

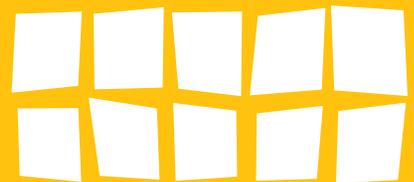


**NILE**  
Breweries Ltd.



# Sustainable Development Report 2012

Ten Priorities. One Future.



A subsidiary of SABMiller plc

## Facts about NBL



As Uganda celebrates its golden jubilee of independence during 2012, Nile Breweries is proud to be a company that has grown with the nation through its ups and downs. Founded, in 1951, eleven years before Uganda attained independence, Nile Breweries Limited has grown to become Uganda's beer market leader.

Ugandans enjoy the Nile Breweries brands more or less as part of their tradition. In a poll organised as part of the 50 years celebrations, Ugandans voted Nile Special, the company flagship brand, as the top alcoholic beverage brand in the country.

Following its acquisition in 2004 by SABMiller, the world's second largest brewer, Nile Breweries has expanded drastically. Barely five years later, annual production capacity at the single plant at Jinja has more than doubled to 1.8 million hectolitres.

In early 2013, Nile Breweries Limited will set a milestone by commissioning a second brewery at Mbarara, west of Kampala, adding a further 650,000 hectolitres to its production capacity.

**Founded, in 1951, eleven years before Uganda attained independence, Nile Breweries Limited has grown to become Uganda's beer market leader.**

The company's rich portfolio of brands is now complemented by Rwenzori water, following the integration of the Rwenzori Bottling Company, the SABMiller water subsidiary in Uganda, into Nile Breweries.

The water plant is located in Kampala, giving the company presence in different parts of Uganda. This has necessitated the revamping and expansion of the Kampala Service Center, on the shores of Lake Victoria, into the new company head office.

This report covers the financial year ended 31st March 2012.

## Statement by MD & CAD

Nile Breweries Limited has for four years in a row won the SABMiller Africa Sustainable Development Award.

We are ranked among the top five companies of SABMiller globally in the Sustainability Assessment Matrix (SAM), a comprehensive measure of sustainable business practices. We are very proud of this record. We would like to thank Nile Breweries Limited employees and everyone in the SABMiller fraternity for the support they accorded us to make such progress in Sustainable Development.

We are committed to ensure that the company maintains its excellence in SD. In this vein, Nile Breweries Limited now has a dedicated position of Sustainable Development Manager. The SD Manager, within Corporate Affairs, will coordinate company-wide SD initiatives, working closely with the technical and the human resource directorates.

This report highlights what the company has done to entrench sustainability in all aspects of its operations; including training retailers in alcohol responsibility; significantly lowering the water usage; scaling up enterprise development; taking the HIV/AIDS fight inside the huts of farmers; establishing the social return on CSI investment; and earning the commitment of our suppliers to sustainable development.



*Nick Jenkinson  
Managing Director*



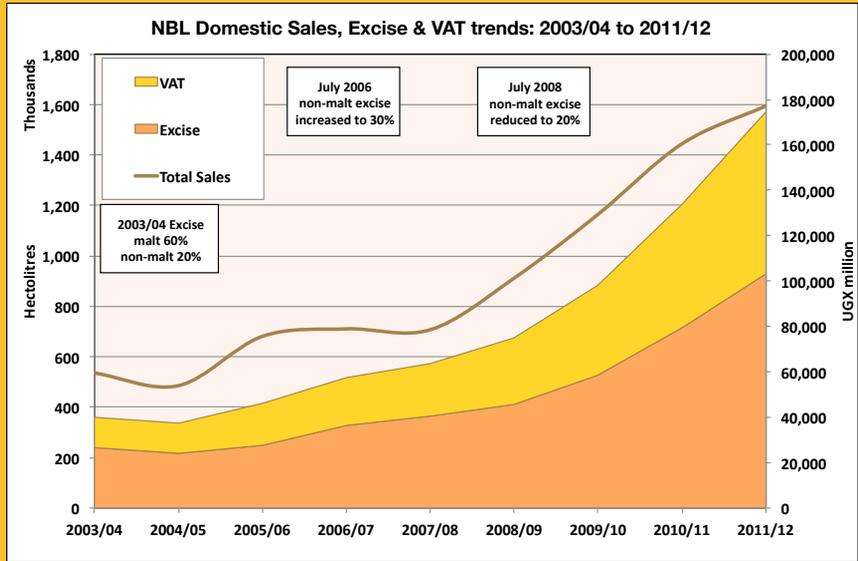
*Onapito - Ekomoloit  
Corporate Affairs Director*

**In this vein, Nile Breweries Limited now has a dedicated position of Sustainable Development Manager. The SD Manager, within Corporate Affairs, will co-ordinate company-wide SD initiatives, working closely with the technical and the human resource directorates.**

## Economic contribution

Nile Breweries makes a significant contribution to the Ugandan economy and communities.

We are transparent in paying our taxes and have consistently increased our tax contribution to the economy. (See chart).



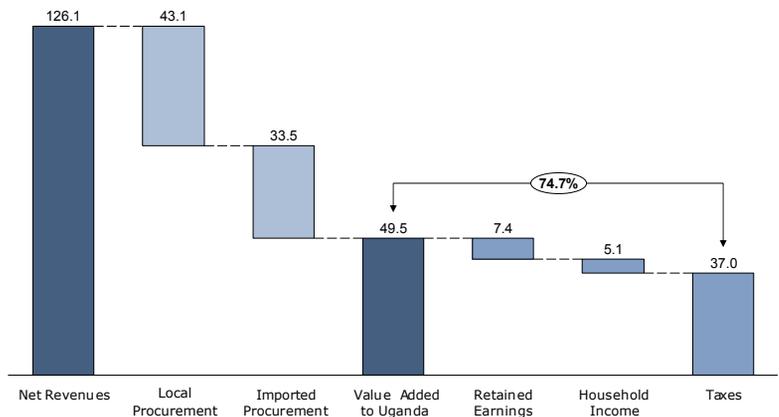
## Nile Breweries' Socio-economic contribution to Uganda

A study carried out by INSEAD in March 2012, analysed NBL's socio-economic impact on the Ugandan economy for 2010/2011 financial year.

### Direct Value

Direct value-added is defined as company revenues minus the cost of goods and services; it is therefore equal to the company's salary, tax payments and profits.

Exhibit 5 shows the value added related directly to NBL's operations and who the beneficiaries are.



**Exhibit 5:** NBL's value added and Ugandan value added (in million USD) in relation to its revenues in Uganda

## Large Tax payer

As can be seen, out of total NBL revenues of USD 126.1 million in 2010, the brewery's overall value added is USD 49.5 million for the Ugandan economy.

Out of this amount, the government receives USD 37.0 million in taxes, making it the single largest beneficiary of NBL operations by far.

Workers receive another USD 5.1 million in the form of salaries (herein called household income) while the remainder goes to retained earnings of USD 7.4 million.

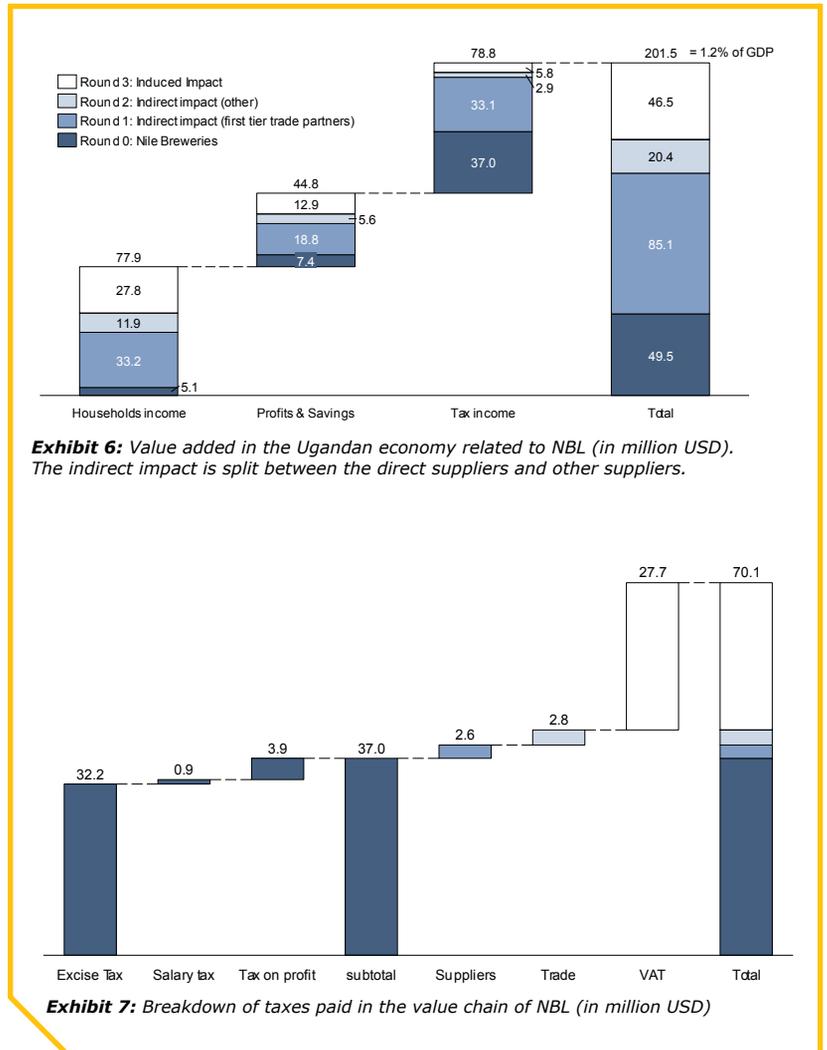
It should be emphasized that the entire amount of profits remains in Uganda to reduce the high gearing ratio that was a result of high investments in recent years.

This means that of the total value added that NBL directly contributed to the Ugandan economy in 2010, 74.7% is in the form of taxes. From a national economic perspective NBL's direct value added accounts for 0.3% of GDP.

### Indirect and induced value added of NBL's operations

Beyond its direct effects, NBL's indirect impact ripples throughout the economy due to the suppliers it uses and the distribution channels that spread its products throughout the country to consumers.

Yet further impacts (induced) are due to the fact that the workers related to NBL production and consumption, from brewery to bar, receive incomes for their role in the NBL supply chain, which they re-spend in the economy; these must also be included in the analysis.



Taking all these effects into account, Exhibit 6 shows the total impact of NBL on value-added throughout the Ugandan economy. As can be seen, some USD 201.5 million in value added is generated by NBL, equal to 1.2% of Uganda's GDP.

Nearly USD 78 million flows to households in the form of incomes, while the government receives more than 1/3 of the total amount in the form of tax revenues; a breakdown of these tax flows is shown in Exhibit 7, which shows that most taxes are paid in the form of excise duties and VAT.

## Expanding investment

### Nile Breweries' Capital Investment In Uganda USD (000's)

F05	F06	F07	F08	F09	F10	F11	F12	F13	F14	TOTAL
3,458	2,738	6,760	18,184	35,132	38,536	24,643	50,642	79,469	27,943	287,505

Artistic impressions of the proposed NBL Mbarara plant



## Excellence in Sustainable Development

Sustainability Assessment Matrix (SAM) is the system used for collecting, storing and presenting data for the SABMiller Group ten (10) Sustainable Development (SD) priorities.

SAM has five levels for each priority against which Nile Breweries Limited measures its performance.

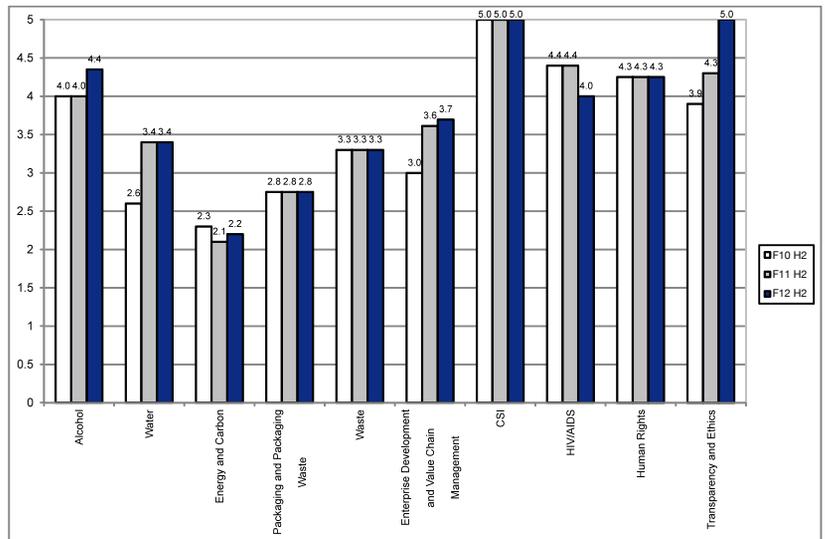
We have registered good performance on 8 of the priorities scoring above level 3 in the period under review.

These include alcohol, water, zero waste operations, enterprise development, corporate social investment, HIV/AIDS, human rights and transparency and ethics.

We have plans to improve performance on energy and carbon footprint, packaging reuse and recycling by close of 2013.

The Nile Breweries 2012 SAM scores are shown in the bar graph above.

**Nile Breweries 2012 SAM SCORES**



**NBL SAM Progress**

Year	Score on scale of 1-4 (1-5 since 2011)	SABMiller Africa Ranking	SABMiller Global Ranking
2007	1.63	2nd	11th
2008	2.74	1st	7th
2009	2.88	1st	7th
2010	3.05	1st	6th
2011	3.65	1st	5th
2012	3.81	1st	5th



### NBL wins SABMiller Africa SD Award

*Fred Balikagira (2L) Plant Manager and Moses Musisi (R) Brew Master pose with the SABMiller Africa SD Award. Nile Breweries has won the award four times in a row*

## Our Sustainable Development Priorities



**Discourage irresponsible drinking**



**Make more beer using less water**



**Reduce our energy and carbon footprint**



**Promote vibrant packaging reuse and recycling economy**



**Work towards zero waste operations**



**Have supply chains that reflect our own values and commitment**



**Have respect for human rights**



**Bring benefit to our communities**



**Contribute to the reduction of HIV/Aids within our sphere of influence**



**Be transparent in reporting our progress on these sustainable development priorities**

## Our SD Achievements and Opportunities



### Discouraging irresponsible drinking

We regularly visit [www.talkingalcohol.com](http://www.talkingalcohol.com) and gather relevant information to train our employees and use the SABMiller retail trade alcohol training material, to discourage irresponsible alcohol use.

The implementation of our alcohol campaigns involves the following key messages. We encourage our employees, consumers and customers to drink responsibly; don't drink and drive; don't sell to the underage, pregnant women and the intoxicated respectively.

Nile Breweries Limited, in line with the policies and positions of our parent company SABMiller, adheres strongly to the principles of discouraging irresponsible drinking.

We work closely with government agencies, such as the police and the Ministry of Health, to ensure responsible alcohol consumption.

95% of our employees are trained in alcohol responsibility and adhere to the rigorous company alcohol policy, which, among other things, forbids drinking during working hours and limits the amount of alcohol per person in the employee pub.

In addition, we have a programme aimed at training retailers in all our retail outlets, regarding responsible alcohol selling, emphasizing no selling to persons under 18 years of age; no serving of intoxicated consumers and discouraging driving after drinking.

We have already conducted training in 1,983 retail outlets on responsible alcohol marketing principles.

Furthermore, Nile Breweries Limited is a founding and active member of the Uganda Alcohol Industry Association (UAIA), whose main objective is to promote responsible consumption.



*Representatives of retail alcohol outlets during responsible alcohol marketing principle training in Busia recently*

**We, in addition, have a programme to train all our retail outlets in responsible alcohol selling, emphasizing no selling to persons under 18 years of age; no serving to intoxicated consumers and discouraging driving after drinking.**

#### Opportunities

Nile Breweries intends to continue building partnerships with both government and non-government stakeholders in its commitment towards enhancing self-regulation.

#### Key Stats

- 95% employees trained in alcohol responsibility
- 1,983, the number of retail outlets whose staff have been trained in alcohol responsibility
- 1,300 farmers trained in alcohol responsibility



## Making more beer but using less water

Water is becoming a scarce resource, due to the growing population in Uganda, yet very important in our business. We have set ourselves targets to lower the water usage in our operations.

For F12, our water target was 4.8 hectolitres of water per hectolitre of beer produced and it was achieved. Our target is to use less than 4.5 hectolitres of water per hectolitre of beer produced by F15.

The winner of the National Environmental Management Authority (NEMA) Award 2012, as the best corporate in environment protection, Nile Breweries is committed to sustainable development.

In line with our commitment to make more beer but using less water, we are now using 4.8 litres of water to produce every litre of beer at our Jinja plant and will continuously strive to use less water in our production processes

Recent studies show that the level of water in the Nile Basin is decreasing rapidly, therefore causing us to regard water conservation as one of our top priorities.

### ... winner of the National Environmental Management Authority (NEMA) Award 2012, as the best corporate in environment protection

Nile Breweries has implemented a comprehensive improvement plan, to support the drive for continuous improvement in water efficiency.

The company commissioned a state-of-the-art Effluent Treatment Plant (ETP) in Jinja in November 2011, to ensure the brewery discharges clean water into the River Nile.

An equally modern effluent treatment plant is part of the new brewery in Mbarara, and will help to keep River Rwizi, from which we shall be drawing brewing water clean.

Our F12 water efficiency for beer was 4.8 hectolitres of water used for every hectolitre of beer produced.

The company's F13 target is under 4.5 hectolitres of water used for every hectolitre of beer produced.

**NBL Water Usage Trends Since 2008 hl/hl**





*The Jinja pump house near the source of the Nile*

At Nile Breweries, we are proud that we have reduced our water consumption from eight hectolitres of water per hectolitre of beer produced in 2006 to less than five hectolitres today.

This has been achieved through a number of capital projects such as the recovery of filter-backwash water for floor washing in non-production areas, machine cooling water recovery and reuse and improved metering.

We have also worked hard to improve employee awareness on saving water. Each week, every department in the brewery reports their water usage to ensure performance matches our targets.

Along with reducing the amount of water use, we now return cleaner water to River Nile, on the banks of which our brewery sits.

In 2012, we commissioned a new waste water treatment plant to process all the liquid waste from the brewery and the malting plant, and return it to the river cleaner than when it was extracted.

The process involves removing solids from the waste stream, restoring the pH balance of the water, converting organic material into biogas and sludge, disinfecting the waste water and then returning it to the river.

Once more, we are able to use the biogas as fuel to power our brewery and the sludge can be used by local farmers as a fertiliser.



## Reducing our energy & carbon footprint

We have a holistic plan aimed at improving our energy efficiency and reducing greenhouse gases.

We achieved an energy efficiency number of 172 megajoules per hectolitre of beer produced in F12. The F13 target is <165 megajoules per hectolitre of beer produced.

This target, just like water efficiency is supported by a comprehensive improvement plan for the next 3-5 years on a rolling basis.

In addition to the long term plans, we run localised short interval plans, aimed at creating better utilisation of both energy and water.

The carbon footprint is mapped and emissions are measured within the scope of the plant, which includes information from fleet distribution services.

The company has begun piloting non Hydro fluorocarbon (HFC) fridges as well as a planned replacement of all non HFC air conditioners with HFC.

Annual fuel consumption for first tier on wholesale distribution is being recorded.

In addition, the company has set up the following qualitative measures, as action plans to enhance energy efficiency and reduce carbon footprint in F13.

- Insulate all steam pipes and flanges to reduce wastage;
- Optimize boiler combustion and condensate recovery efficiency;
- Prepare scope and quote for separate spent grain blower for brew house B;
- Optimize use of biogas from the ETP to benefit utilities.



A Nile Special branded truck making a delivery

**We achieved an energy efficiency number of 172 megajoules per hectolitre of beer produced in F12**

**Steam Energy ratio Since 2008 mJ/hl**





## Promoting packaging reuse and recycling

We recycle our waste to reuse and minimise environmental degradation.



*Recycling waste bins at the plant*

### The 3R-NBL focus on packaging waste: (Re-duce, Re-use & Re-cycle approach)

Nile Breweries Limited is focused on being a returnable glass operation. This alone ensures that glass bottles used are returned to the plant for reuse in packaging.

The returnable bottle strategy enables us to reuse, recycle and therefore reduce our impact on the environment.

Research indicated that in the majority of cases, returnable bottles are the most environmentally-friendly way to package our products.

Glass by nature is brittle and therefore breakage as result of age or mode of handling is at times inevitable.

As an approach towards environmental sustainability, broken glass is collected and returned to Central Glass Industries in Nairobi, about 1,000km away from Jinja. This is where it is re-melted and re-molded into new glass bottles. There is no monetary benefit to the company for this recycling exercise. It is purely done for protection of the environment and after realization of our corporate social responsibility in the area of reducing waste footprint.

Another category of waste that is recycled comes from packaging namely; carton boxes and polythene lining. Carton boxes are sold to Aquila Investments for packaging other products manufactured by cottage

industries. Polythene lining is sold to traditional roast nut and snack producers.

Waste separation at source is key, as it makes it easier and more attractive for the potential user besides in line with the objective of sustainable waste management through re-use.

The company has acquired and installed a weigh bridge to support and measure the quantities of material inflow and wastes generated during the manufacturing processes.



## We work towards zero waste operations

Nile Breweries has a very robust approach to waste reduction through the establishment of highly efficient operations.

By operating efficiently, waste is significantly reduced.

Areas that have received special attention include the following.

- Water usage reduction through benchmark studies and identification of areas of pilferage. Profit Improvement Projects are then applied to allow more focused approach to management of the problem.
- Energy usage reduction is another area that we focus on. We currently recover energy from vapor evaporating off our brew house.
- We have condensate recovery systems and are working towards reduction of steam energy used during wort boiling (brewing process).
- The waste water treatment plant generates methane (biogas). This is currently flared to minimize impact on ozone layer. A gas boiler project has been scoped to support recovery of energy from this process, and will be commissioned in 2013.
- We have set up an asset management plan to ensure that the plant runs efficiently and effectively. Teams are trained to the required skilled level and performance is reviewed on a daily basis.
- Our spent grain is managed by a third party contractor, who provides it to the farmers at a manageable cost for their animal feed.



*Highly efficient operations play a great part in reducing waste products like used beer labels (top) and waste water from the bottle washer (above)*



## Supply chains that reflect our own values and commitment

The company has trained its suppliers on sustainable development, shared best practice and encouraged them to set goals to rollout those requirements in their operations.

To understand the social, environmental and ethical issues within the supply chain, a risk assessment has been conducted to identify high risk suppliers.

Discussions have been held with the company's top suppliers (by spend).

Sustainable development partnerships with suppliers have demonstrated significant business benefits.

The company is working with international and national policy makers to share learning and experience and to stimulate local enterprise development.

Top suppliers are engaged on SD policies and ethical issues during quarterly meetings with them. Our key element of enterprise development continued to be local sourcing of sorghum and barley for

our brewing requirements. This has generated billions of shillings for farmers and saved millions of dollars on malt imports.

We have an Annual Suppliers Day event during which suppliers and the company share knowledge and issues on sustainable development, and suppliers are recognised for their contributions.

### Local Enterprise and Agriculture Programme (LEAP)

In partnership with the government of Uganda, NBL pioneered the use of local raw materials (LRM) in commercial brewing of clear beer in Uganda – the LEAP.

- This initiative is aimed to offer low income consumers affordable, hygienic clear beer made from LRM, as an alternative to home brews and informal alcohol.
- Epuripur sorghum was developed as a brewing raw material by the Serere Animal & Agricultural Research Institute (SAARI).
- The Ministry of Finance, Planning and Economic Development instituted a lower rate

of excise duty for LRM beer (20% for non-malt beer versus 60% for malt beer).

- Sales of Eagle Lager & Eagle Extra have soared, from 1m cases per annum in 2003, to nearly 8m cases per annum today.
- Sorghum usage multiplied from 1,600 tons in 2003, to 8,500 tons per annum today.
- Income of Ushs 8.7 billion is earned by +/- 9,000 farmers and 100,000 beneficiaries, in over 20 districts across Uganda.
- NBL offers a guaranteed market and price for sorghum. This provides an improved standard of living for farmers, schooling and health care for their families etc.



[ABOVE] LEAP branded motorcycle. [RIGHT] The Kapchorwa Barley Technical Centre re-branded under LEAP



## Establishing local barley growing and maltings plant

- The “win/win” model of a public private partnership (PPP) in the sorghum project emboldened the government and NBL to adopt a similar approach to beer made from imported malt.
- Malted barley is still the most common and preferred raw material for commercial beer brewing globally because it has a high enzyme content for converting starches into sugars, necessary to make alcohol.
- By 2008 +/- 60% of clear beer in Uganda was still brewed from imported barley malt, so there was a strong incentive for both parties to explore ways of substituting imported malted barley for locally grown barley malted in Uganda.

- Imported malt is farmed and processed at huge commercial economies of scale in the cooler climates of Europe.
- The Government and NBL devised a scheme that would enable the company to build a malting plant to produce malt from local barley, which would be cost-competitive with imported malt.
- NBL shareholders approved a \$20m investment in a new malting plant, after government announced a new excise rate of 40% for local malt beer in June 2009.
- This lower rate of excise would enable NBL to produce local malt at a competitive cost to

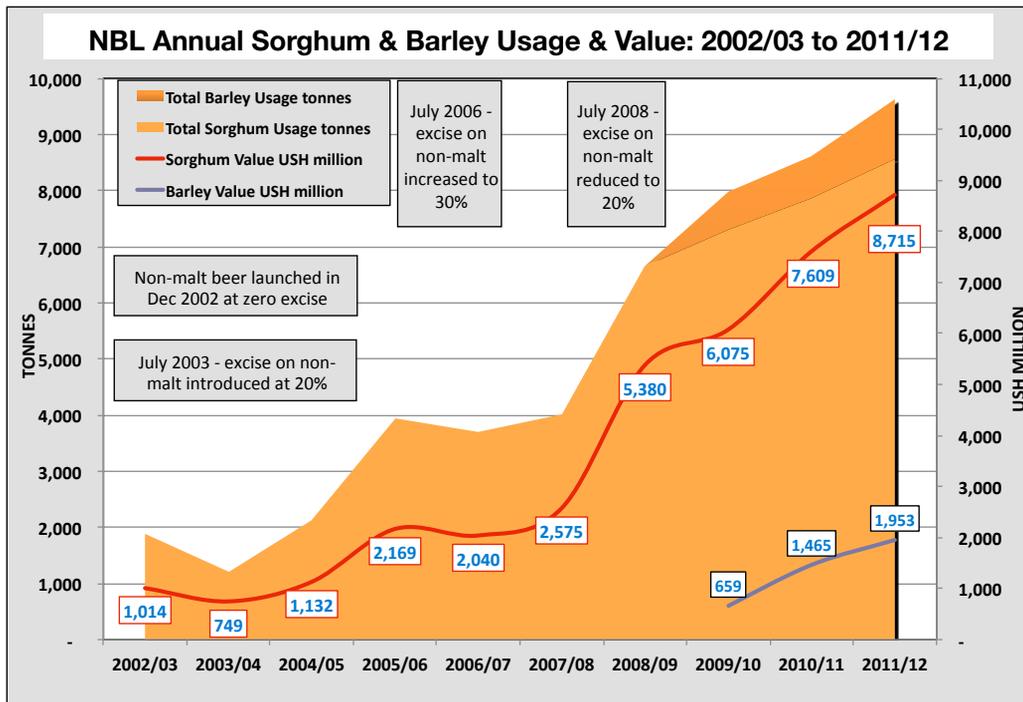
imported malt, while recovering its investment in the malting plant.

- Uganda would benefit from a new market for locally grown barley, plus conserving valuable foreign currency used to purchase imported malt.
- The malting plant has a capacity of 15,000t of malted barley/ annum, which would require +/- 20,000t of barley as raw material. NBL currently consumes +/- 11,000t of malt/annum, which will grow to 15,000t in 3 years.
- The malting plant has created 24 permanent new jobs as well as employment for another 5,000 to 10,000 farmers.

**Malted barley is still the most common and preferred raw material for commercial beer brewing globally because it has a high enzyme content for converting starches into sugars, necessary to make alcohol**



*Farmers inspect Barley at the Nile Breweries Bukwo nucleus farm*



### Challenges to local barley growing and the malting plant

- We appreciate scaling up local barley farming will be much more complex and challenging than sorghum -some of the difficulties associated with barley farming include:

- > Limited geographic footprint due to specific temperature, rainfall and soil requirements, unlike sorghum which grows in most regions of Uganda;
- > Fragmented gardens due to land tenure system and lack of commercial farms;
- > Poor soil husbandry due to low fertilizer usage and crop rotation;
- > Little use of fungicides, insecticides and herbicides to protect the crop;

- > Absence of irrigation to supplement low rainfall;
- > Very little mechanization to improve productivity, and:
- > Poor knowledge of barley farming best practice.

- All these factors contribute to relatively low yields, and are compounded by post-harvest losses due to inadequate and insufficient drying and storage facilities.

- > The typical yield for a Ugandan smallholder barley farm is 800kgs/acre, compared to 1.5t/acre for NBL model farms and up to 6t/acre for an irrigated farm.

- > Deficient infrastructure, including roads and bridges that are often impassable during and following rains, force many farmers to rely on donkeys for transport, a painfully slow and inefficient process.

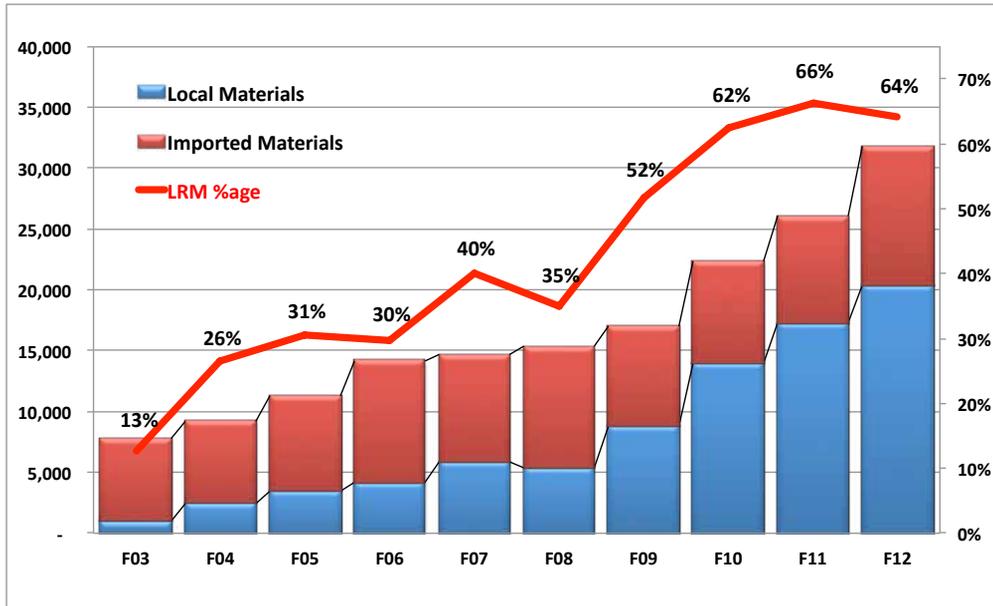
- On top of this, NBL carries much of the financial risk of barley farming; seed acquisition and distribution, leasing land, crop pre-financing, purchasing of fertilizer, herbicides, insecticides and fungicides.

- Inevitably we need to invest in mechanization e.g. moisture meters, tractors, harvesters, threshers and dryers.

Most importantly, we need to invest heavily in training of farmers to produce high yielding, high quality malting barley in sufficient quantities to meet brewing demand.

> Continued on page 18

**NBL Raw Material Usage Tons F03 - F17**



The use of local raw materials (LRM) started in 2003 and has grown to above 65% of the total raw materials used in 2012. It is expected to increase to over 90% within the next two years. Nile Breweries pays out close to 20 billion shillings to local suppliers particularly farmers supplying local raw materials.

> from page 17

- Clearly, in the context of a shortage of local barley compared to demand and malting capacity, we still have much to learn as we seek to leverage this major investment in our local supply chain.

- Retention of the preferential local malt excise rate will be essential, while we scale up local barley farming, to absorb the full capacity of the malting plant.

- Therefore, we rely on the continued collaboration of government and farmers, to help all partners realize the benefits of this noble enterprise initiative.

**Arguably, lower local raw material excise is a more efficient mechanism for alleviating rural poverty than higher taxes, because money paid for cash crops goes directly to smallholder farmers.**

Brewing local raw material usage and purchases are extremely sensitive to changes in excise rates, so brewers require a stable and predictable excise regime, to support the ongoing investment and growth.

The farm gate value of local raw material purchases of sorghum and barley exceeded Ushs 10 billion for 2011/12 (note this excludes purchases of local maize and sugar).

Arguably, lower local raw material excise is a more efficient mechanism for alleviating rural poverty than higher taxes, because money paid for cash crops goes directly to smallholder farmers.



## Bringing benefit to our communities

Nile Breweries supports the community where it operates through its corporate social investment (CSI).

Under our corporate social investment (CSI) strategy, Nile Breweries Limited engages in initiatives that are over and above profit making, so as to help local communities improve their lives.

We mainly focus on empowering local communities with information, skills and life improvement tools, as opposed to cash handouts.

Nile Breweries works closely with partners who bring to the table technical skills and matching funds in implementing our CSI programmes. In this regard we, among many initiatives, have:

- Worked with an NGO, Health Initiatives in the Private Sector (HIPS), to provide HIV/AIDS education, voluntary counseling and testing (VCT) to 10,260 people amongst our farmers, truck drivers, and bar workers. We call our health programme “From Grain to Glass.”
- We have provided boreholes to our farmers in the districts of Amuria, Amuru, Budaka, Bukedea, Dokolo, Lira, Katakwi, Kibaale, Kumi, Oyam, and Serere. Not only have these boreholes been drilled at a cost of 235 million shillings, giving an estimated 9,000 people 65 million litres of clean water per annum, but there are also associated benefits, such as reduced health costs due to drinking safe water, estimated at Ushs.1.3 billion, according to a social return on investment (SROI) study conducted about the boreholes.



*Onapito - Ekomoloi (C) CAD NBL tries out the new Kasiita Community borehole donated by the company*

### We mainly focus on empowering our stakeholders with information, skills and life improvement tools, as opposed to cash handouts

- A SROI study is an innovative tool that can be used to measure and manage the social value and impacts of the corporate social investment (CSI) projects.
- We have given 21 all-expenses-paid scholarships to gifted primary schools leavers from poor farming families to study in the prestigious secondary schools of Kings College Budo, St. Mary's College Kisubi, Gayaza High

School, Ntare School, Nabisunsa Girls School, Namugongo Martyrs Secondary School, Namityango College, Seeta High School and Namirembe Hillside, where they would have otherwise been barred by the high fees. We call it the “Equality Scholarship.” A maximum of 12 scholarships are given annually.

- We have similarly provided secondary school scholarships, at St. Mary's College Lugazi, to all the orphans of the July 11, 2010 twin terrorist bombings in Kampala.
- In addition, we protect the environment through tree planting initiatives in our supply chain. We have introduced 14,000 tree seedlings into the environment over the past five years.



## Contributing to the reduction of HIV/AIDS

Our partnership with USAID and other local health institutions has greatly created awareness of the HIV/AIDS pandemic among our employees and the supply chains.

- HIV/AIDS has been a public health problem in Uganda for the last three decades. It is estimated that since the onset of the pandemic, up to 1 million people have died, and by 2009 up to 1.2 million Ugandans were living with HIV/AIDS. The pandemic has impacted on the national economy because HIV/AIDS kills mostly young and productive adults.
- Nile Breweries is committed to reduce the spread and impact of HIV/AIDS in all its spheres of operation. The company's HIV/AIDS interventions target the employees, their families, the community around the brewery; as well the wider supply chain— "From Grain to Glass."
- The company conducts routine HIV/AIDS voluntary counseling and testing (VCT). Employees are encouraged to test with their spouses and children in order to strengthen prevention at the family level, and access care and support when required.
- Nile Breweries has a total of 26 employees living with HIV/AIDS; they are all on anti retroviral treatment (ARVS) and are working diligently for the company.
- Management fully supports VCT by way of active participation in VCT campaigns and also through advocacy and logistical support. Company skills and infrastructure are used for multi-stakeholder initiatives to increase HIV/AIDS awareness in the wider community.

### KAP Surveys

- In order to ensure we continuously monitor the knowledge, attitudes and practices of our employees in relation to HIV/AIDS, we regularly conduct KAP (Knowledge, Attitude and Practice) surveys;



*A health worker carries out an HIV/AIDS test in Dokolo recently*

using the results to close any gaps.

- The company carried out the last KAP survey in 2011 and the findings were disseminated to all employees. The key findings and action points are reviewed on an annual basis through the peer educator's platform. A KAP survey tool for 2012 was developed and the survey was done in September.

## Reducing HIV/AIDS

### NBL VCT models

Voluntary counseling and testing (VCT) is the pillar of the Nile Breweries Limited HIV/AIDS programme. Our model for VCT is varied and tailored-made to suit different client groups. The on site program, targeting all employees in the brewery—including contract workers—is the oldest model. It is also the most utilised. In F12 91.5% employees and 47% spouses participated in VCT.

The other model is home based counseling and testing, (HBCT) which promotes family testing. This has enabled us to improve access to testing at a family level and encourage couple testing. The best success story for NBL was the HBCT for small scale farmers in Katwakwi, which resulted in 5,000 tests. Health fairs in the community are another model we use to provide mass VCT to the communities within which we operate. Drama based approaches are used to create awareness on HIV/AIDS among the people, and

thereafter those willing are counseled and tested. We have widely used this model among small scale farmers and bar workers. The model has resulted in over 10,000 tests.

### Role of partners and stakeholders

As a company, we share our expertise and resources with other partners to deliver HIV/AIDS care. Our key partners in implementing the "From Grain to Glass" health programme have been: Health Initiatives in the Private Sector (HIPS), St. Francis Health Care Services, The AIDS Support Organization (TASO), Aids Information Center and Joint Clinical Research Centre (JCRC).

### Challenges

- To scale up the number of peer educators, so as to keep the number of employees to one peer educator under 10, even as the head count grows with company expansion.
- To increase the percentage of spouses tested to 80% by F15. It is currently under 50%.



## Respect for human rights

Living by our number one value “Our employees are our enduring advantage” and number four “We understand and respect our customers and consumers.”

### Our human rights principles

The SABMiller human rights principles, developed on the basis of international agreements, set out the minimum standards of conduct that local operations and their suppliers are expected to follow. We ask that each business incorporates these standards into its own local policies and practices.

Our principles cover:

- Freedom of association and recognition of the right of collective bargaining;
- Prohibition of forced and compulsory labour;
- Abolition of child labour;
- Intolerance of discrimination;
- Establishing fair and competitive wages and benefits;
- Providing a safe and healthy work environment;
- Employee security;
- Community commitment; and
- Guiding principles for suppliers.

To support human rights, the company has taken part in national initiatives, the wider sector and partnership projects.

Employees have attended annual presentations about potentially significant human rights risks.

The business has a programme in place to promote the health and well-being of employees and accident rates are consistently below the sector average.



*Paul Bitarabeho Human Resource Director NBL displays the HR Award recently won at the Federation of Uganda Employers' Awards ceremony*

Diversity and inclusion training is provided for those involved in recruitment and development.

Nile Breweries is a member of the Federation of Uganda Employers (FUE) and participated in the 2012 employer of the year awards. The company received a special Award for HR Records, Information Management & Communication System.

### Citation of the HR Award

- The company has automated the performance management system that captures individual performance and helps to track and account for performance.
- The company has an integrated HR Information System that accommodates individual talent development needs.
- The company has automated its sales force enabling the company to track their sales representatives and have an instant knowledge of the performance of the various brands in the market.
- The company used the HR information system to provide employees with all relevant HR information in regard to HR policies, HR strategies, job descriptions, organizational structure, training courses and opportunities, performance management, and health and safety.



## Transparency in reporting our progress

We report our progress on sustainable development to our employees and external stakeholders.



*NBL MD Nick Jenkinson explains a point to members of the media during a recent engagement*

The company's sustainable development report has been communicated locally to the media and other stakeholders.

Feedback is sought from external stakeholders, such as the media, annually and generates action plans for the following year.

The company has started to provide employees with resources to promote sustainable development practices at home and actively encourages consumers and customer involvement.

We trained our employees and suppliers about the company's sustainable development initiatives and encouraged them to come up with specific goals that would support the rollout of those requirements at their own operations.

We conducted an F12 internal communication survey where 88% of the employees agreed that the company is transparent.

In the F12 media rating survey of the company, 93% of the overall media (radio, TV and newspapers) rated Nile

Breweries as "good" and "very good" in their working relationship.

## External Commentary



Once again, I take this opportunity to congratulate Nile Breweries Limited, subsidiary of SAB-Miller for consis-

tently demonstrating its commitment and contribution to make this world a better place.

I am also glad to note that Nile Breweries Limited's continued excellence in the Federation of Uganda Employers Employer of the Year Awards surveys, winning a record 4 overall gold awards among others in this survey.

NBL's implementation of sustainability initiatives including training retailers in alcohol responsibility, improving water efficiency, investing in enterprise development, establishing the social return of their investment, taking the HIV/AIDS fight inside the huts of the

*Rosemary is the Executive Director of the Federation of Uganda Employers (FUE). Previously, she was the Director Industrial Relations and Human Resource Development, Senior Industrial Relations/ Training Officer, Manager FUE Small Enterprise Development Project in the same organization*

rural people, to earning the commitment of suppliers in honouring the responsible sourcing principles, highlights great interest not only in driving sustainable development, but also excelling in initiatives which are vouched for by Nile Breweries Limited winning the SABMiller Africa Sustainable Development Award under the auspices of the Ten Priorities One Future (TPOF) in 2010 and 2011.

Many companies do different things but the most important thing in this regard is to "scale up" whatever projects or initiatives companies implement.

By developing the NBL 2012 Sustainability report, you are demonstrating your leverage in sustainability in Uganda, and we invite you to join and also activate your strength towards the UN Global Compact local network Uganda as we pool knowledge and resources to strengthen even further the sustainability agenda in Uganda.

Once again, I congratulate the MD, Corporate Affairs Director and entire NBL staff upon developing this report

**Rosemary N. Senabulya  
Consultant.**



*Mr. Katamba trained at the World Bank Institute, New York and is a corporate social responsibility (CSR) Management professional with over six years experience. He is currently pursuing a Doctorate (PhD) in CSR Management*

As an independent observer of NBL's activities, I have seen the year 2012 as yet another test of commitment to sustainable development (SD) by Nile Breweries Ltd (NBL), which commitment has surpassed that of 2011.

The SD interventions undertaken in 2012 in the 10 priorities that NBL values as core and indispensable to its longer term business sustainability are fairly reported on.

Uganda along with other parts of the world today are challenged and faced with causes and effects of climate change, scarcity of clean water, disloyalty in business reporting more so resulting from financial crisis, as well as energy and health for human wellness.

This 2012 report reveals NBL's fair endeavors to make strategic interventions in ensuring a fair balance of its economic aspirations without compromising Ugandans and the world at large in addressing social and environmental challenges. For example, the NBL Sales & Marketing Compliance Committee (SMCC) was instituted and given the green light and independence to filter alcohol related communications with a view to ensure responsible commercial communication. As an independent observer of SMCC performance, I have seen NBL retailers actively

engaging in promoting responsible alcohol trading and consumption.

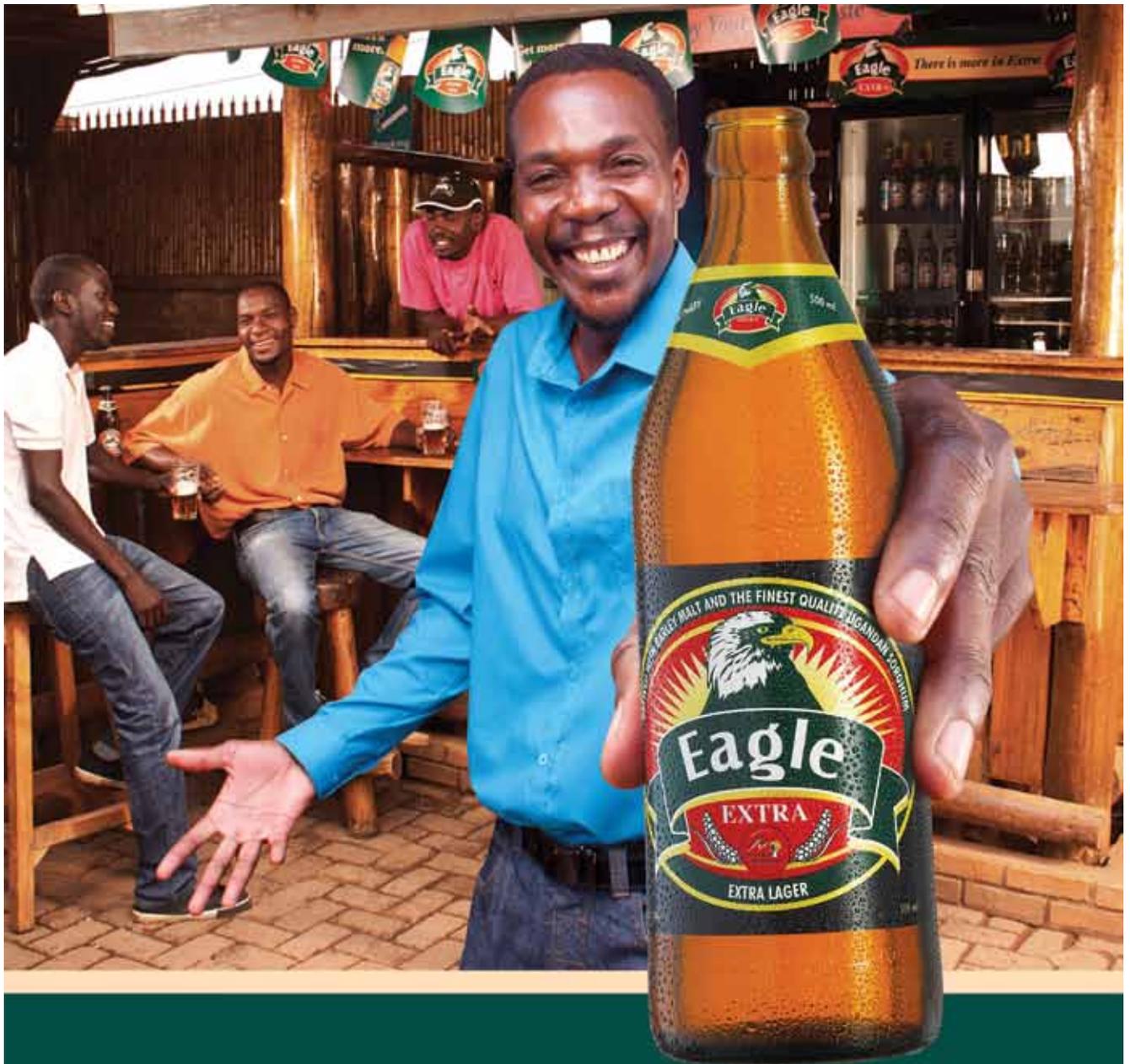
Also most companies (giant and small) have been reported to evade tax so as to catch up with financial stress. NBL has not been part of tax scandals.

In addition, the HIV/AIDS scourge has rejuvenated its effects and many companies contemplate on what to do. NBL's efforts have been instead revived to curb effects even beyond the company's direct jurisdiction.

Furthermore, growth and expansion of the production facilities of NBL came along with environmental effects and human development challenges. This report has fairly showed how NBL has rigorously pursued initiatives to curb this.

It is my humble submission that this 2012 sustainability report is a fair representation of what NBL has done in Uganda and henceforth call on the wider stakeholder community to embrace the reported data/information.

**David Katamba - Chairman Uganda Chapter  
of Corporate Social Responsibility Initiatives  
(UCCSRI)**



**Extra  
is more.**



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