

Sustainable Development Report 2009



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Plzeňský Prazdroj is one of the leading beer producers both in the Czech Republic and in Central Europe as a whole and is the largest exporter of Czech beer. It employs 2,464 people in its breweries in Plzeň, Nošovice and Velké Popovice and in 13 sales and distribution centres throughout the Czech Republic. The company has been a member of SABMiller plc since 2001.

In 2009* Plzeňský Prazdroj, running a portfolio of 9 brands, produced 10.7 million hectolitres of beer, of which 24% was intended for foreign markets in more than 50 countries worldwide. The flagship is the Pilsner Urquell brand, a bottom-brewed beer, which gave its name to the largest category of beers in the world. In its business and all other activities the company respects the principles of sustainable development, fair business practice and transparency. These

principles are laid down in company documents, guidelines and internal procedures in compliance with Czech and EU legislation and international principles for corporate governance.

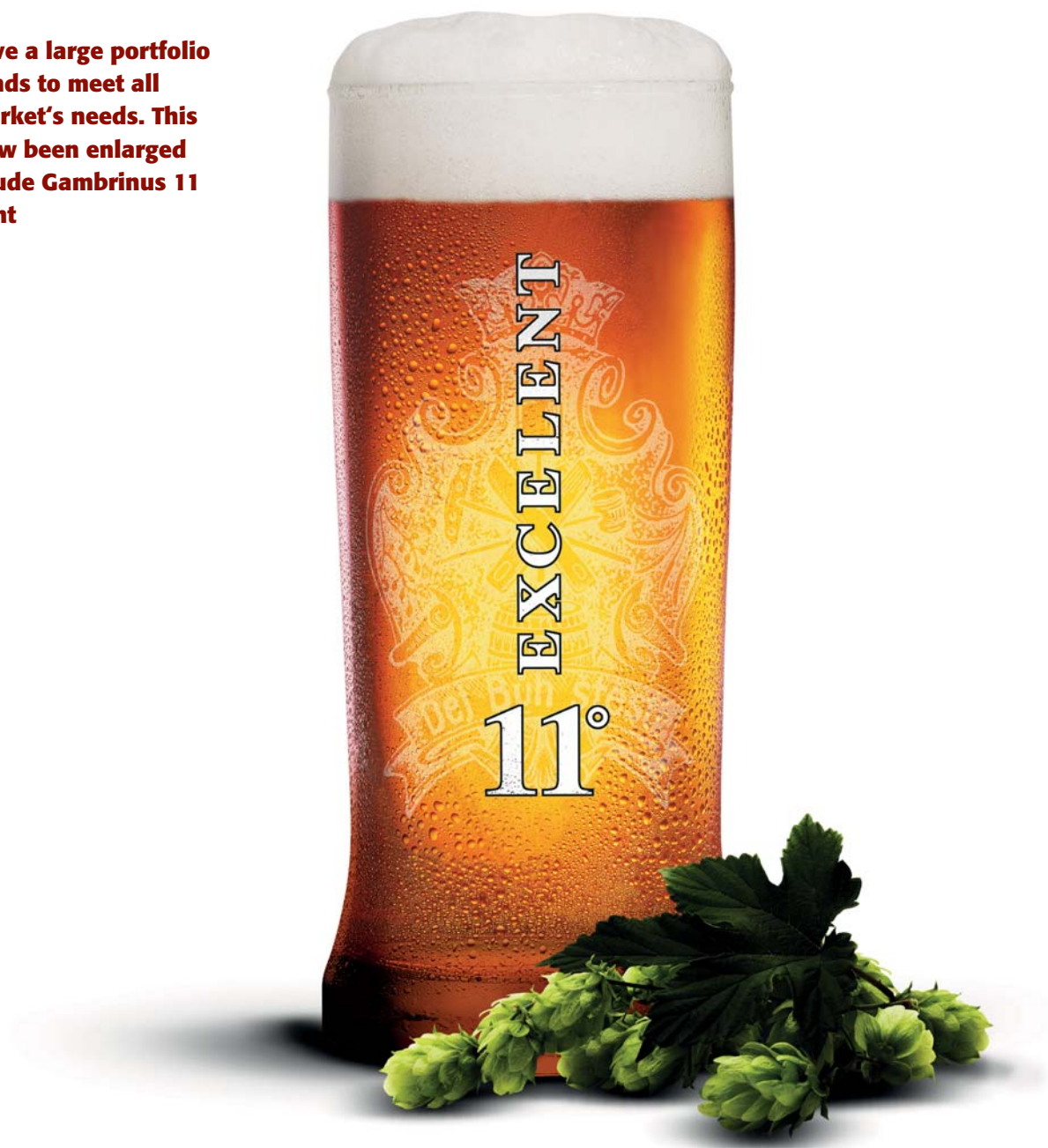
Plzeňský Prazdroj is also integral to the economic and social development of the whole of society. Among the twenty top corporate taxpayers it paid CZK 4.4 billion in the calendar year 2008. Its cooperation with suppliers resulted in turnover of more than CZK 7.4 billion, of which 87.6% involved domestic suppliers. The company is also a beneficial force for employment, both directly and indirectly by creating business and work opportunities for more than 30,000 business partners and 3,800 suppliers.

* 2008 is the corporate financial year beginning 1. 4. 2007 and ending 31. 3. 2008.

* 2009 is the corporate financial year beginning 1. 4. 2008 and ending 31. 3. 2009.

The Company

We have a large portfolio of brands to meet all the market's needs. This has now been enlarged to include Gambrinus 11 Excellent





Dear Readers,

I am pleased to offer you the 4th issue of Plzeňský Prazdroj's Sustainable Development Report. I am particularly delighted to inform you that we have been rated as one of the top companies in SABMiller's Global Sustainable Development Audit, giving strong recognition to our comprehensive approach and commitment to social sustainability.

Looking back at F09, we continued growing our profitability, with strong focus on cost savings in energy and water, on waste reduction. Worldwide sales of our brands reached 10.7 million hl, ranking us again, this time with CZK 4.4 billion contribution to tax revenues, to some of the highest tax payers in the Czech Republic.

The Report presents detail of our performance. However, I would like to specifically bring your attention to:

- Our promotion of **responsible alcohol consumption**, through our approach to commercial communication and our website www.napivosrozumem.cz.
- Our annual reduction of **energy consumption** by 23%.
- The fact that 98% of our **packaging material** is returnable or recyclable and almost 100% of waste is put to secondary use.
- We are the only Czech Brewing company that has been awarded the international certification **ISO 14001 and OHSAS 18001 (environmental protection and work safety)** for all operations.

Foreword by the Chief Executive

- We strongly support SABMiller's declared commitment to reduce water usage to 3.5 Hl per one Hl of beer produced, by 2015.
- We have supported the Czech society through the **"Prazdroj to the People"** programme. We facilitated and supported 32 projects, contributing CZK 6.5 million to the Programme.
- Plzeňský Prazdroj is voted regularly as the **"Employer of the Year"** in Pilsen region and rated highly at national level, too.
- We regularly and rigorously review and improve ethical procedures in our Company, as well as health and safety conditions in our workplaces, the appointment of **3 ombudsmen** being a proof of our commitment to these important areas of corporate and social responsibility.



We realise that the search for excellence in Sustainable Development is a long term commitment.

In fulfilling this commitment, I'd like to express my gratitude to all of you, employees and business partners, who have contributed to our sustainability projects. In particular, I want to extend our gratitude to those of our suppliers who work with us in demonstrating responsibility in preserving our environment.

Have a good year!

Mike Short
Chief Executive

10.7 mil. hl
Worldwide sales of our brands.

Sustainability is core to our business model

SABMiller's Sustainable Development Programme and our business aspirations are fundamentally aligned. Three specific areas of the SD Programme will receive our utmost attention this year:

- Responsible alcohol consumption,
- Supplier responsibility
- Minimising our impact on the environment.



In 2009 Plzeňský Prazdroj continued to implement the sustainable development action plan strategy. We paid special attention to promoting responsible drinking.

Our results:

- We introduced an updated version of the commercial communication policy, which has been adopted by more than 1,300 employees and agency workers. All commercial communication must be approved by the internal Sustainability Committee.
- The Promile INFO service, which Plzeňský Prazdroj has supported since 2007, was used by more than 6,000 people. In 2009 the service could for the first time be accessed free on a website.
- Plzeňský Prazdroj is one of three winners of the Czech round of the European Sustainable Development Competition
- Water consumption of 4.3 hl of water/1 hl of beer is below the international average (5 hl of water/1 hl of beer).

- Our annual energy footprint fell by 23%.
- The volume of renewable energy rose y-o-y from 1 to 2% of the total energy mix.
- Most of our cooling equipment is freon-free. By the end of 2009 all freon cooling equipment will have been replaced.
- We began to distribute our products using railway transport, which is more environmentally friendly. In 2009 we covered 200,000 km by rail.
- We produced 178,906 tons of waste and almost 100% of this was reused.
- 93% of our packaging is recyclable or can be reused.

A detailed overview of our activities and the plan for the next period are given in the final section of this document.

2009 Overview of Progress

The key sustainable development priorities for our company

| | |
|---|---|
|  <p>Discouraging irresponsible drinking</p> |  <p>Respecting human rights</p> |
|  <p>Making more beer but using less water</p> |  <p>Contributing to the reduction of HIV/AIDS within our sphere of influence</p> |
|  <p>Reducing our energy and carbon footprint</p> |  <p>Benefiting local communities</p> |
|  <p>Packaging, reuse and recycling</p> |  <p>Preserving the historical brewing legacy</p> |
|  <p>Working towards zero waste operations</p> |  <p>Transparency in reporting our progress</p> |
|  <p>Building supply chains that reflect our values and vision of sustainable development</p> | |



It's important for us to know where, when and by whom our product is consumed. Our task is to provide adequate objective information to help consumers make their own decision and for it to be the right one.

As beer producers we know that our product is not suitable for everyone and that its excessive consumption can be harmful for consumers and their surroundings. It's important for us to know where, when and by whom our product is consumed. Our task is to provide adequate objective information to help consumers make their own decision and for it to be the right one. In discouraging irresponsible drinking we abide by the following principles:

- In commercial communication we provide objective information
- We monitor the observance of clear rules through internal self-regulating procedures

- We support programs which aim to prevent drink driving and underage drinking in order to draw attention to the risks of excessive alcohol consumption and to support responsible decision-making.

Activity in 2009

In 2009 we adopted updated rules for commercial communication. The rules were made known to all employees, and more than 1,300 agency employees and workers completed the relevant training. All commercial communication is strictly evaluated by the internal sustainability committee. The committee is headed by an

Discouraging irresponsible drinking

independent chairman, who ensures absolute objectivity in decision-making. The consumer can send his suggestions to an independent body – the Advertising Council, or directly to us at komise@pilsner.sabmiller.com.

> 1,300

employees and agencies trained

Commercial communication was made more effective by the creation of the website www.napivosrozumem.cz, which provides all relevant information to beer drinkers and visitors to the website over the age of 18. This special website provides information on the risks and benefits of drinking alcohol and offers links to other valuable resources connected with drinking alcohol.

The company complies with the Responsible Brewers Initiative statutes and the Advertising Council's code of ethics. Any uncertainty is resolved by a third, independent party - the Advertising Council, of which Plzeňský Prazdroj is a member.

Plzeňský Prazdroj continued to support educational programs in this field and remains the main partner of the Promile INFO service. Discouraging irresponsible drinking is also supported by the Radegast Birell brand, whose campaigns focus on road safety and encouraging people not to drink and drive.



Projects

Promile INFO

Plzeňský Prazdroj supports the SANANIM association program entitled Promile INFO. The service offers people general information on their current blood alcohol level and how long it will take to fall to zero. In 2009 the price for a single SMS message fell from 20 to 9 crowns, thereby making it easier to use and more accessible. The service is also available free of charge at www.promile.info. So far, the service has been used by more than 6,000 people.

Promile INFO service

used by more than 6,000 people



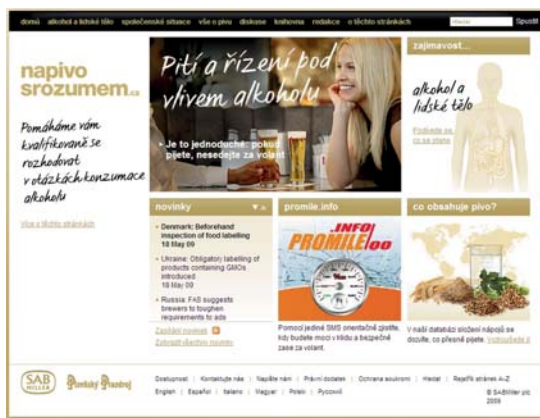
“We don’t place our billboards near schools, we don’t laugh at teetotalers, we don’t say that beer improves performance, either in sport or relationships. In the Czech Republic we support the Promile INFO service, which is designed to help drivers decide when they can get behind the wheel and when they can’t” says Luděk Kraus, explaining the principles for discouraging irresponsible drinking.

Radegast Birell for road safety

In our brand portfolio the chief component in discouraging irresponsible drinking is Radegast Birell. Its campaigns contribute to road safety by targeting not only drivers but also cyclists. In 2009 the brand became one of the main partners for one of the leading Czech cycling teams, the Rubena Specialized Cycling Team. Radegast Birell also supports a raft of activities for recreational cyclists. It is the partner for the tenth year of the Cycle for Life competition and also backs other major cycling races. It thus manages to reach around 50 thousand of the approximately 80 thousand active cyclists.

Radegast Birell’s composition makes it the most popular beverage for cyclists, something which was confirmed by last year’s research at the Cycle for Life races. During the races it is drunk by a third of participants, and after their end by more than a half. Birell is also recommended as a suitable drinking regime by doctors; it contains saccharides, minerals (such as sodium, potassium or magnesium) or vitamin B. This makes it a natural ion drink which stimulates and refreshes the body but doesn’t burden it with chemical substances or alcohol.

Discouraging irresponsible drinking



www.napivosrozumem.cz

In 2009 Plzeňský Prazdroj introduced the www.napivosrozumem.cz website, on which people can learn about the healthy effects of alcohol on the organism, as well as how to drink responsibly. This is a valuable source of information as well as an attempt to discourage irresponsible drinking.

2010 Targets

In 2010 we will continue to apply principles of discouraging irresponsible drinking. In-house training programs will be held on commercial communication principles, the responsibility report will be implemented in all communication products and the ongoing education and preventive programs will be continued. We will also help formulate an ethical environment in the brewing sector.

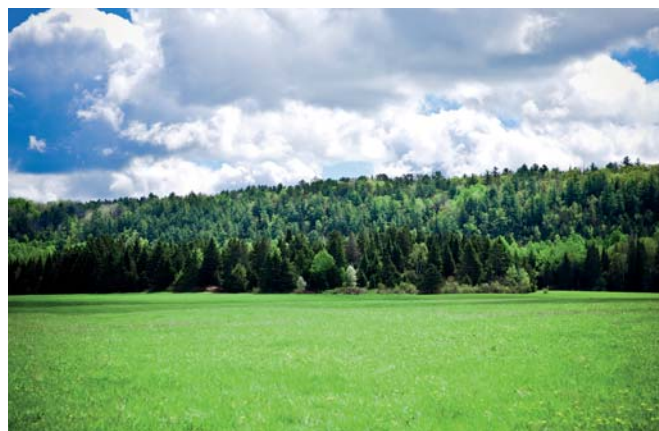
www.napivosrozumem.cz

information for consumers

Responsibility report for commercial communication

In 2009 the company brands incorporated the napivosrozumem.cz information report on responsibility in their communication. The first examples included attaching labels on the portfolio's beer brands. Over the next year all of Plzeňský Prazdroj's advertising and other product communication will report on responsible drinking in the form of a link to www.napivosrozumem.cz taking up 10% of the printed space or of broadcasting time.





For us, minimising the environmental impact is founded on the following principles:

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

All the breweries have established an environmental management system in conformity with the internationally acknowledged standards ISO 14001, the quality management system ISO 9001, the HACCAP health and sanitation system

for food products, and the work safety management system in compliance with the norm OHSAS 18001. All production operations comply with strict EU legislative requirements.

Minimising Environmental Impact

Plzeňský Prazdroj has been a pioneer in Czech brewing industry's pioneers for setting the highest standards of quality and protection of the environment, as dictated by the certifications of ISO norms. The investment in production quality and environmental protection result in annual returns of tens of millions of crowns.

ISO and OHSAS in all company departments

In 2009 Plzeňský Prazdroj received international certificates for its environmental protection system and work safety under norms ISO 14001 and OHSAS 18001 in all of the company's departments. This makes it the only Czech brewer to have this degree of international certification.

The OHSAS 18001 system provides not only the basic work health and safety regulations for employees but also leads towards changes in employee behaviour when carrying out their daily activity.

It proves to employees and other interested parties that Plzeňský Prazdroj actively protects the health and safety of its employees.

The ISO 14001/2004 certificate confirms that Plzeňský Prazdroj has an effective environmental management system, and guarantees both employees and consumers that the company is actively minimising the environmental effects of its operations, products and services.



In 2009 water consumption stood at 4.3 hl of water for every 1 hl of beer produced. This represents a reduction of almost 12% since 2000. The entire SABMiller group undertakes to reduce average water consumption to 3.5 hl/hl by the year 2015.

Making more beer but using less water

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:

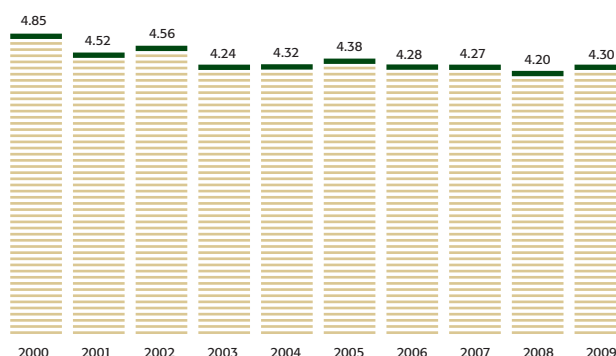
- reducing water consumption in the production process
- monitoring water resources and treating water with consideration to the relevant region's needs
- applying principles of responsible treatment for water resources, including those of our partners
- minimising the negative impacts on the environment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

Activity in 2009

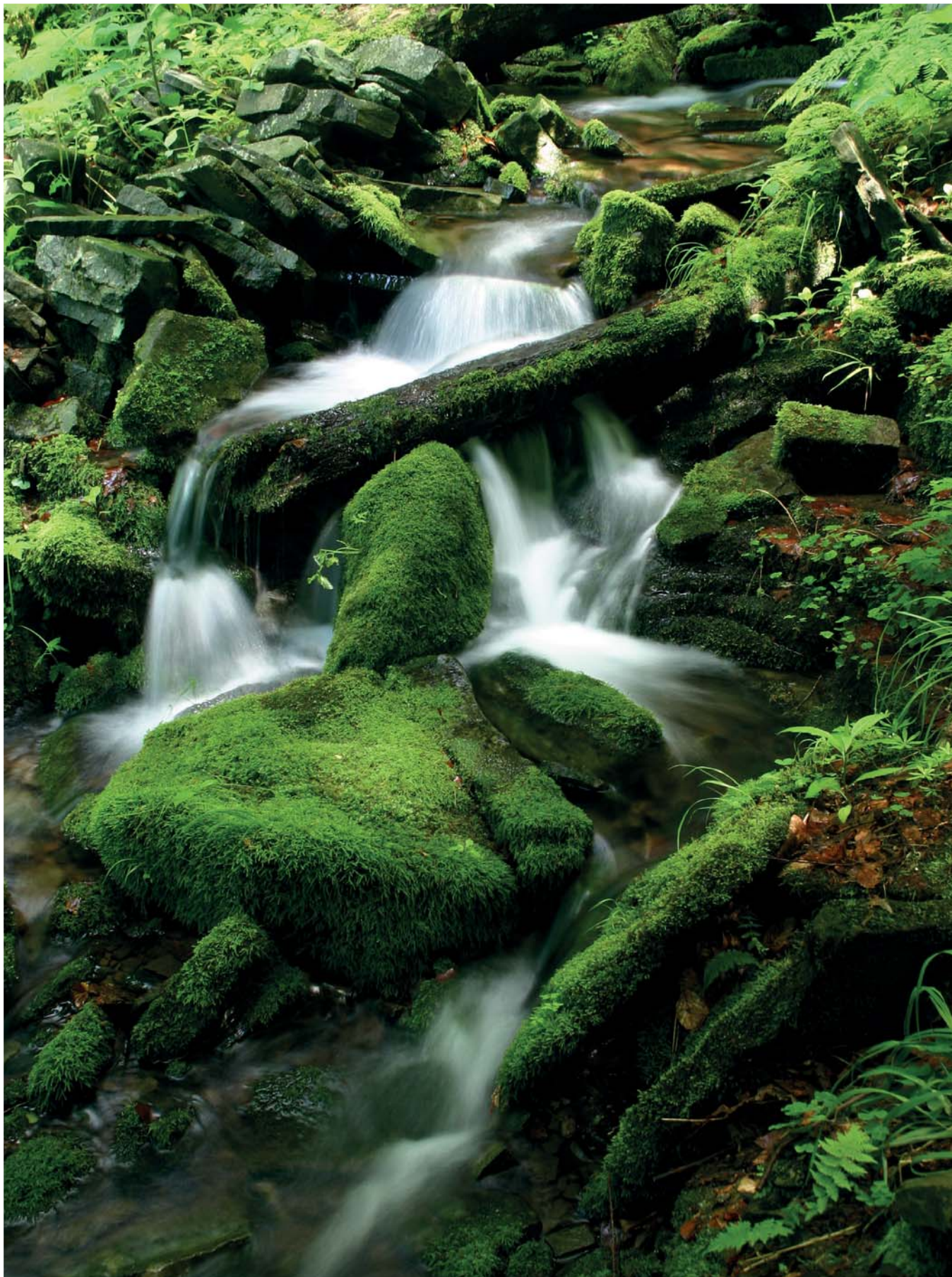
Water consumption in 2009 was 4.3 hl for every 1 hl of beer produced. Most Czech breweries maintain a standard

of 4.5-7 hl of beer for every 1 hl of beer, while the world average is 5 hl of water. Consumption levels have risen slightly compared with 2008 (by 0.1 hl/hl), although this is due to the overall increase in the volume of beer production. In 2009 we concentrated on reducing water loss within the Plzeň distribution system and the more effective treatment of fire system water. We also began to speak to selected suppliers on water management. A study mapping water resources was completed, giving us a better overview of our water resources and making it possible to plan water use for the future.

Specific water consumption (hl of water / 1 hl of beer)



Minimising Environmental Impact



We also upgraded the functions in water treatment plants. Water drained into the surroundings thus meets the strictest criteria. We prepared a mathematical model by which we reduce water loss in the distribution network and are harmonising operational consumption. The new system should save up to 1.2 million m³ of water annually in all company plants, which roughly corresponds to the daily consumption of the population of the Czech Republic.

Projects

Monitoring water resources

We completed a comprehensive study mapping all our water resources. The management of water resources induces better management and eliminates possible interruptions to the water-table. Water-table probes also help reduce the energy used in pumping water and protect water resources against damage.

Biological rain-water treatment becomes permanently operational

The biological treatment system for drainage and rain water from the RADEGAST Nošovice brewery has cleaned 334,000 m³ in its five-year trial period. The project, costing more than CZK 6 million, now moves to permanent operations. Rain water flowing from the brewery is pooled and cleaned by a system of ponds isolated from other water. This is a natural form of treatment which places no demands on energy consumption. Not only has it not interfered with the vista of the Morávka valley river bed, it has had a positive influence on the biotop and made it possible to reintroduce the original fauna and flora, such as musk-rats and spotted salamanders.

Mathematical model to help optimise water use

Plzeňský Prazdroj has prepared a mathematical model which monitors water flows in the brewery and will optimise their use according to the situation at any one time. The new system will reveal defects in the piping, reduce losses in the distribution network and harmonise consumption in the brewery's various operational centres, such as the packaging hall, brew house or fermentation procedures. It is a fundamental step in reducing water consumption. The new mathematical model measures water flow and pipe pressure in different parts of the brewery and is able artificially to simulate different situations that might arise. The model optimises the network for production needs, minimises pressure losses and causes less wear and tear to the pipes, meaning that they have a longer term of use. It also immediately detects the slightest water leakage, thereby significantly reducing the likelihood of water loss and saving on water resources.

4.3 hl of water

Consumption for 1 hl of beer (world average is 5 hl/hl).

2010 Targets

In 2010 we will look to remove the critical points arising from the study monitoring water resources and to optimise water losses derived from the mathematical model.

Minimising Environmental Impact



2% of the total energy mix comes from renewable energy sources, especially biogas.

Reducing our energy and carbon footprint

Our position

Brewing operations use a variety of energy sources, the most common being electricity and heat.

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

Activity in 2009

In 2009 Plzeňský Prazdroj continued its drive to reduce energy consumption and CO₂ purchases and to use organic waste as an alternative energy source. It succeeded in reducing energy consumption year-on-year by 23% from 111.04 MJ/1hl to 85 MJ/1hl of beer. We increased the volume of renewable energy used from 1 to 2% of the total energy mix. Organic waste is the prime renewable energy source. Biogas, which is created in the anaerobic treatment of waste water, can continue to be used as a heat medium. In the Radegast brewery this year we began for the first time to use almost 100% of biogas produced from the waste water treatment plant as a heat medium.

During the first National Allocation Plan period we managed to reduce the level of emissions by more than 50% in comparison with the permitted amount. Plzeňský Prazdroj thus registered the greatest success in Czech industry.

We began to transport our products by the more environmentally-friendly rail system. In 2009 we covered 200,000 km by rail.

We reduced our annual energy footprint by 23%.

Projects

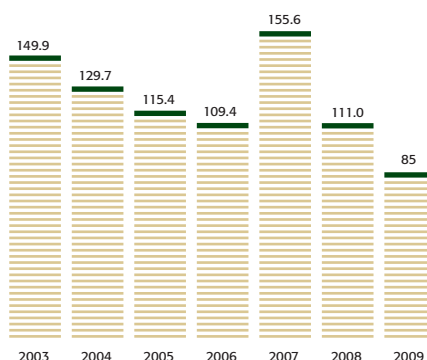
Rail transport

In 2009 Plzeňský Prazdroj began to transport its products by rail. Rail transport replaced the more than a hundred lorries moving around Europe. It is more environmentally friendly and brings transport savings. The first export by rail headed towards Sweden. The beer trains mean that the number of kilometres travelled by road has been halved.

CO₂ emissions reduced by more than 50%

In the first stage of the National Allocation Plan Plzeňský Prazdroj succeeded reducing the volume of CO₂ emissions by more than 50% compared with the permitted amount. The main economies were ascribable to the modernisation of the brew house in Plzeň, which now saves up to 87% of emissions. In comparison with the whole of Czech industry, which on average saved only 4% of emission permits this is an outstanding result. For the second period of the National Allocation Plan between 2008 and 2012 Plzeňský Prazdroj

Specific energy consumption (MJ / hl)



received only half the volume of permits. The company's ecological projects and investments make this number of permits sufficient.

2010 Targets

Next year we will continue to reduce energy consumed and increase the amount of fermentation CO₂ used for production purposes. We have also undertaken to exchange all freon cooling equipment by the end of the 2009 calendar year.

| Measure (2002–2007) | Change in CO ₂ emissions (tons/year) | Savings in CO ₂ emissions |
|--|---|--------------------------------------|
| Modernisation of the brew house in Plzeň | from 15,000 to 2,000 | 87% (about 13,000 tons) |
| Anaerobic treatment plant with biogas entrapment in Nošovice | from 19,000 to 17,500 | 6–8% (about 1,500 tons) |

Minimising Environmental Impact

More than 93% of our packaging is returnable or recyclable.



Crate recycling



Packaging reuse and recycling

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 over its whole life cycle

Activity for 2009

More than 93% of our packaging is returnable or recyclable. In previous years we decreased the packaging weight; we now for the second year running monitor not only packaging weight but also the content of heavy metals, which are not allowed to exceed the limit defined in Czech law. Plzeňský

Prazdroj is a member of the EKO-KOM association, which in the Czech Republic deals with the issue of packaging recycling and reuse.

In 2009 we began to monitor the packaging life cycle in terms of its environmental impact. Next year the result will help us better define possible areas for improvement.

2010 Targets

Use the packaging life cycle study results to define possibilities for improvement and prepare an action plan.

99.7% of waste has a secondary use. None of our waste is returned to the environment. This is due in large part to the fact that most of it is of organic origin.



Working towards zero waste operations

Our position

In our production procedures we place great emphasis on minimising the volume of waste produced and support its reuse or recycling. We are helped by the fact that the vast

majority of waste generated in beer production derives from secondary products of organic origin which can be reused or recycled. That's why our target is to have operations with zero waste.

Activity in 2009

In 2009 we generated 178,906 tons of waste and almost 100% was put to secondary use.

Agricultural production utilises especially yeast and malt house waste. Water treatment sludge is mixed with soil as fertiliser. If there is waste we can't use we make sure that it is eliminated by designated and authorised subjects and that they deposit it in set-aside dumps. We thus ensure that no waste returns to the environment.

Since last year we segregate waste not only in all breweries and administrative buildings but also in all sales and distribution centres, as well as in the new administrative building in Prague – Mysl bek.

Minimising Environmental Impact

Waste segregation has been introduced in all company operations.

Projects

Waste segregation in all operations

All three breweries have introduced a waste segregation system, both in operational and administrative fields. The system also applies in all sales and distribution centres.

Membrane filtration is better for beer and better for the environment

All beer produced in the Plzeň brewery is filtered solely on two lines with a membrane filtration*. As opposed to filtration using kieselguhr, membrane filtration is better for beer and the environment: beer has a better sensoric stability, meaning that it retains the freshness of its taste for longer. Filtration also causes a minimal amount of waste to be generated. This is generally confined to brewery yeast.

2010 Targets

To continue to minimize industrial waste in the breweries and sales and distribution centres.



*Membrane filtration is a technique for separating hard particles from liquid using porous membranes or filters. The particles separate according to size and shape by pressure and special membranes with various pore sizes. Different membrane filtration methods exist (reverse, osmosis, nanofiltration, ultrafiltration and microfiltration in the order of ascending pore size) but all have one aim – to separate or concentrate the particles in liquid. Unlike kieselguhr, membrane filtration reduces the beer's inflow of soluble oxygen during filtration; neither do membranes contain iron ions (unlike kieselguhr) which catalyse oxidation in beer.

Our business activities with suppliers caused us to spend CZK 7.4 billion annually, of which 87.6% was spent in the Czech Republic.



Our position

We pay close attention to understanding the impact our activities have on our supply chain partners. In relations with suppliers we act openly and follow the rules of responsible business conduct. We implement the so-called "Responsible Sourcing Principles" formulated by our employer SABMiller and we expect the same from our suppliers.

Activity in 2009

In 2009 our activities with suppliers generated turnover of CZK 7.4 billion, of which 87.6% is created by suppliers based in the Czech Republic. Last year we promoted the rules of responsible business conduct among our suppliers.

In the company quality control program we monitor not only quality but also a responsible approach to the environment, human rights and work safety. Dialogue forms an important part of our long-term cooperation with partners. This is based on creating fair business conditions and the mutual exchange of information. For several years we have organised meetings and seminars for our key suppliers, especially for suppliers of hops and barley.

Projects

Quality management, responsible approach principles

The quality management program focuses not only on quality control but also checks that the responsible sourcing principles are observed. An important element of these principles is the protection of employees' health and safety

**Working with supply chains
that reflect our own values**

Largest suppliers by turnover (%)



| | |
|---------------------------|-----|
| ■ Transport | 19% |
| ■ Marketing and promotion | 21% |
| ■ Raw materials | 25% |
| ■ Services | 6% |
| ■ Energy and water | 11% |
| ■ Packaging material | 18% |



at work, environmental protection, fair remuneration and a prohibition on child or forced labour. We visited 30 suppliers and in the course of ordinary standardised monitoring recorded no infringements or shortcomings.

Our group responsible sourcing 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

2010 Targets

In the coming year we will continue to work with our suppliers to ensure that the responsible sourcing principles and quality levels are observed. With those suppliers who fail to fulfil the conditions we will jointly formulate a corrective action plan. We will continue to consolidate long-term cooperation.

87.6%

of our suppliers are located in the Czech Republic



As a member of a global company we promote the basic values of international society, above all as outlined in the Universal Declaration of Human Rights.

Our position

As a member of the SABMiller global group 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. We conduct our business in complete accordance with these principles and we guarantee that they will be upheld for all our employees. As part of SABMiller we undertake to observe human rights principles, primarily:

- freedom of association and collective bargaining
- prohibition on forced or child labour
- prohibition on any type of discrimination
- a fair remuneration policy
- a safe and healthy work environment

Activity in 2009

In 2009 2,464 employees worked in the company. The observance of human rights continued to follow procedures that had been introduced the previous year. Control bodies oversee compliance with ethical principles. Employees complete annual training courses and over the year have recourse to three ombudsmen, who they elect themselves in an employee vote. The procedure includes an anonymous telephone line which every employee can use to report violations of human rights and ethical principles. In 2009 the anonymous line did not record a single complaint.

Compliance with workplace health and safety is overseen by a committee which conducts regular controls. In 2008 there were no serious violations of workplace health and safety on the part of employees. The fair remuneration system

Respecting human rights

offered new forms of benefits and in education the so-called Third Career program was introduced, aimed at work for employees in the 50+ age category. In 2009 Plzeňský Prazdroj was again judged "Employer of the Year" for the Plzeň region.

Projects

Dialogue between employer and union organisation results in remuneration rise

The dialogue between both parties led to an increase in remuneration for 2010, particularly in benefits. Employees will receive contributions to health care, relaxation, cultural and sporting events or medicine and food supplements. Around 350 employees who carry out risky work will continue to have access to goods and services conducive to health.

Third career program

The development of employees of mature age is a sine qua non for Plzeňský Prazdroj. This is why it joined the Third Career program, a project devised by the Expertis and CSP companies and the STEM agency subsidised by EU grants and aimed at employing people of 50+. The program comprises training in specific skills, advice in handling life situations and work on strengthening internal motivation and flexibility for middle-ranking managers of 50+. Every participant shall also pass an entrance and leaving interview and can make use of individual coaching.

Employee benefits also offer contributions for health care, relaxation or the purchase of medication.



For us the number 50 is not a limitation.

2010 Targets

In the coming year the company will continue to enforce the principles of basic human rights, with particular attention paid to health and safety protection at work and the promotion of the company's ethical principles.

Our human rights principles in brief

Free association and the right to collective bargaining

Prohibition on forced labour

Rejection of child labour

Rejection of any form of discrimination, whether according to gender, origin, religious creed or political persuasion, age or sexual orientation.

Fair remuneration

Safe and healthy work environment

Employee safety

Cooperation with partners who share the same principles

Respecting human rights



By the Prazdroj to the People program we support the active utilisation of people's free time and the integration of the handicapped and socially vulnerable.



Our position

Plzeňský Prazdroj believes supporting local communities to be an important part of its sustainable development strategy. It invests in raising prosperity levels in the places it does business through financial contributions, expert know-how and the time of its employees. The programs reflect Plzeňský Prazdroj's vision, mission and values, but also the priorities of local communities and all interested parties.

Being a member of an international group with strong representation in Africa, our company very strongly perceives the social and economic consequences of HIV/Aids. 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.

Activity in 2009

The company is also a member of DONATOR, the club of corporate donors, which was established in the Czech Donors' Forum with the aim of cultivating corporate philanthropy in the Czech Republic. We also use Standard Responsible Company methodology (SOF) to systematically measure the effectiveness of invested means. We were judged to be among the top 15 corporate donors in the 2008 TOP Corporate Philanthropist list.

Over the year we invested more than CZK 17 million in the social sphere and directed our efforts chiefly to supporting local communities through the Prazdroj for People program.

We are now in the second year of monitoring the prevalence of HIV/Aids in the Czech Republic. The Plzeňský Prazdroj Donation Fund supported the Lighthouse, a member organisation of the Czech Help Aids association. The support focuses on a toll-free 24-hour Aids help line for patients, their families and anyone seeking help or advice.

Benefiting local communities and contributing to the reduction of HIV/AIDS

Distribution of financial support by area



| | | |
|--|---------------|-------|
| ■ Environment | CZK 300,000 | 4.6% |
| ■ Art and culture | CZK 1,005,760 | 15.5% |
| ■ Social care and humanitarian development | CZK 2,061,515 | 45.4% |
| ■ Free time and amateur sport | CZK 2,952,725 | 31.7% |
| ■ Other | CZK 180,000 | 2.8% |

Projects

Prazdroj to the People

Prazdroj to the People (the former Citizens Choice) is one of the primary projects for community support. The program was established in 2002 with the aim of improving the quality of life for people living in areas where our three breweries operate. In 2009 there have been several changes resulting from dialogue with the target groups:

- We changed the name of the program
- Instead of the 4 original categories we focused on a single area so as to be able to clarify and increase the benefit for a given region
- We expanded voting to include SMS messages; thereby making it possible to obtain financial contributions for all projects selected for public vote and increased the volume of financial grants to include third-party contributions.

In Pilsen we distributed CZK 3 million and supported 13 projects. The majority of public votes went to the Prateta Centre Support for Employment for the Disabled. Employees voted for a project to improve conditions in the St. Elizabeth Old People's Home. We also supported the restoration of a historic print, the building of a social centre for the Union of the Hearing Impaired, disabled access facilities for 350 clients, the activity of the association for 500 diabetics, a club for young handicapped people and the reconstruction of a sport's ground.

In Velké Popovice Prazdroj to the People contributed CZK 1 million for 7 projects. Public voting elected to give a hundred percent support to the bell-ringing project in Velké Popovice. Employees chose to support a playground which can be used by children and adults alike.

In the Radegast brewery we distributed CZK 2.5 million between 13 projects. The public chose to support the Baška choir, while employees voted for a playground project in Dobrá. We also gave support to a summer camp for handicapped children, a clubroom for the public, a society for the mentally handicapped, improved a playground for children both healthy and handicapped, and supported the improvement of a learning path.

Public voting by SMS took place under the mantle of the Czech Donors Forum. The public also gave financial support to the tune of CZK 27 per vote. A total of CZK 79,920 was distributed between various organisations by public vote.

One world for human rights

Plzeňský Prazdroj is also a partner of the One World International Documentary Film Festival on Human Rights. The Festival is organised by the People in Need association and has come to be the largest human rights film festival in Europe. It is now one of the most important cultural events in the Czech Republic.

2010 Targets

In 2010 we shall continue our mission in community support through Prazdroj to the People and collaborate with our partners on positive influences to the corporate philanthropy environment in the Czech Republic. Through the Prazdroj to the People program we will focus on improving communication and supporting DMS projects.

Prazdroj to the People distributed CZK 6.5 million. The public sent 2,960 DMS and contributed a total of CZK 79,920.



In 2003, 2005 and 2008 the Church of the Infant Jesus in Pilsen received financial support in the Prazdroj to the People program.

Benefiting local communities and contributing to the reduction of HIV/AIDS





We produce our beer using the most modern technology and state-of-the-art machinery. Its quality and taste, however, remain unchanged, for some even after centuries. We are proud of our rich past, the tradition of making beer and our successes, which we follow and build upon.

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

- care of the world-renowned Pilsner Urquell brewing 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 complex 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 2009

Last year there were 188,609 visitors to the Plzeňský Prazdroj brewery and the Brewery Museum, a historical record testifying to the growing interest in the heritage and present of Pilsen beer. Foreign visitors made up almost two-thirds of that number and Czechs 35%. Germans, Russians and Taiwanese are the most numerous foreign visitors. Visitor numbers rose by 2.2% and by more than 55% over the last 6 years. In 2009 the Velké Popovice brewery recorded a record number of visitors with annual growth of 13%.

Projects

150 years of Pilsner Urquell

This year the Pilsen brand celebrates its 150th anniversary since its registration. In all the beer has sold 110 million hectolitres. Today research shows that Pilsner Urquell is one of the best-known and most valuable Czech brands. This it owes to its never-changing quality: Czech and Swiss

Preserving the historical brewing legacy



laboratorie proved that Pilsner Urquell tastes the same as it always has by running a comparison of today's values and attributes with results from 1897.

Brewery Museum

The Brewery Museum in Pilsen is expanding its exhibits to include a more in-depth history of all the major Pilsen breweries. An agreement with Pilsen City facilitated the museum building's connection to the town's historical underground system. We hope to use our experience from the success we've gained in operating tourist destinations, and by connecting the tour route to the Pilsen historical underground to raise its awareness and make the Pilsen city centre an even more attractive site for foreign and domestic visitors.

Barrier-free Visitor Route

The Pilsen Brewery visitor route is fully accessible to all handicapped visitors. Guides are trained and equipped to be able to moderate the brewery's sights for the sight



and hearing-impaired, and those with physical and mental handicaps. By doing so they will inform disabled visitors of the history, raw materials and means of production involved in Pilsner Urquell beer. As well as making

almost 190,000

visitors in 2009

technical changes to the routes we have also trained and equipped our guides to accompany handicapped visitors, both in the tour's organisation and the commentary. Visitors with sight impairment receive a résumé of the tour in Braille. The tour route has been fitted with objects, exhibits and raw materials made to touch or for which another sense can be used. Visitors with a hearing impairment receive a printed version of the tour so they can follow what the guide says.

Our position

Plzeňský Prazdroj conducts its business responsibly and wants this to be known to all interested parties. The desire for full and transparent information also applies to sustainable development operations and the results that Plzeňský Prazdroj achieves in fulfilling them. We want to inform all our stakeholders in a way that make it possible for them to evaluate our results in sustainable development and then to take qualified decisions.

Activity in 2009

In 2009 we continued to improve internal control procedures. Under the SABMiller sustainability assessment matrix (SAM) the company monitors progress in achieving targets for 10 sustainable development priorities. Evaluation now takes place twice a year. The half-yearly assessment measures the ongoing fulfilment of targets and makes it possible to implement corrective measures, while the assessment at the end of the fiscal year offers a final and comprehensive survey of the year's activity. The results are subject to approval by company management.

Employees are informed of activities in the Annual Report for employees or on-line through the company intranet. The public is informed of our activities via the Sustainable Development Report, which is available on the company website. The results recorded in the Report are verified by a third party. The purpose of verification is to judge the method and content of reporting, and the suitability of the priorities to local needs in the Czech Republic.

Plzeňský Prazdroj among the top three in the European Sustainable Development Competition



In 2009 Plzeňský Prazdroj took part in the European Sustainable Development Competition and finished as one of three winners of the local round. Plzeňský Prazdroj has taken a comprehensive approach to sustainable development, introducing practical priorities such as discouraging irresponsible drinking, reducing our energy footprint in beer production, packaging recycling etc. The public's inclusion in the decision-making process of Prazdroj to the People, and the voting by intranet or DMS, was judged to be particularly well thought-through. The innovative technology used in the elimination and reuse of CO₂ was received very positively. This is the first international competition assessing the sustainable development of firms in the Czech Republic. The aim is to support the systematic, strategic and long-term approach by companies towards sustainable development, and not only haphazard or isolated charitable activity. The competition's mission is to promote the CSR concept in the context of the EU Green Book "Promoting a European framework for corporate social responsibility", which was adopted by EU member states in 2001.

Transparency in reporting our progress

10 sustainable development priorities of the company. Overview of targets fulfilled and 2010 action plan.

| Priorities | Action plan for 2009 | Action plan for 2010 |
|--|---|--|
| Discouraging irresponsible drinking | Train compliance with corporate communication principles. Inform employees about examples of the company acting as a responsible producer of alcoholic beverages. Continue supporting education and awareness programs for consumers. Participate in the development of a national alcohol policy on the influence of alcohol in society. Observe the principles of the „Alcohol and Health“ European initiative. | ✓ Train employees in discouraging irresponsible drinking. Continue to ensure employees have sufficient knowledge of the subject. ✓ Continue supporting education and awareness programs for consumers. ✓ Participate in the development of a national alcohol policy on the influence of alcohol in society. ✓ Observe the principles of the „Alcohol and Health“ European initiative. |
| Reducing our energy and carbon footprint | Gradually increase the use of renewable energy. Increase the utilisation of fermentation CO ₂ in production. Continue to replace freon cooling equipment. | ✓ Where possible continue to increase the use of renewable energy. ✓ Increase the utilisation of fermentation CO ₂ in production. ✓ Complete the replacement of freon cooling equipment by the end of 2009. |
| Using less water | Reduce water loss in the distribution system in Pilsen, apply effective handling with fire system water. Begin dialogue on water management with suppliers. | Continue to optimise water loss, prepare feasibility study for other ways of reducing water loss. ✓ Began dialogue with suppliers. |
| Packaging recycling | Monitor packaging production process and identify possible areas to be addressed . | ✓ Use analysis of packaging production cycle to prepare an action plan in order to reduce the environmental impact. |
| Working towards zero waste operations | Introduce waste segregation system in sales and distribution centres as well as administrative operations. | ✓ Minimise industrial waste. |
| Having supply chains that reflect our values | Cooperate with suppliers on adherence to Group Responsible Sourcing Principles (GRSP). Seek opportunities for mutual cooperation with suppliers of national priorities. Monitor the impact of mutual cooperation on economic and social development. | Cooperate with suppliers on adherence to Group Responsible Sourcing Principles (GRSP). ✓ Seek opportunities for cooperation with key suppliers. ✓ Monitor the impact of mutual cooperation on economic and social development. |
| Respecting human rights | Continue to manage the occupational health safety and protection system and the ethical principles process. Participate in the EU Third Career pilot project. | ✓ Continue to manage the occupational health safety and protection system and the ethical principles process. Raise employee awareness of human rights principles and procedures for resolving any violations. |
| Contributing to reduction of AIDS/HIV within our sphere of influence | Monitor the disease's prevalence in the Czech Republic. Support projects aiming to increase awareness of this issue. | ✓ Support a project which increases awareness of this issue and assess its impact. |
| Benefiting local communities | Create and implement projects supporting the needs of the region and company. Achieve effectiveness of the funds invested in the Citizens Choice program, support projects with a long-term contribution. Cooperate with national bodies and institutions in forming a corporate philanthropy environment in the Czech Republic. | ✓ Create and implement projects supporting the needs of the region and company. In thePrazdroj to the People program support projects with a long-term contribution, optimise communication and support voting by DMS. ✓ Participate in forming a corporate philanthropy environment in the Czech Republic. |
| Transparent reporting of the results of sustainable development | Make internal monitoring processes more effective. Regularly report fulfilment of targets, inform management and make results accessible to all employees. Issue a report on sustainable development verified by a third party. | ✓ Increase employee awareness of company activities in sustainable development. Regularly report fulfilment of targets, inform management and make results accessible to all employees. ✓ Issue a report on sustainable development verified by a third party. |

Note:

2009 = the corporate financial year beginning April 2008 and ending March 2009

2010 = the corporate financial year beginning April 2009 and ending March 2010

✓ = Completed

Commentary on the Report's Contents by an External Company

Plzeňský Prazdroj's sustainable development report for 2009 provides a comprehensive analysis of the firm's sustainable development and summarises all material activities in this field for the relevant period. The sustainable development report does not contain economic data or information on the company's management and administration; neither are its contents subject to our external assessment and are not dealt with in this commentary. The commentary's assessment deals with the financial year ending 31.3.2009 for Plzeňský Prazdroj. An adequate independent assessment of the report on sustainable development addresses the compliance of information in the Report with internal procedures for compiling data and standards for compiling these reports among firms in the same sector. Plzeňský Prazdroj compiles its report using the SABMiller global measurement system (SAM).

When assessing the contents of the Report on Sustainable Development we did not find anything that would lead us to believe that the information contained in the Report is incorrect.

In its Report, Plzeňský Prazdroj describes its approach to the relevant priorities in sustainable development and structures its Report according to these priorities. Alongside this approach it

describes the results achieved and its goals for the 2010 financial year.

In its endeavour to discourage irresponsible drinking Plzeňský Prazdroj includes in its Report the results achieved by its own projects, or those which it supports. We believe that the concrete examples in this area are clearly set out. Plzeňský Prazdroj focuses especially on evaluating the activities during the reported financial year. We believe, however, that it would be beneficial to specify the goals for 2010 in greater detail and to supplement the reported results with the opinion of external stakeholders on the results achieved.

To minimise the environmental impacts of production the company uses the international standards ISO 14001 and ISO 9001, HACCAP, OHSAS 18001. In 2009 Plzeňský Prazdroj obtained certificates for the system ISO 14001 and OHSAS 18001 in all the company's areas of activity. In its report Plzeňský Prazdroj provides information on the main areas in which there is an environmental impact, such as water consumption, reducing the energy and carbon footprint and packaging reuse and recycling. The results in the Report are described clearly and present the chief results achieved. The Report also relates the company's approach and planned targets for the future. Compared with previous reports data are given in greater precision and are expanded to include

Assurance statement for the Sustainability Development Report

information on recycling in the company's administrative operations.

The Report also describes working with supply chains and implementing "Responsible Sourcing Principles", as well as the method for monitoring selected suppliers. We believe that in the future it would be wise to measure by monitoring concrete indicators in assessing compliance with the responsible sourcing principles, and to register the degree of compliance. This would be important in evaluating the influence of reported activities.

Plzeňský Prazdroj also pays close attention to respecting human rights and its benefit program for employees. The Report provides a general description of adherence to human rights principles and the process by which such compliance is monitored. We believe that it would be appropriate to supplement the Report with information on the instruments used by the company for complying with human rights and the way in which these relate to individual principles, such as the prohibition on discrimination. In terms of employee benefits and diversity management the Report contains information on a program for the 50+ generation and illustrates the basic results achieved and activities planned for the future.

In terms of benefitting local communities Plzeňský Prazdroj describes all existing important

activities and records funds invested using the international LBG standard for a responsible firm. In its profiled program Prazdroj to the People it also defines the strategic changes in the 2009 financial year and the Report also covers the method by which employees are integrated in the program. We believe that here also the company should place greater emphasis on describing the impact of its activities on the community.

In conclusion we may say that the Report captures all key areas of sustainable development for Plzeňský Prazdroj, it captures the progression from the previous report and also evaluates the results achieved.

Czech Donors Forum

Czech Donors Forum is an organisation in the Czech Republic that specialises in company involvement in areas of social need; it forms part of an international network of similar agencies. In conjunction with our foreign partners we provide consultancy to companies involved in sustainable development, while for Plzeňský Prazdroj we offer a consultancy service. Plzeňský Prazdroj has asked us to create and provide a separate and independent commentary for its 2009 Report on Sustainable Development. The management of Plzeňský Prazdroj is responsible for the contents and compilation of the Report.





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