



Environment

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Beer is a product of natural ingredients, and the stewardship of our natural environment — land, water and air — is fundamental to the quality of our brands in the long term. To be a responsible and resource-efficient global brewer, we must continually look for ways to incorporate practices that help us make the most of our raw materials, while also reducing the impact of our packaging and transportation on the environment.

2010 Highlights

4.04
hl/hl

Reduced water per hectoliter of production to 4.04 hl/hl

567
projects

For World Environment Day, we developed and executed 567 environmental and volunteer projects

3%

Cut CO₂ emissions per hectoliter of production by 3 percent

3.7%

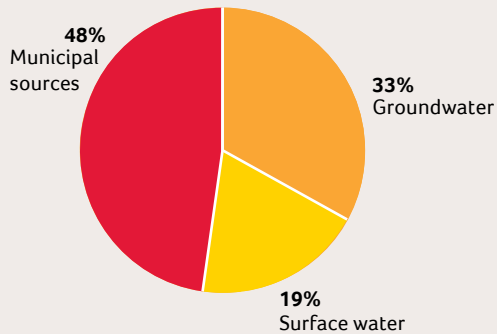
Reduced energy use per hectoliter of production by 3.7 percent

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

AB InBev Water Sources



“Doing more with less” is an essential part of the AB InBev culture, and it underscores our firm commitment to environmental sustainability. Environmental key performance indicators and targets are fully integrated into our *Voyager Plant Optimization (VPO)* global management system. It is designed to bring greater efficiency to our brewery operations, generate cost savings and improve environmental management, in accordance with our Environmental Policy and Strategy.

Beyond operations management, we are also engaged with the international community and local groups to support key environmental initiatives. In February, AB InBev became a signatory to the CEO Water Mandate, a public-private initiative of the United Nations Global Compact, which focuses on developing corporate strategies to address global water issues. We were also active participants in the United Nations Environment Program’s annual World Environment Day, through which we engaged many more stakeholders on environmental issues than ever before.

On an industry basis, we work closely with groups such as the Beverage Industry Environmental Roundtable (BIER), a group of global industry peers that shares best practices in our sector, and addresses common environmental sustainability concerns.

Scope of Our Environmental Performance Data

We are reporting data from 130 breweries and soft drink facilities*, which reflect our company as of December 31, 2010. In 2010, one brewery in China was relocated, one in Canada closed and two facilities in Bolivia were opened. These are all small facilities that have minimal impact on our overall environmental performance. Therefore, these changes are reflected in 2010 data only.

Non-beverage environmental performance at facilities, such as packaging and malt plants, is not included in the environmental performance data, except where noted. Environmental impacts

from these operations are managed using the same *VPO* management system, which includes setting targets for key performance indicators, benchmarking, best practice sharing, and monthly reporting.

Water Use

High-quality water is fundamental to our business. It is the principal ingredient in our beers and soft drinks and is also used in the brewing process for cleaning, cooling and steam production. The majority of water not used in our products is then returned to watersheds through bio-treatment systems that meet local water-quality standards. We are acutely aware that efficient water use is essential to the continued, sustainable growth of our business around the world and an important part of water conservation globally. We recognize that water savings also contribute to energy savings.

Over the past year, we have steadily reduced our global water usage rate by employing a mix of low-tech fixes, operational innovations and employee-driven actions to optimize efficiency in every facility. In 2010, the company’s average water use was 4.04 hectoliters per hectoliter of production (hl/hl). This represents a 6 percent reduction compared to 2009, and a savings of more than 16,000 Olympic-sized swimming pools compared to 2007. This puts the company on track to reach the 3.5 hl/hl goal we committed to achieve by the end of 2012, which will be an 18.6 percent savings from our 2009 base. Currently, we have 14 breweries below the 3.5 hl/hl target.

To ensure continued progress, we also undertook a global water risk assessment this year, which identified higher-risk operations and developed action plans to help them address water use issues. The company’s conservation-minded approach to water is embodied in our Environmental Policy, which is put into practice every day through our *VPO* management program at the facilities.

We again partnered with the United Nations Environment Program on World Environment Day to focus on water conservation and

*Last year we reported 146 breweries and soft drink facilities, which represented the total number of facilities, including malt and packaging operations.



16K

Our water reductions in 2010 compared to 2007 resulted in savings equivalent to 16,000 Olympic-sized swimming pools.



Asia Pacific Zone employees engaged college students at seven universities in World Environment Day activities such as “Water Fingerprints” to raise awareness of the importance of water conservation.



Employees, including Jennifer Kromm (l) and Carol Christian (r), from our New York City offices provided cleanup support to the Passaic River Coalition in Lyndhurst, NJ, as part of World Environment Day activities.

AB InBev Water Use

Year	Water Use Ratio (hl/hl)	Total Water Use (billion hl)
07	5.03	1.903
08	4.70	1.789
09	4.30	1.626
10	4.04	1.578

watershed protection. These efforts involved a variety of stakeholders—governments, NGOs, employees and communities—around the world. AB InBev employees developed and executed 567 environmental and volunteer projects—more than double the number in 2009—in 21 countries, and implemented numerous best practices to help conserve natural resources within our brewery operations. Employees also participated in community activities such as river cleanups, environmental fairs, vegetation plantings and awareness programs.

In addition to World Environment Day activities, we also work regularly within the communities where we do business to help improve local water conditions. This includes watershed initiatives, which help maintain water quality and supply, and programs that monitor and improve water availability, such as cleanups, tree and other native vegetation planting, invasive species removal and awareness initiatives. The company also supports various non-profits working on water issues around the world.

For example, we support the River Network in the United States by providing grants to the network’s national water programs and to local water/watershed groups in our brewery communities. We also created the *Labatt Fresh Water Alliance* to support the Canadian Land Trust Alliance (CLTA), a non-governmental organization established to preserve land and water resources for the benefit of the public.

In Brazil in 2010, we launched the *CYAN Movement*, a broad campaign involving a variety of partners and awareness-raising initiatives, to draw attention to the importance of water conservation. In partnership with the World Wildlife Fund (WWF), we began a project to help conserve fresh water in the Corumbá-Paranoá Basin, which serves our Brasilia plant. The objective is to use industry best practices in our water use, and to collaborate with local communities to preserve and recover springs, aquifer headwater and replenishment areas. More information is available at www.movimentocyan.com.br.

Global Water Performance

As part of VPO, global energy and water targets become key performance indicators and are cascaded to geographic zones and facilities. Management teams engage workers to achieve the goals, often through a structured benchmarking program within VPO that allows the company to communicate best practices across sites.

Overall, we used 6 percent less water per hectoliter of production than in 2009 and have reduced our water use per hectoliter of production by 19.7 percent since 2007. Several facilities throughout our key geographies are leading the way with best practices:

- Our Cartersville, GA, facility achieved an annual water-use metric of 3.04 hl/hl, making it the most water-efficient brewery in the country;
- Our breweries in Belgium reduced 2010 water usage by 12 percent compared to 2009, primarily through optimization of brewing, packaging and utilities processes;
- In Germany, our Wernigerode brewery achieved a water use metric of 3.2 hl/hl, and is planning even further reductions in 2011. Our Bremen brewery reduced water usage by 3.5 percent in 2010, well ahead of the 2012 goal;
- In China, we reduced our water usage by 17 percent from 2009 levels. Our Ningbo brewery borrowed many of the lessons learned in our annual energy and water global conference from high-performing breweries, such as Cartersville, and is on track to achieve the 2012 water usage target one year ahead of schedule. Additionally, our Wuhan brewery reduced its water usage by 35 percent from 2009 levels, reaching a 3.6 hl/hl rate by December, and achieved the largest improvement in water usage from 2009 levels of any of our breweries;
- In Russia and Ukraine, our breweries have collectively reduced water use by 8 percent in 2010, and by more than 12 percent since January 2009. The process has been accelerated through the work in all breweries of “water sheriffs,” who are tasked with

finding and fixing water leakages, deploying best practices learned from other facilities, and helping employees work together to achieve their aggressive water savings targets;

- In our Latin America South Zone, several facilities achieved double-digit reductions in water usage in 2010. In Argentina, our Corrientes brewery conducted a careful analysis and reformulation of the standard process for the shutdown and restart of equipment. These processes contributed to a water usage rate in the Corrientes brewery of 3.4 hl/hl in 2010, a 14 percent reduction over 2009;
- In Brazil, our Jacarei and Cuiaba breweries delivered their all-time best annual performance, and joined the group of breweries already performing close to or below our 2012 global goal of 3.5 hl/hl.

Energy Use & Greenhouse Gas Emissions

Energy conservation has been a strategic focus at AB InBev for many years, especially with the unpredictable cost of energy and evolving climate change regulations. Our continued progress is based on the importance we place on sharing best technical and management practices across our operations.

By the end of 2010, more than 150 breweries, as well as raw material and packaging operations worldwide, had been certified according to our VPO efficiency and uniformity standards. This was a 50 percent increase over 2009. These efforts will continue with regular VPO self-assessments and audits, to ensure consistency and high standards. We will have 100 percent of facilities certified by 2011.

Global Energy Performance

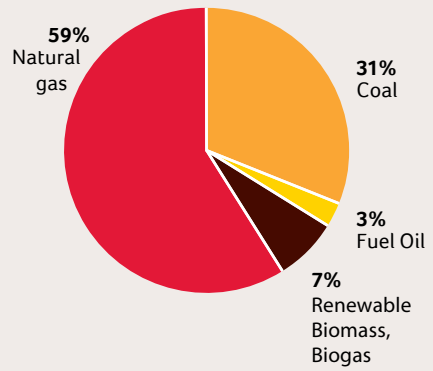
We reduced our energy use per hectoliter of production by 3.7 percent in 2010 and by more than 14 percent since 2007. In the Carbon Disclosure Project’s environmental rankings in 2010, AB InBev was the highest-rated brewer in point score and combined grade, which recognizes and validates our recent achievements in this area.

AB InBev Energy Use

Year	Energy Use Ratio (MJ/hl)	Total Energy Use (billion hl)
07	150.7	57.02
08	143.7	54.69
09	133.6	50.52
10	128.7	50.29

Environment

Heat Generation



At our Newark, NJ, brewery, we completed the second phase of a rooftop solar installation, which now has more than 7,000 photovoltaic solar panels and covers 130,000 square feet. At peak production, the array will be capable of satisfying nearly 10 percent of the brewery's electricity demand.

Renewable Energy

In order to continually trim our carbon emissions, we employ a variety of renewable energy alternatives. These include the use of bio-energy recovery systems to obtain biogas from industrial by-products, solar energy, wind and the use of other biomass sources as alternatives to fossil fuel whenever possible. Globally, energy generated from renewable sources accounted for about 7 percent of the company's fuel use in 2010.

Bio-energy recovery systems (BERS) turn water left over from the brewing process into methane at 25 facilities around the world. We built or upgraded 12 biotreatment systems in 2010, and will construct or upgrade an additional 20 facilities by the end of 2012.

These biotechnologies provide us with a new form of energy. For example, 75 percent of the thermal needs at our Houston, TX, brewery are met with methane gas from a nearby landfill and methane captured in the BERS process. In our Latin America North operations, we meet 26 percent of thermal energy needs with renewable biomass.

We use solar photovoltaic systems at our breweries in Newark, NJ, and Fairfield, CA. In Newark, the company has completed the second phase of a rooftop installation, which now has more than 7,000 photovoltaic solar panels and covers 130,000 square feet. In total, more than 1.1 million kWh could be produced annually, and at peak production, the array will be capable of satisfying nearly 10 percent of the brewery's electricity demand. When combined with the solar array at our Fairfield, CA, brewery, Anheuser-Busch is now one of the largest users of solar power in the United States brewing industry. In 2011, we plan to begin using wind power at our Fairfield brewery.

Reducing Emissions with Carbon Credits

Carbon markets, such as the Clean Development Mechanism (CDM), have provided an opportunity for the company to reduce emissions and improve energy efficiency in a cost-effective way. In Latin America and Brazil, we generate carbon credits and capitalize on

emissions reductions. Carbon and renewable energy markets might also present an opportunity to reduce the cost of capital investment, and the company is currently exploring markets related to carbon, renewable energy credits and energy efficiency credits.

In Latin America North, the company trades carbon credits generated by good carbon management practices. In Brazil, the Viamão facility launched the first beverage company CDM project to be approved by the Brazilian government. The project has now been successfully registered by the United Nations Framework Convention on Climate Change and, along with other renewable energy projects in South America, is expected to yield emission reductions that will both reduce regulatory risks and provide economic benefits from the sale of the reductions.

Greenhouse Gas Emissions

Reducing greenhouse gas (GHG) emissions is a major goal that is directly tied to fuel and electricity conservation. In 2010, we cut our CO₂ emissions per hectoliter of production by 3 percent. We calculate GHG from our production facilities using the widely accepted WBCSD/WRI GHG protocol. For 2010, we have reported our direct and indirect emissions based on scopes one and two of the protocol. We measure CO₂ emissions from fuel use in our boilers and use of purchased electricity. Where possible, we have included company-owned transport-related emissions. In 2010, AB InBev emitted 4.35 million metric tons of CO₂ equivalent, of which 68.5 percent were direct emissions and 31.5 percent were indirect.

While breweries across our global operations face different sets of circumstances related to energy usage, our approach to reaching energy reduction goals is a combination of low-tech and high-tech solutions, which require the full engagement of our employees at all levels.

Our breweries in China have focused the last few years on investments in conservation and maintenance by implementing our VPO management system. This includes benchmarking with our

Total Greenhouse Gas Emissions Million metric tons (CO₂e)



Data includes all beverage facilities, packaging and malt facilities. In 2008 the company began using a new greenhouse gas reporting tool.

Greenhouse Gas Emissions per Hectoliter Production

Kilograms CO₂e per hectoliter (kg/hl)



Data for beverage facilities only. Last year's per hectoliter data included emissions from non-beverage operations. The figures for 2008, 2009 and the 2012 target have been adjusted to represent emissions for beverage operations only.

Results from the Solidarity Recycling Project in Brazil:

2,500

tons of recyclable materials collected

345,000

kg of plastic materials collected in a 10-month period

Total income generated by the collection of recyclable materials during the period:

R\$802 500

(483 300 USD), which has directly benefited 20 cooperatives and 395 people

breweries around the world and implementing best management and technical practices. In 2010, China breweries reduced energy consumption by 13 percent on a per hectoliter basis.

In 2010, our operations in Bolivia reduced electricity and fuel consumption by more than 7.3 percent per hectoliter of production. Operations in Germany cut CO₂ emissions per hectoliter of production by 6.4 percent versus 2009. In the Netherlands, fuel use was reduced by 8.5 percent over the past two years, and CO₂ emissions were reduced by 5 percent in 2010.

Materials Management

Recycling

Our goal is to reach a 99 percent recycle rate by the end of 2012. In this effort, we work throughout our facilities to eliminate material losses, improve packaging efficiencies and find cost-effective alternative uses for raw materials and by-products.

In 2010, we recycled 98.27 percent of our waste, up from 98.02 percent in 2009. The primary reasons for increases in waste recycled and disposed include improved accounting methods that took into account reporting from some China breweries for the first time. In addition, there was an increased focus on recycling throughout the company. Organic waste increased in part due to product mix changes, and waste disposed increased in part due to increased sludge production from new biotreatment systems. We're exploring beneficial uses for this material.

In Brazil, for example, we reconstitute spent kieselguhr—a naturally occurring soft rock used in filtration—and sell it to local companies to produce bricks. We are also engaged in a variety of activities to encourage recycling at the consumer level, and work with NGOs and local officials to strengthen the recycling infrastructure in communities.

In one of the Brazil initiatives, we developed the *Solidarity Recycling Project*, in partnership with the NGO Ecomarapendi. The project promotes increases in income for all cooperatives participating in the

program, increases the volume of recyclable materials collected in the states of Rio de Janeiro and Paraná, and minimizes environmental problems caused by garbage in the communities.

Meanwhile, in the United States, AB InBev has continued its long-standing participation in America Recycles Day. To mark the occasion, the company provided 500 000 USD from the Anheuser-Busch Foundation to support Keep America Beautiful's national recycling programs. These programs educate the public on the importance of recycling and litter prevention, and provide approximately 3,000 recycling bins to local communities across the country.

Packaging

AB InBev works with suppliers, wholesalers and procurement companies, as well as packaging experts, to help make decisions that minimize the cost and environmental impact of packaging materials. We use many types of product packaging, from bulk packaging (e.g., beer kegs, crates and pallets), which is almost always returnable and reusable, to cardboard boxes, glass bottles, aluminum cans and polyethylene terephthalate (PET) bottles, which are recyclable.

We also continue the light-weighting of packaging to reduce material costs, minimize the use of natural resources, reduce waste and lessen our transportation fuel consumption.

AB InBev is continually exploring new forms of packaging that meet consumer needs with fewer resources. In 2010, we initiated a research questionnaire in the packaging development process to help our teams consider, early in the process, sustainability issues, such as light-weighting, recycled content, reuse, recyclability, water and energy use, environmental claims, regulations and the impact of new packaging.

Supply Chain & Responsible Sourcing

We recognize that our brewing operations have an environmental impact across the entire supply chain, so we are working to identify further efficiencies and environmental improvements for high-



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Our Best Idea Water Saving Contest in Western Europe generated 356 employee ideas to conserve water

Waste and By-products Recycled

Waste Type (metric tons)	08	09	10
By-products and Organic	5,188,854	4,904,425	5,859,016
Packaging ¹	200,067	197,414	333,917
Other recycled ²	245,045	226,413	258,916
Waste Disposed	101,790	106,569	111,447
Hazardous	1,188	1,163	2,465
Total	5,736,944	5,435,984	6,565,762
Total Recycled	5,633,966	5,328,252	6,451,850
Recycling Rate	98.21%	98.02%	98.27%

¹ Packaging waste collected in production plants.

² Other recycled waste is non-ferrous and ferrous scrap, tires, wood and construction waste.

priority areas, establish efficiency and improvement goals, and work with suppliers and others to facilitate appropriate changes.

The company is actively engaged in barley seed research, for example, to create higher-quality varieties with better yields that use less water and tolerate drought and other extreme weather conditions. AB InBev has established barley farmer programs in our major markets around the world (the United States, Brazil, Uruguay, Argentina, China and Russia), involving about 10,000 farmers from whom we purchase all production that meets quality parameters. Additionally, a group of agronomists in each zone supports the farmers with technical assistance during the barley season, to help them get the best results from their fields.

Another example is the company's Navegantes Malt plant in Brazil. In June 2009, the plant began working with local farmers and community groups to help implement more sustainable agricultural practices in the production of barley and malt. The project, which continues, included the donation of tree saplings to barley growers to help create a green belt in the fields and in unexplored areas. The plantings help to increase biodiversity, reduce CO₂ emissions and buffer crops from wind damage.

Operating ethically is also part of our environmental mission. In January, AB InBev adopted a Responsible Sourcing Policy that includes standards on labor issues and business conduct. We are committed to operating ethically and with high integrity, maintaining our commitment to quality, and encouraging similar conduct for our business partners. We are now conducting internal training on the policy, and providing it to our suppliers, as we initiate new contracts or renew existing ones. This policy includes:

- No use of child labor, as defined under the United Nations Global Compact and International Labour Organization guidelines;
- No discriminating on the basis of race, religion, gender, sexual orientation, age, political opinion, national extraction or social origin;

→ Recognizing workers' rights to join a trade union and engage in collective bargaining;

→ Health and safety programs.

Additionally, AB InBev is a member of AIM-Progress, a global forum of consumer goods companies that is sponsored by the European Brands Association and the Grocery Manufacturers Association. The group's purpose is to promote and share data and best practices for common supply chain standards of responsible sourcing—the process of purchasing goods and services without causing harm to, or exploiting, humans or the natural environment. These standards cover labor practices, health and safety, environmental management and business integrity.

The environmental impact of transporting our products is another important consideration. In this regard, we have begun to work in some countries to quantify the benefits of efficiency initiatives. For example, in the United States, the company implemented strategic, network-wide changes in its transportation and logistics infrastructure, which reduced the total miles required to distribute products. As part of this initiative, we coordinated payload-weight increases across multiple modes of transportation, which also further reduced total miles traveled. We yielded additional benefits by converting shipments from truck to intermodal, which requires significantly less diesel fuel because the majority of the distance traveled is by rail.

According to our estimates, all these initiatives resulted in a nearly 5 percent reduction in greenhouse gas emissions from 2008 to 2009. This is roughly the equivalent of removing 4,400 cars from the road for an entire year.

In 2009, our Brazil operations started a Shared Fleet Logistics Project with six routes, and we ended last year with 600 trips per month. After delivering beer and soft drinks to our Ambev distribution centers, trucks that would have returned empty to the company facilities now carry loads back from partner companies such as Sadia,

Sara Lee, PepsiCo and Unilever. The Shared Fleet Project provides environmental and financial gains: in 2010, Ambev saved 1,428,371 liters of fuel and avoided the emission of 3,922 tons of CO₂ through the program. The success of the project is also due to the use of the software Transportation Management System, which identifies synergies with other companies to make our fleet more efficient.

We are making significant progress on reducing the environmental impacts of refrigeration units we provide to retailers, where legal, by switching to lower greenhouse gas potential refrigerants and using LED lighting and energy management devices to lower energy use. Our Western Europe Zone is leading this effort and expects to have 7,000 units in place in 2011. Other zones are exploring similar opportunities where the technology is available and feasible depending on market needs.

Partnerships & Stakeholder Engagement

As a leading international corporation, we believe it’s important to work in collaboration with various stakeholders to advance best environmental practices, support our communities and contribute to initiatives that help to preserve our natural resources.

The company’s engagement with policy makers on possible responses to climate change occurs primarily through industry and trade associations. We’re also involved with several NGOs to support specific initiatives and raise awareness on water issues, including partnerships with such leading organizations as River Network, Great Lakes Forever, The Canadian Land Trust and WWF.

For example, our Western Europe (WE) Zone held *WE Run for Water* events, where 681 employees from across the zone ran 4,025 km to generate 10 000 EUR (14 000 USD) for Wateraid, a United Kingdom-based NGO that supports the installation of wells in areas around the world where fresh water is scarce. They also conducted a Best Idea Water Saving Contest that generated 356 employee ideas.

AB InBev is a member of the Beverage Industry Environmental Roundtable (BIER), a partnership of leading global beverage companies.

BIER has created guidance for determining a beverage company’s carbon footprint and is developing a similar tool for water use. This tool will provide clarification and consistency in the quantification of a beverage-water footprint and introduces a screening methodology to identify and prioritize water impacts from a business perspective. In another partnership, AB InBev joined with the United Nations Global Compact–Belgium and Inter Press Service, in February 2011, to sponsor a day-long conference in Brussels titled “Solutions for Sustainable Water Use.” With attendance at nearly 100, the conference featured European Union officials, academics, NGOs and beverage industry companies coming together to discuss water issues and share best practices.

Managing Biodiversity

Our support of environmental organizations and work to improve watersheds also positively affects biodiversity. In addition, we have eight Wildlife Habitat Council–certified facilities in the United States, and do work at many other facilities to improve local habitats, which promotes biodiversity. These facilities have active employee teams that enhance local habitats and often involve communities in on-site education and awareness projects.

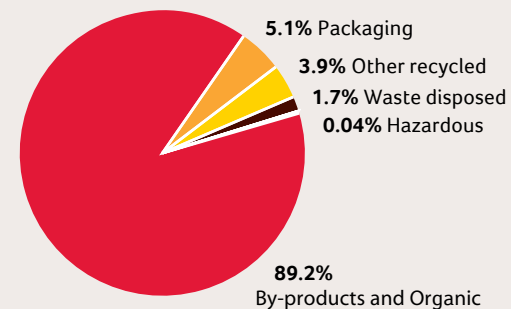
Our Guarulhos brewery in Brazil received the “Environmental Seal,” an environmental award granted by the local municipality for its project, “Field of Preservation and Tracking Wild Animals.” The brewery is located in an area near eight million square meters of the Atlantic Forest. Developed in partnership with the municipality’s Department of Environment, the project catalogs wild animals and rehabilitates certain species in nurseries built inside the plant, in order to reintegrate them into the forest.

There are 274 species registered, including 52 reptiles, 54 mammals and 168 birds. The list includes snakes, castors, sloths, lynx, toucans, orangutans and roe deer. The brewery has also been approved as an “Area of Preservation and Tracking Wild Animals” by Ibama, the National Environmental Agency.

Waste and By-products Recycled per Hectoliter Production
Kilograms per hectoliter (kg/hl)



Waste and By-products by Type 2010



Note: Other recycled waste is non-ferrous and ferrous scrap, tires, wood and construction waste.