



SABMiller plc

# Sustainable Development Summary Report 2015



# Our purpose

*We bring refreshment  
and sociability, improve  
livelihoods and help build  
local communities.*



*prosper*

We are in the beer and soft drinks business. We bring refreshment and sociability to millions of people all over the world who enjoy our drinks. We do business in a way that improves livelihoods and helps build communities.

We are passionate about brewing and have a long tradition of craftsmanship, making superb beer from high quality natural ingredients. We have more than 200 local beers, from which we have carefully selected and nurtured a range of special regional and global brands.

We know that many of the communities where we work face big challenges in their environments and societies, which we share with them. We know that when they prosper, so do we.

That’s why we aim to create long-term mutual benefit wherever we go. And why we’ve called our sustainable development ambition *Prosper*.

We want:

**A thriving world** where incomes and quality of life are growing.



**A sociable world** where our beers are developed, marketed, sold and consumed responsibly.



**A resilient world** where businesses, communities and ecosystems share uninterrupted access to safe, clean water.



**A clean world** where nothing goes to waste and emissions are dramatically lower.



**A productive world** where land is used responsibly; food supply is secure; biodiversity protected and crops can be accessed at reasonable prices.



### Further information

For more detailed information about SABMiller please refer to our website **[www.sabmiller.com](http://www.sabmiller.com)**

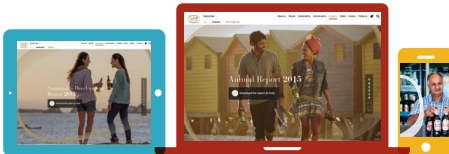
### Key to further reading:



Read more online



Read more in the referenced report



### Contents

2015 performance highlights	2
Joint statement by the chairman of CARAC and the Chief Executive	4
Our five shared imperatives	6
A thriving world	8
A sociable world	12
A resilient world	16
A clean world	20
A productive world	24
Valuing and empowering our people	28
Embedding <i>Prosper</i> across our business	32
PwC assurance statement	34
Boundary and scope of this report	36
Further reports and contacts	
Back cover	

# 2015 performance highlights


Visit our Sustainability Assessment Matrix (SAM) portal for further performance data, including detailed information by country at [www.sabmiller.com/sam](http://www.sabmiller.com/sam)

## US\$6,367m

EBITA (2014<sup>1</sup>: US\$6,460m)

## US\$26,288m

Group net producer revenue<sup>2</sup>  
(2014: US\$26,719m)

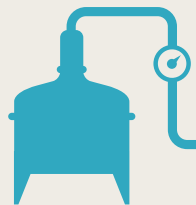


## US\$117m

Annual savings through  
water and energy efficiency  
initiatives compared with 2010<sup>3</sup>

## 63.8%<sup>^</sup>

Volume produced in  
breweries that have  
completed intensive  
water risk assessments  
(46<sup>^</sup> breweries across  
21 countries)



## 9.4<sup>^</sup>

kgCO<sub>2</sub>e/hl lager  
(2014: 10.3 kgCO<sub>2</sub>e/hl)



<sup>1</sup> Restated.

<sup>2</sup> Group net producer revenue (NPR) includes the attributable shares of associates' and joint ventures' net producer revenue of US\$9,754 million (2014: US\$10,015 million).



72%

The proportion of group EBITA from developing markets

69,000

employees across more than 80 countries



3.3<sup>^</sup>

hl water/hl lager (2014: 3.5hl/hl)



324m

Hectolitres (hl) volume<sup>‡</sup>



29.6%<sup>^</sup>

Female managers and executives



89.6%

Reused or recycled brewery waste



53.4%

Volume sold in returnable bottles or kegs

35%

Absolute reduction in carbon emissions from on-site energy use between 2008 and 2015



More than 100 locally tailored programmes to tackle alcohol-related harm worldwide



<sup>‡</sup> Reflects cost savings on an annual basis, based on savings actions initiated in 2010, and calculated using 2015 volumes, exchange rates and energy prices.

<sup>^</sup> Sales volumes include our equity accounted share of associates' and joint ventures' lager volumes. The lager production volume in the year for the operations included in this report is 179 million hectolitres.

<sup>^</sup> Information for the year ended 31 March 2015 has been subject to limited assurance by PricewaterhouseCoopers LLP. For further details of the assurance provided see the independent assurance report on pages 34 and 35.

# Joint statement by the chairman of CARAC and the Chief Executive

Our progress and performance are overseen by the corporate accountability and risk assurance committee (CARAC) of the SABMiller board.



**Dambisa Moyo**  
Chairman of CARAC

**Alan Clark**  
Chief Executive

At SABMiller, our purpose is to bring refreshment and sociability, improve livelihoods and help build local communities.

We have a proud beer heritage. Our brewmasters make beers our consumers love by truly understanding local tastes. That's why we believe the value in beer for us and our communities is local. We know that by helping the businesses in our value chains – and their local communities – to grow, our business will grow too.

## When they prosper, so do we.

Society faces many challenges to growth and prosperity that cross national borders, including climate change, water scarcity and access to good quality jobs. Business – with its global reach and resources, links across the value chain, and its relationship with consumers – can and must play its part in tackling these complex issues.

Later this year, the international community will define a new set of sustainable development goals (SDGs) which, for the first time, will recognise the role of the private sector in addressing global challenges. SABMiller, alongside other progressive businesses, has sought to contribute to the

drafting of the SDGs and we are committed to playing an active role in helping to achieve them. We welcome the focus on a broader sustainable development agenda within the new goals, particularly on the role of micro and small businesses in delivering sustained, inclusive growth and job creation.

 Read more at [sustainabledevelopment.un.org](https://sustainabledevelopment.un.org)

## Tackling shared risk to unlock shared opportunity

Our new sustainable development strategy, *Prosper*, is aligned with many of the SDG themes. Through five shared imperatives (pages 6 and 7) we aim to tackle the issues that are most material for our business at a local and international level.

We do not face these challenges alone, which is why we call them shared imperatives. *Prosper* is embedded in our business strategy and broadens our focus beyond the direct impact of our own business to how we can drive change across our value chain and beyond. We have set ambitious targets and are committed to learn, listen and collaborate to shape, deliver and scale local solutions.

## Enabling small business to thrive

Small businesses are critical to economies, to communities and to large businesses like SABMiller. Across the world, we have direct buying or selling relationships with approximately 1.5 million small enterprises. Our long-term growth is dependent on the ability of retailers, distributors, suppliers and farmers to survive, grow and prosper with us. Through programmes such as 4e Path to Progress, run across six countries in Latin America, and Go Farming in Africa, we are helping retailers and farmers to thrive by facilitating access to skills, financial services and technology.

## Promoting moderate and responsible consumption

We will continue to play our part in addressing the harmful effects of irresponsible drinking on individuals, families, and society in all the countries in which we operate. We believe our policies on employee behaviour, product innovation and marketing practices are among the most comprehensive in the industry, and we aim to reach all of our beer consumers with effective communication campaigns and partnerships to encourage moderate and responsible consumption.

## Driving resource efficiency across our value chain

Water is a vital ingredient in brewing. This year we used an average of 3.3<sup>1</sup> hectolitres (hl) of water to produce 1 hl of lager, surpassing our target to reach 3.5 hl/hl by 2015. But we also act outside our breweries to tackle shared water risk: working at scale in partnership with local stakeholders to secure shared water supplies. In absolute terms we reduced carbon emissions from on-site energy use by 35% between 2008 and 2015.



Our water and energy efficiency initiatives generated savings of US\$117m compared with 2010<sup>1</sup>.

## Innovation in our agriculture crops

The projected rise in the middle class from two billion to five billion by 2030 – largely driven by developing markets – will put further pressure on natural resources<sup>2</sup>. We are driving innovation on barley varieties and farming practices. In Africa, we have pioneered the use of traditional crops, such as sorghum and cassava, in beer, creating new markets for small-scale subsistence farmers who can now sell surplus crops, boosting their income and food security. Through a new exchange programme, in partnership with the Royal Society in London, we hope to identify, nurture and grow local African scientific expertise to drive the next innovations in agriculture, renewable energy, water security and sanitation.

Our soft drinks business is also critical in delivering *Prosper*: last year Azunosa, our sugarcane farming operation in Honduras, became the first producer in Central America to achieve certification from Bonsucro®, the global organisation that promotes sustainable sugarcane.

## Aligning *Prosper* with core commercial strategy

We believe strongly that if we are successful in putting *Prosper* at the heart of our business, we can secure our long-term success and make a sustainable and measurable difference to the communities and ecosystems in which we operate.

That is why all of our businesses have a role to play, from Australia to Zambia, and from supply chain to sales, to deliver *Prosper*. This report sets out our approach to tackling each of our five shared imperatives, and how *Prosper* is integrated into our business strategies at a global, regional and local level.

## Strengthening safety governance

We are improving our safety governance and processes with new standards and monitoring. Everyone should be able to return home from work safely and we deeply regret that there were 29 fatalities in the year, the majority of which were caused by road traffic accidents. We are determined that we should take further action to tackle this as a top priority. For more information, see page 28.

<sup>1</sup> Reflects cost savings on an annual basis, based on savings actions initiated in 2010, and calculated using 2015 volumes, exchange rates and energy prices.

<sup>2</sup> Middle class is defined as having daily per capita spending of US\$10 to US\$100 in The emerging middle class in developing countries, Homi Kharas, OECD Development Centre Working Paper No. 285, January 2010.

<sup>3</sup> Information for the year ended 31 March 2015 has been subject to limited assurance by PricewaterhouseCoopers LLP. For further details of the assurance provided see the independent assurance report on pages 34 and 35.

# Our five shared imperatives

Our shared imperatives tackle the most material issues for our business.

		
	<b>A thriving world</b>	<b>A sociable world</b>
Shared opportunity	We want a thriving world where incomes and quality of life are growing	We want a sociable world where our beers are developed, marketed, sold and consumed responsibly
Shared imperative	<b>We will accelerate growth and social development through our value chains</b>	<b>We will endeavour to make beer the natural choice for the moderate and responsible drinker</b>
By 2020 our target is to	<ul style="list-style-type: none"> <li>• <b>Directly support more than half a million small enterprises to enhance their business growth and family livelihoods</b></li> <li>• Work with partners to measure overall numbers of enterprises supported, income, job quality and employability, with a specific focus on women</li> <li>• Increase women's representation within SABMiller at executive level</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Aim to reach all of our beer consumers with effective communication campaigns, and partnerships to encourage moderate and responsible beer consumption</b></li> <li>• Support responsible retail practices through industry-leading levels of retailer training and engagement, targeting 340,000 small retailers in our value chain worldwide</li> <li>• Encourage and support the establishment and enforcement of clear standards for beer retail in the on- and off-trade</li> <li>• Support programmes focused on road safety awareness and enforcement, including around drinking and driving, and reduce underage drinking</li> <li>• Build sustainable development messages into the brand activations of three brands in each market<sup>1</sup></li> </ul>
 <b>Read more</b>	<b>See page 8</b>	<b>See page 12</b>

<sup>1</sup> Where we have a market share of 15% or more.

<sup>2</sup> Against a 2010 base.



They give us global focus and alignment, while allowing local markets to respond to local needs. These imperatives are ‘shared’ because we can only tackle joint risks in partnership with those who also face them. By working together with local communities, suppliers, governments, consumers and beyond, we can develop shared opportunities to the benefit of all.



## A resilient world

**We want a resilient world where our business, local communities and ecosystems share uninterrupted access to safe, clean water**

**We will secure shared water resources for our business and local communities**

- **Secure the water supplies we share with local communities through partnerships to tackle shared water risks**
- Further reduce water use to 3.0 hectolitres of water per hectolitre of beer and 1.8 hectolitres of water per hectolitre of soft drink
- Have programmes in place to mitigate shared water risks for our key crop origins at risk

See page 16



## A clean world

**We want a clean world where nothing goes to waste and emissions are dramatically lower**

**We will create value through reducing waste and carbon emissions**

- **Reduce the carbon footprint per hectolitre of beer across our value chain by 25%<sup>2</sup>; including a reduction by 50% within our breweries, by 25% across our packaging and by 25% across our refrigeration carbon footprint**
- Source no new HFC-powered fridges
- Focus on reducing emissions across our agricultural value chain and distribution network
- Continue to divert a very high proportion of brewery waste from landfill and create new value from waste

See page 20



## A productive world

**We want a productive world where land is used responsibly, food supply is secure, biodiversity is protected and brewing crops can be accessed at reasonable prices**

**We will support responsible, sustainable use of land for brewing crops**

- **Ensure the sourcing of our crops measurably improves both food security and resource productivity**
- Improve the amount of malting barley grown per hectare, while reducing inputs such as water, energy and fertiliser, in key growing areas
- Improve productivity of other key brewing crops where we have influence
- Improve food security for small-scale farmers who supply us in developing markets by helping them increase their incomes and food production
- Achieve local sustainable sugarcane standards for all of our sugarcane

See page 24

# A thriving world



**We want a thriving world  
where incomes and quality  
of life are growing.**

Businesses are an engine of job creation, market development and economic growth. Yet in many communities we are part of, people – especially women – face the challenges of unemployment, lack of access to markets and sometimes basic services. The decisions we make can help shape their futures positively. We share with society the opportunity to build a thriving world where incomes and quality of life are growing. Therefore, we have a shared imperative to accelerate growth and social development through our value chains.

Our businesses throughout the world provide direct and indirect employment, pay taxes, and help to sustain and develop local economies. In the year we generated US\$24,299 million of economic value through our business activities, most of which was distributed to employees, shareholders, governments and local communities.



Read more about the economic value  
of our business activities at  
[www.sabmiller.com/economicvalue](http://www.sabmiller.com/economicvalue)



### **Collaboration helps revive small pubs in the Czech Republic**

To tackle declining beer sales as small pubs struggle to compete, our Czech business, Pilsnerický Prazdroj, developed an advice and training package rolled-out across more than 550 employees in 200 pubs that has boosted food and beer purchases per consumer by more than 10%.



### **Bringing banking and financial know-how to more than 5,000 small retailers**

By using its scale and influence to introduce basic banking in rural Peruvian communities, our business, Backus, has transformed the way small retailers handle money – and increased sales and customer loyalty in the process.



Read more at  
[www.sabmiller.com/beerandbanking](http://www.sabmiller.com/beerandbanking)

## **Small business – big impact**

Small businesses are critical to the growth of economies, to the prosperity of communities and to the success of large businesses like SABMiller. According to the International Labour Organization, small- and medium-sized enterprises (SMEs) account for two-thirds of all jobs worldwide<sup>1</sup>. In high-income countries, SMEs account for more than 60% of both employment and GDP. In low-income countries, while SMEs account for nearly 90% of employment they contribute less than 20% of GDP<sup>2</sup>.

We have direct buying or selling relationships with more than 1.5 million small enterprises. The majority are family owned, with many run by women. They include farmers growing ingredients for our beer, suppliers of other materials and services, and distributors, wholesalers and retailers who get our products to consumers. Small businesses play this key role despite significant challenges that can include limited access to training, business advice, financial services and markets, and unsupportive policies and regulations.

We are committed to acting responsibly towards our small business partners, local communities and other people who work in our value chains, for example, by promoting and managing alcohol responsibility, human rights and labour and environmental standards.

The jobs, incomes and tax revenues generated by these small businesses stimulate growth, reduce poverty and enable communities to access better healthcare, education and livelihoods. They play a critical role in bringing communities together and are an important source of local leadership.

<sup>1</sup> International Labour Organization, International Labour Conference, 2015.

<sup>2</sup> International Finance Corporation, IFC Jobs Study, 2013.

# A thriving world continued

When these small businesses prosper, so do we. That is why we have committed to support more than half a million small businesses in our value chain to grow and improve their livelihoods by 2020. Each of our operations is driving initiatives along its value chain to deliver against this target. Examples include:

- India: our Saanjhi Unnati (Path to Progress) programme supports over 9,500 smallholder farmers to grow malting barley and access a new market, to increase yields and incomes and improve environmental sustainability. It now provides 65% of SABMiller India's barley supply;
- Latin America: since its launch two years ago, our 4e Path to Progress programme has provided over 7,600 small retailers – tenderos – with business and leadership training, in partnership with the Inter-American Development Bank (IADB) and FUNDES. The programme is now being scaled up and broadened to include access to micro-finance and technology;
- South Africa: about 70% of our beer and soft drinks deliveries are carried out by owner drivers, many of whom have gone on to own more than one vehicle, through our Owner Driver programme; and
- USA: MillerCoors actively engages with woman- and minority-owned businesses as well as 513 verified small businesses (as defined by the US Small Business Administration). Since 2008, cumulative spending with diverse suppliers has totalled more than US\$2,900 million.

Across these initiatives there are three common themes:

1. aligning with our commercial strategy: by making support for small businesses integral to the way our local commercial teams – such as sales and procurement – work, we can be more responsive to their needs;
2. understanding the small businesses in our value chains, and facilitating access to essentials for their success: by enabling access to training, advice, financial services and technology, as well as new markets, so small businesses can improve their operations and financial skills as they grow (see commentary, right); and
3. collaborating with others: by joining forces with organisations that share our goals, we can deliver support more efficiently and at greater scale. For example, we have expanded our partnership with the IADB in Latin America to focus on business and community leadership in six markets, and on measuring impact. We are also working with CARE International to develop metrics to measure the impact of our programmes.



*Programmes like 4e Path to Progress are ground-breaking in terms of public-private partnerships, impact and scalability. I hope to see it grow and many more like it.”*

**Miguel Aldaz**

Lead Specialist, Office of Partnerships,  
Inter-American Development Bank



66



Small businesses play a critically important role in economic growth and development. Across SABMiller's top 13 markets, which span all five of our regions, there are about 40 million small- and medium-sized enterprises that make up more than 90% of all businesses and employ upwards of 50% of the labour force.

In Europe, where economic recovery has been sluggish, supporting small business is vital for driving economic growth. This is a top priority for SABMiller, particularly in the hospitality sector which employs 16.6 million people – one in 13 of all workers – and is where many young people find their first employment.

We have some exciting programmes under way. In the Czech Republic, for example, our business Plzeňský Prazdroj is helping small, on-trade retailers to improve their business capabilities (see case study, page 9).

We need to take a regional approach in order to achieve scale and impact in a cost-effective way. We've carried out research in Poland, the Czech Republic, Italy and Romania to understand the real needs of small traders – the things that keep them awake at night, the pressures they are under, and how they think we can help.

We're now developing our response. We know that small retailers are looking to us to help them with marketing and are open to better ways of attracting consumers into their premises. Above all, they want to know how to develop and improve their businesses. Working with retailers to improve their capabilities will also build trust and strengthen our relationship with them. We're also looking at partnering with institutions, non-governmental organisations and other companies involved in supporting small enterprises.

If we are successful in putting the long-term success of small businesses at the heart of how we operate, we can create lasting value for them, and the lives of their families and communities, that goes far beyond beer.


**Sue Clark**  
Managing Director,  
SABMiller Europe

## Our approach to taxation

Our third Our Approach to Tax report is published alongside this report, sharing information on our tax payments and principles. We were delighted that last year's report was recognised in the 2014 PwC Building Public Trust Awards as winner of the 'Tax Reporting in the FTSE 100' category.

The total taxes borne and collected by SABMiller plc and its subsidiaries and our share of taxes paid by our US joint venture this year amounted to US\$10,639 million (2014: US\$10,750 million). These include excise, corporate and transactional taxes, and taxes borne by employees. Of this total, 71% was paid in developing countries. The corporate tax charge for the year was

US\$1,273 million (2014: US\$1,173 million), and our effective tax rate was 26.0% (2014: 26.0%).

 Find out more about our tax payments and principles in Our Approach to Tax report.



# A sociable world



## **Our six core principles about alcohol help to guide every decision we make. They are:**

1. Our beer adds to the enjoyment of life for the overwhelming majority of our consumers.
2. We care about the harmful effects of irresponsible alcohol consumption.
3. We engage stakeholders and work collectively with them to address irresponsible consumption.
4. We believe that alcohol consumption is for adults and is a matter of individual judgement and accountability.
5. Information provided to consumers about alcohol consumption should be accurate and balanced.
6. We expect our own employees to aspire to high levels of conduct in relation to alcohol consumption.

## **We want a sociable world where our beers are developed, marketed, sold and consumed responsibly.**

Beer brings people together. It plays a part in celebrating memorable moments and is enjoyed in different ways by an amazing diversity of communities all around the world.

However, the harmful consumption of alcohol remains an issue of significant concern – to governments, society and SABMiller. The World Health Organization (WHO) has set a target to reduce the harmful consumption of alcohol by 10% by 2025. We are committed to playing our part in addressing the problem in all the countries in which we operate.



### Beer, Wine and Spirits Producers' Commitments

SABMiller is a signatory to the Beer, Wine and Spirits Producers' Commitments. These align 13 global alcohol companies behind 10 commitments covering: responsible product innovation; consumer information and marketing practices; enlisting retailers' support to reduce harmful drinking; and reducing underage drinking and drink-driving through partnerships.

This year, to improve the enforcement of legal drinking age regulations, SABMiller undertook over 10,000 stakeholder engagements with governments, law enforcement and health professionals. We also featured responsibility messaging and a link to give consumers access to further information, such as [www.talkingalcohol.com](http://www.talkingalcohol.com), on the packaging of over 70% of our brands.



Read the latest progress report at [www.producerscommitments.org](http://www.producerscommitments.org)

### A robust system of governance

We maintain a comprehensive set of policies – publicly available – to help our employees and partners to meet our demanding standards on producing and marketing our products in a way that encourages responsible consumption.

Our Policy on Commercial Communication (POCC) governs how and where our brands are marketed. It was updated this year to include comprehensive digital guidelines to ensure leading standards for both our digital and traditional marketing practices. The POCC incorporates the Beer, Wine and Spirits Producers' Commitments (left) and states that we will not direct our marketing – including social media marketing – to those under the legal drinking age, nor feature paid models below the age of 25 in any commercial communication.

All our companies have a sales and marketing compliance committee (SMCC), which ensures that any proposed marketing materials comply with the POCC, and with local laws and national self-regulatory requirements. The SMCC has the power to reject, or demand modifications to, any materials that fail to comply. As at 31 March 2015 the SMCCs of more than half (57%) of our businesses involved non-industry participation, including independent chairs, or independent audits on how the respective SMCC works.

Our Product Portfolio Policy sets out the minimum standards that all our products, including acquired and new ones, must meet. It demonstrates our desire to lead the industry in responsible product innovation by, for example, forbidding the addition of stimulants, such as caffeine, to any alcoholic beverages.

As at 31 March 2015, 66% of our employees worldwide had participated in alcohol responsibility training within the past three years and local marketing agencies had joined training on responsible marketing practices at most of our local businesses (90%).

## A sociable world continued



### YouDecide

YouDecide encourages young South Africans to make positive choices and avoid drinking underage. Since it was introduced, the campaign has reached more than 1,000 schools and more than half a million students. Through its reality TV series, Future Leaders, it showcases ordinary teenagers who are role models for others struggling to do the right thing.



### Respetar la Vía, Respetar la Vida

In Panama, our business Cervecería Nacional supports a road safety programme that aims to take a holistic approach to tackle all aspects of driver behaviour. The Respetar la Vía, Respetar la Vida programme deals with topics such as texting while driving, speeding, road infrastructure and vehicle safety, and drinking and driving. It was created with, and endorsed by, the Ministry of Transport, as part of the Ministry of Health and WHO-endorsed Decade of Action for Road Safety 2011–2020.



Read more about our alcohol responsibility programmes at [www.sabmiller.com/responsibilityprogrammes](http://www.sabmiller.com/responsibilityprogrammes)

Talkingalcohol.com gives consumers ingredient and nutrition information for each of our brands along with videos and fact sheets on responsible consumption and the effects of alcohol on the body. Now available in nine different languages, including a new site in Chinese, more than 580,000 people visited the site in the year, with over 1.4 million page views.

### Tackling the harmful consumption of alcohol

We believe that sound principles for alcohol responsibility must be backed by action on the ground. In the year we ran more than 100 locally-tailored responsibility programmes across our business focused on important social issues such as road safety, responsible retail practices and preventing underage consumption of alcohol (see case studies).

We collaborate with local partners – governments, NGOs, civil society groups, and public bodies such as the police – as we believe that responsibility programmes run in partnership with other organisations are more robust and credible, can engage more people, and are more likely to achieve the desired change.

### Prosper through our brands

We believe that our brands should be a force for good. They can play a unique role in creating consumer willingness to change and, by engaging with consumers around shared issues, our brands can help to deliver social benefits. In the year we introduced a new target to build sustainable development messages into the activations of three brands in each market.

Working with brand teams in Colombia, El Salvador, India, Poland and South Africa we developed a simple approach to help brand teams find the right sustainable development theme for their brand and its consumers. We tested the approach in Europe where we trained brand teams across five markets on how to develop and use a sustainable development theme.



66



**T**he root causes of the harmful consumption of alcohol are complex and vary across countries and cultures. There is no simple solution. But we believe that by working in partnership with others we can make a difference. We take an evidence-based approach, building our understanding of the issues market-by-market in order to take targeted action.

Across Latin America, for example, a study by FLACSO found that alcohol consumption is typically skewed towards low frequency but high intensity occasions. In response, we actively promote more moderate drinking occasions, for example by pairing beer with food. This year, our Colombia business launched our first Latin American non-alcoholic beer, Aguila Cero, which offers consumers a refreshing, great-tasting non-alcoholic alternative to beer. It's been well received and is helping us tap into new occasions – at home with meals, in sports stadia that restrict alcohol and out-of-home with meals.

In Australia – where research shows that 18 to 24-year-olds often feel under social pressure to drink to excess – the hard-hitting DrinkWise social media campaign, How to Drink Properly, speaks directly to this age group through a 'classy', relevant campaign to influence them to drink responsibly. The campaign aims to resonate with its target audience to make moderation the desirable choice.

In the coming year, our corporate affairs community will focus on how we can engage consumers – through our brands, across the industry and with our customers – to promote moderate and responsible consumption as an aspirational, positive choice.

We will endeavour to ensure beer is recognised for its positive contribution, bringing refreshment and sociability to millions of consumers worldwide. By taking an integrated approach to tackling irresponsible consumption, working with customers to promote responsible retailing, offering innovative new products such as Aguila Cero, and partnering with government, the wider industry, academics and NGOs, we aim to address and help reduce harmful consumption.

**John Davidson**  
General Counsel and  
Corporate Affairs Director,  
SABMiller plc

### Non-alcoholic beers

The Czech Republic has the highest beer consumption per capita in the world. Our local non-alcoholic beer (NAB), Birell, offers consumers an alternative to alcoholic beer. Enjoyed on a variety of occasions and with a taste that appeals to beer lovers, Birell is the number one NAB in the Czech Republic, and is supported by the Czech police and Ministry of Transport, which actively promote NABs as a safe alternative for drivers.



# A resilient world



**We want a resilient world where our business, local communities and ecosystems share uninterrupted access to safe, clean water.**

Water stress – that is, when demand for water outstrips supply or when water quality restricts use – is holding back prosperity and growth. Tackling water stress can release untapped prosperity at every level, from rural and urban livelihoods through to the growth of businesses and of entire national economies.

## **Water is key to prosperity and economic growth**

The supply of readily available fresh water is finite and in many watersheds quality is declining. Economic growth, driven largely by the middle class, combined with changing climatic conditions, will mean the number of people living in river basins under severe water stress will more than double between 2000 and 2050 and reach 3.9 billion people, or 43% of the global population<sup>1</sup>.

If left unmanaged, water risks can negatively impact livelihoods and value chains, generating significant missed opportunities. Water risks are shared by us all and we need to play our part to ensure a reliable, clean supply of water, that is managed and used as efficiently as possible.



### Less water, better beer, big savings

With breweries in diverse locations – from jungles to deserts to cities – improving water efficiency by 25% between 2008 and 2015 was a significant challenge. We met this target a year early, largely by focusing on improving operational processes, and developing a ‘user pays’ principle that put a true dollar value on the water used by each part of the brewery.

Last year alone, we used 23 billion litres less water than we would have at 2008 efficiencies, equivalent to saving enough water to fill Wembley stadium to the roof 22 times.

Improving water efficiency has delivered additional energy, chemical and effluent cost savings. The less water we use, the less we have to pump, treat, heat, cool and discharge.

SABMiller has set two 2020 water targets: the first is to improve water efficiency in our own operations to reduce water use to 3.0 hectolitres (hl) of water per hl lager and 1.8 hl water per hl soft drink. The second is to look beyond our own operations to secure the water supplies we share with local communities through partnerships to tackle shared water risks.

### Using less water in our breweries and bottling plants

In 2008 we set our breweries the target of reducing water use by 25% by 2015. We surpassed this target this year, achieving an average water efficiency ratio of 3.3 hl/hl<sup>^</sup>. In absolute terms, we used 592 million hl<sup>1</sup> of water to produce our lager (2014: 621 million hl).

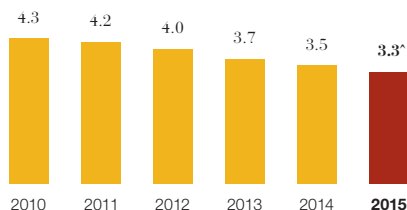


## 3.3 hl<sup>^</sup>

water to produce 1 hl lager,  
beating our target of 3.5 hl/hl  
by 2015.

The more water efficient we are as we brew and package beer, the less liquid we have to source and alternately heat, cool and treat – which means we need less energy. We will continue to reduce our water use and already 18 of our breweries, across all five of our regions, meet or exceed our 2020 target, with our Yatala brewery in Australia leading the group at 2.5 hl/hl.

### Water to lager ratio hl water/hl lager



<sup>1</sup> OECD, Global Environmental Outlook to 2050.

<sup>^</sup> Information for the year ended 31 March 2015 has been subject to limited assurance by PricewaterhouseCoopers LLP. For further details of the assurance provided see the independent assurance report on pages 34 and 35.

# A resilient world continued



## AquaFunds

SABMiller and The Nature Conservancy (TNC) are working together in three countries across Latin America to build AquaFunds. These financial tools gather investments from water users and direct the funding towards conserving ecosystems that filter and regulate water supply while providing an effective model of payment for ecosystem services. In Colombia, the Bogota AquaFund has funded 65 projects to date – eight of which have been directly funded by our Bavaria business – resulting in 7,800 hectares being set aside for conservation and protection; 1,255 hectares of intensive cattle ranching land being converted to environmentally friendly practices, and 554 springs being isolated and protected. We are now exploring opportunities to apply the model in Africa.

 Find out more about the AquaFunds in Colombia at [www.sabmiller.com/aquafunds](http://www.sabmiller.com/aquafunds)

## Understanding water risk

SABMiller's bespoke water risk assessment process (illustrated below) helps us to better understand the nature and extent of local water risk.



# 63.8%<sup>^</sup>

46 breweries across 21 countries have completed intensive water risk assessments, covering 63.8% of our lager volumes.

It gives us a detailed, watershed-level, site-by-site picture of our water exposure. The process is now complete in 46 breweries across 21 countries, covering 63.8%<sup>^</sup> of lager production volumes.

Using this data our breweries are able to identify and prioritise risks and develop and implement mitigation action plans. At a global level, the tool gives us a stronger platform for further developing our successful partnerships with key local stakeholders.

<sup>^</sup> Information for the year ended 31 March 2015 has been subject to limited assurance by PricewaterhouseCoopers LLP. For further details of the assurance provided see the independent assurance report on pages 34 and 35.

## An in-depth bespoke water risk assessment approach



### Baseline



1

#### Watershed assessment

- Detailed hydrological mapping
- Overview of key stakeholders

### Annual risk assessment and action planning

2

#### Water risk assessment

- Bespoke tool to analyse the probability and severity of:
  - physical water risks
  - quality risks
  - reputation risks relating to water resources
  - regulatory risks relating to water resources

“



**A**cross Africa, some of our breweries already face water supply challenges, from availability to quality. But water is more than an operational or even an environmental issue. Water scarcity limits prosperity and growth for thousands of communities worldwide.

Tackling the root causes of water stress will require all sectors of society to work collaboratively and at scale.

SABMiller has been investing in partnerships to secure water for our business growth and for the water users around us. For example, in South Africa we have taken a lead role in the ambitious public-private Strategic Water Partners Network, which is part of the Water Resources Group (WRG). In collaboration with other partners, we have created a platform for the government and the private sector to work together to address a number of pressing water resource challenges. These include taking practical action to tackle water use efficiency and infrastructure challenges.

Given the success of this approach in South Africa, we have funded a WRG partnership in Tanzania and are a leading WRG partner in India.

But true partnerships are difficult to establish and hard to make work.

Within our business, we need to encourage our managers to look beyond tackling water stress solely within our operations to more collaborative external efforts.

Beyond SABMiller, we need to engage and incentivise more effectively the many small businesses which operate alongside us, to encourage them to step up to the challenge and recognise that, although their individual impact is small, collectively they can make a material difference. And we need to work with others to ensure that the many initiatives in a given watershed are joined up and working in a cohesive manner.

We are committed to ensuring that we achieve solutions that benefit not only our own operations but the community at large. We hope you will join us.

**Mark Bowman**  
Managing Director,  
SABMiller Africa



3

#### Stakeholder analysis

- Identification and prioritisation of key stakeholders in the watershed to aid targeted engagement in mitigation action plan development

4

#### Mitigation action plan

- Developed for each prioritised risk
- Signed off and resourced by facility management

### Putting plans into action



5

#### Brewery efficiency programmes

- Initiatives in breweries to meet 3.0 hl/hl water efficiency target by 2020

6

#### Partnerships to mitigate water risk

- Collaboration to mitigate shared water risks

**Over time, action plans reduce water risk**



# A clean world



**We want a clean world where nothing goes to waste and emissions are dramatically lower.**



*Saving our planet, lifting people out of poverty, advancing economic growth... these are one and the same fight. We must connect the dots between climate change, water scarcity, energy shortages, global health, food security and women's empowerment. Solutions to one problem must be solutions for all."*

**Ban Ki-moon**

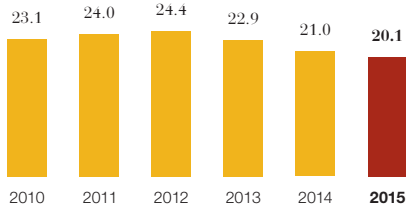
UN Secretary-General

Climate change is a threat to local communities and to our business. Our brewery emissions and the packaging and trade refrigeration of our beer all have a significant carbon footprint. Business practice and local economies need to move from one-way consumption to a more circular economic model based on reusing, recycling and eliminating waste. Brewing is a natural champion of this approach.

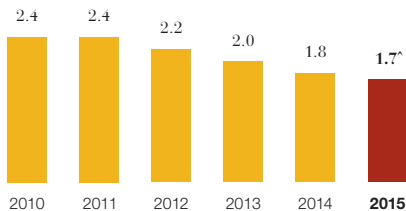
## **Reducing emissions**

We are on track to achieve a 50% reduction in on-site greenhouse gas emissions from energy use per hectolitre of lager from our breweries by 2020. This has been driven by clear and stretching targets at a brewery level, which have been benchmarked globally each month. Technology and innovation have played their part but, without doubt, the most important factor in improving resource efficiency has been our people, starting with our leaders, who have created a culture of learning and improvement and driven exceptional operational standards.

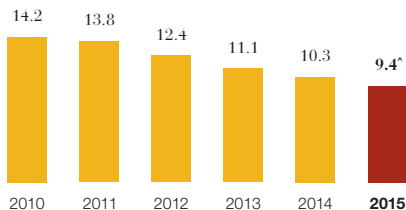
## Total energy consumption PJ



## Total CO<sub>2</sub>e emissions from fossil fuel energy used on site million tonnes



## CO<sub>2</sub>e emissions from fossil fuel energy used on site kgCO<sub>2</sub>e/hl lager



'A list' performer in the Carbon Disclosure Project's Carbon Performance Leaders Index.

In the year ended 31 March 2015 fossil fuel emissions per hl of lager produced fell by 9%, with total CO<sub>2</sub>e emissions of 1.7 million tonnes<sup>\*</sup> (2014: 1.8 million tonnes), of which 0.8 million tonnes were generated from our direct use of fuels such as natural gas, coal and oil (scope one) and 0.9 million tonnes were generated indirectly from the production of electricity and steam we purchase (scope two).



# 35%

Absolute reduction in carbon emissions from on-site energy use between 2008 and 2015.

## Eliminating waste from the brewing process

Moving towards a circular economy, based on reusing, recycling and cutting waste, is key to future economic growth, in the context of climate change and resource constraints. Businesses – and economies – need to design out waste from manufacturing processes, reuse materials and switch to renewable energy.

In designing a more circular value chain, we already have a strong track record. About 99% of spent grain from our breweries is reused by farmers for animal feed or for renewable energy, creating value as well as preventing waste from being diverted to landfill. This year our breweries reused or recycled 89.6% of their general waste<sup>1</sup>.

<sup>1</sup> During the year we changed the way we measure organic waste to measure dry-matter equivalent, which enables us to understand the actual mass of waste material that could otherwise be hidden by the moisture it absorbs during the brewing process. On a like-for-like basis, 96.0% of waste was reused or recycled (2014: 95.6%).

<sup>^</sup> Information for the year ended 31 March 2015 has been subject to limited assurance by PricewaterhouseCoopers LLP. For further details of the assurance provided see the independent assurance report on pages 34 and 35.

# A clean world continued

## The value of *Prosper* – two supplier perspectives

“As a leading global beverage can maker, Rexam has collaborated with SABMiller on measuring and disclosing greenhouse gas emissions since 2010. SABMiller’s new *Prosper* strategy offers further opportunities for us to work together, and we have matched its new 25% total carbon footprint reduction target with our own 2020 target to reduce direct and indirect carbon emissions per unit of production by 25% (against a 2010 baseline).

“We can go further still, partnering on shared issues. We are exploring opportunities to work with SABMiller to tackle the informal waste sector in parts of Latin America where we have mutual interests by supporting entrepreneurs who collect and recycle aluminium. Like SABMiller, we operate in geographies that face water scarcity, and we are keen to collaborate to better understand and address shared water risks.”

### Graham Chipchase

Chief Executive, Rexam



“As a leading glass supplier, we have been inspired by the commitment of The South African Breweries (Pty) Ltd to sustainability over many years, partnering closely with us to maximise the benefits of returnable beer bottles, including light-weighting the glass required to manufacture new bottles. In addition, SAB is a key shareholder in The Glass Recycling Company, working with glass manufacturers and consumer goods companies to increase the recycled content of new beer bottles to more than 40%.”

### Michael Arnold

Group Managing Director  
Consol Limited South Africa

## Packaging

Returnable bottles and kegs are much more carbon- and resource-efficient throughout their lifecycle than cans, PET bottles or non-returnable glass bottles.



53.4%

of our beer is sold in returnable bottles or kegs.

But modern consumers value the convenience of using disposable one-use containers and some retailers do not want the inconvenience of supporting a returnable system. In Europe, where returnable bottles are in long-term decline in some markets, SABMiller Europe is devising packaging solutions that meet changing consumer needs while reducing our environmental impact. A great example is the delivery of tank beer to selected outlets, which as well as reducing energy and waste, delivers a unique product to consumers.

## Value chain carbon footprint %



66



**T**he impacts of climate change are complex and far-reaching, from food security, energy constraints and water risk to human health. Tackling climate change is increasingly recognised as one of the most important challenges facing the world today, and is critical for economic growth and social development.

We have a long track record of tackling our own carbon emissions, and in the year we were listed as an 'A list' performer in the Carbon Disclosure Project's Carbon Performance Leaders Index.

In absolute terms, we reduced carbon emissions from on-site energy use by 35% between 2008 and 2015. This has generated significant benefits for the environment and our business. Within our cost savings programmes, we saved US\$117 million in the year compared with 2010 from water and energy related initiatives<sup>1</sup>.

Reducing brewery emissions is the first step, but production accounts for just a fifth of the total value chain carbon footprint of our beers.

We must also partner with others to reduce carbon emissions. That's why we've set a new 2020 target to reduce our total carbon footprint per hectolitre of beer across our value chain by 25% (against a 2010 baseline). Working with suppliers and retailers – sharing knowledge, expertise and best practice across the entire value chain – will yield major environmental benefits for local communities, our business, and the value chain.

Such collaboration also brings significant cost and carbon savings. In the year we saved US\$10 million<sup>1</sup> by lightweighting material and reducing its associated embedded emissions from our packaging. Since 2010, our carbon reduction efforts have reduced our packaging materials carbon footprint by 11.5%.

**Tony van Kralingen**  
Group Director of Integrated Supply  
& Human Resources, SABMiller plc

## Refrigeration

Our consumers enjoy the refreshment of a cold beer. But refrigeration can have harmful impacts on the environment, both through energy use – typically 90% of the lifetime carbon footprint of a fridge – and the HFCs (hydrofluorocarbons) used to cool them. HFCs are greenhouse gases with a global warming potential 1,400 times greater than carbon dioxide.

Energy management devices (EMDs) and LED lighting can substantially lower environmental impact and energy use. We have been investing in these technologies in a number of markets,

reducing the energy consumption of older fridges by up to 40%. This year we set a target to purchase 100% HFC-free fridges by 2020 and introduced a new policy that all new fridges must be equipped with EMDs and LED lights, where available. In Europe, where regulation is driving change, 75% of purchased fridges are HFC-free. However, in Latin America and Africa, infrastructure and cost challenges mean this figure is close to zero. We aim to learn from Europe to help scale HFC-free fridges in other regions in order to make them viable. In Latin America, for example, sales staff and trade customers receive training on how to create a 'cold culture'.

<sup>1</sup> Reflects cost savings on an annual basis, based on savings actions initiated in 2010, and calculated using 2015 volumes, exchange rates and energy prices.

# A productive world



**We want a productive world where land is used responsibly, food supply is secure, biodiversity is protected and brewing crops can be accessed at reasonable prices.**

Today, around a billion people already go hungry, and demand for food is growing. Our business depends on the same, increasingly scarce land and water resources that local communities use for food crops. To ensure there remains enough to go around, we are developing secure, sustainable supplies of malting barley, our most important brewing crop, while fostering alternatives such as sorghum and cassava in markets where small-scale farmers grow a surplus. Our efforts are helping farmers in developing and developed markets increase productivity and profitability while reducing environmental impact.

This is a complex task. SABMiller sources from a very wide variety of suppliers. These include industrial-scale agri-processors with whom we have strategic sourcing agreements, large-scale commercial farms, and small-scale subsistence farmers with no prior experience of commercial markets and whose daily priority is to feed their family. We source locally where practical, though crops such as malting barley are niche and can be difficult to grow, making imports necessary in some markets.



### Better Barley, Better Beer


In South Africa, The South African Breweries (Pty) Ltd's agronomists joined forces with WWF-SA to develop guidelines for sustainable barley production, tackling issues from productivity and biodiversity to risks, including bushfires and water scarcity. Three years on, the partnership is now running a two-year pilot, working closely with 27 farmers to implement the guidelines and measure results in more depth. The aim is to strengthen farmers' businesses while protecting the landscape. Buyers of the farmers' other crops, such as canola, are also involved, meaning farmers can work to a single standard.

 Find out more at [www.sabmiller.com/betterbarley](http://www.sabmiller.com/betterbarley)

Our aim is that, by 2020, the way we source measurably improves both food security and resource productivity for all the crops we buy. What we are trying to achieve sits outside our direct control, and requires close collaboration with farmers and other partners. It can be hard to convince small-scale farmers to invest in the long term when they need to survive today. Even the larger farms we source from are often still run as family businesses, and we must work hard to understand their needs to ensure our initiatives succeed.

### Improving barley production

Malting barley is the key ingredient at the heart of beer, and quality is fundamental. Growing barley locally rather than importing it can reduce costs, create local jobs and increase incomes. For farmers, it is a niche crop within crop rotation systems, providing a supplementary income between other harvests. To effectively support improvements in barley, we need to look beyond our own needs to the wider farming system that malting barley forms part of, to identify the associated risks and opportunities. This helps us understand the role we can play in enabling farmers to reduce inputs such as nitrogen-based fertilisers, as well as outputs such as greenhouse gas emissions. Water management is critical where barley is irrigated in water-stressed areas.

 Find out more about how we are tackling water security on pages 16 to 19.

We are developing key performance indicators (KPIs) for measuring progress, and starting to use the measurement process to engage farmers to improve quality, productivity and profit while limiting environmental impact.

### Improving other key brewing crops

While malting barley remains our largest crop, cassava, maize, rice and sorghum are increasingly important for producing affordable beers that maximise opportunities for local farmers. In Africa, for example, few commercial markets exist for cassava and sorghum, so most farmers grow them to feed their families. Creating markets for these crops by using them as brewing materials gives small-scale subsistence farmers an incentive to increase production, so they can sell the surplus and boost their income and food security. Buying locally also enables us to save costs and support local farmers in regions unsuitable for growing malting barley.



# A productive world continued



## Zambia replaces imported malt with locally sourced crops

In Zambia, within a few years of trialling barley as a rotation crop with local commercial wheat farmers, our business has moved from importing all its malting barley to sourcing it wholly from Zambia. And by making affordable, local beer, Eagle, from popular subsistence crops such as sorghum, we are supporting around 2,000 small-scale farmers. Through the use of cassava, we now plan to reach up to 480 more farmers who currently have no commercial market for their crop.



## Progressing together with maize suppliers

In Peru, our inclusive business model has brought together more than 400 small-scale farmers into two associations that trade directly with our Peruvian business, Backus. This newfound scale gives farmers access to credit. Teaching the farmers agricultural best practice has improved productivity: yields are now 10% higher than for imported maize, making pricing competitive and increasing farmers' net income per hectare by as much as 45% in 2014.

## Resource-efficient farming

Through our sourcing relationships with farmers, we are in a privileged position to influence their use of land, water and energy to be more efficient. We help farmers who irrigate their fields do so more efficiently. We work with large-scale commercial farmers to improve the resource efficiency of their operations, and support smallholder farmers to improve cultivation practices so that they can increase yields while adapting to changes in climate.

## Contributing to food security

Alongside food production, incomes are key to food security and nutrition, enabling people to buy more varied foodstuffs. Farming provides vital incomes for millions of people around the world. Where we support new cash markets for subsistence crops, such as sorghum and cassava, we work with smallholder farmers to improve both their yields and their incomes, which in turn increases food security and nutrition for farmers, their families and communities.



 Watch to find out more about the role of brewing crops in food security at [www.sabmiller.com/futureoffarming](http://www.sabmiller.com/futureoffarming)

## Respecting land rights

As a business operating in much of the developing world, access to land is highly significant. The UN Development Programme estimates that as much as 90% of land in sub-Saharan Africa is untitled.

<sup>^</sup> Information for the year ended 31 March 2015 has been subject to limited assurance by PricewaterhouseCoopers LLP. For further details of the assurance provided see the independent assurance report on pages 34 and 35.

66



**A**zunosa, our sugarcane farming operation in Honduras, makes us a supplier of sugar, as well as a customer. In November 2014 it became the first producer in Central America to achieve certification from Bonsucro®, recognising the company's efforts to improve its environmental and social practices against challenging standards that include: water use, prevention of child labour and financial inclusion of smallholder farmers.

This is the first step towards our target to source 100% of our sugar from sustainable sugarcane sources by 2020 worldwide. During the year, 5.1% of our global sugar supply came from sustainable sources. We expect this figure to rise to 14% in the coming year.

It also represents a significant step towards sector transformation. Our experience at Azunosa demonstrates that sustainable practices are viable for relatively smaller sugar operations in developing countries. It also provides us with

practical knowledge of sugarcane farming practices, placing us in a strong position to engage more effectively with other suppliers.

We now need to set new expectations for our suppliers, revise our procurement policies, enter into long-term contracts and coinvest with value chain partners – as we have with The Coca-Cola Company in Honduras – to improve the environmental and social impact of sugar production. We see Bonsucro® and other certifications as recognition of continuous improvement in social, environmental and economic standards rather than an end in itself. In South Africa, we are supporting the locally developed SusFarms initiative to evolve it into a full system for verifying good practice.

To achieve real progress, and have an impact on the greater global challenges of sustainable sugar production, engagement with all stakeholders is vital. Together, we must be committed to making a difference that not only minimises the environmental impact, but brings economic and social value for the communities to which we belong.

**Karl Lippert**  
President,  
SABMiller Latin America

This lack of legal ownership leaves small-scale farmers at risk of having land sold from under them and reduces their ability to invest in their farms.

As of October 2014, our supplier code of conduct requires suppliers to respect the land rights of people and communities in their supply chain and operations. We are building our understanding of how we can best support farmers to obtain legal land tenure. This can prevent future disputes and related supply disruptions, and encourage them to invest in more sustainable crops.

 Read more about sustainable sugar production in this Harvard Kennedy School and Business Fights Poverty report at [www.sabmiller.com/bonsucro](http://www.sabmiller.com/bonsucro)



# Valuing and empowering our people

**Our success is driven by each of the 69,000 people we employ around the world.**



## Road safety

Middle-income countries have just half of the world's vehicles but 80% of its road traffic deaths<sup>1</sup>. With many of our employees on the road in these countries, we aim to minimise this risk.

As challenges vary by country, we have developed driver safety training programmes tailored to specific local risks. In Africa, a new Respect the Road driver safety campaign trained sales and distribution employees over five weeks in such themes as vehicle inspection, pedestrian awareness and driver attitude. It gave practical tips, from how to drive on gravel roads and understanding and managing blind spots to safe long-distance and bad weather driving.

Road safety is not an issue we can solve on our own. In Colombia, El Salvador, Panama and Peru we are part of Por un Buen Camino (For a safe journey) alliances, partnering with NGOs, government, and other businesses to improve road safety data and knowledge, and promote behaviour changes and effective law enforcement.

## Taking action on health and safety

Our aim is to reduce or eliminate risks of harm to our employees, contractors, visitors, customers, consumers and any others affected by our business.

In 2014, we launched a new system of governance for groupwide health and safety. This enabled us to standardise reporting across the group, share best practice and target improvements. In 2015 we rolled out a new global health and safety programme, Safety Around Beverages, which sets out minimum standards to which all businesses should adhere.

It is with deep regret, however, that we report 29 employee and contractor fatalities in the year (2014: 15)<sup>2</sup>. Six of these resulted from accidents involving on-site maintenance or repairs, 15 followed motor vehicle accidents, and eight resulted from robberies or assaults on our staff while on sales or trade visits. We have further tightened reporting procedures to ensure that all levels of management are aware of each of these incidents. In each case we undertook an investigation and, where applicable, implemented measures to reduce the likelihood of such an incident recurring.

During the year we recorded 13,028 days lost through injury and 490 major injuries<sup>3</sup>. Road traffic accidents accounted for the majority of major injuries and fatalities, and road safety was identified as a top priority worldwide (see case study, left).

<sup>1</sup> WHO Global status report on road safety 2013.

<sup>2</sup> Includes one fatality in each of our Argentinian and Nigerian operations, which are not otherwise included in this report.

<sup>3</sup> In the year we implemented new reporting guidelines including new standards for reporting major injuries, aligned with the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) guidelines.

## Valuing diversity and equality

We believe that better business decisions come from groups of competent, high-calibre individuals with a mix of skills, experience and backgrounds. We have clear policies and processes in place to ensure that we recruit and treat people fairly and on merit, regardless of age, gender, sexual orientation, religion, disability or ethnic origin.

SABMiller is a signatory of the UN Global Compact and has an established approach to managing human rights risks, taking account of the UN's Universal Declaration of Human Rights and Guiding Principles on Business and Human Rights. This approach helps our local businesses to identify and mitigate any significant risks within their operations and value chains.

We continue to support South Africa's Broad-Based Black Economic Empowerment (BBBEE) initiatives aimed at growing the economy by including and empowering previously disadvantaged citizens. More than three-quarters of The South African Breweries (Pty) Ltd (SAB) workforce is drawn from previously disadvantaged groups and 66% of its employees are black. SAB achieved 79.24 (2014: 75.25) in the last annual BBBEE verification, making it a level 3 contributor to BBBEE.

In an industry traditionally perceived as male dominated we are committed to improving gender diversity, particularly among our leadership. Not only are women a vital source of talent in an increasingly pressured talent pool, they are also critical in ensuring our business reflects and understands the needs of female consumers – a key growth segment.

Women represent 20.6% of our global workforce (2014: 19.7%) and 29.6% of our executives and managers (2014: 28.4%). The executive committee of nine people includes one woman. 20% of SABMiller's plc board are female – below the FTSE 100 average of 23.6%<sup>4</sup> – although women hold three of our eight independent non-executive director posts (37.5%).

Trends vary by region. For example, our South African business has the highest ratio of women in leadership roles, while Europe has the highest business-wide gender representation but the biggest gulf between the percentage of female managers and that of female executives. We are therefore taking a regional approach to strengthening gender diversity.

## Developing and retaining talent

The global workforce is predicted to change dramatically over the next 20 years. The consultancy McKinsey identifies two challenges facing global organisations – a geographical mismatch of skilled workers and job creation; and a growing pool of underused talent, driven by an ageing workforce, women not accessing the labour market and high youth unemployment<sup>5</sup>.

We are responding in four ways:

- we continue to enhance our career support for employees, including a focus on identifying the competencies and experiences required to perform and grow in role, so it is easier to align employee and business needs. We aim to offer appropriate and continuous career development opportunities to all our employees, whether in their current role or to prepare them for a new one. Everyone is encouraged to take ownership of their own development, supported by their manager;

<sup>4</sup> Professional Boards Forum, BoardWatch, 2015.

<sup>5</sup> McKinsey & Company, Help Wanted: The future of work in advanced economies, March 2012.

<sup>^</sup> Information for the year ended 31 March 2015 has been subject to limited assurance by PricewaterhouseCoopers LLP. For further details of the assurance provided see the independent assurance report on pages 34 and 35.

# Valuing and empowering our people continued



## LAGER

People perform better when they can be themselves at work. That's why, in 2015, we launched LAGER (Lesbian and Gay + Everyone Respected), our UK network for lesbian, gay, bisexual and transgender employees and their allies. SABMiller is a Stonewall Global Diversity Champion and a corporate member of OUTstanding, the leading UK not-for-profit group focused on advancing LGBT rights in the workplace.



Find out more at  
[www.sabmiller.com/lgbt](http://www.sabmiller.com/lgbt)



## Meaningful jobs in Latin America

Across Latin America, our Meaningful Jobs initiative aims to ensure all our employees and contractors feel that they and their work matters. The initiative tracks – and, where necessary, takes follow-up action on – eight criteria, ranging from understanding expectations and the suitability of tools and facilities to regular feedback and opportunities to learn and advance. A complementary Meaningful Conversations programme has coached 3,500 leaders, at all levels, in effective communication. The region achieved a 91% 'high engagement' score in our first global employee opinion survey, outperforming fast-moving consumer goods companies and Latin America norms.

- through our functional academies we offer consistent training worldwide to help employees develop the specialist skills they need to do their jobs. In the year ended 31 March 2015, we provided an average of 4.6 training days for every employee (2014: 3.9 days), using a variety of techniques, from virtual, digital learning to sessions facilitated by leading educational institutions;
- in 2014 we introduced a new framework to develop leaders across all levels and regions. This aims to ensure that the talent needed to provide tomorrow's leaders is identified early and properly nurtured. More than 50 graduate trainees from finance, manufacturing, commercial and operations completed a year-long development programme aimed at building foundation leadership skills. We also held our first managing director (MD) forum, bringing together all our MDs to discuss strategic challenges; and
- we systematically manage the roles most critical to delivering our business strategy, and have a global succession pool – monitored by the group's executive committee – in place for these roles, with candidates from all regions. In the year we filled 80% of these critical roles with internal candidates.

## Delivering business success through high performance

We recognise and reward strong performance. Our performance management system provides a framework for employees to set themselves stretching individual goals. These goals are linked to business objectives. Bonus payments and salary increases are linked to performance against these goals, and calculated against a combination of individual achievement and overall company performance.

## Listening and engaging with employees

Our employees play a crucial role in our success. We respect the right to union representation and 42.8% of employees are union members (2014: 40.9%). Many of our businesses have developed productive partnerships with trade unions on collective bargaining and other issues.

We regularly solicit employees' views and listen to their ideas and this year we held our first global employee opinion survey.



# 40,000+

colleagues took part in our first global employee opinion survey<sup>1</sup>.

About 80% of respondents said they believe strongly in our strategic direction, are proud to work at SABMiller, and are willing to go the extra mile to help the company succeed. Almost 90% of respondents believe that they 'clearly understand the goals of their job' and that they 'collaborate well within their teams'. However, only 64% of employees believe they 'receive appropriate recognition for a job well done'. We are implementing initiatives across the business to improve how we show appreciation for the hard work of our people.

“



Our suppliers are vitally important, both for our success and the development of the communities where we operate. SABMiller Procurement has committed to work only with suppliers that share our values. This commitment and our minimum requirements are explained in our supplier code of conduct, which applies to all our suppliers.

We are members of the Supplier Ethical Data Exchange (SEDEX), and AIM-PROGRESS, a forum of leading consumer goods companies that aims to enable and promote responsible sourcing practices and sustainable supply chains. A total of 976 suppliers are now registered with SEDEX, a 32% year-on-year increase. We lead the AIM-PROGRESS Mutual Recognition workstream, which seeks to reduce duplication in supplier assessments. In the year we collected 276 ethical audits on our key suppliers and directly commissioned 118 audits. By working with our suppliers to reduce areas of non-compliance, we have helped 131 of them to improve working conditions on their sites and to meet our standards.

Under our supplier accreditation programme, key global suppliers have also signed up to the key provisions of our anti-bribery policy and provided insights into their efforts to eliminate bribery and corruption from their supply chains.

**Katharina Stenholm**  
CEO, SABMiller Procurement

<sup>1</sup> Joint venture companies, such as MillerCoors, did not take part in the survey, nor did the ABI soft drinks business in South Africa or our business in Vietnam.



# Embedding *Prosper* across our business

By focusing on what matters locally alongside our global *Prosper* targets we are integrating sustainable development into our strategic thinking and business planning.

## Engaging and collaborating with stakeholders

At the launch of our new sustainable development (SD) strategy, *Prosper*, in July 2014, SABMiller's executive committee met with around 80 senior civil society, government and business representatives, who shared ideas on how best to put the strategy into practice. They challenged SABMiller to be more visible in public policy debates where we have relevant experience and valuable local knowledge. We have since contributed to high-level events on livelihoods, climate change and the link between water security and prosperity – from delivering a keynote speech at the The Economist *World Water Summit* and hosting an event on resilience at the UN Climate Conference in Lima, to giving evidence on implementing the new global sustainable development goals at a UN experts group.

## Aligning sustainable development with business strategy

This year, we focused on embedding *Prosper* in the business; bringing it to life and making it relevant for all our employees. Our country managing directors used town hall meetings to launch *Prosper* in 29 markets, with external stakeholder events in 18. Regular webinars and Yammer events have maintained momentum throughout the year. However, there is more to do: in the coming year we will focus on instilling *Prosper* in core business processes and ensure each market has a robust strategy to deliver our targets.

All parts of the business are responsible for *Prosper*. That is why we have introduced a new *Prosper* Forum, which meets four times a year. It is chaired by SABMiller's General Counsel and Corporate Affairs Director and is attended by our regional corporate affairs directors and senior

leaders from each function, such as marketing and sales, supply chain, human resources and legal. Through the forum we ensure resources and capabilities are in place to deliver our *Prosper* targets, approve policies, lead co-ordinated activities, and manage potential trade-offs.



For a full list of *Prosper* Forum members go online at [www.sabmiller.com/prosperforum](http://www.sabmiller.com/prosperforum)

The Sustainable Development Way is at the heart of our approach to SD, providing a consistent framework and focusing all of our operations' efforts and resource priorities. It is supported by a suite of policies and position papers, as well as guidelines, training and tools for building capability and sharing best practice globally. Individual operations are ultimately held accountable for their own performance, which often forms part of our senior managers' performance objectives and remuneration.

Our businesses assess their own SD performance using a bespoke monitoring system, the Sustainability Assessment Matrix (SAM). SAM KPIs are based on measurable outputs – such as water efficiency, carbon emissions or employee diversity – to assess performance towards our 2020 targets. This gives our local operations the data they need to inform their strategic conversations and the reassurance that they are tackling their most material SD issues.

SAM also assesses operations against global core standards for each of our five shared SD imperatives. In certain areas new core standards represent a recalibration of our expectations in terms of overall SD performance. All our businesses are required to meet these standards which, in many countries, far exceed local regulatory requirements.

## Robust and transparent governance

Our SD performance is overseen by the group corporate accountability and risk assurance committee (CARAC), a committee of the SABMiller plc board. The CARAC is chaired by Dambisa Moyo, one of our non-executive directors.

 For a full list of CARAC members see pages 52 and 53 of our Annual Report 2015

Each region has its own CARAC, chaired by the regional managing director, which meets twice a year to review local SD performance and discuss emerging issues. A typical agenda includes health and safety, an update on performance measured through SAM, a spotlight on a particular shared imperative, and detailed discussion on one or more topical issues.

Regional CARACs are attended by the regional corporate affairs director, as well as representatives from SABMiller plc including the General Counsel and Corporate Affairs Director, the Sustainable Development Director, and the Policy, Public and Industry Affairs Director. The group CARAC is regularly updated on each region's progress.

## Transparency and ethics

We believe that high standards of ethical behaviour are fundamental to our long-term future. We adopt a zero tolerance approach to bribery and corruption and we are a signatory to the UN Global Compact, committing ourselves to universally accepted principles in the areas of human rights, labour, environment and anti-corruption.

Reflecting the priority we give to transparency, we launched in the year a new webpage providing additional information about our anti-corruption framework. This resource includes links to some of the key documents setting out our framework, including our code of business conduct and ethics and the anti-bribery policy which supplements it, and describes our range of supporting policies, procedures and guidance.

We have also reviewed our whistleblowing facilities over the course of the year, which provide all employees the opportunity to make confidential disclosures about suspected impropriety or wrongdoing.

 Read more about our anti-corruption framework at [www.sabmiller.com/anti-corruption](http://www.sabmiller.com/anti-corruption)



## Sustainability Assessment Matrix (SAM)

Our bespoke management system, the Sustainability Assessment Matrix (SAM) was updated this year to reflect *Prosper*, with every user receiving face-to-face training on the system and its new standards.

 Visit our SAM portal for more detailed information on sustainability performance by country at [www.sabmiller.com/sam](http://www.sabmiller.com/sam)



## Mackay Awards

The Mackay Awards, launched this year to honour our late chairman Graham Mackay, celebrate and share the best *Prosper* initiatives and innovations across the business. Entries have to demonstrate both positive social and business impact. Winners – to be announced in July – were selected by a judging panel of SABMiller's Chief Executive, Acting Chief Financial Officer, General Counsel and Corporate Affairs Director, Chairman Designate Jan du Plessis and non-executive director Trevor Manuel, as well as Jane Nelson of the Harvard Kennedy School and Matias Bendersky of the Inter-American Development Bank. Winning programmes will be showcased at a workshop to explore how to replicate and scale them across the group and into our value chain.

# Independent Limited Assurance Report to the Directors of SABMiller plc



The Directors of SABMiller plc engaged us to provide limited assurance on the information described below and set out in SABMiller's Sustainable Development Summary Report 2015 for the year ended 31 March 2015.

## Our conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe the Selected Information for the year ended 31 March 2015 has not been prepared in all material respects with the Reporting Criteria.

This conclusion is to be read in the context of what we say in the remainder of our report.

## What we are assuring ("Selected Information")

The scope of our work was limited to assurance over the information marked with the symbol ^ in the Sustainable Development (SD) Summary Report 2015. The Selected Information and Reporting Criteria against which it was assessed are summarised below. Our assurance does not extend to information in respect of earlier periods or to any other information in the Sustainable Development Summary Report 2015.

### Selected Information

- total water consumption in lager production (million hl);
- water use to lager ratio (hl/hl lager);
- total CO<sub>2</sub>e emissions from fossil fuel energy used on site for the production of lager (million tonnes);
- CO<sub>2</sub>e emissions from fossil fuel energy used on site for the production of lager ratio (kgCO<sub>2</sub>e/hl lager);
- percentage of female managers/executives;
- number of production facilities with completed Water Risk Assessments, and percentage of production volume covered; and
- percentage of sugar sourced from sugarcane meeting sustainable standards.

## How the information is assessed ("Reporting Criteria")

We assessed the Selected Information using SABMiller's SD Reporting Principles ("Reporting Criteria") dated June 2015 as set out at [www.sabmiller.com/sdassurance2015](http://www.sabmiller.com/sdassurance2015).

## Professional Standards and Independence

We have performed a limited assurance engagement<sup>b</sup> in accordance with ISAE 3000 – 'Assurance Engagements other than Audits and Reviews of Historical Financial Information' and, in respect of the CO<sub>2</sub>e emissions, ISAE 3410 – 'Assurance Engagements on Greenhouse Gas Emissions Statements' issued by the IAASB and ICAEW Code of Ethics<sup>c</sup>.

## Understanding the Criteria

The Selected Information needs to be read and understood together with the Reporting Criteria, which SABMiller is solely responsible for selecting and applying. The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time.

## Work done

We are required to plan and perform our work in order to consider the risk of material misstatement of the Selected Information. In doing so, we:

- made enquiries of SABMiller's management, including the SD team and those with responsibility for SD management and group SD reporting;
- evaluated the design of the key structures, systems, processes and controls for managing,

recording and reporting the Selected Information. This included visiting 3 operating companies out of 29 to perform walkthroughs on the indicators and obtaining supporting information. For a further 3 operating companies we performed desktop reviews, selected on the basis of their inherent risk and materiality to the group. Interviews were held and supporting evidence was obtained to understand the key processes and controls for reporting operating company performance data to the group SD team;

- performed analytical reviews over all 29 operating companies in scope;
- performed limited substantive testing on a selective basis of the Selected Information at corporate head office and at 9 operating companies to check that data had been appropriately measured, recorded, collated and reported; and
- considered the disclosure and presentation of the Selected Information.

## SABMiller's responsibilities

SABMiller management is responsible for:

- designing, implementing and maintaining internal controls over information relevant to the preparation of the Selected Information that is free from material misstatement, whether due to fraud or error;
- establishing objective Reporting Criteria for preparing the Selected Information;
- measuring and reporting the Selected Information based on the Reporting Criteria; and
- the content of the Sustainable Development Summary Report 2015.

The corporate accountability and risk assurance committee of the board (CARAC) has reviewed the procedures established by management to prepare the Sustainable Development Summary Report 2015, and the Chairman of the CARAC has reviewed that report on behalf of the board of directors of SABMiller.

## Our responsibilities

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the Selected Information is free from material misstatement, whether due to fraud or error;
- forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- reporting our conclusion to the Directors of SABMiller.

This report, including our conclusions, has been prepared solely for the Directors of SABMiller as a body in accordance with the agreement between us, to assist the Directors in reporting SABMiller's SD performance and activities. We permit this report to be disclosed in the Sustainable Development Summary Report 2015 for the year ended 31 March 2015, to assist the Directors in responding to their governance responsibilities by obtaining an independent assurance report in connection with the Selected Information. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Directors as a body and SABMiller for our work or this report except where terms are expressly agreed between us in writing.

## PricewaterhouseCoopers LLP,

Chartered Accountants, London

9 June 2015

<sup>a</sup> The maintenance and integrity of SABMiller's website is the responsibility of the SABMiller management; the work carried out by us does not involve consideration of these matters and, accordingly we accept no responsibility for any changes that may have occurred to the reported Selected Information or Reporting Criteria when presented on SABMiller's website.

<sup>b</sup> A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

<sup>c</sup> Our work is in accordance with the ICAEW Code of Ethics, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. We apply International Standard on Quality Control (UK & Ireland) 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. Our work was carried out by an independent team with experience in sustainability reporting and assurance.

# Boundary and scope of this report

This report covers the financial year ended 31 March 2015. Operations are included in this report on the basis of management control by SABMiller entities. Our US joint venture, MillerCoors LLC, is also included. Our economic interest in MillerCoors is reflected when reporting quantitative key sustainable development performance indicators.

We aim to include new acquisitions or market entries within two years. A full list of the operations covered in this report is provided below.

Where we hold a minority share in an alliance or partnership, we engage with our partners on sustainable development issues.

 Information on business partners can be found at [www.sabmiller.com/managingsd](http://www.sabmiller.com/managingsd)

## Operating companies included in this report

Many of our local operations publicly report their own sustainable development information:

<b>Australia</b>	 CUB (Pty) Ltd	<b>Peru</b>	  Unión de Cervecerías
<b>Botswana</b>	 Kgalagadi Breweries (Pty) Ltd		 Peruanas Backus y
<b>Canary Islands</b>	  Compañía Cervecera de		 Johnston SAA
	 Canarias SA	<b>Poland</b>	  Kompania Piwowarska SA
<b>Colombia</b>	  Bavaria SA	<b>Romania</b>	  Ursus Breweries SA
<b>Czech Republic</b>	  Plzeňský Prazdroj as	<b>Slovakia</b>	 Pivovary Topvar as
<b>Ecuador</b>	 Cervecería Nacional (CN) SA	<b>South Africa</b>	 The South African Breweries
<b>El Salvador</b>	  Industrias La Constancia SA		 (Pty) Ltd
	 de CV	<b>Swaziland</b>	 Swaziland Beverages Ltd
<b>Ghana</b>	 Accra Brewery Ltd	<b>Tanzania</b>	 Tanzania Breweries Ltd
<b>Honduras</b>	  Cervecería Hondureña SA	<b>The Netherlands</b>	  Grolsche Bierbrouwerij
	 de CV		 Nederland BV
<b>Hungary</b>	 Dreher Sörgyárak Zrt	<b>Uganda</b>	 Nile Breweries Ltd
<b>India</b>	  SABMiller India Ltd	<b>USA</b>	  MillerCoors LLC
<b>Italy</b>	  Birra Peroni Srl	<b>Vietnam</b>	 SABMiller Vietnam
<b>Lesotho</b>	 Maluti Mountain Brewery		 Company Ltd
	 (Pty) Ltd	<b>Zambia</b>	 Zambian Breweries plc
<b>Malawi</b>	 Chibuku Products Ltd	<b>Zimbabwe</b>	 Delta Corporation Ltd
<b>Mozambique</b>	 Cervejas de Moçambique SA		
<b>Panama</b>	  Cervecería Nacional SA		

 Regular sustainable development report      Information provided online      Information on sustainable development in annual report

**Global Reporting Initiative (GRI)** This report is structured using our *Prosper* commitments. To provide a common point of reference we have also used the GRI 4th generation framework, G4, as a secondary index.

 Further information is available at [www.sabmiller.com/sdreporting](http://www.sabmiller.com/sdreporting)

### **United Nations Global Compact (UNGC)**

This document forms our progress report against the 10 principles of the UNGC and the UNGC CEO Water Mandate.

 Further information is available at [www.sabmiller.com/sdreporting](http://www.sabmiller.com/sdreporting)

### **UN Millennium Development Goals (MDGs)**

We support the MDGs and seek to make a meaningful contribution to their achievement in the communities in which we operate.

**FTSE4Good and Johannesburg Stock Exchange Socially Responsible Investment Index** SABMiller is a member of the FTSE4Good and the Johannesburg Stock Exchange Socially Responsible Investment Index (reflecting the listing of shares in both the UK and South Africa), as well as other relevant indices used by the investment community.

**CDP** SABMiller participates in the CDP Carbon, Water and Supply Chain Disclosure Projects, which provide insight into the risks companies face in these areas. SABMiller is listed as an 'A list' performer in the CDP Carbon Performance Leaders Index.

 Read our CDP reports at [www.cdp.net](http://www.cdp.net)

### **Please note**

This report contains certain forward-looking statements including those that relate to investments in socio-economic programmes, water management, the implementation of certain reuse and recycling measures, local sourcing of agricultural raw materials and expenditure at operational level. Such statements involve a number of uncertainties because they relate to events and depend on circumstances that will or may occur in the future. As a result, actual results may differ from those anticipated in this report depending on a wide range of factors, including, for example, crop yields, consumer demand, excise duties and taxation policies, worldwide as well as local economic conditions, changes in laws and regulations and the development of new technology. This report deals with activities of group companies around the world. References in this report to 'SABMiller', 'we', 'us' and 'our' refer collectively to the group of operating companies.

The paper used in the report contains 75% recycled content, all of which is sourced from de-inked post-consumer waste. All of the pulp is bleached using an elemental chlorine-free process (ECF).

Printed in the UK by CPI Colour, a CarbonNeutral® company. Both manufacturing mill and the printer are registered to the Environmental Management System ISO 14001 and are Forest Stewardship Council® (FSC®) chain-of-custody certified.

Designed and produced by **CONRAN DESIGN GROUP**







## Further reports and contacts

The full online SABMiller sustainable development report includes additional information, performance data and case studies for each of our five shared imperatives, and reports on specific issues.



1

### 1 Annual Report

For an overview of our markets and operations, and a regional perspective on sustainable development issues and performance, please refer to our annual report.

[www.sabmiller.com/annualreport2015](http://www.sabmiller.com/annualreport2015)



2

### 2 Our Approach to Tax report

For an overview of our approach to tax, please refer to Our Approach to Tax report.

[www.sabmiller.com/taxreport2015](http://www.sabmiller.com/taxreport2015)



3

### 3 Online

The full sustainable development report, this summary and more information about our performance through the Sustainability Assessment Matrix (SAM) scorecards for our operations can be found online.

[www.sabmiller.com/sdreport2015](http://www.sabmiller.com/sdreport2015)

### Registered office

SABMiller House  
Church Street West  
Woking, Surrey, England GU21 6HS  
Telephone +44 1483 264000

### Head office

One Stanhope Gate  
London, England W1K 1AF  
Telephone +44 20 7659 0100

### Investor relations

Telephone +44 20 7659 0100  
[investor.relations@sabmiller.com](mailto:investor.relations@sabmiller.com)

### Sustainable development

Telephone +44 1483 264134  
[sustainable.development@sabmiller.com](mailto:sustainable.development@sabmiller.com)

### SABMiller plc

(Registration No. 3528416)