



CERVEZA PREMIUM  
**CUSQUEÑA**



*Generating inclusive growth*

Ten Priorities. One Future.



## About SABMiller plc

SABMiller plc is one of the world's largest brewers with brewing interests and distribution agreements across six continents

**The group's wide portfolio includes global brands such as Pilsner Urquell, Peroni Nastro Azzurro, Miller Genuine Draft and Grolsch as well as leading local brands such as Águila, Castle, Miller Lite, Snow, Tyskie and Victoria Bitter. SABMiller is also one of the world's largest bottlers of Coca-Cola products.**

In 2012 our group revenue was US\$31,388 million with earnings before interest, tax, amortisation and exceptional items (EBITA) of US\$5,634 million and lager volumes of 229 million hectolitres.

|                      |             |   |
|----------------------|-------------|---|
| <b>Group revenue</b> | <b>+11%</b> | <b>2012: US\$31,388m</b><br>2011: US\$28,311m           |
| <b>EBITA</b>         | <b>+12%</b> | <b>2012: US\$5,634m</b><br>2011: US\$5,044m             |
| <b>Lager volumes</b> | <b>+5%</b>  | <b>2012: 229m hectolitres</b><br>2011: 218m hectolitres |

### Boundary and scope of this report

This report covers the financial year ended 31 March 2012.

Operations are included in this report on the basis of management control by SABMiller. Our US joint venture, MillerCoors, is also included. Our economic interest in MillerCoors is reflected when reporting quantitative key environmental performance indicators.

A list of the operations covered in this report is available on page 21. Angola, Russia and Ukraine are no longer included following changes to strategic alliances this year which means that SABMiller companies no longer have management control. We aim to include new acquisitions or market entries within two years. This year SABMiller acquired Carlton and United Breweries (CUB), the Australian beverage business of Foster's Group Limited, which will be included in the 2013 report.

Where we hold a minority share in an alliance or partnership, we engage with our partners on sustainable development issues. This year Delta Corporation Ltd in Zimbabwe is included in this report for the first time. Information on our business partners can be found at [www.sabmiller.com/sd](http://www.sabmiller.com/sd)

### Global Reporting Initiative (GRI)

This report has been produced in accordance with the GRI G3 guidelines and meets the requirements of the B+ application. Our GRI content index can be found at [www.sabmiller.com/sdreporting](http://www.sabmiller.com/sdreporting)

### United Nations Global Compact (UNGC)

This document forms our progress report against the 10 principles of the UNGC and the UNGC CEO Water Mandate. Further information is available at [www.sabmiller.com/sdreporting](http://www.sabmiller.com/sdreporting)

### UN Millennium Development Goals (MDGs)

SABMiller supports the MDGs and seeks to make a meaningful contribution to their achievement in the communities in which it operates.

### FTSE4Good and Johannesburg Stock Exchange Socially Responsible Investment Index

SABMiller is a member of the FTSE4Good and the Johannesburg Stock Exchange Socially Responsible Investment Index (reflecting the listing of shares in both the UK and South Africa), as well as other relevant indices used by the investment community.



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Key publications are available at [www.sabmiller.com/sdreports](http://www.sabmiller.com/sdreports)



The full online SABMiller Sustainable Development Report includes information on the progress we have made against each of our 10 sustainable development priorities along with additional performance data and case studies, position papers on each of the sustainable development priorities and reports on specific issues.

Both the full report and this summary can be found at [www.sabmiller.com/sd](http://www.sabmiller.com/sd)

#### SAM tool

Learn more about our performance through the Sustainability Assessment Matrix (SAM) scorecards for our operations.

[www.sabmiller.com/sam](http://www.sabmiller.com/sam)

#### Annual Report

For an overview of our markets and operations, please refer to our Annual Report.

[www.sabmiller.com/annualreport](http://www.sabmiller.com/annualreport)

## Joint statement by the chairman of CARAC and the Chief Executive

### Our progress and performance are overseen by the corporate accountability and risk assurance committee of the board (CARAC)



**Dambisa Moyo**, chairman of CARAC



**Graham Mackay**, Chief Executive

#### Generating inclusive growth

Around the world, we work to build strong local businesses that contribute to their local economies. We do this by producing high-quality products which consumers choose and enjoy every day.

Beer is a local business and the success of SABMiller is inextricably linked to the wellbeing of the communities in which we operate. Recognising that we are part of the fabric of society, we seek to generate 'inclusive growth' – in other words, to build value chains that drive economic growth and stimulate social development while using scarce natural resources efficiently. In this way, we can generate long-term returns for our business while also creating wealth for our local communities.

Our direct economic value creation during the year amounted to US\$23,921 million, which, both directly and through economic multipliers, makes a significant contribution to livelihoods around the world (see page 8).

#### Managing sustainable development

'Constantly raising the profitability of local businesses, sustainably' is one of SABMiller's four strategic priorities. Sustainable development is therefore integral to the way we do business. Underpinning our approach are our 10 sustainable development priorities which inform how we focus our efforts and prioritise our resources. At a global level, we focus particularly on the three areas most material to our business: alcohol responsibility, water and enterprise development in our value chain.

Progress is measured through our Sustainability Assessment Matrix (SAM). During the year, the group's average SAM score increased from 2.9 to 3.2 as our local businesses addressed the sustainable development issues most material to their particular markets.

This progress would not be possible without the talented and dedicated individuals who drive the business forward. Our people are our enduring advantage and SABMiller's success is founded on our 70,000 employees across six continents. This report contains examples of how individuals are working to improve our business and create value for their communities.

#### The growing resource challenge

There are currently two billion middle-class consumers in the world and the number could reach five billion by 2030<sup>1</sup> – much of the increase coming from emerging and developing markets. We see this trend as one of the

main drivers of SABMiller's future growth. This year, two of our fastest-growing regions were Africa and Latin America which saw lager volumes increasing on an organic basis by 13% and 8% respectively.

At the same time, this growth will place further demands on the world's finite resources. Business, government and civil society must therefore work together to develop practical, local solutions that generate inclusive growth while conserving water and energy and managing the use of land.

Businesses are well placed to innovate and drive efficiencies. SABMiller has extensive programmes in place that aim to improve water and energy efficiency and reduce waste in our breweries. This year our water ratio – the amount of water required to produce a hectolitre of lager – decreased from 4.2 hl/hl in 2011 to 4.0 hl/hl, a 5% improvement. Our carbon ratio – the carbon emissions generated per hectolitre of lager produced – fell from 13.8 kgCO<sub>2</sub>e in 2011 to 12.4 kgCO<sub>2</sub>e, a 10% improvement.

But simply focusing on our internal operations is not enough if we want to secure adequate water, energy and agricultural supplies for our breweries. This report details a number of partnerships we have built with governments, non-governmental organisations (NGOs) and academic institutions to tackle the sustainable development challenges we face – examples being the Strategic Water Partnership Network in South Africa and our extensive smallholder farming programmes across Africa and India.

#### Addressing societal challenges

Each day our beers are enjoyed by millions of consumers. There is, sadly, a small minority of consumers who do not drink responsibly and who pose a risk to themselves, their families and their communities. Alcohol abuse and associated societal issues such as violence, drunk-driving, underage drinking and the impact on non-communicable diseases are a cause of concern around the world.

We recognise that we, along with the wider community, have a role to play in tackling alcohol abuse. We uphold high standards in all aspects of alcohol production and consumption and we work with partners around the world to encourage responsible drinking, remind consumers about the impact of alcohol-related harm and address the wider societal issues resulting from alcohol abuse.

#### Winning sustainably

The greatest contribution we make to the economies in which we operate is to run successful, profitable businesses that create jobs, pay taxes and stimulate local enterprise while making efficient use of limited resources.

The resource and societal challenges we jointly face with local communities are complex and interconnected. SABMiller does not have all the answers and we know that we will not find them on our own. Nevertheless, we have made progress and have built expertise in areas such as managing water risk. By sharing knowledge and working collaboratively with our stakeholders, we are confident we can deliver innovative solutions at a local level.

### A focused approach to sustainable development management



<sup>1</sup> The emerging middle class in developing countries, Homi Kharas, OECD Development Centre Working Paper No. 285, January 2010. 'Middle class' is defined as having daily per capita spending of US\$10 to US\$100.

## Stakeholder commentary

We work in partnership with a wide range of stakeholders to drive progress across our value chain

“ WWF is encouraged by the way SABMiller has identified water as a critical business issue. This is not just corporate social responsibility; this is about the essence of their business. As a global company that operates with strong local operations, SABMiller has identified the need to address water security and resilience in a way that maps the culture of the company. This has led them to address water locally around the world, reflecting the reality that water is, above all, a local issue. ”

**David Nussbaum**  
Chief Executive of WWF – UK



“ The private sector has enormous impacts on poor countries and communities, but these impacts go largely unmeasured and under-reported. Oxfam America embarked on a poverty footprint analysis with SABMiller and The Coca-Cola Company to raise awareness about these impacts all along the value chain, from farmer to consumer. As a condition of this collaboration, the companies agreed to a public report and engagement with stakeholders around the recommendations. While the outcome of that engagement remains to be seen, SABMiller is to be congratulated for its willingness to embark on this forward-looking collaboration. ”

**Ray Offenheiser**  
President  
Oxfam America



Read about the progress made against these recommendations on page 10.

“ Farm Africa knows that the key to ending hunger and growing prosperity in rural Africa is to act as a bridge between African smallholder farmers, the government and the private sector. Farm Africa brings different sectors together, building a dialogue and finding innovative sustainable solutions that increase the income of individuals and fit with the needs of business. We are working with SABMiller’s South Sudan Beverages to provide a guaranteed market for cassava grown by local farmers, effectively converting this crop from subsistence into a cash crop, so building incomes for farmers, and improving the local economy. Farm Africa sees working together in partnership as vital in building a vibrant African economy and addressing the global challenge of food security. ”

**Nigel Harris**  
Chief Executive  
Farm Africa



“ Unless we show due respect and change the way we behave towards water usage, we will face significant challenges into the future regarding our water security and security of supply. This may have dire consequences on our ability to grow our economy and create decent jobs. Every user has a duty of care for the resource and to use water efficiently to avoid the negative impact on our food security and our ability to generate the energy we need to drive economic growth. ”

We need to become a water-conscious country; we have a collective responsibility to preserve and protect our water resources for the benefit of present and future generations. I congratulate SABMiller and SAB (Pty) Ltd on their leadership through the Strategic Water Partnership Network. Through this partnership we hope to drive collaboration between business and government in order to make more water available so that, across South Africa, we can grow our economy and create more jobs. ”

**Minister Edna Molewa**  
Minister of Water and Environmental Affairs  
South Africa



**water affairs**  
Department:  
Water and Environmental Affairs  
REPUBLIC OF SOUTH AFRICA

“ The Bavaria Foundation’s entrepreneurship program is undoubtedly the most important private and integrated initiative that supports entrepreneurship in Colombia. Connecting entrepreneurs throughout Bavaria’s Entrepreneurs Network and the creation of the Angel Investing Network are unique and historic milestones in the entrepreneurial development of the country. They are characterized by innovating creative and differentiated instruments. ”

**Camilo Montes**  
Director of Business Development  
Ministry of Commerce Industry and Tourism  
Colombia



Libertad y Orden  
Ministerio de Comercio, Industria y Turismo  
República de Colombia

“ We are delighted to count SABMiller among the initiators of the Responsible Marketing Pact, a new European initiative by major beer, wine and spirits producers in WFA’s membership to set common standards preventing alcohol marketing to minors. SABMiller played a key role in bringing together, for the first time, leading companies from all alcohol sectors to seek unified responsibility standards: a turning point in self-regulation. ”

As a ‘commitment’ to the EU’s Alcohol and Health Forum, the initiative will be subject to independent monitoring and public reporting. WFA looks forward to working closely with SABMiller and our other partners in implementing this commitment. ”

**Stephan Loerke**  
Managing Director  
World Federation of Advertisers





## Overview of our 10 priorities

Our 10 priorities help us to focus on the issues most material to our local businesses and to make sustainable development part of everything we do

**Our 10 sustainable development priorities provide a strong framework, offering clarity to our local operations and demonstrating our commitment to shareholders and other stakeholders on issues material to our business.**

Our approach is flexible enough to allow our local operations to invest their resources in the issues most relevant to them in their own markets.

Twice a year, each business is required to provide data relating to each of our 10 priorities through our bespoke management system, the Sustainability Assessment Matrix (SAM) – see page 20. Performance is assessed against five levels of performance, from a minimum standard (level one) to leading edge (level five). We require all our businesses, as a minimum, to reach level one or have a plan in place to do so within a reasonable timeframe.



### Discouraging alcohol abuse

Our beers are enjoyed responsibly by millions of consumers daily, but the minority who abuse alcohol are a risk to themselves, their families and their communities.

Our six core principles on alcohol guide the way we operate as a business and we have mandatory policies, by which all our employees must abide (see page 14).

We provide accurate and balanced information to consumers to promote responsible drinking. We aim to discourage irresponsible drinking through campaigns which encourage responsible behaviour and help to combat abuse. Read about how we're combating alcohol-related harm in South Africa on page 16.



Find out more about our alcohol strategy and policies at [www.sabmiller.com/responsiblealcohol](http://www.sabmiller.com/responsiblealcohol)



### Making more beer using less water

Water scarcity represents a potentially significant risk to parts of our business. Water is vital not only in the brewing process but also in growing the crops used to make our beer and even in generating electricity to power our breweries.

We aim to use water as efficiently as possible and have set ourselves the demanding target of reducing our water use per hectolitre of lager by 25% between 2008 and 2015 (see page 11).

We use the '5Rs' – pRotect, Reduce, Reuse, Recycle and Redistribute – to manage water upstream, downstream and within our operations.



Find out more about the 5Rs and how we're working with local partners to manage shared water risk through our Water Futures partnership at [www.sabmiller.com/water](http://www.sabmiller.com/water)



### Reducing our energy and carbon footprint

The effects of climate change could have far-reaching consequences, particularly for water availability and agricultural production – both of which are vital to the production of beer.

By 2020 we aim to halve the fossil fuel emissions from our on-site energy use per hectolitre of lager compared with 2008. Wherever we can, we aim to use alternative and renewable sources of energy which produce fewer emissions than fossil fuels (see page 11).

We also consider the carbon associated with our value chain, focusing particularly on packaging manufacture, transport and the refrigeration of our products. This year, our global procurement business, Trinity, joined the Carbon Disclosure Project Supply Chain programme.



Find out more about our carbon strategy at [www.sabmiller.com/energy](http://www.sabmiller.com/energy)



### Packaging, reuse and recycling

The packaging we use preserves the quality of our beer and keeps it safe for consumers' enjoyment. It is also integral to how we present our products to consumers. We need to select packaging that is fit for purpose while also taking account of its environmental impact from manufacture to disposal.

We use a variety of packaging types and materials based on product need, consumer preference, the way that retailers sell our products and the existing recycling infrastructure. Where possible we use returnable bottles. This year 52% of our bottles and kegs were returnable.



Find out more about our packaging sustainability strategy at [www.sabmiller.com/packaging](http://www.sabmiller.com/packaging)



### Working towards zero-waste operations

The growing global population is placing strain on the world's resources, making it increasingly important to use resources efficiently.

We work to reduce, reuse and recycle our waste, using resources efficiently and limiting the disposal of waste to landfill.

The majority of the waste we produce is organic matter from the brewing process. The rest comprises damaged packaging (including broken bottles), Kieselguhr (a filtration medium), effluent sludge from wastewater treatment and other non-recyclable waste.

Much of this waste has a value and can be reused to generate energy, to create new products (recycled glass bottles from broken glass, for example) or for agricultural purposes such as fertilisers or animal feed. We aim for our breweries to become zero-waste operations.



Find out more about our waste strategy, including how we're creating compost from bottle labels in the Czech Republic at [www.sabmiller.com/waste](http://www.sabmiller.com/waste)



### Encouraging enterprise development in our value chains

The reach and scale of our business means that we play a key role in the economic development of the communities in which we operate.

Across our value chains, we seek to balance the commercial advantages associated with our scale with the benefits of supporting local communities. Where it makes sense, we source locally in order to reduce our import and distribution costs and maximise local economic benefit. Read about our work with smallholder farmers in Mozambique to launch the world's first commercial-scale cassava-based clear beer on page 10.

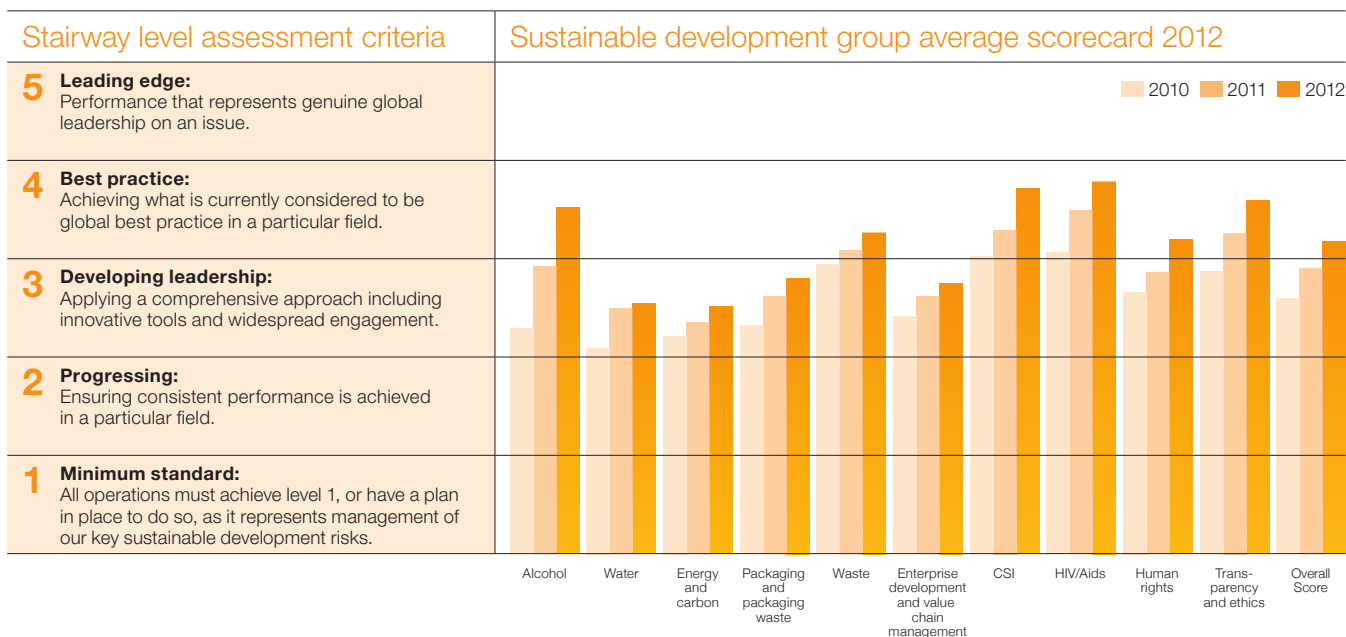
We aim to work closely with both local and global suppliers and ask them to adhere to our responsible sourcing principles.



Find out more about our Farming Better Futures programme and responsible sourcing principles at [www.sabmiller.com/enterprisedevelopment](http://www.sabmiller.com/enterprisedevelopment)



Visit our online SAM portal for more information on our SAM scores by priority and by country [www.sabmiller.com/sam](http://www.sabmiller.com/sam)



### Benefiting communities

Our prosperity is closely linked to that of the communities in which we operate. Investing in communities helps us to build strong relationships with those communities as well as with consumers and our employees. This year we invested US\$34 million in corporate social investment (CSI) programmes, a slight increase on last year (2011: US\$33 million). However, due to a significant increase in pre-tax profits<sup>2</sup> our investment in CSI equates to 0.8% of pre-tax profits, a slight decrease since last year (2011: 0.9%).

Across the world, our businesses select projects and initiatives that are relevant to their own operations, the local community and the market in which they operate.

Find out more about our CSI strategy, including our work to understand the social return on investment (SROI) of our CSI projects at [www.sabmiller.com/communities](http://www.sabmiller.com/communities)

### Contributing to the reduction of HIV/Aids

HIV/Aids has the potential to affect our workforce, our customers, the supply of raw materials and the economic development of the communities in which we operate.

Our programmes mainly focus on countries with a high prevalence of HIV/Aids (more than 5%). We seek to provide education and awareness-training for all our employees and their spouses and dependants, and to offer access to voluntary counselling and testing (VCT) in countries with prevalence greater than 1%. We are also extending our focus to broader health issues through our new wellness development programme (see page 17).

Find out more about our HIV/Aids strategy, including the work of our 1,847 peer educators (one to every 13 employees) in countries with a high prevalence of HIV/Aids at [www.sabmiller.com/hiv/AIDS](http://www.sabmiller.com/hiv/AIDS)

### Respecting human rights

We conduct our business with respect for national cultures and the laws, norms and traditions of our different markets. At the same time, there are fundamental principles that we need to uphold in our own business and within our supply chain. Read about our work to strengthen human rights in Zambia on page 10.

As a global business, we recognise our responsibility to uphold labour standards, both in our local operations and in our supply chain, and to seek to prevent discrimination and breaches of human rights. SABMiller is a signatory of the UN Global Compact and supports the Millennium Development Goals. Read about our response to Professor John Ruggie's report on Business and Human Rights on page 17.

Find out more about our human rights policy at [www.sabmiller.com/humanrights](http://www.sabmiller.com/humanrights)

### Transparency and ethics

High standards of transparency and ethical behaviour underpin all that we do. We therefore place high value on reporting and communicating in an open and honest way with all our stakeholders. This year we published sustainable development reports in 15 markets. Download these reports at [www.sabmiller.com/sdreports](http://www.sabmiller.com/sdreports)

We take care to listen to our stakeholders, understand their views and respond in a way that enables them to make informed judgements about the business. Read stakeholder commentary about this report on page 3.

We are committed both to transparent sustainable development reporting and to high ethical standards in general. Our Code of Business Conduct and Ethics and new Anti-Bribery Policy apply to all employees, and we expect our suppliers to abide by the principles laid out in both documents.

Find out more about our approach to transparency and ethics at [www.sabmiller.com/transparency](http://www.sabmiller.com/transparency)

<sup>2</sup> Includes earnings after interest, amortisation and exceptional items for all SABMiller subsidiaries included within the scope of this report, and a share (based on equity interest) of profit before tax for our US joint venture.

## Generating inclusive growth

Beer is a local product – typically brewed, sold and consumed in the same community. By delivering high-quality products that consumers enjoy, our businesses create jobs, pay taxes, develop local skills and encourage enterprise



### Did you know?

We invested US\$4.7 million in programmes to support entrepreneurs around the world

Find out more about how we are providing microcredit financing for small retailers in Colombia on page 9 and at

[www.sabmiller.com/communities](http://www.sabmiller.com/communities)

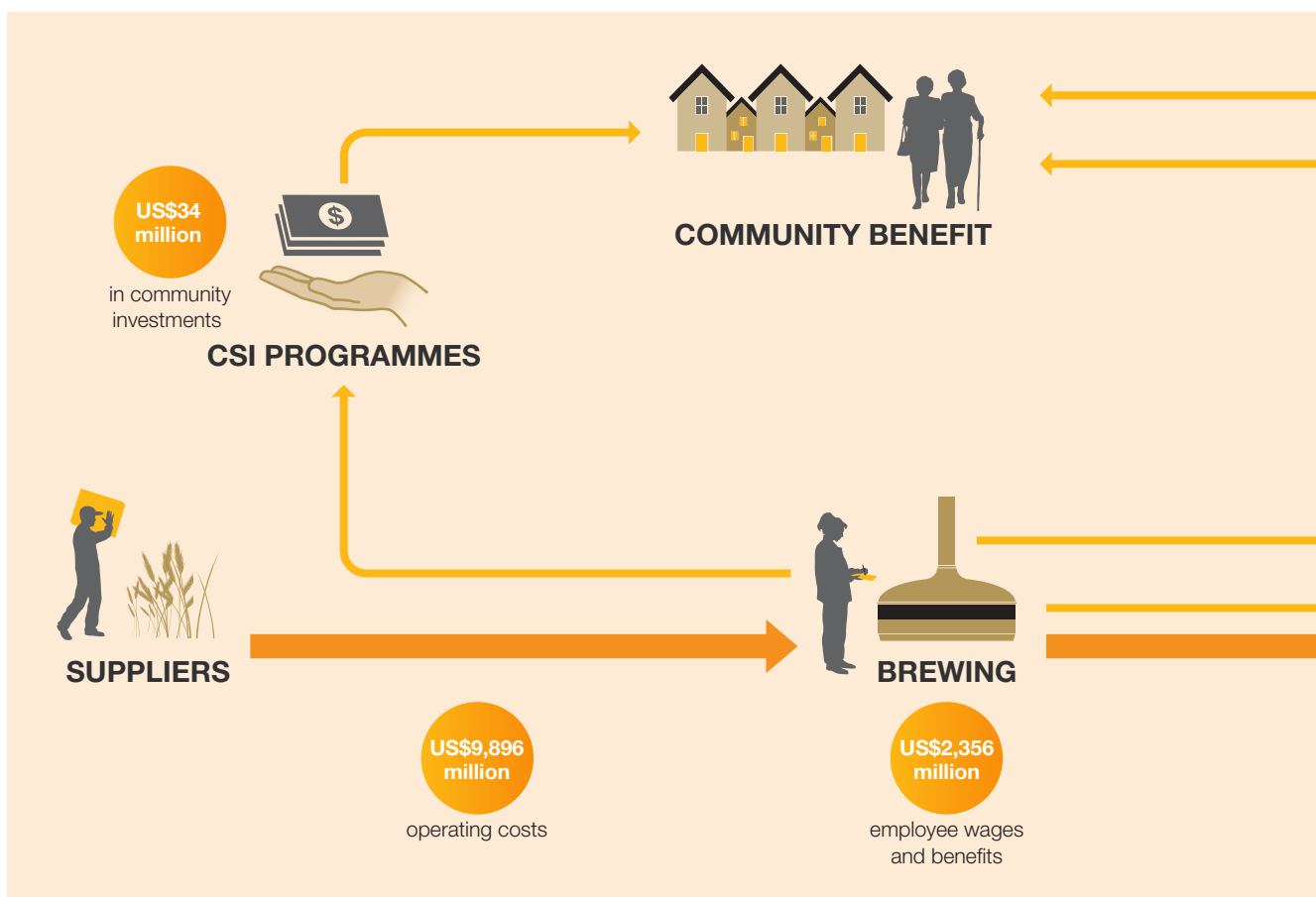


### Did you know?

Of the taxes we pay, 77% go to governments in emerging and developing countries and 23% are paid in developed countries

Download independent reports assessing our socio-economic impact in developing and emerging markets including Ghana, El Salvador and Zambia at

[www.sabmiller.com/sdreports](http://www.sabmiller.com/sdreports)



### Did you know?

We work with 32,499 smallholder farmers

Watch our animation to find out more about our smallholder farming programmes and how we support thousands of livelihoods around the world at

[www.sabmiller.com/enterprisedevelopment](http://www.sabmiller.com/enterprisedevelopment)



### Did you know?

We support 100,000 direct farming jobs across Africa

Find out more about Impala, the world's first cassava-based clear beer, brewed from locally-sourced cassava grown by smallholder farmers in Mozambique on page 10 and at

[www.sabmiller.com/enterprisedevelopment](http://www.sabmiller.com/enterprisedevelopment)



### Did you know?

We use 4 hectolitres of water to produce 1 hectolitre of lager (a 5% reduction on last year)

Watch our animation to find out more about how we are making more beer using less water at

[www.sabmiller.com/water](http://www.sabmiller.com/water)





Read more about our approach and performance at [www.sabmiller.com/sd](http://www.sabmiller.com/sd)



**Did you know?**

We have created almost 40,000 employee and retailer shareholders in South Africa

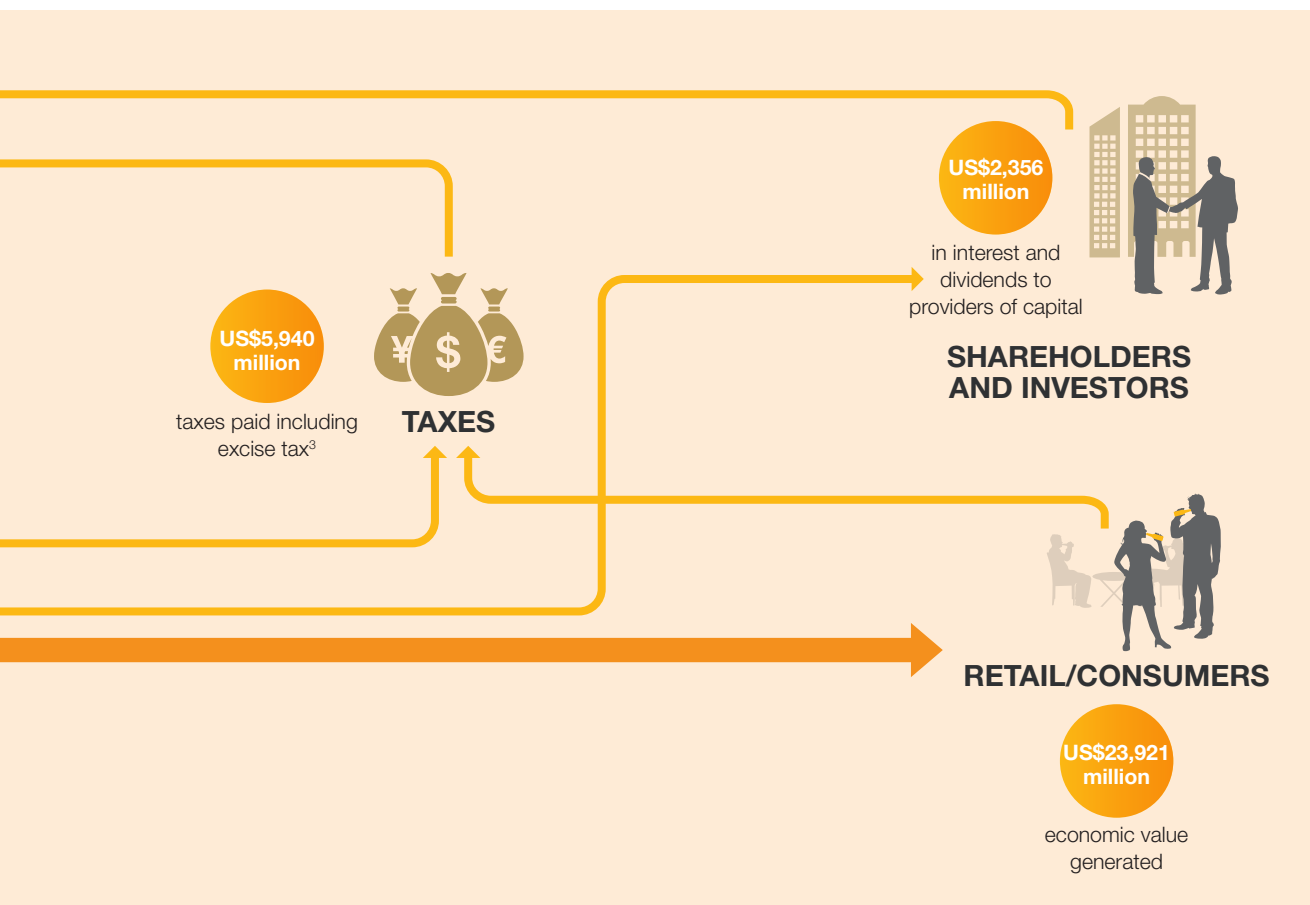
Find out more about our Broad-Based Black Economic Empowerment ownership programme, SAB Zenzele, on page 17 and at [www.sabmiller.com/humanrights](http://www.sabmiller.com/humanrights)



**Did you know?**

We sell 1,400 bottles and cans of beer every second

Download our Annual Report for an overview of our markets and operations at [www.sabmiller.com/annualreport](http://www.sabmiller.com/annualreport)



- ➔ Value chain
- ➔ Economic value

<sup>3</sup> Excludes VAT, indirect taxes and taxes borne by employees.



**Did you know?**

We generate 12.4 kgCO<sub>2</sub>e to produce 1 hectolitre of lager (a 10% reduction on last year)

Find out more about how we are reducing our energy use and fossil fuel emissions, including how we are using rice husks to power boilers in India, at [www.sabmiller.com/energy](http://www.sabmiller.com/energy)



**Did you know?**

More than half of our bottles and kegs are returned and reused

Find out more about our returnable bottles and how we are reducing post-consumer waste at [www.sabmiller.com/packaging](http://www.sabmiller.com/packaging)

## Our economic contribution

### Stimulating economic development in the communities in which we operate

**The World Bank estimates that global poverty halved between 1990 and 2010<sup>4</sup>. At SABMiller we believe that the key to reducing poverty is the creation of jobs and economic growth.**

We also know that ‘inclusive growth’ – building value chains that drive economic growth and stimulate social development – is the best way to generate long-term returns for our business and to create wealth for the countries and communities in which we operate.

**“ There is no longer any doubt that business plays an integral role in delivering economic and social progress. ”**

**Ban Ki-moon**, UN Secretary-General,  
UN Private Sector Forum, New York, September 2010

#### Inclusive growth across our value chain

Beer is a local product – typically brewed, sold and consumed in the same community. As a major brewer, we therefore play a key role in the economic development of our local communities. By delivering high-quality products that consumers enjoy, our businesses create jobs, pay taxes, develop local skills, encourage enterprise and demonstrate that business growth and sustainable development can be mutually reinforcing rather than in conflict.

#### Farming Better Futures

In Africa, India and Latin America, our *Farming Better Futures* programme is generating inclusive growth by encouraging the local sourcing of agricultural raw materials from smallholder and commercial farmers. Depending on local needs, the programme also extends to water management initiatives and HIV/Aids testing and treatment for farmers.

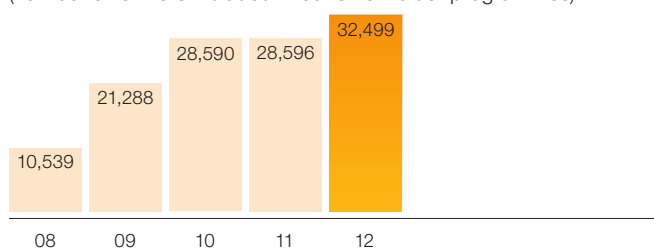
We currently work with 32,499 smallholder farmers – about 4,000 more than last year due to the inclusion of our work with Zimbabwean farmers for the first time. We intend to continue to grow our local sourcing programmes, for example, in India we aim to source all our barley from local producers within the next five years (see page 11).

Our local sourcing programmes also support direct farming jobs. For example, in Africa research by Professor Ethan Kapstein of INSEAD, and other experts, indicates that SABMiller’s commitment to increasing the local sourcing of raw materials to 50% over the next two years will raise the number of direct farming jobs supported by our operations from about 100,000 today to 150,000.

In Zambia, the drive for inclusive growth has involved working with local brokers and commercial farmers to develop a local barley industry. Three years ago we had to import all the barley needed in our Zambian operations. In 2012, Zambian Breweries plc worked with 21 local commercial farmers. As a result, over 4,000 rural workers now have a regular income for themselves and their families.

#### Smallholder farmers

(number of farmers included in our smallholder programmes)



#### Encouraging entrepreneurship

Beyond our breweries, the distribution and sale of our products support thousands more livelihoods.

In Europe, a recent study by Ernst & Young found that a total of 202,000 jobs can be attributed to the production and sale of our beers – including over 98,000 in the hospitality sector alone. For each person employed by SABMiller in Europe, 17 jobs are generated outside the brewing industry.

This year, we have invested US\$4.7 million in programmes to support entrepreneurs around the world, awarding grants to over 100 businesses and providing training to more than 1,000 entrepreneurs.

For example, in Colombia, Peru and other parts of Latin America, we provide access to credit for shopkeepers to help strengthen their businesses and increase their revenues, so improving their quality of life and that of their families (see case study opposite).

<sup>4</sup> An update to the World Bank’s estimates of consumption poverty in the developing world, Shaohua Chen and Martin Ravallion, Development Research Group, World Bank (03-01-12).

## Direct economic value generated

|   |   |   |   |  |
|---|---|---|---|--|
| <b>Direct economic value generated<sup>i</sup></b>  |   |   |   |  |
| Revenue plus interest and dividend receipts, royalty income and proceeds of sales of assets |   |   |   |  |
| <b>US\$23,921 million</b>   |   |   |   |  |
| ↓   |   |   |   |  |
| <b>Economic value distributed</b>   |   |   |   |  |
| <b>Operating costs</b>  | <b>Employee wages and benefits<sup>ii</sup></b> | <b>Payments to providers of capital</b>                               | <b>Payments to tax authorities<sup>iii</sup></b>      | <b>Community investments<sup>iv</sup></b>                              |
| Cost of materials, services and facilities  | Cost of employees’ salaries and benefits        | All financial payments made to the providers of the company’s capital | Tax paid, including remittance taxes and excise taxes | Voluntary contributions and investment of funds in the broader economy |
| <b>US\$9,896 million</b>  | <b>US\$2,356 million</b>                        | <b>US\$2,356 million</b>  | <b>US\$5,940 million</b>                              | <b>US\$34 million</b>  |
| ↓   |   |   |   |  |
| <b>Economic value retained<sup>v</sup></b>  |   |   |   |  |
| <b>US\$3,339 million</b>  |   |   |   |  |

<sup>i</sup> This table is constructed based on data contained within the SABMiller 2012 Annual Report and follows guidance recommended by the Global Reporting Initiative (GRI EC1).

<sup>ii</sup> Excludes share option charges, includes employer taxes and social security contributions.

<sup>iii</sup> Excludes VAT, indirect taxes and taxes borne by employees.

<sup>iv</sup> Includes cash donations, value of gifts in kind and time donated, and management costs of CSI activity.

<sup>v</sup> Value retained to fund future capital expenditure and acquisitions.



Read more about our economic contribution at [www.sabmiller.com/sd](http://www.sabmiller.com/sd) including further information on our entrepreneurship programmes and Corporate Social Investment.



In Europe, a recent study by Ernst & Young found that the production and sale of our beers supports a total of 202,000 jobs – including more than 98,000 in the hospitality sector alone.

**A transparent approach to taxation**

We recognise there is a growing interest in the amount of tax paid by multinational companies. We continue to seek new and improved ways to communicate our tax disclosures and approach, which will be meaningful to our readers and stakeholders.

As with all our other functions, tax within the group operates within a strong governance process. Our group tax policy guides the way we manage tax affairs across our businesses. We seek to be fully transparent in our tax returns and related disclosures to revenue authorities.

The corporate tax charge for the year was US\$1,126 million. This gives us an effective tax rate of 27.5%, down from 28.2% last year due to changes in tax legislation, the resolution of some uncertain tax positions, and some gains as a result of organisational changes, including acquisitions.

**“ Tax receipts are an important source of national revenue and essential for helping developing countries to break out of the aid trap. ”**

Total taxes borne and collected by the group during the year amounted to US\$9,400 million (2011: US\$8,400 million). This includes excise taxes, transactional taxes and taxes borne by employees as well as our share (based on equity interest) of taxes paid by our US joint venture. We consider this wider calculation to be an important and appropriate indication of the tax contribution of our operations, and the fiscal impact they have on the countries in which we do business.

Tax receipts are an important source of national revenue and essential for helping developing countries to break out of the aid trap. Of the taxes we pay, 77% go to governments in emerging and developing countries and 23% are paid in developed economies. We support steps to improve tax management and administration in developing countries, so that local revenue authorities are well equipped to understand the tax positions of the companies from which they collect revenue.

**Micro-finance in Colombia**

The Bavaria Foundation's *Destapa Futuro* programme is the largest private initiative promoting entrepreneurship in Colombia.

At the Bavaria Foundation we're always looking for new ways to promote entrepreneurship.

This year, we've been tackling one of the main barriers to starting a small business – the lack of access to credit. We've worked with local banks to provide micro-finance for shopkeepers so they can strengthen their businesses, increase their revenues and improve their quality of life. In the last two years, more than 4,000 shopkeepers have benefited from US\$6 million made available in micro-credit financing.

Over the past five years we've helped to create over 286 businesses through our *Destapa Futuro* programme. We've supported over 1,100 entrepreneurs by investing over US\$8 million in seed capital and US\$2 million in training and mentoring. In turn, the entrepreneurs we work with have created over 5,000 jobs. I'm most proud that the investment, practical advice and mentoring we provide help ensure that 93% of these businesses are still operating.

**Catalina Garcia Gómez**, Director  
Fundación Bavaria





## Our economic contribution continued

### Impala – from subsistence farming to cash crop

Our business in Mozambique has launched the first-ever commercial-scale, cassava-based clear beer – Impala.

Cassava is a difficult crop to use on a commercial scale, because the root deteriorates quickly once it's been harvested. That said, it's also one of the most widely-grown crops in Africa. We therefore saw an opportunity to create a new market for subsistence farmers and help them to earn an income, often for the first time. We joined forces with DADTCO (Dutch Agricultural Development and Trading Company) and came up with an innovative solution – a mobile processing unit that we can send to cassava-growing regions to process the crop on the farm, ready for the brewery.

**“ There is no doubt that this project will have a significant impact on their lives and the local economy. ”**

**Peter Bolt**, Managing Director DADTCO

Through Impala we'll create additional income for over 1,500 smallholder farmers, helping them to raise their families' standard of living. In recognition of its contribution to agricultural and economic development in Mozambique, the government has introduced a new excise category for beer made from cassava. And because we're using a local crop, it costs less to produce than other clear beers and we can sell Impala at a lower price – 70% of the price of mainstream lager. This makes it affordable for consumers who might otherwise be drinking informal or illicit alcohol.

**Grant Liversage**, Managing Director  
Cervejas de Moçambique SARL



### An evidence-based approach to tackling poverty

Last year, we published a poverty footprint report with Oxfam America and The Coca-Cola Company to understand the impact that our soft drinks value chain has on reducing poverty.

The report looked at a range of poverty indicators from sustainable livelihoods, health and wellbeing to diversity, empowerment, security and stability. I was pleased that the report found that labour conditions, environmental protection and human rights were generally well respected at our bottling plants. But the report also made recommendations about things we could do better. These included looking more closely into any cases of failed factory grievances or dispute resolution systems; developing business training and support for women across the soft drink value chain (making efforts, in particular, to recruit women for non-traditional and senior management jobs); and safeguarding the health and safety of workers in our supply chain.

This year we've been busy making the recommendations a reality. For example, we've worked with our independent truck drivers to seek to limit the number of hours they work so they don't get too tired or lose concentration. We've even taken a decision to suspend all night deliveries.

We're also working to improve our local sourcing. There are already many small businesses working across our value chain – suppliers, truck drivers, retailers and others. We want to help these SMEs to share their experiences and learn from each other, so we're creating a process to help capture and share best practice. We're looking for new local businesses that can supply materials we currently import, and we've signed a business-linkages agreement with the Zambia Development Agency.

Finally, we're always looking to innovate. This year we launched a pilot project in partnership with ColaLife to use our soft drink distribution chains to supply anti-diarrhoea kits to under-served rural areas.

**Anele Malumo**, Managing Director  
Zambian Breweries plc

## The water-food-energy nexus

Working in partnership to tackle the water and resource challenges shared by our businesses and the communities in which we work

**By 2050 demand for resources is set to increase significantly as the global population grows to nine billion and becomes more prosperous, so requiring more food, water and energy to meet its needs.**

Global economic growth is being driven largely by emerging markets. Over the medium term, the World Bank estimates economic growth of 6% in developing countries compared to 2.7% in higher-income countries<sup>5</sup>.

But this growth could be jeopardised by the resource challenge being felt across the world. The expanding population will need 70% more food, and growing and processing this food will increase water stress. The Water Resources Group, of which SABMiller is a member, estimates that there could be a 40% shortfall between water demand and available freshwater supply by 2030<sup>6</sup>. At the same time, the systems that sustain us all will be affected by climate change.

Water, food and energy are interconnected. Agriculture accounts for about 70% of global freshwater use and can pollute freshwater supplies if mismanaged. Water is also used to generate electricity: in the USA, power generation accounts for about 50% of all freshwater withdrawals<sup>7</sup> and drought in countries that use hydropower – Ethiopia and Ghana, for example – can lead to black-outs. Energy, in turn, is needed to fertilise and transport crops, which can themselves be used as biofuel to create energy. Large amounts of energy are also required to pump water to drier regions and, as water scarcity increases, so will the energy needed for technologies such as desalination.

Given these trade-offs and interactions, successfully addressing the triple challenge of water stress, food security and energy supplies means taking a holistic view and balancing the many competing demands. We call this interconnected issue the water-food-energy nexus.

### Making our own operations more resource-efficient

Resource-efficiency is the first step towards effectively managing the water-food-energy nexus. Across our operations, we aim to become 25% more water-efficient by 2015 and 50% more carbon-efficient by 2020, over a 2008 base. Many of our businesses have made significant improvements. In Uganda, for example, Nile Breweries Ltd has reduced its water consumption from eight hectolitres of water per hectolitre of lager produced in 2006 to 4.7 hectolitres today.

By reducing the water we use in brewing and packaging our beer, we also cut the energy required for heating and cooling in the process. Similarly, by using biogas from wastewater or reclaiming local agricultural waste such as spent grains to generate renewable energy, we reduce our reliance on fossil fuels. In India, for example, the burning of rice husks now provides cheaper fuel for our business than conventional energy sources such as coal.

This year SABMiller produced more beer using less water, using 706 million hectolitres of water<sup>8</sup> in lager production processes, a reduction on last year. Our average water consumption per hectolitre of lager produced fell to 4.0 hl/hl, 5% less than the previous year. Since 2008 when we first set our target of reducing consumption per hectolitre of lager by 25% by 2015, our water efficiency has improved by 13%.

In the last 12 months, our energy use has remained constant at 138 MJ per hectolitre of lager. Due in part to a cleaner fuel mix, the carbon emissions per hectolitre of lager produced fell to 12.4 kgCO<sub>2</sub>e/hl, 10% less than the previous year. Our emissions during the period totalled 2.1 million tonnes of CO<sub>2</sub>e.



This year, Plzeňský Prazdroj identified a unique way of using waste labels, which are washed off returnable bottles, as compost. This will save 400 tonnes per year of waste going to landfill.

### Beyond our breweries

On its own, resource-efficiency within our operations is not enough to safeguard the resources we need for our businesses. Accordingly, we also work across our supply chains and with the communities in which we operate to explore sustainable solutions that work locally.

A case in point is our work with smallholder and commercial farmers to help them improve their yields and quality, use less water and manage issues such as soil quality.

Through our *Saanjhi Unnati* (Progress through Partnership) programme in India, we work with over 6,000 smallholder farmers to help optimise their use of land, increase their yields and improve their standard of living. Local barley has not always been suitable for brewing, but we're helping farmers to raise the quality of their crop and aim to source all our barley locally within five years. This will improve farmers' incomes and give SABMiller India Ltd a reliable, long-term source of quality malting barley.

**“ Our average water consumption per hectolitre of lager produced fell to 4.0 hl/hl, 5% less than the previous year. ”**

In the USA, MillerCoors is working with The Nature Conservancy to safeguard the watershed and improve habitats in the barley-growing Silver Creek Valley in Idaho. Improvements made on a model barley farm, designed to showcase best conservation practices, have increased yields and saved almost 4.7 million hectolitres of water, about 9% of the farm's annual water use. It's also expected to reduce energy use by an estimated 10-20%.

<sup>5</sup> World Bank, *Global Economic Prospect, 2010: Fiscal Headwinds and Recovery*, 2010.

<sup>6</sup> McKinsey and Company, *Charting our Water Future*, 2009.

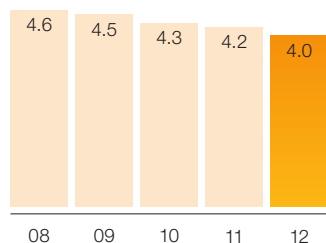
<sup>7</sup> International Water Management Institute.

<sup>8</sup> Includes water used in the production of lager on sites covered within the scope of this report.

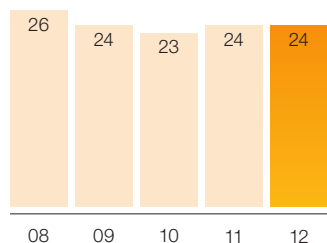
# The water-food-energy nexus continued

## Improving brewery efficiency

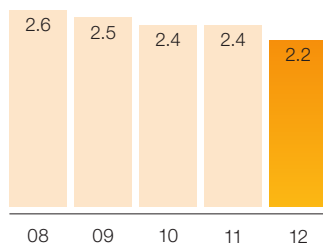
**Water to lager ratio**  
(hl water/hl lager)



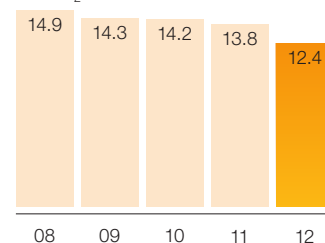
**Total energy consumption**  
(TJ)



**Total CO<sub>2</sub>e emissions from fossil fuel energy used on site**  
(million tonnes)



**CO<sub>2</sub>e emissions from fossil fuel energy used on site**  
(kgCO<sub>2</sub>e/hl lager)



We also work with suppliers to seek to reduce the carbon emissions and waste associated with our packaging. Where possible, we use returnable bottles: this year 52% of our bottles and kegs were returnable, consistent with last year. We seek opportunities to eliminate or reduce our packaging and to increase its recycled content. In the last year, for example, Birra Peroni S.r.l. in Italy has reduced the weight of its Peroni Gran Riserva 330 ml bottle by 40% (from 310g to 185g), saving 750 tonnes of glass and about 600 tonnes of CO<sub>2</sub>e a year.

### Shaping the debate and sharing best practice

Many of the resource challenges we face can only be addressed by working through a broad coalition of local partners to tackle shared risk.

SABMiller has been active in the water debate for a number of years. We are a founding signatory of the UN CEO Water Mandate which helps companies to develop, implement and disclose water sustainability policies and practices. In 2011 we participated in the second CDP Water Disclosure Project which provides insight into companies' water risk. We have also taken the lead role in the public-private Strategic Water Partnership Network in South Africa – part of the global Water Resources Group.

Drawing on our global scale, our understanding of risk and existing relationships with governments, NGOs and other stakeholders, we're building coalitions to turn our understanding of water risks into practical plans.

**“ Many of the resource challenges we face can only be addressed by working through a broad coalition of local partners to tackle shared risk. ”**

Formed in 2009, our *Water Futures* partnership with WWF and the German development agency, GIZ, is one example of a public-private partnership devoted to managing shared water risk and to demonstrating the link between water, food and energy security (see case study opposite). During the year we expanded the partnership to include our businesses in four new markets: Colombia, Honduras, India and the USA. We aim to build on the partnership's success by sharing our knowledge and experience and applying the lessons learned to other aspects of the nexus. For example, we're part of the World Economic Forum's New Vision for Agriculture which aims to ensure food security for all in an environmentally sustainable way while generating economic growth and opportunity.



In the USA, MillerCoors is working with The Nature Conservancy to safeguard the watershed and improve habitats in the barley-growing Silver Creek Valley in Idaho.



Read more about our progress including detailed performance data for our water, energy, packaging and waste priorities at [www.sabmiller.com/sd](http://www.sabmiller.com/sd)

**Reports available online:**

- Water Futures Report
- Water Security: The Water-Energy-Food-Climate Nexus





**Water Futures in Peru**

Through the *Water Futures* partnership we work with NGOs such as WWF and The Nature Conservancy to protect the watersheds on which our businesses depend.

This year through our local *Water Futures* partnership in Peru, we started a series of studies to examine the water resources available in the basins that supply each of Backus' breweries.

The first covered the Rímac river basin in Lima and identified a number of projects to improve water security for the region. We're now reviewing a number of aquifer sustainability projects including:

- improving the infrastructure of canals and river beds;
- reusing treated water to irrigate public green areas such as parks; and
- establishing a Rímac River Water Observatory – an expert technical panel to monitor and assess the aquifer.

I'm also proud that Backus is a founding partner in the Aquafondo, established by The Nature Conservancy to fund conservation and water protection projects in Lima. The fund (which has an initial start-up capital of US\$900,000) will invest in conservation and water protection measures and education and communication projects. We're working to encourage more businesses and institutions to join the alliance, so we can work together to safeguard shared water supplies for the future.

**Lorena Gaviño**, Sustainable Development Senior Analyst, Unión de Cervecerías Peruanas Backus y Johnston S.A.A.

**Driving efficiency in our Polish breweries**

By 2020 SABMiller aims to halve the fossil fuel emissions from our on-site energy use per hectolitre of lager produced compared with 2008.

At Kompania Piwowarska, we have saved about 35,000 tonnes of CO<sub>2</sub>e emissions over the last five years by improving the energy efficiency of our breweries.

Between 2003 and 2012, for example, our Poznan brewery has reduced the amount of heat energy it uses to produce a hectolitre of lager by 57%, down from 135.39 MJ/hl to 58.34 MJ/hl.

Using renewable energy such as biogas from our wastewater treatment plants also helps us reduce our CO<sub>2</sub>e emissions. During 2012 over 15% of the total gas used to power the boiler at our Tychy brewery was biogas from the brewery's wastewater treatment plant.

**Maciej Henicz**, Environmental Protection and Occupational Health and Safety Specialist, Kompania Piwowarska S.A.



## Beer in society

### Combating alcohol abuse and ensuring strong commercial governance

**Each day our beers are enjoyed by millions of consumers. While the vast majority drink responsibly, the minority who do not are a risk to themselves, their families and the communities in which they live.**

Alcohol abuse, and associated societal issues such as violence, drunk-driving and underage drinking, are a cause of concern around the world. Over the next 10 years, the World Health Organisation predicts a 17% increase in non-communicable diseases<sup>9</sup> such as diabetes, cancer and heart disease, some of which have been associated with alcohol abuse.

**“As a brewer, we care about the effects of irresponsible consumption and are determined to help tackle them.”**

The causes of alcohol-related harm are broad and complex and there is no simple solution. As a brewer, we care about the effects of irresponsible consumption and are determined to help tackle the causes. We have clear principles that guide the way we operate as a business (see six principles on alcohol below).

Our approach is to engage with stakeholders and work collectively to address irresponsible consumption. We believe it's essential to gain insights into alcohol-related harm at a local level and we work with governments and their partners to deliver targeted interventions that respond to the challenges. We aim to assess the impact our programmes are having on the problem and use this information to shape our strategy.

Our approach includes the following areas of focus:

#### Encouraging responsible drinking

First, it's vital that information provided to consumers about alcohol consumption is accurate and balanced. In Europe, for example, we've implemented comprehensive commitments to the EU Alcohol and Health Forum to provide information to consumers through packaging labels, marketing materials, online tools and mobile apps.



An independent compliance report found that 98% of our advertisements across Europe contained responsible drinking messages.

Through our *TalkingAlcohol.com* website, now available in eight languages, we tailor our messages to local market needs and welcome on average around 20,000 visitors each month. This year in Romania, the website ran a programme to help reduce drunk-driving. Over 10,000 website visitors sent a 'thank you' card to designated drivers and about 60,000 used the mobile tool to assess the time they need to allow before they have a zero alcohol blood level after drinking. The website won the Gold Trophy for corporate communication at the Romanian Public Relation Awards.

#### Combating alcohol abuse

Second, we aim to discourage irresponsible drinking through campaigns which encourage responsible behaviour and help to combat abuse (see case studies on page 16).

For example, in Swaziland, to help tackle an increase in the incidence of drunk-driving, particularly on the road between the busy towns of Mbabane and Manzini, Swaziland Beverages Ltd has partnered with Mgevu Investments, a local transport service provider, to provide free shuttle services ferrying consumers home from selected outlets after they have consumed alcoholic beverages.

### Six principles on alcohol

Our six principles on alcohol help guide the decisions we make every day:

- 1 Our beer adds to the enjoyment of life for the overwhelming majority of our consumers
- 2 We care about the harmful effects of irresponsible alcohol consumption
- 3 We engage stakeholders and work collectively with them to address irresponsible consumption
- 4 Alcohol consumption is for adults and is a matter of individual judgement and accountability
- 5 Information provided to consumers about alcohol consumption should be accurate and balanced
- 6 We expect our employees to aspire to high levels of conduct in relation to alcohol consumption

<sup>9</sup> WHO alcohol fact sheet 2011



In Panama, we developed a comprehensive road safety campaign in association with the national police, Ministry of Health and the Pan American Health Organization (PAHO), covering issues including drunk-driving. In the first year of the campaign, there was a 10% reduction in traffic accidents nationwide.

**Contributing to the wider debate**

We seek to understand local market issues in order to contribute in a meaningful way to the wider debate on alcohol abuse. In Peru, for example, Backus has been working with the government and other stakeholders to tackle the issue of illicit alcohol which represents up to 30% of the market, posing significant health risks to consumers and reducing government revenue. Backus commissioned research into the causes of alcohol abuse and found it was part of a broad picture of social deprivation. The study also showed how commercially produced products for low-income consumers can present a positive alternative to drinking unsafe, illicit alcohol. In response, Backus worked with medical professionals and policy-makers to run a communications campaign and make recommendations about regulating the trade more effectively. This led to changes in the law making it illegal to produce or sell unlicensed alcohol.



In Uganda, Nile Breweries trained retailers to help them understand their role in preventing underage drinking. Over 1,200 retail outlets have received training from a qualified behavioural change trainer to ensure maximum impact.

**Strong commercial governance**

Alcohol advertising is one of the most regulated forms of advertising in the world. In addition to local laws, all our operations around the world must comply with our own sales and marketing standards. These are contained in our Policy on Commercial Communication, updated this year, which governs where and how we market our brands and covers both traditional and digital communications. We regularly assess compliance with our policies: in one recent example, an independent compliance report found that 98% of our advertisements across Europe contained the responsible drinking messages set out in our responsible messaging guidelines.

**“ Our alcohol responsibility policies, underpinned by strong governance processes, seek to ensure that we market and sell our products responsibly. ”**

This year we also issued our Product Portfolio Policy, which sets out group-wide requirements for new and acquired products to ensure that all our brands support our alcohol principles. Under this global policy, for example, we will not seek to acquire or develop any alcohol products containing stimulants such as caffeine.

Our strong governance processes seek to ensure that we market and sell our products responsibly. Each of our businesses is required to have an internal compliance committee that oversees adherence to all the necessary standards, training and reporting processes. These committees also engage with beer industry and with national self-regulation systems, some of which include representation from civil society.

As a member of the International Center for Alcohol Policies and the World Federation of Advertisers, we work with communities, organisations and governments to establish and improve self-regulatory systems for responsible marketing. Through the Self-Regulation Initiative of Global Actions on Harmful Drinking, we work with regulators, advertising industries and the media with the objective that alcohol marketing codes are high-quality and fully implemented.

We also provide regular education on alcohol responsibility for our employees, all of whom are required to adhere to our Alcohol Code of Conduct. All around the world more than 50,000 employees participated in training about alcohol responsibility and our policies. This year we introduced an online refresher course, part of which asks participants to make a personal pledge on alcohol responsibility. In Hungary we received 370 pledges from 400 e-learning participants in just one month, including pledges about being a role model at work and at home, and pledges to stop people from driving home if they've been drinking.



Read more about our alcohol responsibility programmes at [www.sabmiller.com/responsibledrinking](http://www.sabmiller.com/responsibledrinking)

**Reports available online:**

- SABMiller Product Portfolio Policy
- Presence of Responsible Drinking Messages in Packaging and Advertising



## Beer in society continued

### Addressing alcohol-related harm in South Africa

At South African Breweries (SAB) we're proud of the products we produce, but we take a clear stand when it comes to the consequences of alcohol abuse.

We're always looking for new ways to tackle the alcohol-related issues that most affect society – underage drinking being one example.

This year we piloted two new programmes designed to reach deeper into our communities. Through our *Responsible Trader Programme*, we've trained 16,500 traders in alcohol abuse and the harm it can cause in their communities. Through the programme we aim to help liquor traders to see themselves as champions in the fight against alcohol abuse. Assessments of more than 7,000 traders after they'd attended training sessions found 81% scoring more than 80%.

Watch an animation we use in the training sessions at [www.sabmiller.com/responsibletrader](http://www.sabmiller.com/responsibletrader)

Underage drinking is one of the most serious forms of alcohol abuse, and is totally unacceptable. Through our *You decide* programme, we're working with the Department of Trade and Industry, the National Youth Development Agency and provincial Departments of Education to teach teens about the impact their choices can have on their future. Our partners are using road shows, competitions, lesson plans and Facebook to tell teenagers, 'you decide'. They're also working with parents and local communities to find ways to reinforce the message and discourage underage drinking.

We've set ourselves an ambitious target: through the pilot, launched in February 2012, the programme aims to reach over 400,000 students across 360 schools.

**Vincent Maphai**, Executive Director Corporate Affairs and Transformation, SAB



### Encouraging great plays in college

At MillerCoors, we've launched our *Great Plays* programme in partnership with the ABMRF/ The Foundation for Alcohol Research.

The programme provides funding for universities to address the drinking behaviours and the harmful consequences of alcohol among their students.

We chose the theme *Great Plays* because college students have the ability and opportunity each day to make decisions or 'great plays' that result in positive outcomes and help them thrive and be successful in life. Choosing not to abuse alcohol is one of the greatest plays a student can make.

Each year, all universities in the USA who agree to participate in MillerCoors' college sports marketing alliances (57 in total) are eligible for a US\$10,000 grant which can be used for programmes aimed at reducing the harm caused by dangerous levels of consumption (drunk-driving, for example), or which raise awareness of harmful drinking or change students' drinking behaviours. So far, I've been really pleased with the response as 23 universities have already signed-up.

**Bill Young**, Corporate Alcohol Responsibility Manager, MillerCoors



## An employer of choice

### Succeeding by valuing and empowering our employees

#### SABMiller employs some 70,000 people from diverse cultures and backgrounds across six continents.

We aim to attract, develop and retain high-calibre people with the skills, attributes and drive to help SABMiller achieve its strategic objectives, both now and in the future. We seek to treat all our employees and contractors fairly and with respect and to provide a safe working environment.

Our employees are compensated with a fair wage and comprehensive benefits, and have access to development opportunities both within their role and towards career progression.

#### Safety, health and wellbeing

This year we joined the World Economic Forum's workplace wellness alliance, a consortium of companies committed to advancing wellness in the workplace.

All our businesses in areas of high HIV/Aids prevalence enlist and train peer educators to raise awareness of HIV/Aids among their colleagues, the aim being to lessen the stigma of HIV/Aids and encourage voluntary counselling and testing. Independent research in South Africa found that SAB receives a fourfold return on its investment in HIV/Aids testing and treatment in terms of reduced healthcare and insurance costs, reduced absence and higher productivity.

The health and wellbeing of our employees and their families are a key concern and we adapt our wellness programmes to meet their changing needs. This year we piloted a new Wellness Development Programme in Botswana, South Africa, Swaziland and Tanzania which covers sexually transmitted infections, hepatitis B and C, malaria and tuberculosis for peer educators.

#### “ All our businesses in areas of high HIV/Aids prevalence enlist peer educators to raise awareness of HIV/Aids among their colleagues, lessen the stigma of HIV/Aids and encourage voluntary counselling and testing. ”

We aim to provide a safe working environment in our breweries, bottling plants and offices and have robust systems, including regular audits, for identifying and minimising the risk of accidents and monitoring and addressing incidents when they occur. This year, better reporting on health and safety has resulted in noticeable improvements in health and safety performance in several markets including Hungary, Italy and Uganda. That said, during the year we recorded 1,713 industrial injuries, 18% more than in 2011, largely due to an increase in injuries reported in Latin America in line with new reporting protocols. Across our business, we recorded 17,735 days lost through injury – a 34% increase on 2011 – also due to improved reporting.

It is with regret that we report 11 employee and contractor fatalities this year. Two of these related to accidents while undertaking maintenance or repair activities, five related to accidents involving vehicles and four related to robberies or assaults on our staff while on sales or trade visits. In each case we have undertaken an investigation and, where applicable, implemented measures to minimise the likelihood of such an incident recurring. We have also established a group health and safety working group, which will report to the group CARAC.

#### Respecting human rights

We respect and promote the values of the international community, in particular the Universal Declaration on Human Rights. As a global business, we recognise our responsibility to uphold labour standards, both in our local operations and in our supply chain, and to prevent discrimination and breaches of human rights. To this end, we're committed to a number of conventions including the UN Global Compact.

#### “ We recognise our responsibility to uphold labour standards, both in our local operations and in our supply chain, and to prevent discrimination and breaches of human rights. ”

This year we engaged expert advisers to review our human rights policies, procedures and performance measurement in the light of Professor John Ruggie's final report to the UN on Business and Human Rights. The feedback was that SABMiller in general is ahead of many businesses in this respect, particularly in our independent assessments of human rights issues across the value chain – an example being the Oxfam poverty footprint report (see page 10). However, there is more we can do, such as improving our verification of supplier performance. To this end, our global procurement company, Trinity, has joined SEDEX, a not-for-profit organisation promoting ethical and responsible business practices in global supply chains.

We respect our employees' right to union representation and 36.4% of our workforce belongs to a union. Many of our businesses have developed productive partnerships with trade unions on collective bargaining and other issues.



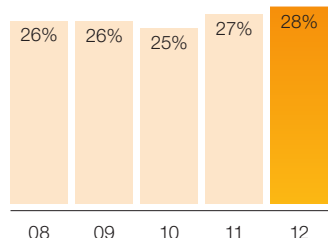
In countries where HIV/Aids is prevalent, we offer employees and their dependants access to voluntary testing and counselling, as well as managed healthcare programmes including free anti-retroviral drugs. This year in countries of high prevalence we had 1,847 peer educators, which equates to one peer educator for every 13 employees.

In South Africa, we actively support Broad-Based Black Economic Empowerment (BBBEE) as a way of addressing the systemic inequalities of the past and we strive to achieve the highest levels of compliance. This year we continued our improving trend with a rating of 72.89 out of a possible 100 in our BBBEE audit (2011: 70.81). Through the BBBEE ownership programme, SAB Zenzele, we have created almost 40,000 shareholders among our staff and our retailers. Retailers who acquired the minimum allocation of shares for R100 at the start of the programme in 2010 have, to date, received R875 in dividends, almost nine times their initial investment.

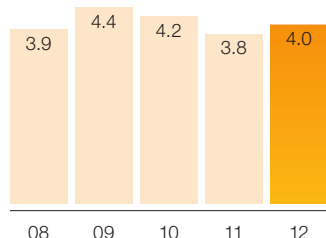
# An employer of choice continued

## Our performance

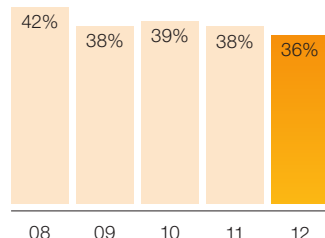
**Female executives and managers**  
(as percentage of total executive and manager workforce)



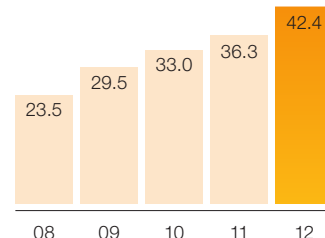
**Training days per employee**  
(number of days)



**Trade union membership**  
(percentage of employees who are members of a trade union)



**Employees trained in ethics within the last three years**  
(thousand employees)



This year we provided, on average, four training days per employee.

### Equality and diversity

We're committed to developing a talented and diverse workforce and giving our people every opportunity to achieve their full potential. We have clear policies and processes relating to diversity and encourage a culture that respects and tolerates individual differences.

With brewing traditionally perceived as a male-dominated industry, we have a number of initiatives aimed at ensuring better representation for women. A total of 19% of our employees are female (2011: 19.5%). As at 31 March 2012, 27.8% of our executives and managers were women. Five of the last seven independent non-executive directors appointed to the SABMiller plc board were women and the proportion of women on the board is currently 33%.

Last year we reported that SAB had invested over R25 million (US\$3.5 million) on skills development for women in South Africa. Almost a quarter of its workforce is now female with women filling 38.5% of management roles and 32.5% of executive roles in the company.

### Recognising and rewarding performance

We recognise and reward strong performance. Every year, each SABMiller employee sets stretching individual objectives in conjunction with their manager. These goals are linked to local company objectives to ensure that everyone is contributing to, and has clear accountability for, the delivery of business strategy.

Bonus payments and salary increases are linked to performance against individual goals and are calculated against a combination of individual achievement and overall company performance.

### Linking individual learning to business priorities

We're committed to offering appropriate career development opportunities to each of our employees and encourage employees to take ownership of, and manage, their own development. In the year ended 31 March 2012 we provided four training days for every employee, a slight increase on the previous year.

**“ We recognise and reward strong performance. Every employee sets stretching goals with their manager to ensure we are all contributing to delivering our business strategy. ”**

We believe that 70% of learning occurs through experience and therefore place great value on on-the-job training. Given that adults gain about 20% of their learning through relationships, we provide mentoring programmes to help employees develop new skills and learn from others' personal experiences. The remaining 10% of learning and growth is through formal training. Through our global learning strategy, we offer over 400 courses from specific functional programmes to management development and leadership programmes. These range from e-learning courses to programmes facilitated by leading educational institutions.



### Promoting diversity at MillerCoors

At MillerCoors we believe that a more diverse workforce drives better business performance.

We want to increase the number of women in senior roles. Currently women represent 20% of all vice-president and executive-level positions at MillerCoors. We are taking three steps in an effort to increase women advancement in the company:

First, we're seeking to hire more women. We encourage our recruiters to look for talented female candidates and this year 62% of all candidate lists for new hires included at least one woman. During the year 83% of people hired through our Sales Management Development Program were women, creating a strong pipeline of female talent for senior roles in the future.

Secondly, we aim to provide a supportive environment for personal growth. Each of our functions has guidelines and principles for promoting greater flexibility, introducing new ideas such as telecommuting. This year the average number of training hours completed by women increased by almost 50%.

Thirdly, women are encouraged to share their own experiences with others – through group mentoring, for example. The results speak for themselves. Of the 115 women who have participated in group mentoring since 2010, 36 have been promoted and 30 have made lateral moves to develop broader or deeper skills.

**Michelle Nettles**, Senior Director Diversity and Talent Management, MillerCoors



### Building a talent pipeline

To achieve our growth strategies we need our leaders to have the skills, behaviours and passion to drive value through their teams.

We designed our European Management Development Programme (EMDP) to develop a talent pipeline by preparing our most talented current and future managers for their next challenges.

In partnership with Ashridge Business School we design the programme around a different theme each year. This year the theme was 'Impact', whether personal, team or organisational. As part of the learning experience, participants are given real business problems to address, enabling them to make their own impact through on-the-job learning.

**“ The EMDP stretched me and helped me understand who I am. Heightened self-awareness is essential for making the transition from manager to leader. ”**

**Isabelle Guegler**, EMDP participant

The programme is delivering results. We have seen an increase in the confidence, performance and impact of those involved and 25% of the participants in 2010 were promoted within one year, taking new knowledge and innovative thinking into the business in their new roles.

**Samantha Rockey**, Learning and Development Manager, SABMiller Europe

## Integrating sustainable development into business planning

Our 10 priorities provide a robust, rigorous and transparent framework for managing sustainable development across our business

### A clear and focused strategy

Sustainable development is integral to the way we do business and is reflected in our strategic priority to constantly raise the profitability of local operations, sustainably.

Our 10 sustainable development priorities provide a strong framework, offering clarity to our local operations on how to address material sustainable development issues. At the same time, our approach is flexible enough to allow our local operations to invest their resources in the issues most relevant to them in their own markets. In our work on water, for example, differences in climate, infrastructure and other factors can mean that local operations face very different issues and risks.

### Robust governance

The group corporate accountability and risk assurance committee (CARAC), a sub-committee of the SABMiller plc board, is responsible for overseeing progress against our 10 sustainable development priorities. The CARAC is chaired by Dr Dambisa Moyo, a non-executive director of SABMiller plc.

Each region has its own CARAC which oversees local activity and agrees a relevant local strategy. Regional CARACs are led by the regional managing director. The group CARAC is regularly updated on each region's progress and performance.

### The Sustainability Assessment Matrix (SAM)

Twice a year, each business is required to provide both qualitative and quantitative data relating to each of our 10 priorities. This is done through our bespoke management system, the Sustainability Assessment Matrix (SAM). Performance is assessed against clearly defined criteria set out in the SAM 'stairways' and is reviewed by both the regional and group CARACs.

The 10 stairways – one for each priority – plot a course through five levels of performance, from a minimum standard (level one) to leading edge (level five). We require all our businesses, as a minimum, to reach level one or have a plan in place to do so.

In 2012 the average score achieved by SABMiller across all priorities was 3.2, an increase over the 2011 score of 2.9. Group average scores increased across all 10 priorities, with a particularly strong improvement on discouraging irresponsible drinking, where the score increased by almost 20%, from 2.9 to 3.5.

Visit our online SAM portal for more detailed information on our scores by priority and by country ([www.sabmiller.com/sam](http://www.sabmiller.com/sam)). You can also find data on country progress against a range of key performance indicators including water to lager ratio and total CO<sub>2</sub>e emissions, as well as information on packaging types used in each of our local markets.

### Improving data quality

This year we've continued our programme of training and in-country SAM reviews, holding reviews in Botswana, Colombia, Panama, Peru, Slovakia, South Africa and Zambia. Businesses in each market were strongly committed to sustainable development and the quality of reporting was generally good. During each review we share best practice from across the group and make recommendations on how to improve SAM scores.

We also support new businesses when they start reporting through SAM. As part of the integration of the newly acquired CUB in Australia, we provided training and support to enable the business to report through SAM next year. We have also held a series of workshops to support our global procurement business, Trinity, which submitted data to the SAM system for the first time this year.

To further strengthen the SAM process this year, we trialed new SAM guidance documents during four of our country reviews. These have been developed with, and trialed by, our Internal Audit teams to ensure that the SAM stairways are understood and assessed consistently across the group.



Go online for more detailed performance data, including SAM level assessment scores by country and priority ([www.sabmiller.com/sam](http://www.sabmiller.com/sam)).

## SAM – measuring SD performance

|          |  |
|----------|--|
| <b>5</b> | <b>Leading edge:</b> Performance that represents genuine global leadership on an issue.  |
| <b>4</b> | <b>Best practice:</b> Achieving what is currently considered to be global best practice in a particular field.   |
| <b>3</b> | <b>Developing leadership:</b> Applying a comprehensive approach including innovative tools and widespread engagement.  |
| <b>2</b> | <b>Progressing:</b> Ensuring consistent performance is achieved in a particular field.   |
| <b>1</b> | <b>Minimum standard:</b> All operations must achieve level 1 as it represents management of the key sustainable development risks we are facing today. The executive committee has mandated that where operations do not meet level 1 currently, they must implement a plan to reach this level within a reasonable timeframe. |

## Assurance and commentary 2012 summary report

SABMiller has commissioned Corporate Citizenship to provide an expert view on the quality of reporting and the progress made during the year

### Assurance

Corporate Citizenship has conducted a full AA1000AS assurance of the 2012 sustainable development reporting, comprising this Sustainable Development Summary Report and specific additional online material. Our complete assurance statement is available at [www.sabmiller.com/sdreporting](http://www.sabmiller.com/sdreporting), with our conclusions and commentary.

### SABMiller's approach

This year's summary report moves the focus from SABMiller's 10 sustainable development priorities onto four key issues of greatest interest to many stakeholders – economic impacts, natural resource constraints, alcohol in society and employees. Full details on all the priorities, along with in-depth reports on topics such as farming and water, remain available online.

This approach reflects a reporting challenge we noted last year – to demonstrate *“how a company can become truly sustainable in a resource-constrained world... systematically addressing the full life-cycle impacts of the business and its activities, economic and social as well as environmental.”*

Here we comment on progress during the year and on implications for future reporting.

### Progress on key issues

The new descriptor of 'inclusive growth' encapsulates an important feature about SABMiller's impacts – that beer is typically a local product, brewed and consumed in the same community, with water and other resources drawn from the locality too. Economic growth is inclusive as it is both dependent on and brings benefits to local communities.

In the first focus area, to understand its economic impact better, the company has conducted detailed studies of breweries in sub-Saharan Africa, Latin America and Europe, working with outside experts. A study with Oxfam America and The Coca-Cola Company also looked at how the soft drinks business can help reduce poverty.

This report sets out a model of how inclusive growth works locally and describes action being taken. For example, the commitment to increase to 50% the local sourcing of raw materials in Africa by 2014 is ambitious.

The second focus area – natural resource constraints – has long been a priority for SABMiller. This year good operational progress has resulted in improved water and fossil fuel emissions ratios – with 5% and 10% reductions respectively. Significantly, SABMiller's approach is broadening too, recognising that solutions to resource limitations, especially on water, food and energy are closely interconnected. This is encapsulated in the concept of the 'nexus'.

This new approach requires both scaling up and refocusing joint working with external partners. For example, the Water Futures partnership, which began in 2009 to tackle water scarcity, is now more broadly addressing sustainable solutions at water-shed level.

Thirdly, on 'beer in society', last year's emphasis on alcohol abuse (as distinct from responsible drinking alone) has continued, with expanded information about risks at country level, campaigns to discourage irresponsible drinking and new policies for the product portfolio.

Finally, on employees, reporting systems for health and safety recorded a significant increase in workplace injuries this year. This is attributed to improved procedures and policies but reinforces the continuing importance of basic operational performance. More broadly, the implications of the Ruggie report to the UN on human rights were reviewed, with implications across the complete value chain.

### Future reporting

Looking forward, from our assurance work we have identified two questions that we believe readers of future reports will look to see addressed.

In discussions about inclusive growth, stakeholders will expect more specific data from international companies such as SABMiller about who is benefiting from this growth – how the value is shared between governments and investors, for example, and between suppliers, employees and managers. They will increasingly debate what is a fair allocation.

Second, will SABMiller's established 10 Priorities framework, in use since 2006, need to change, given the new focus areas? It remains a robust approach, allowing for year-on-year comparisons and effective reporting, with individual companies able to benchmark and target improvements in performance.

However new measures, targets and performance reporting may be needed to demonstrate both how the resource 'nexus' is working out in practice and how the fruits of inclusive growth are shared – with possible changes to the SAM system.

If so, these developments will then help to show progress on the challenge we posed last year "to be truly sustainable in a resource-constrained world".



### Corporate Citizenship

London, 11 June 2012

[www.corporate-citizenship.com](http://www.corporate-citizenship.com)

## Operating businesses covered in this report

The following operations produce their own sustainable development reports

- Regular sustainable development report
- ▲ Information provided online

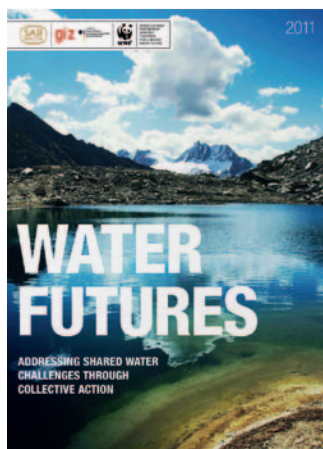
The following operations and their subsidiaries under the management control of SABMiller group companies are included in this report. Our US joint venture, MillerCoors LLC, is also included. We aim to include new acquisitions or market entries within two years.

|                        |  |    |
|------------------------|--|----|
| <b>Botswana</b>        | Kgalagadi Breweries (Pty) Ltd;<br>Botswana Breweries (Pty) Ltd | ■  |
| <b>Canary Islands</b>  | Compañía Cervecería de Canarias, S.A.                          | ■▲ |
| <b>Colombia</b>        | Bavaria S.A.   | ■▲ |
| <b>Czech Republic</b>  | Pilzeňský Prazdroj, a.s.                                       | ■▲ |
| <b>Ecuador</b>         | Cervecería Nacional (CN) S.A.                                  | ■▲ |
| <b>El Salvador</b>     | Industrias La Constancia, S.A. de C.V.                         | ■▲ |
| <b>Ghana</b>           | Accra Brewery Ltd  | ■  |
| <b>Honduras</b>        | Cervecería Hondureña, S.A. de C.V.                             | ■▲ |
| <b>Hungary</b>         | Dreher Sörgyárak Zrt   | ■▲ |
| <b>India</b>           | SABMiller India Ltd  | ▲  |
| <b>Italy</b>           | Birra Peroni S.r.l.  | ■▲ |
| <b>Lesotho</b>         | Maluti Mountain Brewery (Pty) Ltd                              | ■  |
| <b>Malawi</b>          | Chibuku Products Ltd   | ■  |
| <b>Mozambique</b>      | Cervejas de Moçambique SARL                                    | ■  |
| <b>Panama</b>          | Cervecería Nacional S.A.                                       | ■▲ |
| <b>Peru</b>            | Unión de Cervecerías Peruanas Backus y Johnston S.A.A.         | ■▲ |
| <b>Poland</b>          | Kompania Piwowarska S.A.                                       | ■▲ |
| <b>Romania</b>         | Ursus Breweries S.A.   | ▲  |
| <b>Slovakia</b>        | Pivovary Topvar a.s.   | ▲  |
| <b>South Africa</b>    | The South African Breweries (Pty) Ltd                          | ■▲ |
| <b>Swaziland</b>       | Swaziland Beverages Ltd  | ■  |
| <b>Tanzania</b>        | Tanzania Breweries Ltd   | ■  |
| <b>The Netherlands</b> | Koninklijke Grolsch N.V.                                       | ■▲ |
| <b>Uganda</b>          | Nile Breweries Ltd   | ■  |
| <b>USA</b>             | MillerCoors LLC  | ■▲ |
| <b>Vietnam</b>         | SABMiller Vietnam Company Ltd                                  | ■  |
| <b>Zambia</b>          | Zambian Breweries plc<br>National Breweries plc                | ■  |
| <b>Zimbabwe</b>        | Delta Corporation Ltd  | ■  |



## Further reports and contacts

The following key publications are available at [www.sabmiller.com/sdreports](http://www.sabmiller.com/sdreports)



Water Futures



Multiple Messages



Farming Better Futures

### Further reading

You can download these reports, along with country sustainable development reports, at [www.sabmiller.com/sdreports](http://www.sabmiller.com/sdreports)



The Contribution made by SABMiller to the European Economy



The socio-economic impact of Accra Brewery Limited in Ghana



Oxfam Poverty Footprint

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### Please note

This report contains certain forward-looking statements including those that relate to water management, the implementation of certain reuse and recycling measures, investments in alternative energy and expenditure at operational level. Such statements involve a number of uncertainties because they relate to events and depend on circumstances that will or may occur in the future. As a result, actual results may differ from those anticipated in this report depending on a wide range of factors, including, for example, crop yields, consumer demand, excise duties and taxation policies, worldwide as well as local economic conditions, changes in laws and regulations and the development of new technology. This report deals with activities of group companies around the world. References in this report to 'SABMiller', 'we', 'us' and 'our' refer collectively to the group of operating companies.

The paper used in the report contains 75% recycled content, all of which is sourced from de-inked post-consumer waste. All of the pulp is bleached using an elemental chlorine free process (ECF). Printed in the UK by Pureprint using their environmental printing technology, and vegetable inks were used throughout. Pureprint is a CarbonNeutral® company. Both manufacturing mill and the printer are registered to the Environmental Management System ISO14001 and are Forest Stewardship Council® (FSC) chain-of-custody certified.



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