

SOCIO-ECONOMIC IMPACT
OF SPIRITS INDUSTRY
IN POLAND
2011-2012



REPORT OF THE
EMPLOYERS ASSOCIATION
POLISH SPIRITS INDUSTRY (ZP PPS)

Spirits beverages are a permanent and inseparable part of our cultural and traditional landscape. Simultaneously, Polish vodkas achieve high recognition among consumers all over the world. Our aim is to ensure sustainable development of the industry so that it positively influences our national economy and agriculture. Spreading the culture of responsible alcohol use among adult Poles is of equally vital importance.



Dear Readers,

over 200 years ago Napoleon Bonaparte told his soldiers: *Shall you drink, then drink as Poles do*. For more than 100 years the phrase to *drink like a Pole* meant not only that someone could hold their liquor, but first and foremost that they knew their limits and were able to abstain from crossing the line. Nowadays, popular stereotypes are completely the opposite, significantly harming our nation. Therefore, it is worth remembering that Poland assumes the 19th place among all 27 EU-countries regarding alcohol intake. And, even more importantly, according to research studies the majority of Poles drink responsibly.

In Poland the word alcohol is commonly associated with vodka and alcohol-related problems. However, identifying reasons that underlie alcohol-related problems solely with drinking vodka is a serious misunderstanding. Vodka, whisky, wine and beer contain exactly the same substance – ethanol. Health of consumers depends, first and foremost, on the concentration level of this substance in their bodies. From a long-term perspective, it is frequency of alcohol intake that is an extremely pertinent matter.

Members of Employers Association Polish Spirits Industry (ZP PPS) are well aware that irresponsible alcohol consumption leads to personal and social damage. For this reason, for years they have taken actions with the purpose of effectively overcoming the most crucial social problems related to thoughtless alcohol intake.

Our Association persistently runs educational and informational programmes intended for consumers and sellers of alcoholic products. We direct our efforts towards promoting responsible alcohol consumption patterns in our country, what, in some cases, equals complete abstinence.

This report illustrates the majority of our actions, including social campaigns and educational programmes for 2011 and 2012.

With the greatest pride I am presenting you with our accomplishments and hoping that you will enjoy our report!

Leszek Wiwata
President of the Board,
Employers Association Polish Spirits Industry
(ZP PPS)

ABOUT REPORT

We present Readers with the first report of the Spirits Employers Association Polish Spirits Industry (ZP PPS) that depicts overall industry impact on its environment, including both economic and social issues. By means of this report we summarise our actions taken in 2011 and 2012. Since 2008 the Association has applied two-year social reporting period.

Methodology

Following common reporting trends, we apply and obey the guidelines of Global Reporting Initiative (GRI). The scope of presented data was expended, wherever possible, in comparison to our former reports.

The economic part of the Report (Section 2) contains standard indicators used to measure impact that any sector exerts on domestic economy and national budget. Both economic and environmental impact of our industry were analysed at all value chain levels.

Additionally, in order to ensure reliable evaluation of our educational actions (Section 4), we have applied an international model of measuring social involvement effectiveness – an LBG methodology (London Benchmarking Group). Using this method, we summarised our 5-year social campaigns: *A Better Start for Your Child (Lepszy start dla Twojego dziecka)* and *Don't Drink and Drive (Pić? Nie jedź!)*.

Data Sources

All financial and economic data covered by the Report have been presented based on information provided by our Members, AC Nielsen market data and, among others, publications of the Polish Central Office for Statistics (GUS), Institute of Agricultural and Food Economics, Ministry of Finance and other institutions.

The Section entitled How do we drink alcohol nowadays? (p. 30-31) describes results of TNS Poland research for 2012.

Contents

LETTER FROM THE PRESIDENT | 1

1 OUR ORGANISATION | 4

About us | 5
Our environment | 8
Legal regulations | 10

2 OUR INFLUENCE | 14

Economic impact | 16
Environmental impact | 24

3 OUR REponsibility | 26

Poles and alcohol | 27
Key challenges and statistical data | 32
Our strategy | 38
Measuring our performance effectiveness | 42

4 OUR STRATEGY IN PRACTICE | 44

Social campaigns and educational programmes | 45
Promoting responsible alcohol consumption | 58
Responsible marketing and self-regulation | 59

5 GOOD PRACTICES OF OUR MEMBERS | 62

1

OUR ORGANISATION

80

NUMBER OF PRODUCTS OFFERED ANNUALLY TO CONSUMERS BY OUR MEMBERS

74%

OF SPIRITS MARKET. WE ARE THE LARGEST REPRESENTATIVE OF POLISH SPIRITS INDUSTRY.

About us

The Employers Association Polish Spirits Industry (ZP PPS) is an industry organisation that unites producers and importers of spirits beverages.













The Association directs its efforts mainly towards creating proper legal and economic conditions for industry development, reinforcing centuries-old tradition of spirits products, promoting new technologies and conducting activities related to corporate social responsibility of spirits industry. In order to fulfill its obligations, the Association cooperates with official authorities, other industry associations, scientific experts and community organisations.

- We are a self-imposed, self-governing and self-financing organisation.
- We are the largest representative of Polish spirits industry as our members share 74% of spirits market.
- Our members are both international companies and medium-sized family enterprises.
- Since 2008 we have run social campaigns and educational programmes to prevent irresponsible alcohol intake.



OUR MEMBERS

(as for December 2012)

 Bacardi Martini Poland	 Brown-Forman Poland	 CEDC International	 Diageo Poland
 Komers International	 Mazurskie Miody	 Pernod Ricard Poland	 Polmos Siedlce
 Polmos Żyrardów	 Polmos Warszawa	 STOCK POLAND	 Vinpil

MEMBERS OF THE GENERAL COUNCIL

(as for December 2012)

- **Marek Malinowski**, Chairman of the General Council, STOCK Poland
(**Andrzej Janota**, Brown-Forman Polska, since March 2013)
- **Guillaume Girard-Reydet**, Vice Chairman of the General Council, Pernod Ricard Polska
- **Andrzej Janota**, Vice Chairman of the General Council, Brown-Forman Poland
- **Krzysztof Michalski**, Diageo Poland
- **Alejandro Ouziel**, Bacardi Martini Poland
- **Evangelos Evangelou**, CEDC International

DIVERSE PORTFOLIO

Spirits does not equal only pure vodka anymore. Polish taste and habits are changing what is reflected by market offer. Nowadays, our Members offer more than 80 products in various categories to consumers every year.



- whisky
- pure vodkas
- flavoured vodkas
- gin
- rum
- tequila
- brandy and cognacs
- honey spirit
- meads
- liqueurs — bitter
- grape wine
- tinctures
- RTDs
- and spirits used for cooking

LOCATIONS OF OUR MEMBERS' PRODUCTION FACILITIES

(as for December 2012)



11
NUMBER OF PRODUCTION FACILITIES

Polish spirits industry combines centuries-old cultural tradition with modern business. The Spirits Employers Association Polish Spirits Industry (ZP PPS), as an organisation, covers 74% of spirits market. It means that we are the largest representative of Polish spirits industry. Our members are both global companies and small-sized family enterprises. The aim of our Association is to conduct activities that contribute to creation of proper economic and legal conditions that provide the means for sustainable development of spirits beverages in Poland and abroad. Our Members focus not only on alcohol production and trading. These companies also pay special attention to social responsibility actions which are reflected by social campaigns that our organisation has run since 2008. We are aware of the fact that alcohol, as a product, may have adverse effects on health when used inappropriately. For this reason, we undertake many initiatives aimed at raising awareness of responsible alcohol consumption.

ANDRZEJ JANOTA,
CHAIRMAN OF THE GENERAL COUNCIL THE EMPLOYERS ASSOCIATION
POLISH SPIRITS INDUSTRY (ZP PPS), BROWN-FORMAN POLAND



Our environment

External relations are the key operating factor of each industry organisation. Representing Polish Spirits Industry, the Association cooperates with many social and community partners, dialogues with official public administration, relies on experts' opinions, conducts projects in partnership with NGOs and gets involved in activities run on the EU level.

Among indirect stakeholders of the Association are also our Members' employees as well as alcohol sellers and suppliers.

We have joined the following organisations:

INTERNATIONAL ORGANISATIONS:

spiritsEurope – an organisation that represents spirits industry on a European level, comprising 31 national associations and 8 leading global producers of strong spirits. The main objective of this organisation is to ensure conditions that enable producers and distributors to live up to expectations of both individual clients and public at large, simultaneously competing for sustainable growth.

NATIONAL ORGANISATIONS:

Polish Chamber of Commerce – the largest business organisation in Poland, founded in 1990, representing nearly 150 business entities. The Chamber supports Polish entrepreneurs on the international arena, aiming at improvement of Poland's global image. It is a member of Eurochambres (Association of European Chambers of Commerce and Industry) and the International Chamber of Commerce in Paris. The Chamber organises international trade fairs (Expo) as well as economic missions and national trade show displays of Polish entrepreneurs all over the world.



The Association is involved in legislative process related to the operations of spirits industry in Poland as well as all and any debates and consultations concerning social impact of alcohol.

In 2006 I had the pleasure and I was lucky to meet people who not only follow the principle of corporate social responsibility in their everyday work, but also do it with passion. The Spirits Employers Association Polish Spirits Industry (ZP PPS) supports the operations of the "KRZYŚ" Foundation with a broadly defined road traffic safety. Our cooperation is developed through social campaigns, that is Safe Driving Simulator and European Night Without Accident. Thanks to an in-depth partnership with a credible and reliable organisation we are able to achieve more. I am thankful for the openness, kindness and support that we have been provided with for many years.



MICHAŁ KOPACKI,
PRESIDENT OF THE "KRZYŚ" FOUNDATION

Food Economy Council – forum of agri-food industry NGOs, set up under the Minister of Agriculture and Rural Development. Currently, it comprises delegates of 59 organisations: associations and chambers of commerce. The works of the Council are governed by general meetings and technical industry committees.

Advisory Board on Trade and Services – subsidiary body of the Minister of Economy appointed under the Resolution of May 7, 2013, building a team of experts and representatives of retail and services market in Poland.

Union of Associations Advertising Council – uniting the most important advertising market participants in Poland: advertisers, advertising agencies, media houses and media. It ensures that each advertising message is true and compliant with standards specified in Advertising Code of Ethics. It prevents distribution of ads that misinform, violate basic social values or jeopardise fair competition.

We cooperate with:

INTERNATIONAL ORGANISATIONS:

International Center for Alcohol Policies (ICAP) – an organisation that aims at educating general public on responsible alcohol consumption and undertaking activities to minimize problems related to alcohol addictions. ICAP is an initiator of many partnership-based dialogues between producers of alcoholic products and institutions responsible for public health and involved in alcohol policy.

Scotch Whisky Association (SWA) – an association representing producers of Scotch whisky in the European Union and all over the world.

Distilled Spirits Council (DISCUS) – an industry organisation representing leading producers and sellers of spirits products in the USA.

International Wine & Spirit Research (IWSR) – a commercial company providing data and market information on wine and spirits beverages.

NATIONAL ORGANISATIONS:

National Road Traffic Safety Council (Krajowa Rada Bezpieczeństwa Ruchu Drogowego) – interministerial advisory and subsidiary body of the Council of Ministers regarding road traffic safety. The tasks of the Council include, among others, cooperation with community organisations and NGOs as well as initiation of educational and informational activities.

Partnership for Road Traffic Safety Association (Stowarzyszenie Partnerstwo dla Bezpieczeństwa Ruchu Drogowego) – an organisation that acts for improvement of road traffic safety and reduction of the number of traffic accident casualties in Poland.

"Krzyś" Foundation – an organisation that undertakes activities which focus on raising social awareness of drink-driving risks and reducing the number of accidents caused by drink-drivers. An organiser of the European Night Without Accident in Poland.

Institute of Road Traffic Safety (Instytut Bezpieczeństwa Ruchu Drogowego) – an institution aiming at improving safety in Poland. The main area of its operations are: improvement of road traffic safety and providing victims with support.

Legal regulations

Spirits industry is one of the most regulated sectors of Polish economy. Simultaneously, operations on the strong spirits market differ widely from other food markets. Alcohol production and trading are of vital importance for Polish economy and national budget, as such product is subject to excise tax. Yet, specific features of this product as well as potential social and health impact of its irresponsible consumption, there are many limitations imposed on alcohol trading.

Polish spirits market is regulated by national and the EU laws.

The most important EU regulations include:

- Regulation (EC) No 178/2002 of the European Parliament and of the Council of 28 January 2002 laying down the general principles and requirements of food law, establishing the European Food Safety Authority and laying down procedures in matters of food safety
- Regulation (EC) No 852/2004 of the European Parliament and of the Council of 29 April 2004 on the hygiene of foodstuffs
- Council Regulation (EC) No 510/2006 of 20 March 2006 on the protection of geographical indications and designations of origin for agricultural products and foodstuffs
- Regulation (EC) No 110/2008 of the European Parliament and of the Council of 15 January 2008 on the definition, description, presentation, labelling and the protection of geographical indications of spirit drinks and repealing Council Regulation (EEC) No 1576/89
- Council Directive 92/84/EEC of 19 October 1992 on the approximation of the rates of excise duty on alcohol and alcoholic beverages.

The most important national regulations include:

- Act of October 26, 1982, on upbringing in sobriety and counteracting alcoholism.
- Act of August 25, 2006, on the safety of food and nutrition, together with secondary legislation.
- Act of October 18, 2006, on production of spirit products and on registration and protection of geographical indication of spirit beverages.
- Act of December 6, 2008, on excise duty.

Spirits industry is one of the most regulated sectors of Polish economy

SYSTEM OF PERMITS

Alcohol production is allowed only in places that held authorisation and are entered into register. Adequate permits are also required in wholesale trading and retail sales. Permits are issued by the Commune Council or the Voivodship Marshal.

HACCP SYSTEM

According to Article 5 of the Resolution (EC) No. 852/2004, all entities operating on the food market are obliged to develop and implement principles of HACCP (Hazard Analysis and Critical Control Points) system in their facilities. HACCP is a system procedure aimed at identification and estimation of food safety hazards and risks of their occurrence at all production and distribution stages. It guarantees that a given facility made all efforts possible to ensure product and consumer safety, with respect to legal provisions, principles of good practices in production and customer needs

Spirit products market in Poland is strongly regulated in many dimension. Entities that conduct business activities in the spirits industry are subject to regulations in such dimensions as: food products, alcohol production and trading as well as taxes due to excise duty and a number of related institutions. Such broad regulations, resulting both from domestic provisions as well as the EU legal acts, create significant burden for entrepreneurs operating on the spirits market. Lack of coordination between each dimension of regulations often leads to unnecessary increase in formalities. Uncertainty of regulatory environment resulting from lack of long-term policy poses an additional danger to spirits industry operations in Poland. It is proved by market data. The industry situation is deteriorated by emerging substitution of legal products with alcohol of unknown origin.



ARTUR NOWAK,
PARTNER, TAX PRACTICES, DOMAŃSKI ZAKRZEWSKI PALINKA SP.K.

ACCORDING TO THE BINDING POLISH ACT OF 1982 ON UPBRINGING IN SOBRIETY:

- It is prohibited to advertise and promote alcoholic beverages in Poland, except for advertising and promoting beer. Other beverages may be advertised solely inside the premises of wholesalers, separate stands or points of sale selling alcoholic beverages for on-site consumption.
- It is prohibited to inform about the sponsoring of sports events, music concerts and other mass events by manufacturers of alcoholic beverages with alcohol content over 18%.
- It is prohibited to sell, serve or consume beverages containing more than 18% of alcohol in training centres and holiday resorts.
- The retail sale of alcoholic beverages containing more than 4.5% of alcohol (except for beer) destined for off-site consumption, shall be carried out in regulated points of sales, except for beer.
- Revenues from the fees for permits issued shall be allocated to the execution of communal programmes for preventing and resolving alcohol-related problems.
- Annually 1% of the excise duty on alcoholic products from the state budget shall be allocated to the National Programme for Preventing and Resolving Alcohol-Related Problems.

ALCOHOL POLICY

In Poland the alcohol policy is governed by the Ministry of Health and the State Agency for Prevention of Alcohol Related Problems (PARPA). This policy is defined by the "National Programme for Preventing and Resolving Alcohol-Related Problems for Years 2011-2015".

International organisations' regulations regarding reduction of harmful alcohol consumption also influence the operations of alcohol industry, in particular directions of its social actions. The WHO and the EU are aware of significant role of alcohol industry in minimizing harmful alcohol intake.



The most important documents concerning global alcohol policy include:

- WHO Global Strategy to Reduce the Harmful Use of Alcohol of 2010
- WHO European Action Plan to Reduce the Harmful Use of Alcohol 2012-2020
- WHO Global Strategy on Noncommunicable Diseases 2013 – 2020
- The European Union Strategy to Reduce the Harmful Use of Alcohol 2006 - 2012

Spirits beverages producers and distributors in Poland seriously take these obligations into consideration. That's why, they have been investing in social and educational activities for 5 years now. These actions are undertaken by the Association and aimed at reducing harmful alcohol use.

Alcohol & Health Forum

The Alcohol & Health Forum was appointed under the European Commission in 2007, as part of execution of alcohol strategy. It serves as a place for debates and exchanged of good practices, as well as initiating specific actions to reduce alcohol-related problems in Europe. Currently it unites over 70 organisations that represent public administration, scientific environment, producers and distributors of alcohol and social organisations, including students' associations. According to the EU strategy, it is recommended to appoint analogical forms of cooperation at national level.



Economic operators in alcohol production and trade are important players in their role as developers, producers, distributors, marketers and sellers of alcoholic beverages. They are especially encouraged to consider effective ways to prevent and reduce harmful use of alcohol within their core roles mentioned above, including self-regulatory actions and initiatives. They could also contribute by making available data on sales and consumption of alcohol beverages.

ARTICLE 45 (D)
WHO GLOBAL STRATEGY TO REDUCE THE HARMFUL USE OF ALCOHOL, 2010



OUR INFLUENCE

93 tys.

NUMBER OF JOBS CREATED BY SPIRITS INDUSTRY IN POLAND

Section 2 was developed based on available statistical data and information gained from the Association's members.
Prepared and calculated by SGS Polska.

INTRODUCTION

Spirits industry constitutes an important branch of global economy: only in the European Union it ensures more than 1 million jobs and powers budgets of the Member States with 32 million euros annually. The EU is the largest exporter of spirits beverages in the world – overseas sales improve trade balance of EU economies by 9 bn euros.

The strategy of sustainable development, distinct for spirits companies, creates optimum conditions for long-term development of local enterprises that definitely dominate the suppliers' structure of goods and services that are indispensable for alcohol production and sales. The spirits industry commits in its purchase area ca. 12 bn euros in average. Also sectors that are intermediately related to spirits beverages production and sales benefits thereof.

Poland plays a particular role on the EU map. It is the leading vodka producer in the European Union, assuming the 4th place in the world. The *made in Poland* label has been synonymous with strong spirits of highest quality for years now. In addition, vodka is one of the most recognizable symbols of our country all over the world.

Producers are aware of the fact that the scale and the nature of their operations significantly influence their environment, especially economic, social and natural one. These companies feel the particular responsibility and accountability that lies upon representatives of any leading economy sector. For this reason, the Association's members make all possible efforts to proceed in line with the best practices of corporate responsibility and to promote proper attitudes and values in their environment.

Economic impact

SPIRITS INDUSTRY IMPACT ON THE EUROPEAN ECONOMY



Source: spiritsEurope, 2012

37.5 m hectolitres

PRODUCTION

Greatest producers: Great Britain, France, Germany, Poland and Spain.

26 m hectolitres

SALES

The most important sales channels: supermarkets as well as hotels and food service providers.

32 bn EUR

NATIONAL BUDGET INCOMES

(= 20% OF EU BUDGET IN 2012)
Greatest sources: excise duty revenues of 14.5 bn euro and indirect taxes of 6 bn euro.

8.5 bn EUR

VALUE OF EXPORTED PRODUCTS

The most important markets: USA, Singapore, Russia, China, the Republic of South Africa.

1 m jobs

DIRECT AND INDIRECT

The most important sectors: agriculture, bottling, transport, logistics, tourism, gastronomy, hotel industry, media and marketing.

SpiritsEUROPE proudly represents interests of spirits industry on the EU level, uniting 31 national associations and 8 leading international companies. The Spirits Employers Association Polish Spirits Industry is one of our leading members that contributes in a valuable way to key operations of our organisation.

The European success of strong spirits is based on tradition, know-how and secret recipes passed down from generation to generation. The existence of 46 categories of spirit beverages and 300 geographical indications (including "Polish vodka") proves that spirits industry is hardwired in the European tradition and culture. In Europe our sector generates ca. 1 m jobs and sales of 10 bn euros, creating positive trade balance for the European Union in the amount of 9 bn euros. Even more impressive results have been achieved by whisky, brandy and vodka export that doubled in the last decade. A significant role is played here by Polish vodkas, associated with the highest quality and well known among European customers. It is reflected in the fact that Poland is the 4th largest vodka producer in the world.

However, we must also remember that our sector has been long involved in reduction of effects of irresponsible alcohol consumption. Our key objectives for the coming years are defined in spiritsEUROPE strategy "Road Map 2015". The Association is strongly engaged in social actions, cooperating with many local partners. It is also worth noting that it was a pioneer in undertaking activities in such areas as alcohol and pregnancy or warning customers of consuming alcohol from illegal sources.

PAUL SKEHAN,
GENERAL DIRECTOR AT SPIRITSEUROPE



SPIRITS INDUSTRY IMPACT ON THE POLISH ECONOMY

Development of spirits industry, manufacturing flagship Polish products that are well-renowned abroad, contributes to the economic development of our country. All entities involved in vodka manufacturing pay taxes, use resources, employ people and generate employment in related sectors. Polish vodka is based on a centuries-old tradition and we can be proud of it. Our strong spirits could also drive stable development of Polish agriculture. However, this requires broad support of various administrative parties, embassies, Polish communities abroad and NGOs. It is also necessary to ensure stable and reasonable excise policy, for consistent budgetary revenues, simultaneously limiting the smuggling of strong spirits. The state's weakness and helplessness of its bodies appointed to combat crime is hazardous and incomprehensible, especially when it comes to definite elimination of all cases of faking spirits products, introduced illegally onto the Polish market.

JAN KRZYSZTOF ARDANOWSKI,
VICE CHAIRMAN OF THE AGRICULTURE AND RURAL DEVELOPMENT COMMITTEE
OF THE SEJM OF THE REPUBLIC OF POLAND



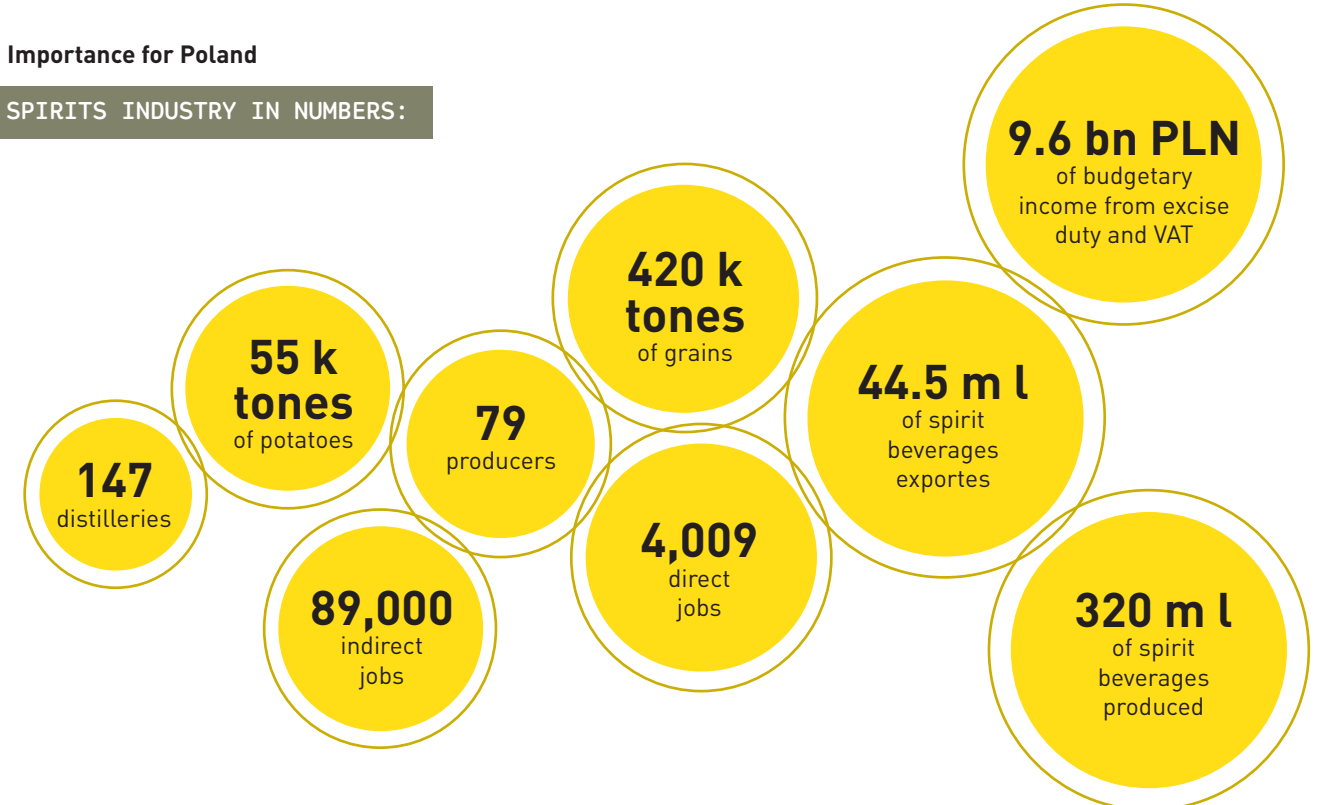
POLISH SPIRITS INDUSTRY – STRATEGIC DIMENSION

For the time being there are 79 producers of spirits beverages and 147 distilleries manufacturing spirits in Poland. The majority of them are small companies, while the

largest share in employment (40%) have medium-sized enterprises. In total, spirits industry companies and their suppliers generate ca. 89,000 jobs. KPMG estimates that liquidation of grey market could lead to additional 6,600 jobs.

Importance for Poland

SPIRITS INDUSTRY IN NUMBERS:



Data for 2012, based on the data of the Polish Central Statistical Office (GUS), Institute for Agricultural and Food Economics, Ministry of Finance and Members of the Association (ZP PPS)

SUPPLY



Economic impact:

In 2012 spirits companies used services of more than 14,000 suppliers, mostly Polish (89%). According to our estimates, the industry ensures ca. 24,000 jobs at supply companies.

The Association's members are aware of the fundamental importance of long-term relationships with suppliers, based on partnership, trust and honesty. Transparent cooperation principles, knowledge sharing and joint effectiveness programmes support firm development of supply companies.

PRODUCTION



Economic impact:

In 2012 spirits companies employed directly 4,009 persons. Indirectly (together with suppliers) the spirits industry generates ca. 89,000 jobs. The industry is characterised with high percentage of women in employment structure (37%), also in management roles.

Environmental impact:

The Association's members oversee their energy and water consumption as well as level of waste generated in production process, striving for its lowest environmental impact. In this area a number of companies offer educational programmes to their employees.

TRANSPORT



Economic impact:

Raw materials transport and product distribution creates new jobs. Nearly 100% of transport service providers are Polish.

Environmental impact:

The Association's members make sure that their car fleet and suppliers' vehicles meet strict environmental requirements, enabling reduction of transport environmental impact to minimum levels.

SALES



Economic impact:

According to our estimates, impact induced by the spirits industry led to creation and maintenance of ca. 60,000 jobs in trade and gastronomy sector.

In 2012 production and sales of spirits beverages contributed to ca. 9.5 bn zlotys in national budget in form of revenues from excise duty and VAT. Community budgets gained revenues of ca. 300 m zlotys from permits for trading of alcohol beverages with alcohol content over 18%.

CONSUMPTION



Social impact:

Spirits companies initiate and engage in a number of actions aimed at promoting responsible alcohol consumption, exclusively by adults, and abstinence whenever and wherever it is crucial for health and life e.g. while driving, during pregnancy or at workplace.

END OF CYCLE



Environmental impact:

Packaging waste lead to soil and water contamination. Spirits companies are aware of the importance of packaging recovery and recycling, meeting not only statutory requirements, but also involving in initiatives that are directed towards raising of environmental awareness.

DIRECT AND INDIRECT ENVIRONMENTAL IMPACT

In order to estimate complete socio-economic impact of spirits industry companies, it is necessary to consider three types of impact:

- direct impact-jobs, added value, revenues of the National Treasury generated by spirits beverages producers;
- indirect impact- jobs, added value, revenues of the National Treasury generated by spirits industry suppliers;
- induced impacts-economic contribution of gastronomy and hotel industry companies and retail sales ensured by sales of spirits beverages.

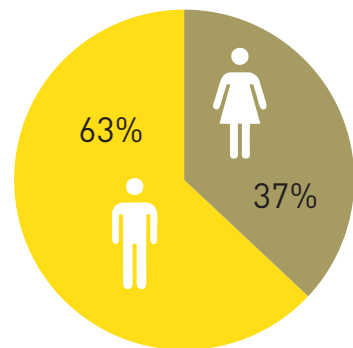
EMPLOYMENT

In 2012 spirits industry companies directly generated 4,009 jobs. Simultaneously, they influenced employment in other economy sectors involved in production, distribution and sales process (agriculture, packaging production, transport, trade, marketing and PR and many more).

In 2012 the industry directly and indirectly generated 89,000 jobs through employment at raw materials and service providers, trade and gastronomy companies

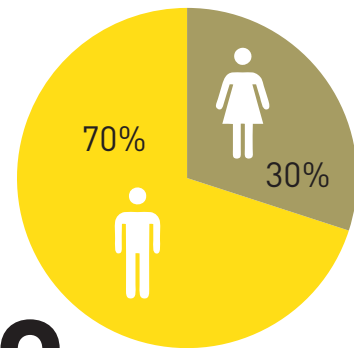
EMPLOYMENT BY SEX

(as for December 2012)



MANAGEMENT ROLES BY SEX

(as for December 2012)



4,009

DIRECT JOBS CREATED BY SPIRITS INDUSTRY

MODERN APPROACH TO HUMAN RESOURCES

Long-term competitive advantage in today's economy is created by people – their knowledge, experience and engagement. The spirits industry in Poland treats HR as a strategic management function and reaches for state of the art solutions in this area. An important role is always played by corporate culture, creating opportunities of development, job satisfaction and work-life balance for employees.

Companies also benefit from diversity – cooperation between people of different sex, age, education level or interests fosters questioning of status quo, opens up horizons, is very creative and effective. Management positions at the Association's members are filled with high percentage of women in employment structure(37% of all employees); this tendency is also visible in senior management roles.

Sustainable development of spirits industry requires constant improvement of employees' skills. Based on data gathered from the Association's members, there has been a significant surge in average number of training hours per statistical employee in recent years.



SUPPLIERS

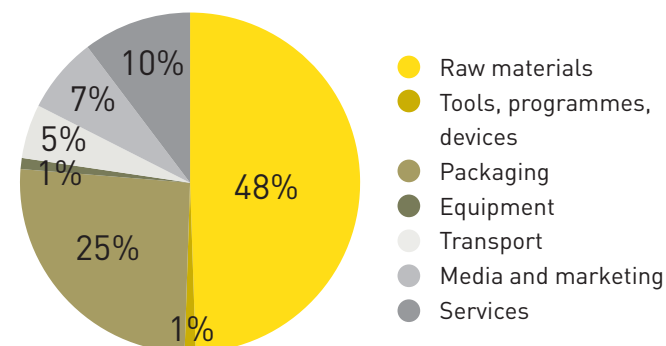
Partnership with suppliers, based on trust and responsibility, ensures conditions for long-term development of both spirits companies themselves and wide group of their suppliers, notably domestic ones.

In 2012 the Association's members invested jointly more than 2.67 bn zlotys in purchase of goods and services. In 2012 spirits companies expanded their suppliers database up to nearly 7,300 companies (vs. 6,700 in 2011). The overwhelming majority of them – 6,460 in 2012 – were Polish companies, what constitutes 89%.

The equipment is characterised by the largest percentage of import (15%). Other raw materials, resources and services – tools, programmes, devices, packaging, transport, media and marketing – were provided by domestic entities.

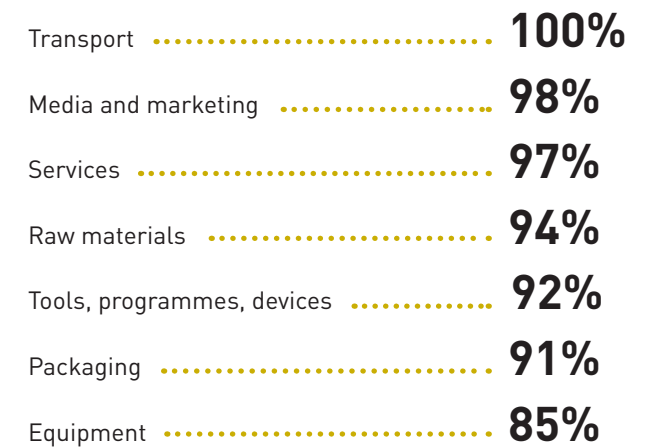
STRUCTURE OF RAW MATERIALS PURCHASE BY THE POLISH INDUSTRY:

(as for December 2012)



THE PERCENTAGE OF POLISH COMPANIES AMONG SUPPLIERS (IN VALUE)

(as for December 2012)



Leading spirits companies bind their suppliers to comply with principles covered by the UN's Framework for Sustainable Development, while environmental issues are subject to audit conducted among suppliers.

2.67 bn PLN

FOR THE PURCHASE OF GOODS AND SERVICES

EXPORT OF SPIRIT BEVERAGES

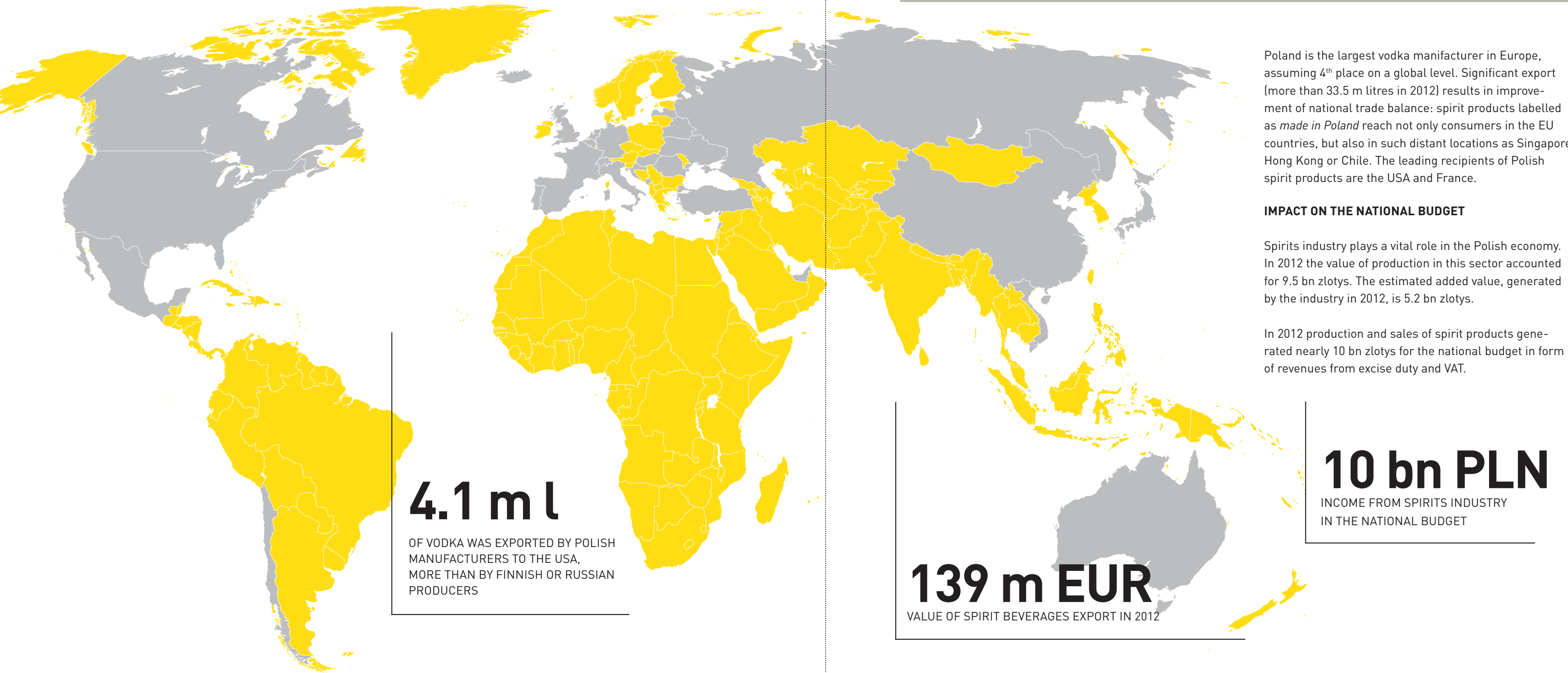
In 2012 Polish manufacturers exported 44.5 m litres of spirits products worldwide, mainly vodkas. The basic export destinations are EU countries (66%).

Export markets in the EU:

Spain, Belgium, France, the Netherlands, Latvia, Germany, Portugal, Great Britain, Romania, Hungary, Italy and Croatia.

Export markets beyond the EU:

Andorra, Australia, Belarus, China, Montenegro, Hong Kong, Iceland, Japan, Canada, Russia, Singapore, Switzerland, Turkey, Ukraine, the USA, Vietnam, United Arab Emirates, Lebanon, Maldives, Mexico, Chile.



4.1 ml

OF VODKA WAS EXPORTED BY POLISH MANUFACTURERS TO THE USA, MORE THAN BY FINNISH OR RUSSIAN PRODUCERS

FUNDS FROM SPIRITS INDUSTRY IN PUBLIC ADMINISTRATION:

Data for 2012, based on communities', Ministry of Economy and Ministry of Finance data

National budget		Communities' budgets		Voivodships' budgets	
Excise duty	6.6 bn PLN	Permits for retail trading of spirits beverages	430 m PLN	Permits for wholesale trading of spirits beverages	14 m PLN
VAT	2.9 bn PLN				
in total: 10 bn PLN					

Poland is the largest vodka manufacturer in Europe, assuming 4th place on a global level. Significant export (more than 33.5 m litres in 2012) results in improvement of national trade balance: spirit products labelled as *made in Poland* reach not only consumers in the EU countries, but also in such distant locations as Singapore, Hong Kong or Chile. The leading recipients of Polish spirit products are the USA and France.

IMPACT ON THE NATIONAL BUDGET

Spirits industry plays a vital role in the Polish economy. In 2012 the value of production in this sector accounted for 9.5 bn zlotys. The estimated added value, generated by the industry in 2012, is 5.2 bn zlotys.

In 2012 production and sales of spirit products generated nearly 10 bn zlotys for the national budget in form of revenues from excise duty and VAT.

10 bn PLN

INCOME FROM SPIRITS INDUSTRY IN THE NATIONAL BUDGET

139 m EUR

VALUE OF SPIRIT BEVERAGES EXPORT IN 2012



Importance for environment

The spirits industry is aware of the fact that its operations – directly and indirectly – have an effect on the state of natural environment. Member companies of the Association make every effort to minimize this impact. Eco-friendly approach is reflected at each stage of value creation – from care for sustainable agriculture to initiatives performed at production facilities (CO₂ emissions control, consumption of utilities) and offices (recycling, savings of paper, energy and water).

Spirits industry companies provide models of interesting and effective green initiatives, such as:

- surface water and groundwater monitoring (purchase of 5 piezometres) for protection of municipal bathing sites water,
- selective waste segregation already at the production stage,
- trainings for employees on selective waste segregation and waste impact on natural environment,
- eco-posters, leaflets, presentations and articles in the company's newsletter,
- establishing goals related to reduction of environmental impact (appropriate KPIs are monitored and periodically reported to the headquarters).



GOOD PRACTICES

Recommended by Green Team

Diageo has created a GREENiQ group within its structure that promotes eco-friendly approach among employees. Actions focus on three areas: eco-communications (quarterly newsletter *Recommended by Green Team*), eco-office (among others, marking sockets and electric devices with labels encouraging to power saving and recycling), eco-events that are participated by ca. 80% of team members. In 2012 Diageo employees planted 2,000 oaks nearby Warsaw as part of *green event*. In 2013 the Green Activation Program has been launched. It encourages employees to be physically active in a good cause. They run, walk, bike – the prize for travelling a distance of 10,000 kilometres is 10,000 zloties granted to SYNOPSIS foundation for the building of its therapeutical garden for autistic persons.

Eco-friendly packaging

Pernod Ricard Poland reduces the CO₂ emission by changing its packaging specifications. In 2011 and 2012 limitations were imposed on, among others, bottle weight – in the case of Luksusowa bottle the CO₂ emission was reduced by ca. 68 tones (in one million of 500 ml bottles sold). In the case of Polska bottle a corresponding reduction accounted for 42 tones (for 500 ml bottles) and 21 tones (for 200 ml bottles). Changes in Wyborowa caps led to reduction of plastics consumption (8.5 tones of CO₂ in one million of bottles sold). Also no-investment action plans have been implemented in the company in order to reduce water and energy consumption (i.a. water treatment plant optimisation, automation of control system of heaters used in technological process, STANDBY reduction in electrical and electronical devices). Results for 2011, in the volume of production, account for reduction of water consumption by 35% as well as heat energy and power consumption by 25%.



3

OUR RESPONSIBILITY

19th

PLACE IS ASSUMED BY POLAND IN ALCOHOL INTAKE

Poles and alcohol

ALCOHOL INTAKE IN THE EU

In terms of alcohol consumption, Poland assumes the 19th place in Europe. The ranking leaders are residents of Luxembourg, Czech Republic and Latvia. More than average consumption in the EU takes place in Western countries: France, Austria and Germany. EU average equals 10.7 litres of pure alcohol per person.



Source: WHO HFA-DE, last available year

ALCOHOL CONSUMPTION IN THE EU IN LITERS OF 100% ALCOHOL PER CAPITA, 15+



LETTER FROM THE PRESIDENT
OUR ORGANISATION
OUR INFLUENCE
OUR RESPONSIBILITY
OUR STRATEGY IN PRACTICE
GOOD PRACTICES OF OUR MEMBERS

HOW WAS THE POLISH TASTE CHANGING? JOURNEY THROUGH DECADES

CHANGES IN CONSUMPTION STRUCTURE

The last three decades are marked by significant changes in structure and manner of alcohol consumption in our country. Beer consumption surged, spirit beverages and wine intake declined. In 1998 Poland lost its title of vodka country. The popularity of grape wines dropped. Today beer has the leading position in consumption and largest share in alcohol market.

TRENDS ON THE STRONG SPIRITS MARKET

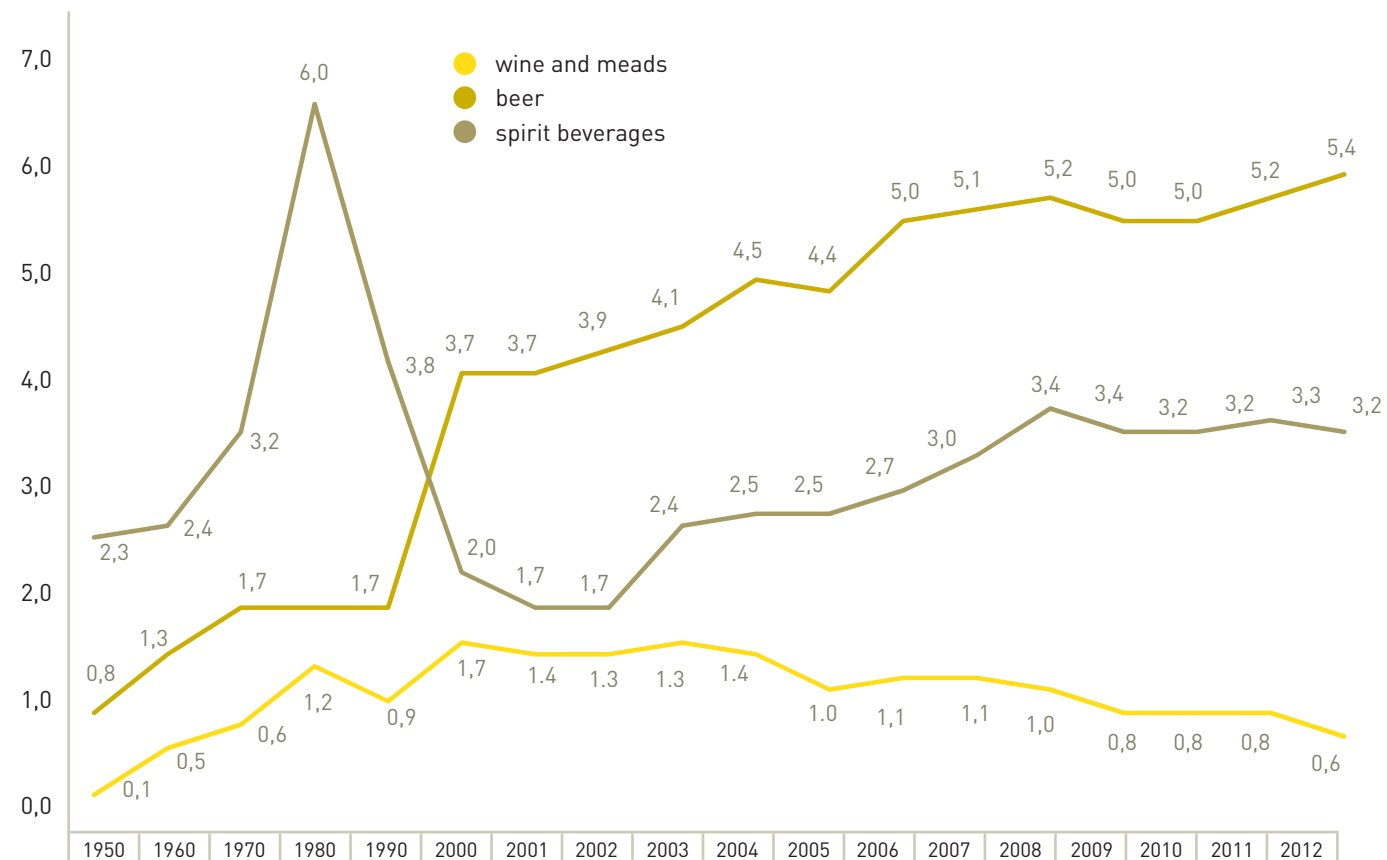
In category of strong spirits, the consumption of pure vodka has dropped in recent years. However, whisky, cognacs and liquors of lower alcohol content are becoming more and more popular. The RTD and cider markets are growing.

STRONG SPIRITS IN THE OLD DAYS AND NOW

Since the beginning of 50's the consumption of strong spirits in Poland had been on constant rise. As selection was limited, mainly pure vodkas were consumed. However, actual consumption of spirit beverages was higher than registered – "own production" was growing in the whole country.

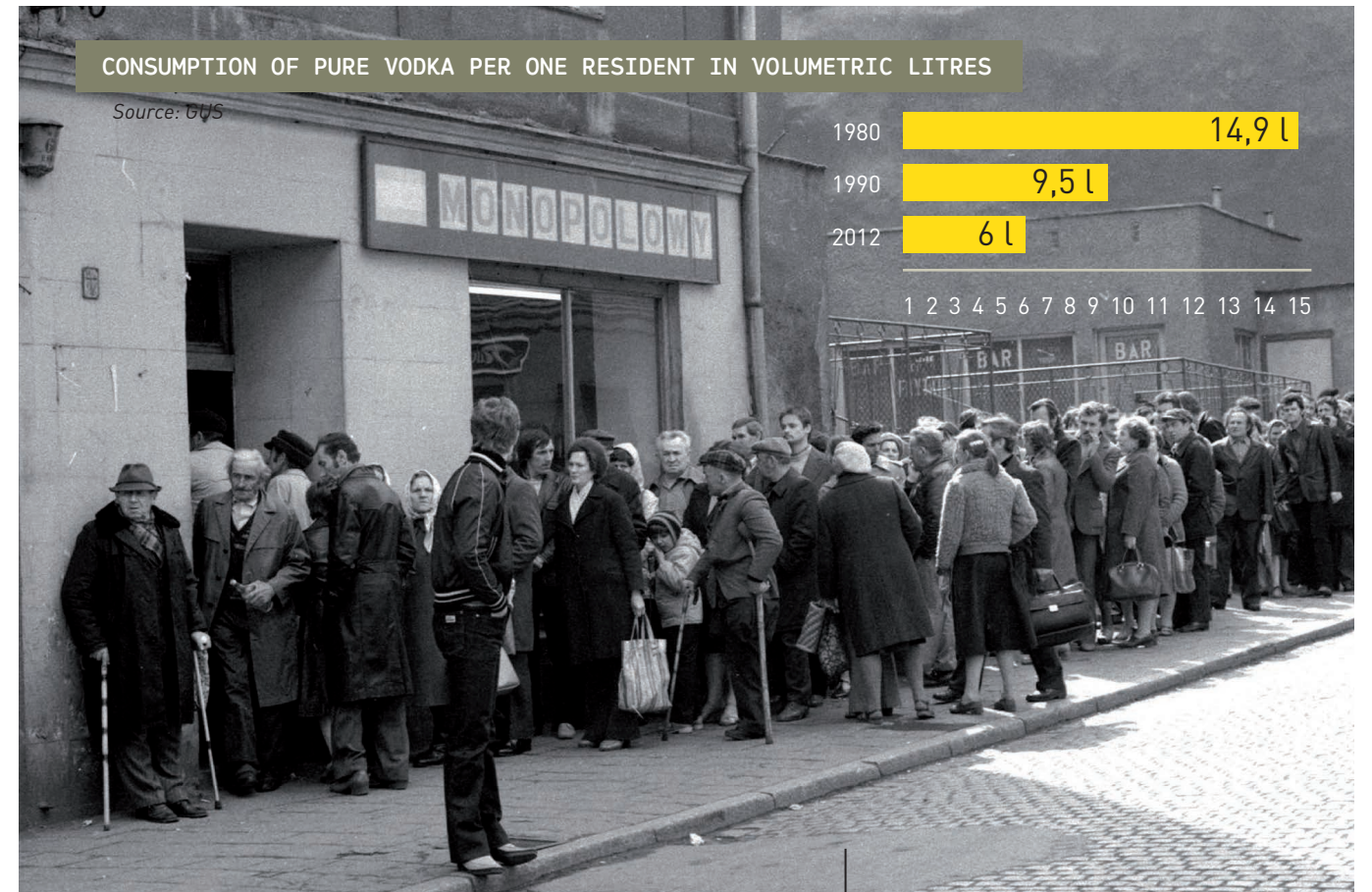
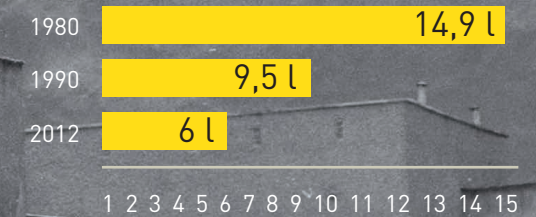
CONSUMPTION OF ALCOHOLIC BEVERAGES PER ONE RESIDENT IN 100% ALCOHOL LITRES

Source: PARPA based on GUS, *2012 preliminary data



CONSUMPTION OF PURE VODKA PER ONE RESIDENT IN VOLUMETRIC LITRES

Source: GUS



Moonshine or home-brew spirits were produced both for own consumption as well as trading on the black market.

In the 90's the structure and manner of spirits consumption began to change.

Following the trends from Western countries, Poles started to choose more and more diverse alcoholic beverages, what results from, among others, possibility to taste new spirits during foreign trips. Poles more frequently than before choose cocktails. Luxury alcohols are becoming a common gift, the group of precious spirits connoisseurs is growing. In the case of rare bottles, strong alcoholic beverages are more and more often treated as good investment.

STRUCTURE OF CONSUMED ALCOHOLIC BEVERAGES

Source: GUS and K. Kosiński "Historia pijaństwa w czasach PRL"

1980	2012
70,6% - vodka	34,8% - spirits drinks
15% - wine	6,5% - wine
14,4% - beer	58,7% - beer

50%

DROP IN PURE VODKA SHARE IN TOTAL ALCOHOL CONSUMPTION IN POLAND

DIVISION OF STRONG SPIRITS MARKET

Estimates + AC Nielsen, November 2012

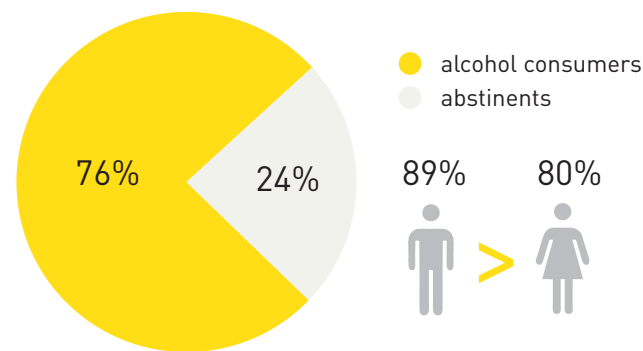
PRL (70's and 80's)	Today
80% pure vodka	23.6% flavoured vodkas
20% home-brew, moonshine	4.7% whisky
	2.6% RTD (Ready To Drink)
	1.6% liqueurs
	1.5% brandy
	0.7% gin
	0.4% rum
	0.1% cognacs

HOW DO WE CONSUME ALCOHOL NOWADAYS?

One in four Poles is an abstinent. Men more often than women consume alcohol.

The majority of Poles (91%) consume alcohol in a moderate way, not exceeding the limits recommended by the World Health Organisation. The limits of safe consumption are more often crossed by men than women.

PERCENTAGE OF NON-ABSTINENT POLES

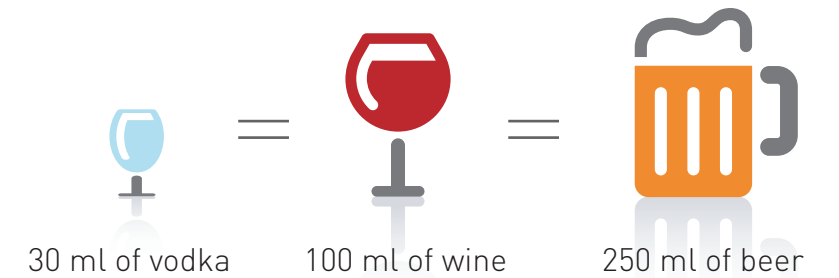


Since 2008 the highest share of alcohol consumption structure belongs to beer. In 2012, according to Polish Central Office of Statistics (GUS), an average Pole drank 8 litres of spirits, 6 litres of wine and 99 litres of beer.

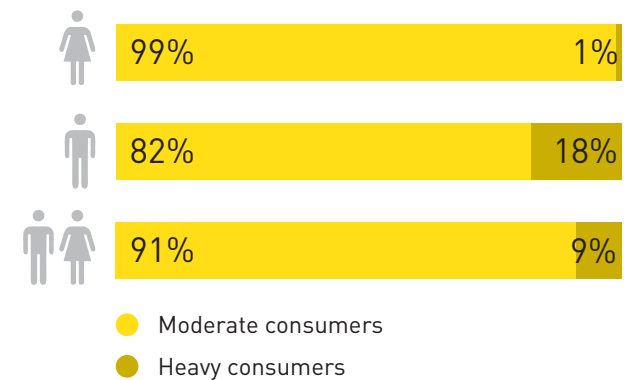
IN THE LAST STATISTICAL YEAR AN AVERAGE POLE DRANK



*The limits of safe alcohol use, according to WHO norms, do not exceed 10 standard units of alcohol per week for women and 15 standard units of alcohol per week for men, however, not more than 4 such units at once.



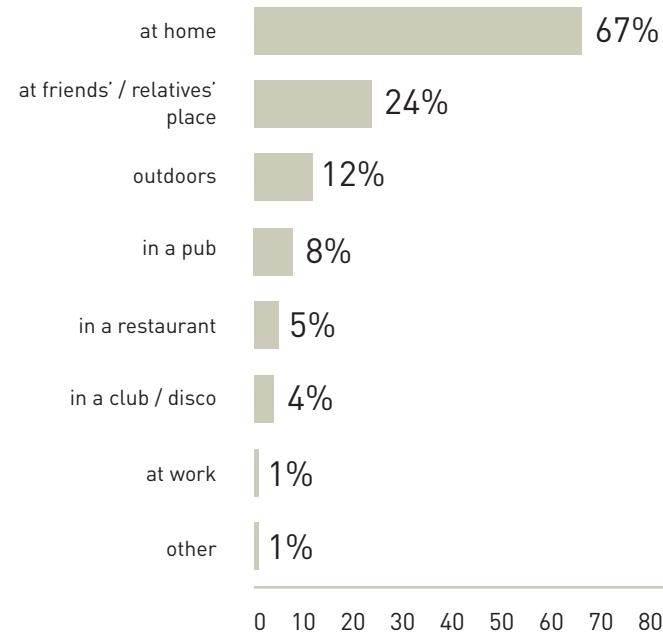
% OF POLES IN MODERATE CONSUMPTION



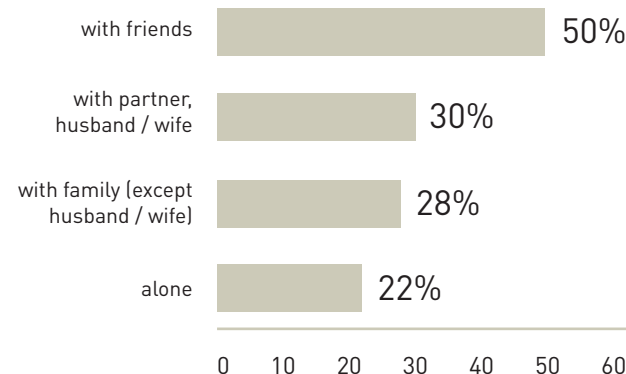
Standard unit of alcohol (SJA) is 10 g.
1 SJA equals:
250 ml of beer
= 100 ml of wine
= 30 ml of vodka

Poles most frequently consume alcohol at home (67%), when accompanied by friends and partners (80%), especially on weekdays. On weekends we consume alcohol relatively more often while visiting friends, in pubs, clubs and discos. Most frequently, we drink to get relaxed, because of holidays or to celebrate special occasions.

IN WHAT PLACES DO YOU CONSUME ALCOHOL?

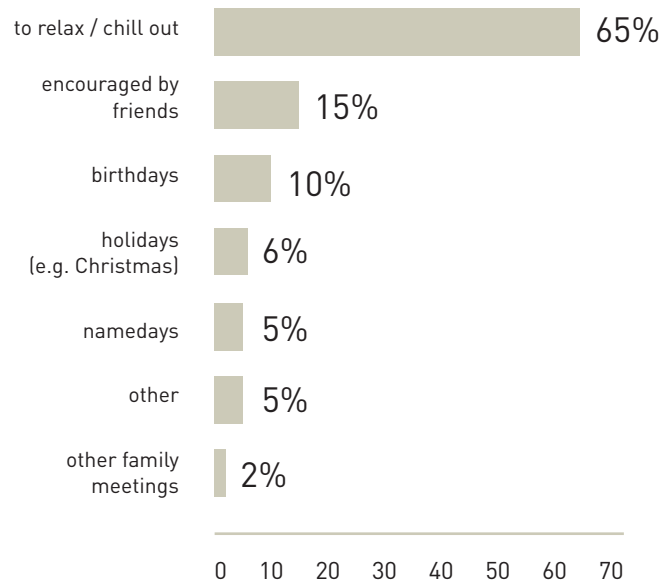


WHO DO YOU CONSUME ALCOHOL WITH?



Alcohol is consumed mainly for relaxation or to celebrate special occasions.

ON WHAT OCCASION DO YOU CONSUME ALCOHOL?



91%
OF POLES CONSUME ALCOHOL
IN A MODERATE WAY

Excerpt based on public opinion research results TNS 2012

Key challenges and statistical data

The majority of consumers use alcohol in a responsible manner, with moderation and resigning from drinking in situations that require abstinence. However, in each society there is a tiny group of people who abuse alcohol or consume it in a socially harmful way. This group should be targeted with directional preventive measures and educational activities, conducted both by state authorities, community organisations and alcohol industry.

Problems related to irresponsible alcohol consumption include:

- alcohol abuse and related family life distortion,
- alcohol consumption by minors,
- health damages in addicts,
- health damages related to alcohol use during pregnancy,
- inebriation in public places (including, among others, inebriation in a workplace or on road),
- violation of law related to trading of spirits beverages (including trading of illegal alcohol, selling alcohol to minors).

(based on the National Programme for Preventing and Resolving Alcohol Related Problems for Years 2011-2015)

The indicators for Poland have improved in many areas in the last ten years – the number of drink-drivers dropped more than twice, labour culture has changed what led to the fact that inebriation at workplace is becoming an increasingly scarce phenomenon, the percentage of women that declare alcohol intake during pregnancy also dropped. Due to the lack of epidemiological studies before 2010 it is hard to assess the problem of alcohol abuse and addicts. New challenges arise within the alcohol consumption by minors and consumption of illegal alcohol in Poland.

ALCOHOL-RELATED PROBLEMS:

1. Alcohol abuse
2. Alcohol addiction
3. Drink-driving
4. Alcohol consumption by minors
5. Alcohol consumption by pregnant women
6. Consumption of illegal alcohol

”

The majority of alcohol consumers drink in a reasonable and reserved way, however, there is a group of people who abuse alcohol what leads inevitably to large damages and high risks. This is true for any society. The scope of such damages is related to the extent and style of alcoholic beverages consumption, but it also depends on the effectiveness and reach of preventive and remedial measures.

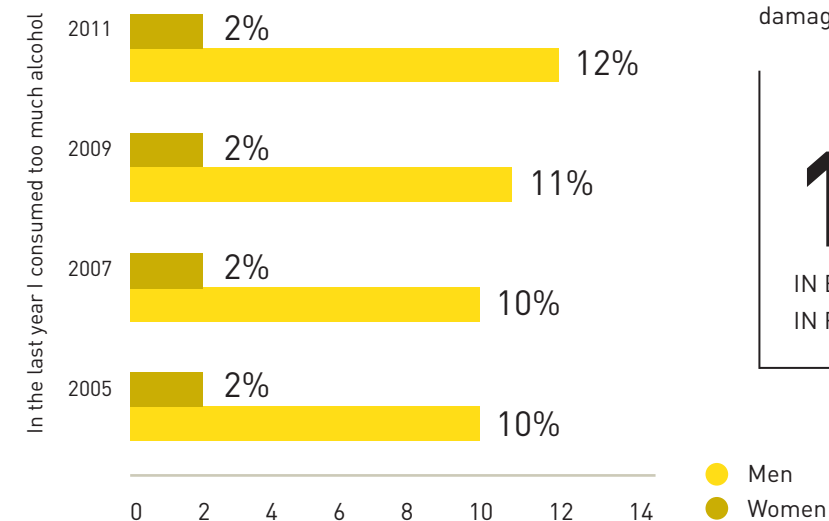
SOURCE: WEBSITE OF THE STATE AGENCY FOR THE PREVENTION OF ALCOHOL-RELATED PROBLEMS (PARPA)

1

STATISTICS ON ALCOHOL-RELATED PROBLEMS

PERCENTAGE OF PERSONS WHO ADMIT TO ALCOHOL ABUSE IN POLAND

Source: Social diagnose (pl. Diagnoza społeczna) 2005-2011



2

According to PARPA data for 2012 there is ca. 800,000 alcohol addicts in Poland what constitutes 2% of total population. Between 5% and 7% of Poles consume alcohol in a harmful manner.

Harmful drinking is a model of alcohol consumption that causes health damages. They can have form of somatic damages, although there are no symptoms of addiction.

19th place

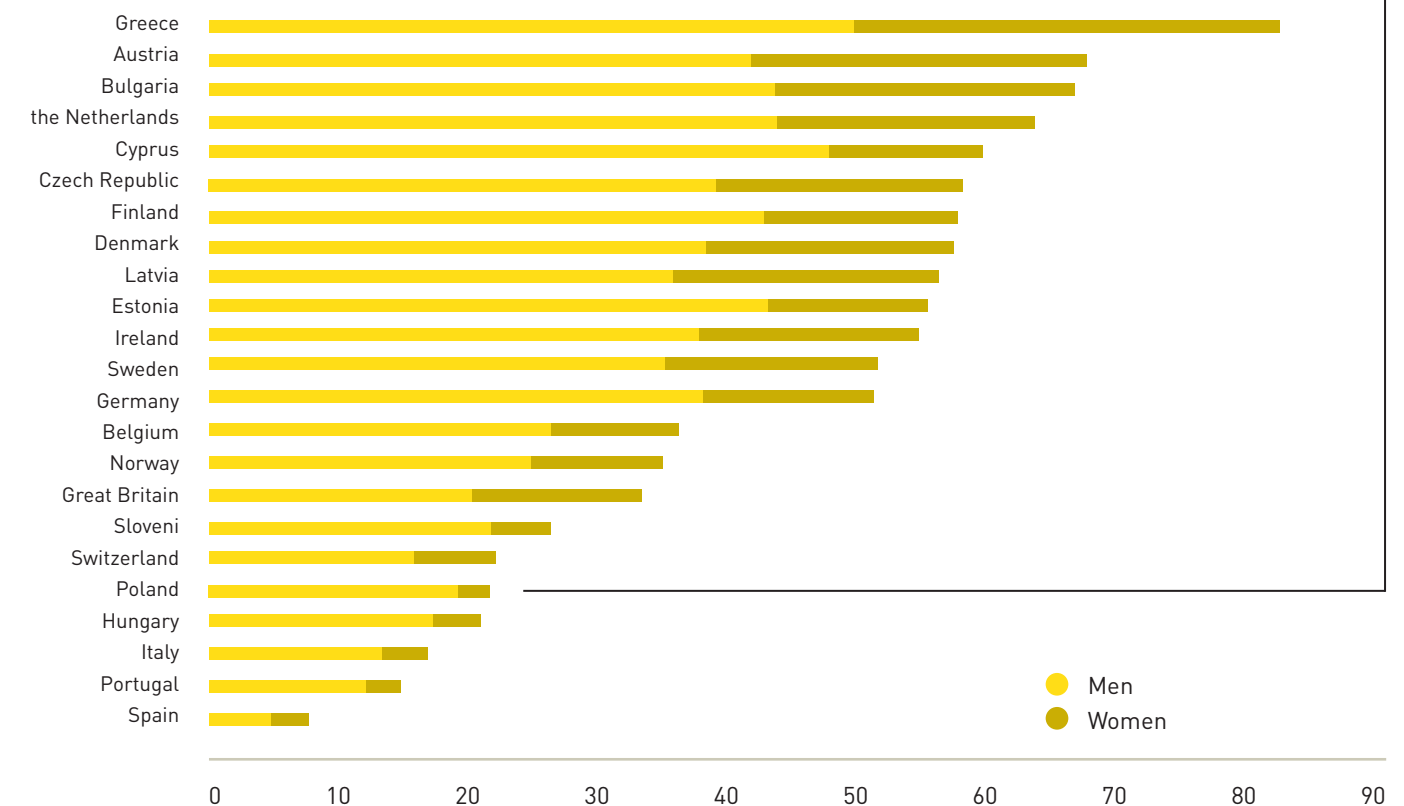
IN EUROPE IS ASSUMED BY POLAND
IN RISKY ALCOHOL INTAKE

2.4%

WOMEN ABUSING ALCOHOL,
LOWEST IN THE EU

PERCENTAGE OF PERSONS WHO ADMIT TO ALCOHOL ABUSE IN THE EU

Source: WHO / *assumptions for Poland: men -over 10 l 100% alcohol per year; women-over 7,5 l 100%



3

DRINK - DRIVING

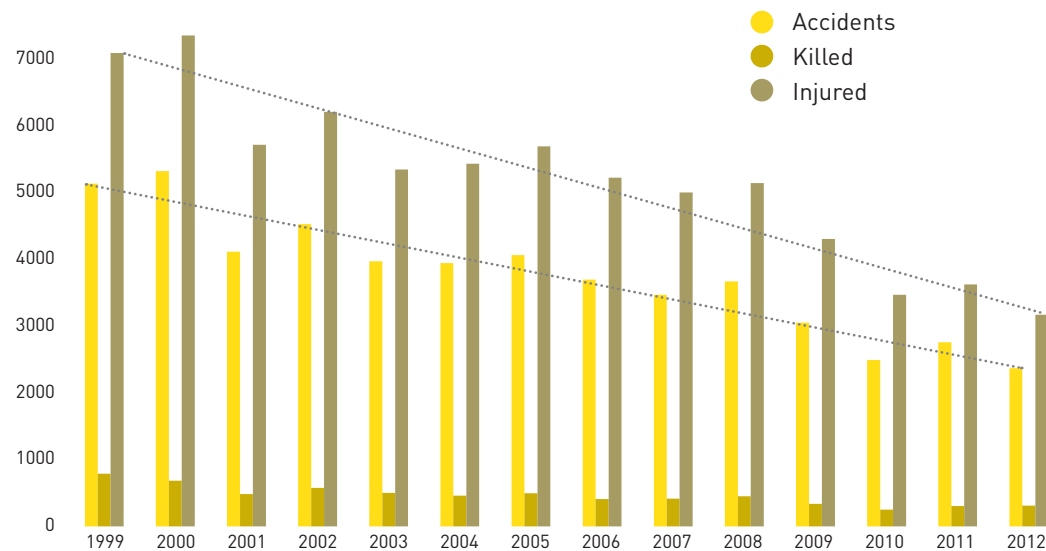
Since the end of the 90's the number of accidents caused by drink-drivers has been declining, also in terms of fatal accidents. In the last 5 years the number dropped from 5,066 to 3,125, so almost by 40%. The police checks increased nearly fourfold. The main cause of deaths on Polish roads is excessive speed. Unfortunately, still 300 persons in average dies due to drink-driving every year.

48%

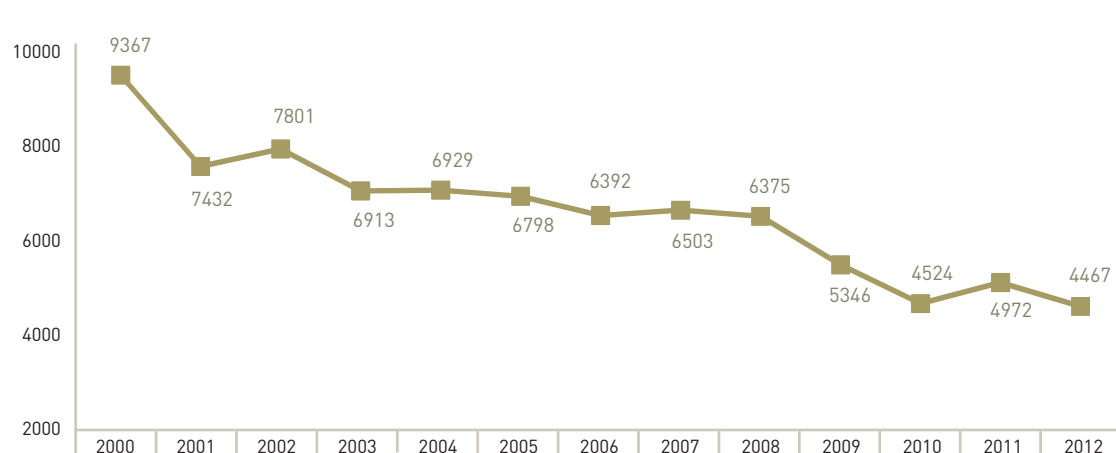
DROP IN THE NUMBER OF ACCIDENTS CAUSED BY DRINK-DRIVERS IN THE LAST DECADE

ROAD ACCIDENTS CAUSED BY DRINK-DRIVERS IN YEARS 2009-2012

Source: General Police HQ of Poland



Source: General Police HQ of Poland



4

ALCOHOL CONSUMPTION BY MINORS

Alcohol consumption by minors is an issue in the majority of the European countries. As showed by international studies, Polish youth reach for alcohol less often than their peers in other states. The smallest differences occur in the group of children aged 13.

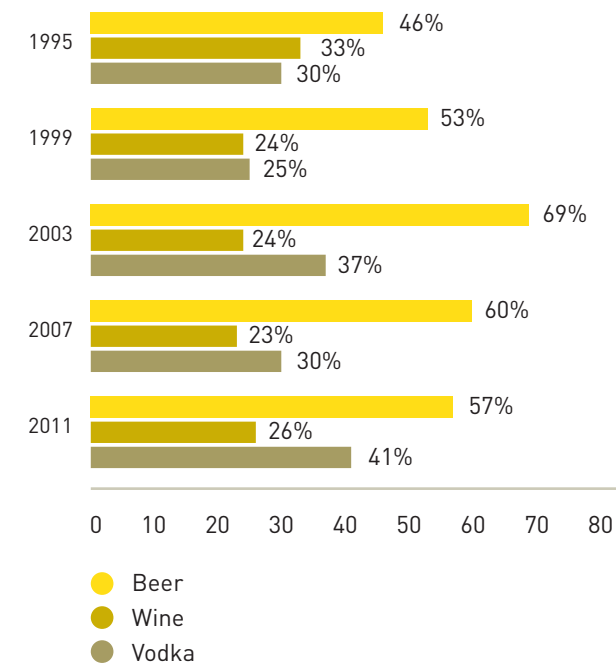
Minors more often consume beer, less often wine and vodka. What is worrying is the fact that the majority of young people declare having easy access to alcohol, especially beverages with low alcohol content.

82%

OF MINORS DECLARE EASY ACCESS TO BEER, 77% TO CIGARETTES, AND 67% TO VODKA

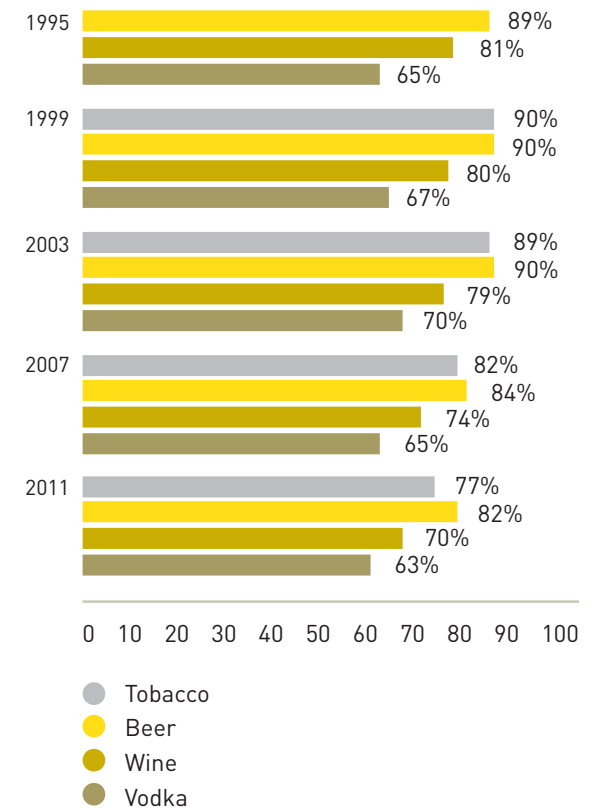
PERCENTAGE OF STUDENTS AGED 15-16 WHO CONSUMED ALCOHOL IN THE LAST MONTH

Source: ESPAD 2011



SUBSTANCE AVAILABILITY ASSESSMENT - PERCENTAGE OF STUDENTS AGED 15-16 WITH EASY OR VERY EASY ACCESS

Source: ESPAD 2011



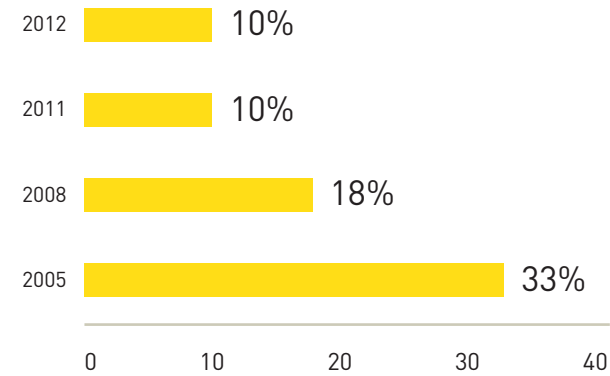
5

ALCOHOL CONSUMPTION DURING PREGNANCY

For a few years now there has been a constant increase in a number of women who maintain complete abstinence during pregnancy. Unfortunately, still too few gynaecologists or midwives educate future moms on adverse effects of alcohol on the foetus.

WOMEN THAT ADMIT TO ALCOHOL INTAKE DURING PREGNANCY

Source: PBS 2005, CBOS 2008, TNS 2011, GIS 2012

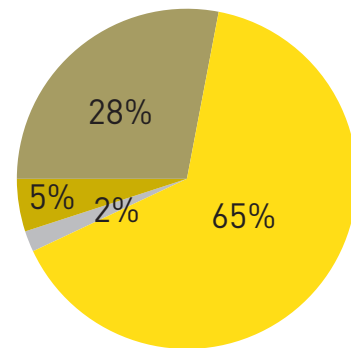


10%

OF WOMEN IN POLAND CONSUME ALCOHOL DURING PREGNANCY

DID A DOCTOR OR A MIDWIFE DISCUSS ALCOHOL INTAKE DURING PREGNANCY WITH YOU?

Source: TNS 2012



- No, no one discussed it with me
- Yes, I was recommended full abstinence
- I don't know, it's hard to tell
- Yes, I was recommended to consume tiny doses from time to time

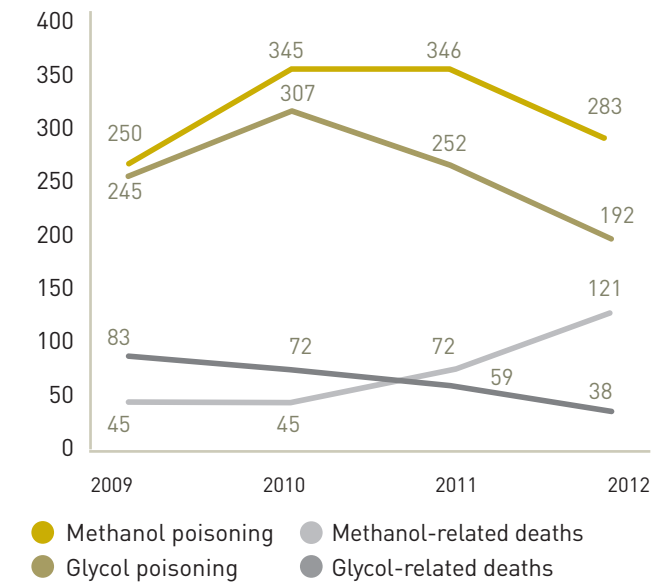
6

CONSUMPTION OF ILLEGAL ALCOHOL

According to diverse estimates the "grey market" of alcoholic beverages in Poland constitutes between 10% and 30% of legal market. The Association assume that unregistered consumption accounts for 18 m l of 100% alcohol what makes out ca. 15% of legal spirits beverages market.

NUMBER OF POISONINGS AND DEATHS CAUSED BY METHANOL AND GLYCOL

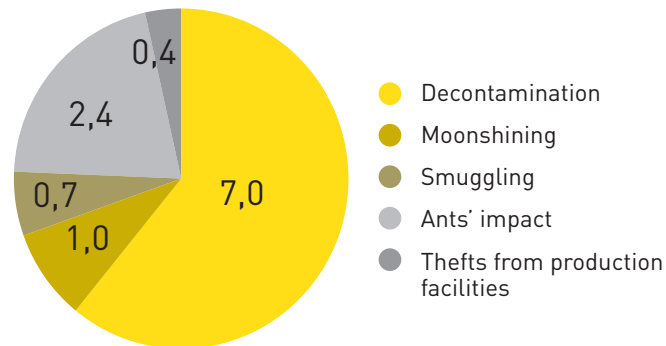
Source: National Health Fund 2013



MARKET SUPPLY OF SPIRITS BEVERAGES FROM THE GREY ZONE

(estimates, modular and supply method, in m l of 100% alc.)

Source: KPMG in Poland 2012



Illegal alcohol is commonly available, mainly at marketplace. The highest danger is posed by contaminated industrial alcohol, called "decontaminated alcohol", that constitutes 2/3 of alcohol black market. Annually nearly 500 patients are sent off to Polish hospitals due to poisoning with contaminated alcohol, one in three of them dies.

475

PERSONS IN 2012 WERE SENT OFF TO HOSPITAL DUE TO POISONING WITH CONTAMINATED ALCOHOL.

Our strategy

Alcohol is an integral part of our tradition and culture. Its responsible consumption may be an element of sustainable lifestyle. However, alcohol consumption requires mature and responsible approach, sometimes also abstaining from drinking, if it may endanger human health or life. In particular, it concerns drivers, pregnant women and minors.

The representatives of spirits industry believe that alcohol can be manufactured, sold and consumed in a responsible way. Therefore, sustainable development of the industry is possible, both bringing economic benefits and minimizing social damages. In order for that to happen, the Association's members have acted together for 5 years, creating educational programmes and initiatives which are intended to influence consumer attitudes towards alcohol and help in solving the smallest problems related to its harmful consumption. The paramount aim of these activities is to promote responsible drinking of alcoholic beverages through provision of knowledge and popularisation of positive behaviours. Another important direction of spirits industry social responsibility is to improve standards and promote responsible marketing of alcoholic products among the Association's members.

The Association appointed a Social Responsibility Committee, comprising experts from our member companies. Its role is to define long-term strategy of operations conducted by our organisation, develop assumptions of social programmes and oversee their execution. Meetings of the Committee take place several times a year.

While executing the idea of industry's social responsibility, the Association cooperated with many partners, community organisations, experts, trainers, medical environment, community self-governments and representatives of public administration.

In 2012 the Association adopted new social responsibility strategy for period 2013 – 2016. The strategic objective of the industry remains reduction of irresponsible alcohol consumption. Our new strategy defines the role of the spirits industry in building coalition for responsible solving of alcohol-related problems in Poland and enhancing dialogue with stakeholders, promoting responsible alcohol consumption through educational programmes and responsible marketing of alcoholic products.

The strategy defines main issues related to harmful alcohol use that the Association will focus on in resolving problems in the coming years:

- alcohol consumption by minors
- consumption of illegal alcohol
- alcohol consumption during pregnancy
- drink-driving



SOCIAL RESPONSIBILITY (SR) STRATEGY OF THE ASSOCIATION

Social actions undertaken by the Association result from the 3-year social responsibility strategy adopted by all our Members. Our strategy is developed based on available data and statistical information, commissioned social research studies and consultations with experts in specific areas. Between 2009 and 2012 the main strategic goal of the Association was to implement Social Responsibility Programmes embracing the most urgent issues, such as:

- 1 Alcohol consumption during pregnancy.
- 2 Drink – driving.
- 3 The need for broad and in-depth education on alcohol abuse, with particular consideration of responsible alcohol consumption.

In terms of internal activities the aim of the organisation was to enforce voluntary **Code of Polish Spirits Industry (PPS) Marketing Procedures** and membership in Advertising Council.

spiritsEUROPE Roadmap 2015

Since 2004 the Association has been a member of a European association of spirits industry (spiritsEUROPE, ex CEPS). Acting as representative of Polish manufacturers and distributors, the Association adopted the "Roadmap 2015" document that specifies directions of social activities of the industry in Europe and obliges us to promote responsible alcohol consumption. The document focuses on three supplementary areas:

- Improvement of responsible commercial communication
- Encouragement of responsible alcohol consumption
- Engagement of greater number of partners and stakeholders

spiritsEUROPE annually publishes a summary report of activities conducted in each country that is subsequently submitted to the European Commission (DG SANCO) within the Alcohol and Health Forum operating in Brussels.

Global Alcohol Producers Agreement

On the 9th of October, 2012, the presidents of 13 leading global alcohol companies (including our Members: Bacardi-Martini, Brown-Forman, Diageo and Pernod Ricard) signed an agreement on cooperation to reduce effects of irresponsible alcohol consumption in Washington, USA. The companies undertook to perform 10 target activities in the coming 5 years, in 5 strategic areas, such as:

- reduction of alcohol consumption by minors,
- reinforcement and expansion of codes of marketing practices,
- providing consumers with information and responsible implementation of product innovations,
- dealing with drink-driving,
- providing sellers with support in reducing effects of harmful alcohol use

Execution of obligations will be subject to an audit conducted by an external company. Its results will be made available for public opinion.

More can be found on website <http://commitments.global-actions.org/>

Advertising Code of Ethics

Since 2007 the Association has been a member of Union of Associations Advertising Council, an organisation responsible for self-regulation in the advertising area in Poland. It directs its effort towards improving marketing communications standards. The self-regulation system is based on Advertising Code of Ethics, developed jointly by advertisers, advertising agencies and media.

13

SPIRITS COMPANIES SIGNED AN AGREEMENT TO REDUCE EFFECTS OF IRRESPONSIBLE ALCOHOL CONSUMPTION

SOCIAL RESPONSIBILITY STRATEGY OF THE ASSOCIATION 2013–2016

STRATEGIC OBJECTIVE: Reduction of irresponsible alcohol consumption.

GOALS	GOAL NO. 1 Building coalition for resolving alcohol-related problems, strengthening dialogue with stakeholders	GOAL NO. 2 Promotion of responsible alcohol consumption	GOAL NO. 3 Responsible marketing of alcoholic products
ACTIVITIES	Running social campaigns and educational programmes	Running social campaigns and educational programmes	Development of industry self-regulations in the area of labelling, POS promotions, online advertising
	Participation in works of coalition for resolving alcohol-related problems in Poland	Further development of website pjudpowiedzialnie.pl	
	Dialogue with stakeholders (NGOs, other industry organisations)	Promoting responsible alcohol sales and serving	

Data showing actual behaviours of Poles with respect to alcohol consumption prove that educational programmes which have been run by the industry for 6 years now and shown how to drink responsibly are very needed and, what is extremely important, bring real effects! Each alcoholic beverage can and should be consumed responsibly. In many areas, such as drink-driving or alcohol consumption during pregnancy, thanks to long-term educational actions we managed to achieve significant progress and behavioural changes. Obviously, changing of consumer attitudes is a long-term process that requires constant education. It should be conducted in partnership with institutions and entities related to the Polish alcohol market. Effective reach of the widest possible audience and addressing real social needs require open dialogue between manufacturers, retailers, market regulators and institutions responsible for public healthcare. The industry of strong spirits in Poland sets itself very ambitious goals for the forthcoming years. We hope that consistent execution of adopted strategies will allow for permanent impact on building responsible consumer attitudes towards alcohol consumption.

ANETA JÓZWICKA,
CHAIRWOMEN OF SOCIAL RESPONSIBILITY COMMITTEE OF ZP PPS, DIAGEO POLAND

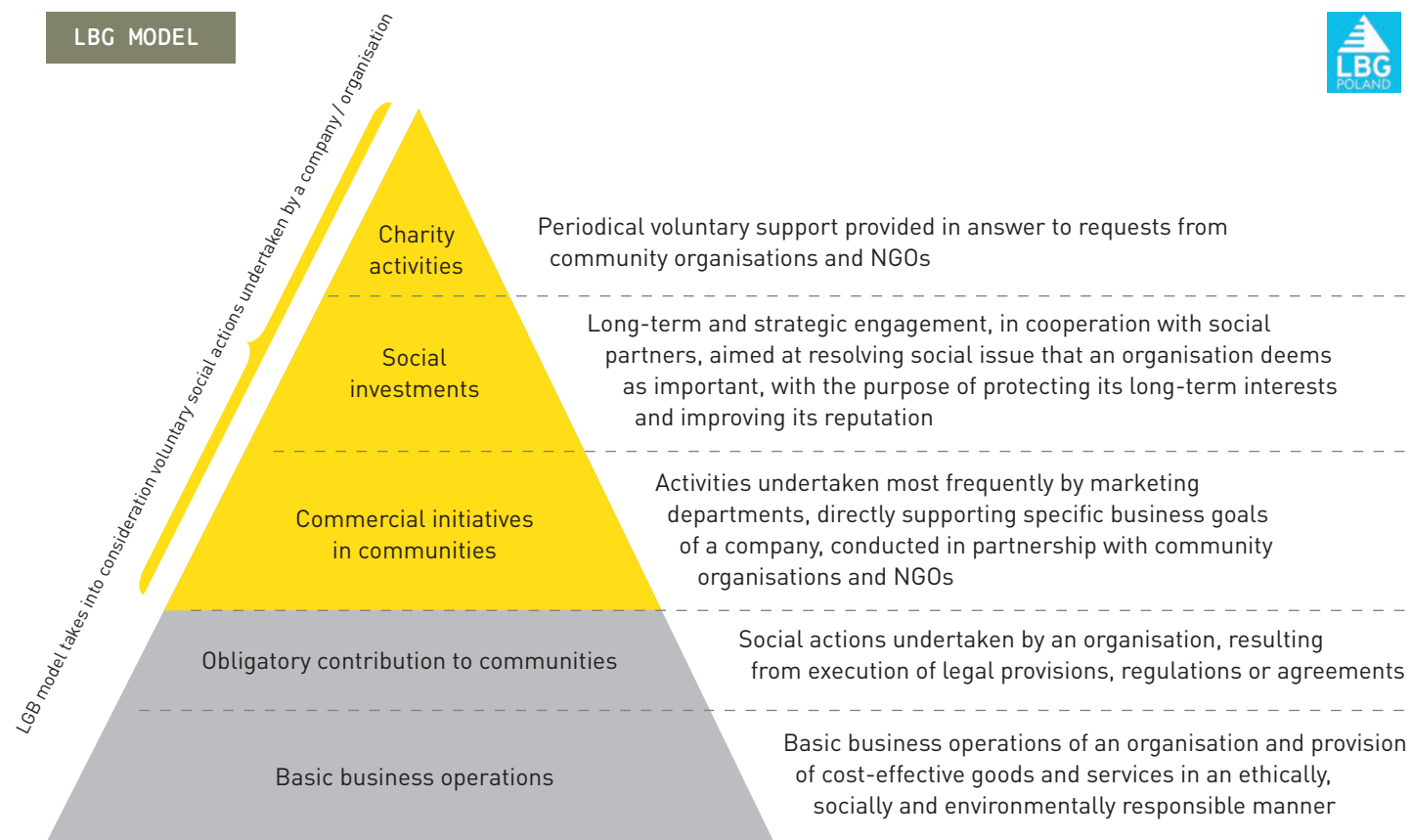


Mierzymy efektywność naszych działań

From the very beginning we have paid special attention to evaluation of our social responsibility projects. We want to make sure that funds invested by manufacturers are spent in an effective way and the undertaken initiatives bring measurable social benefits, contributing to reduction of problems related to irresponsible alcohol consumption. Each year our projects are assessed in form of evaluation research studies conducted by an external

company. Members of SR Committee receive a detailed summary report of our actions and results.

This year we have decided to implement an LBG (London Benchmarking Group) model for the first time and to analyse our activities using this state of the art methodology of measuring social engagement. We started from analysing two social campaigns: *Don't Drink and Drive* and *A Better Start for Your Child* that have been conducted since 2008. Thanks to the LBG model we were able to prepare a comprehensive summary of a 5-year-history of these programmes, assessing financial and non-financial commitment, achieved results and social effects. Results of this evaluation are presented on the following pages of this Report.

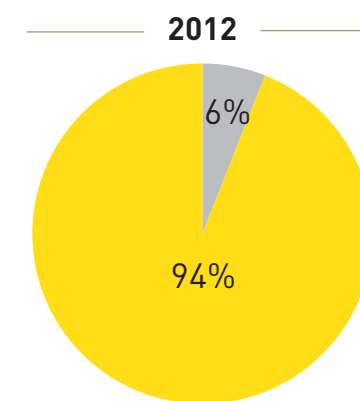
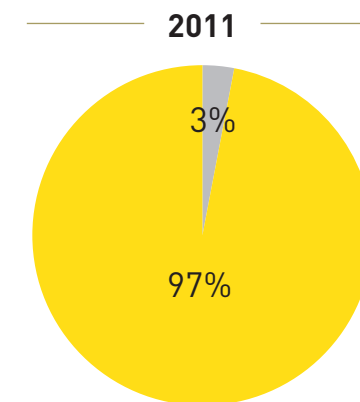


Nowadays many organisations face the dilemma of measuring effects of social actions. These expectations are met by methodology and tools of the LBG model that make it possible to summarise engagement in various dimensions and, subsequently, assess its effects and benefits for the society. We particularly enjoy cooperation with the Spirits Employers Association Polish Spirits Industry (ZP PPS) and the fact that it has joined our LBG network, as this is the first business organisation in Poland that decided to professionally measure effectiveness and impact of undertaken social actions. This is a hugely innovative approach on the Polish market that proves importance of high performance effectiveness for this organisation and its members. From our perspective the most interesting part was the analysis of social campaigns of the Association that are the first activities of this type assessed with LBG model in Poland.

MAŁGORZATA GRESZTA,
CSR EXPERT, SGS POLAND, EXCLUSIVE LBG REPRESENTATIVE IN POLAND

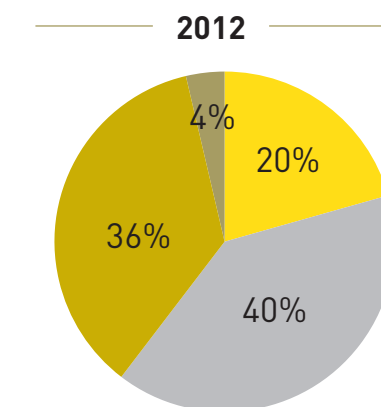
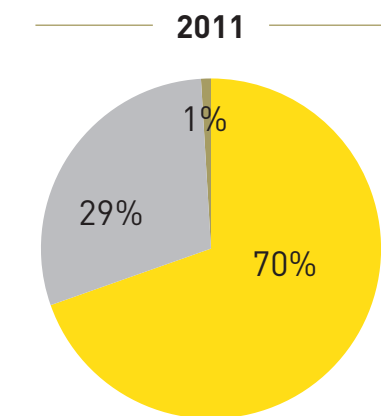


PERCENTAGE SHARE OF SOCIAL ENGAGEMENT ACCORDING TO LBG CATEGORIES



- Social investments
- Commercial investments in communities

TYPES OF SOCIAL INVESTMENTS



- Drivers
- Pregnant women
- Youth
- Consumer education

5 years

of industry's
social
responsibility
actions

OUR STRATEGY
IN PRACTICE

While planning social actions, we pay special attention to:

- other compliance with specific problems and specific target groups
- cooperation with high profile partners and experts, who are better informed about a given problem and can support us with their experience
- investing in long-term projects as this ensures lasting social effects

Social campaigns and educational programmes

For 5 years now the Association, on behalf of strong spirits manufacturers, has run social campaigns and educational programmes that answer the most important problems resulting from harmful alcohol consumption. These programmes are aimed at promoting responsible alcohol intake in Poland and, in some cases, complete abstinence, if alcohol consumption may endanger one's health or life.

The activities, undertaken by us in cooperation with our partners, are aimed at preventing specific problems, such as drink-driving, alcohol consumption by minors, illegal alcohol, alcohol abuse or alcohol consumption during pregnancy. These activities are compliant with business strategies of our member companies.

Each programme, after its completion in a given year, is subject to an internal evaluation by the Social Responsibility Committee of the Association and an external evaluation by research companies. More information on evaluation procedures can be found on pages 42-43.

„DON'T DRINK AND DRIVE!"

About Campaign:

In 2008 the Association, together with its partners, initiated the Don't Drink and Drive! campaign that is aimed at encouraging both drivers and passengers to maintain sobriety while driving. Strong creative concept and message, directed mainly at young audience, emphasised tragic consequences of drink-driving: death of passengers. Additional actions such as e.g. activities in clubs and discos focused not only on education on drink-driving consequences, but also on strong impact of environment on this phenomenon.

Partners:

The campaign is conducted as part of a governmental programme "Safer Together", both on local and national level. Partners of the campaign are: Ministry of the Interior, Main Police Headquarters of Poland, Motor Transport Institute, Polish Automobile and Motorcycle Association, „Krzyś" Foundation, Polish Chamber of Liquid Fuel, Polish Organisation of Oil Industry and Trade and oil companies: BP and LOTOS.

Target Audience:

Drivers aged 18 – 30 who cause the highest number of road accidents, according to police statistics.

Campaign History:

The campaign in its pilot version started in 2008 and was conducted in Lublin, Trójmiasto and Olsztyn, as part of an international campaign run by Global Road Safety Partnership (GRSP). In 2010 the campaign was conducted only in Warsaw, spreading to the whole territory of Poland in following years.



92%

CAMPAIGN RECOGNITION
ACCORDING TO
EVALUATION RESEARCH



We enjoy the fact that more and more entities take joint responsibility for road safety improvement. For a few years now we have observed that educational and preventive measures, when taken in broad partnership, lead to real reduction of road problems. An example of the „Don't Drink and Drive” campaign, proves that long-term educational campaigns combined with increased control activities of the police bring positive results such as decrease in the number of accidents caused by drink-drivers. In the last 10 years the number of accidents dropped by 48%, from 4,460 to 2,336, while the number of casualties by 47% from 568 to 306. However, there is still lots to be done.

**DEPUTY INSPECTOR RAFAŁ KOZŁOWSKI,
VICE DIRECTOR OF THE OFFICE OF PREVENTION AND ROAD TRAFFIC OF THE MAIN POLICE HQ**



Communicaton tools:

- TV ad spot broadcast on TVN channel
- ad spot broadcast in Multikino and arts cinemas
- ad spot broadcast at LED screens at universities
- ad spot broadcast in public means of transport (underground buses, trams)
- leaflets distributed by the police during routine checks
- leaflets distributed to alcohol buyers at filling stations
- participation in special events (Woodstock)
- participation in local events (road safety picnics and festivals)
- the official campaign website “Don't Drink and Drive” – www.pilesniejedz.com.pl

Evaluation:

The *Don't Drink and Drive* campaign is accompanied by an annual evaluation conducted by the TNS OBP. The evaluation results indicate huge campaign recognition of 92% and visible attitude changes and drivers' approach to drink-driving.

Summary of Results:

The campaign, together with accompanying initiatives, led to nearly double drop in casualties in the last 10 years. Evaluation research showed that 25% of persons who were reached by the campaign changed their attitude towards drink-driving, while 84% declare to stop others from drink-driving.

„EUROPEAN NIGHT WITHOUT ACCIDENT”

For a few years the Association has been a partner of the „European Night Without Accident”. The aim of this international initiative is to reduce the number of inebriated drivers on roads. In 2012 the event was participated by more than 130 volunteers who in 40 clubs in 38 Polish cities encouraged drivers to show responsibility and not consume alcohol to ensure that they will drive their friends safely home. The organiser of the Night is „Krzyś” Foundation



Results of social engagement (outputs)		Long-term social engagement effect (impacts)
Additional funds for campaign performance	Social results	Social effects
<ul style="list-style-type: none"> • 2 member companies' employees engaged during their work time • 19 supporting partners 	<ul style="list-style-type: none"> • 976,040 students from 90 universities in 19 cities reached by the campaign • more than 9 mln campaign audience in 11 Polish cities • Ad spot broadcast 2,184 times in public TV, TVN and theme TV channels • Ca. 1.4 mln viewers in arts cinemas and Multikino cinemas • 811 radio broadcasts 	<ul style="list-style-type: none"> • 4 years of campaign resulted in its high recognition rate (92%). • More than half of drivers (53%) who were reached by the campaign declared attitude changes as a result • 84% declare that they will stop others from drink-driving • The number of persons who saw drink-drivers in a pub or a cafe dropped by 10% – at the beginning of campaign it was 55%, in its final stage it was 45%. • The number of persons killed by drink-drivers dropped by nearly 1/3, in 2008 in this way died 444 people, while in 2012 the number of casualties dropped to 306 • The number of road accidents caused by drink-drivers dropped by 14% from 3,617 in 2008 to 3,125 in 2012
<p>Non-financial commitment — 4,887,542.00 PLN</p> <p>External partners' commitment: — 653,823.00 PLN</p>	<p>External partners enabled realization of accompanying actions that additionally supported the campaign.</p>	

Based on campaign evaluation research, TNS OBOP 2008-2012 and Main Police HQ statistical data

Three years ago the Road Traffic Department of the Voivodship Police HQs in Lublin joined the social campaign „Don't Drink and Drive”, aimed at making all drivers aware of their responsibility. We wanted to raise awareness of our Voivodship's residents on the impact of alcohol consumption on the ability to drive vehicles and risks related to drink-driving. Statistical data prove that recklessness and lack of imagination are the reasons of accidents caused by drink-drivers. The campaign is both educational and social as it clearly and unequivocally informs that alcohol use and vehicle driving must not be combined. We hope that our actions will lead to attitude changes, especially among young drivers.

**DEPUTY INSPECTOR AGNIESZKA ŁOŚ,
SPECIALIST OF ROAD TRAFFIC DEPARTMENT OF VOIVODSHIP POLICE HQS IN LUBLIN**



“A BETTER START FOR YOUR CHILD”

About Campaign:

Since 5 years, within the „Better Start for Your Child” campaign, we have educated young women and their environment, informing that even the slightest dose of alcohol consumed during pregnancy may have adverse effects on the child development. In this campaign an important role is also played by activities directed at medical personnel – gynaecologists, nurses and midwives – who, unfortunately, often ignore the problem of alcohol drinking by pregnant women.

Partnerzy:

Polish Gynaecological Society (Polskie Towarzystwo Ginekologiczne), Polish Midwives' Association (Polskie Towarzystwo Półożnych), Medical Center Enel-Med (Centrum Medyczne Enel-Med), Specialized Medical Center Polanica Zdrój (Specjalistyczne Centrum Medyczne Polanica Zdrój), School of Birth “SuperMama” (Szkoła Rodzenia “SuperMama”)

Media partners:

Magazines: “Będę Mama”, “Mamo to ja”, “M jak Mama”, “Magazyn Pielęgniarek i Półożnych”, “Magazyn Półożna. Nauka i Praktyka” and website babyboom.pl, babyonline.pl and mjmama24.pl”

Target Audience

Women aged 18-35, pregnant or planning pregnancy, their close environment.

Indirect Target Audience:

Medical personnel, in particular gynaecologists, nurses and midwives.

Campaign History:

The campaign was initiated in 2008 and until now it covers country-wide actions.

Communication Tools:

- leaflets for pregnant women distributed in medical centres, hospitals and pharmacies
- leaflets for medical personnel distributed among gynaecologists and midwives
- billboards, posters
- participation in special events, such as pregnancy trade shows



Lepszy start dla Twojego dziecka

220,000

PREGNANT WOMEN WERE REACHED BY THE CAMPAIGN IN 2012

POLSKIE TOWARZYSTWO
GINEKOLOGICZNE INFORMUJE:

Każda ilość alkoholu spożywanego w czasie ciąży może prowadzić do uszkodzenia płodu

więcej informacji znajdziesz na stronie www.lepszystart.com.pl

A Better Start for Your Child campaign was recognized by the European Commission and as one of few initiatives of alcohol industry was included in „Alcohol & Health Forum Highlights” issued by the EC that summarised the Forum’s actions in Brussels

Such campaigns as „A Better Start for Your Child” are extremely important from both social and medical perspective. There is a need for building social awareness on risks and hazards related to alcohol consumption, both among women planning pregnancy, pregnant women, their relatives, as well as medical personnel, especially gynaecologists and midwives. There is no safe dose of alcohol consumed by a pregnant woman that could be deemed as harmless for a child. That’s why, only abstinence during pregnancy is an effective preventive measure. Unfortunately, there are still lots of myths and rumours in the society related to alcohol intake during pregnancy. We are able to change it only through provision of reliable knowledge and education.



LEOKADIA JĘDRZEJEWSKA,
NATIONAL CONSULTANT IN THE FIELD OF GYNAECOLOGICAL AND OBSTETRIC NURSING

- participation in medical industry meetings, such as Midwives Congress
- campaign message on pregnancy test packaging
- peducational film broadcast in TVs at hospitals
- Healthy Pregnancy fanpage at Facebook
- website www.lepszystart.com.pl

Evaluation:

A Better Start for Your Child campaign is subject to periodical evaluation conducted by TNS OBP. In general, women have a high opinion on the campaign. It is declared as worth remembering by 91% of them, as informative by 90% and as convincing by 89%.

Summary of Results:

During the campaign 20% of women changed their attitude towards alcohol intake what consitutes 100% increase from the start of the campaign. 88% of pregnant women declare that there is no acceptable dose of alcohol during pregnancy, in comparison to 68% during the first wave of research study. In the last 10 years the number of women in Poland that declared alcohol consumption during pregnancy dropped from 33% to 6%.

LBG MATRIX
SDUMMARY OF „A BETTER START FOR YOUR CHILD” CAMPAIGN ACTIONS IN 2008–2012



Results of social engagement (outputs)	
Additional funds obtained for campaign performance	Social results
<ul style="list-style-type: none"> • 2 employees of member companies engaged during their worktime • 14 supporting parters <p>Non-financial commitment: — 1,028,680.00 PLN</p> <p>External partners’ commitment: — 151,075.00 PLN</p>	<ul style="list-style-type: none"> • 1,330,000.00patients and medical personnel – campaign audience • 240 participants of educational actions in average • 128,270 campaign viewers in Internet
Long-term effects of social engagement (impacts)	
Social effects	
<p>The campaign led to changes in pregnant women mindset who, at its beginning,were convinced that tiny dose of consumed alcohol definitely has no adverse affect on their child’s health (67%) whatsoever. In the last stage of the campaign 88% of these women declared that no dose of consumed alcohol is permissible. In addition, during the campaign, the number of doctors who make pregnant women aware of alcohol harmful effects also rose – in 2010 it increased by 10%.</p>	

ALCOHOL AND MINORS

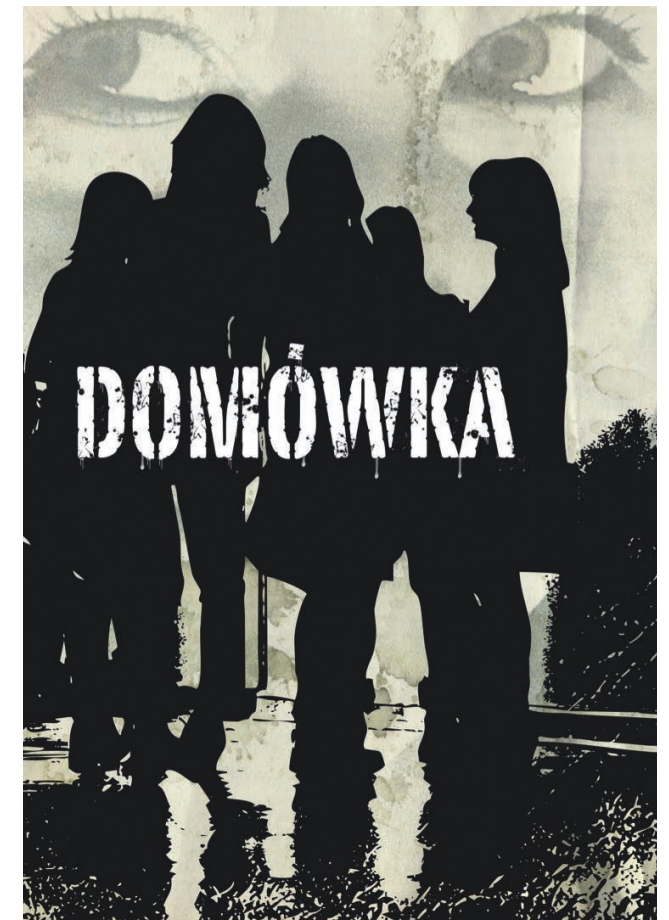
Alcohol intake by minors is one of the most burning issues related to harmful alcohol consumption. In 2011 and 2012 the Association undertook several initiatives within this area. We have also decided that the youth will be the most important strategic element of our social responsibility for years 2013 – 2016.

HOUSE PARTY

In 2012 the Association, together with the Capital Police HQs produced “House Party” – a film of preventive and educational nature, directed at middle school students that together with an accompanying lesson scenario was distributed to schools and police units in the whole country. This material is used by policemen, street wardens, teachers and pedagogues as well as NGOs as teaching aids during preventive classes.

The film was recorded within the Programme of Preventing Crime and Protection of Citizens’ Safety and Public Order for the Capital City of Warsaw for years 2012 – 2014, entitled „Safe Warsaw”. The aim of meetings organized with pupils is to promote safe and healthy lifestyle among the youth, including alcohol-free attitudes and approaches free of psychoactive substances.

The scenario of the film was approved by the Centre for Education Development in Warsaw. Cast of the film consisted of young actors, including Klaudia Łepecka, Marcin Parafiniuk, Marcin Turski, Stanisław Idzikowski and Iga Krefft as well as the youth from the III LO im. Gen. Sowińskiego in Warsaw and officers from the Capital Police HQs. Film was produced by ekipafilmowa.pl.



Honourable patrons of the film’s premiere were: Secretary of State in the Ministry of National Education Tadeusz Stawecki, Ombudsman Marek Michalak, Police Commander in Chief , Superintendent Marek Działoszyński, President of Pedagogium Wyższa Szkoła Nauk Społecznych in Warsaw, Marek Konopczyński, Associate Professor, Ph.D. and President of the Spirits Employers Association Polish Spirits Industry, Leszek Wiwata.

Many risky behaviours of the youth, including alcohol consumption, can be prevented, however, we have to talk to them about it, if possible in their own language. And this is what this film is about – created by young people for young people. It will be used by teachers, policemen and street wardens in the whole country. During classes pupils will consider dangerous effects of seemingly innocent situations, possible actions that could be taken to change the fate of the film’s heroes into a positive one.



DEPUTY INSPECTOR MARCIN SZYNDLER,
HEAD OFFICER OF THE PUBLIC COMMUNICATION DEPARTMENT, CAPITAL POLICE HQS

EDUCATIONAL PROGRAMME FOR THE YOUTH

In 2012 the Association, jointly with community organisations, prepared a pilot version of an educational programme for the youth, which was to be conducted in middle schools. The project is a school programme for preventing hazardous behaviours, with particular consideration of alcohol consumption, directed at young people aged 13 and 14, their parents and teachers.

The programme comprises 12 teaching sessions with the youth as well as 2 sessions with teachers and 2 sessions with parents. The programme is a follow-up of three focus research studies with the youth, parents and teachers.

Regarding the youth, the programme aims at promoting healthy lifestyle (including alcohol-free attitudes and approaches free of other psychoactive substances) through building patterns of satisfactory life and readiness to handle difficulties of the juvenescence.

The project is conducted by the MONAR Association (leader), Social Education Foundation, Association of Psychotherapy and Psychoeducation Professionals „Wspólna”, Warsaw Charity Society and the Cardinal Stefan Wyszyński University in Warsaw.

In the academic year 2012/2013 the pilot version of the programme was conducted in 20 school classes. The final version of the programme is currently under preparation and will be launched in the following academic year.

OVER

500

MIDDLE SCHOOL STUDENTS PARTICIPATING
IN THE PILOT PROGRAMME



„Destination Imagination - Oczyma Wyobraźni”

In 2012 we started cooperation with the Creativity Support and Development Foundation that decided to create a preventive, alcohol-related project „Projekt REACH” and include it in the International Educational Programme for children and the youth conducted in Poland: „Destination Imagination - Oczyma Wyobraźni”. The programme focuses on the development of social skills, creativity and creative problem solving in practice. Students from middle and high schools were asked to study the problem of an early alcohol initiation in their communities as well as create and conduct project to counteract this phenomenon. Their results in form of stage performance and a film were presented during a National Creativity Olympics. The best teams took part in the World Olympics in the USA. Within our cooperation the Creativity Support and Development Foundation organised also a preventive contest “China within REACH” where students were asked to create a short film showing reasons for which young people reach for alcohol. The winner was a team from the Middle School in Wilkasy. They are going to showcase their work during the National Creativity Olympics in Beijing.

LETTER FROM
THE PRESIDENT

OUR
ORGANISATION

OUR
INFLUENCE

OUR
RESPONSIBILITY

OUR STRATEGY
IN PRACTICE

GOOD PRACTICES
OF OUR MEMBERS

ILLEGAL ALCOHOL

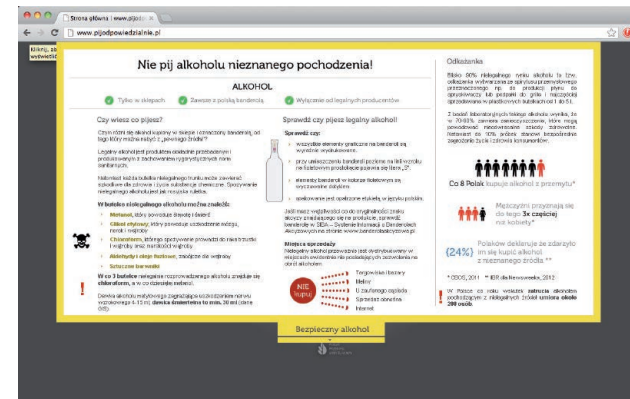
For many years the Association has directed its effort towards reducing the illegal zone of alcoholic beverages, cooperating with the police and Customs Service.

In autumn 2012 a few dozen poisonings with alcohol from the Czech Republic, containing methanol, took place. This evoked many concerns among manufacturers of legal spirit beverages. After the first wave of poisonings, producers joined authorities in encouraging consumers not to use alcohol of an unknown origin, particularly regarding alcohol not labelled with a grey-beige excise tax band.

„DON'T USE ALCOHOL FROM UNKNOWN SOURCES”

SAFE ALCOHOL

The Association's website www.pijodpowiedzialnie.pl explains why alcohol of an unknown origin is dangerous for health, or even life, and how to recognize whether any purchased product is illegal or not.



SIBa – Information system on excise tax bands

Manufacturers united in the Association are supported by the Ministry of Finance and the Polish Security Printing Works in implementing new system that enables consumers to check whether a given alcoholic product was produced in a legal way. The system is based on the website www.banderolaakczyzowa.pl. It allows each consumer to check if an excise tax band was produced by the Polish Security Printing Works by entering its series, number and year of production. The system is also available via mobile phones so that consumers can check the band even prior to the product purchase. After introduction of the aforementioned data, the pattern of the band will be displayed together with indications on what security measures should be taken into account to guarantee the uniqueness of the label.

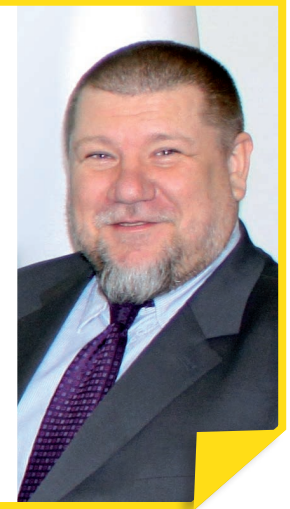
QUALITY RESEARCH

In 2012 the Association, together with the Faculty of Pharmacy of the Medical University of Warsaw, started a research project related to an illegal alcohol. Within the project, hundreds of alcohol samples of illegal sources will be studied, in terms of their quantity and quality. Main objective of the project is to define the level of human health and life risks caused by both intermittent and regular alcohol consumption.

ONE IN **3**
SAMPLES CONTAINED
TOXIC CHLOROFORM

POLSKI PRZEMYSŁ SPIRYTUSOWY
Producenci napojów spirytusowych zrzeszeni w Związku Pracodawców Polski Przemysł Spirytusowy ostrzegają:
NIE PIJ ALKOHOLU NIEZNANEGO POCHODZENIA.
Alkohol
✓ Tylko w sklepach ✓ Zawsze z polską banderolą ✓ Wyłącznie od legalnych producentów
Jeśli masz wątpliwości co do oryginalności znaku akcyzy znajdującego się na produkcie, sprawdź banderolę w SIBa – Systemie Informacji o Banderolach Akcyzowych
www.banderolaakczyzowa.pl
DO APPELU WŁĄCZAJĄ SIĘ: Ministerstwo Finansów, Służba Celna, PDPW

Illegal alcohol production and trading pose risks to health or even life of consumers. It also means tax avoidance and illegal competition against those who reliably pay their tax duties. Reduction of illegal tax goods (including alcohol) share in the market is one of the Customs Service priorities, also for the coming years. The Customs Service combats smuggling, illegal production and illegal trading of excise goods through its control, administrative and legislative methods. However, no control nor administrative actions will protect consumers from dangers, if they continue buying goods from unknown sources. That's why, the Customs Service endeavours to raise awareness, among others, through such actions as the joint poster campaign with the Association. Another example also is the cooperation between the Polish Security Printing Works and the Ministry of Finance in form of a website www.banderolaakczyzowa.pl, where any alcohol buyer can check the uniqueness of excise tax band placed on the product.



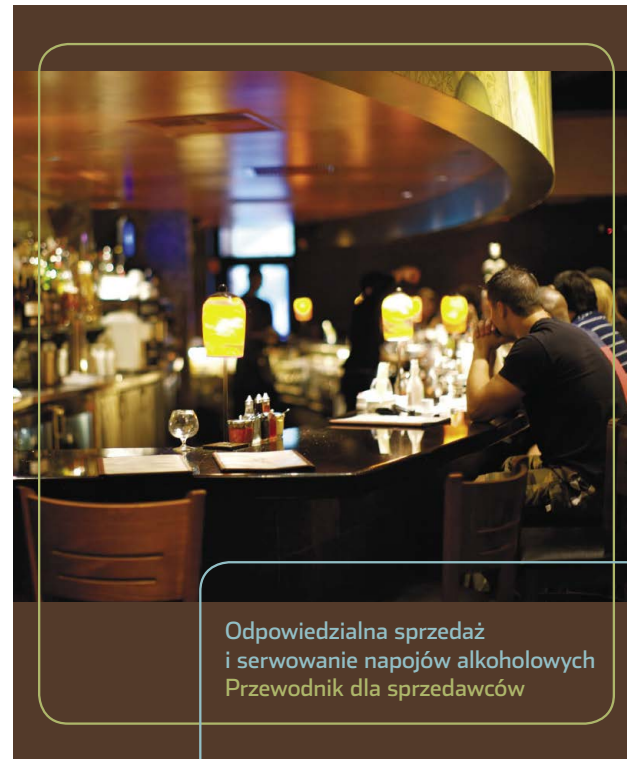
ARTUR JANISZEWSKI,
DIRECTOR OF CUSTOMS EXCISE CONTROL AND GAMBLING CONTROL DEPARTMENT,
MINISTRY OF FINANCE

Promoting responsible alcohol consumption

„DRINK RESPONSIBLY”

Alongside social projects the Association runs an informative website www.pijodpowiedzialnie.pl that contains a number of information initiatives undertaken within the campaign and indications on safe alcohol consumption.

In 2008, within our educational activities, we have also prepared a guide for sellers regarding responsible alcoholic beverages trading and serving that is still distributed among sellers and bartenders.



TRAININGS FOR ALCOHOL SELLERS

Since 2008 we have organised trainings for alcohol sellers on responsible alcoholic beverages trading and serving. The aim of this project is to deepen knowledge and raise awareness of sellers regarding legal regulations, solving of problems related to alcohol beverages trading and serving and developing patterns of responsible sales and serving of alcoholic products.

The project comprises free trainings for sellers, bartenders and waiters organised jointly with a local self-government (Municipal Office and Municipal Police HQs). The project is conducted under honourable patronage of the Chief Commander of Police.

Between 2008 and 2012 there were 4,634 sellers and bartenders trained in the whole country. Trainings took place in 37 towns. The majority of participants (90%) positively assessed the contents and the manner of trainings

4,634

NUMBER OF TRAINED SELLERS, WAITERS AND BARTENDERS



TRAININGS FOR ALCOHOL SELLERS

Responsible marketing and self-regulation

For a few years now the spirits industry has been developing self-regulation, striving for the highest ethic norms in business conduct. The Association's members often impose limits on themselves, in terms of specifics of products offered, that go beyond legal or statutory provisions.

Responsible marketing is a fundamental principle of brand value building and good relationships with consumers. Compliance with jointly agreed standards helps not only in strengthening good image of one's company, but also of the whole industry. In the case of alcoholic beverages production and trading, joint responsibility is particularly important. It is worth remembering that broad impact of self-regulation is possible only if it is joined by the widest possible group of companies that will not only support the existing system, but also will participate in its further development. Joint agreement of provisions by representatives of all environments related to advertising, that is advertisers, media and advertising agencies, is crucial. Important is also systematic tailoring of such provisions to market conditions what ensures their common respectability.

KONRAD DROZDOWSKI,
GENERAL DIRECTOR OF UNION OF ASSOCIATIONS ADVERTISING COUNCIL



CODE OF GOOD MARKETING PRACTICES

In 2011 the Code of Good Marketing Practices was developed. It requires spirits beverages promotion to be compliant with law, good practices and in no way should encourage to irresponsible alcohol consumption or its abuse. In 2012 the Performance Procedure was adopted to the Code. The procedure states the principles of proceedings in the case of the Code's violation by any of its signers. In such case members can agree to remove any company from the Association.

Educational activities are one of key elements of multidimensional initiatives undertaken to reduce effects of harmful alcohol consumption. An attempt to influence cultural changes in alcohol consumption patterns requires impact at the early childhood through environment and persons young people grow up with alcohol. Our MEAS organisation managed to achieve specific results when it comes to changing difficult, antisocial behaviours, resulting from the culture of abusive alcohol consumption in Ireland.

Less and less attractive for the majority is "being drunk in a public place". Between 2008 and 2012 the number of public order violations dropped by 36%. The number of crimes in Dublin only decreased by 19%, and by 6% in the whole Ireland. Education is also one of key elements of the Road Safety Strategy of Ireland. Our cooperation with Road Safety Department and the Police within the "Morning After" campaign, aimed at raising awareness of alcohol impact on human body, also the day after the party, brought many positive changes, among others, the number of adults who understand that elimination of alcohol from the body requires time doubled.

FIONNUALA SHEEHAN,
CHIEF EXECUTIVE MEAS (MATURE ENJOYMENT OF ALCOHOL IN SOCIETY), IRELAND



RDM DECLARATION

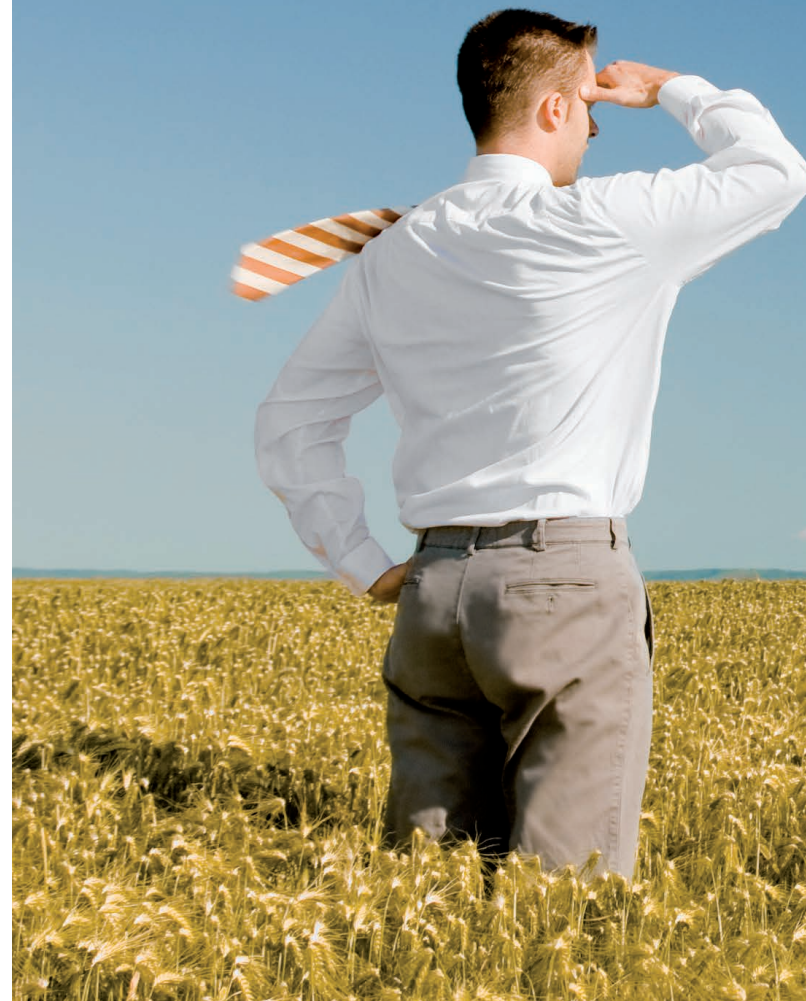
In 2012, on the initiative of the Association, member companies signed Declaration on label information related to responsible alcohol consumption (RDM). In form of this Declaration they expressed their willingness to place such information until the end of 2015 at labels of all spirits products introduced and traded on the Polish market.

Such information may have a form of a link to internet website, e.g. www.pijodpowiedzialnie.pl or graphic icons. Today the RDM is visible on the labels of 82% of spirit products traded on the Polish market by the Association's members.

82%

PRODUCTS LABELLED WITH RDM

Goals for the future



Strategic Goals 2013-2016

reduction of irresponsible alcohol consumption

Main areas:

youth, consumer education

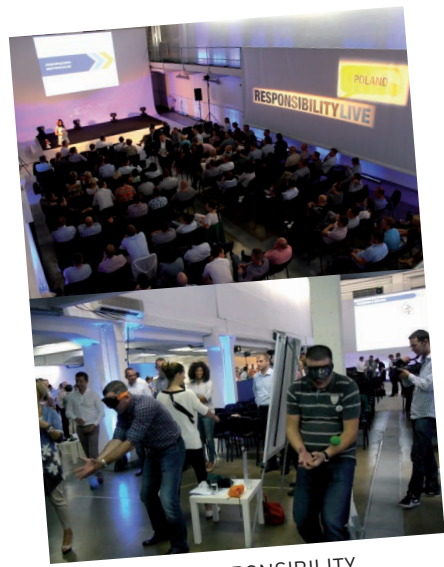
Tools:

social dialogue and building broad coalitions for alcohol-related problem solving, together with social partners and administration social campaigns and educational programmes



5

GOOD PRACTICES OF OUR MEMBERS



LIVE RESPONSIBILITY

LIVE RESPONSIBILITY



Supporting global vision of the company, Brown-Forman Poland prepared and implemented an internal programme, aimed at building employees' awareness on responsible alcohol consumption so that they would become its ambassadors themselves.

In August 2013, Brown-Forman Poland conducted workshops for more than 120 employees. Through quizzes, moderated tasks and discussions, brainstorming and discussion panel employees were encouraged to develop own ideas for responsible and aware alcohol use and promotion of such attitude among clients and consumers.

Workshops embraced wide spectrum of issues resulting from irresponsible alcohol consumption (alcohol and the underaged, alcohol during pregnancy, illegal alcohol), however most of the time was devoted to road safety. One of the most moving modules of the meeting was discussion panel, participated by a policeman from road traffic department, a writer who was victim of car accident caused by a drink-driver and a person who caused death of other people while drink-driving. In order to promote road safety, employees also took part in first aid workshops, while drivers of company cars received personal breathalysers.

Poland is the first market after the USA where Brown-Forman prepared and implemented such an internal programme.

„ALCOHOL IS RESPONSIBILITY DRINK SENSIBLY.” DIAGEO



Diageo Poland has run the "Alcohol is responsibility. DRINK SENSIBLY" campaign since 2010. The basic aim of this campaign is to promote responsible social attitudes in terms of alcohol intake. Honourable patron of the campaign is the President of the Medical University of Warsaw. Other patrons include Real, Motor Transport Institute, "Krzyś" Foundation and Samar Institute for Automobile Market Research. alcohol intake. Honourable patron of the campaign is the President of the Medical University of Warsaw. Other patrons include Real, Motor Transport Institute, "Krzyś" Foundation and Samar Institute for Automobile Market Research.

So far the following activities have been undertaken within the campaign:

1. Educational activities at educational stands in shops
2. 75,700 signers of the "I drive, I don't drink" declaration
3. Preparation of a professional e-learning course
4. Distribution of educational materials among drivers, with help of the Capital Police HQs
5. Support of the organisation of the European Night Without Accident
6. Promotion of responsible alcohol consumption with the help of Mika Häkkinen, Formula 1 driver
7. DrinkIQ trainings on alcohol impact on the body
8. Media publication of campaign message

In 2012 the campaign reached 7.6 bn of Poles! 97,9% of respondents taking part in evaluation research studies positively assessed the idea of such a campaign that educates on responsible drinking and is run by an alcohol-related company. One in ten adults in Poland declares that the campaign influenced their behaviour. It was also evaluated as credible and needed by more than 90% of respondents, while 80% of them were drawn by its educational message. Additional information on the campaign can be found at www.pijrozważnie.pl website.



RESPONSIB'ALL DAY

RESPONSIB'ALL DAY



The global project of Pernod Ricard, involving nearly 19,000 of its employees worldwide, is aimed at promoting responsible alcohol consumption.

The 3rd edition of this project, conducted in 2013 in Poland, fulfilled one of five obligations of Pernod Ricard in this area. It is motivated by a slogan: "I drank - I DON'T drive" which is not random. It is an answer to statistical data related to road accidents caused by drink-drivers. The event was to showcase risks that result from drink-driving and, even more importantly, encourage them to promote responsible alcohol consumption in their environment. Employees could feel same as a driver who consumed alcohol by driving car under the watchful eye of driving instructor. They also completed a first aid training on proper proceedings on the accident spot.

**If you have any questions or wish to express
your opinion on this Report, please contact:**

Iga Wasilewicz
PR / CSR Manager
i.wasilewicz@pps.waw.pl

Our Address:

Spirits Employers Association
Polish Spirits Industry
Trębacka Street 4 / 338
00-074 Warsaw
Tel.: 22 63 09 891-4
Fax: 22 63 09 917
E-mail: biuro@pps.waw.pl
www.pps.waw.pl
www.pijodpowiedzialnie.pl

Graphic design and typesetting:

Olga Figurska, Fabryka Komunikacji Społecznej

Warsaw, 2013

This Report was printed out on the G-Print paper of Arctic Paper company, produced from wood from sustainably managed forests. The G-Print paper is certified with FSC, while paper company producing the paper complies with EMAS reporting standards.