



BORSODI

– SÖRGYÁR –

SUSTAINABILITY REPORT

A MOLSON COORS COMPANY

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OPENING REMARKS

Dear Reader,

The year 2018 was a success for Borsodi Brewery: this is visible from the sales and financial results and is confirmed by the feedback from our customers also. In addition to Borsodi beer itself which has been renewed, thanks to our 'Borsodi Szitu' campaign, the business philosophy followed by Molson Coors and Borsodi Brewery contributed to the success as well. This philosophy is based on the perfect understanding and satisfaction of the needs of our consumers and customers.

Last year's successes will give us further impetus for the next period.

The development of the brewery has been continuous since it was founded, thanks to the constant innovations, its high-quality and renewable product range and the commitment of our colleagues. Borsodi Brewery, with its innovations, has contributed significantly to the development of the domestic beer production and consumption. Borsodi Brewery was the first to introduce a Hungarian alcohol-free beer brand on the Hungarian market; the brewery was the first to use KEG barrels to distribute draft beer, and it was the first to introduce the domestic canned beer and the domestic flavored beer category, the Friss product family.

This process reached a major milestone in 2018: we have started one of the biggest investments of the company, which celebrated the 45th anniversary of its founding last year. This multi-step three-year investment allows Borsodi Brewery to become one of the regional manufacturing centers of Molson Coors group.

We believe that ensuring the sustainability of our operations is absolutely essential for the sake of the successful implementation of the tasks we have ahead of us and the long-term development. Reducing the environmental impacts is an integral part of the long-term strategy of Molson Coors and Borsodi Brewery. We pay special attention to our beer print; the effects our operations may have on our environment – whether our employees, our business partners, or the consumers of our products.

We hope that the readers will find on the following pages useful information about Borsodi Brewery, its achievements and plans regarding sustainability, and, at the same time, they will be convinced of the commitment of our company to sustainability.

Cheers!



ZSOLT VULETA

General Manager

Borsodi Sörgyár Kft.



I.

ABOUT BORSODI BREWERY

COMPANY PROFILE

I. ABOUT BORSODI BREWERY

The predecessor of the company started its operation in 1973; the registered date of Borsodi Brewery Kft's (Ltd) incorporation is November 10, 2009. The seat of the company is located at 81 Rákóczi Street, 3574 Bőcs, Hungary, and its main activity is beer production. The company has been registered by the Court of Registration of the Tribunal of Miskolc under no. 05-09-019849, and its tax number is 14981140-2-05.

The company is owned by Molson Coors Netherlands B.V. (with a business share of 100%), registered in the Kingdom of the Netherlands, with its seat at 1043 BW Amsterdam, Naritaweg 165, registration number: 34362656.

The parent company of the entire Molson Coors group (of which our company is a member since 2012) is Molson Coors Brewing Company, registered in the United States of America. Borsodi Sörgyár Kft. has no subsidiary companies.

The company owns properties in which it operates a brewery in Bőcs, Hungary.

Borsodi Sörgyár Kft. is one of the largest beer producers in Hungary and is a beer exporter to various countries across Europe. In 2018, the company exported beer towards 7 European countries.

The company is not dependent on any patents or licenses, trading or financial contracts or new production processes, which would be of fundamental importance to maintaining its business operations. The company is not currently involved in any significant litigation, the outcome of which could have a significant effect on its business operations. The company did not interrupt its business operations in 2018 or in preceding accounting periods.

In 2018, the company did not engage in any research and development activities. However, Borsodi Brewery Kft. will modernize its packaging plant in a multi-phase investment which will last for a total of three years. The capacity of the plant is expected to be increased by about 700,000 hectoliters, to 2.5 million hectoliters at an annual level, possibly making the brewery a regional strategic producing center of Molson Coors.

The company has no organizational unit abroad.



FACTS ABOUT BORSODI BREWERY – 2018 IN FIGURES

I. ABOUT BORSODI BREWERY



**ESTABLISHMENT OF
BORSODI BREWERY**



ANNUAL NET SALES REVENUE



**NUMBER OF BRANDS
(INCLUDING LINE EXTENSIONS)**



**TOTAL NUMBER OF PRODUCT VARIANTS
(SKUS)**



**BORSODI BEER IS THE MOST POPULAR
BRAND OF THE HUNGARIAN BEER
CONSUMING POPULATION***



NUMBER OF EMPLOYEES



OF WHOM ARE WOMEN



**AVERAGE WORKING TENURE
IN THE COMPANY (YEARS)**

* (Based on the annual average of the surveys conducted by Kantar Millward Brown using personal interviews on a monthly basis in 2018, which is representative of the Hungarian beer consumer population aged 18 to 65.)

I. ABOUT BORSODI BREWERY / FACTS ABOUT BORSODI BREWERY – 2018 IN FIGURES

OUR BRANDS (BORSODI FAMILY)

I. ABOUT BORSODI BREWERY



OUR BRANDS

I. ABOUT BORSODI BREWERY



OUR VALUES AND VISION

I. ABOUT BORSODI BREWERY



Our Ambition:

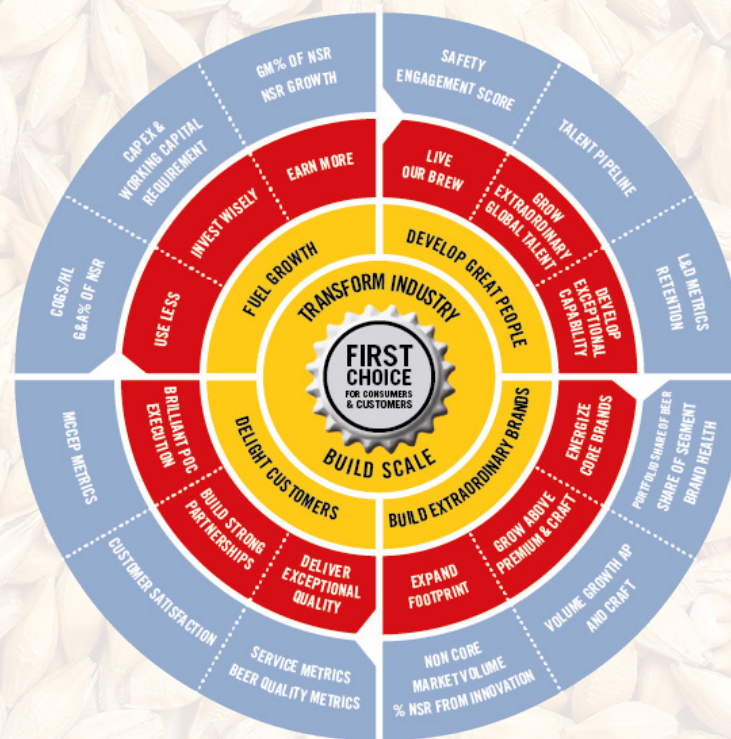
First choice for consumers and customers.



Our Purpose:

Delight the world's beer drinkers.

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



II.

SUSTAINABLE BUSINESS GOALS OUR BEER PRINT 2025



In line with the **Molson Coors global targets**, Borsodi Brewery launched in 2017 its sustainability strategy going until 2025, and continued to maintain it during 2018.

We have always made and continue to make an effort to fulfil our duties to the community, environment and consumers in order for us to be able to show our positive Beer Print. As a company that is a member of one of the biggest brewery groups in the world, we want to do much more in these fundamental issues. We want to set the trend and be the leader in this direction – from climatic changes to the increasing need to protect precious resources.

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



RESPONSIBLY REFRESHING: We shall implement even more emphatic and effective programs leading to responsible consumption of alcohol, better labelling of our products and a broader offer of low-alcoholic content or non-alcoholic beers for our consumers.



SUSTAINABLY BREWING: In our brewery and at our suppliers, we focus on the effective utilization of water resources. We have set ambitious goals leading to the reduction of carbon dioxide emissions by 50% within the scope of our business operations and 20% in our entire value chain. In our plant situated in Bőcs, Hungary, we shall make an effort to achieve and keep zero waste landfill.



COLLECTIVELY CRAFTED: We want our company, which is a member of the Molson Coors group, to be considered as a good employer that supports the community in which it is operating.

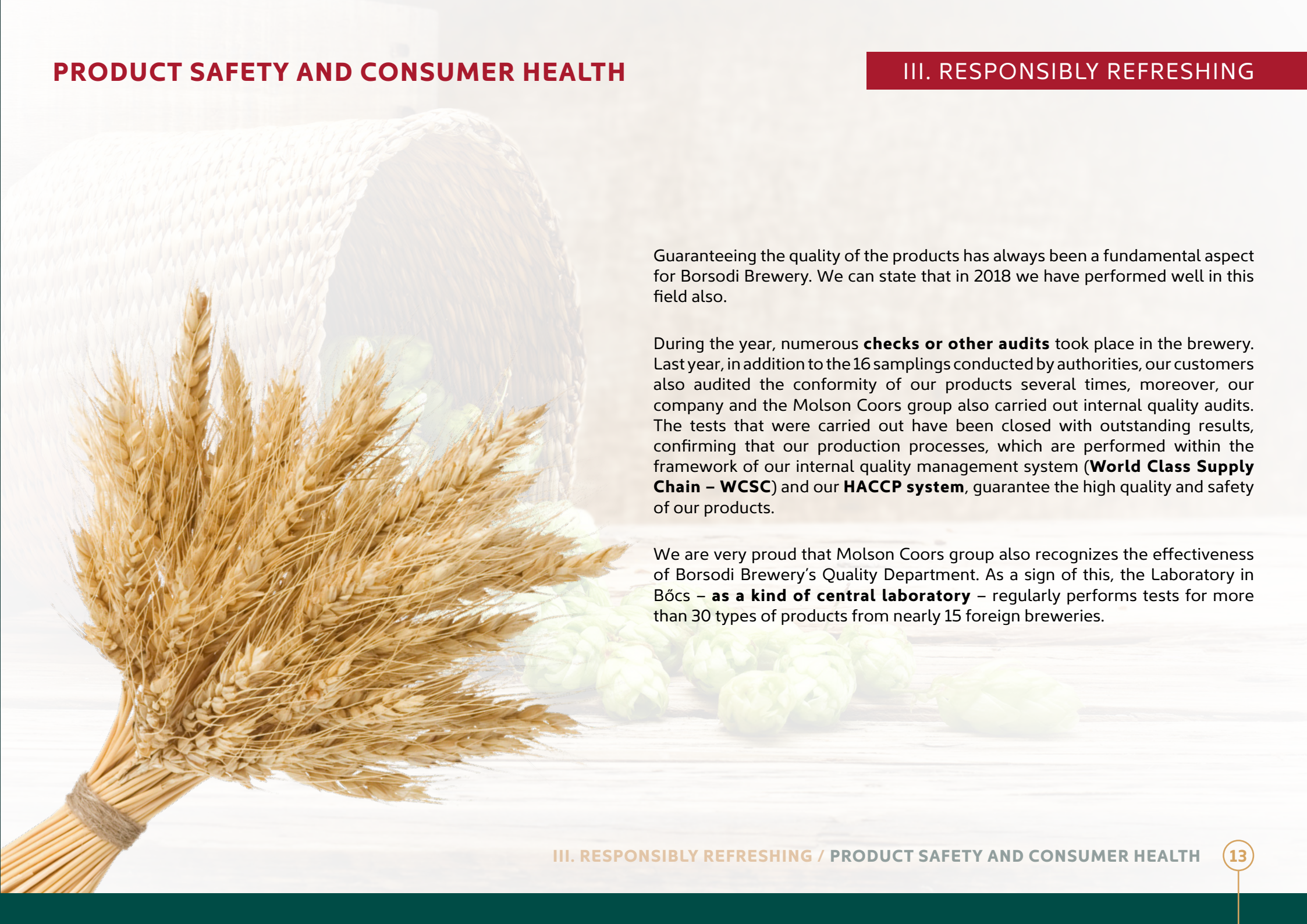
You can familiarize yourself with the Molson Coors sustainable development strategy at the [Molson Coors Sustainability website](#).

III.

RESPONSIBLY REFRESHING



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



Guaranteeing the quality of the products has always been a fundamental aspect for Borsodi Brewery. We can state that in 2018 we have performed well in this field also.

During the year, numerous **checks or other audits** took place in the brewery. Last year, in addition to the 16 samplings conducted by authorities, our customers also audited the conformity of our products several times, moreover, our company and the Molson Coors group also carried out internal quality audits. The tests that were carried out have been closed with outstanding results, confirming that our production processes, which are performed within the framework of our internal quality management system (**World Class Supply Chain – WCSC**) and our **HACCP system**, guarantee the high quality and safety of our products.

We are very proud that Molson Coors group also recognizes the effectiveness of Borsodi Brewery's Quality Department. As a sign of this, the Laboratory in Bőcs – **as a kind of central laboratory** – regularly performs tests for more than 30 types of products from nearly 15 foreign breweries.



Borsodi Brewery, as one of the most important brewery companies of Hungary, founded the **Association of Hungarian Brewers** ("Sörszövetség", AHB) together with four other brewers in 1992. The AHB is currently a social organization covering nearly 90% of the domestic beer market, representing the three largest Hungarian breweries, and while the three members compete fiercely on the domestic beer market, they cooperate to represent their common interests, to express their social responsibility and to promote beer culture. Borsodi Brewery, and so the AHB, are committed advocates of cultured and responsible drinking of alcohols. To this purpose, the cooperation of the brewers extends also to advertising and commercial communication. The AHB has been conducting several successful campaigns and organizing events in the light of social responsibility and to promote beer culture for years. For more information, please visit the AHB's website (<http://www.sorszovetseg.hu/en/>).



The AHB is in close cooperation with **Returpack Kft.**, which, at the request of the AHB, has planned, set up and is successfully operating currently an inverse logistics system designed to recycle a large proportion of aluminum cans and other aluminum beverage cans. For more information, please read chapter „Packaging Materials” or visit the website of Returpack Kft (<https://returpack.hu/en/>).

ÖNSZABÁLYOZÓ
REKLÁM TESTÜLET
REKLÁM. TISZTÁN



Recognizing the importance of strong and credible self-regulation and of the proper co-ordination of the statutory regulation and self-regulation, Borsodi Brewery has been a member of the **Hungarian Advertising Self-Regulatory Board** ("Önszabályozó Reklám Testület", ÖRT) for years. The activities of ÖRT and our joint cooperation are further described in the next chapter "Responsible Marketing". The ÖRT website is available at <http://www.ort.hu>.



MAGYAR MÁRKASZÖVETSÉG
BRANDED GOODS ASSOCIATION HUNGARY

Finally, Borsodi Brewery is also a member of the Branded Goods Association for Branded Products ("Magyar Márkaszövetség") founded in 1995, which is the professional interest-protection organization of the Hungarian FMCG sector. The ultimate goal of the Brand Association is to maintain a business and regulatory environment which is favorable for the manufacturers' brands and for brand-building. Although it is a professional organization representing the manufacturers, its mission is to contribute to ensure that its members provide maximum value for the consumers through innovation, sustainable production and strong, but fair competition.

Irresponsible consumption of alcohol is dangerous for the whole of society and, as a significant producer, we are fully aware of the risks. For this reason, one of the priorities of the Our Beer Print 2025 strategy continues to be maximum support for responsible and moderate consumption of our alcoholic products. We follow strict rules defined by the applicable legislation, self-regulatory standards and internal policies and our employees are regularly notified of the concerned requirements (among others, in the form electronic trainings).

FOGYASZD FELELŐSSÉGGEL!

The old brewhouse of the brewery in Bőcs, operating today as our Visitor Center, is an excellent venue for transferring knowledge concerning the above topics. In our Visitor Center various meetings, trainings or other events take place with the participation of our customers, employees or even the representatives of the press.

Along with other global leading beer, wine and spirits producers, members of the **International Alliance for Responsible Drinking** (IARD), Molson Coors Brewing Company agreed to **Global Commitments to Reduce Harmful Drinking**. The Molson Coors Global Commercial Responsibility Policy, also applicable for Borsodi Brewery, reflects actions that we need to take to meet the Commitments.

Digital Guiding Principles (DGPs) are an integral and important part of the above Commitments. The DGPs are aimed at strengthening and expanding marketing codes of practice on digital platforms at global level. IARD members pledged to develop a set of global guiding principles for alcohol beverage marketing in digital media. The DGPs are composed, among others, of the following 5 safeguards:

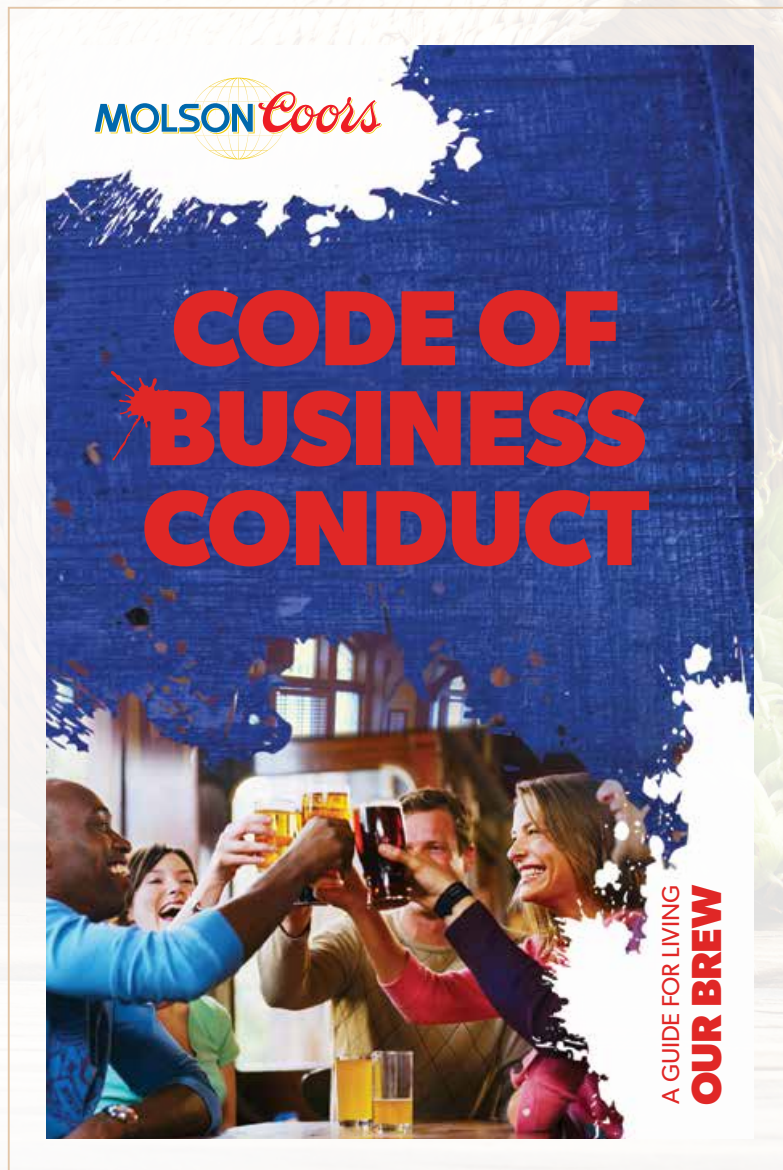
1. **An Age affirmation mechanism;**
2. **A Forward Advice Notice;**
3. **A Responsible Drinking Message;**
4. **A Transparency statement/official account;**
5. **Community guidelines on User Generated Content policy.**



In addition, Borsodi Brewery, as a member of the Hungarian Advertising Self-Regulatory Board (ÖRT), pays special attention to responsible marketing activities. The tasks of ÖRT include, among others:

- **Preliminary norm control, i.e. to check whether the advertisement comply with the ethical and legal requirements;**
- **Investigating and assessing any possible complaint, with the involvement of appropriate experts, if necessary;**
- **Monitoring the entire advertising market; and**
- **Maintaining international relations.**

ÖRT is a member of the European Advertising Standards Alliance (EASA), so it can keep up to date with the European Union's resolutions and expectations regarding advertising. Being a member of the ÖRT, the compliance with the **Hungarian Code of Advertising Ethics** is essential for Borsodi Brewery. This code regulates in a separate section the rules related to the advertising of alcoholic beverages.



Borsodi Brewery also adheres to the Molson Coors **Corporate Code of Conduct** that regulates corporate values, objectives and basic principles of conduct and fair business, and which is binding for all employees of the Molson Coors group worldwide. All employees are familiarized with the Corporate Code of Conduct, among others, in the form of electronic training – new employees are familiarized with it within the scope of entry training, and all other employees once per year.

We also endeavor to ensure that a corresponding ethical approach is not only maintained in relation to our partners but to our employees also. Employees have the possibility to give timely notice to their superiors, or even directly to the global ethics and compliance department. For these purposes, the special **Ethics and Compliance Help Line** was established. Employees can at any time submit any observations that, in their opinion, do not match compliance with the ethical codex rules. The line is operated for the entire Molson Coors group by a third party, the autonomous company EthicsPoint.

We have firmly established transparent and fair communication rules with our customers and business partners that we also apply with regard to the requirements of all of our ethical rules. This is governed by the document titled **Anti-Bribery and Anti-Corruption Due Diligence Check-list** and the applicable directive. Prior to start of cooperation, our suppliers are duly authorized in the form of questionnaires that map all the criteria which they must fulfil even before establishment of the business relationship. They are continuously informed about our rules and an **anti-corruption clause** is integral part of all agreements concluded with our suppliers. Our Anti-Bribery and Anti-Corruption agenda is regularly presented to employees once per year in the form of electronic training.

An important part of the observance of ethical values and legal requirements is also the **economic competition rules**. As a significant company in the Hungarian brewing industry, we conduct ourselves on the market in such a manner that the economic competition rules are strictly observed in our conduct toward competitors, customers and business partners. Employees are also notified of the requirements for observance of economic competition rules in the form electronic trainings at least once per year and further on-site trainings conducted in the form of presentations and discussions on specific topics that the employees encounter within the scope of fulfilment of their everyday working tasks.

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



IV.

SUSTAINABLY BREWING



Beer of excellent quality starts in nature, from the hops and barley, which we use in beer production, to the water, which lends our beer its exceptionalness. During the production process, we seek using every drop in such a manner as to get the best from each batch. We are continuously cooperating with the suppliers to help them assimilate the best procedures to make our beer print positive. This means that there is less waste and more efficiency behind each bottle.



Our objective is to maintain and develop **long-term relationships with suppliers of all the major materials and services** with a focus on the high quality of materials and services, long-term development, reduction of the ecological beer print and an environmentally friendly approach. In 2018, **79,96%** of the overall goods and services purchased are from local supplier companies*, and the remaining **20,04%** from foreign supplier partners**. **More than 50%** of our total procurement spent goes to local suppliers*.

** i.e. companies having a registered seat / branch office in Hungary*

*** i.e. companies having a registered seat abroad*

Establishing long-term partnerships with our **suppliers of raw brewing materials** is particularly essential in order to keep smooth brewing continuity on the requested quality level. We are regularly purchasing raw materials from Hungarian growers and farmers, providing them with predictability. The origin of the malt used is partially Hungarian, the rest of the malt, special malts and hops are delivered from foreign countries. We also defined rigorous specifications for all raw materials, that are regularly analyzed. In these specifications, we take reasonable modifications annually with the suppliers, as necessary.

Water is one of the primary raw materials for the production of beer. You can also learn more on our **water treatment and consumption** in the sections below.

OVERVIEW OF GOALS

DESCRIPTION OF THE GOAL	QUANTIFIED OUTPUTS AND RESULTS – 2018	GOALS – 2020
Reduction of water consumption	Water consumption 4.72 hl for 1 hl of beer produced	Water consumption 4.20 hl for 1 hl of beer produced
Reduction of electricity consumption	Consumption of electricity 7.31 kW for 1 hl of beer produced	Consumption of electricity 6.75 kW for 1 hl of beer produced
Reduction of thermal energy consumption	Heat consumption 73.86 MJ for 1 hl of beer produced	Heat consumption 69.54 MJ for 1 hl of beer produced
Reduction of the waste volume delivered to the landfills	Zero waste to landfill in 2018	Zero waste to landfill in 2020



EXAMPLE GOAL – ACHIEVE ZERO WASTE TO LANDFILL

The project with the objective of absolute reduction of the landfill waste burden on the environment started in 2014. Our goal matches the EU goal to utilize all waste in a manner other than storage at a landfill.

GOLDEN RULE

**ALWAYS
SEGREGATE
WASTE**



During the project, thanks to the EHS and purchasing teams, we have managed to get in touch and form collaborations with partners who receive the waste generated in the brewery as secondary raw material or for utilization for energy purposes. In addition, Borsodi Brewery utilizes, in accordance with the authorizations in force, the waste from beer brewing and sewage treatment as compost in its agricultural areas, and sells the brewer's grains and waste yeast to feed manufacturers and animal keepers.

While in 2017, the amount of the deposited waste was 183.77 tons, and **in 2018, we have reached our zero-waste target set for 2020!** Our task is to maintain this result in the long run. Our employees directly contribute to maintain the results of 2018 with the application of the rules of selective waste collection.

QUANTITY OF WASTE DELIVERED TO LANDFILL

YEAR	QUANTITY OF WASTE DELIVERED TO LANDFILLS (IN TONS)
2018	0
2017	183.77
2016	192.31
2015	214.19

As a responsible company, we make an effort to ensure that the negative beer print and impact of our activities on the environment is as little as possible. One of the biggest factors that influence the impact of our operations is consumption of energies and their conversion to other (more sustainable) energies. For this reason, it is our main task to minimize this impact by making an effort to consume as little energy as possible and utilize it with as little loss as possible. In case of Borsodi Brewery, this applies to electricity, natural gas for steam generation, CO₂, water and waste water as well.

For us to achieve energy reductions, we must be capable of measuring the energy and monitor the consumption trend long-term. To achieve the most efficient energy consumption, we have established the **€sense monitoring system**, which not only identifies the trends from the available data but can also forecast optimum consumption and highlight deviations from the normal situation. This makes it possible to prevent over-consumption and identify an emerging problem in its initial stage before it aggravates. Thanks to the consumption models created, during the previous years we could reduce our specific energy use by 15% on average.

We have set the **main energy consumption goals** up to 2020 and 2025 and continuously seek opportunities for savings. These targets apply to the electricity, natural gas and hydropower consumption. We are committed to reducing our specific energy consumption by at least 30% compared to the data in 2016.



In the context of responsible and efficient energy use, we can report the following high-priority projects and investments for 2018. On one hand, we have installed biogas engines in the wastewater treatment plant operating in the area of the brewery in Bócs, with which we save an amount of electricity equivalent to the annual electricity consumption of nearly 250 households. On the other hand, it also includes the installation of a new, energy-efficient steam boiler that allows the recovery of the heat energy of the boiler off-gas.

For us to achieve maximum savings, we must consume the energy effectively and, at the same time, maintain the good technical condition of our brewery. For this reason, we also have a long-term established **good ideas program** through which we seek for effective and smart solutions initiated by our colleagues, helping us reduce consumption.

A further important indicator in our brewery is water consumption. Water is one of the primary raw materials for the production of beer. At the same time, it is a very precious commodity, and, for this reason, it is necessary to handle it responsibly and avoid its incessant wasting.

Borsodi Brewery extracts **the water from its own 5 wells itself**. The brewery produces the water used for the brewing using its own water treatment system; moreover, it also treats the wastewater itself. At the end of the process, the water returned to nature is perfectly clean, while the generated sludge is utilized in the agriculture.

In 2018, the consumption rate was 4.72 l of water per liter of beer. In order to minimize water consumption, we do our best to seize every opportunity, e.g. we reuse the rinse water generated during the filling of cans. The canned beer production line to be installed in the previously mentioned investment, which was launched last year, will also use modern solutions that will minimize the water consumption of the production line.





In the brewery, we monitor the CO₂ (greenhouse gas) emissions from the combustion of natural gas used in the combustion plants and from biogas produced from the wastewater treatment. In 2018, 6,296 tons of CO₂ was the verified greenhouse gas emission. Our long-term goal is to use technologies based on renewable energy sources and to reduce the use of conventional (non-renewable) energy sources.

We measure the NO_x, CO, SO₂ emissions from the operation of the combustion plants, as well as the solid matter emissions from the dust-separation system of the brewing house as required by the applicable IPPC (integrated pollution prevention and control) permit. The emission values do not exceed the prescribed limits in any case.

As reported above, in 2018 more investments were made in the spirit of responsible and efficient energy use. The installation of the new, energy efficient steam boiler, which also contributes greatly to the improvement of the emission values, should be emphasized from them.

PACKAGING MATERIALS

From 2010, as a member of the Association of Hungarian Brewers (AHB), Borsodi Brewery is also in close cooperation with **Returpack Kft.** This company is operating reverse vending machines for aluminum beer cans and other aluminum beverage cans at more than 120 locations. Thanks to this system, more than 100 million alucans (1700 tons) are recycled each year.

During the past year, tens of thousands of people have used the opportunities offered by the approx. 200 automatic reverse vending machines placed in busy shopping malls and supermarkets and returned the used aluminum cans, thereby they actively participated in the protection of the environment.



In 2018, Borsodi Brewery produced 26,339.23 tons of waste.

The amount of the waste recycled as secondary raw material is 850 tons (3.23%) and the amount of energetically reused waste is 7.68 tons (0.03%). As reported above, while in 2017 the amount of the deposited waste was 183.77 tons, **in 2018, we have reached our zero-waste target set for 2020.** Our long-term goal is to maintain the waste management results achieved in 2018.

The grains and waste yeast treatment are also linked to this topic. These are by-products of brewing that are highly sought after by feed manufacturers and animal keepers. In 2018, Borsodi Brewery sold 19,988.15 tons of grains and 2,754.58 tons of waste yeast. The waste from beer filtration and from waste-water treatment is also used as compost in the agricultural areas of the brewery.

Our company is committed to ensuring health and safety at work in accordance with the legal requirements of Hungary and the European Union. Molson Coors has established a **safety management system based on the OHSAS 18 001 standard** for the maintenance and regular internal control of the operation in accordance with the law, and also regularly audits the compliance of the brewery.

Within the scope of the EHS pillar of our internal quality management system (**World Class Supply Chain – WCSC**), we make an effort to place emphasis on risk prevention, ensuring safe conditions both for our employees, our suppliers, as well as for visitors to our brewery. **We have set strict goals** in the area of work accidents and injuries up to 2025 with the ambition to achieve zero injuries that require treatment by a physician. In order to achieve these goals, we continuously improve our equipment and processes: with these innovations and modern corporate management methods, we want to provide safe working environment.

In 2018, we primarily focused on two areas – to reduce the risks caused by hazardous substances and to improve the process of labor safety and environmental information for people entering the brewery. As for the first topic; with the expansion and modernization of the existing CO₂ and ClO₂ sensor and extraction systems in the beer production area, we have mobilized significant resources to reduce the risks of hazardous substances. Moreover, in the barrel packaging area, we have introduced a closed chemical dosing system. As for the second high-priority topic, we would like to note that we have introduced a new effective entry system for the protection of health and safety at work and environmental information, which is also applied to our suppliers and our visitors who enter the premises of the factory.



LOGISTICS

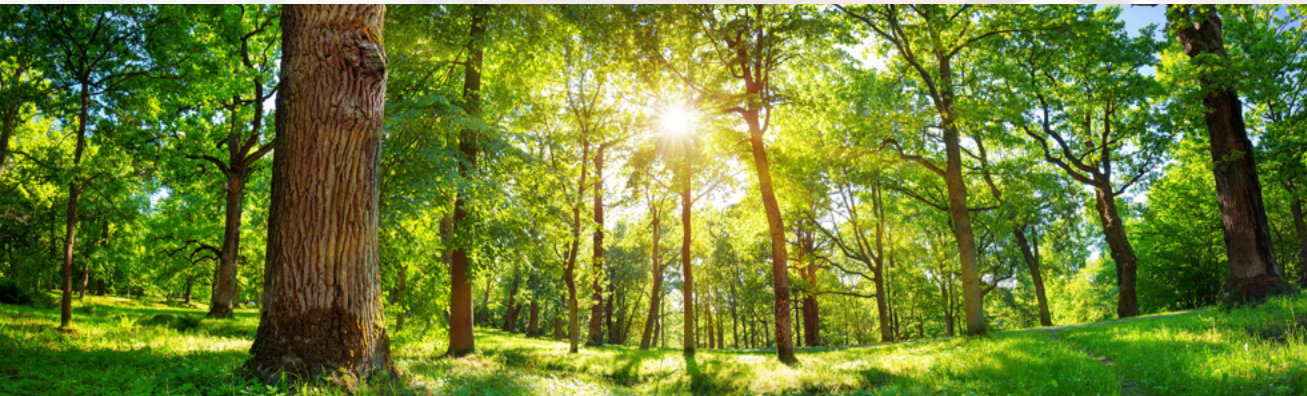
In transport, we cooperate with contractual partners who use vehicles that fulfil the Euro V or Euro VI emission standard. At the moment, nearly 80% of our contractors' vehicles are meeting this standard, ensuring lower CO2 emission. We are continuously seeking to collaborate with contractors who can ensure the reduction of emissions and vehicle fuel consumption related to the distribution of our products.

In addition to transportation, we are also looking for sustainable solutions in other areas of logistics. A good example is that, last year, we have replaced the wrapping machine used for the secondary packaging with a new, modern machine, which uses 10% less foil than the previous one.



IV. SUSTAINABLY BREWING

PROTECTION OF BIODIVERSITY AT OUR BREWERY



Our production facility is not located in protected areas. With regard to this fact, our production operations do not impact the biodiversity in the immediate surroundings of our operations.

At the same time, there are agricultural areas in the immediate vicinity of the brewery, and the River Hernád is also located here, so swallows and kestrels are nesting in the area of the factory. For the swallows, artificial nests were placed outside the factory buildings, while in 2017 and in 2018, the colleagues of the brewery joined forces several times to save common kestrels in trouble.

V.

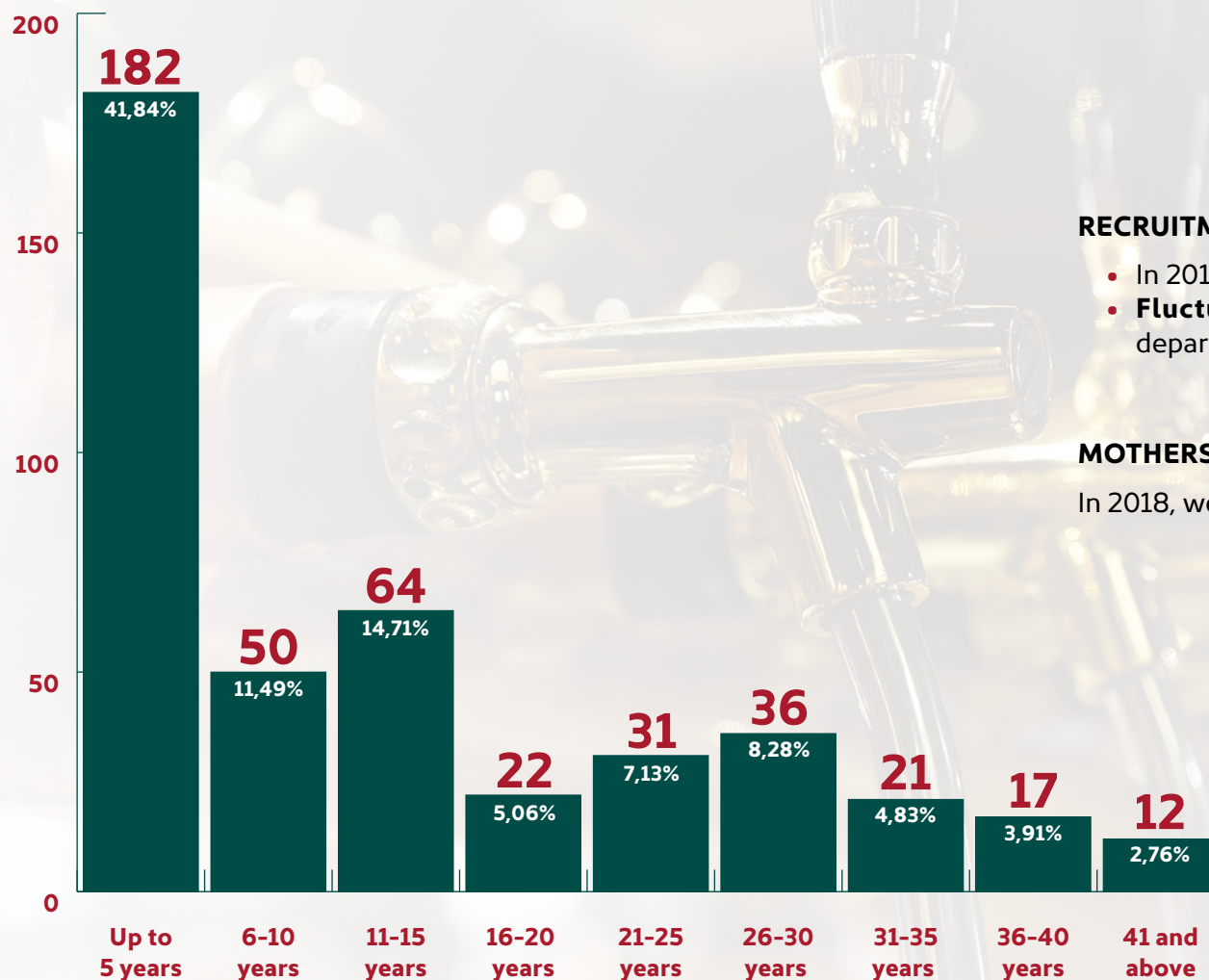
COLLECTIVELY CRAFTED



Employees of our company and communities play an equally important role as that the raw materials used for brewing. Our beer products are made and provided to our consumers by dedicated employees who also help make Borsodi Brewery, our common workplace, a better living place. We are glad that we can share stories full of enthusiastic people, communities full of life and strong partnerships, which document the success of our efforts, with the readers of this report.

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

EMPLOYEES ACCORDING TO THE NUMBER OF YEARS THEY HAVE WORKED FOR BORSODI BREWERY*



RECRUITMENT AND LABOR MOBILITY:

- In 2018, we occupied **108 new positions**.
- **Fluctuation** – overall **13,06%**, of which 9,74% were voluntary departures and 3,33% involuntary departures.

MOTHERS ON MATERNITY LEAVE:

In 2018, we had 28 mothers on maternity leave.

*All data valid as of 31/12/2018

In 2018, a **survey of employee engagement** was rolled out. Employees answered questions in various categories in the areas of people management, career growth, commitment, working environment, corporate culture and our long-term goals.

Based on the survey results, **we prepared an action plan** with the individual departments and we are now actively addressing the partial areas so that we can achieve even higher satisfaction of our employees in the future. As for the employees working within the supply chain organization, this action plan includes among others to-dos in relation with compensation and other benefits, working conditions (e.g. dressing room refurbishment, office building and canteen renewal) and other soft skill developments also. As for the Sales team, the agenda include among others: considerations connected to company benefits (such as company car usage), to the daily working routines and to long-term career path.

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



be part of one of
the biggest beer champion teams



passion
what defines our work



opportunities,
to realize yourself



our ambition is to be the first choice
for costumers and consumers



committed to support
and build local communities

BENEFITS

V. COLLECTIVELY CRAFTED

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

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



CAFETERIA



BONUS OPPORTUNITY
depending on the annual
corporate and individual
performance



JUBILEE CASH REWARD



I RECOMMEND MY FRIEND
recommendation reward
in case of open positions



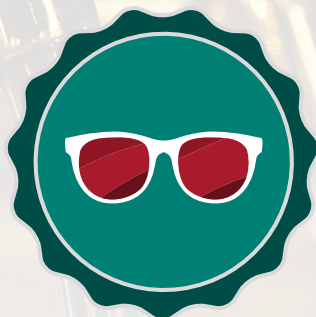
**CONTRIBUTION TO PRIVATE
PENSION FUND**



**LIFE AND ACCIDENT
INSURANCE**



**DISCOUNTED OPTION FOR
BEER PURCHASE**



**DISCOUNTED FESTIVAL,
BEACH AND SPORTS
ENTRANCE TICKETS**



AYCM CARD
Discounted sports opportunities



**HOLIDAY AND
RECREATIONAL OPTIONS,
DISCOUNTS**

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

DIVERSITY AND EQUAL OPPORTUNITIES

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

STATISTICS AND STRUCTURE OF EMPLOYEES, INCLUDING THE SENIOR MANAGEMENT (AS OF 31/12/2018):



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

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

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

TRADE UNION AND WORKS COUNCIL

At Borsodi Brewery, the Food Industry Employees' Trade Union ("Élelmiszeripari Dolgozók Szakszervezete", ÉDSZ) and its Borsodi Brewery organization is represented. Borsodi Brewery as employer and ÉDSZ as trade union have also concluded a collective agreement.

Moreover, a 7-member works council operates at the company and exercises its rights as defined in the Labor Code and in the works agreement. These include, in particular, that the works council should request information from the employer, and, in some cases, the right to joint decision-making, and the rights to comment, consult, negotiate, and the right to inform the employees.

EMPLOYEE EDUCATION AND CAREER DEVELOPMENT

In line with Molson Coors' training strategy, the tasks of Borsodi Brewery regarding the training of the colleagues are rather complex during the year. The diverse training calendar does not only cover the compulsory trainings required by law or the various **online trainings** offered by the Molson Coors group to companies worldwide, including Borsodi Brewery.

The most important areas of development include the following professional trainings: sales techniques, supply chain trainings, occupational safety, EHS trainings, knowledge of the beer market and the beer, beer tasting and drafting techniques, management programs. We can state that all the employees of the company have participated in some kind of training last year.

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

For new employees, we regularly organize **entry training** in the premises of Borsodi Brewery with the goal to support them in the process of adaptation and to ease their first steps in our company. They are guided through the training by individual representatives of the organization, who introduce their departments and their functions. A popular part of the training is the **Beer Champion training**, which is presented to new employees by our Beer Ambassador. Here, participants learn about beer, beer production, beer tasting, our products and how to care for it.

COOPERATION WITH UNIVERSITIES

V. COLLECTIVELY CRAFTED



In the light of the importance of continuous growth and adequate recruitment, Borsodi Brewery has been consciously seeking cooperation opportunities with universities for years.

Traditionally and geographically, there is a close relationship with the University of Miskolc: we are regular participants of the job fair; we are holding presentations on the university and we have organized a beer tasting night at the university. Similarly, we held a professional presentation with beer tasting night at the Szent István University (SZIU), from where several trainees joined our company in 2018. Additional trainees have arrived from the Budapest Business School (primarily to the commercial areas) and from the Corvinus University of Budapest (to the areas of trade and HR) during the year.

Our 2018 “Borsodi Beer Tour” event held with the participation of the students from the Corvinus University and the SZIU, with the themes of responsible drinking and expert beer tasting, has been also a success.

INTERNAL COMMUNICATION

We consider internal communication as an effective tool for conveyance of information to employees. It consists of the following elements.

The employees are usually informed of the changes and other important information about the company in the form of **e-mail notifications**. Twice a year, **Beer Minutes (“Sörpercek”)**, our internal newspaper is published; in this, every function has the opportunity to report on the most important news and projects in their own area.



As a multinational company, Borsodi Brewery also ensures the use of various platforms that allow the employees to stay in touch with their colleagues from other countries in the group, report on the major local or joint projects, and share their successes. This includes the **PubTalk intranet site or the Yammer corporate social media application**. On April 22, on Earth Day, we have announced a competition for our colleagues on Yammer: we urged them to plant a plant on this day, ride a bicycle instead of driving a car and share these positive examples, documented with a photo, with the others.

As a major internal event, a **corporate conference** is held every year and all employees are invited. On the grand event, we evaluate the previous year and discuss the main goals for the year ahead. Within the framework of the annual conference, we celebrate the jubilee colleagues whose work and commitment greatly contribute to the fact that Borsodi Brewery is getting closer to its set goals.

The close, direct working relationship between the employees and the senior executives and the continuous flow of information form integral parts of the corporate culture, not only for Borsodi Brewery but also for Molson Coors. That is why, several times a year, the colleagues have the opportunity to **meet the European management of the Molson Coors group** (so-called townhall meeting), in addition to the local management of Borsodi Brewery, and ask questions.



Borsodi Brewery considers as a priority task (and not just as a task of internal communication) to consistently follow its Employer Branding strategy in order to provide the current and future employees with the most attractive workplace possible.

The Molson Coors group organizes the so-called **“Our Beer Print” month** each year, which has the mission to strengthen the company’s “beer print” in the world. In this context, we pay special attention to responsible alcohol consumption, to environmental protection and to social responsibility. The activities of Our Beer Print month are organized on the basis of our strategy going until 2025, and our employees participate in these events in significant numbers as volunteers.

In 2018, the first activity of our Beer Print Month was organized in the surroundings of the **Munk Castle in Hernádnémeti**, based on the principles of the „Collectively Crafted” pillar. Many employees of the brewery of Bőcs live in Hernádnémeti, in whose life the castle and its park play a particularly important role. Within the framework of the initiative, **70 volunteering colleagues of Borsodi Brewery beautified the park of the castle**: they have renovated and painted the benches of the park, planted plants and built furniture.



The „Responsibly Refreshing” pillar serves as the framework for the traditional cooking competition. In September 2018, the employees of the brewery took part not only in beautifying the environment, but also in helping the needy families: by joining the **Hungarian Food Bank’s Charity Kitchen**, they grabbed wooden spoons and delivered nearly 400 portions of food to the needy families living in the factory’s surroundings.

The basic ideas of “Sustainably Brewing” were delivered by the actors of a well-known theatre formation, the **Momentán Ensemble**, on an interactive and humorous performance in the old brewhouse of the brewery which is operating today as our Visitor Center.



THE SUCCESS OF OUR BEER PRINT MONTH IS WELL REFLECTED IN THE RESULTS OF THE HIGH-PRIORITY PROGRAMS OF THE PREVIOUS YEARS:

YEAR	LOCATION	NUMBER OF PARTICIPANTS	NUMBER OF HOURS WORKED / CAPITA	NUMBER OF HOURS WORKED / TOTAL
2018	Hernádnémeti, Munk Castle	70	6	420
2017	Borsodi Brewery, garbage collection	122	5	610
2016	National Park of Bükk, "Szinva" nature trail*	95	7	665
2015	Putnok, Bányász square**	90	6	540
2014	Bőcs village***	70	6	420
Total		447		2655

**Borsodi Super Team on a special mission in the National Park of Bükk (2016):* Borsodi Brewery provided new information boards for the renewal of the Szinva Nature Trail, and the Borsodi Super Team, consisting of volunteers, also helped the National Park to place the boards.

***"Borsodi gives place" – Putnok (2015):* The brewery provided a new community space in Putnok, on the Bányász square. Nearly 100 employees participated in the creation of the meeting space.

****"Twist for Bőcs!" (2014):* The colleagues, together with the inhabitants of Bőcs, which gives "home" to Borsodi Brewery, danced twist to help the village become a town.

Borsodi Brewery is also the initiator or participant of many CSR activities outside Our Beer Print Month.

We encourage our colleagues several times a year to help the needy people as volunteers or with donations. In 2018, we have organized collections of clothing for needy families and homeless people in Miskolc and Budapest twice, and we also collected durable food during the Christmas period. Every year, we organize blood donations three times a year together with the Hungarian Red Cross in our factory in Bőcs, where 73 of our colleagues donated blood last year. Connecting to the campaign of the Hungarian Hospice House, our colleagues collected old and used mobile phones to support the Foundation's work and contribute to the reduction of pollution caused by old, unused electronic devices.

Moreover, Borsodi Brewery regularly supports various charity events with its products. The Miskolc event of the national blood donation day, organized last year, the charity evening of the hospital of Miskolc, or the various activities of the Belgian, Czech and Mexican embassies can be listed here.

Social responsibility agenda falls within the competence of the legal and corporate affairs department. The company management is actively involved in all projects and initiatives, which this department controls under the leadership of Ágnes Besze, Senior Legal & Corporate Affairs Manager.

We regularly inform our business partners, customers and consumers on our results achieved in the area of CSR and sustainable development.



REPORTING PERIOD

This report was issued for the period January 1st - December 31, 2018.



BORSODI

– SÖRGYÁR –

A MOLSON COORS COMPANY

SUSTAINABILITY REPORT 2018

BORSODI SÖRGYÁR KFT.

Registered office and brewery: 3574 Böcs, Rákóczi utca 81., Hungary

Budapest HQ: 1138 Budapest, Váci út 187., 5. emelet, Hungary

Central e-mail: borsodisorgyar@molsoncoors.com

Press: Café PR, Szatmári Péter, szatmari.peter@cafepr.hu

Visitor Center pre-registration: latogatokozpont@borsodi.hu

WWW.BORSODISORGYAR.HU

WWW.MOLSONCOORS.COM