

DB BREWERIES
Sustainability Report

2017





Contents

01

**The big picture:
Message from the
Managing Director**

PAGE 3

02

**Performance
highlights**

PAGE 4

03

**About DB
Breweries**

PAGE 5

04

About this report

PAGE 9

05

**Advocating
responsible
consumption**

PAGE 11

06

**Promoting
health, safety
and wellbeing**

PAGE 17

07

**Reducing CO₂
emissions**

PAGE 21

08

**Protecting water
resources**

PAGE 25

09

**Sourcing
sustainably**

PAGE 28

10

**Growing with
communities**

PAGE 31

11

GRI Index

PAGE 34



The Big Picture

Message from the Managing Director

As one of New Zealand's leading beer and cider producers, we recognise that operating sustainably is integral to our success and to the success of our local communities. This is why sustainability is embedded into our strategy and behaviours. It also drives us to deliver positive economic, social and environmental outcomes for our stakeholders and throughout our value chain.

DB Breweries has long been committed to sustainability, and since 2014, we've been guided by HEINEKEN's Brewing a Better World framework and its six focus areas: advocating responsible consumption, promoting health, safety and wellbeing, reducing CO₂ emissions, protecting water resources, sourcing sustainably and growing with communities.

We've made good progress against our 2020 commitments and targets, and in some cases we've already exceeded them. However, we know there is more to do to address the sustainability challenges in our sector and beyond. Alcohol misuse continues to cause harm within some social groups and we know that more needs to be done to develop a responsible drinking culture.

Climate change requires urgent, multi-party action, while improving the quality of New Zealand's waterways requires us to implement solutions now for the benefit of future generations.

We recognise the challenges ahead, which is why we have started to look towards our 2030 ambitions in alignment with the UN Sustainable Development Goals, local and global climate change targets, and the expectations of our stakeholders. Our parent company, HEINEKEN, has also set ambitious 2030 targets to grow its renewable energy usage to 70% and reduce its CO₂ emissions by 80% without using offsets.

Looking back on 2017, we are pleased to report on a number of sustainability highlights. We ran a successful responsible consumption partnership with two major taxi companies sharing our Heineken brand's When You Drive, Never Drink message.

“We recognise the challenges ahead, which is why we have started to look towards our 2030 ambitions.”

This message was further elevated through Heineken's Enjoy Responsibly advertising campaign featuring Sir Jackie Stewart. We continued to reduce our greenhouse gas emissions, achieving a 47% reduction in production since 2008. We achieved zero waste to landfill status at two out of three main sites; we're not resting on our laurels though and are working to find solutions to our remaining waste challenges. We're also proud of our DB Export Beer Bottle Sand campaign, which raised awareness of recycling and the environmental impacts of sand dredging while diverting 104 tonnes of contaminated glass from landfill.

Our report includes many more examples of the progress we are making. We welcome your feedback. We believe that by having robust conversations and by working collaboratively, we can make a real and lasting difference to Kiwi communities.

Cheers,

Peter Simons

DB Breweries Managing Director

Performance highlights



of glass diverted from landfill



go taxis

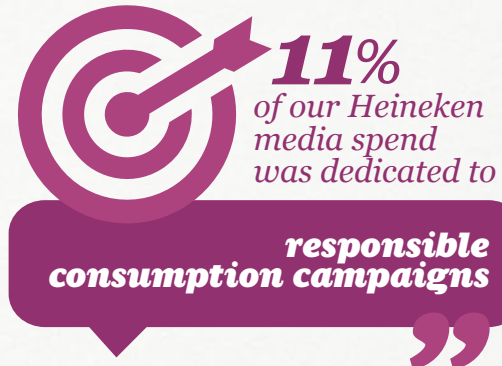
branded with Heineken's
"When You Drive,
Never Drink"



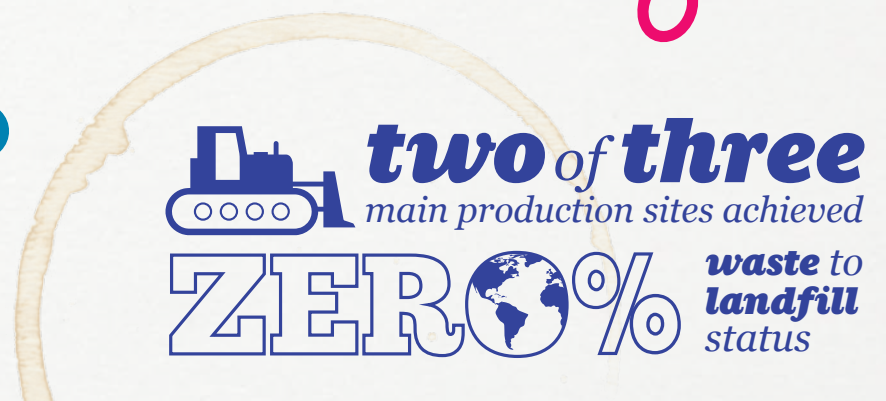
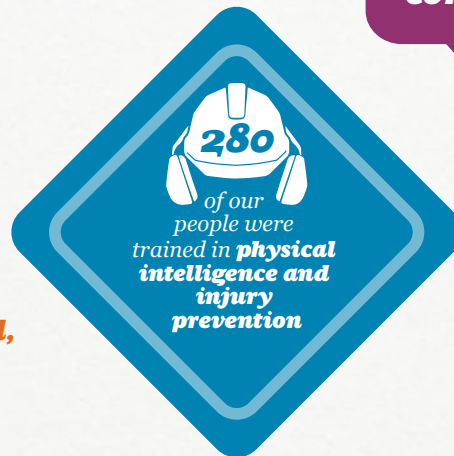
responsible consumption message reaching around 100,000 passengers



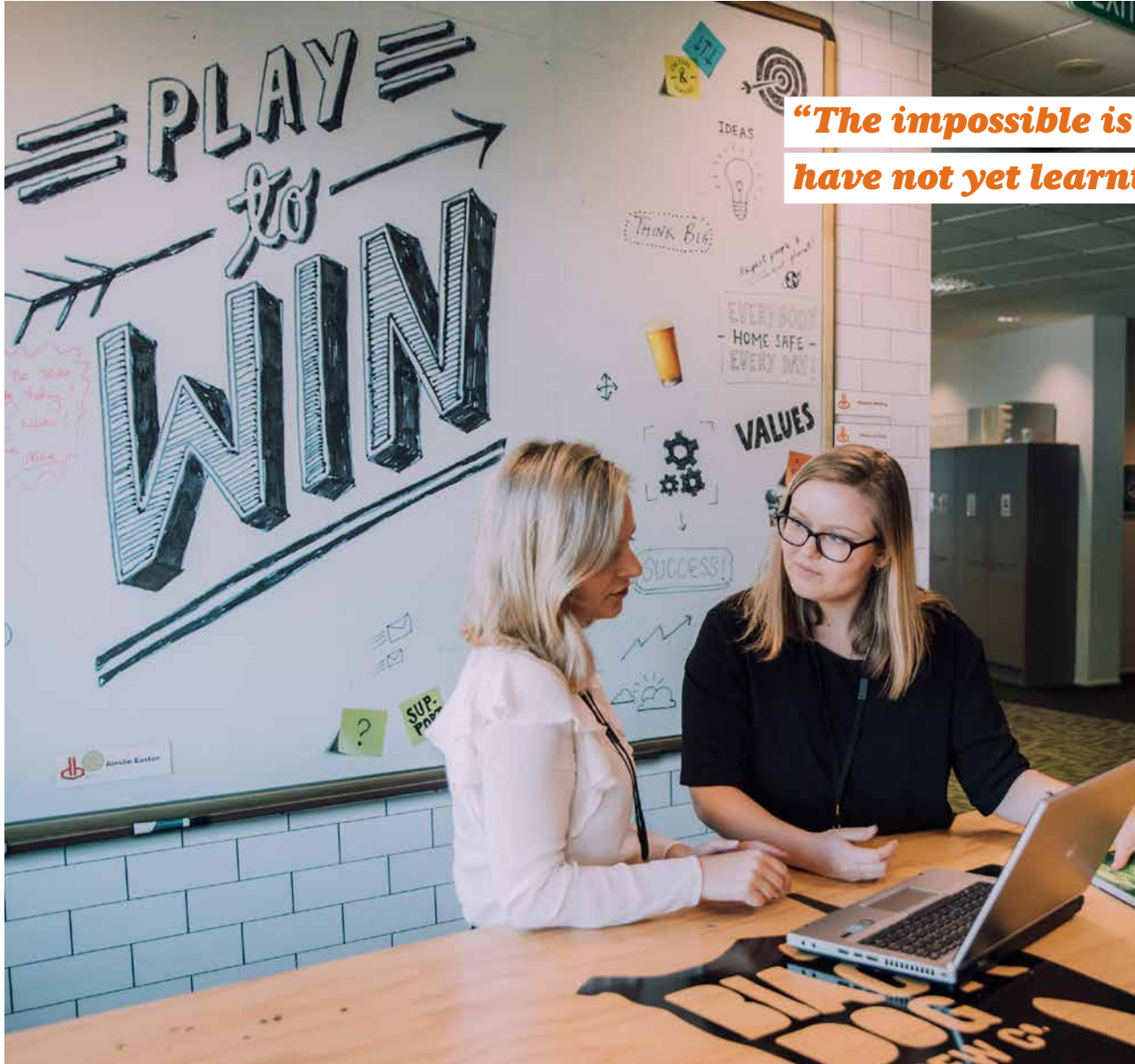
2% less than last year



total emissions in production cut by



About DB Breweries



“The impossible is only that which we have not yet learnt to do.”

DB Breweries is one of New Zealand’s most iconic companies and we’ve been brewing beer at our main site in Waitemata since 1930. Today we produce and sell a wide range of high quality beers and ciders, including premium global brands such as Heineken, Tiger and Lagunitas, local favourites Tui and DB Export, and leading craft brands Monteith’s, Tuatara and Black Dog. We also operate Drinkworks, which markets and distributes premium beer and cider in Australia, and have a direct interest in 20 licensed premises in Auckland through Barworks Hospitality Group, a joint venture with JAG Hospitality Group.

DB is 100% owned by HEINEKEN Asia Pacific Limited. While our shareholding is global in nature, DB remains very much a New Zealand company with strong ties to the local community. All of our breweries, and our cidery, have long histories in New Zealand and are embedded with a strong sense of Kiwi pride.

Our values



Our sites

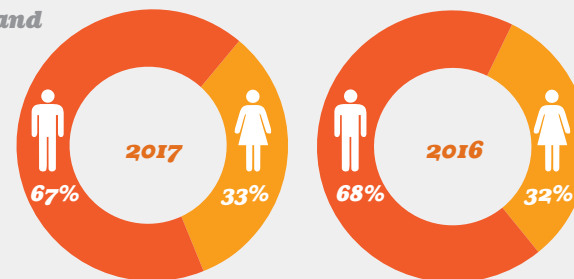


Our people

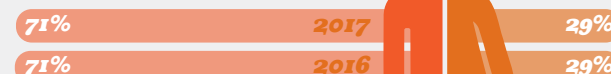
Managing Director, Peter Simons, heads up a close-knit team of around 500 people, flying the DB and HEINEKEN flags with pride. Our people focus on driving DB forward to create value, from barley to bar, and we strive to inspire those around us. Being part of HEINEKEN means that our people have access to a breadth of opportunities, including unique international graduate programmes and global career development opportunities.

We are currently defining our future of work strategy, which will focus on inclusion and diversity, flexible working, our work environment and agile resourcing options. Many of these practices exist today in an ad hoc way, and we now want to make them a formal part of how we work. We want to build an inclusive brand-driven culture that recognises and celebrates the diversity of our people. This will include looking at new ways of working to build cultural engagement through our vision, values, behaviours and brands. Our future of work strategy and plan will commence in mid-2018.

Percentage of male and female employees



Males and females in senior management positions



Average length of service (years)



Our economic contribution

“The brewing industry in New Zealand was worth \$2.3 billion in the year to March 2017.”

Through our business, we contribute to the community by creating jobs, providing business to local suppliers and paying taxes. In 2017, our economic contribution came to a total combined value of over NZD\$586 million.

Overall, the brewing value chain from barley to bar in New Zealand was worth \$2.3 billion in the year to March 2017. Growth in the number of breweries and support for new breweries has also meant an increase in jobs in the sector – with jobs increasing 3.2% since 2016, from 1,880 to 1,940.¹

Our economic contribution	Value in 2017 (NZD)
Wages and employee taxes paid*	\$14,637,848
Excise duty	\$143,206,131
GST paid*	\$27,460,574
Corporate tax paid*	\$7,722,220
Supplier payments	\$393,770,327
Total	\$586,797,100

*Excludes our Drinkworks business in Australia

¹ The New Zealand Institute of Economic Research in *Brewing in New Zealand – The production footprint of the brewing industry: 2017 update*.

Our approach to sustainability

DB has long been committed to sustainability and today our approach is guided by our parent company HEINEKEN's Brewing a Better World framework. The framework sets out six sustainability pillars and a range of 2020 targets that support our business decisions and focus our sustainability efforts. The pillars include:

- advocating responsible consumption
- promoting health and safety
- protecting water resources
- reducing CO₂ emissions
- sourcing sustainably
- growing with communities

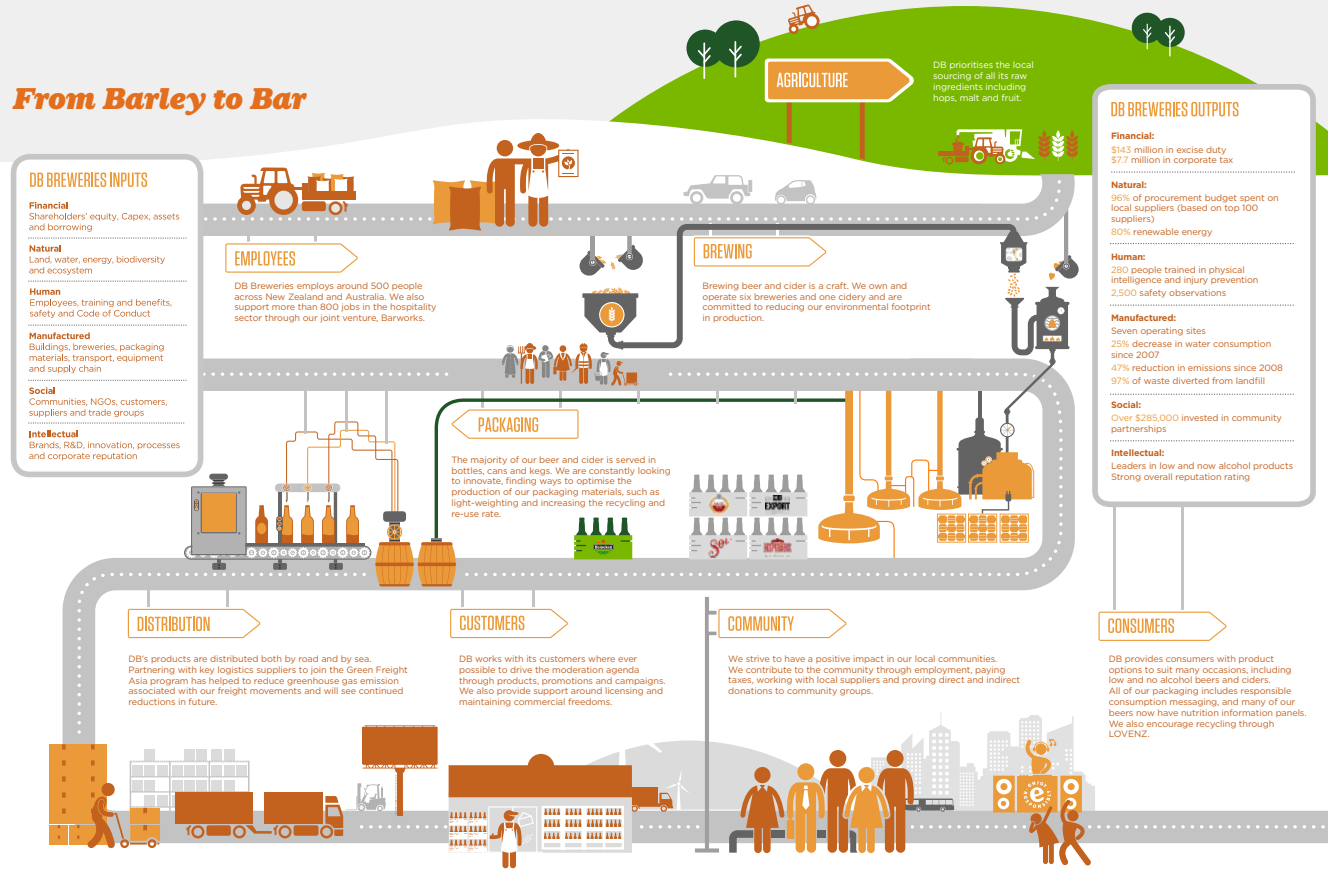


DB's sustainability strategy is also guided by the UN Sustainable Development Goals, which are a set of internationally-adopted targets that aim to end all forms of poverty, fight inequality and tackle climate change. DB seeks opportunities to contribute to the goals through our focus areas and through HEINEKEN.

How we create value: from barley to bar

We adopt an entire value chain approach to addressing sustainability within our six focus areas. In doing so, we consider the impacts of our activities, the value we create and opportunities to improve from the point at which the barley and hops are planted, through to the point at which the consumer drinks our beer or cider at their favourite venue or in their own home.

From Barley to Bar



About this report



“We adopt an entire value chain approach to addressing sustainability.”

This is our fourth annual sustainability report and it presents our performance from 1 January 2017 to 31 December 2017 (our fiscal year 2017). The report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards (Core Option).

Our sustainability reporting covers the activity and impacts of DB Breweries’ main operating sites and subsidiaries. This includes: Waitemata Brewery, Tui Brewery, Monteith’s Brewery, DB Draught Brewery, Black Dog Brewing Company, Redwood Cidery and Drinkworks. Unless stated otherwise, our reporting does not include Barworks and newly acquired (February 2017) Tuatara Brewery. External assurance was not sought for our 2017 performance and data.

Reporting what matters

We undertook an independent review of our material sustainability topics for 2017. These are topics that may have significant impacts or substantively influence stakeholders.

The method for assessing the materiality of each topic followed GRI's Materiality Principle and considered a wide range of information sources, including engagement with internal and external stakeholders. Our key stakeholders include our employees, suppliers, government, industry, customers, consumers, media, non-government organisations and local communities.

The following topics are considered to be material for reporting to stakeholders in 2017, in order of priority:

1. Advocating responsible consumption

Promoting moderate drinking behaviours and social change through partnerships, campaigns, innovation in low and no alcohol products, and responsible marketing.

2. Health, safety and wellbeing

The health, safety and wellbeing of our people and the people we do business with.

3. Reducing CO₂ emissions

Managing our resources, including reducing our energy consumption, greenhouse gas emissions and waste.

4. Protecting water resources

Reducing our water consumption and managing the impact that our business has on water quality.

5. Reducing waste

Reducing waste through better design, waste avoidance, reduction and recycling.

6. Sourcing sustainably

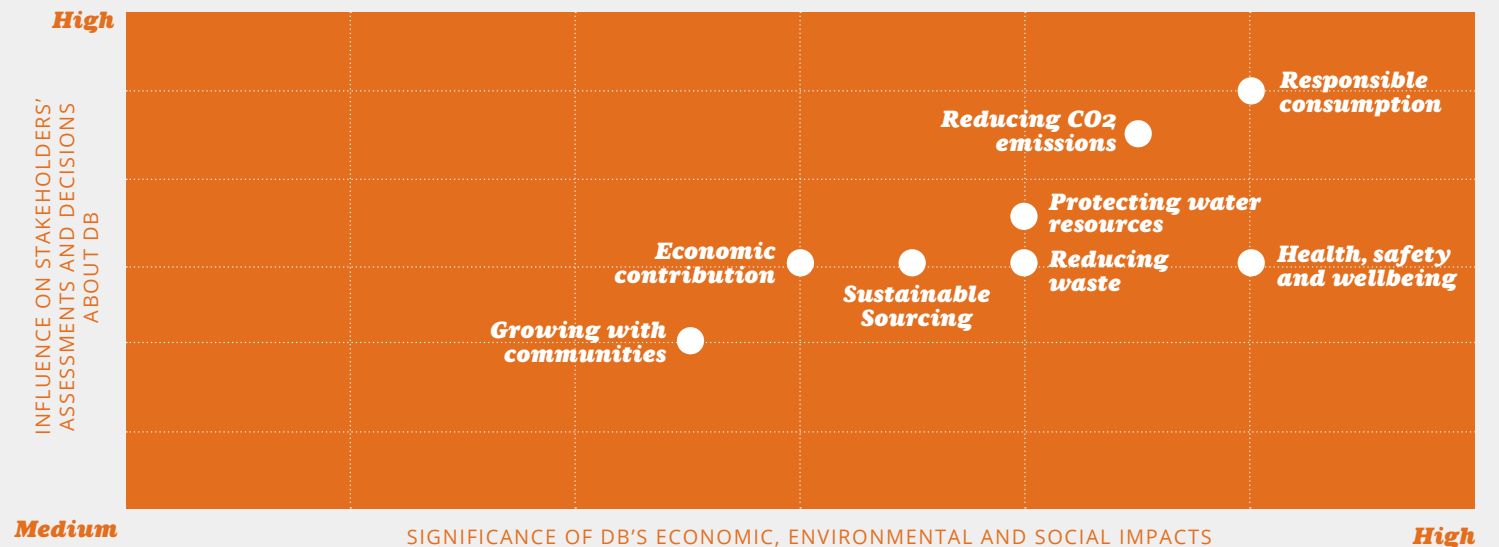
Working with suppliers that meet our environmental and ethical sustainability standards and purchasing from local suppliers.

7. Economic contribution

Our direct and indirect economic contribution to the New Zealand economy.

8. Growing with communities

Our direct and indirect contributions to local communities, including partnerships, sponsorship and philanthropy.



Advocating responsible consumption



“For DB, responsible consumption means drinking in moderation, at the right time, in the right place and for the right reasons.”

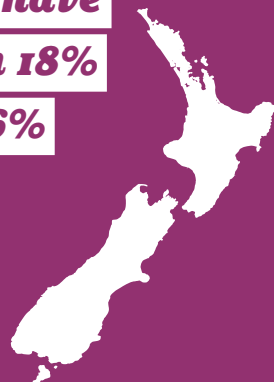
DB has a long history of advocating for the responsible consumption of alcohol and is committed to leading a safe and sociable drinking culture in New Zealand. For DB, responsible consumption means drinking in moderation, at the right time, in the right place and for the right reasons.

Leading a responsible drinking culture in New Zealand is a serious issue for our business, the wider industry, and society as a whole. Simply drinking more alcohol is not in the best interests of our consumers, our broader stakeholders, or our business. We believe the real drivers for change are educating people to make better decisions about alcohol and to work with stakeholders across business, government and the community to develop evidence-based solutions to address alcohol-related harm.

Alcohol consumption in New Zealand

As in many countries across the world, alcohol consumption continues to decline in New Zealand, with many adults moving towards moderation as part of a healthier lifestyle.

“In fact, around one in five New Zealanders don’t drink at all and hazardous drinking rates have decreased from 18% in 2006/07 to 16% in 2013/14².”



While the majority of adults are moving towards moderation and can consume alcohol as part of a balanced lifestyle, this is not a uniform trend for all social groups. For some specific demographic groups, alcohol misuse remains a challenge. It also continues to result in costs to New Zealand society through areas such as crime, health and road trauma.

² Ministry of Health (2017); <https://www.health.govt.nz/publication/annual-update-key-results-2016-17-new-zealand-health-survey>

Our approach

At DB, we advocate for responsible consumption to reduce any potential harm that can come from the misuse of alcohol. We do this through four strategic focus areas:

1. Building partnerships

We are committed to creating meaningful and measurable partnerships in responsible consumption.



2. Advocating responsible consumption through our brands

We keep consumers informed through transparent product labelling and ensure that a minimum of 10% of our media budget for Heineken® brands is used to support dedicated responsible consumption campaigns. We also adhere to rigorous responsible marketing codes to ensure our advertising and promotions do not appeal to minors.



3. Taking action at industry level

We drive behavioural change initiatives and awareness campaigns at an industry level with other companies and stakeholders, primarily through the Cheers! initiative and The Tomorrow Project.

Cheers!

4. Innovating in low and no alcohol products

We continue to develop new, high quality low and no alcohol products, providing credible alternatives for consumers. We also work to improve access to those products.



Our key initiatives

Building partnerships

We are committed to developing a long-term responsible consumption partnership, and in 2017, we continued exploring a number of potential partnership opportunities. Between July and October, we teamed up with Auckland CoOp Taxis and Wellington Combined Taxis to brand their vehicles with Heineken's When You Drink, Never Drive message to remind Kiwis that if they are behind the wheel, they shouldn't be drinking (see our case study on page 16).

Advocating through our brands

Every year we invest at least 10% of the Heineken® media budget on dedicated responsible consumption campaigns. In 2017, we ran a successful above the line campaign featuring former F1 driver Sir Jackie Stewart, who shared our When You Drive, Never Drink message. The campaign reached over 1 million consumers.

Product labelling

We voluntarily introduced nutrition information panels (NIPs) on all of our main beer brands through the Brewers Association's Beer the Beautiful Truth campaign. The NIPs include information on sugar, preservatives, calories and carbohydrates. Research³ has shown that there are a number of misperceptions about what is in beer, particularly around sugar content and preservatives. Beer the Beautiful Truth aims to provide people with the information they need to make informed decisions about what they drink.



³ Colmar Brunton research commissioned by Brewers Association

⁴ DB Export Citrus 0.0% (0% ABV); DB Export Citrus (2% ABV); DB Export Citrus Grapefruit (2% ABV); DB Export Citrus Lime and Ginger (2.0% ABV); Heineken Light (2.5% ABV); Tui 2.5% (2.5 % ABV); Monteith's Mid-Strength Apple Cider (2.8% ABV)

Industry level action

We are actively engaged in the industry-led initiative Cheers!, which supports people to make better choices about drinking. We have been working closely with Cheers! over the past year to support the ongoing strengthening of its governance.

Our levied contribution to the Health Promotion Agency supported the organisation to inspire Kiwis to make better decisions around drinking alcohol and promoted healthier lifestyles. Our levies contributed directly to moderation campaigns, advice, research and resources, which are delivered throughout New Zealand.

Innovation in low and no alcohol products

Ongoing trends towards health and wellbeing, responsible consumption, and changes to legislation, including lowering of the drink drive limit in New Zealand, make the ongoing development of low and no alcohol products a key part of our business. Growing the low and no alcohol beer and cider category provides greater choice to consumers and makes good business sense. We now offer seven brewed products and ciders with less than 3.5% alcohol by volume, excluding soft drinks⁴.

“Throughout 2017, we continued to invest in our low and no alcohol range, with Heineken Light volumes growing by over 25% compared with the previous year.”

Our performance

In 2017, we invested 11% of our Heineken® media budget in responsible consumption messages and engaged in a partnership with two major taxi companies to promote our 'When You Drive, Never Drink' message. Our range of low and no alcohol ABV products continues to grow, with seven products now in our range.

Key measures	2020 target	2017	2016	2015
10% of Heineken® media budget invested in responsible consumption campaigns	10%	11%	6.2%	n/a
Partnership addressing alcohol-related harm	Yes	Yes	Yes	Yes
At least one no-alcohol brewed product in portfolio	Yes	Yes	Yes	Yes

Responsible alcohol marketing

New Zealand has a strong regulatory framework for alcohol advertising and sponsorship. From the time an advertisement or sponsored activity is conceived, through to its eventual broadcast, it will be subject to numerous checks and approval processes.

The framework includes the Sale and Supply of Alcohol Act 2012, as well as the Advertising Standards Authority's (ASA) advertising codes of practice.

This includes a standalone code for the advertising and promotion of alcohol. There is an additional approval process for television broadcast through the Broadcasting Standards Authority (BSA) and related Commercials Approval Bureau (CAB). Alcohol advertising can only be aired on TV after 8:30pm and only then in restricted quantities.

As an alcohol brand-owner belonging to the Association of New Zealand Advertisers (ANZA), DB also voluntarily uses its independent liquor advertising and promotion pre-vetting service (LAPPS).

Our performance

DB is committed to complying with all applicable marketing communication laws, regulations and voluntary codes. In 2017, four complaints were made to the Advertising Standards Authority (ASA) regarding marketing materials produced by or on behalf of DB. Of those initial complaints, three were dismissed and one was referred to the ASA's complaints board, where it was not upheld. No advertisements were modified or retracted as a result of a complaint and no complaints resulted in any warnings, fines or penalties for non-compliance.

	2017	2016	2015
Complaints made to the ASA	4	5	5
Referrals to ASA complaints board	1	1	4
Complaints upheld	0	0	0
Warnings, fines or penalties for non-compliance	0	0	0



The advertising compliance and complaints process explained



Looking ahead

We will continue to champion responsible drinking through our people, our partnerships and portfolio, and educate consumers that when they're driving, they shouldn't be drinking.



“Around 90 taxis across Auckland and Wellington displayed the When You Drink, Never Drive message between July and October, carrying an estimated 100,000 passengers.”

Case study: ‘When You Drive, Never Drink’ taxi partnership

Drink driving is a significant issue in New Zealand. Alcohol is cited as a factor in around 30 percent of New Zealand’s fatal road crashes, while the average annual social cost of drink driving related crashes sits at \$446 million⁵.

In 2017, DB teamed up with Auckland CoOp Taxis and Wellington Combined Taxis to focus on changing Kiwi attitudes and behaviours towards drink driving and encourage moderation when it comes to drinking alcohol. The partnership was also an opportunity to reiterate the Heineken® brand’s commitment to responsible consumption and promote its When You Drink, Never Drive message.

Around 90 taxis across Auckland and Wellington displayed the When You Drink, Never Drive message between July and October, carrying an estimated 100,000 passengers during this period. Many more consumers would have seen the branding on the taxis on their journeys. An associated social media campaign reached 75,000 consumers on Facebook and 15,000 consumers on Instagram.

⁵ Ministry of Transport (2017) <https://www.transport.govt.nz/land/bloodalcoholqanda/>

Promoting health, safety and wellbeing



“Zero fatalities is the only acceptable target and we work to ensure that ‘safety first’ is our number one company behaviour.”

At DB, our goal is to make sure that everyone gets home safe every day. Zero fatalities is the only acceptable target and we work to ensure that ‘safety first’ is our number one company behaviour. We also believe that having a healthy and engaged workforce is essential for the company and wider community to prosper. This includes prioritising the mental health and wellbeing of our people. When our employees can see that DB takes an interest in their wellbeing, we believe our culture is stronger and our people are more productive.

Health, safety and wellbeing 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 managing machinery. However, many of our risks are outside our production sites, for example when people are travelling or distributing our products or working at events.

Health, safety and wellbeing in New Zealand

New Zealand has a poor record on health, safety and wellbeing when compared to other OECD countries. Workplace fatalities for example, when measured per 100,000 employees, happen twice as frequently in New Zealand as in Australia, and six times more frequently than they do in the UK⁶. If vehicle-related accidents at work in New Zealand were included, these figures would double. Occupational health, accident rates and work-related illnesses all tell a similar poor performance story when viewed on OECD tables.

In 2015, the Government introduced The Health and Safety at Work Act, which came into force in April 2016. The Act and its associated regulations represented a significant shift in both laws and attitudes towards health, safety and wellbeing, ultimately aiming to reduce New Zealand's workplace injury and death toll by 25 per cent by 2020. In particular, the Act addressed a number of issues that appear as critical weaknesses in the approach of businesses to health, safety and wellbeing, including inadequate leadership, a lack of employee engagement and capability and capacity shortcomings.

⁶ Independent taskforce on workplace health and safety report 2012



Our approach

We operate a comprehensive health, safety and wellbeing management programme based on local laws, regulations and best practice, along with HEINEKEN's Global Occupational Health and Safety Policy. Our programme includes engaging with staff through our induction programme, training and internal communications, and observations, monitoring and reporting. Our cross-functional Health, Safety and Wellness Committee is essential to implementing many of our initiatives and engages employees across the entire business.

Our Climate Survey⁷ and Health, Safety and Wellbeing Culture survey provide ongoing monitoring of the effectiveness of our programmes and give staff the opportunity to provide feedback.

⁷ Our annual Climate Survey captures feedback from employees on topics including personal development, job satisfaction, strategic alignment, management, innovation, reward and recognition, collaboration and team work.

Our key initiatives

“We introduced the First Move programme in 2017, with over 280 staff trained by the end of the year.”

First Move is a physical intelligence course that covers the fundamentals of safe physical movement, injury prevention, strength and flexibility in working environments.

Feedback from staff about the course has been overwhelmingly positive, with many commenting on enjoying learning about their body's abilities and new behaviours to eliminate poor movement habits.

From a management perspective, First Move is an ideal learning platform. It's flexible and can integrate up-to-date data and information from our health, safety and wellbeing monitoring systems. This allows us to apply monitoring information to address specific issues and movement risks associated with our business activities in real time through an effective training and awareness programme.

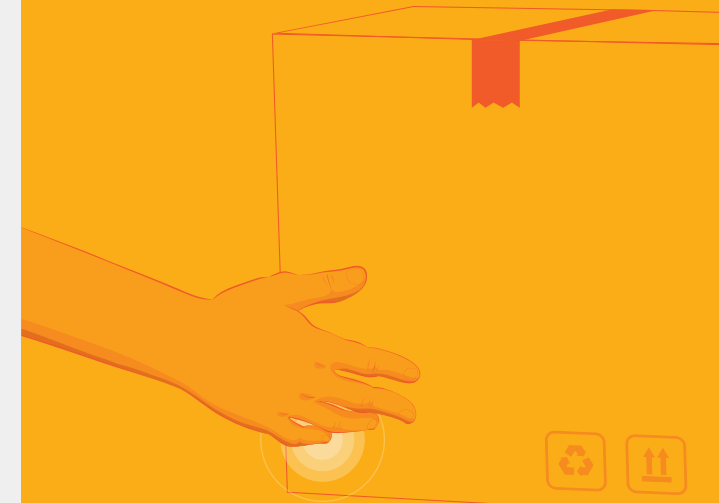
We continued our focus on near miss reporting and observations, which in turn informed and drove our health, safety and wellbeing strategy. In 2017, we made 2,500 safety observations and pro-actively reported 1,250 near misses (1301 in 2016).

We also expanded our workplace wellbeing programme 'Brew Well, Be Well'. All DB employees can access an annual calendar of events, such as on-site yoga and massage, essential health services, financial advice and an employee assistance programme. As part of our commitment to supporting good mental health, we have run workshops and information sessions designed to help our people manage change, build healthy habits and develop personal strategies to optimise physical energy, harness stress, be emotionally flexible and develop a positive mindset. See the case study on page 20 for more.

Try this at home – First Move tip

Next time you're gripping an object, focus the force of your grip through your little finger.

Notice how that action engages many more muscles like your abdominals and glutes as opposed to a standard grip, which often only triggers the neck and shoulder muscles.



Our performance

In 2017, we achieved a Workwell Bronze accreditation at our Waitemata Brewery and Head Office for our activities to improve employee wellbeing. Workwell is a nationally-recognised workplace wellbeing initiative delivered by Toi Te Ora Public Health. Our DB Draught Brewery gained a Silver Workwell accreditation towards the end of 2016.

Four injuries occurred in 2017, which involved time away from work and/or a period of time that required alternative duties to be undertaken. Three of these injuries involved sprain/strain events and the other involved a slip, which caused a fractured hip.

Key measures	2020 target	2017	2016	2015
Accidents	0	4	3	10
Accident frequency rate (accidents per 100 FTE)	0	0.79	0.58	1.75
Warnings, fines or penalties for non-compliance	0	0	0	0

Looking ahead

We will continue to prioritise mental health and wellbeing through partnerships and employee training and support programmes.



Case study: promoting good mental health and wellbeing for our people

Promoting good mental health and developing a resilient workforce is an important component of our health, safety and wellbeing strategy. At DB, we identified that our people are more likely to lose a colleague to suicide than from any other risks we have within our business due to the demographics of our workforce. Maori, European and Pacific men aged 15-24 and 45-64 are particularly at risk of suicide, and this group makes up significant portion of our workforce.

In 2017, we looked at how we could better support our people to become more resilient. One of our first initiatives was to invite Mike King to talk to our people about mental health and how to seek help. Mike is a well-known Kiwi entertainer, but that role has evolved over the last four years since the conception of his radio show, The Nutters Club. These days, Mike is also a prominent mental health educator and through his charity, The Key to Life Charitable Trust. The Trust aims to reverse population trends of depression and suicide by influencing positive social change.

Mike delivered two information sessions to staff at our Waitemata site. These were live-streamed to our other sites through Workplace by Facebook. This provided a platform where all our people could watch the session live or watch it back with friends or family or at another time that suited them.

Feedback on the information sessions was overwhelmingly positive, and between the two sessions, we had nearly 200 people attend or view the sessions online. DB continues to use Workplace by Facebook to share information and articles to keep the conversation going around mental health.

Reducing CO₂ emissions

***“As part of a leading global company,
we believe it’s our responsibility to
reduce greenhouse gas emissions across
the value chain.”***

Climate change is one of the biggest risks facing global society today. As part of a leading global company, we believe it’s our responsibility to reduce greenhouse gas emissions across the value chain and to contribute to global and national targets.

Climate change and New Zealand

There is convincing evidence that greenhouse gas emissions are causing global and regional changes in climate. Climate change impacts are significant and are predicted to have increasingly negative environmental, social and economic consequences.

New Zealand's gross greenhouse gas emissions increased by 23% between 1990 and 2014⁸ and under the Paris Agreement (2015) New Zealand has committed to reducing its emissions by 11% below its 1990 baseline. At this time, the Government is establishing a Climate Change Commission to advise on climate change policy and are proposing a Zero Carbon Act with a target of net zero emissions by 2050.



⁸ New Zealand's Greenhouse Gas Inventory 1990-2014, Ministry for the Environment



Our approach

Our current priority is to contribute to HEINEKEN's global target of reducing greenhouse gas emissions in production by 40% by 2020. We actively monitor our greenhouse gas emissions and have management programmes in place to reduce our emissions and energy use through smarter travel, energy efficiency, using renewable energy sources and waste reduction. Our greenhouse gas emissions mainly come from natural gas and electricity use in our breweries, and fuels used by our fleet vehicles.

Our key initiatives

A number of energy saving initiatives were implemented in 2017 alongside our ongoing focus on thermal energy efficiency and waste reduction. An innovation in the bottling process at our Redwood Cidery achieved a significant reduction in energy use through the avoidance of condensate build up in bottles, which previously required blow-drying to remove. Investment in a new energy efficient compressor unit at our DB Draught Brewery has reduced electricity consumption for this site by 5%.

We also investigated low or zero emission vehicles for our fleet of around 100 road vehicles. While electric vehicle uptake is rising in New Zealand, there are limited options available in fit-for-purpose vehicles for the majority of our fleet users, with a considerable price premium on those vehicles at this time. We will continue to investigate the use of low or zero emission vehicles in the future. In the interim, we are implementing efficiency improvements in our existing fleet, including

installing telemetry devices in our fleet vehicles in 2018. Telemetry devices track the driver's behaviour, such as total kilometres travelled, acceleration and deceleration, and routes travelled. This will allow us to identify and make improvements in driver behaviour and create fuel efficiencies.

Our performance

“We continued to reduce our CO₂ emissions in 2017 to 47% below our 2008 baseline.”

In 2016, we exceeded our 2020 target to reduce greenhouse gas emissions in production by 40% reaching a 46% reduction. We continued to reduce our emissions in 2017 to 47% below our 2008 baseline. Our total energy use has declined year-on-year since 2015 and our overall energy consumption is 91.7 mega joules per hectolitre of production (92.7 MJ/hl in 2016). Our electrical energy use continues to decrease annually and is now 9.7 kilowatt hours per hectolitre of production (9.9 kWh/hl in 2016).

Thermal energy use remains relatively static at 57.0 MJ/hl (56.9 in 2016). Our predominant sources of thermal energy are natural gas at our Waitemata Brewery and the coal used in the industrial community energy scheme we participate in at our DB Draught Brewery.

Our waste diversion rate from landfill was 97% (96% in 2016) which, by industry standards, means we are running a zero-waste operation at our Waitemata Brewery and Redwood Cidery.

Key measures	2020 target	2017	2016	2015
Carbon emissions in production (kg CO₂ eq / hl)	4.5	4.9	5.0	5.3
Carbon emission reduction in production⁹ (kg CO₂ eq / hl)	40%	47%	46%	38%
Energy use (GJ)	n/a	70,088	71,164	74,076
Energy intensity (MJ / hl)	84.9	91.7	92.7	97.9
Thermal energy intensity (MJ / hl)	52.2	57.0	56.9	60.6
Electric energy intensity (kWh / hl)	9.1	9.7	9.9	10.4
Waste produced (Tonnes)	n/a	15,066	16,166	15,841
Waste diversion rate	98%	97% (2 out of 3 sites)	96%	95%

*Our energy consumption and waste reporting data includes our three main production sites: Waitemata Brewery, DB Draught Brewery and Redwood Cidery. The reporting scope includes: purchased thermal and electrical energy consumption in production and forklift LPG gas usage.

Looking ahead

We will seek out renewable thermal energy opportunities to reduce our reliance on non-renewable energy and continue to eliminate waste from our value chain.

⁹ Percentage reduction versus 2008 baseline



Case study: DB Export Beer Bottle Sand

During 2017, we collaborated with New Zealand's largest glass recycler, Visy Recycling, to create DB Export Beer Bottle Sand - a sand-substitute made from finely crushed, recycled consumer waste glass.

Over the past year, 104 tonnes of DB Export Beer Bottle Sand has been produced for a range of practical purposes, including for construction and roading, DIY projects, pipe bedding, golf bunkers and sports field drainage. DB Export Beer Bottle Sand provides an environmentally friendly alternative to beach-derived sand, which is a non-renewable resource. It also creates value from waste glass, which cannot be recycled for glass production due to contamination or co-mingling.

Through DB Export Beer Bottle Sand, DB is elevating the importance of recycling and the negative impacts of sand dredging on beaches to a mainstream audience. The concept gained 217 million impressions on publications worldwide and thousands of user-generated videos were shared directly from the 'beer bottle sand machine'. Our social media campaign also received 55 million views and 700,000 shares.

We're also helping to reduce the amount of waste glass that goes to landfill. Although New Zealand has a high glass return rate (73%), some of this glass cannot be recycled back into glass containers due to issues such as quality and contamination. Therefore, the next best option is to repurpose it into other uses, such as a sand-substitute.

DB Export Beer Bottle Sand is available for anyone to use through Drymix eco-concrete mix, which is perfect for any DIY jobs you might have around the home.

“We are continuing to explore opportunities and new uses for DB Export Beer Bottle Sand.”

Protecting water resources



***“Water is a critical resource
for our business, filling around
95% of finished beer products.”***

Water is a critical resource for our business. It fills around 95% of finished beer products and is essential throughout our supply chain, from growing raw materials such as hops and malt, to cleaning our plant equipment and ensuring product safety. We also affect water quality in New Zealand by generating wastewater that requires treatment before being returned to the environment.

All of our breweries except for Tui Brewery source their water from reticulated municipal supplies that are rated low water stress. Timaru, where our second largest brewery is located, experiences moderate water stress when occasional summer droughts occur.

Water in New Zealand

“By 2025, 1.8 billion people are expected to be living in countries or regions with absolute water scarcity, and two-thirds of the world population could be under water stress conditions¹⁰.”

New Zealand has a comparative global advantage when it comes to water, with an abundance of clean, fresh water resources. Water quality impacts from intensified agriculture and large water withdrawals have raised national awareness of the need to protect this precious resource.

Bottling and exporting of New Zealand’s fresh water has also come under increasing scrutiny, along with a focus on the standards required for municipal drinking water supplies. With the current Government indicating its intentions to address a number of these water issues, it appears likely that new or tighter regulation around water uses and discharges will be introduced.

¹⁰ <http://www.unwater.org/water-facts/scarcity/>

Our approach

At a global level, HEINEKEN is a signatory to the United Nations CEO Water Mandate, a water stewardship programme with supporting resources for businesses. Locally, our goal is to foster sustainable waterways and habitats through careful water stewardship.

Our key initiatives

Over the past decade we have reduced our water consumption by 25% based on hectolitre consumed per hectolitre of beer or cider produced. Our efforts have been incremental in nature rather than relying on a single technical solution. We take a continuous improvement 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 water waste.

Ongoing improvements have been made at our DB Draught Brewery in Timaru to improve the quality of wastewater that is discharged to Timaru District Council’s wastewater treatment system. Because treated wastewater from the Council’s plant is ultimately discharged into the ocean, we have been actively improving the quality of our discharge in an effort to improve the quality of water discharged to sea. Recent initiatives have included pH buffering and micro screening to reduce the chemical and biological oxygen demands of our wastewater.

Our performance

Total water consumption per hectolitre of beer or cider produced has reduced year on year, and in 2017 was 3.2 hl/hl (3.3 in 2016).

Key measures	2020 target	2017	2016	2015
Water consumption (hl / hl)	2.9	3.2	3.3	3.47
Water discharge (COD kg / hl to surface water)	0	1.131	1.064	0.862

Looking ahead

We will continue to reduce our water consumption in production and invest in water stewardship programmes. We will also invest in further improvements to wastewater treatment in Timaru.

Case study: the Waitemata lake project

“We have been able to increase the diversity of native bird life at our site and improve the lake’s water quality before it goes into the Tamaki estuary.”

Mike Smillie, National Facilities Manager

Back in 2016, Mike Smillie, DB’s National Facilities Manager, was inspired to transform the storm water lake at our Waitemata brewery into a sanctuary for local wildlife and a recreation area for DB employees.

The lake sits at the start of the Tamaki estuary, which is an important habitat for a variety of wildlife, including endangered species such as the reef heron. However, the estuary has high contamination levels that have affected the water quality and are harmful to aquatic life.

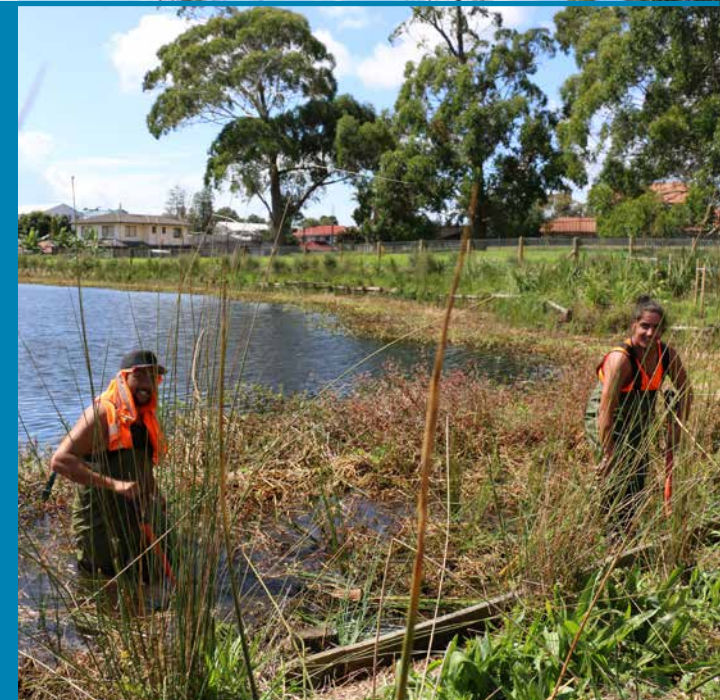
Led by Mike and DB’s Health, Safety and Wellness committee, the lake project’s main objectives are to:

- › improve the quality of the storm water entering the Tamaki estuary
- › improve the lake’s biodiversity and provide a habitat for wildlife
- › provide a recreational area for the team at DB that supports good health and wellbeing

Since the project began in early 2017, around 2,500 native plants have been planted around the lake edge and more than 3,000 native rushes have been planted into the lakebed. We have also installed a plant protection fence and are managing weed control on an ongoing basis. The site is available to staff to enjoy throughout the day with many enjoying the area during their lunch breaks.

‘We have been able to increase the diversity of native bird life at our site and improve the lake’s water quality before it goes into the Tamaki estuary,’ says Mike.

By improving the water quality of our backyard lake, we are able to improve the ecological biodiversity of our local area.



Sourcing sustainably



“Our supplier relationships are key to the success and sustainability of our business.”

Our aim is to develop a supply chain that supports local communities, reduces our environmental footprint and ensures a consistent supply of raw materials and services for our business.

Trends in sustainable sourcing

“Growing consumer awareness of supply chain impacts and an increasing demand for information about how products are produced is driving a global shift in consumer behaviour and supply chain management.”

The concept of sustainable procurement is not a new one. For some time there has been strong consensus that companies which consider the sustainability of their supply chain are more successful in addressing environmental, social and economic issues for themselves and their suppliers.

High profile coverage of labour issues and environmental impacts in the apparel sector has been a catalyst for change. While the scale and severity of these type of impacts is not common in New Zealand, increasing scrutiny has uncovered local examples of poor performance. Working together with suppliers to solve issues and create value for both parties is now considered a normal part of sustainable supply chain management.

Our approach

Our key mechanism to increase the sustainability of our sourcing is through the implementation of the HEINEKEN Supplier Code. The code outlines our expectations of suppliers in three key areas:

- › integrity and business conduct (legal compliance, conflicts of interest, confidentiality)
- › human rights (safe work practices, fair treatment, equal opportunity, no child and forced labour, and values associated with the Universal Declaration of Human Rights and the Core Conventions of the International Labour Organization)
- › environment (resource efficiency, reducing environmental impact and the use of environmentally friendly technologies)

The HEINEKEN Supplier Code consists of a four-stage programme of signing, risk analysis, monitoring and auditing.

Our key initiatives

We work closely with our suppliers to ensure they meet the HEINEKEN Supplier Code, and when identified, we provide support to address any areas for improvement. Our supplier relationships are key to the success and sustainability of our business.

Our focus on local sourcing means we've worked in partnership with New Zealand malt and hop growers over a long period. Our long-standing relationships with local growers in particular is an example of our commitment to supporting and working closely with local suppliers for mutual benefit.

In 2017, DB Breweries engaged Ecovadis to undertake independent assessments of five potentially high-risk suppliers. Ecovadis is an internationally-recognised, collaborative platform providing supplier sustainability ratings for global supply chains. Our parent company HEINEKEN has been engaged with Ecovadis since 2011 to drive sustainability improvements in its supply chain. All five suppliers participated in the Ecovadis assessment and were found not to be high risk and no action plans were required.

Our performance

In 2017, DB purchased from 1,535 suppliers. Based on our top 100 suppliers, 96% of our procurement budget was spent in New Zealand. Over 1,500 (98%) of our suppliers have signed up to the Heineken Supplier Code.

Key measures	2020 target	2017	2016	2015
Number of suppliers	n/a	1,535	1,327	1,663
% local (NZ) suppliers by spend	96%	96%	90%	87%
% suppliers signed up to Supplier Code	100%	98%	100%	100%
Ecovadis assessments of potential high risk suppliers	0	5	3	0
Suppliers declining participation in Ecovadis assessment	0	0	1	0
Suppliers exited due to declining participation in Ecovadis assessment	0	0	1	0
Suppliers requiring action plan due to confirmed high risk	0	0	0	0

Looking ahead

We will implement the best end-to-end solutions with our suppliers and explore how our purchasing practices can have greater social impact and reduce our environmental footprint.



Focus on local and sustainable sourcing

All of our cider is produced at our Redwood Cidery in Nelson. Due to the position of the cidery, we have access to an abundance of locally grown fresh fruit. This includes 100% locally and sustainably sourced apples.

We use apples that have been assessed through Tesco's Nurture scheme, which is an independent agricultural certification that is dedicated to ensuring fruits and vegetables are grown to environmental and ethically responsible standards. The scheme ensures that growers:

- › demonstrate a commitment to protecting wildlife and landscape conservation
- › adopt sustainable farming practices, through the use of energy, natural resources and recycling
- › champion the use of natural methods, such as solar radiation of soils to eradicate pests
- › ensure all their staff are treated in a fair and responsible manner

Growers are assessed on an annual basis to ensure they meet the scheme's standards.

Growing with communities



“Our breweries and cidery are iconic to their local communities and we understand our responsibility to create a shared and sustainable future.”

We depend on a healthy and engaged workforce and thriving local communities across New Zealand where we operate and where we source the majority of our raw materials.

Our approach

Each year, we invest in responsible consumption partnerships, educational programmes and charitable causes. We also contribute our time, skills and knowledge to the communities where we operate. We focus on long-term initiatives that support inclusive growth, and those that complement the focus areas of our sustainability strategy.

Our key initiatives

In partnership with the New Zealand Leadership Institute (NZLI), we provided scholarships for five members of the South Auckland business community to take part in the NZLI Leadership Mindset Programme in 2017. The scholarships aim to further develop and enhance the pool of first class leadership talent in our local community.

Our partnership with Big Buddy, a charity that provides mentoring to fatherless boys, continued into its fifth year. We have supported Big Buddy on an ongoing basis through connections with other supporting partners and facilitating fundraising events.

The team at DB Draught Brewery supported a number of collaborative initiatives and activities in South Canterbury to improve the manufacturing skills shortages in the region. This included working with the Food Manufacturing and Processing Business Connection Forum, Aoraki Development (a council funded economic and tourism agency) and ARA (tertiary institute) to provide career pathways into the sector and upskilling our own people. See our case study on page 33 for more.

Our performance

“In 2017, we invested over \$285,000 in 20 different community partnerships, sponsorships and charitable causes.”

In 2017, we invested over \$285,000 in 20 different community partnerships, sponsorships and charitable causes. This included a significant investment in The Packaging Forum, an industry-led group that provides product stewardship solutions for packaging and runs consumer awareness programmes about packaging recycling and litter reduction. We also supported a number of other initiatives including Black Dog's SPCA fundraiser, 'Gone to the Dogs', riparian planting at Tui Brewery and the Halberg Foundation.





Case study: solving regional skills shortages in Timaru

In 2016, the Timaru District Council reported that many South Canterbury firms were struggling with skill shortages that threatened to slow business growth. One of the identified issues was the lack of communication and connection with local education providers and businesses across all sectors.

With the key purpose of developing short, medium and long-term actions to improve skills shortages in the region, a number of collaborative initiatives and activities were undertaken in this space with the Food Manufacturing and Processing Business Connection forum, Aoraki Development (a council funded economic and tourism agency), ARA (tertiary institute) and local education providers.

Our DB Draught Brewery is actively engaging in those initiatives to help retain local workforces and support the transition of youth into further vocational education and employment. During 2017, the brewery participated in industry sector days to show case the employment opportunities and career pathways at the brewery. Other initiatives include supporting NZQA Food Manufacturing and Processing entry level qualifications and offering work experience to people looking to enter the industry.

Azaria Sheppard, who now works at DB Draught, is a great example of how the programme has helped fill a skills gap at the brewery while offering an exciting career pathway. As a school leaver keen on looking at a career in sciences, Azaria was not yet ready for university and wanted some work

experience to help with her career and tertiary study decisions. DB offered her an opportunity to be a fixed term laboratory technician which eventually led to a full time position.

“I really enjoy working at DB because I am learning new things all the time and the work is quite challenging and makes you think. It has also helped me to think about my career options and I am now keen study sciences at university next year.”

Azaria Sheppard

DB Draught Brewery Manager Kim Haack says, ‘Skill shortages is a region wide issue affecting all businesses in this community, so it’s really important that we are actively involved in developing and supporting these initiatives. It has been really good to get some early success stories, like with Azaria, as these really help promote and drive further success.’

General disclosures

Disclosure Title	GRI	Location or Reference
Name of the organisation	102 - 1	page 5
Activities, brands, products and services	102 - 2	pages 5-6 and www.db.co.nz
Location of headquarters	102 - 3	page 5 and www.db.co.nz/contact-us
Location of operations	102 - 4	page 6
Ownership and legal form	102 - 5	page 5
Markets served	102 - 6	page 5
Scale of the organisation	102 - 7	pages 6-7
Information on employees and other workers	102 - 8	page 6
Supply chain	102 - 9	page 8
Significant changes to the organisation and its supply chain	102 - 10	none
Precautionary principle approach	102 - 11	DB applies the precautionary principle through its resource consents issued under the RMA
External initiatives	102 - 12	CEO Water Mandate, UN Sustainable Development Goals, United Nations Global Compact
Membership of associations	102 - 13	Association of New Zealand Advertisers, Brewers Association of New Zealand, Brewers Guild of New Zealand, Business and Community Shares New Zealand, Business New Zealand, Cheers! / The Tomorrow Project, Hospitality New Zealand, New Zealand Food & Grocery Council, The Packaging Forum, Sustainable Business Council, Trans-Tasman Business Circle
Statements from senior decision-maker	102 - 14	page 3
Values, principles, standards, and norms of behaviour	102 - 16	page 6
Governance and structure	102 - 18	page 5
List of stakeholder groups	102 - 40	page 10
Collective bargaining agreements	102 - 41	93 employees covered by collective labour agreements
Identifying and selecting stakeholders	102 - 42	page 10

Approach to stakeholder engagement	102 - 43	page 10
Key topics and concerns raised	102 - 44	page 10
Entities included in the consolidated financial statements	102 - 45	page 9
Defining content and topic Boundaries	102 - 46	page 10
List of material topics	102 - 47	page 10
Restatements of information	102 - 48	none
Changes in reporting	102 - 49	none
Reporting period	102 - 50	page 9
Date of most recent report	102 - 51	2016 Sustainability Report (published in 2017)
Reporting cycle	102 - 52	page 9
Contact point for questions regarding the report	102 - 53	page 37
Claims of reporting in accordance with the GRI standards	102 - 54	page 9
GRI content index	102 - 55	page 34-36
External assurance	102 - 56	page 9

Topic specific disclosures

Disclosure Title	GRI	Location
Procurement practices		
Disclosure on management approach	103	pages 28-30
Proportion of spending with local suppliers	204-1	page 30
Energy		
Disclosure on management approach	103	pages 21-23
Energy consumption within the organisation	302-1	page 23
Water		
Disclosure on management approach	103	pages 25-27

Water use intensity (non GRI)		page 26
Emissions		
Disclosure on management approach	103	pages 21-23
GHG emissions intensity	305-4	page 23
Waste		
Disclosure on management approach	103	pages 23-24
Waste diversion rate (non-GRI)	306-2	page 23
Supplier environmental and social assessments		
Disclosure on management approach	103	pages 8 and 28-30
New supplier environmental screening	308-1	page 30
New supplier social screening	414-1	page 30
Employment		
Disclosure on management approach	103	page 6
Employee length of service (non-GRI)	401-1	page 6
Occupational health & safety		
Disclosure on management approach	103	pages 17-20
Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	403-2	page 19-20
Diversity and equal opportunity		
Disclosure on management approach	103	page 6
Diversity of governance bodies and employees	405-1	page 6
Marketing and labelling		
Disclosure on management approach	103	pages 14-15
Marketing communication compliance	417-3	page 14
Advocating responsible consumption (non-GRI)	103	pages 11-16
Growing with communities (non-GRI)	103	pages 31-33

Contact us

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