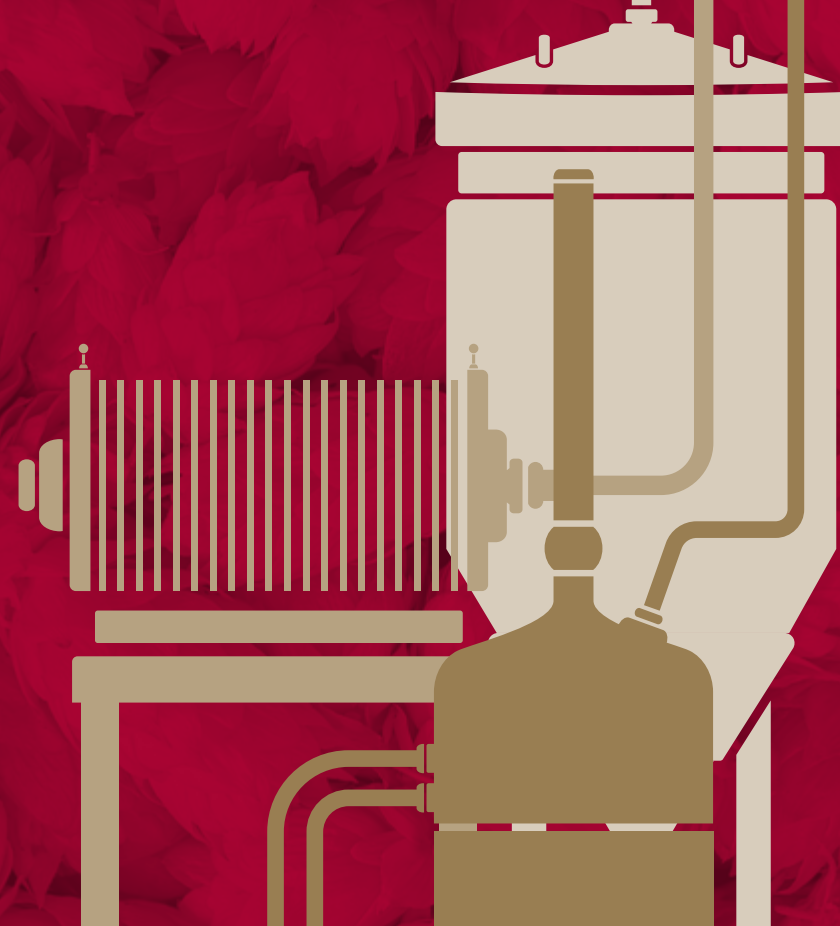


2016-2017 SUSTAINABLE DEVELOPMENT REPORT



URSUS
Breweries

2016-2017
**SUSTAINABLE
DEVELOPMENT
REPORT**

URSUS
Breweries



Ursus Breweries was a GRI Standards Pioneer, being among the first 20 companies in the world that have adopted the new Standards in their sustainability reporting process. We continue to widely include our stakeholders throughout the report development, providing an open floor for constructive discussions and feedback.

KEY PERFORMANCE RESULTS 2017

RON 1,705,841,267 Company revenue ¹	1,443 employees
RON 194,302,058 Gross profit ²	8 hours of training per employee
665 million HL beer produced by Ursus Breweries	Zero our work fatality rate (company and contractors)
RON 122,851,237 Taxes ³	2.87 hl/hl water consumption / product
69% of total spent (direct and indirect) is purchased from local suppliers	97,513 tones organic waste reused / recycled
100% compliant with Romania's legal requirements according to licenses and permits	

¹ As of 31.12.2017, in full accordance with the Romanian fiscal legislation. Source: <http://www.mfinante.ro/infocodfiscal.html>
² Idem.
³ The figure includes payments and contributions to national and local budgets (1 January – December 31, 2017) such as excise duties, VAT, income tax, and contributions to social security plans.
* This reports covers UB activity from April 1st, 2016 to 31 December 2017. When relevant, we have included information covering the whole financial year 2016 (1 January – 31 December).

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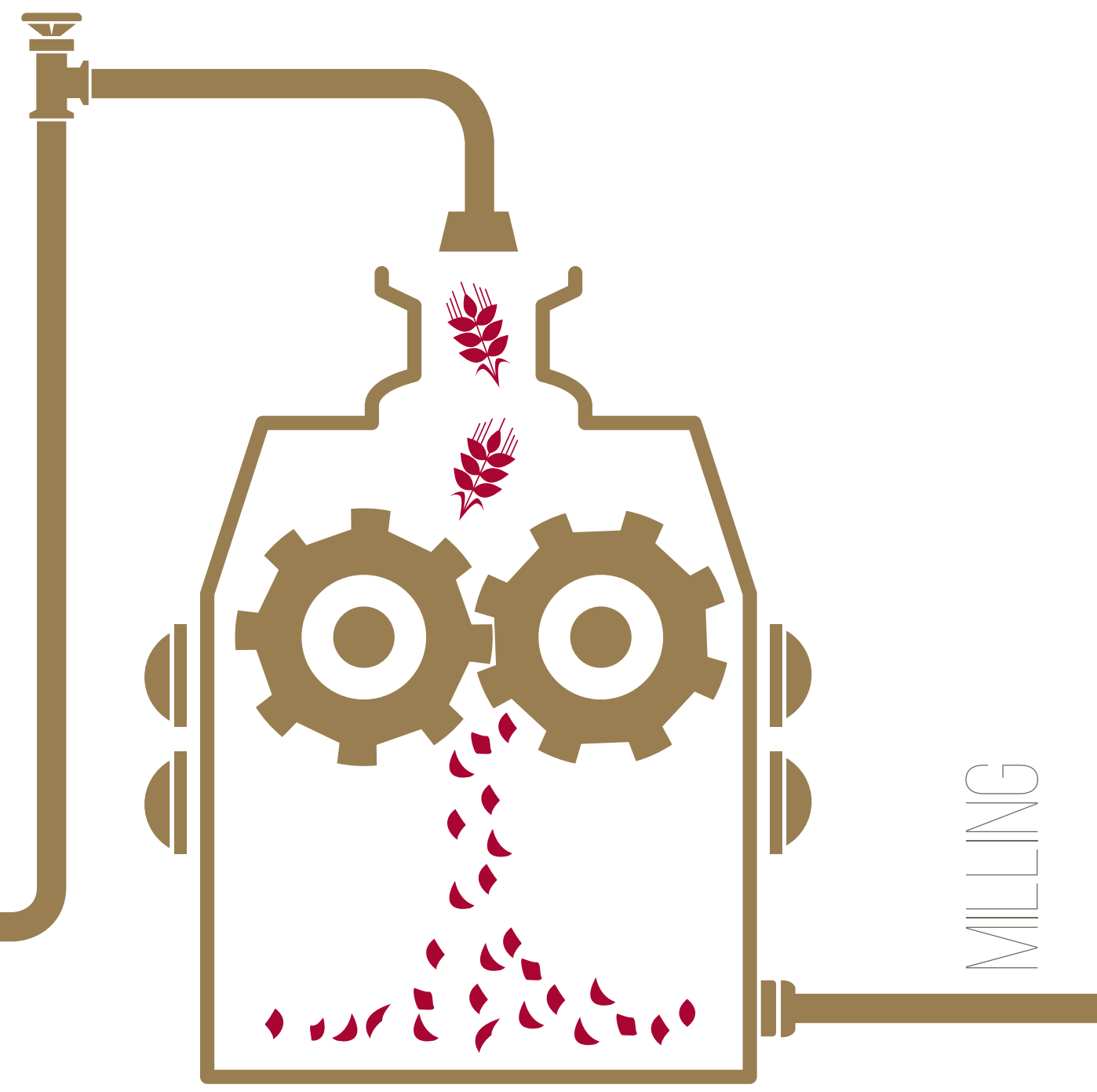
Apart of the Introduction, which is mainly aimed at introducing the reader into our company's atmosphere and operations, the four major chapters of our sustainability report reflect who we are and the priorities that we have: **B**usiness, **E**mployees, **E**nvironment, and **R**esponsibility. We make **BEER**.

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1.

INTRODUCTION



MESSAGE FROM THE PRESIDENT



It is with great pride that we are introducing you to our sixth Sustainable Development Report. Continuing our tradition of award-winning, pioneering non-financial reporting, the present report is also built with observance of internationally-recognized standards. Above all, it is as a standing proof of our enduring commitment to make sustainable development part of our business strategy. I invite you to explore this document as an accurate reflection of our journey in the 2016-2017 and of our priorities for the short and medium-term with respect to sustainability and how they relate to long-term organizational strategy and success. Being market leader in the beer industry

in Romania comes with opportunities, challenges and increasingly higher expectations. We have truly embraced this responsibility and have chosen to assume our role as a good neighbour in the communities where we operate, while remaining mindful of our economic, social and environmental impact alike. In 2016 Ursus Breweries embarked on a transition path that eventually led to our integration within Asahi Group, our new, Tokyo-based owner. Now we are part of a regional business that reunites Central and Eastern European markets under the umbrella of Asahi Breweries Europe Group. The last three years have been challenging, yet successful and fulfilling. When it comes to sustainability, we find ourselves on a smooth road as well. We are proud to be part of a group actively engaged in activities aimed at fulfilling its social responsibility and focused on creating shared value across its business chain and global communities. That is a legacy that fits well with Ursus Breweries's own heritage in Romania. Our endeavors to give back to the society rely on an inseparable relationship with our employees, customers, our partners and the communities where we operate. We are responsible for the health, safety and wellbeing of over 1.400 employees – we ensure they work in a safe environment that

guarantees the development of their best self, including by training and volunteering opportunities. Our customers benefit from the best quality beer – with a focus on safety and quality, as well as on innovation. We deliver the most loved brands in Romania (as exemplified by the "Piața Magazine" award in 2017 for Timisoreana Unpasteurised) and in the world (e.g. World Beer Awards 2016 - Gold medal Non-Alcohol Lager for Ursus Cooler, GOLD medal German-style Lager for Ursus UNTOLD). Natural resources are important for both our business and communities where we operate, that is why we are putting great care in how we use them. With constant commitment and investment, over the last two years we have managed to lower our consumption from 3 hl for each hl of beer produced in 2015 down to 2.87 hl in 2017. Reductions of energy and carbon emissions are also part of our environmental commitments. Ursus Breweries is the proof that the legacy to bringing joyful moments to the people can be pursued with commitment for dialogue and determined actions in a sustainable manner. The current Report is such an invitation to dialogue to all of you reading it.

Thank you,
Igor Tikhonov
President of Ursus Breweries

MESSAGE FROM THE VICE PRESIDENT FOR CORPORATE AFFAIRS



Dear readers and friends of the sustainable development community, After two years, it is with great joy that we are bringing to you another proof of Ursus Breweries' journey on its sustainable development path. 2016-2017 have been two of the most interesting years in our recent history. The people of Ursus Breweries had an opportunity to witness a unique transition process induced by the acquisition of former European operations of SABMiller by Asahi Group Holdings. During this time, we have anchored our sustainable development on the legacy of our former Prosper framework, focusing on how to build a sociable world. Ursus Breweries' commitment to alcohol responsibility has been reaffirmed within the international stage where Asahi Group is a signatory**. Responding to local needs, we have continued to implement innovative programs to prevent underage drinking, drinking while driving and drinking while being pregnant (with a focus on building awareness about the fetal alcohol syndrome -FAS). We have remained committed to support good and educated citizenship in the communities where we operate, expanding our "Student for communities" scholarship program in all our Home Markets, in universities and technical high-schools. As we get to be present to increasingly

important local events (e.g. festivals), we identified also the way to transform fun into an opportunity to learn more about environment and recycling. In 2017 we have piloted recycling activations at major festivals across the country (URSUS - UNTOLD, Grolsch - Awake, Ciucaș - Oktoberfest Romania) and we believe this is a road to pursue in the years to come. There is so much more to tell, but I invite you to read this latest report in detail, convinced that you will find numerous and interesting stories. However, from both business and sustainable development point of view, none of the results would have been possible without dedicated work from our company colleagues. Apart from being employees, they are equally supporting volunteers and good neighbors in their communities. They are the people of Ursus Breweries! We are grateful for their everyday commitment. Last, but certainly not least, we owe you, the reader of this report, a big "Thank you!" for your constant partnership and support in our activity.

Cheers!
Robert Uzună
Vice President Corporate Affairs

** Beer, Wine and Spirits Producers' Commitments to reduce harmful drinking <http://www.producerscommitments.org/>

ABOUT OUR COMPANY

102-48

In March 2017, at the end of a process of acquisition of business and related assets that were previously owned by SABMiller, Ursus Breweries, together with other four businesses from Central and Eastern Europe markets became part of Asahi Breweries Europe Group-ABEG.

Together with Asahi Europe Limited – AEL, which includes Peroni, Grolsch and Meantime businesses, ABEG is now part of Asahi Group Holdings Ltd., with headquarters in Tokio – Japan.

Our operations were not affected by the acquisition. For detailed information on our operations, please refer to our website: <https://bit.ly/2Qm3kol>.

Ursus Breweries SA is currently a joint-stock company and the largest beer manufacturer in Romania.

The shareholders' contributions to the company capital are the following:

- Asahi Breweries Europe Group, a British legal entity, registered with the Trade Register Office in England and Wales under no. 10609034/08.02.2017, headquartered in 20-22, Bedford Row, London, United Kingdom of Great Britain, WC1R 4JS. It owns 4,443,728 shares, which represent its contribution to the share capital of 26.217.995,20 RON (98.68% of the share capital); and
- other shareholders (Romanian natural persons and legal entities) owning 59,395 shares, representing 350,430.50 RON (1.32 % of the share capital).

SIGNIFICANT CHANGES



MISSION⁴

We inspire people to enjoy spending time together by building a vibrant beer culture in Romania!

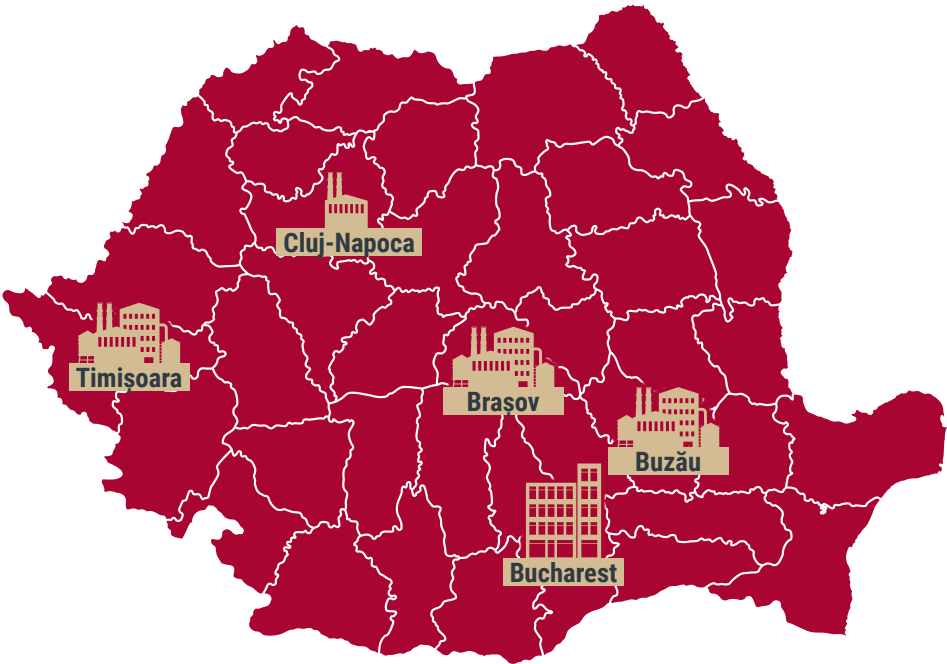
VISION

To be the most admired company in the Romanian beer industry

- Leader by value
- Partner of choice
- Employer of choice

OUR MARKET

We cover the entire Romanian territory, and our customers are adults having the minimum legal drinking age, i.e. at least 18 years old as per the Romanian law. Additionally, we were also present outside Romania with Timisoreana brand for which sales in 2017 were over 7 million units.



We currently operate three large breweries (Timișoara, Brașov and Buzău) and a mini-production facility in Cluj-Napoca. We are headquartered in Bucharest.

⁴ In Q4 2017 we have been working to define a new mission and vision for Ursus Breweries, they will be made public in the near future.

Members of the Executive Board



Igor Thikonov*

Ursus Breweries President



Claudiu Fuiorea

Vice President Finance



Rob Kenney***

Vice President Human Resources



Mihai Barsan

Vice President Marketing



Alan Sikora**

Vice President Technical



Robert Uzună

Vice President Corporate Affairs



Tiarnán Ó hAimhirgín

Vice President Sales and Distribution



Glenn Burgess

Vice President Supply Chain

Corporate governance is a key priority in realizing optimum corporate activities and in meeting our stakeholders' expectations, whether they are investors, business partners and consumers. We are proactive in building trustworthy relationships with the society, in addition to being transparent and play an active role as a responsible member of the community.

Each member of the Executive Board is

responsible for carrying out the long-term vision and medium-term management policy in full accordance with Asahi Group's Corporate Governance Guidelines⁵. By practicing "growth-oriented corporate governance", our management seeks sustained growth and corporate value enhancement in the medium and long term.

Ursus Breweries has in place a fully-fledged internal control system that

works to enhance corporate governance and maintain a harmonious development together with our stakeholders. The basic policies developed by Asahi Group for establishing the internal control system are available here.

Two additional systems make our corporate governance function properly:

- the compliance system, which aims at keeping employees

informed about the Corporate Ethics Regulation and the Corporate Ethics Guidelines;

- the risk management system that performs cross-sectional analyses and evaluations. Periodic surveys are conducted in order to detect risks in the following sections: quality, compliance, governance, personnel, IT and finance. A Clean Line System is meant to identify

and prevent problems from occurring, and resolve risks early.

At the local level (i.e. our operations across Romania), the percentage of senior management (i.e. members of the Board) that are locally hired is 42.86%, while 100% of our brewery General Managers are Romanians.

⁵ Asahi Group Corporate Governance Guidelines are regularly updated and can be consulted at <https://bit.ly/2LrsOhu>

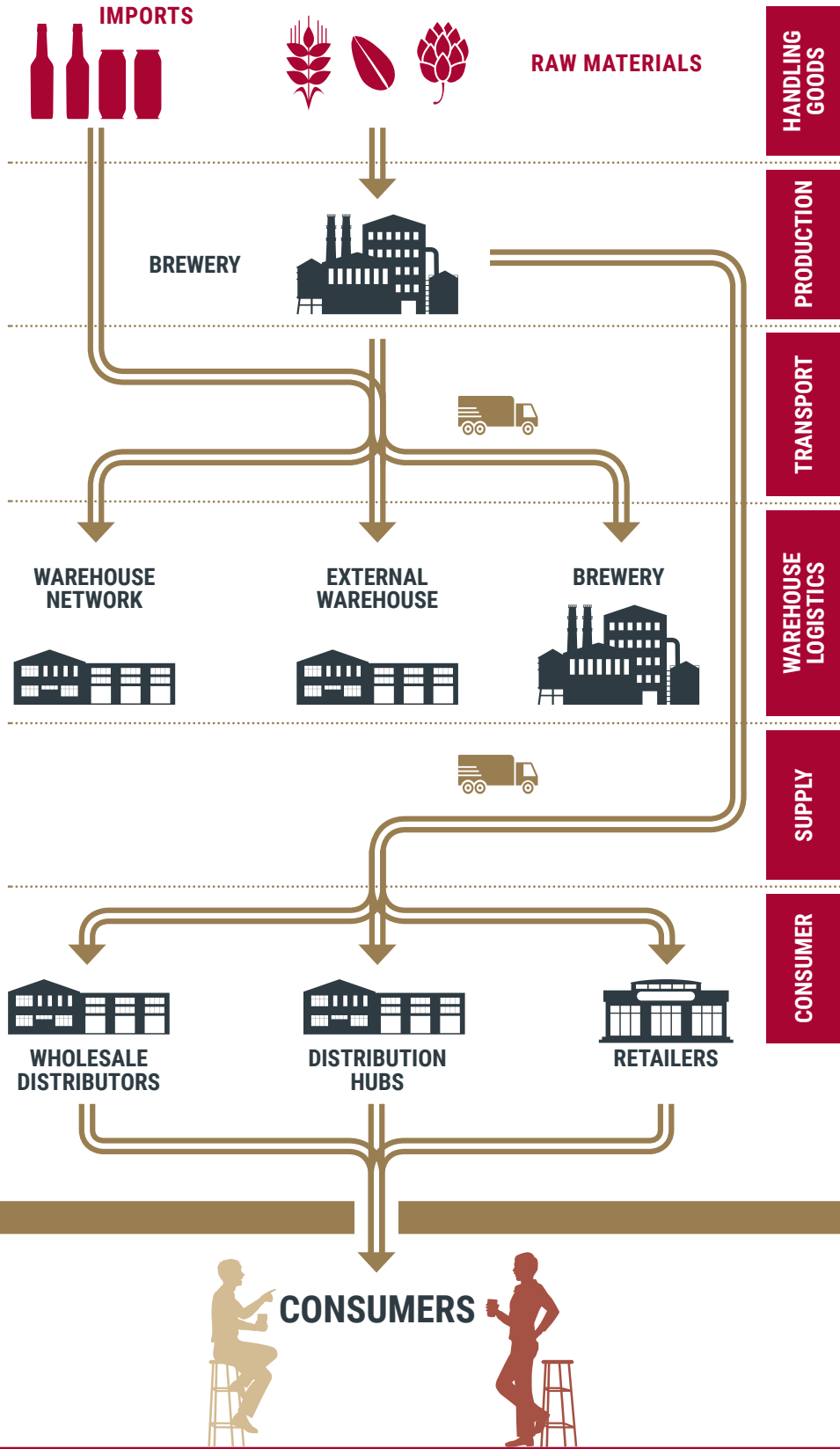
* The mandate has ended in October 2018. He will be replaced starting February 2019

** The mandate has ended in April 2018. Current interim: Sorin Harabagiu.

*** The mandate has ended in June 2018. He was replaced by Zuzana Balejová.

URSUS BREWERIES SUPPLY CHAIN

Handling of incoming goods, production, the inter-depot movement, warehouse operations, customer supply and consumer are the six pillars of our value chain.



TRACKING OUR BRANDS

Ursus Breweries portfolio includes two major types of brands: local and international*.

Local: Timișoreana, URSUS, Ciucaș, Azuga and Stejar.

International: Asahi Super Dry, Grolsch, Peroni Nastro Azzurro, Pilsner Urquell, Meantime, Grolsch Weizen, Efes, St. Stefanus and Kingswood (cider).

*2018 portfolio

TOWARDS A NEW CORPORATE SUSTAINABILITY CULTURE

Over the last years, we have subsumed our sustainable development efforts under a platform – Prosper – and a series of five goals that were our shared imperatives. They are explained in detail and can be accessed at page 12 of our past report.

The norm was that material topics resulting from the stakeholders’ consultation process would be reported against Prosper and the Sustainable Development Goals (SDGs).

We are currently redefining our new corporate responsibility and sustainable development strategy, setting new targets and drafting a new CSR policy that would adhere to Asahi Group’s corporate philosophy and corporate behaviour. Therefore, for 2016-2017 period we decided to report based on those topics identified as material by our stakeholders during the latest consultations.

We would disclose in detail our new sustainability vision and commitments in our next report.

In the meantime, interested stakeholders have the opportunity to accommodate their interests and discover the Asahi Group rules of CSR and sustainability engagement here.



We have both a direct and an indirect economic impact. Sustainability reporting shows a clear progress. We could do better in terms of bringing this process closer to the people. The format and the report structure invite you to open it. It’s amazingly intuitive.

Dan Toader,
Finance and Controls Manager

Romanian economic, social and environmental landscape

Romania’s economy has been growing exponentially in 2016-2017 hitting a record 7% growth in 2017, according to the National Institute of Statistics (INS). As the Foreign Investors’ Council (FIC)* indicates⁶, private consumption was one of the major contributors to the economic growth during the past few years, fueled by increased consumer sentiment. Consecutive VAT cuts in 2015 and 2016, lower food and oil prices, in addition to declining inflation and higher wages lifted consumers’ purchasing power. Private investments followed closely, as the confidence in local industry improved significantly.

The lack of predictability on environmental regulatory framework is of major concern for all businesses. The FIC highlights that this was mainly felt in the waste management sector, “where disproportionate regulation and enforcement of the packaging waste rules against private companies as opposed to entities responsible for municipal waste collection have led to a significant instability in the market.”⁷

⁶ Source: the Foreign Investors Council, White Book 2017 <https://bit.ly/2udEAW5>
* The Foreign Investors Council is a business association reuniting foreign investors in Romania. Its members account for 26% of Romania’s GDP.
⁷ Source: the Foreign Investors Council, White Book 2017 <https://bit.ly/2udEAW5>
⁸ Source: FIC, Business Sentiment Index September 2017 <https://bit.ly/2LqXWRp>

SUSTAINABLE DEVELOPMENT CONTEXT

Existing legislation in 2016-2017 indicated that adequate norms need to be developed based on impact assessment, says the FIC, while new waste recovery units should be developed based on operational and sustainable development vision.

Nonetheless, environmental procedures need to be correlated with changes in legislation, thus avoiding dissimilar interpretation of the same law requirement issued by specialized authorities such as environmental protection agencies or environmental guard authorities.

With an unemployment rate around 4%, the labor market is tight. While the number of active employees increased by 14% from 2010 to 2016, according to INS, the wages have significantly increased – by 43%. However, the labour productivity is not following the same pattern and, correlated with a sudden and high number of fiscal changes, could lead to a more unstable labour market for certain categories.

Yet the numerous changes to the fiscal and regulatory framework and the political instability have raised concerns over the Romanian business environment: The business sentiment index measured among

the FIC member⁸, shows companies raising concerns over the state of the local business climate from 55.6% (March 2017) to 74% (September 2017). According to the same Index, 26.6% of those answering believe that the business environment worsened significantly, while 51% said it slightly worsened.

In 2017 Romania adopted the legislation to transpose the European Directive regarding disclosure of non-financial and diversity information (Directive 2014/95/EU), making non-financial reporting compulsory for public-interest entities with more than 500 employees. In enlarging the scope of the non-financial disclosure, legislation could encourage a more competitive and ethical business environment.



Beer impact on the economy⁹

Beer consumption in Romania reached 80l per capita or a total of 15.8 million Hl¹¹ in 2016, down from 90l per capita and a total of 18.2 million Hl in 2012. Almost all beer consumed in Romania (97 percent of it) is locally produced¹², and most of it is consumed off-trade (84 percent). Local producers supply more than 70 percent of the natural ingredients used by the Romanian beer industry.

In terms of added value¹³, the beer industry in Romania generated 862 million euro, of which 41.11 percent in retail (forward linkages), 26.71 percent in the supply chain (backward linkages), and 6.97 percent in the hospitality sector (forward linkages). The rest is due to the direct effect of brewing companies. According to Berarii României Association, 533 million euro represents direct and indirect contribution to the state

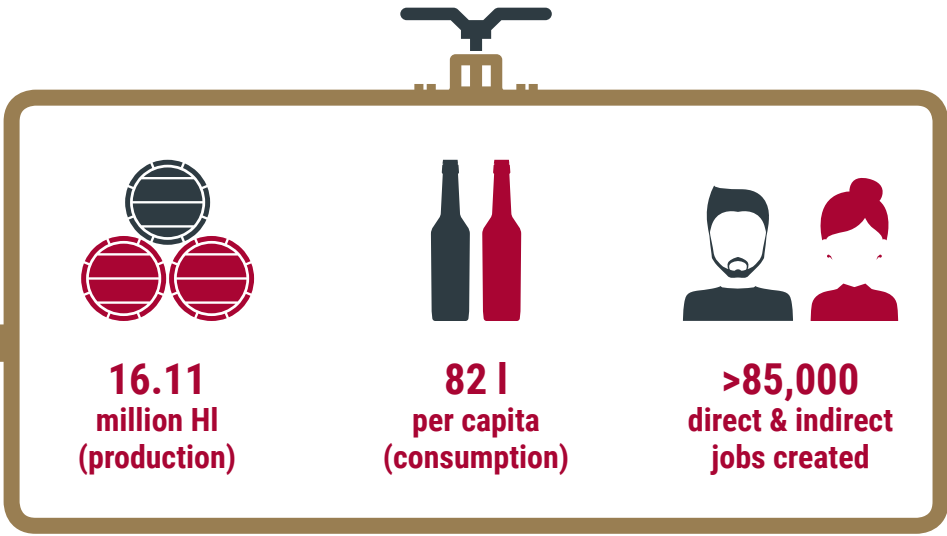
budget, while the total investment made by BR members in Romania reached 1.47 billion euro.

When analyzing the taxes, the revenues rendered by the industry indicate that 53.37 percent are due as VAT (both off-trade and on-trade), 28.09 percent are excise duties, and the rest is related to income, payroll and social security.

The employment generated by the beer industry in Romania indicate 5,600 jobs¹⁴ created directly and about 80,000 more jobs¹⁵ created indirectly.

By packaging type¹⁶, Romanians' preferences were in 2017 about the same as in the past, with 27.46 percent opting for glass, 18.2 percent for can, 3.38 percent for Keg, while PET continues to lead by far with 50.94 percent, although the trend shows a slight decrease (from 51.56% in 2016).

Beer market¹⁰



⁹ Source: Berarii României Association, Beer & economy <https://bit.ly/2KPrubK>
¹⁰ Source: Berarii României Association 2018 <https://bit.ly/2LU8b0R>
¹¹ Source: Brewers of Europe, Beer statistics 2017 <https://bit.ly/2LKFbJG>
¹² Source: Berarii României Association
¹³ Source: Brewers of Europe, Romania: country profile. <https://bit.ly/2ma0C7W>
¹⁴ Source: Brewers of Europe, Beer statistics 2017 <https://bit.ly/2LKFbJG>
¹⁵ Source: Berarii României Association <https://bit.ly/2LU8b0R>
¹⁶ Idem.

OUR OVERALL PERFORMANCE¹⁷

	2015	2016	2017
ECONOMIC PERFORMANCE			
Company revenue (RON)	1,582,551,058	1,638,808,749	1,705,841,267
Gross profit (RON)	65,710,952	177,108,217	194,302,058
Taxes (RON)	457,739,103 ¹⁸	457,327,303 ¹⁹	481,291,530 ²⁰
Government aid (RON)	0	0	0
SOCIAL			
Personnel	1,482	1,410	1,443
Training (total hours)	36,160	Not material	11,544
Average training per employee (hours)	24.40	Not material	8
Employees covered by collective agreement (percent) ¹⁰²⁻⁴¹	100	100	100
Women staff	454	417	424
Women in management positions (% of total management positions)	46.68%	46.68%	45.93%
Woman presence in the Executive Board (total)	0	0	0
Complaints on our Policy of Commercial Communications ²¹	0	0	0
ENVIRONMENT			
Water use / beer produced (hl/hl)	3.05	3	2.87
Total energy ²² (Mj)	509,511,830	543,950,733	530,723,714
Organic waste recycled / reused (%)	97.5	98	85

¹⁷ The data covers the financial year, i.e. 1 January – 31 December.
¹⁸ The figure includes excise duties, VAT, income tax, and contributions to social security plans
¹⁹ The figure includes excise duties, VAT, income tax, and contributions to social security plans
²⁰ The figure includes excise duties, VAT, income tax, and contributions to social security plans
²¹ Romanian Advertising Council (RAC) have issued supporting documents (letters of confirmation / endorsement), and they can be provided upon request.
²² The 2015 data was collected for the 1 April – 31 March financial year, while the data for 2016 and 2017 was collected for the 1 January – 31 December financial year.

STAKEHOLDER DIALOGUE

We interact frequently with our stakeholders and keep our communication channels open by default in order to increase trust, and ensure transparency, exchange of ideas, partnerships and benefit from constructive feedback.

During the five years of sustainability reporting, we have closely interacted with more than 1,000 stakeholders, proactively listening to their concerns and integrating their feedback into our management activities, striving to create a trust-based cooperation climate and adapting our products to their challenging demands. Also, we have been diligent in explaining our approach, presenting stakeholders' concerns and our commitments, as well reporting on progress. Please see more details on pages 14-19 of our 2015-2016 sustainable development report, the latest in the series.

URSUS BREWERIES
STAKEHOLDERS
102-42

INFLUENCERS

Regulators,
Government,
Local authorities,
Business Organizations,
NGOs, Shareholders,
Media

PARTNERS

Suppliers, Business Partners,
Community Leaders,
Academic Institutions

VALUE MAKERS

Employees,
Managers

PURCHASERS

Clients,
Consumers

Although we have interrupted the virtuous cycle of annual sustainability reporting, our dialogue culture did not suffer, and followed its constant path with discussions on policy issues, staff-management meetings, open-door events, supplier briefings, social media communication, consumer feedback, product development, performance evaluation and feedback, trainings, workshops and 1-to-1

sustainability-related interviews.

102-43, 102-46, 102-49

In addition, for the purpose of developing this report we have conducted two extended workshops doubled by face-to-face interviews and, where not possible, videoconferences with a total number of 47 people representing the stakeholder groups mentioned above.

Our conclusion is that their expectations did not change significantly, yet their weight is slightly different. The result is presented in the materiality diagram on [page 22](#).

The practice of reporting is now back on track, and we hope that by making this report available we fully comply with our stakeholders' interests.

Stakeholder group

102-40

Expectations

102-44

INFLUENCERS

Transparency & ethics; Economic performance; Supply chain management; Taxes; Corporate governance; Labour practices, working conditions; Resource efficiency (water, energy); Waste & CO2; Sustainable development in local communities; Product responsibility; New and modern technologies; Sustainable agriculture; Health and nutrition; Circular economy; Biodiversity; Employee diversity

PARTNERS

Indirect economic impact; Taxes; Procurement practices; Human resources, talent acquisition; Labour practices, working conditions; Resource efficiency (water, energy); Waste & CO2; Alcohol responsible consumption; Sustainable development in local communities; Knowledge transfer; New and modern technologies; Sustainable agriculture; Human rights; Social audit in the supply chain

VALUE MAKERS

Innovation; Economic impact (direct, indirect); Health and safety; Human resources, talent acquisition; Employee training; Employee-management relationship; Labour practices, working conditions; Packaging; Waste; Sustainable development in local communities; Product responsibility; Knowledge transfer; Consumer training; New and modern technologies; Health and nutrition; Employee diversity; Social audit in the supply chain

PURCHASERS

Health and safety; Packaging; Waste; Alcohol responsible consumption; Product responsibility; Consumer training; Health and nutrition; Circular economy Biodiversity; Social audit in the supply chain

MATERIALITY ASSESSMENT

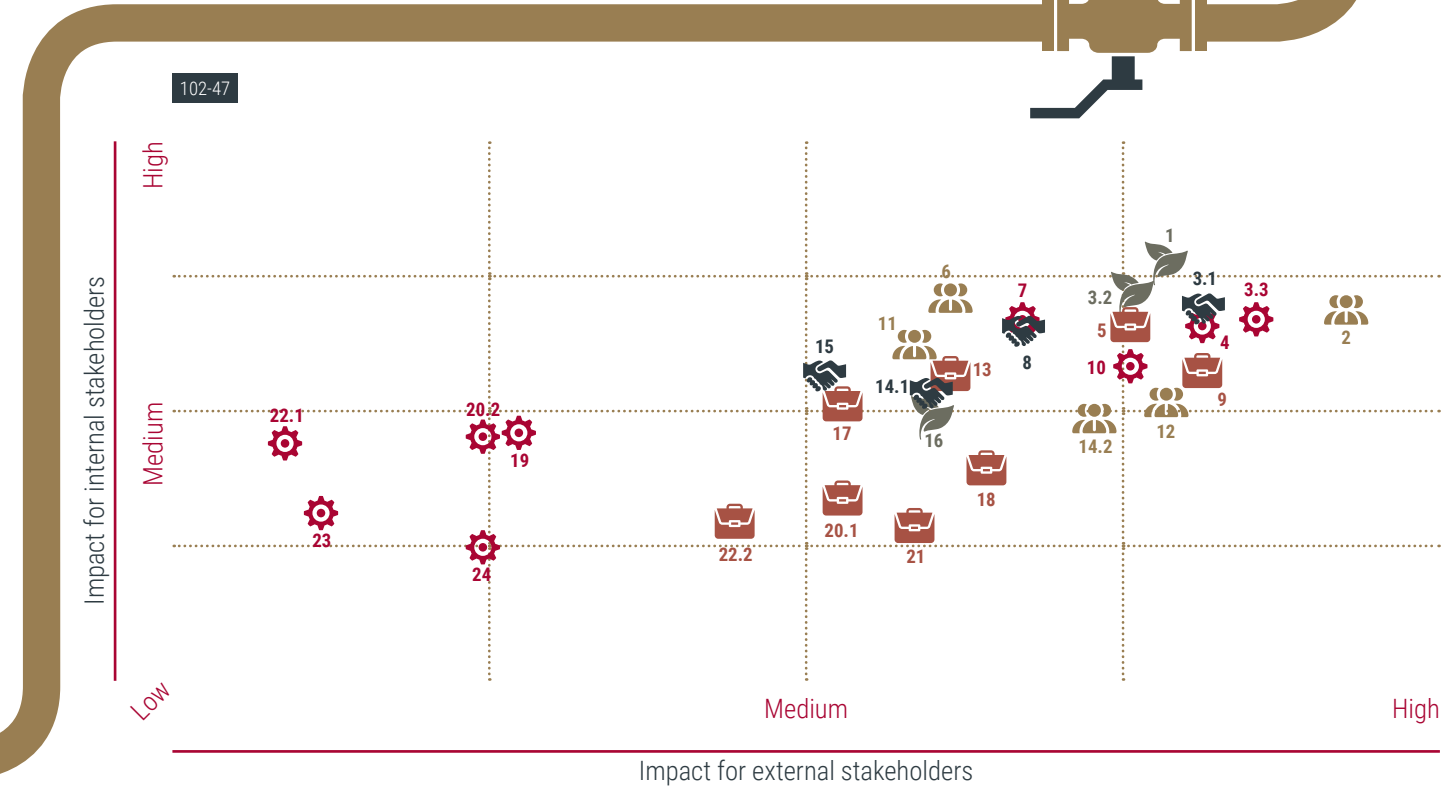
In order to determine the content of this present report and identify those social, environmental and economic topics that at this stage are most relevant to the company, we have undertaken a multi-layered materiality assessment.

We have started with an analysis that scrutinized our past material topics in conjunction with the GRI Standards, the requirements of the EU Directive on transparency and diversity and the UN Sustainable Development Goals (SDGs).

In addition, the process included a desk-review of the material topics at the Asahi

Group level and across the beer industry in Romania and in Europe. Moreover, we have asked our partners to provide inputs on the results. The purpose was to learn about their interests and determine areas require most attention from our sustainable development and management teams.

The principles applied throughout the process are those set by the Global Reporting Initiatives and explained in the GRI Standards (100 series). The results are included in the table above have been prioritized accordingly and are presented in our new materiality diagram below.



MEMBERSHIP

- American Chamber of Commerce in Romania (AmCham)
www.amcham.ro
- Romanian Association of Packaging and Environment(ARAM)
www.aram.org.ro
- Brewers of Romania Association (BR)
www.berariiromaniei.ro/en
- The British Romanian Chamber of Commerce (BRCC)
www.brcconline.eu
- Foreign Investors Council (FIC):
fic.ro
- International Advertising Association (IAA):
www.iaa.ro
- Romanian Advertising Council (RAC):
www.rac.ro/EN
- The Romanian-German Chamber of Industry and Commerce (AHK)
rumaenien.ahk.de/ro
- Employers Organization of Romanian Hotels and Restaurants (HORA)
www.horaromania.org

Responsibility	Environment	Employees
3.1 Alcohol responsible consumption	1 Resource efficiency (water, energy)	2 Health & safety (employees)
8 Sustainable development in local communities	3.2 Waste & CO2	6 Human resources, talent acquisition
14.1 Product responsibility	16 Packaging	11 Employee training
15 Knowledge transfer		12 Employee-management relationship
		14.2 Labour practices, working conditions

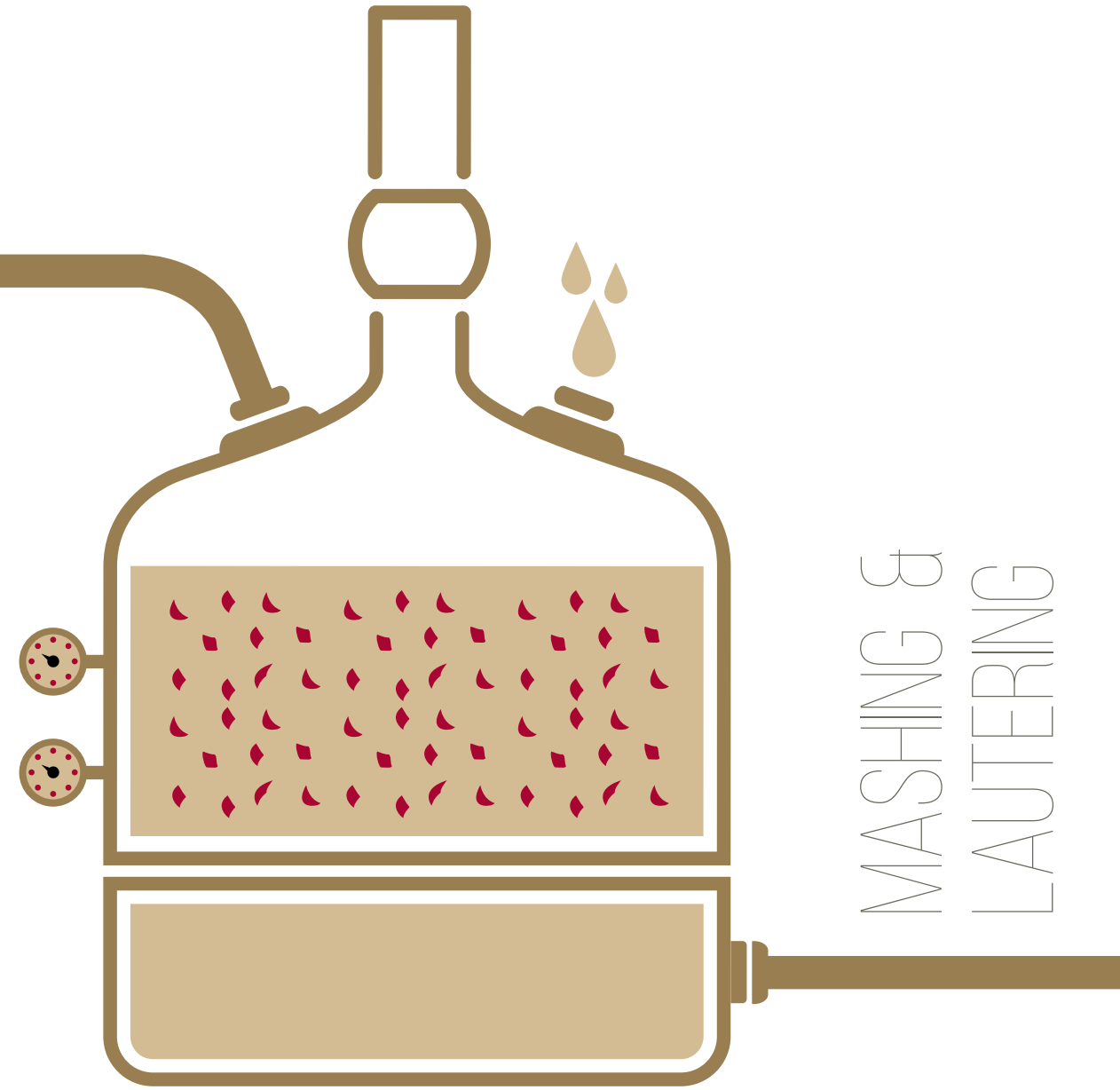
Business	Additional topics
5 Innovation	3.3 Consumer training
9 Transparency & ethics	4 New and modern technologies
13 Economic performance	7 Sustainable agriculture
17 Indirect economic impact	10 Health and nutrition
18 Supply chain management	20.2 Human rights
20.1 Taxes	19 Circular economy
21 Corporate governance	22.1 Biodiversity
22.2 Procurement practices	24 Employee diversity
	23 Social audit in the supply chain

As you would see, the diagram reflects all topics that resulted as material. In line with our BEER way, they are divided by chapters in the report and by priority, while some of them are listed under the Additional topics inventory. Although presently we are not able to include substantiated data in connection with the Additional topics, we decided to be transparent and disclose them. As most of these topics already have their impact assessed and monitored, our commitment is to develop metrics that are better aligned with GRI's reporting requirements. We would therefore start collecting data and report on all these Additional topics in the future.



II.

BUSINESS



MASHING &
LAUTERING

INNOVATION

The purpose of the Innovation Quality System is to enable Innovation project teams to proactively ensure that their new product is thoroughly vetted prior to introduction, particularly with respect to product safety, and that any impediments to use are identified and addressed as early as possible.

Each recipe that is jointly developed by our product development and brewing teams with the support of our specialists in legal,

tax and corporate issues, looking attentively into due diligence issues such as quality of ingredients, claims and production processes.

The prime focus is on consumer safety, and we invest a significant amount of resources in making sure that product innovations are in line with global safety and quality standards while they are following the consumption trends.



“

At Ursus Breweries we constantly innovate to bring the best beers on the market. In 2016-2017 we focused on bringing premium and qualitative products, addressing upcoming consumer trends: unpasteurized beers and non-alcoholic beverages. Quality also includes better, safer products for which we have created an integrated Innovation system meant to validate the attributes of new launches.

Ramona Ailincăi,
Head of Innovation

TRANSPARENCY AND ETHICS

We pride ourselves on voluntarily disclosing material and substantial data on our economic, social and environmental performance. As transparency leads to collaboration, we maintain a constant dialogue with interested parties, seeking their views and reporting back on progress.

We have a zero-tolerance policy on bribery and corruption. Our transparency

framework and substantial information on our anti-corruption policies, including our Code of Business Conduct and Ethics, and the Anti-Bribery Policy, which supplements it, are available to all our staff via the internal platform. Our whistle-blowing policy has been reviewed as well, giving all employees the opportunity to make confidential disclosures on suspected impropriety or wrongdoing.

As political contributions made either directly or indirectly are strictly forbidden, the total value to such financial or in-kind contribution was zero.

We have also briefly explained our approach to transparency and ethics in our previous report (please see [page 38](#)).

INDIRECT ECONOMIC IMPACT

It was back in 2013 when an EY study²³ on the hospitality industry in Europe indicated that for every euro spent in this sector, additional 1.63 euro was spent in the wider economy.

As we are producing about one third of the beer made in Romania, we estimate that we are also supplying one third of the 862 million euro generated by the beer industry in the country, and also 30% of the 80,000 jobs created indirectly. We have detailed

the impacts in the previous section of this report, under the Beer impact on the economy section.

We are very keen to find appropriate ways to measure our impacts more precisely in order to be more aware of the positive outcomes, but also to mitigate risks and reduce the negative impacts. Therefore, we are paying more attention to this topic and we hope we would be able to provide more substantial data in our next reports.

²³ Source: EY, The Hospitality Sector in Europe. An assessment of the economic contribution of the hospitality sector across 31 countries, 2013. <https://go.ey.com/2MH1mlH>

SUPPLY CHAIN MANAGEMENT

The principles that guide the relationship with our suppliers have been developed as a joint effort platform.

As we are currently aligning our supply chain management procedures with those of the Asahi Group, we invite you to learn more on them by accessing the following link: <https://bit.ly/2n8YSw3>.

Although the percentage of new suppliers that were screened using either environmental or social criteria is zero, we work on identifying the most suitable tools to perform such assessments and develop solid and long-term relationship with both existing and new suppliers.

At the Group level, we operate based on the following five Basic Procurement Practices:

- placing first priority on food safety and securing good quality
- ensuring thorough compliance
- environmental consciousness
- fair and just transactions
- keeping information security.

Each of our suppliers is assessed on a series of aspects such as technical standards, quality, and delivery reliability. Based on the results, we work with each supplier and develop strategies and solutions as necessary. We operate with business management systems in order to prevent or identify problems, and document

the causes of a problem in order to ensure it does not occur again.

Please see below the percentage of local versus foreign suppliers as well as the rates of our expenditure budgets allocated to local and foreign suppliers.

TAXES

Our tax strategy is to ensure that tax risks are managed in a robust way, that all legal requirements (including tax compliance and reporting responsibilities) are fully met, all tax processes are well documented and key controls are properly identified.

In addition, when implementing business decisions, including reorganizations and

restructuring, tax impacts are always considered.

Please read more on Asahi Group's / Europe Branch Tax strategy at <https://bit.ly/2L1o1mP>.

The amounts of taxes paid to various national budget lines are detailed below:



	2016	2017
VAT	167.469.050	179.548.250
Excise duties	231.874.158	235.695.246
Social contributions to the national fund for disabled persons	6.042	221.905
Environmental tax (emissions)	11.276	827
Non-residents personal income tax	203.255	204.650
Prize tax	8.713	38.002
Corporate income tax	32.888.994	40.673.945
Building tax	814.704	-
Income taxes and social contributions	24.051.111	24.908.705

Beyond the direct impact of our operations, we are proud to build long term relations with our partners. The relations with our suppliers are guided by an assessment of aspects such as technical standards, quality, and delivery reliability. We are proud to have a 69% overall average of products and services purchased from the local market and have some local suppliers also providing services or products in other countries within the Group.

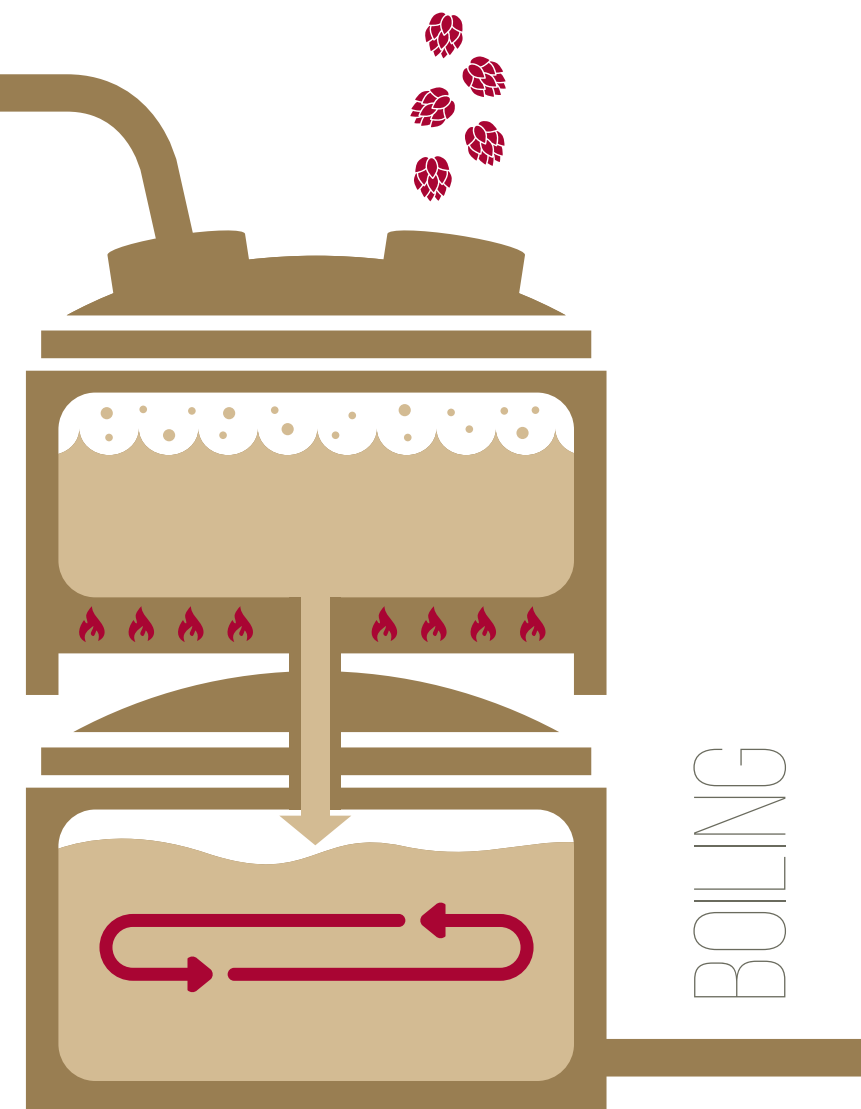
George Ungureanu,
Head of Procurement

PROCUREMENT PRACTICES

	2016		2017	
Category	Romanian suppliers (% of total suppliers)	Foreign suppliers (% of total suppliers)	Romanian suppliers (% of total suppliers)	Foreign suppliers (% of total suppliers)
Raw materials	32	68	43	57
Packaging	44	56	44	56
Supply chain and logistics	96	4	94	6
Marketing	92	8	73	27
Professional services	96	4	98	2
Category	Romanian suppliers (% of total expenditures)	Foreign suppliers (% of total expenditures)	Romanian suppliers (% of total expenditures)	Foreign suppliers (% of total expenditures)
Raw materials	56	44	55	45
Packaging	57	43	45	55
Supply chain and logistics	95	5	91	9
Marketing	92	8	87	13
Professional services	91	9	96	4

III.

EMPLOYEES



HEALTH & SAFETY (EMPLOYEES)

Ensuring safety and health for employees at work is one of the important responsibilities for a company. We endeavor to maintain and establish a safe and healthy environment. A dedicated chapter on employee health and safety is included in the Collective Labor Agreement.

Each business unit has a dedicated Committee (brewery management level) to control and manage safety and health. This team identifies issues and points of

improvement at each work setting and takes measures in response. All workers (100%) in our breweries are represented in these formal Committees.

In addition to the training mandated by law, we provide periodic internal education on safety and take all necessary measures to prevent industrial and work-related accidents.

However, we registered and hereby report

two workplace injuries in 2016 (Buzău, Timișoara) and another two in 2017 (Brașov, Timișoara), resulting in a company injury total rate of 0.15% and a 9.93 lost day rate (in 2016), respectively a 0.11% company injury total rate and a 2.85 lost day rate (in 2017). We do not aggregate data by gender.

We also track the same rates (i.e. injury rate, lost day rate) among contractors and the values for both 2016 and 2017 were zero.

EMPLOYEE TRAINING

As we are now collecting and reporting data on a different cycle (i.e. 1 January – 31 December, while the past cycles were 1 April – 31 March), we estimate that over the 2016 calendar year the average number of training per employee was 5 hours (0.6 day). Our managers in the commercial and Integrated Supply Europe (ISE) departments were offered approx. 10 hours of training, while the 9-13 A-H staff category in Commercial

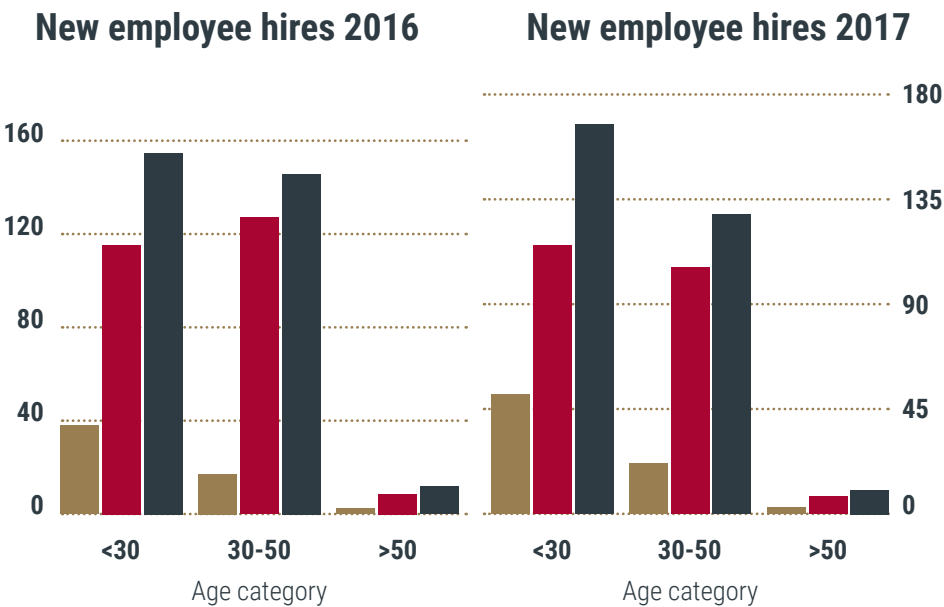
attended an average of 6 hours of training.

In 2017 the numbers increased to an overall company employee training average of 8 hours (1 day). The improvement comes mainly from the Commercial and ISE departments, where the average training per manager was 2 days. As in the previous year, the 9-13 A-H Commercial staff spent, on average, 11 hours in training (including

Sales Academy and Defensive Driving).

In addition, employees in ISE that are exposed only to specific technical trainings run in the breweries are counted separately. As we did not collect specific data (the topic was not identified as material in our previous report), we would revert to the regular practice of collecting such data and report on the subject.

HUMAN RESOURCES, TALENT ACQUISITION



The number of new employee hires indicates no major changes in 2017 compared to 2016:

- **2016:** we hired 39 women and 116 men (age category < 30 years old), 18 women and 128 men (30-50 years old) and 3 women and 9 men (>50). Total 60 women and 253 men.
- **2017:** we hired 52 women and 116 men (age category < 30 years old), 22 women and 107 men (30-50 years old) and 3 women and 8 men (>50). Total: 77 women and 231 men.

EMPLOYEE-MANAGEMENT RELATIONSHIP

As a responsible company, we work in full accordance with international labour standards, respecting the rights of our employees and applying the highest principles of ethical behaviour in any labour contract.

Workers and managers interact regularly, in both casual and formal settings such as monthly meetings with staff representatives, collective bargaining consultations, employee surveys or performance feedback.

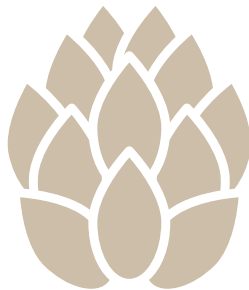
Whenever work changes could have a substantial impact on employees, we take appropriate measures to set an adequate period for prior notice (usually 20 days, the legal standard notice period in case of retrenchment). In order to deepen our understanding in relation with our employee concerns, we directly discuss plans and directions with staff representatives.

The right to union representation is fully respected and 53% of our employees are union members.

LABOUR PRACTICES, WORKING CONDITIONS

Whether they work against full-time or fixed-term contracts, our employees are 100% covered by collective bargaining agreements and have access to the same benefit package. No matter their gender or position in the company, all employees (100%) are subject to a regular performance reviews.

102-41



Total number of employees by contract and gender

2016			
Type of contract\Gender	F	M	Total
Permanent	394	932	1326
Fixed-term	23	61	84
Total	417	993	1410

2017			
Type of contract\Gender	F	M	Total
Permanent	395	952	1347
Fixed-term	29	67	96
Total	424	1019	1443

Retaining employees is challenging for any employer in Romania due to the negative demographic trends and significant economic migration to other EU member states.



Total number of employees leaving the company by gender and age group

2016				
Gender\Age group	<30	30-50	>50	Total
Women	33	16	4	53
Men	79	109	17	205
Total	112	125	21	258

2017				
Gender\Age group	<30	30-50	>50	Total
Women	30	30	9	69
Men	92	106	23	221
Total	122	136	32	290

We had 39 employees taking parental leave in 2017 (2 men and 37 women). That represents 50% increase compared with 2016, when we had 26 employees in parental leave (2 men and 23 women).

In terms of employees returning to work once the parental leave has ended, in 2016 we welcomed back 12 employees (2 men

and 10 women), while 11 have returned in 2017 (1 man and 10 women).

Of the 12 colleagues that have returned to work in 2016, only one woman left the company, as for 2017 – only 2 women have left the company. The rest decided that Ursus Breweries is a place to stay and continued their activity within our company.



CASE STUDY

#CHALLENGE4GREATNESS



Purpose

The initiative aims at identifying young and promising talents, providing them access to professional development and matching education with professional experience. Once finalized the programme, trainees are given a role that leads to a job within the company either in commercial or production departments.

Stakeholders

Academia (universities all over the country), students, Ursus Breweries family

Image vectors

In 2017 Ursus Breweries has implemented a second edition of the Graduate Trainee program, 12 graduates being selected and invited to join our company. Half of them have joined the commercial team, while the other 6 been deployed in our breweries in Buzau, Brasov and Timisoara. The graduates took part in an accelerated management trainee rotation and were exposed to functions such as marketing, trade marketing and sales (commercial) and brewing, packaging and engineering (production).

Results

Cristiana Cring is currently a Junior Brand Manager in charge with the Ursus brand. She has a major in psychology and holds a Master degree in Consumer Psychology from the Leiden University of The Netherlands.

She was impressed by the selection and evaluation process, which seemed very well structured to her. Once she joined the company, she was exposed to challenges, changes and amazing people. She felt permanently connected, something that she enjoys. "It's been intense."

The programme offered Cristiana the chance to see things outside the sales functions and to have direct interactions with clients (i.e. retailers or restaurant managers). During the programme, she met both urban and rural consumers and she is now able to tell the difference. "No matter how much effort we put into defining our consumer, the reality is that beer brings people together." Each day she is proud by each little thing done right and by having her creativity and imagination challenged. "Innovation is exciting."

About Ursus Breweries she says: "is fun". People work a lot, but they also have fun both at work and outside the office. The industry itself is well connected to events and gives people the opportunity to attend music festivals such as Untold.

"Those in my generation are curious and willing to learn and explore. Our space is no longer limited to Romania, we are no

longer searching for job security. We want to experiment, something that can be done either by travelling and studying abroad or by interacting with interesting people. We want to see the other side."

According to Cristiana, helping people around you and learning are part of Ursus Breweries' organizational DNA. She was encouraged to talk to senior managers, to ask them how they expect junior managers to act so that everyone can work better together. "I have visited the brewery in Brasov and while watching the bottling line, I was thinking about the so many activities (transportation, production), all those forces that come together. It is there, in the brewery when you understand that beer is more than what you share with your friends. It's truly more than that."

Diana Bacala has a diploma in international economic relations and holds a Master degree in marketing management from the Bucharest Academy of Economic Studies. She is committed to long-term projects, which have a real impact and bring people together.

Diana was impressed by how different a business is when you see it from the inside and she is very happy to have been able to go in the field, visiting retailers, restaurants and small shops, interacting with clients, customers, and sales people. "Now I understand how it feels when people in the company deal with problems and interact with entrepreneurs."

"Those in my generation have no expectations because no one in school tells us what to expect. We are given lectures, we read books, we also see things in the movies, but we don't know exactly what a real job looks like or how much we need to learn so that we can become directors one day. Neither that we might need 10,000 hours of training, nor that we might end up working with a good or a bad manager. This kind of programme exposes you to what needs to be done and how to do it. Then it is up to you: if you want to train your brain, you move up the ladder."

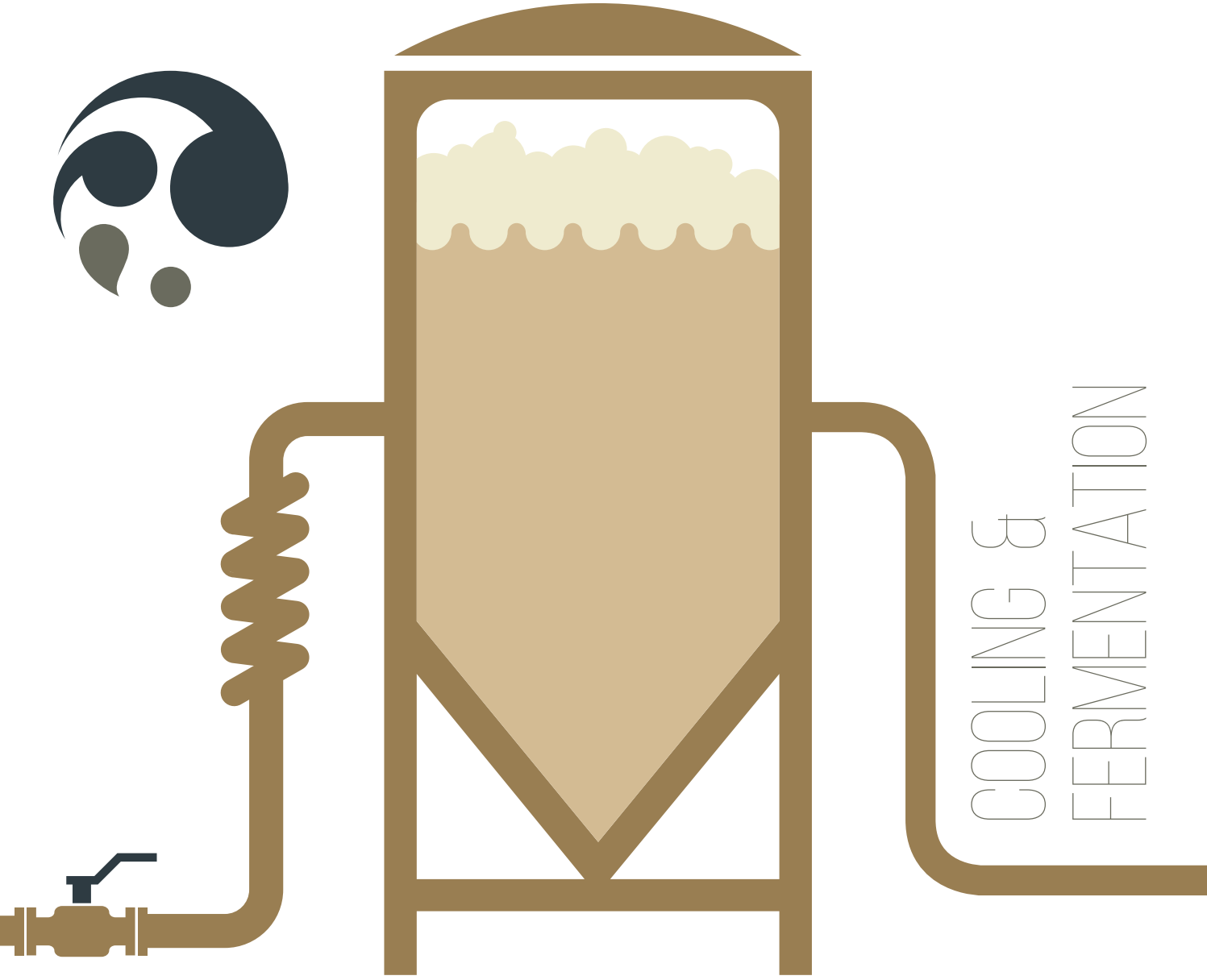
The Graduate Trainee program allowed her to explore, research, and learn from trial and errors, and she feels encouraged by her manager to push her limits although failure is sometimes an option. Diana likes to listen to her supervisor and she feels that every time she does it, there is something new to learn. "I am not afraid to go ask him anything and I know I can rely on him even when I feel unprepared."

The best advice she was given in Ursus Breweries: it's ok to say 'I don't know.'

To Diana, Ursus Breweries is a place to stay. "I like the atmosphere, the people, the team and the industry, which is very dynamic." When she goes out with her friends, she can match brands with producers and tells her peers how important it is to pick the producer, not the brand".

IV.

ENVIRONMENT



RESOURCE EFFICIENCY (WATER, ENERGY)

As per Asahi Group's environmental policy and plan, in each brewery operates an Environmental Control Committee (ECC) led by the General Manager. The ECC promotes environmental activities that are based on a mid-term environmental plan, an annual plan and the environmental management program of ISO 14001. In addition, each brewery takes action on its own and also shares successful results both within the company and the Group in order to spread the positive outcomes with peers.

As a subsidiary of the Asahi Group, Ursus Breweries is implementing initiatives designed under the Basic Environmental Principles, which stipulate the behaviour guidelines for all Group employees regarding the environment, as well as the "Environmental Vision 2020" that can be accessed at <https://bit.ly/2LNHj3q>. It sets four key themes: - building a low carbon society, building a recycling-based society, conserving biodiversity and spreading awareness of the gifts of nature. Although more information on our local approach is available at page 35 of our 2015-2016 sustainability report that can be accessed at <https://bit.ly/2Q2YkoT>, we

reiterate that all investments made by our company are aimed at increasing the energy efficiency of equipments, reducing the amount of energy used in our bottling lines, reducing the energy loss in the condenser and steam pipelines, and reducing the volumes of water consumption.

One of the indicators that we continue to strictly monitor is the beer water efficiency. With a 1,911,596 m3 of water used in 2017, we managed to keep this indicator at 2.87 hl/hl. A year-on-year evolution is presented on [page 19](#) – Our overall performance section.

In 2016, the total direct energy consumption achieved in our branches (Buzău, Braşov and Timișoara) was 543,950,733 Mj for a total beer production of 6.43 mn hl. In 2017, the same consumption was 530,723,714 Mj for a total beer production of 6.65 mn hl. That resulted into 6% reduction of Total Direct Energy (TDE), i.e. from 84.61 Mj/hl in 2016 to 79.52 Mj/hl in 2017. It came mainly from the natural gas consumption and was due to management actions and capital investments.

“

Water is a critical resource for the beer we produce and the communities we operate alike. Having reached an important milestone in water consumption in early 2016 (i.e. 3.00 hl of water/hl of product) did not comfort us, but we grew confident we can do better with more innovation and investment. Here we are in 2017, with 2.87 hl/hl and ever more ambitious to improve for the future.

Sorin Harabagiu,
Interim Technical Director



The total quantity of waste in 2017 was 114,077 tones, of which 100,636 tones (88.22%) was subject to recycling. In 2016, the quantity of general site waste was slightly higher, amounting to 114,858 tones (organic plus general), of which 93% was recycled.

As far as the total CO₂ emissions related to the TDE are concerned, the amount in 2017 was 33,450 tones resulting from the split calculation and CO₂ emission factors such as 17,019 tones from electricity, 15,846 tones from natural gas and 584.85 tones CO₂ from LPG. These volumes are down from 33,949 tonnes of CO₂ emissions.

All CO₂ emissions related to TDE consumed in Ursus Breweries in 2016 were 33,949 tonnes. In 2017, the volume of CO₂ emissions was reduced down to 33,450 tonnes.

We used in calculations the following emission factors: electricity: 0.356 KgCO₂e/KWh; natural gas: 0.0505393 Kg CO₂e/MJ; LPG (Liquid Gas Petroleum): 0.0568393 Kg CO₂e/Mj.

Another important indicator in our activity is wastewater, with the following amounts: 1,200,650 m³ in 2017 and a forecasted volume for 2018 going down to 1,197,036 m³.



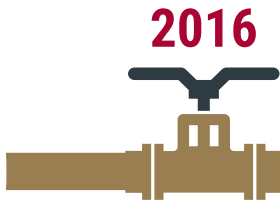
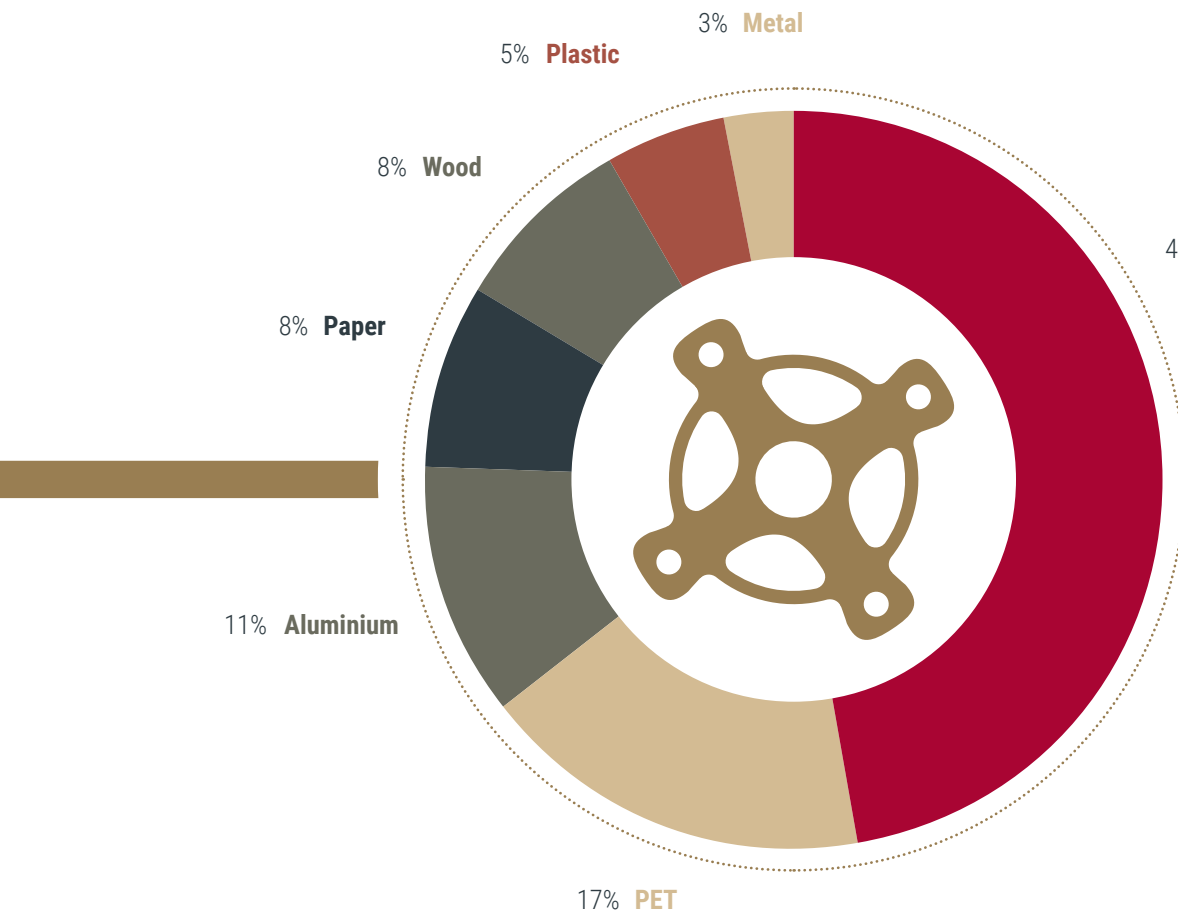
PACKAGING

While acting in line with the Group Basic Environmental Principles when it comes to waste and recycling, Ursus Breweries is in process to define its own environmental vision, guided by the one of Asahi but adapted to local realities & needs.

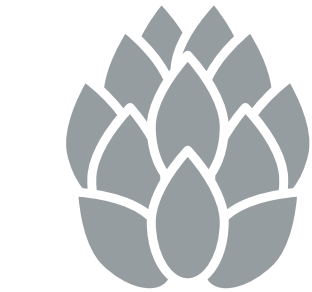
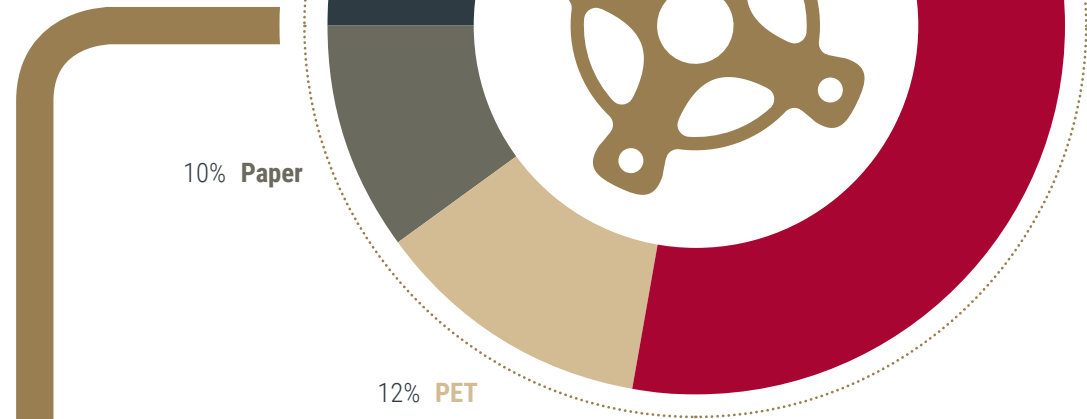
We have started to align our packaging to the pillars above, struggling to reduce the use of plastic (PET, PP, PE) and supporting Romania's efforts towards decreasing the packaging waste. As figures show below, our PET has reduced from 17% in 2016 to 12% in 2017 and continues to decrease.

The total volumes of packaging are:

2016 - 38.028.394 kg
2017 - 48.862.661 kg

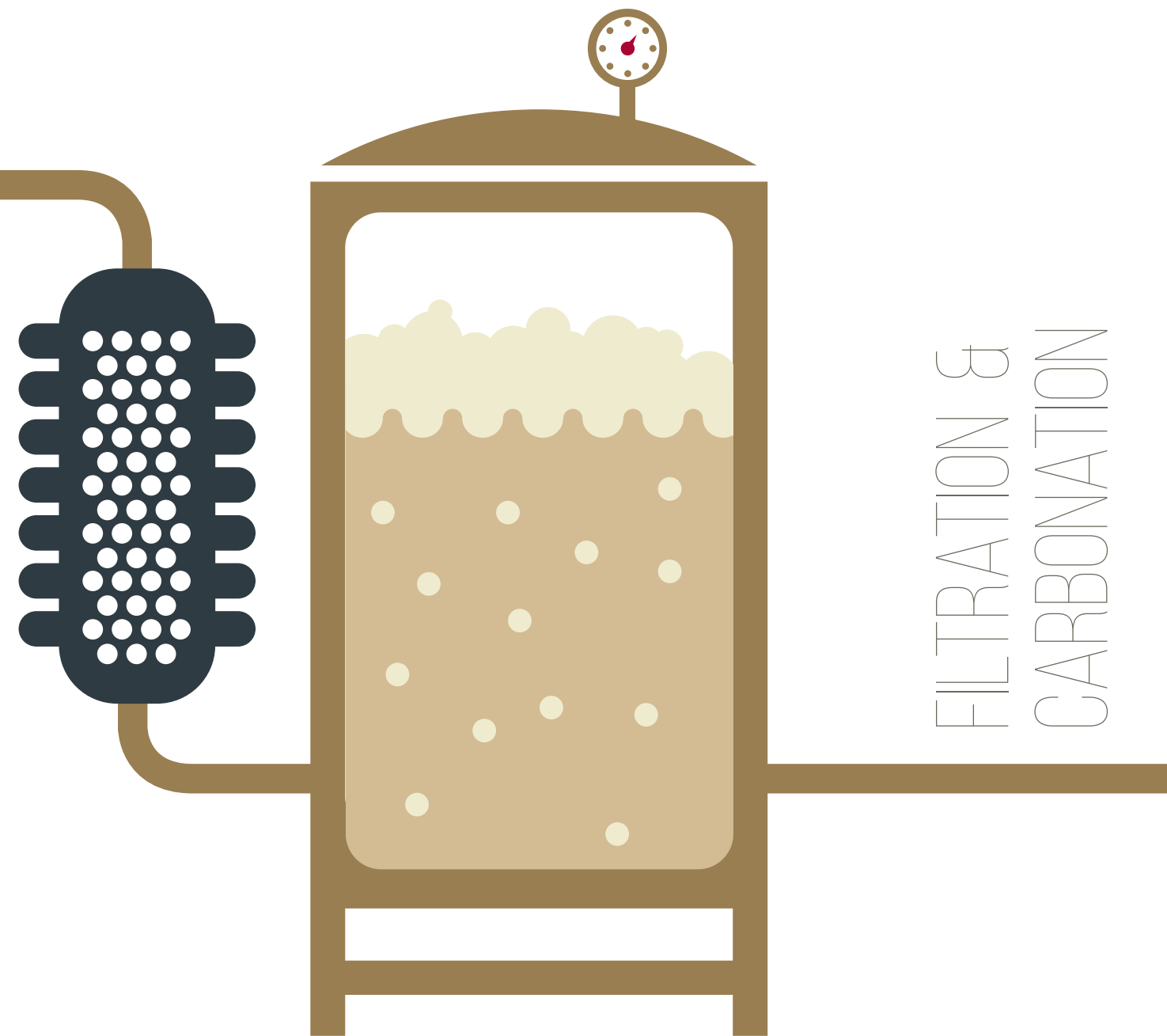


Having in mind the need to increase awareness on the benefits drawing from selective waste collection and recycling, in 2016 we have pioneered a selective collection point at UNTOLD – the largest electronic music festival in Romania, and in 2017 we have extended the project at Awake and Oktoberfest Romania, adapting it to the type of consumption at each of these events.



V.

RESPONSIBILITY



FILTRATION &
CARBONATION

HEALTH AND SAFETY (CONSUMERS)

Asahi Group's corporate philosophy is to "contribute to the promotion of healthy living and the enrichment of society worldwide." One of the areas both our consumers and us are concerned about is health and safety, therefore our initiatives are aligned with our responsibilities within the business activities and are aimed at creating new social value.

We manage our products by having implemented and applying food safety quality systems. Our breweries in Buzău, Braşov and Timișoara have obtained their first ISO 22000:2005 certification in 2006 and we maintained this certification ever since. As of with 2015, we have upgraded our quality system and have obtained the FSSC 22000 certification (a newer version of ISO 22000). The beer production, beer packaging and beer storage processes are currently FSSC 22000 certified.

Producing under the governance of FSSC 22000 means that:

- a HACCP analysis is performed and all process steps from the ingredients entering the brewery to beer delivery are evaluated for food safety hazards that could potentially occur; this evaluation establishes the CCP's (Critical Control Points) and the CP's (Control Points) within the process;
- similarly, the ingredients, process aids and packaging materials are checked periodically by our suppliers against food safety parameters. In order to ensure the consistent quality of our ingredients (e.g. malt, hop, maize grits etc), process aids (e.g. kieselguhr etc) and packaging materials (e.g. preforms, caps etc) for both technical and food safety aspects, we have implemented a supplier accreditation system based on which we track the supplier history and capability to make sure they consistently deliver the quality we demand (including food safety related).



- adequate control measures and control plans are established for each CP and CCP. These measures and plans are checked and validated in order to test their efficacy;
- in addition to the routine quality tests in the brewery, the final product of each brand is regularly checked against potential food contaminants (e.g. pesticides residues, heavy metals residues, mycotoxins). Such analyses are done in external reference laboratories.
- regarding the water used for beer production, we analyze it at dedicated laboratories according to the monitoring plan established by legislation (frequency and parameters).

If they occur, consumers / clients complaints are captured via several communication channels (e.g. Info-line for consumers, written Complaint forms for clients) and are directed to our Technical Department / Quality Assurance team. The nature of the complaint is evaluated (whether it is potentially related to food safety or not). Batch details and samples of the complaint product are obtained whenever possible. Also, samples from

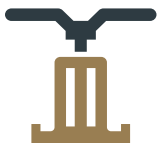
the complaint batch are available in the brewery, as the laboratory keeps samples of each batch for the entire shelf life of that product. The sample is analyzed and a conclusion is drawn related to the validity of the complaint and its potential source (brewery or processed in trade like handling and storage). Once we discover the root cause, we take that corrective action that is

specific to the situation. The product under complaint is always replaced. During the present reporting cycle, all beer brands (100%) produced by Ursus Breweries (100%) were subject to a health and safety impact assessment. Also, we have registered zero incidents of non-compliance with product health and safety regulations and voluntary codes.

ALCOHOL RESPONSIBLE CONSUMPTION

Alcohol-related problems are among the issues that we pay significant attention to. The Group responsible drinking policy is available at <https://bit.ly/2v2BKDF>. Please also visit our dedicated website <https://www.desprealcool.ro> that is very rich in advice, research data and tools for a responsible consumption.

In order to raise awareness and to correctly communicate the responsible drinking messages, related to drinking and driving, we have built a long history with awareness programs in partnership with reliable stakeholders such as the Romanian Police and other relevant influencers.



“Don’t drink and drive!” campaign was built with the objective to raise awareness on the traffic-related responsibility. In 2017, we decided to increase our online presence and we partnered with a road safety specialist, Costin Tatic, Cristi Predoi, a motorcycle blogger, and Andreea Remetean, a radio host to create Traffic FM, a mock radio that broadcasts responsibility messages. #DinTraffic (#InTraffic) campaign addresses the importance of a responsible behavior among the full range of traffic participants: car drivers, motorcyclists, cyclists and pedestrians. The campaign includes short videos recorded in Traffic FM studio in which the endorsers debated over the hottest traffic topics. The videos carry usefull road traffic tips and the message of the campaign, hosted on our www.desprealcool.ro site.

In order to promote an efficient parenting style and prevent underage alcohol consumption, in 2017 we worked with NGOs for Children Federation (FONPC) NGO, Step by Step Center and a psychologist to develop a brochure and to address teachers and parents from the Step by Step educational network to help them practice an efficient parenting style that would include no alcohol consumption for the underage. The seminars were targeting over 180 professionals in Q4 2017 and Q1-Q2 2018.

Another example is **#9cu0** (#9with0) campaign, which is captured in the case study on [page 50](#).

These programs are also a joint effort to contribute to achieving Producers’ Commitments to reduce harmful drinking, a global alliance of alcohol producers Asahi Group is part of – see commitments <http://www.producerscommitments.org/>

Being actively engaged in community is part of our corporate culture. We position ourselves as good citizens and develop activities that later on become a core part of our corporate responsibility.

At Ursus Breweries we value both academic performance and community contribution. One of our flagship CSR initiatives is “Student for Community” scholarship programme, designed for youngsters who in addition to their outstanding academic results have a remarkable contribution by volunteering their time. The initiative started back in 2011 in partnership with the Babes-Boylai University of Cluj-Napoca and in 2017 we have expanded it to other six universities across the country (Bucharest, Cluj-Napoca, Galati and Timișoara). The total budget was 118,800 RON. In the past academic year we offered scholarships to 33 students opening in the same time another pillar of

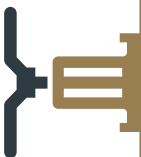
SUSTAINABLE DEVELOPMENT IN LOCAL COMMUNITIES



the programme: “High-school student for Community.” The pilot program brought together four technical high-schools in Buzău and covered 10 scholarships (budget: 18,000 RON).

Community contribution is also encouraged

for our employees. Since 2016, one day a year, employees leave the breweries and offices for community work. Based on local assessment, teams volunteer for projects based in the home markets. So far environmental and social projects were covered.



“V stands for Vision, Values & Volunteering” (VVV) is an employee volunteering campaign run by our company in 2017. In order to assess its impact, we commissioned ARC Romania²⁴ to conduct an assessment according to the Social Return on Investment (SROI) methodology²⁵. The activities were implemented in March 2017 in Ursus Breweries home markets: Bucharest, Buzău, Braşov, and Timișoara. Employees were free to pick a volunteering project they mostly resonated with, and they opted for the rehabilitation of the social home (Bucharest), a tree planting activity (Buzău), a meal-cooking and distribution event (Braşov) and the refurbishment of a day centre for vulnerable people (Timișoara). The total budget was 25,626 RON in addition to employees’ time and skills.

According to the report submitted by ARC, the investment value (volunteering time + financial aid) was 55,281 RON, while the impact value of all five outcomes (Improved quality social home, Improved quality of care and social services, Climate change mitigation, Increased employee productivity, Value of VVV campaign SROI) amounted to 105,474.28 RON, resulting in an overall SROI value of 1.91.

²⁴ ARC Romania stands for Association for Community Relations, an organization that mobilizes community resources across Romania.
²⁵ Social Return on Investment (SROI) methodology provides a clear framework for anyone interested in measuring, managing and accounting for social value or social impact.

CASE STUDY

#9CU0 (#9WITH0)



Adda & Dana Rogoz, FAS Ambassadors in Romania

Purpose

Promoting responsible drinking is one of Ursus Breweries' key sustainable development and corporate responsibility commitments. In order to raise awareness on the Fetal Alcohol Disorder Spectrum (FAS), we have developed a multi-year campaign aiming at informing future parents on the alcohol-associated risks on the fetus, and recommending a 9-month alcohol-free pregnancy.

Stakeholders

National Institute of Public Health, targeted audience, Ursus Breweries employees, NGOs, communities, Regina Maria Network

"9 months with zero alcohol" (#9with0 #9cu0) has started back in 2013, Ursus Breweries being the first brewer to launch such an initiative in Romania. Initially, responsibility messages were placed on product labels, but the campaign developed every year and included research studies, awareness leaflets, workshops, performances, and other educational events.

Image vectors

Dana Rogoz, ADDA



According to a research on 800 subjects (18-40 year old women) in Buzau County, more than 25% think that consuming small quantities of alcohol during pregnancy does not harm the mother of the fetus.

Actions

- Psychologists and physicians distributed the message via seminars held in small communities throughout Buzău County. (2015)
- Ursus Breweries employees together with campaign ambassadors and medical doctors that joined in have distributed awareness materials to customers in local stores across the country. (2015)
- A script by international drama author Laura Shaine Cunningham was adapted for Romanian stage and turned into a theater play. It talks about the relationship of six women aged 30, of which one is pregnant and includes various alcohol responsibility messages. (2016) The play is still on stage.
- In 2017, in order to reach more soon to-be mothers and fathers, UB produced and launched an emotional song to promote the #9cu0 message, sang by ADDA, a well-known Romanian songwriter and a young mother. We launched a song written and composed by ADDA, "I take care of us", whose orchestration uses heartbeats of babies in wombs. (2017)

Results (2014-2017):

- An increase from 13% to 28% of the awareness among the targeted group on the potential risks on the fetus of alcohol consumed during pregnancy
- According to 83% of our research subjects in the county of Buzau, the campaign could lead to a more alcohol-responsible behaviour during pregnancy of to-be mothers
- The opinion at large (97% of our research subjects) recommends that our FAS initiative is continued and is further developed.
- 200.000 awareness leaflets nationally distributed (2014)
- in 2016, the theater play was performed 23 times with a total audience of 1,600 people. At the end of the #9cu0 campaign, the theater purchased the copyright and the play 30+ continues to shine on stage.
- 1.33 million views of the I take care of us song on YouTube and Facebook (2017)
- KOL's messages distributed across social media (Facebook), reaching 800,000 people and 11,000 likes (2017)
- 1.36 million views of DespreAlcool.ro dedicated website and Facebook page throughout the campaign (2017)

PRODUCT RESPONSIBILITY

As a responsible beer advertiser, we often go beyond legal compliance. In addition to complying with local laws and regulations, we abide by the ABE Group Policy on Commercial Communication (the Policy), which establishes consistent standards for the marketing of our brands.



We also expect our agents, partners and anyone acting on our behalf to adhere to the Policy – it is usually an annex to the commercial contracts. To ensure our advertising respects local values, we also adopted, adhered to and participate in relevant self-regulatory processes and codes in the local market.

Our Policy is shared with retailers, other brewing and alcohol companies, and any other stakeholders, to support the improvement of standards across the industry. This policy is also available at <https://bit.ly/2v2BKDF>.

Apart of our locally produced brands, we are also responsible for imported beers. In terms of labeling, we clearly indicate the name and address of the producer in addition to the country of origin.

The labels of our brands that are produced outside Romania (such as Azuga Nepasteurizata, made in Germany) openly mention the sourcing country in addition to the name of our company which in this case is a distributor, not the producer. We include these details on our product label in order to avoid any misinterpretation or confusion related to the country of origin (which in some instances is not Romania).

As for our beers that are locally produced (in Buzău, Braşov and Timișoara) they bare on their label the name and full address of the producer (Ursus Breweries).

The number of incidents of non-compliance with corporate communication regulations and voluntary codes in 2016 and 2017 was zero.

Supporting communities was one of our past sustainable development shared imperatives. Whether we refer to local or professional communities, we thrived to exchange views, develop joint projects, listen actively and share knowledge.

The Responsibility chapter partially explains how we contribute to the student communities (by providing scholarships), and how we engage with NGOs and professionals in order to make sure our customers understand the importance of consuming alcohol responsibly.



KNOWLEDGE TRANSFER

But we also try to help our distributors grow via our enterprise development programmes. Over the past three years we assisted 56 distributors in learning how to manage their cash flow and their product stock, teaching them marketing techniques and selling alcohol responsibly.

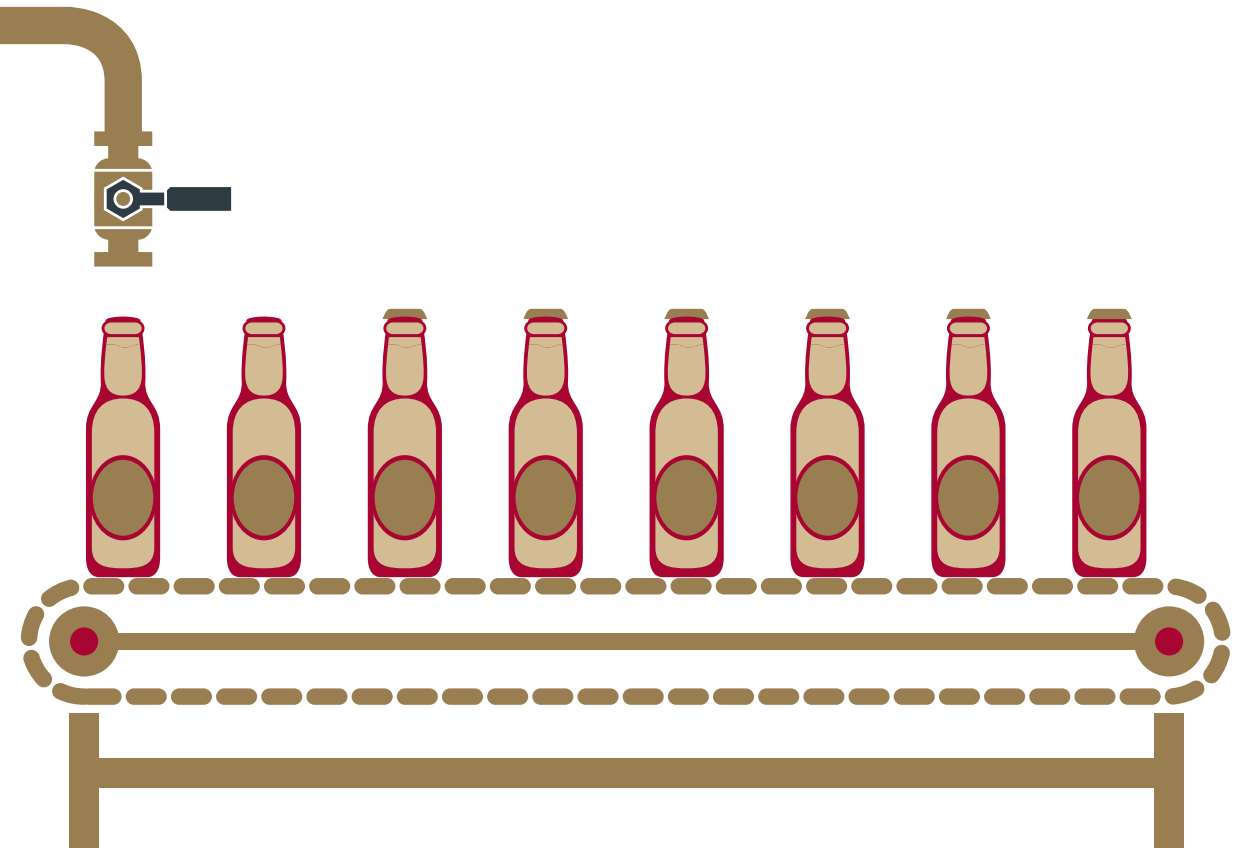
When it comes to transparency and sustainability reporting, we positioned ourselves as early adopters: Ursus Breweries was among the first 20 companies in the world to report pioneering the use of the GRI Standards. In order to help other

organizations in Romania to move forward from G4 to the GRI Standards, we partnered with CSR BootIQ, the first GRI Certified Training Partner in Romania and organized two workshops that brought together 30 representatives of public and private companies, NGOs and consultants. We are proud to learn that some of them are working on their reports and hope to see more organizations in Romania that adopt the GRI Standards in their sustainability reporting.

VI.

ABOUT THIS REPORT

BOTTLING





Overview

Since 2013, when our first sustainable development report was issued, Ursus Breweries has been annually publishing sustainable development reports where we transparently disclosed the results, the activities and the goals that define our SD way.

We have identified a structure that defines us as a company and that is unique across our industry: BEER.

The four major chapters of our sustainability report reflect who we are and the priorities that we have: Business, Employees, Environment, and Responsibility. We make BEER.

This is our fifth sustainable development report and, as always, we have extensively engaged our stakeholders, giving them an open floor for expressing their views and expectations, paying attention to both risks and opportunities, and reporting back to them on how we plan to implement their recommendations.

Accessibility and feedback

The report is published in English and Romanian. A pdf copy of this report is available on Ursus Breweries website. In addition, the report is listed in the GRI report database.

We welcome your feedback via e-mail, social media, or by post.

Purpose

102-52

The main purpose of this document is to introduce Ursus Breweries' stakeholders into how we manage sustainable development and how we take responsibility over our economic, social and environmental impacts.

The report – which is the fifth in the series of our sustainability reports and the second that meets the requirements of the GRI Materiality Disclosures Service - covers the activities of Ursus Breweries headquarters in Bucharest, our breweries in Buzau, Brasov in Timisoara, as well as the mini-brewery in Cluj-Napoca.

We plan to report as we are committed to closely monitor our economic, social and environmental footprints and to maximize our positive impacts, and significantly diminish the negative ones.

Monetary amounts in this report are denominated either in Euro or in Romanian Leu (RON).

Reporting standards

102-54

This report has been prepared in accordance with the GRI Standards: Core option.

The stakeholder consultation process was developed based on AccountAbility's AA1000 Stakeholder Engagement Standard. Where appropriate, we also refer to ISO Standards and other internal or international methodologies.

Reporting period

102-50

This report presents the performance of Ursus Breweries' management team and its actions taken from April 1st, 2016 to 31 December 2017.

When relevant, we have included information covering the whole financial year 2016 (1 January – 31 December). Such mentions are clearly indicated.

Credits

The present report has been developed by Ursus Breweries SA management team who has been assisted by an experienced GRI reporting consultant and a Certified Sustainability Assurance Practitioner, Ms. Cristina Bălan of CSR BootIQ.

We would like to praise our stakeholders for their contribution, active participation and constructive feedback. Their inputs were instrumental in defining the content of this report. We would also like to honor every single Ursus Breweries employee. Their daily contribution makes our company better every day and substantially influences Ursus Breweries sustainability performance.

Ursus Breweries project team: Adelina Dabu, Adriana Dicu, Oana Mateescu and Robert Uzună.

APPENDIX

GRI Standard	Disclosure	Page number(s) and/or URL(s)	Omissions
GRI 101: Foundation 2016			
General Disclosures			
GRI 102: General Disclosures 2016	102-1	Name of the organization	11
	102-2	Activities, brands, products, and services	15
	102-3	Location of headquarters	62
	102-4	Location of operations	11
	102-5	Ownership and legal form	11
	102-6	Markets served	11
	102-7	Scale of the organization	4
	102-8	Information on employees and other workers	19, 32
	102-9	Supply chain	14
	102-10	Significant changes to the organization and its supply chain	10
	102-11	Precautionary Principle or approach	40
	102-13	Membership of associations	23
	102-14	Statement from senior decision-maker	8, 9
	102-16	Values, principles, standards, and norms of behavior	11, 27
	102-18	Governance structure	12, 13
	102-40	List of stakeholder groups	20, 21
	102-41	Collective bargaining agreements	19
	102-42	Identifying and selecting stakeholders	21
	102-43	Approach to stakeholder engagement	20, 21
	102-44	Key topics and concerns raised	21
	102-45	Entities included in the consolidated financial statements	All financial statements and relevant data are available at http://bit.ly/1x3NLGD (Romanian Ministry of Finance - please type 199095 in the box and press Vizualizare).
	102-46	Defining report content and topic Boundaries	21
	102-47	List of material topics	22
	102-48	Restatements of information	10
	102-49	Changes in reporting	21
	102-50	Reporting period	56
	102-51	Date of most recent report	Our previous SD reports are available at http://bit.ly/2m2qzYh
	102-52	Reporting cycle	56
	102-53	Contact point for questions regarding the report	62
	102-54	Claims of reporting in accordance with the GRI Standards	56
	102-55	GRI content index	58
	102-56	External assurance	The present report has not been externally assured.

GRI Standard	Disclosure	Page number(s) and/or URL(s)	Omissions
Material topics			
Economic performance; Transparency & ethics			
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundary	Page 8, 18, 27 and corporate website https://bit.ly/2Q2YkoT
	103-2	The management approach and its components	Corporate website https://bit.ly/2Q2YkoT
	103-3	Evaluation of the management approach	Corporate website https://bit.ly/2Q2YkoT
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	4, 19
	201-4	Financial assistance received from government	Our company did not benefit from any financial assistance from the government.
Corporate governance; Transparency & ethics			
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundary	Page 8, 18, 27 and corporate website https://bit.ly/2Q2YkoT
	103-2	The management approach and its components	Corporate website https://bit.ly/2Q2YkoT
	103-3	Evaluation of the management approach	Corporate website https://bit.ly/2Q2YkoT
GRI 202: Market presence 2016	201-2	Senior management hired from the local market	12, 13
Taxes			
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundary	Page 28 and corporate website https://bit.ly/2L1o1mP
	103-2	The management approach and its components	Page 28 and corporate website https://bit.ly/2L1o1mP
	103-3	Evaluation of the management approach	Page 28 and corporate website https://bit.ly/2L1o1mP
	-	Amounts of contributions to various state budgets	28
Innovation			
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundary	Page 26 and corporate website https://bit.ly/2Q2YkoT
	103-2	The management approach and its components	Page 26 and corporate website https://bit.ly/2Q2YkoT
	103-3	Evaluation of the management approach	Page 26 and corporate website https://bit.ly/2Q2YkoT
	-	Significant processes and operations supported	26
Indirect economic impact; Transparency and ethics			
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundary	Page 27 and corporate website https://bit.ly/2S5IRVe
	103-2	The management approach and its components	Page 27 and corporate website https://bit.ly/2S5IRVe
GRI 203: Indirect economic impact 2016	103-3	Evaluation of the management approach	Page 27 and corporate website https://bit.ly/2S5IRVe
	203-1	Significant indirect economic impacts	27
GRI 206: Anti-competitive Behaviour 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	During the reporting period there were no legal actions regarding anti-competitive behavior and violations of anti-trust and monopoly legislation in which our organization has been identified as a participant.

GRI Standard	Disclosure	Page number(s) and/or URL(s)	Omissions
Procurement practices			
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundary	Page 29 and corporate website https://bit.ly/2Q2YkoT
	103-2	The management approach and its components	Page 29 and corporate website https://bit.ly/2Q2YkoT
	103-3	Evaluation of the management approach	Page 29 and corporate website https://bit.ly/2Q2YkoT
GRI 204: Procurement practices 2016	204-1	Percentage of products and services purchased locally	29
Supply chain management. Knowledge transfer			
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundary	Page 28, 53 and corporate website https://bit.ly/2Q2YkoT
	103-2	The management approach and its components	Page 28, 53 and corporate website https://bit.ly/2Q2YkoT
	103-3	Evaluation of the management approach	Page 28, 53 and corporate website https://bit.ly/2Q2YkoT
GRI 205: Anti-corruption 2016	205-3	Confirmed incidents of corruption and actions taken	We are pleased to report that zero incidents related to corruption either in our company or in our supply chain have been recorded during the reporting period.
GRI 308: Supplier environmental assessment 2016	308-2	Negative environmental impacts in the supply chain	We are pleased to report that zero incidents related to negative impacts in our supply chain have been recorded during the reporting period.
GRI 414: Supplier social assessment 2016	414-2	Negative social impacts in the supply chain.	We are pleased to report that zero incidents related to negative social impacts in our supply chain have been recorded during the reporting period.
		Technical or financial assistance provided to various organizations	53
Packaging			
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundary	Pages 42-43 and corporate website https://bit.ly/2LNHj3q
	103-2	The management approach and its components	Pages 42-43 and corporate website https://bit.ly/2LNHj3q
	103-3	Evaluation of the management approach	Pages 42-43 and corporate website https://bit.ly/2LNHj3q
GRI 301: Materials 2016	301-1	Materials used	42, 43
Resource efficiency: Energy			
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundary	Pages 40 and corporate website https://bit.ly/2Q2YkoT
	103-2	The management approach and its components	Pages 40 and corporate website https://bit.ly/2Q2YkoT
	103-3	Evaluation of the management approach	Pages 40 and corporate website https://bit.ly/2Q2YkoT
GRI 302: Energy 2016	302-1	Energy consumption within the organization	40
Resource efficiency: Water			
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundary	Pages 40 and corporate website https://bit.ly/2Q2YkoT
	103-2	The management approach and its components	Pages 40 and corporate website https://bit.ly/2Q2YkoT
	103-3	Evaluation of the management approach	Pages 40 and corporate website https://bit.ly/2Q2YkoT

GRI Standard	Disclosure	Page number(s) and/or URL(s)	Omissions
GRI 303: Water 2016	303-1	Water withdrawal by source	40
Waste & CO2			
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundary	Pages 41 and corporate website https://bit.ly/2Q2YkoT
	103-2	The management approach and its components	Pages 41 and corporate website https://bit.ly/2Q2YkoT
	103-3	Evaluation of the management approach	Pages 41 and corporate website https://bit.ly/2Q2YkoT
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	41
	305-5	Reduction of GHG emissions	41
GRI 306: Effluents and Waste 2016	306-1	Water discharge by quality and destination	41
	306-2	Waste by type and disposal method	41
GRI 307: Environmental compliance 2016	307-1	Non-compliance with environmental laws and regulations	During the reporting period, no fines and non-monetary sanctions for non-compliance with environmental laws and/or regulations have been recorded.
Health and safety (employees)			
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundary	Pages 32 and corporate website https://bit.ly/2Q2YkoT
	103-2	The management approach and its components	Pages 32 and corporate website https://bit.ly/2Q2YkoT
	103-3	Evaluation of the management approach	Pages 32 and corporate website https://bit.ly/2Q2YkoT
GRI 403: Occupational Health and Safety 2016	403-1	Workers representation in formal joint management–worker health and safety committees	32
	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	32
	403-4	Health and safety topics covered in formal agreements with trade unions	32
Human resources, talent acquisition; Employee-management relations			
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundary	Pages 32-37 and corporate website https://bit.ly/2Q2YkoT
	103-2	The management approach and its components	Pages 32-37 and corporate website https://bit.ly/2Q2YkoT
	103-3	Evaluation of the management approach	Pages 32-37 and corporate website https://bit.ly/2Q2YkoT
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	32
	401-3	Parental leave	35
GRI 402: Employee-management relations 2016	402-1	Minimum notice periods regarding operational changes	33
Employee training			
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundary	Pages 33 and corporate website https://bit.ly/2Q2YkoT
	103-2	The management approach and its components	Pages 33 and corporate website https://bit.ly/2Q2YkoT
	103-3	Evaluation of the management approach	Pages 33 and corporate website https://bit.ly/2Q2YkoT
GRI 404: Education and training 2016	404-1	Average hours of training per year per employee	33
	404-3	Percentage of employees receiving regular performance reviews	33

GRI Standard	Disclosure	Page number(s) and/or URL(s)	Omissions
Labour practices, working conditions			
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundary	Pages 19, 32-27 and corporate website https://bit.ly/2Q2YkoT
	103-2	The management approach and its components	Pages 19, 32-27 and corporate website https://bit.ly/2Q2YkoT
	103-3	Evaluation of the management approach	Pages 19, 32-27 and corporate website https://bit.ly/2Q2YkoT
GRI 405: Diversity and Equal Opportunities 2016	405-1	Diversity of governance bodies and employees	The percentage of women in our Board was zero. In terms of categories of employees, details are provided at page 19.
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	During the reporting cycle, the number of incidents of discrimination was zero.
Alcohol responsible consumption; Product responsibility			
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundary	Pages 27, 46-48, 52 and corporate website https://bit.ly/2Q2YkoT
	103-2	The management approach and its components	Pages 27, 46-48, 52 and corporate website https://bit.ly/2Q2YkoT
	103-3	Evaluation of the management approach	Pages 27, 46-48, 52 and corporate website https://bit.ly/2Q2YkoT
GRI 415: Public Policy 2016	415-1	Political contributions	27
GRI 416: Customer Health and Safety 2016	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	47
GRI 417: Marketing and labelling 2016	417-3	Incidents of non-compliance concerning marketing communications	52
Sustainable development in local communities			
GRI 103: Management approach 2016	103-1	Explanation of the material topic and its Boundary	Pages 49-51 and corporate website https://bit.ly/2Q2YkoT
	103-2	The management approach and its components	Pages 49-51 and corporate website https://bit.ly/2Q2YkoT
	103-3	Evaluation of the management approach	Pages 49-51 and corporate website https://bit.ly/2Q2YkoT
GRI 413: Local communities 2016	413-2	Operations with significant actual and potential negative impacts	None of our operations presents the risk of having an actual or potential negative impact on local communities.

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