



Plzeňský Prazdroj

# Plzeňský Prazdroj Sustainable Development Report 2015



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FIRMA 2015  
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PŘÍNOS CSR V ČR





*prosper*

Pizeňský Prazdroj is a leader in Czech brewing industry with both direct and indirect impacts on the employment of tens of thousands of people. In order to cover our future production, we urgently need to secure high-quality and available resources and raw materials. As a consequence, sustainable development is an integral part of our business, reflected in all activities associated with our operations – ranging from resources acquisition, via production and supply chain, up to the final consumer. We fully realise we could not cope with the challenges of the contemporary world on our own. We can only succeed along with our partners who share our values. The way we think about our business and our relationships with the outside world is reflected in our sustainable development programme, Prosper.

# Our key areas of interest

## When is ‚enough‘ really ‚enough‘?

Our beer brands bring enjoyment and refreshment to millions of people. They are an indispensable part of meetings and celebrations. Irresponsible use of alcohol may, however, have serious impacts on individuals, groups of people and those around them. We want a ‚sociable world‘ where beer is a natural choice for responsible consumers.



## Why does it pay off to think ‚small‘?

Small businesses play a significant role in our value chain and are important for local communities to prosper. Many need help to achieve their full potential. We want a ‚thriving world‘, and to this end we will support small-sized businesses in the regions where we operate.



## Why is it good to share?

Water scarcity is increasing globally. Without water, there can be no life and no beer. Therefore, we need to care for water resources, use them sensibly and share them with others. We want a ‚resilient world‘, where shared sources of water are available for our business and the local community.



## We need one another!

We need farmers to grow crops for beer in a world where climate change is putting pressure on agriculture. High-quality beer ingredients are vital for us and guarantee the sustainability of our brewing tradition. We want a ‚productive world‘ where land is used in a responsible and sustainable manner for growing crops.



## Clean air and a world free of waste!

Climate change affects our business and all of us. We need to minimize the impact of our manufacturing processes on the environment as well as the amount of waste we produce. We want a ‚clean world‘ in which we will contribute to reducing the amount of waste and CO<sub>2</sub> emissions.



# Foreword by the CEO



The last financial year was a successful one for Plzeňský Prazdroj. Our company's performance in terms of beer sales was positive, both on the domestic market and abroad. Overall, the production output grew by 4,5 %. Our total sales abroad grew by almost 6 % compared to the previous year, and our company now exports its products to as many as 54 countries worldwide. After several years of decline, consumer interest in draft beer has stabilized thanks to significant investments made to support the on-premise channel. The fact that our company is successful is a source of joy for us but also a commitment. We are aware that the level of our success is also related to the success of our partners across the supply chain and the prosperity of the communities around our breweries. We acknowledge the potential risk of ill-considered handling of natural resources, as well as the potential social impact of irresponsible consumption of our products. Therefore, we have introduced new ambitions in the field of sustainable development summarised under the Prosper program. We have made yet another step forward in HOW we want to conduct our business. Thanks to our efforts in sustainable development we have been successful in achieving material savings in water usage and a reduction in CO<sub>2</sub> emissions. Over the monitored period we succeeded in brewing beer at an average water usage of 3.11 hl/hl (a 5 % improvement on prior year). We managed to reduce carbon emissions by 3%, from 8.37 kg CO<sub>2</sub> e/hl to 8.14 kgCO<sub>2</sub> e/hl. We further developed our programs aimed at supporting communities, such as Prazdroj to the People, as well as preventive projects, such as Respect 18 and Promile INFO. We believe that on-premise drinking is a special part of Czech culture and worth investing in. That's why we implement development

programs for our customers - owners of pubs and restaurants, through which we enhance their economic viability and train their staff, thus contributing to the overall development of the unique Czech beer culture. The shift in our approach to sustainability is reflected, among other things, in greater emphasis being put on cooperation with all the entities that have an impact on our business conduct, as well with those who are impacted by it.

Last year saw a wide range of events in the field of sustainable entrepreneurship in the Czech Republic and in Europe: Plzeňský Prazdroj ranked among more than 7,000 European employers and accepted the commitment to grow a generally tolerant working environment by signing the European Diversity Charter. A discussion opened up regarding implementation of the European Directive on non-financial reporting in the Czech legislation, and the Enterprise 2020 Manifesto – a unique pan-European document defining the priorities for responsible entrepreneurship up to 2020, was introduced at the Expo in Milan. Topics such as employability and inclusion, co-operation with local communities, an approach based on circular economic and responsible use of natural resources, and transparency and respect for human rights which are included in the strategic document, are fully in compliance with our own efforts to grow responsible entrepreneurship at Plzeňský Prazdroj.

Now you are presented with the opportunity to find out how successful we were in sustainable development in the last financial year and what our achievements were.

*I hope that you find this report interesting and inspiring to read.*

*Paolo Lanzarotti*

# About the Report

The Report presents a summary communication on how well we did during the last financial year (1 April 2014 to 31 March 2015) in the domain of sustainable development and in executing the Prosper programme, a more ambitious sequel to the previous Ten Priorities of Sustainable Development programme.

Our aim is to bring transparent, relevant information both from the viewpoint of our business and that of our partners/stakeholders. The information contained in this Report focuses on the key areas of the Prosper programme we share with the SABMiller group, of which we are a part. At the same time, we went to considerable lengths to ensure the presented information is relevant to our local partners. Not only did we take into account the relevance of the topics discussed from the viewpoint of our business sector, but also whether or not they have any impact on our production, products or our company's or our brands' reputation, on our employees and potential talents, suppliers or business partners, and also whether they are subject to regulation in the area of our business. While doing so, we drew upon both Czech and foreign surveys and initiatives we had become directly involved in. Compared to our [previous Sustainable Development Reports](#)

we pay greater attention to our customers and consumers, presenting development programmes in the hotel & restaurant segment, or our efforts to integrate elements of social responsibility to the marketing of our brands. On the other hand, we have opted to leave out the HIV topic we used to cover in the past. We are planning on further developing the relevance matrix for the reported topics based on direct feedback from our partners during the upcoming period. The key reference framework for this Report is the [SAM](#) Sustainable Assessment Matrix methodology as used by our parent company in reporting and evaluating the progress achieved in the area of sustainable development. Data collection is held every six months, with the collected data mapping the company's activities and their economic, environmental and social impacts on a detailed level. This Report is a result of the collaborative effort of the Sustainable Development Team, composed of employees across departments of our company.

Contact data for a person who will answer any questions:

[anna.sindelkova@pilsner.sabmiller.com](mailto:anna.sindelkova@pilsner.sabmiller.com)

1) CSR Research, IPSOS, Universa, UN Global Compact, [http://www.prkonektor.cz/csr/PRKonektor\\_CSR\\_Cestou\\_odpovednosti.pdf](http://www.prkonektor.cz/csr/PRKonektor_CSR_Cestou_odpovednosti.pdf).

2) TES Komunikace při platformě Byznys pro společnost, Stakeholders Dialogue, Průzkum PR konektor, debata o implementaci Evropské směrnice.



# Prosper:

## Our sustainable development strategy is a step into the future

To us, shared prosperity is the way to go, a method to succeed as a business, and at the same time a necessary precondition to our efforts to help the general public. We believe our business's prosperity has a direct positive impact on that of our partners within the supply chain, the local communities in the vicinity of our breweries, the local economies and the environment. If we prosper, those around us will as well. While this may seem a rather simplistic notion, it may be absolutely crucial to the success of our business.

As part of the SABMiller group, a recognised leader in sustainable development, we have globally undertaken to:



*directly support more than half a million small-sized enterprises and small businesses at the global scale, to assist them in achieving prosperity and growth, to foster local development*



*achieve, at our breweries, global water consumption of 3 litres per litre of beer produced, and provide for shared water supply with local communities in areas experiencing water scarcity*



*reduce the carbon footprint within the entire supply chain, ranging from crop farmers up to consumers*



*provide for the sustainable growing of agricultural raw materials*



*encourage reasonable and responsible use of alcohol by disseminating information on our global and local programmes.*



	Shared opportunity	Shared imperative	By 2020 we will
	a thriving world where incomes and quality of life are growing	We will accelerate growth and social development through our value chains	Directly support over half a million small enterprises to enhance their business growth and family livelihoods
	a sociable world where our beers are developed, marketed, sold, and consumed responsibly	We will endeavour to make beer the natural choice for the moderate and responsible drinker	Aim to reach all of our beer consumers with effective communication campaigns and partnerships to encourage moderate and responsible beer consumption
	a resilient world where our businesses, local communities and eco-systems share uninterrupted access to safe, clean water	We will secure shared water resources for our business and local communities	Secure the water supplies we share with local communities through partnerships to tackle shared water risks
	a clean world where nothing goes to waste and emissions are dramatically lower	We will create value through reducing waste and carbon emissions	Reduce the carbon footprint per litre of beer across our value chain by 25% (against a 2010 base) including a 50% reduction within our breweries per hl of beer produced
	a productive world where land is used responsibly, food supply is secure, biodiversity is protected and brewing crops can be accessed at reasonable prices	We will support responsible, sustainable use of land for brewing crops	Ensure the sourcing of brewing crops measurably improves both food security and resource productivity



# About the company

Plzeňský Prazdroj builds on the best traditions of the brewing industry, whose new era began already in 1842. It was then our predecessors brewed the first batch of the bottom-fermented Pilsner Urquell lager, which gave its current name to the world's most widespread category of beer – „Pils“. 70% of the entire global brewing output subscribes to this indication. Since 1999, the company has been part of SABMiller plc, the second largest brewing company in the world.

Our beers are made from the highest-quality Czech raw materials, according to original recipes and brewing processes and using state-of-the-art equipment. The Pilsner Urquell brand is our international flagship product; in addition, we produce Gambrinus, Velkopopovický Kozel, Radegast, Birell, Excellent, Master, Fénix and Primus brand beers and Frisco malt beverage and Kingswood apple cider. We take a lot of pride in the fact that our brands are covered by the Czech Beer Protected Geographical Indication, registered with the European Union.





# 2015 in numbers

## MAIN ACTIVITIES INCOME

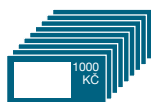
13,938 mld. Kč

The company has increased both the volume of beer sold and its income from main activities to CZK 13.938 billion, while as a result of the further strengthening of investments in support of the hospitality sales channel in the Czech Republic, the profit dropped by 2% to CZK 3.52 billion.

## NEWS

Plzeňský Prazdroj came up with a number of innovations last year. It introduced Radegast Ryze Horka (Genuine Bitter) 12-degree beer, Gambrinus Unpasteurised 10-degree beer, flavoured Gambrinus variants and a new Frisco beverage flavour in the market. As a special addition to the offer of draft beers, the company came up with a variety of non-filtered variants of the traditional Pilsner Urquell Czech beers, Gambrinus and Radegast, as well as with several limited editions, such Gambrinus First Hops.

## TAXES



4,7 mld. Kč

Plzeňský Prazdroj is one of the largest tax payers in the Czech Republic. During the last reporting period, the company paid CZK 4.7 billion in both direct and indirect taxes.

## GENERATING JOB OPENINGS

22 000

The 4 breweries – Plzeňský Prazdroj and Gambrinus, the Nošovice-based Radegast brewery and the Velké Popovice brewery and 13 distribution depots across the Czech Republic and the company's Prague-based headquarters - employ a total of 1981 people, with more than 22,000 other work positions indirectly related to the production process across the Czech Republic.

94 %

## TRAINING

94% of employees trained in the area of responsible approach to alcohol consumption

The representation of women in management positions has grown from 22.5% to 27.6%



beer was brewed with an average water consumption figure of 3.11 hl/hl (which is 5% less compared to last year)

## ENVIRONMENT

99,1 %

The rate of waste reuse is 99.1%



80 %

of beer is sold in returnable containers

140 000 tonnes

The second largest domestic buyer of malting barley; buying approx. 140,000 tonnes a year



# Sharing with our partners is of key importance to us

Our partners (stakeholders)	Topics	How we communicate	Why we cooperate
→ Employees and trade unions	<ul style="list-style-type: none"> <li>• OHAS</li> <li>• Diversity</li> <li>• Development</li> <li>• Compensation and benefits</li> <li>• Ethics</li> </ul>	<ul style="list-style-type: none"> <li>• Intranet</li> <li>• Company magazine</li> <li>• Social dialogue (trade unions)</li> <li>• Employee clubs</li> </ul>	<ul style="list-style-type: none"> <li>• Employees are a key factor in the success of our business and productivity</li> <li>• Fostering health protection and a safe environment</li> </ul>
→ Suppliers	<ul style="list-style-type: none"> <li>• quality of products and services</li> <li>• adherence to human rights and ethical principles</li> <li>• fair payment terms</li> <li>• sharing of risks</li> </ul>	<ul style="list-style-type: none"> <li>• Conferences and seminars with barley suppliers</li> <li>• Supplier Code of Conduct</li> <li>• Code of Commercial Communication – Responsible Brewers</li> </ul>	<ul style="list-style-type: none"> <li>• Ensuring the goods supplied are to the best possible quality standard and available at competitive prices</li> <li>• Promoting a responsible business environment free of violations of human rights and of the code of conduct</li> </ul>
→ Customers	<ul style="list-style-type: none"> <li>• economic development</li> <li>• quality of services</li> <li>• legislative changes and impacts on the business of our customers</li> <li>• sales of our products</li> </ul>	<ul style="list-style-type: none"> <li>• Customer clubs</li> <li>• Expert conference</li> <li>• Training and development programmes</li> </ul>	<ul style="list-style-type: none"> <li>• Ensuring high-quality products and services</li> <li>• Increasing the economic level within the supply chain</li> </ul>
→ Non-profit sector	<ul style="list-style-type: none"> <li>• Supporting disadvantaged groups</li> <li>• Environmental issues</li> <li>• Preventing negative social phenomena associated with irresponsible consumption of our products</li> </ul>	<ul style="list-style-type: none"> <li>• Workshops</li> <li>• Prazdroj to the People grant scheme</li> <li>• Expert conferences</li> <li>• Round tables</li> </ul>	<ul style="list-style-type: none"> <li>• Gaining an insight into the topics that the society expects us to address</li> <li>• Support to vulnerable groups and sources</li> </ul>
→ Media	<ul style="list-style-type: none"> <li>• Overall social and environmental context of our business</li> <li>• Support to the brewing and malting sector</li> <li>• Responsible consumption of alcohol</li> <li>• Role of our company as a major employer</li> </ul>	<ul style="list-style-type: none"> <li>• Press releases and conferences</li> <li>• Interviews</li> <li>• Social networks (Facebook, twitter, linkedin)</li> <li>• Round tables</li> <li>• Press trips</li> </ul>	<ul style="list-style-type: none"> <li>• Building a reputation and increasing awareness of our products, the brewing business as an industry and business attitudes</li> </ul>
→ Local communities	<ul style="list-style-type: none"> <li>• Increasing the quality of life in the vicinity of our breweries</li> <li>• Accelerating social growth</li> <li>• Culture and tourism</li> </ul>	<ul style="list-style-type: none"> <li>• Cooperation with representatives of local self-government</li> <li>• Prazdroj to the People grant scheme</li> <li>• 1:1 meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Support to the local economy in the areas where we operate</li> <li>• Building sound neighbour relations</li> </ul>
→ Expert organisations and associations	<ul style="list-style-type: none"> <li>• Sustainable business development</li> <li>• Research and innovation in the brewing sector</li> <li>• Cultivating new varieties of raw materials for brewing</li> </ul>	<ul style="list-style-type: none"> <li>• Conferences</li> <li>• Regular association meetings</li> <li>• Support to and close cooperation with the Research Institute of Brewing and Malting</li> <li>• Expert pools</li> <li>• Workshops and round tables</li> </ul>	<ul style="list-style-type: none"> <li>• Sharing best practices and innovative solutions</li> <li>• Development of the sustainable business topic</li> </ul>
→ The state	<ul style="list-style-type: none"> <li>• New legislation and regulation relevant to our line of business</li> <li>• Employment</li> </ul>	<ul style="list-style-type: none"> <li>• Conferences</li> <li>• 1:1 meetings</li> <li>• Communication within the controls stipulated by the law</li> </ul>	<ul style="list-style-type: none"> <li>• Creating adequate conditions for business</li> <li>• Generating economic profit (employment, taxes, etc.)</li> </ul>
→ Investors	<ul style="list-style-type: none"> <li>• Economic results</li> <li>• Business sustainability</li> </ul>	<ul style="list-style-type: none"> <li>• Disseminating information via annual reports</li> <li>• Sustainable Development Report</li> </ul>	<ul style="list-style-type: none"> <li>• Improving financial results and growth of business</li> </ul>
→ Consumers	<ul style="list-style-type: none"> <li>• Reputation of our brands</li> <li>• Prevention of irresponsible consumption of alcohol</li> </ul>	<ul style="list-style-type: none"> <li>• Marketing communication on our product's packaging</li> <li>• Advertising via conventional and on-line channels</li> <li>• Websites</li> <li>• Events: concerts, festivals, sporting and cultural events</li> </ul>	<ul style="list-style-type: none"> <li>• Sales of our products and prevention of negative social impacts of irresponsible alcohol consumption.</li> </ul>

# Supply Chain



## 1 / Agriculture

We obtain raw materials for our products from local suppliers, always making sure they are to the highest quality standard. We are the second largest domestic buyer of malting barley. Every year, we buy approx. 140,000 tonnes of malting barley. Between 65 and 70% of the supplies come directly from growers, while 30 to 35% of them are bought from wholesalers or commercial associations.



## 2 / Malting

The average water consumption per tonne of malt produced in the F15 financial year was 44.89 hl/t, which amounts to a decrease by 2.35% compared to F14. CO<sub>2</sub> emissions, on the contrary, grew by 0.99%, owing to an increase in the emission factor for the electric power supplied, which was not successfully compensated by a corresponding reduction in electric power consumption.



## 3 / Brewing

We deploy constant efforts to streamline the use of resources in the brewing process. This year, we succeeded in brewing our beer at an average water consumption figure of 3.11 hl/hl (which amounts to an improvement by 5% compared to last year). We succeeded in lowering our carbon emissions by 3%, namely from 8.37 kg CO<sub>2</sub>e/hl to 8.14 kgCO<sub>2</sub>e/hl.

## 4 / Packaging

Returnable containers account for 80% of our packaging, with 87% of them being recyclable.



## 5 / Distribution

Efficient logistics bring both economic and environmental savings. We have introduced a new, more efficient planning algorithm, which made it possible for us to reduce the final mileage, achieve 2% cost savings and release less CO<sub>2</sub> emissions into the environment.



## 6 / Customers

We are determined to increase the economic level of operators selling our beer, both within the hospitality sector and in retail. We offer development programmes and trainings aiming to improve the care of the beer, but also to develop human resources.

## 7 / Consumers

We adhere to strict internal regulations concerning responsible consumption and advertising of alcoholic beverages. All our brands are subject to responsible marketing rules.





# A sociable world



Only one in ten people is willing to actively point out that it is prohibited to sell alcohol to minors and to bring the seller's attention to the illegality of their conduct if they are a witness to such a situation.

*(NMS Market Research, October 2014)*

## **A sociable world**

We want a sociable world where our beers are developed, marketed, sold, and consumed responsibly.

## **Our commitment:**

We will endeavour to make beer the natural choice for moderate and responsible drinkers.

## **By 2020:**

We will aim to reach all of our beer consumers via effective communication campaigns and partnerships to encourage moderate and responsible beer consumption

# When is “enough” really “enough”?



Beer is one of the most popular beverages in the Czech Republic, contributing to the enjoyment of life for the majority of people who drink it responsibly. Our beer brands bring enjoyment and refreshment to millions of people. They are an indispensable part of get-togethers, celebrations and indeed our culture. As a beer producer, we believe it is specifically this responsible manner of enjoying our products that brings joy to an overwhelming majority of consumers, but we remain cautious about the potential impacts

of irresponsible consumption as irresponsible use of alcohol may have serious impacts on both individuals and the entire society. We concentrate on preventing irresponsible drinking from the very onset of the brewing process, via both commercial and marketing communication up to the end consumer. In this, we collaborate with our partners in state administration and local self-government, as well as with expert organisations and associations, the non-profit sector and other employers.

## Responsibility starts with our employees.

Plzeňský Prazdroj assumes a highly consistent attitude to alcohol in the workplace. It is strictly prohibited to drink alcohol during working hours on our brewery premises or other workplaces. The only exceptions are workers in certain positions, such as tasters and brewmasters, for whom this involves a natural part of their work.

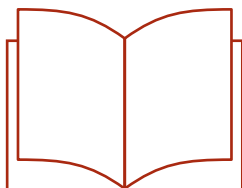
# What are we doing to discourage irresponsible drinking and to promote sound advertising of alcoholic beverages?

## BREATH TESTS

0.00‰

*Random breath tests taken by employees entering or leaving the workplace and voluntary breath tests on entering individual plants*

## RULES



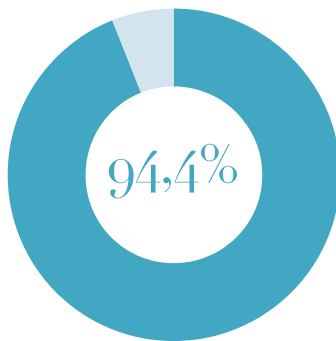
*The guidelines on using alcoholic beverages define the underlying procedures and rules for the employees to follow in the area of alcohol use.*

## PRECAUTION

2 X

*Last year, we conducted 10,732 breath tests, more than twice as many as in the year before.*

## TRAINING



*In the last three years, 94.4% of our employees have been trained in the ABC of alcohol.*

## TRAINING

ABC

*All employees are trained in responsible consumption of alcohol. For new-comers, there is the ABC of Alcohol entry training, with regular communications delivered to employees regarding the issue of alcohol and health.*

## PROFESSIONAL HELP

Offer of help

*The company offers to mediate professional help for any employee who admits being addicted to alcohol.*

## Alcohol in the Workplace seminar

The seminar on alcohol in the workplace from the point of view of occupational health and safety, which was held on the premises of the Plzeň brewery, merely confirmed the gravity with which this topic is treated at Plzeňský Prazdroj. The seminar was held by Plzeňský Prazdroj and the Association of Industry and Transport of the Czech Republic in collaboration with the Regional Labour Inspectorate for the Plzeň and Karlovy Vary Regions with other regional employers in attendance. In addition to dealing with various legal issues, experts in the field discussed occupational health and safety in relation to alcohol.



# Responsible communication and product promotion



Pížeňský Prazdroj encourages a responsible approach to the consumption of its products, while also devoting a great deal of attention to the form in which they are presented and promoted. We are convinced our products may only benefit from responsible marketing, and bearing that in mind we have introduced our own code of conduct, which goes beyond the requirements set out by the law, regulating our entire marketing communication, ranging from press releases, via TV and radio advertising spots up to outdoor and digital advertisements. The fact that we are among the signatories of the undertaking of the largest producers of alcoholic beverages under the EU Alcohol and Health Forum is a clear testament to how serious we are about responsible communication. We have undertaken to self-regulate the advertising of our products.

## How do we monitor compliance with the rules of responsible communication?

Compliance with the rules we have set for ourselves in the area of self-regulation of commercial communication in respect of our products is monitored by the Responsibility Commission, consisting of both internal and external experts. The Commission is chaired by an independent chairman, the Executive Manager of the Czech Advertising Standards Council, JUDr. Ladislav Šťastný. The Commission reviews individual commercial communication concepts from the ethical viewpoint. In 2015, the Commission reviewed about 430 internal contributions.

### What, for example, is the Commission supposed to be on the lookout for?

- Whether the people featured in our advertisements look over the age of 25.
- Whether the communications are free of any themes, music or other elements that could be appealing to minors.
- Whether or not the communication implies that drinking beer leads to any social, sporting or other success.
- Whether or not the communication encourages excessive or irresponsible consumption of beer.
- Whether or not the communication contains a visible responsibility communication.

# So, what are the specific measures we have taken in the area of responsible marketing?

## RESPONSIBILITY



*We transparently restrict minors' access to our products' advertising. For example, we negotiate the broadcasting times of our advertisements with TV stations; we require visitors to our brand's websites to confirm their age and filter our content on Facebook and other social networking sites with regard to minors.*

## COMMUNICATION

**75 : 25**

*When commissioning our advertising, we stick to the so-called 75:25 rule, which states that at least 75% of the audience of the commercial communication of our brands and all related activities must be adults. Compliance with this undertaking is monitored by an independent third party.*

## RULES OF RESPONSIBLE COMMUNICATION

**100 %**

*100% of our brands are subject to the rules of discouraging irresponsible use.*

*100% of our labels and consumer containers bear the responsibility communication.*

*Suppliers who are directly engaged in the provision of services related to the communication and promotion of our brands (e.g., marketing agencies) are regularly trained in our principles of responsible use and presentation of alcohol. Our Code of Commercial Communication is enshrined in contracts with the suppliers.*

## RESPONSIBILITY

**37 %**

*37% of respondents in the Czech Republic know and are able to spontaneously recollect at least one of our 3 responsibility communications. When asking indicative questions, the rate of recollection is up to 79%.*

*Our employees and agencies contributing to the conception and preparation of marketing communication are regularly trained in the code of responsible presentation of alcohol. In 2015, this concerned over 50 employees and 20 agencies.*

## RESPONSIBILITY

*Communications pointing out the risks of irresponsible use of alcohol appear on 100% of our labels and packaging. They are also used in our TV and radio communications, in press releases and as part of outdoor and digital advertisements.*

**POUZE PRO STARŠÍ 18 LET**  
[www.alkoholsrozumem.cz](http://www.alkoholsrozumem.cz)



# For society

→ *Cooperating with experts from SANANIM z.ú., we take care of the aspect of responsible use of alcohol [www.napivosrozumem.cz](http://www.napivosrozumem.cz)*

→ *We have long been supporting SANANIM z.ú., which focuses on reducing the incidence of drink- driving under a programme entitled „Promile INFO“. Together, we organise the K-LEE-DECK chill-out zone at summer music festivals. The project builds on the success of the Promile INFO stand, further exploiting its potentials and extending the services provided.*

→ *The blue K-LEE-DEK tent or the Promile INFO stand were installed at 18 events, including Colours of Ostrava, Pilsner Fest, Radegast Den, Den Kozla, České a Moravské hrady; etc. Over 19,000 visitors were reached out to via activities encouraging the responsible use of alcohol. Over 8,000 of them voluntarily submitted to a breath test to make sure they could safely drive back home after the end of the festival.*

→ *We are an active part of the Social responsibility of breweries task force established by the Czech Beer and Malt Association (ČSPS), contributing to the moulding of an ethical environment in the brewing sector. As a member of ČSPS we also adhere to the Breweries Code of Conduct and actively contribute to common preventive programmes such as When I drive, I drink non-alcoholic beer (a campaign directed at drink-driving) and Člověče, nezlob se (a project aiming to prevent the use of alcohol by minors).*



# Respect 18



In Plzeň, we successfully completed the second annual edition of a Respect 18 campaign to raise awareness of alcohol use by the youth and to promote restrictions on the sale and serving of alcohol to minors. The project is targeted mainly at pub, restaurant and shop staff and adults, parents and friends of minor children who are over the age of 18 and either tolerate or even actively enable alcohol consumption by minors. In 2014, about 40 independent retail shops and 150 pubs and restaurants in Plzeň and neighbouring regions supported the campaign.

Along with the project partners, the Plzeň Municipality and the Centre for Drug Prevention and Therapy, we held a public event, the so-called Respect 18 Day, on 26 June 2014. We scheduled the event so that it coincided with the end of the academic year, hence the onset of a period when alcohol consumption by minors takes on extra significance due to the summer holidays approaching.

Through a massive communication campaign and with the assistance of our hostesses at the Respect 18 Day we invited the public to show their support for the idea that children and youth should stay away from alcohol by pinning on a badge bearing the Respect 18 logo.

## Statement by partners of the Respect 18 project

„The strategy of the Department of Security and Prevention of Crime at the Plzeň Municipality is based mainly on the immediate needs in the area of security, which includes prevention of drug use and prevention of crime. While implementing the Respect 18 project, we mainly built upon the unfavourable results of research studies, which suggested an increasing trend in alcohol consumption by children and in regular alcohol consumption among youth at the age of 16. Students and pupils in the Czech Republic regularly come top in surveys of alcohol consumption across Europe.

*Ing. Aleš Půša, Head of the Department of Security and Prevention of Crime, Plzeň Municipality*

„Preventing substance abuse and mitigating its impacts in Plzeň and the Plzeň Region is an issue that has been keeping us busy ever since 1997. A large proportion of our services are related to preventative actions for the youth. We offer them space in which they may learn to deal with the risks, make responsible decisions and lead a wholesome life untarnished by substance abuse. The RESPECT 18 campaign encourages us to lead our children by example when it comes to responsibility and not to leave them on their own in looking for a meaningful life path. It is an honour for us to contribute to the moulding of such attitudes.“

*PhDr. Petr Hrouzek Ph.D., ředitel Centra protidrogové prevence a terapie, o.p.s.*

# Outcomes of the Respect 18 campaign

## AWARENESS OF THE CAMPAIGN

54 000

*Based on the results of an independent awareness survey, the Respect 18 campaign was taken in by one in three people living in Plzeň. That amounts to more than 54,000 inhabitants of Plzeň.*

*81 % thought the Respect 18 project was socially beneficial*

## APPRECIATION OF THE CAMPAIGN



*3rd place in the 2014 Socially Beneficial Project category as part of the TOP Responsible Company competition*

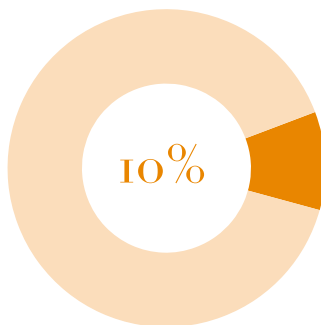
*„National Champion“ award under the European Business Awards 2014/15*

## ACCEPTANCE OF THE CAMPAIGN

97 %

*97% of the respondents claimed to understand the message conveyed by the campaign and three-quarters of them agreed that alcohol abuse by youth is an issue.*

## ACTIVE APPROACH



*Only one in ten respondents was willing to actively point out that it is prohibited to sell alcohol to minors and to bring the seller's attention to the illegality of their conduct if they become a witness to such a situation.*

<

*Two in three respondents confirmed they have been witnesses to a situation where alcohol was sold to youth, either at a restaurant or in a retail store.*

*56% of the respondents could recollect a situation where young-looking customers were asked to present their ID before they could buy alcohol at a pub. For retail stores, the figure was down to 50%.*

*The survey was conducted by NMS Market Research in October 2014 on a representative sample of 310 adult people living in Plzeň.*

# Birell:

## Social responsibility principles as part of marketing communication

In our portfolio of products, there is a brand that supports an active lifestyle and responsible use of alcohol, namely Birell non-alcoholic beer. The Birell brand is an ideal beverage to enjoy not only while driving motor vehicles but also while engaging in leisure activities. Birell is a long-term partner of a number of sports events intended mainly for amateur, or hobby athletes, but it also supports various other projects related to the way people actively spend their spare time.

### Get on your bike and head off.

Easy for most people. An unfulfilled dream for others. Through the Birell Ride project, which aimed to encourage the public to take on an active way of life, we called upon the public to help the disabled in their efforts to get back to an active way of life. During two months, Birell Gates with an integrated counter toured the entire Czech Republic. The amount of CZK 5 was donated for each active cyclist who passed through the gate, going towards the purchase of special equipment (specially modified bikes or hand-bikes) for selected disabled people in order for them to be able to get back in the saddle and to facilitate their return to normal life after suffering an injury or illness. In the end, we encouraged 114,000 people to set out on various cycle trails across the Czech Republic and pass through the special Birell Gate. We raised the amount of CZK 570,860, which bought 8 bikes and hand-bikes. Now, 8 people may ride bicycles and spend their time actively again. Dozens of our company's employees also took part in the project.



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- ✓ bez konzervantů
- ✓ bez umělých barviv

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**BIRELL**  
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# A thriving world

We want a thriving world where incomes and the quality of life are growing.

**The commitment:**

We will accelerate growth and social development through our value chains.

**Our 2020 target:**

Globally, as a member of our parent company, SABMiller, we have undertaken to support 500,000 small businesses and small-sized enterprises from among our customers and distributors.

# Collaborating with partners within our supply chain

Plzeňský Prazdroj pays a great deal of attention to fostering mutually beneficial, fair and transparent relationships with its suppliers. As a leading Czech brewer and member of the international SABMiller group, we maintain contacts with numerous suppliers from various sectors, both within the Czech Republic and beyond.

In order to harmonise our relationships with suppliers, we have developed and put in place commercial conditions and principles, which are summarised in several key documents:

[General Terms and Conditions](#)

[Business Ethics Policy](#)

[Code of Commercial Communication](#)

[SABMiller Supplier Code of Conduct](#)



## Business Ethics Principles

Ethics constitutes an approach to managing a business in the best possible way. This does not only mean that we will do whatever is legal in any given situation. It means our determination to apply ethically correct and considerate business practices without compromising our ethical principles: honesty, justice, fairness, responsibility, mutual respect, dignity and openness.

*(Business Ethics Principles)*

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„The hospitality sector plays a key role in combating unemployment, namely among the youth, and is a major factor in growth, employment and prosperity of other sectors.“

*(EY, 2010)*

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# Helping pubs and restaurants to grow, developing the traditional beer culture

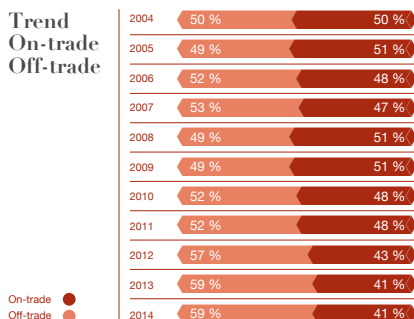
The excise tax increase in respect of beer in 2010 had a profound impact on the entire hotel, restaurant and café segment; to wit, 25% of restaurant and café operators' income originates from selling beer. That is also why we support development of the entire hospitality segment by cooperating with pub and restaurant owners. We are determined to ensure the highest possible quality standard and care of draft beer via a system of development training, practical workshops and transfer of know-how. We regularly train point-of-sale staff as part of Draft Beer Workshops conducted by Plzeňský Prazdroj's brewmasters. For innkeepers, we hold so-called Days with the Brewmaster or Evenings with the Brewmaster, where they can learn all about the quality of pouring and taking care of beer from experienced beer connoisseurs. The system of training is actively taken part in by selected master bartenders, who have gone through a camp in Plzeň and obtained the Master Bartender title. This year, the title has been awarded to 20 more best candidates from all over the Czech Republic.

Ongoing training sessions in taking care of the quality of beer are also held at our dis-

tribution depot's training centres all over the country. In total, we trained 2,400 members of restaurant and pub staff this year. The Master Bartender competitions account for a major part of the development system in place for our business partners' staff. These are related to the Pilsner Urquell, Gambrinus and Radegast brands, and each spring they are taken part in by hundreds of candidates sent by their respective pubs through a series of regional and final rounds. In addition to demonstrating their theoretical knowledge, the competitors must showcase their practical skills in pouring beer and taking proper care of it. The best of them end up as bearers of quality and end up training their own staff.

As part of the Plzeňský Prazdroj Club, which brings together restaurants and pubs with the highest throughput volume and system offtake of Plzeňský Prazdroj's products at several levels, we launched the Plzeňský Prazdroj Academy venture. The Academy operates an integrated system of hospitality staff training and educational courses earmarked for operations who are members of the Plzeňský Prazdroj Club.

## Trend On-trade Off-trade



## TRAINING

2,400



*In total, we trained 2,400 members of restaurant and pub staff this year*

## PRODUCTION VOLUME

4.5%



*The beer production volume in the financial year of 2015 has grown by 4.5%*

„We are convinced that enjoying beer at pubs and restaurants is a unique component of Czech culture, and that warrants an investment.“

*says Paolo Lanzarotti, Chief Executive Officer and Chairman of the Board of Directors of Plzeňský Prazdroj.*

# Industrial tourism: Preserving the brewing tradition and heritage

We have inherited a Czech national treasure from our forefathers. We take pride in building upon their tradition, safeguarding our beer brands, the breweries and their surroundings so that we can eventually pass them on to the generations to follow.

We preserve the brewing heritage, built for generations, for the future, namely by taking care of the world beer legend Pilsner Urquell and by preserving the traditional brewing method in the original cellars, by developing the cooper craft and making historically valuable sites and operations accessible for the public. We convey these traditions to visitors of our breweries as part of visitor routes and circuits, at the Brewing Museum or in Plzeň's Historical Underground, as well as via other forms of awareness raising and educational activities.

Both consistent care of the brewing craft legacy, and, still more importantly, continuous investments in improving the tourist routes and other visitor areas are the main factors in the growing number of both Czech and foreign visitors to Plzeňský Prazdroj breweries in Plzeň, Velké Popovice and Nošovice.

## INVESTMENTS

CZK 80 000 000



*Plzeňský Prazdroj's investments in promoting and developing brewery tourism have amounted to almost CZK 80 million during the last 10 years.*



## VISIT RATE

*Over 726 Czech and foreign visitors used the opportunity to take part in tours, events, programmes and other activities of Plzeňský Prazdroj last year.*

*The aggregate figure for the last 10 years is 5 million visitors.*

The guided tours in Plzeň and at the Brewing Museum were added to by modern interactive features. The new features added to the Pilsner Urquell tour include the so-called Hall of Brewmasters, the entrance area where all tours begin and a film shown in the premises of the old brewhouse. We launched a smartphone application in ten world languages and introduced a new feature in the form of the Draft Beer Workshop with Brewmasters.

# Industrial tourism:

## Preserving the brewing tradition and heritage

The Velkopopovický Kozel and Radegast breweries were not left behind either as far as innovation is concerned. For the Popovice brewery, the entire year was marked by the celebrations of the brewery's 140th anniversary. In addition to buying limited editions of souvenirs, visitors could be among the first ones to walk the tour with a „wandering painter“, to enrol at the Draft Beer Workshop or take the Baron Ringhoffer educational trail. Celebrating the 45th anniversary of the first beer batch brewed, the Radegast brewery presented, in its Visitor Centre, two wholesome collections from private collectors – drinking glass and statuettes of the God Radegast, a special exhibition on the occasion of the World Ice Hockey Championship held in the region.

### Number of visitors in 2015:

Plzeňský Prazdroj – over 600,000 visitors,

Radegast – over 35,000 visitors.

Velkopopovický Brewery – over 91,000 visitors.



### Coming on top at the TRIPADVISOR portal!



For the third consecutive time, the Pilsner Urquell visitor tour placed among the best destinations at the TripAdvisor.com travelling portal. We succeeded in defending the Certificate of Excellence, which ranks us among 10% of the best rated tourist destinations in the world in the competition of over 150 million reviews and ratings by travellers. The reviews are authentic, expressing the opinions of actual travellers.

Established in 2000 in the USA, TripAdvisor.com is the largest travellers' portal in the world. The portal lets its users share independent recommendations concerning visited tourist destinations, but also restaurants, hotels or sport events. The site has over 200 million visitors a month, with 60 new reviews rating each tourist destination added every minute, including those related to accommodation and restaurant or commercial services. The portal is the place to go to get information on their scheduled trip for over 200 million travellers a month.

# Developing cooper and horse drawing crafts

The main task of the cooper gang, which has recently been added to by two new apprentices, under the leadership of the cooper foreman Josef Hřůza, is to take care of the oak casks in which Pilsner Urquell lager is kept and matures in the brewery's historical cellars. Plzeň's brewmasters use the beer brewed to a traditional recipe, fermenting and maturing in the original conditions generated by oak vats and casks, for regular comparisons with the beer brewed using contemporary equipment, in an attempt to preserve the unique flavour of the Pilsner Urquell beer. The lifting of the oak casks from the cellar and pitching of them represent activities traditionally reserved to the cooper gang. The coopers significantly contribute to the efforts at preserving the traditional brewing of the Pilsner Urquell beer. In small quantities, Plzeň beer ferments in oak fermenting vats and matures in the brewery's historical cellars in conditions entirely identical to those existing 173 years ago.

As part of its annual spring and autumn activities, the cooper gang conducts regular maintenance of the oak casks and vats, replaces the wood of the so-called pulps, and cleans and pitches the casks, handles the casks in all possible ways and, of course, makes new lager casks.

Plzeňský Prazdroj's cooper gang, amid few in Europe, has managed to preserve the

craftsmanship of brewery coopers. In addition, it extended the range of casks made available for various events, both at home and abroad, which are ever more popular as gifts at various occasions, anniversaries and celebrations.

As an example, the coopers produced the Cask of the Thirty-Fivers, which they donated, on the occasion of the 100th anniversary of the outbreak of the First World War, as a keepsake to commemorate the boldness of the 35th Infantry Regiment composed of young men from the town of Plzeň, including conscripts from among employees of what was then known as the Burghers' Brewery.

Also thanks to Plzeňský Prazdroj, the tradition of the horse drawing craft has been preserved. A horse-drawn carriage symbolically distributes barrels of beer in the centre of Plzeň, also carrying brewery visitors on its hull during special tours. The craft is developed by Jana Šůsová, who inherited the interest from her father. The carriage is an obvious object of interest for both domestic and foreign visitors to Plzeň and a frequent part of a number of brewing events and feasts. It will also travel to larger towns throughout the Czech Republic as part of the anniversary of Pilsner Urquell in October, distributing beer to the lager's traditional strongholds.





# Plzeň – The European Capital of Culture 2015

Plzeňský Prazdroj has become a general partner for the Plzeň – the European Capital of Culture 2015 project. Through the partnership, we drew upon our varied activities in the area of supporting local communities, cultural and sport events in Plzeň and its adjacent areas. As a general partner, we contribute to projects that support community-based and cultural life in Plzeň, attracting tourists and strengthening the region's economy.

Besides supporting events, we organised a number of our own events. During the opening gala of the European Capital of Culture 2015 in January 2015, a part of the programme showcasing Czech brewing culture was held at the courtyard of the brewery. We showcased original brewing crafts and organised special visitor tours with beer tasting. The brewery post office was in operation, allowing the visitors to send a free postcard with an invitation to the brewery to

their friends both within the Czech Republic and beyond.

The Festival of Light lit up Plzeň and the brewery in February 2015 with dozens of light installations and projections brightening the space between the DEPO2015 creative zone and the Plzeňský Prazdroj brewery. Co-operating with the Prague-based Signal festival, an event which earned world prominence after just two editions, leading Czech and foreign artists presented themselves in Plzeň.

For beer connoisseurs who made the trip to Plzeň, we prepared a special-purpose beer map of the town and the neighbouring regions showing restaurants and pubs where our beer could be enjoyed at competitive prices as part of the European Capital of Culture 2015 event. But our beer could be enjoyed by visitors of most official events under the project.

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„Plzeňský Prazdroj is part of the past, the present and the future of our town. I could not imagine such an important partner not being a part of this complex project, which does not only involve culture, but all the other areas of life in Plzeň as well. I am glad we could prepare joint events highlighting the role of the town and of Plzeňský Prazdroj as part of the European Capital of Culture.“

*(Martin Baxa, the Mayor of Plzeň)*

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# Supporting local communities

We believe our prosperity is closely related to that of the regions where we operate. The objectives of our investments undertaken in areas adjacent to our breweries is to improve the quality of life of the locals and to establish close relations in the areas where we operate.

Since 2001 we have supported communities in the vicinity of our breweries with an amount of almost CZK 80 million via the Prazdroj to the People programme and through gifts to the municipalities. We have supported over three hundred projects in environmental protection and social development, which in turn have contributed to increasing the quality of life of the population. Sustainable development has always been and remains to be the underlying foundation of how we understand and conduct our business; we are not indifferent to what is happening around us.

We support projects and development of non-profit organisations in the vicinity of our breweries, which are consistent with our sustainable development programme, Prosper. We are looking for 'shared' solutions since problems can only be resolved in collaboration with others. We involve the public and our employees who may pick the areas to be supported in the decision making process.

## Prazdroj to the People

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The 13th edition of the Prazdroj to the People programme took place in the Moravian and Silesian Region in the financial year 2014-2015 . As is already a tradition, the amount of CZK 2.5 million was allocated to the event.

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# Supporting local communities

## PRAZDROJ TO THE PEOPLE 2014: Supported projects

Street Oratory II	Don Bosco Salesian Centre	CZK 180,000
Good Garden-Knowledge and Entertainment	Dobrá Primary School	CZK 380,000
Equipment for Bezručova Cottage educational room	Club of Czech Tourists	CZK 193,500
Stružielka Camp – Eia Gaia	Rotary club Ostrava	CZK 261,000
Dogs Helping People	Dogma Civic Association	CZK 400,000
Ostrava Zoo – Getting to Know Nature Without Barriers	Ostrava Zoo	CZK 299,250
Traffic Playground for the Jablunkov Region	Jablunkov Primary School, Lesní	CZK 375,000
Renovation of the Libušín cottage destroyed by fire	Wallachian Open Air Museum	CZK 300,000
36th edition of Chess Hopefuls Tournaments	Beskydy Chess School F-M	CZK 112,000

## REGION DEVELOPMENT SUPPORT

# CZK 19,857,618

*During the last financial year, we contributed the amount of CZK 19,857,618 to support and develop regions. We measure our community investments using the Responsible Company Standard methodology, which allows us to monitor how our contributions are spent, both geographically and by specific areas of support.*

## LBG

The Responsible Company Standard (LBG) is a comprehensive and standardised system of measuring and benchmarking Corporate Philanthropy and Corporate Community Investment. It defines costs expended in community projects and measures both short- and long-term effects of specific support.

## Radegast helps nature

The species-rich *Nardus* grasslands are subject to protection within the Beskydy Site of Community Importance (SCI). Since these priority habitats are typically present in mountain areas, on nutrient-poor soils, they tend to be among the first plots of land to be abandoned by their respective owners (farmers). The project seeks to review the status of these habitats, and, more importantly, to look for and apply the best methods of taking care of them. As its indispensable part, the project includes communication with land owners and efforts to involve them in taking care of mountain pastures. A combination of various interventions will improve the condition of the abandoned and often degraded sites. In most cases the abandoned pastures and meadows gradually turn into forests, causing the environment to lose the precious bounty of rare plants and related animals. The Radegast-supported project will continue until 2019.

## Pilsner Urquell auction of unique beer bottles



The fundraising check for the amount of CZK 723,116 goes to Centrum Paraple and its clients with spinal cord injuries. Such were the proceeds from the third edition of an auction of ten unique Pilsner Urquell bottles. The auctioned-off bottles instantly assumed a position at the top of the list of the most expensive beer bottles.

The fundraising auction of ten hand-made Pilsner Urquell glass bottles took place for the third time on an Internet-based news server. Centrum Paraple used the proceeds from the auction to purchase a motomed, a device for exercising lower and upper limbs in physiotherapy, or special scales for wheelchair users and other items. Over CZK 2 million have been raised from those auctions so far.

The bottles were designed by Miroslava Kupčíková, a graduate from the Glass Design Atelier course at the Tomas Bata University in Zlín, and they were produced by glassmakers from Nový Bor's Ajeto glassworks under the supervision of the renowned designer Lars Kemper.

The ten winning bidders from all over the Czech Republic took over the unique bottles in Plzeň and were given the opportunity to fill them with beer in the brewery's cellar.

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„The contribution for Centrum Paraple is a beautiful gift for its twentieth anniversary. I am very pleased to see there are still people in these times who voluntarily help those in need.“

*(Zdeněk Svěrák, Centrum Paraple's patron)*

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## Radegast helps in the region

Hockey fighters who may not have impressed with the number of goals scored but were indispensable parts of their teams because for most of the season they were in charge of defensive tasks, this time helped in a different domain. They donated parts of their gear for the Radegast Index Auction, whose proceeds are earmarked for charitable organisations cooperating with individual teams competing in the Tipsport Extraleague, of which Radegast is the official beer.

Thanks to the fans, an amount of CZK 26,006 was raised by the charitable auction. The most valued trophy eventually turned out to be the green helmet of the fiercest fighter during the regulation season, Josef Vašíček. The proceeds from this particular item will help the Orthopedic Ward of the Hradec Králové University Hospital.

„I am happy the proceeds from my helmet’s auction will contribute to a good cause. And I believe the green helmet will be a valuable item in the fan’s collection.“

*(Jiří Vašíček, HK Mountfield Hradec Králové player, the overall highest Radegast Index point-scorer)*

## Velkopopovický Kozel Quenching with Kozel, or supporting firefighter volunteers

The foundation of the long-term cooperation between the Velké Popovice brewery and firefighter volunteers is the Firefighting Year with Kozel loyalty programme, under which voluntary firefighters are rewarded for their hard work. Over 1,000 brigades have already registered for the programme; others may do so at [www.hasickyroksozlem.cz](http://www.hasickyroksozlem.cz).

With the motto „Fight the Fire with Kozel“, the brewery supports firefighters’ leagues, firefighting sport competitions in several regions across the Czech Republic. The most active in this respect are firefighters in the Vysočina Region.

Also, nine fire brigades gathered at the Velké Popovice brewery to celebrate the 140th anniversary of the first batch of Velkopopovický Kozel beer brewed.



# Where are we headed?

We will keep mapping the objective needs of the regions where we operate, reinforcing our mutual dialogue with a view to accurately and efficiently targeting our support during the years to follow. We will consistently evaluate our interventions, making sure they are consistent with the company's strategic priorities and respond to the needs of the concerned regions and stakeholders, so as to maximise the merits for each supported region and Plzeňský Prazdroj. We will keep trying to interconnect our activities related to the support to the regions we are developing through the Prosper programme. For the upcoming period, in addition to providing financial support, we are also planning on offering financial grants and holding training events to facilitate further development of non-profit organisations participating in the Prazdroj to the People programme.





# Our people are our enduring advantage: we value our employees and are keen on signing new talents

During the financial year 2014-2015, 1981 employees worked for our production plants (in Plzeň, Nošovice and Velké Popovice), at the general headquarters in Prague and at our distribution depots scattered throughout the Czech Republic.



## Plzeňský Prazdroj A Good Employer

Plzeňský Prazdroj came second in the 2014/2015 TOP Employer of the Year Survey, in the consumer industry category, organised every year by the Czech Students' Union. A total of 8,530 university students took part in the survey voting for the employer they would prefer to work for after graduating. The project is implemented in collaboration with universities, student organisations and corporate partners. Plzeňský Prazdroj is traditionally a massive point-scorer in one of the ten market sectors. This year, we solidified our position as one of the most attractive employers in the Czech Republic. Under the Most Desired Company survey, university students voted for our company as the most sought-after employer in the Plzeň Region. This was the first edition of an event that let the students vote for the most desired company both on a nationwide level and on the level of individual regions. The survey was taken part in by over 2,000 students. The Most Desired Company survey is regularly organised by the student organisation AIESEC Czech Republic and this was already its 20th edition. For the past ten years, the survey was, at the same time, one of the categories of the Sodexo Employer of the Year event.

Plzeň Region – Employer of the Region, up to 5,000 employees

1. Doosan Škoda Power s.r.o.

2. Plzeňský Prazdroj, a.s.

3. BRUSH SEM s.r.o.

# Occupational health and safety

We seek to ensure that our employees have the best conditions for their work and high performance. A healthy and safe work environment is not only a core human rights principle we adhere to, but a natural part of everyday working life. A committee composed of our company's employees oversees compliance with the principle. In addition, we have set up committees within our plants to decide on the compensation granted in respect of work-related injuries. We monitor this area on an ongoing basis.

All breweries have introduced a system of lock-outs, a scheduled safety protocol, the gist of which consists in isolating and identifying sources of energy fed to equipment and technology lines during maintenance and servicing interventions or during shut-downs. A great emphasis is placed on the engagement of external companies, especially on production floors, where a system of intervention authorisations is set up and implemented.

During last year, an emergency drill took place within the Plzeň plant in accordance with the relevant legislative requirements in the area of preventing serious industrial emergencies. We have introduced a single occupational injury rate monitoring system using the unified SABMiller methodology. The injury rate is monitored using the DIFR (DISABLING INCIDENT FREQUENCY RATE) methodology. Preventive measures are also commonly defined as part of operative leadership activities undertaken by specific management staff members. At Plzeňský Prazdroj, the monthly trends in injury rates are monitored using the DIFR method. Last year, the value obtained was 0.36, while the year before that it was 0.41.

The company continuously identifies so-called near misses, entering them in „Action Lists“ with regular follow-up removal inspections.

Our company has adopted the Health&Safety manual, which will be gradually implemented within the entire SABMiller group. The manual is divided into 10 standards, which must be practically applied. A so-called H&S questionnaire has been developed, containing in total 346 requirements in the area of health and safety. An action plan has been designed with reference to the requirements expressing the fulfilment of specific points.

## Specific standards:

- 1) Health and safety processes
- 2) Recording, reporting and investigating
- 3) Safe road traffic
- 4) Safe workplaces
- 5) Fork-lift trucks
- 6) Provision of safety
- 7) Suppliers
- 8) Occupational health and safety
- 9) Drugs and alcohol
- 10) Personal protective equipment

# Occupational health and safety

Regular training sessions are organised regarding the aforementioned systems along with training events designed for internal auditors according to the established system of audits and inspections. We have updated our e-learning course, which is mandatory for all our employees.

We continuously work on increasing the quality of OHAS, fire protection and environmental protection systems introduced by our external suppliers, especially with regard to investment projects. An OHAS Coordinator is appointed for a majority of construction projects, as required under Act No. 309/2006 Coll. Periodical OHSAS and

EMS system audits were conducted by the accredited company Bureau Veritas Czech Republic s.r.o. All concerned employees displayed a responsible attitude towards the audit, paying due attention to its course

Nine injuries were recorded during the period under consideration, which amounts to a reduction by 1 compared to the previous period. We placed a great emphasis on prevention – last year, we conducted 10,732 breath tests for blood alcohol, more than twice as many as in 2014. None of the injuries were related to alcohol.



# Ethics and human rights

The success of Plzeňský Prazdroj is based on trust, tradition, renowned quality of its products and services, profound expertise of its staff and a set of responsible ethical attitudes towards business. Not only is it our obligation to handle natural resources in an efficient manner and help develop the regions where we operate, but also to play it fair and know what is still appropriate and what already is not in whatever we do.

## Key areas of employee relationship management

- *Collective Bargaining and Collective Bargaining Agreement*
- *Social dialogue*
- *Employee complaints*
- *Other projects to improve employee/employer relationships*

## Plzeňský Prazdroj's Business Ethics Policy

is a set of rules of conduct of Company employees and all others who cooperate with Plzeňský Prazdroj in any way. These include, in particular, honest and professional conduct, observance of laws and maintaining socially acceptable behaviour (honesty, justice, fairness, responsibility, mutual respect, dignity and openness).

## Business Ethics Bodies

### Ethics Committee

is the Company's supreme body that deals with the Company's ethics process and issues related thereto.

### Ethics Breaches Response Team

is responsible, in particular, for the investigation of any suspected or actual cases of unethical behaviour.

### Ethics Ombudsman

is a person elected by employees of the Company for a period of 3 years starting on 1 September. The Ombudsman is responsible for the correct execution of ethics-related processes and helps the employees address ethics issues where they are unable to settle them effectively with their line manager.

### Ethics Commissioner

is an employee of the Company who, by virtue of his/her position, is the owner of the entire business ethics process. He/she manages and oversees the correct implementation of the process.

## Respecting Human Rights

- *Freedom of association and recognition of the right of collective bargaining*
- *Prohibition of Forced and Compulsory Labour*
- *Abolition of Child Labour*
- *Intolerance of Discrimination*
- *Establishing Fair and Competitive Wages and Benefits*
- *Providing Safe and Health Work Environments*
- *Employee Security*

100% of our employees went through the Ethics e-learning programme last year.

# Diversity:

## diverse work teams pay off

Our basic understanding is that it is in the economic interest of our company to build a corporate culture, which is professionally open to all, regardless of their gender, race, colour of skin, nationality, ethnic origin, religion, world view, health condition, age or sexual orientation. Therefore, we joined signatories of the [European Diversity Charter](#). Diversity is seen as a part of our talent management and of our Integrated Business Plan strategy. Our objective is to increase representation of women in management positions and to attract female consumers. Tolerance is required not only within the company but also in relation to our business partners who undertake to embrace our [Ethical Principles](#).

### About the Charter

The European Diversity Charter presents a voluntary public undertaking of companies, which allows them to publicly subscribe to the diversity at work principle. At the same time, it motivates employers to introduce management diversity instruments and to integrate diversity in their companies' strategy and business results.

Over 7,000 employers in individual EU Member States have already signed the Diversity Charter, which corresponds to over 14 million employees.

### Sharing experience pays off

According to surveys, women are paid less than men in the Czech Republic. Prazdroj regularly revises its employee compensation scheme in terms of gender, supporting initiatives to facilitate professional advancement of women. As a partner, we took part in a conference to support pay equality, [Equal Pay Day](#), via our Corporate Affairs Director, Drahomíra Mandíková, as a speaker.



We are a member of the Thematic Expert Group on [Diversity](#) at the Business for Society platform.

# What tools do we offer to harmonise personal and professional life?

## Flexible forms of work

### VACATION PLANNING



*Priority holiday scheduling during summer months for parents*

### MANUAL



*Manual for special life situations and managing emergencies*



### CERTIFICATION

*Since 2014, we have been a holder of the Family and Employment Audit certificate:*

### PARENTAL LEAVE

*Programme to keep in touch with employees on maternal/parental leave*

### DUTY

*Possibility to work part time*



### TIME OFF

**2 days off for an employee's own wedding**



*1 day off for an employee's child's or parent's wedding*



### PARENTAL LEAVE

*Brochure for employees on parental leave*

### TIME OFF

*Entitlement to 1 day off without pay on an employee's child's first day of pre-school/school*



*Benefit compensation programme of each employee's choice*



## % representation of women in the management of Plzeňský Prazdroj

2010	2011	2012	2013	2014	2015
17	19	18	17	22	28



# Beer and women go together

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„There are no conservative consumers; there are only conservative entrepreneurs“  
*(Grant McKenzie, Plzeňský Prazdroj's Marketing Director)*

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Last year, we made several additions to our portfolio in order to render it more appealing to female consumers, such as Cider Kingswood Dry, new flavours of the fruit alcohol-free Birell beers, a new recipe for the Frisco malt beverage or beer glasses and containers that are attractive not only to men.

In the future, we are going to put more effort into integrating the topic of equality into all spheres of our business. At the same time, we realise that diversity is not only an issue of gender equality, but rather that of inclusiveness in a broader sense of the word. As a result, during the upcoming period, we want to concentrate on communicating further topics in the area of diversity, such as intergenerational co-operation and age management.

**Throughout the following period, we will be addressing the below key areas:**

- *Focus on women in recruiting*
- *Ensuring equal conditions for all*
- *Supporting parents returning to their jobs*
- *Supporting women in career development within the company*
- *Pro-actively communicating the merits of diversity*

Local target by 2020: we want to increase the share of women in Plzeňský Prazdroj's management to 32%.



# Voluntary work:

## developing soft skills of our employees and strengthening mutual solidarity

In addition to providing financial assistance, products or equipment, we help non-profit organisations by investing our time and the expertise of our employees. Supported organisations must correspond to the priorities of Plzeňský Prazdroj's sustainable development policy and those of the concerned regions and stakeholders.

### 1,590 hours of voluntary work

During the period under consideration, employees of Plzeňský Prazdroj completed 1,590 hours of voluntary work in total. Under the applicable Collective Bargaining Agreement, the company provides an extra day off to its employees/volunteers who engage in socially beneficial activities. We joined two international volunteering events, the Give and Gain Day and Engage Day. As is already a tradition, we helped non-profit organisations across the Czech Republic.



We are planning on involving at least 10% of all our employees in voluntary work on an annual basis.

# Supporting academic talent

We have been engaged in long-term cooperation, inter alia, with the University of Economics or the University of Chemistry and Technology Prague. An elaborate system is in place giving 4th- and 5th-year students an opportunity to work at the brewery as interns during the summer period, and to try out working at various positions within the Plzeň brewery. The most successful interns are offered the opportunity to enrol in our trainee programme or to fill specific work positions after graduating.



We have long been cooperating with CEMS (The Global Alliance in Management Education is an association of prestigious economic universities and international companies), organising a conference on social responsibility in Velké Popovice. The aim of the meeting was to increase the students' interest in the area concerned.

In the last financial year, we accepted 15 interns, three of which were subsequently offered the opportunity to work for the company.

## Michal Škoda

Michal Škoda, graduate from the University of Economics' Faculty of International Relations, who majored in international trade and specialised in marketing, is one of those who never regretted having completed their internship at Plzeňský Prazdroj. Michal Škoda completed his internship already while he was a student, after which, thanks to his outstanding study results, he was accepted for the Trainee Program. After graduating from the Program he started at the company as a Trade Marketing Specialist, with responsibility for implementing promotional events in the hospitality and retail sectors. „Thanks to the internship and the varied Trainee Program, I got to know the company operations from the inside, learnt a lot about brewing beer and most importantly met a number of professionals and people with whom I like working,“ says Michal.

### Where are we headed?

We will continue to consistently enforce strict compliance with human rights and promotion of the company's ethical principles. All our employees must go through ethics training. We want to provide equal opportunities to men and women and reach the 32% mark for representation of women in management by 2020. Also, we will actively recruit talents from among university students who are our potential employees. We will continue to ensure a safe working environment and reduce risks on an ongoing basis. We will also continue to foster corporate volunteering as one of the forms of direct support for communities. Next year, we want to reach the goal of involving 10% of all our employees. Our adherence to the principles in these areas will be upheld by ombudsmen who will, in a transparent manner, resolve any instances of their violation.



# A clean world



We want a clean world where nothing goes to waste and emissions are dramatically lower

**Our commitment:**

We will reduce the volume of waste and CO<sub>2</sub> emissions

**Our 2020 target:**

As part of the SABMiller group, we have committed to reducing the carbon footprint per litre of beer across our value chain by 25% (against a 2010 base), including a 50% reduction within our breweries per hl of beer produced.

# Minimizing impacts on the environment

We are not indifferent to the impacts our operations have on the environment, and we consistently monitor and minimise any negative impacts. Our breweries conform to the strictest environmental benchmarks stipulated by internationally recognised standards.

Consumption figures are monitored in respect of both individual departments and items of machinery. Heat, electric power and water consumption figures are regularly measured and evaluated on a weekly/monthly/annual basis as part of the World Class Manufacturing system.

## Environmental protection certification

ISO 14001: Environmental Management System  
ISO 9001: Quality Management  
HACCP: Food Safety

We deploy constant efforts to reduce energy consumption in the production process.

## How did we do in total direct energy (TDE) ?

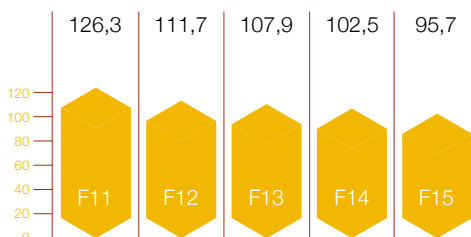
The values of total direct energy have been reduced for all breweries. The breweries in Plzeň and Velké Popovice recorded outstanding results, exceeding the set targets. The Nošovice brewery failed to meet the target value. Plzeň – overall reduction in total direct energy by more than 10% (the European target was 2.2%), Velké Popovice – overall reduction by nearly 4%.

## Total Direct Energy (TDE)

The brewery		F11	F12	F13	F14	F15
Nošovice	MJ/hl	113,6	102,8	97,9	92,0	92,3
Velké Popovice	MJ/hl	107,2	100,3	90,7	85,9	82,7
Plzeň	MJ/hl	139,0	119,6	118,3	113,0	101,5

## Energy consumption (TDE) at Plzeňský Prazdroj MJ/hl

\*TDE is a parameter that shows energy performance of the production process and includes, without limitation, demand for electric power and natural gas (and other fuels, as relevant). By reducing the value of this parameter, we concurrently reduce the volume of released fossil emissions (CO<sub>2</sub>).



## The following key projects have been implemented with a view to reducing the total direct energy value:

### Plzeň based breweries

#### Electric power – yeast tanks insulated

The temperature of brewing yeast must not exceed 2°C in storage. The yeast is kept in five stainless tanks overall, which were originally free of any insulation. This had the effect of losses and cold air leaks into the surrounding area, the so-called yeast plant; moreover, the entire space was affected by increased humidity. We invested CZK 800,000 to provide the tanks with K-flex ST rubber plate insulation with stainless plate covers. The annual cost savings in respect of refrigeration amount to CZK 160,000.

#### Electric power – beer cooling

Racking is one of the production stages in beer making, which involves cooling new fermented beer to a temperature close to 0°C. This stage marks the commencement of the lagering process in lager tanks or cylindrical-conical tanks. At the Gambrinus brewery, the beer was originally cooled by glycol, i.e. using indirect cooling (glycol is an ammonia-cooled heat transfer agent). This cooling process was replaced with a so-called direct cooling system with ammonia directly cooling the young beer. The system is more efficient, generating electric power savings equivalent to CZK 400,000 per year.

#### Electric power – LED lighting in the bottling plant

Within the central bottling plant area, we replaced the already outdated and damaged T5 fluorescent lamps with new LED lamps. We used a so-called bar system, which makes it possible to move the tubes in the event the bottling line equipment is relocated. The power savings related to lighting amount to CZK 500,000 per year.

#### Heat savings – fast-closing gate

There are a lot of loading ramps in the KEG line building – for kegs, flavoured brands, Frisco, etc. At several loading sites there are open stairways, through which heat loss occurs. Before the winter, we installed 4 fast-closing gates in order to minimise the heat loss from the bottling line building into the external environment. The costs of the adaptation amounted to CZK 1.2 million.





## The following key projects have been implemented with a view to reducing the total direct energy value:

### Radegast Brewery

#### Reducing the ammonia load

Ammonia has been used as a cooling agent at the Radegast brewery ever since the plant was established in the 1970s, although some of the equipment is no longer used today. This brought about a considerable amount of unnecessary old mains and so-called dead ends, which contained ammonia. More ammonia in circulation than was necessary resulted in a greater energy demand for the compressor drives as well as a higher risk of undesirable leaks. The mains have been optimised and the volume of coolant and, by inference, power demand reduced.

### Velké Popovice Brewery

#### Cooling optimisation

The optimisation consisted in replacing the so called racking cooler. The term „racking“ is derived from a traditional production process (where the as-fermented beer is transferred from the fermenting room to be lagered in a wooden cask). The beer was cooled by a cooler with brine, so, similarly to what the case was at the Plzeň plant, an indirect cooling method was applied. Ammonia was introduced even in this cooling circuit, so now a large proportion of output is directly cooled with ammonia.

#### Renewable electric power

In the last financial year, we bought electric power worth CZK 144,211,240 for our plants and large sales & distribution depots. The entire amount came from renewable sources. Less than 2% correspond to electric power from other sources, consumed at remote sites not adjacent to our plants or sales & distribution depots. One example is the Brewing Museum in Plzeň.

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„Industry already recognised the strong arguments in favour of improving resource efficiency from the commercial viewpoint. According to estimates, an increase in resource efficiency in all value chain links might reduce the required volume of material input by 17–24% by 2030, and improved exploitation of resources could help the European industry to achieve total potential savings equivalent to EUR 630 billion per year.,,

*(2014: European Commission)*

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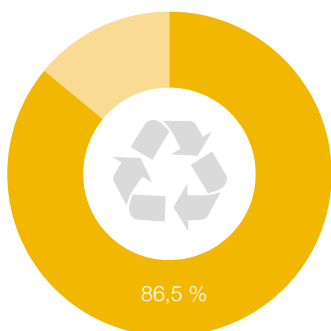
# We recycle packaging and support tank management

There has been a marked change in buying habits recently, with consumers preferring to consume beer purchased in retail stores to enjoying it at restaurants, pubs and bars. This trend is most evident in the increased interest in the convenient PET bottles and aluminium cans. Compared to last year, the volume of our products in returnable containers dropped by 2%, from 43% to 41%. In spite of that, we still insist on using containers that represent the lowest environmental burden for the environment. We package our brands in PET bottles, which are completely recyclable.

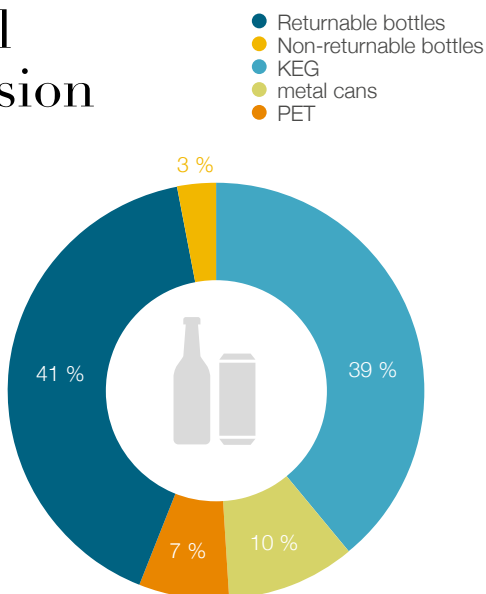
Our stainless KEGs are a testament to our unwavering preference for returnable containers. They are 100% recyclable and have long durability. As large containers, kegs are easy and economical to transport. In order to achieve maximum variability in the composition of our draft brands, and given the different throughput volumes in various outlets, we package our brands in 15-, 30- and 50-litre kegs, while some other brands are filled in 5l casks, which are intended for super-market customers.

In addition, 11% of draft beer is supplied in an even more environment-friendly manner: they are transported in cisterns and supplied to so-called beer tanks, with which we have already equipped 750 points of sale. Our efforts at convincing owners and operators of pubs and restaurants, whose beer throughput volumes correspond to our requirements, to change for tank management are consistent with our determination to encourage consumers to get back to pubs and restaurants to enjoy beer served to them almost directly from the brewery, at a high quality standard and with the highest degree of freshness guaranteed.

86,5 %  
of the  
amount is  
recycled



Hull  
division



## Wherever possible, we look at waste as a resource to be reused

From the 160,000 tonnes of waste generated per year by all Plzeňský Prazdroj breweries and its sales & distribution depots, 99.1% is reused, 0.04% more compared to last year. An overwhelming majority of our waste is of organic origin and is therefore used as a secondary raw material as much as possible. Draff is used in agricultural production or in power engineering. Yeast and malting waste are used as feedstuffs. Sewage sludge is added in soil as a fertiliser. Waste filtration diatomaceous earth is incorporated in soil used to lighten the soil in reclaimed areas.

### Working towards zero waste operations

In the long run, we are on our way towards zero landfill waste operation. We have come close to meeting this objective thanks to:

- *improved quality of separated collection at all distribution depots in the Czech Republic – 100% paper, plastic, glass sorting*
- *reducing the share of landfilled waste*
- *As part of the OHSAS and EMS systems, waste separation by types and categories has been introduced at all distribution depots. The composting of waste labels goes on at the Radegast brewery.*

### In total, we generated 161,369 tonnes of waste:

- *of that, 4,124 tonnes represented recyclable waste*
- *1,502 tonnes have been transferred to landfills*
- *150,490 tonnes ended up as feedstuffs in agriculture*
- *79 tonnes represented hazardous waste*
- *5,174 was made secondary use of*

# Composting of waste labels at Nošovice

In 2011, the Radegast brewery launched a unique project for composting waste labels. The Radegast brewery turned the waste generated under the process of thoroughly rinsing glass bottles before their refilling into an auxiliary raw material used in the production of compost. As a result, 400 tonnes of waste labels a year are transferred to the composting plant where they are converted into industrial substrate in 90 days. Labels account for 30% of the substrate, the other components are dewatered sludge from wastewater treatment plants, foliage and liquid waste. The substrate may, for example, be used when reclaiming landfills, landscaping the area adjacent to roads and other structures. The project was conceived as an idea of one of our employees and was further elaborated under partner collaboration with the Spreso composting plant in Kralice na Hané, which provided the technology and equipment necessary for the testing stages. Thanks to the project, over 1,000 tonnes of waste labels were made secondary use of and savings worth CZK 700,000 were accomplished. The reclaiming substrate is certified by the Central Control and Testing Institute of Agriculture.

An example  
of using waste  
labels in the  
vicinity of  
the Radegast  
brewery



# Reducing energy consumption within the supply chain

We expect our suppliers to adhere to the applicable legal standards in the area of environmental protection and respect for ecological issues that may have an impact on the neighbourhood or on Plzeňský Prazdroj.

All suppliers within the global SABMiller Procurement division are subject to the SABMiller Supplier Code of Conduct – Living Sustainable Procurement, a code which includes a section on the environment.

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„Suppliers must ensure they optimise the consumption of natural resources, and implement and demonstrate sound measures to prevent pollution; reduce the use of water; reduce the energy and carbon footprint; re-use and recycle packaging and reduce waste to landfill and post-consumer waste.“

*(SABMiller Supplier Code of Conduct)*

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## Efficient logistics and distribution save costs and the environment

Efficient logistics brings both economic and environmental savings. At the end of the last financial year, we introduced a new, more efficient planning algorithm thanks to which we reduced the total mileage and which made it possible for us to achieve 2% savings of our variable costs and to reduce the volume of CO<sub>2</sub> emissions into the environment. We have introduced on-board telematic units to our secondary distribution vehicles in order to monitor driving parameters and for ourselves, our carriers and drivers to obtain feedback on their style and method of driving. This allows us to lead and encourage them to adopt the right driving habits in order to avoid unnecessarily increasing fuel consumption, which has both economic and environmental advantages. Every year, we replace roughly 1/6 of our fleet, with the newly acquired vehicles always conforming to the latest emission standard. Some time ago, we acquired a new series of vehicles meeting the very stringent Euro 6 emission standard.



# A clean bus for visitors



Tour circuits at Plzeňský Prazdroj in Plzeň are served by a compressed natural gas-powered bus. The modern SOR BNG 10.5 bus bearing the colours of the Pilsner Urquell brand is powered by CNG, which translates into markedly reduced emissions of carbon dioxide, nitrogen oxide and solid particles in exhaust gases. The brewery bus operates all year round except at Christmas and on New Year's Day, which makes its impact on the environment topical. A more environment-friendly operation is however far from being the only advantage of the new bus. Visitors to the brewery will surely appreciate the fact that the CNG-powered engine is far less noisy. 50% less noisy on the outside and almost 70% less noisy in the inside of the bus.

We encourage the public and our employees to adopt a more responsible attitude to waste management

## Environment-conscious at the Pilsner Fest festival

The traditional Pilsner Fest welcomed over 45,000 visitors who ordered in total 75,000 litres of Pilsner beer. But they drank the beer from special returnable cups, thus sparing the environment the burden of over 600 kg of waste in the form of the traditional single-serving cups. Those were used in the past, traditionally accounting for 70 to 80% of the festival's overall waste volume. Using 600 kg of plastic waste, the visitors could erect a chimney nearly 500 metres tall, i.e. taller than the 324-metre tall Eiffel Tower. Moreover, the traditional plastic cups took 50 to 80 years to decompose. The system of environmental cups is based on the visitors paying a returnable deposit of CZK 50 on buying their first beer. With further beers bought, the used cup is simply replaced with a clean one and on leaving the venue, the last used cup is either exchanged for the CZK 50 returnable deposit or for a brand new unused cup imprinted with Pilsner Fest motifs. A lot of visitors leave with such a cup as a souvenir.

# Taking back used batteries

Used battery containers were distributed at several locations within Plzeňský Prazdroj's Plzeň site and at the Prague-based headquarters. In this way, we joined the collective ECOBAT take-back system for used batteries and accumulators. The volume of used batteries returned for recycling grows every year in the Czech Republic.







# A Resilient world

We want a resilient world where our businesses, local communities and ecosystems share uninterrupted access to safe, clean water

**Our commitment:**

We will secure shared water resources for our business and local communities

**By 2020 we will:**

Secure the water supplies we share with local communities through partnerships to tackle shared water risks. At the global level, within the SABMiller group, we have set ourselves the aim to reduce the average water ratio to 3 litres of water per litre of beer produced.

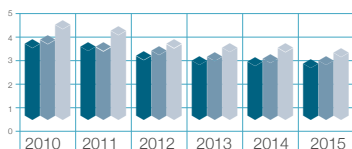
# Water as a key resource for beer making and for the stability of ecosystems

Understanding that without water there would not only be no beer, but no life at all, along with our partners in areas neighbouring our breweries, we continuously evaluate the risks associated with both accessibility and quality of water. Thanks to efficient technologies and effort of our employees, we succeed in generating economies in water consumption; since 2010 we have cut down on our water consumption by 33%. In addition, at the level of our parent company, SABMiller, we have undertaken to ensure reliable sources of water to be shared among our plants and the respective local communities via partner cooperation focused on addressing the common risks in the area.

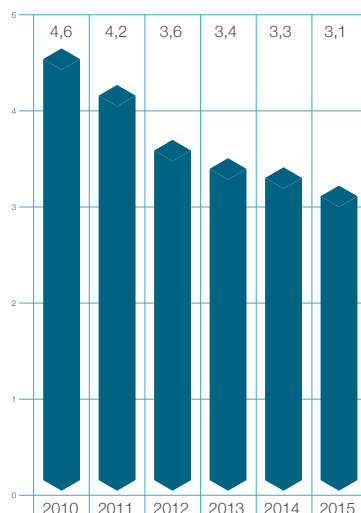
Our overall consumption during the financial year 2014-2015 amounted to 3.13 hl of water per hl of beer, which means we had succeeded in decreasing our consumption by 0.13 hl compared to last year. Specific consumption has been reduced by all breweries and it may be said that this year was exceedingly successful for us. The planned targets have been exceeded for all three breweries. By 9% in Plzeň, more than 3% in Velké Popovice and almost 3% at Radegast.

## Lowering water consumption in our breweries (hl/hl)

Nošovice  
Velké Popovice  
Plzeň



Water consumption  
Plzeňský  
Prazdroj  
(hl/hl)



Plant		F10	F11	F12	F13	F14	F15
Nošovice	hl/hl	3,84	3,65	3,15	2,91	2,85	2,75
Velké Popovice	hl/hl	4,03	3,61	3,43	3,11	3,01	2,91
Plzeň	hl/hl	4,85	4,48	3,77	3,59	3,57	3,32

## Evaluating the risks and cooperating with partners in the vicinity of the breweries

During the last financial year, our breweries in Plzeň and Velké Popovice went through audits focused on water management and the potential risks associated with water sources and water management. Both breweries emerged from the audit without any risks identified as regards the prospect of wells drying out or of potential contamination of the sources of water for our breweries. The Radegast brewery in Nošovice should go through the audit next year.

### Where does the water we turn into beer come from?

29.2% municipal  
25.2% surface  
45.5% groundwater



## What projects have been put in place to minimise water consumption during the last financial year?

### Water recycling at the beer filtration department

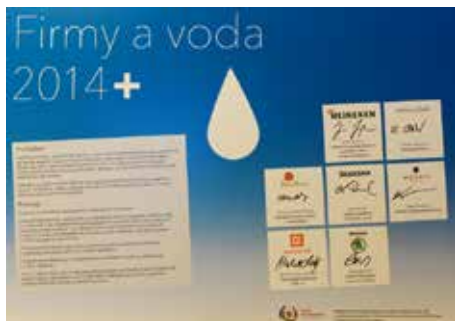
The last stage of the pipeline grid sanitation process at the beer filtration department consists in rinsing the system with clean water. The rinsing water is slightly contaminated after the rinse, but the new ultra-filtration unit with a capacity of 4m<sup>3</sup>/h makes it possible to treat the water to the potable water standard again before feeding it back to the system to be reused. This year, we will extend the application of the ultra-filtration unit to the recycling of water from so-called soakflashes – i.e., to the last rinse of the beer membrane filter.

### Reverse osmosis treatment at the water treatment plant

Reverse osmosis, an electric power-intensive instrument, is one of the water treatment methods we apply. Correspondingly, the engines of all units' pumps were fitted with frequency inverters, which continuously control the units' operation as required at any point. This helped to achieve marked power savings – up to 5 MW/week.

## We cooperate with our partners and other companies:

We are a member of the WATER Thematic Expert Group within the Business and Society Platform and a signatory of the Companies and Water 2014+ Statement. The Companies and Water Thematic Expert Group (TES) was set up in April 2013 on the occasion of the World Water Day and as part of the UN International Year of Water Cooperation. The Group hopes to open a discussion on water management in the corporate sector in the Czech Republic.



# Companies and Water 2014+ Statement

Along with six other large-sized companies present in the territory of the Czech Republic, members of the expert group set up at the Business for the Society Platform, we subscribed to the Companies and Water 2014+ Statement.

## We have undertaken to abide by the following principles:

- *Introduce economically and environmentally reasonable methods of reducing the amount of water taken from the water mains, or of pumped underground and surface water. Apply methods that render it possible to minimise the pollution of discharged water. When erecting new and renting existing buildings, take into account the potential impact on the local climate.*
- *Monitor, measure and evaluate the amount of water consumed and the methods in which water is managed within the company in the long term.*
- *Educate the staff in the field of sound water management and inform the public thereof.*

## Local targets by 2020:

We will continue to strive to provide for supplies of water we share with the local communities via partner cooperation focused on addressing common risks in the area of water supply. We want to use our own resources without any negative impacts on the environment, apply the latest minimum water consumption technology and keep on looking for new ways to further reduce water consumption. Our effluent management is yet further proof of our considerate approach to the environment.

Plant		2020
Nošovice	hl/hl	2,74
Velké Popovice	hl/hl	2,82
Plzeň	hl/hl	3,25



# A productive world

We want a productive world where land is used responsibly, food supply is secure, biodiversity is protected and brewing crops can be accessed at reasonable prices

**Our commitment:**

We will support responsible, sustainable use of land for brewing crops

**By 2020 we will:**

Ensure the sourcing of brewing crops measurably improves both food security and resource productivity



## How did we cooperate with our suppliers of brewing crops?

Plzeňský Prazdroj is the domestic market's second largest buyer of malting barley and the biggest consumer of barley varieties approved for products bearing the České pivo (Czech beer) Protected Geographical Indication. Every year, we buy approx. 140,000 tonnes of malting barley. Between 65 and 70% of barley comes directly from growers, while 30 to 35% of it is bought from wholesalers or commercial associations. Brewing crops have generated a turnover of almost CZK 1.04 billion in the last financial year. Domestic suppliers account for 92.4% of the overall value. The largest share is that of barley, with approx. CZK 787 million in turnover, and with domestic suppliers accounting for 100% of the value, and hops, with a turnover

of approx. CZK 140 million and a 90% share of domestic growers. We make sure to keep a balanced purchase volume without major year-on-year fluctuations. We apply a pricing method that combines pre-harvest fixed prices with post-harvest market prices. We develop long-standing co-operations and have entered into long-term contracts with our suppliers (now covering approx. 1/3 of the volumes). We cooperate with barley growers and the Research Institute of Brewing and Malting in cultivating and marketing new varieties of malting barley. In collaboration with AGROS Vraný, a cooperative of owners and barley breeders, a field day event was organised focusing on the growing of the varieties of spring malting barley we purchase.



# Expert workshops with barley growers



In order to streamline collaboration and strengthen partnerships we held other regular professional meetings with Czech growers of barley, during which the latest trends were introduced and experience shared. Barley Days are held in Plzeň and Nošovice, hence at locations where we operate our own malthouses. The expert seminars include brewery and malthouse tours for barley growers to get a closer look at how the crops are further processed. During the spring, we organised a field day event for growers, collaborating with one of our suppliers, Agros Vraný, and growers of the varieties of malting barley we buy. The purpose of the workshops was for the growers of specific varieties of malt barley to showcase their production. We speak about the progress achieved in the varieties and of the trends in composition that may be expected in the future. Not only do these events allow growers to obtain information on

the overall trends in the markets for agricultural commodities directly from representatives of the Ministry of Agriculture of the Czech Republic, but also to get professional opinions from representatives of the Research Institute of Brewing and Malting. Representatives of our malthouses introduce the suppliers to the issue of the actual processing of malting barley.

The agenda of the meeting included a ceremony where the best suppliers were announced and awarded, with the supplier emerging victorious being invited to take part in a tour of the brewery. As a result, groups of supplier companies' agricultural employees visit our breweries to walk the visitor routes and to familiarise themselves with the operation of the malthouses and take a look at how the barley they have grown is applied in practice.

# Brewing & Malting Seminar

We held this already 37th Brewing & Malting Seminar in Plzeň along with the Research Institute of Brewing and Malting and the University of Chemistry and Technology Prague as partners. The biggest event of its kind in the Czech Republic, it was taken part in by over two hundred experts. Among those in attendance were brewmasters of Czech breweries and university professors, researchers and others. They came to the seminar to share the latest items of knowledge and information in the area of growing crops, malt

production and technical & technological sphere. They talked about the current state-of-affairs in hop growing, discussing macroeconomic aspects of the Czech brewing industry, the use of yeast in the making of various types of beer and sharing their practical experience in sludge separation from wort. In addition, lectures were delivered regarding the detection of lactic acid bacteria, new varieties of hops, or the study of selected mycotoxins.

## Czech Beer Protected Geographical Indication (PGI)

Using the Czech Beer PGI represents a commitment to adhere to the fundamental principles of brewing Czech beer using local raw materials. Subscribing to the PGI label involves meeting certain requirements for:

- *raw materials*
- *technology*

Plzeňský Prazdroj contributed to the preservation of the cultivation of Czech malting varieties and their widespread application on fields in the Czech Republic by subscribing to the Czech Beer Protected Geographical Indication through generating demand for such varieties. Gambrinus was the first Czech beer brand to subscribe to the use of the Czech Beer PGI. On one hand, the indication is a clear guarantee of origin and quality of the beer for consumers; on the other, it constitutes a complex undertaking for the brewery. Using the Czech Beer PGI involves both an obligation to comply with the specified brewing processes and the required composition of raw materials, and to endure stringent inspections by the Agriculture and Food Inspection Authority (SZPI), which concentrate on quality, production processes and use of the specified raw materials.



## Where are we headed?

We will continue to adhere to the responsible supplier principles while complying with the maximum quality requirement. Correct relations, longevity and fair conditions continue to be the underlying principles of our collaborations and partnerships.

# External comments on the 2015 Sustainable Development Report

## Scope of the assessment

Plzeňský Prazdroj's 2015 Sustainable Development Report is a key document intended for the general public and the partners in which the company reviews its activities in the area of sustainable development and outlines its plans going forward.

The Report contains an overview of the main areas and information on activities and processes completed by Plzeňský Prazdroj during the period concerned, and includes comments raised by both internal and external stakeholders.

We have been asked by Plzeňský Prazdroj to produce external comments on the Report and have done this through our partnership with independent experts. We also based our assessment on an analysis of the environment in the Czech Republic and the attitudes adopted by other companies in Plzeňský Prazdroj's area of interest.

Our independent assessment only focused on the area of sustainable development; this means that it does not analyse information which the Report does not contain or which it does not comment on, such as financial statements, data on the company's ownership interest, economic and statistical data, or corporate governance information. These parameters were not the subject of our external assessment and are not dealt with in our comments. The scope of the assessment concerns the financial year beginning on 1 April 2014 and ending on 31 March 2015.

Our comments contain an independent and appropriate assessment of the Sustainable Development Report and include an evaluation of the conformity of the information with the standards for compiling such reports applied by peer companies in the same field of business. The assessment does not verify the accuracy of the data reported. Plzeňský Prazdroj compiles its Report based on SABMiller's global internal monitoring and measurement (SAM) system while also using other standardised or certified auxiliary instruments.

## Conclusions and findings

In its Report, Plzeňský Prazdroj provides an overview of the results achieved during the reported period in relation to its 2020 targets for the areas covered. These are part of 'Prosper', or the company's new sustainability program. In addition to describing its approach to sustainable development, Plzeňský Prazdroj gives a selection of its achievements and outlines its 2020 targets. Some of the areas discussed, particularly the Clean World, are complemented with easy-to-follow information and comparisons of results over time. In this particular area, the report indicates both successful results achieved and failures to meet certain goals, including outlining subsequent steps to be taken. Regarding the market situation, the Report meets the reporting standards normally applied to the area of sustainable development by businesses operating in the Czech market. The Report is completely localised, being drawn up based on the local monitoring of results and the definitions of local targets.

One particular point worth highlighting is the trend towards the more intensive role of stakeholders in the reporting process. The Report also promises that the matrix of relevance of the reported topics for stakeholders will be further developed in the coming period, based on direct feedback. The possibility to assess the scope of the activities reported could be boosted by a description of the manner in which the principle of materiality is applied in compiling the company's Report, and, in particular, a description of the risks identified and how the measures chosen are linked to them. We also recommend that the Report present more clearly the company's fundamental priorities and targets for the strategic areas defined and give an overview of progress against them in the reported period.

# External comments on the 2015 Sustainable Development Report

## Specific findings

- *As one of its priority areas, Plzeňský Prazdroj mentions developing relationships and working with suppliers. The Report discusses the economic value and benefits of such collaboration, as well as the way in which the company encourages its suppliers to do business sustainably. It is advised that this positive trend be linked to the information on the manner of reporting on the part of suppliers and that the Report cover the entire supply chain.*
- *The Report was compiled using the SAM (Sustainable Assessment Matrix) internal methodology; which, however, is not described therein.*
- *The Report gives an overview of the company's stakeholders (partners), including easy-to-follow tools and methods of communication with them. It does not specify how topics for individual groups were defined. What we consider to be a key requirement is the integration of the principle of an open dialogue when it comes to a sustainability programme and goals, as well as obtaining feedback and achieving synergy with both priorities and reporting.*

## Byznys pro společnost/Business for Society, Czech Republic

Business for Society promotes responsible and sustainable business in the Czech Republic. Its purpose is to mobilise and motivate firms and other key institutions to address social issues, achieve responsible business conduct and help improve the quality of life in society. Plzeňský Prazdroj has asked us to draw up and provide a separate and independent commentary on its 2015 Sustainable Development Report. The responsibility for the content and the compilation of the Report rests with the management of Plzeňský Prazdroj.



*prosper*