



Plzeňský Prazdroj



Sustainable Development Report 2011



Plzeňský Prazdroj aims to grow its business the right way. We maximize the success of our business to meet needs of our consumers, partners and the society we live in. Using natural resources efficiently, benefiting the communities we operate in, and providing our consumers with accurate and balanced information is a standard we pursue relentlessly.



Contents

Foreword by the Managing Director	4
Plzeňský Prazdroj	6
Making a difference through beer	8
Ten Sustainable Development Priorities.....	10
Discouraging irresponsible drinking.....	12
Protecting the environment.....	17
Making more beer but using less water.....	19
Reducing our energy and carbon footprint	22
Packaging, reuse and recycling.....	24
Working towards zero waste operations	26
Encouraging enterprise development in our value chains.....	28
Benefiting communities	31
Contributing to the reduction of HIV/AIDS	35
Respecting human rights	37
Transparency.....	40
Preserving the historical brewing legacy.....	43
Our targets, progress and plans	46
Assurance statement.....	48
Contacts	49

***"We do not inherit the Earth from our
ancestors, we borrow it from our children."***

Antoine de Saint-Exupéry

Foreword by the Managing Director

Beer is one of the symbols of Czech culture and the phenomenon that makes this country famous around the world. Plzeňský Prazdroj is a proud representative of Czech beer industry both at home and abroad. The good name of our company and our brands is owed to our uncompromising attitude towards quality, respect for our heritage, our partners and consumers. We carefully select the best ingredients, brew according to the original recipes handed down by generations of our brewmasters to deliver the best experience to our consumers.



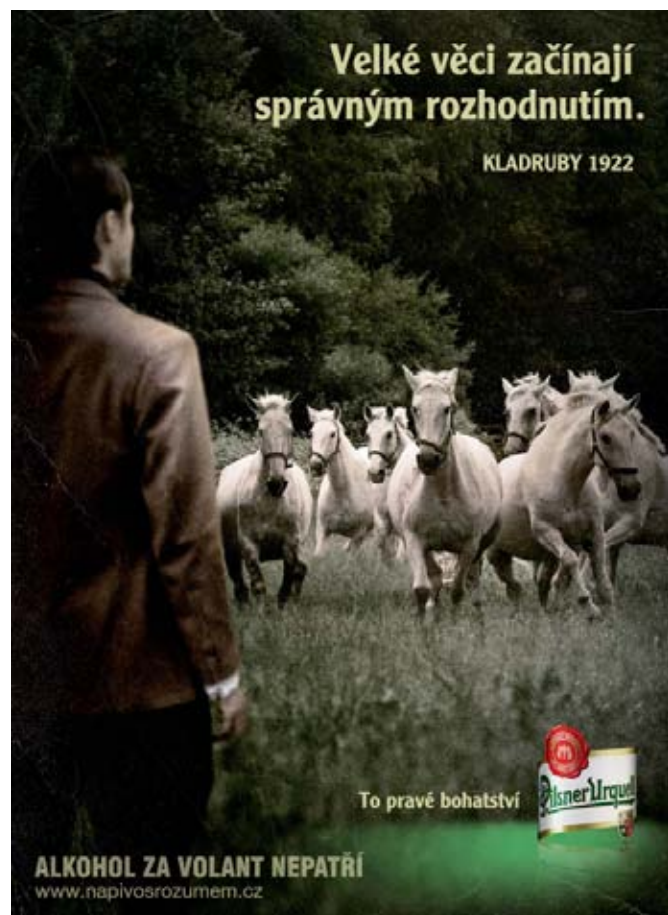
Growing business in a responsible way is fundamental part of our philosophy and our business success. Therefore, and in spite of the challenging economic conditions over the last two years, we have not compromised on our sustainable development agenda, quite contrary. By paying CZK 4.7 bn in taxes we are among 11 top corporate taxpayers; in co-operation with suppliers we generated revenues of CZK 5.9 billion with 87 % of suppliers being from the Czech Republic and have invested CZK 53.8 million into the communities' development.

„To constantly raise the profitability of local businesses, sustainably“ is one of our four global strategic priorities that guide the management of our business. This strategic focus is underpinned by our 10 sustainable

development priorities where promoting responsible alcohol consumption, using less water and reducing our energy and carbon footprint have become our focus areas. I am pleased that our achievements were appraised by several external recognitions, including the Top Philanthropist's award for the long-term contribution to Corporate Social Responsibility development.

Promoting responsible alcohol consumption

One of our key focus areas is a part of our day-to-day activities whether in designing marketing campaigns, developing new products or while presenting and selling our beers. Our commercial communication is carefully reviewed by the Internal Sales and Marketing Compliance



Committee chaired by an independent person. Following a review with external partners we have changed our responsibility message moving to a more specific one “Don’t drink and drive”, reflecting a current societal issue of drinking and driving. Our web pages www.napivosrozumem.cz continues to provide our consumers with information about the risks and benefits of the beer consumption. Last year alone the website was visited by 36 000 people and gained several positive feedbacks.

We also ensure our employees understand the risks that arise from irresponsible drinking. We expect high standards from them and therefore all of our employees are regularly trained in the core principles of our Alcohol Framework. As one of the founders of the Responsible Brewers Initiative in the Czech Republic we work together with other breweries to ensure efficient self-regulation of commercial communication within the Czech brewing industry.

Protecting the environment

We have adopted a long-term climate change strategy that outlines our response to using less water and reducing energy and carbon footprint. Our strategy includes reducing water consumption within our plants whilst achieving the same high quality of products, providing communities with clean water through high standards of waste water treatment, improving energy efficiency, switching to renewable energy sources or reducing

greenhouse gas emissions in co-operation with our partners. Last year alone we have decreased our water use by 7,8 % and energy consumption by 8,6 % against the previous year. We manage our carbon footprint by using cleaner sources of energy, such as biogas produced during waste water treatment or carbon dioxide formed in the fermentation process and collected by CO₂ recovery stations. In addition to that in 2009 we began a rail shipment replacing more than a hundred lorries with railcars. In 2010 alone, our rail transport substituted 430 truck journeys.

People are our enduring advantage

Our success has always stemmed from the professionalism, passion and talent of our people. We ensure that our employees are rewarded fairly, work in a safe and motivating environment and are offered equal opportunities to develop themselves and have a fulfilling career in our company. Equal opportunities, fair practices and high ethical standards are key principles we pursue relentlessly.

Working in partnership

Our co-operation with suppliers is based on fair partnership, responsible approach and mutual engagement. Plzeňský Prazdroj’s procurement strategy supports local sourcing, which is proven by the fact that 87 % of our suppliers are from the Czech Republic. In purchasing raw materials, we recognize that using local suppliers benefits our business. Therefore, we have developed procurement model to engage with hop and barley farmers through partnership, information exchange and encouraging smallholder agricultural sourcing where possible. As a result, we have purchased 60 % of barley directly from the smallholder farmers.

In co-operation with non-governmental organisations, local governments and communities we have continued to improve quality of our lives through our corporate social investment programs, such as Prazdroj to the People program, our brands’ activities or by a direct investment into the reconstruction of regional infrastructure. Over the last 12 months we have invested into this area CZK 53.8 million.

We recognise that building strong and equitable partnerships provides us with additional insight, enables us to be more effective and implement meaningful programs. Therefore, we continuously engage with our customers, suppliers, non-governmental organisations, governments and communities. I would like to thank all of our partners, employees and individuals who have been co-operating with us throughout the year. I am convinced that together we can create more value than if we work in isolation.

Douglas Brodman
Managing Director and Chairman of the Board of Directors
Plzeňský Prazdroj

Plzeňský Prazdroj

A story that continues to inspire



More than a century and a half ago a story began to unfold and has since been inscribed in golden letters into the history of the Czech nation and of beer brewing around the world.

The story of Plzeňský Prazdroj.

In the beginning it was the story of courage to blaze a new, unexplored trail that led to the creation of a whole new type of beer – bottom-fermented pale lager. It was later given the name Pils invoking its birthplace, and today it is the worldwide best-selling type of beer. Pilsner Urquell showed the way for all beers called Pils or Pilsner and has retained its uniqueness up to the present day.

And this uniqueness is a feature that has accompanied our story since the beginning. Today the quality of our beer is guaranteed, as it has always been, by the careful selection of its raw materials, by our brewmasters' art handed down through the generations, and by the recipes that have withstood the test of time. Over the time the story has been enriched by the brands Gambrinus, Radegast and Velkopopovický Kozel, all respected parts of Plzeňský Prazdroj's portfolio today.

The passion for quality and the tireless effort to search for new ways have become the values that make this story an inspiration for millions of people around the world.



The art of brewing, however, is not the only thing that makes this story special. Striving for excellence is the measure of everything that precedes the moment of drinking pleasure. From the careful selection of hops and barley, producing the beer, up to properly caring for and mastering the art of serving the beer. All this requires strong principles, professionalism, mutual trust, respect for tradition, and ultimately the most precious ingredient of all – the hearts and minds of everyone who live this story.

Many have been inspired by this story and are helping to write new chapters. This large community includes all partners of Plzeňský Prazdroj, the pub keepers and customers, hop and barley suppliers as well as those whose products and services contribute to the success of the Plzeňský Prazdroj's beer brands. This success belongs to all of them.

To be demanding on yourself and responsible unto others, to help develop regions where you operate, to play fair and know the right measure in everything you do. Such is the never-changing direction of Plzeňský Prazdroj. So that future generations may contribute by adding their chapters to this story.

For 169 years people have believed in this great story and each generation helps to write new lines. It is from this belief that we at Plzeňský Prazdroj draw our strength and determination to do our best so that our story continues to inspire all who touch it.

Basic information about the Company

With total annual sales of more than 9.9 million hectolitres on the domestic and foreign markets and with exports of beer to more than 50 countries worldwide, Plzeňský Prazdroj is the leading producer of beer in Central Europe and the largest exporter of Czech beer.

Plzeňský Prazdroj is a member of SABMiller plc, which in terms of output is the second largest brewery in the world. The Pilsner Urquell brand is the international flagship of the group's portfolio.

Plzeňský Prazdroj's beer brands are: Pilsner Urquell, Gambrinus, Velkopopovický Kozel, Radegast, Birell, Primus, Klasik and the Master beer specials. The company's portfolio also includes the Frisco malt beverage.

In 2011 we introduced several innovations. Among these was Semi-Dark Birell, which in its first six months became the third best-selling non-alcoholic beer in the Czech Republic.

Master Gold and non-alcoholic Birell won gold medals at the Brewing Industry International Awards 2011 in Britain. The awards date back to 1886 and are known as the "Beer Oscars".

Gambrinus Light was voted the best Czech draft beer by the jury for one of the most prestigious Czech beer competitions, the PIVEX Gold Cup – Beer 2011.

We greatly value the work of the people we employ and none of these results would have been achieved without their input. In the financial year 2011* a total of 2,300 employees worked in the four breweries - Plzeňský Prazdroj and Gambrinus, Radegast (in Nošovice) and Velké Popovice, in the 13 sales and distribution centres throughout the Czech Republic and the Myslbek client centre in Prague.



** In the Sustainable Development Report 2011, the corporate financial year begins 1.4.2010 and ends 31.3.2011; 2012 is the corporate financial year beginning 1.4.2011 and ending 31.3.2012.*

Making a difference through beer

Plzeňský Prazdroj is the core part of Czech pride and the economy. We believe that our business will succeed if we manage our relationships well, use natural resources efficiently and meet the needs of our consumers and the communities we operate in. A responsible approach is a link between businesses and society. Our key sustainable development objective is to maximize the success of our business and share it with our partners and society.



Behind our strategic approach lie sustainable development priorities.

We promote responsible alcohol consumption

In the Czech Republic, beer is one of the most popular beverages, contributing to the enjoyment of life for those who drink responsibly. Nevertheless, we are aware of the harmful impact irresponsible alcohol consumption can have on individuals and on all of society. We therefore take an active part in promoting a responsible approach to alcohol consumption and believe that all our activities related to the support of responsible consumption can positively influence awareness and understanding of this topic.

We protect the environment

Our breweries strive to meet the highest environmental standards. We have great respect for nature and strongly believe that we must use resources efficiently. Our average water consumption of 4.1 hl of water / 1 hl of beer is one of the most efficient in the country and we aim to reduce it even more. Renewable energy, such as biomass or biogas, forms part of our energy mix. Over 91% of all our packaging materials are recycled or reused and with 98% waste reused, we are heading towards a zero waste brewery.



We benefit the local communities we operate in

We care for the quality of life in the communities we operate in. Our main program, PRAZDROJ LIDEM, supports projects that seek the same goal. To make a decision in a transparent way we have invited our employees, regional representatives and the public to help us choose the most needed projects. In the last 9 years the program has supported almost 274 projects by granting more than 60 million CZK.

We grow our business the right way

Sustainable development guides the management of our business. It is part of our decision-making and of what we do every day. We encourage engagement with our partners, believing that together we can bring more value than if we work in isolation. We have inherited a Czech national treasure and feel proud to carry the legacy of our predecessors. We want to cherish our breweries the right way for us and for future generations. We are committed to growing our business sustainably.

Business and society are inextricably linked and bound by responsibility.

2011 Overview of Progress

In 2011 we enjoyed the active support of our partners in undertaking activities and projects for the implementation of our strategies and sustainable development action plan. We again gave precedence to promoting responsible alcohol consumption, which is the foremost of our sustainable development priorities. We seek closer cooperation with partners from public administration, government but also from the non-governmental sector, and the greater dissemination of information on drink driving. In addition we looked for ways to effectively manage the impact our activities have on the environment chiefly by using less water, reducing our energy and carbon footprint and to increase the involvement of our employees.

- Last year we invested CZK 103.65 million for the purposes of sustainable development; of this sum 49.86 million comprised investments in technology with lower impact on the environment.
- Commercial communication with consumers on the subject of responsible alcohol consumption was reinforced by the use of the responsibility message "napivosrozumem.cz." Since January 2011 the text has also included the notice "DON'T DRINK AND DRIVE"
- In 2010 the www.napivosrozumem.cz information and education web site registered more than 36,000 visitors.
- For six years we have supported the Promile INFO service. Last year the service was used by more than 50,000 responsible drivers and alcohol consumers.

- In our breweries we succeeded in reducing water consumption by 7.83 %. Total consumption is 4.1 hl water / 1 hl beer and remains below the world and Czech average (consumption in the Velké Popovice brewery is 3.64 hl water / 1 hl beer).
- Total energy consumption fell year-on-year by 8.61 % and currently stands at 111,47 MJ/1hl beer.
- Renewable sources (biogas) make up approximately 2 % of the total energy mix.
- The increased use of rail transport and the planned optimisation of packaging transport between plants and distribution centres mean we were able last year to reduce the number of kilometres travelled by about 1.46 million and save more than 1,175 tons of CO₂.
- More than 91 % of our packaging is returnable or recyclable.
- Almost all of our waste, which last year amounted to 166,755 tons, was reused. Our ultimate goal is to become a zero waste brewery.
- 87 % of our suppliers are registered in the Czech Republic and in cooperation with these we created turnover totalling 5.9 billion CZK.

Plzeňský Prazdroj received several public awards:

- For our long-term contribution to society as part of sustainable development in the Czech Republic and also for environmental protection we received a special award in the **TOP Philanthropist** competition organised by the Business for Society platform.
- We were **ranked first in the „Regional Governor Prize for Social Responsibility“** competition. The prize is awarded by the Regional Governor for Moravia-Silesia and the Czech Quality Council.
- We were again voted the **best employer of the Pilsen region** and took eighth place in the Czech Republic overall.
- In the **CSR Award** competition we were placed for the second time among the top three. The main reason for our second placing was our promotion of responsible alcohol consumption.
- In 2010, Plzeňský Prazdroj was ranked among the **10 best Czech companies** and represented the Czech Republic in the category Company Contribution to Sustainable Development in the international **European Business Award** competition.

On pages 46 to 47 of this document you can find a brief survey of our plans, their fulfilment and targets for the future.



Ten Priorities. One Future.



Making a difference through beer



Ten Sustainable Development Priorities

Discouraging irresponsible drinking

Making more beer but using less water

Reducing our energy and carbon footprint

Packaging, reuse and recycling

Working towards zero-waste operations

Encouraging enterprise development in our value chains

Benefiting communities

Contributing to the reduction of HIV/AIDS

Respecting human rights

Transparency



Discouraging irresponsible drinking

Responsible alcohol consumption is a core message in our commercial communication. With the slogan “Don’t Drink and Drive” we alert consumers to one of the most serious aspects of irresponsible drinking in the Czech Republic.



Our position

Drinking alcohol is a matter of each adult’s personal choice and responsibility. We therefore believe that people should have enough accurate and balanced information in order to understand the harmful effects of irresponsible drinking and to choose with discretion

One of the key parts of our commercial communication is a message aimed to encourage responsible alcohol consumption. Through our “Don’t Drink and Drive” message we have sought to alert our consumers to one of the most important themes of irresponsible drinking in the Czech Republic. This message, together with the link to the napivo-srozumem.cz web site, is used in the commercial communication for all of Plzeňský Prazdroj’s beer brands.



We believe that our self-regulatory activities supporting responsible consumption can positively influence this topic's awareness and understanding and that by developing these activities it will be possible to bring about a change in the behaviour that leads to irresponsible drinking.

The following principles are core to our efforts in promoting the responsible consumption of alcohol:

- Our commercial communication shall provide objective information.
- By following clear regulations we shall monitor internal self-regulatory procedures.
- We support programs whose aim is to prevent driving under the influence of alcohol, draw attention to the risk of excessive alcohol consumption and support responsible decisions.

Activities in 2011

Responsible Commercial Communication

All commercial communication in 2011 was governed by internal regulations and evaluated by the Internal Responsibility Committee. Chaired by an independent executive director of the Czech Advertising Council, the committee did not receive any complaints from consumers on Plzeňský Prazdroj's commercial communications, or related to its brands. Neither did the committee have to resolve any complaints concerning commercial communication and activity in support of sales.

Plzeňský Prazdroj also complied with the provisions of the [Advertising Council's](#) Code of Ethics and the [Responsible Brewers Initiative](#) statutes..

„Beer is a part of Czech culture, it's widely drunk and widely advertised. This is probably why Czech brewers have progressed so far in responsible communication that some of the principles of their Code of Ethics have been adopted by the Advertising Council's own Code. It is admirable that Plzeňský Prazdroj as the leader of the Czech beer market is also the moving force in the sphere of responsible commercial communication. Every segment that by its communication attracts the special attention of regulators and the public should strive to exert the highest degree of advertising ethics so that as a whole the industry should not be harmed by complaints on specific subjects. Plzeňský Prazdroj's responsible communication and its educating of suppliers make sense and can be an effective example for others.“

Ladislav Štátný, Executive Director Czech Advertising Council

New Responsibility Message

The emphasis on a responsible approach in commercial communication has been enforced by a change in the responsibility message used on the packaging of all products and in marketing communication. Since 2009 we have used a message on discouraging irresponsible drinking linked to the [talkingalcohol.com](#) web site. Following talks with interested external parties we have made the nature of our message less general

and more specific. The new text of the message “DON'T DRINK AND DRIVE” reflects the current seriousness with which the problem of driving under the influence of alcohol is regarded. The message of responsibility derives from a voluntary initiative undertaken by Plzeňský Prazdroj itself and does not require national legislation or regulation by state authorities.

“We welcome Plzeňský Prazdroj's initiative to curb one of the most pressing ills of modern life – drinking under the influence of alcohol. The wider the consensus is against drink-driving the greater the results we will achieve. It is in all our interests to see steps taken which will reduce the number of lives needlessly lost. The slogan “Don't Drink and Drive” should become for everyone an unquestionable fact in everyday life. I especially value the fact that Plzeňský Prazdroj, despite itself being a producer of alcoholic beverages, has decided to support responsible alcohol consumption. The company's actions are all the more noteworthy as they are entirely voluntary and separate to legislation and regulations.“

Ondřej Valenta, director of the independent BESIP department, Ministry of Transport; secretary to the Government Council for road traffic safety



Eurobarometer 2010: more than 70% of Czech respondents support the direct placing of the responsibility message on products and in advertising. Research into the Position of EU Citizens to Alcohol was undertaken by the European Union in individual member states.

Information web site [napivosrozumem.cz](http://www.napivosrozumem.cz)

The Czech version of www.talkingalcohol.com web site remains a platform on which to provide information on the risks and benefits of consuming beer. Visitors to the site over the age of 18 can find information on the healthy effects of alcohol on the human organism and on the situations in which consumption should be restricted or ruled out altogether, either for social or health reasons. There is also information on the Promile INFO service. In 2010 www.napivosrozumem.cz was visited by more than 36,000 users, with the most popular section remaining "Alcohol and the Human Body."

On the web site and its contents we have received several positive visitor commendations. For example, Petra Pražáková wrote "I really like your site; it's succinct, clear, to the point and above all instructive."

Based on the results of independent research among users we will introduce further innovations on the web site this year.



Cooperation in the brewing industry

We are playing an active role in the [Responsible Brewers Initiative](#) and [Czech Brewers and Malt Association](#) and shall help nurture an ethical environment in the brewing industry.

As a member of the Responsible Brewers Initiative (RBI) we are cooperating on education programs. As part of this we are taking part in the DESIGNATED DRIVER campaign aimed at young drivers in relation to travelling under the influence of alcohol. The project was founded by the BESIP department within the Ministry of Transport. The slogan spearheading the campaign "If you want to go out by car agree who's going to drive and won't drink alcohol" is promoted by the lead singers of Divokej Bill, Tři sestry, Chinaski and Wanastowi Wjacy musical groups. Within the RBI we supported the SANANIM association's project "Let's talk about alcohol" which runs an information campaign to discourage alcohol consumption by juveniles.

Education

Plzeňský Prazdroj continued to communicate the theme of responsible alcohol consumption to its own employees. The in-house training focuses chiefly on applying the principles contained in the internal Policy for commercial communication and takes place across the whole SABMiller group. The training was completed by all employees and included rules on the use of alcoholic beverages within the company.

As a responsible producer of beer Plzeňský Prazdroj follows the strict ethical rules for commercial communication instituted separately to legislation. Regular training is held for our suppliers on the rules that we enforce in marketing communication. In 2011 Plzeňský Prazdroj trained 33 specialists from 20 supplier companies. Training in responsible communication involves all marketing service suppliers, advertising and PR agencies, creative design firms, final visuals, TV advertising, web sites etc. Training on responsible commercial communication is also organised on an ongoing basis for new employees in marketing and for external agency workers who take part in our commercial communication. Existing graduates of the training are subsequently retrained once a year by e-learning.

Birell non-alcoholic beer

In Plzeňský Prazdroj's brand portfolio, Birell non-alcoholic beer plays a leading role in supporting responsible alcohol consumption. In its communication it supports an active lifestyle, to which it is an ideal adjunct as the most popular non-alcoholic beer. It has been a consistent supporter of professional and recreational cyclists and voluntary blood donors. Since spring 2010 Birell has been presented in a new design and has also broadened its offer to consumers with the new Semi-Dark Birell.

As well as encouraging an active life style the brand pays great attention to cyclists. Its main partnership with the Czech cycling team, the Rubena Birell Specialized Cycling Team, continued with the filming of further episodes of the instructional and methodological series Birell Cycling School. Birell also supports races and a raft of activities for recreational cyclists. It was again a partner for the competition Author Cup – Bike for Life.





In its first year Promile INFO handled 2,900 requests monthly. Today the monthly average has risen to 4,600, the majority of the increase coming from requests sent via the website interface. The service is most often used by people aged between 25 and 34 (35%) and 18 to 24 (over 27 %). The service is thus helping raise young people's awareness.

Projects

Promile INFO

Since 2006 Plzeňský Prazdroj has supported the [SANANIM](#) civic association's "Promile INFO" project. Through SMS texts, wap or the internet the Promile INFO service offers drivers general information on their blood alcohol level.

The Promile INFO service was promoted at seven major and almost thirty smaller open-air music festivals, which typically attract large numbers of young people and where large volumes of alcohol are consumed. Visitors were provided with information on the risks involved in driving under the influence of alcohol and possible help from the user-friendly Promile INFO service. In all, 40,000 cards were distributed with instructions on how to use the service. We also continued to distribute beer mats with the Podmile INFO motif to outlets selling draft Pilsner Urquell and Gambrinus beer.

The Promile INFO web site has been adapted for use on smart phones. The service was accessible on the internet free of charge and for the first time on Facebook via a straightforward "calculator" which is designed to archive the user's previous blood alcohol levels. The company has made use of the Promile INFO service free for its employees using company telephones.



We declare our long-term support for the Promile INFO project publicly at the European Alcohol and Health Forum through our commitments. We have exceeded by 221 % the commitment for the number of mobile telephone downloads of the application for calculation of blood alcohol levels. During the 2010 calendar year the service was used more than 50,000 times. Over the five years of its existence it has responded to almost 110,000 requests from responsible alcohol consumers, of which a third continue to use the service regularly.

More information is available at www.promile.info

"The financial side of our cooperation is highly valued by SANANIM as this enables us to actively participate in improving alcohol use safety. But most important for us is the chance to use the experience of professionals in Plzeňský Prazdroj who are able to fundamentally enrich the implementation of our activities – through their experience, practical knowledge and above all their approach from a sphere different to ours as a not-for-profit organisation."

Jiří Richter, executive director SANANIM



Road safety events

With the Moravia-Silesia regional police force the Promile INFO promo team and the Birell brand worked together on a number of transport security events. Members of Promile Info informed drivers of their service and cans of Birell were distributed among drivers who scored a negative test for alcohol at the highway controls.



“The Preventive Information Group of the Ostrava Czech Police municipal HQ has a long history of cooperation with Plzeňský Prazdroj. Every year brewery representatives participate with police officers in transport preventive events, specifically the registering of blood alcohol levels in drivers of all motorised vehicles. The preventive events have proved to be justified. Our cooperation has been very successful and benefits society as a whole.”

JWO Vladimíra Pietraszová, Preventive Information Group, Ostrava, Czech Police

Round table “Responsible Advertising”

At the MyslbeK client centre in Prague we joined with the Czech Advertising Council to organise an expert seminar on Responsible Advertising and Alcohol in order to present one of the most effective self-regulatory instruments in advertising practice: “copy advice.” The seminar was attended by domestic and foreign experts from the field of advertising ethics.



Targets for 2012 – 2014

We will continue to promote responsible alcohol consumption by consumers on the updated version of the web site www.napivosrozumem.cz and in in-house training in commercial communication and the use of alcohol in the workplace. In keeping with our undertaking to the Alcohol and Health Forum, we will also support the Promile INFO education and preventive program. In close cooperation with key partners and experts we will also help formulate an ethical environment to brewing in the Responsible Brewers Initiative among the Czech Brewers and Maltsters Association. The responsibility message Don't Drink and Drive will be placed on all packaging for our portfolio's beer brands and all commercial communication.



Protecting the environment

We have great respect for nature and strongly believe that we must use resources efficiently.



Four of the ten sustainable development priorities emphasise effectively managing the impact that our activities have on the environment and the community:

- Making more beer but using less water.
- Reducing our energy and carbon footprint.
- Packaging reuse and recycling.
- Working towards zero-waste operations.

We carefully monitor and seek to minimise the impact our activity has on the environment and surroundings in which our business is conducted. Our breweries abide by the highest environmental standards. Production operations in all four breweries are managed, documented and maintained in conformity with international norms. An environmental management system has been implemented in accordance with norm ISO 14001. The quality management system adheres to

ISO 9001, the HACCP health and sanitation system applies for food products, and the work safety management system is in compliance with the norm OHSAS 18001. All production operations comply with EU legislative requirements.

We respect our natural surroundings and believe that we should use natural resources as effectively as possible. From all our business partners and suppliers we expect that they comply with the principles and regulations of environmental protection.

"We are deeply grateful for the many years of hard work put in by Radegast brewery and the Plzeňský Prazdroj company to improve the quality of life for generations both present and future. By way of example I would point to their introduction of new technology to reduce the energy and material demands of the production process or the ongoing reduction in waste and its subsequent reuse or recycling. We greatly value the company's sharing of experience and the company's cooperation in finding new ways to protect the environment."

Marie Gryžboňová Mališová, Mayor, Nižní Lhota

In 2011 a detailed audit was conducted in all breweries of procedures which consume water and energy. In line with the audit results an exact plan was created for specific targets in the breweries to help us to achieve our global commitments. Newly implemented investment projects are also assessed according to energy and water consumption. In the competitive tendering emphasis is placed on choice of technology with the lowest demands

The priorities we lay down in reducing the environmental impact of our activity involve close cooperation with our partners and specialists at both local and international levels. By pooling our resources we believe that we will make it easier to protect the accessibility of natural resources and quality of the environment for future generations.



Certification for environmental protection and workplace safety

All our breweries and sales and distribution centres were successfully audited by Det Norske Veritas for quality, environmental protection and workplace safety according to the international norms ISO 9001, ISO 14 001 and OHSAS 18 001. Plzeňský Prazdroj thus confirmed its pioneering role among Czech brewers in following the highest standards of quality and environmental protection and in establishing an exceptional work environment for its employees. We were thus able to consolidate the evaluation period for all systems of environmental management.

In today's market for food products the key factors are the security of the product itself as well as the operations, stability and transparency. Plzeňský Prazdroj has fulfilled all of these requirements.

Tomáš Urban, director, DET NORSKE VERITAS CZ.





Making more beer but using less water

We know that it's vital to maintain a balanced circulation of water in the environment and preserve the quality and capacity of water sources not only in brewery localities but also generally for the sake of future generations.



Our position

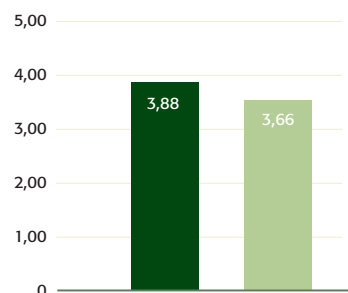
Water forms approximately 95% of beer's content and on average it takes 5 hl of water to produce 1 hl of beer anywhere in the world. In its careful water management Plzeňský Prazdroj places special emphasis on:

- reducing water consumption in the production process
- monitoring water resources and treating water with consideration to the relevant region's needs
- applying principles of responsible treatment for water resources, including those of our partners
- minimising the impact on the environment in waste water management

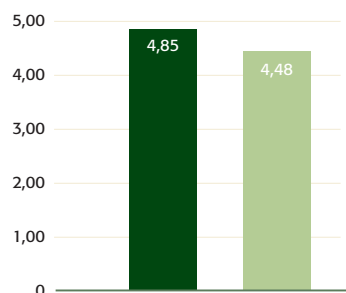
Water ratio for our breweries (hl water / 1 hl beer)

■ 2010
■ 2011

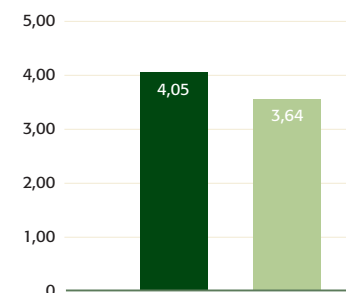
Nošovice



Plzeň



Velké Popovice



Activities in 2011

“More beer, less water” – since the end of the 1990s this guiding principle has led us to systematically reduce water consumption in and beyond the production process. Whereas once it took up to 10hl of water to produce 1 hl of beer, our average for water consumption today is 4.1 hl per 1 hl of beer, one of the lowest in the Czech Republic. The world average is 5 hl of water for every 1 hl of beer.

Drawing on a feasibility study and to fulfil the global and European requirements for reducing water consumption to 3hl of water for every 1 hl of beer by 2015, we developed a detailed action plan for every one of our breweries. The plan includes activities and projects for the more effective use of water in production and packaging beer in auxiliary operations. The target for 2012 is for average consumption in all breweries to reach 3.91 hl of water per 1 hl of beer.

Water consumption

The Pilsen brewery continued to maintain the pumping station that it built in collaboration with Pilsen municipality. The station is designed so that in the event of a crisis such as contamination of the water supply or a technical fault the brewery can serve as a reserve supply of drinking water for Pilsen inhabitants. Under ordinary operations the six pumps supply water to packaging lines. In an emergency, the station can immediately divert more than 9,000 m³ daily to the city watermain, an amount sufficient to cover approximately 90,000 people, or roughly half the city's population. The building of neutralisation stations meant a major improvement in the pH quality of water drained into the city's drainage system.

Savings in 2011 were greatly facilitated by the project to reduce water consumption in the malt house and the change in the Pilsen water works.

In Velké Popovice, the community's drainage system is connected to our waste water treatment plant. As part of a project to prevent storm water and ballast water flowing into the village sewers we set conditions so that the

Year-on-year, we reduced total water consumption by 7.83%.

treatment plant would not be overburdened with polluted water and energy not expended in its cleaning.

In our purchasing process we continued discussions with selected suppliers of services and products on possible future cooperation in reducing the consumption of water.

Projects

Waste water neutralisation management

In the Pilsen brewery we have focused on waste water drained from the brewery into the city sewerage system. Tests were carried out on the neutralisation of waste water in PU fermenting vessels. The second phase of the project involves the neutralisation of waste water in the Norit filtration plant. By taking these steps we will improve the quality of discharged waste water.





Water resources sustainability

We have conducted a risk analysis of our brewery's water resources with a view to their long-term sustainability. The project formed part of a SABMiller analysis and was designed to locate areas of critical importance with a view both to the needs of the populace and our breweries. Even though Plzeňský Prazdroj's breweries scored well in the risk analysis, to guarantee sustainability it will be necessary to keep within the permitted water consumption limits and prepare for potential crises such as flooding of the breweries' river basin water resources. These steps would allow us to deal effectively with situations such as January's 20-year flooding in the Berounka river basin.

Velké Popovice water treatment plant

We took supportive actions to help optimise the operations of the brewery's water treatment plant used for the town's waste water. The community is currently considering further projects designed chiefly to minimise the flow of storm water into the waste water treatment plant. The brewery works closely with the community in considering the possible options.



Model for water consumption monitoring

We have continued to monitor water consumption in all breweries. In Pilsen, we installed a surveying instrument in various sites necessary for the detailed monitoring of hot and cold water consumption. The data are then transferred to a mathematical model for water distribution which enables us to monitor water consumption and possible fluctuations in real time and to speed up the adoption of the required measures.

Preservation of floodplain sites in the Morávka river basin

The main goal of this project was the preservation of floodplain sites in the Morávka river basin, an area of great biological and geomorphological importance which was threatened by an invasion of Japanese knotweed (*Reynoutria x bohemica*). This was one of the largest projects concerning the liquidation of invasive plant species in the Czech Republic and one of the largest of its kind in all of Europe. The project's activities were directed at the Morávka river basin, which is located in the eastern part of the Moravia-Silesia region at the foot of the Beskydy mountains, and took in several protected areas. The Morávka river is a source of water for production in the Radegast brewery and we therefore regarded it as incumbent upon us to support the project.



"We have implemented this project within the LIFE-Nature program, whose chief aim is to support protected areas of European importance – Natura 2000. We are grateful to Plzeňský Prazdroj and other partners for helping to minimise negative influences on the environment, and for its active and conceptual input in this area over several years."

Ing. Tomáš Kotyza, head of the department of the environment and agriculture, Moravia-Silesia region

Targets for 2012 – 2014

Acting on the results of an international audit we seek to make further reductions in water consumption in order to achieve by 2014 a target of 3.25 hl of water consumed for every beer produced. This will entail not only management of the process but also the project's design.

Reducing our energy and carbon footprint

By 2020 we will reduce fossil fuel emissions from energy consumed in our breweries by 50 % compared with the 2008 level for every beer produced.



Our position

In its activities, Plzeňský Prazdroj seeks to minimise the impact on climate quality from its business and adopts a raft of measures aimed at:

- The effective use of fuels and electricity
- Improving production technologies
- Greater integration of renewable energy sources
- Transferring to fuels and technology with lower CO₂ production
- Perfect knowledge of emission levels and their management

We understand that the use of energy sources and the whole production process have consequences that are experienced beyond our breweries. This is why we seek to ensure that our activities have as little impact as possible on climate quality where we operate and climate quality in general.



Activities in 2011

Plzeňský Prazdroj continued its drive to reduce energy consumption and to use organic waste as an alternative energy source. Organic waste is in fact the principal renewable energy source used in the company's operations. Biogas, which is created in the anaerobic treatment of waste water, can continue to be used as a heat medium. In the Radegast brewery we use almost 100% of biogas produced from the waste water treatment plant as a heat medium. The proportion of biogas in all of the company's consumption is 1.97%. 23% of production from energy consumed is covered by renewable sources.

As part of the National Allocation Plan we continued to reduce the level of CO₂ emissions. Plzeňský Prazdroj was authorised to trade in SABMiller's surfeit of emissions permits. It was thus possible to gain more than CZK 20 million, which SABMiller will invest in further ecological projects. The surfeit was generated by our using less fuel for our products.

Our intention to eliminate Freon from operations formed part of our application for projects with EU support. We succeeded in gaining a grant for its implementation. The exchange of cooling equipment proceeded according to plan.



In conjunction with the Ostrava University of Mining we carried out a study in Nošovice on the feasibility of transforming biological waste into renewable energy sources. Although the study's results confirmed this possibility, the project's implementation was postponed due to the high proportion of by-products – digestates.

We increased the transport of our products by rail. This is more environmentally friendly than road transport and cuts costs. In 2011 our products covered 530,000km by rail. On European railways we transported over 60,000hl of beer and in doing so replaced the 430 truck journeys (= 640 thousand kilometres not travelled) that would otherwise have been made across the whole of Europe. We will continue to investigate the possibility of expanding the number of destinations to which beer can be transported by rail. By upgrading the planning of packaging collection from the sales and distribution centres to Plzeňský Prazdroj's breweries we were able over the year to dispense with around 840,000 kilometres not travelled by truck. This made it possible in 2011 to reduce the volume of transport CO₂ emissions by more than 1,175 tons.



"We are thankful to Radegast brewery for its ongoing improvements to production technology and the diminution of harmful effects to the environment. Together with the town the brewery has made a major contribution to the quality of the atmosphere and of life in the whole community."

Kačmarčík Miroslav, Mayor of Nošovice

At our Radegast brewery, we now brew beer with 87 % less carbon emissions than in 2004. This has been achieved in part by introducing a waste water treatment process that creates biogas from the anaerobic treatment of effluent and provides approximately 8 % of the energy required to produce beer.

Projects

Using spent grains

Plzeňský pivovar has become the pilot brewery which, depending on the project's conclusions being positive, will produce energy using spent grains. The project, which is implemented in conjunction with the Pilsen heating plant, is currently undergoing a period of rigorous tests. Operational tests will be carried out after the appropriate technology for pressing has been selected. If the results are successful, the grains will first be pressed in Plzeňský Prazdroj and then dried completely and burnt in bio-boilers in the Pilsen heating plant. The "green energy" thus generated will then be supplied back to Plzeňský Prazdroj in the form of steam.

Targets for 2012 – 2014

We intend to continue to reduce energy consumption and increase the use of fermentation CO₂ for production purposes. Furthermore, we will run a project on the use of biogas from the waste water treatment plant in Velké Popovice for the production of electricity which will be used in the same treatment plant. We will also continue to cooperate with the Pilsen heating plant on a project to produce energy from spent grains.



Packaging, reuse and recycling

More than 91 % of our packaging is returnable or recyclable.



Our position

We want our packaging to have the minimum negative impact on the environment and its reuse to be as easy as possible. The target here is to limit the environmental burden, particularly by:

- reducing the weight of packaging
- eliminating the presence of heavy metals in packaging
- reducing the volume of packaging material, chiefly by its reuse and recycling optimisation over its whole life cycle



Activities in 2011

Our long-term goal is to reduce the burden on the environment and make the recycling and reuse of our packaging as easy as possible. We have completely renewed packaging across the entire portfolio, meaning that the vast majority is now reusable and all are produced from recyclable material. The decreased packaging weight is manifested in savings in transport costs, lower fuel consumption and more environmentally friendly operations. This trend covers not only reusable bottles but also beer cans, PET packaging or labels, shrink wrap and other types of foil.



Efforts continue to be made to reduce breakages in dealing with returnable packaging, whether this be on the part of the supplier or in our packaging lines. Breakage is defined by the percentage of the bottle that is broken during bottling or discarded in checks before packaging. This includes both bottles that are broken by being handled in the packaging line, damaged upon sale, stained with paint or building materials as well as bottles broken by ice during winter. We were able to reduce the number of broken bottles at the packaging lines by improving handling. Breakages of 0.5l bottles is 0.49% and of 0.33l bottles 0.81%.

The containers of preference are our stainless steel KEG barrels. 100 % recyclable, with a long life span, Plzeňský Prazdroj reuses one barrel on the domestic market almost ten times a year on average. As large packaging the barrels also save on costs and transport. The delivery of one-tenth of draft beer is also more environmentally friendly: they are transported in cisterns to beer tanks we have fitted in almost six hundred outlets.

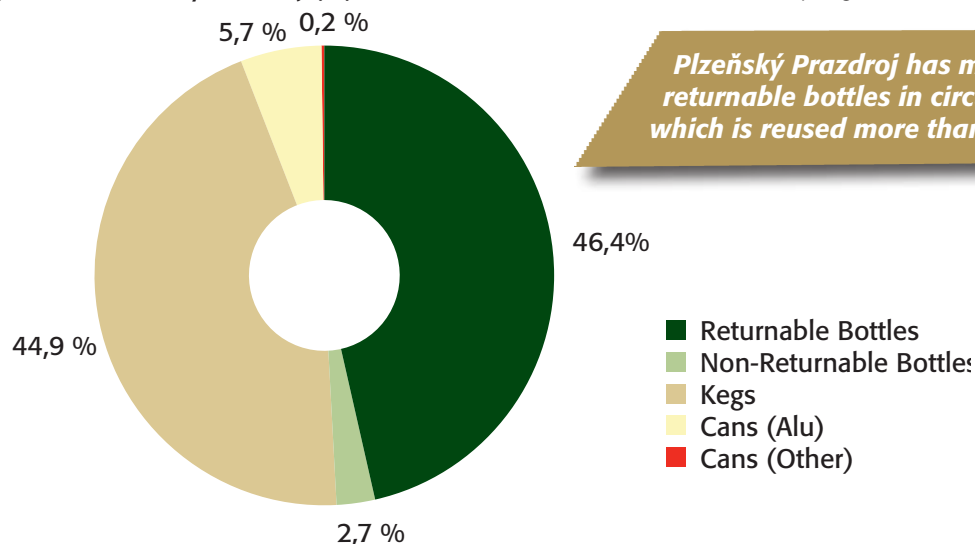
We closely monitor the content of heavy metals in our packaging, and are fully in line with Czech law on this matter. We are also in full compliance with limits required by EU legislation. Plzeňský Prazdroj is a member of the EKO-KOM association, which in the Czech Republic deals with the issue of packaging recycling and reuse.

Before introducing new packaging to the market, analyses were conducted which took into account results from the Ministry of the Environment "LCA of drinks beverages" Study in 2009. In future, the results of the study will be incorporated in the relevant strategies for the company's different departments.

Targets for 2012 – 2014

We will continue with the strategy of prioritising methods for recycling and reusing packaging and developing new packaging materials in order to maintain the current level of recycling and reuse.

Types of packaging used in Plzeňský Prazdroj (%)



Plzeňský Prazdroj has more that 100 million returnable bottles in circulation, each of which is reused more than five times a year.

Working towards zero-waste operations



Our brewery is almost zero-waste. Only less than 2 % of our waste ends up in dumps.



Our position

It is not only in our production procedures that we attempt to minimise the environmental impact by reducing the volume of waste produced and supporting its reuse or recycling. The vast majority of waste generated in beer production derives from secondary products of organic origin which can be reused or recycled. Indeed, almost 100% of waste from our productions and activities is reusable. Our long-term objective is to have operations with zero waste.



Activities in 2011

In 2011 we generated 165,765 tons of waste, of which 98.6% was put to secondary use. Agricultural production utilises especially yeast and malt house waste. Water treatment sludge is mixed with soil as fertiliser. Waste filter kieselguhr is ploughed under to soften the soil for recultivated areas. Waste is carefully separated in all Plzeňský Prazdroj operations.

With our partners and suppliers we sought ways to further reduce the volume of waste that cannot be reused. Plzeňský Prazdroj is a member of the EKO-KOM association, which deals with the issue of packaging recycling and reuse in line with the applicable Czech legislation. Thanks to this, even one-way (i.e. non-returnable) bottles are now reused and recyclable.

"Since 2002 EKO-KOM has dealt with the reuse and recycling of packaging waste for Plzeňský Prazdroj. With all our customers we are proud to develop closer cooperation in joint informative and educational activities supporting sustainable development. We are glad that Plzeňský Prazdroj, a company that seeks to minimise the negative impact of its business on the environment and works towards zero waste operations, is one of them."

*Ing. Lukáš Grolmus, director of the communication department,
EKO-KOM, a. s..*

Plzeňský Prazdroj already meets the targets of European Parliament and Council Directive no. 98/2008 on waste. This requires EU member states by 2020 to increase preparations for the reuse and recycling of waste and other material to a minimum of 70% of weight. The company thus has almost a ten-year head start in fulfilling the EU directive.



Projects

Audit of main waste purchasers

Plzeňský Prazdroj has long been able to convert waste into secondary resources. Of the waste produced by our breweries, only 1.4% ends up as fixed waste in dumps or as emissions in the atmosphere which represent waste labels and dangerous waste. We make sure that this waste is eliminated by designated and authorised subjects. For this reason we have conducted an audit of all businesses who buy our waste.

Targets for 2012 – 2014

We will continue to minimise industrial waste in our plants and sales and distribution centres, separate waste in all our operations and aim to generate zero waste.



Encouraging enterprise development in our value chains

We support local agriculture and suppliers. On the Czech market, Plzeňský Prazdroj is the main consumer of barley varieties approved for the production of Czech beer.



Our position

We value cooperation with our suppliers and consumers. Our intention is to ensure that the result of our cooperation is positive for us and all of society. We implement the "Responsible Supplier Principles" formulated by the SABMiller group and we believe that correct relations, long-term cooperation, the quality of delivered goods and services will elevate our business relations to a durable partnership. We expect our partners to adopt an equally responsible approach and ethical behaviour.

Our group responsible supplier principles in brief:

- Business conduct based on open and transparent dealings
- Safe and healthy working conditions
- Prohibition of forced, involuntary and child labour
- Wages in accordance with legal regulations
- Respecting the principle of equal opportunity, regardless of gender, origin, sexual orientation, religious creed or political persuasion
- Freedom of association in union organisations
- Environmental protection



Activities in 2011

Our intention is to establish long-standing relations with suppliers based on mutual trust and support. However, we are demanding not only on ourselves but also all those who wish to work with us.

Responsible supplier principles

We consistently comply with the principles of a responsible supplier and have urged our partners to do the same. We have closely monitored the quality of raw materials supplied to us through the SQM (system of quality management) program. We monitor not only the quality of raw materials and services but also a responsible approach to the environment, human rights and workplace safety. With those suppliers who fail to fulfil the conditions we will jointly formulate a corrective action plan.

Active cooperation with partners

In acting with our partners we believe that dialogue and the mutual exchange of information are the path to fairness in establishing business principles. With our key suppliers, particularly the suppliers of hops and barley, we have continued to actively cooperate and have organised meetings and seminars.

Together with our suppliers, 87% of whom are resident in the Czech Republic, we created turnover totalling CZK 5.9 billion in 2011.

Supporting local agriculture and suppliers

On the Czech market, Plzeňský Prazdroj is the second largest consumer of malt barley and the main consumer of barley varieties approved for Czech beer production. These varieties formed almost 90% of barley consumed by us with the remainder also coming from the Czech Republic.

We purchase barley locally: 60% of the barley we need is bought from farmers and 40% from business associations and dealers. We have

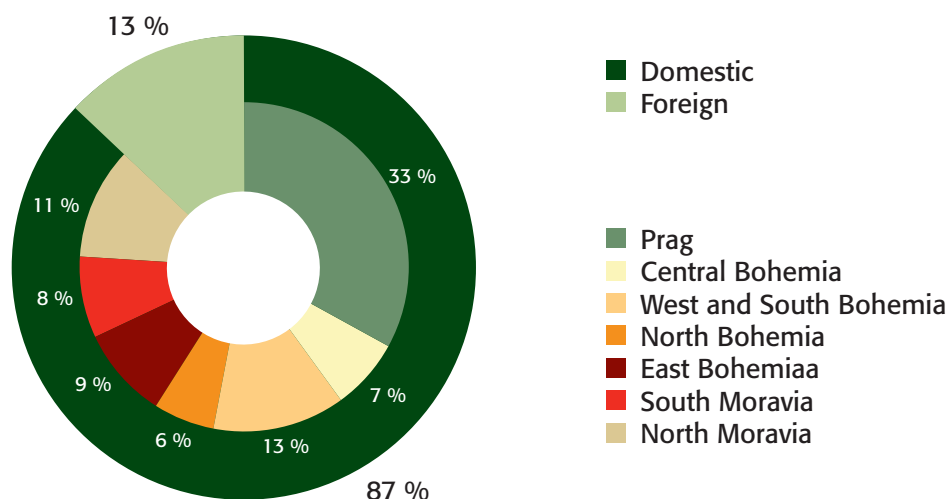
met our long-term commitments to farmers and purchased from them a similar volume of barley as in previous years to the value of over CZK 500 million, all of which went to Czech farmers. The skills of Czech farmers in growing crops of the highest quality have enabled us to continue brewing our beer by traditional recipes and under the "České pivo" geographical indication. podle tradičních receptur a pod ochrannou známkou České pivo.



"In our relations with Plzeňský Prazdroj we value long-term cooperation and the attempt to reflect our work in the price of goods. We hold a very positive view of this cooperation and trust that the consumer will continue to purchase Czech varieties from Czech farmers and thereby deepen our relations further."

Antonín Hlavinka, Agent to the Senica na Hané Agricultural Association.

Geographical composition of suppliers



Projects

A responsible approach together

In an attempt to foster an active approach to responsible behaviour by supplier firms and companies we contacted our top 100 suppliers of raw materials and services. Using a form on our web site any subject can newly express its support for our principles in sustainable development and also commit to a responsible approach and good business development. The initiative has met with a positive response.

Grain and hop days

We organised regular meetings with barley and hop growers in the Czech Republic in order to enhance our cooperation and to strengthen the principle of partnership in our relations by emphasising the quality of raw materials for Czech beer. At these meetings we gave growers the latest information in seed propagation.

35th year of the brewers and maltsters seminar

In Pilsen, Plzeňský Prazdroj hosted the 35th brewers and maltsters seminar, which was attended by more than 200 specialists. The partners were the Brewers and Maltsters Research Institute and the Institute of Chemical Technology in Prague with international participation. Those lecturing included laureate of the Czech brewing industry hall of fame Gabriela Basařová, DrSc, who spoke on the theme of Czech beer in national life, folk creativity and art. The seminar's goals have remained unchanged since the first year it was held in 1958. The main purpose is sharing brewing knowledge and expert information among Czech and foreign professionals, passing on experience from growing raw materials, the production of malt and beer and the technical side of brewing. The informal exchange of opinions and experience between maltsters, brewing experts and suppliers is an equally important goal.



E-auction

We launched tests for the e-aukce.cz application on our corporate web site. Through this we hope to give the largest possible number of interested parties access to chosen selection procedures in a transparent manner, and in so doing improve the effectiveness of tenders.



Targets for 2012 – 2014

Together with suppliers and partners we will adhere to the responsible supplier principles and the insistence on top quality. With those suppliers who fail to fulfil our high standards we will jointly formulate a corrective action plan. Correct relations, long-term cooperation and fairness in establishing business principles will continue to form the basis of our business partnerships.



Benefiting communities

A company can only be successful when everyone in the community benefits. Last year we invested CZK 53.79 million in regional development.



Our position

The key to long-term success is not only responsible business but also support for the quality of life in the areas in which the company operates. Plzeňský Prazdroj thus sees benefiting the community as an important element of its sustainable development strategy and seeks to build good relations with the towns and communities in which it does business.

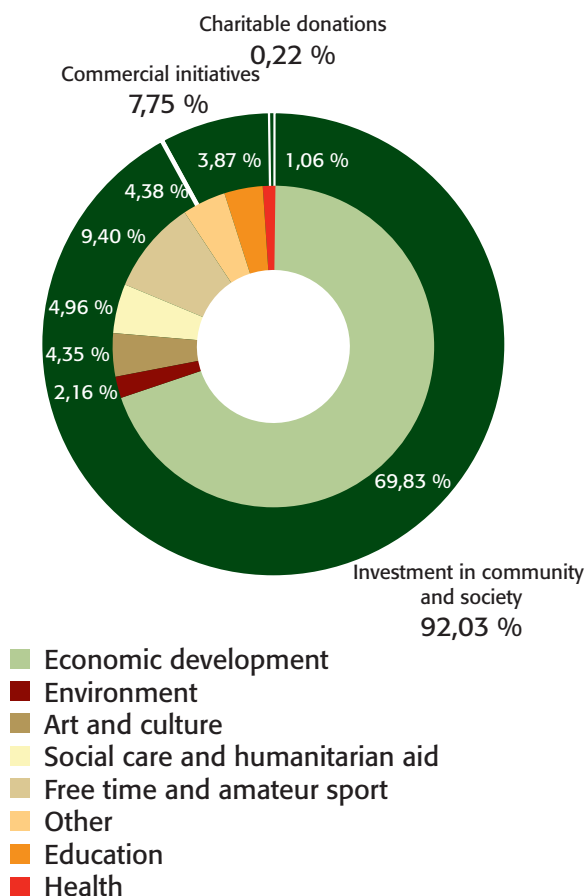
The support should be in the form of targeted investment in improving the prosperity of the local communities and their well-being. Contri-

butions are made in the form of financial support or the provision of expert know-how, time shared by employees, and products or facilities which benefit local communities and the living environment in which Plzeňský Prazdroj operates. The projects supported should meet the vision, mission, values and priorities of Plzeňský Prazdroj's sustainable development, as well as the priorities of the local communities and all interested parties.

Activities in 2011

In 2011, Plzeňský Prazdroj contributed CZK 53.79* million to the support and development of local communities.

Distribution of financial support



Standard
Odpovědná
Firma

*source: London Benchmark Group

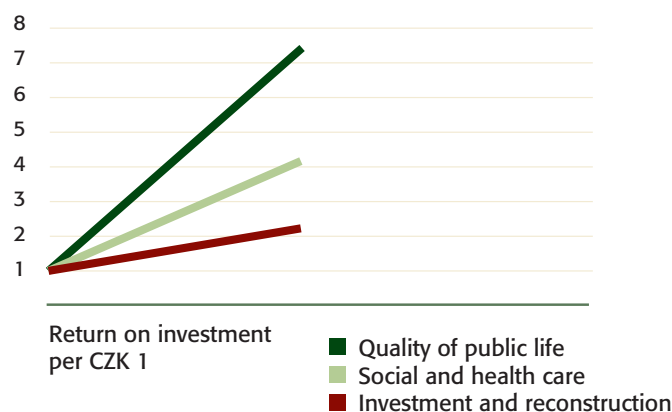
The prosperity of our companies and of the communities in which we operate are interdependent. Our social investments are designed to improve the lives of people in these regions and help create durable relations in the areas where we work.

The PRAZDROJ LIDEM program is core to this project, supporting community development programmes which share the same goal. In order to secure transparency of decision-making we invited employees, regional representatives and the public to help us choose the most deserving of the projects that applied. Over nine years the program has granted more than CZK 60 million to 274 projects.

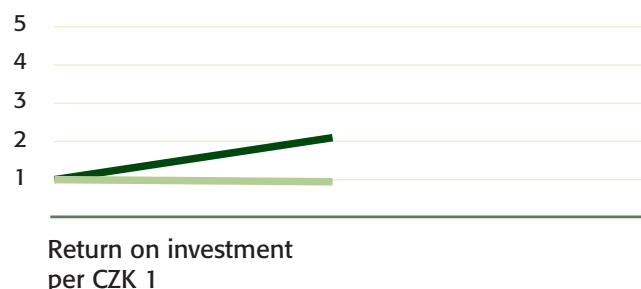
Last year, the program's contribution was evaluated using a methodology for measuring the impact of investment on society as a whole – the so-called analysis of the social return on investment (SROI). This analysis enabled us to map our success in meeting the program's targets, the financial contribution, the potential of projects supported, and the needs of individual communities. Results from the analysis showed that the majority of funds invested fulfilled the program's goals; however, part of the funds were directed to projects which did not have the potential to improve the quality of life for inhabitants of a community as generally understood. The information gathered and the recommendations by the Donors' Forum based on its reading of the analysis have led to a review of the program's aims and its focus for future years.

Ratio of investment impact according to the SROI

Pilsen region



Moravia-Silesia region



Return on investment
per CZK 1

Note: Due to the number of project applications and their proportion of the total support budget, the subject of investment and reconstruction in this region was not deemed relevant.

Plzeňský Prazdroj supported the Run for Paraple, the Birell brand blood donorship, and the Frisco brand donated CZK 40 thousand to the prevention of breast cancer and CZK 50 thousand for the support of young amateur fashion designers.



Projects

PRAZDROJ LIDEM

In its ninth year, the program distributed CZK 5.5 million to 29 organisations in the regions of Pilsen, Ostrava, Frýdek-Místek, Třinec and Jablunkov for them to implement projects improving the quality of life for people living in these communities. The public sent 37,347 votes, an increase of 50% compared with the previous year, in which the largest increase had come from on-line voting. For the third time, members of the public could vote for their chosen project not only by the Internet and press coupons, but also by mobile phone. They could also make financial contributions by DMS texting. The amount contributed by Plzeňský Prazdroj thus increased by CZK 121,581. For the first time the program and projects were available on social sites, meaning that via Facebook and YouTube the program expanded its reach to young people.

The PRAZDROJ LIDEM program received 108 project applications from not-for-profit and contributory organisations in its ninth year. Of these the Council of Representatives selected 51 (25 in Pilsen and 26 in Moravia) to be decided by public vote. In Pilsen, the Ledovec New Counselling Centre received the highest number of votes cast and the full amount requested, as did in Moravia the Don Bosco Salesian Centre's project: Play, Jump, Shout but Above All Do Good. The following projects have also been granted the full amount of funds they asked for: The Home of St. Alois, Sports for a Healthy Lifestyle for our children, and Saving an Old Manuscript printed in 1585, and Equipment for young table tennis players. All these projects received overwhelming support from Plzeňský Prazdroj employees and the Council of Representatives.

For more on the program go to: www.prazdrojlidem.cz



Good neighbour

Trucks with Radegast beer now travel to the breweries along a brand new motorway. Together with the Moravia-Silesia Regional Authority the brewery built a new transport connection for the brewery from the motorway leading to the Nošovice industrial zone. To the total costs the brewery contributed CZK 37 million. The new motorway will be of great

environmental benefit to the town, which will be spared much of the daily traffic of large goods vehicles.

The Velké Popovice brewery gave the municipality CZK 300,000 to purchase land for a pedestrian route from the petrol station to the brewery ponds, to develop a project for a roundabout and also to improve the washroom facilities for the local primary school.

Run for Paraple in Pilsen

The event to raise money for the Paraple Centre (charity organisation for handicapped people; umbrella in English) was held in the courtyard of the Pilsen brewery for the third successive year. A record number of runners attended and the record sum of CZK 47,000 was raised. People from Pilsen supported the event as did Czech celebrities such as the actor Pavel Nový and the paraplegic downhill skier Anna Kulíšková and Pilsen ice hockey players. The Pilsen band Semtex played for the runners.



Become a donor!

In cooperation with Birell, the Association for Transfusion Medication at the Czech Medical Association of J.E. Purkyně organised the second year of the nationwide "Become a donor" campaign promoting non-contributory blood donorship. Everyone who, in summer 2010, donated blood in one of the 45 hospitals attached to the project received a can of Birell and information materials on blood donorship. Birell supported the campaign in the media and on the Internet and contributed 50,000 cans of non-alcoholic beer. The number of new donors rose by 3,830, an increase of 14%. Several Plzeňský Prazdroj employees donated blood in the Vinohrady Hospital in Prague.

"Birell has actively supported blood donorship for several years and has proved itself a trusted partner in our "Become a Donor" campaign. The contents of non-alcoholic beer are ideal for replacing liquids and nutrients following transfusion, which strengthens our decision to work with Birell again."

MUDr. Vít Řeháček, Chairman of the Association for Transfusion Medication



Targets for 2012 – 2014

In future we shall follow the needs of communities where we operate and the not-for-profit sector as a whole to strengthen dialogue with a view to maximising our support as effectively as possible in the years to come. We will analyse our activities, the connection with our company's strategic priorities and the satisfaction of the needs of local communities and interested parties to ensure the maximum benefit for the supported community as well as for Plzeňský Prazdroj.

Gambrinus helping to clean the Vltava river

Last year, Gambrinus presented the first year of the Summer on the Vltava, an event designed to make water sports on the river more enjoyable. And because we realise that nature should not be simply used but needs looking after in all respects, we decided to combine it with the Cleaning the Vltava river event, which is traditionally the close to the boating season. As the title suggests, the event involves the mass cleaning of the river, and for this purpose Gambrinus fitted out two rafts with a crew to clean the river around Český Krumlov. The success of their mission was evident from the seventeen sacks of waste they returned with.





Contributing to the reduction of HIV/AIDS



Our position

Despite the low incidence of HIV/AIDS in the Czech Republic, as a member of the international group SABMiller our company understands its social and economic consequences. We are convinced that the basic prerequisites of successful combat with any disease are found in sufficient awareness of risks, possibility of

spreading and the means of protection. As a member of a global group we stand ready to contribute to the fight against this disease, be it through utilisation of our intellectual and technical resources, or our extensive international experience and access to valuable information.

Activities in 2011

We have monitored the prevalence of HIV/Aids in the Czech Republic on a half-yearly basis. The Plzeňský Prazdroj Donation Fund supported an awareness campaign and the Red Ribbon charitable collection, organised by Lighthouse, a member organisation of the Czech Help Aids association.

Projects

Red Ribbon Charitable Collection

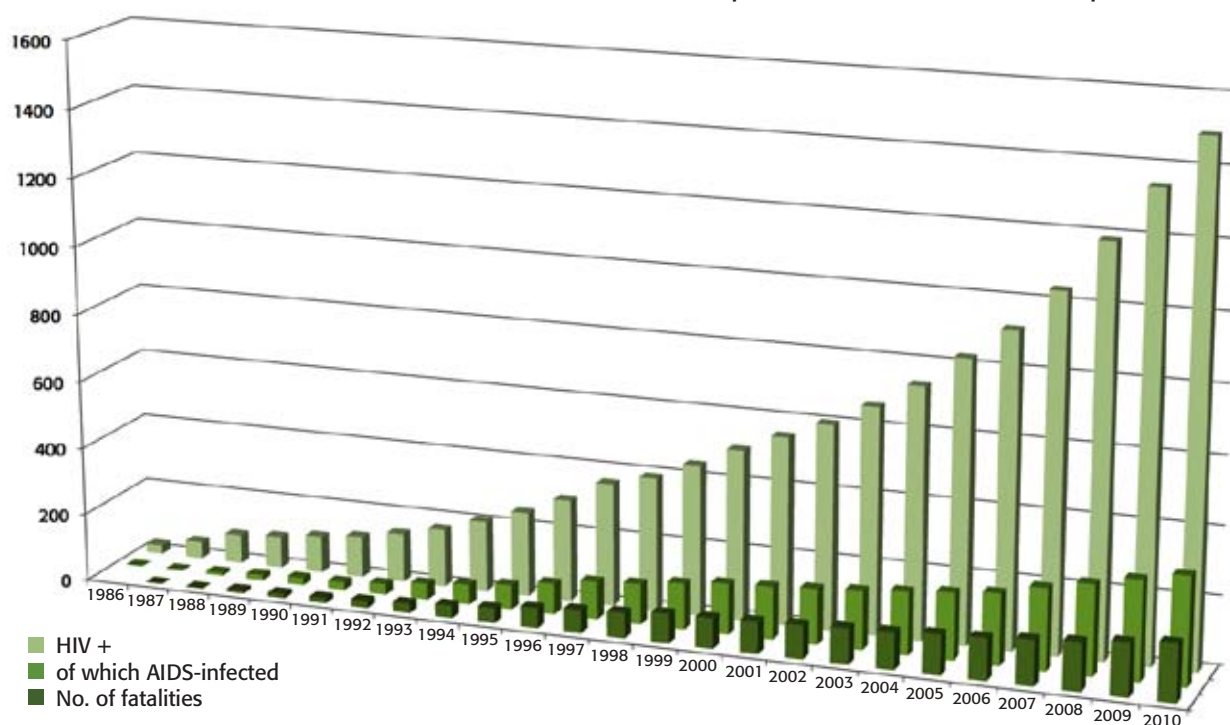
Raising awareness of HIV/AIDS and supporting preventive programs form part of our global strategy and one of our sustainable development priorities. On world AIDS day we staged the Red Ribbon charitable collection in all our breweries for the second year running. About 300 of our employees purchased Red Ribbon badges, Plzeňský Prazdroj rounding up and doubling the sum raised. We thus joined forces and contributed to approximately 50 anonymous HIV infection tests.



Targets for 2012 – 2014

We will continue to monitor developments in the Czech Republic and help towards raising awareness of HIV/AIDS.

Development of AIDS in the Czech Republic





Respecting human rights

Our success depends on a highly professional and talented workforce. Plzeňský Prazdroj values the work of its people. It expects the best and opens its doors to anyone who is prepared to share in our success.



Our position

As a member of the SABMiller global group that has its operations worldwide, we are particularly aware of the existence of different national cultures, customs and traditions and we subscribe to the fundamental values of international society, above all the Universal Declaration of Human Rights and equal opportunity for all. We conduct our business in complete accordance with these principles and we guarantee that they will be upheld for all our employees.

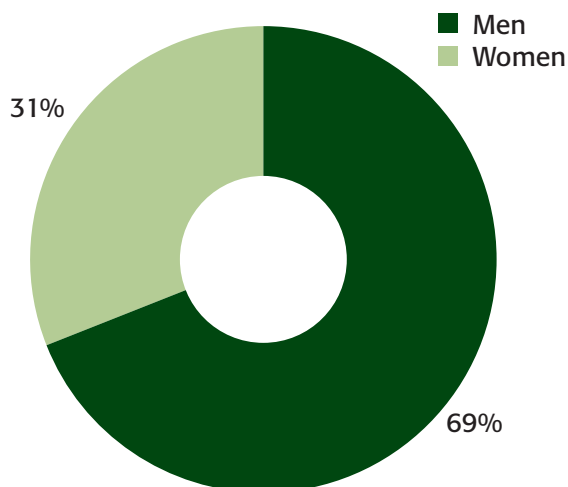
Our human rights principles in brief:

- Freedom of association and collective bargaining
- Prohibition on forced and child labour
- Prohibition on any type of discrimination, regardless of gender, origin, religious creed or political persuasion, age or sexual orientation
- A fair remuneration policy
- Safe and healthy working conditions and employee safety
- Acting in accordance with ethical principles
- Cooperation with partners who share the same principles

Activities in 2011

In 2011, 2,300 employees worked full time in the company.

Numbers of men and women



Responsible behaviour in line with human rights and ethical principles

We fully respected due procedures in compliance with human rights principles. Compliance with ethical norms and ethical behaviour formed an important part of our responsible approach. All employees have completed the annual e-learning training course in human rights and ethical behaviour.

Compliance with ethical principles is overseen by control bodies comprising an ethics committee and three ombudsmen were elected for the second time by employees on a three-year term. Ombudsmen settle the complaints of employees who turn to them as an independent authority in cases when they are unsure of the ethical rectitude of a proposed procedure. The ombudsmen also uphold the presumption of innocence or take part in implementing remedial measures. Ombudsmen are therefore an indispensable part of Plzeňský Prazdroj's wider system of ethical principles. The procedure includes an anonymous telephone line. In 2011 we settled seven suspected breaches of varying intensity in human rights and ethical principles. Each case was handled with due care by the relevant ombudsman and the ethical committee and the conclusions subsequently reported to the interested party.

Good employer

Plzeňský Prazdroj was judged "Employer of the Year 2010" for the Pilsen region (Employer of the Region). The expert jury repeatedly praised the level of wages, benefits, work conditions and care for employees. We were placed 8th in the country as a whole.

In remuneration we focus not only on performance but also on the type of work performance and its compliance with company values. Financial remuneration is not however everything that Plzeňský Prazdroj provides its employees. We also offer a broad package of employee benefits which we review annually, incorporating suggestions arising from internal research into employee satisfaction.



Workplace health and safety

Workplace health and safety are monitored not only by an expert committee but also by a committee comprising employees from the breweries themselves. Employee committees cover subjects and operations where improvements could be made to working conditions, particularly regarding safety, comfort and hygiene. In 2011, regular controls did not record any complaints by employees of serious failings in workplace and health safety conditions.

Supporting university studies

Plzeňský Prazdroj offers students work opportunities during their studies and supports their development with lectures by the brewery's managers. Behind this lies our partnership with the University of Economics in Prague (Plzeňský Prazdroj is the official corporate partner to the CEMS program). In the 2010/2011 academic year, the company agreed that



every member of its senior management, including its managing director Doug Brodman, would prepare a lecture for the University's students on a theme chosen in cooperation with the university. More than 500 students thus had the possibility to learn from the experience of highly successful and inspirational managers.

Plzeňský Prazdroj supports students' future careers with its program of summer internships. These offer around a dozen young people the chance to gain work experience which may be useful in their future career and to see from the inside the environment and activities of a successful international company. Through these internships, students and recent graduates of the University of Economics and the University of West Bohemia in Pilsen have the opportunity to spend the summer working independently on projects assigned to them in a company department.

Equal opportunities for all

In 2011, we joined the international Mental Health and Well-being in Workplaces project, promoted by the European Union as part of its public health programme. Under the name Work-Life Balance, the project's aim was to compile as many examples as possible of good practice in supporting mental health and well-being in workplaces and present these at home and abroad. We also took part in the prestigious competition, Firm of the Year: Equal Opportunities 2010, held by the Gender Studies association. Feedback will help us put together action plans in future for equal opportunities and harmonising work, family and personal life.

"In the past five years the corporate sector has made real progress in equal opportunities and the harmonising of work, family and personal life. Today we see many more companies turning to us for advice and information on this subject. In response to this interest we have set up a network of employers, including employees from the not-for-profit sector, unions or academic backgrounds, which shares experience in these areas. We are glad that Plzeňský Prazdroj, for which equal opportunity is embedded in its corporate values, has decided to join this project. Good corporate practice is confirmed by the existence of company ombudsmen and the monitoring of equal salaries."

Alexandra Jachanová Doleželová, Gender Studies o.p.s..

Projects

Election of new ombudsmen

Following the expiry of their three-year term of office, three new ombudsmen were elected by employees for the regions West, Central and East. The new ombudsmen were inaugurated by the Managing Director Doug Brodman, who stressed the importance of the ombudsmen's work in ensuring adherence to the ethical principles that the company promotes.



Benefits by personal preference

Following the latest Research into employees' satisfaction levels we expanded flexibility by making it possible for every employee to choose their own benefits package depending on their personal preferences. An innovation is the e-shop, in which employees can purchase brand advertising and promotional subjects at discounted prices.

Working discussion on work-life balance

In Prague, a meeting was held between Plzeňský Prazdroj employees and personnel and representatives of the Aperio organisation. Participants at the meeting were apprised of the principles and methods of a new approach to the work and free-time balance for employees. Conclusions will serve as the basis for an analysis of Work-life Balance and possible steps for its improvement.

Targets for 2012 – 2014

The company will continue to promote its ethical principles and comply with basic human rights as these apply to workplace health and safety. Ombudsmen will supervise the company's ethics and employees will have access to an anonymous ethics telephone line. Information and recommendations from previous projects and activities will be used to create action plans for equal opportunities and harmonisation.



Transparency

The rules of sustainable development define the way we do business and influence our decisions and daily activities.



Our position

Plzeňský Prazdroj conducts its business responsibly and wants its actions and results to be known to all interested parties. We believe that openness and transparency are essential to our activities, whether these relate to sustainable development or our products and sales balance sheets. As a result, the public can judge our results in sustainable development from a qualified position.

We work closely with our external partners and experts in sustainable development who specialise in areas that fall under our defined priorities. We encourage dialogue and the exchange of information as together we believe that we can achieve more than when working alone.



Activities in 2011

Ten Priorities. One Future.

Plzeňský Prazdroj takes a systematic approach to sustainable development. We have a clearly defined three-year strategy and ten specific priorities. Senior management approves the strategic and action plans, which are then reflected in their goals. Sustainable development priorities are monitored by a team of employees across the company's departments. We are aware however that for our plan and targets to be fulfilled active participation is required by all of us.

Working together for a single goal

The involvement of employees is important for us. We continued to provide information on sustainable development and company activities via the intranet and the regular column in the Plzeňský Prazdroj internal newspaper Za branou. This year attention focused mainly on the internal campaign. The Diploma work by students at the University of Economics helped us complete internal research, the results of which confirm the growth of interest in our company's responsible approach among employees and their positive appreciation of sustainable development.

Our long-term internal successes can be charted in the internal sustainability assessment matrix (SAM). This monitors progress in achieving targets for 10 sustainable development priorities. Every priority has clear criteria and five levels, of which 1 is the lowest. A company that achieves the highest level marking is qualified to provide know-how in SABMiller and to transfer its experience to other members of the company.

Our overall ranking in the assessment was 3.6.

Priority	Mark
Discouraging irresponsible drinking	4,0
Making more beer but using less water	3,6
Reducing our energy and carbon footprint	3,3
Packaging, reuse and recycling	3,5
Working towards zero-waste operations	4,0
Encouraging enterprise development in our value chains	2,1
Benefiting communities	4,5
Contributing to the reduction of HIV/AIDS	3,0
Respecting human rights	3,8
Transparency	4,0

Responsible behaviour permeates Plzeňský Prazdroj's core values. The second year of the Golden Prazdroj Award was announced to mark exceptional actions and behaviour which reflect these values. The award always goes to a single individual and team.

In the Donors' Forum the company is one of founding members of the Business for Society platform with the aim of cultivating corporate philanthropy in the Czech Republic. We also use Standard Respon-

sible Company methodology (LBG) to systematically measure the effectiveness of invested means. This defines the costs spent on donor activity and measures the impact of these funds.

We keep the public informed of sustainable development news through the media. Media representatives and the public can access the original text of the latest updates on the web site www.prazdroj.cz. Here, the public can also read in the Responsible Company section about Plzeňský Prazdroj's broad approach in this field. Last year we spoke about these activities in the Ten Priorities. One Future. campaign.

For the sixth year, the expert and lay public can read about innovations, successes and commitments recorded in the sustainable development balance report available on-line on the company's web site. The report describes our position and activities relating to sustainable development and evaluates the results achieved. To guarantee objectivity the evaluation has been externally verified by the Donors' Forum.

Making a difference through beer

For its systematic and comprehensive approach to sustainable development Plzeňský Prazdroj garnered several external awards.

In the international European Business Awards competition Plzeňský Prazdroj was ranked among the 10 best Czech companies. The Awards assess outstanding commercial entities of all sizes from all EU member states. We represented the Czech Republic in the category "Company Contribution to Sustainable Development."

For the second year we were ranked in the top three companies in the CSR Award competition evaluating firms by their social responsibility. The jury took into account the overall approach to social responsibility and the part this played in company strategy and praised Plzeňský Prazdroj's active approach to promoting responsible alcohol consumption.

We won first prize in the „Regional Governor Prize for Social Responsibility” competition. The prize is awarded by the regional governor for Moravia-Silesia and the Czech Quality Council and judges the approach of firms operating in the region to sustainable development.

“For me, to exist, think and behave with social responsibility means to understand the place where I live and to have at heart its preservation for future generations. I'm very pleased that Plzeňský Prazdroj conducts its business in the same spirit and seeks to protect the environment in which it operates. Most of all, I value Prazdroj's comprehensive and systematic approach to sustainable development and its ambition to achieve the highest environmental standards.”

Jaroslav Palas, regional governor for Moravia-Silesia

In the seventh year of the prestigious TOP Philanthropist competition organised by the „Business for Society“ platform, Plzeňský Prazdroj was praised for its long-term contribution to the development of social responsibility in the Czech Republic. The award mentioned our comprehensive and systematic approach and active involvement not only in philanthropy but also in environmental protection, the promotion of responsible behaviour with suppliers and our exemplary record in responsible beer production.



Projects

Ten Priorities. One Future. Campaign

During our internal communication campaign to bring the principles and rules of responsible behaviour closer to our employees, we introduced a new logo and a uniform design for sustainable development. Communication focused on Plzeňský Prazdroj's approach in this area and on three of our ten priorities that we place most emphasis on. These are: Discouraging Irresponsible Drinking, Making More Beer but Using Less Water and Reducing our Energy and Carbon Footprint. The campaign concluded with the issue of the Report on Corporate Responsibility and the internal Employee Report.



TOP Philanthropist Partner

The Business for Society's prestigious TOP Philanthropist competition for corporate social responsibility was held for the seventh time. Business for Society holds the competition in partnership with Donors' Forum and Czech Top 100 to draw attention to and acknowledge companies that demonstrate innovation, creativity and determination in social responsibility. As one of the leaders in the field of social responsibility we are pleased to hold the role of sponsor for the TOP Philanthropist prize for responsible leadership in the Most Responsible Company category in 2010. As in previous years our company was the main partner for the competition.



Targets for 2012 – 2014

In future years we will continue to follow a responsible approach and develop our business accordingly. We will assess our activity through the internal sustainability assessment matrix SAM, and raise the awareness and involvement of employees with existing programs and internal communication tools. We will openly and transparently inform our external partners by means of the Sustainable Development Report, our web site and mutual cooperation.



Preserving the historical brewing legacy

From our forebears we have inherited a Czech national treasure. We are proud to continue this tradition and as guardian of our traditional beer brands, breweries and their environment wish to pass it on to future generations.



Plzeňský Prazdroj sets itself the target of preserving the brewing legacy that has been established through the generations, particularly through:

- care of the world-renowned Pilsner Urquell beer legend
- preservation of the cooper craft
- preservation of the traditional method of producing Pilsner Urquell in the original cellars, the so-called Skanzen
- the historical archive
- the brewery museum
- care of brewery visitors
- development of the site and maintenance of historically valuable buildings and plants
- informative and educational activities related to the history and present of the Czech brewing industry

Activities in 2011

Plzeňský Prazdroj runs and continues to develop tour routes in all the breweries. These are:

- Pilsen - Plzeňský Prazdroj Brewery: Pilsner Urquell route, Gambrinus brewery, Brewery Museum, Pilsen historical underground,
- Velké Popovice Brewery,
- Nošovice Brewery.

Plzeňský Prazdroj tourist destinations

Tourist routes in all the breweries were visited last year by more than 250,000 people from the Czech Republic and the entire world. These came to learn about the history and current status of Czech beer's production. Visitor numbers grew year-on-year despite the adverse effects of the economic crisis on tourism. The highest rise was recorded by domestic tourists, who largely preferred spending holidays in their homeland. The growth in visitor numbers can largely be ascribed to innovations in tour routes and new visitor centres and circuits in Pilsen Gambrinus and Radegast.

Last year, the Plzeňský Prazdroj Pilsen brewery attracted 226,720 visitors, a year-on-year increase of 4.5%. The tourist routes were seen by people from more than a hundred countries. Of these, the largest single increase was of almost 40% in Czech visitors, who make up almost half of total visitor numbers. They are followed by Germans and Taiwanese (10,000). Record visitor numbers were also registered by the Velké Popovice brewery, which saw a year-on-year increase of a third (19,008). Radegast



brewery, an attractive destination in the Moravia-Silesia region, was visited by 9,088 in Nošovice. A major innovation for the brewery and the entire region was the opening of a new visitor centre.

The successful outcome to the cultural events in Plzeňský Prazdroj



brought to life the Pilsen brewery courtyard, the Pilsen historical underground and the Brewery Museum. The events included the now traditional Summer in Prazdroj, concerts by Lubomír Brabec and the Easter tours. Among the innovations were the celebrations of the first brewing of Pilsner Urquell beer or the exhibition Memories of the Brewery in Books in the Brewery Museum.

The cooper craft

In the Pilsen brewery a new cooper was inaugurated during the traditional process of pitching barrels. Karel Franěk studied for three years and mastered such demanding tasks as taking heavy oak vats and lager barrels out of the cellar as well as pitching, building and repairing them. At a ceremony in October 2010, he received the vocational certificate and the traditional cooper's pinny from experienced cooper colleagues. By becoming a master cooper he joined a group of 7 coopers looking after 50 barrels and 70 vats. The brewery is thus able to maintain a small volume (450 hl a year) of unfiltered and unpasteurised Pilsner Urquell beer in its cellars. The beer, matured in oak barrels, is not just part of the offer for visitors but is used to evaluate the taste profile, quality and other characteristics of Pilsner Urquell beer to ensure that our beer always tastes the same. For the same reason, Plzeňský Prazdroj trains new coopers who will preserve this age-old craft for future generations. The coopers, among other things, created a 27 hl oak barrel for the most important beer festival in Stockholm and the final there of the Pilsner Urquell Master Bartender competition.

In gratitude and acknowledgement for the part he has played in developing the traditions of brewing, Ladislav Bešťák, a legend of Pilsen coopers, was received into the Club of Pilsen Licensed Brewers and Friends of Plzeňský Prazdroj.



Club of Pilsen Licensed Brewers and Friends of Plzeňský Prazdroj

Traditional meetings of the Club are held on the Pilsen brewery's grounds to honour Plzeňský Prazdroj's traditions and good relations with the descendants of the owners of houses in Pilsen which held brewing rights and the founders of the Burghers' Brewery. The Club was founded in 2006 in order to maintain contact and fellowship between members and the brewery.

Projects

www.prazdrojvisit.cz

To provide people with as much information as possible, presented transparently and attractively, we have launched the new web site www.prazdrojvisit.cz.

Gambrinus tour route

For the first time since its foundation in 1869, the Gambrinus brewery opened a new tour route to give the public a chance to view its production operations. Visitors will learn of the history and present of the brewery, traditional recipes, production technology and the raw materials used in creating Gambrinus beer. The "Gambrinus Aréna" interactive exhibition has proved a major attraction on the visitor route, giving people the chance to experience the world of the Gambrinus brand in their own skin. The tour culminates with the so-called school of drawing beer under the eye of an expert. There is also, of course, a beer tasting.



Radegast visitor centre

A new visitor centre was opened on Radegast brewery's 40th anniversary. Visitors can now tour the brewery in much greater comfort and also come closer to Radegast beer. The tour of the brewery itself and the beer tasting in the hall above the brewery with a view of the Beskydy mountains remains unchanged. Radegast is one of the few breweries in Europe where the visitor can view the brewers literally over their shoulder. The centre also houses a cinema for 50 guests and a gift and souvenir shop.

Plzeňský Prazdroj brewery tour

The ever larger numbers of visitors attracted to the legend of Pilsner Urquell beer means that it has been necessary to increase the range of languages in which the tour commentary is provided. Apart from our experienced and professional guides, proficient in up to 11 languages, we have expanded the languages in which the film on the Pilsner Urquell production process is shown and the subtitles in the so-called sensory exhibition. To Czech, English and German have been added French, Spanish and Chinese. In the brewery courtyard the gift shop has been reconstructed and now not only enhances the courtyard's appearance but also provides clients with a place where they can shop in comfort. Sales in the stone store have been supplemented by an electronic shop which has proved to be a great success and very popular both with employees and external clients.



Brewery Museum and the Pilsen Historical Underground

The Brewery Museum is a specialist workplace, unique of its type in the Czech Republic. Last year, the entrance areas were reconstructed to improve comfort and access to information for the growing number of visitors. The Museum documents the history of beer from its very beginning and preserves historical items and pictorial documentation of the history of Czech brewing. To this has been added a new, modern concept in the exhibition of brewing in the ancient world. The Pilsen historical underground exhibition was newly furnished with a graphic 3D model of a medieval ground plot and an exhibition devoted to water and water-supply engineering in Pilsen.

Targets for 2012 – 2014

Exhibitions and their contents need to be changed frequently. In the next few years we will expand the Velké Popovice brewery tour route and upgrade the tour route in Gambrinus brewery. Innovations will be made to the Radegast visitor centre and the tour route will be updated. We will also continue to improve the provision of client services. Preparations are underway to prepare for celebrations of the 170th anniversary of the first brew of Pilsner Urquell.

10 Sustainable Development Priorities. Summary of our targets and action plan for 2012.

PRIORITY	ACTION PLAN FOR 2011	STATUS	ACTION PLAN FOR 2012
Discouraging irresponsible drinking	Train new employees in discouraging irresponsible drinking. Continue to ensure employees have sufficient knowledge of the subject.	✓	Train new employees in discouraging irresponsible drinking. Ensure employees have sufficient knowledge of the subject. Conduct an internal research on awareness of the company's activities in promoting responsible alcohol consumption.
	Continue supporting education and awareness programs for consumers.	✓	Continue supporting education and awareness programs for consumers.
	Meet PPAS and SABMiller commitments at the European Alcohol and Health Forum.	✓	Meet PPAS and SABMiller commitments at the European Alcohol and Health Forum.
	Update the napivosrozumem.cz web site and make it interactive.	*	Carry out user research and complete update of the napivosrozumem.cz web site.
	Ensure that all the company's commercial communications comply with rules and ethical codes. Amend the form of the responsibility message.	✓	Implement the new form of responsibility message for packaging and all commercial communication.
Making more beer but using less water	Continue to optimise water loss. Use the conclusions of a feasibility study to prepare an action plan for other ways to reduce water consumption. Continue dialogue with selected suppliers (e.g. with hop suppliers).	✓	Optimise water loss. Continue to reduce water consumption in line with detailed plans to reach the European target of 3.0 hl / 1 hl of beer by 2015 (3.91 / 1 hl of beer by 2012).
Reducing our energy and carbon footprint	Where possible continue to increase the company's use of renewable energy.	✓	Continue to increase the utilisation of fermentation CO ₂ in production, reduce energy consumption and by 2020 meet detailed plans to reduce fossil fuel emissions from our plants by 50% in comparison with 2008.
	Increase the utilisation of fermentation CO ₂ in production.	✓	
	Complete the replacement of Freon cooling equipment. Increase the proportion of biogas used in the Velké Popovice brewery.	✓	
Packaging, reuse and recycling	Use analysis of packaging production cycle to prepare an action plan in order to reduce the environmental impact.	x	Incorporate results of the packaging production cycle study in the relevant strategies of company departments. Continue to eliminate the use of heavy metals in packaging.
Working towards zero-waste operations	Minimise industrial waste. Continue to segregate waste in all company operations.	✓	Minimise industrial waste and segregate waste in all company operations.
Encouraging enterprise development in our value chains	Motivate suppliers to observe responsible supplier principles.	✓	Motivate our partners via the SQM program to observe responsible supplier principles. Check fulfilment of responsible supplier principles among selected suppliers.
	Set up close cooperation with key suppliers.	✓	Introduce the e-auction project in relevant departments.
	Define opportunities to support regional business development and prepare an action plan.	✓	Support hop and barley growers by strengthening long-term supplier relations and maintaining a fair price policy.



PRIORITY	ACTION PLAN FOR 2011	STATUS	ACTION PLAN FOR 2012
Benefiting communities	Create and implement projects supporting the needs of the region and company. Continue to assess social investments using the London Benchmark Group.	✓	Create and implement projects supporting the needs of regions and monitor their effect on the community. Assess the company's social investments using the London Benchmark Group. 80% of investments go to support communities.
	In the Prazdroj to the People program support projects with a long-term contribution which improve people's lives. Optimise online communication and support online and voting by DMS. Assess the program's impact by analysing the return on investments and prepare an action plan. Expand cooperation with the not-for-profit sector and key partners.	✓	Review the Prazdroj to the People program to achieve a closer linkage of strategic priorities to sustainable development. Run a return on investment analysis to assess the program's impact.
Contributing to reduction of AIDS/HIV	Continue to monitor developments in the Czech Republic and help raise awareness on the subject.	✓	Continue to monitor developments in the Czech Republic and help raise awareness on the subject by cooperating with the Red Ribbon campaign.
Respecting human rights	Continue to manage the occupational health safety and protection system.	✓	Continue to manage the occupational health safety and protection system. Maintain the low accident rate.
	Continue to ensure that employees are sufficiently aware of the company's ethical principles and human rights principles.	✓	Monitor and promote the company's ethical principles and human rights principles via the Business Ethics process and via annual employee training.
	Define work life balance possibilities and prepare an action plan.	*	Define areas to improve diversity and work life balance based on outcomes obtained. Adopt a systematic approach and prepare an action plan for F13.
Transparency	Raise awareness on the company's position and activities in sustainable development both internally and externally.	✓	Communicate internally and externally the company's position and activities in corporate responsibility. Inform company management, record fulfilment of targets and make results accessible to all employees and the public.
	Regularly report fulfilment of targets, inform management and make results accessible to all employees and the public.	✓	
	Issue a Report on Corporate Responsibility verified by a third party and supplemented by the commentaries of third parties.	✓	Issue a Report on Corporate Responsibility verified by a third party and supplemented by the commentaries of third parties.

Note:

Year 2011 = financial year beginning April 2010 and ending March 2011

Year 2012 = financial year beginning April 2011 and ending March 2012

Key

✓ = fulfilled

* = partly fulfilled

x = not fulfilled

Assurance statement



Byznys pro
společnost

Commentary on the 2011 SD Report's Contents by an External Company for Plzeňský Prazdroj Management

Scope of the Assessment

Plzeňský Prazdroj's Sustainable Development Report for 2011 provides a comprehensive analysis of the firm's fulfilment of undertakings in sustainable development and corporate responsibility and summarises all material activities in this field for the relevant period. Business for the Society was asked to produce an external commentary on the Report and to compare the consistency of reporting with standards in the industrial sector in which the company conducts its business. The sustainable development report does not contain data on the firm's ownership interests, controlled entities, or economic data and information on the firm's management and administration; these contents were not subject to our external assessment and are not dealt with in this commentary. The commentary's assessment deals with the financial year ending 31.3.2011 for Plzeňský Prazdroj.

Our commentary contains an independent and adequate assessment of the Sustainable Development Report and addresses the compliance of information in the Report with internal procedures for compiling data and with standards for compiling these Reports among firms in the same sector. The assessment does not verify the accuracy of the data reported. Plzeňský Prazdroj compiles its Report using the SABMiller global measurement and internal monitoring system (SAM).

Conclusions and Findings

When assessing the contents of the Sustainable Development Report we did not find anything that would lead us to believe that the information contained in the Report neglects material indicators necessary for assessing and communicating the company's approach to sustainable development. The documentation we received is sufficient to issue this limited opinion.

In its Report, Plzeňský Prazdroj describes the results achieved in the relevant period and its approach to the relevant priorities in sustainable development and structures its Report according to these long-term priorities. Alongside this approach it describes the results achieved and its goals for the 2012 financial year. The company has also included the opinions of external stakeholders in the Report.

Specific Findings

- In the area of promoting responsible alcohol consumption, Plzeňský Prazdroj clearly laid out in its Report the results achieved by

activities that it directly supported or initiated. Concrete examples and their results in this section are clearly set out in line with the appropriately set indicators. In 2011, Plzeňský Prazdroj expanded its activities for consumers.

- To minimise the environmental impacts of production the company uses the international standards ISO 14001 and ISO 9001, HACCP, OHSAS 18001. In 2011 an audit was conducted on all water and energy consumption procedures. Consumption indicators are clearly documented and the Report also contains projects in this field. Waste indicators are also included.
- In its cooperation with suppliers and customers Plzeňský Prazdroj applies standards of corporate responsibility and describes how it monitors their fulfilment. The Report also states Plzeňský Prazdroj's contribution to the local economy and records its approach therein. We believe that in future it would be appropriate to focus on reporting the monitoring of the fulfilment of sustainable development principles by the company's partners.
- In terms of benefitting communities where Plzeňský Prazdroj operates, it describes all existing important activities and quantifies funds invested using the international London Benchmark Group standard. We believe that here also the Company should place greater emphasis on monitoring the longer-term impact of its activities on the community.
- Plzeňský Prazdroj also reports on respecting human rights and its fair and proactive approach to groups of employees or talents. The Report provides a general description of adherence to human rights principles and of the process by which such compliance is monitored. The Report also gives a broad overview of the company's respect for employees. We recommend that the company focus on reporting on the integration of women in management and their role in the company's management.

Business for the Society

Business for the Society develops the social responsibility and sustainable business conduct of companies in the Czech Republic. It aims to mobilise and motivate companies and other key institutions in social issues, responsible business conduct and the nurturing of quality of life in the society. Plzeňský Prazdroj has asked us to create and provide an independent commentary for its 2011 Report on Corporate Responsibility. Plzeňský Prazdroj's management is responsible for the content and compilation of the Report.

Plzeňský Prazdroj, a. s.

U Prazdroje 7
304 97 Plzeň

Tel.: +420 377 061 111

Fax: +420 377 062 230

sustainable.development@pilsner.sabmiller.com

Electronic version
Sustainable Development Report 2011
is saved at www.prazdroj.cz

