

THE BIG PICTURE

MESSAGE FROM THE MANAGING DIRECTOR



Welcome to DB Breweries' 2015 sustainability report. While this is only our second annual sustainability report, it reflects our well trodden path to becoming a more sustainable company which we started many years ago. I'm pleased to say that we have a lot to share.

Firstly let me remind you that we have set ourselves the goal to be New Zealand's most sustainable alcohol producer, one of New Zealand's most sustainable

businesses overall and hopefully also one of the countries' most influential organisations on this important area.

We also believe that we have some wonderful successes to report though we absolutely recognise that we still have much work to do.

As a brewer, we have a key role in helping New Zealand transition to a cleaner economy, increasing our efficiency and getting the most value from all of the resources that we use along our value chain. Our overall approach to sustainability continues to be guided by HEINEKEN's Brewing a Better World strategy which focuses on six key areas: Protecting water resources, Reducing CO2 emissions, Sourcing sustainably, Advocating responsible consumption, Promoting health and safety and Growing with communities.

One of our key successes in 2015 was continuing to drive the responsible consumption agenda. This is certainly one area where we can make a lasting difference. The people of New Zealand expect and deserve nothing less. They support us in adopting a leadership position on responsible consumption and in becoming a bigger force for good in our local communities and in achieving better health outcomes for all New Zealanders.

Our aim is to be the world leader in responsible consumption by helping to shape what responsible consumption means, partnering to implement local programs, measuring their outcomes and then bringing that work to rest of the business world to learn from.

In 2015 we expanded our low and zero alcohol product offerings and now have such products in all of our segments. We launched new low alcohol by volume (ABV) products – DB Export 0.0 Citrus (0.0% ABV), Tui 2.5 (2.5% ABV) Monteith's Mid (3% ABV) and a world first Heineken Light (2.5% ABV) brewed specifically for the New Zealand market using Kiwi expertise.

Specifically in the coming year, we will continue to drive relevant product innovation and also explore new partnerships including how we might work more directly with alcohol dependence centres and make a genuine difference in our local communities through projects in which outcomes are shared.

Other highlights from our focus areas in the last year include:

- ✔ Increasing resource efficiency through reductions in water consumption and greenhouse gas emissions where we continue to beat our targets and out-perform HEINEKEN's global average. Indeed our ongoing improvement in this area means we have seen a reduction in our water consumption by 14.4% since 2005, and greenhouse gas emissions reduced by 41% since 2008.
- ✔ Progress towards our long-term aim to use 100% renewable energy in our operations. In 2015, we trialled the use of solar hot water at our Redwood Cidery and we hope to apply what we have learned in 2016 to achieve further advances in meeting this ambition.
- ✔ Winning the 2015 NZI Sustainable Business Network Award – Renewables Innovation for our partnership with Gull New Zealand on the development of Brewtroleum – a world's first in turning a waste stream from beer production into commercially available biofuel. This project also demonstrates our commitment to HEINEKEN's goal of zero waste to landfill and the circular economy. Waste represents not just a loss of input materials but also the energy, water and labour devoted to producing those materials in the first place. When using these resources, it is our responsibility to New Zealanders to maximise that value.
- ✔ The continued support of the DB Leading Light Scholarships – a community partnership with the New Zealand Leadership Institute (NZLI) to provide managers and leaders who live or work in the South Auckland area with an opportunity to participate in first class leadership development.
- ✔ We contributed directly to the New Zealand economy through approximately \$9 million in Corporate Income Tax and more than \$135 million in Excise Duty this year. More broadly we directly employed 503 people and supported more than 800 jobs in hospitality. We have prioritised local and sustainable sourcing, by switching to more than 90% New Zealand sourced malt, adding to the 100% sourcing of locally produced hops.
- ✔ Continuing to work closely with our staff to unlock their ideas and enthusiasm in helping DB Breweries meet our sustainability ambitions.

This coming year will also see the re-opening of our Tui Brewery, our oldest site, dating back to 1889. We are investing around \$5 million to earthquake strengthen the site's iconic Tui Tower, replace the existing brew plant and develop an innovative, regionally focused, smaller capacity brewery.

We're proud of the initiatives and the improvements we are able to present in this report and stand ready to actively contribute to a more sustainable New Zealand by 2030, in line with the Sustainable Development Goals adopted by the United Nations this year.

We have made every effort to be transparent and also responsive to what our stakeholders want to know. Our stakeholders challenge us to do better. We are a better company for it. We will continue to reach out to all of our stakeholders, communicate through multiple channels, engage in robust conversations and work toward common objectives for New Zealand communities.

I sincerely hope that you will take the time to read this report and provide us with direct feedback as to how you think we are doing. We would relish the opportunity to talk and learn more with you.

A handwritten signature in black ink, appearing to read 'AR', with a horizontal line underneath.

Cheers,

Andy Routley

DB Breweries Managing Director

ABOUT DB BREWERIES

DB Breweries Ltd (DB Breweries) head office is located in South Auckland, adjacent to its main brewing site on Bairds Road, Otahuhu. The brewery has operated from this location for 85 years, since its inception by Joseph W. Coutts in 1930. Our operating sites are located in both the North and South Islands of New Zealand, with four operating breweries and one cidery – Waitemata Brewery (Auckland), Tui Brewery (Mangatainoka), DB Draught Brewery (Timaru), Monteith's Brewing Co (Greymouth) and Redwood Cidery (Nelson).



Ownership and subsidiaries

DB Breweries is a 100% owned subsidiary of Heineken Asia Pacific Pte Ltd (HEINEKEN Asia Pacific). As part of the HEINEKEN Company, our track record of continuous improvement in environmental management, responsible consumption initiatives and community development is a good fit with HEINEKEN's approach to sustainability, innovation and excellence. For more information on HEINEKEN's approach to sustainability and Brewing a Better World visit: <http://www.theheinekencompany.com/sustainability>

We maintain our position as New Zealand's second largest brewing company with our focus on premium beer, beer, cider and hospitality. Two years ago, we increased our shareholding in Redwood Cider Company Limited (Redwood Cider Co.) from 91.54% to 100% and in 2015, we fully amalgamated the Redwood Cider Company (now referred to as Redwood Cidery) into our business, making us the number one cider company in New Zealand. DB Breweries also owns 60% of Barworks Hospitality Group (Barworks), a joint venture with JAG Hospitality Limited. The group employs more than 800 people and currently operates 20 premium gastro-pub establishments in Auckland. In 2014, Barworks opened three new venues – Launchman's Hospitality Limited (The Crew Club), Snuggler's Trading Co. Limited (Airport Bar) and Rangitoto Hospitality Limited (Regatta). In 2015, Barworks also opened GB West Ltd. (Goode Brothers, New Lynn).

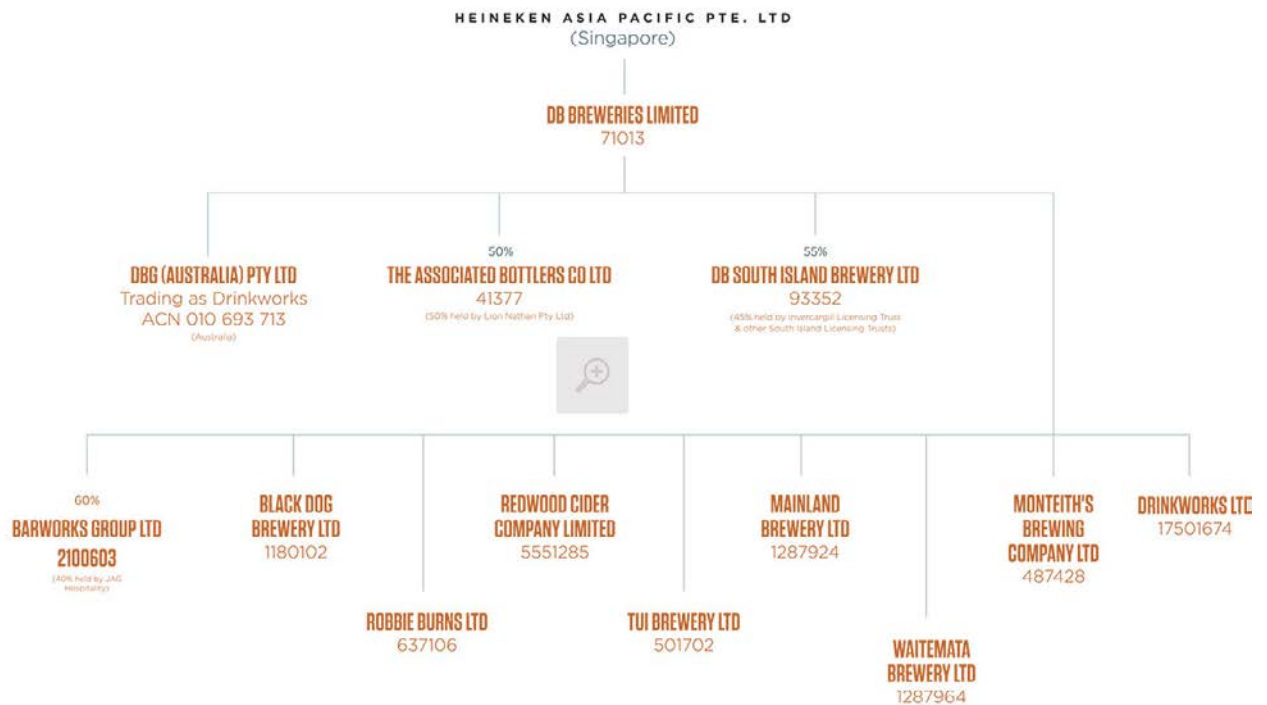
DB Breweries directly employs 503 people in our operational sites and sales offices and supports more than 800 jobs in hospitality and thousands more indirectly throughout our value chain. DB Breweries has collective employment agreements with two unions and approximately 22% of employees are covered by these.

Contract Type	Male Employees	Female Employees
Permanent – Full time	294	111
Permanent – Part time	18	52
Temporary – Full time	9	5
Temporary – Part time	6	8
Country	Male Employees	Female Employees
New Zealand	312	170
Australia	15	6

Data includes all operational sites and Drinkworks, excludes Barworks. Supervised workers are also excluded as their numbers are not material.

In 2015 we spent more than \$80 million on local sourcing of raw materials, packaging and logistics, including \$14 million of various fruits for our cidery. We have 1,000 locally managed suppliers and 90% of our procurement budget is spent locally.

DB Group structure



*All shareholding 100% unless otherwise indicated

Refer to Appendix 1 for more information on Barworks Subsidiaries.

Products and brands

In 2015, we produced over 120 million litres of beer and cider. We offer a unique range of products which includes international brands as well as some local icons. Our flagship brands include: Heineken, DB Export, Tui, Monteith's, Old Mout and DB Draught. These are complemented by a suite of other brands including Tiger, Sol, Amstel Light, Rekorderlig, Orchard Thieves, Erdinger Weissbier and Desperados. We also produce a small number of ready to drink (RTD) products, although our primary focus is on beer and cider. Our products are available to on-premise, off-premise, wholesale and retail customers across New Zealand. For a full list of our products and associated nutritional information visit: <http://www.db.co.nz/Our-Products/Nutritional-Information>. DBG (Australia) Pty Limited (Drinkworks), our Sydney-based sales and marketing arm, also provides a select portfolio of beers and ciders to the Australian market – <http://www.drinkworks.com.au/our-brands/>.

Leadership team and reporting line

DB Breweries' leadership team includes Managing Director, **Andy Routley**, and direct reports:

Sales Director, Dan Gilbert

Supply Chain Director, Charl Marais

Human Resources Director, Natasha Whiting

Marketing Director, Maud Meijboom van Wel

Finance Director, Niels Westpalm van Hoorn

Corporate Relations & Legal Director, Matt Wilson

Drinkworks General Manager, Nick Nairn

The members of our leadership team maintain ongoing dialogue with relevant HEINEKEN Asia Pacific functional directors. These functional and regional directors report to the President Asia Pacific, who reports to the HEINEKEN CEO. Our Managing Director, Andy Routley, also reports directly to the President Asia Pacific. Maud Meijboom van Wel was Marketing Director for the reporting period 2015. This position will be held by Sean O'Donnell from 1st April 2016. For more information on leadership team visit:

<http://www.db.co.nz/Our-Company-Heritage/Our-Team>



Our values and behaviours

The HEINEKEN Code of Business Conduct communicates the basic principles that each employee must observe when acting for or on behalf of the company. The Code is based on HEINEKEN's long held values of enjoyment, respect and passion and provides extensive policy direction on managing issues from health & safety and responsible consumption to bribery, human rights and conflicts of interest. The Code and its underlying policies are included in our mandatory staff induction sessions and applies to employees, suppliers, contractors and by individuals who are employed by Barworks. Four core values sit at the heart of DB Breweries – have vision, passion for quality and safety, respect for people and planet, and play to win. Our Managing Director is ultimately responsible for ensuring our values are reflected in our behaviours which are: put safety first, act as an entrepreneur, collaborate through trust, focus on support over control, keep it simple and learn to improve. This is done in conjunction with the Human Resources Director who is directly responsible for supporting and implementing these in all areas of the business.

SUSTAINABILITY STRATEGY

Our focus

Our approach to sustainability is fully aligned and integrated with HEINEKEN's strategy – *Brewing a Better World*. Launched in 2010, it is HEINEKEN's long-term approach for creating shared, sustainable value for both business and stakeholders. It outlines six priority areas: protecting water resources, reducing CO2 emissions, sourcing sustainably, advocating responsible consumption, promoting health & safety and growing with communities. Although we are relatively new to HEINEKEN, we have a long history of taking action in all of these priority areas, making positive change locally. We continue to drive this agenda in New Zealand but also now have the opportunity to directly link these efforts and contribute to global sustainability commitments, targets and programs as well.







Our focus areas

Our commitments

Our commitments to drive positive local impacts in our focus areas are voluntary and outlined throughout this report. As a HEINEKEN Operating Company (OpCo), our initiatives also contribute to HEINEKEN's wider global sustainability commitments. To read more about HEINEKEN's progress on global commitments visit <http://www.theheinekencompany.com/sustainability/sustainability-performance-highlights-2015>

Our performance highlights

HEINEKEN's global commitment 2020	DB Breweries – performance 2015	Performance
Reduce specific water consumption in our breweries to 3.9 hl/hl	Water consumption decreased to 3.47 hl/hl	
Reduce CO ₂ emissions in production by 40% (equivalent to CO ₂ -eq/hl)	CO ₂ emissions reduced by 41% since 2008	
Four-step Supplier Code Procedures operational within all OpCos	Step 1 of the Supplier Code Procedures completed with key vendors – 100% of required suppliers ¹ and 90% of all suppliers have signed the Supplier Code	
Every market in scope has a partnership to address alcohol related harm. All partnerships meet HEINEKEN's seven-point criteria.	Met HEINEKEN's seven-point criteria in partnership with the Auckland Philharmonia Trust – APO Remix the Orchestra	

[1] Vendors used more than once in the past 12 months.



Achieved



Partly Achieved

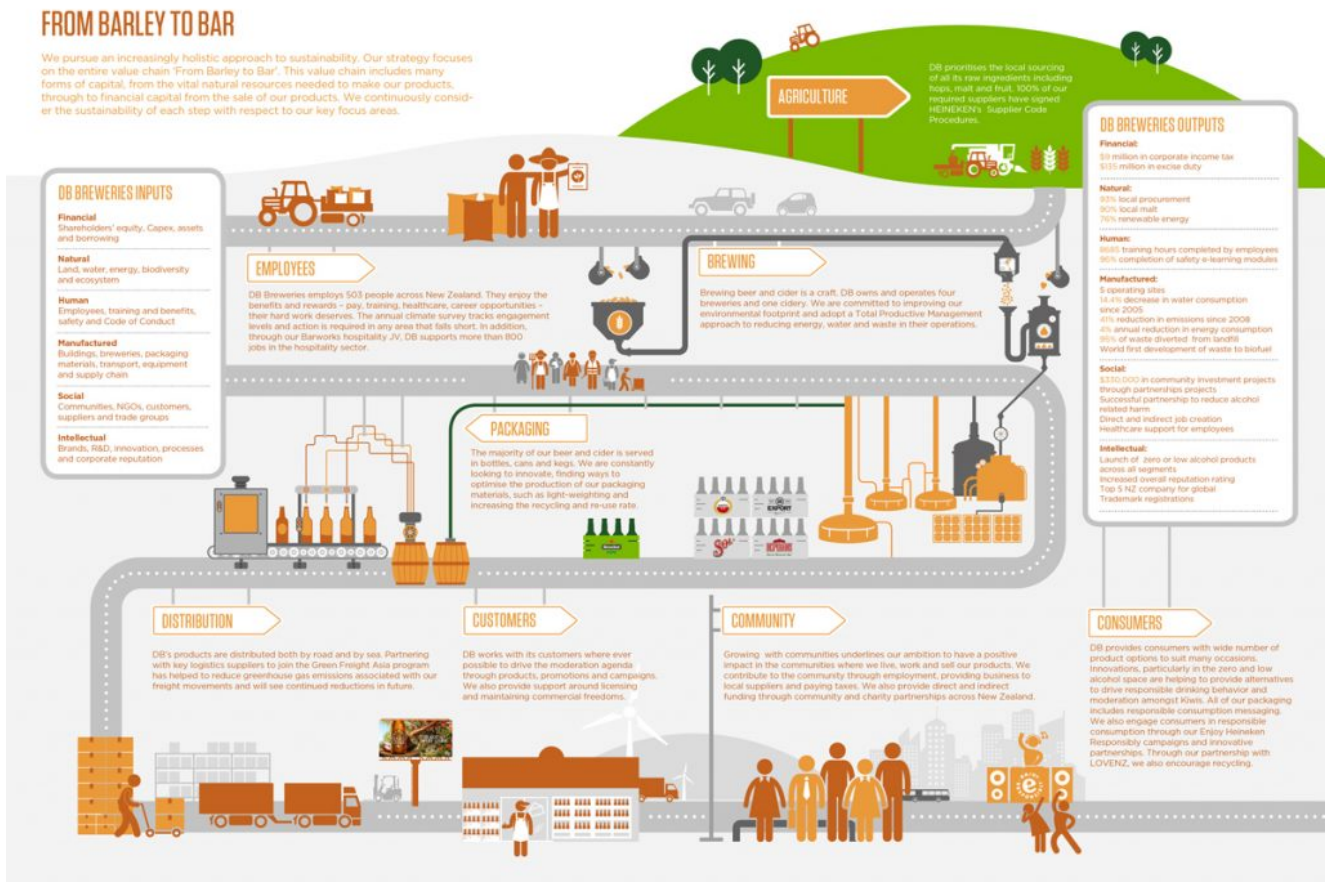


Not Achieved

Our approach

From Barley to Bar

We adopt an entire value chain approach to addressing the sustainability of our six focus areas. In doing so, we consider the impacts of our activities and opportunities to improve from the point at which the barley and hops are planted, through to the point at which the consumer disposes of our packaging. We recognise that stakeholders affect, and are affected by, the activities along our value chain. We aim to work together with those stakeholders to create positive change in focus areas relevant to them.



SUSTAINABILITY GOVERNANCE






Our approach to sustainability, outlined in Brewing a Better World, is embedded throughout our operations and applied consistently across the business. At DB Breweries, our highest sustainability governance body is the Sustainability Committee. The Committee is chaired by our Managing Director, Andy Routley, and includes the leadership team as well as other direct reports. The Corporate Relations & Legal Director and team also undertake a role as Sustainability Coordinators to support the Committee members in achieving their objectives. Our progress on objectives is measured and reported as part of the quarterly business cycle and appraised annually. We communicate our quarterly progress back to the HEINEKEN Global Corporate Affairs Committee.








Our sustainability committee

Sustainability Focus Area	DB Breweries Responsible Units	Members
Protecting water resources	Supply Chain Director	Charl Marais
Reducing CO2 emissions	Supply Chain Director National Logistics Manager	Charl Marais Garth Deenik
Sourcing sustainably	Supply Chain Director Procurement Manager	Charl Marais Nic Boyd
Advocating responsible consumption	Marketing Director Corporate Relations & Legal Director	Maud Meijboom van Wel Matt Wilson
Growing with communities	Corporate Relations & Legal Director External Relations Manager	Matt Wilson Amber McEwen
Promoting health & safety	Sales Director Human Resources Director Supply Chain Director National Health & Safety Manager	Dan Gilbert Natasha Whiting Charl Marais Natalee Scripps
Related finance and taxes	Finance Director	Niels Westpalm van Hoorn
Auditing processes	Audit & Risk Assurance Manager	Komal Patel
Legal requirements	Corporate Relations and Legal Director	Matt Wilson

Our partners and memberships

We maintain strong relationships with industry bodies and associations and, in some cases, members of our leadership team are also represented on the governance bodies of these groups.

Membership	Description	Direct representation by DB Breweries on governance body
	<p>An industry association which represents the manufacturers and suppliers behind New Zealand's food, beverage, and grocery brands.</p>	<p>None</p>
	<p>An industry association working on the development, promotion and advocacy of advertising and marketing communications for the benefit of New Zealand.</p>	<p>None</p>
	<p>An industry association which represents brewers in legislative and regulatory affairs in both countries.</p>	<p>Andy Routley (Managing Director) is one of four Principals</p>
	<p>An industry association whose missions is to grow the value and quality of the New Zealand beer sector while maintaining integrity with its members, the industry and the public as a whole.</p>	<p>Jonathan Alve (Business Investment Manager) is Chair of the Executive</p>
	<p>The Sustainable Business Council (SBC) is an executive-led organisation that advocates a better way of doing business, one which creates a sustainable future for New Zealand.</p>	<p>None</p>

	<p>The Tomorrow Project is a social change initiative of beer, wine and spirit producers.</p>	<p>Matt Wilson (Corporate Relations & Legal Director) was a Board member in 2015</p>
	<p>An industry association representing business interests to local and national government.</p>	<p>None</p>
	<p>A voluntary trade organisation of hospitality businesses and operators.</p>	<p>None</p>
	<p>A broad-based packaging organisation operating product stewardship & public place recycling schemes.</p>	<p>Matt Wilson (Corporate Relations & Legal Director) is a member of the Governing Board and a member of the Public Place Recycling Scheme Steering Committee</p>
	<p>The Advertising Standards Authority (ASA) self-regulate advertising in New Zealand. Advertising Codes of Practice provide the rules by which all advertisements in all media should comply.</p>	<p>None</p>
	<p>The Trans – Tasman Business Circle is a member-based, strategic growth partner for the region’s leading organisations in the private and public sector. The Circle builds strategic relationships, business insights, and profile by developing customised programs for stakeholder engagement.</p>	<p>None</p>
	<p>Business and Community Shares New Zealand (BACS) is a Trust which offers a range of practical ways for responsible businesses to work together with communities to help tackle key issues facing NZ society.</p>	<p>None</p>

ABOUT THIS REPORT

Stakeholders inform our report

We share our Brewing a Better World strategy with our stakeholders across our value chain to find common objectives. Our stakeholders include: our shareholders, employees, suppliers, government, industry, customers, consumers, media, non-government organisations (NGOs) and local communities. Ongoing discussions with stakeholders help us to identify the risks facing our business and to further develop opportunities to address them together. Embedding conversations on sustainability issues into everyday business discussions is vital to our efforts and to achieving progress in sustainability.

Our stakeholders and their interests vary and we recognise that it is important to create targeted strategies which engage them directly on the issues which concern them the most and meet their needs too. We use established mapping methodologies and consider the importance of the relevant focus areas to our stakeholders, as well as the influence of the stakeholder on those areas.

As part of gathering feedback this year, we hosted a Sustainability Roundtable Lunch with key senior stakeholders including representatives from: Foodstuffs NZ, Progressive Enterprises Limited, Foodstuffs Own Brands Ltd, Colenso BBDO NZ, Barworks Hospitality Group, Big Buddy, New Zealand Leadership Institute, Sustainable Business Council, Brewer's Association of Australia and New Zealand and New Zealand Cricket. The Roundtable sought feedback on the key issues and content of our previous sustainability report but also posed key questions about our current and future challenges and opportunities.

Through our annual supplier engagement this year, we also asked our major suppliers to identify their greatest social, economic and/or environmental issues or risks and what issues or risks they considered to be significant to DB Breweries. We also asked those suppliers to confirm the importance of issues we had identified as material and help us to prioritise those issues.

Our reputation research is another mechanism we use to better understand our stakeholders, their interests and how they view our performance across multiple areas of our business. We include dedicated questions on sustainability and corporate social responsibility (CSR). In 2013, 42 stakeholders took part in our first reputation research and we repeated this exercise in August-September 2015 with 36 in depth telephone interviews across customers, government, media, NGOs, suppliers and trade associations. This year, trade associations and suppliers gave the highest ratings for sustainability and responsibility, both representing an increase since 2013. However, among media and government, scores were lower and had declined since 2013. The survey will continue to take place biennially.

Responsible portfolio innovations and the promotion of responsible drinking is a top of mind concern in New Zealand and an area to which DB Breweries can contribute. This was a key theme raised by the reputation research. Some stakeholders would also like to see DB Breweries support local communities more and become a leading force for good in New Zealand. A few stakeholders also encouraged us to raise greater awareness of our activities.

Stakeholders	Examples of how we've engaged	Frequency
Industry associations	Face to face meetings Reputation research Partnerships Roundtable lunch	Quarterly Biennial Ad hoc Annual
Suppliers	Supplier Reviews Reputation research Ongoing dialogue	Annual Biennial Quarterly
Customers	Reputation research Regular call cycles Roundtable lunch	Biennial Variable Annual
Government	Face to face meetings Reputation research Joint initiatives Roundtable lunch	Ad Hoc Biennial Ad Hoc Annual
Media	Media relations Reputation research	Ongoing Biennial

NGOs and local communities	Reputation research	Biennial
	Ongoing dialogue	Quarterly
	Partnerships	Ad Hoc
	Roundtable lunch	Annual
Employees	Team Talk	Monthly
	Insight	Quarterly
	Brewnet	Daily
	Risk Assessment Workshops	Annual
	Climate Survey	Annual
HEINEKEN	Ongoing dialogue	Monthly

Key issues raised

There were a number of consistent themes across all of the feedback we received, with stakeholders calling for DB to further champion responsible consumption, including considering the addiction end of the spectrum. As well, our stakeholders are interested in seeing greater support for local communities and more regular communication about our CSR and sustainability activities. Given the changes to legislation taking place in 2016, our Government stakeholders would like to see a focus from all businesses in this area, as would HEINEKEN with Safety First being our number one behaviour across the organisation. Some suppliers would like to us explore opportunities in the sustainable packaging and emissions space.

A focus on material issues

In response to feedback from our stakeholders, we have modified our priority areas. We continue to examine the environmental, social and economic issues, which are important to both our business and stakeholders (key areas of importance or material issues), by considering:

- The impacts of our products and activities across the value chain
- Stakeholder's perceptions, interests and expectations informed by our dialogue, including our reputation research
- Challenges facing our business and industry today and tomorrow
- Opportunities to contribute to sustainable development and to stakeholder interests.

We group the issues into 11 key areas of importance (our material issues):

Responsible consumption – leading the industry to promote and engage in partnerships which drive moderate drinking behaviours and social change

Energy & carbon – reducing our energy consumption and carbon footprint

Water – reducing our water consumption and associated outputs (effluents)

Sourcing sustainably – ensuring sustainable procurement practices with a focus on local sourcing

Supporting communities – making a positive contribution to the communities in which we operate

Health & safety – ensuring our people get home safely every day

High quality and standards – producing high quality, safe products for consumption

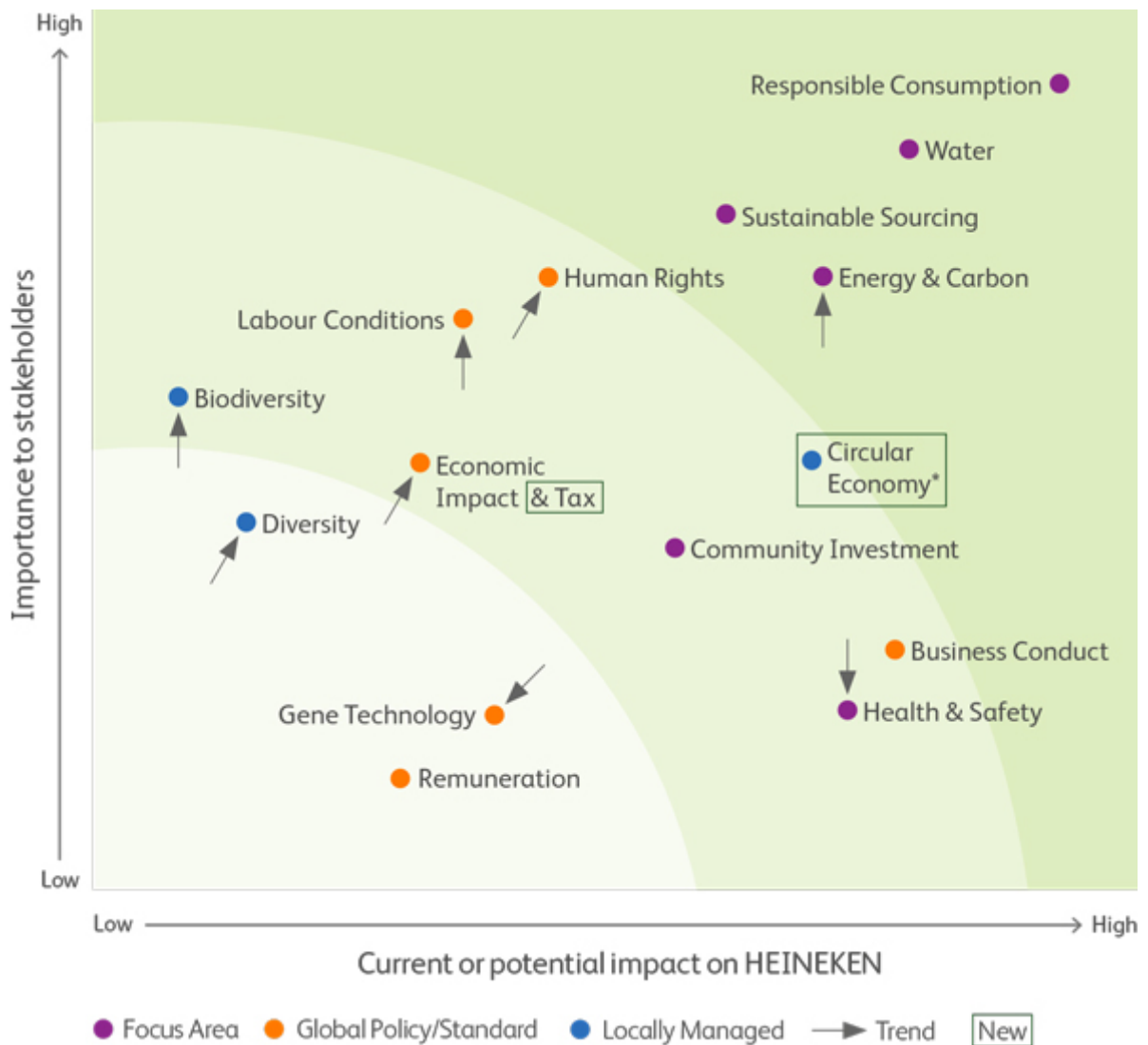
Life-cycle solutions – creating products, packaging solutions and driving partnerships that minimise waste in favour of recycling or reuse

Innovation – innovating in everything we do to deliver on new consumer, customer or business needs

Commerciality – ensuring a sustainable financial model throughout the value chain

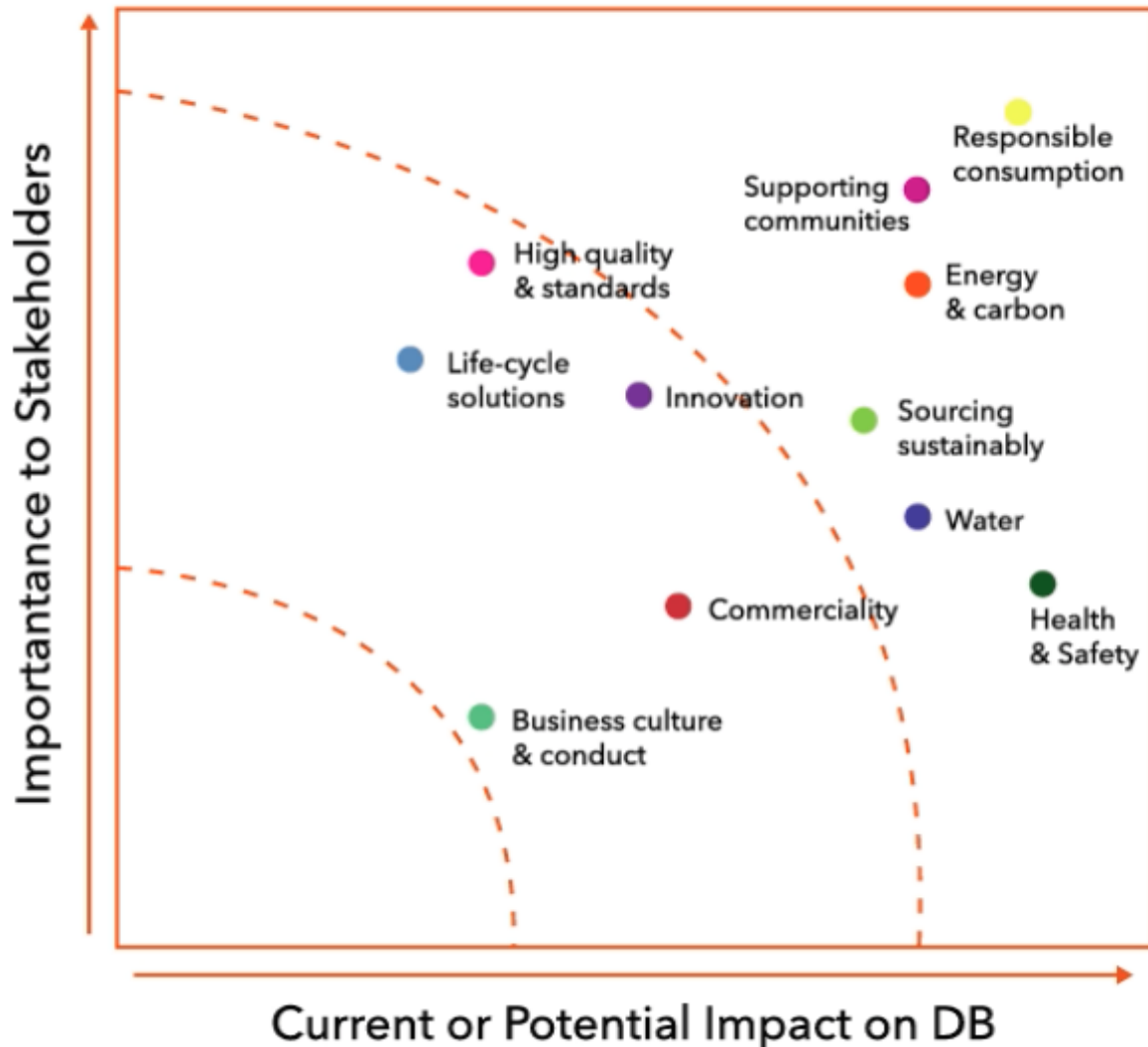
Business conduct & culture – compliance with local employment law and driving world class culture

HEINEKEN Materiality Matrix



Our consideration of material issues also aligns with HEINEKEN's focus areas in the Brewing a Better World strategy. However, our own consideration of material issues, our unique operating context and our engagement with local and offshore stakeholders provides us with a ranking order for our priorities in any given reporting cycle. Our materiality matrix is presented below and has been reviewed and validated by our Sustainability Committee. Areas such as responsible consumption, working with communities and health & safety, for example, have been elevated this year. Issues that are comparatively lower in importance to stakeholders and have a lesser current or potential impact on DB Breweries will still be addressed.

DB 2015 Materiality Matrix



Application of reporting standards

This report covers the reporting period 1 January 2015 to 31 December 2015 (our fiscal year 2015). The DB Breweries Sustainability Report is published on an annual basis. This report has been prepared in accordance with the Global Reporting Initiative's (GRI) G4 – Core and a **GRI Content Index** has been provided. We have also aligned our material issues to the GRI's list of Material Aspects to inform our reporting.

Priority Issues	G4 Aspects
Responsible consumption	Marketing communications, Product and service labelling
Energy and carbon	Energy and Air Emissions
Sourcing sustainably	Procurement practices
Water	Water, Effluents and Waste
Communities	Local communities, Indirect economic impacts
Health and safety	Operational health and safety

Unless otherwise stated, the scope of the report includes all of DB Breweries' subsidiaries and operational sites. This includes our five operational sites as well as Barworks and Drinkworks. For our environmental reporting, we use an operational consolidation approach and include all relevant data for our four most significant locations of operation – Waitemata Brewery, DB Draught Brewery, Tui Brewery and Redwood Cidery. Where stated, data generally excludes Monteith's Brewing Co, as it is not considered a significant or material production site for the purposes of this report.

The content of the report is based on **our materiality assessment** and is linked to the Brewing a Better World strategy. Data is collected using HEINEKEN's global data collection systems including the Business Comparison System (BCS), for environmental data, and Green Gauge for other key areas of sustainability performance. In 2013, we began aligning our data with these systems and this is now our established performance baseline for reporting. We continue to work with HEINEKEN to apply uniform definitions for reporting purposes and to improve both the accuracy and comparability of data and benchmark our performance across the HEINEKEN Group. For more information on the methodologies used in our data collection, please see **HEINEKEN Sustainability Report 2015 – Appendix 2, p45.**

Assurance

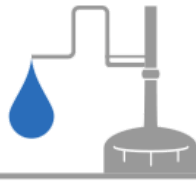
External assurance was not sought for our 2015 performance and data. We rely on our internal processes to verify the accuracy of all sustainability-related data. Data collected through our internal systems, such as BCS and Green Gauge, is reviewed by DB Breweries and HEINEKEN. This information is also reviewed and aggregated by HEINEKEN for the global Sustainability Report 2015 which is then externally assured by Deloitte. For the Deloitte Assurance Report, please see the **HEINEKEN Sustainability Report 2015 – Appendix 1, p44.**

For questions or feedback regarding this report or its contents please contact sustainability@db.co.nz

PROTECTING WATER RESOURCES

Over the past decade we have achieved a **14.4% decrease** in water use.

14.4% ▼



3.47 HL/HL

Water consumption **decreased** to **3.47hl/hl** in 2015.

OUR OPERATING CONTEXT

Fresh water is one of New Zealand's most valuable natural assets. The country's 4,000 lakes and 425,000 kilometres of rivers and streams provide safe drinking water and support a variety of wildlife¹. Fresh water is also vital to the economy, being used for irrigation, trade wastes and sewage and hydro-electric energy. For Māori, fresh water is essential to life and identity and this is recognised under the Treaty of Waitangi.

New Zealand has abundant freshwater compared with many other developed countries, with more than 70 times as many litres of freshwater per person than the United Kingdom, for example². However, expected trends in climate change and a growing population requires careful management as water quality and availability varies across the country. The Lower South Island, for example, suffered an uncharacteristic drought early in 2015 and we responded by working with the local council to communicate our approach to water management and reduction.

The New Zealand Government commenced a series of reforms in 2009 to improve the way fresh water is managed. Further reforms are proposed for consultation in 2016 and include a focus on the economic use of fresh water and requirements for increasing efficiency and good management practice.

WHY WATER IS IMPORTANT TO DB BREWERIES

Water is essential to our business and fills 95% of our finished beer products. The water footprint of the brewing industry varies around the world and is even larger when factoring in the water used to grow raw materials like hops. One study, for example, found that it takes a total of 180 litres of water to produce one litre of beer in Tanzania, while in Peru the total is 61 litres. More than 90% of that is used in crop-growing. While we focus on water stewardship and the efficient use of water at our sites, we are increasingly pursuing the same goals with our suppliers in New Zealand through our sustainable sourcing program.


OUR PRIORITIES

As a signatory of the United Nations CEO Water Mandate, our parent company, HEINEKEN, is deeply committed to sustainable water use. As a HEINEKEN OpCo, we have access to world-class water management systems and have ambitious plans to meet our water stewardship priorities:

1. Reduce the amount of water used in production
2. Reduce the amount of water used in the rest of our supply chain
3. Ensure the responsible discharge of brewery effluent

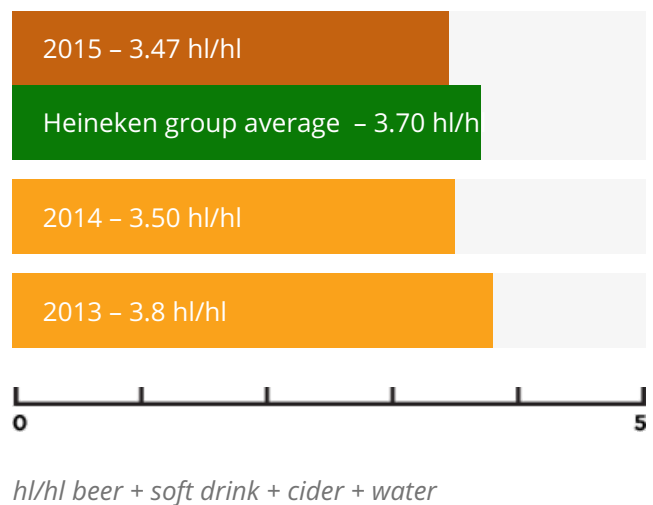
We are committed to both reducing our water consumption and to keeping local waterways healthy.

OUR RESULTS 2015

HEINEKEN Global commitment by 2020	DB Breweries – objective by 2016	What DB Breweries has done in 2015
Reduce the specific water consumption in breweries to 3.5 hl/hl overall	Reduce our specific water consumption in our breweries ³ and cidery to 3.39 hl/hl	On track Water consumption decreased to 3.47 hl/hl 

Specific water consumption

We have achieved a slight decrease in water consumption from 3.50 hectolitres (hl) of water per hectolitres of beer or cider in 2014 to 3.47 hl/hl in 2015. DB Breweries has lower specific water consumption than the HEINEKEN average of 3.70 hl/hl and below the 2015 HEINEKEN target of 3.90 hl/hl. We are also within reach of our own goal of specific water consumption in our breweries and cidery to 3.39 hl of water per hl of beer or cider by the end of 2016.



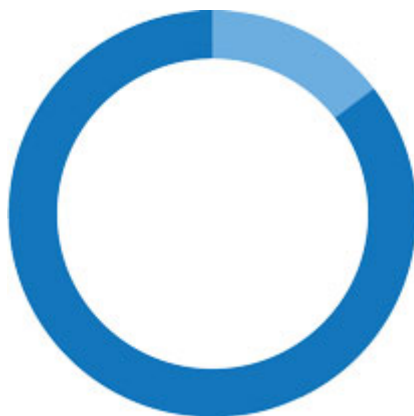
OUR ACTIONS 2015

Reducing water consumption


Over the past decade, we have achieved a 14.4% decrease in water use. We take a Total Productive Management (TPM) approach which allows for the development of annual master plans and regular team meetings to monitor consumption as well as empowering individual action to address waste. The performance of our operating sites varied during the year. Our Waitemata Brewery decreased its water consumption due to improvements in Clean in Place (CIP) processes and a new pasteuriser at the DB Draught Brewery resulted in reduction of 0.7% at that site. The Tui Brewery increased its water consumption due to smaller batch sizes while the Redwood Cidery increased its bottling this year and requires further assessment for water efficiency opportunities.

Water sources

Our primary water source is from municipal water supplies (88.6%). Our alternate water source is from surface water (11.4%). DB Breweries does not use groundwater or wastewater from other organisations, or directly collect and store rainwater for usage.



WATER USED PER SOURCE

	Municipal water supply*	376,242 m3 (88.6%)
	Surface water**	48,519 m3 (11.4%)

* Based on totals from water bills

** Based on data from calibrated flow metre

Wastewater management

Water consumption at our sites is only one aspect of our approach to water stewardship. Ensuring the responsible discharge of brewery effluent is vital to the communities where we operate and their local ecosystems. The amount of effluent organic load discharged to surface water has increased from 375,951 Kg chemical oxygen demand (COD) in 2014 to 734,970Kg COD in 2015. This is largely attributed to changes in data collection and reporting. We have been working this year on improving data collection, consistency and reporting of wastewater after errors were made in reporting systems, leaving information gaps in 2014. In early 2015, changes to our reporting systems resulted in a misinterpretation of definitions regarding surface water and particularly the role of municipal versus on site water treatment. This was amended retrospectively in 2016 and, as a result, our waste water data for the previous years has also been re-stated in the graph below using the revised methodology.



Wastewater from our Waitemata Brewery and DB Draught Brewery sites is treated in municipal waste treatment plants. Our Tui Brewery is our only site which takes water from a river and returns water after it has been treated by our waste water treatment plant. Tui Brewery is also our oldest site, dating back to 1889, and is being re-developed with more modern brewing equipment as a regionally focused brewery. The smaller capacity, fit for purpose brewery will replace the existing brew plant and is expected to be operational by September 2016.

Throughout this year we have continued our activities with the Manawatū River Leaders' Forum and the Accord to improve the quality of water in Manawatu and Mangatainoka Rivers. For UN World Water Day, we implemented local waterway clean-up activities at three sites: Waitemata, Mangatainoka and Timaru, working with the local Otara Council, Horizons Manawatu regional council and the Otipua Wetland Charitable Trust.

CASE STUDY

DB staff make a splash in local waterways on World Water Day



On March 20th, we engaged our employees to enable a deeper understanding of the importance of our water resources by activating our first World Water Day events. Employees coordinated local clean-ups for waterways surrounding our Waitemata Brewery in Auckland, Tui Brewery in Mangatainoka and DB Draught Brewery in Timaru. In collaboration with local councils and volunteer groups, each site undertook targeted initiatives to restore the surrounding waterways.

In Auckland, more than 40 employees, including members of our leadership team and our Managing Director, spent the afternoon cleaning Otara Lake. A stone's throw from our head office and major brewing site in Otahuhu, this is one of New Zealand's most polluted waterways. During the clean-up, staff removed rubbish from the bank and the more adventurous went into the waterway to remove larger objects such as shopping trolleys, tires, hard-drives, car batteries and more. In order to dispose of the waste responsibly, the organising committee coordinated with local council who collected the piles of waste.

At Mangatainoka, another 40 Tui Brewery and Tui HQ staff, as well as sales staff from Wellington, were joined by local regional council Horizons and Hurricane team rugby players. Activities involved cleaning up the river bank, weeding the area, and constructing a fish pass for native species to cross the culvert – facilitating the reproduction process

In Timaru, over 35 employees worked with a local volunteer group Otipua Wetlands Charitable Trust to activate their clean up. This involved helping to restore the wetland ecosystem surrounding Redruth Creek by removing rubbish and building a planting area, to create a healthier habitat for the native flora and fauna

The activities have helped to ensure that our employees across the country understand the importance of this resource both locally, globally and as a vital part of our brewing process and ingredients. Not only this, they rendered MD Andy Routley speechless by his own admission. “I didn’t know quite what to expect when I came down to Otara Lake last Friday. Whilst the scale of the challenge was clearly enormous it was easy to admire the commitment and hard labour everyone put in.”

We plan to activate World Water Day events again in 2016 with the view to it becoming an annual occurrence.

[1] Source: MFE 2007

[2] Source: Statistics NZ 2011, World Bank 2013

[3] Data excludes Monteith’s Brewing Co. as this is not considered material for the purposes of this report.

REDUCING CO₂ EMISSIONS

41% ▼

REDUCTION

Emissions reduced by **41%** since 2008.



Specific greenhouse gas emissions **decreased by 5% annually** to **5.3kg CO₂-eq/hl** in 2015.



OUR OPERATING CONTEXT

New Zealand's climate is expected to change. Overall the New Zealand climate will be warmer, with increased extreme events like storms and fires and less frost and snow. Large areas of eastern New Zealand are likely to have less soil moisture and experience drought, although western New Zealand is likely to receive more rain. While growing conditions for agriculture and horticulture will improve in the medium term, much depends on the availability of water, particularly in eastern lowland regions where irrigation is less available.

In December 2015, the United Nations Framework Convention on Climate Change reached agreement among 195 countries to keep a global temperature rise this century well below 2 degrees Celsius and to drive efforts to limit the temperature increase even further to 1.5 degrees Celsius above pre-industrial levels. Many businesses are now responding to this by setting science-based reduction targets and we will follow these developments with our parent company, HEINEKEN. Locally, New Zealand remains committed to this task through The Climate Change Response Act 2002 and the Climate Change (Eligible Industrial Activities) Regulations 2010, which enable the government to meet its international greenhouse gas emission obligations.

WHY GREENHOUSE GAS EMISSIONS ARE IMPORTANT TO DB BREWERIES


Energy is used in the brewing process, lighting, heating and cooling facilities, product refrigeration and transport. While almost 80% of the electricity generated in New Zealand is from hydro and renewable sources, electricity does not account for all of our energy consumption. Energy is also a business cost and conservation efforts improve our operating bottom line.

The impacts of climate change, associated with increasing greenhouse gas emissions, are a concern to our business and to all of HEINEKEN's operations globally as we depend on reliable access to water as well as agricultural commodities. More than 90% of our spend on suppliers is based in New Zealand and we will be monitoring likely local impacts, such as drought and water security, on the availability and costs of raw materials with our contractors and suppliers.

OUR PRIORITIES

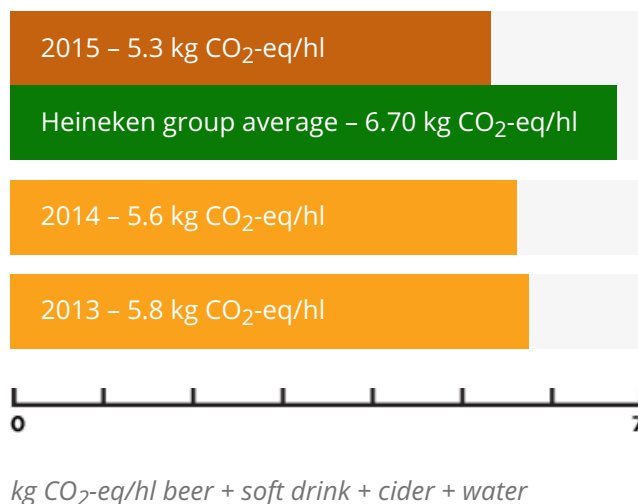
Our priority is to contribute to HEINEKEN’s global target of reducing greenhouse gas emissions in production by 40% by 2020. Lowering emissions in production is our focus and we pursue this through energy optimisation and increasing our energy efficiency as a first order priority in our breweries and cidery. We approach this through our Total Productive Management (TPM) teams who regularly examine all of our resource consumption at our production sites as well as including efficiency provisions in our rolling capital expenditure plans when plant and equipment is upgraded.

OUR RESULTS 2015

HEINEKEN Global commitment by 2020	DB Breweries – objective by 2016	What DB Breweries has done in 2015
Reduce CO ₂ emissions in production by 40% (equivalent to CO ₂ -eq/hl) ¹	Reduce CO ₂ emissions in production by 44% ² (equivalent to CO ₂ -eq/hl) ²	On track CO ₂ emissions reduced by 41% since 2008 

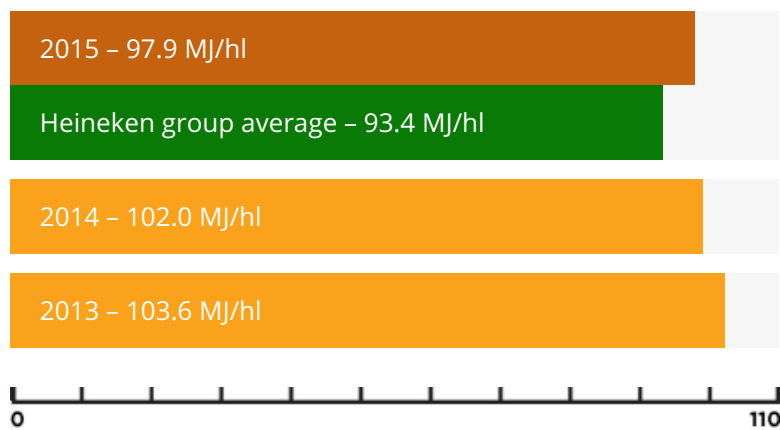
Specific greenhouse gas emissions

We have reduced our CO₂ emissions per hectolitre by 41% and are on track to reaching our goal of a 44% reduction in CO₂ emissions per hectolitre (from the 2008 baseline). Overall, the specific direct and indirect CO₂ emissions of DB Breweries decreased from 5.6 kg CO₂-eq/hl to 5.3 kgCO₂-eq/hl over the 2015 period. This is a lower specific direct and indirect CO₂ emissions than the HEINEKEN Group average of 6.7 kg CO₂-eq/hl and below the HEINEKEN global target of 7.6 kgCO₂-eq/hl. Our direct or scope 1 greenhouse gas emissions for this year were approximately 2.75 kgCO₂-eq/hl while our indirect or scope 2 greenhouse gas emissions were approximately 2.56 kgCO₂-eq/hl³.



Total specific energy consumption

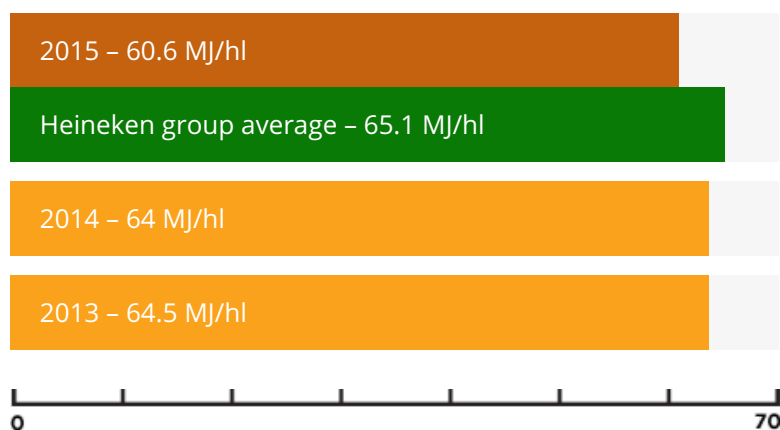
The specific total energy consumption of DB Breweries decreased from 102 MJ/hl to 97.9 MJ/hl. This is a decrease of 4% compared to last year. DB Breweries has a higher specific total energy consumption than the HEINEKEN Group average of 93.4 MJ/hl.



MJ/hl beer + soft drink + cider + water

Specific thermal energy consumption

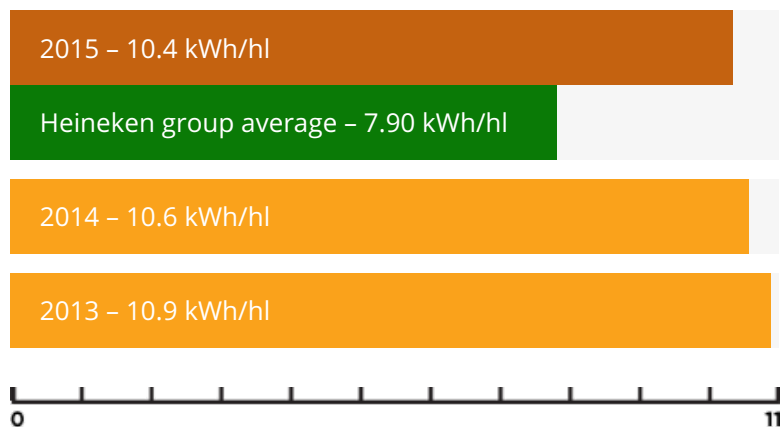
The specific thermal energy consumption (ex logistics & biogas) of DB Breweries decreased from 64 MJ/hl to 60.6 MJ/hl. This is a decrease of 5% compared to last year. DB Breweries has a lower thermal energy consumption than the HEINEKEN Group average of 65.1 MJ/hl. Gaseous fuels supply just over 75% of the fuel used in our beverage production.



MJ/hl beer + soft drink + cider + water

Specific electricity consumption

The specific electricity consumption of DB Breweries decreased from 10.6 kWh/hl to 10.4 kWh/hl. This is a decrease of 2% compared to last year. However, DB Breweries has a higher specific electricity consumption than the HEINEKEN Group average of 7.9 kWh/hl. Renewable energy in our specific electricity consumption for beverage production this year was 76%, based on the overall country energy mix.



kWh/hl beer + soft drink + cider + water

OUR ACTIONS 2015

Embedding energy efficiency

In 2015 we implemented Energy Saving Programme (ESP) Improvements at the Waitemata Brewery reducing steam leaks from traps, repairing insulation on steam and hot water lines, valves and the cleaning of heat exchanger plates. Savings from LED lights and motion sensors installed in 2014 were also realised this year. At the DB Draught Brewery the first full year of operation for our new pasteuriser reduced demand while ESP Improvements such as the roll out of LED light installations also contributed to energy savings. The Tui Brewery has reduced energy consumption chiefly due to changes in production, with shutdown periods occurring during winter months and decreased production volumes generally. Some additional savings were made through maintenance activities such as the replacement of a refrigeration compressor electric motor, air leak surveys, weekend energy audits and the continued roll out of LED lighting and motion sensors.

The Redwood Cidery used very little thermal energy however increased electricity consumption this year due to a significant increase in production volumes in 2015. As a relatively recent joint venture for DB Breweries, there is more work to do in 2016 to further understand energy consumption and efficiency opportunities at the site. We have trialled solar hot water at this site during the year and will analyse results when a full 12 months of data is made available in March 2016. This was done with a view to implementing similar projects at our Waitemata Brewery in 2017-2018 with the aim of making this brewery operate with 100% renewable energy.

Reducing waste

We are always looking for innovative ways to reduce greenhouse gas emissions and create new opportunities to recover resources and maximise their value. Our **DB Export Brewtroleum** project, for example, is a world first in turning a waste stream from beer production into commercially available biofuel.

We recognise that the natural resources and raw materials we use in producing beer and cider, such as barley, malt, hops and fruit, represent significant amounts of energy, water and fertiliser. By making the most of these raw materials, we can also reduce our broader environmental footprint. DB Breweries pursues the waste hierarchy in which the re-use of a resource is the most valuable followed by options for human consumption, animal feed, recycling, incineration and finally landfill being the least valuable. We send less than 5% of our overall waste to landfill. More than 86% of our waste from spent grains, and other organic sources, is diverted to animal feed.

Waste hierarchy

	Destination	% of Total
<p>MOST PREFERRED OPTION</p> <p>LEAST PREFERRED OPTION</p>	Re-use	0
	Human Consumption	0
	Animal Feed	86.41
	Materials	8.33
	Compost/Soil Improvement	0.15
	Energy (Biogas)	0
	Combustion with Energy Recovery	0
	Combustion without Heat Recovery	0.14
	Landfill	4.23
	Unknown	0.74
	Total	100%

	Recycling
	Recovery
	Disposal

In 2015 we increased the generation of our specific non-recycled industrial waste from 0.56 kg/hl to 0.6 kg/hl and this is an increase of 7% compared to last year. DB Breweries also has a higher specific non-recycled industrial waste production than the HEINEKEN average of 0.38 kg/hl. Waste will be a significant area of focus for our efforts over the next several years as we further develop opportunities through the waste hierarchy and contribute to HEINEKEN's target of zero waste to landfill⁴.

We did not receive any environmental or safety complaints in 2015 and no fines for non-compliance with environmental regulations.

CASE STUDY

DB Export Brewtroleum – the only time drinking and driving mix



In New Zealand transport accounts for around one-fifth of our greenhouse gas emissions so an opportunity exists to use more biofuel. Currently, as a country we import around seven to eight billion dollars' worth of oil from other countries – predominantly the Middle East.

In 2015, in an example of true homegrown innovation, our DB Export brewing team engaged Gull, New Zealand's leader in Biofuel, to develop a New Zealand (and world!) first; DB Export Brewtroleum – biofuel made from beer.

The concept was to take yeast slurry, a natural by-product of the brewing process, and turn it into something that can genuinely help the environment. In order to give the campaign some scale, we aligned the project with our DB Export brand and created a quirky brand campaign with the tag line 'drink DB Export and save the entire world'. How did we fare?

DB Breweries produces almost 600,000 litres of beer by-product each year, and disposes of around 150,000 litres of excess slurry which is surplus to allocation for primary industry (production of Marmite) or stock feed. This time however, we used the leftovers to create an independently tested fuel-grade ethanol through a biomass fermentation process similar to brewing beer. This fuel-grade ethanol was then refined and added to petrol to create a Brewtroleum which can be used in internal combustion engines, e.g. generators, cars and boats.

Our partner, Gull (www.gull.co.nz) provided us with the advice required to refine the large amount of ethanol needed to create the same high standard of fuel used when they make their top-selling Gull Force 10.

The end result was DB Export Brewtroleum a high performance 98-octane biofuel made with 10% sustainable bio-ethanol, which emitted up to 8% less carbon dioxide than other high performance fuels – as well as being a renewable biofuel that is more sustainable.

Unveiled at Gull's flagship Kingsland service station in Auckland with help of Green Party MP and Spokesperson for Energy Gareth Hughes, and available at 60 Gull stations across the North Island, New Zealanders became the first in the world to power their cars with commercially available biofuel, made from the by-product of beer.

On the day, Hughes told [Stuff.co.nz](http://www.stuff.co.nz) that he was there to show his support for a great example of homegrown innovation.

"In New Zealand we've got a great opportunity to use more biofuel, transport accounts for around one-fifth of our greenhouse gas emissions.

"We import around seven to eight billion dollars' worth of oil from places like the Middle East.

"So if we can be producing our own biofuel from waste products like beer yeast, that's good news for the environment and I just want to say good on DB for this example of innovation."

Based on this year's success, calls for a 2016 return of Brewtroleum will be heeded!

[1] Baseline of 2008

[2] Data excludes Monteith's Brewing Co. as this is not considered material for the purposes of this report.

[3] Scope 1 and scope 2 emissions defined and calculated according to the GHG Protocol

<http://www.ghgprotocol.org/about-ghgp>

SOURCING SUSTAINABLY

93% ✓

In 2015, 93% of our procurement budget was spent on local suppliers.



100% ✓

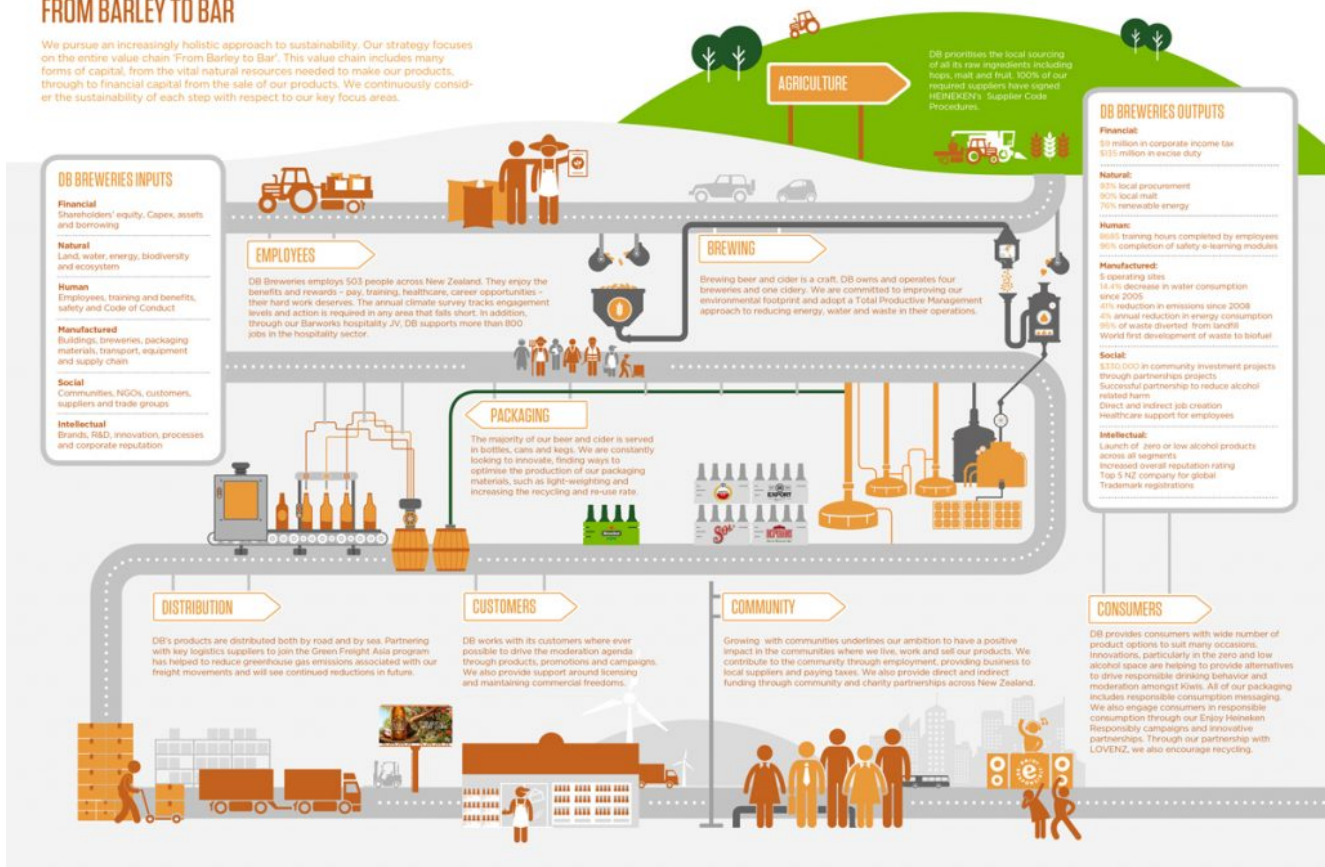
100% of suppliers signed the Supplier Code Procedures.

OUR OPERATING CONTEXT

As a company, we routinely report the performance of our brewing and cider-making activities on many sustainability indicators. However, this represents a fraction of our overall footprint when we consider our impacts and improvement opportunities from a “barley to bar” perspective at each step along the value chain.

FROM BARLEY TO BAR

We pursue an increasingly holistic approach to sustainability. Our strategy focuses on the entire value chain ‘From Barley to Bar’. This value chain includes many forms of capital, from the vital natural resources needed to make our products, through to financial capital from the sale of our products. We continuously consider the sustainability of each step with respect to our key focus areas.



We rely heavily on the agriculture sector for our raw materials. In 2015, New Zealand grew more than 450,000 tonnes of barley¹, for example, and it is vital that producing such materials does not deplete natural resources and that our suppliers contribute to the social and economic development of New Zealand's communities.

WHY SUSTAINABLE SOURCING IS IMPORTANT TO DB BREWERIES

Maintaining a consistent and reliable supply of raw materials is a business imperative. Our operations depend on access to barley, hops, fruit and water as well as quality packaging and transport of our finished products. Our sustainability lens from “barley to bar” increasingly looks at both the impacts and opportunities on the environment and local communities that come with our relationships with suppliers. These goals work together as the capacity of a supplier to provide raw materials and services in turn depends on their access to resources, a reliable workforce and a supportive community.

DB Breweries has more than 1,000 locally managed suppliers. Focusing on local, New Zealand based suppliers increases our ability to respond to this challenge and serves multiple purposes. It allows us to form strong commercial relationships with suppliers, access high quality materials, support local businesses and employment, and offers opportunities to reduce our environmental footprint. Based on our top 100 suppliers, we spend more than 90% of our procurement budget on New Zealand raw materials, packaging, services and freight.

OUR PRIORITIES

DB Breweries key mechanism in increasing the sustainability of our sourcing is through the implementation of the HEINEKEN Supplier Code. The code outlines our expectations of suppliers in the areas of:

- ✔ integrity and business conduct (eg. legal compliance, conflicts of interest, confidentiality)
- ✔ human rights (eg. safe work practices, fair treatment, equal opportunity, child and forced labour and values associated with the Universal declaration of Human Rights and the Core Conventions of the International Labour Organization)
- ✔ environment (eg. resource efficiency, reducing environmental impact & use of environmentally friendly technologies).

We expect our suppliers to incorporate these principles into their own business practices and communicate this to their employees.

OUR RESULTS 2015

HEINEKEN is committed to sourcing 50% of its main raw materials from sustainable sources by 2020. In 2014, we began communicating Step-1 of the HEINEKEN Supplier Code Procedures which requires our suppliers to sign the Supplier Code Procedures. Our target for 2016 is to have 95% of our suppliers sign the Supplier Code Procedures. We are pleased to report that we have achieved this target a year ahead of time with 100% of our required suppliers and 90% of all suppliers having now signed the Supplier Code Procedures.

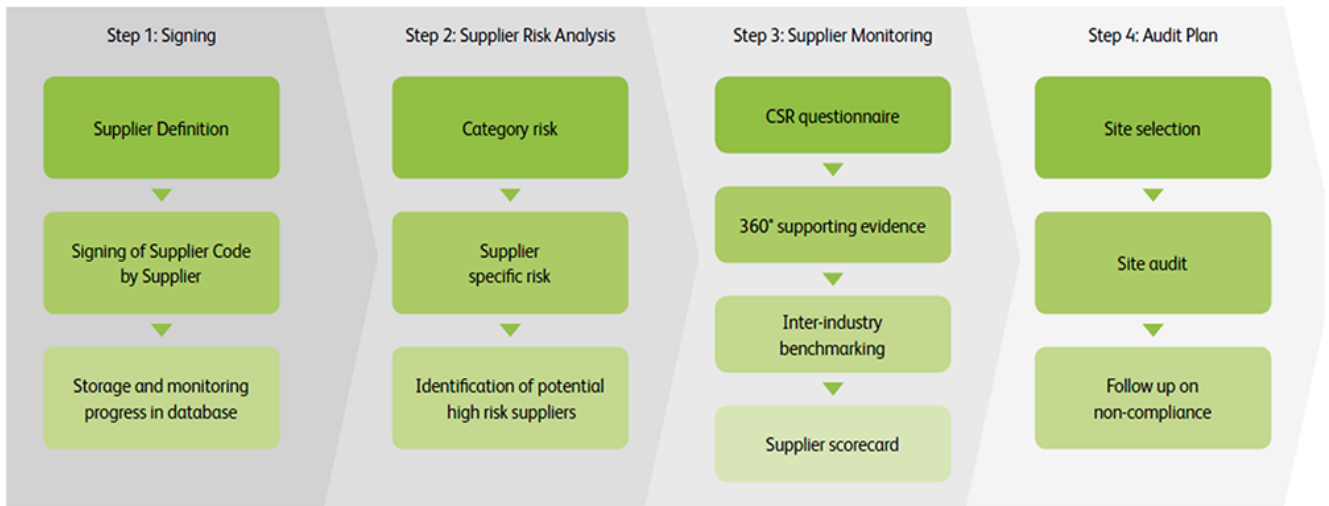
HEINEKEN 's Global Sustainable Sourcing Targets		
HEINEKEN Global commitment by 2020	DB Breweries – objective by 2016	What DB Breweries has done in 2015
Four-step Supplier Code Procedures operational within all OpCos	Complete Step 1 of the Supplier Code Procedures – 95% of suppliers having signed the Supplier Code	<p><i>On track</i></p> <p>Step 1 of the Supplier Code Procedures completed with key vendors – 100% of required suppliers² and 90% of all suppliers have signed the Supplier Code</p> 

OUR ACTIONS 2015

Supplier code

We have continued to seek an increase to the local sourcing of our raw materials in 2015. The vast majority of our hops, for example, now come from New Zealand and this year we shifted our sourcing of malt from 67% in 2014 to 90% New Zealand sourced.

Our priority action remains the roll out of the HEINEKEN Supplier Code and we are currently progressing to Step-2; Supplier Risk Assessment. This will involve a risk assessment of our suppliers who will be prioritised as high, medium or low risk based on a variety of factors including their location and how much we spend with them. This assessment will help to determine the frequency and type of subsequent audits. We will also work with our suppliers in 2016 to enter critical information on environmental, social and ethical performance into a global sustainability monitoring platform, EcoVadis, which will help to inform monitoring and benchmarking of suppliers and contribute to HEINEKEN's approach to sustainable sourcing globally.



Actions with suppliers

This year we partnered with one of our suppliers, Toll Networks (NZ) Ltd to join the Green Freight Asia program. The key objective of the program is to help lower fuel consumption across the Asia-Pacific from road freight movements, reduce CO₂ emissions from these movements and lower shipping costs across the entire supply chain. Green Freight Asia provides a continuous improvement program and a label that members can use to demonstrate their level of participation. This year we also reviewed our freight and shipping options to increase our connectivity between major ports and reduce the turnaround time for our exports and raw material imports. Shifting more of our South Island transport from road to sea did unfortunately result in some redundancies, associated with our DB Fleet, but achieved a better outcome for the environment and a more efficient transport solution.

CASE STUDY

Local sourcing a top priority for Malteurop

In 2015, in line with our policy around sourcing locally wherever possible, DB increased the volume of its locally sourced malt from 67% of our total consumption to upwards of 90%. We are proud to source this malt from a sustainably conscious local supplier, Malteurop.

With facilities in Marton, Ashburton and Irwell, as well as operations in 13 other countries, Malteurop is a global company with a local focus, committed to supporting Kiwi farmers and their communities as well as reducing its carbon footprint.

Malteurop sources all its New Zealand barley for malting from around 120 farmers in the Manawatu / Rangitikei, Hawkes Bay, Wairarapa, Wanganui and Canterbury regions.

Managing Director Trevor Perryman says that using local barley significantly reduces food miles but also supports local economies. "Malteurop buys all its barley under closed contract, having full traceability to the farmer. This means we have full knowledge of what the barley has been exposed to and we can continuously supply the best quality malted barley products to our customers like DB.

"Our policy on sourcing locally goes further than this though. We believe it's important to work actively with our growers and be part of the local community and economy. This minimises supply risk but also stimulates the local economy through employment and investment."

Malteurop supported a number of charities and local events in 2015 including The Rotary Club, The Going Bananas Show for Brain Injured Children Trust, The Kids Foundation and the Rescue Helicopter Appeal, as well as numerous local sporting events.

Perryman says that while they contribute to the company's global policy on sustainable development, it's important to tailor and implement initiatives at a local level also. "Malteurop New Zealand is committed to local sourcing of our raw ingredients and we fully support sustainability programmes that our customers, suppliers or the community are involved in. We are very proud to partner with DB and we will continue to support them to Brew a Better World," he finishes.





[1] Provisional data to June 2015, Statistics NZ

[2] Vendors used more than once in the past 12 months

ADVOCATING RESPONSIBLE CONSUMPTION

Partnered with the **Auckland Philharmonia Orchestra (APO)** and their **Remix the Orchestra programme** to produce a music single and video.



NEW PRODUCT

Launched four new **low/zero ABV products**.



OUR OPERATING CONTEXT

Alcohol consumption in New Zealand has declined over the past five decades and consumption levels are in the middle of the range of OECD countries. In 1978, New Zealanders over 15 years of age consumed 12.1 litres of alcohol and by 2014, this had decreased to 9.1 litres. In 2012, the rate of alcohol consumption in New Zealand was less than that of France, Belgium, Australia and the UK but more than that of Canada and the USA¹. Risky drinking patterns among New Zealanders under 18 has more than halved over the past 8 years and has also declined across the whole population².

However, we are also acutely aware that alcohol misuse results in multiple costs to society globally. New Zealand is no exception. The overall prevalence of hazardous drinking in the country has declined since 2006/2007 particularly among younger drinkers which is encouraging. However this decline is not uniform across the population. Some specific demographic groups, such as women in more deprived socio-economic categories, have experienced increasing levels of hazardous drinking over the same period³. This remains a challenge. Alcohol misuse is often associated with crime, road accidents and medical impacts which require resources from our health, education and justice systems. In 2014, alcohol and/or drug consumption by drivers was a contributing factor in 62 fatal traffic crashes⁴. In December 2014, new legislation was introduced lowering the legal blood alcohol limit for drivers from 80mg to 50mg per millilitre of blood.

WHY RESPONSIBLE CONSUMPTION IS IMPORTANT TO DB BREWERIES

While the majority of adults enjoy our products in moderation there is still a decreasing number of individuals who consume too much alcohol, putting themselves and those around them at risk. This is a serious issue for our business, the wider industry and to New Zealand society as a whole. We do not aim for all consumers to simply drink more alcohol as that is not in the best interests of our consumers, our wider stakeholders, or our business.

Instead, we want to inspire safe and sociable environments through responsible consumption and moderation. One major mechanism is our increasing innovation in the development of low alcohol by volume (ABV) products. Lower alcohol (less than 3.5% ABV) or light beer makes up around 24 per cent of total beer sales in Australian supermarkets while in New Zealand this is only around 5 per cent. However, due to shifts in consumer preferences, legislative change and increasing product offerings, it is a rapidly growing market and one in which DB Breweries occupies a leading position.

Innovation in lower alcohol is only one part of the solution though, and we remain committed to encouraging the responsible consumption of all of our products, whether low alcohol or full strength.

OUR PRIORITIES

DB Breweries' key priorities for responsible consumption are based on four pillars:

1. Build partnerships. We are committed to creating meaningful and measurable partnerships that advocate responsible consumption.
2. Advocate responsible consumption through our brands. Through our trusted brands, we aim to make moderation aspirational for consumers. We ensure that commercial communications are activated responsibly and we keep consumers informed through product labelling.
3. Take action at industry level. We drive behavioural change initiatives and awareness campaigns working at an industry level with other companies and stakeholders primarily the Cheers! initiative and The Tomorrow Project.
4. Innovation in low ABV. We develop new and innovative products with low and zero ABV to provide alternatives for consumers.

OUR RESULTS 2015

Building partnerships

DB Breweries is committed to the development and implementation of meaningful partnerships in responsible consumption. HEINEKEN also aims for every one of their markets to pursue partnerships aimed at reducing alcohol related harm every year. Last year we highlighted our work with New Zealand Rugby League (NZRL), sponsoring their 2014 Four Nations tournament with the industry-owned responsible consumption brand Cheers! In 2015 we engaged in a new partnership with the Auckland Philharmonia Orchestra (APO) and their Remix the Orchestra programme which targets at risk youth.

HEINEKEN N.V's global target by 2020	DB Breweries – annual objective	What DB Breweries has done in 2015
Every market in scope has a partnership to address alcohol related harm. All partnerships meet HEINEKEN's seven-point criteria.	Activate a partnership to address alcohol related harm.	<i>On track</i>  Met HEINEKEN's seven-point criteria in partnership with the Auckland Philharmonia Trust – APO Remix the Orchestra.

To be considered successful by HEINEKEN, such partnerships need to meet seven key criteria:

1. Addressed a relevant issue
2. Activated with a credible and effective partner
3. Provided more than funding
4. Agreed and documented objectives, actions, measures and targets
5. Conducted a sound evaluation on delivery, improvements and impact
6. Set a measurement process to evidence value
7. Communicated outcomes to stakeholders

For more information on the partnership and resulting collaboration see our [case study on our partnership with the Auckland Philharmonia Orchestra](#)

OUR ACTIONS 2015

Advocating through our brands

We strive to ensure that all marketing communications are conducted in a responsible way as they are pivotal in preventing misuse of our products and in advocating responsible consumption. We are guided by the Rules on Responsible Commercial Communication (RCC Code) to ensure that our marketing and selling strategies do not, actively or unintentionally, give the impression that excessive consumption or misuse of alcohol is acceptable. In New Zealand, we also adhere to the rules of the Advertising Standards Authority Codes of Practice and utilise the **Liquor Advertising and Promotion Pre-Vetting Service (LAPPS)**. This alcohol advertising and promotional pre-vetting is a voluntary commitment to responsibility in marketing initiated by the alcohol brand-owners belonging to the Association of New Zealand Advertisers (ANZA). LAPPS is supported by all major media and the Communication Agencies Association (CAANZ). Among other things, we ensure that our advertising does not suggest that alcohol consumption leads to sexual or social success. Likewise, we ensure that our advertisements do not encourage or give the impression that hazardous, violent or harmful behaviours are acceptable. When undertaking sponsorships, we ensure that at least 75% of the audience is over 18 to mitigate the risk of engaging individuals who are not of legal purchase age.

As mentioned above, DB Breweries is committed to complying with applicable marketing communication laws, regulations and voluntary codes. In the past year, five complaints were made to the Advertising Standards Authority regarding marketing materials produced by or on behalf of DB Breweries. While four of these were referred to the Advertising Standards Complaints Board none of them were upheld and one had no grounds to proceed. No complaints resulted in warnings, fines or penalties for non-compliance.

Year	Complaints made to the Advertising Standards Authority	Referrals to Advertising Standards Complaints Board	Warnings, fines or penalties for non-compliance
2013	28	2	0
2014	2	1	0
2015	5	4	0

Product labelling

Packaging offers us an opportunity to communicate directly at the point of consumption, helping consumers to make informed decisions. In 2013 HEINEKEN undertook an exercise to apply a set of easily understood symbols or equivalent words to discourage drinking and driving, under-age consumption and consumption by pregnant women globally. HEINEKEN requires operating companies to adopt two or more of the symbols or equivalent text. DB Breweries had voluntarily included a pregnancy advisory logo and a don't-drink-and-drive logo before it became a global HEINEKEN requirement. As at 31 December 2015 more than 95% of our primary packaging included these logos and we estimate that by March 2016, 100% of our primary packaging will include these logos.

We also comply with New Zealand legislation and disclose the alcohol content in each of our products. All local products include a standard drink equivalent on the label which is also detailed on our website, alongside information regarding additional nutritional content information. To inform consumers of the importance of responsible consumption, we voluntarily include a link to the industry-wide responsible consumption brand website, cheers.org.nz (previously drinkresponsibly.co.nz) on all of our packaging. For international brands, we use various international platforms such as Enjoy Heineken Responsibly, Drink Aware and DrinkSavvy.

Action at industry level

Our parent company, HEINEKEN, partners with 12 other global beer, wine and spirits producers, committing to action in five key areas: underage drinking, marketing codes of practices, consumer information and product innovation, drink-driving and retailer support. All commitments are aligned with the World Health Organisation's Global Strategy to Reduce the Harmful Use of Alcohol. Locally, DB Breweries is an active and integral member of the Brewers Association and a founding partner of the Tomorrow Project – a social change initiative led by beer, wine and spirit producers in New Zealand. Through the consumer-facing brand, Cheers!, the project supports New Zealanders in making informed choices. It educates consumers on the drivers and effects of harmful drinking behaviours and the importance of staying safe and sociable. Fostering a better understanding among consumers of what constitutes a standard drink has been a major focus of the program this year. A standard drink is how much alcohol the average person can process in one hour and by understanding this, people are better equipped to manage their consumption. We also support this program through briefings with our bar owners and the labelling of standard drink equivalents on all of our products.

This was particularly relevant in 2015 following the lowering of the legal drink drive limit which created confusion for many New Zealanders as they struggled to understand how much they could drink and still be within the lowered limit. Cheers!, in conjunction with Hospitality New Zealand, led an awareness programme which kicked off at the end of 2015 to help address this, centred around what a standard drink is.

We participate in regular consultation between industry and government departments to ensure that responsible consumption and other issues where we can effect positive change for society are top of the agenda.

Innovation in low ABV

We believe that growing the low alcohol beer and cider category represents benefits to our consumers and broader society in New Zealand as well as making good business sense. Lower alcohol (<3.5% ABV) beer represents around 24% of beer sales in the Australian market. While that figure is only around 5% in New Zealand, it is growing rapidly. DB Breweries considers the low alcohol product category to include no alcohol (0.0% ABV) through to 3.0% ABV, which is wider than the definition in the Food Standards Code (<1.15% ABV) but more aligned to consumer understanding of the term.

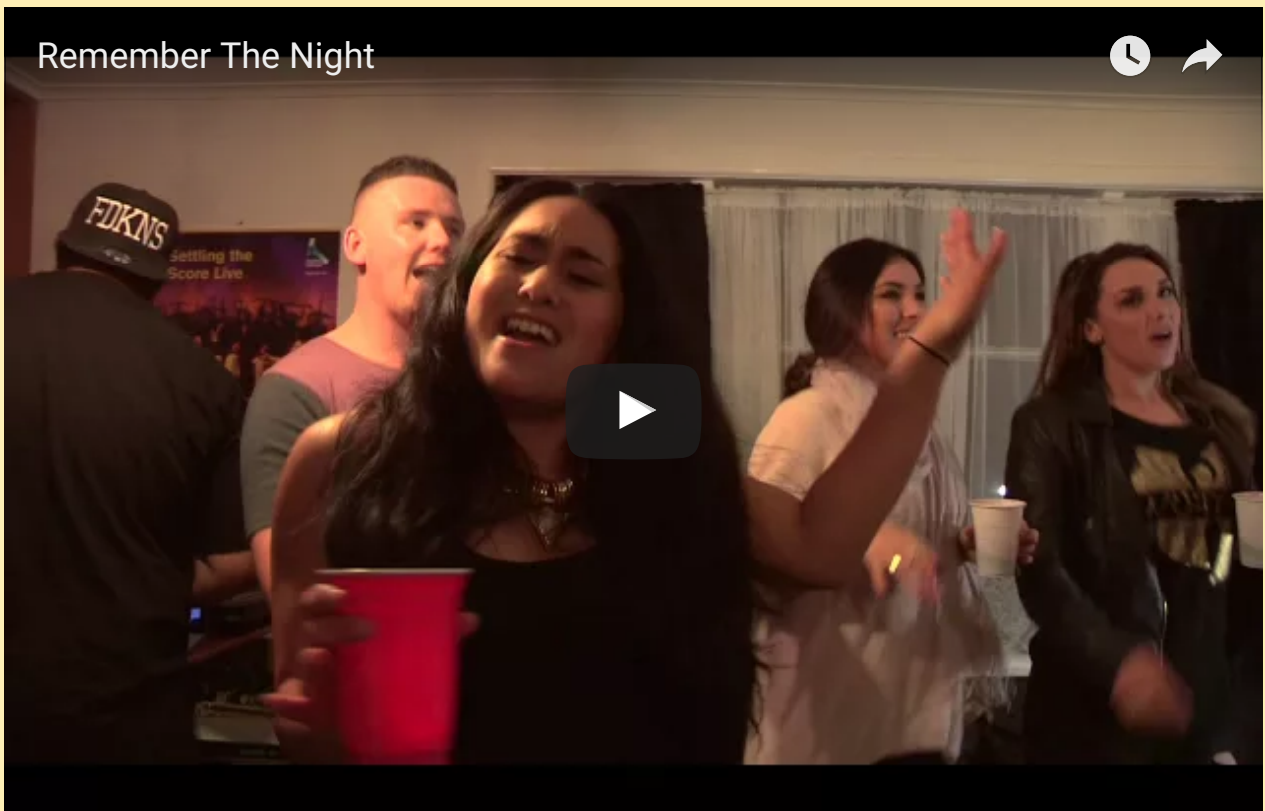


While we have been producing low alcohol beers since the mid-1980s, providing innovative low alcohol alternatives is now more important than ever. Increasing trends towards health and well-being, more responsible consumption and changes to legislation, including lowering of the drink drive limit, make the ongoing development of low alcohol products a key part of our future. After launching products such as DB Export Citrus Grapefruit (2.0% ABV) and DB Export Citrus (2.0% ABV) we achieved the highest innovation rate across the HEINEKEN Asia Pacific region in 2014. We committed to ongoing investment and innovation in 2015 and we maintain a leading position in low ABV in New Zealand with around 70% share of the market. We now have low or zero alcohol product offerings in all of our segments. This year we launched DB Export 0.0 Citrus (0.0% ABV), Tui 2.5 (2.5% ABV) Monteith's Mid (3% ABV) and a world first Heineken Light (2.5% ABV) for the New Zealand market. We are currently working with the government and the broader industry to ensure non-alcoholic beer is encouraged and able to be sold as widely as possible to increase New Zealanders options to moderate their intake. The Sale and Supply of Alcohol Act 2012 arguably precluded the display of non-alcoholic beer in the alcohol aisle of supermarkets. We were pleased to see an amendment Bill announced in late 2015 to rectify this. DB Breweries believes New Zealanders should be able to see low and non-alcoholic beer stocked alongside full strength beer in supermarkets to provide options and encourage safe and responsible consumption of alcohol.

CASE STUDY

Rapping up responsible consumption with the Auckland Philharmonia

Alcohol misuse is a serious issue facing New Zealand society. As a responsible producer of beer and cider, DB Breweries not only wants to lead the industry in driving the responsible use of alcohol, we want to make moderation aspirational.



In 2015, we approached the Auckland Philharmonia Orchestra (APO) and proposed a collaboration with their award-winning Remix the Orchestra programme which targets at risk youth and addresses social issues through the power of music.

We kicked off the partnership with a live freestyle workshop, hosted at the Vodafone Events Centre in South Auckland. Young adults (18+) were invited (via social media, Music Institutes, Auckland Police, Child Youth and Family, Youth Link and local radio) to show their musical hip hop talent to the theme of drinking responsibly. The purpose: to communicate to a captive, and high risk, audience about the harms of alcohol misuse as well as identifying new talent for phase two of the partnership.

DB's Corporate Relations and Legal Director delivered a rousing speech to the audience, focussed on what drinking alcohol responsibly means to him and to DB, and why it is important to our society. The microphone was then opened up to a talented group of young adult rappers and vocalists to give the audience their take – to the sounds of well-known hip hop DJs and members of the APO.

Jordan Lane (19) and Latoia Sasa-Tepania (22) were selected to join three past Remixers for Phase 2 of the partnership – a collaboration between DB, the group of emerging Auckland urban artists and the APO to release a single and music video with the message to drink responsibly.

Each of the five artists then wrote their own lyrics, which were recorded under the direction of Remix the Orchestra music director and hip hop producer Anonymouz. Titled, “Remember a night not a minute”, the single was then translated into a ‘house party-style’ music video featuring all of the emerging artists, in order to resonate with young adults and drive positive conversations.

Both the single and music video were released commercially to coincide with global Enjoy Responsibly Day on 18 September. The song was also performed live for staff at DB’s South Auckland headquarters on the day.

Of the project, vocalist Latoia Sasa-Tepania (La Coco) said:

“Through this experience I have gained new friends, [as well as] experience in collaborating with others in studio and film. Being able to sing on a track with the orchestra has always been a dream, I can now say I’ve successfully done that. I have also learned how important it is to share with my loved ones, and the ones I teach, that responsible drinking is the way.”

[1] <http://stats.oecd.org/> Non-medical determinants of health – alcohol consumption

[2] Defined as Consumption of 6+ drinks on one occasion at least monthly. 2014/15 New Zealand Health Survey: Results

[3] 2014/15 New Zealand Health Survey: Results

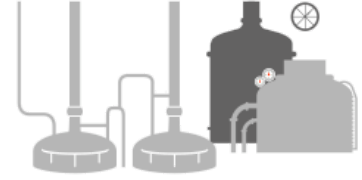
[4] Ministry of Transport, NZ <http://www.transport.govt.nz/assets/Uploads/Research/Documents/Alcohol-drugs-2015.pdf>

PROMOTING HEALTH AND SAFETY

MAINTAINED HISTORY
OF ZERO FATALITIES.



96% of employees
completed safety
e-learning training.



OUR OPERATING CONTEXT

Around one in 10 workers in New Zealand are harmed and 75 people killed at work each year. Recent improvements in workplace health and safety in the UK and Australia were not being realised in New Zealand and the New Zealand Government recently set a target to reduce work-related fatalities and serious injury by at least 10 per cent by 2016 and 25 per cent by 2020. The Working Safer reforms represent the most significant changes to New Zealand's workplace health and safety system in 20 years. It includes a new regulatory agency, a focus on high risk sectors and capacity building and new legislation coming into force in April 2016.

WHY PROMOTING HEALTH & SAFETY IS IMPORTANT TO DB BREWERIES

Brewing is an industrial process and presents similar risks to many other industrial and manufacturing work environments. Health and safety risks in the brewing industry range from managing materials like grain and malt dust and chemicals associated with cleaning and refrigeration to heavy manual handling of materials as well as falls from heights and the general management of machinery. Transport is also a source of risk across the whole value chain as products are moved around a factory but raw materials and finished products are moved on open roads. Our sales team, in particular, spend significant amounts of time on the road. In 2015 we ran two separate road safety programmes for our sales team to help minimise this risk; one via Heineken's One2Learn platform which targeted Sales Managers. As well, we ran a locally designed road safety programme which was rolled out to all those who drive a company vehicle ([see case study for more info](#)).

Our ultimate health and safety priority is Everyone home safe every day. Our approach is informed by HEINEKEN 's Global Occupational Health and Safety Policy which provides that HEINEKEN will comply with the applicable local laws and regulations regarding occupational health and safety and apply higher standards where local laws do not exist. The policy applies to contractors and direct employees on site as well as transport providers and others working off site. We also extend these requirements to our suppliers through [HEINEKEN 's Supplier Code](#) which requires the provision of safe working conditions.

OUR PRIORITIES

This year our focus in health and safety was in preparing for the New Zealand government's Working Safer reforms. We have reviewed our approach against the requirements of the new Health and Safety at Work Act 2015. The review gave us an opportunity to bring together a consistent approach across our whole business and all of our sites. The result is a single Health and Safety Manual which documents our Health and Safety Management System and links to all of our policies and procedures.

This year, we also examined the mandate of our internal Safety and Wellness Committee so that it can more effectively engage all of our workers in safety issues across the entire business including areas like sales, marketing and events as well as traditional areas like our manufacturing sites. A member of the senior leadership team attends these monthly meetings, reflecting the importance of not only safety to our workers but also the need to focus proactively on wellness. Additionally, every production site has a dedicated health and safety committee who drive the programme at all levels.

OUR RESULTS 2015

DB Breweries has maintained a record of zero fatalities throughout its history and we report on our incidents both publicly and to HEINEKEN, which contribute to global safety performance targets and benchmarks

HEINEKEN 's Global Safety Performance Targets			
Area	Indicator	2015 Target (using a 2014 baseline)	DB Breweries - response
Production	Accident frequency	10% reduction	Accident frequency rate increased while accident severity decreased.
Outside production	Percentage of sites recording at least one near-miss per quarter	90% of OpCos at 75% of sites	420 near misses were reported for the 2015 period by the company with an additional 133 reported by our contractors.
Company-wide	e-learning training	90% of OpCos to have trained 90% of employees	96% of staff trained in e-learning modules.
Sales	One2Learn Road Safety Training	2,000 sales managers trained	11 of our 14 Sales Managers have completed the Road Safety Training.

DB Breweries – Safety Performance				
Parameters	Unit	2013	2014	2015
Fatalities of company personnel	Cases	0	0	0
Fatalities of contractor personnel	Cases	0	0	0
Fatalities of company personnel in commuting	Cases	0	0	0
Accidents of company personnel	Cases	2	3	10
Accidents of contractor personnel	Cases	0	1	2
Lost days of company personnel ¹	Days	1	11	5
Workforce (full-time equivalents) ²	FTEs	948.2	955	1059
Performance indicators (average values)				
Accident frequency	Cases/100FTE	0.21	0.433 ³	1.03
Accident severity	Days/100 FTE	0.11	3.47	0.41

While the frequency of accidents has increased this year, the severity of those accidents has decreased and those involved have not required substantial periods of time off work or needed to work in restricted duties. Most of the accidents reported by employees and contractors have occurred in our production and logistics areas where the frequency of manual handling activities pose more opportunities for incidents. We have encouraged more “discomfort reporting” this year so that people with strains could be rested with light duties or restricted duties reducing the potential for more serious injury requiring more lengthy times away from work. Accidents involving injuries to contractors consisted of one broken finger, one dislocation and one strain.

Injuries by type 2015				
Injury	Males	Females	Employees	Contractors ⁴
Sprain/Strain	6	1	6	1
Bruising	1	1	2	0
Cut	0	1	1	0
Fracture	1	0	0	1
Dislocation	1	0	0	1

This year, we initiated a programme to reduce the potential for sprains and strains by helping workers stretch and warm up before undertaking manual handling activities. In 2016 we expect to develop this programme further. The “First Move” initiative is designed to educate people about how their bodies work and inspire them to change how they move to prevent injury in the workplace by fostering physical intelligence. With assistance, we intend to roll out this programme across the business in 2017 through a Train the Trainer approach.

No cases of occupational disease were reported in 2015 and the company received no fines for non-compliance with safety regulations in 2015.

OUR ACTIONS 2015

Embedding safety through training

Safety is a measurable Key Result Area (KRA), included in every DB Breweries employee’s performance appraisal and new employees attend safety training as part of their induction. We have also continued our roll out of health and safety training for staff through e-learning modules in the areas of: Reporting, Forklift Truck Safety, Manual Handling, Road Traffic Safety, Safety in Distribution, Electrical Safety, Lock Out Tag Out, Working at Heights, Slips, Trips & Falls, Noise, Safety in Commerce, Working with Computers and Hazardous Substances. We achieved a 96% completion rate this year for our e-learning modules, exceeding our target of 90%. Risks on the road remain a priority area for us. Our focus over the past year has been on training for workers with company cars and this will be extended in the coming year to workers who need to make use of rental cars.

Reporting on safety

To identify trends in our health and safety performance, we use web-based reporting systems to track metrics including incidents and near-misses. In 2015 we adopted a new mobile device application as a version of our health and safety portal. It can be used to report near misses, incidents, or injuries as well as observations from anywhere in the country. It also allows for corrective actions to be sent directly to a mobile phone and will be rolled out to all company devices from early 2016. Reporting from this system is then uploaded into HEINEKEN's safety data portal to contribute to global reporting.

Health and well-being

Our health and wellbeing program is available to all staff across our sites. As of October 30th 2015, all new staff undergo a pre-employment medical check. Previously this was limited to manufacturing staff. DB Breweries provides flexible working hours, stress management and health programs, seasonal flu vaccinations, general health check-ups and weekly fresh fruit. Employees who work over 15 hours per week are entitled to health insurance which involves a free vision and eye health check every two years. Our staff also undergo pre-employment drug testing.

The approach we take is aligned with WorkWell which is a workplace wellbeing programme that aims to increase productivity by improving the wellbeing of employees (and indirectly their families). WorkWell is a Toi Te Ora – Public Health Service initiative, available to workplaces in the Bay of Plenty and Lakes districts. It provides a step-by-step process to enable continuous improvement in employee wellbeing.

In 2016, we will roll this program out further across the business to include Monteith's Brewery, and Redwood Cidery and work toward a gold accreditation under the program.

CASE STUDY 1

WorkWell, play well – DB's commitment to employee wellness

In 2013, our DB Draught Brewery began implementing a WorkWell workplace wellbeing programme which was aimed at increasing productivity by improving the wellbeing of employees. Three years on the results were clear, with staff at the Timaru-based site consistently reporting higher engagement and job satisfaction. Following this success, in 2015 DB approached WorkWell, a Toi Te Ora – Public Health Service initiative, in order to extend the programme to our Auckland, Central and Nelson based sites.



WorkWell provides a framework that supports workplaces to develop and implement an effective and sustainable wellbeing programme that follows a step-by-step process in order to enable continuous improvement.

In addition to existing benefits and activities such as free Southern Cross Healthcare Insurance for permanent staff who work over 15 hours per week, the option for flexible working hours, access to stress management professionals and free onsite flu jabs, DB has since established a cross functional Health & Wellness Committee which has representation from every site across the business. A 12-month programme was kicked off in October with a healthier mind survey to establish a baseline.

November saw a focus on Men's Health with information shared around the importance of men getting their "checks" and a healthy group of Mo Bros (and a couple of Mo Sistas) partaking in Movember to raise awareness of the various men's health issues.

December was bootcamp month ensuring staff had those beach bods prepped in time for the summer holidays. Staff at our Waitemata Site had the opportunity to join in on twice-weekly lunch time bootcamps run by professional trainers from the local Leisure Centre. Participant Simon Smith, said, "Bootcamp was a great initiative to help people get away from their desk and active during a really busy and sometimes stressful time of year. Often exercise goes out the door at these times so having trainers come to us during our work day made it simple and helped us all to avoid that common mid-afternoon slump. It was also great for team building with people you might not normally work with on a regular basis. I'm hoping that the bootcamp becomes a regular fixture on the wellbeing calendar!"

With plenty of activities planned for 2016, – kicked off by skin risk assessments in January – and Workwell training for booked for committee members from across the country, DB is well on its way to achieving its goal of healthier, happier and more productive staff.

CASE STUDY 2

Steering our sales force in the right direction

With a fleet of 109 vehicles on the road across New Zealand, road and driver safety is a key pillar to ensuring all employees get home safely every day.

In 2014 we conducted a full review of our fleet vehicles and supplier and as a result have progressively replaced our fleet with Mazda CX-5 2.5L GSX vehicles. These include additional safety features such as reversing cameras and sensors in bumpers, lane departure warnings and hands-free calling.

However this was not enough and in 2015, we began to implement modular driver behaviour training for all employees who drive a company vehicle to ensure that they have the skills required to keep them and others safe on the road. These range from hazard identification, to driving on the motorway and understanding road rules.

Drivers were required to complete six modules over a 12 month period. Those scoring under 80% were then required to complete additional modules; this was to highlight high risk drivers who required one on one in-vehicle driver coaching. Seventy-five drivers completed the training and three high risk drivers were identified as part of this programme. They will be completing additional training which includes a comprehensive session with a driving coach accompanying them on their usual daily route to assess, identify and talk through any hazards and areas for improvement, so they were able to reduce their risk of being involved in an incident on the road.

Dan Gilbert, DB Sales Director says that the feedback from the team has been positive. "Most people get their driver's license when they're in their late teens. It's only natural then, that over the years we can forget small things or let unsafe habits creep in to our driving. Having a refresher has been really great to remind us of all the things we need to do to keep ourselves and others safe when we're out visiting customers."

Additional modules will be added in 2016 and we intend to roll out the driver behaviour training to those within DB who are high users of rental vehicles (as well as to all new employees responsible for a company vehicle) as well as the 11 drivers in our Australian business, Drinkworks. As well, all those with a tow bar will be required to complete trailer training.

[1] Source: MFE 2007

[2] Source: Statistics NZ 2011, World Bank 2013

[3] Data excludes Monteith's Brewing Co. as this is not considered material for the purposes of this report.

[4] Note that there are minor differences between DB Breweries and Heineken regarding the categorisation of incidents and contractors.

GROWING WITH COMMUNITIES



\$330,000

Invested more than **\$330,000** in 29 community partnerships, sponsorships and donations across New Zealand.



OUR OPERATING CONTEXT

Our long term success as a business depends on the long term success of the communities in which we operate. Ensuring that our communities are safe, healthy, educated and prosperous is vital and we contribute to this in a variety of ways through employment, spending with local suppliers, taxation and direct contributions such as donations.

In 2014, we contributed to a study by the Australian and New Zealand Brewer's Association which found that the industry in New Zealand directly contributes \$722 million to national GDP and employs around 1,800 people directly. More broadly the brewing value chain supports local industries in New Zealand, using around 1,100 tonnes of hops and 44,000 tonnes of malted barley each year. In 2012-2013 the industry paid \$329 million in excise tax. We will work with the Brewer's Association to update these figures for 2015, in 2016.

New Zealand is the third most generous country in the world and business plays a significant role, giving an estimated \$77.2 million in 2014. For every \$1 New Zealand business gives in cash, they give an estimated \$1.43 in sponsorship and \$3.27 in donated goods and services[1]. Every year, DB Breweries invests in responsible consumption partnerships, educational programmes, charitable causes and other in-kind donations. Like other businesses in New Zealand, we also contribute our time, skills and knowledge.

WHY GROWING WITH COMMUNITIES IS IMPORTANT TO DB BREWERIES

While we support local suppliers, create employment and pay taxes, we also actively engage in philanthropy and sponsorship projects but we understand that our relationships with our communities are much deeper. Our staff, contractors and suppliers live in our communities of operation and, equally, we depend on a healthy and engaged workforce. The water on which we depend is a shared asset, invaluable to people, plants and animals as well as providing raw materials for our products. Our breweries and cidery are iconic to local communities across New Zealand and we understand our responsibility to create a shared and sustainable future.

OUR PRIORITIES

HEINEKEN bases its global program on three building blocks:

- Direct contributions (eg. charitable giving)
- Shared-value projects (eg. capacity building with local suppliers)
- The Heineken Africa Foundation (eg. a dedicated fund focused on healthcare and water projects in sub-Saharan Africa).

In New Zealand, DB Breweries focuses on two key areas:

1. Projects that support 'inclusive growth' and/or link with the focus areas of our strategy – *Brewing a Better World*
2. Long-term community investments in multi-stakeholder partnerships.

All our operational sites take part in local community engagement initiatives and we involve a range of local stakeholders where possible.

OUR RESULTS 2015

How we contribute

Our largest contribution to communities is through our business activities, specifically job creation, tax payment and local sourcing. We employ 503 people and more than 800 across our broader business. By prioritising local suppliers, we also spend more than 90% of our procurement budget on business based in New Zealand, which in turn provide employment and other local opportunities.

HEINEKEN expects to pay tax on activities in the country where they take place and does not use tax havens for tax avoidance purposes. The company is committed to comply with all relevant tax laws and international regulations and this approach goes beyond legal compliance. In 2015, HEINEKEN's consolidated total tax contribution was EUR 9.8 billion. In New Zealand, DB Breweries contributed approximately \$9 million in Corporate Income Tax¹ and more than \$135 million in Excise Duty².

Our brands (owned and licensed) include Heineken, Amstel, Tiger, Tui, Monteith's and Export. Together with our corporate brand, we provide around \$5m each year in sponsorship to sporting, cultural, charitable and educational activities in New Zealand including the Heineken Open, NZ Cricket, the Crusaders and Hurricanes Super 15 Teams.

This year we increased our community investment and charitable contributions to more than \$330,000 (NZ) across 29 separate community investment partnerships, sponsorships and charitable donations. Outside of financial donations we contribute our time, skills and knowledge. One of our flagship projects is the **DB Leading Light Scholarships** – a partnership between DB Breweries and the New Zealand Leadership Institute (NZLI) providing managers and leaders with an opportunity to participate in first class leadership development. Now in their second year, the ten scholarships are open to all managers and leaders who live or work in the South Auckland area. Our head office and biggest brewing site has been based in South Auckland for 85 years and we're committed to continuing to grow with our community through such programs.

Corporate Social Investment ³ - Summary 2015	
Organisation	Project
New Zealand Leadership Institute (NZLI)	DB Leading Light Scholarships – A partnership between DB Breweries and the New Zealand Leadership Institute (NZLI) to provide leadership scholarships to people who live and work in South Auckland
The Packaging Forum	Funds the recovery of glass for recycling, litter reduction programmes and recycling bins in public places and at sponsored events.
Timaru community and charity sporting event sponsorships	This sponsorship includes a number of smaller community, sporting and charity events in the Timaru area.
Black Dog Brewery – Royal New Zealand Society for the Prevention of Cruelty to Animals Inc (SPCA)	Black Dog Brewery launched Skater Hater a bespoke hoppy, pilsener named after a regular dog at the brewery who does not take well to skate boarders. All proceeds raised from the sale of the beer went directly to the Wellington SPCA
Big Buddy Mentoring Trust	Big Buddy is a free, secular, mentoring service run by dedicated professionals who recruit and rigorously screen male volunteers from the community to become mentors to fatherless boys.

Auckland Philharmonia Orchestra	A partnership to promote responsible consumption to at risk youth which comprised a freestyling event for 18+ youth on the topic and a collaboration with APO's Remix the Orchestra programme to produce a single and music video about the importance of moderation.
Auckland Rescue Helicopter Trust	Supports the Greater Auckland and Coromandel communities with emergency medical or search & rescue support.
The Halberg Disability Sport Foundation	The Halberg Disability Sport Foundation believes that all people, regardless of their ability, should have equal opportunity to enhance their lives through sport. The Halberg Awards are New Zealand's pre-eminent sports awards to honour and celebrate sporting excellence.
The Tomorrow Project – Cheers!	The Tomorrow Project is a drinks industry social change initiative in New Zealand whose aim is to create a safe and sociable drinking culture by providing facts and tools drinkers need to make smarter drinking choices. The consumer brand of The Tomorrow Project is called Cheers! Which, in 2015, started a three year campaign focused on increasing New Zealander's awareness and understanding of standard drinks.
University of Auckland – Morton Coutts Scholarship	This scholarship supports research into the science related to the brewing or processing of beer.
Mangatainoka Bush Cycle Tour	Multiple cycle events based at our Tui Brewery.
The Wairarapa Arts Festival Trust	Kokomai Creative Festival of the arts including music, theatre, dance, comedy and community events.
Tui Brewery Fun Run – Relay for Life and the Cancer Society	Our Tui Brewery team organise the fun run in conjunction with the local branch of Property Brokers Real Estate. The run starts at the Clock Tower in Palmerston North and finishes at the Tui Brewery Tower in Mangatainoka. All proceeds go to Relay for Life and the Cancer Society.

The Rugby Foundation	The Rugby Foundation's primary focus is on supporting catastrophically injured rugby players financially and emotionally through fundraising activities. The Foundation also works with New Zealand Rugby (NZR) to communicate the message of safety first, advocating safe play. This year, DB Breweries contributed to the Foundation's black tie dinner as well as an All Blacks luncheon at Eden Park in order to raise funds for the Foundation.
Wings over Wairarapa	A 4 day aviation event held at Hood Aerodrome, Wairarapa

OUR ACTIONS 2015

Good Sorts Committee

In 2014, we created the Good Sorts Committee – a forum where employees volunteer to further our sustainability strategy by driving and inspiring employee-led initiatives. The Committee now drives a community development programme aimed at better understanding the needs of our local communities and creating projects. This year the Committee helped organise staff for clean-up events to help protect local waterways at our Waitemata Brewery, Tui Brewery and DB Draught Brewery sites as part of United Nations World Water Day celebrations. On Global Drink Responsibly Day, the Committee supported internal communications while staff provided education sessions on standard drinks at our Waitemata site. The Committee also supported staff in three food drives for the Salvation Army. Within the organisation, the Committee championed our Friday Shouts program which features themed monthly events to foster internal engagement.

Building recycling capacity with the community

We focus our efforts on increasing resource efficiency and reducing our waste as priorities. Recycling also plays an important role in our overall approach, particularly where we have direct control. We are mindful of our role in reducing waste and increasing recycling in both our supply chain and in how our products are ultimately used. We work closely with suppliers to source recyclable materials. We ensure that 100% of our packaging includes the international symbol for recycling or relevant, local recycling information to promote responsible product disposal.

We are active members of New Zealand's Packaging Forum which is an umbrella organisation, including the Glass Packaging Forum and Public Place Recycling Scheme (PPRS). The Forum oversees and coordinates linkages between accredited voluntary product stewardship schemes for glass recycling, public place recycling and a soft plastic recycling programme. Through this membership, we help provide recycling facilities and initiatives across the country. This is known to consumers by the LOVENZ brand and such initiatives have helped to increase the rate of glass recycling in New Zealand to 73 per cent, introduce hundreds of recycling bins in public places and at events, and, from 2015 deliver a soft plastics recycling scheme.

We also work closely with the Forum to extend the reach of public place recycling by activating the scheme at events such as the Heineken Open. At this event last year, approximately 17.9 tonnes of glass, plastics and cardboard were collected and diverted for recycling. In 2015, DB Export collaborated with the Public Place Recycling Scheme (PPRS), the Glass Packaging Forum and GreenShoot Pacific to deliver a waste minimization initiative at the Contact Lake Taupo Cycle Challenge. A diversion rate from landfill of 90.8% was achieved which is a marked improvement on a 52% diversion rate in 2013 and well above usual event recycling rates.

The Packaging Forum also launched a Soft Plastics Recycling Programme in 2015 which introduces drop off recycling facilities so that consumers can recycle a whole range of soft plastic bags and packaging which until now have gone to landfill. The programme has received funding from the Government's Waste Minimisation Fund alongside matching funding by industry. After an initial trial in Auckland, it will expand over three years to Hamilton, Wellington, Canterbury, Otago, Bay of Plenty, Manawatu and other regions. In 2016, we will be installing bespoke bins for soft plastics in the canteen at our Waitemata site and distributing communications material to staff on how to participate both inside and outside of the workplace.

Finally, the Packaging Forum commissioned a comprehensive litter survey in 2015 and initiated a litter working group to address litter in New Zealand.

DB Breweries, as a member of the Packaging Forum and PPRS supports all of these initiatives.

CASE STUDY 1

Barworks serving up smiles to families in need



Ronald McDonald House Auckland provides a home away from home for families facing a challenging time with a hospitalised child. Reliant on volunteers and donors, the Barworks team saw an opportunity to support the house on a regular basis with staff taking turns to prepare, cook and serve dinners for both the large house (catering for up to 120) and smaller house (catering for up to 80).

With upwards of 800 employees working at 20 venues in communities across Auckland, many Barworks staff have had their own or a family members' children cared for by Starship Hospital. Their food and beverage background, expertise and resources across both the kitchen and front of house meant the volunteering activity with Ronald McDonald House was a direct transfer of their skills and therefore an ideal fit.

The relationship was established in 2011 and in 2014 became a coordinated effort through the Functions & Events arm of the Barworks business. Over the years Barworks has donated upwards of 25 restaurant quality, nutritious dinners to parents, grandparents, brothers, sisters and other caregivers living under stressful circumstances. In turn, the Barworks team are consistently reminded of how easy it is to put a smile on someone's face as well as the value and positive impact of donating their time and skills to families in their community.

Robyn Malloy of Functions & Events says the experience creates great comradery for those involved. "It's a fun, rewarding and humbling team experience as we all see first-hand how fortunate we are compared to some of these families. They're from all walks of life and have been at Starship anywhere from one night, to up to several years depending on the treatment their child is receiving. They are all extremely grateful and show their appreciation for the meals we provide, as well as for the opportunity to chat and interact with us."

CASE STUDY 2

Blackdog Brewery's gone to the dogs



Following the barking success of its Going to the Dogs (and Cats) Blonde Ale in 2014, our Black Dog Brewery in Wellington created Skater Hater, a bespoke hoppy pilsener in 2015. All proceeds from the brew – which amounted to around \$6,000 – were donated to the SPCA.

Top Dog (aka Brewery Manager) at Black Dog, Adrian Klemp said the brew was named after a regular dog visitor to the brewery who did not take well to skate boarders.

“The Black Dog brand lends itself well to having fun with dogs; lots of our brews – Golden Lab, Hair of the Dog, and Bite for examples – are a play on dog names or attributes. Given this, we felt that the Wellington SPCA were the perfect charity alignment for us as we love their commitment to looking after neglected dogs (and cats!),” he says.

The brew was launched at the end of October with a host of furry four-legged friends from the SPCA in tow. Customers were also invited to bring their own dogs to join the celebration – all in all around 30 dogs joined the celebration. To raise additional funds for the SPCA on the day, Black Dog also provided collection buckets and fired up their BBQ to sell some fundraising snarlers.

“We really like to support our community where we can and what better way than to include man’s best friend and our namesake! We also know that in the lead in to Christmas there is more pressure than ever on the SPCA to care for animals, so we timed the brew to help when they needed it most” adds Klemp.

Plans are already underway for a third brew in support of the Wellington SPCA in late 2016.

[1] Giving New Zealand: Philanthropic Funding 2014, Philanthropy New Zealand.

[2] excluding our Barworks business

[3] Projects greater than \$5,000 (NZ) have been listed.

GRI INDEX

General Standard Disclosures ¹		Reference
Organisational profile		
G4-1	Statement from the most senior decision maker	Message from the Managing Director
Organisational profile		
G4-3	Name of the organisation	About DB Breweries
G4-4	Primary brands, products & services	About DB Breweries – Products and brands
G4-5	Location of headquarters	About DB Breweries
G4-6	Countries of operations	About DB Breweries
G4-7	Nature of ownership	About DB Breweries – Ownership and subsidiaries
G4-8	Markets served	About DB Breweries
G4-9	Scale of the organisation	About DB Breweries – Ownership and subsidiaries
G4-10	Number of employees	About DB Breweries – Ownership and subsidiaries
G4-11	Employees covered by collective bargaining agreements	About DB Breweries – Ownership and subsidiaries
G4-12	Description of supply chain	Sustainability strategy – Our approach Sourcing Sustainably – Our operating context
G4-13	Significant changes to the organisation	About DB Breweries – Ownership and subsidiaries Sourcing Sustainably

G4-14	Use of the precautionary principle	Refer to HEINEKEN's risk management approach outlined in the HEINEKEN Annual Report 2015 (pages 22-27)
G4-15	List of charters, principles or initiatives subscribed	<p>Sustainability governance</p> <p>Protecting water resources – Our priorities</p> <p>Advocating responsible consumption – Our priorities</p> <p>Growing with communities – Our results 2015</p>
Identified material aspects and boundaries		
G4-16	Memberships of associations	Sustainability governance – Our partners and memberships
G4-17	Entities included in financial statements	About DB Breweries – Ownership & subsidiaries
G4-18	Defining report content	About this report – A focus on material issues
G4-19	Material aspects identified	About this report – A focus on material issues
G4-20	Aspect boundary within the organisation	About this report
G4-21	Aspect boundary outside the organisation	About this report

Identified material aspects and boundaries		
G4-22	Restatements of information	Re-statements have been made for waste water and health & safety and noted in the text.
G4-23	Significant changes to scope and aspect boundaries	No significant changes.
Stakeholder engagement		
G4-24	List of stakeholder groups engaged by the organisation	About this report – Stakeholders inform our report
G4-25	Basis for identification of stakeholders	About this report – Stakeholders inform our report
G4-26	Approach to stakeholder engagement	About this report – Stakeholders inform our report
G4-27	Topics raised by stakeholders	About this report – Stakeholders inform our report
Report profile		
G4-28	Reporting period	About this report – Application of reporting standards
G4-29	Date of previous report	About this report – Application of reporting standards
G4-30	Reporting cycle	About this report – Application of reporting standards
G4-31	Contact point for questions	About this report – Assurance
G4-32	In accordance option of GRI	About this report – Application of reporting standards
G4-33	Assurance	About this report – Assurance
Governance		
G4-34	Governance structure	Sustainability governance
Ethics and integrity		
G4-56	Values, principles, codes of conduct	About DB Breweries – Our value & behaviours

[1] The description of the disclosures has been summarised. For the full text of disclosures see www.globalreporting.org

Specific Standard Disclosures			
Material aspect	DMA & indicators		Reference
Economic performance	G4 DMA		Growing with communities – Our priorities
	G4-EC1* ²	Direct economic value generated and distributed	Growing with communities – Our results 2015
Indirect economic impacts			Growing with communities – Our priorities
	G4-EC8*	Significant indirect economic impacts, including the extent of impacts	Growing with communities – Our results 2015
Procurement practices	G4 DMA		Sourcing sustainably – Our priorities
	G4-EC9*	Proportion of spending on local suppliers at significant locations of operation	Sourcing sustainably – Our actions 2015
	G4-FP1*	Percentage of purchased volume from suppliers compliant with company's sourcing policy	Sourcing sustainably – Our actions 2015 Sourcing sustainably – Our priorities
Energy	G4 DMA		Reducing CO₂ emissions – Our priorities
	G4-EN3*	Energy consumption within the organisation	Reducing CO₂ emissions – Our results 2015

Water	G4 DMA		Protecting water resources – Our priorities
	G4-EN8*	Total water withdrawal by source	Protecting water resources – Our actions 2015 – Water sources
Emissions	G4 DMA		Reducing CO₂ emissions – Our priorities
	G4-EN15*	Direct greenhouse gas emissions (scope 1)	Reducing CO₂ emissions – Our results 2015 – Specific greenhouse gas
	G4-EN16	Energy indirect greenhouse gas emissions (scope 2)	Reducing CO₂ emissions – Our results 2015 – Specific greenhouse gas
	G4-EN18	Greenhouse gas emissions intensity	Reducing CO₂ emissions – Our results 2015
Effluents and Waste	G4 DMA		Protecting water resources – Our actions – 2015 waste water management
	G4-EN22*	Total water discharge by quality & destination	Protecting water resources – Our actions – 2015 waste water management
Compliance	G4 DMA		Reducing CO₂ emissions – Our priorities

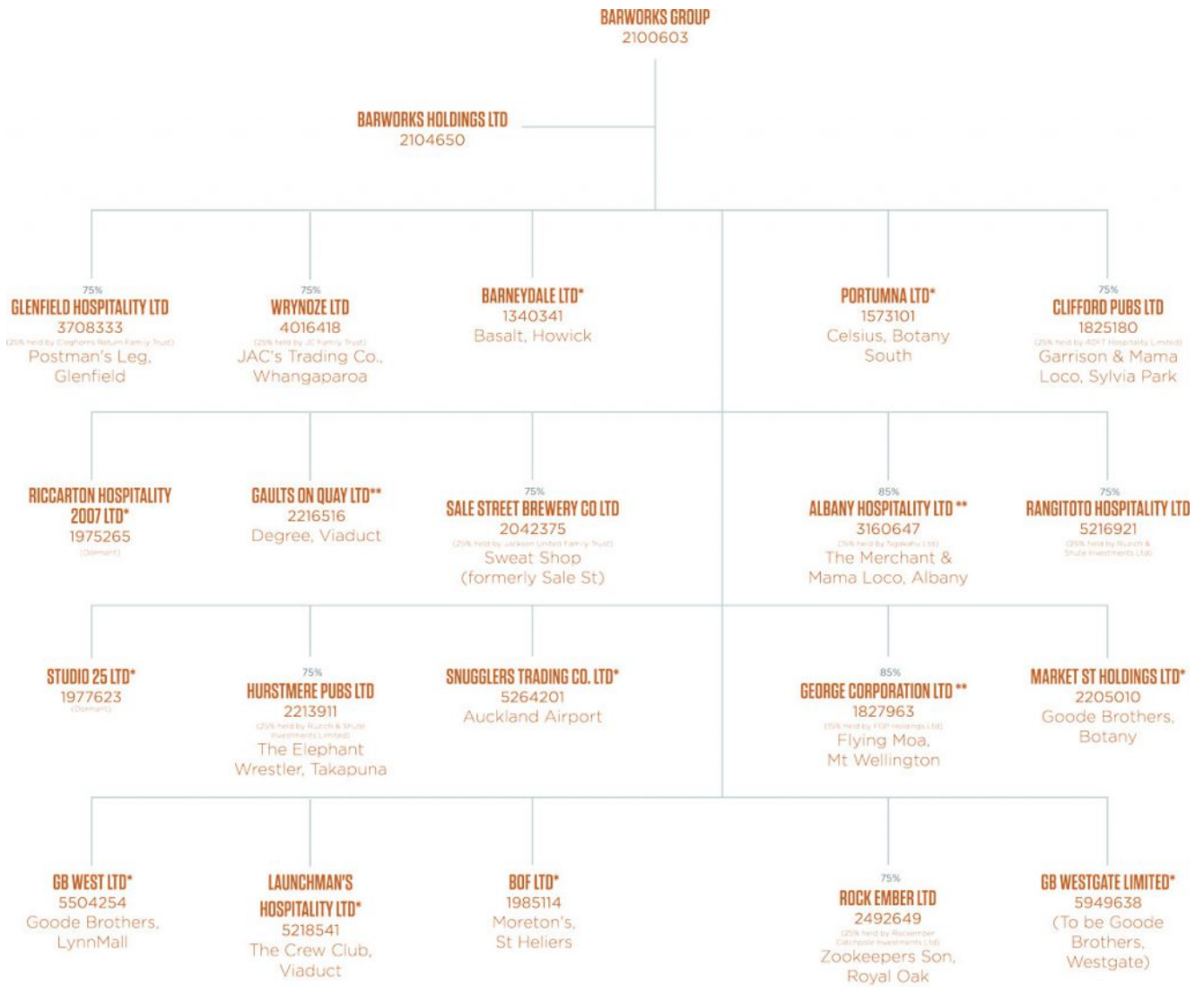
	G4-EN29*	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Reducing CO₂ emissions – Our results 2015
Supplier environmental assessment	G4 DMA		Sourcing sustainably – Our priorities
	G4-EN32*	Percentage of new suppliers that were screened using environmental criteria	Sourcing sustainably – Our results 2015
Occupational Health & Safety	G4 DMA		Promoting health and safety – Our priorities
	G4-LA6*	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	Promoting health and safety – Our results 2015
Supplier assessment and labour practices	G4 DMA		Sourcing sustainably – Our priorities
	G4-LA14	Percentage of new suppliers that were screened using labour practices criteria	Sourcing sustainably – Our results 2015
Supplier human rights assessment	G4 DMA		Sourcing sustainably – Our priorities
	G4-HR10	Percentage of new suppliers that were screened using human rights criteria.	Sourcing sustainably – Our results 2015

Local Communities	G4 DMA		Growing with communities – Our priorities
	G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	Growing with communities – Our results 2015
Product and Service Labelling	G4 DMA		Advocating responsible consumption – Our priorities
	G4-PR3*	Type of product and service information required by the organisation's procedures for product and service information and labelling, and percentage of significant product and service categories subject to such information requirements	Advocating responsible consumption – Our actions 2015
	G4-PR7*	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship, by type of outcomes	Advocating responsible consumption – Our actions 2015

[2] *=identified as material by HEINEKEN

APPENDIX

Barworks Group structure



* 25% held by Barworks Holdings Ltd | ** 10% held by Barworks Holdings Ltd

(All shareholdings 100% unless otherwise indicated)