



# Global Citizenship Report 2006

## What's Interesting?

Increase the Value Added from InBev operations by 20% year-on-year to approximately 3.3 billion euro (UK£2.3 billion).

Normalized EBITDA increased from 2,112 million euro in 2004 to, 3,339 million euro in 2005.

Reduced energy use per hectoliter of product by over 12% since 2003 and reduced greenhouse gases per hectoliter by 14% over the same period.

Conducted our first Employee Opinion Survey—68% of InBev employees feel very satisfied or satisfied with InBev as a place to work.

InBev launched the Belgian network of the United Nations Global Compact in June 2006.

Welcome 3

Key Performance Indicators 4

About InBev 5

Vision & Strategy 11

Economic Performance  
& Corporate Governance 20

Environment 33

People & Community 48

Our Products 59

Zone Reporting 77

Go Online

[www.inbev.com/citizenship](http://www.inbev.com/citizenship)





We made a commitment in 2003 to keep our stakeholders informed of our progress concerning Corporate Citizenship. Now in 2006, it gives me great pleasure to further deliver on that commitment by presenting our second Global Citizenship Report.

Our GCR is a transparent, balanced account of our business. It identifies our positive contributions, as well as specific gaps, in terms of corporate citizenship. It also highlights the challenges which lie ahead, for our business, for our sector and for InBev in particular.

Since our last report we have continued on our Citizenship journey, and over the past year we have delivered what we believe are meaningful actions to show that citizenship is more to us than merely words. For example, we are proud to have moved forward in our commitment to the United Nations Global Compact (UNGC), by launching the Belgium network and by incorporating the principles of the UNGC further into our business.

We have also increased the value added from InBev's operations by 20%, to more than 3.3 billion Euro. We have continued to make improvements to reduce our environmental impacts, with 95% of InBev's waste and brewing by-products being recycled.

You can discover these and many more highlights in our GCR, and also by subscribing to our E-newsletter—a quarterly email newsletter that will keep you updated on our actions through out the year. I am pleased to share our progress with you, and invite you to join us on our Corporate Citizenship journey.

**Carlos Britto**  
Chief Executive Officer

## InBev Key Performance Indicators

InBev is committed to continuous improvement in our performance. The following table presents a series of key performance indicators (KPIs) for Corporate Citizenship.

These indicators relate to information provided in this report. We will develop further KPIs in the future to give a more complete picture of our Corporate Citizenship performance.

For more detail on a specific indicator please follow the links in the table.

KPI	2005	2004	Notes
<b>Economic</b>			
<b>Production</b> (hectoliters (hl))	235.6 million	233.5 million *	1 hectoliter = 100 liters. The 2004 figure is a pro forma full 12-month volume figure for InBev and AmBev
<b>Revenue</b> (euro)	11,656 million	8,568 million *	Revenue (after excise taxes and discounts)
<b>Normalized EBITDA</b> (euro)	3,339 million	2,112 million *	Earnings Before Interest Taxes Depreciation and Amortization adjusted for non-recurring items
<b>Environmental</b>			
<b>Material recycling and byproducts use</b> (% recycling and reuse)	95.1 %	Not reported	
<b>Energy use</b> (Gigajoules per hectoliter production (Gj/hl))	0.16	0.18	Gigajoules of energy used per hectoliter of beer and soft drinks produced
<b>Water use</b> (Hectoliters of water use per hectoliter production (hl/hl))	5.20	5.43	Hectoliters of water used per hectoliter of beer and soft drinks produced
<b>Wastewater</b> (Hectoliters of wastewater per hectoliter production (hl/hl))	3.74	3.87	Hectoliters of wastewater discharged per hectoliter of beer and soft drinks produced
<b>Greenhouse gas emissions</b> (kg carbon dioxide emissions per hectoliter production (kg CO <sub>2</sub> /hl))	14.47	14.53	Kilograms of carbon dioxide emissions per hectoliter of beer and soft drinks production
<b>People</b>			
<b>Fatalities</b>	2	6	2005: One workforce fatality onsite. One contractor fatality onsite. 2004: Two workforce fatalities onsite. Four contractor fatalities onsite.
<b>Number of employees</b>	77,366	77,000	
<b>Employee Satisfaction</b>	68.8 %	Not reported	Responding very satisfied or satisfied to the question "How satisfied or dissatisfied are you with InBev as a place to work?"

\* InBev's 2004 consolidated financial results include 4 months (September to December) of AmBev's results.



# About InBev

## Introduction to InBev

InBev is a publicly traded company (Euronext: INB) based in Leuven, Belgium. The company's origins date back to 1366, and today it is the leading global brewer by volume. InBev is uniquely positioned to lead the industry and achieve superior performance, with strong brand positions in both fast-growing, emerging markets and in core markets. InBev is committed to becoming the most consumer-focused company in the beverage industry, consistently delivering superior, sustainable and profitable organic growth. Formed from the combination of Interbrew and AmBev, 2005 was the first full year that InBev operated as a single, integrated global organization, speaking with one voice, and starting to apply best practices across disciplines and borders.

Our integrated corporate strategy comprises four pillars — a Winning Brand Portfolio, Winning at the Point of Connection, World-Class Efficiency, and Targeted External Growth — underpinned by innovation and enabled by culture, world-class people and superior financial discipline.

InBev's strategy is based on its mission, "Creating enduring bonds with consumers by providing brands and experiences that bring people together", and its vision, "Going from Biggest to Best".

### Company Highlights

- The world's biggest brewer by volume.
- Number 1 or 2 positions in more than 20 key markets — more than any other brewer.
- Leading presence in the fastest-growing markets worldwide.
- In 2005, InBev realized 11.7 billion euro revenue.
- Headquartered in Belgium with operations in more than 30 countries across the Americas, Europe and Asia Pacific.
- 77,300 employees worldwide.
- Four global flagship brands: Stella Artois®, Beck's®, Leffe® and BRAHMA®, one of the world's top-10 beer brands.
- Portfolio of 200 brands, including Skol® — the third-largest selling beer brand in the world — Leffe®, Hoegaarden®, Labatt® and Bass®.
- In 2005 we sold 202.1 million hectoliters\* (hl) of beer and 33.5 million hl of soft drinks.

\* 1 hectoliter = 100 liters

## History and Heritage



### Early Beginning in Europe

InBev's European history is closely ingrained in the history of the City of Leuven, just outside Brussels, where InBev is headquartered. We can trace our origins in Leuven to a brewery called Den Hoorn that operated as far

back as 1366. From that point on, Leuven enjoyed not just flourishing trade and commerce, but also a booming beer business. By the mid-1500s, Den Hoorn developed into the most important enterprise in Leuven. In 1708, Sebastian Artois, who had served as an apprentice at Den Hoorn, was appointed master brewer, and nine years later, took sole ownership of the brewery.

Around the same time that the Artois brewery began operations, William Bass purchased a brewery in Burton-on-Trent, England, and brewed the first pint of Bass Ale. About one hundred years after the Bass brewery was founded, Kaiserbrauerei Beck & May was established in Bremen. Nestled along the River Weser in northwest Germany, Bremen has a rich legacy of brewing beer.

In 2002 and 2001 respectively, Bass and Beck's joined the Interbrew family, which had been formed in 1987 from the merger of Brasseries Artois, then the second-largest brewer in Belgium, and Brasseries Piedboeuf, then the largest brewer in Belgium and the brewer of Jupiler. Interbrew soon grew its European base by acquiring, among others, Belgian specialty brewers including Hoegaarden in 1989 and Belle-Vue in 1990, followed by key brewers in Western and Eastern Europe, such as Whitbread in the United Kingdom, Diebels and Beck & Co. in Germany and SUN in Russia and Ukraine. In 2005, our targeted external growth strategy led to the purchase of the Tinkoff Brewery in St Petersburg, Russia and in China we acquired the remaining 30% share of KK's brewing activities, located in the critically important province of Zhejiang, where we now have a 50% market share.

### Our Heritage in Brazil

Our Brazilian origins date back to 1885, when the first Antarctica plant was built in the Água Branca district in São Paulo. After a period producing ice and food, the plant started brewing beer, thus marking the beginning of a rapid entry into the beer market which was solidified over the years by numerous acquisitions, including Cervejaria Bavária in 1904 and Cervejaria Bohemia (the oldest brewer in Brazil) in 1961.

BRAHMA, was first brewed in Brazil in 1888, when Swiss brew master Joseph Villiger established the brewery Manufatura de Cerveja BRAHMA Villiger & Companhia in Rio de Janeiro. The plant started with a daily production of 12,000 liters of beer and 32 employees. By 1934, bottled BRAHMA beer had become Brazil's most popular beer, with 30 million

liters produced per year. By 2004, BRAHMA production had increased to approximately 90 million liters.

BRAHMA's growth continued through the years through acquisitions, such as of Astra S.A. (1971), Cervejarias Reunidas Skol Caracu S.A (1981), as well as a number of strong production and distribution alliances. In 1977, this included venturing into the soft drink market, which by 1984 included an agreement with PepsiCo International to produce, sell and distribute Pepsi Cola products in Brazil. In 1999, Companhia de Bebidas das Américas (AmBev) was formed by the merger of BRAHMA and Antarctica.

### North American Ventures

The company's North American heritage can be traced back to 1847, when more than a decade after arriving in London, Ontario from Ireland, John Labatt purchased Simcoe Street Brewery, in partnership with Samuel Eccles. By 1853, Labatt had become the brewery's sole proprietor and later renamed it John Labatt's Brewery. Today, Labatt has operations in four Canadian regions and offers more choices than other Canadian-based brewers — over 60 brands.

In 1987, Labatt USA expanded operations to acquire the Latrobe Brewing Company, brewers of Rolling Rock. Rolling Rock boasts a proud brewing heritage that originates in the small town of Latrobe, located in Western Pennsylvania's Laurel Highlands. The Latrobe Brewing Company opened its doors in 1893 when the town of Latrobe was a growing center of industry and trade. In 2006, InBev agreed the sale of the Rolling Rock family of brands to Anheuser Busch.

### Headed East: Asia-Pacific

InBev has leading market positions in the seven Chinese provinces where we operate: Guangdong, Hebei, Hubei, Hunan, Jiangsu, Shandong and Zhejiang.

We have been active in China since 1984, when Interbrew provided the transfer of technical and brewing know-how to various Chinese brewing companies, including the Zhujiang Brewery in Guangzhou and the Five Star

Brewery in Beijing. In 1997, Interbrew acquired the Nanjing and Jingling Breweries, which marked the beginning of our position as a brewing operator in the Chinese beer market. In 2002, Interbrew acquired shares in the Zhujiang Joint Stock Company, China's fifth largest and most profitable brewer, as well as a

considerable stake in the Zhejiang Shiliang brewery. In addition to our brewing operations in China, InBev also operates Oriental Breweries in South Korea.

## Organization & Structure



7

The combination of Interbrew and AmBev in 2004 created InBev, the number 1 brewer in the world by volume, selling 202.1 million hectoliters (hl) of beer and 33.5 million hl of soft drinks in 2005. InBev has an unparalleled global platform and a 14% share of the global beer market, in a balanced mix of developed and growth markets.

At InBev, we have a compelling and single-minded vision for our company: to go from “Biggest to Best”. Our mission is to create enduring bonds with consumers by providing the brands and experiences that bring people together.

We have a strategy to achieve this vision and mission and it is our Executive Board of Management who guide us in this journey.

The global scale of our organization is reflected in the world map above. InBev has sales in over 130 countries. InBev holds the number one or number two position in over 20 key markets across the globe, more than any other brewer. This includes a leading presence in the fastest-growing markets worldwide, including Latin America, China and Russia.

To supply these markets we operate 132 beverage plants (as per December 2005) in 30 countries.

For further details relating to the exact nature of the ownership of InBev please, refer to the [Corporate Governance section](#).



### Geographical Markets

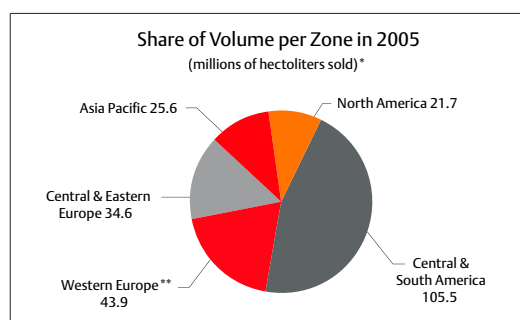
To manage an organization of our scale, InBev has moved from being a collection of independent, local units to being an integrated, focused and high-performance company.

To manage our worldwide operations, the organization has been structured into five key Zones: North America, Latin America; Western Europe; Central and Eastern Europe; and Asia Pacific.

For details of the performance of each Zone, please refer to the [Economic Performance and Corporate Governance section](#).

For full details of our Zones, countries of operation, different brands sold, and the trading names

of subsidiary companies please refer to the [Zone Reporting section](#).



\* Pro forma full 12-month volumes and shares

\*\* Western Europe figure includes 1.8 million hectoliters relating to Global exports/licenses

## Guide to Brands

Our brands are our most important assets. They are the foundation of our company, the cornerstone of our relationships and enduring bonds which we build with our consumers, as well as the key to our long-term success.

We invest in our brands to create a long-term, sustainable, competitive advantage by meeting the beverage needs of consumers around the world, and by developing leading brand positions in every market where we are present.

Our global brand portfolio is one of the fastest-growing of any major beer company. The portfolio is structured into four key groups. Please [click here](#) for further details about the following brands:

### Global Flagship Brands

Our global brand strategy is led by our four global flagship brands:

- Stella Artois is the fifth-largest international beer in the world and is distributed in over 80 countries.
- Beck's is the tenth-largest brand distributed in over 120 countries. Beck's and Stella Artois are the fastest-growing international beer brands.

- BRAHMA is the sixth-largest beer brand in the world.
- Leffe became our fourth global flagship brand in 2005. It is a unique, full-bodied beer which was first brewed in 1240 and is still produced today according to the same basic recipe.

### Local Brands

Our total portfolio consists of more than 200 brands, enjoyed by consumers around the world. The local and premium core brands are still our largest scale component, and will be for the foreseeable future.

These brands can better build on local values and often have a long heritage, while being close to the hearts of today's consumers. They also give us the reach, volume and assets that can facilitate the development of global brands. In that sense, they are, and will remain, a key pillar of the company's long-term success.

Examples include:

- Skol, the third-largest selling beer brand in the world.
- Hoegaarden®, Bass® and Staropramen®.



- Antarctica in South America, the third largest selling brand in Brazil.
- The growing brands, Sibirskaya Korona® and Klinskoye®, in Russia.
- The core brands of Baisha®, Double Deer®, Shiliang® and KK® in China.

### Global Soft Drink Brands

Our two global soft drink brands are Guaraná Antarctica® and Pepsi®:

- Guaraná Antarctica has been produced from the guaraná fruit since 1921. Today, it is the number two soft drink brand in the Brazil, the flavor-segment leader, and represents more than half of AmBev's 17.3% soft drinks market share in Brazil.

## About this report

### Reporting Period, Boundaries and Basis

The Report concentrates on the calendar year 2005, with some references to information or data from 2004 and 2006, where this is available and deemed relevant. This Report covers InBev's majority shareholding and joint venture plants and subsidiaries where InBev has a controlling interest.

Special considerations apply for the reporting of our environment, health and safety data. Please refer to the [Environment section](#) for more details.

### Global Reporting Initiative

InBev is a registered organizational stakeholder of the Global Reporting Initiative (GRI) and we fully support the mission of the GRI to develop globally accepted sustainability reporting guidelines through a global, multi-stakeholder process.



Although not completely in accordance with the Global Reporting Initiative (GRI) Guidelines for Sustainability

- AmBev is PepsiCo's second-largest bottler in the world and is the largest outside of the United States.

For the full details of our brand portfolio in each geographical market, please refer to the [Guide to Our Business](#) in our Annual Report 2005.

Reporting, this Report follows as closely as possible the GRI guidelines and includes a [GRI index](#). Our next report will follow the newly updated G3 version of the GRI guidelines, which are due to be launched in October 2006.

### Key External Relationships

To ensure that InBev is acting in a sustainable manner, we have some key external relationships which help guide our activities and focus. Below is a brief description of these.

- Global Reporting Initiative (GRI): As mentioned above, we fully support the mission of GRI, and are a registered organizational stakeholder. For more information on the GRI, please [click here](#).
- United Nations Global Compact (UNGC): InBev is a member of the UNGC, our public pledge of our commitment to uphold human rights, labor and environmental standards and anti-corruption. For more information on the UNGC please [click here](#) to visit their website.
- Harvard University: We work with Harvard University, more specifically with the Kennedy School of Government's Corporate Social

Responsibility Initiative. For more information on the Corporate Social Responsibility Initiative, please [click here](#) to visit their website.

- International Business Leaders Forum (IBLF): We are associated with IBLF, which is an international education charity, which promotes responsible business practices internationally which benefit business and society. For more information on IBLF, please [click here](#).

## Assurance

Financial data has been taken directly from our [2005 Annual Report Online](#) that was subject to independent auditing. External report assurance has not been carried out; however, for future reports this will be considered.

## Acknowledgment

Our 2006 Global Citizenship Report (GCR) would not be possible without the great work of many people – and I would like to take this opportunity to recognize their efforts.

Thank you to all those within InBev who have helped produce this very comprehensive 2006 GCR.

Thank you to [Sd3](#), in particular Dan Holmes and his team for its coordination and compilation of the information needed to create the report.

[Walking Men](#) has provided yet again an impressive web layout and, this year, a printed version of the report – a special thanks to Jo Lories and his team.

Many thanks to all of those who have helped, no matter how big or how small, this project would not have been possible without your help.

Best,  
Kim Godwin  
Corporate Citizenship  
InBev

A background image showing a hand holding a globe, symbolizing global vision and strategy. The hand is positioned on the right side, with fingers curled around the globe. The globe shows green continents and blue oceans. The background is a soft, hazy landscape with green hills and a blue sky.

## Vision & Strategy

### Corporate Citizenship at InBev

Corporate Citizenship has become a key part of modern business. It relates to how companies align their business activities to produce an overall positive impact on their financial bottom line, workforce, the communities they operate in, society and the environment in general.

- Corporate Citizenship has many links with our corporate strategy and is essential to achieving our vision of moving from “Biggest to Best”.
- Corporate Citizenship management is shared throughout the company, but focused around the Corporate Citizenship department and is supported by the Executive Board of Management’s sub-group for Corporate Affairs.

### Leading Responsibly

InBev’s vision is to move from “Biggest to Best”, and our mission — the fundamental reason we are in business — is to create enduring bonds with consumers.

Becoming the best is often defined as achieving the highest profitability in the industry. However for InBev, it goes beyond numbers. Being the best also includes having the best and fastest-growing brands, being the best partner to our customers, having the best and most committed people, and building a strong culture to achieve our vision.

We also recognize that we cannot be the best without adopting the highest standards of integrity and conducting our business in a responsible and transparent manner. This is why we have endeavored to integrate Corporate Citizenship as a key element of our business since InBev’s creation in August 2004. In this way, we can be confident that as our business develops and grows, it will do so responsibly.

Our vision and mission are closely linked to trust. Trust is earned, and honesty and transparency in all we do is instrumental in developing and maintaining this trust. We know that to prosper over the long term, we need to be the kind of company that people want to do business with regularly, and trust and reputation are integral to this.

In practice, Corporate Citizenship is a journey to more effectively manage the risks we face and make our business more efficient. It can create new value for the company by strengthening our reputation and helping build new markets and loyalty to our brands. In this way, Corporate Citizenship supports our mission by helping to create the enduring bonds with consumers through trust in our company and brands.

Corporate Citizenship at InBev covers issues which are relevant to many business sectors, such as the environment, employees, labor relations, health and safety, and community support. However, the brewing industry faces

some specific issues relating to its main product—beer—that have an impact on the reputation of InBev and the industry as a whole. We pay close attention to these issues, particularly to the responsible use of our products and the debate concerning the health benefits versus the health risks of alcohol consumption, as well as other consequences.

InBev’s position on its products is clear: Beer as a drink of moderation is an authentic, natural product which can be part of a healthy lifestyle when it is savored. It also plays an important role in friendships, quality of life, and the fabric of modern society.

At the same time, we also acknowledge that when consumed in excess or irresponsibly, alcohol is unhealthy and can have a negative social impact. This includes driving when drunk, underage drinking and antisocial behavior. Personal choice and behavior have a large part to play in this, presenting us with an opportunity to educate consumers with the health facts and influence consumers on how to enjoy our products in moderation, as they have in the past.

It is also a simple fact that we would rather have a wide base of loyal, moderate drinkers than a narrow base of individuals who drink in excess. For more information on our approach to responsible consumption or on alcohol and health, please visit the [Our Products section](#) of this report.

## Corporate Strategy

InBev has developed a four-pillar corporate strategy which we feel will deliver our vision of moving from “Biggest to Best” and our mission of creating enduring bonds with consumers. The four pillars are: a Winning Brand Portfolio; Winning at the Point of Connection; World-Class Efficiency; and Targeted External Growth. The strategy is also underpinned by three enablers: innovation; people and culture; and financial discipline.

For more details on the strategy and individual pillars, please visit the [Economic Performance section](#) of this report.

Corporate Citizenship is intertwined with many aspects of our corporate strategy and supports many of our strategic objectives. In particular Corporate Citizenship is directly related to maintaining InBev’s reputation and, consequently, the brand equity of the company, as well as consumer loyalty to our company and to our brands. InBev seeks to be trusted and well-respected, and recognizes that Corporate Citizenship plays a central role in achieving these objectives.

Increasingly, our customers — principally wholesalers who buy our products — and our consumers — individuals who consume our products — are bringing their values into the marketplace. Business-to-business customers are more



likely today to have purchasing policies which include decision-making criteria relating to issues such as the management of quality, the environment and supply chains. Consumer trends clearly indicate that consumers trust less, care more and have far greater access to information than ever before. For these reasons Corporate Citizenship will be an important factor in InBev having a Winning Brand Portfolio and Winning at the Point of Connection, both with our customers and consumers.

In terms of the enablers within our corporate strategy, people and culture are imperative to our success. We recognize that our employees spend an enormous part of their lives at work. We want to be the kind of company worthy of this commitment. The key to this is having values that reflect the important work we do and the positive difference we seek to make in the world. In this area credibility is especially important and needs to be supported by deeds rather than words — that is the essence of a truly responsible corporate citizen. To learn more about our values, please [click here](#).

## InBev Values

Our corporate strategy guides us to achieve our vision of moving from biggest to best, but it is our people working together which will determine if we achieve our vision. Our culture is the way we do things. It guides our people's behavior and actions, and is a combination of our values, our beliefs, and our management practices and principles. Critical to our culture are our values, known as the InBev Way. Each of our 77,366 employees is responsible for consistently working towards, and living by, our four values:

### Our consumers come first

That our consumers come first continues to be the focal point of our values. Consumers remain at the heart of everything we do, and we will partner with our customers to ensure that we meet this primary commitment. We continue to look for innovative opportunities and will act on them decisively. We also remain committed to establishing and delivering superior quality.



### Our people make the difference

We attract the very best people, and we hold on to them. We continue to invest in their development, in order to support continuous learning, and to reward success.



### We make things happen

Our success will come from a single minded focus on achieving our targets. As demonstrated in the past, we have shown great enthusiasm for the work we do.



### We lead the way

We do this by personal example, and by being where things happen. The key strategic pillars we defined last year remain the drivers for reaching our vision.



By promoting integrity and responsibility in all that we do, and through transparent reporting on our actions and performance, Corporate Citizenship demonstrates, both internally and externally, that we are living our values.

## Corporate Citizenship Strategy

Our Corporate Citizenship strategy is simple at one level. That is, we will integrate Corporate Citizenship into our business. The execution of this strategy however, becomes more complex and difficult over time. Our initial task has been to develop a global coordinated approach for the whole of InBev, but we realize that longer term we need to continue to explore opportunities to improve our Corporate Citizenship activities.

We have joined the U.N. Global Compact to help guide us in our approach to Corporate Citizenship; this is discussed further in the section on the [U.N. Global Compact](#).

During the past year we have been assessing InBev's key issues through dialogue with our internal and external

stakeholders. Our activities in this area are discussed in the [Stakeholder Relations section](#) of this Report.

Although there are many Corporate Citizenship issues to consider, our work with stakeholders has underlined our awareness that two issues are especially pressing, given our business context — the relationship between alcohol and health, and between alcohol and responsible consumption of our products.

In terms of responsible product use, we follow two-pronged approach. Firstly, using our commercial communications code, which was revised and updated in 2005, we ensure that our advertising and marketing only promotes the responsible use of our products, is directed only at those above the legal drinking age and does not encourage nor condone excessive or irresponsible consumption.

Secondly we run or support a wide variety of proactive programs that promote responsible use of our products. In this area one of our main priorities has been to establish a global program which promotes beer as a drink of moderation. We are still investigating, with potential partners and relevant stakeholders, the most appropriate approach for this program, and will keep you informed of our progress.

For more information on our responsible marketing and responsible use programs, as well as information on Alcohol and Health, please visit the [Our Products section](#) of this report.

In terms of the environment, our policy is to install InBev's environmental management approach within two years of the acquisition of a new brewery or other facility. During 2005 and early 2006 we have progressed well with integrating the environmental data systems of Interbrew and AmBev and now report combined environmental data for InBev breweries, soft drink plants and malting operations globally. Please refer to the [Environment, Health and Safety Policy and Management section](#) for more information.

### Transparency from the Start

One of our key Corporate Citizenship aims is to be transparent in all we do. This is our second Global Citizenship report, and although we have made progress in reporting on our Corporate Citizenship activities, we recognize that reporting is part of an ongoing process and that there is more to do.

We are committed to further annual reporting of our Corporate Citizenship performance in line with the [Global Reporting Initiative](#) guidelines for sustainability reporting and will report using the new G3 guidelines once they are published in October 2006.

In our first Global Citizenship report we highlighted a number of gaps in the information we were reporting. During the past 10 months since our first report was published (November 2006) we have been able to fill some, but not all of these gaps.

In order to keep our stakeholders up-to-date on our progress in filling these gaps, we created a quarterly E-Newsletter, which has been published three times since late 2005. The newsletter not only updates the GCR, but also provides relevant InBev news for its recipients. To see our latest newsletter, please [click here](#).

In this report, we have provided more information on the profile of our workforce and increased our reporting on labor relations, please visit the [People and Community section](#) of this report to view this information. We have also provided some case study information from our emerging markets in Eastern Europe, particularly related to local communities, and Asia Pacific (environment). One gap we have been unable to fill is providing information on our global transport impacts.

A further aim in the area of transparency is to offer greater insight on our Corporate Citizenship activities at the level of our Zones. Work has already started in this area, and we will continue to populate the Zone Reporting area of our website as information becomes available. Please [click here](#) to view our [Zone Reporting pages](#).



## UN Global Compact

One of our first Corporate Citizenship activities was to sign up with the United Nations (UN) Global Compact. The Global Compact is a voluntary international initiative which brings companies together with UN agencies and society to support ten principles in the areas of human rights, labor, the environment, and anti-corruption. For more information on the UN Global Compact, please [click here](#).

We are using the Global Compact as a guide to Corporate Citizenship and have already identified several of the principles where we are currently effective. We will continue to measure ourselves against the Global Compact's principles and so be better able to prioritize our Corporate Citizenship activities.

One area where InBev recognizes a need to improve is in the area of human rights. In 2006, we took a step towards addressing this gap with the inclusion of clauses in our standard supplier terms and conditions relating to basic human rights and labor standards. These terms and conditions will be audited as part of our normal internal supplier audit.

In June 2006, InBev hosted the launch of the UN Global Compact Network for Belgium. The event brought together over 50 representatives from Belgian Companies, the European Union, government and non-government organizations at the historic Brewers House in Grand Place, Brussels. InBev will continue to coordinate the Belgian Network until it is established enough to be self-sustaining.

Lila Karbassi from the UNGC congratulated InBev on the initiative. "The leadership and activities of Belgian companies will determine the way forward for the Compact in Belgium. The first steps have been made thanks to the initiative taken by InBev and Edelman. Country networks catalyze the initiative's global mission into local action and we look forward to working further with the Belgian network."

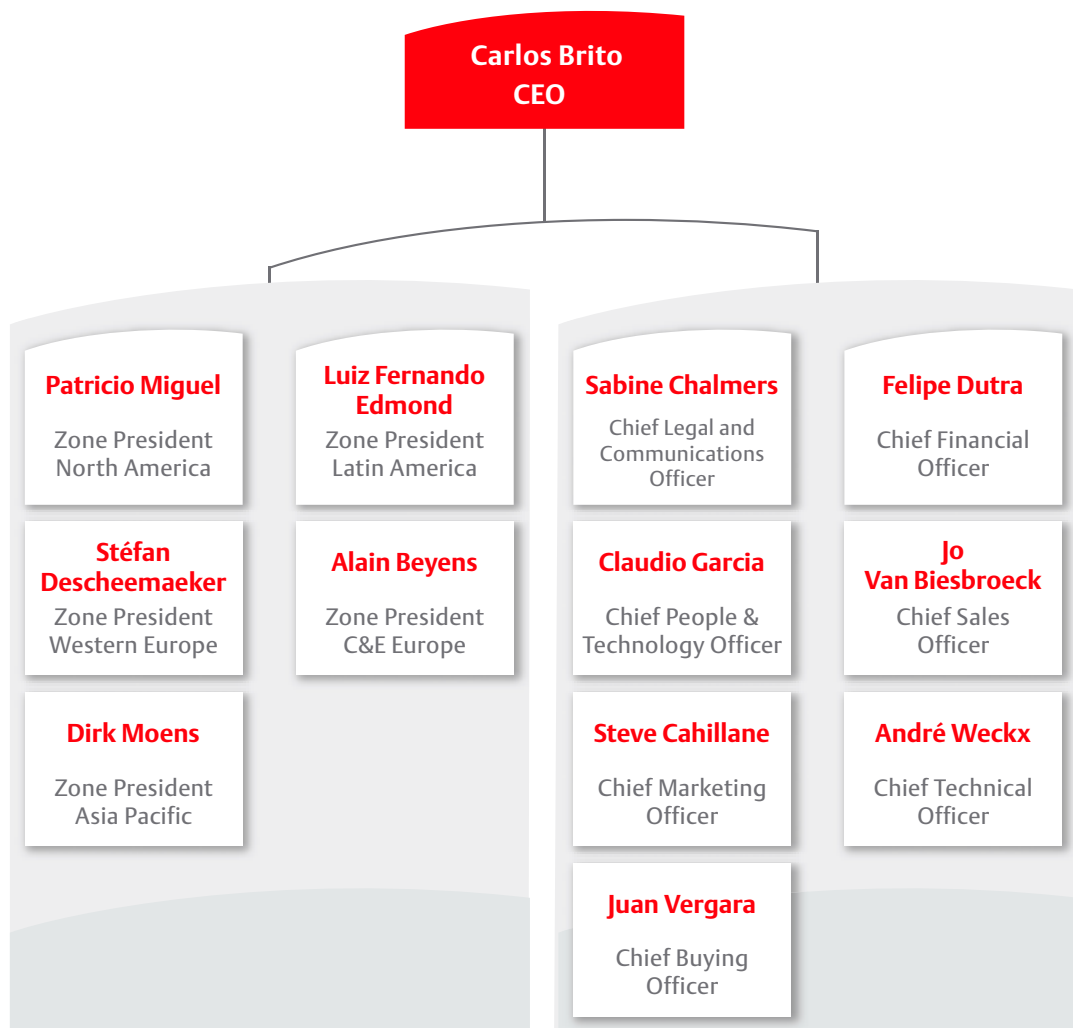




## Citizenship Management

Our Corporate Citizenship department is managed by the Head of Corporate Affairs who is responsible for developing the Corporate Citizenship strategy. The Head of Corporate Citizenship is also responsible for delivering the strategy by developing initiatives and programs which address InBev’s Corporate Citizenship issues, while supporting InBev’s strategy and vision.

Because Corporate Citizenship touches on so many parts of the business, the execution of any strategy is the responsibility of multiple staff. This is why, in part, the Corporate Citizenship, together with Corporate Affairs, reports to the Chief Legal and Communications Officer. Corporate Citizenship also can draw on the support of the Executive Board of Management (EBM) as well as the EBM Subgroup for Corporate Affairs.



## Stakeholder Relations

InBev has many stakeholders from different parts of the world. As a result, we need to undertake considerable work to create InBev's new stakeholder map and determine the key issues that are of concern to our stakeholders. Our initiatives in this area include:

- Stakeholder mapping
- Consumer research and analysis
- Engaging with internal stakeholders
- Being part of wider stakeholder organizations

### Stakeholder Mapping

In addition to considering our stakeholders within standard stakeholder groups (employees, consumers, customers, suppliers, government, media, etc.), we have started a more in-depth stakeholder-mapping exercise. The exercise will examine what issues are key to InBev and the influence of various stakeholders and their opinions of InBev, be they positive or negative.

The goals of the program are to create relationships with key stakeholders in order to develop an informed dialogue on the responsible enjoyment of beer and for InBev to be part of the debate on healthy consumption of alcohol. We also wish to engage with stakeholders and opinion leaders on InBev's commitment to corporate responsibility and to gain insight and recommendations on how InBev can be a productive partner on key issues.

This project has continued through 2005 and 2006 and is following a staged approach. The first step has been to identify priority issues for InBev and the brewing sector generally. This has been carried out through internal risk assessments, media and other research, as well as meetings with government and regulatory organizations, numerous industry bodies and non-governmental organizations.

The analysis showed that not all of the priority issues for the brewing industry are shared with InBev, for instance environment was determined as a key issue for the industry, but not so much for InBev, where water has been identified as important. Similarly, global policies and regulation were not identified as key to the industry as a whole, but are more of a priority issue for

InBev due to our size and position as the world's largest brewer by volume.

Some of the key issues for InBev include: healthy living; responsible use of our products; water; union/labor relations; and global policies and regulation.

The second stage of the project has involved prioritizing InBev's key global stakeholders and defining dialogue around the key issues identified. The key stakeholder groups highlighted are: health organizations; government and policy makers; consumer interest groups; media; trade associations; and investors.

The third stage of the process which is currently underway is the development of a comprehensive stakeholder management system based around an online database to manage and track stakeholder outreach.

### Consumers

We have a continuing program of consumer-insight research which helps determine what our consumers think of the brewing industry, InBev, our brands, and beer in general. This allows us to understand, in depth, consumer concerns about our products and our reputation, and focus on activities which offer business as well as societal benefits. To discover more about some of our consumer and customer relationships, please visit the [Product Quality section](#).

Two of the four pillars of our corporate strategy—Developing a Winning Brand Portfolio and Winning at the Point of Connection—are consumer focused. Further information on these elements of our corporate strategy can be found in the [Economic and Corporate Governance section](#).

## Internal Stakeholders

Communicating with our people about the company and our vision and values is highly important to InBev. Our people are the company's ambassadors and they need to have a broad understanding of what is happening around the company, not only in their own area.

Since the creation of InBev in late 2004, we have created a number of employee communication channels, including our internal quarterly magazine, InSide; our electronic weekly news bulletin The Weekly; and, launched in May 2005, our intranet site MyInBev.net, which, in addition to daily InBev and industry news, contains a wealth of information on subjects such as our brands, Zone and country operations, and key internal programs such as Zero Based Budgeting ([click for more information](#)) and elements of our four-pillar corporate strategy ([click for more information](#)).

In order to get a deeper understanding of how employees feel about InBev's employee communications, we conducted the first ever InBev multi-country employee communications survey in May and June 2005. The survey asked how employees felt about the company, its beers, its vision and values, as well as about how they currently receive information and, more importantly, how and on what topics they would prefer to receive information in the future.

The voluntary survey was conducted in 20 countries and 18 different languages. As a result of the employee communications survey we have added a weekly poll to our MyInBev.net intranet home page. The poll asks employee opinions on a range of internal and external issues and results are fed back via the intranet and also in our weekly news bulletin.

The success of this survey led to the development of a broader survey of employee opinions which was conducted in early 2006. Please visit the [Employee Satisfaction section](#) to read more about this survey.

## Stakeholder Organizations

At InBev, we believe that there are valuable benefits and insights to be gained from engaging with external organizations and groups who specialize in Corporate Citizenship. As a result, since the creation of InBev, we have joined five stakeholder organizations to gain new perspectives on current Corporate Citizenship topics. These are:

### UN Global Compact

Our aim is to use the principles of the UN Global Compact to guide our approach to Corporate Citizenship.

For more information on our relationship with the UN Global Compact, please refer to the [UN Global Compact section](#) of this report.



### Global Reporting Initiative

InBev became the 200<sup>th</sup> Organizational Stakeholder of the Global Reporting Initiative (GRI) in late 2004. As a registered Organizational Stakeholder, InBev fully supports the mission of the GRI to develop globally accepted sustainability reporting guidelines through a global, multi-stakeholder process.



We see that an ongoing relationship with the GRI is essential to being at the forefront of transparent reporting on our Corporate Citizenship performance. In our first Global Citizenship Report we committed to reporting in accordance with the GRI guidelines. In light of the up-and-coming launch of GRI's G3 guidelines in October 2006, this report is not in accordance with the current GRI guidelines. Our 2007 report will follow the G3 guidelines. For more information on the GRI, please [click here](#).

### Harvard University

We have joined the Corporate Social Responsibility (CSR) Initiative at the Kennedy School of Government at Harvard University. This is a multi-disciplinary and multi-stakeholder program which seeks to study and enhance the public role of the private enterprise. It focuses on exploring the intersection between corporate responsibility, corporate governance and strategy, public policy, and the media. The initiative aims to bridge the gap between theory and practice, encourage innovation, build leadership skills and support constructive dialogue and collaboration between different sectors.



In 2005, we launched our first Global Citizenship Report at Harvard University. As part of this launch, students at the Kennedy School reviewed and provided feedback on our first Global Citizenship Report. The student feedback showed that the Report increased the students understanding of InBev and increased their level of trust. Feedback also highlighted areas for further attention, such as more information at the Zone level and on employees. The students also suggested that InBev carefully manage its image by creating events which highlight how beer contributes to the quality of ones life, while engaging in outreach on sector challenges related to inappropriate consumption.

Our relationship with Harvard continues through consultation on relevant citizenship activities and stakeholder outreach.

For more information on the Harvard Corporate Social Responsibility Initiative, please [click here](#).

### International Business Leaders Forum

We have recently joined the International Business Leaders Forum (IBLF), which is a business-centered Corporate Citizenship program for discussion of key issues. For InBev, this association is particularly relevant, due to IBLF's working group on health and food.



During 2005/06, our work with the IBLF included a shared risk assessment program on water, which is a key issue for the brewing sector. Both InBev and the IBLF benefited from the program, with IBLF gaining first hand experience of InBev's risk analysis processes, and InBev receiving feedback from the IBLF on the risk process and its outputs.

For more information on IBLF's work in Corporate Citizenship, please [click here](#).

### The Conference Board



We are a member of the Conference Board, whose aim is to create and disseminate knowledge about management and the marketplace to help businesses strengthen their performance and better serve society. Working as a global, independent membership organization in the public interest, they conduct research, convene conferences, make forecasts, assess trends, publish information and analysis, and bring executives together to learn from each other. For more information, please [click here](#).



# Economic Performance and Corporate Governance

## Corporate Governance

Trust in corporations and in governments has been eroding over the last 20 to 30 years, and recent corporate scandals have done little to ease people's concerns. For a modern, global business such as ours, it is therefore essential that we are committed to the highest standards of corporate governance and are transparent and honest in all we do.

As a company incorporated under Belgian law and listed on Euronext Brussels, InBev adheres to the principles and provisions of the Belgian Code on Corporate Governance which was published in December 2004, taking into account its specific shareholding structure and status as a multinational group. The vast majority of the Code's provisions are integrated into our corporate governance rules and deviations are explained in the [InBev Annual Report 2005](#) (p. 44).

In addition, as AmBev is a separately traded company on both the São Paulo and New York stock exchanges, it has to adhere to the appropriate principles and provisions, including those originating from the U.S. capital-market legislation, and therefore also the 2002 Sarbanes-Oxley Act.

### In Summary:

- InBev has a well-defined governance structure centered around the Board of Directors. This structure ensures that the company is effectively run and controlled.
- Governance is supported through an executive remuneration policy, a Code of Business Conduct which includes a Code of Shareholder Dealing, and proactive shareholder relations.
- A full description of InBev's Corporate Governance can be found in the [InBev Corporate Governance Statement](#).

## Governance Structure and Management

The corporate governance rules, established by the InBev Board of Directors, ensure that the company is effectively run and properly controlled. The company operates a 'one-tier' governance structure with the Board being the ultimate decision-making body, except for the powers reserved to the shareholders' meeting by Belgian law, or by the company bylaws.

- The Board decides and implements the company's strategy, the long-range plan, and all major investments and divestments. It is supported by three formal committees, as well as an ad-hoc committee linked to the combination with AmBev.
- The Chief Executive Officer (CEO) is entrusted by the Board with InBev's day-to-day management.
- The Executive Board of Management (EBM) is the management structure which reports to the CEO and enables the CEO to perform his duties. The EBM comprises of eight global functional heads and five Zone Presidents, including the two Co-CEOs of AmBev, who report to the Board of Directors of AmBev. For details of the members of InBev's EBM, please [click here](#).

As provided for by the Belgian Companies Code, the Board assumes ultimate responsibility for the oversight of the company's activities. It works with the Audit Committee to do the following:

- Ensures that the management team develops appropriate, adequate and cost-effective internal controls.
- Reviews and approves quarterly financial reporting and financial statements.
- Examines the financial position of any subsidiary of the company.
- Presents to the Annual Shareholders' Meeting a clear and complete evaluation of the company's financial situation.

Taking into consideration the CEO's recommendations, the Board also decides on the following:

- The structure of the group.
- Major or long-term transactions.
- The appointment or dismissal of members of the Executive Board of Management (EBM).
- The budget and investment plans.

The Board meets regularly and as frequently as is required by the company's interests. If an urgent issue arises between meetings, it can be dealt with immediately by a conference call.

In 2005, the Board held ten ordinary and five special meetings. By design, several times these were held in the Zones where InBev operates. On these occasions, the Board was provided with a comprehensive briefing of the Zone or relevant market. These briefings provided a performance overview, key challenges facing the market and the steps being taken to address the challenges. Several of these visits also provided the Board with the opportunity to meet with employees and customers.

Major Board agenda items in 2005 included the long-range plan; achievement of targets; sales figures; reporting and budget; consolidated results; strategic direction; culture and people, including succession planning; new and ongoing investment; as well as discussions and analysis of acquisitions.

### Composition of the Board of Directors

InBev's Board is composed of 12 members. Of the 12 directors, 4 are declared as independent. Of the remaining directors, 4 are nominated by EPS SCA, a Luxembourg company that represents Interbrew's founding families and 4 are nominated by BRC S.à.r.l., a Luxembourg company which represents the shareholders controlling AmBev at the time of the combination. For full details of the board composition, structure and directors' independence, please refer to the [InBev Annual Report 2005](#) (p. 45).

### Board Committees

The Board is assisted by several Board committees; these are:

- The Finance Committee (FC).
- The Audit Committee (AC).
- The Compensation and Nominating Committee (C&NC).
- The ad-hoc Convergence Committee (CC).

The existence of the committees does not decrease the responsibility of the Board as a whole. Board committees meet to prepare matters for consideration by the Board of Directors.

For additional information on the composition, function, powers and responsibilities of the respective committees, please refer to the [InBev Corporate Governance Statement](#) (p. 20).

Also, for information on the director membership of the individual committees, the attendance rate and an overview of a number of the topics discussed, please refer to the [InBev Annual Report 2005](#) (p. 33).



## Shareholding Structure

As of July 2005, six organizations acting in concert hold 410.5 million shares of InBev equating to a 67.31% holding of our company. These organizations consist of holding companies which represent the Belgian families who founded Interbrew, the Brazilian founders of AmBev, and charitable trusts. The remaining 32.69% of shares are listed on Euronext Brussels. Please [click here](#) for the most up-to-date details on InBev shareholding structure.

The controlling shareholder of InBev is Stichting InBev, which holds 52.75% of InBev shares. Stichting InBev represents a large part of the interests of the Belgian founding families of Interbrew and the interests of the Brazilian families who were previously the controlling shareholders of AmBev.

In connection with the combination of Interbrew and AmBev, Stichting InBev, and three separate organizations representing the interests of the founders of Interbrew and AmBev, entered into the “Interbrew Shareholders’ agreement”. The agreement addresses the governance and management of Stichting InBev and InBev. This includes the creation of the Stichting InBev Board of Directors that meets prior to each InBev shareholder meeting, to determine how the Stichting InBev’s shares will be voted.

For full details of the [shareholders structure](#) and arrangements please refer to the shareholder information section of our website and the [InBev Corporate Governance Statement](#).

## Executive Remuneration

**Our philosophy on remuneration is to motivate our people and reward them for the company’s success. We ensure that compensation and performance-related bonuses are competitive and benchmarked against comparable companies and local markets. We see remuneration as a key element in driving the growth of our business and in InBev moving from “Biggest to Best”.**

- Performance measures in 2004 were based on superior profit, continued personal growth and respect for those we serve.
- Shareholder approval was obtained for a newly-designed compensation system for 2005.
- Our compensation and reward programs are overseen by the Compensation and Nominating Committee (C&NC).

At InBev, we align our remuneration levels to the markets in which we operate:

- Total compensation (including base pay and variable pay) link performance to the current practice of comparable companies — with mid-range performance matched to mid-market rates, and superior results matched to top quartile rates.
- Benefits, including pension programs, as well as health and welfare schemes, are benchmarked against the average for local markets.

In 2005 the shareholders’ meeting approved a new Executive remuneration policy, which has been designed to help embed the high-performance culture needed to take InBev from biggest to best. The goal is to deliver market-leading compensation, driven by both company and individual performance, and ensure executive performance is aligned with shareholders’ interests by encouraging Executive ownership of company shares. The focus is on annual and long-term variable pay, rather than on base salary:

- Base salaries will be aligned to mid-market levels.
- Stretched but achievable performance targets will be linked to both short and long-term incentives. There will also be exceptional levels of reward for achieving “Biggest to Best” targets.

The executive compensation system aims to develop an ownership culture within InBev by paying half of executive bonuses in shares and giving the option to invest the remaining bonus in shares as well. This system was already available to the top 250 employees in the company in 2005, the first full year operating as InBev, and has now been extended to the top 500 employees. In this way, more employees can share in the long term success of InBev through their shareholding in the company.



For further details on Board and Executive remuneration, please refer to the [InBev Annual Report 2005](#) (p. 49).

The full Executive remuneration policy of InBev is disclosed in our [Corporate Governance Statement](#).

For further details on employee wages and benefits, please refer to the [People and Community section](#).

## Code of Business Conduct

As a leading global company, InBev operates in countries with a broad range of cultures and business practices. Therefore, our reputation for honesty and integrity is an invaluable asset. It is InBev's policy that our directors, officers and employees strictly comply with all applicable laws and regulations, and observe the highest standards of business ethics.

- The InBev Code of Business Conduct provides a clear and consistent code of business ethics, as well as guidelines for our employees around the world.
- The InBev Code of Dealing provides guidelines for our employees to prevent abuse, and suspicion of abuse, of sensitive information to which they are privileged.

In addition to our [values](#), which help determine the culture and behavior of our workforce, we must always adhere to the highest standards of business integrity and ethics. This includes the respect of and compliance with all applicable national and supra-national laws and regulations; for example, in relation to competition and antitrust laws.

Our Code of Business Conduct provides a clear and consistent code of business ethics and guidelines for InBev employees around the world. It covers areas such as honest and ethical conduct, conflicts of interest, use of company assets, and gifts and favors. Its principles are designed to be clear and must be the context in which all company business decisions are made.

The Code of Business Conduct is supplemented by the InBev Code of Dealing. The purpose of the Code of Dealing is to ensure that employees and executives of InBev maintain the confidentiality of price-sensitive information, especially in periods leading up to announcements of financial results, or of price-sensitive events or decisions. It also ensures that they do not abuse, or place themselves under suspicion of abusing, price sensitive information for their own benefit.

To ensure compliance with the codes, our Internal Audit team conducts an annual compliance review in cooperation with our Legal department. The face-to-face reviews question management-level employees about their compliance with the Codes and require that each reviewed employee signs a declaration of compliance.

We also send out electronic compliance questionnaires to a broader set of employees. The questionnaires require employees to respond to questions on compliance with the codes.

Finally, we are in the process of setting up a global whistleblowing scheme that will become active at the end of 2006 and will allow, where legally possible, anonymous reporting of breaches of these Codes.

## Shareholder Relations

Communicating with our shareholders, and more broadly the financial community, is very important to InBev. During 2005, InBev increased its disclosure of financial information by moving to reporting on a quarterly basis including the reporting of income patterns for each Zone rather than reporting this solely on an annual basis. Shareholders are integral to our business as owners and providers of capital.

- One of our most important shareholder events is our Annual General Meeting (AGM), which all shareholders are welcome to attend.
- We have numerous other ways we communicate with shareholders, including specific events for the financial community.

We hold an Annual General Meeting (AGM) where any shareholder can raise questions. Under Belgian law, shareholders who represent at least 20% of the total share capital can place items on the agenda. For details of the process and voting rights of the shareholders' meetings, please refer to the [InBev Corporate Governance Statement](#).

In addition to the AGM, we provide our shareholders with information that is also available to the public.

These communication methods include:

- Use of our company website, with an [Investors section](#) containing a significant amount of information on InBev and the opportunity to sign-up for investor information email alerts.
- Road-show program in Europe and North America.
- Participation in conferences, meetings and events, as part of interacting with the financial community on an ongoing basis.
- Responding to questions from the investment community.
- Extraordinary shareholders meetings, if required. One such meeting occurred on the 26 April 2005 that granted powers to the Board of Directors to initiate a share buy-back program in June 2005.

## Economic Strategy

InBev has a four-pillar strategy to move from “Biggest to Best”. The four pillars are:

- A Winning Brand Portfolio.
- Winning at the Point of Connection.
- World-Class Efficiency.
- Targeted External Growth.

The first two pillars – a Winning Brand Portfolio and Winning at the Point of Connection – address the top line of the business. They are consumer focused, providing the tools and direction to help differentiate us from the competition and achieve excellence in our sales and marketing activities. This in turn drives improved consideration, market share and organic volume growth within our existing operations.

Feedback is pro-actively sought from the financial community. For example, after every major road show, feedback is obtained in relation to the usefulness of the meetings, including areas of strength and areas to improve. Once a year this information, plus opinions concerning our website, is also sought from opinion makers among sell-side analysts.

Measuring investors' perceptions of InBev is critical to ensuring that we provide the appropriate level of information in the right way. InBev surveys these perceptions, and recently we adapted our methodology so that the results will be comparable over time, helping us to understand if our responses to investor perceptions are having the right impact.

All feedback obtained is carefully considered, and actions are adopted to make improvements to our systems and communication methods, if required.

Underpinning these four strategic pillars are three key enablers. These are financial discipline, our culture and the people who make it happen, and innovation.

To continue the successful combination of Interbrew and AmBev, and to ensure at the same time delivery against our vision of going from biggest to best, we have focused—within our strategic framework—on a few important global change programs and major initiatives. These work across more than one strategic pillar and have multiple goals, such as creating a single company following, implementing strategic choices for InBev and delivering strong organic growth.

In the commercial area we concentrated our efforts in 2005 on:

- Developing strong brand portfolios for each market and fueling the winning brands.
- Defining and executing sales-improvement initiatives.
- Strengthening our route-to-market and margin pool for each market.
- Developing focused initiatives.

Our main program in this area is the World Class Commercial Program, which has been designed to establish best-practice sales and marketing principles throughout InBev. The program will roll out in countries throughout InBev during 2006, helping our businesses improve their consumer insights, and define and deliver programs to achieve ‘best in class’ sales execution.

In addition to the program, InBev recognizes that direct, face-to-face contact with our customers is critical to our success. This recognition led the Market Development team to organize the InBev International Customer Conference in March 2005, held in Prague. The team welcomed more than 160 customers from around the globe. Its goals were to encourage effective and innovative sales promotions in order to build brand volume and brand image, and also to reward sales excellence. The extensive conference program included updates on InBev’s global brand developments, innovation and ideas for on- and off-trade activation.

*“One part of my role is that I head a team of sales trainers and together we roll out best practices within InBev to improve our brands. We focus a lot on how our brands are served at the point of connection with consumers. Our products are more than just getting a beer in a glass; we have a variety of beers and distinct glassware for each of our beers. We focus on the correct ways to pour the beer, the temperature the beer should be served at, the way to serve and present the beer, and how to maintain the equipment to ensure the highest quality products. My job ensures I stay close to the consumers so that we provide them with the best possible experience”.*



**Volker Schnocks**  
Head of Field and Quality  
Management On-Trade Germany  
(Germany)

In 2005, our overall volume grew 5.4% organically, with beer volumes higher by 5.7% organically, in line with our objective of growing volumes at least twice the rate of global industry growth. This growth is partly the result of managing our Winning Brand Portfolio, which contains strong global and local brands. Please [click here](#) for further information on our brand portfolio. Secondly, the volume growth we achieved was supported by our efforts to win at the point of connection, where our consumers make their choice of beverage.

## Economic Management

Economic management is under the leadership of Corporate Finance, whose ongoing objective is to contribute to the best combination of growth, profitability, risk management, and cash generation. Corporate Finance:

- Provides fast and reliable insights and analysis to support business decisions and resource allocation.
- Maximizes shareholder value by putting the right capital structure in place, managing costs and risks, and having optimal processes.
- Monitors and steers our business performance.

In addition to supporting commercial performance, another key area of economic management is the simultaneous drive to increase efficiency throughout the organisation. Please [click here](#) for details of how InBev has been managing efficiency. InBev has also continued deploying a targeted external growth strategy, please [click here](#) for further details.

### World-Class Efficiency

World-Class Efficiency means working smarter in everything we do, by identifying the best way of working and implementing this across our business in a structured way. Progress was evident in numerous initiatives in 2005 :

- We continued to focus on brewery efficiency with the roll-out of the Voyager Plant Optimization (VPO) program.
- We made adjustments to our brewing capacity, restructuring operations at two breweries and closing two others.
- Started Zero-Based Budgeting in the key North American and Western European Zones.
- Rationalized procurement of indirect materials.
- Outsourced our information technology infrastructure.

Below are two examples of global programs to assist our strategy to achieve World-Class efficiency and drive financial discipline.

### Voyager Plant Optimization (VPO)

One of our key efficiency initiatives is the VPO program. Its objective is to establish a standardized 'InBev Way' to operate our breweries around the world. The long-term, evolutionary program encourages sharing best practices between countries and cultures, and aims to continuously improve performance.

Following successful pilots in four breweries (Montreal, Canada; Leuven, Belgium; Klin, Russia; and Zagreb, Croatia) it was rolled out in the Samlesbury plant in the U.K. At the same time, local teams were trained in the VPO approach to analyze business processes, identify and quantify opportunities, and coordinate implementation.

These initiatives created a multiplier effect, allowing us to implement the program at a much faster pace, and to harvest benefits much earlier. In addition, there was a significant improvement in performance and cost-savings in all five breweries. We are now on track with the program in other plants in Western Europe, and in Central & Eastern Europe as well.

As of May 2006, the VPO program is being implemented in 67 breweries.

The success of VPO is not only about sharing best practices across our global production base, it is about instilling behavioral change to embrace new ways of working. While systems are easier to plan and adopt, changing employees' ways of thinking is harder. This is why we see VPO as an ongoing program rather than a one-off project. Some of the key steps for successfully implementing VPO are zone- and local-level ownership of the process, communication as a key part of the process, recognition of success and training. To date we have provided over 25,000 hours of training to ensure that our people understand VPO and have the skills available to make it a success.

### Zero-Based Budgeting (ZBB)

World-Class Efficiency also means the identification of cost savings. To achieve this we use Zero-Based Budgeting (ZBB), which in effect teaches everyone how to run their business over the long haul, and at the same time provides visibility into the cost structure. An important element of ZBB is its ability to free-up resources to drive our top-line performance by allowing InBev to use accrued savings to support our brands and increase profitability.

Piloted in North America in 2005, ZBB delivered more than 40 million euro in cost reductions. It was put into operation in our global headquarters in mid- 2005, resulting in savings of more than 10 million euro, and was also started in Western Europe and Russia. In 2006, South Korea and several countries in Central Europe are to start ZBB, with all remaining markets to follow in time.

The introduction of ZBB with its focus on financial discipline has helped us identify the benefits of combining AmBev and Interbrew to create InBev. One example is procurement where using InBev's size and the sharing best practices have delivered significant savings. Savings have mainly come from raw materials and packaging, where common suppliers and similar requirements across Zones have facilitated early progress. During 2005, InBev reduced costs by over 25 million euro versus 2004, with the vast majority of benefits found in the North American and Western European Zones. For further details please refer to the [InBev Annual Report 2005](#) (p.37).

The focus on procurement will be continued in 2006. The appointment of a Chief Buying Officer to the Executive Board of Management (EBM) will help to fully realize this type of benefit through a centrally-coordinated Procurement Department.

### Restructuring

To remain efficient, we need to monitor each Zone and country to ensure we have the right operations to meet market needs. Occasionally, when our operations do not match market conditions, we need to restructure or close breweries. In 2005, we announced the restructuring of a number of brewery operations. This consisted of the some

activities at the Bellevue and Hoegaarden breweries in Belgium, and the closure of the Pleven brewery in Bulgaria and the Toronto brewery in Canada.

In addition to these brewery changes, we reorganized our Global Headquarters in Leuven, Belgium to improve efficiency and make savings. The changes involved reducing our employee base and out-sourcing some of our business support services, including an agreement to outsource some of our information technology which will provide new state-of-the art-infrastructure.

For more information on restructuring and closures please visit the [People and Community section](#) of this report.

### External Growth

Our targeted external growth strategy was critical to our success in 2005. Strategic mergers and acquisitions are designed to complement our ambition to increase organic growth. We aim to complete transactions that boost our local operations, and enhance the performance of our existing businesses. During 2005 we:

- Completed an important step in our combination with AmBev.
- Added further capacity to our Russian operations.
- Consolidated and strengthen our position within Chinese and German markets.
- Completed the sales of some of our interests in order to free-up capital to invest in critical strategic initiatives.

Targeted external growth was witnessed in a number of key markets in 2005. As part of our commitment related to the combination with AmBev announced in 2004, we undertook a mandatory tender offer (MTO) for all outstanding common shares of AmBev.

In Russia the complete acquisition of the Tinkoff brewery in St.Petersburg, Russia's fourth-largest independent brewer in terms of capacity, will act as a lever to InBev's organic growth with Russia.

The brewery added 2.3 million hectoliters of immediate capacity to our Russian platform, which is expandable to nearly 5 million hectoliters over time. A local brewing presence provides InBev's Russian operations with a growth platform and will leverage our national sales and distribution network. In addition, we took near 100% equity control of Sun Interbrew, representing our operations in both Russia and Ukraine.

In a further step to consolidate and strengthen our position in China, InBev acquired the remaining 30% share of KK's brewing activities, located in the province of Zhejiang, where we now have a 50% market share. This has been supported with the complete acquisition in 2006 of the Fujian Sedrin Brewery, the largest brewer in the Fujian province of China.

To support InBev's operations we acquired several local distributors throughout the world, which were immediately integrated into the InBev operations.

External growth is not an end in itself. Rather, we consider external growth as one of several ways to realize our ambitions, and as a way to accelerate organic growth. To provide capital resources for targeted external growth and other critical strategic initiatives, we divested and sold minority interests, including the sale of our minority stake in Spanish brewer Damm.

For full details of the calendar of transactions during the year, please refer to the [InBev Annual Report 2005](#) (p. 54).

## Economic Performance

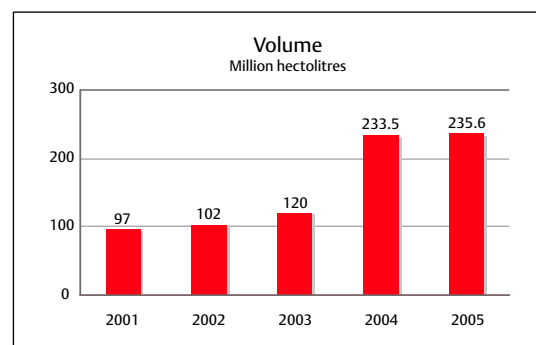
2005 was the first full year that InBev operated as a single, integrated organization and our financial performance was quite good. This reflected our commitment to realizing our vision: to move from "Biggest to Best". Beverage volume grew to 235.6 million hectoliters, and our turnover increased to 11,656 million euro, producing a normalized EBITDA (earnings before interest tax depreciation and amortization adjusted for non-recurring items) of 3,339 million euro in 2005, an increase of 15% in organic terms.

- For full details of our financial performance, please refer to the [Financial Report](#) in the InBev Annual Report 2005 (p. 53).

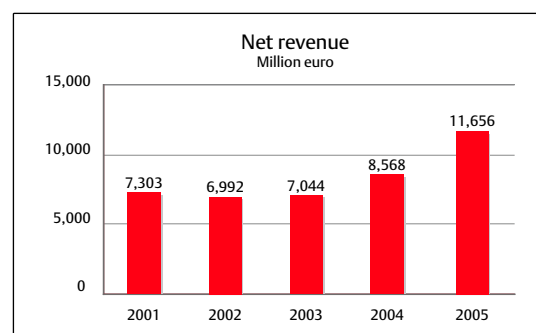
### Financial Performance Highlights

For a glossary of financial terms, please [click here](#) (InBev Annual Report 2005 p. 123).

- Volume increased 235.6 million hectoliters in 2005 from 233.5 million hectoliters in 2004. (Note: the 2004 figure is a pro forma full 12-month volume figure for InBev and AmBev).



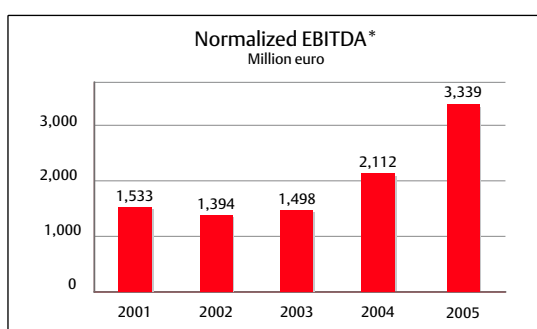
- Our revenue (after excise taxes and discounts) increased by 3,088 million euro, from 8,568 million euro in 2004 to 11,656 million euro in 2005, an increase of 36%.



\* Revenue after excise taxes and discounts



- Normalized EBITDA (earnings before interest tax depreciation and amortization adjusted for non-recurring items) increased from 2,112 million euro in 2004 to 3,339 million euro in 2005. This increase reflects an increase in normalized EBITDA margin to 28.6% from 26.1% in 2004 and demonstrates that we are firmly on track to reach our target of 30% EBITDA by 2007.



\* Earnings before interest tax depreciation and amortization adjusted for non-recurring items

- For full details of our financial performance, please refer to the [Financial Report, part of the InBev Annual Report 2005](#) (p. 53).

### Performance Overview

In 2005, the financial performance of InBev operating as a single, integrated global organisation was quite good. Our normalized EBITDA grew 15% organically, and our normalized EBITDA margin grew from 26.1% (2005 pro-forma) to 28.6%. This demonstrates that we are on target to reach our goal of a 30% EBITDA margin by 2007 as part of our vision of moving from biggest to best.

Our volume grew 5.4% organically. Beer volume grew even faster at 5.7% organically, and reached 192 million hectoliters, while our soft drink volume reached 32 million hectoliters. All our Zones maintained or grew EBITDA organically year-on-year, and three out of the five Zones grew volume organically.

Our global brands also had a very good year: Stella Artois grew by 1.1%; Beck's by 13.5%; Brahma by 15.9%; and Leffe by 10.3%. These four global brands are well positioned in many different markets. For

example, Stella Artois is now the world's fifth largest international brand (the category does not include domestic sales), with volume doubling in the last eight years from 4.8 million to almost 10 million hectoliters.

During 2005 there were also numerous examples of good performance amongst our local brands, which account for about 80% of our total business. For example, Cass in South Korea increased volume by 9.1%, illustrating how InBev targets resources to promote brands that have built strong market share, and which have further significant potential. In China, the three brands—Double Deer, KK and Shiliang— have given InBev the number one position in China's Zhejiang province, which has a population of over 47 million people.

For further information regarding the performance of our other brands, please refer to the [InBev Annual Report 2005](#) (p. 28).

### Summary of Key Financial Indicators

To download the summary of Key Financial Indicators Table, [please click here](#).

For the consolidated financial statements (income statement, balance sheet and cash flow), please refer to the [InBev Financial Report 2005](#) (p. 67).

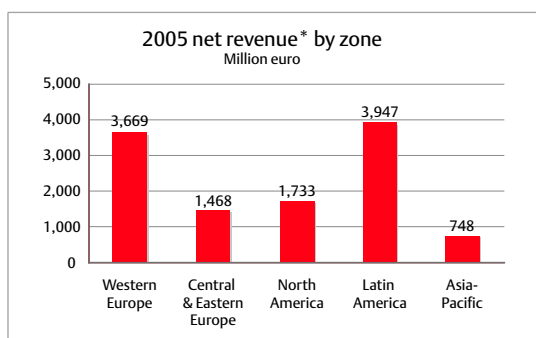
### Regional Performance

The following charts summarize the economic performance of our five geographical Zones.

In addition to the five Zones, we derived further sales revenue in the segment holding companies and global export business. These businesses had revenue of 91 million euro and EBITDA of 15 million euro in 2005.

For an overview of the performance of each Zone, please refer to the [InBev Annual Report 2005](#) (p. 17), and for the financial summary please refer to the [InBev Financial Report 2005](#) (p. 59).

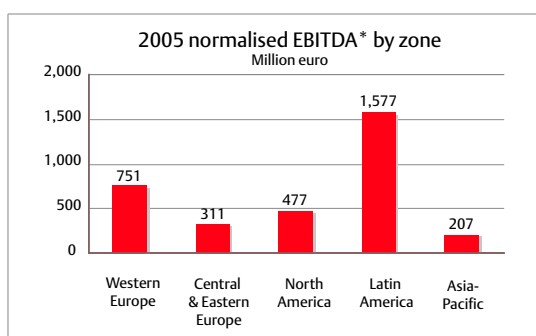




\* Revenue after excise taxes and discounts



\* Net revenue minus EBITDA



\* Earnings before interest tax depreciation and amortization adjusted for non-recurring items

## Wider Economic Impacts

As the largest brewer in the world, with operations in over 30 countries, InBev has a significant economic impact in a range of areas. Aside from providing returns for global shareholders, we are in a position to create wealth for a broader group of stakeholders and help improve standards of living where we operate and sell our products by providing job opportunities and paying taxes and excise duties. Through a merger, acquisition, foreign direct investment, or by improving our current operations, we aspire to create new wealth, more sustainable jobs, and broader opportunities in the communities in which we operate.

Our wider economic impact comes mainly through the employment opportunities we create and the associated wages and benefits we pay. We also pay

taxes, including excise taxes, and offer commercial opportunities to suppliers and retailers, which support indirect jobs separate from InBev's direct employment. Other economic benefits include donations to communities and dividends paid to institutional shareholders, such as pension funds.

### Taxes

A large proportion of the value InBev creates is passed on to the local communities where we operate through a variety of taxes. We pay direct taxes on our property, earnings and pay excise duties on our products. Although not direct taxes paid by InBev, our economic activity generates additional tax revenue through income tax paid by employees and investors, sales taxes paid by consumers and other local or transaction specific taxes.

In 2005, InBev's total income tax expense was 391 million euro. In addition to this, our excise taxes for 2005 totaled 3,700 million euro.

### Wages and benefits

In 2005, we employed some 77,336 people, and our employees' wages and benefits totaled 1,911 million euro.

As a global company, InBev provides business opportunities for suppliers and retailers in countries where we produce or sell our products. This means that for every InBev job, jobs are created in supporting industries; this is known as a jobs multiplier effect. A recent Ernst & Young report (see below) has calculated that for every direct brewing job in Europe, almost 15 jobs are created in supporting sectors – two in the supply sector, two in retail and almost 12 in the hospitality sector. Using these figures suggests that for InBev's 13,093 direct employees in Western Europe, approximately 196,000 jobs are created in supporting sectors.

### Community Donations

At present, the majority of community donations are managed by our breweries at a local level; financial and in-kind donations are not collated at the group level. We will assess systems for collating local community donations so that InBev figures can be reported in the future.

Reacting to the tsunami of December 26, 2004, the local and global offices of InBev donated some 500,000 euro.

For more on our community relations, please refer to the [People and Community section](#) of this report.

### InBev's Value Added

To help increase understanding of the wider economic benefits a company such as ours generates, it has become increasingly important for companies to calculate the value they add to all of their stakeholders. Companies use different methods for computing their Value Added (VA), such as sales or employment figures.

The Brewers of Europe recently commissioned a research report by Ernst & Young\* on the economic impact of

the brewing sector in Europe. The study included 30 European countries, including 24 of the 25 member states of the European Union (Malta was not included), as well as Norway, Switzerland, Croatia, Bulgaria, Romania and Turkey.

The report found that the total value added contribution to the European Economy by the brewing sector is 57.5 billion euros. This equates to around 0.55 % of the total GDP of the European economy. Of this total the brewing sector directly contributes 21 %, or 12 billion euros. The remainder is generated by the hospitality (56 %), supply (20 %) and retail (3 %) sectors.

The indirect economic benefit of the brewing on the agricultural sector is significant. Around 3.9 billion euros are spent on agricultural products, and this trade supports approximately 147,000 jobs in agriculture.

\* Ernst & Young Netherlands (2006) "The Contribution Made by Beer to the European Economy: Employment, Value Added and Tax".

### Value Added Scoreboard

The U.K. Government has recently identified Value Added (VA) as a key indicator in measuring and driving the competitiveness of industry, and as a result is investing heavily in promoting this approach. Like many companies, InBev has identified the new initiative as being a valuable and independent 3rd-party assessment of VA. According to this approach, "Value Added" is defined as operating profit plus employee costs, depreciation and amortization. The following table defines in more detail the process used to calculate VA.

**Figure 1: How to calculate the Value Added for a company**

Value Added is calculated from a company's accounts:

VALUE ADDED =	OPERATING PROFIT + EMPLOYEE COSTS + DEPRECIATION + AMORTISATION
Where the quantities on the right hand side are calculated as follows:	
<b>Operating Profit =</b>	Profit (or loss) before tax plus net interest paid (or minus net interest received) less gains (or plus losses) arising from sale/disposal of businesses or assets.
<b>Employee Costs =</b>	Total employment costs (wages & salaries, social security and pension costs). Usually given in a note on employee emoluments and numbers in the accounts.
<b>Depreciation =</b>	Depreciation and impairment charges on owned assets and assets held under finance leases. Usually disclosed in a note to the accounts on profit or fixed assets.
<b>Amortisation =</b>	Depreciation and impairment charges on acquisition goodwill and other intangible assets. Usually found in a note to the accounts on profit or intangible assets.

Source: U.K. government Department of Trade and Industry

For more information on the approach taken by the U.K. Government, please [click here](#).

According to the U.K. Government 2006 Value Added Scoreboard, InBev is ranked fourth within the European beverage industry. Even though we have dropped one place from third in the 2005 Scoreboard, InBev's value added has increased 20% the second highest increase in the European beverage sector. The scoreboard also ranks InBev at 169 in the top 700 European companies by Value Added and sixth within Belgium. The analysis is based on our 2004 accounts rather than our 2005 accounts discussed in the [Economic Performance section](#) of this report.

## Value Added Performance for European Beverage Companies 2004/05

Rank	Company Name	Value Added (£M)	Change 1yr (%)
1	Diageo, UK	3049.0	-10
2	Heineken, The Netherlands	2626.1	2
3	SABMiller, UK	2589.7	36
<b>4</b>	<b>InBev, Belgium</b>	<b>2301.1</b>	<b>20</b>
5	Carlsberg, Denmark	1201.1	9
6	Allied Domecq, UK (now part of Pernod Ricard, France)	1128.0	-5
7	Scottish & Newcastle, UK	1082.0	-33
8	Coca-Cola HBC, Greece	987.7	6
9	Pernod Ricard, France	940.0	n/a

Source: U.K. Government Department of Trade and Industry 2006 Value Added Scoreboard

For the U.K. Government's full Value Added scorecard for the European beverage industry and Europe's top 700 companies in 2005, [click here](#).



# Environment

## Environment and Safety, Policy Management

At InBev, we are committed to conducting all of our activities in a responsible manner, ensuring the protection of our employees, stakeholders, customers and the environment.

Environmental and occupational health and safety considerations are among the highest priorities for InBev and are integrated into all workplace activities and business decisions. To put this policy into practice, the organization establishes objectives and targets based on experience, and takes reasonable measures to continually improve our safety and environmental performance. To ensure that we are operating under the appropriate standards, InBev establishes guidelines and goals based on past performance to constantly improve our safety and environmental performance.

We communicate our progress and work jointly with governments and the communities in which we operate to establish and maintain effective environmental and safety standards and procedures.

InBev management, both global, Zone and local, is accountable for compliance with all applicable legal and corporate requirements, and provides the leadership, resources and training to implement this policy. All employees are accountable for performing their jobs in accordance with established procedures, operating philosophy and regulatory requirements.

All InBev employees share the responsibility to protect the environment and maintain safe working conditions. Innovative and sound environmental and safety considerations are incorporated into our processes, practices and equipment. The cooperation and involvement of all workers and

managers are essential for the ongoing implementation of this policy.

### Environment, Health and Safety Responsibilities

At the Executive Board of Management (EBM) level, the Chief Technical Officer and the Chief People Officer are responsible for environmental, health and safety matters. The Chief Technical Officer is responsible for environmental issues across the whole of InBev, and for safety in the production and main distribution operations. Safety in secondary distribution operations and office and administration functions is the responsibility of the Chief People Officer who is also responsible for health issues across the whole of InBev.

Supporting the Chief Technical Officer on environmental and safety issues are the Vice-President Brewery Support, the Director of Global Environment and Safety and the Global Environment and Safety (ES) Department. The Global ES Department at InBev consists of two experts located at the Group Headquarters who work with the Zone - and plant - based ES officers. The Global ES departments' responsibilities are the following:

- Preparation of policies, standards and definition of objectives and KPI's in the ES field.
- Coordination of Zone ES Managers.
- Gathering and spreading of best practices.
- ES audit policy and auditing.
- Stimulation and development of the ES component of the VPO program.
- Advice and problem solving in the ES field.
- Participate in process and product-development activities.
- ES data gathering, external and internal reporting and global benchmarking.
- Management of ES aspects of investments.
- Coordination of ES elements of due diligence activities.

To ensure easy and effective ES management, the Global ES Department works in close collaboration with other elements of Brewery Support, InBev's Corporate Citizenship Team and other functions such as the People Department.

As employee health and safety is so closely aligned with employee issues, we have decided to report our performance in this area in our **People and Community section**.

### Environmental Health and Safety Management

InBev's strategy of moving from "Biggest to Best" is implemented at our production plants by our Voyager Plant Optimization (VPO) program. VPO is an integrated approach to managing production and brings together operational, financial, quality, environmental, and health and safety issues to ensure that we operate and manage all our breweries consistently, using best-practice tools and methodologies. VPO only started in the latter part of 2004 and is being rolled out globally over the next four years. Our progress to date is reported in the **Economic and Corporate Governance section**.

The key principles of VPO, which are applied to our environmental and safety management approach, are:

- Focus on consistent execution.
- Standardize best practices.
- Drive continuous improvement in all activities.
- Measure the right things.
- Cascade targets and goals.
- Clearly define accountabilities at all levels.
- Close the loop on performance.

### Environmental Management at Huachipa, Peru.

Since opening in June 2005, AmBev's Huachipa plant, Peru has had an exemplary environmental record. Central to the success of the plant's production of over 1,000,000 hectoliters of beer and 2,500,000 hectoliters of soft drinks is the innovative wastewater treatment plant installed which produces waste water at less than 5 parts per million of Biological Oxygen Demand (BOD). This 'grey water' is actually so clean

that plant used it in place of fresh water in the cleaning non-production areas, such as yards and to irrigate the landscaping around this greenfield site. As a new plant all 550 staff received the appropriate training including in environmental policy and practice at existing Brazilian plants before starting at the new plant.



Wastewater Treatment Plant at AmBev's Huachipa, Plant near Lima, Peru.

### Objectives and Target Setting

As part of the VPO program, InBev has taken the opportunity to define a set of group-wide directional environmental, health and safety (EHS) objectives and primary Key Performance Indicators (KPIs). To establish a local chain of responsibility at production breweries, Zone-based ES managers have taken the group-wide KPIs and used them to develop plant-based ES targets. These targets and KPIs form the basis of the breweries' annual self-assessment of performance and adherence to the VPO system. As VPO is a broad-based management process, financial elements of production are frequently used to set targets for ES issues, such as the cost of water and energy supplies. Other ES issues with primary KPIs include accidents, materials use, waste, and wastewater.

Plant self-assessments are scrutinized by Zone-based ES staff, who also undertake an internal ES audit of all breweries at least once every three years. Zones will, in turn, be audited by the InBev Group ES function, which will also periodically participate in plant audits to ensure that consistency and high standards are maintained.

While VPO is a global management process, those plants which had previously adopted external certification, such as ISO14001 and OHSAS18001, must operate VPO in parallel. External certification is still an option for all plants in addition to VPO, although such decisions are taken at a Zone - or plant - level.

### InBev's Environment and Safety Operational Standards

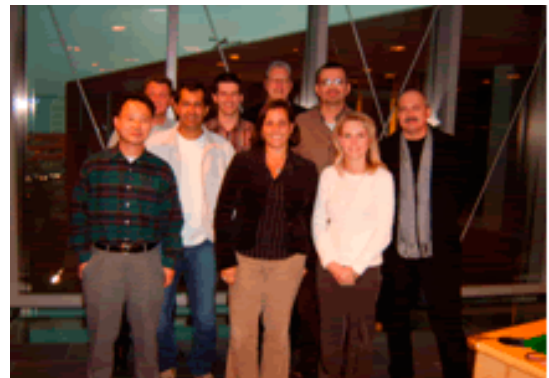
As a global company, with operations in over 25 countries, InBev has sought to standardize environmental and safety practice for our production plants by developing a set of ES Operational Standards during 2005.

These are the baseline standards for performance and management processes that all InBev production plants must comply with. The aim of the Standards is to provide rigorous and uniform performance and processes, particularly when legislation is weak or does not exist. The new Standards were created with the help and support of experts from every InBev Zone and cover issues that risk management studies found to be crucial in avoiding ES incidents and emergencies.

The Standards cover issues like: handling and storage of chemicals, prevention of soil and groundwater pollution, legionella control, dust explosion prevention, wastewater and sewer system management, electrical safety, guarding of machines, workplace transport, EHS signalization and use of personal protective equipment. The Standards are partly of a technical nature, for example the requirement to use specific equipment that can measure waste water pollution, and partly aiming at improving responsible behavior, for example the requirement that only qualified personnel may work on electrical systems and the training requirements for such personnel. While the implementation of the Standards is mandatory for responsible employees at all plants, they have been designed to allow compliance with local laws that may be more far-reaching. Plants have until 31st December 2007 to implement the Standards.

### Internal Environment and Safety Communication

Information on environment and safety management is disseminated widely throughout InBev. However, to bring consistency of approach and improved performance required by the VPO program, best practice and technical advice needs to be easily accessible to all ES managers, regardless of location. A central platform to achieve this is the ES part of InBev's intranet site which acts as an information exchange and library of best practices, as well as a means of feeding down Group ES information.



The members of the Global ES Coordination group during their meeting in Leuven, Belgium in January 2006.

In January 2006, InBev's environment and safety professionals of the Global ES Co-ordination group met in Leuven for one of their regular meetings. These provide a co-ordination platform for the Global and Zone ES departments. Some of the topics covered in Leuven included: ES challenges in 2006, data management, ES audits and fork lift truck safety.

InBev's VPO program provides many of the tools for ES managers working at the plant level who play an important role in disseminating best practices and news about ES management to colleagues. Daily, weekly and monthly meetings at departmental and plant levels focus on ES issues while display boards give feedback on ES performance.



# Environmental Performance

We concentrate our environment, health and safety management efforts where our impacts are greatest: at our production plants and more specifically at our breweries. The following diagram shows how our inputs, processes and products are related to our brewery impact.



### A Note on InBev’s Environment and Safety Performance Data

At InBev we are committed to managing our environmental and safety (ES) impacts at source by implementing management techniques that control our largest impacts in the most efficient manner. We have achieved the commitment made in our 2005 Global Citizenship Report to move to a single InBev environment and safety reporting system based on the best of both Interbrew and AmBev, the companies that combined to create InBev. As well as indicators reported for the whole of

InBev in our last report (materials use, energy use, and water use); this year for the first time we are able to report compliance, waste and byproducts, and greenhouse gases for InBev as a whole.

Despite our best intentions, we are not able to report environmental and safety performance for all production sites, however the number of plants reporting full ES data is improving. Please [click here](#) for a list of the 92 plants which are currently within our ES data reporting scope.

Not all of these 92 plants report on all environmental and safety indicators and until we have data for all indicators from all plants, we feel it is most transparent to declare the percentage of the 92 plants that have reported data for each ES indicator. As data availability reporting varies between indicators, so does this percentage. For instance, if all 92 plants are reporting data for a particular environmental indicator, the data reflects 100% of our reporting scope. Please [click here](#) for the percentage reporting for each indicator.

This year for the first time we are including data from a number of non-beverage plants: principally manufacturing malt, but also labels and bottle closures. Where we have historical data for these plants for 2003 and 2004 we have included it within our figures to show comparable data over time. This has resulted in restated environmental and safety performance data for these years. Where data has been restated this is shown by a footnote to the chart.

We are continuing to concentrate our ES management efforts where the impacts are greatest—at our production plants and do not currently include administrative and distribution sites that are not attached to a production plant in our environmental data. New acquisitions do not report into our ES data-reporting system until their systems are fully aligned with InBev’s Environment and Safety system, a process that is targeted within two years of acquisition.

To give a better understanding of how we are reducing the environmental impacts of our production—and improving efficiency—we have produced charts comparing our environmental performance against the output (in hectoliters\*) of our principal products—beer and soft drinks—from the plants within our reporting scope. To increase accuracy, this is the first year we have included soft drink production separately within this analysis. Soft drinks make up just over 14% of our beverage production.

\*1 hectoliter is 100 liters or 0.1 cubic meter.

## Incidents and Compliance

### Environmental Non-Compliance

The impact on soil, water bodies and air from accidental spills and emissions can be severe and may result in heavy fines or require expensive remedial action. InBev recognizes this potential risk and has stringent technical and organizational standards for the management and storage of fuels, oils, cleaning chemicals and air emissions.

During 2005 there was a decrease in the number of environmental incidents and the overall volume of spills reported. However this decreasing trend is not reflected in our fines for non-compliances mainly because of a 20,000 euro fine given to our Zhoushan brewery in China. The fine followed a leak from the effluent drainage system which polluted a neighbouring river. Technical and organizational measures have taken place to prevent recurrence of the accident.

Number of Non-compliance Situations		
2003	2004	2005
80	87	63

Fines for Environmental Non-compliance (€)		
2003	2004	2005
32,586	11,410	38,453

Number of significant spills		
2003	2004	2005
149	143	110

Volume of significant spills (m³)		
2003	2004	2005
767	749	184

## Materials

Beer's main ingredients are natural products. The table below details the use of these materials in tons. Other materials are used in smaller quantities in the production process and include filter materials and caustic soda for cleaning purposes, which is the main chemical used in our production process. We also use packaging materials: mainly glass, plastics and paper.

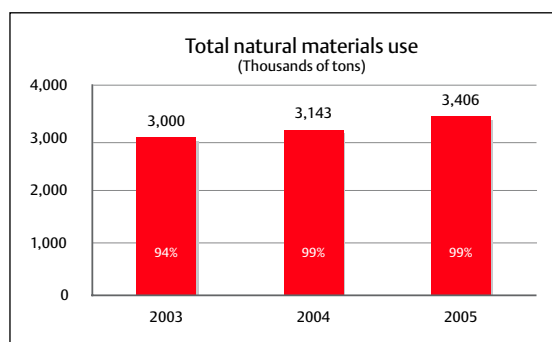
For more on packaging issues please visit the [Our Products section](#) of this report.

Natural materials use in tons (brackets indicate the percentage of the plants in scope that the data relates to).

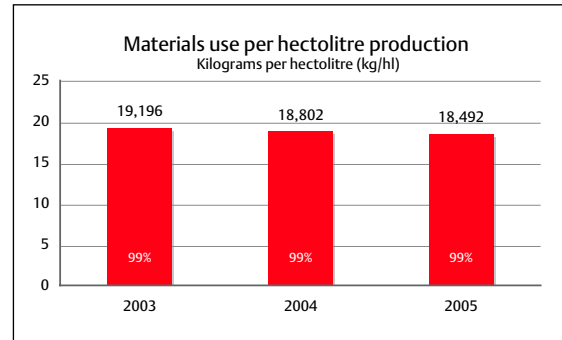
	2003	2004	2005
Barley	813,831 (100%)	805,878 (100%)	871,250 (100%)
Malt	1,616,975 (100%)	1,677,923 (100%)	1,860,702 (100%)
Other cereal *	565,194 (97%)	654,848 (100%)	669,797 (100%)
Hops **	4,152 (94%)	4,466 (99%)	4,528 (99%)
<b>Total</b>	<b>3,000,152 (94%)</b>	<b>3,143,115 (99%)</b>	<b>3,406,277 (99%)</b>

\* Includes wheat, maize, corn, rice and sugar.

\*\* Hops sources include hop flowers, hop pellets and hop extracts.



2003 and 2004 restated to include historical data available within enlarged 2005 performance scope.



2003 and 2004 restated to include historical data available within enlarged 2005 performance scope.

## Byproducts and Waste Management

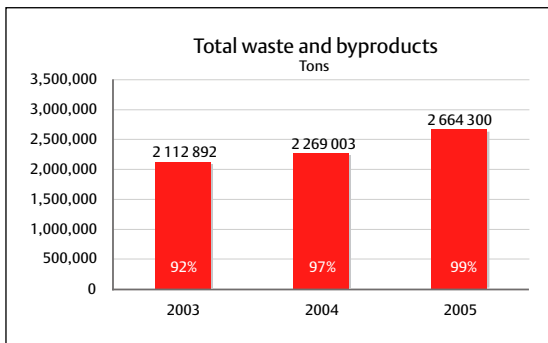
Waste management is an important issue for InBev. The cost of responsible disposal of waste is increasing in many parts of the world. We tackle this problem by optimizing our production processes so that we use less material in the first place, while increasing the amount of byproducts and other materials with residual value. In this way, the amount of unusable waste is minimized and waste-management costs are contained.

InBev has an excellent record in byproduct use, principally in the agricultural sector. Spent grain and yeast from the brewing process is mainly used in cattle feed, and we take great care to ensure that the integrity and quality of this important raw material in the food chain is maintained.

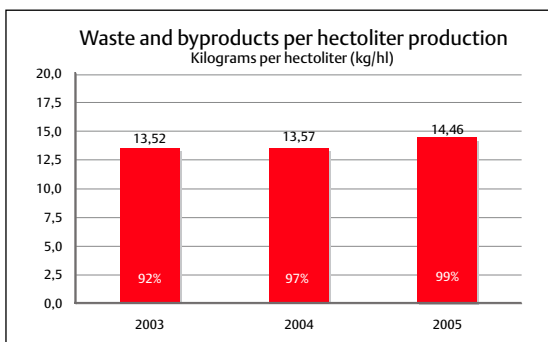
In order to reduce costs and improve the revenue gained from brewing byproducts, we are looking to improve the efficiency of our processes, specifically by improving at-source sorting and quality control. In these ways, we ensure that our byproducts comply with increasingly stringent regulations for animal feeds.

Bottle labels, paper waste, glass and metal waste, and wastewater sludge (mainly used for soil improvement) are also exploited for their residual value.

Byproducts /waste	Destination
Malt husks and spent grain	Animal feed component
Wet and dry yeast	Animal feed component or food flavoring for human consumption
Labels and paper waste	Cardboard and paper manufacturing
Glass waste	Glass manufacturing
Metal waste	Metal recycling
Wastewater sludge	Soil improvement and organic fertilizer



2003 and 2004 restated to include historical data available within enlarged 2005 performance scope.



2003 and 2004 restated to include historical data available within enlarged 2005 performance scope.

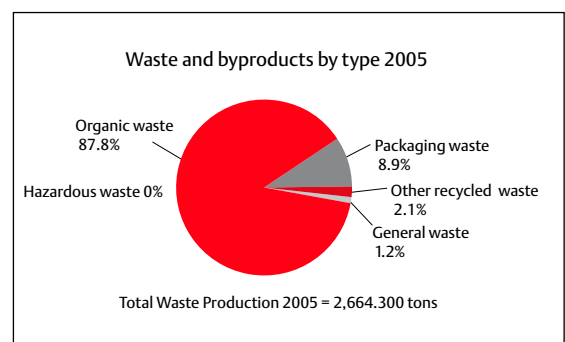
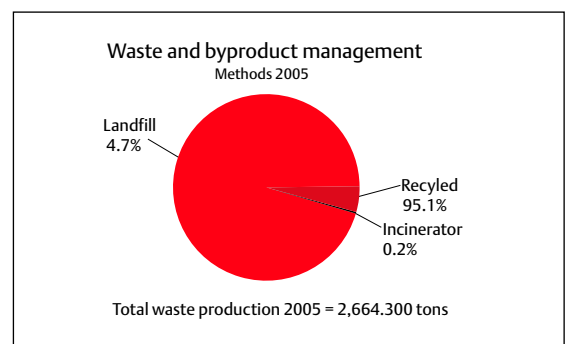
Our total byproducts and waste grew from 2,112,892 tons in 2003 to 2,664,300 tons in 2005. Also on a production-adjusted basis byproducts and waste per hectoliter of production has risen by 6.6%. Although our total waste production is increasing, so is our rate of reuse and recycling. Today over 95% of the total of waste and byproducts are reused or recycled. Of this, over 87%

of the total amount of byproducts and wastes are residues (as wet matter) from the organic materials that go into our products. Since 2003, these have increased by 24.6%, thanks to improved reporting accuracy, higher production levels and switching residue routes. For example, the improving quality of our wastewater discharges is partially due to residues which were once flushed away in wastewater and now are being separated and sold in solid form as a byproduct.

### Breakdown of Waste and Byproducts

Waste Type (Tons)	2003	2004	2005
Byproducts and organic waste	1,877,344	2,024,236	2,339,654
Packaging waste *	189,518	198,306	236,235
Other recycled waste **	9,564	13,561	56,965
General waste ***	33,926	31,510	30,755
Hazardous waste	2,540	1,391	690
<b>Total waste</b>	<b>2,112,892</b>	<b>2,269,003</b>	<b>2,664,300</b>

\* Packaging waste collected in production plants  
 \*\* Other recycled waste is non-ferrous and ferrous scrap, tires, wood and construction waste  
 \*\*\* General waste is all waste that is not recycled



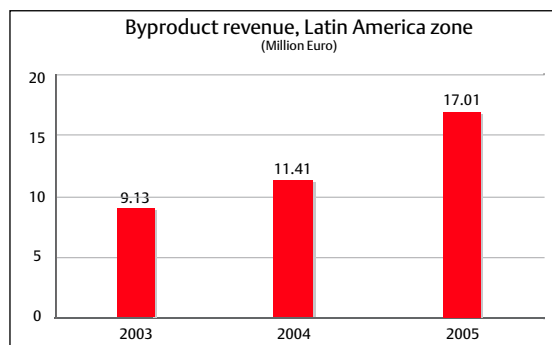
For information on community recycling projects please refer to the [People and Community section](#).

### Extract Losses

In addition to keeping records of our materials, production and wastes, InBev also keeps track of extract losses which are a measure of how efficiently a brewery or other production plant uses its raw materials. Extract is the 'fermentable sugars' which come from the cereals and sugar used to produce beer.

Standardized laboratory procedures are used to compare the theoretical maximum extract coming into a brewery with the extract that leaves within our products. The lower the extract loss, the fewer raw materials are needed to produce the same amount of beer. Extract-loss information is sensitive, and we report this information on a percentage-efficiency change only. A comparison of 59 production plants shows that from 2003 to 2005 extract losses fell by over 3 % to 7.26 %.

### Latin American Successes in Byproducts Management



Byproduct utilization has been successfully developed in our South American Zone for many years. The year on year increase in revenue generated by byproducts per hectoliter witnessed since 2000 has not only improved profitability; it has reduced our environmental impact.

High rates of byproduct use for agricultural feed depends on the maintenance of consistent high quality. Malt germs is an important malting byproduct which needs constant storage at specific humidities and

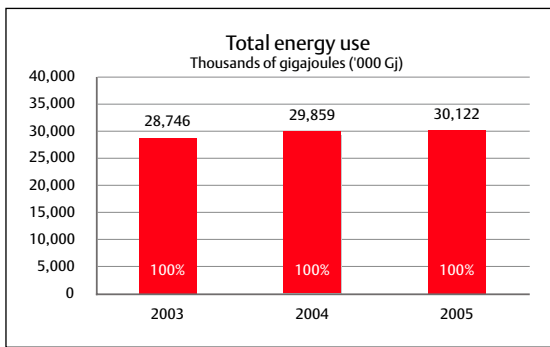
protein levels to avoid fungal growth which can lead to micro-toxin formation. To guarantee malt germs for safe use as a dairy cattle supplement we monitor humidity and protein levels at facilities. Additionally, we undertake a thorough product micro-toxicological analysis regime. An important issue in maximizing the reuse of malt germs is synchronizing its distribution with the needs of local cattle. InBev malt germs production peaks in the summer while simultaneously the need for animal feedstuff weakens. To balance out supply we use the 'Ensilaje' process to store malt germs during summer and release it during the winter. The Ensilaje process stores foods in an oxygen poor atmosphere with low acidity. We use specially selected airtight silos and store the malt germ in alternate layers with grain or citrus pulp which help to modify acidity and atmosphere so ensuring long-term byproduct goodness.

### Converting Waste Product into Ethanol

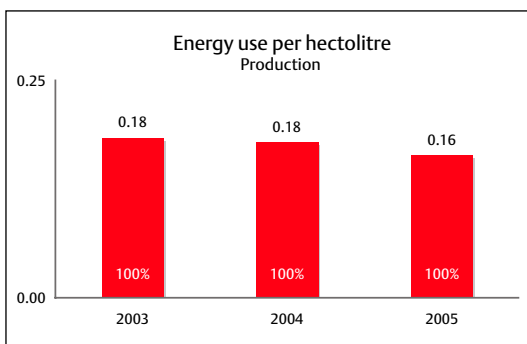
For a variety of reason not all of our beer production reaches the consumer. Some does not reach our high quality standards, some may be end of product lines and some is returned to us unsold. In Canada this 'rebate beer' is received at our London, Ontario facility where we installed a 20,000 liter tank to hold the reclaimed beer. Rather than sending the waste liquid to a wastewater treatment plant, InBev sends it on to be distilled into industrial ethanol. It is estimated that 560,000 liters of beer per year is reclaimed for distillation from our Canadian facilities. As well as being a useful byproduct for InBev, this initiative also saves 12,800 euro in municipal wastewater treatment costs by avoiding sending 18,000 kg of chemical oxygen demand (COD) into city sewers.

## Energy

InBev is a significant consumer of energy and in 2005 we consumed over 30 million Gigajoules. Increasing our energy efficiency is an important way that we can cut costs, and over the past three years we have reduced the amount of energy needed to produce a hectoliter of product by 12.4%. Last year, in our first year of reporting, we over-stated our total energy consumption after using an incorrect conversion factor to prepare our report from our site energy data. This systematic error had no impact on our achievements in site energy management or greenhouse gas disclosures.



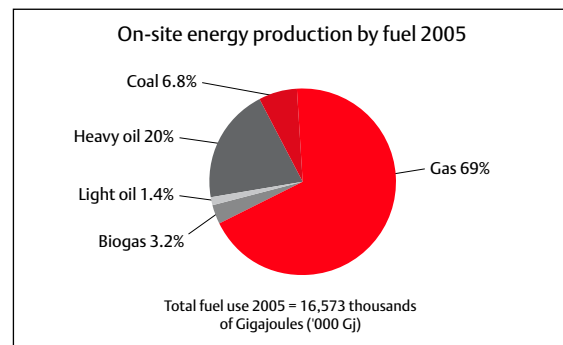
2003 and 2004 restated to include historical data available within enlarged 2005 performance scope.



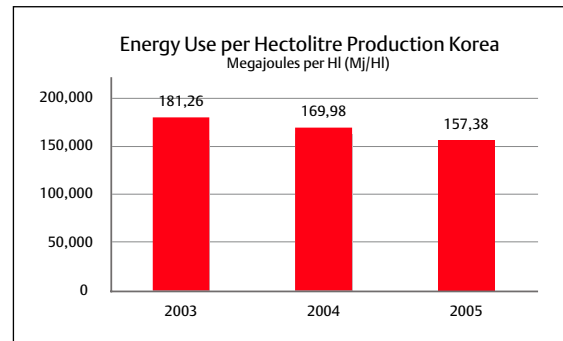
2003 and 2004 restated to include historical data available within enlarged 2005 performance scope.

Our main energy supply is networked electricity, with networked steam and heat used in smaller amounts. We also produce electricity, heat and steam in our own boilers. The main boiler fuel used is natural gas, with smaller amounts of oil and coal. The amount of coal used

for energy production is rising as more Chinese plants, where coal use is more common, are included in the reporting scope and the Agudos plant in Brazil switched to coal in 2005. Increasingly, we are generating power from renewable resources, including biogas and biofuel, although the proportions are still small.



## Energy Mapping in Korea Leads to Significant Savings



Energy consumption in our three Korean plants has fallen significantly due to the introduction of an innovative system of mapping energy and process flows called E-Map. Central to E-Map are energy balance sheets from which improvement plans, implementation activities and monitoring are derived. E-map was introduced to all Korean plants in March 2005 and by year end Korean energy efficiency (per hectoliter) was up by over 7%, well ahead of target. Specific activities implemented since E-Map include; the installation of a hot water recovery system at Icheon; using step boiling in brewing at Gwangju and the installation of a CO<sub>2</sub> vent recovery system in the packaging line at Cheongwon.





Heat recovery and hot water tank at Icheon plant, Korea.

## Greenhouse Gases

Carbon dioxide (CO<sub>2</sub>) is released into the atmosphere when fossil fuels such as, coal, oil or gas are burned in our on-site boilers, or by off-site electricity generators. CO<sub>2</sub>, along with other greenhouse gases, alters the way the earth's atmosphere traps heat from the sun, in what is known as the "greenhouse effect". Greenhouse gas emissions from human activities are leading to increased concentrations in the atmosphere. Scientific data shows that higher concentrations of greenhouse gases, primarily carbon dioxide, are having a negative effect on the global climate.

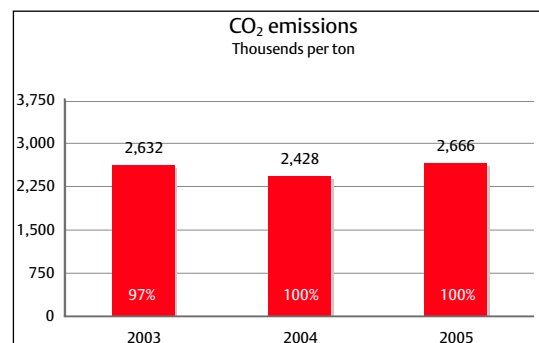
The international community is tackling this challenge through the Climate Change Convention. Adopted in 1992 and now boasting over 185 member countries, the Convention seeks to stabilize atmospheric concentrations of greenhouse gases. It commits all countries to limit their emissions, gather relevant information, develop strategies for adapting to climate change, and cooperate on research and technology. It also requires developed countries to take measures aimed at reducing their emissions to 1990 levels.

In 1997, at Kyoto in Japan, the parties to the Convention agreed, in 1997, to a protocol that developed countries should accept a legally binding commitment to reduce their collective emissions of six greenhouse gases by at least 5%, compared to 1990, before 2012.

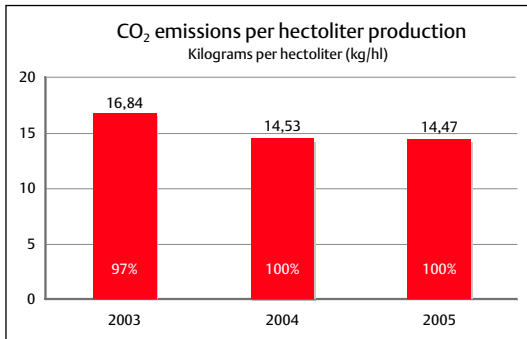
InBev sees reducing the amount of carbon dioxide we produce as an important part of increasing production efficiency, and therefore reducing costs as well as supporting the Kyoto agreement. To understand better what our main sources of carbon dioxide are, we calculate greenhouse gas emissions from our production plants. We use a method based on the global greenhouse gas protocol published by the World Business Council for Sustainable Development and World Resources Institute. We measure CO<sub>2</sub> from fuel use in our boilers and purchased electricity. We do not currently include CO<sub>2</sub> emissions from transport and CO<sub>2</sub> used in the brewing process in these calculations.

To manage this issue we have established a 'Kyoto Network' of internal greenhouse-gas experts. Through the network, experiences are exchanged and best practices for greenhouse-gas monitoring and reductions are identified and rolled out. The data-gathering process is supported and coordinated on a Zone or country basis.

In 2005, InBev emitted the equivalent of 2.66 million tons of CO<sub>2</sub>, up 1.1% from 2.63 million tons in 2003. On a per hectoliter of product basis, however, CO<sub>2</sub> emissions have fallen by 14% over the same three-year time period. The improvement is less spectacular if we compare 2005 to 2004 because last year coal grew as a source for direct energy (see [energy section](#) for information on the mix of fuels we use).



2003 and 2004 restated to include historical data available within enlarged 2005 performance scope.



2003 and 2004 restated to include historical data available within enlarged 2005 performance scope.

### Taking up the Biomass Challenge

AmBev's commitment to reduce the environmental impact of its activities and products led it in 2003 to seek ways to diversify its energy supply by looking at renewable energy sources.

An important element of this has been using agricultural and plantation byproducts such as wood chips, coconut husks and farmed eucalyptus as boiler fuel. These types of residues are now in use at four Brazilian breweries: Agudos, Santa Catarina, Teresina and Cuiabá, and are estimated to save over 28,000 tons of fuel oil a year. In addition to cost savings, an added advantage of using these carbon dioxide neutral sources is that they reduce InBev's greenhouse gas production by over 85,000 tons each year.



Biofuels store at Cuiabá, Brazil.

### Computer System Fuels North American Energy Saving

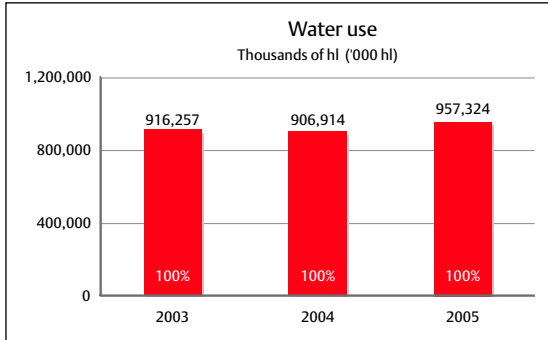
During 2005, the installation of the latest energy monitoring and targeting software (EM&T) continued across our North American sites. The software and associated meters monitor electricity, fuel/steam, water, compressed air and carbon dioxide use across the North American sites. Because the information gathered is comparable, accountability and benchmarking with best practices is greatly increased so allowing performance to be raised. Coupled with a targeting function based on historic information, the EM&T can easily identify underperformance and pin point where remedial measures are most appropriate. Although full North American roll out is scheduled for 2006, the EM&T is estimated to have already cut utility consumption by over 20% which has the related effect of reducing greenhouse gas emissions.

### Water Use

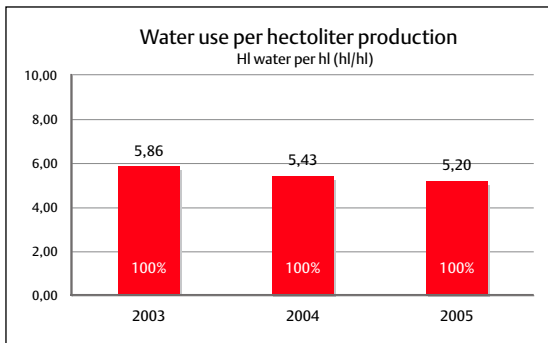
Water is one of InBev's most important raw materials, as well as one of the most important environmental resources of the 21st century, due to the increasing demand for of fresh water. We use water in two principal ways: pure process water used only in beverage production, and the water used outside the brewing process; for example, in cleaning, cooling and steam production.

We are extremely conscious of our dependence on reliable supplies of the highest-quality drinking water. However, the amount of water we need is greater than the sum total of products we produce. Factors such as the source of our water, efficiency of our production processes, packaging mix, and the type of products produced influence our water use.

In 2005, we used 957 million hectoliters of water, up 4.5% from 2003. However, when compared to production figures, water use has fallen by 11.4% over the three year period, which reflects our improving water efficiency.



2003 and 2004 restated to include historical data available within enlarged 2005 performance scope.

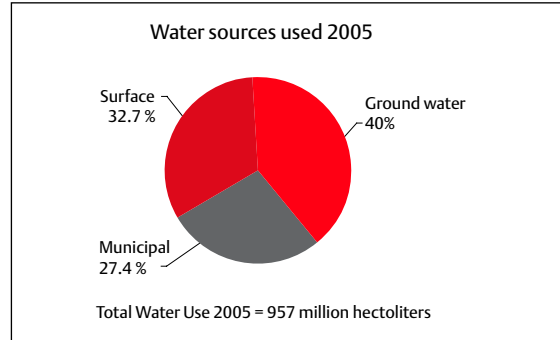


2003 and 2004 restated to include historical data available within enlarged 2005 performance scope.

The table underneath gives an overview of the water use per hectoliter production of the three main types of production plants in InBev. In each year and in every type of production plant we have up till now been able to improve our results.

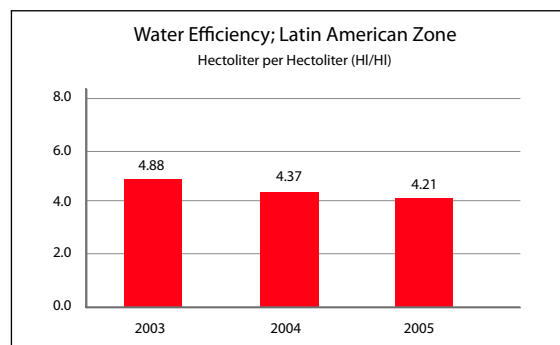
Water use ratios per activity	2003	2004	2005
Breweries and beer & soft drink plant hl/hl	5.8	5.4	5.2
Pure soft drink plants hl/hl	1.8	1.4	1.3
Malting plants m3/ton	7.57	7.47	7.07

Most of the water used by plants is extracted through boreholes from underground sources. Other sources are municipal water supplies and water from nearby water bodies. The balance between our different sources of water is roughly consistent over time.



### Water Consumption in Latin America

By comparing the amount of water our Latin American plants use against the volume of product produced is an effective way of finding how eco-efficient we are. Overall since 2001 our water efficiency across the board had increased by over 16% so that in 2005 it takes 4.21 liters to produce 1 liter of beverage. This approach to performance monitoring is also carried out at individual plants and so we are able compare plants and highlight our Curitiba brewery (3.37 Hl/Hl) and Jundiai soft drinks plant (1.68 Hl/Hl) as regional centers of excellence in water efficiency.



### Water Supply Protection at Jupille, Belgium

Our Jupille Brewery in southern Belgium uses over 8,000 cubic meters of water a day. To ensure the continued supply of high-quality water in the face of increasing resource demands, the brewery has taken a three-pronged approach, based on increased efficiency of water use, improved wastewater quality, and the continuing purity of its groundwater supply.

To protect the plant's boreholes from pollution, the brewery has made internal improvements, such as improved storage of cleaning chemicals and waste, and new site drainage.

As the boreholes extract water from the aquifer underlying the whole district, a groundwater-protection zone has been established in the vicinity of the brewery, in conjunction with the local government. The groundwater-protection-zone regulations prohibit a selection of activities such as factory farming, cesspits, waste-transfer stations and large car parks.

In addition, activities such as the underground storage of hydrocarbons (oil, diesel, gasoline etc.), and the use of pesticides are strictly controlled. Residents wishing to carry out controlled activities must apply to the local authorities, who hold a public enquiry to determine whether a permit should be granted.

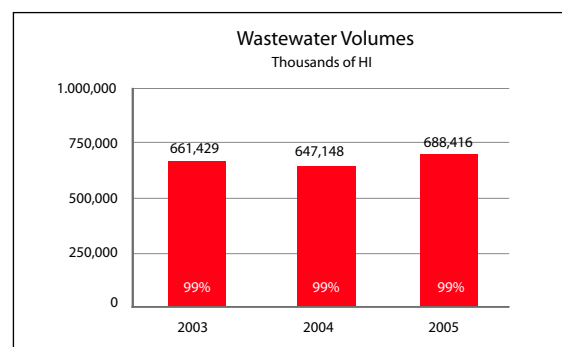
The regulations also require the modification of existing underground storage installations to meet the new standard. In these instances, the brewery, together with the local government, organizes and pays for the upgrading works. By the end of 2005, 137 underground hydrocarbon tank installations had been adapted or upgraded in the protection zone, up from 90 in 2004. The works in the entire zone are on course to be finished in 2008.



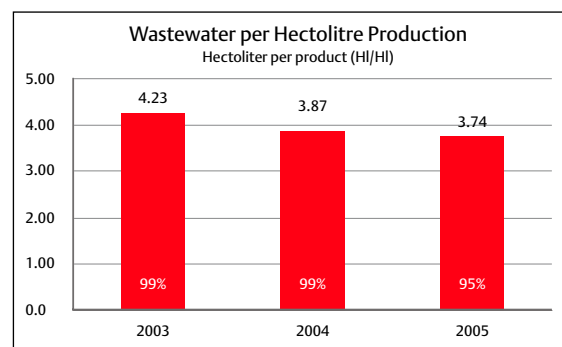
An upgraded fuel storage installation in a private house in the Jupille community in Belgium.

## Wastewater

As a major user of water, it is only natural that InBev pays great attention to the amount and quality of our wastewater. In 2005, we discharged 688 million hectoliters water, up 4.1 % since 2003. Over the same period we have reduced wastewater per hectoliter of production by over 11.6 %.



2003 and 2004 restated to include historical data available within enlarged 2005 performance scope.

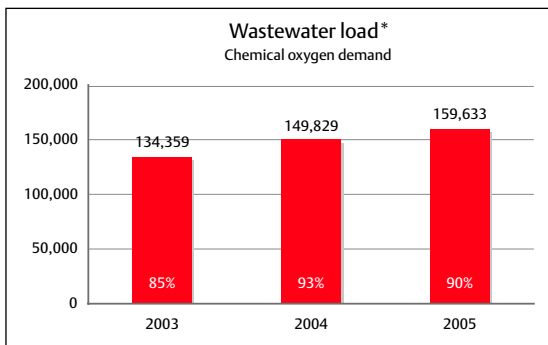


2003 and 2004 restated to include historical data available within enlarged 2005 performance scope.

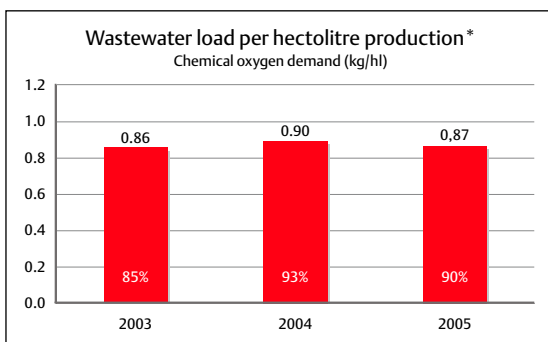
We have chosen to report the quality of the wastewater in terms of chemical oxygen demand (COD). We measure the COD load of our wastewater before we treat the wastewater. This standardized laboratory test which is an indication of the ability of the water to support aquatic life. We also measure other aspects of our facilities' wastewater; for example, to ensure our compliance with local and national pollution control.

Not all breweries are required by local authorities to measure wastewater COD on-site. However, through our new **Environment and Safety Operational Standards** all production plants are required to measure both the volume of effluent and COD of their wastewater by 1st January 2008. One consequence of a rising number of breweries reporting wastewater quality is a growth in InBev's reported wastewater load, which in 2005 was almost 19% greater than in 2003.

To better understand this effect, we have compared wastewater quality against our production volumes which have been increasing in recent years. We found that between 2002 and 2005 the wastewater load per hectoliter produced has remained fairly consistent.



2003 and 2004 restated to include historical data available within enlarged 2005 performance scope.



2003 and 2004 restated to include historical data available within enlarged 2005 performance scope.

### Wastewater Innovation in Western Europe



Wastewater treatment plant at Leuven showing the bio-gas holder.

Innovation in wastewater treatment has been rapid over recent years and InBev relishes the opportunity to invest in anaerobic waste water processes and, if appropriate, supplementary bio-gas energy recovery. An important advantage of anaerobic wastewater treatment over other techniques is the process' improved energy efficiency, while bio-gas energy production, offers the further benefit of heat and electricity generation from a carbon neutral source. Across the globe InBev bio-gas energy production increased by 28% between 2004 and 2005 and additional capacity is already planned.

In our Western European Zone 14 plants used anaerobic wastewater treatment during 2005, of which six plants also used bio-gas energy production. The introduction of bio-gas energy recovery at our Leuven plant in February 2005 was partially responsible for the growth in capacity during 2005. The electricity gained from the bio-gas represents eight percent of the brewery's total electricity consumption. The maximum output of the bio-gas generator is roughly 5,000 MWh per year or the electricity use of 1,500 Belgian families. A further three bio-gas schemes are at the planning stage in our Western Europe Zone and throughout the world.

## Good Neighbors

In some cases, the long history of our breweries means that they are now sited within town and city centers. This throws up particular challenges of maintaining our position as good neighbors within the communities where we operate, and managing the modernization of our brewing operations and processes in a sensitive way.

Due to the proximity to residential or commercial areas, we do sometimes receive complaints. These mainly concern noise, traffic congestion and odor. When we receive complaints we investigate their validity and take action where necessary.

The table below shows the number of environmental complaints received by InBev operations.

Number of Complaints		
2003	2004	2005
76	44	26



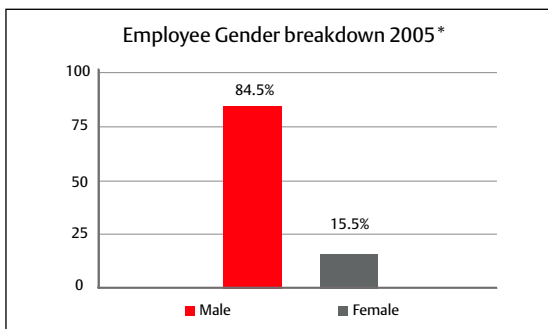
# People & Community

## Employee Profile

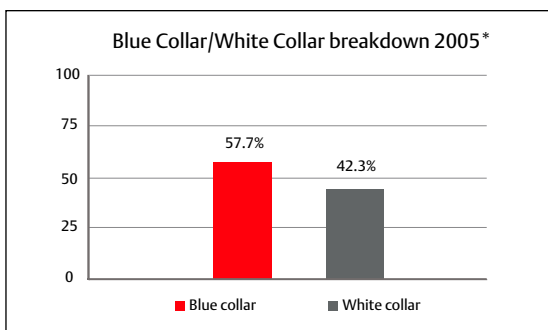
On December 31 2005, InBev employed 77,366 employees worldwide.



The charts below show the gender breakdown of our employees and the breakdown between blue collar and white collar workers.



\* Excludes Global Headquarters.



\* Excludes Global Headquarters.

As the world's largest brewer, cultural diversity is one of our biggest assets and plays an important role in

continuing to evolve our corporate culture and the values InBev has sought to create. We do not currently collate data on the ethnicity of our employees due to the global nature of our operations. However, a recent survey at our Global Headquarters in Leuven, Belgium showed we had 29 nationalities working together.

### Executive Board of Management Diversity

InBev's Executive Board and top management teams are drawn from the countries of Europe and the Americas.

Nationality of InBev nv/sa Executive Board of Management 2005:

Country	Number
Belgium	3
Brazil	4
Germany	1
Netherlands	1
United Kingdom	1
United States	3

InBev has one female member of the Executive Board of Management.

### Employee Integrity

InBev's values are the building blocks of a trusting relationship with our customers and consumers. To ensure that our employees worldwide understand how this trust is involved in all their dealings, we have developed a clear and consistent "Code of Business Conduct". InBev requires adherence to the highest standards of business integrity and ethics, as well as the respect of, and compliance with, all applicable national and supra-national laws and regulations.

The InBev Code of Business Conduct focuses on two principal areas: business integrity and ethics; and company share transactions. Business integrity and ethics are sub-divided into the following:

- Statement of policy, including the universal coverage of the Code and the lack of waivers in its application.
- Compliance with laws, including anti-trust and competition laws and political/economic embargoes recognized by the United Nations.
- Honest and ethical conduct, which includes encouraging consumers to drink responsibly.
- Recording and controls: All transactions must be recorded in appropriate books and accounted for properly and punctually.
- Gifts and political contributions: The giving of gifts or favors in an effort to sell products or services or to influence business, labor or governmental decision-making is strictly prohibited. Any direct or indirect contribution by the company to any political party, committee or candidate for public office is strictly forbidden, even if permitted by local regulations, unless the formal approval of InBev's Board of Directors has been obtained in advance. Senior managers who wish to be candidates for local, regional, provincial, national, federal or European elections are requested to notify InBev's Board of Directors of their intentions.
- Commercial communication, which details InBev's Commercial Communications Code and describes our approach to responsible marketing and our employees' role.
- The Code of Business Conduct is backed up by a 24-hour, seven-day-a-week hotline, where employees are able to anonymously report suspected code infringements without fear of reprisal.
- The Code is supplemented by the InBev Code of Dealing, which defines a framework to ensure that all employees—particularly senior management, executives and members of the Board of InBev, maintain the confidentiality of price-sensitive information, neither abusing it nor placing themselves under suspicion of abusing it. The aim of the code is to make sure that employees conduct transactions of InBev shares with the greatest integrity.

Full details of the Codes are contained within the InBev Corporate Governance Statement.

In 2006, our whistleblowing procedure will be revised and upgraded to a telephone and internet-based reporting tool that is in line with current international standards, including compatibility with EU data protection law.

## Changing Employment

InBev contributes to the economies of the countries where we operate by providing investment and jobs. To remain competitive in the global economy, we continually assess our operations to ensure that they are closely matched to our markets and our corporate strategy. Where increases in efficiency are required or changes needed to align operational capability with markets, this could result in rationalization of production capacity, which in turn could lead to job losses and restructuring.

After extensive assessment as part of our continued drive for World-Class Efficiency, we announced in 2005 restructuring of operations at two breweries—Hoegaarden and Belle-Vue in Belgium—and the closure of two breweries—Toronto (Canada) and Pleven (Bulgaria). We also announced restructuring of the workforce at our Global Headquarters in Leuven. In total these changes resulted in 999 job losses.

When dealing with job losses, we use a number of measures to minimize the impact on employees. These include:

- Using natural employee fluctuations.
- Providing alternative opportunities, both functional and geographical, within InBev.
- Providing employees with retraining and other support to help ensure continuity of employment inside or outside the company.
- Trying to identify a purchaser that will continue operations or redeploy employees.
- Providing locally and legally adequate financial compensation and redeployment assistance.

During 2005, we developed a set of principles to help define the process of consulting with stakeholders, particularly trade unions, about changes to our production that may have an impact on employment. Please visit the Participation and Unions section for more information.

### Recruitment

At InBev, the very core of our culture is an emphasis on both attracting and keeping the very best people—this means that very few of our most senior leaders are recruited from outside the organization. We firmly believe that our people represent the most important sustainable competitive advantage we can have. We also believe that great people attract great people, so our most senior people are involved in InBev's recruitment process. These same leaders support retention by participating in the development of new employees. We aim to recruit people that are better than us, preferring to be pushed by upcoming talent in the company than to have to push them.

Two of the most vivid examples of our recruitment efforts are the global Management Trainee Program and AIESEC partnership. The Trainee Program, pioneered in Latin America and now in place in all of our Zones, annually recruits 100 university graduates and provides each one of them with a 10-month comprehensive review of our operations before they begin their initial roles. Through AIESEC, the world's largest student organization, InBev provides international assignments to more than 25 recent graduates from around the world and this year placed 10 in permanent positions in markets from Brazil to India and China.

## Participation and Unions

InBev respects the differing legal frameworks in which it operates regarding the rights of employees to join organizations such as trade unions. We honor freedom of association and collective bargaining agreements, which are agreed on a local basis.

With three brewery closures in 2004 and two in 2005, as well as restructuring within our Global Headquarters and other functions in Western Europe, we have produced a set of principles for industrial relations. We endeavor to follow these principles when considering changes to our operations that may have an impact on employment, and therefore require consultation with trade unions.

In addition to the principles, we have decided that at the Zone level we will apply the toughest employment regulations from within the Zone to employment restructuring in all the countries of the Zone, where this is legally possible.

The principles are applied based on local circumstances and regulations but take into account international (e.g. EU level) requirements where possible. The principles are as follows:

1. Provide information to stakeholders about InBev's intentions as early as possible at all relevant levels, e.g. local works councils, national level, and regional level. This is the responsibility of local operations.
2. Consult within a locally defined framework—this gives the opportunity to submit proposed changes and receive feedback.
3. Prevent impacts and provide continuity during restructuring—communicate business reasons behind the change and minimize employee impacts using a number of measures, such as voluntary redundancy; providing alternative internal opportunities; and providing retraining to help ensure continuity of employment for affected employees.
4. Mutual and constructive consultation—ensuring that information and consultation between social partners is constructive, allowing an exchange of opinions, and is conducted with mutual respect.

The principles align with our communication process relating to employment changes. The process consists of four steps as follows:

1. **Announcement of Study.** In most cases we inform stakeholders when we start an efficiency study. This is not legally required but has the advantage of avoiding rumor, allowing employees to be prepared and letting those areas that will not be affected by the study know.
2. **Announcement of Intention.** This is legally required when a company intends to change its structure and it triggers the process of consultation about potential social consequences.
3. **Announcement of Decision.** Legal requirements at this stage vary in format, procedure and timing. As these legal processes are sometimes contradictory, this stage triggers negotiation for a formal agreement between InBev and the union(s) concerned.
4. **Implementation.** Execution of the change and agreed social plan.

## Employee Satisfaction

In April and May 2006, over 42,000 InBev employees were given the opportunity to take part in InBev's first multi-country employee opinion survey. The survey asked employees in 13 countries and at Global Headquarters to give their opinion on a range of topics. The countries involved were Belgium, Brazil, Canada, China, Czech Republic, Germany, Ireland, Luxembourg, Russia, South Korea, U.K., Ukraine and U.S.A..

Over 19,000 employees (45%) of those who were invited to take part responded to the electronic and paper surveys. The survey probed employee opinion on a variety of areas, including: InBev as a company; how people feel about the work they do; how effective employee communications are; elements of management; and employee knowledge and affinity with InBev's strategy and values.

In response to the headline question, "How satisfied or dissatisfied are you with InBev as a place to work?" 68.8% of employees felt either very satisfied (22.4%) or fairly satisfied (45.2%) compared to 19.4% who expressed degrees of dissatisfaction. The responses are used to develop improvement action plans to address employee engagement at both country and function level.

The usefulness of this information means that the survey will occur annually and we are planning to extend the survey to all countries InBev operate in next year.

## Learning

InBev believes that the best people, teams and leaders are fundamental to meeting our ambition of moving “from Biggest to Best”. In fact, one of our values clearly states “we invest in development, support continuous learning and reward success”. Here’s how this value is delivered:

### Leadership Development

We have identified the kinds of leaders we want and need at InBev at every level. In addition, we have mechanisms in place to identify potential within the organization to fulfill these roles while sourcing new talent through the InBev Global Trainee Program. The people who qualify fall into ‘potential pools’ at each level. Here, they are put on a ‘talent radar’ where we look to accelerate their development through a combination of on-the-job challenges, projects, developmental job moves, executive education, and leadership readiness sessions. These are complemented by 360-degree feedback and development planning which gets discussed candidly at the Organization and People Review (OPR) every year. In the end, we aim to have the right leaders in the right place at the right time, delivering the right results.

### Functional Learning

Functional learning suggests that each functional area in the business (marketing, sales, operations, finance, etc.) will support employee development by improving on-the-job execution within their own area of expertise. Functional learning represents our largest investment in learning and manifests itself through change programs such as Voyager Plant Optimization (production) and the World Class Commercial Program (sales and marketing). One of our principles is that people learn on-the-job, supported by coaching and feedback from their line managers. This is a critical component of using employee learning to produce results, while helping our people to grow personally and professionally.

### Behavioral Learning

We have identified six global competencies that provide a standard set of knowledge and skills that all of our

people should possess to be effective at work. These skills are consistent regardless of the business function. InBev’s learning strategy is to focus on a few key areas that will develop these competencies the most. Behind each of these areas, we offer potential solutions that leaders can choose from in order to properly develop their people—again, mostly on-the-job and led by managers themselves. The competencies and the targeted learning areas are:

1. We challenge to deliver extraordinary results—Project Management.
2. We know our business in-depth—Business and Financial Management.
3. We build strong relationships and teams—Influence via negotiation, persuasive presentations, team development, and leading across boundaries.
4. We do things the InBev Way...simple, focused and disciplined—Plan-Do-Check-Act and problem-solving tools.
5. We act as owners—Leadership Engagement.
6. We demonstrate leadership and develop the best people—Performance Management, coaching, and change management.

How does this all come together? The key is in the performance management process which, among other things, produces an employee evaluation and a development plan in August every year. This development plan will be linked to one of the three types of training identified above, with SMART (Specific, Measurable, Achievable, Realistic and Time-limited) learning objectives and a well thought out development plan with timelines. At InBev, we believe that the robustness of this plan serves as evidence that we are taking steps to help develop our people, both personally and professionally. Our people need to hold themselves and their line managers accountable for this learning and report back areas that can be improved.

Ultimately our learning objective is to have the right people, in the right place, at the right time, with the right capabilities, to drive the right results.

## Wages and Benefits

InBev seeks to offer its employees competitive salaries and packages comparable to their role and responsibility. These are set locally. In 2005, our wages and benefits totaled 1.9 billion euro.

Executive level compensation is discussed in the section on Economic Performance and Corporate Governance.

Depending on common practices in each country, InBev offers its employees and family members a market-competitive pension plan; life insurance; medical, dental

and optical insurance; death in service insurance; illness and disability insurance; and also honors senior and long serving employees. Some InBev countries have tuition-reimbursement plans and employee-assistance programs.

Bonuses are awarded according to the achievement of targets set jointly by the company and the employee.

## Safety Management

**The basis of the InBev health and safety strategy is to ensure a safe and healthy working environment based on accident prevention, management of risks, and avoidance of new risks.**

- **The accident and lost-work-day rates for our plants and primary distribution networks have steadily decreased over the last three years.**
- **In 2005, we had two fatalities — one employee and one contractor.**
- **In 2005, we were successful in integrating AmBev's and Interbrew's safety reporting systems for our production and primary distribution networks and for the first time report these together.**

Health and Safety is first and foremost the responsibility of all individual staff and contractors working for us. However, to encourage safe and healthy behavior, training is provided to all staff under the guidance of the People, and Environment and Safety teams. As well as training, these teams promote health and safety activities and policies, and channel these issues into InBev's general management structure.

Due to the close links between environment, health and safety management, more details of the roles and

structure in the field of health and safety are given in the Environment section of this Report.

Throughout InBev, processes are in place to report, investigate and follow up occupational incidents, accidents and illnesses so that we can share knowledge and prevent their reoccurrence. InBev has a special platform where environment and safety experts can share EHS knowledge, report best practices and file accident alerts.

### Safety Committees

InBev's Voyager Plant Optimization program (VPO) requires that all facilities set up a Plant Safety Committee to formalize the discussion on safety between the company and the representatives of the employees. The goal of the Safety Committees meetings is to enhance the overall safety performance of the plant:

- Identify and eliminate unsafe actions or conditions in order to avoid accidents.
- Identify opportunities to improve working conditions.
- Discuss accidents and emergency situations.
- Internal safety communication.



## Safety Performance

All InBev plants report their safety data on a monthly basis to an InBev central database, called the VPO reporting tool.

Fatalities	2003	2004	2005
Workforce, on site.	0	2	1
Contractors, on site.	1	4	1
<b>TOTAL</b>	<b>1</b>	<b>6</b>	<b>2</b>

Our record for protecting the safety of our employees and contractors at our plants and primary distribution centers, generally speaking, has been excellent. Unfortunately, during 2005, there were a number of serious accidents which resulted in the death of one employee and one contractor.

In January 2005, an employee of our Saransk Brewery in Russia was working on one of the isolators of a high tension cabinet and was electrocuted. The accident was investigated by an official committee, headed by the state labor inspector. To avoid a repetition of the fatality we have taken the following actions:

- Additional training for the electrical maintenance personnel.
- Replacement of the concerned switch gear.

The plant has also developed a new, local ‘Working on High Tension’, safety standard to reduce the risk for staff and contractors working on high tension electrical systems.

In December 2005, the employee of a contractor died at our Zagreb Brewery in Croatia. While crossing an unauthorized area, the pedestrian was hit by a fork lift truck transporting two palettes of bottles towards a waiting truck. We have taken the following actions to avoid this kind of accident re-occurring:

- We require that all forklift truck drivers drive backwards when the forward view is limited by larger loads.
- Reviewed the accessibility of the pedestrian gangways and installed, where necessary, extra barriers and fences.

- Replaced and upgraded warning and instruction signs in the plant and at the entrance to the yard.
- Improved forklift lines of sight by adding extra ceiling and wall mounted mirrors.
- Reviewed and changed operating procedures such as limiting access to authorized employees.
- Provided additional training to employees to advise them on new operating procedures.
- Introduced a new procedure for truck drivers, which includes clear instructions for operating inside and outside the trucks.
- Provided high-visibility jackets for authorized persons (including for truck drivers and contractors).



New safety measures in place at our Zagreb Plant.

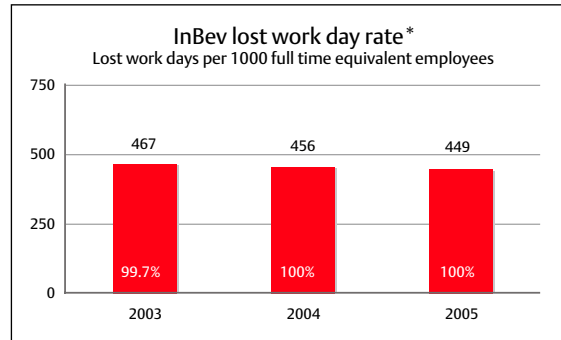
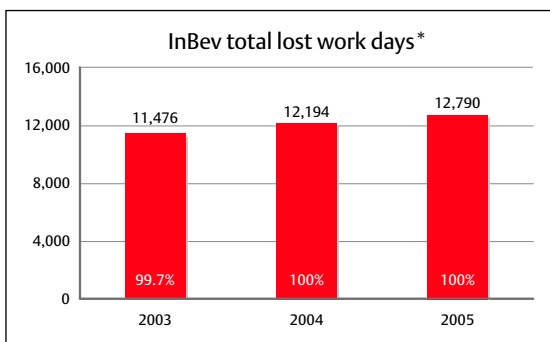
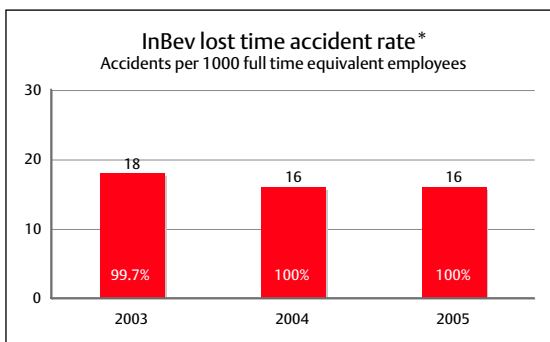
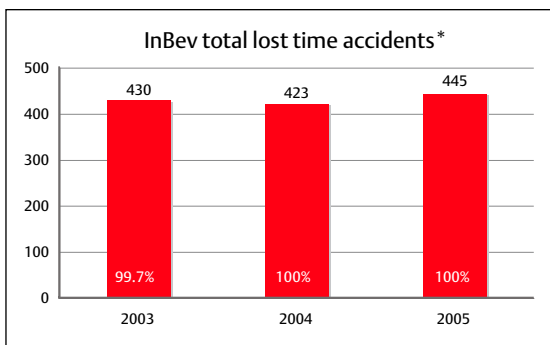
### Occupational Accidents

At InBev, safety reporting is based on definitions provided by the International Labor Organization (ILO) in their guidelines, “Code of Practice on Recording and Notification of Occupational Accidents and Diseases”. Over the past few years, we have placed considerable

emphasis on improving safety reporting and management. This follows our observation, that cultural issues sometimes dissuade accident reporting in territories with less well-developed social security systems.

In 2005, 22 plants recorded zero accidents with lost time, five of these have recorded no accidents with lost time for three successive years. These figures relate only to our plants and primary distribution centers.

Please click here for a note on the scope of our safety and environment reporting and restatement of previous year's data.



\* Accidents causing more than three lost working days. 2003 and 2004 restated to include historical data available within enlarged 2005 performance scope.

Although our total accidents with lost time and total lost work days have increased over the past three years (by 3.5% and 11.5% respectively), our lost time accident rate has fallen by 11.1% and the lost work day rate has fallen by 3.8% at our plants and primary distribution centers.

Following a reduction in 2004, our total accidents with lost time increased in 2005 and show a 3.5% rise over the past three years. This is the result of reporting accident data from a greater number of plants representing a greater number of employees. More plants means reporting accident data for more employees and although the number of accidents with lost time has increased, our lost time accident rate (accidents per 1000 full time equivalent employees) has fallen by 11.1% over the same three year period.

Similarly our total lost days have increased by 11.5% since 2003, while our lost workday rate has improved, falling by 3.8%.

Despite the improvement in our per-employee accident and lost work day rates, InBev is not complacent. There are still many safety challenges ahead which will be tackled via a focused approach in the VPO program. Linking safety performance to annual evaluation of site performance is one way that we are recognizing safety excellence through the rewards system.

### Samlesbury, U.K. — Best Practice Example for Low Falls

Our Samlesbury plant near Preston, England received acclaim recently by being selected by the U.K. Government's Health & Safety Executive as a best practice case study on its website. The case study highlights InBev's positive response to three low-fall accidents which occurred when employees were connecting and disconnecting the hoses at the back of the tankers in the brewery's loading bay. Although railings were provided on each side at the rear of the tanker, the accidents had occurred due to staff tripping over the hoses and falling from the rear of the tanker. Following the accidents, the plant installed a raised loading bay which permits the tankers to be reversed up to the deck. This allows staff to work at the same level as the tanker for most loading operations.



Tanker in Samlesbury's new loading bay.

### InBev Brewery Closes for Safety Training Day

On Friday, October 5 2005, all employees at our Edmonton Brewery in Canada spent the day learning how to take better care for safety. For the second year in succession, the brewery committed an entire day to health and safety training. Quality technician manager Monique Berg said the goal behind Safety Day 2005 was, "To strike a balance between on-the-job safety and health and wellness". Sessions included training in first aid, hazard analysis, shift work and back care.



Employee Safety Training Day in Canada

## Working with Communities

### Philanthropy

Our investment in communities is most sustainable, and has the most impact, in areas where business and societal needs intersect. InBev's philanthropic investments are made to support this understanding which is, in turn, governed by the InBev Guidelines for Giving.

#### InBev Guidelines for Giving

InBev does not support organizations that discriminate on the basis of race, religion, creed, gender, age, veteran status, physical challenge or national origin. Furthermore, contributions are not generally provided to:

- Individuals.
- Religious organizations.
- Political parties or candidates.
- Capital campaigns.
- Endowment funds.
- Conferences, workshops or seminars not directly related to InBev's business interests.

InBev's philanthropic donations are managed at a local level and are not reported on a global basis. Examples of projects with local communities can be found in the [Working with Local Communities section](#).

## Working with Local Communities

Wherever we operate around the world, we work with communities to celebrate their activities and support their good work. The following case studies show just some of the many good causes we support through our Zone-, national- and brand-based organizations.

### Community Consultation at Huachipa

In advance of the construction of AmBev's brewery and soft drinks plant at Huachipa, near Lima, Peru, AmBev undertook a community consultation exercise to understand which environmental issues were of most concern. Over 170 people participated in the study, which consisted of individual interviews and group meetings of around 15 stakeholders.

Of principal concern to stakeholders was the impact the plant would have on ground water, noise and waste water. At the stakeholder meetings, AmBev was able to discuss ground water extraction rates and reassure neighbors with bore holes that planned extraction rates would not interfere with ground water availability or quality. Similarly, fears over construction noise, congestion and waste water quality were discussed and allayed. Since Huachipa came on line in 2005, interaction with the community has continued although in a less formal way. Site visits by community groups, NGOs, educational institutes and government officials take place regularly and have the advantage of increasing understanding in the workings of the Huachipa plant.

### Helping Underprivileged Ukrainian Children at Christmas

Employees at Sun Interbrew in Ukraine marked the 2005 festive season by showing their generosity to underprivileged children at the Nadezhda orphanage and Kochetkov boarding school. Employee donations went towards buying toys, clothes, books, a TV set and a Hi-fi system, which were presented to the children in a special appearance by the traditional Ukrainian gift bearer, "Father Frost". The relationship between Sun Interbrew and the children's homes has continued into 2006.

Other community activities supported by Sun Interbrew include the construction of sports grounds, provision of computers for schools and development of parks and rest zones.

### AmBev Supports Latin America's First Sustainability Conference

In June 2005, Rio de Janeiro played host to Latin America's first sustainability conference, "Sustentável 2005". Organized by the Brazilian Business Council for Sustainable Development (CEBDS) in partnership with UNESCO, the World Business Council for Sustainable Development (WBCSD) and the Brazilian Government, the conference marked the launching of the UN Decade of Education for Sustainable Development (UN-DESD) in Latin America.



AmBev sponsored the event and took the opportunity to demonstrate its sustainability credentials at the associated trade fair. Members of InBev's Latin America Zone Environment and Safety team attended the conference's plenary and workshop sessions and were on hand to discuss issues such as, natural resource use and recycling at the AmBev stand. The stand used sound and light displays to highlight the many initiatives currently active in our Latin American Zone such as 'Premio AmBev de Reciclagem' (see below).

### SunInterbrew Launch 'Choose It With Your Heart' Project

In September 2005, our Ukrainian beer brand Chernihivske joined with two local organizations in promoting and nurturing talent in disadvantaged young Ukrainians. Together with the Klichko Brother's Fund and the Kyiv-Mohyla National University, Chernihivske

launched 'Choose it with Your Heart.' The project aims to support talented young Ukrainians in turning their career aspirations into reality. The first phase of the project took place during the 2005-2006 academic year and includes three aspects:

- Individual Student Grants: grants for eight second-year Masters students at Kyiv-Mohyla National University.
- Create Yourself: an initiative that seeks to encourage students and graduates to become specialists by harnessing their self-reliance and self-fulfillment.
- Professor Scholarship Fund: to support a young ecologist in developing an academic career.



### AmBev Launches 'Premio AmBev de Reciclagem' Recycling Awards

On November 28, 2005, the first AmBev Recycling Awards were presented at the Museum of Image and Sound in São Paulo. The Awards purpose was to draw attention to the importance of the environment and recycling. Over 800 entries were received in the competition's four categories: student, journalist, recycling cooperatives and arts & crafts.



The winners were selected by a panel of external environmental professionals. Following the award ceremony, the prize winning projects were displayed in the museum for a month. Artist Rudinalva Cerqueira Reis gained one of the first prizes with an outstanding example of materials reuse. Her winning piece titled "The Net", was made with pieces of plastic woven together to form petals.

### Improving the Urban Environment of the Czech Republic

Pivovary Staropramen's community program 'Pivovary Staropramen to Cities' was established in 2004 to improve the quality of the urban environment while building strong relationships with communities in the Czech Republic. A total of 131 projects from 115 cities and towns were entered for the 2005 competition; an almost 100 percent increase from 2004. To be eligible, the submitted projects had to be for the public benefit and relate to environmental development. The winning entries are chosen by a jury consisting of both outside experts on the environment (including representatives of the Ministry of Local Development, the Ministry of the Environment, the Environmental Institute and the Czech UNESCO Committee), as well as representatives of Pivovary Staropramen.

Each project was evaluated according to several criteria, such as the benefits the project will bring for the public, the project's significance for the region, its environmental benefit and cost effectiveness. After very difficult deliberations, the jury selected a total of ten projects which received financial support from Pivovary Staropramen.

### Romanian Employees Applauded by Red Cross

The Romanian Red Cross presented InBev Romania with a Diploma of Appreciation as a gesture of thanks to employees who contributed to the relief fund to tackle the serious floods that affected Central and Eastern Europe in 2005. Repeated floods during April, July and August 2005 left large parts of Romania under water with thousands of people losing their livelihoods and livestock, as well as over 30 people losing their life. InBev Romania joined employees and business partners by contributing to the fund. InBev headquarters was also approached and added 15,000 Euro to the 11,000 Euro raised by local staff, this was donated to the Red Cross to provide urgent help to those made homeless and struggling to meet basic needs.





# Our Product

## Product Quality

In line with our mission of “creating enduring bonds with consumers”, we are fully committed to establishing and delivering superior quality products. In simple terms, we see quality as giving consumers what they want and expect. Providing quality products is critically important to the success of our business, and quality management is at the heart of all we do. Our aim is to manage quality from the farmer’s field to the consumer’s glass, or from “grain to glass”.

We are on target with the roll-out of the InBev Quality Management System, which is being implemented in all our production plants globally.

*“I am a specialist in flavor stability — this means making sure that we are true to the flavor of the beer as intended. I see my job as an important part in the process — as we want our consumers to be able to rely on the heritage of our brands, and the flavor of the beer is a big part of that. As manager of the central laboratory, I work with my team to make this happen — we monitor the brewing process, attend a sensory tasting session daily, and work with other brew masters to help them solve problems as well”.*

*“Product quality is at the core of performance our consumers expect from us. I am the coordinator and organizer of the production of our products, and responsible to delivering that quality. It requires comprehensive strategies and planning, as well as making sure we reach our targets. To act zealously and earnestly, and behave without ostentation is my guideline to conduct myself”.*



Giselle Maria F.M.M. Perez,  
Brew Master — Central Laboratory Manager (Latin America Zone, Brewery Support)



Qi Zou  
Brewery Supervisor (China)



*“Working in the beer business is a real pleasure and I enjoy every single moment of it. For me brewing is not a science but an art. Obtaining the same beer quality is a real challenge which is possible only when you are working with people who are really dedicated to their work. In Romania, we have been able to build a sense of pride in the community through what we have achieved in the brewery. In the Blaj region the first beer we produced — Bergenbier — represents more than just a beer, it represents the people of the region.”*



Gabriela Bozdog  
Brewery Operations Manager (Blaj, Romania)

## Managing Quality

Managing the quality of a premium product involves achieving the highest standards of purity and safety, as well as maintaining the authenticity of the brand.

Our aim is to continually improve product quality, and to make this a reality, we are rolling out our new Quality Management System at all production plants worldwide.

The Quality Management System is a fundamental part of our Voyager Plant Optimization (VPO) program.

The VPO program provides an integrated approach to managing production bringing together operational, financial, quality, environmental, and health and safety issues to ensure that we operate and manage all our production plants consistently while sharing best practices between sites. The VPO program exists to deliver one of the four pillars of our corporate strategy—to achieve “World-Class Efficiency”

The quality management element of the VPO program, covers the entire product lifecycle, including raw materials, suppliers, the processes within production plants, and, finally, customers and consumers.

For more details on how we are progressing with the global roll-out of the VPO program, please visit the [Economic Performance](#) section.

During 2005 and 2006, we continue to meet our targets for the introduction of our updated quality-management systems throughout InBev’s production plants. The implementation has now expanded to our North American, Western European, Central and Eastern European, and Latin American Zones. The rollout in our Asia Pacific Zone is scheduled for 2006, starting with South Korea starting in implementation in the first half of the year and China following later in the year. It is expected that all VPO Qualification Audits, which cover the quality management system, will be completed by the end of 2007, except for China which is targeted for 2009.

## Our Enduring Commitment to the Quality of Beck’s

An example of our commitment to quality is our Beck’s brand, which we are now brewing in Russia, Romania, Bulgaria, Ukraine and Hungary, and will soon be brewing in new markets in South America, Europe, and Asia Pacific. Wherever we brew Beck’s, we maintain the authenticity and quality of the brand by brewing it according to the Reinheitsgebot, the German purity law which was adopted in 1516. The Reinheitsgebot (said to be to be one of the oldest food regulations in the world) was introduced by the Bavarian Duke, Wilhelm IV. The law states that the only ingredients used for the brewing process must be barley, hops and water. We now know that this list of ingredients also included natural yeast, but its existence in the brewing process remained unknown until the invention of the microscope. The founders of Beck’s even installed a laboratory in order to develop the highest quality yeast in pure cultures. Beck’s exclusive strain of yeast, developed over generations, is still in use today.

### Performance Monitoring

Our new quality management system requires production plants to start reporting key performance indicator (KPI) data from 2006 using a specially developed InBev reporting tool. The IT-based tool allows plants to input their monthly figures for budget and performance KPIs, and therefore allows management to address challenges as they arise on a month-by-month basis.

To supplement the standard KPIs within the quality management system which monitor the physico-chemical, microbiological and sensory quality of our products, we have added a new KPI for Proficiency Testing (Ring Analysis). Other KPIs include Quality Efficiency, which measures the impact of goods blocked in the production process and an Overall Plant Food Safety Index which covers all aspects of Good Manufacturing Practice, Product Integrity, and Hazard Analysis and Critical Control Points (a program identifying critical points in the production process where food safety could be compromised).

### Quality Awards

To recognize the importance of effective brewery and quality processes, we honour each year our best-performing and best-improving breweries. The award is based on performance against targets, including: taste testing, InBev indices for physico-chemical and microbiological properties, and food-safety compliance.

In 2005 we awarded Saransk (Russia), Branik (Czech republic), Cheongwon (South Korea), Halifax (Canada) and Issum (Germany) as the best performing plants and Kharkov (Ukraine), Plovdiv (Bulgaria), Nanjing (China), St. John's (Canada) and Dommelen (The Netherlands) as the best improving plants.

As of 2007, the Quality Award will be integrated in a global VPO award.

### Quality-Management System Certification

The InBev quality management system uses the same framework and principles as the ISO 9000:2000

quality management system, and meets all of its requirements for certification by an external body. However, InBev does not require its production plants to be externally certified. If there is a real need for local external certification, the decision is taken at the Zone or plant level. This approach is external certification is common to InBev's **environment**, health and safety and quality management systems.

The InBev quality management systems at the Leuven brewery, Belgium and Samlesbury and Wellpark breweries in the U.K. were recertified to ISO 9000:2000 in early 2006.

*“Knowing that the brands are our most important assets, I have to do my best every day, brewing with excellence, assuring that all the beer produced is in accordance with all the strict quality standards that we have. I have to enhance the productivity of the plant and reduce the costs — but the original characteristics of each brand must be preserved. Nowadays the big challenge in brewing is to meet the consumer needs by merging the traditional way of brewing with modern concepts, for example, using raw materials and new technologies to achieve the best crafted beer possible.”*



Ana Paula Freitas Pereira de Almeida  
Brew Master (Rio de Janeiro)

### Suppliers

To manage product quality through the entire product lifecycle, or from “grain to glass”, we have to monitor the quality of our suppliers. The integrity of all our ingredients (as well as additional materials which come into contact with the product) is a prerequisite for all

supplied goods, and forms part of our assessment of suppliers' facilities and performance. Please [click here](#) for further details of InBev's supplier auditing, with regards to food-safety standards.

Supplier quality is especially critical when the beverage reaches the consumer. In 2004, we also introduced a program called The Quality @ Heart Program in the U.K. This is an excellent example of raising consumer awareness of beer production and aims to link technical improvements in the breweries to increased product quality. A similar program has been rolled out by AmBev, focusing on technical improvements, but also taking into account remedial actions at the warehouse level and in distribution. We also have initiatives to improve quality in the provision of our products at outlets and retailers. Two examples are the Belgian Quality café initiative and the Stella Artois Gold Standard Program in Canada.

*“Detail is the key to success, so we must attach importance to any detail in a task. I investigate, and report on supplier quality — making sure they know what we want from them and what we expect with regards to quality. We test the quality and provide feedback to the suppliers so they can improve.”*



**Jiao Li Yang**  
Purchasing Department Office Clerk (China)

### Case study : Belgium Quality Café 2006



To focus on the quality of served beers in Belgium Cafés, InBev launched a competition to find the “Quality Café 2006”. All café owners initially participated through a quiz on the correct serving of keg beer. A total of thirty winners were visited afterwards by a “mystery guest”, who checked the controls on the quality of the served beers. Ten Café owners were selected as winners and were rewarded in Brussels. Finally all ten winners will receive a second visit from an anonymous auditor who will finally select the “Quality Café 2006”.

### Case Study : The Stella Artois Gold Standard Program

62



Each ‘Gold Standard’ designated establishment receives a point-of-sale visibility kit to show it is one of the best places to enjoy draught Stella Artois.

In Canada, our Stella Artois Gold Standard program was developed in response to research showing that better trained bar staff leads to improved customer satisfaction. The aim of this quality program is to recognize and certify the ‘Top 100’ bars and restaurants across Canada for their delivery of the most authentic draught experience—the Stella Artois ‘Gold Standard’. The ‘Gold Standard’ criteria include the proper use of branded chalice glassware, serving the beer at the

proper temperature, staff training, merchandising, keg rotation and line clearing and adherence to the nine-step Stella Artois Pouring Ritual.

Establishments serving draught Stella Artois underwent an extensive auditing process in 2005 to determine which ones qualified for the 'Gold Standard' designation.

The establishments with the highest total ratings earned their place on the 'Gold Standard' list for 2005.

Over 100 bars and restaurants across the country have now been designated as 'Stella Artois Gold Standard Establishments', indicating that they are the best places to enjoy Stella Artois in Canada.

The 'Gold Standard' program was supported by a second program, the 'Bartender's Ball', an event which educates bar staff to ensure that Stella Artois is served in the correct manner.

### Consumer and Customer Relationships

In support of InBev's mission to create enduring bonds with consumers, we are focused on ensuring that our customers (those who buy our products from us) and consumers (those who consume our products) come first, and are at the heart of everything we do. We welcome feedback and any complaints we receive are carefully reviewed and used to drive improvements.

Currently AmBev's Consumer Services Department carries out periodic surveys on its products in the marketplace. Information about complaints and other criteria is used by Industrial and Marketing Departments to drive brewery targets.

AmBev's policy is to exchange any product which has generated a complaint. Any returned products are analyzed so that the fault may be determined. All faults, including those of distribution operators and points of sale suppliers, are reported to the Quality Department for corrective action.

In 2005, InBev operations in Belgium, France and the Netherlands tracked customers' feedback about InBev's products and services within the different sales

channels to capture areas for improvement and allow appropriate action plans to be developed.

This report does not yet include details on the number of complaints received, as our systems differ from one country to another. However, measuring Customer Satisfaction has become a requirement for the whole of InBev and is in-line with our mission to create enduring bonds with customers and is a key focus to be rolled out throughout the company within the coming years. As a result, InBev is implementing globally two new key performance indicators in relation to complaints. The first—measuring consumer complaints—will start in 2006, and the second, measuring customer complaints, will start in 2007. Targets for these KPIs will be specific to each production plant and will be fixed when baseline figures have been collected and assessed.

### Understanding consumers

As part of our efforts to connect with our customers and consumers, we have taken to the streets to help ensure we understand first hand how our brands connect with consumers first hand.

For example in early 2006, the sixth event of 'People who Sell' ('Gente que Vende') took place in Brazil and the rest of Latin America. Over 14,000 employees took to the streets to sell or serve our products directly to consumers.

The focus was to jointly allow employees to learn about our business by accompanying sales representatives and supervisors on sales calls in the market at the same time as promoting a 'Don't Drink and Drive' message.

Carlos Lisboa, AmBev Marketing Director, along with 120 colleagues from various functions across the company, truly connected with consumers by visiting them in their own homes to gain valuable insights into their demands. The information gathered will be used to develop new products or to adjust existing ones to the consumer's needs.

[Click here](#) for further information about the event.

*“I assist the local sales teams by helping them set targets, reviewing their promotional plans, helping in launching new products, and ensuring they are getting products to customers on time. I also train the sales teams, collect feedback and work to improve our systems.”*



Daolin Xu  
Sales department — Manager of Shaoxing District  
(China)

In 2005, office-based staff in Canada and South Korea connected with some of our retailers by spending a day meeting with customers to gain better insights into the realities of the marketplace.

Inspired by Latin America’s ongoing ‘People who Sell’ initiative, Labatt’s Canadian employees got out of the office to meet customers and consumers in pubs, bars, restaurants and retail stores in July 2005.

In South Korea, Oriental Brewery Co. (OBC) held its second OBC Day designed to engage employees directly in the sales effort. In May 2005 more than 620 employees and managers joined the sales force for the day and connected with 5,600 customers. OBC provides non-sales staff a true appreciation of the business they are supporting through their everyday work.

## Product Safety

We understand that the trust our customers and consumers have for our brands is closely related to the safety of our products. For this reason, we adopted a zero-tolerance or precautionary approach to the management of safety risks with our products and packaging.

A good example is the development process for new products which includes assessments of design and operational risks. In order to minimize the impact of potential safety issues, we have a layered strategy in place to guarantee business continuity at any time in the event of an emergent product-safety issue. InBev is also an active participant in professional discussions on safety-related scientific and regulatory topics.

- InBev takes a precautionary approach to customer and consumer safety.
- Our precautionary approach with suppliers is also reinforced within our own brewery management systems.

- We act immediately if any problems are identified with our products.

To maintain our focus on product safety, we have numerous control mechanisms in place to ensure that our beverages meet the highest standards of safety.

## Supplier Integrity

We audit our suppliers to ensure they are meeting our standards for quality and safety. As different territories have very different legislative requirements, our audits seek compliance with the strictest global standards, regardless of location.

The InBev Supplier Quality Audit occurs at a number of procurement stages. Before we enter into any contracts with suppliers, a supplier selection-audit is conducted. As part of the audit, we assess food safety, including the safety of the suppliers’ raw materials, farming and supplier processes and, finally, their end-product quality. During a contract, we also conduct spot checks on the supplier.



The extent of our supplier audits differs, depending on the raw material concerned. Those raw materials with the most potential-variance are audited most often for safety and quality. This level of audit review relates to only 15 items out of our overall material mix. Materials which we monitor more carefully include ; glass bottles, malt, carbon dioxide, hop pellets, cans and ends, crown corks, kegs, boards, paper labels, adjuncts (maize and other cereals). Materials, such as label glue, which are less prone to large quality variances require less monitoring and are audited less frequently.

To provide an added level of quality and safety assurance, InBev has a sophisticated safety analysis program, which tests for several types of contamination. We routinely check samples from every batch of bottles for defects.

Recent examples of actions relating to our precautionary approach in supplier integrity :

- The Glass Bottle Suppliers audit program was tightened over 2005-2006, with a clear focus on reliability of inspection/rejection-machines, leading to a decrease of critical (dangerous) glass defects.
- Over 2005-2006, a substantial number of glass bottle factories were excluded from our supplier base because we believed they could not fully guarantee to produce safe bottles 365 days a year.
- Hygiene in our suppliers' malthouses continued to be a focus of our audits. This has led to a general improvement in quality ensuring safer beer through the absence of mycotoxines.

*“I am responsible for making sure that all raw materials are received and meet our quality standards. As well, I oversee the entire brewing process through to product packaging in two of our breweries. It is a huge job with a lot of responsibility — which is why I work closely with my team to ensure we deliver the highest quality products to our consumers.*

*Our job requires great skill to be able to work with ‘living’ inputs like malt and yeast, and deliver the same tasting and quality end product. I believe that each beer we make requires craftsmanship, skill and a splash of*

*creativity. My work is fulfilling and a never-ending challenge.*



**Corrie Sleddens**  
Brew master (Netherlands)

### **InBev Brewery Management System**

In addition to InBev's precautionary approach to supplier integrity, we also have strict controls within our own breweries.

Food safety has been an important part of the review and roll out of the InBev quality-management system. This is a newly created process intended to bring together the former systems of AmBev and Interbrew. We are devoting extra focus to the harmonization of these Food Safety standards globally.

### **Case study : Piedboeuf Triple Recall**

At the end of 2005, consumer complaints in Belgium about the taste of 75cl bottles of Piedboeuf Triple immediately triggered a root cause analysis that indicated an excess level of chromium in the beer. The investigation linked the issue to a technical defect on a brewery pump. InBev Belgium immediately traced the defective product that had reached the market and informed customers stocking the product. A public product recall was also organized in the national press at the request of the Federal Food Agency (FAVV). Within a very short timeframe, potential harmful products were removed from the market.



## Alcohol and Health

As a natural, wholesome and thirst-quenching product made from natural ingredients, beer can be perfectly compatible with a healthy and balanced lifestyle when used in moderation. The main ingredients of beer are grain, hops, yeast and water. Malted barley is the dominant grain for most beers, especially in Europe, although other cereals such as corn, rye, wheat, rice, oats and millet can be used — combined with hops, water and yeast.

Nevertheless, there is an ongoing debate around the complex issue of alcohol consumption and health, and we welcome this. We feel that it is important, however, to make a distinction between beer enjoyed in moderation and misuse of the same product. There are widely accepted negative impacts of excessive consumption of alcohol, but in moderation, beer consumption is a socially accepted activity and is associated with occasions of bringing family and friends together.

In this section, we aim to provide some balanced facts about the positive and negative aspects of alcohol consumption.

- InBev’s position on alcohol consumption is very clear. We would prefer our consumers to savor the quality and variety of our products than to use them inappropriately.
- The relationship between beer, our main product, and health, is a complex issue, due to the recognized negative and positive effects of alcohol consumption.
- The negative impacts of excessive alcohol consumption affect both health and society.
- There is an increasing body of scientific evidence demonstrating that the moderate consumption of beer can have health benefits.
- When used in moderation, our product is a healthy way to bring people together.

*“To really enjoy beer we have to know how to taste it in the right way. Drinking beer is more than an art. What we are striving for is to educate our customers and consumers on the role of beer and thus teach them how our products can contribute to a healthy lifestyle. Beer is a topic to discuss — a rich heritage to be appreciated. I see satisfying customer and consumers expectations of beer as my main task.”*



Oksana Gutsya  
Brew Master (Kursk, Russia)

## Health — The Benefits of Consumption in Moderation

Research has shown that the moderate consumption of alcohol as part of a healthy and balanced lifestyle can provide health benefits. For more details on this research, please refer to [the external links](#) within this section of the report. The main health benefits are derived from the alcohol rather than a particular alcoholic drink, such as beer, wine or spirits, although beer itself is rich in B vitamins, as it is made from cereals.

The increasing body of scientific evidence suggests that compared to people who do not consume alcohol and those that are excessive consumers (heavy drinkers), people who consume moderate levels of alcohol enjoy certain health benefits. These include:

- **Reduced risk of heart disease:** This comes from HDL (“good”) cholesterol and antioxidants, which help prevent blocking of the arteries, soluble fiber, which may reduce cholesterol, and from beer the vitamin B9 that reduces homocysteine levels.
- **Reduced risk of Type II Diabetes:** New and interesting research suggests alcohol improves sensitivity to insulin, which reduces the risk of Type II Diabetes.
- **Protection against cancer:** Recent research suggests that protection occurs among those who consume beer in moderation. Vitamin B could protect against some cancers by protecting DNA, and anti-oxidants act as free radicals, reducing the risk of cancer.
- **Reduced risk of dementia and Parkinson’s disease:** New research suggests alcohol in moderation may reduce the risk of vascular dementia, although further research is required before the affects on Alzheimer’s Dementia are fully understood. Some research has also suggested that moderate alcohol consumption can reduce the risk of Parkinson’s disease.
- **Reduction in the risk of developing gall stones:** Through the moderate consumption of alcohol, reduced cholesterol and decreased bile concentration are suggested as reasons for reduced risk of gall stones.

The benefits outlines above apply to the general population and are based on scientific research. For more details on the research, please [follow the links](#).

It should be noted, however, that moderate consumption of alcohol may also incur some health risks for certain individuals or at-risk populations. For example, people at risk of certain types of stroke and higher blood pressure should take care, even with moderate consumption. We do not encourage pregnant women to drink alcohol, or those on medication.

Another important health issue associated with the consumption of beer is the link with obesity. As with

most alcoholic drinks, the calorific content of beer is related to the alcohol content, because it is the alcohol that provides most calories in alcoholic drinks. Obesity as an issue has a wider range of contributing factors than alcohol intake alone. Lifestyle factors such as diet, calorie intake, fat intake and activity level are all linked to obesity. Therefore, alcohol consumption in moderation can be part of a healthy and balanced lifestyle and does not inevitably lead to obesity.

To promote the healthy consumption of alcohol, we have continued to develop new, innovative products including low-alcohol or non-alcohol beers, such as Ožujsko Cool non-alcoholic beer in Croatia.

In March 2006, InBev Belgium announced a new innovation - Jupiler Blue® which combines Jupiler’s taste with a lower alcohol content of 3.3 per cent. We developed Jupiler Blue® in response to consumer insights revealing that people are looking for a beer that provides Jupiler’s great taste, but contains a lower alcohol content.

## What is Consumption in Moderation?

The relationship between beer and health is a complex one, with both positive and negative impacts. InBev promotes beer consumption in moderation as part of a healthy and balanced lifestyle. An obvious question is: What is the definition of moderation? Unfortunately, there is no definitive answer.

There are various ways to define a ‘healthy level’ of alcohol: the health benefits of alcohol consumption relate to the amount of alcohol consumed, rather than the particular type of alcoholic drink. However, any such definition can only provide general guidance on moderate consumption, as the effect of alcohol on the body will differ from one person to another due to physical differences between individuals.

Another confusing factor is that the metrics used to indicate the alcohol content varies by country. In the U.K., alcohol content is measured in ‘units,’ where each unit is eight grams of alcohol. In Ireland, however, ‘standard drinks’ is used. A standard drink contains 10 grams of alcohol.

The definition becomes more complex as different beverages contain different quantities of alcohol. The recommendation for moderation varies depending on what type of beverage you are consuming — beer, wine or spirits, and within that beverage range, the specific alcoholic content of your beverage.

In addition to these choices, when and how you choose to drink; the speed at which you drink; whether or not the beverage is consumed with food; and many other variables can impact the effect of alcohol on an individual.

To express moderate drinking simply, the Brewers of Europe asked Dr. Skovenborg, a general practitioner and founder member of the Scandinavian Medical Alcohol Board, to define moderation, “To drink moderately is to drink within the limits set by your health, the society in which you live and your obligations towards your family and friends: 1-3 drinks a day for most men. Women are more sensitive to alcohol so they are advised to drink less than men: 1 to 2 drinks a day.”

In terms of moderate drinking, unit-consumption guidelines should apply to daily consumption, rather than weekly. This is because individuals should avoid heavy consumption over short periods; for instance by consuming their weekly allocation of alcohol units at one time or over the weekend. This is known as “binge drinking” and can have serious health consequences, including increasing blood pressure, which raises the risk of heart attack and stroke.

In partnership with the Arthur Guerra Clinic in Brazil, AmBev created the Information Center on Health and Alcohol (CISA), a non-governmental organization whose objective is to meet the need for data on the subject, and, to offer an information base for the whole

society. Through the [CISA website](#), it is possible to access the main scientific and official data on the relationship between alcohol and health.

Please [click here](#) for further information relating to our approaches to promoting the healthy and responsible use of our products.

## Health – The Impacts of Excessive Alcohol Consumption

As discussed in the previous section, alcohol consumption in moderation can be part of a healthy lifestyle. However, it is important to acknowledge that excessive consumption of alcohol and alcohol abuse is unhealthy, particularly long-term excessive use. The negative long-term health effects include:

- **Liver damage:** severe inflammation of the liver, alcoholic hepatitis, and can lead to permanent scarring or cirrhosis.
- **Digestive damage:** inflammation of the pancreas and damage to the intestine.
- **Cancer:** associated with the suppression of the immune system, and chronic abusers of alcohol are more susceptible to various diseases, including cancer. Heavy alcohol abuse may increase the risk of esophageal, colon, mouth and liver cancer.
- **Heart:** Inflammation of the heart muscle (cardiomyopathy) is common in alcoholics. Symptoms include chest pain, palpitations, fatigue and breathing difficulties.
- **Joints/muscles:** gout of the joints, and inflammation caused by the build-up of crystals of uric acid, and inflammation of the muscles (alcoholic myositis) mainly in the shoulders and the chest.
- **Fertility:** alcohol interferes with rapidly dividing cells and increases their level of acidity, which can affect fertility.
- **Brain:** negatively affects memory, learning, reaction time, spatial perception, abstract thinking and complex reasoning. Memory and judgment problems are the result of the toxic effects of alcohol on nerve cells. Also premature dementia can be caused in some long-term drinkers.

There are circumstances where it is inappropriate for people to consume alcohol, for example, during pregnancy. **InBev would not advise anyone who is pregnant to drink.**

There are also a number of short-term health effects from excessive short-term consumption of alcohol (also known as “binge-drinking”). These include sickness, dehydration, impaired judgement and coordination, temporary impotence (particularly in men), and depression.

In addition to the health impacts, there are important negative social issues associated with improper alcohol consumption. These include drink-driving, underage drinking, and antisocial and aggressive behavior. As a responsible brewer, we have launched numerous campaigns throughout the markets in which we operate to promote the responsible consumption of alcohol as part of a healthy and balanced lifestyle. We have also sponsored anti-drink-driving campaigns.

Please [click here](#) for further information on our approach to product responsibility and examples of specific initiatives actively promoting the responsible and healthy consumption of our products.

## External Links

Further information regarding beer and health can be obtained from a number of organizations. The following links are a selection of external websites that discuss alcohol and health. Please note that InBev is not responsible for the content of external websites.

Alcohol in Moderation (AIM)  
<http://www.aim-digest.com/>

Beerandhealth.com website compiled by the Belgian Brewers  
<http://www.beerandhealth.com/>

The Brewers of Canada  
[http://www.brewers.ca/EN/frames/enter\\_about.htm](http://www.brewers.ca/EN/frames/enter_about.htm)

The Brewers of Europe  
<http://www.brewersofeurope.org/>

- The site includes, “The benefits of moderate beer consumption” compiled by The Brewers of Europe.  
<http://www.brewersofeurope.org/docs/publications/pdf-Mei04.pdf>

Center for Information on Health and Alcohol (CISA) (Brazil)  
<http://www.cisa.org.br/home.php?FsIdioma=en>

The European Centre for Responsible Drinking (EFRD)  
<http://www.efrd.org/>

International Center for Alcohol Policies  
<http://www.icap.org/>

The Portman Group (U.K.)  
<http://www.portman-group.org.uk/>

- The Portman Group has also created the U.K. site [www.drinkaware.co.uk](http://www.drinkaware.co.uk)

US Government

These guidelines and their key recommendations establish sensible drinking limits for the moderate consumption of alcoholic beverages.

<http://www.health.gov/dietaryguidelines/dga2005/document/html/executivesummary.htm>  
**Product Responsibility**

**InBev’s consumers are at the heart of everything we do, and while our communications encourage consumers to enjoy our products, we must ensure that we only promote the responsible use of our products.**

**As a leading brewer, we take very seriously our**

role in ensuring our products are used in a sensible and responsible way. Our approach to this subject is two-fold.

Firstly, we advertise responsibly. We make sure that the advertising of our products does not encourage inappropriate behavior, promotes drinking in moderation and is not directed to those under the legal drinking age. To support this we have created, and follow for all advertising, a Commercial Communications Code which sets out general principles and guidance on responsible advertising.

Secondly, we proactively promote the responsible use of our products through various local- or Zone-level programs and projects. This includes various initiatives around issues such as drinking and driving, underage drinking and encouraging drinking in moderation. These initiatives are based on local needs and cover a wide range of programs across the InBev world.

Ultimately, we aim for our products to be savored and consumed in moderation, and to be part of a healthy and balanced lifestyle. This section of our report gives details on Responsible Marketing and **Promoting Responsible Use**.

## Responsible Marketing

Marketing plays a fundamental role in the success of a free market economy. Marketing promotes competition, allowing consumers to choose between competing brands.

InBev has chosen to communicate with its consumers in a responsible way, by promoting responsible use of our products. Our “InBev Marketing Code of Conduct” sets out the general principles and guidance in this area. The Code is mandatory for all our operations, and is to be applied in addition to laws, mandatory rules, or other self-regulatory codes which may exist at a country level.

The Code has specific principles relating to:

- Underage drinking

- Responsible drinking
- Health claims
- Social & sexual success
- Alcohol content
- Association with hazardous activities

The Code applies to all forms of brand marketing and commercial communications, including advertising, sponsorship, outdoor events, promotions, website content, relationship marketing, consumer PR, packaging, and labeling claims for all InBev beer brands above 0.5% alcohol by volume (ABV) and any other alcoholic products manufactured and/or marketed by InBev.

The InBev Commercial Communications Code was revised in 2005, bringing together the former Interbrew Marketing Code of Conduct and the AmBev Code. In addition to merging of these two codes, two elements received particular attention during the 2005 review:

1. Providing an easy-to-use format for our own employees—the Code now has a dedicated website which is accessible to all InBev employees.
2. Particular emphasis has been placed on the compliance procedure—which has now become mandatory for all new consumer communications—in each country. As a result, the Code website provides detailed ‘per country’ information on who should pre-vet the marketing approach and who takes the final decision.

To ensure that the new elements of the Code are understood by the entire company, the revised Code was launched with the support of the whole senior management team in November 2005. In each country, at least one training presentation has been provided, and we aim to provide refresher training annually. Training aims to give attention to specific differences based on local culture and regulations.

Please [click here](#) to download a copy of the InBev Commercial Communications Code.

In addition to our Commercial Communications Code, we actively promote and campaign against excessive and inappropriate use of our products, such as, underage drinking, drink driving and binge-drinking. Please [click here](#) for examples of our different campaigns in locations around the world in relation to these and other issues.

*“It is a great honor and exciting challenge to be part of one of InBev’s global projects, and I am looking forward to support, improve and strengthen our position in the market. Part of my role is to ensure we remain consumer focused. This means — amongst other things — that we uncover superior insights, especially around consumer and customer values, and consumption occasions. As we implement this process we also ensure that our marketing is directed only to those above the legal drinking age, and does not encourage excessive or irresponsible consumption.”*



Jens Armbrust  
World Class Commercial Program, Implementation  
Manager (Bremen, Germany)

### Responsible Marketing in Action

The monitoring of responsible advertising varies by market. In some markets, particularly in Europe, the legislative regime is based on self-regulation. A good example of how a self-regulatory system can work is the Portman Group in the U.K. of which InBev is a full member.

Similarly, in Belgium, we work with the “Arnoldus” brewery sector association. In addition to country-specific arrangements, the European Union has introduced guidance on the need to introduce transparency into self-regulation. This has brought a shift from industry self-regulation to co-regulation, which includes consumer and industry groups in the process.

In 2006, we will continue our third-party monitoring exercise of the majority of our beer advertising in the European Union. This consists of submitting our advertising to the local self-regulatory organization responsible for checking compliance with the local rules in a number of markets. This provides us with good insight into where our Commercial Communications Code is working well, and where there is room for improvement.

The review of our 2004 advertising compliance was encouraging, with no substantial breaches where advertising went against the ‘spirit’ of the local self-regulatory rules. Approximately 95% of our advertising was compliant with the local codes, and where it was not there were minor issues, such as omitting a responsibility tag line.

An example of InBev’s strict internal monitoring of advertising using our Commercial Communications Code relates to the ‘legal drinking age’ principle. The Code states that in order not to appeal to people below drinking age, all actors used in our commercials or other publicity material should be at least 25 years of age. For one Brahma advert, the suggested actress was actually 28, so complying with this rule. However, during the internal pre-vetting exercise, it was deemed that she had such a youthful appearance that this was not within the spirit of the Code’s principle and the publicity material with this model was not used.



## Promoting Responsible Use

InBev's responsible drinking campaigns are tailored to the specific geographical markets in which we operate at the brand or business-unit level. They effectively demonstrate our Commercial Communications Code in practice. The numerous campaigns target a range of issues such as underage drinking and drink-driving. A number of examples from our different Zones are highlighted, including:

- The BOB campaign in Europe promotes the use of a designated driver to raise awareness of drink-driving and reduce the number of fatalities.
- The 'Dialogue' programme in the Ukraine raising awareness of underage drinking among teachers, parents and children.
- The wide-ranging AmBev Responsible Consumption Program, which is designed to promote moderate consumption, focuses on key concepts such as "Don't Drink and Drive."

### Case Study: Education Through Humor in Romania



InBev Romania's Bergenbier brand used humor in two television adverts to get the attention of the public on two messages: "Drinking too much can get you into serious trouble" and "Do not drive after drinking."

The first advert shows a man waking up in bed 'the morning after,' realizing that he spent the night with someone he would rather not have.

The second advert, 'Wild Christmas' highlighted the issue of drinking and driving. The campaign was created

with the support of the state capital's police force and the road police of Romania and shows the problems Santa Claus' reindeer gets into when he drinks.

The adverts, which aired in the last quarter of 2005 and around the Holiday season, received very positive comments and were unambiguous in their message: Drink responsibly!

### Dialogue in Ukraine



Ukraine, according to the European School Survey Project on Alcohol and Drugs (ESPAD) study, takes 8<sup>th</sup> place among 34 European countries in terms of underage alcohol consumption. One fundamental problem is that parents do not consider underage drinking a risk and usually permit it in their presence. Generally, parents feel more reassured if they are present and prefer this to their children drinking alcohol in secret.

SUN Interbrew, Ukraine's market leader for beer, is the first company in Ukraine to tackle the issue of underage drinking.

In association with the Ukrainian Ministry of Education and Science and the Public Council of Family and Youth Issues, SUN Interbrew is carrying out a project called 'Dialogue', aimed at avoiding underage drinking by targeting three key audiences: teenagers, their parents and school teachers.

The program is planned to run over several years and will include specific research into underage drinking in Ukraine. The results of the research will be used to create initiatives that will be effective in targeting the issue.

To make parents more aware of their responsibility and how they should talk to their children about alcohol, a special booklet has been created entitled, “How to talk to children about alcohol”. The booklet highlights the importance of parents being aware of the problem and provides advice on overcoming the psychological barrier of starting a dialogue about alcohol with children.

The program is also aimed at helping teachers to create manuals for young people on how to live a healthy lifestyle. These cover issues such as underage smoking and drinking, early sexual relations and the dangers of drug.

Most important, the program is aimed at the children themselves (11-15 and 15-17 age groups) through inventive tools, such as a computer game for teenagers aimed at encouraging the conscious refusal of alcohol. In addition, a guide will be produced — “Invitation to the Dialogue”— educating children about the problems of underage alcohol consumption.

The campaign will be accompanied by informative articles about the harm of alcohol for underage drinking and the role of the family in avoiding this in the national press. During the first year of the program in 2006, it will cover approximately 300 schools across Ukraine. This is supported by a number of training seminars for teachers and school psychologists, including specific training on how to help parents and children to avoid or overcome underage drinking.

### *Promoting Responsible Drinking: The Drinkaware Trust in the U.K.*



InBev U.K. is a member of the Drinkaware Trust, a registered charity which is taking over the role of The Portman Group Trust. The Drinkaware Trust aims to improve public awareness and understanding about responsible drinking, and aims to positively change drinking habits in the U.K. The Drinkaware trust does

this through many avenues including extensive advertising campaigns, programs, and online tools.

As one of the founders of the Portman group, InBev continues to support the work of Drinkaware through both promotion of the website and financial contributions. To find out more please visit their website at [www.drinkaware.co.uk](http://www.drinkaware.co.uk)

### *Case Study: Drink Drive Education Campaign in Czech Republic*

InBev Czech Republic, through the Responsible Brewers Initiative, of which it was a founding member, continues to support a designated driver campaign. In collaboration with Sananim (a non-governmental organization that addresses drug abuse), the campaign will be carried out with the Czech Road Safety Office.

The campaign is aimed at young drivers. Besides the usual leaflets, stickers and road shows, it provides an innovative SMS service. People can SMS the service what they have been drinking over the course of an evening, and the reply advises them whether they can still safely drive home.

### *Responsible Consumption Program in Brazil*

AmBev’s long-running Responsible Consumption Program is designed to promote moderate consumption. Its themes focus on “Don’t Drink and Drive” and dissuading those under legal age from drinking beer. AmBev promotes its messages through advertising campaigns, engaging in government programs, providing consumer guidance at AmBev events such as Skol Beats and national events, such as Carnival, and educational programs.

### The AmBev 'Boomerang' Logo



AmBev understands that actions to encourage the responsible consumption of its products need to be constantly reviewed and if possible improved. Therefore, at the beginning of 2006, as part of its Responsible Consumption Program, AmBev launched a logo - the boomerang - in order to consistently communicate the Company's concern with the risks of drinking and driving in a more integrated way. Research in Brazil found that the boomerang logo had excellent acceptance with people aged 18 to 35.



AmBev promotion telling people "If you drink, take a TAXI"

The logo's strapline, "it's cool to go and to come back," will be part of all AmBev's anti-drinking and driving initiatives. The logo will appear on posters, leaflets and other related materials. Additionally, the logo will be reinforced with other innovative advertising at larger regional events where AmBev are promoting the responsible use of alcohol. This includes an inflatable taxi, which aims to communicate the message, "If you drink, don't drive: Use a different type of transportation". To support this message, AmBev enters into partnerships, or "parcerias," with taxi cab cooperatives for specific events in order to lower taxi prices and ensure taxis are available at these events.

### AmBev Events: Working to Combat Drinking and Driving



AmBev's 'Human Taxi' at carnival

AmBev sponsors "Skol Beats", one of the largest music events in Latin America, and extensively promotes the company's message of responsible consumption on promotional material. In 2005, transportation was carefully considered for festival goers in partnership with the police. Bus service and taxis were provided for free, and parking was made available for 24 hours after the event.

In addition to providing transport, responsible consumption was promoted in innovative ways. For example, people were invited to participate in a "fun exercise" to test their balance. After each person's performance, they were given a sticker saying, for instance, "Take a Ride". This is one example of the way AmBev wants to communicate their concern, simple and fun, by showing people that they can enjoy themselves and be responsible at the same time.

AmBev also took the responsible consumption message to the Brazilian Carnivals in early 2006. During the event AmBev distributed information at the main airports in Rio de Janeiro, São Paulo, Recife and Salvador in the form of personal fans containing information about local events during the Carnival and responsible drinking.

This was supported by a further AmBev presence at the Carnivals themselves giving out information reinforcing the drink drive message. An example of AmBev's presence was the 'human taxi'.

### Case Study: ‘People who Sell’ (‘Gente que Vende’)



In early 2006, the sixth event of ‘People who Sell’ (‘Gente que Vende’) took place in Brazil and the rest of Latin America.

Over 14,000 employees, including around 80% of our employees in Brazil, put consumers first and took to the streets to sell or serve our products directly to consumers. This annual event serves two functions. The focus is to promote responsible consumption directly to consumers and also allows employees to both learn about our business by accompanying sales representatives and supervisors on sales calls in the market at the same time.

As this is a World Cup year, Ronaldo, one of Brazil’s main soccer players, led the campaign.

Ambev’s concern with drinking and driving was at the center of the day and all participants wore T-shirts with the responsible consumption boomerang logo on the back, encouraging consumers to go out and have fun while drinking responsibly and getting home safely afterwards.

‘People who Sell’ is an evolving concept. For example, in this year’s event, our employees faced customers directly by exchanging roles with staff, such as waiters and waitresses in bars and restaurants, and at other Points of Connection (POCs). Employees throughout the organization participated, for example Latin America Zone President, Luiz Fernando Edmond led by example, serving consumers at the Mercado Municipal in São Paulo.

### Case Study: BOB — Belgium



The BOB campaign is run by the Belgian Institute for Road Safety (IBSR). Since its inception in 1995, BOB has received significant support from InBev through the Brewers of Europe industry group. The aim of the program is to raise public awareness of drink-driving issues and ultimately to reduce drink-driving fatalities.

The BOB initiative is a designated-driver campaign. BOB is a nominated person who does not drink and has the responsibility of driving their friends’ home after a night out together. The campaign marketing was started with the tagline, “Who will be the BOB?” A decision to be taken before a ‘night out’, and was supported by ‘visible’ police enforcement. The campaign has been promoted through various media, including radio, television, billboards, posters, cinemas and mailings. In addition, the campaigns have been promoted through other publicity material, including BOB branded key rings, beer mats, T-shirts and a [participatory website](#).



The BOB campaign has been very successful and in Belgium drink-driving fatalities fell by 17% from 1995 to 1998. Due to its success, the BOB campaign has expanded to include numerous European countries, including Denmark, France, Greece, Ireland,

Luxembourg, The Netherlands, and Spain, and is now co-funded by the European Commission. In 2003, the expansion continued with the inclusion of Portugal and the U.K.

In 2007, the BOB campaign will no longer profit from the funding of the European Commission. Together with the other European brewers, InBev is studying different ways to ensure the continuing success of the campaign and offset the lower levels of funding.

### Labatt – North America – Canada

Our Labatt brand has a significant history of promoting the responsible use of products. Labatt has been a leader in the field of responsibility for some time in North America, and examples of activities include Labatt being the first Canadian brewer to launch a moderation program and the first to:

- Take the moderation message to television.
- Enlist the support of major sports and entertainment figures.
- Introduce a ‘near-zero’ alcohol beer, Labatt.5 — now known as Nordic.
- Pioneer a national, hands-on, young driver education program.
- Address safe boating practices, and safe snowmobiling.
- Partner with major urban transportation systems.
- Raise the issue of alcohol and family responsibility.
- Partner with law enforcement agencies, a national student group and a national TV network to provide education on moderation.
- Create an innovative on-campus program, called Freshheads that was prompted and ultimately implemented by students themselves.

Labatt has worked for many years with numerous partners to help communicate their message, “Know When to Draw the Line.”



This message has not only been communicated externally but it is reinforced with numerous internal measures to ensure employees adhere to the responsible use of alcohol. These include a ‘Responsible Use’ policy, which is formally presented to employees through an educational workshop. In addition detailed guidance is given to employees who host or participate in a Labatt’s event.

Launched in 2006, Labatt’s most recent program—“Make a Plan,”—is an advertising campaign aimed at educating adults on the importance of responsible use. Its focus is on helping adults plan ahead to have fun safely. The campaign is delivered by children and directly targets parents and other adults by providing common sense tips on responsible use. These tips fall into three main categories: getting home safely; being a good host; and — particularly important —having a designated driver.



Poster advert from Labatt «Make a Plan» campaign.

Please refer to the [Labatt website](#) for further examples of North American initiatives in relation to the promotion of the consumption of alcohol in moderation.



# Zone Reporting

## North America

Zone president: Miguel Patricio

Countries in this Zone: Canada, Cuba and U.S.A.

Number of people employed in this Zone: 6,537 people.

Major brands in this Zone (excluding our Global Brands of Beck's, Brahma, Stella Artois and Leffe):

Alexander Keith's, Bass, Belle-Vue, Blue Light, Boddington's, Bohemia, Boomerang, Bucanero, Bucanero Malta, Budweiser, Cristal, Haake-Beck, Hoegaarden, Kokanee, Labatt Blue, Labatt Ice, Labatt Sterling, Löwenbräu, Mayabe, Rock Green Light, Rolling Rock, St. Pauli Girl, and Wildcat.

Trading names in this Zone: Labatt Brewing Company Ltd, Cerveceria Bucanero S.A. and InBev USA LLC.

Volume of product: 14.7 million hectoliters.

Good practice case studies from the Zone:

To find out what we've been doing in the North American Zone please click on the following selection of case studies taken from our Global Citizenship Report:

- History of our North American Zone.
- Converting Waste Product into Ethanol in Canada.
- Computer System Fuels North American Energy Saving.
- Edmonton Brewery (Canada) Closes for Safety Training Day.
- The Stella Artois Gold Standard Program.
- Labatt and responsible use.

## Latin America

Zone president: Luiz Fernando Edmond

Countries in this Zone: Argentina, Bolivia, Brazil, Chile, Dominican Republic, Ecuador, Guatemala, Paraguay, Peru, Uruguay, and Venezuela.

Number of people employed in this Zone: 27,305 people.

Major brands in this Zone (excluding our Global Brands of Beck's, Brahma, Stella Artois and Leffe):

Andes, Antarctica, Baltica, Baviera, Becker, Bohemia, Caracu, Concordia, Ducal, Iguana, Kronenbier, Norte, Norteña, Ouro Fino, Paceaña, Patricia, Pilsen, Polar, Quilmes Cristal, Quilmes, Serramalte, Skol, and Taquina, 7UP, Guaraná Antarctica, Pepsi, Red Rock, and Triple Kola.

Trading names in this Zone: CA Cervecera Nacional (CACN), Cervecería Boliviana Nacional S.A., Cervecería

Chile S.A., Cervecería Paraguaya S.A., Cervesur S.A., Companhia de Bebidas das Américas AmBev S.A., Compañía Cervecera AmBev Peru S.A.C., Embotelladora Dominicana CXA (Embodom), Industrias Del Atlantica S.A., Maltería Quilmes S.A.I.C.A. y G., Uruguay FNC S.A.

Volume of product: 114.4 million hectoliters.

Good practice case studies from the Zone:

To find out what we've been doing in the Latin American Zone please click on the following selection of exciting case studies taken from our Global Citizenship Report:

- History of our Latin American Zone.
- Environmental Management at Huachipa, Peru.
- Latin American Successes in Byproducts Management.
- Taking up the Biomass Challenge.
- Water Consumption in Latin America.
- Community Consultation at Huachipa, Peru.



- AmBev Supports Latin America's First Sustainability Conference.
- AmBev Launches 'Premio AmBev de Reciclagem' Recycling Awards.
- Responsible Consumption Program in Brazil.

## Western Europe

Western Europe Zone president: Stefan Descheemaeker

Volume of product: 39.7 million hectoliters.

Countries in this Zone: Belgium, France, Germany, Italy, Luxembourg, Netherlands, and U.K.

Good practice case studies from the Zone: To find out what we've been doing in the Western Europe Zone please click on the following selection of exciting case studies taken from our Global Citizenship Report:

Number of people employed in this Zone: 13,093 people.

Major brands in this Zone (excluding our Global Brands of Beck's, Brahma, Stella Artois and Leffe): Bass, Belle Vue, Boddington's, Boomerang, Castlemaine XXXX, Diebels Alt, Diebels Light, Diekirch, Dimix, Dommelsch, Franziskaner, Gilde, Haake-Beck, Hasseröder, Hertog Jan, Hoegaarden, Jupiler, La Bécasse, Labatt, Lindener, Loburg, Löwenbräu, Mousel, Murphy's, Oranjeboom, Rolling Rock, Schwarzer Herzog, Spaten, Staropramen, Tennent's Super, Tennent's, and Wolters.

- InBev's History in Europe.
- InBev launches Belgian Network of the UN Global Compact.
- Water Supply Protection at Jupille, Belgium.
- Wastewater Innovation in Western Europe.
- Samlesbury, U.K. — Best Practice Example for Low Falls.
- Our Enduring Commitment to the Quality of Beck's.
- Belgium Quality Café 2006 campaign.
- Piedboeuf Triple Recall.
- Promoting Responsible Drinking: The Drinkaware Trust in the U.K.
- BOB — Belgium.

Trading names in this Zone: Brasseries de Luxembourg Mousel-Diekirch S.A., InBev Belgium S.A., InBev France S.A.S., InBev Deutschland Vertriebs GmbH & Co.KG, InBev Italia srl, Interbrew Nederland NV, InBev U.K. Ltd.

## Central & Eastern Europe

Zone president: Alain Beyens

Bagbeir, Bergenbier, Borodi Bivaly, Borostyan, Borsodi Barna, Borsodi Polo, Borsodi Sör, Branik, Burgasko, Caraiman, Chernigivske, Efes, Holsten, Jelen, Kamenitza, Kelt, Klinkscoe, Mestan, Nik Cool, Nik Gold, Niksicko Pivo, Niksicko Tamno, Noroc, Ostravar, Ozujsko Izzy, Ozujsko Pivo, Pikur, Pleven, Premier, Rifey, Rogan, Sibirskaia Korona, Slavena, Staropramen, T, Taller, Tinkoff, Tolstiak, Union, Velvet, Volzhanin, Vratislav, and Yantar.

Countries in this Zone: Bulgaria, Croatia, Czech Republic, Hungary, Romania, Russia, Serbia - Montenegro, and Ukraine.

Number of people employed in this Zone: 13,730 people.

Major brands in this Zone (excluding our Global Brands of Beck's, Brahma, Stella Artois and Leffe): Astika,

Trading names in this Zone:: Borsodi Sorgyar Rt, Interbrew Efes Brewery S.A., Interbrew Romania S.A., Kamenitza AD, Open Joint Stock Company SUN Interbrew, Open Joint Stock Company Sun Interbrew Ukraine LLC, Pivovary Staropramen a.s., Trebjesa AD, and Zagrebacka Pivovara D.D.

Volume of product: 38.0 million hectoliters.

Good practice case studies from the Zone:

- InBev's History in Europe.
- Helping Underprivileged Ukrainian Children at Christmas.

- SunInterbrew Launch 'Choose It With Your Heart' Project.
- Improving the Urban Environment of the Czech Republic.
- Romanian Employees Applauded by Red Cross.
- Education Through Humor in Romania.
- Dialogue in Ukraine.
- Drink Drive Education Campaign in Czech Republic.

## Asia Pacific

Asia Pacific Zone president: Dirk Moens

Countries in this Zone: China, South Korea.

Number of people employed in this Zone: 16,032 people.

Major brands in this Zone (excluding our Global Brands of Beck's, Brahma, Stella Artois and Leffe): Baisha, Budweiser, Cafri, Cass, Double Deer, Jinling Yali, Jinlongquan, KK, Lulansha, OB, Santai, Shiliang, Supra, Zhujiang Fresh, and Zhujiang.

Trading names in this Zone: InBev Management (Shanghai) Co. Ltd., China, Oriental Brewery Co. Ltd., and Zhujiang Beer Group Company.

Volume of product: 27.0 million hectoliters.

Good practice case studies from the Zone:

- History of our Asia Pacific Zone.
- Energy Mapping in Korea.