

The Contribution made by SABMiller to the European Economy

Full report, Edition 2013



Building a better
working world



REGIOPLAN
POLICY RESEARCH



THE CONTRIBUTION MADE BY SABMILLER TO THE EUROPEAN ECONOMY

Full report, Edition 2013

- report -

Geerten Kruis
Yannick Bleeker
Robin Stokkel
Ri-Janne Theuws
Lianne Bertling
Walter de Wit

Regioplan
Nieuwezijds Voorburgwal 35
1012 RD Amsterdam
Tel.: +31 (0)20 – 531 53 15
Fax : +31 (0)20 – 626 51 99



Amsterdam, November 2013
Publication no. 2418

© 2013 Regioplan & EY Tax Advisors
A report commissioned by SABMiller Europe and conducted by EY Tax Advisors and Regioplan Policy Research

TABLE OF CONTENTS

Key messages	1
1 Production and consumption	3
1.1 Production	3
1.2 Consumption	4
1.3 International trade	6
2 Purchases made by SABMiller breweries	7
2.1 Purchases by sector	7
3 A high employment effect	8
3.1 Total employment.....	8
3.2 Direct employment	9
3.3 Indirect employment.....	10
3.4 Induced employment.....	12
4 High value added	13
4.1 Value added by sector	13
5 Government revenue due to SABMiller	15
5.1 Government revenue	15
6 Regional impact	18
6.1 Purchases of goods and services from regional suppliers	18
6.2 Regional employment	19
7 Social and environmental impacts.....	21
7.1 Sustainable Development Priorities	21
7.2 Sustainability Assessment Matrix	22
7.3 SABMiller operations Europe	23
7.4 Activities and initiatives undertaken in the field of sustainable development	24
8 Czech Republic: Impact of SABMiller	27
8.1 Highlights of the economic impact	27
8.2 Direct effect of Plzeňský Prazdroj	29
8.3 Economic impact on goods and service providers	30
8.4 Retail and hospitality sectors	31
8.5 Government revenue	32
8.6 Highlights of the regional impact.....	33
8.7 Highlights of the social and environmental impact.....	35
9 Hungary: Impact of SABMiller	39
9.1 Highlights of the economic impact	39

9.2	Direct effect of Dreher Breweries.....	41
9.3	Economic impact on goods and service providers	41
9.4	Retail and hospitality sectors	43
9.5	Government revenue	44
9.6	Highlights of the regional impact.....	45
9.7	Highlights of the social and environmental impact.....	46
10	Italy: Impact of SABMiller.....	49
10.1	Highlights of the economic impact	49
10.2	Direct effect of Birra Peroni.....	51
10.3	Economic impact on goods and service providers	51
10.4	Retail and hospitality sectors	53
10.5	Government revenue	53
10.6	Highlights of the regional impact.....	54
10.7	Highlights of the social and environmental impact.....	56
11	Netherlands: Impact of SABMiller	59
11.1	Highlights of the economic impact	59
11.2	Direct effect of Grolsch	61
11.3	Economic impact on goods and service providers	61
11.4	Retail and hospitality sectors	63
11.5	Government revenue	63
11.6	Highlights of the regional impact.....	64
11.7	Highlights of the social and environmental impact.....	66
12	Poland: Impact of SABMiller	69
12.1	Highlights of the economic impact	69
12.2	Direct effect of Kompania Piwowarska	71
12.3	Economic impact on goods and service providers	71
12.4	Retail and hospitality sectors	73
12.5	Government revenue	74
12.6	Highlights of the regional impact.....	75
12.7	Highlights of the social and environmental impact.....	77
13	Romania: Impact of SABMiller.....	81
13.1	Highlights of the economic impact	81
13.2	Direct effect of Ursus Breweries	83
13.3	Economic impact on goods and service providers	83
13.4	Retail and hospitality sectors	85
13.5	Government revenue	85
13.6	Highlights of the regional impact.....	86
13.7	Highlights of the social and environmental impact.....	88
14	Slovakia: Impact of SABMiller	91
14.1	Highlights of the economic impact	91
14.2	Direct effect of Pivovary Topvar.....	93
14.3	Economic impact on goods and service providers	93

14.4	Retail and hospitality sectors	95
14.5	Government revenue	95
14.6	Highlights of the regional impact.....	96
14.7	Highlights of the social and environmental impact.....	98
15	Spain: Impact of SABMiller	101
15.1	Highlights of the economic impact	101
15.2	Direct effect of Compañía Cervecería de Canarias	103
15.3	Economic impact on goods and service providers	103
15.4	Retail and hospitality sectors	105
15.5	Government revenue	105
15.6	Highlights of the regional impact.....	106
15.7	Highlights of the social and environmental impact.....	108
16	United Kingdom: Impact of SABMiller	111
16.1	Highlights of the economic impact	111
16.2	Direct effect of Miller Brands UK.....	113
16.3	Economic impact on goods and service providers	113
16.4	Retail and hospitality sectors	115
16.5	Government revenue	115
Annexes	117
Annex 1	Data sources	119
Annex 2	Variables and estimates.....	121
Annex 3	Exchange rates	127
Annex 4	Comparison 2008-2012	128
Annex 5	Glossary	133
Annex 6	Contact information	136



KEY MESSAGES

In the summer of 2013, Ernst & Young and Regioplan jointly carried out a study on the impact of the production and sale of SABMiller beer. This study was commissioned by SABMiller Europe and covered 9 countries: the Czech Republic, Hungary, Italy, the Netherlands, Poland, Romania, Slovakia, Spain and the United Kingdom. The study is a follow up of previous studies conducted in 2011 and 2009. Our study concludes that SABMiller's contribution to the European economy is significant.

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

- In total **175,200 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 **3.3 billion euros**.
- The total revenue for the national governments is estimated at approximately **3.49 billion euros**.
- The regions in which SABMiller breweries are situated profit substantially. **24,800 jobs** are generated by purchases of goods and services in these regions.
- Social entrepreneurship and sustainable development are fully integrated into the business strategy of SABMiller. Consequently, SABMiller generates considerable profits for communities and the environment.

SABMiller Europe employs 9,940 persons directly, who in 2012 together produced 39 million hectolitres of beer. Besides this direct employment effect, the production and consumption of SABMiller beer is also important for the employment in the hospitality sector, the retail sector and their supply chain in Europe. For example, SABMiller has a strong impact on the agricultural sector due to the purchase of malting barley, malt and hops required for the production of beer. Moreover, on behalf of production, marketing and sales processes, breweries also buy goods and services from suppliers, mostly within Europe. The annual expenditure of SABMiller on goods and services is worth 1.9 billion euros and results in an employment effect of 60,500 jobs. The employment effects in the hospitality sector and the retail sector amount to 87,*00 jobs and 16,900 jobs respectively.

Local communities benefit considerably from the 17 European SABMiller breweries, which provide a considerable economic boost in the regions in which they are located. Not only because the presence of SABMiller operations provides employment within the breweries, but also because 33 percent of all goods and services purchased by SABMiller breweries are obtained from regional suppliers. As a result, SABMiller generates 24,800 supply chain jobs within the regions of its breweries.

Besides economic benefits, SABMiller also generates social benefits and bears its responsibility for the environment. Over the last two years, the



European operations improved their performances on all the priorities set out by SABMiller. Most progress has been made with regard to encouraging responsible drinking. Furthermore, SABMiller initiated a wide variety of programmes relating to environmental development, supporting local communities and sponsoring sports events.

1 PRODUCTION AND CONSUMPTION

Highlights of the SABMiller beer market

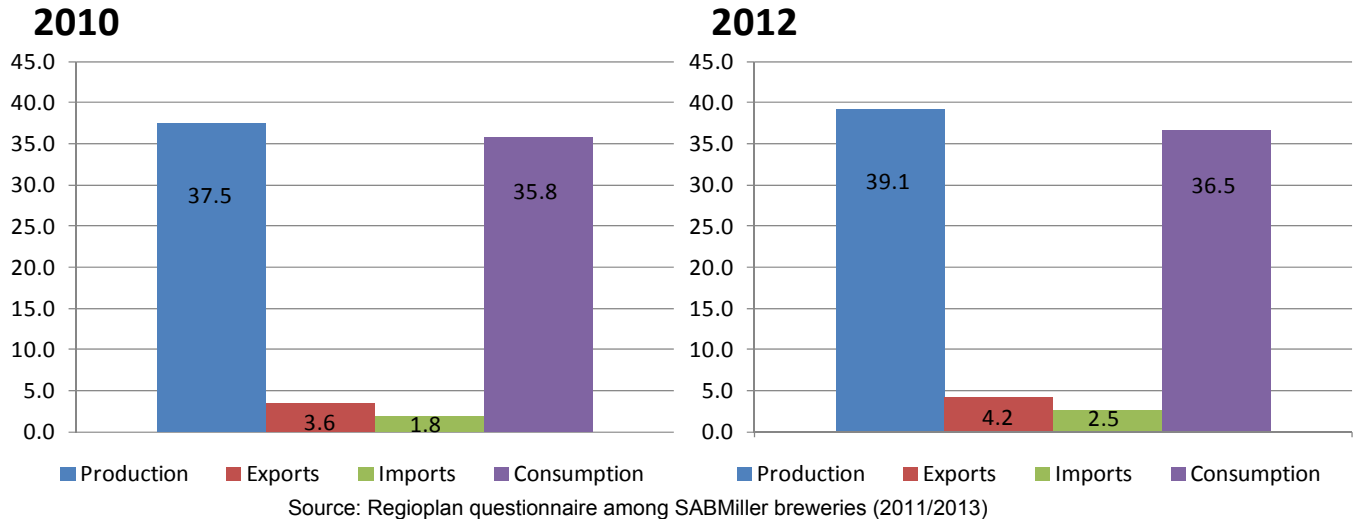
- In the period 2010-2012, the production volume of European SABMiller beer increased by 4 percent to 39.1 million hectolitres, which is more than the growth of the European beer sector as a whole (2 percent).
- The 17 European SABMiller breweries sold approximately 36.5 million hl. of beer in their home countries. On average, the European SABMiller operations have a market share of 23 percent within their home countries.
- In value, the hospitality sector is the most important outlet for sales by SABMiller. Approximately 56 percent of total consumer spending on SABMiller beer takes place in bars and restaurants. This equals 30 percent of the volume of SABMiller beer sales in Europe.

1.1 Production

SABMiller is one of the key players on the European beer market. On the continent, SABMiller owns 17 breweries situated in 8 countries. The Czech Republic, Italy, Poland and Romania each have 3 breweries within their borders, whilst there are 2 breweries on the Canary Islands in Spain. Furthermore, there are breweries in Slovakia (1), the Netherlands (1) and Hungary (1). There are no SABMiller breweries in the UK. Miller Brands UK imports all the beer they sell from SABMiller breweries in other countries.

After a period of downturn, there are some positive signs on the European beer market. Compared to 2010, the total European production of beer increased by 2 percent in 2012. The increase in the total beer production of the 17 SABMiller operations in Europe was actually twice as big. Together, the SABMiller breweries produced approximately 39.1 million hl. of beer in 2012. This is around 10 percent of the total European beer production.

Figure 1.1 Development production, exports, imports and consumption (in million hl.)¹



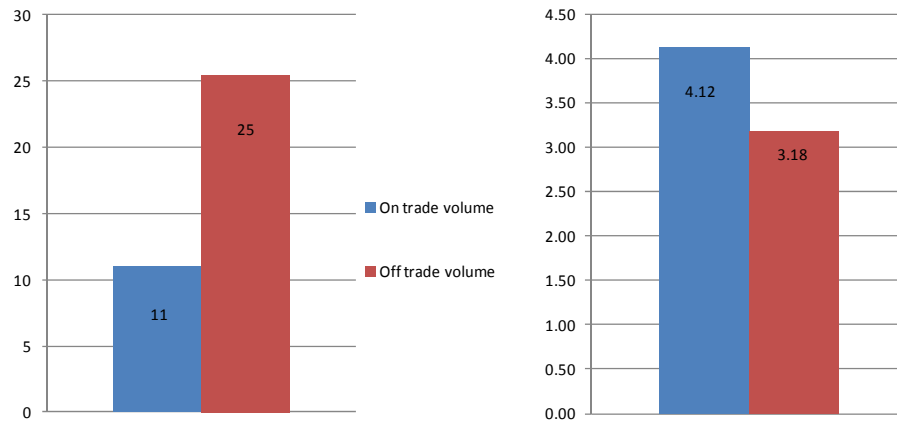
1.2 Consumption

Around 36.5 million hl. of beer were sold by European SABMiller breweries within their home countries. Compared to 2010, consumption has actually increased by 2 percent. It is estimated that approximately 70 percent of the consumption volume is purchased in supermarkets and other retail outlets, a sector 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 total value (paid by consumers) of SABMiller beer consumption in Europe is estimated at approximately 7.3 billion euros (including VAT). Approximately 56 percent of the total consumer spending on SABMiller beer occurs in the hospitality sector. In terms of euros, the figures from the retail channel are smaller. The consumption figures in this section only include the sales of SABMiller breweries in their home countries. As SABMiller beer is also consumed in European countries where there are no SABMiller breweries, the actual consumption of SABMiller beer in Europe is even higher than 36.5 million hl. and 7.3 billion euros.

¹ The figures do not include Russia, where SABMiller had an operation in 2010.

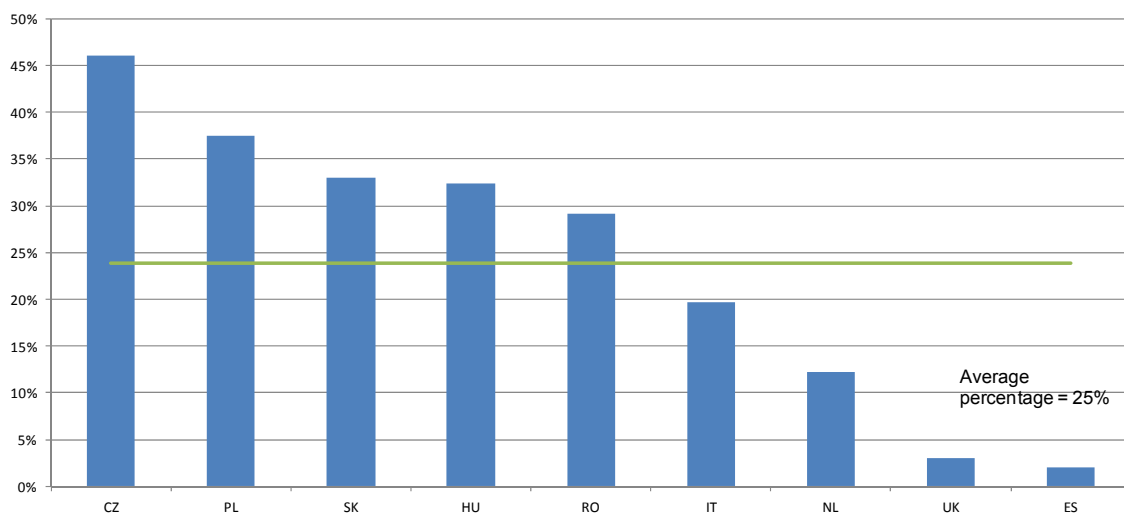
Figure 1.2 Volume in million hl Value in billion euros



Source: Regioplan questionnaire among SABMiller breweries (2013)

The European SABMiller operations have an average market share of 25 percent within their home countries. The market share in the Czech Republic is the highest (46 percent), while in Poland, Slovakia, Hungary and Romania SABMiller accounts for about a third of the national beer market. In Italy, the Netherlands and the UK, market shares amount to 20 percent, 12 percent and 3 percent respectively. Although the Spanish operation accounts for only 2 percent of the Spanish beer market, its market share on the Canary Islands amounts to 49 percent.

Figure 1.3 Market shares SABMiller in Europe

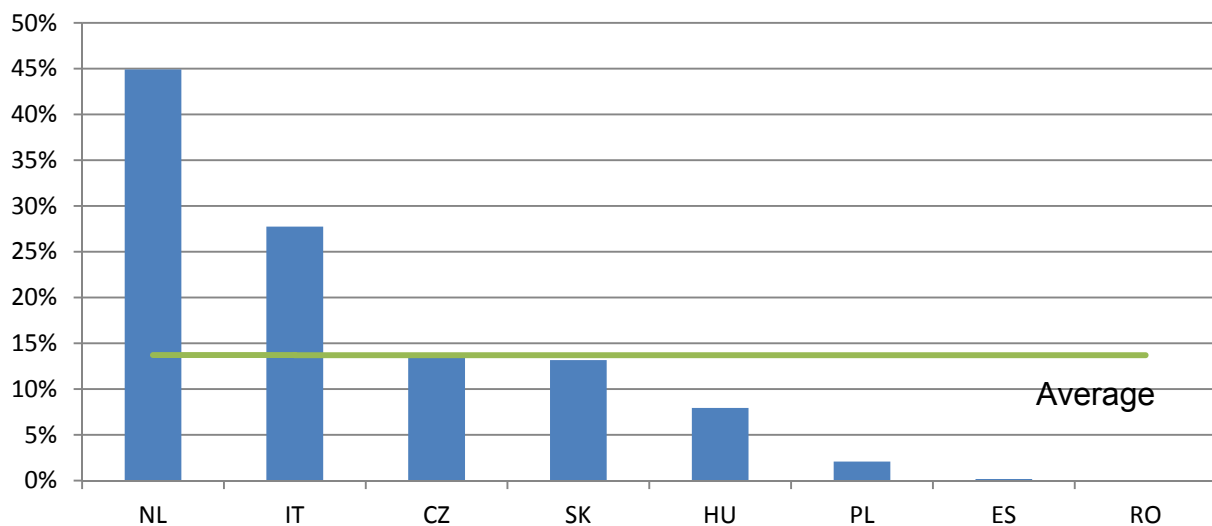


Source: Regioplan questionnaire among SABMiller breweries (2013)

1.3 International trade

The export figures of European SABMiller operations are also emerging. Compared to 2010, the total export of the 17 SABMiller breweries in Europe has increased substantially, by 17 percent. Around 11 percent of the total SABMiller beer production in Europe (4.2 million hl.) is exported outside national borders. From previous studies in the European beer sector, we know that most of the export partners from breweries are located within Europe.

Figure 1.4 Exports as percentage of production per country



Source: Regioplan questionnaire among SABMiller breweries (2013)

Worldwide, SABMiller has a portfolio of more than 200 brands. Some of these brands are only produced for local markets, while other brands are produced for export too. Europe is home to three of the four international premium brands of SABMiller. Figure 1.3 shows that the operations in the countries where these brands are produced (the Netherlands - Grolsch, Italy – Birra Peroni, the Czech Republic – Pilsner Urquell) export a relatively large share of their production. The Slovak and the Hungarian operations export a significant amount of beer as well.

The imports of the 17 SABMiller operations have increased by 44 percent since 2010; the total import amounted 2.5 million hl. in 2012. The majority of this (1.4 million hl.) was imported by Miller Brands UK, which is an operation that does not have its own production facility.

2 PURCHASES MADE BY SABMILLER BREWERIES

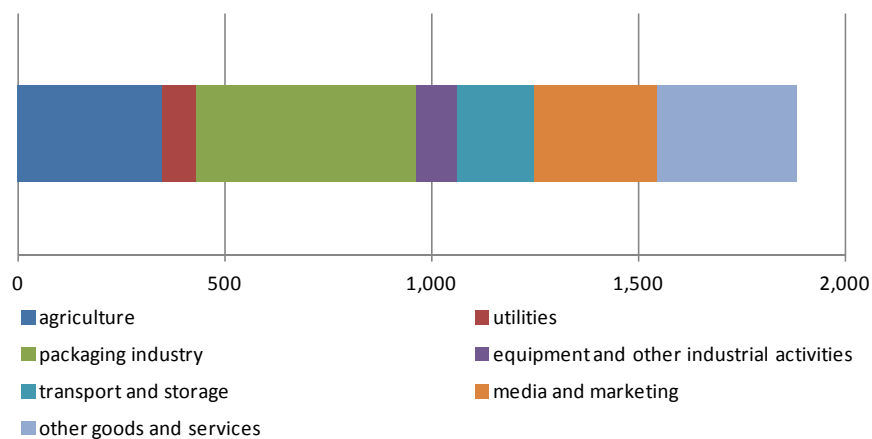
Highlights of purchases made by SABMiller breweries

- Suppliers benefit substantially from purchases made by SABMiller breweries. They received more than 1.9 billion euros from SABMiller for their goods and services.
- The packaging industry benefits most with almost 530 million euros spent in this sector. This industry receives the biggest financial boost from SABMiller in Poland and Italy. The agricultural industry benefits significantly too.

2.1 Purchases by sector

In 2012, SABMiller breweries in Europe spent more than 1.9 billion euros on goods and services from the suppliers within Europe. Breweries purchase various goods and services, such as barley, hops and malt, but also energy, transportation and storage capacity, marketing and media services and a range of industrial products and services. The beer industry in the European Union spent a total of 23 billion euros on goods and services. SABMiller's expenditure thus accounts for over 8.2 percent of all the purchases made by European brewers.

Figure 2.1 Purchases of goods and services (million euros)



Source: Regioplan questionnaire among SABMiller breweries (2013)

SABMiller breweries spend most (about 530 million euros) in the packaging industry. The Polish and Italian packaging industries benefit most from SABMiller, with expenditure of 258 million euros and 102 million euros respectively. The agricultural sector also benefits significantly from SABMiller breweries. Over 347 million euros is spent on hops, malt and other agricultural products. Most of these agricultural products (worth 186 euros) are bought in Poland.

3 A HIGH EMPLOYMENT EFFECT

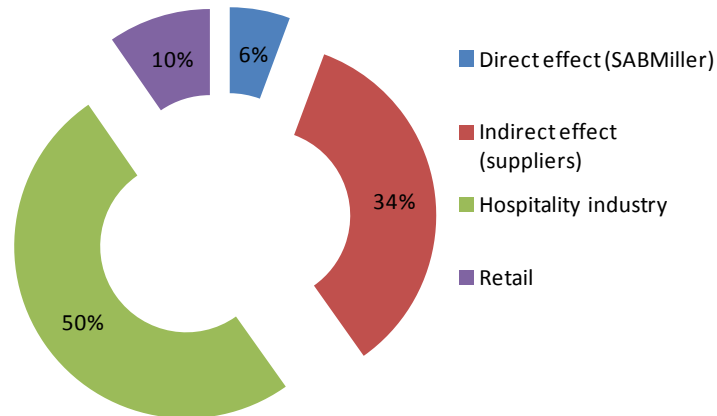
Highlights of employment effect of SABMiller

- The total employment in Europe due to the production and sales of SABMiller beers is approximately 175,200 jobs.
- The majority of the total employment is in the hospitality sector, while approximately half of the total employment (around 88,000 jobs) is generated in the hospitality industry.
- The direct employment of SABMiller consists of nearly 10,000 jobs. This means 6 percent of the total employment is due to the production and sales of SABMiller beers.
- For every job in the SABMiller breweries, 17 jobs are generated in other sectors.
- Considering jobs generated in the retail and hospitality sector, Poland and Italy benefit most from the presence of SABMiller.

3.1 Total employment

SABMiller's contribution to the European economy is also reflected in the employment created by the company. A total of 175,200 jobs in Europe are attributed to the production and sales of SABMiller beers. About half of these jobs are generated in the hospitality industry. This sector is a labour intensive and non-efficient industry. A significant amount of beer is consumed within this sector and this is seen in the amount of jobs it generates. As shown in the previous chapter, SABMiller makes substantial purchases in the supply chain. These purchases contribute significantly to employment within many sectors. Approximately 60,500 jobs in these sectors are generated due to SABMiller purchases.

Figure 3.1 Total employment due to the production and sales of SABMiller: 175,200 jobs



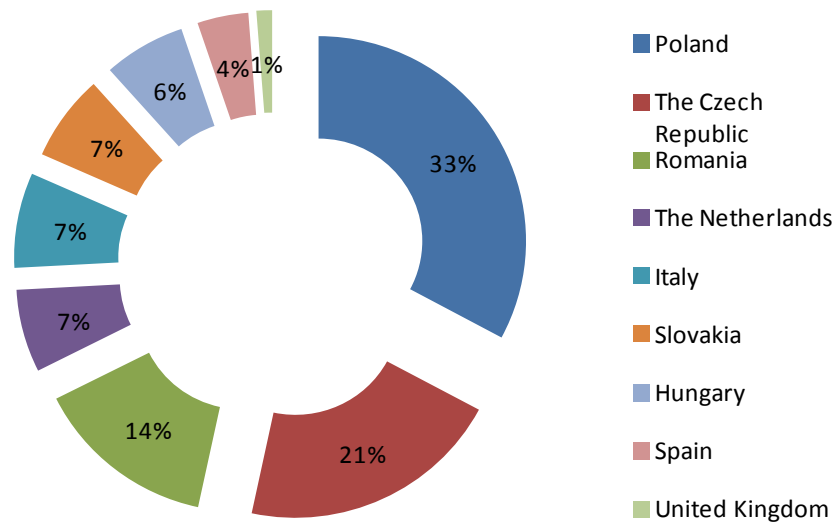
Source: Regioplan questionnaire among SABMiller breweries (2013)

Over the last two years, the total employment effect generated by SABMiller declined by 5 percent. The main reason for this is that compared to 2010, consumers tend to drink more at home and less in hospitality outlets. As a result of this shift, the employment generated by SABMiller beer sales in hospitality outlets declined by almost 10,000 jobs. Because beer sales in retail outlets are less labour intensive, the additional employment effect in retail is relatively limited (about 700 extra jobs since 2010).

3.2 Direct employment

The total direct employment by SABMiller breweries consists of 9,900 jobs across Europe. The Polish brewery, Kompania Piwowarska generates the most jobs (3,261 jobs). Plzeňský Prazdroj in the Czech Republic and Ursus in Romania have the second and third largest number of employees, with 2,045 and 1,415 jobs respectively. In the United Kingdom, Miller Brands UK has the least number of employees, mainly because this operation is an importer that does not run a brewery itself.

Figure 3.2 Direct employment by SABMiller (9,900 jobs)

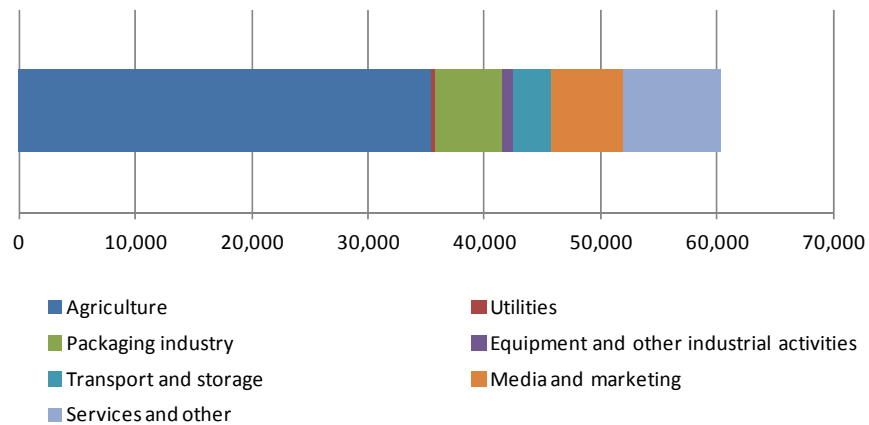


Source: Regioplan questionnaire among SABMiller breweries (2013)

3.3 Indirect employment

The indirect employment effect within the supply chain generated by SABMiller is also substantial (60,500 jobs). Most of the employment is within the agricultural sector, with over half of the total indirect employment (35,400 jobs) in this sector. This is mainly due to the fact that beer mainly consists of agricultural products like malt, hops and barley. The turnover per employee in this sector is fairly low in Eastern European countries, so the number of agricultural jobs due to SABMiller is highest in these countries. In Poland, SABMiller generates 24,400 agricultural jobs, in Romania 5,800 and in the Czech Republic 3,500. Other sectors that benefit significantly from the presence of SABMiller are the packaging industry and the media and marketing sector.

Figure 3.3 Indirect employment:



Source: Regioplan questionnaire among SABMiller breweries (2013)

The majority of the jobs generated by purchases of SABMiller operations are agricultural jobs. Because agriculture is a relatively labour intensive sector, purchases by SABMiller generate a fairly large number of jobs within this sector. Particularly in Eastern European countries, many agricultural jobs are generated. In sectors where labour is less important as a production factor (for example utilities and the equipment industry), the employment effect is relatively limited.

Table 3.4 Number of jobs generated per sector due to purchases by SABMiller breweries

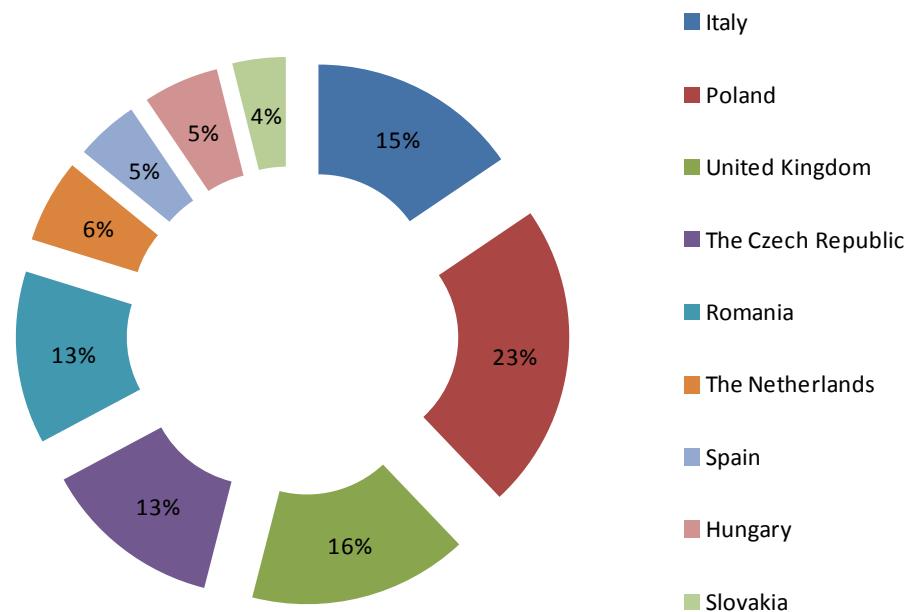
Sectors	Number of jobs	Share in total indirect employment
Agriculture	35,400	58.5%
Utilities	500	0.8%
Packaging industry	5,700	9.4%
Equipment and other industrial activities	800	1.3%
Transport and storage	3,400	5.6%
Media and marketing	6,200	10.2%
Services and other goods	8,300	13.7%
Total	60,500	

Source: Regioplan questionnaire among SABMiller breweries (2013)

3.4 Induced employment

Besides 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. It is estimated that approximately 104,800 jobs in the hospitality and retail sectors can be attributed to the sales of SABMiller beer. Most of the induced employment (84 percent) is generated in the hospitality sector; jobs in the retail sector account for the other 16 percent. The total induced employment generated by SABMiller is highest in Poland and Italy. The retail and hospitality sectors in the United Kingdom, Czech Republic and Romania also benefit substantially from the presence of SABMiller.

Figure 3.4 Induced employment in the hospitality sector



Source: Regioplan questionnaire among SABMiller breweries (2013)

4 HIGH VALUE ADDED

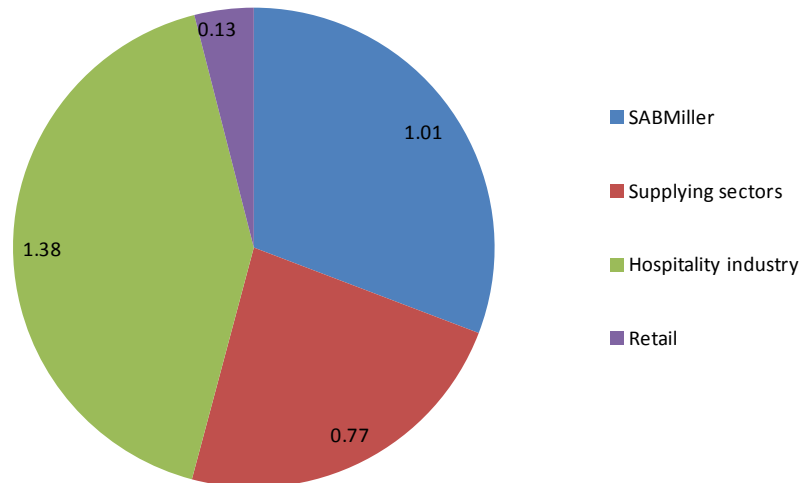
Highlights of value added

- The production and sales of SABMiller adds approximately 3.3 billion euros to the European economy.
- SABMiller accounts for approximately 6 percent of the value that is added to the economy by European breweries.
- The employees in the hospitality industry generate the most value added. This industry also has the highest rate of yearly average value added per employee.

4.1 Value added by sector

Besides the employment created by SABMiller, the company also contributes to the European economy with the value added it creates and the value added generated by the supply chain and the retail and hospitality sector. Value added can be defined as the difference between the production value minus 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). Governments levy tax on value added, so the value added also contributes to government revenue (see chapter 5). The total value added by SABMiller, direct as well as indirect, to the European economy is estimated at 3.30 billion euros in 2012.

Figure 4.1 Value added due to SABMiller in Europe: 3.30 billion euros.



Source: Regioplan questionnaire among SABMiller breweries (2013)

175,200 employees working in breweries, the supply chain and hospitality and retail sectors because of SABMiller's operations generated 3.30 billion euros of value added in 2012. The average value added per employee in the SABMiller breweries is 102,100 euros per year. Compared to other sectors, this is the highest value added per employee. This illustrates the relatively high productivity of SABMiller compared with other sectors. In the supply chain, an employee generates an average 12,700 euros of value added. This amount is 15,700 in hospitality sector and 7,800 in the retail sector.

The hospitality industry generates the most value added with approximately 1.38 billion euros in 2012. SABMiller's own breweries come in second with 1.01 billion euros, followed by the supply chain (0.77 billion euros). The retail sector accounts for 0.13 million euros of value added.

The direct value added (the 1.01 billion euros generated within the SABMiller breweries) accounts for approximately 10 percent of the direct value added of the whole European brewing sector (11.15 billion euros).

5 GOVERNMENT REVENUE DUE TO SABMILLER

Highlights of government revenue

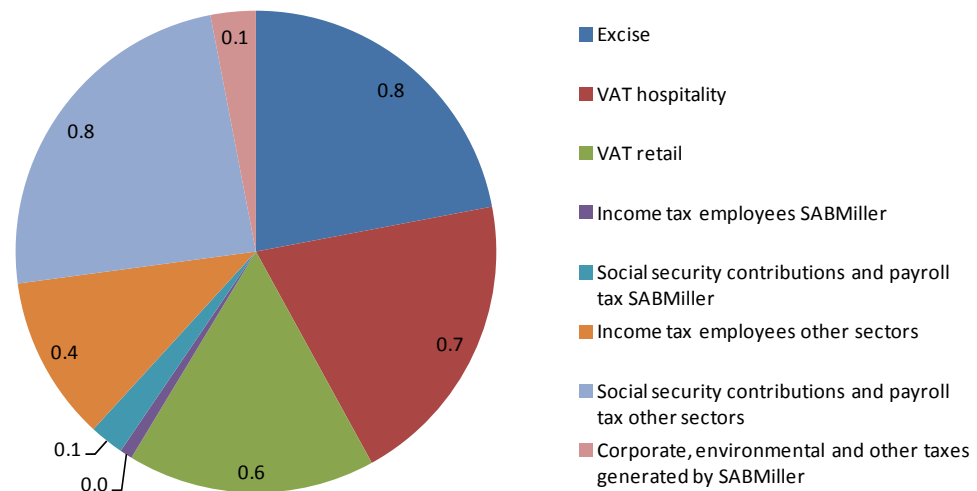
- Sales of SABMiller beers generate approximately 3.49 billion euros of government revenue. This revenue consists of VAT, excise duties, income and payroll taxes and social security contributions.
- Value Added Tax is the main source of government revenue, accounting for over 37 percent of the total revenue.
- With a total value amounting to 0.77 billion euros, excise duties contribute substantially to the national treasures too.

5.1 Government revenue

National governments benefit from the presence of SABMiller in their country because of the significant revenue generated by the company with their production and sales. This revenue consists of taxes and duties, more specifically Value Added Tax, excise duties, income-related taxes and contributions paid by workers and their employees in the brewing sector and in the supply chain, hospitality industry and the retail sector. SABMiller breweries also pay corporate tax, property tax, community tax and environmental tax to the government.

In 2012, SABMiller generated 3.49 billion euros of revenue for the governments in the countries where the breweries are present. This revenue consists of VAT, excise duties, income and payroll taxes, social security contributions, corporate taxes and environmental taxes. This means an increase (+57 million euros) compared to 2010.

Figure 5.1 Government revenue due to SABMiller in Europe: 3.49 billion euros

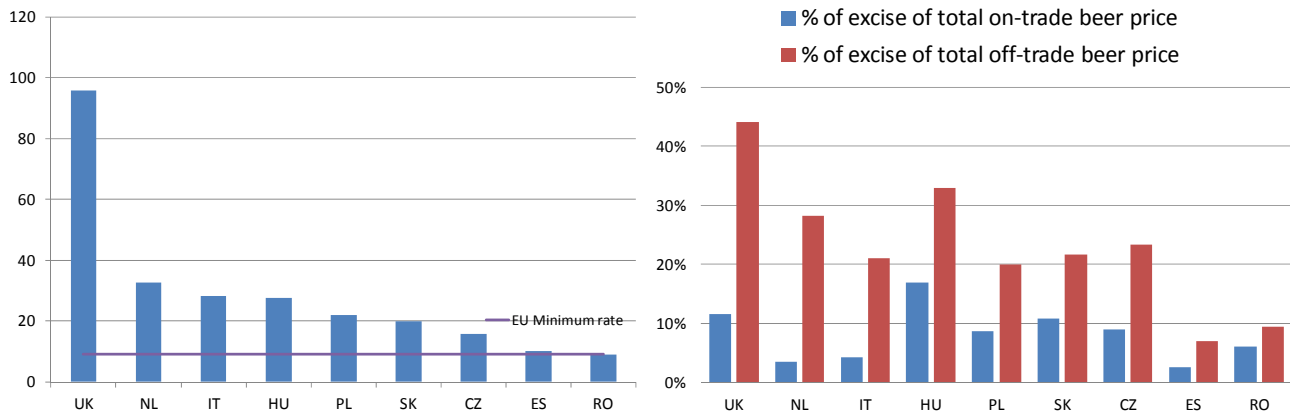


Source: Regioplan questionnaire among SABMiller breweries (2013)

As shown in Figure 5.1, taxes from the value added by SABMiller and its partners are the most important income for the governments. The total VAT revenue from the hospitality and retail sectors is estimated at 1.3 billion euros. Compared to 2010, VAT revenue increased by approximately 38 million euros. The excise duty revenue also contributed significantly to the governmental revenue. This revenue is estimated at 0.8 billion euros in 2012.

National governments also receive revenue from income taxes, corporate taxes, environmental taxes, social security contributions and payroll taxes paid by the employers and employees of the SABMiller brands and their partners. The income-related taxes paid by SABMiller and its employees contribute 110 million euros to the national treasury. The total revenue from income and payroll taxes and social contributions from employers and employees in the retail, hospitality and supply chain is estimated at 1.2 billion euros. Corporate, environmental and other taxes paid by SABMiller account for approximately 110 million euros of government revenue.

Figure 5.2 Excise duty rates per hectoliter of beer in the EU (left) and % of excise of the total beer price)



Source: European Commission and The Brewers of Europe (situation in October 2012)

Excise rates in the European Union differ significantly between countries. The Member States have a certain flexibility in setting the levels of excise duty rates. The minimum rate for the EU-28 Members is set at 8.89 euros per hectolitre of beer. Figure 5.2 shows the variation in excise duty rates. Romania applies the minimum excise rate, whereas the UK levies the second highest excise duty rate in the EU. The UK rate is nearly eleven times higher than the minimum rate set by the EU. Figure 5.2 shows which share of the consumer price consists of excise.

6 REGIONAL IMPACT

Highlights of regional impact

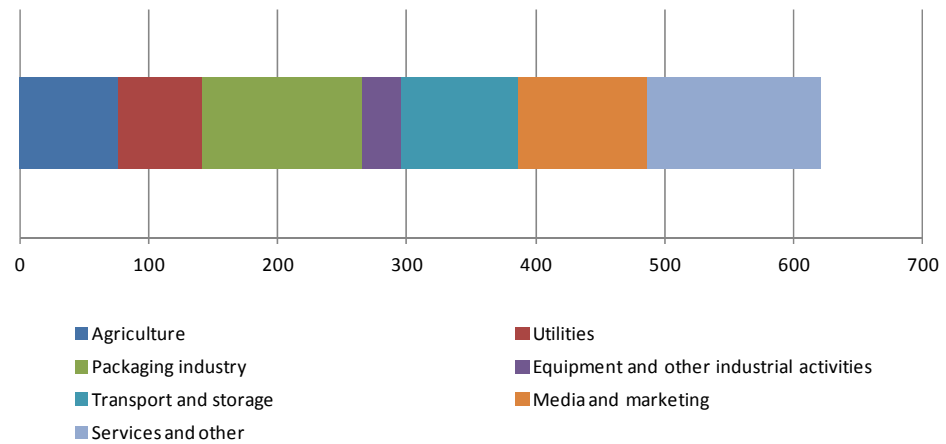
- SABMiller breweries purchase a large amount of goods and services in the regions where they are situated. About 33 percent of all goods and services (621 million euros) are purchased from regional suppliers.
- Because of these purchases, SABMiller generates an employment effect of 24,800 jobs. This employment comes on top of the direct employment within the breweries (9,900 jobs). The total regional employment effect is thus 34,700 jobs.

6.1 Purchases of goods and services from regional suppliers

The presence of SABMiller breweries is very important for regional economies. SABMiller breweries have many strong relationships with local suppliers in the regions where they are located. Approximately 621 million euros of the total purchases of goods and services by SABMiller in Europe (1.91 billion euros) are obtained in the regions where the breweries are located. This means that 33 percent of all goods and services are purchased from regional suppliers. This is a considerable increase compared to 2010 when 27 percent of the purchases of SABMiller came from regional suppliers.

The presence of one of the 17 European SABMiller breweries is especially important for the services sector. About 22 percent of all regionally purchased goods and services come from suppliers in this sector. The regional packaging sector (20 percent) and media and marketing sector (16 percent) benefit substantially as well.

Figure 6.1 SABMiller breweries spent 621 million euros on goods and services from suppliers in the regions where they are located

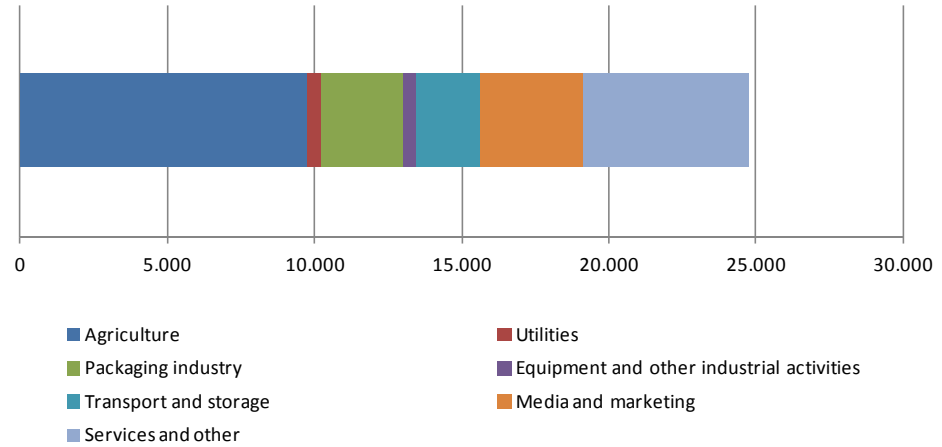


Source: Ernst & Young questionnaire among SABMiller breweries (2013)

6.2 Regional employment

Due to jobs within the breweries as well as jobs generated by purchases from local suppliers, SABMiller breweries are important for employment in the surrounding area. Around 24,800 of the 60,500 supply chain jobs generated by SABMiller are located within the home regions of the breweries. This means that 41 percent of all supply chain jobs are situated within the breweries' surrounding areas. Approximately 39 percent of these regional jobs consist of employment in the agricultural sector. In particular, the Buzau area in Romania (4,000 jobs) and the Polish region Wielkopolska (2,500 jobs) benefit substantially from purchases of agricultural goods by SABMiller breweries.

Figure 6.2 SABMiller breweries generate 24,800 supply chain jobs in the regions where they are located



Source: Ernst & Young questionnaire among SABMiller breweries (2013)

In total, around 34,700 jobs are generated by SABMiller in the home regions of their breweries (9,900 SABMiller employees and 24,800 supply chain jobs). Jobs generated in the regional retail and hospitality sectors are not included in this figure.

7 SOCIAL AND ENVIRONMENTAL IMPACTS

Highlights of social impact

- ▶ Social enterprise and sustainable development are fully integrated into the business strategy of SABMiller.
- ▶ To focus its efforts in the field of sustainable development, SABMiller has identified 10 sustainable development priorities.
- ▶ SABMiller has developed a Sustainability Assessment Matrix (SAM) to measure and monitor its progress on these 10 priorities. SABMiller is completely transparent with regard to its scores on the 10 priorities.
- ▶ On a European scale, SABMiller managed to improve its performance on all 10 priorities over the last year. Most progress has been made on programmes and campaigns aimed at promoting responsible drinking.
- ▶ All European operations have taken initiatives in the field of environmental development in 2012. These initiatives concern the reduction of water usage, carbon and energy, packaging and waste management.
- ▶ SABMiller operations support local communities with social programmes in the regions of their breweries.

7.1 Sustainable Development Priorities

SABMiller is very aware of its social and environmental responsibilities. Its businesses understand that profitability depends on healthy communities, growing economies and the responsible use of scarce natural resources. Consequently, social enterprise and sustainable development are fully integrated into the business strategy of SABMiller. In order to do so, SABMiller established an overall framework in which operations can implement programmes that meet their local circumstances.

To focus efforts related to sustainable development, SABMiller set out 10 sustainable development priorities (see figure 9.1). These priorities demonstrate SABMiller's commitment, provide clarity for SABMiller's operations, shareholders and other stakeholders and show how SABMiller focuses its efforts and prioritises its resources. All priorities are continually tested and reviewed at group level and by local operations to make sure they remain relevant and meaningful. For this purpose, SABMiller consults both internally, across all functional areas of its organisation, and externally, across external stakeholders at both global and local level. Hence, the views of national and international stakeholders are all taken into consideration when developing SABMiller's approach to sustainable development.

Figure 7.1 Priorities set out in the field of social enterprise and sustainable development.



Source: SABMiller 2013 (Sustainability Report 2012)

Annex VI contains a description of all ten sustainable development priorities, explains why these listed topics are priorities of SABMiller and shows which targets were set by SABMiller in 2012.

7.2 Sustainability Assessment Matrix

The progress of the operations on the 10 sustainable development priorities is measured in a monitoring framework, the so-called Sustainability Assessment Matrix (SAM). This management system provides in-depth understanding of SABMiller's sustainability performance. Twice a year, each operation is required to provide both qualitative and quantitative data relating to each of the sustainable development priorities and this is compared against clearly defined assessment criteria. The progress on these criteria is depicted by means of certain levels on a stairway. For each priority, a stairway has been developed, consisting of five increasing levels of performance based on internal and external benchmarks. A course is plotted from level 1, which represents the minimum standard, to level 5, which represents the leading edge standard. Progress can be made by meeting the requirements of the next level. The levels are illustrated in the following figure. The stairway level assessment criteria are as follows:

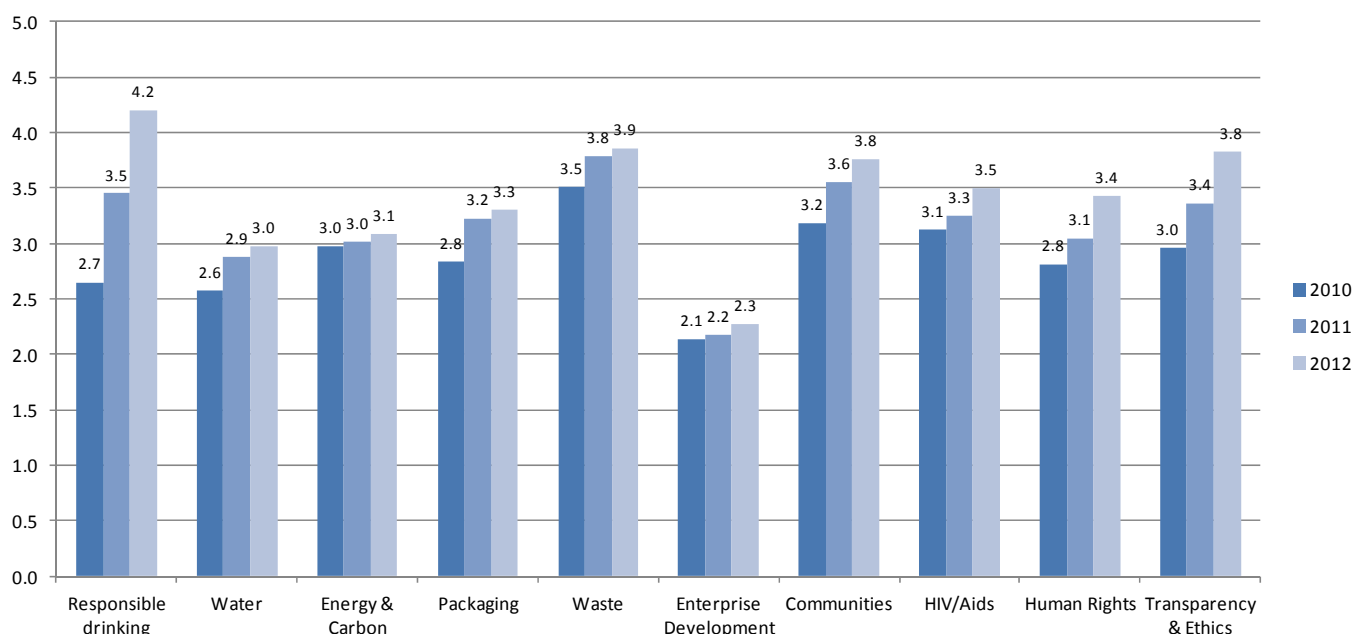
- 1 Minimum standard:** All operations must achieve level 1 or have a plan in place to do so, as this represents management of the key sustainable development risks of SABMiller.
- 2 Progressing:** Ensuring consistent performance is achieved in a particular field.
- 3 Developing leadership:** Applying a comprehensive approach including innovative tools and widespread engagement.
- 4 Best practice:** Achieving what is currently considered to be global best practice in a particular field.
- 5 Leading edge:** Performance that represents genuine global leadership on an issue.

With regard to each 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 levels 1 and 2 must be met. These requirements have been specified for all five levels of each priority. For energy and carbon footprint, for example, five requirements have been formulated.

7.3 SABMiller operations Europe

In recent years, European SABMiller operations considerably improved their performance on the 10 sustainable development priorities. As can be seen in figure 9.1, most progress has been made in the field of responsible drinking (+1.5) and transparency & ethics (+0.8). This figure consequently aggregates the scores of SABMiller operations Plzeňský Prazdroj, Dreher Breweries, Birra Peroni, Grolsch, Kompania Piwowarska, Ursus Breweries, Compañía Cervecería de Canarias and finally Pivovary Topvar. In order to be completely transparent, SABMiller presents the SAM results for each individual operation on its website (<http://www.sabmiller.com>). The SAM results of SABMiller operations in the Czech Republic, Hungary, Italy, the Netherlands, Poland, Romania, Spain and Slovakia are included in the country chapters belonging to this report. The figure below shows the SAM results at a European level.

Figure 7.2 Average assessment results of the European SABMiller operations on the 10 sustainable development priorities



Source: SABMiller 2013, based on Sustainable Development Priorities reporting tool, scorecard Europe

7.4 Activities and initiatives undertaken in the field of sustainable development

Most of the operations maintained their budget for sustainable development at the same level as in 2010. The Polish operation increased its budget, whilst in Hungary the budget was decreased. As the activities have been largely / fully integrated in daily business, it is not possible to estimate exactly how much is spent on sustainable development. With regard to most initiatives, SABMiller is the main or only investor and responsible for the financial project management. Often SABMiller works together with external parties such as NGOs, brewers' associations, other companies and (local) (government) authorities.

Within the framework set out by SABMiller, operations have the freedom to implement programmes that suit their local circumstances. As stated at the beginning of this chapter, sustainable development is integrated into the business strategy of SABMiller at local, regional and group level and may include investments, modernisation, process development and cost-effectiveness programmes. At these various levels, many different initiatives and activities have been carried out aimed at contributing to the previously described 10 priorities. Table 9.1 provides an overview of the activities undertaken by the European SABMiller operations on the 10 sustainable development priorities.

Table 7.3 Activities undertaken on the 10 sustainable development priorities

	Plzeňský Prazdroj	Dreher Breweries	Birra Peroni	Grolsch	Kompania Piwo- warska	Ursus Breweries	Pivvary Topvar	Cervecera de Canarias
Responsible drinking	√	√	√	√	√	√	√	√
Water	√	√	√	√	√	√	√	√
Energy & carbon	√	√	√	√	√		√	√
Packaging	√	√	√	√	√		√	√
Waste	√	√	√	√	√			√
Enterprise development	√	√	√	√	√	√	√	√
Benefiting communities	√	√	√	√	√	√	√	√
HIV/AIDS	√							√
Human rights		√			√			
Transparency	√	√	√	√	√	√		√

Source: RegioPlan questionnaire among SABMiller breweries (2013)

Most operations have undertaken activities on at least half of all the priority areas. It is important to remember that these priorities have been developed for all SABMiller operations worldwide. Some of the priorities are less important for certain operations or regions than others. For example,

compared to other countries human rights standards are relatively high in Europe, while HIV/AIDS is also a less serious problem than in the African countries where SABMiller runs operations. This explains why only two operations in Europe have undertaken activities/initiatives on HIV/AIDS and only four operations have made particular efforts in the field of human rights.

7.4.1 Alcohol and responsible drinking

On a corporate level, SABMiller have put a couple of measures in place to combat alcohol abuse. The company is of the opinion that it is vital that information provided to consumers about alcohol consumption is accurate and balanced. It implemented the comprehensive commitments to the EU Alcohol and Health Forum to provide information to consumers through packaging labels, marketing materials, online tools and mobile apps. SABMiller set up the website TalkingAlcohol.com which averages around 20,000 visitors every month. Furthermore, SABMiller recently updated its Policy on Commercial Communication. Approximately 98 percent of SABMiller 's advertisements across Europe contain the responsible drinking message set out in these messaging guidelines.

The operations in the various European countries have also set up many different initiatives aimed at promoting responsible drinking. For example, the operations in the Czech Republic, Poland, Romania and Slovakia were involved in developing an app informing people in their country and especially drivers about their blood alcohol content (BAC) and the effects of alcohol consumption. Furthermore, operations set up their own local versions of the website TalkingAlcohol.com and initiated projects aimed at informing women on the harmful effects of alcohol consumption during pregnancy and combating alcohol abuse of youngsters.

7.4.2 Environmental development

4 out of the 10 sustainable development priorities concern the environment. All European operations have taken initiatives aimed at reducing the use of water in 2012, while most operations devoted attention to the other three priorities (energy & carbon, packaging and waste) as well. The initiatives of the operations are very diverse. For example, in 2010 the Italian operation reduced the weight of its Peroni Gran Riserva 330 ml bottle by 40 percent (from 310 g to 185 g), saving 750 tonnes of glass and about 600 tonnes of CO₂ a year. Cervercera de Canarias is very concerned with waste management, resulting in a reuse of 97 percent of the breweries' waste. In the Czech Republic, the reuse of waste is as high as 99 percent. In Poland, Kompania Piwowarska initiated a joint programme with a large retailer aimed at raising awareness among consumers about environmental issues and promoting the segregation and recycling of metal and glass packaging.

7.4.3 Benefiting communities

Many of the social initiatives of SABMiller operations concern the local communities in the regions of their breweries. These initiatives vary from a programme that supports disadvantaged families in the neighbourhood of the Hungarian brewery to employees of Kompania Piwowarska in Poland who are doing voluntary work in their communities. However, the social initiatives of the operations are not just limited to local communities. In 2012, Grolsch (the Netherlands) supported a charity event organised by a national radio station resulting in a donation of more than 12 million euros to fight infant mortality in developing countries.

7.4.4 Enterprise development

As can be read in the previous chapter, the presence of a SABMiller brewery is vitally important for regional economies. However, the breweries are not only important because of their purchases; SABMiller operations also support local entrepreneurs by offering them training. Birra Peroni (Italy) initiated a project that involved educating and training young entrepreneurs in the farming industry while Dreher (Hungary) provides outlet owners and store managers with training on diverse topics like irresponsible drinking and market strategy. Compania Cervecera de Canarias developed programmes to stimulate the hospitality sector on the Canary Islands.

7.4.5 Sport sponsoring

Local sports clubs and events also benefit from SABMiller, as its operations are heavily involved in sponsoring sports. On the Canary Islands, SABMiller initiated a project aimed at enabling disabled individuals to actively participate in different sports. SABMiller operations also sponsor professional sports teams and events. Examples of this are the 6 Nations rugby tournament in Rome, the Polish Olympic team and the Romanian national football team.

8 CZECH REPUBLIC: IMPACT OF SABMILLER

8.1 Highlights of the economic impact

	2012
Total production (in hl.)	7,777,700
Total exports (in hl.)	1,059,200
Total imports (in hl.)	318,300
Total consumption (in hl.)	6,894,100
Total number of employees	2,045
Market share Czech Republic*	46%

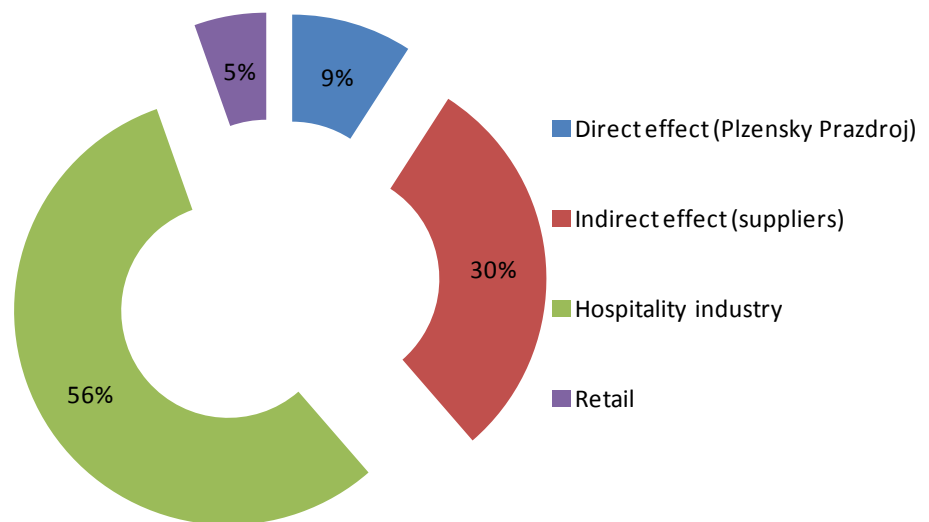
* Regioplan data calculation
Source: Plzeňský Prazdroj, 2013

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

- Plzeňský Prazdroj produced 7.8 million hl. of beer in 2012. The total beer sales of Plzeňský Prazdroj beer in the Czech Republic amounted to 6.9 million hl. in 2012.
- The direct employment of Plzeňský Prazdroj is 2,045 jobs.
- Furthermore, Plzeňský Prazdroj creates 6,600 jobs in supply sectors by buying goods and services. About 3,500 of these jobs are in the agricultural sector.
- In the hospitality sector, approximately 12,600 jobs can be attributed to sales of Plzeňský Prazdroj beer. In the retail sector, almost 1,200 jobs are related to Plzeňský Prazdroj beer sales.
- The total employment effect due to the production and sale of Plzeňský Prazdroj beer is thus 22,400 jobs.
- The Czech government also benefits from Plzeňský Prazdroj beer production and sales, as it receives approximately 422 million euros in revenue. This revenue consists of 82 million euros in excise, 157 million euros in VAT, 152 million euros in income-related contributions and taxes generated by the 21,800 beer related jobs and 30 million euros in corporate, environmental and other taxes.
- Plzeňský Prazdroj exported 1.1 million hl. of beer in 2012. These exports contribute to a more positive perception of Czech beer all over the world.
- Every year, about 400 million glasses of beer are consumed by tourists visiting the Czech Republic. Around 200 million of these are Plzeňský Prazdroj beer.
- All beer brands from Plzeňský Prazdroj are holders of Protected Geographic Indication Czech beer, which guarantees that the majority of the raw materials are produced and purchased in the Czech Republic.

The employment impact of Plzeňský Prazdroj in the Czech Republic is presented below:

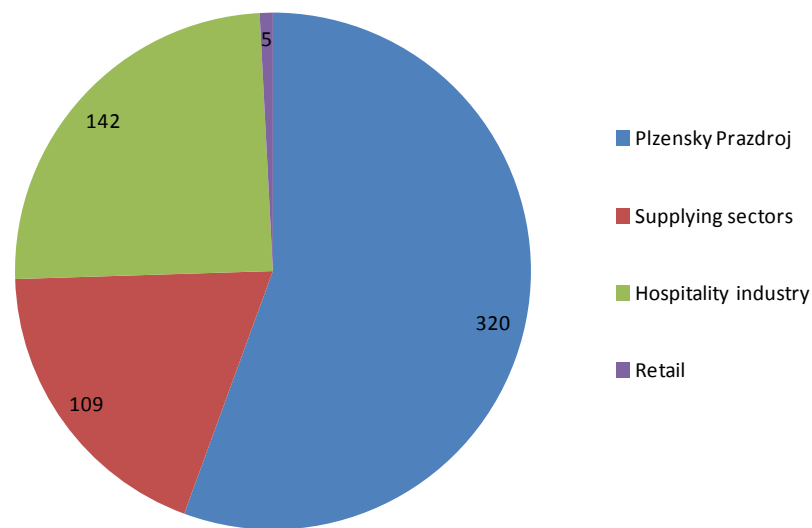
Figure 8.1 Total employment in the Czech Republic because of SABMiller: 22,400 jobs



Source: Regioplan calculation (2013) See Annex II for an explanation of the methodology

The contribution of Plzeňský Prazdroj to the Czech economy can also be expressed in terms of added value. The contribution to the Czech economy in terms of added value due to their production and sales of beer is estimated at 561 million euros. Almost 60 percent of this added value is generated directly by Plzeňský Prazdroj. About 109 million euros of added value is generated in the supply sectors, of which 18 million euros consists of added value in the agricultural sector.

Figure 8.2 Added value in the Czech Republic due to SABMiller: 568 million euros

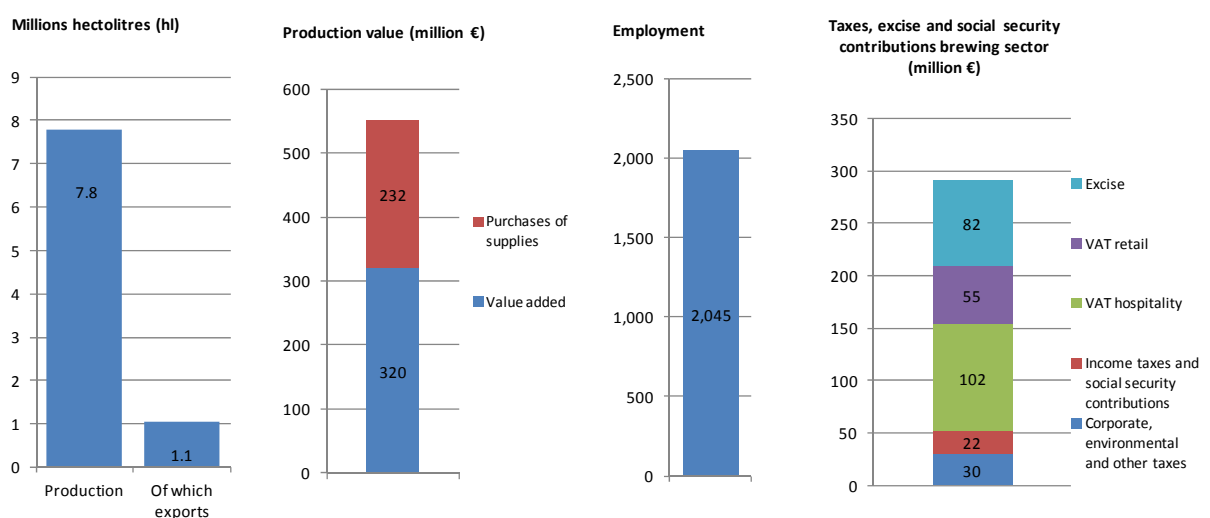


Source: Regioplan calculation (2013). See Annex II for an explanation of the methodology

8.2 Direct effect of Plzeňský Prazdroj

Plzeňský Prazdroj employs 2,045 people directly. Together they generated a production value of approximately 552 million euros in 2012, of which 232 million euros was spent on supplies. The added value of Plzeňský Prazdroj was thus 320 million euros.

Figure 8.3 Direct effect of Plzeňský Prazdroj



Source: Regioplan calculation (2013)

The government also benefits from the production and sale of beer by Plzeňský Prazdroj. In 2012, excise and VAT revenue accounted for 82 million euros and 149 million euros respectively. Employees and employers at Plzeňský Prazdroj paid 22 million euros in income tax, social security contributions and payroll taxes.

8.3 Economic impact on goods and service providers

In 2012, Plzeňský Prazdroj spent 234 million euros on supplies in the Czech Republic. This is a significant economic boost for the supply sectors. The majority of supplies are purchased in the agricultural sector, resulting in approximately 2,200 jobs (first round effect). Indirect employment in the services sector (700 jobs) is also substantial. As this primary effect can be estimated at about 65% of the total impact, the total impact on indirect employment is approximately 6,600 jobs.

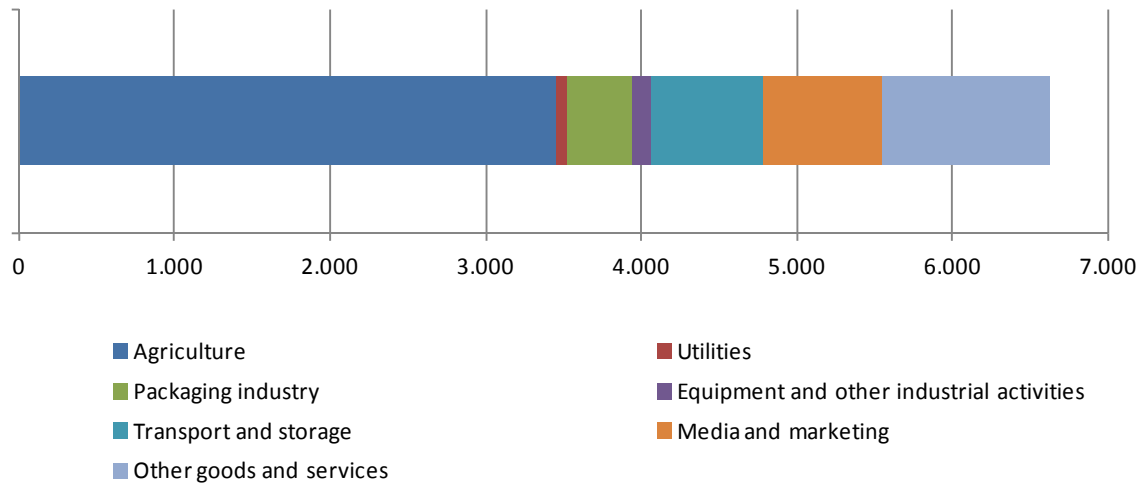
Sectors	Domestic purchases (million €)	Central purchases in the Czech Republic used by other SABMiller operations	Stimulus for the Czech Republic	Turnover per employee ¹ (in €)	Number of employees
Agriculture	39.2	25.2	64.4	28,446	2,248
Utilities	17.4	0.0	17.4	383,800	45
Packaging industry	23.6	1.6	25.2	92,500	272
Equipment	6.9	0.0	6.9	92,500	74
Transport	33.1	0.0	33.1	70,400	471
Media, marketing	35.9	0.0	35.9	72,700	494
Services and other goods	51.0	0.0	51.0	72,700	701
Total	207.0	26.8	233.8		4,305
First round impact as percentage of total impact					65%
Total indirect effect (including second round impact)					6,624

Sources: Regioplan calculation, 2013; Eurostat, 2013

¹ Turnover per employee was obtained from Eurostat.

The total indirect employment effects are illustrated below:

Figure 8.4 Indirect employment



Source: Regioplan calculation (2013)

8.4 Retail and hospitality sectors

The most important economic effect of Plzeňský Prazdroj involves the benefits to the hospitality sector through their beer.

Hospitality sector

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

- 45 percent of all Plzeňský Prazdroj beer consumption in the Czech Republic occurs in the hospitality sector. In 2012, consumers spent approximately 486 million euros (excluding VAT) on Plzeňský Prazdroj beer in pubs and restaurants.
- The average turnover per employee in the Czech hospitality industry was 38,700 euros a year.
- The employment in the Czech hospitality sector due to Plzeňský Prazdroj beer sales is estimated at 12,600 jobs.

Retail

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

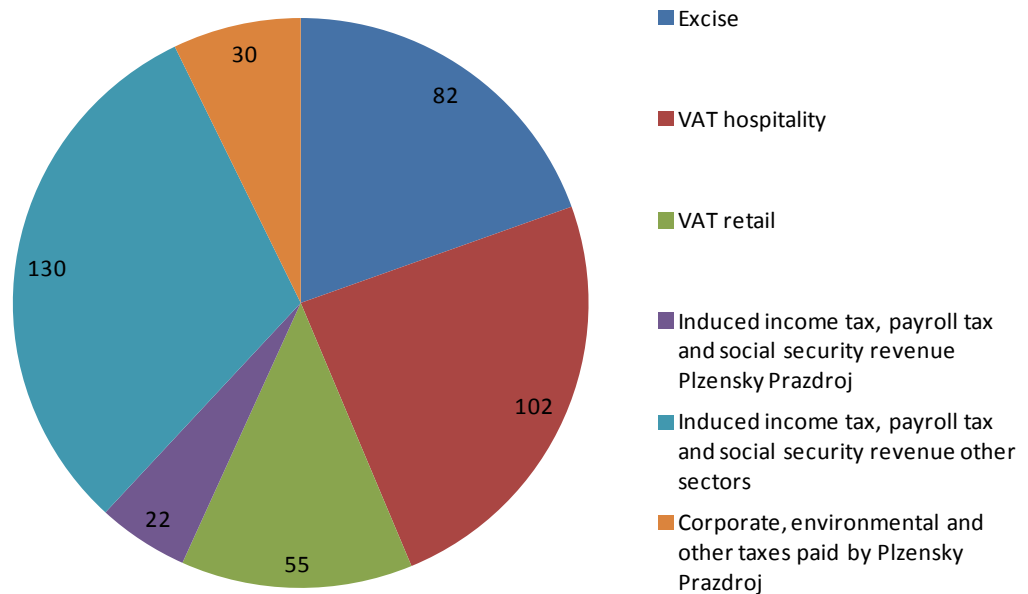
- 55 percent of the total Plzeňský Prazdroj beer consumption is sold in supermarkets and other retail companies. In 2012, total consumer spending on Plzeňský Prazdroj beer in retail companies is estimated at 262 million euros (excluding VAT).
- Employees in the retail sector generate an annual turnover of 215,200 euros each.
- Total employment in the Czech retail sector through Plzeňský Prazdroj beer sales is estimated at 1,200 employees.

8.5 Government revenue

Revenue from excise, VAT and income-related contributions due to Plzeňský Prazdroj beer production and sales is estimated at 422 million euros:

- VAT revenue from sales in the hospitality sector amounts to 102 million euros, while VAT revenue from sales in the retail sector is 55 million euros. The total VAT revenue is thus 157 million euros.
- The total amount of excise revenue due to Plzeňský Prazdroj is 82 million euros.
- The 22,400 jobs related to Plzeňský Prazdroj beer production and sales together generate 33 million euros in income tax, 29 million euros social security contributions paid by employees and 90 million euros in social security taxes and payroll taxes paid by employers. The total income-related revenue due to Plzeňský Prazdroj beer production and sales is thus 152 million euros.
- Plzeňský Prazdroj generates another 30 million euros in corporate, environmental and other taxes.

Figure 8.5 Czech government revenue due to SABMiller: 422 million euros



Source: Regioplan calculation (2013)

8.6 Highlights of the regional impact

- Plzeňský Prazdroj operates three breweries across the Czech Republic.
- Plzeňský Prazdroj is responsible for 2,045 jobs at its breweries.
- Besides the regions in which Plzeňský Prazdroj is based, the agricultural sectors in Ustecký (700 jobs), Středočeský (400 jobs) and Olomoucký (300 jobs) benefit substantially from purchases by Plzeňský Prazdroj.

Sources: Plzeňský Prazdroj and Regioplan calculation (2013)

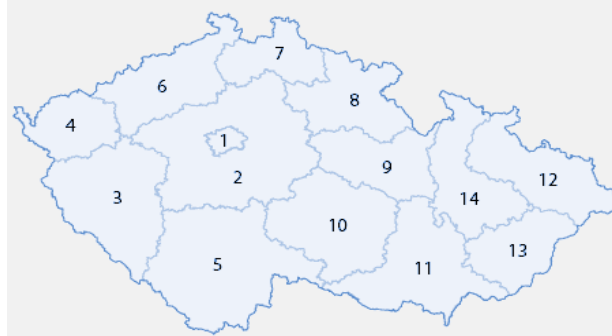
Plzeňský Prazdroj operates three breweries, directly employing 2,045 people. Plzeňský Prazdroj's breweries are located in the following regions: Plzeňský, Středočeský and Moravskoslezský. The following figure shows the locations of the breweries. The brewery on the left is the Plzeň brewery in Plzeň located in the Plzeňský region. The one in the middle is Velke Popovice brewery in Velke Popovice, located in the Středočeský region. The brewery on the right is the Radegast brewery in Nošovice, located in the Moravskoslezský region.

A. Location of brewery



Source: SABMiller

B. Regions of the Czech Republic



Source: <http://www.pixel.cz>

Besides employment within the breweries, Plzeňský Prazdroj also generates indirect employment effects because of its purchases from local suppliers. The following table shows the economic impact of the three breweries for each region. In all three regions where Plzeňský Prazdroj breweries are located, substantial employment effects are generated within the supply sectors. The agricultural sector in the Moravskoslezský Region (560 jobs) and the services sector in the Plzeňský region (240 jobs) benefit the most. Besides the areas where the breweries are located, the agricultural sectors in the Ústecký area (700 jobs), the Středočeský area (400 jobs) and the Olomoucký area (300 jobs) also benefit substantially from purchases of Plzeňský Prazdroj.

Regions	Plzeňský Region (no. 3)		Středočeský Region (no. 2)		Moravskoslezský Region (no. 12)	
Sectors	Purchases (million €)	Indirect employm.	Purchases (million €)	Indirect employm.	Purchases (million €)	Indirect employm.
Agriculture	3.9	208	3.1	166	10.6	562
Utilities	10.6	45	0.1	0	0.6	3
Packaging industry	1.8	31	4.9	87	8.4	148
Equipment	1.9	33	0.4	8	0.6	11
Transport	3.3	77	3.3	77	6.4	147
Media, marketing	3.1	69	1.9	43	1.9	43
Services	10.7	239	4.7	106	4.1	93
Total	35.2	702	18.6	488	32.7	1,007

Source: Regioplan calculation (2013)

The regional impact of Plzeňský Prazdroj is also acknowledged by the Research Institute of Brewing and Malting, which is one of their suppliers. The Institute researches the sustainability of Czech beer and plays an arbitrator's role concerning the Protected Geographical Indication of the brewery's beers. They also sell their research results, have various analytical and microbiological

services and handle public relations for the Czech beer in general. The relationship between Plzeňský Prazdroj and the Research Institute can be characterised by its long duration. The companies have had a strong and stable relationship since 1989. Plzeňský Prazdroj is the second biggest shareholder of the Research Institute of Brewing and Malting, owning 22% of the shares. With 10% of the turnover stemming from Plzeňský Prazdroj, SABMiller has a great impact on the Research Institute. The total turnover of the Institute is approximately 2.5 million euros. This generates 57 jobs within the Research Institute.

Besides the importance of Plzeňský Prazdroj for the Research Institute itself, the Institute underlines the importance of the breweries for other companies. According to the Institute, the agricultural industry particularly benefits from the presence of Plzeňský Prazdroj. As the breweries have to buy their hops, malts and barleys from local growers to keep their Protected Geographical Indication, the presence of a brewery in an area is a tremendous asset to the local agricultural industry. The Research Institute of Brewing and Malting further emphasised the importance of Plzeňský Prazdroj in the region by stating that the region would be greatly affected if one of the breweries were to leave the region. The agricultural sector would suffer, as would the packaging industry, the transport and storage sector, the equipment sector and the media and marketing industry.

8.7 Highlights of the social and environmental impact

Besides the economic impact described in the previous paragraphs, Plzeňský Prazdroj also has a social impact on the Czech Republic.

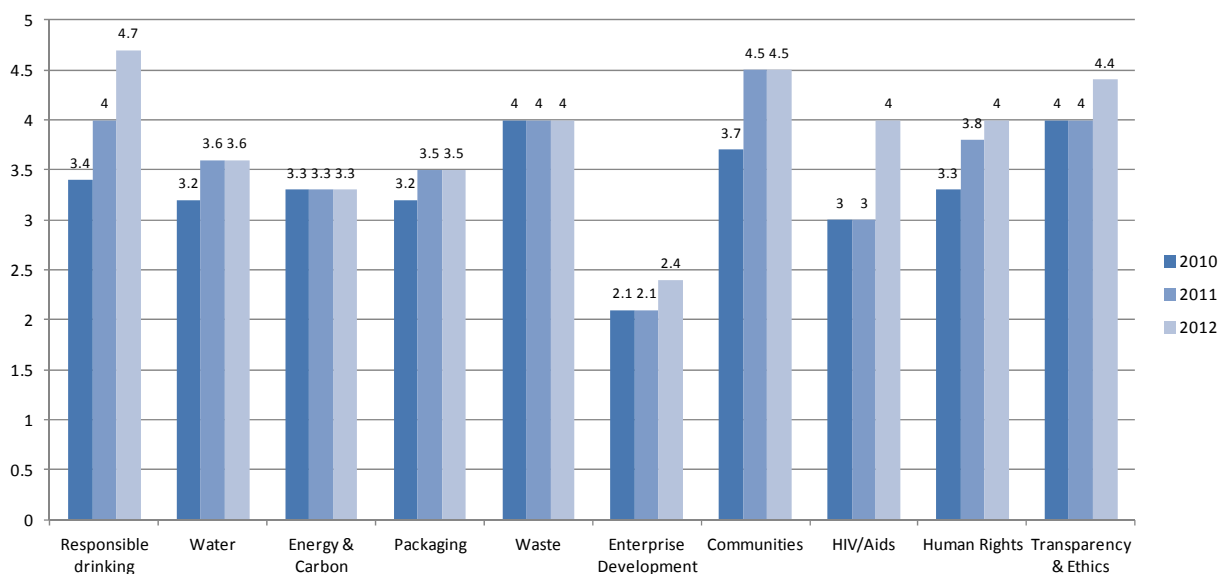
SABMiller has identified ten priorities to help the company and breweries focus on what is important locally and to build sustainable development into their business decisions. Plzeňský Prazdroj has undertaken activities with regard to all ten of the priorities in the last two years. Its prioritisation shows that the company values the Czech community and sustainable development, is involved with its suppliers and its sustainable production processes very highly. Over the coming three years, Plzeňský Prazdroj is planning to embark on (new) initiatives with regard to four of the ten priorities. The main focus will be 1) discouraging irresponsible drinking, 2) packaging reuse and recycling, 3) benefiting communities, and 4) respecting human rights. All future initiatives and activities will be selected on the priorities that are currently most important and most necessary for the local and/or environmental situation.

Ten priorities

The 'scores' on the ten trends identified by SABMiller aimed at focusing efforts relating to sustainable development are kept by SABMiller in a scorecard (the so-called stairways). The figure below presents the scores which Plzeňský Prazdroj received on the different priorities, on a scale of one (lowest) to five (highest). The company managed to increase the scores on eight of the trends

between 2010 and 2012. Efforts to discourage irresponsible drinking proved particularly effective. The score increased from 3.4 in 2010 to 4.7 in 2012.

Figure 8.6 Assessment results of Plzeňský Prazdroj on the 10 sustainable development priorities



1 minimum standard; 2 progressing; 3 developing leadership; 4 best practice; 5 leading edge

Source: SABMiller Europe (2013)

Benefiting communities

Plzeňský Prazdroj is very committed to the local community. An important initiative benefiting the community is the Prazdroj Lidem (Prazdroj for the people) project (www.prazdrojlidem.cz). With this initiative, Plzeňský Prazdroj invests in other projects benefiting the local community in regions where the company manufactures its beer. The main objective is to support citizens' initiatives in the field of culture, healthcare, education or sustainable development. The initiatives must generate or strengthen activities which bring value to next generations. The project runs in two regions: the city of Pilsen and North Moravia. These are the regions where the breweries are located. The programme was initiated in 2002; before that they conducted a similar project, but with no strategic approach. From 2002, employees, the general public, the media and specific stakeholders like opinion makers and regional representatives were involved in the project. This boosted engagement in and support for the programme and contributed to transparency.

A new round of the project is started each year in Pilsen and North Moravia regions. A council of representatives, consisting of fifteen people who are respected and influential in the region, selects the 20 most interesting and beneficiary proposals for projects. These proposals are presented to the public. The general public can now vote for the project they want to see implemented. The project with the most support will receive funding from the Prazdroj Lidem programme. Besides the public, the council of representatives also chooses a project that will receive funding, as do the employees of Plzeňský Prazdroj. The rest of the projects receive a percentage of the financial aid requested,

according to the received support from the public. The budget spent on Prazdroj Lidem in 2012 was approximately 308,000 euros. Since 2002, Plzeňský Prazdroj has invested over 2.5 million euros in the programme and helped over 250 projects and initiatives to be implemented.

One of the projects funded by the Prazdroj Lidem programme was an initiative by the Iron Monument Club in the Pilsen region. The Club received funding to repair a boiler in a steam engine. This project was the preferred choice of the Plzeňský Prazdroj employees and received the greatest support in the public vote. The project with the second highest support was the project of the Trnka Private Elementary Art School, where the funds will be used to improve the school's facilities. The council of representatives chose to support a project to restore historical books from the 13th and 14th centuries at the Pilsen Regional Academic and Scientific Library.

Discouraging irresponsible drinking

Plzeňský Prazdroj also focuses on discouraging irresponsible alcohol consumption in the Czech Republic. They have several projects with this purpose. One of the main projects is the Promile INFO project of the civic association SANANIM since 2006. The company has supported this project since 2008. The project provides information via SMS, WAP, the internet and mobile apps to people and especially drivers about their blood alcohol content (BAC) and the effects of alcohol consumption. The mobile app was launched in December 2011 and was downloaded more than 60,000 times in the first three months. The BAC calculation was performed over 109,000 times in this period. The website of the project is visited by an average of 3,500 unique visitors each month.

The Promile INFO project had information stands at twelve major music festivals in the summer of 2012, and at another twelve festivals there was a service of patrols with alcohol testers. Anyone who was interested received information about the risks associated with driving under the influence of alcohol and the Promile INFO calculator. It was also possible for the visitors to test their breath in the morning after the festival when most visitors were going home. 4,554 people were interested in calculating their BAC on the festival and 7,200 were given a one-time alcohol tester to take home.

Plzeňský Prazdroj was voted the second best national programme in the 2013 European CSR Award for its work promoting responsible alcohol consumption. The independent jury was impressed by the Promile INFO campaign. This award stresses the positive effects the campaign has on the Czech society.

In 2013 Plzeňský Prazdroj introduced the Respect-18 project in Pilsen, discouraging alcohol consumption under the age of eighteen. The company's focus in the future will be on addressing the specific problems in the country regarding irresponsible drinking.

Supporting local businesses

Plzeňský Prazdroj is the second largest buyer of malt barley in the domestic market. The company is the biggest buyer of barley varieties approved for products bearing a Geographical Protected Indication (GPI). These varieties account for 92% of the beer consumed, whilst the other 8% also comes from Czech suppliers. Plzeňský Prazdroj aims at long-term cooperation with its suppliers. They enter into three year contracts with their partners. The contract

ensures a fixed minimum income for the farmers, which is calculated at the beginning of each financial year. They also receive an extra amount for the market value of their products. The fixed component provides farmers with a guarantee of income and a certain minimum amount of income. Barley purchased on the basis of these contracts accounts for 25% of all purchased barley.

Gender diversity

The company is also concerned with equal working opportunities for men and women. In 2012, the HR department at Plzeňský Prazdroj started a long-term project called “Women Matter”, aimed at encouraging gender diversity on the work floor. This project aims to promote talented women within the company, to help women return to work after their maternity leave, easier integration in the working environment and to mentor women outside the company to help them find a job in other companies.

Working towards zero-waste operations

Contributing to a healthy environment is important to Plzeňský Prazdroj. One of the ways of doing this is by working towards zero-waste operations. In the previous years, the company reused nearly 99% of the waste. One innovation was a device that turns draff (leftover from the grain, after malted barley has been boiled and the liquid has been filtered out for fermentation) into a renewable fuel. This device dries the grains so that they can be used in boilers to supply heat and electricity with lower carbon emissions. The product is sold to the local energy supplier who uses it as co-fuel. This project was named “Czech Energy and Ecological Project of the Year” by the Czech Ministry of Environment and the Ministry of Industry and Trade.

Reducing energy use

The efforts of Plzeňský Prazdroj also extend to reducing the energy consumption in the production process in order to minimise the negative impact on the environment. One of its main accomplishments was the commissioning of a CO₂ recovery station in the Pilsen brewery to capture and reuse CO₂. In the first year, the brewery saved 280 tonnes of CO₂. The investments made in the station will be returned within two years. The carbon footprint of Plzeňský Prazdroj has been reduced with 20% in the past five years.

Tourism

The origin of beer lies in the Czech Republic, as it was the first country to produce beer. When tourists think of the Czech Republic, most of them also think of beer. Each tourist drinks on average two beers during their stay, adding up to a total of approximately 400 million beers per year. Around 200 million of these beers come from Plzeňský Prazdroj. The local communities benefit from these tourists because most of these beers are consumed in the hospitality sector, creating a significant number of jobs for the local people.

According to TripAdvisor.com, around 200,000 people visit the Plzeňský Prazdroj brewery in Pilsen every year. That makes the brewery the most visited site in the Pilsen region. As a result, the Pilsen area has become well known as a tourist destination.

9 HUNGARY: IMPACT OF SABMILLER

9.1 Highlights of the economic impact

	2012
Total production (in hl.)	2,212,100
Total exports (in hl.)	175,600
Total imports (in hl.)	77,600
Total consumption (in hl.)	2,035,200
Total numbers of employees	635
Market share Hungary*	32.4%

* Regioplan data calculation

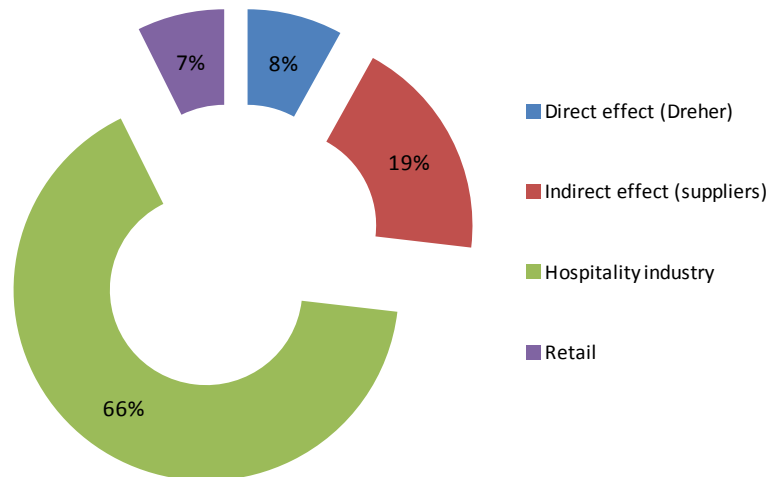
Source: Dreher Breweries, 2013

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

- Dreher Breweries employs 635 people directly.
- Dreher Breweries generates important indirect effects within the supply sectors. It is estimated that 1,500 jobs can be attributed to the purchases of Dreher Breweries, with the agricultural sector benefiting most.
- The impact on the hospitality sector is also substantial. Approximately 5,200 people in this sector earn a living because of the sales of beer from Dreher Breweries. In the retail sector, 600 full-time jobs depend on the sales of beer from Dreher Breweries.
- The total employment impact of Dreher Breweries is thus 7,900 jobs.
- The government also benefits from Dreher Breweries' beer production and sales, receiving around 171 million euros in taxes, social security contributions and excises. Excise revenue amounts to 46 million euros; VAT collected on Dreher beer (sold in the hospitality sector and through retailers) is estimated at approximately 63 million euros. Revenue from income taxes, social security contributions and payroll taxes paid by employers and employees of Dreher Breweries, supply sectors and the hospitality and retail sector adds up to around 50 million euros. Revenue from corporate taxes, environmental taxes and other taxes is estimated at 12 million euros.

The employment impact of Dreher Breweries is presented below:

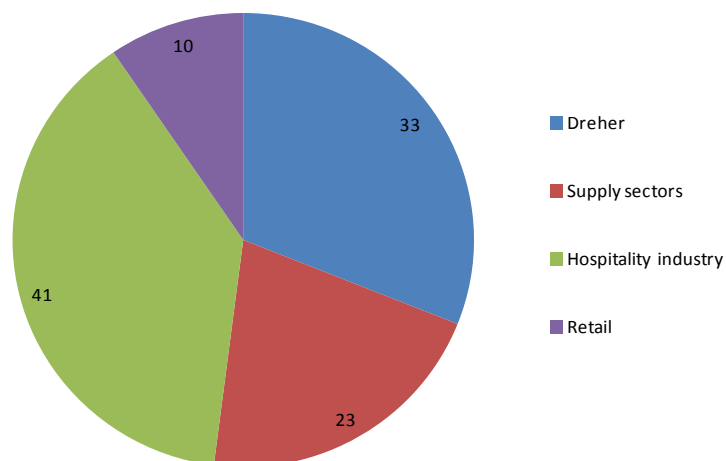
Figure 9.1 Total employment in Hungary because of SABMiller: 7,900 jobs



Source: Regioplan calculation (2013) See Annex II 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 Dreher Breweries and firms in the supply chain and hospitality and retail sectors is estimated at 107 million euros.

Figure 9.2 Value added in Hungary due to SABMiller: 107 million euros

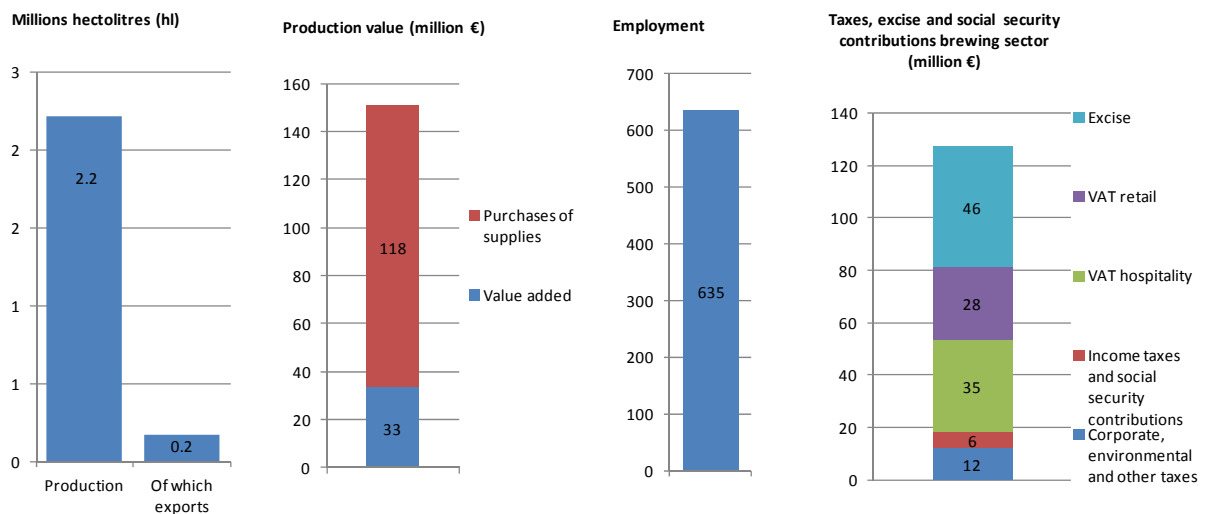


Source: Regioplan calculation (2013). See Annex II for an explanation of the methodology

9.2 Direct effect of Dreher Breweries

The share of Dreher Breweries in the overall value added arising from the production and sale of their beer is estimated at 30%. This is much more than the percentage of direct employment related to Dreher Breweries in the total employment arising from the production and sale of their beer (7%). An important explanation is that the productivity in terms of value added per employee of Dreher Breweries is relatively high compared to other sectors.

Figure 9.3 Direct effect of Dreher Breweries



Source: Regioplan calculation (2013)

Dreher Breweries has a production value of 151 million euros, generated by 635 employees. The total value added generated by Dreher Breweries is 33 million euros. The direct revenue (excise, VAT, and income-related revenue from employees of Dreher Breweries) received by the Hungarian government amounts to approximately 176 million euros. Excise and VAT revenue accounted for 46 million and 63 million euros respectively. In 2012, Dreher Breweries and their employees paid 6 million euros in income tax, social security contributions and payroll tax. Corporate, environmental and other taxation accounted for 12 million euros.

9.3 Economic impact on goods and service providers

In Hungary, a total of around 69 million euros is spent on goods and services required for the production and sale of beer by Dreher Breweries. This stimulus has a substantial economic impact on sectors outside the brewing sector. The packaging industry is the sector where most money is spent. Almost 16 million euros, of a total of domestic purchases amounting to 69

million euros, is spent on packaging. The agricultural and services sectors are also important, resulting in substantial employment effects.

Sectors	Domestic purchases (million €)	Central purchases in Hungary used by other SABMiller operations	Stimulus for the Hungary	Turnover per employee ¹ (in €)	Number of employees
Agriculture	2.8	0.0 ²	2.8	14,445	197
Utilities	6.7	0.0	6.7	1,125,200	6
Packaging industry	7.1	8.5	15.6	147,500	105
Equipment	5.8	0.0	5.8	147,500	39
Transport	11.0	0.0	11.0	73,400	150
Media, marketing	12.5	0.0	12.5	142,500	88
Services and other goods	14.6	0.0	14.6	38,000	384
Total	60.5	14.0	69.0		969
First round impact as percentage of total impact					65%
Total indirect effect (including second round impact)					1,491

Sources: Regioplan calculation, 2013; Eurostat, 2013

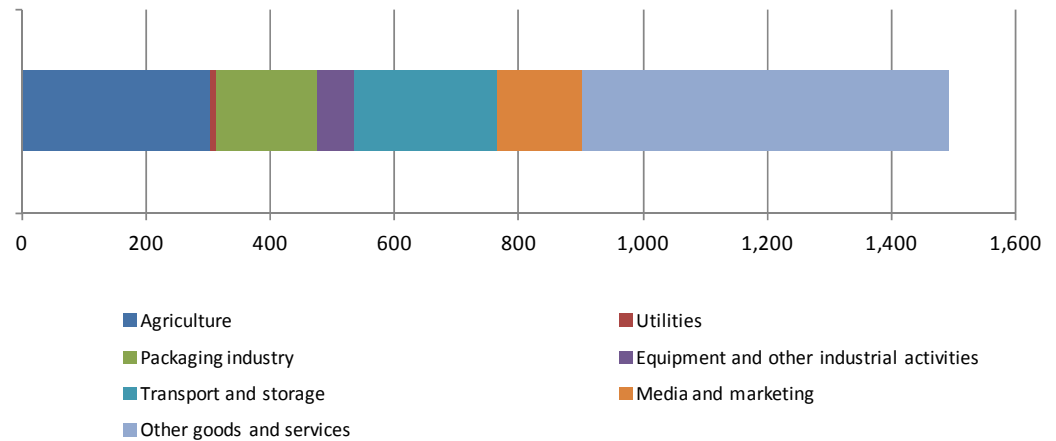
The biggest percentage of indirect employment generated by Dreher Breweries can be seen in the agricultural, media and marketing sectors. The packaging industry and services sector also benefit substantially from the brewing sector. The total indirect employment effect in the supply chain is almost 1,500 jobs.

¹ Turnover per employee was obtained from Eurostat.

² In 2010 this amounted to 5.5 million euros. The amount has probably decreased in 2012, but the exact numbers we are unable to provide the exact numbers.

The total indirect employment effects are illustrated below:³

Figure 9.4 Indirect employment



Source: Regioplan calculation (2013)

9.4 Retail and hospitality sectors

Hospitality sector

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

- 42 percent of all Dreher Breweries beer consumed in Hungary is sold by the hospitality sector (on-trade).
- Consumer spending in pubs and restaurants on Dreher Breweries beer is estimated at 131 million euros (excluding VAT).
- With an average hospitality turnover of 25,100 euros per person, this means that nearly 5,200 jobs in the hospitality sector can be attributed to Dreher Breweries beer sales.

Retail

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

- Most Dreher Breweries beer is sold by convenience shops, supermarkets and other retail outlets. Total consumer spending excluding VAT is estimated at 103 million euros.
- With turnover per employee estimated at 177,100 euros, this means that approximately 579 people in the retail sector owe their jobs to Dreher Breweries beer sales.

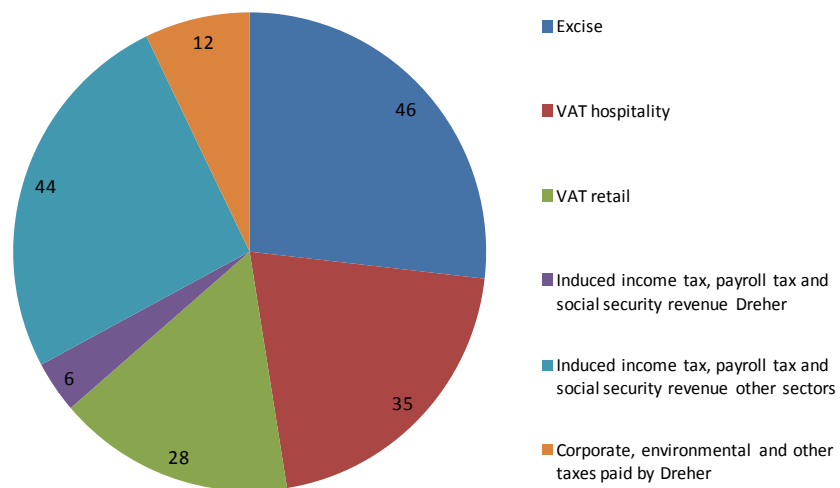
³ The total indirect employment effects in the figure consist of the first round effects per sector, which are calculated in the table above, plus a rough estimate of the second round effects per sector.

9.5 Government revenue

The revenue from excise, VAT and income-related contributions related to Dreher Breweries beer production and sales is estimated at 171 million euros:

- VAT revenue is estimated at 63 million euros. The majority of this VAT revenue is generated in the hospitality sector.
- The total amount of excise revenue related to Dreher Breweries is 46 million euros.
- Income-related revenue related to Dreher Breweries beer production and sales is approximately 50 million euros. This includes 12 million euros in income tax, 13 million euros in social security contributions paid by employees and 24 million euros in social security taxes and payroll taxes paid by employers.
- The revenue from corporate taxes, environmental taxes and other taxes is estimated at 12 million euros.

Figure 9.5 Hungarian government revenue due to SABMiller: 171 million euros



Source: Regioplan calculation (2013)

9.6 Highlights of the regional impact

- In the Dreher brewery, located in Budapest, 635 people are employed.
- Dreher is important for businesses in Central Hungary, as its purchases generate about supply chain 500 jobs in this region. The majority of this employment effect relates to agricultural jobs.

Sources: Dreher Breweries and Regioplan calculation (2013)

A. Location of brewery



Source: SABMiller

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



Source: <http://www.wikipedia.org>

Dreher breweries are very important for the area in which they are located. The brewery in the Hungarian capital Budapest employs 635 people directly. Not all employees work in this Central area, field sales workers are also located regionally in the country. Dreher Breweries is also important for suppliers in Central Hungary, which is an area that consists of Budapest (shaded grey in the map above) and the county of Pest (shaded green). In 2012, the brewery bought goods and services worth 20 million euros from local suppliers. These purchases generate an employment effect of approximately 500 jobs. Around 300 of these jobs consist of employment in the agricultural sector. The transport sector in Central Hungary also benefits substantially.

Sectors	Central Hungary	
	Purchases (million €)	Indirect employment
Agriculture	3	303
Utilities	7	9
Packaging industry	0	0
Equipment	4	43
Transport	7	143
Media, marketing	0	0
Services	0	0
Total	20	498

Source: Regioplan calculation (2013)

The economic impact of Dreher can also be derived from an interview with one of Dreher's suppliers, EDF Energy. EDF is an electricity and gas company with a total of 1,500 employees. The company provides Dreher with one hundred percent of its electricity needs, accounting for a turnover of 4 million euros. The contract is mutually evaluated every year and competition with other energy providers is heavy. EDF is eager to keep Dreher as a client since, from a total of 700,000, it is one of the 50 most important customers. Besides maintaining the current relationship, EDF wishes to intensify the relationship and is exploring opportunities to also provide gas. Moreover, EDF aims to provide services regarding sustainable energy management.

9.7 Highlights of the social and environmental impact

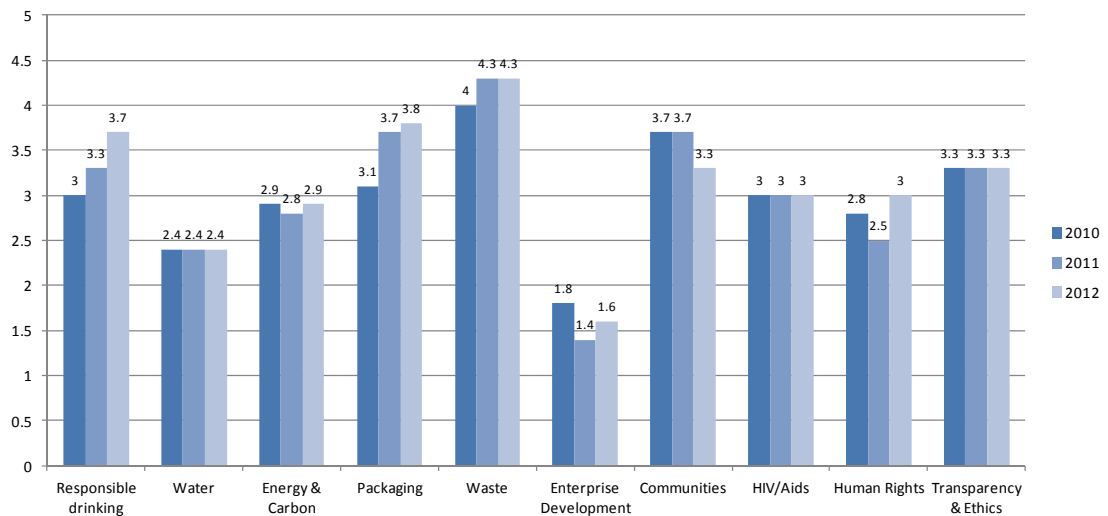
Besides its economic impact, Dreher also has a social and environmental impact in Hungary. These impacts are concentrated in the region in which the Dreher breweries are located. However, the types of impact are not limited by the border of the region.

Ten priorities

SABMiller has identified ten priorities that are particularly important with regard to social and environmental initiatives. Within this framework, however, individual breweries can formulate goals themselves. Dreher has devoted particular effort to nine of the ten centrally formulated aims. These nine are: 1) discouraging irresponsible drinking; 2) making more beer using less water; 3) reducing the energy and carbon footprint; 4) packaging reuse and recycling 5) working towards zero-waste operations; 6) enterprise development; 7) benefiting communities; 8) human rights; and 9) transparency and ethics. This means that less attention is paid to tackling HIV and aids.

The scores on the ten aims set out by SABMiller are monitored by SABMiller in a scorecard. The figure below presents Dreher's scores on the ten centrally formulated priorities over the years 2010, 2011 and 2012. These scores range from 1 (minimum standard) to 5 (leading edge).

Figure 9.6 Assessment results of Dreher Breweries on the 10 sustainable development priorities



Note: 1=Minimum standard; 2=Progressing; 3=Developing leadership; 4=Best practice; 5=Leading edge

Source: SABMiller Europe (2013)

From the figure above can be derived that Dreher performs relatively well when it comes to waste management. Another remarkable aspect is the development of the SAM scores on responsible drinking. Dreher's strong efforts boosted the impact between 2010 and 2013. This trend is expected to continue, leading to a SAM score of 4.4. The figure also shows that strong improvements can be made in developing Dreher-related enterprises. This improvement seems to have been initiated as the SAM score for 2013 is expected to reach 2.9

The Dreher Business Academy

One of the initiatives responsible for the improvement described above is the Dreher Business Academy, in which twelve of Dreher's employees work on the project for a total of 120 hours with a budget of 8,500 euros. As Dreher's entire social and environmental budget involves approximately 165,000 euros, the Dreher Business Academy covered more than five percent of this budget.

This project entailed a two-day training programme for twenty outlet owners and twenty store managers. During the first day, the participants saw three different presentations given by Dreher employees on a range of topics such as irresponsible drinking and market strategy. These resulted in lively and informative discussions from which both the participants and Dreher learned a great deal.

The second day of the programme included an interactive business simulation led by an external company. This consisted of a business model that required several decisions covering leadership, financing and market strategy. These decisions resulted in positive or negative outcomes thus teaching the

participants how to effectively manage a company. The second part of the programme received a particularly good reception from the participants.

The general aim of the project was to develop enterprises that are part of Dreher's value chain, thus advancing the value chain itself. Whereas it enabled outlet owners and retail managers to improve their approach, Dreher benefited from the increased loyalty and the opportunity to sell more beer. Moreover, the contact with the participants resulted in a better understanding of daily practices in the hospitality sector and the retail sector.

Both Dreher and the participants reviewed the project very positively. Points of improvement included further increasing the interactive nature of the presentation. Moreover, in future editions Dreher aims to engage more participants (400 in total).

Supporting disadvantaged families

The Dreher Business Academy involves participants from different parts of the country. Dreher also has initiatives that have a regional impact. One example is a project aiming to support disadvantaged families in the Kőbánya district in Budapest. Having operated in this district for over 150 years, Dreher feels responsible for the people working and living in Kőbánya. Thanks to a yearly donation by Dreher Breweries, there is a community programme that supports 800 disadvantaged people. From the donation, the foundation is able to organise activities for families in disadvantageous situations focusing on conflict resolution, raising children and promoting hygiene and household knowledge necessary for everyday life. In 2012, the foundation ran six programmes, including a sports day and a Christmas event.

Influencing local tourism

Dreher plays an important role in tourism in Budapest. Firstly, Dreher organises a so-called Beer Voyage. In this tour, participants learn about the history and brewing of beer. They also get an exclusive look in the brewery in Budapest. Around 1200 visitors took part in the tour in 2012.

Secondly, to mark the 125th anniversary of its predecessor, Kobanya Breweries, Dreher created The Repository of Beer Manufacture in 1979. This was a permanent exhibition showing ancient brewing tools and historic artefacts. Since moving to its own location in Budapest in 2000, the exhibition has now been permanently open to the general public.

10 ITALY: IMPACT OF SABMILLER

10.1 Highlights of the economic impact

	2012
Total production (in hl.)	4,737,000
Total exports (in hl.)	1,314,300
Total imports (in hl.)	40,458
Total consumption (in hl.)	3,295,000
Total numbers of employees	742
Market share Italy*	20%

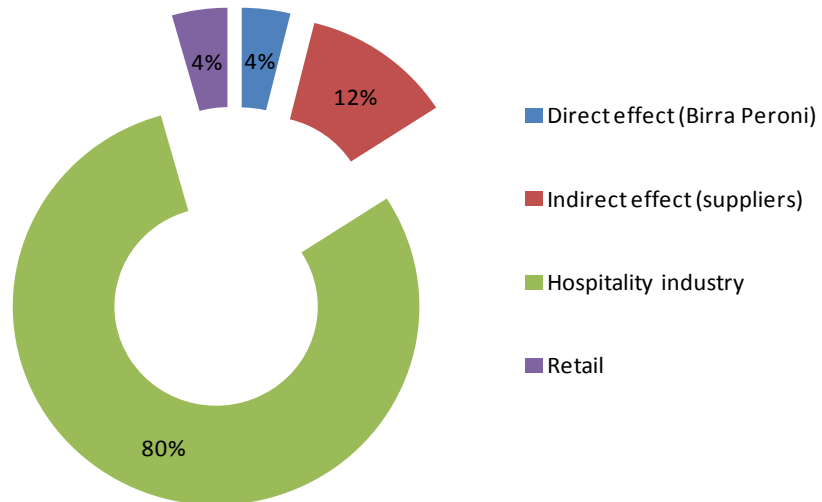
* Regioplan data calculation
Source: Birra Peroni

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

- In 2012, the total production of Birra Peroni was approximately 4.7 million hectolitres.
- The consumption of Birra Peroni beer is around 3.3 million hectolitres.
- Birra Peroni employs a total of 742 employees.
- Besides employment in breweries, jobs in the hospitality and retail sectors are generated by the production and sales of Birra Peroni beer. Approximately 15,000 jobs in the hospitality sector and 843 jobs in the retail sector can be attributed to the sales of beer.
- The indirect employment consists of employment within the supply chain. Around 2,300 jobs in the supply chain can be attributed to Birra Peroni beer.
- The government also benefits from Birra Peroni. Italian government tax revenue from Birra Peroni is approximately 85 million euros in excise, 229 million euros in VAT, 293 million euros in direct income tax and social security contributions and 16 million euros in corporate, environmental and other taxation. The total government revenue thus amounts to approximately 623 million euros.

The employment impact of Birra Peroni is presented below:

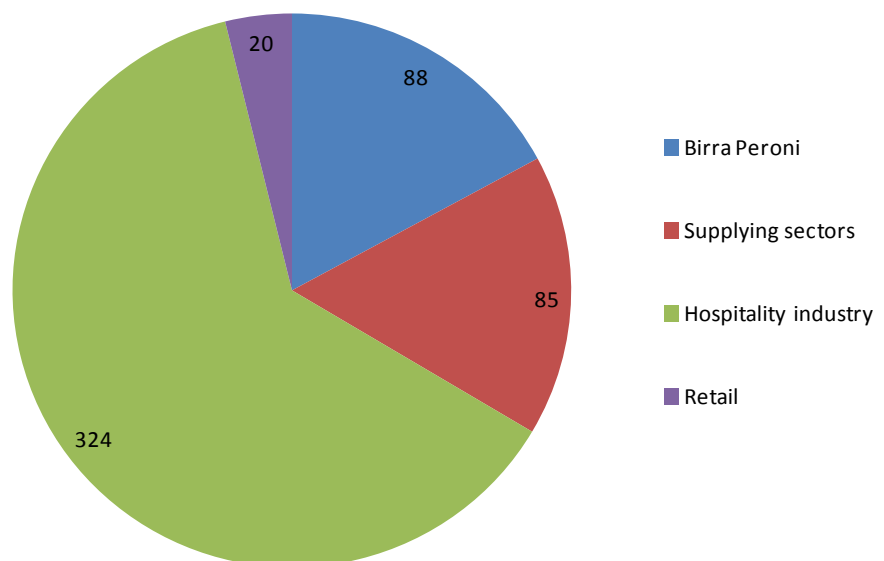
Figure 10.1 Total employment in Italy because of SABMiller: 19,200 jobs



Source: Regioplan calculation (2013) (see Annex II for an explanation of the methodology)

The contribution made by Birra Peroni to the Italian economy can be expressed in terms of value added. The total value added is estimated at 517 million euros.

Figure 10.2 Value added due to the production and sales of beer by SABMiller in Italy: 517 million euros



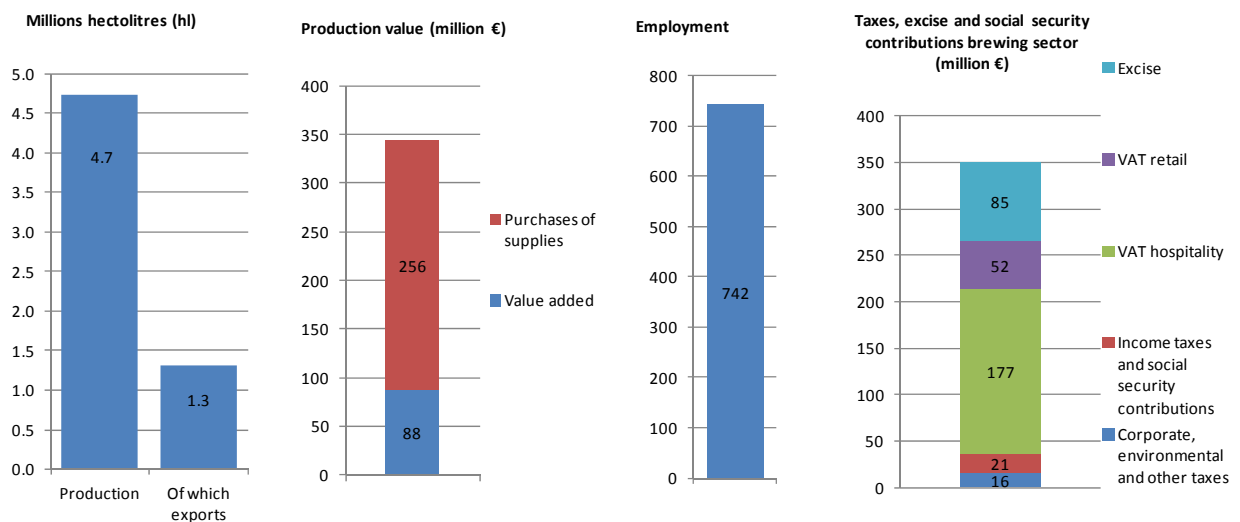
Source: Regioplan calculation (2013)

10.2 Direct effect of Birra Peroni

Birra Peroni employs approximately 742 people. Birra Peroni produces around 5 million hectolitres of beer, of which around 1.3 million hectolitres are exported. The total production value is around 344 million euros, of which 88 million euros is value added generated by Birra Peroni (26% of the total production value).

In 2012, excise revenue accounted for 85 million euros, while VAT revenue totalled 229 million euros. Income and social security contributions are estimated at 21 million euros and corporate, environmental and other taxes amount to approximately 15 million euros.

Figure 10.3 Direct effect of Birra Peroni



Source: Regioplan calculation (2013)

10.3 Economic impact on goods and service providers

The impact of the production and sale of beer on supply chain is fairly high because of the large share (74%) of production value which is spent on purchases of goods and services. Most money is spent on the packaging industry, while the agricultural, media and marketing sectors also have a large share in the domestic purchases.

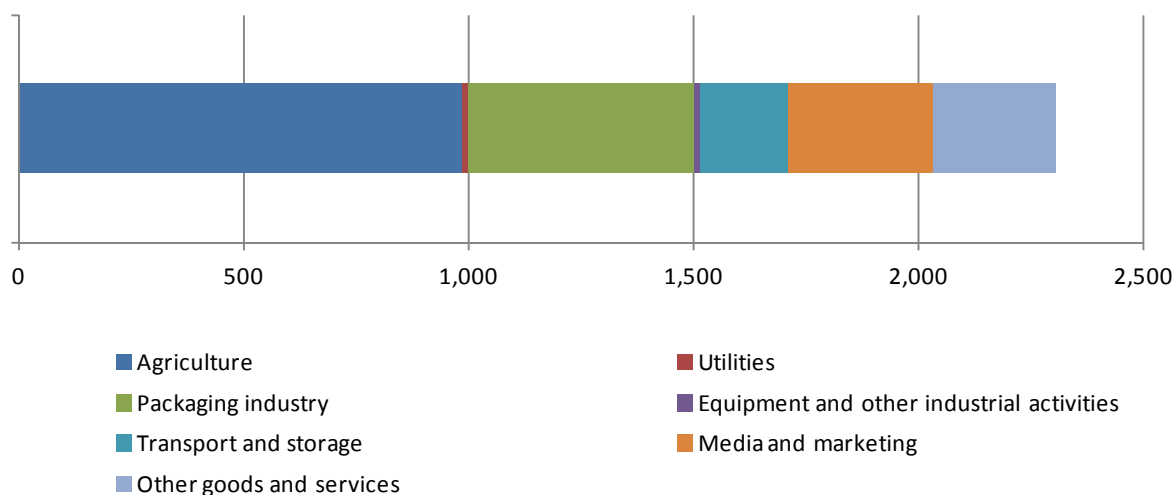
Sectors	Domestic purchases (million €)	Central purchases in the Italy used by other SABMiller operations	Stimulus for the Italy	Turnover per employee ¹ (in €)	Number of employees
Agriculture	33.8	0	33.8	36,800	642
Utilities	8.7	0	8.7	1,331,600	7
Packaging industry	102.4	0	102.4	218,500	328
Equipment	10.4	0	10.4	218,500	9
Transport	22.4	0	22.4	174,800	125
Media, marketing	41.9	0	41.9	160,600	209
Services and other goods	36.0	0	36.0	160,600	179
Total					1,500
First round impact as percentage of total impact					65%
Total indirect effect (including second round impact)					2,307

Sources: Regioplan calculations (2013), Eurostat (2013)

The total indirect employment effect in the supply chain can be estimated at around 2,300 jobs. The largest effects can be seen in the agricultural sector and the packaging industry. The impact is relatively substantial because a high percentage of goods and services purchased by Birra Peroni is purchased in Italy itself.

The total indirect employment effects are illustrated in figure 10.4.

Figure 10.4 Indirect employment



Source: Regioplan calculation (2013)

¹ Turnover per employee was obtained from Eurostat.

10.4 Retail and hospitality sectors

Around 44% of Birra Peroni beer is sold in the hospitality sector and 56% of beer is sold via the retail channel.

Hospitality sector: 15,300 jobs

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

- Just under half of Birra Peroni beer is sold in the hospitality sector (on-trade).
- Consumers spent approximately 842 million euros (excl. VAT) on Birra Peroni in the hospitality sector.
- The average turnover per employee in the hospitality sector is approximately 54,900 euros a year.
- Total employment in the Italian hospitality sector due to Birra Peroni beer sales is estimated at approximately 15,300 jobs.

Retail: 800 jobs

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

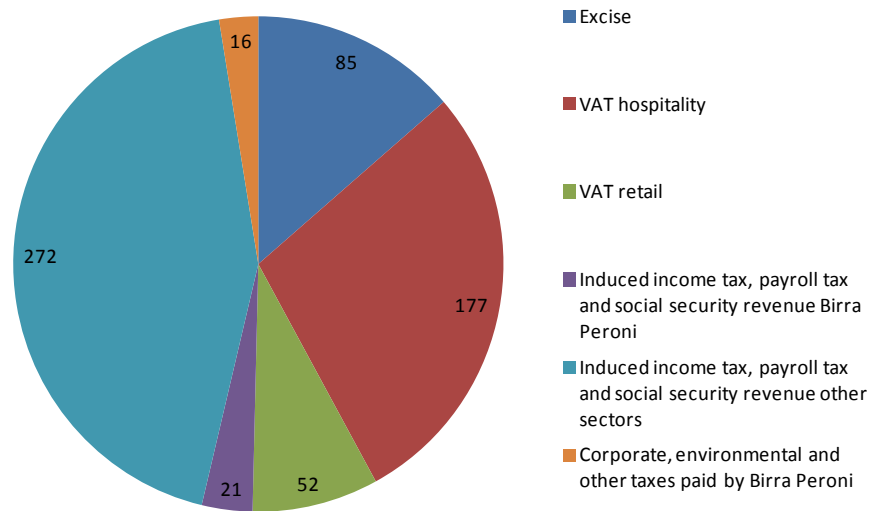
- Just over half of the total beer sales by Birra Peroni are sold by supermarkets and other retail companies (off-trade).
- Consumers spent approximately 247 million euros on Birra Peroni beer in the retail sector.
- In the retail sector, the average turnover per employee is estimated at around 293,000 euros a year.
- A total of 843 employees owe their jobs to the sale of Birra Peroni beer in the retail sector.

10.5 Government revenue

The revenue of excise, VAT and income-related contributions due to beer production and sales by Birra Peroni is estimated at 623 million euros:

- VAT revenue is estimated at 229 million euros, the majority of which is generated in the hospitality sector (77%).
- The excise revenue due to Birra Peroni totals 85 million euros.
- The income-related revenue due to Birra Peroni is estimated at approximately 293 million euros.
- Revenue from corporate, environmental and other taxes paid by Birra Peroni is estimated at around 16 million euros.

Figure 10.5 Government revenue due to the production and sale of Birra Peroni: 623 million euros



Source: Regioplan calculation (2013)

10.6 Highlights of the regional impact

- Birra Peroni operates three breweries located in the region of Veneto, Lazio and Puglia. 742 people are employed in these breweries.
- In addition to the direct employment effect, Birra Peroni generates indirect employment for more than 1,000 workers within the region of their breweries.
- Most of these indirect jobs (almost 900 employees) are in the agricultural sector.

Source: Birra Peroni and Regioplan (2013)

The three breweries operated by Birra Peroni are located in Veneto, Lazio and Puglia (figure A). The presence of Birra Peroni is very important to these three regions. 742 people are directly employed in the breweries.

A. Locations of breweries



Source: SABMiller

B. Regions that benefit most from purchases by Birra Peroni



Source: <http://www.bbitaliani.it>

Besides the direct employment effect, Birra Peroni also generates important indirect effects within the regions in which its breweries are located. A substantial percentage of the purchases of Birra Peroni comes from local suppliers within the region of their breweries. This generates over 1,000 regional jobs. The vast majority of these are in agriculture.

Sectors	Veneto, Lazio and Puglia	
	Purchases (million €)	Indirect employment
Agriculture	21.3	889
Utilities	0.0	0
Packaging industry	7.2	54
Equipment	0.8	6
Transport	4.4	41
Media, marketing	5.0	51
Services	0.0	0
Total	38.7	1,041

Source: Ernst & Young calculation (2013)

The regional impact of Birra Peroni is underlined in an interview with Pelliconi, an international manufacturer of bottle crowns. The main feature of the relationship between Birra Peroni and Pelliconi is its longevity. The partnership began 25 years ago and has continued to grow stronger ever since. This is pivotally indicated by the increase in sales volume, leading to a current volume of 845 million crowns sold annually. Secondly, Pelliconi describes the relationship as going beyond a mere business relationship. Birra Peroni works hard to involve Pelliconi in tackling sustainability issues. By combining the worldwide knowledge of Pelliconi and Birra Peroni, good progress has been made regarding the sustainability of both business approaches. This strong cooperation means that Pelliconi describes its relationship with Birra Peroni as a real partnership.

Birra Peroni accounts for a substantial share of Pelliconi's turnover and its demands therefore receive a great deal of attention from Pelliconi. The interview reveals that Birra Peroni's high requirements are present at all levels of the company. Employees work hard to achieve these requirements on a daily basis, focusing on various aspects such as innovation, communication and production.

Birra Peroni's presence also generates many regional economic activities. The brewery in Bologna is located 60 kilometres from the nearest Pelliconi plant. This creates close communication and enables Pelliconi to respond quickly to the changing demands of Birra Peroni.

10.7 Highlights of the social and environmental impact

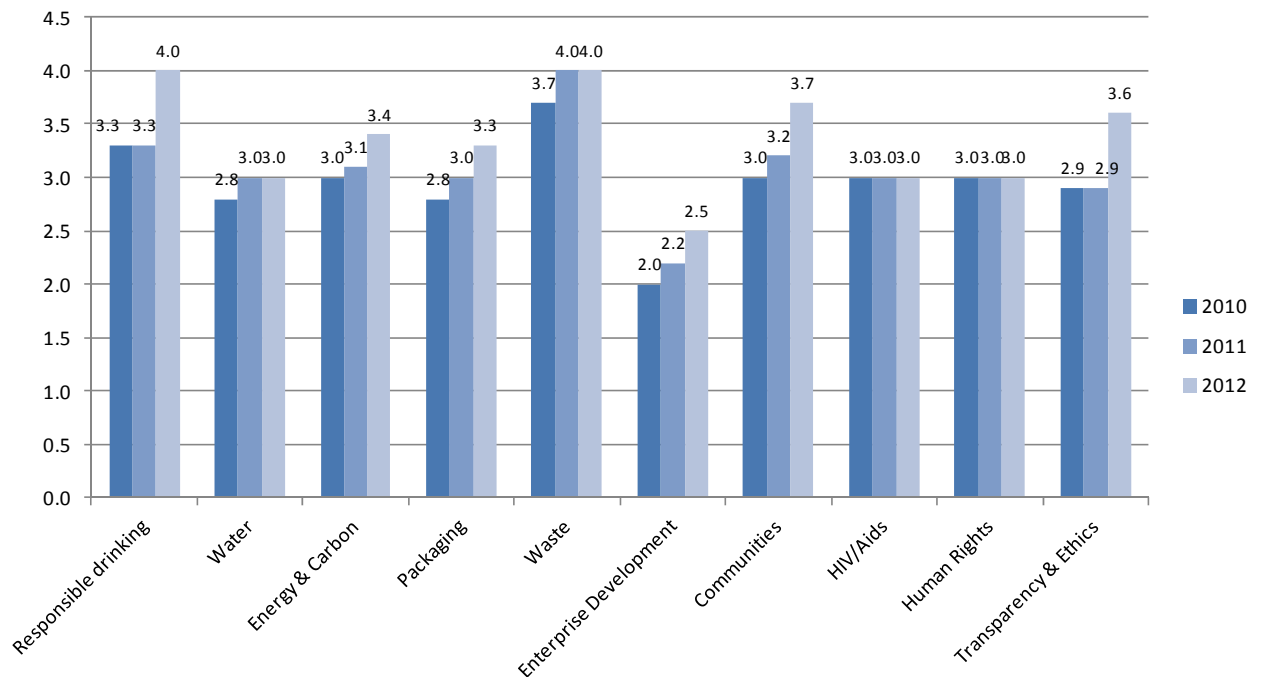
Besides its economic impact, Birra Peroni also has a social and environmental impact in Italy. These two types of impact are strongly concentrated in the region where the breweries are located.

Ten priorities

SABMiller has identified ten priorities that are particularly important with regard to social and environmental initiatives. Within this framework, however, individual breweries can formulate goals themselves. In the last three years, Birra Peroni has devoted attention to eight of the ten centrally formulated aims. These eight are: 1) discouraging irresponsible drinking, 2) making more beer using less water, 3) reducing the energy and carbon footprint, 4) packaging, reuse and recycling, 5) working towards zero-waste operations, 6) enterprise development, 7) benefiting communities and 8) transparency in reporting on SABMiller's progress. Of these eight goals, Birra Peroni considers enterprise development as its top priority. In an interview with the brewery, Birra Peroni acknowledges the importance of responsible drinking and sustainability issues, but feels that the regional economy currently benefits most from enterprise development issues.

The scores on the ten aims set out by SABMiller are monitored by SABMiller in a scorecard. The figure below presents the scores of Birra Peroni on the ten centrally formulated priorities over the years 2010, 2011 and 2012. These scores range from 1 (minimum standard) to 5 (leading edge)

Figure 10.6 Assessment results of Birra Peroni on the 10 sustainable development priorities



Source: SABMiller Europe (2013)

As can be derived from the scorecard, Birra Peroni performs relatively well when it comes to responsible drinking and waste management.

The scorecard also shows that Birra Peroni improved its performance on 6 of the 10 priorities in 2012. Its performance on the other 4 priorities was already relatively good (score 3 and 4).

Birra Peroni & the regional agricultural sector

Birra Peroni aims to develop enterprises in the regional economy. A good example of this is the project 'Birra Peroni & Agriculture'. This project, which was launched in March 2012 and finished in June 2013, involved a budget of 15,000 euros and concerned the education and training of young entrepreneurs in the farming industry. This training entailed a 40-hour course for 20 entrepreneurs in sustainable farming provided by Confagricoltura, an institute specialised in improving the agricultural sector in terms of sustainability. The brewery played a pivotal role in shaping the framework of the training, funding the training, selecting the farmers and providing communication support and also performed much of the back office work. Moreover, close contact was maintained with Confagricoltura and the municipalities concerned.

This project aimed to improve the supply chains of cereals, the main ingredients of Peroni beer. More specifically, the goal of the project was threefold. Firstly, Birra Peroni intended to support entrepreneurship within their

supply chain. Secondly, they aimed to sustain the local economy. Thirdly, Birra Peroni wished to take action on sustainable development issues in the farming industry. The project thus not only focused on enterprise development, it also touched on sustainability priorities as centrally formulated by SABMiller.

After the evaluation, the results of the project were highly positive. Although direct effects on sustainability have not yet been measured, twenty of the agricultural entrepreneurs involved are expected to significantly amend their business approach. This will lead to clear production processes and ultimately cleaner beer.

Moreover, Birra Peroni has reinforced its relationship with some of its suppliers tremendously whilst also strengthening the loyalty of other involved parties. The project also provided the brewery with a lot of positive media attention. In general, Birra Peroni concludes that the project was very successful, particularly considering that it yielded very high returns for relatively low investments.

In the future, Birra Peroni plans to extend the project. The brewing company has engaged another party, Foragri, to increase the budget for the project. The main aim in broadening the scope is to involve more farmers.

Investing in research and academic skills

Birra Peroni also devotes a great deal of attention to the academic sector. Firstly, Birra Peroni supports students wishing to develop competencies for the distribution sector. For this project, a budget of 21,500 euros is reserved. The project involves an international course organised by the University of Parma and the Institut Commercial de Nancy.

Secondly, with 27,400 euros, Birra Peroni financially supports a PhD project at LUMSA University in Rome. This project studies the key variables that influence an individual's job satisfaction. By being linked to this project, Birra Peroni invests in understanding job satisfaction. Moreover, the brewery expects to be able to practically apply the outcomes of the study for the human resource management of the company.

Other initiatives

Besides the initiatives discussed above, Birra Peroni regularly makes donations to local NGOs. Furthermore, employees from the company financially supported victims of the earthquake in Emilia Romagna.

Birra Peroni is also closely associated with sporting events. For example, Birra Peroni is one of the main sponsors of the annual '6 Nations' rugby tournament in Rome.

11 THE NETHERLANDS: IMPACT OF SABMILLER

11.1 Highlights of the economic impact

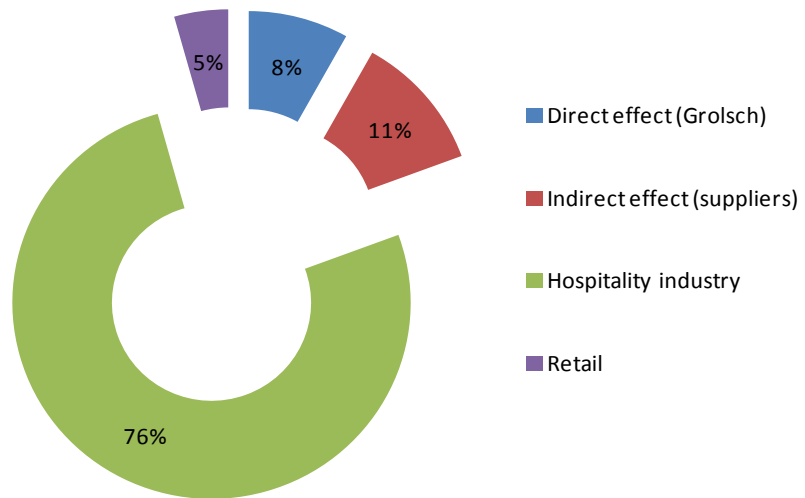
	2012
Total production (in hl.)	2,591,900
Total exports (in hl.)	1,163,900
Total imports (in hl.)	21,500
Total consumption (in hl.)	1,416,800
Total numbers of employees	650
Market share The Netherlands*	12%

* Regioplan data calculation
Source: Grolsch, 2013

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

- In 2012, Grolsch produced a total of almost 2.6 million hl. of beer in the Netherlands. The total Grolsch beer consumption in the Netherlands was 1.4 million hl. in 2012, a market share of 12%.
- The Grolsch breweries employ around 650 people and it is estimated that Grolsch generates approximately 900 jobs in its supply chain.
- The total employment impact due to Grolsch beer production and sales is around 8,000 jobs. The hospitality sector benefits the most from beer sales; around 6,000 jobs in the hospitality sector can be attributed to Grolsch beer. In retail, approximately 350 people owe their jobs to Grolsch beer sales. The employment impact of the brewing sector is presented in figure 11.1.
- The government also benefits from Grolsch receiving approximately 286 million euros in VAT, excises and income-related revenue.

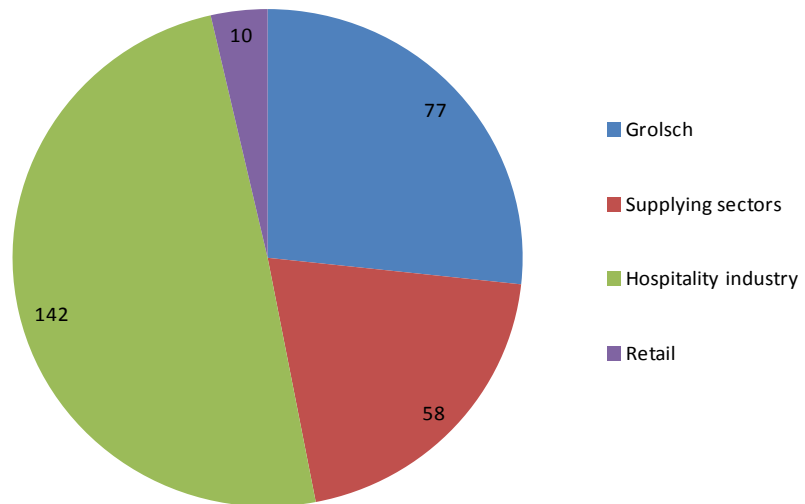
Figure 11.1 Total employment in The Netherlands because of SABMiller: 8,000 jobs



Source: Regioplan calculation (2013) See Annex II for an explanation of the methodology

The contribution of Grolsch to the Dutch economy can also be expressed in terms of value added. In 2012, the total value added generated by the 8,000 employees was estimated at 287 million euros.

Figure 11.2 Value added in the Netherlands due to SABMiller: 287 million euros



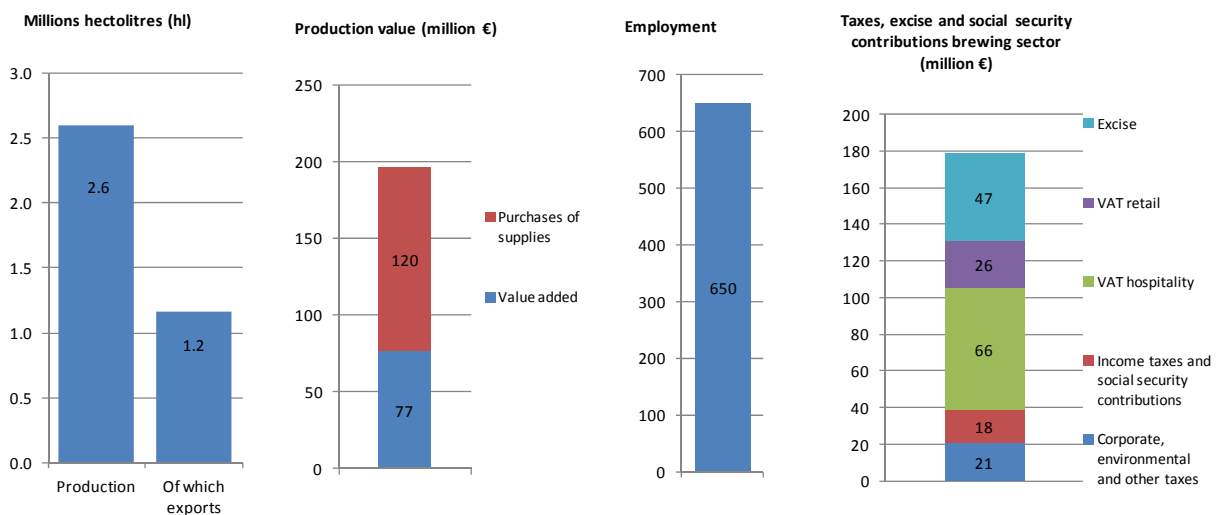
Source: Regioplan calculation (2013). See Annex II for an explanation of the methodology

11.2 Direct effect of Grolsch

The beer production of Grolsch is around 2.6 million hl., of which approximately 1.2 million hl. are exported. The 610 employees working in the Grolsch breweries generate a total production value of approximately 196 million euros, of which around 77 million euros are value added (39%). The other 120 million euros (61%) are spent on purchasing goods and services in the supply chain.

The government also benefits from beer production. The total government revenue from excises and VAT is estimated at respectively 47 and 92 million euros. Income tax and social security contributions consist of approximately 18 million euros. Corporate, environmental and other taxes add up to 21 million euros.

Figure 11.3 Direct effect of Grolsch



Source: Regioplan calculation (2013)

11.3 Economic impact on goods and service providers

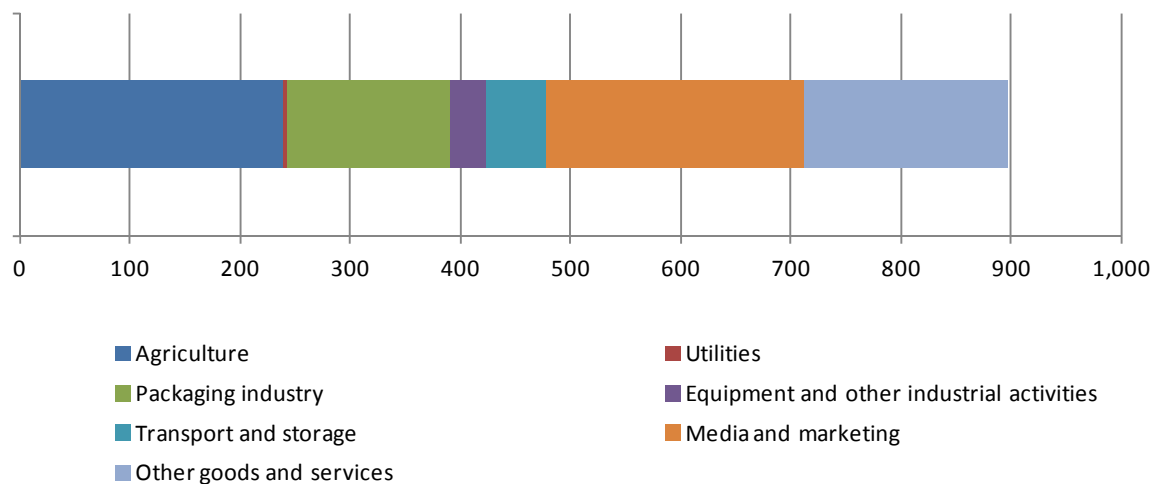
In the Netherlands, a total of around 106 million euros are spent on goods and services required for the production and sale of beer by Grolsch. This stimulus has a substantial economic impact on sectors outside the brewing sector. The packaging industry is the sector where most money is spent. Almost 40 million euros, of a total 106 million euros in domestic purchases, are spent on packaging. The agricultural sector and the media and marketing sectors are also substantial, resulting in 155 and 153 jobs respectively.

Sectors	Domestic purchases (million €)	Central purchases in the Czech Republic used by other SABMiller operations	Stimulus for the Czech Republic	Turnover per employee ¹ (in €)	Number of employees
Agriculture	19.8	0,0	19.8	127,637	155
Utilities	3.6	0,0	3.6	1,643,500	2
Packaging industry	37.6	0,0	37.6	389,400	97
Equipment	8.2	0,0	8.2	389,400	21
Transport	7.2	0,0	7.2	200,900	36
Media, marketing	16.6	0,0	16.6	108,400	153
Services and other goods	13.0	0,0	13.0	108,400	120
Total	105.9	0,0	19.8		584
First round impact as percentage of total impact					65%
Total indirect effect (including second round impact)					896

Sources: Regioplan calculation, 2013; Eurostat, 2013

The majority of indirect employment generated by Grolsch can be seen in the agricultural and the media and marketing sector. The packaging industry and service sector also benefit substantially from the brewing sector. The total indirect employment effect in the supply chain is around 900 jobs.

Figure 11.4 Indirect employment



Source: Regioplan calculation (2013)

¹ Turnover per employee was obtained from Eurostat.

11.4 Retail and hospitality sectors

Hospitality sector: 6,088 jobs

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

- Almost 30% of the total consumption of Grolsch beer in the Netherlands is sold by the hospitality sector (on-trade). Total consumer expenditure on beer in pubs and restaurants is around 315 million euros (excl. VAT).
- The average turnover per person employed in the Dutch hospitality sector amounts to 51,700 euros per year.
- It is calculated that 6,100 jobs in the Dutch hospitality sector can be attributed to Grolsch.

Retail: 348 jobs

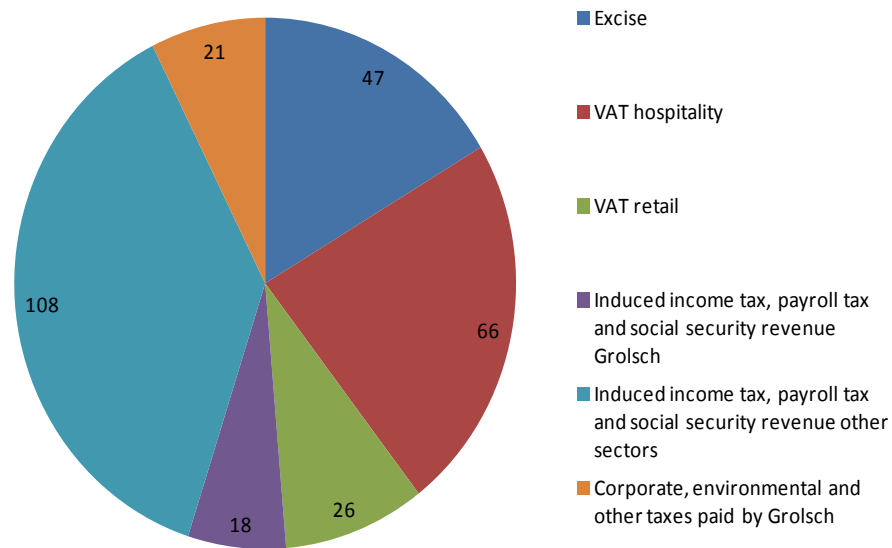
- Over 70% of total sales of Grolsch beer in the Netherlands are generated by supermarkets and other retail companies.
- Total consumer spending on retail Grolsch beer is estimated at 125 million euros (excl. VAT).
- With the annual turnover per employee in the retail sector estimated at 358,800 euros, around 350 employees in retail owe their jobs to Grolsch.

11.5 Government revenue

The Dutch government also benefits from Grolsch, receiving approximately 286 million euros in taxes, excises and income-related revenue:

- In total, the Dutch government received approximately 126 million euros in income-related revenue due to the production and sales of Grolsch in the Netherlands.
- In 2012, excise revenue in the Netherlands due to Grolsch was estimated at 47 million euros. The VAT revenue in the hospitality and retail sectors totalled 92 million euros, of which the revenue from beer sold on-trade was 66 million euros and off-trade 26 million euros.
- Grolsch generates approximately 21 million euros in corporate, environmental and other taxes (excluding the above-mentioned taxes).

Figure 11.5 Dutch government revenue due to SABMiller: 286 million euros



Source: Regioplan calculation (2013)

11.6 Highlights of the regional impact

- The Grolsch brewery is located in Twente/Achterhoek, in the eastern part of the country. Due to the small size of the country, Grolsch purchases are made over the whole country.
- 610 people worked at Grolsch in 2012. Besides this direct employment, Grolsch also generates 226 jobs in supplying companies in the its region.
- The regional impact of Grolsch is strengthened by its partnership with Bolk Transport

Sources: Grolsch and Regioplan calculation (2013)

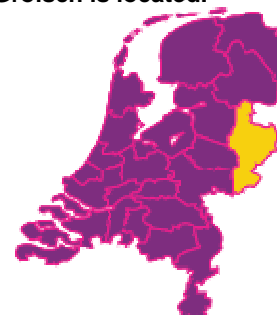
Based in Enschede, in the eastern part of the Netherlands, Grolsch employs 610 people and generates almost 900 jobs in supplying companies in the its region. The region where Grolsch is located, Twente and Achterhoek (yellow in figure B), benefits substantially from the presence of Grolsch.

A. Locations of breweries



Source: SABMiller

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



Source: <http://www.bosk.nl>

Twente and Achterhoek is a relatively small region. Although purchases are made throughout the whole country, Grolsch is particularly important for this region. Within this region, Grolsch generates almost 230 jobs in the supply chain. The economic impact of Grolsch in terms of employment is shown in the table below. The media and marketing industry benefits most from the presence of Grolsch in the region. The company generates 62 jobs in this sector.

Sectors	Twente and Achterhoek	
	Purchases (million €)	Indirect employment
Agriculture	3.4	40
Utilities	0.4	0
Packaging industry	8.4	35
Equipment	3.6	15
Transport	4.1	33
Media, marketing	4.1	62
Services	2.7	40
Total	26.7	226

Source: Regioplan calculation (2013)

The regional impact of Grolsch is confirmed in an interview with one of Grolsch's most important business partners, Bolk Transport. In liaison with a close partner, Bolk Transport manages the transport of Grolsch canned and bottled beer for the retail sector. Before Grolsch entered into its partnership with Bolk Transport, it provided the transport itself. However, Bolk Transport offers great flexibility and has proved to be a reliable business partner for over 15 years.

Services for Grolsch generate approximately five percent of Bolk Transport's total annual turnover of 38 million euros. More importantly, Bolk Transport considers Grolsch as a great partner with international allure. Furthermore, the high standards set by Grolsch ensure ongoing efforts to improve Bolk Transport's business approach. Besides the intensive cooperation on sustainability issues, Bolk Transport is constantly innovating its communication and information systems, among others.

11.7 Highlights of social and environmental impact

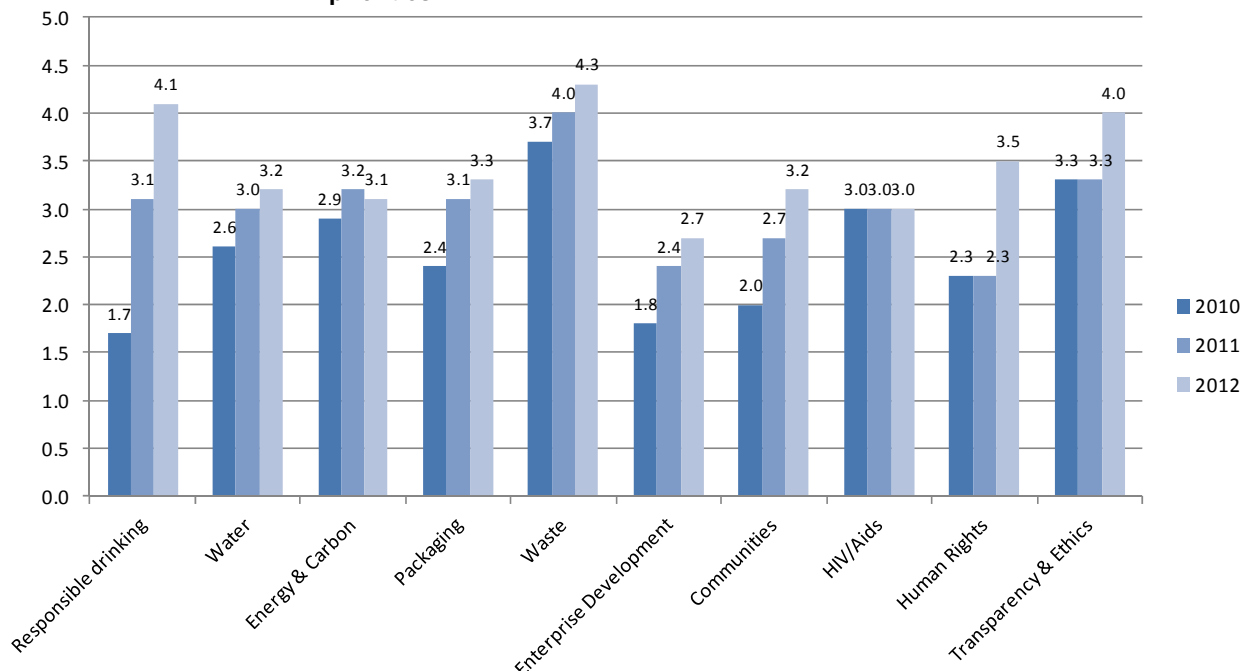
Besides economic impact, Grolsch also has a social impact and environmental impact in the Netherlands. These two types of impact are strongly concentrated in the region where the brewery of Grolsch is located, Twente and Achterhoek.

Ten priorities

SABMiller has identified ten priorities that are particularly important with regard to social and environmental initiatives. Within this framework, however, individual breweries can formulate goals themselves. Grolsch has devoted special efforts to achieve eight of the ten centrally formulated aims. These eight are: 1) discouraging irresponsible drinking; 2) making more beer using less water; 3) reducing the energy and carbon footprint; 4) packaging, reuse and recycling; 5) working towards zero-waste operations; 6) enterprise development; 7) benefiting communities; and 8) transparency in reporting on SABMiller's progress. This means that Grolsch pays relatively less attention to HIV or Aids and to human rights. This is mainly due to the fact that these two issues are not serious problems in the Netherlands. Grolsch's social and environmental initiatives thus target issues of a national or regional nature.

The scores on the ten aims set out by SABMiller are monitored by SABMiller in a scorecard. The figure below presents the scores of Grolsch on the ten centrally formulated priorities over the years 2010, 2011 and 2012. These scores range from 1 (minimum standard) to 5 (leading edge).

Figure 11.6 Assessment results of Grolsch on the 10 sustainable development priorities



Note: 1=Minimum standard; 2=Progressing; 3=Developing leadership; 4=Best practice; 5=Leading edge
Source: SABMiller Eurospe (2013)

The figure above shows that the great efforts devoted to drinking responsibly are reflected in the scores obtained. Moreover, the scores for responsible drinking have increased tremendously over the period under review. A good example of an initiative aiming to stimulate responsible drinking is encouraging the consumption of non-alcoholic beer in sport canteens. In addition, Grolsch scores high on waste and transparency and ethics. Progress can be made regarding efforts for enterprise development.

Impact of the general business approach

In-depth interviews with Grolsch show its social and environmental impact is an important part of its general business approach, even to the extent that Grolsch explicitly rejects the term 'project'. This point of view is in the line with Grolsch' aim to develop initiatives with a long lasting impact. In particular, the environmental impact is integrated into the daily routine of the Grolsch brewery. For example, for the second year in a row Grolsch is the 'greenest' beer in the Netherlands.²

The fact that Grolsch highly values the social and environmental impact of the total business approach does not mean that the company does not employ initiatives on a less structural basis.

Local impact

At a regional level, Grolsch works hard to involve local stakeholders. Grolsch regularly meets up with people from neighbouring municipalities to discuss possible initiatives to benefit the region. Moreover, Grolsch plays a pivotal role in sponsoring local sports events, such as Enschede marathon.

Also when it comes to promoting the responsible use of alcohol, Grolsch devotes a lot of attention to the region in which the brewery is based. For example, Grolsch has an intensive partnership with Happy Fris. They launched a project in 14 municipalities in Twente in order to make parents and youngsters aware of the effects of alcohol abuse. Results from a study carried out by the municipal health services show that alcohol use among the under 16s in Twente has significantly declined.

Raising money for charity

Although Grolsch aims to improve its general business approach in terms of sustainability and social responsibility, it also engages in initiatives of a more temporary nature. In 2012, the most important initiative was its partnership with 'Serious Request', an annual event that raises money for a good cause. With the slogan 'Let's hear it for the babies', Grolsch and Serious Request raised money to tackle infant mortality. Serious Request is an event that is organised in a different city each year. In 2012, the event settled in Enschede, the city in which the Grolsch brewery is located. This created a unique opportunity to associate its name with a major charity event.

² DVO-report Grolsch. <http://www.koninklijkegrolsch.nl/duurzaam-verantwoord>. English version available soon.

Characteristic for Grolsch' partnership was the involvement of numerous business departments and business partners. Grolsch has coined this as the *360 degrees approach*, which in this case entailed many different activities. Firstly, Grolsch organised a large event for employees. All the proceeds from this event were donated to Serious Request. Through this event, all members of the organisation were mobilised with the aim to make the partnership successful. Secondly, by arranging quizzes in local bars, they were also able to inform hospitality partners and clients. Thirdly, by designing no less than 420,000 special cans, the retail sector was activated. Moreover, from each can sold, 25 cents was donated to Serious Request. Finally, through advertisements and social media, customers were intensively involved.

The participation of Grolsch went far beyond funding alone. A great deal of effort was made to formulate the content and goals for Serious Request in general and for Grolsch in particular. The key aim of the partnership was to raise as much money as possible. This resulted in a donation of over 12 million euros to tackle infant mortality.

12 POLAND: IMPACT OF SABMILLER

12.1 Highlights of the economic impact

	2012
Total production (in hl.)	14,384,200
Total exports (in hl.)	300,000
Total imports (in hl.)	257,100
Total consumption (in hl.)	13,944,200
Total numbers of employees	3,261
Market share Poland*	37.5%

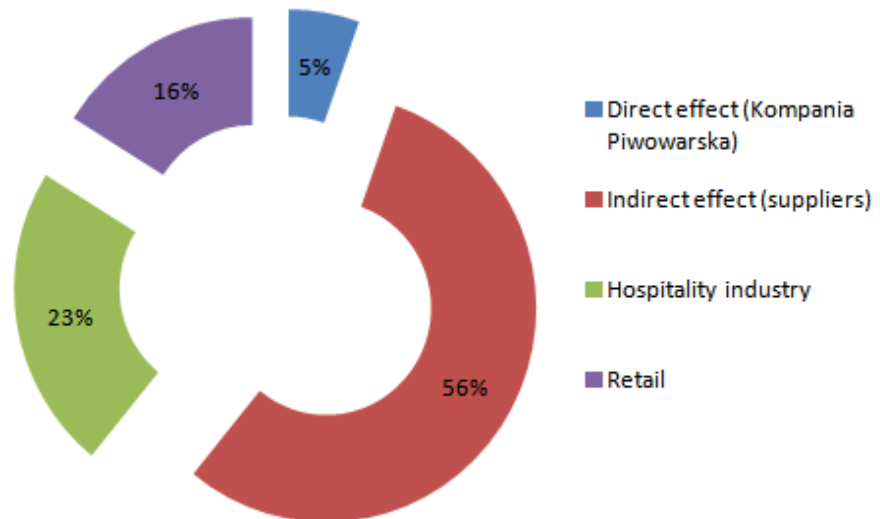
* Regioplan data calculation
Source: Kompania Piwowska, 2013

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

- Kompania Piwowska employs 3,261 people directly.
- Kompania Piwowska generates important indirect effects within its supply chain. It is estimated that 33,500 jobs can be attributed to the purchases of Kompania Piwowska, with the agricultural sector benefiting most.
- The impact on the hospitality sector is also substantial. Approximately 13,900 people in this sector earn a living from the sales of beer from Kompania Piwowska. In the retail sector, 9,700 full time jobs depend on the sales of beer from Kompania Piwowska.
- The total employment impact due to beer production and sale of beer from Kompania Piwowska is thus 60,400 jobs.
- The government also benefits from Kompania Piwowska, as it receives more than 1.0 billion euros in taxes and excises. Excise revenue amounts to 321 million euros. VAT collected on beer (sold in the hospitality sector and through retailers) is estimated at 389 million euros. Revenue from direct income tax, pay roll taxes and social security contributions paid by employers and employees at Kompania Piwowska, their suppliers and in the hospitality and retail sectors total approximately 299 million euros.

The employment impact of Kompania Piwowska is presented below:

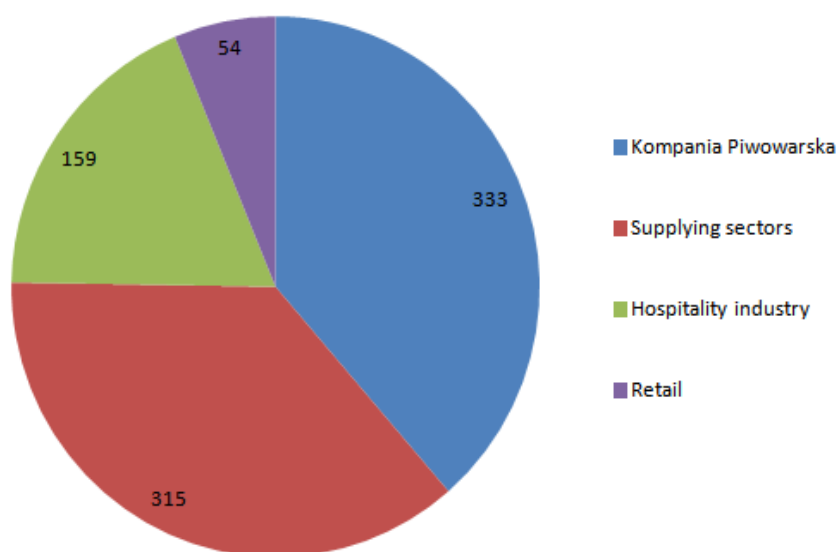
Figure 12.1 Total employment in Poland because of SABMiller: 60,400 jobs



Source: Regioplan calculation (2013) See Annex II for an explanation of the methodology

The contribution of Kompania Piwowska to the Polish economy can also be expressed in terms of value added. The total value added generated by Kompania Piwowska and firms in the supply chain, hospitality sector and retail sector is estimated at 861 million euros.

Figure 12.2 Value added in Poland due to SABMiller: 861 million euros

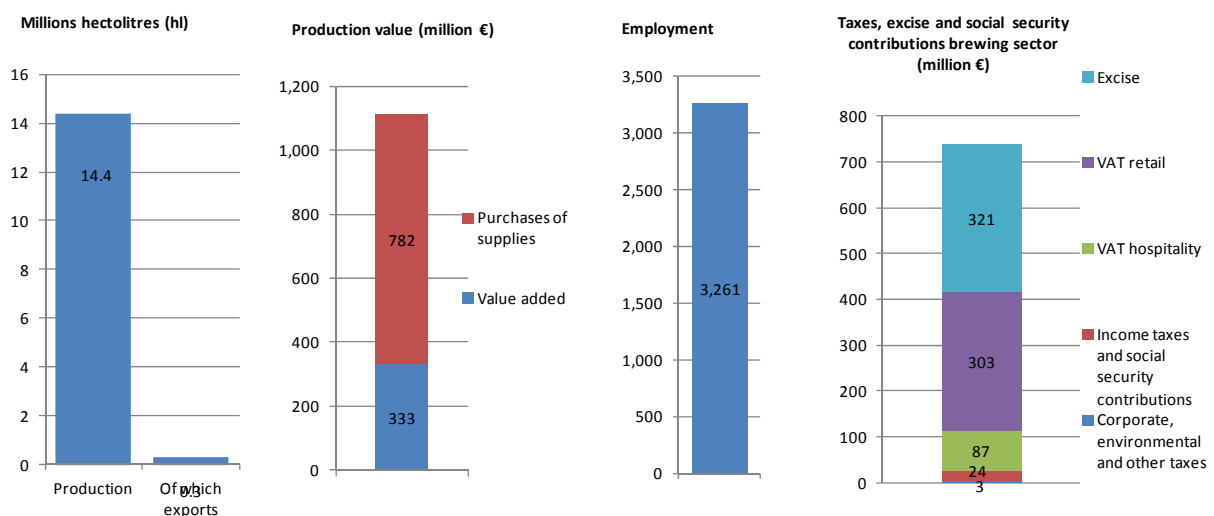


Source: Regioplan calculation (2013). See Annex II for an explanation of the methodology

12.2 Direct effect of Kompania Piwowska

The percentage of Kompania Piwowska in the overall value added arising from the production and sale of their beer is estimated at 39%. This is much more than the percentage of direct employment linked to Kompania Piwowska in the total employment arising from the production and sale of their beer (5%). An important explanation is that the productivity in terms of value added per employee of Kompania Piwowska is relatively high compared to other sectors.

Figure 12.3 Direct effect of Kompania Piwowska



Source: Regioplan calculation (2013)

Kompania Piwowska has a production value of 1,115 million euros, generated by 3,261 employees. The total value added generated by Kompania Piwowska is 333 million euros. The direct revenue (excise, VAT and income-related revenue from employees of Kompania Piwowska) received by the Polish government amounts to approximately 734 million euros. Excise and VAT revenue accounted for 311 million and 389 million euros respectively. In 2012, Kompania Piwowska and its employees paid 24 million euros in income tax, social security contributions and payroll taxes. Corporate, environmental and other taxes accounted for 3 million euros.

12.3 Economic impact on goods and service providers

In 2012, Kompania Piwowska spent a total of 782 million euros on purchased goods and services. As Poland is a large country, the majority of the required products and services are produced within the country's borders.

As a result, Kompania Piwowska has a substantial indirect effect on other sectors in the country.

Sectors	Domestic purchases (million €)	Central purchases in the Czech Republic used by other SABMiller operations	Stimulus for the Czech Republic	Turnover per employee ¹ (in €)	Number of employees
Agriculture	129.9	0.0	129.9	8,200	15,832
Utilities	33.5	0.0	33.5	181,200	185
Packaging industry	180.4	11.3	191.7	85,300	2,248
Equipment	6.9	0.0	6.9	85,300	81
Transport	43.5	0.0	43.5	59,800	727
Media, marketing	104.4	0.0	104.4	66,900	1,560
Services and other goods	77.0	0.0	77.0	66,900	1,151
Total	575.6	11.3	586.9		21,784
First round impact as percentage of total impact					65%
Total indirect effect (including second round impact)					33,513

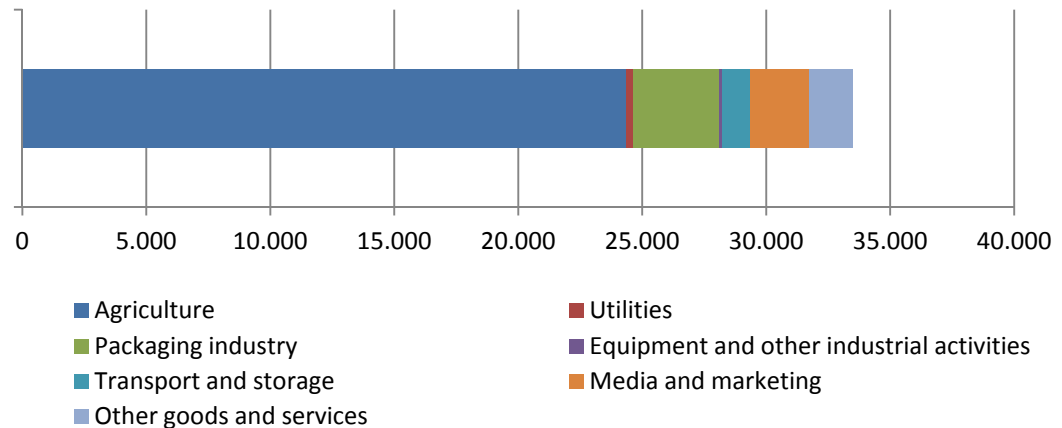
Sources: Regioplan calculation, 2013; Eurostat, 2013

About 70% of all indirect employment due to Kompania Piwowska is generated within the agricultural sector. Other important effects are seen in the packaging industry and the media and marketing sector. The total first round employment effect of Kompania Piwowska on its supply chain is estimated at almost 21,800 employees. Because this primary effect can be estimated at about 65% of the total impact, the total impact is approximately 33,500 jobs.

¹ Turnover per employee was obtained from Eurostat.

The total indirect employment effects are illustrated below:²

Figure 12.4 Indirect employment



Source: Regioplan calculation (2013)

12.4 Retail and hospitality sectors

Hospitality sector

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

- A small percentage of all Kompania Piwowska beer consumed in Poland is sold by the hospitality sector (on-trade).
- Consumer spending in pubs and restaurants on Kompania Piwowska beer is estimated at 377 million euros (excluding VAT).
- With an average hospitality turnover of 27,200 euros per person, this means that nearly 13,900 jobs in the hospitality sector can be attributed to Kompania Piwowska beer sales.

Retail

- The importance of Kompania Piwowska for the retail sector can be similarly assessed:
- Most Kompania Piwowska beer is sold by convenience shops, supermarkets and other retail outlets. Total consumer spending excluding VAT is estimated at 1.3 billion euros.
- With turnover per employee estimated at 135,000 euros, this means that approximately 9,700 people in the retail sector owe their jobs to Kompania Piwowska beer sales.

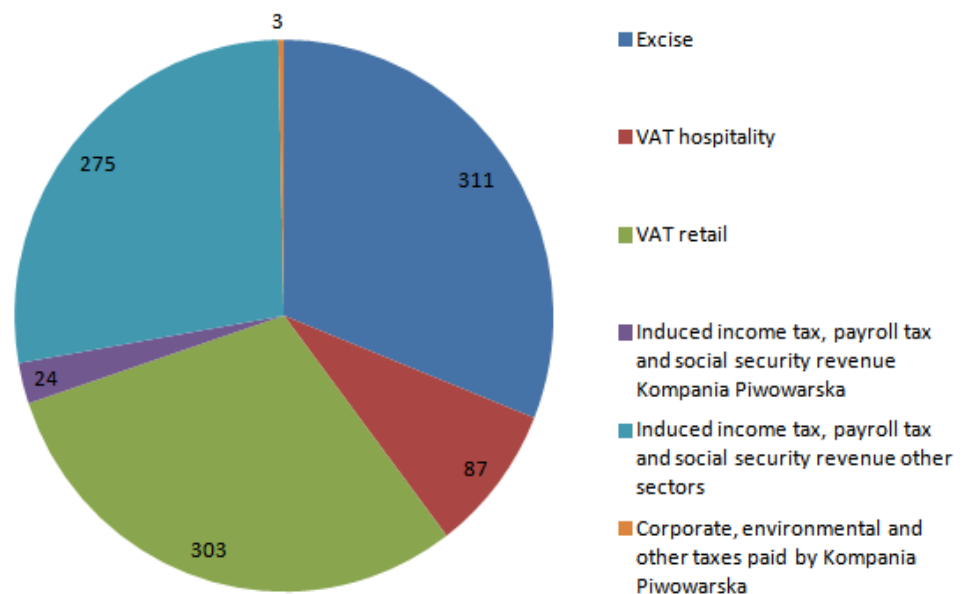
² The total indirect employment effects in the graph consist of the first round effects per sector, which are calculated in the table above, plus a rough estimate of the second round effects per sector.

12.5 Government revenue

The revenue from excise, VAT and income-related contributions due to Kompania Piwowska beer production and sales is estimated at 1,003 million euros:

- VAT revenue is estimated at 389 million euros. The majority of this VAT revenue is generated in the retail sector.
- The total amount of excise revenue due to Kompania Piwowska is 321 million euros.
- Income-related revenue due to Kompania Piwowska beer production and sales is approximately 299 million euros. This consists of 56 million euros in income tax, 117 million euros in social security contributions paid by employees and 126 million euros in social security taxes and payroll taxes paid by employers.
- The revenue from corporate taxes, environmental taxes and other taxes is estimated at 3 million euros.

Figure 12.5 Polish government revenue due to SABMiller: 1,003 million euros



Source: Regioplan calculation (2013)

12.6 Highlights of the regional impact

- Kompania Piwowarska operates three breweries across Poland. The regional impact of the company is greatest in the Wielkopolska region.
- Kompania Piwowarska is directly responsible for 3,261 jobs at its breweries, offices and within their sales force. In addition, there are around 6,700 jobs in the supply chain in the three regions where the company is located.
- Besides the regions where Kompania Piwowarska is located, six other regions in Poland benefit from the purchase of malts and hops of the company. These purchases created another 6,820 jobs. A packaging company has underlined the regional importance in an interview.

Sources: Kompania Piwowarska and Regioplan calculation (2013)

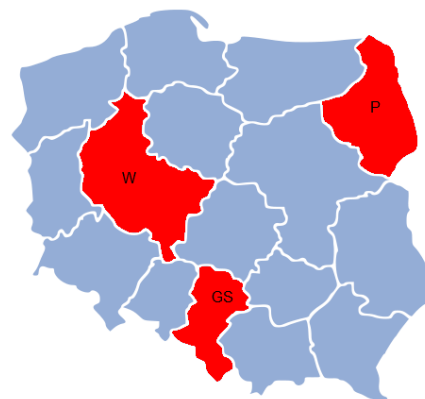
There are Kompania Piwowarska breweries located in three different regions: Górny Śląsk (G S), Podlasie (P) and Wielkopolska (W). About 1,300 people of the total workforce of 3,125 people are employed within these breweries. The other jobs consist of office jobs and sales representatives. The figures below show the locations of the breweries and the regions considered (coloured in red).

A. Locations of breweries



Source: SABMiller

B. Regions where breweries of Kompania Piwowarska are located



Source: <http://wpcontent.answers.com/wikipedia>

Besides employment within the breweries, Kompania Piwowarska also generates indirect employment effects because of its purchases bought from local suppliers. The following table shows the economic impact of the three breweries in each region. In all three regions, Kompania Piwowarska is responsible for a significant number of jobs in the supplying chain. This is particularly true for Wielkopolska. In this region more than 5,000 supply jobs can be attributed to the purchases of Kompania Piwowarska. The agricultural sector in Wielkopolska benefits most from the presence of Kompania Piwowarska. Almost 2,500 jobs in the agricultural sector in Wielkopolska can be attributed to the purchases of Kompania Piwowarska. Another sector that benefits substantially is the packaging industry. Almost 1,100 jobs in the regions where the breweries are located can be attributed to the company.

Regions	Górný Śląsk		Podlasie		Wielkopolska	
Sectors	Purchases (million €)	Indirect employ.	Purchases (million €)	Indirect employ.	Purchases (million €)	Indirect employ.
Agriculture	0	0	0	0	13	2,496
Utilities	15	131	2	17	15	131
Packaging industry	38	692	2	35	19	346
Equipment	3	57	0	7	3	57
Transport	13	335	2	56	14	369
Media, marketing	2	48	2	48	42	960
Services	8	177	2	35	29	673
Total	80	1,440	10	198	136	5,032

Source: Regioplan calculation (2013)

Besides the impacts in Górný Śląsk (G S), Podlasie (P) and Wielkopolska (W), other regions also benefit substantially from the purchases by Kompania Piwowarska. The agricultural sectors in Pomorski, Dolnośląskie, Lubelskie,

Opolskie, Warmińsko-Mazurskie and Zachodnio-Pomorskie benefit too. The purchases of malt and hops in the above-mentioned regions are responsible for more than 6,820 jobs in the agricultural sector. The table below presents the number of jobs that can be attributed to the purchases of agricultural goods. As shown, the largest employment is generated in Pomorski with 2,375 jobs. The region Dolnośląskie also benefits from Kompania Piwowarska with more than 1,800 jobs.

The regional impact of Kompania Piwowarska is emphasised in an interview with one of Kompania Piwowarska most important business partners, TFP. TFP is a packaging company located within a stone's throw from the nearest Kompania Piwowarska brewery and supplies the brewery with high quality printed trays and boxes. Kompania Piwowarska is responsible for a substantial share (3%) of TFP's yearly turnover of one hundred million euros. This makes Kompania Piwowarska one of TFP's three largest customers. The business relationship between TFP and the brewery requires a great deal of effort from both sides. In order to manage the supply activities, TFP and Kompania Piwowarska have regular meetings to discuss possible improvements to the products. This implies that, besides employment and turnover, the high requirements of the brewery also lead to business innovation. Moreover, as other customers also benefit from these improvements, the requirements of Kompania Piwowarska stimulate the general economic development of the region. When the brewery requests improvements in the construction of carton, for example, TFP responds by redesigning its production technology. These improvements not only lead to lower costs, but also enhance developments towards more sustainability. Moreover, the new technology is often applied in the production processes for other customers.

	Pomorski	Dolnośląskie	Lubelskie	Opolskie	Warmińsko-Mazurskie	Zachodnio-Pomorskie
Purchases of agricultural goods malt and hops (million €)	12.7	9.8	1.7	5.3	2.6	4.2
Number of jobs in agricultural sector due to these purchases	2,375	1,833	327	999	493	793

Source: Regioplan calculations (2013)

12.7 Highlights of the social and environmental impact

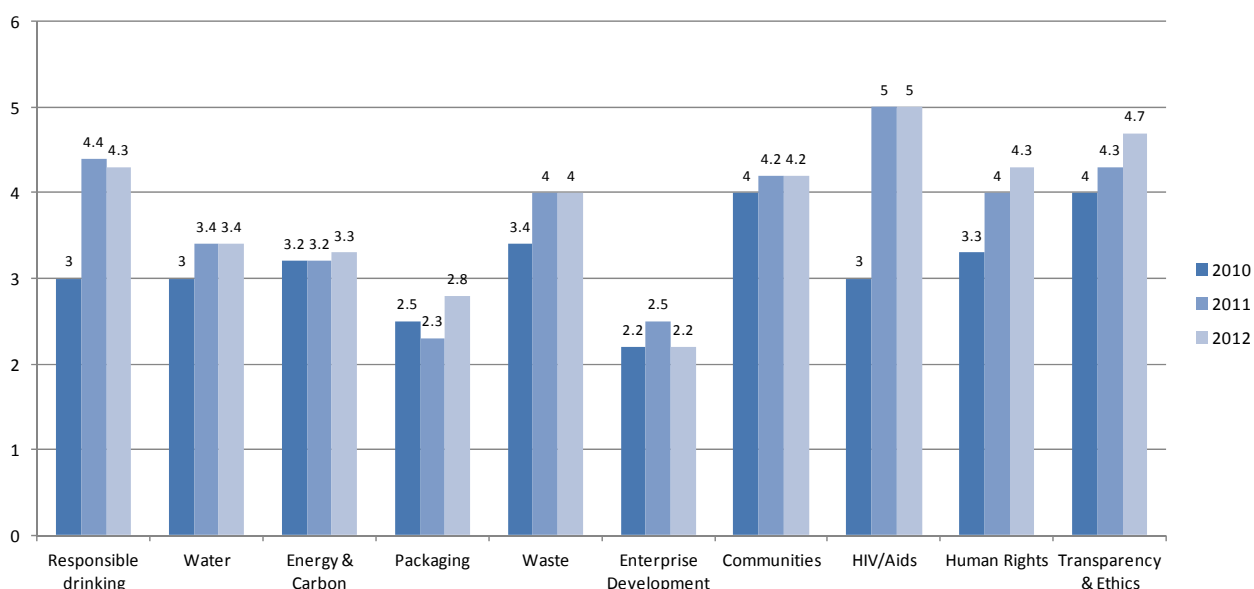
Besides the economic impacts described in the previous sections, Kompania Piwowarska also has a social impact on Poland. The company assumes its corporate responsibility and is very active with regard to discouraging irresponsible drinking, benefitting local communities, sustainability and sponsoring, for example.

Ten priorities

SABMiller has identified ten priorities to help the company and breweries focus on what is important locally and to build sustainable development into their business decisions. Kompania Piwowska has undertaken activities with regard to nine of these priorities in the last two years. The areas that received most attention were 1) discouraging irresponsible drinking, 2) making more beer but using less water, 3) reducing energy and its carbon footprint, 4) packaging, reuse and recycling, 5) encouraging enterprise development in SABMiller's value chains, 6) benefiting communities, 7) transparency in reporting on SABMiller's progress, 8) respecting human rights, and 9) working towards zero-waste operations. Their prioritisation shows that the company values the development of the Polish community and sustainable production processes very highly. For the next three years, Kompania Piwowska is planning to undertake initiatives on discouraging irresponsible drinking and improving packaging, reuse and recycling. All future initiatives and activities will be selected on the priorities that are currently most important and most necessary for the local and/or environmental situation.

The 'scores' on the ten trends set out by SABMiller on which to focus their efforts with regard to sustainable development are kept by SABMiller in a scorecard (the so-called stairways). The figure below presents the scores received by Kompania Piwowska on the different priorities, on a scale from one (lowest) to five (highest). Kompania Piwowska managed to improve its scores on nine of the ten trends shown below. They have set a high priority in stopping irresponsible alcohol consumption. This focus has paid off which is expressed in the significant increase in the score of this trend.

Figure 12.6 Assessment results of Kompania Piwowska on the 10 sustainable development priorities



1 minimum standard; 2 progressing; 3 developing leadership; 4 best practice; 5 leading edge

Source: SABMiller Europe (2013)

Discouraging irresponsible drinking

One of the most important initiatives of Kompania Piwowska is the “Test your blood alcohol content” project. This project aims to raise awareness among drivers of how alcohol affects the human body and mind. The issue of drinking and driving has received a lot of media and government attention in Poland. To enhance the safety of road users, Kompania Piwowska and several partners initiated the project five years ago. It propagates sober driving by stimulating consumers to test their Blood Alcohol Content (BAC) with a mobile application. Besides calculating the BAC level, the application also makes it possible to order a taxi in a given city and includes a database with information about the legal BAC limits in various European countries. To date, over 100,000 Poles have tested their BAC this way and more than 200,000 people have information about the programme.

This project is funded and managed by Kompania Piwowska. However, the initiative is widely partnered by a broad group of stakeholders. They have partnered up with ten taxi corporations, 12 Regional Road Traffic Centres and the Sobriety Ministry of the Archdiocese of Katowice for the campaign. Taxi companies received packets from Kompania Piwowska containing car stickers with a QR code, key rings with the logo of the programme and “responsible” mints. The mints were distributed among passengers and contained the text “A fresh breath may be misleading. Test your BAC”. More than 100,000 individuals received a mint. Kompania Piwowska hopes to expand the project in the future with help and funding from other partners to reach a bigger audience and increase awareness even further.

Besides the “Test your blood and alcohol content” programme, Kompania Piwowska also has several other programmes relating to responsible alcohol consumption. It has an educational website with Facebook profile (www.abcalcokoholu.pl) with information about the impact of alcohol on the human body and the social aspects of drinking. The main goal is to educate people about the effects of alcohol consumption. There is also a project aimed at discouraging the use of alcohol during pregnancy and educating pregnant women about the consequences of drinking alcohol. Kompania Piwowska also trained bartenders on assertive techniques to refuse to sell alcohol to minors during events that are sponsored by the company.

Benefiting local communities

Next to discouraging irresponsible alcohol consumption Kompania Piwowska also focuses on other priorities that are set out by SABMiller. The brewing company realizes that their breweries and the local communities in which they operate are mutually interdependent. Therefore they have an employee volunteering programme called ‘Kompania of Volunteers’. This programme was initiated in 2000 and was previously called ‘Come Rain or Shine’. Recently, however, several significant moderations were made to improve the programme and the name also changed. The programme encourages Kompania Piwowska employees to perform voluntary work for NGOs or legally designated institutions. Any employee may join a team which proposes a project to support an NGO and carry it out together. This volunteering benefits the NGO as well as the employees. In total there are 187 volunteers

spending 1479 volunteering hours within 30 projects. For every zloty invested in the programme, society benefited with 5.81 zlotys, for example with increases in employment.

Concerned with energy use and recycling packaging

The brewing company also invests in making the brewing process more efficient with regard to the use of heat, water and energy. This contributes to the reduction of emissions. An example of one of the investments is the implementation of a new heating system where 9,434 GJ per year and 22,056 m³ of natural gasses are saved. There is also a 2.8% reduction in emissions.

Another Kompania Piwowska project contributing to a better environment is the programme *In tune with nature*. This is a joint programme with the largest and fastest growing retailer in Poland, Biedronka. The programme's goal is to increase awareness of consumers about environmental issues and promote the separation and recycling of metal and glass packaging. The project has given consumers incentives to return empty cans and bottles. More than 10 tonnes of recycled glass and 300 kilograms of aluminium cans were returned.

Sponsoring sports

Finally, Kompania Piwowska also sponsors sports and sport events. Since 1996, the company has cooperated with the Polish Olympic Committee. At the Olympic Games in Nagano, Sydney, Athens, Salt Lake City, Beijing, Vancouver and London, Polish athletes were supported by Tyskie, one of the company's breweries. Tyskie will continue its cooperation with POC as the sponsor of Polish Olympic Team in Sochi (2014) and Rio de Janeiro (2016). Besides, Tyskie currently sponsors some of the best speedway teams in Poland as well as a hockey team from Tychy, the city where the brand was founded. Kompania Piwowska has also sponsored the national football team and several football clubs in the country. Other sports that receive support from Kompania Piwowska are boxing, volleyball and basketball.

13 ROMANIA: IMPACT OF SABMILLER

13.1 Highlights of the economic impact

	2012
Total production (in hl.)	5,388,400
Total exports (in hl.)	0
Total imports (in hl.)	39,500
Total consumption (in hl.)	5,278,600
Total numbers of employees	1,415
Market share Romania*	29%

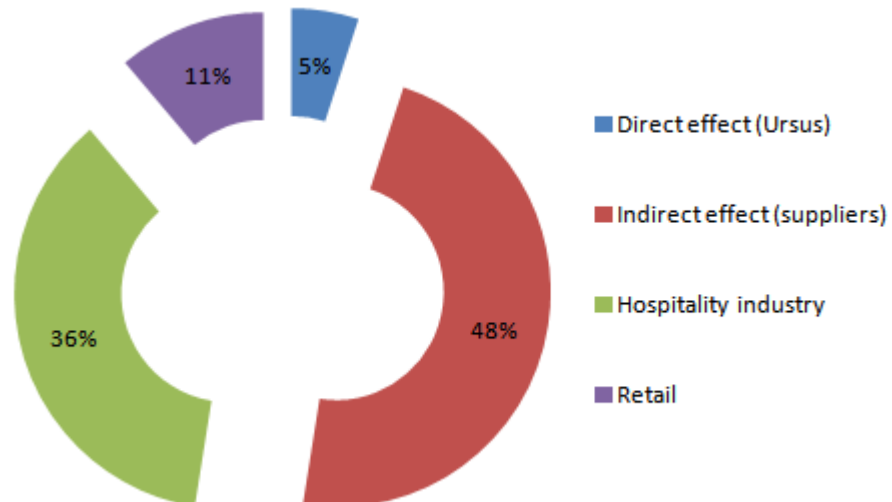
* Regioplan data calculation
Source: Ursus Breweries, 2013

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

- 1,415 people are directly employed by Ursus Breweries.
- Ursus Breweries produced 5.4 million hl. of beer in 2012, which is 30 percent more than in 2010. The total beer sales of Ursus Breweries in Romania totalled 5.3 million hl., which leads to a market share of 29%.
- By purchasing goods and services in the supply chain, Ursus Breweries generated indirect employment of around 13,300 jobs.
- In the Romanian hospitality sector, 10,200 jobs can be attributed to the sale of beer from Ursus Breweries. In the wholesale and retail sectors, 3,100 persons owe their jobs to Ursus Breweries.
- The total impact of Ursus Breweries in Romania in terms of employment is thus estimated at 28,000 jobs. This is an increase of 18 percent compared to 2010.
- The Romanian government also benefits from Ursus Breweries. Since 2010, the total government revenue generated by the production and sales of Ursus beer has increased by 20 percent to approximately 259 million euros. This amount consists of 44 million euros excise, 121 million euros VAT, 85 million euros in income-related taxes and 9 million euros in corporate, environmental and other taxes.

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

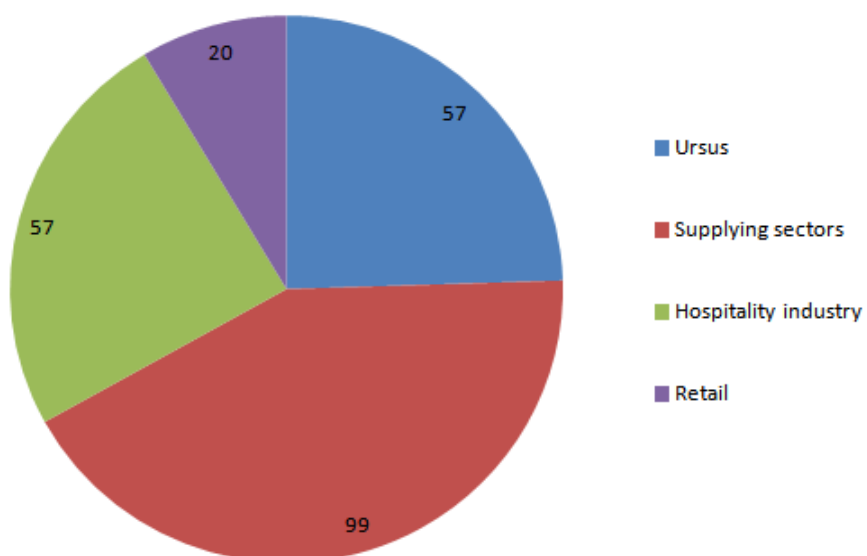
Figure 13.1 Total employment in Romania because of SABMiller: 28,100 jobs



Source: Regioplan (2013) See Annex II 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 the production and sale of beer from Ursus Breweries is estimated at 233 million euros, which is an increase of 29 percent compared to 2010. Ursus Breweries is directly responsible for 24 percent of this value added.

Figure 13.2 Value added in Romania due to SABMiller: 233 million euros

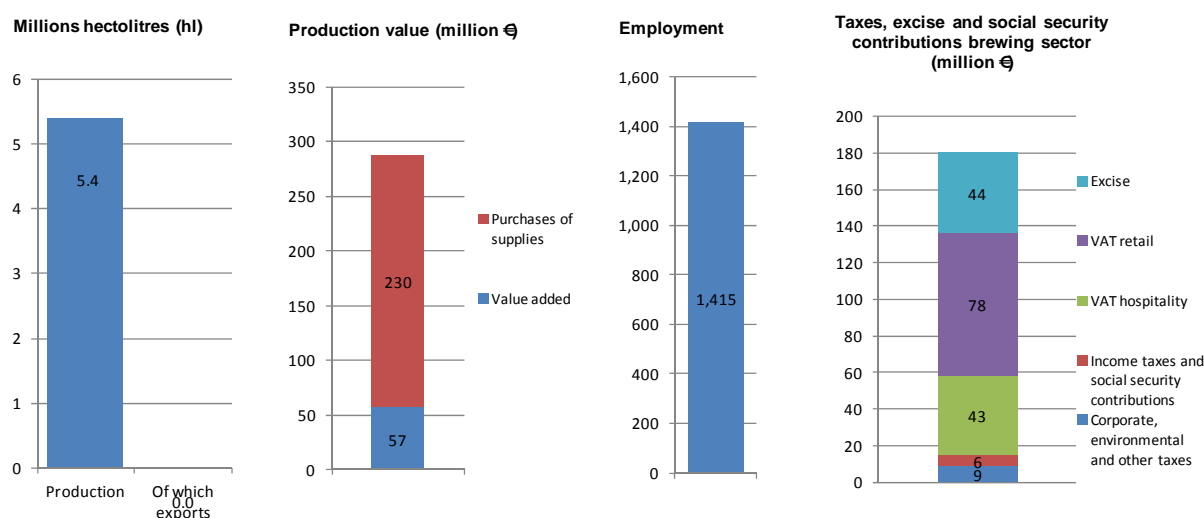


Source: Regioplan calculation (2013). See Annex II for an explanation of the methodology

13.2 Direct effect of Ursus Breweries

Ursus Breweries employs 1,415 people. Together they achieved a production value of 287 million euros, of which 230 million euros was spent in the supply chain. This means that in 2012, Ursus Breweries generated 57 million euros in value added.

Figure 13.3 Direct effect of Ursus Breweries



Source: Regioplan calculation (2013)

Another substantial direct effect of Ursus Breweries concerns taxes and excises paid by beer brewers and consumers. Excises account for 44 million euros and total VAT income for the Romanian government is estimated at 121 million euros. Personal income taxes and social security contributions paid by employees and employers of Ursus Breweries amount to 6 million euros.

13.3 Economic impact on goods and service providers

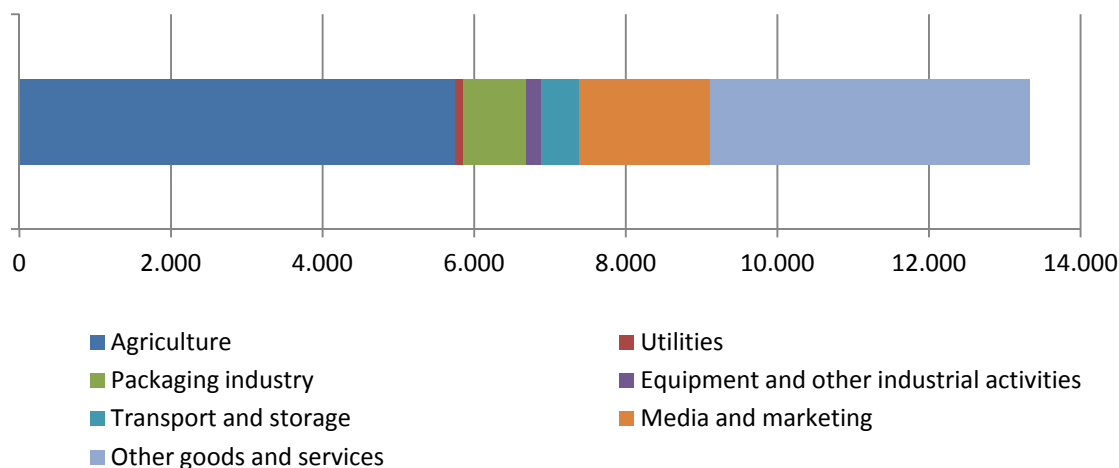
As 80% of the total production value of Ursus Breweries is spent on goods and services, Ursus Breweries has an important economic impact on the supply chain. The majority of supplies are purchased in the agricultural sector, services sector and the media and marketing sector. With 3,700 jobs, the employment effect due to the production and sale of beer is greatest in the agricultural sector. The total first round indirect employment effect is estimated at almost 8,700 employees.

Sectors	Domestic purchases (million €)	Central purchases in Romania used by other SABMiller operations	Stimulus for Romania	Turnover per employee ¹ (in €)	Number of employees
Agriculture	24.4	0.0	24.4	6,500	3,735
Utilities	7.0	0.0	7.0	93,300	75
Packaging industry	19.7	0.0	19.7	36,900	533
Equipment	4.9	0.0	4.9	36,900	132
Transport	13.3	0.0	13.3	40,700	326
Media, marketing	31.4	0.0	31.4	28,000	1,121
Services and other goods	76.7	0.0	76.7	28,000	2,741
Total	177.3	0.0	177.3		8,662
First round impact as percentage of total impact					65%
Total indirect effect (including second round impact)					13,327

Sources: Regioplan calculation, 2013; Eurostat, 2013

Because the so-called first round effect is about 65% of the total employment effect, the total indirect employment can be estimated at 13,300 jobs. The indirect employment effect is 29 percent higher than in 2010. In particular, the employment effect in the agricultural sector increased significantly (+90 percent). The total indirect employment effects are illustrated below:²

Figure 13.4 Indirect employment



Source: Regioplan calculation (2013)

¹ Turnover per employee was obtained from Eurostat.

² The total indirect employment effects in the figure 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

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

- Almost 30 percent of Ursus Breweries beer consumption in Romania takes place in the hospitality sector.
- The total consumer spending on Ursus Breweries beer in pubs and restaurants is estimated at 180.5 million euros (excluding VAT).
- The average turnover per employee in the Romanian hospitality sector is 17,700 euros a year. In total, approximately 10,200 jobs in the hospitality sector can be attributed to Ursus Breweries beer sales.

Retail

The impact of Ursus Breweries on the retail sector can be similarly assessed:

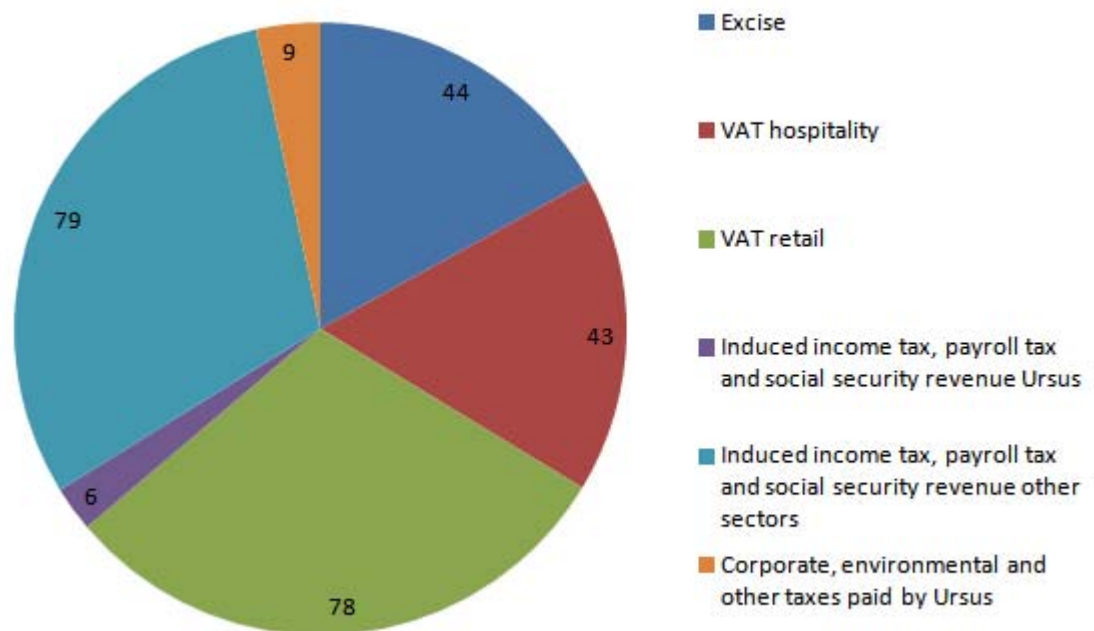
- Over 70 percent of the total consumption of Ursus Breweries beer in Romania is sold by supermarkets and other retail companies.
- The total consumer spending on Ursus Breweries beer in the retail sector is estimated at 325 million euros (excluding VAT).
- Because the annual turnover per employee is estimated at 103,800 euros, approximately 3,100 people in the retail sector owe their jobs to Ursus Breweries.

13.5 Government revenue

The revenue from excise, VAT and income-related contributions due to the production and sales of beer by Ursus Breweries in Romania has increased by 20 percent since 2010 and is estimated at 259 million euros:

- VAT revenue due to the sales of Ursus Breweries beer is approximately 121 million euros.
- The excise revenue due to Ursus Breweries beer production and sales amounted to 44 million euros in 2012.
- The total income-related government revenue due to Ursus Breweries beer production and sales is approximately 85 million euros. This amount includes 19 million euros in personal income tax, 23 million euros in social security contributions paid by employees and 44 million euros in income-related taxes and contributions paid by employers.
- Ursus Breweries generates 9 million euros in corporate, environmental and other taxes (excluding above-mentioned taxes).

Figure 13.5 Romanian government revenue due to SABMiller: 259 million euros



Source: Regioplan calculation (2013)

13.6 Highlights of the regional impact

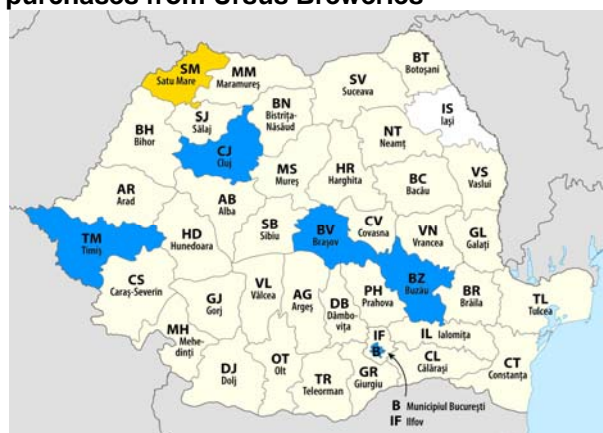
- Ursus operates three breweries (in Brasov, Buzau and Timisoara) and one mini-brewing facility (in Cluj-Napoca) across Romania. Overall, Ursus Breweries employs 1,415 people directly, including the support functions in Head Office and sales people in the field.
- Substantial indirect employment effects are generated within the regions where the Ursus Breweries facilities and offices are located (including Bucharest headquarters). Furthermore, many of the agricultural goods necessary to brew beer come from the Satu Mare area.
- Within the 8 counties mentioned above, approximately 11,000 jobs are generated by Ursus Breweries in the supply chain. The employment effect is greatest in the region of BuzaU (3,400 jobs).

A. Locations of Ursus Breweries



Source: SABMiller

B. Parts of Romania that benefit most from purchases from Ursus Breweries



Source: Wikipedia/counties of Romania

Ursus operates three breweries, located in Timisoara, Buzau and Brasov. Within these breweries, 1,415 people are employed. Besides this direct employment effect, Ursus breweries are also important for regional suppliers. In the three regions where the breweries are located as well as in the Cluj and Bucharest, substantial indirect employment effects are generated (see table below). In these counties, approximately 11,000 jobs are generated due to the purchases of Ursus Breweries. The agricultural sector, media and marketing and the services sector benefit most. The regional purchases by Ursus breweries are particularly important for employment within the cities. Almost all regional employment effects (except for the agricultural employment effect in Buzau) relate to suppliers located within the capitals of these counties. Besides the regional employment effects within the counties mentioned in the table below, Ursus Breweries are also important for the agricultural sector in the Satu Mare area (shaded yellow on the map above). More than 900 agricultural jobs in this county are generated by Ursus Breweries purchases.

Regions	Timisoara		Brasov		Cluj		Buzau	
Sectors	Purchases (million €)	Indirect employ.	Purchases (million €)	Indirect employ.	Purchases (million €)	Indirect employ.	Purchases (million €)	Indirect employ.
Agriculture	0.0	0	0.0	0	0.0	0	17.1	4,022
Utilities	2.3	38	1.0	17	0.3	6	2.8	46
Packaging industry	0.0	0	7.9	328	2.0	82	0.0	0
Equipment	0.5	20	0.2	10	0.2	10	0.5	20
Transport	2.7	100	1.3	50	4.0	150	2.7	100
Media, marketing	0.0	0	0.0	0	0.0	0	0.0	0
Services	7.7	422	7.7	422	30.7	1,687	3.8	211
Total	13.1	580	18.2	827	37.2	1,935	26.9	4,400

Source: Regioplan calculation (2013)

The regional impact of Ursus is also underlined by the Soufflet Group during an interview. The Soufflet Group processes barley to make malt. They sell the malt to Ursus, which uses the malt to produce beer. The relationship between Ursus and the Soufflet Group can be characterised by its longevity. The partnership started in 2008 and has grown stronger over the years. This is expressed in the deepened collaboration between the companies with regard to producing and harvesting raw materials.

The Soufflet Group has a turnover of approximately 14 million euros. Sales to Ursus account for a large share of the sales. All of the 25 employees of the Soufflet Group work for the production of malt for Ursus.

Besides the impact of Ursus on the Soufflet Group itself, the Group underlines the importance of the presence of breweries for other companies in the regions. The agricultural sector particularly benefits from Ursus as it provides the barley the Soufflet Group uses to produce malt. There are also chemical companies that treat the crops that benefit substantially from the presence of Ursus as well as various (sub)contractors in the transportation industry. The Soufflet Group alone uses 50 trucks from 15 different companies.

13.7 Highlights of the social and environmental impact

Besides the economic impact described in the previous paragraphs, Ursus also social impacts on Romania.

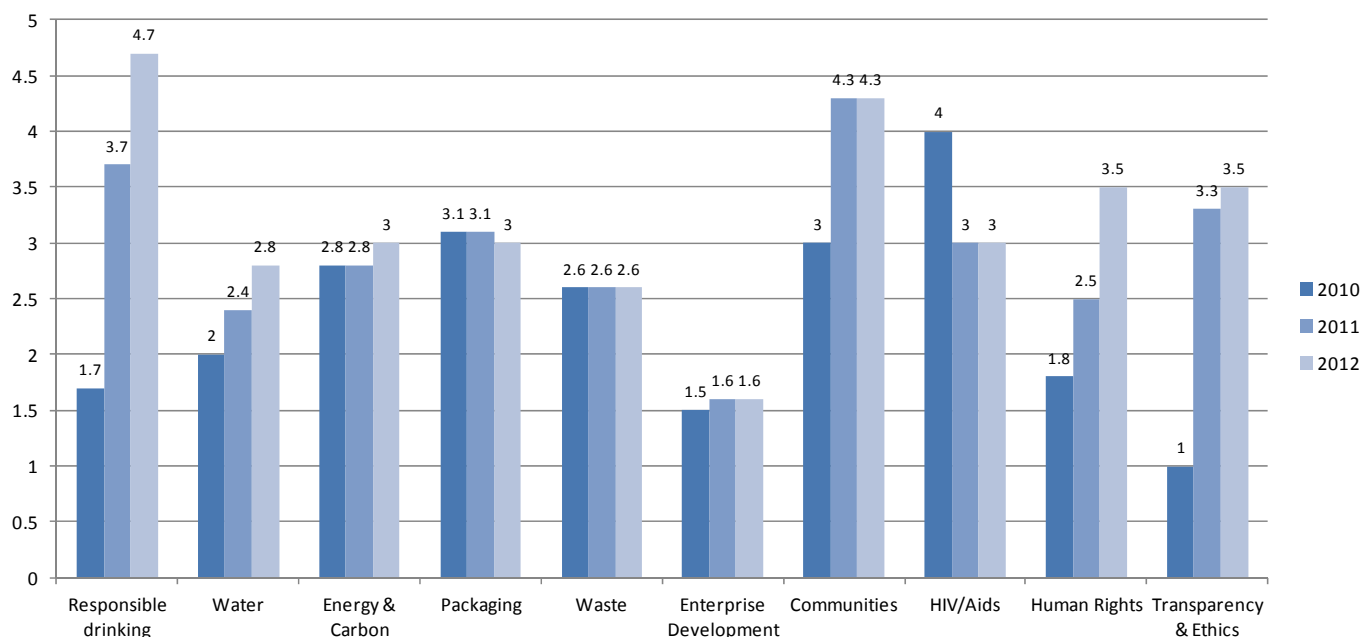
SABMiller has identified ten sustainable development priorities to help the company and breweries focus on what is important locally and to build sustainable development into their business decisions. Ursus Breweries has undertaken activities focusing mainly on local development, education and youth, environment and social support.

This prioritisation shows that the company is encouraging consumers to make informed decisions about alcohol, values the sustainable development of local communities and their business, whilst also supporting the development of its partners in the value chain. For the next three years, Ursus will continue to focus on these initiatives and priorities, taking into account the existing developing needs and overall context.

Ten priorities

The 'scores' on the ten trends set out by SABMiller on which to focus their efforts in the field of sustainable development are kept by SABMiller in a scorecard (the so-called stairways). The figure below presents the scores received by Ursus on the different priorities, on a scale from one (lowest) to five (highest). The company managed to increase the scores of six trends in the last three years. Considerable improvement is particularly evident with regard to the focus on responsible drinking.

Figure 13.6 Assessment results of Ursus Breweries on the 10 sustainable development priorities.



1 minimum standard; 2 progressing; 3 developing leadership; 4 best practice; 5 leading edge

Source: SABMiller Europe (2013)

Discouraging irresponsible drinking

One of the main focuses of Ursus Breweries is to discourage irresponsible alcohol consumption. The most relevant platform in this area is the 'www.DespreAlcool.ro' website, which is part of the "Find Your Balance" campaign initiated in 2010.

DespreAlcool.ro is the Romanian version of Talkingalcohol.com which helps consumers make informed decisions about alcohol consumption and drives social dialogue on alcohol-related topics. The annual value of this programme funding reaches 90,000 euros. The project benefited from the endorsement of authorities such as the Romanian Traffic Police and the National Legal Medicine Institute.

Ursus also had another local project discouraging irresponsible alcohol consumption: it organised seminars in Buzau, Galati, Ialomita, Braila, Prahova with more than 250 parents who had limited access to information on how to communicate with their children about alcohol consumption. The seminar was held by a psychologist who presented messages about underage consumption, also available on www.desprealcohol.ro. It also includes customised examples and exercises that would help parents better communicate with their children about alcohol consumption. This was followed

by the distribution of over 2000 brochures nationwide based on the same information and messages used during the seminars.

Benefiting communities

A project aimed at benefiting communities is the Students' Scholarships programme in Cluj-Napoca. The project started three years ago and has continued ever since. What makes this programme different and valuable for the community is that, together with Babes-Bolyai University in Cluj-Napoca, Ursus selects top grade students who also need to prove their involvement in community work in order to qualify for the scholarships.

Ursus also supports local communities by offering strong support to the cities of Cluj-Napoca, Brasov and Timisoara in order to help them organise local events, develop sustainably and promote themselves. The company invests a total of 100,000 euros every year for each of the cities above.

Enterprise development

Another important project benefiting the community is the Distributors' Program. With this specifically designed programme, Ursus aims to help its distributors and suppliers to develop their own businesses. To accomplish this, Ursus sends its own expert HR, S&D, Finance or PR staff to the distributors in order to help them further develop and improve their business. Thus Ursus becomes a consultant for the distributors and supports the development of the value chain.

Ursus also has a Leadership School/Leadership Academy project supporting entrepreneurship and helping young leaders in Romania. This is an ongoing programme developed for young leaders, designed and operated by the NGO "Leaders". Both Ursus Breweries employees and its distributors attend the classes at the Leadership School. Participants at Leadership Schools benefited from a total 580 training hours in 2012.

Sports sponsorship

Ursus invests over one million euros annually in sports sponsorship. The company is the official sponsor of the Romanian National Football Team and the Romanian Football Cup (Cupa Romaniei Timisoreana). Besides sponsoring football, the company also invests in the Romanian National Rugby Federation and several other smaller competitive events.

Important for tourism

Besides all its investments in the local community, Ursus also invests in attracting tourists to the locations of their breweries. Over the past two years, the company organised four open-door events at its breweries: one in Brasov, two in Timisoara and one in Buzau.

14 SLOVAKIA: IMPACT OF SABMILLER

14.1 Highlights of the economic impact

	2012
Total production (in hl.)	1,184,000
Total exports (in hl.)	156,000
Total imports (in hl.)	340,000
Total consumption (in hl.)	1,368,000
Total numbers of employees	676
Market share Slovakia*	33%

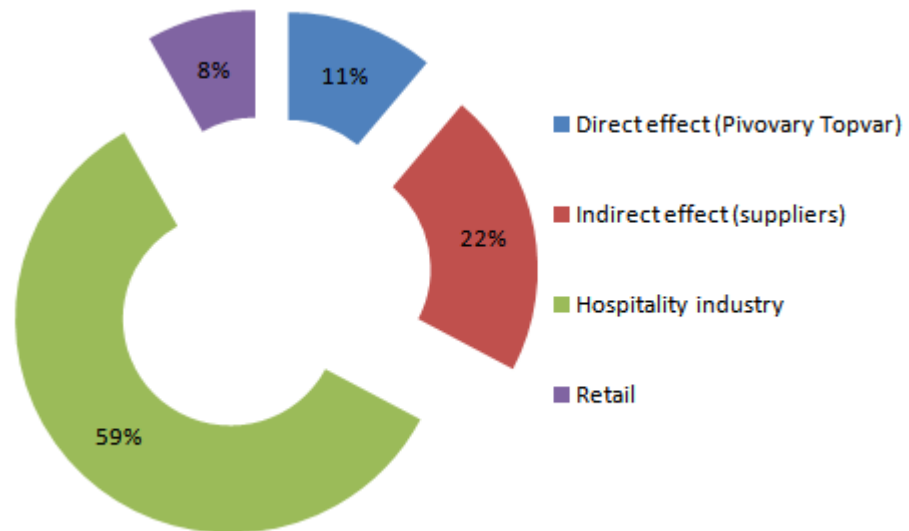
* Regioplan data calculation
Source: Pivovary Topvar, 2013

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

- Pivovary Topvar directly employs 676 people.
- Pivovary Topvar also generates important indirect effects within its supply chain. Approximately 1,300 jobs in the supply chain can be attributed to Pivovary Topvar, with the agricultural sector benefiting most.
- In the hospitality sector, almost 3,600 jobs can be attributed to Pivovary Topvar. In the retail sector, around 500 employees owe their jobs to Pivovary Topvar beer sales.
- The total employment effect of Pivovary Topvar on the Slovak economy is estimated at approximately 6,100 jobs.
- The Slovak government also benefits from the production and consumption of beer from Pivovary Topvar. Excise revenue is nearly 20 million euros a year and total VAT revenue is estimated at 34 million euros. Furthermore, 25.5 million euros are generated through income-related revenue paid by employees who owe their jobs to Pivovary Topvar and almost 2 million euros are paid by Pivovary Topvar in corporate, environmental and other taxes. The total government revenue thus amounts to 81 million euros.

The employment impact of Pivovary Topvar is presented below:

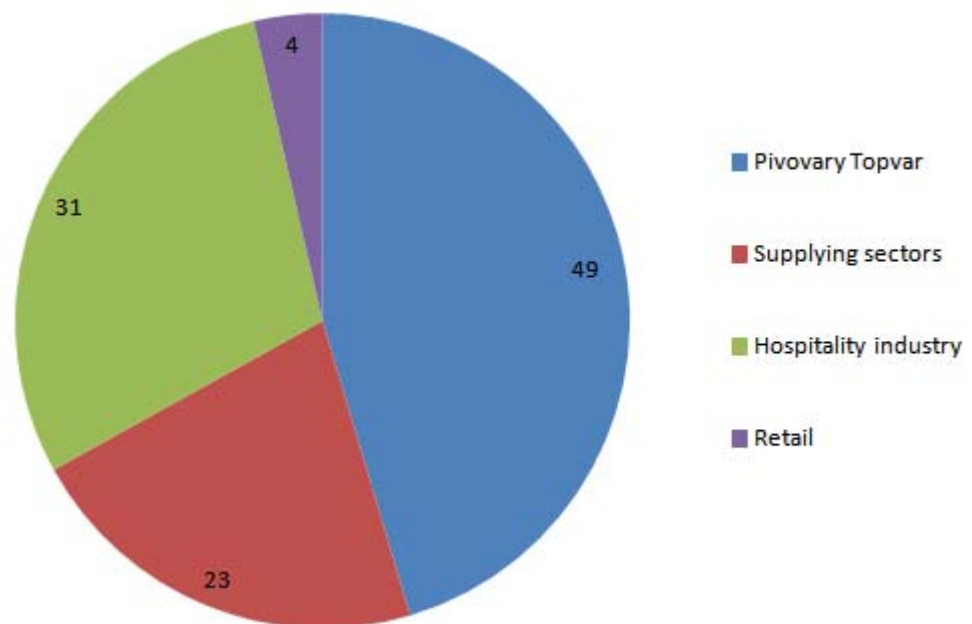
Figure 14.1 Total employment in Slovakia because of SABMiller: 6,100 jobs



Source: Regioplan (2013) See Annex II for an explanation of the methodology

The total contribution of Pivovary Topvar to the Slovak economy in terms of value added is estimated at 107 million euros.

Figure 14.2 Value added in Slovakia due to SABMiller: 107 million euros

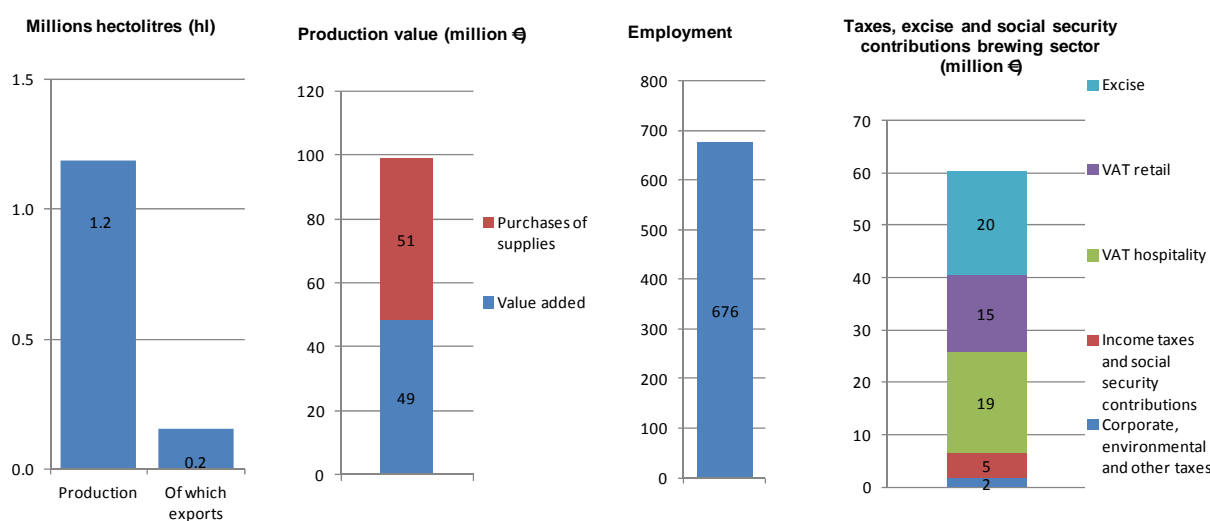


Source: Regioplan calculation (2013). See Annex II for an explanation of the methodology

14.2 Direct effect of Pivovary Topvar

The direct employment of Pivovary Topvar consists of 676 jobs. Together, these employees generate a production value of approximately 99 million euros, of which 49 million euros is value added. The other 51 million euros are spent on supplied goods. The direct revenue for the Slovak government (excise, VAT, income-related revenue from employees of Pivovary Topvar and other taxes paid directly by Pivovary Topvar) amounts to approximately 60 million euros.

Figure 14.3 Direct effect of Pivovary Topvar



Source: Regioplan calculation (2013)

14.3 Economic impact on goods and service providers

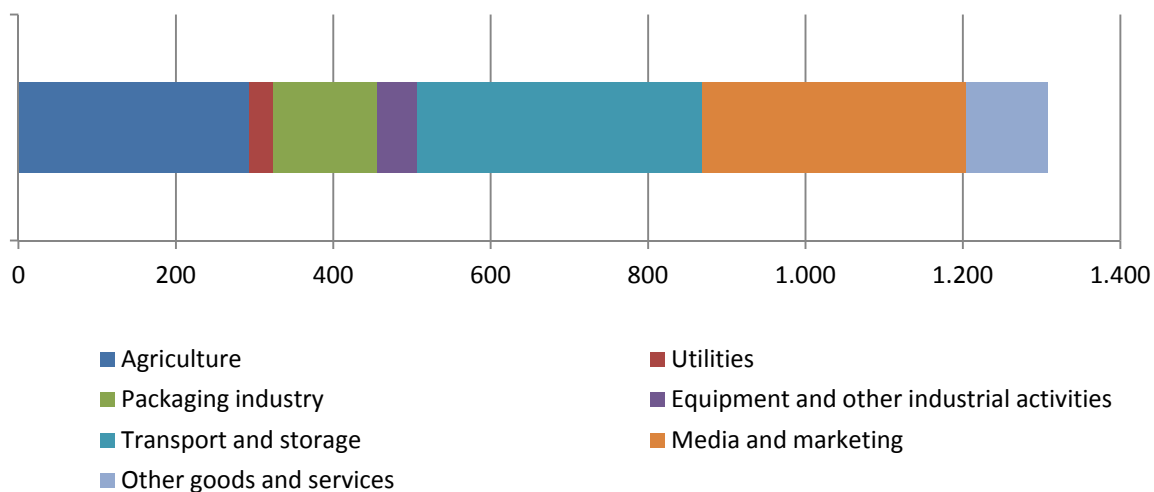
The two sectors that benefit most from the purchases of Pivovary Topvar beer are the transport and storage sector and the media and marketing sector. The total first round employment effect of Pivovary Topvar on supplying sectors is 850 employees. As this primary effect can be estimated at about 65% of the total impact, the total impact will be about 1,300 jobs. Pivovary Topvar purchases most of its goods and services within Slovak borders. The total domestic purchases are estimated at more than 47 million euros.

Sectors	Domestic purchases (million €)	Central purchases in the Czech Republic used by other SABMiller operations	Stimulus for the Czech Republic	Turnover per employee ¹ (in €)	Number of employees
Agriculture	4.2	0.0	4.2	22,200	191
Utilities	4.1	0.0	4.1	212,500	19
Packaging industry	8.8	0.0	8.8	102,000	86
Equipment	3.4	0.0	3.4	102,000	33
Transport	12.9	0.0	12.9	54,600	235
Media. marketing	10.5	0.0	10,5	48.300	218
Services and other goods	3.2	0.0	3,2	48,300	67
Total	47.1	0.0	47.1		850
First round impact as percentage of total impact					65%
Total indirect effect (including second round impact)					1,307

Sources: Regioplan calculation, 2013; Eurostat, 2013

The total indirect employment effects are illustrated below:²

Figure 14.4 Indirect employment



Source: Regioplan calculation (2013)

¹ Turnover per employee was obtained from Eurostat.

² The total indirect employment effects in the figure 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 Pivovary Topvar on the Slovak hospitality sector is assessed as follows:

- Just over 40% of all beer sales from Pivovary Topvar in Slovakia are sold by the hospitality sector (on-trade). The total consumer spending on beer in the hospitality sector is 96 million euros (excluding VAT).
- With an average turnover of 26,800 euros (excluding VAT) per person, approximately 3,600 jobs in the hospitality sector are attributable to Pivovary Topvar.

Retail

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

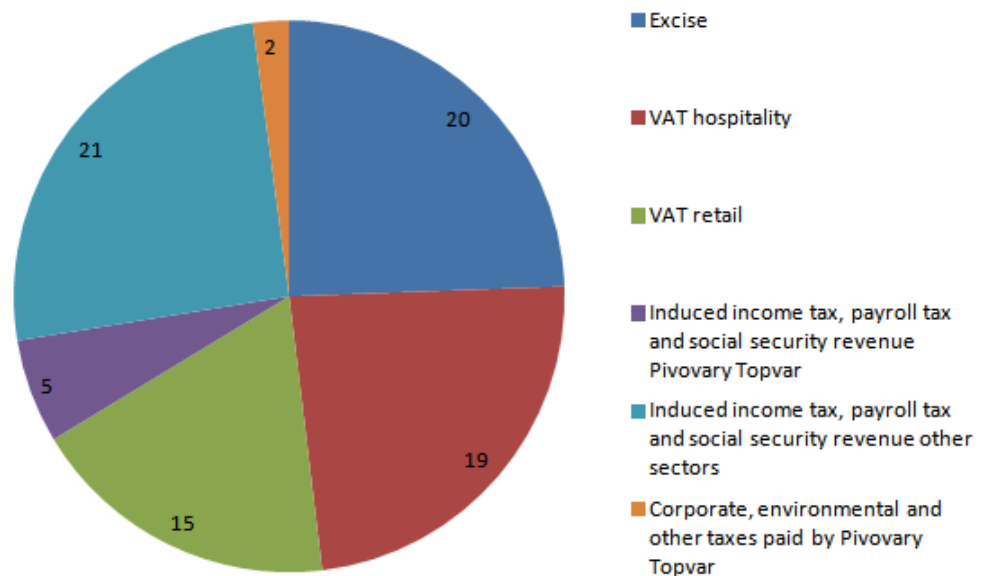
- Almost 60% of the total consumption of beer from Pivovary Topvar in Slovakia is sold by supermarkets and other retail outlets. The total consumer spending on beer in the retail sector is estimated at 74 million euros (excluding VAT).
- With turnover per employee estimated at 147,900 euros (excluding VAT), approximately 500 employees in the Slovak retail sector owe their jobs to Pivovary Topvar.

14.5 Government revenue

The revenue of excise, VAT and income-related contributions due to the production and sale of beer by Pivovary Topvar is estimated at 81 million euros:

- VAT revenue is estimated at 34 million euros. The majority of this VAT revenue is generated in the hospitality sector.
- The total amount of excise revenue due to Pivovary Topvar beer is 20 million euros.
- Income-related revenue due to the production and sale of Pivovary Topvar beer is approximately 25.5 million euros. This consists of 5 million euros in income tax, 6 million euros in social security contributions paid by employees and 14 million euros in social security taxes and payroll taxes paid by employers.
- Pivovary Topvar generates approximately 2 million euros in corporate, environmental and other taxes.

Figure 14.5 Slovak government revenue due to SABMiller: 81 million euros



Source: Regioplan calculation (2013)

14.6 Highlights of the regional impact

Pivovary Topvar operates one brewery in the eastern part of Slovakia. At Pivovary Topvar 676 people are employed.

In the region of the brewery around 210 jobs in the supply chain can be attributed to purchases made by Pivovary Topvar.

The importance of the presence of Pivovary Topvar is confirmed by a supplier active in the packaging industry. The sales of this supplier to Pivovary Topvar account for a substantial percentage of this supplier's annual turnover.

Sources: Pivovary Topvar and Regioplan calculation (2013)

Pivovary Topvar operates one brewery located in the east of the country (figure A).³ The presence of Pivovary Topvar is very important to the region in which it is located. Pivovary Topvar employs 676 people in Slovakia. The regional economic impact in terms of employment is estimated for the eastern part (Východné Slovensko) of Slovakia. The head office of Pivovary Topvar is located in Bratislava and eight sales and distribution centres are located throughout the country.

³ In 2008 Pivovary Topvar still operated two breweries. The brewery in the Western part of Slovakia (Západné Slovensko) has not been used since 2010.

A. Location of brewery of Pivovary Topvar



B. Region of Slovakia where brewery of Pivovary Topvar is located



Source: SABMiller

The following table shows the economic impact of Pivovary Topvar on suppliers in the part of Slovakia where the Pivovary Topvar brewery is located and on the rest of Slovakia.

Východné Slovensko		
Sectors	Purchases (million €)	Purchases (million €)
Agriculture	0.8	0.8
Utilities	4.1	4.1
Packaging industry	7.5	7.5
Equipment	1.0	1.0
Transport	1.3	1.3
Media, marketing	1.6	1.6
Services	0.0	0.0
Total	16.3	16.3

Source: Regioplan calculation (2013)

The importance of Pivovary Topvar is confirmed by Crown Bevcan Europe and Middle East (part of Crown Holdings), a supplier of aerosol packaging, beverage packaging, food packaging and metal closures. For SABMiller, Crown Holdings provides aluminium beverage cans and the coverage (the lids on the cans). Crown Holdings has many factories and plants worldwide, but the Slovak plant in Kechnec is the main supply plant for Pivovary Topvar in Slovakia. This brewery employs approximately 160 people. The companies have a strong business relationship that started four years ago. Since then, the relationship has grown stronger and more business is conducted between them. Pivovary Topvar bought more cans from Crown. The relationship has not only improved at business level, but also at personal level. Inviting each other to events is now part of the relationship. Around 30% of the yearly turnover over Crown Holdings originates from the SABMiller company, which is its second biggest customer. If Pivovary Topvar were ever to leave the

region, this would result in a serious loss of employment at the Slovak plant of Crown Holdings and in all other sectors within the region.

14.7 Highlights of the social and environmental impact

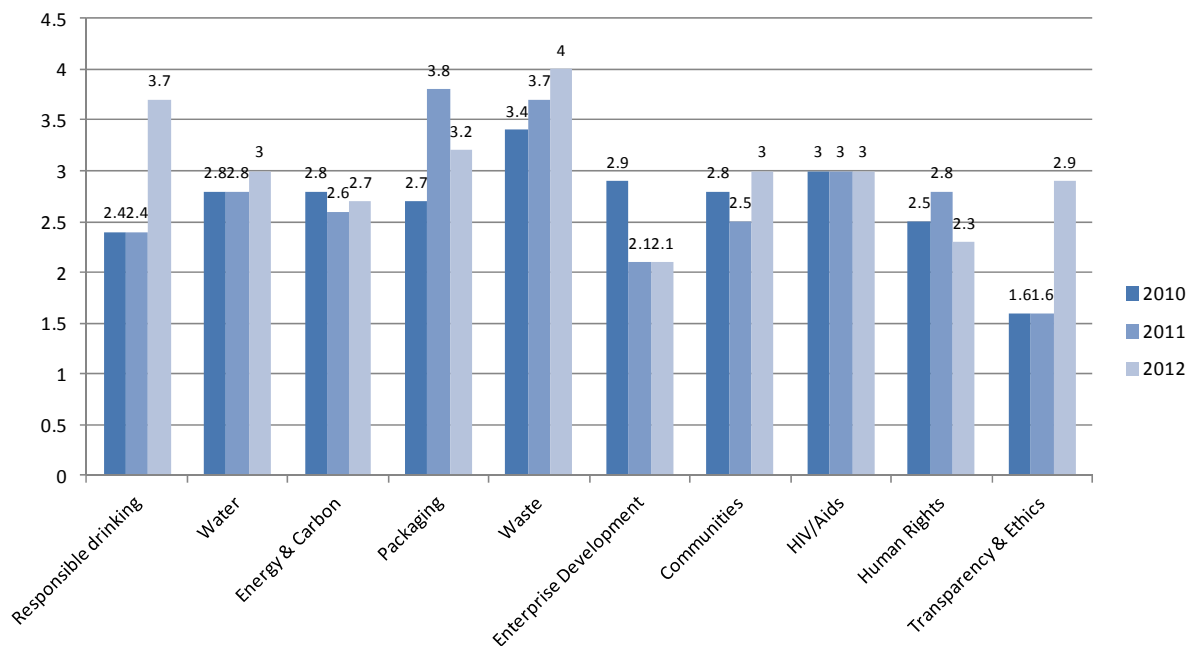
Besides the economic impact described in the previous paragraphs, Pivovary Topvar also has a social impact on Slovakia, particularly in the eastern part of the country where the brewery is located.

Ten priorities

SABMiller has identified ten priorities to help the company and breweries focus on what is important locally and to build sustainable development into their business decisions. Pivovary Topvar has undertaken activities with regard to three of these priorities in the last two years. The main focus areas were 1) discouraging irresponsible drinking; 2) making more beer using less water; and 3) benefiting communities. Many other activities were undertaken but Pivovary Topvar chose to prioritise the aforementioned trends. This prioritisation shows that the company values the sustainable development of the Slovakian community and production processes very highly. All future initiatives and activities will be selected on the priorities that are currently most important and most necessary for the local and/or environmental situation.

The 'scores' on the ten trends set out by SABMiller on which to focus efforts related to sustainable development are kept by SABMiller in a scorecard (the so-called stairways). The figure below presents the scores received by Pivovary Topvar on the different priorities, on a scale from one (lowest) to five (highest). The company's focus on discouraging irresponsible alcohol consumption has clearly increased its SAM score for this trend. Other priorities where the scores have risen are transparency and ethics, benefiting communities, reducing waste and making more beer with less water.

Figure 14.6 Assessment results of Pivovary Topvar on the 10 sustainable development priorities.



1 minimum standard; 2 progressing; 3 developing leadership; 4 best practice; 5 leading edge
Source: SABMiller Europe (2013)

Discouraging irresponsible drinking

One of its biggest projects is the 'Don't drink and drive' campaign, which was launched in February 2012. This is an alcohol-responsibility programme, aimed at increasing consumer awareness of the importance of responsible alcohol consumption. It highlights the issue of drinking and driving, which is a serious problem in Slovakia. The Slovakian government wants to reduce the number of traffic accidents with 30%. Almost ten percent of the accidents are caused by alcohol consumption before or during driving. Pivovary Topvar aims to contribute with this project to the reduction of traffic accidents caused by alcohol consumption. The campaign mainly consisted of PR activities. Collaborating with one of the biggest gas filling companies and a car racing champion, they received a lot of media coverage with the project and raised awareness among a significant number of people. Following the project's very positive results, the national brewing association wanted to expand and took over the project.

Besides this project Pivovary Topvar has several other programmes relating to responsible drinking. One of the bigger programmes is the Promile info (www.promileinfo.sk) project. Promile Info developed a mobile app that can be used by consumers to check their Blood Alcohol Content (BAC). The application also shows the estimated time to reach the acceptable level of BAC again. The website and app have approximately 300,000 users per month. Together with NGO OZ Prima, the people from Promile also went to

summer festivals throughout the country to raise people's awareness about responsible drinking by giving people the opportunity to do an alcohol test on the site. Topvar also joined forces with OZ Prima Pivovary to organise a seminar on alcohol prevention in eastern Slovakia. People working in the field attended the seminar and contributed to a healthy learning experience.

In 2013, Pivovary Topvar launched another campaign regarding this priority. This is the "Pregnant women should not drink alcohol" project. Alcohol consumption among pregnant women is a major problem in Slovakia and Pivovary Topvar is trying to help reduce this problem with an extensive PR campaign. As the project is still continuing, no results are available yet.

Benefiting local communities

Besides the big 'Don't drink and drive' campaign, Pivovary Topvar also wants to support local communities. An important initiative in this field is the 'Citizen's Choice' project. In this programme, several stakeholders such as the media, NGOs, employees and also citizens are involved. Plzenský Prazdroj (SABMiller in the Czech Republic) set an example with a similar programme in the Czech Republic. The programme started on a small scale in 2004 and focuses on supporting local communities. NGOs may submit proposals for projects aiming to benefit the local community. A council of representatives selects the best project proposals. The council consists of important members of the society, for example town mayors and journalists. The council of representatives selects the best proposals and publishes them in the regional newspaper. Citizens can then vote for the project they think best serves them and the community and which should therefore receive funding from the Citizen's Choice programme. The total budget for this project was 16,000 euros so it is possible that more than one project may be funded. The funded projects tend to be sports tournaments and environmental, cultural and social initiatives.

15 SPAIN: IMPACT OF SABMILLER

15.1 Highlights of the economic impact

	2012
Total production (in hl.)	858,400
Total exports (in hl.)	1,500
Total imports (in hl.)	15,800
Total consumption (in hl.)	855,800
Total numbers of employees	396
Market share Spain*	2%

Source: Compañía Cervecera de Canarias, 2013

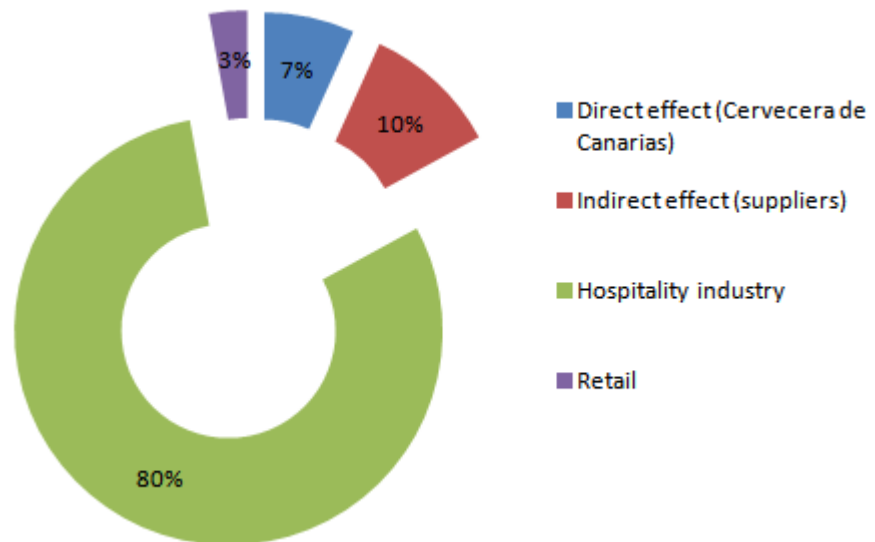
* Regioplan data calculation

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

- Direct employment by Cervecera de Canarias is 396 employees.
- The brewing sector generates important indirect effects within the supply chain. It is estimated that nearly 600 supply chain jobs can be attributed to the production and sales of beer by Cervecera de Canarias. The majority of these jobs consist of people employed by subcontracted companies working exclusively for Cervecera de Canarias.
- Besides these direct and indirect effects, the hospitality sector and retailers also benefit through beer sales. In the hospitality sector, 4,700 jobs can be attributed to the sales of Cervecera de Canarias beer. In the retail sector, approximately 170 people owe their jobs to Cervecera de Canarias beer sales.
- The total employment impact is thus more than 5,800 jobs.
- The Spanish government also benefits from Cervecera de Canarias, as it receives approximately 92 million euros in taxes and excises. Excise revenue amounts to 6 million euros, and VAT collected on beer (sold in the hospitality sector and through retailers) is estimated at 18 million euros. Revenue from direct income taxes paid by brewery employees, employees of their suppliers and in hospitality and retail totals an estimated 65 million euros. Corporate, environmental and other taxes amount to 2.5 million euros.

The employment impact of Cervecera de Canarias is presented below:

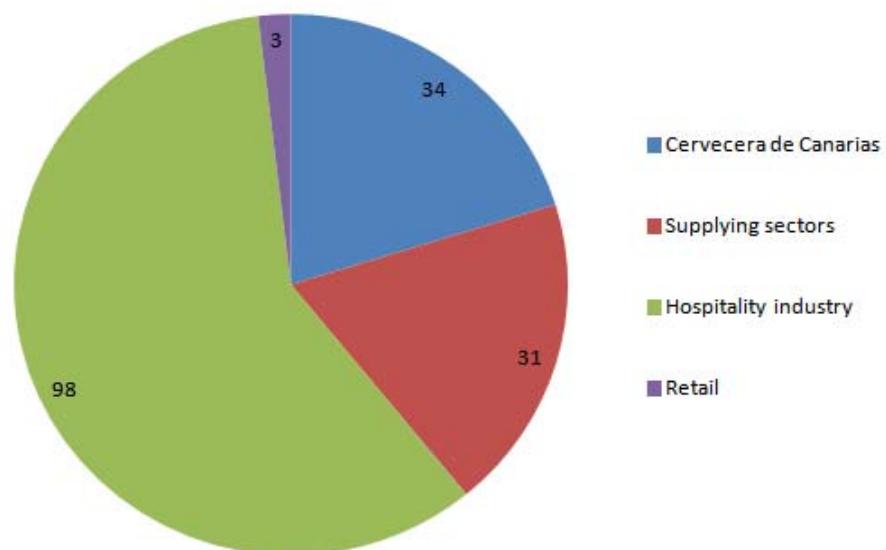
Figure 15.1 Total employment in Spain because of SABMiller: 5,800 jobs



Source: Regioplan (2013) See Annex II for an explanation of the methodology

The contribution of Cervecera de Canarias to the Spanish economy can also be expressed in terms of value added. The total value added generated by the 5,800 employees is estimated at 167 million euros.

Figure 15.2 Value added in Spain due to SABMiller: 167 million euros

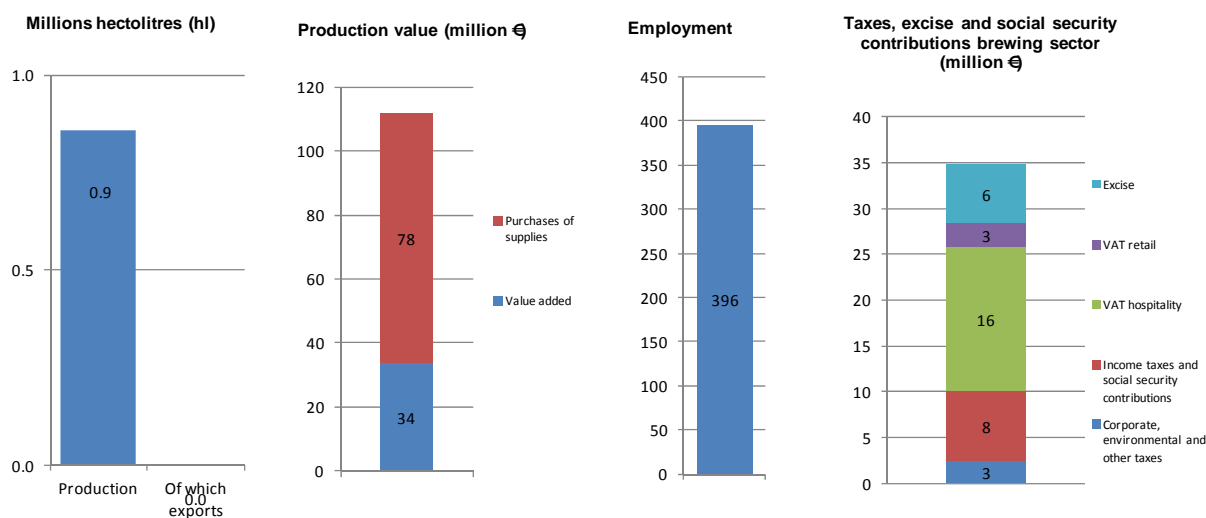


Source: Regioplan calculation (2013). See Annex II for an explanation of the methodology

15.2 Direct effect of Compañía Cervecera de Canarias

The direct economic impact of Cervecera de Canarias covers 396 employees, who together produce beer worth over 112 million euros. Besides the 396 employees working at Cervecera de Canarias, almost 600 people work for suppliers. The majority of these people are employed at subcontracted companies working exclusively for Cervecera de Canarias. In our economic model, these jobs are included in the indirect effect (see next section).

Figure 15.3 Direct effect of Compañía Cervecera de Canarias



Source: Regioplan calculation (2013)

Another substantial direct effect of the brewing sector concerns taxes and excises paid by beer brewers and consumers. Excises account for 6 million euros while total VAT income for the Spanish government was estimated at 18 million euros. Income taxes and social security contributions paid by employees and employers of Cervecera de Canarias total 8 million euros, while corporate and other taxes amount to approximately 3 million euros.

15.3 Economic impact on goods and service providers

30% of the total production value stays within Cervecera de Canarias as value added. The other 70% of the 112 million euros is spent on goods and services which are required for the production and sale of beer. This stimulus of 78 million euros has a significant economic impact on suppliers. The majority of this stimulus, almost 65 million euros, is spent on goods and services within Spain itself.

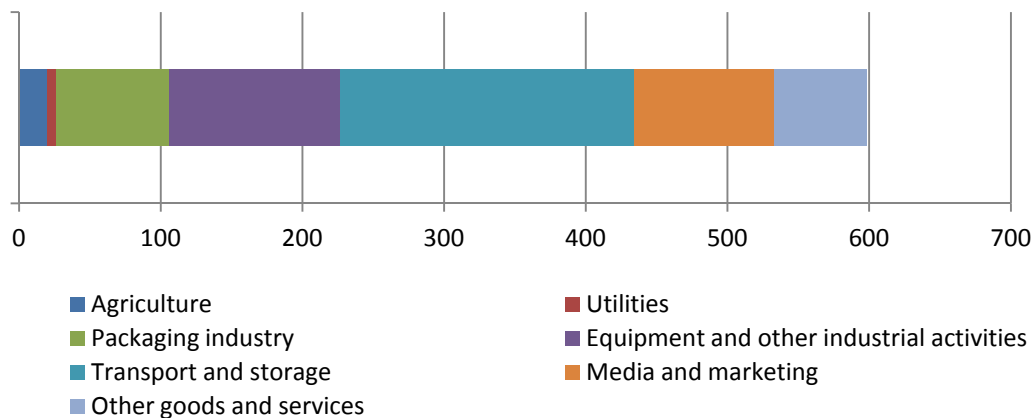
Sectors	Domestic purchases (million €)	Central purchases in Spain used by other SABMiller operations	Stimulus for Spain	Turnover per employee ¹ (in €)	Number of employees
Agriculture	0.5	0.0	0,5	41,200	13
Utilities	3.9	0.0	3.9	896,500	4
Packaging industry	11.1	0.0	11.1	215,400	51
Equipment	17.0	0.0	17.0	215,400	79
Transport	20.3	0.0	20.3	150,600	135
Media. marketing	7.2	0.0	7.2	111,600	64
Services and other goods	4.8	0.0	4.8	111,600	43
Total	64.7	0.0	64.7		389
First round impact as percentage of total impact					65%
Total indirect effect (including second round impact)					599

Sources: Regioplan calculation, 2013; Eurostat, 2013

A significant share of the indirect employment generated by Cervejera de Canarias is in the transport and storage sector. An additional substantial effect can be observed in the equipment and industrial activities sector. The total first round employment effect of Cervejera de Canarias on the supply chain is 389 employees. As this primary effect can be estimated at about 65% of the total impact, the total impact will be about 600 jobs.

The total indirect employment effects are illustrated below:²

Figure 15.4 Indirect employment



Source: Regioplan calculation (2013)

¹ Turnover per employee was obtained from Eurostat.

² The total indirect employment effects in the figure 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.

15.4 Retail and hospitality sectors

Hospitality sector

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

- A little more than two thirds of all Cervecera de Canarias beer consumed in Spain is sold by the hospitality sector (on-trade). Total consumer spending on beer in the hospitality sector is estimated at 224 million euros (excluding VAT).
- With an average turnover of 48,000 euros (excluding VAT) per person, approximately 4,700 jobs in the hospitality sector are attributable to Cervecera de Canarias beer sales.

Retail

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

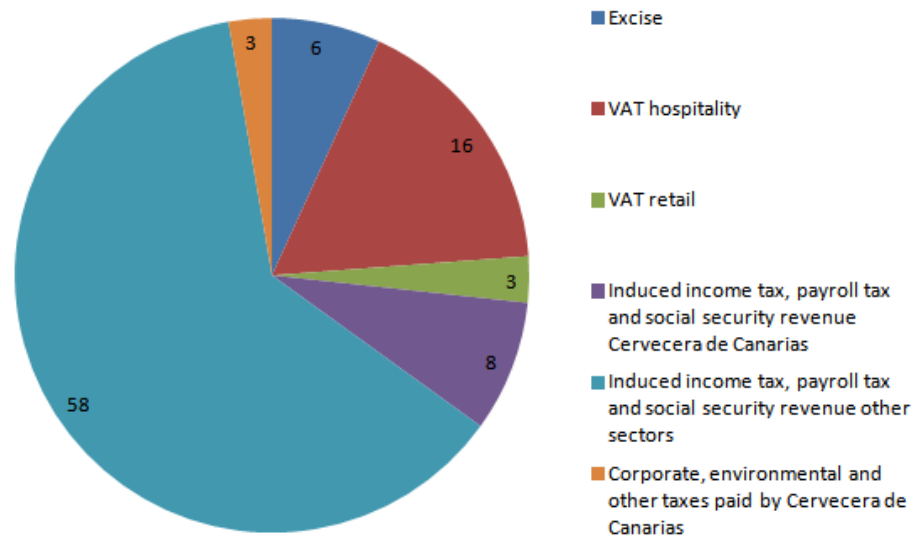
- The remaining 31% of the total Cervecera de Canarias beer consumption in Spain is sold by supermarkets and other retail outlets. Total consumer spending excluding VAT is 38 million euros.
- With turnover per employee estimated at 226,500 euros (excluding VAT), this means that approximately 170 people in the retail sector owe their jobs to Cervecera de Canarias beer sales.

15.5 Government revenue

The revenue from excise, VAT and income-related contributions due to Cervecera de Canarias beer production and sales is estimated at 92 million euros:

- VAT revenue due to Cervecera de Canarias is estimated at 18 million euros. The majority of this VAT revenue (16 million euros) is generated in the hospitality sector.
- The total amount of excise revenue due to Cervecera de Canarias beer is 6 million euros.
- Income-related revenue due to Cervecera de Canarias beer production and sales is approximately 65 million euros.
- Corporate, environmental and other taxes due to Cervecera de Canarias total 2.5 million euros.

Figure 15.5 Spanish government revenue due to SABMiller: 92 million euros



Source: Regioplan calculation (2013)

15.6 Highlights of the regional impact

- Cervecera de Canarias operates two breweries on the islands of Tenerife and Gran Canaria in the Canary Islands. At Cervecera de Canarias, 396 people are directly employed.
- In the region of the brewery, around 414 jobs in the supply chain can be attributed to purchases made by Cervecera de Canarias.
- The total budget for Cervecera de Canarias contains approximately two million euros.

Source: Cervecera and Regioplan (2013)

Cervecera de Canarias operates two breweries located on the islands of Tenerife and Gran Canaria in the Canary Islands (figure A). The presence of Cervecera de Canarias is very important for the region where it is located. Cervecera de Canarias employs 396 on the Canary Islands.

The following table shows the economic impact of Cervecera de Canarias on suppliers on the Canary Islands where 414 jobs are generated due to purchases by Cervecera de Canarias. The strongest impact on these islands is on the transport sector. 208 jobs are generated in this industry by Cervecera breweries. Agricultural products are usually imported to the Canary Islands. On Tenerife and Gran Canaria, the packaging industry and equipment sector also benefit substantially from the presence of the breweries.

Canary Islands		
Sectors	Purchases (million €)	Indirect employm.
Agriculture	0	0
Utilities	3.9	7
Packaging industry	8.9	63
Equipment	9.2	66
Transport	20.3	208
Media, marketing	3.9	54
Services	1.2	17
Total	47.4	414

Source: Regioplan calculation (2013)

The positive effects of Cervecera de Canarias are underlined by RKW ITER, a packaging company that provides Cervecera de Canarias with printed plastic coatings destined for cans. Approximately 2 percent of RKW's annual turnover of 120 million euros originates from the business relationship with Cervecera de Canarias. This part can be considered as substantial, especially considering that the relationship between Cervecera de Canarias and RKW started at the end of 2012. Moreover, since the start of the business relationship, Cervecera de Canarias has expanded the number of designs demanded from RKW. RKW recognises this trust and confirms that Cervecera de Canarias is putting a great deal of effort into the relationship. These efforts are particularly necessary taking into account the relative amount of work required by the transport of the products. With RKW located in Zaragoza (the mainland) and Cervecera de Canarias located in the Canary Islands, transport depends on boats sailing only once a week. This means that strict and precise planning is required, with four employees of RKW working constantly for Cervecera de Canarias.

Location of breweries of Cervecera de Canarias



Source: SABMiller

15.7 Highlights of the social and environmental impact

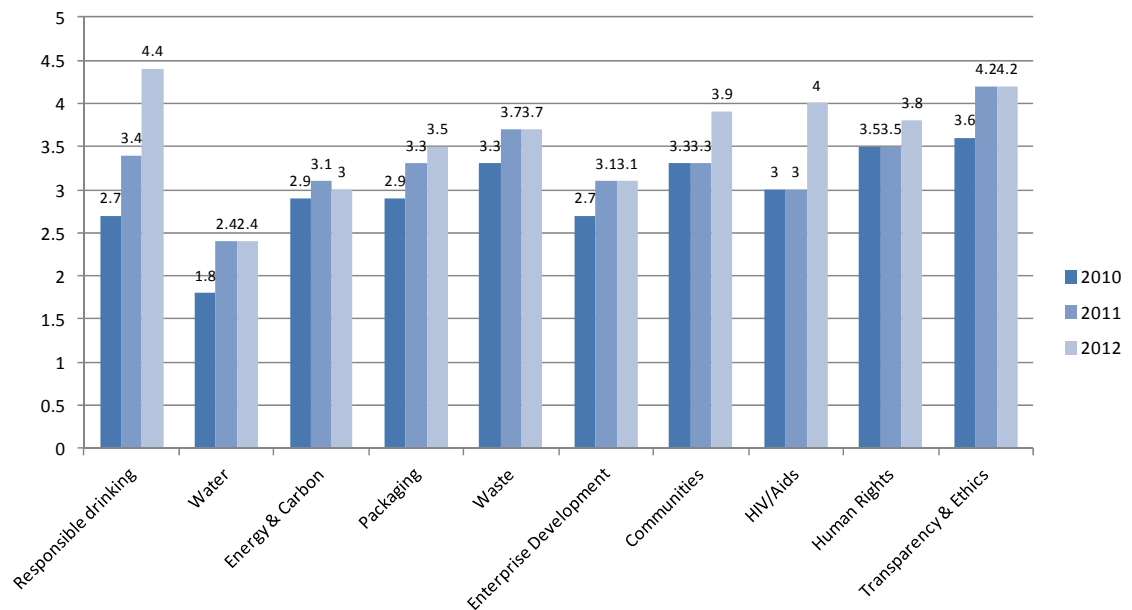
Besides its economic impact, Cervecera de Canarias also has a social and environmental impact in Spain. These two types of impact are strongly concentrated in the region where the breweries of Cervecera de Canarias are located.

Ten priorities

SABMiller has identified ten priorities that are particularly important when it comes to social and environmental initiatives. However, within this framework individual breweries can formulate goals themselves. Whilst involved in activities relating to all ten priorities, Cervecera de Canarias has devoted specific attention to four of the ten centrally formulated aims. These four are: 1) discouraging irresponsible drinking, 2) working towards zero-waste operations, 3) enterprise development, and 4) benefiting communities. Of these four main concerns, improving waste management is considered the most important goal. Following our in-depth interviews, this is firstly caused by the fact that recycling systems on the Canary Islands are not as well developed as on the Spanish mainland. So, focusing on waste management responds to the needs of the region in which the brewery is situated. Moreover, Cervecera de Canarias' prioritisation reflects strong commitment to sustainability which aims to create a cleaner environment in the Canary Islands. Discouraging irresponsible drinking is another key priority for Cervecera de Canarias.

The scores on the ten aims set out by SABMiller are kept by SABMiller in a scorecard. The figure below presents the scores of Cervecera de Canarias on the ten centrally formulated priorities over the years 2010, 2011 and 2012. These scores range from 1 (minimum standard) to 5 (leading edge)

Figure 15.6 Assessment results of Cervecera de Canarias on the 10 sustainable development priorities.



Note: 1=Minimum standard; 2=Progressing; 3=Developing leadership; 4=Best practice; 5=Leading edge

Source: SABMiller Eurospe (2013)

From the figure presented above, it can be derived that Cervecera de Canarias performs very well when it comes to generating social impact. It has a particularly big impact on responsible drinking, HIV/Aids and transparency and ethics. Efforts regarding the impact on water management can be improved.

Although Cervecera de Canarias indicates that waste management is its main concern, it also performs well on the other priorities. However, in terms of spending time and money, waste management takes up the majority of the social and environmental efforts of Cervecera de Canarias. Results include a 97% percent reuse rate of the breweries' waste. A project contributing to promoting more efficient waste management is 'Optimisation of Distribution Processes'. This project, with a budget of 1.4 million euros, aims to improve the routes of upstream waste and covers almost 75 percent of the total budget of 2 million.

Reactivating the regional hospitality sector

Besides projects aimed at improving waste management on the Canary Islands, Compania Cervecera de Canarias develops unique projects with a strong regional focus. One of these projects is the Tapas Programme. The main aim of this project is to promote the hospitality sector on the Canary Islands which, like many other regions and countries, is under a lot of pressure. The project reactivates the hospitality sector by pulling consumers to the outlets and by presenting bars as a hub for social activities.

Working in cooperation with municipalities and on-trade associations, the Tapas Programme comprises a wide range of activities involving logistic support, communication support and the funding of promotion materials. However, the most important aspect consists of educating bars and restaurants on how to improve their business approach. By providing hospitality outlets with knowledge and skills, the impact of the project is likely to endure even after the end of the project. Thus, the hospitality sector fundamentally benefits from the social initiatives of Cervecera de Canarias.

Besides increasing beer consumption and enhancing loyalty, the project's goals touch on two of the ten priorities of SABMiller. Firstly, by involving the outlets, the project influences the development of enterprises. Secondly, the project positively affects local communities as it encourages customers to visit local bars and restaurants and stimulates social interaction. Although the evaluation processes of the project have not yet been completed, initial reactions are very positive.

Involvement in the local sports culture

Cervecera de Canarias is heavily involved in the lively sports culture on the Canary Islands. This involvement targets many different levels of the local community. For example, the project 'Sports for All' aims to enable individuals with a handicap to participate actively in various sports. Cervecera de Canarias is also active on a professional level. The company is one of the main sponsors of Las Palmas football club. Other initiatives involve supporting numerous local golf tournaments, the half marathon of Santa Cruz and the world windsurfing and kitesurfing championships in Fuerteventura.

Other regional initiatives

Other social initiatives of Cervecera de Canarias involve the financial support of many local social initiatives. Examples of such initiatives are soup kitchens, children's homes and the cancer association. As Cervecera de Canarias is a highly well-known company in the Canary Islands, it is often seen as a source for funding.

16 UNITED KINGDOM: IMPACT OF SABMILLER

16.1 Highlights of the economic impact

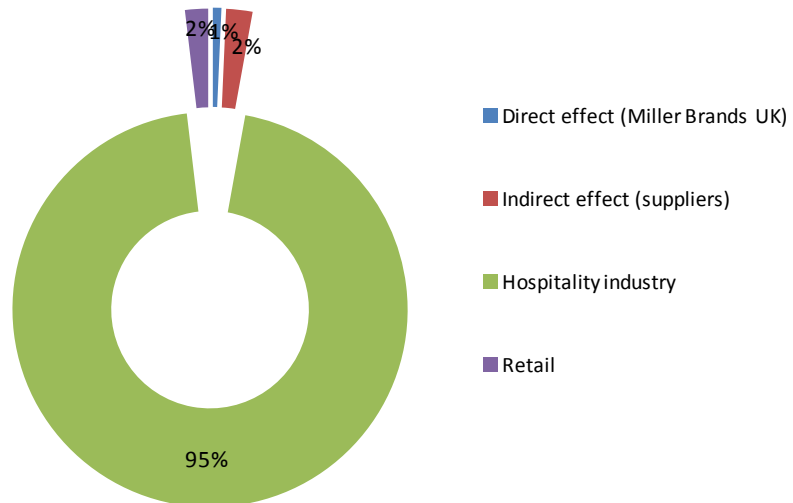
	2012
Total production (in hl.)	0
Total exports (in hl.)	0
Total imports (in hl.)	1,436,000
Total consumption (in hl.)	1,436,000
Total numbers of employees	120
Market share United Kingdom*	3%

* Regioplan data calculation
Source: Miller Brands UK, 2013

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

- The direct employment of Miller Brands UK consists of 120 employees.
- The total employment impact due to Miller Brands UK is 17,300 jobs. The employment effect is by far the largest in the hospitality sector, the reason being that Miller Brands UK does not produce beer itself, but only sells beer. The employment impact of the brewing sector is presented in figure 16.1.
- Besides the direct employment, the brewing industry also creates indirect effect within its supply chain. Approximately 370 jobs in the supply chain can be attributed to Miller Brands UK (beer sales).
- Around 16,400 jobs in the hospitality sector and 300 jobs in the retail sector are attributed to Miller Brands UK.
- The British government benefits from Miller Brands UK, as it receives 546 million euros in taxes and excises.

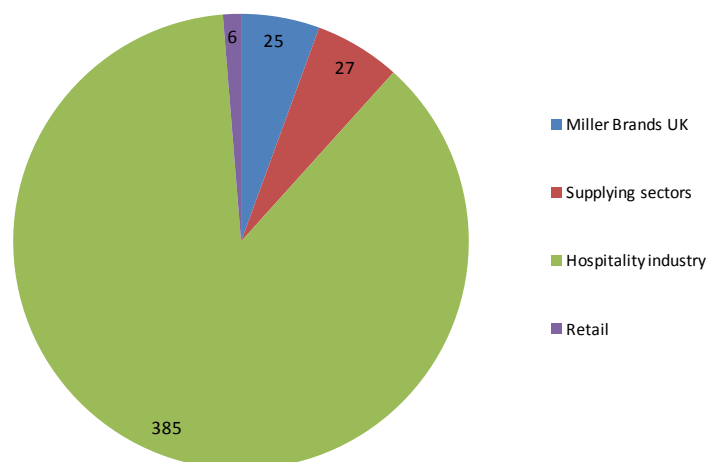
Figure 16.1 Total employment in United Kingdom because of SABMiller: 17,300 jobs



Source: Regioplan (2013) See Annex II for an explanation of the methodology

The contribution of Miller Brands UK to the British economy can also be expressed in terms of value added. In 2012, the total value added in the UK generated by the 17,300 employees is estimated at 442 million euros.

Figure 16.2 Value added in United Kingdom due to SABMiller: 442 million euros



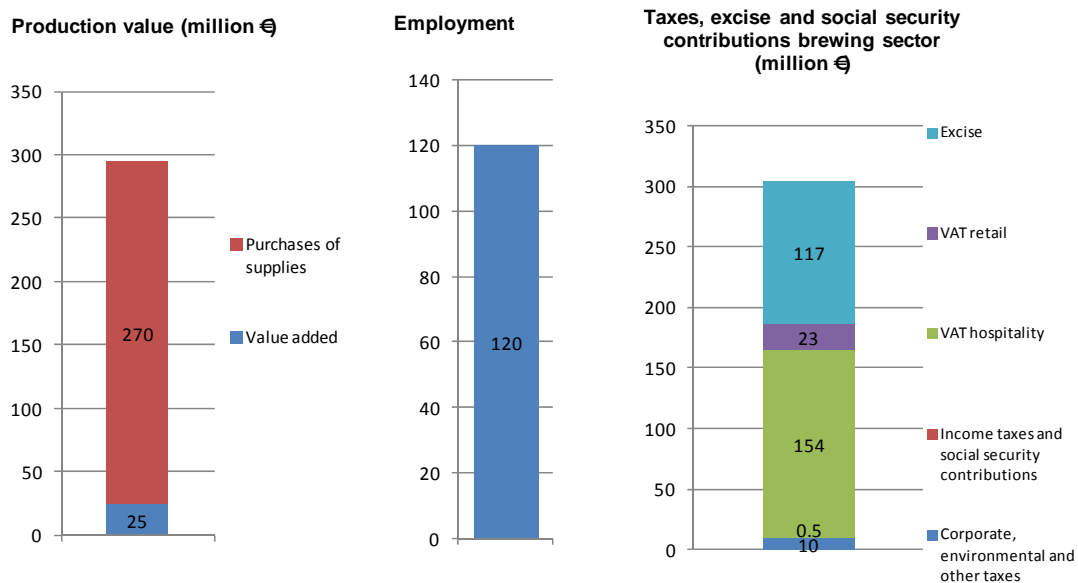
Source: Regioplan calculation (2013). See Annex II for an explanation of the methodology

16.2 Direct effect of Miller Brands UK

Miller Brands employs 120 people. The total production value of Miller Brands UK can be estimated at around 295 million euros, of which 92% (270 million euros) was spent on supplies. Value added by Miller Brands is approximately 25 million euros.

The government also benefits from the production and sale of Miller Brands UK beer. Excise revenue accounted for 117 million euros and the total VAT income (hospitality and retail) was approximately 177 million euros. The income tax and social security contributions paid by Miller Brands employees and employers totalled 0.5 million euros. Corporate, environmental and other taxes are estimated at around 10 million euros.

Figure 16.3 Direct effect of Miller Brands UK



Source: Regioplan calculation (2013)

16.3 Economic impact on goods and service providers

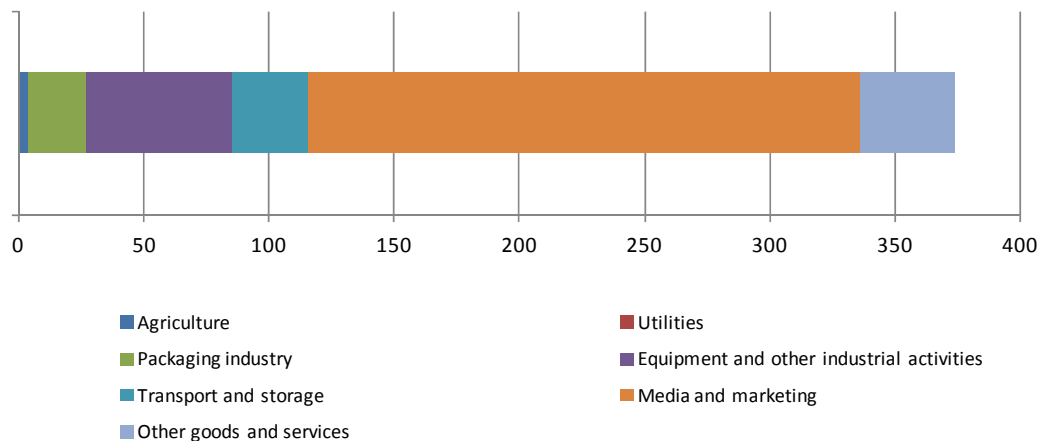
The impact of the sale of Miller Brands UK beer on its supply chain is high because of the large share of turnover spent on purchases of goods and services (92%). A total of approximately 35.9 million euros is spent in England on goods and services needed for the sale of beer by Miller Brands. Most money within domestic purchases is spent on media and marketing.

Sectors	Domestic purchases (million €)	Central purchases in the UK used by other SABMiller operations	Stimulus for the UK	Turnover per employee ¹ (in €)	Number of employees
Agriculture	0.0	0.2	0.2	77,786	3
Utilities	0.0	0.0	0.0	856,100	0
Packaging industry	0.0	3.7	3.7	244,500	15
Equipment	9.3	0.0	9.3	244,500	38
Transport	4.5	0.0	4.5	223,500	20
Media. marketing	18.9	0.0	18.9	132,200	143
Services and other goods	3.2	0.0	3.2	132,200	24
Total	35.9	3.9	39.8		243
First round impact as percentage of total impact					65%
Total indirect effect (including second round impact)					373

Sources: Regioplan calculation, 2013; Eurostat, 2013

The majority of indirect employment generated by Miller Brands is in media and marketing. The total indirect employment effect is estimated at around 370 jobs.

Figure 16.4 Indirect employment



Source: Regioplan calculation (2013)

¹ Turnover per employee was obtained from Eurostat.

16.4 Retail and hospitality sectors

Hospitality sector: 16,400 jobs

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

- Around 70% of Miller Brands UK beer consumption in the United Kingdom occurs in the hospitality sector. Consumers spent approximately 771 million euros (excl. VAT) on Miller Brands UK beer in pubs and restaurants.
- The turnover per employee is estimated at 46,900 a year. Miller Brands UK accounts for approximately 16,400 jobs in the British hospitality industry.

Retail: 300 jobs

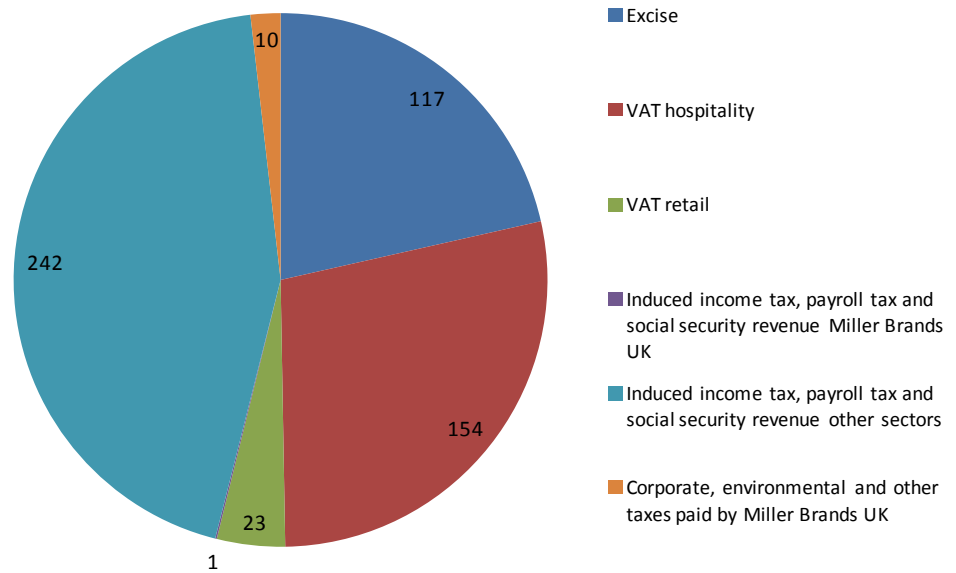
- The importance of Miller Brands UK for retail can be similarly assessed:
- Almost a third of the total Miller Brands UK beer consumption is beer sold by supermarkets and other retail companies. Total consumer spending on retail is estimated at 112 million euros (excl. VAT).
- Because the annual turnover per employee is estimated at 346,000 euros, this means that approximately 300 people owe their jobs to the sale of retail Miller Brands UK beer.

16.5 Government revenue

The revenue from excise, VAT and income-related contributions due to Miller Brands UK is estimated at 546 million euros:

- The total excise revenue due to Miller Brands UK is estimated at 117 million euros.
- VAT revenue is approximately 177 million euros, of which 154 million euros are VAT revenue from sales in the hospitality sector and 23 million euros VAT revenue in the retail sector.
- Income-related revenue and social security contributions amount to approximately 243 million euros.
- Corporate, environmental and other taxes paid by Miller Brands UK total 10 million euros.

Figure 16.5 British government revenue due to SABMiller: 546 million euros



Source: Regioplan calculation (2013)



ANNEXES



ANNEX I: DATA SOURCES

The social and environmental impacts of SABMiller have been reported on, on the basis of a questionnaire among the nine breweries and nine 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;
- e data used in the 2013 study: The Contribution Made by Beer to the European Economy, which was commissioned by the Brewers of Europe and was conducted by Ernst & Young (EY).

Sub a

The **SABMiller companies in the 9 countries** have been a major source of valuable data. All 9 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, EY 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. **SABMiller Europe** provided us with data on the amount of goods and services they purchase in the countries which are the subject of this study.

Sub c

For general data on national economies figures were obtained from Eurostat.

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 labor 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.

Sub f

In the spring of 2013, Regioplan carried out a study on the impact of the production and sale of beer in Europe.¹ This study was commissioned by The Brewers of Europe and covered 31 countries: the EU-28, Norway, Switzerland and Turkey. Much of the data collected for this study could be used for the study about SABMiller as well.

¹ Source: E&Y, *The Contribution made by beer to the European Economy 2013*.

ANNEX II: 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 EY. We illustrate here how these variables have been estimated, focusing on:

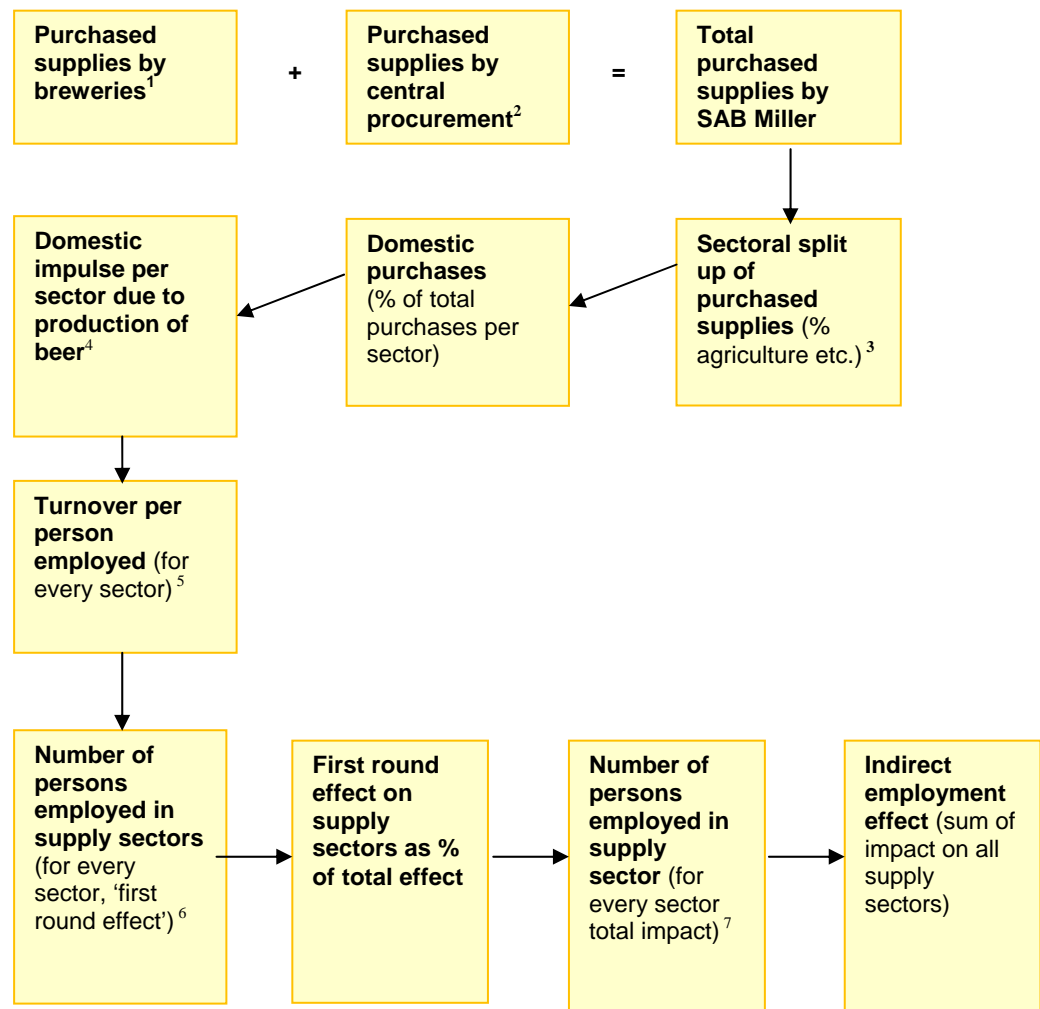
- Employment effects
- Value-added due to the production and sale of SABMiller beer
- Government revenues due to the production and sale of SABMiller beer

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 9 brewing companies of SABMiller in Europe.

The **indirect employment** effect concerns the employment generated in supplying sectors due to the production and sale of SABMiller beer. The starting point of the estimates on indirect employment is the impulse in supplying sectors resulting from purchases made by SABMiller and the central procurement department in the 9 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.

Figure annex II.1 Model for measuring indirect employment effect



¹Source: Questionnaire breweries

²Source: Central procurement department SABMiller

³Source: Questionnaire breweries

⁴Calculated: Purchased supplies divided into sectoral impulses multiplied by % domestic purchases per sector

⁵Source: Eurostat

⁶Calculated: Domestic impulse per sector divided by turnover per employee

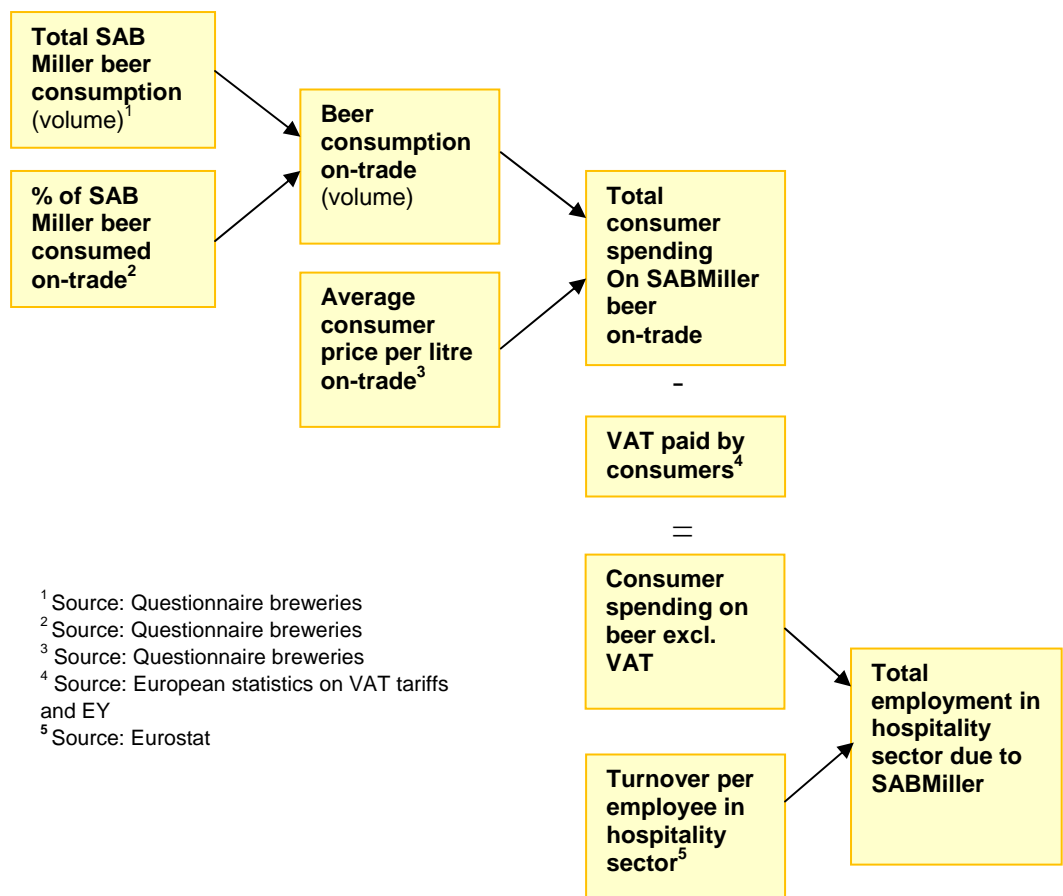
⁷Calculated: It is estimated on the basis of input-output tables that first round effect usually is around 65% of the total employment effect

Data on turnover and value-added per employee per sector was obtained from Eurostat or the Beer study 2013 edition. For sector data NACE-codes (2002 rev.1.1, classification of economic activities by the European Union or equivalents by the national statistical institutes) have been used: agriculture (code A agriculture, forestry and fishing); packaging industry and equipment (D manufacturing); utilities (E electricity, gas, and water supply); wholesale and

retail² (G wholesale and retail trade; repair of motor vehicles and motorcycles); hospitality (H Hotels and restaurants); transport (I Transport storage, and communication); and other services (O other community, social and personal services activities, K real estate, 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:

Figure annex II.2 Model for measuring induced employment



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

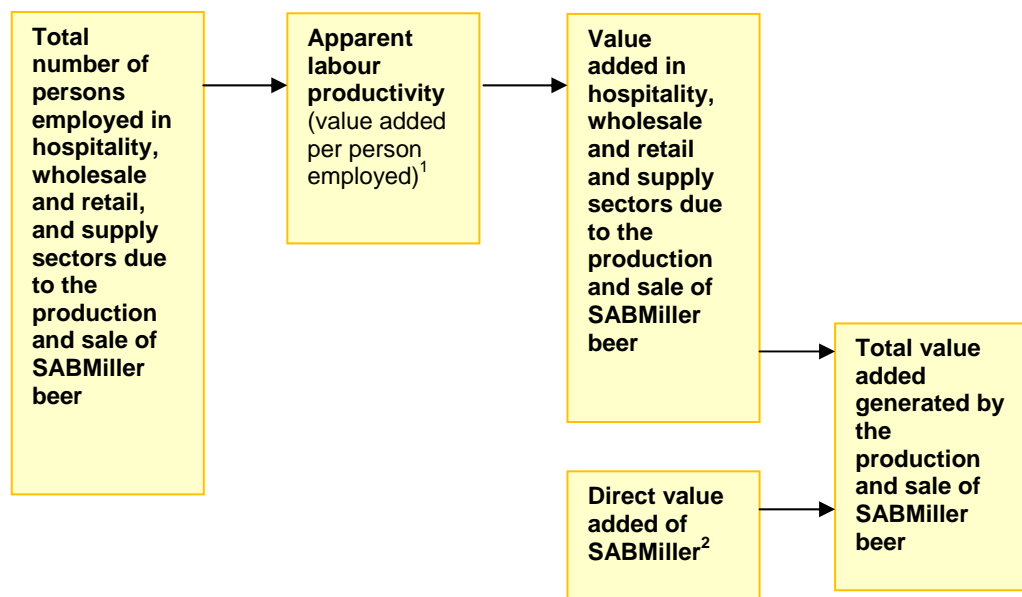
Value-added due to the production and sale of beer

The **direct value-added** of SABMiller is obtained through the questionnaires. The value-added in other sectors resulting from the production and sale of

² The percentage of value-added 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 value-added per employee in wholesale and retail.

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 labor productivity (Gross value-added per person employed) in the sector. If no data on labor productivity for a particular country was available, estimates were made based on statistics of national statistics agencies.

Figure annex II.3 Model for measuring value added



¹ Source: Eurostat data.

² Source: Questionnaires breweries.

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

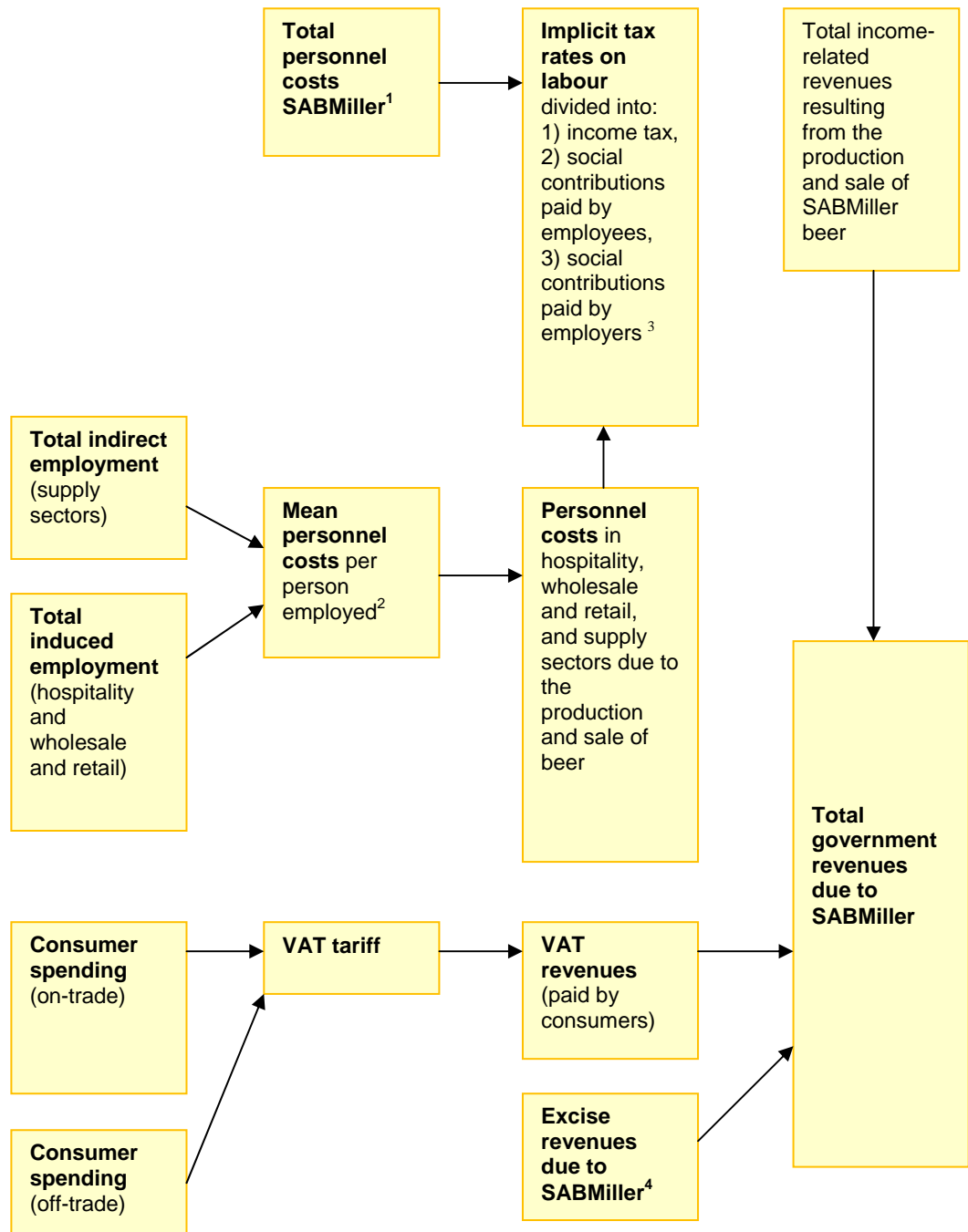
Data on **excise revenues** are obtained from the European Commission and from statistics from SABMiller. **VAT revenues** resulting from the sale of beer are calculated by multiplying the total consumer spending on beer (on-trade and off-trade) in a particular country.

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 supplying 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 labor 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.

Figure annex II.4 Model for measuring government revenues



¹ Source: Eurostat data

² Source: Eurostat data

³ Source: EY and European Commission

⁴ Source: Questionnaire breweries and European Commission

ANNEX III: EXCHANGE RATES

Since most data sources used for the study apply to the year 2012, 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 2011 were used.

Table III.1: Exchange rates used in the report

Currency	Mean euro exchange rate in 2011	Mean euro exchange rate in 2012
Czech Koruny	24.59	25.149
Hungarian Forint	279.37	289.25
Polish Zlotych	4.1206	4.1847
Romanian Lei	4.2391	4.4593
UK Pound Sterling	0.86788	0.81087

ANNEX IV: COMPARISON 2008-2012

The total number of breweries of SABMiller in Europe has decreased from 23 to 17. In this annex a comparison is made between the outcomes of the current study and the previous studies on the economic impact of SABMiller in Europe.

Table IV.1 Development of total production, consumption, employment, value-added and government revenues of the ten countries due to SABMiller, 2008-2012

	2008	2010	2012	2008-2012%
Production (in million hl)	43338.0	37506.9	39132.5	-9.7
Consumption (in million hl)	39484.1	35785.3	36523.7	-7.5
Total employment (in million jobs)	216.0	184.7	175.2	-18.9
Total value-added (in million Euros)	3.7	3.3	3.3	-11.1
Total government revenues (in million Euros)	3.6	3.4	3.5	-4.2

Figure IV.1 Total production of beer in each country in 2008-2012 (in thousands of hectoliters)

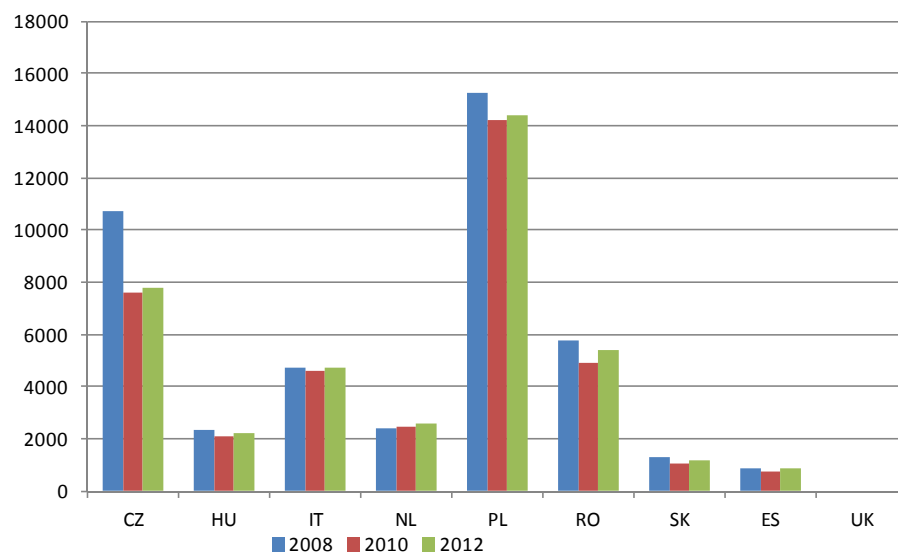


Figure IV.2 Total consumption in each country in 2008-2012 (in thousands of hectoliters)

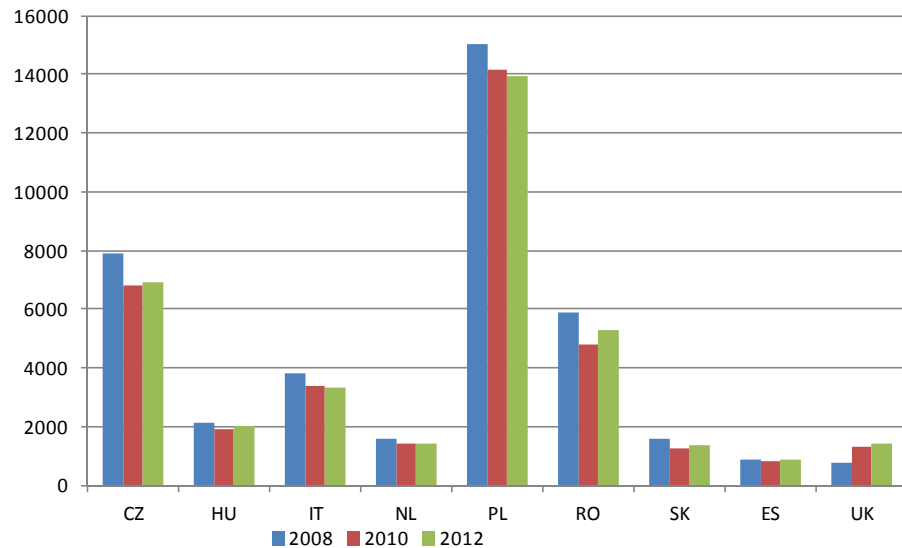


Figure IV.3 Total employment in each country due to SABMiller in 2008-2012 (in thousands of jobs)

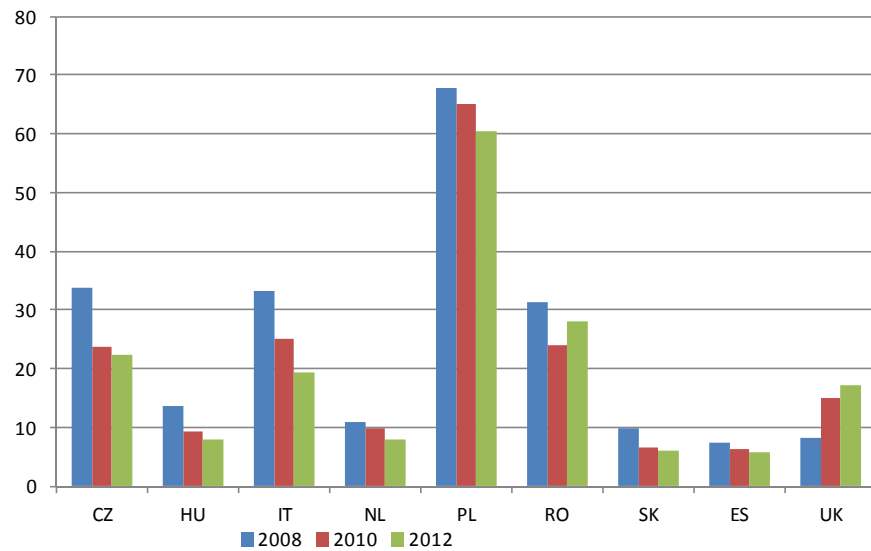


Table IV.2 Employment breakdown

Employment	2008	2010	2012	%
Direct effect (SABMiller)	15.0	12.6	9.9	-33.8
Indirect effect (suppliers)	67.8	70.9	60.5	-10.9
Hospitality industry	125.3	98.4	87.9	-29.8
Retail	25.5	20.0	16.9	-34.0
Total	233.7	202.0	175.2	-25.0

Figure IV.4 Total value-added in each country due to SABMiller in 2008-2012 (in million euro)

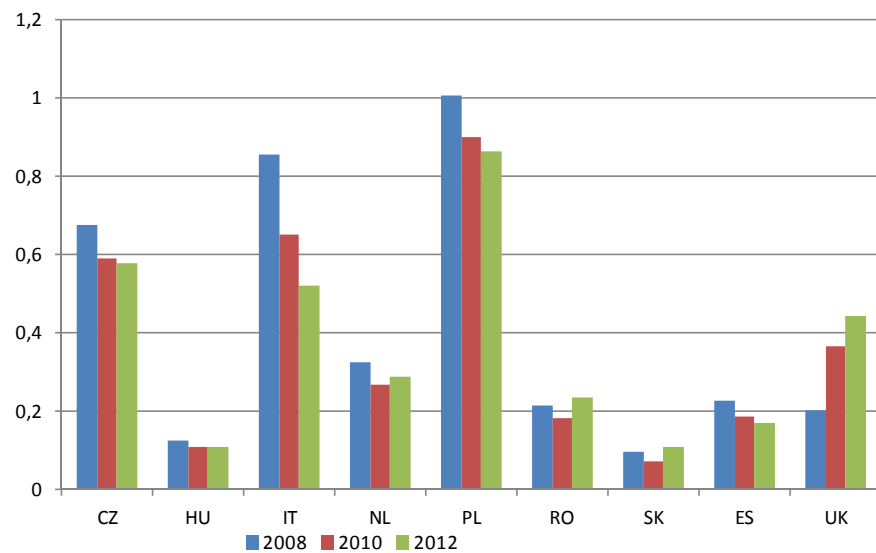


Table IV.3 Value-added breakdown

Value-added (in million euros)	2008	2010	2012	%
SABMiller	1.3	1.0	1.0	-22.3%
Supplying sectors	0.9	0.9	0.8	-15.6
Hospitality industry	1.7	1.4	1.4	-17.6
Retail	0.2	0.2	0.1	-50.0
Total	4.0	3.6	3.3	-17.5

Figure IV.5 Total tax, social security and excise revenues because of beer in each country in 2008-2012 (in million euros)

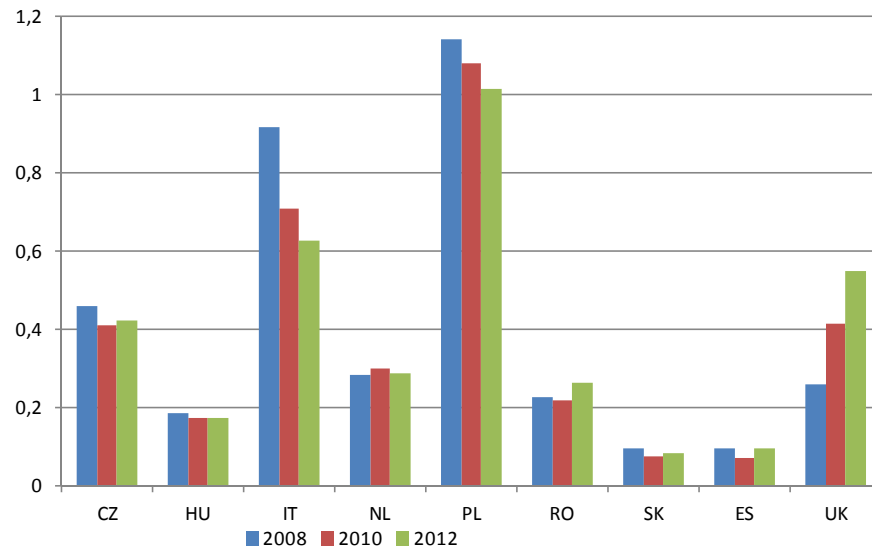
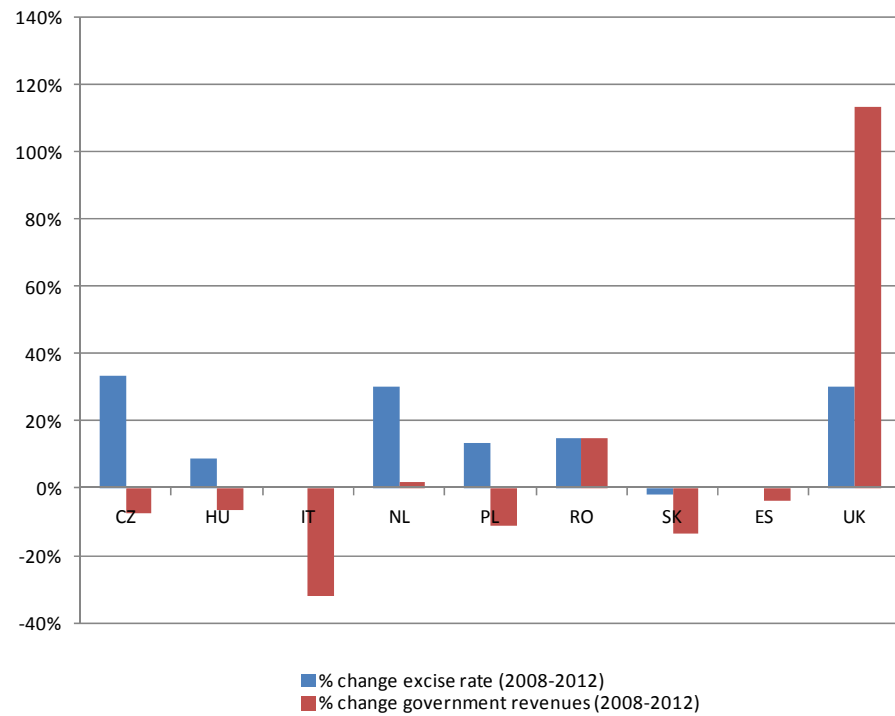


Table IV.4 Government revenues breakdown

Government revenues (in million euro)	2008	2010	2012	%
Excise	0.78	0.78	0.77	-1.3
VAT hospitality	0.76	0.70	0.70	-7.9
VAT retail	0.67	0.64	0.58	-13.4
Income tax employees SABMiller	0.04	0.04	0.03	-25.0
Social security contributions and payroll tax SABMiller	0.11	0.09	0.08	-27.3
Income tax employees other sectors	0.37	0.40	0.39	5.4
Social security contributions and payroll tax other sectors	0.96	0.84	0.84	-12.5
Corporate, environmental and other taxes generated by SABMiller	0.14	0.16	0.11	-21.4
Total	3.83	3.64	3.49	-8.9

Figure IV.6 Comparison between the changes in excise rates and the changes in government revenues in the period 2008-2012.



ANNEX V: GLOSSARY

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.
Direct employment	Employment, value-added and tax revenues for governments generated directly by SABMiller.
Europe	Czech Republic, Hungary, Italy, Netherlands, Poland, Romania, 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) transport are included in this figure.
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 labor-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.
Hectoliter	One hectoliter equals 100 liters.
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.
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) transport are included in this figure.
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 labor 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 capitalized 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.

Region	Surrounding areas of the breweries of SABMiller.
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
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 labor, capital, entrepreneurship).
VAT	Value-added Tax

ANNEX VI: CONTACT INFORMATION

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

SABMiller Europe AG

Neuhofstrasse 4
CH-6341 Baar Zug
Switzerland

Phone: (41) 41 - 7674700
Fax: (41) 41 - 7674701
Web: www.sabmiller.com

Head of Public Affairs: Elaine McCrimmon
E-mail: Elaine.McCrimmon@sabmiller.com

Regioplan Policy Research

Nieuwezijds Voorburgwal 35
1012 RD Amsterdam
The Netherlands

Phone: (31) 20 - 5315 376
Fax: (31) 20 - 6265 199
Web: www.regioplan.nl

Project manager: Geerten Kruis
E-mail: Geerten.kruis@regioplan.nl

Ernst & Young Tax advisors

Antonio Vivaldistraat 150
1083 HP Amsterdam
The Netherlands

Phone: (31) 88 - 407 1390
Fax: (31) 88 - 407 0975
Web: www.ey.com

Tax advice / partner: Walter de Wit
E-mail: walter.de.wit@nl.Ernst & Young.com

Regioplan Policy Research

Nieuwezijds Voorburgwal 35

1012 RD Amsterdam

The Netherlands

T +31 20 531 531 5

F +31 20 626 519 9

E info@regioplan.nl

I www.regioplan.nl