



Pilsener Prazdroj



Sustainable Development Report

2013

Ten Priorities. One Future.



Making a difference through beer



A subsidiary of SABMiller plc



Foreword



In our company, we firmly believe that we can only conduct our business successfully if we manage to align our business interests with the expectations of our consumers, customers, suppliers and people from the regions where we operate. Therefore, a fundamental part of our approach focuses on building good relationships with others, supporting our partners' business and using natural resources effectively.

For us, the rich history of the Plzeňský Prazdroj company is a source of pride and a commitment to sustainable, successful and responsible business conduct in the long-term. And this is what our company seeks to achieve in all areas of its business activities. Since 2006, our company has linked its responsible approach to the ten priorities shared across all breweries within the SABMiller group worldwide and through which we fulfil our vision. Not only are the sustainability principles included in our strategy but they are also an inseparable part of our daily work, where we seek to implement the principles in everything we do.

An overview of how successful we have been in achieving our plans and visions related to the individual priorities, and through which activities specifically, is presented to you below.

I truly believe that you will find this report interesting and inspiring to read.

Paolo Lanzarotti



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Discouraging Irresponsible Drinking

Discouraging Irresponsible Drinking

Our Position

Czech beer and the brewing industry have a long tradition in our country, form an inseparable part of Czech culture and have won renown the world over. Beer in the Czech Republic is one of the most popular beverages contributing to the enjoyment of life for the majority of people who drink responsibly.

As a major producer of beer Plzeňský Prazdroj is also a national symbol, a source of Czech pride and a significant contributor to the national economy. The company has also gained its reputation through its responsible business approach, part of which is its leading role in promoting a responsible approach to the consumption, presentation and sale of alcohol.

While drinking alcohol is a matter of each adult's individual choice and responsibility, we believe that people should receive accurate and balanced information so as to make the right decisions. We seek to bring this about in our business practice. Plzeňský Prazdroj is involved in promoting the responsible consumption of alcohol. We are one of the founding members of the Responsible Brewers Initiative, which aims to support and promote the responsible consumption, sale and marketing of alcohol and through this create effective self-regulation of commercial communication in the Czech beer industry.

We believe that all our self-regulatory activities related to promoting responsible consumption can positively influence the awareness and understanding of this issue, and that the further development of these activities can help achieve a change of behaviour associated with irresponsible drinking of alcohol

How do we promote a responsible approach to beer consumption?

The principles of responsible commercial communication

We believe that the only good marketing for our product is responsible marketing and therefore we follow our code of ethics, which is much stricter than current legislation. This code regulates all our commercial communications, whether these be in the press, on television or radio, or in outdoor and digital advertisements. Our core principles include targeting our marketing activities only at those over

the age of 18, not encouraging or displaying excessive alcohol consumption or drink driving.

In digital communication we have applied several new rules to the code of ethics this year*. We believe that digital communication is an important source of information and a modern way for people to communicate with each other. We therefore seek to use these channels responsibly in our marketing communication. Visitors to our websites or profiles of our brands in social media will find there some self-regulatory activities, for example the age check on entering or filtering content for persons younger than 18.

Responsibility message

An important part of our commercial communication have been messages discouraging irresponsible drinking. We alert our consumers to the most serious forms of irresponsible alcohol consumption via three responsibility messages. The message “Don’t drink and drive” (literally: “No alcohol behind the wheel”) along with a link to the page www.napivosrozumem.cz (Czech version of talkingalcohol.com) was the key text used in all our commercial communications last year*. Another message is “For people over the age of 18 only”, drawing attention to the fact that by law, alcohol can only be consumed by persons over the age of 18. The third message is “Pregnant women should not drink alcohol” by which we point to the possible risks associated with consuming alcohol during pregnancy.

ALKOHOL ZA VOLANT NEPATŘÍ
www.napivosrozumem.cz

POUZE PRO STARŠÍ 18 LET
www.napivosrozumem.cz

TĚHOTNÉ ŽENY BY NEMĚLY PÍT ALKOHOL
www.napivosrozumem.cz

Based on SABMiller’s commitment to the European Alcohol and Health Forum, we place these three messages on all the product packaging of Plzeňský Prazdroj. We vary the responsibility messages texts by type of packaging –we place the message “Don’t drink and drive” on bottles, the message “Pregnant women should not drink alcohol” on can packaging, and the text “For people over the age of 18 only” is shown on PET bottles. Results from research into awareness of our responsibility messages shows that people really do notice them. Almost 34% of respondents in the Czech Republic stated that they have noted the responsibility messages and are able spontaneously to recall at least one of them. The percentage of respondents familiar with the responsibility messages when guided by questions was much higher (82%). The message most commonly remembered by respondents is “Don’t drink and drive.”

We have now begun to use responsibility messages on the websites for all our brands, where the three messages rotate on an ongoing basis, and in social media, that is, on our brand profiles on Facebook, Twitter, YouTube etc. We do not allow access to these platforms for those under the age of 18.

Within SABMiller’s commitment to the European Alcohol and Health Forum we have continued to uphold the so-called transparent limitation of access by minors to alcohol advertising on television, the Internet and elsewhere. We have increased our original 70:30 undertaking to 75:25, meaning that

commercial communication of our brands and all related activities will address a minimum of 75% of the adult population. This undertaking is monitored by an independent third party.

Training employees and marketing services providers

As a responsible beer producer, Plzeňský Prazdroj follows strict ethical rules that go beyond current legislation. The principles that we apply in marketing communications and in our approach to the sale of beer are taught regularly to all our employees. We also require our key suppliers to comply with our Code of Commercial Communication. All new employees and marketing services providers have completed a comprehensive training course on the application of our rules, particularly those defined in the Code of Commercial Communication.

Sales & Marketing Compliance Committee

Since 2009, the Sales & Marketing Compliance Committee has been instituted to approve all commercial communications and to monitor compliance with the Code of Commercial Communication. The Committee is led by an independent chairman, the executive director of the Czech Advertising Standards Council JUDr. Ladislav Šťastný. Last year no substantiated complaint was submitted by consumers or other organisations against the commercial communication of our brands or commercial messages and activities involved in their sale.



“In my statement last year I appreciated Plzeňský Prazdroj’s ability to effectively eliminate in its commercial communications those elements and means of expression which would cause this communication to transgress the ethical norms set forth by law or in the Code of Advertising. This internal system functions perfectly and there is nothing about my opinion that needs changing. The Czech Advertising Standard Council’s Arbitration Committee found no need to settle any complaints by consumers or competitors. PP’s commercial communications remain, in the words of the Code of Advertising, true, honest, fair and decent. Together with other entities, the Advertising Council is currently preparing documents which seek to put forward convincing arguments against other proposed regulatory measures in advertising for alcoholic beverages, including beer. I believe that, as previously, it will be possible to find an acceptable balance among the interests of the parties involved, particularly as concerns customer satisfaction.”

Ladislav Šťastný, Executive Director of the Czech Advertising Standards Council

Cooperation within the brewing industry

We are active in the working group Responsible Brewers Initiative among the Czech Brewers and Maltsters Association, and participate in shaping an ethical environment in the brewing industry. As a member of the Czech Brewers and Maltsters Association we also adhere to the Association's Code of Ethics and actively participate in joint prevention programs, such as "When I drive, I drink non-alcoholic beer."

Projects implemented

K-LEE-DECK and Promile INFO

Plzeňský Prazdroj has been supporting the civic association SANANIM's Promile INFO drink-driving limitation project since 2006. Promile (permille) INFO messages via SMS, the Internet and mobile applications inform drivers about the approximate level of residual alcohol in their blood.

Last year* saw the introduction of the quiet zone K-LEE-DECK, which we developed with SANANIM, at music festivals. Promile INFO was thus able to move directly to the blue tents of the quiet zone at the Pilsner Fest and the Radegast Day.

The K-LEE-DECK zone follows the example of the quiet zones at festivals abroad. It is a space in which visitors can enjoy the quiet and make use of services for their greater security. There is expert counselling on alcohol consumption, space where everyone can relax and let off steam, and take a free breath alcohol test. The zone's aim is to offer visitors a comfortable space and a chance to reflect on the fact that it is the individuals themselves who can do most for their own safety – for example through responsible alcohol consumption. According to the experience of experts, the service's expansion to the quiet zone was essential and justified.

"The K-LEE-DECK zone, which we run together with Plzeňský Prazdroj, is a unique project which allows people at festivals to relax and also to talk with experts about what drinking in moderation means and what the rules for responsible consumption are. Breath alcohol tests are also available, meaning that festival-goers can check before travelling by car whether they are fit to drive, or if not, when they will be able to drive again."

Josef Šedivý, SANANIM civic association representative



Since 2013 we have also used the quiet zone as a space to raise the issue of alcohol consumption by minors. Promotional materials such as "Why don't we serve minors?" have been prepared together with independent experts and are addressed chiefly to adults in an attempt to change their tolerance to underage drinking.

As every year, festival visitors were able to check free of charge the alcohol level in their blood using professional alcohol testers. This service was used by 6,736 festival visitors. Up to 2,400 alcohol testers were distributed to those interested. The Promile INFO information stand was available to visitors at 16 festivals last year*, either separately or as part of the K-LEE-DECK tent.

Applications for smart phones

The Promile INFO application has worked for smart phones with iOS or Android since 2011. Last year* the application was downloaded by 23,000 users and the calculation of alcohol residues was performed 263,358 times. The application can be downloaded free of charge at the website www.napivosrozumem.cz, or on Android Market and App Store.

Download mobile 'alculator' Promile.INFO for smart phones (in Czech) ►

"For us, our long-term cooperation with Plzeňský Prazdroj represents an opportunity to work on an entirely unique project and is a way of teaching us to be more effective and flexible as an organization. To embark upon a project with people from a large company was at the beginning certainly demanding both for us and our partners, but I think that our cooperation is mutually beneficial now."

Jiří Richter, SANANIM civic association Executive Director

Napivosrozumem.cz

Last year*, there were over 37,240 unique visitors to the www.napivosrozumem.cz site (Czech version of talkingalcohol.com). The website among other things includes an on-line counselling forum where those interested can ask questions on alcohol and its consumption or draw on information in questions previously answered. Experienced professionals respond to the questions. In the section "An Expert Advises," Professor Tomáš Zima, DrSc, Dean of Charles University First Faculty of Medicine, disproves the myths connected with alcohol and Dr. Miluše Sadílková writes about foetal alcohol syndrome. The section also includes advice from several other renowned experts.

The website also contains a useful map designating the Aid Centres and on-line counselling with a list of experts who are available to answer questions. There is also a comprehensive test which assesses the degree of alcohol use of each visitor according to answers provided. The Promile.INFO Alculator (or alcohol calculator) is also available.

Non-alcoholic beer Birell

Our product portfolio also includes the non-alcoholic beer Birell. The purely natural drink is not only suitable for people on the go, but also as an alternative to beers or beer mixes in situations where it is not possible to consume alcohol.

The Birell brand has expanded its product family, so in addition to Pale Birell, there is Semi-Dark Birell and two flavoured variants of the brand – Birell Lime&Raspberry and Birell Lemon&Pomegranate. With these innovations, the brand has won new consumers, who choose a refreshing, non-alcoholic drink without preservatives, artificial sweeteners and artificial colourants, a drink whose nutritional values are suitable not only when driving but also in free-time activities. Birell is the long-term partner of many cycling events focusing particularly on amateur and so-called hobby riders. It also supports other events and meetings of people who spend their free time in activities such as in-line skating, jogging, hiking and so on.

To support responsible behaviour when driving and to encourage drivers to choose the non-alcoholic variant of their favourite beer when they drive, we have dressed the trucks and vans that distribute Birell in the brand's visuals and included a reference to the napivosrozumem.cz website.

When I drive, I drink non-alcoholic beer

We are active members of the Czech Brewers and Maltsters initiative named “When I drive, I drink non-alcoholic beer,” supported by the Czech police during road-safety campaigns. During these events, drivers are informed about the problems of drinking and driving, and those who behave responsibly are rewarded. Every driver who has a negative breath test will receive a non-alcoholic beer and an alcohol tester as a reward. The Birell brand has been actively involved in this event for three years and provides its own products to reward drivers. In the 2012 campaign a total of 5,644 drivers were tested. Birell made a contribution in four regions – Central Bohemia, Pilsen, Karlsbad, and Moravia & Silesia.

As part of the campaign “When I drive, I drink non-alcoholic beer,” we play an active role in events organised by the Czech Brewers and Maltsters Association. In these events drivers can test how alcohol affects their behaviour using special glasses which simulate the physiological consequences relating to a blood alcohol content up to two permille. With the so-called drunk glasses users can practise opening a car's doors, distinguishing traffic signs, how to walk along a straight white line etc.



Respect 18

To shape a tolerant approach to the consumption of alcohol by minors and support the limitation of the sale and serving of alcohol to minors. This is the goal put forward by the City of Pilsen, Plzeňský Prazdroj and the Drug Prevention and Therapy Centre, in their joint campaign ‘Respect 18’. Plzeňský Prazdroj plays a key role in this pilot project as it is the campaign's main initiator and contributes greatly to its production.

The Respect 18 project is aimed at professionals, staff in pubs, bars, restaurants or kiosks and the wider population, parents of children, friends and acquaintances of minors, and those already over 18 who either tolerate consumption by minors or themselves facilitate it. The young are thus only an indirect target group.

The project got off the ground in a debate with professionals on this theme in the Pilsen region. The debate was organised at the initiative of Plzeňský Prazdroj with the aim of properly setting up the whole campaign and outlining its focus areas. The Pilsen Municipality has addressed this very matter over the years within its Safe City project, and hence welcomed this project.



“The prevention project to reduce alcohol consumption by the young is a response to the statistics on such consumption from a study among schools in Pilsen. We would like to influence this situation positively and later share our experiences with other towns in the Czech Republic. The discussion with professionals considered possible measures in the prevention of alcohol consumption by minors in our city,”

said **Robert Houdek**, member of the Pilsen City Council

In addition to the public debate in Pilsen, we also supported the questionnaire research among professionals working in pedagogy, psychology, social work, counselling and therapy. The questionnaire was completed by 72 respondents and was designed to map their professional experience when it comes to access to alcohol and its consumption by minors. This served as the initial data for the whole campaign.

A ticket for two beers

Together with Pilsen public transport, Plzeňský Prazdroj made it possible to travel free of charge after consuming two draft Gambrinus beers in selected Pilsen restaurants. This preventive action took place regularly every Tuesday in the summer. The project's purpose was to encourage responsible consumption of beer without worrying about the journey home and to emphasise the importance of not driving under the influence of alcohol. A stamped receipt for two draft beers served as a ticket for one person for public transport in Pilsen valid for one hour from printing.

"With the "Drinking Smart" event, Plzeňské městské dopravní podniky, a.s. (Pilsen public transport) wanted to make it possible for visitors to selected restaurants to enjoy their journey home without worrying about a travel document. In cooperation with Plzeňský Prazdroj we wanted to appeal to people's sense of responsibility and point out that the wide network of public transport in Pilsen is prepared to get everyone home safely,"

said **Kateřina Fránová**, marketing specialist at Plzeňské městské dopravní podniky, a.s.



Objectives up to 2015

We will continue to promote a responsible approach to alcohol consumption and promote education and prevention projects such as Promile INFO together with the K-LEE-DECK quiet zone. We will focus more on programs to prevent the sale to and consumption of alcohol by minors and will share experiences from the Respect 18 pilot project with other regions. We will consistently apply responsible commercial communications and ensure that our marketing activities are not addressed towards minors, do not encourage excessive consumption of alcohol and that all our commercial communications include the responsibility message. The public will also be informed via (but not limited to) the website www.napivosrozumem.cz and representatives of agencies and our employees will continue to be educated in the field of commercial communication and the use of alcohol in the workplace. Every year we will renew and fulfil our commitments to the European Alcohol and Health Forum, work closely with our key partners and experts in shaping the ethical environment in the brewing industry, and actively participate in the working group Responsible Brewers Initiative at the Czech Brewers and Maltsters Association.



Making more beer using less water

Our position

We respect nature and believe that we must use natural resources efficiently. With water this is even more true. After all, it is the most precious liquid both for humans and for the brewing industry. We are aware of the need to maintain a balanced water cycle in nature and to preserve the quality and capacity of water resources, not only for us, but also with regard to the needs of future generations.

How do we minimize water usage?

Internal studies conducted by SABMiller have indicated that Europe is a region potentially at risk of water shortages. When we do not use water sparingly, it is not just a threat to the future existence of every human being but also for us as brewers. Water constitutes approximately 95% of beer. Since the late 1990s, under the slogan „More beer, less water,“ we have been systematically reducing the amount of water used in and beyond the production process.

Last year*, our total water consumption amounted to 3.33 hl per 1 hl of beer produced, and in the Radegast brewery we crossed the magical 3 hl line by reaching the figure of 2.91 hl. Our goal is to maintain the high quality of our beers while continuing to minimize our water ratio. The Europe-wide target is to reach 3.2 hl of water per 1 hl of beer by 2015. The feasibility of achieving this goal is based on utilizing our own water resources without having a negative impact on the environment, applying the latest technology which involves minimal use of water and continuously searching for new opportunities of reducing water consumption. Our effluent management is yet another proof of our considerate approach to the environment.

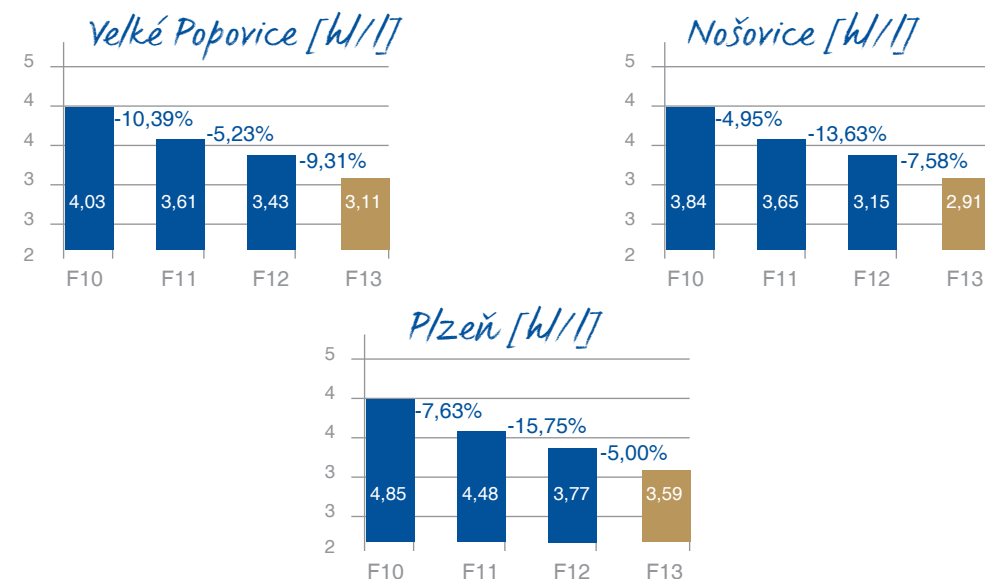
Last year*, we successfully implemented a large number of projects aimed at saving water, which were initiated by our employees, such as operators, maintenance staff, heads of production areas, process engineers and specialists.



*Making more beer
using less water*

Water usage in our breweries

In all of our breweries, we achieved significant water savings in beer production. The target for the previous period was 3.92 hl of water to produce 1 hl of beer. We managed to reduce the average ratio to 3.33 hl of water per 1 hl of beer produced.



Projects implemented

Water recycling in the membrane filter plant at the Pilsen brewery

One of the Pilsen brewery water saving projects designed to reduce the ratio to 3.68 hl per 1 hl of beer was the "Norit Filtration Water Recycling" project. This is an ultrafiltration plant which uses a special type of membrane to remove suspended solids, turbidity and microbiological impurities (bacteria, viruses, pathogens) from polluted effluent. The rate for trapping bacteria and viruses is 99.9 % and the removal of turbidity and quality of the filtered water is constant even when there are fluctuating levels of pollution in effluent on the inlet.



Photo of the ultrafiltration plant for recycling water

The Pilsen brewery has a wealth of experience in using membrane technology for the treatment of water, dating back to 2001 and its successful use of reverse osmosis technology in the production of brewing water. Based on trials conducted and the amount of water available for recycling, it was decided to choose the Norit filtration CIP plant, which has relatively high surplus amounts of return water used to clean the bright-beer tanks. Return water is the water used for the final rinse of the equipment being cleaned, or sanitized. As return water is only mildly polluted, it is accumulated in a tank and used in the subsequent sanitation process for the first rinse to remove the heaviest pollution. This was a pilot project within SABMiller Europe and also one of the first installations of an industrial ultrafiltration plant in the food processing industry in the Czech Republic.

The capacity of the ultrafiltration unit installed is 2 m³ of water per hour, the annual saving on discharging waste water to the sewerage system will be CZK 240,000 + saving for water of CZK 100,000 annually. Overall, the ultrafiltration of water should lead to more than 7,000 m³ of water being saved every year, which is 0.02 hl per 1 hl of beer brewed.

Change to the system of CO₂ evaporation in the Nošovice brewery

The equipment was commissioned for permanent use in July 2012. It primarily saves 10,000 m³ of drinking water per year, followed by savings of 285 GL in heat. The cooling energy generated from the evaporation of carbon dioxide is used for cooling glycol, which serves as a coolant for other production equipment. This was crucial in achieving the excellent results in the brewery and the permanent reduction in drinking water ratio to under 3 hl of drinking water per 1 hl of beer produced. The actual result achieved was 2.91 hl/hl, which is a world class benchmark.

Other projects

- Adjustment of jetters on the bottle washer, Velké Popovice brewery (savings: 0.04 hl of water per 1 hl of beer)
- CIP optimization at the fermenters area, Pilsen brewery (savings: 0.006 hl of water per 1 hl of beer)
- Tunnel pasteurizer optimization, Pilsen brewery (saving: 0.01 hl of water per 1 hl of beer)

Objectives up to 2015

According to the detailed plans developed and activities scheduled, we will focus on achieving further water savings and pushing the limits of reducing water usage in order to contribute to the Europe-wide target. These will include both investment projects and research into additional water recycling options, and especially actions leading to process optimization.

CO₂*Reducing Our Energy
and Carbon Footprint*

Reducing Our Energy and Carbon Footprint

Our position

Our production is dependent on using energy and we are fully aware of the fact that the impact of our manufacturing process does not end at the gates of our breweries. Therefore, we strive to minimise energy consumption and thereby ensure that our activities have minimal impact on the quality of life not only in our immediate surroundings, but also on the environment as a whole. Therefore, we focus on the efficient use of fuel and electric power, the continuous improvement of production technologies, and on employing a higher proportion of renewable energy sources.

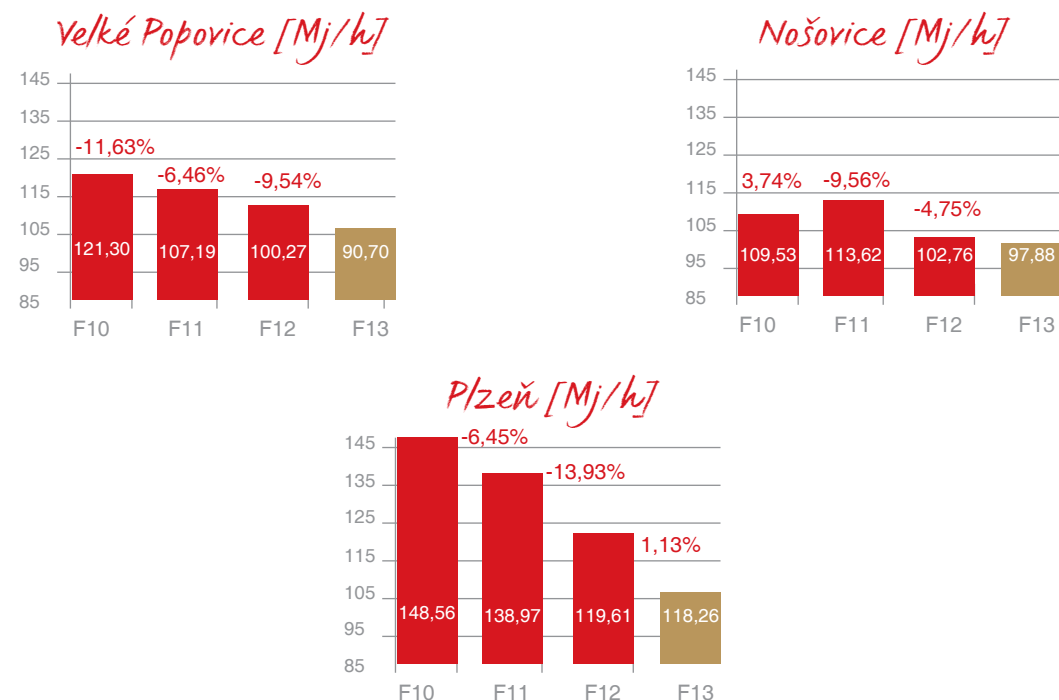
How can we achieve lower energy consumption and a reduced carbon footprint?

We have continued not only to reduce energy consumption, but also to use organic waste as an alternative energy source. We use biogas generated in the process of anaerobic wastewater treatment in our own facilities as a heat medium. We have also continued reducing CO₂ emissions, to contribute to our commitment to reduce by 2020 the emissions resulting from the use of energy from fossil fuels in our operations by 50% compared to the 2008 levels, measured per hectolitre of beer produced.

Last year's* reduction of our carbon footprint (8.61 kg CO₂/hl) entitles us to be optimistic regarding the achievability of the global target by 2020.

In order to accurately monitor savings made in energy consumption, we have unified the methodologies and standards for internal reporting with those of our external suppliers. All of our breweries have been successful in reducing their energy footprint, with the average consumption being 102.3 MJ, which is a year-on-year decrease of 5.15%.

Energy consumption in our breweries



Projects implemented

Spent grains used to produce green energy in the Pilsen brewery

Following tests, the so-called “decanter” was permanently commissioned to de-water spent grains. The decanter is able to reduce the humidity in the spent grains from the original 80 % to 60 %. The dried spent grains are then moved to the Pilsen heating plant, where it is used, with other bio-fuels such as wood chips, to produce steam and electricity. In this way, the Pilsen brewery currently processes approximately 30 tons of spent grains a day.

New pasteuriser for the keg line in the Pilsen brewery

We have installed a new pasteuriser on the keg line. Compared with the previous equipment, heat recovery is up to 96 % on the new pasteuriser, which thus contributes to saving steam used to pasteurise beer. Also, the need of cooling energy to further cool the beer has been minimised, meaning that the consumption of power in the refrigeration plant has been reduced as well. The new equipment is a plate heat exchanger with a controllable output of max. 500hl of beer per hour and a pasteurisation temperature of 71-75 °C, which corresponds to 30 to 80 pasteurisation units. Expected savings in thermal energy are 1,800 GJ per year and savings in electricity are 33,600 kWh per year.

Optimising the wort kettle condensate management in the Nošovice brewery

The project's aim was to optimise the wort kettle condensation system and minimise vapour leaks. The condensate emitted has a high temperature and releases a large amount of vapour when expanding to atmospheric pressure. This vapour is then released into the atmosphere without being used. These losses consequently reduce the overall efficiency of the steam source. Before the project was implemented, condensate traps on the WK5 wort kettle were the source of high-temperature condensate. The temperature of the condensate from three float traps was 128 °C. This condensate was accumulated in a condensate header tank and then pumped into the central condensate header tank. A closed condensate system prevents vapour leakage into the atmosphere (currently, it is 5.43% of the process steam volume). The condensate returned below the level of the feed tank helps to keep the feed tank temperature at 104 °C. Since this condensate is not oxidised, it does not have to be thermally degassed so we save energy that would otherwise have to be used to remove gas. Also, this will reduce the demand for treated ‘make-up’ water: 5.43% of the weight of process steam for WK5. The guarantee required is that upon any change of steam temperature or pressure the boiler must be capable of generating sufficient boil to ensure that the required quality of wort is achieved.

This project generates annual savings of 3,370 GJ of thermal energy, 700 m³ of treated water and 170 tons of CO2 emitted. It has had a crucial role in our energy saving efforts and its impact was immediate once the equipment was commissioned, particularly in the winter period. Converted to the thermal energy

Objectives up to 2015

We will continue to minimize energy consumption and increase the share of renewables in our energy mix. We expect the implementation of a project designed to use biogas generated in the wastewater treatment plant in the Velké Popovice brewery to produce electricity and use it in the plant. We also anticipate an increase in the amount of biogas from the wastewater treatment plant in Nošovice. We will continue to cooperate with the heating plant at Pilsen in the project of energy production from spent grains.



Packaging Reuse and Recycling

Our Position

We strive to ensure that the packaging of our products is as environmentally friendly as possible, and at the same time, that its further use is as easy as possible. Minimizing the environmental burden is primarily achieved by giving preference to returnable containers and packaging made of recyclable or reusable materials for non-returnable containers.

How to reduce the environmental burden?

We seek to use containers that place the least burden on the environment. We have continued to achieve this long-term goal in current market conditions, where, over recent years, consumers have significantly changed their purchasing behaviour and preferences, shifting from drinking beer in pubs, restaurants and bars (or the On Trade), to home consumption of beer bought at retail. This trend is most evident in an increased interest in convenient plastic bottles and aluminium cans. We package our brands in PET bottles, which are completely recyclable. Recently we have increased the number of brands and variants bottled in PET. The proportion of beverages packaged in cans is very low but we are looking for ways in which we can support awareness of the recyclability of aluminium, from which the cans are made.

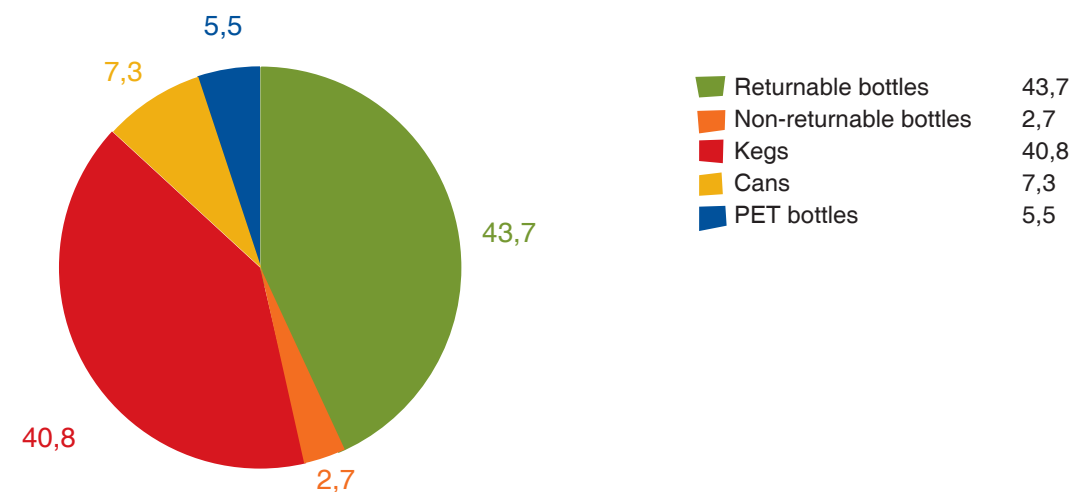
In addition to glass bottles, which still account for almost half of our packaging, the returnable containers include barrels, which are used to package all our brands for the On-Trade market, that is, for customers offering draft beer in their outlets. The kegs that we use are stainless steel, 100 % recyclable barrels, with a life span of several years. To achieve the maximum variability in the composition of our brands on tap, and given the different throughput volumes in various outlets, we package our brands in 15, 30 and 50 litre kegs.

Before introducing new packaging to the market, analyses are conducted which continuously take into account results from the Ministry of the Environment “LCA of beverage packaging” study (2009), in whose inception we collaborated. We continue to use containers with low levels of heavy metals in accordance with Czech legislation.



Packaging Reuse and Recycling

Types of packaging



Last year the proportion of recyclable and returnable containers was 90 % due to an increase in the number of products packaged in cans and PET bottles. We maintained a favourable ratio of returnable containers (43.7 %) in the mix of our packaging materials.

Projects implemented

Tank beer

Last year saw a rise in the number of On-Trade customers to whom we supply tank beer. The number of outlets using the tank beer facility is now rising every year as a result of our efforts to ensure the finest quality of draft beer. Tank beer does not have to be pasteurized and is distributed in an environmentally-friendly way, since it is transported to the point of sale in tanker trucks and once at the place of destination, is pumped directly into beer tanks with volumes of 500 or 1,000 litres. The number of 'tank pubs' has reached almost 700 across the Czech Republic. Last year* there was an increase of about a hundred restaurants and pubs to which beer is distributed in this way. These included brand pubs such as Pilsner Urquell Original Restaurant, Original 1869, Kozlovna and Radegastovna. Tank



pubs are being introduced abroad as well. We continue to take a proactive approach in trying to persuade restaurant and pub owners and publicans who achieve, over a specified period, a large throughput of beer, to transfer to the tank beer facility for the favourite brands in their outlet. This is a concrete example of our effort to bring consumers back to the On Trade segment, attracting them by beer which is brought to them direct from the brewery at its freshest and in the best condition.

The tank beer facility is environmentally friendly due to the reduction in the number of journeys by large delivery vehicles and the use of the state-of-the-art cooling equipment that saves energy.

Objectives up to 2015

We will continue to implement the strategy of preferring recyclable and returnable containers, along with the development of new packaging materials, in order to keep the recycling and re-use of our packaging at least at current levels.





Working Towards Zero-Waste Operations

Our Position

The vast majority of waste generated in the production of beer is a by-product of organic origin, which can be biodegraded; it is therefore our long-term goal to achieve zero-waste operations. Not only in beer production, but also in other operations, we endeavour to minimize the burden of our activities on the environment, to reduce the total volume of waste produced, and we support its further use primarily in agriculture and for recycling.

How do we handle waste?

Last year*, we produced a total of 155,848 tons of waste in our plants. Of this we managed to reuse 98.93%. We seek to ensure that waste is carefully separated in all our operations, i.e., in Plzeňský Prazdroj's manufacturing, administrative and commercial facilities. In our value chain policy we prefer those partners and suppliers whose activities guarantee that the volume of non-reusable waste that ends up in landfills is minimized.

We are a member of the EKO-KOM association, which has been working with Plzeňský Prazdroj for ten years now in the area of recycling and reusing packaging waste in line with the applicable Czech legislation. Through our participation in the EKO-KOM system, and by fulfilling the duties of comprehensive re-use and recycling of packaging, we directly contribute to achieving energy savings, reducing greenhouse gas emissions, mitigating negative environmental impact and reducing our carbon footprint. Plzeňský Prazdroj already meets the targets of the European Parliament and Council Directive (EC) No. 98/2008 on waste, which requires EU Member States to increase their overall readiness for the reuse and recycling of waste as well as other ways of material recovery to a minimum of 70% of weight by 2020.



*Working Towards
Zero-Waste Operations*

Projects implemented

An innovative way of reusing paper labels in Pilsen

Following the successful project for composting waste labels at the Radegast brewery in Nošovice, Plzeňský Prazdroj developed a new initiative for reusing paper labels that would otherwise end up as non-reusable waste after washing beer bottles in the packaging operations.

The Pilsen brewery succeeded in gaining a certificate to produce Paper Labels issued by the product certification authority – Prague Technical and Testing Institute. Under this certificate paper labels meet the conditions set out in the Ministry of the Environment Regulation no. 415/2012 Coll. Part III, Section 14(1) and so can be used for energy recovery. As a result the Pilsen plant can reuse up to 700 tons of these labels, which previously would have ended up in landfills.

Reducing emissions

We have participated in one of the largest environmental projects in the Czech Republic – the EKO-KOM system for separating and recycling packaging waste. In the Czech Republic the overall rate of packaging recycling is now 71 %, with a total of 607,005 tons of waste and packaging being recycled. Through separating and recycling waste the EKO-KOM system managed in 2012 to reduce the production of CO₂ greenhouse gas emissions by the equivalent of 1,114,840 tons and in so doing save 27,034,318 GJ in energy.

Plzeňský Prazdroj's contribution to the reuse and recycling efforts was 10,553 tons of packaging material. As waste this would have filled 5,145 delivery vehicles. Our share corresponds to the annual operation and servicing of 5,257 colour containers for separated waste and 130 collection points for metal packaging materials. Thanks to our contribution, the separation of waste could be performed for 302,399 people in the Czech Republic.

Our input into reducing the production of greenhouse gasses amounted to 13,828 tons of carbon dioxide, which translates to a saving of 13,763 GJ of energy. This is the equivalent of the emissions produced by 6,500 mid-size engine cars used over a year. The energy we have saved represents 645 days' consumption of electricity for public lighting in Prague.

Spent grains in the Pilsen brewery

An example of the successful reuse of organic waste from beer production is in the burning of brewery spent grains in the Pilsen heating plant. The dried brewery spent grains, which have a heating capacity comparable to forest biomass, are used to produce heat and electricity.

A Clean Festival

The beer and music festival called the Pilsner Fest organized by Plzeňský Prazdroj in late summer, joined the environmental activity aimed at waste sorting and was for the second year running certified a Clean Festival. This certification was awarded to it by the authorized packaging organization EKO-KOM. As this is one of the biggest festivals organised in the Czech Republic, it was a major opportunity in terms of collecting recyclable waste: draft beer and other drinks were served in plastic cups, but also clean paper tableware could be handed in. Special containers for sorting waste were available in designated areas of the Pilsen brewery. The project organisers sought to encourage people to sort waste through competitions and accompanying activities.



Objectives up to 2015

We will continue to minimize industrial waste produced in our plants, separate waste in all our operations and seek new ways to reuse waste so as to continually reduce the amount ending up in landfills.



Encouraging Enterprise Development in Our Value Chains

Our Position

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

Are you interested in the principles governing responsibility from suppliers?
This list (in Czech) can be found here ►

How do we fulfil the principles of responsible suppliers?

We are demanding not only on ourselves but also on all those who wish to work with us. In cooperation with our suppliers we consistently follow the Responsible Supplier Principles and also motivate our partners to do the same. Using the SQM program (Quality Management System provided by our suppliers) we not only supervise the quality of the raw materials supplied to us to manufacture our products, but also the quality of other materials and services. Through SQM we also monitor the extent to which our partners behave in an environmentally friendly and responsible way, respect human rights and adhere to safe practices at work. If we find deficiencies, we try to work together to remove them. However, our objective is to prevent risks and shortcomings. That is why we have personally met with representatives of contractors and companies with whom adherence to the SQM principles is reviewed and discussed.

Together with our suppliers, we created a turnover totalling CZK 5.5 billion last year* in which suppliers residing in the Czech Republic had a share of 89.4 %.

Plzeňský Prazdroj is the domestic market's second largest buyer of malting barley and the biggest consumer of barley varieties approved for products bearing the České pivo (Czech beer) Protected Geographical Indication. These varieties accounted for 92% of barley consumed, with the remainder also coming from Czech growers.



*Encouraging Enterprise
Development in Our Value Chains*

Every year we buy barley at a value of CZK 710 million, of which at least 70% comes directly from farmers and the remainder comes from business entities. Another strategic move is to support long-term cooperation with our partners, which is, among other things, why we enter into three-year contracts with them. Barley taken on the basis of three-year contracts accounted for 20% of the total amount purchased. Thanks to this mutually beneficial cooperation, Czech farmers can fully develop their skills and experience and grow crops of the highest quality, which we can use for brewing our beers and thus meet the demands required of the Czech beer trademark.

We also support the economic development of regions and small business, for example by setting more favourable payment terms or by providing more favourable purchase conditions for third parties with selected suppliers, in order to better develop their businesses, not only in relation to Plzeňský Prazdroj.

With suppliers we seek to maintain a fair price policy, we organise meetings for them in the presence of ministry officials, where we inform them of market developments, discuss current trends of the industry and requirements for quality. We also support the Research Institute of Brewing and Malting in cultivating and distributing new varieties of malting barley. We have been instrumental in ensuring that a significant share of sales of domestic varieties are made in the Czech Republic

Projects implemented

Professional meetings and sharing experiences

In order to streamline collaboration and strengthen partnerships we held regular meetings with growers of Czech barley and hops during which the latest trends were introduced and experiences exchanged. Barley Days were held in Pilsen and Nošovice and a Field Day in Mariánská Týnice near Pilsen.

We followed up successful meetings with our largest partners in secondary distribution, who ensure the distribution of our products to individual customers. Last year we also invited partners to these meetings who arrange logistical services for us in the distribution centres. At these meetings, we evaluated the existing cooperation, suppliers were made acquainted with innovations in Plzeňský Prazdroj's distribution process and with our objectives for future years.

Cooperation with suppliers employing the disabled

Last year we continued to work shoulder to shoulder with suppliers who employ handicapped workers. From these suppliers we bought products and services worth more than CZK 11 million, which is more than what is required by legislation.

Procurement procedures transparency

Last year we developed the e-auction application and made it an integral part of our procurement procedures. Together with consistent monitoring of selection standards, the application led to greater transparency in selection procedures.

Business for Society conference

The Business for Society platform organised a conference called Cooperation with Suppliers which looked at supplier-consumer relations in respect of responsible and sustainable business, and to which conference Plzeňský Prazdroj was attached as a member and patron of the expert group. The conference assessed our approach to sustainability, through which we contribute to economic stability in the region by supporting local suppliers. For all our traditional beer brands we use the České pivo (Czech Beer) protected geographical indication (PGI). By registering this trademark we undertake to use only domestic varieties of malting barley and hops for the production of our beer, and in so doing we support local agriculture. Most of the funds invested therefore go to local farmers.

Objectives up to 2015

We will continue to work together with suppliers and partners according to the Responsible Supplier Principles and to continuously achieve maximum quality. Within this cooperation we will continue to motivate our partners to adopt a responsible approach through personal meetings, training sessions and assistance with the implementation of the Responsible Supplier Principles.





Benefiting communities

Benefiting communities

Our position

The key to long-term success is not only conducting business responsibly but also supporting the quality of life in the areas where the company operates. Therefore, Plzeňský Prazdroj regards benefiting the community as an important element of its sustainable development strategy and seeks to build good relations with the cities, municipalities and communities in which it operates.

How do we benefit local communities?

Benefiting local communities is one of the priorities in our sustainable development strategy. The quality of life in the places that we operate is therefore important to us. We build values over time that play an important role in our business, especially our perception of responsibility and sustainability. This is why we continuously work on developing good relations with the municipalities and communities in which we operate.

Plzeňský Prazdroj, one of the founders of the “Business for Society” platform, is doing its part to cultivate corporate philanthropy regionally throughout the Czech Republic. The results of measurements using the Standard Responsible Company methodology (LBG) indicate that Plzeňský Prazdroj is an effective donor. In 2013, we contributed to the development and support of communities to an amount of almost CZK 13 million (12,991,992.24).

Distribution of financial support

Final amount of support	
Total amount of support (money, material donations, employee hours, administrative and personnel costs for particular activities and preparation of the annual SD Report).	12 991 992,24 Kč
Amount of	
Amount of support (money, material donations, employee hours, administrative and personnel costs stated for particular activities)	12 991 992,24 Kč
Amount of support excluding administrative and personnel costs (money, material donations, employee hours for particular activities)	8 590 593,19 Kč
Geographical breakdown of support*	
Czech Republic (unspecified)	2 775 753,22 Kč
Prague, the capital of the CR	2 800,00 Kč
Central Bohemian region	49 000,00 Kč
Southern Bohemian region	0,00 Kč
Plzeň region	5 756 893,12 Kč
Karlovy Vary region	0,00 Kč
Ústí nad Labem Region	0,00 Kč
Liberec region	0,00 Kč
Hrade Králové Region	0,00 Kč
Pardubice region	0,00 Kč
South Moravian region	0,00 Kč
Olomouc region	0,00 Kč
Moravian-Silesian region	4 407 545,90 Kč
Zlín region	0,00 Kč
World (unspecified)	0,00 Kč
Motivation for support*	
Charitable donations	435 271,94 Kč
Investment in the community and society	7 959 531,04 Kč
Commercial initiatives	4 597 189,26 Kč
Field of support *	
Education	3 029 432,69 Kč
Health	424 111,62 Kč
Economic development	0,00 Kč
Environment	333 146,48 Kč
Art and Culture	2 596 160,79 Kč
Social care and humanitarian aid	3 010 396,56 Kč

Free time and amateur sport	1 328 088,91 Kč
Other	2 270 655,20 Kč
General information	
Number of reported activities	51
Number of reported years	1
Number of reporting firms	1
Number of supported organisations	98
Money	
Financial amount – state total amount	7 939 992,00 Kč
Time	
Number of employees volunteering	209,0 os.
Total number of hours spent volunteering during working hours	1 241,0 hod.
Aggregate	241 387,19 Kč
Material donations	
Value of material donations – state total sum	409 214,00 Kč
Managerial costs (administrative and personnel costs)	
Expenses for promotion and communications	2 893 800,00 Kč
Value of employee time	1 507 599,05 Kč
Aggregate	4 401 399,05 Kč
Leverage	
Total value of contributions from employees and external partners received in this activity	1 170 530,00 Kč

Distribution of financial support by area of focus (*according to SOF methodology)



PRAZDROJ TO THE PEOPLE

We care about the quality of life in regions where we operate, and within the framework of our central program, PRAZDROJ TO THE PEOPLE, we support projects that share the same goal. Over the eleven years of the program, we have supported 340 projects to a total amount of more than CZK 75 million.



PRAZDROJ LIDEM

PRO LEPŠÍ ŽIVOT

11th year of the program

At the end of 2012 we distributed a donation totalling CZK 5.5 million among the 35 most successful projects of organizations registered in Pilsen and in the regions of Ostrava, Frýdek-Místek, Třinec and Jablunkov. In deciding which of the projects would receive a financial contribution, we were traditionally helped by eminent personalities from the relevant regions, also known as the Council of Representatives, by the general public and by employees from our company.

Based on the result of a vote, an amount of CZK 3 million was divided among 11 applicants from 29 entries for the purpose of implementing community projects in Pilsen. The largest sum went to the Association for Assistance to Disabled Children with the Hájek Centre project. The project's goal was the foundation and running of a daily and weekly social welfare institution for children with mental, physical and combined disabilities with intensive therapeutic rehabilitation for children from the age of one in Pilsen and the Pilsen region. The Hájek Centre was an employee project and won the greatest number of votes from the public. Second on the list of employee projects was the Pilsen Bells project presented by the Pilsen Roman Catholic parish at the Saint Bartholemew Cathedral. The Council of Representatives chose to support a project at the Pilsen Regional Academic and Scientific Library, which will use the funds to restore the herbarium created in 1687.

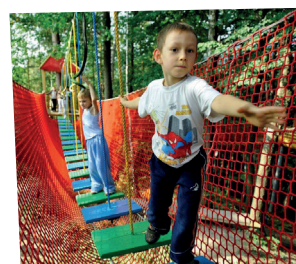
As in Pilsen, in Moravia the grant was distributed by decision of the general public. Residents of northern Moravia voted for 61 of the projects originally submitted. Financial assistance was given to 24 organizations that shared CZK 2.5 million. The largest support was given to the Třinec Children's Rope Adventure Park, receiving the full amount of aid applied for. Among employees the "Go and Think" project proved the most successful, with the Dobrá elementary school receiving the full amount of aid applied for. Its project was also voted for by the Council of Representatives, which unilaterally chose to support the initiative of young musicians and helped them purchase musical instruments for the Moravia-Silesia Sinfonietta.

Organisations participating in the public vote won, in total, almost CZK 120 thousand from the public by way of DMS texting.

"Over the eleven years that I have spent in the Council of Representatives, the public have voted on a whole host of interesting and high quality projects which have been of enormous benefit to this region, meaning that the money is being spent in the right way. On behalf of every successful applicant I would like to express my deepest gratitude to Plzeňský Prazdroj. This is a program which every year in a very real way contributes to improving the quality of lives of the local inhabitants. It is wonderful that there still exist people who are so fervent and enthusiastic for all the activities that they devote themselves to,"

said **Eva Richtrová**, Senator and member of the Council of Representatives.

More information about the program can be found at www.prazdrojlidem.cz



Traditional Paraple Centre Support

To celebrate the 170th anniversary of the first brew of Pilsner Urquell we produced and auctioned seventeen jubilee bottles, with the proceeds going to the Paraple Centre's bank account. The auction was the most successful in the history of the iDNES.cz news portal and brought in more than a million crowns. The famous Czech actor Zdeněk Svěrák, who is president of the board of trustees, said: "This is a beautiful merging of the pleasant with the useful. Thanks to Plzeňský Prazdroj, the people from iDNES.cz and the auctioneers, the wheelchair users in Paraple will sleep better now." The money will be used to buy two special adjustable beds costing 100 thousand crowns, and ten other beds for approximately 450 thousand crowns.

We supported the Paraple Centre (a charity organisation for handicapped people; "umbrella" in English) also during the Pilsner Fest beer festival. At this celebration of pilsner beers, the traditional fund raising event was also attended by musicians, who offered items from their musical background such as clothing, records and posters for auction. The auction was held on the Aukro.cz business portal and the proceeds amounting to CZK 18,543 sent to the Paraple Centre bank account.

Plzeňský Prazdroj supports Drop of Hope

We supported the Drop of Hope Endowment Fund by donating CZK 450,000. This sum was raised in cooperation with the Penny supermarket chain, in which for every bottle sold a contribution of CZK 1 was made to the Endowment Fund's bank account.

For more information go to www.kapkanadeje.cz

Objectives up to 2015

We will continue to address the needs of the regions in which we operate, and of the non-profit sector as a whole, to strengthen our mutual dialogue in order to properly and effectively target our support in the coming years. Our activities will be carefully evaluated and we will pay special attention to their alignment with the strategic priorities of the company. With this in mind, we organized a review of the concept and focus of the Prazdroj to the People program. Appropriate changes will be reflected in the 12th year of the program.



Contributing to the Reduction of HIV/AIDS

Our position

We recognise that HIV/AIDS has serious social and economic consequences in addition to the state of a person's health. Although its incidence in the Czech Republic is low compared with the rest of the world, it is still not negligible and therefore we prioritise prevention as HIV is not only a problem for high-risk groups but for all of us.

How did we contribute to the prevention of HIV/AIDS?

Although the Czech Republic remains among the countries with a low prevalence of the HIV infection and excellent and successful treatment is available to us, 2012 saw a rise recorded in the number of new cases, with 212 people being newly infected by the HIV virus. Therefore we try to contribute to the promotion to the general public of preventive programs and of adequate information on how the disease is spread, methods of prevention and potential risks. We regularly post information on this subject on our internal media – in the “Za Branou” (Behind the Gate) employee magazine and on the company's intranet website.

In addition, on 1st December, when the whole world is unified by a single slogan “Together Against AIDS”, we join the Czech Help AIDS association in its fund raising event. This year* several of us again bought a red ribbon badge, thereby contributing to the free HIV tests provided by the Lighthouse organisation. We also used this day to highlight the principles of prevention described in the Policy on Caring for the Health and Mental Well-being of Plzeňský Prazdroj employees.

Objectives up to 2015

We will continue doing the best we can to contribute to efficient prevention of the HIV infection and the AIDS disease, especially by participating in prevention programs. As a member of the international group SABMiller, we stand ready to contribute as needed in the fight against this disease, using our intellectual and technical resources, as well as our attitude and extensive international experience.



Contributing to the Reduction of HIV/AIDS



Respecting Human Rights

Our position

Prazdroj Plzeňský values its people and their work and is open to all those who want, and are ready, to participate with us in the success of our company. We not only provide appropriate conditions, but consistently respect and comply with the principles of human rights. Fair remuneration, equal opportunities for men and women and a safe, healthy and anti-discriminatory work environment are matters of priority for us.

How do we encourage respect for human rights?

Last year*, we employed 2,044 employees in the production plants (in Pilsen, in Nošovice and Velké Popovice), in the headquarters in Prague, and at distribution centres throughout the Czech Republic. Women's representation in company management and in managerial positions has risen due to a focus on gender diversity. In the last fiscal year* we increased the number of employees who took part in volunteering and contributed through their work to the development of civic society.

A good employer

The company's transparent remuneration process does not reflect only an employee's work performance but also his/her fulfilling the work tasks in a manner consistent with the values of the company. In addition to the financial remuneration provided by Plzeňský Prazdroj, it offers a wide range of benefits. Other aspects considered are the growth of talent and opportunities for career development. These are all the basic building blocks of a good employer, as which Plzeňský Prazdroj was again ranked in the annual poll held by Employers Club – Sodexo Employer of the Year. Plzeňský Prazdroj was placed second in the 2012 Employer of the Year poll nationwide and it took first place in the Pilsen region.

Promoting Business Ethics and Human Rights Principles

In addition to respecting human rights principles, ethical behaviour and adherence to business ethics principles are an important part of our daily work and a responsible approach. The vast

majority of our employees completed an e-learning course to refresh their knowledge on complying with human rights and ethical principles. This ethical process in our company includes adherence to anticorruption measures that allow us to help reduce the risk of corrupt dealings. Anticorruption questions also form part of the annual e-learning course. Last year the course was completed by all employees in managerial positions. Our aim is for all employees to take this course.

Violations of ethical and human rights principles are addressed by the Plzeňský Prazdroj Ethics Committee and three ombudsmen elected by employees. Last year, the ombudsmen handled a total of 8 suggested violations of ethical principles. The anonymous phone line did not record any ethics complaints or any complaints alleging a breach of the principles of ethical behaviour, human-rights principles or corruption. In 2012, an election was held for a new ombudsman for the region West.

Occupational health and safety

We seek to ensure that our employees have the best conditions for their work and high performance. A healthy and safe work environment is not only a core principle of human rights that we follow, but a natural part of everyday working life. A committee comprised of employees from our company oversees its compliance. The Committee regularly monitors health and safety conditions in the plants and workplaces and then gives the respective managers its recommendations, which are considered binding on management.

In the plants we have a committee to decide on compensation in case of work-related injuries. We monitor this area on an ongoing basis and the number of cases involving work-related injuries is displayed daily on the electronic noticeboards in our breweries.

Projects implemented

Promoting gender diversity and pro-family policy

Within the framework of equal opportunities, we followed the survey on the status of women in companies called „Women Matter“, performed by the consulting company McKinsey. We focused particularly on the removal of barriers to women's career development, and the creation of conditions for their smoother return from maternity and parental leave and easier reintegration into the work environment.

We successfully introduced the first stage of the Family & Employment Audit programme to develop the company's pro-family personnel policy. This was confirmed by a certificate issued by the Ministry



of Labour and Social Affairs, making Plzeňský Prazdroj one of the first companies certified in the Czech Republic. The certificate is evidence of our ambition to merge family and work interests and it also proves that we have accepted the ten basic priority areas set out in this respect. The certificate was awarded for our plan to introduce measures for the individual areas and we seek to retain it based on the successful implementation of the pro-family policy measures.

The diversity project, of which the Family & Employment Audit was a part, covers the introduction of the possibility of working from home and the issuing of Guidelines for the provision of an allowance to mothers in managerial positions who decide not to make full use of their maternity leave and return back to work earlier. This allowance is designed only to arrange help for the child.

We also focused on mentoring support provided by members of management. The goal of mentoring is to help women better navigate the demanding conditions they encounter in building a career. In the guideline we include the option to work from home. All employees whose work can be adapted in this way can make use of this option. For many of our employees, occasional or regular work from home is of great support in merging work and family life.

We are also reviewing internal procedures to ensure that they provide equal opportunities for women and men. For example, we look to make sure that remuneration for the same positions is gender neutral and whether we have women represented among candidates for open positions. We provide work possibilities by agreement or for shorter hours. We organise a host of events for women on maternity or parental leave which are designed to help them stay in contact with the company and their former workplace.

Together with other companies affiliated to the Business for Society platform, we have launched an active dialogue with management in the Ministry of Labour and Social Affairs. The aim of this discussion is to familiarise the Ministry's management with the position of the corporate world to the question of equal opportunities for men and women, and to contribute to developing a National Strategy for Equal Opportunities.

The applicability of these measures was confirmed by the Grafia company in the Cristal project. We were awarded the 2012 Mamma/Parents Friendly company certificate.

Business Ethics Educational Video

In addition to regular e-learning courses we have extended the possibility to access other information with the new educational video Business Ethics Principles in Plzeňský Prazdroj. The video can be found on the company Portal and those interested can through it familiarise themselves with the approach taken by senior Plzeňský Prazdroj representatives to the company's basic business ethics principles and priorities.

Aligning methodology for monitoring the presence of alcohol

Breath tests for alcohol in our employees serve to ensure safety in the work environment. Last year we focused on aligning the monitoring methodology and on introducing new technology and methods for detecting the presence of alcohol on our employees' breath. A new guideline was passed and legislation adapted so that the tests carried out upon entering the brewery are as considerate as possible for the employee tested. We took on the methodology and technology already piloted in the Radegast brewery.

E-benefits

We have enhanced the area of benefits as an important component in employee remuneration. Via the Benefit Shop e-portal application we have increased the variation in the choice of individual areas and added another option to combine them and modify the amounts of benefits.

We support academic talent

Every year, Plzeňský Prazdroj offers opportunities to the most talented undergraduate students and open positions are regularly listed for internships and the Trainee programme on the company's website. Its widest cooperation is with the University of Economics in Prague, whose student candidates are typically offered positions in marketing, communications and finance. Two graduates from the Institute of Chemical Technology were placed in the Trainee programme in production plants. Both successfully passed the selection procedure and were given employment in the technical department.

Company volunteering

Our employees have taken an active part in two International Volunteering Days - Give&Gain and Engage - in May and September 2012. Employees from all breweries and the administrative offices in Prague were involved. They helped both in social or health care areas, in environmental projects and in zoological gardens across the whole of the Czech Republic. Members of company senior management dedicated a morning and worked on improving the garden of the children's school for the hard of hearing in Prague 5.

Various teams of employees worked on producing gift items for the Ty a Já (You and Me) civic association. The gifts created are distributed regularly at Christmas markets and the proceeds used to finance the association's activities. Altogether, 207 Plzeňský Prazdroj employees took part in company volunteering last year.



Objectives up to 2015

The company will continue to advocate a strict respect for human rights, the promotion of ethical principles, the ensuring of a safe work environment and the provision of equal opportunities for men and women. We will also continue to develop corporate volunteering as one of the forms of direct support for communities. Our adherence to the principles in these areas will be upheld by ombudsmen who will, in a transparent manner, resolve any instances of their violation. Information and recommendations derived from previous projects, activities and studies will be used to fulfil action plans in equal opportunities and merging of family and work interests.





Transparency and Ethics

Our position

The sustainable development priorities define the way we conduct our business. They have become a natural part of our daily work and decision making, as have complete openness and transparency in communicating our activities and results to our stakeholders, our employees and the public.

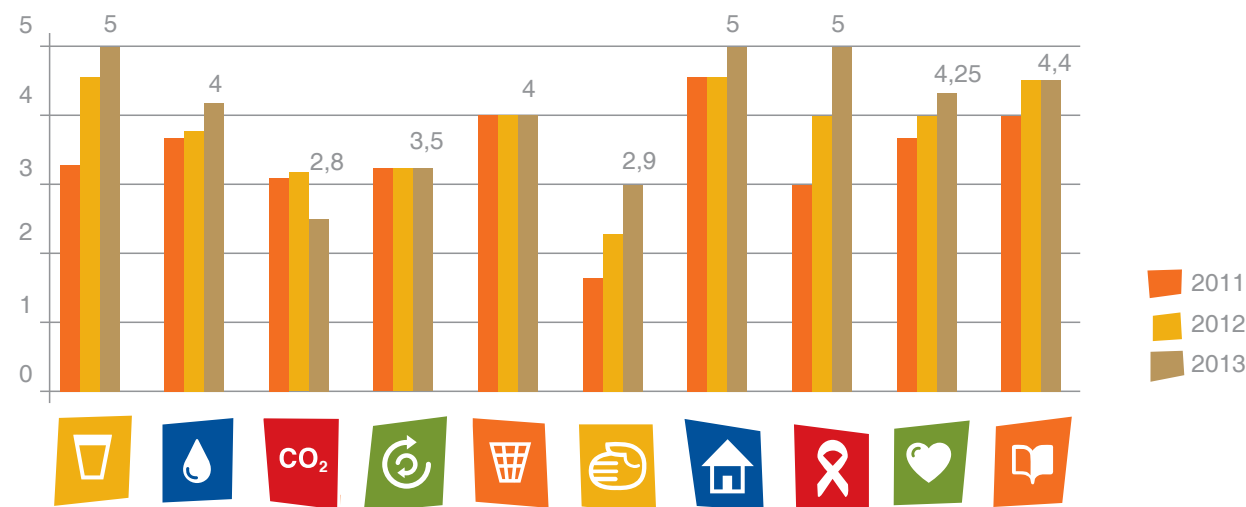
How did we fulfil the ten priorities?

The active participation and involvement of our people is the prerequisite for the successful implementation of the objectives arising from our ten priorities in the field of sustainable development. We provide employees with information on these activities through the company intranet and portal, and a permanent column is dedicated to particular sustainable development priorities in the “Za branou” (Behind the Gate) employee magazine. We also implemented our own campaigns on selected sustainable development priorities.

The philosophy of sustainable development is intertwined within all of our activities. It is a part of our business which all our employees are involved in. This is also reflected by proposals made by our own employees to improve technical solutions in the breweries, which have made it possible to save a large amount of energy and water. Corporate Social Responsibility (CSR) activities are conducted by employees in the marketing and sales functions. In addition, all employees have the opportunity to participate in deciding which projects will benefit from the PRAZDROJ TO THE PEOPLE program. Our proactive approach is reflected in the overall assessment within the global internal measurement system (SAM). In fulfilling the objectives of the ten sustainable development priorities we achieved the overall level of 4.09 (from a total possible evaluation of 5).



Transparency and Ethics



Highest Company Award

Responsible behaviour and its principles are reflected in Plzeňský Prazdroj's core values. They are the key measure in evaluating the outstanding achievements by individuals and teams in the Zlatý Prazdroj (Golden Prazdroj) competition. The quality of projects and contribution to living Plzeňský Prazdroj's values are judged by company employees, who can nominate their own colleagues and entire teams for the award. Last year* this, the highest company award, was won by an employee and team for projects directly relating to sustainable development.

The winner in the employee category was René Rojíček, Environmental Protection Specialist, who was nominated for the Golden Prazdroj prize for the initiation, testing and implementation of the composting of waste labels in the Radegast brewery in Nošovice. This is a unique solution in the Czech manufacturing industry and a pioneering solution within SABMiller plc. Mr Rojíček came up with the idea of using waste labels from washing returnable bottles which, until this project was introduced, had ended up in the communal landfill for waste.

In the team category the winner was the Water Usage Reduction work team, also from the Nošovice brewery, comprising: Jiří Toman, Radim Kaňok, Karel Satek, Lukáš Salach and Martin Gajdáček. They are part of the larger Water Usage Reduction team which achieved the permanent reduction of 30 % in the usage of water in the Radegast Brewery to 2.90 hl of water per 1 hl of beer produced and in the malthouse of 45 % to 4.1 m³/t in the period from F09 to F13.

Plzeňský Prazdroj is one of the founding members of the Business for Society platform. As such,



it has contributed to fulfilling the aim of cultivating corporate philanthropy in the region and throughout the Czech Republic. Results of the measurement carried out using the Standard Responsible Company methodology (LBG) prove that Plzeňský Prazdroj uses the funds for donor activities effectively.

How we inform the public and our partners?

We inform the public regularly and in depth of our achievements in fulfilling sustainable development objectives through the media and on our website www.prazdroj.cz. ►

We also demand responsible behaviour from our partners and suppliers and so consider it our duty to familiarise them with our activities. To most of our partners we have sent information on our Sustainable Development Report by direct mail, and have also offered partners the chance to meet with our sustainable development coordination team as well as consultation and advisory services. In the same way, our partners have also been informed of the possibility to express their agreement and support for our sustainable development priorities in a special questionnaire.

Plzeňský Prazdroj – TOP responsible company

Plzeňský Prazdroj retained the TOP Responsible company award, which is a national award for responsible and sustainable business. In competition with the largest and most renowned companies we have long been placed among the best and are the main partner of this unique official ranking for company responsible behaviour in the Czech Republic.

European Business Awards

Plzeňský Prazdroj was awarded the title of “national champion” in responsible business for its overall sustainable development strategy and also was ranked among the ten best Czech companies with a responsible approach to business.

Projects implemented

Sustainable Development Report

For the seventh year, we informed the public and our stakeholders about our approach, activities, results and plans through the annual Sustainable Development Report.

Responsible alcohol consumption series

Responsible alcohol consumption, the theme of one of the main sustainable development priorities, was the subject of a series in the “Za branou (Behind the Gate)” employee magazine. Over the several episodes employees learned in a popular and accessible way about the consumption of alcohol by minors, the risks of drinking alcohol when pregnant and other themes. se zaměstnanci a zaměstnankyně dozvěděli populární a srozumitelnou formou o problematice konzumace alkoholu nezletilými, nebezpečí konzumace alkoholu v době těhotenství a dalších tématech.

Objectives up to 2015

In the coming years we will continue in our responsible approach to develop our business in the right direction and to evaluate our business through the SAM internal evaluation system, and to raise the awareness and the involvement of our employees by means of internal communication and existing projects. We will openly and transparently inform the public through our sustainable development report, our website, and will nourish mutual cooperation with external partners, comprised of experts and stakeholders.





Preserving the Historical Brewing Legacy

Preserving the Historical Brewing Legacy

Our position

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

How do we preserve our brewing tradition and legacy?

We strive to preserve the legacy of brewing that we have built over generations, especially by looking after the world-renowned Pilsner Urquell beer legend, and preserving its traditional method of production in the original cellars, rescuing the craft of cooperage and preserving historically valuable buildings and facilities.

Visitors to our breweries can see these traditions by following our tours and tour routes in the Pilsen Brewery Museum or the Pilsen Historical Underground, the Pilsner Urquell Gallery – Experience Shop in Prague on Kampa Island, and through other forms of public awareness and educational activities.

The 170th anniversary marking the founding of the Pilsen (Burghers') brewery and brewing of the first brew of Pilsner Urquell, bottom-fermented pale lager, was cause for celebration of these traditions and legacy.

Record tourist attendance

Exactly 319,413 visitors participated in the seven tours in the Pilsen, Nošovice, Velké Popovice breweries and at the Pilsner Urquell Gallery – Experience Shop in Prague.

More than 270 thousand visitors joined the tour routes in the Prazdroj and Gabrinus breweries, the Brewery Museum and the Pilsen Historical Underground. Many of the visitors were attracted by the 170th anniversary, which was celebrated with many accompanying activities, particularly the jubilee tour “The History of Pilsner Urquell” guided in historical costumes, tour on a horse-drawn carriage, or the alchemist’s workshop in the Historical Underground. Another lounge, the so-called Siberian

Shalanda for 50 people was opened to the public in the Pilsner Urquell historical cellars.

The new tour route completed in the Velké Popovice brewery was enhanced with the chance to visit the cellars with tasting included and most importantly the unique tunnel connecting the cellars with the bottling plant. Up to 28,000 people from all over the world also came to see the shed of the goat Olda, the mascot of the Velké Popovice brewery and the Velkopopovický Kozel beer brand.

The tour route in the Nošovice brewery has been supplemented by new information panels and audio visual technology which brings visitors ever closer to the brewing process and the brewery's operations. In the Radegast brewery, the tour route has become part of the "Techno-route" of the Moravia-Silesia region and welcomed 13,500 visitors.

In 2008, for the exceptional value of its preserved historic production sites and their access to the public, Plzeňský Prazdroj became the first Czech "anchor point", a milestone of the prestigious ERIH association – the European Route of Industrial Heritage.

We have concluded a contract with CzechTourism, the government agency which promotes the Czech Republic as a tourist destination. The aim is to actively promote and offer our tourist attractions and contribute to the promotion of the Czech Republic abroad through our world-famous beer.

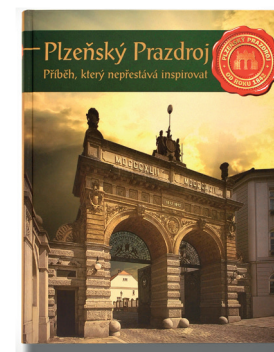
Projects implemented

Events organized on the occasion of the 170th anniversary of Plzeňský Prazdroj and the first brew of Pilsner Urquell

Celebrations for the 170th anniversary of the founding of the Plzeňský Prazdroj brewery and brewing of the first Pilsner Urquell beer culminated on 5 October 2012 with a rich program in Pilsen. We commemorated the anniversary with a wide range of events.

We offered visitors special tours not only on the tour routes in the brewery but also in the Brewery Museum and the Pilsen Historical Underground. The jubilee tour "The History of Pilsner Urquell" became very popular among the public. Guides in contemporary costumes regaled visitors with interesting stories from the brewery's history, the life of its employees and the brewery's operations from the date of its inception.

Tours of the brewery on the horse-drawn carriage also proved very popular. The purpose of these tours is to shed light on the usually inaccessible corners of the brewery and historic building. In the Brewery Museum a "Brewery in Pictures" exhibition was held which examined the brewery's development over time and looked at the origin of important buildings and the lives of their builders through pictures, plans and contemporary photographs and artefacts.



Commemorative medals

Plzeňský Prazdroj had a limited edition of commemorative medals minted for the 170th anniversary in the Jablonec nad Nisou mint. The medals' appropriate lustre was due to the design by the respected Czech academic sculptor, Professor Jiří Hrcuba, who is a living legend of the Czechoslovak and Czech minting history. The engraving work was done by Lubomír Lietava. As well as a seal with the Brewery gates, the Commemorative medal also bears a likeness of Václav Mirwald, one of the Pilsen Licensed Brewers, founders of the Pilsen brewery.

The gold commemorative medal was 19 mm in diameter, was cast from gold and weighed 3.49 g. Each medal had its own unique number from 1 to 170. The silver medal with diameter of 34 mm weighed 16 g and was made from pure silver. The minted commemorative medals are quite unique in Plzeňský Prazdroj's history and have become an object of interest for collectors.

Book on the history of Plzeňský Prazdroj

On the occasion of the anniversary we published "Plzeňský Prazdroj – the story that never ceases to inspire." With its motto "We Are a Part of a National Treasure", readers received an extensive, detailed and representative publication with facts, documents and a wealth of photographic material. The book charts the whole history of Plzeňský Prazdroj, the most important milestones and contemporary events that accompanied it to the present day.

One litre jubilee bottles

The symbolic seventeen – a bottle for every decade of our existence. The bottles were produced by Czech glassworkers in the Rückl Crystal glassworks in Nižbor, a traditional Czech firm which was founded only four years after the famed Pilsen beer was born. The design for the jubilee bottle was intended to recollect the oak barrels in the Pilsen cellars in which beer previously lay and matured. Each bottle from the limited edition bore the hallmark "Jubilee Bottle nos. 1-17" and the bidder acquired it together with a small booklet with detailed information and the signature of Václav Berka, the senior trade brewmaster.

Bidders at the auction, which was held on 5 October, the day of celebrations, gained not only the jubilee bottles but also the chance to visit the brewery in the company of brewmaster Václav Berka on the Pilsner Urquell tour route. Of this the highlight was the chance for bidders to visit the original brewery cellars, where they could draw the unfiltered beer into the auctioned bottle.

The Emperor's Cup

For the jubilee we prepared a faithful replica of the cup designed for His Highness the Emperor Franz Joseph I, who in September 1874 graced the Burghers' Brewery with his presence and

drank two glasses of Pilsen beer from the cup made from brilliant cut glass. The cup was made in the glassworks in Poděbrady and was cut in the Beroun grinding plant.

Club of Licensed Brewers

The meeting of the Club of Licensed Brewers and Friends of Plzeňský Prazdroj was held in Pilsen for the eighth year in a row. The traditional gathering of the direct descendants of the Pilsen Licensed Brewers has continued following the transformation into Plzeňský Prazdroj and has passed on to their descendants. Due to the change in status from the Association of Pilsen Licensed Brewers to the Club of Licensed Brewers and Friends of Plzeňský Prazdroj, the number of members has risen to include important figures who have played a part in the brewery’s history.

The last meeting of the Club was held in the spirit of the 170th anniversary. Members are also kept informed of Plzeňský Prazdroj’s key activities over the past year.

The cooper craft

In the Pilsen brewery, seven master coopers look after 50 barrels and 70 vats, allowing us to maintain the traditional production of non-filtered and unpasteurized Pilsner Urquell at the volume of about 450 hectolitres per year. The beer that is aged in oak barrels is not only part of the tasting experience offered to visitors, but is also the basis for evaluating the beer’s taste profile and flavour stability as opposed to simply using the latest production technologies.

Coopers presented their craft at various beer festivals and exhibitions. Original barrels are a welcome element in advertising and marketing events. Last year two coopers gained vocational certificates. Josef Hružá, foreman of the group of Plzeňský Prazdroj coopers, received the Bearer of a Traditional Folk Craft award. This is awarded by the Ministry of Culture and was founded by UNESCO under the title Living Folk Treasures. An innovation last year was a 17 litre wooden barrel full of Pilsner Urquell. The barrel is produced exclusively by hand from oak by traditional methods and is designed for the public at large. It has a wooden tap, a club for tapping the barrel and a wooden stand. For Pilsner Urquell’s anniversary, the coopers made 5 barrels with a volume of 170 litres which were used at the celebrations in Prague and Brno and afterwards in marketing events.

Research into visitor satisfaction

In August 2012, TNS AISA conducted research into satisfaction among visitors beyond the tourist agencies and also people over the age of 18. As in the previous year, respondents scored the Pilsner Urquell tour route most highly and welcomed the improvement in communication and accessibility of information. A great improvement at the Velké Popovice brewery was noted. For all Plzeňský Prazdroj routes people gained information mostly from websites and based on the recommendations of family and friends.



“ZÁPRAŽÍ original product”

The Velkopopovický Kozel Dark beer underlined its uniqueness by being granted a certificate and the regional brand “Zápraží originální produkt” (translates as Doorstep - original product). This is awarded by the Association for Regional Brands to products that are exceptional for their ties to a region, its character, traditions, culture or history. The brand has two goals – to support local producers who in this region so praiseworthy both for its nature and its tradition do business with care, traditionally and in accordance with environmental protection; and to contribute to sustainable tourism. The logo comprises a stylised silhouette of a full-grown oak, inside whose crown there is an oak leaf.

Objectives up to 2015

In the coming years we will further extend our tour routes. We will continue to work consistently on improving customer services.



* In this report, when talking about the previous period or 2013, the meaning is the last Plzeňský Prazdroj fiscal year, i.e. the period from 1 April, 2012 to 31 March, 2013.

Verification of the 2013 Sustainable Development Report



Scope of the assessment

Plzeňský Prazdroj presents its 2013 Sustainable Development Report as a comprehensive analysis in which it describes its activities and goals and assesses the fulfilment of its undertakings with regards to sustainable development. Plzeňský Prazdroj fulfils these in accordance with its global ten priorities. The Report provides an overview of all important information on the activities and procedures which Plzeňský Prazdroj completed in this area for the relevant period and also assesses any possible deviations from the plan and on these it provides a commentary.

We have been asked by Plzeňský Prazdroj to produce an external commentary on the Report and have done this through our partnership with independent experts. We conducted the assessment on the basis of an analysis of the background and a comparison with other key companies operating in the industrial branch in which Plzeňský Prazdroj conducts its business.

Our independent assessment only focused on the area of sustainable development; this means that it does not contain an analysis of information which the Report does not contain and to which it does not allude, such as financial statements, data on the company's ownership interest, economic and statistical data, information on the management and administration of the company. These parameters were not the subject of our external assessment and are not dealt with in our commentary. The scope of the assessment's content concerns the financial year beginning 1 April 2012 and ending 31 March 2013.

Our commentary contains an independent and appropriate assessment of the Sustainable Development Report and includes an evaluation of the information's conformity with the standards for compiling such reports by companies from the same field of business. The assessment does not verify the accuracy of the data reported. Plzeňský Prazdroj compiles its Report based on the SABMiller global system of internal monitoring and measurement (SAM) and uses other partial standardised or certified instruments.

Conclusions and findings

In reviewing the Sustainable Development Report we found nothing that would lead us to believe that the information contained in the Report is not immaterial information necessary for the evaluation and communication of the company's approach in the field of sustainable development. In its Report Plzeňský Prazdroj clearly describes the results achieved in the relevant period in accordance with its ten priorities, which it has transparently disclosed. In addition to evaluating the fulfil-

ment of its approach, it describes the important results achieved, processes initiated and goals set for future periods, including long-term goals until 2015.

Nevertheless, the Report lacks a sufficient description of the company's dialogue with stakeholders and any mention of the principle of materiality for the company's reporting. It would be appropriate to include the overall strategy concerning key data on Plzeňský Prazdroj. In the Report the company states partial opinions of external stakeholders in the relevant fields, although to a limited extent.

Specific findings

For all of its priorities Plzeňský Prazdroj gives more detailed descriptions of individual projects and activities together with the results achieved. This transparency in informing the public of the company's approach notably exceeds the standard of reporting sustainable development by firms operating on the Czech market.

In the field of transparent communication and reporting of results, Plzeňský Prazdroj uses a clear and lucid system for reporting the results achieved and regularly publishes a Czech version of the Sustainable Report. According to our findings this makes it one of the leaders in its field and indeed in all of industry on the Czech market. Although Plzeňský Prazdroj draws on external data, measurements and the opinions of certain stakeholders, we again believe that in future it would be advisable to supplement the Sustainable Development Report with an independent opinion of a group of stakeholders on the overall plan for fulfilling the company's sustainable development priorities and on the results actually achieved in the relevant period. A dialogue with stakeholders would also help set the rules for materiality and priorities for framing the data in the Report according to the strategic priorities stipulated.

In certain areas of priorities Plzeňský Prazdroj transparently admits to failing to achieve the goal stipulated in advance and transparently explains why it was not possible to fulfil such goal. Within these parameters, which are caused by general trends in customer behaviour or the adopting of new social attitudes, we believe it would be appropriate to include the opinion of external specialists and stakeholders in the Report.

One of Plzeňský Prazdroj's priority activities in the reported year is diversity and improving women's opportunities in leading positions. We believe that it would be appropriate for the reported information to be accompanied by concrete data on women's representation in specific levels of the company's management and the setting of specific goals for diversity within the company's employment policy.

Verification was provided by an independent organization Business for Society

Business for Society develops the social responsibility of firms and sustainable business conduct in the Czech Republic. Its purpose is to mobilise and motivate firms and other key institutions in social issues, responsible business conduct and the development of the quality of life in society.