



SUSTAINABILITY REPORT

NON-FINANCIAL REPORT 2022



WE PUT SUSTAINABILITY TOGETHER LIKE A PUZZLE

The year 2022 was another year in a row where we all faced new challenges. In our case, it was the energy crisis, which greatly affected the company's operations.

Every crisis costs a lot of money. You have to take a lot of measures to keep the economy in order. You have to be able to adapt to an equally paralyzed supply chain. And deal with what was normally available and now isn't. By Kofola being a local company that tries its best to support domestic suppliers, we have not had to face abysmal shortages of raw materials. Thanks to the support of European producers, we were better off than companies that buy cheaply, but by far.

But like the others, our energies have increased significantly. If before the crisis energy was about two to three percent of our total costs, at some point it jumped to ten percent. And that's a lot. A year ago, we could easily have paid a little extra for the green energy we preferred. We already had Slovakia, Czech Republic and Slovenia, the only country missing was Croatia. However, at the end of 2022 we were glad there was any energy at all.



The CNG truck way proved similarly blind in a time of absolute gas shortages.

Nevertheless, we have not given up on sustainability and have taken the crisis as a challenge - we have redirected our focus to savings. As a result, we accelerated the purchase of less energy-intensive machines. This investment, which we had planned for later years, proved to be highly relevant. It has helped not only nature, but ultimately the company's economics.

And that's how, in my point of view, it should be with the whole sustainability matter. It shouldn't just become a trendy buzzword or a corporate charity project. It's supposed to be completely imbued into the values and economics of the business. And it shouldn't be imposed from above, it should come from the heart of every company. The regulation of mandatory ESG impact reporting that was so much talked about last year may go against this. That three-letter acronym, which until recently was shrouded in mystery for many, is suddenly set to become a measure of whether you are doing business well or badly. Previously, those who really wanted to do ESG were the ones who cared most about it. With mandatory reporting by larger companies, it will become increasingly difficult to distinguish who is just trying to have it fulfilled and who is going to go beyond expectations in content. The spreadsheet can always take it all...

I'm glad that Kofola has been one of the companies that hasn't needed regulations to look after its surroundings for more than a decade. We have come a long way since 2010, when we proactively started to address issues such as water conservation, carbon neutrality and the circular economy. We have a clear packaging strategy that prioritises returnable packaging, and we are moving towards circular PET material management thanks to the deposit system. In the area of water resource protection, we have managed to extend protected BIO corridors from Slovakia to the Czech Republic. We founded the non-profit organization Kvapka Rajeckej doliny, whose main focus is the design and implementation of functional water conservation measures. And step by step we are trying to shorten and streamline the logistics as much as possible and supply chains and find ways to turn waste into a resource. In all this, we are trying to cultivate the relationships around us.

WE PUT SUSTAINABILITY TOGETHER LIKE A PUZZLE



I trust you will find our basic report to be more than just the obligatory spreadsheet, but rather a readable testament to how much we live our mission at Kofola: *If you love the nature and the people around, nothing else matters. You can always find the way.* And if it appeals to you, look forward to its elaboration later this year.

Jannis Samaras, CEO of Kofola Group

TABLE OF CONTENTS

WHERE ARE KOFOLA'S ROOTS	6
WE ARE FOLLOWING THE GREEN.....	9
OUR PEOPLE	14
CLIMATE CHANGE.....	19
WASTE	21
PACKAGING	24
OUR SUPPLIERS	28
BIODIVERSITY.....	30
WATER.....	32
HEALTH	34
RESPONSIBLE MARKETING AND LOCALS.....	36

We love nature. We care about the people who are connected to Kofola. And we will always look for ways to protect nature and keep our employees, customers and suppliers happy. No matter the obstacles or the distance of the goal.

Sustainability resonates with the times and it resonates with Kofola. For us, it means ten specific areas to each of which we have assigned several goals: climate change, packaging, waste, water, nature and landscape, consumer health, employees, supporting locals and charitable causes, suppliers, and, last but not least, responsible marketing. This report will reveal how we intend to meet these goals and how we want to move forward in these areas.

To put down roots means to grow with the place, to have a piece of heart here. And that's how we feel about the locations of our production plants. Each region has its own temperament, but also its own weaknesses. We strive to be a partner to the local people. Whether it's farmers, among whom we look for new local suppliers, or the local government, with whom we work together to protect nature.

One of our goals is to expand a division that will help us take care of our self-sufficiency in growing herbs and apples. We want to keep reducing the amount of sugar and preservatives that we use in some of our products. And also, to look for new opportunities and ways to move forward technologically.

We are clear about our vision. We are transparent about them and we speak up. People who feel the same way as we do then come to Kofola themselves. We trust our people and give them space in the company. Trust, from our point of view, opens the way to independence, which in turn is the basis for making joint and informed decisions at crossroads about moving forward.

WHERE ARE KOFOLA'S ROOTS

Our 11 manufacturing plants are located in 5 countries,
from where we send 26 beverage brands into
the world.



WHERE ARE KOFOLA'S ROOTS

Our company operates in five European countries, where we manufacture our products in a total of eleven plants. You can find us in Slovakia, Poland, Croatia, Slovenia and of course in the Czech Republic, where we are headquartered. You can find us at: Nad Porubkou 2278/31a, Ostrava, 708 00.

Kofola ČeskoSlovensko a.s. is a joint stock company founded on September 12, 2012. The company is registered in the Commercial Register maintained by the Regional Court in Ostrava, Section B, File 10735.

The highest authority of our company is the General Meeting. Board of directors is responsible for day-to-day management and consists of three members; two vice-chairmen and the chairman, who is Jannis Samaras, group CEO. Activities of the board of directors are monitored by the supervisory board, which has four members and a chairman all elected for a five-year renewable term. The governance structure also includes a three-member audit committee which assists the supervisory board in the competencies laid down by law.

We are one of the largest producers and distributors of soft drinks in Central and Eastern Europe. In total, there are twenty-six brands, whose products we divide into six categories - these also include nine brands that we do not manufacture but for which we hold a license for distribution.

Main brands by categories are shown in the visualization below:

CATEGORY	MAIN OWN BRANDS	DISTRIBUTED AND LICENCED BRANDS
Waters	      	  
Non-carbonated beverages	  	
Carbonated beverages	      	  
Syrups	  	
Fresh Bars & Salateries		
Other	    	

WHERE ARE KOFOLA'S ROOTS

Kofola plants

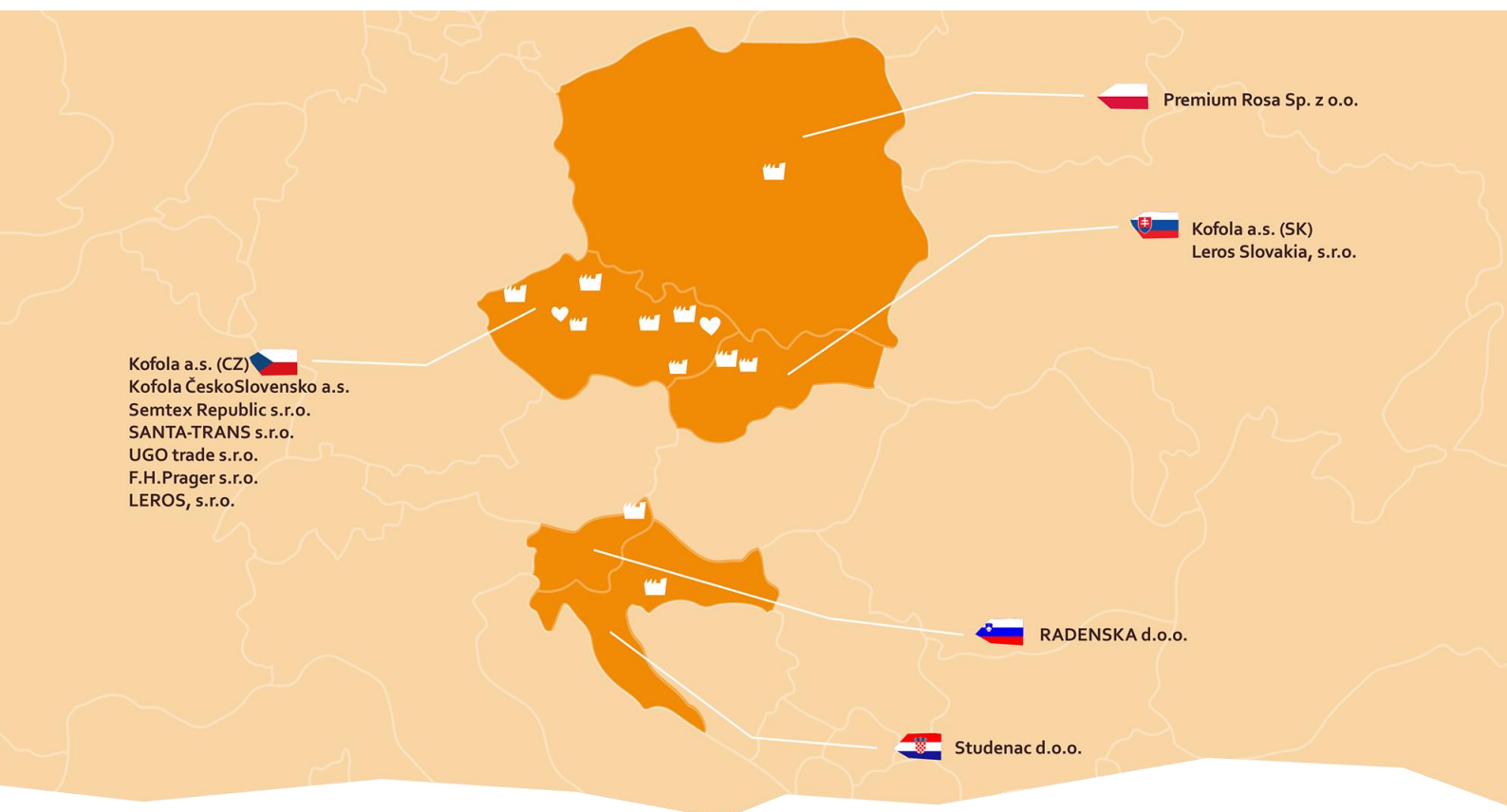
Krnov - Kofola's hometown and the location of our oldest Czechoslovak plant! In addition to Kofola, we also produce UGO fresh juices here and you can find our herb laboratory, F.H. Prager cider production and the headquarters of our transport company SANTA-TRANS.

Characteristically, Ondrášovka springs in **Ondrášov**, in the wild foothills of Nížký Jeseník. The picturesque surroundings of the Doupov Mountains, in **Stráž nad Ohří**, where many people go to tap water from the local spring, is a home of Karlovarská Korunní. Slovakia, the landscape of Rajecká dolina valley, **Rajecka Lesná**, is home of one of our most modern plants where we produce beverages without preservatives on a special aseptic line. The local plant is also the home of Rajec water. A little further south, in **Kláštor pod Znievom**, Kofola's smallest plant can be found, where we produce mineral water Kláštorňá Kalcia. Our Radenska mineral water is bottled in the Slovenian spa town of **Radenci**. And one of our production plants is also in Croatia, in the town of **Lipik**, where we produce soft drinks Studena.

Among the meadows and groves in Slovácko there is a base for Leros fragrant teas - specifically in **Strážnice**. We process more than 335 tonnes of herbs here every year. In **Mnichovo Hradiště** we produce several brands, including Kofola itself.

Not far from Prague, in the village of **Jažlovice**, we process the largest volume of salads and fruit. From here we send our products to the world under the brand of UGO.

And our Premium Rosa syrups, jams and juices are sent out into the world from the heart of Poland, the city of **Złotokłos**.



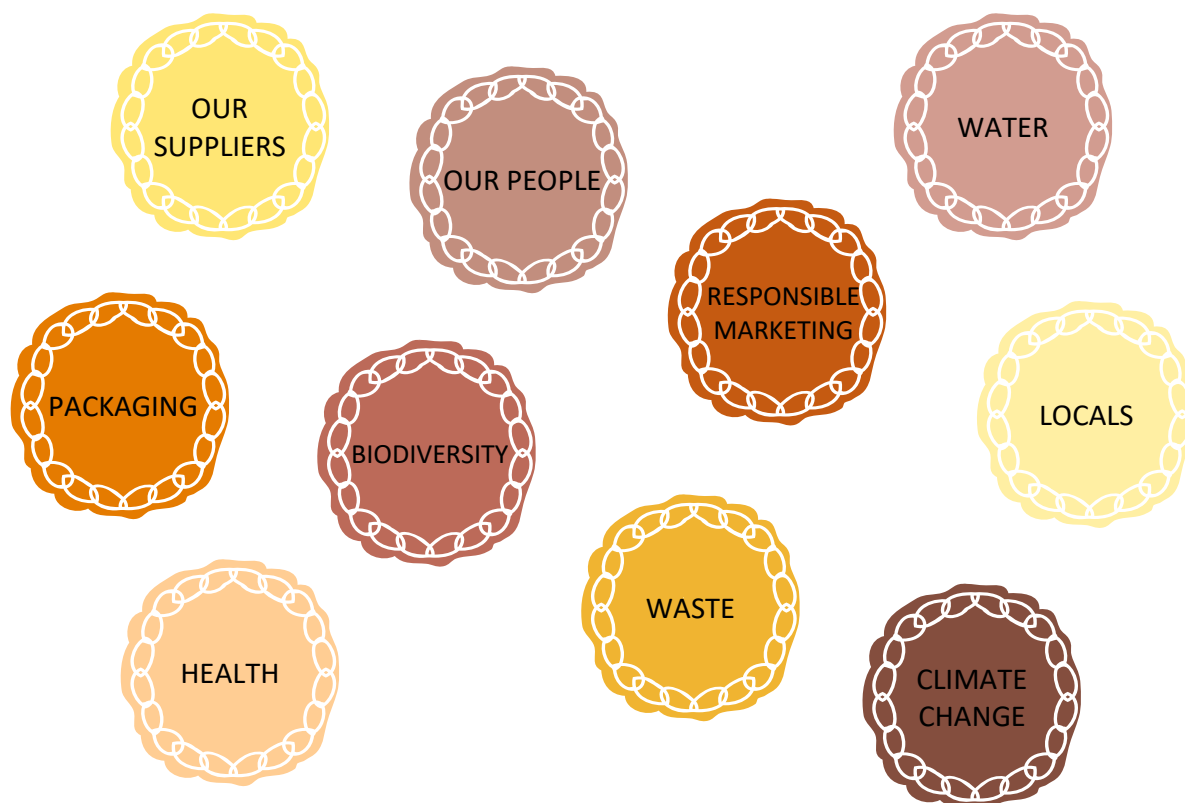
WE ARE FOLLOWING THE GREEN

Our daily work consists of 10 priority areas of sustainability in which we are moving forward.



WE ARE FOLLOWING THE GREEN

Sustainability permeates our entire business. From the water taps in the kitchens of our manufacturing plants, the waste we produce as a company, to the soil in which the herbs we use in our teas and extracts grow. It requires a comprehensive approach, goals and a plan. At Kofola, we focus on sustainability in the following areas:



These ten areas are the backbone of sustainability at Kofola. Within them, we set goals, define risks. We know the impacts and influence that our activities have on the environment and society. They help us articulate where we want to go and why.

Why this ten? At the beginning of 2022 we commissioned a Sustainability Analysis. It reports on the impact of our activities on the countries in which we operate. It also resulted in the ten topics mentioned above, which we will focus on as a priority and monitor as part of our sustainability strategies and reporting.

What is more, the Sustainability Analysis also highlights our business risks, specifies the impacts and identifies opportunities for improvement. One of our priorities is to reduce sugar, manage water more efficiently, recycle plastic more effectively, enforce the deposit system and develop landscape care. But we also want to work on circularity so that we can reuse our packaging or material from our bottles and cans even more.

For the analysis data, we also looked into the functioning of the supply chain and assessed its weaknesses and strengths. We analyzed waste and focused on packaging, materials and energy. We also evaluated the impact of the European Union's green policies and national legislation that is being put in place in our business.

We reached out to seven groups of the most important stakeholders for our company from whom we collected comprehensive feedback through surveys or personal interviews:

1. Management of Kofola
2. Kofola employees
3. Public
4. Investors
5. Customers
6. Suppliers
7. Non-profit organizations
8. Municipalities where our companies are located

Climate, nature, and society are changing. The planet is warming, ocean levels are rising. We know from many sources that to find the cause of these changes, all we have to do is look in the mirror. We at Kofola are looking in one too. How else to achieve a goal but to be aware of the risks of the journey and your own weaknesses?

One of the aims of this report is, therefore, to turn weaknesses into strengths and risks into opportunities. In the years ahead, we will work hard to reduce the greenhouse gas emissions we produce. We also want to reduce waste, improve circularity and increase recycling rates. Sugar we use for sweetening some of our products is a big issue as well. We are investigating the impact it has on our health and whether we can replace it or reduce its amount. And we're also focusing on how to motivate (not only) our customers to engage in sports and embrace an active lifestyle in general.

The power of data is strong and you may be surprised by some of the information in this report. Like the fact that, despite conventional wisdom, white sugar is better for nature than its cane counterpart. That even plastic packaging can in some cases be more environmentally friendly than glass. And that there can be an openness in a company of two thousand people that allows for good ideas to materialize on the shelves, whether they come from managers or from Kofopeople in production.

At Kofola, we strive to improve life and the environment of our home. We are a major employer in the counties, connecting local organizations and small farmers, growing and buying herbs and protecting precious water resources. Our goal is to help move the places we've come to forward, rid them of problems, and restore balance to the landscape. We believe that sustainability is our chance and opportunity.

WE ARE FOLLOWING THE GREEN

EU Taxonomy of sustainable activities

Kofola's operations fall partially within the activities monitored by the EU Taxonomy for carbon-intensive activities. This applies exclusively to activities related to road freight transport carried out by our company SANTA-TRANS s.r.o. SANTA-TRANS provides transport mainly between plants within the Kofola group. Revenues from this activity do not affect the total consolidated revenues of the Kofola Československo group. SANTA-TRANS also partially provides its services to external partners.

	Consolidated values of the entire Kofola ČeskoSlovensko Group	Activities relevant (eligible) for EU Taxonomy	Share of relevant activity in total value	Share of activity in accordance (aligned) with EU Taxonomy
REVENUE	CZK 7,875,284 thousand	CZK 20,296 thousand	0,3%	0%
REVENUE SANTA-TRANS (INTERCOMPANY)*	-	CZK 393,681 thousand	-	0%
OPERATING COSTS	CZK 7,440,502 thousand	CZK 403,190 thousand	5,4%	0%
CAPITAL EXPENDITURE	CZK 557,134 thousand	CZK 36,794 thousand	6,6%	0%

* Intercompany Revenue is eliminated as a part of the consolidation process and as such is not presented as Revenue in the Group financial statements.

SANTA-TRANS activities are not in accordance (aligned) with the EU Taxonomy.

Sustainability team

Jannis Samaras is not only one of the founders of Kofola, but also an integral part of the beating heart of our company, a visionary and innovator. He is the one who sets the goals for the entire group, which we then collectively strive to achieve. And that applies to sustainability as well. Water conservation, herb buying sites, Cirkulka... Jannis is closely connected to the sustainable steps we take at Kofola and is often their spiritual father.

WE ARE FOLLOWING THE GREEN

Every heart needs a brain and hands. That's why we've created a new team in 2020 to make sure we take the right paths to reach our sustainable goals. The team is headed by David Sommer and its main task is to make sure that sustainability is written into the everyday life of the entire company. They make sure we don't concentrate green solutions in one department only and really look for them everywhere. So far, we have been publishing annual reports every year that included data related to sustainability. This year, for the first time, we are introducing a new feature - a stand-alone Sustainability Report.

The individual topics are covered by:

OUR PEOPLE	Martin Pisklák
CLIMATE CHANGE	David Sommer
PACKAGING	David Sommer
WASTE	Kamila Válková
HEALTH	Petr Pravda
OUR SUPPLIERS	Petr Kulovaný
BIODIVERSITY	David Sommer
WATER	David Sommer
RESPONSIBLE MARKETING	Pavol Chalupka, Egle Wehle
AND LOCALS	Karel Hrbek and Jana Ptačinská

It is always better to walk towards your goals with a map in your hand. Together with experts from Fair Venture and CIRA Advisory, we set out to prepare a Sustainability Strategy. A practical and clear guide in which we formulated the next milestones Kofola wants to achieve in sustainability. We spent the entire first half of 2022 doing a detailed analysis to select the topics we will focus on. In the second half of the year, we will add goals and ways to meet them. At the same time, we will start implementing some of these points right away. We will be adjusting existing processes, testing and launching new ones, and pushing the boundaries of sustainability a little further, not only for us but also for our partners.

We believe that by doing so, we will bring inspiration to other players within our industry. We believe it's important to motivate our suppliers and customers to change as well. Change starts with each of us, but to really make it happen, we need to get as many of us involved as possible.

FAIRLY AND TRANSPARENTLY

At Kofola, we operate in a transparent and fair environment. As the company has grown, we have gradually introduced and improved the system of verification and approving of various contracts and agreements. This affects the purchasing and sales department in particular, where we work individually with teams to eliminate unfair practices. We also have a special line in place that anyone who suspects corrupt behaviour can call.

Our approach, however, is mainly based on the atmosphere of mutual trust and openness. In key positions, you will meet people who have been working at Kofola for a long time, they work diligently and simply have the brand at heart. We want every employee to know that their supervisor's door is always open, not only when it comes to suspected corruption, but also for any other questions, complaints or ideas they may have. In addition to that, we meet regularly for personal assessment interviews.

OUR PEOPLE

We are opening a dialogue with Kofopeople on key topics. In this way, they are involved in decision making and feel co-responsible for the results.



At Kofola, we believe that if we give people enough trust and autonomy, they will develop their creativity and independence. There are over two thousands of us, but we have internal rules that take into account the individuality of each and every employee. We set boundaries, but within them we promote flexible management. We want Kofopeople to enjoy their work, find it meaningful and fulfilling. Jannis Samaras says: *"We free people's heads and hands so they can drive the company forward with their creativity and energy."*

Satisfied and empowered employees are, as well as sustainability, one of the key topics of our vision 2030. We are opening a dialogue with Kofopeople, with more than 200 employees participating in 12 workshops at all our locations last year to discuss specific areas that are becoming the most important to us. We ask our people if the topics are clear and how they can integrate them to their daily work. We consider this dialogue to be an essential element in enabling employees to make independent decisions, take responsibility for them and thus be more satisfied at work.



Principles of teal organisations

Self-management and involving people in decision-making instead of hierarchy, this is how we see the future of our company. That's why we involve employees in the development of the content of the key topics we want to address in the long term, they become an integral part of it.

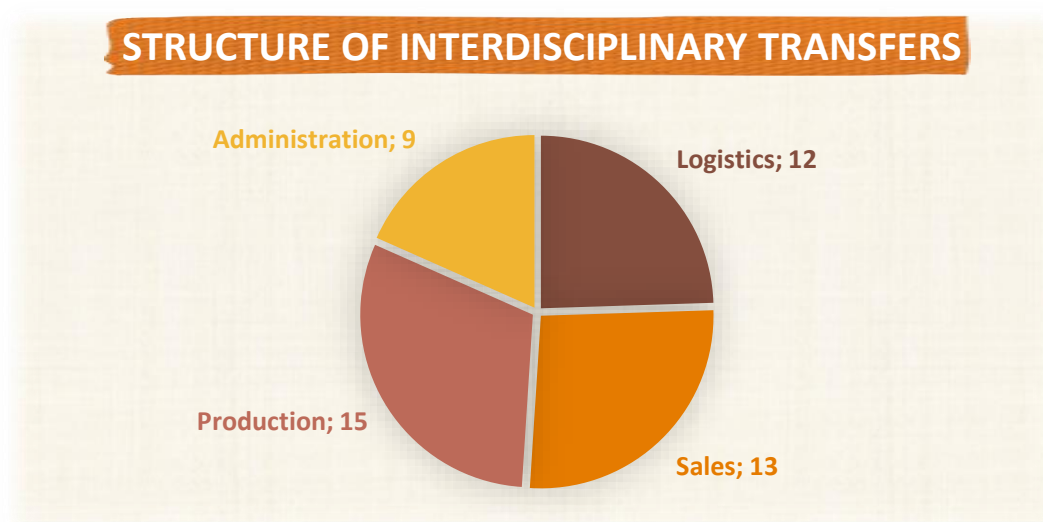
Our IT department is in its second year without the classic hierarchical model. This is how the processes have been transformed from fixed processes in the IT department have become dynamic and open, instead of assigning tasks and reporting to a manager. We also launched a pilot project with the aim of greater autonomy and accountability for results in the sales gastro team.

More and more Kofola employees are also taking responsibility for projects that only a short time ago would have been led by senior employees.

And to keep in touch with Kofopeople, inform them about everything important and stay close despite the distances... we also meet regularly on a meeting with management. Once a quarter, at each production site or office, employees and management meet to discuss the latest developments at Kofola, the previous period's results and plans for the next one. At the same time, we respond to the input collected via Kofoboxes. These are our original boxes where anyone can anonymously drop their message. In previous years, we used Kofoboxes to address the topic of working environment, catering or remuneration.

We let our people grow

There are plenty of opportunities to participate in or directly lead new projects at Kofola. As well as opportunities for further personal growth. In 2022, we supported almost 50 interdisciplinary transfers, in all parts of our company - from production, to sales, logistics and administration.



Kofola employees can develop their potential in training programmes for salespeople, as well as in production, where managers at all levels improve their skills in leading their teams, managing their time, communicating effectively or giving feedback.

We take special care of newcomers, preparing adaptation programs so that they feel at home with us right from the start. In addition to the usual introduction to the company and the processes used, we also show them the production plant in Krnov.

Innovations in the hands of Kofopeople

Twice a year we organize Innovation Days. It's one of the best and most proven ways to create new products at Kofola. During Innovation Days, employees themselves come up with their ideas. They are related to processes, products, but also small improvements that ultimately have a big impact. This is how, for example, the Kofomami project was created or how the lemonade made from Sicilian citrus, Targa Florio, was born. Goodness is part of our DNA and the proof is a project called **Daruj radost** (Give Joy), which was born spontaneously within our ranks.

It's been running perfectly for several years now - we alone vote on where will money donated by Kofola go to help. We also launched a project called SamiSobě (Doing it for us), where Kofopeople organize various activities for other Kofopeople. From a headstand course and tree planting to cooking school.

Kofomami

Parenting is just as challenging as it is beautiful. Still, there are those who, in addition to worrying about their offspring, want to stay in touch with Kofola. And it was for them that a few years ago we launched the Kofomami project initiated by one of our Kofowomen in PR. Its aim was not only to keep parents informed about what was going on, but also to include them in part-time activities or offer them part-time jobs. Today, over 100 parents from the Czech Republic and Slovakia are involved in the project. We invite our parents on maternity or parental leave to internal events such as children's days, St. Nicholas Day or end of season event, we prepare packages for their children and share tastings of new products with them. For those who express an interest in part-time collaboration, we try to find an ideal form of cooperation - whether it's a contractual work or a part-time job. Currently, we have 10 mothers employed in the Czech Kofola alone.

Cooperation with schools

We have established cooperation with technical secondary schools in the locations of our production plants. In Ostrava, on the other hand, we allow university and high school students to complete their internships at our headquarters, where they can then find employment after graduation. We also work with several students each year on their bachelor's or master's theses. Last year thanks to this cooperation we welcomed some graduates to Kofola.

Employee satisfaction

is important to us. At regular intervals, we ask how they like it at Kofola, what is important to them at work, what motivates them, or how satisfied they are with the environment in which they work. In 2022 we again conducted an employee satisfaction survey, both in all Czech and Slovak companies and in the Adriatic region. The return rate was above 60% and employee satisfaction was at a high level in all areas surveyed. Among the highest rated areas were the leadership style (open feedback from supervisor, own role in achieving company goals, meaningfulness of tasks) and cooperation and relationships.

Benefits

Our twenty-five-member HR department is in charge of employee care. Local canteens, allowances for meals, extra holidays, transport or children's recreation allowances, financial bonuses on personal or work anniversaries and events, regular employee events. Our benefits system is comprehensive and covers several areas. Employees can enjoy discounts at our subsidiaries, whether at UGO Salateries and Fresh Bars or at Leros. There are also special UGO mats with fresh juices and salads in the back of our offices.

During summer holidays we organize camps and stays for the children of our employees in Slovenia and Croatia. We also offer temporary positions for these seasonal jobs primarily to family members of those already employed by us.

Beverages: unlimited beverages, which we provide through regularly replenished fridges, are part of all our plants. To reduce waste as much as possible, we also stock the fridges with beverages that are about to expire and we include samples of products we are launching or still working on as well. Everyone has a monthly credit that they can use to buy beverages to take home with them.

OUR PEOPLE



Our annual turnover rate is around 20%, although last year we saw a turnover rate of 23%, due to the waning pandemic and cost-cutting measures on Kofola's part. Our target for this year is a maximum turnover rate of 20%, with further reductions in subsequent years.

On average, people have been with us for 7.5 years. In locations with a longer history, such as Slovenia or Croatia, it can be as long as 12 years worked with the company.

We are pleased that the ratio of men and women in management and leadership positions at Kofola is now almost 10:8.

The number of work accidents resulting in incapacity for work has been declining since 2020, with 30 work accidents recorded in 2022.

CLIMATE CHANGE

At Kofola, we are upgrading our carbon footprint measurement system to be fully automated, allowing us to obtain reliable information.



The world is increasingly facing the impacts of climate change. The temperature is getting higher, ocean levels are rising and extreme weather events are on the rise. This global issue affects us all, and at Kofola we believe that each and every one of us can help to mitigate this change, to stop it. We are aware of our responsibility as a large company and reducing our carbon footprint is one of our top priorities.

Since 2015, we have been measuring our carbon footprint and tracking which sectors in our company contribute the most to it. In areas where we have full control over processes (Scope 1 and Scope 2), we have successfully implemented innovations that contribute to reducing greenhouse gas emissions, despite the growth of our business. However, our biggest challenge remains Scope 3, which includes emissions associated with our supply chain and other external partners.

To be able to measure the carbon footprint of individual processes more efficiently and accurately, we decided to change our data collection system. The new system will be fully automated, allowing us to obtain reliable information to better target the areas that have the greatest impact. This change in internal processes means that we are currently unable to provide data on the company's carbon footprint for 2022. We believe this move is necessary to achieve greater accuracy and reliability in our measurement.

Overall, we recognise that tackling climate change requires the continued efforts and cooperation of all stakeholders. At Kofola, we are committed to continuing to reduce our carbon footprint, implement innovations and collaborate with our partners to work together to contribute to a sustainable future and protect the environment.

What is in the carbon footprint calculation?

Scope 1: Emissions generated by our production. This can include the use of company cars, various machines and boilers for heating water and heat.

Scope 2: Emissions from the energy we buy.

Scope 3: Emissions from everyone we work with. This includes production, processing and import of raw materials from suppliers, but also, for example, waste disposal.

WASTE

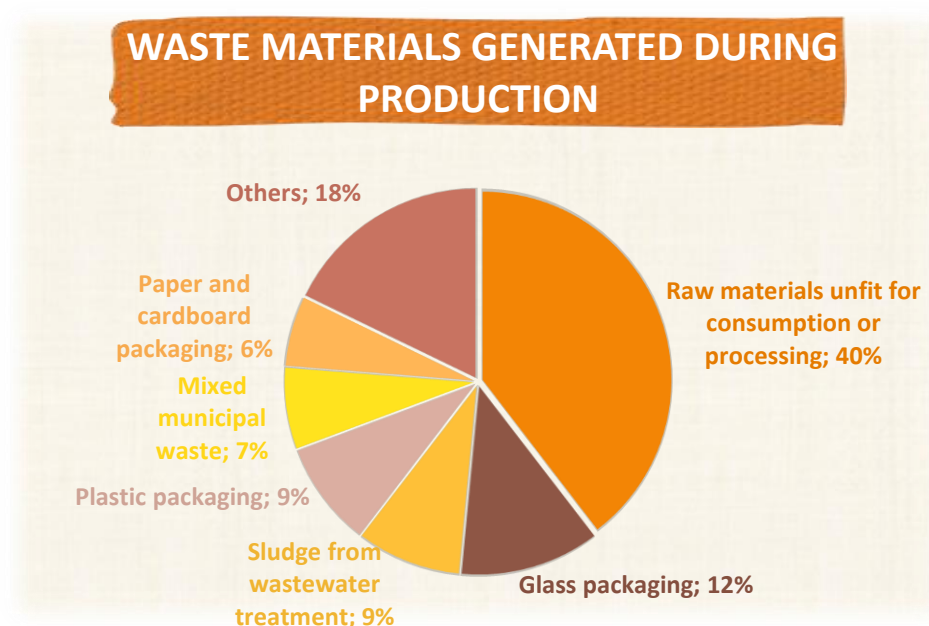
We focus on minimising waste. In Slovakia, we take advantage of the legal option to pass on some waste to employees, which can be used for further use.

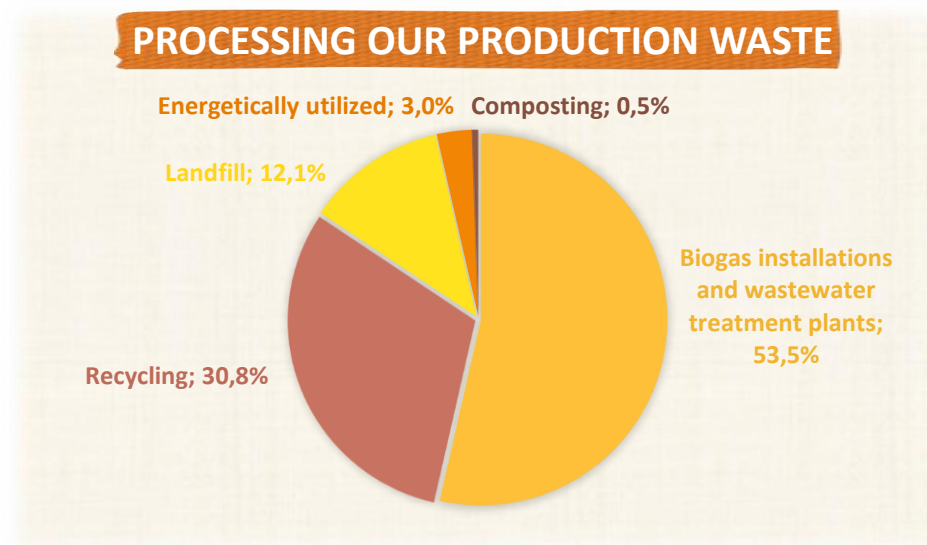


The best waste is that which is not produced at all. Unfortunately, this is unavoidable in production processes, so we try to deal with waste as best we can. *"Across the company we are looking for new innovative solutions and we're grinding out years of proven processes to help us do this. We follow the reduce-reuse-recycle principle."* explains Kamila Válková, our waste specialist.

Our direction and vision

In 2021 we commissioned a waste scan to see where we stood with waste management at each site, since then we have set up regular internal checks. We communicate regularly with our waste managers at the plants, waste collection companies, recyclers, as well as our suppliers of raw materials and production materials. Together we are looking for ways to reduce or better manage waste. We have set ourselves the goal of gradually minimising the volume of mixed municipal waste, we are focusing on improving waste sorting and eliminating errors, and we are training our production and administrative staff, including newcomers, to ensure that waste goes where it should.





Preventing waste

As mentioned above, we focus on both our packaging and that of our suppliers. Many materials and raw materials such as preforms come to us in returnable packaging. Another major commodity, sugar, also comes to us largely in returnable packaging - the big bag. Unfortunately, this system cannot be set up for some suppliers, and we then use the big bags ourselves or pass them on for further use. Another essential material is plastic caps. They are packed in durable cardboard boxes that would be a shame to throw away, so we send them on to serve other purposes such as moving, archiving, etc.

Waste as a source of reuse

In Slovakia, we take advantage of the legal possibility to hand over some waste to our employees, we have permission from the district authority to hand over plastic, metal and wooden packaging that can be used by our employees, for example in their garden.

PACKAGING

We have been followed by the principle of reduce-reuse-recycle. Our returnable glass bottles are designed to last at least 25 rounds.



Every drink, tea or salad must be packed in something. That's not only why packaging is one of the most important topics for us. We are fully aware of the environmental impact associated with our packaging. By choosing the right type of packaging and choosing a good approach, we can significantly reduce these impacts.

For many years, we have been following the reduce-reuse-recycle principle, which has served as a guiding principle in our packaging selection. At the same time, this approach is in line with the principles of the circular economy. We believe that the best packaging is that which is not produced at all. That's why we try to minimize the amount of packaging material. We also attach great importance to reusable packaging such as returnable glass. The use of recyclate in packaging is an integral part of our strategy.

The correctness of our approach based on responsible resource management has also been confirmed by the analyses we commissioned. A carbon footprint analysis as well as a life cycle analysis (LCA), which includes multiple environmental impacts, show that large-volume beverage kegs are the most environmentally friendly. Glass returnable packaging also performed very well. However, even such a returnable glass bottle has to be turned over eight times to be worthwhile in terms of environmental impact. Our bottles are designed to withstand at least 25 turns. Another positive result of the analysis was the confirmation of the benefits of recycled packaging. Packaging produced from recycled materials reduce the need for new raw materials. Their impact is almost equal to returnable glass bottles.



These analyses have clearly shown us that reusable and recycled packaging is the best choice in terms of environmental impact. Based on these findings, we have adjusted our strategies to focus on developing these packaging options to minimise our carbon footprint and pollution.

REDUCE



The best waste is that which is not produced at all. This has been confirmed by analysis. Wherever possible, we try to use refillable KEGs. These barrels can stay for a long time. Many of them which we fill with Kofola these days have been used since the 1990s. For this reason, we consider this packaging option to be more of a "packaging-free" option. TOP TOPIC raspberry, Rajec and our F.H. Prager ciders are also filled into KEGs.

Even small changes can save tons of plastic. We have been reducing the volume of material in our PET bottles for several years. As a result, we release less plastic into the world with the same volume of beverages. We call this process lightweighting. Lightweighting is a complex process, so there's a lot of testing behind every lightweighting to ensure the quality of the beverages and the strength of the packaging. In 2022 alone, we were able to lighten over 540 tons of PET through these steps.

REUSE

Why throw them away if you can reuse them? For years we have been following common sense and trying not to waste. Analyses also show that it is very economical packaging. When selecting and designing returnable glass bottles, we put emphasis on their design and quality to make them as durable and long-lasting as possible. This is important because, given the energy consumption associated with glass production, a single bottle must be reused at least eight times to have a lower overall environmental impact than conventional disposable PET bottles.



Returnable glass bottles have an important place in our portfolio. You can meet them especially in restaurants, pubs and cafés. However, for more than a year now, our glass bottle Cirkulka has been on the shelves of Czech and Slovak shops, into which we fill Kofola, Vine and Rajec. We believe that returnable glass bottles have considerable potential and are perfectly suited for both gastro operations and households. We will continue to develop this direction and motivate our customers to choose these more environmentally friendly types of packaging.

RECYCLE

If you can't reuse the cover, you have to reuse the material. It's not always convenient to use returnable glass, and you don't always have a tap on hand. Therefore, even disposable packaging such as PET bottles have sense. We want the material to change back into our packaging like 'bottle to bottle' and 'can to can'. From our point of view this is the right approach to recycling. Despite the difficulty of the recycling process, LCA analyses show that packaging produced from recycled materials have a much lower environmental impact. With the development of the circular economy, we expect the efficiency of recycling get better and therefore the global positive effect associated with the use of recyclates in packaging.

Recyclability

The recyclability of packaging is a key factor in reusing the material. We want the material from our packaging to be able to come back and be reused by our suppliers to produce new bottles, cans or films. We work with recyclers directly in the regions where we operate to determine the key factors affecting recyclability. In this way, we obtain specific information on recycling opportunities in each country and adapt our packaging to make it as recyclable as possible.

Key factors affecting recyclability:

Bottle colour: Clear, blue and green PET bottles are easier to recycle. Therefore, we try to unify the colours of our bottles and stick to these three variants.

Label: some labels are harder to recycle than others. We try to avoid them and have gradually removed them from most bottles.

Group wrap foil printing: in order to facilitate the recycling of foils, we prefer those without printing.



Recyclate in packaging



In 2022 the half-litre Rajec joined our rPET bottled products. Tests continue on a number of other products so we can bottle more products from recycled material as soon as possible. Our goal is for all bottles that leave our production lines together contain at least 25% rPET by 2025. More than 60% of our cans also contain recyclates. We are testing and gradually introducing recycled film group packs.

Deposit-refund system

We have been working for a long time to ensure that plastic bottles can also be returned to shops in exchange for a deposit. In Slovakia, we have succeeded in doing so, and we were involved in setting up a deposit system which was successfully launched this year. We have verified that it works and the results are great. We also have positive experience from Croatia, where the system has been in place for a long time. We are now trying to do the same in the Czech Republic together with other beverage companies as part of the Deposit-refund Initiative. Not only PET bottles but also cans can be part of this system. Deposit-refund system can guarantee that the material will be returned to beverage packaging.

OUR SUPPLIERS

Over 60% of Kofola's suppliers are from Europe.
They are proven and established names committed
to green policies.



Cooperation with suppliers is a key aspect of our business. With manufacturing plants spread across five European countries, each with its own specific needs, it is essential that our companies have their own long-term strategy with clearly defined criteria for supplier selection. Although each brand pursues its own individual goals, there are general principles that are always applied. We favour local suppliers over imports, long-term partnerships over one-off purchases. The most important criterion is, of course, quality. We are in constant contact with our key suppliers and together we look for solutions to reduce the environmental impact of our products.

In 2022 we completed a supply chain sustainability analysis. This analysis showed us which sustainability topics we should focus on with our suppliers. In the following years, we intend to open up these discussions and make sustainability one of the main criteria for supplier selection.

Being local

One of the already established criteria that we monitor in suppliers is the localness. We divide our suppliers internally into:

1. locals, who are based within 50 kilometres of the destination plant;
2. close suppliers, who are based in the same country as the plant to which they import raw materials;
3. neighbours, who are based in a neighbouring country to the destination plant;
4. and distant suppliers, who come from other countries or continents.

Salad paradise on Ráječek Farm

Crispy, juicy and above all - fresh. From spring to autumn we buy salads from Czech suppliers and one of them is Farma Ráječek in Moravia. Here, too, modern technology helps sustainability. The tractors are controlled by autopilot using GPS navigation with an accuracy of 2 centimeters. This helps them make better use of the soil and reduce diesel and fertilizer consumption. They use no herbicides - the hoeing of the lettuce is done by a computer that removes weeds with 95% efficiency. The farmers return harvest leftovers back to the fields and naturally replenish the organic component of the soil.



BIODIVERSITY

Trees are an important element of biodiversity.
In 2022 we have managed to plant 20,000
trees as part of the Greening Slovenia project.



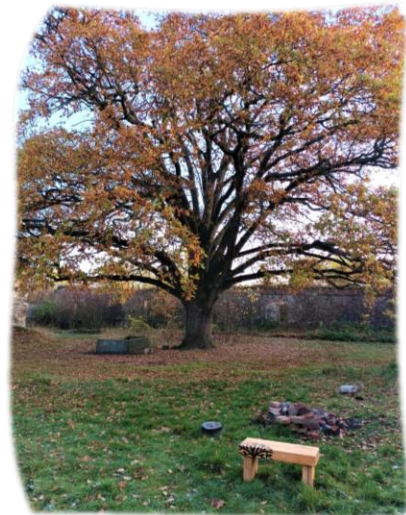
Nature is a tightly interconnected of all its elements. Insects, animals, plants, water and soil are connected and their interdependence creates a functioning ecosystem with rich biodiversity where one could not exist without the other. Each component has its own importance and together they ensure the balance and well-being of the whole system. Biodiversity is crucial for nature. In recent years we have seen a loss of biodiversity from the effects of direct ecosystem disturbance and climate change.

Our business is closely linked to nature and depends on biodiversity. The raw materials we use to make our products would not grow if it weren't for bees, butterflies, flies and other pollinators.

From 2020 we have certified the bio sites for the free collection of herbs in the Czech Republic and Slovakia, in order to protect nature and the landscape from pesticides and other harmful substances used in conventional agriculture. We plan to further expand the bio sites and at the same time we want to focus more on forests, where pesticides are also used.

In the Rajecká dolina valley there is a non-profit Kvapka Rajeckej doliny, which focuses on the protection and promotion of biodiversity. We are committed to supporting Kvapka in these efforts in the long term. We want to apply a similar approach in other locations where we operate. It is important for us to find relevant, transparent partners with whom we can contribute to nature and landscape conservation.

In Slovenia and Croatia, we continue to plant trees as part of the Greening Slovenia project. In 2022 we have managed to plant another 20,000 trees. We are also trying to communicate the importance of trees for biodiversity through the Tree of the Year survey, which we have long supported.



Our raw materials

We are fully aware of the indirect impact we have on biodiversity through our suppliers. Most of the raw materials we use in the production of our products come from conventional agricultural production, which can have a negative impact on biodiversity.

It is important to note that most of our suppliers are not directly responsible for growing the crops from which we source our raw materials. Nevertheless, we are determined to open a discussion with them on this subject and together look for ways to reduce our impact on biodiversity.

In 2022 we commissioned a supply chain analysis focusing on the environmental impact of our raw materials. Thanks to this analysis, we know which raw materials to primarily focus on.

In the following years we will intend to focus strongly on this issue and develop a strategy that will lead to gradually reduce our impact. We aim to increase transparency in our supply chain and work with our partners to implement measures that minimise negative impacts on biodiversity.

WATER

In the Rajecká dolina valley we map the local micro-watershed and all the tributaries of the Rajčianka River that flows through it.



Water is the basis of everything. It plays a key role for the world, for humanity, for nature and, of course, for our business. We are aware of our responsibility to use this natural resource.

Rajecká dolina valley in Slovakia, Ondrášov in Nížký Jeseník, Stráž nad Ohří, Radenci in Slovenia or Lipik in Croatia. Our water springs are among the best and it is crucial for us to protect their quality. Of course, we have protection zones and we go further. In the Czech Republic and Slovakia, we are establishing biocertified areas for the free collection of herbs. In these bio localities, as we call them, we do not use products intended for conventional agriculture. We also work with local farmers to help them convert to sustainable farming.

Another challenge caused by climate change is shortage of water. Intensive construction, regulation of riverbeds and other human interventions mean that water run off quickly and reduce infiltration into the soil, increasing the risk of drought and flooding. Therefore, it is important for us to help adapt the landscape to climate change and return it to its natural function of retaining water. Last year, we launched a project with the City of Krnov to develop a comprehensive landscape improvement plan to increase water retention in the landscape. In the first year, we have already successfully implemented pilot water retention measures in the Krnov forest.

We have a plan for water in the Rajecká dolina valley as well. Last year we started mapping the local micro basin and all the tributaries of the Rajčianka river that flows there. We will focus on weak spots in the landscape, so-called defects, for which we will seek and implement suitable remedies in cooperation with experts from Aqua Terra Inova. The first major implementation took place in autumn 2022. Hundreds of experts from Slovakia and the Czech Republic came to see the implementation workshop. By 2033 we plan to take at least enough measures to ensure that the same amount of water that we withdraw each year. The whole project is led by the non-profit Kvapka Rajeckej doliny.



At Kofola, as everywhere else, water has its irreplaceable place in maintaining order. We use it to rinse the bottling equipment, to clean the containers and generally to keep the operation clean. We use 2.58 liters of water per liter of drink. We will soon start working on a strategy to develop a plan to reduce water consumption per liter of beverage. Starting point for the strategy will be a water audit, which will identify weak spots and areas for saving and reducing consumption.

HEALTH

Kofola is full of enthusiastic sportspeople. Last year we drove, ran and walked over 193 thousand kilometres.



What we eat and drink has a direct impact on our health and physical condition. At Kofola, you can choose from a wide range of beverages. From spring and mineral waters, which contain a balanced amount of minerals, to juices, syrups and teas, and sweetened drinks. We have long been transparent about how much sugar our beverages contain. We also have our own strict rules for promoting not only sweetened beverages, but also those that contain caffeine.

Our aim is to free our beverages from preservatives. Over the last few years, we have upgraded our facilities with technologies that have enabled us to eliminate preservatives from some beverages altogether. There is, for example, aseptic filling, which is carried out under strict hygiene standards. Another such technology is hot filling or high-pressure treatment of beverages. The preservative content is regulated by food legislation. You will only find preservatives in our products where innovation has not yet made it possible to do without them.

At Kofola we have a long-standing commitment to reducing the use of sugar in our beverages. We believe that it is possible to achieve this reduction in a natural way without drastically replacing sugar with artificial sweeteners. A great example of this approach is our flavoured range of traditional Kofola - Less More. It contains 30% less sugar without being replaced by any artificial sweeteners or stevia.



We believe it is important to have a healthy balance in your drinking. That's why we've focused on increasing the range of water-based beverages and have developed lower-sugar variants of our traditional recipes. Our portfolio includes not only sweetened drinks such as Kofola or Vinea, but also Klášterná Kalcia mineral waters and UGO fruit juices.



The next step to health is Semtex Street Water, the functional waters, which contain vitamins, promote performance and concentration, facilitate muscle recovery and boost immunity. In the future, we want to further develop this segment of beverages that bring health benefits.

Sound mind in a sound body!

Kofola is full of enthusiastic sportspeople. Within the company, we compete among employees in the number of kilometers run, cycled, skated or hiked. Kofopeople can bike for free to several of our plants. Last year we drove, ran and walked over 193 thousand kilometres. We financially support dozens of sporting events in the Czech Republic and Slovakia. For instance, we have been supporting the RunTour series of running races as a main partner for several years. And in Slovenia, in Radenska, we participate in the organization of one of the largest and oldest local marathons - Tri Srdca.

RESPONSIBLE MARKETING AND LOCALS

We have introduced #MerchCoChceš through our e-shop.
Here you can buy only ethically and locally made
products from Czech and Slovak designers.



We sell hundreds of different products, operate in five European countries and every day thousands of people are exposed not only to our products but also to the advertising that makes the products known to the world. Our primary focus is not to create unrealistic pre-images, but to imprint real life and realities of each brand in our campaigns. As a result, we create stories that feature nonfactors (the producers or farmers who work with us to create the product) and involve communities and their representatives (with whom we create community projects) or are based on collaboration with local creators. What we want to achieve is that the final image portrayed by the marketing communication reflects the real life of the brand and the company.

Naturally, we also have ethical boundaries and rules that we adhere to in marketing and which are non-negotiable for us. We don't target advertising at children and we avoid photos of babies on labels. We market not only the product, but also the region in which it is produced. In this way, we are helping to develop tourism and the places that can be protected, maintained and restored thanks to the income from tourism. We place great emphasis on promoting a healthy lifestyle. And last but not least, we believe in a positive personal footprint of all our talented people involved in marketing. Whether they are students, alumni, employees, or the local community.

In the Adriatic region, i.e. in Croatia and Slovenia, half of our annual marketing expenditure is allocated to natural mineral and spring waters. The campaigns are also linked to communication focused on exercise, healthy nutrition, but also care for mental well-being. We are the main sponsor of the oldest regional marathon Treh src. And in Slovenia, you can also encounter Kofola as a sponsor of numerous local sports clubs.

Sponsorship

We do not perceive sustainability as just supporting necessary CSR projects. Nevertheless, even in our strategy we invest time and care in organisations, cities or individuals who ask us for financial support or beverage sponsorship.

In 2022 we supported over 470 projects from over 1,700 applications that logically fit into our strategy or are close to what we do. Our primary focus is on localities where we are at home. We then select original, ecological or health-promoting projects from the applications we receive. Here are some examples of the projects we support...:

- ... to help spread good mood in hospitals, we supported the Meadows in the Hospital Association, which using drama therapy to help children hospitalized in Czech and Slovak hospitals.
- ... We have contributed to eco-mobility by, among other things, co-financing the operation of Nextbike bike sharing in our localities.
- ... In Krnov, we contributed to improvement of the surrounding area and contributed to the construction of a covered sandpit.
- ... With members of the Počteníčko association and the Student in the Forest association, we supported planting of new trees in the MS region.
- ... In cooperation with Ondrášovka, we supported the Tree of the Year survey, the aim of which is to draw attention to interesting trees across the Czech Republic and contribute to their care.

... With the Rajec brand, we have been involved in supporting running series, but we have also supported other sports clubs across the Czech Republic financially or with products.

... In Slovakia, in the Rajec valley, we support the activities of many non-profit organisations that help to improve the environment and make life in the area more attractive. In addition, we have also established a non-profit organisation, Kvapka Rajeckej doliny, which is mapping the valley area and preparing a plan for landscape restoration and the implementation of water conservation measures. In Kláštor pod Znievom, we have been involved in supporting the Good Shepherd, a non-profit that provides shelter to hundreds of homeless people.

... Some of our aid went to Ukraine, of course, while financial support also went to Ukrainians newly settled down for example in Krnov.

In addition, all cities where we operate have the opportunity to benefit from support in the form of a drinking scheme for cultural and social events. We collect all applications at podporujeme@kofola.cz.

Write to us!

If you have a **general question or a tip on what to improve**, please contact us via the contact form on the website - it's the easiest and fastest way to get in touch with us: <https://www.kofola.cz/kontakty>. Alternatively, you can write to our contact center at info@kofola.cz or call +420 597 497 497.

Do you want to join us? Then the HR department at hr@kofola.cz will best advise you.

If you are one of our investors or would like to become one, please email Lenka Frostová, our Financial Manager, at lenka.frostova@kofola.cz.



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