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# People and Community

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# Human Resource Development & Community Economic Benefit

The selection of InBev managers is based on a range of considerations and we support the notion that benefits arise for the local community and InBev if managers come from the local area. Such diversity in our teams can enhance human resource development, community economic benefit and our understanding of local needs, particularly in emerging markets.

InBev has grown rapidly in Latin America, Central & Eastern Europe and Asia Pacific. In 2007 over two thirds of our EBITDA was generated in emerging markets. Our acquisitions in these markets in 2006 allowed us to implement the InBev way of doing business, delivering positive economic, social and environmental impacts. The InBev approach is simple, focused and disciplined.

## Global policy or common practices for granting preference to local residents when hiring in significant locations of operation

Due to cost considerations it is our common practice at InBev to automatically seek employees in the local area around operations. Localness is defined according to local site and situation considerations.

Where posts cannot be filled using local skills, InBev's Talent Management procedures and People Continuity processes will assign an employee from another location. These are guided by the International Mobility Policy.

A decision for an international assignment is driven by business objectives. The Global People Continuity Policy for International Assignments describes the possible business drivers, the assignment purposes and the profile of the people who can get assignments. InBev will comply with the laws of both the home and host countries at all times. In the event of conflict between host and home country law, the International Mobility and Corporate Legal Department will advise on the appropriate course of action.

InBev's International Mobility Policy applies to long term (1-3 years) & short term (3-12 months) assignments, and Third Country Nationals (permanent move). This Policy considers a variety of aspects including International Mobility technical standards on Tax Equalization, Cost of Living Allowance, Hardship Allowance and Housing. The process covers the initiation of the assignment, a 'look & see' trip, departure preparation, actual travelling and removals, international mobility support, and assignment closure. The global policy applies throughout InBev, meaning the global headquarters and all business units within each of the zones. The policy also regulates all cross-zone Third Country National transfers. A Third Country National is defined as an international transfer whereby the Third Country National moves their 'centre of living' to the host country and receives a local contract. The host country becomes the new home country and all links with the original home country are cancelled.

InBev's Talent Management Policy aims to maximize ROI in people to ensure that the right people are sent on the right type of assignment with the right support and direction. As part of InBev's People Continuity management a manager who is hiring at Zone level operations will consider the following aspects:

- Assignment purpose and business justification (e. g. leadership, knowledge & skills transfer, develop multicultural awareness, or launch new initiatives)
- Future specific development needs
- Assignment type (Technical, Finance, People, Sales, Marketing) and duration
- Estimated cost of assignment
- Profile of candidate (high potential, sustained high performer or specialist)
- Internal staff appraisal results.

All leadership and development assignments (and extensions of assignment) need to be approved by the concerned EBM member, the VP People of both the home and host countries and the Global VP People Continuity. Specific needs assignments need to be approved by the VP of the recruiting area and the VP People of both home and host countries.

Local resident candidates and colleagues are considered if available. Sometimes international assignees remain in the host country which then becomes their home. An individual is local if they are either born in or who have the legal right to reside indefinitely (e.g., naturalized citizens or permanent visa holders) in the country of operation.

From the moment an international assignment is considered, Zone People Continuity of both the home and host countries need to be involved to initiate the “Assignment Proposal”:

- approve the candidate (profile and OPR)
- approve the assignment purpose, business justification, type and duration
- define the exact development plan in case of development assignment.

In addition, Zone People Continuity of both the home and host countries need to conduct an interview with the assignee to check motivation and “readiness” and to discuss the purpose of the assignment, performance follow-up and next steps. The Global VP People Continuity and Zone VP People cannot agree on an assignment before the approval of Zone People Continuity of both the home and host countries.

## Proportion of senior management in significant locations of operation from the local community

Total number of senior managers in full-time positions as of October 2007 was 767. The number selected from the local geographical area (country of operation) was 617 (80.4%). Localness of senior managers is a factor taken into consideration when selecting senior managers because the more local a person is, the more cost-effective will be the process and timescale of their assignment.

## Definition of ‘senior management’

Managers are graded in ‘Bands’. Senior managers at InBev are in Bands IV and above. In order of seniority, the Executive Board (EBM) is the top Band, followed by Bands I, II, III and IV. There are 767 managers at Band IV and above.

# Opportunities for our people - Learning & Development

Each year the company conducts an Organization and People Review Process (OPR) where leaders discuss employee development and initiate role changes and promotions. InBev works hard to select the right people, with the right skills to do the job, and the right fit with our culture and values.

## Training our people

We have gathered data on training hours per employee for 2007 across InBev's zones of operation. Variations arise depending on the stage of development of each site. Employees received an average of 9.5 hours of training. Training can range from, for example, 60 hours per year for supply employees in Russia to a more standard amount of 13 hours per years in Belgium. The differences arise due to the varying needs for training and the type of training itself.

Training hours by Zone	
Region	Average training hours (2007)
Western Europe	12.8
Central & Eastern Europe	20.9
North America	4.0
Latin America North	2.7
Latin America South	6.8
Asia Pacific (South Korea only)	10.0

\*Data are not available from all countries of our zones. Currently 25% of InBev employees excluded from the calculation used to report against this indicator. The data exclude: Italy, Spain, Croatia, Czech Business Services Centre (BSC), Hungary BSC, Australia, China, and Singapore. Of these countries, a significant proportion of employees are in China. Our recently acquired operations in China have two years to align to the InBev VPO management, monitoring and reporting protocols, including human resources figures. Reliable, accurate and complete data are not yet available from operations in China. If we therefore omit China from our calculations for this indicator the proportion of employees excluded falls to 1%.

## Case study A unique, on-the-job learning experience

InBev's second annual Global Exchange Program (GEP) for training in sales skills took place in Brazil this year, designed to facilitate the sharing of sales best practices and accelerate the implementation of the World Class Commercial Program (WCCP). The program starts with a three-day introduction to sales structure, processes and programs in São Paulo, followed by in-field orientation support with a senior sales manager for six weeks after. Participants subsequently set Best Practice Action Plans for their local markets and receive further support during implementation. This initiative has already been extended to Business Shared Services, and can easily translate to other functions.

## Case study InBev Latin America mini MBA a great success

In 2007, talented managers from our Latin America North operations successfully completed a mini-MBA course in Leuven and at the Central European University Business School in Budapest. A development program was developed especially for this group of high-achieving managers. The course covered management of strategy, supply, people, sales, marketing and finance. It comprised a mix of academic and practical training using real business issues and challenges that the businesses are facing. The course itself was a great success: participants were happy with their experience and the business school praised them for their commitment and discipline.

Other Global programs for InBev people include:

- Leadership, Performance and Change workshops for senior leaders focusing on our culture and change.
- Leading@InBev, supporting employees making the transition from managers to leaders.
- Managing@InBev, supporting new managers.

## Case study ‘Train The Trainer’

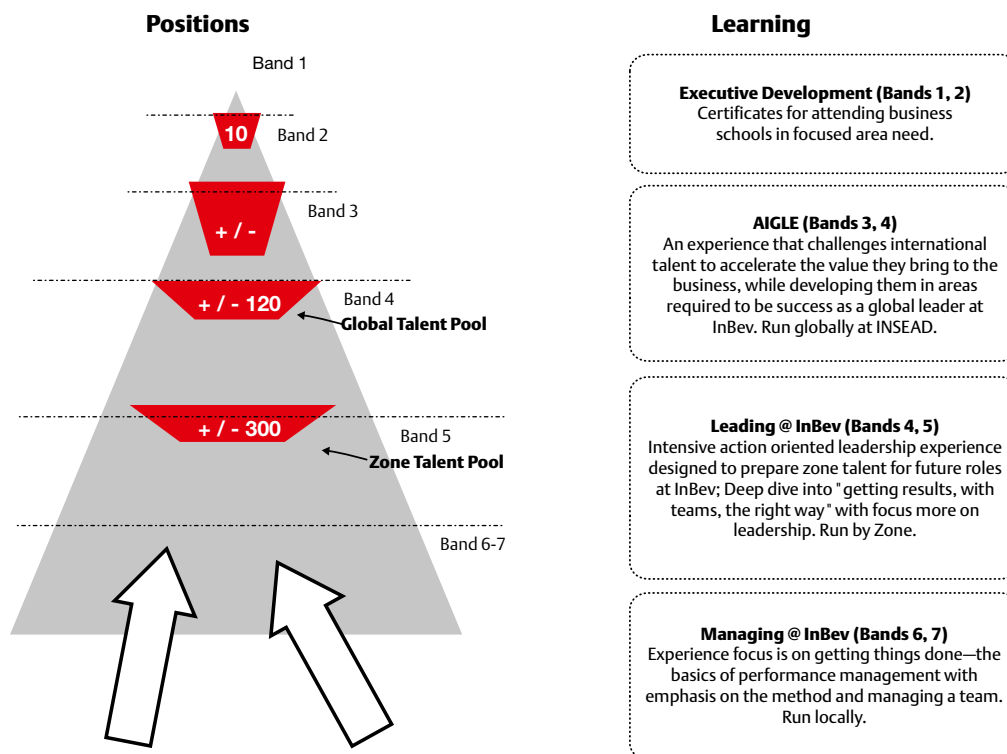
Our ‘Train the Trainer’ sessions help deliver our ‘Managing@InBev’ programme to managers with team leadership responsibilities. The theme of Managing@InBev is ‘how to get things done’ as an individual, and as a team. The program builds on the foundation that every team leader needs to deliver results. We need to ensure that the right skills and methods are in place from the beginning. The Zones have identified Trainers mainly with operational roles and with the objective to deliver this program with a leader-led approach.

Managing@InBev now completes the series of core leadership programs: Leadership, Performance and Change, AIGLE (INSEAD/Wharton), Leading@InBev, and the Global Management Trainee Program.

In keeping with our InBev focus on challenge, we have PACE:

- P** - Challenging People management experiences (such as a Plant Manager)
- A** - Challenging Assignments (such as a global project or audit mission)
- C** - Commercial roles (sales, marketing and support)
- E** - Expertise roles

PACE is for everyone and we expect all InBev employees to continue developing by taking on challenges and being stretched, even when they stay at the same level or function. However, the level of challenges taken on will be different for everyone, depending on potential and ambition. Those that have a high appraisal result in any given band can take on leadership development options as described in the diagram below.



## Competency assessment

With the right training, on-the-job coaching and professional experiences, our people will become better than those they succeed. We promote from within the company wherever possible and we encourage coaching by managers to ensure that learning is part of day-to-day business. Key competencies required from employees are technical expertise, functional/business knowledge, process knowledge and skills. Management approach (focusing on results) and leadership development are top priority.

Competencies are measured using a '360 tool' which applies to senior managers and helps our people to develop behavioural competencies by receiving the input of colleagues. As a direct input to the annual competency review process in our People Cycle, the InBev 360 offers a fact-based complement to the face-to-face feedback we should be giving and receiving throughout the year.

To date, three of our functions have excellence programs which measure and reward operational excellence every year. The functions include Supply, Sales, and Business Services.

## Employee Engagement

What motivates people to go above and beyond? Research suggests that it is not compensation—including salary, bonus, and other benefits. In fact, this does not rank in the top five. Rather, it is a “connection” that people have to the work they do and the significance of their contribution that makes the most difference. This connection comes to life in the form of “engagement.” The job of a leader is to make work meaningful for their people. In order to do that, a clear vision for the team, with clear expectations identified for each member of that team, are vital. Further, it is the recognition that people get for meeting and exceeding these expectations that can be the most rewarding of all. Good line managers recognize their people by:

- Providing immediate feedback on results or behaviours
- Making this recognition personal
- Taking the time to ensure that people feel appreciated.

InBev expects line managers to recognize their people, and to support this we have developed three types of global recognition programs to reinforce our InBev culture and Principles.

- The InBev Owners Recognition Program
- Functional Excellence Programs
- Best practice sharing and implementation.

Below is an overview of these programs:

## The InBev Owners Recognition Program

The program is a story-telling initiative, designed to illustrate great examples of InBev Owners: employees going ‘above and beyond’ the call of duty to accomplish great things for the company. The stories of any InBev employee are eligible for nomination, and all employees can nominate a colleague or a team according to the program’s criteria described below. Each nomination needs to be endorsed by the Zone Mancom. The global program will recognize no more than three stories per Zone and do this publicly each year at the Senior Leadership Convention (SLC). Each zone can use this program to accept many more nominations that should be rewarded locally through conferences such as the Leadership, Performance, and Change Initiative (LPC). Nominations should be based on following criteria:

- Living the InBev culture and our 10 principles in a way they are recognized as best performers by their peers and managers.
- Actions beyond the scope of day-to-day responsibilities.
- Proactiveness & high commitment
- Extraordinary individual efforts resulting in better results.
- High performing teamplayer.
- Submitter of best ideas resulting in KPI improvement and best practice sharing.
- High involvement in development of OPL, SOPS, SIC, Problem solving, ITF teams...



Stories range from extraordinary achievements in identifying savings for reinvestment in sales; securing major sponsorship deals; environmental and responsible use actions; establishing new hiring procedures; motivating people and teams; winning the loyalty of customers and consumers; and applying in-depth technical knowledge to accelerate our business. Employees use the MyInBev.net site to nominate InBev Owners. A selection of winning stories can be found online.

“Once again, our Zones helped us to go deep into the company and uncover stories of people and teams playing many different roles, but all truly demonstrating the spirit of ownership at InBev,” explains Duke Maines, Global Director Leadership Development and Engagement. “We took the program one step further this year by linking the stories to key themes within our 10 Principles,” says Chief People Officer Claudio Garcia. “We hope these examples are inspiring and help to show that our culture is alive throughout the company.”

Stories from the Zones follow below:

## Western Europe

### Harry Hauke and Oliver Rustler, Technical Services, Germany

On their own initiative, Germany’s Harry Hauke and Oliver Rustler devised a simple barrier to prevent bottles breaking in the Bremen brewery, significantly increasing productivity and reducing cost. The net profit gain from their one idea alone is estimated at more than 60,000 euro annually. *“Simple is better”*

### Mario Schmitz, Packaging, Germany

Also in Bremen, Mario Schmitz inspired management and worked closely with shop floor employees to generate ideas to improve safety on the non-returnable filling lines. Working together, they implemented practices like labeling of danger areas, header protection and the adaptation of pedestals and stairs. The result was a reduction in accidents of more than 50 per cent versus 2006. *“We don’t take shortcuts”*

### National Events Team Belgium

Belgium’s National Events team was recognized for consistently going the extra mile, setting the standard for brand activation and experiences. Led by Pietro Höfling, the team makes a difference every week, but one example was their work this year on Europe’s largest Rock Music Festival, Werchter. Their execution and attention to detail helped ensure a 700 per cent increase in sales of Belle Vue Kriek at the event, and a significant volume loss for competitor Coke. *“The uniqueness of our consumer experience can never be compromised”*

## Latin America North

### Artemio Pigatto, Process and Quality, LAN

Already a reference for taking on challenges and delivering consistent results, Brazil’s Artemio Pigatto was credited for his leadership in achieving the step improvement in productivity for the Process area, in the training of more than 200 professionals (Brew Masters) and leading the company to several benchmarks in productivity. *“Attitudes and actions... more powerful than words”*

### Micheline Helena Ferreira, Supply, Brazil

Micheline Ferreira is recognized for consistently going out of her way to prevent product quality risks. In 2007, she designed a procedure to improve the company’s ability to ship products across long distances without compromising quality. In addition, she and her team increased the interface with customers by developing a unique program of regular visits to market, together with the Plant Manager and the Quality Monitor, working on all relevant gaps. *“The quality of our products can never be compromised”*

### Paulo César do Carmo Sales, Brazil

Paulo César do Carmo was recognized as an owner this year for his track record of helping to improve the profitability of his customers in São Paulo’s Brás neighborhood. In one example, he convinced a low-margin green grocer to transform his outlet into a bar, significantly increasing both his customer base and profit as a result. *“Hard work... critical to outpacing our competitors”*

## Latin America South

### Sergio Pérez, Supply, Argentina

In Argentina, Sergio Pérez credits his people for the outstanding results achieved in his Monte Grande Plant. Constantly coaching his people and inspiring them to dream big, Sergio and his team achieved a plant capacity increase of 26.5 per cent, significantly improved their quality and effectiveness indicators and exceeded the planned Gatorade production by 36 per cent while recording zero lost-time accidents. *“Our leaders have time for people”*

### Fernando Forti, Sales, Argentina

Confronted with a potential shortage of 1.25-liter soft drink bottles, Argentina’s Fernando Forti and his team pioneered a traffic light-type tracking system designed to monitor bottle and crate usage patterns in each individual distributor. The system triggered issues before they became critical, and helped to significantly improve utilization rates so that bottle supplies were able to meet the region’s high demand in 2008. *“Results are the fuel of our company”*

### Área Norte Trade Marketing & Sales Team Argentina

The Sales North Team in Argentina, led by Francisco Pages de Arteaga, achieved what many thought was impossible in 2007 by taking over the three most important events from the competition in Área Norte. Based on extensive research, the team generated proposals that promised significant added value for the partners and more dynamic experiences for the consumers who attend these events. The incremental sales volume resulting from the new partnerships was 1,070 hectoliters but more important was the brand awareness generated among the more than 460,000 participants who attend the events. *“We are never completely satisfied with our results”*

## North America

### Donalta Issacs, Alexandra Sciouris and Laurie Thorne, U.S. Customer Service, Canada

In six months last year, the Canadian Business Shared Service Center (BSC) significantly improved their U.S. customer service levels, with three dedicated representatives - Donalta Issacs, Alexandra Sciouris and Laurie Thorne – handling everything from shipping to quality issues. Service levels improved so much that one customer, the owner-operator of a large wholesaler, stopped by the BSC himself to personally congratulate the team. *“We are sales-driven... our customer is boss”*

### Bernie Marshall, Maintenance Mechanic, London, Canada

In Canada, Bernie Marshall tested and recommended an alternative to the original equipment manufacturer’s part specification for a rubber roller. His simple metal bearing was not only less than half the price, but has resulted in improved machine utilization and bottle handling, while rejects and downtime have been reduced. *“Getting results faster, cheaper and more reliably”*

### Bill Gillespie, Sales, U.S.A.

Bill Gillespie was the key driver behind the launch of the John Labatt Heritage Pack, an innovative concept showcasing four Canadian brands in one case. Overcoming liquid, packaging, cost and distribution challenges along the way, Bill’s leadership of many partners along the way resulted in incremental sales of 180,000 24-packs for 13,000 hectoliters for the U.S. organization. *“A big and inspiring dream energizes us”*

## Central & Eastern Europe

### Krasimir Bachev and Stoyan Stoyanov, Sales, Bulgaria

Krasimir Bachev and Stoyan Stoyanov stepped in when distributors were not serving customers in Bulgaria’s small mountain and seaside villages during the winter. Both used their own vehicles to distribute our brands, with Krasimir buying back expired product to ensure consistent high quality. By doing so, they built customer and consumer loyalty leading into the high-traffic, high tourist summer season. *“Owners have to earn their businesses every day”*

### Martin Novak, Research & Innovation Manager, Czech Republic

Martin Novak worked tirelessly with procurement, key account managers and customers to build the case for, and then lead, the launch of the Staropramen Coolkeg in the Czech Republic. The result was not only highly profitable, but also helped with the brand perception of Staropramen, generating over 50 positive news stories. *“A big and challenging dream energizes us”*

### **Radek Bina, Procurement, Czech Republic**

Standing in for a vacationing colleague, the Czech Republic's Radek Bina was faced with a crisis when a supplier failed to deliver a critical supply of cans. Way beyond the terms of his responsibilities, he not only found an alternative supplier but went to the brewery during his own holiday to follow up and track the delivery process, thereby minimizing a potential loss in production. *"Great people... behind everything we do"*

## **Global Headquarters**

### **Ophelia Johns, People Continuity**

In the Global Headquarters, Ophelia Johns hooked up with Latin America North's Jose Roberto Daniello to build the Global Exchange Program for Sales, enabling countries to benchmark field sales management in Brazil, first-hand. Once the program was a success, Ophelia pushed for participants' action plans to be completed and ensured that business leaders endorsed the idea to have the hosts return to participants' home markets in September. Walking the extra mile to capture insights from the pilot, Ophelia has persevered to make sure the learnings from 2007 made this year's program that much stronger. *"The real action ... where we make and sell our beers"*

### **Sustainability Team**

To reduce energy, solid waste and cost, Relinde Potoms' Sustainability Team was a force in the GHQ. By year end, through a range of initiatives, the team not only achieved its 30 per cent paper reduction target, but shifted to recycled paper in the process. Other initiatives included waste reduction information programs, waste separation and even a slight decline in the temperature setting in the GHQ. *"We are a company of owners"*

## **Asia Pacific**

### **Fan Bao Sheng, Packaging, China**

In China's Shiliang Brewery, Fan Bao Sheng solved a deviation problem that had existed for many years on a labeling machine. His solution, costing just five yuan, defied experts who advised an equipment overhaul, and enabled the brewery to reduce complexity, increase production and save an estimated 130,000 Chinese Yuan (approximately 13,000 euro) in the process. *"No substitute for common sense and good judgement"*

### **Chen Yuan Fu, Engineering, China**

Also in China, Chen Yuan Fu's leadership resulted in the low cost, but highly effective installation of production automation control technology in the Yang Dang San Brewery in Wen Zhou. He worked in his spare time to study the technology, and, to avoid production losses, worked at night to install and test the new system. In addition he gave personal coaching to operators on the line, both day and night, to familiarize them with the system. His diligence, hard work and commitment led to significant value creation and cost savings. *"Execution makes the difference"*

### **Seunghyun Son, IBS, South Korea**

During the SAP server migration to China, South Korea's Seunghyun Son gave up his holidays and evenings for five months to ensure on-time delivery, no interruption to the business and the avoidance of additional license purchasing. His leadership saved the company the equivalent of approximately 560,000 euro in licensing fees and an additional 94,000 euro in potential operating expenses an additional potential 94,000 euro in operating expenses annually. *"We manage our costs tightly"*

## **Functional Excellence Programs**

To date, three of our functions have excellence programs which measure and reward operational excellence every year. The functions include Supply, Sales, and Business Services and more are sure to follow. Ceremonies held at our annual Senior Leadership Convention represent an emotional and exciting experience for all those that are nominated to participate. Here they receive their awards with the top Global Managers present and with the event simulcast to regions around the world.

## Best Practice Sharing Initiatives

It is vital for any global company to share practices that can be duplicated elsewhere. In fact, the ability to identify and implement 'good' or 'best' practices is the competitive advantage a global company has to offer against local operators. To kick off a more formal process in 2008, we initiated the Global Best Practice sharing event at the SLC which will be executed locally at Zone LPC events throughout the year. This will be a standard process every year. At the LPCs, submissions fall into five categories:

1. ZBB
2. Supply & Logistics
3. Commercial
4. People
5. Other

No more than three of these submitted practices are selected for presentation at the Zone LPC Best Practice fair. This is in a 'science fair' format where people rotate from one booth to another to view and judge the practices that are presented by the owners themselves. The judging is based on the following criteria:

1. The impact the practice had on results in the zone of origin
2. The applicability of the practice in other areas of the business, zone, or globally
3. The potential for results elsewhere if implemented.

For each category, there is one winner and these are declared at the end of the LPC event. The best of these can then be submitted to the global event held each year at the SLC.

These reward initiatives are only part of the engagement story. Each year, InBev measures Engagement through our company survey which in 2007 had an amazing response rate of 67%. Almost two-thirds of respondents said they have received some form of recognition, according to a poll in Feb 2007. But this means that 35% said they haven't received any form of recognition at all. Receiving personal congratulations from a manager ranked first out of 67 potential sought-after incentives. Improvements are made each year based on action plans that come right from our Executive Board of Management which have these results in their targets each year.

Things must be going well as InBev jumped one spot in the beverage category in the Fortune 500 list of the World's Most Admired companies, ahead of Diageo. InBev is fifth overall and second among major brewers.

## Case study InBev recognized as a Most Admired Company

The 2008 Fortune 500 World's Most Admired Companies survey ranked InBev fifth among beverage companies ahead of Heineken and SABMiller. About 1500 executives in 26 countries are asked for their opinion, and companies nominated in this survey are all recognizable by their ability to execute consistently, to maintain stable leadership and to constantly innovate. Fortune first began publishing their rankings in 1997, and have since established a reputation for accurately identifying top employers around the world.

## Right results leading to the Right Rewards

In a culture of ownership, InBev believes that people should have some of their pay based on the results they achieve. To make this work, InBev will ensure compensation well above the industry average, but only if targets for the individual and company are achieved. This is pay for performance and we find that some of the best talent in the world really appreciates this philosophy.

# Safety Policy and Management

At InBev, we are committed to managing all of our activities in a responsible manner, ensuring the protection of our employees, stakeholders, customers and the environment. To ensure that we are conforming to the appropriate standards we establish guidelines and goals based on past performance to constantly improve our safety. We communicate our progress and work jointly with governments and communities to establish and maintain effective safety standards and procedures.

When it comes to production, our Voyager Plant Optimization (VPO) program is an example of an integrated approach to managing production. It brings together operational, financial, quality, health, safety and environmental issues to ensure that we operate and manage all our breweries consistently, using best practice tools and methodologies.

InBev management, at global, Zone and local levels, is accountable for compliance with all applicable legal and corporate requirements, and provides the leadership, resources and training to implement compliance measures. All employees are 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. Innovative and sound safety considerations are incorporated into our processes, practices and equipment. The cooperation and involvement of all workers and managers is essential for the ongoing implementation of this policy.

Click here to see our [Health & Safety Policy](#).

## 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. In secondary distribution operations, office and administration functions' safety 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 are the Vice President Technical, the Global Director Safety, Global Director of Quality and Safety and the Director for Brewing, Malting and Environment. These functions are supported by InBev's Global Environmental and Safety (ES) department.

The Global Safety Department at InBev consists of two experts located at the Group Headquarters who work with the Zone and plants-based ES officers. The Global Safety department is responsible for:

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

Environmental performance is reported in our [Environment section](#).

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

## Fatalities

Three of the six fatal accidents reported this year involved InBev employees, and three involved contractors:

- Kharkiv, Ukraine: a contractor was crushed during a transport operation.
- Wernigerode, Germany and Whenzou, China: a contractor and an employee died in onsite traffic accidents.
- Perm, Russia: an employee died carrying out operations for a contractor for which they were not authorized.
- Omsk, Russia: an experienced engineering employee was electrocuted during a re-start of high voltage equipment.
- Plojesti, Romania: a contractor fell during the construction of a new wastewater treatment plant.

### Note on Recording of Accident Rates

Our safety reporting respects International Labor Organization guidelines and reports information above and beyond the legal requirements of many countries in which we operate. Our safety statistics cover our production plants and first tier logistics operations. Accidents that happen at the second tier logistics level are not recorded in a consolidated manner. Temporary workers are included in the figures, but contractors are not.

In 2007 we started measuring our accident rate based on days lost per million hours worked instead of per 1000 full time equivalent employees. The old and new metrics are shown side by side for 2007 in the charts in the main hard copy version of our Global Citizenship Report, showing the accident and lost workday rates. There was a very minor change to the scope of the data across the plants, although this makes no material impact on the reporting.

## Case study 2007: A record safety year for Samlesbury (United Kingdom)

The brewery recorded the lowest ever number of lost time accidents (LTAs) for the site: down from 23 in 2006 to a record four in 2007.

Highlights:

- In the high-risk Logistics/Warehouse area zero lost time accidents were recorded for the first time ever.
- The Packaging department made good progress down from 11 LTAs in 2006 to four in 2007.
- With no recorded LTAs in over two years, the Technical Services, Quality and Production departments kept up their good performance.

The Environment, Health and Safety Manager at Samlesbury aims to have no lost time accidents at Samlesbury in 2008 and to be a lead brewery within InBev on Safety Health and Environmental Performance. Last year, four out of the five U.K. Logistics operational sites completed a full year without LTAs. The successful sites are Samlesbury, Redscar, Wellpark and Newport. InBev's U.K. Logistics Director is aiming for zero LTAs in 2008.

## Case study Occupational Health in our Central & Eastern European Zone

Safety and welfare are business priorities as well as a legal requirement for InBev. For example, in our Central & Eastern European Zone licensed assessors examine our workplace every three years and recommend improvements.

They also report on any harmful conditions arising that may compromise staff health. Employees who work in potentially harmful conditions are medically examined annually by a visiting medic who issues recommendations on issues such as hygiene. In 2007, 3,073 people had check ups, and 2,849 of them were considered 100% fit for their role.

## Case study Plant Safety Days

In 2007, Safety Days took place in all plants in Western and Eastern Europe. During such a Safety Day, production is stopped and the day is dedicated to safety. Because the focus is on improving safety behaviour and awareness, all operators are involved in workshops and training. The workshops covered important topics such as: personal protective equipment, slips, trips and working at height, forklift safety, as well as explosion prevention and good practice. Along with the workshops, three visiting experts gave presentations on best practice in the use of ammonia, the main causes of accidents and chemical handling best practice.

## Case study Safety First! (Ukraine)

Production stopped as our three Ukraine plants held their Safety Days. Employees from the three sites shared their Safety experience, views and concerns. They discussed the crucial health and safety topics such as stumble and falling down prevention and then carried out different practical assignments including fire fighting, handling chemicals and an evacuation.

Developing a safety culture is a long process where people need to understand the rules and realize the necessity for unquestioning execution. Safety Days provide a unique opportunity to clarify roles and responsibilities regarding health and safety issues and plan actions accordingly.

## Case study Latin America Distribution safety campaign asks 'I work safe, do you?'

An internal TV clip was broadcast in 2007 showing tips for safe behavior for the sales force, technicians, checkers and distribution departments. The Zone President introduced the behavior-related campaign to address the main causes of company accidents over the previous months. This campaign reached employees across the company from sales to technical. It is supported by leaflets on safety with a special edition of the campaign aimed at logistics contractors launched in November 2007. "At the moment, we have a 27 per cent reduction of the number of accidents with absence, compared to the same period last year" comments Carla Russo Lessa, Safety Engineer Latin America North. "We hope to reduce it even more and get to zero accidents."

## Case study Contractor safety focus at the Yantar Brewery (Russia)

As with all InBev plants in Central & Eastern Europe, a Safety Day is run annually at Yantar Brewery. 66% of all employees took part in the Safety Days in 2007, and this rate has increased to 79% in 2008. The Brewery has an extensive safety induction process for new employees, the bi-monthly calendar of events is clearly communicated, and the VPO-based Safety First! campaign is given top priority. Awards are given to employees who contribute to the improvement of safety for all employees and contractors on a monthly basis. The best employees are celebrated on team notice boards and receive prizes.

Contractor safety is as important as employee safety. In certain situations, contractors are exposed to hazardous conditions in the course of their work. Production teams have to carefully manage the roles of contractors as part of existing safety and environmental policies, procedures and standards. We recognize and award prizes to the most responsible contractor for their contributions to safety improvements.

## Case study Staropramen: Safety through complex changes (Czech Republic)

In January 2007, a Safety Day was organized to increase awareness of safety. Some 103 employees, 24 contractors and the Prague Fire Brigade participated. During the complex work of modernizing and reorganization at our Staropramen and Branik Breweries, not one contractor was wounded. Safety First! actions are evaluated regularly, Safety Alerts continuously inform our workforce and proposals of technical measures are binding for all breweries. Thanks to disciplined behavior, we registered only 1 working accident in 2007.

## Case study Accident-free year at Corrientes (Argentina)

The Corrientes brewery in Argentina ran 365 consecutive days with no accidents with lost days. This is the result of continuous prevention. The record of the brewery is 1413 days without an accident with lost days, achieved in October 2006. After reaching that record last year, the full year of no accidents is another success, reached thanks to the people who work at Corrientes.

## Case study Volzhsky brewery's emergency response planning (Russia)

Following an anti-terrorist protection exercise earlier this year, the Volzhsky brewery in Russia held an emergency management and mitigation exercise. The mock-up exercise looked at an ammonia leak in a workshop. All attendees were challenged to undertake practical actions in response as if it was a real life emergency. Actions focused on preventing the toxic gas from spreading and forming a cloud over the city.

## Case study Traffic Peace – for Safe Sales teams at AmBev (Brazil)

Regarding Sales and Distribution, where our sales people and supervisors use motorcycles and automobiles as a work tool, we promote the Traffic Peace program that seeks to ensure the physical integrity of our professionals, managing safety indices and reducing traffic accidents. The initiative has four basic underpinnings: infrastructure, the attitude of the driver, leadership attitude and management. Since it was introduced in Brazil in August 2003, the Program has been of fundamental importance, leading to a nearly 70% reduction in the number of accidents with lost time in the Company.

See AmBev's report for further health & safety information in Latin America: [www.inbev.com/pdf/AmBev\\_GCReport\\_1.pdf](http://www.inbev.com/pdf/AmBev_GCReport_1.pdf)

## Serious diseases education and training

We do not report information on education, training, counselling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases. This is excluded through the InBev sustainability report materiality assessment.

# InBev Code of Business Conduct

As a leading global company, InBev operates in countries with a broad range of cultures and business practices. As a result, it is more important than ever that we are guided by a clear and consistent code of business ethics and guidelines for InBev employees around the world. In achieving our business objectives, we must always adhere to the highest standards of business integrity and ethics, as well as respect and comply with all applicable national and international laws and regulations. InBev's Code of Business Conduct - which was refreshed in early 2007 - acts as a guideline for all company business decisions and includes the following:

- Statement of Policy;
- Compliance with Laws, Competition and Antitrust Laws;
- Honest and Ethical Conduct;
- Conflicts of Interest;
- Use of Company Assets;
- Books, Records and Controls;
- Gifts, Favors;
- Code of Dealing;
- Code of Responsible Commercial Communication;
- Political Contributions, Mandates;
- Confidentiality;
- External Communication, and
- Administration of the Codes.

The Code also encourages employees to report any violation or potential violation of the law or the Code to their line manager in a timely manner. To learn more about our whistleblowing policy, please see page 17.

## Percentage and total number of business units analyzed for risks related to corruption

In 2007, eight of our business units in addition to our HQ in Belgium, representing 36% of the total business (up from 26% in 2006), were assessed in terms of compliance with our global Code of Business Conduct which relates to anti-corruption. The Corporate Audit cycle is on-going, with all countries being subject to review between 2007 and 2009. Please also see pages 4 and 5 of the Citizenship Report.

## Public policy development and lobbying activities

InBev engages in public policy development at local, national and international levels, on issues of relevance to our business and our stakeholders. As a highly-regulated industry, we also engage in dialogue with regulators on a broad range of issues including responsible drinking, the environment, and economic matters such as taxation and excise. We play an active role in the Global Alcohol Producers Group which was established to engage with the World Health Organization's efforts to reduce alcohol related harm. We are also stakeholders in the EU's Alcohol and Health forum established in 2007. At country level we aim to keep regulators informed of our activities and efforts to promote responsible drinking.

## Case study Working with the Russian Brewers' Union

SUN InBev participates in issuing a social responsibility report with the Union of Russian brewers. The social responsibility of business is one of the major areas in the activities of the brewing industry in Russia, one of the key factors of its dynamic development. The Union of the Russian brewers is the first organisation of its type in the world to produce a social responsibility report on an individual industry. The goal of the social responsibility report is to develop dialogue with federal and social stakeholders and the report discloses the measures taken to help improve economic stability, social welfare and ecological stability. The social responsibility report has been prepared on the basis of the requirements of the international AA1000 accountability standard developed by the Institute of Social and Ethical Accountability, Great Britain. Specialists of the Union of Russian Brewers, brewing companies, the Agency for Social Information took part in the preparation of the report.

## Global Litigation Manager - InBev's new litigation tracker

Introduced in 2007, InBev's new litigation tracking tool provides a practical way of showing liabilities, costs of litigation and dispute, areas of dispute, and impacts on operations and reputation. It provides InBev with:

- Centralised, up-to-date and globally accessible information on all ongoing litigations allowing the company to correctly assess all its litigation risks and related financial impacts.
- Estimated litigation provisions based on appropriate risk assessment and documentation in full compliance with the IFRS accounting standards on provisioning and disclosure.

'Litigations' are defined as all disputed claims (including tax claims) which represent a risk of additional cost for InBev. InBev's tool only reports the fines that are disputed. Total figures for the value of fines are not currently available. Ultimately it is InBev's objective to achieve full transparency about all litigations; only the 'currently active' litigations against InBev come within the scope of the Global Litigation Manager at this stage.

## Case study Ethical management award for South Korea

In February 2008, InBev South Korea received an ethical management award, adjudicated by Hankook Ilbo, a major national newspaper. This award recognizes companies who strongly commit to ethical and transparent management. InBev South Korea has set an example of strong ethical management that meets and exceeds the global standards. The company has established strategic alliances with its partners and encourages people to join the efforts in enhancing the clean image of the company. They have inspired other companies to pursue fair and transparent management. This has led to being selected as number one in a consumer satisfaction survey for the beer industry and also to being South Korea's first beer company to achieve ISO 9001. "InBev South Korea has been trying to overcome the prejudice against the beer industry and has the management philosophy to pursue the ethical and transparent management in any situation," said BU President South Korea Nathan Yi. "Based on these efforts, we will secure our position as the company that will do its best to take responsibility for our society, boosting the local economy and cultivating the talented included".

# Whistleblowing Policy

As part of InBev's Code of Business Conduct - which acts as a guideline for all company business decisions - we place a strong emphasis on enforcing and reporting of violations or potential violations of the Code. To learn more about the InBev Code of Business Conduct, please see [page 34](#).

All managers are responsible for the enforcement of and compliance with the Code, including its distribution to ensure that the employees of InBev have sufficient knowledge of the Code and comply with it adequately.

No manager or individual has the authority to permit any exceptions to the Code. Employees have the possibility to report violations, or potential violations through internal mechanisms (such as by going to their appropriate line manager), however should they wish, employees may also use an appointed third party organization, EthicsPoint Inc., which provides InBev employees with the following further options for reporting :

- *Via the Internet* - to access a highly secure Internet-based message interface that will immediately notify the General Counsel Corporate Governance & Compliance and the VP Corporate Audit.
- *24/7 available whistleblowing line* - employees may call the toll free line to speak with a live operator who is a compliance specialist. The line operates 24 hours a day/seven days a week and also has translation services available at all times.

Subject to potential legal requirements, the identity of an employee reporting alleged violations will be kept confidential. Employees will not be subject to retaliation or penalties of any kind for reporting in good faith a suspected violation to InBev.

# Philanthropic Guidelines

InBev represents the combination of companies which have long and accomplished histories of corporate responsibility. InBev seeks to be known for its strong commitment to responsible actions globally and especially in those communities where it operates. We strive to invest in areas where business and societal needs intersect. InBev's philanthropic investments always support this.

## InBev guidelines for giving

We do not support organizations which discriminate on the basis of race, religion, creed, gender, age, veteran status, physical challenge or national origin. Contributions, generally, are not provided to:

- Individuals;
- Religious organizations;
- Political parties or candidates;
- Capital campaigns;
- Endowment funds, and
- Conferences, workshops or seminars not directly related to InBev's business interests.

## InBev-Baillet Latour Fund

Count Alfred de Baillet Latour, administrator of the Artois breweries between 1947 and 1980, created the InBev-Baillet Latour Fund in 1974. True to his will, the Fund's goal is to encourage accomplishments of high human value in the scientific, educational or artistic fields and to award with prizes, study grants, trips or gifts in cash or goods. In its activities, the Fund seeks no financial reward and does not take political, union, philosophical or religious convictions into account. Through its action, the Fund tries to contribute to the common good by encouraging scientific, artistic or educational activity, true to the wishes of its generous donor. For the next three years, the fund will donate yearly 150,000 euro to the Antwerp Prins Leopold Institute for Tropical Medicine (ITG). The ITG is a highly recognized center for research, education and combating 'neglected diseases' such as sleeping sickness, bilharzias and buruli. In areas such as India, Eastern Africa and Brazil this infection threatens half a million people yearly and kills thousands of lives.

The fund and the International Polar Foundation have joined together to offer a new scientific grant for studying climate and related environmental change. The Antarctica InBev-Baillet Latour Fellowship Award is a research grant amounting to 150,000 euro and will be awarded every two years to a project carried out as part of a doctorate or post-doctorate in a Belgian university. The Award will allow the beneficiary to carry out his/her work in the discipline and domain of the person's choice, at Belgium's new Princess Elisabeth Antarctic research station, the construction of which will begin in Autumn 2007. The organizations behind this grant are seeking to enhance the knowledge and information that polar research has already built upon in this field, through a better understanding of climate history as well as climate phenomena and their current and future influence on ecosystems and oceans. Click here to visit the Fund's website [www.interbrew-baillet-latour.be/en/home.asp](http://www.interbrew-baillet-latour.be/en/home.asp).

## Fonds Verhelst

Created in 1949 by Mr. Léon Verhelst, former president of the board of the Artois breweries, the Fonds Verhelst is an independent Belgian company with a social purpose, totally auto-funded, free from any political or commercial objective. Its mission is to provide temporary assistance to the InBev employees and their families on the most crucial occasions in their lives as well as to contribute to their welfare. In 2007, the Fonds Verhelst was still mainly active in Belgium. As a new Western European initiative, it has enlarged its employee assistance program (EAP) to the following countries: the Netherlands, Germany, France, Luxembourg and Italy. The EAP is a counselling service each InBev employee and his/her family members can call on free of charge and confidentially mainly to handle professional and private problems and questions. It also offers three other types of counselling: management counselling for issues related to team management, legal counselling for all legal questions outside the professional area and the budget counselling for families facing financial issues.

## Antônio and Helena Zerrenner Foundation

A national benevolent institution that is part of the AmBev controlling group, the Antônio and Helena Zerrenner Foundation (FAHZ) invests in the Company's employees and dependents, totalling more than 50,000 people throughout Brazil. FAHZ covers medical, hospital and dental plan, scholarships, supplies of school materials for more than 10,000 students and the distribution of thousands of hampers and Christmas toys.

## Gol de Letra Foundation

AmBev supports the Gol de Letra Foundation that works with children, teenagers and young people in São Paulo and Rio de Janeiro through programs and projects for the implementation of a new teaching method that offers knowledge, culture and citizenship; the Growth Institute for TV, Cinema and New Media, which contributes to inserting young people from low income communities from the municipality of São Paulo into the job market through a program of technical and socio-cultural training; and the Citizens Sport Club program developed by the Porto Alegre Young Men's Christian Association (ACM) and by the Dunga Institute for Citizenship Development to promote citizenship through the practice of team sports.

# Community Investment

As well as providing high quality products for our consumers, InBev goes one step further by supporting the communities in which it operates. Listed below are the local programs and initiatives in which InBev is involved.

## Support for young people

- In Brazil, AmBev supports a non-profit organization called the Gol de Letra Foundation. The Foundation is recognized by UNESCO as a model for helping disadvantaged children. Under this foundation, AmBev supports a variety of projects in São Paulo.
- In Argentina we donate a variety of resources, including books, teaching materials, equipment and furniture to schools.
  - At AmBev in 2007, 42% of our resellers were working with us in socio-environmentally responsible activities, in environmental education initiatives, selective waste collection and support for community projects, assuring greater social responsibility with regard to its employees and the community. The results obtained during the year demonstrate the potential of this kind of work:
    - More than 5,000 books as well as other scholastic materials have been collected and donated to schools and municipal libraries;
    - Some 4,000 seedlings have been planted;
    - In addition to our employees, approximately 10,500 people have participated directly in activities to encourage recycling and promote environmental education, including students, teachers, and representatives of the local community;
    - More than 6.6 tons of recyclable materials have been collected in recycling initiatives in the communities;
    - Our sales team distributed Ministry of Health's information about the campaign against dengue fever to our points of sale around Brazil.
- The AmBev-linked benevolent institution FAHZ (Antônio and Helena Zerrenner Foundation) continues to run the Walter Belian Technical School in São Paulo, which offers free grade school, middle school and free vocational courses in the fields of Graphic Arts, Industrial Information Technology and Industrial Chemical Analysis in partnership with the SENAI-Zerrenner Foundation School.
- InBev Ukraine continues to make donations to local children's homes on behalf of employees, as well as making donations to a local cancer hospital for new equipment.

## Community initiatives – improving the quality of life

- Supporting Environmental Education in Schools, Aguas Da Serra, Brazil. Our Aguas da Serra plant is located in an Environmental Preservation Area. The Environmental Education Project has been developed with five schools from the town where the plant is located. The main objectives of this project include: the development of environmental awareness; promoting consciousness on the importance of water and the environment around them; and developing and creating a responsible mindset.
- Czech Republic Community Day - Pivovary Staropramen focused on help with improvement of the city's environment. In 2007, the company supported an the renewal of an Old Orchard in the Prokopské Valley near Prague. InBev provided financial help as well as direct volunteering by our employees, clearing out old trees, digging holes and planting new fruit trees. The project will continue in 2008.
- In Germany InBev continues to support 'Girls Day', renamed 'Future's Day', to encourage girls to experience jobs at Beck & Co brewery which were traditionally done by men. InBev Germany will also participate in 2008.
- In Germany the InBev Employee Assistance Programme (EAP) works in cooperation with "Corrente AG", an independent consultancy that can be utilized by employees and their families to help them deal with problems with work and in private life and financial issues.
- In Hungary we support the management of employees' family issues through the Borsodi Foundation. Health issues, annual health check, factory doctor visit, safety descriptions are all covered in this support.
- In the Netherlands in 2007 we reintroduced Breda Beer together with Albert Heijn (retailer) in 17 outlets in and around Breda. Part of the profit is being donated for the restoration of the Grote Kerk (main church) in Breda, an amount totalling 25,000 euro in 2007.

- In the Netherlands in 2007 the Stichting brewery supported local initiatives for underprivileged people in Breda and Dommelen, funding by the income generated by the brewery tours at Dommelen brewery the former Oranjeboom brewery.
- In 2008 we plan to roll out the InBev Food4Food program in the Netherlands.
- Also, we donated 1,500 euro to the Dutch Leprastichting, a charity organization which fights Leprosy followed by other smaller donations to local charities.
- Also in the Netherlands the Dommelsch brewery in 2007 collected 1,140 euro for a charity fund that supports clean drinking water in Africa. The charity fund '3FM Serious Request' is an initiative of a Dutch radio station that supports clean drinking water in Africa.
- In Serbia/Montenegro InBev made several donations to the City Hospital, to scholarships, and to a disabled persons society.
- In Bulgaria we continued in 2007 with our rehabilitation and regular maintenance of the green areas and parks around the Kamenitza brewery in Plovdiv.
- We frequently make donations to alleviate the suffering of victims from catastrophes. To assist the homeless and displaced persons after the earthquake in Peru in 2007, we sent 62,000 liters of water and 5,000 liters of water replacement beverages. In Sapucaia do Sul (RS), we collected 2.5 tons of food and more than 500 pieces of clothing and shoes for the benefit of communities hit by the heavy rains that fell in the region at the end of September. In addition, one of our controlling shareholders, FAHZ, supports the Walter Belian Technical School and the Santa Helena Hospital, both in São Paulo.
- In Brazil the Cool Life ("Vida Legal") Program, focuses on promoting good health, preventing disease and following through on the treatment of employees and family members affected by chronic illnesses. The program is maintained by the Antônio and Helena Zerrenner Foundation (FAHZ), which again made its annual investment of R\$1.6 million (600,000 euro) in 2007.
- FAHZ (Antônio and Helena Zerrenner Foundation), maintains the Santa Helena Hospital, in São Paulo, which has 244 beds, 12 operating rooms, 59 emergency care beds and a Medical Center featuring 40 specialties. The foundation typically invests heavily into this project.
- InBev Argentina undertakes a variety of community-wide activities including: Purchasing of equipment, refurbishing, construction and maintenance of hospitals, day-care centres, neighbour centres, schools and health care units. We also run a project called Family Farms ('Huertas Familiares') whose objective is to generate a culture of work among participants, based on their involvement in the accomplishment of a shared goal and the production of food for consumption or sale.
- In 2008, Apatinska Pivara (InBev Serbia) donated 25,000 euro to help construct "Apatinska House", a pavilion in Pancveo, Serbia to accommodate blind or poor-sighted people lacking adequate accommodations.



Hike of Love in Korea 2008

- In Korea the "Mountain Hike of Love" took place with visually-impaired people, and was coordinated by the Oriental Brewery of InBev in Korea. After training as if "in the shoes" of the visually-impaired, participants formed set off in pairs to hike to the top. InBev will expand this kind of community support initiative again in future.

- In Korea InBev's Oriental Brewery holds an annual One-Day Teahouse event at breweries in Gwangju, Ichon, and Chungwon for residents in need of help. The funds raised are donated as monthly scholarships to teenage heads of families in the area. A portion of the funds raised in 2007 was delivered to retired people diagnosed with fatal diseases.
- Also in Korea InBev supported an event with Cass to provide community services in the Busan and Daegu region for underprivileged people. An amount of 100 won is accumulated for every Cass bottle cap from products sold in the Busan and Daegu stores, and these funds are donated to local groups and organizations. The funds are used to support Busan's Baffer organization and Daegu's Gamchun Welfare Foundation. In addition, employees of Oriental Brewery are taking part in the charity functions as volunteers. These events will continue until the end of the year.

## Community initiatives – improving the environment

- Solidarity Recycling - We continued and improved the Solidarity Recycling Program, which recently celebrated five years of existence. Developed in partnership with the Recicloteca NGO which is maintained by AmBev, and also since 2007 with the Business Commitment to Recycling (Cempre). At the end of 2007, the activity provided direct benefits to approximately 400 people in Rio de Janeiro. In 2007, 12 new cooperatives were integrated into the program, which raises to 36 the current number of organizations receiving benefits. In total 995 tons of waste were collected and treated.
- Brazil - In the Amazon Region, we support in the Maués Project in partnership with the state government to promote the restoration and expansion of the guaraná plantations by supplying seedlings to the farmers and supporting the development of alternative sources of income. Every year we promote Guaraná Day and, since 2006, together with GTZ (the German Technical Cooperation Agency) we have held training. During Guaraná Day we hold technical seminars and the farmers visit Fazenda Santa Helena, owned by AmBev, where they learn about the techniques and equipment used in the cultivation of the fruit. In 2007, about 150 producers participated in training courses. The training provided the producers with knowledge about each of the stages of production, from the preparation of the earth through to the improvements in guaraná and production integrated with other typical crops in the region, such as cassava and açai.
- Since 1993, AmBev has also supported Recicloteca, Latin America's largest center of information on recycling and the environment. It runs workshops and professional training courses, using its Recycling Ecospace gallery for exhibiting art produced using recycled materials.
- In Bulgaria we aim to improve the living environment around Plovdiv brewery for local residents by renovating and expanding the garden with new plants, green areas and alcoves. Kamenitza AD is currently maintaining the garden costs.
- In the Ukraine a community waste management initiative was established in Summer 2007. It is entitled 'Rogan - together for a clean city' and in partnership with the Kharkov city administration educates the community on recycling and raises awareness of the brewery's social responsibility ethos. See the pictures below. Also in Ukraine, at Kyiv's Hryshko National Botanic Gardens, the beverage company SUN InBev Ukraine and TM Chernigivske presented "Together for a Clear City!" part of our "Better World" global initiative. The company installed over 50 places for rest, benches made from ecological materials and refuse bins. This program is aimed to increase public awareness of individual environmental responsibility and nature conservation while reducing the environmental impact of visitors on the botanical gardens. So now there is a real opportunity to have a rest in the Botanical garden, enjoy its beauty together with friends without damaging the environment.
- In Russia we participate in the life of cities and regions where breweries are situated. We have launched a long-term social program "We will live here", it aims to help citizens make life in their hometowns more pleasant and comfortable. Another year on and it seems that we are witnessing the beginning of a good tradition when local people participate in the life of their own cities. SUN InBev employees and the citizens tidy industrial areas together. "We will live here!" aims to call citizens to working together to maintain public areas clean and orderly. 2008 is the seventh year of the program.



"We will live here" in action in Russia

## Working with local universities

We engage with the world's top universities in recruiting for our Global Management Trainee Program, however beyond that, we also have a number of local partnerships.

- Bulgaria: Traditional cooperation between Kamenitza AD and the University of Food Technology. Participation in "A manager for one day" initiative inviting adult students in the breweries to manage the people and processes for one working day. A special certificate is issued for them to prove they have gained management training. March 2008: four students were invited to be managers for a day in Kamenitza brewery in Plovdiv. Kamenitza AD takes care of health and safety matters and provides for daily allowances.
- In Hungary, InBev sponsored student places at the Central European University and Pázmány Péter University Faculty of Law as part of the InBev Global Trainee program.
- In the Netherlands, InBev offers multiple internships/graduation projects to students in our region, e.g. Tilburg University. We also give lectures or organize excursions for On Trade related studies in NL like the NHTV (On Trade and Tourism School) in Breda.

- In Russia, InBev is an active player in regional life and makes charitable donations to a number of public institutes such as Klin and Kursk hospitals, Saransk–Erzya museum, Yalga Church and the Moscow Touro University, an independent, non-profit institution of higher education, licensed and accredited by the State Committee of Higher Education of the Russian Federation. InBev actively employs graduates from Moscow Touro University along with other companies, providing great opportunities for the employee and the companies. Also, we collaborate with the Higher School of Economics, which is an educational policy think tank and consultancy to the education authorities and a forum for the discussion of innovative ideas, reforms, and projects with international companies. The Higher School of Economics helps international companies to select talented graduates and manage the follow up HR issues.
- Also in Russia, the Potanin Charity Fund is supported by InBev, one of the founding organisations. The Vladimir Potanin Foundation was established in 1999 for the implementation of socially significant projects in the sphere of domestic education and culture. The Foundation’s mission is to support social and cultural innovations as well as to facilitate the potential of the most active, talented and educated youth as the most promising resource of Russian society. The Foundation primarily focuses on the implementation of long-term scholarship and grant programs. They are aimed at talented young students of the country’s major state educational institutions. The majority of the Foundation’s programs are conducted through competitions. The scholarships are awarded on the basis of recommendations of an independent contest commission or a jury. InBev is always involved in the competition process and has the opportunity to select the brightest student for the local recruitment.
- In Germany, InBev sponsors the private Jacobs University Bremen, as well as working with university leaders on recruitment issues. In South Korea, InBev also provides a variety of scholarships and opportunities for college students to experience life in a global company. In Ukraine, InBev sponsors (together with the Klichko fund and the Ministry of education and science) ‘Support education together’- a collaboration with top ten Universities in Ukraine and ten of the best students of the Universities receive grants towards their education. In Croatia, we also work closely with faculties for collaboration.
- In Argentina, as well as providing scholarships for students, local InBev R&D experts continue to lecture in universities on how to improve barley crops (for example in the Schools of Agronomical Sciences of the Universities of Buenos Aires and La Plata).
- In Belgium we benefit from a range of strategic collaborations with KUL and UCL brewing technology departments, combining academic expertise together with our technical and commercial understanding.

## Our Brands in the Community

- BREDA – InBev Netherlands presented 25,000 euro to the city of Breda. This money was raised for the town’s church, ‘De Grote Kerk’, the most important landmark and pride of the citizens of Breda. Last year, InBev Netherlands brought back the historical Breda Beer® on the market. The beer is available exclusively in the Breda region through sales at the local Albert Heijn retail outlets. A part of the sales profit is donated to the restoration of the church. This year, the money will be used for one of the wall paintings. The goal of this fundraising is to emphasize the relation between InBev and Breda Beer and to bond with the town’s people. This year’s initiative exceeded all expectations and so, InBev Netherlands has decided to continue this in 2008.

# Diversity of the Executive Board of Management

As the world's leading brewer, cultural diversity is one of our assets and plays an important role in continuing to evolve our corporate culture and the values InBev has sought to create. We do not currently collate data on the ethnicity of our employees due to the global nature of our operations. However, a recent survey at our Global Headquarters in Leuven, Belgium showed we had more than 25 nationalities working together. InBev's Executive Board of Management is drawn from the countries of Europe and the Americas. Detailed below is the nationality of InBev Executive Board of Management 2007:

InBev Executive Board of Management by nationality	
Country	Number
Europe	8
Brazil	4
North America	1

For the 2007 reporting cycle InBev had one female member of the Executive Board of Management. Please see [www.InBev.com](http://www.InBev.com) for Executive Board of Management member biographies.

## Executive Compensation Program

At InBev we challenge ourselves to think and act as owners, and achieve what others might view as impossible. This requires extraordinary commitment and outstanding results. Our executive compensation program is based on these two prerequisites: exceptional results and long term commitment. The program reflects that we are one global business, and ensures that wherever we work our top team is united through common targets designed to deliver exceptional, sustainable growth. We have put in place a system that rewards both company and individual performance, while at the same time delivering value to shareholders in both the short and long term.

In order to calculate bonuses that reflect both individual and team efforts, as well as short and long term performance, we use a three step model. The first step is to determine the total bonus pool available for distribution amongst our people. We call this the 'size of the pie'. The second step is to factor in company performance which, measures collective success. The third step focuses on the individual, measured against their specific targets.

Please refer to Section 4, pages 133-135 of Annual Financial Report for details on executive pay.

# Employee Wages and Benefits

In 2007, our global payroll and related benefits amounted to approximately 2.107 billion euro. We offer employees competitive salaries benchmarked to fixed mid-market local salaries, combined with variable incentive schemes based on individual performance and performance of the business entity in which they work.

Depending on local practices, we offer employees and their family members pension plans, life insurance, medical, dental and optical insurance, death in service insurance, illness and disability insurance. Some InBev countries have tuition reimbursement plans and employee assistance programs.

In several countries InBev maintains post-employment benefit plans such as pensions and medical care plans as well as other long-term employee benefit plans.

## **Defined contribution plans**

InBev pays contributions to publicly or privately administered pension funds or insurance contracts. For 2007, the defined contribution expenses for the company amounted to 5m euro compared to 6m euro for 2006.

## **Defined benefit plans**

The company makes contributions to 52 defined benefit plans of which 40 are retirement plans and 12 are medical cost plans. Most plans provide benefits related to pay and years of service. The German, French, Luxemburg and part of the Belgian, Brazilian, Canadian, U.K. and US plans are unfunded. The medical cost plans in Canada, US, Belgium and Brazil provide medical benefits to employees and their families during the service period and after retirement in some cases.

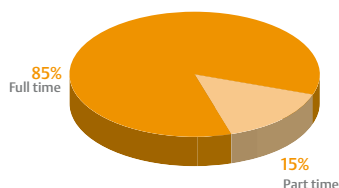
The present value of funded obligations includes a 140m euro liability related to two medical plans, for which the benefits are provided through the Fundação Antonio Helena Zerrenner (“FAHZ”). The FAHZ is a legally distinct entity which provides medical, dental, educational and social assistance to current and retired employees of AmBev.

In Brazil, our AmBev employees are offered an option to buy life insurance and an annual refund of the cost of school materials for them and their children and we reimburse 70% of the monthly cost of undergraduate and postgraduate university courses. In order to obtain the latter benefit, which was awarded to 1,377 persons in 2007, employees must already be enrolled in an undergraduate or postgraduate course that is in line with the job function they exercise in the Company.

# Employment Type

We have collected data from across our operations and can report the proportion of people in full-time contract positions. This excludes suppliers. We are not describing employees in terms of permanent or temporary contracts as this is not the most meaningful way for InBev due to the multitude of legal definitions across our operations for these contracts. We have decided to express the employment type by full time and part time.

## Full time & part time employment



Excludes Australia, Singapore, Italy, and Spain. Data are not available from all countries of our zones so 0.2% of InBev employees are excluded from the calculation used to report against this indicator.

# Diversity

Our data collection systems have not yet been harmonized across all of our operations. However we have collated the diversity data for our 35,000 employees (39% of total workforce) at our operations at AmBev in Latin America and summarised them below:

### Employees by age bracket

	Percentage
Up to 25 years old	24.3%
25 to 35	51.49%
35 to 45	18.5%
45 to 55	4.99%
Over 55	0.74%

### Employees by gender

	Percentage
Male	89.6%
Female	10.4%

### Employees by color\*

	Percentage
White	62.6%
Black (black and mixed race)	36.4%
Indigenous	0.2%
Oriental	0.8%

Employees by time in the company	
	Percentage
Up to 1 year	15.7%
From 1 to 5 years	50.7%
From 5 to 10 years	20.1%
From 10 to 20 years	11.2%
More than 20 years	2.3%

Job distribution	
	Percentage
Executive Board	0.2%
Managers and Supervisors	16%
Administrative and technical positions	30.8%
Sale and Operations	53%

Degree of education *	
	Percentage
Grade school complete/incomplete	2.6%
High school complete/incomplete	59.4%
College complete/incomplete	36.0%
Masters, postgraduate	2.0%

\*Data from Brazil.

## Industrial Relations

InBev respects the different legal frameworks in which it operates, including the right of employees to join organizations such as trade unions. We honor freedom of association and collective bargaining agreements, which are agreed on a local basis.

We have produced the following set of principles for industrial relations:

- **Provide information** to stakeholders about InBev's intentions as early as possible at all relevant levels, e.g. local works councils, national level, and regional level. This is the responsibility of local operations.
- **Consult** within a locally defined framework - this gives the opportunity to submit proposed changes and receive feedback.
- **Prevent impacts** and provide continuity during restructuring - communicate business reasons behind the change and minimize employee impacts using a number of measures, such as: voluntary redundancy; providing alternative internal opportunities; and providing retraining to help ensure continuity of employment for affected employees.
- **Mutual and constructive consultation** - ensuring that information and consultation between social partners is constructive, allowing an exchange of opinions, and is conducted with mutual respect.

We endeavour to follow these principles when considering changes to our operations that may have an impact on employment, and therefore require consultation with trade unions. In addition to the principles, at Zone level we will apply the highest standards of employment regulations from within the Zone to employment restructuring in all the countries of the Zone, where this is legally possible. The principles are applied based on local circumstances and regulations but take into account international (e.g. EU standard) requirements where possible.

The principles align with our communication process relating to employment changes. The process consists of four steps as follows :

- **Announcement of Study.** In most cases we inform stakeholders when we start an efficiency study. This is not legally required but has the advantage of avoiding rumor, allowing employees to be prepared and letting those areas that will not be affected by the study know.
- **Announcement of Intention.** This is legally required when a company intends to change its structure and it triggers the process of consultation about potential social consequences.
- **Announcement of Decision.** Legal requirements at this stage vary in format, procedure and timing. As these legal processes are sometimes contradictory, this stage triggers negotiation for a formal agreement between InBev and the union(s) concerned.
- **Implementation.** Execution of the change and agreed social plan.

## Collective bargaining across our Zones

### Participation in collective bargaining by Zones

	Number	% of region workforce
Western Europe	8 562	79.6%
Central & Eastern Europe	7 181,3	48.6%
North America	2 697	92.2%
Latin America (North & South)	29 589,7	85.0%
Asia Pacific	Data not available	Data not available

Data are not available from all countries of our zones. Currently 74.1% of InBev employees are included in the calculation used to report against this indicator. The remaining data will be provided in our 2010 Global Sustainability Report in August 2010. The data exclude: Italy, Spain, Bulgaria, Croatia, Hungary, the US, Australia, Singapore and China. Of these countries, a significant proportion of employees are in China. Our recently acquired operations in China have two years to align to the InBev VPO management, monitoring and reporting protocols, including human resources figures. Reliable, accurate and complete data are not yet available from operations in China. If we therefore omit China from our calculations for this indicator the proportion of employees excluded falls to 2.4%.

InBev employees are able to maintain a good level of collective representation, unionization and involvement in company decision-making through works councils. Collective bargaining agreements are in place across InBev's Zones. Of all our employees across all Zones, 74.5% are covered by collective bargaining agreements. The extent of employee involvement in decision-making such as via works councils varies across the organization. All but one of our country teams report this information to varying degrees of completeness. Variations arise due to legal definitions and privacy laws. China – the key country in the Asia Pacific Zone - has begun to integrate its people data with our global system. Our managers there are focusing on integrating the business and related cultural systems, working on SAP activities and shared services. Timescale to being able to provide this information is estimated at one year.

## Employment Regulations

InBev is committed to protecting employee rights at all times. InBev employees have access to a correct level of collective representation, unionization and involvement in company decision making through works councils and other forms of employee representation. A structured interaction between InBev and its employees has always been a main concern for the company.

InBev was one of the first companies to have created an information and consultation body with employee representatives throughout Europe - InBev's European Works Council (the EWC). InBev's EWC complements local information and consultation bodies and enables consultation on strategic matters.

These information and consultation bodies help to ensure fair treatment of all and to find solutions to create a comfortable working environment.

## Changes to our Operations

In contrast to 2006 when we made a number of changes to operation in Europe and the USA, 2007 saw no significant changes to operations. There were no closures in 2007. Any re-sizing of operations used the natural attrition of staff and some outsourcing.

### Minimum Notice Period regarding significant operational changes

At Zone level we will apply the highest standards of employment regulations from within the Zone to employment movements in all the countries of the Zone, where this is legally possible.

Please note that for the reporting cycle 2007 the InBev Global Citizenship Report materiality assessment has deemed this indicator as immaterial since there were not significant changes to our operations.

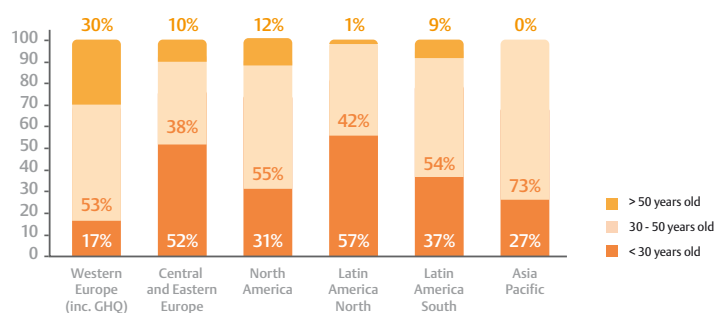
Average employee turnover by Zone		
	Turnover	Percentage of workforce
Western Europe (incl GHQ)	1 521	13.6%
CE Europe	3 120	20.4%
North America	775	21.1%
Latin America (North)	4 104	14.9%
Latin America (South)	314	4.3%
Asia Pacific	1 282	5.8%

Excludes Spain, Italy, Australia and Singapore (representing 3% of InBev employees).

Employee turnover by gender		
	Turnover	Percentage of workforce
Male	7 404	13.3%
Female	2 281	2.0%

Employee turnover by age group		
	Turnover	Percentage
< 30	4 862	43.4%
30 - 50	5 065	45.2%
< 50	1 276	11.4%

## Employee Turnover by Age Group and Zones



Excludes France, Italy, Spain, Romania, Australia, China, Singapore (representing 26% of InBev employees).

Turnover is defined as the number of employees who leave the organization voluntarily or due to dismissal, retirement, or death in service. Turnover figures from our operations provide one perspective of employee conditions and human resources management at global level. The median value for turnover across our zones is 14.2%. We believe that other information must be taken alongside these figures in order to achieve a meaningful picture. Please refer to the People & Community sections in this document and in the main annual Global Citizenship Report document.

There is not yet a common method across all our countries of operation for measuring turnover. Local measurement approaches vary, for example when accounting for seasonal employment variations at some operations. Data are for calendar year 2007 but are not yet available from all countries. We aim to improve the way the information is collected in future reporting. We have made good progress in collating turnover data by region and gender but do not currently have the global detail on employees by age group. We anticipate future improvements in data collection next year.

## Absence Policy and Absenteeism

We have absence policies in place in many parts of InBev, shaped by local conditions. The policies help to ensure that all employees, regardless of the InBev country they operate in, have the same rights, expectations and understanding when they need to be absent from work. The policy was created to ensure employees know what they need to do if they become ill, what they can expect from InBev during the time they are ill and to support line managers who will need to continue to manage their teams during this period. A sample policy that applies to all U.K. employees is described below. The policy covers four areas:

- The notification of absence you must give when you are unable to attend work.
- The pay and benefits that you are entitled to when you are absent from work.
- What happens if an employee has a continued period of absence.
- And what are the roles and responsibilities of parties when an employee returns to work after absence.

In assessing our available data on absenteeism we have used only the data that are most available and reliable. Data from our Asia Pacific zone are not yet collected on the same basis as for other zones so we discount it until they are ready.

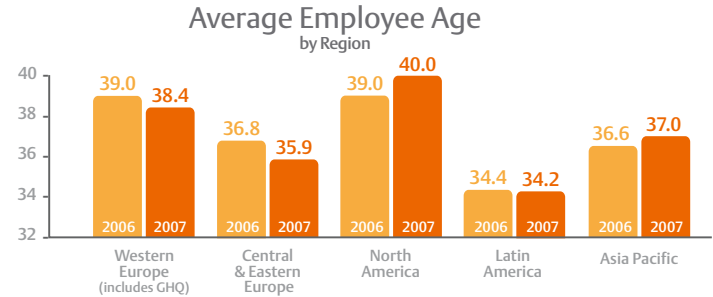
Absenteeism – by Zone		
	Median values*	Comments
Western Europe	4.31%	Includes GHQ
Central & Eastern Europe	3.08%	
North America	-	Not available
Latin America North	1.00%	
Latin America South	3.80%	
Asia Pacific	-	Not available
<b>GLOBAL</b>	<b>3.44%</b>	

\*Calculation of medians is a popular technique in summary statistics and summarizing statistical data. It gives a measure that is more robust in the presence of outlier values than the mean.

# Average Employee Age and Length of Service

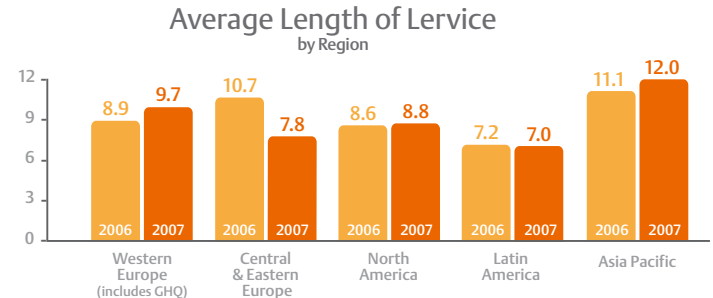
## Average Employee Age (unweighted)

We monitor the average age of employees, we aim to develop this to assess employees by age group in the future.



Excludes Australia, China, Singapore, Italy & Spain.

## Average Length of Service (unweighted)



Excludes Australia, China, Singapore, Italy & Spain.

# Social Responsibility Policy for Procurement of Point of Connection Materials

InBev works with new and existing Suppliers to improve their status in all aspects of Corporate Citizenship issues.

## 1. Employment is chosen (no forced labor)

- Employees should be free to choose to work for the supplier, i.e. their employer.
- Employees should be free to leave the supplier after reasonable notice is served.
- Suppliers should not use forced, bonded or involuntary prison labor.

## 2. Employment relationship

- Suppliers should establish recognised employment relationships with their employees that are in accordance with their national law and good practice.
- Suppliers' employees should be provided with an easy to read contract of employment with particular clarity in relation to wages.
- In the event that employees are unable to read, the contract of employment should be read and explained to them by a union representative or another appropriate third party.
- Suppliers should not do anything to avoid providing employees with their legal or contractual rights.

## 3. Freedom of association

- Suppliers should not prevent or discourage employees from joining trade unions.
- Suppliers' employees should be able to carry out reasonable representative functions in the workplace.
- Suppliers should not discriminate against employees carrying out representative functions.
- Where the law restricts freedom of association and collective bargaining, suppliers should positively facilitate alternative means of representation.

## 4. Living wages are paid

- Wages and benefits should at least meet industry benchmarks or national legal standards. As a minimum, the wages paid to suppliers' employees should meet their basic needs.
- Suppliers should not make deductions from wages unless permitted by national law or with the permission (without duress) of the employee.
- Suppliers should always pay in cash and not in kind, e.g. goods, vouchers.

## 5. Suppliers' employees working hours

- Working hours should comply with national laws or industry standards.
- Suppliers' employees should not be expected to work more than 48 hours per week on a regular basis.
- On average, suppliers' employees should be given one day off approximately every seven days.
- Suppliers should not pressurise employees into working overtime ; overtime should be voluntary and not be demanded on a regular basis; where overtime is requested by the employer it should be reimbursed at an appropriate rate and should not exceed 12 hours in any week.

## 6. Suppliers' treatment of employees

- Under no circumstances should suppliers abuse or intimidate, in any fashion, employees.
- Any disciplinary measures should be recorded.
- Suppliers should have a grievance/appeal procedure that is clear and understandable and this should be given to the employee in writing.
- In the event that suppliers' employees are unable to read, the grievance/appeal procedure should be read and explained to them by a union representative or another appropriate third party.

## 7. Law

- Suppliers should always work within the laws of their country.

## 8. Health and safety

- Suppliers should assign responsibility for health and safety to a senior management representative.
- Suppliers should have appropriate health and safety policies and procedures and these should be demonstrable in the workplace.
- Suppliers' employees should be trained in health and safety policy and procedures.
- Suppliers should monitor compliance with health and safety policy.
- Suppliers should provide employees (at the suppliers' expense) with any necessary health and safety equipment, e.g. Gloves, masks, helmets.
- Working conditions should be comfortable and hygienic.
- Suppliers should identify specific hazards, e.g. Substances or equipment, and should implement processes to minimise risk.
- Suppliers' employees should have access to clean toilets.
- Suppliers' employees should have regular breaks and have access to clean water as a minimum.

## 9. Child labor

In principle, InBev is against the use of child labor and believes its long-term elimination is ultimately in the best interests of children. However, the elimination of child labor must always be undertaken in a manner consistent with the best interests of the children concerned.

- Suppliers shall develop or participate in and contribute to policies and programs which provide for the transition of any child found to be performing child labor to enable her or him to attend and remain in quality education until no longer a child.
- Suppliers shall not employ children and young persons under 18 at night or in hazardous conditions.
- In any event the course of action taken shall be in the best interest of the child, conform to the provisions of ILO Convention 138 and be consistent with the United Nation's Convention on the Rights of the Child. In this context, 'child' refers to any persons less than 15 years of age, unless local legislation on the minimum age stipulates a higher age for work or mandatory schooling, in which case the higher age shall apply. 'Young person' refers to any worker over the age of a child, as defined above, under the age of 18.

## 10. Discrimination

- Suppliers should have a policy of equality for all in the workplace with no discrimination on the basis of race, caste, religion, nationality, age, gender, marital status, sexual orientation, disability, union membership or political affiliation.
- Suppliers should ensure that employees' human and civil rights are respected.