

AGRICULTURE

We brew beer with natural ingredients. We need cereals, predominantly barley, for brewing and hops for flavour and bitterness. For the continuity of our business, we need access to sufficient, high quality raw materials at an acceptable price. As the world's population continues to rise and many people see their wealth increase, demand for foodstuffs is increasing rapidly. At the same time, the quantity of arable land has remained more or less stable. With biofuels putting extra pressure on the availability of land for foodstuffs in 2008, prices rose significantly.

What we did and what we delivered

We are constantly broadening our supplier base for raw materials by trying to find suppliers close to our breweries. We have a number of programmes where we support local farmers in becoming a supplier to Heineken. In Africa, we use a fair amount of locally grown rice, maize and sorghum to brew our beers, mainly involving local smallholders (see also www.heinekeninternational.com under corporate responsibility).

In Greece we launched a programme to engage local farmers in barley farming. We have also established three-year contracts with individual barley farmers to help sustain our supply for the mid-term.

Across the business, we invested in programmes and technologies to increase efficiency in the use of the raw materials that we buy. Extract losses in our brewing and packaging processes are key performance indicators, and therefore a focus in the TPM improvement programmes of our breweries. A global hop programme has resulted in increased yield and efficiency in the use of hops.

Keeping barley farming a valuable proposition for farmers is vital. Our Skylark project was a quest for sustainable arable farming, which resulted in the definition of important sustainability indicators. In 2008, we summarised the key findings of the Skylark project and published these in an international brochure in English, Dutch and French,



✓ SPAIN

FALCONRY CONTROLS BIRD POPULATION AROUND NEW SEVILLE BREWERY

sharing our experiences to facilitate future expansion of the approach. We have also developed an audit tool/questionnaire that will be piloted with our principal suppliers of malted barley. This tool enables our malt suppliers to measure progress on sustainable development.

We have maintained our strict policy on Genetically Modified Organisms (GMO), which prohibits the use of genetically modified organisms in any of our raw materials. This policy is fully embedded in the recipes and specifications of our beers. All our breweries are subject to internal audits as are the suppliers that meet our stringent criteria. These suppliers are also subject to quality audits where, in the case of maize and rice, emphasis is placed on their management of GMO-free ingredients.

We performed spot checks in 2008 and all raw materials were in compliance with the EU Standards for non-GMO.

What we will do in 2009

- Translate the outcomes of the Skylark project to specific sustainability requirements and a suitable governance model
- Start measuring the sustainability performance of our most important malt suppliers (to be published in our 2009 Sustainability Report)
- Share the learnings of the Skylark project across other markets via a technical handbook on sustainable barley farming
- Extend GMO audits to local suppliers of maize and rice and focus activities on weak spots with Group suppliers
- Include apple farming in the scope of our sustainable farming programme.



SUSTAINABLE ORCHARDS PRODUCE GOLDEN APPLES

Bulmers, part of Scottish & Newcastle UK, is based in Hereford in the UK and is one of the oldest and best-known cider makers in the world. The company supports sustainable practices in farming by sourcing its natural raw materials from local farms. This relationship with orchard owners stretches back generations.

“We buy all our apples locally,” says Chris Fairs, Growers’ Advisory Manager at Scottish & Newcastle UK. “This allows us to work in close partnership with our growers and some of these relationships stretch back 40 years. We have more than 1 million trees planted in our contract growers’ orchards and we will be planting approximately 375,000 new trees between 2009 and 2011. In addition, Bulmers has about 1,000 ha of its own orchards.”

Bulmers works with farmers to ensure their orchards are producing the right quality of apples, in a sustainable manner, and in a way that adds to the region’s biodiversity. In order to reward the most successful contract growers, Bulmers runs its Golden Apple competition.

In this competition, independent judges assess the entrants, with a large proportion of marks awarded for environmental management and contribution to biodiversity. Winners in different categories receive financial recognition and awards. The best overall orchard receives the ultimate prize – a genuine golden apple.

As part of its wider engagement with local farms, Bulmers supports the Farming and Wildlife Advisory Group (an independent UK environmental consultancy), via financial contributions and by offering its orchard expertise during members’ training days. This ensures that vital knowledge continues to be passed on through families and farmers.

Nowhere is this knowledge preservation more evident than at the Bulmers nursery. Active since the 1920s, it is a lasting monument to its long-standing commitment to the future of apple and pear cultivation and to biodiversity. The traditional varieties of apples and pears can all be found here, which can add enormous value to a traditional, grazed orchard, while providing a rich habitat for flora and fauna to flourish.