

# DB Breweries' 2019 sustainability report

## Message from the Managing Director



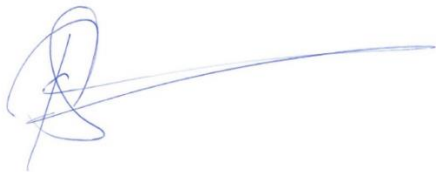
As DB launches its latest sustainability report, we find ourselves living in a profoundly changed world due to COVID-19. The level of uncertainty and disruption is unprecedented, and there are still many unknowns in terms of how the pandemic will evolve, the scale of human life lost, and what the long-term impact will be on the New Zealand and global economies. I have, however, been heartened by the spirit and tenacity demonstrated by New Zealanders and our people during this time. We have come together to put people and safety first, we've provided support to those who need it most, and we've adapted to the changing business environment at pace.

I am also very proud of our business and people as I reflect on our sustainability performance in 2019. We have a good understanding of our carbon emissions and are taking targeted action in

the areas that will have the greatest impact. Over the course of the year, our emissions fell by 11%. We became a foundation partner of [Mentemia](#), a mental health and wellbeing app developed by Sir John Kirwan. We took bold action on reducing drink driving through our Heineken brand and award-winning partnership, Keys Down, Real Talk. And we built on this work by conducting extensive research into drink driving attitudes and behaviours in New Zealand, learning that 73% of Kiwis drive after drinking, and only 22% of Kiwis know the legal blood alcohol concentration limit. This research will be used to inform our important work in this area going forward.

I was also thrilled that DB won Champion Large International Brewery at the Australian International Beer Awards, the largest annual beer competition in the world. We received over 20 individual prizes for a range of products, which is a testament to our team's ongoing commitment to producing high quality beers and ciders that consumers love. And we continued to innovate in the low and no beer category, with the highly successful launch of DB Export Extra Low Carb. Finally, 2019 brought us the Rugby World Cup in Japan, with Heineken as the tournament's official beer partner. The tournament was truly exceptional and showed how sport has the power to unite us. During the event, we held our own special wheelchair rugby match with the Wheel Blacks, and you can see how we fared against the experts in the [highlights video](#) within our report.

While sustainability is a business foundation for DB, we have not been immune to the impact of COVID-19, and we have had to defer the completion of our waste water treatment plant and biomass implementation at DB Draught Brewery until 2021. We remain committed to delivering these projects along with mid to long-term plans of electrifying our fleet and forklifts, supporting our people to reduce their emissions, working with our suppliers to reduce our scope 3 emissions, and taking action on plastics in our value chain. I hope you enjoy reading our 2019 report and I welcome your feedback on our performance.



Peter Simons  
Managing Director

# About DB Breweries

DB Breweries is an iconic New Zealand company that has been part of the Kiwi landscape since 1929. It produces and sells a wide range of high quality beers, ciders and RTDs, including premium global brands such as Heineken and Tiger; local favourites Tui and DB Export; and leading craft brands Monteith's, Tuatara, Black Dog and Lagunitas (USA). It also operates Drinkworks, which markets and distributes premium beer and cider in Australia, and has a direct interest in over 20 licensed premises in Auckland through Joylab, 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 approach

Brewing a Better New Zealand is our business purpose and we believe that DB can be a positive force for change. Our purpose is underpinned by our three company values: respect for people and planet, passion for quality, and enjoyment of life. Through our business purpose and values, we are committed to leading in sustainability, growing our people and enabling their success and enjoyment of life, and brewing products that delight our consumers.

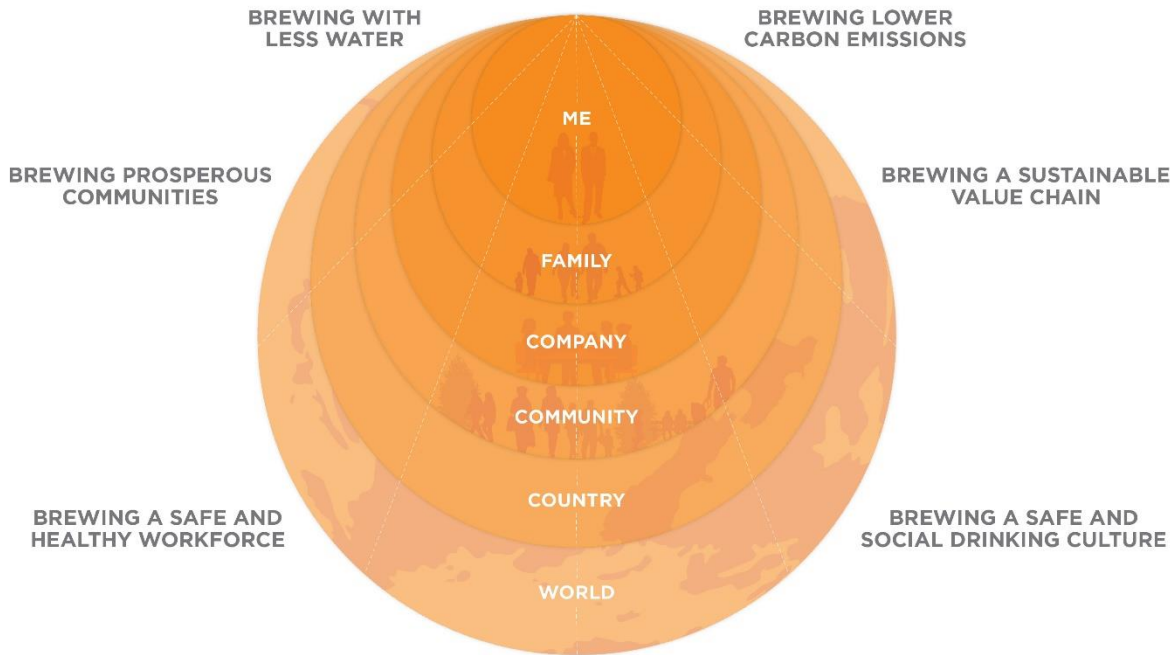
Our sustainability programme is led by our Managing Director, with responsibility for our focus areas shared across our executive team. The programme is coordinated by the Corporate Affairs function, which works closely with teams across the business to develop and implement our plans.



Focus area	Responsible Functional Director
Brewing a safe and social drinking culture	Corporate Affairs Director, Sales Director, Marketing Director, General Counsel and HR Director
Brewing lower carbon emissions	Corporate Affairs Director, Supply Chain Director and Finance Director
Brewing with less water	Supply Chain Director
Brewing a safe and healthy workforce	HR Director
Brewing a sustainable value chain	Supply Chain Director and Finance Director
Brewing prosperous communities	Corporate Affairs Director

In 2019, we established a staff sustainability committee called The Brew Gooders, which is sponsored at executive level by the Corporate Affairs Director and Supply Chain Director. The committee plays a key role in helping to embed sustainability across the organisation. We believe that everyone can contribute to our sustainability goals, so we encourage our people to champion sustainability in whatever they do.

Our approach is also informed by our parent company HEINEKEN and guided by the UN Sustainable Development Goals. HEINEKEN's Brewing a Better World programme encompasses operations in more than 70 countries with over 85,000 employees. As part of a global company, we are in a special position to be able to collaborate, learn, and share knowledge with other HEINEKEN operating companies around the globe.



## About our reporting

Our sustainability report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards (Core Option). This report covers our performance from 1 January to 31 December 2019. It covers the activity and impacts of DB Breweries' main operating sites and sales offices, including: Waitemata Brewery, Tui Brewery, Monteith's Brewery, DB Draught Brewery, Black Dog Brewing Company, Redwood Cidery and Tuatara Brewery. Unless stated otherwise, our reporting doesn't include Joylab and Drinkworks.

### Reliability and accuracy of data

We have processes governing the collection, review and validation of our non-financial data. This includes applying standardised definitions from HEINEKEN and involving subject matter experts to validate and challenge our data and processes. Where possible, standard or

automated calculations and validity checks are built into our systems to minimise errors. Where we have concerns, we highlight them in the report. HEINEKEN's internal audit function is involved in the annual review of the global non-financial reporting process, including reviewing the quality of control processes at various levels, data ownership and clarity of definitions.

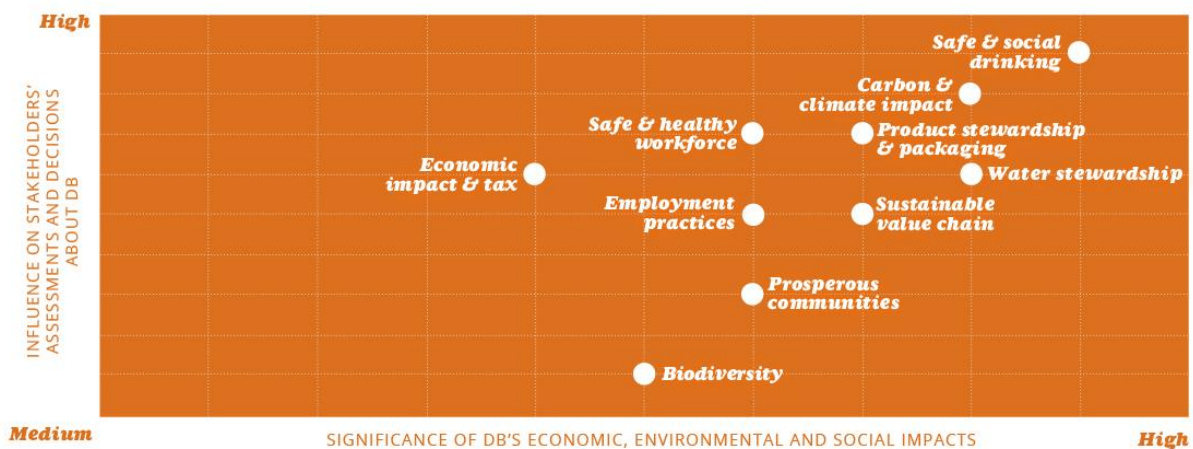
Locally, DB's 2019 carbon footprint has been **externally verified** by Toitu Envirocare. External assurance was not sought for our other 2019 disclosures.

## Materiality

We regularly review our material topics to understand what matters most to our stakeholders. The method for assessing the materiality of each topic follows GRI's Materiality Principle, and in 2019, our materiality assessment was informed by:

- 15 stakeholder interviews with our people, customers, suppliers, industry groups, and government, media and community representatives
- internal and external data sources, such as our annual staff climate survey
- benchmarking against external sustainability frameworks
- review of the reporting of our industry peers
- independent expert opinion

We also engage with our stakeholders during the year through a variety of channels and forums, such as industry group meetings and the relationships our teams have with suppliers and customers as part of day-to-day business operations.



## **Our material topics**

Fostering a safe and social drinking culture remains our most material issue as in previous years. Reducing carbon emissions and climate impact also remains high, while product stewardship and packaging has increased in significance for our stakeholders since 2018.

The following topics are considered to be material for reporting in 2019, in order of priority:

### **Safe and social drinking culture**

Promoting moderate drinking behaviours and social change through partnerships, campaigns, innovation in low-and-no alcohol beverages, product labelling and responsible marketing.

### **Carbon and climate impact**

Managing our resources, including reducing energy consumption, greenhouse gas emissions and waste from our operations, and working with our suppliers and customers to do the same.

### **Product stewardship and packaging**

The end of life design and recyclability of our products and materials.

### **Water stewardship**

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

### **Safe and healthy workforce**

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

### **Sustainable value chain**

Working with suppliers that meet our environmental and ethical sustainability standards and buying locally.

### **Employment practices**

How we recruit, develop and retain our people.

**Prosperous communities**

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

**Economic impact and tax**

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

**Biodiversity**

Ensuring that we encourage biodiversity through use of good practice such as regenerative agriculture.



# Brewing a safe and social drinking culture



*Over 400,000  
people reached  
by Keys Down,  
Real Talk, our  
award-winning  
drink driving  
reduction campaign*



## Our approach

Our goal is to foster a safe and socially responsible drinking culture in New Zealand and we believe alcohol, when consumed in moderation, can be part of a well-balanced lifestyle. The majority of Kiwis continue to drink alcohol responsibly, and as a nation, we are drinking around 25% less than we did in the 70s and 80s. New Zealand is also seeing a significant drop in underage drinking, with a 16% reduction in the number of 15 to 17-year-olds who drank alcohol in the past year compared with 2006/07. However national alcohol statistics show that alcohol-related harm is still present across a number of population groups and there is more work to do to reduce the negative impacts of alcohol and embed a culture of moderation in New Zealand.

We encourage consumers to drink responsibly through our marketing, sponsorships, partnerships and behaviour change programmes. We also have a robust responsible [marketing code](#) that provides clear standards for all of our commercial and marketing communications. We continue to lead the market in producing low-and-no alcohol beers and ciders, providing choice to consumers who choose not to drink alcohol but still enjoy the taste of an alcoholic drink. Joylab, our hospitality partner, also has a strong low-and-no alcohol beverage offering and takes a proactive approach to driving responsible drinking at its venues.

Since 2017, DB has been particularly focused on reducing drink driving. We know that drivers with a blood alcohol level of 0.01% are 46% more likely to be the cause of an accident than sober drivers, and we have taken a bold, zero tolerance stance when it comes to drinking and driving through our Heineken When You Drive, Never Drink advertising campaigns, local and national advocacy work, and other partnerships. While overall incidences of drink driving in New Zealand have been trending down since 1990, the number of fatalities related to drink or drugged driving have been steadily increasing since 2013. In 2019, we set out to learn more about the drink driving behaviours of Kiwis to inform our work over the coming years.

## Our progress

Our programme of work has led to some encouraging results over the past year. We are particularly pleased with the reach of our drink driving reduction campaigns, Keys Down, Real Talk, and When You Drive, Never Drink, which have been well-received by consumers. Equally, the growth of low-and-no alcohol beverages demonstrates the growth of the health and

wellbeing trend in the market. We acknowledge that building a safe and social drinking culture is a long-term ambition which will require an ongoing and sustained effort from industry, government and the community.

## **Building partnerships**

In 2018, DB and 37 Hz, a South Auckland based creative producer, launched a community-led campaign called [Keys Down, Real Talk](#), which aims to tackle drink driving in South Auckland. The first phase featured real-life stories from people with drink driving experiences and included music from well-known local urban artists. This content reached over 200,000 people.

We launched the next phase of the campaign in September 2019 with a series of informal online vlogs called *Asking for a mate*. These featured influential members of the South Auckland community, including Samoan hip hop artist, King Kapisi, former league player Ruben Wiki, and Hon Aupito Tofae Su'a William Sio, Minister for Pacific Peoples. The conversations provided a platform for guests to share their personal stories and expertise with the community, while demonstrating that participants are able to drink responsibly, hold a meaningful conversation, and leave in taxis or with a sober driver. Each vlog included a discussion around drink driving and drinking culture, with relevant content from these conversations posted on our Keys Down, Real Talk channels. After two years, the Keys Down, Real Talk campaign has reached over 400,000 people and won the 2019 community award at the Australasian Road Safety Awards.



## Promoting a safe and social drinking culture through our brands

Since 2017 we have invested at least 10% of the Heineken media budget on responsible consumption messaging. In 2019, we continued to run Heineken's When You Drive, Never Drink campaign as part of our commitment to promoting a safe and social drinking culture through our brands. Through a series of ads featuring former Formula 1 driver Nico Rosberg, we reached nearly two million people in New Zealand with this important message.



## Taking action at an industry level

Cheers! is an industry initiative run by The Tomorrow Project that takes a research based approach to educating Kiwis about safe and sociable drinking behaviours. DB is an active member of Cheers! In 2019, Cheers! introduced a programme called **SMASHED** to New Zealand, where actors deliver an interactive performance to year 9 students on the dangers of underage drinking and peer pressure. SMASHED reached over 18,000 year 9 students, and is due to expand to all 60,000 year 9 students in 2020.

## Innovating in low-and-no-alcohol beverages

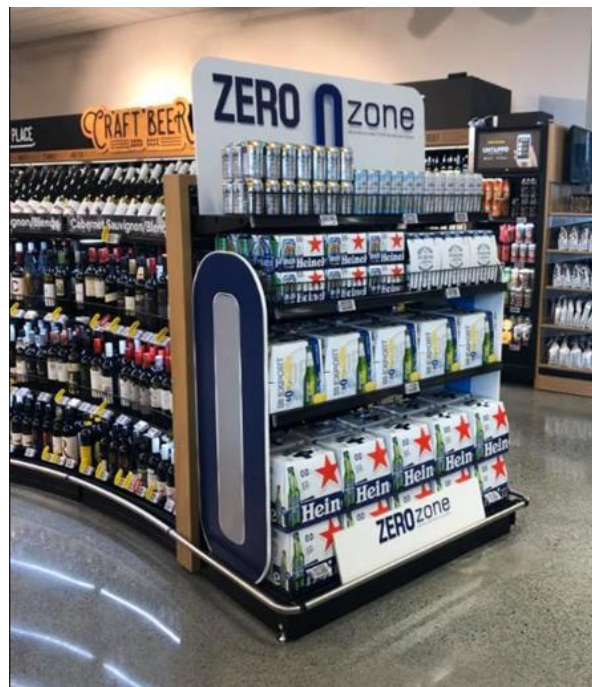
Conscious consumers are increasingly choosing low-and-no alcohol beverages, and the category was worth over \$36 million in New Zealand in 2019 – a 12.6% increase in value versus 2018. DB leads in market share for both segments, and in 2019, we ranged 10 beers and ciders with less than 3.5% alcohol by volume (ABV)\*.

Since its launch in mid-2018, over five million Heineken 0.0 bottles have been sold in New Zealand, and the product has exceeded 2019 forecasts by 70%. 2019 also saw the development of DB Export 0.0 (launched in February 2020) to meet the growing demand for 0.0% ABV beer\*\*. We know our brands are best enjoyed responsibly and take pride in being a consistent leader in the low-and-no alcohol category.

2019 marked the successful trial of Zero Zones in supermarkets. Developed in partnership with our customers, Zero Zones range beers, wines and spirits that have less than 0.05% ABV. They are designed to help build the overall category by providing greater visibility on shelves and help overcome negative perceptions towards non-alcoholic beverages.

*\* Amstel Light (2.5%); DB Export Citrus 0.0% (less than 0.05% ABV); DB Export Citrus (2% ABV); DB Export Citrus Grapefruit (2% ABV); DB Export Citrus Lime and Ginger (2% ABV); Heineken 0.0% (less than 0.05% ABV); Heineken Light (2.5% ABV); Monteith's Mid-Strength Beer (3% ABV); Monteith's Mid-Strength Apple Cider (2.8% ABV); Tuatara Iti APA (3.3% ABV)*

*\*\* Contains only trace amounts of alcohol (less than 0.05% alc/vol)*



## Key targets and our performance

Key measures	2020 target	2019	2018	2017	2016	2015
10% of Heineken® media budget invested in responsible consumption campaigns	10%	10.5%	10%	11%	6.2%	n/a
Partnership addressing alcohol-related harm	Yes	Yes	Yes	Yes	Yes	Yes

### Responsible marketing and product labelling

DB is committed to complying with all applicable marketing communication laws, regulations and voluntary codes. Two complaints were made to the [Advertising Standards Authority \(ASA\)](#) about marketing materials produced by or on behalf of DB in 2019. Both complaints were referred to the ASA's complaints board, but neither was upheld. We have had consistently low numbers of complaints to the ASA in the last five years thanks to our stringent processes.

We continue to support the strong regulatory framework for alcohol advertising and sponsorship in New Zealand. In this spirit, we contributed to the 2019 review of the ASA Alcohol Advertising and Promotion Code. This Code is reviewed on a five-yearly basis to ensure the guidelines are robust and reflect the evolution of societal standards and means of advertising. The revised Code is due to be released in 2020 and includes feedback from a variety of stakeholders including public health representatives, media agencies, and the alcohol industry.

We continue to publish nutritional and ingredient information for our products either on pack or on our corporate website. Visit our product [pages](#) for more information.

In 2019, it was confirmed that pregnancy warning labels on alcoholic beverages would be compulsory in Australia and New Zealand. DB voluntarily includes a pregnancy warning label on all of its products and will ensure we adhere to the updated regulations once they are released by Food Standards Australia New Zealand (FSANZ).

## Our performance

	2019	2018	2017	2016	2015
Complaints made to the ASA	2	4	4	5	5
Referrals to ASA complaints board	2	2	1	1	4
Complaints upheld	0	0	0	0	0
Warnings, fines or penalties for non-compliance	0	0	0	0	0

## Looking ahead

In 2020, we will build on the outcomes of our inaugural drink driving research to develop and strengthen our drink driving reduction programme. We will also deliver a new internal responsible consumption programme for our people and continue to build the low-and-no alcohol beverage category with our customers with the expansion of Zero Zones in supermarkets

## Case study: Research shows Kiwi drivers are overconfident when it comes to drinking and getting behind the wheel

In October 2019, DB set out to explore Kiwi attitudes and behaviours towards drinking and driving in a nationwide online survey of 500 drivers over 18. The study also aimed to set a benchmark for the number of people who drink any amount of alcohol and then drive, and identify insights into how advertising and communications can positively influence people's driving behaviours.

The study found that 73% of registered drivers drink alcohol and that 20% of this group had driven within two hours of drinking alcohol in the 14 days prior to taking the survey. Most drinking drivers (54%) are moderate drinkers (1-3 drinks per week).

We also learned that most drivers (73%) who drink alcohol are confident that they understand the drink driving laws in New Zealand, however only 22% know the legal adult blood alcohol concentration (BAC) limit. This research shows that instead of thinking about blood alcohol content, people find it easier to consider the 'number of drinks' they are allowed before they get behind the wheel. The average driver feels they can safely drink 1.8 drinks and drive. 'Drinking drivers' on average believe they can safely drink 2.8 drinks and then drive. This is problematic because many factors contribute to an individual's blood alcohol concentration level, so it's impossible to base your choice to drive on the number of drinks you consume.

The study also showed that there is no such thing as a typical drink driver, and people who drink and then drive come from all age groups, income levels and ethnicities, and are equally likely to live in an urban, provincial or rural areas. They are more likely to be men, but four in ten drink drivers in the last 14 days were women (59% of 'drinking drivers' were men and 41% were women).

We plan to run the research regularly to build a picture over time of how New Zealand's sentiment towards drinking and driving is changing and inform our marketing and communications around drink driving reduction.





# Brewing lower carbon emissions



**Over 25 tonnes of CO<sub>2</sub> saved in logistics**

*...the equivalent of the annual emissions for three & half Kiwi households*

## Our approach

Climate change is one of the greatest threats facing society. Its impacts will be far-reaching and have the potential to disrupt our value chain, from supply of raw materials through to the distribution of our products.

DB is committed to significantly reducing its own greenhouse gas emissions and collaborating with its customers and suppliers, and the wider community, to help New Zealand transition to a low carbon economy. In 2019, we announced our ambition to halve our scope 1 and 2 emissions by 2030 (against our 2018 baseline). This science based target is in keeping within a 1.5 degree pathway of warming. We also reaffirmed our commitment to the Climate Leaders Coalition by signing up to the [2019 statement](#). Globally, HEINEKEN is taking bold action on climate change with a goal to reduce emissions in production by 80% (from 2008) and increase its use of renewable energy to 70% by 2030.

Our scope 1 and 2 emissions primarily come from natural gas, electricity in our breweries, purchased steam, and fuel used by our fleet. Our 2030 reduction plan focuses on energy management and efficiency, and investment in renewable thermal energy solutions that will accelerate our progress.

Our scope 3 emissions mainly come from packaging, agriculture, malting and adjuncts, cooling and logistics. We are developing long-term targets and reduction plans across all areas, building on the progress we have made to date in reducing emissions by right-weighting our glass packaging, optimising our logistics, and implementing our green fridges programme.

## Our progress

We have made positive progress towards our ambition to halve scope 1 and 2 emissions by 2030 by achieving an 11% reduction in emissions in 2019, which is in line with our carbon reduction pathway.

During the year, we announced our intention to invest in biomass at our second largest production site, DB Draught Brewery in Timaru. Moving to biomass will eliminate the use of steam derived from coal and lead to an approximate 98% reduction in emissions from steam production. During the year, we partnered with the Energy Efficiency Conservation Authority (EECA) to understand the availability and suitability of local sources of biomass, as well as the

feasibility of in-house or third party biomass solutions. While we are continuing to work on the transition to biomass, the impact of COVID-19 to our business has delayed our implementation timeline and we now expect to have a solution in place in 2021.

During the year we also ran feasibility assessments on installing solar photovoltaic (PV) cells at our Waitemata and DB Draught breweries, and solar thermal water heating at Waitemata Brewery. At this time, neither technology is feasible due to a combination of high capital and operational costs with limited impact on reducing our emissions. Natural gas used in our breweries makes up the largest portion of our emissions at 40%, and implementing suitable renewable energy alternatives remains a key challenge. While we don't have all the solutions, our team is committed to finding the right solutions for our business.

We were however thrilled to install our first electric vehicle (EV) charger at our Waitemata Brewery in May. The charger is available for our staff and visitors to use free of charge. We officially opened the charger for use with [Wiebe Wakker, a Dutch sustainability adventurer and EV advocate](#) who completed an astonishing around-the-world journey in his own EV to raise awareness for more sustainable forms of transport.

Energy efficiency remains a key aspect of our carbon reduction strategy and we continue to make incremental gains across our sites. We have been focused on optimising the Cleaning In Place (CIP) or regular wash down programmes at our breweries and cidery to use the least amount of water, electricity and heat. One key initiative undertaken during the year was the cleaning of the wort cooling heat exchanger at our Waitemata Brewery. Wort is the liquid extracted from the mashing process. After several years of use, fouling had accumulated resulting in decreased performance and more energy was required to meet cooling specifications. Our team performed a deep clean, successfully bringing the performance back to expected levels and saving over 13.5 tonnes CO<sub>2</sub>e (carbon dioxide equivalent). Annual cleaning is now planned to maintain optimum energy efficiency.

## **Achieving our science based target to halve emissions by 2030**

Our 2030 carbon reduction programme aims to systematically reduce emissions across our business and our key reduction initiatives include:

- transitioning from steam derived from coal to biomass in 2021, which once implemented, which will reduce our emissions from steam by approximately 98%

- moving from LPG forklifts to electric forklifts in 2021
- moving our sales fleet to electric vehicles in 2023
- implementing renewable energy solutions at Waitemata Brewery by 2030
- an ongoing focus on energy management and efficiency in our breweries and cidery

## Key targets and performance

In 2018, we measured and externally verified our scope 1 and 2 emissions for the first time. Our previous reporting from 2014 to 2018 tracked our emissions in production at our three largest sites. The transition to full scope 1 and 2 reporting provides a more comprehensive and accurate account of our emissions, and our 2018 data forms the baseline of our 2030 carbon reduction target. Between 2018 and 2019, we also changed the way we calculate our emissions from purchased steam. We have previously included emissions from transmission and distribution losses in our calculations, and this will now be included in our scope 3 emissions. As a result, we have revised our science based target pathway with a new baseline of 9,181 tonnes of CO<sub>2</sub>e and 2030 target of 4,554 tonnes of CO<sub>2</sub>e.

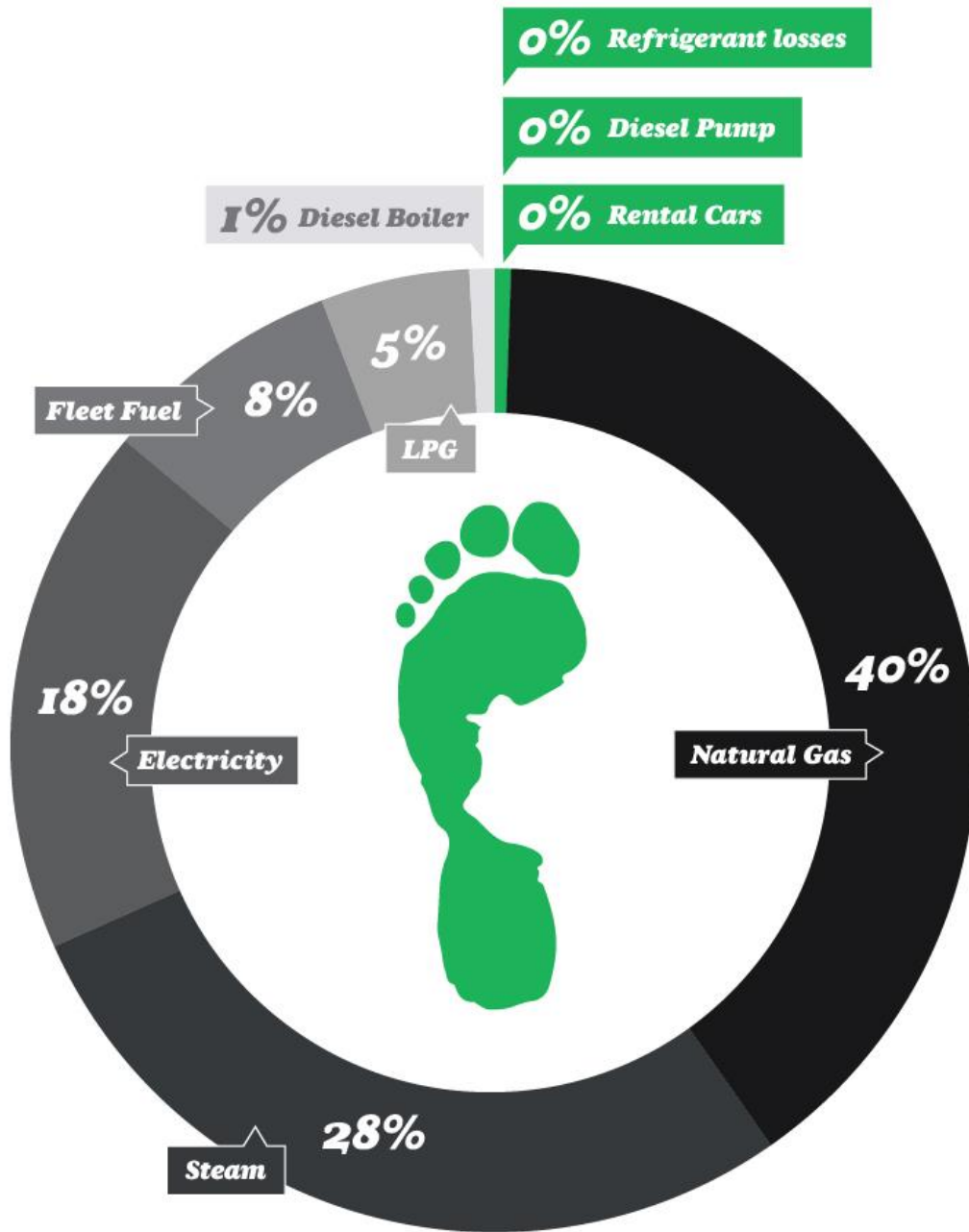
DB's scope 1 and 2 emissions in 2019 were 8,149 tonnes of CO<sub>2</sub>e or 6.21kg CO<sub>2</sub>e per hectolitre of product produced. We have made some reduction gains from 2018 to 2019, reducing overall emissions by 11% or 1,032 tonnes of CO<sub>2</sub>e. This includes reducing refrigerant losses by more than 500 tonnes of CO<sub>2</sub>e by repairing a leaking refrigerant unit at our Waitemata Brewery. We have also achieved improvements in reducing thermal energy consumption at Waitemata and DB Draught breweries. Emissions due to electricity consumption have increased mainly due to three additional installation control points being identified during 2019 data gathering.

We continue to maintain a strong record on waste diversion, with our Waitemata and DB Draught sites officially at 'zero waste to landfill' status (98% or above).

### 2019 scope 1 and 2 emissions

	Progress	2030 target	2020 target	2019	2018
<b>Total scope 1 &amp; 2 CO<sub>2</sub>e (tonnes)</b>	On track	4,554	8,410	8,149	9,181

# Our Carbon Footprint



Key measures	2020 target	2019	2018	2017	2016	2015
Thermal energy use (GJ)	n/a	72,974	74,416	70,088	71,164	74,076
Energy use (GJ)	n/a	124,294	119,136	113,305	108,274	100,043
Energy intensity (MJ / hl)	84.9	94.4	91.15	91.7	92.7	97.9
Thermal energy intensity (MJ / hl)	52.2	58.7	57.66	57	56.9	60.6
Electric energy intensity (kWh / hl)	9.1	9.9	9.62	9.7	9.9	10.4
Waste produced (tonnes)	n/a	14,521	16,296	15,066	16,166	15,841
Waste diversion rate	98%	96%	97%	97%	96%	95%

*\* Our energy and waste reporting data includes our three main production sites: Waitemata Brewery in Auckland, DB Draught Brewery in Timaru and Redwood Cidery in Nelson.*

## Looking ahead

2020 will see the business finalise preparations for switching to biomass at DB Draught Brewery, with implementation scheduled for 2021. The changeover will have a material impact on our greenhouse gas emissions. Our work towards setting scope 3 emissions targets and reduction roadmaps continues. We will also undertake our first climate change risk assessment to better understand the financial and physical impacts that climate change will have on our value chain and business continuity.

## Case study: Optimising our distribution to reduce carbon emissions



Our products can travel longer distances to reach consumers compared with other countries due to New Zealand's unique geography and low population density. We also move products through road, rail and shipping, which increases the complexity of our distribution network.

Last year, we reviewed our logistics processes to identify efficiency opportunities, reduce costs, and to reduce carbon emissions associated with transporting our products. As part of the review we implemented a number of improvements that reduced the distance our products travelled by 30,000km during the year, and led to a saving of 25.91 tonnes of CO<sub>2</sub>. This is the equivalent of the annual emissions from three and half Kiwi households. The improvements included:

- better planning and management of stock levels leading to a reduction in stock moved to and from external locations
- higher density storage in our warehouses
- more direct deliveries to customers.

By adopting a true end-to-end approach, we were able to deliver considerable financial savings to the business while reducing emissions and delivering the same volume of product around the country.

# Brewing with less water



*Around **100**  
of our people  
participated in*



***World Water Day clean ups  
across the country***



## Our approach

Water is central to our health, culture and identity and it plays a crucial role in supporting our way of life. Water is also essential for brewing beer and cider. It fills around 95% of finished beer products and is a key part of our supply chain, from growing raw materials like hops and malt, to cleaning our plant equipment. In fact, the average glass of beer requires approximately 74 litres of water to make, from growing the barley and hops to cleaning and filling the final bottle.

Freshwater ecosystems are under pressure, with global demand for freshwater expected to exceed supply by 40% by 2030. Locally, freshwater is under threat from invasive species, urban and rural pollution, changing water flows and climate change.

DB's approach to managing its water use is holistic and covers three main areas: stewardship, circularity and efficiency. Our goal is to brew our products with as little water as possible while ensuring that the water we return to the watershed is treated to the highest possible standards. We also take a proactive approach to assessing our impacts on the water catchments around our sites and addressing these through targeted water stewardship programmes.

## Our progress

We have made significant progress in reducing our water use in production over the past decade, with an overall 25% reduction achieved through a combination of capital investments and continuous improvement. Reducing water use remains a priority at our breweries and cidery and our team continue to identify small, but material gains to help us achieve our 2020 target of 3.0 hl of water per hectolitre of beer or cider produced.

A key investment in water for DB is the installation of a wastewater treatment plant at DB Draught Brewery. While the brewery is fully compliant with all local and national water regulations, the new plant will ensure we meet HEINEKEN's high standards for wastewater and result in a material improvement in the quality of water leaving the brewery and eliminate the Chemical Oxygen Demand (COD). The contract for supply and installation of the plant was awarded in December 2019 and design for the civil work has also been completed. Due to the impact of COVID-19, we now expect delivery of the plant in early 2021, with commissioning completed by late 2021.

In 2019, we undertook a source water vulnerability assessment at our Waitemata Brewery to better understand the local water catchment around the brewery and any risks to water supply and quality. The assessment was guided by the [Alliance for Water Stewardship Framework](#). This is a global standard that aims to drive environmental, social and economic benefits at the catchment. Specifically, we set out to investigate the supply and impact of outflow, and to identify stakeholders to collaborate with to create positive outcomes for the catchment. We identified several opportunities through the assessment. [Read our case study for more details.](#)

We continued to educate and empower our people to protect water by cleaning up around our local waterways and beaches on World Water Day. We ran events at six beaches and waterways around the country, with around 100 staff participating. A wide range of litter was picked up, from jandals to tires and even an abandoned dinghy. Restoration of the Waitemata brewery [storm water lake](#) also progressed, with the installation of a walking track around the lakeside and the addition of three beehives producing our very own 'DBee' honey.



## Our key targets and performance

We measure our performance based on the amount of water we consume per hectolitre (100 litres) of beer and cider produced. Our overall water consumption increased to 3.45 hl/hl in 2019. This increase is attributed to the installation of a new meter at our Waitemata Brewery leading to more accurate reporting. There has also been an increase in batch brewing as we extend our product range, which requires more water for cleaning and heating cycles compared with continuous fermentation brewing.

We measure the quality of the water we are discharging, by the metric Chemical Oxygen Demand (COD). The COD of our wastewater has reduced since last year and we expect to eliminate the COD once we have a waste water treatment solution in place at DB Draught Brewery.

Key measures	2020 target	2019	2018	2017	2016	2015
Water consumption (hl / hl)	3.0	3.45	3.18	3.2	3.3	3.47
Water discharge (COD kg / hl to surface water)	0.01	4.870	5.516	5.194	5.236	7.028

*\* Our water reporting data includes our three main production sites: Waitemata Brewery in Auckland, DB Draught Brewery in Timaru and Redwood Cidery in Nelson.*

## Looking ahead

With the installation of the wastewater treatment plant at DB Draught Brewery in 2021, all DB sites will comply with HEINEKEN's high standards for discharged waste water. We will also continue to reduce our water consumption by implementing HEINEKEN best practice water saving initiatives at our sites, with an ambition to get our usage to 3.0 hl/hl by the end of 2020.

## Case study: taking an evidence-based approach to protecting local water catchments

DB is committed to improving the way it uses water and making a positive contribution to the waterways around its breweries and cidery. We believe that evidence-based action is critical, and so in 2019, we set out to better understand the risks and opportunities related to the upstream and downstream catchments for our Waitemata Brewery through a source water vulnerability assessment. The brewery sources water from Auckland's municipal supply, which is mainly drawn from dams in the Hūnua and Waitākere Ranges. Waste water from the site is discharged to the Mangere waste water treatment plant, while stormwater from the site runs into the Tamaki Estuary.

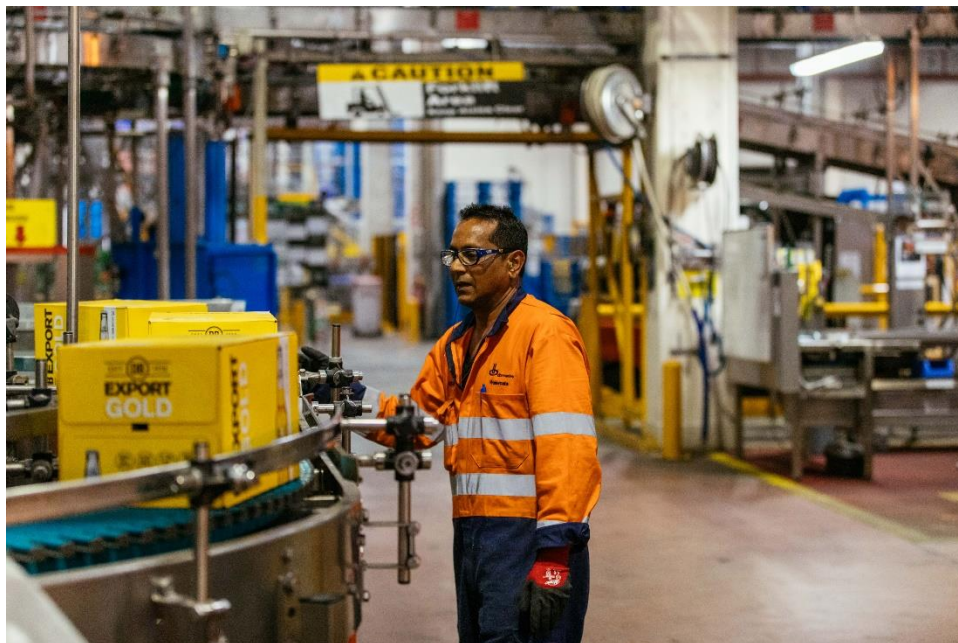
The assessment was guided by the Alliance for Water Stewardship Framework, which aims to drive environmental, social and economic benefits at the catchment. It involved a thorough review of our onsite water use and discharge, as well as investigating water risks in the wider catchment area. We also spoke to key stakeholders from regulatory agencies, national conservation bodies, and industry and community groups to understand what past and current activities have been put in place to address water concerns in the catchment, and where DB could have the most impact.

The assessment highlighted several relevant issues including:

- increasing production volumes at the brewery leading to increased water use
- increasing future demand on Auckland's water supply
- water quality concerns in the Tamaki Estuary due to industrial activities, stormwater runoff from urban areas, wastewater discharges, contaminant leaching from closed landfills and discharges from marinas
- water quality and quantity issues in areas where raw ingredients (hops and barley) are sourced.

The assessment reinforced the importance of the actions we are already taking to reduce water consumption in production, which will help mitigate current and future supply challenges in Auckland's municipal supplies. It also identified a number of potential partnerships and initiatives that could be implemented to address issues related to water quality within the catchment and scarcity concerns within the wider Auckland region and our extended value chain. Our next step will include further scoping of these opportunities to understand their feasibility and potential impact.

# Brewing a sustainable value chain



## Our approach

Much of our environmental, social and economic impact occurs through our value chain, and our consumers expect our products to be sourced and manufactured responsibly. Our goal is to create a world-class value chain that we, along with our customers and suppliers can be proud of. Part of our approach includes buying from local suppliers where possible, and collaborating

with customers and suppliers on shared sustainability priorities. These include sustainable farming of raw materials, reducing the environmental impact of our packaging and marketing materials, waste management, and reducing scope 3 greenhouse gas emissions.

[The HEINEKEN Supplier Code of Conduct](#) forms the basis of our approach to working with suppliers and covers our expectations in three main 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)

We also use the internationally-recognised [EcoVadis](#) supply chain management system to identify potentially high-risk suppliers.

## **Our progress**

### **Action on plastics**

In 2019, we began to fully map and tackle plastic use across our business. Our plastic footprint includes plastic wrap and shroud used for transportation and protecting stock, PET bottles, keg caps, crown liners (the liner inside bottle caps), and plastic labels used on some product lines. Although DB's plastic footprint is relatively small, it is a material issue for our business because of increasing plastic pollution in the environment and the limitations on plastic recycling in New Zealand.

During the year we worked closely with our glass supplier, O-I, to reduce the level of unrecyclable plastics on their bottle deliveries. We identified the red plastic sheets on their pallets as something we couldn't recycle and worked with them to create a better solution. As a result, they changed to a recyclable clear plastic sheet for all their customers nationwide. We also reduced the plastic stretch wrap used at our DB Draught Brewery by over 2 tonnes by reducing the amount used on products bound for export, while maintaining safety and security of the products.

Towards the end of the year, we changed the type of plastic wrap we use to a stronger alternative that offers better stretch. This is expected to reduce plastic stretch wrap usage by 30% or around 15 tonnes annually. We also worked with our in-house cafeteria provider to eliminate plastic bottled water from our Waitemata Brewery and swap plastic plates and cutlery to commercially compostable alternatives. Finally, we ran a workshop with Comvita where staff made their own beeswax wraps from wax from our onsite hives. Beeswax wraps are used for wrapping lunches and leftovers, and each wrap can save up to 75m of plastic cling film from being used.

DB's commitment to plastics reduction also extends to Joylab, which was the first major hospitality group to remove single use plastic straws from their venues in 2019. They divert the majority of their waste from landfills and are utilising composting facilities where possible. This is an important focus for the group as they work towards zero waste venues.



## Product stewardship and packaging

We are a member of Packaging Forum, which implements a voluntary product stewardship scheme and public waste infrastructure. The Forum's vision is that by 2025, all packaging in New Zealand will be reusable, recyclable or compostable. To achieve this, we work together to ensure we find the best commercial and sustainable solutions. We've also partnered with Keep New Zealand Beautiful to help reduce litter in our environment.

## Ethical sourcing

As part of our commitment to protecting human rights across our business, we conducted our first human rights impact assessment, which looked at human rights risks and opportunities across our value chain. You can read more about this in our [Safe and healthy workforce section](#).

## Key targets and performance

In 2019, 100% of our suppliers signed up to our Supplier Code of Conduct, making DB the first HEINEKEN operating company to meet this significant milestone.

Key measures	2020 target	2019	2018	2017	2016	2015
Number of suppliers	n/a	1148	1321	1,535	1,327	1,663
% local (NZ) suppliers by spend	96%	96%	96%	96%	90%	87%
% suppliers signed up to Supplier Code	100%	100%	99%	98%	100%	100%
EcoVadis assessments of potential high risk suppliers	0	0	0	5	3	0
Suppliers declining participation in EcoVadis assessment	0	0	0	0	1	0
Suppliers exited due to declining participation in EcoVadis assessment	0	0	0	0	1	0
Suppliers requiring action plan due to confirmed high risk	0	0	0	0	0	0



## Looking ahead

Plastic reduction in our value chain will continue to be a major focus for DB over the coming years and we will work with our suppliers to identify and implement plastic reduction opportunities for incoming and outgoing goods from our sites.

## Case study: Collaborating to find circular waste solutions in Timaru



In May 2019, DB hosted a sustainability forum with the South Canterbury Food Processing and Manufacturers Group, the University of Canterbury and Aoraki Development to discuss how we could collectively manage by-products and waste.

Food processing and manufacturing is the largest industry sector in South Canterbury and annually accounts for nearly \$2.5bn of exports. Existing and new players are attracted to the region because of its central South Island location, availability of high-quality water, access to the national and international markets via a thriving port and close proximity to raw product.

The sector is extremely diverse and produces everything from vegetables, fish, dairy and meat through to honey, beer, vegetable juice and pet food. As the population in New Zealand grows, the stress on councils to manage waste will increase, particularly in regions like South Canterbury.

Three areas of focus were identified at the hui: biowastes, plastics, and effluents. These priorities were chosen due to the volume of waste within these categories, the identified potential to create local cross-company solutions, and the feasibility for any solutions to be translated to other regions of New Zealand.

Following the hui, two students were employed through Callaghan Innovation Student Experience Grants and hosted by DB. They evaluated the volume and composition of the waste streams and explored opportunities to recover these as useful products. The group are now exploring research and development opportunities that will explore circular solutions for the collective waste streams.

# Brewing a safe and healthy workforce



***DB became a foundation partner of Mentemia, a digital mental health tool developed by Sir John Kirwan***



## Our approach

DB is home to a close-knit team of over 500 people who produce and distribute sustainable, high quality beers, ciders and RTDs that consumers love. We want to brew a safe and healthy workforce by attracting, growing and retaining our talent, fostering an inclusive, safe and healthy culture, and being future ready.

## Our progress

### Our people

2019 saw DB build on its future of work programme and launch a number of initiatives to help grow and develop our workforce. We were proud to celebrate our company values by giving our people an extra day of leave each year, called an 'Enjoyment of Life' day, to do whatever brings them joy. We also established a new employee recognition programme that celebrates people within our business who demonstrate our values in their work. We received over 80 nominations and awarded over 30 spot prizes throughout the year to staff who went above and beyond and truly lived our values in their day-to-day roles.



We continued to attract, grow and retain our talent by refreshing our on-boarding and induction process, recruiting a senior talent sourcing expert, and increasing the number of internal promotions made. We also recruited seven new graduates into our Asia Pacific Graduate Programme for 2020 and partnered with Tupu Toa to host two interns in our Supply Chain function. Tupu Toa is an innovative internship programme creating powerful career pathways for Māori and Pasifika scholars, connecting them into corporate and professional sectors.

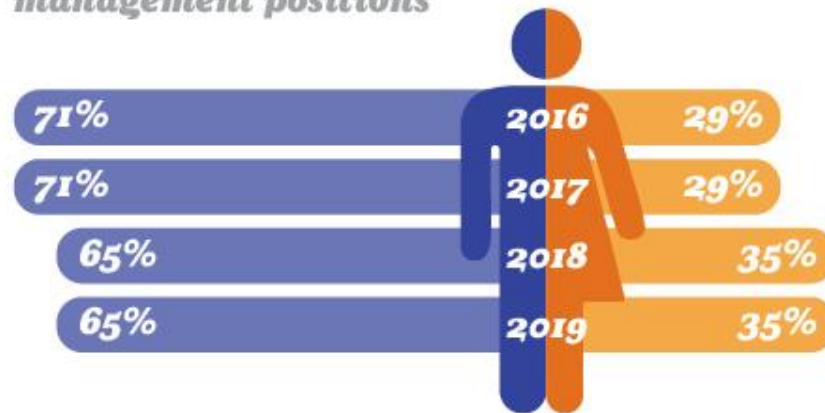
Our annual climate survey captures feedback from employees on topics including personal development, job satisfaction, management, innovation, reward and recognition, collaboration and team work. In 2019, our employee engagement index remained unchanged from 2018 at 77% favourable. Our performance enablement index was 71% favourable, decreasing from 77% in 2018. Survey feedback indicated that we have more work to do on improving our processes, systems and tools, and driving better cross-functional collaboration. This is a key focus for the business and its leaders in 2020.

### **Inclusion and diversity**

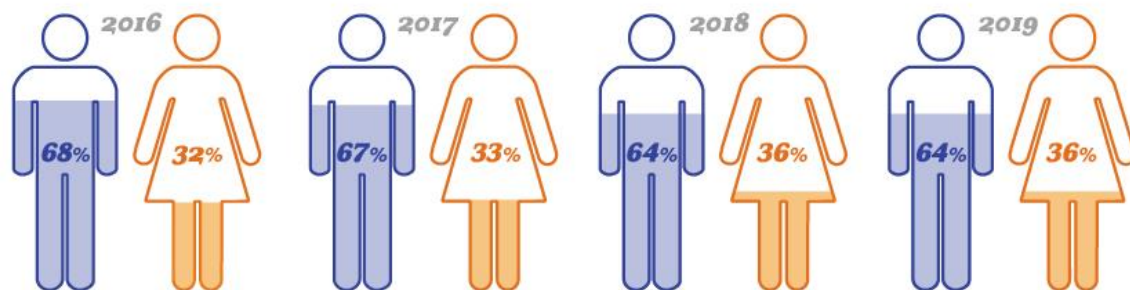
Our inclusion and diversity agenda continues to grow and is a business priority for DB. In 2019, we appointed an I&D ambassador to lead this area of work and joined HEINEKEN's global I&D community to share knowledge and create a roadmap for 2020 and beyond. This will formalise much of the work we have done to date, which includes inclusive leadership training, hosting networking events for women in the beverage industry, running Pink Shirt Day celebrations, and partnering with Diversity Works. We have also maintained equal pay for men and women since we closed our gender pay gap in 2018.

Core to our ongoing approach is better understanding the challenges and opportunities for I&D in our business by including questions on this topic in our annual climate survey. In 2019, we had a 74% favourable response to the statement: 'There is equal opportunity for people at DB'.

### *Males and females in senior management positions*



### *Percentage of male and female employees*



### **Health, safety and wellbeing**

We have an established health, safety and wellbeing management system that focuses on eliminating the potential for harm and enabling holistic wellbeing. Zero harm is the only acceptable target and 'safety first' is our top priority.

We take a risk-based approach to safety at our sites, which means that we proactively identify our highest risks and put mitigation plans in place to address these. With a sales team of around 100 on the road each day, one of our biggest risks is driver safety. In 2019, we continued to implement telemetry devices to track driver behaviour, such as total kilometres travelled, acceleration and deceleration, and routes travelled. Our team receive driver training and regular telematics reports to identify any areas for improvement. We also advocate for safety leadership at every level of the organisation to drive greater accountability for safety in our business.

Workplace stress has been identified as an area for improvement in our annual climate survey and we are working to address this through our mental health and wellbeing programme. During the year we became a foundation partner of [Mentemia](#), which is an app developed by

Sir John Kirwan that provides digital mental wellbeing coaching and support. Through the year, we ran five workshops with Sir John and the team at Mentemia to provide wellbeing tips and support to our people, and to ensure the app content reflected the needs of our workforce. Our people received full access to the Mentemia app during the COVID-19 lockdown period and this will form an important component of our wellbeing approach moving forward.

We are working to achieve compliance with ISO45001 to ensure our health and safety management system meets a high standard.

## Our targets and performance

	2020 target	2019	2018	2017	2016	2015
<b>Accidents</b>	0	3	1	4	3	10
<b>Accident frequency rate (accidents per 100 FTE)*</b>	0	0.34	0.19	0.79	0.58	1.75
<b>Warnings, fines or penalties for non-compliance</b>	0	0	0	0	0	0

*\*Includes Joylab*

## Respecting human rights

We believe that respecting human rights across our value chain is not only the right thing to do, but makes good business sense. It can help us manage risk and creates opportunities to be an employer and supplier of choice. The introduction of modern slavery legislation in the UK and Australia also demonstrates growing scrutiny on business from government, while increased media attention on human rights abuses in global supply chains has brought the issue to the attention of consumers.

At DB, we are committed to brewing a better New Zealand and running our business in line with the HEINEKEN values and business Code of Conduct. It was within this context that we ran our first human rights impact assessment in 2019 and established a due diligence process to identify and manage risks and opportunities over time. We have developed an action plan focused on addressing our high priority issues and will be reviewing our progress annually.

## Case study: celebrating diversity in sport with the Wheel Blacks



As part of the excitement around the 2019 Rugby World Cup, our people joined the Wheel Blacks, New Zealand's wheelchair rugby team, for a special match at Parafed Auckland. Parafed is located just across the road from our Waitemata Brewery, and is New Zealand's oldest and largest disability sport organisation. The afternoon brought people together and served as a great reminder that sport is for everyone to enjoy. Check out the highlights video to see how we fared against the experts.



# Brewing prosperous communities



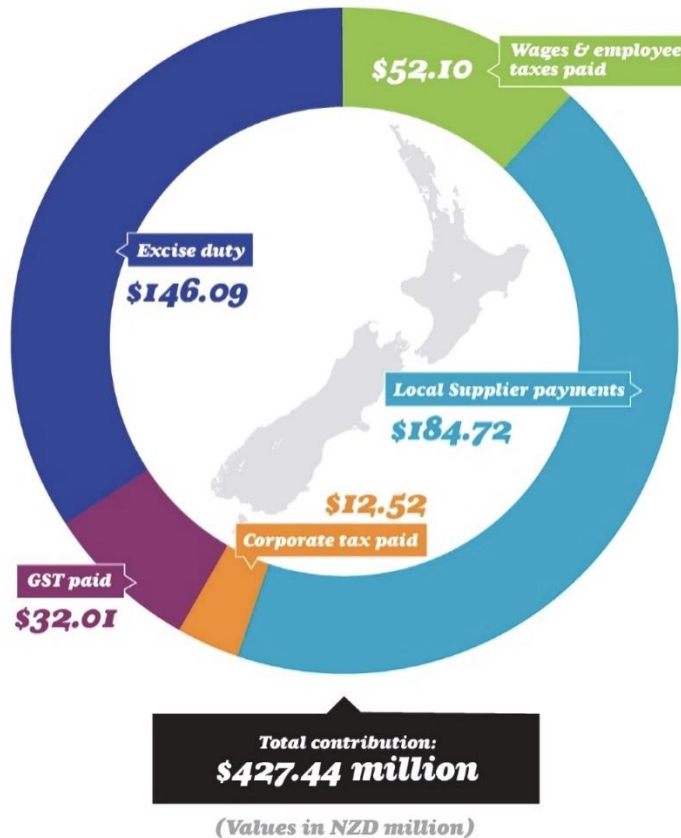
## Our approach

Our breweries and cidery are iconic to their local communities and play an important role in supporting growth through investments, buying locally, paying taxes and providing employment. We take a real sense of pride in our responsibility to create a sustainable future that we can share with Kiwis all over the country.

## Our economic contribution

In 2019, our economic contribution came to a combined value of over NZD \$427 million. We also invested over \$330,000 into 28 different charitable causes, including responsible drinking campaigns and partnerships, litter prevention and waterway restoration, and local community support initiatives.

## DB's Economic Contribution 2019



### Partnering with Keep New Zealand Beautiful

During the year we were proud to establish a premier partnership between Keep New Zealand Beautiful (KNZB) and DB Export. KNZB is an iconic not-for-profit charitable organisation that has been leading the way in educating New Zealanders on how to 'Do The Right Thing' since 1967. Each year they mobilise over 70,000 volunteers to clean up litter, remove graffiti and plant trees.

### Looking ahead

We recognise that there is a lot more work to be done to reduce litter in public places, with bottle tops and glass both featuring inside the top five most frequently identified pieces of litter in the Keep New Zealand Beautiful National Litter Audit. We will be using our iconic DB Export brand to launch initiatives with KNZB that will help more Kiwis take ownership of reducing litter in New Zealand and getting waste to the right places. We will also continue our focus on supporting our communities to prosper by providing jobs, paying taxes and supporting charitable causes that drive our sustainability goals forward. This is more relevant than ever with the economic impact we are experiencing as a result of the COVID-19 pandemic.

