

Cervecería y Maltería Quilmes

Location: Argentina



Striving for a Better World

At Cervecería y Maltería Quilmes, in all that we do, we recognize our responsibility to improve the world where we do business. We are all citizens of the world—together—and together, we must find ways to put social responsibility into action. Cervecería y Maltería Quilmes is committed to building a company for the long term, with a legacy to be proud of—for the people who work for us and with us; for future generations and the environment in which we live; and above all, for our consumers, who we hope will always enjoy our products responsibly and be as proud to choose them as we are to create them.

Our dream is to be the Best Beer Company in a Better World by focusing on these key areas:

Community

We are committed to making a difference through our people, the integrity of our business conduct, and our community support

Responsible Drinking

We brew our beers to be enjoyed responsibly by those of legal drinking age, and are committed to engaging with consumers to promote responsible drinking and prevent drunk driving and underage drinking

Environment

We are committed to using a sustainable approach to the use of natural resources

Report Highlights

In 2010, Cervecería y Maltería Quilmes implemented several key Better World partnerships in our responsible drinking and community pillars with our programs *Futuro Posible* and *Vivamos Responsablemente*. These included partnerships with:

- Conciencia Association (volunteer, scholarships, “+18: Responsible Sales” campaign);
- Road Safety Government Agency;
- Huerta Niño Foundation (school gardens);
- *Hábitat & Desarrollo Foundation* (recycling program);
- Quilmes Hospital and Quilmes University (neonatology course).

To support our environmental pillar, we continued to see performance improvements, including:

- Certification of nine breweries in our *Voyager Plant Optimization (VPO)* system;
- Our *E3* program, which evaluates environmental impacts and develops and carries out action plans to help reduce our draw on natural resources;
- Our Corrientes brewery had its fifth consecutive month of improvement, achieving a new water use low of 3.26 hectoliters of water per hectoliter of product (hl/hl). The average water usage

Key Brands

1. Quilmes
2. Brahma
3. Stella Artois



for the August to November 2010 period was 3.57 hl/hl, almost 20 percent lower than in the same period of 2009. Electricity and heat key performance indicators of 8.48 kilowatt hours per hectoliter (kWh/hl) and 66.8 megajoule per hectoliter (MJ/hl), respectively, in November are highly correlated with water usage, and have allowed this plant to become part of AB InBev's most energy-efficient breweries group.

Community—"Futuro Posible"

A key aim for Cervecería y Maltería Quilmes is to create value for shareholders and stakeholders, especially our employees and the communities in which we operate. We are proud of the positive and meaningful impact our business has on the communities in which we work. We are improving our production facilities, modernizing logistics and commercial investments, creating jobs, as well as paying taxes and excise duties. By constantly improving our operations, we aspire to continue creating new jobs, improving economic standards, and adding value.

Giving Back to Our Communities

In addition to investing in our facilities, we also invest in our communities, recognizing that giving back is key to a sustainable approach to our business.

In 2010, Cervecería y Maltería Quilmes invested more than 2.4 million ARS (590 000 USD), as well as made additional investments related to our 120th anniversary celebrations: 1.9 million ARS (464 000 USD) for the Villa Argentina project; 428 300 ARS (105 000 USD) for volunteering actions, and 275 300 ARS (67 500 USD) for school maintenance. This support included:

- National scholarships and support for students of polimodal (the last three years of high school) in partnership with the Conciencia Association;
- Payment of fees to professionals to take a neonatology course in partnership with Quilmes National University and Iriarte Hospital;

- Funding for national gardens in schools, in partnership with Huerta Niño Foundation;
- Support for hospitals, health care units and daycare centers;
- Donations of books, learning materials, furniture and equipment for schools at all levels;
- Recycling program (PET) in Quilmes, in partnership with the Hábitat & Desarrollo Foundation;
- Employee volunteer activities in Quilmes and Tucumán, in partnership with the Conciencia Association. The activities contributed to the conditioning of schools, the cleaning of lakes, gardening and helping children with scholarships to improve their performance in school.
 - Quilmes: 70 employees contributed 280 hours during *Volunteer Day*, and 10 employees spent 560 hours working as mentors for the children with scholarships;
 - Tucumán: 70 employees volunteered 350 hours to this program.

Volunteering

In 2010, we launched our volunteering program to take advantage of our employees' motivations and skills to help meet community needs. Our first *Volunteer Day* was held in October. More than 70 company employees volunteered their work at School No. 30 Manuel Belgrano, in Villa Argentina, Quilmes, introducing significant improvements to the school's building. The volunteers painted the indoor and outdoor yards, planted trees and plants, refurbished signs, and built learning games for students, in addition to conducting other maintenance tasks. Conciencia Association supported Cervecería y Maltería Quilmes in this project, coordinating the program and designing the activities.

The second *Volunteer Day* took place in Tucumán, and was a joint effort with Norte beer. Employees cleaned and reconditioned Lake 9 de Julio in that city. Additionally, they planted trees and painted park areas (bridges, benches, etc.). More than 70 volunteers took part in



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the initiative, with the commitment to help their communities. The goal is for every brewery of Cervecería y Maltería Quilmes to have one *Volunteer Day* per year.

It should be noted that through our *Volunteer Mentor (Guías Voluntarios)* program, employees undertake the commitment to support students in the CONBECA Scholarships program. In this manner, the CONBECA mentor provides guidance for students in the last three years of high school, attends a training workshop for mentors, manages the scholarship, submits expense reports, monitors fulfillment of the scholarship recipient's duties, and holds a monthly meeting with the student. At present, 14 employees in Quilmes city and one employee in Zárate city take part in this program.

Dream, People, Culture

We also recognize that by showing respect for our people through competitive compensation, benefits and a safe work environment, we tap into their innate desire to help us to be a more responsible corporate citizen.

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Our workforce is composed of 88 percent male and 12 percent female employees.

Professional Training and Development: Competency-based Management

We are committed to empowering our employees to reach their top potential, offering them the right learning opportunities and career options. In this framework, education and training programs are designed based on the needs of specific business units and areas, as well as every individual's development plan. Training areas included:

Leadership

This is a set of cognitive and engagement-building skills, requiring leaders to achieve results jointly with employees.

Technical Skills

These are job-specific skills, requiring functional expertise to be successful on the job.

Method

This is a set of skills centered on the discipline to get things done using the right processes and methods: the "Anheuser-Busch InBev way."

All our programs are based on these three pillars and are designed according to our annual survey of area-specific needs. An annual training plan is prepared with goals that must be fulfilled 100 percent by year end.

Work Environment

Our People area strives to facilitate the necessary practices and processes to make our company a better place to work. We use several tools to achieve this goal:

Employee Survey

Every year we invite all employees to take our Global Opinion Survey, which measures their level of engagement, the relationship that every employee has with the company and their day-to-day work. Additionally, we ask their opinions on several work-related topics. We then design and implement corrective actions and take full advantage of our strengths. Managing the climate at the workplace implies a clearly defined process, recognized as a high priority by all our leaders.

We also host meetings in which leaders present the results of the survey to their teams. Specific action plans are subsequently prepared for each area or work environment, project owners are appointed and follow-up is a continuous process throughout the year. Employee satisfaction climbed to 88 percent in 2010, with employee engagement reaching 77 percent.

**Promoting Responsible Drinking—
“Vivamos Responsablemente”**

Beer is enjoyed responsibly by the vast majority of consumers, but we recognize that alcohol misuse can cause harm. That’s why at Cervecería y Maltería Quilmes, we have long acknowledged the seriousness of abusive drinking and devoted considerable resources to promoting responsible drinking and discouraging abuse. In 2010, this investment equaled 5 631 000 ARS (1 390 000 USD), and a dedicated percentage of our advertising expenditures were also invested in responsible drinking messaging.

In 2010, we developed and promoted responsible drinking programs in all of our key markets, with a primary focus on drunk driving, high-risk drinking and underage drinking. Key programs included:

Talks for Parents/Guide for Parents

We aim to reinforce the importance of, and help maintain, a strong relationship between parents and teenagers.

Talks for Teenagers

This program promotes positive values to help prevent underage drinking.

Talks for Teachers

In partnership with Conciencia Association, we help to support teachers in their efforts to promote positive values among their students.

“Designated Driver”

We continue to work in partnership with the Buenos Aires City Government to promote the use of designated drivers to help prevent drunk driving.

“If You Drink, Don’t Drive”

An outdoor advertising campaign that highlights the importance of being responsible in order to help prevent drunk driving.

“Taxi”

This campaign is designed to highlight the importance of choosing a safe ride home to help prevent drunk driving.

Global Be(er) Responsible Day

We annually use our “day-in-trade” to distribute point-of-sale and educational materials to retail outlets, to help prevent sales to minors and underage drinking. Last year, this effort occurred on *Global Be(er) Responsible Day* in September. With this initiative, employees live a day in the life of the sales force, visiting bars, restaurants, stores and other points of sale. *Gente que Vende (People Who Sell)* is a valuable tool to help everyone understand and know an area that plays a key role in the company’s success. Additionally, sales channels are an excellent way to convey the message and raise awareness of the importance of not selling alcoholic beverages to those under the legal drinking age of 18.

“+18=Responsible Sales” and We I.D.

Since 2008, the company has simultaneously conducted this program on *Global Be(er) Responsible Day*. In 2009 and 2010, 2,363 non-sales employees took part in these initiatives with the company’s sales force, as part of a campaign that was run in Buenos Aires City, Buenos Aires Province and the cities of Córdoba, Tucumán, Corrientes, Rosario, Mar del Plata, Mendoza and Neuquén.

The Quilmes Code

We continuously reinforce the importance of responsible advertising and marketing through our self-regulation commercial communications code. Marketing employees receive annual training on the code.

More information on these initiatives is available at www.vivamosresponsablemente.com.



In 2010, our investment in Vivamos Responsablemente equaled 1 390 000 USD.

Environmental Performance Data

	2009	2010
Material recycling and by-products reuse (%)*	94	94 (target)
Energy use (GJ/h)**	0.109	0.097
Water use (hl/h)**	4.22	4.20
Wastewater (hl/h)**	3.22	2.52
Greenhouse gas emissions (KgCO ₂ /hl)**	196.1	116.9

Note: 1 hectoliter = 100 liters

* For breweries only

** For all beverage production, including soft drinks

2012 Global Environmental Targets

Last year, we announced global, companywide targets on measures such as water and energy use, as well as carbon emission reductions, that we will strive to achieve by the end of 2012. Our targets are:

-  Increase our waste and by-product recycling to 99 percent
-  Reduce water use for beer and soft drinks facilities to an industry-leading 3.5 hectoliters of water per hectoliter of product (hl/hl)
-  Reduce energy use per hectoliter by 10 percent
-  Reduce CO₂ emissions per hectoliter by 10 percent

Improving Environmental Performance

In 2010, Cervecería y Maltería Quilmes contributed significantly to helping achieve our global targets.

-  Recycled 95 percent of our waste and brewing by-products, a 1 percent increase in 2010
-  Reduced our water usage by 42 percent in the last 10 years, reaching 4.2 hl/hl
-  Reduced energy consumption per hectoliter by 19 percent in the last 10 years
-  Recovered 1.03 KgCO₂/hl, 88 percent of which was used in the production of carbonated soft drinks

Environmental Performance

At Cervecería y Maltería Quilmes, we continually seek to operate more efficiently and maintain our quality standards, while considering our environmental impacts in order to be better stewards of the world in which we live. We focus our environmental sustainability initiatives on key issues—water, energy, recycling and packaging.

Our beers are based on the highest-quality ingredients and water, and we work to efficiently package and distribute our products. In addition to being efficient and avoiding waste—which is an important part of our culture—we also recognize we have a role to play in tackling shared challenges, such as freshwater availability and quality.

For waste and by-product management, all our breweries have central facilities for the recycling of cardboard, PET, plastics (films, bins, etc.) and aluminum from the scrap of our production lines, which can be reused as raw materials for various uses. We are always in search of new developments that will help increase the added

value of the by-products from our processes, with the aim to reach our 2012 goal of 99 percent recyclability. Additionally, through our continued glass recycling program, we send 100 percent of the broken glass generated in our production lines to bottle manufacturers for recycling. As a result, we reduce the volume of waste, and help our suppliers reduce energy consumption in the glass production process.

The inclusion of renewable sources in our energy-generation plant contributes to the reduction of the use of fuel in our operations, and therefore to the reduction of CO₂ released into the environment. Examples of these initiatives are:

Biomass

We currently employ this energy source at our Zárate and Corrientes breweries. It is obtained from timber industry sawdust. Using a boiler capable of handling this type of fuel, steam—a fundamental product

in brewing and beer bottling—is generated. This process has helped us reduce fuel consumption at the Corrientes brewery by more than 80 percent. In winter, the use of this boiler allows the breweries to continue operating in the event of a natural gas shortage on the market. At the same time, we contribute to the community by not drawing on the limited amount of natural gas available, freeing it up to be used in homes instead.

Biogas

We reuse the methane gas generated during the liquid effluent treatment process—known as biogas—in plants equipped with anaerobic effluent treatment facilities. We currently use biogas at the Quilmes, Zárate and Corrientes breweries, representing 2.5 to 5 percent of the total fuel consumption at those breweries. As a goal for new effluent treatment facilities and capacity extension, our priority is to use the anaerobic process.

Cogeneration

At Maltería Tres Arroyos, we installed an engine for the production of electric energy powered with natural gas, taking advantage of exhaust fumes generated in the toasting process. The combination of the two operations reduces the use of natural gas by 35 percent and the use of electricity by up to 60 percent. Furthermore, energy generation allows the brewery to continue operating in the event of a national grid outage. Finally, the equipment produces energy that adds to the national grid, meeting part of the consumption of the rest of our plants, using an interconnected electrical system.

Responsible waste management plays a key role in our business, as it allows us to reduce waste, reuse materials, minimize manufacturing loss, and curtail energy and fuel consumption, while lowering operating costs. To that end, every year we set waste reduction targets.

Employee education is instrumental in achieving our environmental targets. We provide an average of 2.5 training hours per employee

per year, addressing the areas of efficient use of resources, survey of environmental aspects on the job, environmental control measures, and waste and by-product management. Additionally, our continuous improvement task forces work at each brewery using troubleshooting methodologies to continuously reduce consumption and eliminate waste.

Along the same lines, with the goal to increase involvement across the company in an effort to reduce our environmental footprint, we joined the United Nations' World Environment Day (WED). In June, we shut down our breweries to highlight the topics of responsible water use for our employees, showing the current situation and our 2012 challenge. Additionally, as part of the same event, we launched a call for proposals to reduce the use of natural resources. All our breweries and administrative areas participated in the competition, and 33 improvement proposals were received. In parallel, the traditional WED drawing contest was carried out for the children of all employees. More than 600 children participated across South America, with the winning drawings featured in the company's 2011 calendar.

Outlook for 2011

In 2011, we will extend our Better World responsible drinking initiatives to our wholesalers, and continue to expand our community work through our employee volunteer efforts. On the environmental front, we will continue our efforts to qualify our breweries and facilities in our VPO system, which helps ensure we are operating in a safe, environmentally responsible way.



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