

Public Interest Commitments Report **2017**



2017

2018

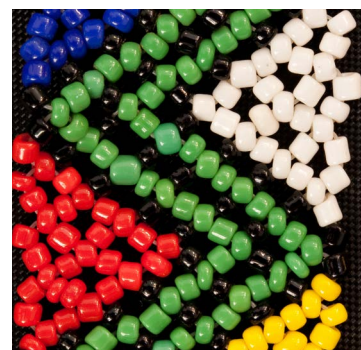
2019

2020

2021



A proud part of the
ABInBev family



OUR KEY PARTNERS IN 2017



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MESSAGE FROM RICARDO TADEU, Zone President Africa: AB InBev and SAB

It gives us great pleasure and pride to present this report. It allows us to reflect on the first year of implementing the public interest commitment (PIC) agreement we entered into with the South African government during the integration between AB InBev and SABMiller towards the end of 2016.

The AB InBev R1-billion for dedicated investment in economic stimulus and societal benefit programmes, managed by an implementation board with equal representation from Government and AB InBev, is fully in place. And, good progress is being made, with the numerous interventions under the three broad pillars of the agreement — agriculture, enterprise development and societal benefit — now being rolled out.

As South African Breweries (SAB) — a proud part of the AB InBev family — we have a vision to create the ideal company, one which channels its resources towards growth and investment, where people love to work and, critically, which makes a real difference in society. We believe the PIC projects will help make this dream come true, and the value of these interventions will be judged by what we deliver over the agreed five-year timeline.

In some areas, where we have a history of established work that we've been able to rely on as a testing ground, we have launched new projects, or scaled existing ones underpinned by additional PIC investment. In other areas, where we hope to test approaches that will ultimately see us taking solutions to scale, we have implemented pilot programmes that demonstrate the value of our vision.

We believe in the future of South Africa and the beer category, and we know that investments by companies such

as ours can be truly transformative in changing individual and community lives. Our large footprint in the South African economy and our extensive value chain mean we have a unique opportunity to leverage what we already do best and use it to help change the face of SA's economic demographic — through the smart development of our suppliers and of entrepreneurs in the wider economy. We are also in a position to address the critical need to support emerging farmers* — to grow the hops and barley sectors, as well as to play a part in building the skills we need for food security.

A substantial portion of our fund is allocated to Agriculture — 61%, or R610-million over five years. We consider this the area of greatest opportunity for economic renewal and impact, and we will seek to use as many local materials as possible in producing our beers. We believe this will help achieve government's ambition to deepen the industrialisation of South Africa and create employment, especially among the youth. The impact of creating many new emerging farmers and growing the sector to become a net exporter of hops and barley will change the lives of thousands of people.

Our five-year R200-million commitment to enterprise development focuses on building sustainable enterprises within the communities in which we do business. This goal also follows the PIC vision to develop opportunities for young people to enter the economy, and to provide skills training for this purpose.

The final tranche of the R1-billion — R190-million — is earmarked for societal benefit. This pillar has several parts and focuses on implementing alternative energy solutions for AB InBev's operations; on sustainability programmes targeting waste reduction and smart

water management; and on introducing learnerships** and scholarships.

We have also driven programmes to reduce the harmful use of alcohol. These are funded entirely separately, by SAB, outside of the PIC investment fund. It was agreed that while these would not form part of the PIC fund investment, we would nonetheless undertake projects that address the potential for misuse of alcohol in society, particularly among the youth. We report on these here.

We have also expanded our five-year job-creation programme from a PIC agreement goal of 2 600 jobs in the Agriculture sector, to a commitment to create 10 000 jobs across sectors, primarily through entrepreneurship. This is over and above what we promised as part of the PIC agreement.

SAB has been an integral part of the fabric of South African society throughout its history, spanning more than 120 years. We believe that our role as one of the country's leading corporate citizens places us in a unique position to make a real difference in society. Our public interest commitments give us an opportunity to expand this even further.

The programme is just a year old. The projects we report on here relating to the investment of the funds arising from our PIC commitments reflect a wide spread of initiatives that together address many of the challenges we face in our society. They intend to begin to make the kind of difference anticipated by the spirit — as well as the letter — of the public interest commitments we agreed. And they will help deliver on our global goal of building a company to last, one that will continue to improve the lives of people in communities we are part of for the next 100 years and beyond.

THE PIC IMPLEMENTATION BOARD

The PIC Implementation Board was established to facilitate, collaborate and provide guidance over the programmes to be implemented in the PIC agreement.

Whilst not a statutory board, the Implementation Board is represented by three appointees from SAB, one appointee each from the South African Economic Development Department, South African Department of Trade and Industry and South African Department of Agriculture, Forestry and Fisheries as well as an independent chairperson. The Implementation Board met twice in 2017 to receive reports on progress to date, implementation of programmes, consult and make recommendations as well as to unlock any difficulties being encountered in rolling out the various programmes.

The Implementation Board members are not remunerated for their services. At all times the Implementation Board has been guided by the achievement of the objectives listed in the agreement being to carry out the programmes in the best long term interests of South Africa.

Year One of the public interest commitments (PIC) saw several projects being rolled out, while others are in the wings, gearing up for implementation over the next period. The five-year PIC agreement, as endorsed by South Africa's Competitions Tribunal prior to the business combination of SABMiller and AB InBev, is structured around three primary funding pillars, of which the most significant is the R610-million commitment to development in the Agriculture sector.

Working with institutional partners to meet the commitments and establishment of the Agricultural Task Team between SAB, government and other stakeholders has been critical in establishing a solid ground for ways of working going forward.

In the Enterprise Development pillar — a R200-million funding commitment over five years — the focus and effort has been on business development, including the development of suppliers in the beer value chain, and developing entrepreneurship and business skills-training materials.

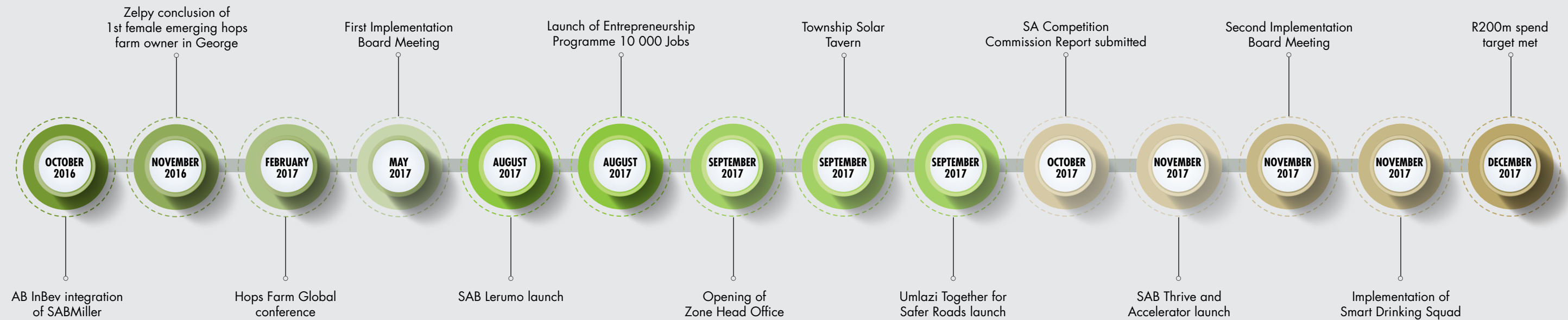
Societal Benefits is the third leg of the public interest commitments — specified in the agreement as a R190-million funding commitment for social impact programmes. This is mainly in the area of sustainable programmes such as alternative energy use; water resource management; and waste management.

As we celebrate the 100th Birth Anniversary of Former President Nelson Mandela, these projects carried out under the PIC are a fine example of the value of public-private partnerships that aid much needed growth and impact in building an equal South Africa.

*Emerging farmers are subsistence Black Economic Empowerment (BEE) or small-scale farmers

**A learnership is a work based learning programme that leads to an NQF registered qualification. Learnerships are directly related to an occupation or field of work. Learnerships are managed by Sector Education and Training Authorities (SETAs).

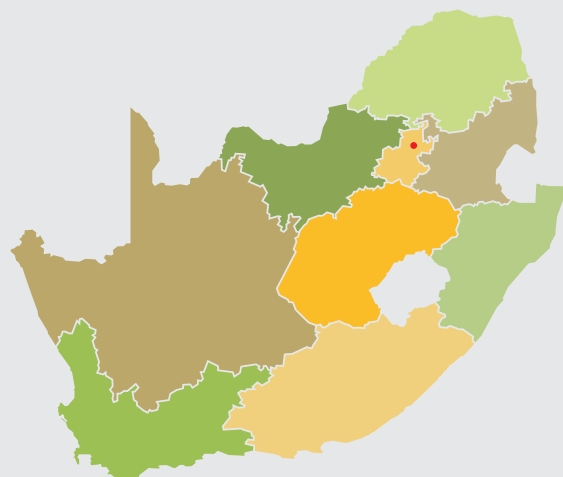
OUR PUBLIC INTEREST COMMITMENTS TO SOUTH AFRICA IN 2017



OUR PUBLIC INTEREST COMMITMENTS TO SOUTH AFRICA OVER THE NEXT FIVE YEARS

SOUTH AFRICA IS THE **HEART** OF AB INBEV AFRICA

CRITICAL DRIVER OF FUTURE GROWTH



ZONE HEAD OFFICE IN JOHANNESBURG, SOUTH AFRICA

R1-BILLION INVESTMENT TO GROW AGRICULTURE, ENTERPRISE DEVELOPMENT AND SUPPORT SOCIETIAL BENEFITS



AGRICULTURAL DEVELOPMENT

R610-MILLION INVESTMENT

SUPPORTING LOCAL FARMERS

Establish thriving **barley, hops, maize** and **malt industries** with an initial goal of converting South Africa from a net importer to a net exporter of barley



Increase South African barley production to **475 000 TONNES**



Strategic Intent to create **2 600 JOBS**
INCREASE EMERGING FARMERS FROM **120 to 920 PARTICIPANTS**
INCREASE COMMERCIAL FARMER PARTICIPANTS

Emerging farmers are subsistence Black Economic Empowerment (BEE) or small-scale farmers



ENTERPRISE DEVELOPMENT

R200-MILLION INVESTMENT

DEVELOPING LOCAL ENTERPRISES

ESTABLISH BUSINESS INCUBATOR FACILITY TO **AID SKILLS DEVELOPMENT**



10 BUSINESS COACHES to support existing suppliers and **NEW ENTREPRENEURS**



10 ENGINEERS to support **SUPPLIER DEVELOPMENT ACTIVITIES**

STIMULATE EXISTING AND **NEW SUPPLIER DEVELOPMENT** IN SOUTH AFRICA



Reduce raw material imports by **INVESTING IN LOCAL SUPPLIERS**



SOCIETAL BENEFITS

R190-MILLION INVESTMENT

INVESTING IN COMMUNITIES TO PROMOTE AND SUPPORT PROGRAMMES related to environmental **SUSTAINABILITY, EDUCATION, WATER AND WASTE**



INVEST in use of **ALTERNATIVE ENERGY** IN SOUTH AFRICAN OPERATIONS

200 LEARNERSHIPS and **40 SCHOLARSHIPS**

YOUTH SPORTS DEVELOPMENT

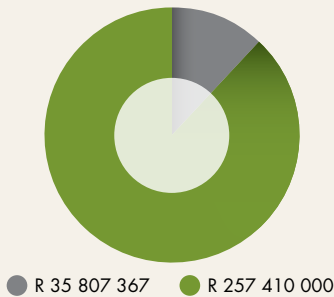


PIC OVERVIEW OF FIVE YEAR COMMITMENT AND PROGRESS

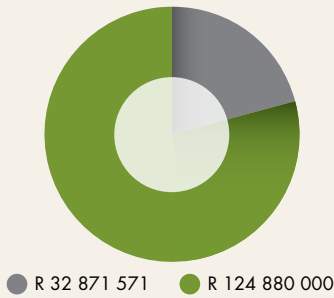
PIC Spend to date PIC 5-Year Commitment*

Agricultural Development

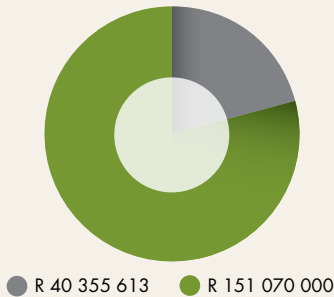
EMERGING FARMERS, INVESTMENT PROJECTS



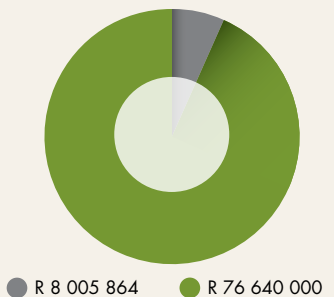
MODEL FARMS



RESEARCH AND DEVELOPMENT



AGRICULTURE TECHNOLOGY

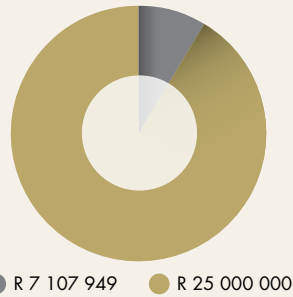


2017 PIC Spend R 117 040 415
PIC 5-Year Commitment R 610 000 000

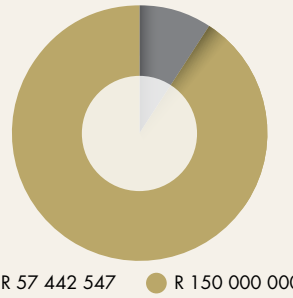
PIC Spend to date PIC 5-Year Commitment*

Enterprise Development

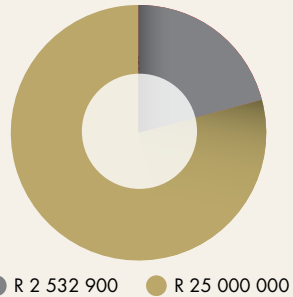
SAB ACCELERATOR



SAB THRIVE FUND



SAB KICKSTART

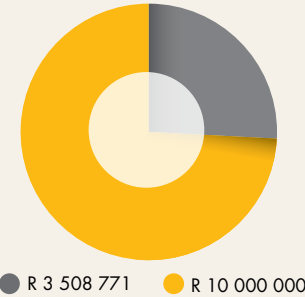


2017 PIC Spend R 67 083 396
PIC 5-Year Commitment R 200 000 000

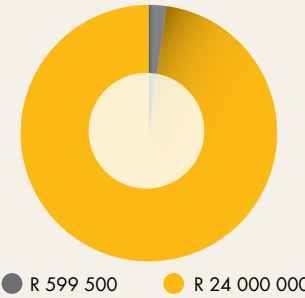
PIC Spend to date PIC 5-Year Commitment*

Societal Benefits

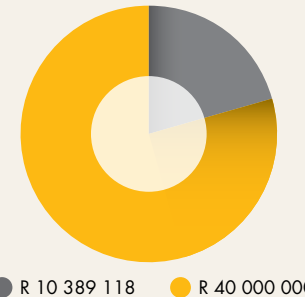
WESSA ENERGY EDUCATION PROJECT



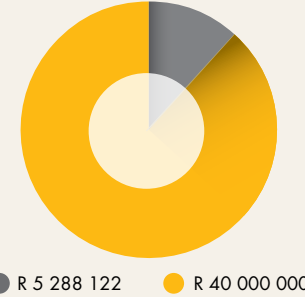
ENERGY - SOLAR



WATER

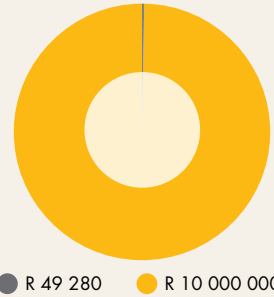


LEARNERSHIPS

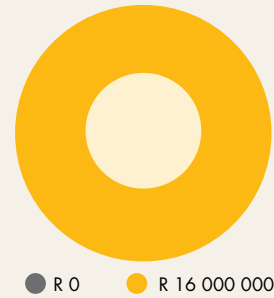


2017 PIC Spend R 25 834 791
PIC 5-Year Commitment R 190 000 000

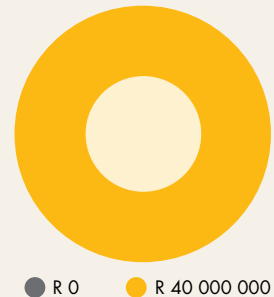
STRATEGIC ALLIANCE



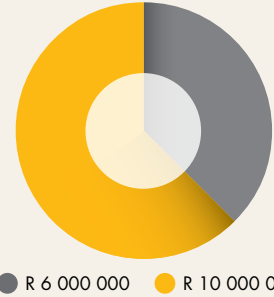
WASTE/RECYCLING



BURSARIES

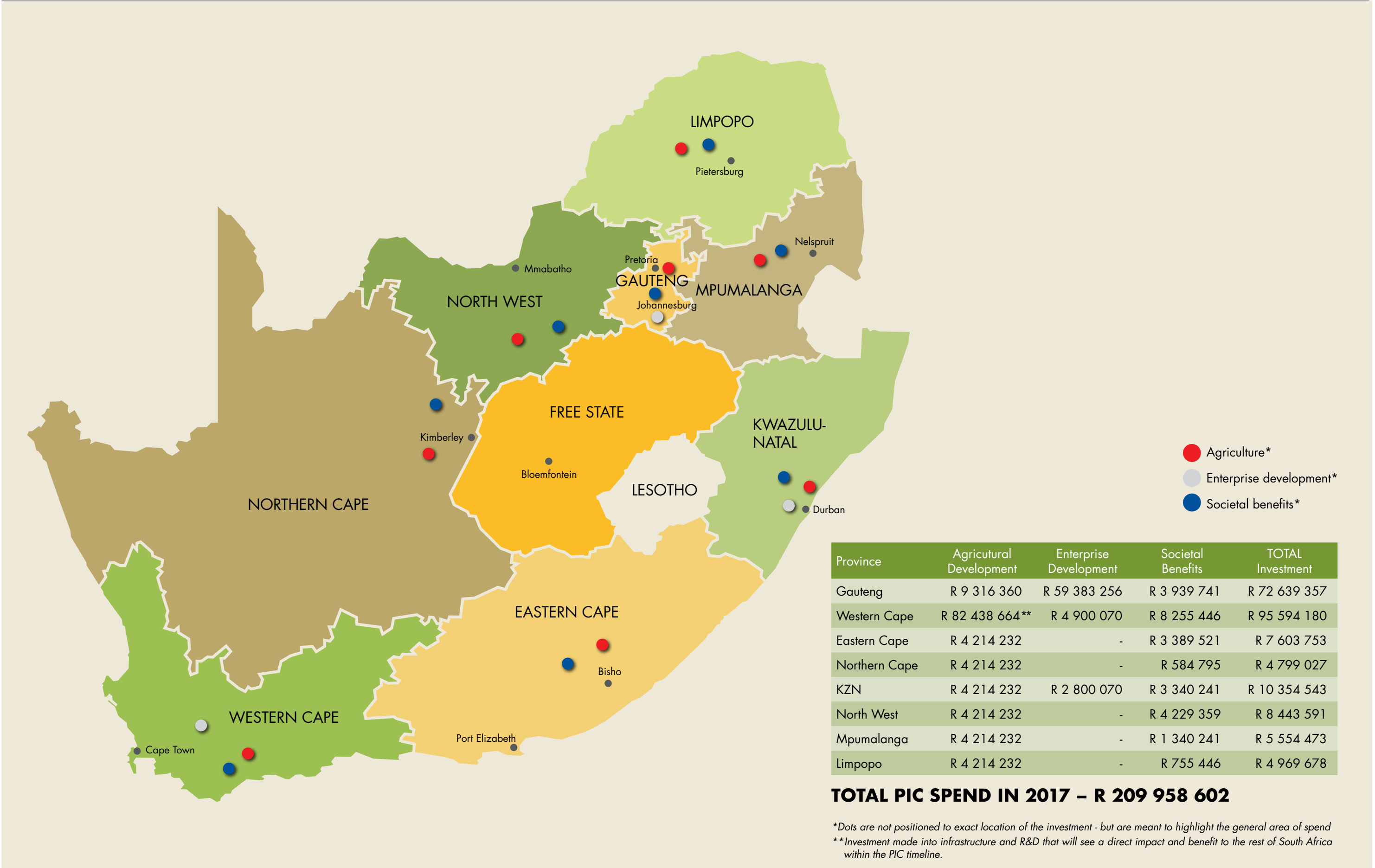


YOUTH SPORTS DEVELOPMENT



*Subject to change

2017 PIC SPEND PER PROVINCE





AGRICULTURAL DEVELOPMENT

SAB is building smart, sustainable programmes that will help create thousands of jobs and build a new community of emerging and commercial farmers across many parts of South Africa.



Overview



The public interest commitments that SAB has embraced, highlight the company's recognition that its role as one of the country's leading corporate citizens places it in a unique position to make a significant contribution to the SA economy. This is especially true in the Agriculture sector, the primary driver of economic activity in SA's rural areas, which also lies at the heart of SAB's business.

The approach is aligned to AB InBev Global's smart agriculture goal for 2025, which is to ensure 100% of our direct farmers are skilled, connected and financially empowered.

The PIC agreement has sharply focused our efforts to strengthen and transform the sector through the implementation of smart, sustainable programmes that aid in job creation and in building a new cohort of emerging and commercial farmers. Our work here includes the development of improved local crop varieties; the dissemination of farming best practices that empower and expand our grower community; the implementation of new technologies to aid farmers in crop production; and



The SAB agriculture team who hosted the first Growers' Appreciation Day in South Africa.

facilitating a material increase in hops and barley production in order to serve the local and export markets. Our farmers and farming communities will benefit significantly as a result of this core vision.

Our activities for our first reporting year, 2016/2017, were focused primarily on the establishment of the institutional and strategic infrastructure necessary to deliver our PIC by 2021.

The investments were structured and prioritised based on our agricultural development experience in other markets, with a focus on investment in research and development, as well as various other initiatives that require a longer time-horizon to deliver impact to the agricultural community.

In addition to research and development, our three focus areas for this first year were: the establishment of the Agriculture Task Team aimed at facilitating alignment with government and removing barriers to delivering agricultural value; the establishment of FarmSol, an emerging grower development implementation partner for SAB and the agricultural industry; and the integration of SAB's existing emerging grower programmes, namely Women in Maize (WiM) and Go Farming, into our local and global agricultural development organisation.

It should be noted that SAB's prior social investment programmes are strongly aligned with the principles underpinning our public interest commitments, allowing us to launch interventions on a solid foundation that falls within already well-defined areas of need.

Along with delivering our 2021 PIC vision for agricultural development, our goal is to establish a sustainable agriculture programme within South Africa that will take SAB beyond these goals in 2021 and provide meaningful impact in the country's agricultural sector for years to come.

OUR 5-YEAR COMMITMENTS IN AGRICULTURE ARE:

INCREASE NEW EMERGING FARMERS BY 800

INCREASE NEW COMMERCIAL FARMERS BY 20

EXPAND ANNUAL BARLEY PRODUCTION TO 475 000 TONNES

STRATEGIC INTENT TO CREATE 2600 NEW JOBS

SA TO BECOME A NET EXPORTER OF 10 TONNES OF HOPS & 65 000 TONNES OF MALT

INVEST IN AND UTILISE SA R&D AND TECHNOLOGY TO BENEFIT EMERGING AND COMMERCIAL FARMERS

CREATE NEW BUSINESS OPPORTUNITIES IN AGRICULTURE THE SECTOR

2017 FOCUS

- Implementation of the Model Farm concept, and planning for best-in-class facilities for in-farm education.
- Leveraging post-merger access to our global R&D capabilities and expanding the impact of South African Barley Breeding Institute (SABBI) varietal development through integration of SABBI varietal work into the SAB Global Barley Research programme.
- Development of a Material Transfer Agreement between SAB and SABBI.
- Development of a Research Campus that drives applied research in partnership with SABBI and the Model Farm, with a focus on mitigating risks for emerging growers and improving revenue potential of key crops.
- Fast-tracking approval of varieties suited to each growing region, especially varieties for irrigation and with a focus on improved grain quality that minimizes the risk to the farmer.
- Leveraging model farms for trials for input efficiency, irrigation, management, growth regulators and crop protectants to build a knowledge base for new and existing emerging and commercial farmers.
- Establishing the University of Stellenbosch Agronomy Faculty Chair and commencing industry-related research projects through 10 Agriculture bursaries.

2018 FOCUS

- Expanding the contracting, development and support of emerging growers across hops, maize and barley – including additional investments into FarmSol and other strategic partners.
- Training and mentoring emerging farmers through our agronomist extension teams, training partners, and model farm facility.
- Implementing R&D capabilities – including facilities, personnel and mechanisation – and the continued launch of varieties and crop technologies.
- Undertaking strategic investments within the agri-processing sector, and the development of future opportunities such as rice production and processing, as well as vegetable and citrus production and processing.
- Sharing SAB best practice and R&D intellectual property with the South African public through dedicated website.

Government and Stakeholder Partnerships

The Agricultural Task Team was established to improve the public-private partnership between SAB, government and other stakeholders. This is essential for SAB to meet its PIC targets and achieve true transformation of the Agricultural sector.

From the Terms of Reference, the Department of Agriculture, Forestry and Fisheries (DAFF) is responsible for coordinating the interdepartmental facilitation of the SAB investment initiative. This required the formalisation of core supporting capacity through the establishment of a Task Team comprising the following National

Departments and State-Owned Enterprises:

- Department of Rural Development and Land Reform
- Department of Water and Sanitation
- Landbank
- Agriculture Research Council

The establishment of the core Task Team will ensure that challenges and bottlenecks in the implementation of the SAB investment projects are addressed and progress is reported on timeously.

PIC INVESTMENTS IN 2017

R35 807 367
EMERGING FARMER INVESTMENTS



BARLEY PRODUCTION
R300 000

CONFERENCES
R2 119 759



R&D
R40 355 613



AGRICULTURE TECHNOLOGY
R5 586 105



CALEDON MODEL FARM
R32 871 571

TOTAL AGRICULTURE SPEND R117 040 415



The Agronomist Extension Team

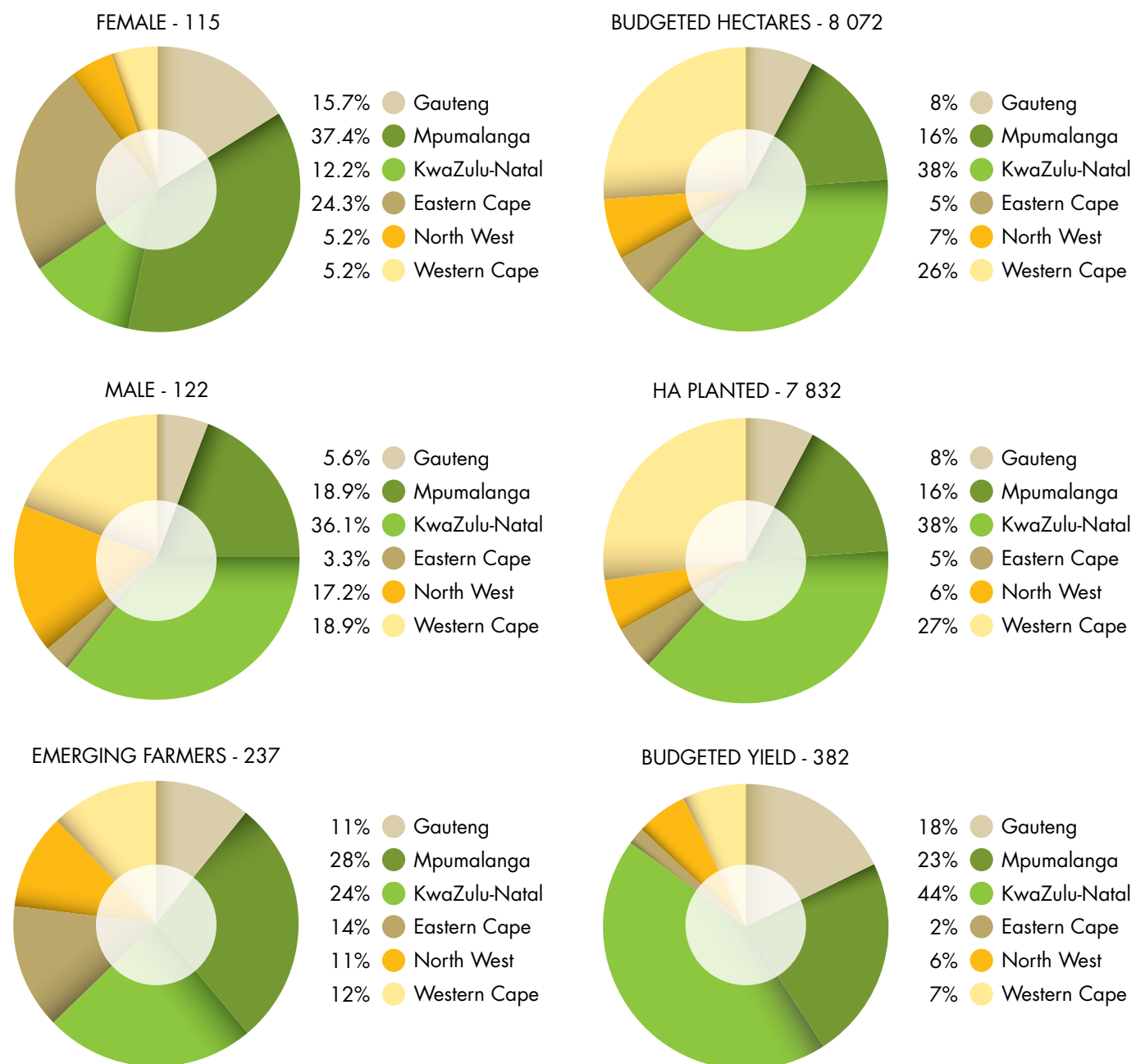
One of our goals for 2017 was the expansion and restructure of the SAB agronomist team in SA. This was undertaken in order to lay the groundwork for a framework to grow our hops, barley and maize programmes to achieve the targeted increase in output that would ensure the creation of more jobs across the sector, and the training of new emerging farmers.

The team will drive agricultural programmes focused on R&D and the implementation of adaptive agricultural technology. These will ensure we remain ahead in producing crop varieties with greater

yield, crop disease resistance and profitability, while providing critical emerging farmer programme support. The research will be linked to agronomic practice in the field, which will inform the creation of robust emerging farmer development and training programmes.

237 new emerging farmers participated in our hops, barley and maize extension programmes. This forms part of our goal to achieve 800 new emerging farmers by 2021.

EMERGING FARMERS



The Model Farm

The concept of Model Farms is key to the success of our investment in Agriculture. The outputs of Model Farms forms the knowledge-base that can stimulate new business opportunities in the agri-sector, in addition to informing programmes on the development of emerging and commercial growers. The Model Farm concept also enables the on-going sustainability of our varietal breeding programmes, R&D investment and crop development, and provides a home and facility for emerging and commercial grower training.

During 2017 we invested in equipment and facilities at the SAB Barley Model Farm in Caledon, Western Cape. This laid the platform for a range of trials on best agronomic practice, across all crops grown in rotation with barley in the Western Cape. The focus in 2018 will be on the establishment of training facilities, the establishment of infrastructure to accommodate R&D, and the creation of a centre of excellence where we can involve other agricultural sector role players.

Model Farms provide invaluable data for the development of our programmes by replicating our key production areas:

- Repeat agronomic trials on varietal development.
- Trials on barley and competitor crops to establish best agronomic practice.
- Research and trials on potential new crops e.g. rice.
- A platform for other parties to conduct trials for new product development, e.g. chemical and fertiliser suppliers.
- Trials and tests outside of normal production windows that are not possible on commercial farms, e.g. trialling a summer variety of barley under irrigation.
- Training of emerging and commercial growers; facilitation of best practice; new technology implementation in a controlled environment.
- Build data on production costs for various crops, assess impact on profitability for growers.
- Deploy leading-edge technology to drive environmental-impact reduction in farming.
- Long-term trials and data sets on soil preparation technologies to understand impacts on soil condition, moisture retention and crop performance.
- Build holistic insights regarding rotational production of SAB crops and other crops. This is critical to enable us to coach emerging growers beyond the narrow view of a single crop production cycle.
- Create scope for practical learnerships on a working commercial farm.
- Create opportunities for post-graduate student research that will benefit the agricultural sector. e.g. current University of Free State Master of Arts degree project on the effect of poor water quality on nitrogen assimilation in barley.

Zelpy Hops Farm

In late 2016 SAB Thrive invested in the Zelpy Hops Farm in George, giving Beverley-Ann Joseph, 32, the opportunity to become the **first black female hops farm-owner in SA**. With the help of SAB's Thrive Fund, a private equity fund working in partnership with the Awethu Project to aid business development and foster entrepreneurship in SAB's supply chain, she had enough to cover her start-up costs. An interest-free loan from SAB Hops Farms and a smaller one from ABSA provided the rest of her capital.

PIC investment in this project included funding for the upgrade of farm workers' housing and the installation of solar geysers to supply seven housing units and three dormitories.

First black female hops farm-owner in South Africa, Beverley-Ann Joseph on her hops farm in George.





Research and Development

Our Research and Development team is responsible for research, planning and the implementation of new programmes and protocols, with the aim of maximising value throughout the value chain to ensure the upliftment of farmers and surrounding communities. Our commitment to produce **475 000 tonnes of local barley per year** by 2021 has shaped our planning, and we are mindful that our emerging growers can play a key role in achieving this.

We also aim to increase the production of hops by around 150 tonnes to 1 000 tonnes by year 2021, of which 10 tonnes will be for the export market. In 2017, our net import of hops was 77 tonnes, demonstrating an improvement.

The SAB hops breeding programme in George, which is done naturally by crossing varieties and without the use of any genetically modified organisms, has introduced six commercial varieties, with yields comparable to varieties used in the rest of the world.

The PIC investment in agricultural research has been directed into collaborative projects with the Agricultural Research Council and Stellenbosch University. SAB has funded **10 Agriculture Research bursaries** to develop and recruit new talent and has seen an increase in interest at the campus in this field of study.

Our R&D programmes explore the development of improved barley varieties, improved crop management, competitive alternate summer crops for brewing, and effective crop rotation. It is also the basis of farmer coaching to mitigate for climate risks. These focus areas are undertaken with a view to ensuring that our farmers also protect our natural resources.

GOAL	PROJECTS	SAB BASELINE	PIC GOAL (#)	PIC NEW 2017 (ACTUAL)
Farmers	New Emerging Farmers - (Dryland + Irrigation)	120	920	237
	New Commercial: Barley	520	540	-29

PRODUCTION TARGETS

PROJECTS	BASELINE TONNES	COMMITMENT TONNES	2017 TONNES
Barley Production	310,000	475,000	286,000
Net export of hops	-210	10	-77



Aerial view of the world made out of barley at the 2017 Growers' Appreciation Day in Caledon.

SOIL SAMPLING

In 2017 we conducted a comprehensive soil sampling programme which was carried out across all our emerging growers, and included the subsequent application of soil liming correction programmes. This was done at no cost to them. It will deliver tangible crop performance benefits for our growers. The project will be monitored and expanded to our growers working in Taung on fallow fields in preparation for the 2018 barley crop. This work will be used going forward as the basis for knowledge-sharing on soil management practice and to mitigate risk for our new emerging farmers.

IN 2017 R12 351 845 WAS GRANTED TO EMERGING FARMERS THROUGH THIS PROJECT.

Technology Development

The PIC investment has resulted in a partnership with the **Bureau for Food and Agricultural Policy (BFAP)** and Integrated Value Information System (IVIS) to create emerging farmer software. This will improve financial reporting and accurately capture emerging growers' progress. The technology also enables us to report accurately on contracted entities as well as on beneficiaries in the various programmes. Applied currently to our existing emerging farmers, our next focus will be to use the technology to identify risk areas for these farmers as well as for new emerging growers in order to improve profitability, maximise investments in infrastructure and drive sustainability.

The PIC investment was also used to leverage technologies from abroad, including the global AB InBev grower development software programme SmartBarley. The PIC investment is also further allowing us to combine leading agriculture technology and software, such as through our global partnership with Agribile, to provide growers with more accurate and timely information to help them mitigate their risk, increase their profitability and farm more sustainably.



WATER

Currently the majority of our barley is grown in the rain-fed area of the **Western and Southern Cape (89%)**, with just **11% grown** in the irrigation area of **Northern Cape**. Expansion to the North West is currently underway through our PIC investment. Given current water constraints in the rain-fed Cape province, the R&D team are targeting the use of improved varieties and practices in order to untap alternate growing areas to reduce reliance on this area. We will focus on emerging and small-scale farmers to increase the farmer base, to increase job creation and improve livelihoods within the communities.



ONE *idea* CAN
EMPOWER A NATION



ENTERPRISE DEVELOPMENT

Tackling youth unemployment, driving the inclusion of black owned-businesses in our supply chain and creating a healthy pipeline of suppliers that are demographically representative of SA are at the heart of SAB's approach to enterprise development.

Overview

SAB is deeply committed to South Africa's transformation agenda and to addressing the unemployment challenge. A key channel to achieve this is through enterprise development. For SAB this entails a focus on the inclusion of black-owned businesses in our supply chains and ensuring that we have a healthy pipeline of suppliers that represent the demographics of our country. The development of enterprises and suppliers is also intended to address the goal to maximise exports from South Africa and minimise imports into South Africa.

This year, in keeping with our public interest commitments, we launched the SAB Accelerator, a dedicated business incubator that will have a net positive impact on employment opportunities in the beer and cider production, packaging and distribution value chains in South Africa.

At the same time, we launched a Supplier Development programme that combines the efforts of SAB Accelerator and the SAB Thrive Fund to address the increased focus on this aspect of our PIC for developing black-owned and black women-owned suppliers to be world class businesses.

Our public interest commitment specifies the creation of 2 600 jobs in the agricultural sector. SAB has taken this commitment much further and in September 2017 committed to programmes that will see the creation of additional jobs, to a total of 10 000 jobs in South Africa by 2022, through enterprise development.

The PIC agreement commits SAB to providing online interactive enterprise development training with course work focused on key functional skills requirements — a target being addressed through the SAB KickStart programme.



Entrepreneurs from each of the five entrepreneur and supplier programmes at the launch of the SAB Entrepreneurship Programme alongside Director General for the National Department of Small Business, Edith Vries and Gauteng MEC for Finance, Barbara Creecy

OUR 5-YEAR COMMITMENTS ARE:

ESTABLISH A THRIVING STANDALONE BUSINESS INCUBATOR

STIMULATE A SUPPLIER DEVELOPMENT PROGRAMME WITH THE PURPOSE OF DEVELOPING LOCAL SUPPLIERS (EXPORT OPPORTUNITIES) AND REDUCING IMPORTS

INVEST R200 000 000 OVER 5 YEARS TO:

- Establish a dedicated business incubator facility
- Provide new and existing suppliers as well as entrepreneurs with business training
- Employ 10 dedicated business coaches to support the supplier and entrepreneur programmes
- Employ 10 dedicated engineers to support supplier development programmes
- Provide an online and interactive training course for suppliers and entrepreneurs
- Assist supplier transformation to Black ownership

2017 FOCUS

- Pilot work towards the launch of a dedicated business incubator initiative.
- Launch of SAB Accelerator.
- Content development for online entrepreneurship training programmes.
- Launch of commitment to expanded job-creation target.
- Strategic conversion of businesses to Black ownership through the SAB Thrive Fund.

2018 FOCUS

- Expansion of SAB Accelerator incubator programme.
- Expansion of supplier development programme.
- Rolling out of digital training.
- Strategic business platforms to address youth entrepreneurship and black women in business
- Online supplier buying platform.
- Circular economy business model to create by-products from hops.

PIC INVESTMENTS IN 2017

SAB KICKSTART R2 059 000	SAB ACCELERATOR R7 107 949	SAB THRIVE R57 442 547	SAB LERUMO R473 900
TOTAL ENTERPRISE DEVELOPMENT SPEND R67 083 396			

SAB Accelerator

The SAB Accelerator is an in-house dedicated incubator programme focused on developing black-owned and black women-owned suppliers to be world class.

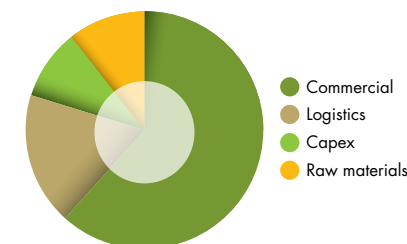
Situated at SAB and AB InBev Africa's new Zone Head Office in Bryanston, Johannesburg, it will employ 10 dedicated highly experienced business coaches and 10 engineers to support existing and emerging black-owned suppliers to grow within and beyond our supply chain. Participants in the programme are provided with tailored business and technical coaching as well as given exposure to market access opportunities. In 2017, **8 members** of this core team were employed (**4 coaches and 4 engineers**).

The incubator programme was launched in 2017, with the initial priority to ensure that methodologies and tools were based on best practice in order to add real value to suppliers and to ensure greatest success for the programme.

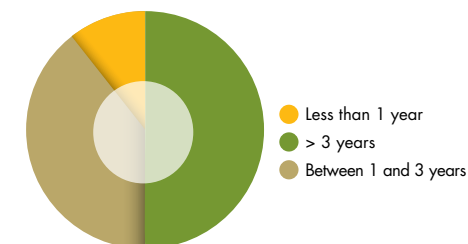


A pilot programme run through the year was set up for 10 selected suppliers. The programme involved a shadowing structure with a South African company that has extensive experience in the enterprise development space, Sizwe Ntsaluba Gobodo. The participants were a representative sample of the types of suppliers in our supply chain in terms of sectors, level of maturity and turnover as shown below:

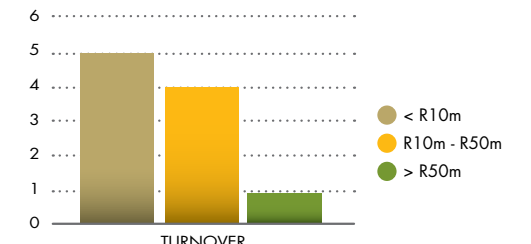
PILOT SEGMENTATION - CATEGORIES



PILOT SEGMENTATION - MATURITY OF BUSINESS

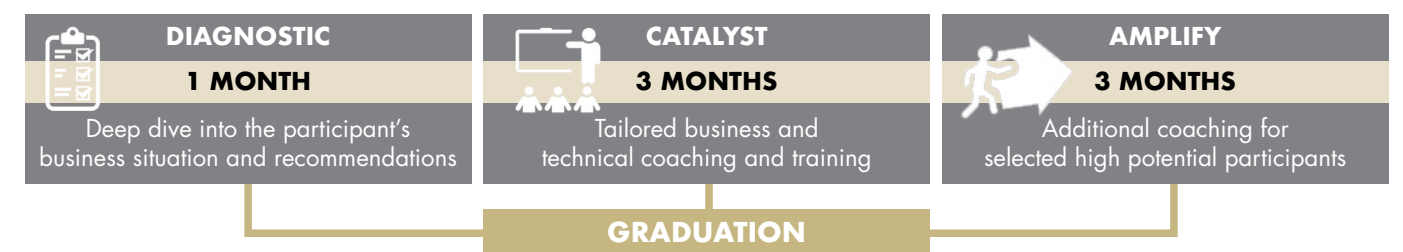


PILOT SEGMENTATION - REVENUE



The SAB Accelerator has now invested in recruiting highly experienced and skilled business and technical coaches. Our in-house team has developed standardised processes and tools to ensure consistency in the quality of all aspects of coaching.

The SAB Accelerator support for participants is structured around three sub-programmes: Diagnostic, Catalyst and Amplify, as shown below. Participants also have access to a co-working space and boardroom hosted on our premises.



To date, 42 participants have graduated from the SAB Accelerator programme and it is currently incubating 32 suppliers. The programme has enabled the **creation of 60 net jobs** consisting of both permanent and part time jobs.

SAB entrepreneurs and suppliers in our other enterprise development programmes have access to the business incubator facility on SAB's premises, which includes business meeting rooms, WiFi access and access to their SAB point of contact.

SAB ACCELERATOR STATS AND FACTS

42 GRADUATED PARTICIPANTS	32 CURRENT PARTICIPANTS
60 PERMANENT JOBS CREATED	31 PART-TIME JOBS CREATED

2018 FOCUS

The focus in 2018 will be on increasing our impact and reach as well as driving market access opportunities and initiatives. Some of these initiatives include enhancing the coaching offering for the entrepreneurs and creating a market-access platform, centralised industry data and automation of tools.



SAB Thrive

The SAB Thrive Fund is a pioneering intervention to transform SAB's supply chain and to achieve SAB's public interest commitments.

SAB Thrive supports existing Black-owned suppliers with access to markets and growth capital. It supports strategic and targeted White-owned suppliers who wish to transform to become Black-owned, including ensuring Black leadership is put in place, and driving transformation across all other elements of their BEE scorecards.

SAB Thrive is powered by the Awethu Project (Awethu), a Black Private Equity Fund Manager, and one of South Africa's leading social enterprises. Awethu is a Level 2 youth and Black-owned company run by a passionate, young and diverse team.

SAB Thrive was launched in February 2015 and has already invested almost R140-million in 11 businesses (seven funded through PIC), all of which are at least 51% Black-owned. SAB Thrive's aim is to enable investees to grow and to transform holistically, such that for every R10-million that SAB Thrive invests, at least **R10-million of equity value is transferred into Black hands within five years**. Moreover, for every R10-million that SAB Thrive invests, **17 new jobs** should be created, and at least one high-potential young Black person should be groomed to become an operational business owner and role model, in line with Government's drive to create Black industrialists. Critically, SAB Thrive aims to achieve this impact in a manner that is sustainable, ensuring that capital committed by SAB Thrive is returned to the fund and reinvested in future social impact.

SAB Thrive will contribute R150m to PIC, thereby transferring equity value into Black hands whilst creating at least 15 new Black business leaders and role models. We also intend for SAB Thrive to have indirect impact in the economy through replication of the model by other corporates.

- o R150-million contribution to PIC by SAB Thrive for five-year commitment period
- o First investments made in November 2016
- o Full roll-out of funding due by mid-2018
- o 7 investments to date
- o R57-million of investments made to date
- o Four Black principals placed in earn-in equity positions
- o Recruitment under way for two more principals

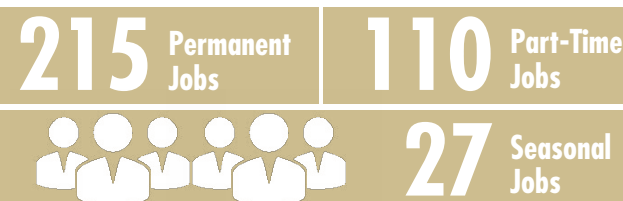


The SAB Thrive Fund has been great in refocusing me and turning the compass around (Sanele Sibandze, Songo Africa).

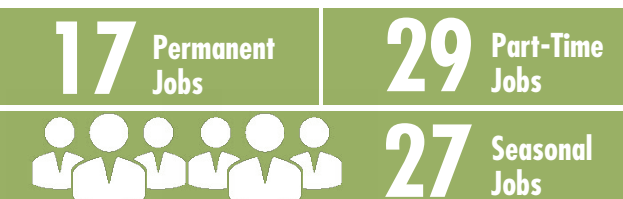
The SAB Thrive Fund contributes to SAB's PIC by:

- Providing opportunities for previously disadvantaged individuals with entrepreneurial ambitions to acquire equity and leadership roles in established businesses.
- Creating a platform for skills transfer to develop the future leaders of the economy.
- Supporting SMEs, the engine of new job creation and economic growth.
- Creating role models and leaders from previously marginalised communities.

INVESTEE BUSINESSES SUPPORT:



NEW JOB CREATION:



INDUSTRIES INVESTED IN:

MANUFACTURING	ICT	MERCHANDISE
AGRICULTURE	FOOD & BEVERAGE	
ENGINEERING	LOGISTICS & TRANSPORTATION	



SAB KickStart

The SAB KickStart programme contributes to the Enterprise & Supplier Development leg of the PIC agreement. It specifically addresses the requirement to stimulate new and existing supplier development in order to support local production, but also to promote wider entrepreneurship in the communities in which we operate. This is intended in turn to address the goal to maximise exports from South Africa and minimise imports into the country. The PIC agreement commits to providing online interactive training, with course-work focused on key functional skills requirements.

SAB KickStart has invested in substantial research and development work towards creation of an online interactive training programme with Intellilab. This is a company that provides a specialised service of developing online, video-based content that speaks to different types and sizes of businesses.

The course content, launching in 2018, will provide key functional skills for developing entrepreneurs in the form of concise, five-minute videos aligned to different sizes of businesses. The curriculum is based on:

1. The process of ideation to commercialisation
2. Steps to achieving market access across industry
3. Understanding and applying procurement capabilities for SMEs
4. Accelerating growth for development of medium to large-scale suppliers
5. Being funding-ready

This project will assist local South African entrepreneurs to access easily-digestible, on-demand information that is relevant to their business size and category. We have previously trained entrepreneurs in our Enterprise Development support programme over a dedicated two-week period, in a designated location, and using hard-copy files. This was not a sustainable approach.

Our training will migrate from hard copy to online, ensuring easy access to bite-sized information, for a longer period of time. Programme participants will be able to access enterprise-specific current information. We are also making a condensed version of this material available to the general public.

SAB KickStart empowers young entrepreneurs between the ages of 18 and 35, whose companies are at least 51% black-owned, both male and female, and who reside in predominantly peri-urban areas. Through this project, at least **75 entrepreneurs will be developed on a 'high-touch' basis every year** — with the objective that each 'high-touch' entrepreneur will create at least two jobs.

2018 FOCUS

- Online business development
- Radio series – business development curriculum
- Online buyers' platform
- Business in a Box – for township businesses
- Urban agriculture

SAB Lerumo

SAB Lerumo is a new supplier development programme launched in 2017 as a direct product of PIC investment, focusing on the **development of black women-owned businesses in our supply chain**, to better equip them to break through barriers to success and improve their market access capabilities.

With sustainability as the guiding principle, this programme focuses on the development of core skills required to navigate the complex procurement structures of big corporate operations.

Our first cohort of **twenty-three entrepreneurs** were selected on their capabilities and



SAB Lerumo is a new supplier development programme for black women-owned businesses in the SAB supply chain.

potential to thrive under a targeted three-month growth-focused intervention, structured around masterclasses designed to provide insight and guidance for successful supply chain businesses.

In the 2017 year, **R473 900** has been invested in this programme.



SOCIETAL BENEFITS

SAB is investing to drive environmental sustainability, enhance youth and other programmes to help uplift communities and sponsor several hundred learnerships and scholarships to promote education.

As part of the Societal Benefits commitments agreed with the SA government in 2016, SAB undertook to ensure that interventions worth R190-million would be made in the areas of education, business, scholarships, learnerships and environmental sustainability.

In 2017 we have made strides in the implementation of several social benefit programme investments, including disability learnerships, agronomy and engineering study bursaries, water sustainability, and solar energy interventions, school sports programmes and an environmental education project.

OUR 5-YEAR COMMITMENTS ARE:

INVEST **R190 000 000** OVER **5 YEARS** TO:

-  Support and develop alternative energy use in our operations
-  Support **education on and use of alternative energy** within South African communities
-  Promote a **sustainability programme** aimed at reducing waste, encouraging recycling and preserving water
-  Further enhancement to our current **youth sports programmes** as well as establish afterschool educational initiatives
-  Fund **40 engineering and agronomy scholarships**
-  Sponsor an additional **200 learnerships**, for those without formal education, who are unemployed and who are living with disabilities

OUR PIC INVESTMENTS IN 2017

R6 000 000 FOR CITY WATER-LEAK MANAGEMENT	FOR DISABILITY LEARNERSHIPS R5 288 122	FOR YEAR ONE OF WESSA ENERGY EDUCATION CURRICULUM PROJECT R3 508 771	WATER INVESTMENTS R2 889 118
R599 500 FOR 10 SOLAR ENERGY PROJECT SITES	R1 500 000 FOR WORLD WILDLIFE FUND (WWF) OUTENIQUA WATER-SAVING PROJECT	FOR YOUTH SPORT COURTS INFRASTRUCTURE BUILD R6 000 000	COMMUNITY R49 280
TOTAL SPEND R 25 834 791			

2017 FOCUS

- Solar energy tavern upgrades.
- First steps in creating an alternative-energy education programme.
- Water-waste reduction through technology intervention in partnership with municipalities.
- Partnership with the Sports Trust Fund for sports infrastructure development.
- Allocation of scholarships for studies in fields of agronomy and engineering.
- Creation of learnerships for unemployed, untrained individuals living with disabilities.

2018 FOCUS

- Alternative energy education project roll-out to schools in six regions.
- Expansion of waste-reduction pilot project in Tembisa.
- Continuation of WWF Outeniqua water-saving project.
- Implementation of Metro water-saving project in two new areas.
- Allocation of further agronomy and engineering scholarships.
- Expansion of learnerships for unskilled, unemployed, individuals living with disabilities.
- Implementation of youth sports courts project in Keiskammahoek, Newlands and Mhlakeng.
- Implementation of the Strategic Alliance community project pilot in Keiskammahoek.

Solar Energy Pilot Project

A lack of access to electricity has a profound impact on business sustainability and capacity for growth. Mindful of this, SAB has undertaken an alternative energy pilot project in the Gauteng area, targeting **10** informal retailers. The project seeks to understand the extent to which solar technology is viable for the informal retailer, their families and the community. It has also explored the cost-effectiveness of alternative technologies, and the financing mechanisms that can be made available to the local community.

Solar energy interventions have the capacity to make dramatic changes to business opportunities in informal settings, particularly where the introduction of formal infrastructure is slow. Such interventions enhance the consumer environment, bringing more customers and higher trading volumes for the trader, and thereby increasing revenue and building sustainable businesses.

The enhanced customer safety that accompanies improved lighting means that alternative energy interventions are a valuable intervention to address SAB's PIC commitment in respect of community safety.



2017 FOCUS

- Pilot project in Gauteng area
- 7** informal retailers expanding to a total of **10** in 2018
- Solar energy for fridges
- Solar energy for lights
- Extended access to energy for the community

The installation of solar panels at one tavern in Gauteng, the Mandiwana Tavern, enabled the taverner to install three SAB fridges so that she could predictably serve cold drinks to her customers, as well as providing night-time lighting that created a safer space.

Wildlife and Environmental Society of South Africa (WESSA) Partnership



Solar panels made out of recycled plastic bottles

The three-year practical curriculum programme will be implemented from Grades 10 to 12 alongside the students' existing subject choices, potentially creating future environmental career paths for these students by exposing them to an environmental curriculum. The WESSA-SAB partnership will see more than one intake over the lifespan of the project.

Targeted programme projects in each area will be aligned to the energy needs in the communities surrounding the selected schools. A WESSA Energy Science Project competition is to be created among the 6 participating schools, with the winning project competing on an international scale.

PROVINCE	MUNICIPALITY	SCHOOL
Limpopo	Vhembe DM, Thulamela LM	Mphaphuli Secondary School Ralson Tshinane Secondary School
KwaZulu-Natal	EThekweni MM	Embizweni High School Enaleni High School
Eastern Cape	Amathole DM, Amahlathi LM	St Matthews High School Mzomtsa High School
Mpumalanga	Nkangala DM, Thembisile Hani LM	Mkhutshwa Secondary School Rorobhani Secondary School
North West	Dr Ruth Segomotsi Mompati DM, Greater Taung LM	Thabasikwa Secondary Gabobidiwe High School
Northern Cape	Pixley ka Seme DM, eMthanjeni LM	Monwabisi High and Veritas Technical High

SAB has partnered with the Wildlife and Environmental Society of SA (WESSA), an environmental education implementer, to develop a five-year, R10-million project to implement and create a high-school energy-education programme that can build future environmental leaders who will help solve South Africa's energy challenges. The project will introduce an alternate energy curriculum to a number of disadvantaged schools in the areas of Northern Cape (De Aar), Eastern Cape (Keiskammahoek), North West (Taung), Limpopo (Thohoyandou), Mpumalanga (KwaMhlanga) and KZN (Umlazi).



Waste

A pilot waste-management project in the Tembisa area will be launched in 2018 after a planning phase which was undertaken during 2017. The programme will entail managing post-consumer waste from taverns which is diverted away from landfill, in order to promote a circular economy. More work on this is to be undertaken in 2018 with a view to replicate it in other areas.

2017 FOCUS

- Planning for waste-management economy intervention

2018 FOCUS

- Introduction of waste-economy projects into more areas

Water: SAB-WWF Outeniqua Project

SAB has set up a collaborative project with the World Wildlife Fund (WWF) and the Department of Environmental Affairs (DEA), focused on improving water conservation in a key catchment in the Outeniqua Mountains outside of the city of George, in the Western Cape area of South Africa. Here water resources are under considerable pressure due to a combination of changing climate conditions impacting rainfall patterns and increased demand from urban, industrial and agricultural users.

The partnership project is still in its implementation phase and as a result the benefits that will accrue are not yet measurable. We anticipate a 1-billion litre water saving through this initiative, with additional value achieved through beneficiation of the removed biomass.

The project will focus on the removal of alien vegetation from parts of the catchment area where it creates a significant draw on the water resources. The removed material will be replaced with indigenous vegetation and the project will further establish a sustainable industry utilising the removed biomass so that the clearing initiative becomes self-sustaining in the medium term. This will create jobs.

Early analysis suggests that the significant volumes of water released into the catchment can contribute considerably to downstream water users, including in the urban areas of George and Eden. WWF is an ideal partner, having well-established expertise in this area. The Department of Environmental Affairs has contributed match-funding for the alien vegetation removal as the programme is aligned with their strategic objectives.

PIC funding will be used to implement Phase 2 of the Outeniqua programme. This will allow expansion into new areas, maintain already cleared areas and (more importantly) explore cleared



The removal of alien vegetation from the Outeniqua Mountains outside the city of George in the Western Cape, will improve water conservation in the area

biomass beneficiation — finding innovative ways to create value out of the cleared vegetation.

SAB is also formalising the programme through the appointment of an on-the-ground project manager to co-ordinate the partnership.

The expansion of the initiative will have a positive economic impact through local job creation in the vegetation clearing and the creation of micro-enterprises relating to the biomass removal.

To date the project has seen R1,5-million spent by SAB in 2017.

2017 FOCUS

- Planning of alien clearance partnership project with WWF, DEA
- Identification of intervention zones
- Establishment of work flows

2018 FOCUS

- Implementation of alien-clearance water-saving partnership project

Municipality Water-Saving Projects

SAB is engaging in water-management projects with various municipalities. In Cape Town, where drought conditions are having a severe impact, the initiative will be spread across different zones within the metro where the primary focus is on the reduction of water loss through undetected leakage. This work involves introducing new-technology smart-pressure controllers that ensure optimal pressure management of the reticulation network. Leakage is driven primarily by pressure, and the rationale of this approach is that if the pressure can be reduced (even if only during off-peak periods), leakage will reduce.

In areas of high water leakage, the following activities are in planning:

- Meter audits and potential meter replacements for the top water consumers in focus area.
- Pressure-management control through automated pressure regulators in high water-loss zones. SAB has made funding available for this work following research outcomes indicating that leakage is a major factor in urban water waste.

SAB has donated R6-million to the City of Cape Town to improve existing pressure regulation valves and loggers. This will lower the pressure in various parts of the city supply network and help reduce leaks. The water saving arising from this is still to be quantified but is expected to be significant.

SAB is committed to extending leak-reduction interventions to other municipalities in 2018.



SAB has donated R6-million to the City of Cape Town towards its water saving, leak-reduction programme

2017 FOCUS

- Planning for water-leakage prevention intervention in City of Cape Town
- Water-leakage prevention project design
- Agreement and signature of Memorandum of Understanding

2018 FOCUS

- Implementation of Cape Town urban water-leakage prevention intervention
- Expansion of intervention to other centres.

Youth Sports

SAB has partnered with The Sports Trust Fund, our implementation partner, to deliver quality, safe, sustainable sports infrastructure that will not only be located at disadvantaged schools but will be accessible to schools in neighbouring communities and to the community at large.

In addition, we are providing sustainable sports programmes with Skills Educators. This includes developing curriculums, the training of stakeholders, the creation of sports leagues and monitoring and evaluation of the programme.

The objective is to provide access to sports infrastructure and sports programmes for disadvantaged communities in South Africa. In 2018 we will be building courts in **Newlands (KZN), Mohlakeng (Gauteng) and Keiskammahoek (Eastern Cape)**. We are currently identifying suitable schools where one trainer will be appointed per court. The schools in each area will share both the court and the use of the facilities. Alongside this two further rural schools will receive the skills development training from a coach dedicated to their community.

The Sports Courts development project aligns with the SAB vision to promote grassroots soccer, and to develop women's soccer and netball. AB InBev sponsors the SAB League (SABL) and will give students exposure to these leagues in the form of attendance at matches and networking. There are many South African Premier Soccer League (PSL) players who started their careers with the SAB League, a grassroots soccer initiative



Enhancing Education Through Sport

that has been running for more than 16 years and have similar backgrounds to our students. We hope this contributes to building a path to the PSL for new talent.

The skills facilitators will assess each child's physical level and will put plans in place to ensure their optimal health including through assessing dietary requirements, exercise, counselling and sports coaching.

This is a five-year programme with specific milestones.

2017 FOCUS

- Procure and purchase multi-purpose courts
- Create sustainable skills programmes

2018 FOCUS

- Delivery of multi-purpose courts
- Activate sustainable skills programmes
- Expansion of intervention to other centres.



Scholarships

A three-month process to identify candidates for scholarships was established with invitations to seven agricultural schools, and to student centres at seven universities. All 54 applicants were invited to complete psychometric testing after which 22 were invited for a personal interview and nine candidates were awarded scholarships in the fields of engineering and agronomy. We will track the student's progress as they continue

their academic careers. Furthermore, we will not only provide access to quality education until completion of a tertiary degree, we will also invest in their *leadership journey* to ensure the development of young people's leadership potential, to prepare them for their role as responsible citizens and ultimately leverage the programme to serve as *pipeline for our Graduate programmes and future pipeline roles*.



54
TOTAL NO.
OF APPLICATIONS RECEIVED



34
QUALIFYING APPLICANTS



34
ASSESSED



40
HOURS
DURATION OF ALL
ASSESSMENTS



22
INTERVIEWED



SUCCESSFUL
14 (9 FOR PIC AND 5 OVER
AND ABOVE PIC)

Schools canvassed included Augsburg Landbouginnasium; Drotsdy, Oakdale, Laborie, Langenhoven Gimnasium, Marlow High School, Weston Agricultural College. University invitations were extended to Rhodes University, Witwatersrand University, University of Cape Town, North-West University, Nelson Mandela University, University of Stellenbosch and University of Free State.

THE PERIOD FOR THIS
INVESTMENT IS
EIGHT YEARS, **2018**

40 scholarships will be deployed over a four-year period (10 per year) to allow for consistent pipeline feeding into our graduate programmes.

OUTPUT WILL BE
EFFECTIVE FROM **2022**



5

SCHOLARS GRADUATING
IN 2022 –
ENGINEERING



10

SCHOLARS GRADUATING
IN 2023 –
ENGINEERING AND
AGRONOMY



10

SCHOLARS GRADUATING
IN 2024 –
ENGINEERING AND
AGRONOMY



5

SCHOLARS GRADUATING
IN 2025 –
AGRONOMY

2017 FOCUS

- Identify and design candidate-assessment criteria for agronomy and engineering
- Identify schools and colleges for invitation to scholarship application
- Invite applications
- Process applications

2018 FOCUS

- Delivery of scholarships in agronomy and engineering
- Monitoring of scholars
- Commence the holistic wellness programme for students
- Use of Technical Colleges

Chemical Engineering	Mashudu Mutshaeni Nkosinathi Nkabinde
Industrial Engineering	Andile Nkabinde
Mechanical Engineering	Akhile Ngwenya
BEng Mechanical Engineering	Kgasago Kadiaka
Agricultural Science	Sbongile Mangole
Food Science	Afika Gqagqa
BSc Agricultural Plant Production	Lesedi Molomo
Agriculture, majoring in Crop Production	Thabile Cele

Learnerships



Learnership practical training

Our Public Interest Commitments require SAB to introduce an additional 200 learnerships over a five-year period, meeting the specific criteria that the learners should be unemployed and have no formal education.

SAB provides an annual average of 230 learning opportunities to unemployed youth on various programmes. With the addition of 110 learners as part of the PIC commitment each year, the number will increase to an average 340 learners per annum.

The additional opportunities we have launched will focus on people living with intellectual, mental and physical disabilities, and will give them opportunities to gain skills and potential jobs through formal employment or self-employment (entrepreneurial skills).

SAB has structured a programme that will deliver more than the baseline PIC requirement. At the end of Year 3, we will have impacted 330 learners of which 200 will be new learners, while retaining 110 of the first intake for further development. SAB will invest R40-million in this project over the first three-year period, with R3 565 643 having been spent in 2017.

Beyond the PIC investment, a further R35-million will be invested to take this project to five years. At the end of Year Five, we will have impacted 510 learners of which 290 will be new learners with 220 current learners retained for further development.

The programme will provide skills that will allow individuals the opportunity to gain work experience either directly in the SAB environment/SAB suppliers/vendors or host organisations, or to create entrepreneurial opportunities for themselves after completion of the learnership programmes.

SAB has partnered with two training providers as part of Year 1 of the project.

I Can! (supported by PMI – the Production Management Institute) will provide 65 learners with training for a 12-month NQF Level

1 qualification in either **Domestic Services (Life Skills Programme)** or **Plant Production**. Individuals on these programmes are living with learning/intellectual challenges.

The programmes will provide learners with theory and practical application while giving them quality workplace experience. These learners are based in I Can! academies nationally for the first three months while they are prepared for the open-labour market. During this period the practical learnership placement site is sensitized to each learner's specific needs to ensure seamless integration of learners with a disability. The practical training sites are typically guesthouses, non-profit organisations and government organisations such as police stations.

The second training provider is Bytes People Solutions, who will provide 45 learners with physical and mental disabilities with an opportunity to participate in an NQF Level 3 qualification in **End-User Computing**. It is envisaged that this will entail a 3-year programme and we anticipate giving some of the learners further learning opportunities, permanent appointments or entrepreneurial opportunities.

2017 FOCUS

- Identify partners for learnership training
- Design training materials
- Design candidate-assessment criteria
- Invite applications
- Process applications
- Implement training

2018 FOCUS

- Expansion of learnership schemes for unemployed, unskilled people living with disabilities
- Increase access to learnerships for unemployed people



HARM REDUCTION

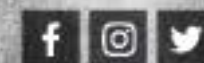
SAB is implementing evidence based programmes through strong partnerships that lead to smart drinking choices in South Africa.

BE PART OF THE CHANGE

HELP UNDER 18's
SAY NO TO ALCOHOL



bethementor.sab.co.za
#BeTheMentor



SAB's harm reduction initiatives closely align with AB InBev's Global Smart Drinking Goals, which are aimed at fostering a culture of smart drinking and are founded on our shared responsibility to positively change behaviours through social norms and empower consumers through smarter drinking choices.

The Smart Drinking Goals are embedded within AB InBev's dream of bringing people together for a better world, with a particular focus on bringing positive change to local communities and ensuring every experience with beer is a positive one.

The public interest commitments included specific initiatives to reduce the harmful use of alcohol in South Africa. These initiatives fall outside of the R1-billion financial investment and are rolled out as part of SAB's ongoing societal investment.

SAB has implemented a range of initiatives in partnership with private and public-sector partners, to address the harmful use of alcohol and promote smart drinking.

OUR 5-YEAR COMMITMENTS ARE:

MULTI-INTERVENTION **HARM-REDUCTION**
CITY PILOT **PROJECT (BY 2025)**

INFLUENCE SOCIAL NORMS & (BY
INDIVIDUAL BEHAVIOURS **2025)**

PRODUCT INTRODUCTION OF LOWER-ALCOHOL
PORTFOLIO **PRODUCTS**

ALCOHOL INCLUSION OF SMART-DRINKING GUIDANCE (BY
HEALTH LABELS ON ALL OUR PRODUCTS **2020)**



The initiatives carried out in 2017 include:

- SAB's **18+ Be the Mentor** campaign, which is a call to action for adults to become role models in the fight against underage drinking; 
- The SAB **Smart Drinking Squad**, works to educate, enable and empower licensed tavern owners, their patrons and local communities to use alcohol responsibly; 
- **Future Leaders**, a local reality television programme follows the lives of five teenagers tackling issues of alcohol abuse and other social ills whilst also creating community building projects; 
- **Almost R40-million was invested in tavern upgrades** in the Western Cape, KwaZulu-Natal and Gauteng to enhance tavern safety and pedestrian road safety initiatives in these provinces;
- SAB's **Smart Trader Programme** educates retailers on key principles of smart trading to ensure compliance. Some of these principles include not serving alcohol to intoxicated and pregnant customers or to anyone underage. As part of this programme, **64 000** posters were distributed in **32 000** taverns across the country during September to commemorate Global Beer Responsible Day;
- A **city project** that will deliver a toolkit of programmes to combat drink-driving, underage drinking, binge drinking as well as driving literacy around alcohol health;
- SAB will help empower consumers with products like **Castle Free** to make smart drinking choices by ensuring they have access to both no- and lower-alcohol options and information about the products they are consuming; 
- Bold **social marketing campaigns** like **Carling Black Label's #NoExcuse** aimed at driving awareness, creating conversations and providing tools for people to take positive action against gender-based violence. 

SAB has also collaborated with the Industry Association for Alcohol Responsibility and Education (AwARE.org) on several initiatives to deal with harm caused by the misuse of alcohol, including **Fetal Alcohol Syndrome, Road Safety and a Road Offences Panel Programme**.

SAB INVESTMENTS IN 2017

Spending on harm-reduction interventions in 2017 should be understood to fall entirely under SAB's ongoing societal investment costs.

R22 461 710 LAUNCH OF LOW AND NO ALCOHOL PRODUCTS FLYING FISH CHILL LITE AND CASTLE FREE	R12 910 663 REALITY TELEVISION SERIES FUTURE LEADERS	R565 891 SMART DRINKING SQUAD	R11 496 103 18+ BE THE MENTOR
R24 140 914 INDUSTRY ASSOCIATION CAMPAIGNS	R10 834 903 TAVERN PROGRAMME - HARM REDUCTION	R1 207 749 TAVERN PROGRAMME - SMART TRADING	
R9 512 130 TAVERN PROGRAMME - COMMUNITY SAFETY	R3 761 642 TAVERN PROGRAMME - COMMUNITY DEVELOPMENT	R12 144 796 TAVERN PROGRAMME - INFRASTRUCTURE IMPROVEMENTS	R24 867 005 PROGRAMMES ALIGNED TO CREATE JOBS
TOTAL HARM REDUCTION SPEND R 133 903 506			

The Task Team

The implementation of our commitments to reducing the consequences of the harmful use of alcohol are being led by the Corporate Affairs team in all our regions in South Africa, supported strongly by all departments and embedded in the business strategy of SAB and AB InBev.

Reducing harm in communities

This **Public-Private Partnership** for alcohol harm reduction has been undertaken with **KZN Departments of Economic Development, Tourism & Environmental Affairs**. Our goal is to reduce crime by 10% in Umlazi taverns, as well as to reduce general contact crime in Umlazi by 10%.

One of the focus areas is developing tavern infrastructure in order to create a safe, clean, hygienic environment for consumers to enjoy our products responsibly, while creating jobs and investing in skills development. The project has included toilet renovation, lighting improvements, wall painting, and the provision of harm-reduction messaging. Another component entails the creation of online tavern data-management systems; tavern-security alarm systems; key shopping centre alarm systems; vulnerable household-security alarm systems and mobile alarm systems. Approximately 70 tavern renovations, which include toilet upgrades, wall repairs, painting and light enhancements, have been carried out in Umlazi.



Emthini Tavern in KwaZulu-Natal is one of the many taverns upgrades that SAB has invested in.



Smart Drinking Squad

SAB has established a Smart Drinking Squad which has begun working to educate retailers and community members on more responsible consumption behaviour, and in turn help to reduce the harmful use of alcohol. The Smart Drinking Squad is made up of **88 mainly previously unemployed young people from local communities** in which SAB operates including Limpopo, KwaZulu-Natal, Western Cape, Free State and Gauteng. The approach stems from the concept of **‘Change for Us by Us’** for greatest impact. The campaign targets licensed tavern owners, their patrons and local communities. The Smart Drinking Squad will address the harmful use of alcohol through three campaigns and programmes.

- Training and application of SAB’s eight Smart Trading guidelines
- Activation of the 18+ Be the Mentor programme
- Harm reduction education, awareness campaigns, hosting of community forums to change behaviour and counseling sessions where appropriate

The squad representatives **recruited and trained 400 mentors** for tavern and community-based mentoring and training. The mentors were also used to collect baseline statistics to inform the 2018 strategy for the 18+ Be the Mentor programme.

The retailer-focused work of the squad targeted licenced tavern owners to guide them in the eight Smart Trading principles.

The squad aims to be fully operational in 2018 and will endeavour to train **10 000 retailers** in these principles by December 2018.

The project has partnered with **NICRO**, a crime-prevention non-profit organisation that works with individuals arrested and convicted for drunken driving.

EIGHT SMART TRADING PRINCIPLES



Umlazi Road Safety Campaign

The first elements of the Road Safety campaign were launched in the Umlazi area of KwaZulu-Natal, to create awareness of the danger of drinking-and-driving, and drinking-and-walking. The goal is to reduce accidents in the area and to reduce accident injuries and fatalities.

The project aims to do this through the introduction of online data-management and reporting systems; traffic-light synchronisation; red-light cameras at traffic lights; improved road markings and signage; improved traffic enforcement; and the introduction of a mobile alcohol evidence centre.

2017 PROGRESS

Online data management report

1

Traffic lights synchronized

3

Traffic Road Marking and Painting

3

Traffic signage and demarcation

3

Road Traffic Enforcement

5

Jobs created (short term)

15

#NoExcuse



The hard hitting #NoExcuse campaign focuses on gender-based violence in South Africa.

The launch of a high-visibility SAB brand campaign to spotlight **gender violence** and bring home the message that it is the responsibility of men to lead change in their own behaviours was timed to coincide with the start of South Africa's annual **16 Days of Activism against Violence against Women and Children** in November 2017 (25 November – 10 December).

A Men's March in Cape Town a week beforehand, on International Men's Day on November 19, drew thousands of supporters and put the campaign firmly in the public eye.

The #NoExcuse campaign was designed as a long-term, five-year initiative, with the inaugural supporters being **Carling Black Label** and **Takuwani Riime!** — a consortium of non-governmental and civic organisations that focus on driving positive change amongst South African men.

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

Our decision to be an inaugural supporter of the #NoExcuse movement was driven by Carling Black Label's status as a

beacon of masculinity. As the largest beer brand in the country, we believe it is our responsibility to ensure alcohol is consumed responsibly and to use the power of our brand to challenge South African men and our consumers to take action. The campaign is aligned with SAB's view that smart drinking in safe settings fosters social cohesion, and that there is no place for the excuse of misuse of alcohol.

Drawing once more on the fact that behaviour change is strongly advanced through peer endorsement of messages, the campaign offers pride to those who participate.

The campaign is ongoing and has had a powerful social media impact. The focus for 2018 will be to extend its reach and broaden engagement through radio, YouTube, SAB website, Twitter and Facebook messaging, using these platforms to provide tools for people to take positive action as a means of driving change on an ongoing basis.

The SAB Smart Drinking Squad is a key player in the campaign, actively working in communities and taverns to encourage men to become champions for change and spreading the word that there is #NoExcuse for abuse.



New No- and Lower-Alcohol Products for the SA Market

As part of the public interest commitments, SAB and AB InBev have committed to increase its no- and lower-alcohol beers portfolio to represent 20% of the organisation’s global beer volume by 2025.

We fully support interventions that will see shifts in consumer patterns that will ensure a long-term and sustainable reduction in harmful drinking. The change in our portfolio offering will give our consumers more choice and smarter drinking options through the introduction of no- and lower-alcohol beers.

Ensuring that these are of excellent quality means that we continue with our mission to make every experience with beer a positive one.

Castle Free



Castle Free was launched in October 2017, SAB’s first home-grown alcohol-free beer, offering drinkers more freedom and choice. An extension of Castle Lager, Castle Free offers consumers a real beer taste without the alcohol. It is brewed with the same homegrown ingredients as Castle Lager, but without the alcohol.

SAB and AB InBev have made a substantial investment of more than **R30-million to develop and brew Castle Free** in South Africa.

To date Castle Free has been **distributed** to more than **4 800 taverns** and **554 counter-serve outlets**. In addition, around 800 taverns across South Africa are being upgraded with Castle Free branding. SAB is introducing a ‘pacing pack’ that includes Castle Free and Castle Lager in one offering to support and encourage the ‘pacing’ concept.

Castle Free allows consumers to practice ‘pacing’ — complimenting the consumption of alcoholic beers with Castle Free beer as a means of moderation. Pacing is one important component of moderate drinking. It allows for a lower intake of alcohol over longer periods, allowing the body to break down alcohol at a steady rate, resulting in less accumulation of alcohol.

Flying Fish CHILL LITE is another new variant that allows for a lower intake of alcohol over longer periods of time, allowing the body to break down the alcohol at a steady rate.

Flying Fish Chill Lite



In November 2017 SAB also launched a new lower-alcohol version of its immensely popular Flying Fish brand, with 3.5% Alcohol Beer Volume, contributing further to consumer choice for responsible consumption.

Flying Fish CHILL LITE offers consumers the same flavoured beer taste as its parent brand, only with less alcohol.

In addition, it is also a lighter option, offering consumers up to 30% less calories, 35% less sugar and 35% less carbohydrates.

The Flying Fish variants are brewed like any beer, with the combination of real fruit juice and flavours during the fermentation process.

Social Marketing Campaigns

Social marketing campaigns and programmes encompass digital as well as on-the-ground activities and are designed to promote a culture of smart drinking.

Road Safety Social Media Campaign

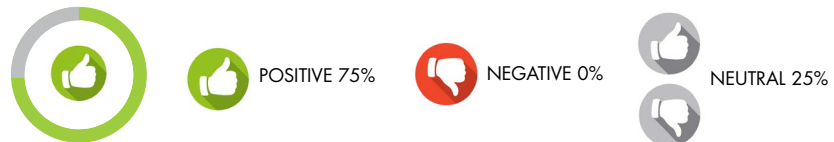
To encourage road safety in South Africa during the festive period, we used social media posts to bring the message of **#Don’tSpoilSummer** across to the SAB audience.

In four targeted posts we provided relevant messaging and creative visuals to prompt conversations about the risks of drinking and driving. Each showed the consequences of poor decision-making against the consequences of smart decision-making.

Facebook

	Reach	Post Clicks	Comments	Reactions	Shares
Post 1	719 274	12 405	25	685	104
Post 2	948 678	18 611	25	1 317	70
Post 3	773 276	32 988	30	1 334	76
Post 4	607 565	7 043	16	676	17
TOTAL	3 048 793	71 047	96	4 012	267

Sentiment was largely positive



Smart Drinking Social Media Campaign

For SAB’s Smart Drinking campaign in 2017, smart drinking videos were created to populate all SAB’s social media platforms — Facebook, Twitter, YouTube, Instagram and LinkedIn. The videos, referencing #SmartDrinkingHeroes, were posted initially as stand-alone content, with associated content posted a week later to provide follow up messaging.

18+ Be the Mentor Programme

The SAB 18+ Be the Mentor programme was up-weighted in June 2017 to include a clarion call for South Africans to ‘Be Part of the Change’. The programme was broadened to include **recruitment of mentors** in Tembisa, Khayelitsha, Umlazi, Jacobsdal and Thohoyandou. Originally launched in 2015 as a standalone programme, it is now **integrated with the new Smart Drinking Squad initiative**. It has been revitalised with the aim of encouraging more adults to volunteer to become mentors to under-18s. The programme aims to prevent and reduce underage drinking while contributing to broader behavioural change in communities. Based on the concept that community influencers are a powerful force for behaviour change, direct youth mentorship works through a network of volunteer and paid peer mentors who mentor under-18s.

Mentors take the pledge to become a mentor on the [Be the Mentor website](#).

Instagram, Facebook and Twitter messaging leads users back to the website where primary material is hosted. Monthly digital content is provided to mentors on mentoring mentees, including how to build trust, set goals, structure their mentorship with mentees, navigate difficult discussions, address the issue of underage drinking, other social ills and general life skills.

Out of just over 50 000 visits to the website last year, **7 771** resulted in a pledge to become a mentor — **a conversion rate of 15.54% vs a norm of 3%**, making this campaign a great success. The project, overseen by SAB’s

Video 1: **The Good Influence** highlighted the influence of role-models helping friends, family and colleagues to make responsible choices.

Video 2: **The Designated Driver** raised the title role to hero status and built a narrative around making a responsible drinking choice ahead of social occasions.

Video 3: **The Mentor** showcases the positive influence one can have to help teenagers avoid underage drinking and the consequences that comes with it.



The 18+ Be the Mentor campaign uses weighted digital media communications to help spread the movement

10 Local Area Managers, has recruited **400 volunteer mentors** and has a total of **859 mentees**.

Online content includes documentaries celebrating everyday mentors.

A mobile application will also connect the network of mentors and mentees, whilst continuous training and support tools will be rolled out.

Industry Road Safety Campaign

The alcohol industry in partnership with the Road Traffic Management Corporation (RTMC) rolled out a national festive season road safety campaign. The objectives were to raise awareness around alternatives to drinking-and-driving — or drinking-and-walking — and help promote a culture of responsible drinking.



The adverts were **broadcast on 14 stations nationwide with over 24 million listeners**, placed on **billboards in all provinces with over 14 million people viewing** them, and on **transit television** during the December 2017 festive season. Engagements after the campaign will continue in 2018.



Supporting Research on Fetal Alcohol Syndrome (FAS) and Support for Treatment Programmes

SAB is building on its relationship with the non-profit organisation, the **Foundation for Alcohol Related Research (FARR)**, to help reduce the incidence of **Fetal Alcohol Spectrum Disorder (FASD)**. A joint campaign with FARR initiated prior to the PIC agreement has led to the **reduction of the number of instances of FASD by 30%** in De Aar, in the Northern Cape Province, which previously had the highest FAS incidence in the world.

A new, targeted SAB-supported FAS programme was launched in 2017 in the Jacobsdal area of the Free State after a proposal by FARR was approved by the Premier of the province and relevant Cabinet members.

The project entails a FASD Prevalence Study, individual diagnoses of children, management of affected learners in schools and in their homes by means of guidance and training, and reports to parents and educators.

It includes community awareness programmes and a FASD prevention component focused on FARR’s Healthy Mother, Healthy Baby programme, which is offered to all the pregnant women (not only those who use alcohol) in the project area. It also offers accredited Continued Professional Development (CPD) training to health professionals, social workers, educators, school psychologists, physiotherapists, occupational therapists and dieticians on the early identification, prevention and management of FASD in communities.

2017 was the first year of this three-year project, and there was high community participation. Out of 297 Grade One learners in the area’s five schools, **292 parents** gave

permission for participation in the project. Of these, **282 learners** were examined, and a number of diagnoses were made requiring follow-ups. Some are still under investigation. Neuro-developmental assessments are being undertaken for each learner and parents will receive personal feedback.

All the Foundation Phase educators (Grades R – 3) of the five participating schools will be requested to attend a compulsory training workshop where they will receive guidance on the management of Learners with FASD in the school.

This programme will continue and expand further with FARR under the auspices of the industry association.



2017 FOCUS

- FAS Prevalence Survey of Grade One Learners
- Medical assessments; Neuro-developmental assessments
- Survey of Parents
- Establishment of community trust
- Health Care professional training
- Community awareness programmes
- Mother-Child FAS prevention programme

2018 FOCUS

- Completion of assessments and interviews
- Feedback to parents
- Feedback to schools
- Feedback to community
- Counselling services to parents
- Training services to educators
- FASD prevalence rate assessment and announcement



We have reviewed the PIC report to conclude on whether it is prepared in accordance with the audit work we have performed limited to the PIC investment. Based on our review, the PIC report is prepared in accordance with the audit work we have performed.

Our work has been undertaken to enable us to express a limited assurance conclusion on the Public Interest Commitment report to the Implementation Board in accordance with the terms of our engagement, and for no other purpose. We do not accept or assume liability to any party other than the Implementation Board, for our work, for this report, or for the conclusion we have reached.