

Corporate Responsibility

HIGHLIGHTS

We are supporting the implementation of minimum unit pricing in Scotland, the Republic of Ireland and Northern Ireland.

The recent acquisition of Matthew Clark and Bibendum has ensured security for pubs and suppliers across the UK and safeguarded 2,000 jobs.

We display calorie information on our packaging in the UK and Ireland and were the first drinks company in the UK to communicate the Chief Medical Officer's new responsible drinking guidelines on packaging.

We are working with Governmental bodies, Drinkaware, Best Bar None and the police forces to promote the responsible consumption of alcohol and on initiatives to improve the safety and enjoyment of the night time economy.

The Tennent's Training Academy provides high quality hospitality industry training, now having trained over 40,000 people.

We have made significant charitable contributions at local and national level.

Efficiencies at our manufacturing sites have meant that our energy consumption per hectolitre fell by 13% (electricity) and 6% (gas).

Scope 1 and Scope 2 CO₂ emissions at our sites fell by 23%.

Our two production sites in the UK and Ireland sent zero waste to landfill.

Health and Safety programmes have delivered a significant reduction in the number of injuries resulting in lost-work days.

Our commitment to the environment and agriculture is extremely high. During the last 12 months we pressed 80,000 tonnes of fruit.

We pay the appropriate and required level of tax in the different countries we operate in and remit substantial amounts of alcohol duty.

Corporate Responsibility (continued)

INTRODUCTION

The Group operates a corporate responsibility and sustainability policy which is designed to meet the demands of its stakeholders in as economically, environmentally and socially responsible way as possible in line with the key values of our organization.

COMMUNITY ENGAGEMENT

It is important to us that we operate as good citizens in our communities. We focus our efforts on activities that benefit our local areas. We work hard to ensure we have a positive impact on the communities in which we operate. A significant part of this is our approach to charitable activities where we support a wide range of charities particularly those that have a local impact in relation to our operating facilities.

The Group takes its responsibilities as a corporate citizen seriously. This includes respecting and complying with local tax laws and paying the required and appropriate levels of tax in the different countries where we operate. We claim the allowances and deductions that we are properly entitled to, for instance, on the investment and employment that we bring to our communities. We benefit from having always been an Irish company, established in the Republic of Ireland's low tax environment, with our major cider production unit located in Clonmel and the Group headquartered in Dublin. The majority of the Group's profits are earned in the Republic of Ireland and the UK, which both have competitive corporation tax rates compared with the European average. In the Republic of Ireland and the UK, we remit substantial amounts of duty on alcohol production.

IRELAND

We support a diverse range of sporting and live music events as well as charities and community projects across Ireland.

Our partnerships with sporting events include horse racing and endurance events and we continue to sponsor the Tipperary hurling and football championships, covering all adult grades.

In the Republic of Ireland, our presence at music festivals is widespread including the Bulmers Forbidden Fruit Festival, Body & Soul and Metropolis along with more local events such as Beatyard, the Kilkenny Trad Festival, the Busking Festival in Clonmel and Bulmers Live at Leopardstown.

In Northern Ireland, Tennent's continues to partner with the Irish Football Association in Northern Ireland supporting football at both a national and local level. We also support a number of live music events including Belsonic, Vital and CHSQ which is Northern Ireland's biggest music festival. The annual sponsorship of this and other live music events helps bring world-class musicians to Northern Ireland.

In the Republic of Ireland, we continue to use our brands to raise money for local charities. Tipperary Kidz water has partnered with the ISPCC (the Irish Society for the Prevention of Cruelty to Children), Ireland's national child protection charity. Tipperary Kidz water is providing a crucial platform for the ISPCC, putting the ISPCC Childline phone number into the hands of children by incorporating it on our Tipperary Kidz water bottles. We will donate €20,000 to the charity this year to support their freephone number, text number, online chat system, school outreach programme and their campaigning for children's rights, all run by professionally trained ISPCC staff and volunteers.

We have established a partnership with Inner City Enterprise (ICE), a charity which advises and assists unemployed people in Dublin's inner city to set up their own businesses. We have provided ICE with funding to support their initiatives and a number of our staff have joined their panel of business advisors to support the entrepreneurs that they work with.



We are extremely proud to support the Tony O'Brien scholarship in honour of our late Chairman, Tony O'Brien. This scholarship helps young people from Tony's home county of Kilkenny to attend the Quinn School of Business in University College Dublin with a total of ten sponsorships having been awarded to date.

We support a number of local schools by providing student work experience opportunities at our Clonmel production site for students in technical and manufacturing subjects as well as places in our marketing and customer service departments in Dublin and Belfast.

SCOTLAND

Our diverse range of Tennent's Training Academy courses and classes have seen continued growth with over 40,000 students having passed through our doors. The award-winning Training Academy continues our work in supporting charities and schools with a programme of training and learning sessions across a range of hospitality sectors. This includes working with Glasgow's Special and Behavioural needs schools to develop pupils' experience across the hospitality industry and to promote healthy lifestyles for young

people in collaboration with UTD sports. The success of our Yes Chef programme, aimed at rehabilitating young adult males recently released from prison, has seen 50% of participants gain full time employment in established kitchens.

In May 2017, Magners launched a limited edition Lisbon Lions pack to mark the 50th anniversary of Celtic's historic European Cup victory. Under the Magners Employability Scheme, a donation of £10 was made from the first 1,967 packs sold to the Celtic FC Foundation. The Magners Employability Scheme sees Magners partner with the Celtic FC Foundation and the Tennent's Training Academy to teach new skills to adults who are registered as long-term unemployed. This intensive twelve week project, which was first launched in 2015, has now seen over 29 graduates move into work across Glasgow. In November 2017, 13 trainee chefs graduated from this year's programme and have secured employment in some of Glasgow's top kitchens.

Corporate Responsibility (continued)

We support a broad range of charitable activities including KidsOut Scotland, where our annual dinner event for 250 guests raised £50,000 to support disadvantaged children in Scotland. We raised a further £10,000 for KidsOut from a team of Tennent's employees completing the Glasgow Half Marathon in October.

In October 2017, Tennent's supported Scotland's first social enterprise pub group, Harry's, the on-trade wing of the Beer for Good Community Interest Company, founded in August 2015. Following a six-figure investment package from Tennent's, Harry's extended its presence in Edinburgh and added to its growing portfolio with the purchase of "Harry's Southside". Aiming to support young people aged 18-25 requiring

raffle in January, offering winners a once-in-a-lifetime match day experience for the games against France and the Calcutta Cup clash against England. The raffle raised almost £15,000 with proceeds being split between the Scottish drinks industry charity, The BEN, and the My Name's 5 Daddie Foundation together with The Murrayfield Injured Players Foundation.

The Tennent's Visitor Experience has seen continued growth, with over 22,000 guests attending our brewery tours in 2017, up 15% on the previous year. Plans to develop the Tennent's visitor experience are well underway, with a £1.2 million investment in 'The Tennent's Story'. Launching in Autumn 2018, the brand new state of the art tour will combine cutting edge digital animation and bespoke interactive display features with

never before seen Tennent's historical exhibits, creating a truly one of a kind brewery experience. This brand new tour experience will showcase the heritage of the Tennent's business as well as further establishing Tennent's as a truly global brand.

NORTH AMERICA

Vermont Hard Cider Company has a passion for producing the highest quality products with a commitment to our employees and our community, ensuring we are socially, ethically, and environmentally responsible. In FY2018, we continued our commitment to our local orchard

partners as well as to our allied industry associations. We voluntarily serve on the board of directors for the Vermont Tree Fruit Growers Association, the Vermont Cider Makers Association and the United States Association of Cider Makers. We host annual meetings for the University of Vermont's outreach to apple growers, and provide in-kind donations of marketing materials, digital marketing, consumer education and technical expertise to promote overall cider awareness.

assistance, Harry's offers bespoke training in the hospitality industry. These trainees are given the opportunity to gain invaluable experience and receive industry-wide recognised qualifications to help them in their future careers.

To mark Tennent's Lager becoming the Official Beer of Scottish Rugby, the brand launched a charity raffle to win the 'Best Seat in the House' at Scotland's Home Six Nations internationals. Scottish Rugby icon, Doddie Weir and Chris Gardner of The BEN launched the charity



We have a long term commitment to sourcing local apples. This year we concluded a three year study to promote the sustainable growth of cider specific apples in Vermont by using less inputs and sprays on the orchard and paying a fair price to farmers to grow cider specific apples. The study involves 40 acres of orchard that are managed using cider specific techniques. We have provided funding for this initiative through \$200,000 in payments per year for these specialty cider apples and through a \$200,000 loan to the orchard to purchase additional cider acreage.

BUSINESS SUPPORT

When it comes to obtaining finance as a licensed trade operator, going through the traditional avenues of banks and building societies is becoming increasingly difficult. Nurturing and maintaining the on-trade is a key priority in particular for our business and we offer a range of financial supports in this regard. We can provide everything from small loans for repairs all the way up to larger sums for major refurbishments or to purchase new premises. Over the last seven years, we have invested over £51m into the Scottish on-trade and over £35m into the on-trade in Northern Ireland.

MATTHEW CLARK

The recent acquisition of the Matthew Clark and Bibendum wholesale businesses in GB safeguarded 2,000 jobs and put an end to a period of disruption and uncertainty for its employees, customers and suppliers and for the industry in GB more generally.

HEVERLEE

Heverlee is created in association with the Abbey of the Order of Premontre (known as Park Abbey) and is inspired by the beers first brewed by the monks in medieval times. The Abbey lies just outside Leuven and is the largest of its kind in Belgium, founded in 1129. Today, every pint of Heverlee sold supports the major multi-million Euro restoration of Park Abbey ensuring Heverlee is as bound to the Abbey's future as we are indebted to its past.

RESPONSIBLE DRINKING

Public Policy Leadership

For a relatively small drinks company, we punch well above our weight in terms of leading public policy on responsible drinking. We have influenced at a local, national and international level in relation to minimum unit pricing. We were the first drinks organisation to carry the UK Chief Medical Officer's new responsible drinking guidelines on our packaging in the UK. We also offer zero alcohol alternatives to all our main brands in the UK. The need to ensure that communities are well educated and protected in terms of their relationship with our products is central to our business.

We are members of the National Association of Cider Makers (NACM), which works closely with apple growers and the agricultural communities in cider regions in the UK, and we have a seat on the board of the organisation. This working relationship puts us at the heart of many UK Government discussions relating to the responsible use of alcohol. The NACM is also engaged with tax and regulatory departments and opinion-forming bodies having an interest in cider and alcohol generally.

Within Europe, we are corporate members and key influencers within the European Cider and Fruit Wine Association (AICV). Working with these and other organisations enables us to press for consistency in cider definitions across the world, which is important for our global expansion aspirations.

Nutrition

Stemming from our belief that consumers should be given information about what they are consuming in order to make their own informed choices, we voluntarily display calorie information on our packaging in the UK and Ireland.

Our products are relatively low in sugar content with our leading cider brands containing less sugar than their key competitors and with Tennent's lager only containing trace levels of sugar. In Australia, Magners Blonde, a low carb version of Magners, has 85% lower carbohydrates than other ciders and no added sugar.

sites, we commenced a lean manufacturing programme in Clonmel and introduced a number of continuous improvement projects at Wellpark. These are focussed on sustainable performance improvement.

Overall gas (heat) efficiency reduced by 6% in the same period, which can be attributed to the larger proportion of beer being brewed compared to other liquid types, as brewing is a more energy intensive process.

In FY2019, we are undertaking a number of new projects to improve our heat usage. These include a waste to value project, which will generate biogas, an upgrade to the canning pasteurisation temperature control and modifications to the internal steam network.

Our manufacturing site at Clonmel continues to be accredited with the Environmental Management Standard ISO 14001 and is accredited to the Irish Energy Management Standard IS EN 16001:2009. It works closely with the Sustainable Energy Authority of Ireland (SEAI). Our Clonmel site was recredited to the ISO 50001:2011 Energy Management Standard. Our environmental management systems at Wellpark are aligned with Clonmel. In the UK, we continue to avail of the Government's small emitters opt out scheme.

In the US, our Middlebury cidery was built with energy efficiency in mind, and we work closely with groups such as Efficiency Vermont to reduce our environmental footprint and improve production efficiencies. In 2017, we replaced all the lights in our offsite 130,000 square foot warehouse with automatic LED lights. We source 15% of our energy from local solar power and send all of our fermentation solids to a local dairy owned methane digester, affectionately known as "cow power".

CARBON CONSUMPTION

The Group continuously monitors the impact of its operations on the climate and we look to reduce our GHG emissions. We assess and manage climate change related risks and opportunities, including the impact on the availability and security of our sources of raw materials, such as aquifers, orchards and maltings.

The Group has participated in the Carbon Disclosure Project (CDP) Supply Chain Programme for a number of years, and CO2 emissions for the Group are evaluated annually. The Group has historically scored highly in the CDP Ireland Report, showing disclosure scores which are amongst the best in its sector. Compared to FY2017, Scope 1 and 2 CO2 emissions fell by 23% in FY2018 and are broken down across our sites as follows:

Clonmel:	10,248 tonnes
Wellpark:	16,877 tonnes
Vermont:	2,854 tonnes
Others:	1,633 tonnes

WASTE

We have systems in place across all our manufacturing sites working towards maximising the recycling of waste we produce and hence minimise what we send to landfill.

In FY2018, both Clonmel and Wellpark sent zero process waste to landfill, which means this was the first year we have achieved this in the UK and Ireland. We also introduced composting of brewing materials which were previously being handled as waste. In FY2019, we will improve the handling of our aluminium waste from our Wellpark canning facility to reduce associated vehicle traffic by 75%.

In FY2019, we are making a multi-million pound investment in Wellpark to reduce the loading of wastewater from the site by 80%. This will improve the quality of the wastewater we discharge to the municipal treatment plant and have associated environmental benefits. As a result of the technology employed, we will also generate a biogas which will be used to support the heated processes in the brewery, reducing the consumption of national grid supplied gas.

Corporate Responsibility (continued)

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WATER

At all the Group's manufacturing sites, water preservation and management is an important business consideration and we continue to monitor the usage of water per hectolitre of finished product from each manufacturing facility and across our supply chain.

In FY2018, our total water usage for the Group reduced as consolidation took effect. Overall, this is equivalent to 3 hectolitres of water used per hectolitre (hl/hl) of product produced, which is significantly better than the recognised industry benchmark of 4 hl/hl.

Our aquifer protection programme in Clonmel has resulted in us retaining our successful accreditation to the Irish IS 432:2005 standard.

PROCUREMENT

Our procurement and technical services teams actively review and assess our suppliers' track record in environmental management, health and safety, sustainability and corporate social responsibility through our tendering processes and ongoing supplier reviews. This ensures that corporate social responsibility is part of sourcing decisions and sourcing strategies

for new suppliers. This also allows us to develop a consistent approach to relationship management and supplier segmentation on supplier diversity, with an open dialogue encouraging best practice sharing and innovation that can be applied more widely.

We do not condone and will not knowingly participate in any form of human exploitation, including slavery and people trafficking. We refuse to work with any suppliers or service providers who knowingly participate in such practices or who cannot demonstrate to us sufficient controls to ensure that such practices are not taking place in their supply chains. Our approach is reflected in our Sustainable and Ethical Procurement Policy, which we circulate to suppliers. We also carry out diligence audits and checks on our suppliers to ensure that they have in place and adhere to appropriate ethical policies.

We work with our growers to ensure that appropriate methods are used to harvest apples. Annualised desktop audits of our contracted growers are carried out to ensure standards are being applied.

We seek to support suppliers of our key raw materials such as barley and wheat through entering into long-term supply arrangements with them. We take account of broader outputs such as the impact on sustainability, profit, cash flow, reputation, environmental and social impacts in order to create shared value across the supply chain.

We also leverage the expertise and capabilities of our suppliers to ensure C&C optimises the materials we use and reduces our impact on the environment.

GREEN PRODUCTION

In Ireland and the UK, through our commitment to rural development, we support orchard growers who manage over 1,500 hectares of orchards for apples used directly in the production of our cider.

During the year, we processed 77,350 tonnes of apples and 2,300 tonnes of pears in our milling operations across the Group.



We encourage sustainable agricultural practices and the preservation of biodiversity. In the UK, we are actively involved in the NACM, which takes the lead in adopting and working to sustainable principles both in the physical and social environment and carries out annual climate change assessments. The NACM is the first drinks trade body to work with Business in the Community (BITC) to address sustainability, and we have worked with the pomology and technical experts in the NACM to develop our sustainability agenda.

At our cider mill in Vermont we take part in “cow power” which means that we pay a premium on the electricity used and this premium is used to help dairy farmers install methane digesters turning manure into power. We also use a “solar orchard” which is a 26 array solar project providing sustainable electricity and diversification for local farmers. Both of these projects are good examples of how we are working in an innovative manner to safeguard energy supply.

EMPLOYEES

Developing, engaging and rewarding employees fairly is fundamental to the success of our business and also to the relationships that we have with the local communities in which we work.

We are an equal opportunities employer. We aim to create a working environment in which all individuals are able to make the best use of their skills, free from discrimination or harassment, and in which all decisions are based on merit. We have a formal equal opportunities policy that commits us to promoting equality of opportunity for all our staff and job applicants. For our operations in Northern Ireland this includes adherence to the MacBride Principles. Our policy states that we do not discriminate on the basis of age, disability, marital status, ethnicity, creed, sex or

sexual orientation. The policy also requires our staff to treat customers, suppliers and the wider community in accordance with these principles as well.

HEALTH AND WELLBEING OF EMPLOYEES

In comparison to FY2017, the total number of lost time accidents reduced by 40%, with both Clonmel and Wellpark maintaining low accident rates.

At Clonmel, a major transport review was conducted resulting in changes to vehicle routes in order to improve pedestrian segregation and lessen risk of collision. Also at Clonmel, the safety behaviour programme was re-launched to encourage safety interventions and involvement by all staff in the resolution of safety issues. This has resulted in an overall increase in safety interventions across the Group.

Wellpark embarked on a programme of site fabric improvement in order to improve the environment that staff work in. This involved major improvements to lighting ambience and intensity, improved drainage in wet working areas and replacing flooring with new resin materials in the bottling hall.

The continuation of the Health and Safety days at Wellpark has had a significant impact regarding the engagement of employees. Presentations have been tailored to particular risks for groups of staff, with engineers receiving specialist training in the use of handling equipment and lockout-tagout techniques for safe isolation of equipment for repair. Operations staff also received presentations on fire safety, energy utilisation, food hygiene and a presentation on safety behaviours by a leading psychologist.

A Health and Safety day also took place in Clonmel in April 2018 with over 100 staff across the site taking part in workshops on food safety, safety culture, fire safety, first aid, chemical awareness and dignity in the workplace.

This increased level of engagement is also resulting in many more hazards being identified and remedied within the workplace, which helps with longer term performance improvements.

Corporate Responsibility (continued)



DEVELOPMENT

We continually strive to support our employees in achieving their full potential and have created a variety of development opportunities this year.

A key focus in FY2018 has been the development of our managers and future leaders. Through the introduction of various management development programmes with a focus on supporting managers in key areas, we have successfully cultivated a high performance culture across our business.

Training continues across the business on specialised skills such as Green Belt Certification (Lean), customs regulations, certification with the Institute of Brewing and Distilling and of course many training hours are invested in remaining compliant in areas such as food safety, HACCP, manual handling, forklift driving and chemical handling.

We continue to support individuals in their professional development with employees participating in various college or university programmes or professional qualifications where appropriate.

WELLBEING

We encourage employees to manage their wellbeing and make available advice on how to improve their health and wellbeing generally. Health checks are available in some areas and this is something we intend to continue to improve upon.

ENGAGEMENT

An employee engagement survey was undertaken across Ireland and GB in FY2018. Participation was high with 73% of employees completing the survey, sharing their thoughts and feedback. Each department has identified areas they would like to see improvement in and work continues in relation to this. One of the key themes that came out of the survey was around communications and this will be a focus going forward.

In Ireland, the employee communications forum that was established last year continues to meet quarterly and feedback continues to be positive. This forum facilitates two way communication and dialogue on key messages, strategy and performance as well as creating an opportunity for ideas and suggestions from employees to be heard. A similar initiative is now being put in place in our depot network in GB.

In our manufacturing and commercial areas in GB, employees have an opportunity to meet with one of our business leaders on a regular basis in a very informal communications forum where they hear a business update, have an opportunity to ask questions and give whatever feedback they would like.

New this year is the publication of two monthly newsletters. Beverage Buzz (Ireland) and HR Hub (GB) both of which offer employees an opportunity to keep up to date in an informal way with news and developments across the business.