CEO foreword

Welcome to our 2015 Sustainability Report

2015 was a pivotal year for the world’s sustainability agenda. In December, negotiators from nearly 200 countries reached significant agreement to address climate change since the issue first emerged as a major political priority decades ago. Two months earlier, the United Nations introduced the Sustainable Development Goals designed to end poverty and address a broad set of additional Corporate Social Responsibility topics. These events provide additional input for our approach to creating a sustainable business, “Brewing a Better World”, and several working groups within HEINEKEN are currently considering new and different opportunities in the areas of energy, water and responsible consumption.

Performance

We are now half way through our Brewing a Better World commitments for 2020 and we have made good progress.

- We have fully met the milestones for 2015 in five areas. In particular, we delivered on energy and water reduction. Green fridges are replacing conventional cooling systems as expected. We have also increased the percentage of barley, hops and apples which are sourced sustainably. Finally, we continued to develop partnerships to combat alcohol abuse.
- In four additional commitment areas, we are close to achieving our goals. These include water stewardship initiatives, compliance with our Supplier Code, local sourcing and media spend on ‘Enjoy Heineken® Responsibly’ campaigns.
- As to improvement areas, we have faced the expected challenges on reducing CO₂ emissions from distribution in the Americas region.

As always, where we have not met our objectives, we explain why in the report. After introducing a new, annual target for our health and safety pillar (in 2015), we are not yet in the position we would like to be. Although the number of accidents continued to decrease, it is of huge regret that we saw a rise in fatalities. We grieve with the families, friends and colleagues of those we lost. Whilst many of the fatalities are the result of violence in Mexico or road traffic accidents in emerging markets, it remains unacceptable. Along with procedural changes and training, safety requires a mind-set shift. This will take more time. However, putting safety first is the number one behaviour at HEINEKEN, so we are determined to improve in this area.

For a detailed performance overview, please visit the section “What we said and what we’ve done” on page 6 as well as for the health and safety targets on page 36.

Sustainable Brands & Partnership

In the course of last year, we significantly expanded the number of brands which include sustainability elements in their consumer communication. Our most global campaign is with the Heineken® brand and the newly launched “Moderate Drinkers Wanted”, the latest in our campaign to make moderate consumption aspirational. Alongside that, an increasing number of our local brands such as Tiger, Birra Moretti and Nyongera are including renewable energy or local sourcing messaging and imagery in their brand communications.

During 2015 we have also embarked on various new partnerships.

- We entered into a major partnership with the United Nations Industrial Development Organization (UNIDO). Together we have organised two community workshops in Ethiopia and Nigeria on the future of the local watersheds. We are also preparing a feasibility study in relation to renewable energy in Sierra Leone and other African markets.
- We are working with the World Wide Fund for Nature International (WWF) on a global water risk assessment update. And, together with Shift, we are making progress on topics related to the Human Rights agenda.
- We have established partnerships to promote responsible consumption with global retail chains such as Casino in France and Dia in Spain. We are keen to expand further our partnership activities in the off-trade.

For a detailed description of our partnership approach, see Spotlight on partnerships.

Integrated Reporting

Following direct stakeholder feedback, we have made a first step towards Integrated Reporting by disclosing non-financial KPIs in our Annual Report. This follows our decision to gradually merge our Sustainability Report into the Annual Report, reflecting the business imperative of Brewing a Better World. During this publication exercise, it became obvious though, that we need to further improve our non-financial reporting systems to generate robust data faster than in previous years.

Thank you

To conclude, we are confident with the progress we have made in 2015, though we are aware of the challenges ahead. We can only achieve our ambition through the ongoing efforts of our colleagues in the markets as well as by continuing to listen carefully to our stakeholders.

I would like to thank everyone who has supported us on accelerating our Brewing a Better World journey.

Jean-François van Boxmeer
CEO and Chairman of the Executive Board
Amsterdam, 6 April 2016
Brewing a Better World

Sustainability at HEINEKEN is a business imperative and one of our six key business priorities. Our Brewing a Better World approach is designed to create genuine economic opportunities for both our business and our stakeholders.

Our six business priorities
1. Win in premium led by Heineken®
2. Shape the cider category
3. Lead by cool marketing & innovation
4. Be commercially assertive
5. Drive end2end productivity
6. Brewing a Better World

Global governance
Sustainability is embedded throughout our business, for example in Supply Chain (Water & CO2), Procurement (Sustainable Sourcing), HR (Health & Safety) and Marketing & Sales (Responsible Consumption).

In 2015 the Executive Team, chaired by the CEO, became the highest governing sustainability body, replacing the Corporate Affairs Committee. Progress on sustainability was also shared with the Supervisory Board.

Building sustainability into performance plans
Selected senior managers within each function at a global, regional and local level had sustainability objectives linked to their function to support the delivery of our sustainability agenda. Bonus targets were set for relevant senior managers in the area of energy, water and procurement. For specific markets, sustainability objectives were set in areas such as Supply Chain, Procurement and Corporate Relations where relevant.

The way forward: 2016-2018 and beyond
In this report we document our progress against the three-year milestones we communicated for 2015. In order to meet our 2020 commitments, we have created concrete new milestones for 2018. We will report our progress towards these milestones each year in our Sustainability Report. We have also started to review our sustainability strategy beyond 2020, based on our stakeholder dialogue and materiality analysis. We will share the outcomes in the course of 2016.
Brewing a Better World

Our value chain
We focus on six areas where we and our stakeholders believe we can make the biggest difference. These are underpinned by our values and behaviours.

Our approach to sustainability covers the entire value chain ‘From Barley to Bar’.

Materiality
We have updated our materiality matrix based on an ongoing dialogue with our stakeholders, reputation research, benchmark results and internal risk analysis.

In our annual reputation research we asked more than 2,400 stakeholders in 30 markets what topics they see as most material for HEINEKEN. The top three clusters mentioned were:

1. Environment (climate change, environmental protection, water, waste, energy)
2. Public health (responsible consumption, obesity)
3. Economic conditions (growth, competitiveness, unemployment, income)

For more information about Brewing a Better World, see: theheinekencompany.com/sustainability