

Sustainable Development Report Kompania Piwowarska 2011



KOMPANIA
PIWOWARSKA

10 Priorities. One future.



**KOMPANIA PIWOWARSKA GENERATES
64.900 JOBS IN ITS ENTIRE VALUE CHAIN,
OUT OF WHICH MORE THAN 15 THOUSAND
BELONG TO THE AGRICULTURE SECTOR
THE PICTURE SHOWS A HOPS PLANTATION
IN RAKONIEWICE**

***Kompania Piwowska Sustainable Development
report is based on data*** for the financial year F11
(12 months from 1 April 2010 to 31 March 2011),
unless specified otherwise.

*The report was made in line with the standard of Global Reporting
Initiative G3.1. application level B.*

10 Priorities. One future.



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In Kompania
Piwowska,
we feel responsible
not only for today,
but also for
tomorrow.

Dear All

We are proud to present the sustainable development report of Kompania Piwowarska for the financial year F11!

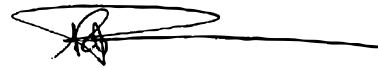
In KP we take our role within the greater environment and community very seriously. We know that to be a sustainably successful company, we need to ensure that we are acting as a responsible member of our local and global communities. That is why, amongst other things, we seek to optimize the demands that we put on natural resources and the amount of waste that we produce. Importantly through our contribution to the communities in which we operate we strive to improve living standards for all in these communities.

Kompania Piwowarska has a laudable reputation on sustainable development. The company has performed well on environmental indicators and actively promotes alcohol responsibility. The company consistently measures in the top 3 amongst all the companies in our group on the ten SD priorities. In most of these 10 areas, mentioned later in this report in detail, we have achieved a level that is considered to be global best practice. This leadership position is reflected in a number of impressive programmes that have been initiated by KP.

In KP we are never content and as the global community's expectations keep increasing, so we too will maintain our focus to further develop current and new initiatives. We have set new targets for our SD priorities because after all, our future commercial success depends on the health and well-being of the communities we exist in.

We fully believe that it is only by having a balanced approach to our enterprise that we can remain a valued and respected organization. This ethical obligation forms the basis for all our long term aspirations.

I trust you will find this report interesting. We would appreciate your commentary and suggestions.

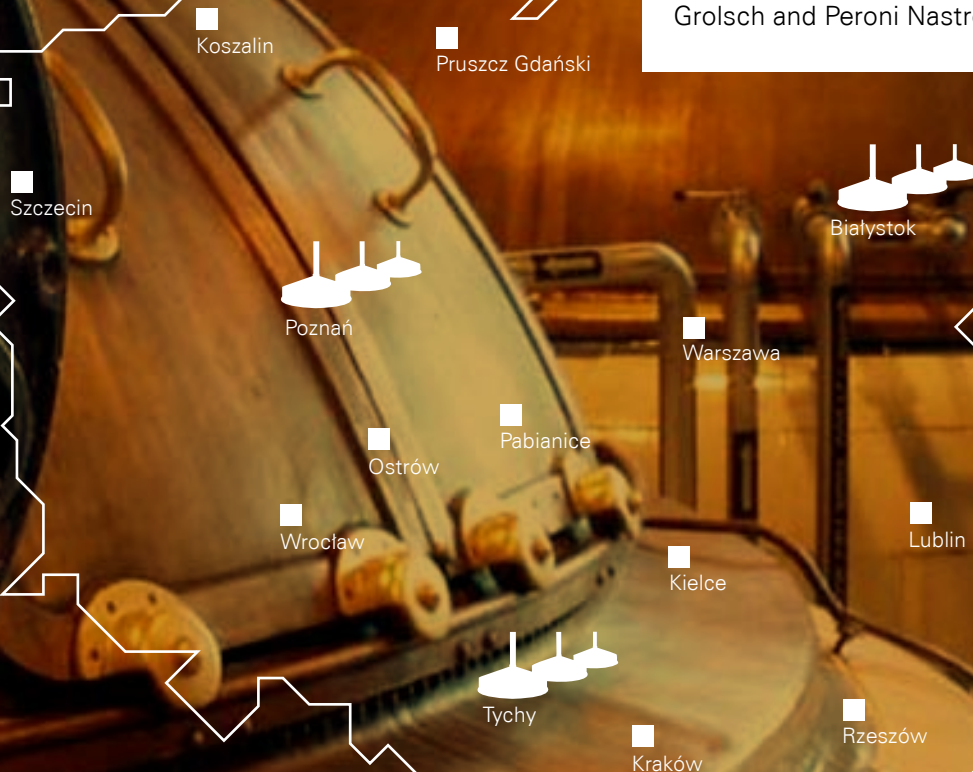


Management Board President

Rob Priday

Kompania Piwowarska - leader of the brewing industry in Poland

Kompania Piwowarska SA is the largest brewing company in Poland. Beer brewing experience of a several hundred years, modern technologies and rigorous adherence to world-class production regimes are a warranty of the highest quality of our products. The KP brand portfolio contains the most popular Polish beers, including Tyskie, Żubr, Lech, Dębowe Mocne, Redd's, as well as international premium brands: Pilsner Urquell, Grolsch and Peroni Nastro Azzurro.



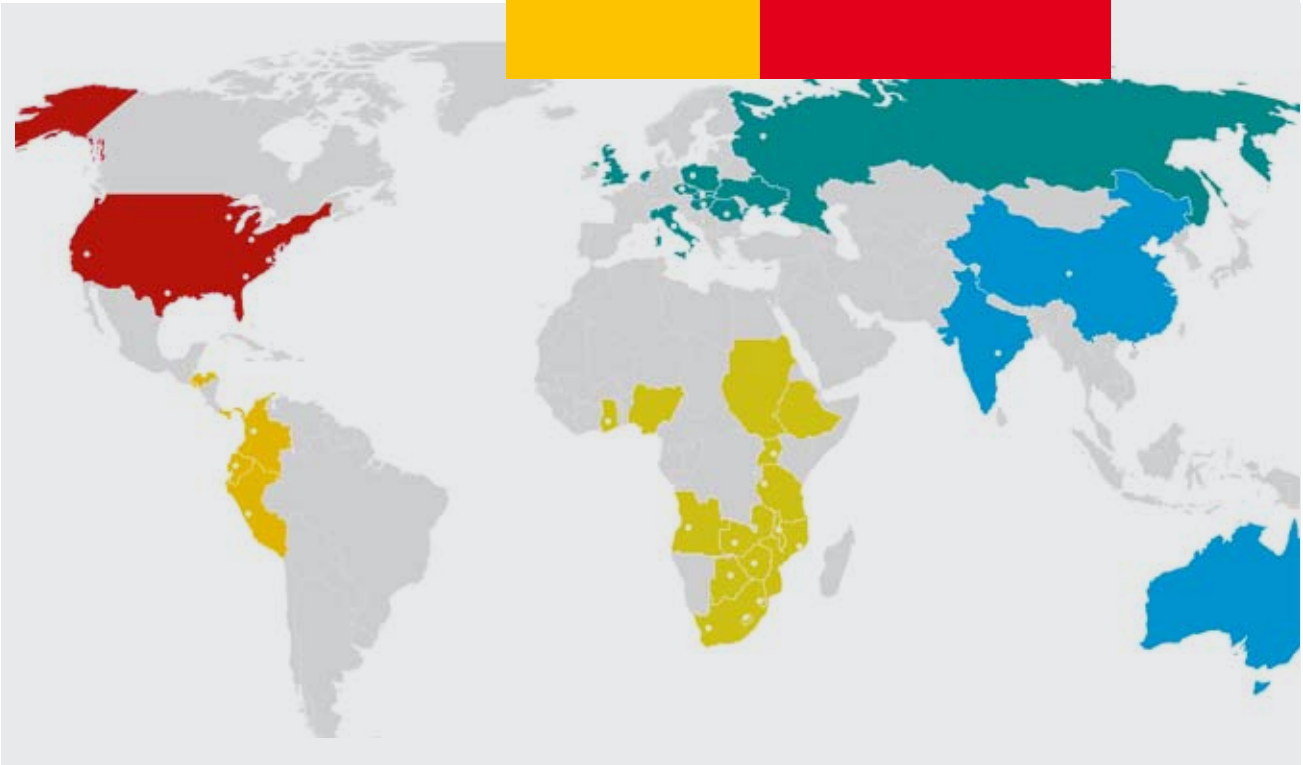
Kompania Piwowarska is part of one of the world's largest brewers – SABMiller plc.

The group makes and distributes beer in six continents and its world-wide portfolio includes international premium beers such as Grolsch, Miller Genuine Draft, Peroni Nastro Azzurro and Pilsner Urquell as well as leading local brands, such as Aquila, Castle, Miller Lite, Snow or Tyskie.

SABMiller is one of the world's largest Coca-Cola bottlers (outside the USA). In the financial year ended on 31 March 2011, SABMiller generated USD28.3b in revenues and produced gross profit (EBITA) at USD 5 billion. SABMiller plc is listed on the London and Johannesburg stock exchanges.

Kompania Piwowarska was established in 1999 and it has three breweries: in Tychy, Poznań and Białystok and 14 trade depots across the entire country. At the end of financial year F11 (12 months from April 2010 to March 2011) KP headcount equalled 3 195.

AFRYKA ANGOLA BOTSWANA GHANA LESOTHO MALAWI MOZAMBIQUE RSA SWAZILAND TANZANIA UGANDA ZAMBIA	EUROPE CANARY ISLANDS CZECH REP. HUNGARY ITALY POLAND ROMANIA RUSSIA SLOVAKIA NETHERLANDS GREAT BRITAIN UKRAINE	ASIA AUSTRALIA CHINA INDIA VIETNAM
SOUTH AND CENTRAL AMERICA COLOMBIA EQUADOR EL SALVADOR HONDURAS PANAMA PERU	NORTH AMERICA USA	



Kompania Piwowarska/ SABMiller is a member of the following organizations:



The Union of the Brewing Industry Employers – Polish Breweries – an organisation which unites the biggest beer producers in Poland and represents ca. 90% of the market. The Union offers its members knowledge and advisory services in the area of market regulations and obligations of market players. Taking care of good reputation of the brewing sector, it promotes collaboration that fosters beer culture and responsible consumption of alcohol.



Responsible Business Forum – the oldest and biggest non-governmental organization in Poland dealing with the concept of corporate social responsibility in a global way. Established in 2000, the Association has a status of public benefit organization. RBF runs numerous projects that facilitate dialogue and experience sharing in the area of responsible business and sustainable development, between companies, representatives of public authorities, NGO's and academia.



The European Alcohol and Health Forum (EAHF) – a coalition of over 40 companies and NGOs working together to reduce harm related to irresponsible alcohol consumption in the European Union.

Company products

Products of Kompania Piwowarska are a reflection of its long-lasting tradition of beer brewing and modern technologies.

The strategy pursued by Kompania Piwowarska is based on innovation and modelling of the product proposal in order to adjust it to growing consumer needs. We provide consumers and our trade partners (distributors, chain customers) with strong brands and more and more diversified product offer. Using research and experience we try to define consumer groups at which our specific brands should be targeted and which of their needs the brands should satisfy, while meeting a number of responsibility-related conditions at each stage of product life cycle.

KP brand portfolio contains the most popular Polish beers, including: Tyskie, Żubr, Lech, Dębowe Mocne, Redd's, as well as international Premium brands: Pilsner Urquell, Grolsch and Peroni Nastro Azzurro. Tyskie is the leading brand of Kompania Piwowarska: Tyskie itself is the undisputable leader amongst all other Polish beer brands both in terms of popularity, domestic sales volume, export sales as well as generated takings.

Poles' favourite beer is the highest quality product and a real reason to be proud. Tyskie has been honoured with the most prestigious awards in the beer business worldwide – in 2002, 2005 and 2010, including: the Gold and Silver Medal and Grand Prix at The Brewing Industry International Awards.



Because beer is a food article it must be produced in assurance of food health safety and therefore Kompania Piwowarska has implemented Food Safety Management System in keeping with the requirements of the international standard ISO 22000 which takes into account the HACCP principles.

The quality of all ingredients used in the production process as well as quality of the product itself is controlled at each stage of the life cycle.

Water, being the key ingredient in beer production, should meet high requirements, at least equal to drinking water. However, certain production stages require even higher purity standards. Microbiological quality of water as well as its hardness and oxygen content are crucial. Water used in beer produced by Kompania Piwowarska must be sterile, free of any foreign smells or flavours and devoid of oxygen.

Each brewery owned by Kompania Piwowarska has special filters and UV lamps fitted with various types of equipment assuring ideal composition of the water and taking care of its micro purity. KP water quality is supervised by laboratories that test key water parameters.



Beer quality testing is not limited to the stage of dispatching the finished product from the warehouse – quality is also subject to in-trade audits: on-trade outlets and shops. In-trade product quality depends on proper storage, transport and serving. December 2010 saw the beginning of a new project called “Audit ON”. The project covers all on-premise outlets served by Kompania Piwowarska. The project objective is for external auditors to reach over 1500 on-premise outlets served by our sales representatives and to run special surveys of TQDB (Trade Quality Draught Beer – KEG beer quality indicator) and TQO (Trade Quality in Outlets – an indicator of canned/bottled beer quality in horeca with elements of quality assessment of beer storage in outlets). Using these measures we take a reliable sample TQDB and TQO progress. All the auditors have gone through content-related training in products, beer serving, operation of draft installations and professional tasting. On top of that, the auditors have undergone training supervised by in-trade quality specialists. Besides water, another key ingredient is malted barley which determines the quality of a beer’s head. It is thanks to malted barley that a traditional lager is light gold in colour and strong beers become amber-coloured. Hops are an essential addition to every beer. Adding hops to wort gives beer a noble and pleasing bitterness and a specific aroma, and due to the antiseptic properties of hops, they improve beer shelf-life. In F11, Kompania Piwowarska signed supply contracts for 212,000 tons of malt and 900 tons of hops.

Being a leader of the brewing sector in Poland we set trends. We act to meet demands of the market which is more and more open to innovations. Consumers are eager to seek new taste sensations and that’s why the beer market proposal is ever richer. We give consumers, shoppers and our trade partners strong brands, and an ever more abundant product offer.



Jessica Spence
VP: Marketing



Company authorities

Supervisory Board

In keeping with the Articles of Association and Supervisory Board Regulations, the Board is made up of 3 to 6 members selected by resolution of the Annual General Meeting of shareholders which takes place within 6 months after the close of financial year; AGM also votes on confirming the discharge of individual Management Board members' duties in the previous year. The term of office of the Supervisory Board is 3 years. The Supervisory Board works on the basis of Articles of Association of the Company, Regulations of the Supervisory Board and the Commercial Code. In addition to rights and obligations stipulated by legal regulations, the Supervisory Board's authority includes regular supervision over activities taken by the company in any area of its business. In keeping with Supervisory Board Regulations, candidates standing to become its members should have appropriate education, professional

background and life experience, as well as represent high moral standards. Supervisory Board meetings take place at least 3 times a year. In order to avoid potential conflicts that may arise in Supervisory Board members' work, processes specified in Supervisory Board Regulations are applied based on which any Supervisory Board member is obliged to inform the Board members about an existing conflict of interest or a possibility of its arising. Supervisory Board compensation is set by Annual General Meeting.

The Supervisory Board of Kompania Piwowska is currently made up of 3 members:

Alan Clark

Stefan Homeister

James Wilson

Management Board

In keeping with the Articles of Association and Regulations of the Management Board, the Management Board is made up of 3 to 9 members appointed for a joint three-year term. The Supervisory Board appoints and dismisses the Management Board President and, upon his request, the other members or Vice-presidents of the Management Board.

Kompania Piwowska is managed by Management Board chaired by its President: it provides guidelines for company activities and represents it in its external relations. Management Board work is based on the Regulations approved by Supervisory Board. Management Board provides the Supervisory Board with regular and detailed information on all relevant matters linked to running the business.

In order to avoid potential conflicts that may arise in Board members' work, processes specified in Management Regulations are applied based on which any Management Board member is obliged to inform the other Board members about an existing conflict of interest or a possibility of its arising. In addition, such Board member should abstain from expressing opinion in a discussion or voting over a resolution concerning the matter affected by conflict of interest. Management Board compensation is set by Supervisory Board. The Supervisory Board evaluates the results of Management Board's work. Compensation is based on financial performance delivered by the Company and the degree of progress made in sustainable development priorities.

The Management Board of Kompania Piwowska is currently made up of 6 members:

*Management Board President
Rob Priddy*

Jan Faryaszewski

Jacek Kopiejewski



Wojciech Moliński

Jessica Spence

Marzena Piórko



The Structure of Kompania Piwowska

Annual General Meeting

Pursuant to the Articles of Association, the AGM summons the Management Board within 6 months following the end of financial year. An Extraordinary General Meeting of Shareholders summons the Management Board upon its own initiative or written request of the Supervisory Board, or upon request of a shareholder representing at least 1/10 of the initial capital. AGM may only adopt resolutions on items included in its agenda.

The 100% shareholder in Kompania Piwowska is SABMiller plc.



Financial performance



The success of the communities in which we operate and that of our Company is mutually interrelated; a value chain creates jobs and generates taxes and excise duty for the benefit of local and national communities, as represented by our employees, suppliers and clients. Without a doubt, the longest-lasting contribution we can make to the life of the communities around us is by using our strong bargaining position to stimulate entrepreneurship and boost the local economy.

That is why Kompania Piwowska is not only a major employer in many towns and villages but also a significant payer of local taxes. Many Polish municipalities in which our employees reside derive income from their share in the personal income taxes collected by the state.

Key areas in which Kompania Piwowska influences the Polish economy:

Total production (hl)	14 200 000 hl
Total exports (hl)	420 000 hl
Total imports (hl)	41 520 hl
Total consumption (hl)	14 154 852 hl

Total headcount	3195
Market share	41%

Source: Kompania Piwowska

Kompania Piwowska's share in the total added value derived from the production and sales of KP beer is estimated at 49%. This is significantly more than the contribution of the total employment related to Kompania Piwowska's operations as a portion of the total direct employment linked to the production and sales of KP beer (5%). In other words, the productivity in terms of the added value per KP employee is relatively high compared to other sectors.

Katarzyna Wilczewska,
Public Affairs Manager



Economic impact of Kompania Piwowska in the financial year F11:
Kompania Piwowska total headcount is 3 195 employees.

Kompania Piwowska has a significant impact on indirect performance within the value chain. According to estimates, Kompania Piwowska’s purchasing contributes to sustaining 33,045 jobs, mostly in agriculture.

The Company also has a huge impact on the on-trade business – the sales of its products sustain 19,000 full-time job equivalents in the industry. Meanwhile, in the retail sector, ca. 9,800 full-time job equivalents depend on the sales of Kompania Piwowska’s goods.

The complete impact of the production and sales of Kompania Piwowska’s products on employment adds up to 64,900 jobs.

The government also benefits from KP’s activities as it receives roughly €1.04 billion in taxes and excise duty. Excise revenues amount to €341 million. The VAT on beer sold in on- and off-premise establishments adds another €411 million. Revenues from income tax, wages and the social contributions paid by workers and Kompania Piwowska itself as well as its suppliers, the on-trade business and retailers bring in approximately €284 million.

Kompania Piwowska’s contribution to the growth of the Polish economy can be expressed in terms of added value.* The total added value generated by the Company in Poland, and that brought in by its suppliers, the cooperating restaurants and retailers involved in the production and sales of beer totals approximately €891 million.

Source: Ernst & Young calculations, 2011
* The added value in other industries related to the production and sales of beer (indirect and induced) has been computed on the basis of impact on employment. The added value in individual industries has been calculated by multiplying the employment impact by the added value per worker employed in the industry.

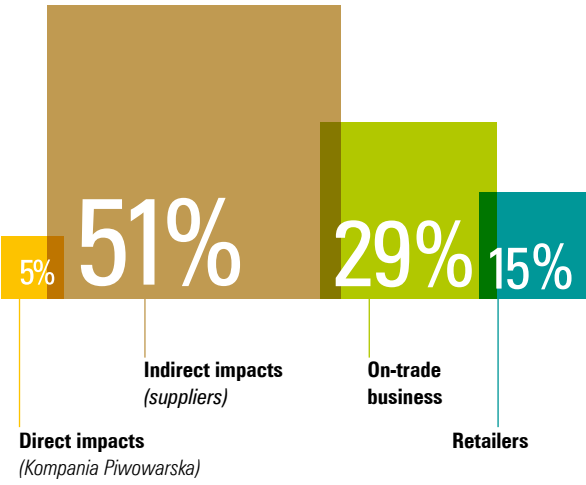
Financial performance

Despite the trend to buy lower priced products and the price cuts made by the competition, Kompania Piwowska’s revenues per hectolitre largely followed the preceding year’s patterns; this was possible owing to the strength of its brands and excellent brand portfolio management.

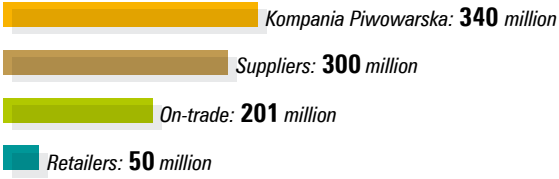
In the face of strong volume pressures, Kompania Piwowska ended the financial year F11 with good results, remaining one of Poland’s leading taxpayers.

	F11	F10	Change
Sales	4 645 020	4 831 333	-4,0%
Net profit	860 574	642 512	25,3%
Excise tax	1 301 900	1 359 344	-4,4%
Total taxes	1 422 583	1 574 198	-10,7%

The total number of jobs which Kompania Piwowska has contributed in Poland is **64 900**



Added value in Poland contributed by Kompania Piwowska: **€ 891 million**



Sales and financial performance in market context

Kompania Piwowska’s sales in the financial year F11 fell by 3.9%. During this time, the beer market began to ascend slowly from a two-year decline. The industry suffered its biggest setbacks in the first half-year brought about by adverse weather, floods and national mourning. Yet, with sales of 14.1 million hl, Kompania Piwowska remained in the lead industry-wide. Its market share of 41% was 2 percentage points lower than in the preceding financial year. Having achieved an estimated total output of 34.4 million hl, the Polish beer market posted moderate growth of 0.5% in the last twelve months. The market saw a change in consumer spending with more household appliances being sold at the expense of food and beverages. KP’s competitors responded with price cuts and discounts allowing consumers to buy cheaper goods, thus boosting the sales of lower-priced beer. While the biggest growth in KP’s distribution network was observed in discount stores, super- and hypermarkets also sold significantly more beer than last year. This indicates a newly emerging trend favoring large advanced outlets.



1.4

Prizes and awards





Advertising Festival Golden Eagles
Campaign: „Lech Ice Team”

Nomination

awarded to companies Kompania
Piwowarska / Artagence
for the **“Lech Ice Team”** campaign
Team”, category of Advertising
in the Beverages sector”

Ranking Top 10 - Merchandise
of the Year 2010
(RETAIL TODAY)

1st place for the brand **Żubr**, category
of Beer, for the most profitable
merchandise of 2010

Złote Spinacze 2010

Nomination

for the brand **Żubr**, category of CSR,
for the programme “Żubr’s Wake-Up
Call to Podlasie”

European Excellence Awards 2010
in Prague

EEA for the portal **“Male Piwo”**,
category of Intranet

INTERNALE 2010

**The Best Internal Communications
Project** – Kompania Piwowarska,
for the social portal project **“Male
Piwo”** for KP employees

INTERNALE 2010

The Biggest Innovation in Intranets
– Kompania Piwowarska, for the
project Archeo – design and
implementation for Marketing and PR
departments.



Polish Enterprises “List 2000”

Kompania Piwowarska ranked 3rd
by Rzeczpospolita daily in its ranking
Polish Enterprises “List 2000”, category
of the biggest alcohol companies in
Poland, comparing Poland’s biggest
companies on 2009 sales revenue

Responsible Business Forum
and PricewaterhouseCoopers –
Responsible Companies Ranking 2010
2nd place for **Kompania Piwowarska**
the most socially responsible company
in Poland, in Responsible Companies
Ranking 2010.

Agape – Corporate Newsletters Contest
1st place for the **Brewing Information
Service** in the category of the best
electronic newsletter in Poland.

Agape – Corporate Newsletters Contest
Award for the **Brewing Information
Service** in the category of layout
of the year.

Golden Arrow 2010

Award

for responsibility programme of
Kompania Piwowarska **“Check your
BAC”**, category of mobile marketing

The Brewing Industry International
Awards 2011

Silver medal

for **Tyskie Gronie**, category of “Small
Pack Lager” in The National Brewery
Centre in Burton upon Trent, UK

Ideal Employers’ Ranking 2010
(Rzeczpospolita daily)

8th place for **Kompania Piwowarska**
in the Business category in
the Ideal Employers’ Ranking
2010, organized by Universum Polska.

The Academy for the Development
of Philanthropy in Poland
Benefactor of the Year 2010 in the
category of “Strategic CSR schemes”



Business Philosophy

In Kompania Piwowska managing means defining objectives, controlling their achievement and rewarding employees according to their performance and contribution to corporate success.

KP Mission

To be the most admired company in the Polish beer industry, thereby enhancing SABMiller's global reputation.

KP Vision

To ensure that our local and international brands are the first choice of our consumers.

KP Value

- Our people are our enduring advantage
- Everybody's accountability is clear and personal
- We work and win in teams
- We understand and respect our customers and consumers
- Our reputation is indivisible



Performance Management

The Performance Management introduced in Kompania Piwowska includes incentive mechanisms for employees, analysis of their performance, competence assessment and development planning. Performance Management is the manner in which we want to manage business in our company to achieve set objectives.

PM defines "how we do things". PM makes it possible to build a culture which supports the achievement of strategic objectives, through engagement, development and management of results achieved by employees.

Thanks to Performance Management, employees can receive feedback, as they undergo appraisal by their managers based on the progress they make on each of their individual goals; they are also rewarded according to their performance. At the same time, the system supports the development of management skills, facilitates collaboration between departments and fosters responsibility.

However, we do not pursue our goals at any cost – we observe our system of values as well as the Code of Ethics that has been adopted at Kompania Piwowska. It serves as our signpost in such spheres as responsibility, honesty, transparency or conflict of interest. Practical application of ethical principles covers workplace relations. It applies to relations between employees as well as between employees and the organization and its environment during the fulfilment of business duties.

Every large organization develops principles and guidelines to make sure that actions taken by individual employees and their teams do not undermine the image and position of the company as a whole, and company activity does not harm third parties. All employees are not only entitled but they are also obliged to question possible unethical behaviour and to bring it to the attention of their managers. KP employees have participated in training courses linked to the introduction of the Code of Ethics and as a result of it, they have signed a declaration of understanding and application of principles of the Code.

Kompania Piwowska treats the issues of respecting human rights very seriously and the evidence for this is our Code of Ethics which defines our position in this respect formally and clearly. The KP Code is consistent with the Code of the SABMiller Group, and the principles contained in it apply to each of us. In a situation of unethical behaviour, each and every employee has the right and obligation to report a given situation through any of the available channels (e-mail, helpline, direct contact with Ethics Chairman). All such notifications are analyzed carefully and thereafter further steps are taken to explain the situation. Detailed information can be found in the Code of Ethics and Response Plan concerning notifications of ethics infringement (complementary to the Code of Ethics) – these are available on the Infonet, i.e. KP Intranet. The Code of Ethics is also available at our website.

Bartosz Kruchlik
Sarbox Manager,
Ethics Specialist



Code of Ethics of Kompania Piwowska

/ abridged version

All employees of Kompania Piwowska are obliged to abide by the core principles of the code of business conduct and ethics set out in this Code. This Code contains a clear, conscious and individual commitment to appropriate conduct. Honesty, integrity and fairness are expected in all aspects of running business.

1. Legal compliance and business ethics

- a. We comply with all applicable laws and regulations.
- b. We conduct business in a way that is fair, ethical and within the framework of applicable competition laws and regulations.
- c. *We do not permit the direct or indirect offer, payment, solicitation or acceptance of any improper payments (for example, bribes, or illegal gratuities) in any form.*
- d. *We comply with all KP gifts and entertainment reporting requirements and limits.*
- e. All business transactions on behalf of Kompania Piwowska must be reflected accurately and fairly in the accounts and in any public reporting of results in accordance with established procedures and standards.
- f. Any political donations must be made with due care and restraint and in an open and transparent manner. Authorisation must be sought according to Group policy. Appropriate disclosure must be made at the local country level and in the SABMiller annual report.
- g. We conduct business in compliance with all applicable import and export laws and regulations.

2. Our employees and labour environment

- a. We must avoid conflicts of interest between our private activities and our part in the conduct of company business, and must declare any potential conflicts of interest.

- b. Confidential information or information which is not generally available to the public will not be shared outside of Kompania Piwowska by anyone, including former employees. We respect the confidential information of others.
- c. We are all responsible for using good judgment so that company assets are not misused or wasted.
- d. *We are committed to providing a safe and secure work environment. The abuse of drugs or alcohol in the workplace will not be permitted. Intimidation, in any form, and harassment have no place in our work environment.*
- e. We value and encourage diversity and strive to be an employer of choice. We value trust, integrity and teamwork in workplace relationships and are committed to treating people with dignity and respect.

3. Customers and consumer

- a. We aim to market our products responsibly. The company is subject to specific marketing requirements, based on applicable laws and regulations and our own internal codes.
- b. We expect all third parties acting on behalf of Kompania Piwowska to operate in accordance with this Code in all of their interactions.

4. Society: sustainable development

Our 10 sustainable development priorities commit us to improving the management of the environmental and social impacts of our business operations around the world, and to supporting human rights and international labour standards. You should pay attention to behaviour that violates this Code of Ethics and report all instances of such violations. If you are in doubt whether or not certain behaviour violates the Code or is against company policy, you should ask appropriate questions or draw attention to it. Any retaliatory steps against someone who, in good faith, addresses a given issue concerning behaviour that is unethical or inconsistent with company policy will not be tolerated. Any queries or requests for guidelines concerning ethical issues should be addressed to a line manager or senior manager.

Kompania Piwowska – member of the Union of Brewing Industry Employers (ZPPP)

The union is made up of representatives of Kompania Piwowska, Żywiec Group, Carlsberg Polska and Regional Breweries Łomża. For many a year, the Union has actively supported social campaigns concerning responsible consumption of alcohol, including „Driver – Sober” and „Appearances may be misleading. ID is not”. Gary Haigh was ZPPP chairman until October 2011, and then current President of Kompania Piwowska, Rob Friday was appointed to the position.

Goals of the Union of the Brewing Industry Employers (ZPPP)
– www.browarypolskie.pl:

Protection of beer producers’ interests in Poland – submission of proposals, drafts of new legal, economic and organisational solutions to local and government authorities.

Representation of its members in relations with local and central authorities, social organisations and trade unions in the brewing sector.

Building an appropriate image of the brewing industry and its products. Conducting activities aimed at shaping responsible alcohol consumption through fostering an appropriate drinking culture as well as taking and supporting initiatives aimed at limiting access to alcoholic beverages to minors.



Corporate social responsibility

At Kompania Piwowarska, corporate responsibility is a foundation on which the Company itself and its business partners grow in a sustainable fashion. After all, a responsible approach to business is a concept of consistent management exercised by the Company's employees. In our business decisions, we respect the principles of ethical behaviour and environmental protection and seek to make best use of our limited resources.

We no longer view corporate responsibility in isolation. Instead, we take a global perspective as, together with our business partners, we are part of a greater ecosystem.



UN Global Compact

At its most advanced, CSR entails civic action involving joint projects of sustainable growth encompassing not only the industry but also the entire supply chain. As a socially responsible enterprise, we need to make sure that not only ourselves but also our business partners and competitors adhere to our accepted guidelines. We want partners who share our way of thinking and act in the spirit of sustainable development. Intersectoral cooperation with business and social partners has huge potential and is likely to inspire other companies. By engaging in such cooperation, we demonstrate how we can work together and derive mutual benefits from cooperation.

Kompania Piwowska's objectives go well beyond mere profit maximization. We are a member of the communities of Poznań, Tychy, Białystok and all other cities in which we maintain branches. We think of ourselves as a member of Polish society, as we send our products to every corner of the country and contribute to furthering its economy. Our work is significant, as it affects the food industry, the labour market, the natural environment, the state budget and Polish society and culture. We do not forget about the impact that our decisions today have on the lives of generations to come, which are entitled to be born and live in a country that is pure, healthy and affluent.

We make a huge contribution to the life of society by running our company in a responsible, effective, efficient and stable manner. We persevere in our striving for perfection in all aspects of our work, including social responsibility. We realize that the road is endless, because the criteria of success keep altering.

We pursue our goals by treading the path of sustainable development.

As SABMiller Group supports the Global Compact initiative, Kompania Piwowska respects the universal GC principles in its business activities. It is a framework for companies which are committed to respect 10 universally accepted principles in the areas of human rights, the natural environment and anti-corruption. It is thus the world's biggest initiative of global socially responsible companies.

The SARBOX

Kompania Piwowska and its Management have introduced audits of compliance with the Sarbanes-Oxley Act (SOX). The SOX was intended to improve the effectiveness of internal audits and make requirements on the independence and transparency of key players in financial markets more restrictive.

By seeking to conform to the SOX, we will benefit from:

- investor confidence,
- transparent financial reporting,
- high ethical standards,
- best business practices,
- having key business processes in the Company well documented and optimized and properly managing risks.

To comply with stringent SOX requirements, a project popularly referred to as SARBOX, was launched in 2005 to strengthen internal controls. Its objectives were to:

- identify the Company's key business processes,
- identify the organizational, technological and change-management-related risks inherent in such processes,
- design and carry out adequate audits to mitigate such risks.

The Global Compact Principles

- | | | |
|--|--|---|
| 1.
<i>Support and respect human rights as adopted by the international community.</i> | 2.
<i>Rule out all human rights violations by the Company.</i> | 3.
<i>Respect the freedom of association.</i> |
| 4.
<i>Eliminate all forms of forced labour.</i> | 5.
<i>Abolish child labour.</i> | 6.
<i>Effectively combat discrimination in employment.</i> |
| 7.
<i>Adopt a preventive approach to the natural environment.</i> | 8.
<i>Take initiatives aimed at promoting environmental responsibility.</i> | 9.
<i>Apply and disseminate environment-friendly technologies.</i> |
| 10.
<i>Combat corruption in all forms, including extortion and bribery.</i> | | |

By taking the above actions, we have set up a system of SARBOX audits involving a large proportion of our employees in such areas as:

- *business processes:*
Sales, Purchasing, Stock Management, Fixes Assets, Wages, Period Closure (preparing financial statements), Treasury and Taxation,
- *IT processes:*
access to data and applications, operating activities, application adjustments and development and IT Governance.

The completion of SARBOX audits is verified regularly by our Internal Auditing Department as well as an independent external auditor.

As part of such verification, the auditor ensures that:

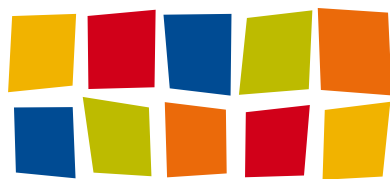
- SARBOX audits are timely and correct,
- audit evidence is retained (documents, reports, etc. are properly authorized).

Review results are reported to the Company's management at the local and global levels (of Kompania Piwowska and SABMiller Group respectively).



10 Priorities of Sustainable Development

10 Priorities. One future.



Alcohol - discourage irresponsible drinking



Make more beer using less water



Reduce our energy and carbon footprint



Recycling and reuse of packaging waste



Work towards zero waste operations



Encouraging enterprise development in our value chains



CSI - Benefiting communities



Contributing to the reduction of HIV/Aids



Have respect for human rights



Transparency and ethics

The history of the company's commitment to social and environmental issues dates back to the beginnings of the business. Over the years the market has changed, impacting on the changes taking place in companies and their approach to conducting business. As a result of the dynamic expansion in global markets, a need for reorganizing the company in selected areas arose.

Kompania Piwowarska conducts its business according to the sustainable development concept which is an integral part of our philosophy, so, being a part of SABMiller Group, we have jointly agreed 10 sustainable development priorities reflecting our responsible approach to doing business. Each of them represents an objective and stands for a host of activities and programs, assumed obligations and application of special management and reporting principles. The priorities remain the same but every year we change the objectives we strive for. In 2010 the company performed many communication activities under the leitmotif "10 priorities. One future". The campaign has a logo graphically representing the "10 priorities. One future" idea. Various actions informing employees of the campaign were conducted using different internal communication tools: from notices posted within the internal corporate network, though posters and mailshots, to a contest in which every employee received a mug with the "10 priorities. One future" logo and various inscriptions, such as: "Nie kręć po alkoholu" [Had a drink? Have a chauffeur!], "PET-uj do żółtego" [PET that yellow bin], "Nie ładujesz wyciągnij" [Pull the cord when not in charge], "Dziel gazetę z sąsiadem" [Share the paper with your neighbour].



Employees were encouraged to join in attaining the 10 priorities by following such principles as: avoid wasting water - check if there aren't any dripping faucets or pipes, make sure they are fixed; if air-conditioning or heating is on, don't leave doors or windows open; buy recyclable products or products made of recycled materials. Moreover, a new category was added to the "Duże Piwo" [Large Beer] incentive program: local hero. In the program, people can propose employees that are good examples of somebody working and acting according to sustainable development principles. During periodic meetings of the workforce and the Management Board we showed movies about all the company's sustainable development priorities and programs.



Alcohol - discourage irresponsible drinking

Irresponsible drinking and behaviours related to sales of alcohol can be harmful to society in many ways. Driving while intoxicated, consumption by pregnant or breast-feeding women, or sale of alcohol to minors are just few behaviours SABMiller tries to combat. Good examples of educational measures for the priority was the "Check your BAC" program during which people could have special application installed in their cell phones to test blood alcohol concentration and www.abcalcoholu.pl site, where people could learn more about the impact of alcohol on our bodies.

WHAT WE ASSESS?

- Execution of dedicated programs promoting responsible alcohol usage and cooperation with partners in this respect
- Existing policies for responsible marketing communications
- Alcohol policies in place and percentage of employees educated in alcohol-related issues



Encouraging enterprise development in our value chains

Responsible and efficient actions by our partners in the supply chain support reducing costs, improving quality and our competitive edge, and contribute to sustainable development. That is why we strive to work together with our partners on keeping consistent standards and promoting them, especially in terms of ethics and environmental protection.

WHAT WE ASSESS?

- Data: amount of raw materials ordered (i.e. malt, hops) by the local and global market (abroad)
- The degree to which our supplies observe SABMiller's Responsible Sourcing Principles
- The degree to which local entrepreneurship development is supported (through programmes, campaigns)



Making more beer using less water

Water is one of the basic ingredients of beer. We draw it from our own wells or from the municipal water supply system, then we treat it. Reducing the water footprint was possible due to the use of CIP cleaning systems, relevant control of manual washing, replacing equipment with more water-efficient apparatus, and optimizing production technology programmes.

WHAT WE ASSESS?

- Water footprint
- Quality of wastewater
- The breweries' water demand versus water demand of local communities and possibilities of water uptake over next 10 years
- Water consumption in the supply chain



Reduce our energy and carbon footprint

Imposing tax instruments and emission charges, governments are pressing for implementation of appropriate solutions. In Kompania Piwowarska, we easily meet brewing industry standards concerning consumption of heat and electricity that apply in the EU.

WHAT WE ASSESS?

- Heat / electric energy footprint
- Share of renewable energy
- Management of air pollution emissions (mainly CO₂), including emissions trading
- Monitoring CO₂ emissions in our company and in the whole supply chain
- Energy management (indicators set, measured and analyzed for basic processes of the organization)



Recycling and reuse of packaging waste

All the actions taken for packaging are aimed at optimization of the amount of materials, their re-use or recycling throughout the whole supply chain, both on the supplier and on the client and consumer side.

WHAT WE ASSESS?

- Percentage of packaging recycled after marketing
- Limiting the amount of packaging / weight of packaging
- Presence of heavy metals in the packaging
- Monitoring packaging losses on the market (returnable bottle)
- Analyzing the impact of packaging on environmental protection: so-called packaging life cycle



Working towards zero waste operations

We strive for maximum reduction of the waste disposed of at landfills. It means that almost 95% of waste we recycle, re-use or neutralize. Our greatest success is waste segregation "at source". We owe attaining the objectives to our employees' environmental protection awareness.

WHAT WE ASSESS?

- Amount of waste generated and the manner of its handling
- Waste management: segregation, permits / licenses, storage places
- Waste management in the supply chain



CSI - Benefiting communities

Investing in the well-being of the communities we serve is justified economically. When it comes to prosperity, communities and the company are interdependent: the chain of values generates jobs, generates taxes and excise for the local and national communities that our employees, suppliers, and clients come from. But we are bonded with local communities not only through financial relationships, but also through close cooperation in many other fields. We jointly support and organize numerous events of a cultural, artistic, entertainment or sporting nature.

WHAT WE ASSESS?

- Data: degree of financial involvement compared to the gross profit generated (donations, social programs)
- Application of CSI strategies, the degree to which they are in line with the expectations of stakeholders, managing, measuring and reporting effects of social projects



Contributing to the reduction of HIV/Aids

The HIV and AIDS pandemic is particularly serious in Africa, but its expansion in other countries is also a valid problem. Kompania Piwowarska, being a part of the SABMiller Concern, takes relevant preventive measures, co-finances medical tests, care for employees and the persons they directly provide for. It also cooperates with government and non-government organizations and organizes open health centres.

WHAT WE ASSESS?

- Data: number of HIV-positive persons and persons with AIDS in Poland – the ratio of potentially infected employees



Have respect for human rights

Kompania Piwowarska has general standards of behaviour consistent with the values defined in the Code of Ethics. The company complies with international work standards and focuses on respecting human rights, the rights of its employees at work and in the communities they live in.

WHAT WE ASSESS?

- The number of employed women versus employed men (by professional and managerial position), presence of trade unions (number of members / employees represented), Occupational Health and Safety commissions
- Application of HR policy for safety at work, human rights and rights at work, diversity



Transparency and ethics

Transparency of information is at the basis of our approach to conducting business. Our clients want to know that our beer brands are of good quality and that our employees want to work for a company that acts fairly and is committed to social interests. Our partners expect good relationships, and the communities we serve want to know that we operate in a manner that will not damage either the quality of their lives, or the environment. That's why transparency of information is important in everything we do.

WHAT WE ASSESS?

- Product quality system, consumer satisfaction surveys, complaint procedures in place, number of training hours for employees, number of employees after Code of Ethics training, number of employees with job seniority longer than 5 years, number of reported so-called unwanted practices
- Use of CSR report, consultations with business and social partners (social dialogue), communicating SD priorities to the workforce.

SAM

- Performance Assessment

Selected priorities matrix: SAM (Sustainability Assessment Matrix)

The Programme monitors the performance of Kompania Piwowarska and other SABMiller breweries in 10 sustainable development priorities.



The Sustainability Assessment Matrix is a tool to measure our performance against a five level criteria.

In particular, it measures performance using the so-called „steps” with respect to each priority. Each step consists of 5 ascending levels of performance base on internal and external standards, independent of legal requirements. Level 1 defines the minimum standard, level 4 defines best practice and 5 means being a leader. In the financial year F10, there was a 4-step scale, and level five was introduced in April 2010 (F11). The assessment matrix makes it possible to, among other things, adjust priorities and make updates or changes based on local requirements.

Each of the levels has a specific status. In order to achieve level 1, certain requirements must be met; to achieve level 2, the requirements of level 1 and level 2 must be met. Requirements are defined for all five levels of each priority.

Scores and targets across 10 sustainable development priorities in F11-F14.

SD Priority	Score for F11	F12 Target	F13 Target	F14 Target
Alcohol	4,35	4,65	5,0	5,0
Water	3,40	3,40	3,8+	3,8+
Energy and Carbon	3,20	3,2+	3,2+	3,2+
Packaging and Packaging Waste	2,30	2,5+	2,5+	3,0+
Waste	4,0	4,0	4,3+	4,3+
Enterprise Development and Value Chain	2,54	2,60	2,8+	3,0+
CSI	4,20	4,70	4,7	5,0
Human Rights	4,0	4,0	4,0	4,25
HIV/Aids	5,0	5,0	5,0	5,0
Transparency and EthicS	4,30	4,4	4,6	5,0

The guidelines in individual SAM reporting areas are virtually equivalent with the GRI guidelines (Global Reporting Initiative), but they are adjusted to the type of business in question. The results are published both in local CSR reports and in global SABMiller reports on sustainable development. SD areas that are subject to regular assessment and monitoring are also equivalent to those used in other breweries in various countries around the world. As a result of investment and progress monitoring, it is possible to keep track of progress in individual countries or even continental trends. SABMiller breweries are making progress thanks to their fulfilment of the relevant requirements and achievement of ever higher levels. Not only does the monitoring of SD areas allow for development and comparison between operations, but it also facilitates the sharing of good practices and effective methods to solve manufacturing, social or environmental problems on the international level.

The SAM system for management and monitoring of SD areas was recognised in the first stage of the Globe Award Poland 2009, in the category of SD innovation. As demonstrated by F11 results (from April 2010 to March 2011), Kompania Piwowarska is the leader of responsible business in SABMiller Europe, and it is ranked second among all 96 Group breweries in the world.

For the years F12-F14, the following long-term objectives concerning 10 sustainable development areas have been formulated:

1. Environmental areas

- implementation of technical and technological solutions aimed at the reduction of the water footprint and wastewater generation
- implementation of guidelines within a long-term plan to optimize water consumption and analyze risks with a special focus on breweries, key suppliers and local communities
- cooperation and dialogue with water suppliers concerning water uptake by breweries in the context of general water demand in terms of quality and quantity specific to a given area
- cooperation and dialogue with wastewater collecting companies in the context of wastewater parameters
- establishing the size of the so-called water footprint, i.e. the actual consumption of water along the entire supply chain
- establishing the carbon footprint for suppliers in direct collaboration with the company
- steps aimed at the reduction of the weight of packaging materials and heavy metals content – dialogue with suppliers
- preparation of guidelines for analysis of new packaging, concerning its impact on the natural environment
- development of a programme aimed at the reduction of hazardous waste through changes made in certain technology processes

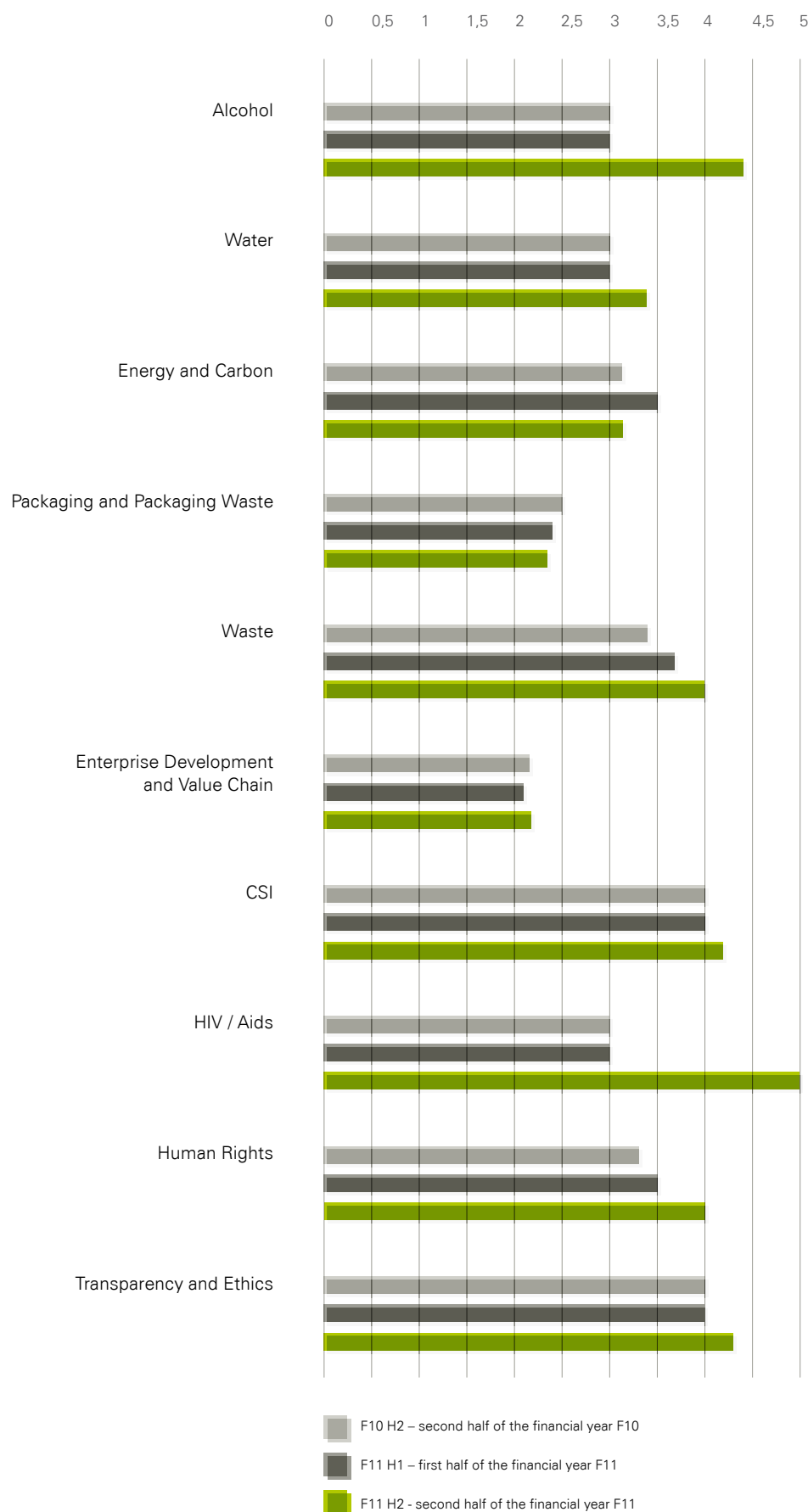
2. Alcohol issues

- actions taken to promote the company's approach to alcohol consumption in the workplace, among other employers and government authorities – tightening collaboration with other companies and establishing an Alcohol Forum in Poland
- organization of seminars with key opinion leaders, mass media, NGOs and government representatives, in collaboration with the Brewers of Europe and the Union of Brewing Industry Employers
- regular organization of a stakeholders panel in keeping with the standard AA1000SES aimed at understanding expectations concerning corporate responsibility activities.

3. Social and ethical issues

- regular organization of a stakeholders panel in keeping with the standard AA1000SES aimed at understanding expectations regarding corporate social investment, reporting, diversity management
- monitoring of rules consistent with the adoption of the Polish Diversity Charter.
- modification of social investment programmes and activities, in keeping with the revised CSI strategy
- development of an employee volunteer programme – creating a volunteer platform

Performance in 10 sustainable development priorities in F11, compared with previous periods (H1 –half-year, H2 – year-end)



Kompania Piwowarska's achievement of good results in the monitored SD priorities is a result of a consistent execution of our development strategy. The strategy sets out sustainable development goals to be pursued by all departments, covering nearly all processes taking place in the company over a long time horizon. Kompania Piwowarska has achieved particularly high results in the following areas: discouraging irresponsible consumption of alcohol, respecting human rights, transparency of progress information on sustainable development activities, making more beer using less water



Małgorzata Wałędzińska-Półtorak
Sustainable Development Manager

Stakeholders in Kompania Piwowarska

Preparing our Corporate Social Responsibility report we developed a detailed map of our stakeholders. In selecting stakeholders we considered their impact on the company and our influence on their situation. We remain in ongoing contact with our stakeholders. Below are our key stakeholder groups and the main methods of their engagement. We are going to add stakeholder panels to them next year.

Stakeholder engagement is an integral part of responsible management of a company. Identification of stakeholders and developing appropriate relations with them not only enables the company to manage its risks in a better way, but also, primarily, to adjust its activities to the expectations and needs of the environment it operates in. Such an approach helps the company attain a more stable position in the market. In their management of stakeholder relations companies may use numerous methods. The international AA1000 standards are particularly useful and can be applied in running stakeholder dialogues or panels.

Liliana Anam
CSR info Manager



photo: Jacek Wajszczak

Employees

Customer satisfaction surveys, "Male Piwo" portal, Corporate newsletter, E-mail messages, On-line chatrooms, Meetings, Roadshow (meetings of the management board and employees across entire Poland), Official postulates from employee representation organizations, CSR report

Customers

Meetings, Training sessions, Website, CSR report

SABMiller Group

On-going communication, Meetings, Financial statements, CSR report

Suppliers

Meetings, Supplier questionnaires, Ongoing e-mail communication, Website, CSR report

Consumers

Helpline, Press office mail box, Research, Facebook, Website, CSR report

Social organizations, scientific institutions and local communities

Interviews, Engagement via such programmes as, for example: For what's it worth!, Check your BAC!, Meetings, Helpline, Conferences, Website, CSR report

Public administration

Meetings, Research, Financial statement, CSR report, KP Business Newsletter

The natural environment

Meetings with environmental organizations, CSR report

Mass media

Press office and on-going communication, Conferences, CSR report, Brewing Information Service

Experts

Meetings, Interviews, Consultation, Conferences, CSR report

Industry organizations

Meetings, Membership, Participation in working group projects, e.g. ZPPP Polish Breweries, CSR report

Stakeholder – an entity or person who affects the company and who is affected by the company's business.

Respecting human rights and the workplace

“All human beings are born free and equal in dignity and rights. They are endowed with reason and conscience and should act toward one another in a spirit of brotherhood.”

Source: Article 1 of the Universal Declaration of Human Rights

We are a part of an international concern, which allows us to exchange knowledge and experiences with our peers all over the world. The situation allows us to broadly develop the competence of our staff by ensuring participation in international training or project groups with world-class experts. Any company's results depend above all on its employees. Bright, competent, hard-working, open to knowledge, full of inventiveness and passionate people are offered attractive jobs and good opportunities for their professional career development here.

It is one of Kompania Piwowska's priorities to ensure its employees are well-remunerated, develop their skills, are creative, able to work in a team, comply with ethical standards and feel good in their workplace. People who are satisfied with their work are our company's greatest asset.



Respecting human rights



Respecting human rights and dignity lies at the foundation of justice and peace in the world. Kompania Piwowska, as a place where various cultures, traditions, and values meet, respects variety and acts according to universal values, general standards and a Code of Ethics.

Why is respecting human rights one of our priorities?

- As a socially responsible company, we aim to promote international values, respecting human rights that impact every aspect of our lives, both personal, and professional.
- There are personal policies in Kompania Piwowska related to safety at work, employee and human rights, and managing diversity that reflect the priority treatment of the matter and ensure the comfort of all our employees. An important aspect of our employment policy is making sure we fill as many positions as

possible with internal candidates, so that our staff can continue development.

What does the company do to help this?

- It complies with international work standards and focuses on respecting human rights, the rights of its employees at work and in the communities they live in.
- It promotes human rights in the supply chain.
- The company employs both men and women in managerial positions, and the number of women performing the roles keeps growing.
- The company is also fully open to the handicapped.

- In cooperation with the "Bez dyskryminacji" [No discrimination] foundation, it has created a website for persons with impaired sight.

Place of work: basic data

- The headcount for F11 financial year (12 months from April, 2010, to March, 2011) was 3 195.
- In F11 over 60% of all recruitments were internal, while for managerial positions the figure was over 70%: every sixth KP employee changed his / her position.
- Across the whole company, women account for 21.7% of the workforce but they dominate such functions as human resources (83.3%), marketing (56.9%) or corporate affairs (70.6%).
- Directorial positions are occupied by 9 women and 39 men, while managerial ones - by 111 women and 341 men.
- 2 695 employees (84%) are covered by collective agreements.
- Two women are members of the

company's Management Board: Jessica Spence is the vice-president for marketing, while Marzena Piórko holds the position of vice-president for Sales and Distribution.

- 3 135 employees have employment contracts, and 60 employees - civil-law contracts with our company
- In F11 we had 71 accidents, including 0 grave or fatal ones. There were no occupational diseases reported.
- The total amount of sick leave as a result of accidents with loss of time was 2148, and the accident frequency index in F11 was 21.8, i.e. lower than 28.1 in F10.



4.2

Professional development

Our goal is to create the optimal conditions for professional development, where every employee's potential is used in the best way. Our employees develop their competence in line with the corporate strategy, which guarantees more effective performance of every-day duties and the ability to face future professional challenges. Human Resources and Training departments integrate employee development processes, ensure support and provide functional tools. One of these is a catalogue of training courses posted on the training page. It contains proposals aimed at specific groups and positions to reflect strategic, development and general needs.

Employees starting work at Kompania Piwowska take part in an induction program called KP Intro. Its purpose is to familiarize them with the company and prepare them for work in their new position, as well as to integrate with other colleagues.

Development programs

The company provides various training courses for its employees.

• **Induction Training** - all new employees of Kompania Piwowska are covered by an induction program. It consists of two stages: general induction training is followed by an individual induction program matching the specific requirements of the function and position. The purpose is to provide new employees with the necessary knowledge to help them start their new job.

Training courses for managerial staff.

To be able to support the performance of strategic corporate objectives, KP organizes training courses for managerial staff based on the development of key leadership competences. Specific programs are aimed at various groups of managers.

• **First Time Manager**

A training program supporting newly appointed managers. The purpose of the training is to introduce workshop participants to their new roles, and familiarize them with the management practice and leadership behavior standards observed in Kompania Piwowska.

• **Manager Communication**

The training is aimed at managerial staff. Its purpose is to develop interpersonal skills that help participants, on a daily basis, to act in accordance with the managerial practices applied in Kompania Piwowska. During the workshop, the participants learn how to provide feedback, filter the inflow of information and extract what impacts on their current performance of objectives as well as how to build motivation and commitment in their staff.

• **Employee Involvement by Coaching**

The purpose of the training is to give managers practical coaching skills. It is also about inspiring them to use coaching tools in their every-day work, as well as a means of supporting the growth of employees' competence.

• **Management Development Program**

Long-term corporate success requires support for the development of talented managers, so they can keep becoming even better leaders. With that group in mind we have developed a program for the broad analyzing of business functioning and understanding the role of a manager and leader in KP. During the few-month program managers develop their own, individual leadership style in interactive lectures delivered by renowned experts, practical workshops, business simulations, meetings with people of success, as well as various projects supporting performance of the strategic corporate plan.

• **Project Management**

Project management is an important skill for our managerial staff. It ensures effective operation in an international environment. In this respect, the training program offers development opportunities, gaining knowledge and competence in a comprehensive approach to project management, starting from developing objectives, schedules, through management of project teams, project risk, to management of IT projects.

Scope of training for the sales force.

• **Sales Excellence**

Every employee of the sales department undergoes Sales Excellence training. The purpose of this course is to implement Kompania Piwowska sales standards. Moreover, the module teaches customer service skills and sales techniques. It constitutes basic sales training.

• **Sales Academy**

The purpose of this training is to show sales department employees the broad business context of Kompania Piwowska's operation. The participants expand their knowledge of the expectations related to their work, and standards of behaviour. Sales representatives get to know the situation in the Polish beer market, its segmentation, the brand portfolio of Kompania Piwowska and the competition. They also gain knowledge about sales channels, trade marketing, get familiar with the legal and financial aspects of their work. The training presents the processes related to beer production and quality. This course ends with workshops to ensure practical use of the knowledge gained.

• **Client Communication**

The training program for sales representatives is completed by a Client Communication course. The trainees learn how to identify client types, handle reservations and overcome reluctance, and master sales processes in various trade channels. They acquire practical skills in effective argumentation, breaking stalemates and finalizing negotiations. After the course, the sales staff are able to build long-term relations with clients that translate into business results.

• **Coaching / Sales Training**

A manager's work with his / her people is based on training the skills in the sales place and development coaching. With their teams, sales managers practice specific sales steps and client relationship skills, higher-level managers develop their competence through development coaching. We practice training and coaching skills at training courses and by meta coaching.

• **Problem Solving**

This training is addressed to specialists, leaders, and managers from operational departments who want to moderate problem solving sessions and have the relevant personal predisposition. The training presents a unique approach to the problem solving process; it stems from the best world practice and uses the 6 steps methodology. During the workshops the participants learn the methods, techniques, and tools for every stage of problem solving, the ways of working with a group and techniques of strengthening joint thinking. After the training the operating department employees are well prepared to host sessions.

• **Brewing Basics**

The training is targeted at those employees who want to understand beer production processes and learn about the threats to its quality. Key topics include general information about beer, the basics of its production process, some information on the brewhouse, cellars, filtration and packaging, general information about raw materials, and automated cleaning sub-systems. After the training, the participants have a general understanding of how beer is produced.

Due to the international work environment, Kompania Piwowska also supports learning English. Specialists and managers can also enrol in the "BUSINESS PRESENTATION in English" program.

Besides that, Kompania Piwowska offers the opportunity to take part in many international training courses held locally by international experts or in training courses abroad. The courses held abroad additionally provide the opportunity to exchange experience internationally. These are aimed at selected specialists and managers from the marketing, sales, and finance departments.

In our company, we focus on employee development because it is crucial to business development. The direction is set by one of KP's values: "Our people are our greatest asset". It is our guideline on our road to success. Our relationships with our employees are long-term. We invest in their development in a manner always consistent with our corporate strategy, which means that corporate strategic requirements are at the heart of planning employee development but we never forget their individual needs. The structured development methods not only include formal training courses (found on the list of available training courses), but also participation in projects, coaching, mentoring, self-development, and exchange of experience. Having the development and training process organized this way gives us the leading position and best experts in the sector.

Barbara Lewicka-Arendt
Production
Training Manager



Comprehensive human resources development program.

Employees of sales, distribution, production, and IT departments as well as managers of all KP functions were able to expand their knowledge and develop their skills through training courses organized by the education and development department under a supraregional, two-year training program, "Comprehensive development program for Kompania Piwowska staff", subsidized by the European Social Fund (Human Capital Operational Programme, Sub-measure 2.1.1).

For each of the groups covered by the project a comprehensive program of training was developed. It combined technical and vocational courses with mastering soft skills and team / managerial competence adjusted to KP needs.

Key trainings delivered using EFS support in F11 (April 2010 - March 2011):

- 1) *First Aid* - training in the production department (48 sessions)
- 2) *Professional trade visit steps*
 - training in sales, distribution, and marketing departments (32 sessions)
- 3) *Employee involvement by coaching* - training for managerial staff of medium and lower levels (24 sessions)
- 4) *Business training in English*
 - training in production, sales, distribution, and marketing departments (16 sessions)
- 5) *Understanding business* - a strategic game (14 sessions) - training for managerial staff



In total, in F11 over 359 training topics were covered. A single person was able to take part in several courses, so, all in all, we trained 1964 participants over 54 076 hours.

Training Report / F11 April 2010 - March 2011

Number of training topics	359
Number of persons trained	1 964
Number of training hours	54 076,1
Number of training days	6 759,5
Hours / person	27,5
Days / person	3,4

Number of employees taking part in at least one training in F11

Directors	40	
Managers	455	
Specialists	988	
Office staff	648	
Employees from operational departments	887	
Other employees	130	

- Other training in KP:
- Change Management
 - Finance for Non-Financials
 - Individual Coaching and Mentoring
 - Advanced Negotiations
 - Special training for marketing, finance, and insight departments.

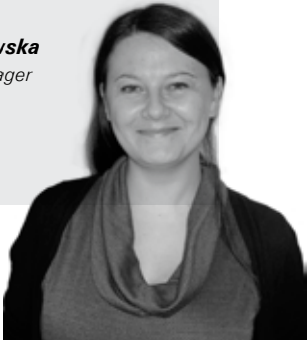
The total number of training hours on topics regulating such matters as respecting human rights within the business framework was 6 766. Matters related to human rights were covered in three designated courses: First Time Manager, 360 Respect (currently: Manager Communication) and Employee Involvement by Coaching. The total number of Employees was 355, i.e. 11%

of all the Kompania Piwowska staff. Currently all the contracts signed with Kompania Piwowska partners (both suppliers and customers) include clauses on knowing and observing the code of ethics and sustainable business development, including respecting human rights. As part of the R2M (Route to Market) project and personnel changes, the training department performed outplacement objectives by helping leaving staff find proper training or seeking contact with companies or institutions that could help them find a job or re-qualify. Additionally, an internal workshop was requested and organized: "Effective Job Searching".

The project was found very interesting by our employees and their superiors. From April to March 2011 over 858 persons responded to invitations and took part in the project, while from the beginning of the project to March 2011 the number of Kompania Piwowska employees involved was 1907. The benefits of the EU subsidy and performing the programs are mutual:

- to the employees taking part in the project: free development of skills, broad offer of training ensuring increased value as an employee, increasing the effectiveness of work, and chances of promotion;
 - to the Company: opportunity of organizing a comprehensive, large-scale training project, mastering competence of a majority of staff, saving 60% of the training budget covered by the subsidy.
- The participants' assessment of the program shows how great a success it was. The overall rating was 4.5 on a scale of 5, where 5 is very good. The average rating of 4.5 covered execution of the training programs, assessment of the trainers and organization of the whole series. Effectiveness of the training was monitored continuously. Increasing knowledge of trainees is reported for all courses. And to us, that is the most important factor.

Betina Piotrowska
EFS Project Manager



4.3

Incentive scheme

In Kompania Piwowska managing means defining objectives, controlling achieving them and rewarding employees according to their performance and contribution to corporate success. Performance Management introduced in Kompania Piwowska includes incentive mechanisms for all the employees, analysis of their performance, assessing their competence and building development plans. Performance Management is the manner we want to manage business in KP to achieve the set objectives. PM defines "how we do what we do". 100% of employees are subject to regular PM assessment. Making sure that we are headed in the right direction, choosing the best way, we provide feedback on an on-going basis. Superiors regularly meet their subordinates (one-on-one meetings), and peers share knowledge and comments every day. We sum up and review our operation during annual and semi-annual assessment programs, so we can check where we are on our road to success and what we need to continue on it. Contests and appreciation programs for employees are additional incentives. In the "Duże Piwo" [Large Beer] program, every employee can recommend another employee (or a group of people) for behaviour or achievements worth considering best practise. This way we assess not only achievements related to personal or team objectives

but also behaviour and commitment to our values. Nomination in the program is a great honour to any employee. Winners of the prestigious "Duże Piwo" [Large beer] in Kompania Piwowska have one of their dreams come true - up to a value of 5 000 PLN. Irrespectively of the incentive schemes, sales and distribution employees take part in the "Złoto dla najlepszych" [Gold for the Best] incentive program. The Company's reputation is also a factor motivating people to seek employment here. The initiatives for others in which our employees are involved make us a part of the community we operate in: votes cast by KP employees in such programs as "Warto być za!" [For what it's worth!] are counted twice. "Ekipa nie tylko od święta" [Come rain or shine] shows how the company's commitment helps employees help others by financially supporting their projects. Every year we survey our employees' opinions on various types of satisfaction with such things as their jobs, the company meeting their expectations, and their assessment of employment relationships, the culture, communication or image of Kompania Piwowska. Every employee contributes to managing the company.



Trophies presented to winners of "Duże Piwo", an appreciation program for employees

4.4

Employee benefits

Kompania Piwowska cares for its employees in a comprehensive way. It offers, among other things, sports packages, subsidizes kids' holidays, provides home improvement loans on preferential terms, and a unique healthcare package as well as a beer allowance. These are just a few benefits of working for our company.

Employee health

Employees of Kompania Piwowska and their families are covered by healthcare. They can choose one of three healthcare providers operating in Poland: CM LIM, Luxmed and Medcover.

The KP Family Healthcare Package has been available since 1 April, 2008. Our employees have access to very well equipped health centres that employ experienced medical personnel. The maximally simplified system of using the medical services is cash-free and does not require presenting valid licenses or certificates. All it takes is presenting a special card. The broad scope of examinations and consultations with top specialists guarantee optimal healthcare.

We promote sports

Sport is not only health but also a way to release stress and everyday tensions as well as to improve your well-being. The MultiSport card helps Kompania's employees make sport a part of their life style. Nearly 760 employees and 250 members of their families use the sports subsidizing solution. The MultiSport card is a program of additional sport and recreation benefits that ensures unlimited access to over 2000 sports facilities across the whole of Poland. These include such activities as: aerobics, swimming pools, fitness, salt grottos, yoga, active mum clubs, dance lessons, etc. The MultiSport package can cover not only KP employees but also their guests and children.

Subsidizing and loans

Employees of Kompania Piwowska can also get help to subsidize their children's' vacations or take low-interest loans on terms more favourable than in a bank. They are also offered a special, preferential insurance package for life, accidents,

insuring themselves and their families, or a special mobile telephone operator package.

Meals

All employees of the company can make use of subsidized dining at canteens located in the brewery, where a two-dish meal starts as low as 6 PLN.

Beer allowance

Every employee of Kompania Piwowska can get a monthly beer allowance. This way we can try every beer brand we produce. Moreover, the employees can meet over a beer in corporate pubs in Poznań and Tychy and try their favourite brands at the employer's expense.

The most popular social benefits are: MultiSport packages granting access for employees, their kids and guests to sports facilities and services such swimming pools, fitness centres, and dance clubs in over 2 000 locations. Therefore, an employee on a business trip, can practice his or her favourite sport even while away on business. Other forms, such as subsidizing holidays and practicing sports, apart from the MultiSport Cards or school starter kits for kids which were first launched in 2011, have been used so far by about 70% of the workforce. In the festive season, before Christmas, employees additionally get Christmas vouchers or financial equivalents.

Ewa Plackowska
Human Resources
and Payroll Department
Manager



5.0





Alcohol -discouraging irresponsible drinking

We are a producer of alcoholic beverages, so we are particularly responsible for creating the right consumption patterns. Most beer consumers are able to rationally and responsibly use our products.

To a contemporary Pole, beer is a component of every-day life, a pleasant way to finish a day of hard work with friends. However, we realize that not everybody can enjoy the beverage in a responsible way. Since its establishment, Kompania Piwowarska has promoted responsible use of alcohol. We support having a good time and enjoying a social life and our superb beer, but we don't want to expose ourselves to the negative effects of excessive or irresponsible consumption of alcohol.

Producing the unquestionably sensitive product beer is, requires alcohol producers to behave according to the regulations and to take action directed at all partners and consumers. Various educational and promotional programs, systematically conducted over several years favourably impact the model and structure of alcohol use in our country. Discouraging irresponsible drinking of alcohol and shaping its patterns is one of the key priorities of Kompania Piwowarska.

Why is responsible alcohol drinking one of the priorities of our company?

Abuse of alcohol, in any form, is not in our interest. The situation could unfavourably impact consumers and society, undermine our reputation, and make grounds for burdensome restrictions.

Irresponsible drinking and behaviour related to the sale of alcohol are harmful to society in many ways. Driving while intoxicated, consumption by pregnant or breast-feeding women, sale of alcohol to minors are just few of the behaviours we try to combat.





What do we do in this field?

- We have adopted six basic principles regarding alcohol to help make every-day business decisions and support our way of promoting moderate drinking.

1. Our beer adds to the enjoyment of life for the overwhelming majority of our consumers.
2. We care about the harmful effects of irresponsible consumption.
3. We engage stakeholders and work collectively with them to address irresponsible consumption.
4. Alcohol consumption is for adults and is a matter of individual judgment and accountability.

Advertising alcohol is subject to strict regulations but we believe responsible companies should be expected to do more than just observe the legal requirements. That is why the Responsible Marketing and Sales Committee operating in Kompania Piwowarska meticulously analyzes every planned marketing activity, every advertising clip, poster or pack, making sure our commercial behaviour is consistent with the principles we preach. Assessing the marketing materials and activities on the basis of our Code, we try to bear in mind broader circles of consumers, not only those that make up the target groups of our brands. We don't ignore the critical comments of any consumers that have reservations related to our ads.

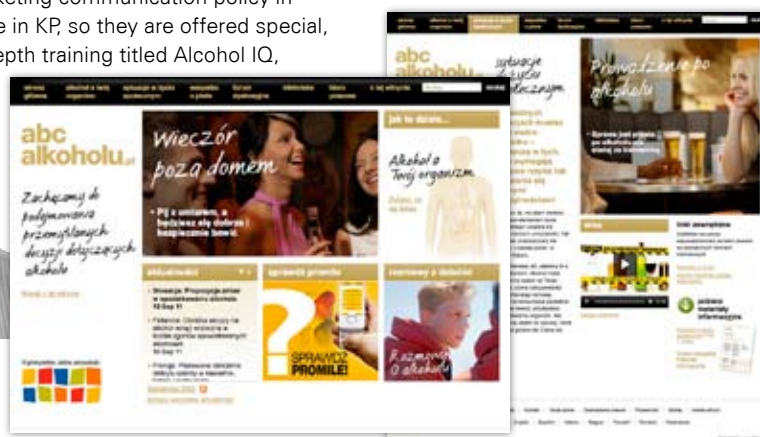
Paweł Kwiatkowski
Corporate Affairs Director,
Chairman of the Responsible
Marketing and Sales
Committee, Ethics
Chairman



5. Information provided to consumers about alcohol consumption should be accurate and balanced.
 6. We expect our employees to aspire to high levels of conduct in relation to alcohol consumption.
- We follow a **marketing communication policy** that sets standards for our promotional activities. Additionally, we observe guidelines related to social media and market research policy. We have introduced an internal alcohol policy binding all company employees.
 - To maintain the highest standards of marketing communications in line with the policies and codes applied in the company, all promotional materials are subject to the approval of a specially appointed **Responsible Marketing and Sales Committee (KOMIS)** consisting of representatives of various corporate departments.
 - All employees are invited to **Training on the ABC of Alcohol**, that discusses our corporate alcohol policy, answers questions on how to talk to children about responsible drinking or what to do if you suspect your friend has an alcohol problem. Some employees that participate in developing marketing activities and messages on a daily basis require more information on the marketing communication policy in force in KP, so they are offered special, in-depth training titled Alcohol IQ,

where, during a whole-day session, they can learn, for instance, about the application of the policy and get more information on marketing research standards, or gain a more thorough understanding of the corporate approach to key alcohol-related issues. This in-depth training is also organized for the advertising agencies that cooperate with Kompania Piwowarska. Another new initiative is developing e-learning courses for the group. Their purpose is to annually remind employees of our company and advertising agencies what the marketing communication policy principles are.

- We run a special website: **www.abcalkoholu.pl**. It is a Polish version of www.talkingalcohol.com. Its purpose is to educate consumers on issues related to the impact of alcohol on the human body and health and the social aspects of drinking. The site is also to encourage informed and responsible choices related to alcohol consumption. www.abcalkoholu.pl is a compendium of knowledge on the impact of alcohol on the human body. It contains an "Alcohol & your body" section, an interactive journey explaining how alcohol is absorbed and processed. Moreover, the site gives



useful tips for parents, and explains diet-related aspects (such as calorific value, alcohol content, grain content) of the brands from our portfolio, as well as the latest information on the impact of alcohol on persons suffering from diabetes or on pregnant women. You can also find there the opinions of independent experts who work with such problems as health, parenting, or driving while intoxicated. The page tries to answer the needs and expectations of women: there is a special tab for ladies called "Alcohol and women" that discusses female-specific matters. It is available in 9 language versions and serves consumers all over the world.

- We have developed "Check your BAC", an innovative educational program that can be downloaded to a mobile phone and be used as a handy breathalyzer. After installing the application, you need to enter some personal details, such as your sex, age, weight and amount of alcohol consumed, and the program calculates the alcohol-in-blood content. The application has a convenient function for calling a cab from one of 300 taxi corporations across the whole of Poland. Once downloaded, the program can be used with no additional costs or limitations. Its purpose is to limit the number of drunk drivers on the Polish roads by giving people a chance to check their sobriety, and to promote consumer awareness of the impact of alcohol on the human body. The new application has been extended with information on admissible alcohol-in-blood limits in various European countries. Those who want to check how quick their reactions are can play the old good game of skully, another integral part of the application. More information about the program can be found on www.sprawdzpromile.pl.
- All the promotional materials of Kompania Piwowarska brands, including POSM, Internet, press and radio, bear the "Live responsibly" slogan a voluntary mark of responsibility. It is to be replaced soon with a new slogan, "During pregnancy I don't drink alcohol".
- During the Woodstock festival, we conducted an educational campaign during which everybody could visit the "Check your BAC" stand and be tested with a professional breathalyzer, as well as get promotional materials reminding people not to buy alcohol for minors and never drive after a drink.



We also cooperate with the industry, taking shared action.

- Placing responsibility labels on packages of beer manufactured by all ZPPP members (The Union of Brewing Industry Employers in Poland) and in TV commercials. The label "I never drive after drinking" is present on packages and the „Alcohol – only for adults” phrase is included in TV commercials.

- Self regulation – we strive to meet all the seven operational Brewers of Europe standards with respect to supporting responsible attitudes in the field of ethical advertisements for beer. Among other things, they concern popularisation of the national Code of Ethics in beer advertising, informing consumers of the possibility of submitting complaints about non-ethical advertisements or supervising individual forms of marketing communication. The Union of Associations Advertising Council is the body responsible for self-regulation in the field of advertising in Poland and we are a member of that organisation.

We observe the Advertising Council Code of Ethics in our promotional activities. In the period covered by the report, one complaint was submitted to the Advertising Council concerning an advertising banner in Cracow with the communication of the campaign under the slogan "Cold Lech". The banner was placed over one kilometre from the Wawel Castle, however, it was easily visible from there. The complaint was rejected by the Ethics Committee of the Advertising Council stating it was an advert which did not breach the Code of Ethics. Still, the controversial banner was immediately

removed and the appropriate apologies were published. See the Advertising Council website for the description of the submitted complaint and the Committee justification.

- Appearances can be misleading, ID is not – along with members of the Union of the Brewing Industry Employers in Poland and the General Police Headquarters of Poland we carry out educational activities for salespersons discouraging them from selling alcohol to minors, under the slogan "Appearances can be misleading, ID is not". The leitmotif of the campaign is the slogan "React when a minor is buying alcohol" The important thing is to draw attention to the fact that alcohol is intended exclusively for people aged 18 or over.

- "A designated driver" is an educational programme whose aim is to fix the principle of not driving after drinking in young drivers' minds and use other means of transport instead, getting them home safely. The action is addressed first of all at people between the ages of 18-30, as bravado and a lack of imagination in that age group are the most common causes of accidents inflicted by drunk drivers. See www.klubdrivera.pl for more information.

For more information about IRMS Policy see: www.kp.pl/pol/files/odpowiedzialnosc/PolitykaIRMS.pdf

Constant care of product quality

All our products are subjected to constant quality control according to the rigorous product quality and safety standards implemented in our company. At present, the company possesses three systems (ISO 9001, ISO 14001, ISO 2200) based on international standards under the Integrated Risk Management System (IRMS) IRMS is helpful in the management of all the systems and the informed implementation of their principles by all employees. Also a tasting panel works, whose aim is to test beer samples to ensure the consistent quality of all the brands manufactured by the company. Unit and bulk packages of our products are provided with the legally required information, which is to inform customers about product ingredients, manufacturing location and origin and necessary market data such as a barcode, recycling or returnability marks. On packaging there is also a marketing message and non-mandatory responsibility labels with the slogan "I never drive after drinking".



In everyday life we often have to deal with alcohol-related issues which are difficult to respond to. In order to meet those expectations, Kompania Piwowarska carries out special training for company employees as well as educational activities for consumers to provide them with the necessary information on how to use our products safely. We pay special attention to responsible promotion of our brands, education of drivers to prevent them from driving after drinking and issues related to the effects of alcohol on the human body. That is often valuable, both at work and in private life.

We play an important role in the European Alcohol and Health Forum (EAHF). It is a coalition of over 40 companies and NGOs working together to reduce harm related to irresponsible alcohol consumption in the European Union. We have made commitments related, among other things, to placing non-mandatory responsibility labels on our products and in marketing communication, conducting educational programmes concerning drunken drivers and improvements in marketing self-regulation.

Katarzyna Radecka
Sustainable
Development
Manager



6.0



*Making more beer
using less water*



Water is the source of life. According to the United Nations, one person needs 20-50 litres of clean, fresh water per day to satisfy their basic needs. In some parts of the world water availability and quality is already a serious problem. The UN predicts that over 3 billion people will not have sufficient water by 2025.

An increase in the global population leads to an increase in demand for water for agriculture, animal breeding and manufacturing. Our surveys on water use show that most water used in the beer value chain originates from agriculture. Water for irrigation at that stage may lead to a tenfold (or higher) increase in water use in a brewery. Therefore, we monitor agricultural lands which are threatened with water shortage and cooperate with farmers to use water in a more efficient manner. We are aware of the duty to promote responsible use of water in the industry and in other fields. For the same reason we have signed the United Nations CEO Water Mandate.

Global water resources are limited and therefore saving water is the duty of every man and woman. The rich North countries, which we represent, also use too much water, feeling its resources are unlimited. Therefore we should take responsibility for saving water. Nowadays business social responsibility is a commonly used phrase but most people are unaware that this responsibility also includes the economic use of water resources and caring for the environment so that water resources are free of pollution. We all are responsible, our future – with water or without it – depends on our attitude.



Janina Ochojska
President of the Board,
Polish Humanitarian Action



Why is water conservation one of our company priorities?

- Water shortage and water quality are gaining in importance due to the extensive use of water in the beer industry and the use of raw materials whose production requires considerable amounts of water.
- Brewing beer requires a large amount of water, both for the manufacturing process and for growing the cereals necessary for beer production.
- When water becomes scarce, costs of its extraction and delivery grow. And that affects everybody.
- Effective water management is one of the key modes of protecting the local environment and communities living in the vicinity of our breweries.

SABMiller's commitment:
To reduce water use by 25% per beer hectolitre between 2008 and 2015.

What is the company's response?

Kompania Piwowarska takes measures aimed at improving quality of water management through:

• Optimisation of corporate water use and waste water management.

The ratio of water use per unit of manufactured beer is monitored in every brewery and subjected to thorough analyses. Based on the monitoring results, new solutions are implemented to minimise water consumption. Waste water from the manufacturing process are discharged into the environment after prior treatment in a company or municipal waste water treatment plant in line with the applying legal regulations.

• Identification of availability of water resources

Exploitation of the company's own underground water wells takes place under the rules set forth in separate

permits, in a manner that does not endanger workable resources. In the case of new well holes, a range of geological and hydro-geological surveys are carried out before drilling to determine minimum workable resources in an aquifer.

• Cooperation with local communities

Kompania Piwowarska informs on a regular basis both the local community and the wider public about the range of its activities, including indices for water use, in its own journals, such as "Report. Corporate responsibility" and "Environment Report".

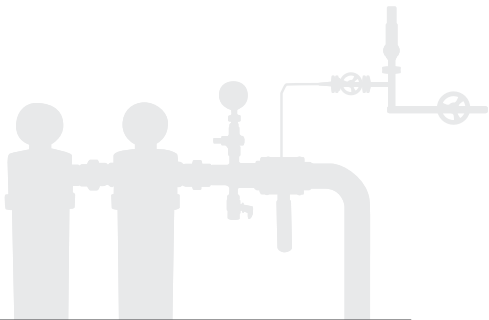
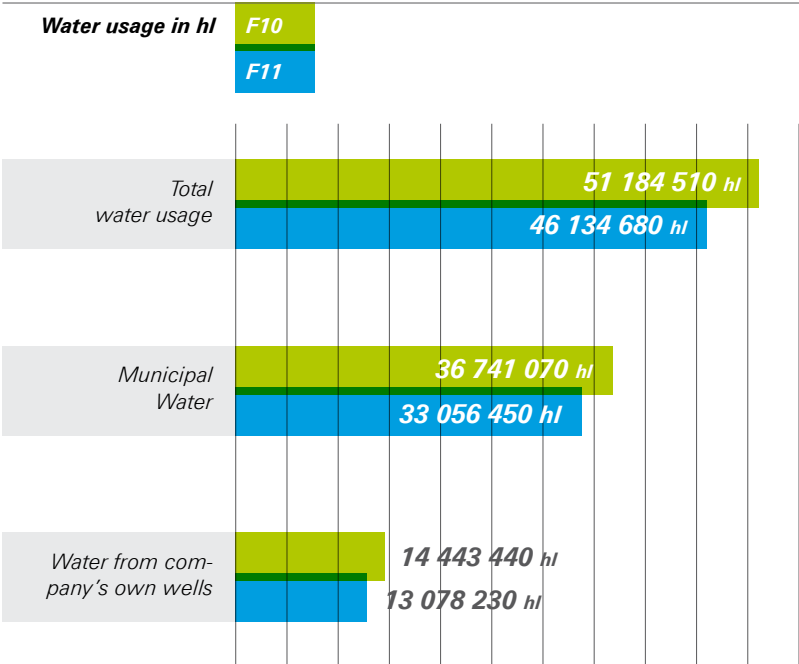
The brewery in Poznań designated financial means for the oxygenation system in Malta Lake, which is an important water reservoir for the Poznań agglomeration.



Optimisation of usage and wastewater management in Kompania Piwowska.

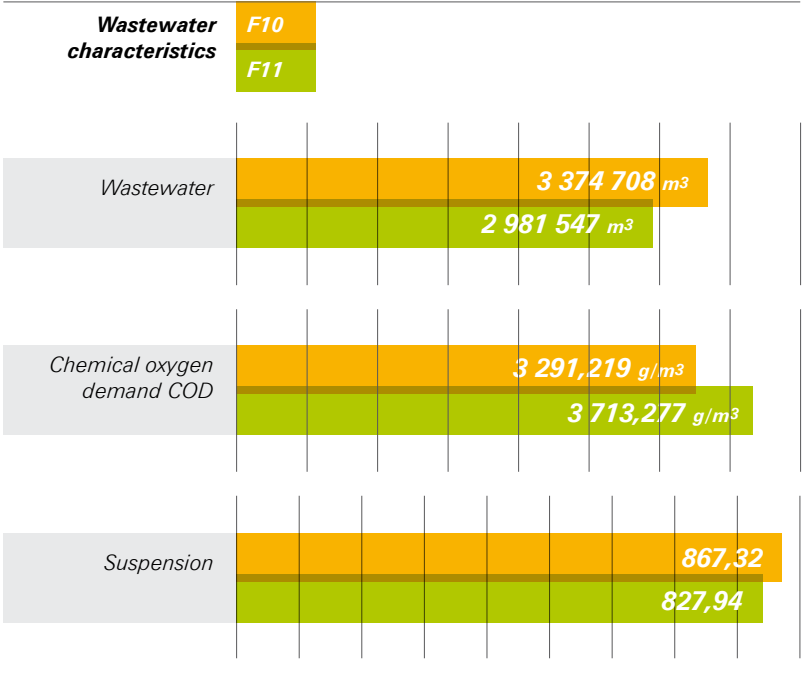
Water is one of the main beer ingredients and therefore it is particularly valuable in the brewing industry. It is delivered to individual breweries from our own wells (underground water) or from municipal water supply systems. Then it is subjected to treatment to adapt its parameters to the requirements used in the beer industry.

Kompania Piwowska is aware that water is an indispensable part of human life and its resources are not infinite. That awareness allows for constant improvements in the manufacturing process, which result in the fact that water usage per unit of manufactured beer decreases every year. At present, the global index of water consumption for the whole company equals 3.21 hl of water per 1 hl of manufactured beer (for fiscal year F11). To compare, the index in fiscal year F03 was 4.6 hl of water per one hectolitre of manufactured beer. Thus, it is justified to say that the measures taken in recent years have produced a significant positive effect.



Use of water for technological processes is inherently related to wastewater production. Being aware of the dangers related to uncontrolled cycling of contaminated water, Kompania Piwowska thoroughly controls the cycle of its own wastewater.

The basic principle observed in each of the breweries belonging to Kompania Piwowska is wastewater treatment prior to its discharge into the environment. Where the existing infrastructure allows, the treatment process is performed within the brewery. In other cases wastewater is transferred to municipal wastewater treatment plants.



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Initiatives/investments in the field of water management, aiming at a reduction in impact on the environment

Investment name	Environmental effect
Installation of CIP (Cleaning in Place) systems for washing apparatus, pipelines in a closed circuit	Implementation of modern closed-circuit washing installations has allowed for substantial water savings. Additionally, KP SA has implemented a number of its own water-saving solutions, which has yielded a significant financial-environmental effect.
Wastewater (measuring equipment, draff and yeast tanks, beer centrifuge)	Implementation of investment to minimize potential for transfer of organic compounds into wastewater (draffs, yeast). Presence of those wastes contributes to an increase in wastewater load and consequently prevents achieving the mandatory standards of wastewater.

In 2009, over **860,000 PLN** worth of investments were made on the first stage of wastewater neutralization plant construction (pH averaging of wastewater transferred to a municipal wastewater treatment plant) and assembling of a vacuum pump and wastewater tank replacement (modernization of wastewater pre-treatment plant). In 2011, investments on the second stage of wastewater neutralization plant construction (pH averaging of wastewater transferred to a municipal wastewater treatment plant) were worth over **3 387, 000 PLN**





Water management in individual Kompania Piwowska breweries

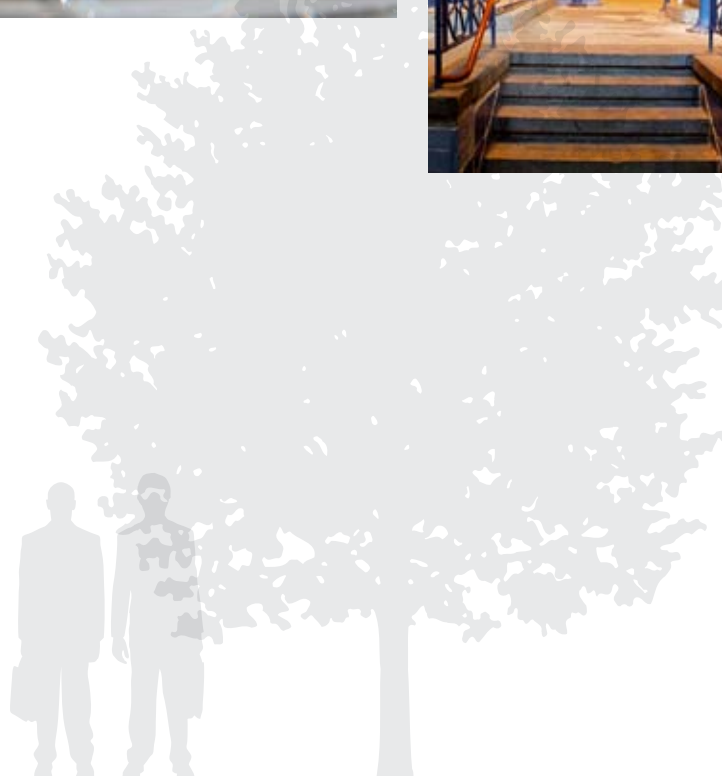


The brewery in Tychy

In Tychy brewery, water for manufacturing purposes is extracted from the company's own underground wells. Water for other purposes is delivered from the municipal water supply system.

As one of the numerous solutions aiming at reducing water usage, Tychy brewery has implemented a system of reusing water from one process for other processes (e.g., water used for flushing cans is reused for washing conveyors). In fiscal year F11, optimization applied in the manufacturing process resulted in the water usage index equaling 3.26 hl of water per hectolitre of beer.

Wastewater produced in manufacturing processes is transferred to the company wastewater pre-treatment plant, which uses anaerobic methods with granulated sludge. The technology is based on the ability of anaerobic microorganisms to produce, under specific conditions, a granulated sludge having a high sedimentation capacity and high biochemical activity. The pre-treatment plant is equipped with a central inspection system and visualisation of technological processes. Anaerobic fermentation also yields biogas, which is stored and used as fuel for company boilers. As a result of constant improvements in the manufacturing processes, in fiscal year F11 the brewery in Tychy reached a ratio of wastewater amount per unit of manufactured beer equalling 2.1 hl of wastewater per hectolitre of beer. Thus, the amount of wastewater produced has been reduced by almost 35% in comparison to the fiscal year F03, when the ratio was 3.2 hectolitres of wastewater per hectolitre of beer.



The brewery in Poznań

Water used for the manufacturing process and for other purposes is delivered to the brewery from external water supply systems. Prior to use it is processed in the company's own waterworks. As a result, the obtained water is of high quality, meets all the sanitary requirements and makes it possible to maintain the special taste of the beer.

Water is reused in Poznań brewery to reduce its usage. Additionally, a number of improvements during brewery operation have been implemented to achieve a very low ratio of water usage. They include reuse of water in the processes of washing and pasteurization, reduced frequency of forcing wort and beer out of pipelines, replacing bottle washers with rinsers, giving up use of water for cooling boiler blowdowns. An impressive index of 3.18 hl of water per hectolitre of beer has been achieved in fiscal year F11. Bearing in mind typical water usage in modern breweries ranges from 4 to 6 hl/hl of beer, it can be stated that the Poznań brewery is one of the global leaders in this regard.

The brewery discharges industrial wastewater (a mix of technological and municipal sewage) into the municipal sewage system, which is then directly transferred to the

municipal wastewater treatment plant. Prior to discharge into the sewage system, wastewater containing a large amount of pollutants is pre-treated in local pre-treatment installations in which, among other things, the pH is corrected, sediments are separated and wastewater is cooled.

As a result of modifications implemented in the manufacturing processes, in fiscal year 2011 Poznań brewery has achieved a ratio of wastewater to a unit of manufactured beer equalling 2.6. Since fiscal year F03 the ratio has decreased by 1.2 hl, that is, by 31.5%. Assuming that the guidelines for the best available technologies in the brewing industry indicate wastewater production ranging from 2.7 to 4.2 hl of wastewater per hectolitre of beer, the result achieved by the brewery in Poznań is a confirmation of the advanced technology and care of the environment operating in the brewery.



The brewery in Białystok

Water is delivered to the brewery from the municipal water supply system. The delivered water is subjected to processing to adapt its characteristics to brewing industry requirements.

Industrial wastewater produced in the brewery is discharged into the municipal wastewater treatment plant along with sanitary sewage. Prior to discharge into the sewage system, concentrated wastewater containing a large amount of industrial pollutants is pre-treated in the local pre-treatment installations. Technological operations performed in pre-treatment installations make it possible to average wastewater, separate sediments and concentrate sludge. Upon acquisition of the brewery in Białystok by Kompania Piwowarska, thorough modernisation and improvements in production lines were implemented. The measures taken have led, among other things, to a considerable reduction in the water usage ratio in relation to the production volume. That ratio has declined from a level of 4.5 hl of water per hectolitre of beer achieved in fiscal year F04, to a level of 3.12 in fiscal year F11. The index achieved in the most recent billing period is the lowest in the SABMiller Group and demonstrates a very good system of water management.

A similar result has been achieved for the ratio of wastewater production. After completion of brewery modernisation, the ratio of wastewater produced to the production volume of beer declined from 4.2 (in fiscal year F04) to 2.03 (in fiscal year F11). Thus, as a result of the measures taken, the brewery in Białystok has reduced the amount of wastewater produced by over 51%. That result indicates the considerable engagement of company staff both in improvements in production technology, and environmental protection.



Reduction of energy and carbon footprint

Climate change is a problem arousing growing concern all over the world and its effects on weather, water availability and crop yield is anticipated. Climate change leads to a rising sea level, shrinking glaciers and increased frequency of violent storms, floods and other natural disasters.

Each year 160,000 people die as a result of climate change. Shocking data also shows that one third of all plant and animal species may go extinct within the next 50 years. All these disasters are due to the greenhouse effect and climate change. Economic growth is related to the growing demand for energy all over the world. Most of our needs are met by combustion of fossil fuels such as coal, oil or gas. During combustion, fossil fuels release carbon dioxide (CO₂) into the atmosphere. Along with other greenhouse gases, such as methane, carbon dioxide is an important agent leading to global warming and climate change.

SABMiller's commitment:
50% reduction in emissions from combustion of fossil fuels per litre of manufactured beer by 2020.

Energy and carbon footprint are not just subjects of scientific theories anymore. Governments are pressing for implementation of appropriate solutions, imposing tax instruments and emission charges. Poland is one of the EU countries which is doing best in terms of energy consumption per capita. Environmentally friendly investments by Kompania Piwowarska have contributed to that. We have no problems with meeting the brewing industry standards concerning consumption of heat and electric energy in force in the EU. Kompania Piwowarska is committed to be responsible for the society and the climate, and is deeply engaged in activities aimed at reducing the impact on the climate.

Why is reduction in energy consumption and carbon dioxide one of our company priorities?

A lot of energy is used in beer production, not only during brewing itself but also for cooling the ready product, transporting it to clients or packaging manufacture. Effective use, investments in renewable energy sources and self-generated energy are our methods for assisting in environmental protection. We can reduce emissions of greenhouse gases and save money using those methods. Governments are striving to reduce the amount of greenhouse gases in the atmosphere, introducing taxes on coal used and emission limits. As a result, the costs of our business are growing and at the same time the possibility of selling permits for carbon dioxide emissions is arising.

Our response:

- We have developed a new strategy related to climate change which focuses on seven elements. Four of them: energy efficiency, switching to cleaner fossil fuels, use of renewable energy and trade in coal credits, are directly related to our business. The other three concern emissions management in our value chain and are related to cooling, transport and packaging production.
- We have evaluated the level of our carbon dioxide emissions and we are beginning to understand which parts of our chain of values cause the highest emissions.
- We set the goal of a 50% reduction in emissions from combustion of fossil fuels per litre of manufactured beer by 2020.
- We are cooperating with our suppliers on searching for improvements in common activities.



The commitments of Kompania Piwowska with respect to energy management and emissions of carbon compounds.

Joining the SABMiller Group, Kompania Piwowska has committed itself to observe the rules for energy management and emissions of carbon compounds according to the guidelines included in the SABMiller Commitment. Kompania Piwowska meets the requirements of the Commitment in every field while setting its own new goals. The following activities give us a high rank in terms of meeting the requirements:

- **reduction in energy consumption during the manufacturing processes** - monitoring of electric and heat energy consumption is carried out in all the breweries which makes it possible to examine the efficiency of the current manufacturing processes. Additionally, monitoring of fuel use in the boiler plants is carried out in Tychy and Poznań breweries, which makes it possible to estimate CO₂ emissions on an ongoing basis. At the same time, work on improvements in technological processes and modernisation of the existing systems are under way in all the breweries. In recent years, those measures have allowed for considerable reductions in energy consumption ratios. The ratio of heat energy produced per unit of beer manufactured in Poznań brewery has successively declined from a level of 135.39 MJ energy/hl of beer recorded in F03, to 62.34 in F11. For electric energy, in financial year F11 the global ratio for whole Kompania Piwowska equalled 6.1 kWh/hl of beer. The reference ratio of electric energy consumption defined in BAT (Best Available Technology) for the brewing industry ranges from 8 to 12 kWh/hl of beer. Thus, the ratio achieved by KP indicates the deep engagement of the breweries in reducing energy used in manufacturing processes.

- **switching to fuels of low carbon compound content** - being aware of the adverse effects on the atmosphere, in 2006 Kompania Piwowska liquidated an operating coal boiler plant and replaced it with a modern gas-oil installation. Replacement of coal fuel with gas and oil has been contributing to a considerable reduction in emissions of mineral carbon compounds into the atmosphere. In Tychy brewery, the gas-oil boiler plant is operated, which additionally uses biogas produced in the wastewater pre-treatment plant. The plant meets local legal requirements so there is no need for fuel conversion. In the Białystok brewery, heat is delivered by an external supplier.
- **an increase in usage of renewable energy** – using “clean energy” depends mainly on technological limitations and the availability of „clean” fuels. The technological conditions in Tychy brewery allow the use of renewable energy in the form of biogas produced in the local wastewater pre-treatment plant. Due to its ingredients, biogas is combusted along with natural gas. In fiscal year F11 the amount of combusted biogas equalled 19.3% of the total amount of gas combusted in the boiler plant. Applying such a cutting-edge solution provides both economic and environmental benefits.



- **improvement in technology** – in terms of energy savings this commitment consists, among other things, in the search for possibilities for energy recycling and the selection of installations where low energy consumption is the main criterion. As regards heat energy recycling, all the breweries are equipped with a system of recovery of process heat from boiling pots installed in the boiling department. Approximately 0.8 litre of water at a temperature of approximately 980 °C may be obtained from each litre of steam evaporated from wort boiling in a boiler. Thus, use of the above heat recovery systems allows for considerable reductions in demand for process steam. In all the breweries representing KP, modern machines and installations manufactured by well-known companies are used. A selection of equipment produced by reputable manufacturers ensures that cutting-edge technologies have been used so that the obtained indices of energy efficiency are satisfactory.
- **engagement in non-mandatory programmes and projects on emissions reduction** – the applied mechanisms of the Kyoto Protocol include: Emissions Trading, Clean Development, and Joint Implementation. Due to their capacities, the breweries in Tychy and Poznań joined the Emissions Trading System in 2005. According to the annual reports on CO₂ emissions delivered to the National System Administrator, the breweries have received positive ratings and met the allocated allowances.

	F10	F11
Consumption		
Electric power consumption	90 449 190,38 kWh	87 579 223,50 kWh
Heat	957 643 694,8 MJ	943 655 506,1 MJ

	F10	F11
Emission		
NOx*	55,047 Mg	47,350 Mg

	F10	F11
Emission		
SOx*	0,295 Mg	0,310 Mg

*Methods for Nox and Sox measurements are based on PN-ISO 10396:2001 (A)



	F10	F11
Emission		
CO	3,66 Mg	3,0462 Mg

	F10	F11
Emission		
CO ₂	41 480 Mg	

Initiatives/investments related to energy management and reduction in emissions aimed at mitigation of the impact on the environment.

Investment name	Environmental effect
CO ₂ recovery stations	CO ₂ recovery means CO ₂ purchase for beer production is not needed
Phaduco energy reservoir with a recovery system	Reduction in heat consumption and consequently use of natural sources such as gas, coal, heating oil.
Heat recovery from condensation	Use of waste heat generated in the process of ammonia condensation and its use for ammonia evaporation - replacing vaporizers.
Combustion of biogas generated in the process of wastewater treatment along with natural gas in the company boiler plant	Each year some 11-15% of renewable energy (biogas) is used in the brewery in Tychy which results in reduced consumption of gas/heating oil.



In 2010, investment in modernisation of the gas-oil boiler plant (optimisation of own biofuel usage – biogas from the wastewater pre-treatment plant) was worth over **80,000 PLN**.

Energy management in the individual breweries of Kompania Piwowarska

Generation of electric and heat energy is directly related to emissions of various substances into the atmosphere. When own sources of energy are used, we have to deal with a direct impact on the atmosphere through emission of substances released during fuel combustion. When energy is purchased from an external supplier, impact is often called indirect, that is, a plant does not emit any substances into the air directly from a manufacturing process but instead uses a product generated in the process.

Kompania Piwowarska owns heat energy sources in the breweries in Poznań and Tychy. The brewery in Białystok receives heat energy from an external supplier. Thus, the breweries in Poznań and Tychy have a direct impact on the condition of the air through emitting substances released during fuel combustion, whereas the brewery in Białystok has an indirect impact on the atmosphere.

As regards electric power, all three breweries of Kompania Piwowarska make use of services provided by local suppliers. Thus, they emit substances into the air indirectly, that is, they do not directly participate in the production process but they use the product generated in the process. All the breweries attach considerable importance to sound management of energy and heat. Employees of the breweries keep on searching for new solutions, reducing usage of energy carriers.

Since the 1st of January, 2005, The European Union Emission Trading Scheme has been operative in Poland, whose primary aim is to reduce emissions of greenhouse gases into the atmosphere. As they operate boiler plants of a capacity exceeding 20MW, the breweries in Poznań and Tychy have obligatorily become participants of the system. Participation in the System is associated with a number of duties imposed on a plant, related to reduction in greenhouse gas emissions and annual reporting.

The brewery in Tychy

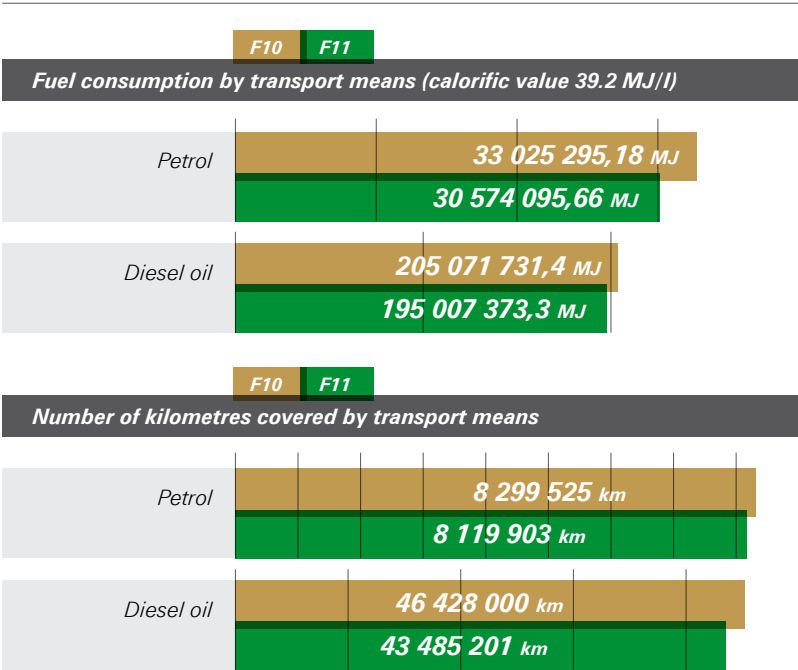
The brewery in Tychy operates its own boiler plant, which covers all the demand for process steam used for beer production. In the heating season, the boiler plant meets the need for central heating in the brewery. The boilers installed in the boiler plant are two modern, auto-controlled steam boilers of a total nominal capacity of 39.4MW. The boilers are fuelled with high methane natural gas and in case of documented gas supply breaks – with light heating oil. Additionally, biogas generated in the brewery wastewater pre-treatment plant is used for boiler fuelling. In environmental terms, use of biogas is beneficiary as biogas is a renewable source of energy and causes much lower emissions of substances during combustion than, say, coal or heating oil. At present it meets some 16% of the total boiler plant demand for fuel. Due to the heat capacity of the boiler plant, the brewery in Tychy has qualified for the EU Emissions Trading System. In the National Allocation Plan for carbon dioxide emission it has been assigned with the number 534.

The brewery in Poznań

The brewery produces all the steam used for the manufacturing process in its own gas-oil boiler plant. It is a modern boiler plant of 35.1MW capacity, fuelled by nitrogen-rich natural gas and in case of supply breaks – with light heating oil. The boiler plant was commissioned in April 2006 and it replaced the old coal boiler plant. Switching from coal to gas and oil fuel exemplifies the implementation of the guidelines set forth in the Kyoto Protocol by the brewery in Poznań. The measures have resulted not only in a considerable reduction in emissions of carbon dioxide but also of other substances emitted as a result of fuel combustion. As the Brewery in Poznań operates a boiler plant of capacity over 20MW (both coal and gas-oil boiler plants), it was qualified for the EU Emission Trading Scheme. In the National Allocation Plan for carbon dioxide emission it has been assigned with the number 533.

The brewery in Białystok

Process steam used for the manufacturing process is delivered from a municipal heat and power generating plant. Thus, the brewery in Białystok does not emit into the environment any substances in relation to direct energy production. As the brewery in Białystok does not operate any boiler plants, it has not been qualified for the EU Emissions Trading Scheme. Both its location and economic factors indicate that the applied solution is the best option both for the brewery and the natural environment.



The Kompania Piwowarska breweries are among the most efficient in the world in terms of energy consumption. However, we still want to reduce energy consumption through thorough monitoring of usage, constant increase in employee awareness and testing the possibilities of using renewable energy.


Klaudyna Gruszecka
Environment, Health and Safety Manager

8.0



Recycling
and reuse
of packaging
waste





As they grow, societies tend to enjoy higher living standards and increased consumption. Yet, growth also translates into more packaging waste being generated.

There is a growing awareness of how packaging waste affects the environment. Shoppers have the choice of buying the kinds of products that are easy to recycle. Special package markings are used to aid consumers in their decisions. The environmental impact of packaging lasts throughout its entire life-cycle from raw material to ultimate disposal. Where no adequate waste collection systems and no waste recycling facilities are available, as is particularly common in developing countries, packaging waste problems mount. It is therefore essential to find the best way to treat waste without harming the environment.

At Kompania Piwowska, we strive to recycle waste throughout our supply chains from suppliers to package users. Our products come in packages that are fit for recycling, as required by the law that governs individual package types. We have put in place special procedures for waste collection and sorting at source and for temporary waste storage at designated locations. A separate procedure has been developed to describe the selection, design and specifications of packages with a view to meeting environmental protection standards.

The growing costs of compliance with packaging and packaging waste legislation have placed a considerable burden on businesses. Added to this expense are the high costs of raw materials. To cope, companies are forced to resort to cheaper and more sustainable alternatives to traditional packages.



Why have we made packaging waste re-use and recycling our priority?

- Packages protect our products and ensure they retain their high quality. They also help set our brands apart from others on the shelf and influence consumers' buying decisions.
- Our packages are not environmentally-neutral. By reducing their weight, reusing them and promoting recycling, we cut costs and send less waste to landfills.
- Minimizing the impact of packaging is a key way to protect the environment.



Our response

- We have developed a detailed packaging strategy which helps us consistently adhere to design, use and recovery/disposal guidelines for all packages and materials used in production. The strategy is aligned with our global packaging standards and ensures consistency across all of our packaging materials in terms of quality and environmental impact.
- As part of our new strategy of increasing energy efficiency and reducing carbon emissions, we have been seeking ways to employ packaging material manufacturing technologies with the smallest possible carbon footprint.
- We strive to recover our packaging where possible; in addition, returnable bottle projects have been launched all around the globe. Returnable glass bottles account for 47% of all packages used in Poland; 86% of these are returnable.

- As much as 98.4% of all waste produced at KP SA undergoes recycling, re-use or neutralization. To create the ideal process for the multiple use and recycling of packages, we focus on:
 - increasing the recyclable portion of a package,
 - increasing the share of recyclable materials comprised in pre-consumer packages,
 - eliminating packages and reducing package weight – we reduce the number of packages used to store and deliver products and design packages to achieve the lowest technologically feasible weight,
 - sorting and recycling/recovering packaging waste – we use markings and design packages in consultation with our suppliers to ensure the products are best recycled and/or reused,
 - the presence of heavy metals – we seek fully to eliminate heavy metals from our packages where technically feasible; elsewhere, our goals is to reduce heavy metal content to 100 mg/kg,
 - packaging losses and post-consumption recycling – we seek to reduce packaging losses arising during production on plant premises, e.g. while washing glass containers. We work together with local community organizations to embrace new and improve existing recycling systems, while creating jobs where possible.

The lifespan of a returnable bottle is measured by the number of cycles during its life:

- the gold (brown) bottle has a life of 14 cycles,
- the UFO (green) bottle has a life of 6 cycles.

Types of packaging

Breweries pack and distribute beer in three types of packaging: kegs, aluminium cans and glass bottles.

The basic packaging type used for all the beer brands we make are multiple-use 0.5 l glass bottles. They are used several times during their lifecycle. Before reuse, a returnable bottle passes through a washing line.

In addition to returnable bottles, breweries rely on 0.5l or smaller aluminium cans. Also in use are 5l varieties which are usually applied on a temporary basis. Used aluminium cans are selectively collected almost across the entire country by the public utilities, recovery organizations and at non-ferrous metal collection points.

Selective collection at source relies on bins set out around cities and at municipal sorting facilities. Once collected, the packaging is washed. It constitutes a valuable resource for aluminium works where they are ultimately melted in foundries.

On-premise establishments of final consumption such as pubs and restaurants serve beer out of both bottles and kegs. Made of acid-proof steel, kegs come in 30 and 50 liter varieties. They are returnable and designed for multiple use. Hence, despite the fact that a considerable amount of raw material goes into their production, kegs are nevertheless environmentally friendly.

Package re-use and recycling

In 2011, Kompania Piwowarska recycled used packaging at the rate of 46% for glass packaging, 47% for aluminium, 37% for steel, 54% for paper and cardboard, 19% for plastics and 15% for wood. Kompania Piwowarska has outsourced package recycling to a recovery organization.

That organization specializes in recovering production packaging waste as laid down in the relevant legislation. It sets up a sustainable system of selective collection and treatment and runs recovery projects with a particular focus on waste recycling and environmental education. The organization guarantees honest and professional handling of the collected packaging waste.



Quantities of products and reused packaging materials by material type from 2009 to 2010

		2009	2010
Aluminium	Brought to market [kg]		19 178 009,88
			22 298 823,71
	Recycled [kg]	8 246 544,25	10 034 470,67
Sheet metal	Brought to market [kg]		2 747 926,78
			2 951 333,37
	Recycled [kg]	796 898,77	973 940,01
Paper and cardboard	Brought to market [kg]		7 379 043,23
			4 180 635,18
	Recycled [kg]		3 689 521,62
Glass	Brought to market [kg]		85 540 940,56
			85 951 544,87
	Recycled [kg]		35 071 785,63
Plastics	Brought to market [kg]		2 517 592,79
			3 210 320,36
	Recycled [kg]		427 990,77
Wooden pallets	Brought to market [kg]		2 593 458,00
			4 180 635,18
	Recycled [kg]		389 018,70
Reused	Brought to market [kg]		855 981,55
			1 123 612,12
	Recycled [kg]		933 644,88
Reused	Brought to market [kg]		8 554 094,06
			8 595 154,49
	Recycled [kg]		36 959 164,29
Reused	Brought to market [kg]		604 543,89
			590 266,67
	Recycled [kg]		73 790,43
Reused	Brought to market [kg]		73 790,43
			83 697,00
	Recycled [kg]		83 697,00

Recycling in Tychy, Poznań and Białystok breweries

The Tychy, Poznań and Białystok breweries share a single returnable bottle design which is common for all of KP's off-license beers. The strategy not only helps the consumer to spot the best beer on the shelf but also, even more importantly, facilitates the free movement of returnable packages from Distribution Centers to any brewery in need of resupplying its packaging stocks.



The demand for canned beer (in aluminium cans) has recently gone up. Customers who select cans are most likely swayed by convenience and, even more so, by the two major advantages of cans which are their lightness and resistance to damage in transit and storage. Yet, the production of aluminium cans places a heavy burden on the environment. For this reason, we should process waste cans to turn them into products of the same quality class, meaning new cans. This can be made possible by setting up more specialized recycling lines for lacquered aluminium packages.

The Poznań brewery also makes frequent use of disposable 0.33l and 0.66l bottles. Similar to aluminium packaging, used glass packaging is collected selectively. Once collected, the packages are washed in sorting lines and handed over to glassworks in the form of cullet having the desired technical specifications.



We are „In Tune with Nature“!

In the spring of 2007, Kompania Piwowarska launched In Tune with Nature (Zgrani z naturą), an employee environmental education program of a kind never before seen in Poland. It relies on humour and a friendly approach to teaching ways to care for the environment. One with Nature has put a human face on ecology. What behaviours does it encourage? The goal is to reduce wastestream volumes, sort waste smartly and conserve water, electricity and heat not only at the workplace but also at home. Every participant will find that caring for the environment ultimately means caring for quality of life. The program is supported by recycling and environmental protection role models. The workers can use the program's website to share ideas and interesting pieces of environmental information.



The Green Wardrobe

The Green Wardrobe is a series of environmental meetings designed primarily to promote the recycling of clothing and accessories. Admission to this environmental event is gained by bringing in second-hand apparel. All articles of clothing end up in a common pool. What follows is a fashion frenzy, a madness of trying on and selecting. To add another attraction, the organizer arranges for stylist consultations on current fashion trends. The stylist shares secret tips and tricks known to image consultants and the latest news on beauty care. Ladies employed at Kompania Piwowarska are invited to the event, along with their female friends and the female partners of Company employees. Some of the clothes are donated to non-governmental organizations which support women in hardship. The Green Wardrobe meetings have been held at Kompania Piwowarska since 2007.

Pack market shares based on actual sales in F11 (%)

Non-returnable bottle	6	
Returnable bottle	41	
Can	48	
KEG	5	

9.0



*Working towards
zero waste operations*



Economic and population growth fuels consumption and the volume of waste generated around the globe.

Everyone is a consumer. Food, clothing, household goods and many other products are bought every day. The side effect of consumption is waste, which places a heavy burden on nature. This makes waste management a priority. Traditional waste incineration also has an adverse environmental impact. Governments ensure waste reduction by imposing fiscal measures and passing laws on waste recycling and reuse.

Why have we made waste management our Company's priority?

- Reducing the volume of waste we generate and finding alternative means for its reuse are key to protecting the environment.
- A coordinated approach to waste management is becoming the preferred option. Meanwhile, the traditional way to manage waste, i.e. landfilling, has been shown to damage the environment.
- As the majority of the waste generated in the brewing business comes from production and product packaging, our goal is to fully eliminate post-production waste. To that end, the Company is reducing its overall waste volume by way of reuse and recycling. We are also continually searching for new ways to reuse waste in other processes.
- The waste is made up primarily of organic side-products generated in the beer brewing process, including grain stillage, used yeast and malt dust. The waste is used in agriculture and the pharmaceutical and cosmetics industries.

Our response:

- We seek to reduce to the minimum the volume of waste generated in production, transportation, marketing and sales. Where waste is unavoidable, it is properly removed from Company premises and handled by highly specialized companies.
 - We reduce our overall waste volume and search for ways to reuse it in the best possible manner. Our aim is fully to eliminate post-production waste.
 - We focus on three areas: separating post-production waste for recovery and recycling, reducing the volume of waste dumped in landfills and minimizing the environmental impact of disposed waste.
 - We have developed a detailed packaging strategy to help us consistently adhere to design, use and recovery/disposal guidelines for all packages and materials used in production.
 - Kompania Piwowarska boasts excellent waste management. Practically all waste originating in production such as grain stillage, malt dust and yeast slurry, is reused for business purposes.
 - Other waste such as glass, non-ferrous metals, paper, cardboard, foil and wood, is sorted and handed over to specialized companies for reuse and recycling.
 - As much as 98% of all waste generated at Kompania Piwowarska undergoes recycling, reuse or neutralization.
 - To reduce waste volume, breweries have acquired can crushers.
 - Sites are being designated for temporary waste storage and sorting to ensure safety and guarantee keeping substances from seeping into the substrate.
- Our efforts focus on:
- classifying and sorting waste fractions: we select ways to ensure maximum reuse / recycling,
 - reducing the volume of landfilled waste:
 - we ensure that all waste fractions are reused and recycled either internally or externally,
 - we keep track of technologies to turn waste into energy,
 - we encourage suppliers to put in place systems of collecting used packaging
 - reducing the impact of waste sent to landfill – to that end, we ensure that:
 - waste is gathered and sorted at designated sites,
 - landfills are used as intended, the companies which collect our waste hold all the permits and licenses required by law.





Kompania Piwowarska's waste management commitments

Kompania Piwowarska has followed through on SABMiller's waste management commitments by taking the following measures:

- **waste production and treatment:** each brewery's waste management system is geared towards directing waste to reuse or recycling where possible; the only factor that keeps us from achieving this goal are the technological limitations we encounter in processing specific types of waste and, in occasional cases, the availability of funds. The case of the Poznań brewery shows it is possible to come very close to utilizing 100% of waste for business purposes.
- **waste sorting and classification** – the accuracy of selective sorting depends on work-flow organization and the human factor; with superbly trained employees, it is possible to keep the waste gathered very clean and suited for use as raw material with hardly any processing required.
- **waste neutralization** – for technological reasons, a certain portion of the waste needs to be neutralized. All such waste is handed

over to well-tested companies which hold the required permits (administrative decisions); the correct selection of business partners is overseen by the environmental management system.

- **other** – Kompania Piwowarska is phasing out refrigeration (and other) equipment containing CFCs and similar gases which deplete the ozone layer; these are being replaced with environmentally-friendly substitutes; the phase-out includes units installed on brewery premises as well as the refrigerators and coolers owned by Distribution Centres.

Very few industrial plants in the world have been able to operate 100% waste free. This is commonly due to technological limitations. However, highly environmentally aware companies use every effort to approach this ideal. Substantial waste reductions come from applying more durable materials and selecting

proper supplies. Where that is not possible, businesses should seek to have their waste recycled by any available means. Breweries around the world are examples of waste-intensive production. Yet, with a proper approach to waste management, Kompania Piwowarska has been able to handle waste as side products. Thus, the bulk of the waste it generates becomes a valuable material used by farmers and other operations.



Production side products:

1. Grain stillage: grain stillage accounts for close to 80% of all brewing production waste. It is grain residue used as a raw material in beer production. It contains high quantities of digestible proteins and up to 80% moisture. Stillage is typically used as cattle, hog and poultry feed – it is usually fed fresh, or, less frequently, as silage. Farmers usually collect the total amount generated. They pick up all of the stillage coming from breweries to feed it to livestock either straight or in feed mixes. Note that in farming, stillage and dust are a complete end-product possessing the desired quality. Together, stillage and dust account for the majority of all waste generated.

2. Kieselghur (diatomaceous earth), yeast slurry and malt dust. Kieselghur is a sedimentary rock of organic origin comprised of silicon diatom pores. One of its applications is for beer filtration. Large amounts of waste also come from removing the post-fermentation sediment known as yeast slurry. The slurry is rich in protein. It also contains large amounts of vitamin B, calcium, iron and microelements such as zinc, copper and magnesium. Yeast slurry can be readily sold to large production plants. Malt dust is generated in moving malt, germinated barley grain. Much like grain stillage, malt dust makes a highly valued animal feed additive.

3. The volumes of cullet, wrapping foil, paper, cardboard and aluminium are much smaller than those of the above fractions. Most cullet is made up of damaged bottles coming from packaging lines. Cardboard and wrapping foil are what is left over after unwrapping the materials and supplies used in manufacturing. Each brewery collects all of its cullet in containers to keep out contaminants. In this form, the waste can be readily used by glassworks as a key raw material with no further processing. Similarly, all used packing materials such as paper, cardboard, foil and wood, are very pure and fit for processing as they are handed over to recycling facilities. Less than 1 percent of the total waste volume is hazardous.

Waste: treatment at individual Kompania Piwowarska breweries

The three breweries use similar ways to manage their waste: virtually all production waste is reused for business purposes. The waste is sold at considerable profit to individuals as well as large production facilities.

The Tychy Brewery
Waste management is regularly monitored, whereas waste buyers are selected based on their ability to recover and recycle waste or pass it on to licensed operators to be utilized. In F11, approximately 1% of the waste remained unused for business purposes. The majority of such waste was labels from returnable bottles and kieselghur. The remaining waste is ultimately utilized in keeping with the applicable standards. A special case is yeast slurry, all of which is bought by the pharmaceutical industry.

The Poznań Brewery
Waste management is regularly monitored, whereas waste buyers are selected based on their ability to recover and recycle waste or pass it on to licensed operators to be utilized. Having upgraded its boiler house, the Brewery no longer produces slag. Its waste labels and kieselghur are recycled. As a consequence, in F11, the Brewery utilized an unprecedented 99.5% of waste for business purposes.

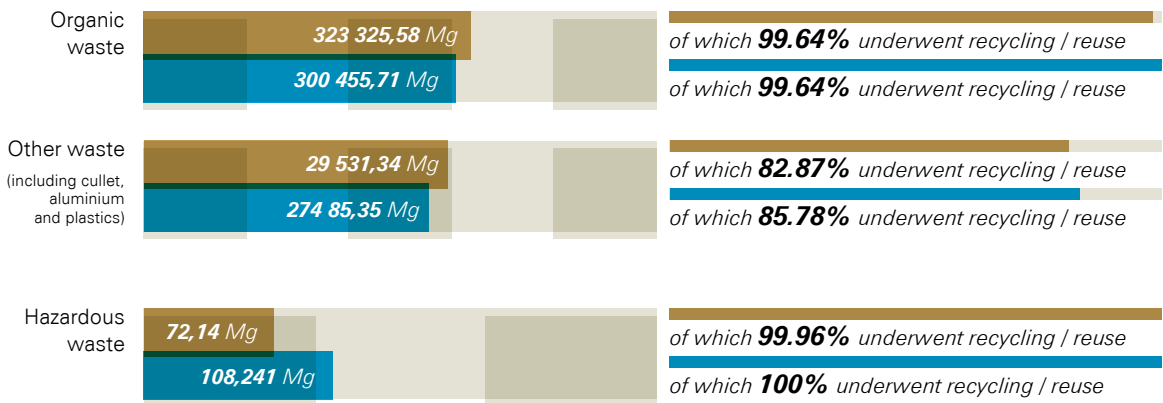
The Białystok Brewery
Both the theory and practice of waste management are constantly being fine-tuned and perfected. Ever more buyers have the capacity to recover or recycle the waste they collect. Where they do not, they pass it over for utilization by licensed operators. In F11, the Brewery handed out 94% of its waste for business utilization. Its yeast slurry goes to the pharmaceutical industry and feed producers. The brewery deserves credit for properly treating hazardous waste in a sharp departure from practices employed three years ago.

One type of refuse which Kompania Piwowarska is legally required to treat in prescribed ways is packaging waste. In keeping with the “polluter pays” principle of the European Union, which Poland has committed to observe, Kompania Piwowarska, whose products are marketed in packages, is required to achieve specified rates of reuse and recycling of such packaging waste as glass, plastics, steel, aluminium, wood and paper. For a number of years, the Company has done this in cooperation with Rekopol, of which it has been a shareholder since 2008. This proves KP’s commitment to take its waste management far beyond mere legislative requirements. Together with other large multinationals, KP operates an efficient Poland-wide packaging-waste management system. The Company has chosen to forego its dividend from Rekopol shares to finance the system’s expansion and enhancement. It is thanks to KP, among other companies, that we have been able to support the selective collection of packaging waste in more than 1200 municipalities having a combined population of nearly 24 million. Also of great significance is Kompania Piwowarska’s dedication to raising public environmental awareness. We have contributed to the development and deployment of the waste recycling modules of a comprehensive professional program In Tune with Nature (Zgrani z naturą). We are very happy to have taken part in stakeholder panel debates arranged by KP which allow the Company to continue its educational, informational and promotional work to instil proper attitudes towards the environment. Needless to say, we will be more than happy to engage in further projects of this kind in the future.

Piotr Szajrych
CEO, Rekopol Recycling
Kompania Piwowarska
is one of Rekopol’s
25 shareholders



Total waste weight by waste type and method of treatment/disposal



10.0



*Encouraging
enterprise development
in our value chains*





We all share concerns for the well-being of society, the environment in which we live and the state of the economy at large. While no company can ever achieve sustainability by acting alone, a joint effort may well produce tangible benefits. Together with our suppliers and customers, we make a supply chain or a network of mutual links.

As a responsible company, we set ambitious goals in line with the Priorities of Sustainable Development and the Code of Ethics. We want our external business partners to know this and be inspired by the ideals we strive to achieve. We have therefore created a commitment card which we attach to all business contracts we conclude. Each day, enterprises choose where to buy their supplies, equipment and services. Companies stand to benefit from buying products locally, using regional specialties, purchasing quality materials and supplies and employing members of the local community. In this process, they support the local economy by promoting local businesses. The result is that jobs are being created for the benefit of the region and specifically its workers, their families and the local community. Other benefits include a broader tax base, improved health care and enhanced quality of education.

We support and encourage our suppliers and customers to take a responsible approach to their business, and in particular, in the area of ethical and environment-friendly practices. Our partners' responsible and efficient functioning in the supply chain brings profits to everyone: and these take the form of high product quality, lower costs and greater competitiveness. All of these activities contribute to our joint efforts towards sustainable development.



Our response

- We choose socially responsible suppliers. We go by a set of rules governing our supplier cooperation. These disclosed and easily available rules cover supplier selection, the principles of responsible cooperation, employee protection, transparent financial settlements, the right to establish associations, bans on discrimination, prevention of the employment of minors and environmental protection.

- Since 2008, Kompania Piwowska has been in dialogue with its business partners, i.e. supplies and customers, regarding compliance with the adopted principles of sustainable development. In the last three years, it has held over a dozen meetings with nearly 400 enterprises, including utilities, vendors of supplies and packaging as well as distributors. The discussions concerned information policies in the context of sustainable development.

Our cooperation with business partners extends beyond the mere negotiating of prices and supply terms. Kompania Piwowska expects its partners to display a similar commitment towards sustainability. It checks whether its suppliers have put in place and follow a policy of water and energy conservation, carbon emissions reduction (the carbon footprint) as well as package and waste recycling. We also make sure they respect human rights in, among other things, offering proper working conditions, remuneration and other terms of employment, respect the freedom of association and diversity. We expect that our partners will share their ideas and experience to help us achieve sustainability together.

- Roughly 85% of our spending on raw materials (including malt and hops) goes to the local market and local suppliers.
- In Working Groups of the Responsible Business Forum, we have helped set up Poland's first website dedicated to stakeholder relations (<http://www.interesariusze.pl>).

- Our relations with the Tesco chain: very few companies in Poland engage in dialogue with business and social partners in keeping with the principles of socially responsible business, sustainable development and proper commitment. Larger companies appear to be more aware of such needs. Kompania Piwowska has chosen to work with Tesco, which it found to share the commitment to act fairly and responsibly. We do not limit ourselves to exchanging good practices in the area of environmental protection. We share similar social and educational concerns and jointly undertake related programs and initiatives. Thanks to our cooperation, Tesco customers could learn about the social and educational program Sprawdz promile (Check Your Blood Alcohol Level) and install a breathalyzer on their mobile. For more information on joint projects, refer to our website.

We expect that our business partners:

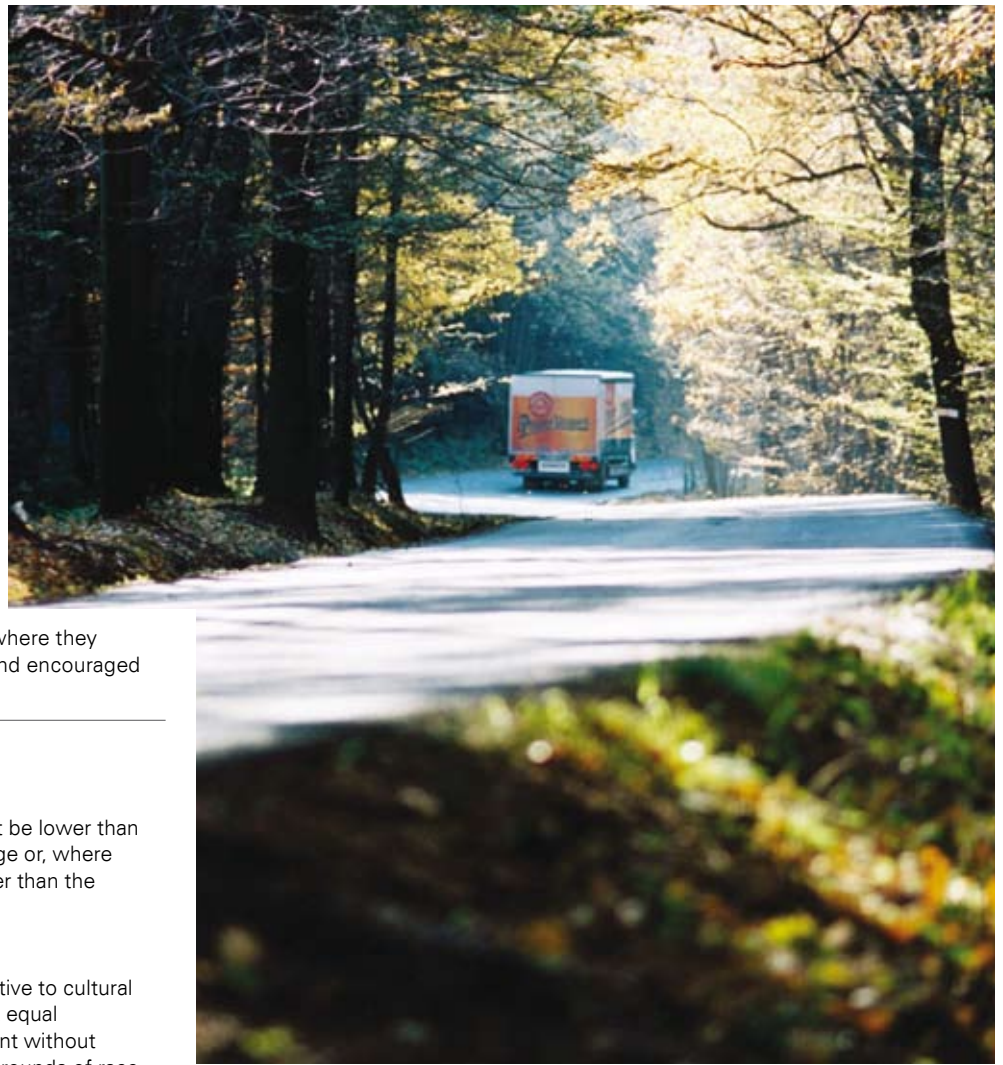
- embrace the principles of sustainable development in their operations,
- take on the challenge of creating a supply chain that reflects the values and commitment enshrined in the various sustainability aims adopted by Kompania Piwowska,
- share their ideas and experience.

It is rather rare for the academic and business communities to take an interest in responsible supply chain management (i.e. the kind of management that takes account of such economic, social and environmental issues as are essential for ensuring sustainable development). Such an approach is one of the most fundamental, critical and also the most complex elements of management. The way in which companies make their products, deliver their services and develop relations with their suppliers are central to CSR. Very few companies operating in Poland have put in place a system of sustainable supply management. All the more praiseworthy, therefore, are the efforts of Kompania Piwowska to approach their supplier relations maturely, professionally and also realistically – its specific solutions are tailored to reflect local realities. Large enterprises bear a particular responsibility in this respect as the sheer scope of their operations substantially increases their impact on the world. By approaching environmental, social and economic issues in a proper way, they are in a position to improve CSR standards in entire sectors, industries and regions.

Natalia Ćwik

Knowledge Management Officer
at the Responsible Business Forum





Supplier-related challenges

Responsible Sourcing Principles apply to all suppliers, no matter where they operate. High-risk suppliers need to be identified, engaged with and encouraged to improve their workplace practices.

Responsible Sourcing Principles

Business activities

Kompania Piwowska is committed to work openly and fairly with its suppliers, respecting contractual terms.

Working conditions

As a minimum requirement, occupational health and safety policies and procedures are to comply with local legislation or, where no such legislation exists, adhere to the standards of decent employment.

Employment

Forced or compulsory labour is prohibited. Workers must not be coerced to work, pressure is unacceptable.

Child labour

Under the conventions of the International Labour Organization, a child can only be employed if fully protected from any forms of exploitation, harm to morals, endangerment of physical safety, long-lasting endangerment of health and loss of educational opportunities.

Wages

Remuneration shall not be lower than the legal minimum wage or, where not regulated, not lower than the industry's average.

Diversity

While we remain sensitive to cultural differences, we expect equal opportunity employment without discrimination on the grounds of race, religion, gender or other arbitrary criteria.

Freedom of association

Constructive dialogue shall be maintained between workers and management. Employees will be allowed to associate in legal organizations.

Environment

Business partners shall be aware of and comply with local environmental laws and sensitive to any other environmental issues that may affect local communities and our Company.

With thousands of suppliers operating around the world, it would be unreasonable to expect that all are sensibly assessed for their compliance with the Responsible Action Principles. What is important, however, is to set priorities and focus on high risk areas and those parts of the supply chain where improvements can actually be made.

To assess the risks posed by a given supplier, one needs basic information about its enterprise and products, including:

- business name,
- a list of products supplied,
- country of origin for each of the supplied products (if no such information is available to you, obtain it from the supplier),
- sales figures.

In the case of low risk suppliers, we rely on a memorandum of understanding. The supplier is expected to sign such a memorandum to show it meets all of the requirements set out in the Responsible Sourcing Principles. The memorandum may be a separate document, a part of the agreement or a contract clause. The recommendation for medium-risk suppliers is to use a sustainable development self-assessment questionnaire. The supplier should fill it out to demonstrate it has adequate policies and systems in place to ensure compliance with the standards we require. High risk suppliers should undergo in-depth audits of conformity with the Responsible Sourcing Principles. All (100%) of Kompania Piwowska's significant suppliers have been checked for compliance with the Responsible Sourcing Principles.



Benefiting communities

A socially responsible company invests in local communities (corporate community investment) with which it naturally integrates. Its level of commitment depends on the scope of its operations, the objectives it sets, the standards it follows and the obligations it assumes in social dialogue. Well-thought-out actions are a guarantee of positive and lasting benefits for business and social partners, including NGOs and local communities.

As a Company which conducts its business responsibly, we recognize our role in society and benefit people.

Why have we made action for the local community our priority?

- By helping people, we build a happier society.
- People's health and well-being translate into business success.
- We support local communities because we recognize that a strong local business sector is conducive to business growth.
- We realize that our breweries and the local communities in which they operate are mutually interdependent. We aspire to support those communities.
- Our breweries create jobs, generate taxes and ensure investment for the benefit of the local community, which

is home to our workers, suppliers and consumers.

- Our purchasing decisions affect society and the environment. We use our purchasing power to develop our business and the local economy. The opportunities we create for small businesses operating around our breweries bolsters local communities and our Company.
- When small and medium-sized businesses flourish, the quality of health care and education improves and jobs get created. New opportunities arise for the residents and their family members.

Social investment also makes economic sense. The prosperity of the community and the company is interlinked. These relationships add further values such as new jobs, generation of taxes and excises for the benefit of the local communities where our employees, suppliers and customers live. Therefore Kompania Piwowarska is not only a major employer in a number of locations, but also an important local tax payer. Our employees are inhabitants of many Polish municipalities which derive revenues from their share in personal income tax paid to the state budget.

The facts

- Although the total number of people across the world living in extreme poverty has declined from 1.9 billion in 1981 to approximately 1.4 billion in 2005, Africa and the Middle East may see this number grow from 2010 to 2015.
- The UN has set the ambitious goals of stamping out poverty and improving social conditions throughout the world. The UN's eight Millennium Development Goals envision halving extreme poverty to curb the spread of HIV/AIDS and provide educational opportunities for young people.
- Robust economic growth is needed to achieve these goals. The UN relies on the private sector to stimulate the growth required for their accomplishment.
- Successful and growing companies tend to contribute more to the local, regional and global economy. Thus, the interests of businesses and society at large are interlinked.



*In August 2011, the Pobiedziska Association for Disabled Children and Youth ran its third project financed by the KP S.A. volunteer employee program named *Ekipa nie tylko od święta* (Come Rain or Shine). During our nearly two decades in operation, this is the first time we felt we were getting help without having to ask for it. The extraordinary thing about the support we are receiving from KP volunteers is that they commit personally. The Company has given its employees a remarkable tool for responding to real needs. The program is built to allow them to take the initiative. They identify local problems which are worthy of support and themselves propose how they can be tackled. We, NGOs, are given the role of advisors at the stage of need identification and are then taken on board to assist in deployment. What is invaluable for us in KP projects, as an NGO, is the personal relationship that develops between us and the volunteers. Respect and trust become very real. Come Rain or Shine gives us the faith that one can simply act.*



Małgorzata Halber
Chair of the Pobiedziska Association
for Disabled Children and Youth



The Tyskie Brewery is a brand name of our city in which we all take pride. What counts for me is that the Brewery provides employment to the residents of the city and the surrounding municipalities. As the Mayor of Tychy, I value the brewery for many reasons, not only financial. One of the Brewery's buildings houses the Municipal Museum, one of the town's key institutions which teaches the local community about the city and the region, as well as the Browarium, which is highly popular with visitors from Poland and abroad. The Brewery's building on Katowicka Street in Tychy has been recognized as one of the seven Architectural Wonders of the Silesian Region. It is for these and other reasons that I am happy to have companies such as Kompania Piwowarska and Tyskie Brewery contribute to creating the city's image.

Andrzej Dziuba
Mayor of the City of Tychy





For a number of years, Kompania Piwowarska has been benefiting local communities through projects which soon turned into standing programs. It supports society in education, health care, social exclusion, disabilities, culture, sports, promotion of culture, tradition and other areas. We also support charities and donate to various causes.

Our actions for local communities have not gone unnoticed. In 2011, Kompania Piwowarska was declared Benefactor of the Year 2010. In the 14th prestigious competition promoting charity in Poland, awards were given in four categories. Kompania Piwowarska was distinguished in one of them: "Strategic corporate social programs". The Competition Board rewarded it for effectively supporting non-governmental organizations and public institutions in long-term projects and, in particular, programs designed to benefit persons at risk of social exclusion and improve road safety.



Our social programs

The For What Its Worth (Warto być za!) social initiative

Since 2006, we have promoted the For What Its Worth program for assisting persons suffering from social exclusion as a result of falling into poverty. This social initiative has been targeted at the most needy who have been rejected by society or who are at risk of being marginalized. Placed at its core is a competition for public service organizations with Kompania Piwowarska funded grants offered to finance social projects. A side objective is to foster the growth of Poland's civic society by engaging in the work of local communities.

In the five program editions held thus far, 42 winning projects have been identified and awarded a total of PLN 5.5 million. The projects carried out within the program have been audited by KPMG. For What Its Worth has brought aid to ca. 12,000 end beneficiaries, most of them homeless, unemployed, children and adolescents from families at risk of being marginalized and disabled. Project proposals have been evaluated by experts who deal with social issues on a daily basis. The final decision, however, has been left to the public as everyone has been entitled to vote for their favourites. The program underpins a partnership between Kompania Piwowarska and the community of Polish non-governmental organizations. For further information, please visit the program website at www.warto.eu.



Come Rain or Shine Employee volunteer program

Kompania Piwowarska has been involved in voluntary work for 11 years now. One of the first voluntary initiatives was its Santa's Helpers' campaign in which employees were encouraged before Christmas to name a family to receive specially prepared gifts and personally present them to the beneficiaries. In time, the project turned into a year-round effort to help the needy in ways which extended far beyond Christmas gifts. The project has since evolved into the Come Rain or Shine program which allows any employee to engage in social work and help various organizations throughout the year, with Kompania Piwowarska facilitating and supporting the work with its funding. KP thus encourages its employees to do voluntary work, helping them to find new ways of self-fulfilment within the Come Rain or Shine program. The volunteering employees who are sensitive to the needs of others have come up with a wide range of projects in the fields of education, care, culture, art and sports. While people's needs take endless forms, there seems to be no fewer ideas for helping them! Everyone may join a team which proposes a project to support an NGO and they subsequently carry it out together. Everything depends on the



needs of a given organization and the creativity of KP employees. Voluntary work benefits both the Company and its employees. By engaging in voluntary work, employees can pursue their interests and acquire skills which may one day come in handy in their daily work. According to a study on voluntary work as a form of social capital, such work is essential for the state of society. In addition to such economic advantages as promoting the growth of cities and municipalities, there are also tangible health benefits.

The program is a way in which the Company encourages voluntary efforts and finances winning projects. It is targeted at Kompania Piwowska employees who wish to contribute their time, energy, kindness and abilities. In F11, 92 volunteering KP workers carried out 23 programs. They put in a combined 945 hours working with various organizations and institutions.

The Program offers a platform for those who help others out of the kindness of their hearts.

The total donations to social causes channelled through the Company's initiatives and programs amounted to **PLN 864 825** in F11.

Donations to local communities

The Company has been making donations to local communities. In this way, KP supports local health care organizations, foundations, fire brigades, police units and engages in charity work. KP has also used the donations to support its own employees through difficulties such as illness or fortuitous events.

Special measures

Kompania Piwowska's employees are always willing to help others. They do this in a variety of forms. Some of the efforts are spontaneous one-off measures which draw in many of us. We frequently collect clothing, food, books, holiday presents and aid flood victims and donate blood. Masz apetyt na pomaganie, pomóż Tosi (Feel like helping? Help Tosi) was a fund-raiser designed to finance a child's treatment and provide items to be auctioned off by the Great Orchestra of Christmas Charity. Postaw piwo (Treat us to a beer), which Kompania Piwowska organized on Facebook, had adult Facebook users treat others to a total of 512,000 bottles and cans of beer.

Fun has always been part and parcel of the Company's charity work, as in committing to donate one grosz per click to a given charitable cause. In the 21 days of the program, we raised PLN 5,121.78 which was then used to organize cod fishing for the blind persons associated with the Poznań Razem Club.

Donate 1% of payable tax

Every year, we encourage our employees to donate 1% of their tax liability to a public service organization. A list of the organizations selected by our employees is posted at all times on Kompania Piwowska's Intranet.

Employee voluntary work allows us to effectively help those in need, distinguish organizations of choice in their environment and get to know social activists, who are outstanding and highly valuable people and fully deserve being noticed, appreciated and backed. The wonderful thing about such work is that every Company employee, regardless of their post, is free to get involved. Support for organizations often provides the boost they need to take the first step towards change for the better and to gain hope for a better future. For us, KP's employee volunteer program is a source of tremendous satisfaction, an opportunity to grow, a chance to be creative, a leisure activity, a passion and a model to follow.

KP volunteers

Romana Tomczak, Magdalena Lewandowska,
Wanda Krugiolka, Grażyna Owczarek, Katarzyna Miazek,
Danka Wysocka, Aleksandra Wierzbicka.



Our partners:

Kompania Piwowska is a strategic partner of the Responsible Business Forum. By partnering with the Forum, we are in a position to promote responsible business and share knowledge with other companies. Every year, our practices are described in the Forum's good practice review.

12.0



*Contributing
to the reduction
of HIV/Aids*



HIV and AIDS are a tragedy for people suffering from the disease, their families and the whole society. The virus attacks the human immune system and gradually decreases the body's ability to fight diseases and infections. Infection by HIV may cause AIDS - a disease which is still incurable. Antiretroviral therapy may delay development of AIDS after HIV infection and can considerably extend the life expectancy of an infected person.

The disease is most common in Africa. 67% of all HIV carriers live there, however, the progress of the disease in other countries is a serious problem, too. The UN programme on HIV shows that as many as 60 million people have become infected with HIV since the onset of the epidemic. In Poland, 841 infections with HIV had been detected at the turn of 2011 and there were 99 AIDS cases and 16 deaths recorded. All the recorded cases have been verified according to the European AIDS definition, adapted to satisfy the needs of the epidemiological supervisory bodies.

Why is reduction of HIV and AIDS effects one of our company priorities?

- Being a responsible company, we work in the area of preventive medicine.
- We take care of our employees' health.
- An epidemic could have an adverse effect on our employees, endanger the supply chain and consequently weaken the community in which we operate.

What do we do in this area?

We take measures related to preventive medicine. As a part of their medical care, Kompania Piwowska employees can make use of free tests in health care centres run by Medcover, Centrum Medyczne LIM and LUX MED or use the national base of facilities performing tests, available on the website of the National AIDS Centre. Apart from this, our task is to monitor the number of people infected with HIV in Poland. During the annual World AIDS Day on the first of December, we inform employees on the risks and preventive measures on an ongoing basis. Kompania Piwowska has also joined the educational action, reminding employees of the risks related to HIV and AIDS and providing them with the most recent data on the situation in Poland and in the world.

Why is reduction of HIV and AIDS effects important?

- The key is to understand the issues related to HIV and AIDS and methods for protection against the disease. That will help to prevent the disease spreading.
- Also, regular tests are important, as they make it possible for infected people to get faster access to treatment.
- Those people, families and communities that are most threatened by HIV infection live in countries where a high occurrence of the disease has been recorded.

HIV has been present in Poland for 25 years. AIDS has been known since the very beginning to be transferred through the contact of blood or secretions from the sexual organs with an open wound or mucous membrane. For many years, HIV tests have been available, which are performed free of charge and anonymously. Mostly people aged 20-29, often with a university education, are infected. So, why are over half of the infected people in Poland unaware of their infection?

*Young people continue to take the risk, even though performing an HIV test or using a preservative for all sexual techniques would suffice to prevent the infection. Each year we find over 800 new infections, which corresponds to at least 2 people per day. Only a small proportion of Poles have ever had an HIV test. **And you?***

Magdalena Ankiersztejn-Bartczak
President of the Board,
Social Education Foundation



13.0



Transparency and ethics





Due to the global access to information, everybody can check companies operating both in global and local markets.

At present, not only companies listed on the international or national stock exchanges are obliged to provide reports and information on their business activities. Companies face higher and higher requirements and one of them is to issue reports on sustainable development.

Stakeholders show growing interest in the topic and carefully observe company activities. Pressure exerted by society can be more effective than government intervention. If consumers are dissatisfied, global communications can easily affect the opinion of a company and its brands. Therefore, companies should maintain transparent communication of their activities and high ethical standards in their commercial operations.

Also investors are not indifferent to companies showing exceptionally high levels of business responsibility. Indices of socially responsible companies, developed by the global stock exchanges play a growing role – e.g., FTSE KLD 400 Social Index, Dow Jones Sustainability Index or the Polish stock exchange index - RESPECT Index. CSR indices represent a specific value, calculated on the basis of an appraisal of shares of companies characterised by high standards of social responsibility. The approach to business social responsibility has been changing, which results, among other things, from the changes taking place in global markets. Experts particularly stress the fact of group responsibility of companies throughout the delivery chain. That results not only in the necessity to initiate common actions for sustainable development but also intersectoral collaboration: government – business – NGOs

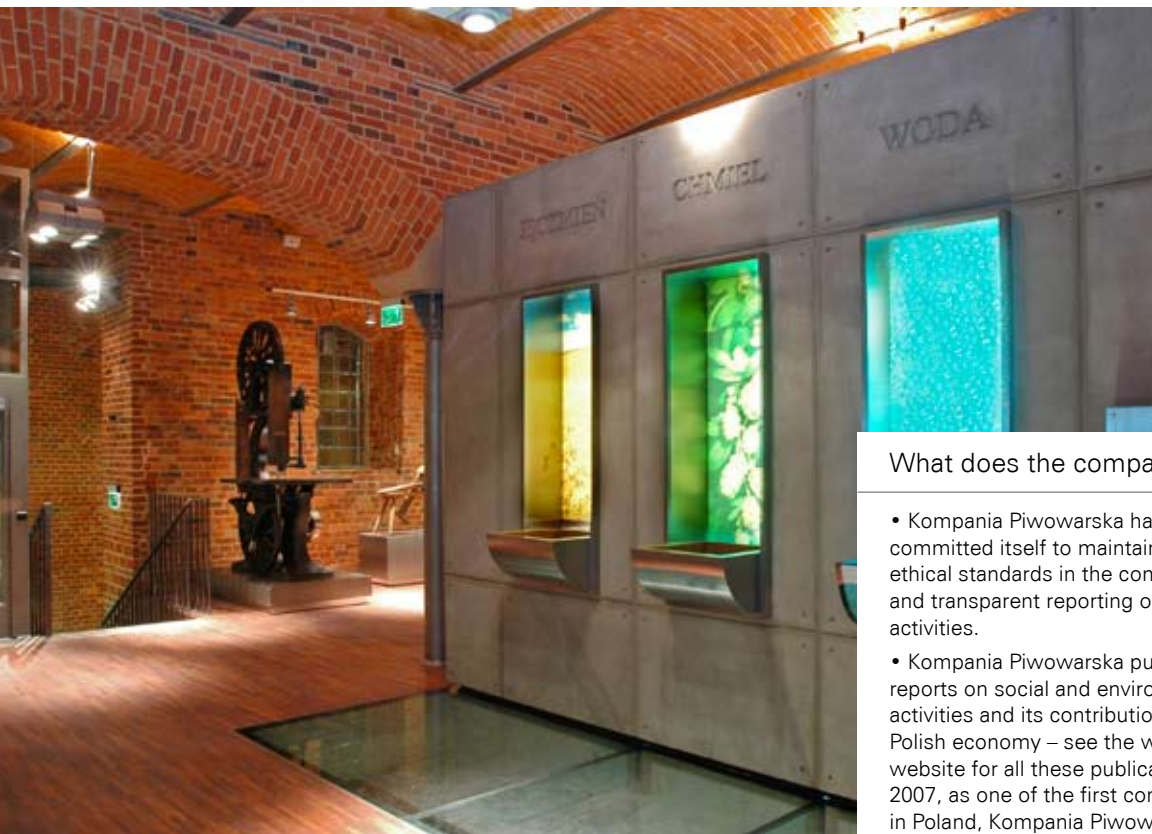
In many countries the concept of socially responsible investing (SRI) is gaining in importance, which consists in investing private or corporate financial means on, e.g., shares of companies of high CSR standards or on units/certificates of ethical or environment-friendly investment funds. The traditional analytical methods based on financial indices are supplemented by responsible investors with indices related to social, environmental and corporate governance. Such an integrated analysis is perceived as a more effective manner of risk management, allowing for early identification of new, attractive investment areas, and increasing the social-ethical value of pension plans or investment funds, making them more attractive, particularly to private participants. Thus, the important point is that companies should reliably communicate their achievements in the field of CSR, first of all through reporting the effects of their activities in a measurable, comprehensive and transparent manner.

Izabela Blazowska,

Editor-in-Chief

odpowiedzialne-inwestowanie.pl
website



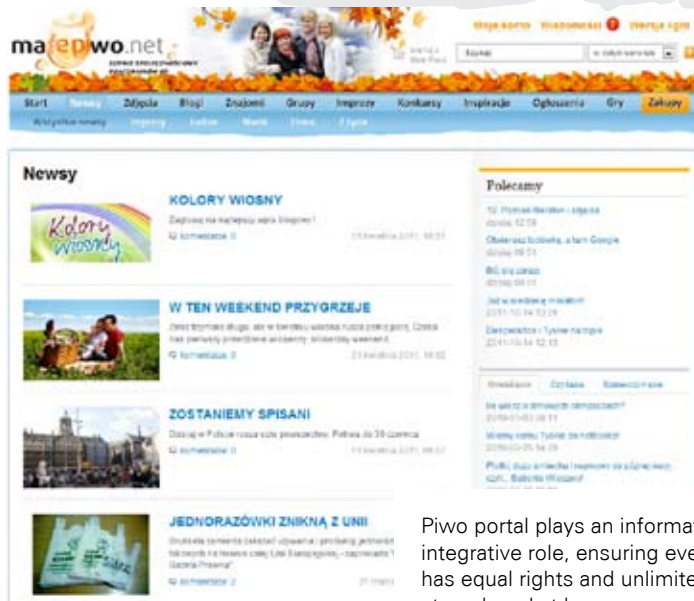


What does the company do in this field?

- Kompania Piwowska has committed itself to maintain high ethical standards in the company and transparent reporting on company activities.
- Kompania Piwowska publishes reports on social and environmental activities and its contribution to the Polish economy – see the www.kp.pl website for all these publications. In 2007, as one of the first companies in Poland, Kompania Piwowska published an Environmental Report.
- Anonymous hotline, e-mail or direct contact make it possible for every employee to report unethical behaviour to the Ethics Chairman.
- The sales and financial results of Kompania Piwowska are published on the website.
- Kompania Piwowska has published a Code of Ethics which applies to all company employees and partners cooperating with the company. The basic principles of the Code of Ethics include fairness and openness, responsibility, justice, mutual respect and respect for dignity. See www.kp.pl for an abridged version of the Code.
- Kompania Piwowska measures and monitors its business activities with the SAM matrix (Sustainability Assessment Matrix) every six months. The Matrix results for the last financial year have been published on our website
- KP partners, journalists and financial analysts have constant access to information on the company thanks to the extended website www.kp.pl.
- Journalists and analysts may also make use of the KP virtual press office, which delivers responses to all questions on the company and its products.

Why is transparency of information on the progress in activities for sustainability one of our company priorities?

Transparency of information underlies our approach to sustainable development and business. Our customers want to know whether our beers are of very high quality and drinking them is safe. Our employees want to work in a company which is fair and socially responsible. Our suppliers want fair relationships, and the communities in which we operate want to be sure that we act such that we do not threaten their quality of life or the environment. We cooperate with a number of NGOs, and our mutual relations are based on trust and fairness. All of us benefit from a culture of openness and fairness. If someone poses a question concerning the company, he or she expects a frank response, so the task of every company is to provide accurate information. Every company should care about this in order to maintain the company's reputation and decent relations with stakeholders.



- Consumer hotline and forms on www.kp.pl
- The company gets closer to its customers through its Facebook profile and YouTube information channel.
- Kompania Piwowska invites the public to its factory tours in Poznań and Tychy where it presents the secrets of brewing to guests. Thanks to the factory tours, every consumer can see how beer is manufactured in a brewery, as we show them round real, fully operational production lines See www.zwiedzaniebrowaru.pl or www.tyskiebrowarium.pl for more information on the tours. Only for persons of 18 or over!
- Company employees have full access to information about the company and its products, they are also briefed on the measures taken, important decisions concerning the company and themselves through a range of communication tools.
- Kompania Piwowska has created a social portal for its employees www.malepiwo.net, which is an innovative communication platform. The portal allows for a rapid flow of information among employees and company management. The Male

Piwo portal plays an informational and integrative role, ensuring everybody has equal rights and unlimited access at work and at home.

- Kompania Piwowska organizes a Road Show, which is a biannual meeting of employees with Board representatives, during which SABMiller and Kompania Piwowska's results are presented. That is also a time for dialogue and open questions posed by employees.
- "Świat Piwa" – the internal newspaper of Kompania Piwowska (since 1999), the bimonthly "Świat Piwa" provides reliable information on what is going on in the company, its departments and surroundings. In contrast to Male Piwo, it deals with more official communications. The Editorial Team is composed of employees from different company departments.

The scale of communication development corresponds to its openness and transparency. In Kompania Piwowska we attach considerable importance to communication, both that addressed to the media and through them to consumers, communities and officials, and that addressed to company employees. We develop our external communications through media relations, however, our activity on the net plays a growing role – the social media allow us to address our messages directly to consumers of our beers or prospective employees. Due to the direct and immediate exchange of information, that media type poses a considerable challenge in terms of organisation and repute, however, it provides immense potential for unlimited contact and responses to the questions and comments of interested parties. We reach our company employees both via printed materials and electronic channels, and through tools providing indirect contact and exchange of opinions with employees. The former include: the internal magazine "Świat Piwa", bulletins, mailings, "KP Info", Intranet, posters and bulletin boards. They provide an opportunity to conduct planned and structured communication activities. Instruments that directly support indirect, rapid exchange of opinions and information among employees of different departments and also between employees and company management include biannual meetings with representatives of the management board, Intranet chatting and the newest KP communication tool – the portal for employees, Male Piwo. That last one has both the features of a communication tool and a social medium, supporting interdisciplinary contacts among employees and their bond with the employer.

Wojciech Mrugalski
Communication manager



About the report

The sustainability report of Kompania Piwowska includes data covering financial year F11 and concerns the activities of Kompania Piwowska SA, including the Management Board Office in Warszawa, three breweries located in Białystok, Poznań and Tychy and 14 branch offices – distribution centres.

Methodology

In 2008, the company published a social report according to the company's own reporting system. The above report was prepared for the first time with the use of the international standard Global Reporting Initiative (GRI). Thus, Kompania Piwowska SA is the first brewing industry company in Poland which has based the report on social responsibility along GRI guidelines and which has adopted the annual reporting cycle. The above report has been compiled in line with the Global Reporting Initiative G3.1 standard, application level B.

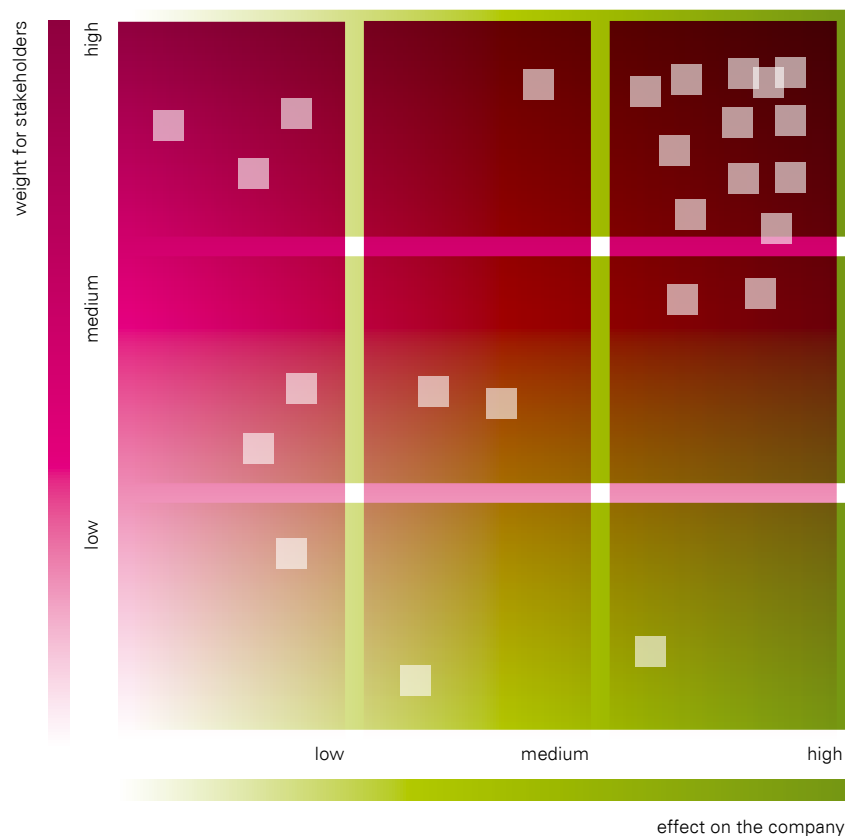
Global Reporting Initiative is an international non-profit organization, which develops and guards the standards of reporting business social responsibility.

See other reports:
www.kp.pl/pol/files/odpowiedzialnosc/odpowiedzialnosc_spoleczna_kp1.pdf

Process of report development

This report has been developed by employees of Kompania Piwowska representing different departments. Their work was supported by an outside consulting company, namely CSRInfo. The greatest challenge that the report preparing team faced was the selection of the most important issues which should be covered with the report. First, the team compiled a preliminary list of issues related to the company's impact within the context of sustainability. While compiling the list, the company strategies and policies, including 10 Priorities for Sustainable Development, the previous reports, SABMiller's requirements, questions which are important to the industry and the economic environment affecting KP, trends and survey results were taken into account. During the workshop, the list was extended by employees representing various company departments. At the same time, we collected data on the KP stakeholders' expectations and issues they were dealing with, as a result of the various forms of their engagement. The next step consisted in an analysis and prioritisation of the collected material, which was carried out during a workshop attended by employees representing different company departments. As a result, the list of key topics was compiled for Kompania Piwowska which were covered in the report. They include: questions related to greenhouse gas emissions; care of water resources, including usage of water in manufacturing processes and wastewater management; issues related to employment stability and the potential for development; brand image and responsible marketing communications, including creation of a favourable image for beer and consumption patterns; company financial outcomes; prevention against irresponsible beer consumption, carrying out activities mitigating social consequences of alcohol consumption and continuation of cooperation under "Check your BAC", observing basic human rights; corruption; cooperation with suppliers and communication with consumers and honest competition, and aspects related to product quality.

Prioritisation of the Kompania Piwowska issues



Questions concerning this Kompania Piwowska sustainable development report should be addressed to:
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 Sustainable Development Manager
 tel. +48 32 32 78 415,
 e-mail: malgorzata.waledzinska@kp.sabmiller.com



GRI Content Index

Indicator	GRI G3 Guidelines	Reporting scope	Reference in the report
Strategy and Analysis			
1.1	Statement from the most senior decision maker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy.	Complete	5
1.2	Description of key impacts, risks, and opportunities.	Complete	5,13,19-21
Organizational Profile			
2.1	Name of the organization	Complete	6
2.2	Primary brands, products, and/or services.	Complete	8-9
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	Complete	7
2.4	Location of organization's headquarters.	Complete	72/cover
2.5	Number of countries where the organization operates	Complete	7
2.6	Nature of ownership and legal form	Complete	6-7
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Complete	7
2.8	Scale of the reporting organization	Complete	7
2.9	Significant changes during the reporting period regarding size, structure, or ownership	Complete	68
2.10	Awards received in the reporting period	Complete	14-15
Report Parameters			
3.1	Reporting period	Complete	68
3.2	Date of most recent previous report (if any)	Complete	68
3.3	Reporting cycle (annual, biennial, etc.)	Complete	68
3.4	Contact point	Complete	68
3.5	Process for defining report content	Complete	68
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers)	Complete	68
3.7	State any specific limitations on the scope or boundary of the report.	Complete	68
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	Complete	68
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the indicators and other information in the report.	Complete	68
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g. mergers/acquisitions, change of base years/periods, nature of business, measurement methods)	Complete	68
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Complete	68
3.12	Table identifying the location of the Standard Disclosures in the report.	Complete	69-70

Governance, Commitments and Engagement			
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	Complete	10-11
4.2	Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement)	Complete	10
4.3	State the number of members of the highest governance body that are independent and/or non-executive members (applies to organizations that have a unitary board structure).	Complete	10
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	Complete	10,25,67
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	Complete	10
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	Complete	10
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.	Partial	10
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	Complete	16-17
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles	Complete	10,19,22
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance	Partial	10
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Complete	19, 35
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	Complete	16-17, 19
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations	Complete	7, 35
4.14	List of stakeholder groups engaged by the organization	Complete	25
4.15	Basis for identification and selection of stakeholders with whom to engage	Complete	25
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Complete	25
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting	Complete	20-21, sections 4.0-13.0
Management Approach			
	Management approach – economic indicators (EC)	Complete	12-13
	Management approach – environmental indicators (EN)	Complete	20-24, 37, 42, 48, 51
	Management approach – social indicators linked to labour practices and decent work (LA)	Complete	20-24, 26-27
	Management approach – social indicators linked to respecting human rights (HR)	Complete	20-24, 26-27
	Management approach – social indicators (SO)	Complete	20-24, 57
	Management approach – social indicators linked to product responsibility (PR)	Complete	20-24, 34-35
Economic Indicators			
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of organization	Complete	52-53
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Complete	60-61
EC9	Understanding and describing significant indirect economic impacts, including the extent and scope of impacts (Additional)	Complete	13

Environmental Indicators			
EN1	Materials used by weight or volume.	Complete	9, 38
EN3	Direct energy consumption by primary energy source	Complete	44
EN8	Total water withdrawal by source.	Complete	38
EN10	Percentage and total volume of water recycled and reused. (Additional)	Partial	40-41
EN16	Total direct and indirect greenhouse gas emissions by weight	Complete	44
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved. (Additional)	Partial	44-45
EN20	NOx, SOx, and other significant air emissions by type and weight	Complete	44
EN21	Total water discharge by quality and destination	Complete	38
EN22	Total weight of waste by type and disposal method.	Complete	52
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	Complete	Sections 6.0-9.0:
EN27	Percentage of products sold and their packaging materials that are reclaimed by category	Complete	49
EN29	Significant environmental impacts of transporting products and other foods and materials used for the organization's operations, and transporting members of the workforce. (Additional)	Partial	45
EN30	Total environmental protection expenditures and investments by type.	Partial	39, 44
Social Indicators Labour Practices and Decent Work			
LA1	Total workforce by employment type, employment contract, and region.	Complete	27
LA2	Total number and rate of employee turnover by age group, gender, and region.	Partial	27
LA4	Percentage of employees covered by collective bargaining agreements	Complete	27
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities by region	Complete	27
LA8	Education, training, counselling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	Complete	63
LA10	Average hours of training per year per employee by employee category.	Complete	30
LA12	Percentage of employees receiving regular performance and career development reviews	Complete	31
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	Complete	10
Social Indicators Respecting Human Rights			
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken	Complete	57
Social Indicators Society			
SO5	Public policy positions and participation in public policy development and lobbying.	Complete	17
Social Indicators Product Responsibility			
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	Complete	9, 35
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	Complete	34-35
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	Complete	34-35



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