

SUSTAINABILITY REPORT

NON-FINANCIAL REPORT 2023



A year has come and gone. What happened in our company? Some would say too much, others would say not enough. And all would be right.

Last year, after years of crisis, we were once again able to consider new acquisitions and make up for what the atmosphere of previous years did not allow us to do.

We prepared the ground for the purchase of two important agricultural acquisitions, which will allow us to explore other key raw materials for our beverage production beyond herbs – apples, and coffee.

We acquired nearly 60 hectares of apple orchards at the foot of the Low Jeseník mountains. And in the autumn, we managed to plant a special bittersweet apple variety ideal for cider production which we now have to import from as far away as England or France.

In far-off Colombia, we became co-owners of about 230 hectares of coffee plantations. We are thus entering the next phase of an adventure of discovery, aiming to understand and manage these raw materials sustainably. For apples, this also means shortening the supply chain and increasing local self-sufficiency.

These are challenging projects for Kofola, involving a lot of hard work, which we approach with humility, enthusiasm, and high expectations.

We continue our efforts to protect water resources at our locations. We aim to focus even more on water at our production sites and seek ways to reduce water consumption. We are successfully meeting a significant target in the circularity of our packaging in Slovakia, where we launched a deposit system. Unfortunately, in the Czech Republic, progress has been slower. Our goal is to recycle bottles and cans to save raw materials, and energy, and reduce the carbon footprint associated with production.

Closing the material loop will only be achieved by introducing a deposit system. European regulations set targets for collection and recycling rates for bottles and cans in the coming years. In the Czech Republic, we excel at sorting, but we simply will not achieve the mandatory collection and recycling levels. In such a case, the EU is ordering states to make depositing mandatory. Although the question is not whether to deposit or not, we still lack a decision in the Czech Republic. We believe this year will finally be a turning point, and the Czech government will soon follow the example of the successful Slovak implementation.

So, keep your fingers crossed for us to take a big step next year! Not only from a packaging perspective but also for the planet.

Jannis Samaras, CEO of Kofola Group



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WHERE ARE KOFOLA'S ROOTS
















Our company operates in five European countries where we manufacture our products in a total of eleven plants. You can find us in Slovakia, Croatia, Slovenia, Poland, and of course, the Czech Republic, where we are also headquartered with a registered office at Nad Porubkou 2278/31a, Ostrava, 708 00.

Kofola ČeskoSlovensko a.s. is a joint-stock company established on September 12, 2012. The company is registered in the Commercial Register maintained by the Regional Court in Ostrava, Section B, Insert No. 10735.

The highest body of our company is the Annual General Meeting. Our Board of Directors is responsible for the day-to-day management and consists of three members, two vice-chairmen and one chairman, the Group CEO Jannis Samaras. Activities of the Board are monitored by the Supervisory Board, which has four members and a chairman, all elected for a five-year renewable term. The governance structure also includes a three-member Audit Committee, which assists the Supervisory Board in the competencies provided for by law.

We are one of the largest producers and distributors of soft drinks in Central and Eastern Europe. That makes twenty-six brands in total, whose products we divide into six categories (see overview below). These also include seven brands that we do not manufacture but for which we hold a distribution license.

MAIN BRANDS BY CATEGORIES

Category	Main own brands	Distributed and licenced brands
Carbonated beverages	      	  
Waters	     	 
Non-arbonated beverages	   	
Fresh juices		
Tea and coffee	  	
Energy drinks		
Ciders		

OUR PRODUCTION PLANTS

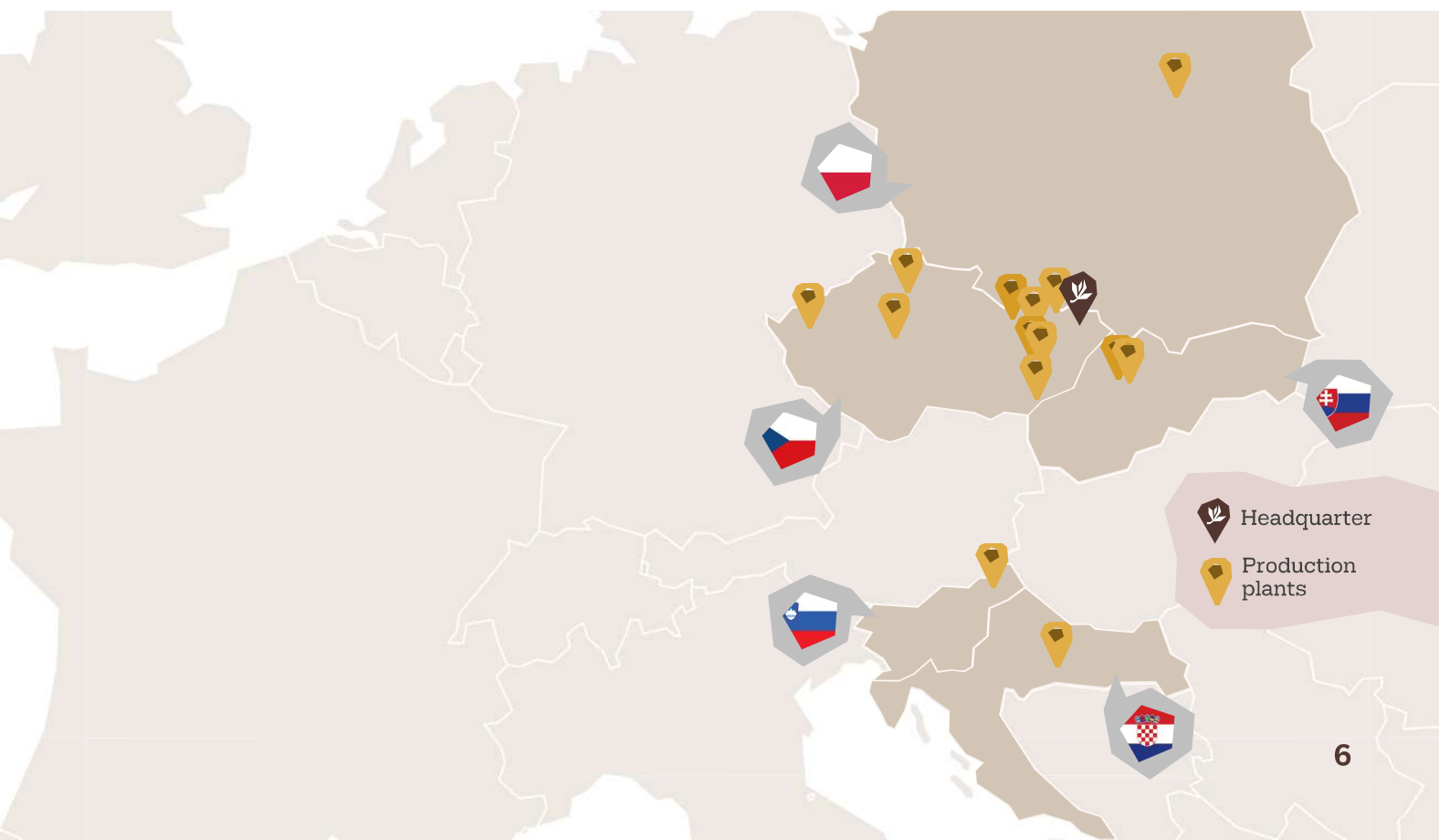
Krnov—Kofola's hometown and the location of our oldest Czechoslovak plant! In addition to Kofola, we also produce fresh UGO juices here and you can find our herbal laboratory, F. H. Prager cider production, and the headquarters of our transport company SANTA-TRANS here as well.

Ondrášovka is characteristically created in **Ondrášov**, in the wild foothills of Nížký Jeseník. Karlovarská Korunní originates in the picturesque environment of the Doupov Mountains, in **Stráž nad Ohří**, where many people collect water from the local spring. Slovakia, the landscape of Rajecká valley in **Rajeckej Lesnej**, is home to one of our most modern factories in which we produce beverages without preservatives on a special aseptic line. And the local plant is home to Rajec water, of course. A little further south, in **Kláštor pod Znievom**, is Kofola's smallest factory, where we produce Klášťorná Kalcia mineral water. In the Slovenian spa town of **Radenci**, there is a plant where Radenska mineral water is bottled. And one of our production plants is also in Croatia, in the town of **Lipik**, where Studenac soft drinks are produced.

Among the meadows and groves in Moravian Slovakia, there is a base for Leros fragrant teas in **Strážnice**. More than 335 tons of herbs pass under our hands here every year. In **Mnichovo Hradiště** we produce several brands, including Kofola itself.

Not far from Prague, in the village of **Jažlovice**, we process the largest volume of salads and fruits. From here we send out our products to the world under the UGO brand.

Finally, we send Premium Rosa syrups, jams, and juices to the world from the heart of Poland, the city of **Złotokłos**.





**SUSTAINABILITY
AT KOFOLA**

Sustainability permeates our entire business. From water taps in our factory kitchens to the waste we produce as a company and the soil in which herbs we use in our teas and extracts grow. It requires a comprehensive approach, goals, and planning. At Kofola, we focus on sustainability in the following areas:



Our people



Biodiversity



Climate change



Water



Waste



Health



Packaging



Responsible marketing



Our suppliers



**Sponsorship and
support for locals**

These ten areas are the backbone of sustainability at Kofola. Within them, we set goals and define risks. We are aware of the impact and effect that our activities have on the environment and society. They help us articulate where we want to go and why.

Why this ten? We commissioned a Sustainability Analysis at the beginning of 2022. It brings a report on the impact of our activities on the countries in which we operate. It also revealed the ten themes mentioned above, which we will focus on as a priority and monitor as part of our sustainability strategies and reporting.

What is more, the Sustainability Analysis highlights the risks to our business, specifying the impacts and revealing the ways in which we can move forward and improve. Some of our priorities are to reduce sugar, manage water more efficiently, recycle plastics more effectively, enforce the deposit system, and work on developing landscape care. But we also want to work on circularity so that we can reuse our packaging or our bottles and cans material even more.

For the analysis data, we also monitored the supply chain and took notice of its weaknesses and strengths. We analyzed waste, focusing on packaging, materials, and energy. And we assessed how our business is impacted by the European Union's green policies and national legislation that is being put in place.

Everything is changing and we don't want to stand still either. We will periodically review this sustainability analysis and reassess whether the topics we have focused on are the right ones. Among other things, this is also due to new acquisitions.

Last but not least, we reached out to our eight most important stakeholder groups, from whom we collected comprehensive feedback through a questionnaire survey or personal interviews.



Climate, nature, and society are changing. The planet is warming, ocean levels are rising. We know from many sources that to find the cause of these changes, all we must do is look in the mirror. And we at Kofola are looking into it too. How else can we reach our destination than to recognize the risks of the journey and our weaknesses?

Therefore, one of the aims of this report is to turn weaknesses into strengths and risks into opportunities. In the years to come, we will work hard to reduce our greenhouse gas emissions yet again. We also want to reduce waste, improve circularity, and increase recycling. A big topic is sugar, which we use to sweeten some of our products. We are looking at the impact it has on human health and trying to find out whether we can replace it or reduce its quantity. And we're also looking into ways to motivate (not only) our customers to do sports and embrace an active lifestyle in general.

At Kofola, we strive to improve life quality and the environment of the place we call home. We are a major employer in the counties, connecting local organizations and small farmers, growing, and buying herbs, and protecting precious water resources. We do so to help the places we've come to move forward, to rid them of problems, and to restore balance to the landscape. We believe that sustainability is our chance and opportunity.



EU TAXONOMY FOR SUSTAINABILITY ACTIVITIES

Kofola's operations fall partly under the activities monitored in the EU Taxonomy for carbon-intensive activities. This applies exclusively to activities related to road freight transport of our company SANTA-TRANS s.r.o. Primarily, SANTA-TRANS provides transport between plants within the Kofola Group. Revenues from this activity don't affect the total consolidated revenues of the Kofola ČeskoSlovensko Group. SANTA-TRANS also partly provides its services to external partners.

	Consolidated values of the entire Kofola ČeskoSlovensko Group	Taxonomy-eligible activities	Share of relevant activity in total value	Taxonomy-aligned activities
REVENUE	CZK 8 690 103 thousand	CZK 17 371 thousand	0,2%	0%
REVENUE SANTA-TRANS (INTERCOMPANY)*	-	CZK 379 550 thousand	-	0%
OPERATING COSTS	CZK 8 032 817 thousand	CZK 369 777 thousand	4,6%	0%
CAPITAL EXPENDITURE	CZK 554 426 thousand	CZK 34 265 thousand	6,2%	0%

* Intercompany revenue is eliminated as a part of the consolidation process and as such is not presented as Revenue in the Group financial statements.
SANTA-TRANS activities are not in accordance (aligned) with the EU Taxonomy.



SUSTAINABILITY TEAM

Jannis Samaras is not only one of the founders of Kofola but also an integral part of the beating heart of our company, a visionary and innovator. He is the one who sets goals for the entire group, which we then collectively strive to achieve. And that applies to sustainability as well. Water conservation, herbs buying, Cirkulka... Jannis is closely connected to the sustainable steps we take at Kofola and is often their spiritual father.

Every heart needs a brain and hands. That's why we created a new team in 2020 to make sure we take the right paths to reach our sustainability goals. The team is headed by David Sommer and its main task is to make sure that sustainability is written into the everyday life of the entire company. The team makes sure we don't concentrate green solutions into one department only but look for them everywhere. Every year we have been publishing annual reports that included data related to sustainability. This year, for the first time, we are introducing a new feature—a stand-alone Sustainability Report.

Individual topics are covered by:

OUR PEOPLE	Martin Pisklák
CLIMATE CHANGE	David Sommer
PACKAGING	David Sommer
WASTE	Kamila Válková
HEALTH	Petr Pravda
OUR SUPPLIERS	Petr Kulovaný
BIODIVERSITY	David Sommer
WATER	David Sommer
RESPONSIBLE MARKETING	Pavol Chalupka, Egle Wehle, Karel Hrbek
SUPPORTING LOCALS	Jana Ptačinská

Fairly and transparently

At Kofola, we operate in a transparent and fair environment. As the company grew, we gradually introduced and improved the verification and approval system for contracts and agreements. This primarily affects the purchasing and sales department, where we work individually with teams to eliminate unfair practices. We also have a special line in place that anyone who suspects corrupt behavior can call.

Our approach, however, is mainly based on an atmosphere of mutual trust and openness. In key positions, you will meet people who have been working at Kofola for a long time, they work diligently and simply have the brand at heart. We want every employee to know that their supervisors' doors are always open, not only when it comes to suspected corruption, but also for any other questions, complaints, or ideas they might have. In addition to that, we regularly schedule personal assessment interviews.



OUR PEOPLE



Our goal is to create a flexible and straightforward organization where employees understand and align with the company's mission and vision. We aim for them to be able to make their own decisions and take full responsibility for those decisions. We strive to create an environment where employees can reach their full potential and drive the company forward.

We are opening a dialogue with our Kofopeople, asking if the themes of our long-term vision are clear to them and how they can integrate these themes into their daily work. We consider this dialogue essential for enabling employees to make independent decisions, take responsibility for their actions, and thereby be happier at work.





PRINCIPLES OF TURQUOISE ORGANIZATIONS

Self-management and involving people in decision-making, rather than relying on hierarchy, is how we see the future of our company.

Our IT department has been operating without the traditional hierarchical model for three years. Instead of assigning tasks and reporting to a manager, rigid processes have become dynamic and open.

We launched a pilot project aimed at greater individual autonomy and accountability for results within the commercial catering team as well. We listened to their suggestions for specific changes that lead to greater freedom and meaningfulness at work. We have opened many topics that we are gradually addressing to make the team's work easier. We have loosened system settings and left more room for ownership. After a year of operation, we see a significant increase in the satisfaction of individual team members, and the team's performance is growing as well, which is reflected in specific measurable indicators.

How did we implement the turquoise principles in the gastro sales team?

1Q 2023

Launching of the
gastro turquoise
challenge

2Q 2023

beginning of freer
functioning

3Q 2023

simplifying processes

4Q 2023

first assessment - increase in
key parameters (e.g. revenues)
and a **significant increase in
sales representatives'
satisfaction** (specifically 52%)

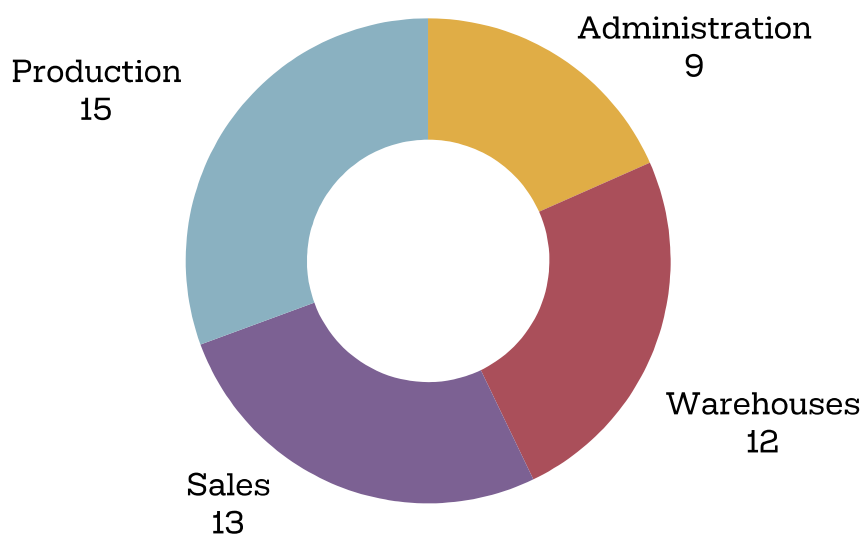




WE'RE LETTING OUR PEOPLE GROW

There are numerous opportunities to participate in new projects or lead them directly, as well as opportunities for further personal growth. In 2023 alone, we supported 49 internal moves across all parts of Kofola – from production to sales, logistics, and administration. Additionally, there were 23 internal moves at UGO, accounting for almost 16% of employees who had the opportunity for career advancement.

**Structure of internal moves
in Kofola**



Kofopeople can develop their potential through training programs tailored for sales and production, where managers at all levels enhance their skills in team leadership, time management, effective communication, and providing feedback.

We prioritize the development of competencies that support independent functioning. This includes coaching techniques for our managers, self-management skills, and conflict resolution without involving bosses.

We pay special attention to newcomers and prepare adaptation programs to help them feel at home with us right from the start. In addition to familiarizing them with company operations and processes, we also arrange guided tours of our production plant in Krnov.



A WORD WITH THE MANAGEMENT

To keep in touch with our Kofopeople, to inform them about important matters, and to be closer despite the distances, we regularly meet for A Word with the Management. Twice a year, employees and management convene at production sites or offices to discuss the latest developments at Kofola, the results of the previous period, and outline plans for the next one. We align our achievements and plans with our long-term vision, which guides our operations.

We also respond to the input we gather in Kofoboxes. These are original boxes where anyone can anonymously drop their message. In previous years, we used the boxes to address topics such as the working environment, catering, and remuneration.

INNOVATION IN THE HANDS OF KOFOPEOPLE

Twice a year, we organize Innovation Days, one of the most proven ways to create new products in Kofola. During these events, employees contribute their own ideas, ranging from process and product innovations to small yet impactful improvements. Takto vznikl například projekt Kofomami, nebo limonáda ze sicilských citrusů, Targa Florio. Goodness is a part of our DNA, proven by the spontaneous birth of the Give Joy project within our ranks.

It has been working great for several years now - our votes decide where the money donated by Kofola will go. We also started a project called Doing it for Us, where Kofopeople organize various activities for their colleagues, ranging from Pilates classes to tree planting and travel lectures.





COOPERATION WITH SCHOOLS

We have established partnerships with technical secondary schools near our production plants. In Ostrava, we welcome university and high school students to intern at our headquarters, offering them potential employment after graduation. And each year, we work with several students on their bachelor's or master's theses. Thanks to this cooperation, we welcomed more graduates to Kofola last year.

KOFOMOMS

Staying a Kofoperson even on maternity leave. Parenting is just as challenging as it is beautiful. Yet some parents, in addition to worrying about their offspring, want to stay in touch with Kofola. And it was for them that a few years ago we launched the Kofomami project initiated by one of our Kofowomen in PR. Its goal was not only to keep parents informed about what was going on but also to include them in part-time activities or offer them part-time jobs. Today, over 100 parents from the Czech Republic and Slovakia are involved in the project.

We invite parents on maternity or parental leave to participate in internal events such as children's days, St. Nicholas Day, or end-of-season events. We prepare packages for the children and let the parents taste our new products. For those interested in part-time collaboration, we try to find an ideal form of work—whether it's a contractual arrangement or a part-time job. Currently, we have 10 mothers employed in the Czech branches of Kofola alone.





BENEFITS

Our twenty-five-member HR department oversees employee care. Meal allowances or private canteens, extra holidays, Cafeteria, transportation or children's recreation allowances, financial bonuses on personal or work anniversaries and events, and regular employee events. Our benefits system is comprehensive and covers multiple areas. Employees can also enjoy discounts at our subsidiaries, including UGO Salaterias, Freshbars, and Leros. In our back offices, special UGOmats provide fresh juices and salads.

In Slovenia and Croatia, we have been focused on promoting health and a healthy working environment through superior healthcare, development activities aimed at promoting work-life balance, and the opportunity to consult physical and mental health with experts.

In 2023, Radenska, d.o.o. received the Family Friendly Company award, underscoring our ongoing commitment to supporting employees in balancing work and family life. Specific initiatives include open days at the company premises for employees and their families focused on healthy lifestyles and children, gifts for employees' children upon birth or starting school, financial support for children's summer activities, employment opportunities for our employees' children during summer holidays, and access to company recreational facilities for employees.



Our beverages as a perk

Unlimited beverages are provided at all our plants through regularly replenished fridges. To reduce waste as much as possible, we also stock these fridges with beverages that are about to expire, and we include samples of products we are launching or currently developing.

In addition, each of us receives a monthly credit that we can use to buy beverages to take home.





PEOPLE DATA

Our annual **turnover** rate is around 20%. Last year we managed to reduce the departure rate to 18.9% of the total average number of employees at Kofola, and our goal is to reduce this number even further. The turnover rate at Santa-Trans is 21.7%, at Leros it's 20.7%. Higher turnover rates are observed, for example, in UGO, especially in QSR facilities. Conversely, we have the lowest turnover rate in the Adriatic region at 13%.

We are delighted that the ratio of men to women in management and senior positions at Kofola is now almost 10:8. In UGO, the ratio is 3:2, in the Adriatic region it's 10:4, and at Leros, it's 4:2.

Since 2020, the number of work-related accidents has been decreasing. In 2023, we recorded 8 work-related accidents at Kofola, 1 at UGO, 5 at Santra-Trans, 6 at Radenska d.o.o, and none at Leros.



CLIMATE CHANGE

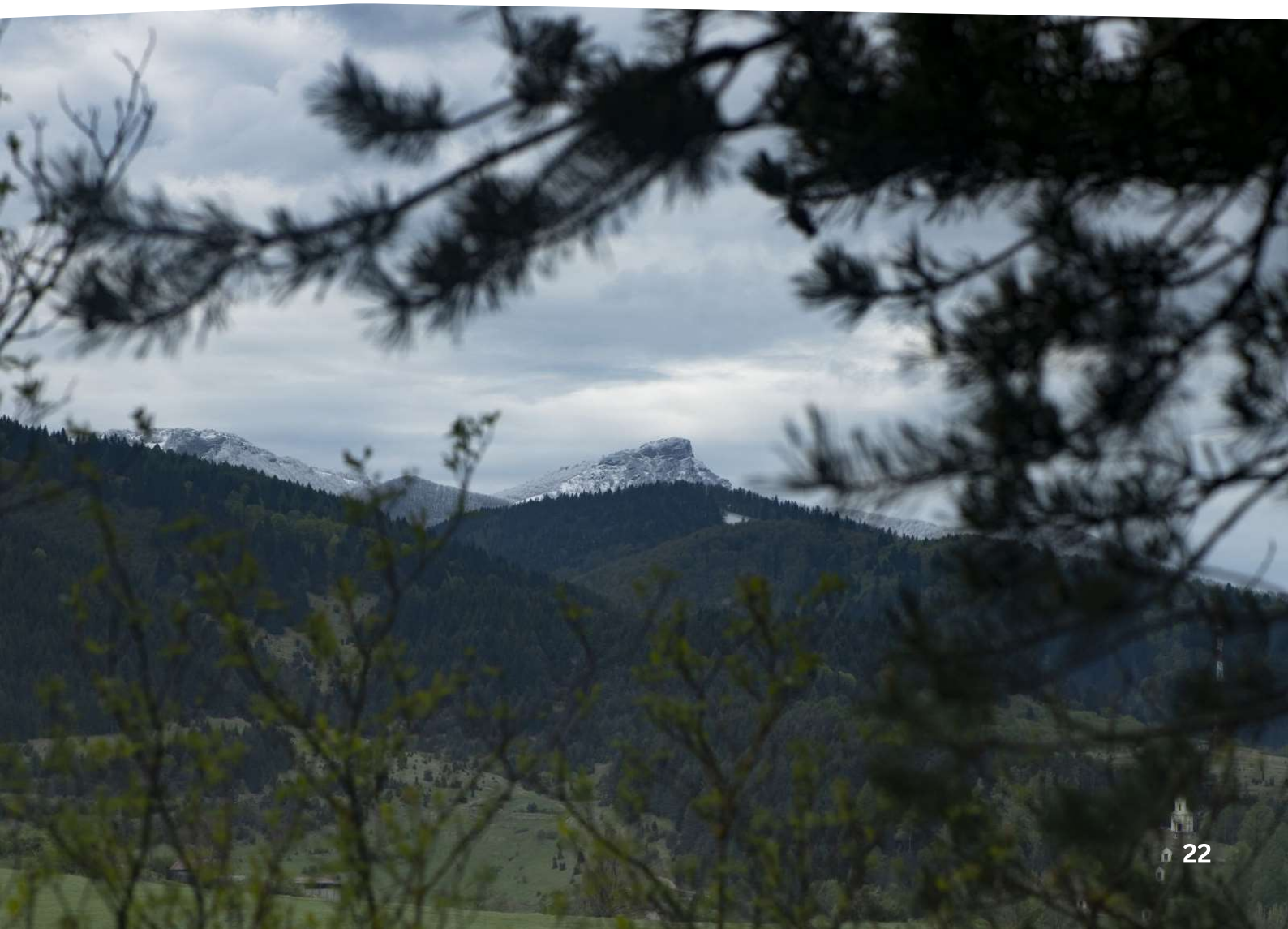


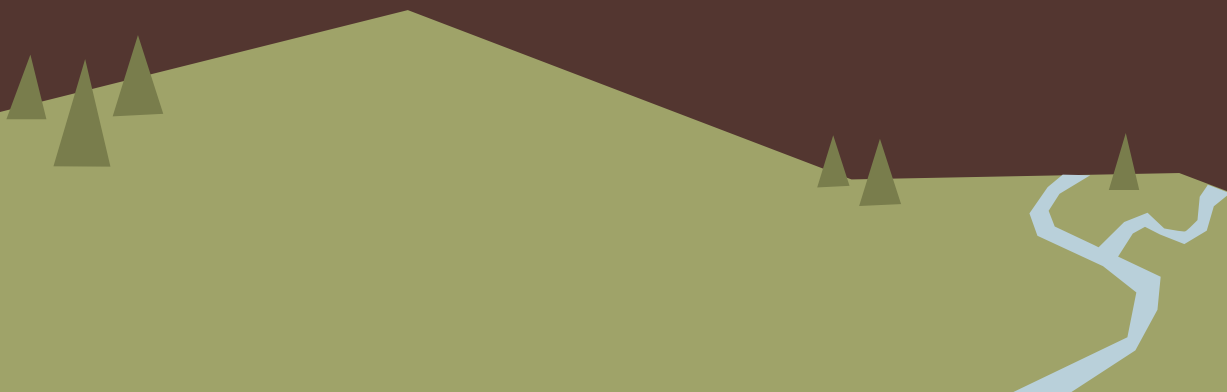


The world is increasingly struggling with the impacts of climate change. Temperatures are rising, ocean levels are increasing, and the weather is becoming more extreme. This global problem affects us all, and at Kofola, we believe that each of us can contribute to efforts to mitigate climate change. We are aware of our responsibility as a large company, and reducing our carbon footprint is one of our top priorities.

In 2023, we decided to change our data collection system. The new system will be fully automated, allowing us to obtain reliable information to better target the areas that have the greatest impact. This change in internal processes means that we are currently unable to provide data on the company's carbon footprint for 2023. We believe this move is necessary to achieve greater accuracy and reliability in our measurements given our growing company. It is also a necessary change to define the carbon neutrality targets we want to focus on in the coming years.

Overall, we recognize that combating climate change requires the continued efforts and cooperation of all stakeholders. At Kofola, we are committed to continuing to reduce our carbon footprint, implementing innovations, and collaborating with our partners to contribute to a sustainable future and protect the environment.

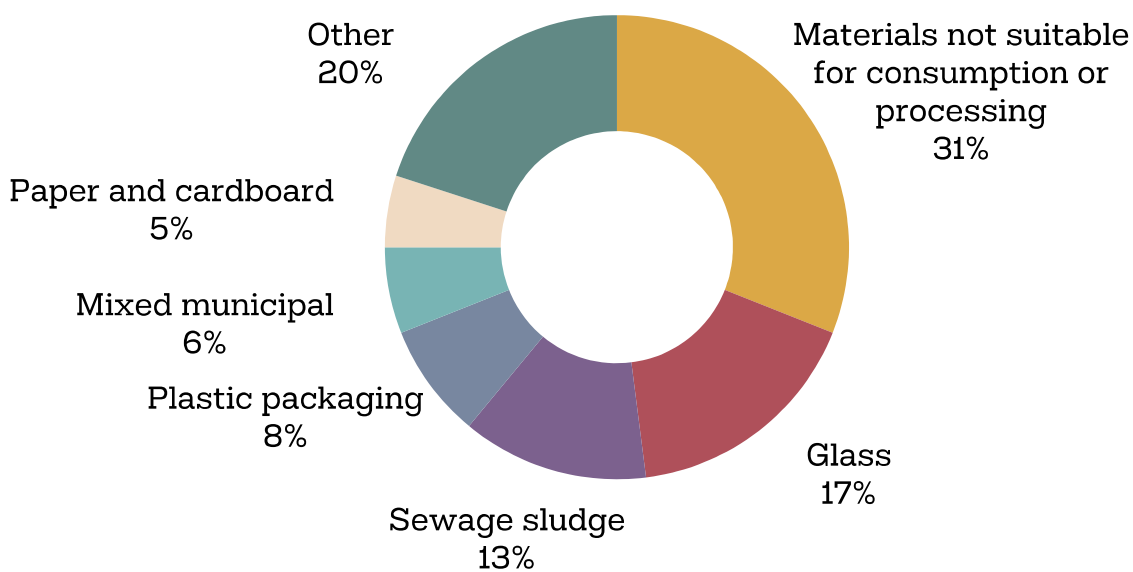




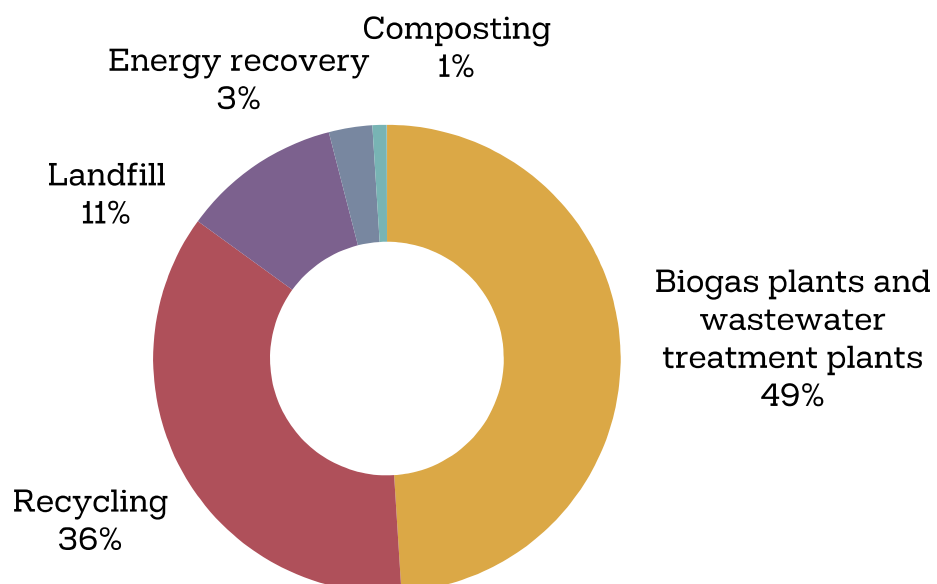


Our vision includes the pillars of good stewardship, sustainability, and new pathways, which align with the theme of waste management. We regularly review our waste management practices at individual plants, seek new recyclers and partners, educate our production and administrative staff, and involve our suppliers of materials and raw materials in this effort. Our goal is to gradually minimize the volume of mixed municipal waste and, through these steps, improve waste sorting, eliminate errors, and ensure that waste goes where it should.

Waste 2023



Waste management





In cooperation with our suppliers of materials and raw materials, we strive to ensure that the maximum number of deliveries are in returnable or recyclable packaging. Many materials and raw materials, such as preforms, come to us in returnable boxes. Another major commodity, sugar, is also largely delivered to us in returnable packaging, the big bags. Unfortunately, for some suppliers, this system cannot be implemented, so we either use the big bags ourselves or pass them on for further use. Another essential material is plastic caps. They are packed in durable cardboard boxes that would be a shame to throw away, so we pass them on for other uses such as house moves, archiving, and more. Other types of packaging include IBC containers and metal drums, which we either continue to use in our plants or, in our Slovak plants, give to our employees for use in their gardens. We do so with permission from the district authority.

We pay close attention to our waste and constantly seek the best ways to manage it. One of our marketing activities involves presenting our brands on parasols in outdoor seating areas of restaurants. For canopies that are not too damaged or dirty, we have found new life in the form of seat bags and footstools for our employees. The PR department had promotional and giveaway items made, and all employees received Christmas gifts in bags made from these former waste canopies!

Waste management is not just an issue at work but also at home. That's why we offer our employees activities such as swap events in our offices and production plants. These events help prevent waste and allow nice items that no longer have a use in one person's home to find new life with another colleague. Occasionally, we also add extra items from the offices or from marketing promotions. It's always amazing to see how small things that have outlived their original purpose put a smile on other people's faces. We also try to recycle some of our waste at corporate events. For example, during our Christmas crafting event, our creative colleagues transformed waste label tubes into bird feeders. We also have booths at employee events with environmental education, workshops, and other activities, where our employees learned about the Tuselie (OLLA) startup. The Tuselie startup makes clay containers for watering plants, waxed napkins for food preservation, and eco-friendly dishwashing sponges.

Since we care about the communities where we operate, we also organize clean-up events around our production plants and offices. These events allow our employees to spend time together while doing something good for nature.



PACKAGING





Every beverage, tea, or salad must be packaged in something. For that and other reasons, packaging is one of the most important topics for us. We are fully aware of the environmental impact our packaging has. By choosing the right kind of packaging and adopting a good approach, we can reduce this impact significantly.

For many years, we have been following the principle of reduce-reuse-recycle which has served us as a guide in choosing our packaging. This approach is also in line with the principles of the circular economy. We believe that the best packaging is that which is not produced at all. That's why we try to minimize the amount of packaging material used. We also attach great importance to reusable packaging such as returnable glass. The use of recycle in packaging is an integral part of our strategy.

We also confirmed that our approach based on responsible resource management is the right one through analyses we commissioned. A carbon footprint analysis as well as a life cycle analysis (LCA), which includes multiple environmental impacts, show that large-volume beverage kegs are the most environmentally friendly. Glass returnable packaging also performed very well. However, even a returnable glass bottle must be turned over eight times to be worthwhile in terms of environmental impact. Our bottles are designed to withstand at least 25 turns. Another positive outcome of the analysis is that it confirms the benefits of recycled packaging. Packaging made from recycled materials reduces the need for new raw materials. Their impact is almost equal to that of returnable glass bottles.

These analyses have therefore clearly shown that reusable and recycled packaging is the best choice in terms of environmental impact. Based on these findings, we have adjusted our strategies and focused on developing these packaging options to minimize our carbon footprint and pollution.





REDUCE

The best package is that which is not produced at all. This has been confirmed by analysis. Wherever possible, we try to use refillable KEG barrels. And these barrels can withstand a lot. Many of the ones we fill with Kofola today have been with us since the 1990s. For this reason, we consider this packaging option to be more of a "packaging-free" option. In addition to our flagship Kofola, we fill these kegs with TOP TOPIC raspberry, Rajec spring water, and our F.H. Prager ciders.

Even small changes can save tons of plastic. We have been reducing the volume of material in our PET bottles for several years. As a result, we release less plastic into the world with the same volume of beverages. We call this process lightweighting. Lightweighting is a complex process and there is a lot of testing involved to ensure beverage quality and strength of their packaging. In 2023 alone, we were able to avoid the generation of over 203 tons of PET through these steps.





REUSE

Why throw them away if you can reuse them? For years we have been following common sense and trying not to waste. Even analyses show that reusable packaging is very economical. When selecting and designing returnable glass bottles, we focus on design and quality to make them as durable and long-lasting as possible. This is important because due to the energy consumption associated with glass production, as already mentioned, one bottle must be reused at least eight times to have a lower overall environmental impact than conventional disposable PET bottles.

Returnable glass bottles have an important place in our portfolio. You can find them mainly in restaurants, pubs, and cafes. However, for more than a year now, we have our deposited glass bottle Cirkulka, filled with Kofola, Vinea, and Rajec, on the shelves of Czech and Slovak shops. We believe that returnable glass bottles have great potential and are perfectly suited for both gastro operations and households. We will continue to expand in this direction and motivate our customers to prefer these more environmentally friendly types of packaging.





RECYCLE

If you can't reuse the packaging, you must reuse the material. It's not always convenient to use returnable glass, and you don't always have a tap on hand. Therefore, even disposable packaging such as PET bottles has its place. We want the material to go back into our packaging, so to speak 'bottle to bottle' and 'can to can'. We believe that this is the right approach to recycling. LCA analyses show that despite the complexity of the recycling process, packaging made from recycled materials does have a much lower environmental impact. With the development of the circular economy, we expect that the efficiency of recycling will increase and with that, the positive effect associated with the use of recyclates in packaging as well.

Recyclability

Recyclability of packaging is a key factor in keeping the material turning. We want the material from our packaging to be able to be returned and reused by our suppliers to produce new bottles, cans, or foils. We work directly with recyclers in the regions where we operate to determine the key factors affecting recyclability. In this way, we obtain specific information on recycling opportunities in each country and adjust our packaging to make it as recyclable as possible. We have made internal rules to ensure that our beverage design doesn't get out of hand.

Key factors affecting recyclability:

Bottle color: Clear, blue, and green PET bottles are easier to recycle. Therefore, we try to unify the colors of our bottles and stick to these three variants.

Label: Some labels are harder to recycle than others. We try to avoid them and have gradually removed them from most bottles.

Group packaging foil printing: To make foils easier to recycle, we prefer those without printing.





Recyclate in packaging

In 2023, we included 2-litre kofola among the products we bottle in recycled PET, so-called rPET. We are continuing tests on several other products so that we can bottle more products into recycled materials as soon as possible. Our goal is that by 2025, all bottles leaving our production lines will together contain at least 25% rPET. We are already around 15% rPET. More than 60% of our cans contain recycled content as well. We are testing and progressively introducing recycled foil multipacks.

Deposit Refund System

For a long time, we have been working to ensure that plastic bottles can also be returned to shops in exchange for a deposit. In Slovakia, the deposit system has been in place since 2022. We confirmed that it works, and the results are great. In 2023, 92% of bottles were collected. Our suppliers used this collected PET to produce bottles of Klášťorná Kalcia, for example. We have positive experiences from Croatia too, where the system has been in place for quite some time. We are now trying to do the same in the Czech Republic with other beverage producers within the framework of the deposit return initiative. It's possible to return not only PET bottles but also cans. Depositing can guarantee that the material will be returned to beverage packaging.





OUR SUPPLIERS





Cooperation with suppliers is a key aspect of our business. With manufacturing sites spread across five European countries, each with its own specific needs, it is essential that our companies have their long-term strategy with clearly defined criteria for supplier selection. Although each brand pursues its own individual goals, there are general principles that are always applied. We favor local suppliers over imports and long-term partnerships over one-off purchases. The most important criterion is, of course, quality. We are in constant contact with our key suppliers and together we look for solutions to reduce the environmental impact of our products.

In 2022, we completed a supply chain sustainability analysis. The analysis showed us which topics we should focus on around supplier sustainability. In the coming years, we intend to open these discussions and make sustainability one of the main criteria for supplier selection.

Localness

One of the already established criteria that we follow for suppliers is localness. We divide our suppliers internally into:

1. **Locals**, who are based within 50 kilometers of the destination plant.
2. **Close suppliers**, who are based in the same country as the plant to which they import raw materials.
3. **Neighbors**, who are based in a neighboring country to the destination plant.
4. **European**, who are based in a EU country.
5. **Distant suppliers**, who come from other countries or continents.





In order to have more control over our raw materials, we decided to enter a new business sector. In Colombia, we became co-owners of coffee plantations. In Low Jeseník, we now have just under 60 hectares of apple orchards. We will be able to use the apples both in our UGO juices and in fruit concentrates. We have also planted a new orchard of apple varieties ideal for our Prager's ciders. The apples will not have to travel across Europe to reach us. It will only be a few dozen kilometres from our trees to our plants.

We will also experiment with other agricultural crops. We enjoy finding new sustainable ways.





BIODIVERSITY





Nature is a tightly interconnected web of all its elements. Insects, animals, plants, water, and soil are connected, and their interdependence creates a functional ecosystem with rich biodiversity where one could not exist without the other. Each component has its own importance and together they ensure the balance and well-being of the whole system. Biodiversity is crucial for nature. In recent years, we have seen a loss of biodiversity due to direct disturbance of ecosystems and climate change.

Our business is closely linked to nature and depends on biodiversity. The raw materials we use to make our products would not grow if it weren't for bees, butterflies, flies, and other pollinators.

In the Rajecká valley, a non-profit Kvapka Rajeckej doliny operates that focuses on the protection and promotion of biodiversity. We are committed to supporting Kvapka in these efforts in the long term. We want to apply a similar approach in other locations where we operate. It's important for us to find relevant, transparent partners with whom we can contribute to nature and landscape conservation.





We are fully aware of the indirect impact we have on biodiversity through our suppliers. Most of the raw materials we use in the production of our products come from conventional agricultural production, which can affect biodiversity in a negative way.

It is important to note that most of our suppliers are not directly responsible for growing the crops from which we source our raw materials. Nevertheless, we are determined to open a discussion with them on this subject and together look for ways to reduce our impact on biodiversity.

In 2022, we commissioned a supply chain analysis focusing on the environmental impact of our raw materials. Thanks to this analysis, we know which raw materials to target primarily.

In the coming years, we intend to address this issue and develop a strategy that will lead to gradually reducing our impact. We aim to increase transparency in our supply chain and work with our partners to implement measures that minimize negative impacts on biodiversity.







WATER IN THE LANDSCAPE

Water is the basis of everything. It plays a key role for the world, humanity, nature and, of course, for our business. We are aware of our responsibility when it comes to using this natural resource.

Rajecká dolina in Slovakia, Ondrášov in Nížký Jeseník, Stráž nad Ohří, Radenci in Slovenia or Lipik in Croatia. Our water resources are among the best and it's crucial for us to protect their quality. Of course, we have protection zones, and we go even further. In the Czech Republic and Slovakia, we are establishing bio-certified areas for the free collection of herbs. In these bio-localities, as we call them, we do not use products intended for conventional agriculture. We also work with local farmers to help them switch to sustainable farming.

Intensive construction, riverbed regulation, and other human interventions are causing water to drain rapidly and reducing its infiltration into the soil, increasing the risk of drought and flooding. That's why it's important for us to help adapt the landscape to climate change and return it to its natural function of holding water. In Krnov, we initiated a project aimed at creating a comprehensive landscape plan to increase water retention in the landscape. This plan was completed in 2023 and we will continue to work with the city government to implement landscaping and water retention measures.

We have plans for water in the Rajec valley as well. Last year, we started mapping the local micro-watershed and all the tributaries of the Rajčianka river that flows through it. Currently, 35% of the Rajecká dolina area has been mapped. We will focus on weak spots in the landscape, the so-called defects, for which we will seek and implement suitable remedies in cooperation with experts from Aqua Inova, the University of Ostrava and NÚIK. We will focus on weak spots in the landscape, so-called defects, for which we will seek and implement suitable remedies in cooperation with experts from Aqua Inova, erra Inova. The first large-scale implementation took place in the autumn of 2022. Hundreds of experts from Slovakia and the Czech Republic came to see the implementation workshop. By 2033, we plan to take at least enough measures to let in the same amount of water as we pump out each year. The whole project is led by the non-profit Kvapka Rajeckej doliny.





WATER AT OUR PRODUCTION PLANTS

In Kofola, as everywhere else, water has its essential place in maintaining order. We use it to rinse the bottling equipment, clean the containers and generally to keep the operation clean. We use 2.54 liters of water per liter of drink. We will shortly begin working on a strategy to help us develop a plan to reduce water consumption per liter of beverage. The starting point will be a water audit, which will identify weak points and areas to save and reduce consumption.







What we eat and drink has a direct impact on our health and fitness. At Kofola, you can choose from a wide range of beverages. From spring and mineral waters, which contain a balanced amount of minerals, to juices, syrups and teas, and carbonated drinks. For a long time, we have been transparent about how much sugar our drinks contain. We also have our own strict rules for promoting not only sweetened beverages but also those that contain caffeine.

We strive to remove preservatives from beverages. In the last few years, we have innovated our facilities with technologies that allowed us to eliminate preservatives from some of our beverages altogether. One example is aseptic filling, which is carried out under strict hygiene standards. Another such technology is hot filling or high-pressure treatment of beverages. It is the high-pressure treatment called pascalization that we use in the production of our UGO juices. This allows them to last up to four weeks longer without the use of preservatives. The amount of preservatives is regulated by food legislation. You will only find preservatives in our products where innovation has not yet made it possible to do otherwise.





At Kofola, we have a long-standing commitment to reducing the use of sugar in our drinks. We believe that it is possible to achieve this reduction in a natural way without drastically replacing sugar with artificial sweeteners. A great example of this approach is our flavored line of traditional Kofola—Less More. It contains 30% less sugar which is not replaced by any artificial sweetener or stevia.

Last year we introduced a new product to the Slovenian and Croatian market - FunctionALL water, a refreshing, lightly carbonated soft drink with low energy value. It is based on Radenska natural mineral water and contains carefully selected natural plant extracts, vitamins and minerals that support certain bodily and cognitive functions. It also contains no artificial sweeteners or colourings.

We believe it's important to have a healthy balance in your hydration habits. That's why we're focused on increasing the range of water-based beverages and we developed lower-sugar variants of our traditional recipes. Our portfolio includes not only sweetened drinks such as Kofola or Vinea, but also Klášťorná Kalcia mineral water and UGO fruit juices.





RESPONSIBLE MARKETING



We sell hundreds of different products, operate in five European countries and every day thousands of people are exposed not only to our products but also to the advertising that makes them known to the world. Our primary focus is not to create unrealistic pre-images, but to imprint the real life and realities of each brand into our campaigns. At the same time, we strive to inspire consumers to take a step in their own lives to improve interpersonal relationships, enhance their healthy lifestyles or contribute to caring for the planet.

Of course, we also have ethical boundaries and rules that we adhere to in our marketing and that we consider unbreakable. We don't target advertising at children, and we avoid using photos of babies on labels. We market not only the product but also the region in which it is produced. In this way, we are helping to develop tourism and the places that can be protected, maintained and restored thanks to the tourism income. We place great emphasis on promoting a healthy lifestyle. Finally, we believe in a positive personal imprint from all our talented people involved in marketing. Whether they are students, alumni, employees, or the local community.

In the Adriatic region, i.e. Croatia and Slovenia, half of our annual marketing expenditure is spent on natural mineral and spring waters. The campaigns are also linked to communication about exercise, healthy eating, and mental well-being.





**SPONSORSHIP AND
SUPPORT FOR LOCALS**



We don't just see sustainability as a support for needed CSR projects. In our strategy, we invest time and care in organizations, cities, or individuals who ask us for financial support or beverage sponsorship. In 2023, we supported 749 causes that logically fit into our strategy or are closely related to what we do. The number of supported events has been increasing every year, last year we supported 229 more events compared to 2022.

Our sponsorship committee carefully assesses all applications and selects them based on the proven key: LOCALNESS - HEALTHY LIFESTYLE - ECOLOGY - PEOPLE who have not been favored by fate. Of course, we also consider whether they are submitted by a Kofoperson. We prefer to support smaller events, which often don't get support because they are not attractive to sponsors. But they are all the more important to the people involved.

We Try to Take Care of the Places Where We Are at Home

In Slovakia, in the Rajec valley, we support the activities of many non-profit organizations that help improve the environment and make life in this area more attractive. In addition, we have established a non-profit organization called Kvapka Rajeckej doliny, which is mapping the valley and preparing a plan for landscape restoration and implementing water conservation measures. In Rajecká Lesná, we contributed to the repair of a pavement and regularly support the Good Shepherd in Kláštor pod Znievom, which provides housing for people in need. We donated funds to the Krnov Charity for the purchase of a car for the elderly and we also joined a project to retain water in the landscape. In Krnov, we also participated in supporting a number of sports activities and major clubs, including financially supporting the HK Krnov hockey club or the FK Kofola Krnov football club.

In Stráž nad Ohří, where our Korunní springs, we contributed to the reconstruction of the tomb of Karl Golsdorf, the founder of the mineral water bottling plant.

In addition, all the towns where we operate have the opportunity to benefit from support in the form of water refreshment for cultural and social events.



We Are Keeping Athletes, Seniors, and Children Hydrated

We have supplied beverages to countless other sporting events. These included, for example, running races in smaller towns and villages, children's sports days, various cycling races, and hiking marches in the Czech Republic and Slovakia. We even supplied beverages for a ski race. We didn't forget about the elderly either; we made their hydration regimes more varied mainly with tea. We regularly supply children in orphanages with beverages for various celebrations and special occasions.

Tombola for Little David

We are happy to support not only external projects but also our employees, including the father of little David Košek from Mnichovo Hradiště. You could make a donation for this little boy by buying a raffle ticket at the New Year's event.

Here are some examples of supported projects that have won our hearts:

With members of the Pleasure Reading and Student in the Forest associations, we supported planting of new trees in the Moravian Silesian region. In 2023, 160 volunteers participated in the activities of the association. Since its inception, it has contributed to the planting of 8,000 trees in the Beskydy Mountains. In addition, the association has also been involved in illegal landfill disposal, maintaining butterfly meadows and establishing flower beds.

We have contributed to eco-mobility by co-financing the operation of Nextbike bike sharing in our localities.

To help spread good mood in hospitals, we supported the association Meadows in the Hospital, which uses drama therapy to help children hospitalized in Czech and Slovak hospitals.

We chose the Pavel Novotný Foundation which helps adult cancer patients and their families to cope with the difficult battle with cancer, and donated them not only financial support but also drinks to the hospital's Cafés of Life.

The Children's Rehabilitation Hospital in Ostrava provides comprehensive care, especially for child clients with cerebral palsy, combined disabilities, sensory problems, and eating disorders. Last year, thanks to our support, the children were able to undergo canis therapy.



We also support CSR activities with individual brands:

in 2023, we developed our own CSR project called Trails of Love, in which we participate with the Czech Tourist Club and Regiojet. It aims to revitalize Czech hiking trails in the Czech Republic with the help of volunteers and thus create a pleasant experience of wandering in nature for tourists. A total of 250 volunteers took part in 15 joint events, resulting in more than 27 km of repaired trails. The events took place for example in the Beskydy Mountains, Vsetín region, and Czech Switzerland.

With the Rajec brand, we have become involved in supporting running series. Financially or in terms of products, we have also supported other sports clubs throughout the Czech Republic.

Our mineral water Radenska is the main sponsor of the oldest regional marathon Treh src in Slovenia and supports many local sports clubs.

As part of our cooperation with Ondrášovka, we supported the Tree of the Year survey, which aims to draw attention to interesting trees across the Czech Republic and contribute to their care.

We collect all applications at podporujeme@kofola.cz. Applicants can also contact us via the kofola.cz website by filling in the questionnaire in the Join us/Sponsorship section.



Write to us!

If you have a general question or a tip on what to improve, please email us via the contact form on the website it's the easiest and quickest way to get in touch with us: www.kofola.cz/kontakty. Or you can reach out to our contact center by sending an email to info@kofola.cz or dialing +420 597 497 497.

Do you want to join us? Please contact our HR department at hr@kofola.cz for more information.

If you are one of our investors, or would like to become one, please email Jiří Rypar, our finance manager, at jiri.rypar@kofola.cz.

