



# Sustainable Development Report 2016

## Our purpose

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



*prosper*



# Prosper and the UN Sustainable Development Goals

On 25 September 2015, the Sustainable Development Goals (SDGs) to end poverty, protect the planet and ensure prosperity for all were agreed at the United Nations Sustainable Development Summit.



Through *Prosper* and its five shared imperatives, we can make a meaningful contribution to delivering the SDGs.

## A thriving world

Providing markets, jobs and skills for improved incomes, livelihoods, and quality of life.

## A sociable world

Helping consumers make informed, responsible choices about their lifestyles and consumption.

## A resilient world

Securing clean water for our business, communities, value chains, and ecosystems.

## A clean world

Maximising efficiency, minimising emissions, and re-imagining waste in our operations and value chains.

## A productive world

Supporting agricultural value chains that improve livelihoods, strengthen food security, and protect ecosystems.



Around the world, through *Prosper*, we are addressing those sustainable development priorities that are material to our business as well as critical to our stakeholders. Therefore, through *Prosper*, we contribute to the SDGs.

While philanthropy and community investment continue to play a role, our most powerful contribution will be made through our core operations and our value chain – through the jobs we create and sustain, the economic growth and investment that we stimulate, the way we steward natural resources, and the high standards of responsible behaviour that we set for ourselves right across our business.

We have developed a framework to track our contribution to the SDGs, particularly highlighting our impact across different goals, how we adapt to local priorities, and our collaboration with stakeholders.

Throughout this report we use this framework to tell the story of the different initiatives through which our business contributes strategically and operationally to the SDGs. We hope this provides our businesses and our stakeholders with a practical approach to support the collaboration, and to connect delivery of the SDGs to delivery of business value.

 <b>THE GLOBAL GOALS</b> For Sustainable Development	
<b>1 POVERTY</b> 	End poverty in all its forms everywhere
<b>2 ZERO HUNGER</b> 	End hunger, achieve food security and improved nutrition and promote sustainable agriculture
<b>3 GOOD HEALTH AND WELL-BEING</b> 	Ensure healthy lives and promote well-being for all at all ages
<b>4 QUALITY EDUCATION</b> 	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
<b>5 GENDER EQUALITY</b> 	Achieve gender equality and empower all women and girls
<b>6 CLEAN WATER AND SANITATION</b> 	Ensure availability and sustainable management of water and sanitation for all
<b>7 AFFORDABLE AND CLEAN ENERGY</b> 	Ensure access to affordable, reliable, sustainable and modern energy for all
<b>8 DECENT WORK AND ECONOMIC GROWTH</b> 	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
<b>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</b> 	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation
<b>10 REDUCED INEQUALITIES</b> 	Reduce inequality within and among countries
<b>11 SUSTAINABLE CITIES AND COMMUNITIES</b> 	Make cities and human settlements inclusive, safe, resilient and sustainable
<b>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</b> 	Ensure sustainable consumption and production patterns
<b>13 CLIMATE ACTION</b> 	Take urgent action to combat climate change and its impacts
<b>14 LIFE BELOW WATER</b> 	Conserve and sustainably use the oceans, seas and marine resources for sustainable development
<b>15 LIFE ON LAND</b> 	Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss
<b>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</b> 	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels
<b>17 PARTNERSHIPS FOR THE GOALS</b> 	Strengthen the means of implementation and revitalize the global partnership for sustainable development




 Read more about *Prosper* and the SDGs at  
[www.sabmiller.com/prosper-and-the-sdgs](http://www.sabmiller.com/prosper-and-the-sdgs)

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 in making superb beer from high quality natural ingredients. We are local beer experts. 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 economically, socially and environmentally. We also know that when they prosper, so do we.

That is why we aim to create long-term mutual benefit wherever we operate. And why we have called our sustainable development ambition *Prosper*.

<b><i>We want:</i></b>	
<b>A thriving world</b> where incomes and quality of life are growing.	
<b>A sociable world</b> where our beers are developed, marketed, sold and consumed responsibly.	
<b>A resilient world</b> where our business, communities and ecosystems share uninterrupted access to safe, clean water.	
<b>A clean world</b> where nothing goes to waste and emissions are dramatically lower.	
<b>A productive world</b> where land is used responsibly, food supply is secure, biodiversity protected and crops can be accessed at reasonable prices.	




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## 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
-  Read more in this report



# 2016 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\$5,810m

EBITA  
(2015: US\$6,367m)

## US\$116m

Annual savings through water and energy efficiency initiatives compared with 2010<sup>2</sup>

## 331m

Hectolitres (hl)  
beverage volumes<sup>3</sup>  
(2015: 324m)



## US\$24,149m

Group net producer revenue<sup>1</sup>  
(2015: US\$26,288m)

## 69%

The proportion of group EBITA from developing markets

## 70,000

employees across  
more than  
80 countries



## Regional highlights



### Latin America

- Since its launch, our 4e Path to Progress programme has provided over 20,000 small retailers with training. This was recognised in the Fortune magazine list of top 50 companies under the 'Change the World' list.
- The Por un Buen Camino (On the Right Track) regional road safety campaign was launched in seven countries and has been adopted by four governments as their official road safety campaign.
- Five brands in Latin America have integrated a *Prosper* theme, often focused on supporting local communities. In Peru, Cusqueña unveiled the first ever woven billboard, created by artisan weavers, who the brand has established a programme to support.



### Africa

- A region-wide retailer development programme was launched in 13 African markets, with over 9,000 retailers trained on improving their businesses and livelihoods.
- In Zambia, we launched Manja Pamodzi (Hands Together). The programme is helping to clean up waste in eight districts by supporting small-scale waste collectors, around three-quarters of whom are women.
- We continue to extend our regional Go Farming strategy. Building on the success of Eagle in Uganda and Impala in Mozambique, we launched a new cassava beer in Zambia.

# 175,000+

small businesses  
supported to date  
across our value chain



# 160+

locally tailored  
programmes to tackle  
alcohol-related harm worldwide



# 3.2^

hl water/hl lager  
(2015: 3.3hl/hl)



# 8.9^

kgCO<sub>2</sub>e/hl lager  
(2015: 9.4  
kg CO<sub>2</sub>e/hl)



# 15.3%^

of sugar sourced from  
sugarcane meeting sustainable  
standards (2015: 5.1%)



# 29.8%^

Female managers  
and executives  
(2015: 29.6%)



<sup>1</sup> Group net producer revenue (NPR) includes the attributable shares of associates' and joint ventures' net producer revenue of US\$9,254 million (2015: US\$9,754 million).

<sup>2</sup> Reflects cost savings on an annual basis, based on savings actions initiated in 2010, and calculated using 2016 volumes, exchange rates and energy prices.

<sup>3</sup> Sales volumes include our equity accounted share of associates' and joint ventures' beverage volumes. The lager production volume in the year for the operations included in this report is 186 million hectolitres.

<sup>4</sup> Information for the year ended 31 March 2016 has been subject to limited assurance by PricewaterhouseCoopers LLP. For further details of the assurance provided see the independent assurance report on pages 36 and 37.



## Asia Pacific

- In India, the results from water risk assessments demonstrate that water stress has the potential to constrain the future growth of our business. In response, the business is partnering with organisations such as the Confederation of Indian Industry (CII) to reduce water use in agriculture and make the surplus available to other industries and communities.
- In Australia, Carlton & United Breweries (CUB) successfully implemented a bottle lightweighting programme, which removed 14,500 tonnes of glass from production, saved US\$3.3 million and reduced greenhouse gas emissions by 4,000 tonnes.



## Europe

- Europe became the first region within SABMiller to achieve a regional water efficiency of 3.0 hl/hl.
- Our European operations implemented Foetal Alcohol Syndrome (FAS) prevention interventions in partnership with local institutions and NGOs, to increase public awareness on this topic. In Poland, 200,000 pregnant women were reached with educational materials and in Romania, 7,000 patients were engaged across 18 clinics.
- In Europe, we have 11 non-alcoholic beer brands, which offer consumers an alternative to alcoholic beer for different occasions.



## North America

- This year, MillerCoors achieved landfill-free operations at all major breweries. Since 2009, MillerCoors has reduced its waste across the organisation by 89%.
- MillerCoors launched the largest solar array installed at any US brewery. This generates enough energy to brew approximately 600,000 hl of beer annually.
- To help reduce drink-driving, MillerCoors established a national partnership with the taxi app Uber, which has helped provide almost 23,000 discounted rides to consumers.

# 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

We have a proud beer heritage that began over 120 years ago in South Africa. Since then, our brewmasters around the world have made beers people love by understanding local tastes. We also aim to play a positive role in the communities where we operate. This means supporting jobs and stimulating growth, promoting responsible alcohol consumption, and being good stewards of water and other natural resources. When communities prosper, our business prospers too.

On 11 November 2015, the boards of AB InBev and SABMiller announced that they had reached agreement on the terms of a recommended acquisition of SABMiller by AB InBev. Both AB InBev and SABMiller strive to have a positive impact on the communities in which they work and live. They know that long-term business growth and success depends on the prosperity and resilience of these communities. They have each set global priorities on sustainable development, but take a local approach to understanding how these issues affect local communities. They have developed strong partnerships to tackle these challenges in a way that benefits communities and the environment, and grows business value.

## **A changing external landscape**

This year saw two ground-breaking global agreements, which will shape the development agenda for years to come: the United Nations launched 17 Sustainable Development Goals (SDGs), and world leaders committed to tackle climate change at COP21 in Paris.

Expectations of business are high, and we welcome the challenge for companies to step up and collaborate in addressing global challenges. Many of the SDGs align with our sustainable development strategy, *Prosper*, and present opportunities to strengthen our business as well as to contribute to society. Throughout this report you will see how the way we do business contributes towards the SDGs.

## **Sustainable development at the heart of business strategy and brands**

Putting *Prosper* – our sustainable development ambition – at the heart of our business enables us to drive growth and commercial results, while making a sustained and measurable difference to the communities and ecosystems in which we operate.

As we travel around the business, we are proud to see how *Prosper* is being integrated into how we do business, from our sales teams engaging with small retailers, to our breweries reducing their environmental footprint, to brands – several of which are featured in this report – putting sustainable development at the heart of their purpose and growth strategy.

## **Partnering with small businesses in agriculture, retail and beyond**

Small businesses are critical to our whole value chain – from sourcing ingredients to selling beer. They are also the lifeblood of local economies and



communities, stimulating growth and supporting livelihoods. Their future is our future: we will grow profitably if we help farmers, suppliers and the many small retailers selling our beer to build successful, growing businesses.

In Latin America, where small retailers account for 40% of our sales, our 4e Path to Progress retailer development programme is one of the ways we help to improve their businesses and livelihoods. This year our African business launched a similar, region-wide programme. Growth in our African business has long been fuelled by our Go Farming strategy, for example, the development of Eagle Lager in Uganda transformed Nile Breweries. This locally-sourced sorghum beer supports more than 20,000 smallholder farmers, and has inspired similar initiatives right across the continent.

## Promoting moderate and responsible consumption

We are committed to addressing the harmful effects of irresponsible drinking and encouraging moderation through our commercial activities, and through other campaigns and partnerships. We also support and encourage the enforcement of reasonable regulation that targets irresponsible and harmful drinking. This approach is supported by our policies on employee behaviour, product innovation, and marketing practices, which we believe are among the most comprehensive in the industry.

## Beer, water and climate change

Reduced water availability is probably the most significant implication of climate change for our business. To understand this better, we have completed systematic and comprehensive water risk assessments at our breweries, and put in place action plans to tackle water risk. We share these plans with local stakeholders, including communities, and we are also extending this approach into our agricultural supply chains.



Our water and energy efficiency programmes generated savings of US\$116m compared with 2010<sup>1</sup>.

<sup>1</sup> Reflects cost savings on an annual basis, based on savings actions initiated in 2010, and calculated using 2016 volumes, exchange rates and energy prices.



## Mackay Awards

In July 2015, the inaugural Mackay Awards were held to recognise and reward the initiatives by SABMiller teams around the world that best contribute to our shared imperatives and 2020 targets. The awards are named in memory of Graham Mackay, SABMiller's former Chief Executive, who died in 2013, and was a firm believer that "business is society".

## Continued focus on safety

Everyone should be able to return home from work safely and we deeply regret that 27 employees and contractors were killed this year, of whom 10 were killed in road traffic accidents. Our road safety campaigns across Africa and Latin America are making a difference, but we are committed to continuing to build on this effort, and health and safety remains a priority.

## The future

We are proud of what has been achieved through *Prosper* and how it is embedded across SABMiller. However, there is much more to do and this report also outlines several challenges for which we do not yet have the solution. These include pursuing innovative approaches to understanding and tackling harmful consumption of alcohol, empowering women in our value chain in a way that also helps change women's perceptions of beer, and increasing packaging reuse and recycling. These challenges cannot be solved alone, which is why we need to work in partnerships to find and to implement solutions.

The foundations of *Prosper* have been well laid. As the world begins to turn the SDGs from aspiration into reality, we are confident that SABMiller's businesses will continue to play their part, and will reap continued success from their ongoing commitment to the prosperity of local communities.

# Our five shared imperatives

**Our five shared imperatives tackle the five most material issues that our business shares with society.**

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 shared risks in partnership with those who also face them. By working together with local communities, suppliers, governments, consumers and beyond, we can capture shared opportunities to the benefit of all.



Visit our website for more detailed information on our 2020 targets  
[www.sabmiller.com/prosper](http://www.sabmiller.com/prosper)



**A thriving world**



**A sociable world**



**A resilient world**



**A clean world**



**A productive world**

Shared opportunity	Shared imperative	Headline 2020 target
We want <b>a thriving world</b> where incomes and quality of life are growing	We will accelerate growth and social development through our value chains	<p>Directly support more than half a million small enterprises to enhance their business growth and family livelihoods</p> <p> <a href="#">Read more on page 8</a></p>
We want <b>a sociable world</b> where our beers are developed, marketed, sold and consumed responsibly	We will endeavour to make beer the natural choice for the moderate and responsible drinker	<p>Aim to reach all of our beer consumers with effective communication campaigns and partnerships to encourage moderate and responsible beer consumption</p> <p> <a href="#">Read more on page 12</a></p>
We want <b>a resilient world</b> 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	<p>Secure the water supplies we share with local communities through partnerships to tackle shared water risks</p> <p> <a href="#">Read more on page 16</a></p>
We want <b>a clean world</b> where nothing goes to waste and emissions are dramatically lower	We will create value through reducing waste and carbon emissions	<p>Reduce the carbon footprint per hectolitre across our value chain by 25%<sup>1</sup>; including a reduction by 50% within our breweries, by 25% across our packaging, and by 25% across our refrigeration carbon footprint</p> <p> <a href="#">Read more on page 20</a></p>
We want <b>a productive world</b> 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	<p>Ensure the sourcing of our crops measurably improves both food security and resource productivity</p> <p> <a href="#">Read more on page 24</a></p>

<sup>1</sup> Against a 2010 base.



# A thriving world

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

Businesses create jobs, develop markets, and stimulate economic growth. Yet too many people – especially women – are excluded from the positive impact of economic growth.

The Sustainable Development Goals (SDGs) seek to tackle poverty, but also broaden the concept of development to encompass the provision of decent work, enterprise development, women's empowerment, and reduced inequality.

One of the most powerful contributions we make to these goals is through direct and indirect employment, and through the value we generate in our operations, our value chain, and local economies. In the year we generated US\$21,640 million of economic value through our business activities, most of which was distributed to employees, shareholders, governments, and local communities.

We are committed to accelerating growth and social development through our value chain to support our business growth, and the communities around us.



**care**

Commentary from CARE International on our approach to improving social impact.



See page 34



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

## Why it pays to think small

Small- and medium-sized enterprises (SMEs) account for nearly 70% of global employment<sup>1</sup>. The SDGs emphasise the critical role that these small businesses play in creating jobs and economic growth, especially in areas of high unemployment, poverty, and poor social mobility.

SABMiller buys from or sells directly to approximately 1.5 million small businesses worldwide. Our business relies on the ability of suppliers, farmers, distributors, and retailers to survive, grow, and prosper with us. That is why we have committed to support over 500,000 of these small businesses to enhance their growth and livelihoods. So far, we have reached over 175,000.



**175,000+**  
small businesses supported  
to date across our value chain.

Our Go Farming local sourcing strategy in Africa plays an important part, now reaching over 43,000 farmers directly.

Since its launch three years ago, our 4e Path to Progress programme in Latin America has provided over 20,000 small retailers – “tenderos” – with business and leadership training, in partnership with the Inter-American Development Bank (IADB) and FUNDES. Participating tenderos have reported a 13% average sales growth in the year post-training. This year, building on an approach pioneered by Backus in Peru, we broadened the programme to include access to micro-finance and technology. In Peru, providing tenderos with access to finance helped save the business over US\$1.4 million in reduced cash-handling expenses.

During the year, we launched a region-wide retailer development programme in 13 African markets, learning from our experience in Latin America, and we piloted programmes in Europe.

 Read more about how we are supporting retailers in Africa at [www.sabmiller.com/africaretailersupport](http://www.sabmiller.com/africaretailersupport)

## Integrating into commercial engagement

There is no ‘one size fits all’ solution to support small businesses. We have learned, for example, that financial inclusion is a priority for many retailers and farmers in Africa and Latin America, while small retailers in Europe need more help to attract customers. We aim to provide our small business partners with a value proposition that helps to address the biggest constraints to their growth. This includes payment terms: we have amended our supplier payment terms policy to exclude certain small businesses from our standard terms when we know these would constrain their ability to operate and grow.

 Read more about our supplier payment terms at [www.sabmiller.com/supplierpaymentterms](http://www.sabmiller.com/supplierpaymentterms)

Making programmes more commercially-integrated enables us to have a more sustained impact. However, it does not make the challenge of measuring livelihoods impact any easier. This year, we partnered with CARE International to review how we apply social impact KPIs to existing initiatives, and how we can integrate the most useful KPIs into existing measurement systems. We piloted this approach in Colombia, India and Peru. In Africa, we developed a new technology platform to collect data on impact KPIs for our smallholder farming programmes, and to share critical agricultural data with farmers.

<sup>1</sup> International Trade Centre, 2015.



# A thriving world continued

## Locally grown livelihoods

Agriculture is a critical source of income and livelihoods in Uganda, where over 33% of the population live on less than US\$1.90 a day. In this context, local sourcing is a core part of our business strategy. Focusing on food security, and on sustainable and inclusive agriculture to create economic growth and jobs will be vital to the country's future.

Eagle is an affordable, locally-produced beer brewed from local sorghum, traditionally a subsistence crop. By developing a new value chain for this sorghum-brewed beer, Nile Breweries has created a sustainable income for more than 20,000 farmers.

As the beer is made using a local crop, Eagle creates employment in farming, where jobs are needed the most, and provides Nile Breweries with a secure local supply.

Working with local partners, Nile Breweries provides farmer groups with training in modern farming skills to help improve productivity and

strengthen local communities and food security. Five of the top ten farmer associations that supply sorghum to Nile Breweries are led by women, promoting women's empowerment. Eagle does not just benefit farmers: it supports farmers' communities through providing access to water, reforestation land for greater resilience, and providing HIV/Aids screening. The brand also offers consumers an affordable alternative to unhealthy informal or illicit alcohol.

The initiative contributes to a number of the SDGs, while driving sustainable business value.

Eagle has grown Nile Breweries' market share by 24% since 2002 and Eagle brands now account for 63% of Nile Breweries' total sales volumes.

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



*By developing a new value chain for this sorghum-brewed beer, Nile Breweries has created a sustainable income for more than 20,000 farmers."*

### Image

A female farmer surveys her crop; more than half of the farmer associations that supply sorghum to Nile Breweries are led by women.





**Grant Harries**  
President  
Bavaria S.A., Colombia

Small enterprises provide 98.7% of Colombia's jobs. These include more than 380,000 shopkeepers who sell our beer, and the 4,900 small and medium enterprises supplying our goods and services.

Each year, 85% of Bavaria's supplier spend is with Colombian suppliers and 70% with small and medium businesses. Our Small Supplier Improvement Programme helps suppliers improve quality and service, strengthening our relationships with them. Since launching in 2008, it has supported over 250 suppliers and 436 local barley farmers.

Our Destapa Futuro (Uncover the Future) initiative supports small businesses which have the potential to grow quickly and generate quality jobs that help reduce unemployment and poverty. Since 2006, the programme has trained 4,807 people and provided US\$11 million in seed capital to 411 entrepreneurs, stimulating the creation of more than 8,000 jobs.

We are also proud to create opportunities in our value chain for unemployed and vulnerable people; particularly for the seven million Colombians displaced by armed conflict in recent decades. As part of our 4e retailer programme, Tiendas de Paz (Peace Shops) works with communities that have recently relocated or returned home following violence. By supporting new shops to open or providing existing ones with business training, the programme generates jobs that help people rebuild their lives while increasing outlets for our products.

Bavaria's business has been built to help others prosper with us. These examples show what a thriving world can look like, improving livelihoods for many Colombians while strengthening our value chain.

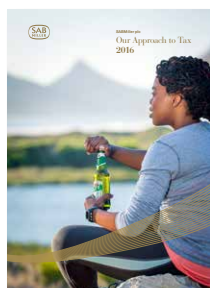


***Bavaria's business  
has been built to  
help others prosper  
with us."***

## Our approach to taxation

The total taxes borne and collected this year by the SABMiller group, including our share of taxes paid by our US joint venture, amounted to US\$9,507 million (2015: US\$10,639 million). These include excise, corporate, and transactional taxes, and taxes borne by employees. Of this total, 68% was paid in developing countries. The corporate tax charge for the year was US\$1,152 million (2015: US\$1,273 million), and our effective tax rate was 26.3% (2015: 26.0%).

We support moves towards greater tax transparency and are actively working to share more information with key stakeholders.



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



# A sociable world

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

***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.

Harmful drinking is an issue of significant concern – to governments, society, and SABMiller. It is an issue that we are committed to helping tackle.

We support the aim of the World Health Organization (WHO) to reduce harmful alcohol consumption by 10% by 2025. This is also an area of focus for the Sustainable Development Goals (SDGs). We recognise too that consumer preferences and values have been shifting to a greater focus on health. Beer brings people together, adding to the enjoyment of life, but we must work proactively to meet all of these expectations.

We are committed to addressing harmful drinking through a mix of commercial and programmatic interventions, coupled with targeted regulatory interventions that we will support or seek out as effective ways to address particular types of irresponsible and harmful drinking. In late 2015, we began to systemise this – using data and public health modelling – into a framework that guides how we can best contribute to alcohol harm reduction depending on market and societal conditions. Pilots are underway in three markets to test the methodology and implement initiatives in response to the findings.

## Robust governance

Our publicly available, comprehensive policies help our employees and partners to meet our demanding standards for producing and marketing our products to encourage responsible consumption.

Our Policy on Commercial Communication (POCC) governs how and where we market our brands. The policy also incorporates the Beer, Wine and Spirits Producers' Commitments – a set of 10 commitments adopted by 12 global alcohol companies to promote responsible practices.

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

The POCC states that we will not direct our marketing – including on social media – to people under the legal drinking age, or feature paid models below the age of 25 in any commercial communication. We are actively addressing gaps identified in a recent global internal audit which we commissioned in order to drive the highest standards of compliance with the POCC.

All our operating companies, with very limited exceptions in our smallest businesses, have a Sales and Marketing Compliance Committee (SMCC), which is mandated to ensure 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 changes to, any material that fails to comply. As at 31 March 2016, the SMCCs of almost three quarters of our businesses involved non-industry participation, including independent chairs or independent audits of their work. A new training programme for SMCC members will be piloted in the next financial year.

Our Product Portfolio Policy sets minimum standards for all our products. It demonstrates our desire to lead the industry in responsible product innovation by, for example, forbidding the addition of stimulants, such as caffeine, to our beers.

“

*The SMCC is a unique asset to guide SABMiller companies on how to engage properly with their consumers and have a positive impact in society. Therefore, it is necessary that colleagues are made to see and understand the connections between the work of the SMCC, brand building and profitability. The training definitely emphasised the importance of this institution to the sustainability of the business.”*

**Dr. Kobby Mensah**

SMCC Independent Chair  
for Accra Brewery Ltd, Ghana

Our Market Research Policy establishes global standards for ensuring that our market research does not involve or target people under the legal drinking age, and for sharing consumer insights data across markets with different legal drinking ages.

As at 31 March 2016, 70% of employees worldwide had received alcohol responsibility training within the past three years, and the marketing agencies we use had joined training on responsible marketing in 91% of local businesses.



**70%**

of employees worldwide have received alcohol responsibility training within the past three years.

Our TalkingAlcohol.com website features ingredient and nutrition information for our key brands along with videos and fact sheets on responsible consumption, the effects of alcohol on the body and views from alcohol experts. Now available in 11 languages, including recently launched sites in French and Portuguese, we had more than 598,000 visits to the site in the year, with over 1.4 million page views.

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

# A sociable world continued

## Partnering for safer roads

The World Health Organization (WHO) estimates that 1.25 million people die each year as a result of road traffic accidents<sup>1</sup>. Fatalities are highest in developing countries, as more people take up driving and infrastructure development and law enforcement struggle to keep pace. This is a significant issue for our business in these markets; road traffic accidents account for a significant number of employee and contractor fatalities, as well as being a major problem for society.

As part of Goal 3 to ensure healthy lives and promote wellbeing, the UN has set a target to halve global deaths and injuries from road traffic accidents by 2020. Programmes such as Cervecería Nacional's *Vía Responsable* (Responsible Way) programme in Panama are key to how we contribute to this goal.

This programme was created with the Panama Ministry of Transport, as part of the Ministry of Health and WHO-endorsed Decade of Action for Road Safety 2011–2020. Using social and traditional media, as well as messages on Cervecería Nacional's vehicle fleet, it deals with topics such as texting while driving,

speeding, road infrastructure, vehicle safety, and drink-driving. By deliberately highlighting all the most dangerous behaviours behind the wheel, the programme has tackled these issues, as well as reducing the misconception that the majority of road accidents in the country are due to drink-driving. In fact, the two top causes are speeding and the use of mobile phones while driving, so these are key behaviours that the programme aims to change, alongside drink-driving.

Since its launch in 2011, the campaign has been credited with making a meaningful contribution to road safety in Panama. Between 2010 and 2014 there has been a 15% reduction in traffic accidents with injuries. The programme is now being replicated across Latin America as *Por un Buen Camino* (On the Right Track).

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



*The UN has set a target to halve global deaths and injuries from road traffic accidents by 2020.*

### Image

A volunteer completes a breathalyser test at an event to raise awareness of safe driving.



<sup>1</sup> World Health Organization, 2015.





## Local view



**Paolo Lanza**  
Managing Director  
Plzeňský Prazdroj a.s.,  
Czech Republic

“

***Czechs are increasingly seeking non-alcoholic drinks for a variety of occasions. We developed Birell as a non-alcoholic alternative to traditional beer.”***

The Czech Republic has the world's highest per capita beer consumption. However, Czechs are increasingly seeking non-alcoholic drinks for a variety of occasions. We developed Birell as a non-alcoholic alternative to traditional beer for new occasions.

Our success lies in Birell's taste. The brewing process is identical to that for lager, but with a yeast which does not produce alcohol, which means that the taste appeals to beer lovers. Over recent years we have also extended the range through introducing real fruit juice mixes, helping to broaden its appeal among non-beer drinkers.

Birell is the perfect beverage to support an active lifestyle. The brand has supported a number of major running and cycling events, including Birell Ride, which provides specialist sports equipment – such as modified bikes – for people with a physical handicap who would otherwise not be able to afford them. The Czech police and Ministry of Transport also support Birell as part of their efforts to promote non-alcoholic beers as a safe alternative for drivers.

Sales of Birell have more than quadrupled between 2001 and 2015, and the brand has over 70% market share of the non-alcoholic beer category in the Czech Republic. I am extremely proud of the 15-year journey we have taken to grow the brand, and to see our learnings replicated across SABMiller.

## Partnerships to tackle the harmful consumption of alcohol

The root causes of harmful drinking are complex and vary widely between countries and cultures. More than 160 tailored local programmes for reducing harmful alcohol use bring to life our principles and comprehensive policies. We believe in a multi-stakeholder approach, and in almost every case we collaborate with local partners, including governments, non-governmental organisations, civil society groups, and public bodies such as the police. We believe that by working in partnership with other organisations our approach and programmes are more robust and credible, and more likely to achieve change.

We also believe that our brands can play a role in encouraging moderation. For example, this year in Ecuador, our Pilsener brand launched



**160+**

locally tailored programmes to tackle alcohol-related harm worldwide.

a campaign – El Capitán (The Captain) – that uses football to encourage consumers to be ‘captain material’, for example by nominating a designated driver. The campaign is promoted when the national football team plays, drawing a parallel between football and a group of friends.



Read more about SABMiller's alcohol responsibility programmes around the world at [www.sabmiller.com/responsibilityprogrammes](http://www.sabmiller.com/responsibilityprogrammes)



# A resilient world

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

Water scarcity is one of the most significant impacts of climate change and already affects more than 40% of the global population<sup>1</sup>. This is a serious issue that has major implications for a global brewer: put simply, no water, no beer. At the same time, water scarcity is holding back economic and social development for hundreds of millions of people around the world. Tackling this successfully will release untapped prosperity for everyone – from the smallest farmers to global manufacturing businesses and entire national economies.

Goal 6 of the Sustainable Development Goals (SDGs) is to ensure access to water and sanitation for all by 2030. Within this sit targets for reducing water use, improving water quality, and managing water resources in an integrated way that involves local communities, business and civil society.

## **Less is more**

The less water we use to run and clean our breweries, the less energy we use for heating, cooling and treating water, and the smaller our impact on local communities.

In the prior year, we beat our target to reduce brewery water use by 25% against a 2008 base, achieving an efficiency ratio of 3.3 hectolitres of water per hectolitre of lager produced. We are now on track to meet our revised target of 3.0 hl/hl



Commentary from WWF  
on the urgency of water risk.

 [See page 34](#)

<sup>1</sup> United Nations, 2016.

<sup>^</sup> Information for the year ended 31 March 2016 has been subject to limited assurance by PricewaterhouseCoopers LLP. For further details of the assurance provided see the independent assurance report on pages 36 and 37.

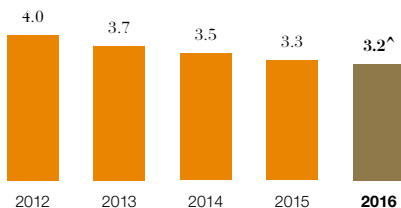
by 2020, having achieved an average efficiency ratio of 3.2 hl/hl<sup>^</sup> in the year. At 25 of our breweries, average annual water efficiency is already below 3.0 hl/hl. In absolute terms, we used 597 million hl<sup>^</sup> of water to produce our lager (2015: 592 million hl).



# 3.2 hl<sup>^</sup>

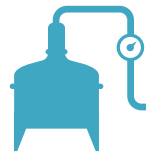
Water to produce 1 hl lager.

**Water to lager ratio** hl water/hl lager



## Why sharing means security

While water scarcity is a risk to our business operations, it can also have severe human and economic consequences for local communities. Nearly all of our breweries have now evaluated their exposure to water risk using our bespoke water risk assessment process. Each brewery has identified and prioritised risks and developed action plans in consultation with local stakeholders.



# 99.3%<sup>^</sup>

78 breweries across 30 countries have completed intensive water risk assessments, covering 99.3% of our lager volumes.

Our focus is now on implementing these action plans – with the aim of effectively mitigating the risks water scarcity poses both to our sites and to local communities. Water risks – and the appropriate response – vary by watershed. The four most frequently recurring risks we face are shown in the table below.

## Our four most common water risks

Water risk	Description	Example of material risk
<b>Water availability</b>	Increasing urbanisation and water demand place availability under pressure and extreme weather events, in particular droughts, impact water supplies to our breweries.	Two of our breweries in Maharashtra, India, have had to locate alternative water supplies due to the municipal utility being unable to provide the quantity required during the current drought.
<b>Infrastructure and regulatory environment</b>	Unreliable water infrastructure can cause interruptions to supply for our breweries. This can be compounded by a weak regulatory environment.	Our brewery in Accra, Ghana, has experienced interrupted water supplies due to frequent infrastructure failures in the city. The brewery is currently working with the city utility to review potential mitigation actions.
<b>Declining water quality</b>	Treating poor quality water requires significant investment both to purchase water treatment equipment and in ongoing operating costs.	In Zambia, our facilities in Lusaka are currently constrained by both water quality and quantity. While short-term solutions can be found, in the longer term, we need sustainable solutions to tackle water quality and quantity at scale so that we avoid this added cost, and local communities do not face the same problem.
<b>Reputation</b>	With growing water scarcity, there is increased competition for this scarce resource, and companies can be perceived as the problem, however efficient their water use.	In El Salvador, our Nejapa soft drinks bottling plant has faced pressure from stakeholders who fear potential over-extraction of the local aquifer. In response, we have withdrawn a request for an environmental permit for a water bottling plant located in the area while more studies about the health of the aquifer are completed, and we are working to facilitate clean water access for the local community. To date, water and sanitation services have been established for over 300 local families.

# A resilient world continued

## Saving water and securing supplies

Goal 6 of the SDGs is to ensure clean water and sanitation for all. Specific 2030 targets include substantially increasing water use efficiency across all sectors, achieving universal and equitable access to safe and affordable drinking water for all, and implementing integrated water resources management at all levels.

Ensuring future access to water, in the face of climate change, is a business priority.

By improving water efficiency within our own operations, we both reduce costs and contribute to Goal 6. We have made huge strides in this area. We are particularly proud of our European business, which this year was the first region to achieve an average water efficiency of 3.0 hl/hl, representing a 29% decrease since 2010. Over 60% of this saving has been achieved without additional capital investment, but through the relentless focus of our engineers on process optimisation and efficiency gains.

However, to ensure water security, we have to go well beyond our brewery gates. Our largest brewery in Peru (and our 10th largest globally) is situated in Lima, which after Cairo is the second largest city in the world located in a desert. In response to growing water scarcity, our Peruvian operation, Backus, has worked with local partners to develop projects in the local water basin to improve water access and quality. This includes working with local subsistence farmers to reintroduce more environmentally-friendly farming techniques. Along with the reforestation of 4,000 indigenous pine trees, Backus has helped the participating farmers reduce rainwater loss on their land by 45%.

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

“

*We are particularly proud of our European business, which this year was the first region to achieve an average water efficiency of 3.0 hl/hl.”*

### Image

A worker in one of our European region's most water-efficient breweries in Poznań, Poland.





**Shalabh Seth**  
Managing Director  
SABMiller India



***Our challenge, as a country and as a company, is to build our partnerships to a scale where they can change the status quo.”***

India faces significant water stress across the country: not only does demand exceed supply, but water quality is declining. Some of our breweries are already feeling the impact of this, at times through water cut-offs. In-depth water risk assessments have shown that this has the potential to constrain the future growth of our business, so it is critical that we act now.

We have worked hard to reduce water usage in our breweries. Using pioneering practices and the latest technology, SABMiller India has reduced water use year-on-year, from 5.2 hl/hl in 2010 to 3.3 hl/hl in 2016.

Looking beyond our breweries, we are working with others to reduce water use in agriculture and make the surplus available to other industries and communities. Partnering with organisations such as the Confederation of Indian Industry (CII), our work has touched over 18,000 farmers with almost 62,000 hectares in 123 villages. Through demonstration farms, we have shown that new agricultural practices can help farmers reduce water use by a quarter, while also increasing incomes through improved productivity.

Our challenge, as a country and as a company, is to build our partnerships to a scale where they can change the status quo. We are determined to play our part.

## Partnering to protect

Tackling water scarcity and quality issues requires collaboration between governments, affected communities, businesses, and other stakeholders. For example, in South Africa, we play a leading role in the Strategic Water Partners Network (SWPN), through which government and the private sector are working together to address pressing water challenges.

This year we formalised our global alliance with our longstanding partner, World Wide Fund for Nature (WWF). As well as reviewing our water risk assessment process and advising how it can be strengthened (see page 34), WWF is working with us to structure and resource local action plans, and to shape broader water governance to support shared water security.

## Water and agriculture

SABMiller was one of the first companies to calculate its supply chain water footprint. This showed that 90% of the water needed to make our beer is used to grow brewing raw materials such as barley. To develop an understanding of the water risks facing our raw materials, we have mapped the water risks in all our major sourcing areas and are carrying out deeper analysis in key regions.

We are responding to key risks in sourcing regions in countries including India, South Africa, and the USA. In the USA, MillerCoors has partnered with The Nature Conservancy to pilot and share best water management practices in the barley supply chain.





# A clean world

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

Climate change has far-reaching consequences for our business and for the communities where we operate, from water scarcity and energy constraints, to reduced food security and increased health risks. The Paris climate talks in December 2015 marked a turning point, as world leaders agreed the first truly global commitment to act on climate change. In working towards the ambitious new climate goals, society needs to move to a more efficient, circular economy focused on eliminating waste and emissions and creating value from what remains.

Brewing, packaging, and cooling our beer all generate greenhouse gas emissions, which we are committed to reducing, while growing our business in a resource-efficient way.

 Read more about beer and climate change at [www.sabmiller.com/climatechange](http://www.sabmiller.com/climatechange)

## More from less

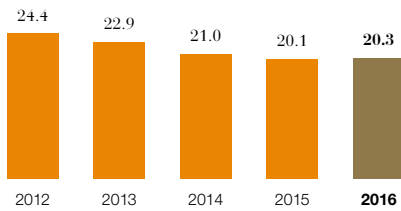
We are on track to halve our on-site greenhouse gas emissions per hectolitre of lager between 2008 and 2020. In the year ended 31 March 2016 fossil fuel emissions per hl of lager produced fell by 5.4%, with total CO<sub>2</sub>e emissions of 1.7 million tonnes (2015: 1.7 million tonnes), of which 0.8 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



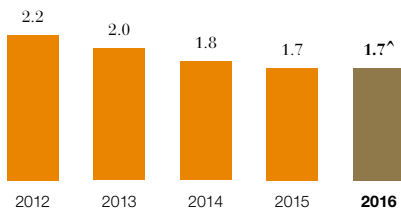
'A list' performer in the CDP Carbon Performance Leaders Index.

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

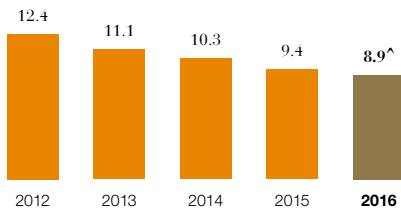
## Total energy consumption PJ



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

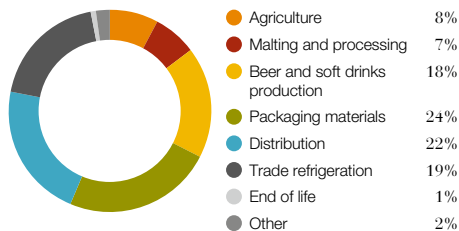


## CO<sub>2</sub>e emissions from fossil fuel energy used on site kgCO<sub>2</sub>e/hl lager



## 2016 value chain carbon footprint

% CO<sub>2</sub>e emissions



production of electricity and steam we purchase (scope two). Energy savings have contributed the vast majority of on-site emissions reductions, often through operational improvements and changes to routines.

However, reducing emissions from our operations is just the first step. In 2014, we committed to reducing our total carbon footprint per hectolitre by 25% by 2020, from 2010 levels. Since 2010 we have reduced our value chain carbon footprint by 19% to 54.8 kgCO<sub>2</sub>e/hl. This includes a 21% reduction in packaging emissions, a 15% reduction in emissions from trade refrigeration, and a 38% reduction in our on-site emissions from manufacturing.

## Reduce, reuse, recycle

Brewing is a natural champion of a circular business model that drives business and environmental value. Around 97% of spent grain from our breweries is reused, typically sold as animal feed or as a renewable fuel, and in the year we recycled 89% of brewery waste (2015: 90%). In addition, 40 of our breweries now have generators which run on biogas captured from waste water treatment plants. During the year, all of MillerCoors' major breweries became landfill-free.



# 51%

of our beer is sold in returnable bottles or kegs.

More than half of our beer is sold in returnable bottles or kegs, which are more carbon- and resource-efficient than cans or plastic bottles. However, in Europe, the percentage of beer sold in returnable packaging is declining. As a response, our Polish business recently launched an online commercial on the environmental and financial value of returnable bottles. This is a positive step, but we acknowledge there is a lot more to do to reverse this decline and rethink the future of packaging for beer.

^ Information for the year ended 31 March 2016 has been subject to limited assurance by PricewaterhouseCoopers LLP. For further details of the assurance provided see the independent assurance report on pages 36 and 37.

# A clean world continued

## Innovating to tackle climate change

Through both the Sustainable Development Goals (SDGs) and the Paris climate change agreement, the international community has acknowledged that urgent action is needed to combat climate change and its impacts. This requires a change to the status quo, and Goal 9 recognises the need to foster innovation. SABMiller set a value chain carbon target in 2014. To achieve this, we must promote and scale innovation, both inside and outside our breweries.

Globally, we have developed a ‘user pays’ principle to put a true dollar value on the utilities used by each part of the brewery. Water and energy performance also form part of the key performance indicators for employees responsible for each stage of the brewing process.

In Europe, a region-wide water and energy reduction taskforce shares best practice and mentors efficiency champions across our breweries.

In South Africa, SAB (Pty) Ltd challenged conventional brewing wisdom by developing a unique ‘simmer and strip’ technology

that facilitates brewing at a lower temperature. This can reduce a site’s energy use by as much as 10%, saving costs and lowering carbon emissions with no compromise on quality. The initiative has been rolled-out to other regions, including Australia and the USA.

Innovation is just as important in our broader value chain. In Peru, this year Backus became the first business in the country to use recycled PET in packaging for its soft drinks.

In Australia, CUB has worked with its glass supplier to remove 14,424 tonnes of glass from packaging since 2013. This equates to a 4,000 tonne reduction in CO<sub>2</sub>e emissions, the equivalent of over 400 homes’ energy use for one year.

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



*At SABMiller, we know we will only meet our value chain carbon target through promoting and scaling innovation, both inside and outside our breweries.”*

### Image

A worker at our Newlands brewery in Cape Town – which employs ‘simmer and strip’ technology – prepares for the next brew.





**Annabelle Degroot**  
Managing Director  
Zambia Breweries Plc



***Like many cities around the world, Lusaka's waste infrastructure has struggled to keep pace with a growing population."***

**L**ike many cities around the world, Lusaka's waste infrastructure has struggled to keep pace with a growing population. This has meant a lot of litter remains uncollected or in drains, which when blocked can become a source of cholera and typhoid during the rainy season.

Around 200,000 tonnes of product packaging contribute to the problem each year, and we estimate that Zambia Breweries accounts for 3.5% of this. We sell around 40% of our products in returnable bottles or kegs, but the rest are sold in one-way packaging such as disposable cartons or plastic bottles, which are often hard to collect and recycle.

In response, in 2015 we launched Manja Pamodzi (Hands Together) in partnership with the Lusaka city council. As a community-driven project, it is helping to clean up waste in eight districts by supporting small-scale waste collectors, around three-quarters of whom are women. These collectors gather cartons, plastic bottles, and other recyclable materials in their communities, and sell them to aggregators, who process the waste into bundles to sell on to recycling companies.

Since the project began, 146 collectors and three aggregators have registered, and collected 147 tonnes of cartons and plastic bottles in total. This is resulting in cleaner, healthier and more attractive communities, while providing incomes for women and small enterprises and boosting the local economy.

Another big challenge is to deal with post-consumer packaging waste, which is an increasingly visible problem, particularly in Africa and Latin America. In Colombia and Honduras, our businesses have partnered with local stakeholders to develop recycling solutions in areas where returnable bottles are not viable.

### **Can fridges cool the climate?**

Beer is best served cold. However, the energy used to run fridges and the hydrofluorocarbons (HFCs) that cool them both contribute to climate change. Our target is to purchase 100% HFC-free fridges by 2020, and last year we introduced a new policy that all new fridges must be equipped with energy management devices (EMDs) and LED lights, where available.

In the year, 20% of the fridges we purchased were HFC-free. Through introducing more energy-efficient fridges, we estimate an average annual saving of US\$106 per trade fridge for the retailer.

During the year, SABMiller was the first major brewer to join Refrigerants, Naturally!, an initiative that promotes the use of natural refrigerants in fridges in bars and shops.

In Africa, some of our brands are exploring solar cooling and we consider this to be an exciting future opportunity.



# 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.**

Around 1.3 billion people work in agriculture, producing most of the world's food but just 3% of global GDP<sup>1</sup>. Agriculture also uses one-third of the world's land and accounts for 70% of all fresh water withdrawals<sup>2</sup>. As demand for food grows, there is a pressing need to produce more with less, to reduce crop losses, and to improve agricultural livelihoods. This is especially true in Africa, where farm yields are among the lowest in the world<sup>3</sup>. Agriculture lies at the heart of delivering the Sustainable Development Goals (SDGs).

The crops used to brew beer are an integral part of the food system. Some – like cassava, maize, rice, and sorghum – are also staple foods for many people. Malting barley is grown alongside, or in rotation with, other food crops. We want to help both commercial and smallholder farmers increase yields and profitability while reducing environmental impact, to ensure our brewing crops are profitable for farmers, and measurably improve both food security and resource productivity.

## **Harvesting better barley**

Quality malting barley is a key ingredient of beer. Buying locally-grown barley can reduce costs, drive efficiency, and create jobs. However, it is not suitable for all climates, making imports necessary in some markets. Careful variety selection, crop

<sup>1</sup> International Labor Organization, 2016 and World Bank, 2014.

<sup>2</sup> United Nations, 2016.

<sup>3</sup> World Bank, 2016.

<sup>\*</sup> Information for the year ended 31 March 2016 has been subject to limited assurance by PricewaterhouseCoopers LLP. For further details of the assurance provided see the independent assurance report on pages 36 and 37.





cultivation and malting are all key contributors to quality malt. We malt about 54% of our barley ourselves.

In Zambia, we source 100% of our barley locally and are investing in a malting plant, which we hope to commission later this year, so that this barley can be processed locally. In India, we support local barley sourcing from almost 8,000 small-scale farmers. Alongside the support provided to improve productivity, in the year SABMiller India provided farmers with increased security by introducing a guaranteed barley purchase price. Yields for participating farmers are 50% higher than the national average.

In the USA, through its Better Barley, Better Beer programme, MillerCoors has worked with a range of commercial and NGO partners to improve the sustainability of barley production. This has included a Fertiliser Optimisation Plan, developed jointly with MillerCoors' largest retail customer, Walmart. The plan identifies, prioritises and delivers opportunities to reduce farm inputs and resulting greenhouse gas emissions.

Influencing and supporting farmers to increase productivity and profitability while reducing environmental impact is not always straightforward, particularly for barley that we do not source directly from the farmer. To effectively support improvements in barley, we need to look beyond our own needs to the wider farming system of which malting barley forms part. SABMiller has identified priorities in each of our barley sourcing regions, and is working with farmers and, where relevant, malt suppliers to ensure malting barley is economically attractive to farmers, climate resilient, and resource efficient.

During the year we worked with a small group of barley farmers to introduce farm-level indicators to measure yield, water, nitrogen, and energy use. Insights from these will be used to engage with farmers to identify opportunities for improvement.

## Sustainable sugarcane

Our target is to source 100% of our sugarcane from sustainable sources by 2020. During the year, 15.3%<sup>^</sup> of our global sugar supply from sugarcane came from sustainable sources (2015: 5.1%). This represents all sugar sourced from our Azunosa sugar mill in Honduras, which became Bonsucro-certified in 2014. Based on significant progress made towards sustainable sugarcane by suppliers representing a further 59% of our supply, we are confident that we are on track to meet our 2020 target.



**15.3%<sup>^</sup>**

of sugar sourced from  
sugarcane meeting  
sustainable standards.

In South Africa, the sugarcane industry faces quite different challenges than in Latin America, as it comprises a mix of small-scale and larger commercial farmers, rather than plantations; operates a two-year cropping pattern; and suffers considerable water stress.

Through the SUSFarms initiative, we are working to improve the sustainability of South African sugarcane (which represents approximately 45% of our total sugarcane sourced globally). We are working with leading local farmers, our supplier Illovo Sugar, and experts from WWF and Solidaridad. This initiative is developing a local approach to sugarcane sustainability that meets equivalent standards to Bonsucro, and can be replicated across Africa. Bonsucro is currently reviewing and advising on the approach.

This year progress was also made in other markets in Latin America and in Australia. In Australia, our supplier Sugar Australia achieved 'Chain of Custody' certification from Bonsucro for its Invicta mill. SABMiller will be able to purchase Bonsucro-certified sugar in the country from 2016.

# A productive world continued

## Moving beyond certification

Sugar production has a significant employment impact, especially in developing countries where more than 70% of sugar worldwide is produced. However, it is also associated with a range of social and environmental challenges. Agriculture cuts across a number of the different SDGs, both as a challenge and opportunity.

Azunosa, our sugarcane farming operation in Honduras, makes us a supplier of sugar, as well as a customer. Over the last few years the business has worked to improve its environmental and social practices against challenging standards.

Actions have included modifying traditional procedures for washing sugarcane, reducing pesticide use by 27%, cutting the amount of vegetation which is burnt after harvesting, and improving working conditions for cane cutters. In addition, Azunosa is collaborating with small-scale farmers, ensuring they receive a monthly income equivalent to the

legal minimum wage, as well as providing free training and guidance on sustainable farming practices, and guaranteed sale prices at harvest time.

We have also played a proactive role in establishing a community of mills in the region to develop and share best practice in improving worker health and safety. In recognition, this year Azunosa received the Bonsucro Leadership Award for promoting the development of a sustainable sugarcane sector. Their work is driving business value, while contributing to multiple SDGs.

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



*Producers are increasingly seeking to adopt more sustainable practices that protect ecosystems and provide workers and farmers with a decent living.”*

### Image

Two workers inspect their crop at our sugarcane farming operation in Honduras.





**Thinus van Schoor**

Head: Agriculture and Maltings  
SABMiller Africa



***A sustainable local barley supply is critical to our business model and to the livelihoods of thousands of South Africans.”***

We are proud that in South Africa, one of our top selling beers is Castle Lager, which is brewed using four home-grown ingredients – barley, hops, maize, and water. But local sourcing is not without challenges. South Africa is a water-stressed country ranked as the 30th driest in the world, with annual rainfall of about half the global average. The recent drought has placed agriculture under extreme pressure.

A sustainable local barley supply is critical to our business model and to the livelihoods of thousands of South Africans. Our Better Barley Better Beer programme provides farmers with the advice and support needed to implement sustainable farming practices. Along with guidelines for sustainable barley production we developed with WWF-SA, this is helping farmers to increase the resilience, productivity and economic value of their crop while reducing environmental impact.

Reducing water use is fundamental in the South African context. By using precision irrigation of barley, the amount of water used to grow malting barley has halved from 117mm to 58mm in two years, while also improving productivity.

We are sharing these lessons across Africa, where we are working to establish and grow local malting barley supply chains. In 2013, Tanzania Breweries began a yield improvement programme to find ways of improving farmer yields by training and providing farmers with the correct equipment. We have been impressed with the results. By 2015, participating farmers had increased their yields by 79% and we believe further improvement is well within reach.

## Working to deliver big impact for small-scale farmers

Incorporating local crops like cassava, maize, rice, and sorghum into our beers supports local farmers and helps us produce more affordable beer.

Our Africa Go Farming strategy is doing just that. Across multiple markets we are working to source the most affordable crop in the local context that can be used for brewing. For example, in Mozambique, since launching Impala, the world's first commercially-brewed cassava beer in 2011, we have bought more than 40,000 tonnes

of cassava, benefiting over 7,500 small-scale farmers and their families. This year we launched the first cassava beer in Zambia.



[Read more about our local sourcing of sorghum in Uganda on page 10.](#)

Through Go Farming, and other programmes in India and Latin America, 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.



[Read more about how we support small-scale farmers and suppliers on page 9.](#)



# Valuing and supporting our people

**Our success is driven by the thousands of people that we employ, and the millions in our value chains. Supporting people is at the heart of our business, of *Prosper* and of all five shared imperatives.**

## **Improving health and safety**

We strive to reduce or eliminate risks of harm to our employees, contractors, and all others affected by our business. Our global health and safety programme, Safety Around Beverages, sets minimum standards for all businesses. Our group-wide health and safety governance system has standardised reporting across the group, and enables us to target improvements and share best practice.

It is therefore with the deepest regret that we report that 27 employees and contractors lost their lives at work this year (2015: 29). Eight of these fatalities resulted from accidents during on-site maintenance or repairs, 10 from road traffic accidents, and nine were the result of robberies or assaults on employees during sales or trade visits. Our businesses investigated each case and, where applicable, put in place measures to reduce the likelihood of these incidents recurring.

During the year we recorded 8,357 days lost through injury (2015: 13,028) and 142 major injuries (2015: 490). Road traffic accidents accounted for a significant proportion of fatalities, and road safety remains a top priority worldwide.

Our South African business has launched a new campaign, called ACT10N, to reinforce the 10 global safety standards in the Safety Around Beverages programme in simple and engaging ways. The campaign emphasises personal responsibility, while making line managers accountable for giving their teams the knowledge and skills needed to behave safely. Powerful docu-drama films and other communications are capturing employees' attention and making sure that the safety message resonates.

### Promoting wellbeing

We aim to create a healthy and positive work environment for all our employees, and recognise the benefits this brings in terms of productivity. In Africa, our Wellness Development Programme focuses on HIV/Aids, malaria, sexually-transmitted infections, hepatitis B and C, and tuberculosis. Our focus is to train employees to educate their peers at work, at home and in their wider communities, by promoting prevention, testing and treatment of these diseases. In countries where HIV/Aids has a high prevalence (defined as greater than 5% of the population), we provided free voluntary counselling and testing for 56% of employees in the last year. In addition, we train peer educators – on average one for every 11 employees – who work to reduce the stigma attached to the disease among their colleagues.



# 56%

of employees tested for HIV/Aids in countries of high prevalence<sup>1</sup>.

<sup>1</sup> High prevalence defined as greater than 5% of the population.



### Supporting employees through change

Since the boards of SABMiller and AB InBev reached agreement in principle on the key terms of a recommended offer, looking after our people has been a priority. We have created a People Plan to keep all employees informed about the proposed transaction, and how they might be affected. The plan is designed to treat and remunerate our people fairly, keep hold of our best talent, and support our teams through the potential changes. It also aims to ensure that our business keeps producing results while making a smooth transition to a new company where our people can continue to develop their careers.

We have kept our people informed through town-hall meetings, functional meetings, individual meetings with managers, and regular communications. Employees have had their say through focus groups and surveys conducted worldwide. Most of those participating have said that, despite the potential changes, they feel empowered to make decisions, understand their goals, feel positive about their line managers, and are learning useful skills for their careers.

Leadership skills become more critical than ever during periods of change. To support leaders during the period, we developed a toolkit to provide further support and resources that address some of the most common leadership challenges during transition. This includes a combination of quick, easy to access resources such as top tips, along with short articles and videos to help leaders with leading their teams in a period of uncertainty.



# Valuing and supporting our people continued

## Valuing diversity and equality

Women's empowerment and gender diversity are central themes of the Sustainable Development Goals (SDGs) and a business imperative. Women are a vital source of talent in an increasingly competitive employment market, play a central role in our value chain, and represent a huge potential market.



**29.8%<sup>^</sup>**

Female managers  
and executives.

In an industry still seen as male dominated, we are determined to improve gender diversity, particularly among our leadership. Women represent 20.4% of our global workforce (2015: 20.6%) and 29.8%<sup>^</sup> of executives and managers (2015: 29.6%). Our ten-strong executive committee includes one woman. 20% of SABMiller's plc board is female – below the FTSE 100 average of 25.9%<sup>1</sup>, although women hold three of our seven independent non-executive director posts (43%).

We have clear policies and processes for recruiting and treating people fairly and on merit, regardless of age, gender, sexual orientation, religion, disability, or ethnic origin. However, we know we can do more to attract female employees. In Africa, we launched Plus One – an initiative that aims to increase the percentage of females across our African businesses at the management and executive level. In Australia, we established a local Diversity Forum in the year, which is chaired by the regional managing director. The forum is examining ways to ensure the business attracts, retains, and develops high-performing women.

Women also play a central role in our value chains as farmers and retailers. In 2015 we launched the Women in Maize programme in South Africa to support women maize farmers with access to finance, technical expertise and access to markets.

We believe there is an opportunity for the beer sector to enhance both social impact and commercial growth by taking an integrated approach to empowering women – as top talent, as entrepreneurs and workers in the value chain, and as positive advocates for the category. The commercial opportunity from female consumers is significant, but to unlock it the industry needs to offer women a positive experience of the beer category, as well as attractive product and brand choices.

In South Africa, we continue to support South Africa's Broad-Based Black Economic Empowerment (BBBEE) initiatives for growing the economy by including and empowering previously disadvantaged citizens. 81% of The South African Breweries (Pty) Ltd (SAB) workforce is from previously disadvantaged groups and 63% of its employees are black. SAB achieved 78.54 (2015: 79.24) in the last annual BBBEE verification, making it a level 5 contributor under the new BBBEE code of good practice.



**81%**

of The South African  
Breweries (Pty) Ltd  
workforce is from previously  
disadvantaged groups.

## Respecting human rights

SABMiller is committed to respecting internationally recognised human rights as set out in the International Bill of Human Rights. We are a signatory of the UN Global Compact. We have developed an approach which helps our local businesses to identify and mitigate

<sup>1</sup> Professional Boards Forum, BoardWatch, 2016.

<sup>^</sup> Information for the year ended 31 March 2016 has been subject to limited assurance by PricewaterhouseCoopers LLP. For further details of the assurance provided see the independent assurance report on pages 36 and 37.



**Katharina Stenholm**  
CEO  
SABMiller Procurement

“

***Our ambition is for 80% of our spend to be with accredited suppliers by 2020.”***

## Promoting human rights in our supply chain

Tackling human rights risks in our supply chain requires transparency about the situation, and collaboration to address the issues. This has been a focus for SABMiller Procurement since it was established in 2010. We welcome the focus the UK's Modern Slavery Act puts on this area of human rights.

To understand the risks in our supply chain we have implemented a supplier accreditation programme including on-site audits of high-risk suppliers. We understand that audits have their limitations, but believe that by helping suppliers to address gaps in their risk management processes, and by accelerating our support for *Prosper*, we can reduce the risk of human rights violations, including modern slavery, in our supply chains. Our ambition is for 80% of our spend to be with accredited suppliers by 2020.

In Africa, we are working closely with Partner Africa, a leading social enterprise and pioneer in ethical and socially responsible business practices, to help suppliers in the region to meet our global standards.

human rights risks within their operations and value chains, in line with the UN Guiding Principles on Business and Human Rights. During the year, we updated our human rights policy to clarify our position on areas such as land rights and grievance mechanisms. We held workshops in London, Bangalore, Johannesburg, and Miami to review this and work out how best to address human rights risks in different local contexts.

We respect the right to union representation and 44.1% of employees are union members or covered by collective bargaining agreements (2015: 42.8%).

### Modern slavery

The UK's Modern Slavery Act 2015 came into force in October 2015. This requires large businesses that supply goods or services in the UK to make a public statement annually about the steps taken during the financial year to ensure that modern slavery is not present in any of the supply chains or in any part of the organisation. Modern slavery includes slavery, servitude,

forced labour, and human trafficking. Modern slavery can be difficult to identify in supply chains due to a shared interest in hiding it among organisations exploiting workers, and also among workers who fear losing their jobs or even deportation. While modern slavery is a global problem, there is a greater risk that it may be present in the agriculture and manufacturing sectors. Our Human Rights Policy and Supplier Code of Conduct prohibit all forms of modern slavery. We take a risk-based approach to seek to understand and address the risk of modern slavery, through robust due diligence and engagement with suppliers and other key local stakeholders.

 Read SABMiller's UK Modern Slavery Act statement at [www.sabmiller.com/modernslaveryact](http://www.sabmiller.com/modernslaveryact)

# Embedding *Prosper* across our business

***Prosper* calls for the integration of sustainable development into strategic planning and commercial business delivery. We focus on what matters locally as well as on our global *Prosper* targets.**

To ensure that *Prosper* delivers its full potential as a route to unlocking value for the business and benefits for society, we have focused during the year on further integrating *Prosper* into the way we drive business performance. All parts of our business, from Australia to Zambia, and from procurement to sales, have a role to play in delivering *Prosper* as an integrated part of their strategy and day-to-day activity.

As part of our business planning process, in the year each region and global function completed a *Prosper* progress review, to assess the fit of *Prosper* with core elements of strategy, and to identify key challenges in delivering our *Prosper* targets. Insights from this process have been used to identify areas requiring additional focus and resource.

Last year we introduced a *Prosper* Forum. 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 targets, approve policies, lead co-ordinated activities, and manage potential trade-offs.

 Read more about our sustainability governance at [www.sabmiller.com/managingsd](http://www.sabmiller.com/managingsd)

## Embedding *Prosper* across our value chain

### Our suppliers



**Our suppliers are vitally important, both for our success and for the development of the communities where we operate. Across each of our shared imperatives, we seek to work in partnership with suppliers who share our values.**

### *Prosper* in action

A recent refresh of procurement strategy confirmed how critical procurement is to the delivery of *Prosper*, but also how important *Prosper* is for procurement. We need to partner with suppliers to achieve many of our goals, from empowering women to reducing the environmental impacts of our packaging, but in doing so we can also help suppliers to achieve their own goals and create value. Over 80% of our primary packaging suppliers (by spend) now report their carbon emissions into the CDP Supply Chain Program.

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

## Our employees



**We aim to bring *Prosper* to life for employees at all levels, and link our actions to events going on in the wider world. We use a range of channels to educate and empower our leaders so they can champion *Prosper* in their business unit or function.**

### *Prosper in action*

In September 2015 we ran a campaign to highlight the connection between *Prosper* and the Sustainable Development Goals (SDGs). A number of markets have used the collaterals for events and engagement with government and other local stakeholders. We have worked to embed sustainability in leadership development programmes across business functions, including for example, the Leading the Business programme attended by business unit managing directors. One of the three modules is focused on understanding and responding effectively to the external environment.

## Our customers



**We seek to work in partnership with our retail customers to tackle shared challenges, drive profitable growth, and increase customer loyalty. Underpinning this are guidelines for responsible retailing, of which we are signatories as part of the Beer, Wine and Spirits Producers' Commitments.**

### *Prosper in action*

In Africa, we launched a new programme to support retailers in improving their businesses and livelihoods, which includes focus on the responsible sale of alcoholic beverages. Other modules include topics such as personal money management, basic enterprise management skills, and building strong and healthy relationships between the business and its community. The programme is based on learnings from Latin America, and has a target to train 72,000 shopkeepers by 2020.

## Our brands and consumers



**We believe that by engaging with consumers on shared concerns, our brands can help to deliver societal benefits while driving topline growth. Through *Prosper* we introduced a target to build sustainable development messages into the activations of three brands in each market by 2020<sup>1</sup>. Across SABMiller, 44 brands have now adopted sustainable development activities.**

### *Prosper in action*

In Italy, unemployment reached 44% among 18 – 24 year olds in 2015. Nastro Azzurro's entrepreneurship programme Ti Porta Lontano (Takes You Further) helps connect young Italian entrepreneurs with well-known mentors, creating a network of peers and business people to share knowledge and advice to bring their ideas to life. The campaign has also helped to connect the brand more effectively with its key consumers, who we know from our consumer insights care deeply about sustainability.

# Third party commentary

We work in partnership with a wide range of stakeholders worldwide to drive progress on our shared imperatives. We have asked key partners to provide commentary on work we have undertaken together, and on where there are opportunities for future collaboration.

## Improving social impact

*Commentary from  
CARE International*



"CARE International believes that business can make a significant contribution to poverty alleviation. As one of the world's largest NGOs, we work with companies, like SABMiller, who demonstrate commitment to supporting our poverty reduction agenda to bring about impactful change to the lives of the world's poorest and most vulnerable people. This is both an opportunity and responsibility for companies such as SABMiller.

"We have worked with SABMiller to identify the potential livelihood impacts of enterprise development programmes in its agriculture supply chain, its small retailer network, and local communities, and to develop a framework to measure this impact. We are also working collaboratively on strengthening women's empowerment in value chains, and understanding gender-based violence. We view gender-based violence as a key social issue that the alcohol sector must play a role in addressing. It is a complex issue but there is a clear social and commercial imperative for alcohol companies to help address it in a transparent and considered way.

"SABMiller's livelihoods strategy is a leading approach to addressing challenging sustainability issues in the business and the communities in which they operate. CARE International would like to see SABMiller continue to invest in this strategy and further integrate their sustainability work with their core business objectives."



Read CARE International's full commentary at  
[www.sabmiller.com/carecommentary](http://www.sabmiller.com/carecommentary)

## The urgency of water risk

*Commentary from World  
Wide Fund for Nature (WWF)*



"Fresh water is a priority for WWF because only healthy, functioning ecosystems can provide the water that people and nature depend on. And water underpins businesses, economies and, ultimately, societies. This is why WWF has worked closely with SABMiller to promote corporate water stewardship.

"We have reviewed SABMiller's water risk approach, as well as the wide range of water partnership programmes in place. We believe SABMiller's focus beyond its own operations is a leading example of corporate water stewardship, as this ensures the company remains committed to the long-term water challenges facing its breweries, rather than investing in sporadic or high-profile, short-term projects. The water risk methodology, which has been rolled out to all its breweries across the globe, is a sophisticated tool that helps ensure each operation clearly understands the local water risks.

"SABMiller's local water partnerships demonstrate an inclusive approach to working with a variety of stakeholders and are generally well focused on the key water risks identified. One observation is that the scope of investment and commitment is typically not at the same scale as the water challenge. We encourage SABMiller to continue their leadership, but to show even greater urgency in dealing with water risk to operations, agricultural supply chains, and local communities to reach the scale of investment and partnership required."



Read WWF's full commentary at  
[www.sabmiller.com/wwfcommentary](http://www.sabmiller.com/wwfcommentary)



## PwC Insight Report



This year we commissioned PwC to apply its 'Inspiring Trust Through Insight' concept to provide insight into the maturity of some of our key *Prosper* metrics.

Available online, this analysis enables readers to understand what lies behind the metrics across a number of dimensions using a visual representation, as well as providing a supporting narrative of the assessment.

In publishing the PwC Insight Report, we aim to be as transparent as possible about our progress and ongoing challenges.



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

## Scope of this report

This report covers the financial year ended 31 March 2016. 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. This year, data has been integrated for the first time for three new businesses: Intafact Beverages (Nigeria), CASA Isenbeck (Argentina), and Miller Brands UK (United Kingdom).

A full list of the operations covered in this report is available at [www.sabmiller.com/sdreportingscope](http://www.sabmiller.com/sdreportingscope)

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/sdbusinesspartners](http://www.sabmiller.com/sdbusinesspartners)

This report is structured using our *Prosper* commitments. To provide a common point of reference we have also used the **Global Reporting Initiative (GRI)** 4th generation framework, G4, as a secondary index, which is available online. This document also forms our progress report against the 10 principles of the **United Nations Global Compact (UNGC)** and the UNGC CEO Water Mandate.

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

**FTSE4Good** SABMiller is a member of the FTSE4Good, as well as other relevant indices used by the investment community.

**CDP** SABMiller participates in the CDP Carbon, Water and Supply Chain Disclosure Programs, 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)

Read our UK Modern Slavery Act Statement at [www.sabmiller.com/modernslaveryact](http://www.sabmiller.com/modernslaveryact)

# 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 plc's Sustainable Development Report 2016 for the year ended 31 March 2016.**

## **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 2016 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 <sup>^</sup> in the Sustainable Development (SD) Report 2016. 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 Report 2016.

### **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 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 2016 as set out at [www.sabmiller.com/sdassurance2016](http://www.sabmiller.com/sdassurance2016).

## **Professional Standards and Independence**

We have performed a limited assurance engagement<sup>b</sup> in accordance with ISAE 3000 (Revised) – '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 plc 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 plc'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 32 to perform walkthroughs on the indicators and obtaining supporting information. For a further 3 operating companies we performed desktop/analytical review, 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 review of the aggregated data for all 32 operating companies in scope;
- performed limited substantive testing on a selective basis of the Selected Information at corporate head office and at 7 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 plc's responsibilities**

SABMiller plc 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 Report 2016.

The corporate accountability and risk assurance committee of the board (CARAC) has reviewed the procedures established by management to prepare the Sustainable Development Report 2016, and the Chairman of the CARAC has reviewed that report on behalf of the board of directors of SABMiller plc.

### **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 plc.

This report, including our conclusions, has been prepared solely for the Directors of SABMiller plc as a body in accordance with the agreement between us, to assist the Directors in reporting SABMiller plc's SD performance and activities. We permit this report to be disclosed in the Sustainable Development Report 2016 for the year ended 31 March 2016, 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 plc for our work or this report except where terms are expressly agreed between us in writing.

### **PricewaterhouseCoopers LLP,**

Chartered Accountants, London

14 June 2016

<sup>a</sup> The maintenance and integrity of SABMiller plc's website is the responsibility of the SABMiller plc 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 plc'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.

# Further reports and contacts



The 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



2



3



## 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/annualreport2016](http://www.sabmiller.com/annualreport2016)

## 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/taxreport2016](http://www.sabmiller.com/taxreport2016)

## 3 Online

The Sustainable Development Report, further case studies and more information about our performance through the Sustainability Assessment Matrix (SAM) scorecards for our operations can be found online.

[www.sabmiller.com/sdreport2016](http://www.sabmiller.com/sdreport2016)

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## SABMiller plc

(Registration No. 3528416)

## 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 and not limited to: the outcome of the proposed transaction with Anheuser-Busch InBev SA/NV; 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).

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