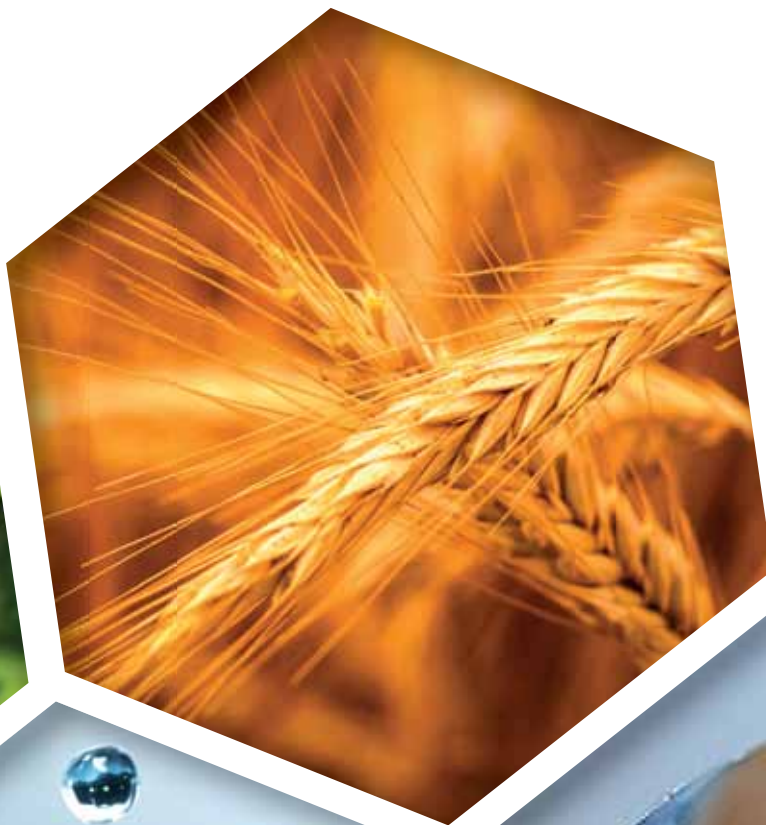


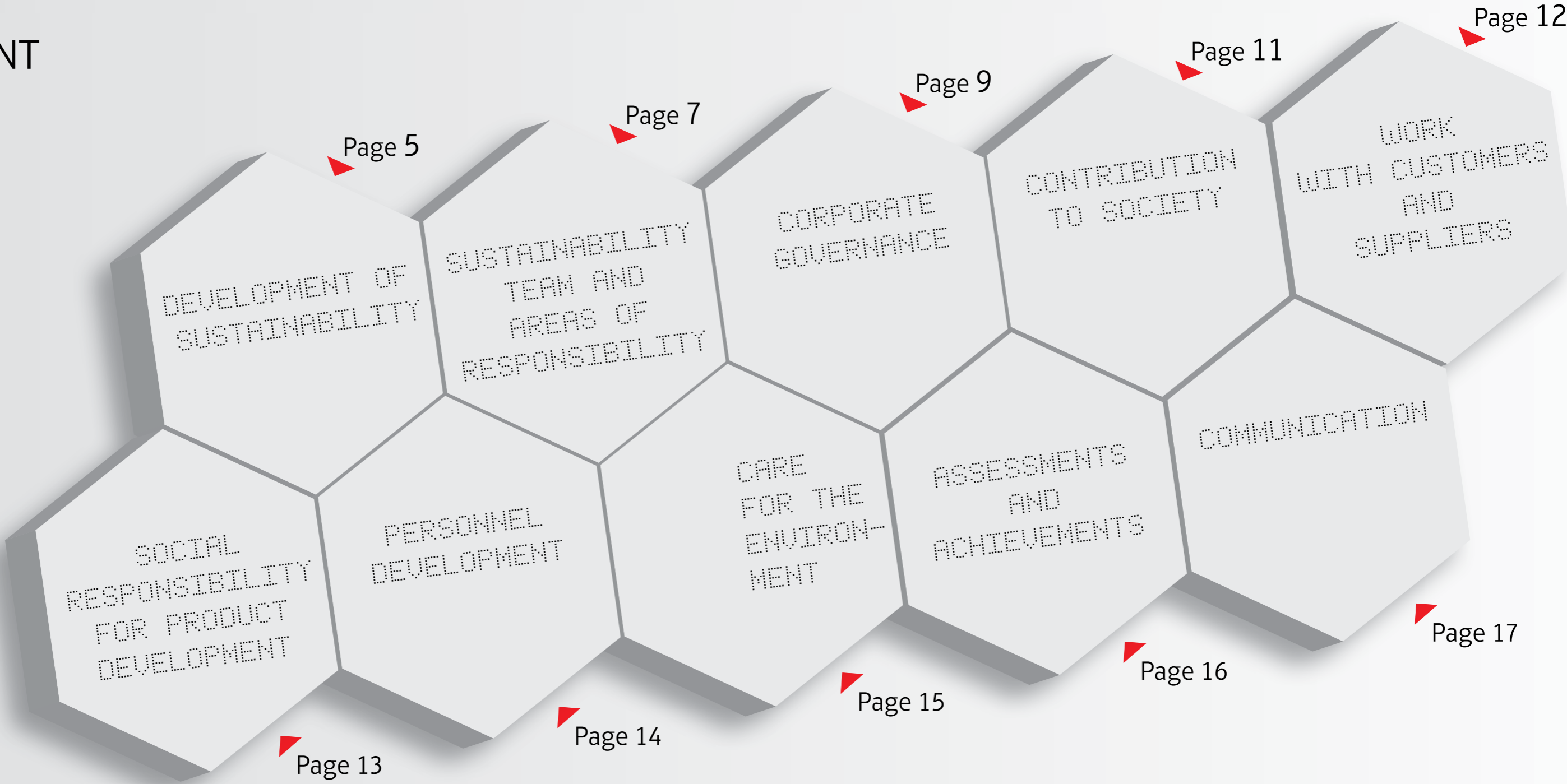
# CORPORATE SOCIAL RESPONSIBILITY REPORT

## CĒSU ALUS

### 2013/2014



# CONTENT



«WE ALWAYS IMPLEMENT AN ATTITUDE OF CORPORATE RESPONSIBILITY TOWARDS ALL STAKEHOLDERS WHEN DEVELOPING THE OPERATIONS OF THE COMPANY »»



entrepreneur. In order to provide sustainable business the key directions of Cēsu alus are the maintenance of high product quality, ensuring environmentally safe and effective production, improvement of the work environment, development of employees and socially responsible communication.

We work strategically with all stakeholders in the performance of the company and try to involve them in the decision making processes to the maximum - finding out their opinion enables us to establish and maintain long-term relationships as well as helps to improve ourselves in developing and improve the general performance of the company.

In accordance with the mission of Cēsu alus - to create a positive drinking enjoyment, in year 2013 we implemented several large-scale projects, investing in public education projects. Employee Masterclass – a course to increase employees' knowledge, "Be Independent!" - an educational project for pupil of secondary schools on the prevention of alcohol addiction, and a "Beer Masterclass" - a unique educational beer tasting course for the general public – all long-term investments in the creation of a responsible and conscientious future society as well as in the enrichment of beer culture in Latvia made by us, the biggest producing brewery in Latvia.

The business purpose of Cēsu alus over a long-term perspective is to make profit, however, we do it in compliance with the highest level of corporate social responsibility, strict quality standards, responsibility towards the environment and employees. This is certified by both the increase of the total value of the company as well as the increasing assessment levels in the area of quality, of the employer and in other research.

We always implement an attitude of corporate responsibility towards all involved stakeholders - employees, the owners, customers and cooperation partners and towards society in general when developing the operation of the company. Responsible business and an environmentally safe business environment are responsibilities to be undertaken by each long-term-minded

Eva Sietiņšone – Zatlere  
General Manager of JSC Cēsu alus

# DEVELOPMENT OF SUSTAINABILITY OF CĒSU ALUS



2010

2011

2012

2013

2014

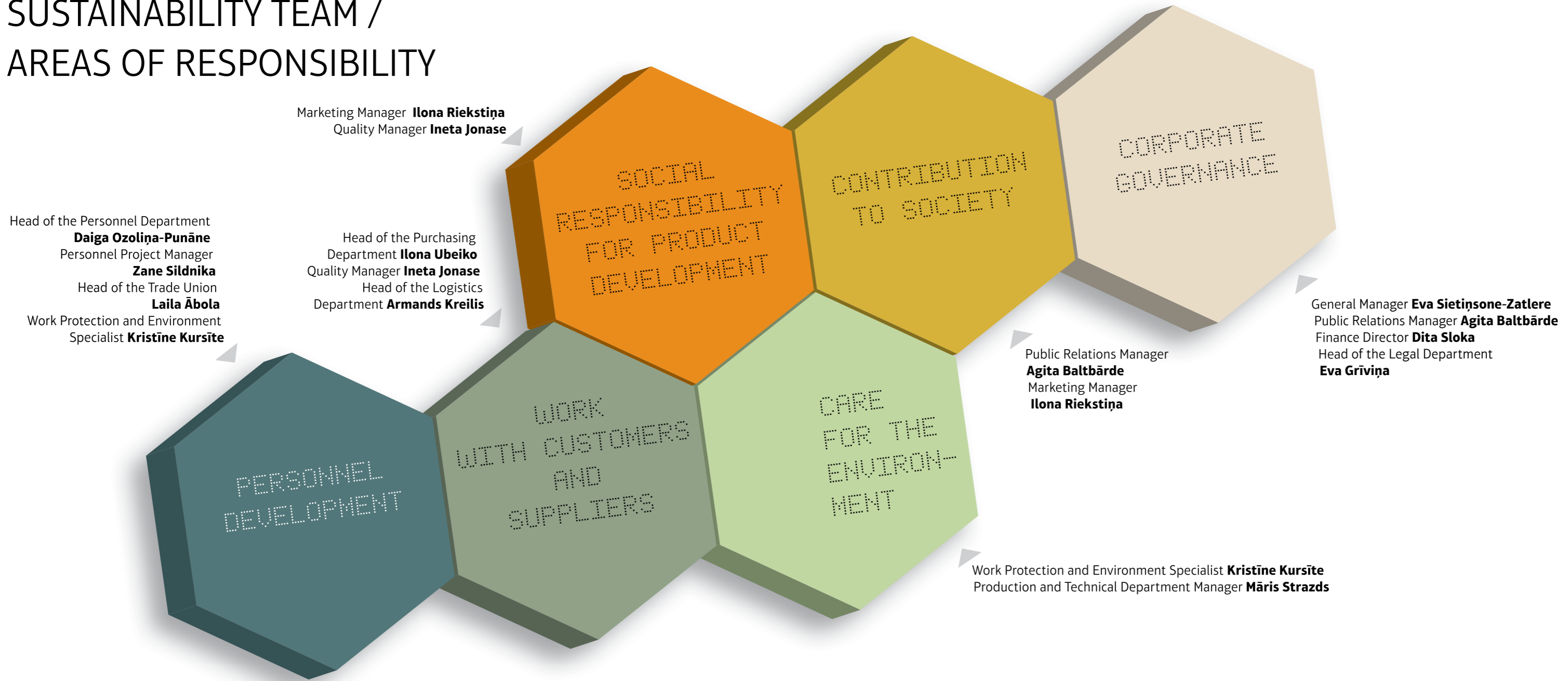
- Invitation of the Employers' Confederation of Latvia
- The first self-assessment
- 360-degree Employee Satisfaction Survey

- Value implementation project
- Employee Satisfaction Survey
- Social responsibility section on the website
- Charity market - voluntary work initiative of employees

- Establishment of the sustainability team
- "Be Independent!" - alcohol addiction prevention project
- Implementation of a coaching technique
- CSR priorities, company position in the industry topics
- Implementation of environment monitoring documentation

- Beer Masterclass
- Establishment of a skatepark in Cesis
- Environment audit in the company
- Customer Survey
- Employee Satisfaction Survey
- Implementation of a mentoring method

# SUSTAINABILITY TEAM / AREAS OF RESPONSIBILITY



## CORPORATE GOVERNANCE

- Strategies
- Representation of interests
- Stakeholders
- Economic responsibility
- Reputation
- Industry development

### STRATEGY

•The company performs systematic and strategic work in the area of corporate social responsibility. A sustainability team has been established, where the responsible representatives of all key activities areas/departments of the company are represented. The priorities in the area of social responsibility are defined each year

•Alcohol producer JSC Cēsu alus has defined public education on the prevention of alcohol addiction as one of the priority areas, determining the youth and students of secondary schools as the primary target audience

•The society of Cēsis City and the region is the local community within the range of the social responsibility activities of Cēsu alus

•The company compiles a Financial Statement of the joint stock company (Annual reports) as well as non-financial statements in the form of a Corporate Social Responsibility Report available to the public on its website at <http://www.cesualus.lv>

•The company takes care of its reputation, promoting it through the implementation of social responsibility – both

within the context of product development as well as the beer industry

•Upon defining its position on the issues related to the development of the industry, Cēsu alus represents the interests of the company and industry through professional associations. The company is a member of both the beer and non-alcoholic beverages industry, as well as institutions representing the opinion of food companies

•As the biggest producing brewery in Latvia, Cēsu alus initiates and implements beer culture promotional projects, for example, as part of the public education course of events, “Beer Masterclass”

### 2013

•Sustainability team was established;

•CSR Report 2013/2014 was presented;

•Publication of Financial Statements (Annual Reports) was commenced on the website of the company;

•The prior stakeholders for year 2013 were determined (customers, employees, local community);

•Cooperation principles with public authorities were defined;

•Public opinion on the company was studied;

•Increase of reputation by 10 positions.

### 2014

•Priorities for year 2014 are defined by the CSR Report

•Representation of the interests of the industry regarding the following issues:

1. Education of pupils on a healthy lifestyle and diet (project “Healthy” by professional association of non-alcoholic beverages producers);
2. Public education on the reasons for using alcohol (research);
3. Deposit system implementation project (through professional associations).

### POSITION ON INDUSTRY DEVELOPMENT ISSUES (REPRESENTATION OF INTERESTS WITHIN THE FRAMEWORK OF THE ASSOCIATION):

•Responsible marketing of non-alcoholic beverages: within the framework of a memorandum concluded between the Non-alcoholic Beverage Producer Association and the Ministry of Health of the Republic of Latvia, a project was developed in order to educate the youth across all secondary schools of Latvia on a healthy lifestyle and diet (project “Healthy”)

•Responsible marketing of alcoholic beverages, initiative for the prevention of alcoholism — public education on the actual reasons for using alcohol and the influence of different circumstances/situations on the situations and reasons for using alcohol

•Active participation in the Deposit system implementation project — within the framework of the profession-

al industry associations - development of a Cabinet Regulation, establishment of a system operator, development of a strategy for the implementation and maintenance of the system

### PRINCIPLES FOR COOPERATION WITH PUBLIC AUTHORITIES

Representation of the interests of the industry shall comply with:

- collective representation of rights and interests with the purpose of developing the industry, including, lobbying (through associations and organisations);
- cooperation and partnership principle;
- coordinated and well considered behaviour.

**In terms of individual issues:**

- compliance with legal provisions;
- cooperation with management;
- aligned communication;
- hierarchy of communication – communication is only performed by the head of the company, or by department heads upon the assignment of the head of the company.
- politeness.

### SOCIAL RESPONSIBILITY PRIORITIES FOR 2013

Stakeholders & sustainability areas:

- Employees (Employee Satisfaction Survey);
- Customers (Customer Survey);
- Suppliers (Assessment system);
- Experts (Environment audit, Risk assessment project);
- NGO (Implementation of the project Be Independent! in cooperation with a

regional NGO);

- Local community (Beer Masterclass, establishment of a skatepark in Cēsis, foundation of the Pensioners Club, work sessions with the Development Department of Cēsis Council).

### SOCIAL RESPONSIBILITY PRIORITIES FOR 2014

Stakeholders & sustainability areas:

- Employees (work with the results of the Satisfaction Survey, Employee Masterclass, Manual, implementation project of the internal newspaper and other informative channels, training projects);
- Customers (work with the results of the Customer Survey, Customer Day);
- Suppliers (Logistic supplier training programme);
- Local community (Pensioner Club, investment in the development of professional sports of the Cēsis region, urban improvement projects);
- Public institutions (cooperation in matters of industry development and representation of interests).

## CONTRIBUTION TO SOCIETY

- Contribution to the local community
- Charity
- Sponsorship

### STRATEGY

- Each year the company defines the priorities of sponsorship and areas to be supported, however, the strategy of sponsorship basically remains constant - JSC Cēsu alus supports events with long-term importance, which continue for several years and turn into traditions. While constantly improving the operation of the company, we choose to support events which create real values and lasting feelings for the attendees of events
- Beyond the set financial support and sponsorship projects, there is a possibility to submit projects for review, which the company may support by ensuring products for the events
- The priority for supported events within the framework of any particular area is the local community, which is set within the range of social responsibility activities of Cēsu alus — Cēsis City and region
- One of the priorities for the support projects is public education, which is implemented by the company through or-

ganising an educational project on the prevention of alcohol addiction "Be Independent!" in secondary schools of Latvia as well as a unique educational course of beer events "Beer Masterclass"

- The voluntary work of the employees is expressed by involvement in the "Charity market" of the employees of Cēsu alus, as a result of which the obtained and donated resources are switched for the long-term support of the Cēsis daily centre "Saules taka". The centre gathers children from disadvantaged families of Cēsis City/region
- At the end of year 2013 the company founded the Pensioner Club of Cēsu alus, which brings long-term current and former employees together, creates and maintains a social link between them and the company, as well as leaves a positive impact on the quality of the social life of these people

### CONTRIBUTION TO THE PUBLIC FOR 2013

- Establishment of a sponsorship strategy for 2013
- Invitation for teams to apply for the sports support project
- "Cēsu Premium" Fund— support for the song and dance folk groups of Latvia
- Beer Masterclass – a unique educational course of beer events
- Be Independent! - educational project on the prevention of alcohol addiction in secondary schools of Latvia
- Establishment of a new skatepark in Cēsis
- Charity market – voluntary work project of the employees
- Establishment of the Pensioner Club of Cēsu alus

### CONTRIBUTION TO THE PUBLIC FOR 2014

- Establishment of sponsorship strategy 2014
- Support to the development of professional sports in the Cēsis region — main sponsor of the floorball team "Lekrings"
- Defining the purpose of social investments
- Beer culture promotional events in the form of public education.

### PRIORITY AREAS TO BE SUPPORTED IN 2013

- **EDUCATION** (Children and youth education centre "Zili brīnumi", Educational project on the prevention of alcohol addiction in secondary schools of Latvia "Be Independent!", Beer Masterclass, Employee Masterclass)
- **CULTURE** (Music festival "Summer-sound", Cinema theatre "Kino Citadele", Beer veranda at tourist place "Kalnciema kvartāls", participation in Latvia Beerfest)
- **PUBLIC WELFARE INCREASE** (support for children from disadvantaged families of the Cēsis day centre "Saules taka", foundation of the Pensioners Club of Cēsu alus, contest for awarding residents of the Cēsis region "Cēsnieks", support for a Family Day in Cēsis)
- **HEALTH IMPROVEMENT** ("Be Independent!", educational projects for employees)
- **INFRASTRUCTURE DEVELOPMENT** (establishment of a Skatepark in Cēsis)

### PRIORITY AREAS TO BE SUPPORTED IN 2014

- **EDUCATION**
- **CULTURE**
- **PUBLIC WELFARE INCREASE**
- **HEALTH IMPROVEMENT**
- **INFRASTRUCTURE DEVELOPMENT**
- **TECHNOLOGY AVAILABILITY**
- **SPORTS**

### STRATEGY

- Cēsu alus' quality policy ensures that an effective partnership with customers and suppliers creates trust in the company as a safe producer and supplier
- Our target is to increase the company's quality management system through constant improvements on the basis of measurements, general analysis and successful cooperation with partners
- Representatives of the sales industry – stores, networks of chain stores as well as cafes, restaurants and hotels – are customers of Cēsu alus. Customers of Cēsu alus are divided in accordance with their suitability to one or another segment – sales customers (retailers) and customers of the HoReCa segment (cafes, restaurants, hotels)

## WORK WITH CUSTOMERS AND SUPPLIERS

- Cooperation
- Research
- Claim administration
- Green procurement

- Suppliers of Cēsu alus are supplier companies both from Latvia as well as abroad, providing necessary beverage raw materials, technological equipment and other support functions
- Work with customers is performed systematically – according to the requirements of the BRC quality standard (BRC for Food Safety certificate) a Customer Satisfaction Survey is performed once per year, and the informative material – the Customer newspaper of Cēsu alus, is issued three times a year. Similarly, a special procedure for the application and review of complaints has been established, enabling customers and suppliers to submit proposals and complaints in the most convenient way, form and time as well as receive feedback on the submitted issue
- Work with the suppliers of the company mostly takes place within the framework of Olvi Group – the biggest purchases and tenders and the selection of suppliers is mostly carried out at the group level, thus optimising both time and financial resources in order to ensure the most appropriate supply process
- Suppliers are selected on the basis of their international reputation (according to quality standards)
- Audits of suppliers are performed randomly and once per three years a Supplier Survey is performed in the form of a questionnaire

### 2013

- Customer Day
- Customer Newspaper
- Beer Masterclass
- Customer Survey
- Decreased number of complaints (3 times)
- Green procurement – cardboard purchases
- Regular audits of suppliers

### 2014

- Work with the results of the Customer Survey
- Customer Day
- Customer Newspaper
- Green procurement (for two types of product packaging)
- Supplier audits
- Supplier assessment (establishment of a common programme within a group)
- Facilitation of a system for the submission of complaints for customers
- Customer and supplier education programme
- Implementation of the loyalty programme
- Logistics supplier training programme



## STRATEGY

- The vision of the company Cēsu alus is to be the development leader in the beverage market of Latvia, which is implemented by the company through the development of an innovative product portfolio – by creating and launching new product categories, segments, tastes and packages
- The company also actively involves employees in product development – organising Innovation Week once per year, when the departments of the company develop and present their innovative product ideas. Besides, every day each employee has an opportunity to put his or her product idea in the “Idea box”
- Cēsu alus also involves beer lovers, consumers in the development of new product ideas and the improvement of current ones, by establishing and maintaining active communication in the form of dialogue through social networks: Draugiem.lv, Facebook.com, Twitter.com
- For several years already, within the framework of the annual campaign of the leading beer brand of Cēsu alus - Cēsu Premium - public involvement in product development is promoted – for example, a possibility to create a unique design of a beer can. Each year these campaigns have a historical and

cultural meaning in the context of events taking place in the society of Latvia and actual events

- Responsible marketing is the basis of the activities of Cēsu alus – both when initiating the establishment and complying with the Latvian Brewery Self-regulating Code of Ethics, as well as by entering into a cooperation agreement with the Ministry of Health of the Republic of Latvia regarding compliance with responsible marketing in terms of not directing communication and advertising activities towards a child audience, but rather educating them
- High and constant quality is the priority for the production, filling and sale of products – this is certified by both strict compliance with legislation in the brewery as well as the voluntarily implemented world level food production quality certificate BRC for Food Safety - Cēsu alus was the first food company in Latvia to implement it

## 2013

- “Cēsu Premium” Fund — support for the song and dance folk groups of Latvia
- Responsible marketing:
  - Code of Ethics of Breweries - self-regulation
  - Memorandum between the Non-alcoholic Beverage Producers Association and the Ministry of Health of the Republic of Latvia – commitment to ethical marketing, which is not directed towards a child audience
- Non-alcoholic cider – closed product on the basis of public response
- BRC global level quality certificate - successful annual recertification

## 2014

- The annual campaign for one of the lead-

ing beer brands of Cēsu alus with a purpose of promoting beer culture in relation to any cultural and historical element uniting the public

- The project “Healthy” educating the youth on a healthy lifestyle
- Use of Latvian barley for the beer brewing
- Slow beer – creation of a new beer category in Latvian brewery culture
- Green procurement in the category of beer serving technologies in HoReCa
- Expansion of the non-alcoholic beverages segment within the product portfolio of the company
- Use of natural raw materials for the production of energy drinks



## STRATEGY

- The values of the company say that competent, well-being and committed personnel are the most important resource of the company Cēsu alus in achieving the set targets
- The personnel development vision of Cēsu alus is: “Employees really want, and achieve, excellent results!”, according to which personnel development, motivation and training work is systematically and strategically implemented

- One of the most important values of the company is the team and team work. Team work enables the company to propose and achieve challenging targets, to participate in decision making and undertake responsibility
- Once per two years Cēsu alus carries out an Employee Involvement and Satisfaction Survey, which is a group level project
- Each year Annual development discussions are organised for all employees, as a result of which an Individual development card is prepared, which serves as a basis for the satisfaction of the training needs of employees
- Training is developed and implemented systematically - in accordance with the individual needs and development targets of employees as well as the development targets of teams. The company performs both internal as well as external training, by attracting the respective professionals
- Cēsu alus has chosen coaching – both individual as well as team and group level - as the method for personnel development. In 2013 the company implemented the mentoring as the method for knowledge sharing and inheritance, through which current employees help the new managers and employees to become acquainted with the work environment
- Each year the priorities for areas to be developed in order to increase the general knowledge of employees are defined – the project of a new concept “Employee Masterclass” has been established as the most effective form for the purpose of knowledge improvement and unification, which has already been taking place in the company since autumn 2012
- The guideline for employees on the culture and values of the company is the “Excellent Employee Manual”, which all employees of the company have received each year since 2012

- The internal newspaper of the company “Iesaliņš” and since 2013, the internal newspaper of Olvi Group “My Olvi” serves as the internal communication channel for employees, except informal ones
- A trade union has been operating in the company for many years, which is a great associate in order to maintain a successful relationship between the employer and employees. An agreement signed by the trade unions in the form of a Collective agreement has existed in the company for many years, which ensures a number of social benefits in addition to the ones stipulated by legislation
- In 2014 Cēsu alus is launching the work efficiency promotion project, which serves as a contribution to the development of the industry - a project for the attraction of trainees; thus both relieving the professional activities of employees as well as contributing to the improvement of education in the beer industry, ensuring the long-term places of practice within a framework of the specialisation of the respective area
- The company also regularly participates in career selection projects, promoting the image of the company as a stable and sustainable employer as well as facilitating the needs of the food industry and technological studies and a presentable future image of the profession

## 2013

- Individual development discussions
- Employee Masterclass
- Employee Manual
- Training – internal, external as well as on EU project support
- Employee Involvement and Satisfaction

Survey

- Healthy lifestyle promotion campaign: education on the healthy influence of water on the body, campaign for decreasing coffee consumption among employees
- Coaching, mentoring – personnel development methods
- Supplements to Collective agreements - agreement with the Cēsu alus Trade Union on a package of additional social guarantees and benefits in 2014
- Outplacement

## 2014

- Manager Masterclass - once per year
- Individual development discussion (IDD) - once per year
- Work with the results of the Employee Involvement and Satisfaction Survey — defining development targets – once per two years
- Employee Masterclass - once per year
- Employee Manual - once per year
- New Labour collective agreement for three years
- Training – in accordance with the IDD and team targets
- Healthy lifestyle promotion campaign (partly paid pool and sports club visit)
- Trainee involvement project — contribution to the development of professionals of the industry
- Implementation of an Employee Integration System (“on board” mentoring, coaching)
- OLVI scholarships – for professions important for the industry
- Educational projects in the area of work protection – first aid training, evacuation training in case of fire
- Employee loyalty promotion project



## CARE FOR THE ENVIRONMENT

•Environment audit & monitoring  
•Energy effectiveness

### STRATEGY

- The strategic environment policy target of JSC Cēsu alus is to ensure sustainable development in accordance with the requirements of environment protection – strict compliance with the requirements of legislation and self-initiative is the basis of the environment strategy of the company
- As the basis of the business activities of the company, care and concern for permanent improvements are highly evaluated, at the same time taking into account the current requirements of environment legislation and considering future ones
- The company regularly evaluates and minimises the use of nature resources (energy resources, fuel, water etc.) as much as possible, reduces the emission of pollutants into the environment, implements the sorting of

waste and, wherever possible, the decrease of waste at source location

- In order to identify the potential environment risks and evaluate and monitor them, two major projects were implemented in the production facility of Cēsu alus in 2013 – an independent Audit of environmental aspects and Risk assessment project at the group level. Proposals and recommendations were developed within the framework of both implemented projects, which were assessed and included in the investment and development plans for implementation over the coming years
- One of the most significant investment facilities of recent years in the brewery facility of Cēsu alus, with the purpose of ensuring the preservation of the environment, is the installation of biological water pre-treatment equipment within the territory of the production facility
- Economy of energy resources is implemented by systematically integrating it in the technology development & investment projects
- Green procurement is one of the social responsibility aspects of Cēsu alus in the context of the preservation of the environment – it is implemented by ecological versions of primary and secondary packaging for particular products and within the framework of projects for the sorting of waste, thus eliminating the impact of products on the environment and making the implementation of particular stages of the product life cycles even greener
- The company is also contributing to the urban improvement of the local community – both taking care of the production facil-

ity and adjacent territories as well as implementing particular large scale projects, such as establishing a new skatepark in Cēsis in 2013, which serves as a place for the youth to spend high quality leisure time (the youth is one of the primary target audiences in the area of social responsibility activities of Cēsu alus as an alcohol producer)

### 2013

- Risk assessment project
- Environment audit
- Maintenance of environment monitoring documentation, assessment of results, determination of targets for 2014
- Participation of the employees in the society initiative “Lielā Talka” (Big Cleanup) – cleaning and landscaping the territory adjacent to the brewery of Cēsu alus

### 2014

- Risk assessment project – assessment and implementation of proposals.
- Inclusion of proposals from the results of the environment audit in long-term investment projects
- Assessment on the impact of surrounding companies on the environment and on JSC Cēsu alus
- Alignment and improvement of the current lightning protection system
- Contribution to the urban improvement of the local community
- Green procurement (for two types of product packaging) – impact of the stages of the product life cycles on the environment, assessment, targets for the next period

## ASSESSMENTS AND ACHIEVEMENTS OF CĒSU ALUS IN 2013

### SUSTAINABILITY INDEX – GOLD LEVEL



### FOOD QUALITY CERTIFICATE



### THE SOCIALLY MOST RESPONSIBLE EMPLOYER IN VIDZEME



Latvijas Darba devēju konfederācija

### REPUTATION TOP - INCREASE BY 10 POSITIONS



### BEER ANNUAL AWARD FOR DEVELOPMENT



ALUS BRĀLĪBA

### COOPERATION PARTNER WITH TRADE UNION



### HEAD OF CĒSU ALUS - FORBES BUSINESS MANAGER TOP 10



### PRODUCT OF THE YEAR - BEER “CĒSU NEFILTRĒTAIS” AND ALCOHOLIC LONG DRINK “CĒSU DŽONS”



Latvijas Tirgotāju asociācija

### CREFOCERT-HIGH SOLVENCY CERTIFICATE



### HEAD OF CĒSU ALUS – THE MOST EFFECTIVE MANAGER TOP 10 OF DIENAS BIZNESS



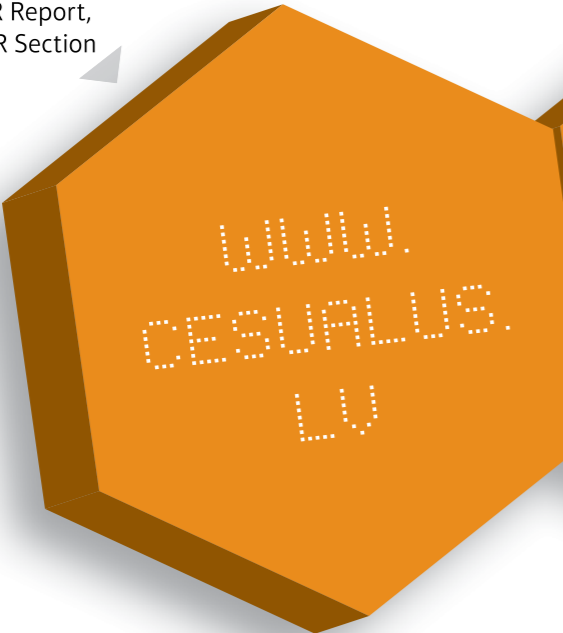
### CĒSU ALUS TRADEMARK - FORBES TOP 10 OF THE MOST PURCHASED BRANDS IN LATVIA



# COMMUNICATION

In order to inform society and the stakeholders of the company regarding the corporate social responsibility strategy of the company and implemented activities, we regularly communicate through different communication channels in order to reach particular target audiences.

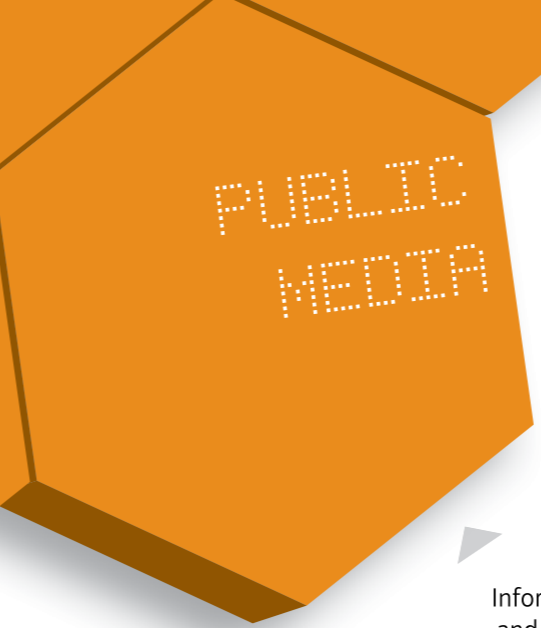
Annual CSR Report,  
CSR Section



Participation of management and leading specialists of the company in events:  
Business Forecasts 2014,  
Cēsis Entrepreneurs Forum,  
CSR Conference,  
Good practice workshops,  
Good practice exchange workshops



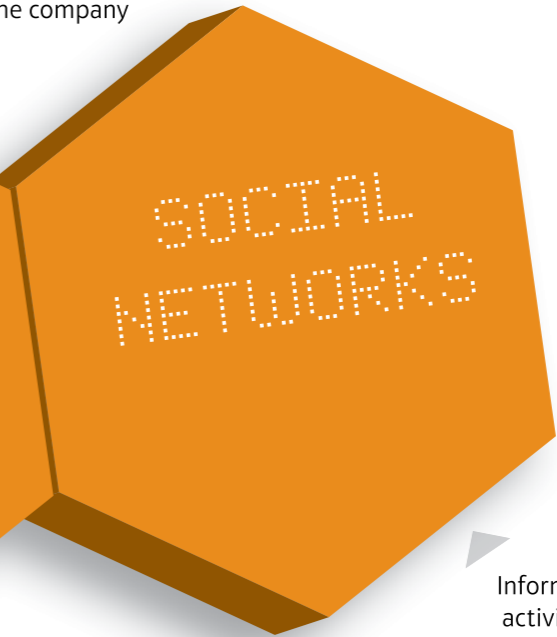
3 times per year -  
for all customers of the company



Information on the achievements, activities, awards and implemented projects of the company, assessments of the company in various tops and classes, comments of the industry, product development information




3 times per year - for all employees of the company



Information on the achievements and activities of the company.  
Public involvement campaigns



Follow Cēsu alus on social networks:

 [www.facebook.com/Cesualus](http://www.facebook.com/Cesualus)

 [www.twitter.com/Cesualus](http://www.twitter.com/Cesualus)

