

# AB InBev China

Location: China



## Striving for a Better World

At Anheuser-Busch InBev China, 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. AB InBev China 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

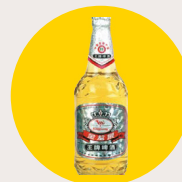
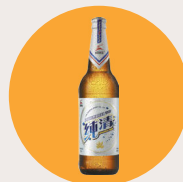
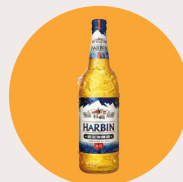
In 2010, Anheuser-Busch InBev China experienced many accomplishments and milestones.

Our total beer volume reached 50 million hectoliters in 2010, and the Budweiser and Harbin brand volumes grew by high double digits. Budweiser, King of Beers, became the beer sponsor of the World Expo 2010 Shanghai, China, and helped to “Perfect the City Nights” for this dynamic world extravaganza. Meanwhile, Harbin Beer, the first beer of China, was the Official Beer in China of the 2010 FIFA World Cup South Africa™. This legendary brand celebrated its 110th anniversary last year.

In addition, we continued our capital investments, breaking ground on four new breweries. Fourteen breweries were also qualified under

## Key Brands

1. Budweiser
2. Harbin
3. Sedrin
4. Jinling
5. Tangshan
6. KK
7. Double Deer
8. Jin Long Quan



the companies' *Voyager Plant Optimization* program, which brings the total qualified number of breweries in China to 27.

AB InBev was also recognized as a corporate social responsibility (CSR) leader in China. We ranked #1 in the food and beverage industry on the "2010 World Top 500 Companies' Contribution in China" list by *Southern Weekend*, the most influential print media in China. We were also named the #1 "Most Responsible Corporation on CSR Contributions" in the industry, in China, by *xinhua.net*.

Additionally, successful partnerships have been set up this year, including the three-year corporate partnership with the China Europe International Business School (CEIBS) to help support MBA scholarships, and our new Technology & Innovation Center, established in association with the China National Research Institute of Food and Fermentation Industries.

### Community

A key aim for AB InBev China is to create value for shareholders and stakeholders, especially our employees and the communities in which we operate. We are proud of our positive, meaningful impact in the communities where we do business. We are improving our production facilities, modernizing logistics, increasing commercial investments and 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.

In 2010, significant investments included breaking ground on four new breweries in key areas, to support our expansion plans and help meet consumer demand.

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.

### Charitable Donations

In 2010, Anheuser-Busch InBev China donated more than 6.5 million RMB (990 000 USD), including disaster relief to assist in the recovery from a magnitude 6.9 earthquake that originated in Yushu, Qinghai Province, and claimed 2,698 lives and destroyed thousands of wood and earth buildings.

Sedrin Beer donated 1 million RMB (152 000 USD) to northwest Fujian Province and Jiangxi Province to help rebuild the villages destroyed by the rainstorms and floods that forced more than 800,000 people from their homes, and caused a significant economic loss of more than 120 billion RMB (18 billion USD).

Anheuser-Busch InBev Sedrin (Nanchang Brewery) developed a sales program whereby we donated 0.02 RMB (0.003 USD) for each bottle of Sedrin sold. Meanwhile, we developed a similar sales program for Harbin to raise funds for flood-hit Jilin Province.

### Yunnan Hope School

On November 22, the *Jinping AB InBev Hope School* officially opened in Laomeng Village, Jinping County, in China's south Yunnan Province. Over the years, this area has been a focus for poverty relief via national development efforts.

AB InBev China donated 250 000 RMB (38 000 USD) to rebuild the school with a new library and computer room. An additional 50 000 RMB (7 600 USD) in scholarship funds was established to support the education of students from unprivileged families. Computers, books, stationery, chairs, desks and other teaching aids were also donated. Currently the school has a total of 114 students who will benefit from the Hope School program.

"Thanks to the great help from Anheuser-Busch InBev, and friends at home and abroad, we (the Leading Group for Poverty Alleviation) follow the concept of 'people-oriented diplomacy for people,' in

**"CEIBS is delighted today to strengthen its already strong partnership with Anheuser-Busch InBev, a fast-growing, dynamic company that is deeply committed to education. As the top-ranked and longest-running business school in China, CEIBS' expertise and resources will contribute to Anheuser-Busch InBev's talent and business development in China."**

Zhang Weijiong,  
CEIBS Vice President and Co-Dean



In May, we donated funds to build 150 water wells in Yunnan Province.

order to do poverty alleviation and try our best to help the poor as much as possible. Here, on behalf of the 600,000 people we assist, we pay tribute and heartfelt thanks to all," said Mr. Song Tao, the head of the Leading Group for Poverty Alleviation at the Ministry of Foreign Affairs.

#### Yunnan Water Cellars

In 2010, a once-in-a-century drought swept across southwest Yunnan Province. In May, Anheuser-Busch InBev China donated funds to build 150 water wells, bringing much-needed relief to the province of Kunming. The water wells will facilitate sustainable water supply for drinking, industrial production and agricultural development in Yunnan, and benefit more than 10,000 local residents.

#### Find Water for China

Water shortages and water pollution are increasing concerns in China. As a responsible corporate citizen, in 2009 and 2010, Anheuser-Busch InBev China supported the "Find Water for China" campaign, in partnership with *Southern Weekend* and the China Foundation for Desertification Control. In 2009, the investigation team conducted a blanket exploration of the glaciers and major mountain ranges in the northwest of China, which took 143 days and reached 43,000 km. In 2010, the team continued to investigate the sources of six rivers on the Qinghai-Tibet Plateau.

#### 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 be a more responsible corporate citizen.

At Anheuser-Busch InBev China, we had a 51 percent decrease in lost-time injuries in 2010—a 91 percent reduction since 2007. We also saw a 39 percent reduction in lost-work days versus 2009.

In 2010, the company extended coverage of supplementary medical insurance. It consisted of a public fund pool offered to our

10,000 full-time employees and their dependent children throughout China, under one plan and in accordance with prevailing market standards, to provide equity and enhance market competitiveness. We also cover employees for accidental death and dismemberment, critical illness and maternity.

#### Global Management Trainees: Talent Development

We know that it takes great people to build a great company. At AB InBev, our people represent our most important competitive advantage. For this reason, we focus on attracting and retaining the best talent, enhancing their skills and potential through training, job rotation and challenging working experiences, and fostering a culture of ownership that rewards our people for taking responsibility to produce outstanding results. Our goal is to be recognized as a "people builder"—meaning that we have the formalized systems and processes in place to produce the capable leaders we will need to sustain our growth going forward.

A centerpiece of our efforts to attract the best talent is our *Global Management Trainee (GMT)* program, which recruits graduates from the top universities in China. In 2010, we hired 39 trainees and attracted more than 11,000 applicants from top universities for 50 GMT positions for 2011. The 2010 group had the chance to spend one week at the Anheuser-Busch InBev offices in St. Louis in the United States, and two weeks with our zone leaders in Shanghai. They are now participating in a demanding 10-month paid training program that will expose them to a wide range of company operations. Our 2011 GMT recruiting process started with a campus information session and building of our *Campus Ambassador Association*, a team of Anheuser-Busch InBev ambassadors selected from top students who will be working to attract and identify talent on campus for our GMT program. Through a vigorous selection process, which includes a one-on-one interview, group discussion, business game and final panel interview, we have more than 50 quality candidates.

**Training and Development**

As the world’s leading brewer, Anheuser-Busch InBev strives to attract top-quality talent, and implement an effective talent recruitment and management system—toward the dream of creating a better world. Since 2009, AB InBev has worked with the top business school in the Asia-Pacific region, China Europe International Business School (CEIBS), to deliver a customized mini-MBA program that cultivates top talent in the brewing industry. The company will invest 400 000 to 500 000 USD, and select 30 employees to take part in the program every year, laying a solid foundation for the sustainable business development of the company.

**English Training Program**

To help our employees improve their English proficiency, Anheuser-Busch InBev started its cooperation with an English training program. Since September 2009, 201 students registered in the online school training course. There are 50 students who have already graduated from the 12-month online study, with 90 percent of students having completed at least one level of English progress. Of the participants, 94 percent of students say their English skills have improved.

**Awards**

This past year, we were recognized in China as the “Best Employer” and “Best Company for Developing Talent” by *Training Magazine* under the Xinhua Daily Group, as well as received the “China Talent Management Award” from the *Human Capital Management* magazine. The “Annual Human Resources Awards” in China is one of the most authoritative and influential awards, with the largest scale and highest level. It is an annual event organized by *Human Capital Management* magazine, which belongs to HRoot, China’s leading human resources, media and Internet company.

Anheuser-Busch InBev China won the “Best Talent Management” and “Best Human Resources Team in China” awards from the 2010–2011 China Talent Management Review. The “Best Talent Management” award aims to honor companies that have made outstanding achievements in building the leading talent

management system and the best practices in talent attracting, election, development, retention, and so on. The “Best Human Resources Team in China” recognizes a human resource team’s efforts to build the most competitive employer in China, and significant achievements in constructing a globally competitive human resource system.

Anheuser-Busch InBev was also selected as a winner of the 2010 “100 Best Human Resource Management (HRM) Companies” award, sponsored by 51job, Inc., the leading integrated human resources service provider in China. The award is the most prestigious event focused on the evaluation of human resource management in China today, and is presented to 100 companies whose human resources practices have made a significant contribution to their corporate development. The “100 Best HRM Companies” are identified through an initial screening of thousands of companies, a detailed analysis of hundreds of candidate companies, and telephone and face-to-face interviews with nearly 200 companies.

**AB InBev University**

To foster excellence and professionalism in our people, we have established *AB InBev Asia Pacific Zone University*.

The Leadership Pillar is about enhancing the strategic capabilities that will be required for our future leaders. Our *Method* track is designed to improve business processes and analytics, and uses white, green and black belts to signify accomplishments. Finally, we have a system of courses that provide our people with advanced skills related to their specific functional areas, such as marketing, sales, brewery management, etc. During 2010, 67,686 people were trained with a total of 246,170 training hours invested through *AB InBev University*.

**AB InBev China Family Day**

In 2010, we organized the first *Family Day* activities in the Asia Pacific Zone, to enhance communication between our employees and their family members. Through different activities, such as 5-on-5

**Employee Training**

Pillar	Training Hours	People
Leadership	23,640	1,173
Function	13,352	713
Commercial	146,878	62,778
Supply & Logistics	45,948	2,024
Management Tool	16,352	998
<b>Total</b>	<b>246,170</b>	<b>67,686</b>



**Our first *Family Day* brought together 4,000 employees and their families, including 1,115 children.**

basketball games and children's drawing competitions, our employees and their family members got the chance to better understand our company culture and each other, contributing to their engagement and sense of belonging to the Anheuser-Busch InBev family. More than 4,000 joined the events of *Family Day*, with 1,115 children participating.

#### **Promoting Responsible Drinking**

Beer is enjoyed responsibly by the vast majority of consumers, but we recognize that alcohol misuse can cause harm. That's why, at Anheuser-Busch InBev China, we have long acknowledged the seriousness of abusive drinking, and have devoted considerable resources year-round to promoting responsible drinking and discouraging abuse.

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:

In February, Anheuser-Busch InBev, in partnership with the Road Traffic Safety Association of China (RTSAC) and the China Alcoholic Drinks Industry Association (CADIA), launched the 2010 National Responsible Drinking campaign in Beijing, China, to promote the use of designated drivers.

China's first TV advertisement featuring the importance of using a designated driver was officially unveiled by AB InBev, RTSAC and CBIA in 2010. It served as the first New Year greeting for China's 188 million drivers, along with their families and friends. The ad featured pop star Eason Chan emphasizing in a humorous, yet thought-provoking way, the importance of the spot's tagline, "Will you let me be your designated driver?" After the national kickoff in Beijing, the campaign was rolled out to other key cities, including Shanghai, Guangzhou, Foshan, Xiamen, Nanjing, Kunming, Harbin and Hangzhou. The campaign reached some 50 million consumers and 10,000 retail outlets. Also, more than 600,000 Road Safety Leaflets were distributed.

Based on a United States best practice, China conducted a survey on the use of designated drivers among Chinese consumers. The result showed that 80 percent of the audience would like to choose their family members or friends as designated drivers, rather than calling a taxi or taking public transportation. A follow-up survey in early 2011 found a statistically significant increase in the use of designated drivers from the previous year.

In September, Anheuser-Busch InBev brought this commitment to life by celebrating *Global Be(er) Responsible Day* across our global operations. In China, we kicked off the national launch in Harbin together with Carlos Brito, global CEO, and Miguel Patricio, zone president of Anheuser-Busch InBev's Asia Pacific Zone, as part of the celebration for Harbin's 110th anniversary.

Hundreds of AB InBev employees gathered at the Harbin Brewery and formed the Chinese characters for the "Designate a Driver" logo. Brito, Patricio and other senior executives then unveiled the 4-meter-long, 1.2-meter-high paper-cutting logo, featuring the designated driver message.

By partnering with the Harbin Traffic Police Bureau, the day-in-the-trade campaign was officially rolled out in Harbin. All Anheuser-Busch InBev employees hit the streets, visited thousands of retail outlets and distributed 100,000 leaflets, car stickers and environmental bags, promoting the use of designated drivers among consumers.

To describe *Global Be(er) Responsible Day* as one step in our work to build the Best Beer Company in a Better World, Brito quoted a profound saying from Lao-Tzu, an ancient Chinese philosopher: "A journey of a thousand miles must begin with a single step."

#### **Environmental Performance**

At AB InBev China, 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. We focus our environmental sustainability initiatives on key issues—water, energy, recycling and packaging.

## 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 drink 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 CO<sub>2</sub> emissions per hectoliter by 10 percent

## Improving Environmental Performance

In 2010, AB InBev China contributed significantly to helping achieve our global targets.

- ↑ Recycled 95.32 percent of our waste and brewing by-products, a 5 percent increase from 2009
- ↓ Reduced our water usage by 20.7 percent from 2009, going from 5.7 hl/hl to 4.7 hl/hl
- ↓ Reduced energy consumption per hectoliter of production by 13.19 percent from 2009
- ↓ Reduced fuel use by more than 14.3 percent from 2009
- ↓ Cut CO<sub>2</sub> emissions per hectoliter of production by 20 percent from 2009

Our beers are brewed with the highest-quality ingredients and water, and we work to efficiently package and distribute our products. In addition to conservation and avoiding waste—which are important parts of our culture—we also recognize that we have a role to play in tackling shared challenges such as freshwater availability and quality.

Specific success examples included:

In December, the Center for Environmental Education and Communications of the Ministry of Environmental Protection (CEEC) of China jointly launched a water conservation campaign, to solicit university students' innovative ideas and active participation.

The event took place at China's first ultra-low-energy building at the Department of Environmental Science and Engineering at Tsinghua University in Beijing. Also, a series of campus activities, involving nearly 200 colleges and universities across 20 cities, have been launched in partnership with CEEC to encourage campus students to recruit creative ideas for saving water.

Contestants will be evaluated by the innovative, scientific and practical merits of their ideas, and the winners will be granted final-round interview opportunities for Anheuser-Busch InBev's global management trainee program and summer internships. Student delegates went onstage, vowed to contribute to water conservation, and symbolically attached a badge to their hometowns on a map.

At the launch event, Anheuser-Busch InBev submitted its 2008–2009 global corporate citizenship report to the CEEC, presented the company's water-saving plans over the next three years and vowed to become one of the most water-efficient brewers in the world by 2012. Li Xingang, Zone Based Support, Technical Services Director of Anheuser-Busch InBev Asia Pacific, described a variety of water-saving programs in place at the company's efficient Chinese breweries. Senior environmental experts were invited to give tour lectures on water resources in universities in Beijing, Harbin, Wuhan and Guangzhou.

**“In its CSR report [from 2009], Anheuser-Busch InBev elaborated its commitment to the society and their disciplined actions within the company. Besides the report, MEPC is more pleased to see that they initiated the water-saving project for college students, which engages young people into environmental protection activities and encourages them to take actions together.”**

Mr. Jia Feng, Deputy Director, Ministry of Environmental Protection of China

**“With so little waste going to a landfill, this means that our reclamation and recycling efforts have become as inseparable from our culture as breathing.”**

Huang Chuanhong,  
Environment & Safety Manager at the Wuhan brewery

“We are pleased to cosponsor this water-saving project with CEEC, to encourage university students and more social groups to join in China’s green efforts,” said Frank Wang, Vice President, Legal & Corporate Affairs, Anheuser-Busch InBev’s Asia Pacific Zone.

**Waste Diversion and a Green Dream at the Wuhan Brewery**

Every employee clearly understands the significance of our environmental operations. These efforts are all voluntary, yet we still put forward and implement many good suggestions on saving resources and recycling.

Managing costs, efficiency and environmental protection is a win-win situation for us, and a testament to our corporate culture and green dream. We generate approximately 10 million RMB (153 000 USD) in revenue from these efforts annually.

**Recycling at the Wuhan Brewery**

The advanced wastewater treatment system in our plant will supply, free of charge, treated water to a community building for cleaning and irrigation. The project will help us to implement our goal of zero discharge of wastewater into the community. We installed bio energy recovery systems (BERS), with anaerobic wastewater technology, that uses organic material to produce methane to be used in our boilers. These efforts reduce fuel usage by 15–20 percent, in addition to reducing atmospheric discharges of pollution.

We found that 99.7 percent of the waste from production processes is recycled at the Wuhan brewery, with separate recycling bins for each section, office and public area.

- 51,000 tons of grain waste and 60,000 tons of yeast waste were used as animal feed;
- 7,000 tons of glass and 6,000 tons of cardboard were prevented from being sent to a landfill;
- 233 million bottles were reused;

- Recycling wastewater from our boilers’ slag flushing, scrubbers, dewatered sludge belt cleaning and grass irrigation, saves up to 1.5 million metric tons of freshwater per year;
- Water consumption has been cut by 60 percent over 10 years, and sharply declined 39 percent since 2009.

**Outlook for 2011**

On the responsible drinking front, as a sequel to last year’s hit, “Will You Be My Designated Driver?” campaign, we will kick off the national “I Do” campaign to promote responsible drinking and safe driving behaviors. Yu Quan, a famous Chinese pop duo, will perform the first ever responsible drinking jingle “I Do” on behalf of the Budweiser brand. The campaign will integrate marketing promotions and leverage 20,000 retail outlets and social media, such as the Sina micro-blog, to create awareness and recruit millions of responsible drinking commitments from consumers.

Regarding underage-drinking prevention, we recognize that parents are the #1 influence on children’s decisions about drinking, according to government and independent research. Based on the successful practice in other markets, China will also start a *Family Talk About Drinking* initiative in 2011.

To support our environmental work, through our water bio-treatment program in Wuhan, reclaimed water will be used for the irrigation of parklands and open gardens, to flush toilets and for fire protection. This will benefit the community and the local residents.

To support our work on the community pillar in 2011, Anheuser-Busch InBev China is planning to hold the first nationwide *Volunteer Day* activity, where we will partner with a non-governmental organization and coordinate everyone’s efforts to benefit the communities where we operate. We will also continue support of the *Anheuser-Busch InBev Hope School* project.



The Jingping AB InBev Hope School opened in China's South Yunnan Province.

**“We firmly believe that the children [at the Hope School] have the right to an equal education and to find their own dreams in life. I hope we sent to these children not only materials, but also our common hopes and dreams.”**

Chris Lu, Director of Corporate Affairs,  
Anheuser-Busch InBev China