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# InBev and the Environment

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# Environment, Health and Safety Policy

At InBev we are committed to conducting all of our business activities in a socially responsible manner, ensuring the protection of our employees, stakeholders, customers and the environment. Occupational health and safety and environmental considerations are among the highest priorities for InBev, and are integrated into all workplace activities and business decisions.

To put this policy into practice, every relevant level of the organization shall establish objectives and targets, based on experience, and take reasonable measures to continually improve our safety and environmental performance.

We shall communicate our progress and work jointly with governments and the communities in which we operate to establish and maintain effective environmental and safety standards and procedures.

Management, both global and local, shall be accountable for compliance with all applicable legal and corporate requirements and will provide the leadership, resources and training to implement this policy. All employees shall be accountable for performing their jobs in accordance with established procedures, operating philosophy and regulatory requirements.

All InBev employees share the responsibility to maintain safe working conditions and protect the environment. Innovative and sound environmental and safety considerations shall be incorporated into our processes, practices and equipment.

The cooperation and involvement of all workers and managers are essential for the ongoing implementation of this policy.

During 2008 our Environment and Safety Policy will be separated to create a stand-alone Environment Policy and a stand-alone Safety Policy, in order to provide more focus on each area individually.

## Environment and Safety Policy and Management

### Environment, Health and Safety Responsibilities

At the Executive Board of Management (EBM) level, the Chief Supply Officer and the Chief People & Technology Officer are responsible for environmental, health and safety matters. The Chief Supply Officer is responsible for environmental issues across the whole of InBev, and for safety in the production and main distribution operations. Safety in secondary distribution operations and office and administration functions is the responsibility of the Chief People & Technology Officer who is also responsible for health issues across the whole of InBev.

Supporting the Chief Supply Officer is the Director for Brewing, Malting and Environment, and the Director of Quality and Safety. These functions are supported by InBev's Global Environment and Safety (ES) department. The Global ES Department at InBev consists of two experts at Group Headquarters who work with Zone and plant-based ES officers around InBev. Until the separation of the Environment and Safety Policy is completed, the Global ES department remains responsible for:

- Preparation of policies, standards and definition of objectives and KPI's in the ES field,
- Coordination of Zone ES Managers,
- Gathering and spreading of best practices,
- ES audit policy and auditing,
- Stimulation and development of the ES component of the VPO program,
- Advice and problem solving in the ES field,
- Participation in process and product-development activities,
- ES data gathering, external and internal reporting and global benchmarking,
- Management of ES aspects of investments,
- Coordination of ES elements of due diligence activities, and
- Management of byproducts destination and revenue.

To ensure straightforward and effective ES management, the Global ES department works in close collaboration with other elements of Brewery Support, InBev's Corporate Citizenship team, and other functions such as the People department and Procurement.

Employee health and safety performance is reported in our [People and Community section](#).

For more detail on our VPO program, please refer to our [Annual Report online](#).

## Environment and Safety Operational Standards

As a global company, with operations in over 30 countries, InBev has sought to standardize environmental and safety practice for our production plants by developing a set of Environment and Safety (ES) Operational Standards in 2005. These are the baseline standards for performance and management processes that all InBev production plants must comply with. The aim of the Standards is to provide rigorous and uniform performance and processes, particularly when legislation is weak or does not exist. The Standards were created with the help and support of experts from every InBev Zone and cover issues that risk management studies found to be crucial in avoiding ES incidents and emergencies at the same time as improving eco-efficiency and promoting continual environmental and safety improvements.

The Standards cover issues such as: environmental and safety risk assessment and evaluation; handling and storage of chemicals; prevention of soil and groundwater pollution; legionella control; dust explosion prevention; wastewater and sewer system management; electrical safety; guarding of machines; workplace transport; EHS signalization; and use of personal protective equipment. The Standards are partly of a technical nature, for example the requirement to use specific equipment that can measure waste water pollution, and partly aimed at improving responsible behavior, for example the requirement that only qualified personnel may work on electrical systems and the training requirements for such personnel. While the implementation of the Standards is mandatory for responsible employees at all plants, they have been designed to allow compliance with local laws that may be more far-reaching. By the end of 2007 all InBev breweries had started the process of implementing the standards.

## Good Operating Practices

In addition to our Operational Standards, which set a baseline for environmental and safety standards in our operations, we also have a system of Good Operating Practices (GOPs). GOPs are a common set of best practices that all plants are encouraged to implement and which lead to reduced risks, improved performance and financial savings. GOPs cover all aspects of managing our plants including environment, safety and quality. In 2008 we will be reviewing our GOPs because Quinsa, which has been integrated with InBev during 2007, has a separate set of GOPs that need to be assessed and compared with InBev's existing GOPs. This process will be complete by the end of 2008.

## Case study ISO 14001 Certification at Planta Sur (Argentina)

In 2007, our Sur plant in Argentina achieved certification to ISO 14001 after a detailed external audit. The certification came as a result of good teamwork and commitment from staff at the plant. Sur joins a group of Latin America South plants that have achieved certification to International Environmental Management Standards. Currently the Zárate, Corrientes, Mendoza, Acheral and Tres Arroyos plants have been certified to ISO14001.

## Case study Environmental Management at Leuven Brewery (Belgium)

In 2007 the Stella Artois® brewery in Leuven, Belgium held a press conference to show people the results of its environmental management. Since 2003, the brewery has reduced energy use and CO<sub>2</sub> emissions per hectoliter by 25%, has achieved a 17% decrease in water use per hectoliter and reused or recycled 99% of byproducts and waste.

Worldwide, InBev breweries reuse or recycle 97.2% of their byproducts and waste. Within InBev, the Leuven site is a top-class performer due to its onsite recycling park and cooperation with the agricultural community which reuses byproducts from the production process.

Water use was reduced through investments in automated clean equipment and re-using water for certain processes. In addition, the brewery holds motivation campaigns to limit water wastage.

A new sewage treatment plant produces green power to reduce CO<sub>2</sub> emissions. The treatment plant has a capacity of 32 million hectoliters and produces biogas which generates energy equivalent to the needs of 1,500 families. This along with the restoration of a turbine means that the brewery is self-sufficient for its electricity. The brewery sets new improvement targets each year and maintains the same overarching goal: to sustain and improve environmental protection.

## Internal environment and safety communication

Information on environment and safety management is disseminated widely throughout InBev. However, to bring consistency of approach and the improved performance required by the VPO program, best practice and technical advice needs to be easily accessible to all ES managers, regardless of location. A central platform to achieve this is the ES part of InBev's intranet site - Livelink - which acts as an information exchange and library of resources, as well as a means of feeding down Group ES information. The Livelink site publishes best practices related to every main ES topic in the VPO system, environmental and safety alerts, internal benchmark reports, as well as being a platform for ES professionals to discuss and debate topics with their colleagues. Specific features available for people depending on their area of work include for example ES audit reports and the follow-up of audit action lists.

## Targets and objectives

Environment, health and safety performance is measured using group-wide key performance indicators (KPIs) and brewery-level targets. For the first time in 2008 we are sharing our environmental performance targets to 2010.

### 2010 Environmental Targets

- Increasing our waste and by-product recycling to 98%
- Targeting our water use for beer and soft drinks plants to an industry leading 3.75 hl/hl
- Reducing our energy use per hectoliter by 10%
- Reducing CO<sub>2</sub> emissions per hectoliter by 10%

# Environment and Safety Data Note

As stated in the printed Global Citizenship Report, this year we are reporting Environment and Safety (ES) data for 2007 from a total of 124 plants, 32 more than in last year's report (92 plants). These plants are a combination of beer, soft drinks, hybrid beer and soft drinks, and malting plants. 19 of the plants reporting ES data for the first time come from the integration of Quinsa in our Latin America South Zone and a further 12 come from China. Two new plants in the Latin America North Zone and one each from North America and our Central & Eastern European Zone complete the plants reporting within InBev's ES data scope for the first time.

Whenever we acquire a new brewery we expect to align their environmental management and data systems with the InBev global reporting system within two years, as we have done with the plants in our Latin America South Zone and China that are reporting data for the first time in this report. At the end of 2007 we have 12 plants that are not within the current data scope but are progressing towards this.

Of the 124 plants that report ES data, we aim to be fully transparent by indicating the percentage of these plants that have contributed to each indicator. We typically report our environmental performance against beer and soft drink output combined. This is because several of our plants produce both beverages. Soft drinks make up just over 15% of our beverage production and soft drink plants can only report separately if the production is carried out in dedicated 'pure soft drink' plants. The combined 'breweries and beer & soft drinks plants' category covers breweries that also produce soft drinks on site.

## Breakdown of type of plants reporting Environment and Safety data

Type of plant	Number of reporting plants
Beer	78
Pure Soft Drinks	13
Pure Malting	6
Hybrid Beer & Soft Drinks	18
Hybrid Beer & Malting	9
Total	124

# Percentage of Plants in Data Reporting Scope Reporting for each Indicator

Percentage of Plants in Data Reporting Scope Reporting for each Indicator		2005	2006	2007
Natural materials use	Barley	100	100	100
	Malt	100	100	100
	Other Cereal	99	100	100
	Hops	99	99	99
	Total	99	99	99
Waste and Byproducts	100	99	97	
Energy use	100	100	97	
CO <sub>2</sub> emissions	95	96	95	
Water use	100	100	100	
Wastewater	96	98	97	
Lost Workday accidents	100	100	100	
Lost Workdays	100	100	100	

## Materials

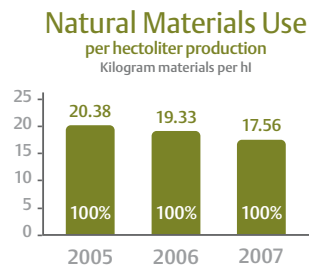
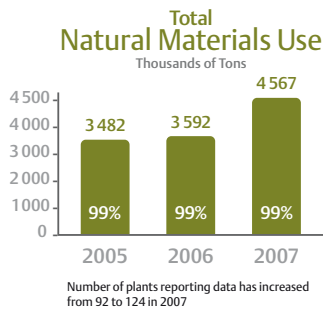
The main ingredients of beer are natural products. The table below indicates usage of raw materials in tons. Other materials are used in smaller quantities in the production process and include filter materials and caustic soda for cleaning purposes, which is the main chemical used in our production process. We also use packaging materials, mainly glass, plastics and card and paper.

With 32 new plants reporting data in 2007 for the first time, our total natural materials use has increased by 27%. By production we have produced our beer using 2.8% more natural materials per hectolitre of production as a result of the addition of the extra plants.

Natural materials use in tons (brackets indicate the percentage of the plants in scope that the data relates to).			
	2005	2006	2007
Barley	899 082 (100%)	868 399 (100%)	1 285 333 (100%)
Malt	1 895 921 (100%)	2 015 301 (100%)	2 445 076 (100%)
Other Cereal *	658 854 (99%)	690 845 (100%)	817 651 (100%)
Hops **	27 740 (99%)	17 782 (99%)	18 458 (99%)
Total	3 481 597 (99%)	3 592 327 (99%)	4 566 519 (99%)

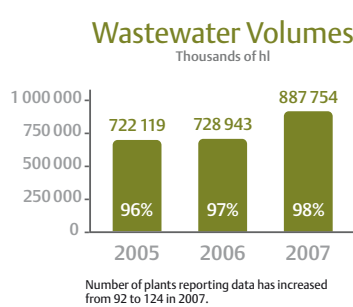
\* Includes wheat, maize, corn, rice and sugar.

\*\* Hops sources include hop flowers, hop pellets and hop extracts.

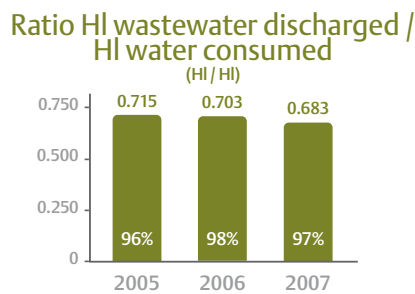


## Wastewater

As a major user of water, it is only natural that we pay great attention to the amount and quality of our wastewater. Including the 32 plants reporting data for the first time in 2007, we discharged 887 million hectoliters of water, up 21.8 % from 2006. Adjusted for production volumes over the same period wastewater per hectoliter has decreased by 2.57%, a positive result given the large increase in plants reporting data.



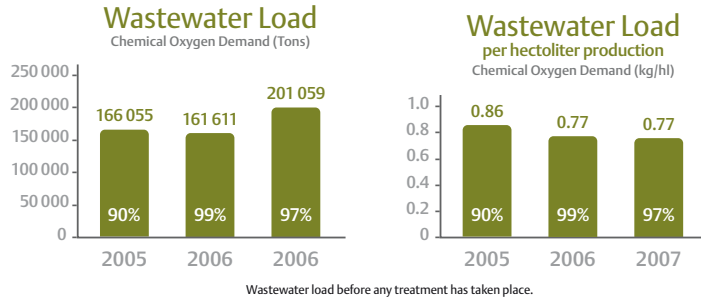
In addition to reducing wastewater production per hectoliter of production, the ratio of wastewater created to water consumed has decreased by 2.47% in 2007. Creating less wastewater for each hectoliter of water used means we are being more efficient and more of the water we use becomes end product. The chart below shows the ratio of wastewater discharged per hectoliter of beer and soft drinks produced against hectoliters of water consumed.



## Wastewater Quality

We report wastewater quality in terms of chemical oxygen demand (COD). This standardized laboratory test is an indication of the ability of the water to support aquatic life. We measure the COD load of our wastewater before we treat the wastewater.

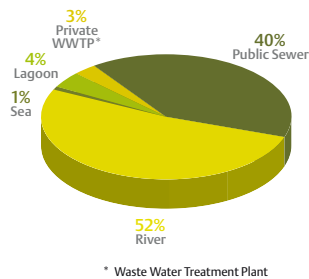
In 2007, including 32 plants reporting data for the first time, our total wastewater load measured as tons of COD has increased by 24.4%. Adjusted for production the quality of our wastewater per hectoliter of production has also increased by 0.62%.



Our wastewater is either treated onsite in wastewater treatment facilities at our plants or treated offsite in public (municipal) or private wastewater facilities. Currently 80 plants have onsite wastewater treatment facilities and together these treat 70% of our wastewater. Wastewater from 36 plants is sent to public or private treatment facilities and wastewater. At eight plants wastewater is currently not treated. In these cases this is in agreement with local authorities and the plants either pay a tax allowing the discharges or have agreements due to planning or construction of wastewater treatment facilities.

The chart below shows the final destination of our wastewater discharges.

### Destination of Wastewater Discharges 2007



### Case study Using sludge as biomass (Brazil)



Our Agudos plant in Brazil has trialled using sludge from wastewater treatment processes as a new energy source to create steam in the plant's biomass boiler. Developed by a Zone Brewery Support specialist, the process involves mixing the sludge with dry biomass - in this case woodchips - before burning the mix in the biomass

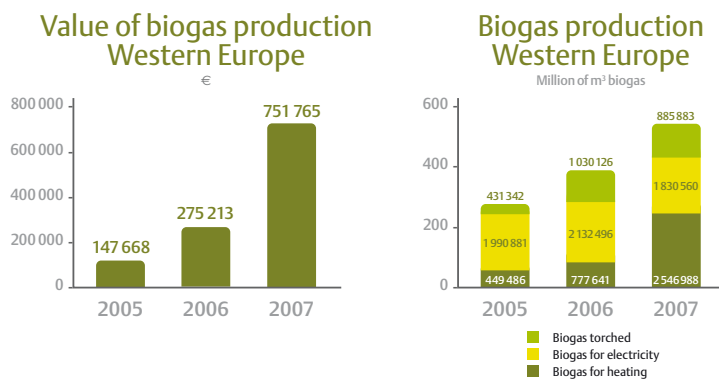
boiler. The quantity of sludge generated daily at the plant equals less than 4% of the total biomass required but at full capacity up to 225 tonnes of sludge can be burned each month offering a potential cost saving of almost 77,500 euro per year.

## Case study Recovering energy from wastewater treatment (Western Europe)

Innovation in wastewater treatment has been rapid over recent years and InBev invests in anaerobic wastewater treatment which is more energy efficient than other techniques. Anaerobic treatment has the added advantage of producing biogas as a by-product which can be used in on-site boilers to generate heat or electricity.

In our Western Europe Zone, seven of our fourteen plants are running anaerobic wastewater treatment. Over the last three years, the total biogas production from these sites has increased by 83%. In 2007, 48% of the biogas produced was used for heat production (steam) while 35% was used for electricity production. The value of energy recovery from biogas in 2007 stands at 751,765 euro.

Across the globe, additional InBev biogas energy production capacity is already planned.



## Case study Turbo blower for Wastewater treatment, Icheon (South Korea)



Our Icheon plant in South Korea has installed new 'turbo blower' technology for aeration during wastewater treatment. The new system replaces older, less efficient blowers and has the advantage of lower electricity consumption as well as low noise and vibration and fewer maintenance requirements. The installation cost 69,600 euro and will save 17,660 euro and 311MWh of electricity each year.

## Water Consumption

### Case study Water management, Aquiraz (Brazil)

In 2007 the Aquiraz plant in Brazil achieved its annual water consumption target, but not satisfied with the improvements the site has set up a Water Improvement Group to further reduce water consumption. The Group has developed a consumption simulator, which monitors consumption in each area of the plant allowing areas to be identified where more savings can be made.

### Case study Conserving water, Kharkiv (Ukraine)

At our Kharkiv plant in Ukraine, water saving measures taken in 2007 resulted in water reductions far surpassing the target water use for the brewery. The actual water use in 2007 was 4.56 hectoliters of water use per hectoliter of beer produced against a target of 4.97 hl/hl. The water saving measures included introducing more efficient equipment and rethinking parts of the production and packaging process.

# Carbon Emissions and Carbon Trading

## European Union Emission Trading System

In the context of Kyoto protocol, the European Union committed itself to reducing its CO<sub>2</sub> emissions. Under the European Union Emission Trading System (EU ETS), large emitters of carbon dioxide within the EU must monitor and annually report their CO<sub>2</sub> emissions. They are also obliged every year to return an amount of emission allowances to the government that is equivalent to their CO<sub>2</sub> emissions in that year. Each such sequence of years is called a Trading Period.

The 1<sup>st</sup> EU ETS Trading Period expired in December 2007 and covered all EU ETS emissions since January 2005. InBev's EU operations obtained 501,701 tons of CO<sub>2</sub> allowances for the period January 2005 to December 2007. If emissions are in excess of this amount, InBev would need to acquire further allowances in the market.

In the years 2005 to 2007, our European plants covered by EU ETS emitted 483,956 tons of CO<sub>2</sub>.

As of January 2008, the second trading period is under way, it will last until December 2012. InBev has planned for and obtained allowances for this period.

## Carbon Credits (South America and Brazil)

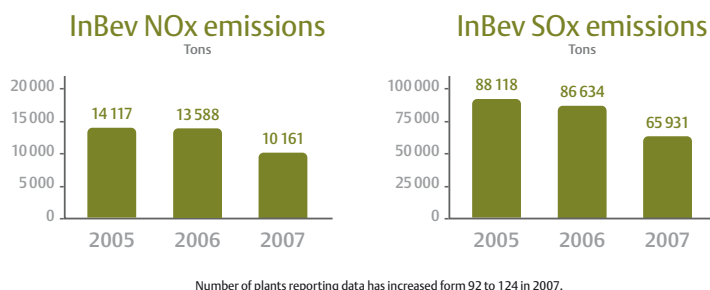
We have Clean Development Mechanism (CDM) projects developed and carbon emission reductions are expected to be sold at the end of 2008.

The Biomass project at our Viamão Plant has already been registered by United Nations Framework Convention on Climate Change. It is expected to sell 27,000 tons of CO<sub>2</sub> each year.

Our other CDM projects are: Teresina, Agudos, Cebrasa and Juatuba.

## NOx and SOx Emissions

In line with our environmental policy we aim to reduce our air emissions. The charts below show reductions in NOx and SOx emissions between 2005 and 2007.



The method adopted to derive the figures involves a combination of direct measurements and measurements using samples taken at sites.

## Case study New small boiler system, Icheon (South Korea)



A new efficient technology boiler system has been installed at the Icheon plant in South Korea because the plant's third-party steam and electricity provider closed down. The new boiler system has many benefits including: high thermal efficiency, low NOx emissions during low temperature combustion, low electricity consumption, low noise levels and compact size.

## Case study Biomass approved in Paraguay

In October 2007 the Environmental Bureau of Paraguay approved a biomass boiler project at the Ypane brewery. The project will now be registered as a Clean Development Mechanism (CDM) project under the terms of the Kyoto Protocol. This means that not only will the project substitute 5,000 tons of oil per year but will also provide revenue of approximately 30,000 Euro for the Certified Emissions Reductions (CERs). The CDM project is a first for our Latin America South Zone and a first for Paraguay.

# Ozone Depleting Substances

The following chart shows data for Ozone Depleting Substances (ODS) held within InBev plants including the purchase of HCFC22.

Presence and purchase of ODS (Kg)			
	2005	2006	2007
HCFC22	7 575	4 178	6 743
HCFC22 Purchased	1 563	1 064	1 592
Halon 1211	240	237	162
CFC12	285	311	416
CFC113	4	4	4
Halon 1301	121	121	121

\* Differences between reporting years are the result of changes in the data scope and number of plants reporting data.

# Incidents and Compliance

## Environmental non-compliance

InBev recognizes the potential risk and impact operations can have on soil, water and air from accidental spills and emissions. This is why we have stringent technical and organizational standards for the management and storage of fuels, oils, cleaning chemicals and air emissions.

In 2007 an additional 32 plants have started reporting environmental data. With this increase in plants comes increased risk of spills and environmental non-compliances. As a result in 2007 the numbers of non-compliance situations and fines for environmental non-compliance have increased. Significant spills in 2007 have also increased but remain fewer than in 2005.

In terms of fines, we received one significant fine of 160,000 euro at our Trebjesa brewery in Montenegro. The site only has primary wastewater treatment and is subject to fluctuations in wastewater quality. The fine relates to the pH of wastewater exceeding limits and is not for a single, severe occurrence but is applied by the authorities each time the limit is breached which is monitored by an automatic system.

In late 2007 we received a non-monetary sanction when part of our Sur plant in Argentina was closed for environmental violations following an inspection by the Federal Environmental and Sustainable Development Secretariat (SAYDS). The closure related to a storage area that was in breach of environmental regulations for product storage including abandoned oil, unlabeled stored substances, improper condition of tanks and improper permits and paperwork. The issues were swiftly remedied and the area of the plant was reopened two weeks after the closure. The plant was also fined 2,500 euro in addition to the closure.

Incidents			
	2005	2006	2007
Number of non-compliance situations	63	74	89
Fines for environmental non-compliance	35 453	129 120	267 896
Number of significant spills	110	12	28
Volume of significant spills (m <sup>3</sup> )	4 652	80	1 270

Breakdown of Environmental Fines 2007		
Plant	Country	Fine (euro)
Kursk	Russia	57.14
Kamenitza	Bulgaria	1 751.00
Sur	Argentina	2 500.00
Klin	Russia	4 288.00
F. Ag. Claras Sul	Brazil	12 367.00
CBB Cuiabá	Brazil	20 828.35
Kharkiv	Ukraine	21 442.20
F. Sta. Catarina	Brazil	22 045.85
Haskovo	Bulgaria	22 615.00
Trebjesa	Montenegro	160 000.00
<b>TOTAL</b>		<b>267 895.54</b>

## Significant environmental spills 2007

Plant	Country	m <sup>3</sup>
F. Goiania	Brazil	0.50
CBB Manaus	Brazil	0.60
Cervec. Peru	Peru	0.60
EmBodon Hato Nuevo	Dominican Republic	1.00
F. Sapucaia	Brazil	2.00
F. Cebrasa	Brazil	2.00
F. Nordeste	Brazil	3.00
Edmonton	Canada	3.00
Leuven	Belgium	23.00
Halifax	Canada	70.00
Creston	Canada	70.00
Lakeport	Canada	95.00
F. Sta. Catarina	Brazil	1 000.00
Pampa Malteria	Argentina	Not included (out of scope 06)
Zarate	Argentina	Not included (out of scope 06)
<b>TOTAL</b>		<b>1 270.70</b>

## Good neighbors

In some cases, the long history of our breweries means that they are now sited within town and city centers. This presents particular challenges in maintaining our position as good neighbors within the communities in which we operate, and managing the modernization of our brewing operations and processes in a sensitive way.

Due to the proximity of our sites to residential or commercial areas, we do sometimes receive complaints. These mainly concern noise, traffic congestion and odor. When we receive complaints we investigate their validity and take action where necessary.

The table below shows the number of environmental complaints received by InBev operations.

Environmental Complaints			
	2005	2006	2007
Number of Complaints	26	21	39

Due to an error the data on complaints that was reported in last year's Global Citizenship Report was incorrect, the data in the table above is now correct.

## Extract losses

In addition to keeping records of our materials, production and waste, InBev also keeps track of extract losses which are a measure of how efficiently a brewery or other production plant uses its raw materials. Extract is the 'fermentable sugars' which come from the cereals and sugar used to produce beer.

Standardized laboratory procedures are used to compare the theoretical maximum extract coming into a brewery with the extract that leaves within our products. The lower the extract loss, the fewer raw materials are needed to produce the same amount of beer. Extract-loss information is sensitive, and we report this information on a percentage-efficiency change only. A comparison of 100 production plants shows that from 2004 to 2007 extract losses fell by almost 25% to 7.44%.

# Environmental Activities with Communities

## Case study Environmental Awareness – Cympay (Uruguay)



To promote environmental awareness and to strengthen relationships with the local community the Cympay malting plant in Uruguay established several environmental awareness activities in 2007 delivered mainly to the students of local schools. The project was developed around the local 'Ponete las pilas' (Battery discharge) initiative and was carried out during the space of a week. In addition to the providing battery recycling baskets to local schools, students were given presentations to raise environmental awareness and an educational visit to the Cympay plant was also organised. During the visits 320 students were shown waste treatment and recycling facilities and were also given lessons on water and energy saving methods. Further activities included outdoor pursuits with a focus on the environment; picture drawing contests; and a screening of Al Gore's movie *An Inconvenient Truth*, to 200 children. The project proved to be very successful and gained official government recognition.

## Case study Bergenbier recycling (Romania)



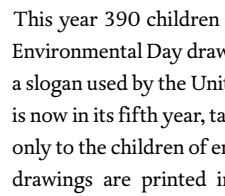
In 2007 the 'Protect Blaj Nature' recycling project run by Bergenbier in its hometown of Blaj continued. The program, which encourages recycling within the community by providing recycling facilities and publicity, now has 95% awareness amongst the population of Blaj. In June 2007 around 300 participants took part in a 'recycling marathon day' where 450kg of plastic, 250kg of paper and 100kg of glass were collected.

## Case study Community Involvement in London (Canada)



In April 2007, Labatt's London national office and hometown brewery gave back at the 9<sup>th</sup> Annual Thames River Clean-Up offering everything from a helping hand to a dumpster, prizing and a cash donation.

## Case study Celebrating World Environment Day (Argentina)



This year 390 children of employees from all Argentinean operations took part in the World Environmental Day drawing competition. The competition subject was 'Melting ice, a hot topic?' a slogan used by the United Nations Environment Program (UNEP) in 2007. This contest, which is now in its fifth year, takes place on June 5<sup>th</sup> - World Environment Day - every year and is open only to the children of employees between the ages of 2 to 12. At the end of the year, all winning drawings are printed in a calendar. This contest is useful in encouraging and promoting environmental awareness especially amongst children.