



• OUR IMPRINT •
people & planet

SUSTAINABILITY REPORT 2021

BORSODI

– SÖRGYÁR –

A MOLSON COORS COMPANY

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Welcome from the General Manager

Dear Reader!

The significant and unpredictable consequences of recent events on the business environment are in many cases affecting and overriding strategies and plans for sustainability and environmental awareness.

Although these changed circumstances pose serious challenges for Borsodi Brewery, we have made changes in several areas that are enabling long-term forward-looking development in this important area of our company's life.

Both our parent company, MolsonCoors, and Borsodi Brewery have reviewed their sustainability efforts and new priorities have been set. In line with international trends, we have developed our goals for the period up to 2030 and renewed our sustainability strategy, with a focus on our people and the environment.

Our most important asset is our employees. Last year we launched our wellbeing program and implemented several improvements to improve working conditions.

We continue to pay special attention to the protection of our environment and natural resources, so we continuously work on improving the efficiency of our water and energy consumption in production. In order to reduce the use of single-use plastic packaging material, we have discontinued the production and distribution of Borsodi Világos in plastic PET bottles from autumn 2021.

We continued developing our brands. In 2021, we continued to expand the Borsodi portfolio with the introduction of new products, including Borsodi Meggy Ale and Borsodi Ginger Ale, as well as the more limited Borsodi Tropical Ale.

We consider responsible drinking to be an important part of our sustainability efforts, so to support non-alcoholic drinking occasions, we have added a new 0.0% pear-apple flavored product to our Borsodi Friss portfolio.

As well as developing our product portfolio and reducing our ecological footprint, we are working with our colleagues to contribute to supporting the communities around us.

In our fourth report in a row, we have compiled all the actions and achievements from 2021 that will help us meet our sustainability goals.

Cheers!

Zsolt Vuleta
CEO and sales director



About the report

Borsodi Brewery has always paid special attention to taking responsibility for its environment, communities, employees and business partners as a producer.

The brewery considers its “Our Imprint” goals set by Molson Coors Beverage Company for 2025 as guidance for its own operations and sustainability efforts. It therefore reviews its operation each year and summarizes the results achieved in its annual sustainability report.

This report outlines the events of 2021 and the results achieved along the main pillars of the company’s strategy: humans and our planet, in preparing this report, we consider the United Nations Sustainable Development Goals (SDGs) as guiding, on the basis of which Molson Coors has also developed its sustainability goals and aspirations.



Company Profile

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 Bócs, 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 solely owned by Molson Coors Netherlands B.V., registered in the Kingdom of the Netherlands, with its registered address 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 subsidiaries. The company owns properties in which it operates the brewery in Bócs, Hungary.

Borsodi Sörgyár Kft. is one of the largest beer producers in Hungary and is a beer exporter to various countries across Europe. In 2021, we exported beer to seven European countries (Croatia, Czech Republic, Montenegro, Romania, Serbia, Poland, United Kingdom). Our 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. Our company is not currently involved in any significant litigation, the outcome of which could have a significant effect on its business operations. We did not interrupt our business operations in 2021 or in preceding accounting periods. In 2021, our company did not engage in any research and development activities and we have no organizational units abroad.

FACTS ABOUT BORSODI BREWERY IN 2021

1973: the year of the establishment of the Borsodi Brewery

HUF 44.2 billion: annual net sales

20: number of brands sold (including sub-brands)

91: total presentation of marketed products (SKU)

444: number of employees

33%: proportion of female employees

11: average number of years employees spent with the company

Our values



Our set of values focuses on people development, commitment and performance. Each of our values is clear, unambiguous and transparent, and can also be easily interpreted in everyday life. They are also ambitious, giving our organization room for growth and development. Together, these values contribute to the realization and development of our strategy, plans and goals.

OUR PURPOSE:

To become first choice for our colleagues, consumers and customers.

OUR OBJECTIVE:

To connect people, to celebrate every moment in life.

OUR VALUES:

OUR PEOPLE COME FIRST

We value and respect differences. We believe that cooperation and a successful team culture are key to diversity without exclusion.



BRAVE AND DETERMINED STANCE

We are innovators, and not afraid of being direct, move quickly and question familiar things.



RESPONSIBILITY

We act with integrity, highly appreciate commitment, acknowledge our mistakes and try to learn from them.



WE LEARN EVERY DAY

We always look for ways to become better and help others to develop.



WE CELEBRATE TOGETHER

We are enthusiastic ambassadors to our brands and company; we believe in the importance of recognizing and celebrating our achievements.



Our brands

Our brewery continued to extend its brand and product portfolio in 2021. Our new Borsodi portfolio has been complemented with three top-fermented, ale-style beers: in the case of Borsodi Meggy Ale, the juicy, sour cherry-aged ale offers a twist of tart and sweet flavors, while Gyömbér Ale offers a refreshing, spicy taste, unique in the range of domestic beer producers. In addition, last year we made available a limited edition of Borsodi Tropical Ale, a blend of mango, guava and passion fruit juices.

From autumn 2021, we have withdrawn Borsodi Light PET bottles from the market.



Borsodi Brewery is not only committed to responsible alcohol consumption in its sustainability strategy, but is also constantly expanding its range of non-alcoholic products to provide an alternative for responsible consumption. In 2021, we have further expanded our non-alcoholic 0.0% Borsodi Friss range with a pear-apple flavor.

Respect for traditions is also amongst the values of our brewery and products. With this in mind, we have expanded our Staropramen brand portfolio and from spring 2021 we launched Staropramen PRAHA, a modern, uncompromising beer that tells the story of Prague and its different faces.

For our company it has always been important to think in the long term, keeping in mind the need of consumers in the course of its product development. In 2021, our company also launched our first hard seltzer - the WAI Moment. It's a fruit-flavored, low-calorie, sparkling water-based alcoholic beverage offered in three different flavors: 'Minty Lime Time' in lime and mint, 'Crazy Berries' in strawberry and blueberry, and 'Tropical Crew' in mango, papaya and pineapple, offering a choice to suit the different tastes of adult consumers.



Membership in professional chambers

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 self-regulation of 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>).

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>).

Borsodi Brewery is also a member of the Branded Goods Association for Branded Products ("Magyar Márkaszövetség") founded in 1995, which is the professional advocacy 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.

Since 2019, Borsodi Brewery has been a member of the Hungarian Business Leaders Forum (HBLF), Hungary's prominent international CSR organisation. Its mission is to contribute to the socially, economically and environmentally sustainable development of Hungary with the contribution of its members. In 2021, Borsodi Brewery signed the Diversity Charta. By doing so, the brewery has also committed to respecting equal treatment and is taking concrete steps to create a diverse organisational culture.

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>



Responsible marketing

Irresponsible overconsumption 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 Imprint 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).

ENJOY RESPONSIBLY!

The old brewhouse of the brewery in Bócs, 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. In 2021, the visitor center worked only to a limited manner, due to the Coronavirus epidemic.



In 2012, along with other global leading beer, wine and spirits producers, members of the International Alliance for Responsible Drinking (IARD), Molson Coors Beverage 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 / providing an official profile**
5. **Use of User Generated Content policy in social media**

In addition, Borsodi Brewery, as a member of the Hungarian Advertising Self-Regulatory Board (ÖRT), pays special attention to responsible marketing activities. ÖRT is responsible for, inter alia:

- Preliminary norm control, i.e. to check whether the advertisement comply with the ethical and legal requirements;
- investigating and deciding on complaints if any, with the involvement of expert where necessary;
- monitoring the entire advertising market;
- maintaining international relationships.

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. As a member of ÖRT, the Borsodi Brewery gives priority to the standards in the Hungarian Code of Advertising Ethics, which also addresses the rules on the advertising of alcoholic beverages in a separate article. In 2021, we requested a preliminary resolution from the Board in 30 cases.

Starting in the autumn of 2021, along with other Molson Coors group companies, we as Borsodi Brewery, have committed to displaying icons, such as crossed-out car, pregnant lady and 18+ next to the „Drink responsibly” sign on all online ads promoting alcohol products, to raise awareness about responsible drinking.



Corporate Governance, ethics, anti-corruption measures

The operation of Borsodi Brewery is also regulated by the Molson Coors Corporate Code of Conduct which sets out the values, objectives and basic principles of conduct and fair business, and which is binding for all employees of the 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 in a mandatory training 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 followed transparent and fair communication rules with our customers and business partners, which we also apply with regard to the requirements of all of our ethical rules. We perform a preliminary Anti-Bribery and Anti-Corruption Due Diligence: prior to start of cooperation, our suppliers are duly screened by using questionnaires so that we can identify potential risks before establishing a 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 programme is also communicated to employees on an annual basis in the form of electronic training.

Competition rules are also an important part of the observance of business ethics values and legal requirements. As a significant company in the Hungarian brewing industry, we have to behave in the market in such a manner that the economic competition rules are strictly observed in our conduct toward competitors, customers and business partners. Information on competition law requirements is provided to employees at least once a year in the form of electronic training, and additional training is organised to targeted groups of employees. These training sessions include presentations and conversations to discuss situations that employees may encounter in their daily work. Once per year, all employees are informed about the rules of conduct for negotiation with business partners and customers. It covers, amongst others, receiving or providing gifts, sponsorships, etc., especially with regard to situations in which the participants are state or local government bodies, 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 mandatory training package.



OUR SUSTAINABILITY STRATEGY

In 2021, Molson Coors, including Borsodi Brewery, renewed its sustainability strategy. The Our Imprint strategy defines our ambitions up to 2030, based on two main pillars: people and our planet. Our business success is closely linked to the health of our planet. We want to leave a positive legacy and we know that in order to do this, we need to put the protection of our environment at the heart of our strategy. That's why we have identified three key priorities within our Planet Pillar – water, climate and packaging – to support our long-term sustainable ambitions.

PEOPLE

Our people are the heart and soul of our company, and our success is built on our collective efforts. That's why our company is committed to building a culture where our people can be themselves and reach their full potential. They help build a more just society that treats everyone as equals: from the growers of raw materials to the consumers, and from the homes to the workplace communities.



WATER

Water is the most important raw material for beer and an important environmental indicator that illustrates the environmental impact of our activities. Therefore we seek to save as much water as possible and reuse it in further processes whenever it is possible.

CLIMATE

Preventing the irreversible effects of climate change requires bold and immediate action. Rising global temperatures will have a significant impact on our business and on our supply chain as a whole, including the operations of the farmers who produce our ingredients.

PACKAGING

We believe that waste is a resource. Today, global resources play an increasingly important role in the development of packaging solutions. With this in mind, we strive to design our packaging with sustainability in mind and make every effort to recycle waste. By closing the range of packaging and their manufacturing, we can do what's best for our consumers and our planet.

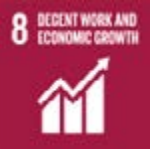


PEOPLE

Our people are at the heart of our company, and our success is based on their efforts. That’s why we’re committed to putting people first and creating a culture where they can be themselves and help them fulfil their potential.

However, our value chain is managed by people from different backgrounds and perspectives. We want to contribute to building a more just society that provides opportunities for everyone – from the producers of our beverage ingredients, to consumers, to our communities at home and at work.

Our employees



Employee satisfaction is of utmost importance for Borsodi Brewery. We are aware that correctly motivated employees are the best team players and also dedicated ambassadors of our company and its brands.

RECRUITMENT AND LABOR MOBILITY:

- In 2021, 106 vacancies were filled.
- Staff turnover – 17.83% overall, of which 13.94% were voluntary and 3.89% involuntary terminations.
- Mothers on maternity leave: in 2021, we had 28 employees on maternity leave.

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

Years spent	Percentage	Persons	Woman	Man
less than 5 years	49	219	78	141
6 to 10 years	12	52	20	32
11 to 15 years	11	49	23	26
16 to 20 years	6	25	7	18
21 to 25 years	5	20	5	15
26 to 30 years	6	26	4	22
31 to 35 years	7	30	4	26
36 to 40 years	3	14	7	7
41 years and longer	2	9	0	9
Total		444	148	296

* The figures given are for 31.12.2021 and exclusive of employees on maternity leave.

Employees engagement, support

We constantly work to better appraise the achievements of our employees. In 2020, we introduced Bravo!, a recognition system, that we maintained in 2021. In this system our colleagues can share their stories of how we live our values, and what we are proud of, in order to make our company a better place to work. Within the framework of the program, our colleagues can nominate each other, and we will recognize and celebrate the outstanding results. In 2021, 94 nominations were submitted by our colleagues, of which 16 were recognized at the Central and Eastern European level within Molson Coors and 30 were recognized locally.

We constantly encourage our employees to show their appreciation for each other, creating a supportive and trusting working environment. In addition to regularly reminding them of the importance of verbal and written thank-you notes, we have created thank-you cards that allow them to thank each other in writing and in confidence. In our HR system, employees can give each other feedback publicly through badges. In the event that an employee makes a significant effort that requires an extra investment of time over several weeks, their manager can even recognize this extra effort with material gifts.

In 2021, employees completed engagement surveys, where colleagues in different categories answered questions in areas such as managerial efficiency, business confidence, and representation of our corporate values. Based on the results of the surveys, we have developed an action plan to increase employee satisfaction with the involvement of each department, and we are currently actively working on the issues identified in the plan to achieve even higher levels of satisfaction rates in the future. Without wishing to be exhaustive, we pay special attention to working conditions, including the development of the office environment or the trim level of company vehicles used for work. Training and development is also an important area so that we are able to keep our knowledge of our teams and people up to date. In addition to general development, career planning and related succession management are also a priority area.

Working environment and employee rights

We support a positive working environment in which only legal, ethical and responsible behavior that complies with corporate values and our Corporate Code of Conduct is acceptable. We are proud of the fact that as a member of the Molson Coors group, we are 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 employees are also treated with such respect. We make an effort to become a place where everyone feels comfortable and confident and can change things for the better.

We have always been committed to putting people first. Just launched in 2021, our new Employee Assistance Programme (EAP) aims to make it easier for our employees to manage and experience personal and professional challenges that impact their health and wellbeing. This service is a permanently accessible, confidential support network, providing expert advice and support in a range of areas. It aims to help our employees and their families with financial, legal, mental health and wellbeing issues.



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. Borsod Sörgyár, as an employer, also concluded a collective agreement with the trade union. 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 skills, supply chain trainings, occupational safety, EHS trainings, knowledge of the beer market and the beer, beer tasting and drafting techniques, management programs. In 2021, 643 colleagues participated in some 76 trainings. The offered educational activities are always compliant with the company strategies. 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 and career plans. In 2021, we organized five entry trainings for 85 new colleagues 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.

With the daily work of our sales colleagues and the importance of safe driving in mind, we have provided all our sales employees with the opportunity to participate in driving technique training.

University programs

In the light of the importance of continuous development and to ensure adequate recruitment, Borsodi Brewery has been consciously seeking cooperation opportunities with universities for years. In 2021, we organised a joint programme with three universities: the Hungarian University of Agricultural and Life Sciences (formerly Szent István University), the University of Miskolc and Corvinus University of Budapest, which has established a successful and good relationship with the institutions. In the framework of the programmes, participants were able to get to know the brewery at one of the stations. In addition to the unique beer tasting, they learned about the beer brewing process and completed a sustainability quiz. We also collaborated with the Liskaland team, where we held a summer professional camp for hundreds of students on sustainability. In 2021, 41 new trainees joined the brewery's team in marketing, procurement, communications, legal, HR, finance, supply chain fields. Six apprentices completed their apprenticeship at the brewery in the areas of maintenance, logistics and supply chain.

Benefits

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.

he most important benefits that we offer to our employees are:



cafetéria



bonus opportunity,
depending on the annual
corporate and individual
performance



jubilee cash reward



with regard to open
positions, recommendation
reward in the framework
of the "I recommend my
friend" program



contribution to private
pension fund



discounted sports facilities
(AYCM card)



holiday and recreation
opportunities
and discounts



life and accident insurance



psychological counseling



discounted option for
beer purchase



discounted festival, beach
and sports tickets

COVID19 measure in 2021

The Borsodi Brewery treats the preservation of the health of its employees and the creation of safe working conditions as a top priority and has introduced a number of measures to this end.

In the second COVID year, we continued to attach first and foremost importance to the protection of our colleagues and communities. During 2021, we spent more than HUF 27.7 million on protective equipment provided to our employees. Last year, we provided 3,000 litres of hand sanitiser at the entrances to all our sites, at key workstations and for our sales colleagues.

From the very beginning of the epidemic situation, we provided FFP3 protective masks for everyday work to our colleagues working in the factory, as well as in the sales area, and we maintained this in 2021 and made it available to them without restriction. Last year we distributed more than 64,000 protective masks to workers.

At the Bócs site, we ensured mandatory body temperature measurements at all entrances, both for our colleagues and our partners. We have introduced the Covid rapid test in production. In order to ensure a safe testing process, we installed a container in a parking lot in front of the factory. In 2021, we used 200 Covid rapid tests of nearly 700,000 HUF in value.



In the workplaces where this was possible, we ensured that our employees could work from home until the end of the epidemic, thus protecting the health of our colleagues.

We have kept business travel to a minimum and also asked our colleagues to go on private trips only when justified. During the particularly dangerous epidemic period, we were among the first to recall our sales colleagues from the areas and restricted face-to-face discussions and meetings.

In addition to preventive measures, it was of paramount importance to keep our employees informed. In 2021 we continued to regularly communicate government measures and rules to our colleagues, and established our corporate rules in line with them. As a result of our actions, we were able to ensure our safe operation throughout the year, the stability of our production and our entire operations, the continuous supply of our partners and the service to our customers.

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. Employee structure, including management (as of 31 December 2021).

Employee structure, including management (as of 31 December 2021):

	2020	2021
total number of employees	416	444
of them	32% female, 68% male	33% female, 67% male
in the case of management	33,33% female, 66,67% male	31% female, 69% male
average age of employees	41,78 years	41,27 years
average employment duration at the company	12 years	11 years

The remuneration strategy at Borsodi Brewery is based on the corporate culture of the parent company Molson Coors. It aims 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. 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 the location of their wages in the wage band 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.



A diverse and inclusive working environment

Today, diversity and inclusion are essential requirements for a company that puts people first and wants to succeed in business. Borsodi Brewery believes in creating and maintaining a working environment where all employees can be confident that they will be listened to and respected. Where everyone is valued, everyone is appreciated and everyone feels safe, regardless of who they are.

To make our company the first choice for our employees, customers and partners, we are working to build a more inclusive culture that encourages and supports diversity in our workforce. Diversity is a very important value, understanding it allows us to better understand each other, and an inclusive culture can accelerate this process.

In the spirit of diversity and inclusion, the brewery takes responsibility for encouraging inclusion, recognizing and valuing the individualities present in the company and facilitating positive changes.

For the path to success, we have set the following directions for the Diversity and Inclusion Programme, which was launched in 2021:

- Inclusion for ALL
- Diverse Teams
- Respect at Work
- Age Balance
- Gender Equality
- Inclusive Leaders



The project was launched in 2021 with all our managers and colleagues from several areas of our company participating in the pilot training sessions.

Our commitment to diversity is demonstrated by the fact that in 2021 we joined the European Diversity Charter Hungary.

The European Diversity Charter was launched in 2004 as an initiative to set out and promote the European Union's anti-discrimination and equal opportunities guidelines for the workplace. Currently, the Diversity Charter initiative is active in 26 countries across Europe, and as a company we can fully identify with this approach; joining the Charter will help us to achieve our ambition to be an inclusive and non-discriminatory company.

Employee programmes, wellbeing

In 2021, we continued our virtual community-building programme for our staff called „CHEERS“. We organized three virtual beer tastings. On each occasion, our beer ambassador gave colleagues the opportunity to taste our new products and compare their skills with online board games. At the end of the year, we held our Christmas beer and food pairing competition at CHEERS, where our colleagues showed off their gastronomic creativity with festive recipes.



We believe that the well-being of our colleagues is one of our most important resources. We launched our wellbeing programme in early 2021. One of the pillars of wellbeing is creating the right working environment, so we have made a number of improvements to our factory, including renovating the central changing room lobby, some factory rest rooms, social areas and installing soda machines in the factory area. In addition, Molson Coors has made webinar opportunities available to all employees, where they can get advice on work-life balance, time management or mental well-being.

Our group company also joined the Molson Coors „step challenge“, with the mission to walk, run, cycle, swim or do any form of exercise together, not only to improve our physical and mental well-being, but also to discover the region's sites through an online route.

Internal communication

We consider internal communication to be an effective means of informing employees, however, as in all other areas, the coronavirus has had an impact here, as a result of which the focus has shifted even more from previous personal communication to online communication interfaces. The employees are usually informed of the changes and other important information about the company in the form of e-mail notifications, thus it continues to be the primary form of notification within the company. In 2021 the brewery's internal newspaper, Beer minutes, was also published twice, which we shared with our colleagues in June and in December, and covered the most important events of the year, providing each function with the opportunity to report on the most important news and projects in its field. 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. As a highlighted internal event, a corporate conference is held every year, to which all employees are invited. At this large-scale event, held online by the company in 2021, we evaluate the previous year and discuss the main objectives for the year ahead.

The close, direct working relationship between the employees and the senior executives and the continuous flow of information constitute 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 in addition to the local management of Borsodi Brewery (so-called townhall meeting) and ask questions, which in 2021 took place on the online interface, in a total of four occasions. 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.



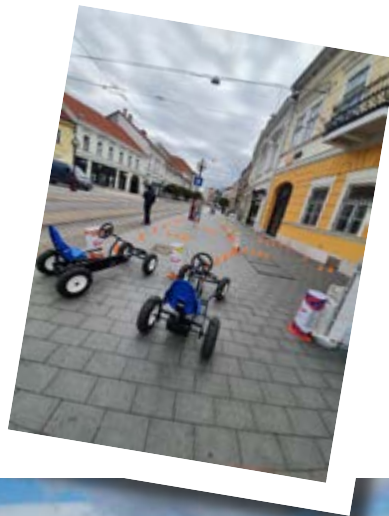
Community and volunteering

In September 2021, Borsodi Brewery once again organized its Sustainability Month, where we held our events in line with the pillars of our sustainability strategy. Our Imprint month focuses on responsible alcohol consumption, environmental protection and social responsibility.

We opened the month of September with an online training session under the Environmentally Responsible Production pillar, where we worked with the Hungarian Food Bank Association to raise awareness of food waste among our colleagues.

Within the framework of the Responsibly Refreshing pillar, a very popular cooking competition was organized in accordance with tradition, where colleagues entered in the traditional and reform categories, and there was also the opportunity for volunteer cooking, which was realized with the help of the Hungarian Food Bank Association and nearly 50 Borsodi volunteers, thus we prepared 450 meals to help those in need in Bőcs and the Miskolc area, and contributed to the distribution of 2000 food packages. One of the special features of the day was that our employees also competed in the „Everybody became a baker” bread competition, where Szabi the Baker helped with the judging. Unusually, in 2021, the jubilee and lifetime achievement awards were also presented at the cooking competition.

The Borsodi Brewery has always paid special attention to the importance of responsible alcohol consumption. In September 2021, in the framework of the Miskolc Mobility Week, Borsodi Brewery offered an educational programme on the topic on the „Tune in to safety” day: adult visitors could test their knowledge on the effects of alcohol and responsible consumption by completing a quiz, and with the help of a pair of „drunk” glasses, they could experience on a go-kart track how their vision and reaction time changes when drinking alcohol.



On the brewery's volunteer day, the brewery's employees renovated a community space for the citizens of Bőcs, worth around HUF 1.5 million. The park near the factory, the tennis court next to it, was also renewed, bins were placed and fireplaces were set up to support community experiences. On that day, our colleagues had the opportunity to get nutritional advice in the wellbeing tent and to have basic tests such as blood sugar checks.

In addition, we have also regularly been supporting various charity events with our products. In 2021, we also contributed to the event of the National Blood Donation Day held in Miskolc last year, as well as to various activities of the Belgian, Czech and Mexican embassies, and to community events of organizations in the Bőcs area, for a total of nearly two million HUF.

On the initiative of the employees of Borsodi Brewery, our company joined the “Bring it back, Bro!” campaign launched by the Jane Goodall Institute, which aims to protect the natural habitat of gorillas and chimpanzees. Borsodi Brewery has donated 125 tablets and 274 mobile phones, a total of 70 kilograms of electronic waste to the Institute in the hope of contributing to the campaign's goals.

Following the loosening of the restrictions due to the coronavirus epidemic, 30,000 disposable masks were left over, which the brewery donated to the municipality of Bőcs, the hospital in Miskolc and to families in need through the Hungarian Food Bank, amounting to more than one million HUF.

In 2021, the company organized two blood donations together with the Hungarian Red Cross with the participation of 35 helping colleagues.



Our planet

Our business success is closely linked to the health of our planet. We want to leave a positive legacy and we know that in order to do this, we need to put the protection of the environment at the heart of our strategy. Addressing climate risks and identifying opportunities to reduce our environmental impact, from increasing water efficiency to innovating sustainable packaging, could help us to succeed as a company now and in the future. It is a challenge for us to use our resources efficiently. By working together with our suppliers and partners to reduce our collective footprint, we could help to make a positive impact on our planet and society.

Product safety and consumer health

Numerous inspections took place at the brewery during the year. Last year, 12 internal and five official inspections were carried out at the factory, during which no non-compliance was found. In addition, there were 14 official samples from different areas of the country, and the quality of the products was adequate at all times.

In 2021, Borsodi Brewery renewed the IFS International Food Standard Certificate, which the company received with a high rating of 97.62%. This warrants that the brewery operates in accordance with its quality management and food safety management systems, so no other customer audits were performed in 2020.

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 40 types of products from nearly 21 foreign breweries.



World Class Supply Chain (WCSC) 2.0.

The Borsodi Brewery is constantly reviewing its production processes and looking for development opportunities to optimize production processes. In 2021, we started integrating production areas into the WCSC2.0 system, which as a corporate governance system can help to maintain or even increase our competitiveness in the long term by applying modern working methods, since it means using modern business and production techniques and working methods, in the right sequence of implementation.

SYSTEM MODULES:

LDR	Leadership
FI	Continuous improvement
PM	Progressive maintenance
ET	Education and Training
SN	Logistics
WPI	Work Process Development
IM	New product launch
QFS	Quality Assurance
EHD	Environment, Health, and Safety
ENT	Strategy
AM	Autonomous maintenance
ORD	Organizational Development



In 2021, together with the Molson Coors regional team, we launched the first official RTT rollout, initially for the CAN2 can filling line. The RTT (Run to Target) is a programme of 12-week rollout with WCSC2.0's daily and mid-term management tools. The dynamics of the programme is that during this period, performance gains will be achieved by developing the knowledge and skills of the operators and managers, and by bringing the machines to baseline and making the appropriate adjustments. As a result, compared to 2020 results, efficiency on the CAN2 line has increased by 6% and box losses have been reduced by 43%.

Other areas of the packaging plant have also started to operate under WCSC. As a result, machine efficiency has improved and ideas and investments have been implemented that have also had a positive impact on water and heat energy consumption.

One of the outstanding projects of the CAN2 can filling line was the hygiene improvement, i.e. the revision and modification of the foaming standard on the filling machine. Together with our hygiene supplier partner, we successfully changed the foaming frequency and length from 4 hours to 6 hours, all by improving the system and cleaning processes and achieving 100% compliance with quality and food safety standards. With this project, compared to 2020 results, we have achieved a 3.9% increase in efficiency, 11 hours of extra capacity per week and energy savings of almost 40%.



Supplier chain, raw materials

Our aim is to establish and maintain long-term relationships with suppliers of key raw materials and service providers, with a focus on high quality of raw materials and services, the possibility of long-term development, the reduction of ecological “beer footprint” and the use of different environmentally friendly solutions. In 2021, 87.72% of all products and services purchased were sourced from local companies*, with the remaining 12.3% from foreign supplier partners.

Building a long-term partnership is particularly important in the case of suppliers of raw materials used in brewing process, in order to ensure smooth production at the expected quality level. We constantly buy raw materials from Hungarian producers and farmers, thus providing them with predictability. 25% of malt and barley we use, as well all corn used are of Hungarian origin, the rest of the malt and specialty malt and hops come from abroad. Strict specifications have been set for all of our raw materials, which we also analyze on a regular basis. These specifications are reviewed with suppliers on an annual basis and amended as needed. Water is one of the primary raw materials for the production of beer. About our water treatment and water consumption please see the following chapters. Borsodi Brewery is constantly working to significantly reduce its waste production and find ways to recycle waste.



* I.e. companies with a registered address / subsidiary in Hungary.

** I.e. companies with a registered address abroad.



Our environmental goals

NAME OF THE TARGET	2019	2020	2021	2022	2023	2025
	RESULT			GOAL		
reducing water consumption (value / 1hl of beer produced)	5,011 hl	4,36 hl	4,40 hl	4,30 hl	4,09 hl	4,04 hl
reducing electricity consumption (value / 1hl of beer produced)	7,32 kW	7,40 kW	7,26 kW	7,12 kW	7,14 kW	7,10 kW
reducing the use of thermal (value / 1hl of beer produced)	72,09 MJ	69,7 MJ	67,93 MJ	67,11 MJ	66,10 MJ	65,8 MJ
reducing the amount of waste going to landfill (value / 1hl of beer produced)	A TOTAL OF ZERO TONNES OF LANDFILLED WASTE					

Achieve zero waste to landfill

Our aim is in line with the EU’s ambition to minimize the amount of waste going to landfill. We sell and transfer packaging waste from our manufacturing processes to our waste management partners as secondary raw materials or for energy recovery. In addition, Borsodi Brewery also recycles waste from beer filtration and wastewater treatment as compost on its agricultural land, in accordance with the permits in force, and sells the brewing wort and waste yeast to feed producers and livestock farmers. Since 2018, no production waste has been landfilled. Our responsibility is to maintain this result in the long run. Our employees also directly contributed to maintaining the results of 2021 by applying the rules of waste separation.



Change in the waste volume sent to landfill:

	2015	2016	2017	2018	2019	2020	2021
Change in the waste volume sent to landfill (t)	214,19	192,31	183,77	0	0	0	0

Energy

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 use the Eurosense monitoring system. Not only does the system allow us to draw short- and long-term conclusions from the available data, but we are also able to determine optimal consumption. We are able to monitor energy consumption of individual installations and production plants. It offers the opportunity to identify sub-optimal consumption and eliminate the cause of increased consumption. In the case of investments, it is particularly important that new equipment is fitted with a meter.

We have set the main energy consumption goals up to 2023 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 2016 data.

In the context of responsible and efficient energy use, we can report on the following priority projects and investments for 2021. By expanding our tank farm, we have not only increased our filtering capacity, but also improved filtering efficiency. Similarly, the replacement of the old frame filter with a new candle filter has improved filtration efficiency. A compressed air supply is essential to the technology, so we purchased a new high-efficiency compressed air compressor. In 2022, we will continue the series of improvements with the modernization of the filter plant and the delivery of a new logistics warehouse. We would like to continue installing energy meters so that we can monitor the consumption of our machines online. Long-term projects also include investments that will enable us to produce several types of energy in a carbon-neutral way. The possibility of geothermal energy supply is in the preparatory phase. The installation of a solar farm is also in our medium-term plans.

Water



A further important indicator in our brewery is water consumption. Water is one of the primary ingredients in brewing, essential for preparing our great drinks. At the same time, it is a very precious commodity, and, for this reason, it is necessary to handle it responsibly and avoid wasting it.

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.

A mixture of sewage sludge from wastewater treatment and silica sludge from beer filtration will be disposed of on agricultural land owned by the brewery after 6 months of dewatering and accredited laboratory testing prior to disposal, as required by the relevant official permits. The sludge mixture is distributed in spring and autumn before or after agricultural work. Delivery and cultivation are carried out by an authorized contractor.

In 2021, the water consumption rate was 4.4 liters of water per liter of beer. In order to keep water consumption to a minimum, we strive to seize every opportunity, for example, to optimize use during water-intensive processes. Our long-term plans include upgrading the entire water treatment system to make our water use more efficient.

Packaging materials

Since 2010, as a member of the AHB, the Borsodi Brewery has also been closely cooperating with Returpack Ltd., which operates its vending machines for the return of aluminum beer cans and other aluminum cans at more than 120 locations. Thanks to the scheme, more than 100 million aluminum cans (1700 tons) are recycled every 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, thus actively participating in recycling.

Emissions from beer production

To meet legal requirements, the brewery monitors CO₂ (greenhouse gas) emissions from the combustion of natural gas used in the combustion plants and from biogas produced from the waste-water treatment. In 2021, this equipment's certified greenhouse gas emission was 5517 tons of CO₂. 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, and 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. In 2021, the emission values did not exceed the prescribed limits in either case.



Waste management

In 2021, the Borsodi Brewery generated 24,679.65 tons of waste. The amount of waste used as secondary raw material is 1,163.683 tons (4.72%) and the amount of waste recycled as energy recovery is 85.704 tonnes (0.35%). As we 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 of 2018. Related to this topic is the treatment of brewers grains and waste yeast. These are by-products of brewing that are highly sought after by feed manufacturers and livestock keepers. In 2021, the Borsodi Brewery sold 20,780 tons of brewers grains and 1,921 tons of waste yeast. The sludge from beer filtration and wastewater treatment was used as compost.



Workplace safety, accident prevention

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 its own set of criteria 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 World Class Supply Chain 2.0 corporate governance system we place emphasis on risk prevention, ensuring safe conditions both for our employees, and our suppliers, as well as for visitors to our brewery. We have set strict goals in the area of accidents and injuries up to 2025 with the ambition to achieve zero injuries that require treatment by a physician. 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 a safe working environment. In 2021, we introduced preventive measures primarily in the prevention of the spread of coronavirus infection, and we launched this year with a safety culture programme.

Logistics

In transport, we cooperate with contractual partners who use vehicles that fulfill the Euro V or Euro VI emission standard. At the moment, nearly 80% of our contractors' vehicles are meeting this standard, ensuring lower CO₂ emissions than in the previous year. 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. Under the transport tender published in 2020, it is now a key requirement for transport partners to meet these emission standards. During the organization of transport, the number of transport increased compared to 2020, 29% of the transports were realized as one-way transport, i.e. 71% of the return journeys are made with a payload of goods rather than empty. We are constantly working on increasing the utilization rates of trucks and the proportion of directional transports. A project has been launched to transport imported products more efficiently: we deliver a significant part of our imported products to a central depot rather than to the factory, so we optimize our routes with the view that we can deliver them to dedicated partners via the shortest route, with less movement and in a shorter time.

In the autumn of 2021, we started one of the biggest developments in our logistics area: we laid the foundations for a logistics hall that will optimize processes such as product dispatch, loading times, and better coordination of production and logistics processes, thus serving as a basis for other environmentally friendly solutions in the future, as part of our long-term plans.

CSR management

Social responsibility agenda falls within the competence of the legal and corporate affairs department. The company management is actively involved in all projects and initiatives, which this department controls under the leadership of 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 covers the period from 1 January to 31 December 2021.

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