

**Brewing a Better Future**



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## Sustainability online



- Full HTML of this Sustainability Report with added functionality and features at [www.sustainabilityreport.heineken.com](http://www.sustainabilityreport.heineken.com)
- An overview of our Brewing a Better Future approach
- Downloadable information relating to our six strategic initiatives
- The sustainability reports of our markets

## Foreword

# Brewing a Better Future, Together

**During 2010 we accelerated the transformation of our business and our platforms for future growth. Through our acquisition of the beer operations of FEMSA in Mexico and Brazil, we welcomed new shareholders, new colleagues and iconic brands into our business.**

We also transformed our approach to building a more sustainable business with the launch of our Brewing a Better Future initiative. This ten-year journey will have a significant impact on the way in which we bring our products to market, improve and measure our environmental performance, contribute to our communities and engage with our internal and external stakeholders. It is a considerable undertaking that puts renewed focus on our need to create value at all levels of society. We shared our new thinking and commitments with our stakeholders last year both in our 2009 Sustainability Report and at our launch symposium in April 2010.

What I said then is worth repeating now: introducing this new initiative will not come without its challenges. The fact is that defining programmes and setting KPIs is not enough. The real key to success will be to translate our philosophy into actions that make us think and behave differently. So we are investing a significant amount of time and resources in integrating Brewing a Better Future into our business processes, governance, and engagement models. To help us, each of our majority-owned businesses and our Head Office has formed dedicated sustainability committees. Each has developed a three-year sustainability plan and each has ensured that sustainability is being discussed at the Management Team level.

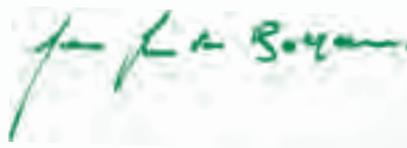
Sustainability was also a key agenda item at five of our Executive Committee meetings and our Sustainability Steering Committee comprises five Executive Committee members. Alongside this we took the decision to incentivise our senior managers against a sustainability target. We improved our transparency: 21 of our markets published their own annual Sustainability Report and by 2015, all of our majority-owned businesses will have done so.

As I point out each year, transparency also means being honest when we fall short of our own or others' expectations. The inclusion of our new Mexican business in 2010 was primarily responsible for an increase in the number of fatalities to 14. We believe that a single fatality is one too many and our sympathies go out to the family, friends and colleagues of those we lost in 2010. We will not accept the loss of life of any individual working on our behalf. We will continue to focus on accident prevention through education and ever more stringent safety policies in the coming years.

We were also disappointed that for the first time in four years, Heineken was not ranked as one of the top five beverage companies within the SAM Dow Jones Sustainability Index. It is our intention to return to the ranking and we believe that by delivering our Brewing a Better Future commitments, we will do so.

But we were also proud of the recognition we received for our efforts. At the end of the year we were invited by the United Nations to become an inaugural member of Global Compact LEAD, a group of leading, sustainable enterprises that are asked to set new, higher benchmarks for sustainability. In September, our groundbreaking sustainable supply chain initiative in Sierra Leone won a World Business and Development Award from the United Nations Development Programme and our continued membership of FTSE4Good was confirmed. We also made another major step in our support of African development by doubling our investment in the Heineken Africa Foundation to EUR20 million. This means we now have a minimum of EUR1 million per year available for health-related projects across our African markets.

We cannot undertake our journey alone. We believe that there is much we can learn and much we can share with others on these issues. It is through greater co-operation that we will move faster and go further. But we also need feedback. So please contact us and continue to let us know how we are doing, and what we can do better. It is only with input on your expectations that we can ensure we are on the right track to Brewing a Better Future. I thank you, our business partners, NGOs, our consumers, our employees and other stakeholders for taking this journey with us. Most of all, I look forward to what we will accomplish together.



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

Amsterdam, 31 March 2011



# About this report

“We will do whatever we can, wherever we can, to increase the value we add.”

Sean O’Neill  
Chief Corporate Relations Officer



## Accountability

The printed and digital versions of this report are key elements of our public accountability and demonstrate our genuine commitment to transparency. They complement our Annual Report and our corporate website [www.heinekeninternational.com](http://www.heinekeninternational.com).

In this year's report, we have included a Global Reporting Initiative (GRI) Reference Table (see page 56) and a brief summary of some of the ways in which we contribute to the United Nations Millennium Development Goals (see pages 47, 48 and 49). Via our membership of the Global Compact and Global Compact LEAD, Heineken supports these important ambitions.

## A new reporting structure

Brewing a Better Future represents a new way of thinking and acting. As we promised last year, we have changed the style and scope of this year's report in order to bring it in line with this new, integrated approach.

The diagram on page 10 will help you to understand the structure of both this report and our approach to Sustainability. You will see that Brewing a Better Future is focused on the delivery of three strategic imperatives – Improve, Empower and Impact. Each of these is divided into two key initiatives, six in total. Additionally, in order to support the delivery of our plans, we have created five key enablers. This report dedicates one chapter to each of the three strategic imperatives and we have dedicated a single chapter to cover all of the enablers.

You will also read a number of good and best practices in the report. These represent only a small proportion of the positive changes we are helping to make. For more examples of what we are doing, please visit [www.heinekeninternational.com](http://www.heinekeninternational.com).

We recognise that our impact – both positive and negative – is highest within our Operating Companies. With that in mind you may also want to read some or all of the 21 local sustainability reports that our businesses published in 2010. These reports can be downloaded from our website.

## Assurance

We believe that the data and statements in this report should be externally assured. We do not expect our stakeholders to accept only internal or subjective assurance. So, as in previous years, 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.

## Reporting standard

We would welcome the introduction of a global reporting standard that ensures the data and reporting of every organisation is independently assessed. It is the only way that accurate comparisons can be made and the most effective practices identified and quantified from which others can learn. It is also the best way to ensure the integrity of information and data for stakeholders.

## Stakeholder dialogue

Stakeholders are a vital part of our Brewing a Better Future journey. They help us to stay focused on what matters and warn us if we are moving off-track. However, balancing business needs and financial sustainability with the expectations and requests of our stakeholders is not easy and means we can never deliver 100 per cent of every stakeholder's expectation. Our commitment though is that we will do whatever we can, wherever we can, to balance these competing needs and increase the value we add.

## Who we spoke to

This year we engaged many different stakeholders in dialogue, including:

- **Employees**  
Our global climate survey formed a key part of the feedback from employees. In total, 46,539 (86 per cent) of our colleagues responded to the survey. In addition, online, internal surveys were held with different groups of employees on issues such as communication and sustainability.
- **Employee representatives**  
It is an important principle that our employees are free to associate wherever in the world they work. We maintained strong links with employee representatives through regular European and local works councils of Heineken, as well as meetings and discussions with trade unions.



- **Investors**

As always, we maintained close contact with our investors via road show events, specific presentations on sustainability, meetings and financial market conferences.

- **Shareholders associations**

As a listed company, we have regular dialogue with shareholder groups and regulators. This year, at a central level, we had dialogue with the Vereniging van Beleggers voor Duurzame Ontwikkeling (VBDO) and IMSA through a combination of meetings, correspondence, Annual General Meeting (AGM) and discussions.

- **NGOs**

We maintained contact with NGOs although not as many as in 2009 when we had an extensive consultation in order to build our Brewing a Better Future initiative. This year, at a corporate level, we met, corresponded or consulted with, among others, the World Wide Fund for Nature (WWF), Oxfam Novib, the International Labour organization (ILO), Amnesty International and Stichting Onderzoek Multinationale Ondernemingen (SOMO).

- **Other stakeholders**

In order to have objective views on our approach and performance, external parties are regularly consulted. This takes place via input into or consultation on Heineken's sustainability approach. Besides Jean-François van Boxmeer, the following speakers took part in the symposium on sustainable development organised by Heineken (in alphabetical order):

- Jacqueline Cramer, former Dutch Minister of Environment and Spatial Planning
- Wouter van Dieren, Managing Director, IMSA
- Paul Hohnen, Sustainability Strategies
- Peter Lacy, Managing Director Sustainability Services, Accenture
- Tobias Webb, Managing Director, Ethical Corporation.

See also:

[http://www.heinekeninternational.com/100413heineken\\_announces\\_10\\_year\\_brewing\\_a\\_better.aspx](http://www.heinekeninternational.com/100413heineken_announces_10_year_brewing_a_better.aspx)

In addition, Baroness Jean Coussins from the UK acts as an advisor on corporate responsibility to the Company. She is former Chief Executive of the Portman Group and has served on the Better Regulation Commission of the UK and the Advertising Standards Authority and sits as a cross-bench peer in the House of Lords.

### Market-based dialogue

In addition to the direct stakeholder dialogue as described above, we have also been active in our markets. Our local sustainability reports provide us with a strong basis for discussions with local stakeholders. As our sustainability agenda expands, we are in the process of designing a system that can fully capture our total stakeholder dialogue at both a global and local level.

In 2010, we also delivered our commitment to conduct a reputation survey among employees, governmental and political stakeholders, media, NGOs and trade associations in nine key markets. One of the seven dimensions of our reputation is 'responsibility and sustainability'. We will use the outcome of the survey in our discussions with stakeholders and the continuous review of our Brewing a Better Future Approach. In 2010, we achieved an overall reputation score of 4.06 out of a possible 5 and a score of 3.84 in relation to 'responsibility and sustainability'. This is a clear indication that we need to improve both the action and – in particular – the communication that supports our work.

### What our stakeholders told us

Though we used many different channels for our dialogue, we clearly identified common themes and requests. Here is what we heard and did in response:

- **More communication on environmental responsibility**
  - 21 markets published sustainability reports
  - We made a further commitment that all markets will do so by 2015
  - Issued five Heineken N.V. corporate announcements relating to sustainability initiatives
  - Held a public sustainability symposium in Amsterdam
  - Delivered nine senior executive media interviews.
- **Harder targets and KPIs in all areas**
  - More specific targets and KPIs in areas covered by Brewing a Better Future.
- **More and clearer local sourcing targets**
  - Commitment to move to 60 per cent local sourcing in Africa by 2020
  - Committed to review regional approach 2011
  - Established a joint venture in Mexico to locally source 50,000 tons of corn starch previously imported
  - Agreement in Ireland to locally source 100 per cent of barley in 2011

- In April 2010, we organised a workshop in the Netherlands with local buyers to generate buy-in and new ideas on local sourcing.
- **Higher levels of community support in developing markets**
  - Expanded our agriculture sourcing and growing projects
  - Invested a further EUR10 million in the Heineken Africa Foundation
  - Increased both the absolute amount (EUR5.8 million in 2009 to EUR23.2 million in 2010) and percentage invested (0.3 per cent of operating profit BEIA in 2009 to 1.0 per cent in 2010) of Corporate Social Investment; investments in local communities in both cash and product.
- **More, and more visible Responsible Consumption programmes**
  - 34 markets now have a partnership relating to responsible consumption
  - We committed money and resources to GAPG/ICAP global actions (see page 40)
  - We made new commitments for European Forum on Alcohol and Health.
- **Clearer Responsible Consumption policy**
  - Committed to review our Alcohol Policy in 2011
  - In 2011 we will review and publish new guidelines for responsible commercial communication.
- **More attention to human rights**
  - All five Heineken regions were closely involved in the (further) development of our new Employees' & Human Rights Policy. In addition, we discussed the content of the new policy with representatives of the Heineken European Works Council. The policy will be implemented in 2011.
- **More work through customers, distributors and suppliers**
  - Developed and launched our new Supplier Code
  - Rolled out more environmentally efficient fridges.
- **Dialogue with consumers**
  - Interviews in markets by using the Heineken® Brand Dashboard. This is a Heineken®

International Brand health measurement tool based on consumer input

- For the development of new sustainable packaging, we have interviewed consumers about their behaviours and attitudes towards sustainable and responsible solutions (past, current and future).

As you read through this report, you will see more about how we have incorporated this feedback into our programming and our actions.

### Your feedback

We actively encourage all of our stakeholders to give us their feedback. We would like to know which aspects of Brewing a Better Future are working well. But we also want to know in what areas you think we could do better and whether you think there are actions we need to take or issues we need to address but which are not yet on our agenda. Please contact us, because your feedback will allow us to learn and improve.

You can reach us via email, post or twitter:

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 Vera Zandbergen, Manager Global Sustainable Development  
 Responsibility@heineken.com

PO Box 28  
 1000 AA Amsterdam  
 The Netherlands

Twitter address: @Heineken\_CR

We thank you for taking the time to review this report and we look forward to hearing your views and suggestions.

**Sean O'Neill**  
 Chief Corporate Relations Officer

**Responsibility  
 @heineken.com**



# Milestones 2010

## January

An additional EUR10 million donated to the Heineken Africa Foundation

Haiti disaster: Global employee fund-raising and partnership with Habitat for Humanity

Heineken USA hosts a 'Heineken with a Heart' event in aid of Legal Information for Families Today (LIFT)



## February

Brewing a Better Future presented to Supervisory Board



## March

Brewing a Better Future presented at Heineken Global Leadership Forum

Heineken USA signs agreement with Taxi Magic to revolutionise the call for a Safe Ride Home



## April

External launch of Brewing a Better Future via Sustainability Symposium

Publication Heineken N.V. Sustainability Report 2009



## August

Know the Signs campaign launched in Slovakia

Heineken Africa Foundation provides funds for new clinic in Nigeria

Heineken Spain obtains the certification of family-friendly company from Fundación Másfamilia



## September

Heineken receives the 2010 World Business and Development Award for its groundbreaking sustainable supply chain initiative in Sierra Leone



## October

Alpherium container terminal in the Netherlands opened; takes thousands of vehicles journeys off the road and reduces CO<sub>2</sub> emissions

Jean-François van Boxmeer is key panelist and speaker at 'Beer Serves Europe' event in Brussels

Heineken France launches Forum Citoyen, addressing the vital role of local bars in the bonding of communities



## May

Johan Cruyff sports workshop for adult learning held in South Africa

Mobile healthcare clinic in South Africa launched

Heineken Spain brewery in Jaén wins a safety award from Mutua de Accidentes de Trabajo y Enfermedades Profesionales (FREMAP)



## June

Heineken awarded three commendations for healthcare programmes in Africa by the Global Business Coalition

Heineken Africa Foundation provides funds for Well Woman Clinic in Sierra Leone

## July

Promoting Responsible Consumption in Russia at the Kvass and Beer Festival in St Petersburg

Management Team of Heineken UK visit to understand more about alcohol issues

Cuauhtémoc Moctezuma in Mexico leads distribution of drinking water after hurricane

New Supplier Code launched



## November

Heineken Africa Foundation provides funding for three projects with the Nigerian Sickle Cell Foundation

Poland's Grupa Żywiec wins Safety Award "Employer – the Organiser of Safe Labour"

Heineken attends the first Clean Cargo Working Group meeting

Symposium with Michael Braungart, founder and director of the Environmental Protection and Encouragement Agency (EPEA), in Zoeterwoude, the Netherlands



## December

Heineken participates in the launch of European initiative of carriers and shippers

Toy Run organised at Heineken Head Office

Heineken® sign powered by solar panels placed at Schiphol Airport



# What we said and what we've done

## What we said we will do by 2012<sup>1</sup>

## What we've done in 2010

### Green Brewer



- Average greenhouse gas emissions < 8.5 kg CO<sub>2</sub> eq/hl for breweries in scope
- Specific energy consumption < 155 MJ/hl
- Specific water consumption < 4.3 hl/hl
- Inventorise the environmental performance for offices, warehouses and brewery building offices, including studies for improving energy and water efficiency
- Energy efficient brewery designed
- Water footprint studies performed
- First water neutrality pilot conducted
- Actual CO<sub>2</sub> emission improved to 9.3 kg CO<sub>2</sub> eq/hl, from 9.8 kg CO<sub>2</sub> eq/hl in 2009
- Actual specific energy consumption in 2010 improved to 166 MJ/hl from 170 MJ/hl in 2009
- Actual specific water consumption improved from 4.8 hl/hl in 2009 to 4.5 hl/hl in 2010
- Engaged with International Sustainability Alliance on methodology to track energy consumption of buildings and warehouses
- Design currently being validated (Göss brewery in Austria)
- Conducted two water footprint studies (Egypt and Slovakia)
- Conducted water stress survey to serve as input for the water neutrality pilots

### Green Commerce



- Develop and execute a baseline carbon footprint model
- Design and adopt a new packaging policy with agreed targets for carbon reduction
- Evaluation criteria for new product innovations introduced in all regions
- Starting 2010, all new purchased fridges to be based on green technology
- 15 per cent energy reduction of fridges in cooling against index<sup>2</sup>
- Models tested in the UK, France, the Netherlands and Italy
- Draft policy developed; it will be agreed and introduced in 2011
- Eco design procedure and criteria in development
- Continuous roll-out of guidelines on Life Cycle Analysis and carbon footprint for cooling equipment to suppliers
- Carbon reduction opportunities in distribution identified through footprint reviews for top 20 markets
- Distribution efficiency standards defined for owned and outsourced operations
- 80 per cent of newly-bought fridges use green technology
- Estimated average energy saving of all fridges sourced in 2010 is 16 per cent, resulting in an estimated saving of 3 per cent on our total installed base. In line with our 2012 ambitions
- Draft test protocol developed to assess carbon footprint and energy consumption of fridges by suppliers, to be implemented in 2011
- Calculation model for carbon emissions developed. Already applied to the latest distribution footprint review in France
- CO<sub>2</sub> emissions included as criteria in the selection process for road and ocean transport companies. We joined industry initiatives driving common standards for calculating and reducing carbon emissions in distribution

### Engaging Employees



- 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
- Integrity included in employee surveys and followed up
- Employees' & Human Rights Policy adopted, implemented and audited
- Day of Giving programme and volunteering scheme implemented in 10 Operating Companies
- Performance improved from 1.8 (2009) to 1.6 accidents/100 FTEs
- We began measuring non-production related activities
- Blueprint for training modules for forklift driving created and collateral development begun
- Integrity related questions included in our 2010 Climate Survey. Overall results are positive. Where necessary suitable interventions will be put in place
- Draft policy developed. Will be implemented in Q1 of 2011. Auditing starts 2011
- Programme piloted in Head Office, based on best practice in Heineken USA

## What we said we will do by 2012<sup>1</sup>

## What we've done in 2010

### Heineken Cares



- In 2010: double the funding for the Heineken Africa Foundation to EUR20 million
- Evaluate all local sourcing activities and set regional targets by 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
- Inventory of possible partnerships with NGOs in the area of Corporate Social Investment (CSI)
- All operations that do not meet our defined standard of healthcare to include improvement plans 2012
- Perform 12 Economic Impact Assessments (EIA)

- Funding doubled to EUR20 million
- Local sourcing activities initiated in Brazil, Ireland and Mexico
- We developed and tested the metrics and questionnaires underpinning MASSA (Malting Assessment System for Sustainable Agriculture). This monitoring system will help us to acquire data relating to the sustainability indicators for the apple to cider; barley to beer and hops to beer chains
- Pilot tests of our MASSA system conducted with selected apple and barley suppliers
- Preparation of better registration of current activities by developing common definition of CSI
- Standard defined and a gap analysis made for six companies
- A further three EIAs were completed in Egypt, Croatia and The Bahamas. UK based EIA started

### Responsible Consumption



- 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 facing website Heineken.com
- Horeca Server Programme and Retail Programme developed and tested
- Develop a specific alcohol and work plan for contractors
- Develop and deliver a workshop to 100 per cent of commerce/marketing employees that support our rules on Responsible Commercial Communication

- EHR logo and link to EHR website on all Heineken® primary and secondary packaging. Rules and guidelines in development for application of EHR logo on communication materials and primary merchandise. We began integrating EHR into Heineken.com
- Horeca Best Practices gathered as input
- Planned for 2011
- Plan of approach for inclusion in online Heineken Academy to be defined in 2011

### Partnerships for Progress



- At least 50 Heineken markets have a partnership with a third party to address alcohol abuse
- Criteria for successful partnerships developed and existing partnerships reviewed
- Global Actions on Harmful Drinking projects have been implemented in key markets
- Industry/government partnership projects in Ireland and UK implemented and evaluated

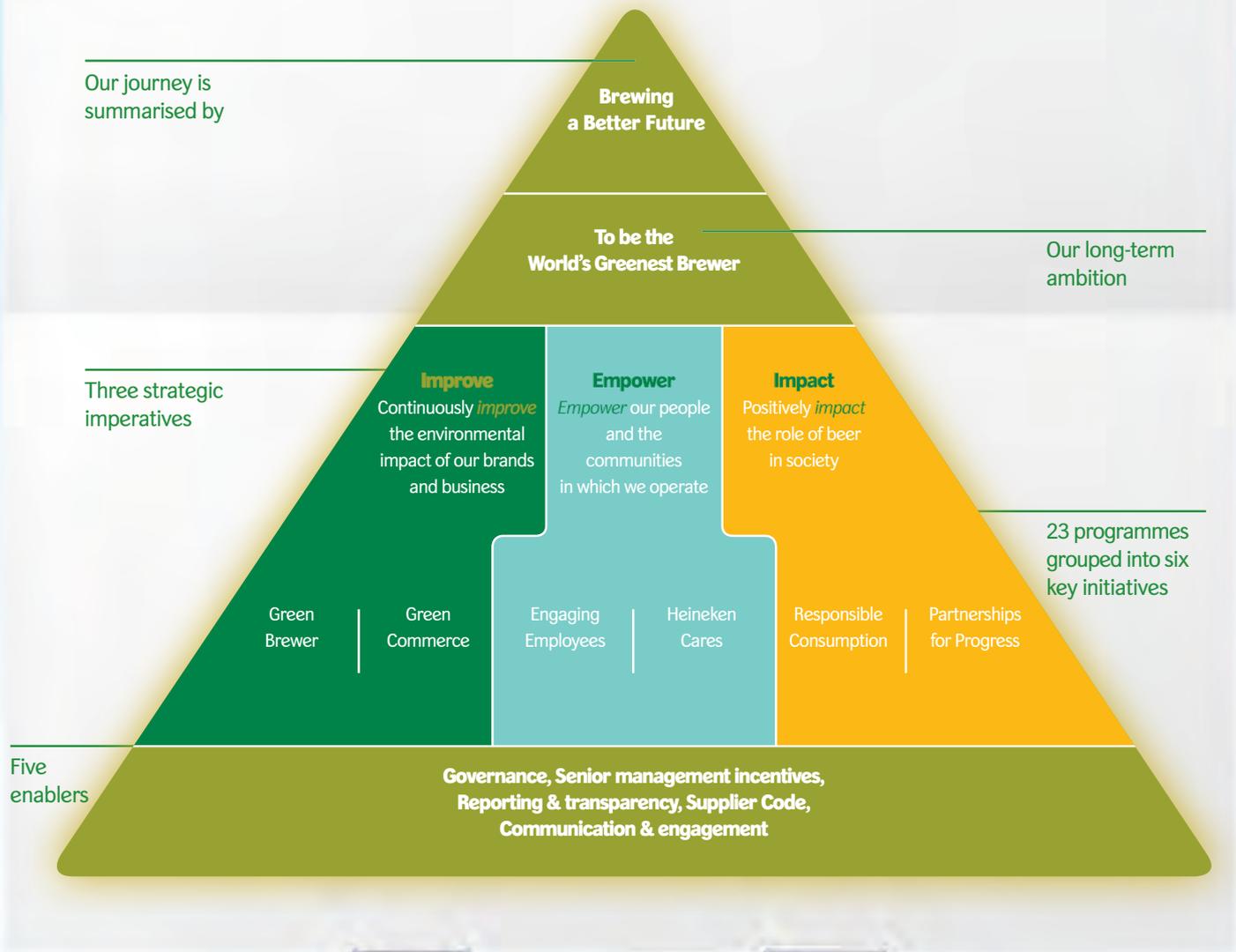
- Currently 34 markets have a partnership
- Draft criteria developed. Markets to assess in 2011
- In selected markets (Nigeria, Rwanda, Russia and Vietnam) actions were taken in the areas of self-regulation, drink driving and non-commercial alcohol
- In 2011, Ireland will evaluate and revisit its five-year partnership to reduce alcohol-related harm

<sup>1</sup> Unless stated differently.

<sup>2</sup> Index calculated with an average lifetime of a fridge of five years, new installed fridges are equal to replacement.

# Brewing a Better Future

In April 2010, we proudly unveiled Brewing a Better Future, our comprehensive and integrated sustainability strategy for the next decade. It increases the scope and scale of our work on sustainability and gives substance to our long-term ambition to be the world's greenest brewer. It also allows us to balance our need for financial sustainability with the role we play in society.



Brewing a Better Future is an exciting journey that has only just begun. To realise our vision of a more sustainable world, we will make positive and long-term investments in the environment, communities, people and partnerships. To make sure we reach our destination, we have focused our actions and energy around three strategic imperatives:

- Continuously **Improve** the environmental impact of our brands and business
- **Empower** our people and the communities in which we operate
- Positively **Impact** the role of beer in society.

From these, we have grouped 23 programmes of work into six inter-related initiatives that will enable us to realise our Brewing a Better Future goals.

#### **Governance structure**

Brewing a Better Future is governed by a Steering Committee that meets each quarter. The committee comprises:

- Chief Corporate Relations Officer (chair)
- Regional President Africa and Middle East
- Chief Supply Chain Officer
- Chief Commercial Officer
- Chief Human Resources Officer.

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 workstream leader from one of our global functions.

Progress and issues in relation to Brewing a Better Future are regularly on the Executive Committee agenda, and the subject is on the agenda of every Management Team in our operating businesses.

We realise that in order to be successful, we need to embed our Brewing a Better Future approach into our business processes. In other words: it needs to become part of our DNA. That is why as a first step in 2010 we established a sustainability committee in each market. Each market has developed its own three-year plan for achieving Brewing a Better Future goals, which will be rolled out in 2011.



Improve



## Green Brewer

To ensure a viable environment for future generations, businesses and communities are embracing more sustainable ways of producing and consuming. Heineken is committed to playing its part and is working hard to increase the energy and water efficiency of its breweries, warehouses and offices.<sup>3</sup>

**“In the last eight years, our ‘Aware of Energy’ programme has reduced energy consumption across our business by 17 per cent.”**

Marc Gross  
Chief Supply Chain Officer



Several of our 140 breweries already meet our 2020 targets and we are sharing these best practices with those breweries that are not yet there. Ultimately, we want our operations to have the smallest possible emissions footprint. To this end, we are exploring ways to build breweries that are CO<sub>2</sub> neutral and breweries that use zero fossil fuels. We are also investigating how to replace fossil fuels with energy from renewable sources like sun, wind, biomass and biogas. Currently, measures are being taken at our Göss brewery in Austria and our El Gouna brewery in Egypt to establish and test a model for a 'CO<sub>2</sub> neutral' brewery.

Water is crucial to both our brewing process and to the communities in which we operate. Our commitment is to decrease the amount of water we use in the brewing process, ensure the water we return to the eco-system is clean and that we do not prevent local users from gaining access to clean, fresh water for their own use. That's why we have committed to doing everything we can in the coming decade to apply the principle of water neutrality in those regions designated as water scarce.

Finally, we are taking a critical look at our warehouses and offices. In 2011 we plan to map their energy consumption, so that we can start working towards specific reductions and reducing further the negative impact on the environment.

<sup>3</sup>Scope of the numbers in this report: breweries, soft drink plants, cider plants and water plants are taken into account.

## Poland

### Responsible and profitable waste management

In order to improve its performance in relation to waste management, Grupa Żywiec in Poland implemented a sophisticated waste management programme across its four breweries. As a



result of better processes, training, on site equipment and close co-operation with external partners, the breweries now recover and process 99 per cent of their waste.

The breweries produce four kinds of residual material: spent grains, packaging waste (such as glass and metal), equipment waste (such as engine oil), and mixed household waste.

In 2004, Grupa Żywiec developed a different approach to waste management. "Today, waste is segregated in special containers, waste streams are clearly monitored, and waste collection and transport has been outsourced to qualified companies. Waste is now recovered or neutralised depending on what is technically and financially feasible," says Roman Korzeniowski, director of the Elbląg brewery.

The new approach also entails clear ISO-certified procedures, improvements made using the Total Productive Management System (TPM) approach and training. Employees, for example, have been taught where and how to collect waste and sub-contractors have been trained to collect hazardous waste such as chemicals and lubricants.

The new approach has dramatically reduced the environmental impact and the cost of waste. At the Elbląg brewery, for example, the amount of non-segregated waste was reduced from 793 tons in 2006 to 55 tons in 2010. "Waste management has even become profitable for us. In 2010, Grupa Żywiec sold its waste at a profit of EUR3 million. This is a great example of how going green can also be good business", says Roman.



**Energy and water efficient production**

In 2010, we surveyed our breweries for best practices, and shared these through our knowledge management system for use in future designs and renovations. A dedicated team continued the task of designing an energy and water efficient brewery and a zero fossil fuel brewery. We also appointed energy and water efficiency co-ordinators at all Operating Companies.

	Actual 2008	Reduction 2020
Greenhouse gas emissions [kg CO <sub>2</sub> -eq/hl]	10.4	40%
Water [hl/hl]	5.1	25%

**Thermal and electrical energy in production<sup>4</sup>**

The combined amount of thermal and electrical energy (calculated as primary energy) needed to produce one hectolitre of beer, soft drinks, cider or water decreased from 170 Mega Joules in 2009 to 166 Mega Joules in 2010. Specific thermal energy consumption improved by 1.6 per cent from 89.0 to 87.6 MJ/hl and electricity consumption by 3.6 per cent from 9.0 to 8.7 kWh/hl.

<sup>4</sup>Total energy consumption equals the sum of the thermal energy consumption (MJ/hl) and the electricity consumption (kWh/hl). The total energy consumption is calculated as: thermal energy consumption (MJ/hl) plus nine times the electricity consumption (kWh/hl) and is expressed in MJ/hl. The total energy consumption can be considered as the equivalent use of primary fuels to produce the different kinds of energy.

Some of the main contributors to the energy saving trend are improved performances from our breweries in Central and Eastern Europe. Thanks to a large increase in production volume, coupled with the implementation of an energy plan, the Rechitsa (Belarus) brewery significantly improved its specific thermal energy consumption and electrical consumption. Thermal energy savings were also achieved at two of our Romanian production units in Ciuc and Craiova by deploying TPM energy loss reduction teams. Finally, our production unit in Nizhny Novgorod (Russia) saved a significant amount of thermal energy via the installation of a more energy-efficient boiler house.

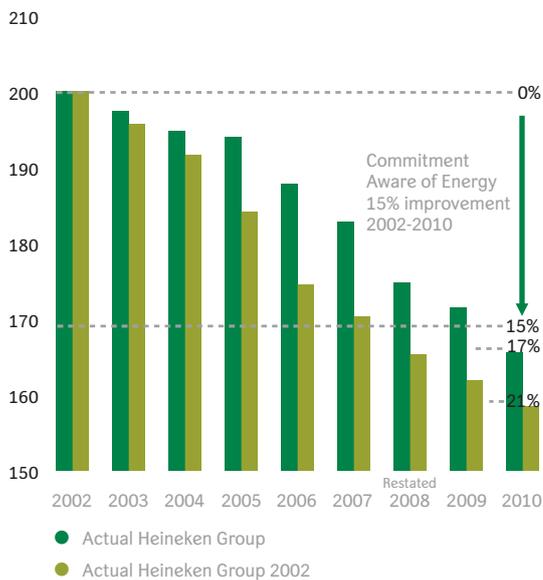
The electricity saving efforts of the breweries above were complemented by our production unit in Lahti (Finland) which also lowered its specific electricity consumption thanks largely to increased production volume. Our brewery in St. Petersburg (Russia) saved a large amount of electricity by decommissioning an energy-inefficient gas turbine.

As a result, we exceeded the promised energy consumption of 15 per cent compared with 2002 and achieved 17 per cent savings of total primary energy.



## Total specific energy consumption Aware of Energy programme

MJ/hl beer + soft drink + cider + water



## Greenhouse gases in production

The performance in greenhouse gas emissions (the amount of direct and indirect CO<sub>2</sub> emissions and refrigerant losses expressed as CO<sub>2</sub> equivalents per hectolitre of beer, soft drinks, cider or water produced) improved from 9.8 kg CO<sub>2</sub>-eq/hl in 2009 to 9.3 kg CO<sub>2</sub>-eq/hl in 2010 primarily as a result of the energy saving activities of our breweries.

In 2010, as a result of the newly acquired production units and volume increase, our total absolute greenhouse gas emissions increased from 1,327 ktonnes in 2009 to 1,612 ktonnes CO<sub>2</sub>-eq in 2010 for our beverage plants, of which 409 ktonnes is attributable to new acquisitions. The performance of our 2008 base of companies (i.e. excluding recent acquisitions) improved.

Heineken uses a variety of instruments to reduce and manage the CO<sub>2</sub> emission risks. The preferred option is to make use of less carbon-intensive technologies (58 production units) or to switch to less carbon intensive fuels (26 production units). Twenty production units in Europe participate in the emission trading scheme. We are also active in carbon sequestration (two production units), Clean Development Mechanism (CDM) and Joint Implementation (one production unit each).<sup>5</sup>

## Specific greenhouse gas emissions, actual performance and targets

kg CO<sub>2</sub>-eq/hl beer + soft drinks + cider + water



Natural gas and LPG are the most dominant fuel in relation to our direct energy consumption, accounting for 61 per cent of heat generation. Fuel oil and diesel account for 38 per cent and nearly 1 per cent of total energy is derived from renewable fuels (biomass and biogas). We do not use coal. Our approach to renewable energy sources is explained later in this chapter.

<sup>5</sup> Joint Implementation (JI) and Clean Development Mechanism (CDM) are the two project-based mechanisms, additional to the Emission Trading Scheme as key tools for reducing emissions worldwide. JI enables industrialized countries to carry out joint implementation projects with other developed countries, while the CDM involves investment in sustainable development projects that reduce emissions in developing countries.

### Types of fuels used

Calculation of MJ per type of fuel



- Gaseous fuels (LPG, natural gas, propane)
- Liquid fuels (diesel, fuel oil, gasoil, kerosine)
- Biomass
- Biogas

### Environmental compliance

In 2010, we recorded 67 accidents with the potential to cause harm to human life, property or the ecosystem and/or which can cause nuisance to a third party. About half of the accidents are related to the quality of effluent, which exceeded the legal limits. Five production units had to pay fines because of one or more environmental breaches, amounting to a total of EUR190,000 (in 2009 the comparable figure was: EUR357,000).

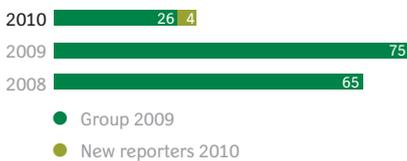
The number of environmental and safety complaints related to environmental or industrial safety accidents with off-site effects has decreased from 75 in 2009 to 30 in 2010. This is mainly the result of the implementation of preventative measures based on lessons learned and due to the temporary shutdown of the biomass plant in Manchester (the UK). Half of the complaints in 2010 relate to nuisance by noise.

### More sustainable buildings

Our energy and water successes have prompted us to review the environmental performance of offices and warehouses. An April 2010 seminar on BREEAM (Building Research Establishment Environmental Assessment Method) and LEED (Leadership in Energy & Environmental Design) standards taught us more about energy-efficient buildings. We have also made a commitment that in 2011, we will start to measure and set targets in relation to the environmental performance of our buildings. To help us, we have joined 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.

### Environmental and safety complaints

number



Netherlands

## LED there be light

Vrumona is Heineken's manufacturer, marketer and distributor of soft drinks in the Netherlands. When the 1,750 fluorescent lamps in one of the major distribution halls had to be replaced, the company considered switching to LED lights.

LEDs last longer, contain no dangerous chemicals and use electronics to generate visible light only, meaning they are more efficient. In addition, and of great importance in a manufacturing environment, they do not make it seem as though some moving parts are stationary when in fact they are not.

And yet, there was some scepticism. "LEDs were more expensive to buy, we wondered whether they produced the right quality of light and we didn't know whether they were rugged enough," says Pier Snieder, Safety, Health and Environment Manager at Vrumona.

A test facility with two types of LEDs was set up in the hall. "One type couldn't handle the vibrations, but people were enthusiastic about the other. Forklift drivers enjoyed the light, saying it allowed them to better read their instruments and the small print on crates."

Strong financial considerations ultimately helped convince the Management Team. "Though LEDs are more expensive, they last longer and use 70 per cent less energy. In the first year alone, we reduced our energy consumption by an amazing 2.5 per cent. LEDs save money, they are safer and they allow us to fulfil our promise of being more sustainable."

One doubt remains. LEDs shine less brightly over time, so the question was whether they would be able to fulfil their promise of a long lifespan. "We negotiated some tough guarantees from the supplier, but we're still taking a risk. We are willing to do that, because we believe in the benefit of LEDs."

This enthusiasm carries over into 2011. Vrumona will consider LEDs for its outdoor lighting and for its production hall. For the time being, the first success is fact. As Pier says, "Every time I enter the hall and look at the LEDs I think: we did it!"



### Greater focus on renewable energy

For years, we have used biogas from our wastewater treatment plants to generate a small percentage of our energy. In 2010, we carried out a wide-ranging study into other, alternative forms of energy. We considered everything from wind and solar energy, to biomass, geothermal and hydropower. We did so because we believe that this is the future of our energy supply and because in order to reach our 2020 emissions targets, alternative energy will have to account for approximately 25 per cent of the improvements.

We have embarked on projects that can contribute to our Brewing a Better Future goals, such as:

- Commitment to buy electricity from a wind energy farm in Mexico that will ultimately supply up to 85 per cent of the power needs of the Mexican operations
- Large-scale biogas feasibility study in the Netherlands. We are investigating how biogas produced by a number of farmers near our Zoeterwoude brewery could be used by the brewery. In due course biogas could replace approximately 30 per cent of the natural gas used today
- Solar Photovoltaic at Alken Maes brewery in Belgium. In 2010, we completed a feasibility study. It has been decided to install approximately 1.5 MWe Solar Photovoltaic panels. It is expected that these panels will produce 1.2 – 1.5 GWh per year
- We carried out a feasibility study for Solar Thermal Heat application in five European locations. We have chosen three production units in Europe where solar heat will be used.

### An emerging 'total water' strategy

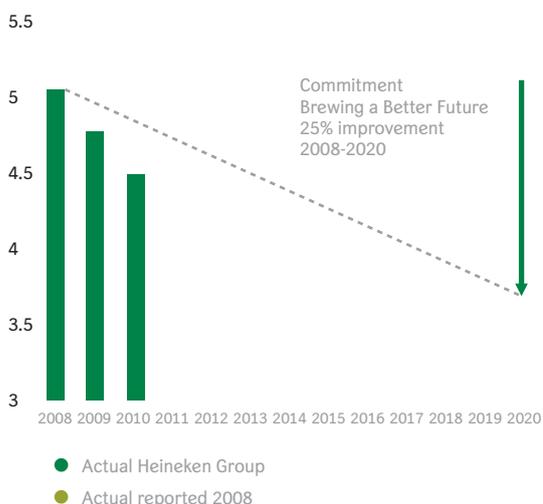
Heineken uses water for brewing, packaging and cleaning – often in water-scarce areas – so water availability and quality are crucial. In 2009, we signed up to the CEO Water Mandate, which lays down six principles of world-class water stewardship. In 2010, we accelerated our work in relation to all aspects of water. We became a member of the Water Footprint Network (WFN) and B.I.E.R. (Beverage Industry Environment Round Table). In addition, we also carried out two water footprint studies (see case study on page 20).

### Using less water in production

In 2010, our specific water consumption decreased from 4.8 hl to 4.5 hl per hectolitre of beer, cider, soft drinks and water. Some of our breweries made notable progress: in Lagos (Nigeria) specific water consumption decreased significantly due to the use of recovered water for cleaning purposes, condensate recovery and the implementation of a loss identification system. The optimisation of the bottle washer in the packaging department of our production unit in Ama (Nigeria) resulted in additional water savings. Our production unit in Rechitsa (Belarus) significantly improved its specific water consumption due to a large increase in production volume, coupled with an additional improvement in efficiency as a result of the implementation of best practices.

### Water consumption, actual performance and targets

hl water/hl beer + soft drinks + cider + water





Europe

## Uncovering the potential of solar thermal energy

Five studies conducted by Heineken in 2010 have shown the potential for using solar heat in three of the Company's production units (two breweries and one maltery). By retrofitting existing equipment and investing in new technology, Heineken could make additional significant steps to reduce its carbon footprint.

The study was conducted by Heineken in co-operation with AEE INTEC, an Austrian institute for sustainable technologies. They looked at the potential of solar heat, the process by which sunlight warms water via solar panels. The study covered five production units located in two different climate zones in Europe.

The results showed that three of the production units received sufficient, usable sunlight: the Göss brewery in Austria would be able to heat the mash tuns used during the brewing process, the Valencia brewery could use heat to pasteurise beer and the Lisbon malting facility could use heat to dry the malt.

Solar heat would require the installation of special solar panels and the retrofit of existing equipment and processes.

"In Göss, solar heat will account for an estimated 18 per cent of the mash tuns' energy use. In Valencia, this is 24 per cent for two pasteurisers, while in Lisbon it is 18 per cent for the malt drying process," says Herman van de Bergh, Manager Global Energy and Water Programme.

The next step is for Heineken to apply for joint funding of the expensive pilot projects with the European Commission for Energy. These pilots will test whether solar heat is feasible and economic in relation to the day-to-day operations of the three production units. A decision by the European Commission is expected in September 2011, and if successful, the project should be completed in April 2014.

Beyond that, Heineken has a vision of making large-scale use of solar heat where possible. "We could retrofit existing production units, but our ideal is to design process equipment to use solar heat from the outset. Southern Europe, Northern Africa and countries like Mexico have the perfect climate for solar heat," says Herman.

Slovakia and Egypt

## Water footprint studies show the way forward

In 2010, Heineken conducted two water footprint studies. The water footprint is an indicator of freshwater use that looks not only at water usage in breweries, but also takes into account the water use by all the products, processes and services that are required to produce beer.

The study compared the water footprint of beers produced in two contrasting areas: wet Slovakia and dry Egypt. The study was carried out by DHV consultancy in co-operation with Professor Arjen Y. Hoekstra of the University of Twente in the Netherlands and Scientific Director of the Water Footprint Network.

“It turns out that more than 90 per cent of the water footprint is related to the cultivation of crops. In Slovakia this is ‘green’ water, or rainwater, while in Egypt it is predominantly ‘blue’ water, or surface and ground water,” says Ron Bohlmeijer, a water specialist at Heineken’s Supply Chain team in the Netherlands.

The ‘grey’ water component is also highly relevant. Grey water is the volume of water required to dilute pollutants to such an extent that the quality of the water remains at or above agreed water quality standards.

Depending on the ingredients and the recipe, the total water footprint of beers produced in Egypt varies from 282 l/l to 418 l/l. The water footprint of beers produced in Slovakia ranges from 283 l/l to 290 l/l. These figures include the grey water component.

Ron says the findings raise interesting questions, such as how to involve suppliers in water reduction strategies and how to balance local sourcing with the impact of crops on local water sources. Finding the answers to these questions and implementing them is now the next challenge.

“The studies have taught us a lot and now we can begin to formulate a new water reduction strategy. We will be able to make informed decisions to mitigate the impact of our operations and improve our environmental sustainability,” says Ron. In 2011, Heineken will conduct additional water footprint studies, for example into growing barley and brewing beer in other types of market environment.



About half of our water comes from our own groundwater wells, and municipal water accounts for one third of our water supply:

Ground water (own wells)	54% of total volume
Surface water (river/lake)	12% of total volume
Municipal water supply	34% of total volume

In 2010, 82 per cent of our breweries were compliant with the 7hl of water per hectolitre of beer standard as defined in the Aware of Water programme. This was a slight improvement on the 2009 figure of 80 per cent.

### Production units with water consumption higher than 7 hectolitres of water per hectolitres beer, cider, water and soft drink

Number of production units

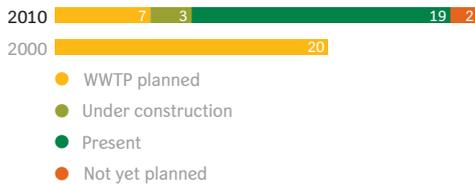


Seven sites successfully reduced their water consumption to less than 7hl/hl in the last year. However, four previously compliant sites namely Newcastle (UK), Opwijk (Belgium), le Lamentin (Martinique) and Mbandaka (DR Congo) increased their water usage to above the 7hl/hl limit. The Aware of Water programme has now been incorporated into the Brewing a Better Future programme.

### Wastewater performance improving

In 2000, Heineken had 20 production units in Africa and the Middle East and the commitment was to install wastewater treatment plants (WWTP) at each location. Since 2000 seven of the sites have either been divested or are no longer majority holdings. Due to acquisitions and newly built plants, Heineken currently has 31 production units in the region, of which 19 have wastewater treatment facilities or use municipal treatment. There are 12 sites with no treatment facilities. At three of these sites the WWTP is under construction: Democratic Republic of Congo (Bukavu, Boma and Kisangani). Nine treatment facilities are planned to be completed by 2014.

## Wastewater treatment plants Africa & Middle East Region



In 2010 the effluent organic load discharged to surface water was 17.4 ktonnes, a slight increase compared to 2009 when it was 17.3 ktonnes. This is mainly caused due to increased production in our sites as Karlovac (Croatia), Gisenyi (Rwanda), Aba (Nigeria) and Ijebu Ode (Nigeria). Since these sites do not have proper wastewater treatment facilities, the increase in production has a direct impact on the discharges to surface water. However, several sites were able to greatly decrease their organic load discharge. The brewery in Vialonga, Portugal, improved its performance with a newly updated wastewater treatment facility, while the brewery in Lagos, Nigeria, improved the efficiency of its wastewater treatment facility.

### Measuring water stress exposure

Heineken Supply Chain has measured the exposure of brewery sites to water stress in order to be able to respond to water-related risks. Using the Global Water Tool of the World Business Council for Sustainable Development (WBCSD), the brewery sites are ranked on water stress exposure. This tool uses several indicators that analyse water scarcity. These are the Total Renewable Water

Resources per person (Food and Agriculture Organisation, FAO), the Annual Renewable Water Supply per person (World Resources Institute, WRI), the Water Stress Index (University of New Hampshire, UNH) and Environmental, Physical and Economic Water Scarcity (International Water Management Institute, IWMI). The water intensity of the breweries is calculated to track the water usage of breweries in water scarce areas. These results reflect our increased focus on this critical area and are a first step to identify breweries that should operate in a water neutral way.

### Raising awareness of water risks

The results of a survey addressing the performance of Operating Companies on water-related risks in the beer supply chain demonstrate that the majority of Operating Companies systematically track and monitor water availability at local operations level. In the majority of our facilities, a local Source Water Protection Plan is in place. Operating Companies are also alert to potential changes in price structure and regulatory changes.

There is clearly room to improve the way we monitor and mitigate conflicts between users relating to water resources, although we are already actively collaborating with key stakeholders in the river basins in which we operate. We can also improve the awareness of water-related risks of our suppliers as well as the level and type of collaboration with suppliers to help address this. In the coming year we will improve in these areas.

Performance indicator <sup>6</sup>	Operating Companies actively engaged
Tracking and monitoring water quantity and quality	64%
Managing risks related to changes in regulations and pricing structure	60%
Monitoring and mitigating stakeholder conflicts on water resources	57%
Awareness of suppliers' exposure to water-related risks	28%
Collaboration with suppliers in the field of water risk management	19%

<sup>6</sup>Results are only from Operating Companies with breweries.

Improve



## Green Commerce

We are a consumer-driven company. We are passionate about offering the finest quality beers, ciders and soft drinks to our consumers and providing them with a unique experience whenever they drink one of our brands.

We are equally passionate about doing this in a way that ensures we are contributing to a better environment. Consumers also consider sustainability as increasingly important and will take this into account in the new propositions we offer. In addition, we are embedding sustainability in our existing products, propositions, renovations and innovations.

**“We are focused on improving our environmental footprint throughout the total value chain from crop to consumer.”**

Alexis Nasard  
Chief Commercial Officer



Specifically, we are continuously improving and reducing the weight of our materials, as well as stimulating recycling. We are also among the first brewers to commit to the global introduction of eco-friendly fridges, which consume up to 50 per cent less energy. And we are assessing our distribution, so that we can more effectively transport our goods while reducing our carbon footprint.

In our new approach, we are actively involving our suppliers, so we can join forces on more sustainable products and processes. And we are measuring our global and local carbon footprint, so we can optimise our emission reductions throughout the value chain.

As an estimated two-thirds of our carbon footprint occurs outside the brewing process, we have made a clear decision to increase our efforts throughout the total value chain. We focus on three key areas: packaging, cooling and distribution.

### **Packaging that's lighter and more recyclable**

Our ambition is to significantly reduce our carbon footprint per hl by 2020. We can only do this if we work closely with our suppliers. We developed a new packaging policy and eco-design procedures for packaging development in 2010. These focus on weight and material reduction, improving recycled content, design for improved recycling and improvement projects at supplier plant level to reduce the carbon footprint. The requirements for the new policy will be installed across the business in 2011 and formally introduced as part of our way of working in 2012.



## Greener, more reliable transport

Beer from Heineken's Zoeterwoude brewery in the Netherlands is shipped worldwide from the ports of Rotterdam and Antwerp. The roads to the port, however, are notoriously congested and Heineken sought an alternative that was more secure and environmentally friendly.



Fred Holvast, Director Customer Service and Logistics at Heineken Netherlands, says the solution was to add inland shipping to the supply chain mix. The result is Alpherium, a container shipping terminal a short drive away from the brewery.

"We came up with the idea 15 years ago. We worked with government and the private sector to realise it and the terminal became operational in October 2010. It is now the largest inland container shipping terminal in the Netherlands," says Fred.

The terminal is owned and operated by logistics service provider Van Uden. Other companies, mainly large retailers, will use the terminal as well, but as the launching customer, Heineken's volumes guaranteed the terminal would be commercially viable before it was even built.

From the terminal, barges sail down quiet canals to the ports of Rotterdam and Antwerp, without encountering any traffic jams. The barges will return carrying containers full of Chinese consumer goods, which are imported by the terminal's other users. The containers, when emptied, are driven to the brewery for a new shipment.

The terminal shows that doing good and doing business go hand in hand. On an annual basis, Heineken has approximately 74,000 fewer truck transports to Rotterdam and Antwerp, which amounts to almost 5.5 million kilometres. This not only eases road congestion, but also reduces CO<sub>2</sub> emissions by 1,775 tons, or an incredible 35 per cent, on the route from the brewery to the ports.

In addition, deliveries to the ports have become a lot more reliable and cost effective. "We worked with Van Uden to streamline our operations with theirs. We also invested in special IT systems, so we now have a dedicated acceptance environment at our disposal," Fred explains.

In 2010, we involved key partners in our Brewing a Better Future programme. We shared our vision and ambitions in order to reach a common understanding and obtain their commitment to work on improvement projects. Together, we will focus on increasing the recycled content in our packaging, weight optimisation, and energy consumption during the packaging production.

To monitor our progress, we have defined KPIs, which will be measured based on the best available data from suppliers and partners. The data will be collected on Operating Company level.

### Cooling that's greener

To serve our beer at the optimum temperature, we aim to use equipment with a low carbon footprint and energy consumption. Our policy is that wherever it is technically and legally possible, every new fridge we buy will include:

- The safe and more environmental friendly hydrocarbon refrigerant
- LED illumination
- A thermostat with an energy management system for large fridges (above 300 litres).

When these three elements are combined, we expect an energy reduction of at least 35 per cent as well as lower maintenance costs and a longer lifespan for the fridges.

In 2010, we began implementing this new approach and 80 per cent of our new fridges met at least one of the above standards. At the same time we have been working with suppliers to meet our specifications globally. We will continuously look for new technologies that enable us to achieve our ambition of a 50 per cent reduction in carbon footprint on our installed fridge base by 2020. To monitor our progress we are developing a test protocol to determine the energy consumption of our baseline fridges and new green fridges.

But what about draught beer in pubs, bars, restaurants and cafés? The review of draught beer coolers we undertook in 2010 told us that there is not yet a beer cooler that meets our strict specifications. Therefore, in 2010, Heineken initiated the development of 'green' draught beer coolers. In 2011, we will pilot these new coolers and we expect to begin the roll out in 2012. Re-engineering of our David Draught® beer installations is estimated to result in energy savings of more than 35 per cent and even higher carbon footprint reduction.

Global

## Partners in green fridges

In 2010 we sourced approximately 130,000 fridges. These provide consumers with a chilled beverage at the point of sale, but also contribute to Heineken's carbon footprint. In 2010, Heineken was amongst the first brewers to globally commit to the latest generation of environmentally friendly fridges.

These fridges use energy-saving technologies, including LED lighting, a smart energy management system and environmentally friendly hydrocarbon refrigerants meaning that they consume between 35 and 50 per cent less energy, have a longer lifetime and require less maintenance.

Kirsten Barnhoorn, Sustainability Manager at Heineken, says Heineken is fully committed to investing in eco-fridges that contribute to a greener world. "We aim to serve our consumers a quality beer, using best in class equipment with the lowest environmental impact. Therefore, we decided not only to implement hydrocarbon, but also to include

other significant energy reduction measures to reach our ambition of energy reduction of 50 per cent on our cooling equipment and further reduction of the carbon footprint."

We are also working closely with suppliers like Frigoglass to roll out the new environmentally friendly fridges. "We need to push each other to continuously improve. Working in partnership with our customers is important to us and we look forward to working closely with Heineken so we can support each other in our sustainability ambitions," says Tom Aas, ICM Chief Operating Officer at Frigoglass.

Klimasan, another supplier of fridges, says that Heineken is the first brewer to use natural refrigerants on a global scale and that others will eventually follow suit. "Heineken is a leader in the industry and other brewers will now feel the need to adopt these new technologies. Energy consumption is becoming a big deal in the eyes of consumers," says Erim Şenocak, AGM Sales and Marketing at Klimasan.

100%  
COLD  
35%  
LESS  
ENERGY



### Distribution that's miles better

In distribution, reducing our carbon footprint means driving fewer kilometres, using more efficient equipment and working with partners that share our sustainability ambition.

During 2010, we designed a carbon footprint model for distribution operations that will help logistics managers around the world to measure, report and identify CO<sub>2</sub> improvement opportunities. Rollout of the model to our businesses will start in 2011.

At the same time, we realised that we can only achieve large sustainability improvements if we engage the right partners. Therefore, we are incorporating sustainability criteria in the procurement process for transportation services. We are also working with other companies to improve the environmental performance of the transport industry across different modalities.

With regard to ocean freight, following meetings in 2010, we have now joined the Clean Cargo Working Group, which brings together shipping companies and shippers in a joint effort to reduce the environmental impact of container transport.

As for road freight, we have been supporting the development of the SmartWay concept in Europe. As part of this initiative, transport companies and shippers will monitor and report the carbon footprint of road transport. Shippers, like Heineken, will use this information to procure transportation services, while transportation companies will benefit from carbon efficiency scoring and sharing of best practices.

### Taking steps to reduce our footprint

Improvements begin with information. That is why in 2010, we analysed the global carbon footprint of some of our products. This showed that packaging, cooling and distribution account for approximately 70 per cent of the Company's total carbon footprint.

In 2010, we also further developed the methodology for calculating our baseline carbon footprint. This will enable our Operating Companies to monitor performance on a consistent basis and to demonstrate clearly the reductions we make. The tool has been tested in the UK, France, Italy and the Netherlands and will be rolled out to our European Operating Companies in 2011. We will continuously update this model with available information from our suppliers and other partners in the value chain.

## Hungary

### Yes, we can: promoting recycling

In 2010, the Association of Hungarian Brewers introduced a recycling scheme for aluminium cans. Three of the country's largest brewers, including Heineken, bought and installed 24 return vending machines and located them in supermarkets. In 2010 some 1.7 million cans were returned, which is approximately 0.3 per cent of cans produced by the three brewers.

"This is a good result considering the machines have been operational for less than a year," says Éva Kiss, Corporate Affairs & Communications Manager at Heineken Hungary. Some machines received 2,500 cans a day and others as many as 10,000. At a rate of 2,500 cans a day, the machines pay for themselves in as little as nine days.

The scheme has a number of built-in incentives. Consumers who return the cans receive a small amount of cash and the three brewers saved EUR100,000 in taxes in 2010. The cans are collected and delivered to the country's recycling company Öko-Pannon, of which Heineken was a founding partner.

Buying the machines and getting people to use them was relatively easy. The hard part was getting all brewers aligned and convincing retailers to participate. The work was well worth it. "The project shows the government that the beer industry is serious about the environment," says Éva.

The scheme is small for now, but the mere fact that it is working is a success. Environmental consciousness in Hungary is still in its infancy, and up until now only 15 per cent of cans were returned to recycling points. "People have started to collect cans for the machines, instead of simply throwing them out," says Éva.

The scheme will continue in 2011, when the three partners aim to collect 18 millions cans, or 3.6 per cent of next year's projected output. This ensures a cleaner and more sustainable environment and would also save the three partners around EUR1 million in taxes.



Empower



## Engaging Employees

Brewing a Better Future has to be part of the way we think and act in our business. This means that we need the wholehearted support of our employees because they are the ones who will ultimately deliver our commitments and goals. This requires Heineken to provide a fair, safe and empowering environment in which all of our people can succeed.

**“We are committed to delivering a safer working environment with clear and embedded standards in relation to integrity and employee and human rights.”**

Michael O'Hare  
Chief Human Resources Officer



Safety is an obvious priority. Each year, our colleagues suffer fatalities and injuries in our breweries, on the road and in the office. We are working hard to reduce these incidents through training, communication and better procedures. This will be a constant and clear focus for all our management.

It is also important that our people work in an environment in which their rights are respected and their talents and contributions recognised, developed and rewarded. Our new Employees' & Human Rights Policy, will be introduced in 2011 and will help us to formalise such an environment within the organisation.

And in order to make sustainability an integral part of our day-to-day work, we are investing in communication and activities that empower all of our people. This way, they will support our ambitions with action that is both genuine and effective.

### **Occupational health and safety – still work to do**

It is a matter of deep regret that in 2010, there were 14 fatal accidents in our business. In total, six Heineken employees, six contractors and two other external parties lost their lives. These accidents occurred in Mexico, Democratic Republic of Congo, Rwanda, Spain, Nigeria and Egypt. To a large degree, the unacceptably high level reflects the security situation that exists in Mexico (four fatalities were related to robberies). This is something on which we are working with our Mexican business and with the relevant local authorities and law enforcement organisations. Of the other fatalities, two were the result of



Egypt

## Celebrating Heineken's Safety Heroes

In 2009, Heineken recognised that safety awareness in Africa and the Middle East was high within production teams, but not high enough in sales and warehousing. So, Heineken developed 'Safety Heroes', a programme aimed at changing employees' attitudes and behaviours with regard to safety.

The programme has four steps: communicating safety norms, training (through self study) and examination, rewarding positive behaviour and enforcing rules. "The programme complements existing safety measures and is designed to be simple, thorough and positive in its approach," says Marijke van der Vliet, Project Manager Health Affairs.

The programme was first rolled out in Egypt's Al-Ahram breweries, which has 2,500 staff. Emad Awad, the local project manager responsible for implementation, describes the process. "We created three simple and practical safety manuals that were heavy on visuals and light on text. We trained every single employee, until each reached a 100 per cent score on our test."

Emad is particularly positive about the fact that 'Safety Heroes' gives attention to people who have a brilliant safety idea and those who contribute to a safer environment. "Each month, we choose Safety Heroes in our plants and warehouses. They receive Heineken® merchandise, we put their picture on a Hall of Fame at the brewery entrance and we engrave their name on a cup. They feel proud and acknowledged."

The programme also includes enforcement measures, such as improved reporting on potentially risky situations. Overall, the programme has made a tangible difference. "People find the manuals easy to understand. It is also the first time that we have included people from sales. They really appreciated learning more about safety."

The numbers underscore the success. On-site accidents went down from seven in 2009 to four in 2010. Emad's conclusion is a positive one: "Truck drivers have begun to wear safety belts all the time, while others have begun to assume a healthier posture while sitting. Our culture is changing," says Emad.



production accidents, one from drowning, one fall, one fatality caused by a falling banner, and four traffic/vehicle accidents.

In 2010, as we committed, we also began to expand our reporting on occupational health and safety from our breweries and Supply Chain to all our employees, regardless of working situation or location. By the end of 2010, 75 per cent of our companies recorded the relevant health and safety data in our central reporting system. Their quality and scope, however, do not yet meet our standards and we are taking action to improve them.

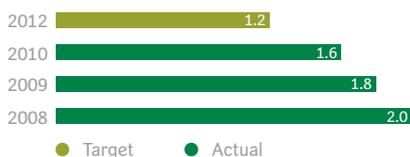
We also developed an enhanced global Occupational Health and Safety Policy, which will be implemented in 2011. The policy introduces a global standard on health and safety, which is expected to help management and employees to minimise health and safety risks and will reduce the number of incidents, accidents and fatalities.

### Safety performance in production

In 2010, our accident frequency for production employees decreased from 1.8 accidents per 100 FTEs in 2009 to 1.6 accidents per 100 FTEs. In 2010, the newly acquired production units of FEMSA Cerveza made a positive contribution to the safety performance with results that were better than the Heineken average. The production units at Cuiaba, Feira De Santana, Manaus, Ponta Grossa (Brazil) and Grajales Malting (Mexico) were able to close the year with zero accidents.

### Accident frequency in production

cases/100 FTE for all sites



The expansion of our production unit in Panama led to a negative contribution to the overall safety performance. This overall performance decline was also due to the lack of safety management at our production unit in Rouiba (Algeria) and an unsafe packaging line which caused a high number of accidents at our production unit in Gisenyi (Rwanda). Our production unit in Grombalia (Tunisia) recorded a high number of accident in the packaging department due to more complete accident reporting. Also, severe winter conditions

in Europe caused a significant number of accidents at our production unit in Zoeterwoude (The Netherlands), slips and trips in the packaging hall was the major type of accidents at our production unit in Manchester (the UK).

Accident severity decreased from 54 lost calendar days per 100 FTEs in 2009 to 46 lost days in 2010. The reason for this downward trend is mainly due to the impact of the newly acquired units in Mexico and Brazil.

### Accident severity in production

lost calendar days/100 FTE for all sites



### Total Productive Management (TPM)

TPM is Heineken's mandatory strategic improvement programme for our production units. A critical aspect of this is a 'safety pillar' designed to work alongside all other pillars and create a safer working environment. In total, six breweries received a Heineken bronze award for their efforts in implementing TPM including safety ('s-Hertogenbosch, Valencia, Żywiec, Elblag, Lezajsk and Athens). 's-Hertogenbosch and Żywiec obtained an external certificate for their TPM achievements. Overall, 68 per cent of our breweries now have the TPM safety pillar in place and in all regions the average score on the pillar audits improved.

In total, 25 units now have an OHSAS (Occupational Health & Safety Management System) certificate, eight of which are units newly acquired as part of the acquisition of the beer operations of FEMSA.

In 2010, a global accident survey was conducted, revealing that approximately 60 per cent of accidents occur in the packaging department. The majority of these accidents are cuts due to broken glass bottles. One of the very simple remedial practices was the introduction of a cut-proof glove. Several other new safety procedures have been introduced, like contractor safety management, safe handling of caustic materials and more frequent accident analysis. Together with these procedures, training and TPM, we are making progress towards an accident-free environment.

### Integrity: Code of Business Conduct

In 2010, we further developed and re-shaped our integrity function. We partly revised the Code of Business Conduct, introduced an e-learning tool for the Code to support training requirements, and launched an improved case management system. Each Operating Company has its own Trusted Representative, 33 per cent of whom have now received face-to-face training; the remainder will be trained in 2011. Additionally, the 2010 Climate Survey contained two questions about the employee perception of the integrity of local management. We intend to repeat this every two years, in order to suggest improvements and track progress.

In 2010 we received 194 reports under the Whistleblowing Procedure either centrally or on a local level. Of these 16 per cent concerned fraud, 5 per cent conflict of interest and 79 per cent breaches of internal company policy. Around 79 per cent of all cases investigated were substantiated.

### Clarity and transparency via new Employees' & Human Rights Policy

In 2010, we drafted a global Employees' & Human Rights Policy, based on close consultation with our European Works Council and incorporating feedback from an external human rights expert. We also established the current status of employees' rights in our businesses by carrying out a gap analysis. The policy will be introduced in 2011.

### Engaging and educating colleagues

We supported the 2010 launch of Brewing a Better Future with a branding toolkit for all our markets and functions. The programme was also promoted extensively in our internal and external communication, through videos, articles and dedicated events. In addition, we gave the Brewing a Better Future community its own communication platform and laid the groundwork for the introduction of a comprehensive Brewing a Better Future curriculum in 2011. We also began work on an online Sustainability Academy.

### Safety data on production units Heineken Group

Parameters (absolute values)	Unit	2008	2009	2010*	2012
Fatalities of company personnel	Cases	0	2	2	
Fatalities of contractor personnel	Cases	1	3	1	
Permanent disabilities of company personnel	Cases	2	4	3	
Fatalities of company personnel in commuting	Cases	0	2	2	

Parameters (absolute values)		2008	2009	2010*
Accidents of company personnel	Cases	446	389	431
Accidents of contractor personnel	Cases	112	105	87
Lost days of company personnel	Days	11,336	11,727	12,469
Production workforce (FTE)	FTEs	22,058	21,639	27,361

Performance indicators (average values)		Achieved			Targets/ Guides 2012
Accident frequency**	Cases/100 FTE	2.0	1.8	1.6	
Accident frequency***	Cases/100 FTE	2.0	1.5		
Targets accident frequency	Cases/100 FTE				1.2
Accident severity**	Days/100 FTE	51	54	46	
Accident severity***	Days/100 FTE	51	53		
Guide values accident severity	Days/100 FTE				39

\* The number of fatalities in this table reflects fatal accidents involving production personnel.

\*\* Data including new comers.

\*\*\* Data as presented in 2009 report excluding new comers.

Empower



## Heineken Cares

We view it as both an obligation and a privilege to care for our people and the communities that host us. 'Heineken Cares' is how we have chosen to represent our approach to doing that. Caring is part of our heritage, our culture and the way we have always run our business. Rather than providing temporary relief, we aim to enable permanent, positive change.

**“As an integral part of the community, we care for our employees and their families and we empower local stakeholders who often depend on our presence for their livelihood.”**

**Tom de Man**  
Regional President  
Africa and the Middle East



Nothing exemplifies this better than our agriculture programmes. We have been involved with sustainable agriculture for more than a decade. Our aim is to put in place the conditions that will allow us to secure a steady supply of barley, hops and apples from sustainable sources. This way, we can continue to make quality products from natural ingredients without depleting the soil on which they are grown and in doing so, empower the local farmers that grow the crops. We are working together with our agricultural partners to develop a tool that allows us to better monitor the sustainable performance of our suppliers and ourselves.

Caring also means local sourcing of raw materials when ecologically and economically feasible. This not only financially empowers the communities in which we operate, but also reduces our transport costs and carbon footprint. In 2010 we estimated that we supported ten thousands of farmers and their families. In Africa, our aim is to source an average of 60 per cent of our raw materials locally.

The health of our employees is also of great importance. Traditionally, our breweries in African and other markets where governments do not provide sufficient healthcare have had their own clinics to bridge the gap. Our aim is that by 2020, 100 per cent of our employees, no matter where they work, have access to basic pre-defined levels of healthcare.

To better track the impact that our operations have in a market, we conduct Economic Impact Assessments, which allow us to measure our contribution to developing countries and pinpoint ways to increase it.



Democratic Republic of Congo

## Committed to the rebirth of DRC

After 15 years of conflict, the Democratic Republic of Congo (DRC) is rebuilding itself. Heineken-owned Bralima, the country's leading beer brewer, runs six breweries in DRC. True to its belief that doing good and doing business go hand in hand, the company has been contributing to the country's recovery.

Working closely with the Schokland Fund and Eucord, Bralima began a local rice project to increase local farmers' income, encourage local entrepreneurship and shorten Bralima's supply chain.

"When we began sourcing locally in 2006, we bought 2,000 tons of rice. In 2010, we managed to buy 11,120 tons, 3,620 tons more than we needed. This makes a huge difference in the lives of thousands of farmers and their families," says Chantal Mabunda, Vice President of the Bralima Foundation, which the brewer established.

Relatives of Heineken employees in the country have also set up "En Classe". This foundation renovates school buildings in Kinshasa, distributes food and provides educational material to students. In 2010, En Classe spent some \$160,000. They renovated three

schools that together teach approximately 2,700 students and performed essential maintenance on six other schools.

In addition, the Heineken Africa Foundation has been financing a healthcare project aimed at sickle-cell disease (SCA), a genetic, life-long blood disorder. The programme is carried out at the Monkole Hospital Centre in Mont Ngafula.

This has resulted in a more effective approach to the disease. The hospital has bought new diagnostic equipment and set up a blood bank unit, which reduces risks related to blood transfusions. The hospital has also educated around 215 health workers about SCA.

A key part of the programme is early screening of infants. In 2010, doctors tested and vaccinated many children. In addition, a follow-up programme has been delivered to newly detected SCA patients. Ultimately, the project aims to screen some 5,000 newborns and infants.



### Sustainable Agriculture

We are working with suppliers to gradually increase the quantity of sustainable raw materials such as barley, hops and cider apples. We follow international agricultural standards, develop and implement indicators for sustainable agriculture to measure the compliance of suppliers against our standards.

In 2010, we developed the methodology and questionnaires that underpin MASSA (Malting Assessment System for Sustainable Agriculture). This monitoring system will help us acquire data relating to the sustainability indicators for the apple to cider, barley to beer and hops to beer chains.

We also became a member of the Sustainable Agriculture Initiative (SAI). This platform of international food producers identifies best practices, organises conferences and conducts research in the area of sustainable agriculture. Heineken participates in several of SAI's working groups dealing with barley, hops and apples.

In the UK, where we own more than half a million apple trees, we have done two things to improve our sustainability. First, having already piloted our indicator and measurement work with local apple growers, in 2010 we helped to establish a network of local cider apple growers to develop more sustainable practices on farms. During the last year we began a number of three-year trials with this network designed to reduce dependence on agro-chemical inputs.

Second, we began a long-term research project with the University of Reading, one of the country's leading agricultural universities. Our first step is to conduct an extensive literature review, to ensure we do not repeat existing research and to see whether research that was previously dismissed may perhaps be valuable after all.

### Local Sourcing – a win/win

Local sourcing can be beneficial to the environment, local communities and Heineken itself. That is why in 2010 we increased the amount of crops sourced locally. In Mexico, for example, we set up a joint venture that allows us to locally source 50,000 tons of corn-starch from the 136,000 tons required annually. The corn was previously imported from outside Mexico. In Brazil, new agreements with local Brazilian malt suppliers are under discussion in order to increase the amount of malt sourced locally to 43 per cent of our annual

requirement. In Ireland, we agreed with local suppliers that 100 per cent of the required 11,000 tons of barley will be locally sourced in 2011.

In April 2010, we organised a workshop in the Netherlands to present our Brewing a Better Future programme to local buyers. The workshop generated buy-in and new ideas on how to promote local sourcing.

### Healthcare – establishing standards

In 2010, we took steps to further improve the quality of healthcare we provide. We started the inventory of the level of healthcare provided by our Operating Companies by conducting a gap analysis in six companies. We investigated the health insurance conditions of a number of companies and finalised a Heineken Healthcare Standard that will apply to all Operating Companies participating in Brewing a Better Future.

### Economic Impact Assessment – better understanding our contribution

Over the years we have conducted several Economic Impact Assessments in various countries like Sierra Leone, Rwanda and Burundi. In 2010, we made Economic Impact Assessments for Egypt, Croatia and the Bahamas. By looking at cash flows and direct and indirect employment, these studies showed the far-reaching impact that we have on the economy and society of these countries.

In Croatia, 8,800 jobs are in some way related to Heineken. In Egypt, we estimate that local sourcing of barley has resulted in up to 6,000 jobs. Furthermore, barley production for malt was shown to use 30 per cent less land compared to other barley grown in Egypt, thus increasing farmers' incomes. The report for the UK was started but not finished by year-end 2010.

### Heineken Africa Foundation – direct funding for healthcare

In 2007, Heineken committed EUR10 million to establish the Heineken Africa Foundation (HAF). In 2009, the Company committed to doubling that investment, resulting in an additional EUR10 million transferred in 2010. This additional commitment now allows HAF to donate EUR1 million a year to community healthcare projects in sub-Saharan Africa. In addition to the four projects already mentioned in the chapter on the Millennium Development Goals (page 47), HAF supported many other initiatives in 2010:

## Contributing to the Luso community

In Portugal, Heineken's Sociedade Central de Cervejas e Bebidas owns Sociedade da Água de Luso (SAL), the country's leader in bottled water. SAL's proud 150-year history is closely intertwined with that of the town of Luso, and as the town's largest employer, SAL feels it has a responsibility to positively impact the region's social and economic development.

It does so through the Fundação Luso, a non-profit organisation that focuses on the areas of health, the environment and the community. In 2010, the foundation organised around 20 local activities, including planting trees, helping to preserve important cultural heritage sites and promoting the benefits of water to health professionals, children, seniors, and students.

It also organised, for the second time, the Entrepreneurial Prize. "This prize rewards an innovative project that has a positive impact on the economy surrounding Luso," says Nuno Pinto de Magalhães, the foundation's director. Projects in the areas of agriculture, trading, services and tourism could apply for the EUR10,000 prize.

Nuno and other jury members chose Farmácia Nova as the 2010 winner. This local chemist refurbished its premises in 2010, which allowed it to increase the breadth and quality of services to the local community. "Farmácia Nova has a close and personal relationship with the Luso population. They are constantly concerned with people's health and well-being."

Since the refurbishment, the chemist also offers urine and blood sample collection, nutrition appointments, podology, and osteoporosis diagnosis and dermocosmetics. Farmácia Nova also invested in the transport of medication, cholesterol and glycaemic index testing, and making house calls.

As Nuno concludes, "The region of Luso has become highly dependant on SAL's position as a major industry and employer in this area. This prize encourages the community to realise that there are many more sources of local activities and innovation."



Mexico

## Free, award-winning healthcare

What do employees value most: money, prestige, fun? In Mexico, it's healthcare. The Clínica Cuauhtémoc y Famosa in Monterrey provides healthcare to around 6,600 current and retired employees of the Cuauhtémoc Moctezuma, as well as some 11,000 of their dependants, including parents.

Dr. Héctor Moreno, the clinic's Manager of Medical Services, describes an impressive set-up: close to 30 beds and a staff of 234 that include doctors, nurses and lab technicians. "Some 40 per cent of medical staff teach at the best universities in Monterrey and we have won three national and local quality awards in recent years," a proud Héctor says.

His staff provides most types of medical treatment and surgery, as well as family medicine and paediatrics, dentistry, physiotherapy and preventive health. "We vaccinate children, try to prevent cancer and help people fight hypertension, diabetes and obesity." The clinic also offers occupational health

in 43 other workplaces outside Monterrey and is slowly embracing telemedicine for remote diagnoses.

One reason employees value the clinic is that it's totally free. "Our patients don't pay for medication, consultations or surgeries. They only pay their regular social security fee," says Héctor. The clinic operates under a quota scheme reversal with Mexico's social security.

The clinic is good for employees' motivation and quality of life. "People see it as a crucial service as it's better than the government's social security and other alternatives. Employee surveys show that employees value the clinic more than any other company benefit. It's an important reason for them not to leave Cuauhtémoc Moctezuma," says Héctor.

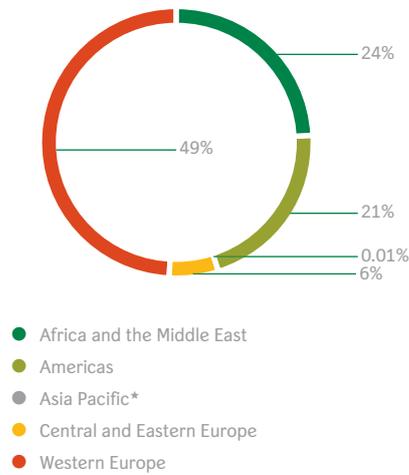


- A community mobile clinic in Midvaal in South Africa to replace an old and low-quality mobile unit. The new clinic is expected to be used by around 1,250 patients per month. The Sedibeng Brewery will be responsible for its maintenance.
- In collaboration with the Burundi Ministry of the Interior (who provided the plot of land), the Ministry of Health (who will supply the trained staff), and representatives of the local community, HAF approved financial support for the construction of a Community Health Centre in Burundi, close to one of the breweries.
- In Kinshasa, Democratic Republic of Congo, HAF supported a project aimed at early diagnosis of children at risk of sickle cell anaemia. For more information, see page 31.

### Corporate Social Investment

In many markets we invest in local communities. In total we invested approximately EUR15 million in cash and over EUR8 million in product value. These amounts exclude the hours spent by our employees during work time. As of 2011 we will introduce a standardised way of capturing all our investments and will use this to give us a better insight into the impact and value of our activities and to better focus our future efforts.

### Corporate Social Investment per region



\*In relation to our Asia Pacific region, community investment and involvement is delivered predominantly by Asia Pacific Breweries (APB), Heineken's joint venture with Fraser and Neave APB is not in scope of this report.



Impact

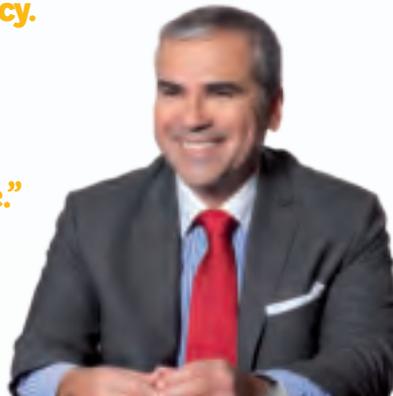


# Responsible Consumption

When consumed in moderation, beer can be part of a healthy, balanced lifestyle. It is though an unfortunate fact that a minority of people abuse alcohol and consequently harm themselves or others. This is a serious, complex problem and we have long been committed to playing our part in the solution. This includes communication to raise awareness, self-regulation and working with governments and partners to suggest appropriate and effective legislative measures which – when rigorously enforced – will support a real improvement in levels of abuse.

**“Responsibility is at the heart of our Alcohol Policy. We continue to step up our activities with the Heineken® brand and work with others to win the battle against abuse.”**

Alexis Nasard  
Chief Commercial Officer



However, no single player has responsibility for, nor can, deliver the solution. Success requires working in partnership and each player in the ‘chain’ to accept their responsibility and act. Our belief is that as Heineken and the industry we have a responsibility and a crucial role to play. Because we take this responsibility very seriously, Brewing a Better Future includes a comprehensive strategy to continuously encourage responsible consumption.

This approach has been completely integrated into the way we market and sell our brands. The approach runs from advertising to product development; from packaging to online information; from information on labels to information on beer cups; from developing the low and non-alcohol beer categories to, in one case, withdrawing a product found to be at higher risk of abuse by consumers.

In addition, we work closely with on-trade and off-trade customers, which sell our beers to consumers. We support them with training, serving and promotional guidelines. We also ensure our own employees understand the importance of responsible consumption. Our Cool@Work initiative gives our employees the understanding of their responsibilities in relation to the beers they brew, market and sell and helps managers deal with staff with potential drinking problems.

Over the next few years, we will expand all our responsible consumption programming to increase coverage and action across both markets and brands. By 2015 all our brands will display a culturally relevant responsible consumption message. Along the way, we will encourage others to follow suit and



## Responsible consumption

Periodic and heavy alcohol consumption and peer pressure drinking are a fact in some parts of Korean society. Particularly in December, when offices hold their end-of-year parties, there are many cases of drunk driving. In an attempt to change that, Heineken Korea launched an attention-grabbing campaign in Seoul.

Consumers could apply online for a luxury limousine service – complete with bodyguard – that would take them and nine friends to and from a party of their own choosing. The idea particularly appealed to young adults.

Some 221 people applied online for one of 24 limousine rides. While applying, they all had to sign a pledge not to drink and drive. The limousine service, which Heineken piloted in 2008, was widely covered by the media, which exposed even more people to the simple, yet vital message.

In addition, Heineken worked with the Kangnam District police station, the capital's biggest issuer of drivers' licenses. During the month of December, Heineken handed out flyers about the dangers of

alcohol abuse to the newly licensed drivers, and offered them the opportunity to sign a pledge that they won't drink and drive. Those who did received a small gift.

The campaign's kick off was widely covered by TV and newspapers, which printed pictures of people signing the pledge. Eventually, 2,025 people, mainly first-time drivers, signed the pledge and an estimated 3.5 million people watched it on TV or read about it in the newspaper.

According to Marketing Manager Heri Kim, "It's important to educate people about the dangers of alcohol abuse. It's part of our culture and we want to change that. It might take ten years, but it will change." Heineken Korea is now trying to get other alcohol companies to get involved in joint campaigns and is lobbying the government to do more about drunk driving.



USA

## Taxi Magic: it's cool to be responsible



How do you make responsible choices easy and cool? In the USA, where people spend more and more time online and on their phones, the answer just might be Taxi Magic. This mobile App is perfect for tech-savvy

beer consumers looking for a safe ride home.

Suzanne McGovern, Corporate Responsibility and Alcohol Policy Manager at Heineken USA, says the App allows people to quickly book a taxi anywhere, anytime. "Taxi Magic is seamlessly integrated into taxi dispatch systems, which let users know the cab number, driver name and time of arrival."

Consumers can use Taxi Magic from any mobile phone or computer, or via SMS and the Taxi Magic website. The App, which is free, even enables mobile payments and keeps receipts, which makes it very appealing to get a taxi at the end of a great night out.

Heineken began sponsoring the App in March 2010 as part of its commitment to prevent drunk driving and to promote responsible alcohol use. To encourage downloads and usage, Heineken has closely integrated Taxi Magic into its branding and event promotions.

In December, for example, Heineken put 600,000 Taxi Magic themed coasters into the market place. An on-site promotion during a Chicago music event, meanwhile, resulted in 600 new downloads and 1,700 additional taxi rides.

Heineken is also engaging its stakeholders to promote Taxi Magic. "We are working closely with our 600 plus distributors to encourage people to use the App. One distributor has even offered to pay the cab fare for its employees when they use the App." An employee referral programme has further increased the number of users.

Heineken's involvement has significantly boosted the App's popularity. "Since our involvement downloads have increased by 170,000 in nine months and monthly rides have more than doubled to more than 98,000. It's an important extra choice for consumers wanting to be responsible," says Suzanne.



we will continue to invest in industry-wide programmes such as the Global Actions on Harmful Drinking in order to reduce abuse.

### Enjoy Heineken® Responsibly

For many decades, the Heineken Company and the Heineken® brand have been committed to promoting responsible consumption. As the world's most international beer, the Heineken® brand plays a role in encouraging people to enjoy our beer responsibly, as part of a positive lifestyle. In 2010, we developed several initiatives to endorse our responsible consumption programme Enjoy Heineken® Responsibly (EHR):

- Design rules and guidelines to have the EHR logo on all our primary and secondary Heineken packaging and link to the EHR website. This has been applied to packagings in all our markets
- We began updating the EHR website with the intention to integrate it with the Heineken.com brand website to ensure visitors to the site have greater opportunity to see it
- All Heineken UEFA Champions League (UCL) broadcast sponsorships around UCL matches had an EHR logo where legally allowed
- 33 per cent of our boarding during all UCL games in season 2009–2010 carried the Enjoy Heineken® Responsibly message, except for France, Spain and Russia where this is not legally possible
- We introduced EHR advertising boardings at Heineken Cup rugby matches
- In those markets where alcohol advertising is not allowed we broadcast Heineken match bumpers around UCL matches with only the Enjoy Heineken® Responsibly message
- We developed guidelines on how to embed EHR messaging and endorse responsible consumption in our Heineken sponsored music events.

### Responsible consumption other brands

In 2010, a further nine leading brands, in key markets, integrated responsible consumption messaging into their primary and/or secondary packaging. These are Cruzcampo®, Star®, Primus®, Żywiec®, Sagres®, Gulder®, Moretti®, Zipfer®, and Foster's®.

### On premise activation

In the US, we delivered an alcohol server training programme to employees, in order to teach them how to serve and sell alcohol responsibly. Employees learned how to identify levels of intoxication, handle difficult situations and understand the unique challenges associated with alcohol. Additionally, we encouraged on-premise outlets to offer training to servers.

### Rules on responsible commercial communication

Throughout 2010, approximately 900 employees in marketing and sales used an online learning tool designed to help them understand and implement Heineken's rules on responsible commercial communication. In 2011, we will trial a specifically designed responsible communication workshop for all of our businesses and agency partners with a view to rolling this out in 2012.

### Cool@Work

In 2010, we acquired the beer operations of FEMSA in Mexico and Brazil. Throughout the year we supported our new colleagues in these markets using Cool@Work. Both the Mexican and Brazilian corporate responsibility teams have been briefed on the programme and have created their own implementation plans.



Impact



# Partnerships for Progress

Alcohol abuse damages lives and undermines the very business we want to grow. Drink driving, binge drinking and illegal alcohol, however, are complex social and cultural problems. For this reason, there is a strong need for alcohol producers, governments, healthcare organisations, law enforcement agencies, parents and educators to work together.

**“Heineken’s goal is to have active and effective partnerships aimed at reducing alcohol-related harm in every market in which we have a meaningful presence.”**

Sean O’Neill  
Chief Corporate Relations Officer



Heineken’s commitment is clear: we are investing time, money and the expertise of our people in what we call Partnerships for Progress. Our goal is to have a partnership focused on combating alcohol abuse in every market in which we have a meaningful presence.

We work together with other leaders in the industry to develop and implement programmes to reduce alcohol-related harm. We do this in close co-operation with the International Centre for Alcohol Policies (ICAP) in 17 countries and the Caribbean.

We are also making sure that our stakeholders including governments and NGOs worldwide are aware of our commitments and programmes and that they are given the opportunity to express their honest views. This will allow Heineken to remain a legitimate contributor to the policy debate and to put efforts in solutions, something recognised by the WHO as useful in developing effective strategies to reduce alcohol related harm.

### Global Actions on Harmful Drinking

Heineken is a member of Global Actions on Harmful Drinking, a consortium of major international beverage alcohol producers. Together, these organisations have made a collective commitment to address harmful drinking through a combination of global and local actions, with an emphasis on low and middle-income countries. For the 2010–2012 period the work focuses on three programmes:

- Self-regulation
- Drink Driving
- Non-commercial alcohol.



## Partners for responsible consumption

Heineken is one of the driving forces behind the Global Actions on Harmful Drinking. This industry platform tackles harmful drinking through a combination of global and local actions in 17 countries and the Caribbean. The work is being implemented by the International Centre for Alcohol Policies (ICAP).

According to ICAP Vice President Brett Bivans, ICAP combines policy development and research with designing and implementing programmes in partnership with local authorities. For the 2010–2012 period the work focuses on non-commercial alcohol, self-regulation, and drink driving.

Non-commercial alcohol refers to traditional drinks produced for home consumption or local trade, unregistered and counterfeit products, and 'surrogate' alcohol. These evade taxation and formal quality checks, and may pose a public health hazard.

The self-regulation work aims to ensure that alcohol marketing is responsible and does not encourage excessive or irresponsible drinking, particularly among young adults. In 2010 in Rwanda, ICAP was asked to review the draft Beer Code and met with Heineken-owned Bralirwa and the Ministry of Health. In Vietnam, guidelines for the Vietnam Beer Industry on Responsible Commercial Communications were launched in May.

In Nigeria, a new advertising code came into effect that includes provisions for responsible marketing communications about alcoholic beverages. The code was developed in 2009 by ICAP, local brewers including Heineken and the Advertising Practitioners Council of Nigeria (APCON).

In 2010, ICAP agreed with APCON on a programme for the 2011–2012 period that builds on the new code. "We are going to set up a compliance monitoring process, so all advertising will be examined for responsible communication. We also intend to set up a number of training programmes," says Brett.

Drink driving, a leading contributor to road fatalities, is the third area of focus. In Russia, ICAP met with industry sponsors and the Ministry of Interior, and assessed that the Horeca environment would strongly support a drink driving programme. In Vietnam, ICAP assessed the drink driving situation and organised a launch event in Hanoi with the National Traffic Safety Committee.

In Nigeria, ICAP reached an agreement with the Federal Road Safety Commission to work together against drink driving. ICAP also commissioned an assessment report that indicates which parts of Nigeria are best for setting up a two-year road safety programme.

Brett explains that this report allows us to make the best possible use of our resources. Local governments will organise the programme and we will provide seed funding for the planning and evaluation of the projects. Uniquely, this approach provides training to establish a professional road safety culture and enables that knowledge to be put into practice.



UK

## UK Management Team witness misuse at first hand

In July, the entire Heineken UK Management Team participated in an activity to understand more about alcohol misuse. Based on this, it decided to more quickly delist a higher strength cider and amend its three-year responsible consumption programme.

The activity was organised by Business in the Community, based on The Prince's Trust "Seeing is Believing" programme. For 20 years, Seeing is Believing has engaged senior business leaders on responsible leadership. Each visit aims to show participants what actions they can take within their companies to improve their impact on society.

The team first visited Graham House, a hostel that provides temporary shelter and food in a warm, safe environment for people sleeping rough. Here they met clients with alcohol dependencies.

The team was also hosted by one of Heineken UK's community partners, Addaction (see page 43), at their Brent project, which works with young people and adults with drug and alcohol dependency.

Here, team members learnt more about the health and anti-social behavioural impacts of alcohol misuse from current and past clients, as well as

the Metropolitan Police, the healthcare profession and the Fire and Rescue Service.

"It was a very valuable, at times challenging, but certainly great learning experience. It busted some myths and created much higher awareness among Heineken UK's Management Team, and commitment to integrating responsible consumption into the way we do things," says Stefan Orłowski, Managing Director, Heineken UK.

As a direct result of the visit, Heineken UK brought forward a decision to delist Strongbow Black cider, a higher strength cider with an increased risk of irresponsible use. In addition, insights from the visit were embedded into Heineken UK's three-year plans for the responsible consumption programmes of Brewing a Better Future.

In 2011, Heineken UK and Business in the Community are planning a Seeing is Believing visit entitled Responsible Drinking and Vulnerable Customers. Heineken UK will be encouraging major customers and industry peers to participate.



The case study on page 41 outlines this important international initiative.

### European Forum on Alcohol and Health

Heineken is a founding member of the European Forum on Alcohol and Health, in which European organisations debate, compare approaches and act to tackle alcohol-related harm. In 2010, we submitted two additional commitments to the forum. The first was our experience with the Know the Signs campaign we launched in partnership with authorities in the Dutch city of Noordwijk. This actively engaged drinkers in dialogue relating to consumption patterns and behaviours via the use of a card game. The second commitment was our work with Addaction in the UK. You can read about this in the case study on this page.

### Beer Promoters

Heineken is a founding member of the Beer Selling Industry Cambodia (BSIC) in Cambodia. The BSIC 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 employers and bar owners. Constant evaluation of the code is now in place via a quarterly survey. In 2010, the latest of these revealed that the working conditions of beer promoters that belong to the BSIC (approximately 25 per cent of all promoters) have improved over the past two years, across almost all monitoring indicators. The biggest improvements were in the reduced incidence of reported sexual harassment and the percentage of beer promoters who admit to drinking with consumers while at work. However, this percentage (53 per cent; it was 73 per cent in 2009) remains too high and BSIC members will re-inforce the communication on the rules with the promoters and their employers in order to support continued improvement.

In the interests of full disclosure, this quarterly study is funded by the BSIC members and conducted by an independent third party agency – Indochina Research. The results are made publicly available on the BSIC website. We remain active in trying to persuade other international and local beer companies to join the group. We believe this is the most effective way to improve the working conditions for the 75 per cent of beer promoters in Cambodia that do not belong to the BSIC.

UK

## Helping ex-offenders avoid alcohol abuse

In the UK, Heineken has been building strategic community partnerships that pilot innovative ways to encourage responsible alcohol consumption and reduce harm caused by alcohol misuse. One such partnership is with Addaction, the UK's largest drug and alcohol treatment charity.

In 2010, Heineken and Addaction launched a three-year project to support people with alcohol issues who are leaving prison. "There was no dedicated support available for ex-offenders to address their problematic drinking, avoid relapse and maintain their recovery," says Cath Templeton, Corporate Responsibility Manager at Heineken UK.

The service enables up to 35 clients a month to do one-to-one work with a specialist alcohol worker, who will provide release prevention, outreach and anger management. In addition, group work will allow clients to share experiences with and draw support from their peers.

Heineken is the first alcohol company to achieve CommunityMark, the UK's only national standard for excellence in community investment. "The contribution of Heineken shows that the industry can be a valuable partner in tackling alcohol misuse," says Cath.

Heineken has been working with Addaction since 2005 on a range of projects including a service supporting people over 50 years of age with alcohol issues in West Glasgow. Participants are taught to use the Self Management and Recovery Training (SMART) model, which is a form of cognitive behaviour therapy. This three-year project aims to help at least 240 people.

Other projects have included funding research into the feasibility of establishing a direct access information and advice service for young adults in Glasgow city centre and funding for a Young Addaction Policy and Practice Officer.



# Enablers

Brewing a Better Future is a comprehensive, integrated strategy for creating a more sustainable company and future. Considering that Heineken has more than 250 brands and 140 breweries in 70 countries, our task is huge. That's why we are making sure that our culture and organisation can support our ambitions.

**“Brewing a Better Future will only succeed if the preconditions for success are defined and in place.”**

Michael O'Hare  
Chief Human Resources Officer



A first step is to ensure that our approach to sustainability is well organised. This means that all business disciplines are involved and that there are dedicated sustainability teams on a local and global level. We also believe that people at the top should lead by example, so we have established the principle of sustainability-based incentives across our top management.

Communication and reporting are also crucial. We will continue to engage our stakeholders in a frank dialogue on issues that affect us all. And throughout the year, we will tell a clear and balanced story about our work in sustainability. Currently, 21 of our key Operating Companies publish sustainability reports, but by 2015 we expect all our majority owned companies to publish their own reports.

And we are guiding our suppliers on Brewing a Better Future. Our new Supplier Code, which is being rolled out in 2011, tells them what we expect in the areas of integrity, human rights and the environment. This is an exciting development: when our suppliers start to influence their suppliers, we have a far greater chance of increasing the positive impact on society.

## Incentivising management

When we launched Brewing a Better Future we promised that in 2010 we would introduce incentives for all senior managers on sustainability targets. We have realised, however, that this is not easy for all functions. In 2010, 62 per cent of our senior management community had objectives on



## Contribution and compliance: the new Supplier Code

In 2010, Heineken made several substantial changes to its Supplier Code. The new code now reflects the ambitions and values of Green Brewer and Green Commerce in Brewing a Better Future and makes a demand of suppliers to contribute.



The previous code already outlined clear expectations in the areas of integrity, business conduct, and human rights. The new code updates that part by requiring compliance with the International Labour Organisation standards. In addition, the new code includes sections on the environment, communication and compliance.

For example, suppliers are now asked to minimise their own impact on the environment and to develop environmentally friendly technologies. Crucially, they also need to ensure that their own suppliers live by key elements of the code. This significantly increases the influence of Brewing a Better Future on communities worldwide.

“The code shows suppliers that we continue to enforce integrity. It clearly states our principles and the commitments that we made to ourselves,” says Edwin Zuidema, Global Category Director Raw Materials.

Some 450 of Heineken’s key strategic suppliers, who account for the majority of the Company’s purchase spend, confirmed compliance with the new code in 2010. Heineken expects to complete the roll out of the new Supplier Code among its total supplier base in 2011.

Heineken has also listened to feedback from NGOs who said that the Company was not doing enough to enforce compliance. “Suppliers who are not compliant are expected to work with Heineken to make improvements. If that does not yield sufficient results, Heineken can terminate the contract with the supplier.”

Heineken is working on a compliance monitoring procedure and a risk matrix that will help to identify suppliers, materials and countries at risk of non-compliance. Heineken is also selecting a self-assessment tool for low and medium risk suppliers, materials and countries. “Those suppliers can assess their own compliance, although we have the option of performing audits,” says Edwin.



sustainability. We have reviewed the process for objective setting to ensure we have full coverage in 2011.

### A plan and committee for each market

As promised, each of the 50 consolidated operations that are in scope of Brewing a Better Future developed a three-year sustainability plan that supports our sustainability agenda. Each plan defines deliverables, targets, budget and roles and responsibilities. In addition, each company has established a sustainability committee that is responsible for the development and the roll-out of the local sustainability agenda. Each committee has members from at least the Supply Chain, Commerce, Human Resources and Corporate Relations functions, in order to ensure a multi-disciplinary approach to the challenges.

### Local sustainability reports

We made a commitment to publish 20 local sustainability reports in 2010. In addition to Heineken's global Sustainability Report, 21 of our key Operating Companies actually did so, focused on themes most relevant to the local market. We believe this investment increases our transparency and helps our stakeholders contribute more to our Brewing a Better Future journey. The reports can be downloaded from [www.heinekeninternational.com](http://www.heinekeninternational.com).

### Supplier Code

As we had committed, in 2010 we took a further step to encourage ethical and environmental principles in the value chain through the review and expansion of our Supplier Code. You can read about the new Code in the case study on the previous page.

In the last quarter of 2010, we began to implement the new Supplier Code with local suppliers throughout Europe and Africa. The implementation programme in the Americas was delayed until 2011 due to the 2010 acquisition of the beer operations of FEMSA.

### Governance

The right level of governance is critical for any business initiative. For something as wide ranging and integral to the future as sustainability, getting governance right is a non-negotiable precondition for success. This is why we promised to have an executive-level governance model in place at the launch of Brewing a Better Future in April 2010.

To deliver on this, we defined an integrated governance framework for both the operating companies and Heineken Group. Sustainability overall is governed by the Steering Committee comprising five of the Company's most senior executives and the Manager Global Sustainable Development. A programme team consisting of representatives from Commerce, Supply Chain, Human Resources, Corporate Relations and Control & Accounting reports to the Steering Committee. The programme team co-ordinates the work of the 23 programmes that make up the Brewing a Better Future approach. Each of these programmes is led by a workstream leader from a global function.



# Millennium Development Goals

The Millennium Development Goals are eight aspirational human development goals that all United Nations member states have agreed to try to achieve by 2015. The goals (listed below) mark a major commitment to improve women's and children's health and unite 192 countries in the fight against poverty, hunger and disease. In spirit and in practice, Heineken contributes to these goals.

## The Millennium Development Goals

1. Eradicate extreme hunger and poverty
2. Achieve universal primary education
3. Promote gender equality and empower women
4. Reduce child mortality rate
5. Improve maternal health
6. Combat HIV/AIDS, malaria and other diseases
7. Ensure environmental sustainability
8. Develop a global partnership for development.

## Eradicate extreme hunger and poverty

Our local sourcing and sustainable supply chain initiatives in Africa play a key role in empowering communities and improving the income of thousands of local farmers in Africa. Local sourcing creates a local supply chain, generates jobs and increases wages, which in turn alleviates poverty and hunger. We also support farmers in order to enhance productivity. In 2010, Heineken continued to expand its local sourcing projects in sub-Saharan Africa, including a sorghum project in Nigeria and a rice project in the Democratic Republic of Congo, maize in Rwanda, sorghum in Burundi and barley in South Africa. We now have projects covering eight countries and involving ten thousands of farmers. Our work on a local sorghum supply chain in Sierra Leone (see case study on page 48) was recognised by the United Nations with the 2010 World Business and Development Award at the Millennium Development Goals Summit hosted by the UN in September 2010. See also our section in this report on Heineken Cares.

## Achieve universal primary education

As a beer company, it is more difficult for Heineken to become directly involved in this goal. However, through our volunteering programmes and through our partner networks (e.g. En Classe), employees are encouraged to support primary education in the communities where we operate.

## Promote gender equality and empower women

We are committed to equal rights regardless of gender, race, physical ability, religion or ethnicity. During 2010, we have codified and formalised our approach in a new Employees' & Human Rights Policy that will be introduced in 2011. You can read more about this on page 29.

## Reduce child mortality rate/Improve maternal health

In the area of healthcare, on which three of the development goals focus, Heineken's actions are helping to achieve a greater level of provision of healthcare to those in poverty. The Heineken Africa Foundation (HAF) uses our EUR20 million endowment to fund healthcare initiatives across the continent. In November 2010, for example, HAF pledged support for three projects with the Nigerian Sickle Cell Foundation. These will provide genetic counselling to sufferers, specialist equipment to help assess the risk of strokes in children and a fully equipped haemoglobin laboratory.

In relation to maternal healthcare, the fifth development goal, a HAF grant, in conjunction with Nigerian Breweries, has been used to construct a new facility to treat women with vesicovaginal fistula. The condition, caused by damage to internal tissue during childbirth or abortion, can lead to women being abandoned by their husbands and ostracised by their communities. The building, in Northern Nigeria, was officially opened in July 2010.



HAF also contributed to the Well Woman Clinic in Freetown, Sierra Leone. This was opened in May 2010 with support from our local Sierra Leone Brewery and The Melvine Edith Patricia Stuart Trust, a local charity. The clinic provides free screening to pregnant women, which enables the early detection of complications.

### Combat HIV/AIDS, malaria and other diseases

For the past ten years, Heineken has provided employees and their families with HIV/AIDS prevention and care programmes that include free education, counselling, testing and treatment. In 2010, we began assisting small and medium enterprises (SMEs) in our supply chain to set up their own HIV/AIDS programme, similar to our own; where it concerns preventive activities, access to treatment is organised through the public sector. Now we reach for instance truck drivers, security guards and contract workers.

An innovative partnership between Guinness Nigeria, Nigerian Breweries and Unilever Nigeria has advanced a model for supply chain engagement that could be deployed across Africa. In Nigeria, together with Diageo and Unilever and support from the German Gesellschaft für Technischen Zusammenarbeit (GTZ) and The Nigerian Business coalition on HIV AIDS (NIBUCAA), our own HIV workplace programme has been expanded to nine SMEs (three from each partner). This allows us to reach an additional 14,000 employees in the supply chain of these companies, of which over 8,000 are in companies working with Nigerian Breweries. In the Democratic Republic of Congo, we are working with GTZ to help 19 of our supply chain SMEs reach out to an additional 2,500 employees.

In June 2010, three of Heineken's Africa programmes were commended by the Global Business Coalition, an NGO fighting against HIV/AIDS, tuberculosis and malaria. The first programme involves our investment in mosquito nets impregnated with insecticides to reduce malaria in Rwanda. This initiative was funded by HAF. The second programme related to the previously mentioned extension of the HIV/AIDS services to the supply chain in Nigeria. Finally, we were commended for our HIV/AIDS, tuberculosis and malaria workplace programmes.

More examples of the important work done by HAF can be found in the Heineken Cares section of this report.

### Sierra Leone

## Creating a local sorghum supply chain in Sierra Leone

Because barley doesn't grow in tropical climates, the Sierra Leone Breweries Limited (SLBL) used to import the crop from Europe. This was expensive, generated additional carbon emissions, provided no incremental benefit in terms of employment or income for the local population and exposed the brewery to undesirable exchange rate fluctuations and logistical complications.

In 2005, SLBL joined together with several partners to create a truly sustainable solution. The partners were the Common Fund for Commodities, a European co-funding partner, the European Cooperative for Rural Development, which provided agricultural expertise, and Vancil Enterprises, a local implementation office.

"First, a Nigerian sorghum cultivar was optimised for Sierra Leonean conditions. Then, we showed farmers how to grow, harvest, package and transport sorghum in a profitable way. We also supported them with seeds, fertilizer and micro-credits," explains Cor Honkoop, the brewer's General Manager.

SLBL made another crucial contribution that is at the heart of our innovative approach. "We guaranteed farmers we would buy a set amount of sorghum and pay a fixed price cash on delivery," says Cor. Volumes were low the first three years because farmers had to gain trust in those promises. Once they saw the brewery consistently kept its word, volumes went up from 20 tons in the first year to a projected 500 tons in 2011.

The project is a resounding success: the supply chain is stable, effective and financially beneficial to farmers and the brewery. "The brewery gets a quality crop at a lower price and with lower emissions. In turn, we provide a stable income for 1,600 farm families, which has helped them to improve their quality of life," says Cor.

The value chain will exist indefinitely and the brewery will take over the tasks of the other project partners over the next three years. "This is what sustainability should be like: we have set up something that is valuable and structural. Similar projects are being planned in Burundi and Rwanda," says Cor.



### Ensure environmental sustainability

Through our Green Brewer and Green Commerce initiatives we are contributing to the seventh goal: ensure environmental sustainability. This goal focuses on environmental protection, the provision of basic sanitation and access to water. Our breweries continue to set ambitious energy and water reduction targets and the concept of the carbon neutral brewery continues to be developed. Our policy is to discharge wastewater after it has been treated. We have a programme in place to equip the breweries in Africa with a wastewater purification installation when none is yet present. The brewery waste is minimised by reuse of brewery by-products. We are also improving our water stewardship following the signing of the CEO UN Water Mandate in 2009. On page 20 you can read about two water footprint studies we conducted in Slovakia and Egypt.

### Develop a global partnership for development

The last Millennium Development Goal refers to global partnerships. These encourage public and private sector parties to share knowledge and technology in order to help developing countries progress.

Locally, our operating companies partner with NGOs, charities, industry initiatives and government projects. In the Democratic Republic of Congo, for example, we partner with GTZ, which specialises in technical cooperation for sustainable development. HAF partners with several organisations in sub-Saharan Africa.

On a global level, Heineken is on the private sector constituency of the Coordinating Board for The Global Fund against AIDS, TB and Malaria. We are also a member of the Stop TB Partnership, a World Health Organisation initiative. Our Global Health Affairs department also has a partnership with Pharm Access, a Dutch not-for-profit organisation supporting quality basic healthcare including HIV/AIDS treatment and care in Africa. Through our Industry Partnership with the World Economic Forum we have an interest in the New Vision for Agriculture, the Future Water Needs project and the Working towards Wellness group.

See also our section in this report on 'Healthcare' pages 32 – 35.



# Appendix 1: Reporting basis

## Scope

The safety and environmental data presented in this report relate to the years 2008, 2009 and 2010 for the production units of the Heineken Operating Companies. The term 'production unit' means breweries, maltings, cider plants, soft drink 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 and cans. The data cover the production units of fully consolidated companies, which are included in the financial statements. The figures neither include distribution departments and head offices nor joint ventures.

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 is accounted for by exports 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 after the date of acquisition. An exception is the acquired beer operation of FEMSA, which have been included in the year they were acquired.

The data presented in the sections on Green Commerce, Engaging Employees, Heineken Cares, Responsible Consumption and Partnerships for Progress are derived from databases that are available on a Global level.

## Reporting systems

The maltings, breweries and soft drink plants gather the data in accordance with guidelines and definitions formulated by Heineken Supply Chain based on the Global Reporting Initiative Guidelines (G3 2006). Their reports are submitted annually to this Group, where they are checked for completeness, likeliness of data and accuracy. A training course is also provided at the request of the production units to instruct their employees in the accurate acquisition, verification and filing of data. Visits have been paid to selected production units in conjunction with the Global Audit to check the quality of the information they provide by comparing it with invoices, measurements, calculations, etc.

## Targets

The Brewing a Better Future programme has set long term targets for energy, carbon dioxide emission, water and accident frequency. The base year or year of comparison will be 2008 (2009 for safety) and targets will be derived proportionally with the years to 2020.

## Safety reporting

The safety reporting system is used by the production units to record accidents at their locations and report on the consequences for both their own staff and contractor personnel. 'Own staff' includes both permanent, temporary staff and agency personnel. Overtime is included in the production workforce calculation. 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 breweries, maltings and soft drink plants. These results are expressed in two performance indicators.

## 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 packaging material plants. These effects include depletion of resources, emissions and nuisance. To measure the results achieved in these areas, Heineken Supply Chain has defined seven key parameters for our breweries, maltings, cider plants and soft drink plants. Performance is measured for four parameters in terms of production, expressed in hectolitres of beer, cider and soft drinks or tonnes of malt, to facilitate comparison of the results.

The greenhouse effect covers CO<sub>2</sub> and refrigerant emissions. The ozone layer depletion covers refrigerant losses (e.g. HCFCs), acidification covers NO<sub>x</sub>, SO<sub>x</sub>, and NH<sub>3</sub> emissions, nutrification covers COD, nitrogen and phosphorus in wastewater after treatment, where discharged into surface water. Waste management deals with the destination of our by-products and hazardous waste.

## Safety parameters and indicators

Parameters		
	Fatal accidents	Fatalities, own staff and contractor personnel
	Accidents resulting in permanent disability	Permanent disabilities, own staff
	Accidents resulting in absence from work	Accidents, own staff and contractor personnel
	Days absent	Absence, own staff in calendar days
	Workforce	Expressed in Full Time Equivalents (FTE)
	Number of complaints	External complaints related to nuisance
	Number of external safety related incidents	Incidents related to safety and environment which had an impact outside the production unit
Performance indicators	Accident frequency	Own staff, number of accidents resulting in absence from work per 100 FTE
	Accident severity	Own staff, days absence from work per 100 FTE

## Environmental parameters and indicators

Parameters		
	Thermal energy consumption	Consumption of thermal energy in MJ (the corresponding CO <sub>2</sub> emission is derived from this figure using the WBCSD Protocol)
	Electricity consumption	Consumption of electrical energy in kWh
	Water consumption	Water consumption in m <sup>3</sup>
	Solid waste disposal	Non-recycled waste in kg such as hazardous waste, wastewater treatment sludge and industrial waste
	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
	Wastewater treated	The number of units discharging wastewater untreated in the environment (status of the Wastewater Treatment Plant programme)
	Specific thermal energy consumption	Thermal energy consumption per unit produced in MJ/hl beer, cider, soft drinks and water
Performance indicators		
	Specific electricity consumption	Electricity consumption per unit produced in kWh/hl beer, cider, soft drinks and water
	Specific CO <sub>2</sub> emission	Fossil CO <sub>2</sub> emission (direct and indirect) resp. derived from the thermal energy and electricity consumption plus refrigerant losses expressed in CO <sub>2</sub> equivalents per unit produced in kg/hl beer, cider, soft drinks and water
	Specific water consumption	Water consumption per unit produced in hl/hl beer, cider, soft drinks and water

### **Qualified reliability of safety and environmental data**

The reliability of the 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 the data. Standard calculation protocols for atmospheric emissions in breweries, soft drink plants, cider plants and maltings are in place, for example, to minimise the 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 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 the 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 Chemical Oxygen Demand, can also affect the accuracy. The quantity of refrigerant is difficult to establish because it is used in dynamic systems

in which it can occur in both a liquid and gaseous state. Refrigerant losses 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 the 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 the performance indicators. Where estimates have been used in interpreting trends, it 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.

# Appendix 2: Overview of environmental performance

## Absolute figures

Performance indicator	Unit	Heineken Group Total All Units		
		2008	2009	2010
<b>Total Beverage production</b>	Mhl	143.6	135.8	<b>173.6</b>
Beer production	Mhl	127.9	119.6	<b>154.7</b>
Cider production	Mhl	3.8	3.6	<b>4.2</b>
Soft drink production	Mhl	12.0	12.6	<b>10.9</b>
Water production	Mhl	–	–	<b>3.7</b>
Malt production	ktons	600	586	<b>721</b>
Thermal energy	PJ	14.4	13.6	<b>19.7</b>
Electricity	GWh	1,340	1,310	<b>1,818</b>
CO <sub>2</sub> emissions (direct)	ktons	904	848	<b>1,201</b>
CO <sub>2</sub> emissions (indirect)	ktons	–	–	<b>790</b>
NO <sub>x</sub> emissions*	tons	1,610	1,480	<b>2,208</b>
SO <sub>x</sub> emissions*	tons	1,980	2,040	<b>3,100</b>
NH <sub>3</sub> in use	tons	782	862	<b>1,298</b>
NH <sub>3</sub> losses	tons	71	76	<b>130</b>
HC based refrigerants in use	tons	33	36	<b>40</b>
HC based refrigerants lost	tons	14	15	<b>12</b>
	kg R11 equivalents	1,739	1,138	<b>514</b>
	ktons CO <sub>2</sub> equivalents	34.7	35.2	<b>27.4</b>
Halons in use	tons	0.24	0.27	<b>0.29</b>
Water	Mm <sup>3</sup>	71.6	68.2	<b>83.0</b>
Wastewater	Mm <sup>3</sup>	51.7	48.7	<b>58.3</b>
Organic load before treatment	ktons COD	141	129	<b>153</b>
Effluent organic load**	ktons COD	15.9	17.3	<b>18.3</b>
Effluent total nitrogen**	tons N	736	597	<b>786</b>
Effluent total phosphorous**	tons P	483	393	<b>461</b>
Effluent suspended solids**	ktons d.m.	4.39	4.89	<b>5.44</b>
Total co-products, packaging & industrial waste	ktons	2,580	2,340	<b>2,898</b>
Non-recycled industrial waste	ktons	127	125	<b>132</b>
Total wastewater sludge	ktons d.m.	10.60	12.14	<b>13.36</b>
Non-recycled wastewater sludge	ktons d.m.	1.42	3.28	<b>3.28</b>
Total hazardous waste	ktons	1.70	1.81	<b>2.35</b>
Non-recycled hazardous waste	ktons	0.69	0.81	<b>0.65</b>
Environmental and safety complaints	number	65	75	<b>30</b>
Environmental and safety accidents with off-site effects	number	–	64	<b>67</b>

\* please note the values were incorrectly stated in 2009, they have been corrected in this report

\*\*discharged to surface water, please note the values were incorrectly stated in 2009, they have been corrected in this report

Breweries, Cider, Soft drink and Water plants			Malting Sites			Packaging Sites	Other misc***
2008	2009	2010	2008	2009	2010	2010	2010
143.6	135.8	173.6	–	–	–	–	–
127.9	119.6	154.7	–	–	–	–	–
3.8	3.6	4.2	–	–	–	–	–
12.0	12.6	10.9	–	–	–	–	–
–	–	3.7	–	–	–	–	–
–	–	–	600	586	721	–	–
12.9	12.2	15.2	1	1	1.6	2.7	0.1
1,370	1,270	1,500	70	80	92	199	27
832	778	943	72	71	94	156	7
–	–	644	–	–	45	86	15
1,540	1,510	1,840	70	70	83	261	24
1,960	1,930	2,530	20	40	569	0	1
–	–	1,242	–	–	16	0	40
–	–	129	–	–	1	0	1
–	–	33	–	–	6	1	0
–	–	10	–	–	2	0	0
–	–	487	–	–	16	11	0
–	–	24.0	–	–	3.0	0.4	0.0
–	–	0.27	–	–	0.02	0.00	0.00
69.0	65.7	78.2	2.5	2.4	2.9	1.1	0.8
–	–	56.1	–	–	1.1	0.9	0.2
138	126	147	2.74	2.98	4	1	0
–	–	17.4	–	–	0.8	0.1	0.0
–	–	750	–	–	36	–	–
–	–	445	–	–	16	–	–
–	–	5.32	–	–	0.11	–	–
–	–	2,800	–	–	38	60	0
–	–	130	–	–	1	1	0
–	–	12.86	–	–	0.43	0.07	0.00
–	–	3.20	–	–	0.00	0.07	0.00
–	–	1.86	–	–	0.03	0.43	0.02
–	–	0.36	–	–	0.02	0.26	0.01
–	–	30	–	–	0	0	0
–	–	67	–	–	0	0	0

\*\*\*includes the sand plant and ice factory

# Appendix 3: Global Reporting Initiative Reference Table

This table gives an overview of all GRI parameters and a reference to where the relevant information can be found.

## GRI content index

Indicator	Description	Reference
<b>1</b>	<b>Strategy and analysis</b>	
<b>1.1</b>	Statement from the most senior decision-maker of the organisation about the relevance of sustainability to the organisations and its strategy	<ul style="list-style-type: none"> <li>• SR 2010, Foreword</li> <li>• AR 2010, Chief Executive’s statement</li> <li>• <a href="http://www.heinekeninternational.com/sustainability">www.heinekeninternational.com/sustainability</a></li> </ul>
<b>1.2</b>	Description of key impacts, risks, and opportunities	<ul style="list-style-type: none"> <li>• SR 2010, Foreword</li> <li>• AR 2010, Risk Management and Control Systems</li> <li>• <a href="http://www.heinekeninternational.com/sustainability">www.heinekeninternational.com/sustainability</a></li> </ul>
<b>2</b>	<b>Organisational profile</b>	
<b>2.1</b>	Name of the organisation	<ul style="list-style-type: none"> <li>• AR 2010, Notes to the Consolidated Financial Statements, note 1</li> </ul>
<b>2.2</b>	Primary brands, products, and/or services	<ul style="list-style-type: none"> <li>• AR 2010, Countries and Brands</li> </ul>
<b>2.3</b>	Operational structure of the organisation, including main divisions, operating companies, subsidiaries, and joint ventures	<ul style="list-style-type: none"> <li>• AR 2010, Notes to the Consolidated Financial Statements, note 36</li> </ul>
<b>2.4</b>	Location of organisation’s headquarters	<ul style="list-style-type: none"> <li>• AR 2010, Notes to the Consolidated Financial Statements, note 1</li> </ul>
<b>2.5</b>	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	<ul style="list-style-type: none"> <li>• AR 2010, Notes to the Consolidated Financial Statements, note 36</li> <li>• AR 2010, Countries and Brands</li> <li>• SR 2010, Appendix 1, Reporting Basis</li> </ul>
<b>2.6</b>	Nature of ownership and legal form	<ul style="list-style-type: none"> <li>• AR 2010, Shareholder Information</li> </ul>
<b>2.7</b>	Markets served	<ul style="list-style-type: none"> <li>• AR 2010, Regional Review</li> </ul>
<b>2.8</b>	Scale of the reporting organisation	<ul style="list-style-type: none"> <li>• AR 2010, Regional Review</li> </ul>
<b>2.9</b>	Significant changes during the reporting period regarding size, structure, or ownership including	<ul style="list-style-type: none"> <li>• AR 2010, Regional Review</li> <li>• AR 2010, Notes to the Consolidated Financial Statements, note 6</li> </ul>
<b>2.10</b>	Awards received in the reporting period	<ul style="list-style-type: none"> <li>• SR 2010, Foreword</li> </ul>

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Indicator	Description	Reference
<b>3</b>	<b>Report parameters</b>	
<b>3.1</b>	Reporting period (e.g. fiscal/calendar year) for information provided	<ul style="list-style-type: none"> <li>AR 2010, Notes to the Consolidated Financial Statements, note 1</li> </ul>
<b>3.2</b>	Date of most recent previous report	<ul style="list-style-type: none"> <li>SR 2 April 2010</li> </ul>
<b>3.3</b>	Reporting cycle (annual, bi-annual, etc.)	<ul style="list-style-type: none"> <li>Both our Annual and our Sustainability Report are published on an annual basis</li> </ul>
<b>3.4</b>	Contact point for questions regarding the report or its contents	<ul style="list-style-type: none"> <li>SR 2010, About this Report</li> <li><a href="http://www.heinekeninternational.com/contacts">www.heinekeninternational.com/contacts</a></li> </ul>
<b>3.5</b>	Process for defining report content	<ul style="list-style-type: none"> <li>SR 2010, About this Report</li> <li>SR 2010, Appendix 1, Reporting Basis</li> </ul>
<b>3.6</b>	Boundary of the report	<ul style="list-style-type: none"> <li>SR 2010, Appendix 4, List of Operating Companies</li> </ul>
<b>3.7</b>	State any specific limitations on the scope or boundary of the report	<ul style="list-style-type: none"> <li>SR 2010, Appendix 4, List of Operating Companies</li> </ul>
<b>3.8</b>	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	<ul style="list-style-type: none"> <li>SR 2010, Appendix 1, Reporting Basis</li> </ul>
<b>3.9</b>	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	<ul style="list-style-type: none"> <li>SR 2010, Appendix 1, Reporting Basis</li> </ul>
<b>3.10</b>	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement	<ul style="list-style-type: none"> <li>SR 2010, Appendix 1, Reporting Basis</li> </ul>
<b>3.11</b>	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	<ul style="list-style-type: none"> <li>SR 2010, Foreword</li> <li>SR 2010, About this Report</li> <li>SR 2010, Appendix 1, Reporting Basis</li> </ul>
<b>3.12</b>	Table identifying the location of the Standard Disclosures in the report	<ul style="list-style-type: none"> <li>SR 2010, Appendix 3, Global Reporting Initiative Reference Table</li> </ul>
<b>3.13</b>	Policy and current practice with regard to seeking external assurance for the report	<ul style="list-style-type: none"> <li>SR 2010, About this Report</li> <li>SR 2010, Appendix 5, Independent Assurance Report from KPMG</li> </ul>
<b>4</b>	<b>Governance, Commitments and Engagements</b>	
<b>4.1</b>	Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight	<ul style="list-style-type: none"> <li>AR 2010, Executive Committee</li> <li>AR 2010, Corporate Governance Statement</li> <li>SR 2010, Brewing a Better Future</li> <li><a href="http://www.heinekeninternational.com/corporategovernance">www.heinekeninternational.com/corporategovernance</a></li> </ul>
<b>4.2</b>	Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organisation's management and the reasons for this arrangement)	<ul style="list-style-type: none"> <li>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</li> </ul>
<b>4.3</b>	For organisations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members	<ul style="list-style-type: none"> <li>Not applicable. Heineken has a two tier system</li> </ul>

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Indicator	Description	Reference
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	<ul style="list-style-type: none"> <li>Article 13 sub 9 of the Articles of Association</li> <li>Whistleblower Procedure</li> <li>Employee representation through European Works Council</li> </ul>
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organisation's performance (including social and environmental performance)	<ul style="list-style-type: none"> <li>SR 2010, Enablers</li> <li>AR 2010, Remuneration Report</li> </ul>
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	<ul style="list-style-type: none"> <li>Regulations for the Supervisory Board, article 2.3 sub h.</li> <li><a href="http://www.heinekeninternational.com/regulations_supervisoryboard.aspx">www.heinekeninternational.com/regulations_supervisoryboard.aspx</a></li> <li><a href="http://www.heinekeninternational.com/policies.aspx">www.heinekeninternational.com/policies.aspx</a> (integrity and whistleblowing)</li> </ul>
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organisation's strategy on economic, environmental, and social topics	<ul style="list-style-type: none"> <li>Article 3 regulations for the Supervisory Board</li> <li><a href="http://www.heinekeninternational.com/regulations_supervisoryboard.aspx">www.heinekeninternational.com/regulations_supervisoryboard.aspx</a></li> </ul>
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	<ul style="list-style-type: none"> <li><a href="http://www.heinekeninternational.com/sustainability_introduction.aspx">www.heinekeninternational.com/sustainability_introduction.aspx</a></li> <li><a href="http://www.heinekeninternational.com/values.aspx">www.heinekeninternational.com/values.aspx</a></li> <li><a href="http://www.heinekeninternational.com/Business_ethics.aspx">www.heinekeninternational.com/Business_ethics.aspx</a></li> </ul>
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	<ul style="list-style-type: none"> <li>SR 2010, Brewing a Better Future</li> </ul>
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance	<ul style="list-style-type: none"> <li>Regulations for the Supervisory Board of Heineken N.V., article 2.3</li> <li><a href="http://www.heinekeninternational.com/regulations_supervisoryboard.aspx">www.heinekeninternational.com/regulations_supervisoryboard.aspx</a></li> </ul>
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organisation	<ul style="list-style-type: none"> <li>AR 2010, Risk Management and Control Systems</li> <li><a href="http://www.heinekeninternational.com/mainriskandresponses_riskmanagement.aspx">www.heinekeninternational.com/mainriskandresponses_riskmanagement.aspx</a></li> </ul>
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses	<ul style="list-style-type: none"> <li>Sustainable Data Sheet</li> </ul>
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organisations	<ul style="list-style-type: none"> <li>Sustainability Data Sheet</li> </ul>
4.14	List of stakeholder groups engaged by the organisation	<ul style="list-style-type: none"> <li>SR 2010, About this Report</li> </ul>
4.15	Basis for identification and selection of stakeholders with whom to engage	<ul style="list-style-type: none"> <li>SR 2010, About this Report</li> </ul>
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	<ul style="list-style-type: none"> <li>SR 2010, About this Report</li> </ul>
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.	<ul style="list-style-type: none"> <li>SR 2010, About this Report</li> </ul>

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Indicator	Description	Reference
<b>Economic Performance</b>		
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	<ul style="list-style-type: none"> <li>AR 2010</li> </ul>
EC2	Financial implications and other risks and opportunities for the organisations activities due to climate change	<ul style="list-style-type: none"> <li>Sustainability Data Sheet</li> </ul>
EC3	Coverage of the organisations defined benefit plan obligations	<ul style="list-style-type: none"> <li>AR 2010, Risk Management and Control Systems</li> </ul>
EC4	Significant financial assistance received from government	<ul style="list-style-type: none"> <li>Information not available</li> </ul>
<b>Market Presence</b>		
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation	<ul style="list-style-type: none"> <li>Sustainability Data Sheet</li> </ul>
EC6	Policy, practices and proportion of spending on locally-based suppliers at significant locations of operation	<ul style="list-style-type: none"> <li>SR 2010, Heineken Cares</li> </ul>
EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation	<ul style="list-style-type: none"> <li>Sustainability Data Sheet</li> </ul>
<b>Indirect Economic Impacts</b>		
EC8	Development and impact of infrastructure investments and service provided primarily for public benefit through commercial, in-kind or pro bono engagement.	<ul style="list-style-type: none"> <li>SR 2010, Heineken Cares (Corporate Social Investment)</li> </ul>
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts	<ul style="list-style-type: none"> <li>SR 2010, Heineken Cares (Economic Impact Assessments)</li> </ul>
<b>Materials</b>		
EN1	Materials used by weight or volume	<ul style="list-style-type: none"> <li>Information not available</li> </ul>
EN2	Percentage of materials used that are recycled input materials	<ul style="list-style-type: none"> <li>Sustainability Data Sheet</li> </ul>
<b>Energy</b>		
EN3	Direct energy consumption by primary energy source	<ul style="list-style-type: none"> <li>SR 2010, Appendix 2, Overview of environmental performance</li> </ul>
EN4	Indirect energy consumption by primary source	<ul style="list-style-type: none"> <li>SR 2010, Appendix 2, Overview of environmental performance</li> </ul>
EN5	Energy saved due to conservation and efficiency improvements	<ul style="list-style-type: none"> <li>SR 2010, Green Brewer (Energy and water efficient production)</li> </ul>
EN6	Initiatives to provide energy-efficient or renewable energy based products and services and reductions in energy requirements as a result of these initiatives	<ul style="list-style-type: none"> <li>SR 2010, Green Brewer (Energy and water efficient production)</li> </ul>
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	<ul style="list-style-type: none"> <li>SR 2010, Green Brewer (Energy and water efficient production)</li> </ul>

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Indicator	Description	Reference
<b>Water</b>		
EN8	Total water withdrawal by source	<ul style="list-style-type: none"> <li>SR 2010, Green Brewer (Using less water in production)</li> </ul>
EN9	Water sources significantly affected by withdrawal of water	<ul style="list-style-type: none"> <li>Information not available</li> </ul>
EN10	Percentage and total volume of water recycled and reused	<ul style="list-style-type: none"> <li>Information not available</li> </ul>
<b>Biodiversity</b>		
EN11	Location and size of land owned, leased, managed in, or adjacent to protected areas and areas of high biodiversity value outside protected areas	<ul style="list-style-type: none"> <li>Information not available</li> </ul>
EN12	Description of significant impacts of activities, products and services on biodiversity in protected areas of high biodiversity value outside protected areas	<ul style="list-style-type: none"> <li>Information not available</li> </ul>
EN13	Habitats protected or restored	<ul style="list-style-type: none"> <li>Information not available</li> </ul>
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity	<ul style="list-style-type: none"> <li>Information not available</li> </ul>
EN15	Number of IUCN red list species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	<ul style="list-style-type: none"> <li>Information not available</li> </ul>
<b>Emissions, effluents and waste</b>		
EN16	Total direct and indirect greenhouse gas emissions by weight	<ul style="list-style-type: none"> <li>SR 2010, Appendix 2, Overview of environmental performance</li> </ul>
EN17	Other relevant indirect greenhouse gas emissions by weight	<ul style="list-style-type: none"> <li>SR 2010, Appendix 2, Overview of environmental performance</li> </ul>
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	<ul style="list-style-type: none"> <li>SR 2010, Green Brewer (Greenhouse gasses in production)</li> </ul>
EN19	Emissions of ozone-depleting substances by weight	<ul style="list-style-type: none"> <li>SR 2010, Appendix 2, Overview of environmental performance</li> </ul>
EN20	NO, SO and other significant air emissions by type and weight	<ul style="list-style-type: none"> <li>SR 2010, Appendix 2, Overview of environmental performance</li> </ul>
EN21	Total water discharge by quality and destination	<ul style="list-style-type: none"> <li>The largest part of the wastewater is treated either in own plant else in a municipal plant. The treated and untreated wastewater are discharged into the surface water (see SR 2010, Appendix 2 for total water discharge)</li> </ul>
EN22	Total weight of waste by type and disposal method	<ul style="list-style-type: none"> <li>SR 2010, Appendix 2, Overview environmental performance</li> </ul>
EN23	Total number and volume of significant spills	<ul style="list-style-type: none"> <li>SR 2010, Green Brewer (Environmental Compliance)</li> </ul>
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	<ul style="list-style-type: none"> <li>Information not available</li> </ul>
EN25	Identity, size, protected status, and biodiversity of water bodies and related habitats significantly affected by the reporting organisation's discharges of water and runoff	<ul style="list-style-type: none"> <li>Information not available</li> </ul>

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Indicator	Description	Reference
<b>Products and services</b>		
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	<ul style="list-style-type: none"> <li>SR 2010, Green Brewer</li> <li>SR 2010, Green Commerce</li> </ul>
EN27	Percentage of products sold and their packaging materials that are reclaimed by category	<ul style="list-style-type: none"> <li>Information not available</li> </ul>
<b>Compliance</b>		
EN28	Monetary value of significant fines and total number of non-monetary sanction for non-compliance with environmental laws and regulations	<ul style="list-style-type: none"> <li>SR 2010, Green Brewer</li> </ul>
<b>Transport</b>		
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organisations operations, and transporting members of the workforce	<ul style="list-style-type: none"> <li>SR 2010, Green Commerce</li> </ul>
<b>Overall</b>		
EN30	Total environmental protection expenditures and investments by type	<ul style="list-style-type: none"> <li>Information not available</li> </ul>
<b>Employment</b>		
LA1	Total workforce by employment type, employment contract and region	<ul style="list-style-type: none"> <li>AR 2010, Key figures</li> </ul>
LA2	Total number and rate of employee turnover by age group, gender and region	<ul style="list-style-type: none"> <li>Sustainability Data Sheet</li> </ul>
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	<ul style="list-style-type: none"> <li>Sustainability Data Sheet</li> </ul>
<b>Labour/management relations</b>		
LA4	Percentage of employees covered by collective bargaining agreements	<ul style="list-style-type: none"> <li>Sustainability Data Sheet</li> </ul>
LA5	Minimum notice period regarding operational changes, including whether it is specified in collective agreements	<ul style="list-style-type: none"> <li>Sustainability Data Sheet</li> </ul>
<b>Occupational health and safety</b>		
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 programs	<ul style="list-style-type: none"> <li>Sustainability Data Sheet</li> </ul>
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region	<ul style="list-style-type: none"> <li>SR 2010, Engaging Employees</li> </ul>
LA8	Education, training, counselling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	<ul style="list-style-type: none"> <li>SR 2010, Heineken Cares</li> </ul>
LA9	Health and safety topics covered in formal agreements with trade unions	<ul style="list-style-type: none"> <li>Sustainability Data Sheet</li> </ul>

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Indicator	Description	Reference
<b>Training and education</b>		
LA10	Average hours of training per year per employee by employee category	<ul style="list-style-type: none"> <li>Sustainability Data Sheet</li> </ul>
LA11	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	<ul style="list-style-type: none"> <li>Information not available</li> </ul>
LA12	Percentage of employees receiving regular performance and career development reviews	<ul style="list-style-type: none"> <li>Sustainability Data Sheet</li> </ul>
<b>Diversity and equal opportunity</b>		
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership and other indicators of diversity	<ul style="list-style-type: none"> <li>Sustainability Data Sheet</li> </ul>
LA14	Ratio of basic salary of men to women by employee category	<ul style="list-style-type: none"> <li>Sustainability Data Sheet</li> </ul>
<b>Investment and procurement practices</b>		
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening	<ul style="list-style-type: none"> <li>Information not available</li> </ul>
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken	<ul style="list-style-type: none"> <li>Information not available</li> </ul>
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations including the percentage employees trained	<ul style="list-style-type: none"> <li>Sustainability Data Sheet</li> </ul>
<b>Non-discrimination</b>		
HR4	Total number of incidents of discrimination and actions taken	<ul style="list-style-type: none"> <li>Information not available</li> </ul>
<b>Freedom of association and collective bargaining</b>		
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights	<ul style="list-style-type: none"> <li>Sustainability Data Sheet</li> </ul>
<b>Child labour</b>		
HR6	Operations identified as having significant risk for incidents of child labour, and measure to contribute to the elimination of child labour	<ul style="list-style-type: none"> <li>Sustainability Data Sheet</li> </ul>
<b>Forced and compulsory labour</b>		
HR7	Operations identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of forced or compulsory labour	<ul style="list-style-type: none"> <li>Sustainability Data Sheet</li> </ul>

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Indicator	Description	Reference
<b>HR8</b>	<p><b>Security practices</b> Percentage of security personnel trained in the organisations policies or procedures concerning aspects of humans rights that are relevant to operations</p>	<ul style="list-style-type: none"> <li>• Sustainability Data Sheet</li> </ul>
<b>HR9</b>	<p><b>Indigenous rights</b> Total number of incidents of violations involving the rights of indigenous people and actions taken</p>	<ul style="list-style-type: none"> <li>• Information not available</li> </ul>
<b>S01</b>	<p><b>Community</b> Nature, scope and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating and exiting</p>	<ul style="list-style-type: none"> <li>• SR 2010, Heineken Cares (Economic Impact Assessments)</li> </ul>
<b>S02</b>	<p><b>Corruption</b> Percentage and total number of business units analyzed for risks related to corruption</p>	<ul style="list-style-type: none"> <li>• Sustainability Data Sheet</li> </ul>
<b>S03</b>	<p>Percentage of employees trained in organisations anti-corruption policies and procedures</p>	<ul style="list-style-type: none"> <li>• Sustainability Data Sheet</li> </ul>
<b>S04</b>	<p>Actions taken in response to incidents of corruption</p>	<ul style="list-style-type: none"> <li>• Information not available</li> </ul>
<b>S05</b>	<p><b>Public policy</b> Public policy positions and participation in public policy development and lobbying</p>	<ul style="list-style-type: none"> <li>• 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. See also Sustainability Data Sheet 4.13</li> </ul>
<b>S06</b>	<p>Total value of financial and in-kind contribution to political parties, politicians, and related institutions by country</p>	<ul style="list-style-type: none"> <li>• Information not available</li> </ul>
<b>S07</b>	<p><b>Anti-competitive behaviour</b> Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes</p>	<ul style="list-style-type: none"> <li>• Information not available</li> </ul>
<b>S08</b>	<p><b>Compliance</b> Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations</p>	<ul style="list-style-type: none"> <li>• Information not available</li> </ul>

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Indicator	Description	Reference
	<b>Customer health and safety</b>	
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	<ul style="list-style-type: none"> <li>Information not available</li> </ul>
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	<ul style="list-style-type: none"> <li>Information not available</li> </ul>
	<b>Product and service labeling</b>	
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	<ul style="list-style-type: none"> <li>Information not available</li> </ul>
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning products and service information and labeling by type of outcomes	<ul style="list-style-type: none"> <li>Information not available</li> </ul>
PR5	Practices related to customer satisfaction, including result of surveys measuring customer satisfaction	<ul style="list-style-type: none"> <li>Sustainable Data Sheet</li> </ul>
	<b>Marketing communications</b>	
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion and sponsorship by type of outcomes	<ul style="list-style-type: none"> <li>Sustainability Data Sheet</li> </ul>
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship of type of outcomes	<ul style="list-style-type: none"> <li>Information not available</li> </ul>
	<b>Customer privacy</b>	
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	<ul style="list-style-type: none"> <li>Information not available</li> </ul>
	<b>Compliance</b>	
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	<ul style="list-style-type: none"> <li>Information not available</li> </ul>

# Appendix 4: List of Operating Companies and Business Units

## List of Operating Companies and Business Units in scope for this report

Region	Country	OpCo/Business Unit
<b>Africa Middle East</b>	Algeria	Tango
	Burundi	Brarudi
	Democratic Republic of Congo	Bralima
	Egypt	Al Ahrām Beverages Company
	La Réunion	Brasseries de Bourbon
	Lebanon	Almaza
	Nigeria	Consolidated Breweries
	Nigeria	Nigerian Breweries
	Rwanda	Bralirwa
	Sierra Leone	Sierra Leone Brewery
Tunisia	Nouvelle de Brasserie 'Sonobra'	
<b>The Americas</b>	Bahamas	Commonwealth Brewery
	Brazil	Heineken Brasil
	Martinique	Brasserie Lorraine
	Mexico	Cuauhtémoc Moctezuma
	Panama	Cervecerias Barú-Panama
	St. Lucia	Windward & Leeward Brewery
	Surinam	Surinaamse Brouwerij
	USA	Heineken USA
	Export	Other export markets
<b>Asia Pacific</b>	Hong Kong	Heineken Hong Kong
	Japan	Heineken Japan
	Korea	Heineken Korea
	Singapore	Heineken Far East
	Taiwan	Heineken Taiwan

## List of Operating Companies and Business Units in scope for this report

Region	Country	OpCo/Business Unit
<b>Central and Eastern Europe</b>	Austria	Brau Union International
	Austria	Brau Union Österreich
	Austria	Pago International
	Belarus	Heineken Breweries
	Croatia	Karlovačka Pivovara
	Czech Republic	Heineken Česká Republika
	Greece	Athenian Brewery
	Hungary	Heineken Hungaria
	Poland	Grupa Żywiec
	Romania	Heineken Romania
	Russia	Heineken Breweries
	Serbia	United Serbian Breweries
	Slovakia	Heineken Slovensko
<b>Western Europe</b>	Belgium	Alken-Maes
	Finland	Hartwall
	France	Heineken France
	Ireland	Heineken Ireland
	Italy	Heineken Italia
	Netherlands	Heineken Nederland (including Vrumona)
	Portugal	Sociedade Central de Cervejas e Bebidas
	Spain	Heineken España
	Switzerland	Fayrouz International
	Switzerland	Heineken Switzerland
	UK	Heineken UK
<b>Global</b>	Various	Head Office, Regional Offices including export

# Appendix 5: Independent Assurance Report from KPMG

## To the readers of the Heineken N.V. Sustainability Report 2010

We were engaged by the Executive Board of Heineken N.V. ('Heineken') to provide limited assurance on the Heineken Sustainability Report 2010 (further referred to as 'The Report'). The Report, including the identification of material issues, is the responsibility of the company's management. Our responsibility is to issue an assurance report on The Report.

## What was included in the scope of our assurance engagement?

Our engagement was designed to provide the readers of The Report with limited assurance on whether the information in The Report is in all material respects fairly stated in accordance with the reporting criteria described below.

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 its own sustainability performance reporting criteria, derived from the Sustainability Reporting Guidelines of the Global Reporting Initiative (G3), as detailed in the 'Reporting basis' on pages 50 – 53. It is important to view the performance data in the context of this explanatory information. We believe that these criteria are suitable in view of the purpose of our assurance engagement.

## Which assurance standard did we use?

We conducted our engagement in accordance with Standard 3410N 'Assurance engagements relating to sustainability reports' of the Royal Netherlands Institute of Registeraccountants. This Standard requires, amongst others, that the assurance team possesses the specific knowledge, skills and professional competencies needed to understand and review the information in The Report, and that they comply with ethical requirements, including independence requirements.

## What did we do to reach our conclusions?

We undertook the following procedures:

- performed a media analysis and internet search on environmental, safety and social issues relating to Heineken, to obtain information on relevant sustainability issues in the reporting period;
- reviewed the follow up of the stakeholder dialogue in The Report;
- reviewed the systems and processes for information management, internal control and processing of the qualitative and quantitative information in The Report, at corporate level;
- reviewed the systems used for generating, validating and aggregating the environmental and safety data at corporate level;
- visited two sites in Brazil to assess the quality of the local data management systems and the reliability of the reported data;
- reviewed the results of 12 local data management audits performed by Heineken Global Audit;
- reviewed Heineken Global Audit activities to determine the plausibility of the information in The Report;
- collected and reviewed internal and external documentation to determine whether the qualitative information is supported by sufficient evidence;
- assessed the reasonableness of the assumptions underlying the forward-looking statements set out in The Report;
- evaluated whether the information presented in The Report is in line with our overall knowledge of, and experience with, sustainability at Heineken.

During the assurance process we discussed changes to the various drafts of The Report with Heineken, and reviewed the final version of The Report to ensure that it reflected our findings.

**What are our conclusions?**

Based on the procedures, as described above, the information in The Report does not, in all material respects appear to be unfairly presented in accordance with the criteria described in ‘Reporting basis’ on pages 50 – 53.

**What else did we observe?**

Without affecting the conclusions presented above, we would like to draw readers’ attention to the following:

In 2010, Heineken has launched the new strategy, including a governance structure to deliver on commitments. In light of this new ambition the internal reporting systems and related control framework can be further enhanced. To enable comprehensive internal and external performance reporting, we recommend that Heineken further attunes the reporting systems and internal controls to the set ambition level, by – for example – further integrating its reporting systems and broadening the scope of the internal review procedures.

Amsterdam, 31 March 2011

**KPMG Sustainability**  
W.J. Bartels RA

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[www.heineken.com](http://www.heineken.com)  
[www.enjoyheinekenresponsibly.com](http://www.enjoyheinekenresponsibly.com)

Copies of the Sustainability Report and further information are obtainable from the Global Corporate Relations department via [www.heinekeninternational.com](http://www.heinekeninternational.com)

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