

# ZWACK



## Sustainability Report 2013



*Molnár Ferenc Primary School 1902*



*Molnár Ferenc Primary School 2013*



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# ZWACK

## Sustainability Report 2013





# Greetings from Boards



## Dear Reader,

On behalf of the Board of Directors and the Supervisory Board we would like to greet you with thanks. Thank you that you take interest in our Company and this sustainability report, the third one published.

With more than two hundred years of history and tradition long-term thinking and acting is a matter of course for us. Thinking and acting in generations is something we have learned in our families and that we like to pass on. The longlasting tradition of our company in charity in the Hungarian community started as early as the middle of the 19th century. It was only natural to us to continue in this spirit after the privatization.

Sustainability is a word deriving from forestry. It was originally used to describe the principle that in any given year you can only harvest the amount of trees that have also grown in that time. Today the meaning has broadened, some say even too much with the effect that anything can be summarized under this term.

With this report Zwack Unicum invites you to take a close and critical look into our activities and our understanding of sustainability. We want to share with you what was done in the fields of economy, ecology and in the social and cultural field. Furthermore we also want to draw your attention to our targets, as we see our activities as ongoing efforts with which our company wants to contribute.

We want to actively see and take our responsibility based on the various bonds that have grown over so many years, be it in Ferencváros or Kecskemét, be it to our shareholders or consumers all over the world.

We at Zwack Unicum want to conquer the future and therefore innovation is very important to us. The team is always trying to positively surprise their respective partners with new ideas, products, services and solutions. Feedback is always needed, especially when innovating. Please, help us to improve by giving us feedback, also on this report. Thank you!

***Sándor Zwack***

Chairman of Board of Directors

***Dr. Hubertine Underberg-Ruder***

Chairwoman of Supervisory Board



# The General Manager on sustainability and our Company



Dear Reader,

Our company's third Sustainability Report gives account of our performance in hectic years with full of challenges.

Most of the difficulties are well known: the stagnant economy with no actual signs of recovery; decreasing retail sales and consumption. Such difficulties are also present in the spirit market as well: we had a 20 % set-back in 2012. Our past years' decisions were greatly influenced by regulation changes, such as the increase of excise tax. On the other hand, it is less known that the climate

change results in the increase of extreme weather conditions which strongly influences our purchase ability of fruit, the raw material of our palinka production. Such decrease of fruit production has severely affected the domestic fruit producers.

We needed to diversify our response to such challenges. As a result, we not only reached our goals, but we also increased our market share on the premium market. We believe that innovation and the production of premium quality unique products are the key to future success. The best example is our specialty Unicum Plum that achieved highly positive response from our consumers.

The values of our family owned company are stable. Premium products are our priority, which indicates our commitment to preserve traditions but also to enhance responsible and moderate alcohol consumption.

Environmental protection is part of our basic values with our current priority on energy efficiency, in harmony with the strict cost management urged by these difficult times. In order to use renewable energy, we installed solar panels in our Kecskemet plant, and we use up the mash residue and herbal remains in the biogas plant of the Budapest Sewage Works Pte Ltd.

Being a family owned company, the appreciation of our colleagues is also an important part of our company culture. In 2012, we placed emphasis on the development of professional and managerial competencies of our factory workers. We consistently strive to maintain and enhance a friendly atmosphere.

We consider our responsibility to support those in need and are glad that we sponsor more frequently causes cherished by our colleagues.

I think that is a great achievement and success of our colleagues and partners that Zwack Unicum Plc. managed to maintain its stability and profitability. I believe that the road to our future success leads through our traditional values! Your opinion, proposals regarding the present Sustainability Report, as well as our activity are welcome.

With regards  
**Frank Odzuck**  
General Manager



# Commemoration



## Péter Zwack (1927-2012)

Peter Zwack was a true Hungarian in that he was a survivor. As a boy he went jogging under the bombs during the siege of Budapest. Then, when the Communist government confiscated his distillery, he fled to the West where he made a living scrubbing out barrels in Rome, selling vacuum cleaners in New York and working as a liquor salesman wearing out shoe leather in Chicago. Many emigres spend a lifetime regretting what they have left behind and lost, but not Peter. He embraced life in the New World with all its challenges as life for Peter was an adventure and he thrived on

new ideas and opportunities. His aim was to keep the Zwack name alive in the West, producing liqueurs in Austria, exporting them to the United States while he was following the flourishing market in Italy.

In 1987, when none believed in a future for Hungary after Communism, he returned home and overcame innumerable difficulties first in the joint venture and then during privatization. In 1991 he survived an attempt on his life. He never let anything sap his spirit and his indomitable optimism.

Already in his eighties when the world crisis affected both his company and his country, he told everybody in the Zwack distillery: „Don't worry, crises come and go. We will survive this one as well.” And we will prove him right, yet again!

*The Zwack Family,  
their colleagues and co-workers  
at Zwack Unicum Plc.*



# The activity of Zwack Unicum Plc.

The name of Zwack Unicum has become identical with the concept of high quality alcoholic beverages.

**Our company is building its brands on the basis of consumer needs.** The brand portfolio of our Company – covering a wide range of consumer demand – can be divided into three main segments: premium, value-for-money and commodity (high, medium or lower price category) products. Apart from beverages produced by us, we are also involved in the distribution of international premium brands. In our portfolio, the predominant role is played by premium products.

Despite the setback in sales caused by the economic crisis, our Company remained a decisive player on the alcoholic beverage market. Besides our market share and revenues the most important characteristics from the point of view of sustainability are the amount of our tax payments to the

government, our role in employment, as well as our impact on the environment.

Commodity	
Premium	Unicum, Fűtűlős, Vilmos Zwack Sándor Noble Pálinka, Hírös product family of Kecskemét
Value-for-money	St. Hubertus, Kalinka, Óbester product families, Trois Tour, Portorico
Commodity	Péter Pál and Krajczár product families

An overview of the history of the Company and the Zwack family, as well as of the major historical events is given in our previous Sustainability Reports, and also on our website ([www.zwackunicum.hu](http://www.zwackunicum.hu)).

## 5.1 Operating figures

ZWACK UNICUM PLC. IN FIGURES				
	2009/2010	2010/2011	2011/2012	2012/2013
Market share in Hungary	34,0%	31,9%	29,7%	28,2%
Premium market share in Hungary	47,5%	44,5%	42,2%	42,3%
Quantity produced (million l)	11,0	8,6	8,4	7,6
Funding (HUF millions)	34 500	27 700	26 500	24 250
Total assets (million HUF)	15 266	13 907	14 075	12 474
Net sales revenue incl. excise tax (HUF million)	24 224	20 351	20 452	19 593
Proportion of exports (in the net sales revenue)	9,0%	10,3%	10,2%	10,6%
Profit after tax (HUF million)	2 314	1 555	1 696	1 444
Total taxes paid (excl. VAT, HUF million)	12 201	10 370	9 641	9 401
Number of employees (persons)	261	251	250	238
Rate of fluctuation	11%	9%	7%	11%
Total direct CO2 emission (tons, calendar year 2009, 2010, 2011, 2012)	1 946	1 740	1 636	1 677





## 5.2 Locations of our company's operation

Each of our three plants is equipped with modern technology – on the cutting-edge both from environmental and food-safety point of view – but the beverage production process continues to follow tradition.



The headquarters of our company

### Main Office and Unicum plant on Soroksári street – The headquarters of our company

Production site of Zwack Unicum herb liqueur, as well as of extracts and distillates for other beverages with a herb base. Processed herbs are used up in a biogas plant.

The ageing of beverages in wooden casks takes place in the cellar-complex beneath the factory. The company was the winner of The Most Progressive Green Office Award in 2009.

### Zwack Unicum Museum and Visitors' Centre

The Museum on Soroksári road in Budapest gives an overview of the most important stages in the Zwack history. Our visitors can get an insight into the history of the Zwack family, become acquainted with the legend of Unicum and, they can of course also taste our products. We are pleased to report that the Museum in Budapest, as well as the Museum in Kecskemét mentioned below, attracts year by year an increasing number of visitors.

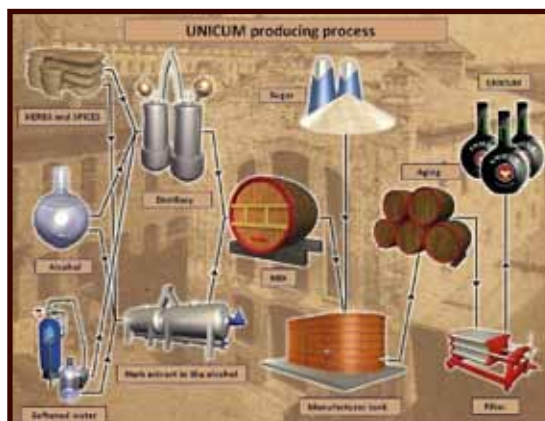
Our visitors' centres organize special programs for the Museums White Nights events, and the number of participants on these festive occasions is growing constantly. The Visitors' Centre also serves as the location of product presentations and partner meetings. More than 1000 of our gastronomy partners could get acquainted with our novelty, Unicum Plum liqueur here, in this authentic milieu, getting an insight into the technology as well.



Green yard – entrance to the distillery



Our gastronomy partners could get acquainted with Unicum Plum on its production site.



Production technology of Unicum





### Dunaharaszti Plant

Production and ageing site of our high-scale products. Our modern factory built in 2005 as a greenfield investment.

Predominant part of our products including Zwack Unicum liqueur is bottled and packaged here.



Premium quality in packaging is ensured by the use of a labelling machine meeting the highest requirements



Ageing in oak casks is possible also in our Dunaharaszti factory



Unicum Plum campaign at the airport

### The Zwack products abroad

10,6 % of our products are sold abroad in more than 52 countries, of which the most important are: Italy, Germany, Slovakia and Romania.

We sell abroad approximately 20 kinds of products and every 5th liter of Unicum is sold abroad.







### Zwack Pálinka Distillery in Kecskemét

One of the most up-to-date Pálinka distilleries in Europe, production site of our small-scale products.

The reception and processing of fruits, the sole ingredient of pálinka, takes place in this plant. High quality distillates are produced through a one-stage distillation following fermentation. Following the ageing process, products needing manual work are bottled and packaged here Mash residue is used up in a biogas plant.

The Visitors' Centre in the Museum is a favoured location of partner meetings



Modern distillery



Till 2013 mash residue was used for soil improvement of a poplar tree forest



Bottling

### Visitors' Centre at the Kecskemét Pálinka Distillery

We lay great emphasis on the operations of the Kecskemét Pálinka Distillery, as well as making it popular for tourism. Visitors can primarily get acquainted in the Museum with the traditions of pálinka making, but our master distiller also shares with them the history of the production and of the Kecskeméti Apricot Pálinka. We organise pálinka tours for our gastronomy partners.



# The meaning of sustainability for Zwack Unicum Plc. and its main areas

## 6.1 The three pillars of sustainability for Zwack Unicum Plc.

Our Company is dedicated to sustainability and ensures sustainable development by innovative thinking, by preserving our values and traditions and with fair treatment of all our stakeholders.

The Zwack name and our predominant brands not only represent high quality and the honouring of the Hungarian traditions, but also the ability to renew and successfully accommodate to the challenges of the ever changing environment. These also mean the responsibility of upholding exemplary behaviour and reputation.

### The basic values of Zwack Unicum Plc.

the transmission of traditions  
the spirit of the Zwack name  
acknowledged brands  
innovation  
profitable operation  
compliance with the rules of general  
and business ethics, business integrity  
social responsibility  
respect for natural environment

*First issued by Boards, 2003*

Our Company is characterised by its ethical *modus operandi* beyond legal requirements. Building on this strong basis the values and principles of sustainability are inherent in each sphere of our activity.

Our long-term success is based on the following three pillars: economic success, social responsibility and environmental awareness.

### *Economic*

• **Economic success** is essential for social and environmental responsibility;

- **Customer needs are catered to with top quality products** on both domestic and foreign markets;
- **We develop innovative products**, creating increased added value for our consumers;
- **We strive for exploiting export business opportunities.**

### *Social*

- We consistently use the **guidelines of the Code of Ethics** in everyday work;
- Our products, as well as our trading and marketing activities **inspire moderate and quality alcohol consumption**. We categorically stand up against both the alcohol consumption by the under-aged and drunk driving. We also commit ourselves to combat excessive drinking, and we do not encourage it in any way;
- **The expertise and appreciation of our employees are indispensable** for our products of excellent quality;
- **The involvement of our stakeholders** – our consumers, suppliers, retail partners, gastronomy partners, the owners, co-workers and the regulating authorities – **is important for us**. We work in close cooperation with domestic fruit producers;
- **We feel responsibility for society in a wider sense, and also for helping and supporting those living close to the locations of our activity**. As part of corporate social responsibility we support cultural causes.

### *Environmental*

- Our long term success can be achieved by **conscious and responsible resource management** and by the **protection of environmental values**;
- We responsibly manage **water and energy resources** necessary for production;



- Starting in 2013 the residues of fruit and herb processing are used for energy production in the biogas industry;
- We launch projects in the field of renewable energy utilisation, partly replacing traditional energy resources;
- In order to preserve biodiversity and ecological values we actively support the protection of Hungarian crop lands and fruit varieties, as well as herb production;
- Our aim is the prevention of waste formation and the preservation of the high proportion of recycled waste.



Every 5th liter of Unicum is sold abroad



Office with plants - green office





## 6.2 Priorities – our targets and achievements

Priorities		Targets reached (2010-2012)	Further goals (2013-2014)
<b>Society</b>			
Support responsible alcohol consumption	Support qualitative and moderate alcohol consumption	Our motto, "Zwack quality, but in moderation" is on all our products; we strengthened cooperation in the alcohol industry, and within the framework of the Agency Day we acquainted creative and marketing agencies with our intentions based on Marketing Codex. Within the framework of Spirit culture we continued our activity on the Budapest University of Technology and Economics to make the principles of moderate alcohol consumption known by the students.	Continuous operation
	Support initiatives for the promotion of sober driving	Support of campaigns: the Party Chauffeur Program and the information stands at festivals, initiated together with the Hungarian Spirit Association date back over many years.	Continuous follow up and support of the initiatives.
Strengthen social, cultural responsibility	Organizations supported traditionally, in harmony with our values	Despite the economic crisis we maintained the group of supported organizations.	Maintain support
	Supports other than monetary donations	We opened to new areas, primarily by supporting the people living in territories hit by disaster.	Maintain support
Respect of our employees	Equal opportunities and acknowledgement of performance	We strive to maintain our staff despite the crisis, in case of dismissals we do it providently. Life Work award, fidelity premium, acknowledgement from the General Manager.	Further operation in harmony with our principles
	Protection of our employers' health	Health-preservation programs are operating continuously, and since 2012 social security service can also be financed through our cafeteria system.	Continuous operation of programs
	Get to know our employees' opinion	The employee satisfaction survey was made again in 2011.	Survey results to be taken into account by decision-making of management
	Development of professional training programs	Strengthen professional and language training beyond the yearly compulsory training prescribed by the law; education concerning product knowledge and spirit culture; sensory analyst courses. We have extended our activities towards modern e-learning techniques. A new project was started in trade in the field of cooperation development based on competency survey.	Maintain present quality and quantity of training programs. Extend the use of e-learning programs. Launch a coaching program between trade representatives and regional directors, as well as key account managers. Develop management skills of shift managers in our Dunaharaszti factory.
Ethical business conduct	Transparent activity, compliance with regulations Effective communication with stakeholders	Supply of information above requirements set by law for the company structure Zwack Unicum is operating in. Assessment and publication of our sustainability performance in the form of a report. Our internal audit system is operating effectively. Our Code of Ethics has been updated in 2012.	Publish our Sustainability Report of 2013. Continue and develop discussions with stakeholders; extending customer satisfaction surveys to our gastronomy partners; organization of a stakeholder forum.



Priorities		Targets reached (2010-2012)	Further goals (2013-2014)
<b>Environment</b>			
Strengthen commitment to sustainability	Development of our sites taking into account environmental protection	Boiler house in Kecskemét has been reconstructed in order to make steam supply of distillery more effective. The pre-cooler tanks of fruits have also been replaced in Kecskemét.	Further survey of possible use of renewable energy.
	Changing our employees' approach	Our co-workers had intranet training on the concept of sustainability and our respective activities. We implemented printing guidelines.	Change of thinking of our employees in terms of water economy with the help of e-learning. Use of common printers placed on corridors, instead of local printers in the offices.
	Preservation of biodiversity and ecological values	We have a close cooperation with fruit producers, from the appearance of the first buds until harvest, we follow the necessary procedures, as well as crop quality and quantity.	Maintain level of cooperation, preserve indigenous Hungarian fruit varieties and foster their good crop.
Sparing energy usage	Increase energy efficiency	Use of energy saving light bulbs. Purchase of a heat camera. Use of solar energy in our Kecskemét plant in its communal hot water supply.	Full-scale energetic survey of the factories. Thorough inspection of the factories by heat cameras, in order to detect heat losses and to launch actions for the use of heat waste. Prepare internal self-assessment according to standard requirements of the energy management systems.
	Water and waste water	Our Dunaharaszti factory, which has the biggest water demand, was equipped with water meters. Water consumption is continuously controlled. Waste water quality is steady.	Monitoring of water consumption, measures with the aim of economy.
Effective waste management	Moderation of the amount of wastes, extension of selective waste collection	Our system of selective waste collection, introduced by the measures of past years, is operating properly and reliably.	Maintain the present level of selective waste collection. Cost-income monitoring and analysis of waste management.
<b>Economy</b>			
Economic efficiency	Maintain economic efficiency	With the level of product innovations maintained, we realised a slightly increased revenue in the changing economic environment, and as a result of strict management our efficiency has improved.	Maintain the level of procurement operating according to the applied principles.
	Deeper consideration of social and environmental effects of procurement	In case of packaging materials (bottles, cartoon boxes) our suppliers strived to re-use them as secondary raw materials. We standardised our orders for packaging materials.	Audit of suppliers involved in supplier assessment from the view of human rights and their activity.



# Our responsibility to society

## 7.1 Responsible drinking



Our well-known slogan: Drink Responsibly

Over the past two years Zwack Unicum has again made serious efforts for the familiarization of moderate and responsible alcohol consumption.

Since 2004 our Company has been successfully applying the directives and recommendations of the **Marketing Codex**, which are fully binding and valid for all our marketing activities in the interest of our brand-building, accurately determining the processes as well as the scope of responsibility.

- We have regular training programs for our employees to acquaint them by the Codex.

- The whole Codex is made available for everybody through the website of Zwack Unicum Plc. ([www.zwackunicum.hu](http://www.zwackunicum.hu), CSR).
- Our communication through internet is also aimed at a concept of self-regulation and responsible alcohol consumption. The contents of our pages are available for visitors by enhanced entry authorization.

Zwack Unicum Plc. has been an active member of the **Self-Regulating Commercial Body (ÖRT)** also in the period under review, in full acceptance of the basic principles of the Hungarian Marketing Codex. **ÖRT is an indispensable pre-filter for us in the review of our proposed advertising campaigns.**

Labelling of alcoholic beverages is strictly regulated in Hungary, as well as in Europe and it is aimed at appropriate information of consumers, so that they can make decisions on their own, taking responsibility for their alcohol consumption. Our slogan **“Zwack quality, but in moderation”** is well-known to our partners, consumers, as well as to potential consumers – we draw their attention to moderate and quality alcohol consumption in this way, too. **This message is prominent on all our printed marketing tools.**

*We participated in the elaboration of the syllabus of Beverage Culture, a new subject at the Budapest University of Technology and Economics. The lecture held by one of the directors of our Company also dealt with moderate, responsible drinking. (One of the slides of the lecture.)*

*Basic rules:*

- *I do not drive even if I had only a sip of alcohol!!!*
- *I do not drink alcohol at my workplace (the school is also a workplace)!!!*
- *I do not give alcohol to young people under 18!*
- *I do not drink any more if I feel I might lose self-control!*
- *I do not press anybody to drink, and do not mock them if they refuse!*



In connection with alcohol consumption we laid great emphasis on **education** as well in the period under review. We had inside training for our employees, during our professional mentor programs we shared the most important information about the responsible consumption of the various alcohol beverages. Moreover, we actively took part in training programs organised for universities and vocational schools.

**As a member of the Hungarian Spirit Association we take part in the elaboration and launch of programs by its Cultured Alcohol Consumption Department**, the main goal of which is the fight against drunk driving:

- Year by year we are present at the most popular **summer festivals**, like VOLT, Balaton Sound and SZIGET. Having several thousand visitors on each of these festivals, we use our presence for promoting responsible alcohol consumption with the help of tools like brochures, questionnaires and prize games.
  - „Be responsible and moderate when drinking alcohol!”
  - „Do not drink and drive!”
  - „Do not drink alcohol if you are under 18!”
- We realised that we can reach a great number of young people through **social networking sites**, so we continuously communicated the importance of sober and moderate alcohol consumption through the „Think positive!” profile of Unicum – reaching an audience of over 40,000 people – and we were glad to notice the receptivity and sensitivity to this topic.

We target to shape habits in the interest of responsible and moderate alcohol consumption



Balaton Sound 2012



Our brochure calling for responsible drinking: Do not drink and drive!



## 7.2 Social and cultural responsibility

### 7.2.1 Our general principles

Philanthropy and the support of those in need is an important mission of Zwack Unicum.

In deciding which causes to support, just as in the past, priority is given to the following fields:

- responsible alcohol consumption
- strengthening of local communities
- acknowledging outstanding achievement in the field of culture or sport
- the professional support of fruit producers

In each case the decision is based on the **consensus of the company management**, in harmony with the basic values of the Company.

In each case we requested feedback on the efficient use of our donations and we gladly and proudly shared our common achievements with our colleagues.

Rate of donations* (% of profit before tax)			
2009/2010	2010/2011	2011/2012	2012/2013
0,34%	3,5%	5,0%	7,7%

*\*Financial support excluding sponsorship*

### 7.2.2 Major projects

Four years ago we were among the first to join the H2O Training Program aimed at supporting the education of underprivileged children and, as a first step, we 'adopted' the Molnár Ferenc Primary School located in the 9th district close to our headquarters. The methodology of the Complex Integration Programme introduced within the framework of H2O enables underprivileged children by applying custom made educational solutions which facilitate their future social integration. We and the teaching staff are on a very friendly basis and the students of the school, thanks to the H2O project, show a rapid development. Apart from this program we organised a book collection among our co-workers, and in December of 2011 we could reward the children hungry for knowledge with more than 5,000 books, as a fair-sized library is not only indispensable for their education, but is also helping the work of their teachers.

In 2012 the H2O program won 1st prize in „The Social Investment Program of the Year” category of the Investment Prize Competition organised by the Hungarian Donation



Christmas party with the children choir





*„As a result of project H2O, school stress, fear of prejudice and of being an outcast, as well as underachievement have decreased in our school. At the same time the self-confidence of our students and their readiness to accept others as they are have greatly increased. All this is reflected in the statistical data, as the number of absent days and the rate of behavioural and discipline issues have decreased. This method uplifts the weaker, while the stronger are progressing further, their inherent abilities are developing. During group work the students attain organization skills, helpfulness, empathy and the effort for consensus. In short, teachers and students feel the same: they love their school.”*

**Alfréd Török – director Molnár Ferenc Primary School.**



Teamwork in the primary school

Forum and at the same time won the 2nd prize in „The Most Innovative Support Program” category, as well as the 3rd prize in „The Most Successful Partnerships and Cooperations” category.

We continue to give a substantial donation to the **Every Child Should Have Enough to Eat Foundation**. With our donations we contributed to the proper nutrition of 36 thousand children living in the 33 most underprivileged areas. “Children are the responsibility of all of us.” – that is our motto, in harmony with that of the founders.

We were again able to give financial support to the **Children Clinic in Tűzoltó street in the 9th district**. Thanks to our donation the Clinic managed to renovate their cargo elevator.

**We participated also in the support of the villages damaged by the floods** – we supported 10 families in the Borsod area, and also gave financial support to 5 families living in the villages damaged by the red sludge disaster. In each case our aim has been to give the families that special aid each of them need, and to ensure that our aid can in fact get to the targeted families. To this end, we had an intense cooperation in each case with the local municipalities and civil authorities, and sent the long-awaited aid to those families in the greatest need according to feedback from local sources.

**Our co-workers actively participate in the programs supported by our Company** and there have been cases when, due to personal commitment or social sensibility, they themselves initiated sponsorship programs. **One of these is the „Dress in Red” campaign launched by The Light of my Eyes Foundation involved in the transportation and rescue of sick children, which we among the first to join in 2011.**

We dressed in red and gave a donation to the organization which is also functioning as a foundation for children’s hospices.



In red in 2011...



...and in 2012



**We support many secondary and tertiary educational institutes closely associated with our activities, as well as schools for underprivileged children and art schools.** Donations were granted to these schools as a training contribution regulated by the law. We have made donations to the Budapest Corvinus University, the Budapest University of Technology and Economics, the Budapest Business High School, the Horticultural Faculty of the Kecskemét College, as well as many vocational secondary schools through the relevant authorities, as for example the Zwack József Commerce and Catering Member School, the Soós István Winery School, and in order to support underprivileged children, the Nursery, Secondary and Special Professional Schools for blind children, as well as the Zöld Kakas Líceum in Ferencváros in the 9th district. Due to changes in the legal environment this form of support is no longer available from 2012.



Zwack József School of Commerce and Catering visiting the Unicum factory

**MAIN ORGANIZATIONS AND EVENTS RECEIVING SUPPORT**

**Golden Bough Foundation**

**H2O Training Program**

**Every Child Should Have Enough to Eat Foundation**

**Baráthegyi Guide Dog and Service Dog School Foundation**

**Budapest Festival Orchestra**

**ExperiDance Company**

**KOGART**

**Katona József Theatre of Kecskemét**

**Trafó**

**National Dance Theatre**

**Presidance**

**European Swimming Championships**

**Budapest Horse Show**

**Hungarian Water-polo Association**



## 7.3 Appreciation of our employees

### The respect of our employees is an important characteristic of our Company

Being a family Company we would like to preserve the following values concerning our employees, values which ensure our employees' security and the fair recognition of their accomplishments:

- the home-from-home, involving atmosphere,
- cooperation based on mutual responsibility,
- personal attention.

In the past three years we developed many fields innovatively in order to attain our goals in the field of education:

- to extend professional knowledge
- to apply modern e-learning techniques
- to develop and broaden language training programs;

in the field of strengthening the value of mutual responsibility and common work:

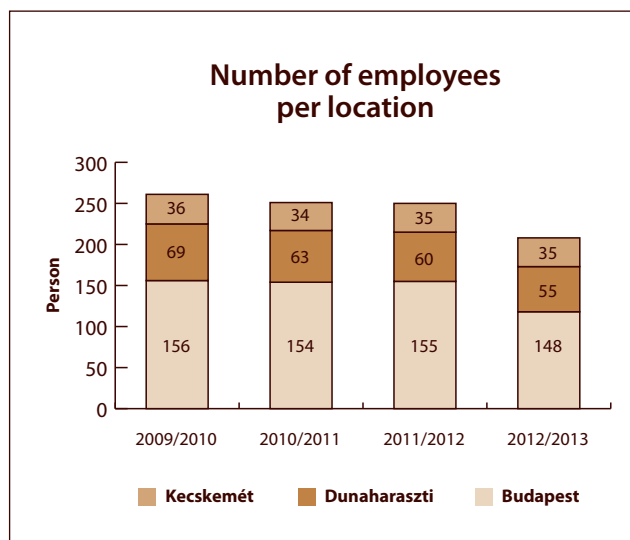
- various methods for boosting participation of our employees in the employee satisfaction surveys
- to launch of a photo contest to prepare the sustainability report
- to launch of the cooperation-development project based on the competency survey.

#### Number of employees

As a result of the economic crisis the headcount of our Company, compared to that of 2009/2010 business year, has decreased by 9% to 238 persons.

#### Equal opportunity and diversity

Zwack Unicum Plc. guarantees the utmost equal opportunity both at the moment of hiring and during employment. Our Company supports as much as possible the return of



**VAN AMI VÁLTOZIK,  
DE VAN AMI ÖRÖK!**



"Some things change, but some things will be forever!"  
Prize-winning photo (László Nagy, Kecskemét)

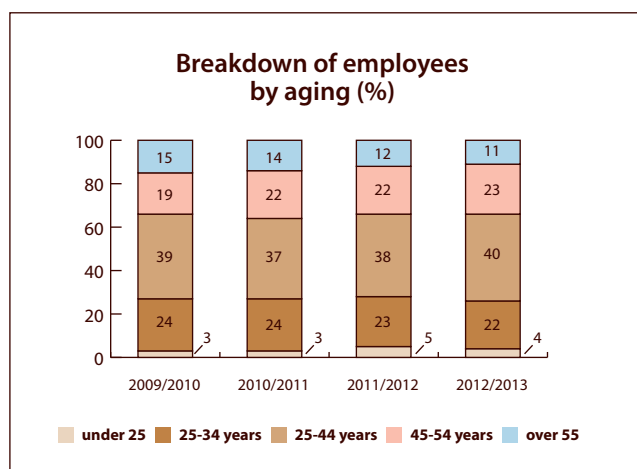




young mothers to work and, applying the principle of reciprocity, we try to be flexible in order to make their work and family life more compatible. The success of this system is proved by the large number of working mothers with small children: 31% of female co-workers have a child or children under 18 years, of which 6 are staying home with their babies or toddlers while being legally in employment status.

**The breakdown of employees by gender and age categories also demonstrates that the principle of equal opportunity is put into practice at Zwack Unicum Plc.**

Approximately 48,2% of employees are female with the highest percentage among non-manual workers. There are female employees at every level of company management, their ratio in the extended management team is about 40%.



### Employee satisfaction surveys

In order to become acquainted with the opinion of our employees and to support our measures to enhance their commitment, we carried out our third employee satisfaction survey in 2011. The questionnaire was filled by approximately 75% of the employees. Efficiency of our crisis management is shown by the fact that the average rating in these years was the same, within margin of error, as that of the survey made in 2009, while employee satisfaction in general has increased by 1%.

Even the lowest value was above 60%, and it was not rare to find a result above 80%.

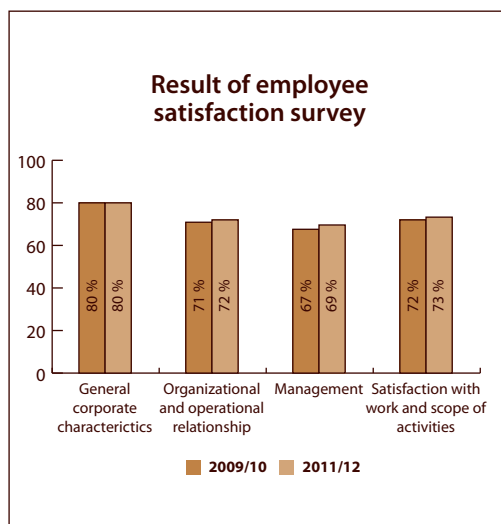
Employees have again identified Zwack Unicum Plc. with its extraordinary integrity and lawful business conduct, as well as with its great commitment to environmental protection and food safety.



Babies of our employees  
(Orsolya Virágh, Budapest)

Number of employees (as of 31 March) (persons)				
	2009-2010	2010-2011	2011-2012	2012-2013
Full-time employees	253	243	243	234
Part-time employees above 60 hours/month	7	7	6	4
Total statistic headcount	260	250	249	238
Part-time employees below 60 hours/month	1	1	1	0
Total number of employees	261	251	250	238
Rate of employees with temporary contract	2%	5%	3%	3%
Rate of employees with permanent contract	98%	95%	97%	97%





### Safe and healthy work environment

The necessary protective equipment for work, periodic medical examinations, as well as labour-safety training help to prevent dangerous situations and occupational hazard. For those exposed to excessive noise at work, we supply protective equipment beyond the legal requirements.

Exceeding legal requirements, we have implemented the following schemes for health care and treatment of illness:

- Within the framework of our 'cafeteria system' it is possible to ensure membership in a voluntary health fund and to take out a health insurance.
- Periodical x-ray screening of our employees for lung diseases.
- Life insurance coverage for all our employees and accident insurance coverage connected to the use of cars.
- Automatic defibrillators are made available at each location.

### Training

We put great emphasis on our employees' professional development, and their training is based on yearly training plans.

As the available resources have decreased due to the restrictions of the last several years, the training of personal skills and abilities has also decreased in proportion. Nevertheless, in the period under review we had an opportunity to launch a new project for our sales representatives and their managers aimed at developing their cooperation based on competency measurement. **The allocation of our resources was focused on professional training, and we maintained the available framework of academic and language studies.**

From professional training programs we should mention product knowledge and beverage culture courses for our representatives, as well as sensory analysis courses organised by the Sensory Qualification Laboratory of Corvinus University, which can be attended by our production, sales and marketing people alike. Also worth mentioning is the internal auditor training in which all levels and departments of the company participated. Our manual workers are primarily involved through training prescribed by regulations or necessary to meet the requirements of the various standards.

Number of training programs per capita	Inside training (average hours)				External training (average hours)				Total			
	2009/2010	2010/2011	2011/2012	2012/2013	2009/2010	2010/2011	2011/2012	2012/2013	2009/2010	2010/2011	2011/2012	2012/2013
Top managers	0,6	2,0	0,4	1,0	18,9	14,0	36,6	24,0	19,5	16,0	37,0	25,0
Mid-level managers	2,4	1,7	2,0	5,0	13,6	16,5	20,8	21,8	15,9	18,2	22,8	26,8
Non-manual workers	1,9	0,5	2,7	3,1	52,0	50,9	44,8	42,6	53,9	51,4	47,5	45,7
Manual labourers	5,8	3,5	6,1	5,5	1,3	3,3	0,4	7,9	7,1	6,7	6,5	13,4

Information on days absent				
	2009-2010	2010-2011	2011-2012	2012-2013
Number of work-related accidents	1	3	0	1
Days lost due to work-related accidents (calendar days)	110	31	0	33
Rate of days lost*	0,18%	0,05%	0,00%	0,05%
Days absent due to illness (calendar days) of which	1 710	2 048	1 227	916
Rate of days absent*	2,8%	3,3%	1,9%	1,5%

\* Proportion of days lost and days absent as compared to total number of work days.





**Following the implementation of the new e-learning method in 2011, the accomplishment of internal training plans have become more effective.**

#### **Trainee opportunities**

Our Company continues to employ trainees, thus contributing to the training of young people. We offer trainee positions for shorter periods predominantly for students who have degrees in the fields of marketing and trade (typically 4-5 persons per year).

During the summer academic break, we offer the children of our employees a possibility to gain work experience primarily by doing office work, or working in the Company's Museum Shop.

#### **Recognition of performance**

Our fair, performance-related bonus system is the fundamental pillar of our human resource policy. **Applying the principle of equal rights, identical performance is honoured by identical salary.**

**In the past two years, the average gross earnings of our employees has been two and a half times higher than that of the typical national average.** With the exception of 2 colleagues, the wages of the employees are not connected to the size and regulation of the minimal wage. The basic salary of our lowest-ranking workers is some 64% above the minimum wage regardless of worksites; allowances paid due to multi-shift system are twice of the amount prescribed by the law. In 2008 we implemented the 'cafeteria system', which we developed further in the interest of the co-workers and the Company as it was influenced by the changing regulation. The Company also ensures local transport pass and meal vouchers of 12,000 HUF/month.

**In the case of about one-third of our workers a certain percentage of the earnings (bonus) is dependent on the**

**achievement of pre-set targets.** Targets are set by supervisors, following consultation with the employees and evaluation takes place on a monthly, quarterly and annual basis. The basic salary amounts to at least 70% of the total financial benefits, enabling families to plan their monthly income.

**Within the framework of our fidelity bonus system our Company rewards those who have been working with us for a long time, at least for 10 years.** During the Christmas party the Life Achievement Awards are handed out by the General Manager of Zwack Unicum Plc. to colleagues who are going to retire after having contributed greatly to our Company's success during their extraordinarily long employment, at the same time colleagues with outstanding achievements during the business year are also recognised.

**Our Company considers fair conduct important also in case of eventual dismissals.** We always strive for common consent, ensuring tailor-made conditions for employees beyond legal requirements.

#### **Family enterprise – family celebrations**

Our family events, like for example **the St. Nicholas Party and the Christmas Party**, serve to preserve the traditions of our family enterprise and strengthen family ties.

**Employees celebrating important birthdays (30, 40, 50, 60)** receive a letter of congratulations from Sándor Zwack in the name of the owners and also personal congratulations from the Company's General Manager and the Director of Human Resources.

Our Company does not forget its **retired co-workers**, who can share with each other their memories of the years spent working with us during the yearly excursions we organise together with the trade union to different parts of the country.



Recognised by General Manager, 2011



Santa Claus party 2012 (Tímea Horváth, Budapest)



## Fluctuation

The rate of fluctuation is low at our Company. Against the regional and national average of 13%, measured and disclosed by HAY Group in 2012, the rate of fluctuation at our Company has been between 7,2-10,7% in the past three years.

Number of employees having left the Company				
	2009-2010	2010-2011	2011-2012	2012-2013
by location				
Budapest	27	22	14	15
Dunaharaszti	1	1	3	11
Kecskemét	0	0	1	0
by gender				
Female	19	10	13	9
Male	9	13	5	17
by age group				
Under 30	6	5	6	4
Between 30-50	19	14	10	16
Above 50	3	4	2	6
Rate of fluctuation	11%	9%	7%	11%



Fire-drill in the headquarters on Soroksári street with the participation of the disaster management of the district



Internal-auditor training – problem-solving in team-work

Breakdown of employees by gender at the locations (person)								
Locations	Female				Male			
	2009/2010	2010/2011	2011/2012	2012/2013	2009/2010	2010/2011	2011/2012	2012/2013
Budapest	81	84	85	87	75	70	70	61
Dunaharaszti	22	19	18	19	47	44	42	36
Kecskemét	15	14	13	9	21	20	22	26



# Pictures of the photo contest



Krisztina Pallagi (Budapest)



Krisztina Pallagi (Budapest)



László Nagy (Kecskemét)



Zsófia Karanyicz (Budapest)



Beáta Habling (Budapest)



Tímea Horváth (Budapest)



Tímea Somoskeőyné Papp (Budapest)





## 7.4 Ethical business conduct and the stakeholders

Zwack Unicum Plc. strives to form a fair, ethical relationship with all of its stakeholders, both with its internal and outside partners. We stay open to collaborative communication with all respective parties. **Business integrity** based on our Code of Ethics and our company culture is an important value for our Company. Our most important achievements:

- The basic principles, regulating certain aspects of sustainable development of our Company (Code of Ethics, Marketing Codex) are available on our website.
- The characteristics and data disclosed in the present report, which is published this year as our third Sustainability Report, meet the requirements of the internationally accepted framework, ensure comparability and enhance transparency of our organization.
- Our Company complies with all legal regulations regarding conflict of interests. Our firm's regulations are extremely strict both concerning the prevention of corruption, and its consequences. On the basis of yearly plans we carry out a comprehensive anti-corruption inspection by internal audits. Dating back many years, these did not reveal any single case which could give rise to suspicion of corruption. External consultancy firms have participated in a survey made for the assessment of certain business risks, for example regarding tax payment the review of fulfilling our payment duties of environmental product charge; regarding other risks the assessment of the exposure of our IT system to Internet; as well as the risks concerning the elaboration of the quality management system of our mineral product family.

Effective communication with the stakeholders is indispensable for ethical conduct, so we outline this in the table below.

Open communication is indispensable for developing a relationship based on trust

### 7.4.1 Dialogue with stakeholders

Stakeholder group	Main stakeholders	About the dialogue	Method of involvement
Owners	Peter Zwack & Consorten H.AG. (the Zwack and the Underberg families) Diageo Holdings Netherlands B.V.  Collective ownership. – small shareholders and municipalities	Yearly performance assessment, target setting  Definition of objectives in the field of sustainability, annual evaluation thereof  Decision of the main strategic direction of the Company  Corporate management control, management evaluation, agreement on the remuneration of the General Manager  Governance of internal control	Yearly and quarterly financial reports  Responsible corporate management report  General Assembly Shareholder Office  Board and Supervisory Board meetings with well-defined agenda  Written requests are answered by the management or the governing body according to the Basic Rules



Stakeholder group	Main stakeholders	About the dialogue	Method of involvement
Customers	Retail customers Wholesalers, gastronomy partners. In case of export one distribution partner in each country	Marketing and sales promotion cooperation  Influencing consumer habits in order to support proper service and diverse – beverages with less alcohol content – consumption	Client service  Company and brand sites on the internet  Visits of trade representatives, execution of commonly elaborated shelf designs  Customer meetings: pálinka tours  Zwack Open – wine tasting for our customers in wineries  Joint visits with our major customers to countries where we export  Joint elaboration and launch of promotions and actions  Customer satisfaction survey
Consumers	Consumers of our products, participants of our market activities	Consumer's opinion regarding our products is important for us  We would like to reach a wide range of our consumers with our communication on responsible alcohol consumption  <i>(We have written about it in detail in the previous chapters.)</i>	Consumer questionnaires, satisfaction surveys  Sales promotion activities, presence on festivals  Handling of consumer complaints  Company and brand sites on the internet  Zwack Unicum Museum and Visitors' Centre in Budapest and in Kecskeméti Pálinka Distillery  The placement of our motto, "Zwack quality, but in moderation" on the labels and on other marketing tools  As active member of the Cultured Alcohol Consumption department of the Hungarian Spirit Association, we launch common campaigns
Employees	The employees of our Company and the trade union representing them	Get acquainted with the strategy and values of the Company  Information flow, communication about major events, changes, achievements  Proposals and problem solving in the interest of continuous development  Shaping quality, environment protection and food-safety consciousness  <i>(Details in chapter "Appreciation of our employees")</i>	Employee satisfaction survey  Intranet and the email correspondence  Framework of discussions inside organization units and between organization units  Managers are available for the employees due to our "open door policy"  Common company events, holidays  Announcements of the Workers' Council - participation in monthly extended board meetings, quarter-yearly written update on corporate matters  Cooperation with the local unit of the Trade Union of Food Industry Workers  Photo contest, training programs





Stakeholder group	Main stakeholders	About the dialogue	Method of involvement
Suppliers	Suppliers of our Company	<p>Flexible, open, fair, effective cooperation</p> <p>Performance feedback</p> <p>Involvement in innovation activity</p> <p>Recognition of company values and commitment as well as their sharing with others</p>	<p>Contract – according to quality, food-safety and environment protection principles</p> <p>Evaluation of suppliers</p> <p>Supplier audits</p> <p>Cooperation with suppliers according to the fruit qualification system</p>
Competitors	Competitors of our Company	<p>Exchange of expertise and efficient promotion of our interests – respecting at the same time the principles of the Competition Law</p> <p>Setting an example concerning responsible operations and quality beverage production</p>	<p>Cooperation through professional organizations, like for example the Hungarian Spirit Association, the National Council of Pálinka, the Branded Goods Association</p> <p>Constant follow up of market developments and events</p>
Social, local communities	<p>Municipalities</p> <p>Membership in the European Integration and Business Development Association of Ferencváros</p>	<p>Besides arranging official matters, we also strive to achieve a beneficial cooperation by means of supports given to institutions of local communities, as well as to events organized by them</p>	<p>Maintaining a cooperative relationship with municipalities</p> <p>Support of programs, events</p> <p>Support of local cultural institutions, sport clubs</p>
Civil organizations	<p>Memberships in professional associations, bodies</p> <p>Supported organizations</p>	<p>The declaration of the Company's commitment to sustainability not only by supporting programs, but by common activities as well, which enables us to develop</p> <p><i>(Details in chapter "Social and cultural responsibility")</i></p>	<p>Active memberships and participation on conferences</p> <p>Granting sponsorships in harmony with the values and sponsorship guidelines of the Company</p> <p>Attendance at meetings</p>
Regulating governmental organizations and authorities	<p>National Tax and Customs Administration of Hungary (NTCA);</p> <p>National Food Chain Safety Office (NFCSSO);</p> <p>National Inspectorate For Environment, Nature and Water;</p> <p>Hungarian Labour Inspectorate;</p> <p>National Directorate General for Disaster Management</p>	<p>Our Company endeavors to develop fair partner relationship with authorities, our activity is based on granting compliance with legal restrictions</p> <p>We support the work of authorities by giving opinion on drafts of legal regulations</p>	<p>Through fulfilling obligations imposed by legal regulations:</p> <ul style="list-style-type: none"> <li>- mutual data and information supply</li> <li>- requests for licences</li> <li>- decisions</li> <li>- authority visits</li> </ul> <p>Conferences, information events</p>



## 7.4.2 Main stakeholder connections

Beyond the stakeholders mentioned above our major partners in the stakeholder dialogue are the suppliers, the customers, the consumers, as well as the regulatory bodies and authorities.

### Suppliers

Zwack Unicum Plc. has a wide range of suppliers and the strict qualification and assessment system ensures equal opportunity during selection. Due to their service parameters (e.g. quicker and more flexible services, lower prices) domestic suppliers may be considered in a more favourable light, though in many areas, due to the structure of the Hungarian industry, there are no local suppliers available. Apart from the purchase of fruit, our purchasing activity, which currently involves 90-100 suppliers, is centralized. **Our Company is considered by our suppliers to be a fair and reliable partner and it is our goal to maintain this positive reputation.**

**The purchasing of fruits and medicinal herbs** is extremely important. Most of medicinal herbs come from cultivation and are bought by Zwack Unicum Plc. from suppliers who can continuously and reliably provide high quality products.

**The entire quantity of fruits for pálinkas is purchased in Hungary, predominantly directly from the producers.** The extremely high quantitative and qualitative requirements of

fruit purchase make it necessary to have an individual system for the qualification of fruits, as well as a close collaboration with the producers, which requires that our colleagues at Kecskemét keep on visiting the various cultivation areas from early spring till harvest.

In the business year 2011/12 the quantity of purchased fruit was prominent, the cause of which is explained by high demand in pálinka as ingredient, which demand we satisfied with self-made pálinka.



The purchase of fruits is controlled, the requirements are well-known for the suppliers

Figures of purchasing of fruits	2009/2010	2010/2011	2011/2012	2012/2013
Number of fruit suppliers	58	59	72	53
Quantity of purchased fruits (tons)	2234	1932	3100	1993



Our fruit supplier Ferenc Somodi and his father with Sándor Zwack

When choosing our **packaging materials**, apart from safety and aesthetics, quality and environmental considerations are the most important factors. Our suppliers of packaging materials, in harmony with the regulations, should present a Declaration on the environmental compatibility of their packaging materials.

We use packaging materials containing recycled materials primarily in the form of plastic crates, glass bottles, as well as cardboard boxes. Due to the positive experiences gained by the self-adhesive labels of Unicum, we will extend their use to many of our products, since apart from positively affecting the appearance of the products, it is also helping environmental protection by decreasing the demand for adhesive materials.

### Customers

The domestic customers of Zwack Unicum Plc. can be divided into three categories: nearly 50% of our products is purchased by retailers, nearly half of the sale is bought by the gastronomy sector and the remaining approximately 0.5% is represented by direct sales to consumers. Our Company is in direct contact with the most important retail networks in Hungary. Our gastronomy partners, apart from the wine division, are served exclusively through wholesalers.

Nevertheless, direct visits both to the retailers and gastronomy units are an extremely important way of keeping contact and strengthening cooperation with them, primarily in the interest of our marketing and sales purposes.

Feedback from our customers confirms that **the basic principles and values of our Company** which prevail in our everyday work **make our cooperation more beneficial and efficient**. In order to become acquainted with our customers' opinions, we conduct questionnaire-based satisfaction surveys among our wholesalers and retailers every three years. The findings of a survey of 2012 show that according to our trade partners our logistic service is outstanding, while both wholesalers and our key account partners could name one area for development, respectively the development of B2B system and making certain sales promotions more frequent. By our next survey we widen the circle of partners questioned, involving also gastronomy units.

**In export sales we generally work with a sole importer in each country, making also use of the distribution network of our owners.** Reliability, commitment, stable finances and the possibility of establishing a long-term cooperation are playing an important role in the selection of the distributor. **We adhere to compliance with the specifications of our Marketing Codex, as well as of the ethics of responsible drinking.**



Our colleagues keep on visiting the cultivation areas from early spring till harvest



## Consumers

**In the period under review getting to know and meeting consumer demands has been the most important challenge for our Company, while we have emphasised the importance of responsible drinking.** We found that as a result of the economic crisis, besides retail, consumption has also considerably decreased in gastronomy. Hungarian consumers show much more awareness when buying, they are more price-conscious than ever before and spend less and less for luxury goods. At the same time quality and tradition, which are guaranteed by choosing any of our brands, have come to the forefront. **We got to know the opinion of our consumers also in the period under review through direct questioning of target groups, focusing on certain issues.**

**Within the framework of the food-safety system our Company makes a self-assessment on the food-safety risks of its own production,** from the moment the idea is born, till the formation of waste and its management. Apart from the compulsory HACCP elements, the aspects of risk assessment also involve the aspect of ensuring the protection of food, as well as the health of the consumers. **Risk assessments are conducted on 100% of the spirit drinks produced.**

In the period under review our Company initiated on its own the withdrawal of one product family, due to food safety issues, though merely one consumer remark was received prior to the withdrawal. Based on much more strict criteria than before, work began on the redesign of the product following the withdrawal.

## Regulatory bodies and authorities

**The very minor amounts and number of penalties we have had to pay for many years back is a reflection of our lawful conduct on which we would like to place a great emphasis in the future as well.** Apart from paying eventual penalties we take care to avoid any infringing of the regulations.

As the risk-based approach became more and more predominant in the examination practice of the National Food Chain Safety Office (NFCSO), as well as of the National Consumer Protection Authority, the number of product examinations initiated by the authorities has decreased drastically to one-quarter of the earlier number. In the past three years there has not been any case of non-compliance with regulations concerning food quality and product labelling requirements.

The National Tax and Customs Administration of Hungary (NTCA) conducts regular checks at our Company, they primarily examine whether our obligations concerning excise tax, product charge, tax reporting and tax payment have been fulfilled.

In the area of marketing communication, there is no pending legal procedure concerning our Company. In the past four years ten legal cases were initiated against Zwack Unicum Plc. due to the incorrect placement of promotional devices. In the six cases closed by penalty decisions, our partner agencies were also involved, thus we consider their training regarding responsible drinking especially important.

In the past three years our Company has been fully meeting the requirements of environmental protection. **In the period under review no complaints or requests have been received concerning the environmental performance of our Company.**

Presently, Zwack Unicum Plc. is not involved in any legal procedure. In the past three years 23 other legal procedures have been initiated against our Company, out of which 16 were decided against us involving payment of a penalty. Even though this is not a significant number, we strive to decrease it.



Amount of penalties paid (huf million)				
	2009/2010	2010/2011	2011/2012	2012/2013
Food Chain Safety Authority and the National Consumer Protection Authority (food industry requirements and product quality)	0	0	0	0
Excise Department of the National Tax and Customs Administration of Hungary	0,40	0,16	0,90	1,24
Violating rules of correct information	0,50	0,70	0,25	0,50



# Our commitment to environment

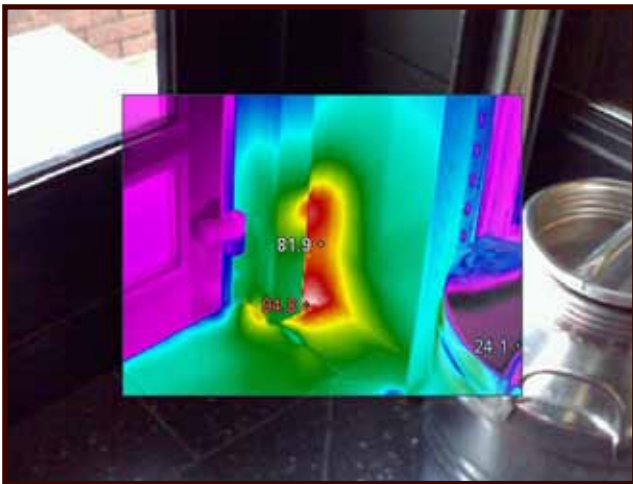
We strive to prevent pollution and to decrease environmental effects in our daily activity

The environmental management system based on MSZ EN ISO 14001 standard has since long been operating in Zwack Unicum Plc. During the past several years we have carried out numerous investments which served rationalization, efficiency and the decrease of environmental pollution.

Investments and results		
Year	Investment	Achievements
2009	Installation of well and connecting water treatment equipment at the Dunaharaszti factory	Owing to the quality of well water, less need for water softening, decrease of salt emission
2009	Change of boiler and full reconstruction of boiler-house at the Unicum factory	More efficient heating and technological steam supply, reduction of gas consumption Decrease of pollutant emission
2009	Increasing shelf-system storage capacity of packaging material warehouse, modernization with information technology of warehouse management in Dunaharaszti	Decrease of transport demand: as packaging materials arrive directly to the factory, there is no need for transports between the factory and the central warehouse
2010	Change of boiler and full reconstruction of boiler-house by the installation of a technological steam-system at the Kecskemét factory	Increase of energy efficiency and the decrease of pollutant emission
2010	Purchase of a mobile heat camera	Measurement of heat-loss, energy efficiency – energy saving
2011	Installation of water meter in Dunaharaszti	Regular analysis of monthly water balance data in the interest of efficient water usage
2012	Instalment of solar panels in the Kecskemét factory to support social hot water supplies	Solar panels partially substitute for electricity-based hot water in public places. Initiative to open towards renewable resources
2012	Air compressor waste heat recovery in the Dunaharaszti factory	With the recovery of waste heat social hot water supplies are secured







Trouble hunting with heat camera in Kecskemét plant

Thanks to our investments made in the last 10 years our aim in many areas could be the maintaining the status quo. As the above chart proves, primary attention was paid in the period under review **to the effective usage of resources, as well as to the optimisation of transport.** The more environmental conscious

outlook was not limited to work environment in a narrow sense. Within the framework of our “useful tips” initiation we made lots of useful information and advice available for our co-workers so that they can apply this attitude in their homes as well.

**As a continuation of the Green Office program implemented in 2009, we held training for our employees and elaborated guidelines for printing.** Our environmental goals involved the further development of the environmental consciousness of our employees, which was accomplished by a series of training events.

**We actively participated in the work of the Association for Sustainable Economies (KÖVET),** and also supported conferences dealing with the issue of sustainability. In 2011 we participated in the establishment of the environmental protection and CSR work groups.

We presented to various **non-profit organizations the almost 500 saplings** we received from the “Love and Care for Nature” Foundation in return for our selectively collected empty ink cartridges given to them for recycling.

## 8.1 Sparing usage of our resources

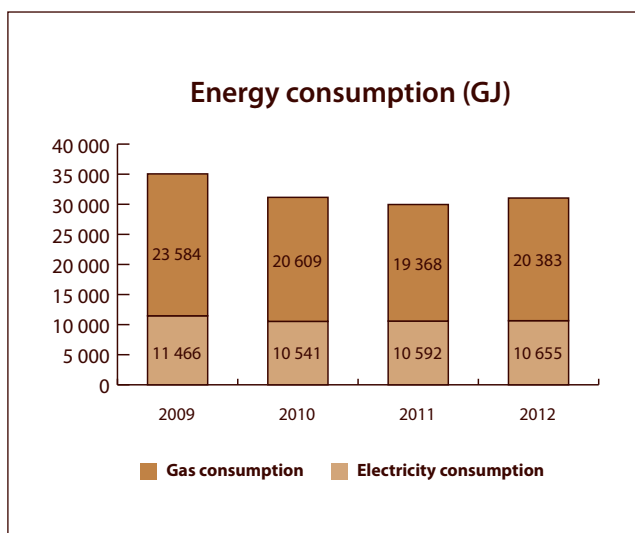
### Increase of energy efficiency

The energy demand of the production of spirits is satisfied primarily by the use of electric energy and gas. **We recover heat arising from production, and use it to the greatest possible extent.**

In the Kecskeméti Pálinka Distillery we use warm water from the pot-stills and their cooling systems either to warm the mash, or to heat the floor of the bottling hall in the winter. In harmony with our goals the change of boilers took place at the Unicum factory in 2009 and, by the modernization of

steam supply, fossil energy input is converted almost fully to heat energy, so no lost energy is generated which needed to be recovered. In 2010 we also changed the boiler at the Kecskeméti Pálinka Distillery, which is operating with higher efficiency, but less emission (by 48% less CO and 36% less NOx emission).

**We continuously work on exploring new possibilities for renewable energy.** Since 2012, as part of an experiment, solar panels have been installed to support social hot water supplies in Kecskemét.



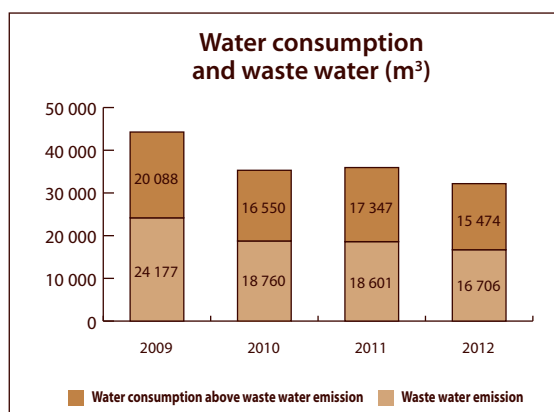
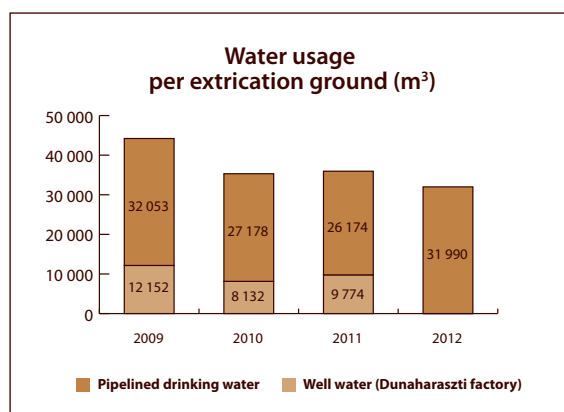
Solar panel in Kecskemét: we are open to use renewable energy resources



## Water usage and waste water quality

Water is indispensable for the operation of Zwack Unicum, and **one of our basic considerations regarding our investments and measures has always been water quality protection** which can be divided into two basic parts: water usage and waste water emission.

The production of spirits requires considerable amounts of water. The quantity of water used by us in the period under review was generally between 32 000 – 40 000 m<sup>3</sup>; in 2009 growth in quantity was due to stabilising the workings of the well and the water treatment system completed in 2009. In the interest of water quality protection we are primarily focusing on water usage and waste water emission. Approximately 30% of the water used by us is built into the products, and the remaining part is emitted as waste water and is used to water the gardens. At the Dunaharaszti factory waste water and rainwater are diverted and managed in entirely closed systems. Thanks to the up-to-date extracting technology, there is no industrial waste water at the Unicum factory. In 2012 the usage of the well was temporarily suspended due to the capacity redesign and rebuilding of the water treatment system.



QUALITY PARAMETERS OF WASTE WATER EMISSION (2011 year data)							
(the parameters to be measured are determined by the National Inspectorate For Environment, Nature and Water)							
General chemical components*	Unit	Dunaharaszti factory		Kecskeméti Pálinka Distillery		Unicum factory	
		Limit value	Measured value	Limit value	Measured value	Limit value	Measured value
pH	pH unit	6,5-10	7,9	6,5-10	6,84	6,5-10	8,25
chemical oxygen demand (COD <sub>K</sub> )	mg/liter	4 000	143,6	4 000	1 890	1 000	833
BOI <sub>5</sub>	mg/liter	-	-	2 500	1200	500	400
10' depositing	mg/liter	150	0,1	200	161	150	<2
Organic solvent extract (OSE)	mg/liter	50	10,1	50	4,9	50	15,74
Total salt	mg/liter	2 500	540	2 500	1 000	1 500	568
Ammonium ion	mg/liter	100	7,33	100	0,16	-	-
Total phosphor	mg/liter	20	1,34	20	0,68	20	1,61
Total iron	mg/liter	20	0,14	-	-	-	-
Total manganese	mg/liter	5	0,03	-	-	-	-
Total inorganic nitrogen	mg/liter	-	-	120	<1	-	-
Total nitrogen	mg/liter	-	-	150	21	-	-

\* COD: chemical oxygen demand, data on the amount of oxydisable organic compounds in the water

OSE: organic solvent extract, collective parameter to describe the amount of fats and oils

BOD: biochemical oxygen demand



We would like to use our water resources efficiently and sparingly in the future as well, so we will give continuous attention to specific water consumption and will initiate steps for the growth of efficiency without violating the severe requirements of the food industry. It is a continuous challenge for us to stabilize the quality

## 8.2 Efficient waste management

Waste management is one of the major environmental factors of Zwack Unicum Plc. and due to this is also one of the environmental protection priorities of the Company. For years, **two of our fundamental goals** have been to **lessen the amount of waste generated and to maximize the proportion of recycling**.

The majority of waste generated by our production is industrial (production) waste which has been stable between 97-98% for many years, the quantity of hazardous waste does not exceed 1% and the percentage of communal waste is below 2%.

The quantity of waste generated at our Company has been between 3600 - 4600 tons per year over the past four years. In the period under review the waste recycling rate was 97-98%. **A great success of the past years is that the problem of selective industrial waste collection and its recycling is almost completely solved.** In the case of public waste, we are also striving for separate collection to an even greater extent, which has been greatly helped by the change in attitude of our co-workers.

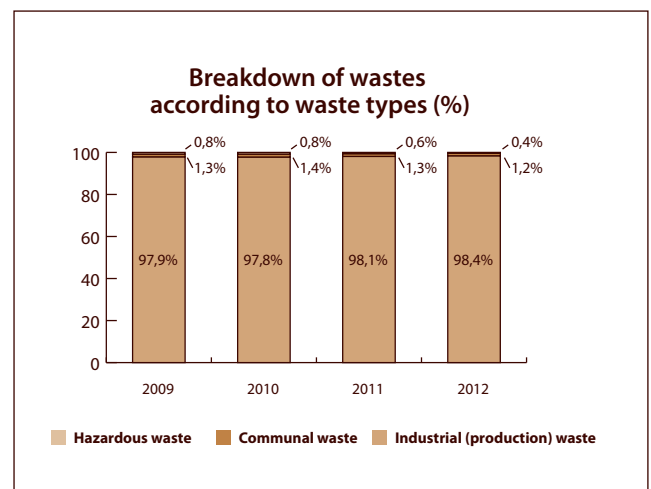
As of 1 January 2012 we fulfilled our obligation (payment of product charge) concerning packaging waste management to the Environment Protection and Environment Management Department of the National Tax and Customs Administration of Hungary.

Our Company's typical waste is the mash residue from pálinka production, as well as the herbal residue from the production

of waste water stemming from our activity. Regular measurements proved that we are operating in compliance with the regulations. **At all the three locations, waste water is transmitted to a service provider designated for further waste water treatment.**

of herb liqueurs. Mash residue accounts for more than 76% of the total waste while herbal remains add up to approximately 12%. Our Company is proud of the method which enables us to exploit high organic and nutritional material content: in cooperation with the Horticulture Department of Kecskemét College, we use **mash residue** for soil improvement of a wind blown sand area planted with poplar trees. Accidental pollution of the ground water is continually monitored, but we have not noticed any harmful effects. Herb residue is also indicated for soil improvement and the compost site in Tárnok uses it in producing mould. These solutions have won public recognition at the 2009 event of CSR Market.

From 2012 Our Company has been contributing to green energy production by handing over both types of organic waste to the biogas plant of the Budapest Sewage Works Pte Ltd.



Biogas plant of Budapest Sewage Works Pte Ltd, - receiver of organic wastes since 2013



Compressing machines are used for the sake of economy



## 8.3 Air pollution

Our Company's operations cause small-scale air pollution. Our activities causing direct pollution are steam production, heating, logistic activities (transportation of goods, movement of materials) and service routes. Indirectly, we also have to take into account the emissions of power stations due to their electricity supply.

Effects inside our Company, as well as impacts in direct connection with its activities or the transport are deemed factors that we can influence.



New furnaces in Kecskemét

AIR POLLUTION EMISSIONS OF POINT SOURCES (measured data in 2011)					
	Number of point sources	Average concentrations			
		CO (mg/Nm <sup>3</sup> )	NO <sub>x</sub> (mg/Nm <sup>3</sup> )	CO <sub>2</sub> (mg/Nm <sup>3</sup> )	Solid concentrate (mg/Nm <sup>3</sup> )
Limits		100	350		150
Dunaharaszti gyár	4	36	45	194	-
Kecskeméti Pálinka Manufaktúra	1	31,4	107,7	173	-
Unicum Gyár	2	3,9*	52*		3,4**

\* Data concerning furnace \*\* Data concerning dust separator

The minimal environmental load charges of our boilers are regularly paid by us in accordance with the legal regulations. **Carbon dioxide emission in connection with our operations is mainly due to the use of gas.**

Further direct impact is due to our Company car fleet, inside transport of goods and air travel. To counteract this we held a **course on defensive driving to draw the attention of our trade representatives to an efficient use of fuel.** We are happy to support other solutions regarding transport: 70-80% of the employees of our Dunaharaszti factory living in Budapest take advantage of the buses hired by us to travel to work; there are bicycle storage places at all the three locations.

The transportation needs of our Company can be met by road transport according to our expectations. Road transportation of our products is made by using the services of Waberer's. Thanks to the geographical location of our production sites and to the increased efficiency of our warehouse management implemented in 2009, **demands for transportation between the factories, as well as between the main Waberer's operated warehouse and the factories have decreased.** Fulfilling logistics tasks is inevitably accompanied by emission of pollutants, which for example is above indirect carbon dioxide emission of electricity consumption.



Quantity and breakdown of carbon dioxide emission				
	2009	2010	2011	2012
<b>Direct emission</b>	<b>1 946</b>	<b>1 740</b>	<b>1 636</b>	<b>1 677</b>
natural gas	1 242	1 150	1 081	1 138
LPG gas	36	27	27	27
vehicles	625	549	499	492
flights	43	14	29	20
<b>Indirect emission</b>	<b>757</b>	<b>595</b>	<b>622</b>	<b>633</b>
electricity	335	176	206	207
vehicles (transport)	422	419	416	426
<b>Total emission (t)</b>	<b>2 703</b>	<b>2 335</b>	<b>2 258</b>	<b>2 310</b>
<b>CO2 emission per one liter manufactured product (g)</b>	<b>254</b>	<b>270</b>	<b>270</b>	<b>300</b>

## 8.4 Expenditures for environmental protection

Zwack Unicum Plc. yearly allots a substantial amount for environmental protection, a part of which results in savings in the use of resources and the operational costs as well. In our waste management the Company gets revenue by selling the selectively collected industrial wastes, while waste transportation, as well as its management and handling, involves costs.

Environmental protection expenditures (HUF million)				
	2009-2010	2010-2011	2011-2012	2012-2013
Waste management and emissions management costs*	100	72	100	146
Environmental management and prevention costs**	23	16	8	8
<b>Total</b>	<b>123</b>	<b>88</b>	<b>108</b>	<b>154</b>

\* Waste management and emission management costs include product levy and licence fee paid to Öko-Pannon Kht.

\*\* The noticeable setback in the expenditure of prevention can be explained by the rescheduling of investments serving primarily environment safety prevention – the use of “cleaner” technology – which was due to the strict cost management enforced by the crisis.





# Our economic performance

The economic performance of Zwack Unicum Plc. is important not only for our Company, but for others as well, as it has an effect also on the economic performance of all those with whom we have a relationship.

Our successful operation ensures the fair remuneration of employees, continuous orders for our suppliers and the financial basis for our charity work, while taxes paid to the government contribute to the realization of the community's goals. Of course, this is not a one sided arrangement as improved environmental conditions also have a favourable impact on our Company.

We present the economic performance of Zwack Unicum Plc. here by focusing on its retained profits and on the payments to the relevant group categories, which differs from the approach of the balance sheet and the consolidated financial statements made available in the Annual report.

Production and sales activities justify the high percentage of expenditures in materiel, but as can be seen, payments to personnel are also significant as they include performance bonuses.

**Zwack Unicum Plc. fulfils its tax payment obligation according to legal requirements.** The amount paid in taxes is in the interests of society and this depends, among other factors, on our sales volume and on the Company's results.

**The Company is considered a major taxpayer both on a local and national level. Local taxes represent approximately 1,5-1,6% of total taxes paid by the Company.**

The amount paid in taxes (HUF million)				
	2009-2010	2010-2011	2011-2012	2012-2013
Local taxes	416	236	206	223
Government taxes	16 158	14 136	13 234	13 122
<b>Total*</b>	<b>16 574</b>	<b>14 372</b>	<b>13 440</b>	<b>13 345</b>

\* including VAT

The most important item of the Company's tax obligation, more than 60% of the whole, is the excise tax on alcoholic beverages. **More than 1% of the national excise tax paid in a year stems from the products of Zwack Unicum Plc.** Value added tax is another significant item, its net amount to be paid by our Company accounts for 28% of our overall tax duties.

**We were able to carry on our innovation activities in spite of the crisis.** In 2010 the Vilmos product family was enriched by the 3 year old Plum pálinka, while the Zwack Sándor Noble Pálinka series now includes the Spicy Pear and White Strawberry both aged for 5 years. In 2011 Fűtűlős introduced on the market its new pálinka line and its pálinkas aged on a fruit bed. In 2012, our Unicum Plum liqueur was launched on the market.



The availability of our brands abroad is very important for us, **consequently high priority is given to our traditional key markets**, such as for example Germany, Italy and Slovakia, where our goal is to maintain a high level of sales. Nevertheless it is also a primary goal for the future to explore new markets, which represent a growth potential for our Company beyond the limited domestic potential.

Approximately 10,6% of our products are sold abroad, and our traditional premium brands are widely represented on foreign

markets. Although the products' availability and popularity vary from country to country, sales of Unicum, pálinka and pálinka-type products top the list in export, too.

The introduction of our new products developed as a result of our innovation activities can also widen our possibilities in the regions where we currently export.

<b>Direct economic value generated and distributed</b> (according to data of IFRS fiscal statements, HUF million)					
		2009-2010	2010-2011	2011-2012	2012-2013
	<b>I. Direct economic value generated</b>	<b>25 176</b>	<b>21 437</b>	<b>21 562</b>	<b>20 291</b>
	Revenues (gross sales revenues + other revenues + fiscal revenues)	25 176	21 437	21 562	20 291
<b>Stakeholders</b>	<b>II. Distributed economic value</b>	<b>24 129</b>	<b>21 166</b>	<b>20 892</b>	<b>19 870</b>
Suppliers	Operation costs (without depreciation charges)	9 416	8 105	8 166	7 881
Employees	Employee wages and benefits (payments to personnel)	2 485	2 419	2 362	2 441
Owners	Payment to providers of capital (dividend)	2 035	2 083	1 730	1 577
State	Payments to government (taxes without contribution and tax payments related to personnel and without VAT)	10 193	8 559	8 634	7 971
Local communities, NGOs	Community investments (donations and sponsorship)	n.a.	n.a.	n.a.	n.a.
<b>All stakeholders</b>	<b>Profit retained (I.-II.)</b>	<b>1047</b>	<b>271</b>	<b>670</b>	<b>421</b>

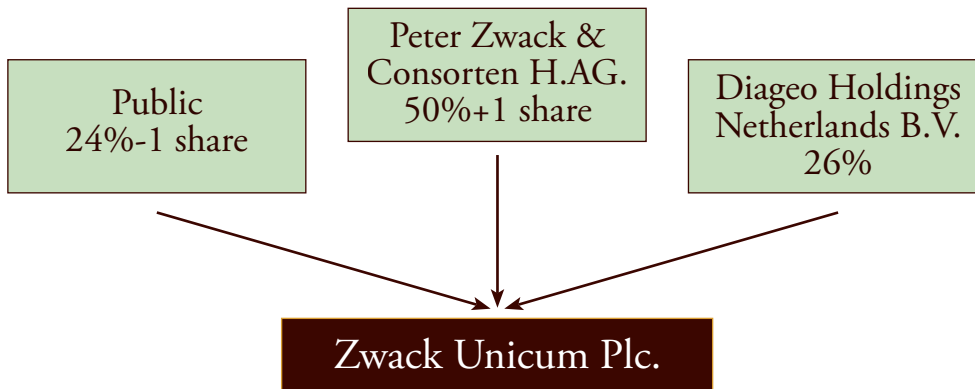


# Responsible company management

The trustees of responsible and sustainable operations are the owners and the framework of Company management is created by a transparent organizational structure and spheres of responsibility.

The ownership structure of Zwack Unicum Plc. is firmly established. Péter Zwack and his business partner, Emil Underberg, gained joint ownership of the Company as early as 1989, and today the two families (Peter Zwack & Consorten AG) still hold majority ownership. When the Company was launched on the stock market, Diageo Holdings Netherlands BV (earlier under another name) became one of the owners, while the remaining segment of the shares is traded in the stock exchange. A significant number of small shareholders are owners who have been with our Company for a long time and their commitment goes beyond mere business interests.

The Company’s governing bodies, in line with legal requirements, are **the General Assembly, the Supervisory Board, the Auditing Committee, the Board of Directors** and the management of the Company. Their operation is outlined on the [www.zwackunicum.hu](http://www.zwackunicum.hu) website under Investor relations, in our earlier Sustainability Reports, as well as in chapter „Ethical business conduct and the stakeholders” of the report.



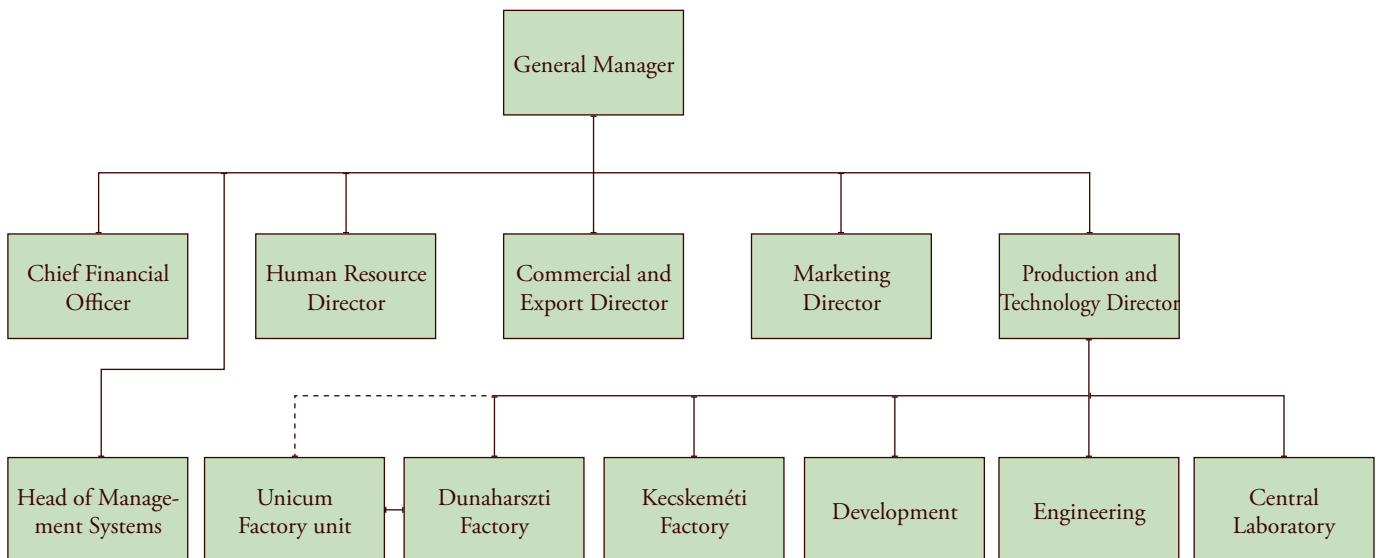
Members of governing bodies						
	Number of members	Breakdown by gender		Breakdown by age		
		female	male	under 30	between 30-50	above 50
Board	7	1	6	0	5	2
Supervisory Board	6	1	5	0	3	3
Audit Committee	3	0	3	0	2	1
Management	6	1	5	0	2	4

## Organizational framework

The organizational framework of Zwack Unicum Plc. is determined by the Company's basic operations. The two most important departments within the organization are sales and marketing. The Sales department is organized basically according to buyer groups, while marketing is organized according to brands. The activities and liaison between the factories, the technological fields, the quality

control and product development are coordinated by the Director of Production and Technology.

We are convinced that in the realization of our goals in sustainable operations each of our employees should participate and this is why we will also lay great emphasis in the future on changing attitudes and enhancing commitment





# Awards and acknowledgements

In 2011 and 2012 our high quality Zwack products have once again met with great success at various prestigious Hungarian and international professional competitions.

ACKNOWLEDGEMENTS	
Product / Spot / Service	Awards
Unicum	Superbrands 2009, 2011
	2010 on top list of "Hungarian Brands" consumer brands; in 2011 second place
Unicum spot „Sport Street”	2012 "Most Memorable Hungarian Commercial Films of the Past 20 Years" 2nd place
By the Heinemann Duty Free, Zwack Unicum and Budapest Airport organized summer campaign of Unicum Szilva	2012 the Duty Free News International (DFNI) presented the campaign with the "Highly Commended" award
Fütyülös	2010 on top list of "Hungarian Brands" consumer brands
Kalinka	July 2011 silver trophy and in 2012 silver outstanding trophy from the International Wine and Spirit Competition (IWSC)
	March 2012 World Spirit Award gold trophy
Zwack Sándor Noble Pálinka product family	2011 awards: 2 gold, 11 silver, 3 bronze
	2012 awards: 10 gold, 16 silver 6 bronze
Zwack Sándor Noble Pálinka product family Spicy Pear	2012 gold from Destillata and "Pálinka of the Year"
Hírös Sour Cherry Pálinka	2012 annually held HunDeszt and Gyulai World Cup gold and Champion trophy
Hírös Kecskeméti Apricot Pálinka	2012 jury of IWSC presented this pálinka with the Silver (Best in Class) trophy
Johnnie Walker	Superbrands 2011 (6th times winner)
Baileys	Superbrands 2010
Evian	Superbrands 2010



# About the report

Zwack Unicum deems it important to regularly and transparently inform its stakeholders. It is already the third time that we publish our Sustainability Report, presenting our social, environmental and broader economic achievements and impacts during the past two business years.

Our aim is that the report, as evidence of our commitment to sustainability, should reach professional circles of the spirit industry, environmental protection and of the CSR, as well as the political decision-makers. We anticipate that the report will also contain important information for the owners of Zwack Unicum Plc. and a great many of our co-workers will read it too. Our Sustainability report is also available on our website, giving an opportunity for all of our stakeholders to get acquainted with our activities and their impact.

- As well as being easy to read, we also had accuracy, professionalism, and objectivity in view. To ensure comparability, the structure of the report is nearly the same as that of our previous reports.
- The content of the report and the subject questions were defined according to the basic activities and the goals of our Company, identifying the important impacts, stakeholder groups, as well as questions important for the stakeholders. Apart from direct impacts we strived to explore and present indirect impacts as well.
- We placed emphasis on the exploration of the correlations. Our aim was to prepare a report which can be judged on its own merits, giving a full picture of our Company's ethic. Due to our traditional company culture and values, the basic principles and general characteristics are in many cases identical to, or have much in common with the content of the earlier report. The report provides an answer regarding the challenges and changes of the last three business years.
- Authenticity, as well as comparison made it indispensable that we show information dating back over four years. The major part of the data given is based on precise measurement or calculation, estimates were duly marked.
- For our Company, the business year incorporates the period from 1 April to 31 March of the following year. However, regarding environmental issues, the majority of the data could be expressed in calendar years, in accordance with

authority regulations. By data relating to a calendar year, we referred to 2009, 2010, 2011, 2012 while in the case of financial data we indicate the periods as 2009-2010, 2010-2011, 2011-2012, 2012-2013. This difference will avoid any significant divergence or hinder evaluation.

- We applied GRI indicators to the characteristics of Zwack Unicum Plc.
- The report is not the only available insight into our activities, as our website and our Annual Report also provide a considerable amount of information.

The Sustainability Report of Zwack Unicum Plc. has been prepared again on the basis of the G3 Guidelines of the GRI (Global Reporting Initiative) published in 2006, which is the most widely applied reporting framework in the world. Since the G4 guidelines are expected to come out already in 2013, in the present, interim period we did not want to change to the G3.1 version, nevertheless, in the case of certain indicators we have applied the new guidelines.

The G3 guidelines differentiate between three application levels (A, B, C), of which the Sustainability report of Zwack Unicum Plc. corresponds to level B. We do not have our report certified.



# GRI index

Indicator number	Description of indicator	Page number	Comment
<b>Strategy and Analysis</b>			
1.1	Statement from the most senior decision maker of the organization about the relevance of sustainability to the organization and its strategy	3-4	
1.2	Description of key impacts, risks, and opportunities	10-13	
<b>Organizational Profile</b>			
2.1	Name of the organization	50	
2.2	Primary brands , products, and/or services	6	
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures	40	
2.4	Location of organization's headquarters	50	
2.5	Location of organization's operations	7-9	
2.6	Nature of ownership and legal form	50	
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	6, 29, 37	
2.8	Scale of the reporting organization (including: number of employees, net sales, total capitalization, including facility openings, closings and expansions and changes in the share capital structure)	6	
2.9	Significant changes during the reporting period regarding size, structure, or ownership (including: the location of, or changes in operations, including facility openings, closings, and expansions; and changes in the share capital structure)	43	No changes to note
2.10	Awards received in the reporting period	41	
<b>Report Parameters</b>			
3.1	Reporting period for information provided	42	
3.2	Date of most recent previous report	43	2010
3.3	Reporting cycle	43	Biannually but now 3 years have passed
3.4	Contact point for questions regarding the report or its contents	50	
3.5	Process for defining report content (including: prioritizing topics within the report; and identifying stakeholders the organization expects to use the report.)	42	
3.6	Boundary of the report	42	
3.7	State any specific limitations on the scope or boundary of the report	43	No restrictions



Indicator number	Description of indicator	Page number	Comment
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period and/or between organizations	44	There are no affiliates involved
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the indicators and other information in the report	42, 44	The method of measurement and calculation are presented in the data respectively
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement	42	
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	44	No changes to note
3.12	Table identifying the location of the Standard Disclosures in the report	43-49	The table is also used for notification
3.13	Policy and current practice with regard to seeking external assurance for the report	42	
<b>Governance, Commitments, and Engagement</b>			
4.1	Governance structure of the organization	25, 39-40	
4.2	Indicate whether the Chair of the highest governance body is also an executive officer	25, 39-40	
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members	44	Not typical
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	25-26, 44	IV. law of 2006. on corporate entities
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives, and the organization's performance	22, 25	
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	25-26, 39	
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics	44	No such definite criteria but expertise is crucial
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation	44	Documents entitled Mission, Values; Code of Ethics; Marketing Code of Ethics; collective agreements
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles	25, 39-40	
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance	39-40	
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization	44	Precaution in basic corporate activities





Indicator number	Description of indicator	Page number	Comment
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	14	
4.13	Memberships in associations and/or national/international advocacy organizations	14, 25-27, 32	
4.14	List of stakeholder groups engaged by the organization	25-30	
4.15	Basis for identification and selection of stakeholders with whom to engage	25	
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	25-30	
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting	25-30	
<b>Economic Performance Indicators</b>			
<b>Economic Performance</b>			
EC1	Direct economic value generated and distributed	37	
EC4	Significant financial assistance received from the government	45	Not received
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation	22	
<b>Market Presence</b>			
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation	45	Equal rights are observed in employment. Rate of local employees is 100%.
<b>Environmental Performance Indicators</b>			
<b>Materials</b>			
EN1	Materials used by weight or volume	45	We use approximately 15 thousand tons of materials yearly, 30-40% of which is raw materials, added to the products as direct materials. 60-65% is packaging and promotional materials, while the remaining 0,1-0,5% is auxiliary and technical materials. Herbs, fruits and fine alcohol are considered renewable materials.



Indicator number	Description of indicator	Page number	Comment
<b>Energy</b>			
EN3	Direct energy consumption by primary energy source	32	
EN4	Indirect energy consumption by primary source	32	
<b>Water</b>			
EN8	Total water withdrawal by source	33	
<b>Emission, Effluents and Waste</b>			
EN16	Total direct and indirect green-house gas emissions by weight	35-36	
EN20	NOx, SOx, and other significant air emissions by type and weight	35	
EN21	Total water discharge by quality and destination	33-34	
EN22	Total weight of waste by type and disposal method	34	
EN23	Total number and volume of significant spills	46	No occurrences to note.
<b>Compliance</b>			
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	32	
<b>Overall</b>			
EN30	Total environmental protection expenditures and investments by type	36	
<b>Labor Practices and Decent Work Performance Indicators</b>			
<b>Employment</b>			
LA1	Total workforce by employment type, employment contract, and region	19, 20, 23	
LA2	Total number and rate of employee turnover by age group, gender and region	23	In fiscal year 2010/11 fluctuation of male employees exceeded that of females, while in 2011/12 the contrary happened.
LA15	Return to work and retention rates after parental leave, by gender	46	Women returning from maternity leave: In 2009/10: 3 In 2010/11: 2 In 2011/12: 1 In 2012/13: 3; All are currently in employment status. Male workers have not taken paternity leave.



Indicator number	Description of indicator	Page number	Comment
<b>Labor/Management Relations</b>			
LA4	Percentage of employees covered by collective bargaining agreements	47	All employees
<b>Occupational Health and Safety</b>			
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities by region	21	
<b>Training and Education</b>			
LA10	Average hours of training per year per employee by gender, and by employee category.	21	
LA12	Percentage of employees receiving regular performance and career development reviews	47	Three quarters of employees receive competence-based performance evaluation
<b>Diversity and Equal Opportunity</b>			
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	39	
<b>Human Rights Performance Indicators</b>			
<b>Discrimination and its Elimination</b>			
HR4	Total number of incidents of discrimination and actions taken	47	No occurrences to note
<b>Child Labor, Forced and Compulsory Labor</b>			
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	47	Our Company condemns and does not use child labour and forced labour and clearly communicates this principle towards our suppliers and service providers.
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	47	
<b>Remediation</b>			
HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms	47	Complaints in any field are responsibly investigated by the head of the HR department and the legal experts of our corporate Legal Office. All concerned in the matter are notified of the result of the legal proceedings in writing. No occurrences to note.



Indicator number	Description of indicator	Page number	Comment
<b>SOCIETY PERFORMANCE INDICATORS</b>			
<b>Corruption</b>			
SO2	Percentage and total number of business units analyzed for risks related to corruption	25, 48	Conducted by the head of Accounting, within the framework of the Internal Audit, the objective of annual inquiries is to discover and assess the possibility of potential frauds in corporate activities. The investigations have not revealed any cases of abuse. The Audit Committee is notified of the result.
SO4	Actions taken in response to incidents of corruption	25	
<b>Public Policy</b>			
SO7	Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes	48	No occurrences to note
<b>Compliance</b>			
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	30	
<b>Product Responsibility Performance Indicators</b>			
<b>Customer Health and Safety</b>			
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	30	
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes	30	
<b>Product and Service Labelling</b>			
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	14	
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	29	





Indicator number	Description of indicator	Page number	Comment
<b>Marketing Communications</b>			
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	14, 15	
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	30	
<b>Customer Privacy</b>			
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	49	No occurrences to note
<b>Compliance</b>			
PR9	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services.	30	



## Your opinion means a lot to us!

Please share your comments on our Sustainability report  
by sending an e-mail to: [marketing@zwackunicum.hu](mailto:marketing@zwackunicum.hu) !

**Our Company headquarters:  
Zwack Unicum Liqueur Industry and  
Trading Public Limited Company  
(Zwack Unicum Plc.)  
1095 Budapest, Soroksári út 26.**

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