

EVERYDAY SUSTAINABILITY

In December 2017 our Company published its fifth Sustainability Report to present the sustainability strategy of the Company, as well as its activity and achievements in the 2015/2016 and 2016/2017 business years in the fields of social responsibility, environmental protection and economic efficiency. Besides the Sustainability Report a brochure and promo film were also prepared on sustainability. The latter, as well as the Report itself, are available on our Company website (www.zwackunicum.hu) under “Sustainability in these days”.

Sustainable development remains for us a harmonious balance between economic efficiency, social responsibility and our efforts to protect the environment and we ensure this balance by innovative thinking, maintaining our values and traditions, as well as by our ethical conduct towards all our stakeholders.

During the 2017/2018 business year we again focused on the nine essential fields defined by our sustainability strategy.

In the field of social responsibility our main priority was the appreciation of our employees. The headcount of the Company increased by 5% from the previous financial year, and this was due to the increase of production.

In this period we continued to use those forms of appreciation which have proved effective so far, paying attention to the convergence of low wages to higher ones; however some new elements have been added in response to labour market changes and building on mutual benefits. For our non-manual workers we introduced the possibility of working from home, while for the manual



workers in the factories we offered a hot meal free of charge once a week, and we immediately noticed the positive impact in terms of team cohesion. For the summer vacation of 2017 we created, with the help of several teachers from the Molnar Ferenc Primary School, a camp for our employees' children and 16 children became campers for one week. We would like to continue this initiative, as it provides considerable support for the parents and a real experience and joy for the children. We still offer our employees 2-3 health screening programs yearly. In the last business year, besides lung screening, they could also have ultrasonography and laboratory blood tests. On an average, 40% of our colleagues seized these opportunities.

The education of employees, as it is an important tool for their development and motivation, is a top priority for the Company. Increase of knowledge and keeping pace with the rapidly changing environment is ensured by professional training programs, while attending conferences and language classes also receive more attention.

In order to bring our distillery and office staff closer to each other through common experiences and activities, our marketing colleagues worked one whole shift in the Dunaharaszti factory, while the office staff was invited to their yearly picnic.

Zwack Unicum Plc., as the market leader, considers the task of popularising the notion of responsible and moderate alcohol consumption a top priority. Within the framework of various projects accomplished in collaboration with other member companies of the Moderate Alcohol Consumption Department (MACD) of the Hungarian Spirit Association we popularised the basic principles during the most popular festivals featuring young people. During our promotions we devoted a lot of energy and attention to spreading the principles of moderate alcohol consumption and the prevention of underage drinking.

Mika Häkkinen, Johnnie Walker ambassador for the promotion of responsible alcohol consumption visited Hungary many times since 2009 in order to draw the attention to the hazards of drunk driving and to encourage everybody not to sit behind the wheel after drinking alcohol. Johnnie Walker's “Join The Pact” initiative is about people who, by joining it, make the commitment not to sit behind the wheel after drinking alcohol. On New Years' Eve of 2017, during the Formula 1 marathon broadcast of M4 sport channel, Mika Häkkinen told TV viewers that more than 7 million people had joined



the initiative, which they would like to continue. And how can one join it? Mika shared this “secret”, too: the #jointhepact hashtag should be shared on social media, however, the most important is to “Never drink and drive!”.

As usual, the catchy slogan “Zwack quality, but in moderation” continues to be visible in all our communication tools. The Advertising Self Regulatory Board certified that in 2017 our Company had committed itself again to responsible marketing communication by accepting the principles of the Hungarian Code of Advertising Ethics, which are more rigorous than the law itself, and by ensuring that these are respected in its advertising practice and continuously taught to employees.

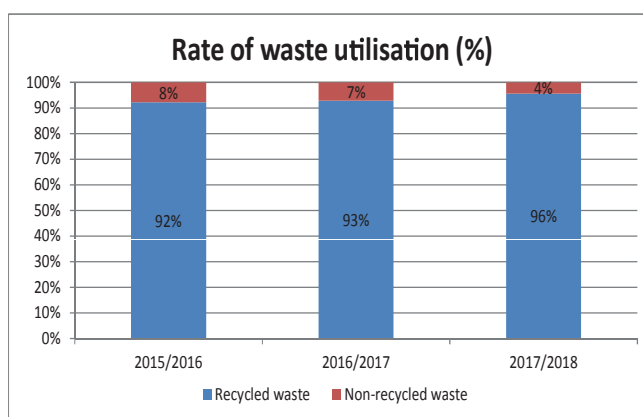
In the field of social and cultural responsibility we have placed special focus on the strengthening of local communities, including the development of children and the protection of their health, as well as acknowledging outstanding achievements in the field of culture or sport. Thus, the Molnár Ferenc Primary School, which has achieved significant results in the differentiated development and talent management of children, was supported by us again in order to ensure continuity of the Complex Instruction Program (KPI) implemented by the school. The aim of the program is to help social integration of underprivileged children, and to help them overcome their disadvantages. Our cooperation with the Children’s Clinic in Tüzoltó street also dates back many years, and this year the Clinic received a 5 million HUF donation from us. We also gave financial support to the Hospital School Foundation, the Heim Pál Foundation and the Fairy Circle Foundation.

As a family Company, cooperation based on mutual responsibility is an integral part of our corporate culture, thus we provide our employees with various initiatives, programs they can join: during the “Christmas of 100 children” campaign of the Horizont Foundation we raised 260 665 HUF to provide Christmas gifts for more than 135 underprivileged children and, in order to help the Uganda mission of a doctor from Kecskemét, we collected used spectacles in good condition. As of early 2018 we ensure office place for the Magic Lamp Wish Granting Foundation.

Business ethics and ethical business conduct remain among our basic values. In the 2017/2018 business year no suspicion of misuse arose in the fields examined by our internal audit which closed remarking on process development. We continuously strive to ensure compliance with legal regulations. In the past financial year, new requirements were implemented in our processes typically regarding energetics, and the implementation of the new excise law was closed successfully.

The authorities held 2 on-site inspections in areas closely related to our manufacturing activities and had 9 product examinations to check their compliance with legal requirements, based on samples taken from trade. Two of the product examinations were closed with warnings due to non-compliance with food labelling rules, after which our Company paid the 100 thousand HUF examination fee and food examination fine and made the necessary corrective actions. Regarding environmental protection, we focused during the last financial year on the three areas most affected by the Company’s manufacturing activities: waste management, the increase of energy efficiency and water management.

The amount of waste generated has increased as compared to the previous period, however it is not above the average of the last 4 years. A slight change can be noticed in waste structure: the percentage of hazardous waste has dropped thanks to the decreased quantity of waste generated by palinka production. In fact we could reclassify the waste of palinka production as by-product, since we managed to find a possibility for recycling: one of our partners uses it in the production of windscreen wash liquid. The rate of waste utilisation improved by 3% from last year; in the 2017/2018 business year it was 96%.



Energy consumption is another important field. Our Company had its energy management system (EIR) certified according to ISO 50001 standard, thus committing itself to continuously measure, evaluate and develop its energy performance. In the 2017/2018 business year the Company’s energy consumption (gas and electricity) dropped by 3% from the previous year. The various indicators were evaluated within the framework of EIR.

The amount of water consumed by the Company in the last three years was on average slightly above 20 thousand m³. A small increase of 3.1% took place since last year. In the 2016/2017 business year the Company’s specific water consumption was 1.1 litre/bottle, while in the 2017/2018 business year it increased to 1.5 litre/bottle. We managed to produce the very low specific water consumption due to the significantly high number of bottles produced in the same period. Waste water discharge limits have been continuously controlled according to the control plans.

The Annual Report contains the detailed evaluation of the economic results. Besides the financial data, this briefly outlined non-financial information shared above also give evidence of the Company’s responsible operational activities in the long-term. The next detailed information regarding the Company’s sustainability activity will be shared in the 2019 edition of our Sustainability Report.