



Sustainability Report 2015

HEINEKEN Hrvatska

Brewing a Better World

Our Sustainability Report 2015

HEINEKEN Hrvatska has a long brewing tradition - since 1854 - and has been a member of HEINEKEN, the most international beer producer in the world, since 2003. Sustainability is one of our core business priorities and "Brewing a Better World" is our long-term approach for creating shared, sustainable value for our business and our stakeholders. This report summarises HEINEKEN Hrvatska's progress in 2015 and presents our achievements in our areas of focus.

329

employees

7

brands

Karlovačko enjoyed in

10

countries

Our mission:

Our rich tradition and respect for the highest standards of quality create innovative beer brands which deliver unique experiences and contribute to the enjoyment of life. By respecting safety rules and being responsible towards our consumers, customers, employees, and the local community we ensure the sustainability of our business.

Our vision:

We want to lead the market, focusing on value and sustainability through exceptional brand experiences, beer category vision, and engaged and safe employees.



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For more information see:
www.heineken.hr

GM foreword



Boris Miloushev, Managing Director of
HEINEKEN Hrvatska

Taking care of sustainability, while ensuring the top quality of our products and delivering exceptional brand experiences is the way we lead our business.

For us at HEINEKEN Hrvatska, 2015 was a year of new business projects, new market successes, and new steps forward in our sustainability journey. We are proud that our portfolio features a variety of top quality products that satisfy our adult consumers' various preferences. Besides Karlovačko lager beer, our Karlovačko family includes: Karlovačko 0.0% Maxx, Karlovačko Limun Natur Radler, Karlovačko Laganini Natur Radler, Karlovačko Leđero Natur Radler, Karlovačko 0.0% Natur Radler, Karlovačko Royal 1854, Karlovačko crno and Karlovačko Nepasterizirano Retro. We also offer international brands like Heineken, Amstel Premium Pilsener, Edelweiss Snowfresh, Desperados, Strongbow – the top global cider brand, and as of 2016, Affligem and Brand IPA.

To make our top quality beer, it is necessary to use top quality ingredients. We believe that local farmers can produce raw materials that meet our high standards and we want to make our products using Croatian ingredients whenever possible. Thus, in 2014, we presented our local sourcing initiative, "Croatian barley for Karlovačko beer" and in 2015, we took it one step further. We started cooperating with local farmers who grow Croatian citrus fruits for Karlovačko radlers, and HEINEKEN Hrvatska started purchasing home-grown lemons from the island of Vis and mandarins from the Neretva river valley area. Consequently, in 2015 HEINEKEN Hrvatska sourced 98% of its raw materials locally, which gave us the chance to create benefits for local producers, communities, and the national economy.

We think that beer is an excellent product and, if consumed responsibly, it can be part of a balanced lifestyle. Yet alcohol abuse is still a problem we have to deal with, both on the industry level and as a company. It is important to redirect the focus from quantity to quality and ensure that minors do not drink at all. That is why we have continued with responsible consumption initiatives in 2015 – externally we conducted our traditional initiatives "I'm 18+" and "For Responsible Youth," and internally, among our employees, we organized various educational programs and workshops for "Enjoy Responsibly Day." Also, HEINEKEN Hrvatska, along with other members of the Croatian Chamber of Commerce's Association of beer, malt and hop producers launched a large national campaign, "Be conscious – sometimes kids have to hear no", in partnership with the Ministry of Health. The main goal of the campaign was to raise awareness

for the obligation to respect and implement the law prohibiting the sale and consumption of alcoholic beverages to persons under 18.

Furthermore, we have made progress in decreasing the negative impact of our business on the environment in several areas. Due to optimizations in production and distribution processes, HEINEKEN Hrvatska reduced specific direct and indirect CO₂ emissions by 16% compared to last year and 39% compared to the baseline year of 2008. In addition, we have continued to purchase exclusively green refrigerators (820 of them) and decreased the CO₂ emissions from distribution by 9%. We are proud that HEINEKEN Hrvatska has lower specific non-recycled industrial waste production than the HEINEKEN average and that in 2015 it fell by 42% compared to the previous year.

This sustainability report represents our progress in the "Brewing a Better World" approach and compiles the company's most important 2015 projects in the field of social responsibility. Of course, as the world keeps changing, the need for further improvements is always present so we will keep tracking our results and creating new projects to make it a better place in which to live.

Boris Miloushev

Managing Director
HEINEKEN Hrvatska

Brewing a Better World

Sustainability at HEINEKEN is a business imperative and one of its six key business priorities. The “Brewing a Better World” approach is designed to create genuine economic opportunities for both the company’s business and its stakeholders.



Global governance

Sustainability is embedded throughout HEINEKEN’s 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.

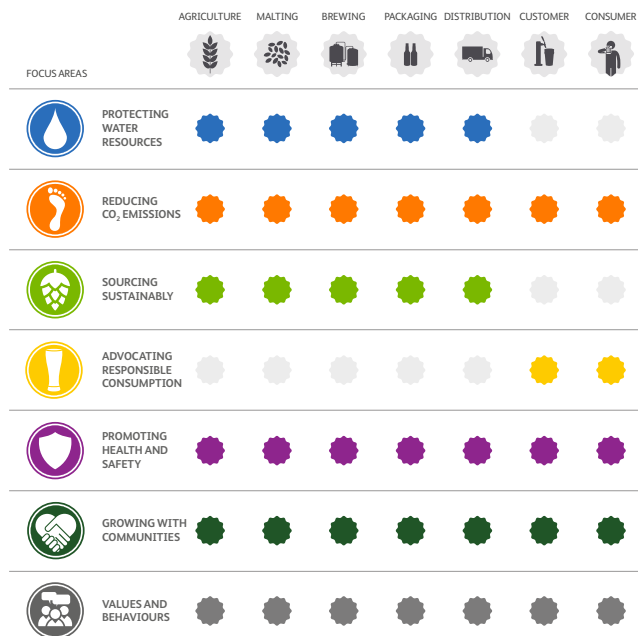
Building sustainability into performance plans

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

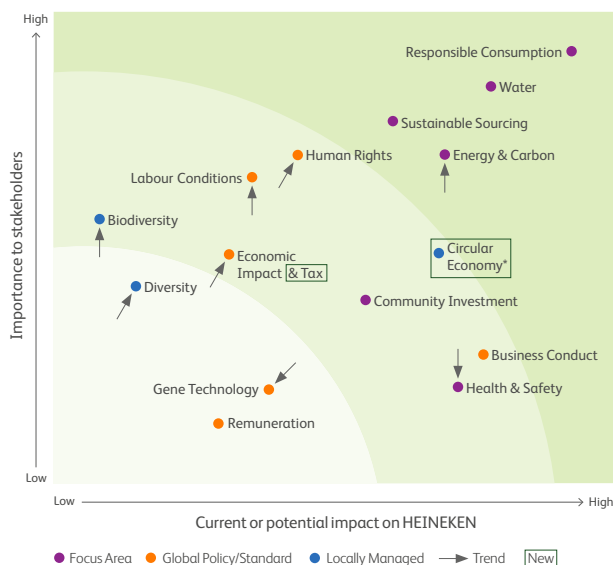
In this report we document our progress against the three-year milestones HEINEKEN communicated for 2015. In order to meet the 2020 commitments, HEINEKEN has created concrete new milestones for 2018. We will report our progress towards these milestones each year in our Sustainability Report.

Brewing a Better World



HEINEKEN's value chain

HEINEKEN focuses on six areas where the biggest difference can be made by the company and its stakeholders. These are underpinned by company's values and behaviours. Its approach to sustainability covers the entire value chain "From Barley to Bar".



Global materiality matrix







HEINEKEN has updated its materiality matrix based on an ongoing dialogue with its stakeholders, reputation research, benchmark results and internal risk analysis.

In company's annual research more than 2,400 stakeholders in 30 markets were asked 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)








*Waste and Packaging have been integrated in this overarching theme

What we said and what we've done

Focus Area	2015 global milestone	2015 global results	2015 HEINEKEN Hrvatska's results	Local Indicator	2020 global commitment
	Reduce specific water consumption in our breweries to 3.9 hl/hl ¹	Achieved Water consumption decreased to 3.7 hl/hl (-26% compared with 2008)	Water consumption amounted to 4.2 hl/hl. This is the same level as last year (-38% compared to 2008)		In 2014 we raised our ambition for 2020 to 3.5 hl/hl ¹ overall, and 3.3 hl/hl on average for breweries in water-scarce and water-distressed areas
	Reduce CO ₂ emissions in production by 27% ¹ (resulting in 7.6 kg CO ₂ -eq/hl)	Achieved 36% reduction compared with 2008, resulting in 6.7 kg CO ₂ -eq/hl in 2015	HEINEKEN Hrvatska has decreased the specific direct and indirect CO ₂ emissions by 39% compared with 2008. The specific direct and indirect CO ₂ emissions of HEINEKEN Hrvatska decreased from 9.1 kg CO ₂ -eq/hl to 7.8 kg CO ₂ -eq/hl. This is a decrease of 16% compared with last year		Reduce CO ₂ emissions in production by 40% ¹
Reduce the CO ₂ emissions from distribution by 10% ² in Europe and the Americas	Not achieved Our overall emissions increased by 1.7%. Main cause is the production footprint challenge we face in Mexico, our biggest market. When we focus on Europe only, we actually decreased emissions by 9.8%	HEINEKEN Hrvatska has decreased the CO ₂ emissions from distribution by 15.4% compared to the baseline of 2010/2011. The CO ₂ emissions from distribution decreased in 2015 by 9% in comparison with 2014 (from 2.34 kg CO ₂ /hl traded in 2014 to 2.13 kg CO ₂ /hl traded in 2015)		Reduce the CO ₂ emissions from distribution by 20% in Europe and the Americas	
Reduce the CO ₂ emissions of our fridges by 42% ³	Achieved 100% of the more than 115,000 fridges that HEINEKEN purchased in 2015 were 'green'. The CO ₂ emissions of these fridges are 45% lower compared with the fridges from baseline year 2010	100% of 820 refrigerators purchased by HEINEKEN Hrvatska in 2015 were green. The CO ₂ emissions of these fridges are 45% lower compared with the fridges from baseline year 2010		Reduce the CO ₂ emissions of our fridges by 50% ³	

¹ Baseline 2008. ² Baseline 2010/2011, scope is Europe and Americas, 24 of our largest operations: Belgium, Bulgaria, France, Ireland, Italy, Netherlands, Portugal, Spain, Switzerland, UK, Austria, Belarus, Croatia, Czech Republic, Greece, Hungary, Poland, Romania, Russia, Serbia, Slovakia, Brazil, Mexico, USA. HEINEKEN Asia Pacific is not in scope of the 2015 commitment as the business was not consolidated at the time the commitment was made. ³ Baseline 2010.

What we said and what we've done

Focus Area	2015 global milestone	2015 global results	2015 HEINEKEN Hrvatska's results	Local Indicator	2020 global commitment
	Aim for sustainable sourcing of raw materials for crop year 2015: 20% (barley), 40% (hops), 60% (bittersweet apples for cider) ¹	Achieved In 2015 we sourced sustainably: barley: 21% , hops: 53% apples: 71%	HEINEKEN Hrvatska sourced sustainably 92,7% of agricultural raw materials in 2015: 97,5% (malt), 81,2% (corn maize), 100% (hops)		Aim for at least 50% of our main raw materials ² from sustainable sources
	50% ³ of agricultural raw materials used in Africa to be locally sourced ⁴ within the continent	Partly achieved We increased our local sourcing from 48% in 2014 to an estimated 49% in 2015	In 2015, HEINEKEN Hrvatska sourced 98% of agricultural raw materials locally: malt: 96,5% corn girt: 100%		Deliver 60% of agricultural raw materials in Africa via local sourcing within the continent
	Four-step Supplier Code Procedure operational within all operating companies ⁵	Partly achieved Four-step Supplier Code Procedure operational in 46 out of 50 operating companies in scope (representing 99% of sales volume in scope)	Four-step Supplier Code was signed and fully operational among 100% registered suppliers in HEINEKEN Hrvatska's vendor master data base		Ongoing compliance with our Supplier Code Procedure
	Every market in scope ⁶ has a partnership to address alcohol-related harm	Achieved Fifty operating companies, across 48 markets, have a partnership in place to address alcohol-related harm	HEINEKEN Hrvatska continued its partnership to address minors' alcohol abuse (project: For Responsible Youth)		Every market in scope has and reports publicly on a measurable partnership aimed at addressing alcohol abuse
	All partnerships meet HEINEKEN's seven-point partnership criteria	Partly achieved 56% have met all HEINEKEN's partnership criteria representing 72% of the beer volume in scope	HEINEKEN Hrvatska's partnerships meet six out of seven criteria points.		

¹ Based on volume. ² In scope are barley, hops, cider apples, fruit concentrates, sugar, rice, sorghum, wheat, maize. ³ Based upon tonnage. ⁴ With local sourcing we refer to sourcing within the region of Africa & Middle East. ⁵ HEINEKEN Asia Pacific is not in scope of the 2015 commitment as the business was not consolidated at the time the commitment was made. They are in the process of becoming compliant in the coming years. ⁶ The 50 operating companies, which cover 48 markets, include all HEINEKEN markets except Islamic countries, markets where we have a Joint Venture and three minimal-volume markets for who allocating resource is unrealistic (Laos, Solomon Islands and Sri Lanka).

From Barley to Bar

Sustainability at HEINEKEN is a business imperative and one of company's six key business priorities. The "Brewing a Better World" approach is designed to create genuine economic opportunities for both the company's business and its stakeholders.

HEINEKEN Inputs

Financial

Shareholders' equity, Capex, assets and borrowing

Natural

Land, water, energy, biodiversity and ecosystem

Human

Employees, training and benefits, safety and Code of Conduct

Manufactured

Buildings, breweries, packaging materials, transport, equipment and supply chain

Social

Communities, NGOs, customers, suppliers and trade groups

Intellectual

Brands, R&D, innovation, processes and corporate reputation

EMPLOYEES

HEINEKEN N. V. employs more than 81,000 people. They enjoy the benefits and rewards – pay, training, healthcare, career opportunities – their hard work deserves. The HEINEKEN Employees' and Human Rights Policy supports and guides us all to act according to our core values. And our global Code of Conduct provides guidance so that every employee knows what is expected of them. The annual employee 'Climate' survey tracks engagement levels and action is required on dimensions that fall short.

PACKAGING

The majority of our beer and cider is served in bottles, cans and kegs. We are constantly looking to innovate, finding ways to optimise the production of our packaging materials, such as light-weighting and increasing the recycling and re-use rate.

DISTRIBUTION

The movement of our products around the globe is carefully managed. Several modes of transport are used, including road, rail and ocean freight as well as inland barges. Health and safety policies are in place to reduce the incidence of accidents. We optimise the distribution by changing the form of transport, training drivers on road safety, using more efficient engines, improved vehicle design and reassessment of distribution networks.

CUSTOMERS

Millions of retailers, bars, restaurants and clubs serve a selection of our brands. New fridges purchased by HEINEKEN meet green standards and we continue to develop greener draught brewing equipment. We work in partnership to ensure our products are only sold to consumers of legal drinking age.

AGRICULTURE

We work with farmers worldwide to sustainably grow raw materials, like barley and hops, needed to brew our beers. In addition, we use bittersweet apples for cider making. Local sourcing is a priority because of the shared value it creates for the local communities, the country and for HEINEKEN.

BREWING

Brewing beer and making cider is a craft. HEINEKEN N. V. own 11 malteries across the world and buy malted barley from business partners who have all signed our Supplier Code. HEINEKEN N. V. also operate 156 breweries, cider plants and other production facilities. Strict safety standards are adhered to. We invest in capacity expansion and build greenfield breweries, respecting all land rights. We are committed to improving energy and water efficiency and switching to more environmentally friendly energy sources where feasible.

COMMUNITY

Growing with communities underlines our ambition to have a positive impact in the communities where we live, work and sell our products. HEINEKEN N. V. support is based on three building blocks: direct contributions made locally, shared-value projects, and on the African continent the Heineken Africa Foundation. The biggest contribution we make to communities is through the positive impact of our business itself: creating jobs, providing business to suppliers and paying taxes that support local and national development.

Global HEINEKEN Outputs

Financial

€20.5 billion revenue

€822 million income tax expense (beia)

27.8% effective income tax rate (beia)

Total dividend of **€1.30** per share (to be approved at 2016 AGM)

Natural

Sustainably sourced raw materials:

21% barley, **53%** hops and **71%** bittersweet apples

21% renewable electricity under green certificates

2% own-generated renewable electricity

3.8% renewable thermal energy used

Human

Over 1.5 million training hours completed by employees

50,000 employees completed HeiCode e-learning training

2,000+ employees completed Road safety training

6,000+ employees completed Anti-bribery e-learning module

53 nationalities represented in senior management

77% employee 'Climate' engagement score

Manufactured

167 breweries, malteries, cider plants and other production facilities

26% water reduction since 2008

24% energy reduction since 2008

115,000+ green fridges purchased in 2015 with

45% average energy saving compared with 2010

Social

€23.6 million donations

€10 million increase in endowment fund Heineken

Africa Foundation to **€30 million** in total in 2016

9.7% media spend on Enjoy Heineken® Responsibly

53 operating companies have a partnership

to address alcohol-related harm

- Participation in Global Commitment to reduce alcohol-related harm
- Direct and indirect job creation
- Healthcare support

Intellectual

4.15 (out of 5) reputation rating across 30 countries and **3,000** external stakeholders

250+ brands

€1.9bn revenue from innovations

CONSUMERS

Every day, millions of consumers in 179 countries choose to enjoy one of our more than 250 brands. We provide choice through our premium portfolio approach. Innovations, especially in the low- and no-alcohol categories, are meeting changing consumer tastes. Across the world we engage consumers on responsible drinking, most notably with the Heineken® brand campaigns.

Protecting water resources

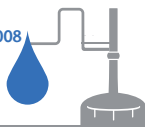
Actions and results





Reduction in specific water consumption compared to 2008

38%



4.2 hl/hl

average water consumption in our brewery

Reducing water consumption in our brewery



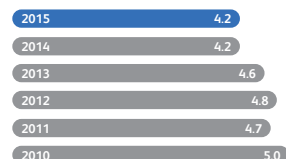
At HEINEKEN Hrvatska we are aware of the critical importance of sustainable use and the protection of water to safeguard this precious resource. We prioritize improvements in the field of water efficiency and reduction in the amount of water used in production. In 2015, the specific water consumption of HEINEKEN Hrvatska remained at 4.2 hl/hl, as it was in 2014. There were many initiatives for reducing water usage, like optimizations of pressure

tanks and the water treatment plant. However the usage remained the same, mostly because of the maintenance of packaging lines and lower batches (due to innovations and planning).

Although our water consumption is 38% lower compared to the baseline year of 2008, it is still higher than the 2015 global milestone of 3.9 hl/hl. Therefore, we will continue to work further on improvement projects.

Specific water consumption
hl/hl beer

4.2 hl/hl





Barley has a relatively low water footprint compared with other crops



Wastewater management

As we use water both in our final product, and throughout our supply chain, one of our priorities is to protect water resources. Apart from reducing water consumption, a part of our water resources protection

policy is also the treatment of wastewater. We ensure that effluent from our production units is treated before discharge to surface water, either by our own or third party treatment. In 2015, the testing period

for the wastewater system treatment finished so full performance has begun. The treatment has an operating licence, which means it is in accordance with all relevant Croatian regulations.




Protecting water resources



When focusing on water protection, HEINEKEN has two goals: to reduce water consumption by addressing avoidable losses and to minimize the impact by balancing the used water that cannot be returned to the local watershed. By stimulating, financing, and supporting water initiatives the company helps to conserve or restore the watershed.

Cetina River

Global average water footprint per product

Product					
Water footprint (global average)	298 litres of water per litre of beer	870 litres of water per litre of wine	1,020 litres of water per litre of milk	1,056 litres of water per litre of coffee	108 litres of water per litre of tea
% footprint via rainfall	85%	70%	85%	96%	82%

Source: Water Footprint Network, Product Gallery

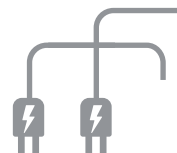
Reducing CO₂ emissions

Actions and results





39%
reduction
in carbon emissions since 2008

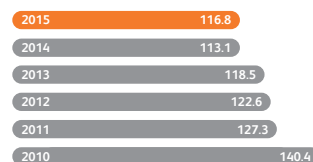


Reducing energy consumption

Our energy consumption includes both thermal and electrical energy sources. In 2015, our specific total energy consumption increased from 113.1 MJ/hl to 116.8 MJ/hl. This is an increase of 3% compared to last year, related to the increase of specific thermal energy from 82 MJ/hl to 86.1 MJ/hl. Although optimizations were conducted in boiler room and wastewater treatment, the increase was caused by higher consumption in

brewhouse and packaging, as well as lower batches (mostly because of innovations and planning). In addition, due to weather conditions and the cold winter, more energy was spent on heating. At the same time, specific electricity consumption decreased from 8.6 kWh/hl to 8.5 kWh/hl mostly because of the optimization projects of the cooling installation, wastewater treatment, and the boiler room.

Total specific energy consumption MJ/hl beer

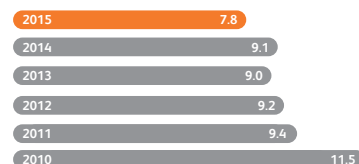


Reducing CO₂ emissions in our brewery

Taking into consideration HEINEKEN's global goals, HEINEKEN Hrvatska continued with efforts in reducing its CO₂ emissions in 2015. Thus, we have decreased the total (direct and indirect) CO₂ emission from 9.1 kg CO₂-eq/hl to 7.8 kg CO₂-eq/hl. This is a decrease of 16% compared to last year and 39%

compared to the baseline year of 2008. The decrease is the result of the significant investments in the automation of the boiler room and the change in fuel from oil to natural gas, which also contributed to the four-fold reduction in emissions of NO_x (nitrogen oxides).

Specific greenhouse gas emissions kg CO₂-eq/hl beer



Reducing CO₂ emissions in distribution

To reduce our global emissions in distribution, HEINEKEN focuses on transport efficiency to reduce total distance driven, fuel efficiency to reduce fuel consumption, and modal efficiency to select the most efficient fuel type for transport. In 2015, HEINEKEN Hrvatska continued decreasing CO₂ emissions in

distribution by 9% in comparison to 2014 (from 2.34 kg CO₂/hl traded in 2014 to 2.13 kg CO₂/hl traded in 2015). This is a result of route optimization in secondary distribution, increase in delivery through primary distribution and starting local production/packaging of Amstel 0.5 l and Sokol PET 1.8 l.



HEINEKEN Hrvatska
decreasing CO₂ emissions
in distribution by 15.4%
compared to the baseline
2011



100%
of 820 refrigerators
purchased by HEINEKEN Hrvatska
in 2015 were green



-45%
average energy use of
newly purchased fridges
compared with baseline
year 2010

Reducing CO₂ from fridges

We buy and supply fridges used to store and display our beer products in supermarkets, bars, and restaurants. This allows us to control the quality of the beer by setting the correct temperature as well as the appearance of the fridge and our products in it. To reduce emission in

this area, we focus on installing more energy-efficient fridges. According to HEINEKEN Energy Efficiency Index (HEEI), the fridges are considered "green" if they have up to four "green" characteristics: use of hydrocarbon refrigerant, LED illumination, an energy management

system, and energy-efficient fans. In 2015, HEINEKEN Hrvatska bought 820 fridges that were environmentally acceptable or "green." Saving energy does not just reduce our emissions, it also means our customers incur less costs in their businesses.

Waste recycling in production

We measure and monitor our waste recycling rates during the production of beer, aiming to improve total recycled volumes. HEINEKEN Hrvatska has lower specific non-recycled industrial waste production than the HEINEKEN average of 0.38

kg/hl, and we made significant progress in 2015 as well. Our non-recycled industrial waste production decreased from 0.16 kg/hl to 0.09 kg/hl, which is a decrease of 42% compared to last year.

Most of our residual products from the brewing process are reused as animal feed or recycled into energy (biogas) or compost.

Waste Hierarchy

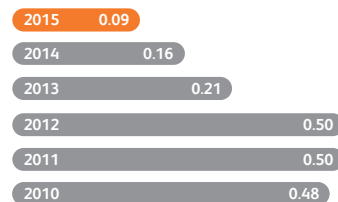
Destination	Quantity 2015 (ton)	% of total
Animal feed	9.462	62%
Materials	1.686	11%
Compost/ soil improvement	232	2%
Energy (biogas)	3.748	24%
Combustion with energy recovery	147	1%
Landfill	81	1%

Most preferred option

- Recycling
- Recovery
- Disposal



Specific non-recycled industrial waste production
kg/hl beer



Sourcing sustainably

Actions and results





98% raw materials

96.5% of malt and

100% corn grit

was produced
and
purchased
in Croatia

Sustainable sourcing of agricultural materials

As global demand for food continues to grow, responsible agriculture and sourcing have never been more important. The key issue facing agriculture is how to increase productivity in a more sustainable way to meet this rising demand. We want to operate in a way to improve

the quality of life for local individuals and communities, to help the environment and ensure a consistent supply of our raw materials. Through our local sourcing projects, we are helping smallholder farmers to improve yields and compete against imported crops.



Local sourcing

HEINEKEN Hrvatska believes that local farmers can produce the high quality raw materials we use for production of our beer. By managing local sourcing, we support local agriculture and contribute to the sustainability of domestic cultivation of raw materials. Having a sufficient

amount of them in the vicinity of our brewery has a positive impact on the transport-related CO₂ emissions and eliminates import duties. In 2015, we sourced 98% of raw materials locally: 96.5% of malt and 100% of corn grit was produced and purchased in Croatia.

Croatian ingredients for Karlovačko

Our local sourcing projects create a benefit for farming communities by providing a reliable market for specific quantities of various raw materials, thus inciting the further development of their production. It is our intention to make Karlovačko and its extensions with Croatian ingredients whenever possible. That is why, in 2015, we took a further step in local

sourcing after the project of purchasing barley from Croatian fields started in 2014. HEINEKEN Hrvatska introduced the long-term project of purchasing Croatian lemons and mandarins from local farmers to produce its Karlovačko radlers – Karlovačko Limun Natur Radler and Karlovačko Ledero Natur Radler (mandarin flavour radler).

Case study:

Croatian lemons and mandarins for Karlovačko radlers

In April 2015, HEINEKEN Hrvatska introduced the long-term project of production, procurement, and purchase of Croatian lemons to produce its Karlovačko Limun Natur Radler. The company started cooperating with local lemon growers like those from the island of Vis. The establishment of these partnerships is considered to be a big incentive for small producers, opening opportunities for further development of lemon cultivation in Croatia. Later in July, we proudly launched the initiative that brought us closer to making yet another product made from ingredients of Croatian origin. This time, it was about Croatian mandarins for the production of Karlovačko Ledero Natur Radler (radler with mandarin flavour).



For more information, see our website

**100%****of our suppliers have signed
the Supplier Code**

Compliance with our Supplier Code Procedure

Our suppliers are key to achieving our sustainability commitments, as much of our impact lies indirectly with them. The HEINEKEN Supplier Code, applicable to all of our suppliers, provides clear guidelines for how we

expect them to act in the areas of Integrity and Business Conduct, Human Rights, and the Environment. By the end of 2015, our Supplier Code was signed and fully operational among all 450 of our suppliers.



By picking mandarins in the Neretva valley, HEINEKEN Hrvatska employees have marked the beginning of the project of purchasing local mandarins for Karlovačko Ledero Natur Radler.

Advocating responsible consumption

Actions and results





Making responsible consumption aspirational

If consumed in moderation, beer can be a part of a healthy and balanced lifestyle. HEINEKEN encourages responsible consumption and by various campaigns aims at making it aspirational, at the same time promoting zero tolerance for underage drinking. At HEINEKEN Hrvatska, we believe it is our responsibility to encourage people to

drink responsibly so we use our impact to promote this message both externally and internally. We also maintain existing and build new partnerships in order to address alcohol abuse related issues, and take action on the industry level by collaborating with other breweries in Croatia.



Case study:

“Be conscious – sometimes kids have to hear no”

In addressing alcohol abuse related issues, we also maintain existing and build new partnerships, and take action on the industry level by collaborating with other breweries in Croatia. Thus, the Croatian Chamber of Commerce's Association of beer, malt and hop producers, in partnership with the Ministry of Health launched a project “Be conscious – sometimes kids have to hear no”. The main goal of the campaign was to raise awareness about the obligation to respect and implement the law which prohibits the consumption and sale of alcoholic beverages to persons under 18 years of age. The campaign was conducted through a TV commercial directed by famous Croatian film director Dalibor Matanić, billboards and city lights, as well as through more than a million partner locations where the campaign visuals were placed (300 bars and 600 shops).

For Responsible Youth

During 2015, HEINEKEN Hrvatska continued addressing the underage drinking problem with its “For Responsible Youth” project that was originally launched in 2013 in cooperation with psychological centre TESA and the žena.hr website. By continuing with this project, we wanted to contribute to raising awareness, educating the public on this issue, and have a positive impact

on young people.

In 2015, informing and educating the public on this issue was done through a specially designed section on the žena.hr website where parents could read texts dealing with topics such as teenagers' first night out or stressing what adolescence brings to young people. They also had the opportunity for online counselling with psychologists.

I am 18+

Originally launched during Beer Days 2013, an initiative “I am 18+” was conducted again in 2015. At the event that was visited by thousands of beer lovers, the bracelets with the

inscription “I’m 18+” were only handed out to adults with a valid ID. The bracelets helped waiters to easily identify minors and to avoid selling beer to them.



Enjoy Responsibly Day

In 2015, the global initiative “Enjoy Responsible Day,” held on September 18, engaged more than one thousand employees in 45 HEINEKEN Group markets. Croatia also participated with a number of lectures in several regions, including Karlovac, held by a team of corporate

communications and HR experts. Employees also had the opportunity to participate in gatherings with people who managed to overcome alcohol problems, supported by psychologists from the “Ti si OK” association.



Creating a taste for no-alcohol and low-alcohol brands

We offer not only information to consumers about moderate consumption, but we also offer consumers choice by providing low-alcohol and non-alcoholic brands to enjoy. Thus, our portfolio features several brands that contain no alcohol, or low levels of alcohol: Karlovačko Limun Natur Radler, Karlovačko Laganini Natur Radler, Karlovačko Leđero Natur Radler, Karlovačko 0.0% Natur Radler and Karlovačko 0.0% Maxx.



Promoting health and safety

Actions and results





Number of accidents reduced from 4 to 1 on company level



Improving safety

Health and safety have always been an integral part of HEINEKEN Hrvatska's business. Nothing is more important than ensuring the safety of our employees and the people we work with when they perform their duties. HEINEKEN's "Safety First" approach is focused on improving safety across our whole company. We respect clear and strict rules about protective clothing and equipment inside of our production plants as well as on logistic surfaces. At the brewery's entrance, every outside visitor receives a safety induction and a leaflet with safety rules. Because of the traffic going through the brewery

area, pedestrians' walking paths are clearly marked.

In line with the Safety First approach, HEINEKEN Hrvatska conducts various activities and internal campaigns in order to raise awareness about safety in the workplace and to educate employees. This resulted in a positive trend in 2015 – we reduced the number of accidents that occurred from four to one. One of our sales representatives was involved in a car accident but did not cause it. In addition, the number of lost days was reduced significantly to 16 days.



Case study: "Accidents don't happen to others" movie

Considering the fact that in 2014 50% of all accidents at HEINEKEN were traffic-related, road safety was one of the main topics in 2015. Thus, during the local "Enjoy Responsibly Day" on September 18, locally produced movie "Accidents don't happen to others" premiered. Employees who have experienced car accidents shared their testimonials, and the company's Director of Sales Petar Bermanec said: "Every time we sit in a car, we are not responsible solely for ourselves, but also for others on the road. Maybe we cannot influence their behaviour, but our own responsible behaviour can reduce risk. Just a few simple habits can save lives: fasten your seat belt, limit speed, do not drink alcohol, use a hands-free device and return to your homes safely."



For more information, see our website





1,600 hours of safety trainings
300 employees
 participated
468 hours of e-learning



116 employees from Sales sector
 participated in
 Safe Driving trainings



Safety First training

In 2015, more than 1600 hours of safety training was conducted, and more than 300 employees participated in a total of 468 hours of e-learning. E-learning covered topics such as: hazardous substances, working at height, safety in commerce, working with computers, and lockout-tagout.

Legally required training like safety specialist training and Heineken training were also organized, as well as training for Safe Driving for

company car drivers in the Sales sector. Training was held in June, October, and November in Oryx centre and 116 attendees participated. Training consisted of a theoretical and practice sections and the goal was to improve driving skills with a main focus on precision, smoothness, and accuracy in all conditions. The participants could experience the dangers of driving under the influence of alcohol using so called “drunk glasses.”



Growing with communities

Actions and results





Investing in our communities

Our business brings us into close contact with a great number of consumers and stakeholders daily. We want to ensure that our business helps our partners, people, and society in which we operate to prosper, so we invest in our community through donations,

sponsorships of local projects and participation or initiation of shared value projects. We make the greatest contribution to the community through our business itself – job creation for 329 people, ensuring business for 450 suppliers and by paying taxes.

Direct contribution

In 2015, through various initiatives we supported locally significant manifestations such as John's Bonfire, River Cinema with Karlovačko, and Beer Days. In addition, we have organized a voluntary Christmas action in cooperation with the Mali

Zmaj association by donating food and other necessities to socially vulnerable families. Thus, we helped five families with a total of 18 children living in Karlovac and the surrounding area.



Case study: Cooperation with Karlovac Polytechnic University

HEINEKEN Hrvatska and Karlovac Polytechnic University have a long history of cooperating on various projects. During the Beer Days 2015 in Karlovac, the first Croatian student beer was presented as the result of successful cooperation between the University's Department of food technology and our company. This successful project connected the scientific community and the business sector, in which students had the opportunity to obtain practical experience, participating in the actual production process. All raw materials for production, packaging and the necessary resources for pasteurization were provided by HEINEKEN Hrvatska.



For more information, see our website



Shared value projects

Our shared value projects are those that follow HEINEKEN's 'inclusive growth' philosophy, creating a benefit both to the local community and HEINEKEN Hrvatska as a business. Our local sourcing initiatives, that include purchasing Croatian barley, lemons and mandarins, are a great example of a shared value project. Through partnership with local farmers, we support their job growth,

help local agriculture and the national economy, and at the same time, we help HEINEKEN Hrvatska to receive an ongoing supply of our key raw materials. During Beer Days in Karlovac in 2015, HEINEKEN Hrvatska organized a group visit for our Croatian barley project partners – barely producers from Slavonia, representatives of Poljoprivredno prehrambeni kompleks, Agricultural

Institute Osijek and Slavonija slad – to our brewery where they had the opportunity to see the beer production process. In December of last year, we took a further step in enhancing our partnerships in local sourcing – we started the preparations for founding the Barley Producers' Club Karlovačko in 2016 that would bring together our local providers of barley.

HEINEKEN Business Academy

HEINEKEN Business Academy is another way the company is cooperating with the local community. Through this educational and practical program, HEINEKEN Hrvatska offers young talented individuals the

opportunity for professional development, allowing them to gain business experience and helps them in building their career. During 3 months, trainees are involved in the business operations of several departments

where they have their mentors and participate in projects and daily operational activities. So far, HEINEKEN Business Academy in Croatia gathered 15 participants.



Participants of HEINEKEN Business Academy 2015



Values and behaviours

Our activities

We are driven with passion for quality and produce brands people love while enjoying their lives. At the same time, we respect our people – these are the values that represent what we stand for as a corporate citizen, a business partner, and an employer. They

inspire us and are embodied by our employees on every level, function, and business.

We are committed to conducting business with fairness, integrity and respect for the law. This commitment is laid down in the HEINEKEN Code of

Business Conduct that ensures people all over the world understand what is expected of them when acting on behalf of the company. The code and its policies are available in 34 languages, including Croatian.

Five for Five



At HEINEKEN Hrvatska we are continuing with a program rewarding the best employees. Thirty colleagues were nominated in 2015 and the management team, led by our MD, chose five of them who all live and work in accordance with our values and can be considered role models. The “Five for Five” winners were awarded with a special weekend trip to Oktoberfest in Munich.

Green Patrol

Traditionally, as a part of the Karlovac Beer Days (Dani piva) annual event, HEINEKEN Hrvatska organized an environmental event, collecting and sorting waste under the slogan “Recycle and toast!” The action was implemented by our so-called “Green Patrol” who informed the visitors of the importance of protecting the environment and rewarding them for

sorting the waste. In ten days, some 13,000 glasses were recycled which is two times better than the last year’s mark.

ZELENE PATROLE



Stakeholder dialogue

Our stakeholders are vital to our business. We maintain a constant dialogue with them about our sustainability strategy and actions. This keeps us focused and lets us know where they see an opportunity for us to do more.

HEINEKEN global activities

In 2015, HEINEKEN N. V. completed one of its largest reputation research cycle ever, talking to more than 2,400 stakeholders across 30 markets. The Company also initiated a second series of expert meetings with various organizations and participated in

numerous roundtables, panels and conferences around sustainability matters. The company's CEO, CFO and other members of the Executive Team actively participated in senior level stakeholder meetings with relevant external stakeholders.

Besides that, HEINEKEN N. V. continued the discussion with global retailers around developing joint responses to sustainability issues and maintained the dialogue with investors, shareholder groups and analysts about the sustainability considerations.

HEINEKEN Hrvatska's activities

Every year HEINEKEN Hrvatska conducts a Reputation Research that covers customers, governmental stakeholders, NGOs, media, suppliers and trade associations. Outcomes are used for assessing materiality, analysing gaps and related action planning.

In 2015, reputation research was conducted among 79 key stakeholders and showed that

HEINEKEN Hrvatska's reputation increased since previous years, showing a strong result at 4.15 (with 5 as the highest score). Business performance is stated as the best overall performing dimension.

Many stakeholders praised the initiative of purchasing Croatian barley for Karlovačko that HEINEKEN Hrvatska has started in 2014 and recommended company to step up in

its activities related to local communities and investment in local production. Thus, we have upgraded our project of local sourcing by starting cooperation with local lemon and mandarin growers and set preparations for establishing the Barley Producers' Club Karlovačko. Besides that, we continued with organizing dialogue meetings such as meetings with neighbours from Karlovac and other stakeholders.

HEINEKEN's global benchmarks and achievements

To help evaluate HEINEKEN's progress on "Brewing a Better World" in a more objective way, the company tracks its performance against a number of recognized external benchmarks.

GLOBAL BENCHMARKS

Dow Jones Sustainability Index



HEINEKEN had its highest score ever in 2015 and made it once again to the 2016 Sustainability Yearbook. The company received the RobecoSAM Bronze Class distinction and the Industry Mover award for the greatest improvement in sustainability performance compared to the previous year.

Highest ever score of

82/100

Carbon Disclosure Project (CDP) – Climate Change



HEINEKEN achieved its highest score ever in disclosure: 100 out of 100 (from 99 in 2014 and 96 in 2013). Its performance was rated B¹ (2014: A, 2013: B). Overall, the company was awarded a position on the Benelux Climate Disclosure Leadership Index and the lead in the Consumer Staples category.

Highest ever score of

100/100

FTSE4Good



For the 12th consecutive year, HEINEKEN maintained its inclusion in the Index. Its Environmental, Social and Governance (ESG) rating was the same as in 2014: an absolute score of 4.2 out of 5, and a relative Supersector score of 98 out of 100.

Supersector score

98/100

DUTCH BENCHMARKS

Transparency Benchmark

For the fourth year running, HEINEKEN was ranked as a 'frontrunner' in transparent reporting. It retained a position in the top 20, while the number of companies in scope increased significantly.

Position

13/485

VBDO Tax Transparency and Circular Business Practices

The Dutch Association of Investors for Sustainable Development (VBDO) created a new benchmark for the transparency of Dutch multinational companies regarding tax policy and implementation. HEINEKEN ranked sixth out of 64 companies, placing itself among those considered to have satisfactory tax disclosures. VBDO also initiated a benchmark study on circular business practices. HEINEKEN ranked 13th of the 52 Dutch listed companies assessed.

Position

6/64, 13/52

Water transparency

HEINEKEN was the first of 75 Dutch listed companies in the new water transparency rankings, with a score of 43%. The ranking was created by the University of Twente with support from the Water Footprint Network and WWF. With many companies scoring 0%, the report demonstrated a need for greater transparency around water consumption. The ranking was published in the scientific journal Sustainability.

Position

1/75

Across its operations, HEINEKEN received a number of sustainability awards in 2015. See its website for details.

¹ CDP performance brands reach from A (highest) to E (lowest)

Spotlight on Sustainable Development Goals

In September 2015, the UN's General Assembly agreed on the 2030 Agenda for Sustainable Development. The Agenda contains 17 global Sustainable Development Goals (SDG) plus 169 accompanying targets.

Subsequently HEINEKEN reviewed its strategy internally against the SDGs. The analysis of current policies and activities highlighted how its strategy directly relates to and supports several of the 17 SDGs.



Good health and well-being – 3

Ensure healthy lives and promote well-being for all at all ages.



Quality education – 4

Ensure inclusive and equitable quality education and promote learning opportunities for all.



Clean water and sanitation – 6

Ensure availability and sustainable management of water and sanitation for all.



Affordable and clean energy – 7

Ensure access to affordable, reliable, sustainable and modern energy for all.



Decent work and economic growth – 8

Promote sustained, inclusive and sustainable economic growth, full & productive employment and decent work for all.



Responsible consumption and production – 12

Ensure sustainable consumption and production patterns.



Life on land – 15

Protect, restore, and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification and halt and reverse land degradation and halt biodiversity loss.

About this Summary Sustainability Report

This printed report summarises HEINEKEN's and HEINEKEN Hrvatska's progress on "Brewing a Better World" in 2015.



Please visit HEINEKEN's global Sustainability Report 2015 at: www.theHEINEKENCompany.com

www.heineken.hr
www.uzivajukarlovackomodgovorno.com

Let us know your thoughts

Which aspects of "Brewing a Better World" are working well?

Where do you think we could do better?

We would love to hear from you, because your feedback will allow us to learn and improve.

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Production

Heineken Hrvatska d.o.o.
Corporate Relations Department

Text

Heineken Hrvatska d.o.o.
Corporate Relations Department
HEINEKEN global Sustainability Report 2015

Photography

We would like to thank wider HEINEKEN community and company's suppliers for providing imagery to support Brewing a Better World.

HEINEKEN Hrvatska's archive (Ivo Pervan, Mario Pavlović, Mladen Volarić, Vjekoslav Skledar, Robert Fajt, Oliver Budimir, Igor Čepurkovski)

Graphic design and electronic publishing

Addison Group
www.addison-group.net
AB studio dizajn Barjaković

Printing

ZT ZAGRAF
Paper
Agripina 300 gsm cover
Agripina 135 gsm inside pages

Our Sustainability Report is printed on paper which is produced with 100% recycled post-consumer fibre and is produced in a chlorine free process PCF (Process Chlorine Free).



For more information see:
www.heineken.hr