

PIVOVARY STAROPRAMEN

A MOLSON COORS COMPANY

MOLSON *Coors*



SUSTAINABILITY
REPORT 2017

Our
Beer
Print

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The Staropramen Brewery has already been inextricably linked to Smíchov for 149 years. We are part of the history and build on the skills and heritage of many beer brewers who were not afraid to fight for a good cause and win acclaim for Czech beer not only in our country but throughout the world. The writing of the story of the Ostravar Brewery started many years ago. This year, it will already be 120 years since this brewery was established at the centre of the region in the very heart of Ostrava. Even here, we must refer to the artisan heritage of the people who breathed life into the beer and proved that brewing is a fair field, which makes people happy and helps with their social interaction.

Building on this heritage and meeting everyone's expectations is a big challenge for us. As a significant manufacturer, employer and business partner, we are interested in the community in which we are operating and make an effort to improve the environment around us. We are aware of the beer print that we are leaving behind as a production company. For this reason, we make an effort to reduce the impact and set ambitious goals that lead to the protection of the environment and responsible use of natural resources.

Last year, we invested CZK 1,959,601 in community development. In cooperation with the municipalities and our long-term partners from the non-profit sector, we participate in dialogue, organise or share in activities to improve the state of affairs and, as a good neighbour, further endeavour to help the needy.

We could not achieve all this without our employees, who are the driving force and true ambassadors of our projects. Their involvement and ideas help develop our activities with long-term partners in non-profit organisations and push us forward.

Proof that our long-standing work in the area of sustainability makes sense is not only seen in the results around us, but also in the awards endowed upon us in 2017 within the framework of the autonomous TOP RESPONSIBLE COMPANY 2017 awards of the Business for Society platform.

I believe that we shall continue to delight all beer drinkers and thus continue in the heritage of the brewmasters before us.

We enjoy helping!

Edita Šilhánová

Legal & Corporate Affairs Director
Pivovary Staropramen s.r.o.

Pivovary Staropramen was incorporated in the Commercial Register on 20 June 2012 and it is seated at Prague 5, Nádražní 43/84, 150 00. The Company's scope of business is beer brewing and malting. The Company's Identification Number is 24240711.

As of 31 December 2017, the Company has been owned by Molson Coors Netherlands B.V. (with a business share of 99.995%), registered in the Kingdom of the Netherlands, with its seat at 1043 BW Amsterdam, Naritaweg 165, registration number: 34362656, and MOLSON COORS LUX 2 (with a business share of 0.005%), registered in the Grand Duchy of Luxembourg, with its seat at 11-13 Boulevard de la Foire, 1528 Luxembourg, registration number B 168684.

The parent company of the entire Molson Coors Group is the Molson Coors Brewing Company, registered in the United States of America. The subsidiary companies are STAROPRAMEN-SLOVAKIA s.r.o., Cervesia Zagreb d.o.o. and MCCanada European Imports ULC.

In line with Article 2 of the Articles of Incorporation, the Company's scope of business is beer brewing and malting, manufacturing, trade and services not specified in Annexes 1-3 of the Trade and Licensing Act.

The Company owns properties in which it operates a brewery in Prague 5, Smíchov, and a brewery in Ostrava.

Pivovary Staropramen s.r.o. is the second largest beer producer in the Czech Republic and one of the biggest Czech exporters of beer. The key Staropramen brand can be tasted by consumers in 33 countries worldwide.

The Company is not dependent on any patents or licences, industrial, trading or financial contracts or new production processes, which would be of fundamental importance to its business operations or profitability. The Company is not currently involved in any significant litigation, the outcome of which could have a significant effect on its business operations. The Company did not interrupt its business operations in 2017 or in preceding accounting periods.

In 2017, the Company did not engage in any research and development activities. The Company has no organisational unit abroad.

2nd

place on the Czech
market

2

breweries:



1869

establishment of
the Staropramen
Brewery

614

employees

29%

of whom are
women

9.93

years is the average
working tenure in
the Company

**CZK 930.4
million**

Paid in 2017 on
direct and indirect
taxes



Staropramen
Smíchov



Staropramen Dark



Staropramen
Lager Eleven plato



Staropramen Non-alcoholic



Staropramen
Lager



Staropramen Dia



Staropramen
Unfiltered



Ostravar Premium Lager



Mustang



Ostravar Original



Barbora Dark



Braník



Braník Lager Eleven plato



Braník Lager

SLÁDKOVA

Limonáda



Brewers Lemonade
Original



Brewers Lemonade Apple



Brewers Lemonade
Black Currant



Cool Lemon



Cool Lemon
Non-alcoholic



Cool Grapefruit



Cool Grapefruit
Non-alcoholic



Cool Elderflower and Lemongrass
Non-alcoholic



Hoegaarden®





STŘÍBRNÁ
TOP
ODPOVĚDNÁ
FIRMA 2017
TOP ODPOVĚDNÁ
VELKÁ FIRMA



BRONZOVÁ
TOP
ODPOVĚDNÁ
FIRMA 2017
NEJANGAŽOVANĚJŠÍ
ZAMĚSTNANCI



In the 14th year of the **TOP Responsible Company** awards organised by the independent Business for Society platform for responsible business, we were awarded the **Silver Certificate in the main TOP Responsible Company 2017 category for a socially responsible approach to business and the Bronze Certificate in the Most Involved Employees of 2017 category for the Community Days alias Days when we help project.**

Our Ambition:

First choice for consumers and customers



Our Purpose:

Delight the world's beer drinkers

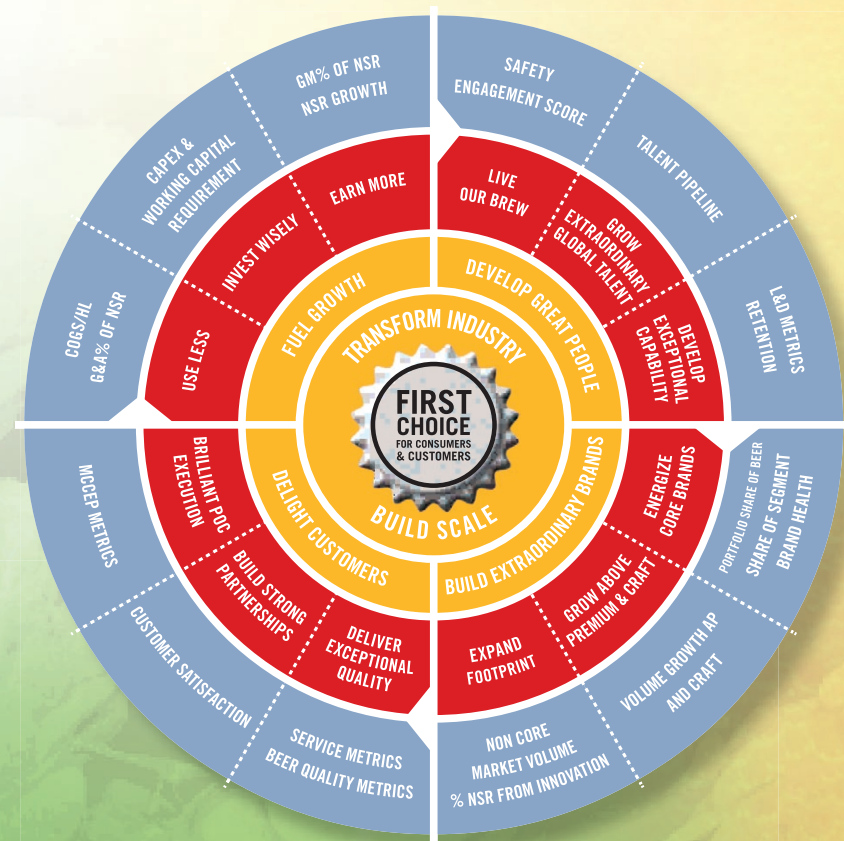


The Our Brew corporate culture and Brewhouse operating model help us achieve our ambitions

Our Brew company culture



Brewhouse operating model





The sustainable business goals of the Molson Coors Group were defined in close cooperation with our stakeholders in such a manner as for them to reflect the problems that our sector faces – from climatic changes to the increasing need to protect precious resources. We have always made and continue to make an effort to fulfil our duties to the community, environment and consumers in order for us to be able to show our positive Beer Print. As a company that is a member of one of the biggest brewery groups in the world, we want to do much more in these fundamental issues. We want to set the trend and be the leader in this direction.

In the outlook to 2025, we have earmarked three fundamental areas on which we want to focus. In compliance with our priorities, we have defined ambitious goals within the scope of the strategy termed **Our Beer Print 2025:**



- **Responsibly Refreshing:** We shall implement even more emphatic and effective programmes leading to responsible consumption of alcohol, better labelling of our products and a broader offer of low-alcoholic content or non-alcoholic beers for our consumers in all of our markets.



- **Sustainably Brewing:** In our breweries and at our suppliers, we focus on the effective utilisation of water resources. We have set ambitious goals leading to the reduction of carbon dioxide emissions by 50% within the scope of our business operations and 20% in our entire value chain. In all our major plants, we shall make an effort to achieve zero waste landfill.



- **Collectively Crafted:** We want our Company, which is a member of the Molson Coors Group, to be considered as a good employer that supports the community in which it is operating. From 2016, Molson Coors and Miller Coors have invested more than USD 22.6 million in these communities and up to 2025, these companies have set the goal of USD 100 million of contributions to these communities. In 2017, Pivovary Staropramen invested a total of USD 89,166 in these communities.

You can familiarise yourself with the Molson Coors sustainable development strategy at the Molson Coors Sustainability website.

<http://www.molsoncoors.com/en/sustainability/overview>

The details of cooperation between the Molson Coors Group and its stakeholders are available here:

<https://www.molsoncoors.com/en/sustainability/overview/materiality-and-stakeholder-engagement>.



RESPONSIBLY
REFRESHING



We believe that having a beer with friends is one of life's simple pleasures. For this reason, we are continuously working on helping our consumers to maximally enjoy this experience. We promote responsible consumption and want to provide further nutritional information on all of our products and bring non-alcoholic or low-alcohol content products to the market in order to offer an alternative to traditional beers.

Product safety and consumer health



During the year, we shall accomplish many audits. BRC audits have already been conducted for several years in both of our Company's breweries according to the BRC Global Standard for Food Safety <https://www.brcglobalstandards.com/brc-global-standards/food-safety/>. Besides the IFS standard, this standard is generally one of the most exacting in the food industry. The first audit was at Ostravar, which defended itself with an "A" result. The Staropramen Brewery was awarded "B", which is still very high.

Apart from the above-stated audits, in 2017 both beer breweries accomplished extensive internal Quality and Food Safety audits, the result of which confirmed that both breweries have implemented and maintained quality systems that guarantee the high quality and safety of our products.



In 2017, the historically first **GMP +** certification audit www.gmpplus.org focused on the assurance of feed safety, i.e. beer brewing by-products – dregs and waste yeast. The goal is to also set a high quality standard for these raw feed materials and ensure that no undesirable substances get into the food chain. Certification was done by TÜV SÜD.

The Staropramen Brewery has already undergone the **Kosher audit** <http://kosher-germany.com/koshergermany/en/check-information-guide-first> for several years, which is focused on the Asahi products and Staropramen product range for the Israeli market. A Kosher audit is requested by customers to ensure that food production fulfils the requirements according to the Jewish dietary habits and laws.



Another integral part of the quality system in our breweries is the **labelling of the products and packaging materials** in general. The product label information must be accurate to prevent the deception of the customer or consumer. The label information is supported by regular analyses in our internal laboratory as well as by external analyses in accredited laboratories. During development of new products according to new recipes, the quality department cooperates with the Beer and Malt Research Institute in Prague.

Quality awards for our beers

We are proud of our beer. In the international degustation **"BEER OF THE CZECH REPUBLIC"** competition, our **Light Staropramen Lager** won first place in the royal category of Premium Light Lager. Our beer proved its worth in a total number of 361 degustation samples.

Staropramen Granát and **Ostravar Černá Barbora** also made it to the finals in their categories.

Membership in professional chambers and CSR organisations

Our Company is a member of the Czech Beer and Malt Association, Czech Association for Branded Products, Czech Franchise Association, Czech-Canadian Chamber of Commerce and Business for Society platform.

In all of the above-stated organisations, the Company is actively involved in projects and initiatives that improve the business environment in the Czech Republic and permanently support sustainable development.

Responsible marketing

Irresponsible consumption is dangerous for the whole of society and, as a significant global producer, we are fully aware of the risks. For this reason, one of the priorities of the **Our Beer Print 2025** strategy continues to be maximum support for responsible and moderate consumption of our alcoholic products.





We observe strict internal rules defined by the Molson Coors directive on the responsible communication of products in the field of marketing and trade. The responsibility projects in which we are actively cooperating within the scope of the Czech Beer and Malt Association are further specific examples of our fulfilment of these priorities in practice.

Already in its 7th year, the **When I drive, I drink non-alcoholic beer** project started in 2017. It originated on the soil of the Czech Beer and Malt Association and annually involves 90% of the producers of non-alcoholic beer. Edification and prevention are always more effective than any form and degree of punishment, and for this reason, in cooperation with the Police of the Czech Republic and BESIP, responsible drivers who successfully accomplish the road traffic controls are given non-alcoholic beer as a safe alternative drink for drivers. More than 3,000 drivers were contacted within this project in 2017 alone; since 2011 the Police and promoters of the project have thus already met with 28,000 drivers.

The promotional stands of the project are also annually available at summer music festivals, where interested parties have the opportunity to try so-called drunken eyeglasses, i.e., eyeglasses which evoke a feeling similar to the state of drunkenness. After accomplishing three disciplines with these eyeglasses, they can subsequently get an alcohol tester and thus ascertain how long before they will be able to sit behind the wheel and drive again after drinking alcohol. We also realise similar edification activities internally for our employees during the year, particularly during edification occasions within the scope of Our Beer Print Month, which is annually organised in September.

Project details are available on the <https://www.rpnpcz/>.



0,00%
Řidím, piju
nealko pivo



Stay Cool when we ask you to prove that you are 18 years of age – is the name of another project, which refers to a popular social game. Its objective is to teach sales staff how to respond in a friendly, but emphatic manner to the attempted purchase of alcohol by minors who often try various excuses and tricks to get at alcohol, even though they do not fulfil the legal age limit for its purchase and consumption. The educational campaign draws attention to this societal problem and practically demonstrates how these situations can be solved in practice. The project was also supported by the Ministry of Health of the Czech Republic.

Project details are available on the <http://www.do18ne.cz/>.



Corporate Governance, ethics, anti-corruption measures

Pivovary Staropramen also adheres to the Corporate Code of Conduct that regulates corporate values, objectives and basic principles of conduct and fair business, and which is binding for all employees of the Molson Coors Group worldwide. All employees are familiarised with the Corporate Code of Conduct in the form of electronic training – new employees are familiarised with it within the scope of entry training, and all



other employees once per year.

We apply the rules including the Corporate Code of Conduct and CSR both in relation to our customers and suppliers, as well as business partners. An example of the responsible conduct of our Company is the **Ethical Code of Responsible Brewers**

<http://ceske-pivo.cz/csps/kodexy>, which governs contractual arrangements and cooperation in all areas affected the actual issue of the ethical conduct of our Company not only as a producer of alcoholic drinks, but also generally as a business entity, and which makes an effort to address an ever growing group of consumers and further endeavours to build a stable position in both Czech and international brewing in the form of permanently sustainable development.

As a member of a supranational group, we assert the principles and rules for prevention of corruption, which are based on the globally shared values of the entire Group and the legal requirements of, not only, the local legislation that governs the Company, but also the legal systems of all countries in which the individual Group member companies have their seats. The anti-corruption clause is an integral part of all our contracts with suppliers since 2015. In the form of e-learning, we also train all new employees in ethical business relations and prevention of corruption. Employees undergo this training once per year.

Our Company endeavours to ensure that a corresponding ethical approach is also maintained in relation to our employees. Employees are motivated to adopt the given policies as a natural part of their presence in our Company and, at the same time, for them to be able to identify any threat to these values within the scope of their working environment. Employees are obliged to give timely notice to their superiors, or directly to the global department, which focuses exclusively on the issue of compliance with ethical rules both outside and within all the Group member companies. For these purposes, the special **Help Line for Ethics and Compliance with Legislation** was established. Employees can at any time submit any observations that, in their opinion, do not match compliance with the ethical codex rules and may thus share them with those people who are directly solely focused on the issue of global compliance with the ethical rules in all the Group companies. The line is operated for the Molson Coors Group by a third party – the autonomous company EthicsPoint. You can find more information here:

<https://secure.ethicspoint.com/domain/media/en/gui/31/index.html>.

We have firmly established transparent and fair communication rules with our customers and business partners that we apply with regard to the requirements for observance of all ethical rules and sharing of values. This is



governed by the document titled **Anti-Bribery and Anti-Corruption Due Diligence Checklist and the applicable directive**. In the selection of customers, just as like with business partners, we apply the following requirements: economic viability, transparent operation, strategy, permanent sustainability strategy, potential long-term partnership, we pay attention to the application of anti-corruption measures and respect for human rights and the principles of occupational health and safety, as well as respect for the principles of environmental protection.

Prior to start of cooperation, our suppliers are duly authorised in the form of questionnaires that map all the criteria which they must fulfil before establishment of the business relationship. They are continuously informed about our rules; anti-corruption arrangements are integral parts of all agreements made with suppliers, and we periodically evaluate their observance on the part of our customers or business partners. Customers and business partners are also duly informed about the content of the directive governing the policies applied within the scope of prevention of corruption, and their eventual changes are duly conveyed to our customers and business partners. The rules are regularly presented to employees once per year in the form of electronic training.

An important part of the observance of ethical values and legal requirements is also **the economic competition rules**. As one of the leading companies in the Czech and international brewing industry, we conduct ourselves on the market in such a manner that the economic competition rules are strictly observed in our conduct toward competitors, customers and business partners. Employees are notified of the requirements for observance of economic competition rules in the form of a directive with the appropriate content, electronic training and training conducted in the form of presentations and discussions on specific topics that the employees encounter within the scope of fulfilment of their everyday working tasks. Besides the above mentioned training package, which is based on the Corporate Code of Conduct, this topic is also a component of the initial training. Other employees undergo training once per year.

Once per year, all employees are informed about the rules of conduct for negotiation with business partners and customers in the sense of **receiving or providing gifts, sponsorships, etc.**, especially with regard to situations in which the participants are state bodies or state or local government administration authorities. Its objective is to prevent any risk of association of such conduct with any business advantages or an assumption could arise on the potential influencing of processes running in our Company within the framework of the business activities of our Company. This issue is also a component of entry training.



SUSTAINABLY
BREWING



Excellent beer starts in nature, from the hops and barley, which we use in beer production, to the water, which lends our beer its exceptionalness. During the production process, we use every drop in such a manner as to get the best from each batch. We cooperate with the growers to help them assimilate the best procedures to make our beer print positive. This means that there is less waste and more efficiency behind each bottle. The result is beer, which is not only better to drink, but is also better for our planet.

Supplier chain

Our objective is to maintain and develop **long-term relationships with suppliers of all the major materials and services** with a focus on the high quality of materials and services, long-term development, reduction of the ecological beer print and an environmentally friendly approach. **80% of the overall goods and services purchased are from local suppliers**, and the remaining 20% from foreign suppliers.

The share of local manufacturers of packaging materials is 60% (bottles, labels, cartons, caps, PET preforms), and 40% from the foreign manufacturers (cans, glues).

Purchase of raw brewing materials

Our beer production is based on local raw materials. We have long-term partner relationships with suppliers and are regularly in contact with them. We have specifications for all raw materials and they are regularly analysed. We annually resolve any modifications of the specifications jointly with the suppliers depending on the given harvest year and regularly discuss species structure. We purchase barley up to three years ahead of time, the malt purchase contract is concluded for a period of 5 years with an extension option, and we purchase hops up to 7 years ahead of time. By this, we guarantee the regular purchase of raw materials to our growers.

Barley for the Staropramen Brewery is primarily grown in Polabí, and for the Ostravar Brewery in Haná. 95% of barley/malt is from local suppliers, while 5% special malts are purchased from abroad.

Our recipes are based on a combination of bitter German hops and aromatic Czech hops. The share of bitter hops is higher, approx. 60%; the share of aromatic hops is approx. 40%.

Other raw materials, mainly for production of Staropramen Cool products, are 60% foreign and 40% local. We have our own water treatment facilities in both breweries.



Environment – our goals

OVERVIEW OF GOALS – STAROPRAMEN BREWERY IN PRAGUE:



Description of the goal	Goal – 2020	Quantified outputs and results – 2016	Quantified outputs and results – 2017
Reduction of water consumption	water consumption 3.31 hl for 1 hl of beer produced	water consumption 3.54 hl for 1 hl of beer produced	water consumption 3.53 hl for 1 hl of beer produced
Reduction of electricity consumption	consumption of electricity 6.06 kWh for 1 hl of beer produced	consumption of electricity 6.26 kWh for 1 hl of beer produced	consumption of electricity 6.26 kWh for 1 hl of beer produced
Reduction of thermal energy consumption	heat consumption 49.01 MJ for 1 hl of beer produced	heat consumption 52.39 MJ for 1 hl of beer produced upon conversion 59.14 MJ/Nhl	heat consumption 58.13 MJ for 1 hl of beer produced
Reduction of the waste volume delivered to the landfills	zero waste to landfill in 2020	3.8 g of waste, which was delivered to a landfill for every 1 hl of beer produced (a total of 10.12 t of landfill waste in 2016)	1.68 g of waste, which was delivered to a landfill for every 1 hl of beer produced (a total of 4.38 t of landfill waste in 2017)

Project duration from 2014



OVERVIEW OF THE GOALS – OSTRAVAR BREWERY IN OSTRAVA:

Description of the goal	Goal – 2020	Quantified outputs and results – 2016	Quantified outputs and results – 2017
Reduction of water consumption	water consumption 3.4 hl for 1 hl of beer produced	water consumption 4,50 hl na 1 hl of beer produced	water consumption 4.45 hl for 1 hl of beer produced
Reduction of electricity consumption	consumption of electricity 5.14 kWh for 1 hl of beer produced	consumption of electricity 8.86 kWh for 1 hl of beer produced	consumption of electricity 8.68 kWh for 1 hl of beer produced
Reduction of thermal energy consumption	heat consumption 71.8 MJ for 1 hl of beer produced	heat consumption 99.7 MJ for 1 hl upon conversion 59,14 MJ/Nhl of beer produced	heat consumption 95 MJ for 1 hl of beer produced
Reduction of the waste volume delivered to the landfills	zero waste to landfill in 2020	9.11 g of waste, which was delivered to a landfill for every 1 hl of beer produced (a total of 3.73 t of landfill waste in 2016)	4.2 g of waste, which was delivered to a landfill for every 1 hl of beer produced (a total of 1.81 t of landfill waste in 2017)

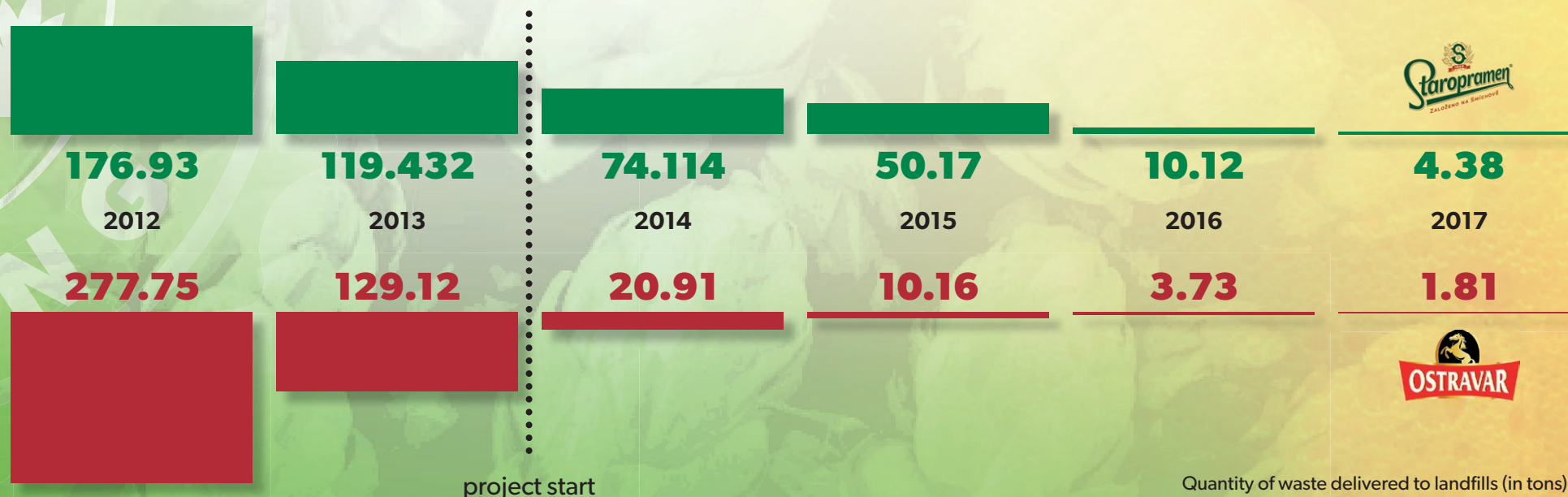
Project duration from 2014



EXAMPLE GOAL – ACHIEVE ZERO WASTE TO LANDFILL:

The project with the objective of absolute reduction of the landfill waste burden on the environment started in 2014. Our goal matches the EU goal, as well as the world trend to utilise all waste in a manner other than storage at a landfill. For project success, cooperation with such suppliers in the field of waste management who are capable of recycling waste, use it in thermal production energy, or put it to some other use is key. The procurement department particularly helps with the selection and retention of suppliers. At the same time, it is necessary to maintain a solid level of discipline among our employees in the area of grading individual waste flows from production and other processes. For this reason, the involvement of the employees and their motivation on the part of the Company management is key. We measure the quantity of wastes in the Company in such a manner as for it to correspond to the equivalent production volumes of the individual plants, i.e., the weight of the waste is related to the volume of beer brewed. The goal of our Company is to completely eliminate landfill waste by 2020.

Project progress and measuring results – Staropramen and Ostravar Brewery:





Energy

As a responsible Company, we make an effort to ensure that the negative beer print and impact of our operations on the surroundings and the environment is as little as possible. One of the biggest factors that influence the impact of our operations is consumption of energies and their conversion to other energies. For this reason, it is our main task to minimise this impact by making an effort to consume as little energy as possible and utilise it with as little loss as possible. In the Staropramen Brewery, this applies to electricity, natural gas for steam generation, CO₂ and water.

For us to achieve energy reductions, we must be capable of measuring the energy and monitor the consumption trend long-term. To achieve the most efficient energy consumption, we have established the **eSight monitoring system**, which not only identifies the trends from the available data, but can also forecast optimum consumption and highlight deviations from the normal situation. This makes it possible to prevent over-consumption and identify an emerging problem in its initial stage before it aggravates. At the same time, it allows the involvement of all employees at all levels. We monitor all the energies on-line and make an effort to identify them to the minutest detail. Thanks to the consumption models created by the system, it is possible to save up to 15% of the energy use.

We relate all energy in our Company to the unit of brewed beer, i.e., a hectolitre. We have set the main energy consumption goals up to 2020 and continuously seek opportunities for savings. Electricity is consumed in production and in the generation of other forms of energy, which are important for our operations. Our highest consumption is in the area of cooling, which is indispensable for the brewery operations and beer brewing. A further step is production of compressed air, while these two consumption instances comprise more than one third of the electric power consumption of the entire brewery. Further applications include the production of compressed CO₂ and boiler house and waterworks operations. Other electricity consumption is already purely for production of the final product. The heat that we generate in the gas-fired boiler house in the form of saturated steam is primarily used for brewing, pasteurisation, sanitation and maintenance of the micro-climatic conditions throughout the entire brewery.

For us to achieve maximum savings, we must consume the energy effectively and, at the same time, maintain the breweries' good technical condition. For this reason, we have a long-term established **good ideas programme** through which we seek opportunities for investment in smart solutions, which will help us reduce consumption. These investments include, for instance, planned acquisition of a new steam boiler for the Staropramen Brewery, which shall have higher efficiency and lower emissions, the installation of



compressed air measurement on the individual secondary appliances for easier detection and location of potential leaks and, last but not least, a new more efficient bottle washing machine for the production line. A new steam control station for the brewing house was commissioned at the Ostravar Brewery with the objective to reduce brewing house steam consumption by 1.4 MJ/hl of dregs. Further, a new compressor for production of compressed air was installed here, which directly led to the reduction of electricity consumed in the production of compressed air by 14%.

Water

A further important indicator in both of our breweries is water consumption. Water is one of the primary raw materials for the production of beer. At the same time it is a very precious commodity and, for this reason, it is necessary to handle it responsibly and avoid its incessant wasting. As such, the water that we cool with compressors is secondarily used, for instance, in the boiler house, brewing house or the bottling plant. In this way, we reduce the quantity of water used per hectolitre of beer.

In 2017, the total water consumption in the Staropramen Brewery was 997,440 hl, which is a consumption rate of 3.53 l of water per litre of beer. Although this figure may seem to be high, it is a negligible part of the water source from which we get our water. The same volume of water that constitutes our annual consumption on average flows through the stream at the off-take point within only 2 hours.

In the Ostravar Brewery, the total water consumption in 2017 was 192,730 hl, which is a specific consumption of 4.45 l of water per litre of beer. When pumping water from our own well, we continuously monitor the water level to avoid disruption of the ground water balance. In case of an extreme drop in the water level in summer, we opt for limited or intermittent pumping of water and supplement it with water from the municipal conduit.

In connection with climate change and its impact on water resources, we prepared an analysis of the risks. Once every two years, we also use an internal system to analyse and manage water resource risks and prepare the so-called WRI – Water Risk Index – for both of our breweries. It is a questionnaire, which initially asks a question as to how we use the water and how we plan to manage it, and further ascertains the readiness for extraordinary events and our options upon the failure of water resources and eventually the impact on production.



Emissions from beer production

At Pivovary Staropramen, we do not measure the total carbon footprint. Within the framework of our goals, we focus on the emissions from brewing. Due to the fact that we use a gas-fired boiler to make steam in the Staropramen Brewery, we are obliged to measure emissions and ensure that they do not exceed the set limit. In the case of NO_x with a limit of 200 mg/m³n, we get values in the region of 115.7 mg/m³n. For us to maintain this high standard and generally reduce the emissions, we are solving the construction of a new boiler, which shall lower NO_x emissions to 80 mg/m³n.

In 2017, the Staropramen Brewery produced 7,821 tons of direct CO₂ emissions especially for thermal energy production requirements (steam) from our gas-fired boiler house. This entails a decline of 7% as compared with 2016 when 8,413 tons of CO₂ were produced. The reason for this decline is a lower need for steam production. In indirect CO₂ emissions, we report 9,463 tons produced by the power plants during supply of electric power to our brewery. The ten percent change as compared with the preceding year is directly related to the correction of the emission factor.

In the beer brewing process, the Ostravar Brewery uses steam centrally generated by VEOLIA ČR directly in Ostrava and for economic reasons (besides large fluctuations at the moment when steam is required during the day and during the week, this would result in big production losses if the steam were generated using own resources), but also ecological reasons (production is far more environmental friendly). We thus report indirect emissions from the supply of steam in a quantity of 2,365 tons of CO₂ and also from the electricity supplied by EPET in the quantity of 2,120 tons of CO₂.



Packaging materials

Our Company has signed a contract on joint performance with EKO-KOM, a.s., by which we fulfil the obligation to secure the collection and recycling of packaging waste materials in a manner according to Section 13(1)(c) of the Packaging Act from 2017.

THE QUANTITY OF PACKAGES FOR COLLECTION AND RECYCLING PURSUANT TO THE PACKAGING ACT IN 2016 AND 2017: (quantities in tonnes):

						
	SOFT PLASTICS (FOILS)	PET	CANS (FE)	CANS (AL)	GLASS (DISPOSABLE)	GLASS (TURNAROUND BOTTLES)
2017	62.68	1 602.4	1 122.1	497.6	1 035.1	52 164.1
2016	18.15	1 551.3	935.2	224.2	1 125.1	43 708.1

Thanks to active cooperation with EKO-KOM in the system, more than 77% of packaging waste is recycled and the availability of grading in the Czech Republic is increasing at the level of the highest EU standard. The grading system and subsequent recycling of useful packaging waste is being developed continuously.

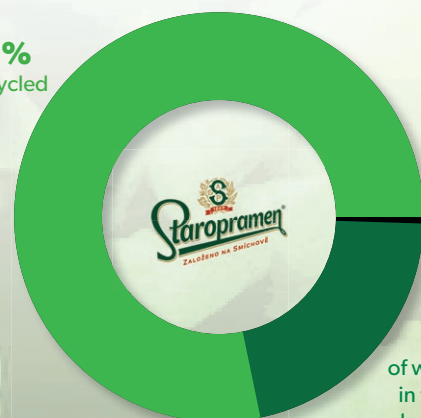


Waste

In 2017, the Staropramen Brewery produced 1,656.24 tons of waste (of which 19.19 tons is hazardous waste), which was submitted for recycling or ecological liquidation (especially for energy use). As a responsible Company, we make a special effort to reduce that element of the waste which ends at a landfill. In 2017, the Staropramen Brewery generated a total of 4.38 tons of landfill waste. In 2016 the waste quantity was 10.12 tons. The 2020 goal is to completely eliminate the production of waste that had to be stored.

GRADED WASTE IN THE STAROPRAMEN BREWERY IN 2017 (production including offices)

78.26 %
of waste recycled

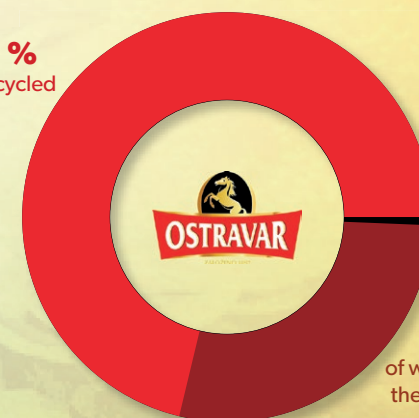


21.43 %
of waste incinerated
in the incineration
plant (energetic use)

0.31 %
of waste ended
at a landfill

GRADED WASTE IN THE OSTRAVAR BREWERY IN 2017 (production including offices)

71.26 %
of waste recycled



28.24 %
of waste incinerated in
the incineration plant
(energetic use)

0.5 %
of waste ended
at a landfill

An active approach to waste management is the active domain, not only, of the production employees who are trained once per year, but also their colleagues in the offices. In 2017, we guided employees towards consistent grading of waste in the offices.



Feed

Grain and waste yeast are commodities that are created as by-products of beer brewing, and which have recently become a highly sought-after article for manufacturers of feed. In order to ensure that the supplied feed raw materials are safe and cannot cause any damage to health in the food chain, we decided to certify the entire feed raw materials production system according to international standards for feed. Based on a request from our buyer of yeasts, we chose the GMP+ standard, which we also use also for dregs.

In 2017, the Staropramen Brewery sold 42,749 tons of grain and 34.85 tons of waste yeasts. At the Ostravar Brewery, this was 420 tons of grain and 7,767.81 tons of waste yeasts.

Logistics

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Environmental protection – significant days

Environmental protection, the environmental impact of our production operations on the surroundings of our breweries, sustainable business and leaving a positive beer print are important topics for our Company and, at the same time, also one of the pillars of **Our Beer Print 2025** strategy.



Within the framework of environmental protection education, we also commemorated **World Water Day, Earth Day, and World Environment Day**. We internally communicated our corporate goals and methods for achieving them. At the same time, we sent practical tips to employees on how to better take care of the world around us – from energy saving to waste sorting. We also organised a workshop on the theme of waste management and organised several competitions for interesting prizes.

Environmental health and safety

Our Company is committed to ensuring health and safety at work in accordance with the legal requirements of the Czech Republic and the European Union. Above the scope of the stated legislation, we have established a **safety management system based on the OHSAS 18 001 standard**, which is subject to regular internal audits by our parent company, Molson Coors. Within the scope of this system, we make an effort to place emphasis on risk prevention, ensuring safe working conditions both for our employees and our suppliers and visitors to our breweries. We have set strict goals in the area of accidents and injuries up to 2025 with the ambition to achieve zero injuries that require treatment by a physician for our employees and suppliers as well as visitors.

One of the ways to achieve these objectives is the introduction of innovations and modern methods of safety management and ensuring a safe working environment.

In 2017, we primarily focused on 3 areas – safety of machinery and equipment, pedestrian safety in the logistics zones, like improvement of the quality of training for our employees and the general coverage of occupational safety training and the principles of environmental protection for all persons who enter the production premises of the breweries. In the area of machine safety, we invest considerable resources in the modification of the existing equipment on the bottling lines so as to comply with current standards and safety regulations. In the issue of logistics safety, emphasis is particularly placed on organisation of the working environment, separation of pedestrians from the rest of the traffic using both organisational and simple or more complex technical systems. Among other things, a significant investment was made last year in a new system for scanning pallet cargo during dispatch from the warehouse, thus eliminating the necessity of the physical movement of persons manually scanning the cargo in the dispatch area.



Last year, we also implemented an effective system for **video training in occupational health and safety and the environment**, which is used for the entry and periodical training of our employees and also our suppliers who perform work within the Staropramen Brewery premises. This has significantly increased the people's awareness of safety requirements and generally increased the level of safety culture across all the workplaces.

Considerable changes for the better have also occurred in the improvement of the quality of the working environment. Also in 2017, the **reconstruction of the offices** continued, which improved the working environment of more than 150 employees, and thanks to which spaces with a total area of more than 2,000 m² were refurbished. Within the framework of this project, the long-term resolution includes, among other things, also the improvement of the efficiency of teamwork between the departments, correct setting of the relations between the working and rest zones, as well as the construction of smaller telephone rooms for privacy.

Monitoring and protection of biodiversity at our brewery sites

Our production facilities are not located in protected areas. With regard to this fact, our production operations do not impact the biodiversity in the immediate surroundings of our operations. We are thus aware of the beer print we are leaving behind as a production company and, for this reason, we target all activities in the area of social responsibility and environmental protection at alleviation of this impact.

Festivals without barriers

**FESTIVAL
BEZ
ZÁBRAN**



The **Staropramen Festivals without barriers** project was created from the initially internal **Collect the caps, we will build...** project, which supported care for the environment and recycling. It was a response to the then opening of the new PET bottle filling line in the Staropramen Brewery. Since we realised the impact associated with the opening of the line and use of plastic packaging materials, we decided to come up with a project that would otherwise use plastic for a good cause. Within the project, employees and partners from the non-profit sector collected plastic



caps and metal caps. The plastic caps were subsequently used to make useful objects for our long-term CSR partners, and the proceeds from the sale of the metal caps was used to help the needy.

In the next 3 years, after merging with the Staropramen brand, this product grew into a project of national importance and its goal was simple: **break down barriers between healthy and handicapped people** and allow everyone, without distinction, to enjoy cultural and social activities together. For this reason, in 2014 we started building **barrier-free facilities at Czech music festivals and social events in the Staropramen Brewery** to enable handicapped visitors to enjoy the events in exactly the same manner as everyone else. We joined forces with several organisations representing wheelchair bound persons, partners who are capable of recycling plastics and making essential equipment from it, for instance, access ramps, and last but not least, with hundreds of people and institutions that helped us collect the recycling and construction material.

THE STAROPRAMEN FESTIVALS WITHOUT BARRIERS PROJECT CAN BOAST THE FOLLOWING AWARDS:



2015 – SILVER CERTIFICATE

in the thematic Social benefit project 2015 category, which is endowed within the framework of the TOP Responsible Company by the Business for Society platform.



2016 – GOLD CERTIFICATE

in the thematic Social benefit project 2016 category, which is endowed within the framework of the TOP Responsible Company by the Business for Society platform.



In 2017, we visited the **music festivals Rock for People, Mezi ploty and Vysmáté léto** in Kadaň and provided access to them through the Staropramen Festivals without barriers project. At the same time, we opened the Smíchov Staropramen Brewery within the framework of the concert of the Canadian **music band Billy Talent**, Czech hip-hop legend **PSH**, and already traditionally during the **Czech Beer Days** when we further organised a tour of the brewery and the production premises. Together with us, Prague's **O2 Arena** also started collecting plastic caps!

Project website

<https://festivalybezzabran.cz/en>





COLLECTIVELY
CRAFTED



People in our company and communities play an equally important role as that of the hops in our beer. They are the beating heart in our breweries and our neighbourhood.

Our beer is made by talented employees who are in close contact with the communities and help make our workplaces better living places. We are glad that we can share stories full of enthusiastic people, communities full of life and strong partnerships, which document the success of our efforts, with the readers of this report.

Our people

We devote a lot of effort to the care of our employees. We are aware that correctly motivated employees are the best team players and also dedicated ambassadors of our Company and its brands.

RECRUITMENT AND LABOUR MOBILITY:

In 2017, we occupied
130 positions
primarily in production
and sales.

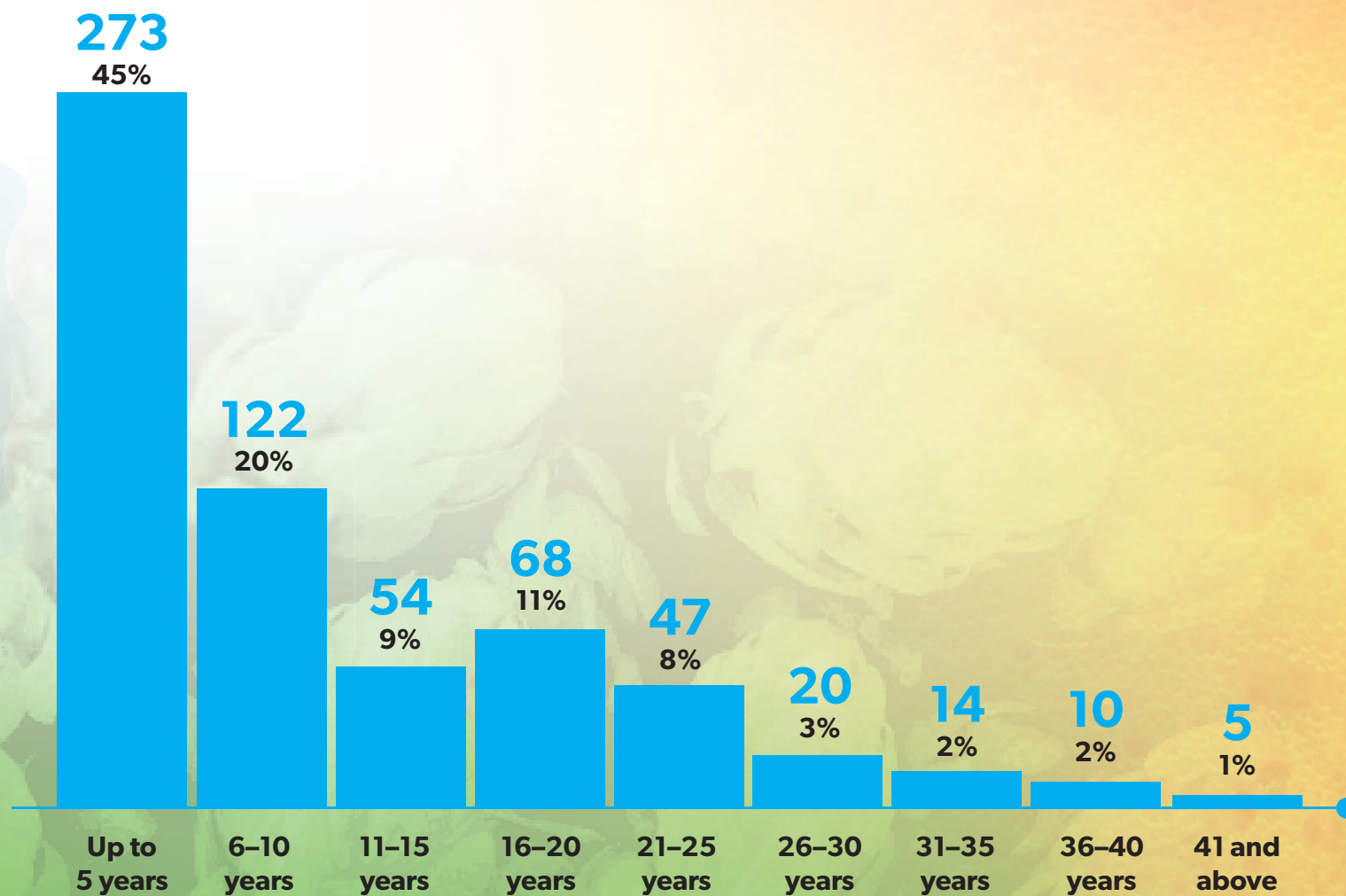
Fluctuation
14.54%
overall

8.11%
were voluntary
departures

6.43%
involuntary
departures



EMPLOYEES ACCORDING TO THE NUMBER OF YEARS THEY HAVE WORKED FOR PIVOARY STAROPRAMEN:



All data valid as of 31/12/2017



PARENTS ON MATERNITY OR PARENTAL LEAVE:

In 2017, we had
52 parents
on maternity or parental leave,
of whom

13
were scheduled to return to work
in 2017.



Factually
6 parents
returned
(46% of the total number)



7 parents
thus left our Company.

Employees engagement

In 2017 the regular **Survey of employee engagement**, which we conduct once every two years, was done. Participation was record-breaking – 93% of employees participated, **the participation coefficient was 87%**. Employees answered questions in 14 categories in the areas of people management, career growth, commitment, working environment, corporate culture and our long-term goals. Based on the survey results, we prepared an action plan with the individual departments and are now actively addressing the partial areas so that we can achieve even higher satisfaction of our employees in the future.

We transparently communicate and present the results of our Company through internal e-mail communication and the “Od Pramene” corporate magazine. We organise regular fortnightly meetings for the Brewhouse executive staff, at which we acquaint them with the running performance of the Company, major successes in the period just ended, and other plans for the future. The executives subsequently convey this information to their teams. Once per year, we organise the all-company conference for all employees.



Benefits

We provide various employee benefits to our employees. These contribute to the higher satisfaction of employees, support their social background, and also enable them to achieve a better balance between their working and private lives.

THE MOST INTERESTING BENEFITS THAT WE OFFER TO OUR EMPLOYEES ARE:



Optional benefits system



Company products



Meal allowance



Additional leave (1 week)



Sick days



Additional pension insurance contribution



Top-up of income during long-term incapacity to work

Flexible working conditions and work from home – employees without fixed working times in a shift can utilise a flexible working time that defines the mandatory working time. All Company employees equipped with notebooks and whose work can be done from home without any impact on the Company operations have the opportunity to work from home. All work from home requires the prior approval of a direct superior. The employee is then entitled to 1 day of work from home in the week.

ABOVE THE FRAMEWORK OF THE LAW, WE OFFER 1 ADDITIONAL DAY OFF ON THE FOLLOWING OCCASIONS:

- Own wedding
- Child birth
- Relocation
- Accompanying a child on his first day to school (1st grade of primary school)
- Death of a close family member



Human rights

We support a positive working environment in which only legal, ethical and responsible behaviour that complies with Our Brew and our Corporate Code of Conduct is acceptable. We are proud of the fact that as a member of the Molson Coors Group, we are an international company in which employees from all over the world are working. We appreciate the diversity and inclusion and commit ourselves to ensure a workplace where our people are treated with such respect. We make an effort to become a place where everyone feels comfortable and free and can change things for the better.

Cooperation with trade union organisations

Our Company has **2 trade unions** – for the Staropramen Brewery and the Ostravar Brewery. The Collective Agreement is concluded for 1 year. The trade unions are represented at regular quarterly meetings of the Environmental Health and Safety, and Environment Committee. Quarterly meetings also take place between the trade union representatives and the employer's representative for the purpose of exchanging information relating to development of the wages, morbidity, overtime work and current events in the Company.

In 2017, we agreed on an average basic **wage rise** of 5% for blue collar jobs. In the end, the real wage rise for the blue collar jobs was higher by 6.5%.

In order to appreciate the loyalty of our employees, in 2017 we decided to raise the working jubilee bonus from the initial CZK 300 to CZK 500 for every year worked for the Company. Employees are entitled to this bonus after ten years of work for the Company and every 5 years thereafter.

Our selected employees who are already retired are associated in the **Pensioners' Club**. The Company contributes to their annual meeting in the premises of the Staropramen Brewery. Club members have the opportunity to jointly recall, taste our beer and, last but not least, also meet representatives of the Company management. Similarly, they have the opportunity to participate in the brewery events organised for employees. The Company also annually contributes to 6 package tours for the Pensioners' Club within the territory of the Czech Republic. Members of the Pensioners' Club may utilise some employee benefits – for instance, purchase of products at discount prices.



Employee education and career development

In the field of education, we conceptually primarily focus on the sales teams and the production and logistics departments. Apart from statutory training, we offer an **opportunity for development of technical and, so-called, soft skills** to our employees (for instance, negotiation, presentation skills or time and priority management). In 2017 we trained 336 employees in the production and logistics departments, and 355 employees in the sales teams.

The offered educational activities are always compliant with the Company strategies and employee involvement is based on their work and plans for their personal growth in such a manner as for us to be able to support them in the achievement of their performance goals. At the same time, this enables us to help them fulfil their professional aspirations and career plans.

For new employees, we regularly organise entry training in the premises of the Staropramen Brewery with the goal to support them in the process of adaptation and to ease their first steps in our Company. They are guided through the two-day training by individual representatives of the management, who introduce their departments and their functions. A popular part of the training is the brewery school, which is presented to new employees by the commercial brewer. Here, participants learn about beer production, how to care for it, and also learn how to tap it correctly.

The annual remuneration system of employees is tied to the annual cycle of performance assessments. The remuneration system is based on fulfilment of specific KPIs within the framework of approved bonus schemes. The assessment meeting between superiors and subordinates takes place twice per year and, during the meeting, both sides not only evaluate the achieved goals, but also the method applied to their achievement.

Internal communication

We consider internal communication as an effective tool for conveyance of information to employees. It consists of 3 pillars – internal media, internal events and corporate culture.



Under internal media we rank standard communication tools, for instance, internal notification, the “Od Pramene” internal magazine, bulletin boards in the production areas of both breweries, the Intranet and the Yammer social network.

The **internal events** include working meetings, for instance, all-Company conference, quarterly presentation of the Brewhouse results, meeting with the general manager of Molson Coors, but also informal events including “Happy Hours” where employees can meet with colleagues and the Company management, as well as events for family members of employees such as Family Day and St Nicolas Day.

In **Corporate Culture** we focus on communication of the strategy, goals and ambitions of our Company and their implementation in the everyday work of our employees. In 2017, we started working on the Employer Brand project with an external company; the goal of this project is to make Pivovary Staropramen more attractive as an employer on the labour market and also support the current employees and turn them into our ambassadors.

Cooperation with schools

In 2017, we prepared lectures for 50 foreign students of the Prague University of Economics, which concerned the presentation of our Company, career development in the brewing industry and touts of the Visitors Centre of the Staropramen Brewery associated with tasting of our products. Students of the Křemencova and Podskalská secondary schools and of UCT Prague have been offered work experience placement in the laboratory of the Staropramen Brewery throughout the year. In all, we thus cooperated with 12 students with placement ranging from 14 days to 1 month.





In autumn 2017 we participated in the Chance Job Fair, where we contacted more than one hundred future graduates of various fields of study. During the year, we offered long-term paid trainee positions in the purchasing department, personnel department, legal department and corporate affairs department. We also cooperated with students in the creation of their theses.

Diversity and equal opportunities

All economically active age categories are naturally represented in the work teams of both breweries. We utilise the synergies of mixed teams comprising men, women, professionally experienced colleagues, but also new entrants and trainees.

STATISTICS AND STRUCTURE OF EMPLOYEES INCLUDING THE SENIOR MANAGEMENT (as of 31/12/2017):





We are signatories to the European Diversity Charter, in which the leading employees declare their commitment to develop a generally tolerant working environment. We actively participate in events which are related to this agenda

<https://diverzita.cz/english-2/>

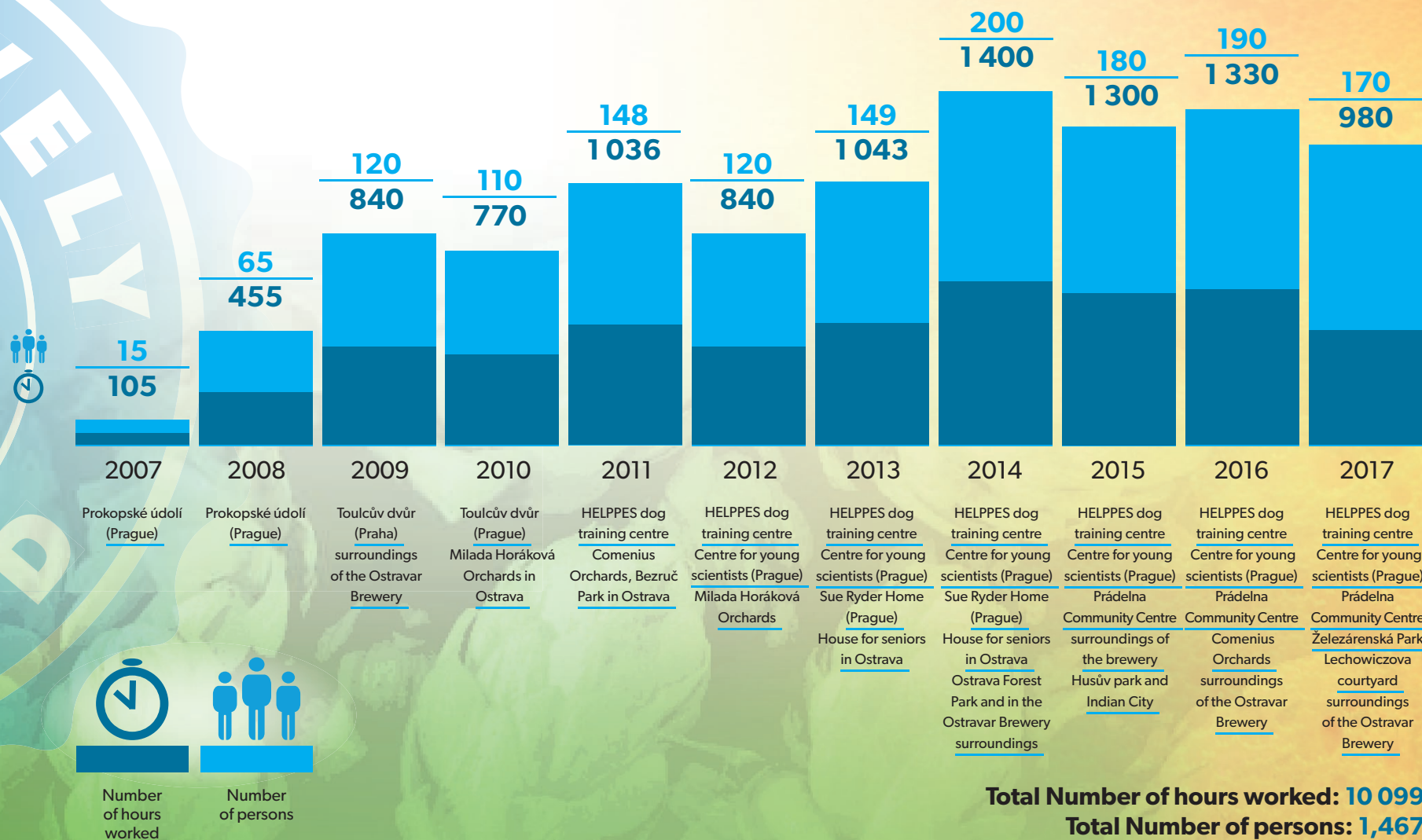
The remuneration strategy in Pivovary Staropramen is based on the corporate culture of the parent company Molson Coors. Our goal is to provide **equal remuneration opportunities**, which are directly linked to the performance of the Company, sales strategies and wage level on the labour market. The strategy is also designed to appreciate and reward the conduct of the employee and their results, which are necessary for achievement of the Company goals.

We use local market data to set the wages for individual positions. The wage span is thus determined for each position based on the wage data available throughout the Czech Republic. We exclusively use data from remuneration surveys, which are provided by verified and internationally established companies. The wage of a specific employee within the wage span depends on their current experience, readiness to cope with the tasks in the given position, and also their performance. During determination of the wages gender, nationality or sexual orientation are not considered. The remuneration system is set in such a manner that employees get a comparable wage for comparable work, while each further wage increment depends directly on the performance of the employee and also on where their wage lies in the wage span corresponding to the given position.

Community and volunteering

As a significant manufacturer in two big cities, we have always made an effort to be a good neighbour, a capable helper and actively participate in the events in our surroundings.

The oldest project ever, which focuses on direct support to communities, is **Community Days, alias Days when we help**. In 2017, the already eleventh year of this event took place in Prague and Ostrava. Within three days in Prague and one day in Ostrava, employees helped long-term partner organisations within the municipal quarter in which the breweries are operating. Besides this, the Company also endowed a financial gift upon each subject for purchase of material and protective equipment.





You can view the 10th anniversary event video here.
https://www.youtube.com/watch?v=sNASp7cpz_8&feature=youtu.be





Since 2011, we have been cooperating with the **Helppes** dog training centre, which helps people with a variety of handicaps on their path to integration, self-sufficiency and independence through specially trained assistance dogs. In 2011, our Company became its general partner.

Within the scope of cooperation, we provide free consulting and legal services to Helppes and, during the summer recondition stays of its clients, we also provide professional lectures on beer history and production. In addition to this, we provide product support for all its events. They include, for example, the Championship of the Czech Republic Guide Dogs Performance or **Super Day** – an event during which Helppes ceremonially hands the trained assistance dogs over to their new owners.



**PIVOVARY
STAROPRAMEN**
MOLSON COORS COMPANY



**GENERÁLNÍ PARTNER
JIŽ OD ROKU 2011**

POMÁHAT NÁS BAVÍ.



The partnership and cooperation with this organisation functions reciprocally. Thanks to their openness and willingness to help, we could introduce them to other partners from the non-profit sector. Once a year, Helppes provides canis therapy lessons to our long-term partner – **The Children's Rehabilitation Day Care Centre in Ostrava**. Our employees from Ostravar Brewery started supporting the Children's Rehabilitation Day Care Centre in Ostrava 13 years ago. Within their ranks, they regularly organise the Saint Nicholas Day fund raising event, the proceeds of which are handed over at the Saint Nicholas Day children's party, which they annually organise for the children from the Day Care Centre. The Company also makes a two-fold contribution to the collected amount. All the endowed financial resources are usually used to purchase signalling aids for handicapped children.





A further irreplaceable partner is the **Prádelna Community Centre**, with which we have cooperated since 2015. This centre is a functional community, educational, but also cultural, social and art centre. All its activities primarily serve to link and support the local community. For children, youth, but also active seniors, the centre offers various music and dance projects, audio-video workshops, photographic and sight-seeing trips, various forms of coaching, art workshops, etc. Public exhibitions are held in the Prádelna Gallery, while private viewings, travel and photographic evenings, concerts, theatrical performances, seminars and lectures are also regularly prepared.

Our cooperation started within the framework of the **Community Days, alias Days when we help**. However, it expanded quickly and today our representatives regularly participate in the community centre events and, within the framework of cooperation, we also offer product support for the event and annually organise a tour of the Staropramen Brewery Visitor Centre.





CSR management

Social responsibility agenda falls within the competence of the Legal and Corporate Affairs Department. The Company management is actively involved in all projects and initiatives, which this department controls under the leadership of the Legal & Corporate Affairs Director.

We inform our business partners, customers and consumers about the activities in this area and the area of sustainable development.

Reporting period

This report was issued for the period 1 January – 31 December 2017.



**PIVOVARY
STAROPRAMEN**
A MOLSON COORS COMPANY

MOLSON *Coors*

SUSTAINABILITY REPORT 2017

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<https://pivovary-staropramen.cz/en/about-us/corporate-responsibility/we-enjoy-helping/>

<https://www.staropramen.cz/>

