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Overview

CEO Foreword



Jean-François van Boxmeer, Chairman of the Executive Board/CEO

'Embracing Change'

Every day consumers in 178 countries around the world choose to enjoy one of our more than 250 beer, cider and soft drink brands. In each glass or bottle is a refreshing product of the highest quality.

Beer is at the heart of our business and the art of brewing beer is similar today to when Gerard Adriaan Heineken started this great company 149 years ago. He was driven by the desire to create a successful, sustainable business that wasn't just financially successful but which also made a positive contribution to society as a whole. The simple blueprint he established was to hire passionate people, use the freshest ingredients, constantly innovate, never compromise on quality and then to reinvest in society and the communities where we operate.

In the last 149 years, this approach has served us well. It continues to do so today and it will remain our approach into the future. However, what is changing is the world in which we operate.

Mega-trends

The world is facing significant environmental and sustainability related challenges. Mega-trends such as climate change, population growth, increasing demand for energy, food security and water scarcity are real issues that are forcing society as a whole to think and act differently.

As our business grows and our geographic footprint expands, we have consistently to evolve what we do and how we do it. That is why we are forcing ourselves to find new ways to lessen the negative impact of our operations and, in the process, reduce our use of scarce resources such as energy and water.

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CEO Foreword continued

Value creation – from barley to bar

Internal and external expectations of HEINEKEN are high. We are a significant global company whose actions can have a positive impact on the lives of many people. This responsibility is one we have embraced and each and every year we learn more about the shared value we can create from the moment the barley seed is planted to the second the empty glass is set down on the bar.

Great beer begins with great ingredients. So sharing value means increasing considerably the level of barley, corn, sorghum, rice and hops that we source locally. This approach empowers the local population, stimulates the economy, and guarantees quality materials with a lower distribution cost and a lower carbon footprint. Everybody wins.

Much of our company's impact, though, lies outside our direct control and with our suppliers and distributors. In 2012 our **Supplier Code** was signed by 528 global and more than 34,000 local suppliers so spreading the influence, impact and value of our actions and thinking.

We are also increasing the impact of our actions in the area of alcohol-related harm by working closely with our industry. We recognise the need as responsible brewers, marketers and sellers to help reduce misuse of our product. That is why, in October 2012, we joined forces with other prominent international alcohol companies to back new global initiatives to reduce the harmful use of alcohol. HEINEKEN will continue to play a leadership role, through working with industry, governments, NGOs and our business partners.

It remains a matter of deep regret and sadness that we continue to experience fatalities within our business. In 2012, ten people lost their lives working with or for our company. Whilst this is a significant reduction compared with 2011 and whilst five were again due to the high levels of violence in Mexico, we will continue to focus our energies on doing whatever we possibly can to prevent any and every type of fatality.

The next three years

We are on an exciting journey. Brewing a Better Future has united more than 85,000 employees in the quest to build a sustainable company that future generations will want to be part of.

Since 2010 the foundations have been put in place. The need for change is well understood and progress has been made. We have shown we are prepared to take responsibility and to lead. Now it is time to move onto the next phase.

Outlined in this report are the four focus areas for the coming three years: Water, Sourcing, CO₂ and Responsible Consumption. These have been agreed in consultation with our stakeholders and reflect the areas within which we can have the greatest impact.

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Once again we have set ambitious targets. We don't have all the answers on how we will meet them. But that does not worry me. Having seen what was achieved in the first three years of Brewing a Better Future I have little doubt that our employees and our business partners will once again rise to the challenge that has been set and deliver what is needed.

HEINEKEN has a responsibility to lead on the difficult issues that we face as a business and as a member of society. This is what we will continue to do.

Enjoy the Report and, as always, I encourage you to share your opinions on where you think we are performing well and where we need to do more.

Jean-François van Boxmeer

Chairman of the Executive Board/CEO

Amsterdam, 10 April 2013

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Balancing Business with Sustainability

‘It has been an incredibly complex, often difficult, but entirely rewarding journey’

An overview from Sean O'Neill, Chief Corporate Relations Officer



Three years into Brewing a Better Future, how are you progressing?

The simple answer is that we are doing well but we recognise there remains much for us to do before we achieve our long-term ambition to become a genuinely sustainable business.

In just three years we have delivered the vast majority of what we promised and have re-shaped or strengthened our approach to employee and human rights, healthcare, health and safety, refrigeration, distribution, carbon footprint, water, packaging, business conduct, supplier expectations, responsible commercial communication, reporting and transparency and communication. It has been an incredibly complex, often difficult, but entirely rewarding journey. In 2012, we achieved our highest ever scores in the Dow Jones Sustainability Indexes, Carbon Disclosure Project and Dutch government 'Transparantie Benchmark' and retained our membership of the FTSE4Good sustainable investment group.

I don't believe it is a coincidence that these indicators come at a time when we are starting to truly embed sustainability within our organisation. It is our success in building this strong platform that enables us now to contemplate a more focused and deeper agenda for the future that is linked even more to our business priorities and to the needs of society and the planet.

What is the link between Brewing a Better Future and your new business priorities?

Brewing a Better Future is integral to our business and ultimately to our success in becoming a consumer-inspired, customer-oriented and brand-led organisation. That's why in 2012 we have recognised sustainability as an integral part of our strategy alongside our other commercial and business imperatives.

Leveraging our Scale

We are, by a considerable distance, the world's most international brewer so it is natural that we leverage this global scale to drive cost benefit and – at the same time – to increase the impact of our actions. A great example of this is the work we are doing to have every one of our business partners and suppliers sign up to our Supplier Code. We now have almost 100 per cent of our global

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suppliers and more than 34,000 local suppliers that have signed the Code, extending the impact of our approach.

Growing the Heineken® Brand

Growing the Heineken® brand is core to our business and fundamental to our future but we know that this cannot be done without reference to and regard for society. Building brand equity is critical for growth and in this regard, the responsible consumption element of Brewing a Better Future is a critical enabler for our global business priorities. Our leading work on Heineken® has shown us that, when positioned correctly, the concept of responsibility can be a consumer aspiration and a positive contributor to brand equity. We are now focused on how best to apply this learning and best practice to improve the impact of the responsibility work done on the brands that make up the other 86 per cent of our beer volume.

Capture the Opportunities in Emerging Markets

We want to capture the opportunities in emerging markets. In recent years we have made significant investments in Africa, Asia, Latin America and the Caribbean. Clearly, this boosts our future growth potential as these are high growth markets. But we also realise that investing means more than just acquiring the 'bricks and mortar' of breweries. We also need to invest in communities and in projects that support economic development and a positive impact for the role of beer in society. This goes hand in hand with our success as a business. That's why in Africa, Latin America and Haiti we are providing a standard, free level of access to healthcare at each of our breweries and why we make free HIV testing and treatment available to all our colleagues and their families. Similarly, it's why in Haiti as well as in Nigeria, Sierra Leone, Democratic Republic of Congo (DRC) and Egypt we have put in place comprehensive local raw material sourcing initiatives. These agricultural initiatives economically empower whole communities but at the same time reduce our own costs and carbon footprint because we import far fewer raw materials. It is also the reasoning behind establishing Self Regulation Organisations in many emerging markets as part of the ICAP "Global Actions" work.

Our acquisition of APB will not change our Brewing a Better Future strategy. APB already has a strong programme of sustainability and corporate social responsibility initiatives. As we have done in the past, we will take time to align its work with our global Brewing a Better Future ambitions, recognising that we will also benefit from their experience and learnings.

Driving Personal Leadership

People are a key source of competitive advantage. We need to ensure that they are kept safe, given training and developed personally and professionally in order to undertake the considerable leadership challenges of the future. As a truly global operator, we have excellent geographic diversity but recognise that we have to do more to build a more representative gender balance. It's not something we can fix overnight but it is a subject on which we are active.

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A key step in driving personal leadership is being clear about what we expect of leaders in order to execute our 'Strategy to Win'. In 2012 we launched a new set of HEINEKEN Leadership Competencies, which have been deployed to all Senior Managers.

This is supported by a new 360° feedback tool for Senior Managers, built upon our HEINEKEN Leadership Competencies. One of the critical leadership competencies is being externally focused. We want our leaders to look outside HEINEKEN and listen to our external stakeholders. To help embed this approach, we have put in place management objectives. This ensures that our leaders are connected with communities, society and issues and better equipped to act upon them where we can play a role.

As an example, this year we engaged extensively through a series of expert meetings at which we invited our stakeholders to exchange insights with HEINEKEN experts on our sustainability performance and share ideas on how and where we can best focus our efforts in the coming years. Personal leadership also means taking responsibility for leading by example, demonstrating our core values, building trust and acting with integrity.

What specific sustainability challenges does HEINEKEN now face?

Like all businesses, we have many sustainability challenges. Not the least of these is to embed sustainable practice and thinking and to inspire our people to think of creative solutions for the four big challenges that we and our stakeholders have identified.

Firstly, **Responsible Consumption**. As an alcohol business, we will always be faced with the complex societal issue of harmful drinking. We have always accepted the need to play our role to reduce the incidence and impact of this. So continually upgrading our efforts is a clear and ongoing priority. Following a landmark conference in October 2012, HEINEKEN joined 12 other global alcohol players to announce significant new collective commitments to help reduce harmful drinking over the next five years. These commitments will form a key part of our overall approach to the issue along with the work we do with communities, governments and organisations and through our brands.

Secondly, **Water**. Less than one per cent of the world's water is accessible and drinkable. As a net consumer of water, we have a responsibility to protect this vital resource. Simply put, without sufficient water there is no beer. Therefore we have put in place a water stewardship strategy and have mapped our business in terms of water consumption. We have identified 20 sites that are in water-stressed areas. For each, we are developing a specific water protection plan that will balance what we take out with what we put back or make available in terms of drinkable water. At the same time, we are reducing and reporting on the amount of water we use to make each hectolitre of beer. Addressing water scarcity in the full value chain is essential for both our business and society.

Thirdly **Sourcing** – particularly raw materials. The beer industry is a significant consumer of cereal

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crops. As the climate changes and the global population increases, the demand for food crops increases. Therefore, local sourcing of raw materials will become increasingly important over the next decade. And as we have already seen, in markets where we source locally, we engage hundreds of thousands of individuals in our business enterprise and benefit our business and the environment at the same time. But we source more than just raw materials. In total we spend almost EUR12 billion per year on everything from grain to glass. We want to be sure that the purchase and supply of all these goods is done legally, with transparency and integrity and to recognised accepted standards.

Fourthly, **Reducing our Carbon Emissions**. CO₂ emissions directly contribute to climate change and cause temperatures and sea levels to rise. It also impacts water and crop availability, migration patterns and many other areas that could damage the long-term future of our business. Therefore, we're cutting the amount of energy we use in brewing, refrigeration, packaging and distribution and increasing the amount of energy we use from renewable sources such as wind and solar power.

Where to now

The end of 2012 marked the first major milestone in our sustainability journey, a time to step back with our stakeholders and look to the future. Our next milestone on the journey to our 2020 targets will be in 2015. Truly, though, this is a journey that will never be over because we will learn more, share more and be required to do more. And as we say every year, the greater level of engagement we have with our stakeholders on this journey, the easier and more interesting it will become, and the more shared value we will create for HEINEKEN and all its stakeholders. So please make contact.

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What we said and what we've done



Green Brewer

What we said we will do by 2012¹

Specific total energy consumption² <155 MJ/hl

What we've done by 2012



Partly achieved. Specific total energy consumption: We achieved 157MJ/hl; we did not achieve our target. This was due to the acquisition of new businesses. Without these, specific total energy use was 153 MJ/hl

Average greenhouse gas emission <8.5 kg CO₂-eq/hl for breweries in scope



Achieved. We achieved 8.4 kg CO₂-eq/hl

Energy-efficient brewery designed



Achieved. The conceptual design of an energy and water efficient brewery was completed in 2011. In 2012 we began to implement results of this in projects and will continue to do so in the coming years

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Specific water consumption < 4.3 hl/hl



Achieved. We achieved 4.2hl/hl

Water footprint studies performed



Achieved. We have undertaken four extensive water footprint studies and applied the learnings from each one to relevant aspects of our business

First water neutrality pilot conducted



Not achieved. Following stakeholder dialogue meetings we came to the conclusion that there is no clear consensus on the definition of 'water neutrality'. For this reason we didn't start a pilot on water neutrality. Instead we introduced the concept of 'water balancing' and a strategy to implement this. [Click here for more information](#)

Inventorise the environmental performance for offices, warehouses and brewery buildings offices, including studies for improving energy and water efficiency



Achieved. We have implemented a new monitoring system that collects data on total energy and water consumption and waste of our main buildings (29 offices and 65 warehouses). Furthermore, LEED and BREEAM feasibility studies were conducted on four locations. These serve as pilot projects for future roll-out to the rest of our buildings. LEED and BREEAM are sustainable building design standards

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Green Commerce

What we said we will do by 2012¹

Design and adopt a new packaging policy with agreed targets for carbon reduction

Starting 2010, all new purchased fridges to be based on green technology, if legally and technically possible


15 per cent energy reduction of fridges in cooling against index³


Distribution efficiency standards defined for owned and outsourced operations


Evaluation criteria for new product innovations introduced in all regions


Continuous roll-out of guidelines on Life Cycle Assessment and carbon footprint for cooling equipment to suppliers


What we've done by 2012


 **Partly achieved.** We have developed and published a packaging policy that has environmental considerations built into the packaging development process

 **Partly achieved.** In 2012, 93 per cent of the 134,285 fridges that HEINEKEN purchased had one or more of these 'green' characteristics and 37.5 per cent had all three

 **Achieved.** Target exceeded by 250 per cent. The average reduction was 38 per cent

 **Achieved.** Green distribution requirements added to the tendering process

 **Achieved.** In several stages of the innovation process, we have embedded the environmental requirements. We look at the most relevant characteristics for our product category to assess and quantify the results

 **Achieved.** Specifications for development of green cooling equipment have been defined and are now contained in the specifications we send to our suppliers. Additionally, we have developed a specific test protocol to measure energy

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consumption

Develop and execute a baseline carbon footprint model



Achieved. Our carbon footprint model covering the whole value chain has been developed and continuously improved. We have calculated our carbon footprint at 24 Operating Companies covering more than 90 per cent of HEINEKEN Group volume. For activities outside production, we used the results of the model for target setting for 2015

Carbon reduction opportunities in distribution identified through footprint reviews for top 20 markets



Achieved. We have set a target of 10 per cent reduction by 2015

Engaging Employees

What we said we will do by 2012¹

What we've done by 2012

Accident frequency target for supply chain <1.2 accidents/100 FTEs



Achieved. Accidents frequency within the supply chain is 1.16

Safety targets set for non-production related activities



Achieved. We have set internal reduction targets for each of our operations, striving ultimately for zero accidents

Training modules for employees in high and medium safety risk functions rolled out



Achieved. Five health and safety modules available at Health & Safety e-learning academy. These are available to all employees at all locations

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Employees' & Human Rights Policy adopted, implemented and audited



Partly achieved. Policy approved by the Executive Board in December 2011 and effective as of 1 January 2012. All Operating Companies communicated the policy internally and began the first step of implementation via a gap analysis to determine any gaps between the policy and local practices. This should be finalised by the end of 2013. We have temporarily postponed the audit process to allow our Operating Companies more time for a more thorough implementation

Integrity included in employee surveys and followed up



Achieved. Integrity included in Climate Survey in 2011. Moving forward, we plan to have a dedicated employee survey in 2013 measuring our progress in implementing the Code of Business Conduct

Day of Giving programme and volunteering scheme implemented in ten Operating Companies



Achieved. Employee volunteering activities (Day of Giving) took place in 27 Operating Companies in 2012

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HEINEKEN Cares

What we said we will do by 2012¹

Evaluate all local sourcing activities and set regional targets for 2015

Evaluate reporting and monitoring system for agriculture; define an action plan to improve compliance


Standards for sustainable agriculture are aligned with and verified by stakeholders


All operations that do not meet our defined standard of healthcare to include improvement plans by 2012


In 2010: double funding for the Heineken Africa Foundation to EUR20 million


Inventory of possible partnerships with NGOs in the area of Corporate Social Investment (CSI)


What we've done by 2012


 **Partly achieved.** Baseline has been verified and targets agreed for Africa and the Middle East. For other regions barley and hop local sourcing have been baselined

 **Partly achieved.** We have established the Principles and Practices of the Sustainable Agriculture Initiative as the basis for our reporting and monitoring system. The action plan for improving compliance will be done in 2013

 **Achieved.** In 2011 we adopted the SAI Platform's Principles and Practices for Sustainable Agriculture. We discussed our SAI Platform approach during our stakeholder sessions. It was well received

 **Partly Achieved.** Out of Operating Companies in scope of this report, 24 needed to provide improvement plans. To date, 20 have done so

 **Achieved.** In 2010 HEINEKEN made a second EUR10 million endowment to the Heineken Africa Foundation

 **Not achieved.** Work in progress

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Perform 12 Economic Impact Assessments



Achieved. Four assessments conducted in 2012, bringing the total number of reports to 12 since 2010. Reports completed in the Bahamas, Burundi, Croatia, Egypt, Mexico, Nigeria (2x), Poland, St. Lucia, Surinam, the UK and the USA

Responsible Consumption

What we said we will do by 2012¹

What we've done by 2012

Develop 'Enjoy Heineken® Responsibly' (EHR) to include on-trade execution; further extend the online programme; application of EHR in Heineken® communication materials and primary merchandise; Migrate EHR website to consumer website Heineken.com



Achieved. On-premise visibility tools (poster, coasters, VJ Anthem) have been available for and utilised in on-trade in all Heineken® markets since January 2012. EHR logo is included in all Heineken® communication tools. EHR website was migrated in July 2012.

Horeca Server Programme and Retail Programme developed and tested



Partly Achieved. A responsible consumption toolkit for events and brand experiences was completed. A more comprehensive on-trade/off-trade programme has been deferred. A Responsible Consumption education element for Horeca training schools will be rolled out in 10 schools in 2013.

Develop and deliver a workshop to 100 per cent of commerce/marketing employees that supports our Rules on Responsible Commercial Communication (RCC)



Partly Achieved. A Responsible Commercial Communication module now forms part of the Global Commerce University course. A new GCU module focused on Responsible Digital Commercial Communication was created in 2012.

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Eighty-three per cent of all relevant personnel have been trained

Develop a specific alcohol and work plan for contractors



Achieved. Contractors are now integrated within our current work plans. Contractors are now specifically included as a target audience in our Cool@Work annual implementation guidelines

Partnerships for Progress

What we said we will do by 2012¹

At least 50 HEINEKEN markets have a partnership with a third party to address alcohol abuse

What we've done by 2012



Partly achieved. In 2011 we adjusted the number of markets in scope on the basis of legality, culture and market situation. As a result, there are a maximum of 42 markets in scope. Of these, at the end of 2012, 33 markets had partnerships and the quality and impact of our partnerships have improved, measured by impact criteria applied since 2011

Criteria for successful partnerships developed and existing partnerships reviewed



Achieved. The partnership criteria are now used annually to measure the quality and impact of Operating Companies partnerships

Global Actions on Harmful Drinking projects have been implemented in key markets



Achieved. The global alcohol industry has completed the agreed three-year "Global Actions" project covering self-regulation, developing programmes and capabilities to reduce drinking & driving and gaining

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insights in non-commercial alcohol. The programmes been reported and evaluated. Please visit

 <http://www.channelresearch.com>

Industry/government partnership projects in Ireland and UK implemented and evaluated



Achieved. New partnerships were implemented. In Ireland, a review of MEAS/Drinkaware took place. Heineken UK is a signatory to the UK Government's Responsibility Deal and is signed up to all of the Alcohol sector pledges and has also made additional company pledges. On an annual basis, Heineken UK reports publicly to government on progress

Enablers

What we said we will do by 2012¹

What we've done by 2012

Executive level governance model as of launch of Brewing a Better Future (April 2010)



Achieved. The Executive level Steering Committee consists of five Executive Committee members. Each market has a local Steering Committee reporting to the General Manager

From 2010: every Operating Company to have a three-year sustainability plan



Achieved. As of 2011, all Operating Companies have a plan

Renewed Supplier Code based on new approach by mid-2010



Achieved. At the end of 2012, 528 of our global suppliers and more than 34,000 local suppliers had signed the Supplier Code

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In 2010, introduce incentives for all senior managers on sustainability target



Achieved. Incentive targets were introduced. Eighty per cent of all senior managers had an incentive on sustainability

¹ Unless stated differently

² Total energy is thermal energy plus nine times the electrical energy in kWh

³ Index calculated with an average lifetime of a fridge of five years; new installed fridges are equal to replacement

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Brewing a Better Future



Introduction

Brewing a Better Future is HEINEKEN's long-term integrated approach to creating genuine shared value for all our stakeholders. Our long-term aspiration is to be the world's greenest brewer – an aspiration that we view as a journey to be measured and improved as we progress. Our ambition spans three strategic imperatives around which we have built our commitments and programmes:

- To continuously IMPROVE the environmental impact of our brands and business
- To EMPOWER our people and the communities in which we operate
- To positively IMPACT the role of beer in society.

Brewing a Better Future is an enabler of HEINEKEN's business priorities, and sustainability is part of how we manage our business. For more information on how Brewing a Better Future links to our business strategy, see '[Balancing Business with Sustainability](#)'.

As a global organisation, we have a responsibility to make things better – now, and for generations to come. To help us do this, we have three values that lie at the heart of our business:

- Respect for individuals, society and the planet
- Enjoyment: we bring enjoyment to life
- Passion for quality .

We have been in business for nearly 150 years. By living these values each and every day, we will ensure that HEINEKEN remains strong and successful.

Looking ahead to 2013–2015, we have reviewed our priorities and created a more focused agenda. For more information see '[Balancing Business with Sustainability](#)' and '[Where to now?](#)' .

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Brewing a Better Future continued

Our value chain: from barley to bar

Our three Brewing a Better Future imperatives cover the entire value chain of our products:

Through the IMPROVE imperative, we continuously improve the environmental impact of our brands and business. We take into account the full value chain, from crop to consumer, barley to bar. In each of the steps, starting with agriculture, we assess our impact on the environment on parameters such as energy, water and CO₂. We do this for our own breweries and also upstream with suppliers and downstream for the outlets and points of consumption. At each point in the value chain we identify the actions we need to take in order to improve our performance.

Through the EMPOWER imperative we aim to involve our employees and the communities in which we operate in our journey from the farmers we work with, or the dependants of our employees, to the people living around the brewery and the consumers who consume our beer.

Through the IMPACT imperative we aim to positively impact the role of beer in society. We do that in the channels through which our products are sold, in on-trade and off-trade, and through the activation of our brands. Our employees are ambassadors of the responsible consumption agenda. We work with partners in society in addressing issues around alcohol-related harm.

We target improvements throughout our value chain, from barley to bar.

Agriculture:

Our main raw materials are barley and hops. In addition, mainly in the UK, we use bitter-sweet cider apples for the production of cider. Nearly 30 per cent of the total UK apple crop is used by HEINEKEN to make its ciders. We also use other raw materials such as maize, rice, sorghum, sugar and apple juice concentrate. Out of all the grains that are harvested globally, barley for malting represents about 1.4 per cent. Grains (barley, wheat, corn) are grown in rotating harvest schedules, of which malting barley is also part. Other crops grown in the harvest schedules are rapeseed, sunflower etc. HEINEKEN is one of the world's top three users of malting barley.

The Sustainable Agriculture Initiative (SAI) addresses all angles of sustainable agriculture: from water and emissions, through biodiversity and including the socioeconomic elements of agriculture, for example: use of irrigation; establishment of biodiversity buffer zones; farm labour working conditions.

Malting:

We malt barley in our own malteries and in those of third parties. In the process, we consume energy and water so we implement active energy and water reduction programmes in our own malteries.

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Brewing:

The brewing process also consumes energy and water. We are committed to reducing both. Reducing energy consumption means increasing energy efficiency and switching to alternative energy sources. Water reduction is achieved by optimising the brewing process. Every brewery has an improvement target and we have an interactive, best in class IT system that allows us to share good practices between breweries.

Packaging materials:

Beer is packed in cans, bottles and kegs or sold as cellar beer. Improving the impact of packaging can be achieved by optimising the production of the packaging, changing the design and increasing the recycling and re-use rate. For 27 Operating Companies we have identified the packaging mix and the opportunities to improve. We conducted an environmental performance assessment with five global suppliers of beverage cans and seven global suppliers of glass bottles. The gaps identified towards Heineken 2020 specified requirements supported the definition of improvement plans with those suppliers.

Distribution of beer:

After the beer is packaged, it is distributed to a warehouse or customer using several forms of transport including truck, inland barge, sea freight, small engine boat and train. Wherever we can, we optimise the distribution by changing the form of transport, training drivers, more efficient engines and design of vehicles and re-assessment of networks.

Customers:

Beer is consumed cold and thus cooled at the point of consumption via fridges (beer in bottles, cans or smaller kegs) or draught equipment (for beer in kegs). For new fridges purchased by HEINEKEN across all its brands, we have defined green standards with which they have to comply. In addition, we are developing greener draught equipment such as the David (XL) Green.

Consumers:

We have promoted the responsible consumption of beer for decades. In the 1960s, HEINEKEN introduced self-regulatory codes that banned advertisements that might have appealed to those under the legal drinking age. Today, our standards for Responsible Commercial Communication have evolved from these first few steps towards a far-reaching set of internal rules. Additionally, we have partnered with competitors in the global alcohol industry to set in place, for the first time ever, a set of binding commitments aimed at reducing alcohol-related harm.

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Governance structure of Brewing a Better Future

Brewing a Better Future is governed by an Executive-level Steering Committee that met three times in 2012.

The committee comprises (with responsibilities):

- Chief Corporate Relations Officer (chair of committee, responsible consumption on company level, partnerships, corporate social investment, stakeholder dialogue, overall management of the sustainability agenda)

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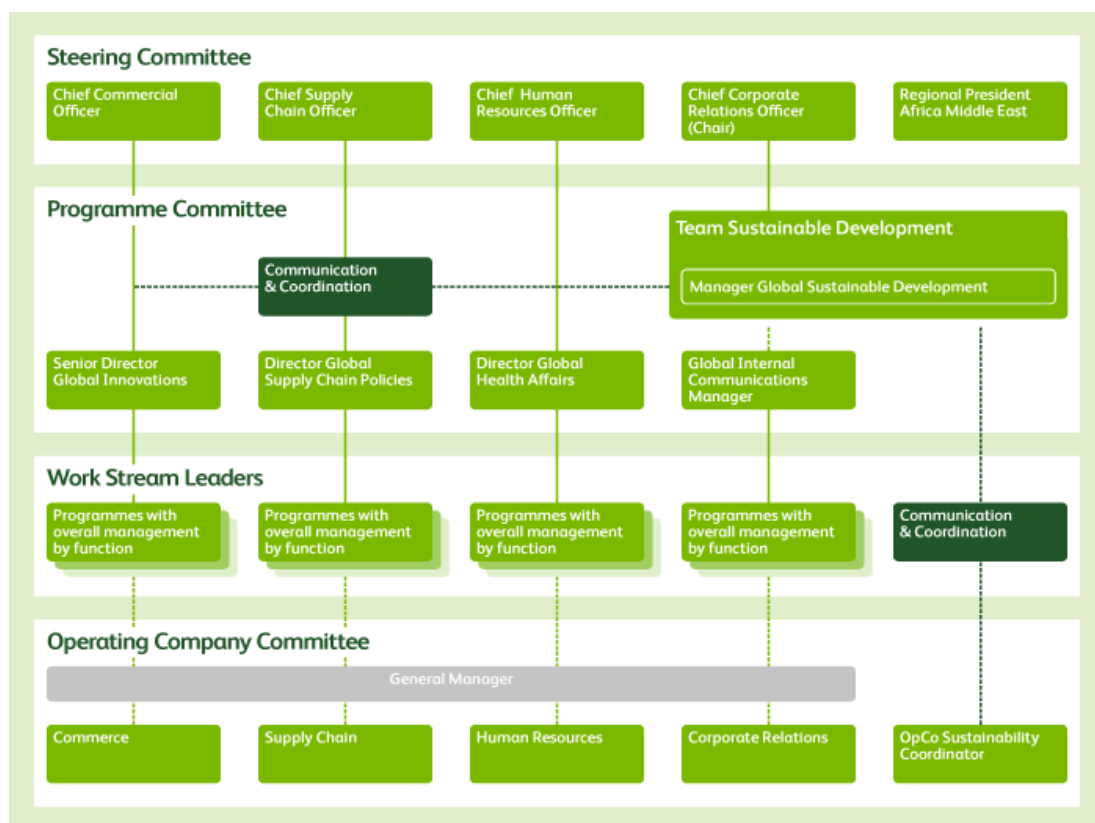
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- Regional President Africa and Middle East (local sourcing in Africa, and representing the Operating Companies)
- Chief Supply Chain Officer (green brewer, Supplier Code, sourcing)
- Chief Commercial Officer (green commerce, responsible consumption on brand level)
- Chief Human Resources Officer (health & safety, healthcare, employees' & human rights).

On a day-to-day basis, Brewing a Better Future is governed by a team of representatives from the Supply Chain, Commerce, HR, Control & Accounting and Corporate Relations functions. The team is chaired by the Manager Global Sustainable Development. Each individual programme is led by a manager from one of our global functions. Progress and issues relating to Brewing a Better Future are regularly on the agendas of the Executive Committee and on the agenda of every management team in our operating businesses.

It is this market-based approach that we believe is fundamental to success. Each of our businesses has its own sustainability committee. We integrated the Brewing a Better Future planning into the planning process of our regions and our Operating Companies.



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Brewing a Better Future

Enablers



Introduction

Brewing a Better Future will only succeed if we ensure that our culture and organisation can support our ambitions. That is the purpose of our enablers.

Global governance in place

As explained in the Brewing a Better Future section of this report, we have a **governance model** in place at both a global and local level. Each Operating Company has its own three-year plan and a local sustainability committee is responsible for its execution.

Extending our influence through our Supplier Code

We are committed to making a positive contribution to society. We expect all our suppliers to help us to fulfil this commitment by actively supporting and respecting our values in their own business practice. The **HEINEKEN Supplier Code** is an important tool in helping us to achieve this, and key to our **Supplier Governance Procedure**.

In 2012 HEINEKEN joined AIM-PROGRESS, a global responsible sourcing platform adopted by some of the world's leading consumer goods companies. Through this platform, we aim to work with our industry partners to share best practices and support CSR capability building of our shared supply chains. One of the key initiatives within AIM-PROGRESS is Mutual Recognition, where all member companies, using a common standard for social audits, use audited suppliers. This initiative sends a unified message to suppliers regarding the expectations of the industry's largest players and significantly reduces the auditing burden for suppliers.

Click on each step of our supplier governance procedure and find out more about our approach

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and achievements in 2012.

1. Signing
2. Risk Analysis
3. Monitoring
4. Audit



Step 1 – Signing the Code

By signing the Supplier Code, suppliers agree to comply with the key elements of integrity, environment and human rights, which are based on a specific number of relevant International Labour Organisation standards. We aspire only to do business with suppliers who share our values. We are exploring ways to more proactively award contracts to suppliers based on their relative performance against specific sustainability criteria. At the end of 2012, 528 of our global suppliers and more than 34,000 local suppliers had signed the Supplier Code.

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Step 2 – Supplier risk assessment

Our whole approach to the Supplier Code is risk-based. We aim to identify and audit those suppliers that pose the greatest risk in relation to any potential breach of the code. Therefore, the objective of the Supplier Risk Assessment (SRA) is to identify high-risk suppliers based on their type of business (category) and level of specific risk. For suppliers that score highly in both areas, we carry out Step 3 below.

At the end of 2012, supplier risk assessments had been carried out for all global suppliers and over 17,000 local suppliers.



Step 3 – Supplier monitoring

We use the EcoVadis collaborative platform to assess compliance with our Supplier Code as well as to monitor performance and identify areas for improvement. The assessment is completed by the

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supplier through the delivery of supporting evidence, and a 360° scan performed by EcoVadis. Suppliers that are identified as high risk by EcoVadis are subject to audit (Step 4).

At the end of 2012, 139 suppliers had completed the EcoVadis self-assessment.



Step 4 – Supplier audit

The last step in the Supplier Governance Procedure is the supplier audit by a third party against our Supplier Code. During the audit any non-compliances are registered.

We conducted nine audits for the first time in 2012 and a number are scheduled for 2013. For eight of the audits performed with the final report available, we found 37 minor non-compliances, 41 major non-compliances and zero critical non-compliances in total.

We prefer a continuous improvement approach to achieve compliance with the key elements of the Supplier Code. If cases of non-compliance are found, we will develop – with our suppliers – ways and means to correct them, provided HEINEKEN receives the commitment from the supplier to correct the non-compliance within due time.

If there is no commitment or lack of corrective measures, HEINEKEN will cease to do business with that supplier and will terminate the contract.

Building sustainability into performance plans

We have further embedded Brewing a Better Future by making sustainability one of the five merit areas for senior managers in their Annual Performance Appraisal. In practical terms this means that sustainability becomes expected behaviour and not an ad hoc activity linked to a short-term cash bonus.

For the Management Team in each market, specific sustainability objectives have been set in the areas of Commerce, Supply Chain, HR, Corporate Relations, Procurement and Finance. Progress on

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each area is measured and reported quarterly through the **Green Gauge Scorecard** and appraised once a year. Managers are assigned objectives within their span of control, for example reducing energy and water consumption in the Supply Chain, the Supplier Code roll-out in Procurement and safety in HR.

In addition, senior managers within each function at a global, regional and local level have objectives linked to their function which support the delivery of our sustainability agenda. In 2012, 80 per cent of HEINEKEN senior managers had sustainability targets included in their annual performance appraisal objectives.

The Executive level of the company has objectives related to stakeholder dialogue and acting as an internal and external sustainability ambassador.

For the Executive Board members, an element of their discretionary incentive, decided by the Supervisory Board, has also been linked to the success of Brewing a Better Future and progress on sustainability.

Better measurement and reporting with Green Gauge 2.0

Breaking our strategic vision down into smaller concrete targets and actions makes delivering on our ambition more manageable, measurable and inclusive. Launched in 2011 in all Operating Companies covered by the Brewing a Better Future programme, the Green Gauge Scorecard allows us to monitor and report quarterly progress on the various initiatives at a local, regional, global and functional level.

Using a simple traffic light approach to indicate performance against 16 key areas, the online tool shows managers at a glance whether they are on target, near target or off target.

To improve efficiency and reporting quality, in 2012 a more integrated and effective version of Green Gauge (Green Gauge 2.0) was extensively tested and deployed across the business. This electronic platform enables quicker, easier and more accurate reporting, auditing and benchmarking. It is much more integrated with all other reporting tools within HEINEKEN.



Local sustainability reports: transparency in reporting

HEINEKEN is one of the few international companies to publish local sustainability reports in addition to a consolidated global report. In 2012, a total of 33 HEINEKEN Operating Companies published a sustainability report or factsheet (up from 27 reports in 2011, and 21 reports in 2010). By 2015, we aim to have every one of our in-scope companies publish an annual Sustainability Report.

Through the local reports we document the variety of sustainability processes and initiatives that

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are emerging locally and that are shaping our global thinking about sustainable development. They are also an effective platform for local stakeholder dialogue. All local 2011 reports can be viewed on our [website](#).



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Where to now



Global trends: how they impact us, how we impact them

The world is facing unprecedented global challenges such as population growth, climate change, access to natural resources, and food and water scarcity. These challenges will directly and indirectly impact businesses, both by posing a threat to the future availability of key resources and through increasingly demanding legislation.

HEINEKEN, too, will be affected. That is why we need both to understand and act to mitigate the impact of these risks on our own organisation and on society. It is our belief that there is genuine economic and social opportunity for all our stakeholders when we as a business address these issues. See also [CEO Foreword](#) and [Balancing Business with Sustainability](#).

As we had planned, in 2012 we took a long, hard look at these global challenges. We assessed their impact on us, their impact on our stakeholders AND our own impact on both the trends and our stakeholders. It was a complicated assessment but one made easier thanks to the input of and challenge from key stakeholder groups and individuals.

Defining our priorities – stakeholder dialogue and materiality analysis

To help us in our assessment we hosted a series of 'expert meetings' between February and April 2012. A broad group of 22 stakeholders, including NGOs such as Greenpeace and Amnesty International, scientists, industry and government, met with our internal specialists to share

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knowledge and insights on our sustainability performance and how we can develop our thinking and plans. The sessions were facilitated by IMSA, an independent think-tank on sustainability.

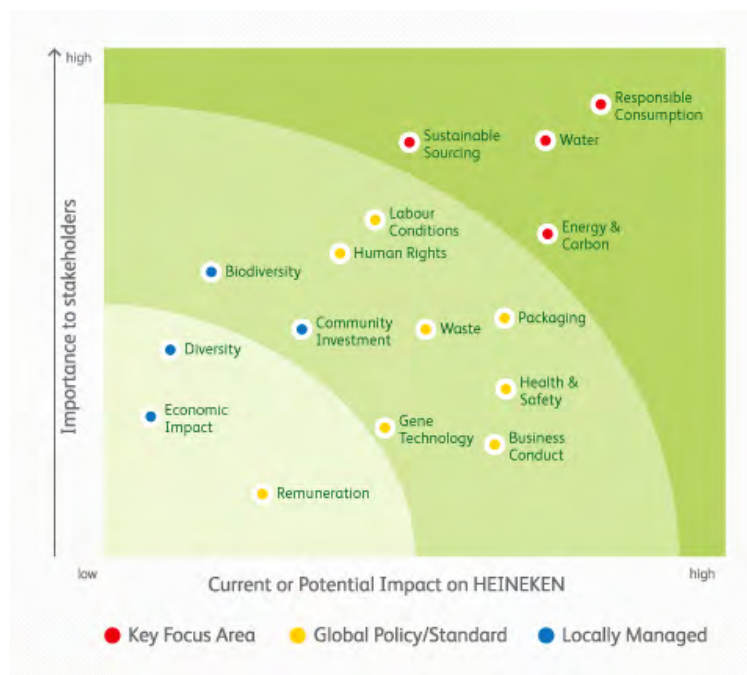
These dialogue sessions were instrumental in helping us to build a prioritised materiality matrix containing the issues, risks and opportunities that are most relevant to our business and stakeholders.

In conducting the analysis, we benchmarked ourselves against our competitors and, reviewed peer reports and sustainability rankings. From the results, we identified the areas in which we excel, where we can be more ambitious and where we need to make our activities more visible.

We also included the results of reputation research among approximately 4,000 stakeholders in 31 markets.

We used the following criteria to help us judge if something is material:

- Does this issue have a significant current or potential impact on our company?
- Is this issue of significant concern to our stakeholders?
- Do we have a reasonable degree of control over this issue?



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Focus areas for the coming years

Ultimately, with the support of stakeholders, we have been able to identify four key areas on which we will build a deeper and more focused second phase of Brewing a Better Future:

- Water (reducing water consumption and balancing water demand)
- Climate change (reducing the environmental impact in the value chain)
- Sourcing (securing our supply chain of materials)
- Responsible consumption (reducing alcohol-related harm).

Each of the areas is supported by clear commitments that state our ambitions for 2020 with three-year milestones to be achieved by 2015. The 2020 ambitions that were set in 2010 remain unchanged and are integrated into our focused agenda.



Water

- | Reducing specific water consumption by 25%.
- | Aiming for water compensation in water scarce and distressed areas.



CO₂

- | Reducing CO₂ emissions;
- | In the brewery by 40%.
- | From fridges by 50%.
- | From distribution by 20%.



Sourcing

- | Deliver 60% of raw materials in Africa via local sourcing.
- | Aim for at least 50% of our main raw materials supplied from sustainable sources.
- | Ongoing compliance to supplier code



Responsible Consumption

- | Delivering on industry commitments.
- | Making responsible consumption aspirations through Heineken*.
- | Every market in scope has and reports

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procedure.

publicly on a measurable partnership aimed at addressing alcohol abuse.

With our new commitments in place, we are looking proactively to the future to secure our long-term business continuity, while fulfilling our social and environmental obligations. This is consistent with our 'Strategy to Win'.

2015 Milestones to reach our 2020 ambition

For each area, we have created concrete milestones for 2015. These are the metrics we need to hit in order to meet our 2020 ambition. We will report our progress on these milestones each year in our Sustainability Report.

Commitment Area	Our 2020 Ambition	Our Aim by 2015
Water	Reduce our specific water consumption in the breweries by 25 per cent to 3.7 hl/hl	Reduce our specific water consumption in the breweries to 3.9 hl/hl
	We aim for significant water compensation/balancing by our production units in water-scarce and distressed areas	100 per cent of our production units in water-scarce and distressed areas will have a source water protection plan
CO₂	Reduce CO ₂ emissions in production by 40 per cent (equivalent to 6.4 kg CO ₂ -eq/hl)	Reduce CO ₂ emissions in production by 27 per cent (equivalent to 7.6 kg CO ₂ -eq/hl)
	Reduce the CO ₂ emissions of our fridges by 50 per cent	Reduce the CO ₂ emissions of our fridges by 42 per cent

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	Reduce the CO ₂ emissions of distribution by 20 per cent in Europe and the Americas	Reduce the CO ₂ emissions of distribution by 10 per cent in Europe and the Americas
Sourcing	Deliver 60 per cent of raw materials in Africa via local sourcing (based upon tonnage)	Deliver 50 per cent of raw materials in Africa via local sourcing (based upon tonnage)
	Aim for at least 50 per cent of our main raw materials from sustainable sources (based upon volume, in scope are barley, hops, cider apples, fruit concentrates, sugar, rice, sorghum, wheat, maize)	Aim for sustainable sourcing of raw materials for crop year 2015: 20 per cent (barley), 40 per cent (hops), 60 per cent (bittersweet apples for cider)
	Ongoing compliance to Supplier Code Procedure	4-step Supplier Code Procedure operational within all Operating Companies
Responsible Consumption	Make responsible consumption aspirational through the Heineken brand	We commit to invest a minimum of 10 per cent of our media share of voice for Heineken in supporting our dedicated responsible consumption campaign in at least 50 per cent of our market volume
	Every market in scope has and reports publicly on a measurable partnership aimed at addressing alcohol abuse.	Every market in scope has a partnership to address alcohol related harm. All partnerships meet HEINEKEN's 7-point partnership

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	criteria.
Deliver global industry commitments on:	Precise goals for 2015 to be decided in conjunction with industry via ICAP and GAPG organisations.
Reducing under-age drinking	
<ul style="list-style-type: none"> • We will actively seek enforcement of government regulation of under-age purchase and consumption in all countries where we are commercially active • In countries where no such age limits exist, we will encourage governments to introduce a minimum purchase or drinking age and to enforce it • We will strengthen our work with other interested stakeholders to develop, promote and disseminate educational materials and programmes designed to prevent and reduce underage purchase and consumption 	
Strengthening and expanding marketing codes of practice to limit the exposure to young people	
<ul style="list-style-type: none"> • We will take independently verifiable measures so that print, electronic, broadcast and digital media in which we advertise our products have a minimum 70 per cent adult audience • We shall develop a set of global guiding principles for alcohol beverage marketing in digital media that will require the content of any online marketing to meet the same high standards that apply to our traditional marketing activities. We will invite relevant social media to work with us to achieve this • We commit to taking steps to enable non-industry participation, where none already exists, in self-regulatory processes that enforce code standards 	

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- We will ensure appropriate contractual language is included in our agreements with our advertising agencies, where practical and legal, that will require them to abide by our responsible marketing and promotional codes for our products

Providing more consumer information and responsible product innovation

- We will not produce any beverage alcohol products that contain excessive amounts of added stimulants, such as caffeine, guarana and taurine, and will not market any beverage alcohol product or promote any beverage alcohol combination as delivering energising or stimulating effects
- We commit to developing a standard set of easily understood symbols or equivalent words to discourage (1) drinking and driving (2) consumption by those under-age and (3) consumption by pregnant women, which will be applied globally (except where similar information is already legally required, prohibited or already provided by voluntary agreements). Over the next 5 years these symbols or words in these three areas will appear individually or in combination on our packaging

Reducing drinking and driving

- We undertake to develop comprehensive drinking and driving initiatives in at least six markets, covering all continents, focusing on the developing world

Enlisting the support of retailers to reduce harmful drinking

- We commit to inviting leading international retailers with whom we have commercial relationships to join us in launching a responsible retailing initiative. The primary aim of the initiative will be to create guiding principles of responsible

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beverage alcohol retailing

- At the same time we will encourage local responsible retailing initiatives to implement the guiding principles focusing on measures to prevent under-age drinking

It is important to note that HEINEKEN already applies many of the above requirements, but we will work with our co-signatories to make these industry standards.

¹Baseline 2008

²Baseline 2010

³Baseline 2011, scope is WE, CEE and Americas, 24 of our largest operations: Belgium, Finland, France, Ireland, Italy, Netherlands, Portugal, Spain, Switzerland, UK, Austria, Belarus, Croatia, Czech Republic, Greece, Hungary, Poland, Romania, Russia, Serbia, Slovakia, Brazil, Mexico, USA

⁴With local sourcing we refer to sourcing within the Region Africa

⁵based on volume

⁶barley, hops, cider apples, fruit concentrates, sugar, rice, sorghum, wheat, maize

⁷Market scope covering in total at least 50% of Heineken® global volume

⁸Small export markets and markets with religious restrictions are out of scope

Our ways of working

Each focus area is underpinned by our ways of working – living by our values, leading by example, and working together to make a difference:

- The renewed HEINEKEN Code of Business Conduct, applicable to our employees worldwide, sets the standard for behaviour in areas such as:
 - Health, safety and environment
 - Employees' & human rights
 - Responsible consumption
 - Anti-corruption & fair competition.
- Governance: With the review of our sustainability commitments, we have decided to strengthen this model. From 2013 onwards, our CEO will lead a Corporate Affairs Committee, which further integrates Brewing a Better Future into the fabric of the business. This Committee will focus on regulatory, political and sustainability issues on a global basis. It will contain at least five Executive level members and two functional experts. The charter of the Committee will be disclosed on our corporate website once final.

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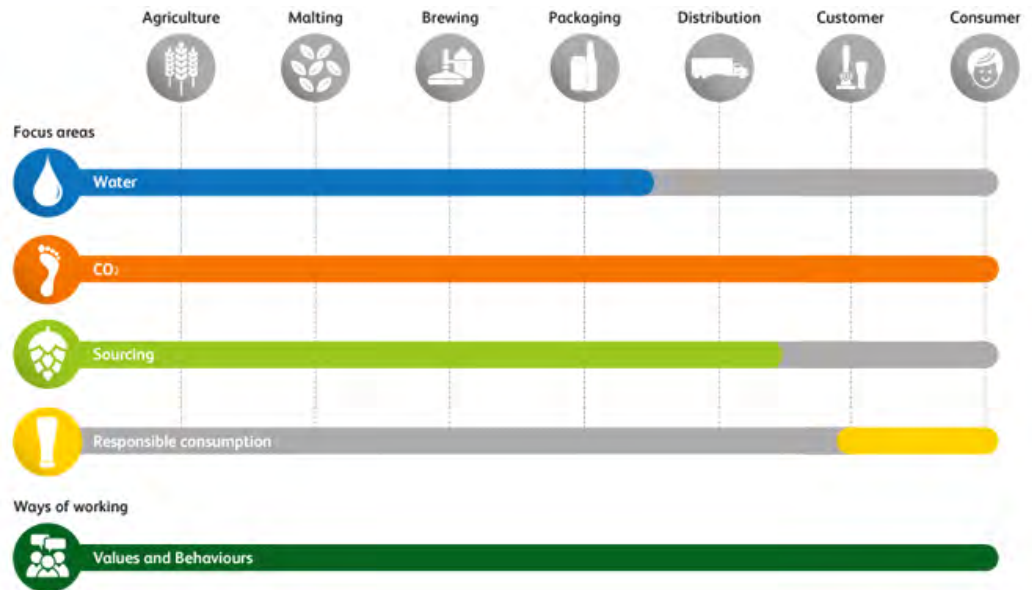
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- **Stakeholder Dialogue:** We will continue to strengthen the dialogue framework started in 2012, in which we hold stakeholder meetings on both the expert and Executive level. We will measure the progress we make through our reputation research. We will do so at both a global and local level and, where relevant, at a regional level
- **Performance on Sustainability:** Sustainability remains part of the Senior Management objective setting and Annual Performance Appraisal for our nearly 700 senior managers.



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Stakeholder Engagement and Dialogue

Introduction

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. We communicate and engage with stakeholders in three ways: reputation research, expert meetings and ongoing stakeholder dialogue.

Reputation research

Started in 2010, HEINEKEN's Reputation Research survey covers: employees, customers, governmental and political stakeholders, media, NGOs and trade associations. The study is a combination of personal interviews by phone and an online survey. It focuses on seven key dimensions, of which one is 'responsible and sustainable'. Outcomes are used for a 'gap analysis' and related action planning, at a global and local level.

In 2012, 31 key markets and approximately 4,000 stakeholders participated in the Reputation Research. Since we started measuring reputation, more than 7,500 stakeholders have given their view. In 2013, we aim to survey more than 9,000 stakeholders across 34 markets.

Expert meetings

In January 2012, we began the process of reviewing the Brewing a Better Future agenda. In order to set new commitments for 2013–2015, we facilitated a series of 'expert meetings' between February and April. A broad group of 22 stakeholders, including NGOs such as Greenpeace and Amnesty International, scientists, industry and government, met with our internal specialists to share knowledge and insights on our sustainability performance and how we can develop in our role as a sustainability leader. The sessions were facilitated by IMSA, an independent think-tank on sustainability. Stakeholders appreciated HEINEKEN's openness and commended us for our progress in Brewing a Better Future so far. The output of the expert sessions served as the basis for the 2015 commitments. Read more about our revised commitments in the [Where to now](#) section of this report.

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Global dialogue

Our global dialogue takes place at different levels of the organisation. Our Managing Directors and Corporate Relations teams in the Operating Companies and Head Office lead the process. Dialogue increasingly takes place with the support of our functional experts, either directly or through platforms such as the Beverage Industry Environmental Roundtable or the World Economic Forum. In 2012, almost all of our Executive Committee members attended senior level stakeholder meetings with relevant external stakeholders including the United Nations, World Economic Forum, Oxfam and the CEO Water Mandate.

In general, we focus our engagement on a number of important stakeholder groups:

Employees

In 2012, we conducted the HEINEKEN Climate Survey in 65 Operating Companies including Head Office and regional offices. This survey assesses the working climate on 11 different dimensions, including personal development, direction and alignment, the relationship between employees and their managers and customer orientation. Safety questions were included for the first time in this year's survey. The results are used for action planning on a local level and shared with employees through 'TeamTalk' dialogue sessions.

Employee representatives

We maintain strong links with employee representatives. In Europe, we have regular, formal meetings with both European and local HEINEKEN Works Councils. In addition, we hold meetings and discussions with European unions such as EFFAT (European Federation of Food, Agriculture and Tourism Trade Unions) and local trade unions such as the Dutch FNV, CNV, De Unie and MHP HEINEKEN. Brewing a Better Future was on the agenda of our European Works Council (EWC) twice in 2012. The EFFAT is represented in our European Works Council. FNV was one of the participants in our external stakeholder dialogue sessions. Topics discussed in 2012 included progress on the sustainability agenda and the development of the commitments



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for 2015–2020.

Investors

Brewing a Better Future is embedded in our regular communications with investors, such as road shows, results presentations and financial market conferences. In addition, we hold dedicated sessions with investors.

In 2012 we had focused discussions about all areas of our agenda. As a listed company, we maintain regular dialogue with shareholder groups and regulators, including the Dutch Association of Investors for Sustainable Development (VBDO), the Guilé Foundation and the Nomura ESG Conference. This is done through a combination of meetings, correspondence, the Annual General Meeting (AGM) and discussions on specific topics or issues.

NGOs and International Organisations

Early in the year, we consulted NGOs via the expert meetings, focusing on the areas of environment, water, agriculture and communities. Following these expert meetings, we had several individual sessions to discuss progress on specific topics. Read more in the [Where to now section](#). For more feedback on specific topics and issues, please check the [human rights and other issues in 2012–section](#).

Industry Associations

In 2012, we became actively involved with the Beverage Industry Environmental Roundtable (BIER) Working Group on Energy & Climate Change, which focuses on further harmonisation of carbon footprint protocols and energy/water savings. [Click here for more information about our industry partnerships](#).

You can read more about our partnerships in the [Working with Partners section](#) of this report.

Suppliers

We engaged our Packaging Material Suppliers to assess their emissions footprint, and to explore joint efforts to reduce emissions. For the 139 global suppliers that participated on the EcoVadis assessment, the platform provides specific feedback to the suppliers on opportunities; also the buyers have incorporated CSR performance as part of the conversation and

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the **supplier management process** (for 2013, improvement of the lowest scored suppliers has been formalised as a target). For nine suppliers we have executed site audits across all HEINEKEN regions, and provided specific feedback and corrective action plans.

In September we held our sustainable sourcing team meeting and a field visit in the Hallertau hop growing region of Germany. This visit was hosted by one of our leading hop suppliers. We followed the visit by inviting our leading hop suppliers to a one-day workshop at our offices in Zoeterwoude. The purpose of the workshop was to brief the suppliers on our sustainable sourcing policy, to discuss what they are already doing in this area and how we could work together to develop this further. Since the workshop, one supplier has applied to join the SAI Platform, and others are now working closely together to combine their knowledge to develop a regional standard for more sustainable hops.

Consumers

In 2012, we opened a Brewing a Better Future corner in the Heineken Experience in Amsterdam, which guides consumers through our green efforts from barley to bar. We engage Heineken® fans by challenging them to take the How Green Are You? quiz. They can also give us their feedback on sustainability in general and on our efforts in particular in the Your Opinions Count section, and share their personal ideas on how to make the world a greener place.

In total, more than 14,000 visitors took the opportunity to tell us their thoughts, which will help us to tune our efforts for the future.

Market-based dialogue

In addition to global stakeholder dialogue, our markets actively engage local stakeholders. In 2012, 33 Operating Companies published a **sustainability report or factsheet**, up from 27 the previous year. Markets identified their stakeholders and used their sustainability report as an additional tool to engage identified stakeholders in dialogue. Stakeholder input was then used as the basis to refine the local sustainability approach.

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Stakeholder Engagement and Dialogue

What our stakeholders told us; how we responded

When taken together, all elements of our stakeholder dialogue suggest that overall HEINEKEN is seen as a trusted and respected company that delivers on its promises. Stakeholders respect and praise HEINEKEN for its sustainability performance. Both the scope and depth of activities as well as the positive relationship with partners and stakeholders (“open, honest and transparent”) are recognised and valued.

But alongside the positive feedback stakeholders also tell us where they believe we should change how we act or what we do. Much of this feedback has been incorporated in the new focus areas and commitments for Brewing a Better Future. However, in the interest of transparency and confidentiality, some other, more general elements of this feedback and our response to it is outlined below:

Feedback: “Play a greater leadership role in the areas of sustainability and responsible consumption”

- Both our CEO and CFO participated in a number of high-level, sustainability-based discussions at the **World Economic Forum**, including on integrating sustainability into business practices in emerging markets
- Our ‘Sunrise’ commercial for the Heineken® brand has heralded a new, ground-breaking approach to brand-led responsible consumption messaging
- As a founding member of the UN Global Compact LEAD we actively participated in the taskforce on **Strategic Social Investment and Philanthropy**. From 2013 we will join the LEAD Steering Committee
- We joined the **Dutch Sustainable Growth Coalition**, a coalition of Dutch multinationals including Unilever, DSM and Philips, proactively to drive and promote sustainable growth business models
- We joined 12 leading producers of beer, wine and spirits at an ICAP (International Centre for Alcohol Policies) conference in Washington to agree a **new series of concrete actions** for the next five years
- We became a founding member of **Green Freight Europe**, an innovative, multi-industry initiative focused on reducing the environmental impact of European road transport
- We played an increasingly active role in the **Sustainable Agriculture Initiative (SAI)** to develop sustainable agriculture standards worldwide, and are chair of the Fruit Working Group, co-chair of the Arable and Vegetable Working Group since early 2013 and are active in both the standards and measurement Steering Committees
- We invested in and gave public support to an **innovation by KLM to utilise bio fuel** as a more sustainable alternative to aviation fuel

Feedback: “Put greater focus on the most critical sustainability issues, and include the entire value chain when addressing these issues”

- We redefined and refocused our sustainability commitments on **four key areas**: water, CO₂, sourcing and responsible consumption

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Stakeholder Engagement and Dialogue

What our stakeholders told us; how we responded continued

- We are starting to set up stakeholder engagement programmes and local public-private partnerships on water stewardship in water-scarce areas
- We are further extending our public-private partnerships on local sourcing in markets such as **Ethiopia** and **Haiti**
- We are actively working with **suppliers** to improve the entire value chain
- We accelerated the signatory programme for our Supplier Code. At year end, 528 global suppliers and more than 34,000 local suppliers had signed the Supplier Code

Feedback: "More visibility and communication on our sustainability journey"

- A formal stakeholder dialogue programme was begun for the entire Executive Committee
- 33 of our markets published a **local sustainability report** or factsheet (up from 27 in 2011)
- Each Operating Company has a formalised stakeholder dialogue performance target
- We issued 80 tweets about Company-wide sustainability efforts through @HEINEKENCorp
- We facilitated five senior level media interviews around our sustainability efforts
- We have been present at **eight major conferences**

Feedback: "More ambitious responsible drinking initiatives targeting young people"

- We joined 12 other global alcohol players to announce significant **new collective commitments** to reduce harmful drinking over five years from 2013
- We have **new Rules on Digital Commercial Communication** to ensure that everyone involved in marketing and selling HEINEKEN brands understands our standards for responsible consumption in the digital environment
- We continued to use the global Heineken® brand as the spearhead of our responsible drinking activities. Our '**Sunrise**' commercial was a perfect example
- We continue to encourage all our Operating Companies to work with a **third party** in their local markets to promote responsible consumption

Outcomes are used for a 'gap analysis' and related action planning, at a global and market level.

For more feedback on specific topics and issues, please check the **Human rights and other issues in 2012 section**.

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Stakeholder Engagement and Dialogue

Working with partners



Introduction

We have always said that we can achieve more by working with partners and stakeholders than on our own. In 2012 we continued to invest time and energy in this philosophy:

We are a founding member of the **UN Global Compact LEAD**, which recognises the critical need to support UN Global Compact members in achieving higher levels of corporate sustainability performance. We also participated in the taskforce on Strategic Social Investment and Philanthropy and take an active part in UN Global Compact LEAD meetings.

We are an Industry Partner with the **World Economic Forum** (WEF) and are involved in three working groups: New Vision for Agriculture, Water Management and the Wellness Alliance. In all three groups we share with, and learn from, others on the same journey and with similar interests. At the WEF annual meeting in Davos, Switzerland in January 2012, members of our Executive Board participated in a number of high-level discussions, including the Sustainability Champions session on integrating sustainability into business practices in emerging markets. Our CEO Jean-François van Boxmeer is also a Steering Board member of the WEF's **Charter for Healthy Living**. The Charter's main goal is to bring together public, private and civil society actors to deliver concrete multi-stakeholder actions that enable individuals, families and communities worldwide to lead healthy and active lives.

In 2011 we joined the **Clinton Global Initiative** (CGI) and committed to source 60 per cent of the raw materials used for our African beer locally by 2020. During the CGI annual meeting in New York in September 2012, we added to this commitment, pledging to source 20 per cent of the sorghum and 40 per cent of the packaging materials used in our Haitian brewery locally, thereby contributing to the country's economic recovery. This represents an investment by HEINEKEN of approximately \$40million.

In October 2012, we joined 12 leading producers of beer, wine and spirits at an **ICAP** (International

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Stakeholder Engagement and Dialogue

Working with partners continued

Centre for Alcohol Policies) conference in Washington to agree a new series of concrete actions for the next five years.

HEINEKEN is a founding member of **Green Freight Europe**, an innovative multi-industry-led initiative focused on reducing the environmental impact of European road transport, which was officially launched in March 2012. The initiative is coordinated by the European Shippers' Council and national logistics sector organisation partners.

In January 2012, HEINEKEN joined a coalition of Dutch multinationals, including Unilever, Philips, KLM, Shell and AkzoNobel, to launch the **Dutch Sustainable Growth Coalition**. The members of this coalition have committed themselves to proactively driving and promoting sustainable growth business models.

We are also actively engaged in a growing number of organisations that support our aims for both business and society. Among the most notable are:

- **Global Reporting Initiative (GRI)**, in which HEINEKEN is an Organisational Stakeholder.
- The **Sustainable Agriculture Initiative platform (SAI)**, the main food industry initiative supporting the development of sustainable agriculture worldwide
- **Private Investors in Africa (PIA)**, a business coalition that aims to harness business knowledge to contribute tangibly and effectively to the continent's future
- The **European Roundtable**, a leading group of 40 European industrialists committed to economic advancement across Europe. HEINEKEN's CEO, Jean-François van Boxmeer, is a member of the Steering Committee
- The **International Sustainability Alliance (ISA)**, a group of companies dedicated to achieving a more sustainable environment through better measurements and understanding of the sustainable performance of buildings
- **Beverage Industry Environmental Roundtable (BIER)**, a partnership of global beverage companies which focus on water stewardship, energy and climate change and stakeholder engagement
- **FoodDrinkEurope**, which promotes the industry's interests to European and international institutions, in the areas of food safety and science, nutrition and health, environmental sustainability and competitiveness
- The **European Cooperative for Rural Development (EUCORD)**, an NGO that – in cooperation with HEINEKEN and other private sector companies – helps people living in poverty in developing countries improve their well-being
- **AIM-PROGRESS**, a platform to work together with other leading consumer goods manufacturers to develop responsible sourcing practices
- The **Stop TB Partnership**, a collective force that is transforming the fight against tuberculosis (TB) in more than 100 countries
- **European Organization for Packaging and the Environment (EUROPEN)**, is an industry and trade organisation open to any company with an economic interest in packaging and packaged products. It presents the opinion of the packaging value chain on topics related to packaging and the environment
- **International Centre for Alcohol Policies**. HEINEKEN currently holds the Chairman role

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Working with partners continued

- Global Brewers Initiative a global brewers' platform aimed at strengthening the reputation of beer and brewers and addressing common industry issues
- **Global Alcohol Producers Group (GAPG)** provides a channel for the leading alcohol beverage companies for dialogue and advocacy with the World Health Organization (WHO), member state governments and other governmental and non-governmental stakeholders on health issues and potential solutions involving harmful drinking.
- **The Consumer Goods Forum (CGF)** is a global, parity-based industry network, driven by its members. It brings together the CEOs and senior management of over 400 retailers, manufacturers, service providers and other stakeholders across 70 countries and reflects the diversity of the industry in geography, size, product category and format
- **World Federation of Advertisers (WFA)**, which represents the common interests of marketers.

Working with the United Nations Global Compact

HEINEKEN has been a signatory to the UN Global Compact (UNGC) since 2006. The UNGC is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption. By doing so, business, as a primary driver of globalisation, can help ensure that markets, commerce, technology and finance advance in ways that benefit economies and societies everywhere. Launched in 2000, it now has 10,000 participants from 130 countries. It involves all relevant social actors whose actions it seeks to influence: governments, labour, civil society organisations and the United Nations as convener and facilitator.



HEINEKEN support for the Global Compact ten Principles

UNGC Principles	HEINEKEN approach	Where to find out more
Human Rights		
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and	From 1 January 2012, HEINEKEN has a formal global Employees' & Human Rights Policy in place. Communication and roll-out of the policy took place in 2012. An e-learning module 'Employees' & Human Rights' became available in our Sustainability Academy	▶ Employees' & Human Rights policy ▶ Engaging Employees – Employee & Human Rights
Principle 2: make sure that they are not complicit in human		

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Stakeholder Engagement and Dialogue

Working with partners continued

rights abuses.

Labour



Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

HEINEKEN upholds the UNGC principles 3, 4, 5 and 6 regarding labour rights through the HEINEKEN Employees' & Human Rights Policy (see information above). Via the signing of our Supplier Code, we expect similar conduct from our suppliers

-  [Employees' & Human Rights policy](#)
-  [Engaging Employees – Employee & Human Rights](#)
-  [Supplier Code](#)

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally

HEINEKEN has set commitments to improve the environmental impact of its brands and business throughout the value chain. This is reflected in its policies. In addition, environmental good practices are part of the Supplier Code which has to be signed by all suppliers. We also participate in industry initiatives to promote greater environmental responsibility, such as BIER, LEAD and DSGC

-  [Our Policies](#)
-  [Green Brewer](#)
-  [Green Commerce](#)

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friendly technologies

Anti-corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

HEINEKEN has a Code of Business Conduct and Whistle-Blowing procedure in place. The Code of Business Conduct was revised in 2012 to reflect HEINEKEN's increased scale and address additional relevant areas such as social media. The renewed code came into effect on 1 January 2013. Via the signing of our Supplier Code, we expect similar conduct from our suppliers. Signatories to the UN Global Compact are required to report annually on their performance and progress towards achieving the goals set. HEINEKEN will next be required to provide an update on its activities by 23 July 2013

▶ [Code of Business Conduct](#)

▶ [Supplier Code](#)

▶ [Engaging Employees – Integrity](#)

UN Global Compact LEAD: sharing a commitment to sustainability

HEINEKEN is one of the 55 members of the UN Global Compact LEAD and the only alcohol company. Launched in January 2011, the Global Compact LEAD supports UN Global Compact participants in achieving higher levels of corporate sustainability performance – as outlined in the 'Blueprint for Corporate Sustainability Leadership'. LEAD participants share a commitment to implement the Blueprint and a willingness to lead the Global Compact with strong engagement at the local and global levels.

The experiences of all LEAD companies provide valuable lessons to other corporations wanting to start or increase their social engagement and maximise the impact of their philanthropic and corporate sustainability efforts.

The Blueprint comprises four main elements:

Implementing the Ten Principles into strategies and operations

Taking action in support of broader UN goals and issues

Engaging with the UN Global Compact

The Cross-Cutting Components.

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The table below shows how we have been contributing to the Blueprint:

Blueprint element of LEAD	How we implement it	Find out more
1. Implementing the Ten Principles into strategies and operations	<ul style="list-style-type: none"> For more details on how we have implemented the principles, see the section 'Working with the United Nations Global Compact section' We have a governance structure in place to ensure integration in the business, the ten principles are integrated in our programme We have reviewed our full value chain and identified how to improve. 	<ul style="list-style-type: none"> Read the table above See section on Enablers See section on Value chain
2. Taking action in support of broader UN goals and issues	<ul style="list-style-type: none"> Sustainability is 'hard-wired' into the DNA of our business through our values 'Respect for our planet' and 'Respect for people'. We have also explicitly recognised sustainability as being integral to and an enabler for our company 'Strategy to Win' Our social investment strategy is linked to our business by focusing on healthcare, sourcing and local initiatives Public advocacy of Executive Board members in the World Economic Forum Partnerships and collective action Participation in industry initiatives such as the Dutch Sustainable Growth Coalition 33 Operating Companies had a relevant partnership on responsible consumption. 	<p>Values and principles</p> <ul style="list-style-type: none"> Balancing Business with Sustainability 2012 Annual Report HEINEKEN Cares – Corporate Social Investment Working with Partners Read the report published by DSGC Partnerships for Progress
3. Engaging with the UN Global Compact	<ul style="list-style-type: none"> Member of the GC local network in the Netherlands Participation in a taskforce on Strategic Social Investment and Philanthropy. The objective of the LEAD taskforce is to explore how best to integrate strategic social investment and philanthropic efforts within an organisation's overall sustainability strategy. The results of the taskforce, with input and case studies from a small group of committed members including HEINEKEN, were presented at the Global Compact 	<ul style="list-style-type: none"> Read the UNGC LEAD report New Paths to Performance and 'The Reconceptualization of Business' Green Brewer – Water

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Working with partners continued

conference in Rio in June 2012

- Signatory of CEO Water Mandate
- HEINEKEN contributed to the LEAD recommendation on the Sustainable Development Goals and Post-2015 agenda.

4. The Cross-Cutting Components

- CEO commitment and leadership: we have a global governance structure in which the CEO is ultimately responsible for the sustainability agenda
- Board adoption and oversight: Governance of our Brewing a Better Future approach is via a Steering Committee comprising five members of the Executive Committee
- The Supervisory Board is involved annually on progress
- Audit results are shared with the audit committee
- We have significantly strengthened our stakeholder engagement on different levels of the organisation
- In addition to this global report, we publish local sustainability reports. In 2012, 33 local sustainability reports were published.

- [Brewing a Better Future – Governance](#)
- [Stakeholder Engagement and Dialogue](#)
- [Enablers – Local Sustainability Reports](#)

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Stakeholder Engagement and Dialogue

Roundtables and conferences

World Water Week

Water is essential for HEINEKEN's operations, but also critical for the world's growing population. Water scarcity already affects four out of every ten people, but there is clear potential for improvement. At the annual **World Water Week** held in Stockholm in August 2012, HEINEKEN moderated a session on water storage above and below ground, a relatively simple yet effective technique for addressing water challenges in water-stressed areas.

Global Reporting Initiative

We strive to be as transparent as possible in our sustainability reporting and to encourage others to be the same. As part of the Global Reporting Initiative's Knowledge Share Project, we presented a webinar in September on reacting to the challenges of water usage. At the end of the year, each webinar and paper contributed to the project was **published** for the wider GRI network.

Rio+20 Corporate Sustainability Forum

HEINEKEN attended a conference organised by the United Nations Global Compact in Rio de Janeiro in June 2012. We engaged with stakeholders and peers, presented HEINEKEN's vision of corporate social investment to delegates, and were actively involved in introducing the results (**New Paths to Performance** and **PSI Reconceptualization of Business**) of the Global Compact LEAD taskforce on integrating social investment and philanthropy into an organisation's overall sustainability strategy.

Dutch Sustainable Growth Coalition

HEINEKEN is part of a consortium of Dutch multinationals behind the **Dutch Sustainable Growth Coalition**. The Coalition, which seeks to drive and promote sustainable growth business models, was announced in January 2012 at the World Economic Forum in Davos, Switzerland and officially launched in September. HEINEKEN was one of the speakers at the launch event.

Sustainable Supply Chain Summit

The Ethical Corporation's Sustainable Supply Chain Summit brings together sustainability and procurement executives from some of Europe's leading brands to share proven best practices and solutions. **At the seventh annual summit in London** in October 2012, HEINEKEN was invited to join a panel discussion on global sourcing risks and how these can be turned into opportunities through smarter business thinking.

Arvalis Annual Conference

We are a member of the **Sustainable Agriculture Initiative (SAI)**, a food industry organisation of some 40 multinationals working towards a more sustainable food chain. SAI works closely with **Arvalis**, a French sustainable agriculture scheme. HEINEKEN represented SAI at the Arvalis annual conference in Paris in November, at which Arvalis presented its updated quality and sustainability charter for cereal production. We are currently piloting the use of Arvalis-accredited barley in our supply chain, a process which is being externally audited.

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Roundtables and conferences continued

Working with the SAI Platform

- HEINEKEN chairs the SAI Fruit Group and spoke at a major UK conference on metrics in sustainable agriculture in January 2013 on behalf of SAI
- HEINEKEN is an active member of the SAI Arable Group
- HEINEKEN is a member of the SAI Water Group
- HEINEKEN is on the Sustainable Performance Assessment and Principles & Practices Checklist Development Steering Groups
- As of 2013, HEINEKEN co-chairs the SAI Workgroup Arable and Vegetable Crops.

Cool Farm Tool workshop

The Cool Farm Tool is a farm-level greenhouse gas calculator originally developed by Unilever and the University of Aberdeen, now widely used in many countries on a variety of crops by leading food and drink companies. In February 2012, HEINEKEN attended a multi-stakeholder workshop in the UK to review the use and future development of the Cool Farm Tool. Following this workshop, HEINEKEN became a founding partner in the newly formed **Cool Farm Institute**, a not-for-profit organisation created to promote and develop the Cool Farm Tool.

CDP Benelux launch

HEINEKEN was invited as one of the industry speakers to the **CDP Benelux** launch event in November 2012.

Human rights

In June 2012, HEINEKEN participated in a conference about human rights, organised by the **Dutch Association of Investors for Sustainable Development (VBDO)**, ICCO and PricewaterhouseCoopers. We shared the introduction and implementation of our new global **Employees' & Human Rights Policy**. In December we joined the **UN Forum on Business** and Human Rights in Geneva.

We participated in stakeholder dialogue regarding International Entrepreneurship and Freedom of Association, organised by the **Dutch National Contact Point** of the OECD. During this meeting, HEINEKEN gave a presentation on its global policy regarding freedom of association and the right to collective bargaining and participated in the Q&A session with participants.

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Benchmarks and Achievements

Global Benchmarks and Achievements



Mrs. Charlene de Carvalho-Heineken accepting the award at the GBCHealth awards dinner in New-York

Introduction

In our quest to create genuine shared value, we are committed to improving the quality and quantity of data for stakeholders to judge our performance. This requires benchmarking our performance against other companies in the sector and publishing and sharing our findings.

Dow Jones Sustainability Index

We received our highest score ever. Our goal is to be in the index, which we did not achieve this year. However, we achieved a significant improvement in our performance in packaging and standards for suppliers. We also remained best in class in the areas of water-related risk and responsibility for alcoholic products. Areas where there is the greatest opportunity for improvement are occupational health and safety, and climate strategy. In the latter we see an increased priority towards not only our own operations, but also management of the total value chain.



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Global Benchmarks and Achievements

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FTSE4Good

For the ninth consecutive year, we maintained our inclusion in the index. For the second time, the FTSE organisation released to members of FTSE4Good their ESG Ratings. These ratings have been designed to objectively measure the ESG (environmental, social and governance) risk and performance of 2,400 of the world's largest listed companies. HEINEKEN achieved an absolute score of 4.1 out of 5, and a relative supersector score of 94 out of 100.



Investors Carbon Disclosure Project

We again participated in the Investors CDP, to measure and disclose our carbon-reduction activities. Our disclosure score improved by almost 30 points, from 59 to 88 points out of 100. In addition we achieved a B performance rating versus D previously. Overall, this resulted in a ranking in the CDP Benelux Leadership Index. We now lead our industry sector.



CDP Water Disclosure

Water is one of the most important resources for the planet and essential for us as a brewer. For the second time, we took part in the CDP Water Disclosure Global Survey, reporting on water usage, water-related risks and responses to these risks. As this is only the third time the report has been published, no rankings are included. Nonetheless, our introduction of incentives for all senior managers linked to sustainability targets, including water, was highlighted as a 'Leading Practice on Governance' in the Consumer Staples category. Find out more about HEINEKEN's water stewardship programme in the Green Brewer section of this report and read the CDP report on www.cdproject.net.



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Global Benchmarks and Achievements

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GBCHealth Business Leadership Award

In May 2012, HEINEKEN was honoured for its global health practices and received the prestigious **GBCHealth Business Leadership Award** at GBCHealth's annual conference in New York City. HEINEKEN was selected unanimously to receive this award by GBCHealth staff across the world for "its enduring commitment to and excellence in its support for health-related programming for its employees, their dependants and the communities in which it operates." Mrs Charlene de Carvalho-Heineken was present to accept the award. More than 200 global companies and allied organisations make up the GBCHealth coalition to tackle the challenges of HIV/AIDS, tuberculosis, malaria, diabetes and other health issues that impact the workplace and communities where business is conducted.



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Benchmarks and Achievements

Local Benchmarks and Achievements



Besides global benchmarks and achievements, our Operating Companies are also rewarded for their local activities. Examples are:

- For the third consecutive year, HEINEKEN has improved its score in the [Dutch Transparency Benchmark](#), with an overall score of 193 out of 200 points, up from 172 points in 2011 and 143 in 2010. HEINEKEN now ranks seventh. 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.
- We participated in the [Responsible Supply Chain Benchmark 2012](#) of the Dutch Association of Investors for Sustainable Development (VBDO). This benchmark looks specifically at how companies work with suppliers. HEINEKEN was ranked second (after Unilever) in the Food & Agriculture category and sixth in the overall list of 40 multinational companies, up from 13th last year. This made us – together with Air France KLM – the biggest climber in the top ten. [See VBDO](#).
- HEINEKEN UK was awarded Platinum Plus, the highest ranking in the [Corporate Responsibility \(CR\) Index](#). It was also voted Best Company in the Food and Drink Sector. The CR Index is the UK's leading voluntary corporate responsibility benchmark.
- Athenian Brewery is one of the first companies in Greece to receive the Platinum Award in the Corporate Responsibility Index. Athenian Brewery was also ranked Best Workplace in Greece, and fourth Best Workplace in Europe, based on a survey conducted among over 250,000 employees across 1,500+ European organisations by the Great Place to Work® Institute.
- HEINEKEN Hungary was awarded the Greenovation Award for its combination of innovation and sustainability programming. The award is a new recognition from the FMCG sector magazine

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Benchmarks and Achievements

Local Benchmarks and Achievements

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- Nigerian Breweries was awarded Best Company in Supply Chain Value Creation at the Nigeria Social Enterprise Report and CSR Awards. Nigerian Breweries received this recognition for increasing the volume of sorghum production in the country by empowering and aiding local farmers with new techniques and improved species. The project also enhances the lives of farming communities.
- HEINEKEN Brasil received two awards: Jacareí Brewery was awarded the Corporate Citizen Company Award for its employee and community engagement; while the Araraquara Brewery was recognised by the regional industry association for its environmental improvement activities.
- In Portugal, HEINEKEN received the Rock in Rio Sustainable Attitude Award for actively encouraging 'green behaviour' among festivalgoers. Rock in Rio is the largest music and entertainment event in the world, with 12 annual editions across Brazil, Portugal and Spain attracting more than six million visitors. See [Case study](#).
- In Poland, Grupa Żywiec ranked number one at the Grand Prix CSR awards in the Large Company category.
- HEINEKEN in Slovakia received a special award from the Slovak Ministry of Labour, recognising its activities on gender equality, equal opportunities and family-friendly approach.
- HEINEKEN USA was awarded a US LEED (Leadership in Energy and Environmental Design) Gold Certification for its renovated headquarters, one of the highest recognitions available from the US Green Building Council. See [Case Study](#).
- In St. Lucia, Windward & Leeward Brewery Ltd dominated the St. Lucia Manufacturers Association Quality Awards: it won Diamond in all categories (including Social Responsibility) and received The President's Award.

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About this Report

Accountability

This online report and the printed summary version are key elements of our public accountability and demonstrate our genuine commitment to transparency. They complement our [annual report](#), our corporate website www.theHEINEKENcompany.com and the 33 [local market sustainability reports](#).

For the second year, we are publishing the full version of the sustainability report in online format only.

We have compiled this Sustainability Report in line with the reporting guidelines of the Global Reporting Initiative 3.1. We include a [Global Reporting Initiative \(GRI\) Reference Table](#) and a brief summary of some of the ways in which we contribute to the UN Global Compact and as a participant of the Global Compact sustainability leadership programme LEAD.

GRI conducted an [Application Level Check](#) and concluded that the report fulfils the requirement of Application Level B+.



Reporting structure

The structure of this report reflects our Brewing a Better Future approach, which is focused on the delivery of three strategic imperatives: to continuously IMPROVE the environmental impact of our brands and business, EMPOWER our employees and the communities in which we operate, and create a positive IMPACT for the role of beer in society.

Two key initiatives support each imperative. Five key enablers support the delivery of the approach: Governance, Senior Management Incentives, Reporting and Transparency, Supplier Code and Communication & Engagement.

In this online report, one section is dedicated to each of the three strategic imperatives. Each section is brought to life via the use of a number of case studies. These represent only a small proportion of the positive changes we are helping to make. More examples of what we are doing can be found in the Sustainability section of www.theHEINEKENcompany.com.

Scope

The data included in this report, with some exceptions, refers to the consolidated interests of Heineken N.V., which we refer to as 'in scope' operations. A full list of operations in scope can be found in [Appendix 4](#).

This report therefore covers the operations of 148 production units, of which 123 are beverage production units (beer, cider, soft drink and/or water), 12 are malting plants and 12 are mixed-purpose units including packaging plants, a cider mill, crate factories, can factories and can closure factories.

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Detailed information about our data gathering and reporting process can be found in [Appendix 2](#).

Assurance

We believe that the data and statements in this report should be externally assured. So we have asked KPMG to provide us with independent, limited assurance on both the facts and the wording in this report. KPMG summarises its activities and conclusions in [Appendix 5](#). In addition, we have further improved and extended the scrutiny by our internal audit teams. This improves the quality and robustness of the data and gives a level of credibility and certainty for our stakeholders.



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Improve

Introduction

At HEINEKEN we are always trying to do better. IMPROVE is our strategic imperative to continually reduce the environmental impact of our brands and business. To achieve this, we assess our environmental footprint throughout the value chain, from crop to consumer, and identify where potential improvements can be made. We do this not only for our own production units, warehouses and offices, but also wherever possible in partnership with our suppliers, outlets and points of consumption.



REDUCTION IN
WATER
CONSUMPTION
SINCE 2008



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Overview

‘With a global scale comes a global responsibility to ensure efficient use of energy and water.’

Marc Gross, Chief Supply Chain Officer



At HEINEKEN we are working hard to increase the water and energy efficiency of our breweries, offices and warehouses. In 2012 we made good progress and are on target to achieve the goals we set for 2020. We have set the target of reducing the amount of water we use for beverage production from 5.1 hl per hl of beer produced in 2008 to 3.7 hl in 2020. In energy use, our goal is to reduce the direct and indirect CO₂ emissions from fossil fuels from 10.4 kg/hl in 2008 to 6.4 kg/hl in 2020.

What we said we will do by 2012¹

What we've done by 2012

Specific total energy consumption² <155 MJ/hl



Partly achieved. Specific total energy consumption: We achieved 157MJ/hl; we did not achieve our target. This was due to the acquisition of new businesses. Without these, specific total energy use was 153 MJ/hl

Average greenhouse gas emission <8.5 kg CO₂-eq/hl for breweries in scope



Achieved. We achieved 8.4 kg CO₂-eq/hl

Energy-efficient brewery designed



Achieved. The conceptual design of an energy and water efficient brewery was completed in 2011. In 2012 we began to implement results of this in projects and will continue to do so in the coming years

Specific water consumption <4.3 hl/hl



Achieved. We achieved 4.2hl/hl

Water footprint studies performed



Achieved. We have undertaken four extensive water footprint studies and applied the learnings from each one to relevant aspects of our business

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First water neutrality pilot conducted



Not achieved. Following stakeholder dialogue meetings we came to the conclusion that there is no clear consensus on the definition of 'water neutrality'. For this reason we didn't start a pilot on water neutrality. Instead we introduced the concept of 'water balancing' and a strategy to implement this.

 [Click here for more information](#)

Inventorise the environmental performance for offices, warehouses and brewery buildings offices, including studies for improving energy and water efficiency



Achieved. We have implemented a new monitoring system that collects data on total energy and water consumption and waste of our main buildings (29 offices and 65 warehouses). Furthermore, LEED and BREEAM feasibility studies were conducted on four locations. These serve as pilot projects for future roll-out to the rest of our buildings. LEED and BREEAM are sustainable building design standards

¹ Unless stated differently

² Total energy is thermal energy plus nine times the electrical energy in kWh

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Energy



Specific total primary energy consumption as key measure

For the production of our beverages both thermal and electrical energy is needed:

- Thermal energy is energy that comes from heat, and relates to the amount of fuel used on site for heat production as well as on-site logistics.
- Electrical energy relates to the amount of electricity used on site

The two types of energy are added up in a measure which is called the total primary energy consumption¹⁶. We have set a target for 2012 on specific total primary energy consumption, which is the total primary energy consumption needed to produce 1 hectolitre (hl) of beer, soft drinks, cider and bottled water. Our target of 155 MJ/hl, however, was not reached for all sites, with an improvement from 159 MJ/hl in 2011 to 157 MJ/hl in 2012.

Improvement was limited by the acquisition of a number of breweries that scored poorly on energy consumption. Our total group energy consumption would be 4MJ/hl lower if we did not include the new acquisitions. The new breweries will be brought within the scope of our sustainability journey in 2013 and we are still on track to meet our 2020 targets.

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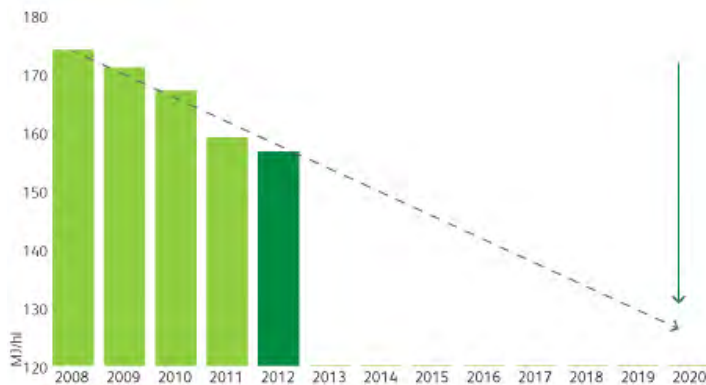
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Total specific energy consumption¹⁶: actual performance and target

MJ/hl beer + soft drink + cider + water



¹⁶ The total primary energy consumption is calculated as the sum of thermal and electrical energy (converted to primary energy by using a factor of nine)

Reduction in specific thermal energy consumption

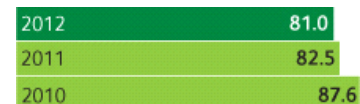
The specific thermal energy consumption improved by 1.8 per cent from 82.5 MJ/hl to 81.0 MJ/hl. This was slightly above our targeted improvement, due to the energy consumption level of the newly acquired breweries in Nigeria now included in the scope of the report. The new breweries will be included in our sustainability programme as soon as possible to ensure that we are on track to realise the HEINEKEN 2020 targets.

Key initiatives that contributed to our improved performance were:

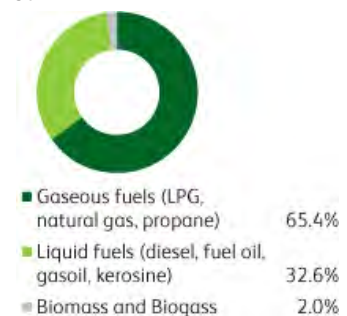
- Introducing a global strategy for reducing evaporation. Our Vialonga plant (Portugal) reduced the evaporation rate from 4 per cent to 2.5 per cent; The Wylre plant (Netherlands) achieved an evaporation rate of 2.5 per cent, down from 4.5 per cent. Savings were also achieved via changes to the wort boiling process at Rouiba (Algeria) and Ponta Grossa (Brazil). A further 15 production units are running, or have completed, trials in the area of evaporation.
- TPM and investment projects at Jacarei (Brazil) and Orizaba (Mexico) both successfully implemented condensate-return installations. Jacarei also invested in new equipment. Our production units in Mons-en-Baroeul (France) and Nizhny Novgorod (Russia) saved a significant amount of thermal energy through a more efficient re-use of their hot water.
- Our breweries in Nigeria, Tunisia and Rwanda improved their

Specific thermal energy consumption

MJ/hl beer + soft drink + cider + water



Types of fuel used



In terms of direct thermal energy consumption, natural gas and

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Energy continued

performance via improvements in condensate recovery, elimination of steam leakage and better pipe insulation.

LPG account for 65 per cent of all fuels used, while fuel oil and diesel account for 33 per cent. Approximately 2 per cent of the thermal energy is derived from renewable sources, such as biomass and biogas. We do not use coal.

The amount of biomass used for thermal energy production increased by 7 per cent, while the amount of biogas increased by 53 per cent.

Reduction in specific electricity consumption

Specific electricity consumption improved by 1 per cent from 8.5 kWh/hl to 8.4 kWh/hl. We did not achieve our target for 2012 due to the acquisition of several energy inefficient breweries. The new breweries will be included in our sustainability programme as soon as possible to ensure that we are on track to realise the HEINEKEN 2020 targets.

Specific electricity consumption
kWh/hl beer + soft drink +
cider + water

2012	8.4
2011	8.5
2010	8.7

The decrease in specific electricity consumption is largely due to improvements at our Zoeterwoude brewery in The Netherlands. The improvements included a variety of TPM projects, optimised lighting and using lower pressure within the compressed air system. Optimised lighting has also led to improved electrical energy consumption at the units in Rouiba (Egypt) and Nizhny Novgorod (Russia). The reduction of pressure and other adjustments to the compressed air system have been proven successful measures for major electrical energy savings in Jacarei (Brazil) and Lagos (Nigeria).

Greenhouse gas emissions: reducing our specific emissions

In production, we reduce our greenhouse gas emissions through the reduction of CO₂ equivalents per hectolitre produced. This can be done either through reducing direct emissions (emissions of fossil fuel burned on-site) or indirect emissions (emissions from energy production upstream, for instance in a third party power plant).

We improved our overall performance with a reduction from 8.8 kg CO₂-eq/hl in 2011 to 8.4 kg CO₂-eq/hl in 2012. This improvement is primarily the result of the energy saving activities at our production units, but also due to an increased share of renewable electricity (8.0 per cent of total electricity consumption in 2011, compared with 9.3 per cent in 2012), causing the indirect CO₂ emissions to decrease. Our direct CO₂ emissions did not change from last year.

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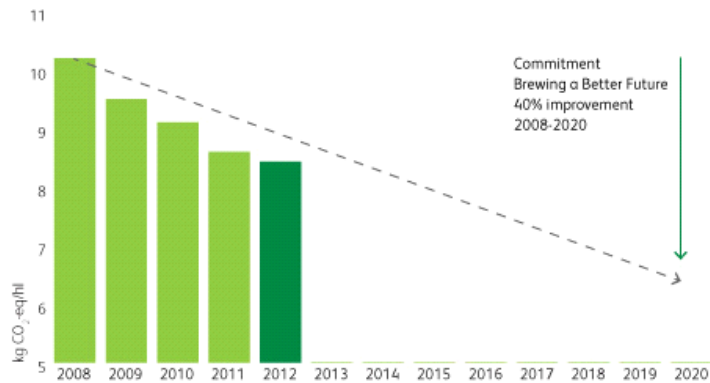
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Specific greenhouse gas emissions: actual performance and target

kg CO₂-eq/hl beer + soft drink + cider + water



Our methods to reduce our CO₂ emissions hinge on implementing less carbon-intensive technologies and switching to less carbon-intensive fuels. Twenty HEINEKEN production units participate in the EU emission trading scheme. All sites together had a provisional emission of 227,546 tons of CO₂ emitted in 2012. The official emission for 2012 will be known by the end of May 2013.

Working towards our target of 40 per cent CO₂ reduction

In 2010 we set the target of achieving a 40 per cent reduction in CO₂ emissions (as a consequence of our energy consumption) in our breweries to 6.4 kg CO₂-eq/hl by 2020. In 2012 we were on target at 8.4 kg CO₂-eq/hl.

Making renewables part of the energy mix

In 2012, the reporting of renewable energy improved, bringing the subject more prominent on the agenda of all breweries worldwide.

Harnessing wind power

In Mexico we are a customer of the Mareña Renovables Wind Farm Project, currently under development in the Oaxaca region with a total capacity of 396 MW. HEINEKEN will source approximately 300,000 MWh/Year by means of a long-term



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purchase power agreement. The project is planned to start producing energy at the end of November 2014.

In the Netherlands, HEINEKEN has received approval from the Province of South Holland to build four wind turbines on its Zoeterwoude property. The turbines will have a capacity of approximately 10 MW covering nearly one-third of the brewery's electricity requirements. Following the results of an environmental impact report, installation is expected to begin in the fourth quarter of 2013.



Project Solar Brew

Started in April 2012 at our brewery in Göss, Austria, Project Solar Brew involves the installation of solar panels for heating malt and water, the first phase of beer production. The solar panels will contribute roughly 18 per cent of the energy requirement of the initial mashing process. The project involves collaboration with the Austrian institute for sustainable technologies (AEE INTEC), Denmark's Sunmark and GEA Brewery Systems, a company that specialises in brew house technologies.

Two similar projects are underway at our Valencia brewery in Spain, where solar energy will also be used to heat the tunnel pasteuriser, and at Vialonga, Portugal, to dry the malt after it has germinated. Göss and Valencia are planned to be in operation by the middle of 2013, Vialonga is expected to be operational at the end of 2013. [See also case study from Italy.](#)

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Biomass as an energy source

In Austria, we are studying the use of spent grains, a by-product of the brewing process, to produce biogas. The biogas will be used as fuel to generate electricity and heat, both used in the brewery.

Similarly, in the Netherlands we continue to investigate the potential of producing biogas in cooperation with local farmers. The initiative would involve co-fermenting cow manure with biomass (such as grass, crop remains or spent grains) to produce biogas that could meet a significant amount of our annual energy requirements.

In the UK, we discontinued investments in two biomass plants in Tadcaster and Manchester. Despite great efforts over the commissioning process, the system did not meet our exact requirements related to reducing the truck movements on site, reducing the consumption of natural gas and providing cost-effective electricity and heat. We finally had to accept that it would not be an ongoing project. We were pioneers in this application and sometimes being green means having the courage to try new ideas that do not always work. As an organisation we learned much from the experience. We will continue to look for new opportunities and users for the plant outside HEINEKEN – for whom the location is more suited. In the meantime, the world of renewable energy generation has moved on and we are able to procure from a central supplier at an efficiency rate greater than biomass would have delivered.

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Research & development to support our sustainability agenda

We are researching a number of technologies to assess their contribution to our targets on energy consumption reduction. One of our R&D projects is the further optimisation of evaporation in wort boiling, which can bring down the energy required in the brewing process by 5 MJ/hl. The roll-out of optimised evaporation has been included in our global energy-saving strategy.

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Water



Introduction

Water is our most important ingredient and essential for our operations. At the same time water is critical for the well-being of the communities and ecosystems in which we operate. Globally, fresh water resources are under pressure and water scarcity already affects four out of every ten people. Globally, the demand for water has doubled during the past 50 years and is expected to increase by another 40 per cent by 2030. Global demand for water is expected to increase by another 40 per cent by 2030. In water-scarce areas this may result in increased competition for water among industry, the general population, agriculture and ecosystems.



As a signatory of the United Nations CEO Water Mandate, we recognise that we have a responsibility to promote responsible water use and encourage our suppliers to do the same. We have therefore invested time, energy and money in order to better understand the various aspects of our relationship with water in order to develop a comprehensive water strategy. In an increasingly water constrained world it is critical that we become as efficient as possible, while working with communities to protect water resources.

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Water continued

Our Water Stewardship strategy is based on five drivers:

- Reducing the amount of water used for production
- Responsible discharge of brewery effluent
- Reducing the amount of water used in the rest of our supply chain
- Protecting our water resources in water-scarce and water distressed areas
- Compensating for the water that is not returned to the local water cycle in a treated way: 'water balancing'.

Reducing specific water consumption in the brewery

Water is essential for our production process, both as an ingredient and for the production itself. At the start of Brewing a Better Future in 2010, we set a specific water consumption target of 3.7 hl of water to produce 1 hl of beer, cider, soft drinks and water by 2020. In 2012, our specific water consumption decreased to 4.2 hl per hl, down from 4.3 hl per hl in 2011. Thirty-nine of our production units are already below the target of 3.7hl/hl, although 20 sites still have water consumption higher than 7 hl/hl.

We have completed pilot tests in Greece and the Netherlands to upgrade treated brewery effluent to drinking-water quality, with the objective of using this reclaimed water at specific, non-critical areas in the packaging department. For the second year in a row, the main contributor to reduced water consumption was our production unit in Bergamo (Italy), making large improvements in the water consumption of the ammonia plant due to the installation of an evaporative condenser. Improvements in cooling systems have also led to major savings in Jacarei (Brazil) and Graz (Austria), while our Nigerian units in Kaduna and Lagos successfully decreased their water consumption by the use of effluent for floor cleaning and gardening purposes. [See case study Poland.](#)

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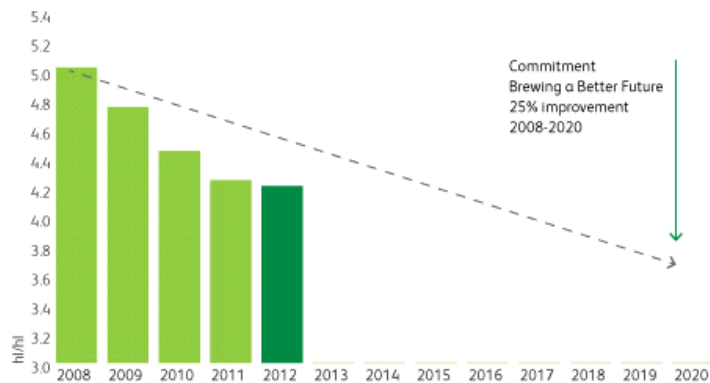
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Specific water consumption: actual performance and target

hl/hl beer + soft drink + cider + water



Wastewater treatment

In 2012 the effluent organic load increased, which was caused to a large extent by seven newly acquired sites in Nigeria and Ethiopia that do not have a wastewater treatment plant (WTP). A total of 24.4 kton of organic load was discharged to surface water, compared to 18.8 kton in 2011. Without the new sites, the effluent discharged to surface water would have slightly decreased by 0.5 kton (from 18.8 to 18.3 kton per year).

Our sites in Lagos, Awo Omamma and Ijebe Ode (Nigeria) improved housekeeping and achieved better performance of the wastewater treatment plants. In Kinshasa (DRC) the wastewater plant was put into operation. These four sites are responsible for a reduction of 2.5 kton of effluent organic load.



Effluent organic load discharged to surface water

kton COD discharged by beer + softdrink + cider + water production units



It is our policy to ensure that effluent from our production units is treated before discharge to surface water, either by our own or third party treatment. In 2000, HEINEKEN committed to installing effluent treatment plants at each of the 20 production units in the Africa and the Middle East region. Today, as a result of divestment or changes in shareholdings, only 13 are still in

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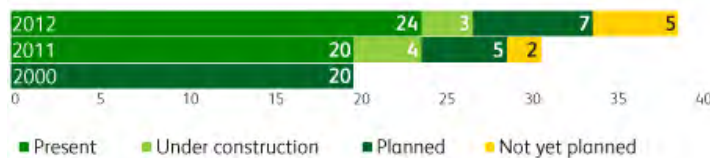
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scope. Of these 13, seven have a waste-water treatment plant, three are under construction and three are planned.

Of the 39 beverage and malt production units in Africa and the Middle East, 24 have wastewater treatment facilities or use municipal treatment. Of the remaining 15, three are under construction and seven are planned. Plans still need to be developed for five production units; three of these are new acquisitions, the other two are Beirut (Lebanon) and Aba maltings (Nigeria).

Wastewater treatment plants AME region



Water management in agriculture

Based on Water Footprint studies from four markets, we estimate that the water used to grow crops for our beers accounts for 90 per cent of our water impact. Agriculture is therefore an obvious area in which to focus efforts to reduce the water footprint. The challenge is that - for the majority of our raw material input - we do not have direct relationships with farmers, which in turn means that we need to influence water usage through our partners in the supply chain. This is one of the reasons why we, as a member of the [Sustainable Agriculture Initiative platform \(SAI\)](#) have adopted the [SAI Principles and Practices](#) for HEINEKEN inputs. Responsible water usage is part of these principles. For farmers this means, for instance, understanding local water issues and having a water management plan for the farm.



We will discuss this with our tier 1 suppliers (suppliers that supply us goods and services directly) and work with them and all our partners to take appropriate combined action. HEINEKEN also joined the SAI Platform's Working Group on Water and Agriculture, which focuses on water practices at farm level.

We continue to work with other members of the SAI Platform and our stakeholders to discuss and address how to approach water catchment and landscape level issues and their relationship to farming.

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Protecting water resources in water-scarce and water distressed areas

Since 2010 we have been assessing physical, regulatory and reputational water-related risks. We are developing a more detailed understanding of how water-related risk manifests itself and how this can be addressed in different watersheds where we operate. This is particularly important in water-scarce and water-stressed areas. We have extended our global water risks assessment of all HEINEKEN sites with additional tools so that we can evaluate water risks from different perspectives.



The assessment identified 20 sites that must take priority in our water resource considerations. These are in Algeria, Egypt, Ethiopia, Nigeria, Tunisia, Mexico and Spain. In these areas we will perform a Source Vulnerability Assessment and we follow them up with Source Water Protection Plans. These Source Water Protection Plans will address the local physical, reputational and regulatory risks and should increase the sustainability and supply reliability of water resources by - mitigating risk and - engaging stakeholders. The first four production units in Spain started developing their Source Water Protection Plan in 2012 and we aim to have plans in place for all 20 facilities by 2015.

Water balancing

In 2009, we committed to achieving water neutrality in water-stressed areas by 2020. Following discussions with stakeholders, it became clear that water neutrality had a number of meanings and our objective was not clearly understood. Hence, we have adopted the term water balancing. We define this as:



For all water taken by HEINEKEN from a watershed, and not returned in a treated way to that watershed, HEINEKEN aims to redress the water balance through community or ecological projects and programmes.

These projects will focus on conserving or restoring water quantity, quality and/or biodiversity in the watershed in which they will be implemented. The idea is to realise these projects in close collaboration with our key stakeholders in the watershed.

A number of projects have already been initiated. In our brewery in Harar, HEINEKEN Ethiopia has developed a methodology to compensate the farmers for the water used by the brewery. In addition, HEINEKEN will construct several

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shallow pilot wells to demonstrate to local farmers that with improved well-construction techniques, they can cover their water requirements, even throughout the dry season.

Research & development to support our sustainability agenda

We are researching a number of technologies to assess their contribution to our targets on water consumption reduction. One of our R&D projects is the reduction of the amount of water used in the brewing process. We are currently evaluating ways in which we can reuse water in cleaning.

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Waste

Waste recycling

Total waste generation and recycling increased slightly. In 2012, the total waste recycling rate was 96.9 per cent compared with 95.5 per cent in 2011, mainly due to the large amounts of recycled co-products, such as brewer's spent grains and yeast. Co-products account for a large percentage of our total waste. At HEINEKEN we sell most of our co-products, primarily for use as animal feed or compost. We aim to minimise the quantity of non-recyclable waste produced and need to increase recycling awareness and improve waste segregation in our production units as well as identifying additional uses for the waste we produce.

The specific amount of non-recycled industrial waste resulting from the production of beer, cider, soft drinks and water improved significantly in 2012: from 0.73 kg per hl in 2011 to 0.51 kg per hl in 2012.

This improvement is mainly due to increased recycling rates of co-products (e.g. spent grains, surplus yeast) at our Nigerian production units in Aba, Lagos and Amaeke Ngwo ([see case study](#)). A second major contribution to the improvements in non-recycled industrial waste comes from our Russian production units in Ekaterinburg and Irkutsk, which have reduced Kieselguhr requirements, therefore reducing the amount of spent Kieselguhr sent to landfills.

Specific non-recycled industrial waste production
kg/hl beer + soft drink + cider + water

2012	0.51
2011	0.73
2010	0.75

Waste recycling in reporting year	% recycled per category
Total co-products, packaging & industrial waste	97.0
Total waste water sludge	80.0
Total hazardous waste	78.6
	% recycled of totals
Total waste	96.9

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Environmental compliance

The number of complaints related to environmental safety accidents with off-site effects decreased slightly, from 33 in 2011 to 29 in 2012. About two-thirds of the complaints are related to nuisance by noise. The remaining complaints are mainly odour-related.

In 2012, we recorded 42 accidents with the potential to cause harm to human life, property or the ecosystem and/or which can cause nuisance to a third party – a major improvement compared with the 70 reported in 2011. About half related to the quality of the effluent, and the remainder relate mainly to noise and odour nuisance.

The amount of fines received by our production units fell by 90 per cent. Three production units had to pay fines because of one or more environmental breaches, amounting to a total of EUR 8,655, compared with EUR 88,293 in 2011.

Environmental and safety complaints

number of complaints



Environmental and safety accidents

number of accidents



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Sustainable buildings



People work in buildings every day. Therefore there is a great opportunity to create daily awareness of ways we can improve sustainability and have a significant impact on our overall environmental footprint.

In 2012 we began a pilot project to monitor water, energy and waste in non-production sites. In the first wave, we have selected a group of buildings to demonstrate the potential to improve on different elements of sustainability. As we build our understanding, more buildings will be monitored to support achievement against regional targets.

In order to help educate our employees on sustainability in their work space, in 2012 we launched an e-learning module that focuses on building management systems, lighting solutions, water-saving taps and recycling initiatives. The case study in relation to our [USA operation](#) is a great example of how businesses can make a real difference in building performance. As a result of the improvements, the USA business has achieved the LEED Gold certification, based on the LEED rating system for the design, construction and operation of high performance green buildings, homes and neighbourhoods.



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Green Commerce

Overview

‘Innovation plays an increasingly important role in driving sustainability across our commercial activities.’

Alexis Nasard, Chief Commercial Officer



Our focus in 2012 has been on reducing the total carbon footprint of our products across the value chain, from barley to bar. In the Green Commerce workstream, we have focused specifically on reducing our environmental impact in distribution, packaging and cooling, and working with customers and consumers to build awareness of our activities. Innovation and collaboration are key to this journey and partnering in the value chain through our open innovation platforms is one of the ways of finding opportunities for reduction of the environmental impact.

What we said we will do by 2012¹

Design and adopt a new packaging policy with agreed targets for carbon reduction

Starting 2010, all new purchased fridges to be based on green technology, if legally and technically possible

15 per cent energy reduction of fridges in cooling against index

Distribution efficiency standards defined for owned and outsourced operations

Evaluation criteria for new product innovations introduced in all regions

What we've done by 2012



Partly achieved. We have developed and published a packaging policy that has environmental considerations built into the packaging development process



Partly achieved. In 2012, 93 per cent of the 134,285 fridges that HEINEKEN purchased had one or more of these 'green' characteristics and 37.5 per cent had all three



Achieved. Target exceeded by 250 per cent. The average reduction was 38 per cent



Achieved. Green distribution requirements added to the tendering process



Achieved. In several stages of the innovation process, we have embedded the environmental requirements. We look at the most relevant characteristics for our product category to assess and quantify the results

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Green Commerce

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Continuous roll-out of guidelines on Life Cycle Assessment and carbon footprint for cooling equipment to suppliers



Achieved. Specifications for development of green cooling equipment have been defined and are now contained in the specifications we send to our suppliers. Additionally, we have developed a specific test protocol to measure energy consumption

Develop and execute a baseline carbon footprint model



Achieved. Our carbon footprint model covering the whole value chain has been developed and continuously improved. We have calculated our carbon footprint at 24 Operating Companies covering more than 90 per cent of HEINEKEN Group volume. For activities outside production, we used the results of the model for target setting for 2015

Carbon reduction opportunities in distribution identified through footprint reviews for top 20 markets



Achieved. We have set a target of 10 per cent reduction by 2015

¹ Unless stated differently

² Index calculated with an average lifetime of a fridge of five years; new installed fridges are equal to replacement

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Calculating our carbon footprint

HEINEKEN has developed an extensive and comprehensive carbon footprint model that calculates the greenhouse gas emissions of beverage production, in order to better understand the hotspots in our value chain and identify areas for improvement. This is the third year that HEINEKEN has calculated its carbon footprint, and the first year it is published based on data from 2011. We expanded the model to include Africa and the Middle East and the Americas. With 24 Operating Companies in scope, it covers more than 90 per cent of HEINEKEN Group volume. This model has allowed us to map the carbon footprints of the beverages we produce.

How we calculate our Carbon Footprint

HEINEKEN developed calculation principles specifically for the life cycle of beverages. These are based on the calculation methodology described in WBCSD/WRI's [Product Life Cycle Accounting and Reporting Standard](#)¹. The calculation principles have been customised to better fit our reporting needs.

The model covers the six beverage production life cycle stages from barley to bar:



Agriculture

The agricultural stage includes cultivation of barley and other raw materials for beer, cider and soft drinks.

Malting & Processing

The processing stage includes the malting of barley and similar processes such as fruit concentration and syrup production.

Beverage Production

The beverage production stage covers emissions from brewing beer and cider, and producing soft drinks. The emissions are divided into on-site, upstream and downstream emissions. On-site emissions refer to emissions from combustion of fossil fuels at the breweries. Upstream emissions are related to the emissions associated with purchased electricity and heat as well as auxiliary materials. Downstream emissions include emissions related to waste management.

Packaging material production

The packaging material production stage includes the production of the materials such as aluminium or glass, the manufacturing of the cans, bottles or kegs and the end of life as recycled materials, landfill or incineration.

Distribution

The distribution stage includes both the inbound distribution (raw and packaging materials distributed to the breweries) and the outbound distribution (finished products distributed to warehouses and outlets).

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Calculating our carbon footprint continued

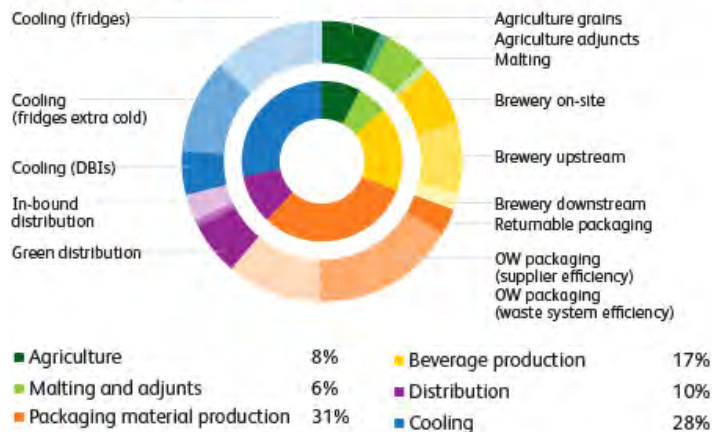
Cooling

The cooling stage covers cooling in fridges (for bottled and canned products) at home, retailer or in bars and restaurants and through draught beer installations.

Our carbon hotspots and how they are addressed

The calculation principles lead to a carbon footprint for each beverage (group) at a specific Operating Company. Operating Companies receive a feedback report stating the carbon footprint of the different beverages they produce and the weighted carbon footprint of the total hl produced. The HEINEKEN Group carbon footprint is about 68 kg CO₂eq/hl. This figure is based on best available data, but also includes assumptions and estimates, specifically for processes further away from our core activities. In the coming years we will make an effort to include more precise data with focus on the hotspots. The graph shows the breakdown of HEINEKEN's carbon footprint over the main processes from barley to bar.

Double donut based on 3.4.8, including total Green distribution (and 15% of that other) distribution of HUSA (100.7 kton CO₂eq extra).



- Remark: Total percentage may not add up to 100% due to rounding.
- Green distribution = HEINEKEN controlled outbound distribution.

For each of the processes we have identified ways to reduce the emissions:

Agriculture

For agriculture the main emissions result from the use of fertilizer. We address this through our work with SAI on standards in [sustainable agriculture](#).

Malting & processing

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Although malting & processing is the smallest of the emission drivers, we have programmes in place to reduce the emissions in our own malteries.

Beverage production²

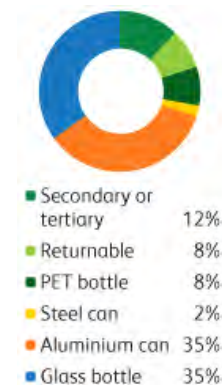
Beverage production is one of the hotspots for HEINEKEN. Most of these emissions are generated upstream by the combustion of fossil fuels to generate electricity, the production of filter material for the brewing process and generation of steam. On-site emissions mainly originate from the use of natural gas. More efficient use of energy will reduce emissions from **beverage production**.

Packaging material production

Packaging material production including the end-of-life are the largest sources of emissions for HEINEKEN's carbon footprint. One way glass accounts for about 35 per cent of the emissions from packaging. Another 35 per cent are generated by the production of aluminium cans. Returnable packagings account for about eight per cent of the carbon footprint. PET bottles production generates about eight per cent of the total packaging emissions and steel cans about two per cent. An estimated 12 per cent of the emissions are generated by the use of secondary and tertiary packagings.

Nearly half (45 per cent) of the beverages produced by HEINEKEN are packed in returnable packaging. The multi-use of returnable bottles results in lower emissions. We focus on reducing the carbon footprint by reducing the weight, increasing the amount of recycled content in the packaging, efficiency improvements at suppliers and increased collection and recycling after use.

Percentage contribution of the different packagings to the total packaging emissions



Distribution

Barley to bar based on 90 per cent of produced volume Our Green Distribution programme aims to reduce our CO₂ emissions from transport. During 2012, we launched a number of initiatives to support CO₂ reduction in **distribution**.

Cooling

Cooling is another hotspot for HEINEKEN. Depending on the country and the beer culture, a large proportion of the beverages are sold from fridges in bars, restaurants or corner shops. We will continue to improve our carbon footprint by significantly increasing the efficiency of HEINEKEN **fridges and draught beer installations**.

Our focus for the coming years will go to those areas where we can make the biggest impact: brewing, packaging, cooling and distribution.

¹ Published in October 2011

² This also includes production of other beverages

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Packaging

Our new **packaging policy** was implemented across four regions in the second quarter of 2012. The policy aims to reduce the environmental impact of packaging throughout the product life cycle, without any loss of product integrity or quality. It centres on weight, carbon footprint reduction, efficient sourcing and the optimisation of new packaging during its design phase.

This eco-design methodology is fully embedded in our global innovation and renovation process. In 2012, we introduced tools to support the methodology: a qualitative assessment tool at the early stage of the design process to review the recyclability and weight of the material used; and a quantitative assessment tool to compare new packaging with what is already on the market. Twenty-six Operating Companies covering more than 90 per cent of the HEINEKEN Beer volume have implemented these eco-design tools. We have trained 175 people in 26 Operating Companies on the tools, leading to 774 quantitative Life Cycle Assessments on our packaging. Training of our people will continue in 2013 supported by e-learning modules that explain the methodology and rules of design and how to integrate the environmental criteria in the decision making process.

Involving packaging suppliers and defining improvement plans

Our long-term vision is to reduce the impact of our packaging across the entire value chain. Packaging suppliers are an important target group for achieving this vision. In 2012, we developed environmental scorecards for our key suppliers of aluminium and steel cans and glass bottles. Using data collected from the suppliers, we can identify areas of improvement and define action plans which will be monitored on progress over time. Our key glass, can, carton and label suppliers have taken part so far.

Together with IVL, an international environmental research agency, we also carried out a chemical assessment of our key packaging beyond the current legislative framework. With this



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study we challenged ourselves and our suppliers and sub-suppliers to explore improvement areas to reduce the impact of the end of life options and explore which chemical components currently hinders high(er) grade recycling. The results of the assessment will be used to develop a roadmap for improving our packaging further.

As a member of the [European Organization for Packaging and the Environment \(EUROPEN\)](#), HEINEKEN is involved in a project related to the EU Packaging and Packaging Waste Directive to better address the societal need for higher recycling rates in Europe. The working group is defining areas of improvement for industry-owned collection and recycling systems as well as the legislative framework.



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Cooling

Cooling is essential to how consumers experience our beer. However, cooling is also a significant contributor to our total carbon footprint. To reduce this, we install green fridges, both in cases where we replace an old fridge and in cases where we place a new fridge.

A 'green' fridge has three characteristics: the use of hydrocarbon refrigerant, LED illumination and an energy management system, wherever legally and technically possible. Each year the specifications are adjusted towards better performance. In 2012, 93 per cent of the 134,285 fridges that HEINEKEN purchased had one or more of these 'green' characteristics and 37,5 per cent had all three. For small fridges (<300ltr) the average energy saving was 32 per cent and for larger fridges 39 per cent. Average savings were 38 per cent.

Before we started with green cooling, refrigeration performances were not harmonised and unclear. We had to develop a measuring standard on energy consumption to compare results and report our progress uniformly.

We continued the roll-out of first-generation green draught beer coolers originally started in 2011. By using hydrocarbon refrigerants, these coolers consume 15 per cent less energy. We also continued the roll-out of the David Green, the world's first 'green' draught beer system. This innovative system enables cooling efficiency gains of more than 75 per cent versus traditional single tap systems.

In July we launched a line extension, David XL Green, in more than ten markets. For larger outlets we have developed Orion, a flexible draught beer system with the beer tanks visible in the bar. Both David XL Green and Orion consume 50 per cent less energy than a traditional draught beer system.

Heineken® Extra Cold beer is now available in more than 100 countries and HEINEKEN leads this segment. This brings the challenge how to serve Heineken® Extra Cold in the most sustainable and energy efficient way. In 2012, we redesigned the frozen column of the draught system. Using a single, advanced-technology cooler for the column and the beer, the installation requires less space and is 40 per cent more energy efficient than the original as the result of a new design and a timer to cool in sync with opening hours of the outlet.



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Distribution



Transport of finished products

Distribution is essential to our business and we strive continuously to reduce its environmental impact. Our Green Distribution programme aims to reduce our CO₂ emissions from road transport in Europe and America by 20 per cent by 2020.

During 2012, we launched a number of initiatives to support CO₂ reduction in distribution:

- an e-learning module for logistics and distribution teams that helps them understand how green distribution is embedded in their day-to-day routine and how they can contribute to the goals that have been set;
- a CO₂ Efficiency Framework to provide distribution teams with a structured approach to CO₂ reduction via efficiencies in the kilometres driven, fuel consumed and transport mode used;
- a Green Compass Self-Assessment and a Handbook of Best Practices in CO₂ Reduction. Using both of these, our logistics teams are now able to assess their own potential for CO₂ reduction and to learn from the best internal and external practices
- In the Netherlands, the Zoeterwoude brewery replaced 34 trucks equipped with Euro-6 engines. These are developed according to the latest emission norms for vehicles in the European Union, which will take effect on 1 January 2014. Compared with the Euro-5, the new engines produce 80 per cent less nitrogen oxides and 50 per cent less soot.

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Transport of raw materials

As well as focusing on outbound distribution, we began developing a model to include inbound transportation of raw materials and packaging in our scope. The model was piloted with three key Operating Companies during 2012 and will be rolled out during 2013 among top Operating Companies. This scope extension will see the alignment of outbound distribution and inbound transportation for measuring CO₂ emissions.

In 2013, we will look at transport optimisation by mapping the transport routes of key raw materials (malt, adjuncts and hops) against the location of the breweries, taking into account the proximity of available qualities and quantities, risk mitigation in case of crop failure, and processing capacities at suppliers.

Green Freight Europe

On 27 March, 2012 HEINEKEN took part in the official launch of **Green Freight Europe**, an innovative multi-industry initiative focused on reducing the environmental impact of European road transport. Through Green Freight Europe, we will work with the industry to define standards for collecting and reporting CO₂ emissions from road transport. This enables improved procurement decisions and collaboration between carriers and shippers to reduce emissions. It also acts as a platform for members to share best practices, promote innovation and communicate sustainability improvements.



"The Launch of the Green Freight Europe initiative was attended by some two hundred shippers, carriers, retailers and associations as well as leading policy makers from European institutions and governments."

Commuting and business travel

In addition to the production distribution, we have other examples not related to production. In the Netherlands, for instance, the following initiatives took place:

- In 2012 a new lease car policy was introduced across Western Europe including the Netherlands. An important element of the policy requires all lease cars to have an A, B or C energy label. By introducing these limits on energy consumption, we will reduce our CO₂ emissions from lease cars.



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- Our Head Office in Amsterdam use the service of TAXI-E, an electric taxi service. In 2012, we made 1,946 journeys with this service, resulting in a reduction of 25,380 grams of nitrogen oxides and 3,569 kilograms of carbon dioxide compared with a fuel-run car. CO₂ reduction contributes to the mitigation of climate change.
- As flying and shipping are closely connected to our business, we recognise that in order to reach a tipping point in the use of a sustainable biofuel, the aviation industry needs support. In June 2012, HEINEKEN joined Dutch airline KLM and biofuel supplier SkyNRG as a launching customer of the 'Future Fuel Programme' to co-fund the development of sustainable jet fuel. The seven companies involved, which include Philips and DSM, will operate part of their staff travel on Bio-kerosene by paying a premium. Due to this participation, the price of sustainable bio jet fuel is expected to decrease substantially, as accelerating towards achieving parity with fossil fuel is the goal of the programme. Provisional calculations show that for 2012 HEINEKEN reduced CO₂ emissions of head office staff flights by 102,375 Mton. KLM is the first airline to develop a biofuel programme for corporate accounts. Bio-kerosene is made of used cooking oil, which does not compete with the food chain or negatively impact the environment. The initiative is supported by World Wide Fund for Nature Netherlands.



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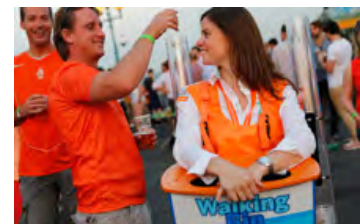
Green Commerce

Events

Enjoyment is one of HEINEKEN's three core values. At the heart of consumer enjoyment are many of the events we create or sponsor. Events offer a great opportunity for HEINEKEN to inspire both event partners and consumers to act sustainably. In 2011 we developed a toolkit to stimulate consistently 'green' Heineken events. In 2012, the toolkit was actively adopted by our Operating Companies. They were asked to select their top three events and to take the first steps to making them greener and cleaner. This resulted in sustainable initiatives at more than 70 events in 20 countries. See [Case Study](#).

Events, though, create waste. So we insist that, as a minimum, enough waste bins at the venue for separate waste collection should be available. That is where it starts. On top of that, we have initiatives in place to minimise the waste created and promote recycling. Our events show that sustainable behaviour can be stimulated in a positive, inspiring way. For example ([in the Holland Heineken House](#)) at the 2012 London Olympics, 'walking bins' ensured there was always a waste bin nearby to collect recyclables. At Rock in Rio in Portugal, we applied incentive programmes for returning cups. In combination with several other activities at the venue, this earned a Rock in Rio Sustainable Attitude Competition award.

For more information on how we promote responsible consumption during our events, see our [Impact section](#) and [related case studies](#).



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The Heineken Experience

Sustainability is embedded in our DNA and incorporated into the quality of the beer we serve. In 2012 we opened a dedicated space for Brewing a Better Future within the **Heineken Experience** in Amsterdam, our global consumer experience centre. Within the new sustainability areas, consumers are guided through our green efforts from barley to bar. Touchscreens present information for the five areas of Brewing, Packaging, Transport, Cooling and Events in an easy-to-understand and light-hearted way.

We also engage Heineken® fans by challenging them to take the How Green Are You? quiz. They can give us their feedback on sustainability in general and on our efforts in particular in the Your Opinions Count section, and share their personal ideas on how to make the world a greener place.

In total, more than 14,000 visitors took the opportunity to tell us their thoughts, which will help us to enhance our efforts for the future.



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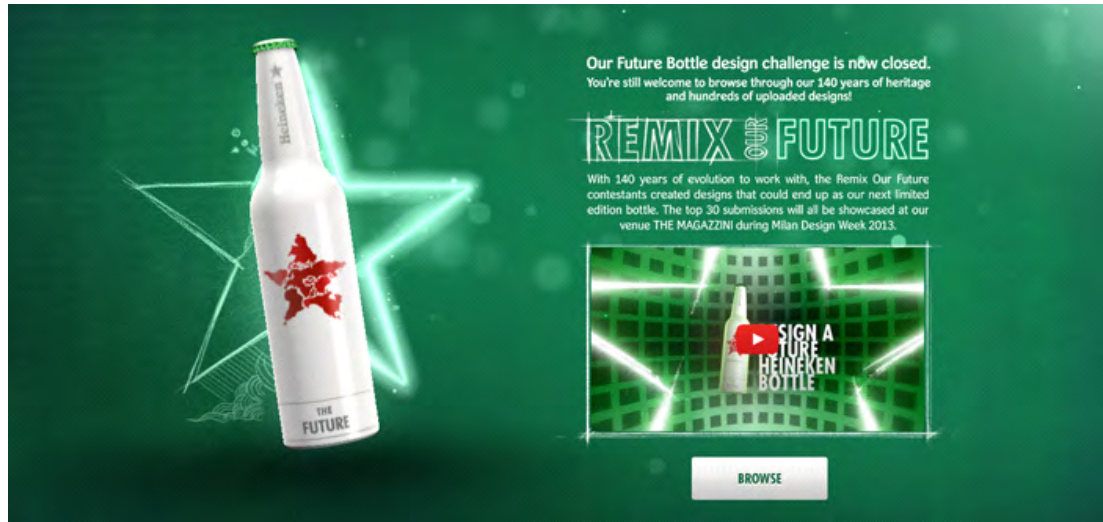
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Innovation



Innovation is the lifeblood of a branded consumer business. We have made good progress in embedding a culture of innovation in the company and delivering against our ambitious innovation rate target of six per cent. We have done so, in part, by finding ways to harness the massive creative talent that exists within and outside our business.

Within HEINEKEN, the 'Ideas Contest' is an annual forum for our employees' most creative ideas. These are presented at a global innovation event in May and Sustainability is one of the key criteria for the selection of ideas.

In order to tap into the creativity of our consumers, in April 2012 we launched 'The Ideas Brewery' with a first challenge focused on finding new approaches to sustainable packaging. Ideas were sourced via open innovation, an online process through which large numbers of people pool their expertise. Of 130 ideas submitted, 75 ideas were further explored. The winning idea, which encourages people to recycle by offering a potential \$1,000 prize instead of a few cents for each returned bottle or can, will be taken further within our innovation process.

Although we do not guarantee any idea will make it to market, we believe that the opportunity to collaborate with HEINEKEN is a powerful incentive. This initiative was the first of three challenges in the Ideas Brewery's pilot year. The second, 'Reinvent the draught beer experience', commenced in August 2012. See www.ideasbrewery.com.



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The launch of THINC, HEINEKEN's global innovation competition for packaging suppliers, completes the innovation circle. In June 2012, packaging suppliers from around the world were invited to present their most innovative ideas. They were also asked to focus their efforts solely on consumer-facing packaging using proven technology. A list of strict criteria that would be used to judge their ideas included environmental impact. Of the 33 pitches, seven ideas were judged as potential 'next-generation packaging' solutions. Initial qualitative research on some ideas has already been carried out with consumers. If the results are positive, the ideas will be considered for the first phase of our innovation funnel. Based on the success of the initial event, we are considering adopting the approach for other areas such as raw materials and merchandising.

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A very water-efficient operation



Water-consumption reduction is a key part of HEINEKEN's Brewing a Better Future ambitions. Nowhere is this more evident than in Poland, where since 2007 Grupa Żywiec has consistently managed to keep water consumption below three hectolitres of water for each hectolitre of beer produced.



In 2012, the actual figure across Grupa Żywiec's five breweries was 2.95 hl/hl, making it a very water-efficient operation within HEINEKEN.

Suppliers are actively involved in helping us to achieve our sustainability goals. Communicating these goals and ensuring that they are clearly understood by suppliers during the contracting process paid off at the Leżajsk Brewery.

As part of an ongoing initiative to reduce water consumption and waste water across HEINEKEN's Polish operations, supplier Diversey implemented its semi-dry lubrication technology for glass bottles on steel conveyors at Leżajsk. In 2012 a trial of the technology commenced.

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The trial started with the brewery's existing equipment and is expected to have similar operating costs as the conventional approach. Previous trials run in the Warka Brewery indicated a reduction in chemical usage, water and effluent of 85 per cent on the glass bottle line.

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A very water-efficient operation



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USA

Headquarters rewarded with LEED Gold Certification



HEINEKEN transformed its US headquarters into a dynamic space reflective of its culture: an upscale, open and transparent organisation with an eye for doing things in a responsible and sustainable way that would, among other things, reduce its carbon footprint.

The team achieved a 32 per cent reduction in water, implemented more efficient LED lighting, installed energy-efficient appliances and improved air quality by using non-toxic, low-emission materials. In addition, more than 85 per cent of all construction materials were recycled from the original building. The office space was also reduced from 60,000 square feet (5,574 m²) to 50,000 (4,645 m²).

At the same time, a culture change encouraged recycling at every work station and in the pantries, and a special programme for toners, paper, batteries, glass, aluminium and plastics was introduced. Most at-desk printers were transitioned to centralised printers with defaulted black-and-white, doubled-sided prints to reduce paper waste. And all employees received re-usable coffee cups and water bottles with the introduction of special water filtration systems to replace bottled water.



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Headquarters rewarded with LEED Gold Certification continued

In just under nine months, the complete physical renovation was complete, earning a US LEED (Leadership in Energy and Environmental Design) Gold Certification, one of the highest recognitions available from the US Green Building Council, and accolades from local stakeholders and media. As of December 2012, the office is one of ten LEED Gold certified sites disclosed in Westchester County and one of only 286 buildings/spaces across New York State. The project has been identified as a local best practice example and regular office tours are hosted as an inspiration to others with similar goals.

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Austria

Harnessing the power of nature



For the bottom-fermented beers produced in Austria, it is essential that a constant temperature of between eight and 12 degrees is maintained during fermentation. Fermentation produces its own heat, so to avoid any undesired side-effects, a cooling system is needed. This consumes between 1.3 and two kilowatt hours of energy per hectolitre of beer.



Gerald Zanker, Brewery Manager at the Brau Union brewery in Puntigam, and energy champion Michael Zotter had a simple but effective idea, based on the principles of an approach used decades ago. In the past, beer was mainly brewed during the cold season, to make use of the low temperatures outside.

Using the same principles, when temperatures drop below five degrees, cold air is automatically supplied from outside using fans. The external cooling system is only used for fine-tuning. This new system has been in use for about a year and has reduced the energy required for cooling by an estimated 20-30 per cent during the winter months. Other breweries have already expressed an interest in this innovative approach.

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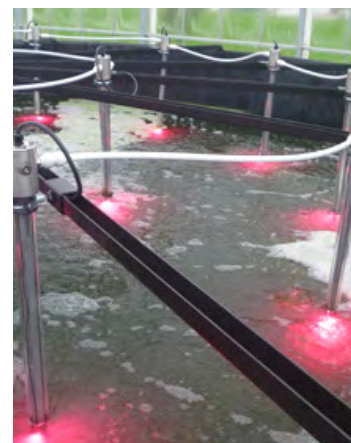
Unlocking the benefits of brewery waste water



Growing algae in wastewater is a new technology that produces clean water and valuable biomass and at the same time recycles phosphate. Phosphates, currently mined in Morocco and China, are required to fertilise the world's food crops. Depletion of phosphate reserves is projected in 75-100 years.

Working together with Algae Food&Fuel and Wageningen University and Research, HEINEKEN funded a project to conduct laboratory experiments that demonstrated that algae grow rapidly in the wastewater from our Zoeterwoude brewery. By growing these algae, almost 90 per cent of nitrogen and phosphorous components could be removed.

To scaleup the algae cultivation process and to develop downstream process steps for harvesting algae, two algae photo-bioreactors have since been installed at the Zoeterwoude brewery waste water plant.



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A bright future for CO₂ emissions reduction



Global warming, pollution and loss of biodiversity are becoming increasingly important issues for HEINEKEN and a growing number of its consumers. Furthermore, the uncertainty around fossil fuel pricing and the availability of subsidies and funding for green energy projects combined to make a powerful argument to support the introduction of solar power into HEINEKEN's energy mix in Italy – a country with long hours of sunshine each year.



In 2012, the Operating Company installed solar panels on the roof of a bottling and packaging plant in Comun Nuovo. Made up of 3,984 photovoltaic modules (equivalent to around 1.5 football fields), the two photovoltaic arrays started producing electricity in July, and would be able to generate almost 1.1 GWh of electricity per year, reducing CO₂ emissions by more than 447 tonnes per year.

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A bright future for CO₂ emissions reduction continued

A photovoltaic array was also installed at a warehouse at the Massafra brewery. To optimise the production of energy, the panels were positioned on the roof which is free of shadow zones, and oriented in the direction of maximum solar irradiation. Made up of 4,152 panels (equivalent to around 2.5 football fields), the brewery would be able to generate nearly 1.4 GWh of electricity per year, reducing CO₂ emissions by 557 tonnes per year.

Due to the success of these projects, HEINEKEN Italy is currently investigating the potential for two further installations at other breweries.

*To calculate the CO₂ reduction, a value of 406 gCO₂/kWh has been used.

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Nigeria

A second life for spent grains



Urban waste management remains an area of concern in Nigeria, particularly in the country's commercial capital Lagos. The municipal government is currently pursuing an intensive environmental protection drive, but the majority of waste is still dumped or disposed of in dump sites.

In an effort to reduce the environmental footprint of its operations, Nigerian Breweries launched an initiative to recycle spent grains, a by-product of the brewing process, into organic fertiliser. In partnership with EarthCare Nigeria Ltd, which operates a composting facility in the Ikorodu area of Lagos, 100 per cent of spent grains produced in the Lagos plant are now recycled, completely neutralising their negative environmental impact.

Through the partnership EarthCare Nigeria Ltd, which was started in 2011 and strengthened in 2012, Nigerian Breweries now has full control of what happens to its spent grains when they leave the brewery. The initiative has had financial benefits for the business as it eliminates payments to spent grain evacuators and fees for dump site usage. But it has also proved to be a creative way to support local agriculture, by providing farmers with an economical source of high-grade fertiliser.



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A second life for spent grains continued

The next stage of the partnership will focus on introducing the brewery's sorghum farmers to this organic fertiliser as an alternative to chemical fertiliser, and to extend the project to more rural areas where there is greater demand from local communities for spent grains as animal feed.

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Holland Heineken House puts the 'green' in orange



In 2012, HEINEKEN celebrated 20 years of association with the Olympic Games through its partnership with the NOC*NSF (Netherlands Olympic Committee). From small beginnings in Barcelona in 1992, Holland Heineken House (HHH) has become the meeting place for Dutch sportsmen and women, their families and friends, Dutch and international supporters, sponsors, VIPs and the media.

During the London 2012 Games, HHH received more than 100,000 visitors to its venue in the iconic Alexandra Palace. Decked out in the Netherlands' national colour, orange, HHH 2012 was the greenest one yet.

Materials were transported to and from the venue by boat from the Netherlands rather than by aeroplane, while 45 energy-efficient fridges around the venue kept beer perfectly chilled using 38 per cent less energy compared with fridges in the



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market at the end of 2010. At the end of the event, all the materials were shipped back to the Netherlands to be used again.

Drinks were served in recyclable plastic cups and clear signage indicated waste bins and recycling bins to encourage people to separate their waste. HEINEKEN also employed a number of ‘walking bins’ to make sure that there was always a bin at hand to collect recyclables.



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The Netherlands

Sustainable Partners in Business



In the Netherlands, HEINEKEN continued its Sustainable Partners in Business programme, to ignite conversations with HORECA outlets on how to reduce environmental impact and offer them 'green deals'.

One example is the 'LED campaign for entrepreneurs': HEINEKEN sales representatives showed bar owners the economic and sustainability benefits of LED lighting in their outlets and encouraged them to make the switch. In 2012, the HEINEKEN Netherlands sales force visited around 1,200 customers. Approximately 50 per cent of these customers were interested in one of the 'green deals' offered. We aim to continue engaging customers as partners in this way in the coming years and will monitor the results through our customer satisfaction research. The initiative will be further developed for international roll-out in 2013.



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United Kingdom

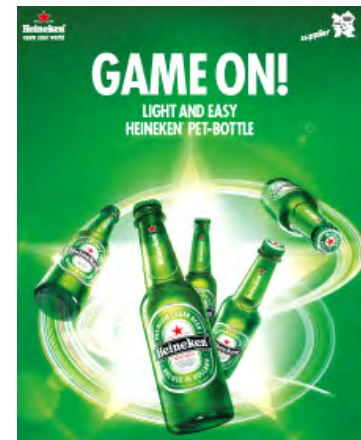
Supporting a greener Olympics



In a move to make the 2012 Olympics the ‘most sustainable Games ever’, the organising Committee LOCOG implemented a policy that all beverage packaging must be sold in recyclable PET cans and plastic bottles. Heineken®, the only branded beer served at any London 2012 Olympic and Paralympic venue, rose to the challenge with a specially designed, limited edition recyclable PET bottle.

The 330ml PET bottle followed the design aesthetics of the existing glass bottle and incorporated elements of embossing and bottle sculpting for visual appeal.

In total, around 1.6 million PET plastic bottles of Heineken®, chilled by fridges 38 per cent more energy-efficient, were served during the Olympics. The bottles collected during the Olympics were sent to recycling facilities for coloured recycled polyester fibres.



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Switzerland

A thousand journeys from road to rail

In order to alleviate road congestion, reduce CO₂ emissions, protect the environment and safeguard local employment, HEINEKEN Switzerland decided to reduce the road transportation of finished goods and empty returnable bottles to and from its brewery distribution centre in Domat/Ems.



In July 2012, HEINEKEN opened a container terminal in Domat/Ems aimed at transferring a thousand journeys from road to rail per year. The company invested 50 per cent of the total cost of around EUR2.4 million (2.85 million Swiss francs); the remaining 50 per cent was provided by the federal government and the canton of Grisons.

The terminal used an advanced approach called the intermodal container system, which enables the optimal combination of road and rail to be used at night. For long distances of more than 200 kilometres, rail transport is used, with the final miles to the customer or HEINEKEN warehouse completed by lorry.

The proportion of all goods transported by rail has now increased to 40 per cent, resulting in 540,000 fewer kilometres of road transport per year and a CO₂ emission reduction of more than 600 tonnes a year. In the medium term, around 50 per cent of all goods will be transported by rail.

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Global

Sustainable music festivals hit the right note

Every year, HEINEKEN sponsors numerous music festivals around the world. Not only does this provide the Company with an opportunity to share its sustainability message with hundreds of thousands of festivalgoers, but also to encourage them to do the same. Here are just a few highlights from 2012.

Portugal

Portugal's Rock in Rio is the largest music and entertainment event in the world, with 12 annual editions across Brazil, Portugal and Spain that attract more than six million people. The event franchise has a strong history of social awareness. In 2012, as the official sponsor of Rock in Rio-Lisbon, HEINEKEN continued this legacy. Heineken® was served in eco-friendly cups made of a corn-based material that decomposes faster than standard plastic and has lower carbon emissions. Visitors who returned their empty beer cups for recycling had the chance to win prizes. Around 20,000 cups were collected over the five-day event. As a result of its activities, Heineken® was awarded the 'Rock in Rio's Sustainable Attitude', in the Suppliers category.



France

Now in its second year, France's We Love Green music festival has sustainability at its core. HEINEKEN was highly visible at the 2012 event with its oversized wooden chairs. As well as igniting conversations – and being ideal spots for festivalgoers to have their photos taken – the chairs also carried sustainability messages. These covered the diversity of beer, the natural ingredients used to brew beer, and a reference to HEINEKEN's Brewing a Better Future ambitions. Over the course of three days, the chairs resulted in more than 2,000 interactions with consumers.



Poland

In Poland, the Heineken® Open'er Festival has been running since 2002. In 2012, responsible consumption was encouraged at the event by bartenders trained to request valid documentation confirming the age of the buyer, while around 100 18+ stands promoted moderate drinking and alcohol sales exclusively to adults of legal drinking age. Forty employee volunteers also provided advice on responsible consumption and waste separation, and clocked up more than 10,000 interactions



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Sustainable music festivals hit the right note continued

with festival participants through the distribution of EHR badges.

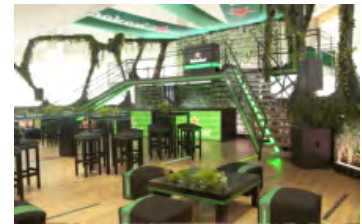
Japan

HEINEKEN has played a key role in the Fuji Rock Festival since it started in 1997. Today, the festival has a global reputation for being a safe, clean and well-managed event. In 2012, with HEINEKEN's support, international environmental organisation A SEED JAPAN worked with volunteers to help separate the waste generated at the festival. Waste, including Heineken® paper cups, will be used to manufacture eco-friendly merchandise for next year's festival such as garbage bags made from recycled plastic bottles, and toilet paper made from recycled paper cups and cigarette packaging.



Mexico

As the sponsor of Maroon 5's concerts in Mexico City in August, HEINEKEN had the opportunity to reach more than 30,000 music fans with its sustainability message. In the specially designed Heineken® Green garden bar, HEINEKEN installed bins for different kinds of waste to facilitate recycling. Perhaps the most eye-catching feature was the wall behind the bar, which was entirely covered with Heineken® cans serving as plant pots. The plants were transferred to public spaces around Mexico City after the event. ProNatura, a leading non-governmental organisation in Mexico devoted to ecology, validated that the Heineken Green garden bar was CO₂ neutral.



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Mexico

New metallized labels bring multiple benefits



HEINEKEN Mexico has the ambitious goal of switching 100 per cent of the labels from laminated to metallised (lightweight labels coated with a thin layer of aluminium).

There are multiple benefits to using metallised labels, not least saving on production costs. Production involves the use of a vacuum technique that allows the quantity of aluminium to be reduced by nearly 100 per cent when compared with traditional laminated labels. This dramatic reduction in the amount of aluminium means that when bottles are washed and recycled, less aluminium residue is produced. Fewer residues result in fewer caustic and aluminium fumes being released into the environment. Aesthetically too, the labels are extremely appealing for consumers: glossy, embossed and with a strong metallic look.

In order to reach the '100 per cent change' goal in 2013, Mexico has developed a clear action plan detailing everything from supplier selection through to logistics and new packaging development. Due to the huge volume of products and brands, requiring more than 130 label changes, the complete turnaround is expected to take between six and nine months.



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Introduction

From the farmers we work with, to the dependants of our employees, to the people living around the brewery, the EMPOWER strategic imperative aims to ensure that all our community stakeholders have the means to help themselves and others.


27
MARKETS
TOOK PART IN
VOLUNTEERING
OR FUNDRAISING
ACTIVITIES

3,000
COURSES
COMPLETED
AT HEINEKEN'S
SUSTAINABILITY
ACADEMY



8%
DECREASE
IN ACCIDENT
FREQUENCY

**EUR13.5
MILLION**
INVESTED IN
COMMUNITIES



100,000
FARM HOUSEHOLDS ARE
INVOLVED IN LOCAL SOURCING
PROJECTS ACROSS AFRICA

48%
OF RAW MATERIALS
USED IN AFRICA WERE
SOURCED LOCALLY

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Engaging Employees

Overview

‘Our employees bring Brewing a Better Future to life. We cannot meet any of our commitments unless they understand and are fully engaged with the journey we are on’

Michael O'Hare, Chief Human Resources Officer



As part of our long-term Brewing a Better Future ambition, our strategic initiative 'Engaging Employees' focuses on empowering our people and the communities in which we operate. Our policies safeguard employees and our revised HEINEKEN Code of Business Conduct defines how each employee is expected to behave when acting for or on behalf of HEINEKEN. We have improved and extended our safety and health activities, but these continue to be areas of high priority and focus.

What we said we will do by 2012¹

Accident frequency target for supply chain <1.2 accidents/100 FTEs

Safety targets set for non-production related activities

Training modules for employees in high and medium safety risk functions rolled out

Employees' & Human Rights Policy adopted, implemented and audited

What we've done by 2012



Achieved. Accidents frequency within the supply chain is 1.16



Achieved. We have set internal reduction targets for each of our operations, striving ultimately for zero accidents



Achieved. Five health and safety modules available at Health & Safety e-learning academy. These are available to all employees at all locations



Partly achieved. Policy approved by the Executive Board in December 2011 and effective as of 1 January 2012. All Operating Companies communicated the policy internally

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and began the first step of implementation via a gap analysis to determine any gaps between the policy and local practices. This should be finalised by the end of 2013. We have temporarily postponed the audit process to allow our Operating Companies more time for a more thorough implementation

Integrity included in employee surveys and followed up



Achieved. Integrity included in Climate Survey in 2011. Moving forward, we plan to have a dedicated employee survey in 2013 measuring our progress in implementing the Code of Business Conduct

Day of Giving programme and volunteering scheme implemented in ten Operating Companies



Achieved. Employee volunteering activities (Day of Giving) took place in 27 Operating Companies in 2012

¹ Unless stated differently

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Engaging Employees

Health and safety

Nothing is more important than ensuring that our employees and the people we work with are safe when they perform their duties. HEINEKEN is therefore committed to ensuring a safe and healthy environment for all.

The main focus of our safety activities has traditionally been the production environment. However, the majority of all accidents within our business occur outside production. That's why we have made safety an even higher priority amongst our senior managers to ensure that safety is systematically addressed across the whole of the company. As part of this, since 2011 safety data has been collected at a Global level from all the functions in the company. In 2013 we will start auditing this process and we expect to include accident numbers for all functions worldwide in our next Sustainability Report.

Fatal accidents

In 2012, it is a matter of considerable regret and concern that ten people lost their lives working within the HEINEKEN company. While this is a decline compared with the 27 fatalities in 2011, it remains unacceptable, and is a point of ongoing attention for us. Of the ten people who lost their lives, three were direct HEINEKEN employees and seven were employed by contractors or suppliers. Six fatal accidents occurred in Mexico, two in Nigeria and one each in the Democratic Republic of Congo and Ethiopia.

Once again, the number of fatalities in Mexico reflects the high level of crime-related violence. Of the six deaths, five were the result of shootings that occurred in retail stores owned by the company or involved security personnel employed at our sites. Our operation in Mexico is in regular contact with the relevant authorities to ensure assistance in addressing the violence, and has taken a wide range of safety measures to improve the security of our personnel and contractors. Among these initiatives are 'safe cash' procedures, instructions and training on how to act in emergency situations, security visits to retail stores, and the instalment of additional security systems.

In relation to the fatalities in other markets, one was the result of workplace violence between two employees, one due to a traffic accident, one due to CO₂ suffocation, one caused by a falling metal door and one the result of a fall from height.

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Health and safety continued

Accidents and safety performance in production

In 2012, the average accident frequency for production employees decreased from 1.25 accidents per 100 FTEs in 2011 to 1.16 accidents per 100 FTEs.

Besides the 328 accidents we recorded among employees, 112 accidents occurred among contractors working on production sites.

The number of permanent disabilities due to accidents in production sites increased from three in 2011 to six in 2012. All cases were amputation of fingers due to moving equipment and application of relevant procedures was reinforced.

Safety data for production units

	2010	2011	2012
Fatalities of company personnel	2	1	1
Fatalities of contractor personnel	1	4	2
Permanent disabilities of company personnel	3	3	6
Fatalities of company personnel in commuting	2	0	1
Accidents of company personnel	431	326	328
Accidents of contractor personnel	87	113	112
Lost days of company personnel	12,469	10,258	10,220
Production workforce (FTE)	27,361	25,830	28,215
Accident Frequency in company personnel	1.61	1.25	1.16
Accident Severity (average lost days per 100FTE)	46	40	36

Thirty-six production units were accident free in 2012 (including contractor safety). For 22 of these companies, this was the second successive year of no accidents and, for 12, it was the third year without a single accident.

In 2012, a total of EUR2,726 was paid due to three non-compliances identified in 2012 (EUR593) and three non-

Accident frequency in production causes/100 FTE for all sites



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compliances identified in 2011 (EUR2,133). Those fines were issued for machine and process safety and incorrect paperwork.

We have started with safety performance measurement in other functions outside production, but these procedures have not yet been audited and therefore are not yet included in this report.

We expect to publish data on our safety performance in our 2013 Sustainability Report.

Accident severity in production
lost calendar days/100 FTE for
all sites



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Activities to improve health and safety

The Global Occupational **Health and Safety Policy**, approved by the Executive Board in December 2011, was communicated across the organisation in May 2012. The policy takes the International Labour Organisation (ILO) standards and recommendations as a reference to set internal objectives. Compliance with the policy is monitored on a continuous basis through audits, inspections, validated self-assessment, and visits. In total, 48 Operating Companies completed their self-assessment.



Company-wide Safety Strategy

To create a single aligned safety approach for all functions, we are taking a series of global actions designed to improve safety and enhance the safety culture:

- The Global Safety Standards were set in 2012. These standards are used by Operating Companies to analyse gaps between their safety performance and the Global Occupational Health and Safety Policy. All Operating Companies were asked to perform this analysis and to make a safety improvement plan where necessary.
- We have rolled out our 'Safety Heroes' programme in an additional three markets which adds up to a total of five markets. Developed originally for sales and distribution, the programme is based on commercial strategies combining communication, training and reward to 'sell' safety rather than to enforce it. We will roll it out across the business as part of the broader safety strategy in 2013.
- We have launched five safety e-learning modules. E-learning is key to integrating safety into our ways of working, thinking and acting.
- We have redesigned our incidents and accidents database to support better monitoring and analysis of incidents and accidents across the whole company.
- We have become an official partner of the Healthy Workplaces Campaign 2012-13 on 'Working together for risk prevention'. This **campaign** - coordinated by the **European Agency for Safety and Health at Work** - encourages managers, employees and other stakeholders to join forces to improve safety and health.
- We included Safety as a specific question area within the global climate survey.



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The supply chain safety management system comprises global safety rules, standards, procedures and good practices. It is supported by Total Productive Management (TPM), the mandatory improvement programme for HEINEKEN's production units and logistic departments. The main actions in 2012 were:

- We established a global safety training plan for all regions. The training comprises the customised HEINEKEN TPM Safety Pillar.
- We introduced the safety pyramid concept to give greater emphasis to restoring basic conditions and behavioural aspects of safety. The safety pyramid reflects the need for preventive actions have to be taken on the level of behaviour and conditions to prevent accidents from happening.
- We rolled out new safety procedures, such as Workplace Risk Assessment, Safe Work Permit and Emergency Preparedness, based on Occupational Health & Safety Management System (OHSAS) 18001 principles. In total, 30 units now have an OHSAS 18001 certificate. These breweries outperform the HEINEKEN average accident frequency rate in production (0.91 vs. 1.16).
- We developed a Contractor Safety Toolbox to help reduce the number of accidents among contractors. The toolbox consists of safety cards for each contractor activity showing what has to be checked before starting a job, as well as the dos and don'ts of the job itself. A pilot has been run in Kinshasa, DRC with encouraging results.

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Employees' & Human Rights

Employees' & Human Rights Policy

The new [HEINEKEN Employees' & Human Rights Policy](#), which endorses the principles enshrined within the [Universal Declaration of Human Rights](#) and the Core Conventions of the [International Labour Organisation \(ILO\)](#), came into effect on 1 January 2012.

Available in several languages, the [policy](#) is applicable to all Operating Companies and subsidiaries in which HEINEKEN holds a majority share or has management control. It lays out 11 clear standards on Employees' & Human Rights, including non-discrimination, forced labour and harassment, as well as detailing implementation and grievance procedures.

A special e-learning module, as part of the Sustainability Academy, formed part of the overall communication programme that helped to introduce this new policy to our employees. 299 employees have now completed this module.

All Operating Companies were asked to perform a gap analysis to determine the level of compliance with the content of the policy.

Given the sophistication of the new policy and the seriousness with which our business views this issue, we estimate that implementation across all Operating Companies will take at least until the end of 2013. We have postponed the auditing process until the end of 2013 to allow Operating Companies more time for implementation.

Human rights issues in 2012

Cambodia

The promotion and sale of beer in bars and restaurants by professional, female Beer Promoters is an accepted practice in some Asian countries.

HEINEKEN is one of the founding members of the [Beer Selling Industry Cambodia \(BSIC\)](#). This industry body was established to improve the welfare and working conditions of Beer Promoters via an industry code of conduct for both promoters and external parties such as their employees and bar owners. Please refer to the [BSIC website](#) for the [BSIC code of conduct](#) and other relevant information (e.g. research reports).

In 2012 we ceased promoting the Heineken® brand through Beer Promoters in Cambodia, following a change in commercial strategy. We were subsequently informed by trade unions about possible mistakes made in relation to the way that the employer of the promoters had terminated the contracts. We thoroughly investigated and found that the agreements that had been concluded were not fully compliant with Cambodian labour law. We immediately took the necessary measures and complied with the request of the trade unions to ensure this was rectified by the agency and we provided the trade unions with a detailed report on the measures taken on an individual-by-individual basis.

We shared our insights on the Heineken® Beer Promoters in Cambodia with Dutch trade union [FNV](#) and the [Centre for Research on Multinational Corporations \(SOMO\)](#). We acknowledge that we can learn from what was done well and what can be improved.

While we have ceased promoting the Heineken® brand through Beer Promoters, with the acquisition

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Engaging Employees

Employees' & Human Rights continued

of Asia Pacific Breweries (APB) we recognise our responsibility with regard to the Beer Promoters that sell the APB brands. As a result, we will continue to ensure the highest standards are met.

We believe that only through the joint effort of all parties involved (brewers, distributors, Beer promoters and their representatives, outlet owners, trade unions, government, NGOs) can the situation of Beer Promoters be improved on a permanent basis. It remains our firm view that the quickest and best way to ensure improvement in the employment conditions of Beer Promoters is for the employers of the vast majority of Beer Promoters not covered by the [BSIC code](#) to sign up to this agreement.

Mexico

Cuahtémoc Moctezuma, our operation in Mexico, is a customer of the [Mareña Renovables Wind Farm Project](#), currently under construction in the Oaxaca area.

As a customer of this project, we were invited by the [Business & Human Rights Resource Centre](#) to respond to allegations that the project would have an adverse impact on the rights and livelihoods of local communities.

In our response we stated that, according to the information we received the design, construction and operation of the wind farm by Mareña Renovables are being executed under the highest standards regarding environmental protection and with respect for, any life form, for traditions and for the community environment. In addition, we are convinced that the project is compliant with the international best practices models of the Inter-American Development Bank and the Equator Principles. Moreover, the project included an environment management study in order to guarantee that the marine life and fishing activities in the San Dionisio del Mar lagoon are not adversely impacted, since it is the main economic activity of the region.

All the information we have received from Mareña Renovables indicates that there is strong local support for the project and that all land lease agreements were signed with inhabitants of the areas in the presence of local authorities and only after extensive public consultation. We will continue to monitor the situation and will take appropriate action if necessary.

Other issues in 2012

Images of dog fighting circulating on the internet

In April 2012, HEINEKEN was confronted by images circulating in social media channels showing a dog fight at an unknown venue with Heineken® banners clearly visible.

We do not, have not and would never allow ourselves or our brands to be associated with such an abhorrent activity. On first seeing the images we started an immediate investigation which found that the pictures were taken in October 2010 in one of Mongolia's top nightclubs.

It transpired that the club owner had rented his establishment to a third party who had then used the venue to host a dog fight. The club owner informed us that he had held a Heineken® promotional event the week prior to the dog fight and had failed to take down the banners. That is why they were visible. We had no knowledge of, and were not involved in any way, in this event.

Once the situation was brought to our attention, we took immediate steps, including ceasing our relationship with the owner and ensuring our brands were removed from the nightclub.

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Engaging Employees

Employees' & Human Rights continued

Consumers from around the world reached out to HEINEKEN asking for an explanation of what they had seen. They used social media channels to engage with us. We have responded individually to every single contact. In addition, we proactively engaged with concerned stakeholder groups such as the [RSPCA](#), [WWF](#), [PETA](#) and the [Humane Society](#) to explain what had happened and the actions we had taken.

Since 22 April 2012, we have had a statement on the issue on our company and Heineken® brand websites and on our Facebook homepage. We encourage our consumers to continue to use social media channels to alert us to any situation where they feel our brands are being misrepresented, so that we can take the appropriate actions.

Recalls

In April 2012 we made the decision to recall certain batches of Carta Blanca, Dos Equis Ambar and Indio beers in the USA. Through routine quality checks, we discovered a defect in the 12-ounce brown bottles supplied by a third-party vendor.

The bottle defect resulted in the possible flaking of glass into the beer bottles during crowning, although occurring in only a very small fraction of the total of affected bottles. Although there were no reported injuries, we made the decision to recall as a precautionary measure.

The root cause of the defect has been identified and the bottle supplier has taken steps to protect against future recurrences of the defect.

In October 2012, we made the decision to recall FENIX Weight Control (FENIX Pineapple) soft drink in Finland because one of the ingredients has not yet been approved for use in the EU, although it is currently approved for use in many markets around the world including the USA.

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Engaging Employees

Integrity

Fairness and integrity are central to how we do business. We are committed to adhering to local laws and regulations and to acting in accordance with our own standards. These are laid down in the **HEINEKEN Code of Business Conduct**, which we refreshed in 2012 and which includes employees' & human rights, harassment and discrimination, and health and safety.

The revised Code was approved on 1 October 2012 and came into effect globally on 1 January 2013. As part of the implementation process, it will be made available to employees in more than 30 languages both online and as printed booklets. A dedicated team at Head Office facilitates and supports the global implementation of the Code and provides training and training materials.

In addition, we have a network of Trusted Representatives. They offer a confidential channel to employees wishing to raise concerns and vent grievances without fear of reprisal. The information shared might be personal or general and, depending on its nature, may or may not be reported to a higher authority, the highest of which is the Integrity Committee at Head Office.

Should any individual working for HEINEKEN worldwide ever suspect an infringement of the law, our Code of Business Conduct, policies or rules, they are encouraged to discuss this first with his or her direct supervisor or with the Trusted Representative. Should the individual desire to remain anonymous, he or she can call a toll-free line. This 'whistle-blowing procedure' is designed to promote transparency, to support the risk management systems and to protect the reputation of the Company. The Trusted Representatives are key to a well-functioning whistle-blowing procedure.

In 2012, we received 115 reports through our **whistle-blowing** hotline (compared with 98 reports in 2011). Of these, 10 per cent concerned a conflict of interest, 25 per cent fraud, 10 per cent discrimination and harassment, 29 per cent misconduct/inappropriate behaviour, and the remaining 26 per cent a variety of other reports.



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Integrity continued

New Company rulebook

In 2012 we also restructured our HEINEKEN Rules, to reflect the changes in our scale and scope, global priorities and business environment. We significantly reduced the number of rules from over 400 to a single set of 36. The new HEINEKEN Rules define how we work at HEINEKEN in order to achieve our business objectives, minimise financial and reputational risk, and protect the health and safety of our employees.

Engaging Employees

Employee Engagement and Education

Our employees bring Brewing a Better Future to life. We cannot meet any of our commitments unless they understand and are engaged in the journey we are on. We focus a lot of our time and energy on ensuring that we share knowledge and learning and inspire progress.

- In 2012, we expanded our online employee learning platform – the HEINEKEN Sustainability Academy – by adding learning modules on Green Distribution, Employees' & Human Rights, Sustainable Buildings (warehouses and offices) and Rules on Responsible Commercial Communication. Nearly 3,000 courses were completed in 2012.
- Our flagship development programme for HEINEKEN talent – the HEINEKEN International Management of Development Excellence Course (HIMDEC) – has now integrated Sustainability and Brewing a Better Future in its curriculum
- In April 2012, we launched 'Picture This', a global photography competition designed to tell the story of how together we are Brewing a Better Future from barley to bar. Employees were invited to photograph the moments, people and scenes that help to tell our sustainability story. The nearly 400 submissions from 27 markets interpreted Brewing a Better Future in various ways. The winners and runners-up were exhibited and celebrated through local and global channels.
- Using our collective knowledge plays an important part in our ability to leverage our global scale and drive a culture of personal leadership. In September 2012, we launched ONE2Share, our new global Knowledge Management Portal, which facilitates the sharing of Company information and expertise. The portal is closely connected to the other new collaboration tools that are being introduced across the Company, such as SharePoint Team and Department Sites and instant messaging tool Lync. Together, these tools form a powerful platform to manage and share our unique HEINEKEN Knowledge.



Engaging Employees

Employee Engagement and Education

continued

Volunteering

We encourage all employees to become actively involved in the communities in which we live and work. In 2012, colleagues from 27 markets were involved in Company-sponsored volunteering or fundraising activities ranging from city, lake and beach clean-ups to building emergency housing to donating clothing and social activities with senior citizens. On 5 December, International Volunteer Day, we celebrated just a few of these dedicated volunteers and their spirit of service in a short film that was shared with colleagues via our global intranet and internal HEINEKEN TV.

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‘Creating shared value for all our stakeholders must be at the heart of our approach to sustainability’

Siep Hiemstra, Regional President Africa and Middle-East



Through our health programmes, local sourcing initiatives, employment opportunities and direct financial support we have a long history of contributing to the communities in which we operate. Our HEINEKEN Cares approach covers the economic and physical empowerment of these communities and the people within them.

What we said we will do by 2012¹

What we've done by 2012

Evaluate all local sourcing activities and set regional targets for 2015



Partly achieved. Baseline has been verified and targets agreed for Africa and the Middle East. For other regions barley and hop local sourcing have been baselined

Evaluate reporting and monitoring system for agriculture; define an action plan to improve compliance



Partly achieved. We have established the Principles and Practices of the Sustainable Agriculture Initiative as the basis for our reporting and monitoring system. The action plan for improving compliance will be done in 2013

Standards for sustainable agriculture are aligned with and verified by stakeholders



Achieved. In 2011 we adopted the SAI Platform's Principles and Practices for Sustainable Agriculture. We discussed our SAI Platform approach during our stakeholder sessions. It was well received

All operations that do not meet our defined standard of healthcare to include improvement plans by 2012



Partly Achieved. Out of Operating Companies in scope of this report, 24 needed to provide improvement plans. To date, 20 have done so

In 2010: double funding for the Heineken Africa Foundation to EUR20 million



Achieved. In 2010 HEINEKEN made a second EUR10 million endowment to the Heineken Africa Foundation

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Inventory of possible partnerships with NGOs in the area of Corporate Social Investment (CSI)



Not achieved. Work in progress

Perform 12 Economic Impact Assessments



Achieved. Four assessments conducted in 2012, bringing the total number of reports to 12 since 2010. Reports completed in the Bahamas, Burundi, Croatia, Egypt, Mexico, Nigeria (2x), Poland, St. Lucia, Surinam, the UK and the USA

¹ Unless stated differently

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Sustainable Agriculture



Introduction

HEINEKEN has been involved in sustainable agriculture and sourcing initiatives for more than a decade. We have built relationships, via long-term commitments, with farmers and suppliers in order to secure a steady supply of raw materials (barley, hops and bitter-sweet cider apples) for all our beer and cider brands. By doing so, we ensure that we can continue to make the highest quality products from the highest quality ingredients while at the same time stimulating sustainable farming and contributing positively to the environment.

Working towards a sustainable food chain

HEINEKEN's main agricultural crops are barley, hops, bitter-sweet cider apples and smaller quantities of rice, sorghum and maize. We grow our own bitter-sweet cider apples and have put in place contracts of up to 25 years' duration with farmers in order to secure a continuous quality supply of the right apples to make our ciders. This guarantees supply for us and a level of financial certainty for the growers. It is a sign of the scale of our cider operations that approximately 30 per cent of the total UK apple crop is used to make our ciders.

We were the first brewer to join the [Sustainable Agriculture Initiative Platform \(SAI\)](#), a food industry organisation of multinational companies working towards a more sustainable food chain. SAI is growing rapidly in size and influence and its approach is a cornerstone of our strategy. It has developed both principles and practices for more sustainable agriculture in the fruit, arable and other sectors.



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In 2012, we used these principles and practices as a reference to independently audit agricultural schemes in the United Kingdom, the Netherlands and France. A number of these were assessed as SAI compliant. Where we source from farmers in these SAI compliant schemes we are satisfied that they are taking part in programmes which will promote more sustainable agriculture, i.e. are sustainably sourced. We are working with SAI to turn the principles and practices into a more concise, farmer-friendly checklist format. This will make our approach simpler and more transparent to our supply chain partners and other stakeholders. This revised checklist is due to be published in April 2013. When published by SAI, it will be the basis for future audits. Additionally, SAI will continuously develop the checklist to incorporate new ideas and research. This ensures that we can continue the journey towards more sustainable agriculture. HEINEKEN is involved in the governance process for this checklist.



Measuring and monitoring sustainable agriculture

HEINEKEN has linked up with a number of programmes to establish a relevant and meaningful way to measure our progress towards more sustainable agriculture. In 2012, we were a founding partner of the Cool Farm Institute, which develops the Cool Farm Tool, a farm-level greenhouse gas emissions calculator. For other indicators, we work as member of SAI's [Sustainable Performance Assessment project \(SPA\)](#), which has defined a common set of sustainable agriculture indicators and specified how they should be calculated. By following these guidelines, software companies can create solutions that allow progress to be measured in a common and consistent way across all agriculture.

HEINEKEN also joined the [International Trade Centre's Standards Map](#) programme in 2012, which will help find sustainable agriculture schemes across our global supply chain.

Biodiversity

HEINEKEN recognises the importance of biodiversity. The challenge, however, is understanding the complexity of biodiversity before establishing policies. This is a frequent topic of conversation within the Beverage Industry Environmental Roundtable and SAI.

HEINEKEN has several initiatives in place locally which are helping to further our understanding:



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In the UK, we co-founded the Herefordshire Orchards Network of Excellence (HONE). Launched in January 2011, HONE was a two-year project to establish a network of apple and pear growers and cider makers committed to more sustainable orchard management including greater biodiversity. One example leading to greater biodiversity is introducing sheep into apple orchards. Through grazing and manuring the sheep increase plant and soil biodiversity, which is good for the overall production of the orchard. The project has now grown beyond Herefordshire to cover cider fruit growers across the UK, focusing on sharing best practices and conducting orchard trials. Following initial funding from HEINEKEN and the EU Leader+ fund, the network is now directly supported by apple growers and the National Association of Cider Makers, also known as ONE ([Orchards Network of Excellence](#)).



In the Netherlands, we are a co-founder and active member of the Skylark Foundation. Through the foundation we help farmers to develop good practice in sustainable agriculture, which heavily depends on soil biodiversity. By promoting the soil ecosystem, farmers improve soil fertility with subsequent effects on nutrient retention, soil hydrology and energy input for soil conditioning. Promoting underground biodiversity also improves food provision of above-ground life forms and therefore directly promotes above-ground biodiversity. In addition, some farmers stimulate biodiversity by creating field borders with flowers and herbs. These provide a habitat and food for a variety of animals and insects, including insects beneficial to crops. The Skylark Foundation is seeking international expansion and HEINEKEN will encourage this in the UK and Slovakia in 2013.

In Spain, HEINEKEN signed a five-year agreement with the Andalusian Government and the leading supplier of malt, aimed at protecting biodiversity, particularly endangered bird species. [See the case study for more information.](#)

Biotechnology

A growing number of governments see the use of ingredients derived from genetically modified crops as both an opportunity and a necessity as they address the challenges of growing populations and food scarcity. This is reflected in the development of an increasing number of regulatory frameworks that guide their use and stipulate how consumers are informed.

For the Heineken® brand, and for all of our beers made from 100 per cent barley, we continue not to use any ingredients derived from genetically modified crops. In all other instances, we follow the relevant regulatory frameworks that are present either regionally or nationally. In the EU this means

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that ingredients derived from genetically modified crops are not used and that the lowest level presence of any non-GM raw material is limited to 0.9 per cent, the threshold regulated by prevailing EU-standards. Lower thresholds are applied in EU countries if stipulated by local regulatory requirements. In countries where regulatory frameworks do not exist, HEINEKEN adopts the prevailing EU standard. As HEINEKEN has significantly expanded its global footprint, we have become increasingly exposed to countries where governments regulate the use of ingredients derived from genetically modified crops. In these countries our Operating Companies operate within the regulatory guidelines in place. Supply chain quality standards are an integral part of contracts signed with suppliers and define all quality, hygiene, food safety and traceability requirements and characteristics of all raw materials and ingredients. [See the Gene Technology Policy.](#)

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Local sourcing



In many of our high growth markets, we run local sourcing projects linked to raw materials. These internationally recognised projects help local farmers to compete against imported grains and raise the incomes of smallholder farmers, making a significant contribution to the alleviation of poverty at a local level. Local sourcing also eliminates import duties, secures a sustainable supply of raw materials for beer and reduces the Company's transport-related environmental footprint.

In Africa, HEINEKEN has a target of sourcing 60 per cent of all its raw materials locally by 2020. In 2012, we sourced 48 per cent locally. We currently have local sourcing initiatives in ten countries across Africa involving over 100,000 farmers and their families.

In the Democratic Republic of Congo, HEINEKEN's subsidiary Bralima has made a significant contribution to the rice sector by boosting local demand. [See case study.](#)

In Ethiopia, a country we recently entered, we are testing different varieties of barley, and we are initiating a maize project in Rwanda.

We also run local sourcing projects outside Africa. In Haiti, after the acquisition of BRANA (Brasserie Nationale d'Haiti) in January 2012, HEINEKEN pledged to play a catalysing role in the development of the Haitian economy. [See case study.](#)

We believe that projects like these, in partnership with NGOs and governments, are the way forward and bring about real sustainable change and growth.

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Healthcare



Health and wellness

HEINEKEN's commitment to its employees' well-being extends to providing healthcare in markets where this is not readily available or is of an insufficient quality. A global framework was introduced in 2011 to lay out a basic level of healthcare that guides what Operating Companies offer their employees and their families.

With the majority of Operating Companies now offering the appropriate level of healthcare, we are directing additional attention to wellness and prevention of non-communicable diseases (NCDs). These are conditions that are lifestyle related and largely preventable, such as cardiovascular disease, cancer and diabetes. As HEINEKEN employees spend a large part of their week at work, we have a responsibility to address some of the causes of NCDs internally. Closely linked to this, in order to ensure that we support our employees in relation to the harmful use of alcohol, we continue to put a significant amount of focus on our 'Cool@work' programme. This programme delivers support for those within HEINEKEN who may have an issue with alcohol and offers advice on how to manage and or raise the issue with colleagues. In 2012 we made an inventory of the wellness programmes in our Operating Companies. The majority of Operating Companies already have some sort of **wellness initiative** in place.



To further support Operating Companies, we have created a manual that describes the steps needed to implement an

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effective wellness programme, and are currently developing online tools that will make it easier for employees to make better lifestyle choices. These tools will be available in 2013.

In May 2012, HEINEKEN won the prestigious GBCHealth Business Leadership Award "for its enduring commitment to, and excellence in, its support for health-related programming for its employees, their dependents and the communities in which it operates".

HIV – Malaria and non-communicable diseases – care, support and treatment

In most of the world, the public health system or the locally available healthcare provides sufficiently high standards of care and coverage for employees and family members. However, in those markets lacking adequate primary healthcare where HEINEKEN is active, the Company provides medical services.

HEINEKEN is committed to helping tackle one of society's most challenging healthcare issues, HIV. At the peak of the HIV/AIDS epidemic around 2000, HEINEKEN's employees experienced the devastating effects of the disease, which posed a potential threat to the sustainability of the business. Since 2001, HEINEKEN has provided lifetime treatment for all employees and their dependents, even if they leave the Company. We run this programme in conjunction with PharmAccess, a Dutch NGO. The programme has been extended to some of the breweries in Nigeria that were acquired in 2012. However, a number still need to be brought into the programme, starting in 2013.

Worldwide, medical care is provided at 32 sites to over 45,000 persons directly by HEINEKEN doctors supervised by Global Health Affairs. More than 160,000 consultations were performed by our medical staff in these countries.

Especially in Sub-Saharan Africa, the medical programme is important for employees; it is monitored and the quality is improved through regional programmes.

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Medical care in our Operating Companies in Africa:

	2009	2010	2011	2012
Employees with access to HEINEKEN clinics in Africa	8,597	10,179	9,843	11,310
Employees and family members with access to HEINEKEN clinics in Africa	28,368	29,330	29,551	35,164
Total number of consultations in HEINEKEN clinics in Africa	118,672	136,739	137,098	141,307

The most common illness is still malaria, though in a number of sites this has gone down dramatically. Places such as Kigali report almost no cases of malaria. In contrast, the number of malaria cases has risen in the DRC and in some places in Nigeria.

HIV remains an important disease for the Company with a programme that needs to be extended to the new breweries in Nigeria and Ethiopia. The number of new cases of HIV has risen because of the inclusion of several new breweries.

Cases of hypertension and diabetes, both hallmarks of the non-communicable diseases, are generally increasing among our employees, though there was a slow-down during the past year.

Selected illnesses treated in the HEINEKEN clinics in Africa:

	2009	2010	2011	2012
Total malaria cases	5,457	7,283	8,429	10,077
TB new cases	23	29	24	33
Cases of hypertension	901	1,326	1,246	1,258
Cases of diabetes	247	402	400	381
HIV New cases	39	26	9	53
HIV cases in the programme	428	456	440	456
HIV cases on ARV treatment	303	332	343	355

Programmes for health promotion and wellness are being implemented in many places in Africa. In addition, HEINEKEN provides information on general protection and preventive measures and voluntary HIV testing. In Kinshasa, in the Democratic Republic of Congo, a programme reaching out to 19 of HEINEKEN's suppliers helped these companies set up their own workplace HIV prevention programmes.

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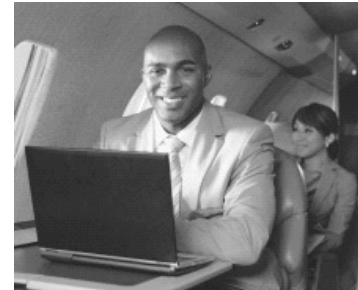
Healthcare continued

Declaration to oppose travel restrictions for people living with HIV

In the lead-up to the 25th World Aids Day on 1 December, CEOs from more than 40 of the world's leading companies, including HEINEKEN, signed a declaration opposing travel restrictions for people living with HIV.

Presently, 45 countries impose some form of restriction on entry, stay or residence based on a person's HIV status. These policies are discriminatory and impede commerce. The declaration is an initiative driven by UNAIDS and GBCHealth and will be used as an advocacy tool to bring an end to the restrictions.

The declaration was accompanied by an advertisement in the Financial Times.



Only business has the collective clout to stop unjust HIV travel bans.

As we approach the 25th World AIDS Day, it is hard to believe that 45 countries still impose travel restrictions based on HIV status. These unjust laws are barriers to the HIVs, when ignorance, prejudice and fear overpowered HIV transmission. They are unnecessary and unjust, but also wrong. HIV travel bans impede commerce, making them bad for humanity and for the bottom line. To end such backward policies once and for all, we are asking CEOs in the global business community to take a stand and call on countries to end these restrictions. The leaders of the companies below have already done so. Contact GBCHealth today and add your name to the list. Let the world know that these archaic laws should be out-packing.

To get your company named, visit gbchealth.org

GBCHealth
Helping business for a healthier world

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Corporate Social Investment



In 2012 our markets around the world continued to invest actively in their communities. We invest through financial donations, employee volunteering, non-commercial sponsorships and long-term partnerships with community organisations addressing social issues. We support our communities in three ways:

1. Direct contributions made locally. Operating Companies have an intimate knowledge of relevant and pressing issues in their local communities. They are therefore in the best position to make the best decisions on social investments. The best investments are those where there is a clear shared benefit for both the Company and the community in which it operates. Great examples are many of our [partnerships](#) with local NGOs and other community partners to address alcohol misuse.

In order to help us calculate our community investments, we use the London Benchmarking Group reporting model. In 2012, Operating Companies contributed the equivalent of more than EUR13.5 million, including cash, time, in-kind donations and management costs.

For some examples of our community initiatives, see the case studies for [Panama](#), [the Democratic Republic of Congo](#) and an overview of our volunteering activities around the world.

2. Shared-value projects. These spread the benefits of commercial activities to the wider community. Our local sourcing projects in Africa are a good example. These projects not only benefit HEINEKEN as a business, but also create jobs, help to strengthen the agricultural sector and improve the lives of rural households over time. For more information, see our [Local Sourcing section](#).

3. The Heineken Africa Foundation. Established via an endowment from HEINEKEN of EUR20 million, the Foundation is able to invest up to EUR1 million per year in community healthcare projects in Sub-Saharan Africa. At the end of 2012, the Foundation had committed to 38 healthcare projects totalling EUR3.5 million. Eleven of these projects started in 2012. As the Foundation is a separate legal entity, this investment is outside the scope of this report. [The Heineken Africa Foundation](#) works in partnership with HEINEKEN, its subsidiaries in Sub-Saharan Africa and non-governmental or governmental organisations (NGOs or GOs). For each project, a tripartite partnership is set up whereby the foundation provides funding, the local subsidiary supports through means of manpower, expertise

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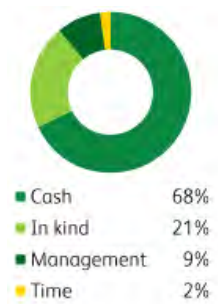
Corporate Social Investment continued

and monitoring, and the NGO or GO ensures final implementation and integration in the relevant public health system.

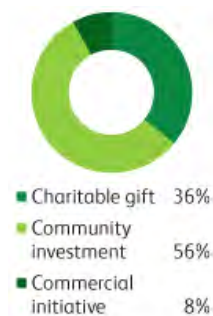
[Click here](#) for more information on the Foundation's projects, including a farmers & families' health programme in Sierra Leone, ergo therapy and care in the DRC and a jaundice in babies awareness and care programme in Nigeria. The Foundation celebrated its fifth anniversary on 20 December 2012. [See](#) an interview with Katinka van Cranenburgh, Secretary General of the Heineken Africa Foundation, sharing accomplishments and challenges over the first five years.

Corporate Social Investment through direct contributions from Operating Companies Based on the London Benchmarking Group model

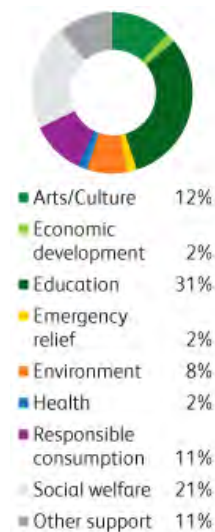
How we contributed



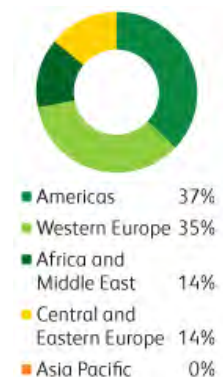
Contribution by motivation



What we supported



Where we contributed



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Economic Impact Assessments



We began conducting studies of the economic impact of our operations in key markets in 2006 and to date we have completed 19 studies, four of which were conducted in 2012 in our markets in Nigeria (Nigerian Breweries and Consolidated Breweries), Poland and St. Lucia.

By looking at cash flows and direct and indirect employment, these studies show the far-reaching impact that we have on the economy and society of these countries.

Take, for example, this [case study](#) on Nigeria.

Grupa Żywiec in Poland finished a comprehensive economic impact study in 2012. See the [full report](#).

Given HEINEKEN's growing presence and increasing investment levels in the Africa & Middle East region, we will further investigate our economic impact in this region during 2013. We have already started a study in Greece.

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Panama

Volunteers spend more than 900 hours building emergency housing

Studies by the Panama Ministry of Finance and Economy show that 29 per cent of Panamanians live in poverty, and 11.4 per cent cannot afford basic living requirements.

In 2012, Cervecerías Barú Panamá (CBP) joined forces with TECHO, an NGO created and led by young professionals. The NGO has a presence in 19 countries across Latin America, and its focus is on building emergency but quality housing for low-income families and supporting sustainable development in remote communities.

In 2012, 30 per cent of CBP's employees were enrolled in the company's Volunteer Programme. More than 75 per cent of them helped to build 70 houses in two different areas on the outskirts of Panama City Chilibre and another in Arraiján. In total, they invested more than 900 hours. Besides the rewarding experience of helping people in need, these activities contribute greatly to the understanding and cooperation between employees, which also has a positive effect in the workplace.

In 2014, the company aims to strengthen its alliance with TECHO and will increase the number of enrolled volunteers from 110 to 150. The project itself will take three years and is expected to build 200 houses.



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Italy

Behavioural-based approach rewards safe behaviour



Reducing the number of accidents and improving workplace safety is an ongoing focus for HEINEKEN. After learning from the Scientific Italian Association of Behavioural Analysis that over 70 per cent of accidents are caused by unsafe behaviours, in 2012 HEINEKEN Italy reinforced its approach to safety.



Their new Behaviour-Based Safety approach is based on the scientifically proven fact that it is more effective to reward safe behaviour than punish unsafe behaviour. It involves three elements: the introduction of behavioural needs identification to prevent accidents; behavioural assessments carried out by peers using a checklist; and behavioural motivation through immediate feedback and positive reinforcement.

In practical terms, this means that almost every day, across all departments, a number of workers observe and measure the safe behaviour of colleagues with the use of appropriate check-lists. They deliver positive feedback on safe behaviour or corrective feedback on unsafe behaviour.

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Behavioural-based approach rewards safe behaviour continued

Periodically, teams of workers meet to analyse the results, set goals for improvement, agree on rewards (including prizes) and celebrate the achievement of performance standards that have been met. In 2012, 14,641 preventive observations were made throughout the year. More important, incident and accident frequency in Italy has fell by 40 per cent in 2012.

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France

Improved ergonomics reduce workplace risk



Wherever they may work, our employees undertake a huge variety of tasks, ranging from physically demanding labour to desk-bound office jobs.

If carried out incorrectly, every type of work has the potential to result in musculoskeletal disorders (MSDs). These are disorders that affect the body's muscles, nerves, tendons and joints, and which contribute significantly to employee sickness and absenteeism. In addition to national guidelines and obligations to reduce the risk of MSDs, HEINEKEN Global Health Affairs has worked together with a number of Operating Companies to produce its own recommendations.

In HEINEKEN France, safety advisors are trained extensively in safety procedures and preventive measures. In 2012, 179 ergonomics training sessions were held and 123 advisors received additional guidance in the analysis and management of work-related injuries. Injury-management software for advisors was also introduced. This software records the circumstances of injuries, analyses the case and logs actions to prevent and correct injuries that are identified, together with the employee.



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Improved ergonomics reduce workplace risk continued

Statistics produced by the software highlighted that, in a great many cases, MSDs lead to other, more serious, work-related injuries. Furthermore, employees working in specific functions are more at risk than others. As a result, activities within logistics and distribution were analysed to identify those that are most likely to lead to injuries.

By recording employees' daily activities with pictures and movies, specific ergonomic risks were identified for each job and a training was put together for employees at risk, and new equipment was introduced. For handling beer kegs in distribution centres, for example, the company has introduced a new type of manual pallet truck that requires 67 per cent less effort than the classic manual pallet truck.

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Brazil

Thinking outside the bottle



As part of its Vision 2015, HEINEKEN Brasil has a stated ambition to be among Brazil's top ten employers of choice. Commercially, the company wants to grow its market share significantly. The company recognises that realising the former will make the latter much easier to achieve. With this in mind, HEINEKEN Brasil developed the internal umbrella programme 'BE HEINEKEN'.

**BE HEALTHY
BE HEINEKEN**

The programme is divided into three pillars: BE HEALTHY, BE FREE and BE A WINNER.

BE HEALTHY promotes physical activity, good nutrition and a healthy work-life balance among employees. Medical assistance and information on responsible alcohol consumption is available if needed.

BE FREE recognises the increases in creativity and 'thinking outside the bottle' that comes with greater freedom. In HEINEKEN Brasil, greater freedom means giving employees a greater choice in working hours and the option of flex time but at the same time maintaining the delivery of their work commitments.

BE A WINNER emphasises the mutual benefits of employee and commercial successes and rewards both accordingly. A winning mentality is an essential part of HEINEKEN's business strategy, and victories deserve to be celebrated.

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Brazil

Thinking outside the bottle continued

BE HEALTHY was the key focus area for 2012. Conceived as a way to ensure employees maintain a healthy balanced lifestyle, the programme kicked off with a range of activities designed to get employees moving. With the guidance of personal trainers, employees were offered the opportunity to exercise three times a week in different public parks. Over the course of the year, employees had the option to take part in a total of four street runs, the first being a charity event against breast cancer. As an additional motivator, the company donated R\$10 per kilometre per participant, raising a total of R\$8,000 (about EUR3,000) for cancer treatments.

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Spain

Protecting biodiversity

HEINEKEN España is committed to promoting local development, protecting the ecosystem and supporting joint projects which encourage solid and sustainable relationships with its stakeholders, including farmers, suppliers and local government.

In January 2012, HEINEKEN Spain signed a five-year agreement with the Andalusian Government and the leading supplier of malt, Inter Malta. The agreement covers the same areas as the 'LIFE programme', run by the European Commission for the protection of rare steppe birds.

HEINEKEN's agreement is focused on 13,000 hectares of land used to grow barley for Inter Malta in the Seville province – specifically Écija, Paradas and Arahal y Carmona; and the municipality of Córdoba de Santaella. The agreement defines a number of activities to protect biodiversity, particularly endangered species such as great buzzards, and vulnerable species including marsh harriers, sand grouse and the ortega.

Over the coming five years, the company will participate in initiatives such as the installation of wildlife-exclusion fencing, re-vegetation of ponds, creation of watering holes and nesting places and re-forestation.



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Ethiopia

Improved use of local resources



Water and barley are critical for brewing beer. HEINEKEN in Ethiopia is working to secure and improve a steady, high-quality supply of both.

At the Harar Brewery, technical modifications have been made to reduce water consumption from 9.5 hectolitres* per hectolitre of beer produced at the time the brewery was acquired in September 2011 to 7.6 hl/hl at the end of 2012. These include eliminating water losses in the 30-kilometre pipe that connects the Finkelle wells to the brewery, and creating an inventory, and repairing as many water leakages as possible inside the brewery.

In addition to reducing the use of water at the brewery itself, the company has assessed its impact on local water sources and the effect on farmers. The main conclusion was that, even during dry years, three times the amount of groundwater is replenished than is used by the brewery and farmers combined.

In cases where farmers do experience water shortage, this is the result of wells that are too shallow. To address the issue, the company is drilling two 12-metre-deep demonstration wells to illustrate how farmers can access the water they need if they pump it from a greater depth. The wells are due to be completed in the second half of 2013.

The cool climate of Ethiopia's highlands is ideal for growing malt barley. Yet in a country where the beer market has grown at an annual rate of five to ten per cent over the last five years, the current supply is outstripped by demand. In an effort to promote local production, HEINEKEN has initiated a number of long-term



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Ethiopia

Improved use of local resources continued

projects.

In co-operation with the Ethiopian Ministry of Agriculture, HEINEKEN has planted eight barley varieties at different altitudes. The seeds were harvested and tested at the end of 2012. The top performers will be supplied to local farmers, providing them with higher yields and incomes while securing quality barley for the brewery. HEINEKEN is also investigating ways to increase Ethiopia's domestic malting capacity, which similarly lags behind demand.

In January 2013, HEINEKEN launched a four-year project with the European Cooperative for Rural Development (a Brussels-based NGO), the Ethiopian Agricultural Transformation Agency, the Ethiopian Institute of Agricultural Research and the Dutch government which is providing financial support. The objectives of the project are to reduce poverty by restoring agricultural production. Additionally, the aim is to restore essential social services and rebuild local community cohesion and infrastructure.

· Average July 2010 – June 2011

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Heineken Africa Foundation

Improving health in Africa for five years

The Heineken Africa Foundation was established in 2007 with the aim of improving the health of communities surrounding the HEINEKEN breweries in Sub-Saharan Africa.

HEINEKEN has provided an endowment of EUR20 million and is able to invest up to approximately EUR1 million of interest income it receives annually in community healthcare projects. The Foundation celebrated its fifth anniversary on 20 December 2012. Foundation Secretary General Katinka van Cranenburgh looks back over the first five years.

What has the Heineken Africa Foundation accomplished since it was established?

From the outset, we agreed that the starting points of the healthcare initiatives should be local needs, local partners and local means. That resulted in the start-up of initiatives ranging from mobile clinics in Namibia to HIV/AIDS, TB and malaria-prevention programmes in Nigeria, to birth attendant training in Sierra Leone and sickle cell anaemia treatment in the Democratic Republic of Congo.

<http://africafoundation.heineken.com/projects.html>

Have you faced any challenges along the way?

Developing meaningful and effective healthcare support required constant reflection and recalibration. Aiming for projects to be financially self-sustainable after funding ended was one of our criteria that caused particular difficulty. If healthcare is still to be subsidised in developed countries, how could we imagine a revenue model without ongoing external support in areas characterised by poverty and absence of a quality public healthcare system? We realised funding of operational costs to a certain extent was needed to grow local capacity and create sustainable change. In 2012 we gave longer-term commitments to local implementing partners, providing them with a level of security so that they can focus on getting the job done rather than worrying about funds.

How do you measure the success of the initiatives?

Using the term 'success' led to some challenging debate. We had



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Heineken Africa Foundation

Improving health in Africa for five years continued

to ensure that our work was actually improving health without burdening either HEINEKEN or its local subsidiaries with disproportionate measurement requirements. While our administration costs are low – accounting for less than five per cent of all available funding – we had to ensure the remaining 95 per cent was spent effectively. Finally, we decided to measure output (a clinic being built and equipped) and outcomes (patients treated for illnesses) but not input (in-kind support from local subsidiary) or impact (X per cent decrease in cases of malaria). Since we work with evidence-based interventions (bed nets prevent malaria), we could still demonstrate effectiveness of our work without measuring final impact.

How many projects does the Foundation run?

At the end of 2012, the Foundation had committed itself to 38 projects totalling EUR3.5 million. Eleven of these projects started in 2012; two in Burundi, two in Nigeria, five in the DRC, one in South Africa and one debut project in Ethiopia. The latter involves the support of Finkelle Health Centre in Harar, with the aim of reducing maternal deaths by 50 per cent through the provision of transportation, equipment and staff training.

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Democratic Republic of Congo

Saving lives through voluntary blood donations



Blood is vital in a range of medical situations, including surgery, birthing complications and anaemia (one of several risks related to malaria). Blood banks in the Democratic Republic of Congo are often short of stocks due to a lack of voluntary blood donors. This means that those in need often have to resort to paid donors. Since there is usually no time to analyse the blood, its quality can be compromised.



HEINEKEN in the DRC wanted to make a positive contribution by helping to ensure that high-quality blood was available for those in desperate need. To achieve this, a partnership with the National Blood Transfusion Programme and the Ministry of Health was initiated and a project developed to reach both HEINEKEN employees and the general population.

HEINEKEN has encouraged its own employees to make voluntary blood donations by setting up blood collection units within the grounds of its breweries each quarter. Among the wider population, the annual Donors' Day initiative has helped to raise awareness about the necessity of giving blood. In addition to creating banners encouraging countrywide participation in

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Saving lives through voluntary blood donations continued

Donors' Day, HEINEKEN also provided donation tents, a public address system and a light meal for donors after they had given blood.

Employees donated a total of 170 bags of blood, which is 68 per cent of the target. Besides building strong links with the Ministry of Health, HEINEKEN hopes the success of the initiative will inspire other companies to follow its example.

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Democratic Republic of Congo

Reaping the benefits of local sourcing



In the Democratic Republic of Congo, HEINEKEN's subsidiary Bralima has made a significant contribution to the rice sector by boosting local demand. Working in partnership with the Dutch Ministry of Foreign Affairs, the European Cooperative for Rural Development and specialist agricultural NGOs, we have trained smallholder farmers to produce consistent volumes of high-quality rice. As a result, farmers' average production and income have tripled.



We now source 87 per cent of rice (an ingredient for beer) for our Bralima brewery locally, compared with 16 per cent when the project started in 2008. In addition to securing a regular and ongoing supply of raw materials, local sourcing has also decreased our exposure to volatile currency differences and importation costs.

In 2012, more than 17,000 households received support – in the form of workshops, on-farm demonstrations and access to high-yield seed varieties – benefiting more than 100,000 farmers and their family members. Since the start of the project in 2008, over 58,000 households, involving more than 350,000 farmers and their families, have benefited from the project. For example, higher revenues generated by rice production have facilitated access to healthcare, better nutrition and the purchase of farming implements.

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Haiti

HEINEKEN pledges to strengthen Haitian economy



Following its acquisition of Brasserie Nationale d'Haiti (BRANA) in January 2012, HEINEKEN pledged to play a catalysing role in the development of the Haitian economy. Specifically, we are committed to improving the livelihood of 18,000 farmers and strengthening the packaging industry in Haiti by 2017 in two ways.

Firstly, we aim to source locally at least 20 per cent of all raw materials, for brewed products; and secondly, to increase local sourcing of packaging materials to 40 per cent. In addition, we will provide agricultural support and training to smallholder farmers, which will improve their agricultural productivity. This should enable them to compete with imported raw materials, and increase their incomes. HEINEKEN, meanwhile, will benefit from a shorter supply chain for raw materials, and reduced transportation costs and carbon emissions.

By sourcing 40 per cent of packaging materials locally, we will invest in the development of our suppliers, supporting them in the delivery of products that can compete at global market prices and adhere to our own production processes as well as international quality standards.



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HEINEKEN pledges to strengthen Haitian economy continued

We took initial steps to realising these commitments in 2012 by sourcing our first sorghum locally and increasing local sourcing of packaging materials from 0.12 per cent to eight per cent. We shared our commitments at the annual meeting of the Clinton Global Initiative, of which HEINEKEN is part, in New York in September.

Strengthening an economy devastated by an earthquake in 2010 and creating jobs by attracting foreign investors are key priorities for the Haitian government, the Clinton Foundation and for HEINEKEN.

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Nigeria

Significant socio-economic contributions in a fast-growing market



Nigeria is one of the world's fastest growing economies and an exciting market, where beer consumption is estimated to grow between eight and nine per cent annually.

Between July 2012 and January 2013, consultancy firm Steward Redqueen carried out a socio-economic impact assessment of both our Nigerian operations, Consolidated Breweries (CB) and Nigerian Breweries (NB). The results of the assessment show the economic ripple effects of our Company, which can be divided into direct (related to HEINEKEN) and indirect (related to trade partners and suppliers) effects. These are presented in terms of value added (household income, tax revenues and Company profits) and employment supported.

The study showed that at least 682,000 direct and indirect jobs (0.75 per cent of the total labour force) are supported by the production and sale of our products, of which 63,000 jobs are in sorghum farming. Our operations also contribute substantially to the tax income of Nigeria: EUR279 million directly and another



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Nigeria

Significant socio-economic contributions in a fast-growing market

continued

EUR174 million indirectly, amounting to 4.57 per cent of non-oil tax revenues.

Although Nigeria relies heavily on oil revenues, agriculture employs more than 40 per cent of the population. Agricultural production is underperforming, however. The Nigerian Government has launched several initiatives to improve productivity, which is an area where HEINEKEN can make a real difference. Sorghum is one of the country's main crops and is being used in the brewing process as an alternative to barley. From 2008 to 2011, NB increased its local sorghum sourcing by 20 per cent to 120,000 tonnes in 2011. Also in 2011, CB sourced 30,000 tonnes of sorghum locally and aims to increase this by 50 per cent to 44,000 tonnes by 2015.

With this local procurement, NB and CB are helping to boost demand for Nigerian sorghum, particularly in the northern part of the country. Furthermore, NB is actively contributing to raising the agricultural productivity of sorghum farmers through its Sorghum Development programme in partnership with USAID/MARKETS. This helps small-scale farmers to increase yields with better seeds and farming techniques, thereby improving farm revenues and income. NB already procures more than 15 per cent (or 20,000 tonnes) of its local sorghum through this programme.

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Impact

Introduction

Through the IMPACT strategic imperative, we aim to positively impact the role of beer in society. We do that in the channels through which our products are sold, in on-trade and off-trade, and through the activation of our brands. Our employees are ambassadors of the responsible consumption agenda. We work with partners in society in addressing issues around alcohol-related harm.



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Responsible Consumption

Overview

‘As an industry leader, we have the responsibility to promote moderate drinking. As a brand builder we have the opportunity to make it aspirational’

Alexis Nasard, Chief Commercial Officer



Beer is a natural product enjoyed by millions of people around the world. It is, and can be, part of a healthy balanced lifestyle when consumed in moderation.

As one of the world’s leading brewers, we actively promote the enjoyment of beer in moderation. However, we know that there are clear health and behavioural risks associated with consuming too much alcohol, either over time or on single occasions. For some occasions and some people, it is better not to drink at all.

As an industry leader, we implement a consistent, effective approach to encouraging responsible attitudes to alcohol and discouraging alcohol misuse. By doing so, we contribute to the positive role of beer in society.

That’s why, in October 2012, HEINEKEN and 12 other global producers of beer, wine and spirits announced new **collective commitments** in support of the World Health Organization’s Global Strategy to Reduce the Harmful Use of Alcohol.

What we said we will do by 2012¹

Develop ‘Enjoy Heineken® Responsibly’ (EHR) to include on-trade execution; further extend the online programme; application of EHR in Heineken® communication materials and primary merchandise; Migrate EHR website to consumer website Heineken.com

What we’ve done by 2012



Achieved. On-premise visibility tools (poster, coasters, VJ Anthem) have been available for and utilised in on-trade in all Heineken® markets since January 2012
EHR logo is included in all Heineken® communication tools
EHR website was migrated in July 2012

Horeca Server Programme and Retail Programme developed and tested



Partly Achieved. A responsible consumption toolkit for events and brand experiences was completed. A more comprehensive on-trade/off-trade programme has been deferred. A Responsible Consumption education element for Horeca training schools will be rolled out in 10 schools in 2013

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Responsible Consumption

Overview continued

Develop and deliver a workshop to 100 per cent of commerce/marketing employees that supports our Rules on Responsible Commercial Communication (RCC)



Partly Achieved. A Responsible Commercial Communication module now forms part of the Global Commerce University course. A new GCU module focused on Responsible Digital Commercial Communication was created in 2012. Eighty-three per cent of all relevant personnel have been trained

Develop a specific alcohol and work plan for contractors



Achieved. Contractors are now integrated within our current work plans. Contractors are now specifically included as a target audience in our Cool@Work annual implementation guidelines

¹ Unless stated differently

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Responsible Consumption

Encouraging responsible consumption through our brands

We are proud of our many international premium, regional, local and speciality beers and ciders. We look for opportunities to use our brands to talk to consumers about enjoying our brands in moderation.

Heineken® is the world's most valuable, premium international beer brand. It is enjoyed by consumers in virtually every country on the planet and no other beer comes close to this global reach. It makes sense, therefore, that we use the brand to spearhead our brand-related responsible consumption activity. We do so via the 'Enjoy Heineken Responsibly' (EHR) campaign.

Since its launch in 2004, this initiative has grown from a phrase on packaging to a global integrated campaign that includes a dedicated website in 34 languages in 89 countries, **advertising boarding at all major sponsorships**, its own dedicated logo displayed on all types of commercial communication and packaging, and in-bar discussions with consumers.

In 2012, the message appeared on more than 7.5 billion bottles and cans and the packaging that surrounds them.

As with the brand itself, we believe in innovation to achieve real consumer impact. The 2012 launch of 'Sunrise' marked a step change in the way responsibility advertising is developed within HEINEKEN, and our ambition in 2013 is to go further, bring responsible consumption to life and ultimately have a positive influence on the way consumers behave. **See case study.**

For our James Bond campaign, the 'Enjoy Heineken Responsible' logo was included on all principal communications (TVC, print, on- and off-trade supports). This global campaign was activated in almost 100 countries and achieved 22 million digital views.

We aim to have a culturally appropriate responsibility message on all our brands by 2015. At the end of 2012, 321 brands are sold in bottles and 271 have a responsibility message; 200 are sold in cans and 173 have a responsibility message. There are messages planned for 36 brands sold in bottles and 18 brands



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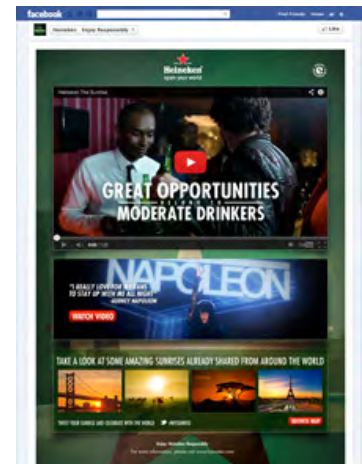
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Encouraging responsible consumption through our brands continued

sold in cans. We also use brand activities such as event sponsorships, advertising and promotions to encourage responsible consumption. [See how Desperados promotes responsible drinking.](#)



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Responsible Consumption

Marketing and selling responsibly

We aim to ensure that all of our HEINEKEN Group commercial communication is responsible, consistent and conforms to our strict rules. Our [Rules on Responsible Commercial Communication](#) help everyone at HEINEKEN who is involved in marketing and selling our products to ensure we do not contribute to excessive consumption or misuse. We encourage the consumption of beer and cider in moderation and we only place commercial communication where we believe that at least 70 per cent of the audience is over 18 years or the relevant legal purchase age (if older).

Recognising the need for more detailed guidance in the digital environment, in June 2012 HEINEKEN introduced new Rules on Digital Commercial Communication. These Rules cover areas such as video use, online privacy and security, with a specific focus on age verification particularly in social media. [See case study](#).

Reported complaints

In 2012, we registered five complaints relating to responsible consumption in commercial communication. Some came from civil society and some directly from consumers. The complaints were dealt with inside our organisation. One complaint (the advertisement implied that alcohol led to better results due to alcohol) was accepted and the communication was removed. Three complaints (the suggestion of drinking and driving, advertisement not being in line with self-regulating rules and logos on the website) were judged as being compliant with our guidelines and/or local rules. One complaint (about the violation of local law) is still pending.



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Responsible Consumption

Our employees as ambassadors for responsible consumption

We are proud to be one of the world's leading beer businesses and our people are proud to work for the Company. Given that 'Enjoyment' is one of our three core values, we use internal events, presentations, e-learning modules, employee magazines and HeiPort/intranet to inspire enthusiasm for our brands. But we also use the same channels and effort to build awareness and understanding of responsible consumption among our employees, the vast majority of whom – as with society in general – consume alcohol in moderation.

However, for any employee who has any problem in dealing with alcohol, Cool@Work, our workplace alcohol information prevention and support programme, is there to ensure that we have the appropriate levels of help and support. We implement targeted communication and training using tools and methods most appropriate to local market needs. See how HEINEKEN in the Netherlands refreshed its [Cool@Work programme](#).

We Love Beer

In 2012, we launched We Love Beer, our global employee ambassadorship programme. Beer is our business and this programme encourages all our employees to be knowledgeable about the craftsmanship and heritage of our products and passionate about sharing them in moderation. [Read more about this initiative](#).



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Partnerships for Progress

Overview

‘The concept of partnership runs through the whole of our approach to a sustainable future. Contributing to a reduction in alcohol-related harm is no exception’

Sean O'Neill
Chief Corporate Relations Officer



As an industry leader with a global business, we have a responsibility to recognise the problem of alcohol abuse and to actively promote responsible consumption. In encouraging consumers to make positive choices in relation to alcohol consumption, we work closely with industry groups, as well as governments, NGOs and third parties.

What we said we will do by 2012¹

At least 50 HEINEKEN markets have a partnership with a third party to address alcohol abuse

What we've done by 2012



Partly achieved. In 2011 we adjusted the number of markets in scope on the basis of legality, culture and market situation. As a result, there are a maximum of 42 markets in scope. Of these, at the end of 2012, 33 markets had partnerships and the quality and impact of our partnerships have improved, measured by impact criteria applied since 2011

Criteria for successful partnerships developed and existing partnerships reviewed



Achieved. The partnership criteria are now used annually to measure the quality and impact of Operating Companies partnerships

Global Actions on Harmful Drinking projects have been implemented in key markets



Achieved. The global alcohol industry has completed the agreed three-year “Global Actions” project covering self-regulation, developing programmes and capabilities to reduce drinking & driving and gaining insights in non-commercial alcohol. The programmes been reported and evaluated. Please visit <http://www.channelresearch.com>

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Partnerships for Progress

Overview continued

Industry/government partnership projects in Ireland and UK implemented and evaluated



Achieved. New partnerships were implemented. In Ireland, a review of MEAS/Drinkaware took place. Heineken UK is a signatory to the UK Government's Responsibility Deal and is signed up to all of the Alcohol sector pledges and has also made additional company pledges. On an annual basis, Heineken UK reports publicly to government on progress

† Unless stated differently

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Partnerships for Progress

Partnerships

Introduction

We have made considerable progress in recent years in insisting that the partnerships we enter into deliver results. We have defined clear selection criteria based on relevance, third party recognition, sound evaluation and measurable impact.

In 2012, we had partnerships in 33 markets focusing on combatting alcohol abuse. Going forward, we will continue to focus on increasing the value and impact of existing partnerships and – where relevant – entering into new ones.

Working in partnership with the industry

International Center for Alcohol Policies (ICAP)

The International Center for Alcohol Policies, based in Washington DC, is the world's leading think-tank on alcohol with a focus on research, science and effective policy. The organisation's current chairman is HEINEKEN Chief Corporate Relations Officer Sean O'Neill. Under the leadership of ICAP and GAPG (see next section) the world's leading producers of beer, wine and spirits agreed a global package of commitments aimed at reducing the harmful use of alcohol. These commitments were announced in October 2012 at a multi-stakeholder conference organised by ICAP in Washington DC:



- Reducing under-age drinking, through enforcement of current laws and by encouraging governments to introduce and enforce minimum purchase ages
- Continuing to strengthen and expand marketing codes of practice that are rooted in our resolve not to engage in marketing that could encourage excessive and irresponsible consumption, with a particular focus on digital marketing
- Making responsible product innovations and developing easily understood symbols or equivalent words to discourage drinking and driving and consumption by pregnant women and under-age youths
- Reducing drinking and driving by collaborating with governments and non-governmental organisations to educate and enforce existing laws
- Enlisting the support of retailers to reduce harmful drinking and create 'guiding principles of responsible beverage alcohol retailing'

[Click here](#) for more information and [see the case study](#).

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Partnerships for Progress

Partnerships continued

Global Alcohol Producers Group (GAPG)

GAPG provides a channel for the leading alcohol beverage companies for dialogue and advocacy with the World Health Organization, member state governments and other governmental and non-governmental stakeholders on health issues and potential solutions involving harmful drinking.



World Federation of Advertisers (WFA)

The WFA represents the common interests of marketers (companies and associations). A key activity during 2012 was the launch in April of a comprehensive initiative to strengthen advertising self-regulatory schemes for responsible marketing alcoholic beverages, called the Responsible Marketing Pact. Leading alcohol producers and European sector organisations for beer, wine & spirits work with the WFA and the European Advertising Standards Agency (EASA) to minimise underage exposure to alcohol marketing, including digital marketing. The efforts will be subject to external scrutiny through independent monitoring and public reporting. [See case study.](#)



Global Brewers Initiative (GBI)

Founded in 2010 by HEINEKEN, AB-Inbev, SAB Miller and Carlsberg, GBI is focused on ensuring (and earning) a positive international reputation for beer and brewers and – where relevant – for ensuring specific beer industry issues are addressed with relevant stakeholders. GBI embeds the responsible consumption of beers into its reputation work.



Latin American Brewers Association (LABA)

HEINEKEN is a member of the Latin American Brewers Association, which represents brewers from 18 countries around the continent. The LABA played a key role in engaging governments in the region in the discussion around non-communicable diseases (NCDs) related to harmful use of alcohol. The LABA also supports common actions to reduce alcohol-related harm in the region.



Brewers of Europe

HEINEKEN is a member of [The Brewers of Europe](#), which represents brewers' interests at EU level. In February 2012, The Brewers of Europe launched The Beer Pledge, a voluntary initiative to support EU member states in reducing alcohol-related harm. The core pillars of the pledge are:



- Increasing consumer knowledge of beer and its responsible consumption

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Partnerships for Progress

Partnerships continued

- Ensuring responsible advertising and marketing
- Addressing alcohol misuse.

Local Brewers' Associations

HEINEKEN is an active member of industry and brewers' associations in approximately 30 markets, playing a valuable role in the promotion of the positive social, community and economic story of beer at a local level. We also work with and through these associations to engage with stakeholders to protect the interests of beer whenever and wherever they are threatened.

European Alcohol and Health Forum

HEINEKEN is a founding member of the Forum in which relevant European stakeholders debate, compare approaches and act to tackle alcohol-related harm in the EU. The Forum is based, primarily, on concrete commitments that members are required to make as part of their participation in the group. These commitments can be either local, multi-market or EU-wide and are independently assessed on an annual basis. Local brewers' associations play a key role in the local execution of the commitments.

In 2012, alongside the WFA commitment on preventing under-age purchase and consumption, our new commitments included:

- Our partnership with Addaction in the UK to establish the Manchester Resettlement Service for addicted ex-offenders. The commitment was to establish a specialist alcohol service for ex-offenders attending Addaction's Manchester Resettlement Service.
- Establishing a partnership that addresses alcohol-related harm in all our European Operating Companies.

[Click here](#) for more information.

Working in partnership with NGOs and third parties

We make it mandatory for every HEINEKEN Operating Company that has a meaningful market presence to establish a partnership with a third party to address a locally important aspect of alcohol-related harm. Through these alliances, we can:

- Contribute effectively to reducing alcohol-related harm
- Increase our understanding of alcohol misuse issues



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Partnerships for Progress

Partnerships continued

- Achieve outcomes that we could not achieve on our own
- Get to know different stakeholders and target audiences
- Demonstrate that we care about the consequences of alcohol misuse.

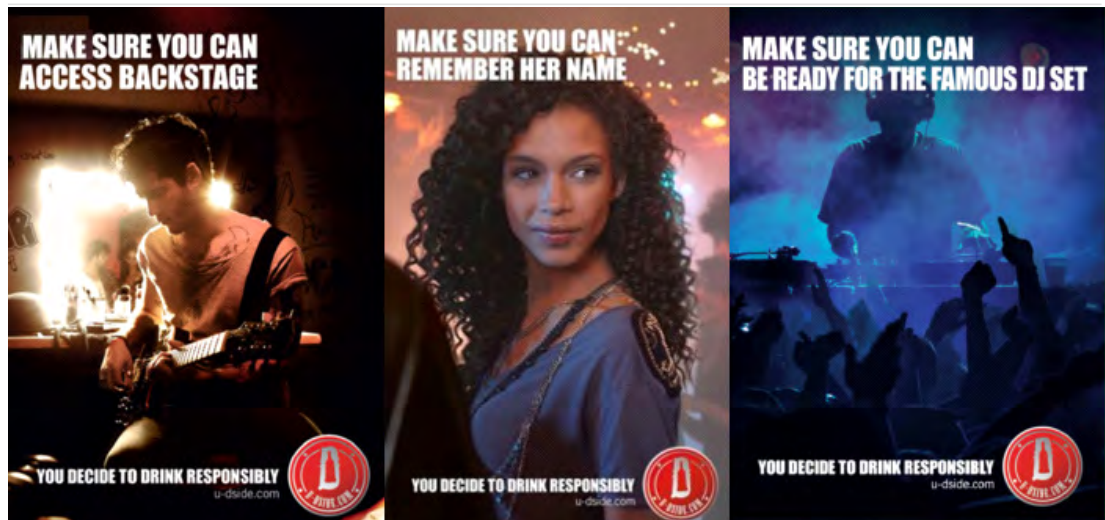
In 2012, 33 Operating Companies had a relevant partnership. (See our [case studies for examples](#)). As of next year's report, we will provide a link to or report on each of these partnerships.

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Global

Desperados launches new responsible consumption campaign



Our global Desperados brand is committed to promoting responsible consumption. Since 2011, a range of tools has been in place to support this commitment. The brand's responsible consumption message, which is aimed at young, fun-loving adults, is a positive one: 'You can't control everything in life, but you can control how much you drink.' This original approach puts individual responsibility and decision-making at the heart of the concept.

The message is activated through a logo on the product, which drives consumers to the dedicated website www.u-dside.com. Also available are key visuals that markets can use as posters, postcards, flyers and so on for 'below-the-line' activations such as bars, clubs and festivals.

In 2012, the brand extended its responsible consumption



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Desperados launches new responsible consumption campaign continued

strategy and introduced more concrete guidelines. By the fourth quarter of 2012, the global CSR message was displayed on Desperados products in every market where they are distributed. From 2013, 17 key markets will promote responsible consumption by dedicating between two and five per cent of their local advertising and promotion budget to specific responsible consumption initiatives and activities.

Also introduced in 2013, **three digital** films based on the U-Dside concept use humour and memorable content to appeal to young adults. The new approach aims to generate greater awareness and to drive traffic to www.u-dside.com. All these measures are intended to make it even easier for consumers to decide to drink responsibly.



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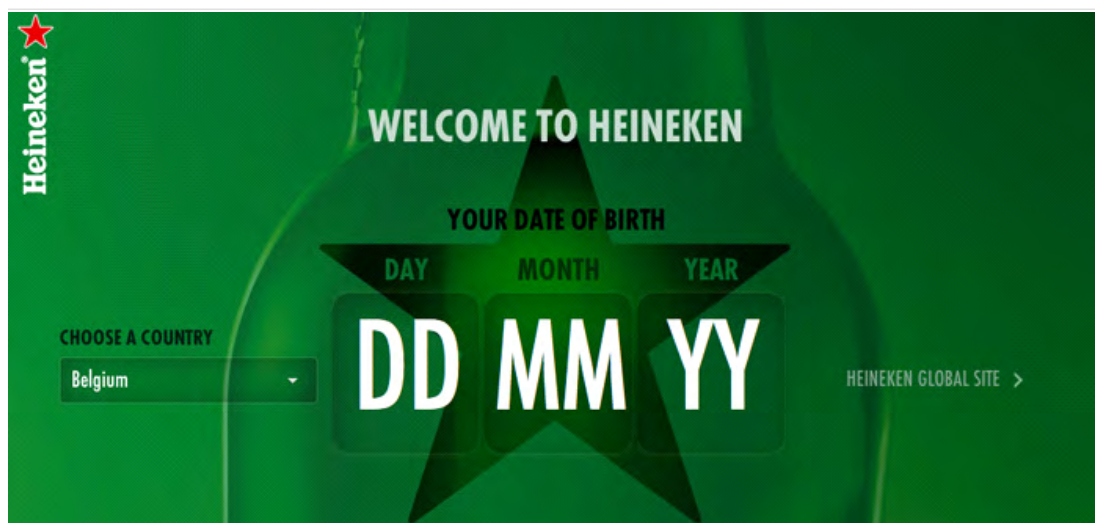
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Global

New rules ensure consistency and compliance in digital media



Digital media offers an increasingly important means for HEINEKEN to engage and interact with consumers. But this dynamic and still relatively new communication channel also presents challenges. Recognising the need for more detailed guidance on digital communication, HEINEKEN introduced new Rules on Digital Commercial Communication (RDCC) in June 2012.

A supplement to the general Rules on Responsible Commercial Communication – and part of our new Company commitments to limit young people's exposure to alcohol marketing – the RDCC helps to ensure that everyone involved in marketing and selling HEINEKEN brands (including internal teams, external agencies and third parties) understands the Company's standards for ethical behaviour and encourages responsible consumption in the digital environment as elsewhere. Launched at the same time was accompanying e-learning, which allows employees to self-assess how well they know and understand the rules.

The rules cover a number of areas specific to digital media, including video and music use, privacy and security, and social media. Additional attention is also paid to 'age gating'. This

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New rules ensure consistency and compliance in digital media continued

means that anyone trying to access a digital channel operated by HEINEKEN is required to enter their complete date of birth, with the minimum legal drinking age (LDA) required, or be at least 18 where the LDA age may be lower. By applying age gating, we can ensure that 100 per cent of visitors declare that they are over-age.

Age verification is extended to social media, such as Facebook and Twitter, where HEINEKEN makes use of filtering functionality wherever possible. For example, Facebook users are required to complete their date of birth when they sign up. An under-age user who then tries to access a HEINEKEN page is unable to view any content or to 'like' that page.

Age restrictions are also added to individual Facebook posts to ensure that they are never exposed to under-age friends (or friends of friends) of over-age users, even if these over-age users like or share HEINEKEN content on Facebook.

In the case of Twitter, which does not have the same filtering functionality, HEINEKEN has to accept every follower. However, all new followers receive a direct message soon afterwards that prompts them to go to a web page and enter their date of birth. If this is not done within a certain timeframe, that person is 'unfollowed' again.

The RDCC set out the basic principles to which all markets must adhere. From 1 January 2013, they became part of the HEINEKEN Company Rules, meaning that all relevant employees have to acknowledge that they are also compliant with these rules.

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Global

Sharing the positive story of beer

Beer is the world's oldest recorded alcoholic beverage, and while technology and innovation have changed how we brew and enjoy it today, the world's 40,000 beers are still made from the same four basic natural ingredients: hops, barley, yeast and water.



Beginning with our own employees, we initiated our We Love Beer programme to share the truths about beer and to dispel the negative myths. Launched in September 2012, the global programme aims to engage, inspire, educate and excite employees about beer and to seize the unique opportunity that employees have to ignite positive and informed conversations about the product.

An initial awareness campaign, which included key facts about beer, was designed for all employees. Core to We Love Beer, however, is the ambassadorship programme, which is initially being run in ten Operating Companies. For most Operating Companies, between 12 and 15 ambassadors are selected to participate in a formal four-module training programme that guides them through every step in the journey of beer from grain to glass. This includes the history of beer and different beer types; the brewing process; pouring and tasting, the journey of the product into trade – including HEINEKEN's commitment to sustainable packaging and responsible consumption; and the still evolving possibilities for beer and food pairing.

After completing the modules, ambassadors are required to develop a plan to advance the We Love Beer message in their market. New ambassadors will be trained annually, with the ultimate aim of sharing the positive story of beer with colleagues throughout each Operating Company.

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Responsible consumption message plays well with sports fans



Major sporting events are a key part of our responsible consumption initiatives. We use sponsorship of the UEFA Champions League (UCL), for instance, to encourage the enjoyment of beer in moderation. During all UCL games in the 2011-2012 season, part of our boarding carried the 'Enjoy Heineken Responsibly' (EHR) message. The exceptions were Spain and Russia where this boarding is not allowed. In those markets, we broadcast HEINEKEN match bumpers around UCL matches with only the EHR message.



Overall, the EHR message is received positively by football fans. Research shows that EHR boarding has achieved 31 per cent awareness – a positive score if one takes into account that this awareness is generated by one board displayed at each match compared with the three (Heineken®: two) boards from other sponsors. Fourteen per cent of football fans also consider the EHR boarding the most striking of all boarding in the UCL environment, while 73 per cent state that they find it very attractive. In combination with the estimated media value of around EUR30 million a year, we can conclude that UCL

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Responsible consumption message plays well with sports fans continued

sponsorship contributes strongly to the EHR programme.

The 2012 London Olympics offered another excellent opportunity to promote our EHR message. Among the activations were posters carrying increased EHR messaging at every official Olympic concession and the EHR logo on all Olympic PET bottles and plastic cups.

At the Holland Heineken House, the Dutch Olympic Committee's official venue at the Games, a giant cracked Heineken® can at the entrance carried a 'don't drink and drive' message, supported by an alcohol-free cocktail available at the main bar, an initiative together with TRIMBOS Institute (Dutch Centre of Expertise on Mental Health and Addiction), NOC*NSF and HEINEKEN.

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Global

'Sunrise' campaign encourages aspirational behaviour among consumers

Our global 'Sunrise' campaign was launched during the festive season in December 2011. Creatively, the advert is fully integrated within 'Man of the World' – distinctive positioning we embedded in all Heineken® marketing activities in 2011. The content too was a clear departure from our previous responsible consumption campaigns: the subject of the commercial refuses a bottle of Heineken® in favour of a bottle of water; and the tagline 'Sunrise belongs to moderate drinkers' reinforces the importance of staying in control and encourages aspirational behaviour among adult consumers.

The campaign was activated through a film (versions of 30, 45, 60 and 90 seconds), music video, nightlife initiatives (including illuminated 'Sunrise' sofas installed in some of the world's most iconic sunrise spots) and key visuals. The film attracted more than three million views in a three-week period, and a 74 per cent share of the global buzz in December 2011 on the topic of 'responsible drinking' (the highest in the alcohol industry).

Heineken's* strong association with nightlife and music has proven to be the right strategy for promoting the responsible consumption message. Although relatively unknown in the music industry, DJ Audrey Napoleon's involvement contributed strongly to the ongoing conversation about moderation.

During the campaign, we had a 93 per cent Social Net Promoter Score – an industry measure of consumer recommendation – among the exposed target. The overall campaign evaluation also showed that people considered it credible and effective in promoting responsible consumption.

Our ambition in 2013 is to go further, bring responsible consumption to life and ultimately change the way consumers behave. We want to demonstrate that moderation can be aspirational and use top global DJs to promote responsible consumption through attractive content – a dedicated music



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'Sunrise' campaign encourages aspirational behaviour among consumers continued

track and video – for the young adult target audience.

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The Netherlands

Refreshing the Cool@Work programme



Cool@Work is HEINEKEN's global employee information and support programme. Its aim is to improve health and safety at work, ensure responsible alcohol consumption and create awareness, commitment and ambassadorship among HEINEKEN employees.

In 2011, responsibility for the Cool@Work programme in the Netherlands moved from the Health & Safety department to the Communication & Public Affairs department. By evaluating the existing material from a communications perspective, several improvements were suggested.

The suggestions were implemented in 2012. The previous Cool@Work material was refreshed to improve accessibility and make HEINEKEN's alcohol policy more comprehensible. Clearer language was used and a completely new, modern layout developed. Recognising how important it is to reach out to all employees in the Netherlands, including those without access to the Company's intranet, new 'Drink Responsibly' brochures and posters were distributed.

Verantwoord
alcoholgebruik,
ook op het werk!



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The Netherlands

Refreshing the Cool@Work programme

continued

HEINEKEN also expanded the counselling it offers to employees through its partnership with Tactus Healthcare. Since 2008, free and anonymous online counselling has been available via a link on the intranet. Now, employees can also scan a QR code printed on the posters or type the link into any computer. This means that they can access online counselling from any location, for example at home where they may feel more comfortable addressing a possible alcohol problem.

These improvements mean that it is now easier for anyone with concerns about their alcohol consumption to find the information they need and seek help if necessary.

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Poland

18+ programme promotes responsible consumption



The 18+ programme, launched in 2011 and developed in 2012, is a new element of Grupa Żywiec's long-term policy to promote responsible alcohol consumption and beer sales exclusively to adults of legal drinking age.

The objective was to verify the age of consumers purchasing beer at events sponsored by Grupa Żywiec, such as Festival Bifolia, Heineken Open'er Festival, Męskie Granie (Żywiec), Profesjonalia (Warka) and The Wildest Night Party (Desperados). Many of these events are extremely high profile. The Męskie Granie concert series, for example, has a physical audience of around 21,000 people and an additional 150,000 online visitors.

The programme was developed to overcome the limitations of communicating with the target group in a dictatorial way. Instead, it was designed to excite young people's interest so that they would enjoy the interaction and take the message on board. The campaign targeted not only under-age drinkers themselves, but also focused on educating adults who may have been tempted to purchase alcohol for consumers below legal drinking



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Poland

18+ programme promotes responsible consumption continued

age.

At 17 events organised by Grupa Żywiec during 2012, nearly 200 bartenders were trained to request valid documentation confirming the age of the buyer. After a positive verification, they offered the consumer a special irremovable armband reading: '18+, I am an adult, I don't buy alcohol for minors'. The bartenders also wore the armbands, and 18+ stands were erected at every bar. More than 20,000 armbands were distributed during the year.

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Mexico

Responsible Waiter Bar and waiting staff trained on responsible



The Responsible Waiter programme, originally developed in 2005, addresses an important aspect of the responsible consumption of alcohol: the role of servers. It raises awareness and encourages prudence and quality in the service of waiting staff and bartenders.

From 2005 to 2012, we trained 7,530 servers. In 2012, we provided courses in 17 different Mexican states to the benefit of 1,804 people.



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Global

CEOs announce collective pledge to reduce harmful drinking



In 2012, for the first time ever, 12 major global alcohol businesses joined forces to develop a wide-ranging set of commitments aimed at reducing the impact of alcohol-related harm. Following a five-month development process, the commitments were launched at a specially created conference in Washington DC in October 2012.



The commitments within this new, collective pledge cover ten specific actions grouped into five key areas:

- Reducing under-age drinking through enforcement of current laws and by encouraging governments to introduce and enforce minimum purchase ages
- Continuing to strengthen and expand marketing codes of practice that are rooted in our resolve not to engage in marketing that could encourage excessive and irresponsible consumption, with a particular focus on digital marketing
- Making responsible product innovations and developing easily understood symbols or equivalent words to discourage

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Global

CEOs announce collective pledge to reduce harmful drinking continued

drinking and driving and consumption by pregnant women and underage youth

- Reducing drinking and driving by collaborating with governments and non-governmental organisations to educate consumers and enforce existing laws
- Enlisting the support of retailers to reduce harmful drinking and create 'guiding principles of responsible beverage alcohol retailing'.

HEINEKEN believes that these global commitments send an important message that the industry is united in its view that alcohol can, and should be, consumed responsibly and that the industry needs to play its part wherever and however it can to ensure that this is the case.

The commitments will be implemented throughout the HEINEKEN business over the course of the next five years. Clear goals, budgets, timeframes and measurements will be put in place for all signatories. In addition, an independent third party will audit the participating 'companies' compliance throughout the five-year period and will report publicly on progress on an annual basis. This will start from the end of 2013.

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Europe

HEINEKEN commits to responsible marketing initiative



In a global first, HEINEKEN joined leading producers from the beer, wine and spirits sectors to launch a comprehensive alcohol marketing initiative in April 2012.

Under the Responsible Marketing Pact, HEINEKEN, AB InBev, Bacardi, Brown-Foreman, Carlsberg, Diageo, Pernod Ricard and SAB Miller have agreed to implement common standards for responsible advertising and marketing aimed at adults of legal purchasing age. This will be done in close collaboration with the [World Federation of Advertisers](#) (WFA, the only global organisation representing the common interests of marketers), the EU and national associations. Together, these companies make up the majority of European alcohol advertising spend.

The Responsible Marketing Pact marks a turning point in the long-standing commitments of alcohol beverage producers to responsible marketing. It is the first time that the industry has come together to seek common marketing standards throughout the EU.

These common standards will address three priority areas:

- Prevent minors from inadvertently seeing alcohol beverage marketing communications on social media



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HEINEKEN commits to responsible marketing initiative continued

- Set a common adult demographic standard for alcohol beverage marketing communications across all media, thereby limiting exposure of minors to drinks advertisements
- Prohibit any alcohol beverage marketing communications that might be particularly attractive to minors by ensuring that the content of adverts appeals primarily to adults.

Implementation of and compliance with the marketing standards will be independently monitored and publicly reported. The WFA will present a first progress report by June 2013, with a final report due by February 2015.

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Europe

HEINEKEN establishes partnership with leading hospitality association

HEINEKEN and EUHOFA, the international association that unites the world's leading hotel and tourism schools, have entered into a pan-European partnership. This agreement takes a HEINEKEN Netherlands initiative global, starting in Europe.



Since 2011, HEINEKEN in the Netherlands has entered into successful partnerships with several Regional Vocational Education Centres. Employees deliver eight modules for hotel and catering students, covering subjects as varied as entrepreneurship, responsible drinking, interior design, financial management and beer image. Students are also treated to a guided brewery tour.

While many of our markets have set up collaborations with on-trade schools, what makes this programme unique is the full integration of HEINEKEN's sustainability agenda in the curriculum. We address the importance of integrating sustainability into new HORECA businesses, for instance, and pay particular attention to responsible consumption through the positive story of beer, which highlights the attributes and dispels the myths about our product.

We view the initiative is a real investment in the future of the European hospitality culture, and an opportunity for the entrepreneurs of tomorrow to understand HEINEKEN's vision of responsible retailing and become ambassadors for the beer industry.

From January 2013, HEINEKEN in Belgium, Switzerland, Austria, Portugal, Greece and Italy will be able to launch this initiative with on-trade schools in their countries.

You can also watch a short video about the partnership in the Netherlands.

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The Netherlands

Promoting responsible consumption in sport



Studies show that implementing a responsible alcohol policy is still a big challenge for sports associations. It demands a unique approach, as the social environment in sports canteens differs in many ways from regular on-trade venues.

To address this, HEINEKEN worked with the NOC*NSF (Netherlands Olympic Committee*Netherlands Sports Confederations) to set up an information evening for representatives and volunteers from sports associations.

The aim of the evening was to share learnings on the subject of alcohol policies adopted by sports clubs. Subjects such as responsible drinking and potential challenges for bar volunteers were discussed. Two well-known Dutch Olympic hockey internationals introduced the evening and professional actors role-played difficult situations, based on the input of our guests, during an interactive workshop. Around 50 guests attended. Based on the success of the evening, there are plans to roll this event out to other regions of the country.



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France

A dramatic approach to promoting responsible consumption



As part of its responsible consumption programme for employees, Cool@Work, HEINEKEN France has successfully tested a theatrical approach for conveying the responsible consumption message to employees.

Together with a local theatre association specialising in providing training on sensitive topics, HEINEKEN France ran workshops that use improvisation techniques to address issues such as dealing with consumers who have drunk too much, the risks of over-consumption, drinking and driving and the responsibility of bartenders.

Following their success, in 2012 HEINEKEN France incorporated these workshops into their Alsace brewery visit programme for HORECA customers. Workshops are run with a maximum of ten participants at a time. Four workshops were run in 2012 and will continue in 2013.



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A dramatic approach to promoting responsible consumption continued

After the workshops, participants were asked to provide qualitative feedback and the theatre group produced a summary. This feedback shows that the programme is appreciated, and the scenarios covered closely mirror the reality bartenders face. Some participants also believe that it reinforces the relationship between HEINEKEN and its clients.

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Russia

Responsible drinking programme targets teenagers

Under-age drinking is an acute social problem in Russia. Both the government and education authorities have taken steps to develop preventive activities, but there is still more that can be done.

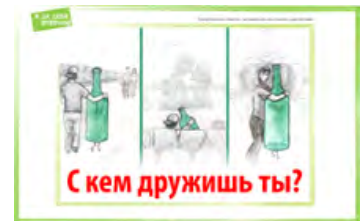
In 2010, recognising that it could play a role in this area, HEINEKEN Russia established a partnership with the St. Petersburg Institute of Psychological Therapy and Counselling. 'I am Responsible for Myself' was designed to help teenagers to think for themselves and make sensible decisions about alcohol consumption.

The programme encourages an open dialogue between teenagers and key adults, specifically teachers, parents and psychologists. Professional psychologists have held seminars, for 14-17 year olds, their parents and those teachers involved in the social education of pupils. Individual counselling is also available if required. In addition, the programme draws on the creativity of teenagers, setting them the task of developing a multi-media campaign to promote responsible consumption.

The partnership was initially piloted in one school in St Petersburg. Today, 24 schools in St Petersburg and 14 schools in Nizhny Novgorod participate, involving around 2,000 children annually. The partnership is supported by the Department of Education in both cities.

There have been encouraging developments in 2012. The responsible consumption posters that the teenagers created won city-wide contests in both cities. As a result, the campaign was publicly displayed and in Nizhny Novgorod participants were invited to meet the local governor. A website on social initiatives was also launched, enabling psychologists to hold online consultations with adults to advise them on discussing 'difficult' subjects, such as alcohol consumption, with youngsters.

Moving forward, the approach will be reviewed regularly to ensure it remains effective. The goal is to continue building the reputation of the programme, in order to embed it within the school curriculum.



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Poland

Landmark coalition focuses on responsible drinking among young people



Grupa Żywiec, HEINEKEN's Polish operating business, is an integral part of the society and communities in which its consumers, employees and their families live and work. As such, every effort is made to encourage consumers to share our passion for beer in a responsible manner.

In 2012, HEINEKEN Poland conducted a survey to better understand the factors determining alcohol consumption by young people, and to gain insight into their needs and challenges. Based on the results of the survey, a new alcohol prevention programme was launched: 'Coalition for the Sobriety of Youth'. It is the first programme of its kind launched in Poland by a beer company.

The programme encourages cooperation between various relevant groups, including parents, teachers, police, the fire service, NGOs and retailers. Different educational resources were created for each group, such as prevention workshops for pupils, teachers and parents, entitled 'Don't let alcohol spoil your fun'. These workshops included open conversations about the



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Landmark coalition focuses on responsible drinking among young people continued

consumption of alcohol, its effect on the body and possible negative consequences.

Theatre workshops encouraged students to express and deal with the emotions linked with alcohol, and role-playing showed them how to say 'no' to peer pressure. Follow-up meetings with the teachers and parents of workshop participants provided advice on how to communicate with young people about alcohol. Training sessions were also given to the police regarding alcohol prevention at schools.

Following the initial success, HEINEKEN intends to continue expanding this programme throughout the country. In areas where the programme has already been delivered, local leaders will be allocated to co-ordinate further activities.

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Croatia

Driving home the responsible consumption message

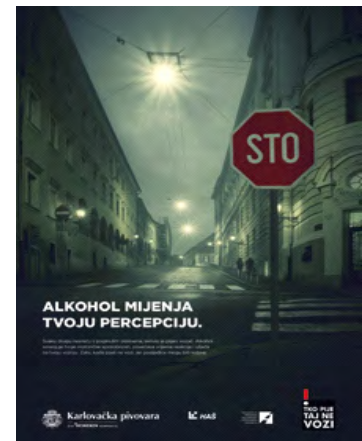


In 2012, HEINEKEN in Croatia launched a 'Don't Drink and Drive' initiative as part of its ongoing efforts to promote responsible alcohol consumption. The aim was to spread the message about responsible consumption and behaviour among future drivers.

In March, with support from the Ministry of Interior Affairs, a partnership with the Croatian Driving Schools' Association was set up to activate the initiative. Covering a third of all driving schools in the country, the association is the ideal partner for spreading the message.

The initiative involved co-developing advice and support for future drivers within both the theoretical and practical parts of driving lessons. The key messages were: 'Don't Drink and Drive', 'drinking and driving is unacceptable' and 'think about the consequences'.

New driving exercises required students to wear goggles, provided by HEINEKEN, which simulated driving under the influence of alcohol. During the exercise, under the watchful eye of their instructors, students tested driving at extremely slow speeds while wearing the goggles that impaired and reduced



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Driving home the responsible consumption message continued

their field of vision. The goal was for students to remember this experience once they were qualified drivers.

To measure the success of the initiative, instructors and students at all participating driving schools were asked to complete evaluation forms. The results revealed that 90 per cent of the Association of Croatian Driving Schools has conducted theoretical and practical education on 'Don't Drink and Drive', reaching 6,154 students. Ninety-eight per cent of students agreed that the 'Don't Drink and Drive' education was useful; 97 per cent felt that the driving exercises wearing goggles improved their understanding of the dangers of combining drinking and driving; and 96 per cent believed that it would stop them from driving if they had consumed alcohol.

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Mexico

Designated Driver programme helps to promote road safety

For the past 20 years, we have contributed to reducing the number of alcohol-related road accidents by promoting a culture of prevention and by raising awareness of the dangers of driving under the influence of alcohol. Through the Designated Driver programme, the first of its kind in Mexico, we invite attendees to become or to choose a designated driver on the different occasions when alcohol is likely to be consumed, thereby decreasing the probability of accidents.

The programme is implemented where our brands are sold, at major universities such as Tec de Monterrey (ITESM), Universidad Autónoma de Nuevo León (UANL) and Universidad del Valle de México (UVM), youth organisations and large events, after being communicated through media campaigns and special operations. This occurs in ten different cities, with the support of 206 clients and 92 universities across the country.

In 2012, a total of 28,488 designated drivers were registered, accompanied by 71,642 potential passengers. We also organised 375 interactive conferences on responsible consumption for students, attended by 14,681 participants.

www.conductordesignado.com.mx



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GRI Reference Table

G3.1 Content Index – GRI Application Level B+
Part I: Profile Disclosures

1. Strategy and Analysis

Profile Disclosure	Description	Reported	Cross-reference / Direct answer
1.1	Statement from the most senior decision-maker of the organisation.	Fully	<ul style="list-style-type: none"> ➤ CEO Foreword ➤ Balancing Business with Sustainability ➤ AR 2012, Chief Executive's statement ➤ Company website
1.2	Description of key impacts, risks and opportunities	Fully	<ul style="list-style-type: none"> ➤ CEO Foreword ➤ Balancing Business with Sustainability ➤ Brewing a Better Future ➤ What we said and what we've done ➤ AR 2012, Risk Management ➤ Company website

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Part I: Profile Disclosures

2. Organisational Profile

Profile Disclosure	Description	Reported	Cross-reference / Direct answer
2.1	Name of the organisation.	Fully	➤ AR 2012, Notes to the Consolidated Financial Statements > Note 1 "Reporting entity"
2.2	Primary brands, products and/or services.	Fully	➤ Operational review > Grow the Heineken Brand, Consumer inspired, Capture the opportunities in emerging markets, Leverage the benefits ➤ AR 2012, Other information > Countries and Brands
2.3	Operational structure of the organisation, including main divisions, operating companies, subsidiaries and joint ventures.	Fully	➤ AR 2012, Notes to the Consolidated Financial Statements, note 36 ➤ Company website
2.4	Location of organisation's headquarters.	Fully	➤ AR 2012, Notes to the Consolidated Financial Statements > Note 1 "Reporting entity"
2.5	Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Fully	➤ AR 2012, Other information > Countries and Brands ➤ List of Operating Companies and Business Units
2.6	Nature of ownership and legal form.	Fully	➤ AR 2012, Shareholder information ➤ Company website

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2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Fully	➤ AR 2012, Regional Review ➤ List of Operating Companies and Business Units In addition we divide the markets in the on-trade channel (like Bars, restaurants, hotels) and off-trade channel (i.e. supermarkets and other retail outlets). The split between on-trade and off-trade differs per market.
2.8	Scale of the reporting organisation.	Fully	➤ AR 2012, Overview > Key figures ➤ AR 2012, Financial statements > Notes to the consolidated financial statements, note 5 "Operating segments"
2.9	Significant changes during the reporting period regarding size, structure or ownership.	Fully	➤ AR 2012, Regional Review ➤ AR 2012, Notes to the Consolidated Financial Statements, note 6 "Acquisitions and disposals of subsidiaries and non-controlling interests"
2.10	Awards received in the reporting period.	Fully	➤ Benchmarks and achievements

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Part I: Profile Disclosures

3. Report Parameters

Profile Disclosure	Description	Reported	Cross-reference / Direct answer
3.1	Reporting period (e.g. fiscal/calendar year) for information provided.	Fully	➤ AR 2012, Notes to the Consolidated Financial Statements > Note 1 "Reporting entity"
3.2	Date of most recent previous report (if any).	Fully	SR 2011 published the 5 April 2012
3.3	Reporting cycle (annual, biennial etc.)	Fully	Both our Annual and our Sustainability Report are published on an annual basis
3.4	Contact point for questions regarding the report or its contents.	Fully	➤ Reference information ➤ Company website
3.5	Process for defining report content.	Fully	➤ About this Report ➤ Reporting Basis Before starting the SR 2012 - we evaluated our approach and content of the Sustainability Report 2011 (what was good, what should be improved, a materiality assessment and media check). We discussed the outcome with our internal and external auditor in order to improve, - we checked on the GRI website (information about defining report content [GRI reporting framework]) and materiality, stakeholder inclusiveness, sustainability context and completeness. - we set up a systematic comparison with data from last year and checked specific promises we made in the SR 2011. We integrated a report on the progress on these promises and on the commitments we made in our Brewing a Better Future programme. - we identified stakeholders important to the organisation

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			<p>and to sustainability and checked specific stakeholder input through our Reputation Research and individual discussions and meetings, and included the material issues</p> <ul style="list-style-type: none"> - we included a review of the balance of the content in positive and negative contributions - the content is discussed with our Chief of Functions and approved by the Executive Board <p>The content is, and will be, validated by our internal and external auditors.</p> <p>After the report is online, the content will be discussed with stakeholders.</p>
3.6	Boundary of the report (e.g. countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	Fully	<ul style="list-style-type: none"> ➤ Reporting Basis ➤ List of Operating Companies
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	Fully	<ul style="list-style-type: none"> ➤ About this report ➤ Reporting Basis ➤ List of Operating Companies
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organisations.	Fully	<ul style="list-style-type: none"> ➤ About this report ➤ Reporting Basis
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	Fully	<ul style="list-style-type: none"> ➤ Brewing a Better Future ➤ Reporting Basis

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3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g. mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	Fully	Reporting Basis
3.11	Significant changes from previous reporting periods in the scope, boundary or measurement methods applied in the report.	Fully	Brewing a Better Future About this Report Reporting Basis
3.12	Table identifying the location of the Standard Disclosures in the report.	Fully	Overview All appendices
3.13	Policy and current practice with regard to seeking external assurance for the report.	Fully	About this Report Independent Assurance Report from KPMG

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4. Governance, Commitments and Engagement

Profile Disclosure	Description	Reported	Cross-reference / Direct answer
4.1	Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight.	Fully	<ul style="list-style-type: none"> ➤ AR 2012, Report of the Executive Board, Executive Committee ➤ AR 2012, Corporate Governance Statement ➤ AR 2012, Report of the Supervisory Board to the Shareholders ➤ Brewing a Better Future ➤ Company website
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	Fully	HEINEKEN has a two-tier system where the Chairman of the Executive Board is also the Chief Executive Officer. The Chairman of the Supervisory Board is non-executive and independent
4.3	For organisations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	Fully	HEINEKEN does not have a unitary Board structure but a two-tier system
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Fully	<ul style="list-style-type: none"> ➤ Articles of Association ➤ Whistleblowing procedure ➤ Stakeholder engagement and dialogue ➤ Feedback
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the	Fully	<ul style="list-style-type: none"> ➤ AR 2012, Report of the Supervisory Board, Remuneration Report ➤ Brewing a better future - Enablers

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	organisation's performance (including social and environmental performance).		
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Fully	<ul style="list-style-type: none"> Regulations Supervisory Board, article 2.3 Whistleblowing procedure Company website
4.7	Process for determining the composition, qualifications and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.	Fully	<ul style="list-style-type: none"> Regulations Supervisory Board, article 3
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	Fully	<ul style="list-style-type: none"> Brewing a better future What we said and what we've done Integrity Company website > Sustainability Introduction Company website > Values Company website > Business Ethics
4.9	Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	Fully	<ul style="list-style-type: none"> AR 2012, Brewing a Better Future AR 2012, Risk Management Brewing a Better Future
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental	Fully	<ul style="list-style-type: none"> Regulations Supervisory Board, article 2.3 (P 4)

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and social performance.

4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organisation.	Fully	➤ AR 2012, Risk Management
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses.	Fully	➤ UN Global Compact / Carbon disclosure project
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organisations in which the organisation: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.	Fully	➤ Stakeholder engagement and dialogue ➤ Partnerships for progress
4.14	List of stakeholder groups engaged by the organisation.	Fully	➤ Stakeholder engagement and dialogue
4.15	Basis for identification and selection of stakeholders with whom to engage.	Fully	<p>➤ Stakeholder engagement and dialogue</p> <p>We identify and select the stakeholder with whom we engage on global level based on:</p> <ul style="list-style-type: none"> - Sustainability issues that impact our business, and the extend of the impact - Focus area and geographical scope of potential stakeholders <p>We define our stakeholder groups through a cross-functional process using the governance model of Brewing a Better Future. Our decision whether or not to engage in a stakeholder group is based on the influence of a stakeholder group and the impact on the business.</p>

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4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Fully	 Stakeholder engagement and dialogue All engagements are not done specifically for the reporting process but as part of the ongoing engagement process
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting.	Fully	 Stakeholder engagement and dialogue

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Part II: Disclosures on Management Approach (DMAs)

Economic

G3.1 DMAs	Description	Reported	Cross-reference / Direct answer
Aspects	Economic performance	Fully	➤ AR 2012, Overview > Key figures ➤ AR 2012, Risk Management
	Market presence	Fully	➤ AR 2012, Overview > Our business priorities
	Indirect economic impacts	Fully	➤ Balancing Business with Sustainability ➤ Corporate Social Investment ➤ Sustainable Agriculture

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Part II: Disclosures on Management Approach (DMAs)

Environmental

G3.1 DMAs	Description	Reported	Cross-reference / Direct answer
Aspects	Materials	Fully	Brewing a Better Future Green Brewer Green Commerce HEINEKEN Cares
	Energy	Fully	Green Brewer Green Commerce Reporting basis What we said and what we've done
	Water	Fully	Green Brewer Reporting basis What we said and what we've done
	Biodiversity	Fully	HEINEKEN Cares
	Emissions, effluents and waste	Fully	Green Brewer Overview of the environmental performance Reporting basis
	Products and services	Fully	Green Brewer Green Commerce
	Compliance	Fully	Green Brewer HEINEKEN Cares
	Transport	Fully	Green Commerce
	Overall	Fully	Green Brewer

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Part II: Disclosures on Management Approach (DMAs)

Labour

G3.1 DMAs	Description	Reported	Cross-reference / Direct answer
Aspects	Employment	Fully	➤ Engaging Employees
	Labour/management relations	Fully	➤ Employees' & Human Rights ➤ Brewing a Better Future ➤ Stakeholder engagement
	Occupational health and safety	Fully	➤ Health and Safety
	Training and education	Fully	➤ Engaging Employees ➤ AR 2012, Operational review > Drive personal leadership
	Diversity and equal opportunity	Fully	➤ Engaging Employees ➤ AR 2012, Operational review > Drive personal leadership
	Equal remuneration for women and men	Fully	➤ See answer LA14

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Human Rights

G3.1 DMAs	Description	Reported	Cross-reference / Direct answer
Aspects	Investment and procurement practices	Fully	▶ Enablers ▶ Supplier Code
	Non-discrimination	Fully	▶ Employees' & Human Rights policy
	Freedom of association and collective bargaining	Fully	▶ Employees' & Human Rights policy
	Child labour	Fully	▶ Employees' & Human Rights policy
	Prevention of forced and compulsory labour	Fully	▶ Employees' & Human Rights policy
	Security practices	Fully	▶ Employees' & Human Rights policy
	Indigenous rights	Fully	▶ Employees' & Human Rights policy
	Assessment	Fully	▶ Employees' & Human Rights policy
	Remediation	Fully	▶ Employees' & Human Rights policy

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Society

G3.1 DMAs	Description	Reported	Cross-reference / Direct answer
Aspects	Local communities	Fully	CSI Healthcare
	Corruption	Fully	Integrity
	Public policy	Fully	Integrity Responsible consumption
	Anti-competitive behaviour	Fully	Integrity
	Compliance	Fully	Integrity

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Product Responsibility

G3.1 DMAs	Description	Reported	Cross-reference / Direct answer
Aspects	Customer health and safety	Fully	➤ Company website
	Product and service labelling	Fully	➤ Company website
	Marketing communications	Fully	➤ Company website
	Customer privacy	Fully	➤ Company website
	Compliance	Fully	➤ Company website

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Part III: Performance Indicators

Economic

Economic performance

Performance Indicator	Description	Reported	Cross-reference / Direct answer
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Partially	➤ AR 2012, Financial Review ➤ AR 2012, Financial Statements ➤ Corporate social investment
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change.	Partially	➤ CEO Foreword Seven operations indicate being at risk due to climate change (e.g. water scarcity, impact of change weather on barley). Two operations foresee business opportunities relating to climate change in the country. Thirteen operations indicate they are aware of the financial implications of climate change for their operations (e.g. business continuity risks, cost of carbon credits, insurance costs, additional costs due to sourcing raw materials outside the country, utilising business opportunities)
EC3	Coverage of the organisation's defined benefit plan obligations.	Partially	➤ AR 2012, Notes to the consolidated financial statements, note 28
EC4	Significant financial assistance received from government.	Not	No significant subsidies

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Part III: Performance Indicators

Economic

Market presence

Performance Indicator	Description	Reported	Cross-reference / Direct answer
EC5	Range of ratios of standard entry level wage by gender compared with local minimum wage at significant locations of operation.	Partially	In ten operations the standard entry level wage is equal to the minimum legal wage. In six operations there is no legal minimum wage or the information is not available. In all other operations the standard entry-level wage is higher than the legal minimum wage
EC6	Policy, practices and proportion of spending on locally-based suppliers at significant locations of operation.	Fully	▶ Stakeholders Engagement and dialogue ▶ Supplier code ▶ HEINEKEN Cares
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	Fully	In 47 of our operations, procedures for local hiring of employees are in place. In 2012 62,3% of Senior Managers in our operations were local hires (from same country)

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Part III: Performance Indicators

Economic

Indirect economic Impacts

Performance Indicator	Description	Reported	Cross-reference / Direct answer
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind or pro bono engagement.	Partially	 Corporate Social Investment
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Fully	 Economic Impact Assessment

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Environmental

Materials

Performance Indicator	Description	Reported	Cross-reference / Direct answer
EN1	Materials used by weight or volume.	Not	Information not available
EN2	Percentage of materials used that are recycled input materials.	Not	Information not available

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Environmental

Energy

Performance Indicator	Description	Reported	Cross-reference / Direct answer
EN3	Direct energy consumption by primary energy source.	Fully	➤ Greenhouse gas emissions ➤ Overview of environmental performance
EN4	Indirect energy consumption by primary source.	Partially	➤ Greenhouse gas emissions ➤ Overview of environmental performance
EN5	Energy saved due to conservation and efficiency improvements.	Fully	➤ Energy
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Fully	➤ Energy ➤ Cooling
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	Partially	➤ Energy Thirteen Operating Companies have taken initiatives to reduce indirect energy consumption with business-related travel. Seven Operating Companies have taken initiatives to reduce indirect energy consumption with employee commuting

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Environmental

Water

Performance Indicator	Description	Reported	Cross-reference / Direct answer
EN8	Total water withdrawal by source.	Fully	 Water See table EN8
EN9	Water sources significantly affected by withdrawal of water.	Not	Information not available
EN10	Percentage and total volume of water recycled and reused.	Partially	 Waste

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Environmental

Biodiversity

Performance Indicator	Description	Reported	Cross-reference / Direct answer
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Partially	 Sustainable agriculture
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Partially	 Sustainable agriculture
EN13	Habitats protected or restored.	Partially	 Sustainable agriculture
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	Partially	 Sustainable agriculture
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	Not	Information not available

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Environmental

Emissions, effluents and waste


Performance Indicator	Description	Reported	Cross-reference / Direct answer
EN16	Total direct and indirect greenhouse gas emissions by weight.	Fully	➤ Reporting basis ➤ Overview of environmental performance
EN17	Other relevant indirect greenhouse gas emissions by weight.	Fully	➤ Reporting basis ➤ Overview of environmental performance
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Fully	➤ Energy
EN19	Emissions of ozone-depleting substances by weight.	Fully	➤ Overview of environmental performance
EN20	NOx, SOx and other significant air emissions by type and weight.	Fully	➤ Overview of environmental performance including loss of refrigerants (NH ₃)
EN21	Total water discharge by quality and destination.	Partially	<p>The largest part of the wastewater is treated either in our own plants or else in municipal plants. The treated and untreated wastewater are discharged into the surface water</p> ➤ Overview of environmental performance
EN22	Total weight of waste by type and disposal method.	Partially	➤ Overview of environmental performance Identified as being recycled or non-recycled, being hazardous or non-hazardous
EN23	Total number and volume of	Full	➤ No spills

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	significant spills.		 Waste
EN24	Weight of transported, imported, exported or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	Not	Information not available
EN25	Identity, size, protected status and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	Not	Information not available

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Environmental

Products and services

Performance Indicator	Description	Reported	Cross-reference / Direct answer
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Fully	Green Commerce Case studies
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	Fully	<p>In total nearly 45% of our products are sold in returnable packaging (returnable glass bottles, returnable PET bottles and returnable kegs). This number is based on the 2011 data from the Carbon Footprint study covering 90% of our volume</p> See table EN 27

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Environmental

Compliance

Performance Indicator	Description	Reported	Cross-reference / Direct answer
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Partially	 Waste

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Environmental

Transport

Performance Indicator	Description	Reported	Cross-reference / Direct answer
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations, and transporting members of the workforce.	Fully	 Distribution

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Environmental

Overall

Performance Indicator	Description	Reported	Cross-reference / Direct answer
EN30	Total environmental protection expenditures and investments by type.	Not	Information not available

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Social: Labour Practices and Decent Work

Employment

Performance Indicator	Description	Reported	Cross-reference / Direct answer
LA1	Total workforce by employment type, employment contract and region, broken down by gender.	Fully	See table LA1
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	Fully	In total 11,191 employees started working at the company, of which 22.5% were women and 77.5% men. Of this total, 61% were 30 years and under, 37% between 30 and 50 years and 2% over 50 years. 13,146 employees left the company, of which 22% were women and 78% men. Of this total number 41.5% were 30 years and under, 45.7% between 30 and 50 years and 12.8% over 50 years. See all details table LA2
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	Fully	See table LA3
LA15	Return to work and retention rates after parental leave, by gender.	Not	Information not available

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Part III: Performance Indicators

Social: Labour Practices and Decent Work

Labour/management relations

Performance Indicator	Description	Reported	Cross-reference / Direct answer
LA4	Percentage of employees covered by collective bargaining agreements.	Fully	66% of our employees work under a collective bargaining agreement
LA5	Minimum notice period (s) regarding significant operational changes, including whether it is specified in collective agreements.	Fully	The minimum number of weeks' notice is determined on local level and varies per operation. The number of weeks therefore ranges from 0 weeks in some operations to up to 26 weeks in other operations. Many operations (24) have a four to six weeks' notice period.

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Part III: Performance Indicators

Social: Labour Practices and Decent Work

Occupational health and safety

Performance Indicator	Description	Reported	Cross-reference / Direct answer
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programmes.	Partially	In 41 operations we have we have one or more formal Health & Safety committees
LA7	Rates of injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities by region and by gender.	Partially	➤ Health and Safety
LA8	Education, training, counseling, prevention and risk-control programmes in place to assist workforce members, their families or community members regarding serious diseases.	Fully	➤ See table LA8
LA9	Health and safety topics covered in formal agreements with trade unions.	Fully	In 26 operations we have one or more formal agreements with trade unions that cover Health & Safety. Personal protective equipment: 25 Operating Companies. Joint management-employee health and safety committees: 22 Operating Companies. Participation of worker representatives in health and safety inspections, audits, and accident investigations: 22 Operating Companies. Training and education: 24

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Operating Companies. Complaints mechanism: 22 Operating Companies. Right to refuse unsafe work: 23 Operating Companies. Periodic inspections: 23 Operating Companies.

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Social: Labour Practices and Decent Work

Training and education

Performance Indicator	Description	Reported	Cross-reference / Direct answer
LA10	Average hours of training per year per employee by gender, and by employee category.	Fully	Senior management - 24 hours Middle management - 36 hours Production employees - 34 hours Other employees - 19 hours ➤ See table LA10
LA11	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Partially	➤ AR 2012, Operational review > Drive personal leadership
LA12	Percentage of employees receiving regular performance and career development reviews, by gender.	Fully	53.7% of the employees received a formal performance appraisal and review in 2012 - 59.4% of female employees and 52.4% of male employees received a formal performance appraisal and review in 2012

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Social: Labour Practices and Decent Work

Diversity and equal opportunity

Performance Indicator	Description	Reported	Cross-reference / Direct answer
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership and other indicators of diversity.	Fully	 See table LA13

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Social: Labour Practices and Decent Work

Equal remuneration for women and men

Performance Indicator	Description	Reported	Cross-reference / Direct answer
LA14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	Fully	Our policy is to remunerate women and men equally in all categories

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Social: Human Rights

Investment and procurement practices

Performance Indicator	Description	Reported	Cross-reference / Direct answer
HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.	Not	Information not available
HR2	Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken.	Partially	Up until now we have not actively screened suppliers specifically on human rights but this topic is part of the Supplier Code. Our suppliers are assessed/audited on compliance with the Supplier Code ▶ Enablers
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	Fully	Our renewed policy on Employees' & Human Rights came into effect on 1 January 2012. ▶ Employees' & Human Rights Policy

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Social: Human Rights

Non-discrimination

Performance Indicator	Description	Reported	Cross-reference / Direct answer
HR4	Total number of incidents of discrimination and actions taken.	Fully	 Integrity

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Social: Human Rights

Freedom of association and collective bargaining

Performance Indicator	Description	Reported	Cross-reference / Direct answer
HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.	Fully	In all operations we have freedom of association and collective bargaining. This is part of our renewed policy on Employees' & Human Rights which has been implemented in 2012

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Social: Human Rights

Child labour

Performance Indicator	Description	Reported	Cross-reference / Direct answer
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour.	Fully	<p>In 54 operations there is a legal minimum working age.</p> <p>In 16 of these operations the minimum working age in the company is equal to the overall minimum working age of the country.</p> <p>In 38 operations the minimum working age in the company is higher than the overall minimum working age in the country.</p> <p>Lowest legal minimum working age within all our operations is 13 years of age. In one operation the minimum age is 14 year (although in practice in this Operating Company no employees under 18 are employed). In all other operations it is higher. All operations verify the age of any employees before they begin work. 92.6% verify the age of contracted employees as well.</p> <p>Our renewed policy on Employees' & Human Rights was implemented in 2012.</p>

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Social: Human Rights

Forced and compulsory labour

Performance Indicator	Description	Reported	Cross-reference / Direct answer
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of all forms of forced or compulsory labour.	Fully	HEINEKEN does not tolerate forced or compulsory labour. This is supported by our Business Code of Conduct, Supplier Code and our new Employees' and Human Rights Policy

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Social: Human Rights

Security practices

Performance Indicator	Description	Reported	Cross-reference / Direct answer
HR8	Percentage of security personnel trained in the organisation's policies or procedures concerning aspects of human rights that are relevant to operations.	Fully	In 25 operations we hire security personnel, of which 81% have received formal training in 2012 in the organisation's policies or procedures concerning human rights issues and their application to security

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Social: Human Rights

Indigenous rights

Performance Indicator	Description	Reported	Cross-reference / Direct answer
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	Fully	 Employees' & Human Rights

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Social: Human Rights

Assessment

Performance Indicator	Description	Reported	Cross-reference / Direct answer
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	Fully	All operations had to answer questions with regard to Employees' & Human Rights (Sustainability Survey). 21 operations performed a 'gap analysis' between the content of the new policy and local practices. A new system of monitoring will be part of the implementation of our new EHR Policy, which will start in 2013.

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Social: Human Rights

Remediation

Performance Indicator	Description	Reported	Cross-reference / Direct answer
HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.	Partially	<p> Employees' & Human Rights</p> <p>Six incidents or complaints/grievances have been reported by internal stakeholders in 2012</p> <p>Zero incidents or complaints/grievances have been reported by external parties or stakeholders in 2012</p>

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Social: Society

Local communities

Performance Indicator	Description	Reported	Cross-reference / Direct answer
SO1	Percentage of operations with implemented local community engagement, impact assessments and development programmes.	Fully	<ul style="list-style-type: none"> ➤ Corporate Social Investment ➤ Economic impact assessment ➤ HEINEKEN Cares <p>All operations are included in the environmental report. 33 operations published their own sustainability report in 2012; all reported on CSI.</p>
SO9	Operations with significant potential or actual negative impacts on local communities.	Fully	No significant potential or negative impacts reported.
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	Fully	No significant potential or negative impacts reported.

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Part III: Performance Indicators

Social: Society

Corruption

Performance Indicator	Description	Reported	Cross-reference / Direct answer
SO2	Percentage and total number of business units analysed for risks related to corruption.	Fully	In 2012, 13 operations indicated they had performed a risk assessment for exposure of the company to corruption by government officials
SO3	Percentage of employees trained in organisation's anti-corruption policies and procedures.	Fully	In 2012, 19,188 employees in relevant functions have been trained (28% of all HEINEKEN employees)
SO4	Actions taken in response to incidents of corruption.	Fully	▶ Working with partners ▶ Integrity

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Part III: Performance Indicators

Social: Society

Public policy

Performance Indicator	Description	Reported	Cross-reference / Direct answer
SO5	Public policy positions and participation in public policy development and lobbying.	Partially	<p>➤ Partnership for progress</p> <p>➤ Case studies</p> <p>➤ Stakeholder Engagement and Dialogue</p> <p>We are an active member of industry associations, like the Brewers of Europe. Through these associations we are in discussion with governments on the role of beer in society, and on regulations</p>
SO6	Total value of financial and in-kind contributions to political parties, politicians and related institutions by country.	Fully	<p>It is part of our Code of Business Conduct that our Company does not make contributions to politicians or political parties. In the USA it is customary for employees to give money to a political action committee (PAC) which is administrated by their employer. In our case this PAC is called the Heineken Good Government Fund which acts fully in line with our Code and the rules issued by the Federal Election Committee.</p> <p>➤ For more information</p>

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Social: Society

Anti-competitive behaviour

Performance Indicator	Description	Reported	Cross-reference / Direct answer
SO7	Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes.	Partially	 AR 2012, Notes to the consolidated financial statements > Note 34

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Social: Society

Compliance

Performance Indicator	Description	Reported	Cross-reference / Direct answer
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Partially	▶ AR 2012, Notes to the consolidated financial statements > Note 34 ▶

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Social: Product Responsibility

Customer health and safety

Performance Indicator	Description	Reported	Cross-reference / Direct answer
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	Not	Information not available
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	Not	Information not available

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Social: Product Responsibility

Product and service labelling

Performance Indicator	Description	Reported	Cross-reference / Direct answer
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	Partially	<p>➤ Encouraging responsible consumption through our brands</p> <p>➤ Case studies</p>
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes.	Not	Information not available
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Fully	We have a global contract to measure customer satisfaction on modern trade (off-premise/retail) on a regular basis. In 2012, 26 operating Companies have a dedicated Customer Relationship Management (CRM) programme related to sales and marketing, 25 of them have defined targets on customer satisfaction levels, and 21 regularly track and report customer satisfaction levels.

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Part III: Performance Indicators

Social: Product Responsibility

Marketing communications

Performance Indicator	Description	Reported	Cross-reference / Direct answer
PR6	Programmes for adherence to laws, standards and voluntary codes related to marketing communications, including advertising, promotion and sponsorship.	Fully	<p>➤ Marketing and selling responsibly</p> <p>➤ Partnership for progress</p> <p>➤ Case studies</p> <p>All organisations have to work within the local laws and regulations. In addition all organisations have to adhere the our Rules on Responsible Commercial Communication</p>
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship by type of outcomes.	Fully	Six Operating Companies received a total of 31 complaints with regards with marketing communications. Eleven have been investigated: three are still pending and eight have been concluded, HEINEKEN lost in three cases and paid penalty (one case) or take action (two cases) (changed ad or taken down billboard)

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GRI Reference Table continued

Part III: Performance Indicators

Social: Product Responsibility

Customer privacy

Performance Indicator	Description	Reported	Cross-reference / Direct answer
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Not	Information not available

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GRI Reference Table continued

Part III: Performance Indicators

Social: Product Responsibility

Compliance

Performance Indicator	Description	Reported	Cross-reference / Direct answer
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	Not	Information not available

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LA1

Appendix Tables

LA 1

Employees by employment type and contract*

contract type	number of male employees	number of female employees	total number
permanent	50680	11353	62033
temporary	4682	1766	6448
total number	55362	13119	68481

employment type	number of male employees	number of female employees	total number
full time	53729	11949	65678
part time	1633	1170	2803
total number	55362	13119	68481

Region	number of male employees	number of female employees	total number
Africa and the Middle East	11732	1505	13237
Americas	19065	2611	21676
Asia Pacific	174	126	300
Central and Eastern Europe	11322	4780	16102
Western Europe	13069	4097	17166
total	55362	13119	68481

*This refers to the total number of employees from the OpCo's in scope for the report and not for the whole HEINEKEN. See appendix "List of Operating Companies"

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LA2

LA 2

Employees leaving the company - Breakdown by gender and region - %

	Male	Female
Africa and the Middle East	92.5	7.5
Americas	88.1	11.9
Asia Pacific	68.2	31.8
Central and Eastern Europe	63.7	36.3
Western Europe	70.6	29.4

Employees new to the company - Breakdown by gender and region - %

	Male	Female
Africa and the Middle East	86.4	13.6
Americas	86.1	13.9
Asia Pacific	68.1	31.9
Central and Eastern Europe	65.7	34.3
Western Europe	66.5	33.5

Employees leaving the company - Breakdown by age group and region - %

	below 30	30-50	over 50
Africa and the Middle East	23.5	60.4	16.1
Americas	52.2	40	7.8
Asia Pacific	29.6	65.9	4.5
Central and Eastern Europe	41.1	46	12.9

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Western Europe	20.1	53.9	26
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Employees new to the company - Breakdown by age group and region - %

	below 30	30- 50	over 50
Africa and the Middle East	56.5	41.8	1.7
Americas	71.7	27.8	0.5
Asia Pacific	42	53.7	4.3
Central and Eastern Europe	58.4	38.7	2.9
Western Europe	36.3	57.3	6.4

Employee turnover

Region	number of new male employees	number of new female employees	number of male employees leaving	number of female employees leaving	total employees in the company
Africa and the Middle East	1089	171	1035	84	13237
Americas	4385	710	5337	722	21676
Asia Pacific	47	22	30	14	300
Central and Eastern Europe	2073	1081	2506	1430	16102
Western Europe	1073	540	1404	584	17166
Total	8667	2524	10312	2834	68481

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TOTAL New employees HEINEKEN Group	% new male employees	% new female employees
11191	77.5	22.5

TOTAL employees leaving HEINEKEN Group	% leaving male employees	% leaving female employees
13146	78	22

Region	number of new employees <30	number of new employees 30-50	number of new employees >50	number of employees leaving <30	number of employees leaving 30- 50	number of employees leaving >50	total employees in the company
Africa and the Middle East	712	527	21	263	676	180	13237
Americas	3654	1414	27	3165	2421	473	21676
Asia Pacific	29	37	3	13	29	2	300
Central and Eastern Europe	1842	1222	90	1616	1814	506	16102
Western Europe	586	924	103	399	1072	517	17166
Total	6823	4124	244	5456	6012	1678	68481

TOTAL New employees HEINEKEN Group	% of new employees <30	% of new employees 30-50	% of new employees >50
11191	61	37	2

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LA2 continued

Total employees leaving HEINEKEN Group	% of employees leaving <30	% of employees leaving 30-50	% of employees leaving >50
13146	41.5	45.7	12.8

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LA3

LA 3

Life Insurance	No of opcos providing benefit
Full time employees	37
Part time employees	21
Temporary employees	17

Health Care	No of opcos providing benefit
Full time employees	50
Part time employees	30
Temporary employees	27

Disability Coverage	No of opcos providing benefit
Full time employees	50
Part time employees	29
Temporary employees	28

Parental Leave	No of opcos providing benefit
Full time employees	48
Part time employees	31
Temporary employees	23

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Retirement Provision	No of opcos providing benefit
Full time employees	43
Part time employees	24
Temporary employees	15

Stock Ownership	No of opcos providing benefit
Full time employees	15
Part time employees	6
Temporary employees	1

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LA8

LA 8

No of opcos that offer training or advice to employees, their immediate family or other community members of the following issues which can lead to serious diseases.

	Exercise	Smoking	Nutrition/Diet	Stress
Employees	30	26	28	26
Immediate Family	9	8	10	8
Community members	4	2	2	2

No of opcos that offer the following assistance to employees, their immediate family and/or community members when diagnosed with serious disease.

	Counselling	Treatment
Employees	38	32
Immediate Family	22	16
Community members	4	3

This refers to the total number of employees from the OpCo's in scope for the report and not for the whole HEINEKEN. See appendix "List of Operating Companies"

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LA10

LA 10

Category	Hours for male employees	Hours for female employees	Total training hours per category
Senior management	11,719	2,085	13,805
Middle management	134,106	32,231	166,337
Production employees	660,450	43,618	704,068
Other employees	635,973	166,312	802,285
Total	1,442,248	244,247	1,686,495

Category	Average training hours per employee
Senior management	24
Middle management	36
Production employees	34
Other employees	19

This refers to the total number of employees from the OpCo's in scope for the report and not for the whole HEINEKEN. See appendix "List of Operating Companies"

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LA13

LA 13

Breakdown by gender & category %	male	female	
Senior management	85.5	14.5	
Middle management	77	23	
Production employees	87.8	12.2	
Other employees	77.7	22.3	
Breakdown by age group and category %	under 30	30-50	over 50
Senior management	0	74.1	25.9
Middle management	3.5	79.5	17
Production employees	15.9	62.5	21.6
Other employees	26.7	60.9	12.4

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LA13 continued

Breakdown by origin & category %	home country	outside of home country
Senior management	62.3	37.7
Middle management	91.7	8.3
Production employees	98.7	1.3
Other employees	98.8	1.2

This refers to the total number of employees from the OpCo's in scope for the report and not for the whole HEINEKEN. See appendix 'List of Operating Companies'

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EN8

EN 8

	Water used per source	Sustainability report data
Water from absolute data	77,081,388	100%
ground water (own wells)	41,894,056	54.4%
surface water (river/lake)	9,545,666	12.4%
sea/brackish water	116,624	0.2%
total municipal water supply	25,525,042	33.1%
other sources used	0	0.0%

Based on ER 12 Aggregated data - Heineken NV - vrs 4.9 (21 Mar 2013)

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EN27

EN 27

Packaging type	Packaging mix %
One way	
Glass bottle	17.50%
PET bottle	11.26%
Aluminium bottle	0.03%
Steel can	1.96%
Aluminium can	23.98%
Other	0.58%
Returnable	
Returnable glass bottle	31.40%
Returnable PET bottle	0.13%
Returnable kegs	12.64%
Tankered beer	0.51%
Total	100%

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Appendices

Reporting Basis

Scope

This Sustainability Report covers the performance of all our consolidated Operating Companies (see [Appendix 4: list of Operating Companies](#)). This is excluding recently acquired Operating Companies (such as Brana in Haiti and Asia Pacific Breweries); these operations will be included in the first full calendar year of consolidation.

The safety and environmental data presented in this report relates to the years 2010, 2011 and 2012 for the production units of the HEINEKEN Operating Companies. The term 'production unit' means maltings, breweries, cider plants, soft drink plants, water plants and combinations of these, at which malt, beer, cider, soft drinks and water are produced. Packaging material plants are also in the scope of production units, covering the manufacture of bottles, crates, cans and can lids. Other plants have been included too, such as ice production facilities and sand mine.

The volume figures presented in the environmental section of this report, based on production, may differ slightly from the figures presented in HEINEKEN's financial report, which are based on sales. This difference relates to export companies and a number of recently acquired production units that have not yet submitted data. Newly acquired production units are required to start reporting directly after the first calendar year following the date of acquisition.

The data presented in the sections on Green Commerce, Engaging Employees, HEINEKEN Cares, Responsible Consumption and Partnerships for Progress is derived from databases that are available on a global level, via Green Gauge quarterly reporting and the annual Sustainability Survey.

Reporting systems

HEINEKEN gathers safety and environmental data in accordance with guidelines and definitions based on the Global Reporting Initiative Guidelines (G3.1). The data is reported quarterly via a global system. Production units also report safety and environmental data on a monthly basis and reports are submitted annually to HEINEKEN Supply Chain. Data submitted is checked for completeness and accuracy. A training course is also provided at the request of the Regional HR teams and production units to instruct their employees in the accurate acquisition, verification and filing of data.

In addition, 17 production units have been audited in conjunction with Global Audit to check the quality of the information they provide by comparing it with invoices, measurements, calculations etc.

In 2013, we will start auditing the procedures of safety performance measurement in functions outside production and we expect to include accident numbers for all functions worldwide in our next Sustainability Report.

The Green Gauge reporting system allows us to monitor and report quarterly progress against 16 key areas, related to our commitments.

The Annual Sustainability Survey is the source of information for all other data that is not covered by the previously mentioned data sources.

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Both Green Gauge and the Sustainability Survey are subject to validation by internal experts and HEINEKEN's Global Audit team. This validation included site visits to 11 selected Operating Companies representing 65 per cent of total FTE.

Safety reporting

We improved and extended the system for accident registration. In the table below, 'own staff' includes both permanent, temporary staff and agency personnel. HEINEKEN Human Resources has defined seven parameters, which must as a minimum be reported at local level, to serve as the basis for measuring the results achieved by our production units. These results are expressed in two performance indicators.

Safety parameters and indicators

Safety parameters and indicators

Parameters	1. Fatal accidents	Fatalities, own staff and contractor personnel
	2. Accidents resulting in permanent disability	Permanent disabilities, own staff
	3. Accidents resulting in absence from work	Accidents, own staff and contractor personnel
	4. Lost days	Absence due to an accident, own staff in calendar days
	5. Workforce	Expressed in Full Time Equivalents (FTE)
	6. Number of complaints	External complaints related to nuisance
	7. Number of external safety related incidents	Incidents related to safety and environment which had an impact outside the production unit
Performance indicators	1. Accident frequency	Own staff, number of accidents resulting in absence from work per 100 FTE
	2. Accident severity	Own staff, lost days from work per 100 FTE

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Environmental reporting

The purpose of environmental reporting is to clarify the environmental effects of producing malt, beer, cider, soft drinks and water at our production locations as well as the impact of our packaging material plants. These effects include depletion of resources, emissions and nuisance. To measure these effects, HEINEKEN Supply Chain has defined six key parameters and four performance indicators.

Performance is measured for four parameters in terms of production, expressed in hectolitres of beer, cider, soft drinks and water, to facilitate comparison of the results.

The greenhouse effect covers CO₂ emissions resulting from the use of energy and refrigerant emissions, expressed as CO₂ equivalents. We distinguish direct and indirect CO₂ emissions, produced on-site or produced off-site by the electricity supplier. The carbon footprint covers the value chain, from barley to bar, i.e. from the production of raw materials up to and including consumption of the product.

The ozone layer depletion covers refrigerant losses (e.g. HCFCs), while acidification covers NO_x, SO_x and NH₃ emissions. Nutrification covers chemical oxygen demand (COD), plus nitrogen and phosphorus in wastewater after treatment, where discharged into surface water. Waste management deals with the destination of our co-products, industrial waste and hazardous waste.

Environmental parameters and indicators

Parameters	1. Thermal energy consumption	Consumption of thermal energy in MJ (the corresponding CO ₂ emission is derived from this figure using the WBCSD Protocol)
	2. Electricity consumption	Consumption of electrical energy in kWh
	3. Water consumption	Water consumption in m
	4. Solid waste disposal	Non-recycled waste in kg such as hazardous waste, wastewater treatment sludge and industrial waste
	5. COD load of effluent	The chemical oxygen demand of the treated or untreated wastewater leaving the production unit and discharged to surface water in kg
	6. Wastewater treated	The volume of wastewater treated expressed in m
Performance indicators	1. Specific thermal energy consumption	Thermal energy consumption per unit produced in MJ/hl beer, cider, soft drinks and water

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2. Specific electricity consumption	Electricity consumption per unit produced in kWh/hl beer, cider, soft drinks and water
3. Specific CO ₂ emission	Fossil CO ₂ emission (direct and indirect) resp. derived from thermal energy and electricity consumption) plus refrigerant losses expressed in CO ₂ equivalents per unit produced in kg/hl beer, cider, soft drinks and water
4. Specific water consumption	Water consumption per unit produced in hl/hl beer, cider, soft drinks and water

Qualified reliability of safety and environmental data in production

The reliability of data is subject to certain qualifications, despite the fact that the safety and environmental experts at our production units have reported to the best of their knowledge, in good faith and in accordance with agreed procedures, and HEINEKEN Supply Chain has validated their figures. HEINEKEN is continuing to work on formulating and applying uniform definitions and instructions for reporting purposes, in order to improve the accuracy and comparability of data. Standard calculation protocols for atmospheric emissions by our production units are in place, for example, to minimise error in these figures. Standard calculation tools are also present for refrigerant losses and waste discharge.

Definitions

Differences in the interpretation of definitions have occurred in some cases. On the basis of our internal validation findings, we do not expect these differences to be material at the aggregated level.

Completeness

Reporting was not forthcoming or was incomplete in some cases. Often, newly acquired production units need to improve their reporting system, especially on complaint and external accident registration, accident severity and COD measurement. In order to provide a realistic representation of HEINEKEN's total environmental impact, the missing data has been estimated in accordance with our internal procedures for incomplete reports. Our Operating Companies have estimated some data.

Accuracy

The accuracy of data depends on the method of measurement, the calculation procedure and whether estimates have been used. For some parameters, the sampling method and frequency, as for COD, can also affect accuracy. The quantity of refrigerant is difficult to establish because it is

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used in dynamic systems in which it can occur in both a liquid and gaseous state. Refrigerant losses (losses expressed as CO₂ equivalents per hectolitre of beer, soft drinks, cider or water produced) are determined on the basis of the quantities used to replenish systems. At a number of production units, waste is removed from the site in containers of a given volume, and inaccuracies can arise in translating volume to weight. In the absence of local legislation in some countries outside Europe, the definition of hazardous waste is not always clear. In some cases, hazardous waste is safely recycled and is no longer designated as hazardous. The scope and workforce size related to accident frequency can give rise to inaccuracies in some locations due to the misinterpretation of overtime and number of temporary personnel.

Comparability

Each parameter to be reported has accurately been defined in the Safety Standards & Procedures and Environmental Standards & Procedures. The comparability of the data depends on the extent to which estimates have been used in determining performance indicators. Where estimates have been used in interpreting trends, this is stated in the text of this report. The comparison of data has been carried out over a three-year period so as to limit the influence of incidental fluctuations. Since no material changes have been made to definitions, calculations or estimating procedures, there is comparability from year to year, except when indicated in the text of this report.

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Safety parameters and indicators

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Environmental reporting

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The greenhouse effect covers CO₂ emissions resulting from the use of energy and refrigerant emissions, expressed as CO₂ equivalents. We distinguish direct and indirect CO₂ emissions, produced on-site or produced off-site by the electricity supplier. The carbon footprint covers the value chain, from barley to bar, i.e. from the production of raw materials up to and including consumption of the product.

The ozone layer depletion covers refrigerant losses (e.g. HCFCs), while acidification covers NO_x, SO_x and NH₃ emissions. Nutrification covers chemical oxygen demand (COD), plus nitrogen and phosphorus in wastewater after treatment, where discharged into surface water. Waste management deals with the destination of our co-products, industrial waste and hazardous waste.

Environmental parameters and indicators

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2. Specific electricity consumption	Electricity consumption per unit produced in kWh/hl beer, cider, soft drinks and water
3. Specific CO ₂ emission	Fossil CO ₂ emission (direct and indirect) resp. derived from thermal energy and electricity consumption) plus refrigerant losses expressed in CO ₂ equivalents per unit produced in kg/hl beer, cider, soft drinks and water
4. Specific water consumption	Water consumption per unit produced in hl/hl beer, cider, soft drinks and water

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The reliability of data is subject to certain qualifications, despite the fact that the safety and environmental experts at our production units have reported to the best of their knowledge, in good faith and in accordance with agreed procedures, and HEINEKEN Supply Chain has validated their figures. HEINEKEN is continuing to work on formulating and applying uniform definitions and instructions for reporting purposes, in order to improve the accuracy and comparability of data. Standard calculation protocols for atmospheric emissions by our production units are in place, for example, to minimise error in these figures. Standard calculation tools are also present for refrigerant losses and waste discharge.

Definitions

Differences in the interpretation of definitions have occurred in some cases. On the basis of our internal validation findings, we do not expect these differences to be material at the aggregated level.

Completeness

Reporting was not forthcoming or was incomplete in some cases. Often, newly acquired production units need to improve their reporting system, especially on complaint and external accident registration, accident severity and COD measurement. In order to provide a realistic representation of HEINEKEN's total environmental impact, the missing data has been estimated in accordance with our internal procedures for incomplete reports. Our Operating Companies have estimated some data.

Accuracy

The accuracy of data depends on the method of measurement, the calculation procedure and whether estimates have been used. For some parameters, the sampling method and frequency, as for COD, can also affect accuracy. The quantity of refrigerant is difficult to establish because it is

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used in dynamic systems in which it can occur in both a liquid and gaseous state. Refrigerant losses (losses expressed as CO₂ equivalents per hectolitre of beer, soft drinks, cider or water produced) are determined on the basis of the quantities used to replenish systems. At a number of production units, waste is removed from the site in containers of a given volume, and inaccuracies can arise in translating volume to weight. In the absence of local legislation in some countries outside Europe, the definition of hazardous waste is not always clear. In some cases, hazardous waste is safely recycled and is no longer designated as hazardous. The scope and workforce size related to accident frequency can give rise to inaccuracies in some locations due to the misinterpretation of overtime and number of temporary personnel.

Comparability

Each parameter to be reported has accurately been defined in the Safety Standards & Procedures and Environmental Standards & Procedures. The comparability of the data depends on the extent to which estimates have been used in determining performance indicators. Where estimates have been used in interpreting trends, this is stated in the text of this report. The comparison of data has been carried out over a three-year period so as to limit the influence of incidental fluctuations. Since no material changes have been made to definitions, calculations or estimating procedures, there is comparability from year to year, except when indicated in the text of this report.

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Scope

This Sustainability Report covers the performance of all our consolidated Operating Companies (see [Appendix 4: list of Operating Companies](#)). This is excluding recently acquired Operating Companies (such as Brana in Haiti and Asia Pacific Breweries); these operations will be included in the first full calendar year of consolidation.

The safety and environmental data presented in this report relates to the years 2010, 2011 and 2012 for the production units of the HEINEKEN Operating Companies. The term 'production unit' means maltings, breweries, cider plants, soft drink plants, water plants and combinations of these, at which malt, beer, cider, soft drinks and water are produced. Packaging material plants are also in the scope of production units, covering the manufacture of bottles, crates, cans and can lids. Other plants have been included too, such as ice production facilities and sand mine.

The volume figures presented in the environmental section of this report, based on production, may differ slightly from the figures presented in HEINEKEN's financial report, which are based on sales. This difference relates to export companies and a number of recently acquired production units that have not yet submitted data. Newly acquired production units are required to start reporting directly after the first calendar year following the date of acquisition.

The data presented in the sections on Green Commerce, Engaging Employees, HEINEKEN Cares, Responsible Consumption and Partnerships for Progress is derived from databases that are available on a global level, via Green Gauge quarterly reporting and the annual Sustainability Survey.

Reporting systems

HEINEKEN gathers safety and environmental data in accordance with guidelines and definitions based on the Global Reporting Initiative Guidelines (G3.1). The data is reported quarterly via a global system. Production units also report safety and environmental data on a monthly basis and reports are submitted annually to HEINEKEN Supply Chain. Data submitted is checked for completeness and accuracy. A training course is also provided at the request of the Regional HR teams and production units to instruct their employees in the accurate acquisition, verification and filing of data.

In addition, 17 production units have been audited in conjunction with Global Audit to check the quality of the information they provide by comparing it with invoices, measurements, calculations etc.

In 2013, we will start auditing the procedures of safety performance measurement in functions outside production and we expect to include accident numbers for all functions worldwide in our next Sustainability Report.

The Green Gauge reporting system allows us to monitor and report quarterly progress against 16 key areas, related to our commitments.

The Annual Sustainability Survey is the source of information for all other data that is not covered by the previously mentioned data sources.

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Both Green Gauge and the Sustainability Survey are subject to validation by internal experts and HEINEKEN's Global Audit team. This validation included site visits to 11 selected Operating Companies representing 65 per cent of total FTE.

Safety reporting

We improved and extended the system for accident registration. In the table below, 'own staff' includes both permanent, temporary staff and agency personnel. HEINEKEN Human Resources has defined seven parameters, which must as a minimum be reported at local level, to serve as the basis for measuring the results achieved by our production units. These results are expressed in two performance indicators.

Safety parameters and indicators

Safety parameters and indicators

Parameters	1. Fatal accidents	Fatalities, own staff and contractor personnel
	2. Accidents resulting in permanent disability	Permanent disabilities, own staff
	3. Accidents resulting in absence from work	Accidents, own staff and contractor personnel
	4. Lost days	Absence due to an accident, own staff in calendar days
	5. Workforce	Expressed in Full Time Equivalents (FTE)
	6. Number of complaints	External complaints related to nuisance
	7. Number of external safety related incidents	Incidents related to safety and environment which had an impact outside the production unit
Performance indicators	1. Accident frequency	Own staff, number of accidents resulting in absence from work per 100 FTE
	2. Accident severity	Own staff, lost days from work per 100 FTE

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Environmental reporting

The purpose of environmental reporting is to clarify the environmental effects of producing malt, beer, cider, soft drinks and water at our production locations as well as the impact of our packaging material plants. These effects include depletion of resources, emissions and nuisance. To measure these effects, HEINEKEN Supply Chain has defined six key parameters and four performance indicators.

Performance is measured for four parameters in terms of production, expressed in hectolitres of beer, cider, soft drinks and water, to facilitate comparison of the results.

The greenhouse effect covers CO₂ emissions resulting from the use of energy and refrigerant emissions, expressed as CO₂ equivalents. We distinguish direct and indirect CO₂ emissions, produced on site or produced off-site by the electricity supplier. The carbon footprint covers the value chain, from barley to bar, i.e. from the production of raw materials up to and including consumption of the product.

The ozone layer depletion covers refrigerant losses (e.g. HCFCs), while acidification covers NO_x, SO_x and NH₃ emissions. Nutrification covers chemical oxygen demand (COD), plus nitrogen and phosphorus in wastewater after treatment, where discharged into surface water. Waste management deals with the destination of our co-products, industrial waste and hazardous waste.

Environmental parameters and indicators

Parameters	1. Thermal energy consumption	Consumption of thermal energy in MJ (the corresponding CO ₂ emission is derived from this figure using the WBCSD Protocol)
	2. Electricity consumption	Consumption of electrical energy in kWh
	3. Water consumption	Water consumption in m
	4. Solid waste disposal	Non-recycled waste in kg such as hazardous waste, wastewater treatment sludge and industrial waste
	5. COD load of effluent	Chemical oxygen demand of the treated or untreated wastewater leaving the production unit and discharged to surface water in kg
	6. Wastewater treated	The volume of wastewater treated expressed in m
Performance indicators	1. Specific thermal energy consumption	Thermal energy consumption per unit produced in MJ/hl beer, cider, soft drinks and water

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2. Specific electricity consumption	Electricity consumption per unit produced in kWh/hl beer, cider, soft drinks and water
3. Specific CO ₂ emission	Fossil CO ₂ emission (direct and indirect) resp. derived from thermal energy and electricity consumption) plus refrigerant losses expressed in CO ₂ equivalents per unit produced in kg/hl beer, cider, soft drinks and water
4. Specific water consumption	Water consumption per unit produced in hl/hl beer, cider, soft drinks and water

Qualified reliability of safety and environmental data in production

The reliability of data is subject to certain qualifications, despite the fact that the safety and environmental experts at our production units have reported to the best of their knowledge, in good faith and in accordance with agreed procedures, and HEINEKEN Supply Chain has validated their figures. HEINEKEN is continuing to work on formulating and applying uniform definitions and instructions for reporting purposes, in order to improve the accuracy and comparability of data. Standard calculation protocols for atmospheric emissions by our production units are in place, for example, to minimise error in these figures. Standard calculation tools are also present for refrigerant losses and waste discharge.

Definitions

Differences in the interpretation of definitions have occurred in some cases. On the basis of our internal validation findings, we do not expect these differences to be material at the aggregated level.

Completeness

Reporting was not forthcoming or was incomplete in some cases. Often, newly acquired production units need to improve their reporting system, especially on complaint and external accident registration, accident severity and COD measurement. In order to provide a realistic representation of HEINEKEN's total environmental impact, the missing data has been estimated in accordance with our internal procedures for incomplete reports. Our Operating Companies have estimated some data.

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used in dynamic systems in which it can occur in both a liquid and gaseous state. Refrigerant losses (losses expressed as CO₂ equivalents per hectolitre of beer, soft drinks, cider or water produced) are determined on the basis of the quantities used to replenish systems. At a number of production units, waste is removed from the site in containers of a given volume, and inaccuracies can arise in translating volume to weight. In the absence of local legislation in some countries outside Europe, the definition of hazardous waste is not always clear. In some cases, hazardous waste is safely recycled and is no longer designated as hazardous. The scope and workforce size related to accident frequency can give rise to inaccuracies in some locations due to the misinterpretation of overtime and number of temporary personnel.

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Each parameter to be reported has accurately been defined in the Safety Standards & Procedures and Environmental Standards & Procedures. The comparability of the data depends on the extent to which estimates have been used in determining performance indicators. Where estimates have been used in interpreting trends, this is stated in the text of this report. The comparison of data has been carried out over a three-year period so as to limit the influence of incidental fluctuations. Since no material changes have been made to definitions, calculations or estimating procedures, there is comparability from year to year, except when indicated in the text of this report.

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Overview of Environmental Performance

HEINEKEN Group

Performance indicator	Unit	2010	2011	2012
Total beverage production	Mhl	173.6	177.4	183.2
Beer production	Mhl	154.7	159.2	165.7
Cider production	Mhl	4.2	4.2	3.4
Soft drink production	Mhl	10.9	10.4	10.3
Water production	Mhl	3.7	3.6	3.8
Malt production	ktons	721	710	725
Thermal energy consumption	PJ	19.7	19.2	19.8
Electricity consumption	GWh	1,823	1,824	1,872
CO ₂ emissions (direct: from fuel combustion and refrigerant losses)	ktons	1,201	1,173	1,264
CO ₂ emissions (indirect: from heat and electricity import)	ktons	789	765	737
NO _x emissions	tons	2,209	2,146	2,293
SO _x emissions	tons	3,100	2,471	3,037
NH ₃ in use	tons	1,298	1,261	1,280
NH ₃ losses	tons	130	109	158
HC based refrigerants in use	tons	40	40	38
HC based refrigerants lost	tons	12.3	11.6	13.0
	kg R11 equivalents	514	519	579
	kton CO ₂ equivalents	27.4	28.4	28.1

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Halons in use	tons	0.29	0.27	0.27
Water consumption	Mm3	83.0	80.1	81.6
Wastewater quantity	Mm3	58.3	55.8	58.5
Wastewater organic load before treatment	ktons COD	153	163	166
Effluent organic load*	ktons COD	18.3	19.4	24.9
Effluent total nitrogen*	tons N	786	695	781
Effluent total phosphorous*	tons P	461	496	620
Effluent suspended solids*	ktons d.m.	5.44	4.42	4.85
Total co-products, packaging & industrial waste	ktons	2,898	3,046	3,150
Non-recycled industrial waste	ktons	132	133	96
Total wastewater sludge	ktons d.m.	13.36	13.55	15.75
Non-recycled waste water sludge	ktons d.m.	3.28	3.38	2.85
Total hazardous waste	ktons	2.35	2.79	2.48
Non-recycled hazardous waste	ktons	0.65	0.93	0.59
Justified environmental and safety complaints	number	30	33	29
Justified environmental and safety accidents with off-site effects	number	67	70	46

* discharged to surface water

** includes the sand plant, ice factory, distilleries and apple mill

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Overview of Environmental Performance continued

Breweries, Cider, Soft drink and Water plants

Performance indicator	Unit	2010	2011	2012
Total Beverage production	Mhl	173.6	177.4	183.2
Beer production	Mhl	154.7	159.2	165.7
Cider production	Mhl	4.2	4.2	3.4
Soft drink production	Mhl	10.9	10.4	10.3
Water production	Mhl	3.7	3.6	3.8
Malt production	ktons			
Thermal energy consumption	PJ	15.2	14.6	14.8
Electricity consumption	GWh	1,505	1,504	1,538
CO ₂ emissions (direct: from fuel combustion and refrigerant losses)	ktons	943	910	961
CO ₂ emissions (indirect: from heat and electricity import)	ktons	644	615	582
NO _x emissions	tons	1,840	1,771	1,814
SO _x emissions	tons	2,530	1,989	2,372
NH ₃ in use	tons	1,242	1,210	1,225
NH ₃ losses	tons	129	107	156
HC based refrigerants in use	tons	33	32	31
HC based refrigerants lost	tons	10.2	11.3	12.0
	kg R11 equivalents	487	493	557

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	kton CO ₂ equivalents	24.0	27.8	26.5
Halons in use	tons	0.27	0.27	0.27
Water consumption	Mm3	78.2	75.8	77.1
Waste water quantity	Mm3	56.1	54.0	56.3
Waste water organic load before treatment	ktons COD	147	158	159
Effluent organic load*	ktons COD	17.4	18.8	24.4
Effluent total nitrogen*	tons N	750	682	762
Effluent total phosphorous*	tons P	445	492	615
Effluent suspended solids*	ktons d.m.	5.32	4.31	4.79
Total co-products, packaging & industrial waste	ktons	2,800	2,954	3,067
Non-recycled industrial waste	ktons	130	130	94
Total waste water sludge	ktons d.m.	12.86	12.53	14.16
Non-recycled waste water sludge	ktons d.m.	3.20	3.16	2.84
Total hazardous waste	ktons			
Non-recycled hazardous waste	ktons	1.86	2.30	1.94
Justified environmental and safety complaints	number	30	33	29
Justified environmental and safety accidents with off-site effects	number	67	70	42

* discharged to surface water

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** includes the sand plant, ice factory, distilleries, and apple mill

Malting sites

Performance indicator	Unit	2010	2011	2012
Total Beverage production	Mhl			
Beer production	Mhl			
Cider production	Mhl			
Soft drink production	Mhl			
Water production	Mhl			
Malt production	ktons	721	710	725
Thermal energy consumption	PJ	2	1.6	1.6
Electricity consumption	GWh	92	86	84
CO ₂ emissions (direct: from fuel combustion and refrigerant losses)	ktons	94	90	87
CO ₂ emissions (indirect: from heat and electricity import)	ktons	45	36	40
NO _x emissions	tons	83	90	76
SO _x emissions	tons	569	403	260
NH ₃ in use	tons	16	12	12
NH ₃ losses	tons	1	2	1
HC based refrigerants in use	tons	6	6	6
HC based refrigerants lost	tons	2.0	0	0.9
	kg R11 equivalents	16	16	4

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	kton CO ₂ equivalents	3	0.2	1.3
Halons in use	tons	0.02	0	0
Water consumption	Mm3	2.9	2.7	2.5
Waste water quantity	Mm3	1.1	1.0	1.0
Waste water organic load before treatment	ktons COD	4	4	4
Effluent organic load*	ktons COD	0.8	0.6	0.4
Effluent total nitrogen*	tons N	36	13	17
Effluent total phosphorous*	tons P	16	4	4
Effluent suspended solids*	ktons d.m.	0.11	0.10	0.06
Total co-products, packaging & industrial waste	ktons	38	35	36
Non-recycled industrial waste	ktons	1	2	2
Total waste water sludge	ktons d.m.	0.43	0.80	0.77
Non-recycled waste water sludge	ktons d.m.	0	0	0
Total hazardous waste	ktons	0.03	0.02	0.02
Non-recycled hazardous waste	ktons	0.02	0	0
Justified environmental and safety complaints	number	0	0	0
Justified environmental and safety accidents with off-site effects	number	0	0	0

* discharged to surface water

** includes the sand plant, ice factory, distilleries, and apple mill

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Packaging sites

Performance indicator	Unit	2010	2011	2012
Total Beverage production	Mhl			
Beer production	Mhl			
Cider production	Mhl			
Soft drink production	Mhl			
Water production	Mhl			
Malt production	ktons			
Thermal energy consumption	PJ	2.7	2.8	3.1
Electricity consumption	GWh	199	205	202
CO ₂ emissions (direct: from fuel combustion and refrigerant losses)	ktons	156	165	186
CO ₂ emissions (indirect: from heat and electricity import)	ktons	86	98	94
NO _x emissions	tons	261	268	341
SO _x emissions	tons	0	78	356
NH ₃ in use	tons	0	0	0
NH ₃ losses	tons	0	0	0
HC based refrigerants in use	tons	1	2	1
HC based refrigerants lost	tons	0	0.2	0.0
	kg R11 equivalents	11	9	17
	kton CO ₂ equivalents	0.4	0.3	0.3

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Halons in use	tons	0	0	0
Water consumption	Mm3	1.1	0.8	0.7
Waste water quantity	Mm3	0.9	0.6	0.6
Waste water organic load before treatment	ktons COD	1	1	1
Effluent organic load*	ktons COD	0.1	0	0
Effluent total nitrogen*	tons N	0	0.1	2.1
Effluent total phosphorous*	tons P	0	0	1.0
Effluent suspended solids*	ktons d.m.	0	0	0
Total co-products, packaging & industrial waste	ktons	60	58	23
Non-recycled industrial waste	ktons	1	1	0
Total waste water sludge	ktons d.m.	0.07	0.22	0.19
Non-recycled waste water sludge	ktons d.m.	0.07	0.22	0.01
Total hazardous waste	ktons	0.43	0.44	0.51
Non-recycled hazardous waste	ktons	0.26	0.31	0.17
Justified environmental and safety complaints	number	0	0	0
Justified environmental and safety accidents with off-site effects	number	0	0	0

* discharged to surface water

** includes the sand plant, ice factory, distilleries, and apple mill

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Other**

Performance indicator	Unit	2010	2011	2012
Total Beverage production	Mhl			
Beer production	Mhl			
Cider production	Mhl			
Soft drink production	Mhl			
Water production	Mhl			
Malt production	ktons			
Thermal energy consumption	PJ	0.1	0.1	0.3
Electricity consumption	GWh	27	29	48
CO ₂ emissions (direct: from fuel combustion and refrigerant losses)	ktons	7	9	29
CO ₂ emissions (indirect: from heat and electricity import)	ktons	15	16	21
NO _x emissions	tons	24	16	62
SO _x emissions	tons	1	1	49
NH ₃ in use	tons	40	40	44
NH ₃ losses	tons	1	1	1
HC based refrigerants in use	tons	0	0	0
HC based refrigerants lost	tons	0	0	0
	kg R11 equivalents	0	0	1
	kton CO ₂ equivalents	0	0	0

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Halons in use	tons	0	0	0
Water consumption	Mm3			
Waste water quantity	Mm3	0.8	0.8	1.3
Waste water organic load before treatment	ktons COD	0	0	2
Effluent organic load*	ktons COD	0	0	0
Effluent total nitrogen*	tons N	0	0	0.2
Effluent total phosphorous*	tons P	0	0	0
Effluent suspended solids*	ktons d.m.	0	0	0
Total co-products, packaging & industrial waste	ktons	0	0	23
Non-recycled industrial waste	ktons	0	0	0
Total waste water sludge	ktons d.m.	0	0	0.63
Non-recycled waste water sludge	ktons d.m.	0	0	0
Total hazardous waste	ktons	0.02	0.03	0.02
Non-recycled hazardous waste	ktons	0.01	0.03	0.01
Justified environmental and safety complaints	number	0	0	0
Justified environmental and safety accidents with off-site effects	number	0	0	0

* discharged to surface water

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List of Operating Companies¹

	Region	Country	Operating Company/Business Unit
Africa Middle East		Algeria	Tango
Africa Middle East		Burundi	Brarudi
Africa Middle East		Democratic Republic of Congo	Bralima
Africa Middle East		Egypt	Al Ahram Beverages Company
Africa Middle East		Ethiopia	Heineken Breweries Share Company (SC)
Africa Middle East		La Réunion	Brasseries de Bourbon
Africa Middle East		Lebanon	Almaza
Africa Middle East		Nigeria	Consolidated Breweries
Africa Middle East		Nigeria	Nigerian Breweries
Africa Middle East		Rwanda	Bralirwa
Africa Middle East		Sierra Leone	Sierra Leone Brewery
Africa Middle East		Tunisia	Nouvelle de Brasserie 'Sonobra'
The Americas		Bahamas	Commonwealth Brewery
The Americas		Brazil	Heineken Brasil
The Americas		Martinique	Brasseries Lorraine
The Americas		Mexico	Cuauhtémoc Moctezuma
The Americas		Mexico	Empaque
The Americas		Panama	Cervecerias Barú-Panama
The Americas		St. Lucia	Windward & Leeward Brewery
The Americas		Surinam	Surinaamse Brouwerij
The Americas		USA	Heineken USA

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The Americas	Export	Other export markets
Asia Pacific	Hong Kong	Heineken Hong Kong
Asia Pacific	Japan	Heineken Japan
Asia Pacific	Korea	Heineken Korea
Asia Pacific	Singapore	Heineken Far East
Asia Pacific	Taiwan	Heineken Taiwan
Central and Eastern Europe	Austria	Brau Union International
Central and Eastern Europe	Austria	Brau Union Österreich
Central and Eastern Europe	Austria	Pago International
Central and Eastern Europe	Belarus	Heineken Breweries
Central and Eastern Europe	Croatia	Karlovačka Pivovara
Central and Eastern Europe	Czech Republic	Heineken Česká Republika
Central and Eastern Europe	Greece	Athenian Brewery
Central and Eastern Europe	Hungary	Heineken Hungaria
Central and Eastern Europe	Poland	Grupa Żywiec
Central and Eastern Europe	Romania	Heineken Romania
Central and Eastern	Russia	Heineken Breweries

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Europe

Central and Eastern Europe	Serbia	United Serbian Breweries
Central and Eastern Europe	Slovakia	Heineken Slovensko
Western Europe	Belgium	Alken-Maes
Western Europe	Belgium	Mouterij Albert
Western Europe	Finland	Hartwall
Western Europe	France	Heineken France
Western Europe	Ireland	Heineken Ireland
Western Europe	Italy	Heineken Italia
Western Europe	Netherlands	Heineken Nederland (including Vrumona)
Western Europe	Portugal	Sociedade Central de Cervejas e Bebidas
Western Europe	Spain	Heineken España
Western Europe	Switzerland	Heineken Switzerland
Western Europe	UK	Heineken UK
Global	Various	Head Office, Regional Offices including export

¹New acquisitions will be included in the first full calendar year of reporting

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Independent Assurance Report from KPMG

To the readers of the HEINEKEN Sustainability Report 2012

We were engaged by the Executive Board of Heineken N.V. ('HEINEKEN') to provide assurance on the HEINEKEN Sustainability Report 2012 ('The Report'). The Executive Board is responsible for the preparation of The Report, including the identification of material issues and the determination of the GRI Application Level. Our responsibility is to issue an assurance report based on the engagement outlined below.

What was included in the scope of our assurance engagement?

Our engagement was designed to provide limited assurance on whether The Report is presented fairly, in all material respects, in accordance with the reporting criteria. We do not provide any assurance on the achievability of the objectives, targets and expectations of HEINEKEN. Procedures performed to obtain a limited level of assurance are aimed at determining the plausibility of information and are less extensive than those for a reasonable level of assurance.

Which reporting criteria did HEINEKEN use?

HEINEKEN applies the Sustainability Reporting Guidelines G3.1 of the Global Reporting Initiative, supported by internally developed guidelines, as described in the 'Reporting Basis'. It is important to view the performance data in the context of these criteria.

We conducted our engagement in accordance with Standard 3410N: Assurance engagements relating to sustainability reports, issued by the Royal Netherlands Institute of Register Accountants. This standard requires, among others, that the assurance team possesses the specific knowledge, skills and professional competencies needed to provide assurance on sustainability information, and that they comply with the requirements of the Code of Ethics for Professional Accountants of the International Federation of Accountants to ensure their independence.

What did we do to reach our conclusions?

Our procedures included the following:

- A risk analysis, including a media search, to identify relevant environmental, safety and social issues for HEINEKEN in the reporting period.
- Reviewing the suitability of the internal reporting guidelines.
- Evaluating the design and implementation of the systems and processes for the collection, processing and control of the information in The Report.
- Interviews with relevant staff at corporate level responsible for providing the information in The Report and carrying out internal control and consolidation procedures on the data in the report.
- Evaluating internal and external documentation, based on sampling, to determine whether the information in The Report is supported by sufficient evidence.
- An analytical review of the data and trend explanations submitted by all production sites for consolidation at corporate level.
- Reviewing the relevant work of internal audit.

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Independent Assurance Report from KPMG continued

Conclusions

Based on the procedures performed, as described above, nothing has come to our attention to indicate that The Report is not fairly presented, in all material respects, in accordance with the reporting criteria.

Amsterdam, 10 April 2013

KPMG Sustainability,
Part of KPMG Advisory N.V.
W.J. Bartels RA, Partner

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We thank you for taking the time to review this report and we look forward to hearing your views and suggestions.

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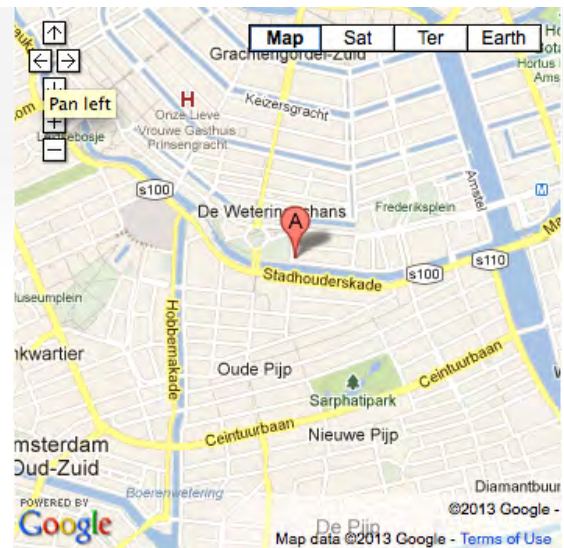
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www.theHEINEKENCompany.com

www.enjoyHEINEKENresponsibly.com

www.HEINEKEN.com

Twitter: @HEINEKENCorp



Let us know your thoughts

Which aspects of Brewing a Better Future are working well? Where do you think we could do better? We look forward to hearing your views and suggestions.

Responsibility@HEINEKEN.com

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