August 1, 2011

Mr. Joe McClain
President
Beer Institute
122 C Street, N.W., Suite 350
Washington, DC 20001

I am pleased to share with you the Code Compliance Review Board’s (CCRB) fourth annual report detailing our work from January 1, 2010 to June 30, 2011.

During the period covered by this report, there were no complaints from consumers for CCRB to address. In our sixth year as a Board, we take it as a positive sign that brewers and beer importers are advertising in ways that are consistent with the Beer Institute’s Advertising and Marketing Code and working wherever and whenever possible to resolve consumer questions or complaints directly.

This report reflects efforts made by CCRB members to increase their understanding and knowledge of the Code, the beer industry, policy issues and new advertising technologies, all to ensure that they are fully prepared to handle complaints regarding any portion of the code or placed in any medium.

Thank you for BI’s continued support of the Advertising and Marketing Code. The CCRB looks forward to continuing its role in ensuring effective self-regulation in advertising by BI’s brewer and beer importer members.

Sincerely,

William H. Cunningham
Chairman
CCRB Members

WILLIAM CUNNINGHAM, PHD, who is serving as the Chairman, is a professor of Marketing at the University of Texas at Austin. He served for eight years as Chancellor and Chief Executive Officer of the University of Texas System. In addition to his extensive background in higher education, Dr. Cunningham has a longstanding academic interest in consumer protection issues. He serves as a board member and advisor to several major corporations and non-profit organizations.

RORY DAVIES is the producer for the Commission on Presidential Debates. Along with her responsibilities with the U.S. presidential debates, she assists countries worldwide in organizing their own candidate forums. Ms. Davies was Executive Vice President of the National Association of Broadcasters (NAB) and developed broadcasters’ national public service initiatives to combat underage drinking and drunk driving. She also served on the national board of Mothers Against Drunk Driving. Ms. Davies has worked in the White House and on Capitol Hill.

PAUL G. SUMMERS is a partner with the law firm Waller Lansden Dortch & Davis in Nashville. Prior to joining the firm, he served as Attorney General of the State of Tennessee, Judge of the Tennessee Court of Criminal Appeals, and District Attorney General for a multi-county district in Tennessee. Mr. Summers served as a JAG officer for more than three decades in the U.S. military, retiring with the rank of colonel. He was awarded the Legion of Merit by President George W. Bush and is a member and former Chairman of the Jason Foundation, Inc., a national nonprofit foundation dedicated to the education and prevention of teenage suicide.
Beer Institute Advertising and Marketing Code Complaint Process

• The Beer Institute Code, background on the Code Compliance Review Board (CCRB), electronic complaint forms and instructions are all available at www.BeerInstitute.org. Hard copy materials may be obtained by calling 1-800-379-2739.

• Brewers utilize the Beer Institute Advertising and Marketing Code’s guidelines in developing radio, television, Internet, print and other materials to promote their respective brands. A consumer who believes that specific advertising and marketing material is inconsistent with one or more guidelines of the Beer Institute Code may contact the brewer directly regarding their concern or they may contact the Beer Institute. The brewer will normally respond within ten business days.

• A consumer who is dissatisfied with a brewer’s response to a complaint that its advertising or marketing material violates a guideline in the Beer Institute Code may file a complaint form with the CCRB. The CCRB is an independent panel that was established to provide the public with a timely, transparent and independent complaint review process for brewer advertising and marketing materials that are being broadcast or actively disseminated in the marketplace.

• When a complaint is filed for review by the CCRB, it is forwarded to the brewer responsible for the advertising and marketing material. The complaint and a copy of the advertising and marketing material are also forwarded to the Chairman of the CCRB. The Chairman will then select three CCRB members to consider the complaint. Complaints missing essential information are returned to the consumer with an offer to provide assistance if needed.

• The brewer responsible for the advertising and marketing material has an opportunity to respond to the complaint, after which the CCRB reviews all of the material and renders a decision.

• CCRB decisions and any brewer response to the decision are posted on the Beer Institute Web site and compiled in an annual report.

• Identical or substantially similar complaints received by the CCRB (same material and same code provision) are acknowledged with notice that the issue is already pending. All consumers who make identical or similar complaints will receive notice of the CCRB decision and any response by the responsible brewer.

• If a brewer notifies the Chairman of the CCRB that it permanently discontinued broadcast or dissemination of the advertising or marketing material at issue more than 30 days prior to receipt of the complaint filed with the CCRB and that all reasonable efforts have been taken to withdraw the advertisement or marketing material from the marketplace, the CCRB shall so notify the consumer, and the matter shall be considered resolved without the need for further CCRB review.
During the period covered by this report, there were no unresolved consumer complaints regarding brewer or beer importer advertising requiring the Code Compliance Review Board to meet and take action. Still, the Code Compliance Review Board met regularly to receive training and keep abreast of issues affecting the beer industry and advertising. These activities help ensure that CCRB members are fully prepared to handle complaints regarding any portion of the Code or advertising placed in any medium.

In March 2010, the Board received updates on beer industry statistics, information about developments at the Federal Trade Commission and training on social and mobile media and First Amendment issues for advertisers. To increase the Board’s knowledge of beer industry responsibility efforts, Liz Tobin, the Beer Institute’s Senior Director, External Affairs, gave a presentation in May 2010 on Beer Institute’s and its members’ efforts to raise awareness and political commitment to issues such as underage drinking, drunk driving and the marketing of alcohol beverages. The Board also met with Beer Institute President Joe McClain in September 2010 and received a presentation on the history of alcohol industry self-regulation and the BI Code.

The Board met in February 2011 to discuss developments in digital marketing and the revisions in the Code in response to these developments. Dominique Shelton, a partner with Wildman, Harrold, Allen & Dixon firm, made a presentation entitled, “Approaching Web and Mobile 3.0: The Practical Evolution of Digital Marketing.” At the same meeting, Anne Kimball, a partner with the same firm, made a presentation on the 2011 Revisions to the Code and Buying Guidelines. These revisions largely addressed issues of digital media and user generated content. The CCRB also discussed BI’s new Internet privacy policy.
The brewing industry developed one of the first voluntary advertising guidelines to help its members advertise and market their products in a responsible manner. While those guidelines have evolved over time to reflect changes in technology, advertising media and societal concerns, the premise of the guidelines remains unchanged. Today, these voluntary guidelines are embodied in the Beer Institute Advertising and Marketing Code and serve as the baseline for the Beer Institute members’ self-regulatory efforts. Brewers and beer importers utilize the Code’s guidance and specific guidelines in developing radio, television, Internet, print, and other materials to promote their respective brands.

In 2011, the Code was updated to address digital media and a new ad placement threshold based on the 2010 U.S. Census data showing a slight increase in the number of adults 21 and older in the country.

**INTRODUCTION**

Beer is a legal beverage meant to be consumed responsibly. Its origins are ancient, and it has held a respected position in nearly every culture and society since the dawn of recorded history.

In the United States, beer is a mature product category with broad cultural acceptance and a history of memorable and distinctive advertising that, because of its humor and creativity, has long been a favorite among American adult consumers. Advertising and marketing materials are legitimate efforts by Brewers to inform consumers of the particular styles and attributes of numerous beers and other malt beverages that are available. Brewer advertising and marketing also foster competition, persuade adult consumers of legal drinking age to try particular brands, and maintain customer loyalty.

Brewers should employ the perspective of the reasonable adult consumer of legal drinking age in advertising and marketing their products, and should be guided by the following basic principles, which have long been reflected in the policies of the brewing industry and continue to underlie this Code:

- Beer advertising should not suggest directly or indirectly that any of the laws applicable to the sale and consumption of beer should not be complied with.

- Brewers should adhere to contemporary standards of good taste applicable to all commercial advertising and consistent with the medium or context in which the advertising appears.
• Advertising themes, creative aspects, and placements should reflect the fact that Brewers are responsible corporate citizens.

• Brewers strongly oppose abuse or inappropriate consumption of their products.

The term “beer” as used in this Code, covers all types of malt beverages including, but not limited to, beers, ales, porters, stouts, flavored malt beverages, and various specialty products. The production, distribution, and sale of beer in the United States are subject to extensive laws and regulations, enforced by federal, state, and local governments. Federal and state laws establish a three-tiered distribution system for beer. The first tier is composed of Brewers and beer importers, which are referenced throughout this Code as “Brewers.” The second tier is made up of wholesale distributors, and the third tier includes a wide range of licensed retail outlets, at which beer is sold to consumers. Companies in each tier of this distribution system are required by law to maintain their commercial independence. The Beer Institute encourages all with whom Brewers do business to adhere to the law, as well as this voluntary Advertising and Marketing Code.

GUIDELINES

1. These guidelines apply to all Brewer advertising and marketing materials, including all beer-branded digital advertising and marketing materials created by or under the control of the Brewer. In applying these guidelines, creative elements are to be considered in the overall context of the advertisement or marketing materials. Humor, parody, satire, and all other advertising themes and devices should be readily identifiable as such by reasonable adults of legal drinking age.

These guidelines do not apply to educational materials or televised, printed, or audio messages of a non-brand specific nature; nor to materials or messages designed specifically to address issues of alcohol awareness, abuse, drunk driving, underage drinking, or over-consumption.

2. Beer advertising and marketing materials should portray beer in a responsible manner:

a. Beer advertising and marketing materials should not portray, encourage, or condone drunk driving.

b. Although beer advertising and marketing materials may show beer being consumed (where permitted by media standards),
advertising and marketing materials should not depict situations where beer is being consumed rapidly, excessively, involuntarily, as part of a drinking game, or as a result of a dare.

c. Beer advertising and marketing materials should not portray persons lacking control over their behavior, movement, or speech as a result of consuming beer or in any way suggest that such conduct is acceptable.

d. Beer advertising and marketing materials should not portray or imply illegal activity of any kind by an individual prior to, during, or after the individual consumes, purchases, or is served beer, unless the portrayal or implication of illegal activity is a basic element or feature of a parody or spoof and is readily identifiable as such.

e. Beer advertising and marketing materials should not portray beer drinking before or during activities, which for safety reasons, require a high degree of alertness or coordination.

f. Retail outlets where beer is served or sold portrayed in advertising should not be depicted as unkempt or unmanaged.

3. Brewers are committed to a policy and practice of responsible advertising and marketing. As a part of this philosophy, beer advertising and marketing materials are intended for adult consumers of legal drinking age. Advertising or marketing materials should avoid elements that appeal primarily to persons under the legal drinking age. Advertising and marketing materials appeal primarily to persons under the legal drinking age if they have special attractiveness to such persons beyond their general attractiveness for persons above the legal drinking age.

a. In considering whether beer advertising and marketing materials appeal primarily to persons under the legal drinking age, Brewers should take into account the following elements among others:

• Symbols
• Language
• Music
• Gestures
• Entertainers or celebrities
• Cartoon characters
• Groups or organizations

b. Beer advertising and marketing materials should not depict Santa Claus.

c. Beer advertising and marketing materials must meet the following criteria:

i. Placements made by or under the control of the Brewer in magazines, newspapers, on television, on radio, and in digital media in which there is no dialogue between a Brewer and user, may only be made where
at least 71.6% of the audience is expected to be adults of legal drinking age. A placement will be considered compliant if the audience composition data reviewed prior to placement meets the percentages set forth above.

ii. Placements made by or under the control of the Brewer in digital media in which there is a dialogue between a user and a Brewer may only be made where a user confirms that he or she is of legal drinking age. Confirmation may vary depending upon available technology but includes either: 1) disclosure of a user’s birth date or other method of active confirmation prior to viewing an advertisement by or communicating with a Brewer; or 2) restriction of the site to users of legal drinking age through registration. The offer of downloadable content by a Brewer that can be permanently accessed by a user without viewing a Brewer’s owned or controlled compliant digital media site or a third-party compliant digital media site, must similarly meet the standard set forth in this Section 3(c)(ii).

iii. The Brewer placing advertising or marketing materials in digital media, in magazines, in newspapers, on television and on radio shall conduct periodic after-the-fact audits, at least semi-annually where possible, of substantially all of its placements. If a Brewer learns that a placement did not meet the Code standard, it will take steps to prevent a reoccurrence. These steps may include, but are not limited to: investigating exceptions; canceling placements with unacceptable audience composition; reallocating purchases to a different and acceptable time slot; contacting the media outlet/station with regard to placement errors or possible reporting errors; reemphasizing audience composition requirements with media buyers and media outlets; and continued monitoring of a program or time slot to determine whether buys should be canceled or reallocated.

iv. Digital media includes all beer-branded digital advertising and marketing placements made by or under the control of the Brewer in all forms, including but not limited to Brewer owned or controlled or third-party Internet and/or mobile sites, commercial marketing e-mails, downloadable content (including downloadable desktop features), SMS and MMS messaging, and social media sites.

v. Buying Guidelines for the implementation of this section will be distributed in
conformance with the dissemination provisions of this code.

d. Models and actors employed to appear in beer advertising and marketing materials should be a minimum of 25 years old, substantiated by proper identification, and should reasonably appear to be over 21 years of age.

e. Beer should not be advertised or marketed at any event where most of the audience is reasonably expected to be below the legal drinking age. This guideline does not prevent Brewers from erecting advertising and marketing materials at or near facilities that are used primarily for adult-oriented events, but which occasionally may be used for an event where most attendees are under age 21.

f. No beer identification, including logos, trademarks, or names should be used or licensed for use on clothing, toys, games or game equipment, or other materials intended for use primarily by persons below the legal drinking age.

g. Brewers recognize that parents play a significant role in educating their children about the legal and responsible use of alcohol and may wish to prevent their children from accessing digital media without parental supervision. To facilitate this exercise of parental responsibility, the Beer Institute will provide to manufacturers of parent control software the names and Web site addresses of all member-company Web sites. Additionally, Brewers will require disclosure of a viewer’s date of birth at the entry to their beer-branded Web sites and will post reminders at appropriate locations in their Web sites indicating that Brewer products are intended only for those of legal purchase age. These locations include entrance into the Web site, purchase points within the Web site, and access into adult-oriented locations within the Web site, such as virtual bars. Content that can be shared with others directly from a Brewer’s digital media site or a Brewer-controlled third party digital media site shall include terms of use instructing users that such content should not be shared with persons under the legal drinking age.

4. Beer advertising and marketing materials should not make the following exaggerated product representations:

a. Beer advertising and marketing materials should not convey the impression that a beer has special or unique qualities if in fact it does not.

b. Beer advertising and marketing materials should make no scientifically unsubstantiated health claims.

c. Beer advertising and marketing materials may portray beer as a part of personal and social interactions and experiences, and a brand may be portrayed in appropriate surroundings, as a superior choice to compliment a particular occasion or activity. Beer advertising and marketing materials should not, however, claim or represent that individuals cannot
obtain social, professional, educational, athletic, or financial success or status without beer consumption.

d. Beer advertising or marketing materials should not claim or represent that individuals cannot solve social, personal, or physical problems without beer consumption.

5. Beer advertising and marketing materials:
   a. Should not contain language or images that are lewd or indecent in the context presented and the medium in which the material appears.
   b. May contain romantic or flirtatious interactions but should not portray sexually explicit activity as a result of consuming beer.

6. Beer advertising and marketing materials should not contain graphic nudity.

7. Beer advertising and marketing materials should not employ religion or religious themes.

8. Beer advertising and marketing materials should not disparage competing beers.
   a. Comparisons or claims distinguishing competing beers should be factual.

9. Beer advertising and marketing materials should not disparage anti-littering and recycling efforts. Beer advertising and marketing materials should not show littering or otherwise improper disposal of beer containers, unless the scenes are used clearly to promote anti-littering and/or recycling.

10. College marketing

Beer advertising and marketing materials on college and university campuses, or in college-owned media, should not portray consumption of beer as being important to education, nor shall advertising directly or indirectly degrade studying. Beer may be advertised and marketed on college campuses or at college-sponsored events only when permitted by appropriate college policy.

a. On-campus promotions/sponsorships
   i. Brewer sponsored events: Brewer sponsorship of on-campus events or promotions at on-campus licensed retail establishments shall be limited to events conducted in accord with this Code, state law, and applicable institutional policies. In their content and implementation, company
on-campus promotions and sponsorships shall not encourage the irresponsible, excessive, underage, or otherwise illegal consumption of beer.

ii. Branded products: Beer-branded promotional products such as key chains, clothing, posters, or other tangible goods designed to promote specific beer brands, are intended only for adults of legal drinking age. Distribution of these items will therefore take place only at licensed retail establishments or where distribution is limited to those over the legal drinking age, and otherwise conforms to applicable laws and institutional policies.

iii. Tastings: Tasting events at which product samples are provided should occur at licensed retail establishments or where distribution is limited to those over the legal drinking age, or otherwise conforms to applicable laws and institutional policies.

iv. Brewer sales representatives: Brewer sales representatives who undertake sales calls on or near a college campus must be adults of legal drinking age, and shall conduct sales activities in conformity with this Code.

11. User-generated content in digital media

User-generated content that is posted on beer-branded digital media sites made by or under the control of a Brewer shall be monitored for compliance with this Code on a regular basis. If noncompliant user-generated content is discovered on these sites, the Brewer will take appropriate action.

12. Billboards

Billboard advertisements by Brewers shall be located at least 500 linear feet from established and conspicuously identified elementary or secondary schools, places of worship, or public playgrounds.

13. Internet privacy policy

Brewers shall maintain Internet privacy policies that are publicly available on their Web sites. These policies will govern the collection of personal information from legal drinking age consumers on Brewer Web sites. Before they collect information from any consumer, Brewers will require that individual to verify that they are of legal drinking age. Brewers will not collect any information from consumers who identify themselves as below the legal drinking age. Brewers will not sell the personal information they collect from legal drinking age consumers. Brewers shall keep consumer information secure and require that any third parties retained by Brewers that have access to Brewer consumer information also keep such consumer information secure. Brewers shall also employ a mechanism for consumers to opt-in to receive communications from a Brewer as well as an opt-out feature to stop receiving such communications. Consumer information collected by Brewers is intended to be used for business purposes only.
14. Product placement

Movies and television programs frequently portray consumption of beer and related signage and props in their productions. Brewers encourage producers to seek approval before using their products, signage, or other props in artistic productions. While producers sometimes seek prior approval from Brewers, the final artistic and editorial decisions concerning product portrayal are always within the exclusive control of the movie or television producers.

With regard to those producers who seek Brewer approval or those Brewers who seek placement opportunities, product placement will be guided by the following principles:

a. **Case-by-case approval:** Brewers will approve or reject product placement in specific projects or scenes on a case-by-case basis, based upon the information provided by the movie or television program’s producers.

b. **Portrayal of drinking and driving:** Brewers discourage the illegal or irresponsible consumption of their products in connection with driving. Consistent with that philosophy, Brewers will not approve product placement where the characters engage in illegal or irresponsible consumption of their products in connection with driving.

c. **Underage drinking:** Brewers discourage underage drinking and do not intend for their products to be purchased or consumed illegally. Consistent with that philosophy, Brewers will not approve product placement where the products are portrayed as being held or consumed by persons who are not of legal drinking age.

d. **Primary appeal to persons below the legal drinking age:** Brewers discourage underage drinking and do not intend for their products to be purchased or consumed illegally. Consistent with that philosophy, Brewers will not approve product placement where the products are portrayed as being held or consumed by persons who are not of legal drinking age.

e. **Portraying alcoholism/alcohol abuse:** Brewers do not want their products to be abused. Consistent with that philosophy, Brewers will not approve product placement where characters use their products irresponsibly or abusively or where alcoholism is portrayed, unless the depiction supports a responsible-use message.

f. **Measured media:** Brewers will not request or approve a product placement in any measured media unless the placement is consistent with the Buying Guidelines that accompany this Code and at least 71.6% of the audience is reasonably expected to be adults of legal drinking age.
CODE COMPLIANCE AND DISSEMINATION

Each member of the Beer Institute is committed to the philosophy of the Code and is committed to compliance with the Code. When the Beer Institute receives complaints that an advertisement or marketing practice is inconsistent with a provision of the Code, the Institute’s longstanding practice is to promptly refer such complaints in writing to the member company or to non-member Brewers for review and a response. To facilitate this process, the Beer Institute maintains a toll-free number (1-800-379-2739) and a Web site at www.BeerInstitute.org.

If the proponent of a complaint is dissatisfied with the response received from a Beer Institute member or a non-member Brewer, further consideration may be requested by the Beer Institute Code Compliance Review Board. The Board is composed of individuals with a variety of experience who are independent of the brewing industry. The Board will review complaints from the perspective of the reasonable adult consumer of legal drinking age and decide whether or not such complaints identify advertisement(s) or marketing material(s) that are inconsistent with one or more of the guidelines in the Code. Board decisions will be posted on the Beer Institute Web site.

Copies of this code shall continue to be given to brewery employees, wholesale distributors and outside agencies whose responsibilities include advertising and marketing beer, as well as to any outside party who might request it.


For more information, please contact the Beer Institute at:
122 C Street, N.W., Suite 350
Washington, DC 20001
www.BeerInstitute.org
202-737-2337 or 1-800-379-BREW