

# Labatt Breweries of Canada

Location: North America



## Striving for a Better World

At Labatt Breweries of Canada, 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. Labatt Breweries of Canada 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; 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 a sustainable approach to the use of natural resources

## Report Highlights

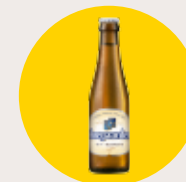
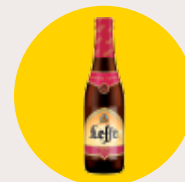
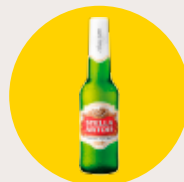
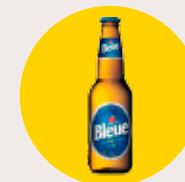
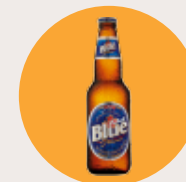
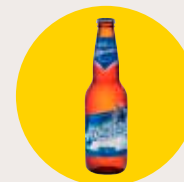
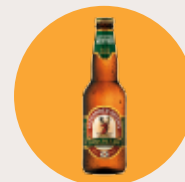
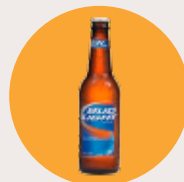
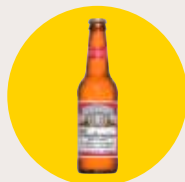
A key aim for Labatt is to create value for shareholders and stakeholders, especially our employees and the communities in which we operate. We are proud of the positive and meaningful impact our business has on the communities where we do business. We are improving our brewing facilities, modernizing logistics and commercial investments, creating jobs and paying taxes and excise duties. By constantly improving our operations, we aspire to continue creating new jobs, improving economic standards, adding value, reducing the environmental impact of the business and ensuring employees' on-the-job safety.

In 2010, economic benefits generated by Labatt included:

- More than 440 million USD in federal, provincial and excise taxes;

## Key Brands

1. Budweiser
2. Bud Light
3. Bud Light Lime
4. Alexander Keith's
5. Kokanee
6. Labatt Blue
7. Labatt Bleue
8. Lakeport
9. Stella Artois
10. Stella Artois Légère
11. Leffe
12. Beck's
13. Hoegaarden



- More than 249 million USD annually in wages, employing about 3,000 people and generating approximately 82,000 indirect jobs across Canada;
- More than 0.8 billion USD on goods and services;
- In 2010, Labatt also made substantial investments to improve the company's environmental and safety performance.

In 2010, significant improvements included:

- In Edmonton, the brewery reduced water consumption in the bottle and can pasteurizer by 3.1 million hectolitres (hl) annually, through reprogramming sprayers and eliminating leaks;
- The London brewery rebuilt its boiler to minimize heat loss and improve safety conditions, decommissioned an unused building to eliminate utility use, upgraded the compressor to collect CO<sub>2</sub> (rather than vent it into the atmosphere) and redirected second-use water to feed the ammonia condensers;
- At the Montreal brewery, a series of programming changes in the packaging area helped recover 1.5 million hl of water and save 3 million MJ of heat and 200,000 kWh of electricity annually;
- A new can crusher at the St. John's facility diverted a significant volume of aluminum cans from landfill by increasing the amount of aluminum that could be sold for recycling. The new system is also much safer;
- At the Halifax brewery, a lighting project saved 300,000 kWh of electricity annually. The brewery also finished the second phase of a three-phase boiler optimization project, which included replacing an oil-fired boiler with two smaller, more efficient, natural-gas boilers. This significantly reduced fuel consumption as well as greenhouse gas emissions;
- In Creston, redirecting water for reuse in the trub tank saved 30,000 hl and cut energy costs more than 1,000 USD per year.

### Giving Back to Our Communities

In addition to investing in our facilities, we also invest in our communities, recognizing that giving back is a key part of a sustainable approach to our business. Labatt partners with a wide range of community groups as well as key retailers to help increase our public profile and boost awareness of our various causes. To maximize the value of our contributions, Labatt customizes its involvement to meet the specific and individual needs of each organization.

In 2010, Labatt gave back to Canadians and their communities through financial and other tangible donations to a wide variety of organizations. These organizations benefited from Labatt's expertise and experience, as well as personal time volunteered by many employees.

- The *Labatt Employee Matching Gift Program* was established in honour of retired Labatt president, Peter Hardy. The program allows the company to match gifts from employees and retirees in Canada to registered Canadian charities and non-profit organizations on a dollar-for-dollar basis. The company will match two gifts per employee per calendar year;
- Labatt and its employees stepped up to contribute to a range of relief funds following the earthquake in Haiti and Hurricane Igor, which touched down in Newfoundland;
- Labatt's Edmonton brewery celebrated its 30-year brewing partnership with Budweiser, a commitment that contributes direct and indirect benefits to the Edmonton and Alberta economies annually. As the brand has made its mark in Alberta over the decades, Budweiser has been the proud sponsor of everything from the Calgary Stampede to hockey and football;
- Alexander Keith's, the province of Nova Scotia's most popular beer, announced the brand would be the brewing sponsor of the 2011 Canada Winter Games held in Nova Scotia in February 2011. The Canada Winter Games, now Canada's largest multisport competition for young athletes, are held every two years and feature more than 2,700 athletes competing in more than 20 sports;

## Zone Summary

	2010	Notes
Volume produced (million hectolitres)	10.7	(1 hectolitre = 100 litres)
Number of employees	3,000	
Employee satisfaction*	69%**	

\* Results of survey index measuring 10 key aspects of employee engagement

\*\* Combined hourly/salaried employees



Over the last five years,  
Labatt has reduced lost time due to  
injury by 86 percent

- In the summer of 2010, the Canadian Navy enlisted Alexander Keith's, which has been brewed in Halifax, Nova Scotia, since 1820, to help celebrate its centennial anniversary and commemorate the contributions of its men and women. Alexander Keith's hosted elite members of the Canadian Navy at a dinner for 1,000 community and business leaders. As part of its ongoing partnership with the Canadian military, Alexander Keith's contributes to personnel support programs, including sports and recreation, and sponsors the Canadian National Forces Sports Awards Ceremony. Alexander Keith's also helps send packages overseas and celebrates homecomings;
- Labatt continues to invest in the power of Canada's young people with its *Scholarships for Children of Employees* program. Labatt's 2010 contributions will help the scholarship winners reach their academic and life goals for up to four consecutive years;
- Labatt's Columbia brewery in Creston, British Columbia, is a major partner of the Canadian Avalanche Association, which educates outdoor enthusiasts on avalanche preparedness, safety and resources to avoid accidents while pursuing recreational activities in the backcountry;
- In Vancouver, Labatt supports the Easter Seals 24-Hour Relay, which helps raise funds for young people living with disabilities, as well as A Loving Spoonful, a volunteer-driven society that delivers free, nutritious meals to men, women and children who are homebound with AIDS;
- In Toronto, Bud Light was a Premier Sponsor of the 30th annual Pride Week, one of the largest arts and cultural festivals in North America and one of the largest Pride celebrations in the world. Bud Light connected with more than one million attendees and about 1,200 volunteers;
- Labatt was a Gold Sponsor at CANFAR's 14th annual Bloor Street Entertains gala event in downtown Toronto, where a series of exclusive dinners raises funds to end AIDS through research;

- Friends of We Care, the food service and hospitality industry organization that sends physically disabled kids to specialized summer camps, continued to benefit from a long-term relationship with Labatt. Labatt's involvement is focused on the Superstars Charity Golf Classic, which connects celebrities and pros from all facets of the sporting world for a good cause;
- As a sponsor of the Annual Rogers Conn Smythe Sports Celebrities Dinner & Auction, Labatt gave its support to Easter Seals, which helps children with physical disabilities achieve a greater level of acceptance and independence.

#### Dream, People, Culture

We understand that by showing respect for our people through competitive compensation, benefits, recognition, training and a safe work environment, we reinforce their innate desire to help our cause as a responsible corporate citizen. In 2010, Labatt emphasized safety training programs and stressed the importance of creating and maintaining a safe work environment, which helped to ensure that a number of Labatt facilities celebrated zero lost-time incident (LTI) milestones. Over the five-year period to the end of 2010 Labatt reduced its lost-time injuries by 86 percent, from 57 to just eight incidents.

Strategic reporting and communications also contributed to the safety performance in 2010. By the end of the year, eight of Labatt's 12 supply sites had operated more than one-and-a-half years without an LTI, with some achieving an impressive four to seven years with zero LTIs.

In February, the company launched new, nationwide *Environment & Safety Leadership for Line Management* training, successfully cascading the program from all of Labatt's general managers to each of the line managers at all Canadian sites. Those line managers have become safety role models who lead by example, coach the desired safety behavior, positively recognize safe performance and step in when they observe unsafe actions.

Labatt employees took their personal engagement in safety up a notch by representing the company on a number of safety committees,

including the beer industry's Soft Tissue Injury Committee. This group focuses on reducing workplace injuries in the beer industry in Quebec, and the Partners in Injury Reduction which encourages the development of effective workplace health, safety and disability management programs in Alberta.

During the week of World Safety Day, Labatt took the opportunity to further entrench specific aspects of safe behavior, such as the prevention of slips, trips, falls, cuts and chemical burns, proper back care, the importance of daily inspections, checklists and Lock-Out, Tag-Out procedures with employees.

Our workforce is composed of 83 percent male and 17 percent female employees.

#### Promoting Responsible Drinking

Beer is enjoyed responsibly by the vast majority of consumers, but we understand that the misuse of alcohol can be harmful. For 30 years, Labatt has acknowledged the seriousness of abusive drinking and devoted considerable resources to promoting responsible drinking and discouraging abuse.

Labatt has been a pioneer and taken a leadership role in the promotion of responsible drinking. The company has devoted considerable resources to encourage consumers, particularly young adults, to enjoy its beers responsibly and moderately.

It all began when Labatt was the first Canadian brewery to launch a moderation program and the first to introduce a "near-zero" alcohol beer. As part of our collaborative approach over the years, Labatt has partnered with local law enforcement agencies, urban transit commissions and organizations such as the Canadian Red Cross, to develop campaigns that promote consumer safety and responsible drinking behavior.

Labatt formed the first partnership with law enforcement agencies, student groups and national TV networks to spread moderation messages as part of our widely recognized "Know Where to Draw the Line" campaign. Later on, the *Make A Plan* program took a positive,

upbeat approach to revitalize the responsible drinking message, particularly for young adults. *Make A Plan* continues to offer tips on getting home safely, being a good host, and appointing a designated driver.

Across Canada, Labatt has collaborated with local partners to develop educational programs and brochures that promote the responsible use of alcohol in and around water, as well as in the backcountry. We also have a comprehensive server education program that invites servers to Labatt facilities to learn how to prevent overconsumption as well as drinking and driving.

We believe these initiatives have contributed significantly to more mature public attitudes about drinking and driving.

In 2010, we continued our leadership on behalf of responsible drinking with the following initiatives:

- The new *Crash Bobbles* responsible drinking campaign leveraged social media to successfully target and fully engage young adults in a new way. In July, the *Crash Bobbles* characters debuted on YouTube, where they shared what they learned from surviving vehicle accidents in which the consumption of alcohol was involved. Consumers were invited to share their favourite webisodes with friends and link to the characters' Facebook page. In addition, related contests encouraged young adults to share their responsible-drinking experiences via YouTube and Facebook;
- On *Global Be(er) Responsible Day*, Labatt employees raised awareness of responsible drinking and helped initiate relevant discussions with customers, consumers, friends and family, while wearing attention-getting *Crash Bobbles* t-shirts. Across the country, government officials got personally involved by celebrating *Global Be(er) Responsible Day* with Labatt's employees, customers and consumers. Employees took advantage of the *Family Talk About Drinking* program to initiate responsible drinking discussions with their children. Parents have the greatest influence on children's decisions about drinking, so the program facilitates open, honest communication around drinking,

**“This event raises public awareness of the perils and social costs of drinking and driving, and underage alcohol consumption. I commend Labatt Breweries of Canada for encouraging social responsibility... by working to curb alcohol abuse, you are helping to build safer communities.”**

Premier Dalton McGuinty, Ontario

**“When other companies say, ‘We can’t do that,’ I say, ‘You go to Labatt in London — they are doing it.’ They had a corporate change and they had a change amongst their employees where they decided that was their goal. They are leading our country in reuse and recycling.”**

Environment Minister John Wilkinson, Ontario

particularly underage drinking. *Family Talk* helped Labatt employees figure out when and how to talk to their children, and offered tips and guidelines;

- To help consumers in downtown Vancouver get home safely during the Winter Olympic celebrations, Labatt sponsored eight, Labatt-logoed pedicabs. Thousands of people said yes to pedicab signage that asked, “Wanna go home with me? I’m the designated driver,” during the Olympics’ 17-day run;
- Labatt brands partnered with local liquor boards to promote the *Make A Plan* in-store, and asked consumers to *Make A Plan* to enjoy their products responsibly. Labatt also collaborated with those retailers to give away overnight kits containing a toothbrush, soap and shampoo to make it more convenient to stay at a friend’s place. In certain locations, *Make A Plan* contests gave consumers the chance to win a gift certificate for hotel stays;
- In Quebec, as part of the annual Opération Nez Rouge (Operation Red Nose), Labatt volunteers took the wheel for people who didn’t feel comfortable driving their own vehicles home during the Christmas and New Year holidays. Labatt also sponsored a Nez Rouge video that ran in convenience stores across the province, and partnered with a leading Quebec restaurant chain to raise donations for the program from the sale of Noël Stella Artois decorations;
- In Nova Scotia, Labatt’s Halifax Brewery sponsored the Serve Right Program, a three-hour course that helps teach servers to recognize impairment and deal with impaired customers.

#### Responsible drinking — Program Highlights

- *Crash Bobbles*: webisodes featuring the *Crash Bobbles* characters run on YouTube. Consumers share favourites with friends and link to the *Crash Bobbles’ Facebook page*;
- *Make A Plan* offers tips on how to plan ahead and drink responsibly.

#### Environmental Performance

At Labatt, we continually seek to operate more efficiently and maintain our quality standards, while considering our environmental impact in order to be better stewards of the world in which we live. Labatt focuses its environmental sustainability initiatives on key areas—water, energy, recycling and packaging. Water is always a primary focus, because pure water is a precious, finite resource and has a natural, fundamental connection to the brewing process as a key ingredient in Labatt products.

Labatt sponsors the Canadian Land Trust Alliance (CLTA), which protects Canada’s land to preserve its water, while communicating the importance of land trusts and the role they play in water conservation. In 2010, competitions such as the 2nd Annual Energy Cup Challenge were designed to inspire process and operational changes that further reduced our water consumption. Across Canada, Labatt also partnered with key retailers to support a range of local and provincial environmental initiatives, including the Thames-Talbot Land Trust in Ontario and the Adopt-a-Stream program in Nova Scotia.

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 that we have a role to play in tackling shared challenges, such as freshwater availability and quality.

Although Canadians have an abundant supply of fresh water, maintaining its purity and availability is crucial to the quality of Labatt’s products and, therefore, the company’s success.

To raise awareness with consumers, business and government partners, Labatt also invited representatives into its breweries to observe the company’s environmental commitment and activities firsthand, and participated in a number of regional expositions that highlighted sustainable products and processes. To that end, Labatt employees also brought their experience and expertise to a range of environmental initiatives across the country.

## 2012 Global Environmental Targets

Last year, we announced global, companywide targets on key 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 hectolitres of water per hectolitre of product (hl/hl)
- ↓ Reduce energy use per hectolitre by 10 percent
- ↓ Reduce CO<sub>2</sub> emissions per hectolitre by 10 percent

## Improving Environmental Performance

In 2010, Labatt contributed significantly to helping achieve these global targets.

- ↑ Average recycling rate was 98.14 percent, a two-percentage-point improvement over the previous year, with the six Canadian breweries diverting more than 200,000 tonnes of waste from landfill
- ↓ Reduced our water usage by more than 18 million cubic meters, a 41 percent improvement over the past five years (2005 to 2010)
- ↓ Reduced fuel consumption by 28 percent, and electricity use by 22 percent, over the past five years

Fittingly, in 2010, Labatt committed to Anheuser-Busch InBev's new Environmental Performance Policy, which addresses the use and management of water, energy and carbon.

### World Environment Day—June 5

To mark World Environment Day (WED), Labatt put special emphasis on water conservation and watershed protection, while recognizing that energy reduction, recycling and reuse are linked to water conservation, and can result in water savings.

To promote employee engagement and recognize employee environmental stewardship, Labatt showcased its WED and other environmental initiatives in an extensive series of internal and external communications.

Together with the help of local conservation groups and utility providers, Labatt employees organized and engaged in a wide variety of activities that benefit the environment, including electronic waste collections, river and trail cleanups, and educational seminars on how to compost and how to install water conservation tools such as rain barrels. Labatt achieved its goal of broadening and deepening employees' and partners' WED engagement and participation. In addition, Labatt conducted two contests to encourage WED involvement:

- *2nd Annual Energy Cup Challenge*: Labatt's Canada-wide Energy Cup Challenge put the spotlight on water use to align with WED and Better World objectives, and dramatically reduced resource

## Environmental Performance Data

	2009	2010
Energy use (Gj/hl)	0.142	0.136
Water use (hl/hl)	4.89	4.57
Wastewater (hl/hl)	0.16	0.17
Greenhouse gas emissions (KgCO <sub>2</sub> /hl)	13.27	10.80
Recycling rate	96.0%	98.1%

**“WED helps us put a human face on environmental issues and shows people that they can change things to make a difference for our planet. Take action — organize a neighborhood cleanup, stop using plastic bags, organize a collective tree planting effort, or simply make a commitment to doing things at home to save water and energy. We asked Anheuser-Busch InBev and Labatt employees to register the actions they’ve taken in the breweries and in their offices, as well as at home.”**

Elisabeth Guilbaud-Cox, senior communications officer for the United Nations Environment Programme (UNEP) Regional Office for North America, based in Washington, D.C.

consumption over a two-month period, ending in June. The six breweries achieved a 7.13 percent improvement in water consumption. The Montreal brewery won the nationwide competition by improving water consumption by 17.6 percent over the previous May/June, followed by Edmonton with a 7.54 percent improvement. Montreal employees accounted for 97 of the 221 implemented ideas that had an impact on energy and utilities;

→ *Anheuser-Busch InBev Facility Competition:* Labatt employees worked with suppliers, community organizations and governments to initiate and implement environmental projects, particularly those that help conserve water. In this second annual competition, the Montreal brewery’s extraordinary water and energy savings put it second only to Anheuser-Busch’s St. Louis brewery in the North America Zone.

Other environmental programs included:

→ Labatt and Alexander Keith’s played a major part in the Nova Scotia Liquor Corporation’s five-year partnership with the Nova Scotia Salmon Association and the Adopt-a-Stream program. Now in its third year, Labatt and Alexander Keith’s contribute one dollar for every 24-pack case sold in Nova Scotia during the month of April. Over the program’s five years, our contribution is expected to total more than 200,000 USD, or about 40% of the overall NSLC commitment to the program. The goal of the program is to help protect and restore local watersheds and improve Nova Scotia’s water quality;

→ Labatt and its retail partner, The Beer Store, celebrated the success of the *Bag It Back* program, as the one billionth liquor container was recycled on December 2010. *Bag It Back* is the Ontario government’s highly successful deposit return program for wine, spirit and beer containers sold through the Liquor Control Board of Ontario, as well as Ontario winery retail stores;

→ The Thames, a major Ontario river, runs through the City of London, Labatt’s hometown and the site of one of its major breweries since 1847. Because of that connection, Labatt is a longtime sponsor of the annual Thames River Clean Up, which targets more than 200 km of the river and tributaries. In 2010, under the Adopt-a-River program, Labatt’s London employees took ownership of the 700-metre stretch of river that runs behind their brewery. Labatt’s London brewery also contributed a portion of Labatt Blue sales to the new Thames Talbot Land Trust to raise awareness and help protect and conserve the community’s endangered ecosystems;

→ Employees from the Halifax brewery volunteered their weekend to showcase the brewery’s environmental initiatives at the second annual Eco Exhibition. The response from people who dropped by the booth was overwhelmingly positive. Many of those were surprised to know Labatt and the Halifax Brewery take environmental issues so seriously. They were encouraged by our commitment to saving water and by our Better World initiative.

→ FortisBC, an electricity utility company, recognized Labatt’s Creston brewery with a FortisBC PowerSense Conservation award for its direct-use CO<sub>2</sub> project, which was inspired by a Good Operating Practice (GOP) that was originated at Anheuser-Busch breweries. Bypassing the CO<sub>2</sub> liquification and vapourization processes results in a 1.7-year return on investment.

**Outlook for 2011**

To be the Best Beer Company in a Better World through 2011 and beyond, Labatt has programs to encourage responsible drinking, help protect and preserve the environment, and contribute to organizations, events and activities in communities across Canada.

At Labatt, we are tremendously proud of the ways in which we've promoted responsible drinking. To build on that tradition and leadership position, Labatt's new "Take the Pledge" campaign asks Canadians to pledge, via social media, to not drink and drive. For every pledge, Labatt will donate up to two dollars to the True Patriot Love Foundation in support of Canadian military families.

Labatt is also launching the *Good Sport* program and partnering with key sports teams to promote the "Don't Drink and Drive" message. Modeled on the Anheuser-Busch program, the *Good Sport* program is designed to help stadium operators, team owners and concessionaires promote and encourage responsible drinking.

Labatt's Better World strategy is constantly evolving with changing economic times and advancements in sustainable practices. As Labatt continues to work toward its 2011 Better World environmental targets, we will review and evaluate new technology and techniques to reduce our environmental footprint. These initiatives will also reduce costs and enhance by-product revenues.

As the Best Beer Company in a Better World, we are also committed to connecting with consumers to raise environmental awareness and support organizations that help to protect our planet. In the spring of 2011, Labatt will launch a new Alexander Keith's Green Initiative that supports national and local organizations involved in water and forest conservation. Like the "Take the Pledge" campaign, this initiative leverages Facebook to boost donations and program awareness.

In the community, Labatt helps Canadians enjoy good times through recreational sports sponsorships, while also maintaining a consistent, long-term commitment to a wide range of charities. Through all of these Better World actions and initiatives, Labatt partners with organizations that offer the kind of relevant expertise and experience to ensure outstanding results. For example, Labatt will once again collaborate with licensees and retailers for *Global Be(er) Responsible Day* and with local environmental and not-for-profit groups to boost awareness and provide information on World Water Day and World Environment Day.



Lindsay Blackett, Minister of Culture and Community Spirit, Alberta, helped us roll out our *Crash Bobbles* campaign.