

Protecting Our Planet

We believe in the long-term sustainability of our business. As a responsible and progressive organisation, we are committed to do the right things in protecting the environment that we operate in.

In 2020, despite the challenging environment, we continued our efforts in protecting water resources, cutting carbon emissions and reducing waste.



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Protecting Water Resources

In 2019, HEINEKEN Global launched the 2030 water strategy, Every Drop, to address water vulnerabilities especially in water-stressed areas for the benefit of the surroundings communities. The Every Drop 2030 strategy aims to make a positive contribution to secure the health of local watersheds. We believe our biggest long-term impact will be created by adopting three key principles of our water triangle: **Water Stewardship**, **Water Circularity** and **Water Efficiency**.

The Every Drop triangular approach is in line with the UN SDG Goal 6: Clean Water and Sanitation and to be achieved by 2030.



Water Stewardship

Our goal is to balance the equivalent amount of water used in production back to the nature and we are happy to report that we have achieved our goal of balancing 100% of the water used in our products in 2020. The results of our initiatives are further described in the section on W.A.T.E.R Project.



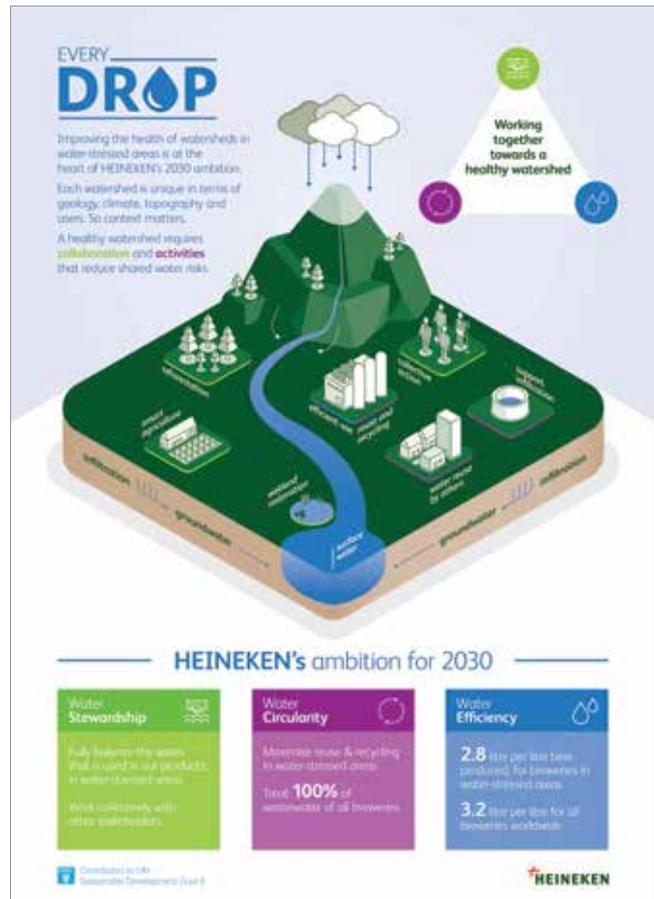
Water Circularity

On water circularity, we continued to treat our waste water above the standards set by the Department of Environment. Moving forward, we will further explore reclamation of treated waste water for non-potable use and we are confident this will further also help us become more efficient in reducing the amount of raw potable water used in production.

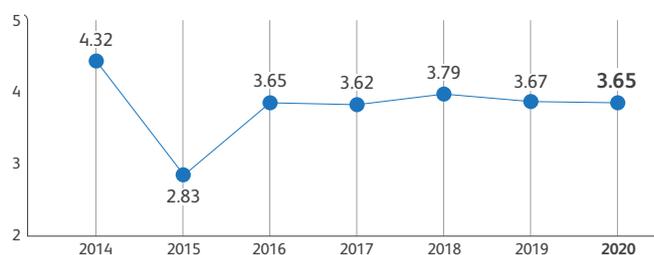


Water Efficiency

In 2020, for every 1 litre of beer we brewed, we used 3.65 litres of water in production. The positive improvements in water efficiency and circularity is attributed to the upgrading efforts that took place to optimise our brewery efficiencies, and greater focus on practices such as leak detection and review of existing processes that are water intensive. Overall, we recorded reduction of 15.5% for water usage when compared to 2014. However, we are marginally above our 2020 target of reaching 3.5hl/hl, and this is attributed to the 46-day stop in production operations due to the Government's MCO, which impacted efficiency of water consumption in a significant way.



Water Consumption (hl/hl)



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HEINEKEN Malaysia's efforts to protect the planet extends beyond its immediate operations. SPARK Foundation, the corporate social responsibility arm of HEINEKEN Malaysia, carries out our community programmes. SPARK Foundation was established in 2007 to support initiatives in the areas of environmental protection and educational enrichment.

SPARK Foundation Milestones



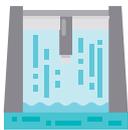
RM 20.1 million invested in river rehabilitation, watershed health protection initiatives, education and partnership programmes



Engaged **54,000** Malaysians and **180** local communities



Rehabilitated **5** rivers in Selangor and Perak, improved and maintained Sungai Way river water quality to Class III



Built a **305-metre** clay dyke at Raja Musa Forest Reserve which contributes to long-term water resources and supply to Sungai Selangor



Reforested **1 Hectare** of degraded peatland at Raja Musa Forest Reserve, which offsets 2,000 tonnes of soil carbon equivalent to annual emissions from 1,400 cars



Maintained **22 rainwater harvesting systems** to support **11** community farming projects in Selangor and Sabah

Working Actively Through Education and Rehabilitation (W.A.T.E.R Project)

W.A.T.E.R Project is the flagship initiative of HEINEKEN Malaysia's CSR arm SPARK Foundation, in collaboration with the Global Environment Centre, Government agencies and local communities. Through W.A.T.E.R Project, HEINEKEN Malaysia delivers on its long-term commitment to protecting the water resources. Our aim is to fully balance the water used in the production of our beers and ciders, and we are proud to report that we have achieved this goal in 2020.

In line with the HEINEKEN Global's Every Drop strategy, we shifted our focus from river rehabilitation to watershed health protection in 2018. This is to safeguard the sustainability of our water source and to manage the impact where our treated wastewater is channeled. The work that we do in relation to water stewardship directly supports UN SDG 6 Clean Water and Sanitation.

Independently verified by Limnotech a leading water sciences and environmental engineering consulting firm based in United States, HEINEKEN Malaysia's water balancing achievements are described.

Sungai Way rehabilitation

The Sungai Way river rehabilitation efforts primary objectives are to improve water quality and enhance the aesthetic value of the Sungai Way channel, increase awareness and develop a community participation model. In 2007, the surface water quality of Sungai Way had been classified as between Class V – IV (Class V indicates the worst water quality). W.A.T.E.R Project initiatives in rehabilitating the river over the years has transformed Sungai Way to Class III water quality making it habitable for aquatic life. In 2020, we continued our efforts through the maintenance of constructed wetland cells, regular biodiversity and water quality monitoring, as well as engaging neighbouring communities in Desa Mentari to join in river protection activities. As a result of the Sungai Way rehabilitation initiatives, HEINEKEN Malaysia is able to balance a total of 389,000 m³ of water.

305-metre clay dyke to increase water storage capacity

In 2019, we worked with our partner, Global Environment Centre to build a 305-metre clay dyke at the Raja Musa Forest Reserve. A clay dyke is a vertical wall of clay, around 4 to 5 meters in height, and constructed mainly below the peat swamp surface, effectively raising the water table. The clay dyke helps store

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136,000 m³ of water annually, contributing to the long term sustainability of water supply to Sungai Selangor, which is the main source of raw water to the Klang Valley.

Distribution of water thimbles to communities

The water thimble is an effective and innovative method to reduce water consumption. Water thimbles are low cost water-saving devices. These small, silicon discs are installed into faucets and shower heads to decrease flow and reduce water use. By distributing water thimbles to over 1,000 households in the Sungai Selangor and Sungai Penchala basins, we have demonstrated that this helps reduce water consumption by an average of 18 litres per day per person. 2020 was the first full calendar after the thimbles were installed and the volumetric water benefit for water thimble savings is estimated at 11,500 m³ per year.

Rainwater harvesting systems

To mitigate the impact of water disruptions, HEINEKEN Malaysia has implemented rainwater harvesting projects to help communities to reduce dependence on treated water for non-potable use. In total, W.A.T.E.R Project has installed 22 rainwater harvesting systems in the states of Selangor and Sabah. The rainwater harvesting systems consist of an interconnected rooftop area that serves as a catchment for the rainwater and storage tanks to collect and store the rainwater. The rainwater collected serves as non-potable water supply

including cleaning, landscaping and irrigation. These systems also support 11 community farming projects, which give needy families a sustainable source of food. The annual volume of rainwater captured and provided for productive use is estimated at 4,554 m³ per year.

Reforestation of degraded peatland

The protection and rehabilitation of peatland will help sustain water supply in the long run, besides functioning as an efficient carbon storage to regulate earth temperature. Peatland areas are ecologically and hydrological sensitive disturbances. Small changes in the hydrology can alter the fate of the entire ecosystem and cause frequent peat fires. If both hydrological and biological rehabilitation measures are not put in place, the peatland can burn, releasing large amounts of CO₂ to the atmosphere. HEINEKEN Malaysia's W.A.T.E.R Project reforested 1 hectare of degraded peatland in Raja Musa Forest Reserve with 600 trees, helping to retain soil moisture and raise the humidity of the air above the soil surface and prevent further peat fires as well as facilitate recovery of the peatland forest and reactivate carbon sequestration. Based on calculations, the long-term volumetric water benefit is estimated as 4,250 m³ per year. Responsible water use today and tomorrow remains a key focus for HEINEKEN Malaysia. We will continue and maintain the water balancing achievement in a long run by initiating higher impact initiatives through SPARK Foundation and W.A.T.E.R Project.



TOTAL WATER BALANCED

545,570 m³

MORE THAN 100%
OF WATER USED IN OUR
PRODUCTS



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Reducing CO₂ Emissions

In line with our commitment to Drop the C, we undertook several measures and invested in innovations to manage our energy consumption, including thermal insulations, boiler pressure reduction in addition to cooling plant assessment and steam trap audits.

These initiatives led to reduction in total energy consumption, electricity, thermal and CO₂ emissions. We continue to reduce CO₂ emissions through the use of renewable energy through optimization of biogas recovery. Nevertheless, in terms of energy consumption per hectoliter of beer we produced, this was a slight increase compared with 2019 the attributed to the 46-day stop in production operations due to the Government's MCO, which impacted the efficiency of energy consumption as production volumes were impacted.

Zero Waste to Landfill

Since 2017, we have achieved zero production waste to landfill. In 2020, we continued to recycle and upcycle our by-product and production materials and ensured that our waste is managed responsibly by licensed waste management vendors. In 2020, we generated total of 23,776 tonnes of waste, of which 100% was recycled. The streams of waste generated RM 1.32 million in revenue by ensuring all our waste are recycled. This has enabled us to borne the cost of managing our waste materials, whilst allowing us to channel the revenue into other environment improvement projects at our brewery.

Environmentally Friendly Refrigerators

To date we have purchased, 993 environmental friendly fridges since 2016. Due to the Covid-19 crisis, no new fridges were purchased in year 2020. We will continue to ensure that 100% of our fridges purchased are in this category. Our fridges use eco-friendly hydrocarbon natural refrigerant and cyclopentane insulation for minimal environmental impact and enhanced effectiveness. In addition, the fridges uses bright LED lights, which are low in energy consumption. Our refrigerators are ISO 90012015 and ISO14001 certified – respectively for quality management system and environmental management system.

Total Energy Consumption (MJ/hl)

2020	110.49
2019	107.63
2018	115.71
2017	110.65
2016	113.28
2015	120.03
2014	134.63

Electricity Consumption (kWh/hl)

2020	10.33
2019	9.81
2018	9.91
2017	9.86
2016	10.12
2015	10.53
2014	11.52

Thermal Energy (MJ/hl)

2020	73.30
2019	72.31
2018	80.04
2017	75.15
2016	76.86
2015	82.13
2014	92.82

CO₂ Emissions (kg CO₂eq/hl)

2020	11.87
2019	11.42
2018	11.84
2017	11.98
2016	12.44
2015	13.14
2014	14.00

Bio Gas (m³)

2020	173,629
2019	250,848
2018	190,417
2017	172,075
2016	184,480
2015	198,537
2014	90,466

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Packaging Waste

Our packaging material represents the largest components of our global footprint. In Malaysia, we apply the reduce, reuse and recycle method in managing our bottles, kegs and crates waste. We work with our trade partners through a deposit system and ensure and reusable kegs, bottles and crates are returned to the brewery. Over the years, we have worked to improve our packaging materials to be thinner, lighter yet durable so less resource are used. In 2020, our 12-month moving average on the return rates are as follows:



Sourcing Sustainably

We are committed to conduct business with integrity and fairness, with the respect for people, planet and performance. We expect our suppliers to embrace our values and commitments to responsible business conduct. In partnership with our suppliers, we maximize our positive impact and grow together in a responsible way. We also encourage our suppliers to report any violations of HEINEKEN Malaysia policies through the independent reporting platform Speak Up. We are pleased to report that 100% of our suppliers are compliant to the HEINEKEN Supplier Code. More information on the relevant policies can be read on HEINEKEN Malaysia website.



RECOGNITION

CSR Malaysia Award 2020

For the third consecutive year, HEINEKEN Malaysia was recognised as Corporate Social Responsibility (CSR) Company of The Year in the Manufacturing - Beverage category at the CSR Malaysia Awards 2020. The company was awarded for its role as a change agent in the environment and education sectors in Malaysia.

Organised by CSR Malaysia publication and Corporate Sustainability and Responsibility Malaysia Welfare Society, winners were selected based on the clear purpose and goals of the corporate responsibility initiatives, effectiveness, impact as well as the frequency of the projects.



HEINEKEN Malaysia was recognised for its initiatives in the environment particularly in protecting water resources through its W.A.T.E.R Project and also the Company's initiatives in supporting education particularly through the Tiger Sin Chew Chinese Education Charity Concert and English Enrichment Training Programme.