SABMiller Position Paper on Energy and Carbon: *Reducing our energy and carbon footprint*

1 Context

The issues around climate change have been moving rapidly up the global political agenda due to concerns expressed by bodies such as the European Union, the Intergovernmental Panel on Climate Change and the World Business Council for Sustainable Development. Many policy makers and business leaders are concerned about the rise of man-made CO_2 emissions and are therefore exploring new and innovative ways to limit carbon emissions.

As a multinational company we appreciate that the use of fossil fuels by our operations and by the rest of our value chain creates carbon dioxide emissions, and we acknowledge concerns about the link between such emissions and climate change. We also recognise the fact that these emissions will result in a number of implications for us as a business if left unchecked. From a governmental perspective, we are witnessing the increased use of financial tools, such as taxes and emission caps, to discourage the use of carbon based fuels in order that governments can meet their carbon reduction targets. At the same time we may encounter shortages in key raw materials such as water and cereal crops due to climatic disturbances.

Consequently we not only have a societal and environmental obligation, but also a business interest, to take a proactive stance in mitigating emissions in line with international best practice. This includes the use of innovative technologies, using alternative fuels where possible and engaging with initiatives aimed at reducing carbon emissions with the view of reducing our overall energy and carbon footprint.

2 Objectives

The objectives of this position paper are:

i. To provide a shared vision of SABMiller plc's views, commitments and future outlook in relation to climate change and related energy management.
ii. To emphasise our objective of continual improvement in energy and carbon performance and to achieve levels that are at least in line with international best practice.
iii. To provide a framework for SABMiller's energy and carbon management strategy that will translate our views and commitments into action on the ground. This will include looking at SABMiller's direct impacts through its own operations and the influence it can bring to bear through the value chain.
iv. To highlight potential areas of value protection and creation through reduced exposure to risk and improved efficiencies.
v. To provide a link to the SABMiller Sustainable Development strategy and overall corporate strategy.

3 SABMiller Commitments to Energy and Carbon Management

As global corporate citizens we recognise that our evolving policy on carbon emissions has a number of risks and opportunities for us as a company. However, we are ready to be held accountable for our carbon production and to demonstrate our plans to achieve reductions in both energy use and the emissions of the six greenhouse gases. We believe that this can be achieved through a menu of options from which our businesses can select, including:

- improved energy efficiency
- switching to low carbon fuels
- increasing the use of renewable energies
- improved technology
- engaging in voluntary emission reduction programs and projects.

Additionally we acknowledge that our energy and carbon footprint extends beyond our facilities and will endeavour to conduct research, both up and down-stream, to gain a holistic understanding of the overall energy use associated with our products. Where viable we will act upon the research findings to reduce or improve these value chain impacts.

4 Our approach to Energy and Carbon Management

An important aspect of the development of our approach to energy and carbon management was to ensure that we have the right balance in terms of establishing a consistent approach across the group, while at the same time incorporating enough flexibility to allow our operations to adapt and respond to local conditions. The energy and carbon staircase is our solution to achieving this balance.

5 Principles for Energy and Carbon Management

The principles of energy and carbon management have been developed through a series of consultations with our technical and environmental managers, external stakeholders and have also been informed by external published resources.

5.1 Focal Areas of Energy and Carbon Principles

Our Energy and Carbon initiatives concentrate on 5 key areas which we believe will deliver our ambitions to reduce our energy and carbon footprint across the value chain.

5.1.1 Carbon Footprint: SABMiller will:

- measure, and publicly report, its CO_2 and other greenhouse gas emissions according to internationally accepted methodology, including:
  - aggregated data on direct carbon dioxide emissions covering our group boiler and process emissions as a minimum and other business related emissions according to their staircase level
  - aggregated data on indirect emissions in terms of group electrical energy consumption
- undertake broader carbon analysis within our value chain to:
  - gain a broader understanding of our impacts from “cradle to grave”
  - identify potential projects within our value chain, outside our direct operations, that may reduce and/or offset emissions to a greater extent than we would otherwise be able to achieve in-house. e.g. emissions relating to raw material production, transporting raw materials etc.

5.1.2 Plant Energy Management: SABMiller operations will:

- monitor, record and report fuel and electrical consumption on a periodic basis
- manage and optimise thermal and electrical energy consumption efficiencies, moving towards optimal usage within the confines of existing technical and production constraints

- consider, where possible, lifetime energy efficiency as a key criterion in selecting new/replacement equipment
- seek opportunities to recover "waste" process thermal energy where possible, reducing the need to use additional energy.

5.1.3 Clean Energy: To diversify our fuel mix and move away from fossil fuels, our operations:

- are encouraged to maximise opportunities to utilise "renewable" sources of energy, such as solar, biomass, bio-gas (etc), in their operations
- shall introduce "clean energy" where this is viable and locally available

5.1.4 Carbon Management and Trading: To encourage emission reductions SABMiller operations are encouraged to:

- join voluntary industry/business reduction initiatives
- consider mechanisms as defined in the Kyoto Protocol, such as the Clean Development Mechanism (CDM) and Joint Implementation (JI)

6 Implementation

These principles will take time to implement but group companies need to commit to continuous improvement, demonstrated by an improvement in their position on the energy and carbon staircase. Level 1 represents the minimum standard which we would expect all operations to achieve. Companies will be expected to use the staircase to define their current position, identify actions needed to improve and measure progress.

7 Accountability and Responsibility

- The SABMiller Executive Committee (Excom) is the overall decision making body within the group and is responsible for ratifying any policies, position papers (etc) which reflect group views.
- Supporting the Excom from a technical perspective is the Global Technical Forum (GTF), a body consisting of the respective hub technical directors, which acts as an advisory body to the executive on issues such as environmental management and in turn sets overall policy on how environmental activities are conducted in all regions or countries of the world.
- At hub level, the respective country/operation technical directors are responsible for ensuring the hub technical director is aware of their stairway position and leads the process of communicating policy outward and collection of KPIs required to manage their stairway position.