

Commitments 2013

Progress Report

Beer, Wine and Spirits
Producers' Commitments to
Reduce Harmful Drinking



Executive Summary

In 2013, 13 of the world's leading beer, wine, and spirits producers came together to make ground-breaking commitments to reduce the harmful use of alcohol. This report sets out the progress made so far, and the actions now underway.

We are proud to say that in our first year we have already:

- defined **specific, measurable targets** for all 10 action areas of the Commitments, which we report on here for the first time, and which will allow us to assess our progress going forward;
- run **135 education programs across the world**, either individually or in partnership, aimed at preventing and reducing underage drinking. Together, these have directly engaged nearly **1 million** unique young people under the legal purchase age in alcohol education programs and more than **500,000 parents, teachers, and community leaders**;
- established that more than **96% of our advertising is compliant with our “70/30 rule”** – in other words, that adults make up at least 70% of our audiences;
- found that none of the signatories' products contained excessive **quantities of stimulants** (i.e., more than 200 mg/l);
- developed guiding principles for **responsible digital advertising**, which are now out for consultation.

As these highlights suggest, it was a good first year. We have achieved a great deal and learned a great deal, and we are already building on that learning in 2014 and using it to accelerate our programs. However, we are very aware of how much more there is to do. This report sets out our plans for the future, and the way these plans will be implemented, measured, audited, and reported. Our aim throughout is to present both the issues and our activities in a straightforward, transparent, and honest way, and in that spirit we welcome your feedback.

Contents

Please click to view your contents

4	About this Report
6	Introduction
8	Where we stand
10	Our approach
11	The Commitments
11	Commitment 1: Reducing underage drinking
18	Commitment 2: Strengthening and expanding marketing codes of practice
23	Commitment 3: Providing consumer information and responsible product innovation
26	Commitment 4: Reducing drinking and driving
30	Commitment 5: Enlisting the support of retailers to reduce harmful drinking
34	Priorities for 2014
35	Feedback
36	Independent Assurance Report

About this Report

This is the first report of the Beer, Wine and Spirits Producers' Commitments to Reduce Harmful Drinking, covering the activities and initiatives undertaken in the year 2013. Some of these activities have been carried out by the signatories as a group acting together, some have been run by one or more signatories in partnership with other organizations and NGOs, and some have been run by individual signatories. Some data has therefore been collated centrally, and some through individual signatories.

Although a signatory at the announcement of the Commitments in October 2012, UB Group's United Spirits Ltd was acquired by Diageo prior to the launch of the Commitments in 2013 and therefore it has not participated in the 2013 report. The two Japanese trade associations, the Brewers Association of Japan and the Japanese Spirits and Liqueur Makers Association, made a joint submission in relation to their activities supporting the Commitments in Japan.

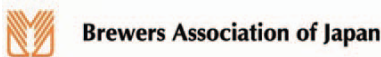
When the Commitments were first established, advice was sought from Accenture Sustainability Services on the development of performance indicators. Accenture helped us to collaboratively develop some robust definitions with the signatories for each of the 18 performance indicators to help ensure consistency, minimize ambiguity, and establish what was – and what was not – within the scope of each performance indicator. For example, it was determined that signatories would report only activities undertaken in markets where they are “commercially active.” A summary of the performance indicators including definitions and scope of coverage, is available on the Commitments website at www.producerscommitments.org.

A data acquisition process was also devised. Signatories were aware at the outset that there might be some issues with data quality; Accenture helped us identify and appropriately address these, both before and during the reporting process.

This report details the outputs of the first annual reporting cycle and is a valuable baseline for the signatories and wider readership. The principles we have adopted in compiling this report are as follows: We have ensured that all the information given is accurate, complete, and sufficiently detailed to allow readers to make a fair assessment of our performance in 2013. The report provides a balanced view, covering positive achievements as well as areas that require improvement, or where work has not yet commenced, bearing in mind that the Commitments cover a five-year period, and it has not been possible to make progress on all 10 action areas in the first year. Looking ahead, we will ensure that readers will be able to assess our progress over time according to consistent criteria, clearly reported.

After a rigorous process of review and checking, and with the support of Accenture, we are confident that this report offers an accurate picture of the range and scope of activities underway across the world to deliver on the Commitments and the overall progress achieved during 2013. This report also provides a robust baseline against which to measure future progress. For a full list of all the industry initiatives being undertaken across the world and a comprehensive account of the issues relating to the harmful use of alcohol, please see our initiatives reporting [website](#).

Introduction



The world's leading producers of beer, wine, and spirits have been working for many years, both individually and collectively, to address the problems caused by harmful drinking. Real progress has been made in several important areas, both in addressing specific problems, and in changing public attitudes.

A significant milestone was reached in 2010, when Global Actions on Harmful Drinking at www.global-actions.org led to the creation of new programs across the world covering three key areas of activity, including drink driving initiatives in six countries, the strengthening of marketing codes in 11 countries, and a study to assess the health and economic impacts of noncommercial alcohol production.

These new programs joined the hundreds of others already underway, and in 2013 we decided to build on what had already been achieved, and expand work in this area to include five Commitments covering:

- **Reducing underage drinking**
- **Strengthening and expanding marketing codes of practice**
- **Providing consumer information and responsible product innovation**
- **Reducing drinking and driving**
- **Enlisting the support of retailers to reduce harmful drinking**

We worked closely with the International Center for Alcohol Policies (ICAP) and the Global Alcohol Producers Group (GAPG) to develop the Commitments, which are designed to support the World Health Organization (WHO) Global Strategy to Reduce the Harmful Use of Alcohol.

Each Commitment has clearly defined goals and a five-year action plan, during which time progress will be independently audited and publicly reported. We appointed Accenture Sustainability Services to work with us to develop a full set of Key Performance Indicators (KPIs), which we have outlined in the sections that follow, and KPMG Sustainability has reviewed this report (see page 36 for their Assurance Report). There will also be ongoing updates at www.producerscommitments.org.

The Commitments are the most ambitious and comprehensive set of initiatives we have ever undertaken together to address harmful drinking, and we hope that other beer, wine, and spirits producers will join the current 13 signatories in achieving them. We are also working actively with other organizations at both a global and a national level to implement the Commitments, including academic researchers, educational NGOs, and governmental bodies.

In this report, we look at each of the Commitments in turn, setting out what we aim to do, how results will be measured, and what has been delivered so far. In some areas there are already tangible results; in others, the complexity of the issues requires more research and preparation. In total, however, we believe that solid progress had been made and a strong foundation has been established that will allow accelerated progress and deliver impactful results in the next four years.

The signatories to the Commitments:

- Anheuser-Busch InBev
- Bacardi Limited
- Beam Inc.
- Brewers Association of Japan
- Brown-Forman Corporation
- Carlsberg
- Diageo
- Heineken
- Japanese Spirits & Liqueurs Makers Association
- Molson Coors
- Pernod Ricard
- SABMiller
- UB Group



Japan Spirits & Liqueurs Makers Association



Pernod Ricard



Where we stand

Our beliefs

Beer, wine, and spirits have been produced and enjoyed for thousands of years. Millions of people enjoy alcohol every day in a responsible way, but harmful drinking may cause health and social problems for individuals and for society as a whole.

For all these reasons, we support the WHO Global Strategy to Reduce the Harmful Use of Alcohol and the global voluntary target of reducing harmful use of alcohol by at least 10% in the WHO Global Action Plan for the Prevention and Control of Noncommunicable Diseases. Achieving this aim will require the concerted efforts of many groups, including public health bodies, governments, and retailers, and we are fully prepared to play our part in the areas we have identified under the Commitments, and others where we can make a positive contribution.

The Commitments are an expression of our core beliefs about alcohol, society, and the role we can play.

We believe that reducing harmful drinking will benefit society and our businesses alike.

The problems created by alcohol misuse don't just cause harm to individuals and communities, they also damage the public perception of our industry. Our brands and the way we conduct business are at the heart of our success, and when our products are misused, our reputation suffers. Promoting responsible consumption is the only way to ensure a sustainable future both for our businesses, and for society as a whole.

We respect the rights of adults to choose to drink alcohol beverages, or to choose not to drink them.

Beer, wine, and spirits are central to many cultures around the world and often play an important role in celebrations and other social occasions. Most adults who choose to drink consume beer, wine, and spirits moderately and responsibly, and we believe they should have the right to do so. Likewise, we respect the rights of those who choose not to drink. We do not set out to market our products to those who do not want to drink, and many codes of marketing practice include provisions to prevent abstinence from being portrayed negatively.

We believe that all alcohol beverages sold in a society should be appropriately and effectively regulated.

We fully acknowledge that alcohol drinks can be abused, and that this can cause significant harm both to individuals and the community. Beer, wine, and spirits need to be appropriately and effectively regulated, taking into account national circumstances and local cultures.

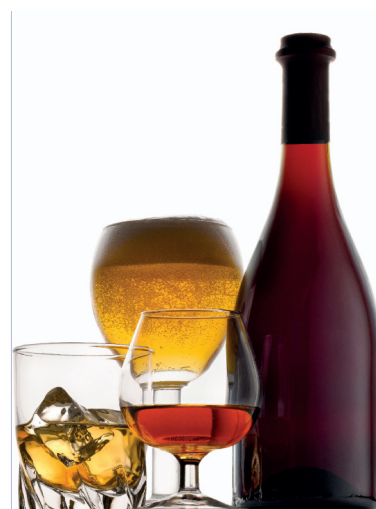
We believe that alcohol consumption patterns are strongly influenced by cultural and religious factors.

Attitudes towards alcohol vary considerably across different cultures and societies. In many European countries, beer, wine, and spirits are central to cultural and social life, but in some countries they are prohibited.

Attitudes about alcohol are influenced by many factors, including climate, religion, education, and the cultural acceptance – or non-acceptance – of drunkenness. As the WHO Global Strategy to Reduce the Harmful Use of Alcohol acknowledges, we believe that to change behavior and reduce alcohol misuse, governments need to take their own cultural context into account and adopt an approach that reflects this. It is only when we understand the different root causes that lead to harmful drinking that we can address it most effectively.

We believe that governments, producers, and other stakeholders need to work together more vigorously to reduce harm associated with “noncommercial” and unrecorded alcohol, given that it accounts for a significant proportion of all alcohol consumed globally, particularly in many low- and middle-income countries.

About a third to half of the alcohol consumed around the world is unrecorded and cannot be traced back to its producer. In addition to depriving governments of tax revenues, it can sometimes pose serious threats to public health because the manufacture of these products is unsupervised and their safety cannot be guaranteed. We believe that a partnership between governments, law enforcement bodies, and drinks industry members is the most effective way to begin to tackle this problem.



Our approach

The issues that lead to harmful drinking are complex and differ widely from country to country, and there is no one simple cause. That is why there must be positive collaboration among all the different stakeholders: not just the beer, wine, and spirits producers, but also governments, NGOs, public health bodies, teachers, parents, and law enforcement authorities.

By working together, we can target our efforts far more efficiently, which is why we are taking a partnership approach in both developing and implementing the Commitments. We welcome the involvement of any interested parties who wish to work with us to achieve real and lasting progress.

We raise specific issues with governments and policy makers: For example, we campaign for stricter enforcement of drink driving and underage drinking legislation, and for the introduction of legal drinking age laws where they do not exist.

We will also continue to take an active role in the public policy debates about alcohol, in an effort to ensure that the issues are addressed in a balanced and objective way in the media, with governments, with the WHO, and elsewhere.

When the Commitments were first announced in late 2012, we received feedback from a number of different bodies, both in private and in public. Some groups expressed criticism about the Commitments and our intentions, which we believe to be unfounded; other stakeholders were prepared to accept our stated objectives at face value. We are committed to transparency in our communications about these Commitments and have developed a publicly available [website](#) to encourage stakeholders to follow our progress and judge us by the results we achieve.

The Commitments

The Commitments relate to five key areas:

- 1. Reducing underage drinking**
- 2. Strengthening and expanding marketing codes of practice**
- 3. Providing consumer information and responsible product innovation**
- 4. Reducing drinking and driving**
- 5. Enlisting the support of retailers to reduce harmful drinking**

Commitment 1: Reducing underage drinking

We are all concerned when young people under the legal age buy and drink alcohol, which is a very real problem in many countries around the world. We take this issue very seriously. But there is no simple solution, just as there is no simple cause.

We believe that we can only tackle underage drinking as a society, through the joint efforts of parents, schools, the public health and medical communities, and law enforcement bodies, as well as the alcohol industry. We accept that we have an important role to play as part of this work, and we are fully prepared to play it.

Our long experience suggests that education and restricting young people's access to alcohol are the best ways to make progress. These insights have informed our Commitments in this area.



“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 age 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.”

Action area 1: Strengthening legal purchase age regulations

We are working with governments around the world and encouraging them to enforce legal drinking age regulations as rigorously as possible. In most countries, these regulations have two components: a legal minimum age for buying alcohol in retail outlets, and a legal age for drinking in bars, clubs, and other hospitality venues. These ages vary around the world, depending on custom and culture, and in some countries, on the type of alcohol being consumed.

We focus in particular on strengthening the regulations preventing the sale of alcohol to those under age, whether by shops or bars, because this approach is more likely to be successful. We are pressing for the introduction of a minimum purchase age in those few countries where there is none, and we will measure progress in this area according to the number of Legal Purchase Age (LPA) regulations in place around the world. We also support stricter enforcement of these regulations. A recent research study in the United States indicated that rigorous laws can indeed be effective in reducing underage drinking, but only if people believe they will be enforced and if the penalties are sufficient to act as a deterrent.

At the same time, we are campaigning for governments to establish their own targets to reduce underage drinking by 2018. We will help governments reach those goals by contributing actively in these plans wherever possible, along with other interested parties, such as the retail sector.

2013 activities

During 2013, ICAP undertook an extensive review of good practice in this area and published a paper summarizing the results, *Regulatory Framework to Prevent Underage Drinking: A Review*. This is a practical guide, designed to help governments make their legal age regulations more effective. It includes examples of good practice, such as the use of age-verification programs and mystery shoppers.

The full report can be viewed at
www.producerscommitments.org.

Progress against KPIs

We measure our progress on this action area in two ways:

a. The number of legal purchase age regulations introduced where none had previously existed, in countries where the sale of alcohol is legal or permitted.

At the beginning of the year, and despite extensive efforts, we were unable to ascertain if legal purchase age laws were in place in four countries in which signatories are commercially active: Greece, Haiti, Liechtenstein, and Vietnam. Six of the 12 signatories who submitted data for this indicator were commercially active in one or more of these four countries during the year.

In addition, there are five other countries that permit the sale of alcohol but do not have LPA regulations: Bangladesh, the Democratic Peoples' Republic of Korea, the Democratic Republic of Timor-Leste, Djibouti, and São Tomé and Príncipe. Signatories of the Commitments are not commercially active in these countries.

We accept that achieving regulatory change is a long process and that results are going to take time. In this context, and despite our best efforts, we were not able to secure the introduction of any new national LPA regulations in 2013.

b. The number of times we have engaged with governments and other relevant bodies to support the introduction or strengthening of legal purchase age regulations.

This includes meetings, industry round-tables, and liaison with retailers on age-verification measures.

“We commit to strengthening our work with other interested stakeholders, including NGOs and 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.”

This includes meetings, industry round-tables, and liaison with retailers on age-verification measures.

In 2013, eight signatories reported a total number of 131 engagements with governments or other relevant bodies on introduction of LPA legislation or strengthening enforcement. The average among these eight signatories was 16. In addition, two signatories chose to report on significant numbers of engagements related to responsible retailing initiatives and strengthening age verification at the retail level. Three signatories did not report their engagements and two submitted a joint number.

Action area 2: Underage educational initiatives

We can only hope to achieve long-term social and culture change if we invest in education. Reliance on education as the foundation for behavior change is key to many public health campaigns including those relating to underage drinking, diet and obesity, and reproductive and sexual health.

We are supporting underage educational initiatives at three levels: information campaigns designed to raise awareness among the population as a whole, and especially parents; more targeted initiatives for teachers and educators who work with young people; and specific programs for young people.

Educational programs can be effective in reducing and preventing alcohol misuse, especially when conducted at an early age, but school-age programs are not enough: alcohol education is an ongoing and lifelong process.

2013 activities

Throughout the year, we were involved in programs across the world, designed to prevent and address underage drinking, including raising awareness about the legal age limit, information for parents, age-verification programs, the training of bar staff, and collaborations with retailers. Here are just a few examples:

- **Argentina**

AB InBev is running a program with retailers in the larger cities in the country involving prominent point-of-sale messages backed up by a print and radio campaign.

- **Belarus**

Heineken is partnering with a popular parenting website to create a dedicated section on “My child and alcohol,” offering advice and guidance on how parents can help, and what should you do if you suspect your child is drinking.

- **Botswana**

SABMiller supports a program to raise awareness of the underage drinking issue with teachers, and educational materials for teenagers.

- **Thailand**

Pernod Ricard is supporting an initiative for students 15 to 19 years old, focusing on responsible drinking and safe driving, especially on motorcycles. The sessions are given by officials from the Thai Public Health Ministry. 89% of 1,500 students questioned after they took part said they would not be engaging in underage drinking.

- **Japan**

The Brewers Association of Japan runs *Stop!*, an awareness campaign that uses a distinctive yellow logo to warn against underage drinking. It includes television advertisements, public transport billboards, and point-of-sale materials in 40,000 shops.

- **United Kingdom**

Diageo supports the School Health and Alcohol Harm Reduction Project (SHAHRP), which is a school-based curriculum program that aims to reduce the alcohol-related harm that young people experience in alcohol use situations. The SHAHRP longitudinal study assessed the behavioral impact of the program which resulted in statistically significant impact on alcohol use, risky alcohol use, and exposure to alcohol-related harms.

- **United States**

MillerCoors supports the Respect 21 responsible retailing initiative, developed in partnership with the Responsible Retailing Forum and Brandeis University, and Beam Global backs the *Be Wise* program on college campuses, involving retailers, parents, and law enforcement agencies, which is supported by a website that highlights best practices.

Many other initiatives are being run through third-party organizations and NGOs, with the support of one or more signatories. Details of these programs are posted at www.producerscommitments.org.

During 2013, we reviewed these educational programs in order to identify best practices. We included the lessons from that exercise in the review of approaches to reducing underage drinking, which has been published on the Commitments [website](#). We have also convened a group of experts in health and education to help us establish which approaches are most likely to lead to successful outcomes, identify potential partner organizations, and develop an evaluation process. We are taking this input and using it to draft the Alcohol Education Guide: Reducing Underage and Other Harmful Drinking, which the same panel will review before it is finalized. The Guide will form the basis for a new online resource that will include educational materials, and will help us develop new programs for the next stage of work within this action area.

Progress against KPIs

We measure our progress on this action area in three ways:

a. The number of underage education programs and number of countries in which the education programs are operating, resulting from signatories' work with NGOs, inter-governmental organizations, and other interested stakeholders.

In 2013, signatories ran 135 unique education programs in a total of 55 countries, many of which involved more than one signatory.

Twelve signatories reported details on their educational programs, some of which are run in collaboration with third-party trade or social aspects organizations, such as The Century Council (now known as the Foundation for Advancing Alcohol Responsibility). The 12 signatories who reported data operated or collaborated in an average of 25 education programs. Half of those reporting operated or were involved in at least 29 education programs, and the highest number was 60.

b. The number of underage individuals collectively reached with education programs resulting from signatories' work with NGOs, inter-governmental organizations, and other interested stakeholders.

During 2013, nearly 1 million unique young people under the legal drinking age were directly engaged in alcohol education programs. This figure does not include signatories' online resources or programs that disseminate materials without a verifiable two-way channel of communication, which reach much larger numbers of people.

Ten signatories reported data for this KPI. The three most active signatories reached an average of more than 480,000 individuals each. (Since signatories often operate the same programs through third-party organizations, the average numbers are not all unique.)

c. The number of influencers (parents, teachers, other adults, community leaders) collectively reached with education programs and materials resulting from signatories' work with NGOs, inter-governmental organizations, and other interested stakeholders.

During 2013, more than 500,000 unique parents, teachers, other adults, and community leaders were reached with 135 unique education programs.

The 10 signatories who reported data for this KPI reached an average of more than 130,000 people each; the two top performing signatories each reached an average of nearly 300,000 people. (Since signatories often operate the same programs through third-party organizations, the average numbers are not all unique.) The most active region was North America (33.8%).



Commitment 2: **Strengthening and expanding marketing codes of practice**

The beer, wine, and spirits industry has a long track record of effective self-regulation. We work hard to try to ensure that our advertising is responsible and directed at adults.

Signatories adhere to a variety of marketing codes, which reflect the different cultures, lifestyles, and regulatory frameworks that apply in different countries across the world. These codes are both demanding and rigorous. However, we recognize that our codes must also move with the times and adapt to changes in the market, as they have for many decades already. The rise of digital media is an obvious example. That is why we have made a Commitment to focus on continuing to ensure that we are responsive in the ever-evolving medium of digital communications.

In addition to the specific Commitments, we continue to encourage the establishment of marketing codes of practice and systems in countries where these do not exist, with the aim that every market where the signatories operate should benefit from such a system.

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

One of our central tenets is that advertising for alcohol beverages should be “placed only in media which can reasonably be expected to meet stated audience composition targets, where at least 70% of the audience is of legal purchase age.” This is referred to as the 70/30 rule. The significance of the Commitment is that all signatories will be audited for compliance across diverse markets, an effort that will significantly expand the number of markets in which such analysis will be conducted.

A pilot study to test compliance with the 70/30 rule was commissioned by the World Federation of Advertisers on our behalf and carried out by Ebiquity, a media and marketing analytics company. The study covered television advertising

* For the purpose of KPMG Sustainability’s assurance, the review of the data points reported under this action area is out of scope. Refer to KPMG’s Assurance Report scope on page 36.

in seven very different markets - Australia, Brazil, Canada, China, Italy, South Africa, and Spain. Viewing data was sourced from reputable independent providers, such as Nielsen, during two six-week periods in late 2011. The time slots chosen were those with the highest volume of advertising for beer, wine, and spirits. The audience for each advertisement was assessed according to the age profile of the audience when it was broadcast, against the legal purchase age which applied in each country.

The results were both consistent and conclusive: across all the markets analyzed, 96.8% of alcohol advertising conformed to the 70/30 rule. These results are very similar to those of another study, undertaken by the U.S. Federal Trade Commission with data from the first half of 2011, in which over 93% of the advertising assessed conformed to this rule (this study included television, radio, print, and digital).

Our pilot study and its methodology will be used as a basis for future monitoring of this action area.

2013 activities

We commissioned Ebiquity to undertake a more extensive version of their study, covering the television advertising of signatories' products in 36 of the signatories' most important markets across six continents. The data was collected during 2013 and will be included in our report on 2014 activities.

Television advertising is the best place to start, because there are well-established processes for collecting and analyzing the data; in other areas of advertising, the methodology is not as advanced, but our intention is to cover all forms of advertising in the future.

We are also working with the World Federation of Advertisers to develop practical guidance for signatories' marketing teams on how they can apply the 70/30 rule locally, and across not just television but print and digital media as well. The digital aspect of this exercise will be the first of its kind, so it requires the establishment of new metrics and monitoring mechanisms. This work will also result in a rigorous new process for measuring compliance.

"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."

“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.”

Progress against KPIs

We will not have data available on this action area until 2014. From 2014 onwards we intend to measure our progress in two ways:

- a. Collective percentage of compliant impressions across print, broadcast, and digital resulting from signatories’ advertising, or adherence to no-buy lists based on the best available evidence.**
- b. 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 signatories advertising) being made newly available.**

Action area 4: Developing digital marketing guidelines

The growth of digital media and social networking presents enormous opportunities to companies in every industry, allowing consumers to find out more about brands, connect with others who share their interests, and buy the products and services they want.

We have a responsibility to ensure that our products are advertised appropriately on-line as well as in more traditional media like television and newspapers. This is still a relatively new area, and technology is evolving all the time, so we need to ensure our marketing codes and practices keep pace with change. We are working actively with social media providers and other experts to help us do this.

2013 activities

Working with the World Federation of Advertisers and digital marketing experts from the signatory companies, we have developed a set of draft digital marketing guidelines, which are now out for public consultation to others in the industry, public health bodies, trade associations, and other interested parties.

The basic principle is that all online marketing for alcohol beverages should meet the same high standards that apply

to all other marketing activities. We are specifically looking at date-of-birth and country-of-residence affirmation mechanisms, user privacy, the inclusion of responsible drinking messages, and links to sites that promote responsible drinking such as www.drinkaware.co.uk, www.responsibledrinking.eu, or www.acceptresponsibility.org.

Progress against KPIs

We will assess our progress on digital marketing in two ways:

a. Publication of the Digital Guiding Principles.

The Principles have been drafted and reviewed by the signatories, and are now out for consultation. We will publish them in 2014.

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

This KPI will begin to be measured in 2014.

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

For any self-regulatory process to be credible and authoritative, it must be perceived by the public to be objective, independent, and impartial, and not as a self-serving mechanism. That is why we have made a Commitment to involve non-industry participants in our industry self-regulatory marketing organizations.

We believe it is both important and valuable to have such external participation and recognize that some of those outside our industry may have different views from our own.

2013 activities

In 2013 we commissioned an acknowledged expert in international self-regulation to produce a discussion paper summarizing the issues. With his help, and with support from the European Advertising Standards Alliance (EASA), we are now looking at how other self-regulatory organizations address this issue, especially in relation to the adjudication of complaints.

“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.”

“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.”

Progress against KPIs

We will assess our progress in this area according to the following KPI:

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

We will begin measuring this in 2014.

Action area 6: Making responsible marketing codes a contractual obligation*

By including compliance with our marketing codes in our contracts with advertising agencies, we will help to ensure that our codes have real authority and give an important message to our business partners and advertising agencies about how seriously we take this issue.

2013 activities

As part of the 2013 review, we collected proof of signatories’ current practice to assess how many are already including this language and we have reviewed the contract terms they are currently using in markets around the world. We are now consulting with leading corporate lawyers, with the aim of drawing up good practice principles and contract terms for signatories to use.

Progress against KPIs

This data has not been collected before, so the 2013 figures will be our baseline going forward. The KPI from 2014 will be:

- a. Percentage of signatories’ contracts with advertising agencies that include clauses for the agency to comply with responsible alcohol marketing codes of signatories’ products.**

In 2013, 10 signatories reported 68% of their marketing contracts have clauses requiring compliance with responsible alcohol marketing codes. Three of the signatories have such wording in all their marketing contracts, two more gave a figure of 90%, and a further three confirmed that at least half of their contracts include such wording.

* For the purpose of KPMG Sustainability’s assurance, the review of the data points reported under this action area is out of scope. Refer to KPMG’s Assurance Report scope on page 36.

Commitment 3: Providing consumer information and responsible product innovation

Product and packaging innovation brings consumers choices, can promote better use of environmental resources, improves product quality, and fosters robust marketplace competition. Increasing beverage choice is responsive to different drinking patterns, including introducing beverages with lower alcohol strengths when possible and where there is sufficient consumer demand for them.

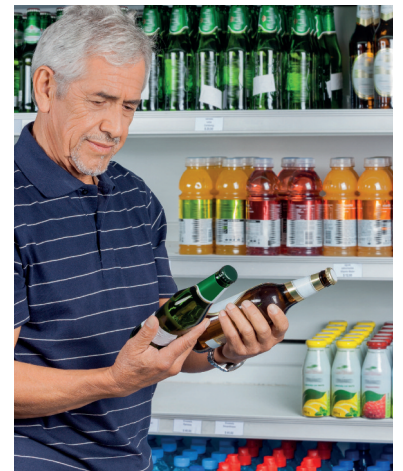
When developing new products, our internal processes are designed to avoid those that primarily appeal to underage individuals or that imply they should be consumed excessively. We recognize that public health concerns have been expressed about certain alcohol beverage product innovations: producing or promoting alcohol beverages containing excessive quantities of added stimulants, such as ingredients featured in “energy drinks,” use of some flavors, and some types of packaging. We also believe whether a product is responsible or not depends on a combination of factors including its name, packaging, presentation, and marketing.

Action area 7: Responsible product innovation

We are aware that there has been a recent concern about new products that contain excessive amounts of added stimulants, such as caffeine or other ingredients contained in energy drinks. That is why we have made a specific Commitment not to develop such products.

That said, we know that some consumers create their own mixes of alcohol and other beverages, some of which contain caffeine or other stimulants.

More recently, there has been a trend for some consumers to mix non-alcohol energy drinks with alcohol beverages. We have no way of preventing this, since it is a matter of free choice, but we do not promote these combinations as energizing or stimulating.



“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.”

2013 activities

In 2013, we published a report on the use of added stimulants as an ingredient in alcohol products, *Stimulants Added to Alcohol Beverages: Research Review and Discussion*. The report examined the available evidence from scientific research, peer-reviewed papers, and regulatory authorities, with a view to establishing an “excessive” level of added stimulants.

The report concluded that there is no current consensus, and insufficient evidence to determine a precise percentage that would be considered “excessive.” Given that this is the case, we set the same stringent maximum level as that most commonly used for soft drinks and energy drinks in assessing signatories’ products (200 mg/l).

The full report and results are available at www.producerscommitments.org.

Progress against KPIs

We assess the effectiveness of this action area in two ways:

a. Percentage of products that do not contain excessive amounts of added stimulants.

In the *Stimulants Added to Alcohol Beverages* survey none of the signatories’ products were found to contain excessive quantities of stimulants (i.e., more than 200 mg/l). Five of the 13 signatories did not have any products containing these ingredients, three signatories had one such product including added stimulants, two had between 10 and 20 products, and three had between 25 and 40.

The survey results are available at www.producerscommitments.org.

b. Percentage of signatories’ products that are marketed as delivering energizing or stimulating effects.

Eleven signatories reported data about their marketing material for this KPI last year, including two that made a joint submission. Nine of the 11 had no brands or brand extensions that are marketed as delivering energizing or stimulating

effects. Two had one such brand, but in both cases this represented less than 0.5% of their brands or brand extensions.

Action area 8: Providing consumer information

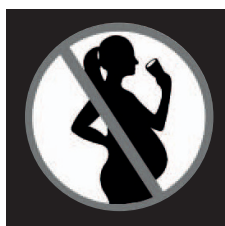
We also plan to take steps to communicate certain information about alcohol beverages, such as alcohol strength, as well as information reminding consumers about the risks of excessive or inappropriate drinking on their health to help them decide what to drink and when and whether to drink or not.

2013 activities

During 2013 we set up a working group to review the work already being done in this area by the signatories. This revealed that a number of signatories are already using logos or symbols such as the following, or are in the process of introducing them:



Example from
Pernod Ricard



Example from
Brown Forman



Example from
AB InBev

As this suggests, there is already considerable consistency in the design of some of these logos, and we will be drawing on best practice in providing guidance to the signatories on implementing this Commitment.

A number of the signatories use wording instead of, or in addition to, symbols:



Example from
SABMiller

“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.”

Where words alone are used, there is less consistency in the actual wording, even though the broad messages are the same. We believe that the presence and meaning of such a message is more important than the precise wording, and over the next two years we will be working with the goal that all signatories include either symbols or equivalent words.

We are also in the process of setting up the dedicated website. We have commissioned an expert to review existing websites and recommend content and copy for our own site, including information on alcohol product strength and reminders about the dangers to health of excessive drinking. We will ask leading public health practitioners to review the copy before the site goes live.

Progress against KPIs

We will assess progress on this action area according to the following KPI:

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

We will start measuring this KPI in 2015.

Commitment 4: Reducing drinking and driving

We have a long track record of effective action against drinking and driving, including information campaigns and educational programs, as well as supporting rigorous enforcement. We have worked in partnership with government organizations and other public health and road safety bodies over many years and continue to do so. For example, our actions are consistent with, and support the objectives of, the UN General Assembly's Decade of Action for Road Safety, which runs until 2020.



As a result of multi-stakeholder programs, regulation backed up by strict enforcement and stringent penalties, we have seen huge improvements in both behavior and social attitudes regarding drink driving in many countries over the last several decades.

We campaign for effective regulation of drinking and driving, such as maximum blood alcohol concentration (BAC) levels and lower levels for novice drivers. Just as importantly, we advocate for strict and effective enforcement of those laws. In addition, we support awareness, education, and prevention campaigns such as designated driver programs, safe-travel programs such as ride shares, free taxis and public transport, and programs in cooperation with the hospitality industry, including training bar staff.

Action area 9: Reducing drinking and driving

At present, our collective efforts are focused on six drink driving pilot programs, which we launched in 2010 in China, Colombia, Mexico, Nigeria, Russia, and Vietnam. We are deliberately focusing our resources on low- and middle-income countries where we believe we can have the most impact, especially in supporting local authorities in training road safety professionals. These programs involve a wide range of activities and are managed in close collaboration with governments, civil society organizations, and NGOs. In Nigeria, for example, we have had invaluable input from trade unions.

In each country, our work has been organized in three broad areas:

- **Public awareness programs**
- **Working with law enforcement**
- **Targeting specific groups of drivers**

In all cases, there has been rigorous monitoring and evaluation, both at local level and by a specialist international agency. Our aim in every country has been to develop an approach that will be owned by local officials and organizations, and therefore sustainable in the long term.



“At the end of 2014, we commit to assessing these pilots 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.”

2013 activities

More than 200 high-profile awareness raising events took place in the six target countries during the year.

• China

In 2013, the Chinese project was extended from the cities of Xi'an and Nanjing to include the whole province of Jiangsu, which means that it now covers approximately 1% of the world's population. Since the project started, there has been a significant increase in public awareness of the issue of drink driving.

We have also supported extensive educational programs with young people, including a manual on responsible drinking. In the city of Wuhan, which has more than 30 colleges and 1 million students, we trained 1,000 graduate students to be "champions" for responsible drinking with their peers.

Plans for 2014 include further work with students in Wuhan, and the expansion of our work with law enforcement officials to the wider Jiangsu area.

• Colombia

One of the key priorities for our partnership work in Colombia is to reduce the number of road traffic crashes. Drink driving is the third highest cause of such crashes in the country.

During 2013, more than 500 local government officials from across the region attended two-day workshops on alcohol issues and the dangers of drink driving, which included practical sessions on the use of breath testing devices and setting up checkpoints.

A further 10 cities expressed interest in participating in 2014, and we have chosen three: Neiva, Cartagena, and Tunja.

• Mexico

In Mexico, we have developed a targeted program to reduce drink driving by young people in the Puebla area, where we have focused our attention on the city's many

colleges and universities. In 2013, we ran events and training workshops that were attended by more than 11,000 students, teachers, police, and local government officials.

In 2014, we plan to work with local stakeholders to launch a safe taxi program, and provide training for bar staff on responsible service.

- **Nigeria**

According to research by WHO, Nigeria has one of the highest rates of deaths from road traffic crashes in Africa. At the same time, more than 80% of the country's freight moves by road, so Nigeria's truck drivers are vital to its economic growth and prosperity.

We identified two high-risk traffic areas where we would be able to reach a high proportion of these targeted drivers: around the port of Apapa and along the congested road between Lokoja and the capital, Abuja. In these two areas we ran educational programs, held workshops for law enforcement officers, and supported new checkpoints along the Abuja–Lokoja road using donated breath testing devices.

We will consolidate this work in 2014 with the aim of ensuring that the program is sustainable in the long term.

- **Russia**

We are working with Smolensk University, the local Public Chamber, and the regional Ministry of Internal Affairs to create and pilot a training module for driving schools. The aim is to make this a standard element of all Russian driver training. Twenty of the region's 67 driving schools will be taking part in the project: 10 to receive training and 10 to serve as a control group to test its effectiveness.

- **Vietnam**

We have previously run programs in the city of Da Nang, and have now extended this work to the Thanh Hoa and Nghe An provinces. This includes workshops with local officials, followed by public parades, under the banner "Don't drink and drive." These events reached thousands of local people.

We also supported two initiatives aimed at students. One involved discussion forums for university students, and the other was a competition to produce creative and eye-catching materials aimed at reducing drink driving and encouraging responsible decision making. This has given us some immensely valuable input about talking to young Vietnamese people in a way that will resonate with them.

We will be starting similar programs in 10 new districts in Thanh Hoa and Nghe An provinces in 2014.

Progress against KPIs

We will assess our progress in this area according to the following KPI:

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

This KPI will begin to be measured in 2014 when we report on the steps we have taken to add new countries to the original six.



Commitment 5: Enlisting the support of retailers to reduce harmful drinking

The way alcohol is sold is important in reducing harmful drinking. Although most countries have laws governing the sale of alcohol, especially to those underage, there is a perception in many markets that alcohol is too easily available. This applies both to “off-premise” sales for consumption at home, and “on-premise” sales in hospitality venues. Online purchasing is also becoming an issue in some cases, with young people under the legal drinking age reported to be using the internet to attempt to buy alcohol.

Government authorities and public health experts acknowledge that the retail sector has a role to play, alongside the drinks industry, to help prevent irresponsible drinking both on- and off-premise. How alcohol is sold varies enormously by country and culture, and involves a huge diversity of outlets, from bars, pubs, hotels, and night-clubs, to supermarket chains, convenience stores, kiosks, and corner shops, many of which are independently owned. That said, we have long-standing commercial relationships with many of the world’s leading

retailers, which gives us a good basis from which to make progress.

In 2014, we are launching a responsible retailing initiative and inviting leading retailers to join us. It will be based on best practice procedures for selling alcohol in different types of premises, and will draw both on our own experience and of that of leading retailers. Many of these retailers have already made similar commitments to responsible retailing, so together we are well placed to set new standards for the sector.

Action area 10: Responsible retailing

Many signatories are already involved in responsible retailing programs, either individually or through industry bodies. For example:

- **Brazil, Puerto Rico, and Mexico**

Diageo and Wal-Mart have launched an 18+ initiative in Brazil, Puerto Rico, and Mexico. This program reminds customers that alcohol can be only purchased by those who are at least 18 years old, delivers age-verification training for checkout staff, and provides point-of-sale materials to all stores.

- **Brazil**

AB InBev has worked with the Pão de Açúcar/Casino Group in Brazil to prevent the sale of alcohol to under-18s in their supermarkets. A new routine was put in place so checkout staff are automatically notified when an alcohol beverage is scanned, and products can only be purchased if proof is given that the buyer is of legal age. Supermarket staff were given special training, and an awareness campaign ran in every store, with posters, screen saver displays at the checkout, banners, and other materials.

- **United Kingdom**

The “Best Bar None” program is a joint venture between the British Institute of Innkeepers and Brown Forman, Heineken, Carlsberg, Bacardi, Diageo, and Molson Coors. The program is designed to reduce alcohol-related crime and disorder in bars, pubs, and clubs by working in partnership with those outlets. The program has now been introduced in Alberta, Canada.

“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 on the training of retail staff in how to identify, prevent and manage intoxicated drinkers.”

- **Peru**

SABMiller's brewery in Peru, Backus, has run an "only 18+" program with its major retailers. The program is aimed particularly at enforcing the legal purchase age and includes training for retail staff. Participating retailers take part in a special awards ceremony with the chance to win prizes.

2013 activities

During 2013 we looked in detail at the different ways alcohol is sold across the world, and identified best practices, with a view to developing draft guidelines in conjunction with retailers, retail organizations, and experts in the field. The guidelines will cover areas such as:

- Enforcing the legal drinking age through proof-of-age mechanisms, partnerships with police and law enforcement bodies, and mystery shopper programs.
- Making on-premise outlets safer drinking environments for those within them, and preventing disruption to neighboring communities through crime, violence, or excessive noise. These programs are typically run as partnerships with the police or local community bodies.
- Using store layouts to help prevent problems. For example, when practicable, this may include placing alcohol products in a separate area, and/or not placed next to products that appeal to children.
- Awareness programs, including designated driver programs and point-of-sale material.
- Staff training for both on- and off-premise employees, including ascertaining a customer's age and dealing with those who are intoxicated. For those in hospitality venues, training can also include education on standard drink measures, and greater awareness of some potentially risky combinations. In some countries, such as Bermuda, Brazil, and parts of Australia, such training is a legal requirement for anyone working in a licensed outlet.

We have also drawn up a list of potential partners, and are now inviting them to participate. We held a roundtable to discuss the draft guidelines in May 2014 that involved the signatories, major retailers, associations, and industry experts from around the world.

When the guidelines are finalized, we will work with retailers at regional and national level to encourage them to adopt the guidelines in their own operations. Where practicable, we will work to help drive use of these good practices by local independent retailers as well.

Progress against KPIs

We will assess our progress in this area according to the following KPIs:

a. Guiding principles of responsible retailing developed and published.

Research on best practice has been carried out in 2013 and will inform the development of the Guiding Principles. We anticipate they will be issued in 2014.

b. Responsible retailing initiative launched in a public forum in 2014.

We are on track to meet this deadline.

c. Percentage of markets where signatories are commercially active in which local responsible retailing initiatives to implement the guiding principles have been rolled out.

This KPI will begin to apply in 2015, after the guidance is launched.

Priorities for 2014

We are pleased with the progress made in some of the action areas. We know there is still a long way to go and are confident that we have the building blocks in place to make sustained and accelerated progress.

Our priorities for the year are the following:

Reducing underage drinking

- Launching the Alcohol Education Guide: Reducing Underage and Other Harmful Drinking
- Disseminating and developing programs based upon the Guide

Strengthening and expanding marketing codes of practice

- Launching our Digital Guiding Principles
- Expand monitoring of 70/30 compliance with regard to television advertising

Providing consumer information and responsible product innovation

- Launching a dedicated website

Reducing drinking and driving

- Completing our evaluation of the six existing initiatives and putting them on a sustainable long-term footing
- Beginning the extension of the program to up to six new pilot countries

Enlisting the support of retailers to reduce harmful drinking

- Launching our guiding principles on responsible retailing

Over the long term, we hope these Commitments will have a positive impact on changing attitudes and behavior and, ultimately on reducing harmful drinking.

The next report will be published in 2015. In the meantime, there will be regular updates at www.producerscommitments.org.

Feedback

We welcome feedback on the Commitments and our action plans. You can contact us via e-mail at info@producerscommitments.org.

Independent Assurance Report

To the readers of the Commitments 2013 Progress Report

We were engaged by the management of International Center for Alcohol Policies (“ICAP”) together with the Global Alcohol Producers Group (GAPG) and its Signatories (hereafter the Reporting Parties) to provide assurance on the Beer, Wine and Spirits Producers’ Commitments to Reduce Harmful Drinking as described in the Commitments 2013 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 information in The Report is presented, in all material respects, in accordance with the reporting criteria.

We provide limited assurance on The Report as a whole with the exception of the data points under action area 3 and 6 as indicated in The Report with an asterisk on pages 18 and 22. We do not provide any assurance on the achievability of the Reporting Parties’ objectives, targets, and expectations.

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 sustainability information, and that they comply with requirements of the Code of Ethics for Professional Accountants 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 relevant 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 as defined under Scope is not presented, in all material respects, in accordance with the reporting criteria.

Amsterdam, 7 July 2014
KPMG Sustainability
part of KPMG Advisory N.V.

W.J. Bartels, RA
Partner



