



Improving livelihoods

About SABMiller

We are in the beer and soft drinks business. We bring refreshment and sociability to millions of people all over the world who enjoy our drinks. We do business in a way that improves livelihoods and builds communities.

We are passionate about brewing and have a long tradition of craftsmanship in making superb beer from high quality natural ingredients. We are local beer experts, producing more than 200 local beers as well as global flagship brands.

Every minute of every day, more than 140,000 bottles of SABMiller beer are enjoyed by consumers around the world.

Latin America

33%

Contribution to group EBITA¹

Understanding local issues

Small and medium-sized enterprises make up more than 95% of firms in Latin America, providing employment for more than 60% of the population.

Our response

In partnership with the Inter-American Development Bank, we aim to improve the livelihoods of 40,000 small-scale shopkeepers – *tenderos* – across six countries in Latin America.

Countries covered in this report

Colombia, Ecuador, El Salvador, Honduras, Panama, Peru.

➔ Find out more on page 07

Europe

11%

Contribution to group EBITA¹

Understanding local issues

According to the World Health Organization, its European region sees the highest levels of alcohol consumption and alcohol-related harm. Levels of harm vary and are higher in the east of the region than in the west.

Our response

Since 2007, we have worked with the EU Alcohol and Health Forum to remind people of the dangers of drink-driving, underage drinking and drinking during pregnancy.

Countries covered in this report

Czech Republic, Hungary, Italy, Poland, Romania, Slovakia, Spain (Canary Islands), the Netherlands.

➔ Find out more on page 09

North America

12%

Contribution to group EBITA¹

Understanding local issues

According to the US Environmental Protection Agency, in 2012 Americans generated about 251 million tons of trash and recycled and composted almost 87 million tons of this material. This is equivalent to a recycling rate of 35%.

Our response

In the USA, six of MillerCoors' eight major breweries now send zero waste to landfill.

Countries covered in this report

USA (MillerCoors is a joint venture with Molson Coors Brewing Company).

➔ Find out more on page 13

Africa

14%

Contribution to group EBITA¹

Understanding local issues

Across Africa, 65% of the population depend on smallholder agriculture for their livelihood.

Our response

We work to maximise use of local, smallholder-grown crops such as sorghum in Uganda, where we are working with 20,000 farmers, giving them a new source of income which has the potential to lift them out of poverty.

Countries covered in this report

Botswana, Ghana, Lesotho, Malawi, Mozambique, Swaziland, Tanzania, Uganda, Zambia, Zimbabwe.

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¹ Excluding corporate costs.

Asia Pacific

13%

Contribution to group EBITA¹

Understanding local issues

India is predicted to overtake China as the world's most populated country by 2030, putting increased pressure on already scarce water resources; government census figures indicate that annual water availability fell by 15% in the decade to 2011.

Our response

Through our *Water Futures Partnership* in India, we are working with local communities and partners to tackle the root causes of water shortages.

Countries covered in this report

Australia, India, Vietnam.

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South Africa

17%

Contribution to group EBITA¹

Understanding local issues

In South Africa there are 27.5 road fatalities per 100,000 population; more than twice the rate of the USA and more than seven times that in the UK.

Our response

This year in South Africa we launched a new fleet safety initiative that aims to train all of our drivers in road safety and to reduce accidents by up to 60%.

Countries covered in this report

South Africa.

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Front cover images

Our returnable bottles, Lech Shandy, *tendera* in Panama, barley crop, SABMiller animation *Sustaining small and micro businesses*.

Boundary and scope of this report

This report covers the financial year ended 31 March 2014. Operations are included in this report on the basis of management control by SABMiller entities. Our US joint venture, MillerCoors LLC, is also included. Our economic interest in MillerCoors is reflected when reporting quantitative key environmental performance indicators.

We aim to include new acquisitions or market entries within two years. A full list of the operations covered in this report is available on page 19.

Where we hold a minority share in an alliance or partnership, we engage with our partners on sustainable development issues. Information on business partners can be found at www.sabmiller.com/sd.

Performance highlights
Strong results across the group

70,000

Employees

US\$26,719 m

Group net producer revenue²

245 m

Hectolitre lager volume³

US\$6,453 m

EBITA

3.5

hl water/hl lager⁴




10.3

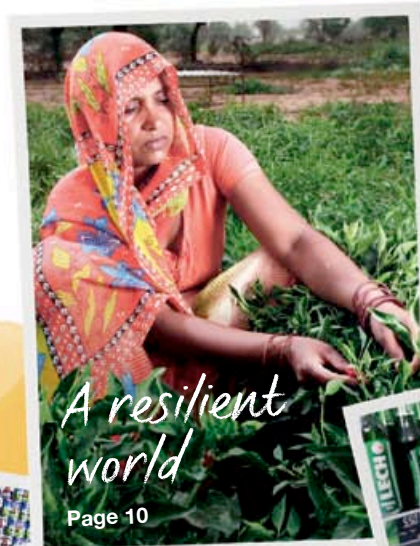
kgCO₂e/hl lager⁴

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Key to further reading:

-  Read more on page referenced
-  Read more online
-  Read more in our annual report



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.

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.

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.

CDP SABMiller participates in the CDP Carbon, Water and Supply Chain Disclosure Projects, which provide insight into the risks companies face in these areas.

² Group net producer revenue (NPR) includes the attributable shares of associates' and joint ventures' net producer revenue of US\$10,015 million (2013: US\$9,547 million).

³ Lager sales volumes includes our equity accounting share of associates' and joint ventures' lager volumes. The lager production volume in the year for the operations included in this report is 178 m hectolitres.

⁴ Information for the year ended 31 March 2014 has been subject to limited assurance by PricewaterhouseCoopers. For further details of the assurance provided see the independent assurance report on page 21.

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



Alan Clark
Chief Executive

"Graham Mackay of SABMiller was one of the first senior business leaders who believed in – and acted on – the fact that profitable and responsible commercial business is inextricably linked with positive development impact. He quietly, but very passionately, cared about his company and growing profit and global reach, but cared equally passionately about promoting prosperity and opportunity in Africa and other emerging markets; and in growing potential and possibility for the enterprises in SABMiller's value chain and communities. He has left an incredible legacy and is a reminder to all of us that, despite the messy and complicated and difficult world we live in, individuals really do make a difference."

Jane Nelson

Director of Harvard Kennedy School's
Corporate Social Responsibility Initiative

Upholding – and building on – that legacy is essential as business and wider society confront the huge challenges we jointly face. The world's population is expected to reach 8.75 billion by 2030, against 7.15 billion today⁵, with much of that growth concentrated in developing countries. A middle class some five billion strong⁶ will be the largest group in this expanded population, bringing with it a range of raised expectations in terms of lifestyle and consumption. This brings great opportunity, illustrated by the fact that 72% of our EBITA comes from developing markets, but will also place increasing pressure on the world's finite natural resources.

At SABMiller, we believe in inclusive growth; we know that by helping the businesses in our value chains – and their local communities – to grow, our business will grow too. Business can play a leading role in tackling society's future challenges, and therefore we welcome the emphasis being placed on economic growth, trade, investment, entrepreneurship and sustainable job creation, as well as social development and environmental stability, as the United Nations seeks new development priorities post-2015.

It is for this reason that we are taking the next step in our sustainable development (SD) strategy, building from our 10 SD priorities to sharpen our focus on tackling the sustainable development challenges we jointly face with our value chain partners and communities.

At SABMiller, we produce high quality beers and soft drinks that are enjoyed by millions of people. Our businesses throughout the world provide direct and indirect employment, pay taxes, and help to sustain and develop local economies. Last year we generated US\$24,254 million of economic value through our business activities, most of which was distributed to employees, shareholders, governments and local communities.

Our global presence and the value we generate is a fitting tribute to our company's inspiration and driving force, our late chairman, Graham Mackay, who sadly died in December 2013. Graham's vast legacy to SABMiller can be measured not just in the growth of our company under his leadership, but also in his passionate belief that what is good for society is also good for business. He instinctively knew that a business that behaves responsibly and is willing to work collaboratively with its stakeholders can be a positive force in the world.

⁵ Source: United Nations *World Population Prospects* and United States Census Bureau.

⁶ As defined by having daily per capita spending of US\$10 to US\$100. Source: OECD Development Centre, *Working Paper No. 285*, January 2010.

The 10 sustainable development priorities: a firm foundation

Launched in 2007, our 10 sustainable development priorities have provided each of our local operations with a consistent and transparent SD framework. This is the last year we will report against our 10 priorities; from 2015 we will report against the new five shared imperatives with existing KPIs captured under the new framework.

This year the average score achieved by SABMiller across all priorities was 3.5 – the seventh year of continual improvement and a 51% improvement since the first group average SAM score of 1.7. Group average scores increased across all 10 SD priorities, with significant improvements made in enterprise development and transparency and ethics.

Stairway level assessment criteria Group average level assessment scores

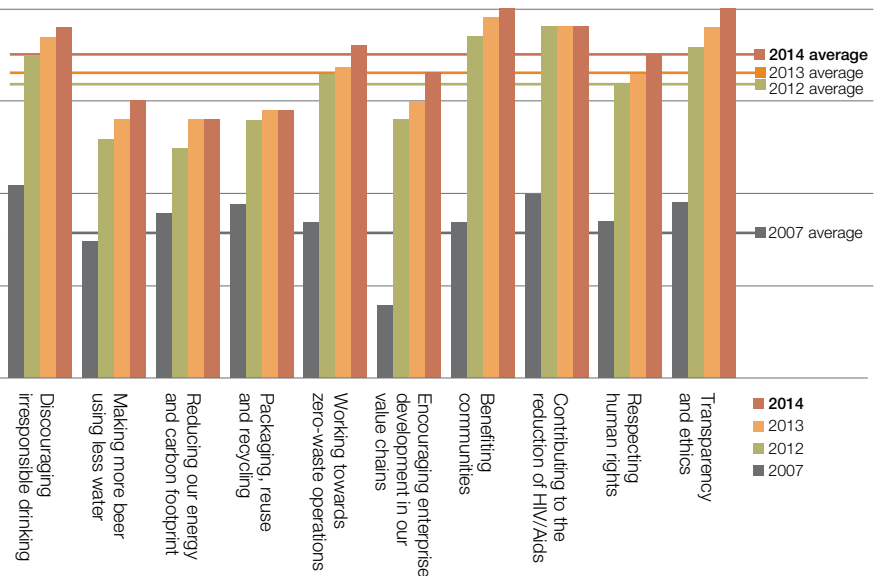
5 Leading edge: performance that represents genuine global leadership on an issue.

4 Best practice: achieving what is currently considered to be global best practice in a particular field.

3 Developing leadership: applying a comprehensive approach including innovative tools and widespread engagement.

2 Progressing: ensuring consistent performance is achieved in a particular field.

1 Minimum standard: all operations must achieve level one, or have a plan in place to do so, as it represents management of our key sustainable development risks.



Discover more about the Sustainability Assessment Matrix (SAM) including country progress against a range of key performance indicators at www.sabmiller.com/sam

Sharpening our focus: the five shared imperatives

Since 2007 our 10 SD priorities have driven responsible and sustainable growth and grown capability across our business, helping each of our operations to address local sustainable development challenges. Our minimum standards, which were a stretch for several of our businesses in 2007, are now well established across the group.

From this position of strength, we have evolved our SD framework. The substance of our 10 sustainable development priorities remains, and is integrated into the day-to-day management and reporting of our business, underpinned by demanding core standards on issues such as human rights. In the future we will focus on five shared imperatives that will enable our businesses to benefit as local communities prosper. Through the shared imperatives we aim to tackle the five issues which are most material for our business at local and international level.

We do not face these issues in isolation, which is why we refer to them as shared imperatives. By sharing our local knowledge and collaborating with our stakeholders, we are confident that we can continue to find innovative local solutions to shared challenges.

The five shared imperatives are:

- accelerate growth and social development in our value chains;
- make beer the natural choice for the moderate and responsible drinker;
- secure shared water resources for our business and local communities;
- create value through reducing waste and carbon emissions; and
- support responsible, sustainable use of land for brewing crops.

This report sets out our approach to tackling each of these shared imperatives. It also illustrates how sustainable development is integrated into SABMiller's business strategies at a global, regional and in-country level.

Our bespoke management system, the Sustainability Assessment Matrix (SAM), enables us to monitor performance consistently year-on-year. Every country is assessed against five levels of performance, from a minimum standard (level one) to leading edge (level five).

A more focused and ambitious approach to sustainable development

Our five shared imperatives tackle the five most material issues for our business. This approach to sustainable development gives us global focus and alignment, while allowing local markets to respond to local needs.

These imperatives are ‘shared’ because we can tackle joint risks only in partnership with those who also face them. By working together with local communities, suppliers, governments, consumers and beyond, we can develop shared opportunities to the benefit of all.



A thriving world

Shared opportunity

We want a thriving world where incomes and quality of life are growing.

Through our value chains and in the communities we are part of, people – especially women – face the challenges of unemployment, lack of access to markets, the need for skills, and sometimes basic services. The decisions we make can help shape their opportunities and enable their growth and development.

Shared imperative

We will accelerate growth and social development through our value chains.

We are building global programmes to promote entrepreneurship within and beyond our value chain. We will focus our efforts to target women, those with the lowest income and disadvantaged groups.

Progress to date

We already support thousands of micro, small and medium enterprises and entrepreneurs.

We are expanding our programmes to improve livelihoods across our value chain: we currently engage 50,000 smallholder farmers and 68,000 micro-retailers and entrepreneurs worldwide through programmes such as *Go Farming* in Africa and *4e*, working with small-scale shopkeepers in Latin America.

➔ Read more on page 06

A sociable world

Shared opportunity

We want a sociable world where our beers are developed, marketed, sold and consumed with high regard for individual and community wellbeing.

Our beers add to the enjoyment of life for the overwhelming majority of our consumers. Beer has a long history at the heart of social occasions and celebrations. The harm from its abuse however, can be serious for individuals, communities and society. We must boldly do our part to help tackle the problems caused by the harmful use of alcohol.

Shared imperative

We will make beer the natural choice for the moderate and responsible drinker.

Our comprehensive policies help our employees and partners to meet our demanding standards on producing our products to encourage responsible consumption. Our sound principles are backed by programmes to reduce the harmful use of alcohol.

Progress to date

We have more than 110 locally tailored programmes to tackle alcohol-related harm across the world, and are working with governments, NGOs, civil society groups and public bodies to strengthen our work.

This year we measured our progress against a five-year global action plan with other leading beer, wines and spirits companies, to help reduce the harmful use of alcohol, which will form part of an industry report.

➔ Read more on page 08



A resilient world

Shared opportunity

We want a resilient world where our business, local communities and ecosystems share uninterrupted access to safe, clean water.

Growing water scarcity, driven by the growing middle class, climate change and population growth means that we need to play our part to ensure a reliable, clean supply of water that is managed and used as efficiently as possible.

Shared imperative

We will secure shared water resources for our business and local communities.

Brewery by brewery, we are building a detailed understanding of water risks. We create partnerships to tackle these risks with those that share them.

Progress to date

Through our *Water Futures Partnership* we are tackling shared water risks across 12 projects in nine countries.

During the year we used an average of 3.5 hl water to produce 1 hl beer, achieving our target to improve our brewery water efficiency by 25% (against a 2008 base) a year early.

➔ Read more on page 10



A clean world

Shared opportunity

We want a clean world where nothing goes to waste and emissions are dramatically lower.

Reducing waste and preventing climate change are key priorities for governments, consumers and SABMiller.

Shared imperative

We will create value through reducing waste and carbon emissions.

We will work with suppliers, distributors, retailers, municipalities and consumers to reduce emissions and waste across our value chain, and reuse and recycle waste and packaging.

Progress to date

More than 95% of waste from our breweries is reused or recycled and around half our beer is sold in returnable bottles.

In absolute terms we have reduced on-site carbon emissions by 29% between 2008 and 2014.

➔ Read more on page 12



A productive world

Shared opportunity

We want a productive world where land is used responsibly, food supply is secure, biodiversity is protected and brewing crops can be accessed at reasonable prices.

Demand for food is growing, and resources are scarce. Our brewing raw materials are dependent on the same land and water as food crops. Farmers have other choices, and many farmers are struggling to earn a viable livelihood.

Shared imperative

We will support responsible, sustainable use of land for brewing crops.

We are creating secure, sustainable supply chains both for malting barley (our biggest brewing crop) and local brewing crops such as sorghum and cassava. We are helping farmers increase profitability, productivity and social development while reducing environmental impact.

Progress to date

We work directly with barley farmers to improve the profitability and environmental and social impact of their farms through programmes such as *Better Barley, Better Beer*, run in association with WWF in South Africa where we hope to source 90% of barley locally.

We have pioneered the use of under-commercialised crops in our beer, providing new markets for farmers without affecting food availability.

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Accelerate growth and social development in our value chains

Building a thriving world where incomes and quality of life are growing.

Beer is a local product, typically brewed, sold and consumed within the same community. At SABMiller, we believe that growth and job creation are key to reducing poverty in communities around the world. When a country's GDP grows, and especially when incomes improve, so too does our business performance, at the same time creating wealth and improving livelihoods for the countries and communities in which we work.

The multiplier effect – the jobs and employment created through our investments and operations – can be a powerful force for local development. In Africa and South Africa we employ more than 24,000 people and support more than a million livelihoods indirectly through our supply chain and the distribution and retail of our beers⁷. In Europe, for every person SABMiller Europe employs, a further 17 jobs are supported in other sectors, mainly in the hospitality industry – which plays a critical role in fighting youth unemployment. Research from the Brewers of Europe found that the hospitality sector supports around one in every 13 jobs in Europe (some 16.6 million jobs).

Thinking small, but acting big


We work with thousands of micro, small and medium enterprises – many of them run by women – within our value chains and local communities. Over time, we have amassed a huge bank of experience and best practice in supporting these businesses and the entrepreneurs behind them, from the farmers who grow our brewing crops to the retailers who sell our beers.

For example, in Romania our multi-year *Evolutio* programme, launched in 2011, has organised training sessions for sole traders or staff working for small firms within Ursus Breweries' distribution network. Training is

focused in five key areas: commercial skills, account prospecting, general management, financial planning and change management.

We are now using this knowledge to greater effect and have embarked on a major project to collect all the best practice from our businesses. With this information to guide us, we aim to build a world-class set of tools and training materials which will enable us to increase the reach and scale of our engagements around the world.

Our work in the area of enterprise development was the subject of a study by Harvard Kennedy School, whose subsequent report, *Sustaining and Scaling the Impact of Enterprise Development Programmes*, was published in January 2014.

 Download the report at www.sabmiller.com/reports

Promoting diversity across our supply chain

By stimulating the creation of better jobs, particularly those that promote gender diversity and improve incomes for disadvantaged groups, we can help ensure more people are able to share in their country's economic success. Economically empowering women is particularly important to us, as it boosts GDP, enhances productivity and feeds other development outcomes including those for children. Levelling the gender playing field can, in time, also lead to a fairer and more inclusive society⁸.

In the USA, supplier diversity is a cornerstone of MillerCoors' business. Last year, the company spent US\$493 million with diverse suppliers – 9.2% of total supplier spend. MillerCoors actively engages with businesses owned by women and people from minority groups, helping them to identify ways to develop and grow. As part of this initiative,

two suppliers are invited each year to attend an intensive, week-long programme entitled *Growing the Minority Business to Scale* at Dartmouth College's Tuck School of Business.

In Zambia, we provide employment at our Lusaka and Ndola bottling plants for 145 previously vulnerable and unemployed women, working in partnership with a local co-operative. Through a monthly wage paid to their co-operative, the women are able to assist vulnerable members of their community, such as children orphaned by HIV/Aids and elderly widows.

Investing beyond our value chain

We are backing entrepreneurs with bright ideas in South Africa through the annual SAB Foundation *Social Innovation Awards*. This year, 40 innovators received a total of ZAR10.3 million (US\$1 million) for social innovations that each address a pressing daily challenge faced by those on low incomes, specifically women, young people, people with disabilities and individuals living in rural areas. The ZAR1 million winner this year was the *Vula Eye Health Mobile Phone App*, which aims to improve eye care in South Africa's low-income communities by educating people about different eye conditions, providing access to eye sight tests and connecting them to eye care professionals.

We have also further extended the reach of our *KickStart* programme that supports enterprises owned by black and young people (see case study below).

Read Our Approach to Tax report at www.sabmiller.com/reports

Extending the reach of KickStart

Our *KickStart* youth entrepreneurship programme supports the development of sustainable enterprises, owned by black and young people, which have high potential to generate jobs. Since its launch in 1995 it has supported 3,200 new businesses that give employment to 21,000 people in South Africa. The programme was rolled out to Botswana in 2004, Swaziland in 2010 and, during the year, *KickStart* was launched in Lesotho.



Nurturing the business ecosystem for micro entrepreneurs

In Latin America, there are 780,000 small retailers who operate very small stores or kiosks, selling our products among a wide range of other goods. Of these retailers, close to 50% live in poverty and 60% are run by women who are heads of households. They face huge challenges, not least access to finance and the ability to secure all the necessary permits to operate. That is why we are joining forces with the Inter-American Development Bank's Multilateral Investment Fund (MIF) to roll out *4e, Camino al Progreso*, a programme to improve the livelihoods of 40,000 'tenderos' in six countries.

"In Latin America, these small-scale shopkeepers – *tenderos* – account for 40% of our sales volumes. Our *4e* programme takes a holistic approach to training. It includes financial literacy and business skills training, access to professional credit and financial services, and assistance in meeting regulatory and other requirements, as well as responsible retailing, with training on the importance of requesting identification when selling alcohol and not to sell alcohol to those under the legal drinking age. Helping the *tenderos* supports a critical sales channel, plus it enables them to use their central position in their communities to become catalysts for development. It is a model example of how we can use our value chain to improve the welfare and development of communities."

Karl Lippert
President, SABMiller Latin America

"As a multilateral bank, the IDB plays a leading role in backing private sector projects that contribute to sustainable growth and social inclusion. Through the MIF, the IDB is joining forces with SABMiller to improve the economic and social impact of the small-scale retail sector. This initiative aims to improve the standard of living of thousands of people in low income communities across six countries in Latin America."

Luis Alberto Moreno
President, Inter-American Development Bank



Our approach to taxation

In 2013 we published our first report on the role of tax in economic development, *Our Approach to Tax 2013*, offering a new level of disclosure and sharing information on our tax principles. Our second report is published alongside this report.

The total taxes borne and collected by SABMiller plc and its subsidiaries and our share of taxes paid by our US joint venture during the year amounted to US\$10,750 million (2013: US\$9,900 million). These include: excise, corporate and transactional

taxes, and taxes borne by employees. Of this total, 67% was paid in developing countries. The corporate tax charge for the year was US\$1,173 million (2013: US\$1,192 million (restated)), giving us an effective tax rate of 26.0% (2013: 27.0%).

⁷ Source: SABMiller: *Our economic impact in Africa* animation, and *Working for South Africa: the contribution of SAB to the South African Economy*, available at www.sabmiller.com.

⁸ Source: The World Bank, *World Development Report 2012 – Gender Equality and Development*.

The big question

Small business owners face similar challenges, regardless of the business they run or where it is located. How can we scale up our enterprise development partnerships to help these entrepreneurs grow their businesses and contribute to a thriving world where incomes and quality of life are growing?

Join the conversation at www.sabmiller.com/bigquestions

Direct economic value generated ^a	Economic value distributed					Economic value retained
Revenue plus interest and dividend receipts, royalty income and proceeds of sales of assets	Operating costs	Employee remuneration^b	Payments to providers of capital	Payments to tax authorities^c	Community investments^d	Value retained for corporate and operational purposes, including funding future capital expenditure and acquisitions
	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	
US\$ 24,254 m	US\$ 9,052 m	US\$ 2,337 m	US\$ 2,942 m	US\$ 7,203 m	US\$ 32 m	US\$ 2,688 m

^a This table is constructed based on data contained in the SABMiller 2014 Annual Report and follows guidance recommended by the Global Reporting Initiative (GRI EC1).

^b Excludes share option charges, includes employer taxes and social security contributions.

^c Excludes VAT, indirect taxes and taxes borne by employees.

^d Includes cash donations, value of gifts in kind and time donated, and management costs of CSI activity.

Make beer the natural choice for the moderate and responsible drinker

Fostering a sociable world where our beers are developed, marketed, sold and consumed with high regard for individual and community wellbeing.

Beer is a low-alcohol beverage, created to be savoured. It has a long history at the heart of social occasions and celebrations, and of adding to the enjoyment of life.

Each day our beers are enjoyed by millions of consumers, the majority of whom drink in moderation. However a minority of consumers drink alcohol irresponsibly, increasing the risks of doing damage to themselves, those around them and the communities they live in. There is no simple solution to addressing alcohol-related harm, nor can the issues be resolved by a single company acting alone. But there are ways for the industry and key stakeholders to make a difference; these include ensuring that information about alcohol is accurate and balanced, that laws against drinking and driving, underage drinking and disorderly conduct are enforced, and that help is offered to people who are most at risk.

A robust system of governance

Our comprehensive policies, which are publicly available, help our employees and partners to meet our demanding standards on producing and marketing our products to encourage responsible consumption. 67%⁹ of employees received alcohol responsibility training in the past three years (2013: 76%), a reported decrease on 2013¹⁰.

The policy on commercial communication (POCC) governs how and where our brands are marketed. It states that we will not market directly to those under the legal drinking age, nor will we employ models under the age of 25 in any commercial communication. We also ensure our standards for digital communication are as exacting as those for traditional media.

All our companies have a sales and marketing compliance committee (SMCC)⁹, which ensures that any proposed marketing materials comply with the POCC as well as with local laws and national self-regulatory requirements. The SMCC has the power to reject outright, or demand modifications to, any materials that fail to comply. As at 31 March 2014 the SMCCs of 68% of our businesses involved non-industry participation, including independent chairs or independent audits on how the SMCC works.

Our product portfolio policy sets out the minimum standards that all our products, including acquired and new products, must meet. It includes requirements to ensure our beverages are safe to drink, and serves to demonstrate our desire to lead the industry on responsible product innovation by forbidding the addition of stimulants such as caffeine to any alcoholic beverages and prohibiting products that mix beer with spirits.

Tackling alcohol-related harm in all our markets

We believe that sound principles for alcohol responsibility must also be backed by action on the ground, so throughout the year we have been running more than 110 locally tailored programmes across the world (see illustration below for examples) dedicated to reducing the harmful use of alcohol.

In almost every case we collaborated with local partners, including governments, non-governmental organisations, civil society groups, and public bodies such as the police. We believe that by working in partnership with other organisations our approach and programmes are more robust and credible, can engage more people, and are more likely to achieve change.

Our *TalkingAlcohol.com* website features ingredient and nutrition information for each of our brands along with videos, webinars, interviews and fact sheets on the risks and benefits of alcohol consumption, all containing the latest news and views from alcohol experts. In the past year, the website has received more than 500,000 unique visitors, generating 1.7 million page views.

A public commitment to reduce harmful drinking

In October 2012 SABMiller joined with 12 other leading beer, wines and spirits companies in signing up to a five-year global action plan to help reduce the harmful use of alcohol. The commitments fall under the following five action areas:

- Reducing underage drinking;
- Strengthening and expanding marketing codes of practice;
- Providing consumer information and responsible product innovation;
- Reducing drinking and driving; and
- Enlisting the support of retailers to reduce harmful drinking.

During the year we reported our progress in several areas. For example, we engaged with more than 17,000 stakeholders including retailers, parents, teachers and police officers across 24 countries to seek enforcement of government regulations on underage drinking. In the field of marketing self-regulation, 56% of our marketing contracts now include a requirement to comply with our global POCC. Next year all 18 key performance indicators will be integrated into our updated Sustainability Assessment Matrix (SAM) system, enabling us to extend our reporting capacity and to analyse the data more effectively in future.

 Read more at www.sabmiller.com/alcohol

Highlights from more than 110 alcohol responsibility programmes around the world.

USA

MillerCoors' *TIPS*[®] programme trained 3,300+ retail servers last year to Respect 21[®] in collaboration with distributor partners

Latin America

Responsible retailing is a key part of our *4e* programme which aims to improve the livelihoods of 40,000 shop owners in six countries

Peru

The *Súmate, Solo +18* campaign works with national celebrities who act as ambassadors to discourage underage drinking

Botswana

The *Ikgalemele* responsible retailer programme includes a 'Responsible Trader of the Year' competition open to every subscriber to its code of conduct

Poland

Not drinking while pregnant messaging on packaging and marketing materials achieves highest spontaneous recognition in the region

India

Multimedia *Respect the Road* campaign reaches hundreds of thousands of consumers, encouraging them not to drink and drive

Australia

Hard-hitting *How to drink properly* campaign speaks directly to 18-24 age group via social media

⁹ Information for the year ended 31 March 2014 has been subject to limited assurance by PricewaterhouseCoopers. For further details of the assurance provided see the independent assurance report on page 21.

¹⁰ In 2015 we will strengthen our training records.



A partnership approach to addressing harmful drinking

The EU Alcohol and Health Forum (EUAHF) is an important medium through which all the relevant stakeholders in the alcohol industry can increase action through shared initiatives to tackle alcohol abuse. Since 2007 SABMiller has worked with the EUAHF to continue to remind people of the dangers of drink-driving, underage drinking and drinking during pregnancy. This is one of a number of national and international collaborations we undertake with key stakeholders in government and civil society.

"We feel the partnership approach encouraged by organisations such as EUAHF provides an effective framework for action and has helped to yield tangible results. At SABMiller, we have made numerous commitments to the EUAHF, which have included ensuring that 100% of our labels and packaging in Europe contains a responsible drinking message (RDM) and moving to an adult audience threshold of 75/25 for all media placements. This year we surpassed our 98% target for commercial communications to meet guidelines regarding RDM content and placement and passed the 75% adult audience threshold."

Sue Clark
Managing Director, SABMiller Europe

"The EU Alcohol and Health Forum is among the core implementing instruments of the EU Alcohol Strategy adopted in 2006, and the Forum members' commitments will be vital for success of the action plan on youth and binge drinking as prepared by the Committee for national alcohol policy and action."

John Ryan
European Commission Directorate General for Health & Consumers (SANCO)

 Read more about our contribution to the EU Alcohol and Health Forum at www.sabmiller.com/alcohol

What we believe

SABMiller has **six core principles** about alcohol which help to guide every decision we make. They are:

- 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 We believe that 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 own employees to aspire to high levels of conduct in relation to alcohol consumption


The big question

In Africa and Latin America illicit alcohol makes up a significant proportion of the total alcohol market. We know that reducing the price of beer can attract consumers away from illicit alcohol products. In Africa, affordable beers like Uganda's sorghum beer, Eagle, also create a new income stream for previously subsistence farmers as well as revenues for governments. How can we use informed, targeted and collaborative actions with governments and other stakeholders to reduce illicit alcohol and build a sociable world where our beers are developed, marketed, sold and consumed with high regard for individual and community wellbeing?

 Join the conversation at www.sabmiller.com/bigquestions

'You Decide' hits the airwaves

Five ordinary teenagers from different walks of life, each of whom has previously experimented with alcohol, are the stars of a new reality television series *Future Leaders*, broadcast on South Africa's SABC 1 TV channel. The series is helping to build a national profile for its creator and sponsor, *You Decide*. Launched two years ago, *You Decide* aims to encourage young South Africans to turn away from the dangers of underage drinking. It has already reached almost 500,000 students in 877 schools, gathered just under 22,000 'likes' for its Facebook page and was the number one topic on the South African messaging app Mxit during December 2013. *You Decide* is run by SAB (Pty) Ltd in co-ordination with South Africa's Department of Trade and Industry and the National Youth Development Agency.

 Follow *You Decide* on Facebook at www.facebook.com/YouDecideZA



Secure shared water resources for our business and local communities

Working towards a resilient world where everyone has uninterrupted, long-term access to safe, clean water.

Water is fundamental not only to SABMiller's value chain but also to the health and success of the markets and communities in which we operate and sell our products. The supply of readily available freshwater is finite however, and in many countries both the quantity and quality of water is in decline as populations – and associated demand from agriculture, energy generation, industry and households – grow. Agriculture, in particular, is a notably water-intensive activity, accounting for approximately 70% of the world's freshwater use.

Water risks are felt by many and rarely impact one company in isolation; the private sector must consequently take a collaborative approach to mitigating shared water risks, seeking a broad-based consensus with a willingness by all stakeholders to participate.

Without concerted action, what is a risk today could become a crisis tomorrow; the Water Resources Group (WRG), of which SABMiller is a member, estimates that the shortfall between accessible freshwater supply and global demand could reach 40% by 2030, an average that conceals even more acute shortfalls in certain water stressed countries.

The WRG is one of a number of partnerships committed to alleviating shared water risks across the world. The group provides an innovative platform that allows for collaboration between public-private actors, drawing in a diverse group of stakeholders from the private sector to civil society to public authorities.


For example, SABMiller has been one of the lead contributors to the *Strategic Water Partners Network* in South Africa. The partnership is tackling three key focus areas: effluent and waste water treatment; industrial water efficiency and municipal leakage reduction; and agriculture and supply-chain water efficiency.

Building on the success of this partnership, we have become the founding partner of a WRG partnership in Tanzania and, more recently, a new partnership in Maharashtra, India.

Since 2009 our *Water Futures Partnership* with WWF and the German development agency GIZ has been working to address some of the most pressing shared water risks facing both our operations and the communities and ecosystems surrounding them. The partnership now has 12 projects

in nine countries across Africa, Asia Pacific, Latin America and North America. This year the partnership entered its second phase, where we will be joined by new global partners.

The expanded partnership will benefit from a dedicated support unit that provides member organisations with the tools, resources, shared knowledge and fund matchmaking required to implement effective partnerships on the ground. We will be actively looking for new opportunities to expand both the number of countries covered by the partnership and the projects undertaken.

 Find out more at www.water-futures.org

Using value chain water resource assessments to understand risks

SABMiller was a pioneer in the use of water footprints to better understand ecological and business risks around water. We published our first water footprint report (covering the Czech Republic and South Africa) in 2009. The report looked at water use throughout our value chain, from crop growing, to brewing, to cleaning reusable bottles. Since then we have generated reports in Peru, Tanzania and Ukraine.

Protecting vital water resources for our Indian breweries

Three projects, all of them involving external partners, are helping us to manage the challenge of operating in water stressed areas of India. In Neemrana, Hyderabad and Sonapat we have worked closely with partners such as the Confederation of Indian Industry (CII) to encourage more water efficient farming practices.

"All of our breweries in India are located in water scarce areas, so we regard mitigating water risk as critical to business continuity. With the programmes we have undertaken we have been able to reduce water risk. For example, over the past three years our project with the CII in Neemrana, Rajasthan, has helped farmers increase their productivity per hectare by between 17% and 34%, raised their disposable incomes by 18%, and reduced their water use by 13%. We must address water risks proactively, because waiting for crises to occur is simply not an option. At the same time, we recognise that these are shared water resources and therefore we have a role in catalysing collective action as well as engaging fully with our neighbouring communities."

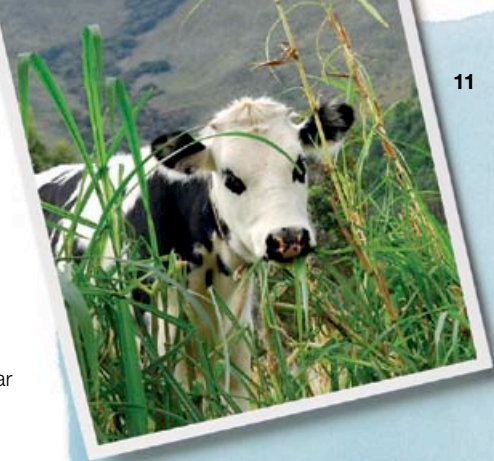
Ari Mervis
Managing Director, SABMiller Asia Pacific

"Water is a scarce and vital resource. Shared by all, it is a collective responsibility of the community. SABMiller India is empowering and enabling small farmers to adopt rainwater conservation, harvesting and its efficient use for food production through Community Watershed Management efforts with technical support from ICRISAT. It is also developing treatment for safe use of waste water in agriculture and thereby contributing towards sustainable development."

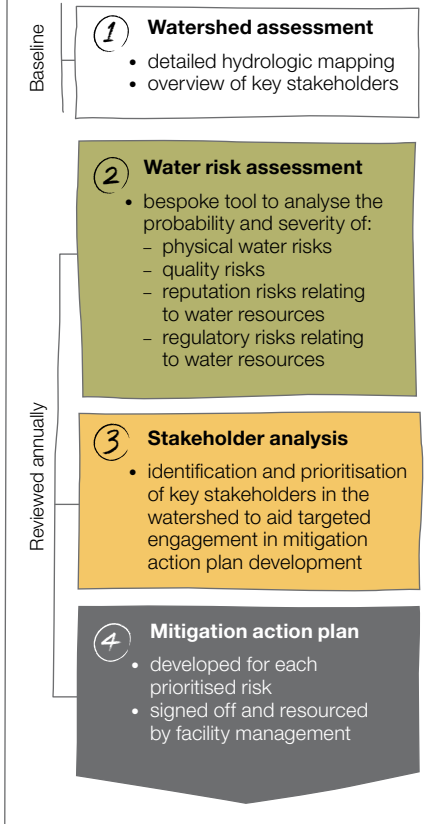
Suhas P Wani
Acting Director: Resilient Dryland Systems
International Crops Research Institute for the Semi-Arid Tropics (ICRISAT)

 Read more about our Indian water projects at www.sabmiller.com/water





An in-depth, bespoke water risk assessment process



The detailed water footprint analyses conducted to date have helped inform the development of our overall group water strategy, allowing us to focus on areas where we can target our interventions and resources to have the greatest potential impact.

An in-depth, bespoke water risk assessment process

To help us better understand the nature and extent of local water risk, during the year we launched a bespoke water risk assessment process, which builds on earlier analysis but allows us to investigate risks more deeply. The new assessment enables us to build up a detailed, watershed-level, site-by-site picture of our water exposure. Using this data our breweries are able to identify and prioritise risks and develop and implement mitigation action plans. It also gives us a stronger platform for further developing our successful partnerships with key local stakeholders; we plan to share more of our collected data with local authorities and partners to assist their water resource planning.

The process (illustrated above) begins with a one-off mapping of the watershed and the identification of key policies, regulations and stakeholders. On an annual basis we assess water risks, work that informs specific action plans for each prioritised risk and guides the way we engage with different stakeholders.

The water risk assessment rollout is well advanced, with the process now complete in 29 facilities across 14 countries, including all of our Latin American operations. In the forthcoming financial year, we will focus on Africa.

Using less water in our breweries

In 2008 we set our breweries a target of 25% water use reduction by 2015. In the year ended 31 March 2014 an average water efficiency ratio of 3.5hl/hl¹¹ (2013: 3.7 hl/hl) means we hit this target one year early, a credit to the efforts of our breweries to drive improvements throughout our manufacturing processes. In absolute terms, this year we used 621 million hl¹¹ of water to produce our beer (2013: 667 million hl).

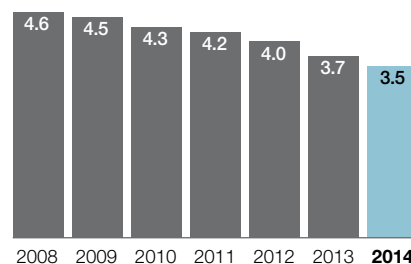
We now have 14 breweries across Europe, Latin America and Asia Pacific that use 3.0 hl or less to produce a hl of beer. Together, these operations account for 18% of group volumes. Carlton & United Breweries' Yatala facility in Australia remains the most water-efficient in the group, with an average water efficiency of just 2.45 hl/hl.

Water-efficient agriculture

While brewing efficiency is important, the water savings made are dwarfed by those that could potentially be achieved by more efficient agricultural methods. For example, in South Africa it takes 155 litres of water to produce a litre of beer, with 95% of that figure covering agricultural inputs including freshwater irrigation and rainfall¹².

We are working to ensure that our brewing crops use precious water resources as sparingly as possible. We recently brought together key stakeholders in the George area of South Africa, the only part of the country where hops are grown commercially and a region exposed to water scarcity. A full water risk assessment concluded that alien vegetation posed the greatest threat to water security, with flows potentially reduced by 40% if left unchecked. Now a joint project involving SAB (Pty) Ltd and other stakeholders aims to clear an initial 3,000 hectares of land affected by alien vegetation, with subsequent phases of follow-up clearing. The initial clearing is expected to provide some 30,000 person days of employment, together with 16,000 days for the follow-up clearing.

Water to lager ratio¹¹
hl water/hl lager



'Best of breed' solution to protecting the local watershed in Colombia

Faced with declining water standards in the local watershed, and bigger water charges as a result of the extra treatment needed, we discovered that upstream farming and cattle ranching were damaging the Páramo, the unique mountainous ecosystem that feeds the local river system. In conjunction with The Nature Conservancy and Bogotá Water Company we supported local farmers to adopt more sustainable agricultural practices, jointly underwriting the cost of introducing more appropriate cattle breeds to live within the ecosystem. Investment in watershed protection reduced water treatment costs for the city by US\$4 million per year, arresting water price increases at our brewery while also helping the farmers to benefit from greater efficiencies.

The big question

Water, food and energy are inextricably linked; a connectedness often referred to as the water-food-energy nexus. We need water to grow food and to generate energy; we need energy to grow food and to treat and move water; and we need land (and in the case of biofuels, crops) for energy production. We cannot manage these three resources in isolation as the availability of each affects the availability of the others. To build a resilient world where our businesses, local communities and ecosystems share uninterrupted access to safe, clean water, we need to apply nexus thinking. How can a more integrated approach be achieved?

Join the conversation at www.sabmiller.com/bigquestions

¹¹ Information for the year ended 31 March 2014 has been subject to limited assurance by PricewaterhouseCoopers. For further details of the assurance provided see the independent assurance report on page 21.

¹² Source: SABMiller and WWF, *Water footprinting: Identifying & addressing water risks in the value chain*.

Create value through reducing waste and carbon emissions

Striving for a clean world where nothing goes to waste and emissions are dramatically lower.

At SABMiller, we recognise the need to move global business practice and local economies from one way consumption, where waste is commonplace, towards a more circular economic model based on reusing, recycling and eliminating waste. Brewing is a natural champion of this approach. Such an approach does not just make sense for the environment; it is also fundamental if we want to grow sustainably in the years ahead. We are on track to achieve a 50% reduction in on-site greenhouse gas emissions from our breweries by 2020.

Cooling without compromise in Poland

Our consumers enjoy the refreshment of a cold beer and we are partnering with our retail customers, where possible, to enhance this experience. But refrigeration can have harmful impacts on the environment, with the bulk of greenhouse gas emissions arising from energy use.

In many markets we are investing in energy-saving devices and LED lighting, reducing the energy consumption of older fridges by up to 40%.

Last year, we purchased some 8,000 new fridges for our Polish retail network, all of them equipped with propane gas refrigerant. This innovation reduces the cost of cooling beer while removing the harmful global warming impact of hydrofluorocarbons (HFCs), and could underpin a future scaling up of this strategy.



Eliminating waste from the brewing process

About 99% of spent grains from our breweries are sold and reused as nutrient-rich inputs to the agricultural sector or to make animal feed. This creates value from waste as well as preventing it from being diverted to landfill. During the year our breweries reused or recycled 95.6% of their general waste (2013: 94.4%).

Returnable bottles: embedding the culture of reuse

Continuing the use of returnable glass bottles is a trusted and effective way to reduce the environmental impact of our packaging. It is good for our business, our consumers and for the environment, because returnable bottles are much more resource efficient throughout their lifecycle than cans, PET bottles or non-returnable bottles.

Around half of our beer is sold in returnable packaging. For example, the super-returnable bottles used by Bavaria in Colombia are refilled an average of 44 times. Now we are targeting improvements in Europe, where we already have 700 million returnable glass bottles in circulation but where there are large differences between markets in returnable bottle penetration and consumer behaviour.

There are tensions. A recent internal study in Europe examined the potential barriers to bottles being returned: some consumers are very loyal and committed to using returnable bottles, while others find it inconvenient to return empty bottles to the retailer. The extended lifecycle of a returnable bottle can also potentially stifle innovation in packaging. Our goal is to learn from markets where the returnable culture is strong and to promote increased innovation in this space. Poland will take the lead as we move from research to action to make the returnable system work better.

"In absolute terms we have reduced on site carbon emissions by 29% between 2008 and 2014."

Reducing supply chain emissions

Last year 50 key suppliers shared CO₂ emission related data with us, including reduction targets, progress towards those targets and detailed analysis of the projects contributing to reductions through CDP. SABMiller Procurement continues to work collaboratively with our suppliers to build a detailed understanding of CO₂ emissions across the supply chain, from which substantial emission reductions can be achieved through mutually beneficial projects. We are also increasing our participation in the supply chain element of CDP, by inviting 100 key packaging suppliers to join in 2014. In addition, all new supplier contracts will require supplier disclosure on scope 1 and 2 carbon emissions either through CDP or an internal CO₂ score card.

Driving efficiency today and tomorrow

We aim to halve the CO₂ emissions per hectolitre of beer brewed by 2020 (against a 2008 base), with savings primarily coming from more efficient use of energy, including using energy from renewable rather than fossil fuel sources where feasible.

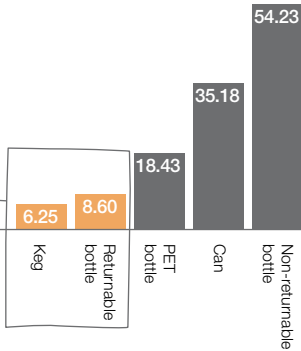
These savings give us more resources to invest in driving further efficiencies, as well as supporting our business growth objectives. During the year we used 118 MJ/hl (Megajoules of energy per hectolitre of beer produced) – a reduction of 7% compared with the prior year – and our CO₂e emissions fell by 7% to 10.3 kgCO₂e per hl¹³ (2013: 11.1). In absolute terms, our carbon emissions were 1.8 million tonnes¹³ (2013: 2.0 million tonnes), of which 1.0 million tonnes were generated from our direct use of fuels such as natural gas, coal and oil (scope 1) and 0.8 million tonnes were generated indirectly from the production of electricity we purchase (scope 2).

These efforts are driven at a brewery level, where water and energy efficiency is a key element of the technical excellence and sustainability agenda. Breweries have clear and stretching targets, which are benchmarked globally each month, with water and energy performance now forming part of the key performance indicators for employees responsible for each stage of the brewing process.

¹³ Information for the year ended 31 March 2014 has been subject to limited assurance by PricewaterhouseCoopers. For further details of the assurance provided see the independent assurance report on page 21.

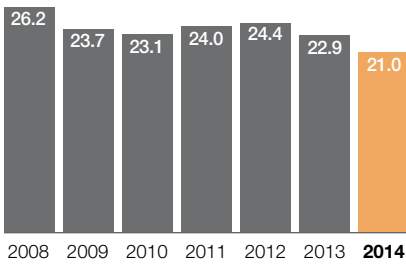
49% of our beer is sold in returnable packaging, which is much more carbon efficient throughout its lifecycle than cans, PET bottles or non-returnable bottles.

Average greenhouse gas emissions by packaging type
kgCO₂e/hl per SKU

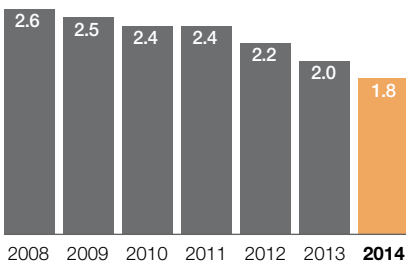


Source: SABMiller

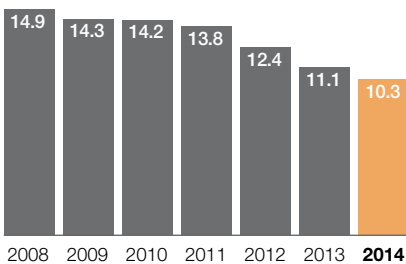
Total energy consumption
PJ



Total CO₂e emissions from fossil fuel energy used on site¹³
Million tonnes



CO₂e emissions from fossil fuel energy used on site¹³
kgCO₂e/hl lager



Nothing wasted: Golden and Albany become landfill-free

In the USA, Trenton brewery became our first landfill-free facility in 2009. Since then, our breweries have been working to achieve landfill-free status. Environmental co-ordinators at all of our US breweries now work together to share best practice. The experience of Trenton helped Golden brewery eliminate more than 135 tons of waste each month. By making small changes to everyday activities and through modest investments in infrastructure and equipment, MillerCoors has been able to cut waste to landfill across its eight major breweries by 80% since 2008.

"Bill Coors famously said, 'Waste is a resource out of place' when he supported efforts that led to the invention of the recyclable aluminium can more than 50 years ago. Bill's push for continuous improvement lives on at MillerCoors today as we constantly push our company to use less and recycle more, from office paper to scrap aluminium. As a result, we are brewing our beers even more responsibly with industry-leading quality. We are proud that six of our eight major breweries are now landfill-free and we won't ever stop our commitment to sustainability."

Tom Long
Chief Executive Officer, MillerCoors

"We are pleased to recognise MillerCoors for their leadership position in environmental stewardship through a strong commitment to reduction in waste disposal to landfills. Recognising the positive impact that can be realised in reducing waste, recycling, and reusing, six of eight major MillerCoors breweries now claim the achievement of being fully landfill-free. With increasing awareness for our limited raw material resources and the need for improved waste management in manufacturing, more companies are following this lead toward landfill-free facilities. NSF International works with various product manufacturing companies to certify such claims against rigorous third-party criteria and assessments that include in-facility audits."

Tom Bruursema
General Manager, Environmental and Sustainability Services, NSF International

The big question

Around half our beer is sold in returnable bottles and kegs, which have a lower environmental impact than one way packaging. But returnable packaging is in decline in some markets, under threat from logistical challenges coupled with consumer perceptions of the inconvenience of returning packs and the premium value of a single-use bottle. Protecting returnable packaging is an important step towards building a clean world where nothing goes to waste and emissions are dramatically lower. How can we make returnable packaging easier to use and challenge consumer perceptions?

Join the conversation at www.sabmiller.com/bigquestions



Support responsible, sustainable use of land for brewing crops

A productive world where land is used responsibly, food supply is secure, biodiversity is protected and brewing crops can be accessed at reasonable prices.

With more than seven billion human mouths for farmers to feed, the issue of food security is one of paramount importance to everyone involved in the agricultural supply chain. Today around a billion people go to bed hungry, a situation that will only become more acute given the projected need for 70% more food production by 2050¹⁴.

Food security is of particular importance across Africa, where 65% of the population depend on smallholder agriculture for their livelihood. However, for these farmers to develop the skills and accrue the financial wherewithal to increase production they must be able to find suitable markets for their crops. Our aim is to provide new markets for their crops, giving them incentives to increase production and therefore support both increased income and food security. We have developed under-commercialised crops, such as cassava and sorghum, creating secure, sustainable supply chains that improve the livelihoods of smallholders and drive economic growth.

The availability of natural resources and resilience to climate change are also critical to agriculture, which accounts for 70% of

freshwater withdrawals; a third of the Earth's land surface supports crop production for food, feed or biofuels.

Naturally, we place a major focus on malting barley, our key brewing crop. We source both from long established barley-growing regions, and from newer growing areas in which we have supported the introduction of malting barley as a new source of income. Wherever we source from, we aim to support productivity, resource efficiency, and the profitability of malting barley so that it plays a core role in farmers' crop rotations and in local economies.

Sourcing malting barley and other brewing crops locally is an important part of our business model, in both developed and developing countries. However, this is not the only route to resource efficient and sustainable sourcing. Where local production is not viable or competitive, we will import crops to use in making our beers. With every crop procurement decision we consider the trade-offs that exist between cost, productivity, the use of resources and our contribution to local growth.

Improving productivity and resource efficiency

In a number of countries we work directly with barley farmers to improve the profitability and environmental and social impact of their farms. In South Africa, our *Better Barley, Better Beer* programme, run in association with WWF, provides a resilient, sustainable framework for farmers to use, covering areas such as water usage, minimising environmental impact and managing labour.

During the year SAB (Pty) Ltd began construction of a new malting plant in Alrode, a ZAR700 million (US\$69 million) investment which will allow SAB (Pty) Ltd to reduce the amount of malted barley it imports and to further its programme of developing the local agricultural sector by supporting black farmers. SAB (Pty) Ltd currently sources around 65% of its barley locally, a figure that should potentially increase to between 90% and 95% when the plant becomes operational.

In Zambia, farmers have developed a malting barley sector from scratch, making a significant contribution to the economy and ensuring we are now locally self-sufficient for this crop. As a next phase we are working with our partner barley farmers to optimise yields and efficiency.

In Rajasthan, India, we have been working with independent, small scale farmers to increase barley yields through better crop management and the adoption of new varieties more suited to the brewing process than those previously grown in the area. These and other efforts have led to improved incomes for farmers, along with reductions in environmental impact.

➔ See case study on page 10

*Bonsucro:
good sugar,
best practice*

The *Bonsucro* standard is the first global metric standard for sugarcane. Bonsucro is a global, multi-stakeholder, non-profit organisation dedicated to reducing the environmental and social impacts of sugarcane production, while also recognising the need for economic viability.

SABMiller joined Bonsucro in 2013 and within the next year we intend to achieve certification for Azunosa, our sugarcane farm and mill in Honduras, which we hope will be the first in Central America with this accreditation.

At the same time, we are working closely with other sugarcane suppliers to share best practice from Azunosa. While Bonsucro has provided a valuable framework for Azunosa, we recognise that it is not the only approach to achieving sustainable sugarcane production. In other regions we are working closely with suppliers and other stakeholders to develop appropriate approaches to improving the social and environmental impacts of sugarcane.



"Wherever we source from, we aim to support productivity, resource efficiency, and profitability."

¹⁴ Source: FAO, *How to feed the world 2050: Global agriculture towards 2050*, October 2009.



Tailoring our local sourcing to local produce

In Uganda, Nile Breweries pioneered using local sorghum to brew beer. In 2002 it became the first brewery to launch a sorghum lager, Eagle, with a broad-based Local Enterprise Agriculture Programme (LEAP) to help build a supply of sorghum to meet growing demand. Today, the Eagle family of brands accounts for around 50% of Nile's volumes. During the year, the farmers' gross direct income amounted to US\$4 million for sorghum crops. The brewery buys from and supports some 20,000 sorghum farmers. We have since replicated the success of Eagle lager in other African markets; for example, in Mozambique Impala is made from the smallholder-farmed crop cassava.

"Our African breweries have shown real innovation in developing beers that make use of indigenous, smallholder-grown crops like sorghum and cassava. Localisation of sourcing is a major priority for us; it is our objective to establish local supply chains to sustainably supply our needs, improve livelihoods for smallholders and drive economic growth. Capturing the huge value opportunity will take commitment and investment, and we must align with the right partners and stakeholders to succeed, but it is critical if we are to be judged by the positive contribution we make to society."

Mark Bowman
Managing Director, SABMiller Africa

"The logic of a modern brewery is that since you have decided to drink, drink alcohol that is industrially produced, tested and safe. Nile Breweries have brought a reform: they were initially using imported cereal to make beer. They have now decided to use more locally sourced cereal. By so doing they have created jobs and improved forward and backward linkages in this economy."

President Yoweri Kaguta Museveni
President of Uganda

In the USA, MillerCoors is demonstrating best practice in water conservation at the 5,000 acre Showcase Barley Farm in Silver Creek Valley, Idaho. The water management techniques and technologies developed at the farm have cumulatively saved more than 400 million gallons since 2011, and are now being shared with all agricultural partners via the MillerCoors Barley Farming Sustainability Guide.

A responsible approach to livelihoods, land and labour

In many countries, the income earned from brewing crops provides a route out of poverty and food insecurity, giving farmers the financial resources to invest in better, more sustainable production methods. Improving conditions and livelihoods for the farming community is at the core of our sourcing strategy. We strive to ensure that women are economically rewarded for agricultural work, that incomes for the agricultural labour force improve, and that farms become safer places to work.

Given our large business footprint in the developing world, we are acutely aware of issues around secure access to land. In sub-Saharan Africa, as much as 90% of land is untitled¹⁵. When smallholder farmers do not have title to the land they farm, their ability to invest is reduced. We have added our voice to those campaigning to improve land rights, citing the examples of Botswana and Ghana, where laws have already been improved so that lands held by long custom are given the same legal status as formally documented private property.

Azunosa, our sugarcane farm and mill in Honduras, is working with the government and Honduran financial institutions on the *Rural Development Programme*. This initiative has so far provided land to 17 small farmer co-operatives, together with financial, technical and administrative assistance plus forward contracts for the purchase of sugarcane by Azunosa at a fair price (see case study left).

The big question

In order to secure our future brewing materials supply, we must ensure brewing crops are productive and profitable for farmers, improve local economies and communities, and are not threatened by natural resource scarcity. But our brewing crops are part of a much bigger farming and food security picture. How can we ensure our initiatives are fully integrated with the global effort to meet the world's future food needs, and contribute to building a productive world where land is used responsibly, food supply is secure, biodiversity is protected and brewing crops can be accessed at reasonable prices?

 Join the conversation at www.sabmiller.com/bigquestions

¹⁵ Source: UN Development Programme, *Land rights reform and governance in Africa – how to make it work in the 21st century?*

Valuing and empowering our people

Being an employer of choice around the world.

Our success is driven by each of the 70,000 people we employ worldwide. We believe that better business decisions – and stronger business performance – are driven by groups of competent, high-calibre individuals operating in a diverse environment with the right skills, experience and motivation.

We seek to treat all our employees and contractors equitably and with respect, while providing them with a safe working environment. We reward them fairly by providing a range of benefits, together with opportunities to reach their potential and enjoy long, fulfilling careers with us.

Taking action on health and safety

Our first priority is to ensure the safety of our employees, contractors, and visitors to our breweries, bottling plants and offices. In 2013 we reviewed our health and safety practices; during 2014 we launched a new system of governance for group-wide health and safety, based on 10 global minimum standards for managing specific risk areas such as road transport, security, occupational health, and health and safety management processes.

This will standardise reporting, help us with sharing best practice and allow targeted improvements. It draws on the best practice and expertise developed by our regional health and safety specialists, in particular those in Australia and South Africa.

It is with regret that we report 15 employee and contractor fatalities this year. Five of these were the result of accidents involving maintenance or repairs, seven resulted from motor vehicle accidents, and three resulted from robberies or assaults inflicted 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. During the year we recorded 12,395 days lost through injury – a 21% decrease on 2013 (2013: 15,695) – and 1,642 industrial injuries (2013: 1,788).

Promoting our employees' wellbeing

We aim to create a healthy and positive work environment for all our employees, acknowledging the benefits this provides in terms of productivity. We have now implemented our *Wellness Development Programme* in Africa, which focuses on HIV/Aids, malaria, sexually transmitted infections, hepatitis B and C, and tuberculosis; it trains our employees to become peer educators both internally and within their home communities, promoting prevention, testing and treatment.

Where HIV/Aids has high prevalence (defined as affecting more than 5% of the population), our peer educators – numbering 1,752 at 31 March 2014 (2013: 1,733), equivalent to one for every 12 employees – work to reduce the stigma attached to the disease, leading to greater appetite for voluntary counselling and testing among employees and their

dependants. In countries where prevalence is above 1%, we provide access to voluntary counselling and testing as well as managed healthcare programmes for employees and immediate dependants as required.

Specific country-level public health and wellbeing initiatives have included SAB (Pty) Ltd distributing free condoms to local taverns across South Africa. Over three years we distributed 16 million condoms to almost 12,000 taverns, averting more than 32,000¹⁶ new HIV infections.

In Ghana, Accra Brewery and its project partner, Graphic Communications Group, organised free medical screening for people in the local Adabraka community. The event was attended by hundreds of residents, who were able to access free dental and general medical treatment, while those with serious conditions were referred to hospitals.

Delivering business success through high performance

We recognise and reward strong performance. Each year, all employees set themselves stretching individual objectives in conjunction with their managers. These goals are linked to local company objectives, ensuring that each individual has clear accountability for delivering against the business strategy.

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

Attracting and retaining talent

We aim to offer appropriate and continuous career development opportunities to all our employees, whether in their current role or to prepare them for a new one. Each individual is encouraged to take ownership of their own development, supported by their manager.

During the year, we focused on embedding our new career framework, introduced in 2013, across a selection of functions. The framework identifies the skills, experience and competencies required to perform various roles, allowing close alignment between employees' needs and business needs.

Through our global learning curricula we offer more than 200 courses. These use a variety of techniques, from e-learning to sessions facilitated by leading educational institutions. In the year ended 31 March 2014 we provided an average of 3.9 training days for every employee (2013: 3.7 days).

Promoting gender diversity

The beer industry is traditionally perceived to be male-dominated. We remain keen to tackle this issue and to promote gender diversity at all levels of our business.

At present, gender diversity varies from region to region, with South Africa having the highest representation of women in leadership roles. During the year we took an in-depth, region-by-region look at the factors that contribute to lower proportions of female leadership. Our aim is to understand the underlying causes, recognising that these may differ across our regions, so we can then identify solutions.

In support of this regional work, in Australia, Europe, India and the USA we have signed up as a global supporter of Catalyst, a not-for-profit organisation that seeks to expand opportunities for women in business.



¹⁶ Assumes that for every 500 condoms distributed one new HIV infection is averted, John Stower, 2004, published by the South African National Department of Health.

During the year, we launched new functional academies to help employees develop the specialist skills they need to do their job. Our *Key Account Management Academy* is a good example of this approach. It has enabled regions to develop their account managers across a range of key topics, from winning with customers to effective negotiation skills dependent on individual need and market maturity. To support the design and continuing governance of our global academies we have created communities of practice that draw upon representatives from across the business.

We have also introduced a new framework that focuses on developing leaders across the leadership pipeline and across regions, seeking to ensure that the talent we need to provide tomorrow's leaders is identified early and properly nurtured. We have identified the roles most critical to delivering our business strategy, and have a global succession pool – monitored by the group's executive committee – in place for these roles, with candidates from all regions. In the past year we have made 41 key appointments from this pool to fill senior posts group wide. More broadly, 67% of senior appointments have been made internally.

Valuing diversity and equality

We have clear policies and processes in place to ensure that we recruit and treat people fairly and on merit, regardless of age, gender, sexual orientation, religion, disability or ethnic origin.

SABMiller is a signatory of the UN Global Compact and has an established approach to managing human rights risks, taking account of the UN's Universal Declaration of Human Rights and Guiding Principles on Business and Human Rights. This approach helps our local businesses to identify and mitigate any significant risks within their operations and value chains.

As at 31 March 2014 19.7% of our workforce was female (2013: 18.8%) and 28.4% of our executives and managers were women (2013: 28.1%). Two of the 12 members of the group's executive committee are female, 20% of SABMiller's plc board are women, which is at the FTSE100 average of 20.4%¹⁷, and three of our seven independent non-executive directors are female.

We continue to support South Africa's Broad-Based Black Economic Empowerment (BBBEE) initiatives aimed at growing the

Fleet safety initiative under way in South Africa



In South Africa, driving is hazardous; there are 27.5 fatalities per 100,000 people, more than twice the rate of the USA and more than seven times that of the UK. With a fleet of more than 5,000 vehicles in primary and secondary distribution, and almost 1,700 used by our sales force, many of our employees are on the road.

In September we launched a ZAR5.8 million (US\$0.6 million) driver safety programme to equip our drivers with improved skills in defensive, safe and economical driving.

Drivers spend a day on the road with a specialist assessor – who analyses their strengths and weaknesses and provides on-the-spot coaching as required – and attend two days of classroom-based activities, learning safe driving techniques and working through real-life traffic scenarios, including hazards such as driving in the wet or on rural roads.

The programme aims to reach every driver within two years, with ongoing refreshers provided to maintain the new standards. Over the next five years our aim is to reduce accidents per million kilometres driven by 60%. We also expect to see a full return on investment in the form of reduced accident damage to vehicles, fewer insurance claims and less maintenance downtime. Most importantly, by equipping our drivers to deal with the daily hazards encountered behind the wheel, we will keep our employees safer and contribute to overall road safety.

economy by including and empowering previously disadvantaged citizens. More than three-quarters of SAB (Pty) Ltd's workforce is drawn from previously disadvantaged groups and 77% of its employees are black. SAB (Pty) Ltd achieved 75.25 (2013: 73.11) in the last annual BBBEE verification, making it a Level 3 contributor to BBBEE.

Labour relations

Our employees play a crucial role in our success. We regularly solicit their views and listen to their ideas and opinions through employee engagement surveys, which are conducted by almost all of our local operations. We also respect the right to union representation and 40.9% of employees are union members (2013: 37.8%). Many of our businesses have developed productive partnerships with trade unions on collective bargaining and other issues.

Responsible procurement

During the year, SABMiller Procurement further strengthened its responsible sourcing programme. The Supplier Code of Conduct and Sustainable Development Standards, which were launched in 2012, are now applicable to all our suppliers globally.

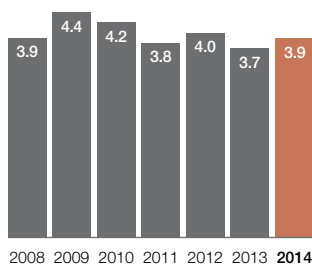
They cover the protection of human rights and labour standards, transparency and business ethics, and environmental impacts.

We are members of SEDEX, the Supplier Ethical Data Exchange, and AIM-PROGRESS, a forum of leading FMCG companies that aims to enable and promote responsible sourcing practices and sustainable supply chains. A total of 655 suppliers are now registered with SEDEX, representing a 36% year-on-year increase. During the year, we took the lead of the AIM-PROGRESS *Mutual Recognition* work stream, which seeks to reduce duplication in supplier assessments. Through this work stream we collected 164 ethical audits on our key suppliers and directly commissioned 35 audits. By working with our suppliers on closing areas of non-compliance, we have helped 42 suppliers improve working conditions on their sites and meet the standards of our supplier code of conduct.

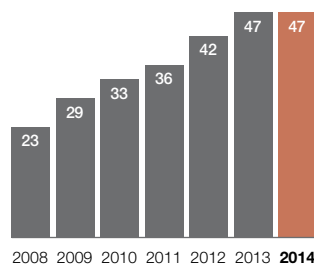
In addition, under our supplier accreditation programme, key global suppliers have signed up to our anti bribery policy and provided insights into their efforts to stamp out bribery and corruption within their supply chains.

¹⁷ Source: Professional Boards Forum BoardWatch.

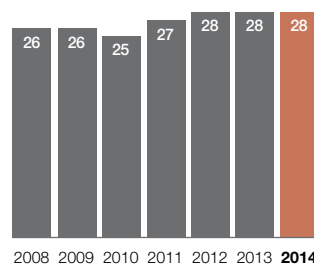
Training days per employee
Number of days



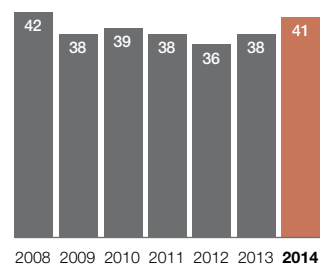
Employees trained in ethics within the last three years
Thousand employees



Female executives and managers
% of total executive and manager workforce



Trade union membership
% of employees who are members of a trade union



Expert views

We work in partnership with a wide range of stakeholders worldwide to drive progress on our shared imperatives. We asked some of our key partners to share their views on our new SD framework.

A thriving world

"The challenges of delivering increased prosperity and opportunity for poor people in developing countries, coupled with the need for stewardship of the environment and natural resources, cannot be delivered by one actor alone. Accountable, transparent and fair partnerships between the public and private sectors with communities and civil society are essential if we are to eliminate poverty, tackle climate change and support economic development. We encourage the efforts of companies like SABMiller to establish such partnerships where they are designed to deliver equitable and sustainable growth."

Lynne Featherstone MP

Parliamentary Under Secretary of State for International Development



Department
for International
Development

A sociable world

The SABMiller *Scholar's Programme* started in 2009 and relies on a long-term partnership with the British Institute of Innkeeping. To date the programme has provided opportunities for 4,000 staff working at UK licensed premises to earn qualifications in responsible retailing.

"I agreed to be patron of this scheme because it's a really good example of how Government and industry can work together to tackle alcohol misuse. The *Scholars' Programme* is a fantastic way of working toward a more responsible drinking society and I'm delighted to give it my full support."

Sally Keeble

Former UK Government Minister and patron
of the SABMiller Scholars' Programme



A resilient world

"WWF and SABMiller share a strategic interest in the future of natural resource management, in particular relating to food, water and energy. In the last 12 months we have combined to explore how economic decision makers in government and business can put in place plans which facilitate resilient development of these resources, combining robust infrastructure, flexible institutions and functioning natural capital. This has been a fascinating project. We intend that the insights which we have obtained will help us influence policy in several countries. That SABMiller has been willing to invest in this kind of pathfinder project signals an engagement in 21st century social and economic challenges which is unusual among corporates. We are also working closely to further develop and build on our experience over the last few years working on freshwater conservation projects that address water related risks in SABMiller's supply chains through the *Water Futures Partnership*."

Dr David Tickner

Chief Adviser, Freshwater
WWF-UK



A clean world

"The partnerships of the Ellen MacArthur Foundation with companies are central to achieving our vision. We were pleased this year to welcome SABMiller to our Circular Economy 100 group – a global platform bringing together leading companies, emerging innovators and regions to accelerate the transition to a circular economy. SABMiller is working towards this goal through turning the by-products of the brewing process into valuable inputs for other manufacturing operations, and reusing packaging such as returnable glass bottles. We hope to make great strides together in accelerating the transition to a truly circular economy."

Jamie Butterworth

CEO
Ellen MacArthur Foundation



A productive world

"Agriculture has the potential to become the engine of growth that can provide income and food security, whilst ensuring responsible management of our natural resources. Tanzania adopted a unique public-private approach towards agriculture transformation in which the private sector plays an important role. As a founding partner of SAGCOT, SABMiller has championed the regionalisation of this approach through Grow Africa, facilitated the establishment of the Water Resources Group and is also making a real practical difference on the ground, through Tanzania Breweries Ltd's local sourcing programmes that help farmers improve their yields."

Geoffrey Kirenga

CEO, SAGCOT Centre Ltd.
(Southern Agricultural Growth Corridor of Tanzania)



A deeper look at the issues

Throughout the year we work with our partners to publish research and further information on the issues most material to our business.

1 Sustaining and Scaling the Impact of Enterprise Development Programmes
SABMiller's Approach to Strengthening Business Ecosystems
Beth Jenkins, Richard Gilbert, and Pysa Bapfista

2 THE WATER-FOOD-ENERGY NEXUS: Insights into resilient development

3 The Contribution made by SABMiller to the European Economy
Full report, Edition 2013

4 Our approach to tax 2013

5 A constructive approach

6 Entrepreneurship world map

7 In the US, 10% of the farms are large scale operations

8 IRRIGATED CROPS TYPICALLY HAVE YIELDS AT LEAST TWICE AS HIGH AS THOSE OF NEARBY RAINFED CROPS

9 Small scale entrepreneurs

Reports
You can download these reports, along with country sustainable development reports, at www.sabmiller.com/reports.

1. Sustaining and Scaling the Impact of Enterprise Development Programmes
2. The Water-Food-Energy Nexus: Insights into resilient development
3. The Contribution made by SABMiller to the European Economy
4. Our Approach to Tax, 2013
5. A Constructive Approach: Beer, responsible drinking and economic growth in the UK

Animations
You can watch the animations featured in this report, along with videos of executive committee members talking about sustainable development at www.sabmiller.com/films.

6. Entrepreneurship world map
7. The Future of Farming: Food Security
8. Irrigation – more or less?
9. Sustaining small and micro businesses

Operating companies included in this report

Many of our local operations publicly report their own sustainable development information:

Australia	Carlton & United Breweries	Peru	Unión de Cervecerías Peruanas Backus y Johnston SAA
Botswana	Kgalagadi Breweries (Pty) Ltd	Poland	Kompania Piwowarska SA
Canary Islands	Compañía Cervecera de Canarias SA	Romania	Ursus Breweries SA
Colombia	Bavaria SA	Slovakia	Pivovary Topvar as
Czech Republic	Pizeňský Prazdroj as	South Africa	The South African Breweries (Pty) Ltd
Ecuador	Cervecería Nacional (CN) SA	Swaziland	Swaziland Beverages Ltd
El Salvador	Industrias La Constancia, SA de CV	Tanzania	Tanzania Breweries Ltd
Ghana	Accra Brewery Ltd	The Netherlands	Grolsche Bierbrouwerij Nederland BV
Honduras	Cervecería Hondureña, SA de CV	Uganda	Nile Breweries Ltd
Hungary	Dreher Sörgyárak Zrt	USA	MillerCoors LLC
India	SABMiller India Ltd	Vietnam	SABMiller Vietnam Company Ltd
Italy	Birra Peroni Srl	Zambia	Zambian Breweries plc
Lesotho	Maluti Mountain Brewery (Pty) Ltd	Zimbabwe	Delta Corporation Ltd
Malawi	Chibuku Products Ltd		
Mozambique	Cervejas de Moçambique SA		
Panama	Cervecería Nacional SA		

■ Regular sustainable development report
 ■ Information provided online
 ■ First sustainable development report published this year
 ■ Detailed SD information published in annual report for the first time

Building sustainable development within our business

By focusing on what matters locally we are integrating sustainable development further into our strategic thinking and business planning.



The *Sustainable Development Way* is at the heart of our approach to sustainable development (SD), providing a consistent framework for managing SD and focusing all of our operations' efforts and resource priorities. The *SD Way* is supported by a suite of policies and position papers, as well as guidelines, training, and tools for building capability and sharing best practice globally.

Individual operations are ultimately held accountable for their own performance, which often forms part of our senior managers' performance objectives and remuneration.

Our businesses assess their own SD performance using a bespoke monitoring system, the Sustainability Assessment Matrix (SAM). Since the launch of our 10 SD priorities in 2007 SAM has provided us with relevant data on how we are performing in each priority area, enabling us to track improvements as well as identify and resolve any issues that are holding us back.

In 2015 the *SD Way* and SAM system will be relaunched to reflect our five new shared imperatives. All SD key performance indicators will be based on measurable outputs for each imperative – such as water efficiency, carbon emissions or employee diversity. This will give our local operations the data they need to inform their strategic conversations and the reassurance that they are tackling their most material SD issues.

Core standards provide a consistent framework

As part of the relaunch of the SAM system, we have introduced global core standards against each of our five shared SD imperatives. In certain areas new core standards represent a recalibration of our expectations in terms of overall SD performance. All our businesses will be required to meet these standards, which, in many countries, far exceed local regulations.

Robust and transparent governance

Our SD performance is overseen by the group corporate accountability and risk assurance committee (CARAC), a sub-committee of the SABMiller plc board. The CARAC is chaired by Dr Dambisa Moyo, a non-executive director of SABMiller plc.

For a full list of CARAC members see pages 46 and 47 of our 2014 annual report

Each region also has its own CARAC, which meets twice a year to review local SD performance and discuss emerging issues. A typical agenda includes an update on performance measured through SAM, a spotlight on a particular market and discussion around topical issues. Regional CARACs are chaired by the regional managing director and attended by the regional corporate affairs director, as well as representatives from SABMiller plc including the Corporate Affairs Director, the General Counsel, the SVP Sustainable Development and the Director of Policy, Public and Industry Affairs. The group CARAC is regularly updated on each region's progress.

The corporate affairs leadership council (CALC) meets three times a year to share best practice around the world, and to ensure a consistent approach is taken to emerging issues and strategy development. This is chaired by the Corporate Affairs Director and includes all the regional corporate affairs directors.

Encouraging a culture of continual improvement

Most of our local businesses have been using SAM for several years and have high levels of expertise in collecting and analysing SD data. Regular SAM reviews, or 'deep dives', help us to assess the local SD strategy and quality of data provided, ensuring that our reporting and monitoring practices are consistent and reliable. This year we conducted deep dives in Ecuador, Hungary, India, Tanzania and Zambia. These enabled

us to collect examples of best practice to share across the group, while also building capability with new teams (in the case of Hungary) and helping local teams to develop cross-functional SD strategies, owned collectively by all members of their local executive committees. In three of these markets (Ecuador, India and Zambia) support was provided by the local internal audit team, which co-ordinated the gathering and assessment of documentation underlying key sustainable development indicators.

In 2013 we established an SD expert group, bringing together experts from each of our regions to share insights and best practice, and to discuss emerging issues and priorities. During the year the SD expert group has continued to meet both face-to-face and virtually, and has been instrumental in developing our new SD framework and SAM system.

Transparency and ethics

As a signatory to the UN Global Compact, we have committed to its *Ten Principles*, including that 'business should work against corruption in all its forms, including extortion and bribery'. Our starting point in implementing this commitment is our code of business conduct and ethics, which requires compliance with all applicable laws, including anti-corruption laws. Our Code and anti-bribery policy both apply group-wide, to all the entities we control, and to all employees, directors and other persons acting on our behalf.

SABMiller has implemented a comprehensive anti-corruption programme to underpin its anti-bribery policy. This includes training and communication, vetting our suppliers on a risk based approach and communicating our ethical standards to them, and approval procedures in areas such as gifts and entertainment, donations and sponsorships. We also take steps to promote our independently-managed, anonymous whistleblowing hotlines.



Visit our SAM portal for more detailed information on our scores by country at www.sabmiller.com/sam

Independent limited assurance report to the directors of SABMiller plc



The Directors of SABMiller plc engaged us to provide limited assurance on the information described below and set out in SABMiller's Sustainable Development Summary Report 2014 for the year ended 31 March 2014.

What we are assuring ("Selected Information")

The selected Sustainable Development (SD) data for the year ended 31 March 2014 presented in the Sustainable Development Summary Report 2014 (marked with^{4, 9, 11, 13}) consists of:

Selected Information

- Total water consumption in lager production (million hl)
- Water use to lager ratio (hl/hl lager)
- Total CO₂e emissions from fossil fuel energy used on site for the production of lager (million tonnes)
- CO₂e emissions from fossil energy used on site for the production of lager ratio (kgCO₂e/hl lager)
- Percentage of employees trained in alcohol responsibility
- Sales and Marketing Compliance Committees (SMCC) had been established in accordance with SABMiller's Policy on Commercial Communication (POCC).

The scope of our work is summarised below and does not extend to information in respect of earlier periods or to any other information in the Sustainable Development Summary Report 2014.

How the information is assessed ("Reporting Criteria")

We assessed the Selected Information using SABMiller's SD Reporting Principles ("Reporting Criteria") dated June 2014 as set out at www.sabmiller.com/sdassurance⁸.

Professional Standards and Independence

We have performed a limited assurance engagement⁹ in accordance with ISAE 3000 – 'Assurance Engagements other than Audits and Reviews of Historical Financial Information' and, in respect of the CO₂ emissions, ISAE 3410 – 'Assurance Engagements on Greenhouse Gas Emissions Statements' issued by the IAASB and ICAEW Code of Ethics⁶.

Understanding the Criteria

The Selected Information needs to be read and understood together with the Reporting Criteria described above. The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measurement techniques. The nature, methods and precision used to determine non-financial information can result in materially different measurements, affecting comparability between entities and over time.

Work done

Considering the risk of material misstatement of the Selected Information, we:

- made enquiries of SABMiller's management, including the SD team and those with responsibility for SD management and group SD reporting;
- evaluated the design of the key structures, systems, processes and controls for managing, recording and reporting the Selected Information. This included visiting 4 operating companies out of 29 to perform walkthroughs on the indicators and obtaining supporting information. For a further 3 operating companies we reviewed the assessments completed by SABMiller selected on the basis of their inherent risk and materiality to the group. Interviews were held and supporting evidence was obtained to understand the key processes and controls for reporting operating company performance data to the group SD team;
- performed analytical reviews over all 29 operating companies in scope;
- performed limited substantive testing on a selective basis of the Selected Information at corporate head office and at operating company level in relation to 5 of the operating companies mentioned above to assure that data had been appropriately measured, recorded, collated and reported; and
- assessed the disclosure and presentation of the Selected Information.

SABMiller's responsibilities

SABMiller management are responsible for:

- designing, implementing and maintaining internal controls over information relevant to the preparation of the Selected Information that is free from material misstatement, whether due to fraud or error;
- establishing objective Reporting Criteria for preparing the Selected Information;
- measuring SABMiller's performance based on the Reporting Criteria; and
- the content of the Sustainable Development Summary Report 2014.

The corporate accountability and risk assurance committee of the board (CARAC) have reviewed the procedures established by management to prepare the Sustainable Development Summary Report 2014, and the Chairman of the CARAC has reviewed that report on behalf of the board of directors of SABMiller.

Our responsibilities

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the Selected Information is free from material misstatement, whether due to fraud or error;
- forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- reporting our conclusion to the Directors of SABMiller.

Our conclusions

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe the Selected Information for the year ended 31 March 2014 has not been prepared in all material respects with the Reporting Criteria.

This report, including our conclusions, has been prepared solely for the Directors of SABMiller as a body in accordance with the agreement between us, to assist the Directors in reporting SABMiller's Sustainable Development performance and activities. We permit this report to be disclosed in the Sustainable Development Summary Report 2014 for the year ended 31 March 2014, to enable the Directors to show they have addressed their governance responsibilities by obtaining an independent assurance report in connection with the Selected Information. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Directors as a body and SABMiller for our work or this report except where terms are expressly agreed between us in writing.

PricewaterhouseCoopers LLP, Chartered Accountants, London

11 June 2014

⁸ The maintenance and integrity of SABMiller's website is the responsibility of the SABMiller management; the work carried out by us does not involve consideration of these matters and, accordingly, we accept no responsibility for any changes that may have occurred to the reported Selected Information or Reporting Criteria when presented on SABMiller's website.

⁹ A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

⁶ Our work is in accordance with the ICAEW Code of Ethics, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Further reports and contacts

The full online SABMiller sustainable development report includes additional information, performance data and case studies against each of our five shared imperatives, and reports on specific issues.

2



1 Annual report

For an overview of our markets and operations, please refer to our annual report.
www.sabmiller.com/annualreport

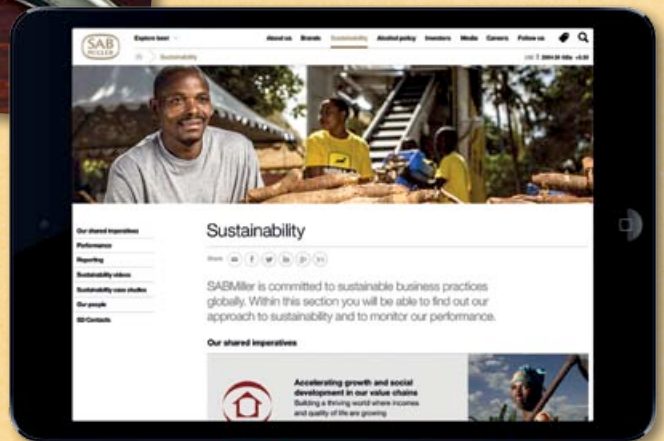
2 Tax and development report

For an overview of our approach to tax, please refer to our tax and development report.
www.sabmiller.com/taxreport

3 Online

The full sustainable development report, this summary and more information about our performance through the Sustainability Assessment Matrix (SAM) scorecards for our operations can be found online.
www.sabmiller.com/sd

3



Please note

This report contains certain forward-looking statements including those that relate to investments in socio-economic programmes, water management, the implementation of certain reuse and recycling measures, local sourcing of agricultural raw materials 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 CPI Colour, 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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