



## **Non-Financial Statement for the year 2020**

**Ursus Breweries, March 29<sup>th</sup>, 2021**

This non-financial statement was prepared by Ursus Breweries S.A., CUI R0199095, headquartered in Bucharest, sector 2, Șoseaua Pipera no. 4, Floreasca Park, corp A, et. 2.

The document has been prepared to meet the legal requirements for non-financial reporting (Orders of the Finance minister no. 1938/2016, respectively no. 3456/2018) and to give our partners a clearer picture of the development, performance and social and environmental impact of our business during the financial year 2020.

In the collection and presentation of information in this document, our company selected the non-financial performance indicators in the GRI Standards (Global Reporting Initiative) applicable for our activity, following in the same time the recommendations in the Guide for the reporting of non-financial information in the Communication of the European Commission, published in the Official Journal of the European Union (2017/C215/01).

To access the financial statement of our company, please use this [link](#).

The statement in which the non-financial information related to 2019 was presented can be accessed [here](#).

Through our initiatives we want to contribute to a better Romania. We invite you to [our website](#) to discover what our priorities are in the field of sustainable development.

Also, below we present the commitments we have made on the line of sustainability for 2021.

## Key 2021 sustainability initiatives

### PLANET

### RESPONSIBLE CHOICES

### PEOPLE

#### Packaging & packaging waste



**DRS** – Beverage Alliance cooperation btw. beer & soft-drinks; alignment with retailers & Govt.in progress.

**PET** - Lower volumes, preforms light-weighting, use of alternative solutions to reduce stretch films.

**Reduction of packaging material losses** - Preform, can and glass loss reduction projects of 50% by 2023 vs 2019. Reduce NRB glass weight.

**Continue best practices of waste recycling** - Minimum 97% of all waste to be recyclable by 2023 (2019: 95%).

**Reusable cups and RVMs recycling** at big public events & festivals.

**POSM** – reduce weight and reuse items; reduce Single Use Plastic and paper,;

#### Renewable energy and CO2 emissions



**Renewable power source for our breweries:** 50% in 2019, push 100% by 2025 from local sources.

**Refrigeration efficiency** – continue B&C label fridges purchase & accelerate park rejuvenation.

**Warehouse** - Full Electric forklifts; Reduce Km per hl (currently at 3) & no. of pallet touches through warehouse automation & routes' optimization.

**Transport efficiencies** - 10% reduction opportunity in Modern Trade with increased drop size; Green transporters partnerships – exploring pilot trial gas trucks, assessment of lightweight trailers & alternative fuel sources.

**UB Fleet:** Test hybrid cars in UB fleet.

**Optimization of grid** from 2020 continued.

#### Water consumption



Meet 2.75 hl/hl target by 2025 through WCM Initiatives and Best Practices.

#### Alcohol responsibility

Efforts continued around responsible alcohol consumption

Don't drink & Drive programs

Under Age Prevention Program



#### Health and wellbeing of consumers



Promote NA beverages (e.g. Cooler)

UB pursuing the Hub sugar strategy

Nutritional info and ingredients on labels pursued

Follow IARD & EU commitments on Responsibility Messaging



#### Our people

Work environ. improving

IS: Refurbish office areas/ furniture/lockers, equipment upgrade (forklifts, scanners) etc.

Manuf.: office renovation, outdoor relaxation & parking spaces, self-service kiosks, dining areas.



**Diversity & Inclusion** - engage with stories; commit to a target; improve practices



**H&S Culture:** Increased hazard awareness pilot project; implement C21 H&S Capex plans to reduce the risks; continue BBS program.

#### Our impact on community

Act of doing: Continue Timișoreana - Romanian Red Cross partnership



Act of doing: Ciucas – further development of relaxation areas



**Sustainable sourcing** – reduce import dependency by local malt growing initiatives through Brewers' Assoc.



**Structure**

1. Business model
2. Leadership
3. Environmental aspects
4. Social and personnel aspects
5. Respect for human rights
6. Fighting corruption and bribery
7. Non-financial risks



## 1. Business model

Ursus Breweries operates according to the NACE code 1105 - brewing, being currently the largest beer producer in Romania.

We represent the local division of Asahi Europe and International Group, established in 2017 following the acquisition by Asahi Group Holdings (Japan) of former Central European operations owned by SABMiller. We are a company with mixed capital, 98.68% owned by Asahi Breweries Europe Ltd. (registered entity in Great Britain), the remaining 1.32% representing other shareholders (individuals and legal entities in Romania).

We have three breweries in Braşov, Buzău and Timișoara, respectively a mini-brewery in Cluj-Napoca. The production activity is served by 7 warehouses. In addition, we carry out activities within the headquarters in Bucharest and the administrative center in Cluj-Napoca.

We produce beer under the brands URSUS, Timișoreana, Ciucaş, Peroni Nastro Azzurro, Grolsch, Azuga, Pilsner Urquell, Asahi Super Dry and Barlog. In addition, we import beer under the brands St. Stefanus and Kingswood (cider).

Our market is represented by consumers in Romania who, according to local legislation, are at least 18 years old. Our products are available both in the HoReCa network (hotels, restaurants, cafes, catering companies) and on store shelves. We are also present on foreign markets through the Timisoara brand.

To familiarize yourself with our supply chain, please see page 14 of our latest sustainable development report available [here](#).

## **2. Leadership**

The most important decision-making body of our company is the General Shareholders Meeting, which meets at the proposal of the Executive Committee (ExCo) and appoints the person designated to hold the position of Chairman of ExCo.

ExCo members (eight currently) are mandated to implement the long-term vision and short- and medium-term management policy, their activity being subject to the provisions of the Corporate Governance Rules of the Asahi Group.

In 2020, at the level of ExCo, the percentage of female representation was 12.5%. Of the total members, at the end of the year, 25% were Romanian citizens. As for the factory managers, they were 100% Romanian citizens.

In addition to ExCo, the governance structure also includes an Ethics Committee, the Internal Audit Department, a Trade Union, and during 2020 there was also a Crisis Committee that dealt with compliance with the measures imposed by the authorities, but also with the adjustment of internal rules to the sanitary restrictions related to the COVID-19 pandemic.

### 3. Environmental aspects

Our business involves the use of resources - from raw materials and packaging to water and energy. The investments and measures we take are carefully analyzed so that consumption is optimized. We are also concerned that the inhabitants and communities around our production facilities do not suffer, but they develop harmoniously and sustainably.

All our factories are equipped with wastewater treatment plants. The factories in Braşov, Buzău and Timișoara operate on the basis of the ISO 50001 management system, and the production processes are analyzed in order to be efficient and to eliminate losses. Moreover, in order to reduce energy consumption, we are looking carefully at building insulation solutions with technologies that are also fire-resistant. We replaced the LPG-powered forklifts in all the warehouses 100% of them with electric ones. In 2020, we started the introduction of LED lighting.

In terms of thermal energy, at the factory level we use energy from natural gas (for the production of steam, heating and hot water - estimated total consumption of approx. 325 506.5 GJ), diesel (as an alternative in case of gas supply interruption, for fire pumps and generators - estimated total consumption of approx. 51.62 GJ), LPG (for forklifts - estimated total consumption of approx. 1,524.18 GJ) and renewable energy (biogas produced in wastewater treatment plants in factories - estimated total consumption of about 31 841.2 GJ). In addition, at our headquarters in Cluj-Napoca, respectively at the headquarters in Bucharest, we recorded a gas consumption of approx. 936 GJ.

In 2020, the estimated electricity consumption at the level of our operations (factories, headquarters in Cluj-Napoca and headquarters in Bucharest) was 53.44 GWh. In order to set our energy efficiency targets, respectively to ensure that we can use as much renewable energy as possible, we are currently in discussions to identify a supplier that meets our objectives.

According to the last energy label issued by the supplier and available at the time of drawing up this document, the electricity intended for the activity in the factories had a coefficient of 0.27355 kgCO<sub>2</sub>e / kWh. CO<sub>2</sub> emissions (Scope 1 and Scope 2, including those related to fuels



consumed in our production units, respectively emissions related to electricity consumption from our headquarters in Bucharest and Cluj-Napoca) are estimated at approximately 32,762.5 t CO<sub>2</sub>e. To these are added approximately 1,361 t CO<sub>2</sub>e calculated on the basis of the distances traveled by the company cars of our employees.

Water, one of the most important resources in our activity, is constantly monitored. This is, on the one hand, because we do not want to affect the access of communities to this precious resource, but also because we want to make sure that, per unit of product, water consumption is made as efficient as possible.

The total amount of water captured for use in factories during 2020 was 1,978,761 cubic meters, of which about 70.4% came from own drilling and the rest from the public network. During the same period, the amount of effluents represented 1,198,800 cubic meters. To the above, 6,388 cubic meters of water are added, representing water consumption at the headquarters in Cluj-Napoca and Bucharest.

#### **4. Social and personnel aspects**

One of the principles that guide us in our activity is to create value together with all partners: employees, suppliers, contractors, distributors and consumers, being aware that this is the only way we can contribute to a responsible society.

The company's employees are some of the partners without whom we would not be able to fulfill our mission every day. Therefore, we encourage an organizational culture that promotes individual and company development and we care to ensure our employees optimal and safe working conditions, so that they carry out their work with confidence and professionalism.

As of December 31, 2020, the total number of our employees was 1664 people, slightly higher than the previous year. Of these, 503 were women and 1,161 were men, all full-time employees.

##### **a. Working conditions. Health and safety at work.**

Ensuring health and safety at work (OHS), as a priority in the company, comes from the great responsibility we have towards each employee.

The management system for occupational health and safety is integrated in our mode of operation, and last year we obtained the recertification according to the ISO 45001: 2018 standard.

We are running programs to improve conditions in the workplace and we also monitor and promote safe behaviors among our employees. We adhere to the principles of the Behavior Based Safety approach, both in our OHS training programs and in the application of safety action plans and rules. Unit managers, supervisors and team leaders are trained to follow the concrete aspects of health and safety at work, and at the level of each factory, there is an OHS coordinator who ensures that the procedures are followed.

When the COVID-19 pandemic broke out, we reacted quickly to adjust as well as possible to the surrounding reality so that, on the one hand, we made sure that all our colleagues were



protected and, on the other hand, that we had continuity in activity. Therefore, we have initiated the following actions as soon as possible since the declaration of the pandemic:

- a) risk assessment
- b) elaboration of the prevention and protection plan
- c) development of an own instruction on measures to prevent and limit the spread of SARS-CoV-2 virus infection. Thus, we made sure that a health check protocol is followed before coming to work and that an epidemiological triage is performed and access rules on the premises of our company are followed
- d) establishing a work schedule in telework regime for the categories of employees where the program allows for the entire duration of the state of emergency and alert
- e) weekly communications through the internal communication messages “Brewers' News” regarding the prevention measures taken at the level of Ursus Breweries and other general and specific communications regarding COVID-19
- f) meetings with union members
- g) presentations within the local and national OHS committees
- h) establishing a partnership with the medical services provider for performing RT-PCR tests
- i) purchase of protective equipment from local manufacturers authorized by the National Medicines Agency for surgical masks and hand and surface disinfectants; purchase of protective gloves; inventory tracking and placing quarterly orders
- j) installation of thermographic cameras and purchase of medical thermometers for the epidemiological triage at the entrance to the Ursus Breweries sites.

In order to carry out the activities on the premises in safe conditions, we applied the following rules:

- wearing a surgical mask
- distance > 1.5m
- use disinfectant for surfaces and hands
- organization of jobs in receptions, offices, dining rooms, smoking areas, locker rooms, meeting rooms
- rules in relation to suppliers of raw materials and materials
- additional specific rules in the forklift operation activity

- isolation room
- rules for the management of COVID-19 cases
- return to work of people who were sick / quarantined / isolated: disinfection of space and surfaces; ventilation system; waste management (potentially contaminated masks and gloves); monitoring compliance with the rules.

During 2020, we did not register any work accidents. However, we had 105 cases of COVID-19 among our employees. Sadly, one of our colleagues, infected with COVID-19, died in hospital.

Because the period of restrictions has tested each of us in various ways, depending on the particular situation of each of us, and because we wanted our employees to feel that they are supported on all levels that would be could have felt vulnerable, we facilitated their access to specialized counseling in various fields. Thus, in addition to the measures taken to prevent the risk of COVID-19 at work, we have offered our employees access to professional counseling services by contracting an online / telephone support service provided by persons specialized in the following fields: psychological counseling, legal and financial assistance to which our employees had uninterrupted access.

Our activity is carried out in compliance with the legal provisions in the field of work, of health and safety at work, as well as international standards in the field. We strictly respect the rights of our employees, the level of rigor being far above the legal provisions in the field.

All our employees, regardless of the type of employment contract (permanent, temporary, full-time or part-time), have access to the benefits package provided by the company. In 2020, the benefits granted to our employees included the following:

- medical services subscription to a private health care provider,
- life insurance,
- beer quota,
- meal vouchers.

During 2020, a number of 51 employees were, in whole or in part, on parental leave. This right was exercised by both women and men, who took one month of parental leave.

**b. Social dialogue. Respect for the right of employees to be informed and consulted.  
Respect for trade union rights.**

Annually, we conduct an employee survey, which in 2020, due to pandemic conditions, included only employees with active e-mail addresses. It had a response rate of 78%, with 896 respondents out of a total of 1,154 receiving the questionnaire.

Following feedback from colleagues, a number of areas for improvement were identified, from which the Executive Committee members selected the priority area for the following year. To ensure that the most effective and efficient solutions will be established and that they will be put into practice, we have set up a working group that includes managers from all our fields of activity. This working group, guided by an external consultant, set out actions to improve that area. The results will be presented to the members of the Executive Committee, who will decide which actions will be implemented during 2021.

We respect the right to free association. Thus, the employees of our company have the opportunity to join the Union, which is affiliated to the Federation of Trade Unions in the Food Industry. In 2020, 47.6% of our employees were union members.

**c. Dialogue with local communities and actions taken to ensure the protection and development of these communities.**

In our desire to keep open the dialogue with the members of the local communities in which we operate, in our factories were organized annually open days. These events aimed to bring us closer to the local community, to give people the opportunity to get to know each other better, from the inside, and to help them see how we work and how we produce beer.

In 2020, due to restrictions, we had to stop this activity, which we hope to resume when public health conditions would allow us to organize such events in conditions of health and safety for everyone.

In order to support the medical system at the beginning of the quarantine period, through the Timișoreana brand, we concluded a partnership with the Romanian Red Cross and donated 1,000,000 RON. In addition, we launched the fundraising initiative #separațidarîmpreună, encouraging Romanians to contribute with donations, via SMS. At the end of this campaign, the amount raised exceeded 200,000 RON.

We are performing continuously market research and marketing analysis of two types:

- continuous analyzes, performed monthly, which aim at understanding the performance of our beer brands, both in terms of consumption and notoriety among consumers and their perception of our products. The data collected from them are used to confirm and / or correct certain actions in the market.
- ad-hoc analyzes, which have specific objectives (communication testing, pricing, packaging selection).

**d. Actions taken to ensure gender equality. Commitments to combat discrimination and promote diversity.**

Working in an industry where the workforce, by the nature of the types of roles, has been predominantly provided by men, we are concerned with providing equal opportunities for women and men in terms of employment, pay and career advancement. The principle of equal opportunities and treatment for employees regardless of gender, age, ethnicity, nationality, race or religion is a fundamental one in the company and is reflected in both the Internal Regulations and our Code of Conduct. Through the Code of Conduct we aim to encourage and respect the diversity of values of all our employees, and our corporate culture ensures conditions through which each employee can develop using their unique skills and abilities.

Gender equality is a principle included in our talent recruitment process throughout the company and for all functions. As a result, 45% of our senior management roles at Ursus Breweries are held by women, with the goal of reaching 50% by 2023.

Female representation on different levels in the company for 2020:

- Employees - 26%



- Team coordinators - 38%
- Managers - 55%
- Directors - 45%
- Members of the Executive Committee (ExCo) - 12.5%

We annually evaluate the equal pay for men and women, and in order to ensure that we break the vicious circle of prejudice and stereotypes regarding equal opportunities, we have included this topic in the performance management and talent management processes.

Regarding the aspects regarding diversity and inclusion, in 2020 we joined the LEAD (Leading Executives Advancing Diversity) network. We went through a process of self-assessment of the diversity and inclusion (D&I) practices that existed in the company and our performance in this field, and the results of this process formed a solid basis for developing the D&I strategy in Ursus Breweries for the next three years.

Our Diversity and Inclusion (D&I) strategy aims to: involve our employees through D&I stories, improve current practices in this area and commit to a clear goal. The main promoters of this strategy in the company will be the leaders in the organization.

On this occasion, we have reviewed the way we collect and analyze employee demographics data and are in the process of defining a holistic approach through a set of initiatives to help us have a diverse workforce.

## 5. Respect for human rights

Our activity is guided by the Principles for the respect of human rights, established at group level and adopted in 2019. These can be accessed [here](#) and include both our commitments in the field and how we understand to adhere to them, as well as dispute settlement mechanisms, information and training activities, as well as provisions on monitoring and reporting actions.

We hope that our business partners, including suppliers, understand to adhere to our Principles and that they carry out their activities in relation to us based on them.

We are affiliated with the following organizations, each of which has its own values and principles that we have adopted:

- International Alliance for Responsible Drinking (IARD) <https://iard.org/>
- SAFER – WHO’s initiative for alcohol control <https://www.who.int/initiatives/SAFER>
- AmCham – The Romanian-American Chamber of Commerce [www.amcham.ro](http://www.amcham.ro)
- The Romanian Association of Packaging and Environment (ARAM) [www.aram.org.ro](http://www.aram.org.ro)
- Brewers of Romania Association [www.berariromaniei.ro](http://www.berariromaniei.ro)
- The Romanian Food Industry Employers' Federation - ROMALIMENTA [www.romalimenta.ro](http://www.romalimenta.ro)
- Foreign Investors Council (FIC) [www.fic.ro](http://www.fic.ro)
- The British Romanian Chamber of Commerce (BRCC) [www.brcconline.eu](http://www.brcconline.eu)
- International Advertising Association Romania (IAA) [www.iaa.ro](http://www.iaa.ro)
- Romanian Advertising Council (RAC) [www.rac.ro](http://www.rac.ro)
- The Romanian–German Chamber of Industry and Commerce (AHK) [www.ahkrumaenien.ro/ro](http://www.ahkrumaenien.ro/ro)
- Employers Organization of Romanian Hotels and Restaurants (HORA) [www.horaromania.org](http://www.horaromania.org)
- The Employers' Confederation Concordia [www.concordia.ro](http://www.concordia.ro)

## 6. Fighting corruption and bribery

We carry out our activity based on the zero-deviation principle from legal and internal norms. The internal framework on transparency, as well as the additional policies included in the Code of Ethics and Business Conduct, the Anti-Bribery Policy, the Employee Phonenumber and the Gifts and Entertainment Policy are available on the internal platforms and can be accessed at any time by our employees.

The policy on whistleblowers is constantly communicated at the company level, offering each employee the opportunity to notify, under the protection of anonymity, any deviation or suspicion of deviation from the rules of conduct. The way in which complaints can be formulated is properly presented both at the headquarters and in each of our factories.

In addition, our suppliers have the following documents at their disposal:

- Code of conduct for suppliers <https://ursus-breweries.ro/wp-content/uploads/2021/01/Ursus-Breweries-Supplier-Code-of-Conduct.pdf>
- Anti-bribery policy for suppliers <https://ursus-breweries.ro/wp-content/uploads/2021/01/Anti-Bribery-Policy-Supplier-Version Ursus-Breweries.pdf>

## 7. Non-financial risks

Our operations are conducted in accordance with the requirements of the following standards and management systems: ISO 14001, OHSAS 18001, ISO 9001, ISO 22000 and ISO 50001. They operate in sync with the other management systems mentioned throughout this document, pursuing the strategy of sustainable development and risk analysis.

The annual audits are carried out with the help of certified internal auditors, while the external audits (supervision and / or recertification) are carried out either annually or according to the certification or recertification schedule, through accredited certification bodies.

From a non-financial point of view, the potential risks were analyzed by our specialists and were classified into three categories:

a) Potential risks related to disruption of production flow, losses and supply chain failures due to the COVID-19 pandemic.

To prevent these risks, three measures have been taken: protecting the health and support of employees, including their families; ensuring continuity in production areas; ensuring continuity in the supply flow.

Within the company, we quickly adopted disease prevention and control measures so that the risk of illness among our colleagues is as low as possible. We also extended the flexible working hours and, where the situation allowed, we encouraged remote working.

The main purpose of the internal communication was to inform our employees about the evolution of the pandemic, but also the importance of observing the protection measures.

The emotional health of our colleagues was more important than ever, so we gave everyone access to specialists and information in the fields of nutrition, psychology and mindfulness.



From an external perspective, the procurement department has ensured that the supply flow remains constant and that production maintains its parameters appropriate to market demand.

b) Potential risks arising from disruptions in the activity of operators in the HoReCa sector due to the COVID-19 pandemic

From this point of view, the measures aimed both at reorienting towards the sectors that continued to operate and at supporting the HoReCa sector by adjusting the contractual terms, by taking over the existing stocks, respectively by promoting the take-away orders.

c) Potential risks arising from difficulties in recruiting factory executives and highly qualified staff due to the reduced supply of labor in this field.

In this segment, our measures are channeled towards the continuous improvement of working conditions for colleagues in factories, sales and offices, the increase of confidence in Ursus Breweries as an employer, but also the adjustment of salary packages so that they are not only attractive but and motivating from a career perspective.