

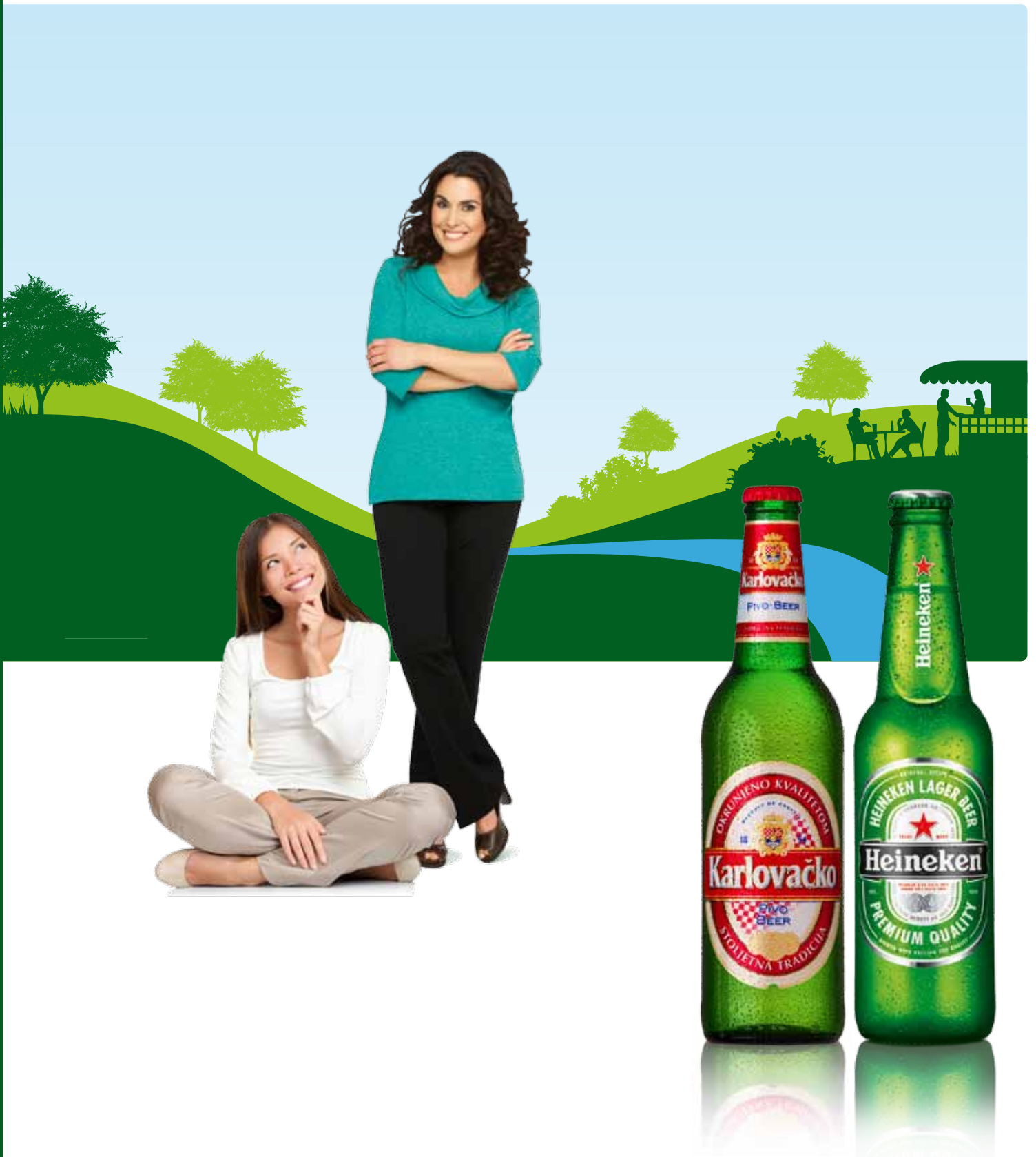


Karlovačka pivovara

PART OF THE HEINEKEN COMPANY

Sustainability Report 2011

Brewing a Better Future



Welcome to our Sustainability Report 2011

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Company profile

Karlovačka pivovara's long tradition of producing beer dates back to 1854. Today, it is a strong number two brewery on the Croatian beer market. Despite the difficult economic environment, in 2011 Karlovačka pivovara managed to increase its market share to 27.5% (which is over 1% increase in comparison to 2010 results, according to the data of the Croatian Association of Beer, Hop and Malt Producers).

Since 2003 Karlovačka pivovara has been part of the HEINEKEN Company, the world's most international brewer. Being part of the HEINEKEN Company, Karlovačka pivovara has access to various products and corporate tools in order to meet the consumers' needs. The brewery produces around 1 million hectolitres of beer annually. Karlovačka pivovara has the following brands in its portfolio: Karlovačko, Karlovačko Radler lemon, Karlovačko Radler grapefruit, Karlovačko Rally (non-alcoholic), Heineken, Desperados, Edelweiss Snowfresh, Gösser Dark and Kaiser. Karlovačka pivovara exports its products to Australia, Austria, Bosnia and Herzegovina, Canada, Germany, United States of America, Sweden, Switzerland, Hungary and Japan.



"We are constantly investing in our brands, the brewery and our people."



Foreword

I am proud to present you the third Sustainability Report of Karlovačka pivovara. This report gives an overview of our accomplishments related to the Brewing a Better Future programme in 2011.

For Karlovačka pivovara 2011 was a very successful year. Despite the difficult economic environment in Croatia, we managed to increase our market share to 27.5% (an increase of over 1% in comparison with 2010). We are committed to always being close to our consumers in order to readily respond to their needs. An excellent example of this is the launch of Karlovačko Radler lemon at the beginning of 2011. This opened up a new category of beer mixtures to a wider consumer segment in Croatia and revolutionised the Croatian beer market, as the segment reached 9% of the total beer market. Our mother company HEINEKEN also gave recognition to this innovation, awarding it as the best innovation of the year at the HEINEKEN Brand Building Awards 2011. Talking about innovation, I would like to point out that in 2011 we have launched Desperados. It was also a novelty on the Croatian beer market especially because of the new, exotic taste and completely different way of communication. Karlovačka pivovara's mission is to produce the highest quality beer, provide superior consumer and customer satisfaction, ensure satisfaction of all employees whilst adding value for the local community and shareholders. To accomplish that, we are constantly investing in our brands, the brewery and our people and I see that as a key enabler of the positive development of Karlovačka pivovara.

We are committed to doing business in a sustainable way, continuing to work on our programme called Brewing a Better Future, covering important aspects such as environmental protection, engaging with our communities, responsible consumption etc. Our employees are central to our programme, and we

place an emphasis on their development, as they are ambassadors of our company and brands. Besides that, we consider it very important to encourage responsible alcohol consumption.

I am proud to say that we are constantly moving forward in every aspect of our Brewing a Better Future programme. In the area of the Green Brewer, the trend of constant decrease of our energy and water consumption continues in this year as well. In 2011, the total energy consumption for Karlovačka pivovara had decreased by more than 8%, thermal energy by 10%, electricity consumption decreased by 5% and water consumption decreased by 6%. These results are accomplished through concrete actions like investments in technology and brewery, education of employees and upgrading of our internal processes and procedures. We have the OHSAS 18001 certificate for protection of health and safety, ISO 9001 for quality management and ISO 14001 for environmental management system. In January 2011 we have renewed our certificate ISO 22000 for food safety management. This certificate issued by an independent certification company demonstrates that Karlovačka pivovara is proactively dealing with high standards of food safety.

When I look ahead, a turnaround of recession is not in sight. Croatia's economy is expected to show -1% GDP development in 2012. High level of unemployment and further deterioration of purchasing power are expected to continue and will impact the beer market. But we will do our best and will focus our energy to make excellent performance on the market and internally in our company. While doing so we will always take care of sustainability of our business so we can continue to brew a better future.

Alexander Gerschbacher
Managing Director of Karlovačka pivovara

About Brewing a Better Future

Brewing a Better Future was introduced in April 2010 and born out of close discussion with our stakeholders. It has provided HEINEKEN Company with a road map and reflects our integrated and long-term ambition to become an even greener business.

We focus on three strategic imperatives:

1. Continuously IMPROVE the environmental impact of our brands and business
2. EMPOWER our people and the communities in which we operate
3. Positively IMPACT the role of beer in society.



We have created 23 programme areas that by 2020 will bring our words 'Brewing a Better Future' to life with our people and our stakeholders and which cover our material impacts as well as our value-based approach to people and society."

Governance

Brewing a Better Future is governed by an Executive-level Steering Committee that meets every each quarter. On a day-to-day basis, Brewing a Better Future is governed by a team of representatives from the Supply Chain, Commerce, Human Resources, Control & Accounting and Corporate Relations functions.

Each of HEINEKEN's market has its own sustainability committee, and a three-year sustainability plan integrated within the strategy of the business unit. In Karlovačka pivovara there is a Sustainability Team that consists of representatives from Supply Chain, Human Resources, Marketing, Corporate Communications and General Manager Office.

Enabling our business priorities

In 2011, our business leaders undertook a significant strategic review in order to reframe our business priorities based on our unique assets and core competencies. The result of this process are five business priorities that reflect our efforts.

- Grow the Heineken brand
- Consumer-inspired, customer-oriented and brand-led
- Capture the opportunity in emerging markets
- Leverage the benefits of HEINEKEN's global scale
- Drive personal leadership

Our approach to sustainability is integral to enabling these business objectives.

From barley to bar we target improvements throughout the value chain



What we said and what we've done

What we said we will do	What we have done in 2011
Green Brewer	
Continue to decrease total energy consumption.	Total thermal energy consumption has continued to decrease; we achieved 173.1 MJ/hl. An improvement of roughly 8% was achieved and performance is on target.
Specific water consumption to be 4.7 hl/hl.	We achieved 4.7 hl/hl and are on target.
Green Commerce	
All new purchased fridges to be based on green technology, if legally and technologically possible.	100% fridges we purchased in 2011 are green fridges.
Engaging Employees	
Increase engagement in various projects (to equip employees with competencies to accept and handle changes smoothly).	Increased rate of employees engaged in TPM (Total Production Management) - extra 4% of the total workforce has been engaged in TPM.
Include employees in volunteering.	Sustainability team members took part in a volunteering activity in September 2011 in cooperation with the Eko Pan eco-organization and national Volunteer Centre.



What we said we will do

What we have done in 2011

Karlovačka pivovara Cares

Continue to support local community via Donation Tender in order to make it a more enjoyable place to live in.

Donation tender was executed for the third time in a row and supported 10 different projects.

Responsible Consumption

Refresh Code of Responsible Commercial Communication.

Workshops were organized for sales employees to educate on the rules of responsible communication.

Partnership for Progress

Start a partnership with a relevant partner to address alcohol abuse.

Karlovačka pivovara has found a relevant partner: association of Croatian driving schools. Partnership continues in 2012. The subject of this partnership was "Don't drink and drive".



Green Brewer

Karlovačka pivovara is committed to sustainability and creating a positive impact on the environment. We strive for continuous improvements and investments in upgrading our environmental protection system. Our main goals are: reducing our consumption of energy, electricity and water, reducing our CO₂ emission, and sustainable waste management. In 2011 we made good progress - total energy consumption for Karlovačka pivovara decreased by more than 8%.

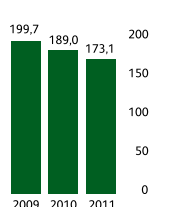




Karlovačka pivovara is fully dedicated to sustainability and creating a positive impact on the environment. Positive trends in total energy consumption confirm that.”

Zvonimir Nemet
Supply Chain Director

Specific total energy consumption
MJ/hl beer



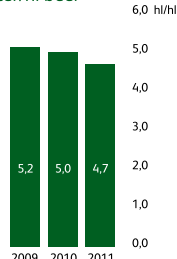
Energy consumption

We continued to reduce our total energy consumption needed to produce 1 hectolitre (hl) of beer by more than 8% : from 189 MJ/hl in 2010 to 173 MJ/hl in 2011. The improvement is due to technical measures related to the reconstruction of the brewhouse but also operational measures achieved through TPM (Total Productive Management) activities like team activities, failure mode analysis, deployment, tagging of losses, best practice applying, operators awareness increasing etc. Generally, TPM entails continuous and consistent effort, the goal of which is to reduce and re-capture lost energy and materials.

Thermal energy consumption has decreased by 10%, from 112 MJ/hl in 2010 to 100.7 MJ/hl while electricity consumption has decreased by 5%, from 8.5 kWh/hl in 2010 to 8.1 kWh/hl in 2011.

Water is one of the main ingredients for making beer. For Karlovačka pivovara it takes 4.7 hl of water to produce 1 hl of beer. We have put a lot of effort into reducing water consumption through TPM activities in AM (Autonomous Maintenance), PM (Planned Maintenance) and FI (Focus Improvements) pillars. Figures show that water consumption has decreased by 6% , from 5 hl/hl in 2010 to 4.7 hl/hl in 2011.

Specific water consumption
hl water/hl beer

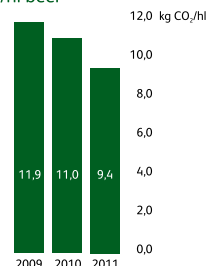


> Reconstruction of internal sewage system

In 2011 Karlovačka pivovara started reconstruction of the internal sewage system. The old system was a mixed type sewage system: all waste water went through a single system. The reconstruction resulted in three separate drainage systems: one for waste water from production units, one for rain water and one for sanitary water.

Drainage systems for rain water and sanitary water are connected to the local sewage system. Waste water from production units will be treated in the waste water treatment plant of Karlovačka pivovara. The reconstruction of the internal sewage system will reduce the impact on the environment. This project, worth a total of EUR 1.6 million, will be finalized in 2012.

Direct and indirect CO₂ emission
kg CO₂/hl beer



Key figures

6%

decrease in total water consumption

8%

reduction in total energy consumption

Total direct and indirect CO₂ emissions for Karlovačka pivovara have decreased from 11 kg CO₂/hl in 2010 to 9.4 kg CO₂/hl in 2011 and the target was achieved. The improvement in direct CO₂ emissions is due to the reduction in fuel consumption. The improvement in indirect CO₂ emissions is due to a decrease in electricity consumption.

CO₂ emissions have continued to decrease over the last 3 years and are a result of an optimization of utilities consumption (thermal energy, electricity). Our carbon reduction strategy for the future is based on switching fuel sources from oil to natural gas and usage of biogas from the waste water treatment plant.

Karlovačka pivovara has its own waste water treatment plan which is currently in the test phase (mechanical cleaning and neutralization). In 2012 the anaerobic cleaning will start producing biogas.

Non-recycled industrial waste for Karlovačka pivovara has increased from 0.48 kg/hl in 2010 to 0.50 kg/hl. With 0.50 kg/hl the non-recycled industrial waste performance of Karlovačka pivovara is better than the total HEINEKEN company performance of 0.73 kg/hl.

Karlovačka pivovara is dedicated to constant improvements and invests a lot of effort into environmental protection. In that sense, we have the ISO 14001 certificate for environmental protection.

IMPROVE

Green Commerce

Karlovačka pivovara is committed to sustainability improvements related to packaging, cooling equipment and distribution. Investing in eco-friendly packaging and green fridges is another way to show that we care about the environment.



To reduce the environmental impact of our packaging, we are focused on reducing the material used, increasing the recycled content and recycling of our materials at the end of life. The waste collection system for glass material, plastic (PET) and aluminium material is present on the Croatian market.

We have adopted HEINEKEN's standards for purchasing environmentally-friendly cooling equipment. The company's policy regarding cooling equipment entails buying only new models for which the energy consumption and environmental load are as low as possible. As a participant in the Green Cooling programme, Karlovačka pivovara purchases green fridges. Main characteristics of the green fridge are: the use of hydrocarbon refrigerant and LED illumination including visible communication on the fridge informing about its benefits. In 2011 100% of newly purchased fridges were "green".

Karlovačka pivovara improves the efficiency of its distribution. To reduce the carbon footprint of distribution, we are improving vehicle loading utilization and we only transport full truckloads. This way we want to make transport operations more efficient.

Karlovačka pivovara puts a lot of effort into making its events greener. By using the Heineken Sustainable Event Toolkit we make our events more sustainable. When supporting brand events, Karlovačka pivovara promotes consumption of draught beer in preference over bottles, cans and PET as this packaging is completely recyclable or reused. Beer is taped in plastic cups at 100% of events. We also strongly support separate waste collection on our brand events.

We think that rational behaviour in our everyday work can contribute to the sustainability of overall business. In 2011 we initiated some actions to make our buildings more sustainable: tracking printer use, introduction of lighting sensors and recycling.



> Heineken Discotheque Riva

In August 2011 Karlovačka pivovara sponsored the Heineken Discotheque Riva event featuring internationally known musicians. There were 20.000 visitors at the concert in the centre of Split, the second biggest Croatian city situated on the Adriatic Sea. Karlovačka pivovara signed a contract with the company in charge for cleaning the city streets in order to separate waste and clean the event premises immediately after the end of the event, so that no waste was left behind. Additionally, only draught Heineken beer was served at the event.

Key figure

100%

of newly purchased fridges are "green"



Engaging Employees



Karlovačka pivovara is a responsible employer who is dedicated to constant improvements of its safety at work agenda.





"We invest a lot of effort to ensure that our employees work in a safe and healthy environment."

Mirjana Vidaković

Human Resources Director

Karlovačka pivovara is a responsible employer who is dedicated to constant improvements of its safety at work agenda. Concerning that, we have improved the accident registration and reporting system.

In 2011, more accidents occurred to the company personnel than in 2010, while the number of lost days has decreased. As in previous years, no contractor accidents occurred at the production unit in Karlovac. Overall, this resulted in an increased accident frequency and decreased accident severity for Karlovačka pivovara. Accident frequency increased from 2.4 cases/100 FTE in 2010 to 4.1 cases/100 FTE in 2011. The higher number of accidents occurred in the packaging department of Karlovačka pivovara due to cuts (6 out of 7 accidents). Countermeasures have been implemented after the 5 why analysis (5W – a tool which helps in searching and defining the cause of problems) was conducted. As a result of that, appropriate gloves were given to the operators.

Also the observation system was adapted in order to focus more on wearing gloves in the packaging department. Accident severity decreased slightly from 66 lost days/100 FTE in 2010 to 64 lost days/100 FTE in 2011. Most of the accidents were related to cuts. However, the severity of the cuts has decreased slightly. Karlovačka pivovara is continuously focused on ensuring that the working environment is as safe as possible, always looking for ways to improve the internal procedures. Also, Karlovačka pivovara has the OHSAS 18001 certificate for safe and occupational safety.

In 2011 Karlovačka pivovara employed 363 people. Karlovačka pivovara has a collective agreement, and employees are free to join a trade union of their choice.

Before 2011 we performed a risk assessment for exposure of Karlovačka pivovara to ethically undesirable behaviours. In 2011 a total of 294 employees were educated on ethical business behaviour. The most important document covering that area is the Code of Business Conduct of Karlovačka pivovara, which is distributed to all new employees. The Code contains rules which the workers have to respect when acting as representatives of Karlovačka pivovara. The Code includes the following elements: legal regulations, prevention of fraud, conflict of interest, business gifts, corruption, aspects of the supply chain, advising, reporting the breaking of rules. The Code was implemented in 2006, updated in 2010 and it will be renewed in 2012.



> Karlovačka pivovara's employees gave their free time for the local community

In 2011 for the first time Karlovačka pivovara's employees actively participated in a volunteering activity. In order to serve as a good example to other employees and make the first step to encourage the culture of volunteering, the sustainability team members participated in an activity conducted by the local eco organization Eko Pan. The project was carried out by volunteers from the international volunteering camp. They were setting the grounds and started to build a sustainable house in a village near Karlovac city. This house is planned to be used for educating local people on environmental preservation and sustainability. Our employees joined volunteers into removal of bushes and weeds in order to make building site more accessible. They also helped in setting the grounds for the sustainable house. Karlovačka pivovara's sustainability team members will continue to participate in volunteering activities and will encourage other employees to become actively involved in volunteering work.

Key figures

457

training hours were related to environmental protection and occupational safety

294

employees were educated on ethical business behaviour

85%

employees participated in various types of training

Karlovačka pivovara sees its employees as ambassadors of the company and its brands. Therefore, it is important to invest in their education and professional development. In 2011, in total 311 employees participated in various types of training (85% of our employees were covered by 5580 training hours). The employees spent 457 hours in training related to environmental protection and occupational safety.

Every year Karlovačka pivovara organizes the Family Day for its employees and their families. In 2011 the Family Day was organized in an open space near a forest. There were sports games and a special programme for children. It was an excellent opportunity for the employees to spend some free time in an informal setting with their colleagues and families.

Karlovačka pivovara Cares



Karlovačka pivovara is a strong economic subject in Croatia and in Karlovac county. The company is proud to support local sourcing.



When producing our Karlovačko beer we use high quality barley and corn grits from Croatian fields. Our local sourcing plays a significant role in economically and socially empowering communities and local farmers (for example, more than 80% of all malt and corn is purchased in Croatia).

Karlovačka pivovara is situated in the Dubovac city block. Since 2007 brewery representatives have been holding meetings with neighbours in order to maintain good relations and have a platform for discussions and exchange of opinions. These meetings are a good opportunity to present the activities and projects of Karlovačka pivovara to the people who live nearby. Members of our local community have an opportunity to ask questions and get answers directly. This is a part of our stakeholder dialogue.

In 2011 one environmental or safety complaint was filed against Karlovačka pivovara. The complaint was related to the scent nuisance from the waste water treatment plant. The smell occurred in the neutralisation basin of the waste water treatment plant during the pilot phase. Inspection showed the emission was below legal limits.



> Open doors day for Stakeholders

Karlovačka pivovara is proud of its long brewing tradition. We think that beer is a fascinating product and we want to share our fascination with other people. Every year at the end of summer we organize the Open Doors Day, introducing visitors to the brewery with a tour of the brewhouse, fermentation department, filling house and ending with the tasting of beers from our portfolio. In 2011, apart from the consumers who visited the brewery on this occasion, we also organized a special tour for our Supply Chain business partners. They enjoyed a guided tour through the factory with the chance to see the production process.

Karlovačka pivovara
za bolju Karlovačku županiju



ZAJEDNO
ZA BOLJI
KARLOVAC I
KARLOVAČKU
ŽUPANIJU

Donation tender

For the third year in a row, Karlovačka pivovara executed its Donation tender. In 2011 the tagline of the tender was "Together for Karlovac and Karlovac County". The objective was to support projects and activities that will make Karlovac and Karlovac County a more enjoyable place to live in. There were 176 applications, out of which 10 local projects in total were selected for support:

- sanitation of part of the river Korana coast
- renewal of a mountain path
- covering a tennis courts with a removable roof
- introducing internet to rural parts of the region
- purchasing equipment for cleaning rivers
- educating young unemployed people from the rural areas

- international music and art festival
- reconstruction of an athletics path
- purchasing equipment for the blind
- open air festival for young bands

The total amount invested in these projects through the Donation tender is approximately 67.000 euro (500.000 kuna).

Also, Karlovačka pivovara aims to be a part of the important local events. Karlovačka pivovara has traditionally been the main sponsor of Karlovački Dani piva beer festival. The company also supports Ivanjski krijes (John's Bonfire), a traditional celebration of the beginning of summer, the International Folklore Festival in Karlovac and the Contest for the most beautiful river beach in Karlovac. In 2011 we supported the summer movie festival: "Riječno kino uz Karlovačko" (River cinema with Karlovačko). This event was held for the first time and it attracted 2,100 people who enjoyed watching movies on the coast of the river Korana in the centre of Karlovac.

Key figure

80%

of all malt and corn is purchased in Croatia

Responsible Consumption

Beer is a natural product enjoyed by many adult beer lovers. If consumed moderately, it can be a part of a healthy lifestyle. As a beer producer, Karlovačka pivovara is aware of its responsibility in promoting moderate beer consumption amongst our employees but also amongst beer lovers.





“We use our brands to talk to the consumers about enjoying our brands responsibly.”

Roko Kero

Marketing Director

As part of the HEINEKEN company, the most international brewer, Karlovačka pivovara uses every opportunity to talk to consumers about enjoying our brands responsibly. The “Enjoy Heineken Responsibly” logo is used on packaging, on all Heineken communication and on locations of local sponsorships. We also use our main local brand Karlovačko to communicate the responsibility message. Logo “Uživaj u Karlovačkom odgovorno” (Enjoy Karlovačko responsibly) is used on packaging and in brand communication. This message is an integral part of the communication on our Facebook fan page and we also have a special web page dedicated to this (www.uzivajukarlovackomodgovorno.com). This web page contains practical information, advice and guidelines about drinking. Also, to be informed on responsible commercial communications, all employees from commercial discipline were educated on this subject through e-learning and via special workshops.

Internally, Karlovačka pivovara has implemented Cool@Work - global workplace alcohol information, prevention and support programme. We think that our employees should be ambassadors of responsible consumption and therefore it is very important to inform them on that subject. Karlovačka pivovara pursues a zero tolerance policy regarding the consumption of alcohol in the workplace.

In our quarterly internal magazine Moja Karlovačka in 2011 we published columns on responsible communication and consumption covering various themes like minors, drinking and driving, marketing communication, sponsorships.

Uživaj u Karlovačkom odgovorno
www.karlovacko.hr



> Responsible transport

Karlovačka pivovara uses major event sponsorships to encourage moderate consumption and responsible behaviour. We organized free bus transport for visitors of our two big events. In September 2011 we organized transport for visitors of the beer festival in Karlovac, Karlovački Dani piva (Karlovac Beer Days). There were few city lines, county lines and buses between Karlovac and Croatian capital, Zagreb. Branding of the buses emphasized the responsibility message. In December, we organized free transport for visitors of Karlovačko Live, our traditional and very popular music platform. The message “Uživaj u Karlovačkom odgovorno” (Enjoy Karlovačko responsibly) was displayed on monitors inside buses.

Partnerships for Progress



Karlovačka pivovara aims to be active in promoting responsible consumption and behaviour. Non-governmental organizations can be a valuable partners in spreading our message and encouraging socially accepted behaviour. Better results can be achieved when working together.



In 2011 we started with our Partnership for Progress programme. Our goal was to have a partner in spreading our message on responsible behaviour. Finding a relevant and dedicated partner was not an easy job, but we found it in the Association of Croatian Driving Schools. Together we have defined that future drivers will be our target group while the main messages will be: do not drink and drive; drinking and driving is unacceptable; think about the consequences. Tagline of this project is "Tko pije, taj ne vozi" (Don't drink and drive) and will be conducted in 107 Croatian driving schools. All participating schools will be provided with special goggles to simulate driving under influence, to show how perception changes if you misuse alcohol. The idea is to educate and inform future drivers on alcohol abuse, consequences of drinking and driving and to encourage young drivers to make the right choice. Implementation of the programme "Tko pije, taj ne vozi" (Don't drink and drive) started in March 2012.

Industry partnerships

We continue to cooperate with relevant organizations on developing and implementing programmes to reduce alcohol abuse. Karlovačka pivovara is a member of the Croatian Association of Beer, Hop and Malt producers and we operate according to their Responsible Marketing Communications Code. According to the Code, it is necessary to adhere to the principles of legality, honesty, and good business practice in all marketing communications, and to be especially careful not to address minors or to encourage irresponsible drinking through its commercial communication.



Special goggles

Key figure

107

Croatian driving schools will be included in our programme "Tko pije, taj ne vozi"



Enablers

Brewing a Better Future is a comprehensive, integrated strategy for creating a more sustainable company and future. Considering the fact that HEINEKEN has more than 250 brands and 140 breweries in 71 countries, this is a challenging task. That is why we are making sure that our culture and organisation can support our ambitions.

Worldwide implementation of our Supplier Code

Karlovačka pivovara, as part of HEINEKEN company, has adopted the HEINEKEN Supplier Code. The Supplier Code sets out the expectation we have towards our suppliers in the areas of integrity, human rights and the environment. Thus, in signing the new document, the suppliers agree, for example, to minimise their own impact on the environment and to develop environmentally friendly technologies. In 2011 the majority of Karlovačka pivovara's suppliers signed the Supplier Code.

Building Sustainability into performance plans

For the last two years, sustainability criteria have been built into our senior managers' performance criteria. In 2011, 100% of our senior managers had Corporate Social Responsibility targets included in their short-term bonus-related performance objectives.

Measurement and transparency: the Green Gauge Scorecard

To better track and communicate our performance, HEINEKEN introduced in 2011 the Green Gauge, a scorecard that allows head office and all Operating Companies - covered by the Brewing a Better Future programme - to monitor quarterly progress against 16 key areas. The Green Gauge uses a simple traffic light, showing managers at a glance whether they are not target, near target or not on target.



The UN Global Compact



In 2009, Karlovačka pivovara has co-signed the United Nations Global Compact initiative. The UN Global Compact is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption. By signing the Global Compact initiative, Karlovačka pivovara confirmed the brewery's support of the ten principles and is committed to continue to support and improve on those principles in its daily operations.

The UN Global Compact

The ten principles

Human rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

Labour

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

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

Principle 5: the effective abolition of child labour; and

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

Environment

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

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

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-corruption

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

In January 2011 the HEINEKEN Company became a founding member of the UN Global Compact LEAD. The primary objective of Global Compact LEAD is to support leading UN Global Compact participants in their efforts to achieve higher levels of corporate sustainability performance.

Let us know your thoughts!

Which aspects of Brewing a Better Future are working well? Where do you think we could do better? Your feedback will allow us to learn and improve.

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2011 Sustainability Report at

www.sustainabilityreport.HEINEKEN.com



www.karlovacka.com

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