



# Citizenship<sup>07</sup>

A report of InBev's Social, Economic  
and Environmental performance

## About InBev

InBev is the world's leading brewer, realizing 13.3 billion euro revenue in 2006. The company has a strong, balanced portfolio, holding the number one or number two position in over 20 key markets – more than any other brewer. It has a key presence in both developed and developing markets, active in seven out of 10 of the fastest growing markets worldwide.

Headquartered in Leuven, Belgium, InBev employs more than 86 000 people worldwide. With operations in over 30 countries, and sales in over 130 countries, the company works through six operational Zones: North America, Western Europe, Central & Eastern Europe, Asia Pacific, Latin America North, and Latin America South.

InBev has four global brands: Stella Artois, Beck's, Leffe and Brahma.

Stella Artois is the fifth largest international beer in the world (excluding domestic sales), and is distributed in over 80 countries; Beck's is the number one German beer in the world, distributed in over 120 countries; Brahma is the fifth largest beer brand in the world, available in more than 30 countries including 20 outside Latin America. Leffe became the fourth global brand in 2005, available in more than 60 countries worldwide. Growing by almost 10% in 2006, it has more than doubled its volume over the last decade.

In addition, InBev has a portfolio of more than 200 local brands including in Latin America: Skol, the third largest beer brand in the world; and Quilmes, which represents 50% of the beer market in Argentina. In North America: Labatt Blue, the number one selling Canadian brand in the world. In Western Europe: Jupiler, the number one selling beer in Belgium. In Central & Eastern Europe: Sibirskaya Korona (Siberian Crown), a leading premium brand in Russia; Bergenbier, Romania's top brand; and Chernigivske, the number one by volume national brand in Ukraine. In Asia Pacific: Cass from South Korea; and Sedrin, the leading regional brand in central and eastern China.

## InBev's third Global Citizenship Report

This year's Global Citizenship Report focuses on issues which are most relevant to our stakeholders and readers, and central to our business. On this basis we have identified the following key topics:

- **Environment:** water use, energy and climate change, and byproducts and waste.
- **Responsible Consumption:** responsible marketing, responsible consumption programs.
- **People and Community:** learning and talent development, health and safety, and business conduct and integrity.
- **Economic:** our wider economic impacts, emerging economies.

This report follows the Global Reporting Initiative's third generation (G3) sustainability reporting guidelines. Information on Corporate Citizenship issues not covered in this printed report are available online at [www.InBev.com/citizenship](http://www.InBev.com/citizenship), and are noted in the text by the following symbol:



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# Wider Economic Impacts

Our aim is to create value for shareholders and our broader stakeholders, especially our employees and the communities in which we operate. Given the size and breadth of our operations, we can make a substantial positive impact through job creation, and through paying taxes and excise duties. By continuously improving our operations, we aspire to go on creating new jobs, improving economic standards and adding value to the communities where we work. This is the starting point for all our Corporate Citizenship activities.

## InBev's Wider Economic Impacts

Total taxes	Income taxes: 531 million euro Excise taxes: 4 163 million euro
Value added (Europe only)	Approximately 5 billion euro <sup>1</sup>
Total wages and benefits	2 075 million euro

We currently have 85 617 full time equivalent employees, and research carried out last year<sup>2</sup> shows that for each job in the brewing sector in Europe, two jobs are created in the supply sector, two in retail and almost 12 in hospitality.

Considering our total value added is also a way to understand the wider economic benefits we create.

## InBev's value added

According to the U.K. Government's 2007 Value Added Scoreboard, InBev ranked second in the European beverage industry and our value added increased by 48% from approximately 3.3 billion euro in 2004/05 to approximately five billion euro in 2005/06<sup>3</sup> – the highest increase in the European beverage sector. For these purposes value added is defined as output less intermediate costs, calculated as operating profit plus employee costs, depreciation and amortization.

<sup>1</sup> 3 348.6 million GBP at a conversion rate of 1.48 = 4 955.93 euro.

<sup>2</sup> Ernst and Young Netherlands (2006) "The contribution made by Beer to the European Economy: Employment, Value Added and Tax."

<sup>3</sup> Actual figures in GBP: £2 301.1 million in 2004/05, and £3 348.6 million in 2005/06.

## Value Added Performance for European Beverage Companies 2007<sup>4</sup>

Rank 05/06 (04/05)	Company Name	Value Added (£M)	Change over 1 year (%) <sup>5</sup>
1 (1)	Diageo, U.K.	3494.0	10
<b>2 (4)</b>	<b>InBev, Belgium</b>	3348.6	48
3 (2)	Heineken, The Netherlands	2811.6	5
4 (3)	SABMiller, U.K.	2646.1	20
5 (5)	Carlsberg, Denmark	1172.9	9
6 (9) <sup>5</sup>	Pernod Ricard, France	1113.7	21
7 (8)	Coca-Cola HBC, Greece	1076.6	11
8 (7)	Scottish & Newcastle, U.K.	1059.0	6

## The brewing sector's value added

The total value added contribution of the brewing sector in Europe and the U.S. has been calculated in recent studies:

- In Europe, a Brewers of Europe study published in 2006, calculated the total value added contribution to the European economy to be 57.5 billion euro<sup>6</sup>.
- In the U.S., a report commissioned by the Beer Institute and the National Beer Wholesalers Association (NBWA) in 2007 found that the U.S. beer industry contributes nearly 190 billion dollars each year to the U.S. economy.<sup>7</sup>

### Further information

For further information on wider economic impacts, including our Corporate Citizenship efforts in emerging economies, please see page 36 of this report.

## 'InBev ranks second

on the value-added scoreboard, demonstrating the highest year-on-year increase in the European beverage sector.'

<sup>4</sup> Source: U.K. Government Department of Trade and Industry the Value Added Scoreboard. Commentary & Analysis 2007, The top 800 U.K. & 750 European companies by Value Added.

<sup>5</sup> Now includes Allied Domecq who placed 6<sup>th</sup> in 04-05 ranking.  
Technical note – The 2007 Scoreboard is the first to be published using IFRS accounts, the % changes shown are like-for-like using equivalent data from 04-05.  
The report uses 2005 accounts.

<sup>6</sup> See footnote 2.

<sup>7</sup> www.beerservesamerica.org.

*At InBev UK we are exceptionally proud of our contribution to the broader British economy: directly employing over 2 700 people, providing a value added of £132 million in 2006 and contributing £774 million in taxes. It's a good story for employees, communities and governments alike.*

Richard Evans, President UK & Ireland

# InBev Key Performance Indicators

InBev is committed to continuous improvement in our performance. The following table presents a series of key performance indicators (KPIs) for Corporate Citizenship. These indicators relate to information provided in this report. We will develop further KPIs in the future to give a more complete picture of our Corporate Citizenship performance.

KPI	2006	2005	2004 <sup>1</sup>	Notes
<b>Economic (page 34)</b>				
Volume <sup>2</sup> (million hectoliters)	247	224	162	(1 hectoliter = 100 liters).
Revenue (million euro)	13 308	11 656	8 568	Revenue (Gross revenue less excise taxes and discounts).
Normalized EBITDA (million euro)	4 239	3 339	2 116	Profit from operations adjusted for non-recurring items, plus depreciation and amortization.
<b>Environment (pages 12-19)</b>				
Material recycling and byproducts use (% recycling and reuse)	96.9% <sup>3</sup>	95.1 %	Not reported	
Energy use (Gigajoules per hectoliter production (Cj/hl))	0.15	0.18	0.19	Gigajoules of energy used per hectoliter of beer and soft drinks produced.
Water use (Hectoliters of water use per hectoliter production (hl/hl))	5.05	5.25	5.49	Hectoliters of water used per hectoliter of beer and soft drinks produced.  2005 data point revised from 5.20 as previously reported.
Greenhouse gas emissions (Kilograms of carbon dioxide emissions per hectoliter production (Kg CO <sub>2</sub> /hl))	13.88	15.04	13.84	Kilograms of carbon dioxide emissions per hectoliter of beer and soft drinks production.  2005 data point revised from 14.47.
Wastewater (Hectoliters of wastewater per hectoliter production (hl/hl))	3.50	3.74	3.83	Hectoliters of wastewater discharged per hectoliter of beer and soft drinks produced.
<b>People (pages 26-30)</b>				
Fatalities	5	2	6	2006: Two workforce fatalities, three contractor fatalities. 2005: One workforce fatality, one contractor fatality. 2004: Two workforce fatalities, four contractor fatalities.
Number of employees	85 617	77 366	77 000	
Employee satisfaction	72%	68%	Not reported	Responding very satisfied or satisfied to the question "How satisfied or dissatisfied are you with InBev as a place to work?"

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

2 Volume data for 2004 and 2005 has been restated to align with InBev's Annual Report 2006.

3 Rounded elsewhere in the report to 97%.



# A welcome from our Chief Executive Officer

I am proud to introduce InBev's third Global Citizenship Report which shows how we are delivering on our commitment to value creation for all our stakeholders.

This year we've looked strategically at our stakeholders' concerns, identifying the issues they care about, and focusing on topics that really matter to our business. We will continue to build on this approach in future years.

This year's report shows some progressive improvements in our corporate citizenship performance:

Our Voyager Plant Optimization scheme is delivering environmental benefits across the board including:

- 97% of InBev's waste and brewing by-products are recycled, compared with 95% in 2005.
- Water use per hectoliter is down 3.8% since 2005, and down 8.9% over the last three years.
- Energy consumption per hectoliter is down by 16.7% since 2005, and down 21.9% over the last three years.

As a company in the alcohol beverage industry we are committed to promoting responsible consumption, and playing our part in addressing the effects of negative drinking behavior. We vigorously apply our Code of Commercial Communications, and work on shaping industry-wide self-regulatory codes in the markets in which we operate. We also continue to take initiatives at a country and community level, such as a new award winning anti-drink driving campaign in Russia, and the distribution of more than 20 000 breathalyzers to support police enforcement of anti-drink driving laws in Brazil.

Overall, we've generated a value add of approximately 5 billion euro improving our ranking on the UK Government's Value Added Performance of European Beverage Companies. This year we are now number two in the ranking compared with number five last year, demonstrating the highest increase in the European Beverage Category.

I encourage all our stakeholders to read the report, together with the supporting material online at [www.InBev.com](http://www.InBev.com).



**Carlos Brito**  
Chief Executive Officer

# Vision and Strategy

This year we've looked strategically at our stakeholders concerns, identifying priority issues from their perspective, as well as evaluating the materiality of these issues to our business. Full details can be found in the stakeholder mapping section (p.10).

## Value creation for all our stakeholders

InBev's Corporate Citizenship strategy focuses on creating value for all our stakeholders.

A key challenge for any company is to be accountable for its impacts while improving overall performance. This forms an integral part of our commitment to integrity which is reflected in our dream, people, culture approach.

### Dream

InBev's dream is to become the best, most profitable beer company in the world. This is a big and challenging dream which energizes our people right across the globe.

Our dream can only be achieved if we deliver value to our consumers, shareholders, people and communities alike. We work hard to build the strength and reputation of our company and brands, and we know that doing business with integrity is vital to our long-term good name.

We are driven by results, and profits are a key way in which we measure our success. It is only by being in business and continuing to grow, that we can deliver wider economic benefits, and fulfill our social and environmental aspirations.

### People

We can only achieve our dream if we have the best people – our only sustainable competitive advantage. We believe that great people attract more of the same, and that great companies are formed by great people. The People and Community section of this report (page 26) sets out the ways we seek to attract and retain the best people.

### Culture

Our people are united behind the same culture and values wherever we do business in the world. Ethical behavior is integral to our culture because we know that adopting the highest standards of integrity in our business conduct will always pay off. We don't take shortcuts, even if it means losing a sale; and the safety of our people, the quality of our products, and the unique experiences we offer consumers are not open to compromise.



## Corporate Citizenship Strategy

In 2007, our Corporate Citizenship strategy focuses on:

- Stepping up actions to promote responsible consumption.
- Driving environmental efficiencies via our Voyager Plant Optimization management approach.
- Attracting and retaining the best people, increasing employee engagement, and further developing our employer brand.
- Continuing to drive up health and safety performance across our global operations.
- We are also concentrating stakeholder engagement efforts in four key markets: China, Russia, U.K. and Belgium.

In line with our culture, it is up to each and every one of us to incorporate Corporate Citizenship into our day to day business practice and decision-making, whatever our role within the company.

Detailed below are the additional tools and structures which safeguard and support Corporate Citizenship.

## Corporate Governance Structures

Corporate Governance rules established by the InBev Board of Directors, are vital in supporting our business ambitions. They ensure that the company is responsibly managed and properly controlled, without limiting vision, speed or flexibility in our operations.

As a company incorporated under Belgian law and listed on the Euronext exchange in Brussels, InBev adheres to the principles and provisions of the Belgian Corporate Governance Code, taking into account its specific status as a multinational group.

InBev's Corporate Governance Statement published online provides a comprehensive and transparent disclosure of the company's governance. A full report on Corporate Governance activities in 2006 can also be found in InBev's online annual report [www.InBev.com/annualreport2006](http://www.InBev.com/annualreport2006).





## Code of Business Conduct

As part of InBev's Corporate Governance framework, we have issued a Global Code of Business Conduct which establishes parameters and safeguards to ensure high standards of integrity are upheld. A new global whistleblowing procedure has been introduced this year to ensure that potential violations of the Code can be effectively and independently reported without fear of recriminations.

The Code covers compliance with laws, competition and anti-trust laws; dealing with potential conflicts of interest; use of company assets; prevention of human rights violations; and together with specific guidelines on gifts and political contributions, includes safeguards against bribery and corruption. More information can be found in the People and Community section of this report (page 32).

## Code of Commercial Communications

As a company in the alcohol beverage sector, we are committed to promoting responsible consumption. InBev's Code of Commercial Communications is the tool which ensures that we don't direct communication towards those under the legal drinking age; and that we do not encourage hazardous activities such as drinking and driving. The code is mandatory for the entire company covering all countries in which we operate, and is backed up by training and other compliance measures. More information can be found in the Responsible Marketing section of this report (page 22).

## Corporate Citizenship management structures

In 2007, we adopted the following structures to proactively promote Corporate Citizenship throughout the business:

### At senior level:

- Corporate Citizenship forms a part of the Corporate Affairs Strategy, which was approved by the Board this year.
- The Board and Audit Committee receive quarterly progress reports on matters related to the Code of Business Conduct and the whistleblowing procedure.
- Members of the Executive Board of Management briefed major shareholders on Citizenship actions as well as financial activities at key dates in the financial calendar.
- Corporate Citizenship issues have been incorporated into the CEO's quarterly briefing sessions for global headquarters' staff, with an open invitation for employees to ask questions.

### Day-to-day management:

- A multi-disciplinary Corporate Citizenship team has been established led by the Global Head of Corporate Affairs, including Vice-President level input from People, Legal, Procurement, Investor Relations and External Communications as well as input from those directly working on Environment, Health and Safety.
- New lines of reporting have been established between the Global Head of Corporate Affairs, and teams working on Corporate Citizenship in the Zones.
- Monthly conference calls take place to update and share experiences and good practice between Global Headquarters and country colleagues working on Corporate Citizenship.
- Target setting has been shared across departments and geographies, supporting Corporate Citizenship goals.
- An annual global conference took place bringing together teams working on Corporate Citizenship across InBev Zones, to share best practices in implementing Corporate Citizenship strategies.

# Stakeholder Relations

With operations in more than 30 countries, we have a diverse range of stakeholders around the world.

## Stakeholder mapping

In 2007, we embarked on a strategic examination of our main stakeholders, specifically to inform the materiality of this year's Global Citizenship Report. We listed our key stakeholders by group, identifying the main groups as:

- Consumers
- Customers
- Employees
- Investors
- Media
- Regulators
- Suppliers

We then conducted research in order to ascertain which issues are most relevant to our stakeholder groups, and more specifically, what we would consider to be the top three priority issues in their engagement with InBev. As part of the process, we:

- Undertook in-depth media analysis over the last 12 months.
- Conducted an internal strategy meeting led by the Head of Corporate Affairs, with the input of external sustainability consultants.
- Canvassed the views of 'experts' within the company – working in areas linked to Corporate Citizenship such as the Environment, Investor Relations and People.
- Conducted best practice sessions on stakeholder engagement at a global conference bringing together Corporate Citizenship teams from around the world.

Prioritization is an important part of our culture, so we always aim to focus our energy on achieving the best results for the business. In this context, our evaluations led us to identify Employees, Regulators and the Media as primary audiences for our 2007 Corporate Citizenship report – with environmental performance; promotion of responsible consumption; people and community; and wider economic impacts identified as the key issues.

## External Stakeholder communication

In our efforts to engage with our stakeholders, InBev has a range of global external communication tools and strategies. These include:

- Regular press releases for the media and tailored engagement events. This year's program included press events linked to our financial calendar; the opening of our new Global Innovation and Technology Center; the 10<sup>th</sup> Anniversary of the Stella Artois World Draught Master Competition; country-specific media tours of our breweries.
- For Investors we conduct quarterly conference calls to coincide with financial results announcements, and provide a dedicated Investors section of [www.InBev.com](http://www.InBev.com).

- We engage with Governments and Policymakers on both national and international levels, including the EU and WHO, directly and via trade associations. This year, we are contributing to the EU Forum on Alcohol and Health.
- In our engagement with suppliers, this year saw our first global suppliers' convention, which challenged suppliers to understand our dream and partner with us to help us achieve our goals.
- Our program of consumer-insight research helps us continually understand consumer needs, values and concerns, and helps us in developing new products.
- We have a broad range of external communication tools to support stakeholder engagement including: position papers on issues such as the Environment, Responsible Consumption, Corporate Citizenship, Innovation, Genetically Modified Organisms, Corporate Strategy, People and Culture, as well as on each of our Global Brands. We also have our Annual Report; a Company Presentation; a Corporate Brochure, and our global [www.InBev.com](http://www.InBev.com) website.

## Global Reporting Initiative

InBev engages specialist sustainability consultants to work with us to produce the Global Citizenship Report. This is the first year in which we have endeavored to meet the new Global Reporting Initiative G3 guidelines, and our aim has been to achieve application level B to provide a solid basis from which to build our reporting in future years.

The 2007 report has not been assured externally. However we strongly recognize the value of external assurance, and the role it may play in the future in supporting us to progress on our Citizenship journey. We are actively exploring options for external assurance for the 2008 Citizenship Report.

## UN Global Compact

InBev is a member of the UN Global Compact, which provides an overarching set of principles which stimulate our progress on Corporate Citizenship. We have progressed most tangibly this year in relation to principles on the environment and anti-corruption.

Our progress against the ten UNGC Principles is summarized in the table opposite. As required by the UNGC's rules on communications on progress (COP), we endeavor to describe through this report, our practical actions and partnerships to implement the Global Compact principles. See also the GRI Index online at [www.InBev.com/citizenship](http://www.InBev.com/citizenship).



THE GLOBAL  
COMPACT

## UN Global Compact Communication on progress

UNGC Principles	Key actions on progress
1 Businesses should support and respect the protection of internationally proclaimed human rights.	Our Global Code of Business Conduct prohibits human rights violations. Via the Audit cycle, Legal and Corporate Audit monitor compliance with the Code across our operations. Find out more on page 33.
2 Make sure that they are not complicit in human rights abuses.	In 2006, eight key countries and our global headquarters were questioned in terms of compliance with the Global Code of Business Conduct. Through the processes described above (principle 1), all operations will be reviewed by the end of 2009. New in 2007 is our independent whistleblowing procedure which provides a mechanism by which employees can report any concerns they might have in relation to the application of the Code of Business Conduct. Find out more on pages 32 and 33.
3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	Collective bargaining agreements are in place across all six of InBev's Zones. The extent of employee involvement in decision-making (such as via works councils) varies across the organization. Find out more in our People and Community section online.
4 Business should support the elimination of all forms of forced and compulsory labor.	Our Global Code of Business Conduct and our procurement policy for the sourcing of point of connection materials from developing markets prohibit these forms of labor in our operations. Find out more on page 33.
5 Business should support the effective abolition of child labor.	
6 Business should support the elimination of discrimination in respect of employment and occupation.	Our Legal and Corporate Audit departments monitor legal compliance and conformity with principles of non-discrimination. In 2006, we questioned eight key countries and our global headquarters and there were no reported cases of discrimination on the grounds of race, gender, age, sexual orientation or disability. Find out more on page 33.
7 Businesses should support a precautionary approach to environmental challenges.	InBev actively manages environmental issues through our Voyager Plant Optimization management system together with our Environmental Policy and Operational Standards. By the end of 2006, Voyager Plant Optimization has been implemented in 69 of our breweries. Find out more on page 12. Our precautionary approach to product quality and safety can be found in the online Product information.
8 Undertake initiatives to promote greater environmental responsibility.	The Voyager Plant Optimization management system promotes energy efficiency throughout our operations. Please refer to our Beck's target-setting case study on page 12 which demonstrates how this works in practice. We also sponsor environmental initiatives within the communities in which we operate. Further examples can be found on page 12, and in the emerging economies section on page 37.
9 Encourage the development and diffusion of environmentally friendly technologies.	Environmentally sound techniques in our products and processes improve environmental, social, as well as financial performance. For example, in Latin America we implement water saving techniques (see page 15), and in China we are installing new technologies to reduce energy use (see page 36).
10 Work against all forms of corruption, including extortion and bribery.	InBev's Code of Business Conduct, and guide to gifts and political contributions strictly prohibits the facilitation of payments, and all political contributions must be approved by the Board. Donations are only acceptable if they reflect InBev's Corporate Citizenship commitment, InBev's values, our Code of Business Conduct and the UN Global Compact principles. New in 2007, is our independent whistleblowing procedure which provides a mechanism by which employees can report any concerns they might have in relation to the application of the Code of Business Conduct. See page 32 and our online supporting information.



# InBev and the Environment

## The way we brew our beer is important to us

Our beers are based on selected natural ingredients, we use pure water and energy in the brewing process, and we package and distribute our products for the enjoyment of consumers around the world. The diagram below sets out our environmental inputs, processes and impacts.



We work hard to minimize our impacts and give something back. This makes good economic sense, enabling us to generate efficiencies and manage costs - an important part of our culture - whilst at the same time preserving natural resources. We have defined water, energy and climate change, and byproducts and waste, as our key environmental issues.

## Objectives and target setting

Environment, health and safety performance is measured using group-wide key performance indicators (KPIs) and brewery-level targets, which are shared by Environment & Safety Managers (ES) and the plants themselves across all Zones. Our environmental performance targets are tailor-made so that they focus on specific performance improvements at each plant.

KPIs and targets are fully integrated into InBev's Voyager Plant Optimization (VPO) global management system which is designed to bring greater efficiency to our brewery operations and generate cost-savings, whilst at the same time driving up quality and safety. VPO requires ES managers to conduct self-assessments and participate in audits every three years to ensure consistency and high standards. If plants are not considered to be on target, Improvement Task Forces are assembled to help provide solutions. Plants can choose to adopt external certification, such as ISO14001 in addition to VPO, although VPO is tailor-made for the plant and combines the advantages of ISO systems with the practical experience of our professional managers on site.

### Target setting: Beck's brewery in Germany

In 2006, the Bremen brewery set targets for water consumption and total heat and electricity use. The brewery hit its target for total energy use, using a total of 120.93 megajoules per hectoliter of beer brewed against a target of 123.09 megajoules per hectoliter. The brewery did not completely succeed in reaching its stretched target on water efficiency, achieving 3.89 hectoliters of water use per hectoliter of beer produced against the target of 3.86. An Improvement Task Force was established to get the KPI back on track again.



## Scope of our Environment and safety performance data

With a number of brewery transactions each year, we are not able to report environment and safety data for all production plants coming under our management. However we clearly define the scope of the data set, and for 2006 we are reporting data from 92 plants. Of the plants that do report, we aim to be fully transparent and we indicate the percentage of them that have contributed to each indicator. Data comes from breweries and some non-beverage plants. Whenever we acquire a new brewery we expect to align their environmental management and data systems with the InBev global reporting system within two years. We typically report our environmental performance against beer and soft drink output combined. This is because several of our plants produce both beverages. Soft drinks are only reported separately in the case of dedicated soft drink plants.

## Environmental Management at Huachipa, Peru

Our achievements were recognized in 2006 when AmBev's Huachipa plant won the Cleanest Production and Eco-efficiency Prize from the National Environment Council of Peru after a rigorous audit of its environmental management systems. The highlight is the plant's wastewater treatment facility which produces less than 7.5ppm of Chemical Oxygen Demand and uses 'grey water' for site cleaning and site irrigation.



Wastewater treatment plant at AmBev's Huachipa plant near Lima, Peru.

### Highlights

- In 2006, 97% of our total waste and byproducts are reused or recycled.
- Water use per hectoliter has fallen by 3.8% since 2005, and is down 8.9% over the last three years.
- Since 2005, we have reduced the amount of energy required to produce a hectoliter of product by 16.7%, with reductions of 21.9% over the last three years.

## Find out more online

Read more about our wider environmental impacts; our Voyager Plant Optimization Management System; Environmental Operating Standards, policies, data and reporting.



## Environmental Awards

Category	Award	Awarding body
Environmental Management	2006 Cleanest Production and Eco-efficiency Prize awarded to Huachipa Plant in Peru.	National Environment Council of Peru.
Corporate Citizenship and Environmental Management	AmBev was chosen as one of ten model companies for Corporate Citizenship (specifically responsible consumption and eco-efficiency) and was awarded an Environment Highlight Award for our Environmental Management Systems in Latin America North.	Exame Magazine's Guide to Good Corporate Citizenship.

# Water Use

## Why water use is important

Water is fundamental to our business. We are dependent upon reliable supplies of the highest quality drinking water to produce our beers and soft drinks, and we also use water in the brewing process, for example for cleaning, cooling and steam production.

Water use is also of importance to our stakeholders, especially in parts of the world in which we operate where availability is limited. We have a dual responsibility – to our stakeholders and our business – to manage water use efficiently.

Looking to the future, climate change may also have an impact on water availability, which could in turn negatively impact on our business. That is also why we are taking measures today to become more efficient in our use of this valuable natural resource.

We always need more water than the total volume of products that we produce. Our use of water is influenced by:

- The source of our water
- Efficiency of our production processes
- Packaging mix, bottle washing etc
- Type of products produced

## Our water management practices

Our Environmental Policy and Operational Standards guide our water management practices and are supported by plant level targets and global KPIs. Our Global and Zone level Environment & Safety Managers share responsibility for these targets with the plants, and promote the sharing of best practices inside and outside the company. By the end of 2007, all our plants will have implemented a revised set of Operational Standards - InBev's baseline standards for environmental performance and management processes that all production plants must comply with regardless of location or regulatory structures.

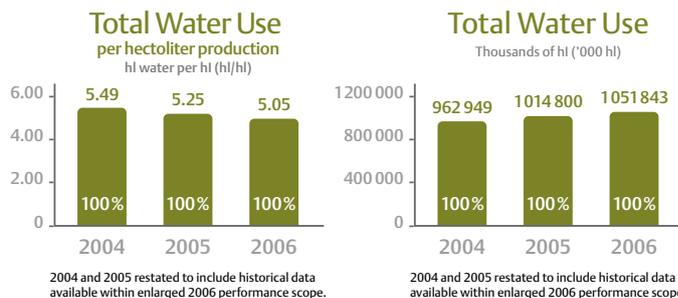
In Latin America North, AmBev uses its own 'Water Commandments' in addition to InBev's Operational Standards. They outline procedures for water use reduction and recycling through training, technologies and process efficiency.

Water use per hectoliter of production has fallen by **3.8%** since 2005.

## Our global water performance

### How much do we use?

The chart below shows that in 2006 we used 3.65% more water than in 2005. However, the water we use is being used more efficiently, as water use per hectoliter of production has fallen by 3.8% over the same period.

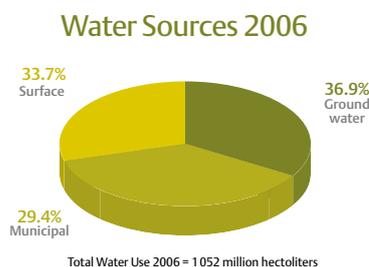


### How efficient are we?

The table below gives an overview of water use per hectoliter of production for our three main types of production plants. We have improved our performance year-on-year as shown in the table.

Water use ratios per activity	2004	2005	2006
Breweries and beer & soft drink plants (hl/hl)	5.76	5.52	5.29
Pure soft drink plants (hl/hl)	2.01	1.84	1.83
Malting plants (m <sup>3</sup> /ton)	7.46	7.08	6.80

### Where does our water come from?



## Reducing water consumption in Ningbo, China

Reducing water consumption is one of the highest priorities at our Ningbo brewery. Some examples of the water reduction program include:

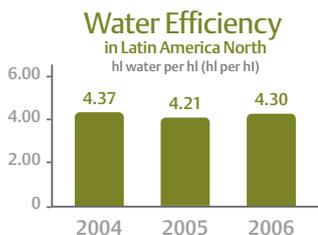
- Reusing some of the condensate water of the boiler.
- Recycling water from the two bottle washers.
- Reusing filtration wastewater for cleaning purposes.
- Replacement of leaking water supply pipes underground.

In 2006 we saved 159 000 hectoliters of water which is equivalent to a 0.7 hectoliter reduction in water use per hectoliter of beer. For the next two years, we are planning improvements to the condensate reclaim system and planning to reuse wastewater for cleaning the coal storage area which will save a further 0.3 hectoliters of water per hectoliter of beer production.

## Water efficiency in Latin America North

AmBev's water savings from the last three years are enough to supply a city of 920 000 inhabitants with water for a month.

- By comparing the amount of water our Latin American North plants use against the volume of product produced is an effective way of establishing how eco-efficient we are.
- In 2006, we used an average of 4.3 hectoliters of water per hectoliter of beer, which was 2% higher than in 2005, but nearly 20% lower than in 2002.
- The best performances came from our plants in Curitiba, Brasília, Camaçari and Agudos, which used 3.49, 3.63, 3.69 and 3.70 hectoliters of water respectively, for the production of one hectoliter of beer.



## Water supply protection in Belgium

We use about 600 000 hectoliters of water each day at our Jupille plant in Belgium. Located in a Groundwater Protection Zone, Jupille's industrial community is obliged to preserve the quality of the groundwater aquifer. The brewery continues to maximize water efficiency, and improve wastewater quality at the same time as protecting groundwater purity, which maintains the quality of water supply for our production. Compliance with the conditions of the Groundwater Protection Zone includes:

- Specialist storage of cleaning chemicals.
- Specialist waste management.
- New site drainage.
- Specialist control of underground storage of hydrocarbons (for example: oil, diesel, gasoline).
- Strict controls on pesticide use in the vicinity.

The Zone requires the modification of existing underground storage installations and this is being carried out via a partnership with the local Government. By the end of 2006, 190 underground hydrocarbon tank installations have been modified, up from 137 in 2005. The project is due for completion in 2008.

AmBev's water savings from the last three years are enough to supply a city of

**920 000**  
inhabitants with water for a month.

*“Water is a valuable resource and everyone's business.”*

*As a brewer, I work with our team to reduce water consumption and improve water efficiency. I'm thrilled to use my skills in a job where my ideas contribute to benefits far beyond the brewery, and where InBev, in turn, recognizes my efforts.”*

**Heiko Behrends,**  
Brewer, Germany



# Energy Use and Climate Change

## Why energy use and climate change are important

InBev is a significant energy user, and in 2006 we consumed nearly 28 million gigajoules. Our primary source of energy is networked electricity, with networked steam and heat used in smaller amounts. We also produce electricity, heat and steam in our own boilers. The main boiler fuel we use is natural gas but we also use oil and coal.

International scientific and business communities widely recognize that carbon dioxide, which is a product of burning fossil fuels, alters the way the earth's atmosphere traps heat from the sun, leading to a negative effect on the climate.

Climate change is predicted to have serious and far-reaching consequences. For our business it may directly impact on crop outputs and costs, and the quality of our essential raw materials. It may also lead to limits on the supply of water, rising energy prices, unpredictable weather affecting our breweries and supply chain, and of course changes in demand on the part of consumers. In the face of these challenges, we recognize that we can be part of the solution by becoming more energy efficient and smarter in our management and sourcing of energy.

As with other environmental challenges, there is a potential double benefit. By becoming more energy efficient, we become more effective in managing costs, as well as supporting broader societal goals, and addressing our own business risks.

## Our energy and carbon management practices

It should be noted that whilst we do not use as much energy as companies in other more heavily industrialized sectors, our overarching goal is to become continually more efficient in energy use per hectoliter of production. Our Environmental Policy and Operational Standards govern our energy management practices, and as with other environmental indicators, targets are shared at plant, Zone and global levels.

With regard to greenhouse gases, we supported the ambitions of the 1997 Kyoto protocol on climate change. A new round of inter-governmental negotiations is now expected to be opened. To ensure that we manage this issue within our own sphere of influence, InBev has established a 'Kyoto network' of InBev managers to share best practices in our own reduction of carbon dioxide emissions.

Where Emissions Trading Schemes are in operation we are participants. For example, we are involved in the British Beer & Pub Association (BBPA) Climate Change Agreement which allows an 80% exemption to the U.K. Climate Change Levy if its members enact energy efficiency measures. InBev's Magor, Samlesbury and Wellpark Breweries have signed up to the Agreement's targets.

Our goal is to become  
continually  
**more efficient**  
in energy use per hectoliter of production.



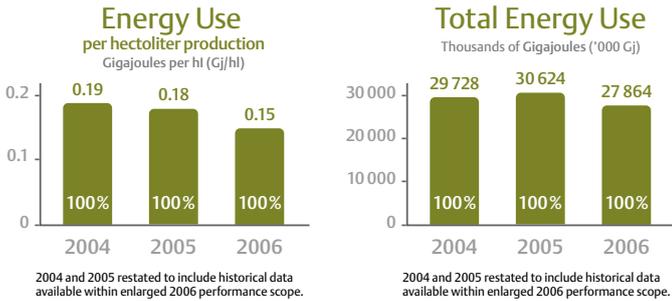
*“We can all save energy – reducing equipment idle time or using more efficient technologies.”*

*To support a sustainable business and meet the demands of VPO, I spread the word to colleagues that every little bit counts. Every problem can be solved if you try to look at it from a different angle. At InBev – any fresh and effective idea can be brought to life.”*

Sergey Tolstyakov,  
Technical Service Electrician, Russia

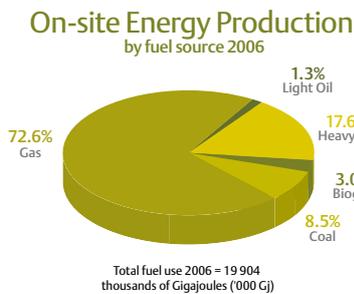
## Our global energy performance

Since 2005 we have reduced the amount of energy required to produce a hectoliter of product by 16.7%.



## Breakdown of sources of energy

We generate a small but growing proportion of our power from renewable energy sources such as biogas and biofuel. However our use of coal has risen this year as a result of more Chinese plants joining our operations. We expect more Chinese energy data to become available as their management systems become aligned to our standardized plant management system, VPO.



## Renewable energy use in Brazil and Argentina

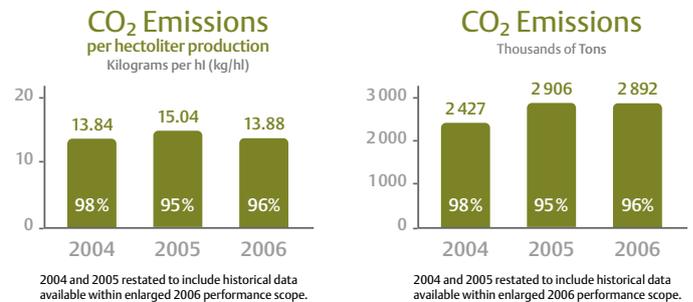
We have been using biomass such as eucalyptus, wood chips, and coconut husks, to fuel boilers to generate heat at our Agudos, Juatuba, Lages, Teresina, Viamão and Cuiabá plants in Brazil. These renewable fuel sources saved 38 700 tons of CO<sub>2</sub> emissions in 2006. At our Corrientes plant in Argentina<sup>1</sup>, 24 221 tons of CO<sub>2</sub> have been cut since 2004 by substituting over 7 700 tons of heavy oil with eucalyptus sawdust as boiler fuel. We have also substituted two million cubic meters of natural gas at our Jacareí, Jaguariúna, Jundiá, Guarulhos and Juatuba plants in Brazil by using on-site biogas-to-energy systems.

<sup>1</sup> Operations in Argentina are currently outside our global ES data management system.

## CO<sub>2</sub> emissions per hectoliter

We calculate greenhouse gas emissions from our production plants using the widely accepted WBCSD/WRI Global Greenhouse Gas Protocol. We measure CO<sub>2</sub> from fuel use in our boilers and purchased electricity. We do not currently include CO<sub>2</sub> emissions from transport, and CO<sub>2</sub> used in the brewing process in these calculations.

In 2006, InBev emitted the equivalent of 2.89 million tons of CO<sub>2</sub>, which is 19.2% more than in 2004, but 0.5% less than in 2005. Per hectoliter of product, CO<sub>2</sub> emissions have fallen by 7.7% since 2005 as shown on the chart.



Since 2005  
we have reduced the amount of energy  
required to produce a hectoliter of  
product by **16.7%**



# Byproducts and Waste

## Why byproducts and waste are important

We have an obligation to take responsibility for the waste we generate as a result of brewing our beers, and for the impacts of our packaging. Waste management costs are increasing around the world, and landfill space is becoming increasingly scarce. Our customers are also interested in how we address the total life-cycle of our products. Major retail partners continue to ensure that as a supplier we meet their exacting environmental management requirements.

In terms of waste, our strategy is to divert byproducts with a residual value from our waste streams for recycling or reuse, and to recycle other waste such as on-site packaging waste. We are especially proud of our record in byproduct management.

The way we package our beer is integral to guaranteeing its high quality, as well as extending its appeal to consumers. We acknowledge our responsibilities with respect to post-consumer packaging waste and, where applicable, we join producer responsibility schemes. In terms of regulations, at least 28 countries currently have laws designed to encourage packaging reduction, better recycling rates and take-back by manufacturers.

## Our waste management processes

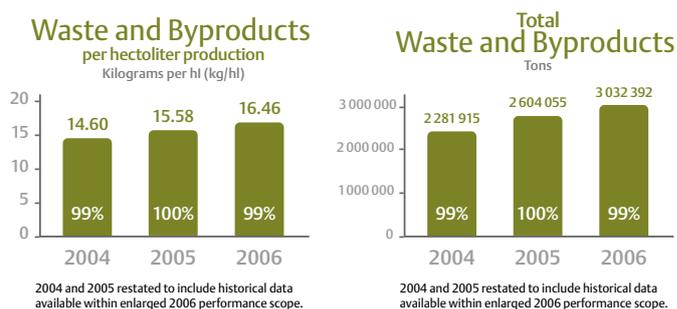
Waste and byproduct management, which are part of our VPO management system, are governed by our Environmental Policy and Operating Standards, and driven by the secondary market value of byproducts, primarily for animal feed. We continue to improve at-source sorting and quality control to ensure that our byproducts satisfy safety regulations for animal feed.

### Secondary uses of our waste and byproducts:

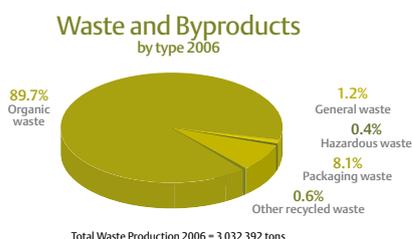
Waste/Byproducts	Destination
Malt husks and spent grain	Animal feed component
Wet and dry yeast	Animal feed component or food flavoring for human consumption
Labels and paper waste	Cardboard and paper manufacturing
Glass waste	Glass manufacturing
Metal waste	Metal recycling
Wastewater sludge	Soil improvement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

## Our waste and byproduct performance

As we grow as a company, the total amount of waste and byproducts we generate is increasing. However, we are now achieving a global reuse/recycling rate of 97%. In some areas of the business it is even higher. In Latin America for example, 98.1% of the company's total waste and byproducts were recycled during 2006, and the top 12 plants reused/recycled 99% of their waste.



Our total waste and byproducts grew to 3 032 392 tons in 2006 representing an increase of 16.45% since 2005. This equates to a 5.65% increase per hectoliter of production. Of the total amount of byproducts and waste, 89.7% are organic residues from ingredients in our products. The precise breakdown of the destination of our waste is 96.9% reused/recycled, with a remaining 2.8% going to landfill and 0.3% to incineration.



## Halving waste to landfill – Wellpark, U.K.

In our Wellpark brewery in Glasgow U.K., we achieved a 50% reduction in waste sent to landfill in 2006. This was facilitated by a move to a single waste management supplier which also streamlined waste monitoring. Changes introduced included:

- Regular inspections to identify improvement opportunities.
- Increased waste segregation with separate bins for cardboard, timber and other materials.
- Introduction of a compactor for general waste and a baler for cardboard.

These efforts were underpinned by communications to increase employees and contractors awareness of effective waste management. For example, the waste management policy is now included in staff induction.

## “Improving waste diversion has been a major public policy priority in Ontario as public opposition to landfill expansion and incineration have grown.

As part of a broader government-led waste diversion agenda, I worked with industry partners and the Ontario government to implement an expanded deposit return system for alcohol beverage containers. Under this new system, wine and spirit containers have now become part of the deposit return system that has operated for beer containers for 80 years. This will greatly reduce the number of liquor and spirit containers being sent to landfill thereby contributing to the Province’s overall waste diversion agenda.”

Charlie Angelakos,  
Director of Corporate Affairs, Canada

### Breakdown of Waste and Byproducts is shown below:

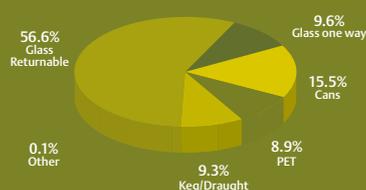
Waste Type (Tons)	2004	2005	2006
Byproducts and organic waste	2 039 072	2 286 365	2 720 683
Packaging waste <sup>1</sup>	196 076	229 115	246 200
Other recycled waste <sup>2</sup>	13 867	57 129	16 714
General waste <sup>3</sup>	31 510	30 755	35 788
Hazardous waste	1 391	690	13 007
Total waste	2 281 915	2 604 055	3 032 392

## Packaging

Packaging ensures the quality and safety of our products, is part of the attraction of our products for consumers, and is essential to protecting our products when in transit. We use many types of product packaging including bulk packaging such as beer kegs, crates and pallets which are almost always returnable and reusable. Other packaging includes glass bottles, cans and PET (Polyethylene Terephthalate). Packaging has to account for regulatory requirements, environmental impacts, available recycling facilities, available technologies, various market needs, labelling requirements and customer/consumer expectations.

The breakdown of our packaging for domestic beer production (excluding exported beer) is shown below. 2006 data shows that returnable packaging (kegs and returnable glass) accounts for almost 66% of our packaging output.

### Global packaging breakdown for beer 2006



- 1 Packaging waste collected in production plants.
- 2 Other recycled waste is non-ferrous and ferrous scrap, tires, wood and construction waste.
- 3 General waste is all waste that is not recycled.

## Recycling PET packaging in Ukraine

In 2006, SUN Interbrew Ukraine together with municipal waste companies and the local government launched the ‘Together for the Clean City’ project in Kharkiv, Ukraine. 8 500 local residents used 24 recycling containers to collect drinks bottles made of PET. The Kharkiv brewery is one of the biggest beer producers in Ukraine and about 40% of production is packaged in PET bottles. A representative from the Ministry of Environmental Protection of Ukraine welcomed the project as an example of business ensuring a favorable environment for people living there.

## Bergenbier recycling in Romania

Bergenbier, Romania’s number one beer has been spearheading the ‘Protect Blaj Nature’ recycling project in its home town of Blaj. With the support of the Blaj City Council and a local waste transport company, the project aims to encourage recycling using 15 containers for plastic, paper and glass. In addition to providing recycling facilities, the program provides an educational campaign that outlines the advantages of waste separation and recycling. In 2006, the project made a start by collecting 25 tons of waste. Research shows that 70 percent of residents actively participated in the program. The campaign was awarded a ‘Festival of People for People’ award, at an event organized with the support of the Romanian President.

We are now achieving a global reuse/recycling rate of

# 97%



# Responsible Consumption

Our primary responsibility to our consumers is to ensure that our products are safe and of the highest quality. However the main focus of this section is on our additional responsibility relating to how consumers use our products.

We have a two-fold approach to ensuring our wider product responsibility. First, we ensure that our own marketing activities support our position on responsible drinking and do not encourage alcohol misuse. Second, we help address or prevent alcohol-related problems through targeted campaigns.

Further information on product quality and safety, as well as further case studies, can be found online at [www.InBev.com/citizenship](http://www.InBev.com/citizenship).

## What are the issues?

Beer is regularly enjoyed by people the world over, and has been an integral part of society for centuries in many cultures. When enjoyed responsibly it is compatible with a healthy and balanced lifestyle.

While the majority of our consumers enjoy our beers in a responsible way, we acknowledge that alcohol can be misused, leading to serious impacts for individuals and communities. Problems include driving when drunk, underage drinking or simply drinking too much. Personal choice and behavior play a large part in this, presenting us with an opportunity to educate and influence consumers on how to make responsible choices and enjoy our products in moderation.

## Health implications

The link between alcohol and health is complex. InBev welcomes research and debate around what are healthy and unhealthy levels of consumption. Alcohol abuse can lead to serious health consequences, particularly long-term excessive use. However, short bursts of excessive use, known as 'binge drinking', even when combined with periods of abstinence, can also have serious negative health effects.

A list of external websites providing more information on the health aspects of alcohol can be accessed via our website.

## What is consumption in moderation?

Defining moderate consumption is not easy because the effect of alcohol differs from person to person due to physical differences (such as weight, height and sex), how quickly people drink, whether they drink with food, and how much alcohol has been consumed.

Widely accepted medical guidance is that 1-2 drinks (containing 10 grams of alcohol) per day for women and 2-3 drinks (containing 10 grams of alcohol) per day for men is moderate consumption. This refers strictly to daily consumption; not to short periods of excessive use.

The website [www.drinkingandyou.com](http://www.drinkingandyou.com) provides consumer guidance on sensible drinking and health issues, for a broad range of countries.



Images from responsible consumption campaigns 2005-2007.

## Our position

InBev's position on alcohol consumption is clear. We prefer our consumers to savor the quality and variety of our products rather than to use them inappropriately.

- **InBev believes in moderate consumption**, as demonstrated by the vast majority of our consumers. This is not only more favorable for individuals and society; it is also in the long-term interest of our company and its brands.
- **InBev believes that alcohol can have negative health consequences for young people** because their bodies have not yet reached maturity, and below a certain age it is difficult to make responsible choices about alcohol consumption. We support existing legal drinking age restrictions, and support their introduction where they do not currently exist. We also promote enforcement mechanisms such as training bar and shop staff, promoting age checks and raising awareness with young people, parents and teachers.
- **InBev believes that drinking alcohol is not compatible with potentially dangerous activities such as drinking and driving.** This is why we support strong enforcement of Blood Alcohol Content (BAC) restrictions. We believe that proper enforcement is the key to tackling the problem of drinking and driving whatever the specific level of restriction, which varies from country to country. We support specific campaigns, for instance awareness raising programs for new drivers and for bar staff.

- **InBev believes that drinking alcohol during pregnancy should be avoided.** During pregnancy, alcohol consumed will reach the unborn child. If an expecting mother abuses alcohol, she risks seriously damaging her baby's health. Although the medical world believes that an occasional drink will not damage the baby, we feel that it is better to be on the safe side and not to drink at all during pregnancy.
- **InBev believes that drinking alcohol whilst on medication should be avoided.** Certain types of medication are not compatible with alcohol. We would strongly advise that safety advice on the medication is respected.
- **InBev believes that drinking alcohol to excess will damage your health.** We know that immoderate drinking is not healthy and we support programs providing advice to consumers about how to enjoy drinking responsibly.

We support  
existing legal drinking  
age restrictions  
and enforcement of Blood Alcohol  
Content restrictions on drivers.



# Responsible Marketing

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

The brewing industry is widely regulated, and in most markets this is combined with self-regulation, an overall approach we support.

## Code of Commercial Communications

InBev has a single global Code of Commercial Communications which is the minimum standard we apply wherever we do business. If local rules are less strict than the Code, then the Code prevails. If local rules are more precise, then those are applied. In many cases our Code goes well beyond existing legal frameworks.

The main objectives of the Code are to make sure that our advertising does not encourage inappropriate behavior and is not directed at those under the legal drinking age. The Code applies to all forms of brand marketing and commercial communications, including advertising, sponsorship, events, promotions, website content, relationship marketing, consumer PR, packaging, and labelling claims for all InBev beer brands above 0.5% alcohol by volume (ABV), and any other alcoholic products manufactured and/or marketed by InBev.

The Code has specific principles relating to:

- Responsible drinking.
- Legal drinking age.
- Association with hazardous activities.
- Health aspects.
- Alcohol content.
- Performance and success.

Images from responsible consumption campaigns 2005-2007.

Each country has a specific decision-making chart which ensures that marketing ideas, advertising briefs or storyboards are all analyzed in the context of the Code. We also provide training tools and refresher courses to local marketing teams.

The Code of Commercial Communications can be downloaded from [www.InBev.com/citizenship](http://www.InBev.com/citizenship).

In 2007,  
we will use the results of an internal Code compliance audit to conduct another  
Code refreshing initiative.



## Responsible sponsorship in Scotland

Our Code of Commercial Communications stipulates that ‘we will not allow our brand logos or trademarks to be licensed for use on toys, children’s clothing, or on materials or merchandise for use primarily by persons below the legal drinking age.’

In Scotland, we have applied this rule to our sponsorship of national football: our contract with the Scottish Football Association stipulates that no merchandise bearing a Tennent’s logo can ever be produced either to fit children or be targeted at children. Nevertheless, we paid for and relinquished the sponsorship rights to the under-16, under-17, under-18 and under-20 teams, so that the teams could tender for a second time, this way driving increased investment into Scottish football.

We are now working with the Scottish Executive to donate the rights to the under-21 team - which again we have paid for - to support our commitment to their work in promoting, for example, Healthy Scotland.

## Working together as an industry

InBev is committed to playing its part in industry-wide responsibility. We subscribe to local self-regulatory mechanisms which help ensure that the sector as a whole takes into account local contexts. Some examples are listed below:

- In the U.K., The Portman Group which we helped to establish, monitors the naming, packaging and promotion of all alcohol drinks. In June 2007, members of the Portman Group announced a new self-imposed rule on drinks promotions, which retailers will help enforce: there should be no urging people to drink rapidly or down drinks in one.
- In Belgium, the drinks-specific ‘Arnoldus Code’ is in place which is monitored by the general advertising self-regulation mechanism, the JEP (Jury of Fair Advertising Practices).
- Across Europe, we are working with the Brewer’s of Europe to ensure that every country in Europe has a robust national self-regulatory system, based on EU guidelines emerging from the EU Alcohol Strategy.

## Independent checks on our advertising in Europe

Together with the Brewers of Europe, InBev is also involved in an annual third-party monitoring exercise which evaluates the majority of beer advertising in the European Union. The process requires industry to submit its advertising to local self-regulatory organizations in a number of markets, regardless of whether or not a consumer may have filed a complaint.

A recent independent survey of beer advertisements in Europe shows that almost 97.5% successfully comply with the content provisions of voluntary codes of conduct intended to ensure responsible commercial communications, that amongst other things, do not target minors. Although the brewing sector recognizes that this leaves room for further improvement, the result demonstrates that self-regulation can, and does work.

## Strengthening compliance in the Czech Republic

In the Czech Republic, InBev has been instrumental in developing an industry-wide compliance procedure to strengthen the Brewer’s Association Code for Responsible Marketing. Since its launch in December 2005, InBev has not been found to be in breach of the code. However there are examples of other beer adverts being withdrawn following Brewers Association Board judgements, suggesting the compliance process is making a difference.



# Responsible Consumption Programs

Our responsible drinking campaigns are individually tailored to the specific markets in which we operate. Here we highlight programs from a range of countries focusing on three main categories: Prevention of drinking and driving, education/awareness raising, and supporting legal restrictions on drinking. More examples can be found on our website.

## Drinking and driving prevention programs

### Educating young drivers in Germany on the dangers of drinking and driving

June 2007 saw the start of cooperation between our German brands Beck's and Hasseröder, and the German Automobile Clubs (ADAC) of Niedersachsen and Sachsen-Anhalt. The aim of the project is to make young learner drivers more sensitive to the problem of drinking and driving.

InBev supports driving lessons organized by ADAC, where young people - under the supervision of the police - drive twice round a fairly precarious circuit: once when they are sober, and a second time after they have drunk alcohol. This practical experience shows those involved that only a little alcohol can immediately effect your ability to drive a car safely, and this can have a greater impact than advice alone.

### European Alcohol and Health Forum

In June 2007, InBev was one of the founding signatories to the Charter establishing the European Alcohol and Health Forum.

The main objective is to provide a Forum for stakeholders - including alcohol producers and Non-Governmental Organizations - who are ready to increase actions relevant to reducing alcohol-related harm. The Forum is a central part of the EU strategy to help Member States reduce alcohol-related harm.

Together with other members of the Forum, InBev will participate in initiatives aimed at reducing alcohol-related harm. There will also be a process to monitor and evaluate the performance of these commitments, with an assured degree of objectivity in the measurement.

### Promoting the 'don't drink and drive' message in Russia

SUN InBev's hard-hitting anti-drink driving campaign attracted a significant public response and won first prize at the Moscow Festival of Social Advertising organized by the Moscow Government. The 'Drinking and Driving kills' advert can be viewed at [www.SUNInBev.ru](http://www.SUNInBev.ru). The commercial was timed to coincide with the National Road Safety Week and was shown on more than 70 channels, supported by roadside billboards and online communication.

### Latin American support for enforcing drinking and driving limits

In Brazil up to the end of 2006, AmBev has donated more than 20 000 single-use breathalyzers in the states of São Paulo, Rio de Janeiro, Rio Grande do Sul and the Federal District. In Argentina, Quilmes also cooperates with authorities to help prevent traffic accidents by donating latest generation, multiple use breathalyzers.

## Education and awareness raising programs

### 'Vivamos Responsablemente' talking responsibility with Argentinean Teenagers

Since its introduction in 2004, the 'Vivamos Responsablemente' program has taken the Quilmes 'let's live responsibly' message to over 15 500 young Argentineans in eight cities. Devised in conjunction with leading educationalists, the program addresses common adolescent challenges, such as relationships, self-awareness, tolerance and responsibility through a series of free talks in their schools. Since 2006, these have been complemented by teacher surveys and parental talks, which have reached over 1500 parents. An 18-page Parental Guide has also been produced which aims to support parents' important role in communicating with teenagers. The program is on-going and has a dedicated website: [www.vivamosresponsablemente.com](http://www.vivamosresponsablemente.com).

## Promoting responsible drinking in the U.K. The Drinkaware Trust

InBev UK is a founder member of the Drinkaware Trust, a registered charity which aims to improve public awareness and understanding about responsible drinking, and aims to positively change drinking habits in the U.K.

Our U.K. products reference the Drinkaware website and also clearly state the number of units contained in the bottle/can. We welcome the recent U.K. government announcement that a very broad public campaign will be launched later this year to reinforce the awareness of sensible drinking limits, and the knowledge of how to use 'units' as measurement.

For more information please visit [www.drinkawaretrust.co.uk](http://www.drinkawaretrust.co.uk).

## 'Dialogue' in Ukraine

SUN Interbrew, Ukraine's market leader for beer, is the first company in Ukraine to tackle the issue of underage drinking. According to the European School Survey Project on Alcohol and Drugs (ESPAD) Ukraine takes 8<sup>th</sup> place among 34 European countries in terms of underage alcohol consumption.

The 'Dialogue' project directly engaged with young people, their parents and schools, in order to raise awareness of the problem of underage drinking. In 2006, the program covered approximately 300 schools across Ukraine, supported by a number of training seminars for teachers and school psychologists, including specific training on how to help parents and children to avoid or overcome underage drinking.

## 'Make a Plan' in Canada

Labatt's most recent program, 'Make a Plan' is an advertising campaign aimed at educating adults on the importance of the responsible use of alcohol. Its focus is on helping adults plan ahead to have fun safely. The campaign is delivered by children and directly targets parents and other adults by providing common-sense tips on responsible use, covering topics such as getting home safely; being a good host; and having a designated driver.

## 'People Who Care' – our employee program in Brazil

To demonstrate that AmBev understands that good behavior begins at home, in August 2006 it launched its first 'Gente do Bem' ('People Who Care') program aimed at engaging employees and local communities with social responsibility issues. As part of the program every AmBev unit in Brazil held an open day to discuss responsible consumption of alcohol. Around 45 000 people watched, 'How to talk to your children about the use of alcohol', a video developed by Brazil's Center for Information on Health and Alcohol (CISA).

## Supporting legal restrictions on drinking

### Drawing in help from retailers to prevent youth drinking

In Argentina, Quilmes has been leading the way in the development of point of sale initiatives to combat the sale of alcohol to underage drinkers through small shops and supermarkets. Posters and leaflets have been distributed to retailers carrying the message: 'It is everybody's responsibility that the underaged do not drink alcohol.' These are complemented by customer facing stickers, reading 'I take it seriously: I don't sell to the underage' now present on 28 000 coolers, as well as a print campaign reminding retailers to only sell to those who produce evidence of being of legal drinking age.



*“Educating drivers and building awareness around the risk of combining drinking and driving is part of our company’s social responsibility program.*”

*We are fully aware of our responsibility in this field as the market leader in Argentina, and in that regard, we’ve been working for a long time to promote responsible use of alcoholic beverages by adults.”*

Mariano Botas,  
VP Corporate Affairs, Argentina

# People and Community

## InBev people and community

Our people are the most valuable assets of the company, and our only long-term competitive advantage. We will only achieve our dream of becoming the best beer company in the world, if we attract and retain the best people, developing them at the pace of their talents and compensating them accordingly.

For this year's Global Citizenship Report we focus on the following priority areas:

- Learning and talent development.
- Health and safety.
- Business conduct and integrity.

These priorities emerged out of our stakeholder mapping exercise, taking into account topics of relevance and importance to InBev, its employees and other stakeholders.

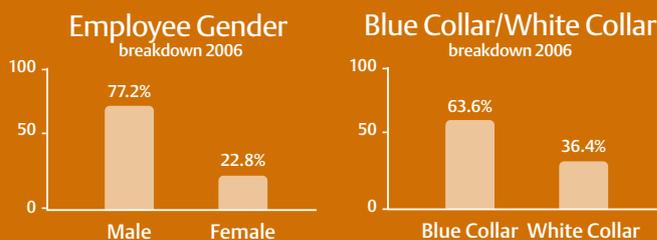
## InBev people

On 31 December 2006, InBev employed 85 617 full time equivalent employees worldwide.



\* Includes Global Headquarters in Leuven, Belgium.

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



## Wages and benefits

In 2006, our global payroll and related benefits amounted to approximately two billion euro. To support our culture which recognizes and values results, we offer employees competitive salaries benchmarked to fixed mid-market local salaries, combined with variable incentive schemes based on individual performance and performance of the business entity in which they work.

Depending on local practices, we offer employees and their family members pension plans, life insurance, medical, dental and optical insurance, death in service insurance, illness and disability insurance. Some InBev countries have tuition reimbursement plans and employee assistance programs.

Please see online support materials at [www.InBev.com/citizenship](http://www.InBev.com/citizenship) for further information, including on executive compensation.

In 2006, our global payroll and related benefits amounted to  
**2 billion euro**



## People management

InBev has a wide range of policies which guide how we attract, manage, monitor, train and reward employees. These include specific issues such as learning and job-related training, recruitment, health, pensions and savings, international mobility support, absence from work, diversity and long-service awards.

## The people cycle

Targets are an important way in which we track and monitor our progress, and InBev's people cycle summarizes the systems we have in place for target setting and appraisal, salary review, performance appraisal, and strategic organization and people review.



Employee progress and development in key competency areas is monitored by each Zone's Head of People Continuity and individual line managers, in consultation and dialogue with the employee.

## Living by our principles: Dream, People, Culture

Our Dream, People, Culture approach translates into ten leading principles which form the essence of our culture. This in turn is aligned with our five global competencies, which are the measures against which our people are evaluated through performance reviews, and the 360 degree feedback processes.

The five global competencies are:

1. We think big and take on big challenges.
2. We lead by personal example.
3. We reach our goals the InBev way; simple, focused and disciplined.
4. We think and act as owners.
5. We develop the best people and teams.

## InBev Owners Recognition Program

2006 saw the introduction of the InBev Owners Recognition Program, a story-telling initiative to showcase InBev's culture in action. The stories were designed to be vivid examples of people going the extra mile beyond their daily targets.

Worldwide, over 200 InBev Owners stories were submitted. They range from extraordinary achievements in terms of identifying savings for reinvestment in sales; securing major sponsorship deals; environmental and responsible use actions; establishing new hiring procedures; motivating people and teams; winning the loyalty of customers and consumers; to applying in-depth technical knowledge to accelerate our business. A selection of winning stories can be found online.

### Highlights

- InBev is recognized in the Fortune 500 list of the World's Most Admired Companies, ranking second among major brewers, and sixth overall in the beverage sector.
- Occupational accident numbers are down 31% against 2005.
- In 2007, all senior managers received training on our guidelines on gifts and political contributions, addressing our global anti-corruption measures.

# Learning and Talent Development

## The importance of learning and talent development

InBev works hard to select the best people, with the right skills to do the job, and the right fit with our culture and values. We prefer to select people who, given the appropriate training, on-the-job coaching and professional experiences, will become better than those they will succeed. We aim to promote from within the company, wherever possible. For example, in 2006 in our Global Headquarters, 51 out of 53 senior management promotions were from within. Our culture is one of continuous improvement for all our people, in order to drive results, together with leadership by personal example. At InBev we place a great deal of emphasis on coaching by managers, to ensure that learning is fully integrated into our day-to-day way of doing business.

## Training our people

We do not systematically collect training hours per employee on a global basis. However, some country examples include Belgium (excluding GHQ) where training in 2006 was 10 hours per employee per year, Ecuador 20 hours, and in Hungary at our new Business Service Center, 40 hours. Variations arise depending on the stage of development of each site.

## Our culture is one of continuous improvement together with leadership by personal example.

## Recognition of our workplace

InBev is recognized in the Fortune 500 list of the World's Most Admired Companies, ranking second among major brewers, and sixth overall in the beverage sector. Other examples include:

- InBev Netherlands was recognized by the Corporate Research Foundation as a 'Top Employer' for its labor conditions, opportunities, and learning and development.
- In early 2007 SUN Interbrew Ukraine was rated as an employer of choice by InvestGazeta, Delovoy Zhurnal, and Ernst&Young Human Capital.

## Opportunities for our people

### 'Own Your Future' – Global Management Trainee Program

Now entering its second year as an international initiative and continuing to expand, the Global Management Trainee Program attracts talent from across InBev's six Zones. The program aims to recruit and develop InBev's future leaders. In 2006, a total of 102 trainees were recruited, including for the first time 70 graduates from Western Europe, Central & Eastern Europe, Canada, and China. Trainees start with a 10-month training program to gain experience in every aspect of InBev's business. For the 2007/2008 Program, InBev received over 40 000 applications from recent graduates across the world. The best 125 have been selected.



*"The expectations for trainees are extremely high, but we are supported by top management and a huge investment is made in our training and development."*

*Exposure to an amazing array of experiences provides us with a deep understanding and truly global view on the InBev business."*

Eleonora Ustinova,  
Global Management Trainee, Central & Eastern Europe

## Opportunities for AIESEC interns

Through AIESEC, the world's largest student organization, InBev provides international one-year assignments to recent graduates from around the world. Over the last three years InBev has recruited 51 AIESEC interns comprising 15 different nationalities, with a retention rate of 70% from the 2005-2006 intake. In 2006, InBev also sponsored two AIESEC international conferences. [www.aisec.org](http://www.aisec.org).

## Accelerated InBev Global Leadership Experience (AIGLE)

The fifth installment of InBev's AIGLE Program took place in 2006, with a diverse set of participants from thirteen countries. This intensive learning program has been organized in collaboration with reputed business schools INSEAD and Wharton, and represents 21 days of learning – 11 at INSEAD in May followed by a further 10 at Wharton in October. The aim of the program is to prepare selected managers to take up key positions in the InBev global leadership team in the near future. In the last five years there have been 180 graduates, with a further 36 of our managers due to graduate in 2007.

Other Global programs for InBev people include:

- **Leadership, Performance and Change** workshops for senior leaders focusing on our culture and change.
- **Leading@InBev** supporting employees making the transition from managers to leaders.
- **Managing@InBev** supporting new managers.

## Employee Engagement

Our latest employee engagement survey, carried out in February 2007, reveals that 72% of staff are generally satisfied with InBev as a place to work, up from 68% in the previous survey in April 2006. The 2007 data is taken from 31 131 respondents from 33 countries, compared to 19 267 responses from 13 countries in 2006.

The employee engagement survey is not a stand-alone exercise. The responses are used to develop action plans to improve our responsiveness to employees on the issues that matter to them. For example in 2006, after major changes had taken place in InBev Belgium, a country-wide 'open-door' campaign was launched encouraging managers to invite team members to raise concerns with them.



# Health and Safety

## The importance of employee health and safety

InBev is committed to ensuring that everyone who works for us returns home safely, which means our safety culture focuses on openness, effective reporting, and appropriate behavior, as well as policies, practices and procedures. As our reporting shows there have been a number of incidents over the last year which have not matched this commitment, and we work hard to ensure we learn as much as possible from negative safety incidents in order to prevent reoccurrences.

## Management and performance

Our sites are responsible for implementing our global Environment, Health & Safety (EH&S) Policy, our Operational Standards, and the VPO management system. VPO also satisfies OHSAS18001 at the sites which have installed it. Safety Committees are a legal requirement, and are part of VPO management to facilitate dialogue between InBev and representatives of employees. They aim to eliminate unsafe conditions, identify improvements, review accidents and communicate effectively.

## Fatalities

In 2006, there were a total of five fatal accidents related to InBev's operations. This is a matter of serious regret, which is considered wholly unacceptable by InBev's management.

In 2006, to further strengthen our response to accidents we have initiated the following new procedures:

- The relevant Zone Environment and Safety (ES) department performs an independent investigation.
- A global alert is issued by ES within 24 hours of any accident.
- If gross negligence of InBev is proven, full disciplinary action will be taken.
- Every fatal accident is raised and discussed at Board level.
- Plant and Zone officers involved must identify and list all future preventative actions.

Fatalities	2004	2005	2006
Workforce, on site.	2	1	2
Contractors, on site.	4	1	3
<b>TOTAL</b>	<b>6</b>	<b>2</b>	<b>5</b>

The fatal accidents involving our employees occurred in the Kharkiv plant in the Ukraine and the Omsk plant in Russia. Both accidents involved improperly secured packaging equipment. Preventive measures have been implemented, including the re-training of employees and the use of alternative packaging equipment. From 2004 to 2006, two thirds of fatal accidents involved contractors on our sites. This is also unacceptable to us, and actions have been taken to improve contractor training and supervision of contractors' work.

## Occupational accidents and diseases

Our safety reporting respects International Labor Organization guidelines and reports information above and beyond the legal requirements of many countries in which we operate.

Our headline performance since 2005 is:

- Accident numbers down 31 %.
- Total of lost work days down 20 %.
- Accidents per 1000 full time equivalent employees down 27.5 %.
- Total lost work days per 1000 full time equivalent employees down 15 %.



In relation to occupational diseases, we recorded six cases in 2006, down from 17 cases in 2005. Three cases were recorded in Canada related to hearing loss, and three cases in Brazil.

## InBev's safety list of honor

The following plants have reached one or more calendar years without a lost time accident (LTA) amongst their personnel.

- No LTAs in 2004, 2005, and 2006 at: Arosuco Aromas E Sucos, F. Agudos, Filial Contagem, CBB A. Claras (all Brazil); Yuyao, China; Cervec. Rio, Guatemala; Ploiesti-IEG, Romania; and Malteria Uruguay, Uruguay.
- No LTA's in 2005 and 2006 at: Maltaria Navegantes, Brazil; Proberco, Romania; and Ivanovo, Russia.
- No LTA's in 2006 at: Pampa Malteria, Argentina; CBB Teresina and Arosuco Rolhas, Brazil; Haskovo, Bulgaria; St. Johns, Canada; Gwangju, South Korea; and Novocheboksarsk, Russia.

## Safety First!

Despite improvements in safety rates, we acknowledge that challenges lie ahead. Our VPO management system will help tackle them by for example, linking safety performance to the annual site performance evaluation using a rewards system. Also in 2006, we launched a company-wide safety awareness-raising program called Safety First! Regular actions highlight a single aspect of safety behavior that all production plants focus on. Examples in 2006 included workplace transport, personal protective equipment, slips, trips and falls.



## Safety Days

In Croatia and the Czech Republic/Slovakia, InBev ran one-day training courses with a focus on forklift safety, risk analysis, contractor safety, working at height, first aid, and health and hygiene. Supply chain managers

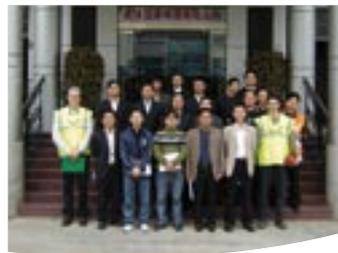


Personnel of the Czech Ostravar brewery had the opportunity to test fire extinguishers under professional supervision.

explored methods to increase awareness in the breweries, and interactive workshops were used to guide employees through safety topics. In 2007, all European breweries will set up a Safety Day.

## Safety training in China

In April 2007, sixteen delegates from InBev's Chinese breweries attended a four-day Environment, Health and Safety (EHS) training event organized by the Global ES department and hosted by the Sedrin Putian brewery. The training covered all important aspects of EHS management and focused



EHS training in China.

on accident investigation and workplace transport. The training was concluded with a test audit performed by the participants of the course to familiarize them with our audit procedures.

*“The Plant Optimization program has formalized the discussion and implementation of safety and placed it at the centre of everything we do.*

*Through disciplined execution we have been able to improve working conditions while achieving record beer production.”*

**Valentina Ličina,**  
Brewing Manager, Serbia



# Business Conduct and Integrity

## Accounting for business conduct

InBev's Global Code of Business Conduct establishes parameters and safeguards to ensure high standards of integrity are upheld; and our global whistleblowing procedure introduced this year ensures that potential violations of the Code can be effectively and independently reported without fear of recrimination.

The Code covers compliance with laws, including competition and anti-trust laws; dealing with potential conflicts of interest; use of company assets; prevention of human rights violations; and together with specific guidelines on gifts and political contributions, includes safeguards against bribery and corruption.

Extensive training has been carried out, including induction training for all new staff, to ensure our people are aware of and understand their responsibilities under the Code. A global e-training course on the Code of Business Conduct is planned for 2007. In 2006, all senior managers 700 in total, (0.82% of the workforce), received specific training on the guidelines on gifts and political contributions that have been approved by InBev's Audit Committee.

To ensure that the Code of Business Conduct is properly enforceable, an independent telephone line is available 24 hours per day, seven days per week, putting employees with concerns in touch with dedicated compliance specialists. Employees can also register concerns via an independent website. Privacy and confidentiality reasons restrict us from publishing statistical details on active cases or calls received, however we monitor the number and type of case by Zone internally, and provide reports to the Board level Audit Committee.

## Managing restructuring and change

Where increases in efficiency are required or where changes are necessary to align operations with market performance, job losses and restructuring could result. When dealing with job losses, we aim to minimize impacts on employees. This is achieved by:

- Using natural employee fluctuations.
- Providing alternative opportunities within InBev.
- Providing retraining and other support.
- Identifying a purchaser that will continue operations or redeploy employees.
- Providing financial compensation and assistance.

We always apply the tenets of our Code of Business Conduct at such times, and aim to involve employees as key stakeholders.

We have collected information on the minimum notice period regarding significant operational changes. Further details can be found online, together with details on relations with unions, and our process for announcing changes.

This year we have made a number of changes to our business which have required restructuring. Full details of our brewery footprint optimization in 2006 can be found in the 2006 Annual Report. Two examples are given below of the social impact of changes, further details can be found online:

- In Belgium, restructuring which took place in 2006 led to a total of 33 redundancies. 66 people were transferred internally and 177 people benefited from early retirement schemes. Those people who were made redundant were compensated with very good conditions. The great efforts of our people teams, together with constructive dialogue with the unions, enabled us to minimize the social impact of these changes.
- In 2006, InBev USA sold the Latrobe brewery to City Brewing of Wisconsin. We kept our promise to work closely with State and local authorities to find a buyer for the brewery that would preserve employment. City Brewing struck an agreement with the unions on a new collective bargaining agreement. We believe that City Brewing was able to offer solid opportunities to both union and salaried employees in Latrobe.

All **700** of our senior managers were trained this year on our guidelines on gifts and political contributions.

## Equal opportunities, non-discrimination and human rights

In many parts of the world legislation is in place to guarantee equal opportunities and principles of non-discrimination, and consequently it is central to InBev's day-to-day legal compliance. In some areas of the business, such as North America and Latin America, principles of non-discrimination are explicit within the scope of local Codes of Business Conduct.

The protection of human rights falls under the scope of our Code of Business Conduct, which includes 'harm against the person' as a specific violation. Local Codes in North America and Latin America specifically address human rights and child labor, recognizing our responsibility to promote our values through the supply chain. Furthermore, InBev is a member of the UN Global Compact (UNGC) which supports the principles of protection of human rights. See page 11 for further details.

Our Legal and global internal audit departments monitor legal compliance and conformity with principles of non-discrimination. In 2006, we questioned eight key countries together with our global headquarters and there were no reported cases of discrimination on the grounds of race, gender, age, sexual orientation or disability. In 2007, a new Corporate Audit Cycle was launched, with all countries being subject to review between 2007 and 2009.

## Promoting social responsibility through the supply chain

InBev sources point of connection materials such as T-shirts, polo shirts and parasols from a range of developing markets including China. In line with our Global Citizenship efforts, we work hard with new and existing suppliers to improve their status with respect to their employees. We have developed a specific social responsibility policy for the procurement of these items to ensure suppliers understand our minimum standards in terms of paying living wages; ensuring freedom of association; limiting working hours; safeguarding health and safety; preventing discrimination and eliminating bonded and child labor. Further information can be found online.



# Economic Strategy & Performance

With operations in over 30 countries and sales in more than 130 countries, InBev has a far-reaching economic impact through the direct and indirect jobs that we create, the taxes we pay and the communities we support. It is only by continuing to be profitable, that we are able to create added value.

Our feature piece on page 5 of this report shows how we rank second in terms of our economic value added performance for the European beverage sector.

Two thirds of our EBITDA in 2006 was generated from developing markets, most notably in Latin America, Central & Eastern Europe, and Asia Pacific. Through our stakeholder mapping exercise we have identified the importance of reporting on our Corporate Citizenship efforts in these important growth markets.

## Economic strategy at InBev

Our resolve is to be the best at what we do; building a great company that will generate growth and sustainable results.

Our four-pillar 'SuperVoyager' strategy is our roadmap. It focuses on a winning brand portfolio; winning with consumers at the point of connection; world-class efficiency; and targeted external growth; enabled by innovation, people/culture and financial discipline.

Our strategy is made operational day-by-day through the simple Cost-Connect-Win model: our aim is to capture non-working money from our overall costs, and convert it into working money, directly supporting our brands and sales and marketing capabilities.



## Economic management

In 2007, our focus and targets are built around the following five objectives:

- Execution in the marketplace.
- Sufficient resources for brand-building.
- Innovation generated from consumer insights.
- Financial discipline in everything we do.
- Effective resource allocation.

The InBev approach is simple, focused and disciplined. Recent progress in doing business the 'InBev Way' includes:

- Our Voyager Plant Optimization (VPO) management system was operational in 69 breweries by the end of 2006.
- Zero-Based Budgeting has become a way of life in capturing savings from our fixed cost base, right across the business. In Western Europe for example we saved 118 million euro in 2006.
- Significant improvements have been made in managing costs through procurement, achieving greater spend visibility, understanding business needs, and aligning language and processes to ensure the most effective leverage of our global scale.

## Economic Performance highlights

In terms of financial performance, 2006 was a particularly good year. Our key economic figures are summarized here:

- Our normalized EBITDA<sup>1</sup> grew 16.8% organically, and our normalized EBITDA margin grew organically by 239 basis points, increasing from 28.6% to 31.9%.
- We have therefore surpassed our target to deliver a 30% EBITDA margin by the end of 2007.
- Our volumes grew 5.9% organically. Beer volumes reached 211.6 million hectoliters and our soft drink volumes reached 34.9 million hectoliters.
- Four out of five Zones grew EBITDA organically, year-on-year, as well as grew volume organically.

<sup>1</sup> Profit from operations adjusted for non-recurring items plus depreciation and amortization.



## Brand performances

Our global brands had a good year in 2006. Stella Artois grew by 1.5%, Beck's by 14%, Brahma by 3.5%, and Leffe by 9.9%. In addition, InBev has over 200 local brands, forming 80% of our total business. Highlights from 2006 include:

- Skol, the third largest beer in the world, selling more than 33 million hectoliters in 2006.
- Alexander Keith's, the number one brand in the Canadian domestic speciality segment, which grew volumes by 6.5%.
- Sedrin, a 10 million hectoliter brand in China.
- Jupiler, the number one beer brand in Belgium.
- Sibirskaya Korona (Siberian Crown), a leading premium brand in Russia growing by 23% in 2006.

## Our Brands in the Community

### Breda Beer supports historic restoration in The Netherlands

In 2007, InBev Netherlands re-introduced the historic local 'Breda Bier' brand. In partnership with Albert Heijn retail outlets, every can sold led to a 10 eurocents donation to the restoration fund of the 'Grote Kerk', the historic church situated in the center of the community. The church is the most significant landmark in Breda, which is also the workplace of around 300 InBev employees in The Netherlands.

### Brahma Urban Art Competition in Montreal, Canada

The Borough of Ville-Marie in the heart of downtown Montreal is supporting a Brahma Urban Art Competition, which will regenerate five urban sites by showcasing the talent and creativity of the competition winners' designs. Montreal's urban artists submitted their mural ideas to the Brahma website, and a jury – including the renowned urban artist David 'Rank 1' Proulx – selected the finalists who will paint murals in the heart of the city. The project supports urban regeneration, and the engagement of young adults, providing an alternative to the more anti-social aspects of illegal graffiti. The Mayor of the Borough of Ville-Marie is supporting the project because it promotes creative urban art, which is positive and non-violent, whilst enhancing the cityscape in the centre of the city, which is also a major tourist hub.

## Government Assistance

On occasion we partner with local governments on specific projects, and receive financial assistance for doing so. Our information on this is currently based on recording instances of assistance that arise during the year, rather than by use of a formal global survey. For example, in Belgium in 2006, two instances were recorded:

- A partnership with the local government to upgrade water supply protection at our plant in Jupille, which has wider community benefits in terms of water quality and protection against pollution.
- A one million euro innovation grant received from the Flemish Government to support InBev's Global Innovation and Technology Center, which stimulates innovation activities in the region.

## Community Involvement

InBev operates a broad range of community involvement projects across its business operations. These are managed on a local level, responding to specific community circumstances. A full list can be found on our website at [www.InBev.com/citizenship](http://www.InBev.com/citizenship).

## Charitable foundations associated with InBev

The InBev-Baillet Latour Fund in Belgium, was founded in 1974 by Count Alfred de Baillet Latour, administrator of the Artois breweries between 1947 and 1980. The Fund's goal is to encourage accomplishments of high human value in scientific, educational or artistic fields and to make awards of prizes, study grants, trips or gifts in cash or goods. The Fund seeks no financial reward and does not discriminate on the basis of union status or political, philosophical or religious convictions. In 2006, it invested 1.5 million euro in the community. Initiatives included the annual health prize, support for several university chairs, restoration of Belgian cultural artefacts, and support to the Olympic movement.

FAHZ, (Antonio and Helena Zerrenner Foundation), one of AmBev's controlling shareholders, is a national benevolent institution in Brazil that in 2006, invested 83 million Reals (approximately 32.3 million euro) in benefits to the Company's employees and their dependents (today numbering 53 000 beneficiaries throughout Brazil).

# Emerging Economies

## The importance of developing markets

InBev's last two decades have been characterized by rapid external growth notably in the regions of Latin America, Central & Eastern Europe and Asia Pacific. In these Zones the company's growth has been against a backdrop of significant social and economic change.

InBev recognizes its Corporate Citizenship responsibilities across the length and breadth of the business. We adopt the same core principles and values in the way we conduct our business in developing markets, such as Russia and China for example, as we do in more mature markets such as Belgium or Canada.

In 2006, two thirds of our EBITDA was generated from developing markets, which is why we feel that it is material to report on our Corporate Citizenship performance in this context.

Through our targeted acquisitions, and the adoption of the InBev way of doing business, we are able to deliver positive social and environmental impacts in developing markets.

### InBev in 1990



### InBev today



## Focus on China

InBev first entered China in 1984 by providing technology transfers to Zhujiang Brewery in Guangzhou. From 1998 onwards, InBev acquired or formed partnerships with a number of leading Chinese brewers. In May 2006, InBev doubled its business in China by acquiring 100% of the Fujian Sedrin Brewery. Today, InBev China has 33 breweries<sup>1</sup> across eight provinces: Fujian, Guangdong, Hubei, Hunan, Jiangsu, Jiangxi,

Zhejiang and Hebei provinces and employs 21323 people. Selling 30.2 million hectoliters in 2006, InBev is one of the largest beer groups in China. Some of our well-known brands in China include Sedrin, Bai Sha, Double Deer, Jinling, Jinlongquan, KK, Red Rock and Zhujiang Beer (the Pearl River Beer).

## Improving environmental performance in China

InBev is working hard to achieve continuous improvement in our environmental performance in China, delivering year-on-year reductions in water consumption, energy use and extract losses in 2006. For example, to reduce energy consumption in our Shiliang plant, new modern technology was installed aligning heat consumption with InBev's global standards.

Looking to the future we have two major opportunities to deliver a step-change in our environmental efficiency in China. The first is through the implementation of the Voyager Plant Optimization management system, which is currently being piloted in Changsha. This not only provides the right tools to improve environmental performance, it also establishes a new mindset and way of working, enabling our people to make continuous improvements in the day-to-day.

The second major opportunity is with the construction of two new production sites in Zhoushan and Changsha. These new breweries will be fitted with the most up to date and efficient technologies, enabling us to put China on the map in terms of our global environmental best practices.

To find out how we are reducing our water consumption in Ningbo, China see page 15 of the report.

For further information on our actions in China to promote employee health and safety see page 31 of this report.

## Focus on Russia

### Promoting responsible consumption in Russia

In 2006, we have focused on promoting responsible consumption in Russia, by producing an award-winning anti-drink driving campaign. Further details can be found in the responsible consumption section of this report on page 24.



<sup>1</sup> Wholly owned and joint ventures combined.

# “China represents a huge opportunity for InBev with unlimited potential to create long-term value.”



*Improving technology, decreasing energy use and protecting the environment are at the centre of our strategy to build our business and lead the changing pattern of economic growth in China.”*

**Frank Wang,**  
Vice President Legal Counsel, China

## Engaging our employees in Russia

In Russia we are engaged in a long-term Corporate Citizenship program ‘We will live here’, which aims to improve the local environment in the communities where our breweries are situated. Employees join forces with community volunteers and local authorities to tidy industrial areas, streets, gardens and parks.

### Did you know?

SUN InBev has nine Russian breweries in: Klin, Ivanovo, Saransk, Kursk, Volzhsky, Omsk, Perm, Saint Petersburg and Novocheboksarsk. Together they employ more than 5 400 people. In 2006, we sold 18.2 million hectoliters in Russia, and we are number two in the marketplace. In September 2006, the first stone was laid for a new brewery in Angarsk, Siberia, with construction expected to be completed in early 2008. The new plant will boost capacity to satisfy growing demand in the eastern part of Russia. It will have a brewing capacity of 4.8 million hectoliters per year, and will provide jobs for 480 people.

## Focus on Brazil

As one of our biggest markets and operating units, AmBev employs 20 273 people in Brazil. Brazil’s economy has been in transition in recent years and has grown considerably. AmBev has been part of this growth and has directly benefited from it, therefore we feel it is important to support continued development by being more than a successful business.

Some examples of our community programs in the region are detailed below. Further information can be found at [www.ambev.com.br](http://www.ambev.com.br).

### Supporting farmers who support our business - The Maués Project

In Brazil, AmBev promotes a number of initiatives designed to strengthen economic opportunities for residents of the Amazon Region, and support social, cultural and environmental development. By the end of 2006, AmBev had invested 23.4 million Reals (approximately 9.1 million euro).

These funds are being used both for increasing the productivity of guaraná crops (used in our soft drink Guaraná Antarctica) as well as to promote programs that create supplemental income for farmers in the region. The Maués Project is the anchor program, involving the renovation and expansion of guaraná plant cultivation, the supply of seedlings and alternative income for farmers, such as the planting of other fruits, sugarcane and manioc, as well as keeping poultry, sheep and bees.

Among other initiatives, AmBev supported the creation of a sewing cooperative and a textile factory, and financed 1 300 public housing units in the rural district. Furthermore, AmBev took responsibility for creating and maintaining 12 agricultural production centers to teach farmers the best guaraná plant growing techniques.

### Promoting recycling in Latin America

AmBev is the sponsor of Recicloteca, one of Latin America’s largest centers of information on recycling and the environment, founded in 1991 by the Ecomarapendi NGO. Located in Rio de Janeiro, it runs workshops and professional training courses, using its recycling Ecospace gallery for exhibiting art produced using recycled materials. In 2006, it was named a ‘Green Salon’ by the Ministry of the Environment, which issues this seal of approval to recognize institutions that promote public access to information about the environment.

### Challenging social exclusion through education

AmBev supports the Faz University Student Project in the Bahia province, Northern Brazil. The project combats social exclusion by offering underprivileged young people access to college educations through scholarships and financial support. We annually invest 600 000 Reals (approximately 233 800 euro) in this initiative, which until now has enabled 100 young people to enter universities and colleges in Salvador, Vitória da Conquista, Feira de Santana and another 16 municipalities in Bahia.

Together with the state government, AmBev participates in the Alfa and Beto Literacy Program run in Sergipe, where we invested a total of 1 million Reals (approximately 389 600 euro) in 2005 and 2006, making the acquisition of school books and materials possible for 5 000 school students in the public school network.

Find out more about our environmental performance in Latin America in the environment chapter, page 12. Find out more about our responsible consumption programs in Brazil on pages 24 and 25.

## A brief history of InBev

InBev's roots can be traced back to Den Horen in Leuven, which began making beer in 1366. In 1987 the two largest breweries in Belgium merged: Artois, located in Leuven, and Piedboeuf, located in Jupille signalling the formation of the single company which was to become InBev.

After this merger in 1987, InBev acquired a number of local breweries in Belgium. By 1991, a second phase of targeted external growth began outside Belgium's borders. The first transaction in this phase took place in Hungary, followed in 1995 by the acquisition of Labatt in Canada, and then in 1999 by a joint venture with SUN in Russia.

In 2000, InBev acquired Bass and Whitbread in the U.K., and in 2001 the company established itself in Germany, with the acquisition of Diebels. This was followed by the acquisition of Beck's & Co., the Gilde Group and Spaten. InBev operated as a family-owned business until December 2000. At this point it organized an Initial Public Offering, becoming a publicly owned company trading on the Euronext stock exchange (Brussels, Belgium).

In 2002, InBev strengthened its position in China, by acquiring stakes in the K.K. Brewery and the Zhujiang Brewery. 2004 marked the most significant event in the company's recent history: the combination of Interbrew and AmBev to create InBev.

Also in 2004, InBev acquired the China brewery activities of the Lion Group, adding Fujian Sedrin in 2006, making InBev the N° 3 brewer in China - the world's largest beer market. Most recently, Labatt acquired Lakeport in Canada, and InBev increased its shareholding in Quinsa, strengthening the company's foothold in Argentina, Bolivia, Chile, Paraguay and Uruguay.

For further information visit [www.InBev.com](http://www.InBev.com).

## Registered Trademarks

1. The following brands mentioned in the Corporate Citizenship Report 2007, are registered trademarks of InBev NV/SA or one of its affiliated companies:

**Global brands:**

Stella Artois, Beck's, Brahma and Leffe.

**Other brands:**

Alexander Keith's, Artois, Bai Sha, Bass, Breda Bier, Bergenbier, Cass, Chernigivske, Diebels, Double Deer, Gilde, Guaraná Antarctica, Hasseröder, Jinling, Jinlongquan, Jupiler, KK, Labatt Blue, Lakeport, Lu Lansha, Ningbo, Ostravar, Piedboeuf, Quilmes, Red Rock, Santai, Sedrin, Shiliang, Sibirskaya Korona, Skol, Spaten, Staropramen, Tennent's, Whitbread, Yali.

2. The following brands are registered trademarks of our partners Zhujiang Beer Group Company: Zhujiang, Zhujiang Fresh, Supra Beer.

## Glossary terms

**AIGLE** – Accelerated InBev Global Leadership Experience, formerly known as Insead/Wharton Program.

**Chemical Oxygen Demand (COD)** – a test to determine the amount of organic pollutants in water, which is often used to determine the quality of wastewater.

**FTE Employees** – Full Time Equivalent Employees.

**Hectoliter** – 100 liters.

**ISO 14001** – An independent and internationally recognized set of environmental management standards related to minimizing risks to the environment.

**KPI** – Key Performance Indicator.

**Normalized EBITDA** – Profit from operations adjusted for non-recurring items, plus depreciation and amortization.

**OHAS 18001** – An independent and internationally recognized set of standards for a health and safety management system.

**PET** – Polyethylene terephthalate.

**VPO** – Voyager Plant Optimization, our global plant management system.

**WBCSD** – World Business Council on Sustainable Development.

**WRI** – World Resources Institute.

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Thank you to all our InBev colleagues who have helped make this report happen.

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### Design and Production

Walking Men

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### Print

Antilope



Printed on 100% post-consumer recycled paper.

You can find this report on our website at:

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