



Sustainability Report 2018

Bringing people together for a better world



ABInBev
Africa





Contents

- 1** Creating a better world – Ricardo Tadeu, AB InBev Africa Zone President
- 2** The AB InBev pillars of sustainability: opportunities, risks and challenges for the Africa Zone – David Hauxwell, Vice President: Procurement and Sustainability
- 5** Africa Zone Goals and the UN Sustainable Development Goals
- 7** Smart Agriculture
- 10** Entrepreneurship
- 14** Water Stewardship
- 18** Climate Action
- 22** Circular Packaging
- 25** Smart Drinking
- 29** Localisation

DISCLAIMER

This communication is an internal magazine for employees of Anheuser-Busch InBev ('AB InBev'), which is intended solely for use by AB InBev's employees and authorised representatives. Copyright 2018, AB InBev. All rights reserved. While all precautions have been taken to ensure accuracy of information, neither the editor, publisher nor New Media Publishing can be held liable for any inaccuracies, injury or damage that might occur. Photo credits: Gallo Images/Getty Images, Unsplash, supplied.





'We know that as the world's largest brewer, and a big contributor to the economies of the countries in which we operate, it is imperative that we embed sustainability into our business strategy'

Creating a better world

Our global Dream at AB InBev is to bring people together for a better world. In our Africa Zone, our dream is to create a model company, one that grows a lot, uses its resources wisely, that everybody loves to work for and that makes a real difference in society. This dream underpins everything that we do in the Zone, across all our operations.

We all know that the world has limited resources and we firmly believe that it is our responsibility to do what we can to ensure that we use these resources in a sustainable manner. Contributing meaningfully in the sustainability space not only makes sense for us as a company whose products are made from natural resources, but allows us to continue supporting the communities within which we operate. When these communities thrive, so do we.

AB InBev's 2025 Sustainability Goals

To demonstrate our commitment to bringing people together for a better world, we have launched a set of global sustainability goals that we aim to achieve by 2025. We know that as the world's largest brewer, and a big contributor to the economies of the countries in which we operate, it is imperative that we embed sustainability into our business strategy.

Our goals are aligned with the UN Sustainable Development Goals that were launched in 2015, and support the global efforts of numerous stakeholders to achieve the ambition of 'end(ing) poverty, protect(ing) the planet and ensure(ing) that all people enjoy peace and prosperity'*.

As the Africa Zone, we are fully aligned with the four global sustainability goals. We have also added a fifth goal, ahead of global, that aims to reduce unemployment, one of the Zone's biggest issues. Entrepreneurship has the potential to address these high rates of unemployment and we are putting a huge amount of effort into achieving this goal. We have seen the difference that entrepreneurship has made in some of our business units, like South Africa, and now seek to roll that out to other countries so that we address unemployment through the promotion of entrepreneurship in the rest of the Zone.

Smart Drinking Goals

As a brewing company we are aware that while the majority of our consumers drink our products responsibly, there are some people who do not. In an effort to curb harmful drinking, our Global Smart Drinking Goals were launched in 2015. While the work done in Smart Drinking does not form part of the sustainability goals, it would be remiss of us not to talk about our efforts in this space in this report.

Working together for a better world

A lot of work has been done on sustainability across all of our business units, as you will see in this report. We are proud of this work and applaud everyone who has made it possible. We now seek to amplify our efforts to accomplish much more. We aim to not only achieve our goals, but surpass many of them. I am confident we will be successful. We have the scale, the people and, perhaps most importantly, the determination to make a real difference in society and among the communities in which we operate. And as we gear up to meet, and exceed, the commitments that we have made, we know we cannot do it alone. We invite our stakeholders across the board to join us so that we can make a real difference in society.

Ricardo Tadeu

*United Nations Development Programme: <http://www.undp.org/content/undp/en/home/sustainable-development-goals.html>



The AB InBev pillars of sustainability: opportunities, risks and challenges for the Africa Zone

At AB InBev we believe that there are long-term cost benefits of going green and that it is common sense to seek a world that is cleaner and more environmentally friendly to create an atmosphere and economy that are conducive to doing business. We are committed to achieving the Smart Drinking Goals that have been set out globally in order for our products to continue being enjoyed in a moderate and responsible manner.

To do this, we have continued to integrate sustainability into our business strategy, and have accountability monitoring and benchmarks in place throughout our business. We have six pillars, five of which form part of our sustainability goals, by which to define and measure our progress against our very definitive goals:



Smart Agriculture



Entrepreneurship



Water Stewardship



Climate Action



Circular Packaging



Smart Drinking

Smart agriculture, entrepreneurship and water stewardship, our flagship pillars, present the biggest opportunities for AB InBev Africa as these are the sectors in which we can protect and create jobs while responsibly growing the industry. The challenge lies in making a measurable and meaningful difference through our commitment to renewables and circular packaging. We are committed to tackling harmful drinking with the rollout of different programmes under the Smart Drinking banner that address the issue of harmful drinking in the various ways that it presents itself.

Smart Agriculture

Agriculture is the very building block of civilisation. It provides food for our growing population, and creates economic and employment opportunities. In line with AB InBev's focus on sustainable agriculture we aim to make a marked difference in the number of growers and the size of their crops, and to transform how we support them to not only supply crops associated with our beer production, but also food crops important to the communities.

Entrepreneurship

Creating jobs and supporting entrepreneurship is another important part of our commitment to tangible improvement and a sustainable future for all the communities in which we operate. For this reason, we are innovating and localising our supplier spend as much as possible, and upskilling our suppliers to be successful, not only by providing services to us, but also by enabling them to do business with industry at large. One of our current projects that we believe will help grow these companies is the creation of an industry website that functions as a database for reputable B-BBEE suppliers.

Water Stewardship

When we consider the basic ingredients of beer, it is easy to forget that it comprises 95% water. We have identified water risk areas and know we need to invest our considerable resources in these communities. Protecting their water supply comes first and foremost, with brewing beer in second place. We have made several infrastructure investments to this end, some of which have been collaborative efforts between the private sector and government, to bring about positive change.

Climate Action (Renewables and Carbon)

We believe the future energy mix is about alternative renewable fuels, which are less carbon intensive. Africa's access to wind and solar makes renewable energy a logical base on which to firmly establish a stronger renewable industry. But to effect this change requires a shift in both the mindset of the general public, and a push for regulation and legislation, which is crucial for the success of these initiatives.

In our distribution operations where we cannot use wind or solar energy, we have approved a pilot to retrofit existing trucks to utilise compressed natural gas.

Circular Packaging

Reduce, reuse and recycle are the three core components of effective sustainability. At AB InBev, our re-used glass bottles have an average life cycle of 20 trips before being recycled. Presently, up to 80% of our volume is returnable glass and we are constantly looking to improve this figure while simultaneously fostering a stronger culture of recycling. Not only will this offer relief to the environment, it will also create formal job opportunities.

Smart Drinking

As a proud brewing company, it is important for us to see people enjoy the products that we are proud to produce. However, we understand that harmful drinking is an issue that we need to address with concerted efforts. Our sustainability goals speak to, among others, changing behaviours through social norms and empowering consumers through choice. We do this through several programmes in our Zone.

We look forward to the challenges of delivering on our commitments, but more importantly are excited to engage more with consumers, government and communities to assess how we can always improve.

'We believe it is common sense to seek a world that is cleaner and more environmentally friendly, to create an atmosphere and economy that are conducive to doing business'

David Hauxwell



Africa Zone Goals and the UN Sustainable Development Goals

The United Nations Sustainable Development Goals (SDGs) are a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity. The goals tackle the root causes of poverty and unite us to make a positive change for both people and planet. As a company, AB InBev supports these goals across all our markets.

Through our sustainability agenda, we have ensured that our goals – Smart Agriculture, Entrepreneurship, Water Stewardship, Climate Action, Circular Packaging and Smart Drinking – align with many of the SDGs. We have placed deliberate focus on driving progress towards the SDGs where we can use our scale and partnerships to drive meaningful, positive change.





No poverty

End poverty in all its forms everywhere



Zero hunger

End hunger, achieve food security and improved nutrition and promote sustainable agriculture



Good health and wellbeing

Ensure healthy lives and promote wellbeing for all at all ages



Quality education

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all



Gender equality

Achieve gender equality and empower all women and girls



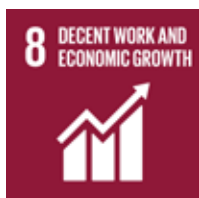
Clean water & sanitation

Ensure availability and sustainable management of water and sanitation for all



Affordable & clean energy

Ensure access to affordable, reliable, sustainable and modern energy for all



Decent work & economic growth

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all



Industry, innovation & infrastructure

Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation



Reduced inequalities

Reduce inequality within and among countries



Sustainable cities & communities

Make cities and human settlements inclusive, safe, resilient and sustainable



Responsible consumption & production

Ensure sustainable consumption and production patterns



Climate action

Take urgent action to combat climate change and its impacts



Life below water

Conserve and sustainably use the oceans, seas and marine resources for sustainable development



Life on land

Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss



Peace, justice & strong institutions

Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels



Partnerships for the goals

Strengthen the means of implementation and revitalise the global partnership for sustainable development



Smart Agriculture

The Food and Agriculture Organisation has estimated that the global population will reach nine billion people by 2050, and that food production will have to increase by 70% to meet the increased demand*. Few issues will be more important than food security and agriculture. The need to move towards a model of sustainable agriculture where we are able to meet society's food needs in the present without compromising the ability of future generations to meet their own needs has never been more apparent.

AB InBev Global cares about the highest quality of our ingredients – barley, corn, rice, hops and other crops, which are the foundation of our beer. We also care about our farmer communities and are working to help farmers both big and small gain access to the latest research in crop varieties, experiment with ground-breaking practices in the field, and harness the power of technology to improve their crop yields and their lives. While we want to increase our yields and resource efficiency, we want to improve smallholder farmer livelihoods and ensure that they are able to provide food security for future generations.



**100% of our
direct farmers**
are skilled, connected and
financially empowered

The practice of sustainable farming in Africa

To provide our customers and consumers with the quality product we are known for, we have to ensure the ingredients we use are of the highest quality and meet our strict standards. At the same time we must invest in training, research and development to enable and empower farmers to implement sustainable farming practices that ensure crop quality and sustainability.

Support for farmers

For many years, across the Africa Zone, we have deployed agronomist teams that are based within our growing regions, providing technical support to our farmers and helping facilitate our local sourcing programmes.

Agriculture research

We have invested in research programmes focused on the development of improved malt and barley cultivars. In 2017 we expanded this programme to include sorghum and cassava, two brewing ingredients that are of growing importance in our product portfolio in our African markets.

Digital innovation

We have implemented global initiatives that give our growers better access to information through digital innovations such as new technologies for crop prediction, advanced analytics and crop visualisation. These help them to make more informed and timely decisions.

*UN Food and Agriculture Organisation, *The State of the World's Land and Water Resources for Food and Agriculture* (2011)

Empowering farmers

One of the fundamental pillars of our sustainable agriculture strategy is ensuring our farmers are skilled, financially empowered and connected. We believe in upskilling our farmers with the latest in agronomic, operational and best practices, ensuring they have access to financial services from a formal institution based on local needs, and providing the data, insights and analytics enabling them to make informed decisions.



Agricultural development in Uganda

In Uganda, agricultural development programmes are an important focus. One of our breweries, Nile Breweries Limited (NBL), is the number one provider of locally produced beer in Uganda and is supplied with barley by about 5 000 local farmers.

Since the early 2000s, NBL has developed a robust smallholder supply chain for the local supply of sorghum and malting barley, driving advancements in varieties and cropping practices that have benefited thousands of smallholder farmers.

In addition to training, NBL provides farmers with subsidised inputs, a guaranteed market and pre-agreed competitive purchase prices.

Field school training model

In 2017, NBL initiated a partnership with TechnoServe, a global NGO that specialises in developing agricultural value chains, to pilot a farmer field school training model and aggregator development programme. Some 2 000 farmers have participated in this collaboration, supported by the NBL agronomist team along with trained TechnoServe community advisors. The programme drives improved crop management practices within our farmer communities.

The programme is also piloting the use of SMS communication to share information about the correct times for crop and grain marketing decisions. This goes a long way towards ensuring that farmers make more informed decisions about when to sow. The programme also provides farmers with greater access to financing through village saving and loan associations.

Through NBL's direct engagement with farmers, and by drying and cleaning at source, we have lowered post-harvest losses to optimise yields and saved on downstream cleaning and drying costs, effectively adding value to the supply chain.

Barley farming in Tanzania

Our subsidiary in Tanzania, Tanzanian Breweries Limited (TBL), is currently spearheading a drive for agriculture development. TBL piloted experimental barley farming in the country in 1979 and has been fully commercial since the 1980s. Today, the barley programme is supported by a strong agronomist team, a local seed production programme and robust variety research and development.



In 2017 the local sourcing programme was extended to also support sorghum growers,

an evolution that is enabling the TBL team to further extend technology and training within our farming communities.

The newly established agricultural research and development organisation is working with partners in Tanzania to advance the selection and adoption of improved sorghum cultivars and cropping practices. There has been significant improvement of livelihood in areas where barley is grown, and farmers are motivated to increase production.

Improving the lives of small-scale farmers is a win-win situation – Zambia

Zambian Breweries (ZB) has established commercial sorghum and cassava supply chains in Zambia as well as a competitive malting barley industry that supplies the ZB malting facility in Lusaka.

By ensuring guaranteed offtake and support to smallholder farmers, the ZB sorghum and cassava programmes help them become part of the formal agriculture sector. The barley programme covers a range of commercial farmers and farmer associations that produce high-quality barley.

Large companies like AB InBev Africa need small businesses to thrive and we will continue to work with small-scale farmers and guarantee a market for their produce to enhance their livelihoods.



Sorghum

Sorghum is a widely grown crop that prefers hot and dry conditions, which makes it easy to cultivate. It is often grown in preference to maize. As a major source of grain, sorghum is an important cereal crop in Zambia and is used by Zambian Breweries to brew quality beers.



Cassava

Indigenous to South America, cassava is a resilient root vegetable that grows well in the African climate and is a stable crop found across sub-Saharan Africa. In 2015, Zambian Breweries successfully introduced cassava into the Eager Lager formula, which in turn ensures that the brand remains affordable by using a locally produced crop.

Investing to create a strong agricultural industry – South Africa

AB InBev committed to investing an incremental ZAR 610 million (US\$ 45.7 million) in agricultural development in South Africa by 2021. This is part of the Public Interest Commitment agreed with the South African government during the business combination between AB InBev and SABMiller in 2016.

Our agricultural programmes are focused on driving competitive and sustainable volume growth in the local production of hops, maize and barley, while leading transformation in the broader agricultural sector.

With a diverse team of agronomists and researchers, SAB maintains active contracting and development programmes across the country.

Investments will drive four main objectives:

- 1** Expanding barley production to 475 000 metric tons per annum (off a 300 000 metric ton base).
- 2** Enabling South Africa to become a net exporter of hops as opposed to a net importer, using unique local aroma varieties.
- 3** Incorporating an additional 800 emerging growers into the hops, barley and maize supply chains.
- 4** Catalysing the creation of over 2 500 jobs within the agricultural sector.





Entrepreneurship

One of the most powerful contributions we can make to society is to help build communities through the jobs we create and sustain, and through the economic growth and investment that our business stimulates. Companies like AB InBev are well positioned to make a meaningful contribution to building thriving communities.

AB InBev strives to create an environment where everyone has the opportunity to improve their livelihood. The entrepreneurship focus area for AB InBev Africa is job creation, and the areas in which we believe we can make a tangible impact are agriculture and small, medium and micro-sized enterprise (SMME) development. SAB has invested in entrepreneurship for more than four decades through several programmes, with proven track records of success.

We can harness our entrepreneurial capabilities and ownership mindset by sharing business knowledge and tools with our small business partners. This will enable them to increase their efficiency, stability and profitability. In turn, this will strengthen our value chain with capable, self-sufficient businesses able to grow beyond SAB and AB InBev Africa's requirements.

Given the importance of entrepreneurship across AB InBev Africa we want to ensure that the goals we set are robust and impactful. Consequently, we will be undertaking comprehensive research in 2018 to define these, with the intention of launching initiatives in 2019.

**10 000 jobs
created**

**in South Africa
by 2022 through
entrepreneurship.
Programme scaled
to entrepreneurs
across Africa**



Supporting the entrepreneurs of tomorrow

The spirit of entrepreneurship is one that is embedded into the AB InBev culture. Similarly, our business unit in South Africa, South African Breweries (SAB), started as a small enterprise 120 years ago at the time servicing the booming mining industry by trading its products from a little brewery on the dusty streets of Johannesburg.

In 2017, the SAB Entrepreneurship Programme was launched and with it the foundation to support entrepreneurs and create 10 000 jobs in South Africa by 2022 using its programmes – SAB KickStart, SAB Foundation, SAB Thrive and SAB Accelerator – as well as its agriculture programmes to grow emerging farmers.

The company offers a comprehensive and holistic package of entrepreneurship support to develop small businesses from ideation to growth, transforming the supply chain, as well as investing in the potential of entrepreneurs in the broader community.



In 2017, a total of 1 407 jobs of the goal of 10 000 were created. 1 296 were in the formal sector and 111 in the informal sector.

Connecting young entrepreneurs to business through SAB KickStart – South Africa

More than two decades ago, SAB launched its flagship youth entrepreneurship development campaign, SAB KickStart. Close to 3 500 entrepreneurs have benefited from the programme since inception, with investment in the programme exceeding US \$7.5 million. These entrepreneurs have between them created an average of 6.7 jobs per youth-owned business. The programme comprises two enterprise development initiatives:

SAB KickStart Ignite supports disruptive innovators that have high potential to grow into viable businesses that will be future creators of employment. Eligible entrepreneurs receive technical, product and business development support, and financial support where required. Seventeen entrepreneurs graduated from the programme in 2017, with six people sharing US\$ 90 000 in prize money among themselves to further their innovations and businesses. They were also incubated for a further six months of training.

SAB KickStart Boost is a supply chain readiness programme built around helping youth-owned businesses become suppliers to various organisations in the private and public sector. The programme backs entrepreneurs with existing, emerging businesses in key industries to be ready for and to access supply chains, and as a result grow into sustainable businesses that create jobs. In 2017, nine entrepreneurs in the automotive, agriculture, manufacturing, marketing, health and wellness sectors graduated as finalists. They grew their businesses by adding a collective total of 36 jobs during their time

in the programme. On the back of the success of this programme, it has been rolled out to Botswana, Lesotho, Swaziland and Uganda.

Taking the SAB KickStart success story into Africa – Uganda

Due to the success of SAB KickStart in South Africa, the programme has been adopted in some of AB InBev's other African markets.

Nile Breweries in Uganda, under its Eagle brand, recently launched its own version of SAB KickStart.

Unlike previous years in which the programme mainly targeted youth-owned businesses from a cross-section of sectors, this year the programme focused solely on empowering farmers on the road to fully commercial farming. This was done with grant funding worth US\$ 20 000 that was used to support expansion of existing businesses, and post-investment support such as mentorship.

The 10 contestants chosen for training by Enterprise Uganda were selected from 188 farmer applications received, after passing a face-to-face interview with a panel of judges.

Between October 2017 and January 2018, these barley and sorghum farmers received agri-business training on seed capital, equipment and marketing their produce. In future, the Uganda team plans to increase the number of trainees to 100, increase public/private partnerships and scale up due diligence of farmers and farm ownership.

SAB Foundation supports South African BEE entrepreneurs – South Africa

Set up in 2010 as one element of the broad-based black economic empowerment transaction conducted by SAB, the SAB Foundation provides funding for SMMEs by supporting entrepreneurship development and social innovation, with a particular focus on opportunities for women and youth, people in rural areas, as well as persons with a disability.

The results

R176 million invested

410 entrepreneurs and small businesses supported

140 social innovations developed

Contributed to the creation of 1 000 new jobs

92% increase in turnover and 52% increase in jobs created

Over 70% of businesses still operational

National footprint with a presence in all nine provinces

Rural catalyst programme assisted over 1 300 rural entrepreneurs to start and run their own micro businesses



SAB Foundation Social Innovation Awards

were established as a means to invest in innovative business ideas that can solve social problems affecting the lives of low-income women, youth, people with disabilities and people living in rural areas.

Tholoana Enterprise Programme

is a small-scale seed capital grant programme that assists micro and small enterprises that provide income generation and employment.

An eye for business

The SAB Foundation Social Innovation Awards are based on a sustainable business model that supports social innovations through challenge funding and tailored mentorship that can directly and indirectly improve many people's quality of life.

Since inception in 2011, the awards have invested more than US\$ 2.5 million and in return supported more than 100 entrepreneurs, with more than 150% increase in jobs and 245% increase in turnover. One such innovator is Dr William

Mapham, who won the awards in 2013. He has been able to expand his business as well as his specialisation in optometry.

Mapham conceptualised Vula, an app that was originally intended for the remote treatment of eye health conditions with urgent referrals to specialists. It allows for rapid diagnosis, prevention of blindness and the prevention of unnecessary referrals to specialists in the government health system.

With the help of SAB funding, Vula has expanded beyond eye health to include 13 areas of specialisation including cardiology, dermatology, ENT, HIV, neurosurgery, paediatrics, oncology, gynaecology and orthopaedics.

In 2017, Vula treated almost 20 000 patients, a huge leap from the just over 250 rural patients in 2014. The app is growing rapidly with more than 3 500 medical professionals making use of it.

Developing our suppliers to provide a sustainable future for Africans

Our entrepreneurship programmes continue to provide invaluable coaching and financial support to the businesses we partner with to drive economic growth and contribute to job creation. SAB's Supplier Development programmes, SAB Accelerator and the SAB Thrive Fund, were launched in South Africa in 2017 with the aim of creating a diversified and inclusive supply chain by supporting the growth of black-owned suppliers through business development support and funding. More than 100 jobs have been created through these efforts with plans to expand these programmes into Africa.

The SAB Thrive Fund is an enterprise and supplier development fund set up to transform SAB's supplier base. The fund was established in partnership with the Awethu Project, a black private equity fund manager. The SAB Thrive Fund's mandate is to invest in and transform SAB suppliers so that they become more representative of our country's demographics. SAB Thrive Fund investees benefit from 100% black equity capital and ongoing business support. The key objective of SAB Accelerator is to grow SAB's supply chain to be inclusive of black-owned, especially black women-owned businesses.

Launched in 2017, SAB Accelerator piloted 10 businesses, which created 29 permanent and 79 part-time jobs in just six months. The programme is currently incubating 24 businesses as part of the official intake post the pilot. The target is to incorporate 100 suppliers per year moving forward.

The SAB Accelerator also has a strong focus on enhancing market visibility and access for its participants through developing innovative tools, strategic partnerships and leveraging on cross-industry networks.



SAB Thrive has invested US\$ 7.5 million in seven businesses, which have created 46 new jobs. In addition, the programme has contributed US\$ 10.5 million in new BBBEE preferential spend.



Transforming the supplier base with the SAB Thrive Fund – South Africa

SAB Thrive and SAB Hops Farms assisted Beverley-Anne Josephs, a black-female entrepreneur, to acquire a 20 hectare hop-farm in George. Based on delivery of key performance indicators and full repayment of her loan, she will soon have 100% ownership of the farm.

Working as part of SABHF's hop breeding programme sparked Josephs' love for these special agricultural crops. She was part of the team that released three new highly sought-after flavour varieties, a first in South Africa since the industry had previously only focused on bittering hops.

Apart from leading the hops breeding programme, Josephs was involved in malt and barley development across Africa, including South Africa, Tanzania, Uganda and Zambia, where she assisted with the strategy for the different malt plants as well as driving operational excellence.

In 2016 an opportunity came her way when a hop farm came up for sale in the Southern Cape hop-growing area. The SAB Thrive Enterprise and Supplier Development initiative helped Bev achieve her dream of owning and managing her own hop farm. Under Bev's management the farm is achieving remarkable hops yields. Bev is exploring opportunities to diversify her revenue by planting niche alpha hop varieties and even possibly honey bush through strategic partnerships.



Water Stewardship

Water is an increasingly scarce resource with the ability to impact us as a company, as well as the economic, environmental and social wellbeing of the communities in which we operate.

Water is our number one commodity. Water sources have long determined where breweries are located as water is a key ingredient in brewing, and in production processes such as pasteurisation and bottle washing. Water is also key in our agriculture value chain, where the crops required for brewing our beers are grown. Globally AB InBev aims to brew quality beer that our customers love, while being as water efficient as possible. By collaborating with others, we work on measurably improving the water balance and quality in the watersheds supporting high-risk facilities.

Investing in a comprehensive water stewardship approach is important for business continuity into the future, and supports vibrant local economies – another key indicator for business success.

Our goal is to improve water quality and water availability for the communities in which we operate, and thereafter for our operations in high-risk catchment areas – areas that are under stress due to issues such as declining water quality, droughts and increased demand.

Globally, AB InBev's goal is to ensure that 100% of our high-risk communities will have measurably improved water security and access by 2025. This ambition is in line with the UN Sustainable Development Goals (SDGs) to provide access to water and sanitation for all by 2030.

If we are to achieve our objectives on water security, quality and availability, we need to collaborate with the relevant government authorities and organisations who have expertise and resources. This translates into a comprehensive long-term and sustainable solution that will benefit all – business and communities.



Across Africa, a number of communities around our breweries do not have adequate access to potable drinking water,

owing to issues such as declining water quantity, quality of freshwater sources and inadequate water infrastructure. We are conscious of the role we can play in helping facilitate access to improved water sources for these communities with concrete actions such as engaging in watershed protective measures and supporting local government infrastructure programmes.

In Nigeria, for example, boreholes are an important source of water supply for communities surrounding our three breweries. We have therefore sunk 12 boreholes around the breweries for the benefit of communities, and powered them using solar technology to mitigate electricity supply problems in the area. These boreholes have been an essential source of water for these communities and we will continue to be active in this area.

In Tanzania, Tanzania Breweries Limited has partnered with the African Medical and Research Foundation to build a water pipeline that will supply water to 5 000 residents in the Muleba District in 2018.

In Mozambique, AB InBev Africa has constructed a Clean Water System to benefit the population of Muanona in Nampula Province.

AB InBev Africa will achieve its goals through three water focus areas:

- 1 Transformational water partnerships** Tackling water scarcity and quality issues at a scale that has a material impact requires us to collaborate with partners and other stakeholders.
- 2 Water use efficiency across all operations** Ensuring we use water efficiently to reduce demand and save on the ancillary costs such as energy we use for heating, cooling and treating water.
- 3 Effluent management and reuse** Utilising treated waste water to the greatest extent within our breweries (excluding use in our products) and reviewing opportunities for use outside our breweries in other industries.

Transformational water partnerships: helping to improve water balance

Governments are facing constraints on public resources and fiscal space, while recognising the importance of investment in infrastructure to help their economies grow. In response to these challenges, they are increasingly turning to the private sector and NGOs as an alternative additional source of funding.

Removal of alien vegetation helps conserve water in South Africa

The dense infestation of invasive alien vegetation that causes the loss of surface water flow in river systems is a major water risk. A project to clear alien vegetation in the water catchment areas of the Outeniqua, north of George in the Western Cape – where hops for South Africa's beer industry are exclusively grown – has unlocked a billion litres of water a year for the local economy.

With projections of drier winters due to climate change, and the spread of alien invasive vegetation, SAB, the World Wildlife Fund South Africa (WWF-SA) and the Council for Scientific and Industrial Research collaborated in 2010 to do a water risk assessment. From this work it was clear that if not addressed collectively, the spread of alien vegetation could soon dry up the rivers from this important water source area.

The Outeniqua project, which has generated more than 20 000 days of work and seen 700 hectares of vegetation cleared in the past four years,

has been extended for another three years thanks to its success. The cleared areas are in the headwaters of rivers that supply the drought-prone Klein Karoo. The high mountainous areas are also the recharge source for the Table Mountain Group Aquifer, which is part of the ecological infrastructure critical to feeding dams, aquifers and water supply networks in the province.

Follow-up clearing on the initial 700 hectares is set to take place, with a further 800 hectares earmarked for future clearing. The project includes monitoring of water levels in farm boreholes, replanting of indigenous vegetation and maximising economic opportunities from the cleared alien wood. Active restoration with planting of indigenous trees has begun. Estimates indicate that between 700 000 and 1.4 million cubic metres of water will be released every year as less water-hungry indigenous vegetation is replanted in the area. This translates to approximately a billion litres per year – water that will be needed to support growth and development in this fast-growing region.

The Outeniqua project also enjoys the support of German technical assistance agency GIZ and private funding from Sanlam which, together with the Department of Environmental Affairs' Land User Incentive Scheme, WWF-SA and SAB, has contributed close to US\$ 900 000 to the cause since 2013.





Local spring under threat in Zambia

To achieve true long-term sustainability, simply providing access to water is not enough.

We believe in the combined power of providing access to safe water while inspiring behavioural change towards water.

Zambian Breweries has partnered with the Zambian and German governments to protect a local spring in the city of Ndola, an important tributary to the Kafubu River. It accounts for up to 60% of the water supply for domestic and industrial use in Ndola, Luanshya and Masaiti. Zambian Breweries also relies on the springs for their industrial production needs.

It is estimated that the project, which has received a total funding of US\$ 1.9 million, has 30 000 direct beneficiaries and 100 000 indirect beneficiaries

Despite its local importance, this shared water source is under significant threat due to land degradation and pollution caused by brick-making and unregulated effluent discharge.

As part of the International Water Stewardship Programme, the multi-stakeholder committee has developed and is implementing a comprehensive protection and management plan for the springs. This includes establishing engineering works for the protection of the springs (including storm water and effluent structures), removing alien species, demarcating protection zones (including the relocation of households within the core protection zone), educating and awareness-raising campaigns, clean-up events and establishing legal protection status for the springs.

In addition, the partnership has helped to build the capacity of public, private and civil society stakeholders to work together to be more resilient to future change. This is achieved through engagement in meetings, cross-sectoral interactions and knowledge-sharing.

Water efficiency underscores the way we do business

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 2017, AB InBev Africa achieved an efficiency ratio of 3.46 hectolitres of water per hectolitre of lager produced across the Africa Zone. We have now set a new goal of 2.8 hl/hl for 2025 for all sites. AB InBev Africa understands the importance of water efficiency and has instituted measures to improve water efficiency at our breweries across the continent.

Most water efficient brewery in Africa – Newlands Brewery

SAB Newlands Brewery in Cape Town is the most water-efficient brewery in Africa, constantly striving to produce more beer using less water. With severe water shortages in Cape Town, SAB Newlands

Since 2012, SAB Newlands Brewery has spent approximately US\$ 5.7 million in capex implementing measures to reduce water usage, CO₂ and its energy footprint

continues to decrease its water consumption every year. Municipal water, which is at high risk during extreme drought conditions in the city, is not used in the brewery. Water is sourced from the Newlands Spring, a naturally occurring water source to which the Brewery owns the rights.

Working towards improved water efficiency in Botswana

In Botswana, water is a scarce and unreliable resource with the situation made worse by the country's recurring five-year drought cycles, combined with infrastructure and institutional challenges.

Water usage stands at 5 hl of water per hl beer against a Zone target of 3.24 hl/hl. The facility has introduced initiatives to close this gap such as the reclamation of activated carbon filters backwash water for reuse, beer tank rinsing water for surrounding cleaning, and the installation of smart water meters for closer water usage tracking in the brewing area. This will conserve 0.7hl/hl.

KBL's plans are to install automated meters around the plant in various divisions, which a pilot project has shown will reduce the amount of water used for cleaning purposes – a saving of up to 0.3hl/hl. The brewery also aims to increase and maintain the condensate recovery to above 90% by installing high-efficiency steam injectors in the discharge of condensate into the tank. Condensate recovery is a process to reuse the water and sensible heat contained in the discharged condensate, leading to significant savings of energy, chemical treatment and water.

Our local subsidiary, Kgalagadi Breweries Limited (KBL), has set a target of reducing its water use by 20% by the end of 2018

Newlands Brewery: Water facts and figures

In December 2017, water usage for the brewery stood at **2.74 litres of water per litre of beer**. This represents a **20% reduction** in the water used for facilities, processing and cleaning use over three years on a sustainable basis – **an annual water saving** equating to the average water usage of about **2 900 households a year**.

SAB Newlands Brewery provides **500 million litres of water**

effluent from the Spring into the municipal grid per year. This water, which would not normally be available to the city as there is no collection and reticulation facility, is **treated at municipal works and redistributed into the municipal network**.

SAB Newlands Brewery provides **free public access to the Newlands Spring** water collection point situated at the brewery.





Climate Action

Climate change is one of the most significant risks facing the world today. Its far-ranging impacts are already being felt through issues such as changing weather patterns, which have secondary impacts such as the severe droughts being experienced in a number of the countries where we operate.

These not only impact us as a business across our value chain but also, importantly, the communities in which we operate. The magnitude of the issue dictates that a collaborative effort is needed to reduce the current trajectory of global warming and mitigate against the impact. The recent COP 21 Paris Agreement demonstrated a global will for governments, the private sector and civil society to do just this.

AB InBev is globally committed to doing its part and has put aggressive plans in place to reduce our energy consumption and carbon footprint. It is our vision to transform energy markets to contribute to a low-carbon economy and push renewables into our supply chain.



**100% of our
purchased
electricity**
comes from
renewable sources
& 25% reduction
of carbon emissions
across our value chain

Renewable electricity: cost effective and good for the planet

Renewable energy (RE) is finding an increasingly larger foothold in the global energy market because of the need to move away from traditional fossil fuels linked to global warming, and the fact that these energy sources are becoming more cost competitive.

According to the International Energy Agency (IEA), renewables accounted for almost two-thirds of net new power capacity around the world in 2016¹. This growth is expected to continue with the IEA forecasting that renewable electricity capacity will expand by 43% by 2022.

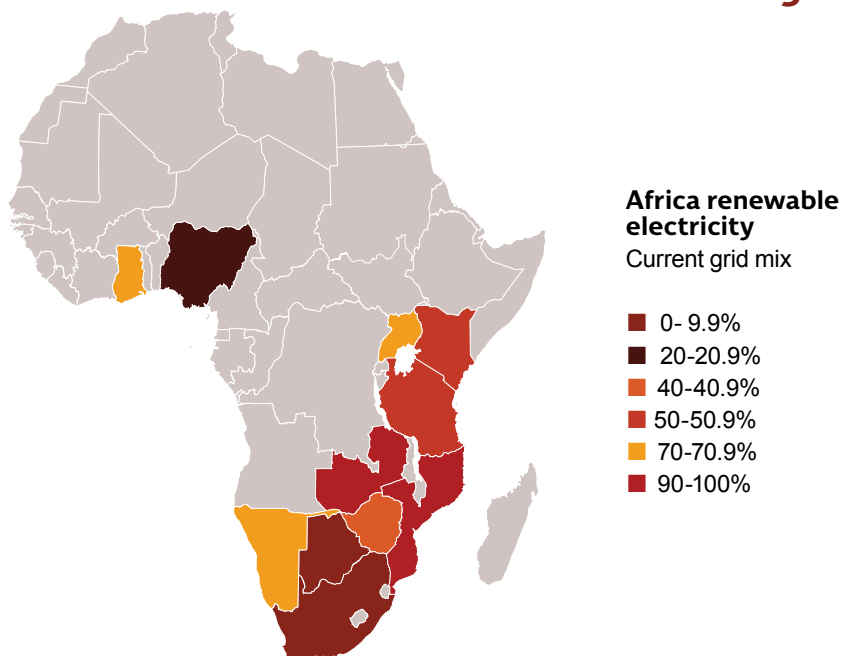
We are committed to helping drive positive change and playing a leading role in the battle against climate change by purchasing energy in a more sustainable way. Fortunately, Africa has a largely untapped abundance of renewable energy sources, notably solar energy, that present new economic

In South Africa we have initiated a project to implement solar energy at our breweries which, once complete, will account for approximately 10% of our annual country electricity purchases

opportunities and potential competitive advantage as they provide cheaper and cleaner energy sources for our facilities. In South Africa we have initiated a project to implement solar energy at our breweries which, once complete, will account for approximately 10% of our annual country electricity purchases. To achieve this, we are exploring long-term, off-site power purchase agreements, assessing on-site feasibility for installations and working with industry associations to shape regulatory landscape. In addition, in 2018 we will be undertaking in-depth country reviews in four of our markets across our Africa operations to help us better understand the opportunities, and define our strategy for renewable electrical energy to ensure we meet our 2025 targets.

¹ <https://www.iea.org/publications/renewables2017/>

In Africa, we have the benefit of having a number of countries with a high proportion of renewable electricity, which would contribute to our 100% target



The future is bright – South Africa

Supporting our renewable energy drive, we are looking at opportunities across our value chain. An example of this is a pilot programme we initiated in South Africa to test the viability of solar energy to power in-store coolers for our retailers at 10 taverns in the Gauteng province.

We piloted the concept for outlets with electricity access as well as those with no electricity connection. As an example, one tavern was transformed from having no electricity to generating enough electricity by solar panels to power three SAB fridges and adequate lighting for the establishment. This not only keeps our beers cold, but also provides a safer and more hospitable environment for consumers.

We are using the data from the pilot to test the potential cost savings that can be achieved, return on investment for the tavern owners, and possible funding models with a view of scaling this programme in 2018.



Brewing with solar power – Tanzania

The continued development in the energy sector is critical to Tanzania's economic growth, which is impacted by the rapid increase in foreign investments and population. In 2017, the power demand growth was between 10% and 15%.

Towards the end of 2016, Tanzania Breweries Limited (TBL) was the first of our breweries in Africa to harness solar energy for industrial production with the installation of 420 solar panels at their Mbeya Brewery.

During 2017, the solar facility delivered 138 kilowatts of power (kWp) – approximately 4% of the plant's required energy.

Challenges include the lack of a battery bank, which would allow full utilisation of the solar plant, especially during the winter months when solar energy contributes on average three hours of power.

The facility is currently reviewing options to increase the amount of electrical power being delivered through solar energy.

Renewable thermal energy: a hot topic right now

As a company we are increasingly investigating the role that renewable thermal energy can play within our energy portfolio. Our initial focus has been on utilising biogas generated in our wastewater treatment facilities within our processes, which typically accounts for about 10% of a brewery's energy requirements. We are also looking at biomass as an energy source and have begun feasibility studies in some of our African countries to determine its suitability and long-term sustainability.

Biogas utilisation saves energy – Uganda

Nile Breweries' Mbarara plant in Uganda was able to effectively improve their biogas utilisation for three months in late 2017 to save more than US\$ 13 000 in heavy furnace oil at the boiler. For the past three years, energy recovered from biogas had never gone beyond five megajoules* per hectolitre** (MJ/hl). But after improvements, the plant operated at an average of 9.46 MJ/hl for September, October and November 2017.

This was done by optimising the pressure of the biogas supply, biogas control valve optimisation of the operating range from 30% to 90%, and the inspection and cleaning of the condensate traps to ensure that only clean biogas was utilised at the boiler. The results were overwhelmingly positive with an increase in the energy recovery from 4.6 MJ/hl to 9.46 MJ/hl in November 2017.

* 1 megajoule = 1 000 000 joules **1 hectolitre = 100 litres

The results were overwhelmingly positive with an increase in the energy recovery from 4.6 MJ/hl to 9.46 MJ/hl in November 2017

Reducing carbon emissions with energy efficiency

We continue our focus on energy efficiency within our facilities, challenging existing best practices and learning from advances made in other parts of the AB InBev Global group.

Reducing our energy use has a strong business case in terms of saving us money and contributes to reducing our carbon footprint as a Zone, as well as to the global goal of reducing emissions by 25% by 2025.



New combined heat and power plant at Alrode Brewery supplies more than 15% of power – South Africa

Co-generation, or combined heat and power, is the 'concurrent production of electricity or mechanical power and useful thermal energy (heating or cooling) from a single source of energy' *. This is more efficient and cost-effective than generating steam and purchasing electricity.

In South Africa, SAB is using biogas from its anaerobic digester to fuel Alrode Brewery's US\$ 1.4 million co-generation plant. The brewery requires just over seven kilowatt hours (kWh) of electricity per hectolitre (hl) of beer produced. This plant generates between one and 1.2 kWh/hl of this demand. This generates a significant saving for the brewery, especially considering that Alrode Brewery produces around 27% of SAB's 29 million hl of beer annually. In addition to saving on electricity costs, the plant is also helping SAB to reduce its carbon footprint by approximately 8 000 tonnes of CO₂ per year. Until now, the brewery has used the biogas generated in the effluent plant solely to generate steam through a biogas boiler. The plant also supports the brewery during power failures by carrying the baseload of all essential equipment.

* Reference from Energy.Gov, *Combined Heat and Power Basics*

The plant is also helping SAB to reduce its carbon footprint by approximately 8 000 tonnes of CO₂ per year



Circular packaging

The circular economy has been embraced by policymakers and industry alike as a sustainable template for economic growth.

According to the Ellen MacArthur Foundation, a leading proponent of the concept, 'a circular economy is one that is restorative and regenerative by design, and which aims to keep products, components and materials at their highest utility and value at all times, distinguishing between technical and biological cycles.'

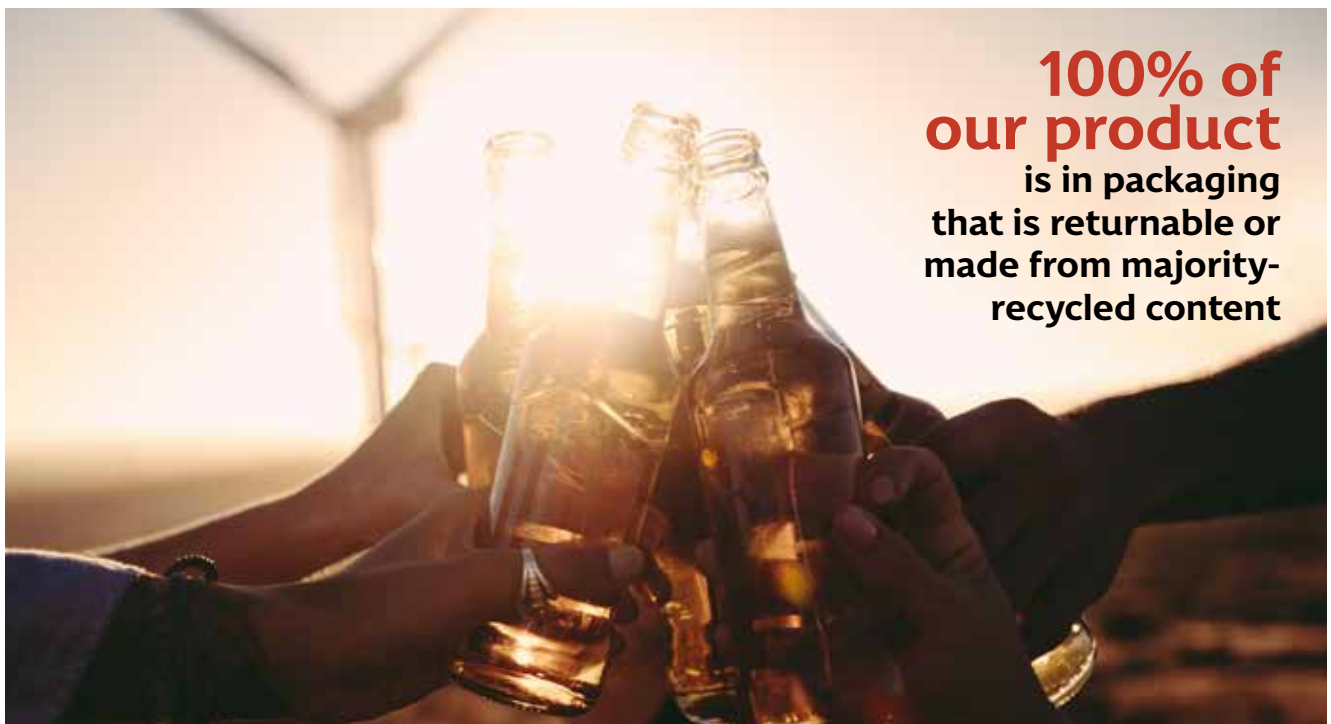
We believe responsibility for our product extends beyond the last sip of beer. We envision a world in which communities and oceans are not littered with trash, and where all packaging is returned, repurposed or recycled.

Packaging is one of the most significant components of our carbon footprint. As the world's largest buyer of glass and second largest buyer of aluminium, we believe we can, and should, do more.

As the world's largest buyer of glass and second largest buyer of aluminium, we believe we can, and should, do more

Through brand programmes, we will do our part to educate the world on the importance of protecting finite resources for generations to come.

Circular packaging not only presents an important sustainability opportunity for AB InBev, it also makes sound business sense. Our strategy is to expand existing opportunities and create new ones for recycled packaging. We also believe that this has the potential to create new jobs to uplift the economy.



To help us achieve our AB InBev Africa goals, there are three Circular Packaging focus areas:

Returnable packaging

Protecting current returnable bottle positioning in the Zone.

Recycled content

Working with glass and can manufacturers to increase the recycled content of the packaging we procure, and supporting post-consumer packaging waste programmes to increase the supply of recycled packaging material.

Lightweighting

Reducing packaging weight for the benefit of promoting environmental sustainability, and reducing costs throughout the supply chain to be implemented by 2020 (South Africa and Tanzania).

Returnable packaging

AB InBev globally has one of the highest proportions of production volumes sold in returnable packaging. In the Africa Zone specifically, just more than 80% of our products are sold in packaging that is returned to our facilities to be cleaned and reused.

In some of our markets the average lifespan of a bottle can be as high as 20 trips per bottle before it is recycled and made into a new bottle.



Utilising returnable packaging has a number of benefits, including:

Diverting more waste away from landfills.

Utilising less virgin raw materials.

Reducing the amount of energy required to produce packaging and the overall carbon footprint of our products.

Recycled content

As part of our 2025 sustainability goals, we have made a commitment that:

By 2025, all of our products will be in packaging that is returnable or made from average >50% recycled content for one-way glass (OWG) or polyethylene terephthalate (PET), or average >70% recycled content for aluminium cans.

In order to increase the recycled content of our packaging substrates we require vibrant recycling markets that allow for post-consumer packaging waste to be recovered, sorted and cleaned for reuse by our suppliers.

To this end, AB InBev Africa is supporting industry and launching its own in-market initiatives. Industry associations, such as the Glass Recycling Company in South Africa (theglassrecyclingcompany.co.za), play a crucial role in bringing different role-players within the packaging industry together to collaborate and support the implementation of packaging waste management programmes. Through collective efforts our reach is far greater, and we are able to pool resources in order to grow programmes to a scale that results in material impact on the ground. These associations also play an important advocacy and educational role in supporting recycling and reuse within their target communities.

In some instances, we also initiate our own programmes in locations where we believe we can kickstart local initiatives more effectively. We will pilot initiatives in South Africa and Mozambique to better understand how we can develop effective programmes in collaboration with our partners.

Many hands make light work – Zambian Breweries

In Lusaka, Zambia, waste infrastructure has struggled to keep pace with the growing population. This means post-consumer packaging waste remains largely uncollected or in drains, which when blocked become a source of cholera and typhoid during the rainy season.

Around 200 000 tonnes of product packaging contributes to the problem each year. While AB InBev's local subsidiary, Zambian Breweries, does produce around 40% of its products in returnable packaging, the remaining amount is in one-way packaging such as disposable cartons or plastic bottles, which are often difficult to collect and recycle.

Recognising we had a role to play in developing an effective solution, Zambian Breweries, in consultation with experts in the field, launched Manja Pamodzi – Hands Together – with the Lusaka City Council to improve sanitation and hygiene through the process of cleaning up waste. Since its inception, this social entrepreneurship programme pilot has become part of a growing effort to clean up waste in eight districts, supporting small-scale waste collectors.

Today, 449 collectors – of whom 338 are women – and five aggregators have registered, collecting more than 250 tonnes of cartons, cardboard and plastic bottles to date.

Closely tied with the initiative is a strong education element, not only on the environmental and health impacts that littering has on the local community but also on the potential financial value of recycling waste packaging materials.

Supporting community recycling

Part of SAB's entrepreneur programme, the Recycle Swop Shop (recycle-swap-shop.co.za) is an innovative community development project started by Msindisi Lizani, one of the 2017 *Future Leaders* candidates.

Future Leaders is an SABC 1 TV series that follows the lives of South African youths tackling issues of alcohol abuse and other related social problems.

Lizani was tasked with forming a recycling swap shop business in Mohlakeng, Gauteng, where the community's youth can swap items that they would otherwise need to buy.

Teenagers collect recyclable items like plastic and paper and bring them in to swap for other materials they need. Lizani put together a strategic team of fellow youngsters who helped drive GTPP (Glass, Tin, Paper, and Plastic), an organisation that encourages teenagers in Mohlakeng to collect waste for recycling purposes. This waste can then be exchanged for an array of goods such as toys and electronics.

Perceived to be worthless trash, glass, tin, plastic and paper can actually be sold at a worthwhile price.

'The project offers youngsters a hand-up rather than a hand-out, and also teaches the value of recycling and the environment' says Lizani.

By being involved in cleaning up their community, reducing disease and making the area safer for children, the project aims to instil pride in youngsters.

Lightweighting

The practice of 'lightweighting' or reducing the packaging weight for the benefit of promoting environmental sustainability and reducing costs throughout the supply chain has been gaining momentum among food and beverage manufacturers in recent years. We have made some significant gains in reducing the weight of our packaging, with many of our units at world-class standards. Despite this, we continually look for new opportunities.

We are in the process of lightweighting our packaging by a further 5%, which in turn will remove 350 000 tonnes from production.

In 2018 we will be targeting specific one-way glass bottles in both South Africa and Tanzania for further lightweighting opportunities as we continue our drive for best in class performance.





Smart Drinking

AB InBev is committed to helping foster a global culture of smart drinking to reduce the harmful use of alcohol, and aspires to every experience with beer being a positive one. We believe that smart drinking choices affect everyone.

The harmful use of alcohol remains an issue of significant concern to governments and society – and to us.

We know that in order to ensure a long-term and sustainable reduction in harmful drinking, consumer behaviours need to shift.

We are driving meaningful impact through our Global Smart Drinking Goals (GSDGs), launched in 2015.

As the name suggests, this is a global initiative in place across all our markets and underlines our efforts to make a deeper investment in programmes that measurably shift social norms and behaviours around harmful alcohol use.

We will extend and expand our GSDGs to help ensure the abuse of alcohol drops significantly and measurably across all of our markets.

To address this global issue, the World Health Organisation (WHO) has set a target to reduce the harmful use of alcohol worldwide by 10% by 2025



The three focus areas for this report are:

- 1 Safety** Formalise township taverns and assist in alcohol harm-reduction programmes, in partnership with local government in both South Africa and across Africa.
- 2 Underage drinking** Engage with society on the dangers of underage drinking through multi-faceted campaigns to help change behaviour and social norms.
- 3 Introduction of no- and low-alcohol beers** Commitment to increase the no-alcohol and low-alcohol portfolio to represent 20% of AB InBev's global beer volume by 2025.

A brewer committed to creating a safer environment for consumers

The South African Breweries (Pty) Ltd (SAB), AB InBev's subsidiary in South Africa, believes that addressing drinking patterns and behaviours is one of the most effective methods of combating abuse and misuse of alcohol.

As part of Public Interest Commitments made to the South African government during the business combination process at the end of 2016, SAB has committed to continue investing in initiatives aimed at reducing the harmful use of alcohol.

These initiatives include innovative interventions and partnerships with key stakeholders that tackle a number of societal issues relating to alcohol abuse – such as drinking and driving, underage drinking and foetal alcohol syndrome.

These solutions are also being adopted across our countries of operation on the African continent. Like South Africa, these countries face similar issues of alcohol harm, as well as the wider issue of illicit and informal alcohol.



There is no excuse for gender-based violence – South Africa

Towards the end of 2017, local brand Carling Black Label launched a bold new movement against gender-based violence called #NoExcuse, during the annual 16 Days of Activism Against Gender-based Violence (25 November to 10 December).

The five-year initiative is a partnership with Takuwami Riime!, a consortium of non-governmental and civic organisations that focuses on driving positive change among South African men.

The aim of the initiative is to help change behaviour by driving awareness, creating conversations and providing tools for people to take positive action.

The name #NoExcuse means there is no excuse for men to perpetrate any form of violence, and no excuse for people to stand by and do nothing when others abuse.

As the largest beer brand in the country, one that is renowned for its masculinity, Carling Black Label is using its brand power to highlight the issue of abuse and challenging South African consumers to take action.

#NoExcuse launched with a thought-provoking multimedia campaign, including television and radio adverts as well as a social media presence, aimed at educating consumers on the current situation and how to get involved.

On the #NoExcuse website, men and women are encouraged to take the pledge against women abuse and join a neighbourhood forum. The site provides information and suggestions on how 'Champion Men' can get involved and what they can do to stop violence in their families, communities and more broadly.

SAB challenged 1 000 tavern owners to mobilise their customers against this scourge in their neighbourhoods, on their streets or at a march on International Men's Day on 19 November.

The brand also partnered with Cricket SA and SA Rugby to reach their audiences during games and through their digital platforms in order to mobilise fans to champion the movement.

CBL's ambition over the next few years is to welcome other corporates and partners to the #NoExcuse movement so that together they can make a real contribution towards fighting gender-based violence.

Over the next year, SAB's Smart Drinking Squad will visit 10 000 taverns to educate tavern owners and consumers on responsible drinking and how they can stand up against gender-based violence

The Smart Drinking Squad takes to the street

Also launched in 2017, SAB established a Smart Drinking Squad that educates retailers and community members on responsible consumption behaviour, which in turn will help reduce harm caused by the misuse of alcohol.

The Smart Drinking Squad is made up of 100 previously unemployed individuals from local communities in which SAB operates, who address alcohol abuse through various campaigns and programmes.

Africa supports Global Be(er) Responsible Day – Uganda

AB InBev celebrates the annual Global Be(er) Responsible Day, focused on creating awareness of issues of harmful drinking and promoting smart drinking within the business, among the company's partners and its consumers. With the theme of 'Drink Smart Today, Celebrate Tomorrow', Global Be(er) Responsible Day was launched in Uganda in 2017 with a Smart Drinking 360-degree campaign.

More than 400 employees and external stakeholders, led by the police brass band, marched the streets of Kampala distributing flyers to create awareness and engage on smart drinking.

The alcohol association of Uganda came on board as a key partner and there was engagement from students, the general public and the media. Internally, more than 300 employees and contractors were trained on smart drinking, and the sales team engaged the trade around smart drinking, placing stickers in bars.



Cutting the underage drinking party short

There is a high chance that teenagers will have an encounter with alcohol, either through experimenting or through someone else's drinking. AB InBev is serious about combating harm caused by alcohol abuse and has put tangible initiatives in place to change behaviour.

The focus in 2017 was on underage drinking and how it is the responsibility of all adults to help prevent this problem.

AB InBev hopes to inspire a movement of change with mentors pledging to accept responsibility for educating a younger friend or sibling not only about the dangers of underage drinking but also other life lessons.

In South Africa, the 18+ Be the Mentor programme encourages young adults to 'Be the mentor you wish you'd had'

In our other African markets, there are a series of underage drinking campaigns to help combat the problem. Ghana, for example, is in partnership with NGOs and runs educational interventions at secondary schools to discuss the dangers and recruit ambassadors to the programme.



Be part of the change and 'Be the Mentor' to underage drinkers – South Africa

SAB has in place a hard-hitting intervention-based strategy aimed at tackling the effects of alcohol abuse among the youth of South Africa.

In August 2014, SAB launched 18+, an underage drinking campaign aimed at adults based on the concept that 'it takes a village to raise a child'.

In November 2015, the campaign was revised to call on young adults to 'be the mentor you wish you'd had'. The campaign targeted young adults who understand the generational issues parents and teachers experience, and can have a greater influence over the youth.

In June 2017, 18+ was upweighted, increasing the number of mentors to 500 in KwaZulu-Natal, Gauteng, the Western Cape, Limpopo and the Free State, with the potential to mentor up to 1 000 youngsters.

SAB has taken a multi-shareholder approach, working with leaders in the industry and experts on alcohol harm to develop a programme targeted at delivering the most effective results.

In a pilot programme run in 2016 by SAB, 80 young adults who volunteered to mentor more than 180 youngsters effected a 92% reduction in stopping or preventing underage drinking.

In addition, more than 10 000 South Africans have taken the pledge to be a mentor to someone in their family or community.

Through initiatives like 18+ SAB has proven its commitment to helping foster a global culture of smart drinking.

In 2017, SAB employed 10 local area managers to help train and support these mentors.

The evolved campaign seeks to build on the successful impact of the pilot programme. It is based around the concept that being a mentor is about having a positive influence on a young person and helping to guide them through the challenges presented by everyday life. This could involve giving someone advice, talking about how to avoid peer pressure, sharing their own experiences and mistakes they wish they had not made, how they managed them, or getting youngsters to understand why they should not drink before they are 18.

Giving the consumer more choice with no- and low-alcohol beers

AB InBev has committed to increase its no- and low-alcohol beers portfolio to represent 20% of the organisation's global beer volume by 2025. By doing so, we are giving consumers more choice and smarter drinking options. During 2017, two no-alcohol beer brands, local brand Castle Free and international brand Becks Blue, were introduced in the South African market. These brands complement our portfolio of low-alcohol beers that can be found across our markets in Africa.



Castle Free, same real beer taste without the alcohol – South Africa

In October 2017, SAB introduced Castle Free – our first alcohol-free beer brand in South Africa. With the launch of Castle Free, SAB is making progress on our Public Interest Commitments.

SAB and AB InBev committed to introduce and promote new no- and low-alcohol products to the South African market to encourage consumers to make lower alcohol choices, including by brewing these products in South Africa. SAB and AB InBev have made a substantial investment of more than R30 million to develop and brew Castle Free in South Africa. As an alcohol-free beer, Castle Free provides people with the freedom of choice while still enjoying the taste of beer. Castle Free also allows consumers to practise 'pacing' – alternating the consumption of alcoholic beers with alcohol-free beers as a means of moderation.

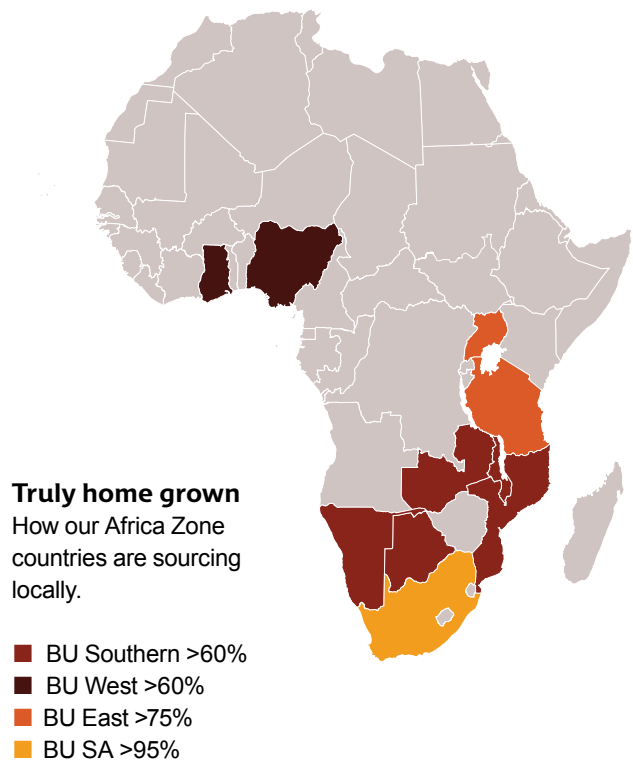
Localising our supply chain

As part of AB InBev's goal of uplifting the communities where we work, we have committed to sourcing goods and services locally wherever possible. Currently our Africa Zone sources more than 60% of spend locally and we're working to increase these numbers.

SAB – proudly home grown

SAB sources more than 95% of its total requirements as a business from local businesses, including raw materials such as hops, barley and maize. The company recently intensified its drive to localise its supply chain by sourcing the majority of its required goods and services from local businesses, in particular SMMEs, and developing programmes to support the growth and sustainability of these businesses.

SAB's strategy is designed to support the country's transformation objectives. 'We believe a transformed supply chain is key to unlocking South Africa's full economic potential,' says David Hauxwell, VP: Africa Zone Procurement & Sustainability, SAB and AB InBev Africa. 'We understand that if our local communities grow, this will ensure that our organisation can grow with them.'



Supplier development

SAB's comprehensive supplier development programme provides 20 business coaching and technical engineers to suppliers wanting to scale and transform their business, as well as growth capital investment, in order to build a strong and sustainable supply chain.

Buying local, driving job creation

SAB recently partnered with Proudly South African as part of their Buy Local campaign, which advocates for private and public organisations to buy locally. Their ongoing partnership aims to drive localisation and job creation. SAB has already committed to investing more than R610-million into agriculture programmes to help develop small scale and commercial farmers in South Africa, as well as to establish researching development institutions and platforms to ensure the company can source raw materials locally with the ultimate goal of exporting the goods globally.

