2020 SUSTAINABILITY REPORT

Plzeňský Prazdroj

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Plzeňský Prazdroj

In 2020, we unveiled our ambitious new strategy Na budoucnost! 2030 (To the future! 2030), a strategy which builds on our previous activities in the field of sustainability. This year has not been easy in itself, but it has shown us how much we need society and people to be responsible and humble, and that we can also tackle threats if we act together and everyone gets involved.

Our new sustainable business strategy, in which we have set goals for the next ten years, also marks another major step forward for us. We devoted a lot of energy to its preparation, not only involving literally the whole company, but also our suppliers, partners and the professional public, and I am convinced that this is evident from the result.

Beer is and always has been a product which is close to nature and people. This is why our commitments, for example towards a fully circular approach to packaging or towards a further gradual reduction in water and energy consumption during the production of beer, aim to make our business fully carbon neutral. We take a holistic view of our business. Our responsibility does not end at the gates of our breweries, and this is why we are inviting our partners and consumers to join us on a common journey which is friendly to people and the planet.

We are transforming our corporate culture and becoming constantly more active in the field of diversity. We also feel strongly about our commitment to contribute towards responsible alcohol consumption, where we promote transparent rules of strict self-regulation which we adhere to across all of our brands and activities.

As soon as we presented the new strategy to the public, we had the opportunity to test in many respects the extent to which the principles of sustainability we have declared actually match how we as a company behave in everyday practice towards the public, our business partners and our employees. And we welcome any feedback, as it allows us to move forward.

The pandemic has affected all aspects of life around us, our business being no exception to this. But we are proud of how quickly and actively we were able to face up to the situation, and that not only did we not ease up in promoting our core values such as responsibility and sustainability, we actually intensified our efforts. For all this, I would like to thank both our wonderful employees and also the partners with whom we can further develop our sustainability strategy.

Pavlína Kalousová
Director of Communication and Corporate Relations
Plzeňský Prazdroj

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THE SUSTAINABILITY REPORT

0

THE CENTURY WHAT DID VEHICLE VALUE CHANGE CARBON FOOTPRINT WILL BE NO LATER THAN IN 2050

To the future!

STRATEGY

In 2020, we markedly strengthened our ambitions in terms of sustainable development. In our new sustainability strategy, presented to the public in October, we emphasize even more how important it is to work with our partners and our ability to actively influence our environment, not only in the area next to our breweries. In addition to achieving carbon neutrality in production by 2030, we undertake to use solely renewable energy, use less plastics and work with what is recyclable. In addition, we intend to further deepen our position as a leader in saving water and to think of what influence our business has on our employees and society in general. All this is represented by our strategy's main motto – To the future!

> *We are continuing a brewing tradition that has gone on for almost 180 years. We perceive sustainability as an opportunity to be economically successful and to maintain that tradition for future generations. We are not interested only in our own production and sales, but in the impact our activities will have on the landscape around us and the people inside the company. We want to be among the leaders when looking for new solutions and follow on even more on partnerships to support sustainable development.*

Pavlína Kalousová
Director of Communication and Corporate Relations
Plzeňský Prazdroj

We realise that natural resources should be protected and handled sensitively and responsibly, so that we preserve them for future generations.

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PLZEŇSKÝ PRAZDROJ AND ASAHI

We closely coordinate Plzeňský Prazdroj's sustainable development strategy with Asahi, of which we are an important part.

1

Our sustainable development undertakings are fully in accordance with the sustainable development strategy of the Asahi Europe & International group adopted in 2020. As part of the Asahi group, since last year we have also been a member of the RE100 global initiative focused on using electricity from renewable sources, and we also undertook to hit the Science Based Targets and not warm the planet by more than 1.5°C.

Asahi RE100 SCIENCE BASED TARGETS

All our activities will lead primarily to a reduction in our carbon footprint. We have undertaken to reach carbon neutrality in two steps, by 2030 in production and by 2050 in the brewery's total balance, across the value chain. We are being helped by modern, energy-saving technology, and moving towards the purchase of energy solely from renewable sources and full circularity of packaging.

MORE IN SECTION 1

OUR PRIORITIES

In the production and distribution of our beer, we are constantly looking for ways to limit its impact on the environment as much as possible.

2

In our breweries, **we will attempt to achieve carbon neutrality and water savings, we will place a great emphasis on the circularity of packaging, purchases of ingredients from sustainable farming, waste reduction, equal opportunities and support for responsible consumption**. In all these areas, we want to achieve a marked shift, where each area of our strategy has its specifics and we will have to look for different solutions for it.

To the future! 2030

WATER | COL | CIRCULARITY OF PACKAGING | INGREDIENTS | GREED | RESPONSIBILITY | DIVERSITY

The sustainability of our business is an integral part of the corporate strategy. For the top management, including the Board of Directors, the area of a permanently sustainable development is among key priorities when setting the overall strategy of the company. Therefore, it is part of both long-term and everyday decisions and directors are responsible for it. Individual departments then have their representatives on the Sustainability Team. The Steering Committee, comprising members of the company's top management, supervises the strategy's consistency.

MORE IN SECTION 2

STRATEGIC GOALS

3

20 25

CARBON NEUTRALITY
All electricity for our breweries will come from renewable resources.

2.78 → 1
BEER BEER

WATER
We will reduce average water consumption needed to produce 1 hl of beer to 2.78 hl.

50 %

WASTE
We will reduce the total volume of waste by 50%.

No waste from our breweries will end up in tips.

90%

RESPONSIBILITY
90% of our products will have a reduced sugar content or will be sugar free.

20% A fifth of the drinks in our portfolio will be alcohol-free.

20%

We will increase our involvement in preventative programmes by 20%.

20 30

CARBON NEUTRALITY
Our breweries will be carbon neutral.
30%
We will reduce our value chain's carbon footprint by 30%.

WATER
The water for our breweries will come only from sustainable sources.

CIRCULARITY OF PACKAGING
All packaging for our products will be reusable or fully recyclable and made from a majority of recycled material.

We will stop using single-use plastics made from virgin materials.

INGREDIENTS
All agricultural ingredients used for our beer will be from sustainable sources.

25 %

RESPONSIBILITY
Soft drinks will comprise 25% of our portfolio.

50 : 50

DIVERSITY
We will achieve a balanced share of men and women in managerial positions.

20 50

CARBON NEUTRALITY
Our carbon footprint will be zero across the whole value chain.

SDG GOALS

WE FOCUS ON AT PLZEŇSKÝ PRAZDROJ

3 GOOD HEALTH AND WELL-BEING
5 GENDER EQUALITY
6 CLEAN WATER AND SANITATION
7 AFFORDABLE AND CLEAN ENERGY
8 DECENT WORK AND ECONOMIC GROWTH
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
10 REDUCED INEQUALITIES
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION
15 LIFE ON LAND
17 PARTNERSHIPS FOR THE GOALS

MORE IN SECTION 3

IT IS THE APPROACHES TO PEOPLE, WHICH DISTINGUISH US FROM OUR BEST TO BE THE BEST OF THE BEST AND SUCCESSFUL.

COMPANY PROFILE

PRAZDROJ IN THE WORLD

With experts to **more than 50 countries** around the world, Pivovary Staropramen is **the fifth largest brewery producers in the Czech Republic** and the largest exporter of Czech beer. In addition to the prime markets in our neighbouring countries, we are markedly growing in many others, including the USA, Japan and Hungary.

CZECH REPUBLIC AND SLOVAKIA

In 2014, we became an integrated company, comprising Plzeňský Prazdroj and Plzeňský Prazdroj Slovakia. We jointly chose the best of our companies, so that they were better organised and better prepared for success. **Through this merger we created the leading brewer in Central Europe.** We have been part of the global Asahi group since 2017.

Our success is based on the **talent, enthusiasm and professionalism of our employees.** There are more than two thousand of them in the Czech Republic and Slovakia. We indirectly also employ another 20,000 people in supplier companies, agricultural and food industries.

We are developing beer culture. With our customers, whether they are restaurants or retail outlets, we are constantly monitoring the needs of consumers and working to further cultivate the environment and increase the quality of draught beer. We therefore contribute to the development of the beer culture in the **Czech Republic and Slovakia to approximately 25,000 pubs and restaurants**. We train thousands of pub managers and restaurateurs every year in the **Master Bartender** programme. For several years, we have been successfully developing company pubs, where, together with top-quality technology for tapped beer, we also implement designs for their premises.

Last year we opened the new experimental **Proud mainbrewery** in Prague, in the building of a former particlery plant at the confluence of the Mže and Radbuza Rivers. It is not place an emphasis on quality, but we are not frightened to experiment.

RESULTS IN 2020

Last year's long closure of restaurants and pubs brought Plzeňský Prazdroj in the **Czech Republic a fall in sales in the domestic market by 8 per cent, i.e., approximately 111 million beers, to 6.69 million hectolitres. Seven per cent more packaged beer than in the previous year was sold** in shops. The **highest growth was in bottled beer**. On the contrary, in other countries we managed a year-on-year increase by one per cent and sold over 4.5 million hectolitres of beer.

Sales volume

In **Slovakia** the corona-crisis halted the expectations of a record year, where we saw the **largest fall of 31%** in volumes due to closed pubs and restaurants. This fall get back not only in the production of draught beer, but also beer culture, which our company had been building and developing in Slovakia for years. Total sales of beer volumes in shops rose, Plzeňský Prazdroj Slovakia sold 2% less than in the last volumes last year than in the previous year.

Paid in tax by Plzeňský Prazdroj

MACROECONOMIC IMPACTS

Macroeconomic studies have repeatedly confirmed the **positive impact of Plzeňský Prazdroj on the Czech and Slovak economies**. Our business is the engine of many other industries related to brewing.

A study by EY states that every crown spent by Plzeňský Prazdroj in the Czech Republic generates CZK 2.3 in the country's economy. In the case of Plzeňský Prazdroj Slovakia, EUR 1 spent by Plzeňský Prazdroj generates EUR 2.1 in the Slovak economy.

Plzeňský Prazdroj has a similar significant effect on employment in both countries. It indirectly supports almost 100,000 jobs in the Czech Republic and almost 6,000 in Slovakia.

Benefit for Economy

AWARDS FOR PRAZDROJ

In 2020, in the Bizness pro společnost **TOP Responsible Company** rankings we obtained the most important **Trendsetter award**, which we received for setting a trend in the field of sustainability and growing up with time, inspiring ideas about corporate responsibility in the Czech Republic. Our Sustainability Report for 2019 was a clear, prestigious award.

The Association of In-house Lawyers of the Czech Republic, with the Confederation of Industry CR, recognised Petra Hulát legal director of the year for active part in the GDPR working group and in the Office of the Government and in discussions on the forthcoming amendment to the Act on Significant Market Power.

We received five awards as a part of the **Lemur – Czech Public Relations Awards 2020**. The jury gave us first place for the communication campaign Velet Lagr for November's Brewmaster Election and for a beer with a Star. Two first places and one third place were won by the Pilsner Urquell campaign: How to Make Bartender Actual Celebrities, which attracted attention at last year's Cannes Lion Festival in the style of the famous scene from the film Vrchní, prchni! (Waiter, Scarper!)

BUSINESS ETHICS

In business we completely **comply with the principles and rules** stipulated by our integrated policy. It defines our attitudes to quality, the harmlessness of our products and food consumption, occupational safety and environmental protection.

We have introduced Business Ethics Principles that are binding not only on all employees, but also on external suppliers, distributors and consultants. We familiarise our suppliers with these principles.

COMMERCIAL COMMUNICATION CODE

We support the **principles for responsible marketing of alcoholic products**. We communicate and sell our products in a responsible manner. Advertising for beer and alcohol is generally one of the forms of promotion most regulated by the law, but we believe that a responsible producer has to go over the framework of the laws and have self-regulation principles. We therefore follow our **own Code of Commercial Communication**.

COOPERATION WITH STAKEHOLDERS

Our **philosophy is based on regular dialogue** with dozens of stakeholders. The complicated COVID-19 year of 2020 meant this dialogue went online. Despite this, we were able to carry on communication with stakeholders that are governments, associations, non-profit organisations, regional partners and education and research institutes in both countries and to promptly deal with the pandemic's negative impacts.

Through trade associations, we actively contribute **to improvements in agriculture, food and brewing in the Czech Republic, Slovakia and Europe**. In the Czech Republic we are members of the Association of Breweries and Malt Houses, Federation of Food and Drink Industries and Confederation of Industry. We are also active, for example, in the Council for Advertising and Sponsorship for Society. In Slovakia we discuss common topics in the Food Chamber of Slovakia and the Business Association SK. We are an active member of the Slovak Association of Beer and Malt Producers, the Council for Advertising, the Business Leader Forum and the Circular Slovakia initiative.

In the most-recent conversations with our stakeholders in 2018 to 2019, we identified areas that subsequently appear in our new sustainability strategy. They include, for example, the topic of water, its protection and a conceptual approach to dealing with a lack of it in the implementation of supporting sustainable farming, mitigating climate change, work with communities and the circular economy in general. In Slovakia, the priority topics also included, for example, responsible alcohol consumption and the production and quality of ingredients.

SUCCESSFULLY APPROVED ISO CERTIFICATES:

Quality Management System
(EN/ISO ISO 9001:2018)

Environmental Management System
(EN/ISO ISO 14001:2015)

Occupational Health and Safety Management System
(OHSAS ISO 45001:2018)

Food Safety Management System
(EN/ISO ISO 22000 + FSSC 22000)

Energy Management System
(EN/ISO ISO 50001:2018)

Feed Safety Standard
(GMP+ B1)

PRAZDROJ ACED ITS RECERTIFICATION AUDITS IN THE CZECH REPUBLIC AND SLOVAKIA

40 THE PERCENTAGE OF CARBON WE REDUCED ENERGY CONSUMPTION IN ALL FOUR BREWERIES IN THE CZECH REPUBLIC SINCE 2010 WITHOUT LAST DECADE'S INVESTMENT REDUCING THE QUALITY OF BEER.

Our breweries will be carbon-neutral by 2030.

CARBON NEUTRALITY

A fundamental change in our approach since last year has been the undertaking to achieve a zero-carbon footprint across the whole value chain – from the field to the glass. This also means the need to look beyond the gates of our breweries. Far more than ever before, we realise that we cannot achieve this change alone, but only thanks to cooperation with other partners.

Together with other members of the Asahi Europe and International group, we took the first step, which was a wide-ranging project to measure our carbon emissions across the whole value chain.

> *We are following the huge work that was done in recent years, in particular in the reduction of energy and water consumption in breweries. We will look for other ways to be as environmentally-friendly as possible in our production, to use resources economically and to be prepared for climate change. We will go over to renewable energy sources and progressively focus on reductions in emissions across the whole chain.*
>
> **Pavel Šesták**
> Plzeňský Prazdroj
> Technical Director

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Investment in Production
Although it was a difficult year, we continued to invest in modernising our breweries.

Business Partners
We are actively working with our suppliers to motivate them to pay greater attention to the environment.

Transport and Logistics
We are continuing to improve transport and make greater use of rail.

OUR GOALS

2030

CO_2 Carbon-neutral breweries

30% lower carbon footprint across the value chain (compared to 2019)

2050

Carbon-neutrality across the value chain

PRODUCTION OF EMISSIONS FROM SEED TO GLASS

So that we can progressively reduce our carbon footprint across the whole value chain, in 2020 we focused on mapping our carbon footprint. The aim is to identify key areas on which we can focus in the next decade in order to make the biggest impact.

INVESTMENT IN PRODUCTION

Although it was a difficult year, we continued to invest in modernising our breweries.

1

In the NoSovice-based Radegast brewery we installed a new can line bringing further energy savings. Heat consumption by the can line in NoSovice is approx. **25% lower** than by the bottle line there. A new air compressor with a frequency modulator will bring additional savings.

25 %

In the Popovice brewery, as a part of water saving, we invested, for example, in optimising barrel washing and we altered the steam distribution system from the central boiler room, thanks to which the volume of condensed steam that returns from the brewery increased.

In the Šariš brewery, we bought a new barley sorter and green malt turner. This means an annual **saving of 40,374 kWh of energy and 7,094 kg of CO_2** emissions. We work with the town-wastewater treatment plant, which can make green energy for its own operations and the public network from biogas.

BUSINESS PARTNERS

In 2020 we paid attention to transforming the mix of electrical energy purchased from suppliers.

2

To meet our aim of being carbon-neutral by 2030, we are making more and more use of green resources. We actively look for new partnerships, thanks to which we can invest in new renewable resources and therefore ensure the future use of green electricity.

However, we do not intend to stop at reductions in energy consumption in our breweries. We also want to positively affect the whole value chain. Only thanks to this will we manage to reach our aim of carbon neutrality across the whole chain by 2050.

TOTAL CONSUMPTION PER 1 HL OF BEER:

CO_2

CARBON DIOXIDE WAS THE FIRST GREENHOUSE GAS, WHICH THE EUROPEAN UNION HAS SET LIMITS AND IS A LEG-EMITENT TO AND CARBON DIOXIDE IS AN ESSENTIAL PART OF THE ATMOSPHERE OF EARTH, VENUS & MARS.

TRANSPORT AND LOGISTICS

We are continuing to improve transport and make greater use of rail.

3

Thanks to our new, special tandem long trucks fitted with the latest technology, there was a reduction in CO_2 by almost **415 tons** a year.

415 tons CO_2

New electric high-lift trucks in NoSovice save up to **250 tons** of CO_2 a year compared to the original gas models. Last year we purchased new vehicles for secondary distribution with the highest Euro6 version D standard. We again trained our drivers to leave the smallest carbon footprint.

0.7

THAT'S HOW MANY LITRES OF WATER ARE REQUIRED FOR A LITRE OF BEER. IN 2020, THE BREWERS OF THE CZECH REPUBLIC ALONE ACHIEVED A GRAND AVERAGE OF 0.7 LITRE OF WATER PER LITRE OF BEER.

We will reduce the average water consumption for beer production to 2.75 hl/hl beer

WATER

6 CLEAN WATER AND SANITATION

Introducing one of the basic elements on Earth. The first life came from water and it also played a key role in the establishment of our breweries. It is no coincidence that they were constructed in places famous for the softness of their water or that offer excellent quality water in a nearby river. The quality of our water is also guarded by the strictest judges—terroir, that monitor it in the breweries.

In addition to water economy projects that we are successfully implementing in the Radegast brewery and our Radegastovna, there is a need for education and increasing people's awareness of the economical use of water sources and water management. Everybody can fight droughts, because every drop helps.

Marek Grabovský
Radegast Brand Manager

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WATER OVER GOLD

The lack of water is a problem discussed globally.

1

In the future, a lack of water could affect developed European countries more and more. At the current time, during the dry summer months some parts of Bohemia and Moravia have to deal with a marked drop in supplies. All this has to be taken into consideration when producing beer in our breweries.

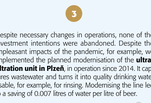
OUR APPROACH

We have been responding to global challenges for a while. In almost 15 years we have managed, thanks to regular investments in all four breweries in the Czech Republic and Slovakia, to reduce water consumption by more than a third.

2

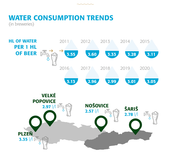
Although every plant requires quite a different approach, we are gradually obtaining better and better water consumption results in all of them. **More than a year ago, we managed to achieve a wonderful ratio of 3 litres of water consumed per one litre of beer.** Even in 2020 we still consume the largest volume of water by ensuring high hygiene standards. In practice this means the necessary use of water to wash and rinse packaging, to which it is necessary to add other activities directly related to cleanliness and health.

The water used for rinsing new cans is only slightly dirty, so we reuse it as utility water in Plzeň, **we also have technology enabling the transformation of slightly dirty water into drinking water**, which then serves us as service water.



We repeatedly proudly declare that Plzeňský Prazdroj uses water from its own sources for brewing beer, from historical wells in the municipality of Roudná, only a short way from the brewery.

We pay great attention to the sustainability of water sources in the Velké Popovice brewery, where we take water from 11 wells located no more than two kilometres from the brewery. Water is also a major topic in the Nošovice Radegast brewery, which takes water directly from the Beskydy Mountains and has easily the best ratio of 2.57 litres of water per litre of beer. The Šariš brewery takes water from deep wells in the Torysy area. A second source is our own wells, which partially supply the malthouse.



ECONOMIC MEASURES

2020 brought brand new challenges thanks to the coronavirus.

3

Despite necessary changes in operations, none of the investment intentions were abandoned. Despite the unpleasant impacts of the pandemic, for example, we implemented the planned modernisation of the **ultrafiltration unit in Plzeň**, in operation since 2014. It captures wastewater and turns it into quality drinking water usable, for example, for rising. Modernising the line led to a saving of 0.007 litres of water per litre of beer.

The ongoing process of optimising the washing of barrels, tanks and filter systems operated in a similar manner last year in most breweries. The technology allows us, for example, to distribute beer using vacuumless stainless steel beer tanks, from which beer is pumped into mobile tanks at a restaurant.

In the Slovak Šariš brewery, we recently **optimised the water treatment plant**, thanks to which water consumption fell by 0.07 litres of water per litre of beer. Heat energy that is released in beer production, specifically during wort boiling and when cooling hot hopped wort, is used to produce hot water.

In the last 10 years, the **Šariš brewery** reduced water consumption from 4.21 to 2.78 litres per litre of beer and today it is **among the best in Europe**.

In the greater part of our breweries, however, it was not possible to achieve the aims set for 2020 in water consumption. The cause was a restriction on barrel lines, where water consumption is less than for other types of packaging, lasting several months.

Our aim is a further gradual reduction in water consumption so that in 2030 we reach a value of 2.75 litres of water per litre of beer.

WATER CONSUMPTION TRENDS

(in litres/hl)

45

WE BREW OUR QUALITY BEERS WITHOUT ADDED SUGARS, ACCORDING TO ACCUSTOMED, TRADITIONAL RECIPES THAT INCLUDE ONLY INGREDIENTS.

We will only buy ingredients from farmers that comply with sustainable agriculture principles.

INGREDIENTS

6 CLEAN WATER AND SANITATION

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

15 LIFE ON LAND

We brew our beers solely from natural, high-quality ingredients. Climate change means harder conditions for their cultivation, so it is completely key for us to, together with growers, ensure stable deliveries in the future. We only buy barley from the Czech Republic and Slovakia and process it in our own malt houses. Whenever possible, we buy directly from farmers based on long-term contracts ensuring a foreseeable environment and fair conditions for both parties. We support hop growers in their fight against droughts, so growing in Žatec District is maintained for future generations.

We have a high regard for the efforts that suppliers of barley and hops, the most important ingredients for beer production, make to prepare the soil, comply with correct procedures during the sowing and treatment of crops, both when they are growing and during harvesting the barley, as well as other care during their storage, up to deliveries to our malt houses and warehouses.

Ian Engs
Plzeňský Prazdroj
Brewmaster

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BARLEY

We purchased 161,000 tons of malting barley in the Czech Republic and Slovakia in 2020.

1

We were again the second-largest purchaser of barley in the Czech Republic and the largest purchaser of various specialties for products with the PGI Czech Beer in 2020. We purchased 59 per cent directly from **domestic farmers**, as is traditional, we purchased other barley only through traders that were able to guarantee its origin. Domestic varieties were again dominant last year and made a lower degree of fermentation, which gives Czech beer its typical fullness. The lower barley harvest due to the drought caused a fall in the purchase of this ingredient by 7,000 tons compared to 2019.

In Slovakia in the same period, we bought almost 25,000 tons of malting barley; 15,500 tons of barley directly from growers and 8,684 tons from traders. In a manner similar to the Czech Republic, where light Pilsen-type malt is produced only using traditional methods in two of our malt houses in Plzeň and Nošovice, in Slovakia the barley purchased was processed in the Šaľ brewery malt house, where around 19,000 tons of malt are produced a year.

Bojos Lenda šéf?

The select Bojos malt variety accounts for largest share of purchases in the Czech Republic. It is followed by the Laudis 550 variety, which is also the most-cultivated variety in the Czech Republic. We will continue to test new malt varieties next year. At the malt house in Plzeň, they are the LG Ester variety, approved for Czech beer, at the malt house in Nošovice we are continuing to test the Spitfire variety and we will also try the LG Ester and LG Tosca varieties.

Thanks to constant investments in our breweries and malt houses that bring us fruit in the form of more efficient technology processes and an increase in the beer and malt production capacity, **we want to be a long-term partner and purchaser for malting barley**

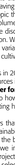
In 2008, the European Union registered the PGI Czech Beer, confirming the uniqueness of Czech arts. Our Gambrinus brand was one of the first to obtain this indication, in 2009. It was progressively joined by Pilsner Urquell, Velkopopovický Kozel and Radegast. Today, our brands are proud bearers of a designation guaranteeing a high standard of the production process and the quality of ingredients.

HOPS

Beer production in all four of our breweries in the Czech Republic and Slovakia is inherently linked to exceptional Czech hops.

2

We work with the best-known Czech varieties, such as Saaz Semi-early Red, Sladek, Premiant and Saaz Late. The exceptional taste properties of Czech hops are the result of quite unique soil and climate conditions in which the hops are cultivated in nature. The balanced quality of the hops for the entire time from harvest to use in the brewery is ensured by fast storage immediately after the harvest in air-conditioned warehouses with a controlled atmosphere and reduced oxygen content and careful subsequent processing into the form of pellets packed in a protected inert atmosphere and stored at a low temperature.



Sladek
Saaz Semi-early Red
Saaz Late
Premiant

We also import some hop products into our breweries from other countries, to provide basic bitterness. These products are used at the start of work boiling, where they provide the required bitterness, but they do not significantly contribute to the beer's subsequent aroma, whereas we add Bohemian and Moravian hops at later stages of wort boiling to provide a finer character to the bitterness and, in particular, the specific aroma. Some foreign hop products are also used for flavoured beers, special beers and other drinks for which foreign varieties are more suitable. In 2020, we purchased 773 tons of hops for the production of beer in the Czech Republic and Slovakia. Of this, 555 tons were from domestic suppliers, which is 60 tons more than in 2019.

60 tons

BABYLON

IT WAS THE BABYLONIANS WHO CAME UP WITH THE IDEA OF ADDING HOPS TO BEER. IT WAS VERY ONE BECAUSE OF THE HOPS, THE BEER WAS ALSO ALCOHOLIC (LONGER LIVED). THEN, BEER WAS FLAVOURED WITH CINCIER OR CORIANDER AND HAD A SWEET TASTE. THE BABYLONIANS ALSO THE FIRST CALLED THEIR GODDESS OF BEER NINKASI, WHO THEY PRAISED BEER WITH GOOD WHEAT BREE.

WATER FOR HOPS

Our partnership with Czech hop growers is based on long-term contracts, mutual understanding and deep respect.

3

This enables us to discuss the problems that hop growers have been having more and more recently. A lack of water is a big topic that could, in the future, negatively influence the volume and quality of hops purchased. We are therefore discussing various ways to effectively avoid the situation. We support, for example, the development of new variants of hops that are more adaptable to the new cultivation conditions.

After discussions in 2019 about climate change and the use of water sources in hop gardens, in 2020 we came up with the **Water for Hops** programme. Its aim was to find a solution to how, in the future, to ensure enough water for cultivating hops in the Žatec District.

One of the ways that we could help farmers cultivate hops more sustainably, with lower water and pesticide consumption, is the better use of data and technology. Thanks to this, we initiated the **Smart Hop Garden** project. In the project's pilot stage, 45 weather stations were installed at selected hop gardens to measure temperature, humidity and other parameters during one vegetation period, to help farmers better assess the situation, forecast the weather and make better decisions. The weather stations did well especially when predicting Peronospora; growers were better able to predict the risk and protect the hops plants more effectively. Thanks to the data obtained, it was possible to spray less, reducing pesticide consumption.

45
WEATHER STATIONS

Through complex questionnaires, we started to monitor how farmers comply with the principles of sustainable agriculture, so that together we can find a way to help them.

All our packaging materials will be fully circular.

PACKAGING

The year 2020 was an intense 12 months for us, during which we looked in great detail into ways of achieving full packaging circularity. We recognise that this is an area of huge importance to both consumers and our business, as packaging is absolutely critical to the environmental impact of our business. We aim to ensure that each type of packaging in our portfolio is reused or is used as a raw material for further packaging after use.

> *The great advantage of aluminium is that it can be recycled virtually indefinitely, while its quality remains the same. Cans made from recycled aluminium have a significantly lower carbon footprint and use up to 95% less energy than cans made from 'virgin' material.*
>
> **Martina Vajskebrová**
> Raw Material Manager
> Plzeňský Prazdroj

By 2030, all of our product packaging will be reusable or fully recyclable made from a majority of recycled materials.

CONTENTS

1 Plastic
We are ending the sale of lower PET bottles in stores and reducing plastic packaging by replacing it with recycled material.

2 Paper
Our beer bottles, Radegast and Birell brands are now made only from recycled paper, with other brands soon to follow.

3 Aluminium
We are now using thinner sheet metal, replacing aluminium foil with labels with paper ones and increasing the content of recycled material in our aluminium.

4 Life cycle of packaging
We work with experts to analyse the current situation, which will help us to make better decisions in the future.

PLASTIC

1

In 2020, we significantly focused on reducing our plastic footprint.

By moving away from PET bottles at Gambrinus, Radegast and Šariš, we have saved almost 1,000 tonnes of plastic. We also paid great attention to the thickness of the films used to hold beers together on pallets. In 2020, this has been reduced by up to 14 tonnes, saving 78 tonnes of plastic per year.

We have also gone the way of further reducing plastic consumption in the case of Pilsner Urquell bottles, where we have decided to do away with plastic labels on bottles, saving around 58 tonnes a year.
We have started using 100% recycled plastic on multi-packs of cans in shops. This represents a saving of an additional 200 tonnes of plastic from primary raw material

We are also reducing the proportion of plastic bags in beer tanks; in the Czech Republic, we now use only bagless tanks, while in Slovakia the portion of tanks with bags is 19%. These have been replaced by stainless steel containers for the distribution of unpasteurised beer to the pubs and restaurants, which allow beer to be transported together with other goods and thus fully utilise transport capacity during distribution.

PAPER

2

Our beer bottles can't do without labels, but there is a way to significantly save on paper.

We have introduced recycled paper for bottle labels for the majority of beers sold under the Radegast, Kozel and Birell brands. More brands will be added to this list in 2021. In 2020, we saved 271 tonnes of new paper in this way. In 2021, we will replace another 352 tonnes of paper with recycled paper - so by the end of the year, we should achieve a situation where an average of 73% of the paper used for labels is recycled paper.

ALUMINIUM

3

In 2020, partially thanks to the pandemic, we saw an increase in the popularity of beer in cans, which are light and in which the drink can be cooled rapidly.

Compared to 2019, there was an increase in the share of canned beer from 18% to 20% of total sales. We therefore also started to look for ways to reduce the environmental footprint for aluminium. In the case of the Pilsner Urquell brand, for example, we managed to save 48 tons of aluminium thanks to the removal of aluminium foil necks from bottles and their replacement with paper labels in 2021.

Together with the gradual reduction of the thickness of aluminium packaging, we are also increasingly focusing on the necessary increase in the ratio of recycled material in the aluminium from which our cans are made. At present, the content of recycled material is on average 40%, and we intend to increase this value further over time. We have high hopes for a system which would allow us to impose a deposit on cans as we do with glass bottles. The imposition of a deposit on cans is an extremely hot topic in Slovakia at the moment. In 2020, we participated very intensively in the preparation of a deposit return system there, which will be launched on 1 January 2022.

ZÁLOHOVANÉ

SHARE OF RECYCLED MATERIALS
(in individual packaging materials)

20% glass	66% paper	37% aluminium	67% plastic

DESPITE THE IMPACT OF THE PANDEMIC, WE SOLD A OUT OF 10 BEERS IN RETURNABLE PACKAGING IN THE CZECH REPUBLIC AND SLOVAKIA IN 2020.

According to LCA studies, the most reliable packaging for retail is returnable glass bottles, which have the lowest carbon footprint and overall environmental impact.

STRUCTURE OF OUR PACKAGING AND THEIR SHARE
(in overall domestic sales)

RETURNABLE BOTTLES	CANS	PET	TANKS	NON-RETURNABLE BOTTLES
22.45%	20.4%	8.05%	6.8%	42.7%
58.23%	54.49%	54.7%	54.2%	58.57%
19.32%	25.11%	37.25%	39.0%	0.73%

63% of returnable packaging

ALUMINIUM

IS ONE OF THE MOST COMMON CHEMICAL METALS AND HAS ONLY BEEN IN USE FOR ABOUT 150 YEARS. ALUMINIUM IS THE THIRD MOST COMMON ELEMENT AND MAKES UP 8% OF OUR EARTH'S CRUST. NATURAL ALUMINIUM AND THEIR ALOXIDE EXPOSURE THAN COULD CAUSE ALZHEIMER'S DISEASE, BUT THIS DANGER SERVED ON ALUMINIUM SCALES.

ANALYSIS OF THE LIFE CYCLE OF PACKAGING

If we want to change things for the better, we first need to get to know and describe the current situation as well as possible.

4

In cooperation with the LCA studio and experts from the Faculty of Environmental Technology at the University of Chemistry and Technology in Prague, we performed a life cycle assessment of selected beverage containers and comparison of their environmental impact. LCA is an internationally used method recognised by the United Nations Environment Programme (UNEP). The LCA measurement was performed on the basis of ISO 14040 (ISO 14040 2006) and EN ISO 14044 (ISO 14044 2006).

RELATIVE ENVIRONMENTAL BURDEN OF PACKAGING
according to PEF, 0-100 the safe zone

We are continuing to conduct life cycle analyses of packaging, the findings of which have a significant impact on our decisions about the development and use of packaging in our portfolio.

30

THIS IS THE PERCENTAGE BY WHICH WE WILL REDUCE WASTE PRODUCTION BY 2025.

No waste from our breweries will end up in a landfill.

WASTE

In 2020, we continued to reduce the volume of waste which is produced. Compared to 2019, we managed to reduce this by 7% thanks to a number of projects implemented in the majority of our breweries. For example, in the brewery in Pilsen, we reduced the volume of waste from washing and cleaning raw materials by 94% and a similarly significant reduction of 88% was achieved here in the case of raw materials which are unsuitable for consumption or processing. In Nošovice, we reduced cold break and diatomaceous earth waste by more than half and in the Šariš brewery, for example, we reduced waste created by the cooling equipment by 87%. In terms of reducing landfill, our main priority remains mixed packaging (labels) and mixed municipal waste.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

17 PARTNERSHIPS FOR THE GOALS

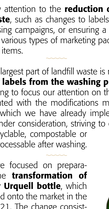
I appreciate the courage of Radosław Prądzyński to pave the way for brewer's crackers, something which is not common even on international markets. The case of crackers shows that companies both large and small can work together, that it is all about a human approach and commitment to try out new things.

Jan Zeman
Executive Director of Biopekárna Zemanka

CONTENTS

Preventing the production of waste
We are reducing packaging, innovating production processes and looking for other ways to use waste.

Residual raw materials
We make beer into excellent brewer's crackers.



PREVENTING THE CREATION OF WASTE

During each of our activities, we try to evaluate its impact on waste production as much as possible.

1

We also pay attention to the **reduction of non-essential waste**, such as changes to labels associated with advertising campaigns, or ensuring a sustainable approach to various types of marketing packaging and promotional items.

As the largest part of landfill waste is made up of **bottle labels from the washing process**, we are trying to focus our attention on them. This is associated with the modifications made to our labels which we have already implemented or which are under consideration, striving to ensure that they are recyclable, compostable or otherwise processable after washing.

In 2020, we focused on preparations for the **transformation of our Pilsner Urquell bottle**, which was launched onto the market in the spring of 2021. The change consisted of replacing the original aluminium foil at the top of the bottle with a new label made from recyclable paper. This change will save us more than 100 tonnes of waste.

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RESIDUAL RAW

The by-products from the production of malt and beer are 100% natural, offering us the possibility of their secondary use.

2

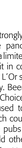
Spent grains, malting waste and yeast can be used as feed for livestock. In the case of spent grains, the surplus is sometimes also sometimes used to produce green energy. All of our customers who buy spent grains and malting waste (such as malt flower and dust) intended for use as feedstuff from us are certified under the GMP+ feed handling regime and are directly linked to farmers and agricultural cooperatives.

We are also trying to find uses for other waste. Sewage sludge can be used as a fertiliser for the soil and the waste diatomaceous earth used for filtering can be used in landscape reclamation. We then pay the maximum possible attention to all other waste during sorting.

Our customers are directly linked to farmers and cooperatives, with which they have dedicated contracts for regular deliveries of these products. Some of this waste also ends up with our direct suppliers of barley or hops, making the utilisation of these raw materials almost 100%.

SPENT GRAINS

SPENT GRAINS FROM THE BREWING PROCESS ARE NOT ONLY USED FOR LIVESTOCK, BUT ALSO VERY TASTY CRACK SNACK THERE. THEY DON'T WAST ANYTHING, ELSE. SPENT GRAINS ARE HIGH IN PROTEIN, FIBRE AND CALCIUM.



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Brewer's crackers

The residual material, which can be used as a fully-fledged foodstuff, is handled with great care in our breweries. As a residual raw material from malt used during the production of beer, spent grains have excellent nutritional properties. They are rich in protein and fibre and low in carbohydrates, but do contain a wide range of vitamins. They are constantly gaining in popularity as a raw material for the production of the very popular brewer's crackers. We produced our first crackers with Biopekárna Zemanka at the start of 2020. This was followed by microbiological tests and we then also had the top quality of the spent grains evaluated as a main feedstock. The crackers went on sale in the summer of 2020 in three flavours.

MAIN METHODS OF DISPOSAL OF RESIDUAL MATERIALS
in breweries

BY-PRODUCTS:

2019	2020
156,000 tonnes	184,932 tonnes

WASTE:

2019	2020
13,235 tonnes	12,371 tonnes

BY-PRODUCTS (other than waste):

Beer spirit

During a year strongly influenced by the pandemic, we produced a limited-edition beer spirit in cooperation with the L'Or special drinks distillery. Beer from the Brewers' Choice programme was used to produce it, beer which could not be sold when the pubs were closed and which would otherwise have had to be disposed of. The beer spirit was available exclusively in the gift shop at the brewery in Pilsen.

METHOD OF WASTE DISPOSAL
in our breweries

54% 96.58 tonnes Recycling

27% 3,270.45 tonnes Composting

16% 1,907.5 tonnes Incineration

3% 363.2 tonnes Landfill

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40

PERCENT
INCREASE
SIGNING
POSITIVE REVIEWS
ON GLASSDOOR
FROM 76 TO 2021.

More women in top managerial positions.

PEOPLE

In 2020, Přerovský Pradzroj employed 2,718 people in its breweries in the Czech Republic and Slovakia. Including distribution centres and the head office in Prague and Bratislava, there were 2,154 people in the Czech Republic and 564 in Slovakia. We try to work for their human and professional development and create a pleasant working environment. In 2020, we particularly focused on safety in contact with the pandemic, support for their mental health and the further boosting of our employees' benefits.

«Your people out of fear would recommend Pradzroj as a great employer, the number one their future friendly positive if you are determined to do something extra for your employees. Well done and keep up and what a great situation it's a great result. On the other hand employees have the feeling that their options for development or career growth are smaller than a year ago. I think that this was greatly influenced by the current situation. I think it will change our approach to education. We are planning to focus on development of soft skills and on the education evaluation. I hoped that everybody will find a method of education that suits them.

Rob Kenny
Human Resources Director
at Přerovský Pradzroj.

CONTENTS

Diversity and Inclusion
We respect human diversity and support women in managerial positions.

Education
We develop the potential in each of us.

Safety
We create the working environment is safe.

Ethics
We ensure that there is no unethical behaviour in our company.

Balance & Benefits
We provide attractive a work/life balance.

Volunteering
We support volunteer activities of our colleagues.

DIVERSITY AND INCLUSION

We respect human diversity and support women in managerial positions.

1

We are signatories and ambassadors of the Czech Diversity Charter and the European Diversity Charter. In the spirit of this, we try to create a culture of mutual respect, trust, empathy, education and inclusion. Many of our teams today have a very high gender composition and they completely respect the diversity of cultures. As part of our sustainability strategy, we commit to **50:50**

mited to having equal numbers of women and men in the top managerial positions by 2030.

We are strengthening the internal culture to meet this aim. The Přerovský Pradzroj Board of Directors attended a workshop on diversity and inclusion. In the mentoring programme, we have already set up a special representation of men and women, we are also preparing a programme to develop talented young people focused on supporting women in managerial positions. In 2020, women accounted for 19% of the leadership positions at Přerovský Pradzroj, 25% of senior management and 29% of management.

90 PERCENT OF OUR PRODUCTS WILL HAVE REDUCED SUGAR CONTENT OR WILL BE ALCOHOL-FREE BY 2025

We will increase the share of non-alcoholic products in our range to 25%

3 SERVE WHAT'S BEST AND HEALTHIER

17 PARTNERSHIPS FOR THE GOALS

RESPONSIBILITY

We are attempting to ensure that beer becomes a natural choice for moderate and responsible consumers and we want to offer an alternative to those who prefer alcohol-free drinks. Last year we therefore expanded our portfolio of soft drinks to include 4 new Birell products.

In addition to preventative programmes, we be primarily on self-regulation. In addition to complying with Czech and European laws, international agreements and ethical codes, we also voluntarily apply our own rules, which are high above these regulations. Our internal rules are some of the strictest applied by alcohol producers. The undertaking for the responsible communication of our products is confirmed by active involvement in the multinational organisations Brewers of Europe, World Federation of Advertisers and International Alliance for Responsible Drinking.

> *We want to continue to promote a healthy approach to alcohol, so we undertook to increase the number of people involved in programmes promoting responsible drinking by 20% by 2025. In 2019, we undertook to comply with the IARD obligation, so we will cooperate with our customers which are chains, retail chains and e-commerce outlets to try to shift standards for responsible sales of alcohol.*
>
> **Marie Kaňová**
> Plzeňský Prazdroj
> Alcohol Responsibility Specialist

We will increase involvement in preventative programmes by 20 %

CONTENTS

Commercial Communications
We have our own strict code that we comply with.

Preventing the Drinking and Sale of Alcohol to Minors
We want to change the tolerant approach to drinking by young people.

Soft Drinks
We are expanding our range of soft drinks.

COMMERCIAL COMMUNICATIONS

We approach marketing responsibly.

1

We have correctly-set self-regulation mechanisms that we check in an ongoing fashion. They work flexibly, so they enable us to rapidly respond to changing trends and checking them does not require any investments from public budgets.

We comply with our Commercial Communication Code, which contains a number of strict rules. All alcoholic products that are in our portfolio contain markings on their packaging promoting responsible behaviour and information about their ingredients and nutritional value.

PDF
COMMERCIAL COMMUNICATION CODE

Digital communication in Plzeňský Prazdroj is also governed by the national Digital Code(Wine), which contain, inter alia, important rules about the content of websites and social networks.

DIGITAL CODE(WINE) (ENGLISH)

In 2020, we did not receive any complaints in the Czech Republic or Slovakia from the Council for Advertising, three sets of proceedings (submission of explanation) were conducted with us in the Czech Republic by the Council for Radio and Television Broadcasting. In one case an explanation was sufficient, one ended in a reprimand and we do not have the result of the third. No complaints were submitted in Slovakia in 2020. We take all proceedings seriously. In response to them we strengthened the emphasis on employee training.

100% OF COMMERCIAL COMMUNICATIONS MUST BE APPROVED BY OUR INTERNAL RESPONSIBILITY COMMISSION COMPRISING MEMBERS OF THE MANAGEMENT AND EXTERNAL EXPERTS.

100%

99.5% OF OUR ADVERTS ON TELEVISION MET THE **75 25** RULE IN 2020.
IN PRINT, RADIO AND DIGITAL COMMUNICATIONS, ALL OUR ADS MET THIS RULE LAST YEAR WITHOUT EXCEPTION.

PREVENTION OF THE DRINKING AND SALE OF ALCOHOL TO MINORS

PREVENTION OF THE DRINKING AND SALE OF ALCOHOL TO MINORS

Through education, we want to change the public's tolerant approach to drinking by young people in the Czech Republic and Slovakia.

2

We therefore participate in several projects whose aim is to change the current state.

Respect 18

Although 2020 was not that friendly to festivals, at the Volnofest event arranged by Prague 14's Vinohrali, we had a Respect 18 stand, in which people were very interested and many of them visited the project website. In Slovakia, thanks to a promotional campaign, we reached over **half a million people**, and over 2000 got actively involved in the project online.

Don't Get Mad, Prove It

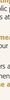
The project, which we support together with the **Czech Association of Breweries and Malt Houses and the Association of Retail and Tourism**, tries to reach shop assistants and store owners, as well as their young customers. In recent years, thanks to it thorough checks on the age of shoppers have minimised sales of alcohol to minors.

Napivosrozumem.cz

We also promote sensible alcohol consumption through our website Na pivo s rozumem (For Beer, Sensible), where the **'Alco calculator Promile INFO'** application is available. It calculates the current level of alcohol in the blood and also the time that the body will need to get rid of it. Last year the website was visited by 70,000 unique visitors in the Czech Republic and the application was downloaded by approximately 5,000 people. We have been working on the project with the Sanatorium organisation for eleven years.

Promileinfo.sk

We have a similar website with the Promile INFO calculator, useful for drivers, in Slovakia. In 2020 we reached more than 442,000 people through digital communication and more than 81,000 people got actively involved.



Source: Research Institute Kantar, Czech Republic and Slovakia, Campaign Monitor, 2019

OUR OBLIGATION TO PREVENT YOUNG PEOPLE FROM DRINKING

PDF

1. By 2024, we will introduce, on all our alcoholic products, a clear **symbol or phrase stating that the products are not suitable for young people.**

2. **We will not target marketing communications** for our non-alcoholic product variants derived from alcoholic brands at young people or children.

3. We are strengthening the current **measures preventing** young people getting to our content in a **digital environment.**

4. We call on retailers, wholesalers and distributors to work with us on implementing the most effective ways **for verifying the age of consumers.**

5. We call on retailers from e-shops and delivery services to join us in the **development of global standards for the online sales** of alcohol.

SOFT DRINKS

We are bringing our consumers a wider range and healthier products.

3

11 %

We are expanding the portfolio of flavoured soft drinks produced from pure natural ingredients that represent an alternative to commonly accessible sweet non-alcoholic (beverages/drinks) to adult consumers They have a lower sugar content and are free of artificial additives and preservatives. In 2020, we enriched the Birell beer-based product range with four new products (lemonade from Birell, cola from Birell, elderberry from Birell and ice tea from Birell). Cola from Birell was launched in Slovakia in 2019.

TRAINING

We regularly train and educate our employees, co-operating agencies, business partners who run pubs, retail representatives and other stakeholders. Every Plzeňský Prazdroj employee undergoes training focused on the responsible consumption of alcohol, called the Alcohol Alphabet or Alcohol IQ. Approximately **800 people underwent it in 2020**. Responsible behaviour is now anchored in contracts with some partners and we would like to expand this activity to additional places.

IS THE NUMBER OF PROJECTS SUPPORTED BY THE GRANT PROGRAMMES ON THE TOPICS OF ENVIRONMENT, CULTURE, SOCIAL ACTIVITIES, LOCAL DEVELOPMENT, ETC. IN THE YEAR 2020, WHICH WAS ALSO THE YEAR OF THE CORONAVIRUS PANDEMIC. THE PROJECTS WERE ADAPTED TO THE NEW REALITY AND SUPPORTED THE LOCAL SOCIETY AND SCHOOLS.

We want to be a good neighbour in the regions where we have our breweries

COMMUNITY

6 COVER STORY
Community Grant Programmes

8 SOCIAL PROJECTS
Support for Schools

10 TRADITIONS
Kozel Beer

12 CULTURE
Radegast Beer

14 SPORTS
Sarsi Beer

16 ENVIRONMENT
Prazdroj Beer

18 PEOPLE
Development of cooperation with cities and regions

20 FOUNDATIONS
Support for sports and culture in the regions

Our breweries can be found in three locations in the Czech Republic and one location in Slovakia. In all of these locations, we actively support community life and the upholding of local traditions. However, our communities are not so keep in mind that, in the context of global environmental and social challenges, which directly affect our lives, for example, we are so focus on the planting of trees, and water conservation. Last year, we supported projects aimed at the protection of the landscape. The projects aimed at the protection of the landscape.

"I see the cooperation in the Beseda project as a great opportunity to bring of great benefit to all of the same time, a very nice thing to do, and I'm very happy to contribute to implementing the projects despite the difficult situation. We bring testament to the fact that they are well informed and prepared.

I have had experiences in question. We always had the opportunity to talk to the beneficiaries in online meetings about the projects themselves and this is shown above with each other on how to broaden the scope of the projects implemented. I can also learn from their recipients that there is a great deal of interest in the programme.

Alena Sedláková
Head of MCR, Programme, Czech Brewery Kozel, Prague

CONTENTS
Community grant programmes
Such sums are distributed several million crowns to support community life in the areas around our breweries.

Support for sports and culture in the regions
Support for schools, to the National Theatre, our partners and many other foundations.

Development of cooperation with cities and regions
We maintain close relationships with the cities and regions and we operate and want to be a good neighbour.

COMMUNITY GRANT PROGRAMMES

2020 was a year which was affected significantly in all respects by the coronavirus pandemic. Our grant programmes also reacted to this.

A gradual effort to restart life in the country was also projected into these programmes last year. Our local activities became part of the **Nestartujeme Česko** (Let's Kick Start the Czech Republic) initiative, and we actively participated in support for the revitalisation of life and the Czech economy. It was obvious that communities, associations and other initiatives focused on beneficial activities in their immediate surroundings would play a key role in the series of events to revive life after the pandemic. We therefore decided to support organisations that had interesting ideas on how to get community life going again and engage people in neighbourhood activities. We received many applications. In the end, last year, allowing us to support even more high-quality projects than in previous years.

Kozel lidem
(Kozel for the People)

The aim of the programme is to improve the lives of people who live in communities near Velké Popovice Brewery. With our grant programme we are building on the tradition of Baron Hrzán, a man who cared for the people and developed local activities. Last year, so-called non-profit organisations and associations were again able to apply. They submitted dozens of projects to the programme, from which a committee consisting of representatives of Velkopopovický Kozel and representatives of the town were able to select a record number of 11 projects thanks to the budget increase, projects which we supported to the tune of CZK 700,000.

Radegast lidem
(Radegast for the People)

The Radegast brewery is located at the foot of the Beskid Mountains, a landscape offering a wealth of natural riches which its inhabitants want to preserve. This is why we have been continuing the sustainable development of the Beskid Mountains, protection of the environment, in particular water resources, and development of local traditions for nine years now. The support also includes our activities in the field of sustainable tourism, such as the reconstruction of the Ostravice Cycle Path and Beskid Trail, we contributed CZK 1,650,000 through our call for projects to restart community life in the region and beyond. 8 such projects which are able to get local communities involved in activities relating to sustainable development of the Beskids.

Prazdroj lidem
(Prazdroj for the People)

Our Prazdroj lidem grant programme supports public benefit projects, contributes to the development and improvement of the quality of life of people living in the region and the overall renewal of social life in the city. The programme supports projects in educational and environmental public benefit activities and helps to further develop local culture, provide innovation, inspiration and new initiatives, support the development of a healthy lifestyle. In the last year, last year, we supported 11 projects with a total of CZK 2,550,000.

Šarsi lidem
(Šarsi for the People)

Šarsi, the sole minaret was increased to 32,000 every year, which will be among 11 projects. The decision on which projects would be supported was made by the regional grant committee. This time, they were also supported projects helping to restore community life supported by anti-pandemic measures and to promote sustainability and environmental protection in places used for active recreation and people who live in the region.

Šarsi Šerf, brand supports the preservation of traditions, which is why in 2020, it introduced a limited edition of the Šerf beer to celebrate the Day of Slovak Soldiers, especially folk dance.

Corporate philanthropy and 2%

The decision on the redistribution of the income tax assigned to the responsibility of the Corporate Affairs team in cooperation with the Board of Directors. The highest level of support in Slovakia is traditionally directed towards the Veľký Šariš Community Foundation, the Pontis organisation, with which we implement the Nadácia 181 Project, and other projects and organisations dedicated to the prevention, diagnosis and treatment of children with cancer. In 2020, we also supported the Pontis Foundation, IPčko, OZ Vlas and the Institute of Clinical Economy (ICE) and we also supported the Šarsi Šerf (Šarsi for the People) is implemented using funds not stemming from the tax assignment.

DEVELOPMENT OF COOPERATION WITH CITIES AND REGIONS

In 2020, we further reinforced our conceptual cooperation with the cities and regions where our breweries operate.

For example, the first ever Declaration of Mutual Cooperation with Velké Popovice was signed. This agreement focused on the development of the municipality and infrastructure, environmental protection, promotion of community traditions and cooperation during emergencies. This was already built on the good experience we had with the Declaration of Mutual Cooperation with the Moravian-Silesian Region. In the Moravian-Silesian Region in 2018, We have also prepared a new Declaration with the municipality of Frýdlenk, which is held by the brewery in Velké Popovice and which is scheduled to be signed in the spring of 2021.

Fresh outlet

Last year, we began to actively fight against excessive visual pollution, i.e., aggressive advertising that does not fit into our surroundings and which disturbs people in Czech towns and villages.

Our new approach also falls in line with the current policy of many Czech cities which have decided to regulate advertising in the public space. **We consult cities with regard to our plans, participate in public debate and work directly with some city halls**, such as the one in Prague, to develop manuals for advertising in the public space.

SUPPORT FOR SPORTS AND CULTURE

Even in a year that was not very favourable for sport and culture due to the coronavirus, we continued our conceptual support, which still plays an important role among the sponsoring activities of Plzeňský Prazdroj,

We have been a partner of the **Czech Olympic Committee** for almost 20 years now. Partly to which we have been able to support top Czech athletes over the years. In 2020, Plzeňský Prazdroj was again the main partner of the **Czech National Ice Hockey Team** and the main partner of the **Czech Ice Hockey Extraliga** as well as the **Slovak Ice Hockey Association**. We also continued to support **Sparta**.

We are a long-term partner of the football teams FC Viktoria Plzeň and FC Baník. Through the Continue (continue.pomoc.sa.sk/sk) (Kicking for Football) programme aimed at normal clubs, we have also developed a partnership with a nationwide support of **amateur football**, an activity which brings together and revitalizes the local communities.

Despite the difficult situation, in cooperation with **RunCzech**, we also managed to hold the 6th Prague Run with Beer, which took the runners through part of the brewery in Velké Popovice during the summer.

Our long-term support is also directed towards the culture sphere, among others, **the National Theatre, the National Theatre in Prague, the Karlovy Vary International Film Festival and the Colours of Ostrava Festival**

We help people living with a disability and their families

We have been supporting the **Centrum Paraple** (organisation for people now it is a centre which helps people with spinal cord injury). Over the time, our charitable activities have raised almost CZK 13 million. The funds raised are used by Centrum Paraple to pay the salaries of assistants who help its clients with the everyday physical skills, as well as being used to purchase sports and rehabilitation equipment. The traditional charity event Pivovar Uvaryd (Brewery Uvaryd Pilsner Pilsner Uvaryd for Centrum Paraple), which is held in December, raised CZK 5,559,215 in 2019.

We have been supporting the efforts of people with disabilities for quite a long time. For example, from the fund **Nezastavitelný** (Brewd Unstoppable) project, which was managed by the Nadace Terezie, OZ, the association Platforma rodin sdružení ze zdravotním znevýhodněním (Platform for Families of Children with Disabilities), we launched the web platform Brewd **Nezastavitelný** (Brewd Unstoppable) (www.nezastavitelny.cz) to support the inclusion of people with disabilities. The essence of the platform is to connect people with disabilities with people who do have disabilities and together create conditions with equal opportunities and overcome social discrimination. The top disabled athletes Nethan Wolf and Jaka Jakob were helping us to develop the project.

400

THOUSAND OF THE NUMBER OF CASES OF NON-WORKING PERSONS DISTRIBUTED TO THE AID PEOPLE, FAMILIES, PENSIONERS, DISABLED AND CHILDREN IN THE PANDEMIC

We helped
kick-start the economy

PANDEMIC

From the very first spring of the pandemic crisis in 2020, we directed our attention towards protecting our employees, including the food and beverage industry and supporting frontline workers in the wider communities throughout the regions.

We also became one of the driving forces behind the Nastartujme Česko (Let's Kick-Start the Czech Republic) project. The aim of which was to ensure the recovery of the Czech economy and a return to normal life for all of society. We came up with a similar idea in Slovakia under the name Roztočme Slovensko (Let's Kick-Start Slovakia). Here, we invested hundreds of euros into the revival of the country and also urged others to proceed in getting the economy started again. In the regions where training operations were, we tried to support employees, suppliers and our own employees with various initiatives.

5 SAFE BUSINESS OPERATIONS

17 EMPLOYEES SUPPORTED

> *"We helped out in the regions in which we do business and where we have underpaid staff and restaurants. We also helped local communities in the regions where our breweries are located. But we didn't forget about our employees either. Although our revenues dropped due to the crisis, we decided not to lay any workers off or even to reduce their wages.*
>
> **Ivan Tužinik**
> Manager for Logistics and Supply Chain, Plzeňský Prazdroj

CONTENTS

FRONT LINE AND SENIOR CITIZENS

We concentrated our help in places where it was truly needed, from frontline workers all the way through to lonely senior citizens.

1

BIRELL THOUGHT OF PEOPLE ON THE FRONT LINE

As our only non-alcoholic product, the Birell brand was able to participate directly in the provision of food and beverages to help the overworked people on the front line. Right at the start of the spring phase of the coronavirus pandemic, we handed out more than 65,000 cans of Birell to rescue workers, journalists, sales assistants, volunteers and others. We also reacted actively to the second wave, when above all hospital employees and other people working on the front line were overloaded

with work. We delivered tens of thousands more cans of Birell to them in hospitals and public health authorities. In total, we distributed more than 220,000 cans of Birell throughout the Czech Republic.

We distributed over 180,000 cans of Birell in Slovakia, mainly for healthcare workers in hospitals with patients who had contracted the coronavirus. Apart from hospitals, we also supplied Birell to the Slovak Red Cross, rescue workers, firefighters, police and NGOs, for example. Non-alcoholic beer was also sent to the "Prešli tak, ki" (Send A Bag) project in Bratislava, where volunteers delivered shopping bags to senior citizens in people in need.

WE HELPED OUT WITH TRACK AND TRACE

We began cooperating with the Ministry of Health of the Czech Republic in late autumn. Two dozen volunteers from the ranks of employees at the Plzeňský Prazdroj brewery were delivered from doing their jobs by the pandemic and who also helped to have experience with identifying and tracking people and tracing contacts reported as having tested positive.

TOGETHER IN THE BATTLE AGAINST LONELINESS

We actively helped lonely senior citizens in the run-up to Christmas. We sent a special Christmas present to selected day care centres and retirement homes consisting of a beer and snack with the greatest wishes together with the non-profit organisation Epizda krídel. We donated a total of 1,000 cans of Birell to the Sociálny bábätká (Socks From Grannies) project. At the close of the year, we also prepared the new Spoločné pre osamelosť (Together Against Loneliness) project in the Czech Republic and Slovakia, supporting non-profit organisations which help senior citizens, healthcare workers and other vulnerable groups to cope with the impact of the pandemic and the resulting preventative measures which were imposed. Our employees decided which non-profit organisations we would help and the level of financial contribution that would be provided to them.

WHO DID WE HELPED

CZECH REPUBLIC **CZK 2 MILLION**

SLOVAKIA **30,000 EUR**

OUR CUSTOMERS

You find out who your real friends are in times of need

2

Throughout the entire year, we were in regular contact with our customers, i.e., restaurant and pub operators in the Czech Republic and Slovakia, and we tried to help them as much as we could. We exchanged all the **state beer from untapped barrels for fresh beer** at our expense, mediated **advice** on how to obtain funds from state aid programs, postponed all of our invoices until after the pandemic, and started reimbursing **credit notes**. We also arranged free cancellations of beer deliveries for restaurant and pub operators and we cancelled **minimum orders for deliveries**. We began actively helping with the **preservation of businesses** which closed and did not operate a working batch while the government measures were in place.

We invested more than half a billion crowns in the Czech Republic and over EUR 4 million in Slovakia to support customers during the pandemic.

In the case of businesses which remained open, we supported the operation of **serving batches** and supplied free 0.3 l bottles of Excelent and Birel beer to customers so that pubs could give them some away with meals and therefore attract more customers. We **provided disinfectant and protective products** to businesses at a time when they were hard to come by. We offered instruction and advice on how to sanitise and preserve tapping equipment and how to prepare for customers after the crisis. Together with the Czech Beer and Malt Association and the Slovak Beer and Malt Association, we prepared **informational and motivational campaigns** for publicans and their customers.

We invested more than half a billion crowns in the Czech Republic and over 4 million in Slovakia to support catering businesses during the pandemic.

Our aim was to help partners from the food and beverage industry to overcome a period of uncertainty in which they were not supported by the government.

EMPLOYEES

Health and safety were the most important things for us during the pandemic, including the mental wellbeing of our people.

3

PROTECTION AND SAFETY

We followed the recommendations of the Ministries of Health in the Czech Republic and in Slovakia throughout the entire pandemic. We followed them and regularly notified all employees of any changes, in particular on the employee portal and by e-mail. All employees who had to continue to actually go in to work or visit customers were provided with **disinfectants, sufficient protective equipment and the necessary information.**

We created a **workable process for dealing with any cases of infection among employees**. During the first wave, we deployed a hotline for employees on how to respond if one of our employees became ill. We limited social contact in the workplace and contact with external workers, and we also adjusted shift rotations. Work carried out by external workers was postponed where possible. We strictly advised all employees who could work from home to take advantage of this possibility. Those who had to come in to work were tested on site in all of our breweries in the Czech Republic and Slovakia.

We arranged voluntary antigen testing for the employees in our breweries in the Czech Republic and Slovakia. Participation came to 90 percent.

We monitored and continuously **attention was paid to the mental health of our people** who had access to the MUDet s nám podnik (You Can Count on Us) and *akcie* assistance programmes during 2020. As part of the Na zdraví (Cheers!) programme, we again provided them vitamin packs to boost their immune system and dozens of online webinars on physical and mental health, healthy eating and lifestyle.

For more details about our programmes, see the Employees chapter.