

**PIVOVARY
STAROPRAMEN**

A MOLSON COORS COMPANY



SUSTAINABILITY REPORT 2019

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OPENING REMARKS

As a significant producer, employer, and business partner, company Pivovary Staropramen naturally cares about the environment in which it is operating. We constantly make an effort to reduce the footprint of our activities – we handle our natural resources responsibly, innovate packaging materials, look for alternatives to the current packaging, or use new technologies. We consider all these steps an indispensable part of a responsible attitude to business, which we proudly proclaim.

As part of the local sustainability strategy and of the strategy of Molson Coors, we also pay attention to the development of the communities in the vicinity of our breweries and to the care of our employees whose engagement and passion is a precondition for our growth and achievements.

Responsible consumption and marketing represent another key area we focus on. We believe that transparent communication, education of consumers and our business partners and overall self-regulation is much more effective than any restriction-based approach.

Beer culture has had a long and rich tradition in our homeland. Every day, our constantly changing world presents us the difficult task of building upon this heritage, meeting our undertakings and fulfilling expectations of all stakeholders. It is only up to us whether we fulfil this task with a passion as deserved by our industry and whether we are able to raise the bar a bit higher again. We chose this journey long ago and will be glad if you join us on it.

Da Deus fortunae!

Zdenek **Havlina**

Country Lead CZ & SK
Pivovary Staropramen



COMPANY PROFILE

Pivovary Staropramen s.r.o. (hereinafter referred to as the “Company”) 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 Registration Number is 242 40 711.

As of 31 December 2019, 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 L-2520, 21-25 Alee Scheffer 46, registration number B 168684.

The parent company of the entire Molson Coors Group is the Molson Coors Brewing Company (it has a new name from 1 January 2020: Molson Coors Beverage Company), registered in the United States of America.

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.

In June 2019, the Company obtained a majority stake (89 %) in the local brewery Pivovar Pardubice a.s. The reason for this step was the ongoing interest of consumers in regional brands of beer resulting in growing importance of these breweries. Smíchov-based Staropramen and regional North-Moravian Ostravar were thus joined by the Pardubice brewery based in Eastern Bohemia. The new owner wishes to expand its sales not only nationwide but also to strengthen its sales abroad. To keep the brewery’s personality to the maximum extent, the brewery has not been included in the group, but remains an individual legal entity with its own management, employees and economy.

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 35 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 2019 or in preceding accounting periods.

In 2019, the Company did not engage in any research and development activities. The Company has no organisational unit abroad.



FACTS ABOUT PIVOVARÝ STAROPRAMEN – 2019 IN FIGURES

2nd

place
on the Czech
market

2

breweries



1869

establishment of
the Staropramen
Brewery

642

employees

26%
of whom
are women

10.27

years is the average
working tenure in
the Company

837 mil. CZK

paid in 2019 on direct
and indirect taxes

COMPANY PRODUCTS



COMPANY PRODUCTS



TOP RESPONSIBLE COMPANY AWARD



2017

In the 14th year of the TOP Responsible Company awards we were awarded **the Silver Certificate in the main TOP Responsible Big 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.**



STŘIBRNÁ

TOP ODPOVĚDNÁ
VELKÁ FIRMA
2018

cena Byznysu pro společnost



BRONZOVÁ

TOP ODPOVĚDNÁ
FIRMA VE FIREMNÍM
DOBROVOLNICTVÍ 2018

cena Byznysu pro společnost

2018

In the 15th year of the TOP Responsible Company awards we were awarded **the Silver Certificate in the main TOP Responsible Big Company 2018 category and the Bronze Certificate in the Top Responsible Company in Corporate Volunteering of 2018 category for the Community Days alias Days when we help project.**

2019

In the 16th year of these prestigious awards, we achieved a significant success earning **the TOP Responsible Big Company award and TOP Responsible Company in Reporting award.** Evaluation took the form of an independent rating, which allows transparent comparisons to be made between individual companies. The areas under consideration were evaluated as a percentage reflecting the degree to which the set criteria were fulfilled. Of all the sub-categories, the highest score we achieved, namely 93 %, was in strategy. We also did great in community support, with the expert panel awarding a 90 % rating to our bid.



OUR VALUES AND VISIONS

Our ambitions

First choice for consumers and customers



Our purpose

Delight the world's beer drinkers



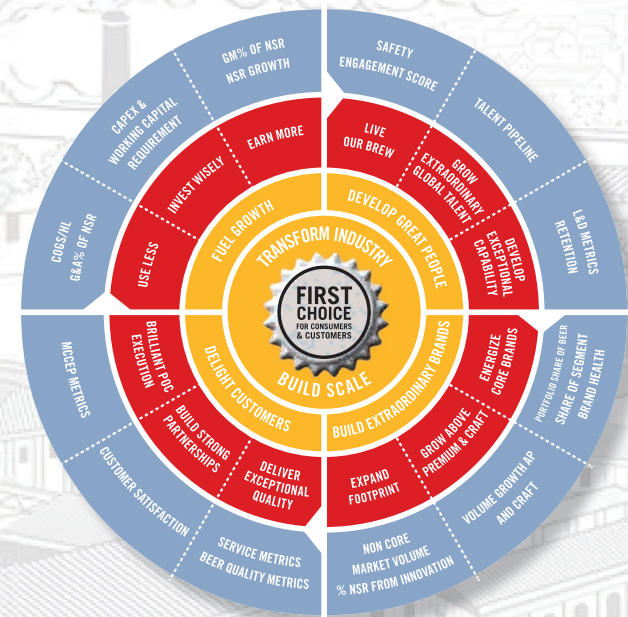
Corporate culture and Brewhouse

operating model help us achieve our ambition

Our Brew company culture



Brewhouse operating model



SUSTAINABLE BUSINESS GOALS – OUR BEERPRINT 2025

Sustainable business goals of the Molson Coors group were set out on the basis of a dialogue with stakeholders that took place in 2017, as well as in compliance with 17 sustainable development goals of the United Nations, in order to reflect problems our industry faces, from climate change to the increasing need to protect valuable 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 critical areas on which we want to focus. In compliance with our priorities, we have defined the following goals within the scope of the strategy termed Our Beer Print 2025:



Responsibly Refreshing – Responsible Consumption



We shall implement even more emphatic and effective preventive 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 – Sustainable Production



In our breweries and at our suppliers, we focus on the effective utilisation and protection of water resources. We aim at decreasing water consumption of our raw material suppliers by 10%. 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. We want to ensure that malt and hops, our key raw materials, are 100% sourced from growers who do business in compliance with sustainable development definitions.



Collectively Crafted – Employees and Community



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 CZK 500 million in these communities and up to 2025, these companies have set the goal of CZK 2.2 billion of contributions to these communities. From 2017 to 2019, Pivovary Staropramen invested more than CZK 3 million in the communities. Furthermore, we put emphasis on occupational safety and health protection. Our aim is to reduce occupational injuries resulting in long-term incapacity to work by 40%. We also want to promote ethical and sustainable processes and foster diversity in our supply chain.

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

– Responsible Consumption



RESPONSIBLY REFRESHING – Responsible Consumption

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.brcgs.com/brcgs/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 obtained a "B" result. Staropramen obtained a "B" result too.



Apart from the above-stated audits, in 2019 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 2019, a **GMP+ recertification audit** (www.gmpplus.org) focused on the assurance of feed safety, i.e. beer brewing by-products – dregs and waste yeast, was carried out in Staropramen. 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 Staropramen product range for the Israeli market. This year, the Kosher audit for the first time focused on new licensed products Miller Genuine Draft brewed in Staropramen and Blue Moon from Ostravar. 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.

RESPONSIBLY REFRESHING – Responsible Consumption

Quality Awards for Our Beers



In February 2019, we recorded two great achievements during the annual prestigious **Pivex** awards for the best beer in the Czech Republic. The panel selected two of our beers. The silver medal was awarded to **BRANÍK SVĚTLÝ VÝČEPNÍ** in the category of bottled beers and the bronze medal was awarded to **BRANÍK SLÁDEK** in the category of KEG beers.

In the 29th year of the **Gold Brewers Seal** festival and expert beer-tasting event, we scored another February success. Among strong competitors, our **ČERNÁ BARBORA** made it to the final in the category of dark beer specials. In the category of light premium lager beer, **OSTRAVAR PREMIUM** ranked in the great second place.

BRANÍK ČERNÝ further won the **Beer of the Czech Republic 2019** award announced during the Beer Festivities in June.

Membership in Professional Chambers and Organisations



Our Company is a long-term member of the Czech Beer and Malt Association, Czech Association for Branded Products, Czech Franchise Association, Czech Association of Hotels and Restaurants, 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.

RESPONSIBLY REFRESHING – Responsible Consumption

Responsible Marketing



Irresponsible consumption is dangerous for the whole of society and, as a significant global producer, we are fully aware of the risks. One of the key priorities of the **Our Beer Print 2025** strategy continues to be 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. For several years already, we have been participating, under the patronage of the Czech Beer and Malt Association, in preventive programmes aiming at education in the area of alcohol consumption by minors and drinking in association with driving of motor vehicles.

The project **When I drive, I drink non-alcoholic beer** originated on the soil of the Czech Beer and Malt Association in 2011 and annually involves 90 % of the producers of non-alcoholic beer. During the previous ten years, more than 40,000 drivers were contacted on Czech roads as part of an edification campaign. For their responsible behaviour while driving, these drivers were given non-alcoholic beer and a disposable alcohol tester.

Our project **Stay Cool** when we ask you to prove that you are 18 years of age aims at teaching sales staff how to respond in a friendly, but emphatic manner to the attempted purchase of alcohol by minors. The educational campaign draws attention to this societal problem and practically demonstrates how these situations can be solved in practice. The project started under the patronage of the Czech Beer and Malt Association and with support by the Ministry of Health of the Czech Republic. No active development in the project occurred in 2019; the educational materials provided were, however, used by our contractual partners. A new form of the project for the coming years is currently being discussed.

RESPONSIBLY REFRESHING – Responsible Consumption

15

Corporate Governance, Ethics, Anti-corruption Measures

Our Company endeavours to observe the principles of ethical business and behaviour towards our customers, business partners, suppliers and last but not least towards 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.

CODE OF BUSINESS CONDUCT

Document describing company values, goals and basic principles of behaviour and fair business practices. It is mandatory for all employees of the Molson Coors group. All employees are familiarised with the Code of Business 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.

ETHICAL CODE OF RESPONSIBLE BREWERS

A document which governs contractual arrangements and cooperation in all areas affected by 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.

PRINCIPLES AND RULES TO PREVENT CORRUPTION

As a member of a supranational group, we assert the principles and rules, 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.

RESPONSIBLY REFRESHING – Responsible Consumption

ETHICS AND COMPLIANCE HELPLINE

Helpline for employees operated by EthicsPoint, an independent third party – employees can contact the helpline at any time if they want to bring attention to anything they consider as a violation of the code of ethics.

ANTI-BRIBERY AND ANTI-CORRUPTION DUE DILIGENCE CHECKLIST AND GUIDELINE

Document describing rules of transparent and fair communication with customers and business partners. When selecting customers and business partners, we apply the requirements on economic viability, transparent operation, strategy, permanent sustainability strategy, and 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 the 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.

COMPETITION LAW 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.

RECEIVING OF GIFTS AND SPONSORSHIP

Once per year, all employees are informed about the rules of conduct for negotiation with business partners and customers, 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

— Sustainable Production



SUSTAINABLY BREWING – Sustainable Production

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 local 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.

Local sourcing is preferred mainly for key raw materials like barley, malt and aromatic hops. **90 % of our key raw materials are produced in the Czech Republic.** 80 % of packaging materials like bottles, labels and cartons are sourced from the Czech Republic. As far as services are concerned, this share is even higher; it amounts to 90 %.

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. In this way, 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 % of special malts are purchased from abroad. If a particular harvest provides sufficient quantity of high-quality barley, even 100 % of malt may be sourced locally.

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 our breweries. Thanks to this, we achieve the quality of water for infants.

SUSTAINABLY BREWING – Sustainable Production

Selection and Evaluation of Suppliers

When selecting suppliers, **product quality and safety** is the highest priority for us. Each supplier of a critical material must undergo an audit. We assess their standards, quality, process setting, coverage of outages, water and energy consumption, plans for future emission reduction, i.e. an overall attitude towards sustainable business, which is an essential prerequisite for any supplier wishing to participate in the selection procedure.

Based on the results of the supplier audit, an action plan with follow-up steps and specific dates is defined. We have also set up **regular evaluations of all our suppliers**. 12 suppliers of key raw materials and packaging materials are evaluated on a quarterly basis. A further 100 primary suppliers are evaluated once a year.

Our **Business Continuity Plan** defines an alternate supplier for each key material or an alternate plant of the same supplier.

In 2019, we continued working on the so-called **Supplier Assurance**. This tool is capable of guaranteeing supplies of all key raw materials and services – it identifies risky suppliers and proposes alternate sources complying with the same criteria, including a risk matrix.

In the **Industry 4.0** area, which concerns primarily new technology, we look for suppliers with the necessary capacity and collaborate with suppliers who invest in new technologies. At the same time, we have started several projects that should help us on our journey to Industry 4.0. As part of the first project, we have bought 3D printers for our plants in Prague and Ostrava. Thanks to the excellent know-how of our employees we are starting to print the first replacement parts and other components. We aim at partial self-sufficiency and faster response in case of emergency. We have also started to enhance and develop our internal data infrastructure so that we can build a digital copy of our plants in the future. The third project is the commencement of expansion of equipment monitoring in the filling plant, with the aim of obtaining detailed data on our plant stability and identifying potentially risky areas.

SUSTAINABLY BREWING – Sustainable Production



Environment – Our Goals

OVERVIEW OF GOALS – STAROPRAMEN BREWERY IN PRAGUE:

Description of the goal	Goal – 2025	Quantified outputs and results 2016	Quantified outputs and results 2017	Quantified outputs and results 2018	Quantified outputs and results 2019
Reduction of water consumption for 1 hl of beer produced	3.42 hl	3.54 hl	3.53 hl	3.76 hl	3.80 hl
Reduction of electricity consumption for 1 hl of beer produced	5.94 kWh	6.26 kWh	6.26 kWh	6.53 kWh	6.42 kWh
Reduction of thermal energy consumption for 1 hl of beer produced	53.4 MJ	52.39 MJ	58.13 MJ	58.41 MJ	53.81 MJ
Reduction of waste volume delivered to the landfills for 1 hl of beer produced	zero waste to landfill in 2020	3.8 g (a total of 10.12 t of landfill waste in 2016)	1.68 g (a total of 4.38 t of landfill waste in 2017)	1.5 g (a total of 3.86 t of landfill waste in 2018)	0 g (a total of 0 t of landfill production waste in 2019)

SUSTAINABLY BREWING – Sustainable Production



Environment – Our Goals

OVERVIEW OF THE GOALS – OSTRAVAR BREWERY IN OSTRAVA:

Description	Goal – 2025	Quantified outputs and results 2016	Quantified outputs and results 2017	Quantified outputs and results 2018	Quantified outputs and results 2019
Reduction of water consumption for 1 hl of beer produced	4.50 hl	4.50 hl	4.45 hl	4.62 hl	4.69 hl
Reduction of electricity consumption for 1 hl of beer produced	8.17 kWh	8.86 kWh	8.68 kWh	8.60 kWh	8.55 kWh
Reduction of thermal energy consumption for 1 hl of beer produced	82.9 MJ	99.7 MJ	95 MJ	92.4 MJ	86.46 MJ
Reduction of waste volume delivered to the landfills for 1 hl of beer produced	zero waste to landfill in 2020	9.11 g (a total of 3.73 t of landfill waste in 2016)	4.2 g (a total of 1.81 t of landfill waste in 2017)	3.13 g (a total of 1.35 t of landfill waste in 2018)	3.34 g (a total of 1.44 t of landfill waste in 2019)

SUSTAINABLY BREWING – Sustainable Production

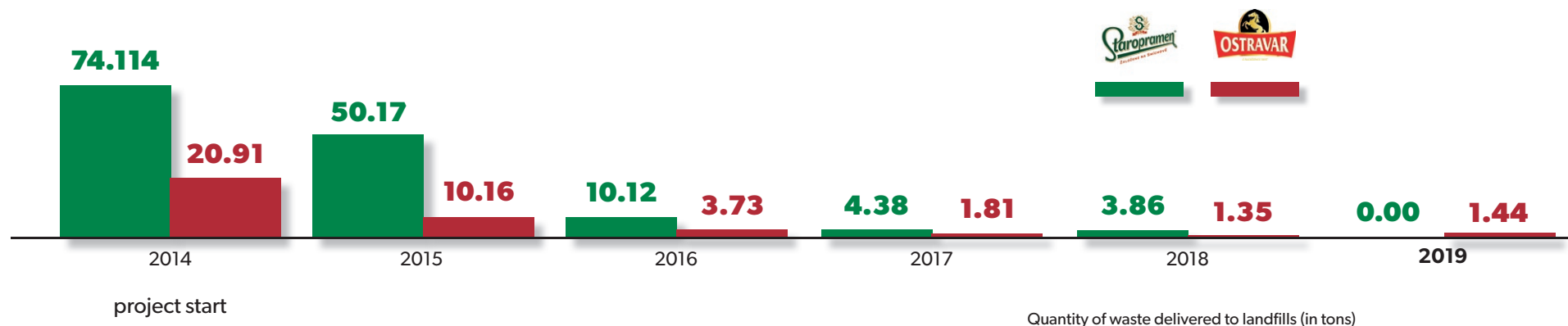
EXAMPLE GOAL – ACHIEVE ZERO WASTE TO LANDFILL:

The project with the objective of absolute reduction of the landfill waste burden on the environment started in 2014 as part of the Molson Coors environmental policy. 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 (the so-called “Zero waste to landfill” initiative). Collaboration with suppliers active in the waste management sector is critical for the project to succeed. They must be able to process the waste primarily by recycling and/or use it in thermal production energy or put it to some other use.

In 2019, our collaboration with partners in the area of waste management was good, although the waste and raw material secondary market was significantly affected in 2019 by global and domestic issues. At the same time, however, we continue collaborating with partners on new options of utilisation and processing of waste and we are open to supporting new trends in environment-friendly waste management.

We compare 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. Taking into account the current trends and the good collaboration with waste management partner, we were able to achieve this goal in Staropramen already in 2019. For the Ostravar brewery, we expect to achieve the goal in 2020. A key element of this achievement is 100% involvement of our employees in sorting individual waste streams from production and other processes, with support and incentives from the Company management. Involvement of the Purchase Department, which select waste management partners that are capable of helping us in achieving the goal, plays a key role in our efforts too.

Project progress and measuring results – Staropramen Brewery and Ostravar Brewery:



SUSTAINABLY BREWING – Sustainable Production

Energy

The main energies we use in Staropramen brewery include natural gas to generate steam, electricity for our plants and machinery and to generate cold and compressed air, CO₂ and water, which is a key raw material for the production of beer and is used throughout the production process.

We use the eSight application for energy monitoring in our brewery, together with applications for collecting operational and energy data throughout the brewery. At present, all our key systems and nearly all our secondary equipment is equipped with measuring devices. It gives us visibility of trends in consumption and behaviour of individual equipment, helping us in predicting problems at an early stage. All our energy metrics are expressed for 1 hl of beer produced, so that we can follow long-term trends. We have deployed the WCSC 2.0 program in the brewery. It helps us, together with monitoring systems and the eSight application, to reduce losses and minimise energy consumption in individual lines and sections.

Electricity is consumed directly in all production stages to drive motors and conveyors and to produce other energies, such as e.g. cold or compressed air. In beer brewing, cooling and production of compressed air accounts for more than one third of electricity consumption and is absolutely indispensable. Therefore, we planned to invest in a new compressor in the Smíchov brewery in 2019. It replaced the older and less efficient compressor and helped us to save 8 % of electricity for the generation of cold. As regards the compressed air, we also take measures to reduce its consumption, mainly on the basis of increased monitoring. This measure has helped to optimise the production of compressed air, as we prefer more efficient compressors and were able to achieve 10 % savings in electricity for the generation of compressed air solely by correct optimisation. We also plan to acquire a more up-to-date compressor, expecting further savings in the order of tens of percent.

Other uses of electricity include energy for compressing CO₂, management and operation of a boiling room and the electricity consumption in the production of beer throughout the plant. We generate heat in the gas-fired boiler house in the form of saturated steam. It is then primarily used for brewing, pasteurisation, sanitation and maintenance of the micro-climatic conditions throughout the entire brewery. In order to maximise steam generation efficiency, we have purchased a new boiler that has fully replaced the existing units. Efficiency of the boiler room subsequently increased by 3 % which corresponds to 4,500 GJ annually. We also plan to achieve further savings by commissioning of a secondary economiser. It should increase the efficiency by a further 2 %, i.e. approx. 3,000 GJ. Improvements and innovations in the insulation area help to reduce the heat consumption as well.

In the Ostravar brewery, the water treatment plant was upgraded in 2018. It is newly equipped with a reverse osmosis station working under lower pressure (reduction from 14 bar to 9.2 bar) and consumes less electricity (by 15 %). At the same time, its operation is fully automated, which saves the labour of the energy operator. Installation of the Simmerboil technology in the brewing house had the highest positive effect on energy savings. Application of the Simmerboil procedure reduces the consumption of steam on the copper by approx. 3.5 GJ per 1 brewing. In 2018, the savings amounted to 540 GJ (full operation started in mid-October).

In 2019, we increased the savings from the assumed 2,700 GJ per year to more than 3,500 GJ per year. We also achieved other significant heat savings in the bottle washer plant by deploying new types of condensate drainage systems and in the brewing house by installing and commissioning of a steam reduction

SUSTAINABLY BREWING – Sustainable Production

station for the copper, where we now use steam of a lower temperature and pressure. Further savings have been achieved by a gradual deployment of new types of insulation “jackets” for fittings and heat exchangers within the brewery’s steam distribution system. In total, we have achieved a decrease in specific heat consumption by 14.85 % in the Ostrava brewery.

Water

Water is one of the most frequent raw materials for the production of beer. Considering the increasing price of water and sewage charges, water consumption has an enormous effect primarily on the economics of the company and it also plays an indispensable role in our environmental beer print. Therefore, we utilise cooling water for secondary use and/or we purify and reintroduce it to other processes.

In 2019, the total water consumption in the Staropramen Brewery was 1,013,189 hl, which can be recalculated to a consumption rate of 3.80 l of water per litre of beer produced. In order to reduce the water consumption in years to follow so that we can achieve our goal by 2025, we are launching a number of projects. The main one is the creation of a team that regularly meets at the so-called “FEWER” meetings, assessing the status quo and presenting new options and proposals to save water. One of the first projects tries to follow nearly each litre of water going through the brewery to determine the need for it. Other interesting projects include e.g. a new washer for the K36 line that has resulted in 10 % savings.

In the Ostravar Brewery, the total water consumption in 2019 was 202,854 m³, which is a specific consumption of 4.69 l of water per litre of beverages (beer and cider). More than 83 % of the total amount of water consumed was pumped from our well and treated in our plant. Last year, it was 79 %. Due to the fact that we have losses of about 16 % when treating water from our own well, the specific consumption rate was higher by 0.07 hl per 1 hl of the beverage produced. If we deduct the water consumed at the treatment plant, we would achieve the value of 4.03 hl per 1 hl of beverage produced.

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. Thanks to this attitude, we have acquired a new permit to pump water valid until 2030. Considering that the existing municipal conduit is more than 50 years old, we started preparing a project for a new conduit in 2019. In December 2019, we agreed with OVAK, the contractor, on a project, on the basis of which the new conduit will be built. It will be safer from the point of view of water losses and will also be located closer to the brewery, approx. 70 metres from the plant boundary compared to the current distance of 500 metres. It will therefore be more efficient as regards its flushing and other maintenance tasks. Project implementation is planned for 2020.

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.

SUSTAINABLY BREWING – Sustainable Production

Emissions from beer production

In the Staropramen Brewery, we measure our carbon footprint and 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. As regards NO_x, the limit valid up to the end of 2019 amounted to 200 mg/m³n. Thanks to our investment in a new boiler, we achieve average values around 90 mg/m³n. The investment in the new boiler was necessary mainly due to the decrease of emission limits for CO and NO_x to 50 % of their original values.

In 2019, the Staropramen Brewery produced 8,769 tons of direct CO₂ emissions especially for thermal energy production requirements (steam) from our gas-fired boiler house. These values are basically the same as in 2018 when 8,812 tons of CO₂ were produced. As regards indirect CO₂ emissions, we report 10,729 tons of CO₂ produced by power plants in relation to electricity consumed by our brewery, which is roughly the same quantity as in the previous year.

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 our own resources), but also ecological reasons (production is far more environmentally friendly). In 2019, we measured indirect emissions from the supply of steam in the amount of 1,860 tonnes of CO₂. The year-on-year decrease by approx. 344 tonnes results from the decrease of steam consumption. Emissions from electricity supplied by EPET amount to approx. 2,359 tons of CO₂.

Packaging Materials

Our Company has signed a contract on joint performance with company 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 nr. 477 from 2001.

The quantity of packages for collection and recycling pursuant to the Packaging Act in: (quantities in tonnes)

	 SOFT PLASTICS (FOILS)	 PET	 CANS (FE)	 CANS (AL)	 GLASS OF DISPOSABLE BOTTLES	 GLASS OF RETURNABLE BOTTLES
2016	18.15	1,551.3	935.22	224.23	1,125.1	43,708.1
2017	62.68	1,602.38	1,122.14	497.66	1,035.1	52,164.1
2018	64.37	1,491.44	1,461.07	389.69	936.23	54,169.09
2019	85.18	1,534.14	1,255.45	611.79	1,034.44	51,668.07

SUSTAINABLY BREWING – Sustainable Production

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.

More than 70% of beer is supplied to the consumers in returnable packaging (barrels and bottles). We strongly support the trend and regularly invest significant amounts in returnable packaging so that they are of high quality and attractive for consumers. A returnable bottle is the most popular packaging in retail stores not only in Czechia, but also in a number of foreign markets. We have therefore decided to invest in new bottle crates. Over the last two years, we have replaced 950 thousand of them, investing CZK 100 million. More than CZK 40 million was spent for the replacement of KEG barrels in the last year too. Furthermore, we regularly invest tens of millions of CZK in tapping and tank technologies, since a beer that is correctly treated and tapped can bring a totally different experience to the consumer than beer consumed at home from the above-mentioned packaging.

In our company, all crucial decisions are assessed from the long-term sustainability perspective. This concerns not only launching of new products, but also investments in production etc. Our breweries also currently implement the so-called packaging strategy announced in the last year by Molson Coors, our parent company, which contains various proposed package optimisation measures so that their effect on the environment is reduced to a minimum.

For instance, new solutions also include the use of rPET, to which much attention has been paid recently. In the last year, we started to work on a project that aims at introducing PET bottles of Braník and Staropramen brands containing 30 % of recycled plastics. This happened in July 2020. By this step we have not only met but even exceeded the EU goal for 2025, which requires a 25 % share of rPET in plastic bottles.

PET bottles, however, are not the only one-way packaging used for our beer. In the last years, cans have become increasingly popular among our consumers. In the area of their disposal, we collaborate with company EKO-KOM. It is worth mentioning that the share of recycled material for cans we use for our beer ranges from 70 to 90 %.



SUSTAINABLY BREWING – Sustainable Production

Wastes

In 2019, the Staropramen brewery produced 1,476.44 tons of waste (of which 6.75 tons was hazardous waste), which was submitted for recycling or ecological liquidation (especially for energy use). As a responsible Company, we make a special effort to eliminate that element of the waste which ends up at a landfill. In 2019, production in Staropramen brewery generated no landfill waste. In 2018 the waste quantity was 3.86 tons. Our 2025 goal is to completely eliminate the production of waste that had to be stored and we have been successful in meeting it.

In 2019, the Ostravar brewery produced a total of 537.74 tons of waste (of which 1.23 tons was hazardous waste), which was submitted for ecological liquidation. Within the framework of our goals, we make an effort to reduce the volume of waste that goes directly to landfill. In 2019, the Ostravar Brewery generated a total of 1.43 tons of landfill waste. In 2018, the waste quantity was 3.73 tons. Our 2025 goal is to completely eliminate the production of waste that had to be stored.

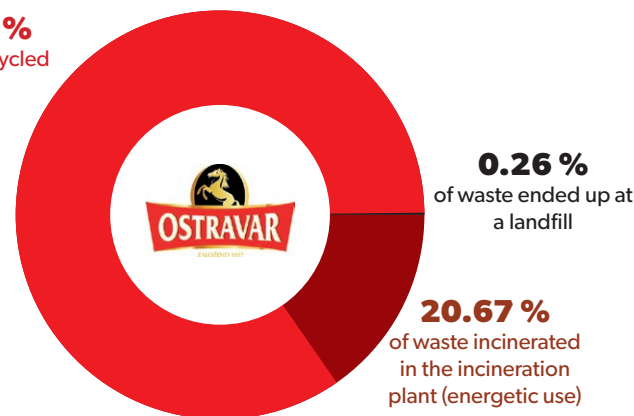
GRADED WASTE IN THE STAROPRAMEN BREWERY IN 2019 (production including offices)

95.37 %
of waste recycled



GRADED WASTE IN THE OSTRAVAR BREWERY IN 2019 (production including offices)

79.06 %
of waste recycled



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. As in the preceding years, we guided employees towards consistent grading of waste in the offices in 2019 too.

SUSTAINABLY BREWING – Sustainable Production

Feeds

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 for dregs.

In 2019, the Staropramen Brewery sold 42,303 tons of grain and 35,760 tons of waste yeasts. In 2019, the Ostravar Brewery sold 7,907.19 tons of grain and 215.5 tons of waste yeasts.

Logistics

The logistics KPIs are focused on maximisation of productivity and operational efficiency. We reward performance of our partners, use electrical and gas-propelled forklifts. Our beer is distributed by a partner who also distributes other goods, thus reducing the number of customer trips. All waste is sorted in all of our warehouses and energy-efficient LED lighting is used to illuminate the warehouses.

We are continuing the renewal of our truck fleet in order to ensure the reduction of emissions and vehicle fuel consumption related to the distribution of our products. At present, more than 80 % of our trucks fulfil the EURO VI emission standard. The Euro emission standard is a mandatory standard defining the limit quantities of pollutants in exhaust gases. It sets out limits for carbon monoxide, carbohydrates, nitrogen oxides and particulates. Euro VI is applicable to vehicles approved for operation since 2014 and significantly reduces limits of the specified pollutants. At the same time, our trucks are operated fully loaded.

We use sophisticated direct distribution planning tools allowing us to reduce mileage and fully utilise vehicle capacities. Utilisation of capacity of our vehicles exceeds 80 %. At the same time, these tools allow us to combine our deliveries to customers with other goods of our partners, thus reducing the number of truck trips.

Considering the increasing export volumes, we try to transport a maximum of our products using railways. In 2019, we despatched more than 700 trucks on a railway from Prague to Sweden. At the same time, we despatched more than 360 beer tanks on a railway to the United Kingdom, replacing more than 600 trucks transporting packaged beer that would have to use the road and motorway network.

SUSTAINABLY BREWING – Sustainable Production

Environmental protection – significant days

Environmental protection, the 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.

Some employees of the Ostrava brewery joined the event “Forest restoration day – the day that unites us” organised by LESY ČR nationwide in October 2019. The forest restoration day was actively supported by 31,000 participants who planted 163,000 new trees. They thus became a part of an interesting project that is capable of showing to our children that we are able to create a landscape and plant forests for the future generations.



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,

SUSTAINABLY BREWING – Sustainable Production

ensuring safe working conditions both for our employees and our suppliers and visitors to our breweries. We have set demanding goals in the area of incidents and injuries; our requirements on safety improvements have been increasing over time. We thus support modern technologies in the area of prevention of incidents and injuries. Last but not least, we develop a safety culture in the Company, particularly with the help of non-capital projects and initiatives.

In 2019, we focused primarily on the following areas – improvement of safety level of machinery and equipment by implementing a system of safe entrance in machinery and a controlled lockout/tagout system. For 2020, we plan to perform a technical upgrade of safety features of palletisers on the bottling line. In the long term, we have been working on a project to increase safety of the cooling system (ammonium management) where we implement a plan from internal audit carried out in the previous year by a foreign company. In the area of logistics safety, we launched the last part of investment in a new system for scanning pallet cargo during dispatch from the warehouse of PET bottles, thus eliminating the necessity of the physical movement of persons manually scanning the cargo in the potentially dangerous area, among other things. We continue increasing safety standards when operating handling equipment within the premises.

Last year, we also implemented the planned project focusing on the improvement of work environment of the control room of cylindrical conical tanks (CCT), with a complete upgrade of the air conditioning system ensuring a comfortable climate for our employees. In 2021, a similar upgrade will be carried out in the control room of the CCT production department.

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.





COLLECTIVELY CRAFTED

– Employees and Community



COLLECTIVELY CRAFTED – Employees and Community

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

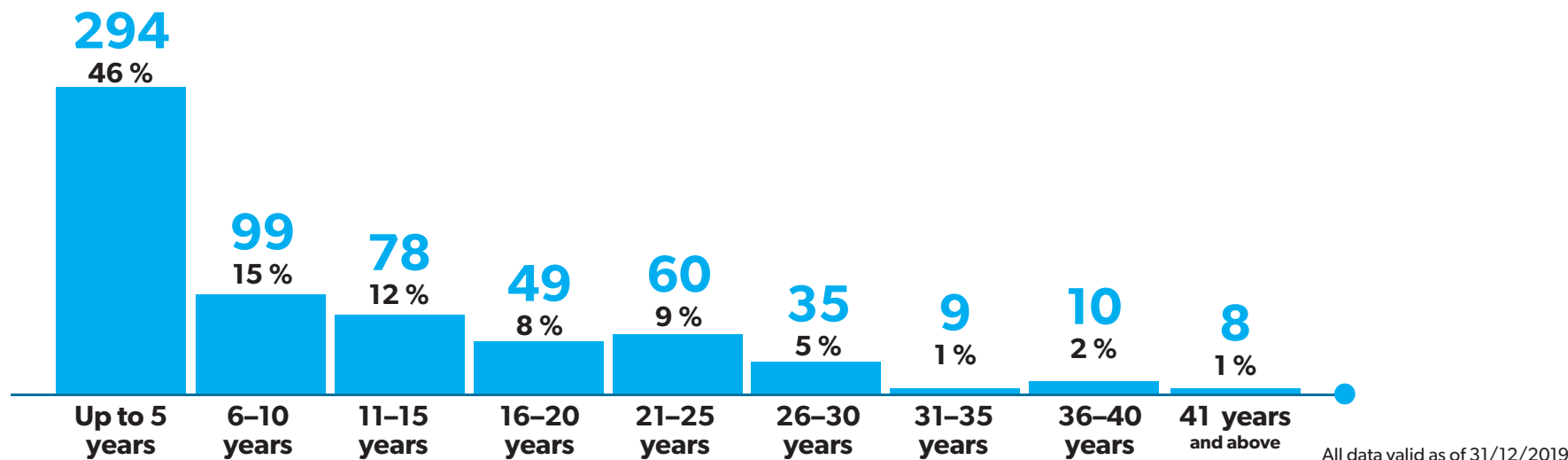
We devote a lot of effort to the care of our employees. We are aware that correctly motivated employees are the best team players and also dedicated ambassadors of our Company and its brands.

RECRUITMENT AND LABOUR MOBILITY:



COLLECTIVELY CRAFTED – Employees and Community

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



Employee Engagement

We transparently communicate and present the results of our Company through internal e-mail communication and the internal magazine „Od Pramene“. We organise regular fortnightly meetings for the 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.

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 2019, we continued working on the Employer Brand project together with an external partner. The project started in 2018 focusing on two key aspects:

1. Care of our existing employees
2. Communication with the candidate market

In our communication with the external market, we try to present our culture, values and specific job descriptions to the maximum extent and in a trustworthy manner. Furthermore, we introduce our employees to potential candidates. We have invested in creation of a new website focused on careers, production of videos and factually more accurate and targeted ads. We also invest in campaigns in social media, so that we can present ourselves to the widest possible range of potential candidates interested in working for us.

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Benefits

In 2019, we introduced a **new system of employee benefits**, which is more competitive and helps our employees to better align their professional and private life.

Our annual contribution in the optional benefit system has been significantly increased and we have also modified conditions for flexible work and work from home. Employees without fixed working times in a shift can utilise flexible working time now. They can decide when they want to start and end their working day. In addition to that, employees whose work can be done from home without affecting the Company's operation now have the option to work from home without any limitations, provided their superior agrees.

The most interesting benefits that we offer to our employees are:



- **Optional benefits system**
- **Additional pension insurance contribution**
- **Meal allowance**
- **Additional leave (one week)**
- **3 sick days**
- **Flexible work and work from home**
- **Compensation for lost income during the period of long-term incapacity for work up to 80 % of the base wage**
- **Working jubilee bonus**
- **Purchase of Company products**
- **Multisport card**
- **Free days above the statutory requirements (e.g. in case of a wedding, birth of a child, relocation, accompanying a child on his/her first day to elementary school or death of a close family member)**

COLLECTIVELY CRAFTED – Employees and Community

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 society in which employees from all over the world are working. We appreciate diversity and inclusion and commit ourselves to ensuring 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.

Our employees who are already retired are associated in the Pensioners' Club. The Company provides a contribution for annual meetings of the Pensioners' Club in the Staropramen premises as well as for the Club's organised trips. Members of the Pensioners' Club may utilise some employee benefits – for instance, purchase of products at discount prices. Union organisations take care of holiday cottages near Prague that can be used by employees for team or private purposes for a discounted price.

Employee Education and Career Development

In the field of education, we conceptually primarily focus on the sales teams, production and logistics departments. Apart from statutory trainings, 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 2019 we trained 333 employees in production and logistics department, and 229 employees in the sales teams. In total, our employees completed 9,305 hours of training.

In addition to that, we focus on new methods of personal development. **A wide range of training is offered to employees in the form of eLearning. In this training form, 528 employees completed 1,184 training hours.**

COLLECTIVELY CRAFTED – Employees and Community

In 2019, we made an effort to continuously improve work particularly of sales teams in order to transfer the perceived quality to our customers and consumers. We also continued developing training programmes focusing on these topics. In the last year, 95 employees completed these programmes, mostly from the commercial part of the Company.

Development of leaders on various management levels, from foremen to managers, represented another key topic. The programme focused on improvement of their abilities and skills in the area of working with people and as a team. It was completed by 69 Company leaders.

Production and logistics department built on the existing production process development programme in 2019. The programme was expanded to other areas and focused on the area of autonomous maintenance, continuous improvement and identification of anomalies. Heads of individual departments focused on the development of soft skills.

The offered **educational activities for employees** 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 **induction trainings** in the premises of the Staropramen Brewery with the goal of supporting 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.

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

corporate
culture



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

COLLECTIVELY CRAFTED – Employees and Community

The **internal events** include working meetings, for instance all-Company conference, quarterly presentations of the Brewhouse results, meetings 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 St Nicolas Day.



In 2019, we organised the second **Health Days** event, during which we offered our employees in Prague and Ostrava lessons in yoga, meditation, exercises, massages and a lecture on a healthy lifestyle and effects of stress on the human body. Other activities included bicycle outing and a skating session organised by our colleagues. The response to this event was enormous, participation totalled to 158 employees.



Cooperation with Schools

In collaboration with secondary schools of food technologies and technical universities, we allow students to complete their mandatory internships (Křemencova and Podskalská secondary schools) and consultations for university students working on their bachelor and master theses (University of Chemistry and Technology in Prague).

We also organise tours in our production areas, visitor centre and meetings with members of Company management focusing e.g. on HR management (University of Economics in Prague).

Trainee Programmes

No trainee programmes were implemented in 2020. For 2021, we plan to implement trainee programmes for production and commercial teams, particularly for fresh graduates.

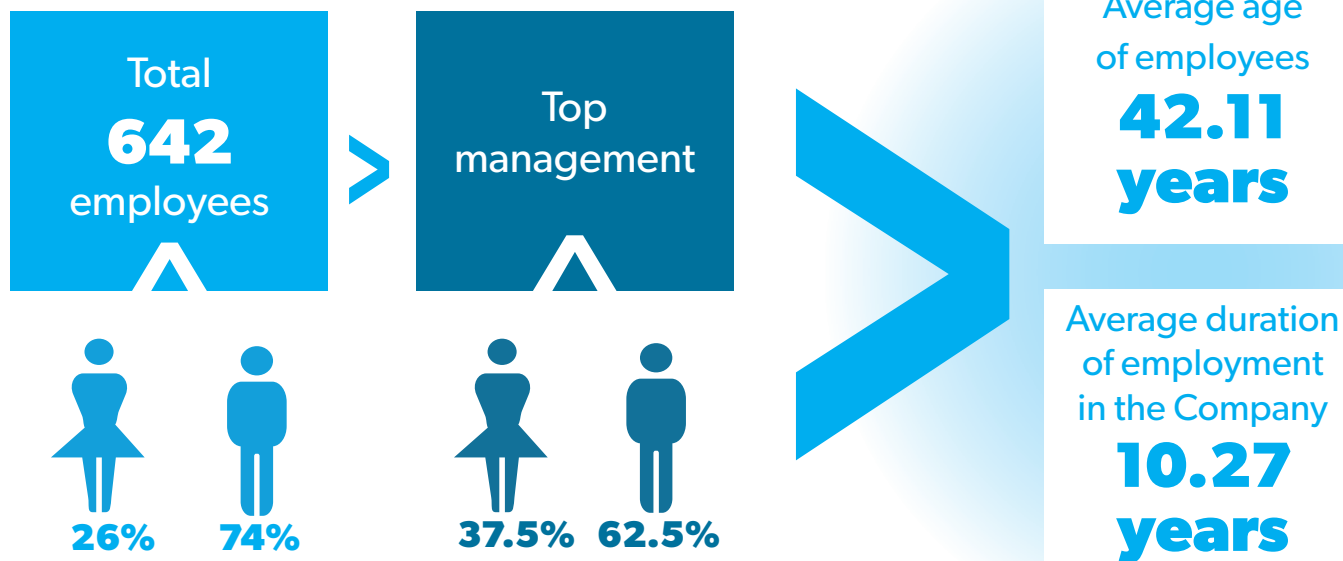
COLLECTIVELY CRAFTED – Employees and Community

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.

We are **signatories to the European Diversity Charter**, in which the leading employees declare their commitment to developing a generally tolerant working environment. As such, we proactively participate in events related to this agenda. <https://diverzita.cz/charta-diverzity/>.

STATISTICS AND STRUCTURE OF EMPLOYEES INCLUDING THE SENIOR MANAGEMENT: (as of 31/12/2019):



COLLECTIVELY CRAFTED – Employees and Community

At present, our priorities within the human resources management area include the **support for diversity and equal opportunities** and it is therefore not acceptable for us to make any differences in wages based on attributes like gender, nationality, race, religion or sexual orientation. When setting out an employee's wage, we consider his/her experience so far, preparedness to carry out tasks associated with his/her position and his/her performance. **In our company, remuneration of women is – on average – not different from that of men.**

In Pivovary Staropramen, we believe in **the performance-based remuneration principle**. The remuneration strategy is designed so that it recognises and rewards behaviours that contribute to the achievement of the Company objectives, ensures competitive and fair wage opportunities and supports retaining and motivation of our talented employees.

Communities

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.

In 2018, Staropramen concluded a **Memorandum on Collaboration with the Prague 5 Municipal District**, aiming at collaboration in organising cultural events, community support and re-cultivation of public space. We thus arranged a formal framework for our long-term collaboration supported by both parties, which has the form of events organised by one or the other party in the territory of Prague 5.

Everybody in Staropramen welcomes the increased level of openness of the brewery and its interconnection with the surrounding area. In 2017, we therefore started to occasionally operate **the "Under the Chimney" pub**; inhabitants of Smíchov and surrounding areas were the first guests invited there. During 2018, the „Under the Chimney“ pub made its indelible mark in the cultural calendar of Smichov and the Smichov brewery. Prague 5 residents regularly predominate among the guests, but employees of local companies participate as well. It is interesting that women represent more than one third of guests. In this way they show that they do not want to miss out on having fun with friends and acquaintances and that a meeting with a beer cannot be regarded as an exclusively masculine matter. We therefore organised these events in 2019 too. The most popular event was our pre-Christmas gathering, which recorded almost 1,000 visitors.

The Staropramen logo and beers were present in 2019 at many festivals and events organised in the city of Prague. They included events of the **Harley Davidson brand, Hanspaulská liga** football competition, a number of events that took place directly in the brewery's courtyard or Prague festivals like **Letní Letná** and **Mezi ploty**. The Staropramen brand is a partner of these events.



COLLECTIVELY CRAFTED – Employees and Community

The Ostrava brewery is also regularly open to the public. The **19th year of Ostravar brewery festivities** were organised here in June 2019. They are annually visited by more than 8 thousand visitors.

For the first time in 2017, representatives of the Moravská Ostrava and Přívoz municipal districts participated in our brewery's volunteering day. They thus directly took part in renovation work in the city public areas. The collaboration continues, the municipal authority employees participated in the 2019 volunteering day organised by the Ostravar brewery for the third time already.

Volunteering

The oldest volunteering project, which focuses on direct support to communities, is **Community Days, alias Days when we help**. The 13th year of this event took place in 2019, covering four days, three cities, six locations and 170 participants, of which 135 were our employees.

In Prague, we helped our long-term partners – Helppees dog training centre, the Centre for young scientists and the Prádelna community centre. In the Helppees dog training centre, our main task was to prepare the premises for the Super Day event, including a general cleaning of the clubroom, maintenance of the outer yard and dog kennels. Another group of employees, like in previous eight years, went to the Centre for young scientists where they helped with preparing an exhibition and winterising of the open-air terrarium. After our help, visitors of the Centre could enjoy a renovated summer house, benches and playing spaces. Painting within the Prádelna community centre was the task of the third group of volunteers. Furthermore, they participated in renovation of theatre hall and gym. This collaboration too has lasted for a long time. The Staropramen Brewery employees helped in improving the premises for the fifth time already.

In Ostrava, we have been participating in this event since 2009. In the last year, we again helped in the Milada Horáková orchards and in the Hlubina Park near Uhelná Street. We painted benches, planted new plants and performed other maintenance and improvement tasks, together with the employees of Moravská Ostrava and Přívoz municipal offices.

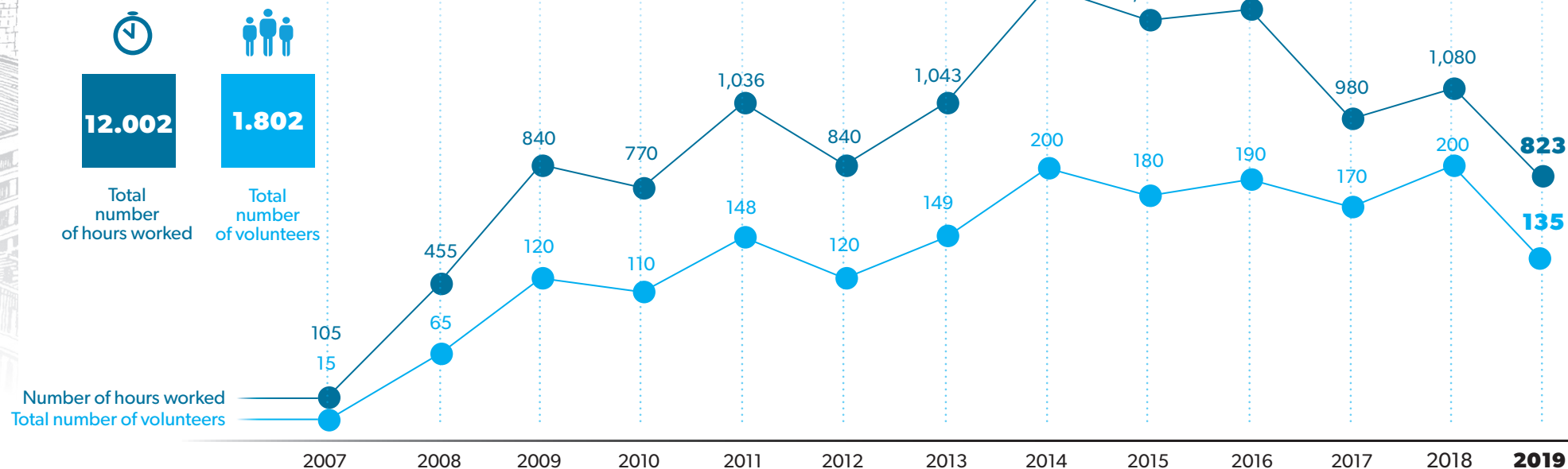
Last year's Community Days, alias Days when we help, were already the 2nd such event for our Slovak branch. The entire team worked on improvements in the surroundings of the Dopravná Street bus stop in the nearby Rača municipal district.

The aim of this project is to help in improving areas surrounding the Staropramen and Ostravar breweries through our employees' work. **The project has been operational for 13 years, with more than 12,000 hours of voluntary work.** This year has shown again that the numbers of participants are steadily increasing and that we are able to maintain long-term collaboration with NGOs in our areas.



COLLECTIVELY CRAFTED – Employees and Community

COMMUNITY DAYS, ALIAS DAYS WHEN WE HELP – PROJECT HISTORY:



2007 Prokopské údolí (Prague)

2008 Prokopské údolí (Prague)

2009 Toulcův dvůr (Prague) / surroundings of the Ostravar Brewery

2010 Toulcův dvůr (Prague) / Milada Horáková Orchards in Ostrava

2011 HELPPES dog training centre, Centre for young scientists (Prague) / Comenius Orchards, Bezruč Park in Ostrava

2012 HELPPES dog training centre, Centre for young scientists (Prague) / Milada Horáková Orchards (Ostrava)

2013 HELPPES dog training centre, Centre for young scientists (Prague), Sue Ryder Home (Prague) / House for seniors in Ostrava

2014 HELPPES dog training centre, Centre for young scientists (Prague), Sue Ryder Home (Prague) / House for seniors in Ostrava, Ostrava Forest Park and in the Ostravar Brewery surroundings

2015 HELPPES dog training centre, Centre for young scientists (Prague), Prádelna Community Centre (Prague) / surroundings of the brewery, Husův park and Indian City (Ostrava)

2016 HELPPES dog training centre, Centre for young scientists (Prague), Prádelna Community Centre (Prague) / Comenius Orchards, surroundings of the Ostravar Brewery

2017 HELPPES dog training centre, Centre for young scientists (Prague), Prádelna Community Centre (Prague) / Železárenská Park, Lechowiczova courtyard, surroundings of the Ostravar Brewery

2018 HELPPES dog training centre, Centre for young scientists (Prague), Prádelna Community Centre (Prague) / Železárenská Park, Milada Horáková Orchards (Ostrava) / Haburská Street Park (Bratislava)

2019 Helppes dog training centre, Centre for young scientists (Prague), Prádelna Community Centre (Prague) / Uhelná Park (Ostrava), Milada Horáková Orchards (Ostrava) / Rača municipal district of Bratislava (Bratislava)

COLLECTIVELY CRAFTED – Employees and Community

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

COLLECTIVELY CRAFTED – Employees and Community

Long-Term Partnerships



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 2012, we became its general partner.

Within the scope of cooperation, we provide free consulting and legal services and, during the summer recondition stays of its clients, we also organise professional lectures on beer history and production. In addition to this, we provide product support for all 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.

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 canine 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 15 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 medical equipment and toys for handicapped children.



Another long-term partner is the **Prádelna Community Centre**, with which we have cooperated since 2015. The 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.



Our cooperation started within the framework of the Community Days, alias Days when we help. It gradually expanded, however, and now our Company representatives participate in various events organised by the community centre. Furthermore, we organise tours in our brewery for visitors from Prádelna community centre. In order to support digital technology learning, we donated decommissioned but fully operable computers and laptops to the community centre in 2017 and 2019.

COLLECTIVELY CRAFTED – Employees and Community

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New Projects



On 14 February, we organised the second year of the charity event entitled **Baked from the Heart**. Our employees-volunteers baked savoury and sweet products that were subsequently sold to their colleagues. This year recorded a large response too. We sold everything and thus collected CZK 13,500. Our long-term partners HELPPES dog training centre, and Children's Rehabilitation Day Care Centre in Ostrava obtained these funds to purchase aids.

On 9 and 10 December, **Food Collection for Lone Mothers from Prague 5 took place**. After the success in the last year, we decided to continue our support within the community. In collaboration with the Business for Society platform we therefore selected 4 lone mothers from Prague 5 who care of their children. They were then handed over stocks of durable food and drug-store goods sufficient for several months.





GENERAL INFORMATION



GENERAL INFORMATION

Management of Social Responsibility Agenda

The 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.

Organisational structure:

31.12.2019

Edita Šilhánová

Legal & Corporate Affairs Director
CZ & SK & HU



Jana Vinklářová

Senior Legal & Corporate Affairs Manager



Alena Váchová

Legal & Corporate Affairs Specialist

GENERAL INFORMATION

Reporting Period

This report was issued for the period
1 January – 31 December 2019



GENERAL INFORMATION

Overview of Indicators

Overview of Areas	Detail	Information	Detailed information where reported							
			Staropramen				Ostravar			
			2016	2017	2018	2019	2016	2017	2018	2019
Company Profile	About the Company	About the Company and General Information sections in the Report								
	Ownership structure	About the Company section in the Report								
	Composition of the top management (diversity)	About the Company and Collectively Crafted sections in the Report								
	Our economic contribution	About the Company section in the Report								
	Products	About the Company section in the Report								
Our values and visions	Our values and visions	Our Values and Visions section in the Report								
	Sustainable business goals	Our Values and Visions section in the Report								
	CSR management	Collectively Crafted and General Information sections in the Report								
	Awards	About us and Responsibly Refreshing section in the Report								
Supplier chain	Scope, changes, supplier eligibility rules	Sustainably Brewing section in the Report								
Report materiality and scope	For which companies the Report is prepared	About the Company section in the Report								
Dialogue with stakeholders	Engagement of stakeholders	Sustainable business goals section in the Report and the parent company strategy								
ECONOMIC ASPECT			Staropramen				Ostravar			
			2016	2017	2018	2016	2019	2017	2018	2019
Corporate Governance, ethics, anti-corruption measures	Company's principal ethical rules and values	Responsibly Refreshing section in the Report								
	Protection of competition law	Responsibly Refreshing section in the Report								
	Manner of handling ethical complaints	Responsibly Refreshing section in the Report								
	Trade unions and collective bargaining	Collectively Crafted section in the Report								
Product safety and consumer health	Complaints / disputes with consumers	Responsibly Refreshing section in the Report								
	Food safety certifications	Responsibly Refreshing section in the Report								
	Labelling	Responsibly Refreshing section in the Report								
Communication with consumers and responsible marketing	Ethics, rules	Responsibly Refreshing section in the Report								

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ENVIRONMENT			2016	2017	Staropramen		2016	Ostravar	
			2018	2019			2017	2018	2019
Our goals		Sustainably Brewing section in the Report							
Energy	Consumption in the Company	Detailed info in the Sustainably Brewing section in the Report							
	Consumption outside of the Company		N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Energy portfolio	Detailed info in the Sustainably Brewing section in the Report							
	Consumption of electricity (kWh) per hl of the product	Detailed info in the Sustainably Brewing section in the Report	6.26	6.26	6.53	6.42	8.86	8.68	8.60
	Consumption of heat (MJ) per hl of the product	Detailed info in the Sustainably Brewing section in the Report	52.39	58.13	58.41	53.81	99.7	95.00	92.40
	Activities reducing energy intensity	Detailed info in the Sustainably Brewing section in the Report							
Emissions	Direct emissions of greenhouse gases (GHG) in tonnes of CO ₂	Direct emissions of GHG are generated from the boiler and fuels for logistics (fuel for forklift trucks) + purchased CO ₂ for filling and other purposes	8,412.98	7,820.78	8,811.98	8,768.62	300.58	337.47	335.46
	Indirect emissions of greenhouse gases (energy) in tonnes of CO ₂	Indirect emissions are generated in the Staropramen brewery and in the Ostravar brewery by the power plant supplying electricity to us; in addition to that, the latter is also supplied with steam from a heating plant (they have no boiler of their own)	8,600.45	10,078.16	10,429.39	10,728.91	3,810.18	4,105.65	4,246.97
	Other GHG		N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Gases (t) per litre of product	Detailed info in the Sustainably Brewing section in the Report	0.06	0.07	0.07	0.07	0.1	0.1	0.1
	Nox, Sox (t)	Detailed info in the Sustainably Brewing section in the Report	4.38	3.61	3.30	3,289	N/A	N/A	N/A
Logistics	Our fleet and collaboration with partners	Sustainably Brewing section in the Report							
	Consumption of fuels (l)		N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Consumption of fuels (l/100 km)		N/A	N/A	N/A	N/A	N/A	N/A	N/A
Water	Total water consumption per 1 litre of product	Detailed info in the Sustainably Brewing section in the Report	3.54	3.53	3.76	3.8	4.50	4.45	4.62
	Percent/quantity of recycled and reused water	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Packaging materials	Packaging and recycling	Detailed info in the Sustainably Brewing section in the Report							
	Plastics/sustainable PET bottles	Sustainably Brewing section in the Report							
	Cans, glass	Sustainably Brewing section in the Report							
	Percentage of recycled packaging	Detailed info in the Sustainably Brewing section in the Report							
Wastes	Waste (in g) generated per hl of product	Sustainably Brewing section in the Report	3.80	1.68	1.50	0.00	9.11	4.20	3.13
	Total volume of hazardous waste (t)	Sustainably Brewing section in the Report	0.20	19.19	1.10	6.92	0.85	6.32	1.56
	Percentage of recycled waste	Sustainably Brewing section in the Report	74.60	78.26	94.52	95.37	67.79	71.26	84.68
Materials	Quantity of used materials	Sustainably Brewing section in the Report							
Biodiversity	Monitoring and protection of biodiversity in places of sites	Sustainably Brewing section in the Report							
	Activities to protect biodiversity	Sustainably Brewing section in the Report							

GENERAL INFORMATION

EMPLOYEES AND COMMUNITY			Total for Pivovary Staropramen			
			2016	2017	2018	2019
Our attitude		Detailed info in the Collectively Crafted section in the Report				
Employees engagement	Study	Detailed info in the Collectively Crafted section in the Report				
Employees	Number of newly hired employees	Detailed info in the Collectively Crafted section in the Report	157	140	168	144
	Number of employees who left for ML/PL	Detailed info in the Collectively Crafted section in the Report	16	10	12	9
	Number of employees who returned from ML/PL	Detailed info in the Collectively Crafted section in the Report	2	6	2	5
	Absences without sick days		N/A	N/A	N/A	N/A
Cooperation with trade union organisations		Detailed info in the Collectively Crafted section in the Report				
Cooperation with trade union organisations	Injury statistics		N/A	N/A	N/A	N/A
	Activities and training	Detailed info in the Sustainably Brewing section in the Report				
Employee education	Number of trained employees	Detailed info in the Collectively Crafted section in the Report	560	691	610	562
	Activities to support development of skills	Detailed info in the Collectively Crafted section in the Report				
Career development	Activities to support career development	Detailed info in the Collectively Crafted section in the Report				
Diversity and equal opportunities	Statistics and distribution of employees	Number of male employees	422	450	453	642
	Statistics and distribution of employees	Number of female employees	218	227	168	168
	Equality and non-discrimination	Detailed info in the Collectively Crafted section in the Report				
Complaint handling	Tools for complaint handling	Detailed info in the Collectively Crafted section in the Report				
Human rights	Screening of suppliers / capital expenditure (CAPEX) and observation of human rights	Responsibly Refreshing and Sustainably Brewing sections in the Report and the parent company strategy				
	Number of reported discrimination cases		N/A	N/A	N/A	N/A
	Child and forced labour	Part of our policy, more in the parent company strategy				
Community	Management of impact of our activities on local	Collectively Crafted section in the Report				
	Long-term partnership and new social projects	Collectively Crafted section in the Report				
	Cooperation with schools	Collectively Crafted section in the Report				
	Volunteering	Collectively Crafted section in the Report				
Health	Activities to support healthy life style	Collectively Crafted section in the Report				



SUSTAINABILITY REPORT 2019



**PIVOVARY
STAROPRAMEN**

A MOLSON COORS COMPANY

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