit and provided a space for locals to come together.



In London we've worked alongside a gardening group and members of a local homeless shelter to transform a garden at St John's Church in Hackney into an inspiring community space. Bringing their vision to life, we've planted a mixtures of apple, pear, cherry and quince trees which ultimately will become a regular source of fresh fruit for the local community.



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Cider developments

In 2018 we began working on a series of initiatives to make our cider brands fit for the future. This has included rolling out a pioneering new recipe for Bulmers Original, which features a higher proportion of locally sourced Herefordshire apples, yielding more natural sweetness and containing no artificial sweeteners, colourings or flavourings. Next year, to meet consumers' increasing demand for clarity with product labelling, we'll continue to update our labels to include calorie and nutritional information to all our ciders, following on from our beer portfolio where we added this information in 2017.



JOINING OUR MISSION!

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Doing our best to save the kiwi

Did you know that over 200 species go extinct every day? And the national icon of New Zealand, the kiwi, could be next.

Our New Zealand-born cider, Old Mout is inspired by nature, and so wants to look after it. All the packaging is now 100% recyclable and the plight of the kiwi bird is at the centre of all we do.

The indigenous bird has seen the population decline by a staggering 99% over the past 50 years. So, for a second year running we've teamed up with the charity Kiwis for Kiwi in a bid to prevent its extinction. Kiwis for kiwi has undertaken a remarkable project to create predator-free islands where kiwi populations can thrive, with already inspiring results. Here in the UK we're playing our part by spreading the word and donating to Kiwis for kiwi for everyone that <u>signs</u> <u>the pledge</u>. Over 40,000 consumers have signed the pledge to help save the kiwis and we have donated £40,000 to the charity Kiwis for Kiwi. Please help us to save this iconic yet vulnerable little bird.



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Chapter 4

The Story of Beer

Beer is made from just four ingredients: water, hops, yeast and barley. And it's the barley that determines the different colours, flavours and roastiness of the beer. So, to make great beer, we need a quality supply of this golden grain, and we'll need it for years to come.

RTHF

Safeguarding UK barley farming

Now in its third year, the Sustainable Futures programme helps farmers grow more barley more sustainably by reducing the environmental impact of farming. Ultimately supporting a successful future for British agriculture. Already more than 100 farmers are on board, each of them sharing knowledge and best practice as they trial new barley farming methods. The programme focuses on seven key areas of farming which can really make a difference: water management, precision farming, soil management, improving biodiversity, inter-row cropping, increasing marketable yield and alternative pest and disease control.





Did You Know?

100% of our barley

is sourced in the UK and certified to the food and farm assurance standard, Red Tractor



We're sharing best practice, with **150 farmers on board the Sustainable Futures Programme**



Making brewing a modern tradition

From the Victorian open-fired coppers of the Caledonian Brewery in Edinburgh to the 260-yearold Tadcaster Brewery, our beer-making heritage is one we remain rightly proud of. The skill, passion and experience required to brew quality beer runs through the heart of our business and drives our future ambitions. Those ambitions are summed up by a £50 million investment programme which has transformed HEINEKEN Manchester into a modern, energyefficient brewing powerhouse for our biggest beer brands. At Tadcaster, our solar-panelled roof generates enough energy to brew 15 million pints a year. While investment at the Caledonian Brewery has allowed for greater flexibility with the types of beer we brew.

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Our commitment to cut CO₂

We're proud to have already met our 2020 target on reducing CO_2 emissions in our breweries. We've cut our emissions by 65% since 2008, versus a target of 40% and our CO_2 use in the breweries currently stands at 3.4kg CO_2 -eq per hectolitre of beer.

We've now set our sights beyond 2020 as we raise our ambitions for the future. Through our 'Drop the C' programme we aim to significantly reduce carbon emissions. It's a challenging plan, with ambitious targets for 2030, and it will require collaboration and innovation throughout our whole business.







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Our commitment to cut water

Water is a critical resource for our business, used for growing crops as well as being a vital ingredient in all of our ciders and beers. We monitor water use across our whole supply chain to help drive efficiencies from barley to bar through our 'Every Drop' water programme. In 2017, we got our water usage down to 3.2hl of water to make 1hl of beer. This is 5% less than in 2016, which means that we used 250 million pints of water less in 2017 to brew the same amount of beer as in 2016. Or to put it simply, we saved enough water to fill 50 Olympic-sized swimming pools.







School of Hard Knocks

Since 2017 we've supported School of Hard Knocks (SOHK) in Edinburgh. A social inclusion charity, SOHK uses the values and principles of rugby, along with classroom sessions, to help long-term unemployed men and women grow in confidence, realise their potential and get back into work. We're committed to helping them make simple changes to be the best they can be.

We've funded a series of courses involving 132 participants, and are proud to say we've helped 92 long term unemployed people back into full-time work. Our Edinburgh-based colleagues have also been able to get involved with the partnership by hosting 'mock interviews' with the course participants before they go out and do the real thing.

Without a doubt, the Heineken® brand's longestablished links with rugby ensured great engagement when we used our sponsorship of European Professional Club Rugby to kick off a fundraising and awareness drive for SOHK.







Chapter 5

Our people, our future

Making sure our people enjoy working at HEINEKEN is important to us. Our passionate and inspired colleagues will help ensure the future success of HEINEKEN. Currently 83% of our 2,300 colleagues say they love working here and are proud to do so. We want to keep improving on this.

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Living safe behaviour every day

Keeping our colleagues safe is our number one priority. Whoever you are, whatever job you do, no job is worth doing if it can't be done safely. This is the message we've been working tirelessly to convey at HEINEKEN and we bring it to life through our Life Saving Rules, 12 simple rules that will help to prevent accidents around our business.

We've investigated accidents across HEINEKEN globally over the last few years and the learnings were clear – most accidents could have been avoided. So, in 2017 we issued all colleagues who regularly visit a pub cellar with a hand held Carbon Dioxide (CO₂) monitor. CO₂ monitors allow our colleagues to immediately detect dangerous levels of carbon dioxide whilst within confined spaces. Since introducing the technology, seven incidents have been prevented.

The launch of an office safety e-learning module earlier this year is just the latest in a series of initiatives, ranging from regular safety training to crisis simulations, which are designed to create a culture where safe behaviour is lived every day.

We're also developing a stronger link between the safety and wellbeing of colleagues and, by participating in Britain's Healthiest Workplace survey, we regularly update our understanding of the challenges they face.





Race to the Tower returns for 2018

Enjoyment of life is one of our three company values and making sure our people are happy and healthy means everything to us. Getting our colleagues active has become a big focus and, following the huge success of the inaugural event in 2017, more than 300 took part in the 2018 HEINEKEN Race to the Tower, a 52, 26 or 13 mile walk, run or jog through the Cotswolds. During the event we also raised over £76,000 for leading mental health charity, Mind.

Raising awareness of the link between mental and physical wellbeing is just one aspect of the stand we've taken on mental health, which can affect anyone at any time. It's something people often find hard to open up about and in 2017 we signed the Time to Change pledge, a public declaration of our commitment to get colleagues talking about mental health. What's more, we've recruited mental health champions from across our business to provide emotional support to anyone who's feeling low. We also implemented the national campaign, Take 10, amongst our colleagues with the simple ask that if someone they know is acting differently, step in and have a chat.







300,000 people leave their jobs each year due to **mental health issues**



We've raised £76k for Mind through HEINEKEN Race to the Tower



^{*}HEINEKEN INCLUSION NETWORK



Task Forces working on key themes



Inclusive and Present Leaders



Functional I&D Commitments

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An inclusive and diverse workplace

The world is changing at a breath-taking pace. Therefore, it's essential we incorporate diversity of views, opinions, thoughts and creativity in the way we work at HEINEKEN.

By bringing fresh perspective into the business, we gain a better understanding of our customers, consumers and the communities we work in. To reflect that, we must ensure we're a business which is truly inclusive and a place where everyone feels they belong and are listened to. Core to our new UK Inclusion and Diversity Strategy is making sure that every one of our colleagues has a voice and by bringing those voices to the fore, we can truly perform at our best. In the UK we're proud to have launched the HEINEKEN Inclusion Network. Run by colleagues for colleagues, it's open to all of our 2,300 employees.

And our partnership with the Human Library has gone from strength to strength, since our collaboration as part of the Heineken® Open your World campaign in 2017. This year, over 150 of our senior leaders have taken part in events where people are brought together to help them challenge their perceptions and biases. The Human Library is a unique, not-for-profit organisation that uses dialogue to challenge stereotypes. Every 'book' is a real person, with an extraordinary background.



Our Sustainability Story 2017 | 2018

Chapter 6

Working with our customers

We understand the way we make our ciders and beers and the way they're served can have an impact on the environment.

Whilst we have made big advances in our own breweries and ciderie to reduce the direct environmental impact of our products, we know that there are opportunities for us to reduce the indirect impact at the point of sale - where our ciders and beers end up in the hands of the consumers.

We're committed to working with our suppliers and customers across the length of our supply chain so that we can grow our businesses sustainably.



Lowering our customers' water and energy use

Launched in 2013, our ground breaking SmartDispense system has revolutionised the way draught beer and cider is stored and served. A triumph of environmental innovation, it helps our customers across the UK to deliver a consistently cold and fresh pint to consumers while saving on waste and energy.

By cooling beer and cider from the moment it leaves the keg, SmartDispense allows line cleaning to be extended from once a week to every four weeks, cutting beer, cider, water and chemical waste by a massive 75%. Today, SmartDispense systems are installed in over 2,000 pubs and bars with 30,000 cider and beer taps. Since its launch, SmartDispense has saved 72 million pints of water from going down the drain – another great example of how we're working towards our global initiative 'Every Drop'.

It's our ambition to install SmartDispense in 10,000 pubs by 2020 as we continue to deliver major environmental benefits as well as supporting business growth.



Did You Know?

SmartDispense has saved 72 million pints of water

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SmartDispense

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That's...

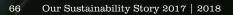
Equivalent to 14 Olympic-sized swimming pools



Packaging Matters

Packaging plays a crucial role in ensuring the quality and safety of our products, but we also need to be mindful of the impact it can have on the environment.

In pubs and bars, 90% of our products are served on draught in a closed loop system through returnable kegs. In retail, as well as making our aluminium cans and glass bottles lighter, we're introducing 25% recycled content into our 2 litre plastic cider bottles, and 24% recycled content into the clear shrink wrap we use to transport our ciders and beers. As the UK's leading pub, cider and beer company, we know we have a responsibility to make sure the packaging we use is as sustainable as possible. We've made some real progress and we want to continue the journey. Our ambition is to remove all plastic from our secondary packaging by the end of 2021. Within the next 18 months, we'll start to replace the plastic hi-cones which hold our multi-packs of cans together with a new cardboard solution.



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From cup to product

As the beer and cider supplier to some of the UK's largest music events, we want to help festival goers to recycle their plastic cups. We're playing our part in the Drastic on Plastic initiative by taking action on the 2.4 million plastic cups we use across our summer festivals. We're determined to reduce the impact these cups can have on the environment and ensure the cups find a second life. Working closely with a waste management company and our plastic cup suppliers, this year we've trialled a number of recovery and recycle schemes to collect and repurpose as many cups as possible at 10 major summer festivals. This is something we'll build on next year. The used cups are recycled and will form part of our latest SmartDispense systems, further enhancing the environmental benefits of the market-leading dispense system.

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Did You Know?

8 million tonnes of plastic enters the oceans each year

We're going to remove all plastic from our secondary packaging

That's

Why...



Chapter 7

Promoting responsible attitudes towards alcohol

With expertise, love and creativity in every pint, our ciders and beers, can be enjoyed as part of a healthy and balanced lifestyle. However we recognise that there are clear health and behavioural risks when alcohol is not consumed responsibly.

Alcohol abuse is a complex societal issue, and there is no one-size fits-all solution. That's why we're committed to a wide programme of actions.

We're using the power of our brands to make moderation cool, and building our low and no alcohol offer for those looking to moderate their consumption. To help people make better choices about their drinking and reduce alcohol-related harm, we support independent alcohol education charity Drinkaware. We also work with partners to reduce underage drinking, provide diversionary activities, and improve safety and standards in the night time economy. We also work with recovery experts on tailored solutions for when alcohol use turns to misuse.



Advertising to make moderation cool

When it comes to making moderate drinking 'cool', the unrivalled global reach of our flagship Heineken® brand is invaluable. Each year, we direct 10% of our marketing spend to promoting responsible drinking. In 2017 this meant a particular focus on our <u>'When You Drive, Never Drink'</u> partnership with Formula 1® and TV advert fronted by Sir Jackie Stewart. In 2018, we've extended the 'When You Drive, Never Drink' campaign with a new TV advert '<u>No</u> <u>Compromises</u>' starring F1 hero Nico Rosberg.

'When You Drive, Never Drink' is the latest in a series of responsible drinking campaigns from the Heineken® brand, following on from previous successes, <u>Sunrise</u>, <u>Dance More Drink Slow</u> and <u>Moderate Drinkers Wanted</u>.



Great tasting zero alcohol beer and cider

After 153 years of brewing our flagship Heineken® lager, we've introduced an alcohol-free variant, Heineken® 0.0. A perfectly-balanced, all natural and great-tasting beer with only 69 calories.

Quickly embraced by consumers, Heineken[®] 0.0. is now listed in every major UK grocer. Our cider brands have also followed suit, with Old Mout launching its first ever alcohol free drink earlier this year, with Berries & Cherries 0.0, adding more variety to the low and no alcohol category. With 50% of people looking to moderate their drinking, we've an ambition to continue to grow the low and no alcohol segment in the UK. And this summer we launched the biggest TV campaign ever for a low and no alcohol beer. The series of three ads, called 'Now You Can' show the moments in life that are perfect for a Heineken[®] 0.0.



Did You Know?

> The low and no alcohol beer market has sold an extra 2.5 million bottles in the last twelve months

That's Why...

> Heineken[®] 0.0 has launched the UK's largest no alcohol advertising campaign

drinkaware















Partnerships to promote responsible drinking

We can have the greatest impact by working in partnership. We fund the independent alcohol education charity, Drinkaware, who help people to make more informed choices about their drinking. 9.4m people visited their website in 2017 with 841,000 using Drinkaware's online tool to find out how many units and calories were in their drinks.

As founding members of the Portman Group we're committed to responsible marketing of our products and the work of the Local Alcohol Partnerships Group. We work with Community Alcohol Partnerships to reduce underage drinking with 150 schemes operating across the UK. Surveys of participating schools show an average 60% reduction in the number of Year 9-11 pupils who are drinking alcohol each week as a result of the CAP. We also support Best Bar None in around 120 towns and cities and Pubwatch to promote a safer night time economy in pubs, bars and clubs.

In 2018 Heineken[®] 0.0 partnered with Club Soda, pioneers of the mindful drinking movement, sponsoring their mindful drinking festivals in London and Glasgow.

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addaction

www.addaction.org.uk

HELP for

PLYMORNE

Right Turn Help, Support and Treatment

For people with drug and alcohol issues who have served in the Armed Forces.

Tackling harmful drinking in society

We know that for some people, its much safer for them and others to not drink any alcohol at all.

Having worked with Addaction, one of the UK's leading mental health, drug and alcohol charities, on a number of projects in the past, in 2017 and 2018 we supported a new initiative designed to help people who are less likely to use the service due to the perceived stigma of visiting a centre.

An innovative online chat service provided people with confidential and round the clock support and

advice for either themselves or their friends and family members suffering with alcohol addiction. During a six month period of the online service, Addaction had 6,273 conversations with people looking for help, amounting to 1,539 hours of conversation – conversations that might otherwise never have taken place.

Other programmes we've partnered with Addaction on include Right Turn, a pioneering programme for ex-military people dealing with addiction and mental health issues.

addaction



