

A series of thin, vertical white lines of varying heights, creating a rhythmic pattern on the left side of the image.

The Contribution made by SABMiller to the European Economy

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Amsterdam, November 2009

A report commissioned by SABMiller and conducted by
Ernst & Young Tax Advisors and Regioplan Policy Research

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About the study

First edition

This Contribution Made by SABMiller to the European Economy report is the first edition. The report has been compiled by Ernst & Young, Regioplan Policy Research and SABMiller breweries in 9 European countries plus Russia.

Methodology

The study focuses on the economic, regional and social impact of SABMiller breweries in 9 European Union Member States plus Russia. The methodology used for estimating this economic impact is described in Annexes I to IV.

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About Regioplan Policy Research

Since 1983 Regioplan Policy Research has been active in the Netherlands as a policy research agency specialising in social and economic research in a wide field of expertise. Regioplan offers a number of services, such as research studies, monitoring and evaluation, policy advice, product development and secondment for most knowledge areas within policy research. In addition to assignments for Dutch organisations, Regioplan Policy Research is also very active in the international market for policy research. One of Regioplan's large international clients is the European Commission and its various Directorates General. Regioplan was a subsidiary of Ernst & Young until 1 July 2008. For more information and for new requests for proposals please consult our international webpage at <http://www.regioplan.nl/pagina/english>

About SABMiller

One of the world's largest brewers, SABMiller has brewing interests and distribution agreements across six continents. SABMiller's wide portfolio of brands includes premium international beers such as Pilsner Urquell, Peroni Nastro Azzurro, Miller Genuine Draft and Grolsch along with leading local brands such as Aguila, Castle, Miller Lite, Snow and Tyskie. Six of SABMiller's brands are among the top 50 in the world. SABMiller is also one of the world's largest bottlers of Coca-Cola products. Since listing on the London Stock Exchange 10 years ago we have grown into a global operation, developing a balanced and attractive portfolio of businesses. SABMiller's markets range from developed economies such as the USA to fast-growing developing markets such as China and India. For more information: www.sabmiller.com.

Key messages

In the summer of 2009 Ernst & Young carried out a study on the impact of the production and sale of SABMiller beer. This study was commissioned by SABMiller Europe and covered 10 countries: the Czech Republic, Hungary, Italy, the Netherlands, Poland, Romania, Russia, Slovakia, Spain and the United Kingdom. Our study makes clear that SABMiller's contribution to the European economy is significant. The main contributions are:

Key messages of the Contribution made by SABMiller to the European Economy

- ▶ In total **233,700 jobs** are directly or indirectly related to the production and sale of SABMiller beer.
- ▶ The total value-added attributed to the production and sale of beer in Europe is estimated at approximately **4.02 billion euros**.
- ▶ The total revenues for the national governments are estimated at approximately **3.83 billion euros**.
- ▶ The regions in which SABMiller breweries are situated profit substantially. **27,500 jobs** are generated by purchases of goods and services in these regions.
- ▶ Due to their social entrepreneurship and sustainability programmes, SABMiller generates profits for the community and the environment.

The production and consumption has a major impact on supplying sectors in Europe and Russia. The **23 SABMiller breweries produced 49 million hectolitres¹** of beer, and **45 million hectolitres have been consumed** in 2008. For example, SABMiller has a strong impact on the agricultural sector due to the purchases of malting barley, malt and hops, which are needed for production of beer. Moreover, on behalf of production, marketing and sales processes, breweries also buy goods and services in supplying sectors, mostly within Europe. The **annual expenditure of SABMiller on goods and services is worth 1.86 billion euros**. Since this study only focuses on countries in which a SABMiller brewery is located², the effects generated by purchases of goods and services and beer consumed in other European countries are not included in the above mentioned figures. Because of this, the real economic impact of SABMiller in Europe in terms of value added, employment and government revenues will be even higher.

Being home to one of the 23 SABMiller breweries in Europe and Russia generates considerable impulses for the regional economy. First of all because of the **15,022 direct jobs in the breweries**. Furthermore, a substantial indirect effect is generated in these regions because **33.5 percent** of all goods and services purchased by SABMiller breweries are obtained from regional suppliers.

In addition to economic benefits, SABMiller also generates **social benefits** and takes its responsibility for the **environment**. The SABMiller breweries are very progressive in saving of water and energy. Furthermore, these breweries are very active in sponsoring a variety of cultural and sports events. SABMiller breweries are concerned about the well-being of the local communities in which they work and they also invest in the working conditions of their employees. In many countries in Europe, salaries in the brewing sector are high when compared to most other sectors. Last, but probably most important, one cannot underestimate the social benefits of groups of friends coming together, often over a beer, to socialise and converse, and the integral role that local bars, pubs and cafés often play in the fabric of local communities across the whole of Europe.

¹ One hectolitre (hectolitres) equals 100 litres.

² Although Miller brands UK does not own a brewery, the United Kingdom is included in the study.

1. Production and Consumption

1.1 Highlights

Highlights of the SABMiller beer market

- ▶ The annual production of SABMiller in Europe (including Russia) amounts approximately 49 million hectolitres of beer.
- ▶ More than 11 percent of the production (5.4 million hectolitres) is exported (both intra-European and extra-European trade).
- ▶ The European SABMiller breweries sold approximately 45 million hectolitres of beer in their home countries. This consumption has a value of 8.8 billion euros (including VAT).
- ▶ Approximately 30 percent of the consumption volume is sold in the hospitality sector (bars, restaurants etc.). This equals 55 percent of the value of total SABMiller beer sales in euros.

1.2 Production

In 2008 23 SABMiller breweries together produced 49 million hectolitres of beer in Europe and Russia. This is a substantial share of the total production volume of beer in Europe. With a production of 427 million hectolitres of beer³, Europe is the world's most important beer producer, followed by China and the United States (around 393 and 234 million hectolitres respectively).⁴

SABMiller has a portfolio of around 200 beer brands worldwide of which 64 are European. Some of these brands are produced only for the local market while other brands are produced for export as well. SABMiller has four international premium brands: Pilsner Urquell, Peroni Nastro Azzurro, Miller Genuine Draft and Grolsch.

The 23 European SABMiller breweries are located in 9 countries. Poland and Romania both have 4 breweries within their borders while there are 3 breweries in Russia as well as in Italy and the Czech Republic. The other breweries are situated on the Canary Islands in Spain (2), Slovakia (2), the Netherlands (1) and Hungary (1). There are no SABMiller breweries in the UK. Miller Brands UK imports all the beer they sell (0.78 million hectolitres in 2008) from SABMiller breweries in other countries.

1.3 Export

Some 5.4 of the 48.8 million hectolitres of SABMiller beer produced is exported outside national borders (around 17 percent of total production). This export figure, which we received directly from the SABMiller breweries, relate to 'between countries' flows of SABMiller beer.

The exact destination or origin of these exports could not be deduced from these figures. Based on Eurostat data⁵ we know that approximately 42 percent of the total beer exports from Europe comprises exports within Europe, while the other 58 percent is destined for countries outside Europe.⁶

³ This figure includes the EU-27 plus Croatia, Norway, Switzerland and Turkey. Russia is not included.

Source: E&Y, *The Contribution made by beer to the European Economy 2009*.

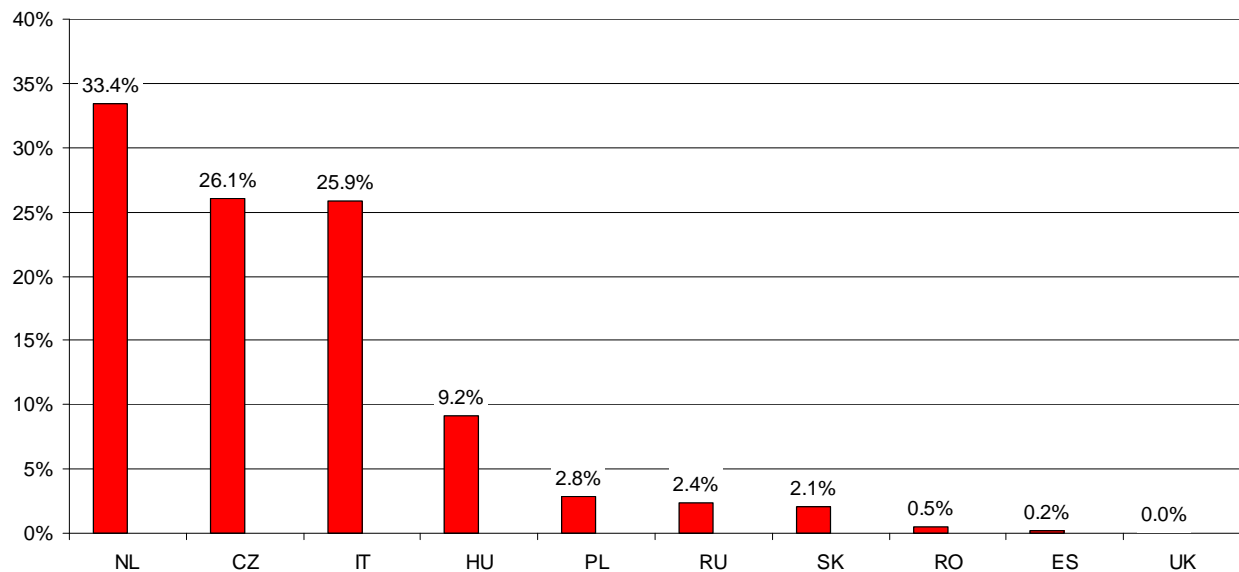
⁴ Source: Barth-Haas Group; *The Barth Report 2007-2008*.

⁵ Source: Eurostat; *EU27 Trade Since 1995 By SITC (DS_018995)*.

⁶ These figures only relate to the 27 EU members. Norway, Switzerland, Croatia and Turkey are not included. Furthermore they relate to exports of all brewing companies (not only SABMiller).

The export figure illustrates that the beer market is an open and global one. Although consumers in many countries prefer to drink beers brewed domestically and locally, the international brands of SABMiller are appreciated worldwide. Exports are especially important for countries as the Netherlands, the Czech Republic and Italy, which are home to 3 of the international premium brands of SABMiller. The percentage of exports compared to total SABMiller beer production in these countries varies between 25.9 and 33.4 percent. In other countries this percentage varies from 0.2 percent in Spain to 9.2 percent in Hungary.

Exports as percentage of production per country



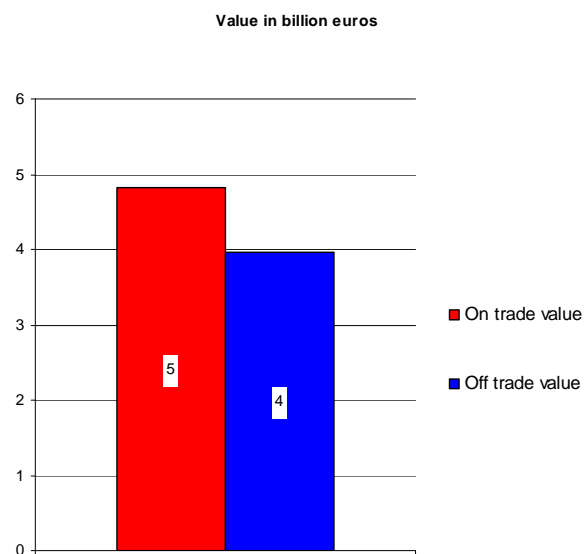
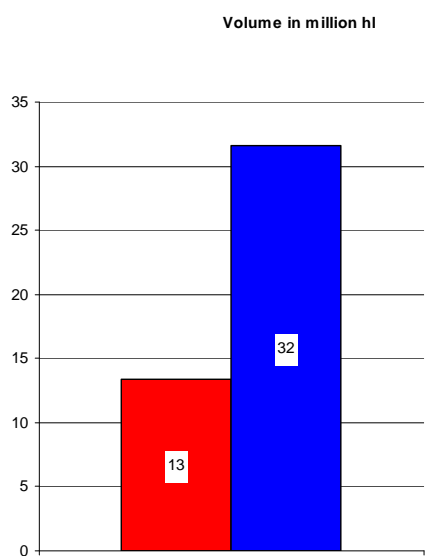
Source: Ernst & Young questionnaire among SABMiller breweries (2009)

1.4 Consumption

In 2008, SABMiller breweries in Europe and Russia sold some 45 million hectolitres of beer in their home countries⁷. Of this European consumption, it is estimated that some 70 percent is purchased in supermarkets and other retail outlets, which is referred to as 'off-trade'. The other 30 percent is consumed in the hospitality sector (pubs, restaurants et cetera), which is referred to as 'on-trade'.

The size of the consumption of SABMiller beer can also be estimated in euros. The total value (paid by consumers) of SABMiller beer consumption in Europe and Russia is estimated at approximately 8.78 billion euros (including VAT). Almost 55 percent consists of turnover in pubs and restaurants. In terms of euros the retail channel is slightly less important. The consumption figures in this paragraph include only the sales of SABMiller breweries in their home countries. Since SABMiller beer is also consumed in European countries where no SABMiller breweries are situated, the real consumption of SABMiller beer in Europe will be even higher than 45 million hectolitres and 8.78 billion euros.

⁷ This figure includes the United Kingdom where Miller brands UK sells beer which is imported from SABMiller breweries abroad.



Source: Ernst & Young questionnaire among SABMiller breweries (2009)

2. Purchases made by SABMiller breweries

2.1 Highlights

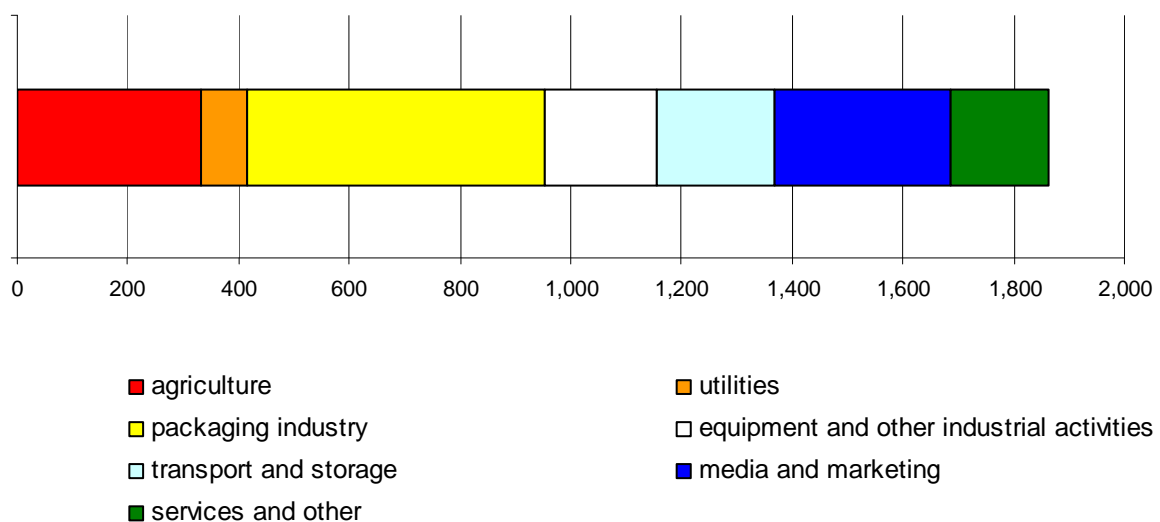
Highlights of purchases made by SABMiller breweries

- ▶ The annual expenditure of SABMiller on goods and services in the European countries in which they are located is worth 1.86 billion euros.
- ▶ This is including central purchases (59 million euros) used by SABMiller operations located outside the country where the purchases took place.
- ▶ Most money is spent in the packaging industry, agriculture and the services sector (including media and marketing).

2.2 Purchases by sector

The annual production of 49 million hectolitres of beer by SABMiller breweries in Europe and Russia is only possible because various sectors provide the necessary goods and services, ranging from barley, hops and malt to energy and transportation capacity, and including a variety of industrial products and services. In total SABMiller purchases goods and services from supplying sectors within the European countries in which they are located with a value of 1.86 billion euros. This is including central purchases (59 million euros) used by SABMiller operations located outside the country where the purchases took place.

Purchases of goods and services (million euros)



Source: Ernst & Young calculation, 2009 (see Annex III for an explanation of the methodology)

A large share (29 percent) of the purchases made by SABMiller in Europe is carried out in the packaging industry. The services sector (including media and marketing) accounts for approximately 27 percent of the purchases. Another important supplying sector for breweries is agriculture. Some 18 percent of SABMillers' total expenditure is spent in this sector.

3. A high employment effect

3.1 Highlights

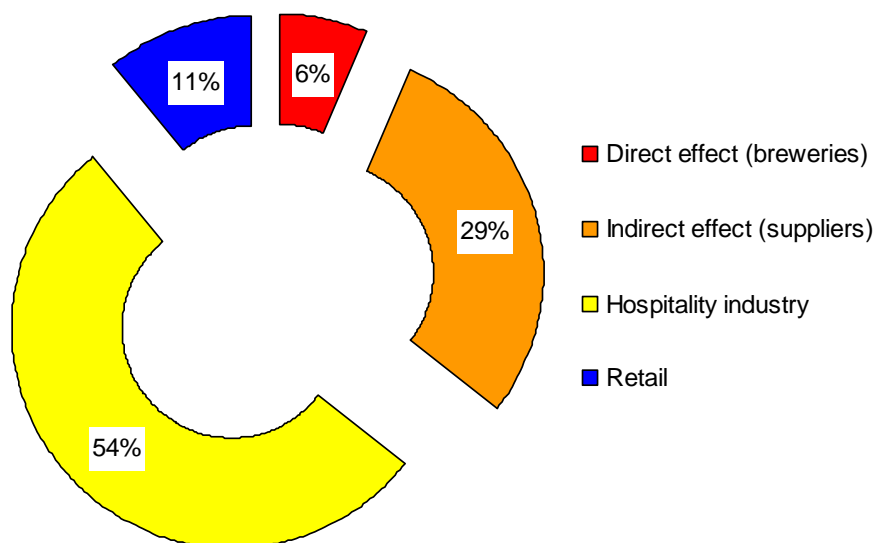
Highlights of employment effect of SABMiller

- ▶ 233,700 jobs in Europe can be attributed to the production and sale of SABMiller beer.
- ▶ Approximately 6 percent of this employment effect (15,022) consists of employees of SABMiller.
- ▶ For each job offered by SABMiller, two jobs are generated in retail, almost five in the supplying sectors and eight in the hospitality sector.

3.2 Total employment

The preceding chapters pointed out that SABMiller spends a lot of money on goods and services within Europe and Russia. The consumption of SABMiller beer also leads to a large turnover in the retail and hospitality sectors. Considering this, it is not surprising that the contribution of SABMiller to the European and Russian economy is considerable. One of the main effects is the employment generated from the production and sale of beer. In total, the production and sale of SABMiller beer leads to 233,700 jobs in the European countries in which a SABMiller operation is located. Most jobs are generated in the hospitality industry (54 percent) and in the supplying sectors (29 percent).

Total employment because of SABMiller in Europe and Russia:
233,700 jobs

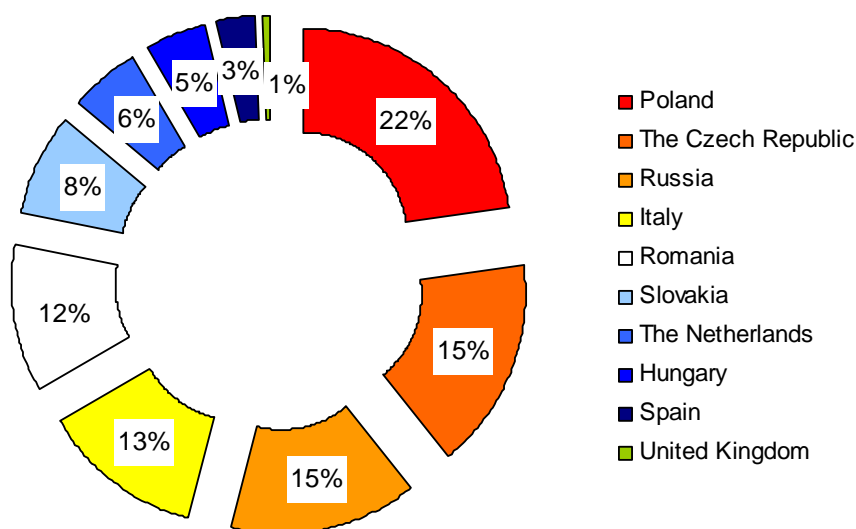


Source: Ernst & Young calculation, 2009 (see Annex III for an explanation of the methodology)

3.3 Direct employment

The European SABMiller breweries together provide 15,022 jobs; this is the so-called direct employment effect. These jobs are spread across Europe. Kompania Piwowarska in Poland has the largest number of employees (3,419 jobs⁸) followed by Plzeňský Prazdroj in the Czech Republic (2,464 jobs) and SABMiller RUS in Russia (2,218 jobs). In other countries the number of employees varies from 92 jobs in the United Kingdom (Miller Brands UK) to 1,902 jobs in Italy (Birra Peroni).

**Direct employment at SABMiller breweries
in Europe and Russia: 15,022**

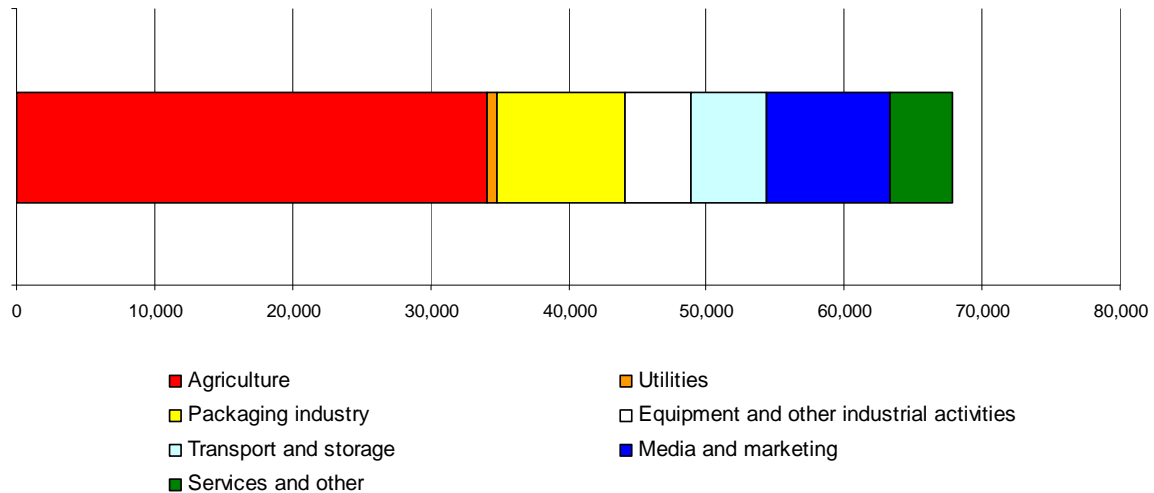


Source: Ernst & Young calculation, 2009 (see Annex III for an explanation of the methodology)

⁸ The employment figure refers to the year 2008, which is the base year of the study. Kompania Piwowarska has recently closed one of their four breweries resulting in a decrease of jobs. At the end of 2009, the number of employees at Kompania Piwowarska is expected to be 3,170.

3.4 Indirect employment

Indirect employment



Source: Ernst & Young calculation, 2009 (see Annex III)

SABMiller also generates a considerable indirect employment effect. The production and sale of beer is only possible because various sectors provide the necessary goods and services, ranging from barley, hops and malt to energy and transportation capacity, and including a variety of industrial products and services. Some 67,800 jobs in these supplying sectors can be attributed to the production and sales of beer by SABMiller. Most of this indirect employment (50 percent) consists of jobs in the agricultural sector.

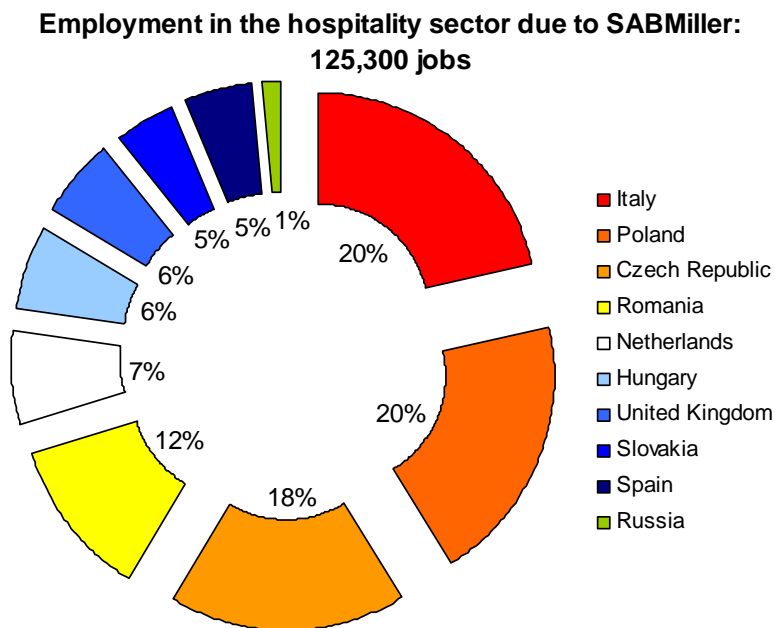
Chapter 2 stated that approximately 29 percent of the total purchases made by SABMiller involve the packaging industry, and 18 percent the agricultural sector. The figure above and the table below show that the packaging industry generates 14 percent of the indirect employment, and agriculture 50 percent. The share of the agricultural sector in the employment effect is much higher than its share in the total purchases by the brewing sector. Although 50 percent of the total number of jobs generated by the brewing sector consists of jobs in agriculture, only 18 percent of the purchases by breweries occur in this sector. This is explained by the relatively low turnover and labour costs per employee in the agricultural sector in comparison with other sectors. A one million euro impulse in the agricultural sector generates approximately 109 jobs, whereas the same impulse into for example packaging generates only 19 jobs. Especially in Poland, where 48 percent of the agricultural jobs generated by SABMiller are situated, the turnover per employee is very low in the agricultural sector.

Sectors	Number of jobs	Share in total indirect employment
Agriculture	34,100	50.3%
Utilities	700	1.1%
Packaging industry	9,300	13.7%
Equipment and other industrial activities	4,700	7.0%
Transport and storage	5,500	8.1%
Media and marketing	8,900	13.1%
Services and other	4,600	6.7%
Total	67,800	100.0 %

Source: Ernst & Young calculation (2009) (see Annex III for an explanation on methodology)

3.5 Induced employment

In addition to the direct and indirect impact of SABMiller, the number of jobs created by beer sales in the hospitality and retail sectors exhibits an even greater effect. Almost 125,300 jobs in hospitality can be attributed to the sale of SABMiller beer. In Italy, where almost half of SABMiller beer is sold in the hospitality sector, the induced employment effect turns out to be very high. In eastern European countries such as Poland, the Czech Republic and Romania there is a large employment effect in the hospitality sector as well. In the retail sector another 25,500 jobs can be attributed entirely to the sales of SABMiller beer.



Source: Ernst & Young calculation, 2009 (see Annex III)

4. High value-added

4.1 Highlights

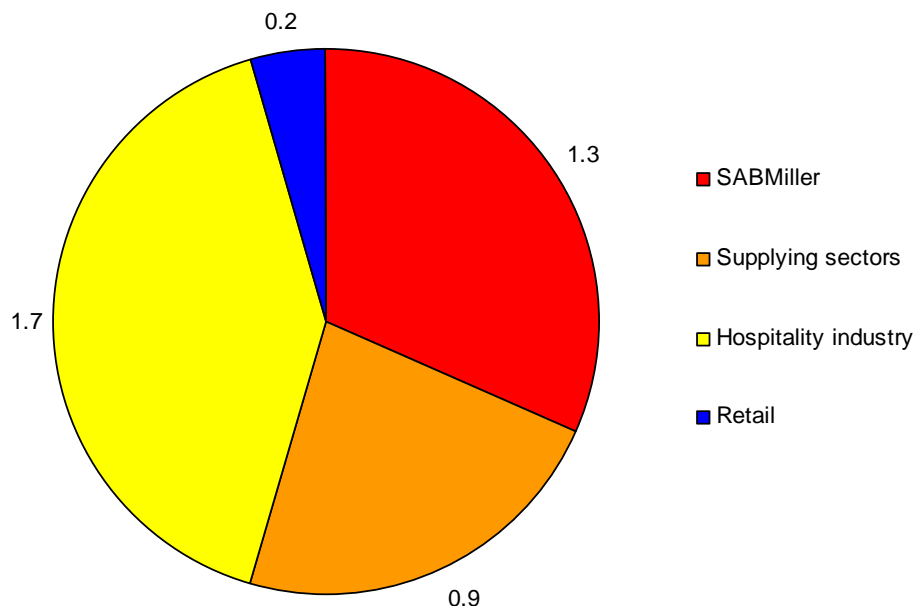
Highlights of value-added

- ▶ The total value-added created directly and indirectly by SABMiller in Europe and Russia is estimated at approximately 4.02 billion euros.
- ▶ Compared to other sectors as well as to other European breweries, employees of SABMiller have relatively high productivity.

4.2 Value-added by sector

Another contribution of SABMiller to the European and Russian economy is the value-added it creates, and the value-added created by the supplying, the retail and the hospitality sectors. Value-added can be defined as the difference between the production value and the value of purchased inputs (goods and services). In economic terminology value-added is also defined as the reward for all production factors (mainly labour, capital, entrepreneurship). For governments the value-added is important because they levy a tax on it (VAT, see next chapter). We estimate the total value-added related to the production and sale of SABMiller beer in the European economy at approximately 4.02 billion euros.

**Value added due to SABMiller in Europe and Russia:
4.02 billion euros**



Source: Ernst & Young calculation, 2009 (see Annex III for an explanation of the methodology)

This total of 4.02 billion euros of value-added is generated by 233,700 employees working in the SABMiller breweries, in supplying sectors and in the hospitality and retail sectors. This only includes jobs due to SABMiller; jobs due to other brewing companies or other sectors are not included. The average value-added per employee is therefore some 15,500⁹ euros a year.

⁹ This is calculated as follows: 4.38 billion euros divided by 281,700 million employees.

The average value-added per SABMiller employee is far higher, namely approximately 84,900 euros a year. This illustrates the relatively high productivity of SABMiller in comparison with other sectors. The average productivity in the SABMiller breweries is also much higher than the average productivity in other industrial sectors such as packaging and equipment. Not only in comparison with other sectors is the average productivity in terms of value added per employee of SABMiller relatively high, it is also slightly higher than in other European breweries. The average value added of all European breweries (EU-27 plus Croatia, Norway, Switzerland and Turkey) amounts to 81,300 euros per employee.¹⁰

¹⁰ Source: E&Y, *The Contribution made by beer to the European Economy 2009*.

5. Government revenues due to SABMiller

5.1 Highlights

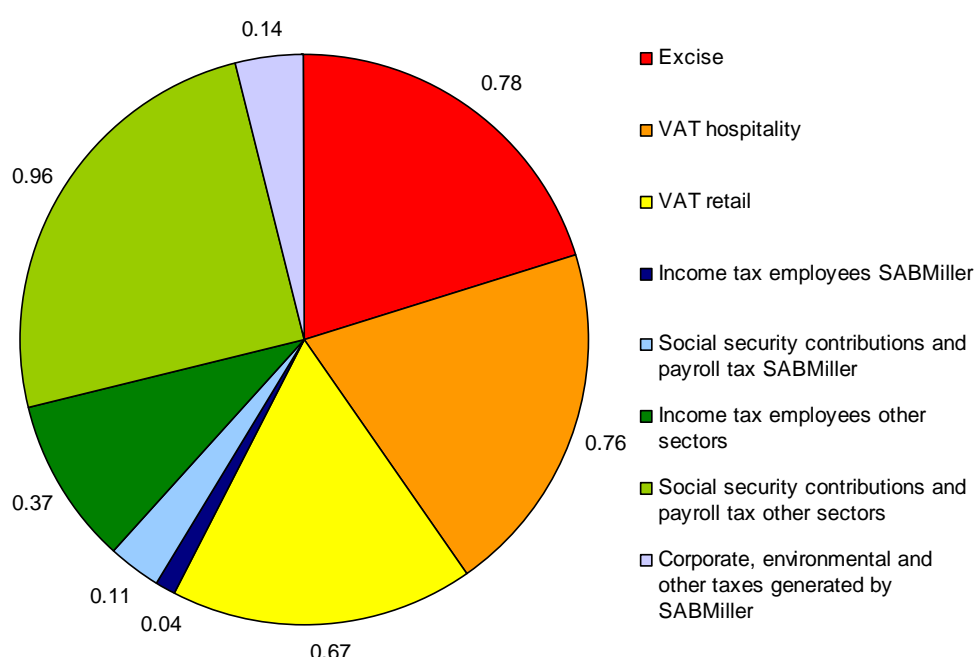
Highlights of government revenues

- ▶ The total government revenues due to SABMiller in terms of VAT, excise, income taxes, payroll taxes and social security contributions are estimated at 3.83 billion euros.
- ▶ The most important source of European government revenues is VAT, followed by income related taxes and contributions paid by employers and employees.
- ▶ Excise revenues, estimated at approximately 785 million euros, also contribute significantly.

5.2 Government revenues

National governments benefit substantially from the production and sale of SABMiller beer by receiving excise revenues, VAT revenues and income-related taxes and contributions paid by workers and their employers in the brewing sector and in other sectors whose jobs can be attributed to SABMiller. Besides the aforementioned taxes, governments also benefit from other taxes such as corporate taxes, property taxes, community taxes, environmental taxes (such as climate change levy), vehicle excise duty and stamp duty land tax. The total revenues for the governments in the 10 European countries are approximately 3.83 billion euros per year. These revenues include VAT, excises, income taxes, social security contributions and payroll taxes, corporate, environmental and other taxes.

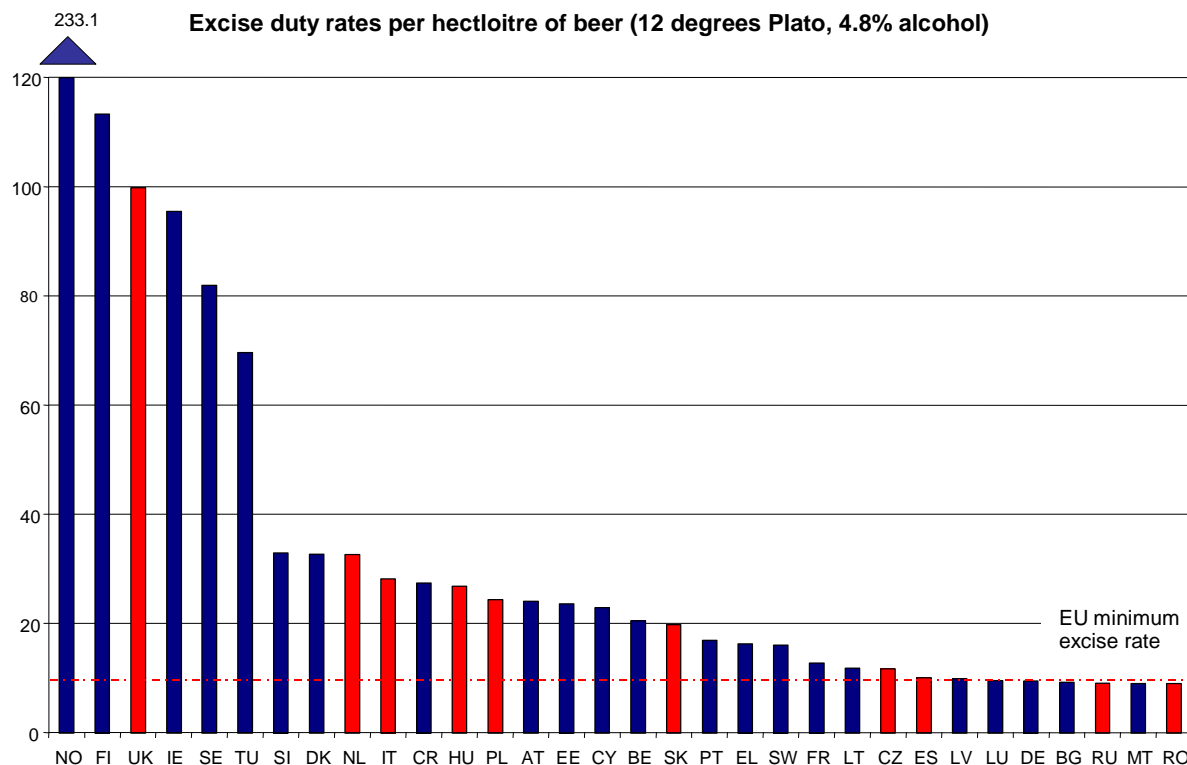
**Government revenues due to SABMiller in Europe and Russia:
3.83 billion euros**



Source: Ernst & Young calculation (2009)

The most important source of European government revenues are Value Added Taxes (VATs). European consumers pay an average 18 percent VAT on their beer consumption. VAT revenues on beer sales in the retail and hospitality sector are estimated at 1.43 billion euros. Excise revenues also contribute significantly to the national treasuries. These revenues are estimated at approximately 785 million euros.

As Member States of the EU-27 have a certain degree of flexibility in setting the levels of taxation, the excise rate differs between countries. Romania has a relatively low excise rate on beer. Governments in the United Kingdom and the Netherlands implement higher excise rates. The variation in excise rates is shown by the following figure.



Source: *Brewers of Europe, Excise Duty Rates for Beer, situation as on June 2009*

Another source of government revenue consists of income and payroll taxes and social security contributions paid by employers and employees. These taxes and contributions are paid by employers and employees of SABMiller and in the supplying sectors, in retail and in the hospitality sector where jobs can be attributed to the production and sale of SABMiller beer. These income-related taxes and contributions are estimated at 1.48 billion euros. Furthermore, the 23 SABMiller breweries generate another 115 million euros in corporate, environmental and other taxes.

6. Regional impact

6.1 Highlights

Highlights of regional impact

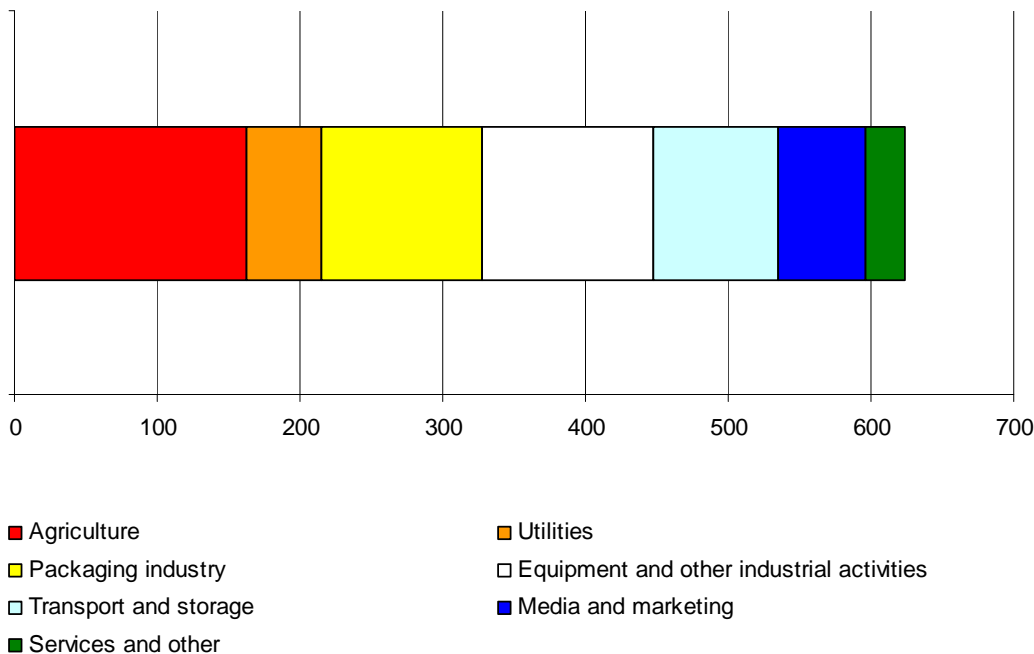
- ▶ 33.4 percent of all goods and services (624 million euros) are purchased from regional suppliers.
- ▶ SABMiller breweries generate 27,500 supplying sector jobs in their home regions. 63.7 percent of these jobs consist of employment in the agricultural sector.

6.2 Purchases of goods and services from regional suppliers

The economic impact of SABMiller breweries is especially large in the regions in which they are located. Being home to one of the 23 SABMiller breweries in Europe and Russia generates considerable impulses for the regional economy. Some 624 million euros of the total purchases of goods and services by SABMiller in Europe and Russia (1.86 billion euros) are obtained in the regions where the breweries are located. This means that 33.4 percent of all goods and services are purchased from regional suppliers.

The agricultural sector benefits most from purchases of goods and services by SABMiller breweries in the regions where the breweries are located. Some 26 percent of all regionally purchased goods and services comes from suppliers in this sector. The regional equipment sector (19 percent) and the packaging industry (18 percent) benefit substantially as well.

Purchases of goods and services (million euros)



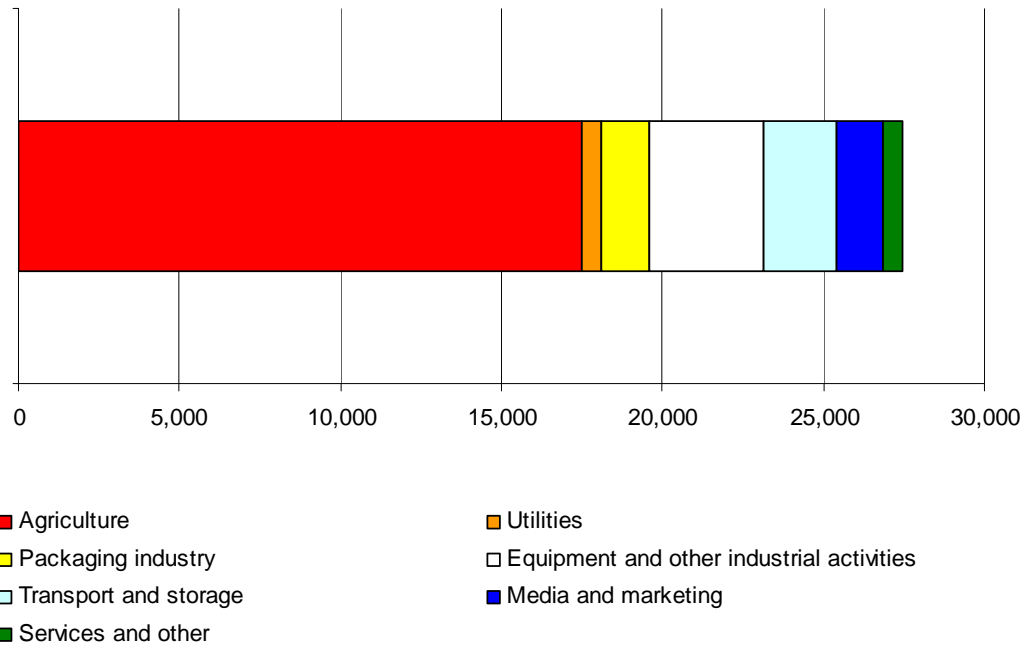
Source: Ernst & Young calculation (2009)

6.3 Regional employment

SABMiller breweries are important for the employment in the regions in which they are situated. Not only because of jobs within the breweries, but also due to jobs within the supplying sectors. Around 27,500 of the 67,800 supply sector jobs generated by SABMiller are located within the home region of the breweries. This means that 40.1 percent of all

supply sector jobs are situated within the breweries' own regions. Most of these regional jobs (63.7 percent) consist of employment in the agricultural sector. Especially the Polish region Wielkopolska (7,900 jobs) and the Western part of Romania (Vest) (4,300 jobs) benefit substantially from the purchases of agricultural goods by SABMiller breweries.

Regional indirect employment created by SABMiller breweries



Source: Ernst & Young calculation (2009)

In total, around 42,500 jobs are generated by SABMiller in the home regions of their breweries (15,022 SABMiller employees and 27,500 jobs in supplying sectors). Jobs generated in the regional retail and hospitality sector are not included in this figure.

7. Social and environmental impacts

7.1 Highlights

Highlights of social impact

- ▶ Sustainable development is fully integrated into the business strategy of SABMiller.
- ▶ To focus its efforts in the field of sustainable development, SABMiller has set out 10 sustainable development priorities.
- ▶ In order to measure and monitor its progress on these priorities, SABMiller has developed a Sustainability Assessment Matrix (SAM). SABMiller is completely transparent with regard to its scores on the 10 priorities.
- ▶ The SABMiller operations are very active in the field of sustainable development. In many operations sustainable development is fully integrated into daily business.
- ▶ SABMiller has undertaken a large scale training programme aimed at committing SABMiller staff to responsible commercial communication.
- ▶ The financial means to undertake projects in the field of sustainable development have increased.
- ▶ SABMiller is often the main or only investor in the projects that are undertaken in the field of sustainable development. Without SABMiller most projects would not have existed.
- ▶ SABMiller employees are involved in all kinds of projects in the field of sustainable development and encouraged to undertake volunteer work.

7.2 Sustainable Development Priorities

Sustainable development is fully integrated into the business strategy of SABMiller. To focus its efforts in the field of sustainable development, SABMiller has set out 10 sustainable development priorities. These priorities have been developed through intensive global consultation from 2005 to 2007. SABMiller consulted both internally, across all functional areas of its organisation, and externally. The views of national and international stakeholders were all taken into consideration in developing SABMiller's approach of sustainable development. These 10 developed priorities are:

- ▶ Discouraging irresponsible drinking
- ▶ Making more beer but using less water
- ▶ Reducing their energy and carbon footprint
- ▶ Packaging, reuse and recycling
- ▶ Working towards zero-waste operations
- ▶ Encouraging enterprise development in their value chains
- ▶ Benefiting communities
- ▶ Contributing to the reduction of HIV/AIDS
- ▶ Respecting human rights
- ▶ Transparency in reporting on their progress

Appendix VI contains a description of these priorities, which explains the reasons behind and the targets of these priorities.

In order to measure and monitor their progress on these priorities, SABMiller has developed a Sustainability Assessment Matrix (SAM). This management system provides an in-depth understanding of SABMiller's sustainability performance. The progress is depicted by means of certain levels on a stairway. For each priority a stairway is developed, which consists of four increasing levels of performance based on internal and external benchmarks. Level 1 represents the minimum standard with best practice at level 4, as illustrated in the following figure. The operations of SABMiller make progress by meeting the requirements of the next level.

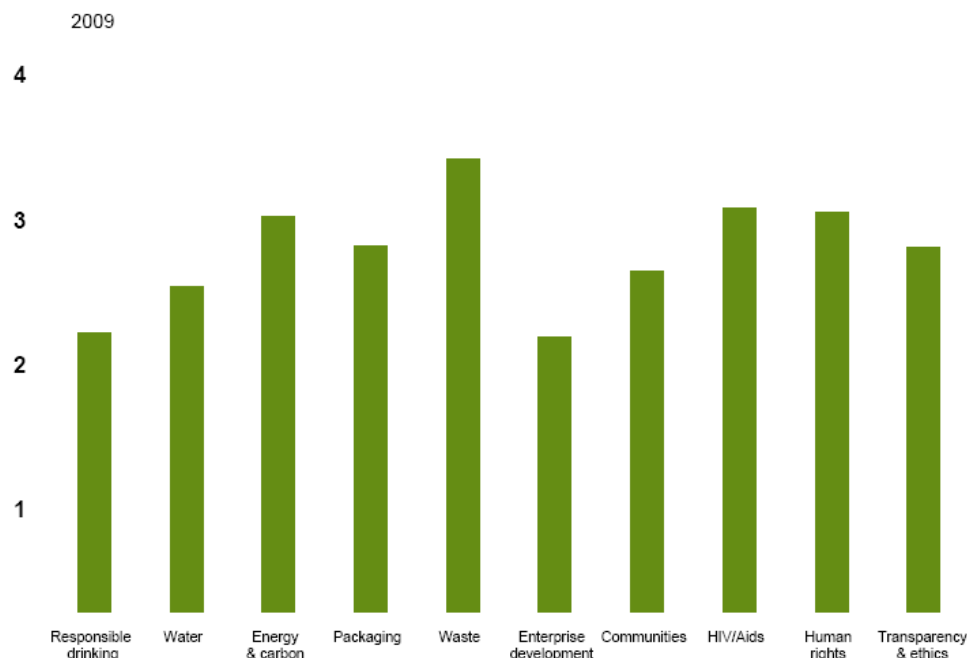


Source: SABMiller, Sustainable Development, SABMiller plc Sustainable Development Report 2009.

With regard to every level, certain requirements apply. In order to reach level 1, the requirements of level 1 must be met. In order to reach the second level, the requirements of both level 1 and level 2 must be met. These requirements have been specified for all four levels of each priority. For example, for energy and carbon footprint five requirements have been formulated. These requirements all have different weights. The most important requirement is a reduction of the total amount of energy used for the production of beer. At each level a reduction of energy use is required. In the last three years, most SABMiller operations have undertaken projects aimed at reducing their energy use. Examples are Dreher Breweries in Hungary that have put a biogas generation and waste water treatment plant into operation, and Kompania Piwowarska and Birra Peroni which have both undertaken a complex set of actions in the field of technical equipment and improvement of production processes to save energy.

In order to be completely transparent, SABMiller shows the SAM results for each individual operation on their website. In this report the SAM results of SABMiller operations in the Czech Republic, Hungary, Italy, the Netherlands, Poland, Romania, Russia and Slovakia are included in the country chapters. The figure below shows the SAM results at group level for Europe. This scorecard aggregates the scores of SABMiller operations Plzeňský Prazdroj, Dreher Breweries, Birra Peroni, Grolsch, Kompania Piwowarska, Ursus Breweries, SABMiller RUS, Pivovary Topvar and Cerveceria de Canarias.

Performance charting – Performance by location – Europe – overview



Priorities and performance levels

Source: SABMiller 2009

It is not realistic to attempt to reach level 3 or 4 in all 10 priorities at the same time. This is because regions and operations have the flexibility to select which of the priorities are the most important in the short term. They base their decision on local needs and circumstances.

7.3 Activities and initiatives undertaken in the field of sustainable development

Sustainable development is integrated into the business strategy of SABMiller at local, regional and group level. At these various levels, all kinds of initiatives and activities have been carried out aimed at contributing to the previously described 10 priorities.

An example of such an initiative at European level is an ambitious training programme on responsible commercial communication. This training programme is an essential part of SABMiller's self-regulatory policy on commercial communication. The main part of this self-regulatory policy is the company Policy on Commercial Communication. In 2004, this policy was developed by SABMiller and it provides all SABMiller Group companies with minimum standards for commercial communication. In 2008 this code was revised. Besides some basic principles, this code contains 25 principles which address several issues. An example of such a principle is the prohibition of directing commercial communication at persons under the legal drinking age. To safeguard this principle, commercial communication may only be placed in print, on the radio, on television, on the internet or in text messaging when at least 70 percent of the audience is reasonably expected to be of legal drinking age or 18 if there is no legislation with regard to drinking age. Another example is the prohibition of using cartoons in commercials as these intend to have a unique appeal to the underaged. These principles are both aimed at preventing the underage appeal to alcohol.

Other issues such as responsible drinking and health aspects are also addressed in this policy. In order to enforce and integrate the policy on commercial communication, an ambitious training programme has been carried out last year. This training programme has also been committed to the European Alcohol and Health Forum.¹¹ The training programme is aimed at expanding and further developing the knowledge of SABMiller employees with regard to responsible commercial communication. In a period of 1.5 years 4,328 participants have followed this training. Of these participants, 741 followed a full day training. These 741 people are employees of marketing and trade marketing departments, employees of advertising and PR agencies, employees of Corporate Affairs and Legal departments and members of the Compliance Committees. The other participants received three hours of training. These participants are employees of the sales and distribution departments and management team members. In order to make a success of the training, 84 working days have been spent on the preparations of the training. Furthermore, 300,000 euros were spent on training materials, travel arrangements, accommodation and other training-related costs. The trainings are rated very positively: more than 80 percent of the participants are more confident with regard to taking appropriate steps to resolve issues concerning responsible commercial communication.

On country level, SABMiller has been very active in the field of sustainable development as well. All kinds of activities have been carried out over the last years. This study considered the social impact of eight SABMiller operations, namely: Plzeňský Prazdroj, Dreher Breweries, Birra Peroni, Grolsch, Kompania Piwowska, Ursus Breweries, SABMiller RUS and Pivovary Topvar. A questionnaire on social impact was spread among these operations. In the following table the priorities are presented with regard to which the operations have undertaken activities / projects in the last three years.

	Plzeňský Prazdroj	Dreher Breweries	Birra Peroni	Grolsch	Kompania Piwowska	Ursus Breweries	SABMiller RUS	Pivovary Topvar
Responsible drinking	√	√	√	√	√	√	√	√
Water	√	√		√	√	√	√	√
Energy & carbon	√	√	√	√	√	√	√	√
Packaging	√	√		√	√	√	√	√
Waste	√	√		√	√	√	√	
Enterprise development					√		√	√
Benefiting communities	√	√	√	√	√	√	√	√
HIV/AIDS	√						√	
Human rights	√				√		√	
Transparency	√		√		√		√	

Most operations have undertaken activities on almost all priority areas. It is important to keep in mind that the priorities have been developed for all SABMiller operations. Some of the priorities are less important for certain operations than others. This is for example true for HIV/AIDS. HIV/AIDS is an issue of immediate relevance to SABMiller in countries affected by the pandemic. As African countries are much more affected than European countries, the operations of SABMiller in Africa pay much more attention to this priority than operations in Europe. This explains why only two operations in Europe have undertaken activities/initiatives on HIV/AIDS.

The initiatives that have been undertaken in the field of sustainable development are very diverse. Some focus more on improving the environment while others are aimed at benefiting communities and the well-being of employees and citizens.

¹¹ This forum is an initiative of the European Commission and is aimed at providing a common platform to all interested stakeholders at EU level that support actions relevant to reducing alcohol-related harm.

An example of an initiative that was undertaken in the sustainable development field of improving the environment, is the building of a biogas generation and waste water treatment plant in Hungary by SABMiller (Dreher Breweries). This plant is responsible for cost and energy savings of 8 to 10 percent. Another example is an initiative undertaken by SABMiller RUS aimed at reducing water consumption through the introduction of recycling and condensing technologies. Besides initiatives aimed at energy and water savings, SABMiller contributes to the environment by volunteer projects such as 'Put a lid on Danube Delta waste'. This initiative is carried out by Ursus Breweries in Romania. About 130 SABMiller employees were involved in cleaning the Delta areas and SABMiller was fully responsible for the funding of the project.

Totally different, but not less important, are all kinds of initiatives aimed at the promotion of responsible drinking. Examples of such initiatives are the 'Drink or Drive' initiatives of SABMiller in Poland and the Czech Republic and the web-based consumer information programme in Hungary. All three initiatives are committed to the EU Alcohol and Health Forum. In every country chapter a section on social and environmental impacts is included in which the initiatives undertaken in the field of sustainable development are briefly described and one of the initiatives is highlighted.

All SABMiller operations, especially in the eastern European countries, undertake many efforts to support the communities in the regions / countries where they are located. For example SABMiller (Kompania Piwowarska) decided to initiate a nationwide campaign aimed at activating and supporting non-governmental organisations in their implementation of projects targeted at the poorest. In 2002, SABMiller (Plzeňský Prazdroj) started an initiative in the Czech Republic aimed at improving the quality of life in the regions where the company operates.

The financial means to undertake activities and initiatives in the field of sustainable development have increased for 5 out of 9 considered SABMiller operations. For the other four operations the budget remained the same. As the activities are largely / fully integrated in daily business, it is not possible to estimate how much exactly is spent on sustainable development.

With regard to most initiatives SABMiller is the main or only investor and responsible for the financial management of the projects. Often SABMiller works together with external parties such as NGOs, brewers' associations, other companies and (local) governments.

Besides the financial investments, SABMiller invests in sustainable development by stimulating employees to spend working hours on sustainable development. It depends on the initiative how much time is spent by a employee on a project. This varies from a couple of days per employee to a couple of months per employee.

Furthermore, SABMiller stimulates its employees to participate in all kinds of volunteer programmes. For example, every year, Kompania Piwowarska undertakes a volunteer project named 'Santa'. This is a Christmas initiative aimed at assisting people in need in the cities where the company's breweries are located. The initiative involves Kompania Piwowarska employees who have as task to choose a family in need and then to deliver Christmas presents financed by Kompania Piwowarska.



8. Czech Republic: Impact of SABMiller

8.1 Highlights of the economic impact

Total production (in hectolitres)	10,700,000
Total exports (in hectolitres)	2,790,000
Total imports (in hectolitres)	-
Total consumption (in hectolitres)	7,900,000

Total numbers of employees 2,464

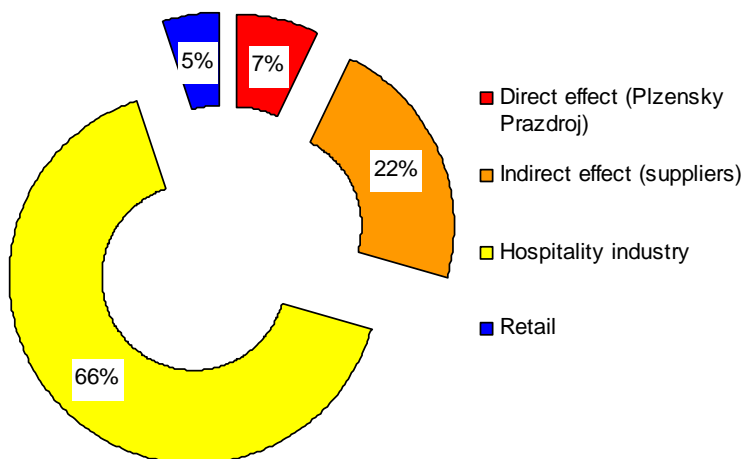
Source: Plzeňský Prazdroj.

The economic impact of Plzeňský Prazdroj, the subsidiary of SABMiller in the Czech Republic can be expressed as follows:

- ▶ Plzeňský Prazdroj (SABMiller in the Czech Republic) produced 10.7 million hectolitres of beer in 2008. The total beer sales of Plzeňský Prazdroj beer in the Czech Republic was 7.9 million hectolitres in 2008.
- ▶ The direct employment of Plzeňský Prazdroj is 2,464 jobs.
- ▶ Further jobs are created in the supplying sectors due to purchases of Plzeňský Prazdroj in the Czech Republic (7,400 jobs).
- ▶ In the hospitality sector approximately 22,100 jobs can be attributed to the sale of Plzeňský Prazdroj beer while in retail around 1,700 employees have jobs related to beer sales.
- ▶ The total employment effect thus consists of 33,600 jobs related to beer production and sales.
- ▶ The Czech government also benefits from Plzeňský Prazdroj beer production and sales, receiving approximately 456 million euros in revenues. These revenues consist of 64 million euros excise, 155 million euros VAT, 200 million euros of income-related contributions and taxes generated by the 33,600 beer related jobs and 37 million euros of corporate, environmental and other taxes.

The employment impact of the brewing sector is presented below:

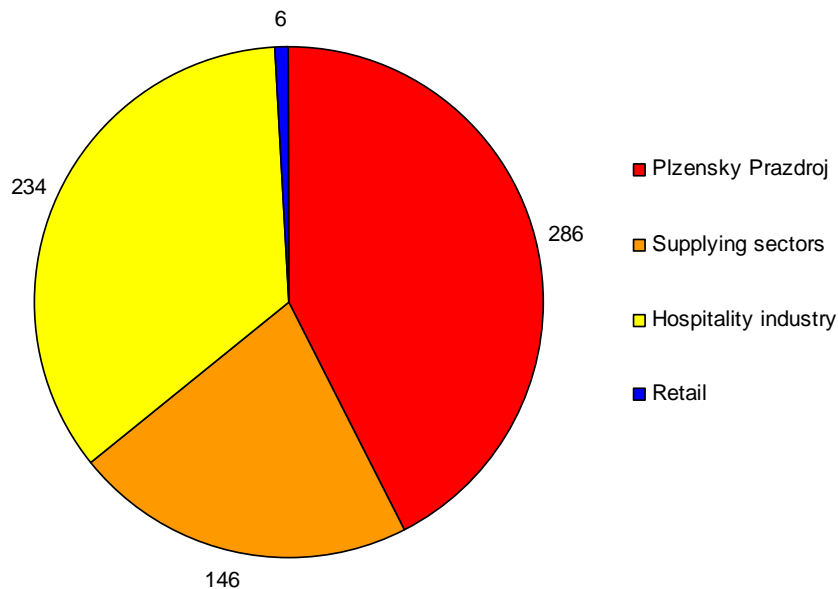
**Total employment in the Czech Republic because of
SABMiller: 33,600 jobs**



Source: Ernst & Young calculation (2009) (see Annex III for an explanation of the methodology)

The contribution of Plzeňský Prazdroj to the Czech economy can also be expressed in terms of value-added. The total contribution to the Czech economy in terms of value-added due to their production and sales of beer is estimated at 672 million euros. Plzeňský Prazdroj is directly responsible for 43 percent of this value-added.

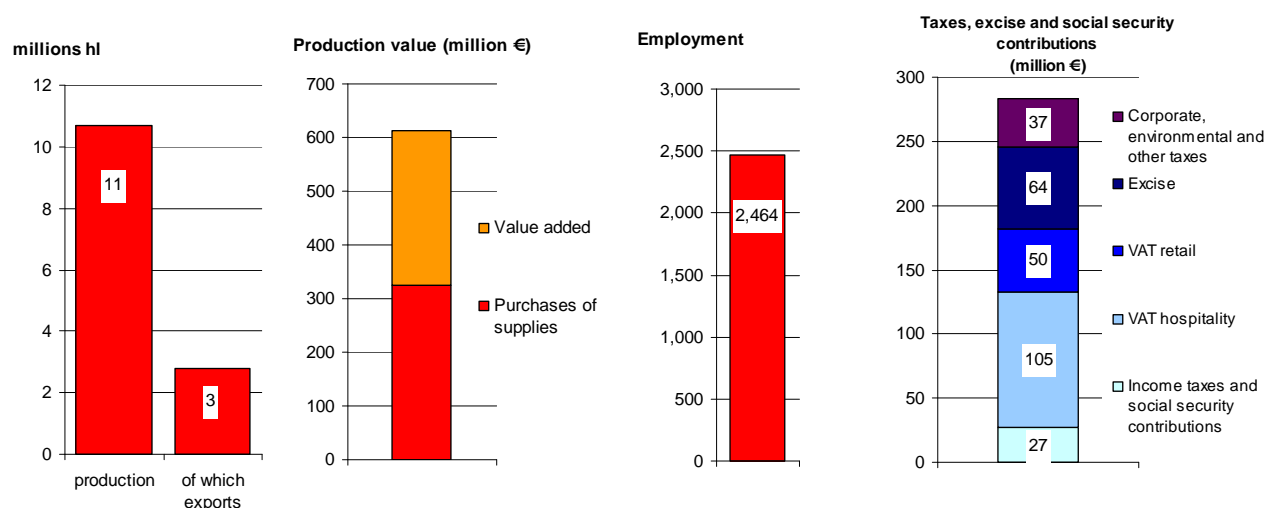
**Value added in the Czech Republic due to SABMiller:
672 million euros**



Source: Ernst & Young calculation (2009) (see Annex III for an explanation of the methodology).

8.2 Direct effect of Plzeňský Prazdroj

Plzeňský Prazdroj employs 2,464 persons directly and realised a production value of approximately 612 million euros in 2008, of which 326 million was spent on supplies. The value-added of Plzeňský Prazdroj is thus 286 million euros.

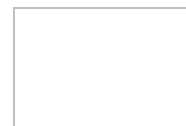


The government also benefits from the production and sale of beer. Excise and VAT revenues accounted for 155 million euros and 64 million euros respectively. Employees and employers at Plzeňský Prazdroj paid 27 million euros in income taxes, social security contributions and payroll taxes.

Source: Ernst & Young calculation (2009) (see Annex III for an explanation of the methodology).

8.3 Economic impact on goods and services suppliers

SABMiller (Plzeňský Prazdroj) spends 293 million euros on purchasing goods and services in the Czech Republic, which means a substantial economic impulse in the supplying sectors. Moreover, the central procurement department spends 14.2 million euros on purchasing goods and services in the Czech Republic used by SABMiller brewing companies outside the Czech Republic. A large proportion of supplies is purchased in agriculture, resulting in around 1,600 jobs in this sector (first round effect). The indirect employment in media and marketing (700 jobs) and other services (900 jobs) are also substantial. As this primary effect can be estimated at about 65 percent of the total impact, the total impact in these sectors will even be higher, namely 7,400 jobs.

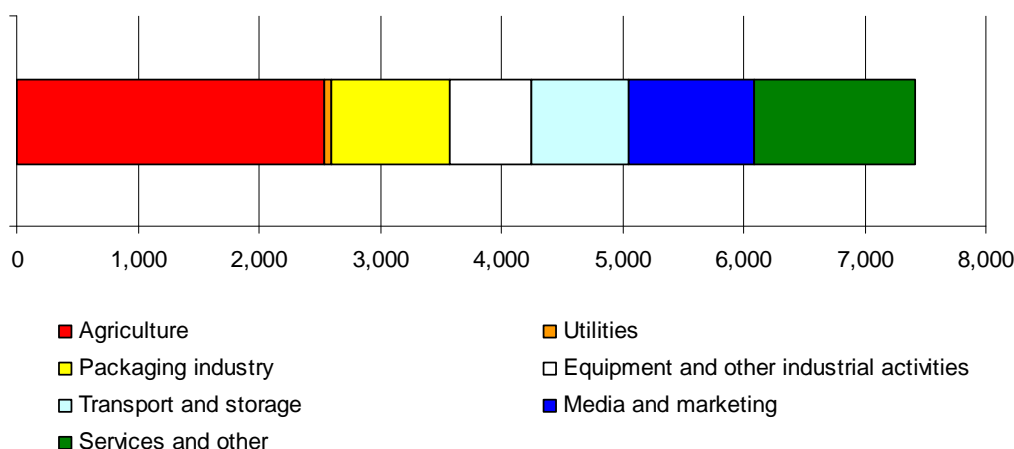


Sectors	Domestic purchases	Central purchases in the Czech Republic used by other SABMiller companies	Stimulus for the Czech Republic	Turnover per employee ¹²	Number of employees
	(million €)	(million €)	(million €)	(in €)	
Agriculture	57.6	1.3	58,9	35,725	1,648
Utilities	15.9	0.0	15,9	360,400	44
Packaging industry	43.4	12.0	55,4	86,900	637
Equipment	37.9	0.0	37,9	86,900	437
Transport	34.1	0.0	34,1	66,100	515
Media, marketing	45.4	0.9	46,3	68,247	678
Services	58.8	0.0	58,8	68,247	862
Total	293.1	14.2	307,3		4,822
First-round impact as percentage of total impact					65%
Total indirect effect (inclusive second-round impact)					7,418

Source: Ernst & Young questionnaire among SABMiller breweries (2009) and Eurostat (2006)

The total indirect employment effects are illustrated below¹³:

Indirect employment



Source: Ernst & Young calculation (2009) (see Annex III for an explanation of the methodology)

8.4 Retail and hospitality sectors

The most important economic effect of the brewing sector involves the benefits of the hospitality sector through beer.

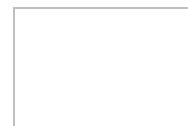
Hospitality sector

The economic impact of Plzeňský Prazdroj on the hospitality sector is assessed as follows:

- ▶ Approximately 52 percent of Plzeňský Prazdroj beer consumption in the Czech Republic occurs in the hospitality sector.

¹² Turnover per employee is obtained from Eurostat,

¹³ The total indirect employment effects in the graph consist of the first round effects per sector which are calculated in the table above plus a rough estimate of the second round effects per sector.



- ▶ This means 4.1 million hectolitres of Plzeňský Prazdroj beer is consumed in Czech pubs, restaurants and other hospitality facilities.
- ▶ With a consumer price of €1.60 euros per litre (incl. 19 percent VAT) this means consumers spent approximately 552 million euros (excl. VAT) in pubs and restaurants.
- ▶ The average turnover per employee in the Czech hospitality industry is 25,000 euros a year.¹⁴
- ▶ The employment in Czech hospitality sector due to beer sales by Plzeňský Prazdroj is estimated at 22,100 jobs.

Retail

The importance of Plzeňský Prazdroj for retail can be similarly assessed:

- ▶ Of the total Plzeňský Prazdroj beer consumption, 48 percent is sold in supermarkets and other retail companies.
- ▶ With an average consumer price of 0.82 euros (incl. 19 percent VAT) per litre, this means consumer spending on beer in retail companies is estimated at 261 million euros (excl. VAT).
- ▶ Employees in the retail sector realise an annual turnover of 156,500 euros each.¹⁵
- ▶ Total employment in the Czech retail sector through beer sales by Plzeňský Prazdroj is estimated at 1,700 employees.

8.5 Government revenues

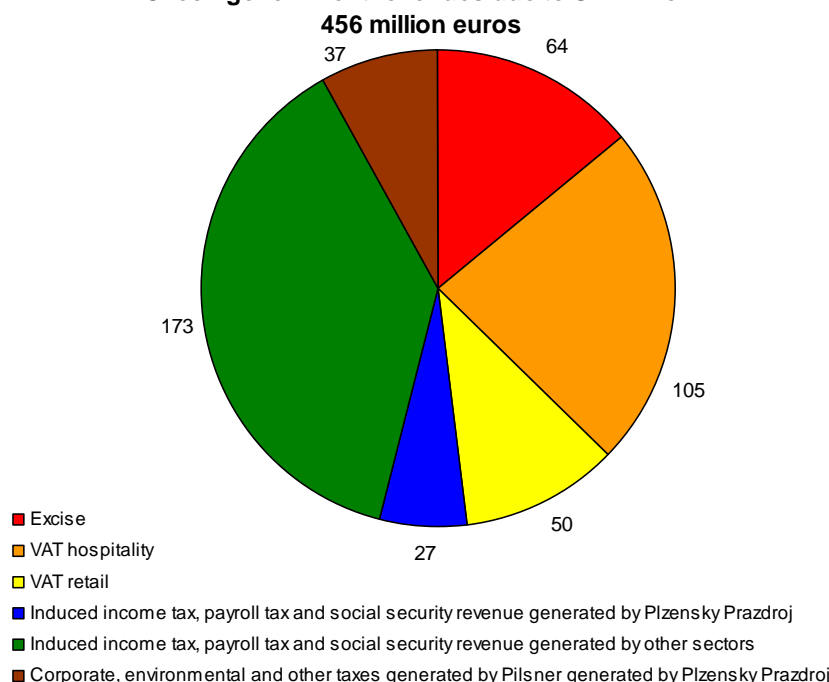
The revenues of excise, VAT and income-related contributions due to Plzeňský Prazdroj beer production and sales are estimated at 456 million euros:

- ▶ VAT revenues from sales in hospitality amount to 105 million euros, while the VAT revenue from sales in retail is 50 million euros. The total VAT revenue is thus 155 million euros.
- ▶ The total amount of excise revenues due to Plzeňský Prazdroj is 64 million euros.
- ▶ The 33,600 jobs related to beer production and sales generate 42 million euros in income tax, 41 million euros social security contributions paid by employees and 117 million euros social security taxes and payroll taxes paid by employers. The total income-related revenues due to beer production and sales are thus 200 million euros.
- ▶ Plzeňský Prazdroj generates another 37 million euros in corporate, environmental and other taxes.

¹⁴ Source: Eurostat, 2006.

¹⁵ Source: Eurostat, 2006.

Czech government revenues due to SABMiller:



Source: Ernst & Young calculation (2009) (see Annex III for an explanation of the methodology).

8.6 Highlights of the regional impact

- ▶ The three breweries of Plzeňský Prazdroj are located in the following regions: Plzeňský, Středočeský and Moravskoslezský. The presence of Plzeňský Prazdroj in these regions is very important.
- ▶ In these three regions, Plzeňský Prazdroj is responsible for 2,464 direct jobs and at least another 2,100 jobs at its suppliers. The total employment effect is even greater, because of the sale of beer in the hospitality and retail sector in these regions.
- ▶ The purchases of the agricultural goods malting barley, malt and hops alone lead to 1,000 jobs in the agricultural sector.

Source: Plzeňský Prazdroj and Ernst & Young calculation (2009)

Plzeňský Prazdroj operates three breweries. At these breweries 2,464 people are employed. Together these breweries generate another 9,800 jobs in the supplying sectors because of their purchases in these sectors. In terms of employment Plzeňský Prazdroj is therefore of great importance for the Czech Republic. It is part of Plzeňský Prazdroj's strategy to encourage regional purchases in order to contribute more to regional development.

Plzeňský Prazdroj's breweries are located in the following regions: Plzeňský, Středočeský and Moravskoslezský. The following figure shows the locations of the breweries. The brewery at the left is the Plzeň brewery in Plzeň located in the Plzeňský region. The one in the middle is Velke Popovice brewery in Velke Popovice, located in the Středočeský region. The brewery at the right is the Radegast brewery in Nošovice, located in the Moravskoslezský region.



We estimated the economic impact in terms of indirect employment of these breweries on the regions where they are located. The following table shows the economic impact of these breweries for each region. In terms of created employment the Středočeský region benefits most. In this region, nearly 1,400 employees in the supplying sectors owe their jobs to the purchases of the Plzeňský Prazdroj breweries. This is also the region where most goods and services are bought. The estimated economic impact on the three regions is an underestimation as more goods and services are in fact bought in these regions. However, no data were available on the sectors where these goods were bought.

Regions	Plzeňský Region (nr. 3)		Středočeský Region (nr. 2)		Moravskoslezský Region (nr. 12)	
Sectors	Purchases (million €)	Indirect employment	Purchases (million €)	Indirect employment	Purchases (million €)	Indirect employment
Agriculture	2.18	94	12.33	531	4.95	213
Packaging industry	1.33	23	4.06	72	1.65	29
Equipment	5.70	101	1.18	21	1.24	22
Transport	2.29	53	6.22	145	4.01	93
Media, marketing	1.84	41	25.03	564	2.89	65
Services	0.22	5	2.01	45	0.01	0
Total	13.55	318	50.82	1,378	14.76	423

Source: Ernst & Young calculation (2009)

The agricultural sectors in the Středočeský (nr. 2) and Plzeňský (nr. 3) regions benefit from the purchases of malting barley, malt and hops in these regions. Besides the above-mentioned regions, four other regions benefit from the presence of Plzeňský Prazdroj. In these regions agricultural goods such as malting barley, malt and hops are also bought. These regions are Ústecký (nr. 6), Olomoucký (nr. 14), Brněnský (nr. 11) and Zlínský (nr. 13).



Source: <http://www.pixel.cz/locator/index.php?kraj=9>, viewed at 26th August 2009.

The purchases of the agricultural goods malting barley, malt and hops in the above-mentioned regions are responsible for more than 1,000 jobs in the agricultural sector. The greatest employment effect is seen in the Ústecký region where most agricultural goods are bought. Second is the Středočeský region where nearly 350 jobs are created only because of the purchases of matling barley, malt and hops.

	Ústecký	Olomoucký	Středočeský	Brněnský	Zlínský	Plzeňský
Purchases of agricultural goods malting barley, malt and hops (million €)	8.32	0.70	8.01	4.61	1.51	0.67
Number of jobs in agricultural sector due to these purchases	358	30	345	198	65	29

Source: Ernst & Young calculation (2009)



8.7 Highlights of the social and environmental impacts

- ▶ In 2008, Plzeňský Prazdroj has spent approximately 2.5 million euros on sustainable development projects.
- ▶ Plzeňský Prazdroj is active on all areas of SABMiller's sustainable development priorities.
- ▶ An example of an important sustainable development initiative of Plzeňský Prazdroj is the 'Promile INFO' project, the main objective of which is to raise consumer awareness of alcohol blood content and drinking and driving risks.
- ▶ Another important initiative of Plzeňský Prazdroj concerns the 'Prazdroj for the people' project. The main objective of this project is to improve quality of life in regions in which SABMiller Czech Republic (Plzensky Prazdroj) operates by supporting programmes of non-governmental organisations.

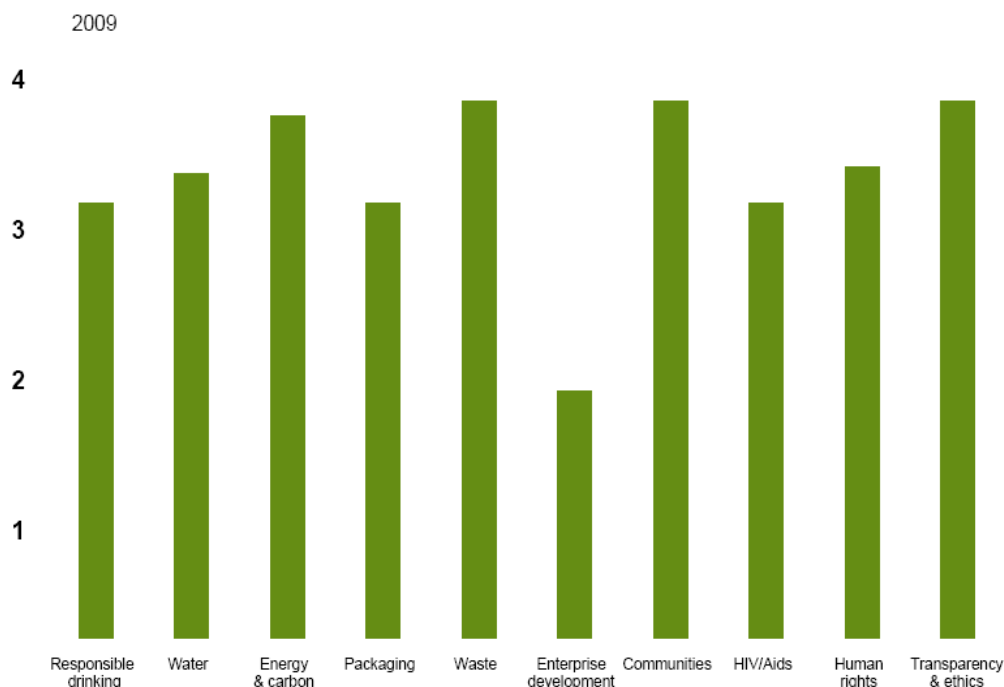
Source: Plzeňský Prazdroj

Besides its economic impact, Plzeňský Prazdroj has large social and environmental impacts on the Czech Republic. Sustainable development at Plzeňský Prazdroj is part of the business practice and includes investments, modernisation, process development, and cost-effectiveness programmes. The objectives of Plzeňský Prazdroj sustainable development activities are to generate commitment to sustainable development and responsible drinking.

In the last three years, Plzeňský Prazdroj has undertaken activities with regard to all trends which SABMiller has set out to focus their efforts on in the field of sustainable development: 1) discouraging irresponsible drinking; 2) making more beer but using less water; 3) reducing energy and carbon footprint; 4) packaging reuse and recycling; 5) working towards zero-waste operations; and 6) encouraging enterprise development in our value chains; 7) benefiting communities; 8) contributing to the reduction of HIV/ AIDS; 9) respecting human rights, and 10) transparency in reporting on SABMiller's progress.

The 'scores' on these trends which SABMiller has set out to focus their efforts on in the field of sustainable development, are kept by SABMiller in a scorecard (the so-called stairways). In the figure below the scores are presented which Plzeňský Prazdroj received on the different priorities in 2009, on a scale of one (lowest) to four (highest).

Performance charting – Performance by location – Plzensky Prazdroj (Czech Republic)



Priorities and performance levels

Source: SABMiller

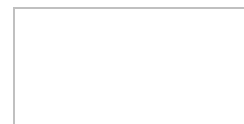
An important initiative in the area of sustainable development of Plzeňský Prazdroj is the 'Promile INFO' project (<http://www.promile.info/pp>). The main objective of this ongoing project which started in 2005, is to raise consumer awareness of alcohol blood content and drinking and driving risks. Based on the input data sent via a text message, filled in via the WAP interface or entered into the application, the Promile INFO project calculates a person's current blood alcohol level and the estimated time when this person will be sober again. The time it takes to sober up is estimated with a scientifically verified methodology. The aim is to offer the Promile INFO service to all responsible drivers as a practical tool for personal alcohol control, since in the Czech Republic according to long-term statistics, the number of traffic accidents caused by driving under the influence of alcohol is still increasing. Last year, drivers who were under the influence of alcohol caused 7,252 accidents, killing 80 people.

Plzeňský Prazdroj's budget for this project is approximately 30,000 euros per year. Besides Plzeňský Prazdroj which is responsible for 75 percent of the project budget, the NGO Sananim is involved in the 'Promile INFO' project, and is responsible for operating the project. Recently, new features have been added to the Promile INFO service, such as the interface with mobile phones and an English language service, and overall the technology has been refined.

Besides this initiative, Plzeňský Prazdroj is very committed to the local community. An important initiative in this area is the 'Prazdroj for the people' project (www.prazdrojlidem.cz). The main objective of this project is to improve quality of life in regions in which Plzeňský Prazdroj operates by supporting programs of non-governmental organisations. The budget spent by Plzeňský Prazdroj on this project is approximately 390,000 euros. The project is ongoing and started in 2002. It involves several other stakeholders, such as regional representatives, opinion makers, media, public, and two employees of Plzeňský Prazdroj.



Plzeňský Prazdroj's initiatives in the field of sustainable development are recognised externally. Plzeňský Prazdroj was recognised for its complex approach to corporate responsibility and setting practical priorities in the national round of the European Corporate Responsibility Award. Furthermore, Plzeňský Prazdroj is regularly voted as the 'Employer of the Year' in the Plzeňský region. At national level the company is rated highly as well.



9. Hungary: Impact of SABMiller

9.1 Highlights of the economic impact

Total production (in hectolitres)	2,316,562
Total exports (in hectolitres)	212,556
Total imports (in hectolitres)	42,895
Total consumption (in hectolitres)	7,100,000

Total numbers of employees 708

Source: Dreher Breweries Ernst & Young data calculation.

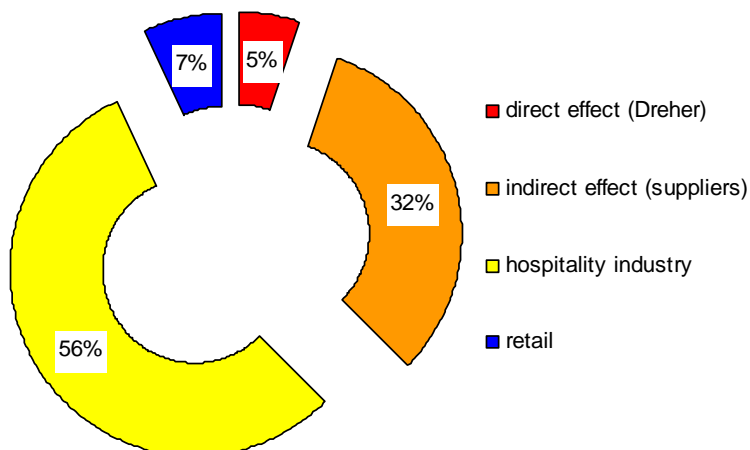
The economic impact of Dreher Breweries, the subsidiary of SABMiller in Hungary can be expressed as follows:

- ▶ Dreher Breweries (SABMiller in Hungary) produced 2.3 million hectolitres of beer in Hungary in 2008.
- ▶ Dreher Breweries provides 708 jobs.
- ▶ Dreher Breweries generates substantial indirect effects within supply sectors. It is estimated that 4,400 supply industry jobs can be attributed to the brewing sector.
- ▶ Besides these direct and indirect effects, the hospitality sector and retailers benefit through beer sales. Almost 7,600 jobs in the hospitality sector can be attributed to beer, while in retail some 900 people owe their jobs to beer sales.
- ▶ The total employment impact of Dreher Breweries is thus 13,700 jobs.
- ▶ The government also benefits from Dreher Breweries beer production and sales, receiving some 183 million euros in taxes, social security contributions and excises. Excise revenues amount to 46 million euros; VAT collected on beer (sold in the hospitality sector and through retailers) is estimated at almost 58 million euros. Revenues from income taxes, social security contributions and payroll taxes paid by employers and employees of Dreher Breweries, supplying sectors and hospitality and retail sector add up to some 74 million euros. Revenues from corporate taxes, environmental taxes and other taxes are estimated at 4 million euros.

The employment impact of Dreher Breweries in Hungary is presented below:

Total employment in Hungary because of SABMiller:

13,700 jobs

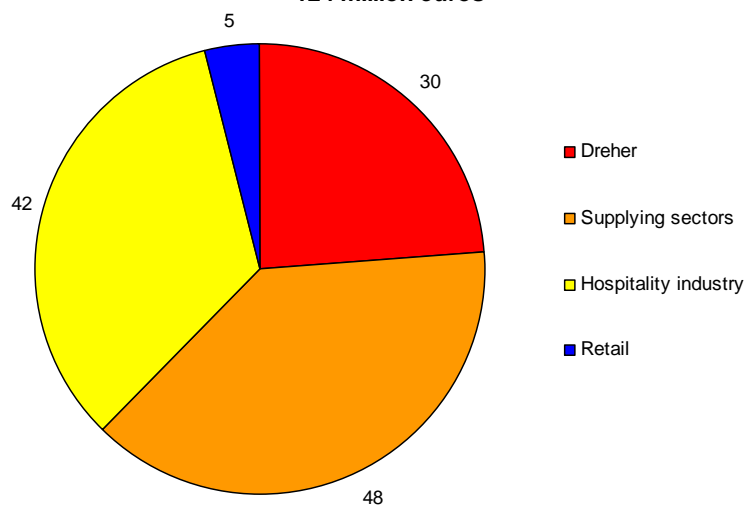


Source: Ernst & Young calculation (2009) (see Annex III for an explanation of the methodology).

The contribution of Dreher Breweries to the Hungarian economy can also be expressed in terms of value-added. The total value-added generated by these 13,700 jobs is estimated at 124 million euros:

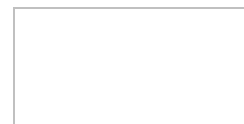
Value added in Hungary due to SABMiller:

124 million euros



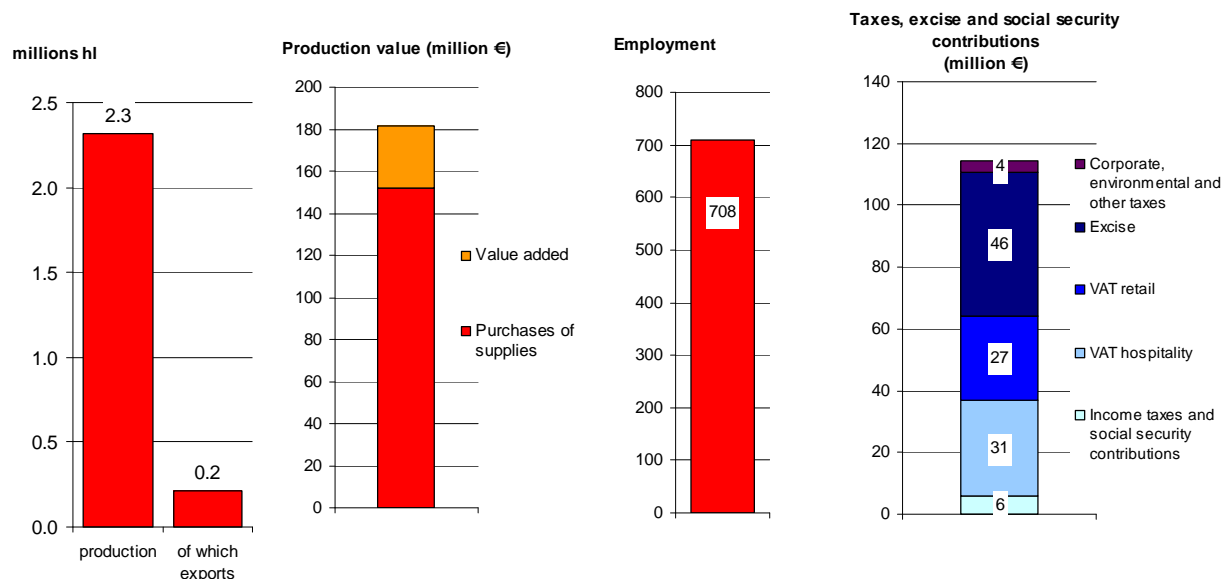
Source: Ernst & Young calculation (2009) (see Annex III for an explanation of the methodology).

The share of Dreher Breweries in overall value-added arising from the production and sale of beer is 24 percent, which is much higher than their share in total employment arising from the production and sales of their beer. A significant explanation for this is the high productivity of brewing sector employees in comparison with productivity in other sectors.



9.2 Direct effect of Dreher Breweries

Dreher Breweries produces 2.3 million hectolitres of beer. Their production has a value of 182 million euros. They employ 708 people.



Source: Ernst & Young calculation (2009)

Another substantial direct effect of Dreher Breweries on the Hungarian economy concerns taxes and excises paid by beer brewers and consumers. In 2008 excises reached 46 million euros and total VAT income for the Hungarian government was estimated at 58 million euros. Income taxes, social security contributions and payroll taxes paid by employees and employers at Dreher Breweries add up to another 6 million euros and corporate taxes, environmental taxes and other taxes are estimated at 4 million euros.

9.3 Economic impact on goods and services suppliers

With 16 percent of the value of the output produced staying within the firms as value-added, the other 84 percent of 182 million euros in total turnover accrues to a number of suppliers. Of this stimulus of 152 million euros, 114 million euros stays within the country. The total stimulus for Hungary is higher due to the central purchases in Hungary used by other SABMiller companies outside Hungary. This stimulus of 126 million euros has a significant economic impact on sectors outside the brewing sector, most substantially on the agricultural sector:

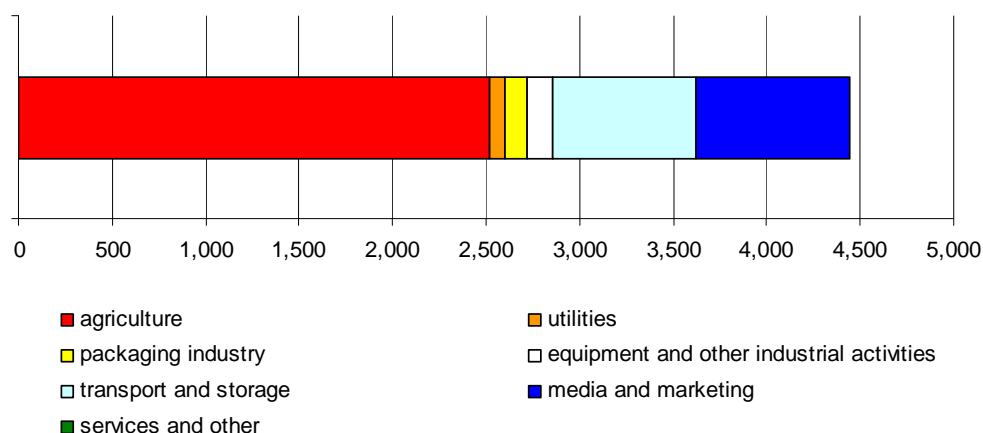
Sectors	Domestic purchases (million €)	Central purchases in Hungary used by other SABMiller companies (million €)	Stimulus for Hungary (million €)	Turnover per employee ¹⁶ (in €)	Number of employees
Agriculture	22.5	6.4	28.9	17,628	1,640
Utilities	10.7	0.0	10.7	222,300	48
Packaging industry	4.2	4.4	8.5	107,400	80
Equipment	8.2	1.4	9.7	107,400	90
Transport	33.5	0.0	33.5	67,500	496
Media, marketing	35.0	0.2	35.2	65,564	537
Total	114.0	0.0	126.0		2,890
First-round impact as percentage of total impact					65%
Total indirect effect (inclusive second-round impact)					4,446

Source: Ernst & Young questionnaire among SABMiller breweries (2009) and Eurostat (2006)

A large part of the indirect employment generated by Dreher Breweries is within the agricultural sector. Other substantial effects are seen in the media and marketing and transport and storage. The total first-round employment effect of the brewing sector on supplying sectors is estimated at 2,900 employees. As this primary effect can be estimated at about 65 percent of the total impact, the total impact can be estimated at approximately 4,400 jobs.

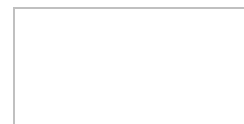
The total indirect employment effects are illustrated below¹⁷:

Indirect employment



¹⁶ Turnover per employee is obtained from Eurostat.

¹⁷ The total indirect employment effects in the graph consist of the first round effects per sector which are calculated in the table above plus a rough estimate of the second round effects per sector.



Source: Ernst & Young calculation (2009)

9.4 Retail and hospitality sectors

Hospitality sector

The economic impact of Dreher Breweries on the hospitality sector is assessed as follows:

- ▶ About 44 percent of all beer consumed in Hungary from Dreher Breweries is sold by the hospitality sector (on-trade), which means almost 0.93 million hectolitres is sold on-trade.
- ▶ The average consumer price of Dreher Breweries beer in Hungarian pubs and restaurants is estimated at 2.00 euros a litre (including VAT)¹⁸, so that total consumer spending on Dreher Breweries beer in the hospitality sector is 185 million euros (including VAT).
- ▶ Net consumer spending on Dreher Breweries is thus estimated at 154 million euros (using a 20 percent VAT tariff).
- ▶ With an average hospitality turnover of 20,200 euros (excluding VAT) per person, this results in 7,600 hospitality sector jobs attributable to Dreher Breweries beer sales.

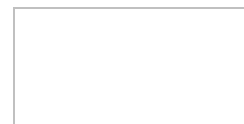
Retail

The importance of Dreher Breweries for retail can be similarly assessed:

- ▶ Around 56 percent of total Dreher Breweries beer consumption in Hungary is beer sold by supermarkets and other retail outlets.
- ▶ With an average consumer price of 1.40 euros per litre (including VAT)¹⁹, total retail consumer spending on Dreher Breweries beer is estimated at 165 million euros. Total consumer spending excluding VAT is thus 137 million euros.
- ▶ With turnover per employee estimated at 146,200 euros (excluding VAT), this means 900 people owe their jobs to retail Dreher Breweries beer sales.

¹⁸ Dreher, 2009

¹⁹ Dreher, 2009

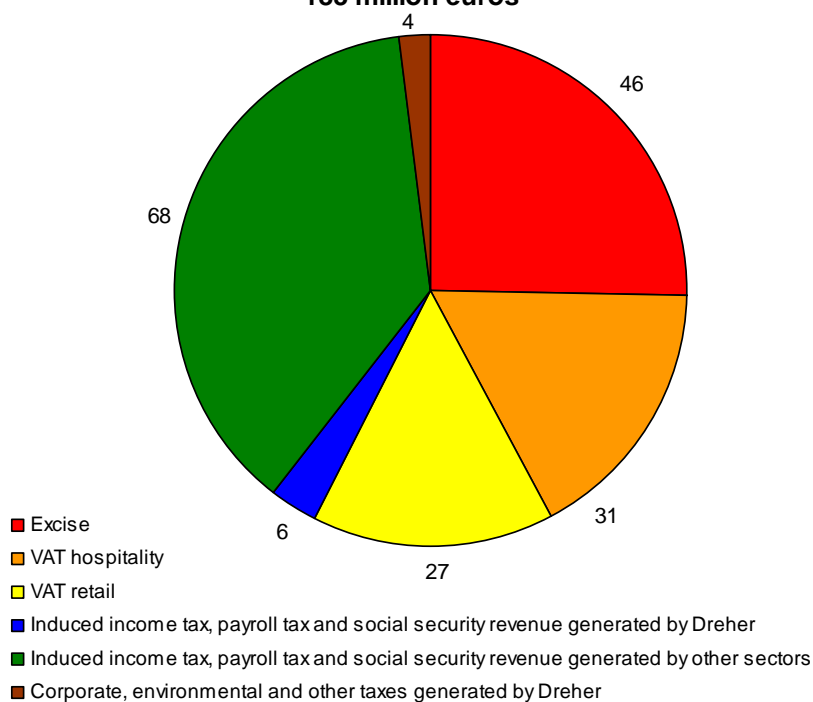


9.5 Government revenues

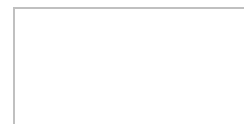
The revenues of excise, VAT and income-related contributions due to beer production and sales are estimated at 183 million euros:

- ▶ VAT revenues are estimated at 58 million euros. The main part of these VAT revenues is generated in the hospitality sector.
- ▶ The total amount of excise revenues due to Dreher beer is 46 million euros.
- ▶ Income-related revenues due to beer production and sales are approximately 74 million euros. They consist of income taxes and social security contributions paid by employers and employees of Dreher Breweries, supplying sectors and hospitality and retail sector.
- ▶ Revenues from corporate taxes, environmental taxes and other taxes are estimated at 4 million euros.

Hungarian Government revenues due to SABMiller:
183 million euros



Source: Ernst & Young calculation (2009)



9.6 Highlights of the regional impact

- ▶ Dreher Breweries operates one brewery in Budapest. The goods needed for the production and sale of its beer are bought throughout the whole country. Because of these purchases almost 5,000 jobs are generated in supplying sectors.
- ▶ Most malt and all maize needed for the production of beer are bought in West-Hungary. These purchases lead to almost 1,000 jobs in the agricultural sector in this part of the country. Dreher Breweries is therefore of great importance for the agricultural sector in West-Hungary.

Source: Dreher Breweries and Ernst & Young calculation (2009)

Dreher Breweries operates one brewery, which is located in Budapest. Dreher Breweries employs 708 people. Dreher Breweries purchases the goods and services needed for the production and sale of its beer throughout whole Hungary. Unlike other SABMiller companies, there is not one region in Hungary that benefits more than other regions from the purchases of Dreher Breweries. The total employment due to the purchases of goods and services in Hungary is estimated at 5,000 jobs. Because Dreher Breweries buy its goods throughout whole Hungary, these 5,000 jobs cannot be attributed to one specific region.

A. Location of brewery



Source: SABMiller

B. West Hungary, part of Hungary that benefits most from purchases of agricultural goods.



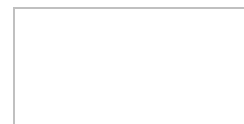
Source: <http://www.nepszamlalas.hu/hun/kotetek/04/tabhun/maps/mo-regio.html>, viewed at 26th August.

Most malt and all maize Dreher Breweries need for the production beer are bought in Hungary. The impact of the brewing industry on the agricultural sector is therefore quite high. West Hungary benefits most from these purchases in the agricultural sector. West Hungary consists of the regions Nyugat-Dunántúl, Dél-Dunántúl and Közép-Dunántúl. These regions are coloured red in the above figure B.

The purchases of malt and maize in West Hungary result in almost 1,000 jobs in the agricultural sector.

	West Hungary
Purchases of agricultural goods, malt and maize (million €)	11.23
Number of jobs in agricultural sector due to these purchases	980

Source: Ernst & Young calculation (2009)



9.7 Highlights of the social and environmental impact

- ▶ The overall trend of Dreher Breweries is significantly increasing budget spending on activities that have a positive output on sustainable development.
- ▶ Dreher Breweries' three main areas of sustainable development are water management, alcohol responsibility and benefiting communities.
- ▶ An important sustainable development initiative of Dreher Breweries is the biogas generation and waste water treatment plant, which results in 8-10 percent of cost and energy savings. Dreher Breweries has spent approximately 2 million euros on building a biogas generation and waste water treatment plant.
- ▶ With regard to alcohol responsibility, Dreher Breweries is very committed to self-regulation. The company has recently launched two initiatives in this area: the 'Dreher Breweries Alcohol Responsibility' programme and the Responsible Commercial Communication training.

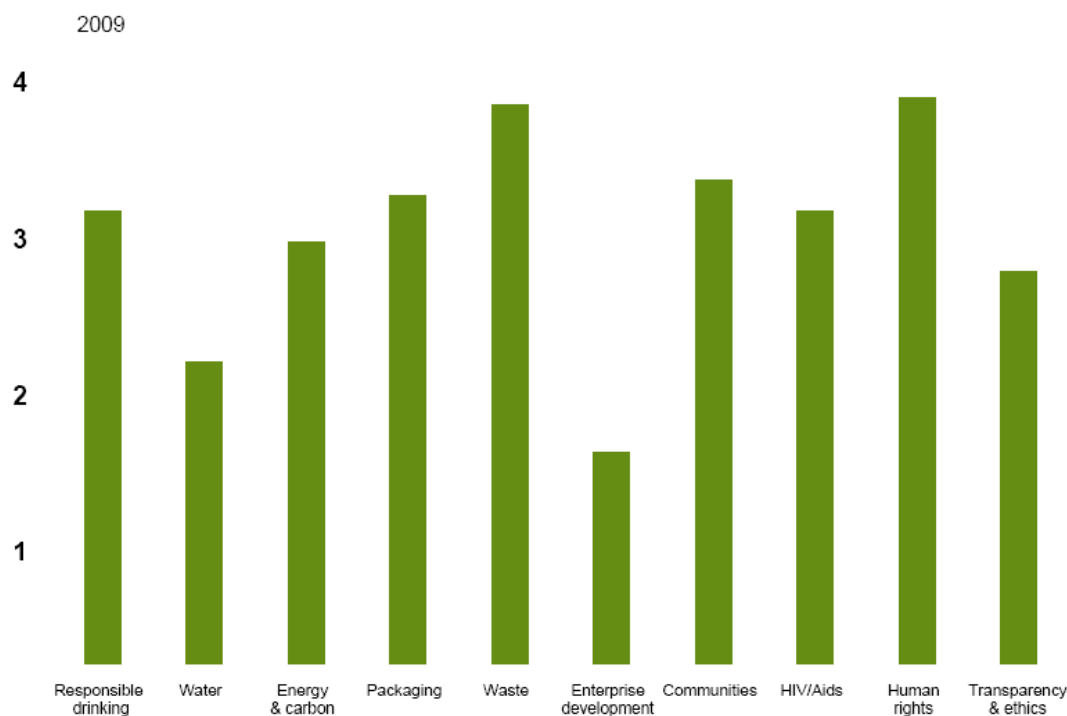
Source: Dreher Breweries

Besides its economic impact, Dreher Breweries also has large social impacts on Hungary. Sustainable development at Dreher Breweries takes place as part of the business practice including investments, modernisation, process development, and cost-effectiveness programmes. Moreover, the overall trend at Dreher Breweries is significantly increasing budget spending on activities that have a positive output on sustainable development.

The objectives of Dreher Breweries in its sustainable development initiatives are to be a responsible company with a large emphasis on environmentally conscious management, and to have a sustainable business process. In the last three years Dreher Breweries has undertaken activities with regard to 6 of the 10 trends which SABMiller has set out to focus their efforts on in the field of sustainable development: 1) discouraging irresponsible drinking; 2) making more beer but using less water; 3) reducing energy and carbon footprint; 4) packaging reuse and recycling; 5) working towards zero-waste operations and 6) benefiting communities. Also for the next three years initiatives are planned in these areas of sustainable development. The performances of Dreher Breweries on the Sustainable Assessment Matrix (SAM)²⁰ are presented below. Dreher breweries realised high scores (a score of 3 or 4) on 8 of the 10 sustainable development priorities.

²⁰ SAM is a management system that measures the performance of SABMiller breweries on 10 sustainable development priorities (see annex VI).

Performance charting – Performance by location – Dreher (Hungary)



Priorities and performance levels

Source: SABMiller Europe.

An important initiative in the area of water management of sustainable development of Dreher Breweries is the biogas generation and waste water treatment plant (see www.dreherzrt.hu/pressroom). This project involved a significant investment of Dreher Breweries of approximately 2 million euros. The plant was opened in 2008. The main objective of this plant is to treat the production of waste water and produce biogas, which than is used in the beer production again. The biogas created during the treatment of waste water is used to produce thermal energy, covering 8-10 percent of the former energy consumption needs of Dreher Breweries. A contract with key performance indicators (KPIs) ensures that this technology partner fulfils its obligations to the project. One of the multiple positive effects of the project is that the project establishes a positive effect on sustainable development, by fully integrating this in the production process of beer brewing. Moreover, the project achieves that waste water is treated, while maximising the benefits of its rest products such as biogas, which is used to produce thermal energy. In the end, this has resulted in 8-10 percent cost and energy saving and an optimal efficiency of the production process.

Besides this core investment, Dreher Breweries also has two other initiatives in the area of water. One is the 'Absorption Cooling System', the main objective of which is to achieve cooling based on waste heat from 'hop heating' with a budget commitment of approximately 275,000 euros. The other is an initiative on new technology in water softening, the main objective of which is to increase efficiency, with a budget commitment of approximately 17,000 euros.

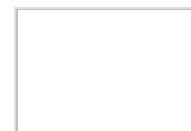
Dreher Breweries is also extensively involved in alcohol responsibility initiatives. The company has recently launched two initiatives in this area: the 'Dreher Breweries Alcohol Responsibility' programme and the Responsible Commercial Communication training. This training is offered to both Dreher's marketing and sales staff and hired media and marketing agencies. With regard to alcohol responsibility, Dreher Breweries is very committed to self-regulation. Furthermore, Dreher Breweries is a member of ÖRT (Hungarian Advertising Standards Association). The ÖRT is a



member of the European Advertising Standards Alliance, which promotes high ethical standards in commercial communication by means of effective self-regulation.

The 'Dreher Breweries Alcohol Responsibility' programme (www.alkohol.info.hu and www.dreherzt.hu) started in June 2008 and is an ongoing project. The budget dedicated to the initiative is approximately 187,000 euros, and in this initiative two Dreher Breweries staff members are directly involved. The initiative's main objective is to act as a responsible company by initiating a social dialogue to raise awareness about alcohol responsibility. On the webpage www.alkohol.info.hu, the number of unique visitors is over 90,000 people.

An initiative in the area of benefiting the communities of sustainable development, is the 'Young Entrepreneur of the Future' programme (www.valalkozzmost.hu and www.dreherzt.hu), which grants 22,000 euro start-up capital and 6 month consulting service to the awarded ones. This is an ongoing initiative which started in 2006, with a budget of approximately 80,000 euros per year. It is an in-house initiative, run by Dreher Breweries, in which two Dreher Breweries staff are directly involved. The initiatives' main objective is to act as a responsible company by supporting the entrepreneurial spirit among young adults.



10. Italy: Impact of SABMiller

10.1 Highlights of the economic impact

Total production (in hectolitres)	4,730,547
Total exports (in hectolitres)	986,000
Total imports (in hectolitres)	7,135
Total consumption (in hectolitres)	3,813,000

Total numbers of employees 1,902²¹

Source: Birra Peroni.

The economic impact of Birra Peroni, the subsidiary of SABMiller in Italy can be expressed as follows:

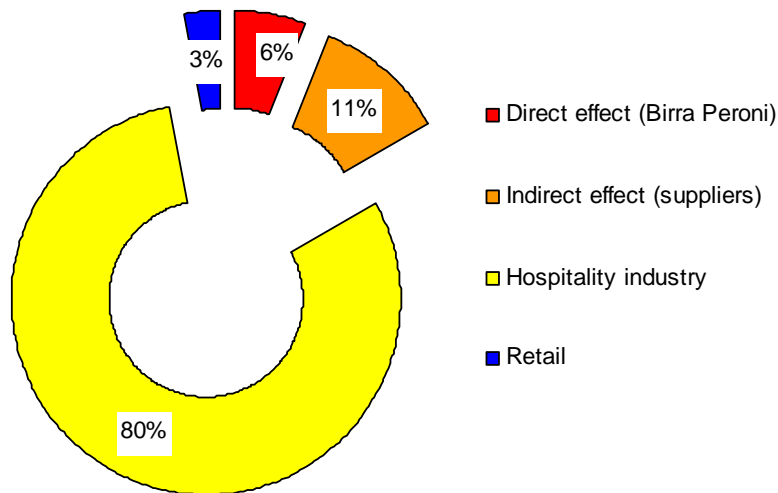
- ▶ The consumption of beer from Birra Peroni (SABMiller in Italy) is around 3.8 million hectolitres in Italy.
- ▶ Birra Peroni produced 4.7 million hectolitres in 2008.
- ▶ Birra Peroni employs 1,902 personnel directly.
- ▶ The estimated indirect employment generated is relatively large with 3,700 jobs in supplying sectors, 26,700 jobs in the hospitality sector and 5,500 jobs in retail. Total employment due to the production and sale of Birra Peroni beer equals 33,300 job positions in Italy.
- ▶ Italian government tax revenues from Birra Peroni are approximately 91 million euros in excise, 342 million euros in VAT, 478 million euros in direct income taxes and social security contributions and 5 million euros in corporate, environmental and other taxes. Total government revenues are approximately 916 million euros.

²¹ Including employees of 'Doreca' a distribution company owned by SABMiller in Italy. At Birra Peroni 830 people are employed.



The employment impact of Birra Peroni is presented below:

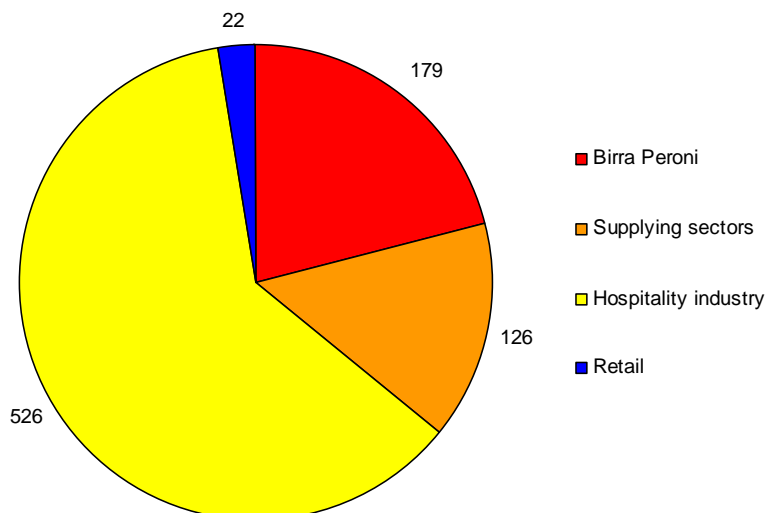
Total employment in Italy because of SABMiller: 33,300



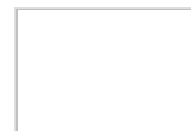
Source: Ernst & Young calculation (2009) (see Annex III for an explanation of the methodology)

The contribution of Birra Peroni to the Italian economy can also be expressed in terms of value-added. The total value-added generated by these 33,300 employees is estimated at 854 million euros:

Value added in Italy due to SABMiller: 854 million euros



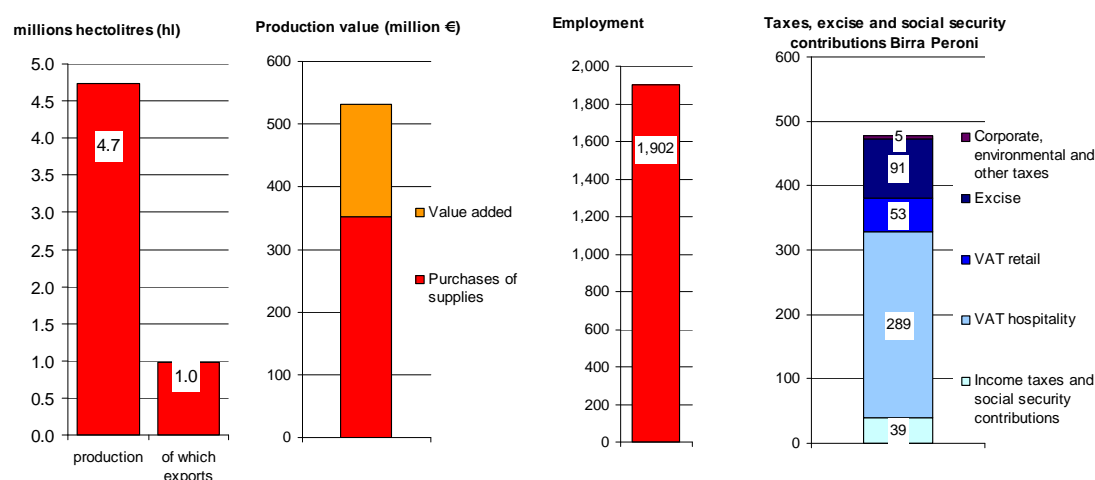
Source: Ernst & Young calculation (2009)



10.2 Direct effect of Birra Peroni

Birra Peroni employs approximately 1,902 people. The value of total beer production can be estimated at 532 million euros and value-added generated by Birra Peroni at 179 million euros (approximately 34 percent of total production value). This means that supplying sectors benefit from purchased goods and services to a value of 353 million euros.

The government also benefits from beer production. Excise and VAT revenues accounted for 91 million and 342 million euros respectively. Employees and employers of Birra Peroni paid 39 million euros in income taxes, social security contributions and payroll taxes. Corporate, environmental and other taxes are estimated at 5 million euros.



Source: Ernst & Young calculation (2009)

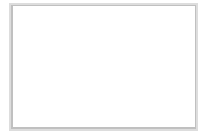
10.3 Economic impact on goods and services suppliers

The impact of the production and sale of beer on supplying sectors is quite high because of the large share (66 percent) of production value that is spent on purchases of goods and services.

Sectors	Domestic purchases (million €)	Central purchases in Italy used by other SABMiller companies (million €)	Stimulus for Italy (million €)	Turnover per employee ²² (in €)	Number of employees
Agriculture	49.4	0.0	49.4	39,363	1,254
Utilities	10.6	0.0	10.6	1,240,400	9
Packaging industry	149.9	3.0	152.9	203,500	751
Equipment	8.8	0.0	8.8	203,500	43
Transport	24.7	0.0	24.7	162,800	152
Media, marketing	17.6	0.0	17.6	149,644	118
Services	12.3	0.0	12.3	149,644	82
Total	273.3	3.0	276.3		2,409
First-round impact as percentage of total impact					65%
Total indirect effect (inclusive second-round impact)					3,707

Source: Ernst & Young questionnaire among SABMiller breweries (2009) and Eurostat (2006)

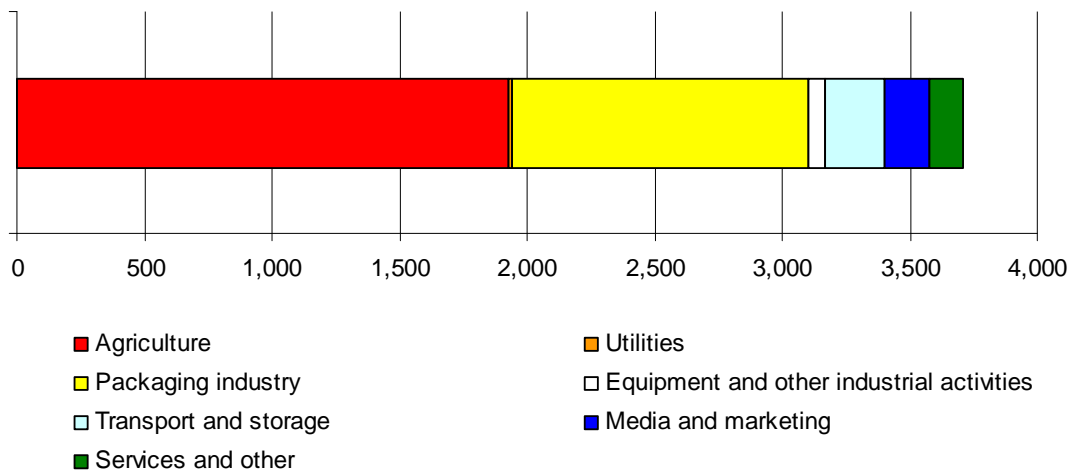
²² Turnover per employee is obtained from Eurostat,



The largest proportion of supplies is purchased from the packaging industry, with further significant spending on agriculture, transport and media and marketing. Based on the combination of data from the brewing sector in Italy itself and data from the previous study it is estimated that the indirect employment effect is about 65 percent of the total impact. This means that the total indirect employment effect in the supplying sectors is approximately 3,700 employees.

The total indirect employment effects are illustrated below²³:

Indirect employment



Source: Ernst & Young calculation (2009)

The analysis shows that agriculture, the packaging industry and the media and marketing sector benefit most from the indirect impact of Birra Peroni. The impact is relatively substantial because a high percentage of goods and services purchased by Birra Peroni is purchased in Italy itself.

10.4 Retail and hospitality sectors

Markets for the retail and catering industry in Italy are more balanced than those in other southern European countries, as around 48 percent is sold by the hospitality sector and another 52 percent via the retail channel.²⁴

Hospitality sector

The economic impact of Birra Peroni on the hospitality sector is assessed as follows:

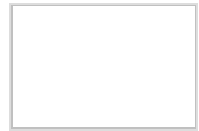
- ▶ 48 percent of Birra Peroni consumption in Italy occurs in the hospitality sector.
- ▶ This means 1.8 million hectolitres of beer is consumed in Italian pubs, restaurants and other hospitality facilities.
- ▶ The consumer price of beer is approximately 9.46 euros per litre of beer (incl. VAT) in the hospitality sector.²⁵
- ▶ Total turnover in the Italian hospitality sector arising from Birra Peroni sales is thus estimated at 1.4 billion euros (excl. VAT).
- ▶ Turnover per employee in the Italian hospitality sector is 54,100 euros a year.²⁶
- ▶ Total employment in the Italian hospitality sector because of beer sales thus equals 26,700 employees.

²³ The total indirect employment effects in the graph consist of the first round effects per sector which are calculated in the table above plus a rough estimate of the second round effects per sector.

²⁴ Source: Birra Peroni, 2008.

²⁵ Source: Birra Peroni, 2008.

²⁶ Source: Eurostat, statistics on turnover per persons employed in services ('hospitality sector').



Retail

Employment in retail arising from Birra Peroni can be similarly assessed:

- ▶ Approximately 52 percent of total beer sales by Birra Peroni is sold by supermarkets and other retail companies.
- ▶ With an average consumer price of 1.60 euros (incl. VAT) per litre²⁷, total consumer spending on retail beer is estimated at 264 million euros (excl. VAT).
- ▶ Because the annual turnover per employee is estimated at 266,800 euros, this means that 1,000 personnel owe their jobs to the sale of retail beer.

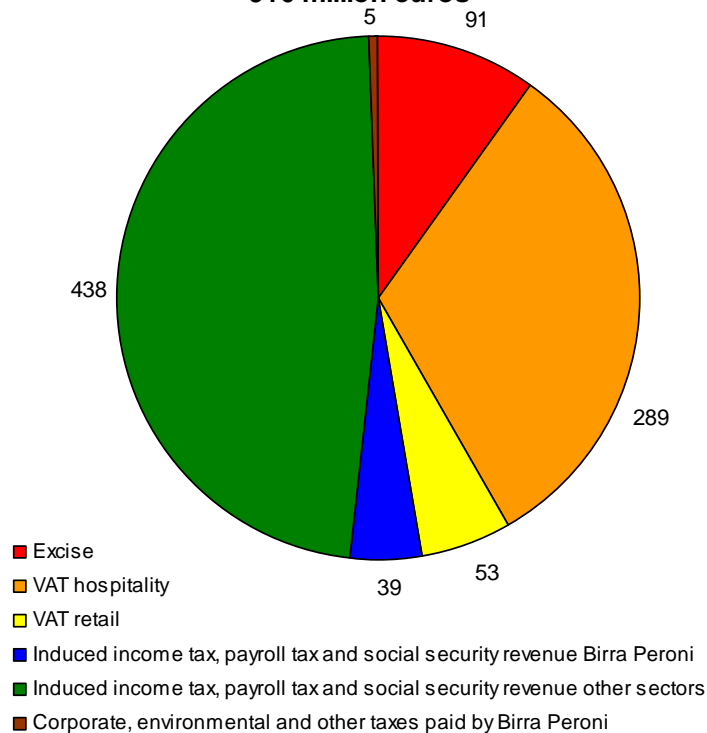
10.5 Government revenues

The revenues of excise, VAT and income-related contributions due to beer production and sales by Birra Peroni are estimated at 916 million euros:

- ▶ VAT revenues are estimated at 342 million euros. The main part of these VAT revenues is generated in the hospitality sector.
- ▶ The total excise revenues due to Birra Peroni equal 91 million euros.
- ▶ Income-related revenues due to beer production and sales are approximately 478 billion euros.
- ▶ Corporate, environmental and other taxes paid by Birra Peroni are estimated at 5 million euros.

Italian government revenues due to SABMiller:

916 million euros



Source: Ernst & Young calculation (2009)

²⁷ Source: Birra Peroni, 2008



10.6 Highlights of the regional impact

- ▶ Birra Peroni has breweries in Veneto, Lazio and Puglia. The economic impact in terms of employment on those regions is considerable.
- ▶ Birra Peroni is directly responsible for 1,902 jobs in their breweries and their own distribution company. Approximately 2,500 jobs in the supplying sectors in Veneto, Lazio and Puglia can be attributed to the production and sale of beer by Birra Peroni.
- ▶ The agricultural sector and the packaging industry benefit most from the presence of Birra Peroni.
- ▶ In Lazio an important maltproducer is located. This is also the region where the agricultural sector benefits most from the presence of Birra Peroni. Almost 800 jobs in the agricultural sector in Lazio can be attributed to purchases made by Birra Peroni.

Source: Birra Peroni and Ernst & Young calculation (2009)

Birra Peroni operates three breweries and employs 830 people. Furthermore, Birra Peroni owns a distribution company which is also located in Italy. This company employs another 1,072 people. This means that Birra Peroni is directly responsible for 1,902 jobs. Birra Peroni generates another 3,700 jobs in the supplying sectors because of their purchases in these sectors. Most jobs are created in the agricultural sector. Due to purchases in this sector, 1,900 jobs in this sector can be attributed to Birra Peroni.

Birra Peroni's breweries are located in Rome, Bari (south of Italy) and in Padova (north of Italy). The following figure A shows the locations of the breweries. Its part of Birra Peroni's strategy to encourage regional purchases in order to contribute more to regional development. This study estimated the economic impact in terms of employment on the regions where the breweries are located. The considered regions are Veneto (Padova), Lazio (Roma) and Puglia (Bari). These regions are coloured red in figure B below.

A. Locations of breweries



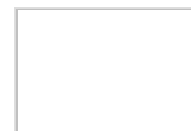
Source: SABMiller

B. Regions that benefit most from purchases by Birra Peroni



Source: <http://www.bbitaliani.it/germany/maps/mappa/images/italia.jpg>

The following table shows the economic impact of these breweries for each region. In all three regions Birra Peroni is responsible for quite a number of jobs in the supplying sectors. The main office of Birra Peroni is located in Lazio. This is also the region where the economic impact in terms of employment is greatest. Most jobs are generated in the agricultural sector and packaging industry.



The high economic impact in the agricultural sector is explained by the importance of Italy as a malt producing country. The Italian malt industry is responsible for 70,000 tons of malt. The main malt supplier to Birra Peroni is SAPLO. The malt needed for the production of beer at the breweries in Rome and Bari is bought at this supplier. Birra peroni is its main client and responsible for 90 percent of the turnover. As a consequence all 14 jobs at SAPLO can be attributed to Birra Peroni, which is also the majority shareholder (78% of all shares).

Regions	Veneto (north-Italy)		Lazio (Mid-Italy)		Puglia (south-Italy)	
Sectors	Purchases (million €)	Indirect employment	Purchases (million €)	Indirect employment	Purchases (million €)	Indirect employment
Agriculture	15	579	20	772	5	193
Utilities	3	4	3	4	3	4
Packaging industry	30	227	15	113	30	227
Equipment	1	7	1	7	1	7
Transport	7	70	7	70	7	70
Media, marketing	0	0	2	18	0	0
Services	3	32	3	32	3	32
Total	59	918	51	1,016	49	532

Source: Ernst & Young calculation (2009)

10.7 Highlights of the social and environmental impact

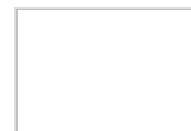
- ▶ The three main areas of sustainable development of Birra Peroni are reduction of energy and carbon footprint, alcohol responsibility initiatives and initiatives that contribute to the local community.
- ▶ An important sustainable development initiative of Birra Peroni is the Danfoss project, which has as its main objective significant energy savings on electricity, gas and water.
- ▶ Birra Peroni has spend approximately 500,000 euros on the Danfoss energy saving project.

Source: Birra Peroni (2009)

Besides its economic impact, Birra Peroni has a large social impact on both Italy and the region. Sustainable development at Birra Peroni takes place as part of the business practice including investments, energy saving, process development, and cost-effectiveness programmes.

In the last three years Birra Peroni has undertaken activities with regard to 3 of the 10 trends which SABMiller has set out to focus their efforts on in the field of sustainable development: 1) reducing energy and carbon footprint; 2) benefiting communities and 3) transparency in reporting on SABMiller's progress. Also for the next three years initiatives are planned in these areas of sustainable development.

An important initiative in the area of sustainable development of Birra Peroni is the Danfoss project. This initiative involves an investment of Birra Peroni of approximately 500,000 euros. The main objective of this initiative is to achieve a significant amount of energy saving and reduction of CO2 emissions in the beer production processes. The energy saving relates to electricity, gas and water. Birra Peroni is the owner of the plants and is fully responsible for the production processes. An external party has delivered, and is maintaining the necessary equipment. A contract with key performance indicators (KPIs) ensures a minimum of 10 percent of energy cost savings for Birra Peroni. The target of the initiative is set at 90 percent of energy cost savings. Software delivered by the external party calculates and monitors the energy savings on a day-to-day basis. Per plant, one staff member of Birra Peroni is fully dedicated to the project, and several staff are responsible for a constant monitoring of the process, and interacting with the external party.

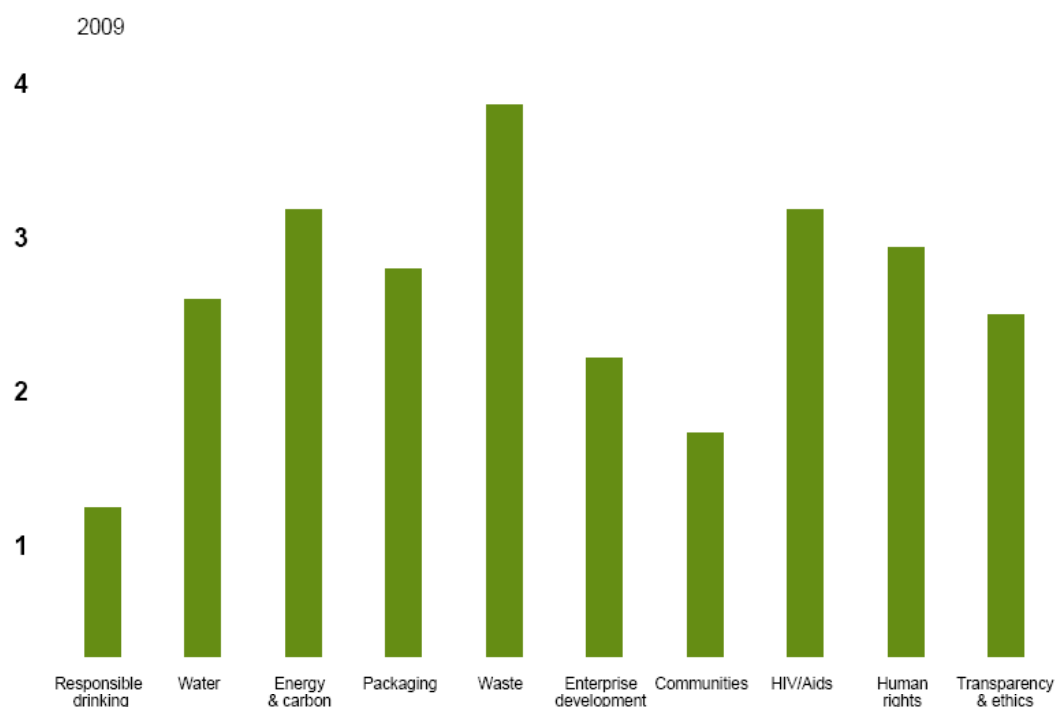


Besides this investment, Birra Peroni is also extensively involved in alcohol responsibility initiatives. A recently launched initiative in this area, is the 'Drink or Drive' initiative. This initiative is part of a wider responsibility programme 'Guida tu la vita, bevi responsabile' (www.beviresponsabile.it). Other initiatives that are part of this programme are 'Alcohol and Pregnancy' and 'Alcohol and Youth'. The whole programme was initiated by Assobirra. Assobirra is the trade association of the brewers. Birra Peroni is a major contributor to the programme. The programme has a budget of approximately 120,000 euros. One Birra Peroni staff member is directly involved in the programme. The programme's main objective is to raise awareness with regard to responsible consumption of alcohol.

Birra Peroni is also supporting the local community, for example by means of its 'Disability and Job' project. The main objective of this initiative is to provide training and working structures for disabled people in Rome. The initiatives' budget is 40,000 euro and it is mainly run by external stakeholders such as the 'Comunità di Sant'Egidio, Laurenzi Consulting and volunteers.

The scores of Birra Peroni on the Sustainable Assessment Matrix (SAM)²⁸ are presented below. Their performance is especially high on environment-related priorities. Due to efforts such as the Danfoss project a high score on reducing energy and carbon footprint has been realised. On reducing waste Birra Peroni scores almost four out of four.

Performance charting – Performance by location – Birra Peroni (Italy)



Priorities and performance levels

Source: SABMiller Europe (2009)

²⁸ SAM is a management system that measures the performance of SABMiller breweries on 10 sustainable development priorities (see annex VI).



11. The Netherlands: Impact of SABMiller

11.1 Highlights of the economic impact

Total production (in hectolitres)	2,414,500
Total exports (in hectolitres)	906,750
Total imports (in hectolitres)	-
Total consumption (in hectolitres)	1,574,900
Total numbers of employees	833

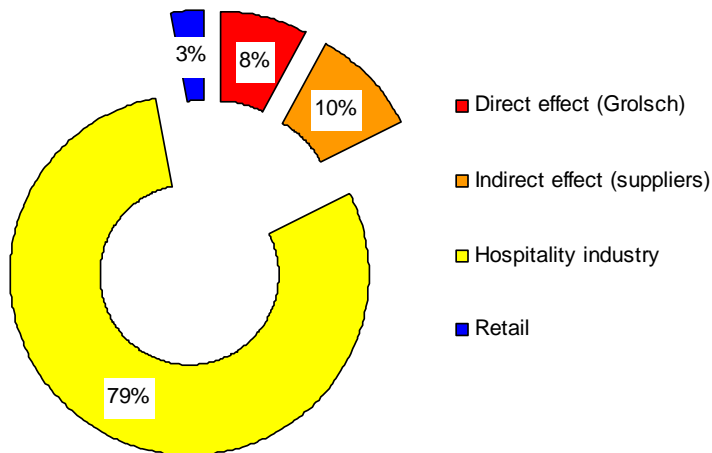
Source: Grolsch.

The economic impact of Grolsch, the subsidiary of SABMiller in the Netherlands can be expressed as follows:

- ▶ Grolsch (SABMiller in the Netherlands) produced 2.4 million hectolitres of beer in the Netherlands in 2008. The total beer sales of Grolsch beer in the Netherlands was 1.6 million hectolitres in 2008, a market share of 12.2 percent.
- ▶ Grolsch is responsible for 833 jobs and it is estimated that Grolsch generates 1,100 jobs in supplying sectors.
- ▶ Besides these direct and indirect effects, the hospitality sector and retailers benefit through beer sales. Almost 8,600 jobs in the hospitality sector can be attributed to beer, while in retail approximately 300 people owe their jobs to beer sales.
- ▶ This means that the total employment impact due to beer production and sales is 10,800 jobs.
- ▶ The government also benefits from Grolsch, receiving approximately 281 million euros in taxes, excises and income-related revenues. Excise revenues amount to 43 million euros, VAT collected on beer (sold in the hospitality sector and through retailers) is estimated at almost 95 million euros, while income-related contributions and taxes from jobs in the brewing sector, supply sectors and in hospitality and retail add up to some 135 billion euros. Corporate, environmental and other taxes paid directly by Grolsch amount to 9 million euros.

The employment impact of the brewing sector is presented below:

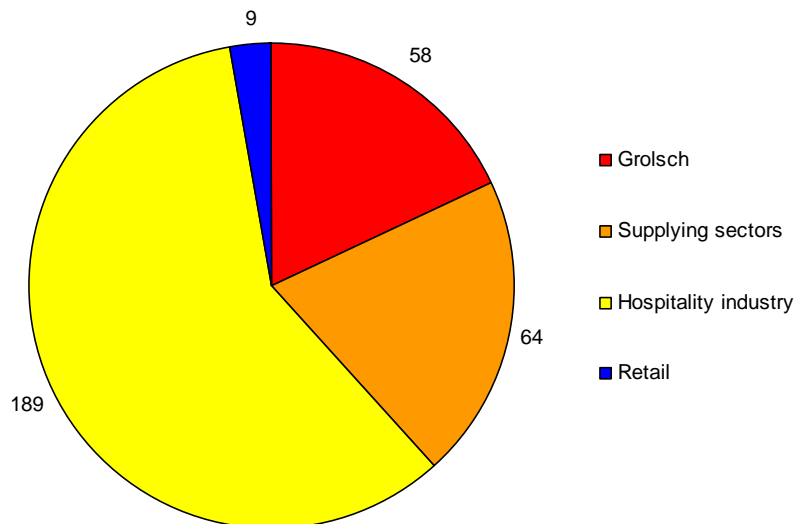
Total employment in the Netherlands because of SABMiller: 10,800 jobs



Source: Ernst & Young calculation (2009). See Annex III for an explanation of the calculation methods and definitions.

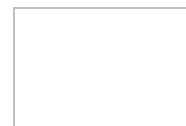
The contribution of Grolsch to the Dutch economy can also be expressed in terms of value-added. The total value-added generated by these 10,900 jobs is estimated at 325 million euros:

Value added in the Netherlands due to SABMiller: 321 million euros



Source: Ernst & Young calculation (2009)

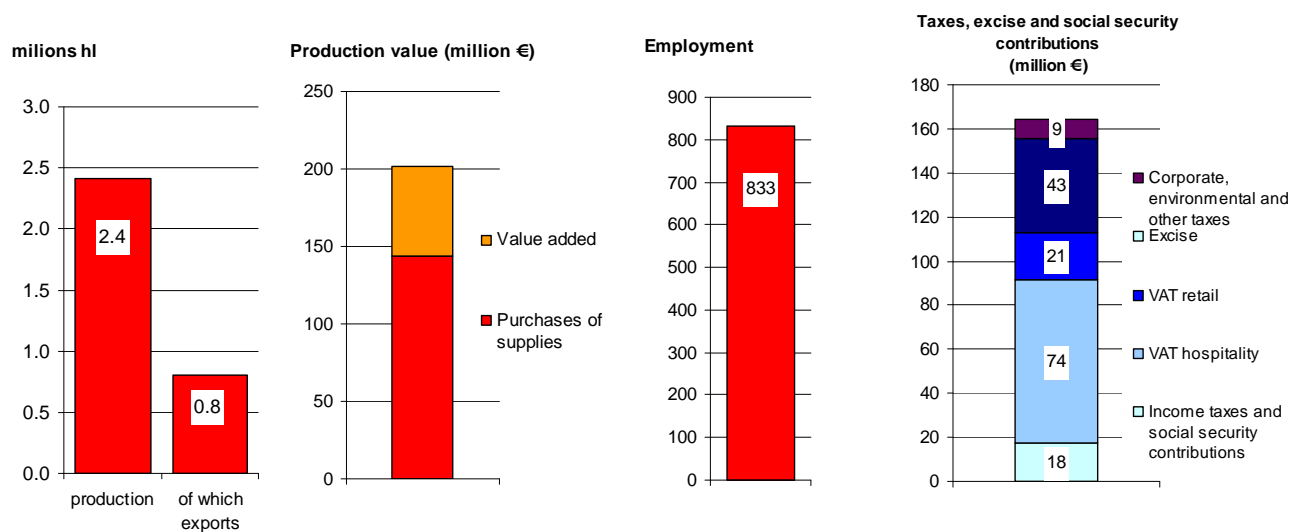
Grolsch is responsible for 18 percent of the total value added generated by the production and sale of Grolsch beer. This is far higher than their share in total employment, which is 8 percent. An explanation for this is the high productivity of the employees in the Grolsch brewery.



11.2 Direct effect of Grolsch

More than 800 people are employed by Grolsch. Together they generate a production value of approximately 206 million euros, of which approximately 28 percent (62 million euros) is value-added. The rest (144 million euros) is spent on purchasing goods and services in supply sectors.

Source: Ernst & Young calculation (2009)



Another substantial direct effect of the brewing sector concerns taxes and excises paid by beer brewers and consumers. Total government revenue from excises and VAT are estimated at 43 and 95 million euros respectively. Personal direct taxes, social security contributions and payroll taxes paid by employees and employers of Grolsch add up to another 18 million euros while corporate, environmental and other taxes paid by Grolsch amount to 9 million euros.



11.3 Economic impact on goods and services suppliers

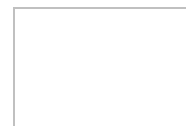
Because only 28 percent of the production value of Grolsch stays within the firms as value-added, the other 70 percent (144 million euros) accrues to a number of suppliers. Only part of these purchases is carried out in the Netherlands. In total 94 million is spent in the Netherlands on goods and services needed for the production and sale of beer by Grolsch. This stimulus has a significant economic impact on sectors outside the brewing sector, most substantially on the services sector.

Sectors	Domestic purchases (million €)	Central purchases in the Netherlands used by other SABMiller companies (million €)	Stimulus for the Netherlands (million €)	Turnover per employee ²⁹ (in €)	Number of employees
Agriculture	14.9	0.0	14.9	122,137	122
Utilities	0.0	0.0	0.0	1,542,100	0
Packaging industry	15.9	0.0	15.9	365,400	44
Equipment	12.0	0.0	12.0	365,400	33
Transport	4.3	0.0	4.3	188,500	23
Media, marketing	19.9	0.0	19.9	101,679	196
Services and other goods	27.2	0.0	27.2	101,679	268
Total	94.2	0.0	94.2		685
First-round impact as percentage of total impact					65%
Total indirect effect (inclusive second-round impact)					1,053

Source: Ernst & Young questionnaire among SABMiller breweries (2009) and Eurostat (2006)

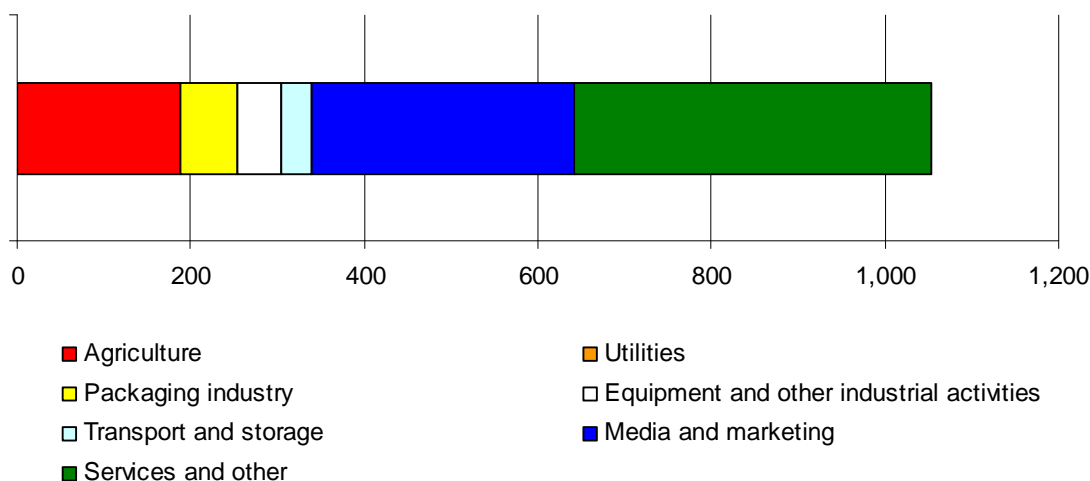
Almost 70 percent of all the indirect employment generated by the brewing sector consists of jobs within the media and marketing and services sectors. Agriculture and the packaging sector also benefit substantially from the brewing sector. The total first-round employment effect of the brewing sector on supplying sectors is almost 700 employees. As this primary effect can be estimated at about 65 percent of the total impact, the total impact is approximately 1,100 jobs.

²⁹ Turnover per employee is obtained from Eurostat,



The total indirect employment effects are illustrated below³⁰:

Indirect employment



Source: Ernst & Young calculation (2009)

11.4 Retail and hospitality sectors

Hospitality sector

The economic impact of Grolsch on the hospitality sector is assessed as follows:

- ▶ Approximately 32 percent (504,000 hectolitres) of the total consumption of beer from Grolsch in the Netherlands is sold by the hospitality sector (on-trade).
- ▶ This means that with an average on trade consumer price of 9.20 per litre, (incl. 19 percent VAT), total consumer expenditure on beer in pubs and restaurants is 390 million euros (excl. VAT).
- ▶ The average turnover per person employed in the Dutch hospitality sector amounts to 45,200 euros per year.
- ▶ It can be calculated that 8,600 jobs in the Dutch hospitality sector can be attributed to Grolsch.

Retail

The importance of Grolsch for retail can be similarly estimated:

- ▶ About 68 percent of total consumption of beer from Grolsch in the Netherlands is sold by supermarkets and other retail companies.
- ▶ With an average consumer price of 1.23 euros per litre (incl. 19 percent VAT), total consumer spending on retail Grolsch beer is estimated at 111 million euros (excl VAT).
- ▶ Because the annual turnover per employee in the retail sector is estimated at 329,300 euros, this means 340 employees in retail owe their jobs to Grolsch.

³⁰ The total indirect employment effects in the graph consist of the first round effects per sector which are calculated in the table above plus a rough estimate of the second round effects per sector.

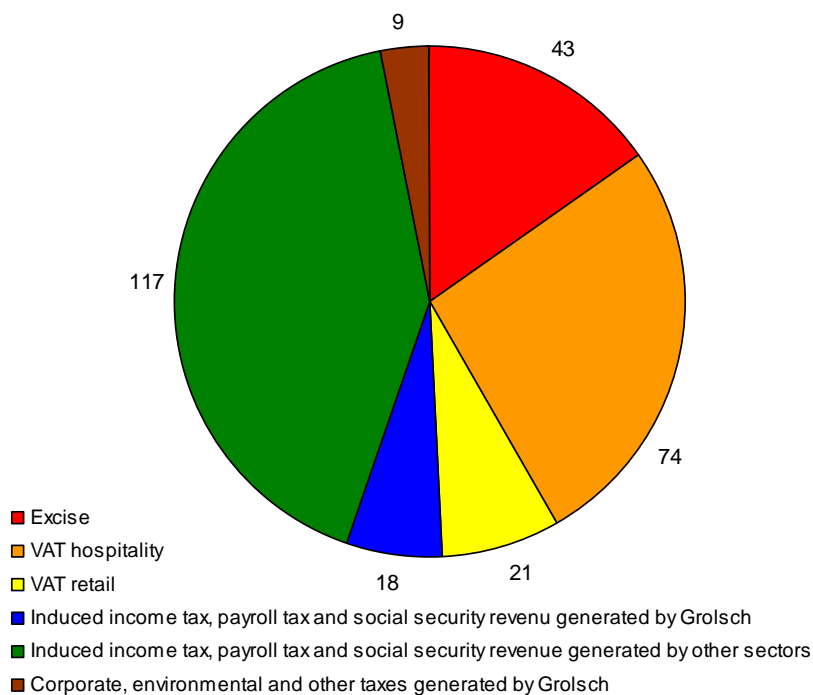


11.5 Government revenues

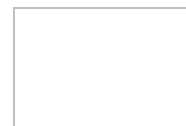
The Dutch government also profits from Grolsch, by receiving approximately 281 billion euros of revenues due to beer production and sales.

- ▶ The excise revenue in the Netherlands due to Grolsch was 43 million euros in 2008.
- ▶ The VAT revenue from Grolsch beer sold in the hospitality sector was 74 million euros, while the revenue from beer sold off trade was 21 million euros.
- ▶ In total the Dutch government received approximately 135 million euros in income-related revenues due to production and sales of Grolsch in the Netherlands. This amount consists of 42 euros in income tax, 54 million euros social security contributions paid by employees and 38 million euros social security taxes and payroll taxes paid by employers.
- ▶ Grolsch generates approximately 9 million euros in corporate, environmental and other taxes (excluding above mentioned taxes).

**Dutch government revenues due to SABMiller:
281 million euros**



Source: Ernst & Young calculation, 2009



11.6 Highlights of the regional impact

- ▶ Grolsch is located in Twente/De Achterhoek, a region in the east of the Netherlands. Because of the small size of the Netherlands, most products and services are bought throughout the whole country.
- ▶ Grolsch employs 833 people at its company. Furthermore, the company is responsible for nearly 100 jobs in the supplying sectors in the region Twente/De Achterhoek.
- ▶ Grolsch' regional importance is confirmed by one of its suppliers. About 10 to 12 full time jobs of this supplier depend on the services they provide to Grolsch.
- ▶ Zeeland, a region in the south-east of the Netherlands, benefits even more because of the purchases of agricultural goods in this region. Approximately 150 jobs in the agricultural sector can be attributed to Grolsch.

Source: Grolsch and Ernst & Young calculation (2009)

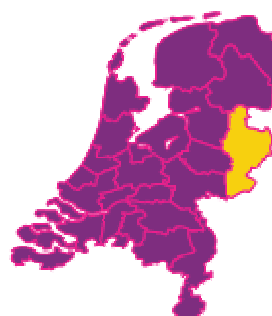
The brewery of Grolsch is located in Enschede in the east of the Netherlands (see figure A). Grolsch employs 833 people and generates almost 1,100 jobs in the supplying sectors. The region where Grolsch is located, Twente and the Achterhoek (yellow coloured in figure B), benefits substantially from the presence of Grolsch.

A. Locations of breweries



Source: SABMiller

B. Twente and De Achterhoek, the region where Grolsch is located.

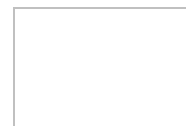


Source: http://www.bosk.nl/gfx_content/afdelingen/twente-achterhoek/TwenteAchterhoek_th.gif

Grolsch is not only responsible for 833 direct jobs in this region, but also for almost 100 jobs in the supplying sectors. In comparison with other SABMiller breweries the economic impact in terms of employment appears smaller. This is explained by the small size of the country. Most goods are bought throughout the whole country. The economic impact of Grolsch in terms of employment is depicted in the table below.

Sectors	Twente and De Achterhoek	
	Purchases (million €)	Indirect employment
Agriculture	0	0
Packaging industry	1.89	2
Equipment	4.11	17
Transport	4.35	18
Media, marketing	1.62	13
Services	2.28	35
Total	14.29	86

Source: Ernst & Young calculation (2009)



An example of the regional importance of Grolsch for its suppliers is the business relation they have with the company Bolk Transport. This is a transport company which operates both nationally and internationally and is situated in Almelo and Hengelo, two medium-sized cities in the same region as where Grolsch is located. They are responsible for an important share of the pallet and container transport of Grolsch. The business relation between the two companies started 15 years ago when Grolsch hired capacity from Bolk Transport in peak periods. The relation became stronger over the years and nowadays Grolsch outsources the whole process including the planning. Grolsch is an important client for Bolk Transport and accounts for approximately 2 million euros in turnover (5 percent of the total turnover). Furthermore, approximately 10 to 12 full-time jobs depend on the services they provide to Grolsch.

Twente and De Achterhoek are not the only regions that benefit from the presence of Grolsch. Zeeland, a region in the southeast of the Netherlands benefits substantially from the purchases of agricultural goods in this region. In this region Grolsch spent 12.9 million euros on agricultural goods. This is including central procurement purchases. Because of these purchases, approximately 150 jobs can be attributed to Grolsch.

	Zeeland
Purchases of agricultural goods malting barley, malt and hops (million €)	12.0
Number of jobs in agricultural sector due to these purchases	150

Source: Ernst & Young calculation (2009)

11.7 Highlights of the social and environmental impact

- ▶ Grolsch has focused its efforts on four areas of SABMiller's sustainable development priorities.
- ▶ Many important sustainable development initiatives of Grolsch take place in the area of energy and water reduction and emission. This includes, following on the building of a new brewery in 2004, optimising the production processes, reducing water and electricity use, operating new installations and building a biogas installation.
- ▶ Another important initiative of Grolsch, and a good example of the sustainable development in packaging, concerns the introduction of a new green returnable 33cl bottle and crate, which achieves a material reduction of 8.5 kg (7 percent) per hectolitre of beer.
- ▶ In addition, as a member of the Dutch Brewers' association, Grolsch is very active in raising awareness of responsible drinking.

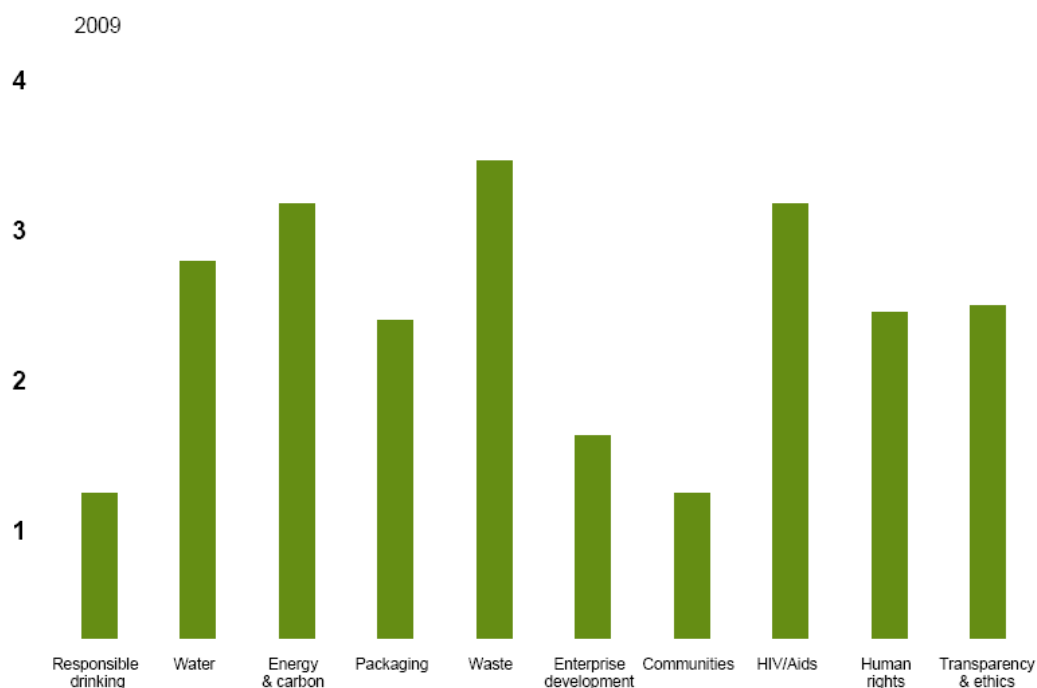
Source: Grolsch

Besides its economic impact, Grolsch has large social and environmental impacts on the Netherlands. Sustainable development at Grolsch is part of the business practice and includes investments, modernisation, process development, and cost-effectiveness programmes. The objectives of Grolsch' sustainable development initiatives are, among others, to prove that innovations and technical solutions can be blended together with sustainable design.

In the last three years, Grolsch has focused its activities on 4 of the 10 trends SABMiller has set out to focus their efforts on in the field of sustainable development: 1) discouraging irresponsible drinking; 2) making more beer but using less water; 3) reducing energy and carbon footprint; 4) packaging reuse and recycling. For the next three years initiatives are also planned in these areas of sustainable development.

The 'scores' on these trends which SABMiller has set out to focus their efforts on in the field of sustainable development, are kept by SABMiller in a scorecard (the so-called stairways). In the figure below the scores which Grolsch received on the different priorities in 2009, on a scale of one (lowest) to four (highest).

Performance charting – Performance by location – Royal Grolsch (Netherlands)



Priorities and performance levels

Source: SABMiller

Many important initiatives in the area of sustainable development of Grolsch take place in the area of energy and water reduction and emission. To illustrate the efforts of Grolsch: the Dutch government has set the objective for energy use in 2012 at 156 MJ per hectolitre, however, Grolsch has set its objective even sharper, at 150 MJ per hectolitre in 2012 and 140 MJ per hectolitre in 2014. Achievements in this area involved, following building a new brewery in 2004, optimising the production processes, reducing water and electricity use, operating new installations, and building a biogas installation.

Besides these initiatives, Grolsch has been very active in incorporating sustainable development in packaging. An example of this area of sustainable development is Grolsch' introduction of a new green returnable 33cl swing-top bottle and crate in February 2008. Sales of this new green swing-top bottle have grown by eight percent, since its introduction, compared to the long-term market development of the swing-top bottle. This innovation is achieving a material reduction of 8.5 kg (seven percent) per hectolitre of beer.

In addition, in May 2008 Grolsch introduced a new beer-tap system 'Cheersch'. 'Cheersch' is built around a tap unit, which can be easily connected to a two litre, lightweight PET bottle of Grolsch beer. Because of its compact design, the 'Cheersch' system fits in a fridge's door compartment. This means that the beer is easily within reach. In the Netherlands, the 'Cheersch' has achieved the highest product rotation within the home draft segment in the off-trade. A significant advantage of this new system for sustainable development is that no external electricity is needed to pour a glass of cold beer. With these innovations Grolsch' intention is to demonstrate the opportunities for sustainable development rising from innovations.



12. Poland: Impact of SABMiller

12.1 Highlights of the economic impact

Total production (in hectolitres)	15,254,000
Total exports (in hectolitres)	429,119
Total imports (in hectolitres)	35,331
Total consumption (in hectolitres)	15,006,847

Total numbers of employees 3,419³¹

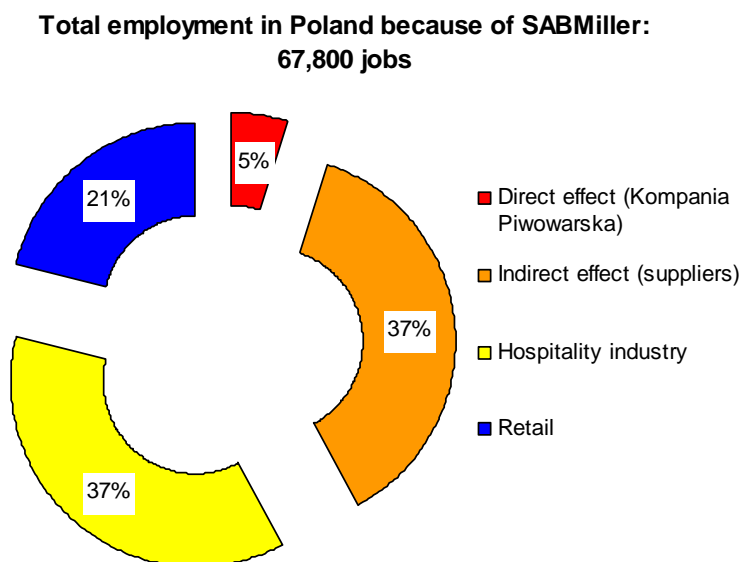
Source: Kompania Piwowarska.

The economic impact of Kompania Piwowarska, the subsidiary of SABMiller in Poland can be expressed as follows:

- ▶ Kompania Piwowarska (SABMiller in Poland) employs 3,419 people.
- ▶ Kompania Piwowarska generates important indirect effects within supply sectors. It is estimated that 25,200 industry jobs can be attributed to the purchases of Kompania Piwowarska, with the agricultural sector benefiting most.
- ▶ The impact on the hospitality sector is also considerable, with around 24,800 people (full-time jobs) earning a living in this sector because of the sales of beer from Kompania Piwowarska. In the retail sector 14,400 full-time jobs depend on the sales of beer from Kompania Piwowarska.
- ▶ The total employment impact due to beer production and sale of beer from Kompania Piwowarska is thus 67,800 jobs.
- ▶ The government also benefits from Kompania Piwowarska, receiving some 1.14 billion euros in taxes and excises. Excise revenues amount to 351 million euros, VAT collected on beer (sold in the hospitality sector and through retailers) is estimated at almost 444 million euros. Revenues from direct personal taxes, pay roll taxes and social security contribution paid by employers and employees at Kompania Piwowarska, their suppliers and in hospitality and retail add up to approximately 287 million euros.

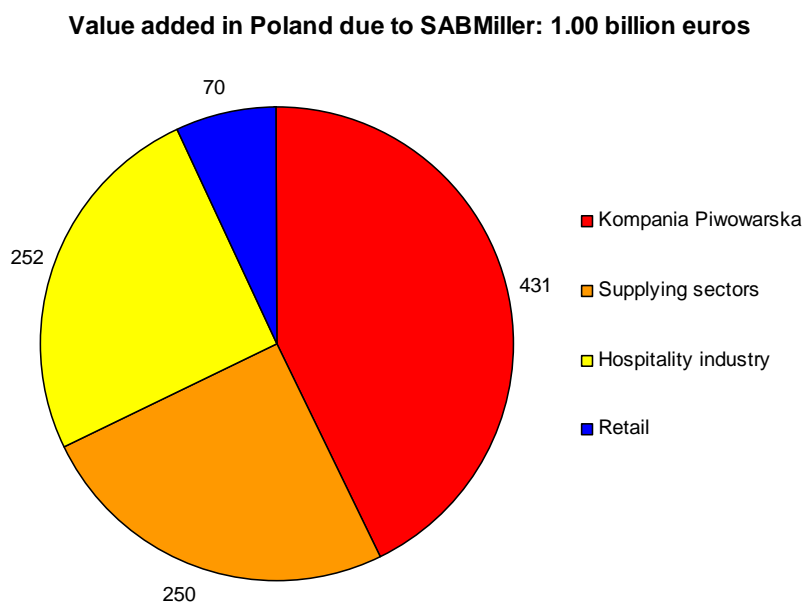
³¹ The employment figure refers to the year 2008, which is the base year of the study. Kompania Piwowarska has recently closed one of their four breweries resulting in a decrease of jobs. At the end of 2009, the number of employees at Kompania Piwowarska is expected to be 3,170.

The employment impact of Kompania Piwowska is presented below:



Source: Ernst & Young calculation (2009). See Annex III for an explanation of the methodology.

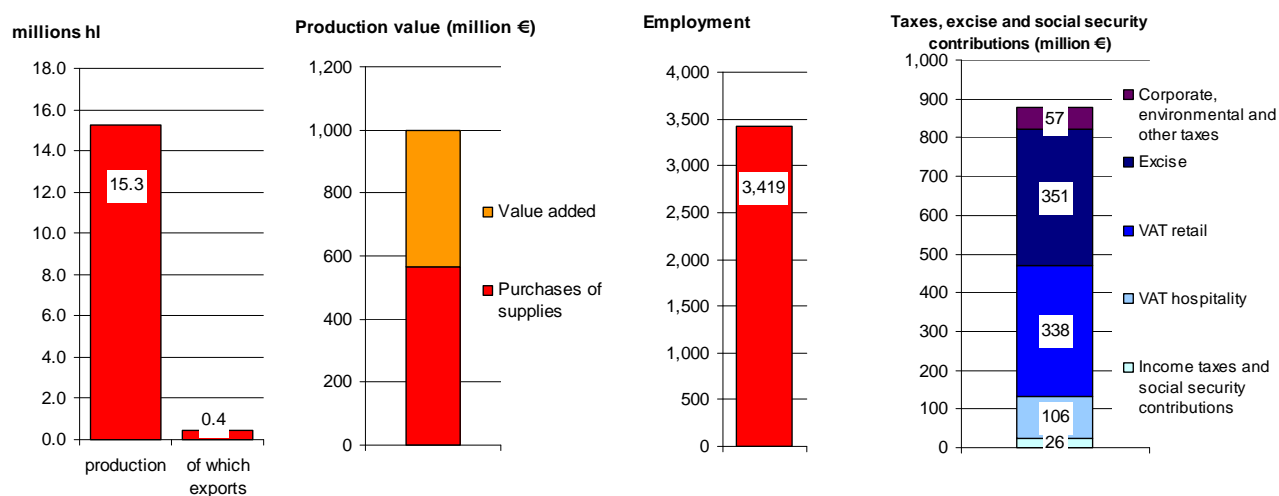
The contribution of Kompania Piwowska to the Polish economy can also be expressed in terms of value-added. Total value-added of Kompania Piwowska in Poland and value-added generated by firms in the supply, hospitality and retail sectors due to the production and sale of beer amounts to around 1.00 billion euros:



Source: Ernst & Young calculation (2009). See Annex III for an explanation of the methodology.

The share of Kompania Piowarska in the overall value-added arising from the production and sale of their beer is estimated at 38 percent. This is much more than the share of direct employment connected to Kompania Piowarska as a fraction of total employment arising from the production and sale of their beer (4 percent). An important explanation is that productivity in terms of value-added per employee of Kompania Piowarska is relatively high compared to other sectors.

12.2 Direct effect of Kompania Piowarska



Source: Ernst & Young calculation (2009)

The production of Kompania Piowarska has a value of 998 million euros. Kompania Piowarska employs 3,419 workers. Kompania Piowarska generates 431 million euros of added-value. The direct revenues (excise, VAT, and income-related revenues from employees of Kompania Piowarska) which the Polish government receives amount to approximately 878 million euros. Excise and VAT revenues accounted for 351 million and 444 million euros respectively. Kompania Piowarska and their employees paid 26 million euros in income taxes, social security contributions and payroll taxes. Corporate, environmental and other taxes accounted for 57 million euros.

12.3 Economic impact on goods and services suppliers

In 2008, Kompania Piowarska spent a total of 800 million euros on purchased goods and services. This is including central purchases by SABMiller used by SABMiller companies outside Poland. Since Poland is a large country, the majority of the required products and services are produced within the country's borders. The indirect effect of Kompania Piowarska on other sectors in the country is therefore considerable.

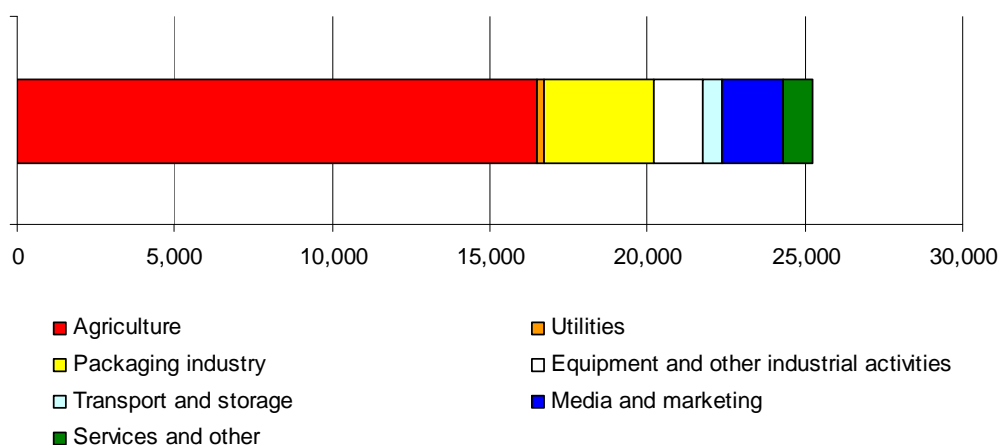
Sectors	Domestic purchases	Central purchases in Poland used by other SABMiller companies	Stimulus for Poland	Turnover per employee ³²	Number of employees
	(million €)	(million €)	(million €)	(in €)	
Agriculture	99.9	2.2	102.1	9,522	10,722
Utilities	22.7	0.0	22.7	161,200	141
Packaging industry	153.2	18.9	172.1	75,900	2,268
Equipment	75.5	0.0	75.5	75,900	994
Transport	22.7	0.0	22.7	53,200	427
Media, marketing	73.8	0.3	74.0	59,563	1,242
Services	36.3	0.0	36.3	59,563	610
Total	483.9	21.4	505.4		16,403
First-round impact as percentage of total impact					65%
Total indirect effect (inclusive second-round impact)					25,236

Source: Ernst & Young calculation, 2009; Eurostat, 2006

About 65 percent of all the indirect employment due to Kompania Piwowarska is generated within the agricultural sector. Other important effects are seen in the packaging industry, media and marketing sector and the equipment industry. The total first-round employment effect of Kompania Piwowarska on supplying sectors is estimated at 16,400 employees. Because this primary effect can be estimated at about 65 percent of the total impact, the total impact will be about 25,200 jobs.

The total indirect employment effects are illustrated below³³:

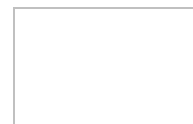
Indirect employment



Source: Ernst & Young calculation (2009)

³² Turnover per employee is obtained from Eurostat,

³³ The total indirect employment effects in the graph consist of the first round effects per sector which are calculated in the table above plus a rough estimate of the second round effects per sector.



12.4 Retail and hospitality sectors

Hospitality sector

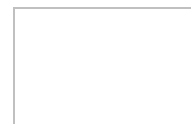
The economic impact of Kompania Piwowarska on the hospitality sector is assessed as follows:

- ▶ About 13 percent of all Kompania Piwowarska beer consumed in Poland is sold by the hospitality sector (on-trade), which means that 1.95 million hectolitres is sold on-trade.
- ▶ The average consumer price of beer in Polish pubs and restaurants is estimated at 3.02 euros a litre (including VAT), so that total consumer spending on Kompania Piwowarska beer in the hospitality sector is 589 million euros (including VAT).
- ▶ Net consumer spending on beer is thus estimated at 483 million euros (using a 22 percent VAT tariff).
- ▶ With an average hospitality turnover of 19,500 euros (excluding VAT) per person, this results in 24,800 hospitality sector jobs attributable to Kompania Piwowarska beer sales.

Retail

The importance of Kompania Piwowarska for retail can be similarly assessed:

- ▶ Around 87 percent of total Kompania Piwowarska beer consumption (13.1 million hectolitres) in Poland is beer sold by convenience shops, supermarkets and other retail outlets.
- ▶ With an average consumer price of 1.43 euros per litre (including VAT), total retail consumer spending on Kompania Piwowarska beer is estimated at 1.87 billion euros. Total consumer spending excluding VAT is thus 1.54 billion euros.
- ▶ With turnover per employee estimated at 106,800 euros (excluding VAT), this means 14,400 people owe their jobs to retail beer sales.

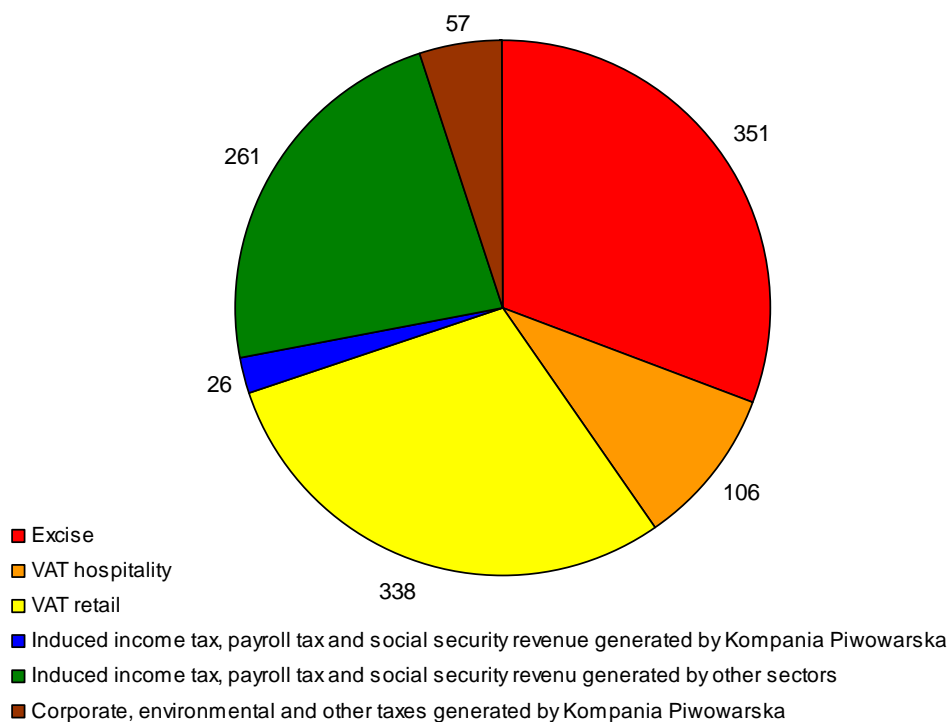


12.5 Government revenues

The revenues of excise, VAT and income-related contributions due to Kompania Piwowarska beer production and sales are estimated at 1.14 billion euros:

- ▶ VAT revenues are estimated at 444 million euros. The main part of these VAT revenues is generated in the retail sector.
- ▶ The total amount of excise revenues due to Kompania Piwowarska is 351 million euros.
- ▶ Income-related revenues due to Kompania Piwowarska beer production and sales are approximately 287 million euros. They consist of 75 million euros in income tax, 151 million euros of social security contributions paid by employees and 150 million euros of social security taxes and payroll taxes paid by employers.
- ▶ The revenues from corporate taxes, environmental taxes and other taxes are estimated at 57 million euros.

**Polish government revenues due to SABMiller:
1.14 billion euros**



Source: Ernst & Young calculation (2009)



12.6 Highlights of the regional impact

- ▶ Kompania Piwowarska operates four breweries across Poland. The regional impact of Kompania Piwowarska is greatest in the Wielkopolska region.
- ▶ Kompania Piwowarska is responsible for 3,419 jobs at its breweries and nearly 11,200 jobs in the supplying sectors in the four regions where the company is located.
- ▶ Kompania Piwowarska's regional importance is confirmed by one of its suppliers. About 25 jobs of this supplier depend on the sales to Kompania Piwowarska.
- ▶ Besides the regions where Kompania Piwowarska is located, three other regions in Poland benefit from the purchases of malt and hops needed for production. These purchases lead to another 6,500 jobs.

Source: Kompania Piwowarska and Ernst & Young calculation (2009)

Kompania Piwowarska operates four breweries, located in four different regions. At these breweries 3,419 people are employed. These regions are Górny Śląsk (G S), Świętokrzyskie (S), Podlasie (P) and Wielkopolska (W). For these regions the economic impact in terms of employment is estimated.

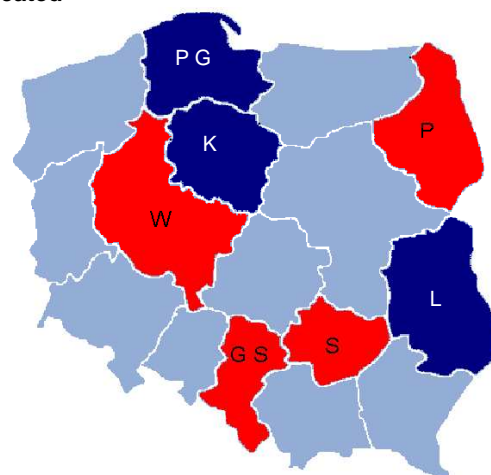
The figures below show the locations of the breweries and the considered regions (coloured in red).

A. Locations of breweries



Source: SABMiller

B. Regions where breweries of Kompania Piwowarska are located



Source:

http://wpcontent.answers.com/wikipedia/commons/thumb/b/bf/POL_location_map.svg/460px-POL_location_map.svg.png

The following table shows the economic impact of the four breweries for each region. In all four regions Kompania Piwowarska is responsible for a significant number of jobs in the supplying sectors. This is especially true for Wielkopolska. In this region more than 9,000 jobs in the supplying sectors can be attributed to the purchases of Kompania Piwowarska. The agricultural sector in Wielkoploska benefits most from the presence of Kompania Piwowarska. Almost 7,900 jobs in the agricultural sector in Wielkoploska can be attributed to the purchases of Kompania Piwowarska. Other sectors that benefit substantially are the equipment and the transport sector.



Regions	Górny Śląsk		Świętokrzyskie		Podlasie		Wielkopolska	
Sectors	Purchases (million €)	Indirect employm.	Purchases (million €)	Indirect employm.	Purchases (million €)	Indirect employm.	Purchases (million €)	Indirect employm.
Agriculture	0	0	0	0	0	0	49	7,889
Utilities	10	91	2	15	3	26	8	76
Packaging industry	0	0	0	0	0	0	13	262
Equipment	13	260	2	46	23	474	19	382
Transport	5	158	2	66	4	125	9	249
Media, marketing	5	133	6	152	9	229	8	210
Services	1	19	0	9	1	19	11	272
Total	34	661	12	288	40	872	116	9,340

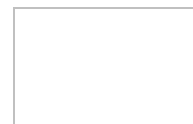
Source: Ernst & Young calculation (2009)

The importance of Kompania Piwowarska for the Wielkopolska region is confirmed by TFP. TFP is a manufacturing company and has cooperated with Kompania Piwowarska since 1997. TFP sells all kinds of packaging material to Kompania Piwowarska. The sales to Kompania Piwowarska are responsible for a share of 5.5 percent of the turnover of TFP. Furthermore, about 25 out of its 540 jobs can be attributed to the sales of Kompania Piwowarska. If Kompania Piwowarska would ever leave the region, this would lead to a serious loss of employment. Furthermore, Kompania Piwowarska would be missed because of all the social activities the company supports.

Górny Śląsk (G S), Świętokrzyskie (S), Podlasie (P) and Wielkopolska (W) are not the only regions that benefit from the purchases by Kompania Piwowarska. The agricultural sectors in Lubelskie (L), Kujawy (K) and Pomorze Gdańskie (PG) benefit as well. Lubelskie benefits from the purchases of hops in this region. Kujawy and Pomorze Gdańskie benefit from the purchases of malt needed for the production of beer. The purchases of malt and hops in the above-mentioned regions are responsible for nearly 6,500 jobs in the agricultural sector. The table below presents the number of jobs that can be attributed to the purchases of agricultural goods.

	Lubelskie	Kujawy	Pomorze Gdańskie
Purchases of agricultural goods malt and hops (million €)	5.98	17.08	17.00
Number of jobs in agricultural sector due to these purchases	966	2,760	2,747

Source: Ernst & Young calculation (2009)



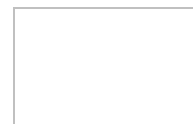
12.7 Highlights of the social and environmental impact

- ▶ In 2008, Kompania Piwowarska has spent approximately 3.7 million euros on sustainable development initiatives, of which approximately 2.8 million euros on various areas of SABMiller's sustainable development priorities and 960,000 euros specifically on raising consumer awareness on responsible drinking.
- ▶ Kompania Piwowarska is active on nine areas of SABMiller's sustainable development priorities.
- ▶ An important sustainable development initiative of Kompania Piwowarska is the 'Warto być za' ('For what it's worth') initiative, the main objective of which is to improve the quality of life of communities through supporting NGO's in financing programmes that combat social exclusion resulting from poverty.
- ▶ In the last three years, 29 social inclusion initiatives of NGOs have been financed by Kompania Piwowarska reaching 11,000 people that suffer from social exclusion and poverty.

Source: Kompania Piwowarska

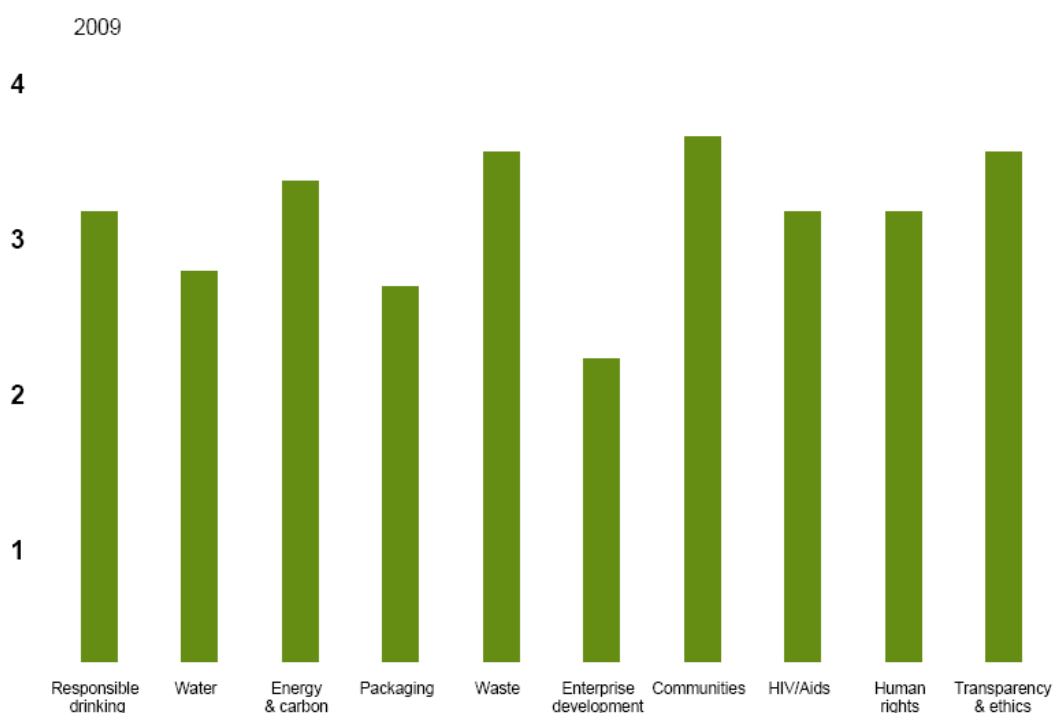
Besides its economic impact, Kompania Piwowarska has large social impacts on Poland. Sustainable development at Kompania Piwowarska is part of the business practice and includes investments, modernisation, process development, and cost-effectiveness programmes. The objectives of Kompania Piwowarska's sustainable development initiatives are to present the company's sustainable development philosophy to all stakeholders, and to improve the importance of sustainable development.

In the last three years, Kompania Piwowarska has undertaken activities with regard to nine trends which SABMiller has set out to focus their efforts on in the field of sustainable development: 1) discouraging irresponsible drinking; 2) making more beer but using less water; 3) reducing energy and carbon footprint; 4) packaging reuse and recycling; 5) working towards zero-waste operations; 6) encouraging enterprise developments in SABMiller's value chains; 7) benefiting communities; 8) respecting human rights and 9) transparency in reporting on SABMiller's progress. For the next three years initiatives are also planned in these areas of sustainable development. Initiatives are selected based on the priorities that are most important to the local situation.



The 'scores' on these trends which SABMiller has set out to focus their efforts on in the field of sustainable development, are kept by SABMiller in a scorecard (the so-called stairways). In the figure below the scores are presented which Kompania Piwowarska received on the different priorities in 2009, on a scale of 1 (lowest) to 4 (highest).

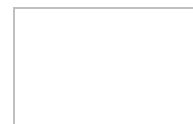
Performance charting – Performance by location – Kompania Piwowarska (Poland)



Priorities and performance levels

Source: SABMiller

An important initiative in the area of sustainable development of Kompania Piwowarska is the 'Warto być za' ('For what it's worth') initiative (www.warto.eu). The main objective of this initiative is to improve the quality of life of communities through supporting NGOs in financing programmes that combat social exclusion resulting from poverty. In the last three years, 29 NGO programmes have been financed by Kompania Piwowarska. These NGO programmes have reached 11,000 people who are homeless, unemployed, handicapped, single mothers or other people who suffer from poverty and social exclusion. Kompania Piwowarska provides the 'Warto być za' initiative with budget and management time. Kompania Piwowarska's budget for this initiative is 569,460 euros per year. Approximately two of Kompania Piwowarska's staff members are directly involved in the initiatives, and ten other staff members are occasionally involved. Besides Kompania Piwowarska which is responsible for the initiative and the budget, other stakeholders are also involved, including NGOs active in the area of combating social exclusion and poverty. External partners, as radio stations, provide advertising space and time. Most of the advertising is free of charge or purchases with a significant discount for social reasons. External partner KPMG provides auditing hours free of charge.



Another important initiative of Kompania Piwowarska is the 'Santa's team' initiative. For six years, this initiative has been organised by Kompania Piwowarska, and it is aimed at assisting people in need in the towns in which the company's breweries are located. The initiative involves all Kompania Piwowarska's staff in Poznań, Tychy and Białystok. Their task as volunteers is to identify 'a family in need' and to deliver Christmas presents. In 2008, nearly 7,000 boxes filled with sweets and toys were delivered. Recently the Santa's team initiative has evolved into an even more meaningful initiative.

Since 2008, employees are asked to submit projects, which they want Kompania Piwowarska to support financially. When submitting projects, the employees declare that they are willing to work as volunteers in these projects if Kompania Piwowarska financially supports the projects. This means that the selected projects are supported with financial means of Kompania Piwowarska and private time and effort of employees of Kompania Piwowarska. In 2009, the initiative developed into a year round programme.

Furthermore, Kompania Piwowarska is very active in achieving sustainable development throughout the whole supply chain. At company level, Kompania Piwowarska has incorporated sustainable development in their daily business. For example, Kompania Piwowarska is organising training sessions for managers and new employees aimed at presenting SABMiller's sustainable development philosophy and improving awareness. Furthermore, a special toolkit has been developed, in the form of a questionnaire which measures sustainability within the company. Another example is a special tool, which has been developed to acknowledge the way employees fulfil their responsibilities in line with the company's values as well as their performance in line of their job description. This tool is the so-called 'Big Beer' programme. Employees can be rewarded with a 'Big Beer' award because of an exceptional achievement that exceeds the employee's regular scope of responsibility and supports the implementation of Kompania Piwowarska's strategic priorities. The winners of the year receive a bonus of approximately 1,400 euros and the team members receive a bonus of almost 600 euros per employee. Additionally, once a year the management can decide to award outstanding achievements of the winners with a special price, i.e. a trip to the South African Republic. An example of an award winner is an operator of technological processes at the brewery who played a large part in a project aimed at reducing water consumption in the brewery. As a result, the brewery is using 0.03 hectolitres less water per hectolitre of beer.

At supply chain level, Kompania Piwowarska is very active as well in promoting sustainable development. The questionnaire mentioned above, which measures the level of sustainability, is also sent to suppliers. It is Kompania Piwowarska's objective that sustainable development is achieved by all stakeholders within the supply chain. Furthermore, Kompania Piwowarska implemented the programme 'Partnership in Business', which is also aimed at achieving sustainable development throughout the supply chain. Within this programme, specialised business trainings aimed at presenting SABMiller's sustainable development philosophy and improving awareness are offered to the key suppliers. These trainings are prepared together with an external party, namely the Harvard Business Review Polska.

In addition to these initiatives, Kompania Piwowarska has been very active in raising consumer awareness of responsible drinking, and in the areas of energy reduction and waste water treatment.



13. Romania: Impact of SABMiller

13.1 Highlights of the economic impact

Total production (in hectolitres)	5,753,951
Total exports (in hectolitres)	27,171
Total imports (in hectolitres)	156,489
Total consumption (in hectolitres)	5,868,025

Total numbers of employees 1,728

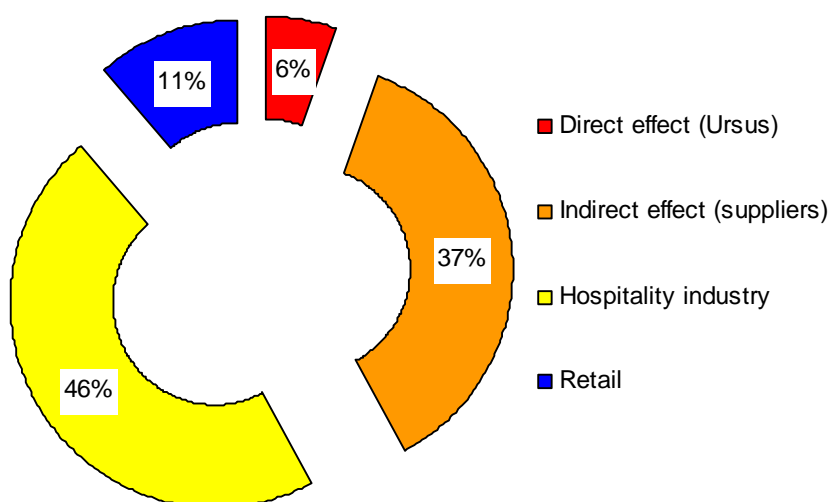
Source: Ursus Breweries.

The economic impact of Ursus Breweries, the subsidiary of SABMiller in Romania, can be expressed as follows:

- ▶ Approximately 1,728 people are employed by Ursus Breweries (SABMiller in Romania) directly.
- ▶ Ursus Breweries produced 5.7 million hectolitres of beer in 2008. The total beer sales of Ursus Breweries in Romania was 5.9 million hectolitres in 2008, a market share of 29.0 percent.
- ▶ Because of goods and services bought in supplying sectors, additional indirect employment of around 11,500 jobs is generated.
- ▶ In the Romanian hospitality sector 14,500 jobs can be attributed to the sale of beer from Ursus Breweries while in the wholesale and retail sector 3,600 persons owe their jobs to Ursus Breweries.
- ▶ The total impact of Ursus Breweries in Romania in terms of employment is thus estimated as 31,300 jobs.
- ▶ The Romanian government also benefits from Ursus Breweries, receiving approximately 226 million euros. This amount consists of 47 million euros excise, 97 million euros VAT, 63 million euros in income-related taxes and 18 million euros in corporate, environmental and other taxes.

The employment impact of Ursus Breweries in Romania is presented below:

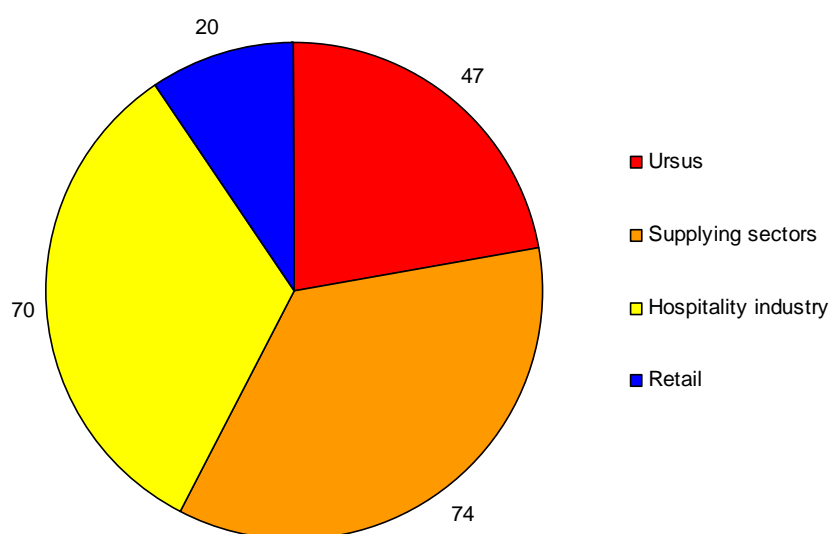
**Total employment in Romania because of SABMiller:
31,400 jobs**



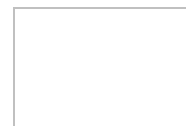
Source: Ernst & Young calculation (2009). (See Annex III for an explanation of the methodology).

The contribution of Ursus Breweries to the Romanian economy can also be expressed in terms of value-added. The total contribution to the Romanian economy in terms of value-added due to production and sale of beer from Ursus Breweries is estimated at 211million euros. Ursus Breweries is directly responsible for 22 percent of this value-added.

Value added in Romania due to SABMiller: 211 million euros

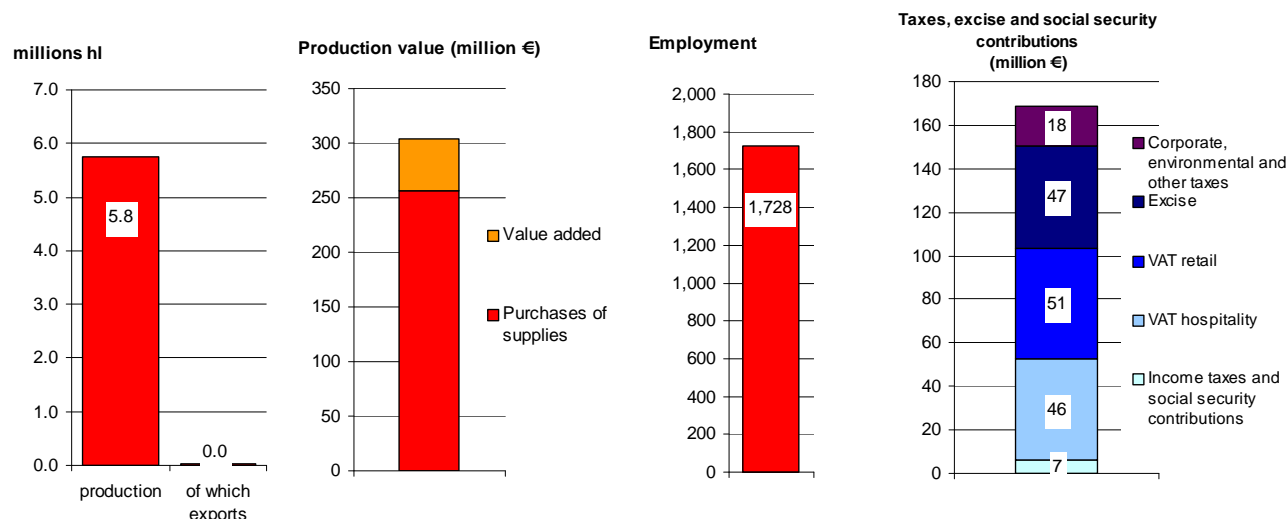


Source: Ernst & Young calculation (2009)



13.2 Direct effect of Ursus Breweries

Ursus Breweries employ 1,728 people. Together they realised a production value of 303 million euros, of which 256 million is spent in supplying sectors. This means that the value-added of the Ursus Breweries was 47 million euros.

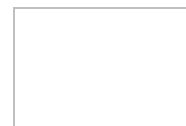


Source: Ernst & Young calculation (2009)

Another substantial direct effect of Ursus Breweries concerns taxes and excises paid by beer brewers and consumers. Excises account for 47 million euros and total VAT income for the Romanian government was estimated at 97 million euros. Personal income taxes and social security contributions paid by employees of Ursus Breweries are 7 million euros.

13.3 Economic impact on goods and services suppliers

Since 85 percent of the total production value of Ursus Breweries is spent on purchasing goods and services, Ursus Breweries have an important economic impact on supplying sectors. The largest proportion of supplies is purchased in the equipment industry, agriculture industry and media and marketing sector. With 3,200 jobs, the employment effect due to the production and sale of beer is the largest in the agricultural sector. The total first-round indirect employment effect is estimated at almost 7,400 employees.

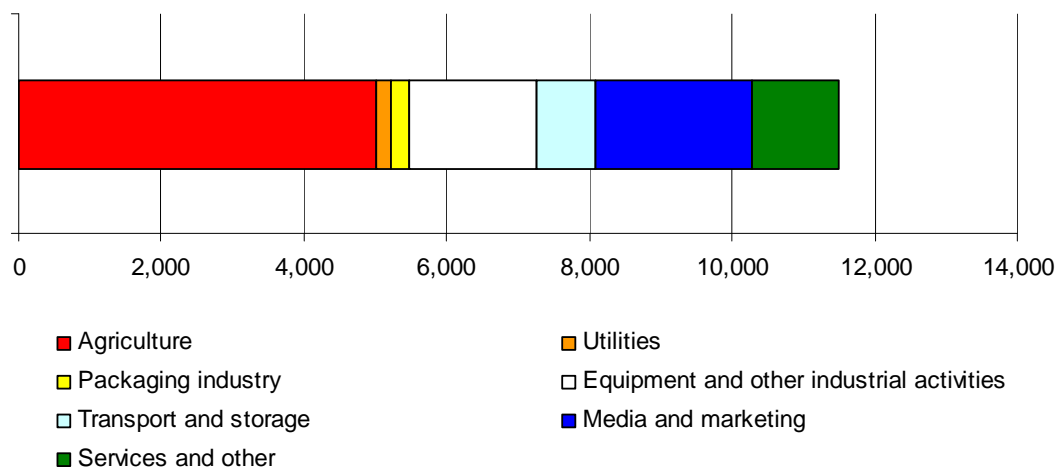


Sectors	Domestic purchases	Central purchases in Romania used by other SABMiller companies	Stimulus for Romania	Turnover per employee ³⁴	Number of employees
	(million €)	(million €)	(million €)	(in €)	
Agriculture	25.0	0.0	25.0	7,667	3,262
Utilities	9.9	0.0	9.9	80,400	123
Packaging industry	5.6	0.0	5.6	31,800	177
Equipment	35.2	1.7	36.9	31,800	1,161
Transport	18.8	0.0	18.8	35,100	535
Media, marketing	34.2	0.0	34.2	24,111	1,421
Services	18.9	0.0	18.9	24,111	784
Total	147.7	1.7	149.4		7,463
First-round impact as percentage of total impact					65%
Total indirect effect (inclusive second-round impact)					11,482

Source: Ernst & Young calculation (2009)

Because the so-called first-round effect is about 65 percent of the total employment effect, the total indirect employment can be estimated at 11,500 jobs. The total indirect employment effects are illustrated below³⁵:

Indirect employment



Source: Ernst & Young calculation (2009)

³⁴ Turnover per employee is obtained from Eurostat,

³⁵ The total indirect employment effects in the graph consist of the first round effects per sector which are calculated in the table above plus a rough estimate of the second round effects per sector.



13.4 Retail and hospitality sectors

Hospitality sector

The economic impact of Ursus Breweries on the hospitality sector is assessed as follows:

- ▶ Approximately 35 percent of Ursus Breweries beer consumption in Romania takes place in the hospitality sector.
- ▶ With a total consumption of 5.9 million hectolitres in 2008 this means 2.0 million hectolitres were consumed in pubs and restaurants.
- ▶ The average consumer price of beer is around 1.42 euros per litre (including VAT). This leads to an estimate of 289 million euros (VAT included) spent by consumers on beer in the hospitality sector, or 243 million euros (VAT excluded).
- ▶ Turnover per employee in the Romanian hospitality sector is 16,700 euros a year. Total employment in hospitality sector arising from beer sales is thus 14,500 jobs.

Retail

The importance of Ursus Breweries for retail can be similarly assessed:

- ▶ About 65 percent of the total consumption of Ursus Breweries beer in Romania is sold by supermarkets and other retail companies.
- ▶ This means that supermarkets and other retail companies sold 3.8 million hectolitres.
- ▶ With an average consumer price of 0.83 euros (incl. 19 percent VAT) per litre, total consumer spending on beer in retail is estimated at 267 million euros (excl. VAT).
- ▶ Because the annual turnover per employee is estimated at 74,200 euros, this means that 3,600 people owe their jobs to Ursus Breweries.

13.5 Government revenues

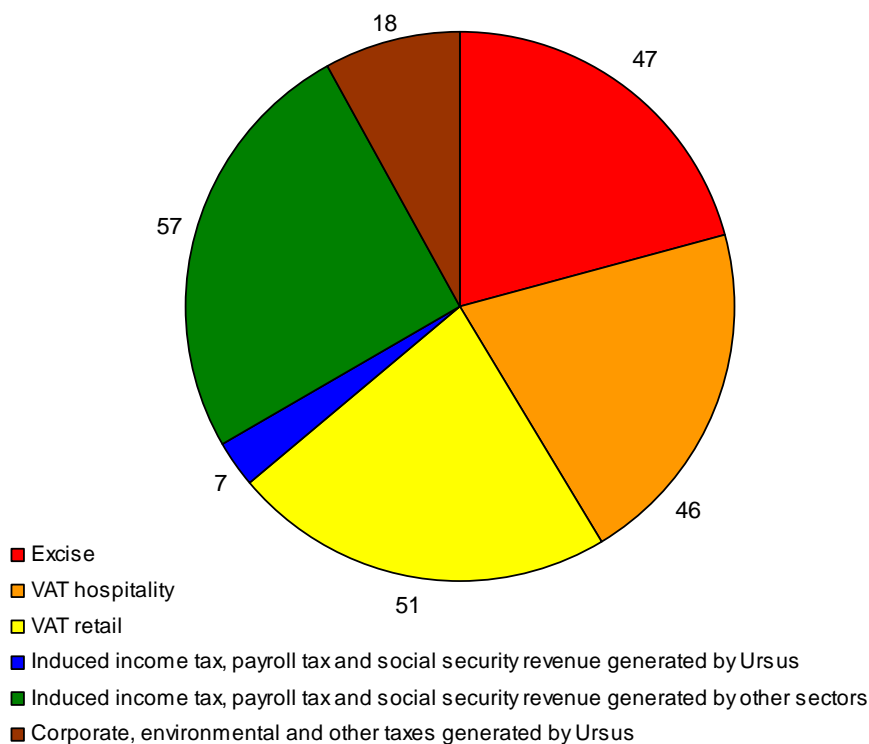
The revenues of excise, VAT and income-related contributions due to the production and sales of beer by Ursus Breweries in Romania are estimated at 226 million euros:

- ▶ VAT revenues due to the sales of Ursus Breweries beer are approximately 97 million euros.
- ▶ The excise revenue due to Ursus beer production and sales amounted to 47 million euros in 2008.³⁶
- ▶ The total income-related government revenues due to Ursus Breweries beer production and sales are approximately 63 million euros. Of this amount 9 million euros consists of personal income tax, 17 million euros of social security contributions paid by employees and 37 million euros are income-related taxes and contributions paid by employers.
- ▶ Ursus Breweries generates 18 million euros in corporate, environmental and other taxes (excluding above mentioned taxes).

³⁶ Source: Asociatia Berarii Romaniei, 2009

Romanian government revenues due to SABMiller:

226 million euros



Source: Ernst & Young calculation (2009)

13.6 Highlights of the regional impact

- ▶ Ursus Breweries are located at five locations in four different parts of Romania. The economic impact of Ursus Breweries on these parts of Romania is considerable.
- ▶ At Ursus Breweries 1,728 people are employed. Furthermore, more than 8,000 jobs in the supplying sectors can be attributed to the purchases of Ursus Breweries.
- ▶ Ursus Breweries' regional importance is confirmed by one of its suppliers. Ursus breweries is the main client of a manufacturer of aluminium beverage cans. All 160 jobs at this manufacturer are related to the purchases to SABMiller.
- ▶ The barley needed for the production of beer is bought in Romania. The regions Timișoara, Buzau and Ialomița, where the barley is cultivated, benefit substantially from the purchases of Ursus Breweries. Almost 400 jobs in the agricultural sector in these regions can be attributed to Ursus Breweries.

Source: Ursus Breweries and Ernst & Young calculation (2009)

Ursus Breweries are located at four locations in four different parts of Romania (see figures A en B). The presence of Ursus Breweries is of great importance for the regions where they are located. The direct employment at these breweries is 1,728. The regional economic impact in terms of employment is estimated for the Nord-Vest (north-west), the Vest (west), the Centru (centre) and the Sud-Est (south-west) of Romania.

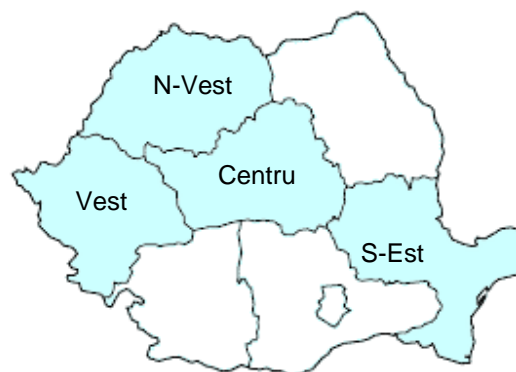


A. Locations of Ursus Breweries



Source: SABMiller

B. Parts of Romania where Ursus Breweries are located



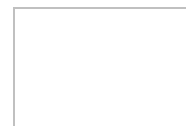
Source: http://circa.europa.eu/irc/dsis/regportraits/info/data/en/ro_national.htm

The following table shows the economic impact of the four breweries for each part of Romania. In all four parts of Romania, Ursus Breweries are responsible for a significant number of jobs in the supplying sectors. The impact is greatest in the West of Romania (Vest). In this part of Romania, approximately 5,700 jobs in the supplying sectors can be attributed to the purchases of Ursus Breweries. The agricultural sector benefits most from the presence of Ursus Breweries. More than 4,000 jobs in the agricultural sector in the West of Romania (Vest) can be attributed to the purchases of Ursus Breweries. The impact of Ursus Breweries on the south-west of Romania is also considerable. In this part nearly 2,000 jobs are related to the purchases of Ursus Breweries. Here, the equipment sector is the sector which benefits most from the presence of Ursus Breweries.

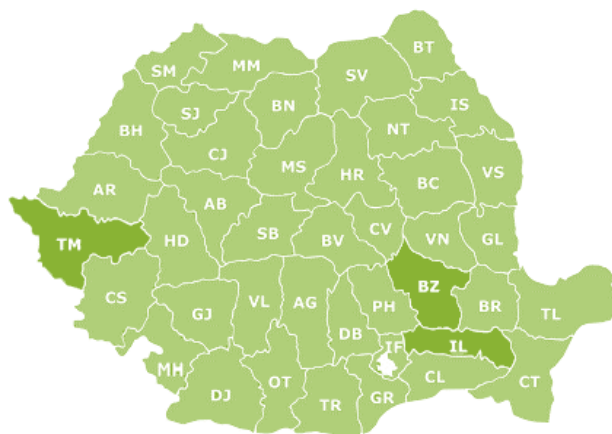
Regions	Sud-Est		Nord-Vest		Vest		Centru	
Sectors	Purchases (million €)	Indirect employ.	Purchases (million €)	Indirect employ.	Purchases (million €)	Indirect employ.	Purchases (million €)	Indirect employ.
Agriculture	2.50	502	0.00	0	21.26	4,266	0.00	0
Utilities	3.45	66	1.97	38	2.47	47	1.97	38
Packaging industry	3.65	177	1.24	60	0.11	5	0.51	24
Equipment	18.60	900	1.30	63	22.00	1,064	1.80	87
Transport	6.58	288	2.82	124	6.58	288	2.82	124
Media, marketing		0		0		0		0
Services	0.82	52	0.34	22	0.08	5	0.51	33
Total	35.61	1,985	7.67	306	52.49	5,676	7.61	305

Source: Ernst & Young calculation (2009)

The importance of the presence of Ursus Breweries in Romania is confirmed by one of their suppliers, a manufacturer of packaging material. This company sells aluminium beverage cans to Ursus Breweries and considers Ursus Breweries as its main client. Their headquarters are in Krakau in Poland and they have already had a business relation with SABMiller for six years. At first they were only active in Poland where they deliver packaging material to Kompania Piwowarska. Since four years they are also located in Romania and they have become one of the suppliers of Ursus Breweries. In Romania 160 people are employed at this manufacturer. As SABMiller is their main client, all jobs are somehow related to the purchases to SABMiller.



The barley needed for the production of beer of Ursus Breweries is bought in Romania. Barley is cultivated in three regions in Romania, namely Timișoara (TM), Buzau (BZ) and Ialomița (IL). These regions are located in the west and south-east of Romania. In the below figure, these regions are coloured darker.



Source: www.financeopengroup.ro/images/acoperire.gif

The purchases of barley in these regions are quite important for the agricultural sector. In 2008 a total of 1.89 million euros was spent on barley in these regions. These purchases are responsible for almost 400 jobs in the agricultural sector.

	Timișoara, Buzau and Ialomița
Purchases of barley (million €)	1.89
Number of jobs in agricultural sector due to these purchases	379

Source: Ernst & Young calculation (2009)

13.7 Highlights of the social and environmental impact

- ▶ In 2008, Ursus Breweries has spent 780,590 euros on sustainable development initiatives.
- ▶ Ursus Breweries is active on six areas of SABMiller's sustainable development priorities. A seventh area will be added in the next three years.
- ▶ An important sustainable development initiative of Ursus Breweries is the 'Put a lid on the Danube Delta waste' project, the main objective of which is to clean the Danube Delta area of waste and to raise awareness of waste recycling and a clean environment.
- ▶ Another important initiative of Ursus Breweries concerns the 'Measure your lifestyle project', the main objective of which is to promote a balanced lifestyle to students, and to prevent abuse (of alcohol, drugs, internet etc.).
- ▶ In 2007-2008 Ursus Breweries has spent approximately 100,000 euros per year in order to support the restoration of historical buildings in the local community. Furthermore, 500 employees of Ursus Breweries are volunteering in a tree planting initiative which takes place twice a year.

Source: Ursus Breweries

Besides its economic impact, Ursus Breweries has large social and environmental impacts on Romania. Sustainable development at Ursus Breweries is as part of the business practice and includes investments, modernisation, process development, and cost-effectiveness programmes.

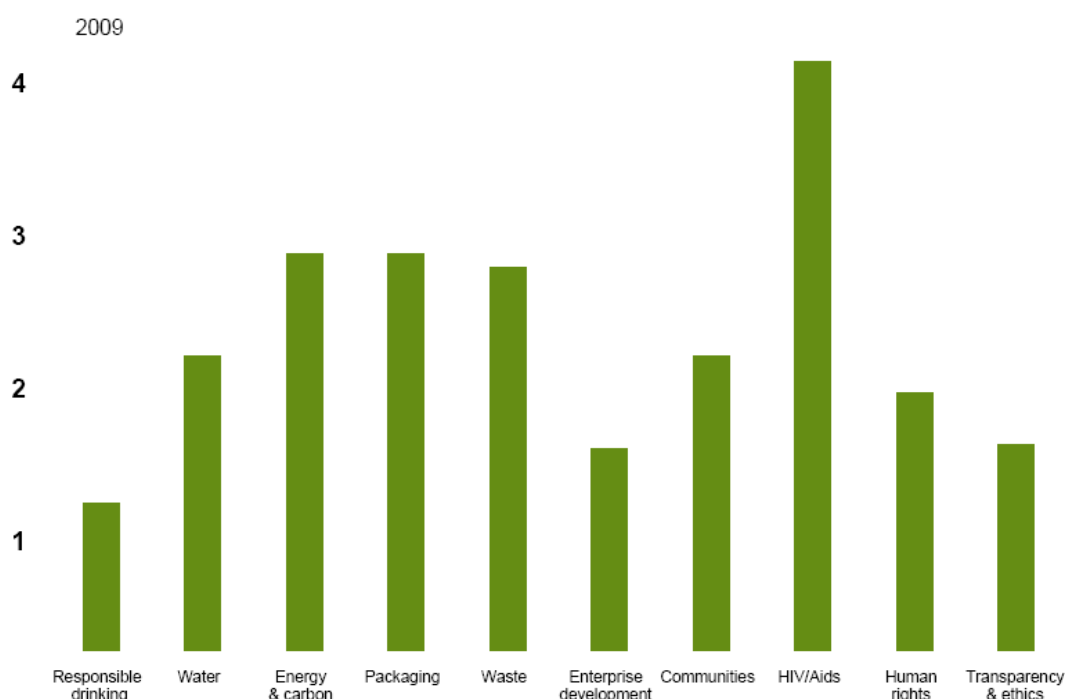


The objectives of Ursus Breweries' sustainable development initiatives are to create awareness for sustainability and responsible drinking, and to motivate employees to be involved in volunteer programmes and educate their staff on sustainable development. Initially, Ursus Breweries' initiatives on sustainable development started more 'ad hoc'. Yet currently these initiatives have become part of an integrated approach. The SABMiller sustainable development priorities are followed, and customised to the local situation for Romania.

In the last three years, Ursus Breweries has undertaken activities with regard to 6 of the 10 trends which SABMiller has set out to focus their efforts on in the field of sustainable development: 1) discouraging irresponsible drinking; 2) making more beer but using less water; 3) reducing energy and carbon footprint; 4) packaging reuse and recycling; 5) working towards zero-waste operations; and 6) benefiting communities. For the next three years initiatives are also planned in these areas of sustainable development, and initiatives on an additional priority (transparency in reporting on SABMiller's progress) will start.

The 'scores' on these trends which SABMiller has set out to focus their efforts on in the field of sustainable development, are kept by SABMiller in a scorecard (the so-called stairways). In the figure below the scores are presented which Ursus Breweries received in 2009 on the different priorities, on a scale of 1 (lowest) to 4 (highest).

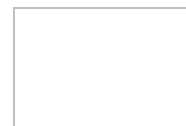
Performance charting – Performance by location – URSUS Breweries (Romania)



Priorities and performance levels

Source: SABMiller

An important initiative in the area of sustainable development of Ursus Breweries is the 'Put a lid on the Danube Delta waste' project (www.maimultverde.ro). The main objective of this initiative is to clean the Danube Delta area of waste, and to raise awareness of waste recycling and a clean environment. Ursus Breweries' budget for this initiative is 100,000 euros. Approximately 130 of Ursus Breweries' staff members are directly involved in the initiatives as



volunteers, each spending 3.5 days a month on the initiative. Besides Ursus Breweries, which is responsible for the initiative and the budget, other stakeholders are also involved, including the NGO 'Mai mult verde', which is active in the field of environmental issues. In addition to the actual cleaning activities, a large communication campaign involving various different media was initiated to generate publicity and 'word of mouth' on the initiative and the initiative's rationale. This communication campaign was extended to the European Parliament, to raise awareness for the Danube Delta as European heritage and for the European-wide responsibility of preserving nature and increasing sustainable development in Europe. Besides resulting in cleaner areas in the Danube Delta, and educating local communities and tourists, this initiative resulted in increased awareness, especially among authorities. Especially the authorities need to be committed to build the legislative infrastructure for keeping the Danube Delta clean, and to prevent further damage to the environment.

Besides this initiative, Ursus Breweries has been very active in promoting a balanced lifestyle and preventing abuse (of alcohol, drugs, internet, etc.). An example of this is the 'Measure your lifestyle' initiative which communicates a balanced lifestyle to students. For this initiative, seminars/workshops among students have been organised. In 2008, ten workshops were organised in different cities. To each workshop, a psychologist and a 'toxicology expert' were invited as experts, and a 'VIP' as a role model for the students. The workshops were held in the form of a dialogue between students and experts on issues that were of concern to the students.

In addition to the workshops, a website was launched. At the end of the workshops, students were asked to participate in a contest in which they could win a prize by describing what a 'balanced lifestyle' should look like. Finally, one of the key benefits of the initiative is that it created a real dialogue with the target group, instead of mass communication. Consequently, the impact of the initiative has been larger than it would have been if a tv campaign would have been launched, and it could generate a greater awareness of a balanced lifestyle. In future, Ursus Breweries will maintain the concept of this initiative and transfer it to new initiatives in this area of sustainable development.

Furthermore, Ursus Breweries is very committed to the local community. In 2008, Ursus Breweries spent approximately 100,000 euros on the restoration of historical buildings in Timișoara, and on planting trees. The tree planting initiative (a million trees in total) occurs twice a year (spring and fall) and involves 500 volunteers of Ursus Breweries' staff.



14. Russia: Impact of SABMiller

14.1 Highlights of the economic impact

Total production (in hectolitres)	5,500,000
Total exports (in hectolitres)	130,000
Total imports (in hectolitres)	50,000
Total consumption (in hectolitres)	5,500,000

Total numbers of employees 2,218

Source: SABMiller RUS

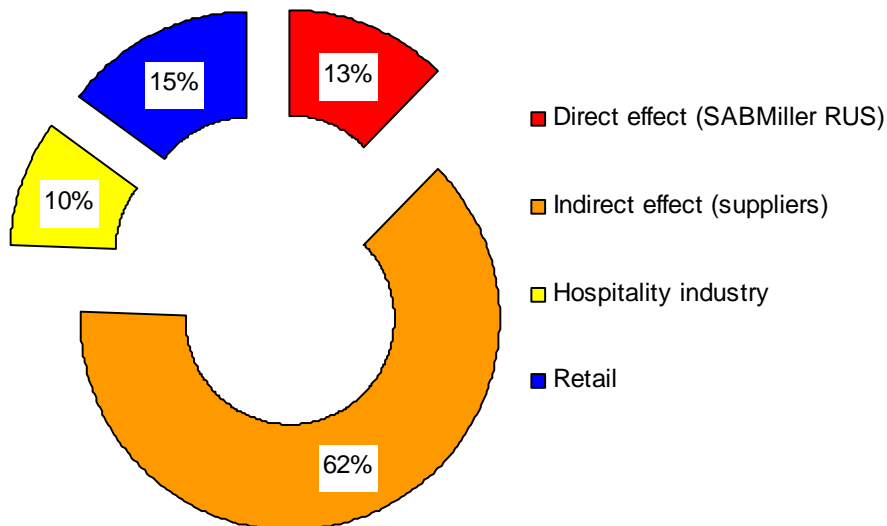
The economic impact of SABMiller RUS, the subsidiary of SABMiller in Russia can be expressed as follows:

- ▶ SABMiller RUS had in 2008 a beer consumption of 5.5 million hectolitres.
- ▶ Approximately 2,218 people are employed SABMiller RUS.
- ▶ Because of goods and services bought in supplying sectors, additional indirect employment of around 11,200 jobs is generated.
- ▶ In the Russian hospitality sector 1,700 jobs can be attributed to the sale of SABMiller RUS beer while in the wholesale and retail sector 2,600 persons owe their jobs to beer sales.
- ▶ Total impact of SABMiller RUS in terms of employment is thus estimated as 17,700 jobs.
- ▶ The government also benefits from the brewing sector, receiving approximately 187 million euros. This amount consists of 41 million euros excise, 94 million euros VAT, 40 million euros in income-related taxes and social security contributions and 12 million on corporate, environmental and other taxes.



The employment impact of SABMiller RUS is presented below:

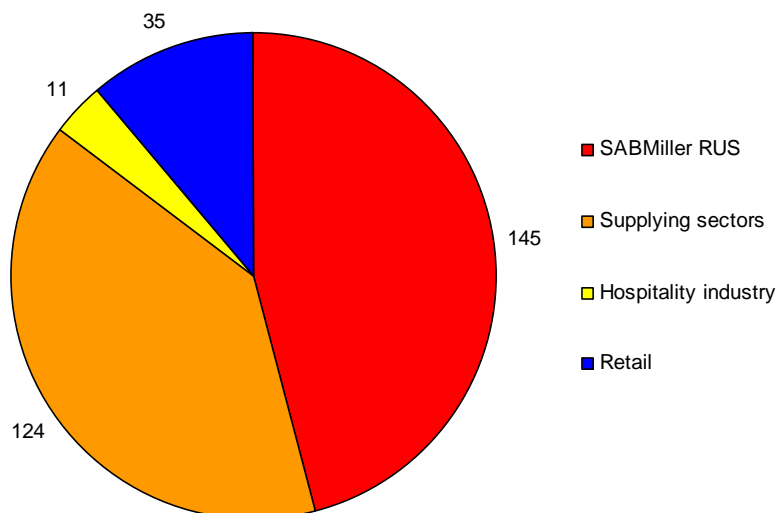
Total employment in Russia because of SABMiller: 17,700 jobs



Source: Ernst & Young calculation (2009). (See Annex III for an explanation of the methodology).

The contribution of the brewing sector to the Russian economy can also be expressed in terms of value-added. The total value-added generated by these 17,700 employees is estimated at 315 million euros:

Value added in Russia due to SABMiller: 315 million euros



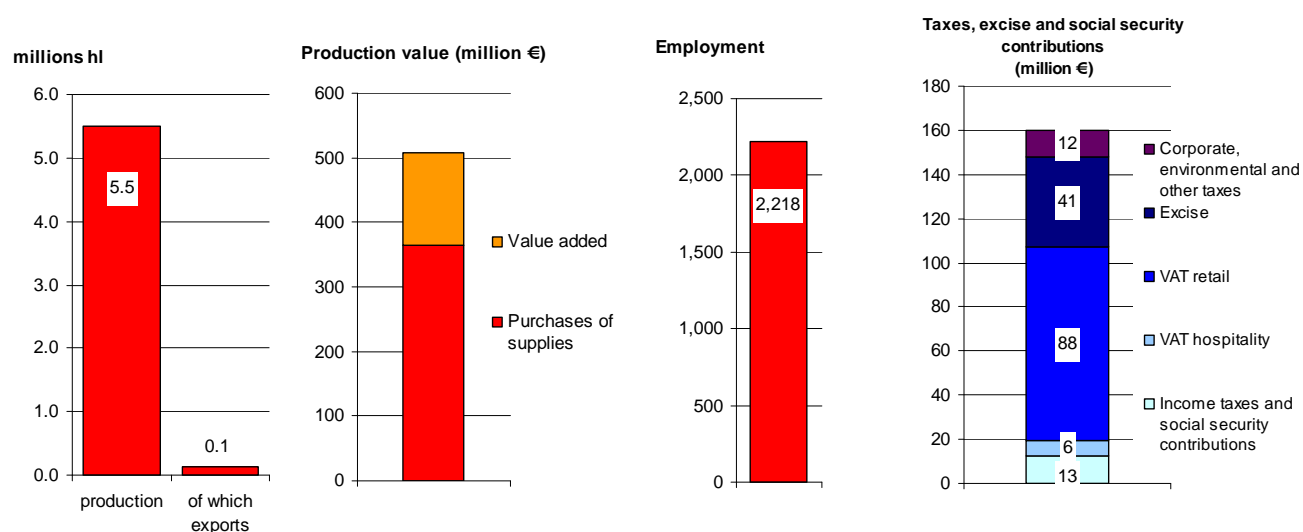
Source: Ernst & Young calculation (2009)



14.2 Direct effect of SABMiller RUS

SABMiller RUS employed 2,218 people in 2008. SABMiller realised a production value of 509 million euros, of which 64 million is spent in supplying sectors. This means that the value-added of SABMiller RUS was 145 million euros.

Another substantial direct effect of the brewing sector concerns taxes and excises paid by SABMiller RUS and consumers of their beer. Excises account for 41 million euros and total VAT income for the Russian government was estimated at 105 million euros. Income taxes and social security contributions paid by employees of SABMiller RUS are 18 million euros. Corporate, environmental and other taxes were estimated at 12 million euros.



Source: Ernst & Young calculation (2009)

14.3 Economic impact on goods and services suppliers

Since 72 percent of the total production value of SABMiller RUS is spent on purchasing goods and services, SABMiller RUS has an important economic impact on supplying sectors. The largest proportion of supplies is purchased from the packaging industry, with further significant spending on agricultural products, media and marketing and transport.

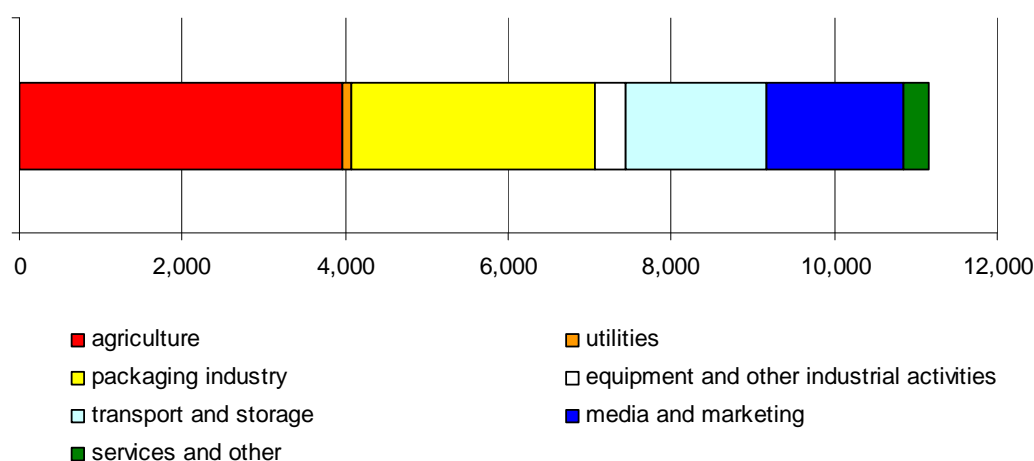


Sectors	Domestic purchases	Central purchases in Russia used by other SABMiller companies	Stimulus for Russia	Turnover per employee ³⁷	Number of employees
	(million €)	(million €)	(million €)	(in €)	
Agriculture	32.6	0.0	32.6	12,672	2,575
Utilities	3.6	0.0	3.6	45,531	80
Packaging industry	102.6	0.0	102.6	52,950	1,937
Equipment	13.1	0.0	13.1	52,950	248
Transport	43.7	0.0	43.7	39,105	1,118
Media, marketing	48.4	0.0	48.4	44,118	1,098
Services	8.7	0.0	8.7	44,118	198
Total	252.8	0.0	252.8		7,253
First-round impact as percentage of total impact					65%
Total indirect effect (inclusive second-round impact)					11,159

Source: Ernst & Young questionnaire among SABMiller breweries (2009) and Russian Statistics Office (2008)

The total indirect employment effects are illustrated below³⁸.

Indirect employment



Source: Ernst & Young calculation (2009)

³⁷ Ernst & Young estimations, based on statistics on value added per employee per sector from the Russian Statistics Office, 2008.

³⁸ The total indirect employment effects in the graph consist of the first round effects per sector which are calculated in the table above plus a rough estimate of the second round effects per sector.



14.4 Retail and hospitality sectors

Hospitality sector

The economic impact of SABMiller RUS on the hospitality sector is assessed as follows:

- ▶ Approximately 3.2 percent of SABMiller RUS beer takes place in the hospitality sector.
- ▶ With a total consumption of 5.5 million hectolitres of SABMiller RUS beer in 2008 this means 176,000 hectolitres were consumed in pubs and restaurants.
- ▶ The average consumer price of SABMiller RUS beer is 2.42 euros per litre (including VAT). This leads to an estimate of 43 million euros (VAT included) spent by consumers on beer in the hospitality sector, or 36 million euros (VAT excluded)
- ▶ Turnover per employee in the Russian hospitality sector is 21,033 euros a year. Total employment in hospitality sector arising from beer sales is thus 1,700 jobs.

Retail

The importance of SABMiller RUS for retail can be similarly assessed:

- ▶ About 96.8 percent of the total SABMiller RUS beer consumption is sold by supermarkets and other retail companies.
- ▶ This means that supermarkets and other retail companies sold approximately 5 million hectolitres of beer from SABMiller RUS.
- ▶ With an average consumer price of 1.08 euros (incl. 19 percent VAT) per litre SABMiller RUS beer, total consumer spending on beer in retail is estimated at 487 million euros (excl. VAT).
- ▶ Because the annual turnover per employee is estimated at 188,133 euros, this means that 2,600 people owe their jobs to retail beer sales.

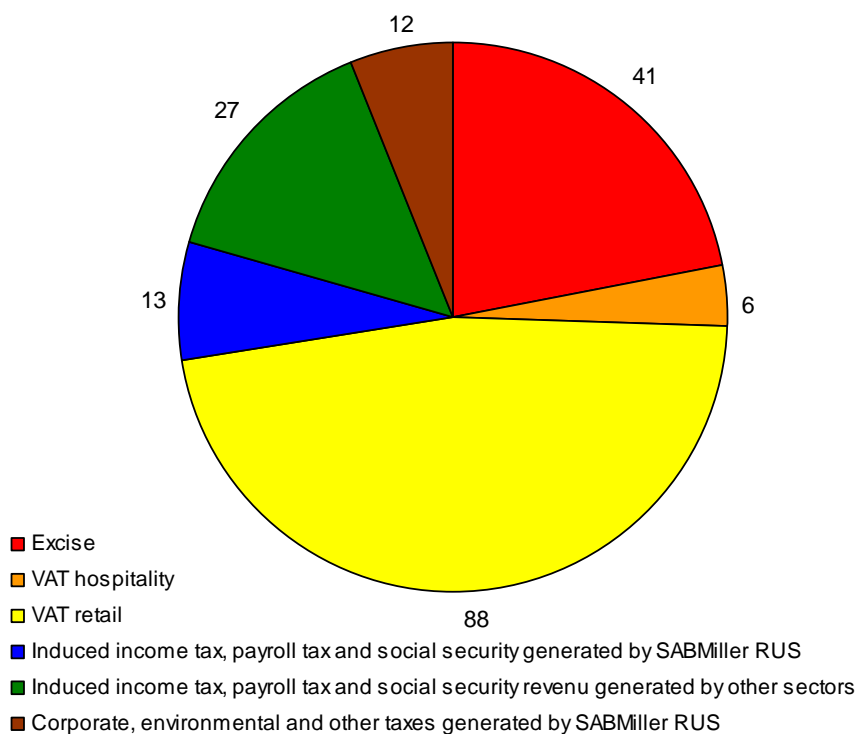
14.5 Government revenues

The revenues of excise, VAT and income-related contributions due to beer production and sales are estimated at 187 million euros:

- ▶ VAT revenues due to the sales of beer are approximately 94 million euros.
- ▶ The excise revenue due to SABMiller RUS beer production and sales amounted to 41 million euros in 2008.
- ▶ The total income-related government revenues due to beer production and sales of SABMiller RUS are approximately 40 million euros.
- ▶ Corporate, environmental and other taxes amount to 12 million euros.



Russian government revenues due to SABMiller: 187 million euros



Source: Ernst & Young calculation (2009)

14.6 Highlights of the regional impact

- ▶ SABMiller RUS operates three breweries in Russia. Two of them have quite recently been acquired. At these breweries 2,218 people are employed.
- ▶ SABMiller RUS is of great importance for the regions where its breweries are located. It is estimated that more than 800 jobs in the supplying sectors in Kaluga Oblast and Primorskiy Kray can be attributed to SABMiller RUS.
- ▶ SABMiller RUS's regional importance is confirmed by one of its suppliers. About 8 percent of its turnover can be attributed to sales to SABMiller RUS.
- ▶ Other regions that benefit substantially from SABMiller RUS are the Tula and St. Petersburg region where most agricultural goods needed for the production of beer of SABMiller RUS are bought. Almost 4,000 jobs can be attributed to these purchases.

Source: SABMiller RUS and Ernst & Young calculation (2009)

SABMiller RUS operates three breweries, located in three different regions in Russia. Together these three breweries employ 2,218 people. As the brewery in Ulyanovsk has just recently been constructed, the impact of this brewery on the supplying sectors is not included in this study. The estimated economic impact concerns the economic impact of the other two breweries: the brewery in Kaluga and the brewery in Vladivostok.



The figures below show the locations of the breweries. From left to right you see the SABMiller RUS brewery in Kaluga, the brewery in Ulyanovsk and the brewery in Vladivostok. The regional impact is estimated for the regions Kaluga Oblast (red coloured region at the left) and Primorskiy Kray (red coloured at the right).

A. Locations of breweries SABMiller RUS



Source: SABMiller

B. Regions (red coloured) where breweries of SABMiller RUS are located and for which economic impact has been estimated.



Source: http://circa.europa.eu/irc/dsis/regportraits/info/data/en/ro_national.htm

The following table shows the economic impact of SABMiller RUS on the two considered regions. The impact on the Kaluga Oblast region is greatest. This is also the region where most SABMiller RUS employees are employed. The transport and storage sectors benefit most from the presence of SABMiller RUS. More than 300 employees in the transport and storage sector in Kaluga Oblast owe their jobs to the production and sale of SABMiller RUS beer. In Primorskiy Kray the packaging industry benefits most from the presence of SABMiller RUS. As this brewery has just recently been acquired, the information available was less detailed. The regional impact of Primorskiy Kray is therefore somewhat underestimated.

Regions Sectors	Primorskiy Kray		Kaluga Oblast	
	Purchases (million €)	Indirect employm.	Purchases (million €)	Indirect employm.
Agriculture	0.36	44	0.00	0
Utilities	0.00	0	3.64	123
Packaging industry	2.86	83	7.18	209
Equipment	0.00	0	1.31	38
Transport	0.00	0	8.74	344
Media, marketing	0.00	0	0.00	0
Services	0.00	0	0.44	15
Total	3.22	127	21.31	729

Source: Ernst & Young calculation (2009)

The regional importance of SABMiller RUS is confirmed by one of its suppliers. A supplier of packaging material attributes its turnover for 8 percent to SABMiller RUS. They've sold packaging material and machines to SABMiller for 10 years already. Three people at the manufacturer work directly for SABMiller RUS in the sales department. Other jobs at other departments can more indirectly be attributed to the sales to SABMiller RUS.



Primorskiy Kray and Kaluga Oblast are not the only regions that benefit from the purchases by SABMiller RUS. The agricultural sectors in the Tula and St. Petersburg regions benefit as well. These regions are coloured blue in the previously shown figure B. In 2008 a total of more than 33 million euros was spent on agricultural goods in these regions. These purchases are responsible for nearly 4,000 jobs in the agricultural sector. The table below presents the number of jobs that can be attributed to the purchases of agricultural goods.

	Tula region	St. Petersburg region
Purchases of agricultural goods malt and hops (million €)	27.80	5.00
Number of jobs in agricultural sector due to these purchases	3,375	607

Source: Ernst & Young calculation (2009)

14.7 Highlights of the social and environmental impact

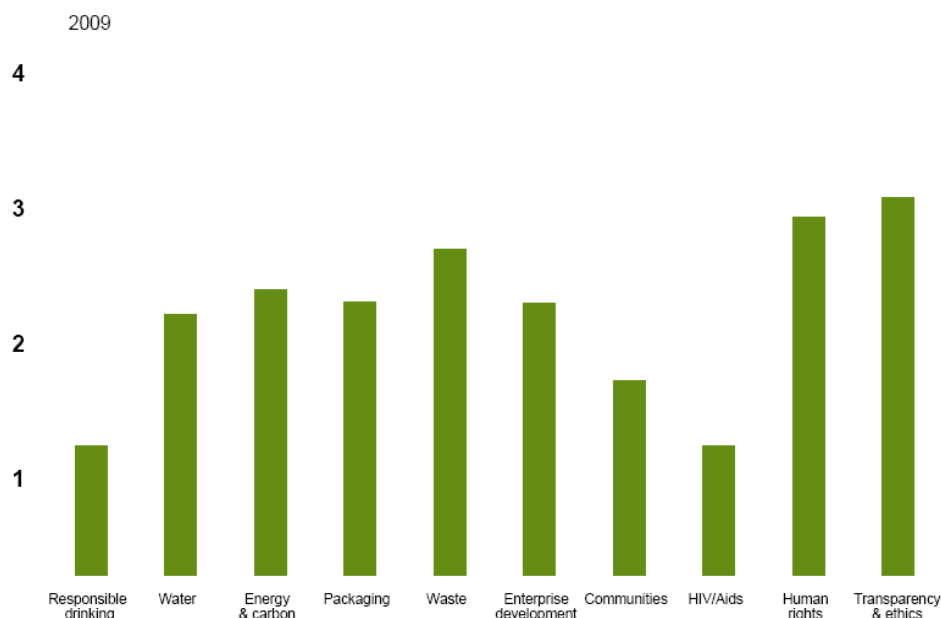
- ▶ In 2008, SABMiller RUS has spent 220,500 euros on sustainable development initiatives.
- ▶ SABMiller RUS is active on all ten areas of SABMiller's sustainable development priorities.
- ▶ An important sustainable development initiative of SABMiller RUS is the 18+ campaign, the main objective of which is to prevent sales of beer to the underaged.
- ▶ In 2007-2008 SABMiller RUS has spent approximately 235,000 euros in order to support a children's tuberculosis hospital in the local community.

Source: SABMiller RUS

Besides its economic impact, SABMiller RUS has large social impacts on Russia. Sustainable development at SABMiller RUS takes place as part of the business practice including investments, modernisation, process development, and cost-effectiveness programs.



Performance charting – Performance by location – SABMiller RUS (Russia)



Priorities and performance levels

Source: SABMiller Europe

The objectives of SABMiller RUS's sustainable development activities are to be a responsible company with a large emphasis on environmentally conscious management, and to have a sustainable production process. In the last three years SABMiller RUS has undertaken activities with regard to all 10 trends which SABMiller has set out to focus their efforts on in the field of sustainable development: 1) discouraging irresponsible drinking; 2) making more beer but using less water; 3) reducing energy and carbon footprint; 4) packaging reuse and recycling; 5) working towards zero-waste operations; 6) building supply chains that reflect SABMiller's values and commitments; 7) benefiting communities; 8) contributing to the reduction of HIV/AIDS; 9) respecting human rights; 10) transparency in reporting on SABMiller's progress. Also for the next three years initiatives are planned in these areas of sustainable development. The Sustainable Assessment Matrix (SAM)³⁹ shows that the performance level of SABMiller RUS is especially high in reducing waste, human rights and transparency/ ethics.

An important initiative in the area of sustainable development of SABMiller RUS is the alcohol responsibility initiative the '18+ Campaign'. The main goal of this initiative is preventing the consumption of beer by people under the age of 18. The initiative has started in 2007 and is ongoing. SABMiller RUS has had a share of 25 percent in the total budget for the initiative. The annual SABMiller RUS budget for this initiative is 100,000 euros. Four of SABMiller RUS staff members are directly involved in the initiatives, while the whole company is assisting. Besides SABMiller RUS, which is responsible for the initiative and the budget, other stakeholders are also involved, including the Union of Russian Brewers, the Russian Trade Union and the (regional) government. The 18+ Campaign was organised by the Russian brewing industry as a whole and consisted of several stages.

³⁹ SAM is a management system that measures the performance of SABMiller breweries on 10 sustainable development priorities (see annex VI).



The first stage contained adopting the industry-wide warning 'Beer sales to people under 18 years of age is prohibited'. This warning was promoted and voluntarily placed on all advertisements, retail outlets and on product labels (only on product labels owned by SABMiller RUS). The second stage included the organisation of special events in which beer companies, municipal authorities and the media participated to check whether retailers follow the rule that customers under the age of 18 are checked. The action results were widely covered by the media, thereby discouraging retailers to act irresponsibly by selling beer to minors. The campaign was financed by all major Russian beer companies, including SABMiller RUS.

Besides this initiative, SABMiller RUS has been very active in initiatives supporting the local community. An example is the initiative which supports a tuberculosis hospital for children. This is a initiative that will run for six years. In 2007 a budget of 70,000 euros was spent on this initiative. In 2008, SABMiller RUS committed 100,000 euros to this initiative. A large part of SABMiller RUS staff was involved in the initiative, and together they spent over 500 hours on the initiative in 2008. Another example is equipment worth 22,500 euros, which SABMiller RUS contributed to the AIDS centre in Ulyanovsk. Four SABMiller RUS staff members were involved in this initiative.

Furthermore, SABMiller RUS carried out a initiative to reduce water consumption by 70 percent, by introducing recycling and condensing technologies. This initiative ran for two years and included a budget commitment by SABMiller RUS of 30,000 euros. Ten members of SABMiller RUS were directly involved in the initiative.



15. Slovakia: Impact of SABMiller

15.1 Highlights of the economic impact

Total production (in hectolitres)	1,307,000
Total exports (in hectolitres)	27,000
Total imports (in hectolitres)	292,000
Total consumption (in hectolitres)	1,572,000

Total numbers of employees 1,188

Source: Pivovary Topvar * Ernst & Young data calculation.

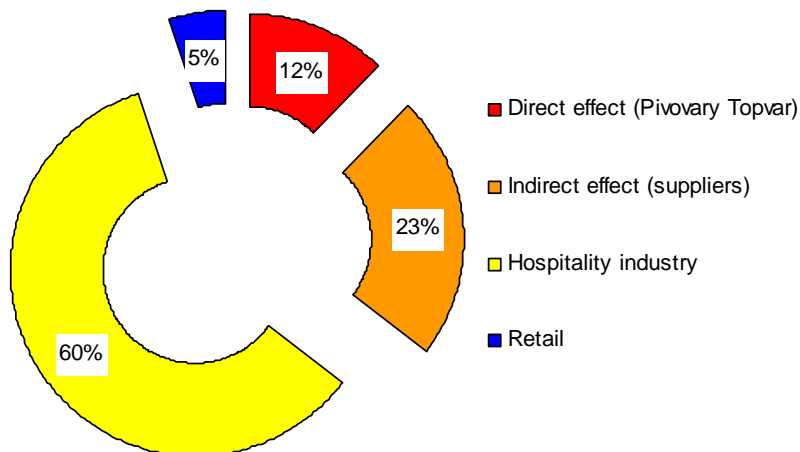
The economic impact of Pivovary Topvar, the subsidiary of SABMiller in Slovakia can be expressed as follows:

- ▶ Pivovary Topvar (SABMiller in Slovakia) employs 1,188 staff.
- ▶ Pivovary Topvar generates important indirect effects within supply sectors. It is estimated that 2,300 supply industry jobs can be attributed to Pivovary Topvar, with the services sectors benefiting most.
- ▶ In the hospitality sector, around 5,900 jobs can be attributed to the brewing sector and in retail around 500 employees owe their jobs to beer sales.
- ▶ The total employment effect of Pivovary Topvar on the Slovak economy can be estimated at around 10,700 jobs.
- ▶ The Slovak government also benefits from the production and consumption of beer from Pivovary Topvar. Excise revenues are 25 million euros a year and total VAT revenues are estimated at 37 million euros. Furthermore, 31 million euros are generated through income-related revenues due to the employees who owe their jobs to Pivovary Topvar and around 0.5 million is paid by Pivovary Topvar in corporate, environmental and other taxes. The total revenues of the Slovakian government thus amount to 94 million euros.



The production and sales of Pivovary Topvar beer generates approximately 9,800 jobs:

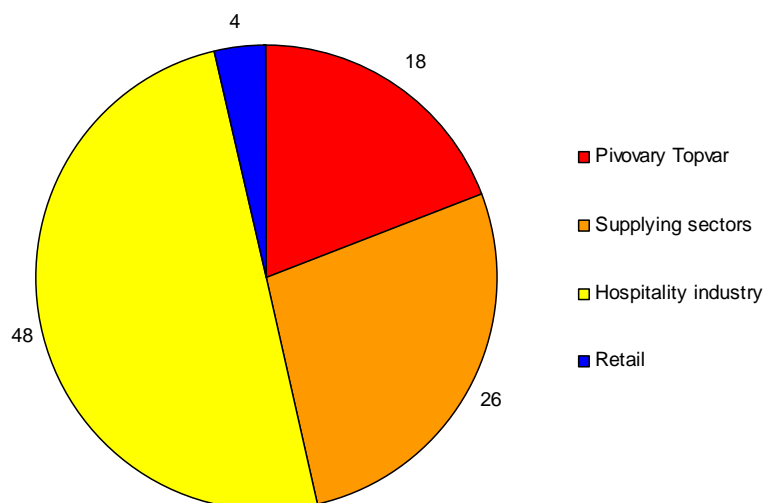
**Total employment in Slovakia because of SABMiller:
9,800 jobs**



Source: Ernst & Young calculation (2009). (See Annex III for an explanation of the methodology).

The total contribution to the Slovak economy in terms of value-added due to Pivovary Topvar is estimated at 95 million euros. The hospitality sector accounts for almost half of total value-added due to the production and consumption of beer from Pivovary Topvar in Slovakia.

Value added in Slovakia due to SABMiller: 95 million euros

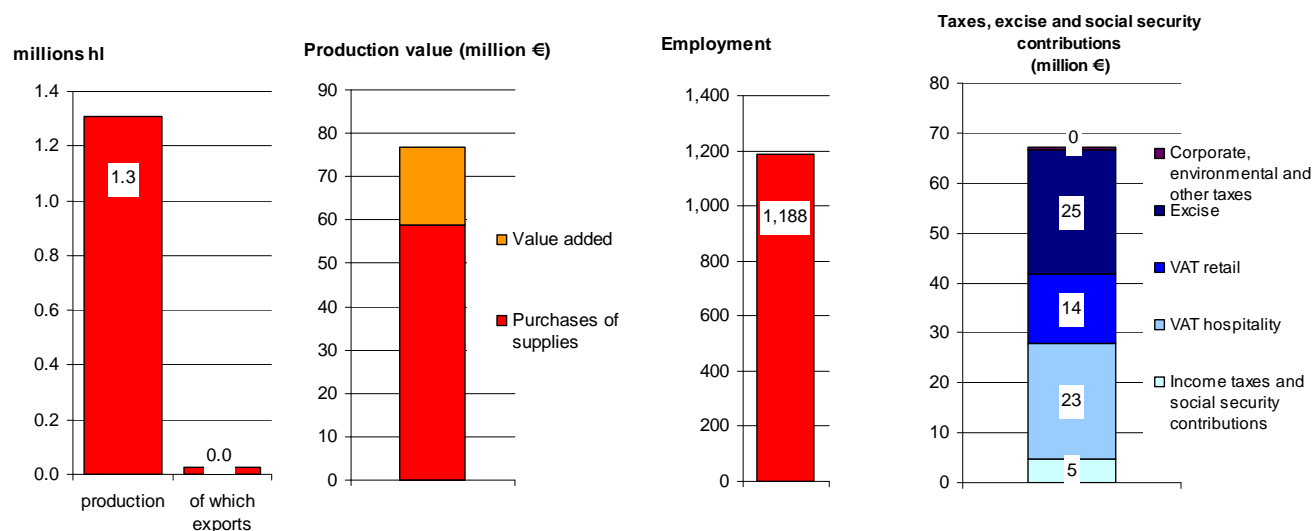


Source: Ernst & Young calculation (2009)

Pivovary Topvar's share in overall value-added arising from the production and sale of beer of beer from Pivovary Topvar is 19 percent, which is significantly higher than their share in total employment arising from beer (12 percent). An explanation for this is the relatively high productivity of their employees.



15.2 Direct effect of Pivovary Topvar



Source: Ernst & Young calculation (2009)

Direct employment at the Pivovary Topvar breweries is around 1,200 employees. These employees together generate a production value of approximately 77 million euros, consisting of 18 million euros value-added and 59 million euros of supplied goods. The direct revenues (excise, VAT, and income-related revenues from employees of Pivovary Topvar) which the Slovak government receives amount to approximately 67 million euros.

15.3 Economic impact on goods and services suppliers

More than half of all the indirect employment generated by Pivovary Topvar is within the agricultural sector. This is also the sector where most money is spent on goods and services. Including central purchases by SABMiller, almost 20 of 56 million euros (total purchases) is spent on agricultural goods. The production of barley and malt has a long tradition in Slovakia. As early as the 11th century Slovak tenants were brewing beer from hops and barley grown in their backyards. Since the end of the 19th century, Slovakia is one of the most important producers of barley and malt in central Europe.

Other sectors which benefit substantially from the brewing sector are packaging, transport, the media and the marketing sector. As the primary employment effect can be estimated at about 65 percent of the total impact, the total impact will be about 2,300 jobs.

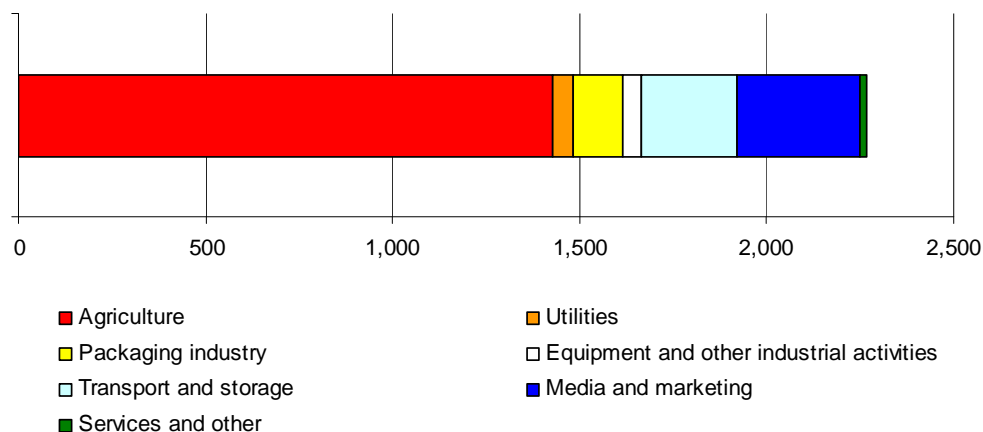


Sectors	Domestic purchases	Central purchases in Slovakia used by other SABMiller companies	Stimulus for Slovakia	Turnover per employee ⁴⁰	Number of employees
	(million €)	(million €)	(million €)	(in €)	
Agriculture	19.6	0.0	19.6	21,069	928
Utilities	7.0	0.0	7.0	194,500	36
Packaging industry	6.1	1.8	7.9	93,400	84
Equipment	3.3	0.0	3.3	93,400	35
Transport	8.2	0.0	8.2	50,000	164
Media, marketing	9.4	0.0	9.4	44,235	212
Services	0.6	0.0	0.6	44,235	13
Total	54.2	1.8	56.0		1,474
First-round impact as percentage of total impact					65%
Total indirect effect (inclusive second-round impact)					2,267

Source: Ernst & Young calculation (2009)

The total indirect employment effects are illustrated below⁴¹:

Indirect employment



Source: Ernst & Young calculation (2009)

15.4 Retail and hospitality sectors

Hospitality sector

The economic impact of Pivovary Topvar on the Slovakian hospitality sector is assessed as follows:

- ▶ About 51 percent of all beer sales from Pivovary Topvar in Slovakia is sold by the hospitality sector (on-trade), which means 802,000 hectolitres are sold on-trade.

⁴⁰ Turnover per employee is obtained from Eurostat,

⁴¹ The total indirect employment effects in the graph consist of the first round effects per sector which are calculated in the table above plus a rough estimate of the second round effects per sector.



- ▶ The average consumer price of beer from Pivovary Topvar in Slovakiens pubs and restaurants is estimated at 1.82 euros a litre (including VAT), so that total consumer spending on beer in the hospitality sector is 146 million euros (including VAT).
- ▶ Net consumer spending on beer is thus estimated at 122 million euros (using a 19 percent VAT tariff).
- ▶ With an average hospitality turnover of 20,900 euros (excluding VAT) per person, this results in 5,900 hospitality sector jobs attributable to Pivovary Topvar.

Retail

The importance of the Pivovary Topvar for retail can be similarly assessed:

- ▶ Around 49 percent (770,000 hectolitres) of the total consumption of beer from Pivovary Topvar in Slovakia is sold by supermarkets and other retail outlets.
- ▶ With an average consumer price of 1.12 euros per litre (including VAT), total retail consumer spending on beer is estimated at 86 million euros. Total consumer spending excluding VAT is thus 72 million euros.
- ▶ With turnover per employee estimated at 144,200 euros (excluding VAT), this means around 500 employees in the Slovakian retail sector owe their jobs to Pivovary Topvar.

15.5 Government revenues

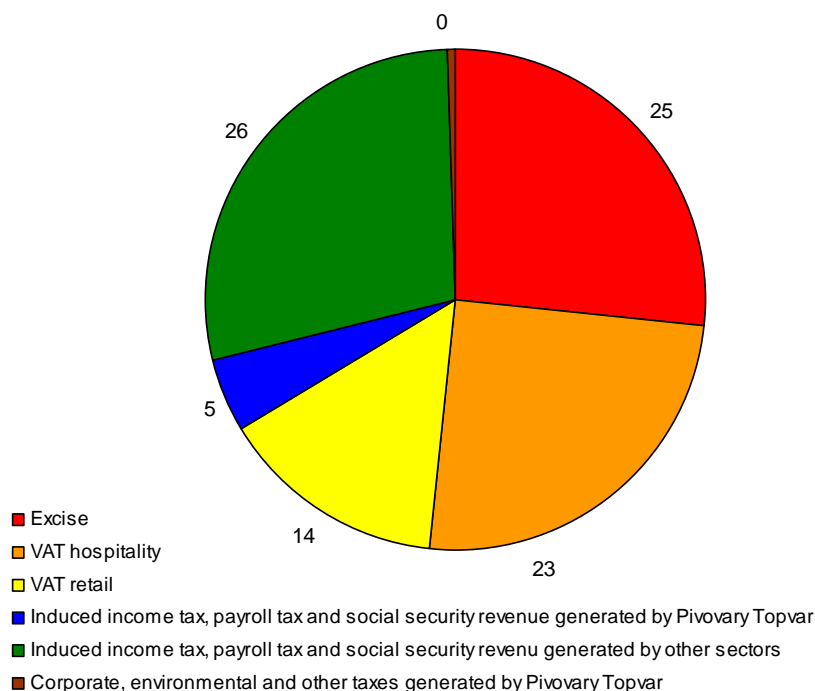
The revenues of excise, VAT and income-related contributions due to the production and sale of beer by Pivovary Topvar are estimated at 94 million euros:

- ▶ VAT revenues are estimated at 37 million euros. The main part of these VAT revenues is generated in the hospitality sector.
- ▶ The total amount of excise revenues due to Pivovary Topvar beer is 25 million euros.
- ▶ Income-related revenues due to beer production and sales are approximately 31 million euros. They consist of 6 million euros in income tax, 8 million euros social security contributions paid by employees and 18 million euros social security taxes and payroll taxes paid by employers.
- ▶ Pivovary Topvar generates approximately 0.5 million euros in corporate, environmental and other taxes (excluding above-mentioned taxes).



Slovakian government revenues due to SABMiller:

94 million euros



Source: Ernst & Young calculation (2009)

15.6 Highlights of the regional impact

- ▶ Pivovary Topvar operates two breweries in the eastern and western part of Slovakia. At these breweries 1,188 people are employed.
- ▶ The regional impact of Pivovary Topvar is considerable. In the eastern (Východné Slovensko) and western part of Slovakia (Západné Slovensko) more than 1,500 jobs in the supplying sectors can be attributed to purchases made by Pivovary Topvar.
- ▶ Pivovary Topvar's regional importance is confirmed by one of its suppliers. About 160-165 jobs of this supplier depend on the sales to Pivovary Topvar.

Source: Pivovary Topvar and Ernst & Young calculation (2009)

Pivovary Topvar operates two breweries located in the east and west of the country (figure A). The presence of Pivovary Topvar is of great importance for the regions where they are located. Pivovary Topvar employs 1,188 people. The regional economic impact in terms of employment is estimated for the western part (Západné Slovensko) and eastern part (Východné Slovensko) of Slovakia.

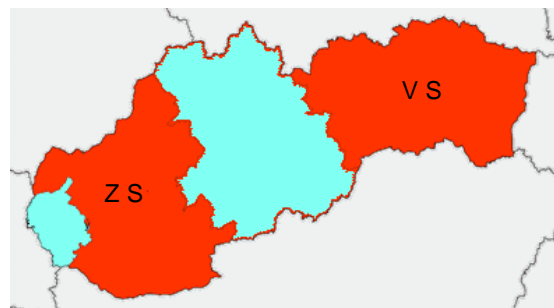


A. Locations of Pivovary Topvar



Source: SABMiller

B. Regions of Slovakia where Pivovary Topvar are located



Source : http://ec.europa.eu/regional_policy/country/prordn/image.cfm?id=1028

The following table shows the economic impact of Pivovary Topvar on the supplying sectors in the two considered parts of Slovakia. Pivovary Topvar is responsible for more than 1,500 jobs in the supplying sectors in Západné and Východné Slovensko. Západné Slovensko benefits most from the presence of Pivovary Topvar. This is especially true for the agricultural sector, where nearly 1,000 jobs can be attributed to the purchases made by Pivovary Topvar. The agricultural sector in Východné Slovensko also benefits significantly. More than 400 jobs in the agricultural sector in this region can be attributed to the purchases made by Pivovary Topvar.

Regions	Západné Slovensko		Východné Slovensko	
Sectors	Purchases (million €)	Indirect employm.	Purchases (million €)	Indirect employm.
Agriculture	13.69	999	5.87	428
Utilities	2.82	22	4.23	33
Packaging industry	0.00	0	0.61	10
Equipment	0.99	16	1.64	27
Transport	0.00	0	0.00	0
Media, marketing	0.00	0	0.00	0
Services	0.03	1	0.03	1
Total	17.52	1,039	12.38	500

Source: Ernst & Young calculation (2009)

The importance of Pivovary Topvar is confirmed by a supplier located in Bratislava. This supplier is responsible for the transport and logistics of beer produced by Pivovary Topvar. They have already had a business relation with Pivovary Topvar since 2000. In the period 2004-2005 they have taken over local distribution activities, which made it possible to offer more additional services to Pivovary Topvar. Because of these new activities their business relations have grown stronger. The sales to Pivovary Topvar are responsible for a share of 20 percent in turnover and for 160-165 jobs.

Other parts of Slovakia benefit as well from the purchases made by Pivovary Topvar. As no detailed data on these purchases are available, the economic impact of these purchases not considered here. The regional importance of Pivovary Topvar is therefore even greater than the figures imply.



15.7 Highlights of the social and environmental impact

- ▶ The total budget for sustainable development initiatives amounted to 150,119 euros in 2008.
- ▶ Topvar finances charity initiatives, invests in communities and is involved in alcohol responsibility initiatives.
- ▶ An important initiative in the area of sustainable development of Pivovary Topvar is the Citizen's Choice initiative in which several stakeholders from the regional community are involved.
- ▶ Topvar has spend 106,884 euros on sponsoring local sports clubs last year.

Source: Pivovary Topvar.

Besides its economic impact, Pivovary Topvar also has social impacts on the Western and Eastern part of the country (Západné Slovensko and Východné Slovensko). Topvar is very involved in the local communities in the regions of their breweries and in 2008 the company has spent 150,119 euros on sustainable development initiatives. Last year Pivovary Topvar has spent 106,884 on sponsoring sport clubs in small towns and villages. The reason why Pivovary Topvar is sponsoring these sports clubs is because they have an important social role in these communities and they would not be able to survive without the financial support. Social life in these communities is very much connected with these sports clubs.

Besides sponsoring local sports clubs Pivovary Topvar also finances charity programmes. These programmes mainly focus on culture and tradition in the regions where the breweries are situated. The charity programmes are executed by non-governmental organisations (NGO's) in close cooperation with Pivovary Topvar. For example, Pivovary Topvar financed a compact disc and a tour for musicians who play traditional music from Východné Slovensko.

An important charity program is the Citizen's Choice. In this programme several stakeholders, such as the media, NGO's, employees and also citizens are involved. The programme was initiated in 2005 as a small scale programme after the example of Plzeňský Prazdroj (SABMiller in the Czech Republic) who has a similar programme. Over the last years the popularity of the Citizen's Choice has increased and in 2008 the budget for this programme was 19,916 euros. NGO's can send in a project for the Citizen's Choice programme. A representative council consisting of prominent people (town mayors, journalists, representatives from the regional government etc.) selects the twenty best project proposals. These twenty projects will be made public in the regional newspaper and then citizens can vote for the project which they think is the best and which should receive money from the Citizen's Choice programme. Last year 8 projects were supported with money from the programme including an international handball tournament, a sports club for deaf children and a number of environmental and cultural initiatives.

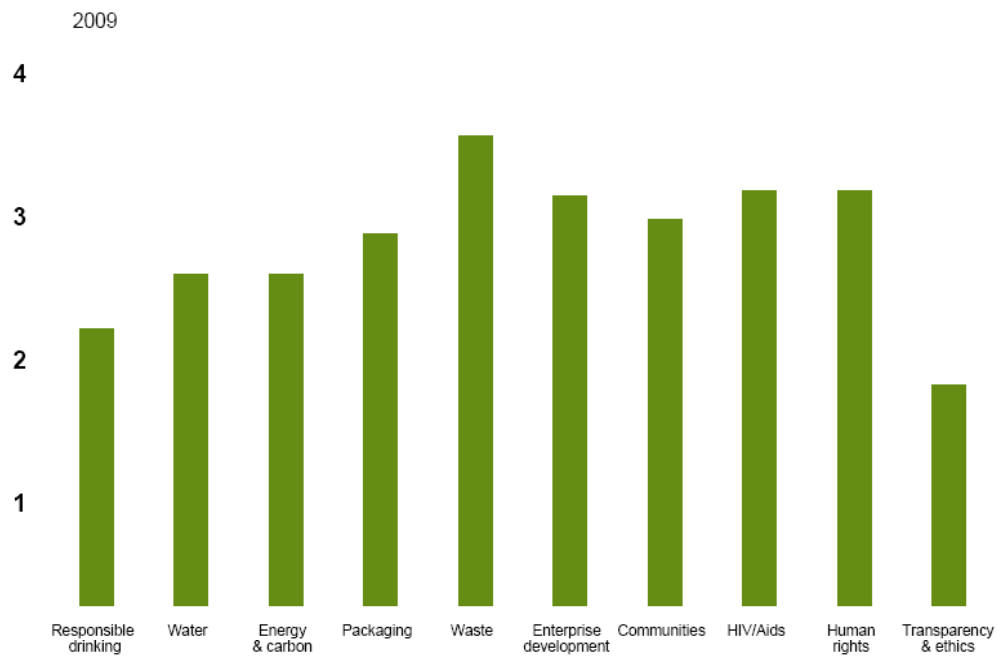
Pivovary Topvar is also involved in alcohol responsibility initiatives. The company has launched a initiative which informs the public about responsible drinking and the danger of drinking and driving. Furthermore, Pivovary Topvar was involved in the 'Don't drink and drive Campain' in 2007 which was mainly financed by the Ministry of Transport, Post and Telecommunications of the Slovak Republic.

The scores of Pivovary Topvar on the Sustainable Assesment Matrix (SAM)⁴² are presented below. The many sponsorships and initiatives that Pivovary Topvar is involved in in local communities are reflected by a high score on this topic. On most of the other 9 sustainable development priorities Pivovary Topvar scores rather high as well, with the best performance on reducing waste.

⁴² SAM is a management system that measures the performance of SABMiller breweries on 10 sustainable development priorities (see anex VI).



Performance charting – Performance by location – Topvar (Slovakia)



Priorities and performance levels

Source: SABMiller Europe.



16. Spain: Impact of SABMiller

16.1 Highlights of the economic impact

Total production (in hectolitres)	861,408
Total exports (in hectolitres)	2,090
Total imports (in hectolitres)	16,529
Total consumption (in hectolitres)	865,456

Total numbers of employees 470

Source: Cervecera de Canarias.

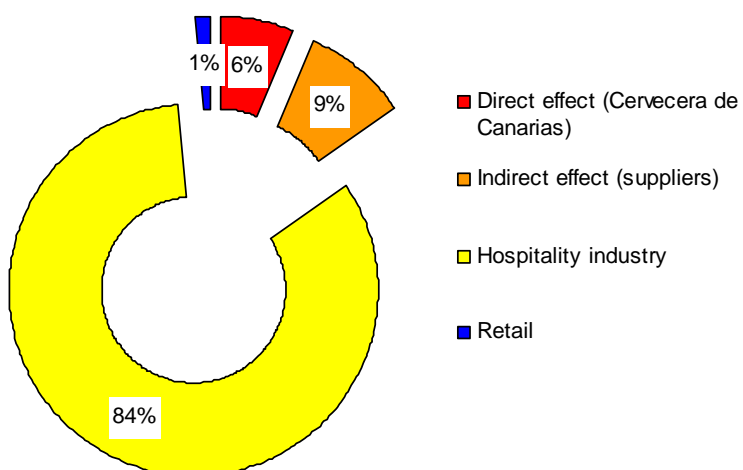
The economic impact of Cervecera de Canarias, the subsidiary of SABMiller in Spain can be expressed as follows:

- ▶ Direct employment by Cervecera de Canarias (SABMiller in Spain) is 470 employees.
- ▶ The brewing sector generates important indirect effects within supply sectors. It is estimated that about 700 supply industry jobs can be attributed to Cervecera de Canarias (beer sales).
- ▶ Besides these direct and indirect effects, the hospitality sector and retailers benefit through beer sales. In the hospitality sector, 6,100 jobs can be attributed to beer, while in retail some 100 people owe their jobs to beer sales.
- ▶ The total employment impact is thus 7,400 jobs.
- ▶ The Spanish government benefits from Cervecera de Canarias, receiving approximately 95 million euros in taxes and excises. Excise revenues amount to 6 million euros, VAT collected on beer (sold in the hospitality sector and through retailers) is estimated at 15 million euros. Revenues from direct income taxes paid by brewery employees, employees of their suppliers and in hospitality and retail add up to an estimated 71 million euros. Corporate, environmental and other taxes amount to another 2 million euro.



The employment impact of Cervecería de Canarias sector is presented below:

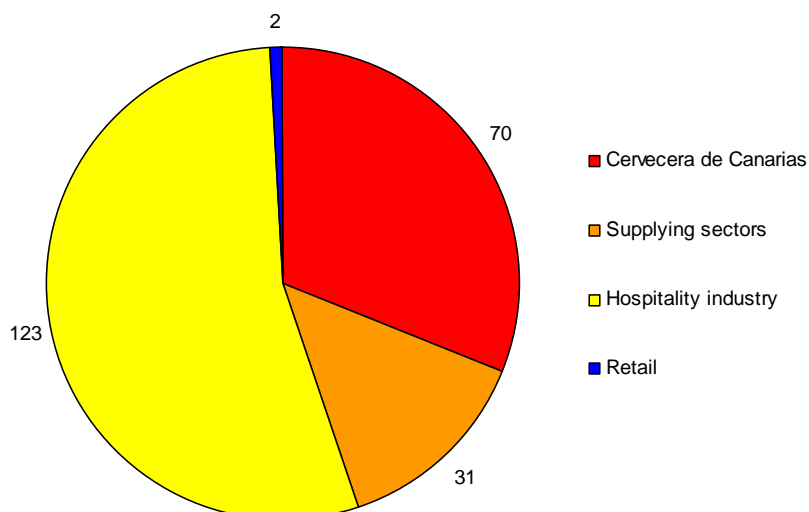
**Total employment in Spain because of SABMiller:
7,400 jobs**



Source: Ernst & Young calculation (2009). See Annex III for an explanation of the methodology.

The contribution of Cervecería de Canarias to the Spanish economy can also be expressed in terms of value-added. The total value-added generated by these 7,400 jobs is estimated at 225 million euros:

Value added in Spain due to SABMiller: 225 million euros

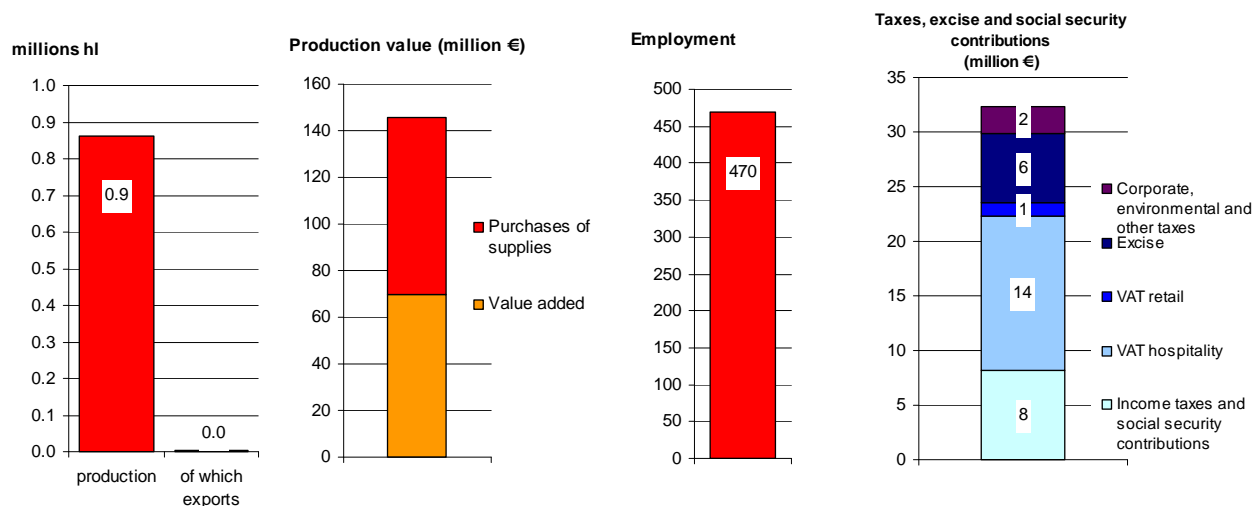


Source: Ernst & Young calculation (2009)



16.2 Direct effect of Cervecería de Canarias

The direct economic impact of Cervecería de Canarias covers 470 employees who together produce beer worth over 146 million euros.



Source: Ernst & Young calculation (2009)

Another substantial direct effect of the brewing sector concerns taxes and excises paid by beer brewers and consumers. Excises account for 6 million euros and total VAT income for the Spanish government was estimated at 45 million euros. Income taxes and social security contributions paid by employees and employers of Cervecería de Canarias are 8 million euros.



16.3 Economic impact on goods and services suppliers

With 48 percent of the value of the output produced staying within the firm as value-added, the other 52 percent of 146 million euros in total turnover accrues to a number of suppliers. This stimulus of over 75 million euros has significant economic impact on supply sectors. In Spain almost 61 million euros is spent on goods and services needed for the production and sale of beer.

Sectors	Domestic purchases	Central purchases in Spain used by other SABMiller companies	Stimulus for Spain	Turnover per employee ⁴³	Number of employees
	(million €)	(million €)	(million €)	(in €)	
Agriculture	0.4	0.0	0.4	43,483	9
Utilities	2.6	0.0	2.6	849,600	3
Packaging industry	10.9	1.6	12.5	204,100	61
Equipment	5.5	0.0	5.5	204,100	27
Transport	12.1	0.0	12.1	142,700	85
Media, marketing	12.4	0.0	12.4	105,797	117
Services	15.2	0.0	15.2	105,797	144
Total	59.2	1.6	60.8		446
First-round impact as percentage of total impact					65%
Total indirect effect (inclusive second-round impact)					687

Source: Ernst & Young questionnaire among SABMiller breweries (2009) and Eurostat (2006)

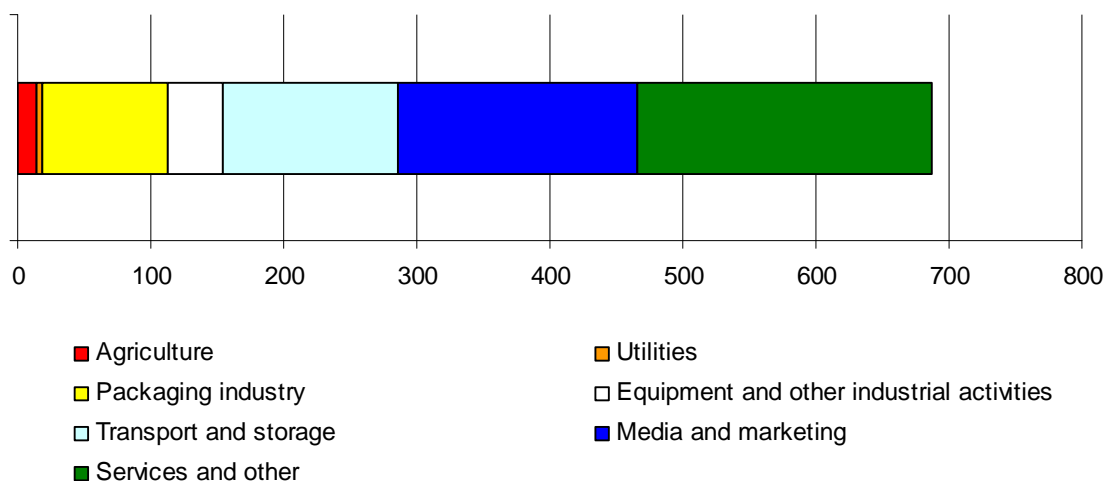
A significant share of the indirect employment generated by Cervecería de Canarias is within the packaging sector. Other substantial effects can be observed in transport, media and marketing and services. The total first-round employment effect of the brewing sector on supplying sectors is 446 employees. As this primary effect can be estimated at about 65 percent of the total impact, the total impact will be about 700 jobs.

⁴³ Turnover per employee is obtained from Eurostat,



The total indirect employment effects are illustrated below⁴⁴:

Indirect employment



Source: Ernst & Young calculation (2009)

16.4 Retail and hospitality sectors

Hospitality sector

The economic impact of Cervecera de Canarias on the hospitality sector is assessed as follows:

- ▶ About 77 percent of all Cervecera de Canarias beer consumed in Spain is sold by the hospitality sector (on-trade), which means almost 666,401 hectolitres is sold on-trade.
- ▶ The average consumer price of Cervecera de Canarias beer in pubs and restaurants on the Canary Islands is estimated at 4.48 euros⁴⁵ a litre (including 5 percent VAT⁴⁶), so that total consumer spending on beer in the hospitality sector is 298 million euros (including VAT).
- ▶ Net consumer spending on beer is thus estimated at 284 million euros.
- ▶ With an average hospitality turnover of 46,400 euros (excluding VAT) per person, this results in 6,100 hospitality sector jobs attributable to Cervecera de Canarias beer sales.

Retail

The importance of Cervecera de Canarias for retail can be similarly assessed:

- ▶ About 23 percent of total Cervecera de Canarias beer consumption (199,055 hectolitres) in Spain is beer sold by supermarkets and other retail outlets.
- ▶ With an average consumer price of 1.17 euros⁴⁷ per litre (including VAT), total retail consumer spending on Cervecera de Canarias beer is estimated at 23 million euros. Total consumer spending excluding VAT is thus 22 million euros.
- ▶ With turnover per employee estimated at 215,100 euros (excluding VAT), this means about 100 people owe their jobs to retail Cervecera de Canarias beer sales.

⁴⁴ The total indirect employment effects in the graph consist of the first round effects per sector which are calculated in the table above plus a rough estimate of the second round effects per sector.

⁴⁵ Source: Cervecera de Canarias, 2009

⁴⁶ The VAT rate in Spain is 16 percent. Due to special tax conditions, the VAT rate on the Canary Islands is much lower, namely 5 percent.

⁴⁷ Source: Cervecera de Canarias, 2009



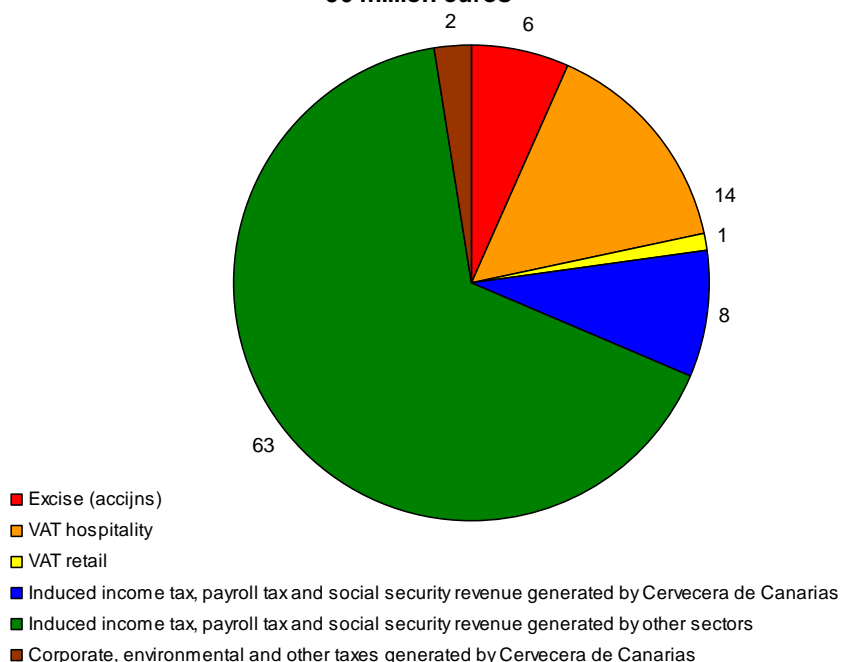
16.5 Government revenues

The revenues of excise, VAT and income-related contributions due to beer production and sales are estimated at 96 million euros:

- ▶ VAT revenues are estimated at 15 million euros. The main part of these VAT revenues is generated in the hospitality sector.
- ▶ The total amount of excise revenues due to Cervecera de Canarias beer is 6 million euros.
- ▶ Income-related revenues due to total Cervecera de Canarias beer production and sales are approximately 72 million euros.
- ▶ Corporate, environmental and other taxes due to total Cervecera de Canarias beer amount 2 million euros.

Spanish government revenues due to SABMiller:

96 million euros



Source: Ernst & Young calculation (2009)



17. United Kingdom: Impact of SABMiller

17.1 Highlights of the economic impact

Total production (in hectolitres)	0
Total exports (in hectolitres)	0
Total imports (in hectolitres)	779,816
Total consumption (in hectolitres)	779,816
Total numbers of employees	92

Source: Source: Miller Brands UK.

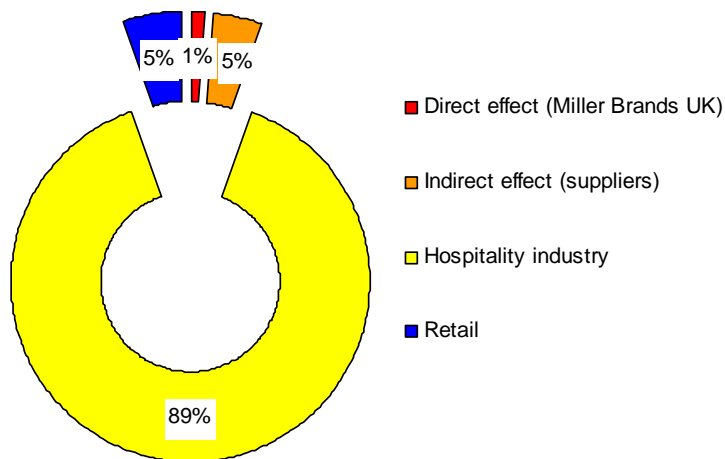
The economic impact of Miller Brands UK, the subsidiary of SABMiller in the United Kingdom, can be expressed as follows:

- ▶ Direct employment by Miller Brands UK is 92 employees.
- ▶ The brewing sector generates important indirect effects within supply sectors. It is estimated that about 400 supply industry jobs can be attributed to Miller Brands UK (beer sales).
- ▶ Besides these direct and indirect effects, the hospitality sector and retailers benefit through beer sales. In the hospitality sector, 7,200 jobs can be attributed to Miller Brands UK, while in retail some 400 people owe their jobs to Miller Brands UK beer sales.
- ▶ The total employment impact is thus 8,100 jobs.
- ▶ The British government benefits from Miller Brands UK, receiving approximately 256 million euros in taxes and excises. Excise revenues amount to 67 million euros, VAT collected on beer (sold in the hospitality sector and through retailers) is estimated at 88 million euros. Revenues from direct income taxes paid by Miller Brands UK employees, employees of their suppliers and in hospitality and retail add up to an estimated 101 million euros. Corporate, environmental and other taxes amount to almost 1 million euro.



The employment impact of the brewing sector is presented below:

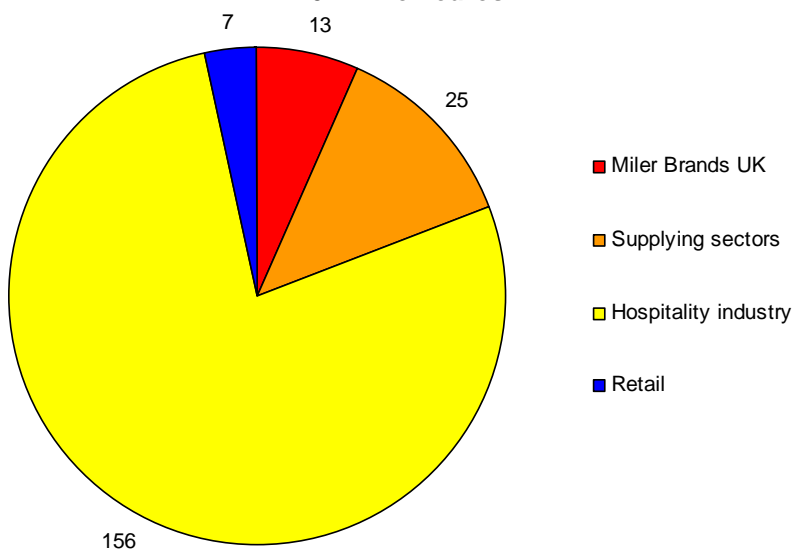
**Total employment in the United Kingdom because of
SABMiller: 8,100 jobs**



Source: Ernst & Young calculation (2009). See Annex III for an explanation of the calculation methods and definitions

The contribution of Miller Brands UK to the British economy can also be expressed in terms of value-added. The total value-added generated by these 8,100 employees is estimated at 202 million euros:

**Value added in the United Kingdom due to SABMiller:
202 million euros**



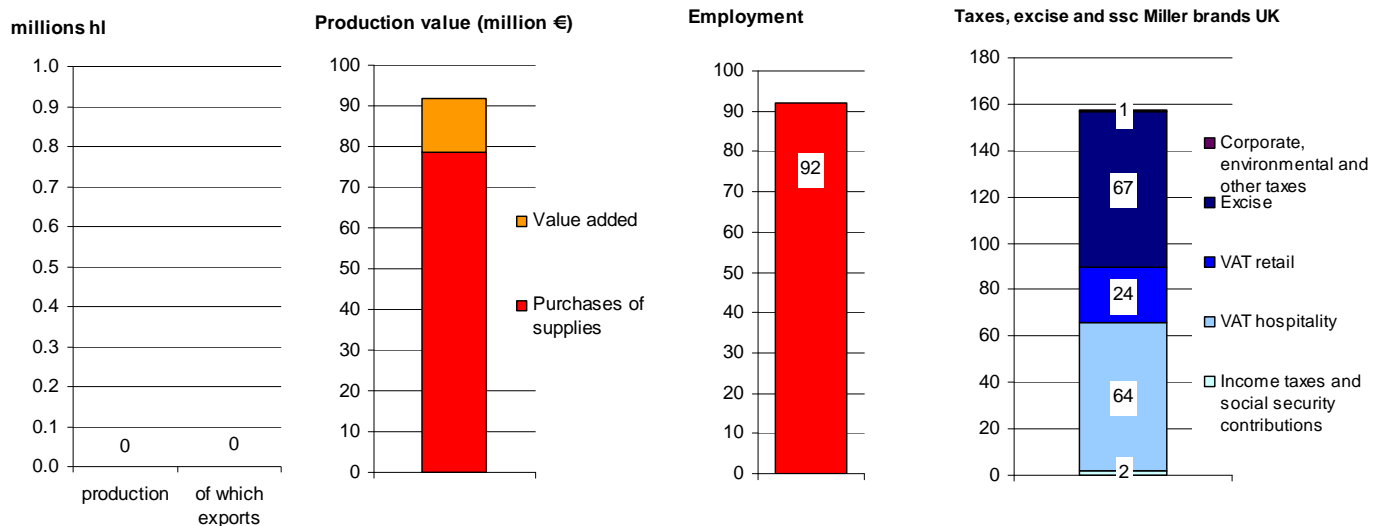
Source: Ernst & Young calculation, 2009



17.2 Direct effect of Miller Brands UK

Miller Brands UK employs 92 people. The production value of total Miller Brands UK beer production can be estimated at 92 million euros and value-added generated by Miller Brands UK at 13 million euros (approximately 14 percent of total production value). This means that supplying sectors benefit from purchased goods and services to a value of 78 million euros.

The government also benefits from the production and sale of Miller Brands UK beer. Excise and VAT revenues accounted for 70 million and 88 million euros respectively. Employees and employers at Miller Brands UK paid 2 million euros in income taxes, social security contributions and payroll taxes. Corporate, environmental and other taxes amount to almost 1 million euro.



Source: Ernst & Young calculation (2009)



17.3 Economic impact on goods and services suppliers

The impact of the sale of Miller Brands UK beer on supplying sectors is high because of the large share (86 percent) of production value spent on purchases of goods and services.

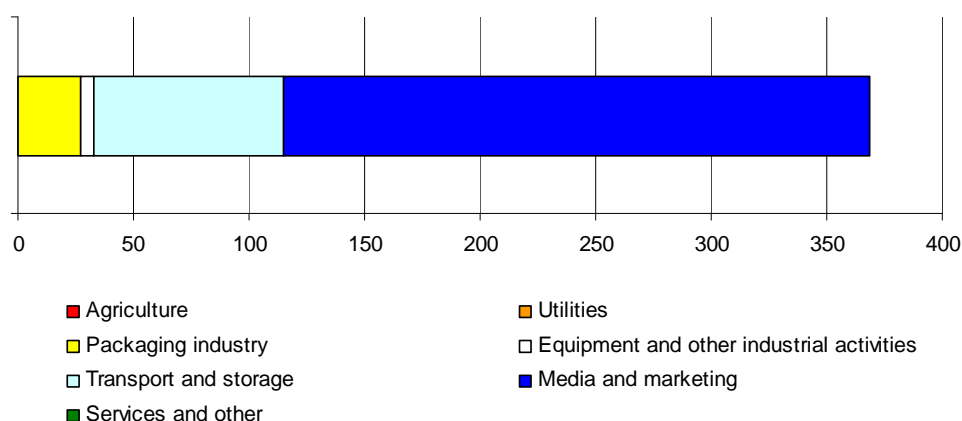
Sectors	Domestic purchases	Central purchases in the United Kingdom used by other SABMiller companies	Stimulus for the United Kingdom	Turnover per employee ⁴⁸	Number of employees
	(million €)	(million €)		(in €)	
Agriculture	0.0	0.0	0.0	79,228	0
Utilities	0.0	0.0	0.0	791,800	0
Packaging industry	0.0	4.0	4.0	226,100	18
Equipment	0.0	0.8	0.8	226,100	3
Transport	11.1	0.0	11.1	206,700	54
Media, marketing	20.2	0.0	20.2	122,306	165
Services	0.0	0.0	0.0	122,306	0
Total	31.3	4.8	36.0		240
First-round impact as percentage of total impact					65%
Total indirect effect (inclusive second-round impact)					369

Source: Ernst & Young questionnaire among SABMiller breweries (2009) and Eurostat (2006)

The largest proportion of supplies is purchased from the transport sector, with further significant spending on media and marketing. In total it is estimated that the indirect employment effect is approximately 300 employees in the supplying sectors.

The total indirect employment effects are illustrated below⁴⁹:

Indirect employment



Source: Ernst & Young calculation (2009)

⁴⁸ Turnover per employee is obtained from Eurostat.

⁴⁹ The total indirect employment effects in the graph consist of the first round effects per sector which are calculated in the table above plus a rough estimate of the second round effects per sector.



17.4 Retail and hospitality sectors

Hospitality sector

The economic impact of Miller Brands UK on the hospitality sector is assessed as follows:

- ▶ 50 percent of Miller Brands UK beer consumption in the United Kingdom occurs in the hospitality sector.⁵⁰
- ▶ This means that 389,908 hectolitres of beer are consumed in British pubs, restaurants and other hospitality facilities.
- ▶ The consumer price of beer is approximately 11 euros per litre of beer (incl. VAT) in the hospitality sector.⁵¹
- ▶ By multiplying the consumer price by the on-trade consumption, the total turnover in the British hospitality sector can be estimated at 355 million euros (excl. VAT).
- ▶ Turnover per employee in the British hospitality sector is 49,000 euros a year.⁵²
- ▶ Total employment in the British hospitality sector because of beer sales from Miller Brands UK thus equals 7,200 employees.

Retail

The importance of Miller Brands UK for retail can be similarly assessed:

- ▶ Approximately 50 percent of total Miller Brands UK beer consumption is beer sold by supermarkets and other retail companies.
- ▶ With an average consumer price of 4 euros (incl. VAT) per litre⁵³ total consumer spending on retail beer is estimated at 133 million euros (excl. VAT).
- ▶ Because the annual turnover per employee is estimated at 305,700 euros, this means that approximately 400 people owe their jobs to the sale of retail beer.

17.5 Government revenues

The revenues of excise, VAT and income-related contributions due to Miller Brands UK are estimated at 256 million euros:

- ▶ VAT revenues are estimated at 88 million euros. The main part of these VAT revenues is generated in the hospitality sector.
- ▶ The total amount of excise revenues due to Miller Brands UK beer is 70 million euros.
- ▶ Income-related revenues and social security contributions due to total Miller Brands UK beer production and sales are approximately 100 million euros. Corporate, environmental and other taxes amount to almost 1 million euros.

⁵⁰ Source: Miller Brands UK., 2009

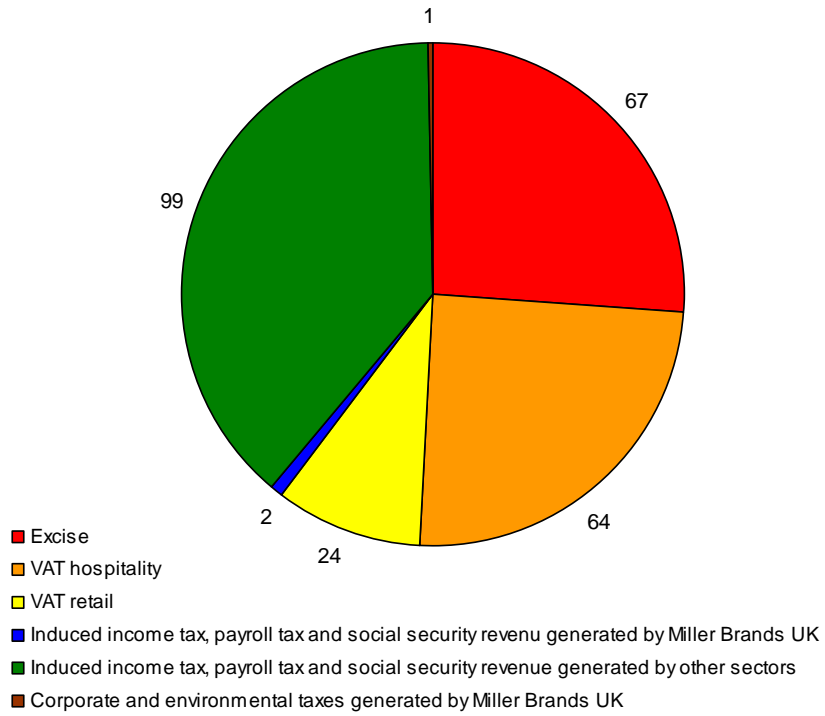
⁵¹ Source: Miller Brands UK., 2009

⁵² Source: Eurostat, statistics on turnover per persons employed in services ('hospitality sector').

⁵³ Source: Miller Brands UK, 2009



UK government revenues due to SABMiller: 256 million euros



Source: Ernst & Young calculation (2009)

Annex I: Methodology & scope

This study focuses on the **economic impact** of SABMiller in **9 European Union Member States and Russia**. In nine of these ten countries (Czech Republic, Hungary, Italy, Netherlands, Poland, Romania, Russia, Slovakia, Spain) one or more SABMiller breweries are located. Miller Brands UK does not own a brewery and only sells imported beer. Although SABMiller is international in scope, the analyses were carried out at country level. In this manner, the impact on individual national economies could be measured. Besides economic effects, the study focuses on **the social and environmental impacts** (social entrepreneurship and sustainability initiatives) and **regional impact** (on suppliers in the region) of SABMiller breweries in 8 of these countries (with regard to these two topics, Spain and the United Kingdom are not included).

The base year for the analysis is **2008**. If data was not available for this year, data for 2007 and in some exceptional cases, data for 2006 was used.

The reported outcomes about the economic and regional impact are estimated on the basis of a **model** constructed by Ernst & Young. For this reason these outcomes are not a direct representation and are dependent on decisions made by Ernst & Young. These decisions are elucidated in Annex III.

To represent the economic impact of SABMiller, three different effects can be distinguished:

- ▶ direct impact
- ▶ indirect impact
- ▶ induced impact

The **direct impact** is defined straightforwardly as the effect generated directly by SABMiller.

The **indirect impact** represents the impact of SABMiller on their suppliers. To be able to produce beer, breweries need to purchase a highly diverse range of goods and services. To mention just a selection: barley, malt, hops and water and many types of packaging materials such as glass and aluminium. SABMiller breweries also hire engineers, marketers, communications agencies and many more services. In this study, six supplying sectors are distinguished: agriculture, utilities, packaging industry, transport, media and marketing and other services.

The sale of beer by retail outlets and hospitality firms is an important source of economic benefits. The economic contribution of firms in the retail and hospitality sectors arising from the sale of beer is labelled in this study as SABMiller's **induced impact**.

The abovementioned effects have been measured in three areas (**employment, value added and government revenues**). Together this results in nine dimensions:

	Direct impact	Indirect impact	Induced impact
Employment	Total number of SABMiller employees	Total number of jobs in supplying sectors resulting from the production and sale of SABMiller beer	Total number of jobs in the hospitality and wholesale/retail sector resulting from the sale of SABMiller beer
Value Added	Value added by SABMiller	Value added in supply sectors resulting from the production and sale of SABMiller beer	Value added in the hospitality and wholesale/retail sector resulting from the sale of SABMillerbeer
Government Revenues	Excise revenues resulting from the production and sale of beer and income tax and social contributions from employers and employees of SABMiller	Income tax and social contributions from employers and employees in supply sectors	VAT revenues, income tax and social contributions from employers and employees in the hospitality and wholesale/retail sector resulting from the sale of SABMiller beer

Annex II: Data sources

The social and environmental impacts of SABMiller have been reported on, on the basis of a questionnaire among the 8 breweries and eight interviews with the project managers of the most important sustainability and social entrepreneurship initiatives of the companies. The objectives, results and the budget of the initiatives were important topics in this interview. Another important source of data on the social and environmental impacts was the Sustainability Assessment Matrix (SAM). This is a management system that measures the performance of SABMiller breweries on 10 sustainable development priorities. For additional information on the regional impact six suppliers and one business partner of SABMiller have been interviewed about their relationship with SABMiller and the importance of SABMiller for businesses in the region in which the company is situated.

The input for the calculation of the economic and regional impacts derives from multiple data sources. In hierarchical order of importance these sources are:

- a data obtained from a questionnaire completed by the brewing companies which are part of the SABMiller concern;
- b data obtained from the central procurement department of SABMiller;
- c data from Eurostat;
- d data from other (public) sources, such as national statistics agencies and the OECD;
- e data used in the 2009 study: The Contribution Made by Beer to the European Economy, which was commissioned by the Brewers of Europe and was conducted by Ernst & Young.

Sub a

The **SABMiller companies in the 10 countries** have been a major source of valuable data. All 10 companies completed two detailed questionnaire. Important elements of these questionnaires were:

- ▶ production and consumption volume, imports and exports;
- ▶ number of breweries and employees;
- ▶ consumer prices in the on-trade and off-trade sectors and distribution margins of production sold on-trade and off-trade;
- ▶ procurement and purchase management (amounts of money spent on a variety of goods and services needed to produce beer, and the proportion of purchases made domestically and regionally);
- ▶ information on social entrepreneurship and sustainability programs.

Another important role of the companies was to validate the outcomes of the study. To strengthen the underlying database for this study, Ernst & Young has presented draft country reports on the economic impact of the brewing sector to all 10 companies. The validated reports provide necessary national checks on the European data series used.

Sub b

Not all supplies are purchased by the breweries themselves. The **central procurement department** provided us with data on the amount of goods and services they purchase in the countries which are the subject of this study.

Sub d

Whereas specific data on SABMiller was collected through questionnaires completed by the breweries, more general data on individual European economies was obtained from **Eurostat**. Eurostat statistics have provided useful data on labour costs, turnover and value-added per employee generally covering all or most of the countries considered.

Sub e

If data could not be collected through the questionnaires, statistics by SABMiller and Eurostat, **alternative sources** have been used. For general data on national economies this data derives primarily from public sources such as national statistics agencies and OECD statistics.

Sub f

In the spring of 2009, Ernst & Young carried out a study on the impact of the production and sale of beer in Europe.⁵⁴ This study was commissioned by The Brewers of Europe and covered 31 countries: the EU-27, Norway, Switzerland, Croatia, and Turkey. Much of the data collected for this study could be used for the study about SABMiller as well.

⁵⁴ Source: E&Y, *The Contribution made by beer to the European Economy 2009*.

Annex III: Variables and estimates

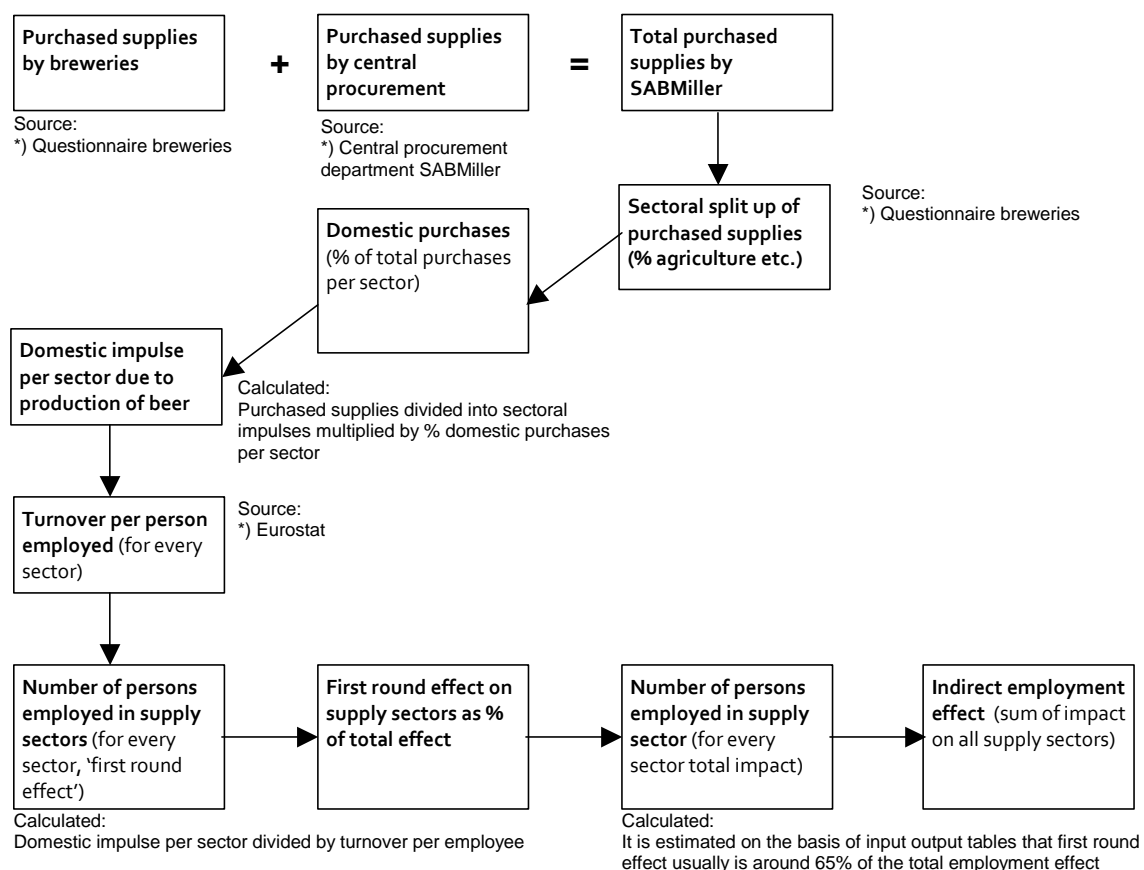
Some of the reported outcomes concerning the economic impact of SABMiller are based on estimates. These estimates derived from a **model** constructed by Ernst & Young. We illustrate here how these variables have been estimated, focusing on:

- ▶ Employment effects
- ▶ Value-added due to the production and sale of SABMiller beer
- ▶ Government revenues due to the production and sale of SABMiller beer

Employment effects

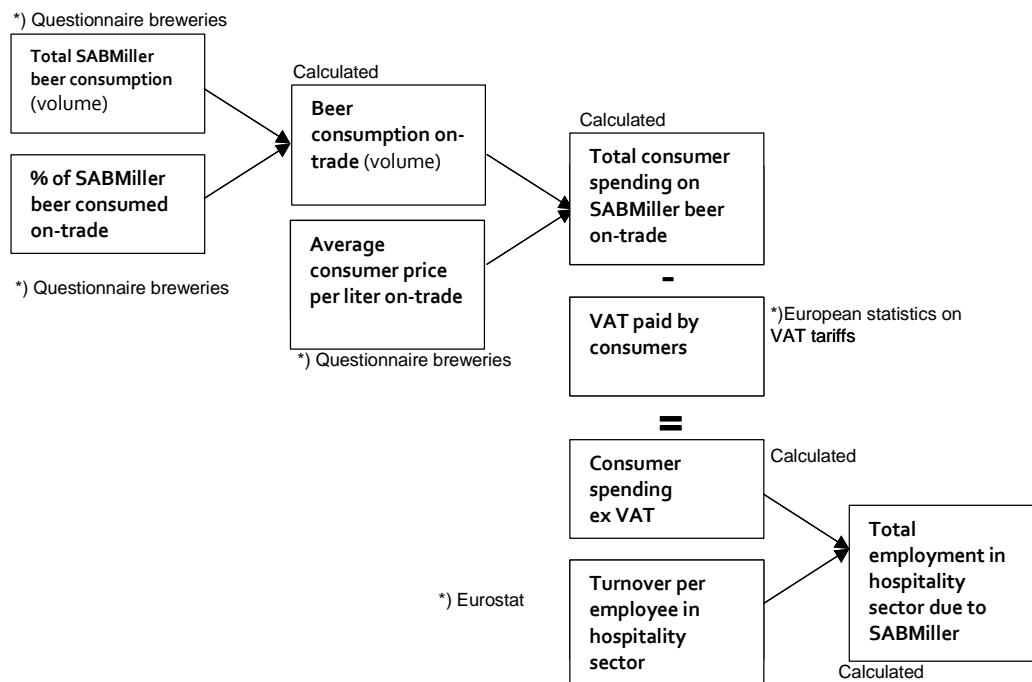
The **direct employment** effect signifies the number of employees of SABMiller. The data on direct employment were obtained from a questionnaire, filled in by the 10 brewing companies of SABMiller in Europe and Russia.

The **indirect employment** effect concerns the employment generated in supply sectors due to the production and sale of SABMiller beer. The starting point of the estimates on indirect employment is the impulse in supply sectors resulting from purchases made by SABMiller and the central procurement department in the 10 European countries. Central purchases in the considered countries used by SABMiller companies outside these countries are included as well. This means that for example purchased packaging materials by central procurement in Italy used by SABMiller brewing companies outside Italy are included in the Italian stimulus.



Data on turnover and value added per employee per sector was obtained from Eurostat. For sectoral data NACE codes (classification of economic activities by the European Union) have been used: for agriculture data with NACE code A (agriculture, forestry and fishing) were used; packaging industry and equipment (C manufacturing); utilities (E electricity, gas, water supply); wholesale and retail⁵⁵ (G wholesale and retail trade; repair of motor vehicles and motorcycles); hospitality (H Hotels and restaurants); transport (I Transport storage and communication); marketing and services and other (K retail renting and business activities).

The **induced employment** effect, resulting in employment due to the sale of beer in the hospitality sector and in retail, is estimated as follows:

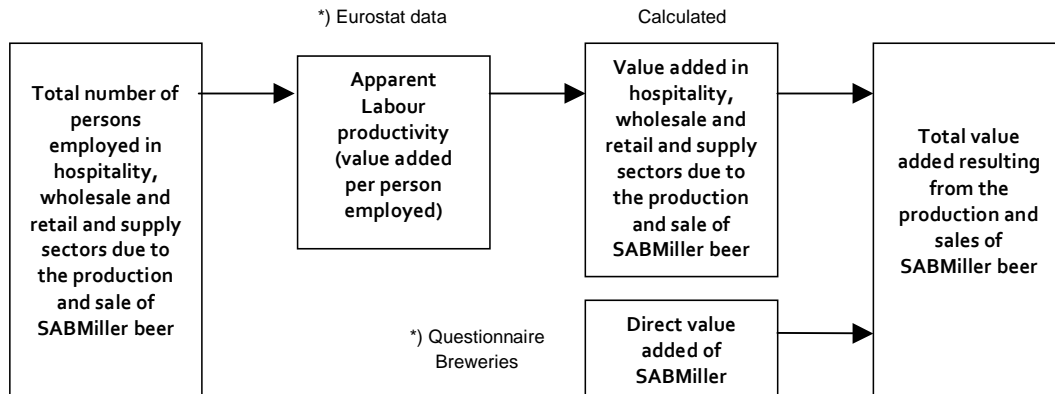


Depicted is the way the employment impact on the hospitality sector is estimated. Estimates for retail are made in a similar way.

Value-added due to the production and sale of beer

The **direct value-added** of SABMiller is obtained through the questionnaires. The value-added in other sectors resulting from the production and sale of beer (**indirect and induced value-added**) is estimated on the basis of the employment effects. The value-added in a particular sector is estimated by multiplying the employment effect by the apparent labour productivity (Gross value added per person employed) in the sector. If no data on labour productivity for a particular country was available, estimates were made based on statistics of national statistics agencies or the OECD.

⁵⁵ The percentage of added value on beer in the wholesale and retail sector differs significantly from other products. For this reason NACE code G5225 (Retail sale of alcoholic and other beverages) has been used for the added value per employee in wholesale and retail.



Government revenues due to the production and sale of SABMiller beer

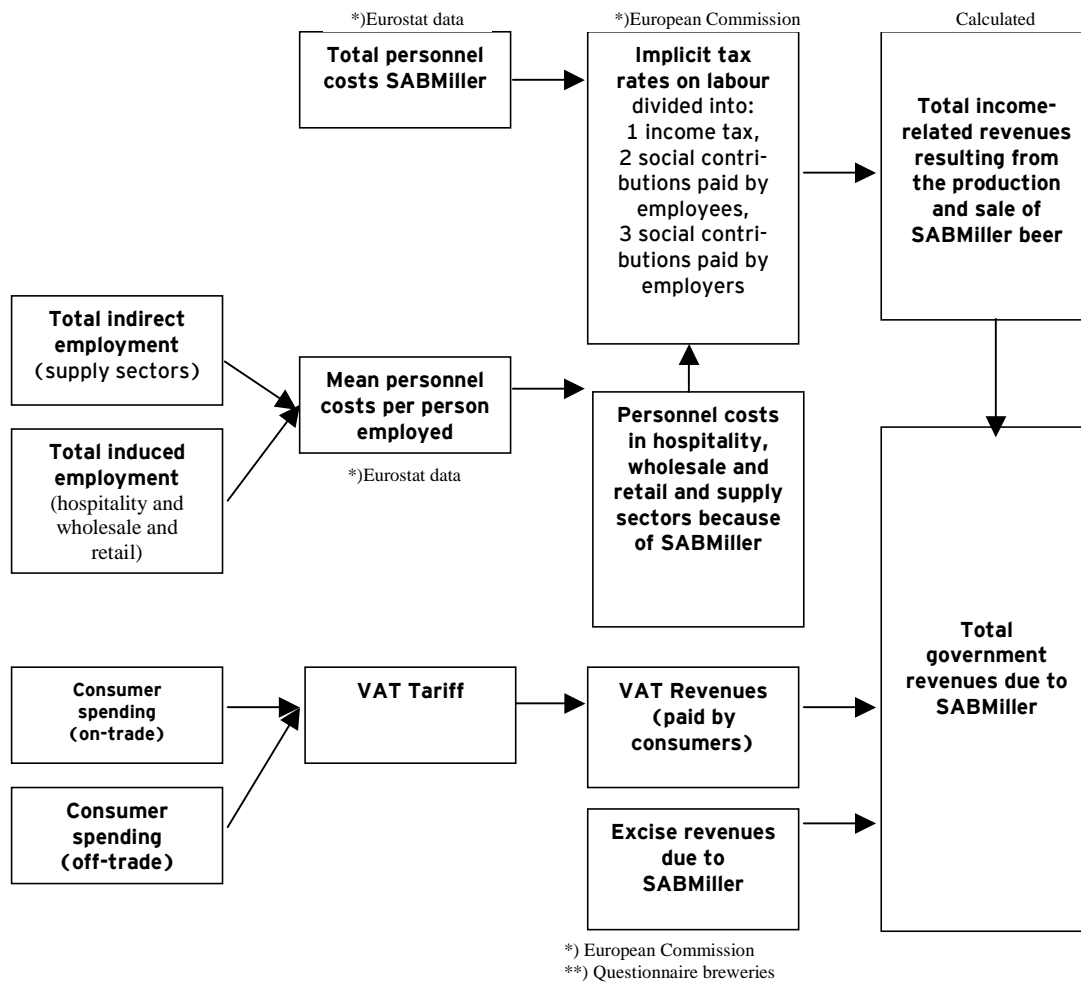
The government revenues due SABMiller consist of three segments:

- ▶ excise revenues
- ▶ VAT revenues
- ▶ income-related revenues

Data on **excise revenues** are obtained from the European Commission and from statistics from SABMiller. **VAT revenues** resulting from the sale of beer are calculated by multiplying the total consumer spending on beer (on-trade and off-trade) in a particular country.

Income-related revenues have been estimated by multiplying personnel costs with implicit tax rates. The personnel costs of SABMiller are obtained from the questionnaire. Personnel costs in supply sectors, hospitality and wholesale and retail were calculated by multiplying indirect and induced employment by the mean personnel costs per person employed according to Eurostat.

Implicit tax rates on labour were obtained from statistics from the European Commission. The implicit tax rate is the percentage of personnel costs which consists of taxes and social contributions. It consists of three parts: mean ratio of 1) income tax, 2) social contributions paid by employees and 3) social contributions paid by employers. Using implicit tax rates made it possible to report separately on income tax revenues and social contributions.



Annex IV: Exchange Rates

Since most data sources used for the study apply to the year 2008, the mean exchange rates of that year have been used for the majority of data calculations. For data that applied to an earlier period, mean exchange rates of 2007 were used.

Exchange rates used in the report

Currency	Mean euros exchange rate in 2007	Mean euros exchange rate in 2008
Croatian Kuna	7.338	7.224
Czech Koruny	27.766	24.946
Hungarian Forint	251.3520	251.5121
Polish Zlotych	3.7837	3.5121
Romanian Lei	3.3353	3.6826
Slovakian Koruny	33.7745	31.2617
Russian Rubles	35.0183	36.4207
UK Pound Sterling	0.68434	0.79628

Source: www.statistics.dnb.nl

Annex V: Glossary

Backward linkage	See indirect employment
Bottom up approach	Analysis of the direct, indirect and induced effects, taking a selection of brewing companies as a starting point.
Brewing sector	All the brewing companies located within a certain geographical area. These companies may also be involved in activities other than brewing beer, such as the production of soft drinks and bottled mineral water.
Brewery	A plant where beer is brewed by fermentation.
Brewing company	A company which produces and/or sells beer.
Direct employment	Employment, value-added and tax revenues for governments generated directly by SABMiller.
Europe	Czech Republic, Hungary, Italy, Netherlands, Poland, Romania, Russia, Slovakia, Spain and the United Kingdom. The impact of beer sales outside these countries as well as the impact on suppliers in other European countries are not presented in this report.
Excise	A taxation on the production volume, rather than the production value, of a certain good. In the case of beer it is often related to the amount of alcohol released for consumption.
Exports	The annual volume of beer sold and shipped to foreign countries. Both intra-European (within Europe) as well extra-European (to countries outside Europe) flows are included in this figure.
FTEs	Full time equivalents
Forward linkage	See induced employment
Government revenues	Amount of money received by the government from outside the government entity. In this study they include excise revenues on beer, VAT on beer sold in hospitality and retail sectors and all labour-income-related revenues from employees of SABMiller and jobs in other sectors generated by beer production and sales. These income-related revenues include personal income tax, social security contributions paid by employees and social security contributions and payroll taxes paid by employers.

Hectolitre	One hectolitre equals 100 litres.
Implicit tax rate on labour	Ratio of taxes and social security contributions on employed labour income to total compensation of employees. It is the sum of all direct and indirect taxes and employees' and employers' social contributions levied on employed labour income divided by the total compensation of employees working in the economic territory increased by taxes on wage bills and payroll.
Indirect employment	Impact of SABMiller on supplying sectors in terms of employment or value-added. For example: farmers selling hops or barley or manufacturing industry producing bottles, cans, kegs or brewing equipment.
Induced employment	Employment at companies that distribute or sell SABMiller beer, mainly in the wholesale, retail and hospitality sectors. For example: bartenders, waitresses and shopkeepers. For this study the induced employment is confined to the retail and hospitality sectors.
Input output table	A detailed matrix containing data on how much one industry purchases from other industries. These tables were used to calculate the purchases of the brewing sector from supplying industries.
Imports	The annual volume of beer bought and brought in from foreign countries. Both intra European (within Europe) as well extra European (from countries outside Europe) flows are included in this figure.
Multiplier	The multiplier in this study is defined as indirect employment divided by direct employment. Multipliers can also be estimated for induced impact and they can be expressed in terms of employment and in terms of value-added.
On-trade	Beer sales through (licensed) pubs, clubs, bars, restaurants and the like.
Off-trade	Beer sales through shops, supermarkets and other retail outlets.
Personal income tax	A tax levied on the personal income of people. In this study taxes on income out of labour generated by SABMiller beer production and sales are included in the figures.
Personnel costs	The total remuneration payable by an employer to an employee in return for work done by the latter during the reference period. Besides salary, personnel costs also include taxes and employees' social security contributions retained as well as the employer's social contributions.
Production Value	The amount actually produced by the unit, based on sales, including changes in stocks and the resale of goods and services. The production value is defined as turnover, plus or minus the changes in stocks of finished products, work in progress and goods and services purchased for resale, minus the purchases of goods and services for resale, plus capitalised production, plus other operating income (excluding subsidies). Income and expenditure classified as financial or extraordinary in company accounts is excluded from production value.
Purchases of goods	The value of all goods and services purchased during the and services accounting period for resale or consumption in the production process, excluding capital goods. It refers to externally bought products and services.

Social security contributions	Financial contributions paid by employees and their employers giving access to the social security system and entitlement to certain benefits in situations of unemployment, sickness, disability or old age
Top down approach	Analysis of the direct, indirect and induced effects, taking existing statistics as a starting point.
Value-added	Difference between the production value and the value of purchased inputs (goods and services). In economic terminology value-added is also defined as the reward for all production factors (mainly labour, capital, entrepreneurship).
VAT	Value Added Tax

Annex VI: Sustainable development priorities

Priorities	Why it is a priority	Targets we set last year
Discouraging irresponsible drinking	Our beer adds to the enjoyment of life for the overwhelming majority of consumers. We care about the harmful effects of irresponsible alcohol consumption and we engage stakeholders and work collectively with them to address irresponsible consumption.	<ul style="list-style-type: none"> ▶ Conduct an alcohol education programme for all SABMiller employees. ▶ Continue to engage with key alcohol stakeholders at the local and international level. ▶ Launch a website to provide accurate and balanced resources on alcohol for our consumers, employees and other interested stakeholders.
Making more beer with less water	Water quality and availability are under threat in some parts of the world. We aim to be more efficient in our water use, understand our watersheds and engage with our suppliers. This will cut costs, reduce risks and benefit local communities.	<ul style="list-style-type: none"> ▶ Improve water efficiency. ▶ Undertake watershed mapping exercises for around 30 sites in areas at risk of long-term water stress. ▶ Undertake a detailed water footprinting exercise to evaluate the water use in our supply chain.
Reducing our energy and carbon footprint	We use energy to produce and transport our products. We must become more efficient, manage our carbon footprint and explore cleaner sources of energy. This will save money and resources and reduce our greenhouse gas emissions.	<ul style="list-style-type: none"> ▶ Improve energy efficiency. ▶ Develop a flexible carbon footprinting tool to evaluate the carbon impact of business decisions such as choice of packaging material or distribution method. ▶ Partner Coca-Cola to trial 'eKO' low greenhouse gas emission fridges in our soft drinks division in South Africa.
Packaging reuse and recycling	Packaging protects our products but has wider impacts. By reducing the weight of our packaging, reusing bottles and encouraging recycling, we're saving money and raw materials and reducing pressure on local waste services.	<ul style="list-style-type: none"> ▶ Trial biodegradable shrinkwrap in further markets with different climate conditions e.g. South Africa. ▶ Identify more sustainable packaging materials and inks. ▶ Evaluate recycling and reuse infrastructure for markets which may introduce PET packaging.
Working towards zero-waste operations	Much of our waste can be a valuable resource for farmers and food producers as well as a potential energy source. We aim to minimise the amount of waste we send to landfill, so saving money and reducing its environmental impact.	<ul style="list-style-type: none"> ▶ Reduce the percentage of waste going to landfill. ▶ Investigate new opportunities or our brewing wastes, including renewable energy.
Encouraging enterprise development in our value chains	We recognise that our influence extends beyond our own immediate operations to include those of our value chain partners – for example, suppliers of raw materials and distributors of our products.	<ul style="list-style-type: none"> ▶ Review our smallholder farmer programmes to understand the business and social value added and expand and improve their impact. ▶ Include social, ethical and environmental criteria in evaluating suppliers of raw materials such as packaging.

Priorities	Why it is a priority	Targets we set last year
Benefiting communities	The prosperity of communities and that of our operations are co-dependent. Our corporate social investment (CSI) activities aim to improve the quality of life for local people, helping us to build strong relationships with communities, consumers and our employees.	<ul style="list-style-type: none"> ▶ Improve the focus of our activities on our strategic CSI issues of water, enterprise development and HIV/Aids. ▶ Continue to expand our entrepreneurship programmes and identify the value added to improve the quality of these activities.
Contributing to the reduction of HIV/Aids	The HIV/Aids pandemic is particularly relevant to our operations in Africa. We have programmes in place for our employees and their families and are developing programmes for local communities and suppliers where appropriate. These initiatives are helping to ensure the wellbeing of our staff and the stability of our workforce.	<ul style="list-style-type: none"> ▶ Increase participation of employees and their spouses in annual voluntary counselling and testing (VCT). ▶ Increase the percentage of HIV-positive spouses and dependants on managed healthcare programmes. ▶ Increase number of peer educators in our businesses.
Respecting human rights	We conduct our business with respect for national cultures and different local laws, norms and traditions. We promote the values of the international community, notably the Universal Declaration of Human Rights.	<ul style="list-style-type: none"> ▶ Introduce our new Code of Business Conduct and Ethics. ▶ Contribute to human rights dialogues on a national and global level.
Transparency and ethics	There is both a demand and an opportunity for companies to be more transparent about their sustainable development (SD) performance. We're committed both to transparent SD reporting and to high ethical standards in general. To this end, we have a Code of Business Conduct and Ethics which applies to all employees. We also expect all third parties acting on our behalf to comply with this code in all their interactions.	<ul style="list-style-type: none"> ▶ Conduct detailed investigations into sustainable development issues throughout the value chain in four of our emerging markets. ▶ Improve qualitative dialogue between operations through training sustainable development champions within each region.

Source: SABMiller, Sustainable Development, SABMiller plc Sustainable Development Report 2009.

Annex VII: Contact information

For more information about this study, please contact us. See below for contact details.

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