

2014 PROGRESS REPORT

BEER, WINE AND SPIRITS PRODUCERS'

COMMITMENTS TO
REDUCE HARMFUL DRINKING



BACARDI LIMITED



Brewers Association of Japan



BROWN-FORMAN



DIAGEO



Japan Spirits & Liqueurs
Makers Association



Pernod Ricard



CHAIRMAN'S LETTER



Watch Brito speak about our progress on the Commitments at tinyurl.com/BritoCommitments.

While the vast majority of our consumers enjoy alcohol products in moderation, harmful drinking is a serious global public health issue. It is complex and differs widely from country to country, person to person. But it affects all of us – including beverage alcohol companies.

Our companies compete aggressively in the marketplace, and for many years we worked individually to address the problem of harmful drinking. However, we came to realize that this issue needed more. In addition to continuing our individual efforts, our companies started to work together in a concerted, industry-wide effort. 2013 saw the leading beer, wine, and spirits producers launch the Commitments to Reduce Harmful Drinking. These Commitments, which include a set of targets for 2017, are an expression of our core beliefs about alcohol, society, and the constructive role we can play in addressing the harmful use of alcohol. Our second report sets out where we are on our journey towards those targets.

Perhaps the most important thing we have learned from these first two years is this: the only way we will succeed in addressing the problem is if all stakeholders – from policymakers, to non-governmental organizations (NGOs), to business communities, to consumers themselves – work together to understand and address it. We welcome the involvement of all interested parties who wish to work with us to achieve real and lasting progress – and the benefits of this approach can be seen in some of the activities highlighted in this report.

On behalf of my colleagues in all our partner companies, I encourage you to read this report, and, if we are not already working with you, to join us in combating harmful drinking.

Carlos Brito, Chair, IARD CEO Group
AB InBev

Mike Dolan
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Matt Shattock
Beam Suntory

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Brewers Association of Japan

Ivan Menezes
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Carlsberg

Mark Hunter
Molson Coors

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EXECUTIVE SUMMARY

OUR BELIEFS

- We believe that reducing harmful use of alcohol will benefit society and our businesses alike.
- We respect the rights of adults to choose to drink alcohol beverages, or to choose not to drink them.
- We believe that all alcohol beverages sold in a society should be appropriately and effectively regulated.
- We believe that alcohol consumption patterns are strongly influenced by cultural and religious factors.
- We believe the most feasible and effective measures to reduce harmful use of alcohol are evidence-based, take into account drinking patterns, and target specific problems.
- We believe that governments, producers, and other stakeholders need to work together more vigorously to reduce harm associated with “non-commercial” or unrecorded alcohol, given that it accounts for a significant portion of all alcohol consumed globally, particularly in many low- and middle-income countries.
- We support the implementation of the WHO Global Strategy to Reduce the Harmful Use of Alcohol and the constructive role Member States have identified for producers.

Commitment 1: Reducing Underage Drinking

Commitment 2: Strengthening and Expanding Marketing Codes of Practice

Commitment 3: Providing Consumer Information & Responsible Product Innovation

Commitment 4: Reducing Drinking and Driving

Commitment 5: Enlisting the Support of Retailers to Reduce Harmful Drinking

The Commitments embody an ambitious program of actions over a five-year period (2013-2017) which we hope will make a real contribution towards the global target set by the world’s governments of “at least a 10% relative reduction in the harmful use of alcohol” by 2025.

As signatories to the Commitments, we are individually and collectively committed to tackling harmful drinking, and promoting responsible decisions about drinking or not drinking, in the many countries where we are commercially active. We do this by promoting policy dialogue, assessing evidence, and seeking local solutions to the particular issues around harmful drinking in each country. But we know that we cannot do it alone: only by working together with a broad range of stakeholders will we achieve our targets for 2017, and this collective approach is embodied in the Commitments themselves.

Each Commitment will be delivered through a set of specific actions, each with its own plan and key performance indicators (KPIs), and we report in detail on each action on pages 10-30. These pages include case studies, which serve as examples of the diversity and breadth of activities across regions, by different companies, industry organizations and partners. We also report specifically on the KPIs on pages 31-36; these are collected by Accenture Strategy and assured by KPMG Sustainability.

OVERVIEW OF PROGRESS

One of the key areas we focus on – where we know we can make a difference – is to raise the profile of important alcohol-related issues with governments and policy makers. We campaign, for example, for stricter enforcement of drink driving laws, and to protect young people through the introduction of legal purchase age laws where they do not exist.

We also set specific priorities for each year to help us focus and achieve measurable results. While we have made progress in many areas, we also found areas where we need to redouble our efforts to achieve our objectives, as summarized on pages 5-8.

2014 PRIORITIES

1: REDUCING UNDERAGE DRINKING

- **Priority:** In October 2014, the International Alliance for Responsible Drinking (IARD) successfully launched the Alcohol Education Guide.
- **Examples of activities:** We took part in the introduction of legal purchase age legislation in Vietnam in February 2014 (p. 11), and worked with the Ministries of Health and Education in Grenada, St. Lucia, and Dominica to promote healthy lifestyles, emphasizing that kids and alcohol do not mix (p. 13).

2: STRENGTHENING AND EXPANDING MARKETING CODES OF PRACTICE

- **Priority:** In September 2014, we successfully launched our Digital Guiding Principles.
- **Examples of activities:** In the Netherlands we supported a Social Aspects Organization (SAO) that provides pre-clearance of alcohol advertising according to the country's Advertising Code for Alcoholic Beverages (p. 20).

3: PROVIDING CONSUMER INFORMATION & RESPONSIBLE PRODUCT INNOVATION

- **Priority:** In 2014, we made substantial progress on developing a consumer information website, [ResponsibleDrinking.org], which has since been launched in May 2015. In a consumer-friendly fashion, the website shares the facts about how alcohol products affect those who drink, to enable people to make the best choices for their particular circumstances.
- **Examples of activities:** We carried out a survey of all beverages currently produced and marketed by all signatories which showed that all are below the threshold caffeine level established for soft drinks or energy drinks (i.e., 200 mg / l).

4: REDUCING DRINKING AND DRIVING

- **Priority:** We conducted feasibility studies and built relationships, which enabled us to select six new countries where we aim to take our drink driving prevention programs in the coming year – Cambodia, Dominican Republic, Namibia, South Africa, Argentina, and Thailand.
- **Examples of activities:** In support of the UN's Decade of Action for Road Safety, we partnered with governments in China, Colombia, Mexico, Nigeria, Russia, and Vietnam to conduct drink driving prevention programs. For example, we partnered with the Nigerian government's Federal Road Safety Corps to conduct alcohol breath testing across the country (p. 26).

5: ENLISTING THE SUPPORT OF RETAILERS TO REDUCE HARMFUL DRINKING

- **Priority:** The development of the Guiding Principles for Responsible Retailing kicked off with a roundtable including five major international retailers and experts, but we were not able to complete the project in 2014. We expect to have draft Principles by the end of 2015.
- **Examples of activities:** While the Principles are under development, we have been working with retailers on practical programs such as training servers to check IDs. For example, we formed an industry-wide partnership in Denmark to promote facts about responsible drinking and preventing underage purchasing as part of the Ministry of Health's 2014 national prevention plan.

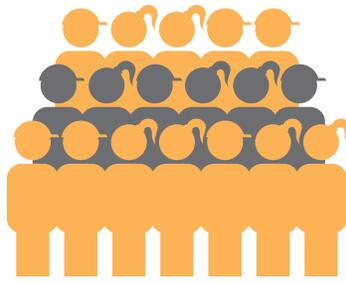
2014 ACHIEVEMENT HIGHLIGHTS

1: REDUCING UNDERAGE DRINKING

Working with stakeholders we increased outreach on strengthening **Legal Purchase Age (LPA)** engagements



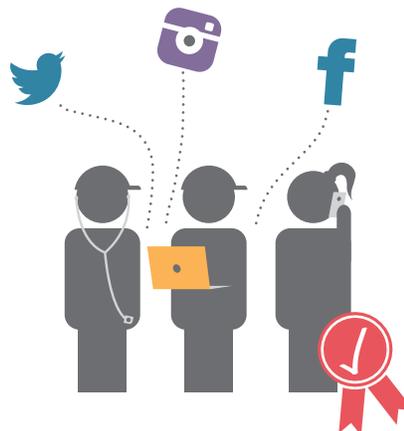
The number of adult influencers we reached with **education programs** increased from 0.5m to **3.2 million**



We reached **2.58 million** Underage persons with interactive programs to tackle **underage drinking**

2: STRENGTHENING AND EXPANDING MARKETING CODES OF PRACTICE

To protect young people, we launched the first-ever set of **Digital Guiding Principles** to ensure **high standards** for digital advertising



3: PROVIDING CONSUMER INFORMATION & RESPONSIBLE PRODUCT INNOVATION



Over 5 years,

signatories will display **responsible drinking symbols** on their packaging



To provide consumers with **information about harmful drinking**, we launched **responsibledrinking.org**

Compliance to **prevent high risk drinking**, we **do not** produce beverages with excessive stimulants



4: REDUCING DRINKING AND DRIVING

Six pilot drinking and driving programs have been implemented since 2010, **six additional countries selected in 2014**



5: ENLISTING THE SUPPORT OF RETAILERS TO REDUCE HARMFUL DRINKING

Local responsible retailing initiatives are ongoing / supported by industry with retailers in



66 countries

We have also made progress on how we collect and report data. We identified that the KPIs for two of our Commitments were not sufficiently robust. Following the 2013 reporting cycle we again sought Accenture Strategy's advice on improving the protocols and definitions associated with those KPIs in order to refine the consistency of reporting and minimize ambiguity across all of our companies and our partners. The KPI review process with Accenture Strategy also led us to establish two new KPIs (2d and 9b) in order to capture the diversity and breadth of actions supporting the objectives of the Commitments.

LOOKING AHEAD TO 2015

We are fully aware that there is a lot more work to be done, and have set out our priorities for 2015 on page 37. We also provide regular updates on activities and progress between each annual report on our website, producerscommitments.org.

2014 SCORE CARD

COMMITMENTS	ACTIONS	
1: Reducing underage drinking	<ul style="list-style-type: none"> • Launching the Alcohol Education Guide: Reducing Underage and Other Harmful Drinking • Disseminating and developing programs based upon the Guide 	
2: Strengthening and expanding marketing codes of practice	<ul style="list-style-type: none"> • Launching our Digital Guiding Principles • Expand monitoring of 70/30 compliance with regard to television advertising 	
3: Providing consumer information and responsible product innovation	<ul style="list-style-type: none"> • Launching a dedicated website 	
4: Reducing drinking and driving	<ul style="list-style-type: none"> • Completing our evaluation of the six existing initiatives and putting them on sustainable long-term footing • Beginning the extension of the program to up to six new pilot countries 	
5: Enlisting the support of retailers to reduce harmful drinking	<ul style="list-style-type: none"> • Launching our Guiding Principles for Responsible Retailing 	

REPORT BY COMMITMENT

1: REDUCING UNDERAGE DRINKING

Action 1: Strengthening legal purchase age

Action 2: Underage educational initiatives

2: STRENGTHENING AND EXPANDING MARKETING CODES OF PRACTICE

Action 3: Ensuring that adults make up at least 70% of our advertising audience

Action 4: Developing digital marketing guidelines

Action 5: Involving those outside the industry in the self-regulatory process

Action 6: Making responsible marketing codes an obligation

3: PROVIDING CONSUMER INFORMATION & RESPONSIBLE PRODUCT INNOVATION

Action 7: Responsible product innovation

Action 8: Providing consumer information

4: REDUCING DRINKING AND DRIVING

Action 9: Reducing drinking and driving

5: ENLISTING THE SUPPORT OF RETAILERS TO REDUCE HARMFUL DRINKING

Action 10: Responsible retailing

1 COMMITMENT 1 REDUCING UNDERAGE DRINKING

Most countries have a minimum legal purchase and / or consumption age for alcohol, yet underage drinking is a problem in many parts of the world and can lead to serious public health consequences. More needs to be done to introduce legal age policies where they do not exist; to enforce them where they do; and to educate young people and the wider public about the dangers of underage drinking. Within this Commitment, therefore, our first action addresses the legal and policy side, and our second aims to deliver educational materials to young people, key adult influencers, and the public, with the overall aim being to help significantly reduce underage purchase and underage consumption of alcohol beverages by the end of 2017.

Like all our Commitments, we can only tackle the problem of underage drinking by working together with multiple stakeholders, including governments, enforcement agencies, retailers, parents, educators, and others in the community.

Following is a summary of what we have achieved in 2014, along with case studies from various parts of the world. See the performance summary on pages 31-36 for additional statistical information about our key performance indicators, and follow our ongoing work at producerscommitments.org.

ACTION 1: STRENGTHENING LEGAL PURCHASE AGE (LPA) REGULATIONS

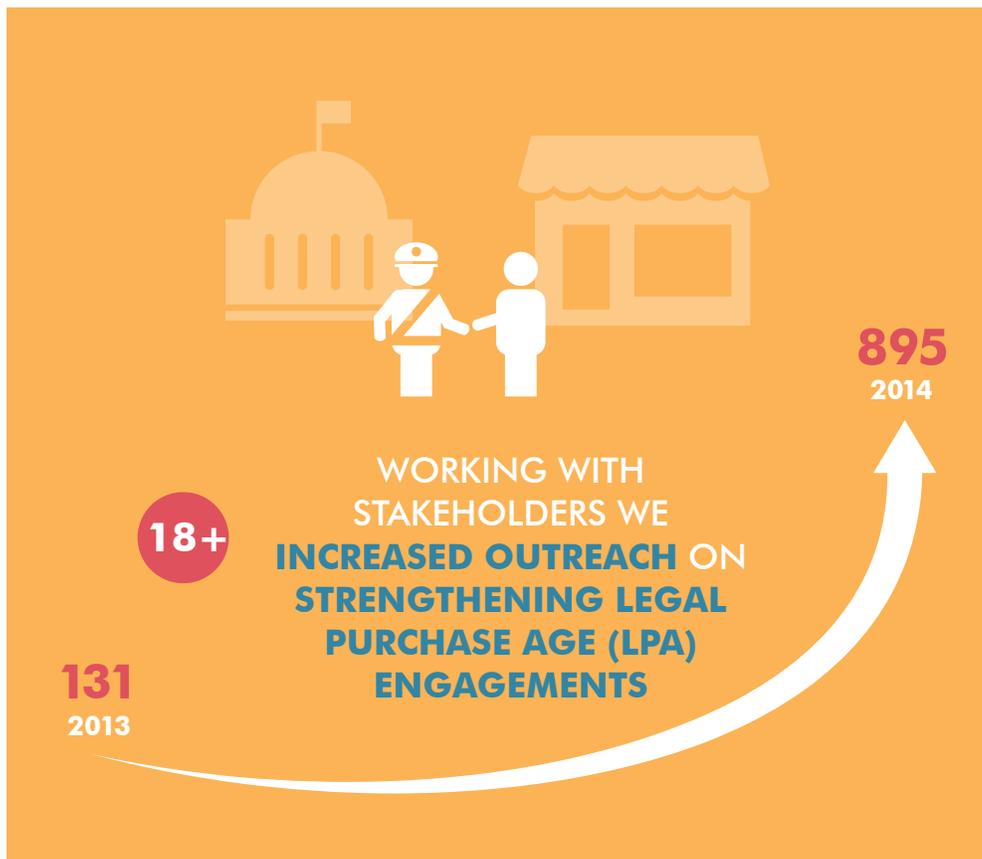
“Recognizing that our efforts alone will not be sufficient, we commit to actively seek enforcement of government regulation of underage purchase and consumption in all countries where we are commercially active and where a minimum purchase and/or consumption level has been set. In countries where no such limits exist, we will (either alone or with others who share this objective) encourage governments to introduce a minimum purchase age and to enforce it.”

KPI 1a

Percentage of LPA regulations introduced where none previously existed, in countries where sale is legal or permitted.

KPI 1b

Number of engagements in support of newly introduced/existing legal purchase age regulations, e.g., government meetings, industry roundtables, retail partnerships for age verification.



2014 ACHIEVEMENTS

We approached this first action by prioritizing a list of countries where the sale of alcohol is legal or permitted but where there is no legal purchase age (LPA) regulation, and cross referencing it with a list of countries where our companies are commercially active. This gave us a list of countries on which to focus our efforts. As of January 1, 2014, there were five countries meeting these criteria: Cambodia, Greece, Haiti, Sierra Leone, and Vietnam. We are pleased to report that, during 2014, Vietnam introduced an LPA, with the support of five signatories which are commercially active there who worked together with local partners.

We also challenge ourselves to engage constructively with stakeholders by developing partnerships with local bodies, and attending meetings and workshops with the aim of supporting LPA regulation. In 2014, engagements with retailers remained steady at around 10,000 connections by eight signatories, while other engagements increased significantly. Twelve signatories conducted 895 engagements with government, law enforcement officials, journalists, and other stakeholders, up from 131 in 2013. Looking forward, signatories will strive to be active and drive change in other countries with LPA or enforcement gaps.

A full list of LPA regulations by country can be found on the IARD website at iard.org/Policy/Policy-Resources/Policy-Tables-by-Country/Minimum-Legal-Age-Limits.

ACTION 1: CASE STUDIES – LEGAL PURCHASE AGE (LPA)

GOVERNMENT ADOPTS ALCOHOL POLICY & LEGAL PURCHASE AGE VIETNAM

As early as 2008, the government of Vietnam had identified the need for a more comprehensive approach to alcohol, social welfare, and public health. In March 2009, IARD was invited by the Vietnamese government to organize a workshop to share best practice on national policy towards preventing alcohol-related harm. The Ministry of Health was then tasked with drafting a national policy, but the first draft, published in 2012, did not include LPA legislation. In response, Carlsberg, Diageo, Heineken, Pernod Ricard, and SABMiller worked together with the Vietnam Beer, Spirit & Wine Beverage Association to promote its inclusion within the larger policy package, and in February 2014 the Vietnamese government released the final national alcohol policy, which included a provision that prohibits retailers from selling alcohol to minors.

OUTREACH TO MINISTRY OF HEALTH: A PROMISING FIRST STEP HAITI

While LPA legislation is still not in place in Haiti, progress is being made. A meeting was held in Port-au-Prince in June 2014 with the Director General of the Ministry of Health, Haiti's Ambassador to CARICOM, the Chairman of the Regional Beverage Alcohol Alliance (RBAA), and senior managers from Heineken and Pernod Ricard. Diageo was also involved in setting up the meeting and advocated support for this legislation.

Following this meeting, the Ministry confirmed that the issue of LPA legislation was on the Parliamentary Health Committee's agenda, and asked for more information about what other countries do in this area. As a first step, we shared IARD resources on the issue with Haiti's government.

The RBAA is a trade association regrouping national alcohol alliances in the Caribbean region. This trade association is funded by Pernod Ricard, Diageo, and local producers in certain markets which are not signatories.

ACTION 2: UNDERAGE EDUCATIONAL INITIATIVES

“We commit to strengthening our work with other interested stakeholders, including NGOs and inter-governmental organizations (IGOs), to develop, promote, and disseminate educational materials and programs designed to prevent and reduce underage purchase and consumption, either which address young people themselves or those known to have a strong influence over their behavior. This will include consulting experts on the development of best practice educational materials for use by parents, schools, and community groups, and in social media.”

KPI 2a

Number of education programs and number of countries in which the education programs are operating, resulting from signatories’ work with NGOs, IGOs, and other interested stakeholders.

KPI 2b

Number of underage individuals collectively reached with education programs resulting from signatories’ work with NGOs, IGOs, and other interested stakeholders.

KPI 2c

Number of influencers (parents, teachers, other adults, community leaders) collectively reached with education programs and materials resulting from signatories’ work with NGOs, IGOs, and other interested stakeholders.

KPI 2d*

Number of unidentified persons collectively reached with education programs and materials resulting from signatories’ work with NGOs, IGOs, and other interested stakeholders.

*For the purposes of KPMG Sustainability’s assurance, the review of the data points reported under this KPI are out of scope. Refer to KPMG’s Assurance Report on page 40.

2014: 3.2m

2013: 0.5m



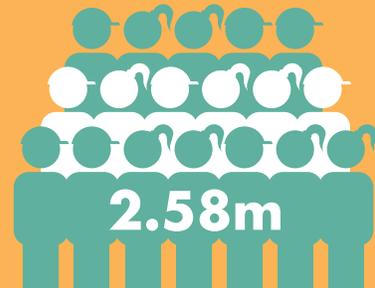
NUMBER OF ADULT INFLUENCERS
REACHED WITH EDUCATION PROGRAMS
INCREASED TO

3.2 MILLION



**2.58
MILLION**

UNDERAGE PERSONS REACHED
WITH INTERACTIVE PROGRAMS



2014 ACHIEVEMENTS

Educational initiatives and awareness-raising have long played an important role in virtually every aspect of public health, and, as individual signatories, we have been running programs to reduce underage drinking for decades. Through this action, we have developed a more comprehensive and structured approach to alcohol education, which is helping us individually and collectively ensure that our programs have the most impact.

The KPIs for this section outline the number and reach of underage drinking prevention programs and the results of our work targeting underage people or those who have strong influence on them. In 2014, results showed a number of increases over 2013:

- Total number of programs supported by signatories increased by 28% from 135 to 173.

- Total number of countries in which education programs operated increased from 55 to 57.
- Our education programs reached more than 2.58 million underage people, up from 1.02 million.
- Adult influencer outreach leapt from 518,000 to 3.2 million.

In reviewing our work this year we identified a gap in the KPIs which did not account for everyone reached through our programs. Therefore, KPI definitions were improved and a new KPI (2d) was added. A preliminary review of the data showed that an additional 60 million people across all regions were reached through education programs, who were not clearly identified as either underage individuals or influencers.

ACTION 2: CASE STUDIES – EDUCATION AND YOUNG PEOPLE

ALCOHOL EDUCATION GUIDE

Last year's report discussed the *Alcohol Education Guide*. It was launched by IARD in 2014 and supports step-by-step development of alcohol education programs with interactive, comprehensive, and user-friendly resources. The website provides guidance and tips for users through each phase of program development, from identifying the issue and designing the program, to implementation and evaluation. Users have the option of working through the different stages of program development in a highly personalized way, enabling them to create a tailored plan. The Guide also provides users with examples of good practice programs that can be replicated or adapted.

The *Alcohol Education Guide* was developed with the guidance of an expert panel that based the work on best practices in health promotion from around the world, including those from other health issues such as HIV and obesity.

Read more at alcoholedguide.org.

ASK, LISTEN, LEARN

The Foundation for Advancing Alcohol Responsibility (FAAR) developed its *Ask, Listen, Learn* program in 2004. On the strength of multiple independent evaluations, in 2014, the program was introduced to the Caribbean market by the Regional Beverage Alcohol Alliance (RBAA). The Chairman of RBAA, Diageo, and Pernod Ricard met with the Ministries of Health in Grenada, St. Lucia, and Dominica to promote *Ask, Listen, Learn: Kids and Alcohol Don't Mix*, and FAAR enlisted the help of Classroom Champions, a non-profit organization which uses Olympic athletes to mentor students and guide them in important character education skills such as goal setting, perseverance, and overcoming setbacks. Using well known athletes as role models is a good way to inspire and engage young people about the benefits of a healthy lifestyle.

FAAR is an SAO funded by Bacardi, Brown-Forman, Beam Suntory, Diageo, Pernod Ricard, and three companies which are not signatories.

Read more at responsibility.org.

ACTION 2: CASE STUDIES – EDUCATION AND YOUNG PEOPLE

FAMILY TALK ABOUT DRINKING

For more than 20 years, Anheuser-Busch's (AB InBev's) *Family Talk About Drinking* has supported parents in discussing drinking with their children, regardless of their age. Surveys conducted in the USA showed that 96% of parents found the materials helpful, while 66% shared the materials with their kids. The program has a Facebook community at ABFamilyTalk, where parents can share experiences and good ideas, and get help from expert advisers. They can also download a copy of the newly updated Parent Guide.

In 2014, the *Family Talk About Drinking* program was introduced by Oriental Brewery (AB InBev) in South Korea as part of the company's annual Global Be(er) Responsible Day celebration. Among other efforts, free guidebooks help coach parents through tough conversations with their children and

encourage direct questions and discussion. The guidebook was developed with Professor Chang-Ock Kim of Seoul Women's University.

Also in 2014 in the USA, a certified parent coach presented the newly updated *Family Talk About Drinking* program during prom season and the company provided support through proactive outreach to media and influencers nationwide. This included 38 interviews on television and radio, and the parent coach helped facilitate a dialog with 15 parent bloggers, who act as *Family Talk About Drinking* ambassadors.

With the launch of the program in South Korea, *Family Talk* is now available worldwide in all of AB InBev's key markets.

Read more at facebook.com/ABFamilyTalk.

"I AM RESPONSIBLE FOR MYSELF" RUSSIA

Heineken, together with the St. Petersburg Institute of Psychological Therapy and Counseling, developed and launched the *I Am Responsible for Myself* program in response to the issue of underage drinking in Russia. Professional psychologists, teachers, and parents help teenagers to understand the issues relating to alcohol and health, and to set positive personal goals. In 2014, a new interactive online test for parents and teachers reached 54 schools in the cities of St. Petersburg and Nizhny Novgorod. It engaged 5,300 students, 160 teachers, and 2,000 parents and prompted 7,000 hours of training and discussions.

Read more at theheinekencompany.com/sustainability/case-studies/helping-teenagers-talk-openly-about-responsible-behaviour-in-russia.

BUILDING RESILIENCY IN CAMPUS COMMUNITY (BRICC) UNITED STATES

BRICC is a university program to help students, including many new students who are under the LPA, to cope with stress and to make informed choices around alcohol. In 2014, Beam Suntory and Brown-Forman worked with the University of Louisville, Greeks Advocating Mature Management of Alcohol, and the Pacific Institute for Research Evaluation to support BRICC and its programs such as the *Voice of Reason*, which entails education sessions and retreats around alcohol management. In 2014, *Voice of Reason* reached 645 influencers and adults through meetings and training, more than 1,600 through education materials, and another 5,450 through its *AlcoholEdu* program. Materials were shared with five additional campuses.

Read more at louisville.edu/bricc.

ACTION 2: CASE STUDIES – EDUCATION AND YOUNG PEOPLE

“SPIRITS ARE NOT FOR MINORS”

BULGARIA

At the end of 2014, a new communications campaign *Spirits are Not for Minors* kicked off in Bulgaria as the first phase of an effort by the Association of Producers, Importers and Traders of Spirits Drinks (APITSD). The initiative was created under the Bulgarian Charter for Responsible Drinking, and has been signed by 66 producers and importers of spirits.

APITSD is funded by Brown-Forman, Diageo, Maxxium (Beam Suntory), Pernod Ricard, and eight companies which are not signatories.

Read more at apitsd.com.

“SEM EXCESSO” (WITHOUT EXCESS)

BRAZIL

Sem Excesso is a responsible drinking campaign run by the Brazilian Beverage Association (ABRABE). During the summer, the program promotes fun and enjoyment “without excess,” using a website, Facebook page, YouTube channel, radio spots, and special events. In 2014, communications reached nearly 17 million via Facebook, 3.35 million on the radio, more than 150,000 on the website, and more than 160,000 via YouTube.

ABRABE is funded by Bacardi, Brown-Forman, Diageo, and Pernod Ricard, and 35 companies which are not signatories.

Read more at semexcesso.com.br.

ALKOHOLDIALOG.DK

DENMARK

In 2014 GODA, an SAO funded by wine and spirits producers in Denmark, renovated its school-based engagement program, *AlcoholDialog*, with the support of trade association spiritsEurope. The website, social media, and printed materials were designed with new content including guidance for parents and teachers to create a better dialogue about rules in school. Additionally, a competition was held for students challenging them to write a story on adolescents and alcohol – 875 students took part and the top 12 stories were published and translated into English.

Read more, including program the evaluation conducted in 2011-12, at drinksinitiatives.eu/details-dynamic.php?id=295.

“NO TE HAGAS GÜEY” (DON’T FOOL YOURSELF)

MEXICO

Underage drinking is an issue of growing concern in Mexico, and this has prompted the Cerveceros de México to launch a new campaign to prevent retail alcohol sales to young people under the legal drinking age. *No Te Hagas Güey*, which translates as Don’t Fool Yourself, was launched in 2014, with more than 32,000 industry members participating in the inaugural event in September. The campaign included the hashtag “#NoTeHagasGüey” and a video which has racked up more than three million views.

Cerveceros de México is funded by Grupo Modelo (AB InBev), Heineken México, and 12 other companies which are not signatories.

Read more at cervecerosdemexico.org.mx/no-te-hagas-guey.

2

COMMITMENT 2 STRENGTHENING AND EXPANDING MARKETING CODES OF PRACTICE

The potential for misuse of alcohol products requires particular attention to how standards around marketing – be they government regulation or industry self-regulatory mechanisms – are upheld. Marketing self-regulatory codes and systems are important demonstrations of the industry’s commitment to ensuring our marketing communications are socially responsible.

We are mindful that society expects our marketing communications to be legal, truthful, honest, and consistent with prevailing cultural standards of good taste and social responsibility, and that we target our marketing to adults of legal drinking age. Furthermore, our company and industry marketing codes and processes are designed to ensure that the marketing of our products promote only responsible drinking.

We also have a responsibility to ensure our products are advertised appropriately online as well as in more traditional media like television and print. Digital media is used for alcohol beverage marketing, in the same way that it is for a number of other products, simply because it is becoming a way of life for more and more people who are using digital sources to gain and exchange information, and in some cases to make purchases. However, as this technology continues to evolve, we need to be careful to limit access to marketing communications by those under the legal drinking age, and to ensure that content is always responsible.

Our companies operate in over 100 countries with very diverse economic and social contexts. Not all countries currently have the resources to put in place and enforce government regulation of advertising and marketing. We believe industry self-regulation is essential everywhere to promote social responsibility and

to protect our business, and even more so in countries where there is weak government regulation. Our self-regulatory codes are intended to be both rigorous and exacting, and there are many different types across the world reflecting different cultures, social attitudes, and regulatory frameworks. However there is always room for improvement, and we will continue to strengthen our codes to prohibit marketing that primarily appeals to underage youth, to prohibit promotion of our products in ways that encourage excessive or otherwise irresponsible consumption, and to promptly address any violations. Our marketing and advertising agencies must comply with our codes.

In addition to the specifics exhibited within this Commitment, we will continue to support marketing codes of practice and self-regulation systems where they exist, and will work to introduce them in countries where they do not.

Following is a summary of what we have achieved in 2014, along with case studies from various parts of the world. See the performance summary on pages 31-36 for additional statistical information about our key performance indicators, and follow our ongoing work at producerscommitments.org.

Advertising for beer, wine, and spirits should be “placed only in media where at least 70% of the expected audience is of legal purchase age for that country.” This is known in the industry as the “70 / 30” rule.

ACTION 3: ENSURING THAT ADULTS MAKE UP AT LEAST 70% OF OUR ADVERTISING

“We commit to take independently verifiable measures (using reasonably available data) within the next 12 months so that print, electronic, broadcast, and digital media in which we advertise our products have a minimum 70% adult audience.”

KPI 3a*

Collective percentage of compliant impressions across print, broadcast, and digital resulting from signatories' advertising, or adherence to no-buy-list, based on the best available data, as measured by an independent agency.

KPI 3b

Number of countries in which actions of signatories result in data (on the collective percentage of compliant impressions across print, broadcast and digital, resulting from the signatories advertising) being made newly available.

*For the purposes of KPMG Sustainability's assurance, the review of the data points reported under this KPI are out of scope. Refer to KPMG's Assurance Report on page 40.

We target our marketing to adults of legal drinking age, and our marketing codes require that adults should make up at least 70% of our expected advertising audience, conforming to what is generally accepted as a reasonable target. We aim to apply this rule to all of our markets, and we are working with media partners to enable more sophisticated measurements of audience composition in more markets.

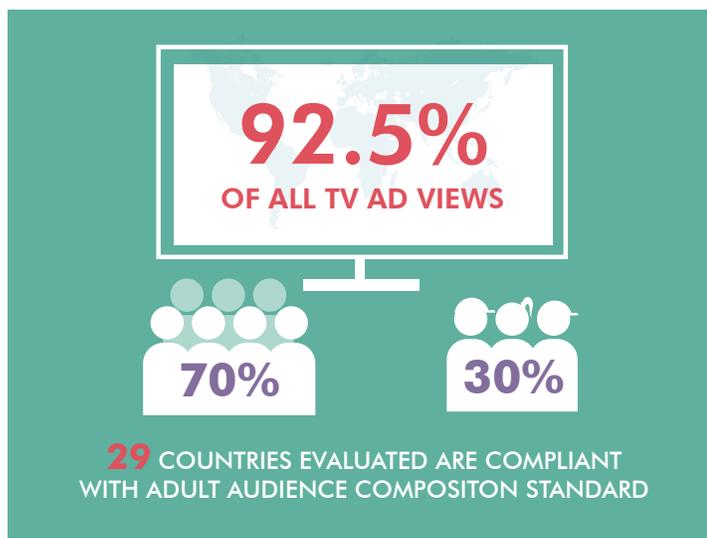
the audience is of legal purchase age. Ebiquity, an independent agency measured our marketing communications in television against this standard across 29 markets. Data was collected for the whole of the 2013 calendar year, and each television advertising spot was analyzed in terms of its actual audience profile. The report was published in December 2014.

RESPONSIBLE MARKETING PACT

In June 2014, eight member companies, AB InBev, Bacardi, Brown-Forman, Carlsberg, Diageo, Heineken, Pernod Ricard, and SABMiller, representing approximately 60% of EU alcohol advertising spend between them, launched the first cross-sector self-regulation program on alcohol advertising at the EU level. The Responsible Marketing Pact (RMP) is supported by The World Federation of Advertisers (WFA), as well as the EU trade associations spiritsEurope, Brewers of Europe, and Comité Européen des Entreprises Vins (CEEV). The RMP looks at both content and placement of alcohol marketing communications, including on social media.

The RMP contains innovations such as the first 'Standard Alcohol Profile' on social media (Facebook, Twitter, Instagram, and YouTube), as well as a first blacklist of prohibited creative features which these leaders commit never to use within their marketing communications due to their immediate and primary appeal to minors. The RMP pillar on placement consists of setting up new common controls to limit underage exposure to alcohol advertising. A first pilot monitoring exercise was run in conjunction with IARD's 2014 global monitoring of the 70 / 30 rule and assessed compliance across 22 EU countries.

Read more at wfanet.org/en/advocacy/responsible-marketing-pact.



2014 ACHIEVEMENTS

One of our central tenets is that advertising for alcohol should be placed only in media which can reasonably be expected to meet stated audience composition targets, where at least 70% of

ACTION 4: DEVELOPING DIGITAL MARKETING GUIDELINES

“We commit to develop during 2013 a set of global guiding principles for alcohol beverage marketing in digital media that will require the content of any online marketing to meet the same high standards that apply to our traditional marketing activities. With respect to digital “social media sites,” where we are engaged in direct interaction with consumers, we also commit to put in place, where possible, controls to limit underage access and operate a consumer age affirmation mechanism. We will invite relevant social media providers to work with us to achieve this.”

KPI 4a

Digital Guiding Principles published.

KPI 4b*

Percentage of signatories complying with the Digital Guiding Principles within all countries in which they are commercially active.

*For the purposes of KPMG Sustainability’s assurance, the review of the data points reported under this KPI are out of scope. Refer to KPMG’s Assurance Report on page 40.

We take the responsible advertising of our products very seriously and have challenged ourselves to create high standards to which we will adhere. Our industry is proud of its overall track record of self-regulation, and we aim to continue to improve all over the world. Given the growth of digital media and social networking, we are focusing particularly on the principles and practices of digital marketing, so that our marketing codes and practices keep pace with change. Many of our company and industry marketing codes already address responsible digital marketing, and we have solidified these through the creation and adoption of a set of global guiding principles, and by working with social media providers.

and specifically include material on social media networks, websites and blogs, and mobile apps and communications. Content is considered within our control if we have produced it, commissioned it, or control the platform publishing it. Following the launch, we set a period of one year for member companies to review marketing codes and internal procedures and practices which must be complete by October 2015. We will then commission third-party audits to verify compliance.

Read the DGPs in full at joom.ag/0vqjb.

At the end of 2014, some member companies were already developing their codes to cover digital principles. For example, Pernod Ricard launched a new online training module on responsible marketing for all employees working in marketing, and for partner agencies. It is divided into five chapters, including material on the development of alcohol advertising and on Pernod Ricard’s code, and tests at the end cover both traditional and digital media.

Meanwhile, SABMiller updated its Global Policy on Commercial Communication to reflect new digital marketing principles. The policy requires that shareable content of the company’s websites must include a clear reminder or ‘forward advice notice’ stating that any recipient must also be over the legal drinking age, and its packaging must include a reference to talkingalcohol.com.

Diageo first developed its Digital Code in 2007 to provide additional detailed guidance and clarification on the interpretation of the Diageo Marketing Code (DMC) principles in digital, mobile and social media, including user-generated content management, consent-based marketing and privacy. Since 2007 training in the Digital Code has been provided to most marketers and third parties involved in digital marketing, either through classroom style training, online interactive meetings or e-learning. In 2014 the Digital Code and all the training and communication materials were updated to reflect the principles set out in the DGPs.



2014 ACHIEVEMENTS

In September 2014, we introduced the Digital Guiding Principles (DGPs), the first ever set of global guidelines for beverage alcohol producers to require online marketing and social media to meet the same high standards that apply to traditional marketing activities.

The guidelines cover all branded digital marketing communications within our control, whether paid or unpaid,

ACTION 5: INVOLVING THOSE OUTSIDE THE INDUSTRY IN THE SELF-REGULATORY PROCESS

“Over the next five years, we commit to take steps to enable non-industry participation where none already exists in self-regulatory processes that enforce code standards, and will undertake to abide by the decisions made.”

KPI 5a*

Percentage of countries in which signatories are commercially active, in which non-industry participation is established by signatories' actions in existing self-regulatory processes.

*For the purposes of KPMG Sustainability's assurance, the review of the data points reported under this KPI are out of scope. Refer to KPMG's Assurance Report on page 40.

Self-regulation is recognized by many governments as a useful support for regulatory standards, and, in places where governments have yet to introduce regulation, it is particularly important since it ensures high standards are maintained in the absence of regulation. Self-regulation can benefit from the involvement of independent and impartial experts and stakeholders – which can add to public confidence.

DEVELOPING A BEST PRACTICE GUIDE

Armed with the information from our report, in 2014 we worked with the European Advertising Standards Alliance (EASA) to build this information into a new edition of their best practice guide, the *International Guide to Developing a Self-Regulatory Organisation*. Updated to cover the main developments in advertising standards from the last five years, it offers even more practical advice on setting up and consolidating an advertising self-regulatory system, and includes case studies from several of EASA's members on how they tackled some of the challenges associated with setting up a self-regulatory system.

Download the 2014 *International Guide to Developing a Self-Regulatory Organisation* at easa-alliance.org.



2014 ACHIEVEMENTS

Last year, we commissioned an expert to help us define the issues around self-regulation, and to understand the significance of non-industry participation in the processes, particularly around complaints handling. The report concluded that the involvement of third parties is beneficial to the self-regulatory process, and we will be advocating this as we improve existing self-regulatory codes, and as we develop them where they do not currently exist.



Watch the video about the Digital Guiding Principles at <http://tinyurl.com/DigitalGuidingPrinciples>.

ACTION 5: CASE STUDIES – INVOLVING INDEPENDENT EXPERTS

NATIONAL LEVEL

STIVA – FOUNDATION FOR RESPONSIBLE ALCOHOL CONSUMPTION

THE NETHERLANDS

STIVA supports two self-regulatory processes to help companies abide by the Dutch Advertising Code for Alcoholic Beverages: copy advice to advertisers as they develop marketing campaigns, and pre-clearance of advertisements. STIVA is a great example of how external experts can be brought in to good effect – the committee that reviews advertisements includes three independent experts in the fields of marketing, public affairs, and science, alongside an industry representative, while a separate youth panel also assesses all commercials.

STIVA is an SAO funded by the three alcohol sector trade associations in the Netherlands: wine (KVNW), beer (Nederlandse Brouwers), and spirits (SpiritsNL).

Read more at stiva.nl.

COMPANY LEVEL

BRINGING IN EXTERNAL EXPERTS SABMILLER

Member companies' promotion of self-regulation is particularly important in markets where there are no external self-regulatory organizations. For example, SABMiller's Policy on Commercial Communication recommends independent input on marketing and advertising covering everything from advertising to social media strategies. This input is provided by external members who participate on internal Sales and Marketing Compliance Committees.

In 2014, the chairman of the committee for SABMiller's Nile Breweries in Uganda was David Katamba, a noted sustainability academic who lectures at Makerere University Business School; the president of the committee for Dreher Breweries in Hungary was Bálint Nagy, who teaches at the International Business School; and for Miller Brands in the UK, the committee was chaired by Louise Punter, Chief Executive of the Surrey Chamber of Commerce.

ACTION 6: MAKING RESPONSIBLE MARKETING CODES A CONTRACTUAL OBLIGATION

“We commit to include appropriate contractual language in our agreements with our advertising agencies, where practicable and legal, that will require them to abide by our responsible marketing and promotional codes for our products.”

KPI 6a

Percentage of signatories' contracts with advertising agencies that include clauses for the agency to comply with responsible alcohol advertising codes of signatories' products.

By including compliance with our marketing codes as part of our advertising agency contracts, we help to ensure that our codes have real authority. This conveys an important message to our business partners, particularly advertising agencies, about how seriously we take this issue.

2014 ACHIEVEMENTS

Last year, we began working with corporate lawyers to develop a set of good practice terms for member companies to include in contracts with marketing partners. We started by reviewing member companies' existing practices, and the results of this work, published in 2014, showed that, while some general principles were consistent across all member companies, practices vary significantly: some require compliance with relevant legislative and self-regulatory frameworks, while others include an additional requirement to abide by a member company's own code of practice. Following this review, member companies are now looking at ensuring that all their contracts are in line with the good practice terms agreed.

ADVERTISING AGENCIES
ARE BOUND BY
CONTRACT TO ENSURE
MARKETING STANDARDS
ARE UPHELD

87.8%
OF SIGNATORIES'
CONTRACTS

Contracts with marketing partners should be clear, direct, and specific, so that it is obvious when a breach has taken place. They should be comprehensive, covering the general obligation to behave ethically, and should refer specifically to marketing alcohol responsibly. Finally, they should be easily available, and easily updatable, if staff at the agency change, or the relevant codes are modified over time.

3

COMMITMENT 3 PROVIDING CONSUMER INFORMATION & RESPONSIBLE PRODUCT INNOVATION

Product and packaging innovation offers choice to consumers, enables better use of environmental resources, improves product quality, and fosters competition. There are public health concerns however, about certain innovations, notably alcohol beverages containing excessive quantities of added stimulants, such as ingredients featured in energy drinks; the use of certain flavors; and certain types of packaging.

While we cannot control what consumers do to create their own mixes of alcohol and other beverages, we can control our own products and how we promote them. This Commitment, therefore, focuses on our response to adding stimulants and the provision of consumer information about alcohol and risks associated with excessive or inappropriate drinking.

We are committed to responsible product innovation, and to ensuring that new products do not have particular appeal to people under the legal drinking age, claim any health or “energy boost” benefits, or appear to encourage excessive or irresponsible consumption.

Following is a summary of what we have achieved in 2014, along with case studies from various parts of the world. See the performance summary on pages 31-36 for additional statistical information about our key performance indicators, and follow our ongoing work at producerscommitments.org.

ACTION 7 – RESPONSIBLE PRODUCT INNOVATION

“We commit not to produce any beverage alcohol products that contain excessive amounts of added stimulants, such as caffeine, guarana and taurine, and will not market any beverage alcohol product or promote any beverage alcohol combination as delivering energizing or stimulating effects.”

KPI 7a
Percentage of product ranges that do not contain excessive amounts of added stimulants.

The use of added stimulants in alcohol beverages is a contentious issue, because of the view that caffeine in particular can appear to mask the effects of alcohol when they are consumed together, to the detriment of the consumer. The issue is made more complex because it is difficult to establish exactly what constitutes ‘excessive’ in their use. In 2013, therefore, we carried out a study with the intention of bringing some clarity to the issue, and published a report, *Stimulants Added to Alcohol Beverages: Research Review and Discussion*. The report examines the use of added stimulants as ingredients in alcohol beverages and the available evidence from scientific research, peer-reviewed papers, and regulatory authorities. The principal stimulant researched was caffeine, primarily because it is included in cola-mixed drinks, and coffee-based liqueurs. We also looked at guarana, which is also used very occasionally as an ingredient, and taurine, because it forms part of many energy drinks which may be mixed with alcohol. However, the report concluded that there is neither consensus nor sufficient evidence to determine the precise amount of caffeine that would be considered ‘excessive’ when added to an alcohol beverage.



As a result, when defining the reporting level for our KPI, we chose the level considered safe for non-alcohol drinks by the U.S. Food and Drug Administration (FDA), which is 200 mg / l.

A copy of our research can be downloaded at producerscommitments.org.

2014 ACHIEVEMENTS

In 2014, we carried out a survey of member companies' products with regard to added stimulants. All were compliant, with five member companies having no products containing added stimulants.

With regards to marketing, none of our member companies' brands or brand extensions were marketed as delivering energizing or stimulating effects in 2014. This marks an improvement on 2013, when two member companies reported

that each had one brand that did not comply; both made changes to ensure that they complied fully in 2014.

We will continue to monitor our products and marketing to ensure that all member companies continue to comply with this action, in particular as they bring new products onto the market.

The full report and 2014 survey results can be read at producerscommitments.org/userUploaded/SurveyofBeverages.pdf.

ACTION 8: PROVIDING CONSUMER INFORMATION

"We commit to develop in two years a set of easily understood symbols or equivalent words to discourage (1) drinking and driving, (2) consumption by those underage, and (3) consumption by pregnant women to be applied globally (except where similar information is already legally required, prohibited or already provided by voluntary agreements).

Over the next five years these symbols or words in these three areas may appear individually or in combination on our packaging. To supplement those already in existence, we will also create a dedicated website with additional information, including alcohol product strength and reminders about the dangers of excessive drinking on health, with details of how to access the website on our packaging. We will invite contributions and comment from public health experts in developing the website content."

KPI 8a*

Percentage of brands carrying one or more of the symbols and / or equivalent words, and the address of a website containing additional information, including alcohol product strength and reminders about the dangers of excessive drinking on health.

*For the purposes of KPMG Sustainability's assurance, the review of the data points reported under this KPI are out of scope. Refer to KPMG's Assurance Report on page 40.

We want consumers to have access to full and accurate information about alcohol products to help them make informed choices about what and when to drink, or whether to drink at all – even if the risks of excessive and inappropriate drinking are commonly known. This is important for groups such as pregnant women. We can also use this information to discourage underage drinking, and drink driving. Overall, our aim is to ensure that information is consistent, clear, accurate, and easy to understand.



2014 ACHIEVEMENTS

Last year a working group evaluated the existing use of symbols, words, and websites on member companies’ brands. The study identified that while there was some inconsistency of language, there was a common intent to share similar messages through similar symbols or words.

DEVELOPING A CONSUMER INFORMATION WEBSITE

In 2014, we began to build a website dedicated to consumer information with three key priorities: to present the best available scientific information about drinking, to use accessible language, and to make the site easy to navigate. We reviewed the sites of other relevant organizations, including public health bodies, governments and NGOs, as well as those run by companies and SAOs, and carried best practice into the design of the website. The website, ResponsibleDrinking.org, was launched in May 2015.

ACTION 8: CASE STUDIES – CONSUMER INFORMATION

CONSUMER INFORMATION WEBSITE ADAPTED CHINA

In 2014, SABMiller adapted its TalkingAlcohol.com consumer information website into a Chinese version that contained content especially relevant to Chinese consumers. The website offers information, tools for parents, and sources of further support, and is included on the packaging of SABMiller’s global brands sold in China.

Globally, SABMiller’s TalkingAlcohol.com websites are available in nine languages and reach more than 500,000 people every year.

Read more at talkingalcohol.com.

HEALTH MESSAGES SHARED WITH EXPECTANT MOTHERS MEXICO

In 2014, Pernod Ricard developed a creative digital campaign to raise awareness of the risks of drinking while pregnant, and to support its message on its product packaging. The key message is that mothers should take the same care of their babies before they are born as they do afterwards. The campaign is endorsed by FEMECOG, the professional body for Mexico’s 4,800 gynecologists, which shares information with expectant mothers.

The campaign’s video at youtube.com/watch?v=IzmsXlk6B4o&feature=youtu.be&list=PL9oOFotAk-makU-se4BcyjyK4PeNEg8mV has been viewed more than 970,000 times on YouTube. There have also been television and radio interviews with a FEMECOG spokesperson, and a letter of acknowledgment from the Ministry of Health.

Read more at fundacionpernodricardmexico.org.mx.

4

COMMITMENT 4 REDUCING DRINKING AND DRIVING

Drink driving is a problem in many parts of the world. Road traffic injuries affect all age groups but their impact is most striking among the young, as the *WHO Global Status Report on Road Safety 2013* illustrates. Our industry has run programs to tackle drink driving for many years, and clear progress has been made in changing social attitudes in a number of countries. Nonetheless, drink driving remains a very real problem, and part of the United Nations’ proclamation of 2011-2020 as the Decade of Action for Road Safety includes a focus on reducing drink driving. The UN invites governments, international agencies, civil society organizations, and the private sector to use its plan as a guiding document for their activities.

We have always believed that progress can only be made if the industry works together with governments and civil society partners, so we welcome this approach, and our actions under this Commitment support the UN’s plan.

We believe that more stringent penalties have been a significant factor in reducing drink driving, which is why we campaign for more effective enforcement of anti-drink driving laws, and their introduction where none exist. In addition, our ongoing and comprehensive education and awareness programs complement our collaboration on policy issues and our support for high-visibility enforcement. We support practical initiatives such as designated driver schemes, ride shares, free taxis, public transport, and training for the hospitality industry.

Following is a summary of what we have achieved in 2014, along with case studies from various parts of the world. See the performance summary on pages 31-36 for additional statistical information about our KPIs, and follow our ongoing work at producerscommitments.org.

ACTION 9: REDUCING DRINKING AND DRIVING

“At the end of 2014, we commit to assessing these pilots [China, Colombia, Mexico, Nigeria, Russia, and Vietnam] and decide which are successful and locally sustainable. We also undertake to replicate those which prove to be successful in at least six additional countries, covering all continents, but focusing on the developing world, in the next five years.”

KPI 9a

Number of countries in which selected drinking and driving prevention pilots are rolled out.

KPI 9b

Number of drinking and driving prevention programs, that are not the selected drinking and driving prevention pilots that are operating.

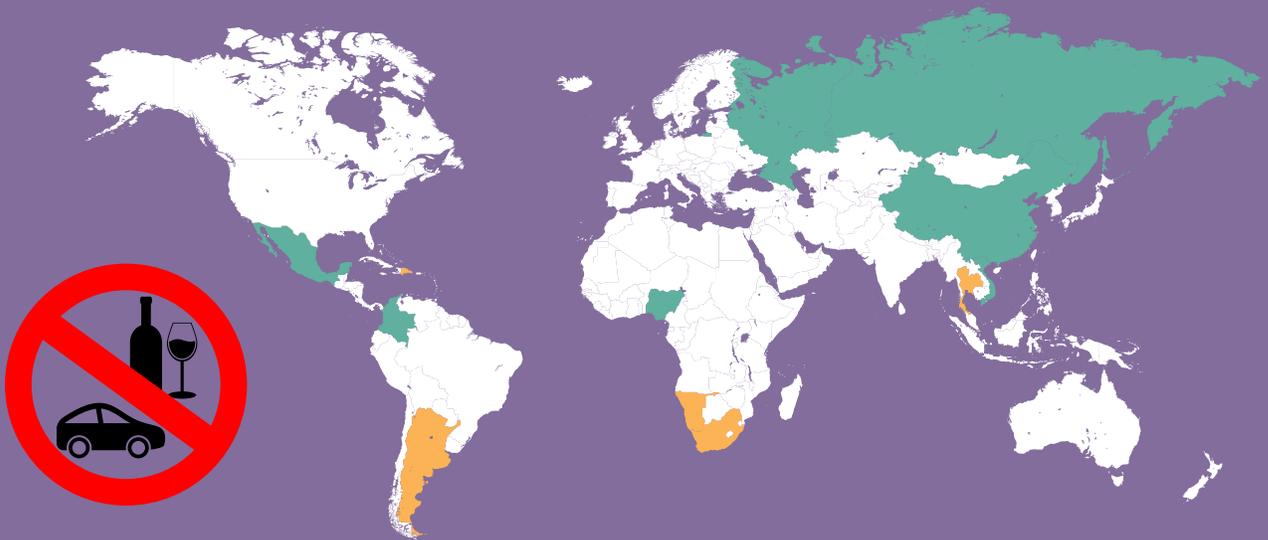
As reported last year, through IARD, we are conducting six pilot programs to address drink driving, in China, Colombia, Mexico, Nigeria, Russia, and Vietnam. Each program includes one of three broad categories: public awareness, partnerships with law enforcement, or targeting specific groups of drivers. In each case, a culturally-specific program was created in partnership with local governments, civil society organizations, and NGOs. All pilots are supported with rigorous monitoring and evaluation. Local monitoring by the project teams and police examined the programs’ impact on road safety by surveying targeted

populations on attitudes regarding drink driving as well as roadside breath testing to monitor behavior. A global evaluation consultancy, Channel Research, monitored how the pilots are being administered, looking at issues such as stakeholder engagement, sustainability, and project management.



SIGNATORIES IMPLEMENTED
UNIQUE **DRINK DRIVING**
PREVENTION PROGRAMS

375 PROGRAMS
146 COUNTRIES



IN 2010 WE BEGAN WITH SIX **DRINK DRIVE** PILOTS IN **CHINA, COLOMBIA, MEXICO, NIGERIA, RUSSIA, VIETNAM**. WE CONTINUED THESE PROGRAMS IN 2014, EVALUATING THEM FOR SUSTAINABILITY BY LOCAL INDUSTRY AND PARTNERS.

WE SELECTED **ARGENTINA, CAMBODIA, DOMINICAN REPUBLIC, NAMIBIA, SOUTH AFRICA, THAILAND** TO START SIX NEW **DRINK DRIVE** PILOT PROGRAMS BEGINNING IN 2015

2014 ACHIEVEMENTS

In 2014, we broadened the scope of the pilot drink driving initiatives in the six pilot countries, either introducing new types of programs, or taking ongoing initiatives into new locations. Another priority for 2014 was to transition the programs to local management. To achieve this, we held discussions with local stakeholders to agree on local funding opportunities, organizations to run the programs locally, and engaged public and private stakeholders to support the work in the future. A brief summary for each of the projects is set out below.

China: We launched multiple drink driving awareness campaigns to reach high risk groups such as motorcycle riders and novice drivers.

Colombia: *Proyecto Patrullero* (Project Patrolman) was implemented in six cities, running seminars for law enforcement agents on how to hold checkpoints, and educating officials and the general public about responsible drinking.

Mexico: We broadened the scope of our *Cero Muertos Por Alcohol al Volante* (Zero Drink Driving Deaths) program in Puebla, Mexico, with law enforcement experts (trainers, analysts, researchers) taking part in checkpoints twice per month and holding follow-up meetings to share their observations and recommendations with local police.

Nigeria: We developed a research protocol and questionnaire to conduct roadside surveys throughout Nigeria's six regions (or "zones"); in 2014, the surveys were carried out in the North Central zone. We aim to carry out the survey in the remaining zones in 2015.

Russia: In the Smolensk region, we launched the *Avtotrezvost* (Auto Sobriety; avtotrezvost.ru) training module for novice drivers on drink driving, which supplemented local driving schools' existing courses on traffic regulations.

Vietnam: With support from the Vietnam Road Administration and municipal departments of transport, our pilot program focused on reaching professional drivers with “don’t drink and drive” communications; checkpoints were also conducted by local law enforcement agents.

The full report or individual country reports may be downloaded at joom.ag/VNpp.

Our goal is to move programs from pilots into long-running local initiatives, to ensure they are sustainable in the long term. For programs to be sustainable, they need to be funded and managed by local partners, and involve government and other public and private stakeholders, including the police and community organizations. So far, we have reached agreements to hand over the programs to local companies in Mexico and Russia, and discussions are ongoing in China, Nigeria, and Vietnam. The program in Colombia was completed at the end of 2014, and by that date, we were unable to secure the funding to transition the program to local ownership, although we will continue to look at ways of doing so in 2015.

As well as progressing these pilots, in 2014 we also began work to take the program to other countries. After consideration against various criteria, including the need for action due to a high incidence of drink driving, and the feasibility of implementing a successful program, we selected Argentina, Cambodia, the Dominican Republic, Namibia, South Africa, and Thailand as the next six countries, and in 2015, began setting up pilot programs.

NEW KPI ON REDUCING DRINKING AND DRIVING

In 2014, we introduced an additional KPI to enable us to measure and report on the broader range and scope of our work to tackle drink driving. The new KPI reports on programs beyond the pilots described above. Between them, member companies operated 375 different drink driving programs across 146 countries during 2014 (including countries in which member companies are not commercially active).



Watch the video on work being done in Da Nang City, Vietnam at <http://tinyurl.com/GlobalActionsDaNang>.

ACTION 9: CASE STUDIES – REDUCING DRINKING & DRIVING

'BE MY DESIGNATED DRIVER' USA AND SOUTH AFRICA

Be My Designated Driver, or *BeMyDD*, is the largest designated driver service in the USA. The organization offers drivers a professional and fully insured chauffeur to drive them home in their own car after a night out. In December 2014, *BeMyDD* announced a new partnership with Brown-Forman, which means that anyone aged 21 or older using the service for the first time will receive a \$20 discount on their first booking. The partnership ran over the holiday season and ended in January 2015. In South Africa, Brown-Forman runs a similar initiative with taxi firm Uber.

Read more at bemydd.com.

"I'M WITHOUT MY CAR – ALCOHOL IS A BAD DRIVER" BULGARIA

The *Alcohol is a Bad Driver* campaign is now in its seventh year, and continues to be supported by Molson Coors Bulgaria, in partnership with the Bulgarian Red Cross. The 2014's slogan, #I'mWithoutMyCar, aimed to highlight that there should be evenings for driving and evenings for drinking alcohol. The campaign is based on a simple truth: 'You won't drive under the influence of alcohol if your car is parked in your garage not next to the pub.' The official opening event of the campaign was hosted by Molson Coors in Sofia and attended by top government officials and partners, including the Ambassador of Belgium, the Deputy Minister of the Interior, representatives of police, and many other partners of the campaign. Aleks Yazov, European Drift Motorsport Champion for 2013 and 2014, was the face of the campaign, and closed the launch ceremony with a 'drift' show, highlighting the importance of control when driving.

Read more at sport1.bg/liubopitno/48571-alkoholyt-e-losh-shofior-statistika-za-2014].

TACKLING DRINK DRIVING WITH KUNHADI LEBANON

Since 2011, Diageo has worked in partnership with NGO Kunhadi in Lebanon, focusing on road safety. In 2014, following the newly enacted blood alcohol concentration (BAC) law, they worked together to increase public awareness of the new law and the dangers of drink driving through leafleting bars and nightclubs. Diageo also sponsors Kunhadi's 'taxi nights' (subsidized taxi rides home as part of a club's admission fee), which can involve up to a thousand people at a time. The campaign is promoted in the media and on YouTube.

Read more at kunhadi.org/en/News/Kunhadi-Events.

DRIVING WHILE IMPAIRED COURTS USA

Beam Suntory is a key partner in the establishment and support of Driving While Impaired (DWI) Courts, which are courts specifically set up to deal with repeat drink drivers. Based on the highly successful Drug Court model, DWI Courts provide more comprehensive and closer supervision to offenders than the community-based programs provided by traditional courts, while research shows that offenders sentenced through a DWI Court are up to 19 times less likely to re-offend than those sentenced by a traditional court. As of June 2014, there were 690 DWI Courts in the US, 242 stand-alone Courts and 448 hybrid Courts (Drug Courts which also take DWI cases).

Read more at dwicourts.org.

5

COMMITMENT 5 ENLISTING THE SUPPORT OF RETAILERS TO REDUCE HARMFUL DRINKING

We share the view with public health experts that it is essential to involve retailers in efforts to promote safe drinking environments and prevent harmful drinking. We are mindful of the complexity of this engagement, given the large number of retail outlets, their independent ownership, their diversity (bars, cafes, restaurants, hotels, nightclubs, supermarkets, specialty and grocery stores), the different types of retail outlets (on-premise consumption versus purchase for home / take away consumption), and the great differences in retailing practices and establishments around the world. We have excellent and long-

standing commercial relationships with global and local retailers, and are using these relationships as the basis for a new initiative on responsible retailing.

Following is a summary of what we have achieved in 2014, along with case studies from various parts of the world. See the performance summary on pages 31-36 for additional statistical information about our key performance indicators, and follow our ongoing work at producerscommitments.org.

ACTION 10: RESPONSIBLE RETAILING

“We commit to invite leading international retailers with whom we have commercial relationships to join us in launching a responsible retailing initiative. The primary aim of the initiative will be to create “guiding principles of responsible beverage alcohol retailing,” which will focus on identifying and cataloguing best practice guidelines for responsible beverage alcohol retailing including: discouraging irresponsible price promotions; encouraging responsible point-of-sale marketing and promotion in retail establishments; appropriate retailer undertakings on responsible sale of our products; and other measures to reduce alcohol-related harm.

The initiative will also encourage local responsible retailing initiatives to implement the guiding principles focusing on measures to prevent underage drinking through, e.g., proof-of-age requirements, and the training of retail staff on how to identify, prevent, and manage intoxicated drinkers.”

KPI 10a

Guiding principles of responsible beverage alcohol retailing developed and published.

KPI 10b

Responsible retailing initiative launched in public forum in 2014.

KPI 10c*

Percentage of markets in which signatories are commercially active in which local responsible retailing initiatives to support / comply with / advance the guiding principles have been rolled-out.

*For the purposes of KPMG Sustainability’s assurance, the review of the data points reported under this KPI are out of scope. Refer to KPMG’s Assurance Report on page 40.

2014 ACHIEVEMENTS

As discussed in the 2013 report, we are developing a set of Guiding Principles for Responsible Retailing, covering areas such as: ensuring on-premise outlets are safe drinking environments; enforcing the legal drinking age through age verification mechanisms; and staff training for both on- and off-premise employees.

In May 2014 we invited representatives from five leading global off-premise retailers to join us at a retail roundtable to look at best practices from different retail channels and parts of the world, with a view to publishing the Principles within the year. However, due to the complexity of the issue, the timeline was delayed, and we now expect to publish the Principles by the end of 2015. At the May event, we established a working group comprising representatives of member companies (AB InBev, Heineken), Tesco, Walmart, and some IARD staff members to continue the progress made at the roundtable. The working group was charged with conducting a best practice review and drafting the Principles.

In the meantime, we are continuing to partner with retailers on practical programs, such as alcohol server training and proper checking of IDs. In 2014, responsible retailing initiatives were being operated in 56% of the countries where member

companies are commercially active, with 47% of initiatives consisting of server training.

The case studies below are examples of the work being done. Read more at initiatives.producerscommitments.org.

ACTION 10: CASE STUDIES – RESPONSIBLE RETAILING

DEVELOPING A RESPONSIBLE ALCOHOL CULTURE DENMARK

In early 2014, Denmark's Ministry of Health launched a national health plan with seven targets to be achieved by 2020. One focuses on reducing the harmful use of alcohol and delaying the age at which adolescents have their first drink.

To support this effort, we joined the Danish Brewers Association, producers of wine and spirits, and major retailers, to form a partnership to promote a more responsible alcohol culture through a coordinated, nationwide effort. The Ministry of Health gave DKK 4 million to fund the partnership for the next three years to implement the target through joint industry initiatives.

The work involves promoting facts about responsible alcohol consumption and preventing minors from purchasing alcohol.

Those involved in the work include: the Danish Brewers Association (secretariat); HORESTA (Danish Trade Association for Hotel, Restaurants and Tourism); DRC (Danish Restaurants and Cafes); GODA (industry organization for promotion of responsible drinking); VSOD (Danish Wine and Spirit Organization); Danish Chamber of Commerce; and DSK (The Federation of Retail Grocers in Denmark).

Read more at alcoholpartnerskabet.dk.

ENCOURAGING RESPONSIBLE SERVICE WITH "TIPS" & "ASSET" SINGAPORE

In 2014, Asia Pacific Breweries Singapore (APBS) in partnership with the Association of Bartenders and Sommeliers Singapore (ABSS), launched two programs, *Training for Intervention Procedures (TIPS)*, and *Alcohol Sales/Service Educational Tools (ASSET)*. These programs aim to teach bar staff how to serve alcohol responsibly. In this first year, 12 people from across the hospitality industry were certified as *TIPS* trainers, and, as a group, they committed to training at least 100 staff from hospitality schools, casinos, clubs, bars, and hotels within a 12-month period. By the end of 2014, more than 80 individuals were *TIPS* certified.

APBS is confident that the effective rollout of both the *TIPS* and *ASSET* programs will contribute to a responsible alcohol service culture in Singapore, and will help prevent alcohol-related problems.

Read more about *TIPS* at gettips.com.

"ALIANZA +18" COLOMBIA

In 2014, three of our member companies – Diageo, Pernod Ricard, and Bavaria (a subsidiary of SABMiller) – came together to launch *Alianza +18*, a project designed to prevent the sale of alcohol beverages to minors in Colombia. It was launched in response to a mystery shopping exercise conducted in 2012 across 800 retail outlets in four cities, in which 94% of 2,400 attempts to buy alcohol by underage were successful.

As a first step, the project disseminated point-of-sale and educational materials to remind customers that alcohol will not be sold to minors. It also involved parents' groups, law enforcement bodies, and media partners in television and radio, to ensure that the "don't sell to minors" message is communicated widely and effectively.

In 2015, the project will train more than 3,000 retail staff to implement age verification measures, supported by communications materials near cash desks, and specially designed software to remind staff to check ID. Later in the year, another "mystery shopping" study will be conducted to see if *Alianza +18* is achieving its objectives.

Read more about *Alianza +18* at alianzamas18.com.

KEY PERFORMANCE INDICATORS REVIEW

This section gives detailed performance against each key performance indicator (KPI). For Reporting Principles, see page 38, and for Assurance, see page 40.

CHANGES IN KPIS

In 2014 we added two KPIS, 2d and 9b, to give a more accurate picture of our activities to implement the Commitments.

1 REDUCING UNDERAGE DRINKING

ACTION 1: STRENGTHENING LEGAL PURCHASE AGE (LPA) REGULATIONS

KPI 1a

Percentage of legal purchase age (LPA) regulations introduced where none previously existed, in countries where sale is legal or permitted.

- Signatories targeted their efforts at the five countries in which there was no LPA and where they were commercially active – Cambodia, Greece, Haiti, Sierra Leone, and Vietnam. In Vietnam, where five signatories are commercially active, the government introduced an LPA.
- Other countries do not have LPA regulations and are out of scope as we are not commercially active there. These countries are Bangladesh, Comoros, the Democratic Peoples' Republic of Korea, the Democratic Republic of Timor-Leste, Djibouti, Liechtenstein¹, and Sao Tome and Principe.
- This is a slight amendment from the 2013 list that did not include Cambodia, Comoros or Sierra Leone. Liechtenstein has an LPA and copies of legislation were provided as evidence.

KPI 1b

Number of engagements in support of newly introduced / existing legal purchase age regulations, e.g. government meetings, industry roundtables, retail partnerships for age verification.

- The 12 signatories reported 895 engagements with non-retail stakeholders, including government, law enforcement agents, and media, in support of LPA regulations. In 2013, there were 131 non-retail engagements. In addition, signatories reported 10,000 retail engagements in support of strengthening LPA enforcement.

ACTION 2: UNDERAGE EDUCATIONAL INITIATIVES

KPI 2a

Number of education programs and number of countries in which the education programs are operating, resulting from signatories' work with NGOs, IGOs, and other interested stakeholders.

- 173 education programs were operated, an increase of 28% over the 135 programs reported in 2013.
- Of the 12 signatories, 11 increased the number of education programs they operated, with an average of 33 education programs each.
- More than half of these programs are reported to have "robust reach" in all or part of the program. Robust reach is defined as a two-way means of interaction with the target recipients.
- The number of countries in which education programs were operated increased by 4% from 55 in 2013 to 57. In addition, there were eight signatories reporting that programs are running in 11 or more countries. This same measure was at five in 2013.

KPI 2b

Number of underage individuals collectively reached with education programs resulting from signatories' work with NGOs, IGOs, and other interested stakeholders.

- The number of underage individuals collectively reached with education programs increased to 2.58 million from 1.02 million in 2013. The data showed that it was a collective boost with eight of the 12 signatories reaching between 200,000 and 500,000 underage individuals. Additionally, 90% of underage individuals reached with signatories' programs were reached in a robust manner (for more information see KPI 2a).
- Looking at geographical reach, numbers reached increased in all regions except North America.

KPI 2c

Number of influencers (parents, teachers, other adults, community leaders) collectively reached with education programs and materials resulting from signatories' work with NGOs, IGOs and other interested stakeholders.

- The number of influencers collectively reached with education programs increased to more than 3,230,000 from 518,000 in 2013. The increase was driven largely by two signatories which each increased the number of influencers they reached by an average of more than one million.
- Looking at geographical reach, numbers reached increased in all regions except Russia. The largest increase was in Africa, where a substantial increase was reported.

KPI 2d*

Number of unidentified persons collectively reached with education programs and materials resulting from signatories' work with NGOs, IGOs, and other interested stakeholders.

- A preliminary review of the data showed that an additional 60 million people across all regions were reached through education programs, who were not clearly identified as either underage individuals or influencers. The size of this number underscores the importance of adding this data point as a KPI in 2014, to ensure an accurate picture of the impact signatories are achieving through their work to address underage drinking.

*For the purposes of KPMG Sustainability's assurance, the review of the data points reported under this KPI are out of scope. Refer to KPMG's Assurance Report on page 40.

ACTION 3: ENSURING THAT ADULTS MAKE UP AT LEAST 70% OF OUR ADVERTISING AUDIENCE

KPI 3a*

Collective percentage of compliant impressions across print, broadcast, and digital resulting from signatories' advertising, or adherence to no-buy-list, based on the best available data, as measured by an independent agency.

- Market data for this Action was studied by Ebiquity, an independent media and marketing analytics company commissioned by the signatories.
- Across all markets studied by Ebiquity, 92.1% of all television spots were compliant, as were 92.5% of all views. Compliant spots are those with an audience of 70% or more legal drinking age adults. [In Ebiquity's study Hong Kong was included as a market but is reported as China in this report.]

KPI 3b

Number of countries in which actions of signatories result in data (on the collective percentage of compliant impressions across print, broadcast and digital, resulting from the signatories advertising) being made newly available.

- Broadcast data on compliant impressions was made newly available in 29 countries. These 29 countries made up 25% of the total number of countries in which signatories were commercially active.

*For the purposes of KPMG Sustainability's assurance, the review of the data points reported under this KPI are out of scope. Refer to KPMG's Assurance Report on page 40.

ACTION 4: DEVELOPING DIGITAL MARKETING GUIDELINES

KPI 4a

Digital Guiding Principles published.

- Digital Guiding Principles were published in September 2014 and moving forward the indicator will measure how signatories comply with the Principles. There are seven principles across four key areas.

MINORS

- Age-affirmation mechanism
- Placement of alcohol beverage marketing communications

RESPONSIBLE CONSUMPTION

- Forwardable content and content sharing
- The responsible drinking message
- User-generated content

TRANSPARENCY

- Clarity about digital marketing communications' commercial purpose

PRIVACY

- Respect user privacy

KPI 4b*

Percentage of signatories complying with the Digital Guiding Principles within all countries in which they are commercially active.

- Signatories will begin reporting against this KPI in 2015.

*For the purposes of KPMG Sustainability's assurance, the review of the data points reported under this KPI are out of scope. Refer to KPMG's Assurance Report on page 40.

ACTION 5: INVOLVING THOSE OUTSIDE THE INDUSTRY IN THE SELF-REGULATORY PROCESS

KPI 5a*

Percentage of countries in which signatories are commercially active, and in which non-industry participation is established by signatories' actions in existing self-regulatory processes.

- Out of the 117 countries in which one or more of the signatories were commercially active, 57 (49%) have had non-industry participation established by signatories' actions in at least one self-regulatory processes in that country.
- Company, alcohol industry, and cross-industry self-regulatory processes meeting the criteria to involve non-beverage alcohol industry participation in self-regulatory processes were included.

*For the purposes of KPMG Sustainability's assurance, the review of the data points reported under this KPI are out of scope. Refer to KPMG's Assurance Report on page 40.

ACTION 6: MAKING RESPONSIBLE MARKETING CODES A CONTRACTUAL OBLIGATION

KPI 6a

Percentage of signatories' contracts with advertising agencies that include clauses for the agency to comply with the responsible alcohol advertising codes for signatories' products.

- Of the 12 signatories, two are trade organizations not producers, and therefore do not have contracts with marketing agencies. The other ten member companies report data for this KPI. Only one signatory reported that 100% of contracts with advertising agencies included clauses mandating compliance with responsible alcohol advertising codes. Three others reported 90%, and another three reported higher than 50% compliance.
- Overall, 87.8% of signatories' contracts with advertising agencies included clauses requiring compliance with responsible advertising codes, an increase of almost 20 percentage points from the 68% reported in 2013.

3 PROVIDING CONSUMER INFORMATION AND RESPONSIBLE PRODUCT INNOVATION

ACTION 7: RESPONSIBLE PRODUCT INNOVATION	
<p>KPI 7a Percentage of product ranges that do not contain excessive amounts of added stimulants.</p>	<ul style="list-style-type: none"> Of the signatories' product ranges, 100% did not contain excessive amounts of added stimulants. While seven of the member companies had one or more product ranges containing added stimulants, none was above the threshold level of 200mg / l.
<p>KPI 7b Percentage of signatories' product brands that are marketed as delivering energizing or stimulating effects.</p>	<ul style="list-style-type: none"> All 12 signatories reported data on this indicator, with two submitting an amalgamated set of data. None of the signatories' product brands or brand extensions were marketed as delivering energizing or stimulating effects. This is an improvement over 2013 data where two signatories each reported one brand or brand extension marketed as having energizing or stimulating effects.

ACTION 8: PROVIDING CONSUMER INFORMATION	
<p>KPI 8a* Percentage of brands carrying one or more of the symbols and / or equivalent words, and the address of a website containing additional information, including alcohol product strength and reminders about the dangers to health of excessive drinking.</p>	<ul style="list-style-type: none"> 58% of signatories' brands carry both symbol(s) and / or equivalent word(s), and the address of a dedicated website. Eight out of 12 signatories reported data for this optional indicator for the 2014 reporting year. Two of these eight reported that 100% of their brands carried both symbol(s) and / or equivalent word(s), and the address of a dedicated website.
<p>*For the purposes of KPMG Sustainability's assurance, the review of the data points reported under this KPI are out of scope. Refer to KPMG's Assurance Report on pages 40.</p>	

4 REDUCING DRINKING AND DRIVING

ACTION 9: REDUCING DRINKING AND DRIVING	
<p>KPI 9a Number of countries in which selected drinking and driving prevention pilots are rolled out.</p>	<ul style="list-style-type: none"> Pilots continued to be rolled out in China, Colombia, Mexico, Nigeria, Russia, and Vietnam. An agreement was reached with local spirits companies in Mexico to continue funding the program locally in 2015; an agreement about local funding has also been reached in Russia. Discussions are on-going in China, Nigeria, and Vietnam. The program in Colombia was completed at the end of 2014, and by that date, we were unable to secure the funding to transition the program to local ownership, although we will continue to look at ways of doing so in 2015. After consideration, the signatories selected Argentina, Cambodia, Dominican Republic, Namibia, South Africa, and Thailand as the next six countries in which to roll out pilot programs (beginning in 2015).
<p>KPI 9b Number of drinking and driving prevention programs outside the pilots referenced in KPI 9a.</p>	<ul style="list-style-type: none"> Outside the pilots mentioned in 9a, signatories operated 375 unique drinking and driving prevention programs. All signatories reported programs in multiple countries, in total covering 146 countries and seven regions. These included countries where they are not commercially active. At 38% of the total, Europe accounts for the largest number of programs; followed by Asia at nearly 20%; and South and Central America reporting nearly 18% between them.

5 ENLISTING THE SUPPORT OF RETAILERS TO REDUCE HARMFUL DRINKING

ACTION 10: RESPONSIBLE RETAILING

KPI 10a

Guiding principles of responsible beverage alcohol retailing developed and published.

- The Guiding Principles for Responsible Retailing are being developed through consultation with a working group comprising Heineken and AB InBev (representing member companies), Tesco, Walmart, and IARD staff members. The working group was formed at the May 2014 retail roundtable, and was attended by representatives from five leading global off-premise retailers and six producer companies.
- The IARD Board reviewed the working group's progress in March 2015. The member companies agreed that further consultations were required.

KPI 10b

Responsible retailing initiative launched in public forum in 2014.

- This indicator is on hold until the Guiding Principles for Responsible Retailing are published.

KPI 10c*

Percentage of markets in which signatories are commercially active and in which local responsible retailing initiatives to support / comply with / advance the guiding principles have been rolled out.

- Local responsible retailing initiatives were rolled out in 66 (56%) of the 117 countries in which one or more of the signatories were commercially active.
- Of the reported initiatives, 47% consisted of server training across 37 different markets in seven regions, while 42% were reported as "other," and were spread across 41 markets. All markets were those in which one or more of the member companies were commercially active.

*For the purposes of KPMG Sustainability's assurance, the review of the data points reported under this KPI are out of scope. Refer to KPMG's Assurance Report on page 40.

LOOKING AHEAD TO 2015

2015 is a landmark year, being the end date of the Millennium Development Goals (MDGs) which have defined global development priorities, including in health, since 2000. Governments will convene at the United Nations to take stock of progress and agree the successors to the MDGs, the Sustainable Development Goals (SDGs). As producers, we are following this process closely since we anticipate that the harmful use of alcohol will be included in the SDG targets, and agreements made in September 2015 on the SDGs will influence the future direction of our own Commitments and give increased momentum to our work.

In this context, our overall aims are to strengthen collaboration at national level between sectors of our own industry to maximize impact and to build stronger partnerships with the retail sector. We will continue to work with IARD as Secretariat, The World Federation of Advertisers (WFA), trade associations, and SAOs to accelerate delivery of the Commitments and play the constructive role Member States have identified for producers in reducing harmful drinking. More specifically, our priorities for 2015 for each Commitment are as follows:

1: REDUCING UNDERAGE DRINKING

- Continue outreach to all governments that do not have a legal purchase age law to support urgent adoption of such legislation.
- Engage with governments and retailers to strengthen enforcement of legal purchase age regulations.
- Support education programs drawing from best principles set out in the 2014 Alcohol Education Guide.

2: STRENGTHENING AND EXPANDING MARKETING CODES OF PRACTICE

- Expand 2015 70 / 30 compliance reporting to include new markets.
- Align our digital marketing codes and practices with the Digital Guiding Principles (DGPs).
- Conduct training of our staff and agencies in our digital codes.

3: PROVIDING CONSUMER INFORMATION & RESPONSIBLE PRODUCT INNOVATION

- Promote the launch of our global consumer information site, [ResponsibleDrinking.org].
- Enhance [ResponsibleDrinking.org] by adding multiple languages, interactive elements, and monitoring tools.
- Increasingly, provide consumer information, including websites, on our product packaging.

4: REDUCING DRINKING AND DRIVING

- Complete the transition of our prevention programs targeting drink driving in China, Colombia, Mexico, Nigeria, Russia, and Vietnam into sustainable local ownership.
- Launch new drink driving prevention programs, aligned with global good practice, in up to six new countries with governments, ensuring we engage other stakeholders as well.

5: ENLISTING THE SUPPORT OF RETAILERS TO REDUCE HARMFUL DRINKING

- Launch the Guiding Principles for Responsible Retailing
- Actively engage retailers at both global and national levels to help them adopt and implement the Guiding Principles.

APPENDIX 1: ABOUT THIS REPORT

PRINCIPLES

The principles we have adopted in compiling this report are as follows: we have strived to ensure that all the information given is accurate, complete, and sufficiently detailed to allow readers to make a fair assessment of our performance in 2014. The report provides a balanced view, covering positive achievements as well as areas that require improvement, or have taken longer than anticipated to achieve, bearing in mind that the Commitments cover a five-year period. Readers are encouraged to look for regular updates on our achievements on the website producerscommitments.org. We have also engaged KPMG Sustainability to review this report and provide limited assurance as outlined in their report on page 40.

TRADE ORGANIZATIONS AND SOCIAL ASPECTS ORGANIZATIONS

Many of the actions in this report are partnerships – between companies, between sectors, between companies and civil society organizations, and between companies and governments. Our efforts to implement the Commitments are not only undertaken as individual companies in the markets where we are commercially active, but also through the collective actions of IARD, trade associations, social aspects organizations (SAOs), and other third-party organizations and partners. In the context of the Commitments, an SAO is an organization specifically designed to promote responsible drinking and provide information to the public and consumers.

In compiling last year's report, we recognized that collecting data from such third parties required greater central coordination. Therefore we asked IARD to interface on our behalf with trade associations and SAOs in the reporting process. IARD contacted trade associations and SAOs across the globe to obtain their data and report it to Accenture Strategy. More than 47 organizations from 25 countries reported on the work we do collectively through trade associations and SAOs to implement the Commitments.

THE STRUCTURE OF THE INDUSTRY: THE ROLE OF TRADE BODIES AND SAOs

Like many other sectors, the beverage alcohol industry has a number of trade bodies at regional, national, and international levels. Examples include the Beer Sector Group in Nigeria, the Distilled Spirits Council of the United States (DISCUS; www.discus.org), Korea Alcohol & Liquor Industry Association (KALIA; kalia.or.kr) in South Korea, the Brewers of Europe (brewersofeurope.org), the Wine and Spirit Trade Association in the U.K. (wsta.co.uk), and the international organization FIVs (fivs.org). These groups represent the interests of the industry on issues such as taxation and duties, and engage with governments on policies that are relevant to our sector, including public health.

Unlike most other sectors, our industry also supports not-for-profit organizations known as SAOs, which are set up specifically to promote responsible drinking, and to provide information about alcohol to the public and consumers. Many of these groups have a long track record of effective campaigns in areas such as the prevention of drink driving, underage drinking, and excessive drinking. Examples include: Drinkwise (drinkwise.org.au) in Australia; the Foundation for Advancing Alcohol Responsibility (FAAR; responsibility.org) in the U.S. (formerly known as the Century Council); Industry Association for Responsible Alcohol Use (ARA; ara.co.za) in South Africa; and Entreprise et Prévention (preventioncool.com) in France.

SIGNATORY CHANGES

During the course of 2014, one of the original signatories, Beam Inc., was acquired by Suntory Holdings Limited. Together they form Beam Suntory Inc. (Beam Suntory) based in Deerfield, Illinois, USA. Beam Suntory remains a signatory to these Commitments.

As was the case last year, the two Japanese trade associations – the Brewers Association of Japan (BAJ) and the Japan Spirits & Liqueurs Makers Association (JSLMA) – made a joint submission in relation to their activities supporting the Commitments in Japan.

Furthermore, at the beginning of 2015, Asahi Group Holdings, Kirin Holdings Company Limited, and Beam Suntory (a subsidiary of Suntory Holdings) made a request to assume the role of signatories to the Commitments in place of the BAJ and JSLMA.

In 2010, we welcomed these associations' support of the first joint global CEO initiatives (Global Actions 2010-2012). In a similar fashion, they joined us in becoming signatories to the Beer, Wine and Spirits Producers' Commitments in 2012. As the primary and largest members of BAJ and JSLMA, Asahi, Kirin, and Suntory will become global signatories to the Commitments. Asahi, Kirin, and Beam Suntory will report not only on their activities in Japan, but their global support of the Commitments in markets where they are commercially active beginning with the 2015 reporting cycle. As appropriate to trade associations, BAJ and JSLMA will contribute to the Commitments, principally by implementing activities in Japan, and will report on these activities annually.

REPORTING AND ASSURANCE

Our KPIs were initially developed with advice from Accenture Strategy. Following the 2013 reporting cycle, we again sought Accenture Strategy's advice on improving the protocols and definitions associated with our KPIs in order to refine the consistency of reporting and minimize ambiguity. The KPI review process with Accenture Strategy also led us to establish two new KPIs (2d and 9b) in order to capture the diversity and breadth of actions supporting the objectives of the Commitments. The data acquisition process was supported by Accenture Strategy. A summary of all the performance indicators, including definitions and scope of coverage, is available at producerscommitments.org/compliance.aspx.

We engaged KPMG Sustainability to review this report and provide limited assurance as outlined in their report on page 40.

After a rigorous process of review and checking, and with the support of Accenture Strategy and KPMG, we are confident that this report offers an accurate picture of the range and scope of the activities underway across the world to deliver the Commitments, and the overall progress we made during 2014. As this is our second report, we compare our performance against progress made in 2013.

APPENDIX 2: INDEPENDENT ASSURANCE REPORT

TO THE READERS OF THE COMMITMENTS 2014 PROGRESS REPORT

We were engaged by the management of the International Alliance for Responsible Drinking (“IARD”) and its Signatories (hereafter the Reporting Parties) to provide assurance on selected information in the Commitments 2014 Progress Report (“The Report”). The Reporting Parties are responsible for the preparation of The Report, including the identification of material issues. Our responsibility is to issue an assurance report based on the engagement outlined below.

WHAT WAS INCLUDED IN THE SCOPE OF OUR ASSURANCE ENGAGEMENT?

Our engagement was designed to obtain limited assurance on whether the selected information in The Report is presented, in all material respects, in accordance with the reporting criteria.

We provide limited assurance on all information in The Report with the exception of the information and data points for indicators as indicated in The Report with an asterisk [2d (p. 12 & 32), 3a (p. 17 & 33), 4b (p. 18 & 33), 5a (p. 19 & 34), 8a (p. 23 & 35), and 10c (p. 29 & 36)]. We do not provide any assurance on the achievability of the objectives, targets, and expectations as included in The Report.

Procedures performed to obtain a limited level of assurance are aimed at determining the plausibility of information and are less extensive than those for a reasonable level of assurance.

WHICH REPORTING CRITERIA DID THE REPORTING PARTIES USE?

For the information covered by our engagement scope the Reporting Parties apply criteria as detailed in the ‘About this Report’ section. It is important to view the assured information in the context of these criteria. We believe that these criteria are suitable in view of the purpose of our assurance engagement.

WHICH STANDARD DID WE USE?

We conducted our engagement in accordance with the International Standard for Assurance Engagements (ISAE) 3000: Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board. This Standard requires, amongst others, that the assurance team possesses the specific knowledge, skills, and professional competences needed to provide assurance on the assured information, and that they comply with requirements of the Code of Ethics for Professional Accounts of the International Federation of Accountants to ensure their independence.

WHAT DID WE DO TO REACH OUR CONCLUSIONS?

Our procedures included the following:

- Assessing the suitability of the reporting criteria
- Evaluating the design and implementation of the systems and processes for the collection, processing, and control of the selected information
- Interviews with the staff responsible for collecting, consolidating, and carrying out internal control procedures on the selected information
- Visits to two Signatories to review the source information used for the Report and the design and implementation of validation procedures at local level
- An analytical review of the data for the key areas and related KPIs in scope submitted by all Reporting Parties for consolidation at group level
- Evaluating internal and external documentation, based on sampling, to determine whether the selected information is supported by sufficient evidence.

CONCLUSIONS

Based on the procedures performed, as described above, nothing came to our attention to indicate that the information within our scope as defined above is not presented, in all material respects, in accordance with the reporting criteria.

Amsterdam, 15 September 2015

KPMG Sustainability
part of KPMG Advisory N.V.

W.J. Bartels RA
Partner

APPENDIX 3: ABOUT THE INTERNATIONAL ALLIANCE FOR RESPONSIBLE DRINKING (IARD)

Throughout this report there are references to the International Alliance for Responsible Drinking (IARD). IARD, launched in January 2015, is a not-for-profit organization dedicated to addressing the global public health issue of harmful drinking and to promoting responsible drinking.

IARD builds on two decades of research, policy analysis, and programs by the International Center for Alcohol Policies (ICAP), as well as the efforts of the Global Alcohol Producers Group (GAPG), both producer-supported. Both supported aspects of the Commitments program before the creation of IARD. Throughout this report, the combined work of IARD, ICAP, and GAPG is referred to as the work of IARD.

IARD's members are the leading global alcohol producing companies that are signatories to the Commitments. IARD's formation was driven by the companies' keenness to increase momentum around the Commitments and, in general, to step up action to meet the target on harmful drinking agreed by the worlds' governments. IARD's approach assumes that effective actions to harmful drinking will include the private sector and NGOs working together to support governments in ensuring the health and wellbeing of their citizens.

ROLE AS SECRETARIAT TO THE COMMITMENTS

One aspect of IARD's role is to be the Secretariat to these Commitments. The signatories to the Commitments have delegated to IARD specific tasks that require coordination at global level.

As Secretariat, IARD:

- Coordinates reporting on the Commitments with KPMG and Accenture Strategy
- Manages pilot programs (particularly in drink driving)
- Coordinates with international partners (for example, World Federation of Advertisers)
- Commissions analysis of marketing compliance
- Convenes experts (for example, researchers) and partners (for example, retailers)
- Conducts analysis on policy and programs and produces policy tools and good practice guides (for example, the Alcohol Education Guide).



Watch Ann Keeling speak about IARD's role as Secretariat at tinyurl.com/IARDAnnKeeling.

FEEDBACK

We welcome your feedback

Tell us what you think – email us at info@producerscommitments.org



The work summarized in this report is part of the implementation of the Beer, Wine and Spirits Producers' Commitments to Reduce Harmful Drinking