



# SUSTAINABILITY REPORT

NON-FINANCIAL REPORT 2021



# WE PUT SUSTAINABILITY TOGETHER LIKE A PUZZLE

You know that feeling when you're doing a jigsaw puzzle with small pieces and the beautiful final picture is slowly revealing itself to you? Similarly, many years ago, we started sustainability projects that were an unexplored landscape for us. It wasn't consumers or a momentary trend that drove us on that hike with its many attractive vistas, but our relationship with nature, our respect for what surrounds us, and local setting that has always been in our DNA.

As the topics came our way, we learned more and more about sustainability. And we found out that the deeper we go, the more possibilities we discover. Suddenly, there were too many pieces that we needed to fit somewhere in the picture, and we had to start prioritizing.

We defined the basic directions (water care, quality raw materials, packaging and transport) in which we started to implement sub-activities. This has led to projects such as bio certification of sites surrounding our water sources, growing our own herbs or working with local farmers, packaging innovations for 100% rPET bottles and Cirkulka, i.e. returnable glass for retail.

However, to make sure we don't just take one-off steps or waste energy on projects with no major impact, we've teamed up with sustainability experts from CIRA Advisory and Fair Venture. They are now helping us to piece together the final picture and set up a sustainable strategy so that Kofola is not only carbon neutral and zero waste, but progressively fulfills meaningful commitments that help the environment and make sense in relation to our business.

While solving this puzzle, we realized one more thing. If we want to remain relevant not only to our consumers, but also to our customers and employees for another 10 years, we need to adjust our mission and vision as well. That is because over the last decade we managed to fulfill the original ones. It is sustainability that is becoming one of the main pillars we want to emphasize in our mission. We believe that by doing so, not only will the individual pieces of the puzzle fit together beautifully, but they will translate from the final image into everyday reality.

  
Jannis Samaras, CEO of Kofola Group





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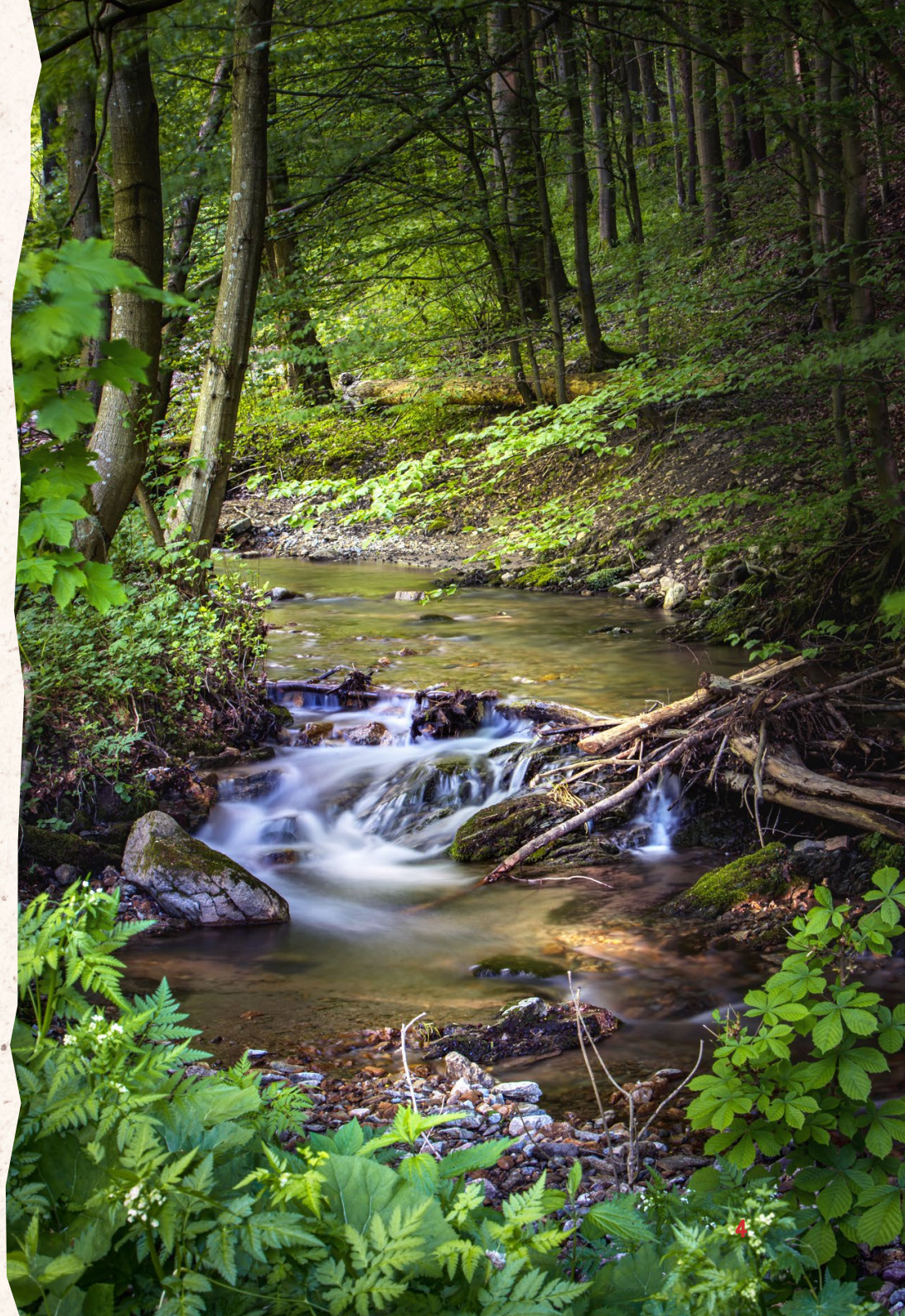
We love nature. We care about the people who are connected to Kofola. And we will always look for ways to protect nature and keep our employees, customers and suppliers happy. No matter the obstacles or the distance of the goal.

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

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.

	PRODUCTION	DISTRIBUTION
<b>WATERS</b>	     	 
<b>NON-CARBONATED BEVERAGES</b>	  	
<b>CARBONATED BEVERAGES</b>	      	  
<b>SYRUPS</b>	  	
<b>FRESH BARS AND SALATERIES</b>		
<b>OTHER</b>	    	

## 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 Nízký 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, **Rajecká 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 Klášterná 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 **Jazlovce**, 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**.



WHERE ARE KOFOLA'S ROOTS

## SCOPE OF BUSINESS

Kofola ČeskoSlovensko a.s.





# SUSTAINABILITY – A CRITERION FOR BUSINESS

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.



## SUSTAINABILITY – A CRITERION FOR BUSINESS

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.

### 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 Ltd. 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. However, the shares in total sales, operating and capital expenditure from external activities are less than one percent.

	Consolidated values of the entire Kofola ČeskoSlovensko Group	Activities relevant (eligible) for EU Taxonomy	Share of activity in total value
<b>REVENUE</b>	CZK 6,636,218 thousand	CZK 17,510 thousand	0.3 %
<b>REVENUE SANTA-TRANS (INTERCOMPANY) *</b>	-	CZK 311,836 thousand	-
<b>OPERATING COSTS</b>	CZK 6,256,458 thousand	CZK 321,552 thousand	5.1 %
<b>CAPITAL EXPENDITURE COSTS</b>	CZK 421,888 thousand	CZK 17,052 thousand	4 %

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



# 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.

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

## CIRCULARITY AND WASTE

Kamila Válková

## HEALTH

Petr Pravda

## OUR SUPPLIERS

Petr Kulovány

## BIODIVERSITY

David Sommer

## WATER

David Sommer

## RESPONSIBLE MARKETING AND COMMUNICATION

Pavol Chalupka, Egle Wehle,  
Karel Hrbek a 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 behavior 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

## DID YOU KNOW THAT...

... we may have over 2000 employees today, but at the core we are a family business? Our history began in 1993 when Kostas Samaras, Jannis Samaras' dad, bought a small soda factory in Krnov.

At Kofola, we believe that if we give people enough trust and autonomy, they will develop their creativity and independence. There are over two thousand 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 and find it fulfilling and meaningful. As Jannis Samaras puts it: "We free people's heads and hands so they can drive the company forward with their creativity and energy."

Satisfied and independent employees are, as well as sustainability, one of the key topics of our vision for the next 10 years. We are opening a dialogue with Kofopeople and we discuss specific areas that are becoming the most important to us in workshops at all our locations. We ask our people if the topics are clear and how they can integrate them into 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.

### And to keep in touch with Kofopeople, inform them about everything important and stay close despite the distances...

... we also meet regularly for a word with the management. Employees and management at each production plant or office meet quarterly 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.

### 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. Kofola is full of talent!





## OUR PEOPLE

It is impossible to get to know each other personally, partly because we work in different places and countries. Yet there are many things that unite us at Kofola. We meet at training and development events and in our spare time at events we organize as a company. Not even the covid pandemic could stop us. The SamiSobě project, which we want to build on, has made its way online despite a rough start in the pandemic and offered for example tips on activities to clear your head. We used the app to motivate each other to higher sporting performances and, ultimately, we ran and cycled over 160,000 kilometers. We also continued to support Sokol financially.

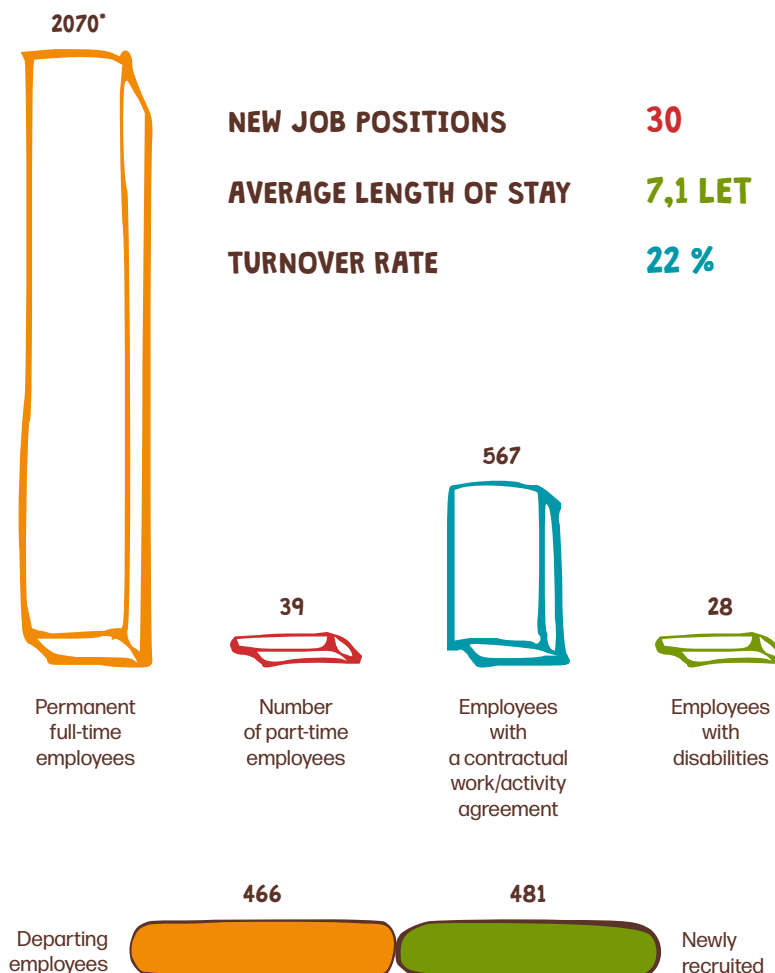
There will never be enough talented people. At Kofola, we have only people like that and we do everything possible to make them happy, help them enjoy their work, learn new things and develop further. Our annual turnover rate is under 20%, although last year we saw a slightly higher rate due to the declining pandemic. On average, people have been with us for 7.1 years. And if employees want a career change, we try to find a new path for them at Kofola. We do this through expat contracts, internal promotions, but also through management rotation or new projects and acquisitions.

And it's no exception that when someone leaves, they repeatedly come back to us! One beautiful example of a career growth is the story of Pali Chalupka, our current Marketing Director. He has been with the company for 15 years, except for a short break. He started out as a brand manager working on the Jupí and Jupík brand after which he was entrusted with the Kofola Original brand in Slovakia. After almost four years, he moved on as a senior brand manager to marketing of brands such as Vinea, Snipp, Chito and Top Topic. After a short break, when he tried his luck working outside Kofola, he was given the task of leading the team of the entire water portfolio, including the key brand Rájec. And thanks to his successful management, he then earned a new challenge - the post of marketing director.

### We let our people grow

Stories of those who want to stay with us but change their career paths are not uncommon. Martina Rettová experienced one of them. For many years, her face was mainly associated with the development of new products. Today she works at Kofola as a marketing manager. She brought a fresh, different perspective to her new job, albeit under the same roof. In case of interest, we are also happy to support interdisciplinary transfers.

## EMPLOYMENT STRUCTURE (FOR 2021)

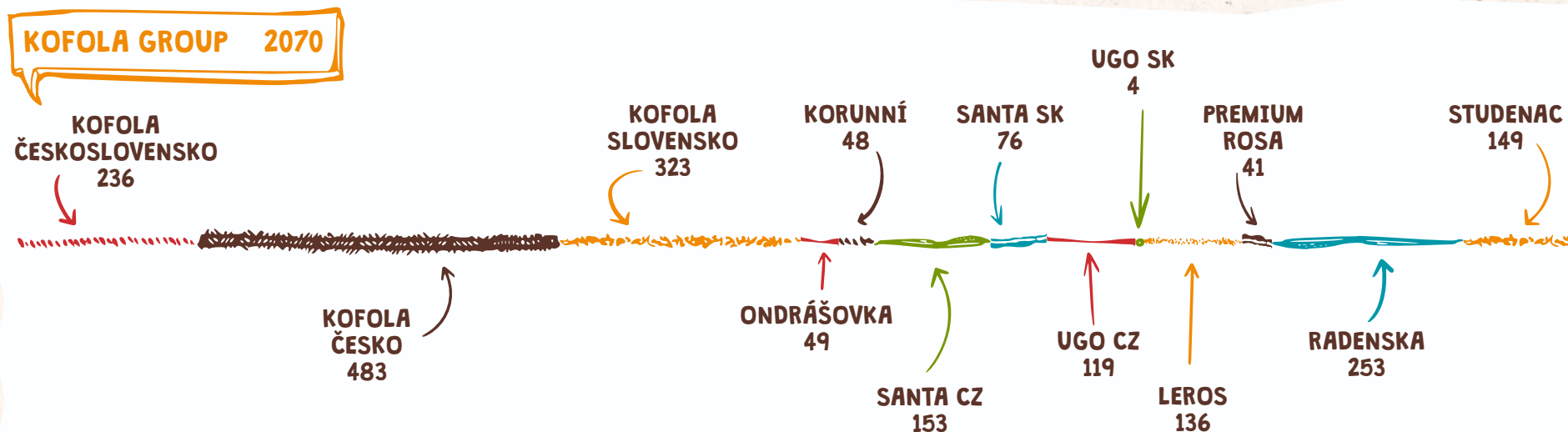


\* The average number of employees in 2021 was 2006.



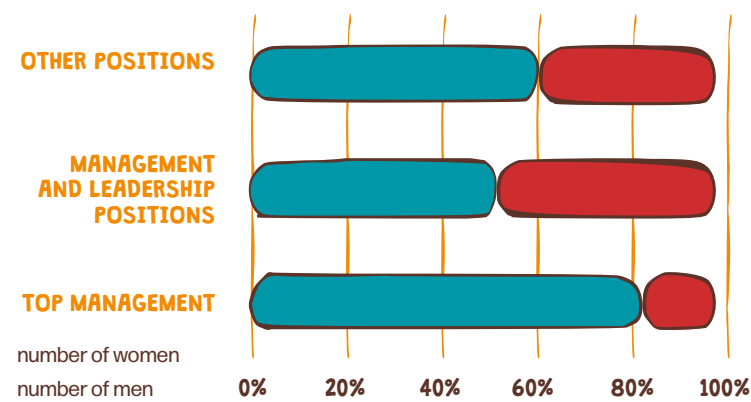
## OUR PEOPLE

Number of employees per entity (for 2021)



We are pleased that the ratio of men and women in management and leadership positions at Kofola is now almost 8:7. 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.

### NUMBER OF MEN AND WOMEN IN LEADERSHIP POSITIONS (FOR 2021)





## OUR PEOPLE

### Kofomami: Kofoperson even on maternity leave

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. For these Kofoparents, we regularly prepare a newsletter that helps them stay in the loop about what is happening in the company and we created a closed Facebook group called Kofomami that has become a practical tool for operational communication with these employees. We invite our parents on maternity or parental leave to internal events such as children's days, St. Nicholas Day or New Year's Day, 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.

### Teal IT

Every company usually cherishes its IT department as the apple of its eye. So-called IT nerds are constantly in short supply on the job market, though they are needed practically everywhere. That is also why we are proud of how our IT team at Kofola works. We are following a different path than usual. We are not afraid to try new, innovative approaches, such as some of the principles of Teal organization. Fixed processes in the IT department thus became dynamic and open; instead of assigning tasks and reporting to the manager, we prefer individual responsibility, creativity and self-realization. And our IT staff rewarded us not only with higher work efficiency, but also with very positive feedback.

And so we decided to adjust some of the principles of the Teal organization to our needs, and others to leave out entirely. We are looking for a way to turn theory into a well-functioning practice and to extend what has worked for us in the IT department to other Kofola employees.



### When work is a hobby, you can do anything

At Kofola, we also have mothers who return from maternity leave much earlier than usual. One of them is Jana Riegerová, Trade Marketing Manager, for whom work is a hobby she could return to thanks to a well-coordinated team and understanding superiors. They made it possible for Jana to work flexibly as her daughter allows, knowing full well that when the little one gets sick, meetings will have to wait.



## OUR PEOPLE

### 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, cafeteria, financial bonuses on personal or work anniversaries and events, regular employee events. Our benefits system is comprehensive and covers several areas. We care about newcomers as well as those who have been with Kofola for decades. In our recruitment process, we found that referrals, i.e. newcomers recommended by Kofola employees, work best. This makes us happy and we always reward both the newcomer and the Kofoperson who brought them in with a recruitment bonus.

**Meals and transport:** subsidized canteen meals, meal allowance or meal voucher. These are the three main ways in which we contribute to employee meals at Kofola. In our Prague and Ostrava offices, we also offer the opportunity to order an environmentally packaged lunch from UGO at a discounted price. And if our employees spend time on the road, they can enjoy a 20% discount at Salateries and Fresh Bars. There are also special UGO mats with fresh juices and salads in the back of our offices. And those who don't like UGO can choose from a wide range of other Kofola brands.

EVENTS  
FOR  
EMPLOYEES

MEAL  
ALLOWANCES

EXTRA  
HOLIDAYS

CELEBRATING  
ANNIVERSARIES,  
WEDDINGS,  
BIRTHS  
OF BABIES

CAFETERIAS

SUPPORT  
FOR  
PARENTS



**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.

We also contribute to the commuting costs of employees in our production plants. And in Ostrava, Krnov and Mnichovo Hradiště, we've put the pedal to the metal and partnered with Nextbike. Our employees can now get to work using shared bikes for free.

**Something extra:** joy shared is joy doubled. When Kofopeople welcome a new addition to their family, get married, celebrate a milestone or are just happy to be with us for a long time, we add financial bonuses to their paycheck. We also help parents pay for children's camps and offer a discounted phone plan for up to five additional family members. And because we know how important rest is, we add an extra week to the standard four weeks of vacation.



## OUR PEOPLE

**Development and education:** innovation, change, development.

We don't rest on our laurels and offer our employees a range of opportunities to learn something new or to update their knowledge with the latest know-how.

Specific development programmes are now taking place in the production plants, where managers at all levels interactively improve their skills in leading their teams, managing their time, communicating effectively or giving feedback.

A major development project is underway in the sales department with the aim to push the competencies of our salespeople and many of the activities take place in the field.

We are also responding to the ever-changing environment and customer preferences - for example, we are working on a marketing academy designed to move the entire marketing team to the next level.

We pay special attention to newcomers, preparing adaptation programmes 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 show them the production plant in Krnov, talk to them about the origins of Kofola and its rich history, give them a welcome package with our products or invite them to one of our informal events straight away.



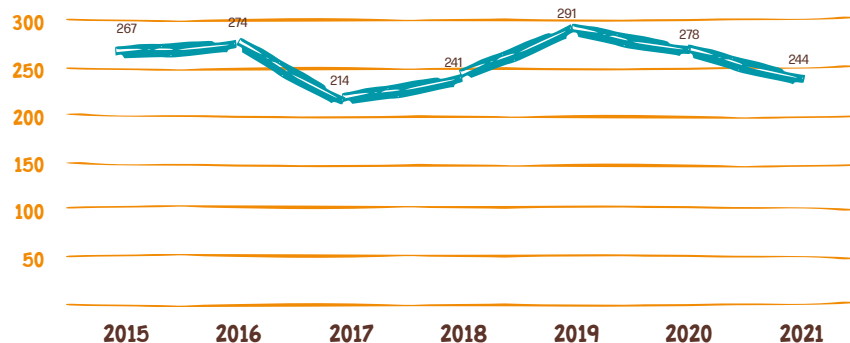


# TRACKING CARBON FOOTPRINT

The temperature is getting higher. Ocean levels are rising. Some insects and animals are disappearing from the planet. The changing climate affects all of us who live on Earth. But at Kofola, we believe that each and every one of us can help to mitigate this change, to stop it. There is no one way and no one path, and you will read about our efforts to protect nature in several parts of this report.

Scientists agree that mankind needs to address the amount of greenhouse gasses it is emitting into the air. And we have set ourselves the same goal. By the year 2030, we want to significantly reduce our carbon footprint. We have been measuring it since 2015, and since the same date we have also been identifying which sectors account for what proportion of our carbon footprint. Where we are in control (Scope 1 and Scope 2), we have been successful in introducing innovations that contribute to reducing greenhouse gas emissions, despite Kofola's growth as a company. But the hardest work still lies ahead in Scope 3. This sector also incorporates the emissions of everyone Kofola works with.

**CARBON FOOTPRINT PER ONE ITEM OF PRODUCT (gCO<sub>2</sub>e / ks)**



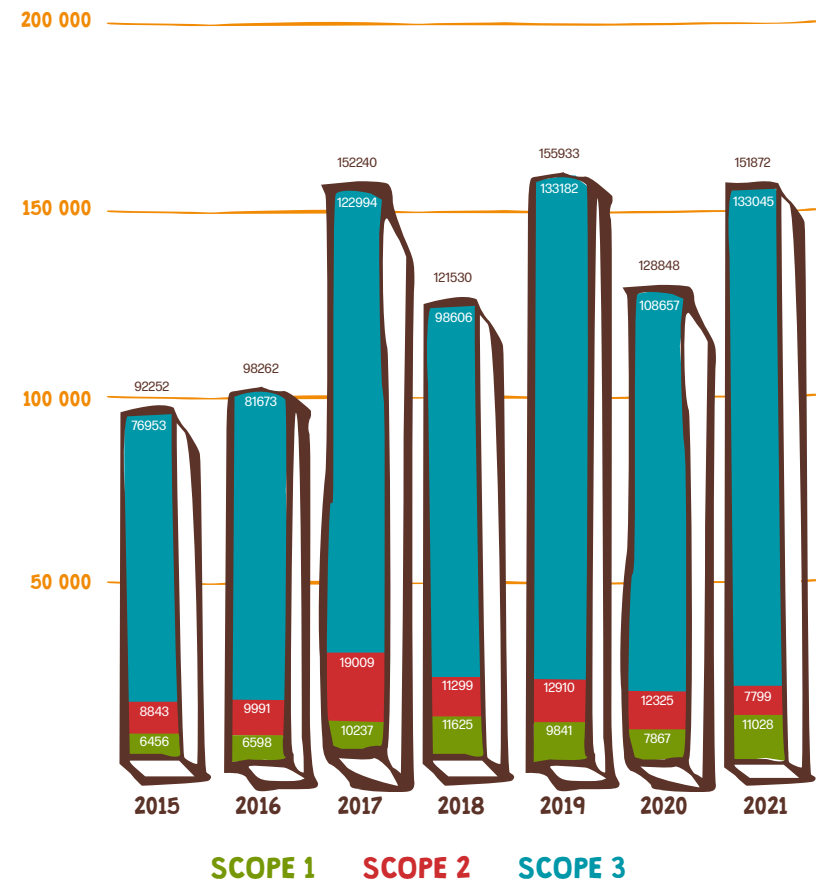
## What is in the carbon footprint calculation?

**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.

**CARBON FOOTPRINT (tCO<sub>2</sub>e)**





## TRACKING CARBON FOOTPRINT

### Under the guise of Kofola's carbon footprint

We are pleased that several new brands have been added to the Kofola Group in recent years. This means not only an increase in production, but naturally also in our carbon footprint. That's why we track one more metric - carbon intensity. This shows us how big a product's carbon footprint is on average. Even though our business is growing and we are adding new brands, we are keeping our carbon intensity in check and its value is not increasing.

#### SCOPE 1

##### Transport:

- We have our own transport company SANTA-TRANS, where we monitor our emissions.
- Some of the trucks at SANTA-TRANS run on natural gas instead of diesel, but in the future we will be looking for other low-emission solutions for our transport.
- We plan our transport so that trucks travel fully loaded and do not carry only air.
- We reduce the use of natural gas, gasoline and refrigerants.

#### SCOPE 2

##### Energy:

- We buy green energy.
- We invest in new and more energy efficient technologies.

#### SCOPE 3

##### Suppliers:

- We reduce the distance that raw materials travel to factories. From the world to Europe, from Europe to the country of the destination plant. Ideally, the supplier should be located within 50 kilometers of the plant.

##### Packaging:

- We use lighter lids, bottle caps and bottles themselves, so we use less plastic.
- We standardize the color of bottles to make them easier to recycle.
- We develop returnable packaging such as Cirkulka.
- We distribute 8% of our beverages in returnable packaging stored in stainless steel barrels and bottled in returnable glass in catering and Cirkulka that go into shops.

- We are increasing the percentage of beverages stored in recycled plastic and have a plan in place to gradually switch to rPET.
- We use a deposit system for bottles in Slovakia and are working to promote PET bottle depositing in the Czech Republic as well to increase the recycling rate of plastic and reduce their presence in nature.

##### Waste:

- We import key materials and raw materials in large, recyclable packaging that circulates between our factories and suppliers.
- When we no longer need these refillable packages, we do not dispose of them but sell them for reuse.
- We have created a new position for a person who is now working directly at Kofola on waste analysis, prevention and efficient recycling.
- At the same time, we are working with our suppliers on finding new ways to package materials in the most environmentally friendly way.
- We granulate the dust generated by cutting herbs and add it to our tea blends.
- The dust from herbs that can no longer be used in tea blends is added to horse feed supplements.
- Waste prevention works on the same principle in our UGO production in Krnov and Premium Rosa in Zlín.

##### Locations where we operate:

- We are working to increase the number of bio sites in the Czech Republic and Slovakia, which, among other things, help to capture and store carbon from the atmosphere by promoting biomass production.
- We have partnered with Nextbike so that Kofopeople can leave their cars in the garage and bike to work.

### What to do with the remaining CO<sub>2</sub>?

Reducing carbon emissions is the key to mitigating climate change and Kofola is working on that too. Since we cannot cover the entire volume through changes in production processes, we have chosen the offsetting path. We commissioned an analysis that compared over 200 scientific articles on how to sequester carbon from the atmosphere. Based on that, we built a plan to go ahead with offsetting on our own.

### DID YOU KNOW THAT...

... 8% of our beverages go to customers in returnable packaging? That this statistic is above average in the beverage industry. We've managed to achieve it thanks to refillable barrels, which have the lowest carbon footprint of all our packaging by far. In gastronomy, we have long used mainly returnable packaging. In the coming years, we will increase their percentage even further with the new Cirkulka bottles, which we have introduced in the retail sector. We are beginning to write a new history of sustainability in the beverage industry!



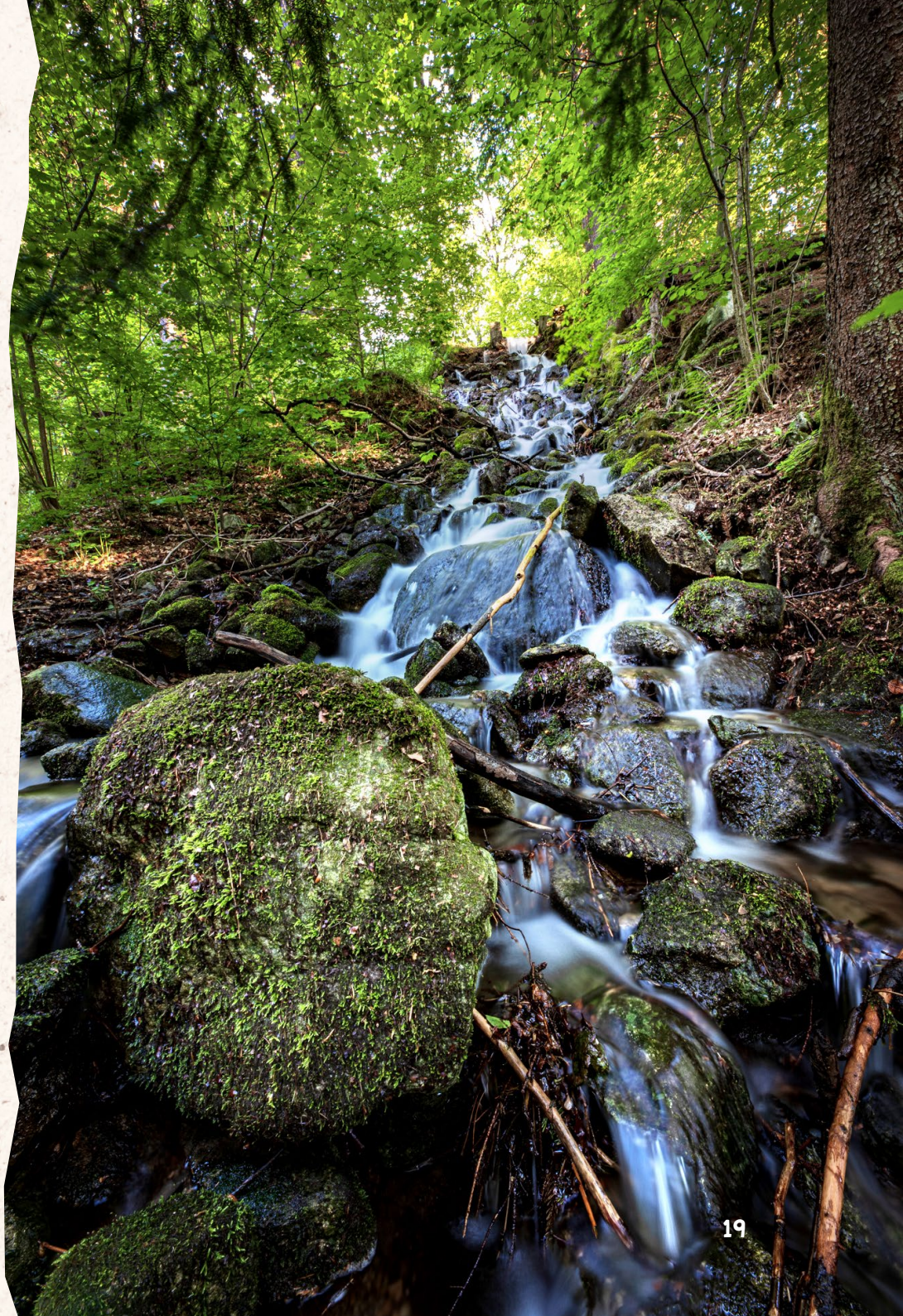
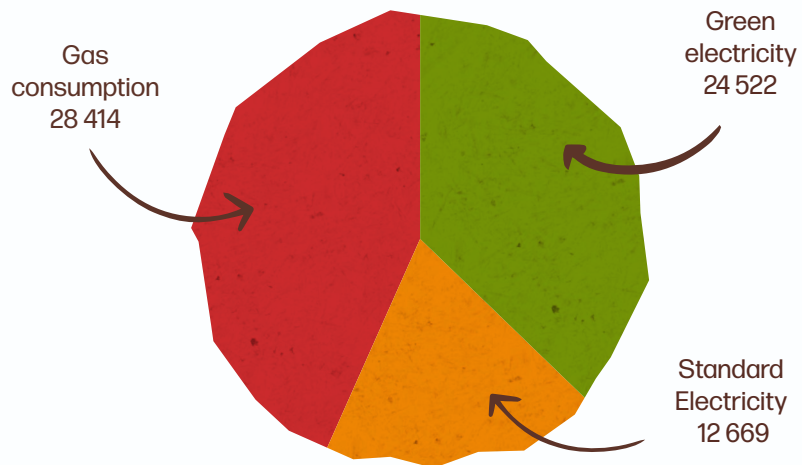
## TRACKING CARBON FOOTPRINT

### What fuels us?

We are happy to say that it is mainly green electricity. We use clean, green electricity from renewable sources, generated by the sun, wind and water. In 2021, twice as much electricity from renewable sources flowed into our sockets than that from conventional power stations. We use this one too mainly because there is not enough green electricity on the market yet. In the next few years, we plan to put photovoltaics on the roofs of our buildings and start generating green energy from the sun ourselves.

If technology allowed us to do so, 10% of all the energy produced by wind power in the Czech Republic last year would be enough to meet our total consumption. Or 3% of the energy produced by solar power plants.

### ELECTRICITY CONSUMPTION IN 2021





# CIRCULARITY IN WASTE AND PACKAGING

All our drinks, teas or salads must be wrapped in something. The issue of circularity and minimizing packaging from piling up in nature is a fundamental part of our business. We address this every day and are constantly working on ways to move forward and improve.

That is how we managed to rid Leros teabags of metal clips and cellophane and their packaging of plastic - they are now fully recyclable. Since its launch, we have been filling Klášťorná Kalcia mineral water in the innovative rPET material, i.e. recycled plastic. We lighten the bottles and caps. We unify the colors of the bottles to make them easier to recycle. We invented and launched Cirkulka, a returnable glass bottle. And we are testing the sale of Rajec water in stainless steel refillable barrels, which can be tapped in the same way as Kofola is tapped in pubs and restaurants.

**CIRKULKA:** Kofola, Vinea and Rajec in deposit bottles. There is only a small paper label on them and you can even return the container, which is made of recycled plastic.

**LEROS IN A 100% NATURAL COAT:** We removed cellophane from the boxes, metal clips from the teabags and plastic from the packaging. If you accidentally drop a bag of Leros in nature, it will decompose completely. And it might even grow into something!

**REFILLABLE BARRELS:** We save packaging wherever we can. In some restaurants, you can already order Rajec spring water, Vinea, Kofola, raspberry and orange TOP TOPIC and ciders from refillable barrels.

**THE REUSABLE BIGBAG:** We save packaging in production as well. The bigbag can hold up to 1 tonne of material. We use them to bring sugar to Kofola. We send some of it back to our suppliers to be filled and some of it is resold for further use.

**PACKAGING FROM RECYCLED PLASTIC:** Why make new plastic when we can turn the ones already existing into packaging? You can buy, for example, Klášťorná Kalcia or Radenska mineral water in rPET packaging. Did you know that we were the first in the Czech Republic and Slovakia to use rPET?

**LIGHTER PLASTIC BOTTLES AND CAPS:** The less plastic the better! As part of the ecomodulation project, we are lightweighting PET bottles and caps. Last year alone, we managed to save 53 tonnes of plastic that way. At the same time, we are standardizing the colors of the bottles to make them more easily recyclable.

**PORCELAIN UGO:** Just like Sunday lunch at grandma's! At UGO Salateries, we already serve food in porcelain plates and washable bowls and provide stainless steel cutlery instead of disposable ones.

**DUŽINKY:** We have joined forces with organic bakery Biopekárna Zemanka and what is left from pressed fruit and vegetables is now being used to create savory and sweet crackers called Dužinky.

**EXTRACT FROM POMACE:** We are working together across the group. We produce extracts from the pomace left over after the production of fruit juices at the Zlotklos plant. These then go into our beverages, including Kofola itself.



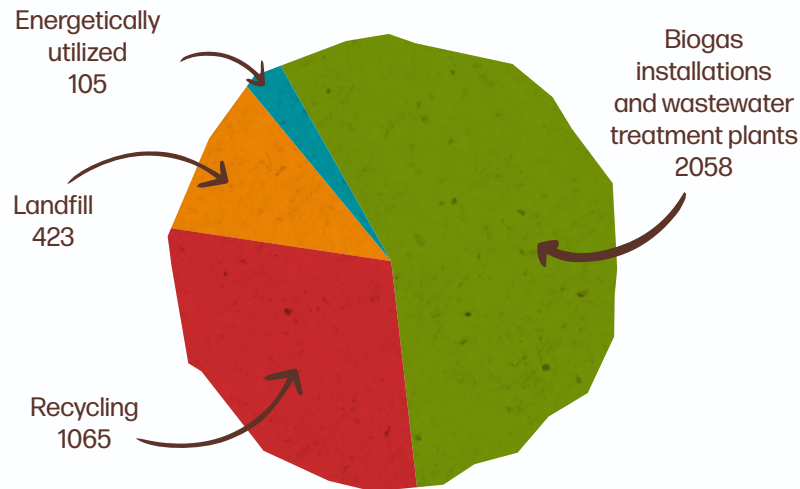
## WASTE AS A NEW RESOURCE

### Waste as a new resource

In 2021 we commissioned a Waste scan which gave us a comprehensive overview of what was being thrown away at Kofola and in what quantities. With the numbers in hand, we are now better equipped to look for effective ways to minimize our waste.

We are sticking to our reduce-reuse-recycle philosophy. The majority of our most important materials come to us in returnable and reusable packaging. Examples are PET bottle preforms in returnable boxes, or caps in cardboard boxes that we send on. Some raw materials, such as isoglucose or industrial gasses, even come without packaging. We are now trying to extend this practice to our other suppliers and we are looking for ways to get rid of disposable packaging. Even so, our plants still generate some waste. This is primarily packaging of materials, raw materials and production rejects. We try to separate it as best we can so that it can be easily recycled.

### PROCESSING OF OUR PRODUCTION WASTE (TONNES)

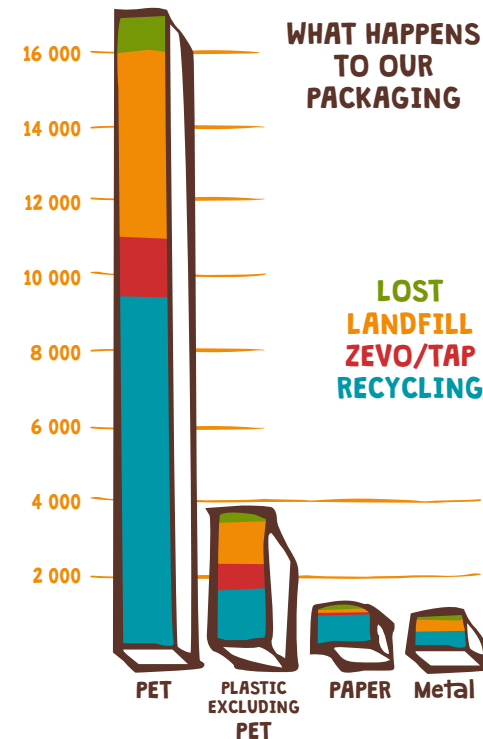


### DID YOU KNOW THAT...

... we installed our own wastewater treatment plant in Mnichovo Hradiště? This ensures that the waste sludge goes to the biogas installation where it is processed into another product.

### Where does used packaging go?

The vast majority of our paper packaging is recycled and only a low percentage ends up in landfill. Nearly 60% of PET bottles also get a new life as recyclables. A smaller proportion goes to incinerators where it is turned into heat and energy. Around 15% of plastic packaging is also turned into a new product, i.e. heat and energy. In the coming years, we want to work particularly on reducing the proportion of PET bottles, plastic bottles and cans that currently end up in landfill. This is roughly 30% of packaging in all three categories.



### DID YOU KNOW THAT...

... you can only buy Ondrášovka in a green bottle now? That's because blue and green plastic are easier to recycle. There's only one of the original 6-color Ondrášovka palette left. Symbolically and in terms of color, it is now much closer to nature.





### Leros wrapped in nature

If you've ever lost a teabag of Leros on a hike in the woods, you can sleep easy. The packaging of our teas is made only from materials that easily decompose in nature. No metal staples. No rustling cellophane. And no PVC, the most widely used plastic on the planet. We've found a way to package Leros in a way that's environmentally friendly, functional and beautifully designed so we don't send anything to nature that it can't handle on its own. Plus, the boxes are made from certified paper sourced from forests that are managed sustainably and with focus on preserving natural balance. Without taking away from their content, we have also managed to make them smaller and thus use less paper for their production.

### Cirkulka, the sustainability star

Last year we concentrated our efforts on bringing Cirkulka into the world. We succeeded and this year it started circulating through store shelves, people's homes and factories. Our Cirkulka only needs to return to the manufacturing plant 8 times for refilling for its carbon footprint to equal the impact of disposable PET bottles. It excels in its minimal impact on nature, and not just compared to conventional non-returnable glass. It also helps so-called reverse logistics - our trucks don't return empty after a delivery trip, but loaded with Cirkulka containers.





## CIRCULARITY IN WASTE AND PACKAGING

### What's next?

Refillable, returnable and recycled packaging. This is the circular packaging shamrock that we will be focusing on developing at Kofola in the coming years. We used data to measure and confirm that nature is most comfortable with refillable barrels. In some restaurants, you can already order Rajec on tap. We are working on getting refillable barrels into bars or refreshment stations at running and cycling races.

Cirkulka also excelled in the life cycle analysis comparing the impacts of packaging which was prepared for us by a leading Czech expert, professor Vladimír Kočí. We believe that returnable glass is one of the materials of the future, at least in our industry. For now, people can only buy and return it in selected stores and online, but we have big plans for it and would like to expand it more massively to store store shelves.

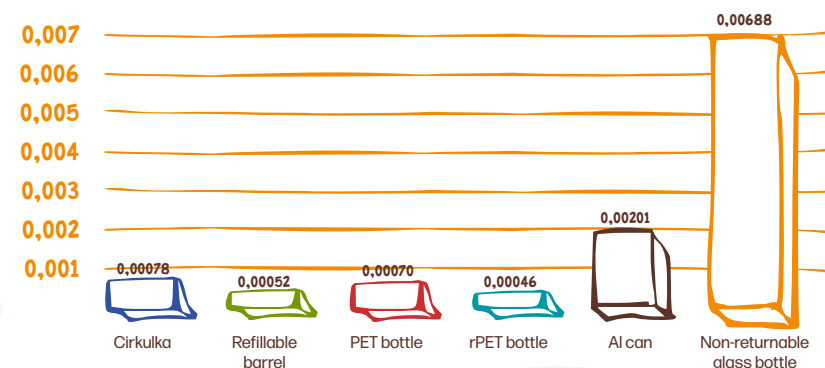
A miracle called **rPET, or recycled plastic**. In 2021 alone, it helped us save over 507 tonnes of plastic. We use it to bottle mineral water Klášterná Kalcia, Croatian spring water Studena or Slovenian Radenska, and in 2022 we will also add half-liter Rajec and other products. We expect that by 2025 all bottles leaving our production lines together will contain at least 25% rPET. It's equally important to us to be able to collect and recycle the plastic we already use.



### DID YOU KNOW THAT...

... when comparing the impact of packaging on nature, is it the non-returnable glass bottle that clearly loses? The winner is a refillable stainless steel barrel followed by Cirkulka and the rPET bottle.

#### SUM OF WEIGHTED AND NORMALISED ENVIRONMENTAL INDICATOR RESULTS FOR BEVERAGE PACKAGING PER LITRE OF BEVERAGE VOLUME



For a long time, we have been working on ensuring that plastic bottles can also be returned to shops in exchange for a deposit. We have already succeeded in Slovakia where we helped to set up the deposit system, which was successfully launched this year. We can see now that it works and the results are great. We have positive experience from Croatia as well, where the system has been in place for some time. We are now trying to do the same in the Czech Republic, where together with other beverage producers we created a deposit initiative with the aim to push for this change.

The deposit system can be used not only for PET bottles, but for cans too. Just like non-returnable glass bottles, cans scored high on environmental impact in the packaging impact analysis we commissioned.

One of our sub-objectives in the coming years will therefore be to push for the introduction of a deposit system.

At the same time, we put great emphasis on continuing with the ecomodulation project. The project focuses not only on lightweighting bottles and caps, but also on other ways to make it easier to recycle our packaging in the future.



# OUR SUPPLIERS

## DID YOU KNOW THAT...

... we have already opened four local buying sites in the Czech Republic and Slovakia that local pickers and farmers use to bring herbs for Leros to us? And we are working on opening more.

Our production plants are spread across five European countries and each one is different. UGO has different needs than Leros, and Leros is different from Ondrášovka, for instance. That's why our brands always have their own long-term strategy with clearly defined criteria on how to select suppliers. But there are principles that always apply. We prefer local over imported, long-term partnerships over haphazard purchases and sustainability over mass and waste. We scour the market at regular intervals to see if there are new suppliers we could approach to shorten the journey of purchased raw materials to our plants.

### Where do raw materials travel to us from?

And what does it look like in practice? For instance, we used to import apples to Krnov, the heart of Kofola, from neighboring countries, but for several years now they have been coming to us from Nížký Jeseník. The farthest orchard is only 45 kilometers away. We divide our suppliers internally into:

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

We are constantly trying to shorten the distances that raw materials travel to us. It is not always easy, because distance is not the only criterion we consider when it comes to our suppliers. It is also the quality of the raw material, the approach to cultivation, nature and soil, or the ethical principles that the supplier upholds.

What we would like to work on is refining and expanding the sustainability parameters we have for our existing suppliers. Updating these parameters will be based on the sustainability strategy, which we intend to complete in the second half of 2022.

You know that good feeling when the results of your work materialize in front of you? We feel the same way when we work with local suppliers. We enjoy ideas and cooperation with local talented and skilled people and leveraging and integrating the technology of the region. Being able to put people to work where jobs are scarce and improve employment. And last but not least, we love finding hidden supply treasures in the same regions where the production plants are located, which means we don't have to import raw materials from the other side of the world.

### We have our own eco transport!

At SANTA-TRANS, we operate 30 trucks that run on natural gas known as CNG. For many years, it was a greener fuel than diesel. But the times are moving forward, so now we're looking for new ways to keep SANTA-TRANS as a low-emission transport that hauls raw materials from suppliers and delivers products to customers.





## OUR SUPPLIERS

We prepared an overview of all the raw materials that go into our plants. We put the data into spreadsheets and used these to prepare the Supply Chain Sustainability Analysis. In doing so, we focused on assessing seven key categories:

1. Origin of raw material/supplier
2. Greenhouse gas emissions of the raw material
3. Impact of the crop on the landscape and biodiversity
4. Water footprint
5. Demand on the area of land
6. Social and community impacts
7. Impacts of conventional agriculture

We were pleased to see that most of our suppliers are already addressing sustainability in some of the categories evaluated. Over 60% of our suppliers are in Europe and are proven and established names that are committed to green policies on top of their business.

The most frequent issues we encountered were the reduction of electricity consumption and also the reduction of packaging. This is especially true for suppliers of sugar and fruit concentrates. For example, organic beet sugar, which we use for some of the Rajec waters, is coming to us in organic quality. Of 100% organic quality are also our Leros teas, for which we buy herbs with organic certification. We already grow some of them ourselves, and we would like to increase this quantity in the future. And from what we grow ourselves, we also produce extracts for our Rajec flavored waters.

From June to September, when the sun shines in the Czech Republic and the weather resembles south, you can order salads at UGO Salateries that come from the Czech Republic. We import them from the fertile region of Polabí and cover up to 80% of our consumption with them.

In the next few years, we will also start investigating what farmers grow the raw materials we buy and under which conditions. We want to take an active role in ensuring that the majority of the produce is grown sustainably and in a way that does not harm the soil or the surrounding landscape.





## OUR SUPPLIERS

### Carrots from Piletice

It grew under the Czech sun, nurtured by the employees of farmer Věcek. They use GPS navigation technology to water the fields here, so they really only use the amount of water they need. They also strictly control the quality of the water, which they only draw from surface sources. They treat the soil with respect and farm in a way that prevents erosion. Although the carrots originally come from Asia, we are convinced that the East Bohemian carrots could face global competition.

### 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.



### Cirkulka and the centenary glassworks of Moravia

From the deep woods of the small village of Úsobrno, on the periphery of the South Moravian and Olomouc regions, you can hear a soft jingling here and there. The glassmakers of the Moravia glassworks, which have been here for more than 150 years, blow their fragile products. And in 2021, the story of our Cirkulka, the recyclable glass bottle into which we bottle Kofola, Vine and Rajec, began in Moravia too. We are proud that it has Czech roots in a place with such history. What is more, at Moravia glassworks, they focus on producing bespoke glass with a story rather than mass production. The supplier of labels for Cirkulka is also local. The labels are printed literally behind the beech tree from the Slovak production plant Aluprint.



### Leros has a scent of herbs from Dolní Věstonice

You can find your way to the Klimeš family's field with your eyes closed. The smell of lavender, oregano, sage, lemon balm or calendula will lead you there. They grow them on less than a hectare in the countryside below Pálavské vrchy in Dolní Věstonice. There are only as many herbs as the Klimeš family can grow themselves. They do not use any chemicals to weed them. They also rely on the power of the Moravian sun, soil and water to grow them. The herbs are dried here using our grandmothers' method - by hanging them on a collar beam. From there, it goes straight to us at Kofola and into Leros teabags.



# BIODIVERSITY

## DID YOU KNOW THAT...

... bees act as nature's litmus test? Even the chief of Kofola, Jannis Samaras, was charmed by them. He is an enthusiastic beekeeper himself and the author of the idea to establish bee colonies in Rajecká dolina valley.

Our business is closely linked to nature and everything that belongs to it. Insects, animals, plants, water, soil... all of these combine to form an ingeniously balanced ecosystem with diverse biodiversity. But this balance has been interfered with by man through intensive agriculture, use of pesticides or insensitive landscaping. That is why in recent years we have been hearing of a worldwide decline in bees, butterflies and even flies, which are responsible for pollination. This is a consequence of disturbance to their natural habitat.



Nature gives us a lot and we want to give back. In 2019, after careful preparations, we started growing herbs in the Rajecká dolina valley. A year later, we obtained the bio site certification for this area thanks to the significant support of local farmers and experts from LEROS.

In 2021, we founded the non-profit Kvapka Rajeckej doliny, with which we plan to further develop the bio-certified areas. In Kvapka we cooperate with Czech and Slovak environmental experts. We chose this approach so that we could strategically focus on topics that are key for us, such as water and biodiversity protection.

How does the bio site work? For example, in the Rajecká dolina valley, we have made an agreement with several mayors not to use chemical sprays on municipal land to protect insects, to keep the soil rich in minerals and to make sure there is no water pollution. In this way, we protect the nature of Rajec not only from pesticides, herbicides or fungicides, but also from overloading the soil. For farmers who decide to grow herbs, we ensure sales - we buy the herbs for Leros teas from them. We also keep bees at our wells and we planted a honey lime avenue and an orchard of fruit trees here. All in cooperation with local enthusiasts who are essential to the site's support.

You can already find Kofola-certified bio sites in the Czech Republic. In 2021, we obtained certification for the landscape surrounding Ondrášov and also Velké Karlovice.



## BIODIVERSITY

### What's next?

We would like to encourage farmers who still farm conventionally to adopt this approach. We know that change often comes slowly, little by little. We rely on Kvapka Rajeckej doliny through which we want to communicate, educate and inspire others to adopt organic farming. And we don't want to appeal only to farmers, but also to the general public, including children. Gradually, we want to translate this approach to other locations.

By 2025, we would also like to increase the number of farmers farming sustainably in bio sites. Through Kvapka Rajeckej doliny, we want to launch new development programmes that will clearly explain and demonstrate the benefits of organic farming and help farmers switch from conventional farming.

In addition to the herbs, bio sites are also associated with the diverse composition of insects they attract. The insects in turn influence the quantity of birds. And so we could go on for a while. In short, everything in nature is connected to everything.

### For healthy soil

At the beginning, there was an idea to create a comprehensive system in which we would know the producers and exactly where our herbs come from. But finding soil that is not contaminated with nitrates, pesticides or heavy metals is not easy. That is why we decided to actively create and restore such areas in nature. Today, we are already protecting and cultivating such areas not only in Rajecká dolina valley, but also in Moravský Beroun and Velké Karlovice.



### Balkan influencing for nature conservation

Under the Radenska brand, we launched a project called Stromy (Trees). Together, we have planted over 40,000 trees in Slovenia and Croatia in 2020 and 2021, and we intend to plant another 20,000 in 2022. In addition, we have also launched an awareness campaign to educate the public about the function and benefits of trees in the landscape and in the city. With Studena brand, we launched "Bud' frajer. Recykluj" campaign (Be cool. Recycle) in 2021 through which we supported local organizations working to protect the endangered blue dragonflies in three Croatian regions.



# WATER

## DID YOU KNOW THAT...

... we never use the wells to their full potential? We keep our well utilization rate around 40% to 80%. At the same time, we are constantly looking for new resources to relieve the existing ones.

Our natural springs are among the best in the world. Rajecká dolina in Slovakia, Ondrášov in Nížký Jeseník, Stráž nad Ohří, Radenci in Slovenia or Lipik in Croatia. Water is the basis of life and our business is based on it. We have always done more for nature conservation than the law requires. We approach sustainability in a holistic way, and we know how interconnected ecosystems work. That clean water goes hand in hand with clean soil. That healthy trees are linked to healthy flora and fauna. That farming must be done with sensitivity, balance and respect for the land.

We set up protection zones at our wells where we monitor environmental management. At the same time, we are taking one step further and establish bio sites, which we want to support by growing herbs. We always want to be part of the community and also an actor that initiates nature conservation and setting rules that lead to sensitive management and promotion of biodiversity. That is why we are in contact with local governments and together with them we are constantly looking for new ways to help the water.



## WATER

Intensive construction, regulation of riverbeds and other human interventions mean that in many places today there is no water to soak up. We have started several projects through which we help farmers and foresters to understand how to retain water in the landscape. By implementing these measures, we are contributing to the adaptation of the landscape to climate change.

We have a plan for water in the Rajecká dolina valley as well. According to this plan, we will now start mapping the local micro basin and the tributaries of the Rajčianka river that flows there. We will focus on the weak spots in the landscape, the so-called defects, for which we will seek and implement suitable remedies in cooperation with experts from Aqua Terra Inova. Within ten years, we plan to take at least enough measures to ensure that the same amount of water that we withdraw each year will be absorbed again. The whole project is led by the non-profit Kvapka Rajeckej doliny.

### DID YOU KNOW THAT...

... the water we bottle in the Rajecká dolina valley is of such high quality that we don't need to process it any further? To be sure of its quality, we monitor more than 130 parameters.



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. In total, we used 1,983,710 m<sup>3</sup> of water last year, of which 1,415,122 m<sup>3</sup> was used for beverage production. 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.

### Balance in the Rajecká dolina valley

The simplest help is sometimes the best. In the Rajecká dolina valley, we joined a local non-profit organization and supported a team that gradually walked several kilometers of the Rajčianka riverbed and its tributaries to remove litter. We filled more than twenty 120 liter bags. We also planted a linden avenue in the landscape, which now lives in symbiosis with the bees we have been keeping in the Rajecká dolina valley for several years.

### Returning water to the landscape

In Ondrášov, we joined forces with experts from Aqua Terra Inova and we went back to our roots. Literally. We have gradually implemented several water retention measures in the local forest, which have allowed pools to return to the landscape. The forest now has a much more varied species composition and the soil is permeable, so it absorbs water more easily. These, in short, are also the weaknesses of today's forests, which suffer mainly from the high number of forest paths that act as drainage channels during heavy rains. Together with erosion and bark beetle calamity, they tend to cause Czech and Slovak forests to lose their natural ability to capture water.



# HEALTH

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.

## DID YOU KNOW THAT...

... we produce Kofola without sugar and Jupik with reduced sugar supplemented with natural sweetener stevia? Sugar-free Kofola is almost calorie-free and therefore doesn't raise blood sugar levels.

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.

We leverage the synergies of our Leros, Premium Rosa and Kofola companies. The pomace left over from the production of fruit juices at our Polish Zlotklos plant is dried. Some of it then goes to our Leros teas, but now, in Krnov, we also use the pomace to create an extract that we use in beverages. We also make extracts from dried herbs supplied by Leros. This way we have the whole process under control, from the source to the extracts. We have our own extracts for Kofola, Vinea and Rajec flavored waters.



## Kláštorná Kalcia, half of health

We call it "rock-solid water". Our mineral water Klášterná Kalcia is a natural source of calcium. One 250 milliliter bottle a day is enough to supply your body with the amount that your bones and muscles need for normal and healthy functioning. The body cannot make calcium on its own, so you need to watch your calcium intake in food or drink. With Klášterná Kalcia, in addition to hydrating and drinking calcium, you will also get magnesium, which is especially useful during increased physical activity.



### How UGO came to high pressure

We only use fresh fruit and vegetables to make UGO juices, no concentrates. We treat the juices with pascalization - high pressure. It kills off unwanted microorganisms and preserves what is most valuable about fresh fruit and vegetables - the vitamins and other important nutrients. At the same time, unlike pasteurization, pascalization preserves the taste, aroma and color of fresh fruit and vegetables. Pascalized juice also carries the RAW label.



### 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. 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. For many years, we have also been cooperating with Sokol that has been training generations of Czech people all over the country for several decades. And in Slovenia, in Radenska, we participate in the organization of one of the largest and oldest local marathons - Tri Srdca.

### DID YOU KNOW THAT...

... we created a map of places where you can do sports in nature? It's called Rajec Outfitko and it's full of tips for outdoor gyms as well as places for swimming in nature or in-line trails.

### What's next?

Over the last 10 years, the amount of sugar in our beverages has dropped by 30%. And we'll continue to reduce it.

We are also working hard to develop new technologies that allow us to produce beverages without preservatives. Our success is evidenced by our UGO juices, Jupík children's drinks, Rajec flavored drinks and part of the Vinea portfolio.

Ondrášovka, Korunní, Rajec, Studena... the number of brands under which you can buy spring or mineral, unsweetened water in the Kofola Group is growing. Currently, they make up one third of the portfolio and we would like to see even more of them in the future. However, we believe that, while maintaining a healthy lifestyle, even a sweet drink is not a problem. Sugar is important for our bodies when consumed in moderation. Therefore, we want to keep our beverage portfolio varied so that our customers can also sweeten their lives sometimes.





# MARKETING RESPONSIBLY

## DID YOU KNOW THAT...

...in the Kofola shop you can also buy sneakers made from waste and residual materials? They are made in the Zlín factory using Bata machines. The brand behind them is Kave and each model is original.

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 non-actors (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.

We also started a collaboration with local designers and launched #MerchCoChceš through e-shop. Here you can buy ethically and locally made products that have never seen mass production. From stuffed animals, t-shirts and sweatshirts, to vegan sneakers. The whole project is made up of exclusively Czech and Slovak companies, from the e-shop platform to a small workshop in Bratislava with upcycled items. Thus, we support not only skilled people, but also the local economy.

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.





## Awards

We are proud that our work across all brands has picked up a number of awards in 2021 alone. These included:

### Taste Awards

Kraljevi mineral water is one of the best in the world! In Slovenia, it won a silver medal in an international competition.

### Packaging of the year

The illustration and graphic work on the bottle and label for the new Targa Florio lemonade was awarded in the Packaging of the Year 2021 design competition. We also won a special award for an innovative packaging concept for Leros.

### Lemur

With Klášterná Kalcia we created a campaign "Dřích roku" (Workhorse of the year), which was awarded by the jury of the annual PR competition Lemur. It won twice in the two most popular categories.

### Zlatý středník

The marketing and PR team also scored with its "Kouzlo pramene" campaign (Magic of the Spring), which they prepared for Rajec. They won a gold medal in the competition called Zlatý středník.

### Randstad Award

We are among the TOP 10 most attractive employers in the Czech Republic. And we also won second place among employers in the category of Fast Moving Goods.

## In 2021, we gave away 475,000 Czech crowns. We were excited to support for example...:

... three projects in Rajecká dolina valley, which resulted in cleaner streams, newly planted trees, support for beehives and a bio park Drienová. In Kláštor pod Znievom, we participated in the support of Dobrý Pastier, a non-profit that provides shelter to hundreds of homeless people. We also supported the development of local herbalism and education about growing herbs.

... our home town of Krnov. We participated in the construction of a new playground, helped to launch the Nextbike bike-sharing project and contributed to the participatory budget.

... Moravský Beroun, where we contributed financially to the restoration of a local educational trail.

... activities of Sokol in cooperation with Ondrášovka, running series with the Rajec brand and other sports clubs throughout the Czech Republic thanks to corporate sponsorship.

...the association Počteníčko - Student in the forest, where our financial contribution helped to clean up forests and plant new trees across the Moravian-Silesian region.

... one of the environmental organizations of the city of Ostrava and also the Uklid' svět programme (Clean Up the World), which is backed by the Czech Union for Nature Conservation.

... a project called Loutky v nemocnici (Puppets in the Hospital), which uses drama therapy to help children hospitalized in Czech and Slovak hospitals.



# SIGNPOST FOR NON-FINANCIAL REPORTING

This Sustainability Report fulfills Kofola's obligation to disclose non-financial information. The following table provides an overview of the required non-financial information.

REQUIREMENTS FOR NON-FINANCIAL INFORMATION	NOTE	CHAPTER
Brief description of the business model	The relevant chapters provide a description of the company: subject of business, scope of activity, products, registered office, contact and other necessary information.	Where are Kofola's roots Sustainability - a criterion for business Conclusion
Description and results of environmental measures	Regarding the environment, Kofola focuses on climate change, waste and packaging, biodiversity and water. Each of the chapters contains strategy, activities, KPIs and risks for the respective area.	Tracking carbon footprint Circularly in waste and packaging Biodiversity Water
Information related to climate change	KPIs, risk strategies and emissions reducing measures in relation to climate change are contained in the chapter Tracking carbon footprint. A statement on the relevance of the EU Taxonomy is provided in the chapter describing the subject of the business: Where are Kofola's roots.	Tracking carbon footprint Where are Kofola's roots
Description and results of social and employment measures	Kofola addresses social issues in sections about employees, suppliers, health and customers. The respective chapters include strategies, activities, KPIs and risks for the given areas.	Our people Our suppliers Health in balance Marketing responsibly

REQUIREMENTS FOR NON-FINANCIAL INFORMATION	NOTE	CHAPTER
Description and results of measures regarding respect for human rights	Kofola addresses human rights issues mainly in the context of cooperation with non-European suppliers.	Our suppliers
Description and results of anti-corruption and anti-bribery measures	Kofola addresses the issue of corruption within the context of the company's management, work with employees and contact with all stakeholders. There is an email and telephone contact for raising complaints.	Sustainability team: Fairly and Transparently Employees
Description of the risks arising from the questions	The risks are identified in the chapter Sustainability - a criterion for business. All business risks are also described in the annual report.	Sustainability - a criterion for business Annual Report 2021: Page A29-A36
Non-financial key indicators	Non-financial key indicators are listed in relevant chapters. Specifically, these are: <ul style="list-style-type: none"> <li>▪ staff turnover</li> <li>▪ the value of the carbon footprint</li> <li>▪ energy consumption</li> <li>▪ waste quantity by processing</li> <li>▪ percentage of raw materials supplied by its origin</li> <li>▪ water consumption</li> <li>▪ quantity of sweetened beverages by category</li> </ul>	



# CONCLUSION

Kofola Československo 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.

## 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](mailto:info@kofola.cz) or call +420 597 497 497.

Are you a **journalist** or do you have a question about Kofola Group's **PR activities**? Please contact Pavel Barvík, our Communications Manager. You can reach him at +420 602 266 815 and email [pavel.barvik@kofola.cz](mailto:pavel.barvik@kofola.cz).

**Do you want to join us?** Then the HR department at [hr@kofola.cz](mailto: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 IR manager, at [lenka.frostova@kofola.cz](mailto:lenka.frostova@kofola.cz).

## Where can you find us?

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.