

PLZEŇSKÝ PRAZDROJ SUSTAINABLE DEVELOPMENT REPORT 2016



Pilzeňský Prazdroj



ZLATÁ

TOP
ODPOVĚDNÁ
FIRMA 2016
TOP ODPOVĚDNÁ
VELKÁ FIRMA



ZLATÁ

TOP
ODPOVĚDNÁ
FIRMA 2016
TOP ODPOVĚDNÝ
REPORTING

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About Plzeňský Prazdroj



Leader

of the Brewing Industry in the Czech Republic



22 000

Indirect impact on employment of 22 000 people

4,8 mld. CZK

Paid CZK 4,8 bn* in direct and indirect tax



1 957

Number of employees

14,4 mld. CZK

Revenues from core business CZK 14,4 bn



4 breweries

Gambrinus, Pilsner Urquell, Velkopopovický Kozel, Radegast

1842

Established 1842



11.

11th largest payer of tax in the country

Our breweries



2016 in figures



TOP

responsible corporation in 2015



News

Holder of the award for long-term contribution to CSR in the Czech Republic



5 000

Over 5 000 persons trained in beer quality, tapping and serving



2 440 182

Adults approached via our responsible consumption activities



Barley

Barley purchased from 100% domestic suppliers, quantity purchased



3,1 hl/hl

Water consumption



ENVIRONMENT

98,9 %

of all waste is recycled or re-used



83,5 %

83,5 % of packaging materials are recycled

7 986

Small outlets participated in development programmes



Foreword by the Managing Director



It has been over 150 years since the first batch of Pilsner Urquell, the first pale bottom-fermented lager which later became known as the Pilsner style, was made, creating a story that would shape the global history of brewing and add to the beautiful history of the Czech nation. Today, Plzensky Prazdroj exports its beers to over 50 countries, spreading the fame of Czech beer by offering exceptional taste experiences to consumers around the world. We also continue to be successful in the Czech Republic together with our business partners, delivering growing beer sales over the preceding fiscal year, starting on 1 April 2015 and ending on 21 March 2016.

Beyond those core business results, we are happy and proud to also play an important role in the Czech economy as well as delivering our contribution to overall life in the country. Examples of this are our continued support for Czech farmers, our activities to support the tradition and development of the Czech beer culture, and, very importantly, our continued commitment to the prevention of irresponsible consumption of alcohol and our support for the local communities in which we operate. Our breweries, offices as well as sales and distribution centres operate with 2 000 staff; our activities contribute to as much as 22 000 jobs in various industries. We are also proud to rank among the top contributors to the country's budget, to have a positive impact on the economy and on the lives of people in the Czech Republic.





Sustainability at the heart of our business

We are convinced that true business success can only be achieved with respect for and in balance with the environment in which we work and live. This includes close relations with our partners and stakeholders. This is why sustainable development is an inherent component of our business. The United Nations Sustainable Development Summit, which was held in New York in September 2015, had governments from all over the world adopt a set of global goals aiming at fighting poverty, protecting the planet and providing prosperity for all. Plzeňský Prazdroj has expressed its commitment to support fulfilling those goals which, to a large degree, overlap with our own sustainable development programme. Our priorities are:

1.

Economic growth and social development of our supply chain

2.

Beer as a natural choice for responsible consumers

3.

Providing sources of water to be shared by our plants and local communities

4.

Reduction of our carbon footprint

5.

Sustainable use of land for growing raw materials for brewing

We have set long-term goals for all of those areas; we review them with consideration of the development of our business in the broader sense (e.g. in terms of availability of resources, climate change, risk management, demographic development and social trends).





How did we do in the past year?

In the past fiscal year we made significant progress in cooperation with our partners from the ranks of small businesses in the hospitality industry and traditional retail. Apart from business partnerships, we focused on development activities, transfer of know-how, improvement of the environment in the on- and off-trade outlets as well as joint strategic planning in a period of major changes in the legislation. During the year, 7 986 smaller outlets participated in development programs for our customers. The programs covered a wide range of subjects such as responding to changing consumer expectations, product quality and the environment, the care for beer, and the quality of service. Similar to past years,

we increased the number of trained personnel. Our trade brewmasters, master bartenders and new training centres allowed us to deliver training for over 5 000 people.

Furthermore, we managed to impact 2 440 182 adults in our responsible drinking programmes; we have integrated sustainability messages in the communication platforms of three of our brands: Birell, Excelent and Velkopovický Kozel. And we also made further progress on the economical use of water sources: the overall water consumption in all four breweries of Plzeňský Prazdroj amounted to 3,1 hl of water per 1 hl of beer, which helped us get closer to our global target for 2020.





Where are we going?

We will continue to strive for the most economic use of resources and raw materials which are vital to making and maintaining the quality of our products. We intend to administer even greater care to making sustainability an inherent part of our activities so that we can continue to drive positive change in our Company and the world around us. We will remain reliable and close partners for our customers, with special attention paid to local and small businesses, and to local suppliers of raw materials, so as to increase their economic viability and contribute to social development in our supply chain.

I am personally very excited about our performance both in general and more specifically in the area of sustainable development. Our success is a great motivation and also commitment to keep building a successful and sustainable future. I hope you will enjoy reading about our efforts, progress and further plans in this area.

Please also allow me to express special thanks to all of our employees, as without their commitment and passion for brewing, delivering and marketing the best beer, our success would not exist.

Enjoy the reading.

Tom Verhaegen

Managing Director



About the report



Plzeňský Prazdroj has been publishing its sustainable development reports since 2006. It has been our continued effort for many years to bring transparent, non-financial reporting that informs our neighbours about important aspects of our business. We are most pleased by the fact that the 2015 Sustainable Development Report for Plzeňský Prazdroj was recognised by Deloitte as the best CSR activity report in Central Europe and that it ranked first among 76 corporate reports from 7 countries within Central Europe.

The report you are now reading covers the environmental, social and economic performance of Plzeňský Prazdroj, a.s., which incorporates four breweries in the Czech Republic in Plzeň, Velké Popovice and Nošovice. The report describes the period from 1 April 2015 to 31 March 2016 and follows the fiscal year.



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The content of this report is defined by the importance and effect of the environmental, social and economic impact on our stakeholders and the influence they have towards our Company. The report presents the Prosper programme, our sustainable development programme, offering comprehensive coverage of aspects that are key to our business and informs about the progress we have made towards meeting its goals.





Data (Indicators)

The source of non-financial data for the indicated reporting period is the SAM (Sustainable Assessment Matrix) system which aggregates sustainable development data on a semi-annual basis. The system offers comprehensive monitoring of development in five defined strategic areas of sustainability.

Environmental data is collected in semi-annual intervals. The Health and Safety part also includes information on our suppliers and their respective suppliers.

The Health and Safety part, environmental data and quality information are included in the integrated Company management system which successfully passed a recertification audit in November 2015.

This report is available on the Company website, www.prazdroj.cz, as a PDF file. We are highly interested in your opinion about our activities in the field of business sustainability and invite you to share your views with us. Use the contact form on our website to give us your feedback.

Contact person:

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What are our views on sustainable development?



Beer. A noble beverage that runs the course of modern history. Our forefathers bequeathed us the fruit of their effort, which allows us to make the world's best beers.

It is our birthright to use that heritage and our duty to look after it so we can pass it on to coming generations. This is why sustainable development forms an inherent part of our business.





Our sustainable development strategy

Priority

Undertaking

Objectives up to 2020

Support of small business



To accelerate social development and growth via our supplier chain.

Working with our customers, we will set our development plans in terms of the direction of future business (quality of outlets, volumes, services), which we will assess on a regular basis, responding jointly to opportunities.

Responsible consumption of alcohol



To take steps towards making beer the natural choice for moderate and responsible consumers.

We will try to reach out to all consumers of our beers via efficient communication campaigns and partner activities aiming to support moderate and responsible beer consumption.

Water



To provide for sources of water to be shared by our plants and the respective local communities.

We will monitor the supplies of water we share with the local communities via partner cooperation focused on addressing shared risk in the area of water supply. We will continue to strive for a reduction of water consumption.

Clean air and nature



To reduce waste and CO₂ pollution.

We will continue in aiming to reduce our carbon footprint and to head toward zero-waste operations. We want to achieve TDE below 88 MJ/hl by 2020.

Raw materials



To support responsible and sustainable land use for growing brewing crops.

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



OSN millenium development targets



THE GLOBAL GOALS
For Sustainable Development



„History of beer“



Agriculture



We procure ingredients for our production from local suppliers, ensuring that the raw materials supplied meet the highest quality standards. We are the 2nd biggest customer for malting barley in the Czech Republic.

Production



We strive to use resources economically in our manufacturing processes. This year, we managed to brew beer with an average water consumption of 3.1 hl/hl

Packaging



We recycle 83.5% of our packaging. We package our brands in PET bottles, which are made of a 100% recyclable material.

Distribution



In the past year, we replaced another 1/6 of our delivery trucks in secondary distribution with vehicles conforming to the Euro 6 emission standard. The vehicles used in primary distribution also saw some replacements as well as a reduction in consumption of 3.5%.

Customers



We support small enterprises within our supply chain, both in the On Trade and Off Trade. We offer them development programmes and training focused on proper care for beer, enhancing their outlet environment and raising the awareness and knowledge of their staff.

Consumers



We follow strict internal regulations on responsible drinking and promoting alcoholic beverages. 100% of our brands are subject to the rules of responsible marketing.

Raw materials – key to perfection



The prerequisite to a perfect result is perfection in all of its parts. Our breweries dedicate great care to the selection of the raw materials we use. Plzeňský Prazdroj is the domestic market's largest buyer of barley varieties approved for products bearing the České pivo (Czech beer) Protected Geographical Indication. Every year, we buy approx. 140 000 tonnes of malting barley. The barley we buy comes 100 % from domestic

suppliers. We provide a balanced purchase volume without major year-on-year fluctuations. We develop long-standing cooperations and have entered into long-term contracts with our suppliers (now covering approx. 1/3 of the volume). We cooperate with barley growers and the Research Institute of Brewing and Malting in cultivating and marketing new varieties of malting barley.





Expert workshops with barley growers

In order to streamline collaboration and strengthen partnerships we held, in the last fiscal year as well, other regular professional meetings with Czech growers of barley to present them with the latest trends and to share experience. The purpose of the workshops is for the growers of specific varieties of malt barley to showcase their production. We speak about the progress achieved in the varieties and of the trends in composition that may be expected in the future. These events allow growers to obtain information on overall trends in the market for agricultural commodities directly from representatives of the Ministry of Agriculture of the Czech Republic; they also receive professional opinions from representatives of the Research Institute of Brewing and Malting.

“Czech Beer” Protected Geographical Indication (PGI)



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



Raw materials



Technology

Pilzeňský Prazdroj has participated in protecting the cultivation of varieties of Czech malting barley in the country because it subscribed to the Czech Beer PGI by creating demand for those varieties. Gambrinus was the first beer brand in the country to present the Czech Beer PGI. The indication is a clear guarantee of origin and quality of the beer for consumers; on the other hand it also constitutes a complex undertaking for the brewery. Using the Czech Beer PGI involves both an obligation to comply with the specified brewing processes and the required composition of raw materials, and to undergo stringent inspections by the Czech Agriculture and Food Inspection Authority (SZPI), which focus on the quality, production processes and use of specified raw materials.



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

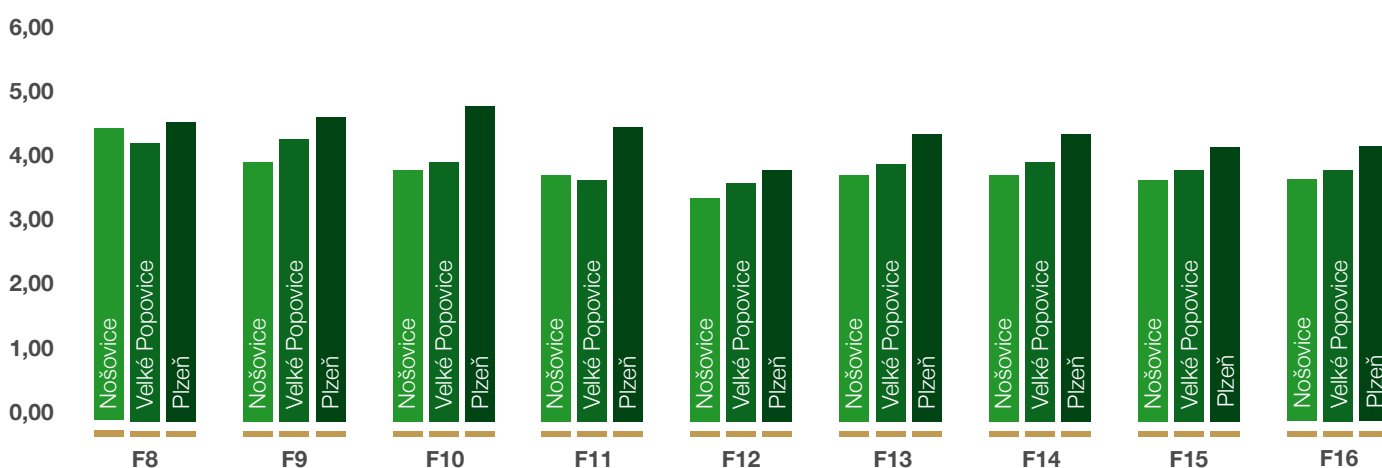


There would be no beer or even life at all without water; this is why we, along with our partners in areas neighbouring our breweries, continuously evaluate the risks associated with the accessibility and quality of water. Our efficient technology and the effort of our employees have allowed us to keep reducing water consumption; since 2010 we have reduced this number by 33 %.

In the 2015-2016 fiscal year, the overall water consumption in all four breweries of Plzeňský Prazdroj was 3,1 hl of water per hl of beer. There has been a slight increase of 0,02 hl/hl against the previous year.

While water ratio was reduced in the Nošovice brewery by 0,1 %, the Plzeň and Velké Popovice ratios increased by 0,6 % and 0,7 %, respectively.

Water consumption is affected by the mix of beverage brands being produced as well as the changing consumer preferences in terms of product packaging. In the long-term trend, we offer our consumers a wider variety of product packaging. The variety of packaging our products are sold in is constantly growing. Consumers express a growing trend in the preference of beer in bottles and cans at the expense of beer in kegs. All of these factors impact the consumption of water both in the production of the beer and in the washing of the packaging.



Brewery		F12	F13	F14	F15	F16
Nošovice	hl/hl	3,15	2,91	2,85	2,75	2,74
Velké Popovice	hl/hl	3,43	3,11	3,01	2,91	2,93
Plzeň	hl/hl	3,77	3,59	3,57	3,32	3,34
Total	hl/hl	3,6	3,33	3,28	3,11	3,13

On average, beer in Europe is brewed at a water consumption rate of 4,2 hl/hl¹



Plzeňský Prazdroj also focuses on effluent processing. One of the Company's long-term projects is a system of cleaning ponds near the Radegast brewery in Nošovice. The system of ponds catches drainage and rainwater coming from the brewery. This creates a natural process for cleaning the water. Thousands and thousands of cubic metres of water have run through and been cleaned in the system in thirteen years.

All plants of the country's brewing leader, i.e. breweries in Plzeň, Velké Popovice and Nošovice, have been subjected to audits focusing on treatment of water sources and risks to water management in the past two years. No risks have been identified by the audit.

What we are planning

We will continue to strive to provide for supplies of water we share with the local communities via partner cooperation focused on addressing common risks in the area of water supply. We want to use our own resources without any negative impacts on the environment, apply the latest minimum water consumption technology and keep on looking for new ways to further reduce water consumption. Our effluent management is yet further proof of our considerate approach to the environment. At the global level, we have set ourselves the aim to reduce average water consumption value to 3 hl of water per hl of beer produced.

The following water preservation projects are planned for the next fiscal year:



Elimination of hot utility water overspilling to drains in Plzeň breweries



Employee training in economical use of water



Ongoing optimisation of "Cleaning-in-place" technologies across all breweries

¹ http://www.brewersofeurope.org/site/media-centre/index.php?doc_id=629&class_id=31&detail=true

Carbon footprint: Clean air, clean nature



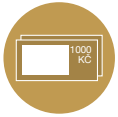
All living things breathe, and we are serious about keeping the world breathing in future generations. We make sure our breweries observe the highest environmental parameters stipulated by accepted standards. This is a trait we expect from our

suppliers as well. Our efforts in the sustainable development programme translate into a permanent effort to reduce the impact of our operations to the environment.





We conduct regular monitoring of the environment and assess all aspects relevant to the environment.



We support investment in new technology aiming at reducing the consumption of water, utilities and release of greenhouse gases.



Our products use recyclable packaging materials.



We are headed towards production with zero waste deposited in landfill.



We support the purchase of energy efficient products and services.

Plzeňský Prazdroj	2014	2015	2016
Carbon efficiency kgCO₂/hl	8,37	8,14	7,56

Plzeňský Prazdroj	2014	2015	2016
TDE MJ/hl	102,5	95,7	92,3

Certificates

ISO 14001: Environmental Management

ISO 9001: Quality Management

FSSC 22000 and GMP+: Food Safety

ISO 50001: Energy Management

OHSAS 18001: occupational health and safety

We consider purchasing an opportunity to reduce the consumption of utilities and water alike through using more efficient products and services. We look into ways of working with the supply chain in order to achieve positive change. Requirements for the purchase of new technology include its efficiency and water consumption.



Packaging and waste



We recycle packaging and support tank systems in pubs.

There has been a considerable change in buying habits recently, with consumers preferring consumption of beverages purchased in retail stores to enjoying them in restaurants, pubs and bars. This trend is most evident in an increased interest in convenient PET bottles and aluminium cans. Compared to last year, the volume of our products in returnable bottles dropped from 41 % to 39.5%. We package our brands in PET bottles, which are completely recyclable.

We prefer returnable packaging wherever possible, a good example of which is our stainless-steel kegs. They are 100% recyclable and have long durability. As large containers, kegs are easy and economical to transport. In order to achieve maximum variability in the composition of our draft brands, and given the different throughput volumes in various outlets, we offer our brands in 15-, 30- and 50-litre kegs; some of the brands are filled in 5-litre cans, which are intended for supermarket customers.



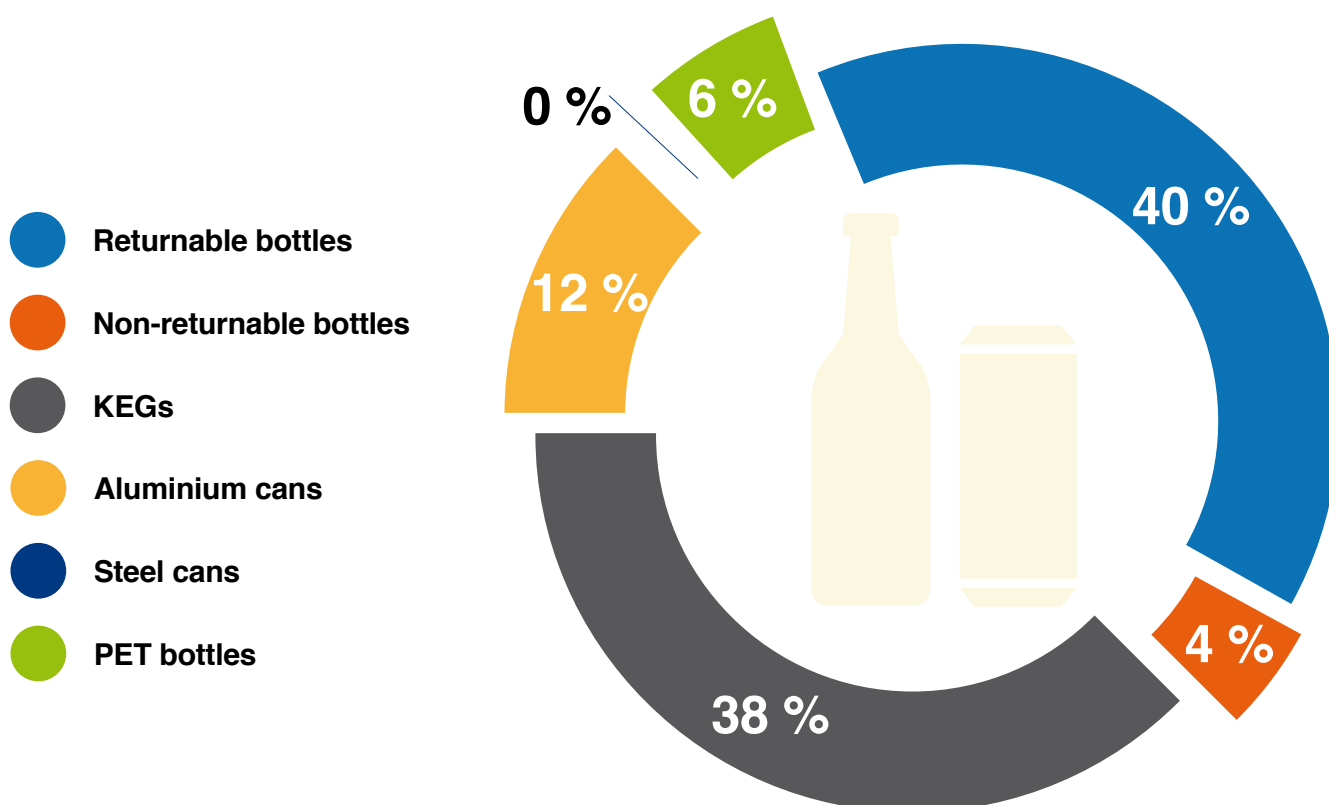


In addition, 12 % of draft beer is supplied in an even more environment-friendly manner: the product is transported in cisterns and supplied to so-called beer tanks, with which we have already equipped 788 outlets. Our efforts at convincing owners and operators of pubs and restaurants, whose beer throughput values correspond to our requirements, to change for tank management are consistent with our determination to encourage consumers to get back to pubs and restaurants to enjoy beer served to them almost directly from the brewery, at a high quality standard and with the highest degree of freshness guaranteed.



We recycle 83,5 % of our packaging materials

Types of packaging



In 2015, our contribution to the reduction of our “carbon footprint” through the system of collecting and reusing waste from waste materials, as operated by the authorised Company EKO-KOM a.s., amounted to 380 576.85GJ of energy. This is equivalent to the CO² pollution produced by 7 956 mid-size cars in a year.



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

From the 170 000 tonnes of waste generated per year by all Plzeňský Prazdroj breweries and its sales/distribution centres, nearly 98,9 % is reused. An overwhelming majority of our waste is of organic origin and is therefore used as a secondary raw material as much as possible. Spent grains are used in agricultural production or in generation of green power. Yeast and malting waste are used as feedstuffs. Sewage sludge is added to soil as a fertiliser. Waste kieselguhr from filtration is incorporated in soil used to lighten the soil in reclaimed areas.

We are working towards zero-waste operations.

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



Improved quality of separated collection at all distribution centres in the Czech Republic – 100% paper, plastic, glass sorting.



Reducing the share of landfilled waste.

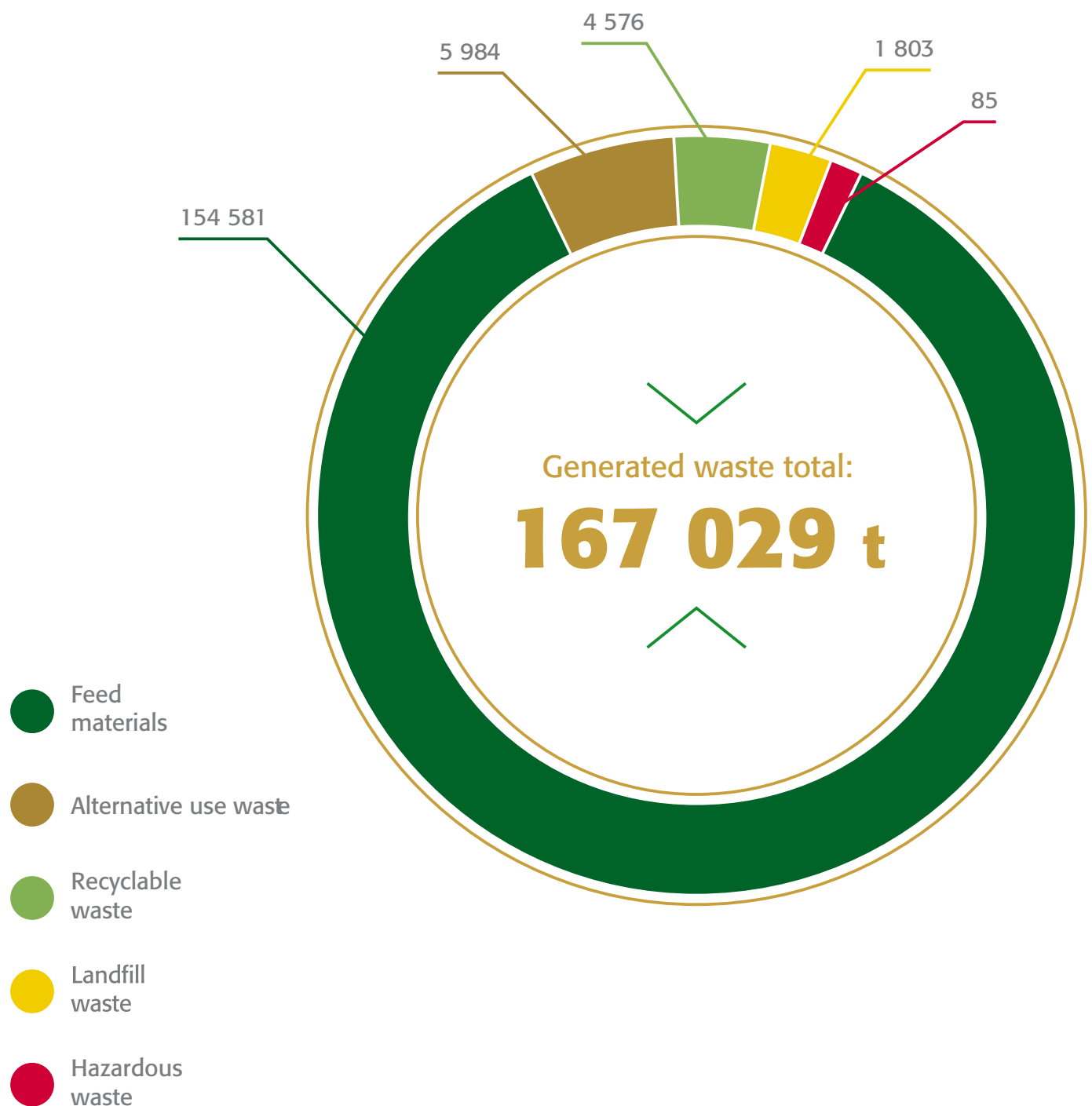


As part of the OHSAS and EMS systems, waste separation by type and category has been introduced at all distribution centres. The composting of waste labels continues at the Radegast brewery.





Production of waste in the Plzeňský Prazdroj Group in F16 (t)



Distribution



Efficient logistics and distribution save costs and the environment.

Efficient logistics delivers both economic and environmental savings.

In the past year, we replaced another 1/6 of our delivery trucks in secondary distribution with vehicles conforming to the Euro 6 high

emission standard. The vehicles used in primary distribution also did see some replacement as well as reduction of consumption by 3,5 %.

The distribution centres of Plzeňský Prazdroj have been certified ISO 50001:2011 Energy management systems in storage, distribution and sale of all products of Plzeňský Prazdroj, a.s.

In the past fiscal year, Plzeňský Prazdroj invested CZK 90 million into the expansion of its warehousing areas. The reconstruction brought about 6 300 square metres of new warehousing premises for finished products as well as new loading gates for faster loading times. The establishment of new loading gates as well as modification of logistics processes have increased truck permeability through the plant and eliminated warehousing in external premises, delivering major financial savings and higher efficiency in environmental care. At the same time, the brewery is in full control of the goods in terms of quality in handling and storage.



We are a partner for small enterprises in our supply chain



In the past fiscal year, we attained major progress in terms of collaboration with our partners ranking from small enterprises in the hospitality and traditional retail industries. Apart from business partnerships, we also focus on the development of their own business, transfer of know-how,

improvement of the environment in the on- and off-trade outlets as well as joint strategic planning in a time of many legislative changes.

In the period of interest, 7 986 smaller outlets participated in development programmes for our customers.





What the brewery makes, the tavern sells

We tried to continue in responding to the changing expectations of our consumers. Having addressed product and outlet quality as well as quality in beer care, we focused on the quality of the service. Our trade brewmasters, master bartenders and new training centres allowed us to deliver training for over 5 000 people.

An important step towards meeting the consumer preferences was the inception of the Brewers Choice programme, which allows beer fans to enjoy unique brews of tap beers every month.

We also developed our so-called concept pubs. By the end of the subject period, we had:

23

Pilsner Urquell Original Restaurant outlets

24

Originál 1 869 outlets

22

Kozlovna outlets

8

Radegastovna outlets



We also continued the development of the Plzeňský Prazdroj Club, which offers our customers services that are designed to help and deliver the jointly established and agreed goals for the development of their business. First of all, we expanded the offer of services, such as outlet diagnostics and subsequent training of their personnel. Expert consulting is also becoming increasingly prominent. Other services of professional nature will follow, such as our activities concerning changes in legislation and other aspects that will affect our common business. We are also looking into the legislation concerning the smoking ban and the major topic of cash register systems related to the act on electronic records of sales.



All of these activities are aiming to support the hospitality segment, which is key in terms of commerce, and one which contributes to the preservation of traditional Czech beer culture.

Traditional retail network, a part of community life in Czech villages



Plzeňský Prazdroj and COOP, a network of consumer cooperatives, are traditional retail partners. The two organisations additionally share other values, such as the respect of tradition as well as the undertaking to look after the development of the communities where they do their business.

Prazdroj & COOP for a Better Life in Villages is a project that focuses on the support of community life in rural Czech Republic. In the first stage, Plzeňský Prazdroj donated CZK 215 thousand to renovate local sights. The second stage had the Velkopopovický Kozel Florián product

connected to the support of voluntary fire brigades, an important aspect of community life in the country.

1 % from the price of Plzeňský Prazdroj products purchased in the COOP chain of stores in a given period is donated to public welfare projects. Nadace Via, a foundation, is a partner for the project.

“Supporting the places where we live is a key aspect for us, especially the support of employment and local communities. It was our pleasure to be invited to a joint project that focuses on the betterment of life in the vicinity of our stores,” says Lukáš Němčík from the COOP Group, which operates nearly 3 000 stores across the Czech Republic, with main representation in the regions.



The goal of the programme is to use cooperation on the restoration and animation of small sights to support people's connection to the places where they live and their relationships in the community. „The principal role in the allocation of funds was the current state and historic/social context of each of the sights, as well as the connection of the local population in the project work, be it volunteering in the renovation of the sight's surroundings or participation in the festive programme for its unveiling,” says Lucie Voláková, programme manager for Nadace Via foundation.



Support for the regions: Where beer is brewed, life is good!



Breweries have been integral parts of their regions since time immemorial; in regions where we are at home. Our becoming successful owes much

to the region and to its people. This is why we have been supporting public welfare organisations that are active in the vicinity of our breweries.





Sharing our success with others

We know our neighbours well and we are well aware that different places have different needs. In some places, it is the environment that needs a hand, other places are thirsty for support of life in the public domain, and yet elsewhere, something else is needed. This is also why we have the inhabitants of the region assist in deciding on who receives funding from us. The saying Where beer is brewed, life is good clearly has a meaning!

Since 2001, Plzeňský Prazdroj in its support to the communities has donated over CZK 85 million to improve the lives of the local populations and to establish strong relationships in places where it operates. We have provided funding to hundreds of projects aiming at social development, protection of the environment, culture and traditions.

19 203 840 CZK

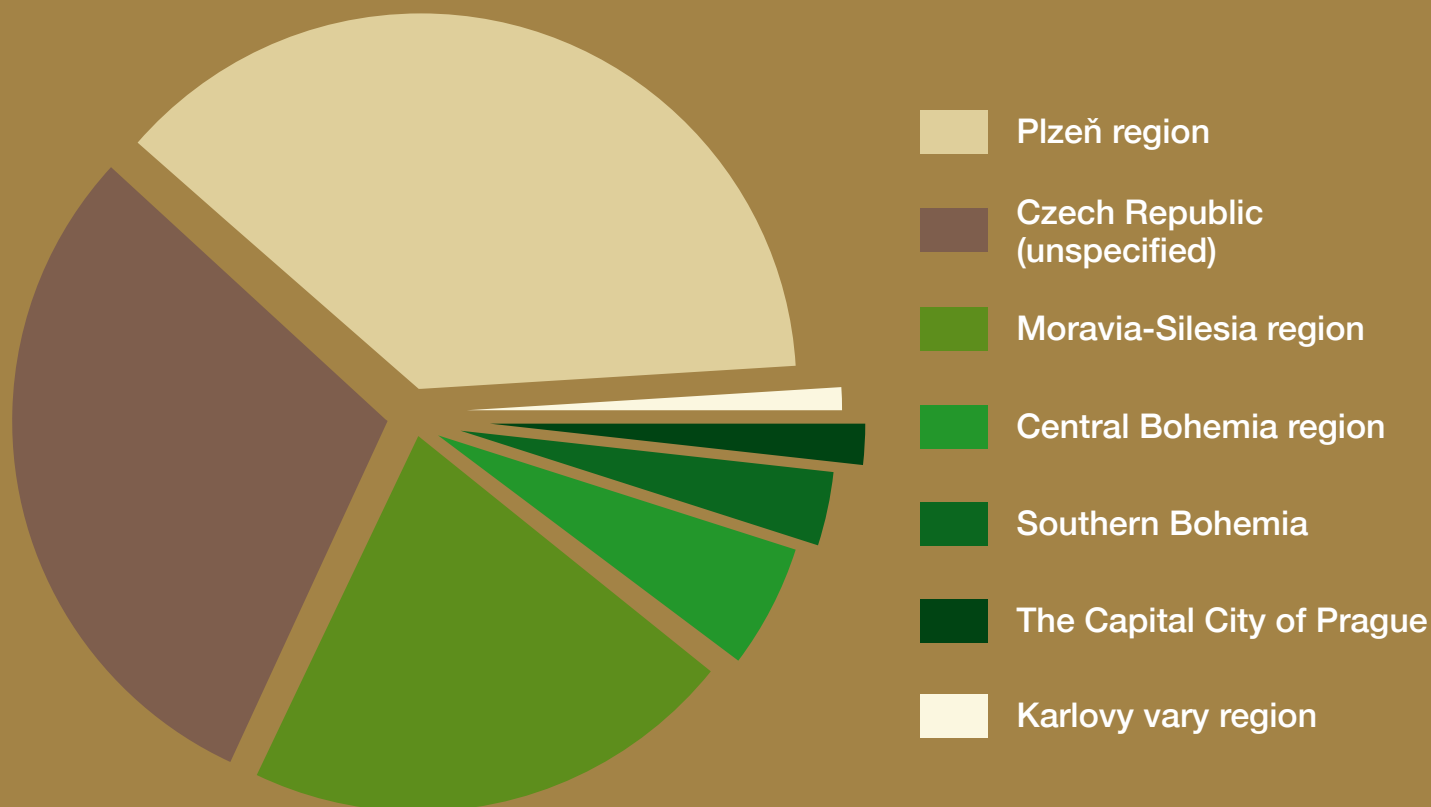
Our donation to community investment in 2016 was CZK 19 203 840





We measure our community investments using the Responsible Company Standard methodology, which allows us to monitor how our contributions are spent, both geographically and by specific areas of support.

Where? Supported regions



How? Forms of support

3 997 577 CZK

Charitable donations

11 786 323 CZK

Investment in the community and society

3 419 939 CZK

Commercial initiatives

The Responsible Company Standard (LBG) is a comprehensive and standardised system of measuring and benchmarking Corporate Philanthropy and Corporate Community Investment.

It defines costs expended in community projects and measures both short- and long-term effects of specific support.



In the Prazdroj to the People 2015/2016 programme in the Moravia-Silesia region, we provided support of CZK 2.5 million to the following projects:

Organisation	Project
Beskydy Chess School F-M	37 th edition of Chess Hopefuls Tournaments
Třinec Centre for Social Help	Health through Exercise
DFS Ostravička	22 nd international folklore festival CIOFF/IOV, Frýdek-Místek 2016
Charita Ostrava	Careful use of water sources and environmentally friendly management of effluent at Charita Ostrava
Club of Czech Tourists	Photovoltaic panels for Bezručova Lodge on Lysá Hora
Club of Czech Tourists – Beskydy Branch	New outdoor playground at Prašivá tourist lodge
Baška M/F Choir	International festival of choirs Baška 2016
MENS SANA, o. p. s	Remember and Work!
Havířov Municipal Library	Environmental education in the Havířov municipal library
Ondrášek Mobile Hospice, o. p. s.	Training centre for Ondrášek mobile hospice, o. p. s.
Parkinson-Help, o s.	Efficient management of Parkinson's patients organisation in Moravia-Silesia aiming at increasing awareness and promoting information for the patients, caregivers, and the expert public
Renarkon, o. p .s.	School Prepared
TRIANON, z. s.	Digitisation of books – a chance for handicapped women
Ostrava ZOO	Water protection in Ostrava ZOO



In order to even better respond to region-specific needs, we had an analysis conducted in the past fiscal year in which we asked the local populations what they felt should be improved in the region and we also looked at the situation of local NGOs. Recommendations as to the most suitable areas for support were obtained from other partners of the project: the Donors' Forum and Civil Society Development Foundation.

3 programmes:



Alcohol responsibility: “When is ‘enough’ really ‘enough’?”



“We are determined to make beer a natural choice for moderate, responsible consumers. We are not aiming at people drinking more; however, we want them to drink better.”

Being the producer of a beer known all over the world, we believe that moderate consumption of our products brings joy to the vast majority of people. We also understand what the negative

consequences of irresponsible drinking can be. We focus on prevention of irresponsible drinking from the very onset of the brewing process, via both commercial and marketing communication up to the end consumer. In this, we collaborate with our partners in both national and local government administration as well as with expert organisations and associations, the non-profit sector and other employers.





87,6 % of our employees have gone through the ABC of Alcohol training.

Plzeňský Prazdroj advocates a responsible approach to the consumption of its products, while also devoting a great deal of attention to the form in which they are presented and promoted.

We are serious about responsible consumption. We are a signatory to the following commitments:



**Commitments
with the European
Alcohol and Health
Forum**



**Responsible
Marketing Pact**



**Beer, wine and
spirits producer's
commitments**

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

Our employees and agencies contributing to the conception and preparation of marketing communication are regularly trained in the code of responsible presentation of alcohol. Code of Commercial Communication

100 % of our labels and packaging material bear a responsibility message pointing at the risks of irresponsible consumption of alcohol.

32 % of respondents in the Czech Republic knew and were able to spontaneously recollect at least one of our 3 responsibility messages.

We restrict minors' access to our product advertisements. We monitor the airing times for our commercials, we filter content for under-age users of social media, and require a confirmation of age upon entrance to our website.

When ordering advertisement in television, radio, printed media and on websites, we observe the "75:25 Rule" which says that at least 75 % of the audience of our advertisement must be adults.

In the period from April 2015 to February 2016, we managed to uphold the high standard of 99 % compliance to the criterion in a total of 8 332 commercial communications in the media mentioned above.



Our Ethical Committee monitors the adherence to ethical principles in our advertisements and other commercial communication. In 2016, the Committee reviewed about 309 internal contributions.

What do members of the Committee monitor?

Whether the people featured in our advertisements look over the age of 25

Whether the communications are free of any themes, music or other elements that could be appealing to minors

Whether or not the communication implies that drinking beer leads to any social, sporting or other success

Whether or not the communication encourages excessive or irresponsible use of beer

Whether or not the communication contains a visible responsibility message



18+

POUZE PRO STARŠÍ 18 LET
www.alkoholsrozumem.cz



Cooperating with experts from SANANIM, z. ú., we administer www.napivosrozumem.cz, a website on responsible consumption of alcohol. In the subject period, the website received 42 657 unique visits.

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

In 2016, the Promile INFO application was downloaded by over 10 800 users and over 30 000 informative calculations of BAC levels were performed.

The Responsible Zone was available to users of 13 events, such as the Colours of Ostrava, Pilsner Fest, Radegast Den, Den Kozla, festivals in Czech and Moravian castles, etc. Over 23 500 visitors were reached out to via activities encouraging responsible use of alcohol. Over 7 800

of them voluntarily submitted to a breath test to make sure they could safely drive back home after the end of the festival. We conducted an average of 603 breath analyses per festival.

We are active in the working group of Responsible Brewers Initiative in the Czech Brewers and Maltsters Association (ČSPS), and participate in shaping an ethical environment in the brewing industry. As a member of ČSPS, we also adhere to the Breweries Code of Conduct and actively contribute to common preventive programmes, such as I’m driving, I take alcohol-free beer (a campaign directed at drink riving) or Člověče, nezlob se (a project aiming to prevent the use of alcohol by minors).

Within the framework of Alcohol: Use Responsibly by the Federation of the Food and Drink Industries of the Czech Republic, we support preventive activities in responsible use of alcohol with a focus on young drivers, minors and pregnant women. In the past year, for example, we participated in the distribution of information leaflets for pregnant women to 200 gynaecology surgeries.





Respect 18

Our campaign to change the tolerant attitude of the public towards alcohol use by minors, Respect 18, had a successful third year in Plzeň.

The target groups for the projects are especially employees of pubs, restaurants and shops, as well as the adult public.

Along with the project partners, Plzeň Municipality and the Centre for Drug Prevention and Therapy, we held a public event, the so-called Respect 18 Day, on 26 June 2015.

Over 3 100 people supported us directly in the street; they used an interactive button to express their disapproval of alcohol being served to children. In 2014, about 40 independent retail shops and 150 pubs and restaurants in Plzeň and neighbouring regions supported the campaign.





Outcomes of the Respect 18 campaign:

Based on the results of an independent awareness survey, the Respect 18 campaign was noticed by one in three people living in Plzeň. That amounts to more than 86 000 inhabitants of Plzeň.

99 % of those who recognised the campaign correctly understood its purpose and 3/4 agreed that it was beneficial for the society.

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

The survey was conducted by NMS Market Research in July 2015 on a representative sample of 300 adult people living in Plzeň.

Do you know what you are drinking? Increasing consumer awareness

In December 2015, we were the first brewery in the Czech Republic to publish a list of nutrition facts about our beers on the website www.napivosrozumem.cz. This offers our consumers an opportunity to find the energy value, content of sugars, fats, proteins and salt in our products.

This measure was our fulfilling the first half of our voluntary undertaking we subscribed to in the European Alcohol and Health Forum. This applies to all brands in all categories, except for limited and season-specific editions.

We are also starting to present nutritional values on the packaging of our products. 80% of our production volume will feature this information by the end of 2017.

<http://www.napivosrozumem.cz/uvodni-strana.html>





Birell: a responsible brand

Back to active living

The Birell Ride project has enabled six handicapped people from the Czech Republic to experience the joy of moving by themselves. Over 100 000 people helped them to get the hand bikes and bicycles they had been dreaming of. Our participants delivered a sum of CZK 501 815 for the handicapped. The participants included Olympic champions, personalities from sports and culture, as well as mayors of cities and towns. For everyone passing through a special gate, Birell contributed CZK 5. The final amount was used for the purchase of hand bikes and custom-made bicycles for the handicapped. The patron of the second year of the Birell Ride was Jiří Ježek, a famous Czech cyclist and participant in the Paralympic Games. The Birell Ride became an inspiration for a new project, Nezastavitelní (The Unstoppable). The new project has a much wider scope as it offers help to handicapped cyclists as well as to people favouring other sports, such as swimming or skiing. Furthermore, it offers participation to handicapped people from the Czech Republic and Slovakia. The mission goal remains the same: Motivate people to move and help those in need.

JSME NEZASTAVITELNÍ!



NEZASTAVITELNÍ

Přidej se k nám na Nezastavitelní.cz

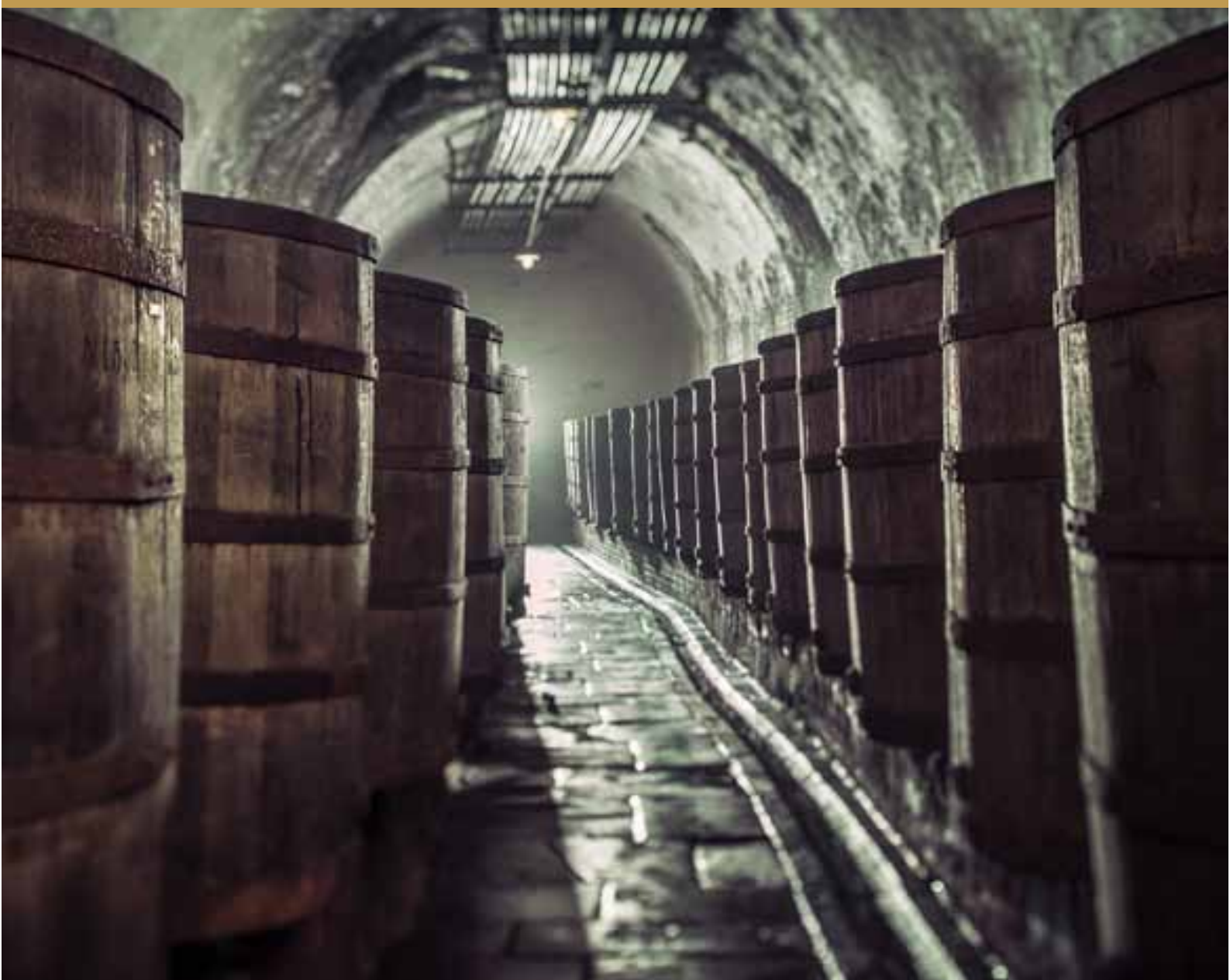
by **BIRELL**

Preserving the historical brewing legacy



Industrial tourism: Preserving the brewing tradition and legacy

We have inherited a Czech national treasure from our forefathers. We are proud to continue their tradition by looking after our traditional beer brands, breweries and their surroundings, so that we can pass the legacy on to future generations.





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

Plzeňský Prazdroj's investments in promoting and developing brewery tourism have amounted to almost CZK 84 million during the past 10 years.

Over 880 thousand visitors, both Czech and foreign, used the opportunity to take part in tours, events, programmes and other activities of Plzeňský Prazdroj last year.

The aggregate figure for the past ten years is 6, 5 million visitors.

Number of visitors in 2016:



756 000

**Plzeňský Prazdroj
Brewery – over 756
thousands visitors.**



44 000

**Radegast Brewery –
over 44 thousands
visitors.**



87 000

**Velké Popovice
Brewery – over 87
thousands visitors.**





Developing cooper and horse drawing crafts

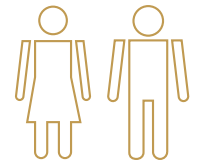
The coopers team looks after the oak casks in which the Pilsner Urquell lager matures and ages in the historic cellars of the brewery. Plzeň's brewmasters use the beer brewed to a traditional recipe, fermenting and maturing in the original conditions generated by oak vats and casks, for regular comparisons with the beer brewed using contemporary equipment in an attempt to preserve the unique flavour of Pilsner Urquell beer.

Plzeňský Prazdroj's cooper gang, among few in Europe, has managed to preserve the craftsmanship of the historic tradition of brewery coopers. In addition, it has extended the range of casks made for various events, both domestic and abroad; the casks are ever more popular as gifts at various occasions, anniversaries and celebrations.

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



Our people



2016 Sodexo Employer of the Year

- 3rd place – Employer of the year in the Plzeň region
- 1st place – The Most Desired Company in the Plzeň region

Universum Student Survey 2016

- Best in Industry 2016 FMCG Engineering award

2016 Top Employer of the Year

- 1st place in the Consumer Industry category

Equal opportunity Company of the Year

- 3rd place





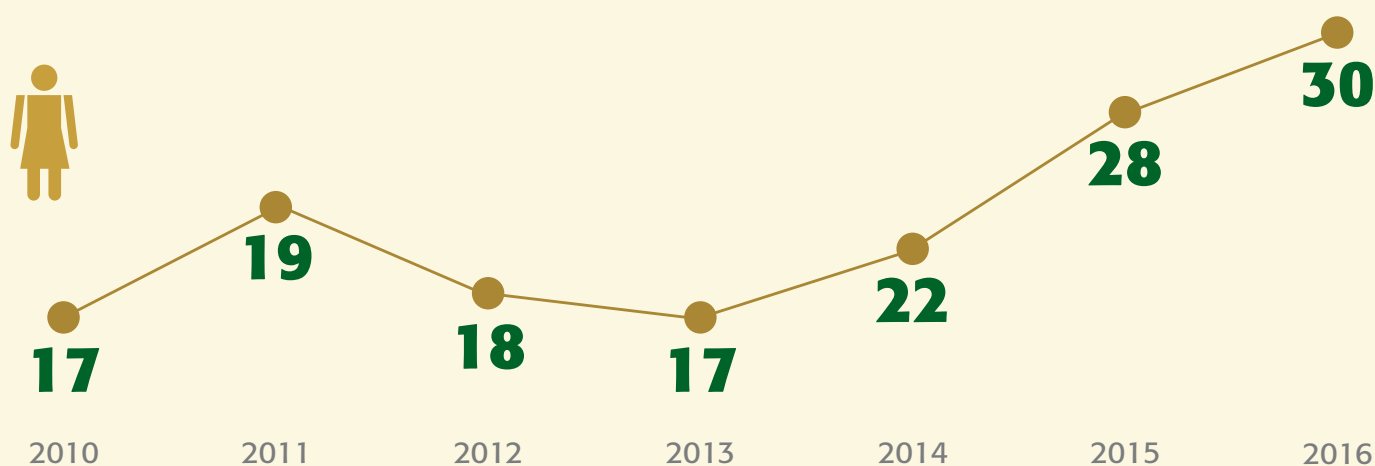
Diversity

Flexible working hours, optional home office and 5 weeks of paid leave are only a few of the many benefits Plzeňský Prazdroj offers to its employees. Since 2016 we have been trying to make it easier for our employees to return early from maternity or parental leave by offering a contribution of up to CZK 6 000 per month for rearing children up to 3 years of age.

What instruments do we offer to harmonise personal and professional lives?

- Flexible forms of work
- Possibility to work part time
- Priority holiday scheduling during summer months for parents
- Entitlement to 1 day off without pay on an employee's child's first day of pre-school/school
- 2 days off for an employee's own wedding
- 1 day off for an employee's child's or parent's wedding
- Programme to keep in touch with employees on maternal/parental leave
- Benefit compensation programme of each employee's choice
- Brochure for employees on parental leave
- Manual for special life situations and managing emergencies
- Contribution of CZK 6 000 a month for pre-school care

Percentage of women in management of Plzeňský Prazdroj





Volunteering: 'Helpful' is my middle name!

Volunteering has become an inherent part of the corporate culture for employees of Plzeňský Prazdroj. In the monitored year, employees worked for nearly 1 000 volunteering hours. Volunteers are entitled to 2 days of paid leave to engage in activities for the public benefit.

What benefits are offered to our employees?

Benefits

Care for our employees



We appreciate our employees. Therefore, we strive to look after them accordingly and provide them with a wide range of benefits. Our biggest wish is for them to be happy at work, as well as outside it.

Fun



Enjoy your leisure time how you want to. We offer our employees subsidised tickets to cultural and sporting events, contributions to travel expenses and the chance to enjoy excursions to our breweries.

Something extra



We give you more time to relax and we reward you for your efforts. As well as an extra week's holiday and contributing towards meal costs, we also reward our employees for their loyalty, above-average performance and for donating blood, amongst other things.

Health and care



Your health is important to us. Under our benefits system you can use a special card to pay for first-rate health care, sports activities as well as to rest and relax in selected wellness facilities.

Future and security



Your future is important to us. This is why we contribute to our employees' supplementary pension insurance and life insurance schemes.

Our brands



You won't go thirsty with us. During the year we provide our employees with supplies of beer for their holidays and Christmas. We also regularly hand our vouchers enabling them to buy our products on special offer.



Working with our people: Identifying and nurturing talent

Our Company is trying to develop its employees and guide them to use their potential to the fullest. We have clearly set goals, we conduct regular reviews of our people's potential; we plan their career paths. Personal accountability and a high degree of engagement are important aspects of our corporate culture.

Employee development in the 2016 fiscal year:



106
full-time courses



9 543
course participants



41
e-learning courses



4 624
training courses

In the monitored period, we focused on acquisition of new talents and achieved progress in cooperation with university and high-school students. We have built a new career website with a specific section dedicated to students and graduates (<https://www.prazdroj.cz/kariera>). We have primarily targeted students of technical fields, such as mechanical engineering, electrical engineering and food industry in order to show them that there are many ways of working for us and that our Company offers them excellent employment choices. We have commenced a learner project for secondary school students which informs these students about employment possibilities.

We have authored informative materials for secondary-school and university students, which we distributed to potential candidates in 6 job fairs. Over 400 candidates registered for our summer internship programme in various student events.

Summer Internships

We have long-term cooperation programmes with universities and offer their students opportunities for gaining practical experience while they are studying. Students in their fourth and fifth years of study are offered practical summer internships; after they have graduated, they can continue in a trainee programme or in a specific job. In the 2015/2016 fiscal year, 11 students participated in the internship, 2 then continued in the trainee programme, and 5 and 2 students received full- or part-time job offers, respectively.



Safety first

Our people and their passion for brewing the world's best beers are what has been giving our Company its value for over 170 years. Plzeňský Prazdroj recognises protection of health and safety to be a first-rate matter; we undertake to conduct our business activities in observation of the health and safety of our employees, suppliers, visitors, consumers and the wider public.

A committee composed of our Company's employees oversees compliance with the principle. We monitor work-related injuries on an ongoing basis and the number of work-related injuries is displayed on a daily basis at our breweries' electronic notice boards.

We have adopted a Health & Safety Manual, which we are continuously implementing across the entire Company.



Health and safety processes



Recording, reporting and investigation



Safe road transport



Safe premises



Forklifts



Security



Contractors



Occupational health and hygiene



Drugs and alcohol



Personal protective equipment

100%

of our employees must regularly participate in a course on HSE

In spite of the great emphasis on prevention, we have registered 15 injuries in the subject period, an increase of 6 incidents compared to the previous period.



In the past year, we conducted 9 422 breath analyses for alcohol. There were 10 positive tests, with external workers for the most part; those individuals were banned from entering the plant. None of the injuries were related to alcohol.



Description of materiality, boundaries of the report

Description of the materiality (importance)² process

Depending on their positions, our stakeholders bear very specific requirements, interests and expectations which could present challenges for our Company. It is impossible to decide which topics and issues we ought to give preference to without an in-depth analysis. This is why our Company bases uses a (formal) materiality process which identifies the issues that are the most important for our partners and our business.

The materiality process – what we did and when

a) Global level

Being a global player in the food-making industry, our Company's life depends on global conditions and trends which impact our production. Those items primarily include climate changes which greatly affect the production of barley and hops; others are the availability and quality of water sources.

We are aware of our global responsibility and we subscribe to the goals which many countries adopted at the initiative of the United Nations as parts of their sustainable development agenda on 25 September 2015. It is a set of sustainable development goals which aim at ending poverty, protecting the planet and providing prosperity for all. Many of the topics (such as economic growth, protection of the climate, protection of water and responsible use) overlap with strategic topics beyond the framework of our Company.





b) Local level

Having covered global issues, we looked into local topics and mapped the expectations the public has towards companies in Central Europe. These include the creation of jobs, contributing to economic growth and providing training to employees. Other highly important topics include doing business in a transparent, honest way.

Our monitoring and checking of the materiality and importance of the topics uses globally applied reporting frameworks, such as the Global Reporting Initiative GRI G4. This framework specifies the most important topics in each area – economic, social and environmental.

c) Brewing industry level topics

Being the leader of the brewing industry in the country, we are closely monitoring topics which are important for us when comparing the achievements and also as a starting point for collaboration with other partners who share our values. Responsible use of alcohol and mitigation of alcohol-related damage are crucial for us and we are trying to also be the leader in addressing these topics.





d) Internal level topics – inside the Company

To identify the topics which directly affect our Company, we concluded information from organisations and individuals who affect or are affected by our Company. We obtained that information from so-called stakeholder dialogues, which we hold on a regular basis and which, apart from the dialogue itself, include surveys and round tables. We studied the documents and materials we had available for the current reporting period.

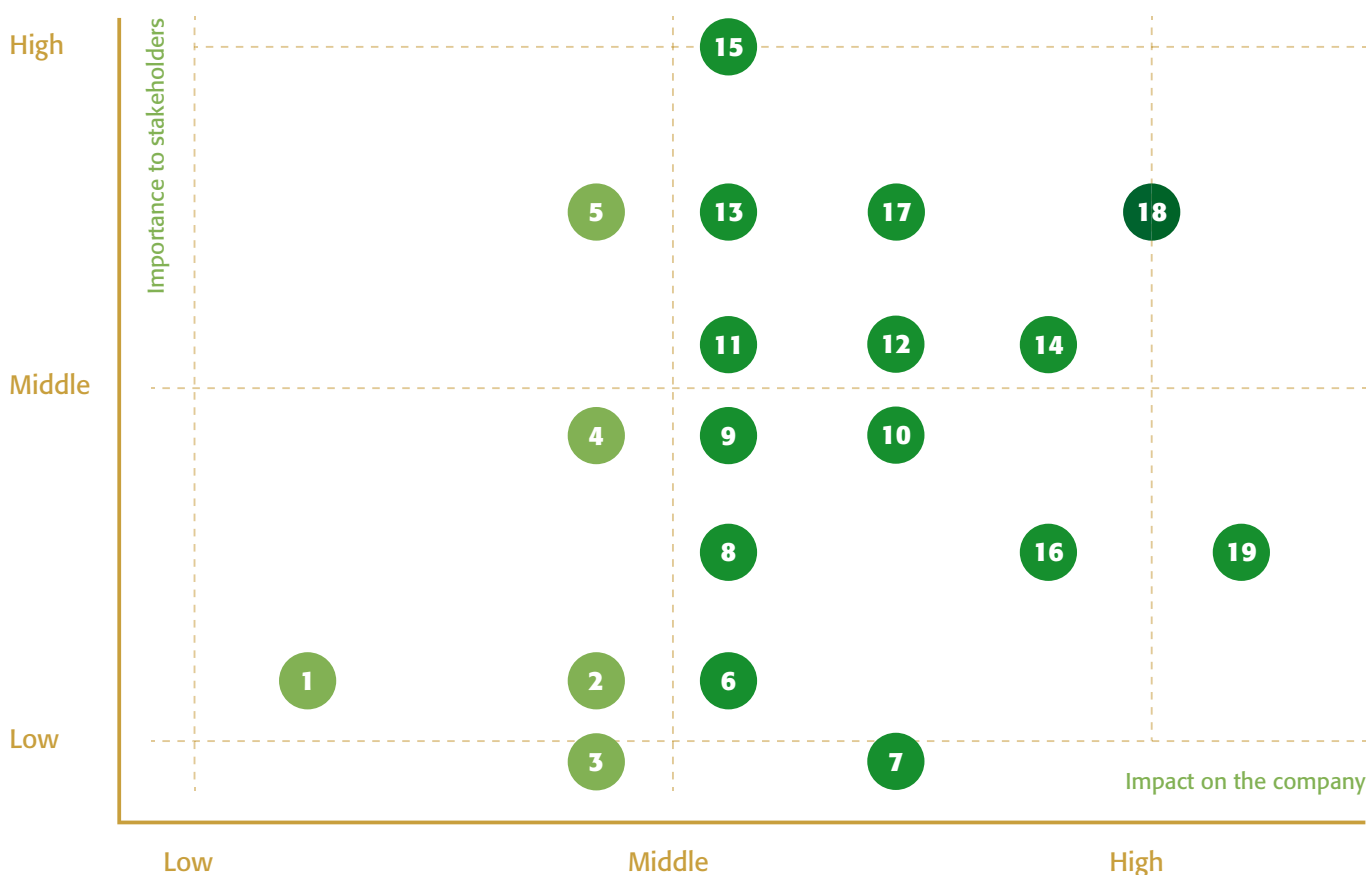
We performed analyses of the information we had received, subsequently identifying the topics and their materiality for individual stakeholders so as to review them by the influence they bear to individual stakeholders. The Company Risk Management team and the Executive Committee sorted the topics by importance using our risk assessment system so as to identify their impact on the business sustainability of our Company.

The outcomes of these activities are shown in the materiality matrix, the quadrants of which display the topics based on the priorities.





Materiality Matrix



- 1** Eco-friendly Product
- 2** Sustainability through the brands
- 3** Community Investment
- 4** Carbon footprint
- 5** Advanced technologies for beer production
- 6** Talent Gap
- 7** Preservation of cultural heritage and tradition
- 8** Fair treatment of suppliers
- 9** Renewable energy
- 10** Licence to trade Regulations
- 11** Energy Efficiency, Sustainable use of land and local sourcing
- 12** Packaging and Waste management
- 13** Diversity
- 14** Water
- 15** Transparency and Business ethics
- 16** Support of small enterprises
- 17** Health and Safety, Responsible commercial communication, Responsible Product Innovation
- 18** Responsible alcohol consumption, reducing the impact alcohol-related harm, prevention of irresponsible alcohol consumption
- 19** Employee engagement, trainings and development

² The materiality matrix assists companies in deciding which of the topics and areas of sustainability or corporate social responsibility (CSR) they should be looking into. The matrix clearly organises and sorts individual topics in two axes. The first axis sorts the topics by importance for individual interested parties (the stakeholders) in the Company. The other axis sorts the topics by their impact on the business success of the Company. The materiality matrix brings both business value for the Company and social value for its stakeholders or the environment. At the same time, it shows the connections between the topics and how they can be mutually beneficial for the Company and its stakeholders.



Stakeholders and dialogue – we can only succeed with you

A well-established sustainability process adds to the overall sustainability of the business and, in the final aspect, leads to realisation of the business success of the Company. We are well aware of it, and this is the reason why we focus on an important aspect of sustainable business, which is the mapping of stakeholders and their expectations alongside the identification of potential risks that might arise within the partnership. This is because we are fully aware that it is the stakeholders who affect our Company and, therefore, its success. Reciprocally, our activities and attitudes provide us with an influence on their satisfaction and results, which we view very responsibly for a happy stakeholder clearly contributes to the success and sustainable business of the Company.

Last but not least, the importance of the stakeholders also springs from the fact that they help us find the path we should follow in the future..

The most important stakeholders for our Company are:



The government of the Czech Republic, the EU



Industry associations, Federation of the Food and Drink Industries of the Czech Republic



The community



Employees and trade unions



Suppliers



The environment



Consumers and customers



The media

³ The Plzeňský Prazdroj Company uses a highly robust system of risk assessment of for the sustainability of the business. Our Risk Management team assess the risks that affect the sustainability of the Company on a monthly basis.



Forms of dialogue with stakeholders

One of the goals of reporting is to show our effort to understand our economic, social and environmental impacts and to control them responsibly.

Understanding the impact of our activities and understanding the expectations of the stakeholders is based on a wide range of approaches, risk control processes and on delivering social as well as environmental value. Dialogue with our stakeholders may provide us with information on the topics and issues they have encountered. Furthermore, the dialogue may point at the opportunities for improving the efficiency of our operations and to help us attain success while conforming to the principles of sustainability.

These intentions, the purpose of obtaining feedback, are what we use to control the process of dialogue with our stakeholders. For the purpose of reporting, this year we mapped all forms of dialogue with our stakeholders as well as the topics we managed to identify in the process.

There are several methods of stakeholder communication and engagement. They include surveys, permanent dialogue with stakeholders, so-called round tables, as well as audits and reporting.

Surveys represent an efficient method of dialogue and they permit us to obtain direct feedback from our partners. They provide us with quantified information on how various stakeholders view our activities while giving us priceless details on any views, needs and preferences our stakeholders may have.



⁴ Stakeholders are all groups and individuals who affect the meeting of the Company's goals or who are affected by those goals. Therefore, the notion of stakeholder includes not only the owners, customers, employees, suppliers, business partners and investors, it also ranges to government agencies, the trade unions, the media, international organisations, etc. Source: FREEMAN, R. E. Strategic Management: A Stakeholder Approach. New York: Cambridge University Press, 2010. ISBN 978-0-521-15174-0



We are an active participant in the round tables that affect the topics of our industry.

On the national level, we became the partner of the Alcohol and Responsibility media campaign in October 2015, within which we participated jointly with the Federation of the Food and Drink Industries of the Czech Republic, Czech Brewers and Maltsters Association as well as other bodies and organisations.

Mezi specifický druh dialogu řadíme auditing a reportování manažerských systémů. Oba tyto nástroje We consider the auditing and reporting of various management systems to be a specific type of dialogue. Both those tools offer to obtain an independent view of third parties on the sustainability of our business and on the management of risks that might compromise that sustainability. The integrated management system in our Company includes a quality management system, an environment management system, as well as a health and safety system. Acting as standards, those systems cover the aspects of management of the stakeholders such as consumers, customers, the environment and health of our employees. In November/December 2015 we passed a recertification audit of our integrated management system conforming to ISO 9001, ISO 14001 and OHSAS 18001. The successful completion is promoted by the fact that sustainability topics have been implemented into our Company procedures and are becoming part of the day-to-day decisions of our managers, as is the setting and monitoring of sustainability goals.

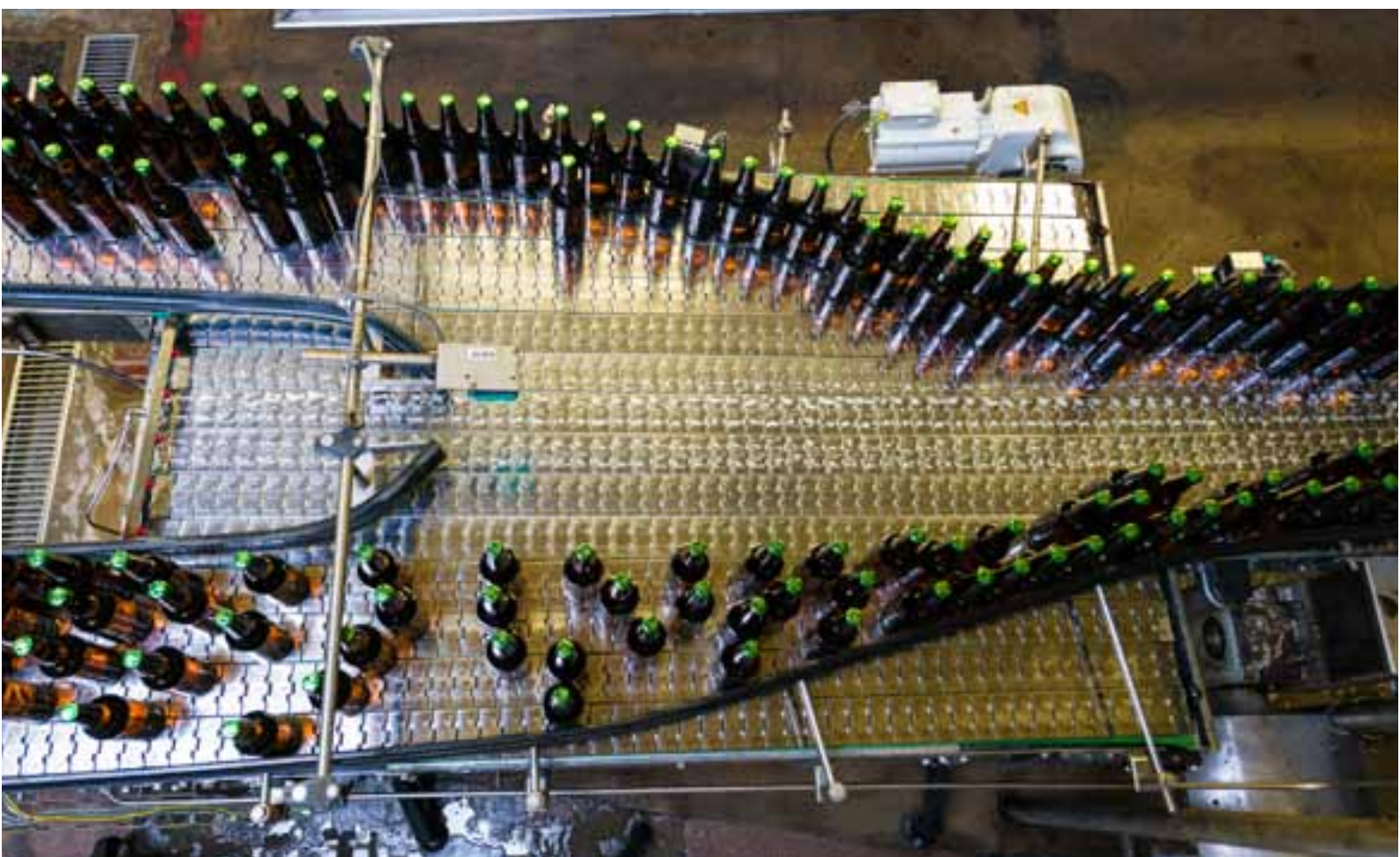




Table of our stakeholders and corresponding dialogues

Forms of dialogue between Plzeňský Prazdroj and its stakeholders,
their topics for 2015/2016

Stakeholders	Dialogue	Topic
The community, veřejnost	Discussion and collaboration with the cities where we have our operations	Preservation of cultural heritage and traditions
	Marketing research for Plzeňský Prazdroj, ppmfactum, December 2015	Support of tourism and small businesses
		Support of community life
Employees	Social dialogue – discussion of Trade Unions leaders with the managers of individual plants	Training and qualification
	Social dialogue – meeting of expert coordinators of social dialogue and the manager of employee relations in the Company	Motivation
	Social dialogue – bargaining, HR Director	OHAS
	Employee forums – plant management meeting the Company management, so-called ExCo Roadshow	Diversity
	Global employee satisfaction survey	
	Assessment dialogues	
	Procedure of submitting employee initiative	
	Survey of satisfaction with Company communication	
	Whistleblowing Line	
Informal meetings with Company management, discussion		



<p>The environment</p>	<p>Dialogue with the EU</p> <p>Recertification audit for ISO14001, BV, December 2015</p> <p>Water endangerment study, Antea Group, November 2014</p>	<p>Reduction of water consumption, Clean Water for All</p> <p>Clean Air for All</p> <p>Waste management, waste sorting, management of recycling</p> <p>Reduction of CO2 emissions</p> <p>Products more friendly to the environment</p> <p>Green sources of energy, energy savings</p>
<p>The media</p>	<p>Survey of reputation of Plzeňský Prazdroj by GlobeScan, 2014</p> <p>Working contact with the media</p>	<p>Responsible product innovation and progressive technology in brewing</p>
<p>The government of the Czech Republic, the EU, Industry associations</p>	<p>Multi-stakeholder dialogue</p> <p>Comments to the National Strategy for Health Protection and Promotion and Disease Prevention</p> <p>Comments to the National Drug Policy Strategy for 2010-2018</p> <p>Round table – logical framework for the action plan for tobacco and alcohol policy in the Czech Republic for 2015-2018</p>	<p>Responsible use of alcohol</p> <p>Mitigation of alcohol-related damage</p> <p>Prevention of irresponsible consumption of alcohol</p>



Consumers and customers	Commitment to responsible consumption by the SABMiller Group	Responsible communication of products and provision of information on product ingredients
	Confirmation of the Advertising Council on having received no complaint related to communication by September 2015	Responsible product innovation and progressive technology in brewing
	Průzkum Znalosti odpovědnostních zpráv o nebezpečí konzumace alkoholu, ppmfactum, srpen 2015	Responsible use of alcohol, prevention (Alcohol and driving, Respect 18, Alcohol and pregnancy)
	Survey on the document Awareness on responsibility messages on risks related to use of alcohol, ppmfactum, August 2015	Přísnější posuzování stávajících zákonů a přísnější zákony pro konzumaci alkoholu u mladistvých
	Information from the customer service line	
Suppliers	Projects	Sustainable use of land for production of brewing crops, local production of brewing crops (barley, hops)
	Discussion	Invoice maturity period Lack of drivers in the market
Governance		Business transparency, supporting ethics in our partners' business conduct



Ethics and integrity

Ethics and transparency rank among the core values of our Company and they are very sensitively perceived in Central and Eastern Europe. Specifically in the Czech Republic, honest communication to customers ranks among the most important long-term topics⁵.

We are very serious about detailed setting of ethics processes in our Company; this is why we have established the position of Ethics Commissioner, who is in charge of supervising the correctness of those processes.

The methods of implementing the ethical principles of the Company, the investigation of and addressing alleged unethical behaviour are all defined by the Ethical Committee. An independent partner of the Ethical Committee is the honorary position of the ombudsmen; they are elected in individual regions.

Investigation of individual breaches of ethical behaviour is conducted by the Ethics Breaches Response Team, which also supervises the execution of the adopted corrective measures.

In the event of serious breach of the ethical principles, our employees can use our Whistleblowing Line without fear of any retribution.



⁵ Zdroj: CSR Research 2014 realizovaný agenturou IPSOS na podzim 2014



External comments on the 2016 Sustainable Development Report



Scope of the assessment

Plzeňský Prazdroj's 2016 Sustainable Development Report is a key document intended for the general public and the partners in which the company reviews its activities in the area of sustainable development and outlines its plans going forward.

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

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





Our independent assessment only focused on the area of sustainable development; this means that it does not analyse information which the Report does not contain or which it does not comment on, such as financial statements, data on the company's ownership interest, economic and statistical data, or corporate governance information. These parameters were not the subject of our external assessment and are not dealt with in our comments. The scope of the assessment concerns the financial year beginning on 1 April 2015 and ending on 31 March 2016.

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

Conclusions and findings

In its Report, Plzeňský Prazdroj provides an overview of the results achieved during the reported period in relation to its 2020 targets for the areas covered. These are part of 'Prosper', or the company's sustainability program. In addition to describing its approach to sustainable development, Plzeňský Prazdroj gives a selection of its achievements and outlines its 2020 targets. The Report has been compiled to introduce stakeholders to the company's long-term goals and gives an overview of the specific measures adopted, as well as those areas in which the company has not been so successful or in which it has seen some deterioration. This is a prerequisite for quality sustainability development reports. In addition, all the key areas have been certified by an independent third party or verified through an independent process, and discussed with the stakeholders. Regarding the market situation, the Report meets the reporting standards normally applied to the area of sustainable development by businesses operating in the Czech market. The Report successfully links global goals to local priorities, being drawn up based on the local monitoring of results and the definitions of local targets.

Particular points worth highlighting include a well-arranged overview of the company's long-term commitments and continuous reporting on progress against targets. For the first time, the Report also introduces the matrix of relevance and the principle of materiality. The Report gives a very good overview of the principle of dialogue with stakeholders, detailing the specific forms and ways of engaging and communicating with them. We also recommend that the Report deal more with assessing the overall risks and the context related to the fulfilment of individual targets.



Specific findings

Plzeňský Prazdroj mentions sustainable business conduct across the supply chain. The Report discusses the activities completed by the company in order to support its partners, both suppliers and customers.

The report also covers the area of environmental impacts at all stages of the company's activities, yet with emphasis being put on the production and consumer area. It would be advisable to consider assessing the impacts on the environment from the beginning of the supply chain.

The chapter which deals with diversity gives a description of the instruments which provide for flexible forms of work and the percentage of women in the company's management. It would be useful to extend this overview with information covering other diversity areas, as well as the company's overall approach and strategy.

As concerns investments in communities, the Report gives an overview of examples of support provided in one of the regions in which Plzeňský Prazdroj operates. It would be advisable to complement the Report with an overall summary of the support provided. The Report should also focus not only on the ways of analysing the support itself but also on analysing its benefits.

The Report was compiled using the SAM (Sustainable Assessment Matrix) internal methodology, being, for the very first time, amended with a description of the materiality principle.

The Report gives an overview of the company's stakeholders, including easy-to-follow tools and methods of communication with them.

Byznys pro společnost/Business for Society, Czech Republic



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



Pilzeňský Prazdroj