

Two curved lines, one red and one grey, arching across the top of the page.

Product

Quality and Safety

Product Quality 2

Product Safety 5

Product Quality

Managing Quality

Managing a wide brand portfolio produced around the world involves achieving the highest standards of quality and safety, as well as maintaining the authenticity of the brands. Our aim is continually to improve product quality; and to make this a reality, we are rolling out our quality management system at all production plants worldwide.

The quality management system is a fundamental part of our Voyager Plant Optimization (VPO) program. The VPO program provides an integrated approach to managing production bringing together operational, financial, quality, environmental, and health and safety issues to ensure that we operate and manage all our production plants consistently while sharing best practices between sites. The environments where we operate vary enormously - from an altitude of 4500m to plummeting temperatures of -40°, not to mention the wide diversity of cultures and peoples we work with. This provides us with a huge knowledge base to work with in order to continuously improve our quality. Our people are central to applying best practices around the world.

The quality management element of the VPO program covers the entire product lifecycle, including raw materials, suppliers, the processes within production plants, and finally, customers and consumers. During 2007, we continued to meet our targets for introducing our updated quality management system throughout InBev's production plants. In addition to the planned implementation schedule, the zone of Latin America South was also added to the scope. The roll-out in our Asia Pacific Zone continued in 2007 in South Korea and China, culminating with the successful certification in 2007 of two South Korean plants.

Case study Our Enduring Commitment to the Quality of Beck's

An example of our commitment to quality is our Beck's brand, which in addition to Germany is now brewed in Bulgaria, China, Croatia, Hungary, Romania, Russia, Serbia and Ukraine and will soon be brewing in new markets in South America, Europe and Asia Pacific.

Wherever we brew Beck's, we maintain the authenticity and quality of the brand by brewing it according to the Reinheitsgebot, the German purity law which was adopted in 1516. The Reinheitsgebot (said to be to be one of the oldest food regulations in the world) was introduced by the Bavarian Duke, Wilhelm IV. The law states that the only ingredients used for the brewing process must be barley, hops and water. We now know that this list of ingredients also included natural yeast, but its existence in the brewing process remained unknown until the invention of the microscope. The founders of Beck's even installed a laboratory in order to develop the highest quality yeast in pure cultures. Beck's exclusive strain of yeast, developed over generations, is still in use today.

Performance Monitoring

Our quality management system has now been implemented in our production and its use is generating continuous improvement as well as clearer visibility of quality issues for our managers. The system requires our production plants to report commercially confidential Key Performance Indicator (KPI) data using a specially developed InBev reporting tool. The IT-based tool allows plants to input their monthly figures for budget and performance KPIs, and therefore allows management to address challenges as they arise on a month-by-month basis.

The quality management system monitors the physico-chemical, microbiological, sensory and packaging quality of our products. Other KPIs cover Quality Efficiency, which measures the impact of goods blocked in the production process, an Overall Plant Food Safety Index which covers all aspects of good manufacturing, product integrity, hazard analysis and critical points in the production process where food safety could be compromised.

Case study Quality Assurance certification for the Apatinska Pivara brewery (Serbia)

Many plants received many different certifications in 2007 and our Apatin brewery is an example. The Serbian subsidiary of InBev, Apatinska Pivara, received the important HACCP (Alimentarius Hazard Analysis and Critical Control Point) certificate in February, demonstrating their ownership of InBev's tenth principle - 'we don't take shortcuts.' The certification was awarded by the Swiss Société Generale de Surveillance and acknowledges high food safety standards in production, packaging and product transportation. The raw and packaging materials, wort production, yeast propagation, fermentation, maturation, filtration, glass, PET, can and keg fillings, primary warehousing and transportation comply to the highest food safety standards and are assessed and checked to confirm they meet the high requirements.

Global Brands Quality Awards

For the first time InBev presented the Global Brands Quality Awards in 2007. The goal of these awards was to recognize sites which consistently brewed the best examples of the Global Brands throughout 2007. The introduction of these awards led to an atmosphere of brotherly competition between the plants, resulting in a further improvement of the already excellent quality of the Global Brands.

The award winners and runners up received Certificates of Achievement signed by Claudio Ferro, the Chief Supply Officer of InBev. The plants are highly motivated to improve their individual standings and be honored as the best producers of the Global Brands in 2008!

Suppliers

To manage product quality through the entire product lifecycle, or from 'grain to glass', we have to monitor the quality of our suppliers. The integrity of all our ingredients (as well as additional materials which come into contact with the product) is a prerequisite for all supplied goods, and forms part of our assessment of suppliers' facilities and performance. Supplier quality is especially critical when the beverage reaches the consumer.

We also have initiatives to improve quality in the provision of our products at outlets and retailers. Two examples from 2007 are the 'Belgian Quality Café' initiative and the 'Stella Artois Gold Standard Program' in Canada, both begun in 2006. In Canada, our Stella Artois Gold Standard program was developed in response to research showing that better trained bar staff leads to improved customer satisfaction. The aim of this quality program is to recognize and certify the 'top 100' bars and restaurants across Canada for their delivery of the most authentic draught experience—the Stella Artois 'Gold Standard.' The 'Gold Standard' criteria include the proper use of branded chalice glassware, serving the beer at the proper temperature, staff training, merchandising, keg rotation and line clearing and adherence to the nine-step Stella Artois Pouring Ritual. Establishments serving draught Stella Artois continued to participate in the extensive auditing process to determine which ones qualified for the 'Gold Standard' designation.

Case study Recognition for Supply, Commercial and Logistic at Quality Quilmes Awards (Argentina)

The Piazzola Tango in Argentina's capital set the scene for the Quality Quilmes Awards. Over 200 people from Supply, Commercial and Logistics celebrated their achieved goals on quality issues from July 2006 to June 2007 and recognized the best of the best in quality management. The Quality Quilmes Awards sets out to recognize the best quality management in Argentina which includes at the same time sharing best practices, communicating efficiently and promoting excellence in environment consciousness, with one ultimate goal: to have the best product in the market. The Awards are made possible by internal and external efforts that involve both the beer and soft drinks supply chains in Argentina. This year a special award was given to Ypané from Paraguay as the best plant outside Argentina. In future years, the aim is to further extend the Quality Quilmes Awards in Latin America South.

Consumer and Customer Relationships

In support of InBev's mission to create enduring bonds with consumers, we are focused on ensuring that our customers (those who buy our products from us) and consumers (those who consume our products) come first, and are at the heart of everything we do. We welcome feedback and any complaints we receive are carefully reviewed and used to drive improvements.

Measuring customer satisfaction has become a requirement for the whole of InBev and is in line with our mission to create enduring bonds with consumers. InBev has implemented globally two new key performance indicators (KPI) in relation to complaints. These KPIs have provided valuable information on customer and consumer complaints and have allowed the supply organization to focus on potential weaknesses and thereby improve the consistency of the high quality of InBev products which is enjoyed by the consumer. The full-year figures are used to set challenging targets for the following year in the continual crusade to drive down the number of consumer and customer complaints.

AmBev operates a customer service center (SAC) to meet the demands of consumers. The service provides five 0800, toll-free, numbers (Brahma, Skol, Antarctica, Gatorade and Pepsi), and e-mail addresses that function together, but permit servicing of a specific brand to facilitate consumer access to information. The SAC receives 1,500 telephone calls and 300 e-mails every day. Of these contacts, 70% are questions about the composition of the products and their distribution, information about company events, and sales and corporate data. Another 16% are complaints, 10% looking for sponsorship and/or donations and 4% involve opinions. All of the information received is organized according to the area concerned (Industrial, Sales and Marketing) and serves as a basis for improving the products and processes that increase consumer satisfaction.

In addition, the SAC conducts regular surveys into the degree of consumer satisfaction about our products. We maintain the practice of exchanging all products that present a problem and analyzing all of those that are returned. When an error occurs, such as during distribution and at the points of sale, it is reported to the Quality Control Department for corrective action.

For more information about AmBev's sustainability management and impacts please see their separate Report at [www](#)

Understanding consumers

As part of our efforts to connect with our customers and consumers, we have taken to the streets to help ensure we understand first-hand how our brands connect with consumers.

At our Senior Leadership Convention held in Spring 2007, all 200 participants spent a 'day in the trade' in Brussels, visiting supermarkets, pubs and bars to gain valuable insights into both our customers and consumers. As well as senior leaders, the 'day in the trade' allows all employees to experience the consumer side of our business. Due to the success of such events, many of our internal meetings are coupled with some amount of time meeting and discussing with our customers and consumers. The focus was to jointly allow employees to learn about our business by accompanying sales representatives and supervisors on sales calls in the market at the same time as promoting a 'Don't Drink and Drive' message.

Carlos Lisboa, AmBev Marketing Director, along with 120 colleagues from various functions across the company, truly connected with consumers by visiting them in their own homes to gain valuable insights into their demands. The information gathered will be used to develop new products or to adjust existing ones to the consumers' needs.

Product Safety

The trust our customers and consumers have in our brands is closely related to the safety of our products. For this reason, we adopted a zero-tolerance or precautionary approach to the management of safety risks with our products and packaging. 100% of our product batches are subject to health and safety assessment in order that they are safe to consume in the 'use phase' – which is the most significant part – of the product life-cycle. The assessment is based on an internal and external sampling programme through different stages of production and distribution.

A good example is the development process for new products which includes assessments of design and operational risks. In order to minimize the impact of potential safety issues, we have a layered strategy in place to guarantee business continuity at any time in the event of an emergent product-safety issue. InBev is also an active participant in professional discussions on safety-related scientific and regulatory topics.

- InBev takes a precautionary approach to customer and consumer safety.
- Our precautionary approach with suppliers is also reinforced within our own brewery management systems.
- We act immediately if any problems are identified with our products.

To maintain our focus on product safety, we have numerous control mechanisms in place to ensure that our beverages meet the highest standards of safety.

Supplier Integrity

We audit our suppliers to ensure they are meeting our standards for quality and safety. As different territories have very different legislative requirements, our audits seek compliance with the strictest global standards, regardless of location.

The InBev Supplier Quality Audit occurs at a number of procurement stages. Before we enter into any contracts with suppliers, a supplier selection audit is conducted. As part of the audit, we assess food safety, including the safety of the suppliers' raw materials, farming and supplier processes and, finally, their end-product quality. During a contract, we also conduct spot checks on the supplier.

The extent of our supplier audits differs, depending on the raw material concerned. Those raw materials with the most potential-variance are audited most often for safety and quality. This level of audit review relates to only 15 items out of our overall material mix. Materials which we monitor more carefully include glass bottles, malt, carbon dioxide, hop pellets, cans and ends, crown corks, kegs, boards, paper labels, adjuncts (maize and other cereals). Materials, such as label glue, which are less prone to large quality variances require less monitoring and are audited less frequently.

To provide an added level of quality and safety assurance, InBev has a sophisticated safety analysis program, which tests for several types of contamination. We routinely check samples from every batch of bottles for defects. Our state-of-the-art early warning system for potential product safety issues, known as the InBev Product Integrity Analytical Program, continued as usual. Our system of hygiene and safety checks is the most comprehensive in the industry and at least one beer from each and every one of our breweries is checked each year using external, accredited laboratory facilities. Food safety standards have been an important part of the review and roll-out of the InBev quality management system (see above in the product quality section).