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Dear Ms O'Sullivan,

Auditing Practices Board Ethical standards: Consultation on audit firms providing non-audit services to listed companies that they audit

SABMiller welcomes the opportunity to respond to the Auditing Practices Board's (APB) consultation on audit firms providing non-audit services to listed companies that they audit. Our responses to the specific questions and proposals set out in the consultation are set out below.

1. (a) Do you think that the provision of non-audit services by accounting firms to their audit clients currently impacts confidence in the independence of auditors?

We do not believe that the provision of non-audit services by accounting firms to their audit clients currently impacts on confidence in the independence of auditors. In our view, if a company adopts clear policies on the engagement of the external auditor to supply non-audit services in line with the recommendations in the Combined Code on Corporate Governance and if the auditors fully apply Ethical Standard 5, the provision of non-audit services should not impact on the independence, or on the confidence in the independence, of the auditor employed by that company.

(b) Are you aware of any instances where the provision of non-audit services by accounting firms to their audit clients has or may have adversely affected audit quality?

We can only comment in respect of SABMiller and we are not aware of any instances where the provision of non-audit services by our auditor has adversely affected the quality of the audit of SABMiller. On the contrary, we believe that through provision of non audit services, our auditor has gained a greater depth of understanding of our business which has enhanced the quality of the audit.

2. **If you do consider that the provision of non-audit services has adversely affected audit quality or currently impacts confidence in the independence of auditors please identify which non-audit services are of concern.**

Not applicable, see response above.

3. **In the light of your answers to questions 1 and 2, do you think that there needs to be a change in the approach taken by APB to the setting of standards relating to the provision of non-audit services by auditors to the entities that they audit?**

We do not consider that there needs to be any change in the approach taken by the APB to the setting of standards relating to the provision of non-audit services. We support the “principles-based” approach adopted by the APB’s Ethical Standard on non-audit services and believe the standard, with its focus on threats and safeguards, suitably addresses the issues of maintaining the auditor’s independence when providing such services.

4. **If you think that there should be a change in the current arrangements, would you advocate:**
- **Complete or more extensive prohibitions on the provision of non-audit services by accounting firms to their audit clients within the Ethical Standards for Auditors;**
 - **The imposition of other requirements through the Ethical Standards for Auditors (and if so which);**
 - **More active corporate governance – e.g. so that non-audit service engagements were required to be pre-approved by the company’s board of directors or audit committee;**
 - **Better (and more extensive) disclosure in financial statements.**

We do not think there should be a change in the current arrangements.

In particular, we would argue strongly against complete or more extensive prohibitions on the provision of non-audit services by the auditors, and we explain further our reasons for this in our response to question 5.

We consider that the existing financial statement disclosure requirements for expenditure on non-audit services to be adequate.

We do not believe it is necessary or practical for individual non-audit engagements by the audit firm to be pre-approved by the board or audit committee, provided the board or audit committee has established a clear policy which can be applied by management.

5. In setting the standards relating to auditor independence, do you believe regard should be had to the perceived benefits that are derived by companies from the provision of non-audit services by their auditors?

We think that it is particularly important that in setting the standards relating to auditor independence adequate regard is given to the benefits derived by companies from the provision of non-audit services by their auditor.

The categories of non-audit services identified in the consultation paper highlight the close relationship between some work described as non-audit services and the audit itself. In many instances these services can be undertaken in a more cost effective and timely manner only if undertaken by the auditor; particular examples would include reporting on debt or equity issue prospectuses, reports to sponsors in capital markets transactions, tax compliance and other regulatory filings. It would clearly be disadvantageous (in terms of cost, quality, and timeliness) to both companies and their shareholders were increased restrictions to be imposed in these areas of service.

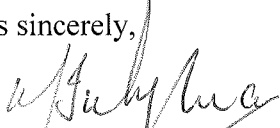
We would also like to highlight that the particular detailed knowledge of the company gained by the auditor through its work on the audit often enables the auditor to provide further non-audit services in a more cost effective manner and of a higher quality than other service providers. We have experienced particular benefits in use of our auditors in areas such as due diligence investigations relating to acquisition projects, tax planning advice and advice in relation to major corporate projects. Benefits have arisen both in the provision of the specific services and in ensuring the efficiency and effectiveness in the conduct of the subsequent external audits.

We would also comment that as a large international business operating in many emerging markets we are already often limited in our choice of provider for certain non-audit services. Prohibiting use of our auditor from providing non-audit services could significantly limit choice and have an adverse impact on provision of the service.

In summary, we would be very concerned if any changes to the standards did not give adequate consideration to the benefits which companies and their shareholders are currently deriving from the provision of a range of non-audit services by their auditor.

If you have any queries on our response, please do not hesitate to contact me.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'M I Wyman', written over a faint grid background.

M I Wyman
Chief Financial Officer