



Sustainability Report 2017

HOW WE ARE BREWING A BETTER VIETNAM

Contents

WE ARE HEINEKEN	3
Managing Director foreword	4
Taking care of our people and the planet to sustain prosperity for a better Vietnam	6
About HEINEKEN Vietnam	8
About this report	12
Prosperity of People	15
Our Consumers	16
Our Distributors & Customers	19
Our Employees	21
Our Suppliers	28
Our Communities	32
Prosperity of Planet	34
Our Waste	35
Our Climate	37
Our Water	41
Sustainable Prosperity	44
Alignment with UN SGDs	49
Appendix	51
GRI Content Index	51



WE ARE HEINEKEN

We build true human connections and break down barriers, because we believe great moments of shared experiences are the best in life.

We are inspired by consumers to brew the best beers and extend that same passion to all of our brands, products and activities.

We are proud of our entrepreneurial spirit, a Heineken heritage that takes us to every corner of the Vietnam.

We are brand builders. The Heineken® brand defines and unites us while our many local, regional and global brands make our portfolio diverse and unique.

People are at the heart of our company. We see our strength in trust, diversity and progress.

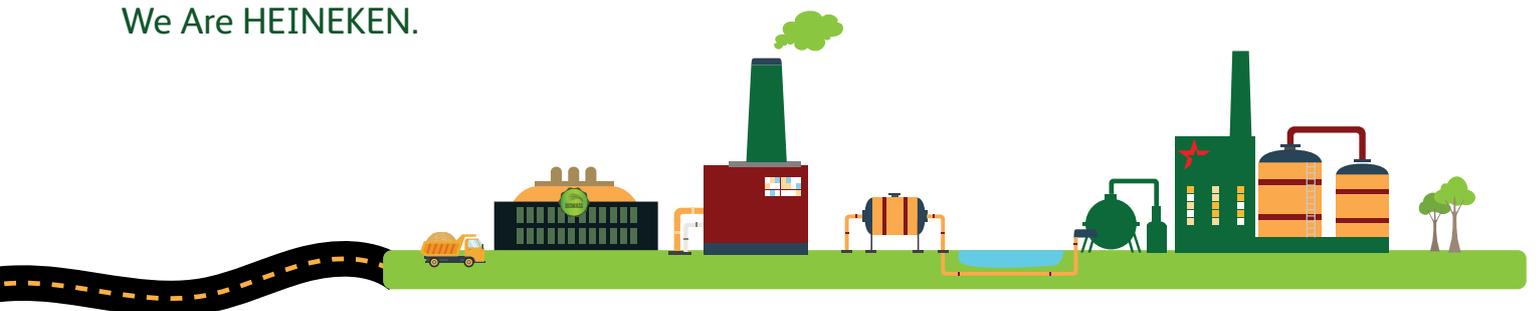
We stand by our values: passion for quality, enjoyment of life, respect for people and for the planet.

We always advocate for responsible consumption. We are committed to our communities and strive to consistently improve the impact we make on the planet.

We work with our customers and partners to grow together and seek to win with integrity and fairness.

And we are convinced that by staying true to these commitments, we create value for our shareholders.

We Are HEINEKEN.





Leo Evers, Managing Director

Managing Director Foreword

I am delighted to present HEINEKEN Vietnam's fourth sustainability report. With a corporate strategy entrenched in the triple bottom line approach, HEINEKEN Vietnam has continued to integrate sustainability into our core business to set new benchmarks in sustainable development through continuous improvements, rigorous assessment and communication of our progress. 2017 was an exceptional year for us as we were awarded as the Most Sustainable Company (Manufacturing) in Vietnam by the Vietnam Chamber of Commerce and Industry ("VCCI"). This is recognition of our collective efforts to have a positive impact on People, Planet and Prosperity in Vietnam. However, winning this award will not distract us from continuing our sustainability journey as there is still much more to be done.

Responsible alcohol consumption remains our key concern, especially drinking and driving. In response to Traffic Safety Year 2017, HEINEKEN commissioned a global study to understand the behavioural triggers that cause people to drink and drive.

In Vietnam, the research found more than 1 in 3 drivers think it is culturally acceptable to drink and drive, and 86% of drivers have driven after consuming alcohol. These worrying statistics lead us to develop a major new campaign “When You Drive, Never Drink” to seek to change behaviour around drinking and driving in Vietnam. Through this significant campaign, which we believe is the biggest of its kind in Vietnam, we not only ran a dedicated behaviour change campaign in person, through PR and digital, but also offered practical solutions by providing 130,000 Uber and taxi vouchers. In addition, we also continue to drive a strong message around the need to drink responsibly by leveraging on our brands’ power. We integrated this message into different games and activities at our key events such as Tiger Wall. Collectively, through these campaigns, we reached more than 10 million people in a very impactful way.

This report also highlights HEINEKEN Vietnam’s pioneering role in promoting and applying the circular economy model in our operations. The clear objective of the model is to continue finding new ways to reengineer, reuse and recycle materials to prolong their life and maximise their value. Once applied strategically, the model stands to benefit many stakeholders across the supply chain. This philosophy is demonstrated through many aspects of our operation. Most notably, it is in the way we generate energy for brewing. In 2017, HEINEKEN Vietnam converted approximately 54,000 tonnes of rice husk – a typical agriculture waste – to biomass to create thermal energy. This initiative helped 4 out of our 6 breweries source 100% carbon neutral renewable energy for their thermal energy needs and at the same time, generated substantial income for the farmers and vendors in the biomass energy industry. On the other hand, we continue to find new uses for our own waste. 99.01% of our waste is recycled and virtually zero waste sent to landfill. Similarly, our treated wastewater is recovered for other purposes such as landscaping and we even capture the gasses from our waste water treatment plants for use as biogas to create thermal energy.

Clearly, we cannot achieve all of these things without the strong support of our people. Therefore, it is critical for us to keep our people safe and create an inclusive working environment to attract and retain the best people. In 2017, we invested over VND 18.9 billion into training and development, with nearly 94,600 hours of training. Significant focus was placed on road safety as it is a key concern in Vietnam. We ran numerous initiatives to create a Safety First culture including “Come Home Safe Everyday” and Alert Driving campaigns. The “Safety First” culture was also reinforced via the launch of our new safety awareness campaign in the workplace “EY!” The result of our ongoing commitment, we have zero work-related fatalities in 2017. We are also honoured to have been recognized as one of the best workplaces in Vietnam.

Going forward, we believe that there is so much more to be done. We will continue to work with our stakeholders to implement suitable strategies, so that together we can brew an even better Vietnam.

**Leo Evers**

Managing Director
HEINEKEN Vietnam Brewery
June 2018

Taking care of our people and the planet to sustain prosperity for a better Vietnam

At HEINEKEN Vietnam, we are committed to sustaining the prosperity of our people and the planet. This is our unifying and guiding vision for positive change we want to see in the world we live in – one that is habitable, healthier and happier.

Our sustainability strategy focuses on the areas where we can make the biggest difference to our stakeholders, to Vietnam and to the world. The pursuit of sustainable prosperity begins in our value chain – where we seek to cultivate our sustainability stewardship efforts to build a vibrant and resilient community for all our stakeholders. We started to look beyond 2020 and define our commitments in alignment with the Paris Agreement on climate change (COP21), the UN Sustainable Development Goals (SDGs), Vietnam’s National Action Plan (NAP) and the expectations of our stakeholders. Our ultimate goal is to cascade our positive economic, environmental and socio-cultural impact and inspire Vietnam and the rest of the world to do the same. We are of the firm belief that through close-knit collaboration with communities, governments and organizations, we can together sustain prosperity for all generations to come.

Taking care of PEOPLE

- VND **16** billion invested for responsible consumption initiatives
- 10** million Heineken® and Tiger fans reached through brand responsible consumption campaigns
- VND **7.8** billion and **>2,000** volunteer hours for charity and advocacy initiatives
- VND **18.9** billion invested for people development
- >2,600** training hours for employees on road safety and health
- >6,000** training hours for distributors and sub-distributors

Taking care of PLANET

- 100%** wastewater treated
- #1** water efficiency in Asia Pacific Region
- 99.01%** of waste and by-product reused or recycled
- 4** out of **6** breweries brew **100%** with renewable energy
- HEINEKEN Experience powered **100%** by solar panels
- 100%** of our fridges are environmental friendly

To sustain PROSPERITY

0.88% Vietnam's GDP

VND **42.3**tn total economic contribution

LOCAL PROCUREMENT (VND trillions)

EMPLOYMENT SUPPORTED ('000 jobs)

158,800 jobs supported



About HEINEKEN Vietnam

In 2017, we were ranked the Most Sustainable Company in Vietnam (Manufacturing Sector) at the Announcement Ceremony of Sustainable Businesses in Vietnam.

For over 26 years, sustainability has been at the heart of everything we do, the people we develop and the products we brew. This is true testament to the hardwork, commitment and patience of all our stakeholders who have worked tirelessly with us on our sustainability journey to Brew a Better Vietnam, from barley to bar. Looking ahead, the challenge extends beyond our HEINEKEN 2020 Global Commitments, into building a sustainable future for the next generation and beyond.



The Most Sustainable Company in Vietnam (Manufacturing Sector)

The Ranking Ceremony is part of the Programme on Benchmarking and Ranking Sustainable Companies in Vietnam, initiated by the Vietnam Business Council for Sustainable Development (“VBCSD”) under the guidance of the Vietnam Chamber of Commerce and Industry (“VCCI”). This is the second year VBCSD has organized this program, and HEINEKEN Vietnam moved up from 3rd place in 2016 to 1st place in 2017.

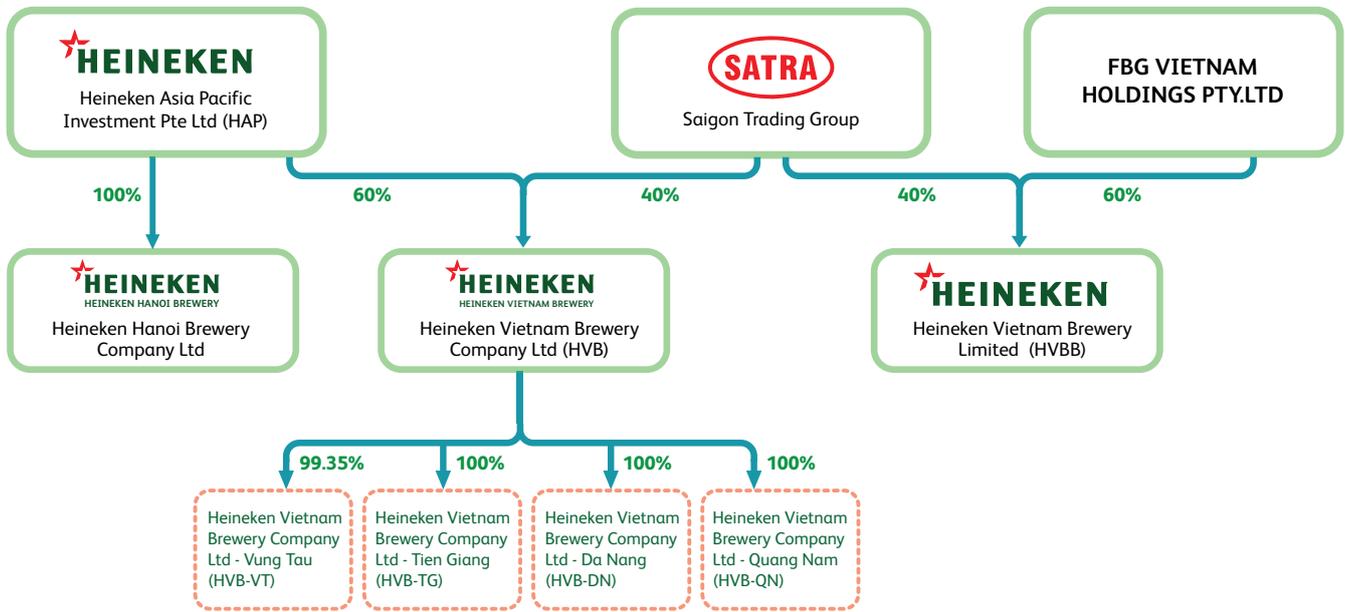


In 2017, HEINEKEN Vietnam has also secured the following awards and accolades:

<p>Among the Top Employers of Choice</p>	<p>Both HEINEKEN Vietnam Brewery (HVB) and HEINEKEN Hanoi (HHN) were honoured as two of the top places to work in Vietnam. HVB ranked 15th while HHN ranked 18th. The results were announced by Anphabe and Nielsen after conducting the “Best Workplace 2017” survey, polling more than 62,000 respondents working in 25 different industries.</p>
<p>Best Safety Award</p>	<p>At the HEINEKEN Global Safety Conference, HEINEKEN Vietnam was awarded the Safety Best Practice Award in Asia Pacific. This is a recognition for our initiatives in promoting safety at the workplace, with “Health and Safety Day 2017” events being the highlight of the year.</p>
<p>Best Responsible Drinking Award</p>	<p>In October 2017, HEINEKEN Vietnam won best responsible drinking award at Global Corporate Affairs awards for Tiger Wall responsibility campaign – a collaboration between HEINEKEN Sustainability and Marketing team.</p>
<p>Winner of “Be-the-Best” competition</p>	<p>HEINEKEN Hanoi won the 1st place in “Be-the-Best” competition for the Opcos Finance Teams of Asia. Participating Opcos were assessed based on four pillars of Finance Compass:</p> <ul style="list-style-type: none"> ▪ Drive Balanced Growth ▪ Exchange to Exchange (E2E) Finance Processes ▪ Strengthen environmental control ▪ Enhance Finance Capabilities Climate Survey 2017
<p>Double Award Win for HEINEKEN Vietnam</p>	<p>HEINEKEN Vietnam received the Tiger Award for excellence in Brewing quality for the fifth time while HEINEKEN Hanoi brought home the Global Tiger UNCAGE trophy for the second consecutive year, being recognized once again for outstanding business performance and best-in-class quality of execution in the marketplace.</p>

Company Structure

WE ARE HEINEKEN brings together people across continents, borders and cities. It embraces all of our common strengths and celebrates our diversity.



'HEINEKEN Vietnam' brings together the common purpose and values of our Operating Companies in Vietnam through a unified Vietnamese approach. We celebrate what it means to be HEINEKEN Vietnam, but at the same time, leverage the combined Global strength of HEINEKEN.



OUR OPERATING COMPANIES
HEINEKEN Vietnam Brewery Limited Company
HEINEKEN Vietnam Brewery - Da Nang Limited Company
HEINEKEN Vietnam Brewery - Tien Giang Limited Company
HEINEKEN Vietnam Brewery - Quang Nam Limited Company
HEINEKEN Vietnam Brewery - Vung Tau Joint Stock Company
HEINEKEN Hanoi Brewery Limited Company
HEINEKEN Vietnam Beer and Beverages Limited Company

OUR BREWERIES
Brewery in Ho Chi Minh City, Vietnam
Brewery in Da Nang, Vietnam
Brewery in Quang Nam, Vietnam
Brewery in Tien Giang, Vietnam
Brewery in Vung Tau, Vietnam
Brewery in Hanoi, Vietnam

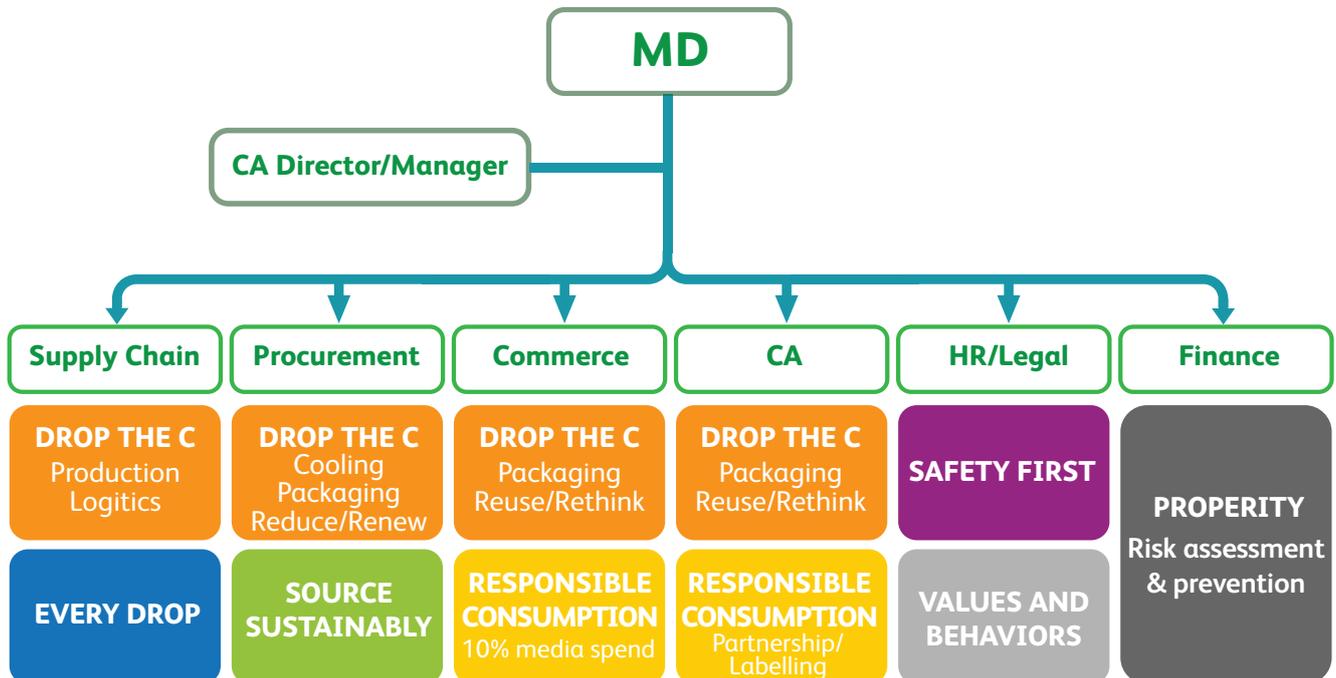
Our Brands



Sustainability Leadership

At HEINEKEN Vietnam, we believe that sustainability and business goes hand in hand. Our Managing Director sets the tone at the top. Together with the Management Team, our leadership drives the sustainability agenda through all levels of our organization and encourages a culture of collaboration and innovation for sustainability at HEINEKEN. Our Corporate Affairs team coordinates HEINEKEN Vietnam’s sustainability process and works closely with the heads of functions to measure, monitor and report their sustainability stories.

On a quarterly basis, we keep track of our performance against our sustainability commitments and report our progress to the HEINEKEN Global Sustainable Development team.



About this report

This is the fourth HEINEKEN Vietnam sustainability report. This edition covers the performance of our consolidated Operating Companies and breweries in Vietnam from 1 January 2017 to 31 December 2017.

Reporting Standards & Methodology

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option. Data is compiled using HEINEKEN data collection systems and have been reported in compliance with our global procedures, in good faith and to the best of our knowledge. Standard calculations in our systems have been built in, wherever possible, to minimize any inconsistencies. HEINEKEN data collection systems includes:

- The Accident Reporting & Investigation Software (ARISO) system, for safety reporting
- The Business Comparison System (BCS), for environmental reporting
- The Green Gauge reporting system, for community, local sourcing, partnership and progress reporting on global commitments
- The EcoVadis Platform, for Supplier Code and performance information
- The Annual Sustainability Survey, for all other sustainability-related reporting

Our sustainability performance is also included in the “Sustainability Review” section of HEINEKEN N.V. Annual Report 2017 and has been externally assured.

Stakeholder Engagement

Crucial to our Brewing a Better World journey are our stakeholders. For HEINEKEN, an important platform for stakeholder engagement and dialogue is annual Reputation Research. In 2017, interviews were held with 297 public influencers in Vietnam.

Results show that overall HEINEKEN Vietnam enjoys a substantial lead on trust (97% Trust score) and is seen as a leader on sustainability and responsibility (92% S&R score). We asked what topics influencers and stakeholders see as most material for HEINEKEN. The top three clusters mentioned were:

- **Environment:** care of the environment
- **Product quality**
- **Social Issues:** local communities, educational issues, and creating jobs

These outcomes are used for HEINEKEN Vietnam’s materiality review in analysing gaps and related action planning.

Materiality Assessment

2015



A pool of 32 potential material sustainability matters for HEINEKEN Vietnam were identified through desktop analysis and interviews with Senior Management.

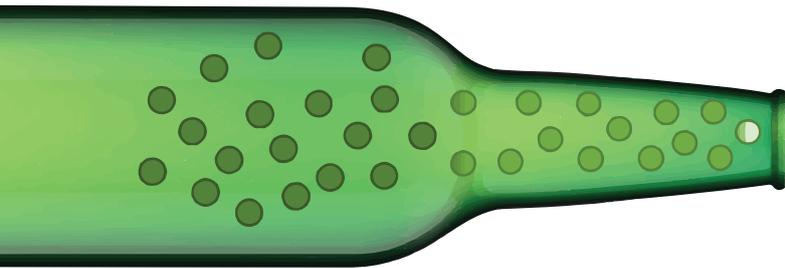
2016



In 2016, we reviewed our materiality matrix based in the results of a reputation survey conducted with 90 external stakeholders (e.g. local government, customers, media, suppliers, NGOs) on what topics they viewed as most material for HEINEKEN Vietnam's focus. A new material sustainability matter was identified for reporting.

2017

In 2017, we reviewed our materiality matrix. All 12 material sustainability matters and 2 additional sustainability matters remained relevant to HEINEKEN Vietnam.

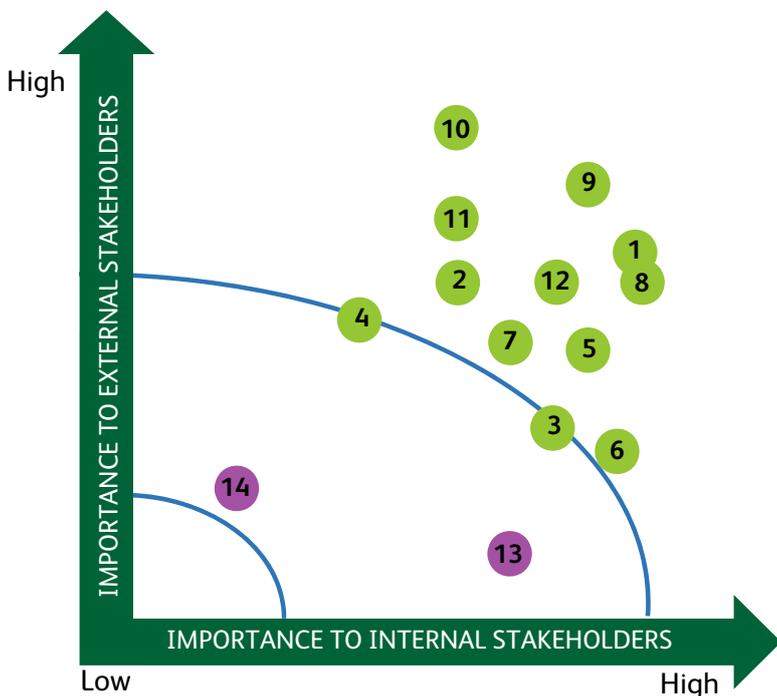


In 2015, a formal materiality assessment workshop was conducted internally by qualified consultants to prioritize critical sustainability matters. A total of 11 sustainability matters were assessed as being material to HEINEKEN Vietnam. Further, 2 additional sustainability matters were selected for reporting.

Our Material Matter in the Vietnamese Context

The unique customs, culture and trends in Vietnam shape the way we conduct our business, just as they influence the material sustainability matters that HEINEKEN Vietnam have to address. These material sustainability matters are mapped to HEINEKEN's 6 Focus Areas.

MAPPING OF SUSTAINABILITY ISSUES



1	Regulatory Compliance	8	Counterfeiting
2	Water Management	9	Product Safety, Quality and Hygiene
3	Energy and Carbon Footprint	10	Economic Impact
4	Waste Management	11	Community Investment & Development
5	Responsible Alcohol Consumption	12	Stakeholder Communications
6	Staff Alcohol Responsibility	13	Occupational Health and Safety
7	Responsible Marketing	14	Sourcing Sustainably

- High Priority
- Low Priority but considered important due to HEINEKEN Focus Areas

S/N	Sustainability matter	Definition
1	 Regulatory Compliance	Compliance to the local alcohol regulations and other core operational regulations (e.g. environment, labour, health and safety)
2	 Water Management	Efficient use of water
3	 Energy and Carbon Footprint	Efficient use of energy to reduce carbon emissions
4	 Waste Management	Minimizing waste generation and reusing/recycling waste for beneficial use
5	 Responsible Alcohol Consumption	Actively promote the enjoyment of beer in moderation and collaborate with partners to address alcohol abuse
6	 Staff Alcohol Responsibility	Encourage employees to lead by example on responsible alcohol consumption
7	 Responsible Marketing	Advertise brand and drinking in an accountable and positive manner, including responsible product labelling
8	 Counterfeiting	Protection of brand value against production of fake replicas
9	 Product Safety, Quality and Hygiene	Pursuing high standards in product safety and product quality
10	 Economic Impact	Generating sustainable economic value in our communities we operate through our business
11	 Community Investment & Development	Contributions to the communities in which we operate
12	 Stakeholder Communications	Communicating with stakeholders to highlight sustainability goals and accomplishments/ challenges, build or strengthen relationships, enhance corporate reputation, build brand loyalty and gather useful data and ideas
13	 Occupational Health and Safety	Cultivate a strong culture and management of health and safety to all employees
14	 Sourcing Sustainably	Encourage local and sustainable sourcing of raw materials, and manage suppliers for responsible and sustainable business conduct



Prosperity of People

HEINEKEN Vietnam is committed to improving the quality of life of all people across our value chain. We believe we can be the change we want to see in our communities and the world. People are the reason why we exist and the reason why we can continue to do so. They are the very foundation of the world we live in - today and into the future.

Our consumers

In 2017, millions of people across Vietnam enjoyed our products. We care greatly about the enjoyment, health and safety of our consumers and continue to champion the need to enjoy our products responsibly. At HEINEKEN Vietnam, we harness the power and influence of our brands to challenge perception and inspire positive behavioural change throughout society.

Our approach

A recent report by the Vietnam Beer Alcohol Beverage Association (VBA) estimates beer consumption in Vietnam to be over 4 billion litres in 2017, a 6% increase from 2016. As a key player in Vietnam’s beer industry, we have a great opportunity but also responsibility to advocate for responsible consumption; especially to inspire behaviour change around drinking and driving in Vietnam.

Since 2008, HEINEKEN Vietnam has taken the leadership role in the brewing industry by collaborating with National Traffic Safety Committee (NTSC) as a strategic partner to raise public awareness regarding drink driving. In 2017, we continued to uphold our long standing commitment through various initiatives. Together with other parties, we aim to contribute to changing behaviour around drinking and driving in order to lower the number of traffic accidents, fatalities and injuries in Vietnam.

Stakeholders’ expectations and our response

Stakeholders’ expectations	Our response
<p>► Quality and variety of premium products</p>	<p>Our long-term success is reliant on our dedication to consistently deliver high-quality products. Quality is critical in maintaining high consumer satisfaction and brand loyalty. Additionally, our strategy is to lead the premium segment in beer and cider across Vietnam and leverage the brand power of HEINEKEN, supported by a strong portfolio of international and local brands – such as Tiger, Larue and Strongbow Cider. We will also continue our focus on innovating, growing and leading the craft & variety, low- and no-alcohol and cider categories, which is becoming more important as we drive additional customer penetration and target more consumer groups.</p>
<p>► Responsible consumption</p>	<p>Advocating Responsible Consumption is one of six key focuses of HEINEKEN Vietnam’s sustainability strategy. We aim to create a stronger linkage between Responsible Consumption messages with our brand identity. In addition to standard responsible marketing code, the Responsible Consumption messages have been incorporated at our signature events such as Heineken® When You Drive Never Drink, Tiger Wall and Tiger Remix in 2017.</p>
<p>► Ethical and responsible marketing</p>	<p>We abide by HEINEKEN’s Responsible Marketing Code which seeks to protect and respect society and our consumers. The Code covers all our communication channels (e.g. packaging, point of sale, signage, trade promotions, sponsorships, advertising, digital and social media, etc.) and requires full compliance by everyone involved in the marketing and sale of our branded products.</p> <p>The 8 Principles of The Code are as follows:</p> <p><i>Principle 1: We do not primarily appeal to minors</i> <i>Principle 2: We actively restrict exposure of our branding to minors</i> <i>Principle 3: We are always legal, ethical and truthful</i> <i>Principle 4: We advocate drinking responsibly, driving responsibly and general safety</i> <i>Principle 5: We do not associate our brands with anti-social behaviour or overconsumption</i> <i>Principle 6: We never claim that consuming our brands leads to social or sexual success</i> <i>Principle 7: We are committed to our brands being a part of a healthy lifestyle</i> <i>Principle 8: We are progressive about cultural context and its evolution</i></p>

Case Study: “ WHEN YOU DRIVE, NEVER DRINK ”

In response to Traffic Safety Year 2017, HEINEKEN commissioned a global study¹ to understand the behavioural triggers that cause people to drink and drive. In Vietnam, the research found more than 1 in 3 drivers think it is culturally acceptable to drink and drive, and 86% of drivers have driven after consuming alcohol.

In September 2017, to build on HEINEKEN’s long-standing commitment to responsible drinking, we invested around VND 15 billion in a major new campaign, “WHEN YOU DRIVE, NEVER DRINK”, to create greater awareness of the risks of drink-driving and to shift drink-driving culture. The campaign was delivered in partnership with the National Traffic Safety Committee (NTSC) and UBER, providing practical solutions that positively encourage consumers not to drink and drive.

In this campaign, our Brand Ambassadors handed out 130,000 Uber codes and taxi vouchers to patrons at outlets in 7 key provinces/cities around Vietnam. The patrons did not have to be HEINEKEN consumers to enjoy this benefit. The campaign also included a fleet of 46 luxury ‘Green Ride’ cars, bookable via UBER. As we handed out the vouchers, our Brand Ambassadors took the chance



“When You Drive, Never Drink” campaign reached over **8.3m** people, not limited to HEINEKEN consumers

to reinforce the message of ‘when you drive, never drink’. This was supported by a significant PR and digital campaign to drive the same

message to reach the most amount of people and use the aspirational status of the HEINEKEN brand to inspire behaviour change.

¹HEINEKEN conducted a 20 minute questionnaire among 1,000 drivers aged 25-54 in 10 markets (10,000 total) who consume alcohol at least once a month. Additionally, 100 F1 fans per market were surveyed. These consumers are also drivers and consume alcohol at least once a month. Markets surveyed: Brazil, China, India, Italy, Mexico, South Africa, Netherlands, United Kingdom, United States and Vietnam.

Case Study: "HAVE COURAGE, HAVE IT ALL"

We actively inject the spirit of responsible drinking into our Tiger Beer brand, encouraging our young consumers to awake the courage within. Tiger Beer seeks to support young adults to uncage their life journeys and inspire them to have the courage to break free from conformity and overcome their challenges to pursue their passion and dreams.

In 2017, we rolled out a new campaign, "HAVE COURAGE, HAVE IT ALL" at our Tiger Wall events. Tiger Wall 2017 – held in 10 cities over a span of 3 months – left a deep impression on Vietnamese youth because of the unique experiences and fun interactive games on responsible consumption. We shared an important message on courage – by exercising self-control and enjoying responsibly by securing the health and



Over **15,600** pledges and **885,000** reaches to advocate the "Responsible Drinking" spirit



safety of oneself and the people around. By having the courage not to bend to peer pressure and drink within your limits, we created a much more positive

way of inspiring young adults to drink responsibly. The campaign was well received and widely spread nationally by fans and journalists.



Our distributors and customers

At HEINEKEN Vietnam, we strive to work closely with our business partners in order to have the maximum positive impact at all stages along our value chain in order to support sustainable growth. Developing human capital is a key work stream of our distributor development programme.

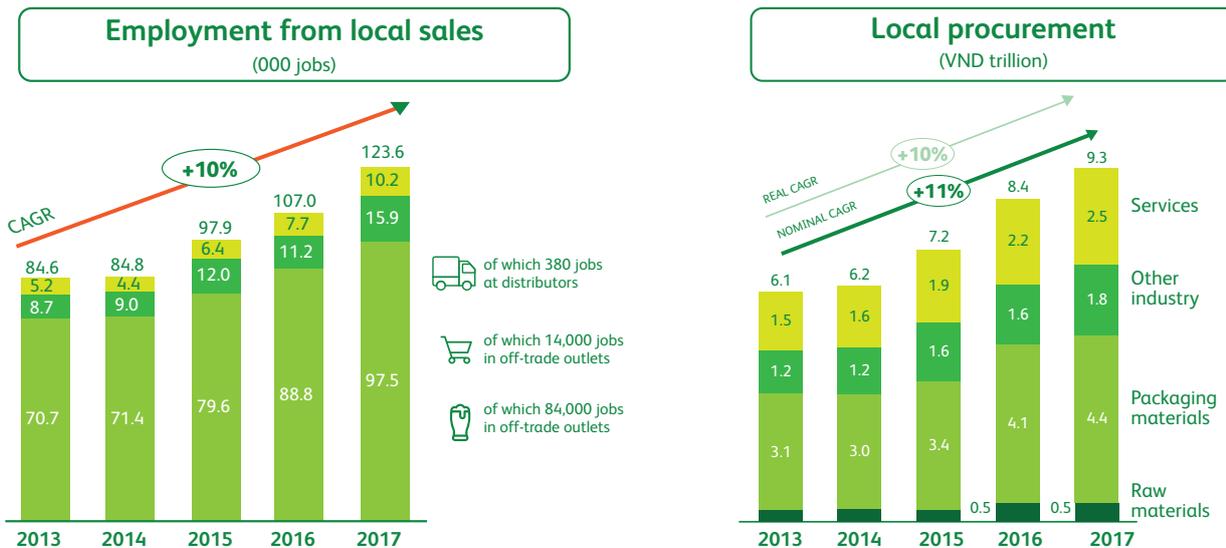
Our approach

The ability of our value chain to remain agile and adapt to the changing competitive landscape in Vietnam is vital to the continued success of HEINEKEN Vietnam. The key to our agility lies in the capability of all people along our distribution network. This is why we place great emphasis in promoting people development and service quality to continually deliver excellence. We choose our distributors and sub-distributors carefully, selecting those with the right mix of commitment, enthusiasm and expertise to deliver value. Looking ahead, we will continue to develop the capacity of our distributors and sub-distributors.

Stakeholders' expectations and our response

Stakeholders' expectations	Our response
<p>► Know-how and technical expertise</p>	<p>HEINEKEN Vietnam has invested over 5,946 hours in training and development for 490 distributor salesmen and 88 distributor salesmen leaders.</p> <div data-bbox="922 1559 1066 1688"> </div> <p>Over 5,946 hours of training for distributors and sub-distributors</p> <p>At our annual National Distributors Conference we also talk about sustainability-related topics such as health and safety, and responsible consumption to reinforce our sustainability messages and cascade sustainability practices to our trade partners and enhance safety via training and support.</p>
<p>► New business opportunities</p>	<p>Around 380 jobs are supported at the level of direct distributors, who transport our beverages throughout Vietnam. Off-trade outlets see around 14,000 jobs supported by HEINEKEN Vietnam, while on-trade outlets have 84,000 jobs linked to HEINEKEN Vietnam.</p> <p>Launched in 2017, our distributor development programme is supported by six strategic work streams that brings together cross-functional expertise to oversee its implementation and progress. This represents HEINEKEN's significant commitment to training and developing our people.</p>

GDP and employment effects from local sales



Case Study: “SUPPORT TO TRADERS: FACILITATING THE SUCCESSION OF DISTRIBUTORS”

HEINEKEN has operated in Vietnam for over 26 years. The first generation of its distributors, mainly family-owned enterprises, are now about to retire. However, succession of these companies from their parents to their children can be complicated. The children of the distributors frequently study overseas and may not fully appreciate the prospects of taking over the family business, or they may not have sufficient knowledge of the beer market. If these successions do not follow through, there is a risk these family businesses might cease to exist.

To that end, HEINEKEN Vietnam works closely with its distributors to train their adult children (over 22 years of age) who may take over the family enterprise. 278 distributors are in the programme, 48 of whom have



Developed **48** families of distributors to take over their family business

received training thus far.

The training focuses on hard skills, which seeks to support the companies’ daily operations, such as inventory management, finance, warehousing, and logistics, as well as soft skills such

as leadership, interpersonal skills, and communication. Moreover, by actively working with its distributors, HEINEKEN Vietnam wants to let the successors of the companies know they are becoming part of the HEINEKEN family. Group discussions, workshops, role playing games, and outings aim to make the business fun, and spread the HEINEKEN culture. HEINEKEN helps building teams so that the young entrepreneurs can share best practices and knowledge.



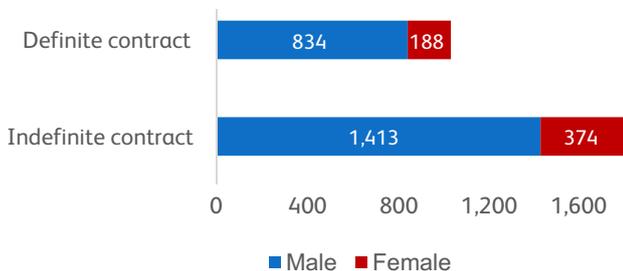
Our employees

For HEINEKEN Vietnam to realize its potential, our own people need to realize their potential first. On a day-to-day basis, we seek to maximize the prospects of our people and offer them a safe, meaningful workplace for continual learning and growth. We embrace a culture that values diversity, recognizes talent and hones the right skillset to meet challenges of the future. We bring out the best values in our people and align them with the best of HEINEKEN’s values.

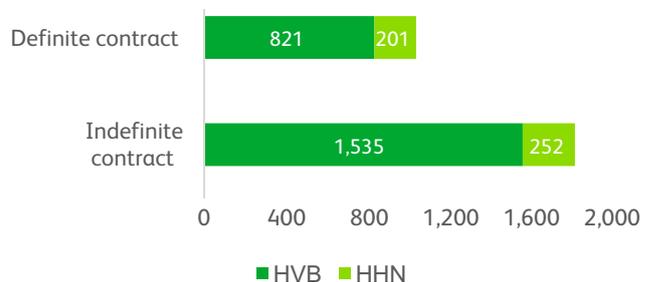
Profile of our workforce

As of 31 December 2017, HEINEKEN Vietnam employed 2,809 employees (2,247 males and 562 females), all on a full-time basis.

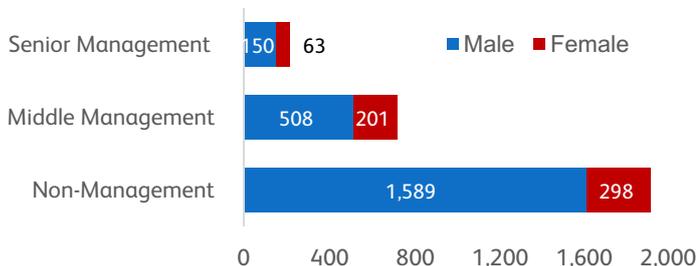
NUMBER OF EMPLOYEES BY EMPLOYMENT CONTRACT AND GENDER IN 2017



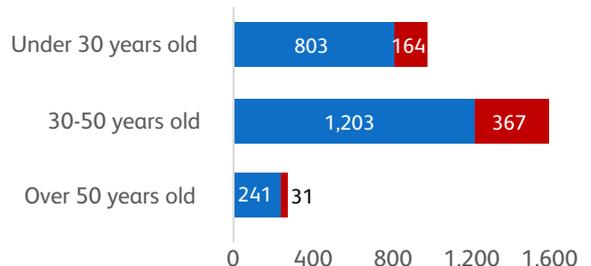
NUMBER OF EMPLOYEES BY EMPLOYMENT CONTRACT AND REGION IN 2017



NUMBER OF EMPLOYEES BY EMPLOYMENT CATEGORY IN 2017



NUMBER OF EMPLOYEES BY AGE GROUP IN 2017



Our values and behaviours

Our values and behaviours represent what we stand for as an employer, a business partner and a corporate citizen. We believe that continued, sustained growth is only possible with a corporate culture that embeds sustainability within. In ensuring that our conduct and decisions are constantly in line with our objectives, our set of core values, key behaviours, and policies are formalized and communicated to all our people.

OUR CORE VALUES



OUR GREENPRINT TO WIN HEINEKEN BEHAVIOURS

The HEINEKEN Behaviours is an affirmation of our commitment to achieving high performance in areas such as safety, training, and zero-loss. The Five Behaviours are a simple guide for our people to follow and challenge us to seek constant improvements in all aspects of our operations.



Our approach

HEINEKEN Vietnam is committed to building a healthy and safe workplace founded on mutual respect, diversity and development of people. We are dedicated to helping our employees develop to their fullest potential through investments in training and development programs that help them gain the necessary skills and knowledge to progress in their career path.

Stakeholders' expectations and our response

Stakeholders' expectations	Our response
<p>► Health, safety and well-being</p>	<p>Our peoples' safety is paramount and it requires constant effort. Our goal is simple: zero fatalities and embedding 'Safety First' as our number one company behaviour. Over the years, HEINEKEN has made significant efforts to improve the safety culture.</p> <p>In 2016, we launched our 12 HEINEKEN Life Saving Rules (LSRs), which must be scrupulously followed across all our operations. They set out clear and simple 'do's and 'don'ts' for our highest-risk activities. We assessed our safety performance against these goals and invested in projects to close any gaps. Our people are constantly being engaged and trained on these LSRs.</p> <div data-bbox="469 591 863 707">  <p>Invested >2,680 hours of training on road safety and</p> </div> <p>In 2017, HEINEKEN rolled out a global strategy on road safety – including new initiatives such as mandatory defensive driving training, appointment of certified road safety officers and implementation of telematics in our company vehicles. We also launched an exciting safety awareness campaign, “EY!” to encourage employees to call out any unsafe practices at the workplace. Other campaigns such as the “Safe Work Drawing Contest” and “Come Home Safe Everyday” seek to inculcate the safety messages not only within our people but also, their children and families. Through these initiatives, we sought to contribute to the national target of reducing the number of accidents, deaths and injuries resulting from traffic accidents.</p> <p>In promoting the health and wellbeing of our people – we continue to offer a comprehensive suite of clinic activities such as an anti-smoking programme, Health and Safety day, “Cool at Work” programme, routine health check-ups and other health promotion initiatives.</p>
<p>► Training and development</p>	<p>The development of our people is vital to the future success of HEINEKEN Vietnam. HEINEKEN Vietnam provides employees and workers with both formal and informal training based on their needs and requirements.</p> <div data-bbox="469 1171 906 1395"> <p>In 2017, we have invested over VND 18.9 billion (2016: VND 16.2 billion) into training and development, reflecting over 94,600 hours of training. (2016: 70,179 training hours) These included a fair mix of technical competencies and soft skills courses. In addition, all of our employees undergo an annual individual performance appraisal to identify areas for improvements and plan out their development goals for the forthcoming year.</p> </div> <div data-bbox="930 1182 1070 1312">  </div> <div data-bbox="1082 1160 1449 1323"> <p>Invested > VND 18.9bn into training and development, reflecting over 94,600 hours of training</p> </div> <p>In grooming HEINEKEN Vietnam's next generation leaders, we offer them opportunities to expand their networks within the HEINEKEN family and gain new insights and skills. In June 2017, 10 members from HEINEKEN Vietnam attended the Leadership Development Program in Asia Pacific held in Singapore. The main objective was to enhance their self-awareness of strengths and development, with opportunities to hone their strategic thinking and decision-making within a simulated environment.</p>
<p>► Employee engagement</p>	<p>We maintain a continuous conversation with all our employees and members of the public; criticism and feedback helps us to improve. We want to ensure that HEINEKEN Vietnam is an enjoyable place to work and one where people feel motivated by their work and that their talent is nurtured. Our annual Climate Survey for our employees enable us to judge if we are achieving these outcomes.</p> <div data-bbox="469 1805 593 1928">  </div> <div data-bbox="598 1800 952 1977"> <p>Climate Survey – our annual employee engagement survey achieved 97% response rate with notable improvements across all dimensions</p> </div> <p>In addition, we encourage everyone to Speak Up in confidence, about anything we do, without fear of retaliation. Our Speak Up channels provides the platform for our employees and members of the public to raise questions and concerns. Available via telephone and online, Speak Up is run by an independent third party and available 24/7, 365 days a year. For our employees, Trusted Representatives provide an additional personal method of getting in touch.</p>

A safer, healthier workplace

As of 31 December 2017, HEINEKEN Vietnam’s key occupational health and safety performance was as follows:

Metric	Total
Work-related fatalities	0
Injury rate ²	9
Occupational disease rate ³	0
Lost day rate ⁴	110
Absentee rate ⁵	0.004

Note: the existing safety reporting system does not have information on gender.

Case Study: “HEINEKEN GLOBAL SAFETY AGENDA – A FOCUS ON ROAD SAFETY”

HEINEKEN Vietnam has made significant efforts to improve our safety practices and performance. The 2017 HEINEKEN Global Safety Agenda elaborates the strategy put in place by our global leaders – with a focus on road safety:

► **Appointing of Road Safety Officers**

1 Road Safety Officer who will champion our road safety program is appointed for every 50 company vehicles owned or leased/rented by HEINEKEN Vietnam. Prior to their appointment, the Road Safety Officers are provided mandatory training on relevant topics. Their assigned tasks include participating in driver behaviour assessments, conducting of briefing sessions to drivers, supporting of the preparation of route risk

assessment and collecting accident/incident/ near misses data and participating in their investigation/follow-up. We have appointed a total of 45 Road Safety Officers during the year.

► **Conducting mandatory defensive safety training**

Since September 2017, HEINEKEN Vietnam in cooperation with Alert Driving, a global driverrisk management company launched an online training for all employees who drive cars and motorbikes. This training is expected to last until December 31, 2018 and includes modules on safety topics that help employees to acquire and apply useful knowledge when driving every day such as Alcohol, Drugs & Driving, Driving in Adverse

Weather conditions and Safe Driving at Night, Right Observation and Avoiding Collision among others. In 2017, over 2,680 hours of training was invested in our people for road safety.

► **Implementing Telematics for our company vehicles**

Telematics can reinforce safe driving behaviour as driving data can be used to provide short and long-term feedback to drivers, helping them to change behaviour. It also brings about other benefits such as enabling quicker emergency response time, assisting with better journey planning, improving overall vehicle management and bringing about cost savings. Our Road Safety Officers analyse and follow up on data collected through telematics.

²Injury rate is calculated as: Number of work-related injury cases, per million hours worked

³Occupational disease rate is calculated as: Number of work-related occupational disease cases, per million hours worked

⁴Lost day rate is calculated as: Number of lost man-days, per million hours worked

⁵Absentee rate is calculated as: Number of absentee days, to total days scheduled to be worked

Case Study: “COME HOME SAFE EVERYDAY”



Themed “Come Home Safe Everyday”, HEINEKEN Vietnam’s Health and Safety Day 2017 was held from May to June 2017 to raise safety awareness among staff members and their families. In response to the World Health and Safety Day 2017 by HEINEKEN, this year’s event delivered the message “It’s me! Value Life, Value Safety” with linkage to the “Life Saving Rules (LSRs) Best Practice 2016 - the Gift for Life” campaign.

Before the annual event, participants received a safety letter from our Managing Director to employees’ family members with gift-sets which included a “Come Home Safe Everyday” magnet, a HEINEKEN LSRs communication package. At



the event, staff participated in a wide range of interesting and helpful activities such as watching two video clips “The Gift for Life” and “It’s me”, team-building games and

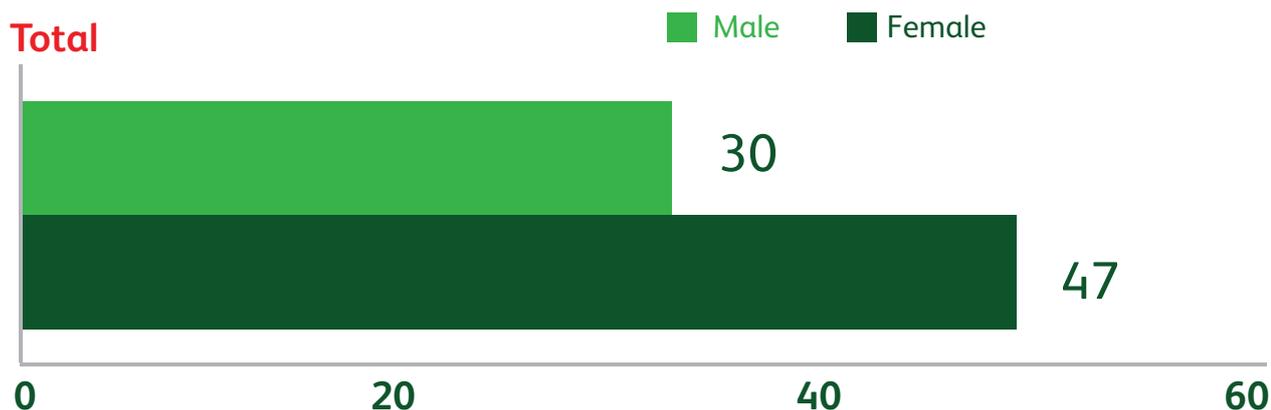
listening to health-related speeches. At the end of the event, they sang together “It’s me”. All of the activities highlighted the value of life and safety.



A better and more fulfilling workplace

During the year, HEINEKEN Vietnam provided a total of 94,603 training hours. The breakdown of average training hours by gender and region is as below:

AVERAGE TRAINING HOURS BY GENDER, IN 2017



Case Study: CLIMATE SURVEY 2017

We conducted our HEINEKEN Vietnam Climate Survey in 2017. Over 2,500 employees participated in the survey, achieving an overall response rate of 97%.

The results provide a barometer for how we are doing on culture and engagement across HEINEKEN Vietnam. Headline messages remain very encouraging; our two primary measures, the Employee Engagement Index (EEI) and Performance Enablement Index (PEI), both increased again this year, averaging to 89%. The EEI

score assesses the motivation, commitment and willingness of our employees to apply discretionary effort while the PEI score assesses employees' views of how effective we are and how well they are supported to perform. Both are well above the external IBM benchmarked norm – for EEI we are +17% above the norm and for PEI we are +12% above the norm, which means that HEINEKEN Vietnam remains in the top quartile of high performing companies when it comes to employee engagement. Many dimensions

improved significantly from 2016 levels, with “Reward and Recognition”, “Cooperation and Teamwork” and “Innovation” improving the most.

Taking the time to understand our employees and their concerns, and taking action in response, is critical to maintaining this high level of engagement and commitment. We review and compare the insights provided at various levels and carry out in-depth discussions and action plans at a team level, led by managers with relevant support.

Case Study: DEVELOPING OUR LEADERS OF TOMORROW



Launched in 2016, the HEINEKEN Asia Pacific Graduate Programme (APGP) aims to nurture high-potential individuals, particularly as management trainees for Operating Companies within the Asia Pacific region. The

APGP was adapted and localized from the HEINEKEN International Graduate Programme (IGP), where identified talents are deployed by HEINEKEN Global, and given the opportunity to work and learn in Operating

Companies around the world.

In 2017, HEINEKEN Vietnam welcomed on-board 24 management trainees, who are to complete 3 intensive assignments, each spanning 8 months.

Our suppliers

We want to guarantee a long-term, sustainable supply chain while raising supplier’s standards. We need to work with our suppliers to achieve many of our sustainability commitments as much of our impact on the environment and people happens through our supply chain. That is why we work with them to promote good practices, and why abiding by the HEINEKEN Supplier Code is just the starting point for our suppliers as we continue to raise the bar across topics such as human and labour rights.

Our approach

The 4-step HEINEKEN Supplier Code Procedures is adopted in our operations and applies to all our suppliers of materials and services. It serves as a guideline and defines the minimum standards of compliance pertaining to the areas of Integrity and Business Conduct, Human Rights, and the Environment.

All new and existing suppliers are required to acknowledge the Supplier Code of Conduct. In 2017, from all suppliers who complied with the code, 5 suppliers were selected for supplier audits after carrying out a risk analysis. All 5 audits were completed and 3 passed the audits.

<p>Step 1:</p>  <p>Signing</p> <ul style="list-style-type: none"> ▪ Supplier Definition ▪ Signing of Supplier ▪ Storage and monitoring progress in database 	<p>Step 2:</p>  <p>Supplier Risk Analysis</p> <ul style="list-style-type: none"> ▪ Category Risk ▪ Supplier Specific Risk ▪ Identification of potential high risk suppliers 	<p>Step 3:</p>  <p>Supplier Monitoring</p> <ul style="list-style-type: none"> ▪ Supplier Monitoring ▪ 360° supporting evidence ▪ Inter-industry benchmarking ▪ Supplier scorecard 	<p>Step 4:</p>  <p>Audit</p> <ul style="list-style-type: none"> ▪ Audit Plan ▪ Site Audit ▪ Follow up on non-compliance
---	---	---	---

Stakeholders' expectations and our response

Stakeholders' expectations	Our response
<p>► Local sourcing</p>	<p>We source 97% of packaging materials from local suppliers, as a testimony of our commitment to choose local Vietnamese suppliers and support mutual growth with our partners whenever possible. Sourcing locally also contributes to reducing our carbon footprint across our value chain.</p> <div style="display: flex; align-items: center;"> <div style="text-align: left;"> <h2 style="font-size: 2em; margin: 0;">97%</h2> <p style="margin: 0;">of packing materials sourced from local suppliers</p> </div> </div>

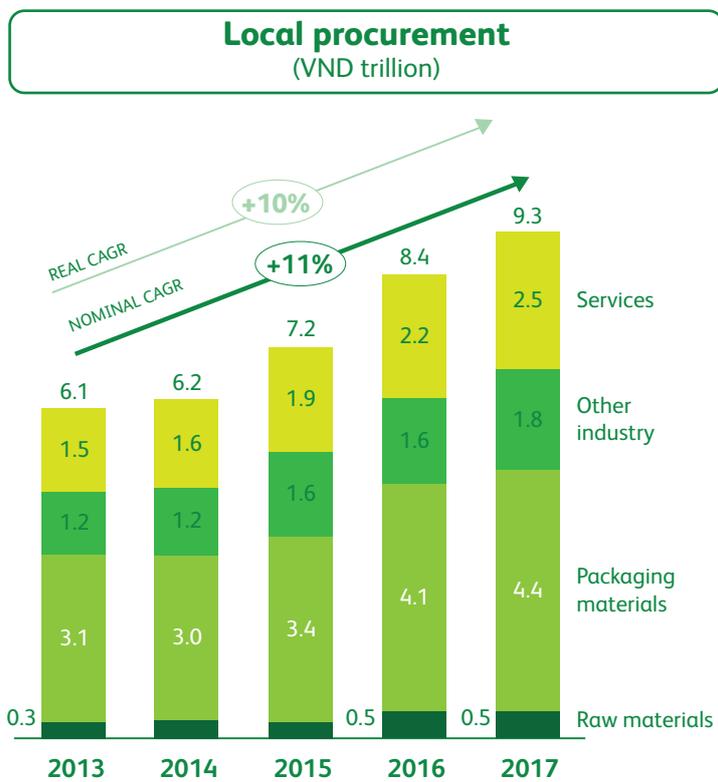
Local sourcing

The World Bank notes that the Vietnamese economy faces the challenge to increase linkages between domestic small-to-medium sized enterprises (SMEs) and foreign invested firms. In recent years, Vietnam has been successful in attracting foreign direct investments, but few local firms supply foreign-owned companies. Two-thirds of foreign-owned companies in Vietnam use domestic inputs, a percentage that ranges from 96% to 99.9% in countries like China, Malaysia and Thailand. This shows that foreign investments do not necessarily lead to substantial levels of local sourcing.

HEINEKEN Vietnam, a 60% foreign-owned company, sources significantly from local sources. Around 75% of our inputs are bought from suppliers based in Vietnam – the remaining 25% constituting imports, most of which cannot be sourced in Vietnam (such as barley and hops).

LOCAL PROCUREMENT, FROM 2013 TO 2017

Because of rising volumes, the absolute value of local procurement increased by an average of 11% p.a., from VND 6.1 trillion in 2013 to VND 9.3 trillion in 2017. This chart further distinguishes between the type of locally sourced inputs, ranging from raw materials, packaging materials (e.g. paper, plastic, and metal products), other industry (e.g. utilities and construction), and services (e.g. financial advisory, marketing services, transport of inputs).



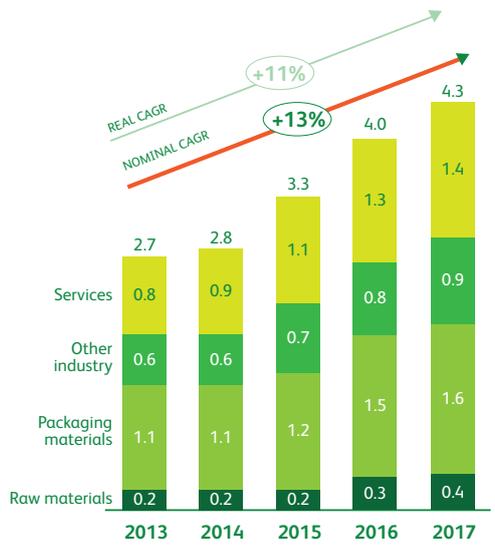
The sourcing of our goods and services in each of these categories drive income and employment. The chart below shows that – in line with the absolute value of local sourcing – sourcing of packaging materials and of services result in the greatest contribution to GDP. Sourcing of services and

of raw materials result in a relatively large contribution to GDP. This is explained by these sectors importing relatively few intermediary inputs (thus, a larger proportion of HEINEKEN

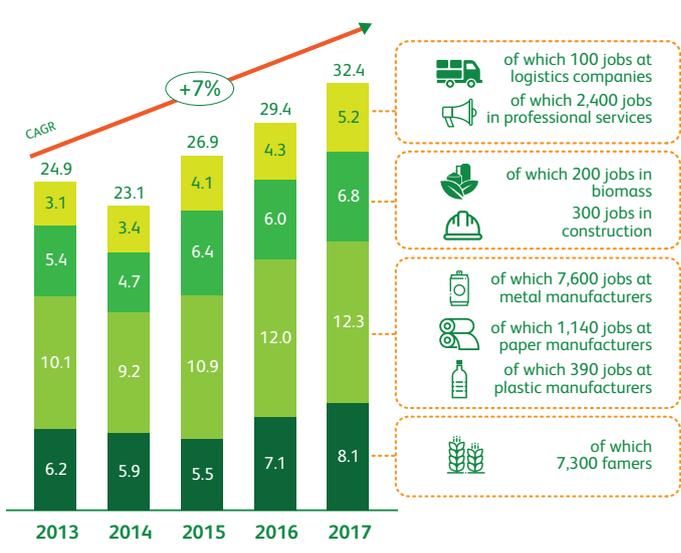
expenditure stays within Vietnam), and these sectors are characterized by leading to greater GDP contributions (i.e. salary and tax payments, are relatively high).

GDP AND EMPLOYMENT EFFECTS FROM LOCAL SOURCING FROM 2013 TO 2017

Value added from local procurement (VND trillion)



Employment from local procurement ('000 jobs)



This chart also shows the number of jobs that are estimated to result from our local sourcing. Procuring packaging materials supports around 12,300 jobs, most of which are located at metal manufacturers, paper manufacturers, and plastics

producers. Buying raw materials also leads to a significant number of jobs relating to rice farming because of the relatively low productivity per worker in these sectors. Sourcing of services is estimated to support 5,200 jobs, most of which are in professional services.

Our support to upstream suppliers extends beyond financial transactions. We contribute to the development of local suppliers in qualitative ways, such as through knowledge transfers, contributing to HEINEKEN Vietnam’s sustainability goals.

Case Study: BRINGING INNOVATION IN THE VALUE CHAIN: INTERMALT

The majority of the malt sourced by HEINEKEN Vietnam is imported as Vietnam’s tropical monsoon climate is unfavourable for growing barley and producing malt. Therefore, annual imports of malt amount to more than 450,000 tonnes, mostly from European countries and Australia.

Interflour, one of Southeast Asia’s biggest flour producers. Located in Cai Mep, in southern Vietnam, the Intermalt plant has the capacity to process 140,000 tonnes of barley annually, producing 110,000 tonnes of malt.

Approximately **140,000** tonnes of barley, and **110,000** tonnes of malt sourced from local suppliers annually



In 2017, true to its mission for local sourcing and supply chain innovation, HEINEKEN Vietnam purchased a part of its malt from a new local producer – Intermalt. Intermalt is a subsidiary of

As Intermalt employs more than 500 people, sourcing from them allows HEINEKEN to play a part in ensuring a steady stream of income for local employees. The close proximity

of Intermalt to Vung Tau brewery means HEINEKEN can attain high quality malt with lower cost and less waste footprint due to reduced transport. Finally, cooperation with the local malting plant is in line with HEINEKEN Vietnam’s mission to support local enterprises, improving value creation in Vietnam.

Case Study: SUPPORT TO SUPPLIERS: LONG THANH PLASTIC & MINH HUY

Since 1998, Long Thanh Plastic – a company with 615 staff – has supplied HEINEKEN Vietnam with its plastic packaging products. Today, HEINEKEN Vietnam is amongst its Top 5 clients. Long Thanh says that working with HEINEKEN Vietnam brings various benefits. This includes the technical support to help Long Thanh meet the HEINEKEN standards, the increased customer satisfaction that results from product improvements following these standards, and our support in helping them implement community and environmental projects.

Some noteworthy achievements include Long Thanh's ability to now produce its own plastic crates using self-made molds, which previously had to be imported, and the increase in the life time of products from 5 to 10 years. In the coming years, HEINEKEN seeks to work with Long Thanh to implement industry 4.0 policies: increased automation and data use. The two firms are also increasingly working to use recycled plastics.

Another company that HEINEKEN Vietnam works closely with is Minh Huy. This

family owned enterprise of 200 employees manufactures, on a small scale, beer brewing systems and is responsible for the maintenance of these systems at our breweries. To become a HEINEKEN supplier, Minh Huy invested heavily in adhering to the required standards. Today, because of their adherence to our strict standards, Minh Huy has also been invited to work for HEINEKEN breweries in other Asian countries (e.g. Indonesia, Papua New Guinea, Myanmar) and in Africa (e.g. DRC, Rwanda, Ethiopia and Mauritania).

Case Study: SOURCING STEAM FROM BIOMASS: NANG LUONG XANH

HEINEKEN Vietnam's breweries increasingly run on renewable energy - primarily biomass, which HEINEKEN sources from its local supplier Nang Luong Xanh. Moreover, sourcing agricultural by-products enables clients to support the agricultural sector. Farmers can diversify and expand their incomes by selling waste products.

In 2017, HEINEKEN Vietnam sourced over 44,000 tonnes of rice, the production of which also resulted in access to over 52,800 tonnes of husk. HEINEKEN Vietnam is Nang Luong Xanh's second largest

client, representing some 30% of its revenues. Even though biomass prices are increasing – due to rapidly rising demand – the future for biomass seems bright. HEINEKEN aims to further power its breweries using steam from biomass.

The company is proud to be a supplier to HEINEKEN Vietnam, citing improvements in its working processes and policies as a result of working with HEINEKEN Vietnam. Our standards are strict and though they found it challenging to comply with them. However, in doing so,

the help they received from HEINEKEN Vietnam was very beneficial to them.

In its Sustainable Development Strategy 2011-2020, the Vietnamese Government seeks to ensure that economic expansion is environmentally sustainable. It actively aims to reduce pollution and manage waste, and it endeavours to combat climate change. The private sector can be an important ally in achieving these goals. Powering breweries by biomass illustrates how HEINEKEN Vietnam links to this ambition.



Our communities

We have an opportunity to use our business as a positive force for change in the communities we operate in. Helping communities prosper is good for society, and it is also good for HEINEKEN Vietnam. Our biggest contribution to the social and economic wellbeing of our communities is through the impact generated by our core business; the jobs we create, the businesses we support and the positive outcomes we promote. In addition, we target direct support and investment in community initiatives that support our strategy and sustainability commitments to people and planet.

Our approach

Our continuous engagement efforts have enhanced our relationships with stakeholders and helped to create wider economic value for the community. We seek to invest in projects that support environmental conservation and community development.

Stakeholders' expectations and our response

Stakeholders' expectations	Our response
<p>► Doing our part on environmental sustainability</p>	<p>We are committed to supporting environmental sustainability and reducing our environmental footprint in the communities we operate in. To that end, we look at the environmental concerns that impact our communities most. For example, in Vietnam, clean piped water only reaches around 10% of the rural households. To help bring clean water to these people, our initiative “1 Minute Less for Million Smiles” sponsors one water station at a water-scarce community, for every 100,000 pledges or good deeds made by members of the public towards water conservation.</p>
<p>► Financial support through community investment</p>	<p>For HEINEKEN Vietnam to prosper, our communities have to prosper as well. During the year, we have donated VND 7.7 billion. This includes the advocacy activities to raise community awareness and call for actions on water saving and protection as well as drinking responsibly; the charity trips to the needy community for water connections, new year gifts, typhoon relief and the support to students/scientists for study of the environment and water protection.</p>
<p>► Volunteerism of our employees</p>	<p>During the year, we have invested over 2,088 volunteer hours. Some of the events that we supported included volunteering to help disaster victims to recover from typhoons and organizing charity events for the needy community on the occasion of New Year.</p>
<p>► Supporting the universities</p>	<p>During the year, we have supported universities, student clubs and organizations through various avenues. These include career fairs, career consulting, internships, Go Places competition on Sustainability (including training and coaching for students).</p>

Case Study: 1 MINUTE LESS FOR MILLION SMILES

In 2015, our signature program, “1 Minute Less for Million Smiles”, was relaunched under a three-year partnership between HEINEKEN Vietnam Brewery and the Vietnam Central Youth Union (CYU) until 2017. This new partnership aims to create real change by cultivating good water saving habits in people from young, at the same time expanding the reach and scope of our activities with CYU’s diverse network of millions of members. HEINEKEN sponsored one water station in a water-scarce community for every 100,000 pledges or good deeds made by members of the public towards water conservation.

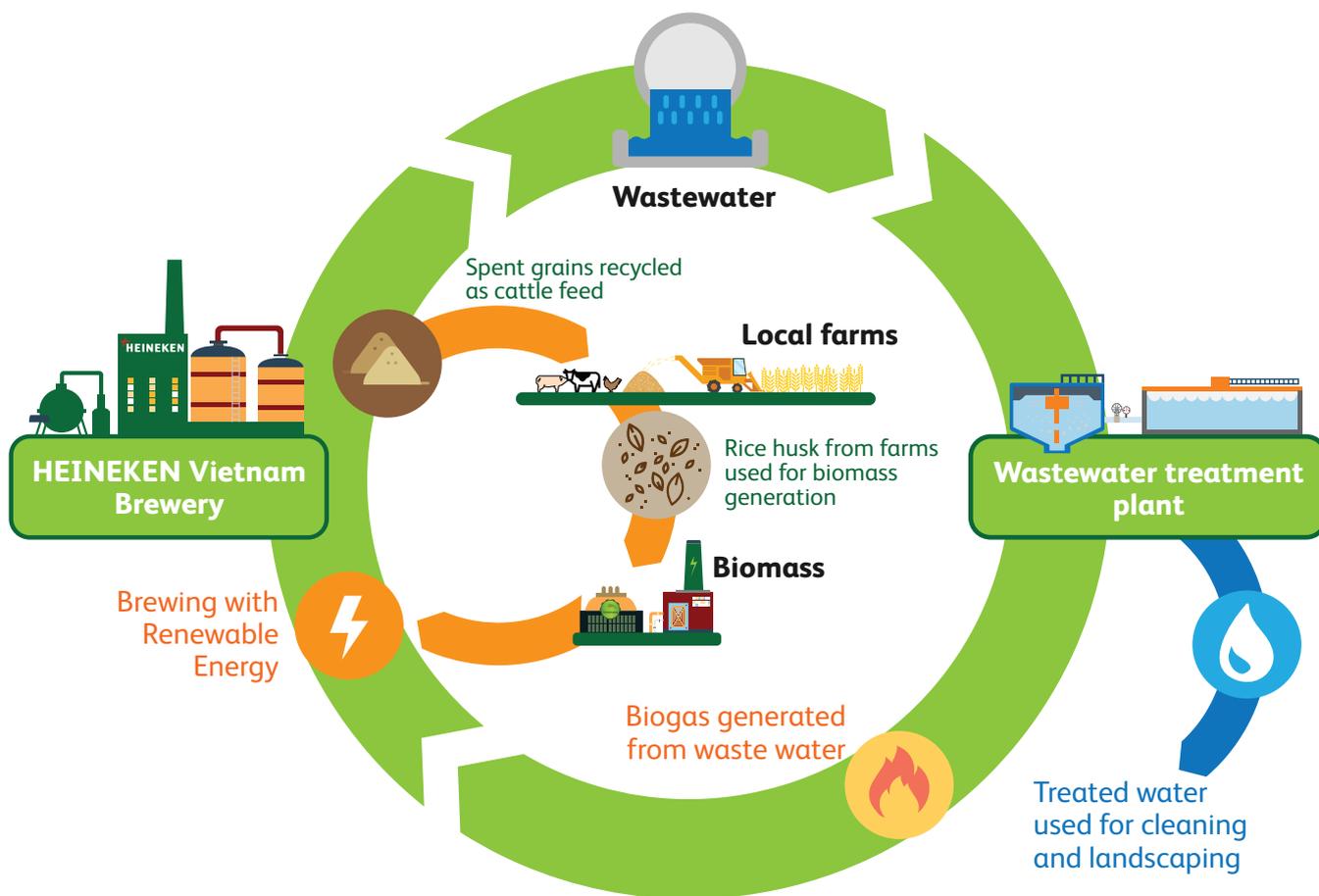
In 2017, as a result of our partnership efforts, we received a significant increase in the support towards our conservation campaign. With over 290,000 commitments and



around 1 million good deeds gathered on our website, as well as more than 250,000 likes on Facebook, we recorded the best response since the introduction of our program in 2012.

Our program has gone to many cities and provinces with the

participation of more than 6,000 HEINEKEN Vietnam Brewery employees and volunteers. Throughout the campaign, we have helped build 22 clean water projects worth VND 13 billion, bringing millions of smiles to the needy community so far.



Prosperity of Planet

Over the years, our production processes have been continuously improved to transition towards a more regenerative and restorative model. We believe the circular economy model, where resources are reused, recycled and recovered throughout the product lifecycle, allows us to utilize resources in the most efficient and responsible manner.

Our waste

At HEINEKEN Vietnam, our Zero Waste Programme continues to inspire and support our production sites to look for innovative ways to divert waste from landfill. We are proud to disclose that in 2017 we have sent virtually⁷ zero waste to landfill.

Our approach

The main residual waste that we generate typically include brewer’s spent grains, surplus yeast and materials such as glass, cardboard, aluminium, plastic and paper.

Our Global HEINEKEN Waste Hierarchy gives top priority to preventing the very creation of waste and sets out the various destinations for waste disposal in descending order of environmental preference. When waste is generated, we prioritize re-use, recycling (into animal feed and fertilizer) and other forms of recovery (such as energy recovery) to minimize disposal via landfill.

HEINEKEN Vietnam takes stringent measures on waste management and ensures full compliance with applicable environmental laws and regulations for waste management, carefully reducing any adverse impact on human health arising from waste, pollution and contamination.

Our impact

In 2017, 99.01% of our inputs were re-used or recycled, with only approximately 0.99% lost or sent to landfill - diverting more than 235,473 tonnes of waste. Our overall non-recycled industrial waste production in our breweries was 0.17 kg/hl beer .

Destination	2016 Quantity (tonnes)	% of total	2017 Quantity (tonnes)	% of total
Re-use	-	-	-	-
Human consumption	-	-	-	-
Animal feed	295,252	89.3%	213,028	89.6%
Materials	15,659	4.7%	13,171	5.5%
Compost/soil improvement	9,263	2.8%	8,874	3.7%
Energy (biogas)	21	0.0%	103	0.04%
Combustion with energy recovery	5,731	1.7%	169	0.07%
Combustion without heat recovery	1,575	0.5%	127	0.1%
Landfill	2,545	0.8%	2,261	0.95%
Dump	28	0.0%	-	-
Unknown	404	0.1%	81	0.03%
Total co-products and waste	330,479	100%	237,816	100%

MOST PREFERRED OPTION DESTINATION ↑



⁷Virtually zero waste to landfill is defined as diverting at least 98% of waste from landfill.

Case Study: USE OF BEER MEMBRANE FILTER (BMF)

Kieselguhr powder or diatomaceous earth is a traditional beer filtration aid that removes impurities and particles in beer and brings out its brightness. However, the usage creates waste and the world reserves of Kieselguhr are limited.

Because of this, HEINEKEN invested in Beer Membrane Filter (BMF) technology to help reduce the need to use this material. Currently, BMF is used concurrently with Kieselguhr power at Ho Chi Minh Brewery. Gradually, this initiative is to be implemented at all of other breweries in Vietnam to reduce reliance on Kieselguhr powder.



Case Study: SLUDGE RECYCLING AT HANOI BREWERY



Our Hanoi Brewery has gone beyond mere pollution abatement and to instead seeks to create value from waste for the benefits of society and the environment. Sludge, which is a typical by-product of the brewing process, has been transformed into fertilizer for crops.



Our energy

Climate-related risks – notably extreme weather events and sea water level rises– have emerged as pressing matters⁸ that will shape the world we live in and impact the lives and livelihoods of many people. As such, there is an urgent need for effective climate change mitigation and adaption measures. At HEINEKEN Vietnam, we are committed to being part of the collective effort by adopting various measures to reduce our overall greenhouse gas footprint across our value chain.

⁸World Economic Forum, “The Global Risks Report 2017”

Our approach



Surpassed Vietnam's 2020 energy intensity targets in 2017

Vietnam Government target: 140 -306 MJ/hl beer by 2020

HEINEKEN Vietnam: 63-76 MJ/hl beer in 2017



4 out of **6** breweries operating on renewable energy (biogas and biomass) for **100%** of their thermal energy needs



Sourced **>52,800** tons of rice husk, wood chips from farmers to generate thermal energy



Installation of **197** solar panels on the roof of HEINEKEN Experience, supplying **100%** of its electrical demand

Our production processes require both thermal and electrical energy, which are also our key sources of greenhouse gas emissions. Our focus has been on both improving our energy efficiency and at the same time investing and increasing our use of clean energy in production.

Changing the behaviour of our people and improving operational procedures are crucial in improving our energy efficiency. We continue to implement the Total Productive Management Methodology (TPM), and Daily Control System (DCS) where we see our management and people discussing environmental matters on a daily and monthly basis. Through our zero loss initiatives, our people are encouraged to initiate ways to increase productivity and improve energy efficiency. HEINEKEN Vietnam also employs a Utility Benchmark Model for target setting in which the optimum energy intensity (or benchmark value) is estimated and used for performance improvement. Some initiatives in 2017 included minimizing cooling and storage time of beer and waste yeast at cooling plants, increasing operating efficiency at the bottling and canning lines and use of energy-efficient LEDs at the packaging lines.

Concurrently, we have actively explored new sources of renewable energy, such as switching to a lower emissions source (natural gas) in powering our forklifts, powering our operations with biomass obtained from rice husk and wood chips, and recovering energy from waste incineration.

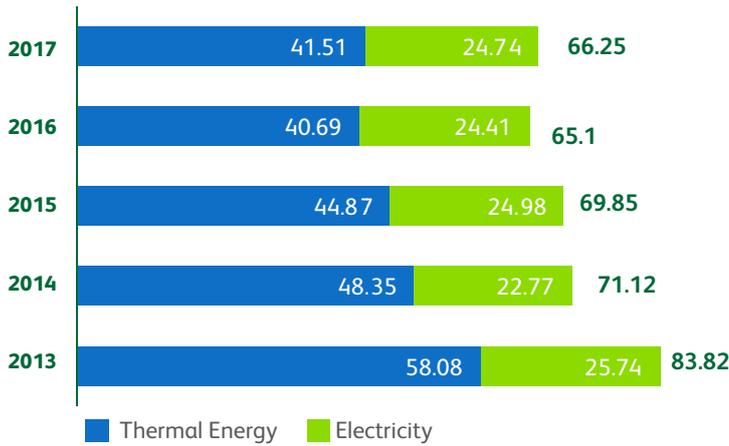
Our impact

Our energy consumption and carbon emissions⁹ increased slightly in 2017 as we continue to develop our new production facilities. However, before a brewery meets its peak production efficiency, typically the energy intensity for that particular brewery is relatively higher than HEINEKEN Vietnam's average energy intensity. By constantly striving to improve energy intensity of our processes, and recovering energy from waste incineration, HEINEKEN Vietnam contributes to higher energy efficiency even though rapid economic expansion is often characterised by higher energy consumption. Over the past five year period, our energy consumption decreased by 20% compared to 2013.

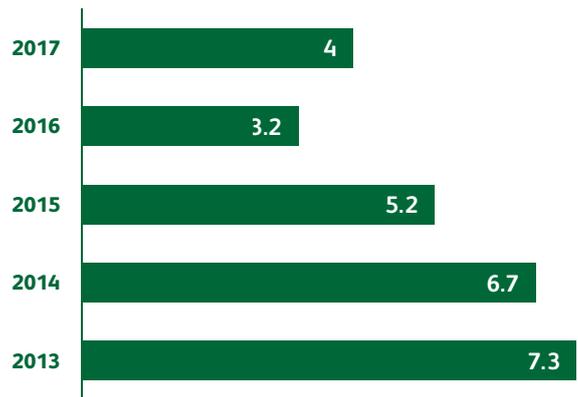
⁹Carbon emissions include:

Scope 1 comprises direct emissions from fuel used in power generators, petrol for company vehicles and loss of refrigerant in air-conditioning systems
Scope 2 comprises indirect emissions due to purchased thermal energy and electricity consumed at HEINEKEN's production facilities across Vietnam

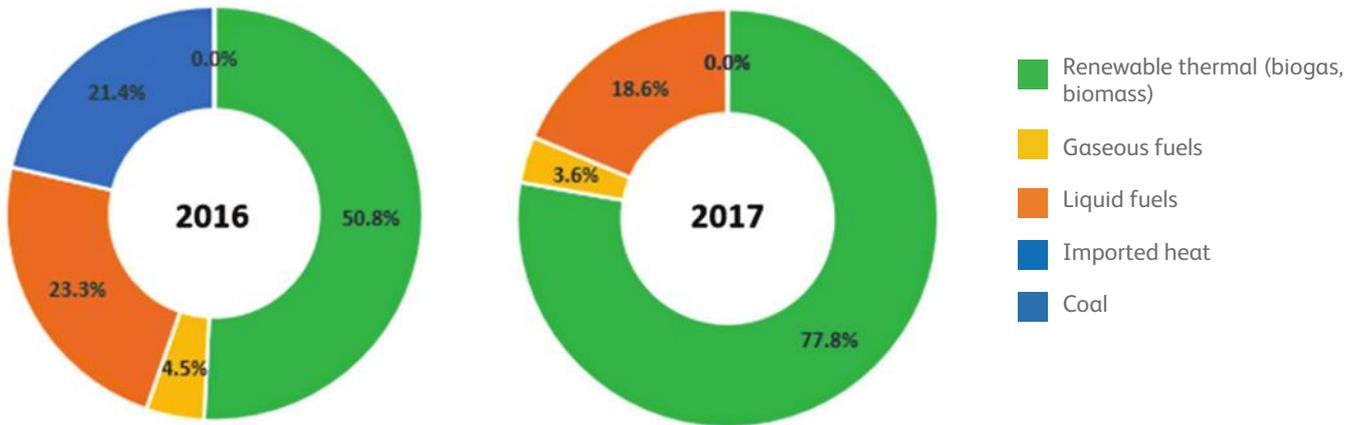
TOTAL SPECIFIC ENERGY CONSUMPTION MJ/hl beer



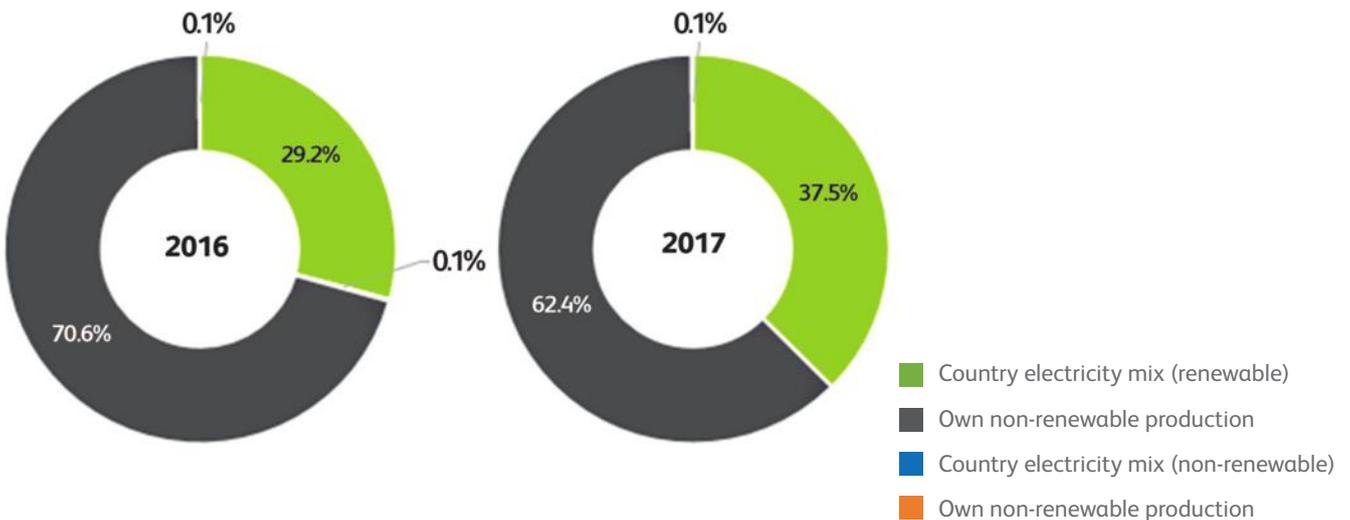
TOTAL SPECIFIC CARBON EMISSIONS kg CO₂-eq/hl beer



THERMAL FUEL MIX FOR BEVERAGE PRODUCTION



ELECTRICITY MIX FOR BEVERAGE PRODUCTION



Note: 2016 figures have been restated to include figures from Hanoi Brewery

Case Study: GREEN FRIDGES

Cooling is essential to our consumers’ enjoyment of our beverages. However, cooling is also a significant contributor to our total carbon footprint. To reduce this, HEINEKEN Vietnam promotes the usage of “green” fridges in our distribution channel, through both replacement of old fridges and installation of new fridges in new locations. In 2017, we distributed more than 1,000 green fridges throughout Vietnam. 100% of our fridges have at least one of the green features listed below.



100% of our fridges are environmental friendly

GREEN FEATURES	% of savings*
Replacing Hydrofluorocarbons (HFCs) by hydrocarbon refrigerant	7
Replacing standard lighting by LED illumination	15
Introducing an energy management system	20
Installing energy efficient fans	10

**Estimated saving compared to a normal fridge*

Case Study: OUR COMMITMENT IN USING BIOMASS



Steam is essential in our brewing process, and we use a substantial amount of it.

We work with our steam suppliers to provide us with a reliable source of renewable energy through improving its working processes and safety policies.

Agricultural by-products such as rice husk, sawdust, and

woodchips (which will be thrown into rivers or burnt if not used) were bought from local farmers who consequently enjoy an increase in incomes now. In 2017, over 52,800 tonnes of rice husk – valued at approximately VND 42.2 billion – was bought to power our operations, generating 100% thermal energy for four of our six breweries.

In effect, our commitment to increase the use of biomass impacts our community and our environment positively. This initiative reduced our CO₂ emission by about 50% vs using fossil fuel and saved us about 30% of the previous fuel cost. Moving forward, this kind of renewable thermal energy will be used to brew beer at the remaining two breweries when their extensions are complete.



Our water

Water plays a central and irreplaceable role in all dimensions of sustainable development; access to a reliable supply of water is crucial to basic living standards and economic progress. In addition to closely managing our water consumption, HEINEKEN Vietnam believes that prudent wastewater management is critical to sustain our valuable water sources and environment.

Our approach

Fresh water is a key ingredient for our products, making up approximately 95% of beer. In Vietnam and around the world, the demand for water is increasing, driven by a rapidly growing global population, urbanization and economic growth. This calls for a careful, integrated approach in the way in which we manage our water resources.

HEINEKEN Vietnam's Daily Control System (DCS) promotes responsible water usage and encourages vigilance and timeliness in monitoring and reporting any leakages or anomalies relating to water. In 2017, we continued to improve our water consumption efficiency by further optimizing the cycle of our cleaning filler and improving the circulation time of hot water in the sterilizing processes at the canning lines.



Top 5
Da Nang Brewery among water efficient breweries across HEINEKEN Group worldwide, since 2014



Reduced the effluent organic load discharged by **18.6%**, contributing to Vietnam's national target of improving water quality and preventing pollution



Wastewater Treatment Standards **surpassed government's requirement** and safe enough to sustain aquarium life and vegetation in our brewery

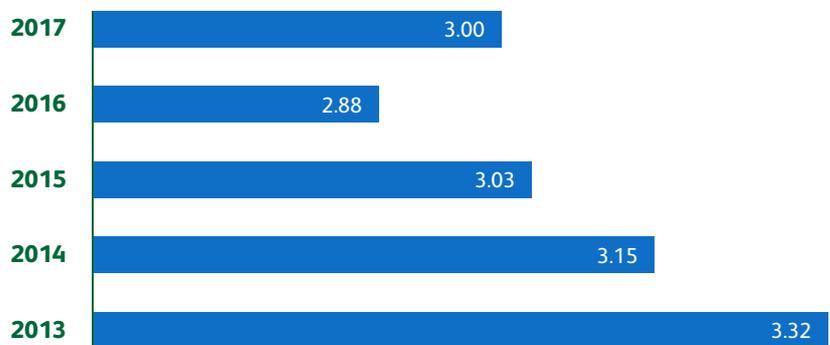
Wastewater is another critical component of our water management cycle. The goal is to go beyond mere pollution abatement and to instead seek to create value from wastewater for the benefits of society and the environment as wastewater flows contain potentially useful matters such as nutrients and other organic matter. Having gone through the treatment process, the treated wastewater is reused for productive purposes, such as cleaning and sustaining aquarium life and vegetation. The process also allows energy to be recovered through sludge and bio-solids in the form of biogas – which is a renewable fuel used in our thermal mix. We have invested in an online monitoring system in order to track the quality and efficiency of the treatment.

Our impact

While our overall water consumption efficiency (3.00hl/hl beer) is much lower than the HEINEKEN global average (3.60hl/hl beer), the water consumption at each brewery varies, depending on local resources affecting the production process and different phases of brewery operations. At Hanoi, the high salt content in water requires this brewery to use reverse osmosis (RO) water purification technology to remove large size particles. The unwanted by-product is increased wastewater that contributes to increased total water consumption. The local management is looking for more water efficient alternatives. Both Quang Nam and Vung Tau breweries have new production units this year; hence, they require more time to stabilize their processes and achieve optimum water efficiency. Because of this, we expect water consumption at these three sites, plus our total water consumption, to reduce further in the coming years.

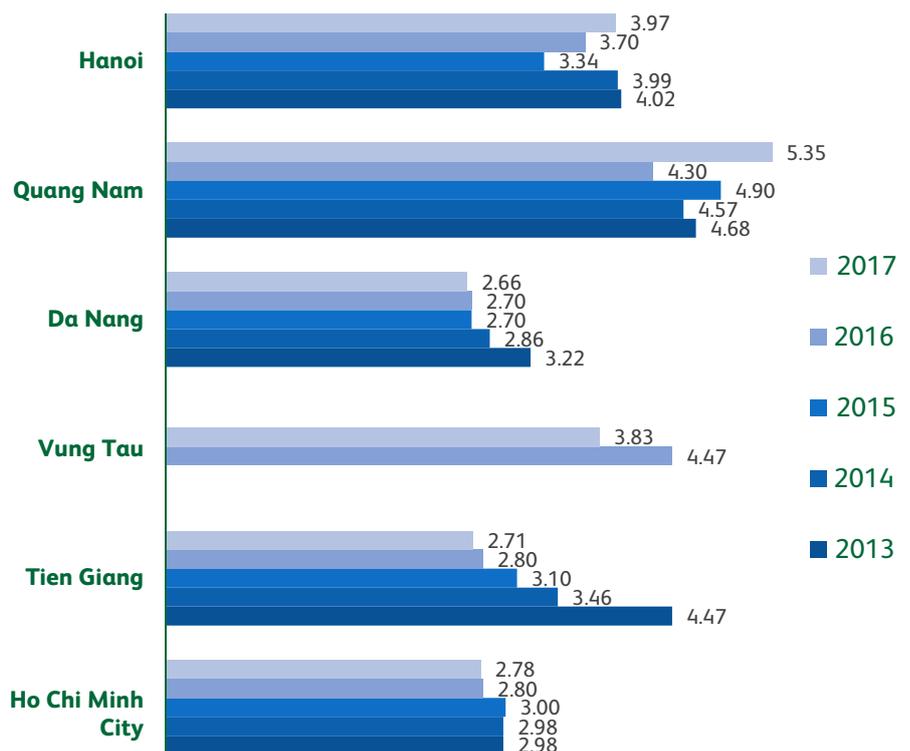
SPECIFIC WATER CONSUMPTION

hl/hl beer



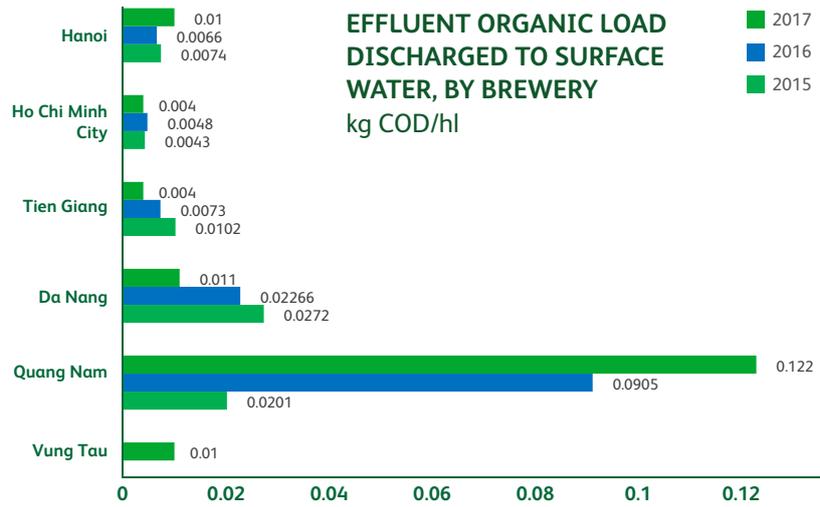
SPECIFIC WATER CONSUMPTION BY BREWERY

hl/hl beer



¹⁰Vung Tau Brewery was acquired in 2016; hence, only two years comparative figures are available.

At HEINEKEN Vietnam, we care for our communities too. In Vietnam, clean piped water only reaches around 10% of the rural households. To help bring clean water to these people, our “1 Minute Less for Million Smiles” program sponsors one water station in a water-scarce community for every 100,000 pledges or good deeds made by members of the public towards water conservation.



Case Study: DA NANG WATER EFFICIENT BREWERY FOR THE FOURTH CONSECUTIVE YEAR



Since 2014, our Da Nang brewery has been recognized among the top 5 water efficient breweries in its HEINEKEN peer group, making its performance on par with its peers in Portugal, Mexico and United Kingdom.

Over the years, its water consumption has continued to decrease and is well below

the HEINEKEN global performance of 3.6 hl/hl. This is a result of our motto – “better never stops” – that best describes our culture of continuous improvement. We also share our best practices with the rest of our breweries to replicate many more success stories across HEINEKEN Vietnam.

As a result, all our breweries have experienced decreasing trends in water consumption since 2014 with some exceptions due to establishing new brew plant. Our Tien Giang and Ho Chi Minh City breweries have also achieved outstanding performance – ranking 7th and 11th in their respective peer groups.



Sustaining prosperity

We make a significant contribution to Vietnam through our business. We generate income by paying for supplies, salaries, taxes and sharing profits with our local shareholders. We support income generation upstream in our value chain through local procurement and downstream via the margins that our trade partners and distributors make. In 2017, HEINEKEN Vietnam is estimated to have contributed VND 42.3 trillion to Vietnam's economy – making up approximately 0.9% of Vietnam's total Gross Domestic Product (GDP).

Local procurement

HEINEKEN

Sales

Raw materials



Biomass energy



Packaging material



Services



Distributor



Outlets



Community



32,400 jobs and VND **4.4** trillion value added

2,800 jobs and VND **22.1** trillion value added

123,600 jobs and VND **15.9** trillion value added

Total impact across the value chain



158,800
JOBS IN VIETNAM

0.3% OF VIETNAM LABOR FORCE



- TAX FOR THE STATE
- PROFIT FOR LOCAL BUSINESSES
- WAGES SUPPORTING HOUSEHOLDS



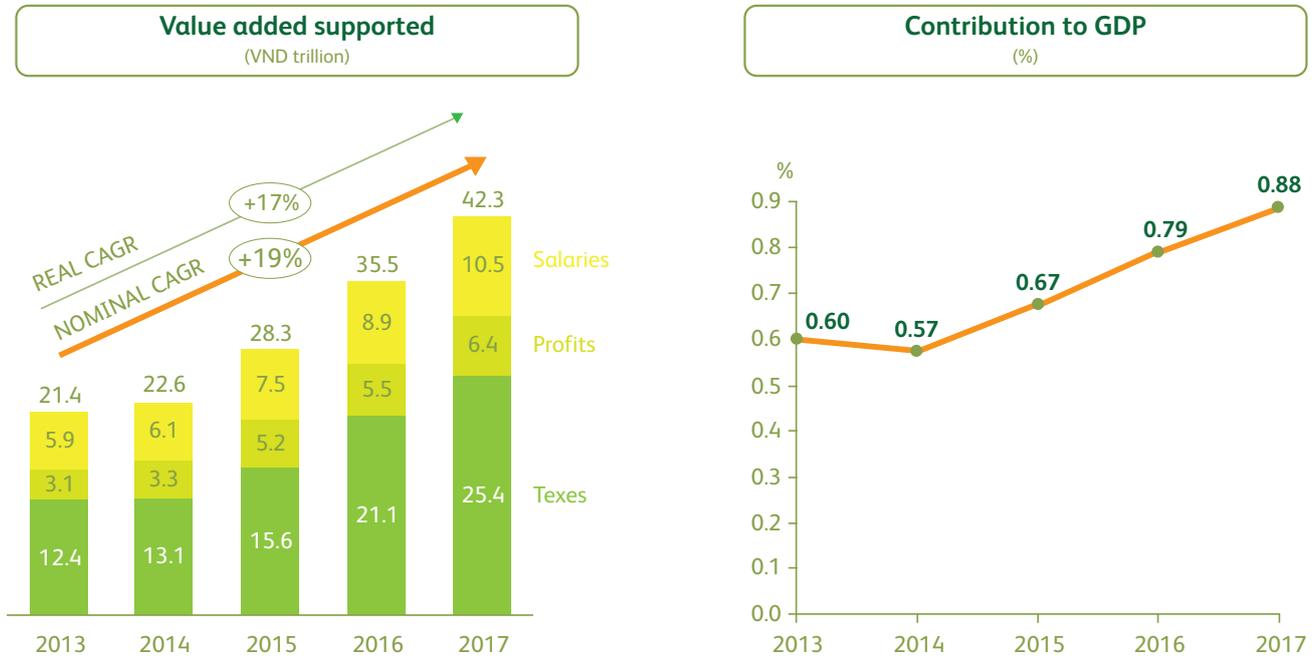
In 2017, we commissioned a socio-economic impact assessment (SEIA)¹¹ with a specialist economic consultant to obtain a deeper understanding of the ways in which HEINEKEN Vietnam’s operations contribute to sustainability and creation of shared value in Vietnam. Using the best available modelling and data, through rigorous analysis, we have established a factual basis to quantify and understand our impacts.

¹¹The methodology developed for this study combines HEINEKEN Vietnam’s financial data, commercial data and HR data from Years 2013 – 2017, with the Social Accounting Matrix (SAM) based on latest available Vietnamese statistics. SAM is a statistical and static representation of the economic and social structure of the local economy and describes the financial flows associated with all economic transactions that take place within the local economy.

Our contribution to GDP

HEINEKEN Vietnam’s growing sales and increase in local procurement has resulted in greater contributions to GDP overtime.

HEINEKEN VIETNAM'S SUPPORT TO GDP FROM 2013 TO 2017



The average annual increase in incomes of 19% is driven by direct added value (which increased by 21% p.a., on average), local sourcing (which increased by 11% p.a., on average, and increasingly shifted towards sectors with low imports and higher GDP contributions, such as agriculture and services) and trade margins (which increased by 17% p.a., on average). Accumulated over these five years, HEINEKEN Vietnam supported a total of VND 150.1 trillion in incomes. HEINEKEN Vietnam’s support to the economy equated to 0.88% of GDP in 2017, up from 0.60% of GDP in 2013.

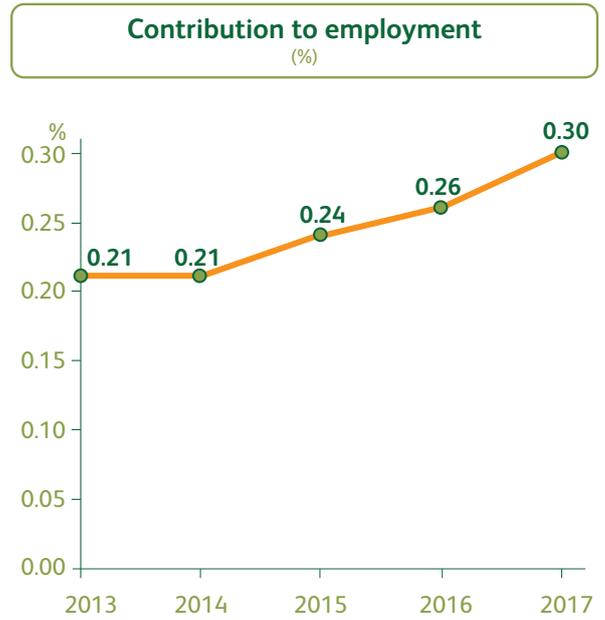
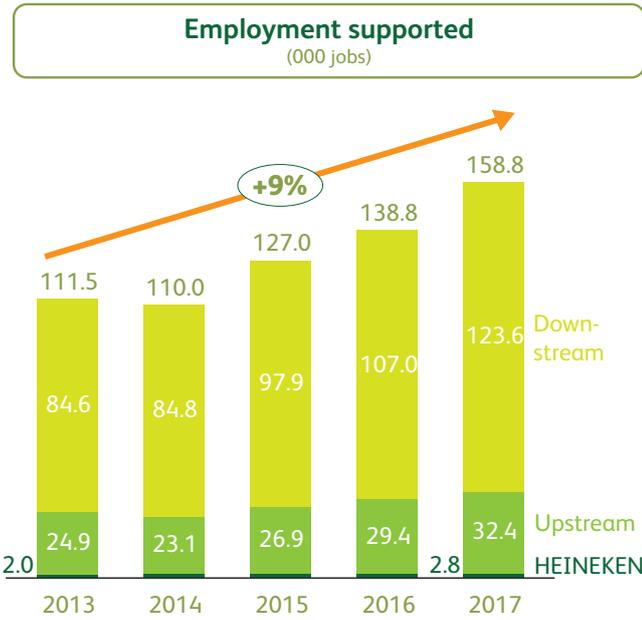
Our contribution to employment

In its Sustainable Development Strategy 2011-2020, the Vietnamese Government aims to generate sustainable jobs. In 2017, HEINEKEN Vietnam directly employed approximately 2,800 employees and supported over 156,000 indirect jobs¹² across its value chain:

- 32,400 jobs upstream (approximately 20% of total employment impact) related to sourcing of ingredients, packaging materials and services from Vietnamese suppliers. About 15,200 of these jobs rest among direct suppliers (e.g. of rice, crowns, paper and plastics) and services suppliers (e.g. of transport, trade, and business services).
- 123,600 jobs downstream related to the distribution and trade of HEINEKEN Vietnam’s beverages (approximately 78% of total employment impact). About 98,700 of these jobs are related to distributors and people working in outlets selling HEINEKEN Vietnam’s products throughout the country. Another 24,900 jobs relate to suppliers (and sub-suppliers) of these direct trading partners.

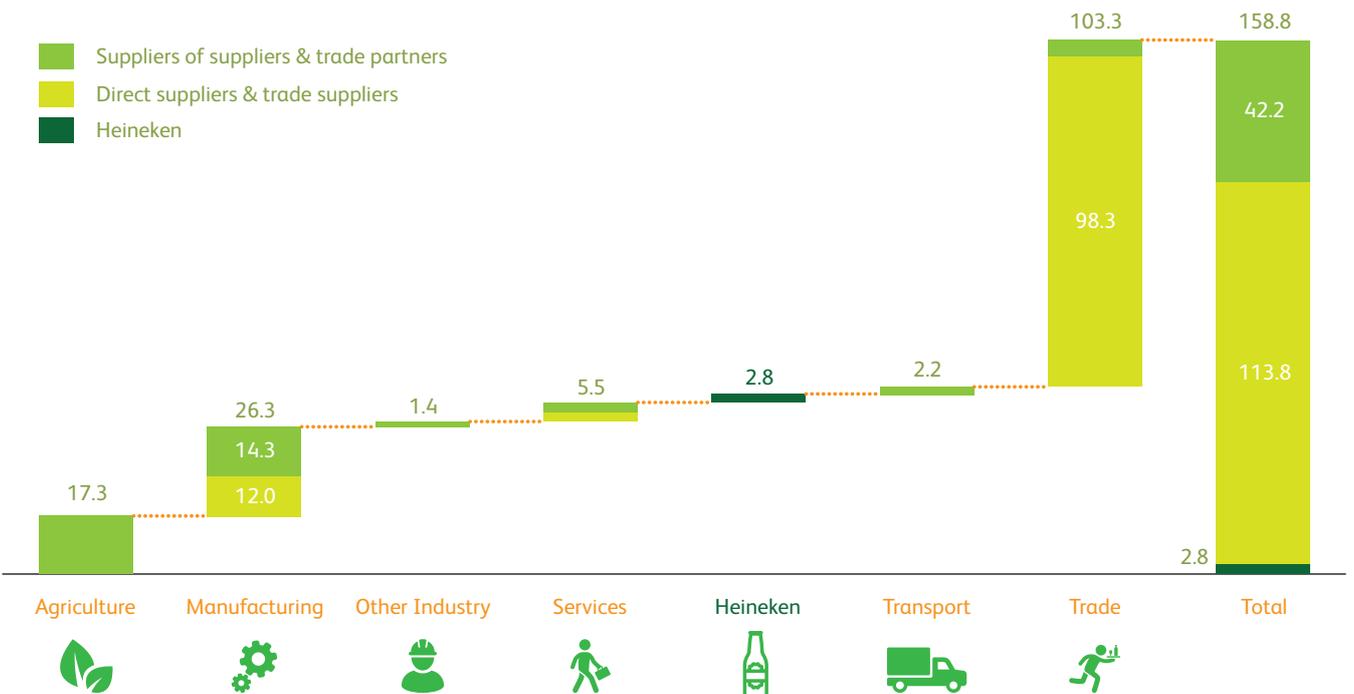
¹²The extent to which these results can be attributed to HEINEKEN varies. The upstream impacts can be substantially attributed to HEINEKEN because they reflect HEINEKEN decisions on the extent to which local suppliers are preferred over foreign suppliers. Downstream jobs and incomes are much less attributable to HEINEKEN because demand only weakly depends on the fact that the product is manufactured in Vietnam.

HEINEKEN VIETNAM'S SUPPORT TO EMPLOYMENT FROM 2013 TO 2017



These jobs are held by people working in virtually all of Vietnam's economic sectors. Yet most jobs are supported in the trade, manufacturing, and agriculture sectors. While HEINEKEN Vietnam supports less than 0.1% of all Vietnamese working in the agricultural sector, it supports 0.3% of those in the country's manufacturing sector, and 0.6% of Vietnamese engaged in trade activities.

SUPPORT TO EMPLOYMENT ('000) JOBS PER ECONOMIC SECTOR, IN 2017

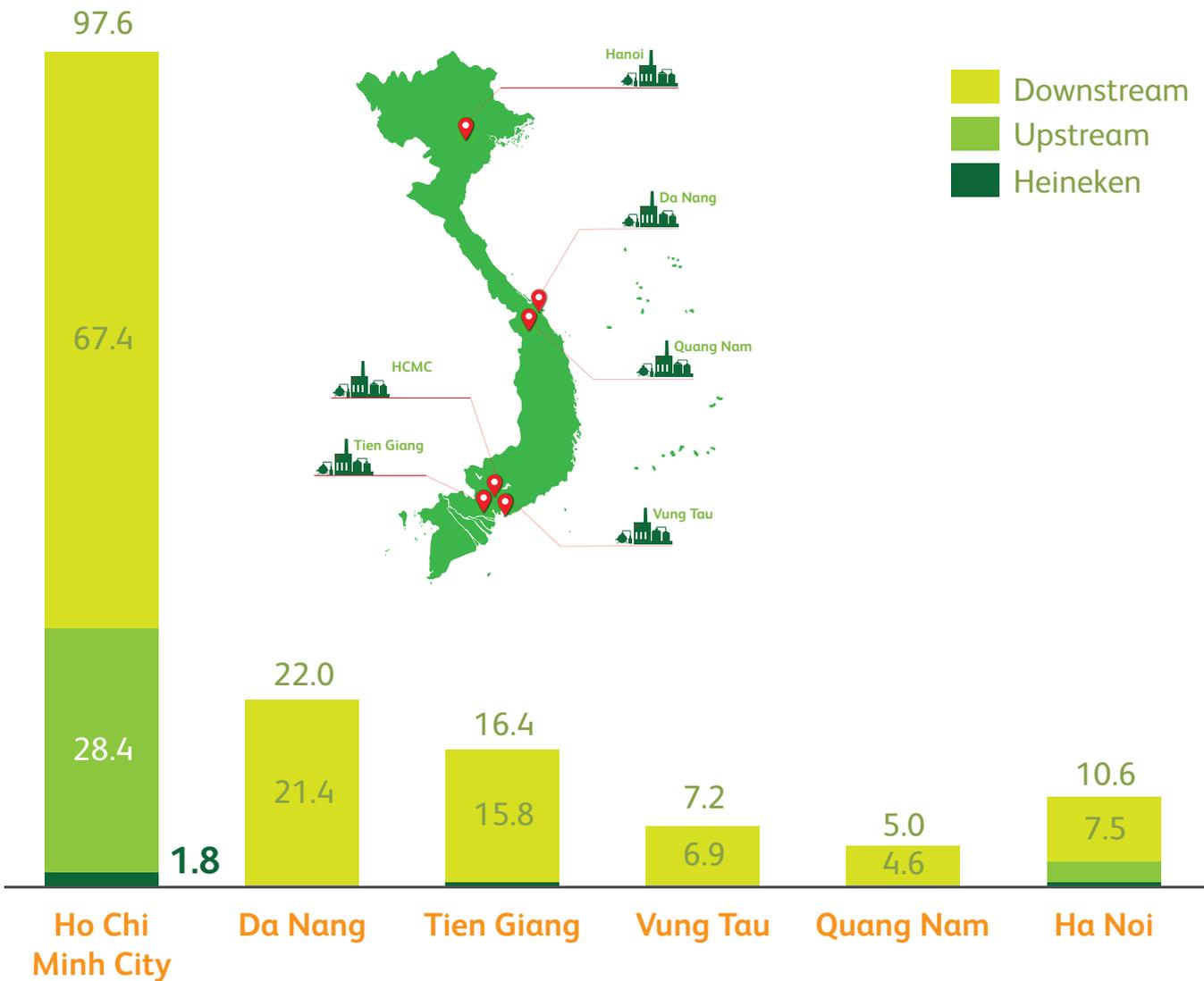


2,800 direct jobs & 156,000 indirect jobs ≈ 158,800 jobs

Every job at Heineken supports an additional 56 jobs elsewhere in the Vietnamese company

Local sourcing and trade margins are the biggest driver of HEINEKEN Vietnam’s support to employment in Vietnam. The chart below further reveals that outside of the main urban areas, jobs are mainly supported downstream in the value chain. This is because sourcing of materials is predominantly done by HEINEKEN Vietnam in Ho Chi Minh City, while all breweries sell their products locally.

SUPPORT TO EMPLOYMENT (‘000 JOBS) PER PROVINCE AND BREWERY IN 2017



Our alignment with the United Nations' Sustainable Development Goals and Vietnam's Nation Action Plan Index

HEINEKEN Vietnam supporting the United Nations Sustainable Development Goals	HEINEKEN Vietnam supporting Vietnam's National Action Plan Targets	HEINEKEN Vietnam's Focus Areas
 <p>End poverty in all its forms everywhere</p>	<p>1.1 By 2020, eliminate extreme poverty for all citizens everywhere, using the poverty line with per capita income below USD 1.25/day in Purchasing Power Parity (in 2005 constant price); by 2030, reduce poverty at least by a half, using the national multi-dimensional poverty criteria.</p>	
 <p>End hunger, achieve food security and improved nutrition and promote sustainable agriculture</p>	<p>2.4 By 2030, ensure sustainable food/foodstuff production and apply resilient agricultural production modalities, increasing productivity and output that help maintain eco-systems, and strengthen the capacity for adaptation to climate change and other disasters and progressively improve land and soil quality.</p>	
 <p>Ensure healthy lives and promote well-being for all at all ages</p>	<p>3.4 Increase efforts in preventing and treating the abuse of addictive substances, including narcotic drug abuse and harmful use of alcohol.</p>	
	<p>3.5 By 2030, continue to control and annually reduce traffic accidents based on three criteria: the number of accidents, the number of deaths and the number of injuries.</p>	
	<p>3.8 By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water, soil pollution and contamination.</p>	
 <p>Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p>	<p>4.3 By 2030, ensure that all men and women have equal access to quality and affordable technical, vocational training and tertiary education, including university education.</p>	
	<p>4.4 By 2030, substantially increase the number of workers who have relevant skills as required by labour markets, in order for them to have decent jobs and become business owners.</p>	
	<p>4.7 By 2030, ensure that all learners acquire necessary knowledge and skills to promote sustainable development.</p>	
 <p>Achieve gender equality and empower all women and girls</p>	<p>5.1 Minimize and gradually move towards ending all forms of discrimination against women and girls in all sectors/fields and everywhere.</p>	
 <p>Ensure availability and sustainable management of water and sanitation for all</p>	<p>6.3 By 2030, improve water quality and successfully control sources of pollution; end the use of hazardous chemicals in agricultural, industrial and aquatic production that pollutes water sources and degrades biodiversity; treat 100% of hazardous waste water; halve untreated urban waste water; increase the safe reuse of water.</p>	
	<p>6.4 By 2030, substantially increase water use efficiency across all fields/sectors and ensure a sustainable supply of clean water in order to address water scarcity, and substantially reduce the number of people suffering from water scarcity. Ensure that water exploitation does not exceed the exploitation thresholds for rivers and exploitable reserves of water layers.</p>	

	<p>Ensure access to affordable, reliable, sustainable and modern energy for all</p>	7.3	<p>By 2030, double the national rate of improvement in energy use efficiency. Reduce the rate of power utilization by 10% compared to the baseline scenario.</p>	
	<p>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p>	8.1	<p>Sustain per capita GDP growth rate of 4-4.5%/year and annual GDP growth rate of 5-6% on average</p>	
		8.4	<p>By 2030, increase the efficiency of resource use in production and consumption, minimize the impacts of economic growth on environmental degradation, in accordance with the 10-year framework of programmes on sustainable production and consumption of Vietnam</p>	
		8.5	<p>By 2030, achieve full and productive employment and decent work for all men and women, including for young people and persons with disabilities, and ensure equal pay for work of equal value</p>	
		8.6	<p>By 2030, substantially reduce the proportion of young people not in employment, education or training; make proactive efforts in effectively implementing ILO's Global Jobs Pact</p>	
		8.8	<p>Protect labour rights and promote safe and secure working environments for all workers, particularly female migrant workers and workers in the informal sector</p>	
	<p>Ensure sustainable consumption and production patterns</p>	12.1	<p>Implement a 10-year framework of programmes on sustainable production and consumption in accordance with international commitments</p>	
		12.2	<p>By 2030, achieve the sustainable management and efficient use of natural resources; reasonably exploit and economically, sustainably utilize mineral resources.</p>	
		12.4	<p>By 2020, adopt and implement a lifecycle management approach to chemicals and wastes in accordance with international commitments that Vietnam has signed, in order to reduce soil, water, air pollution and their adverse impacts on human health and the environment.</p>	
		12.5	<p>By 2030, substantially reduce waste generation and increase the economic value of waste resources through prevention, reduction, recycling, reuse and recovery of energies from waste treatment.</p>	
		12.6	<p>Encourage the business community to adopt sustainable practices, including the use of cleaner production technologies, effective use of natural resources and environmental protection; implement social accountabilities with regards to the poor and the vulnerable; and integrate sustainability information into periodical reports.</p>	
			<p>Take urgent action to combat climate change and its impacts</p>	13.3
	<p>Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels</p>			16.5
			<p>Strengthen the means of implementation and revitalize the global partnership for sustainable development</p>	17.4
17.5	<p>Encourage and promote public partnerships and public-private partnerships, building on the experiences and resource strategies of past partnerships.</p>			

Appendix

GRI STANDARDS CONTENT INDEX

Disclosure		Reference(s) or Reasons for Omission
General Disclosures		
Organizational Profile		
102-1	Name of the organization	About HEINEKEN Vietnam (page 8)
102-2	Activities, brands, products, and services	About HEINEKEN Vietnam (page 8)
102-3	Location of headquarters	About HEINEKEN Vietnam (page 8)
102-4	Location of operations	About HEINEKEN Vietnam (page 8)
102-5	Ownership and legal form	About HEINEKEN Vietnam (page 8)
102-6	Markets served	About HEINEKEN Vietnam (page 8)
102-7	Scale of the organization.	About HEINEKEN Vietnam (page 8); Our Employees (page 21);
102-8	Information on employee and other workers	Our Employees (page 21)
102-9	Supply chain	Our Suppliers (page 28)
102-10	Significant changes to the organization and its supply chain	Our Suppliers (page 28)
102-11	Precautionary principle and approach	
102-12	External initiatives	Our Suppliers (page 28)
102-13	Membership of associations	When You Drink, Never Drive case study (page 17)
Strategy		
102-14	Statement from senior decision-maker	Managing Director Foreword (page 4)
Ethics and Integrity		
102-16	Values, principles, standards, and norms of behavior	Our Employees (page 21)
102-17	Mechanisms for advice and concerns about ethics	Our Employees (page 21)
Governance		
102-18	Governance structure	Appendices: Our Key Stakeholders and How We Communicate
102-22	Composition of the highest governance body and its committees	About HEINEKEN Vietnam (page 8)
102-23	Chair of the highest governance body	About HEINEKEN Vietnam (page 8)
Stakeholder Engagement		
102-40	List of stakeholder groups	Prosperity of People (page 15)
102-41	Collective bargaining agreements	None of our employees are covered by collective bargaining agreements.
102-42	Identifying and selecting stakeholders	About this report (page 12)
102-43	Approach to stakeholder engagement	About this report (page 12)
102-44	Key topics and concerns raised	About this report (page 12)
Reporting Practice		
102-45	Entities included in the consolidated financial statements	Omitted since this report only covers the sustainability performance of HEINEKEN Vietnam
102-46	Defining report content and topic boundaries	About this report (page 12)
102-47	List of material topics	About this report (page 12)
102-48	Restatements of information	2016 figures for energy have been restated to include figures from Hanoi Brewery
102-49	Changes in reporting	We included the data for Hanoi Brewery for this year reporting.
102-50	Reporting period	About this report (page 12)
102-51	Date of most recent report (if any)	HEINEKEN Vietnam Sustainability Report 2016
102-52	Reporting cycle	About this report (page 12)
102-53	Contact point for questions regarding the report	Reference Information (page 52)
102-54	Claims of reporting in accordance with the GRI Standards	About this report (page 12)
102-55	GRI content index	GRI Content Index (page 51)
102-56	External assurance	About this report (page 12)

Reference Information

HEINEKEN Vietnam Brewery Company Limited

Floor 18-19, Vietcombank Tower,
05 Me Linh Square, District 1,
HCMC, Vietnam
Tel: +84 28 3 8 222 755
<http://heineken-vietnam.com.vn/>

HEINEKEN Hanoi Brewery Company Limited

8th Floor, Han Viet Tower,
203 Minh Khai Street, Hai Ba Trung District,
Hanoi, Vietnam
Tel: +84 24 3 6 369 323
<http://heinekenhanoi.talentnetwork.vn/>

Let us know your thoughts

We are fully committed to listening to our stakeholders and we welcome your feedback on our sustainability report and any aspect of our sustainability performance.

Please address your views and suggestions to:

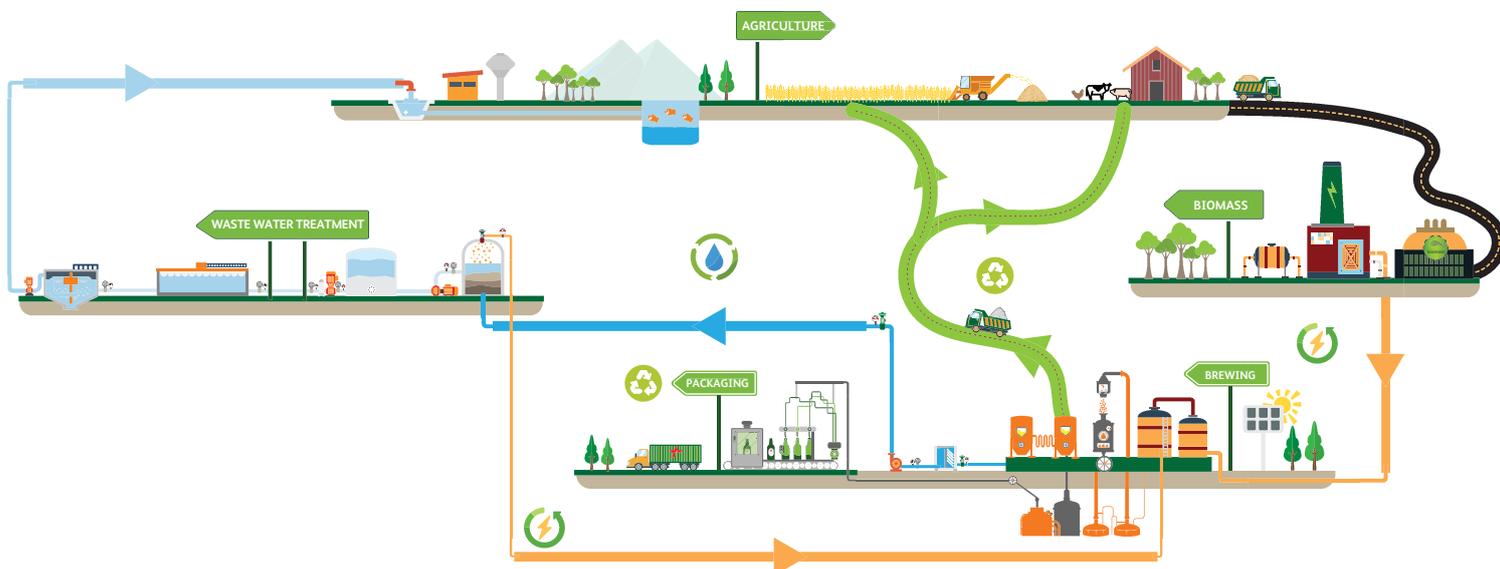
Matt Wilson

Corporate Affairs Director
Matt.wilson@heineken.com

Le Thi Ngoc My

Head of Sustainability
Lethingoc.my@heineken.com

All brand names mentioned in this report, including – but not limited to – those not marked by an ® represent registered trademarks and are legally protected.





#wechoosegreen

 **HEINEKEN**