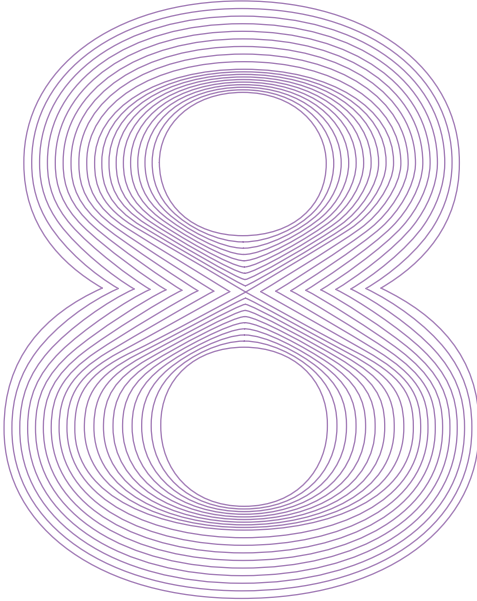
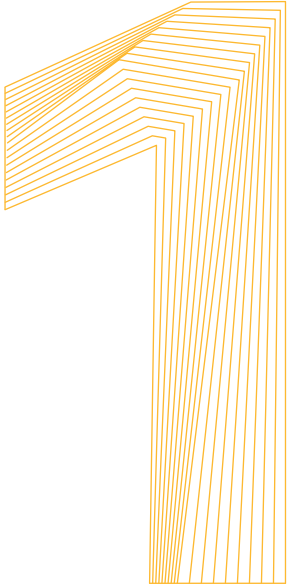
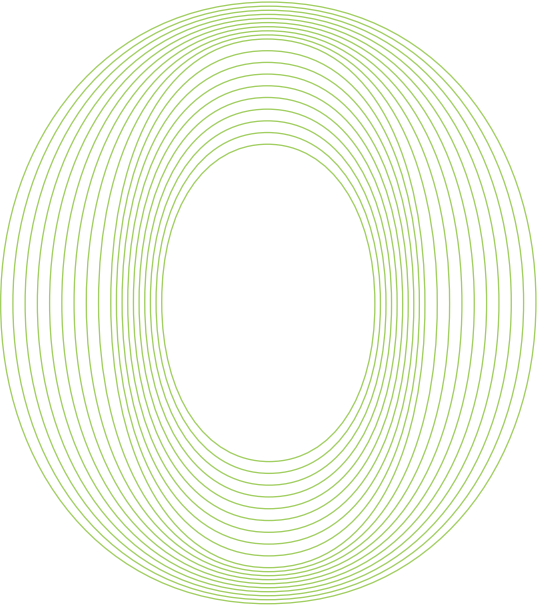


**Corporate  
Social Responsibility  
Report**



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# Dear readers,




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**you have just received the fifth Report of AGROFERT Group's Selected Companies Corporate Social Responsibility, which summarises the year 2018. Despite the fact that individual companies had to face various market barriers and a turbulent environment, which was, for example, strongly affected by a prolonged drought and issues with commodity prices in the agricultural sector, AGROFERT Group's companies did not forget their corporate social responsibility activities and also pursued them continuously last year. The CSR data and details set for the top 43 companies of the Group are summarised in the Report you are reading now.**

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The year 2018 meant an important jubilee for the AGROFERT Group in the form of the celebration of the 25th anniversary of the company's existence. Symbolically, therefore, virtually the entire period under review was in the spirit of massive investment. The AGROFERT Group managed to strengthen its position in the market and I am personally pleased to see how great the combination of different professions is. Over the quarter of a century of its existence, AGROFERT has come a long way, and nowadays it is a unique group in the Czech environment, ranging from agriculture and the food industry to the media, the chemical industry to logistics services, as well as design services and online advertising. The overall success of the AGROFERT Group is based on one key factor: its employees. Thanks to their work and their daily commitment to the activities they do, AGROFERT is one of the most important business entities not only in the Czech Republic, but also in the Central Europe region.

As we look at the position of the AGROFERT Group in the domestic economy, it is a matter of course to be also interested in the state of the environment and the communities at the sites in which individual companies operate. I therefore believe that the publication you are reading now will give you an overview of the socially beneficial actions we have carried out.

I think you will like the AGROFERT Group Corporate Social Responsibility Report for 2018 and that it will bring you more information about our business.

Yours faithfully,

**Zbyněk Průša**  
Chair of the Board of Directors of AGROFERT



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**AGROFERT**

**Group**



18

# AGROFERT group

When in January 1993 AGROFERT, spol. s r.o. commenced its business activity, few people would probably have guessed what a successful entity it would develop into over the next 25 years. At that time, however, there were only four employees at the birth of the company, who were actively involved, in particular, in the fertiliser business.

Over time, more activities began to be added. A clear vision, together with a sophisticated business strategy, have helped the AGROFERT Group to develop into a Group of more than two hundred entities in the fields of chemistry, agriculture and forestry, the food industry, ground engineering, technologies and media, with equity exceeding CZK 80 billion. With 32,730 employees, the AGROFERT Group was as usual one of the largest private employers in the Czech Republic in 2018. The strengths of the Group include a wide range of opportunities to work in a variety of professions, from graduate positions to highly specialised jobs for experienced professionals. This is one of the reasons why AGROFERT ranked third most important in the CZECH TOP 100 ranking for 2018 and was one of the TOP10 most admired companies in the Czech Republic.

In 2018, AGROFERT's business strategy fully utilised the natural verticals of its activities. The farm-to-fork approach continued to be the main link between the individual areas of the Group's activities. Thanks to this key approach, AGROFERT remains one of the largest groups in the Czech and Slovak agriculture and food industry, the leading domestic company in terms of sales, one of the largest exporters and the second largest chemical concern in the Czech Republic, also maintaining the second position in the area of nitrogen fertiliser production in the whole of Europe.

# 32 730

Employees

# 16 | 230

Countries  
(area)

Entities

The business activities of all the AGROFERT companies inherently include consideration for the environment, employees, the surrounding communities, animals and the landscape.

The companies are aware of their full responsibility for their activities and their impact on the environment and are actively facing this issue. They strive to continually improve their production and distribution processes so that they are beneficial for all stakeholders, communities, and environments in the locations where they undertake business. That is why funds are invested annually in greening projects across the fields of the AGROFERT Group business. Compliance with and observance of quality of management standards, environmental management systems and high-quality human resources policy management systems contribute to achieving responsible business success. It is also good practice for individual companies of the AGROFERT Group to help those in need – either through the AGROFERT Foundation or through their own charitable and sponsorship activities.



# From the Czech Republic to the whole world

The AGROFERT Group companies are active in terms of business in 16 countries on four continents. Although the business may be described as global, even so, AGROFERT has Czech roots and the company remains firmly linked primarily with the Czech Republic. Together with Slovakia, Germany and Hungary, it is one of the key markets.

AGROFERT massively invests in and employs around two thirds of all its workers in the Czech Republic. Many suppliers and downstream customers are linked to the Group due to the wide portfolio of business activities. Thus, AGROFERT gives jobs to thousands of other employees at its business partners.

All this has a positive impact on the Czech economy. AGROFERT pays taxes into the state budget, helps the development of the Czech economy, and has established the activities of a wide range of other businesses and small sole traders.

It contributes to the positive balance of Czech exports, gives jobs to 22,000 employees and reinvests profits in the Czech Republic. It is precisely the fact that profit does not flow broad that is a crucial part of AGROFERT's business strategy. Thanks to these resources, it can carry out greening projects in the Czech Republic, invest in the welfare of farmed livestock, gradually improve the working environment of employees and implement charitable projects. By reinvesting its profit, AGROFERT aims to contribute to improving the overall environment of the manufacturing and processing industry in the Czech Republic.

Recently, agricultural production and landscape management have also become the focus of attention.

This also applies to the AGROFERT Group's companies that consistently practice good agricultural practice, including deep ploughing and multi-crop rotation. Moreover, by maintaining livestock production, AGROFERT can continue to grow crops that may be used as feed. This contributes to the more varied mix of agricultural production and helps preserve the traditions of domestic agriculture.

The business strategy of all companies within the AGROFERT Group is linked by the pursuit of a considerate approach to their surroundings. This essentially means supporting the development of the regions and the cultural life of individual sites, and supporting local associations and sporting events. Individual companies also strive to be good partners of their local government and education system institutions.

# 157.5

billion  
AGROFERT Group Turnover  
(CZK, 2018)

# 11

billion  
Replacement and  
Development Investments  
(CZK, 2018)

# A wide range of applications in many fields

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**The year 2018 in the Czech Republic had a spirit of economic development, which positively influenced the domestic economy, but further deepened labour shortages in the market. The all-time low unemployment rate meant for the AGROFERT Group an intensification of human resources work.**

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Like other entities in the manufacturing and processing industry, the companies of the AGROFERT Group also faced a lack of employees in selected professions. The decline in the number of technical and craft graduates of secondary education has been problematic in the long term, which has subsequently escalated the lack of staffing capacities in the market – especially in agriculture, the chemical industry, transport, technological fields and the food industry. The AGROFERT Group seeks to address this situation through long-term cooperation with schools and supporting vocational training in secondary schools, or directly through supporting individual fields, such as dairy farmers or butchers. The purpose of these activities is, among other things, to avoid the disappearance of traditional fields that cannot be replaced.

The AGROFERT Group, thanks to its activities in a wide segment of business areas, gives employees the chance to fully utilise their skills and experience. In the Czech Republic there is virtually no private employer offering such a diverse range of job opportunities as the AGROFERT Group. It is not uncommon for whole families to work in some companies, even down the generations.

The AGROFERT Group strictly adheres to equal opportunities in its human resources policy. Discrimination in any form is totally inadmissible.

The business of the AGROFERT Group is also linked to compliance with ethical rules of conduct. These are summarised in a unified strategy, which includes the Code of Ethics, Compliance, regular anti-corruption training of employees and our own Tell Us ethical line, which allows the anonymous submission of complaints of suspected breach of the Code of Ethics.





## Successful business thanks to employees

**The daily work of its employees is the basis for the successful business of the AGROFERT Group. Thanks to their experience and skills, which in many cases are transferred from generation to generation, the AGROFERT companies are very successful.**

Moreover, a very wide range of business activities also enables people living with different forms of disability to work. Those companies which, due to their focus or form of work, are not able to employ persons with disabilities use at least the "substitute performance", which takes the form of purchasing products or services provided by sheltered workshops.

At the same time, individual companies across the whole Group support the individual charity and volunteer actions of employees, whether that be cleaning public spaces or helping in senior homes. In these activities, the companies support their employees through the possibility of volunteering during working hours or by material or financial means.

# 390

**Disabled Employees**  
(2018)\*

Every year, the AGROFERT Foundation awards the volunteer and extra-work community service of its employees with the "Helping by Heart" award. The Foundation also regularly organises Christmas gift collections among the AGROFERT Group employees. They buy gifts for the children of single parents who, due to their economic situation, cannot afford to fulfil the wishes of their children. In 2018, the AGROFERT employees donated 550 Christmas gifts through a collection.

In the AGROFERT Group companies, the principle of an equal approach to both sexes applies. Although the aim is to achieve a balanced number of women and men among the employees, this is unfortunately not possible due to the nature of the business activities in which individual companies operate. The disproportion is particularly evident in the areas of the chemical industry, agriculture and engineering and technologies. These fields have often been very physically demanding and have attracted more male worker. The areas of technical and economic management of the companies, bakery and food production as a whole, livestock care and laboratory activities are the opposite examples with a significantly higher proportion of women. It is worth mentioning that this division illustrates well the freedom of choice of study and future career among the new generation of employees.

\* Only in the companies included in the Corporate Social Responsibility Report 2018.

# Transparent relations with business partners

The business of all of the over 200 companies of the AGROFERT Group is firmly connected with the principle of adhering to the applicable laws and regulations at all times and under all circumstances. Only adherence to this approach enables the effective management of individual business segments.

# 773

Number of government administration inspections (2018)\*

In addition, the AGROFERT Group is fully aware that as the leader in a number of areas it bears part of the responsibility for the state of the business environment in the Czech Republic. Although the public, in particular in recent years, has often encountered information that tries to give the impression that AGROFERT is not running its businesses in accordance with the applicable rules, this is merely manipulation. A number of the cases associated with the AGROFERT Group or the persons concerned of the issue. The problem, however, is that the media are not interested in informing the public about this result. It is all the more important that all employees and companies of the AGROFERT Group comply with the Code of Ethics and, in particular, comply with the applicable laws. Obviously, there may be situations where an individual or company commits errors, which can never be ruled out 100%. However, for these cases, the AGROFERT Group has established a unified procedure for their solution and the adoption of such measures that will prevent the repetition of errors in the future. The aim of the AGROFERT Group is to face possible problems, learn from them and prevent their occurrence.

Transparent business is also a necessary prerequisite for good relations with business partners. A fair and equal approach is expected in these mutual relations.



## Fraud and Corruption Resistance Profile (FCRP)

The AGROFERT Group is the first holder of this anti-corruption resistance certificate from the renowned Det Norske Veritas in the Czech Republic. For instance, the Norwegian government administration is also undergoing an identical certification.

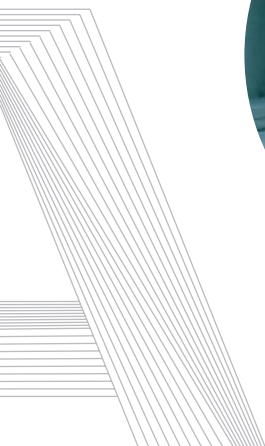


## Continuous Veterinary Supervision

Meat production is associated with continuous veterinary supervision. Scanners are also used to detect the presence of metal fragments.

Such business activity is obvious because the individual companies of the AGROFERT Group are under the constant scrutiny of the financial administration, auditors, veterinary administration and other bodies. They continuously monitor the management systems, financial transactions, tax compliance, compliance with occupational safety and quality control of production and its overall environmental impact. In the area of prevention of risks related to business activities, the individual companies of the AGROFERT Group use risk and quality management systems, as well as internal audit and regular controlling services. The central purchasing system is an important part of a transparent approach to business. This system ensures a level playing field for all suppliers and at the same time enables reducing the cost of purchasing materials, goods and services for the individual AGROFERT companies.

\* Only in the companies included in the Corporate Social Responsibility Report 2018.









20

**AGROFERT**

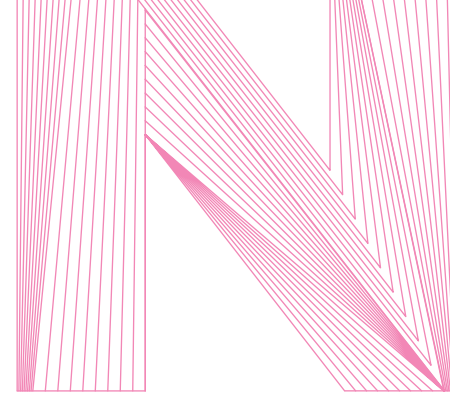
**Foundation**

18

# Helping by heart where it is most needed

The AGROFERT Group is one of the largest domestic private business entities. All of the companies' responsibility to create a business environment in the locations in which they operate is part of the strategic approach to business of them all. This is also linked to the environment, community and the environment, which is influenced to different extents by the activities of the companies.

Therefore, the AGROFERT Foundation was established in 2011. It consolidated partial charitable or publicly beneficial activities of the companies, covered them with a comprehensive approach and gradually defined the main areas of support. Since its foundation, the individual companies have invested hundreds of millions of crowns in the AGROFERT Foundation. The financial means serve as a source for funds to help single parents, disabled people, seniors or volunteer and professional fire brigades. In addition, the AGROFERT Foundation also directly supports organisations that further assist specific individuals. From the grant funds for organisations, the money goes to the purchase of equipment, assistive products or educational aids, to support mobile hospice care or, for example, to cover the costs associated with the functioning of the supported entities. This includes the reimbursement of labour costs, rent payments and energy payments. Such a form of assistance is still unusual in Czech conditions. The reason is that it is difficult to present publicly, for example in photographs. However, it is often a crucial aid for supported organisations, without which they would not be able to perform their activities at all.



**91**

**million**  
**Total amount of aid of the**  
**AGROFERT Foundation**  
(CZK, 2018)

**217**

**Organisations supported**  
**by grant procedures**  
**AGROFERT Foundation**  
(2018)

The AGROFERT Foundation announces the grant procedures to help the widest possible range of people of all age categories. From children, adults to seniors or the dying who need hospice care. The AGROFERT Foundation also cooperates with the Czech Philharmonic on the implementation of the Music to Schools project. This activity aims to popularise music education in Czech schools. It is also a platform for music teachers to meet and inspire each other.

Throughout the Czech Republic, AGROFERT Foundation sports centres have been in operation for several years: there are more than 100, which provide sports facilities for a nominal fee for more than 3,000 children.





**Main areas of aid of the AGROFERT Foundation**



**Active life of fellow citizens who are disadvantaged or live with a disability**



**Health and health care**



**Single parents aid**



**Intergenerational projects**



**Senior care**



**Hospice and palliative care for children, adults and seniors**



**Voluntary and professional fire brigades**



The AGROFERT Foundation focuses on a wide range of areas, but some are central and most used by applicants. Among individual applications, the funds for general individual applications and a fund for single parents are the most highly used.

Applicants to the General Individual Application Fund most often need support because of their state of health or disability. Contributions are intended for the purchase of assistive products or for the reimbursement of necessary assistance. Other funds are used to pay for intensive rehabilitation for people with brain disabilities or to provide contributions for the purchase of a car.

In addition, funds from the Single Parents Fund in Need help to find solutions to the difficult financial or social situation faced by lone parents. The help from the AGROFERT Foundation aims to solve, for example, problems with housing in the form of deposit allowance and first rent or reimbursement of the basic equipment needed for the flat, or helps to pay fees for children's interest groups which otherwise could not be afforded due to the lack of funds in the family budget. The Fund thus addresses the situation of families as a whole.

**11.5**

**million**  
**Amount of aid in the Single Parent in Need Fund**  
(CZK, 2018)

**593**

**Number**  
**of Single Parent in Need Fund Applications**  
(2018)

# Help of the AGROFERT Foundation is also aimed at organisations

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The AGROFERT Foundation has also been a long-term supporter of entities that subsequently take care of the assistance of individuals in their surroundings.

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Examples include organisations helping to provide assistance or relief services for people with disabilities, mobile hospice services for children and adults, organisations supporting people with brain disorders, various types of day care centres and services for seniors, and low-threshold youth centres for young people from socially excluded backgrounds. The AGROFERT Foundation Fire-fighting Fund, which supports professional and voluntary fire-fighters, is a specific type of aid. The funds are used to acquire the necessary equipment for which fire brigades in smaller settlements often do not have enough money. But the aid from this fund also serves to finance fire-fighting sport and to preserve fire-fighting traditions. The purpose is to help individual communities through fire-fighters. Especially in smaller settlements in the Czech Republic, fire-fighters are often the last bearers of the federal, cultural and sports life of municipalities. It is therefore important that their activities are supported.

The AGROFERT Foundation also runs its own Sports Centres to help specific locations. These work directly in individual primary schools across the Czech Republic. They allow active use of leisure time for children of par-

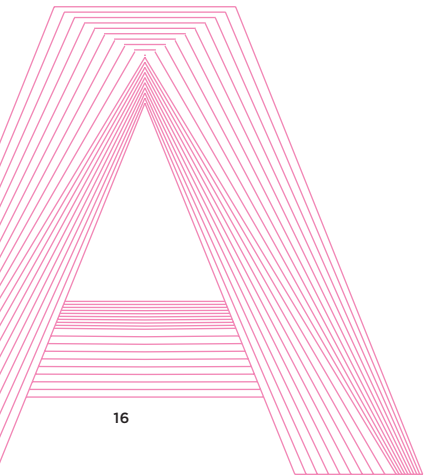
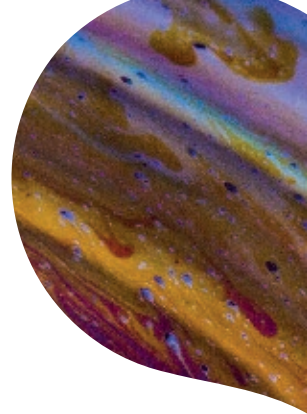
ents who cannot afford to pay for expensive sports clubs. The course fee is absolutely minimal and after school lessons, children can actively spend their free time exercising in a place they know well, without the need to travel anywhere. The equipment and coaches are paid for by the AGROFERT Foundation.

165

**Number of supported  
volunteer and professional  
fire brigades  
(2018)**

9.7

**million  
Amount of aid granted  
from the Fire-fighting  
Fund  
(CZK, 2018)**





20

**Chemical  
Industry**

18

# The chemical industry in the AGROFERT Group

The chemical industry has long been one of the basic pillars of the AGROFERT Group's activities. Individual chemical manufacturing plants in their regions are important corporate entities and leading employers. Of course, this status also involves their relationship to social responsibility.

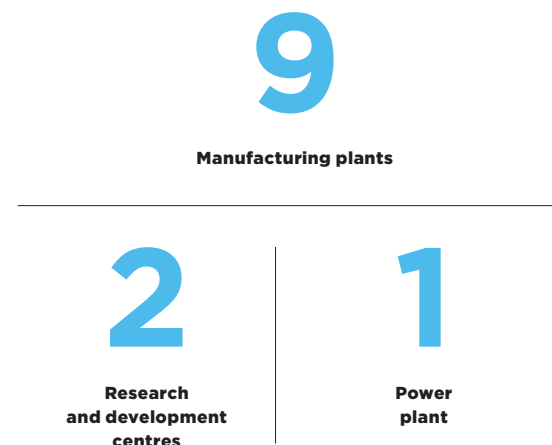
## Companies in the Report

- DEZA**
- Ethanol Energy**
- Fatra**
- Lovochemie**
- PRECHEZA**
- PREOL**
- Synthesisia**

Partial activities carried out by chemical manufacturing companies in this area are focused primarily on mitigating the environmental impacts of production, continuous greening of operations, saving energy and material resources used, and on continuously improving the working conditions of employees. Recycling and low-waste management have also been an important issue in recent times. Chemical production operations also focus on targeted improvement solutions for water management in response to climate change.

The situation in the labour market in the Czech Republic in 2018 did not change much compared to previous years, so the chemical production plants of the AGROFERT Group faced a number of challenges in the field of human resources work. In particular, they faced a low number of job seekers and declining numbers of chemical and technical graduates. Chemical production companies tried to face this situation mainly through cooperation with schools, in the form of visits, internships and participation in diploma theses, as well as participation in the competition Looking for the Best Young Chemist in the Czech Republic.

Due to unfavourable labour market developments, individual companies in 2018 focused on their own



employees. They continued their further development, especially in the area of professional competencies, in the form of training or courses. In addition, employee benefit systems were developed.

The Group strategy is also to invest in energy and resource savings in the long term. In 2018, this was also reflected in the business activities of the companies in the chemical production segment. These focused mainly on the areas of reducing the energy intensity of their business, material savings and waste recovery solutions, the disposal of historical environmental burdens, improving water management, and technical and technological innovations.





- ▲ DEZA
- ▲ Fatra
- ▲ Lovochemie
- ▲ PRECHEZA
- ▲ PREOL
- ▲ Synthesia

- ⚡ Ethanol Energy
- ★ Chemistry Centre
- ★ VUOS

- 🧪 Manufacturing Plant
- ⚡ Power Generation

- ★ Research Organisations
- 🎯 Trading Org. and Represent.

\*The map displays the AGROFERT Group's companies of the chemical industry in the Czech Republic.

# The chemical industry in the AGROFERT Group

The chemical industry has long been one of the main and core business segments of the AGROFERT Group. The companies operating in this field are at the top of domestic chemistry. The significance of chemical production for the whole AGROFERT Group illustrates the share of this business in the total turnover. Chemistry still holds the first ranks with a share of 28.8 per cent.

Compared to previous years, the share of turnover decreased due to market factors and rising input prices. However, chemistry as such remains a very important link in the AGROFERT Group's synergy chain.

Chemical companies have a long tradition in the market. Their often more than 100-year history is followed by modern production within the AGROFERT Group. The high quality of chemical production depends on the expertise of workers, investments in modern technologies and new procedures, product innovations and ways of handling production resources. It was just these aspects that were addressed by chemical industry companies in 2018. This was also reflected in the amount of investment.

In addition to the development of entrepreneurial capacities, the individual chemical production companies focused on human resources work, especially to maintain and further develop the expertise of the employees, their education, recruitment activities and the popularisation of chemistry among pupils and students of schools. For the Czech Republic, the chemical industry is a traditional branch of the domestic economy. It was built by generations of workers, always offering stability and generating all sorts of innovations. The AGROFERT Group companies also strive to maintain this status.

5 626

Number of employees (2018)

898

million Social and health insurance payments (CZK, 2018)

2.47

billion Investments (CZK, 2018)

2,89

billion Staff costs (CZK, 2018)

182

million Taxes and charges (CZK, 2018)

Products from AGROFERT Group's domestic chemical plants are exported to many countries around the world on four continents. Customers especially value their quality and reliability. Chemical production companies achieve these attributes of their production precisely thanks to the above measures.



# Chemistry with emphasis on quality

Chemical production plants are constantly striving to improve their working procedures, which is firmly stipulated in their business strategy. Compliance with production processes, experienced and knowledgeable employees results in quality products. In this way the production process of the chemical companies of the AGROFERT Group may be summarised.

As a result, they may also boast a number of independent awards and certificates. This gives a signal to customers, business partners and other industry players that chemical production also meets the requirements of 21st-century industrial production.

Businesses approach adherence to professional standards, quality management and strategic environmental management in a similar way. It is always based on the effort at all times and in all circumstances to comply with standards and directives, subject to subsequent inspection and validation by authorised workers or external supervising entities. The aim of implementing such an approach is to maintain or progressively improve the level of business in chemistry, to behave in a friendly way to the environment, and to treat employees fairly. In addition, individual companies want to demonstrate to third parties a responsible approach to their own business activity.

**SAFE ENTERPRISE**

Fatra, Lovochemie

**EXPORTER OF THE YEAR IN THE ZLÍN REGION**

DEZA

**AWARD OF THE ÚSTÍ NAD LABEM REGION FOR SOCIAL RESPONSIBILITY**

Lovochemie

**A SAFE TOY**

Fatra

**10.3**

million  
**Expenditure on training**  
(CZK, 2018)

**9**

hours  
**of Expert training**  
(employee/year, 2018)

**113**

**Employees on maternity or parental leave**  
(2018)

**65**

**Employees with disabilities**  
(2018)

**1,249**

**Staff trained against corruption**  
(2018)

**42**

million  
**Services and products purchased from protected workshops**  
(CZK, 2018)

**RESPONSIBLE CARE**

(responsible business in chemistry)  
Lovochemie, Synthesia, PRECHEZA

**COMPANY AT HEART OF THE YEAR**

PREOL

**RELIABLE SUPPLIER**

Synthesia

**GOLDEN SEAL - PARTNERSHIP FOR PRACTICE**

Lovochemie



# Tradition and future view

The chemical industry is a traditional branch of the domestic economy. Without exception, this also applies to the AGROFERT Group. On the one hand, chemical plants are one of the pillars of business, and at the same time one of the largest domestic producers in the area.

When looking at the history of plants, it is often possible to go back to the beginning of the 20th century or the middle of the 19th century. However, the long history of individual companies does not mean that production capacities are in any way obsolete. The tradition of chemical production is almost holy for the AGROFERT Group, but in order to continue in the coming decades, chemical production must be competitive. Therefore, individual companies are constantly investing heavily in the technical or technological equipment of their plants as well as in modern innovations and the further development of employees' competencies.

The chemical industry absolutely cannot do without the high level of expertise of its workers. Chemical production is based more on long-term cycles, which means, among other things, a career perspective for employees with the possibility of gradually developing their own skills. Therefore, the AGROFERT Group's companies invest not only in training, but also in improving the working environment and creating the conditions for innovation in production. A business strategy based on continuous investment in production facilities, improvement of work processes and the development of colleagues working in the chemical industry is behind the success of the entire chemical production segment. This is evidenced by the fact that the companies of the AGROFERT Group in this sector are among the leaders of the industry in the Czech Republic.

**FAMI-QS**  
(feed safety system)  
PRECHEZA

**FSSC 22000**  
(food safety system)  
PRECHEZA

**GMP+ B1**  
(good manufacturing practice for feeds)  
Ethanol Energy, PREOL

**ISO 9001**  
(quality management)  
DEZA, Ethanol Energy, Fatra, Lovochemie, PRECHEZA, PREOL, Synthesia

**ISO 13485** (medical device quality management)  
Synthesia

**ISO 14001** (environmental management)  
DEZA, Fatra, Lovochemie, PRECHEZA, PREOL, Synthesia

**ISCC EU** (sustainability of biomass and bioliquids)  
Ethanol Energy, PREOL

**HALAL CERTIFICATION**  
PRECHEZA

**ITWL CERTIFICATION**  
(bio-component quality)  
Ethanol Energy

**KOSHER CERTIFICATION**  
PRECHEZA, PREOL

**OHSAS 18001** (management of occupational health and safety)  
PRECHEZA, Synthesia

**NON-GMO** (without genetic modification)  
Ethanol Energy, PREOL

**ETAD** (Ecological and Toxicological Association of Dyes and Organic Pigments Manufacturers)  
Synthesia

**SVG/GMP**  
(good manufacturing practice for medicinal substances)  
Synthesia



# Corporate fire-fighters help everyone

The AGROFERT Group chemical companies maintain their own fire brigades to ensure operational safety and the timely resolution of hazardous situations. Of course, fire-fighters primarily employed for the safety of the premises of chemical plants, do not only serve the needs of chemical plants, but also actively assist in interventions in the surrounding area, in dealing with traffic accidents or crisis situations caused by natural disasters. Every year they participate in dozens of events.

The fire brigades of the AGROFERT Group also participate in exercises of the integrated rescue system. It is always true that you can rely on the help of fire-fighters from the AGROFERT Group.

**160**

**Professional fire-fighters in the AGROFERT Group (2018)**

**24**

**Number of collective actions of the integrated rescue system (2018)**

# New-generation chemists

In recent years, vocational secondary schools and technical universities have been struggling with the declining numbers of applicants for education and a decrease in the number of graduates. This also has a negative impact on the labour market. Chemical production plants from the AGROFERT Group are naturally also affected by this situation. But they are approaching the problem actively and trying to solve it. Active cooperation directly with secondary schools and universities specialising in chemistry and technology is one step. Individual companies work with students during their visits and internships, but also participate in long-term cooperation in the form of supervising Bachelor's or Master's theses.

In addition, the chemical companies of the AGROFERT Group are actively involved in the implementation of a competition for talented pupils called "Looking for the Best Young Chemist of the Czech Republic". This competition has a long tradition. Thanks to it, a number of talents have been discovered, forming the future elite of domestic chemistry. Approximately 15,000 pupils from all over the Czech Republic take part in the competition every year.

**274**

**million Research & development expenses (CZK, 2018)**

**66**

**Visits (2018)**

**304**

**Trainees, interns and temporary workers (2018)**



# Ecology and support of local communities

Due to the nature of their production, it is clear that companies running in the field of chemistry significantly influence their surroundings. Therefore, each company's management strategy also includes a responsible approach to the environment and communities adjacent to each operation.

**25%**

**Operation recycling waste ratio**  
(2018)

**19.8%**

**Share of recycled materials in inputs in Fatra**  
(2018)

The strategic steps of responsible behaviour aim, in particular, at continually improving production processes, streamlining production processes, handling materials, finished products and packaging, as well as an effort to produce the lowest possible volume of waste, reusing it in the production process if technology and quality standards allow. Considerate approaches are also applied in the area of energy consumption and inputs which are used in the production process, but not always consumed. Such inputs include, for example, water. Water management was also one of the priority issues in 2018 due to the increasing impact of climate change on the Czech Republic. The pursuit of considerate behaviour by companies not only brings the necessity of a number of measures, but also brings possibilities of long-term financial savings. Therefore, chemical production plants perceive these activities as an opportunity for further development.

The production companies in the field of chemistry comply with the principles of environmental production management and with the requirements for meeting ISO standards and are subject to regular inspections by public administration institutions. The aim of these elements is to mitigate the impacts of the plants' activities on the environment, surrounding communities and employees using strategic and managed actions. The plants, among other things, aim to be good neighbours for citizens living around individual plants.

**427**

**million**  
**Invested in environmentally friendly technologies and improving the working environment of employees**  
(CZK, 2018)

**10**

**thousand**  
**Number of visitors to the AGROFERT Run running series**  
(2018)

**7.16**

**million**  
**Total amount of aid**  
(CZK, 2018)

**51%**

**Utilisation of own energy from operation production**  
(average, 2018)

Companies are also aware of their responsibility for the social status of the localities where they operate. Therefore, they purposefully support local associations, sports clubs, charity organisations and children's clubs and interest groups. The activities of these entities are beneficial for the full functioning of human settlements in the vicinity of the chemical plants. In addition to the above-mentioned activities, the chemical companies of the AGROFERT Group also support the volunteer activities of their employees, who, for example, help in hospices and senior homes. The interest of the companies in the active life of their own employees is not put to one side. In 2018, the AGROFERT Run series of running races, support for cycling sport and organisation of blood donation continued. Many of these and other activities were supported in the form of financial or material donations.



20

**Agriculture,  
Primary Production  
and Forestry**



18



# Agriculture, primary production and forestry in the AGROFERT Group

Landscape conservation, care for agricultural land, livestock and domestic forests, these are all AGROFERT's core activities. This is the business segment with the third largest share of the Group's total turnover. The activities in this area are strategically important due to synergies in relation to other business activities of AGROFERT Group's companies.

## Companies in the Report

**AFEED**  
**AgroZZN**  
**Cerea**  
**NAVOS**  
**OSEVA**  
**Primagra**  
**Uniles**  
**Wotan Forest**  
**ZZN Pelhřimov**  
**ZZN Polabí**

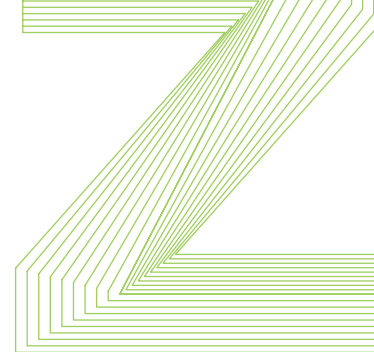
With respect to the demands of modern agriculture in the 21st century and taking into account the changing climate, all AGROFERT companies in this segment are bound by a strategy of maintaining appropriate crop rotation, economical management of soil, plants and animals and a step-by-step strategy to gradually reduce environmental impacts. Such activities include, for example, "smart" agriculture. This includes accurate fertiliser dosing using advanced information technology and GPS geolocation, making it possible to use both fertiliser and plant protection products economically and efficiently.

The companies of the AGROFERT Group apply similar considerate care in relation to farmed animals. Gradually, individual farming is being modernised and the welfare of farmed animals improved, in particular through investments in the reconstruction or building of new facilities for individual farming, or through the continuous improvement of management processes in farming livestock. The strategy of taking a careful approach to daily activities is also applied in forest management, despite the fact that in 2018 there was a bark beetle attack in the Czech Republic requiring rapid intervention. The AGROFERT Group companies operating in this area ensure that forest roads are maintained and logging is carried out with the help of modern technologies, so that the forest cover is restored with suitable and especially high-quality seedlings. Care is also taken to clean up areas after logging,

by bringing the sites into a condition that will allow the growth of new healthy forest. This approach is important in regard to the objective of retaining as much water as possible in the landscape.

Since the above-mentioned fields are also closely linked to people, their experience and specific sites, the companies of the AGROFERT Group strive to preserve these traditional industries. This makes it possible to interconnect the business activities of individual AGROFERT companies. For example, the crop rotation procedure of arable farming companies can be implemented precisely because the crop will find its customers in animal farming companies. Therefore, AGROFERT Group's farmers are not only dependent on the rotation of two profitable crops for which there is demand in the market, but they may farm like a generation of farmers in the past – according to good planting practice and with certainty of sales for their production.

Agriculture has been, is and must continue to be, perceived as a field firmly connected not only with agriculture produce and landscape maintenance but also with its protection. That is why we also support biodiversity elements in our sowing sequences within our farming. The ecological method of farming and establishing of bio-zones providing shelter for wild animals is thus another step towards the interconnection of agricultural produce and landscape protection.







203

Number of agricultural company operations in the Czech Republic\*

6

Number of companies for agricultural supply and purchase

37

Number of branches of forestry companies

- AgroZZN
- OSEVA
- ZZN Pelhřimov
- AFEEED
- Primagra
- ZZN Polabí
- Cerea
- Uniles
- NAVOS
- Wotan Forest

\* Number of centres of primary, pig, poultry and egg production companies of the AGROFERT Group in the Czech Republic.

# Modern approaches to agriculture and forestry

The entire agricultural, forestry and landscape management industry has undergone a rapid transformation in recent decades. The business structure has changed, the market has been gradually influenced by the Czech Republic's accession to the EU, and modern engineering and technologies have fundamentally transformed farmers' daily work in arable and animal farming as well as the work of foresters. In spite of this fact, these fields of activity cannot be detached from the regions and traditions with which they have been connected for generations.

AGROFERT Group's companies are aware of market and individual industry changes. That is why they invest every year in new engineering, modern technologies and improvements to management processes and further developing workers who are engaged in arable farming or forest management every day in their profession. The goal is to remain a leader in our field in the Czech Republic. Therefore, employees regularly attend professional training courses. Strong employee competencies maintained at the contemporary level enable the AGROFERT Group to act as a leader in the segment. This business strategy also has a number of side effects, including:

- economic benefits of individual companies, internal economy and the communities of the AGROFERT Group's business sites,
- modern, controlled forest cover management,
- modern working environment for employees,
- renewal of domestic landscape,
- business activity complying with legal regulations,
- friendly attitude to soil, plants and livestock.

**3,040**

**Number of employees (2018)**

**425**

**million Social and health insurance payments (CZK, 2018)**

**537**

**million Investments (CZK, 2018)**

**1.6**

**billion Staff costs (CZK, 2018)**

**195**

**million Taxes and charges (CZK, 2018)**

Modern agriculture, primary production and forestry are fields that are indispensable for the Czech Republic. That is why the AGROFERT Group approaches these activities in a sensitive way and with the utmost care, among other things, to enable the passing on to future generations of the tradition of arable and animal farming, as well as the tradition of caring for domestic forests.



- up to 1,000 ha**
- ☆ AGRO Mikulovice
  - ☆ Agrobech
  - ☆ AGRO Pichov
  - ★ AGRO Přešovice

- ★ ČESKÁ VEJCE FARMS
- ★ Doubravická
- ★ M + A + J
- ★ Nový Dvůr Kunovice

- ☆ RK Náklo
- ☆ SADY CZ
- ★ SCHROM FARMS
- ★ ZEAS Mančice

- ★ ZEOS Brniřov
- ☆ ZEMSPOL
- ★ ZS Třebívlice

- 1,000-2,000 ha**
- Agrobor
  - AGRO Rozsochy
  - AGRO Vnorovy
  - AGRO Jinín
  - MAVEX AGRO

- PODCHŘÍBÍ JEŽOV
- PRVNÍ ŽATECKÁ
- 1. Hradecká zemědělská
- SPV Pelhřimov
- STATEK BŘEŽANY

- Vličnovská zemědělská
- VSV
- ZERA
- ZEVA Chlístovice
- Zlatý klas

- over 2,000 ha**
- AGROCOM HRUŠOVANY
  - AGD Kačice
  - AGRO Jevišovice
  - AGROPARKL
  - AG AGROPRIM
  - AGS AGRO

- ALIMEX NEZVĚSTICE
- DZV NOVA
- Lužanská zemědělská
- KLADRUBSKÁ
- Oseva Agri Chrudim
- Poděbradská blata

- První zemědělská Záhornice
- RYNAGRO
- ZAS Podchotučí
- ZD Křechoř
- ZEAS Puclice
- ZEM

- ZEMOS
- ZOD Zálabí
- Zemědělská společnost Bělšany
- ZS Vilémov

**Specialised breeding**

**Pigs**

- ANIMO Žatec
- LIPRA PORK
- SPV Pelhřimov

**Eggs**

- AGROPODNIK Hodonín
- ČESKÁ VEJCE CZ
- ČESKÁ VEJCE FARMS
- SCHROM FARMS

**Chickens**

- Vodňanské kuře
- Výkrm Tagrea
- Výkrm Třebíč

\*The map displays AGROFERT Group's primary production companies in the Czech Republic.

# Responsible management throughout the Czech Republic

Activities in the area of agricultural produce, forest management and agricultural land are carried out in hundreds of operations of the AGROFERT Group's companies, which are located virtually throughout the Czech Republic.

In 2018, these entities and their employees took care of 435,000 pigs, nearly 30,000 cattle and nearly 35 million poultry, but also cared for nearly 115,000 hectares of agricultural land, most of which the companies leased or rented from private owners. All in all, this means one thing: a huge share of responsibility for animals, but also for specific sites and the life in them. In addition, agricultural produce, primary production and forestry companies bear a significant share of the responsibility towards their customers or, vice versa, suppliers.

In order to maintain the high quality of all activities in this segment, the legal requirements of the respective type of business as well as standards for partial procedures and whole processes are strictly observed. This makes AGROFERT Group's business more transparent and trustworthy for all stakeholders. In addition, the companies operating in agriculture, primary production and forestry are under constant inspection not only from the internal auditors of the AGROFERT group, but also the state administration and external audit companies.

**BEZ GMO** (without genetically modified ingredients)  
Cerea, Primagra, ZZN Pelhřimov

**GMP+ B1** (good manufacturing practice for feeds)  
AFEED, Cerea, Primagra, ZZN Pelhřimov

**GMP+B3** (good practice in trading, storage and own land transport of feed)  
AgroZZN, Primagra, ZZN Polabí

**PEFC** (forest certification system)  
UNILES, Wotan Forest

**OHSAS 18001** (management of the occupational health and safety system)  
UNILES, Wotan Forest, ZZN Pelhřimov

**ISO 9001** (quality management system)  
OSEVA, Primagra, UNILES, Wotan Forest, ZZN Polabí

**ISO 14001** (environmental management)  
UNILES, Wotan Forest, ZZN Pelhřimov

**ISO 22000** (Food Safety Management)  
AFEED, ZZN Pelhřimov

**ISCC EU** (sustainability of biomass and bioliquids)  
AgroZZN, Cerea, NAVOS, Primagra, ZZN Pelhřimov, ZZN Polabí

**ISO 50001** (Energy Management System)  
AgroZZN, NAVOS, Primagra, UNILES, Wotan Forest, ZZN Pelhřimov, ZZN Polabí

**SGAS** (system of quality and safety assessment of agrochemical distributors)  
ZZN Polabí

**GTP** (good trading practice)  
AgroZZN, Cerea, NAVOS, ZZN Pelhřimov, ZZN Polabí

**ISO/IEC 17025** (competence of testing and calibration laboratories)  
OSEVA



# Success based on knowledge and tradition

Agriculture, primary production and forestry are closely linked to the transfer of traditions from generation to generation, in particular, in the field of the transfer of professional skills and knowledge, which we owe to our ancestors. In addition, however, rapid technical and technological development is taking place.

This is why the AGROFERT Group companies invest in the knowledge of their employees. They may draw on the knowledge maintained in the industry for generations, but on the other hand they keep pace with current industry trends by attending lectures, seminars and training sessions. The AGROFERT Group also ensures that employees work with modern equipment, in a suitable working environment and according to modern procedures. This also leads to achieving better results. Of course, such a strategy entails the need to invest in companies' premises, their equipment and know-how, as well as in employee development.

In the segment of agricultural produce, primary production and forestry, the AGROFERT Group's companies are important regional employers as well as important business partners of the downstream industries. That means only one thing: greater responsibility. Therefore, the sub-companies establish long-term relationships with their employees and all third parties. Social, sporting, charitable and educational events are also supported at the sites where the individual companies of the AGROFERT Group operate.

**21.4**  
million  
Services and products  
purchased from protected  
workshops  
(CZK, 2018)

**5.1**  
million  
Expenditure on training  
(CZK, 2018)

**15.5**  
hours  
of Professional training  
(employee/year, 2018)

**61**  
Employees on maternity  
or parental leave  
(2018)

**110**  
Disabled employees  
(2018)

**1 661**  
Staff trained against  
corruption  
(2018)

**38**  
Visits  
(2018)

**331**  
Trainees, interns  
and temporary workers  
(2018)

**0.9**  
million  
Total amount of aid  
(CZK, 2018)



## Environmentally friendly attitude

Everyday activities in the fields of agricultural produce, primary production and forestry are directly linked to the management of agricultural land and the landscape as such, and the management of crops and animals, and last but not least, these activities largely affect the environment of the communities in the locations where the respective enterprises are active. All of this places demand on the AGROFERT Group's companies in the respective segment to adhere to an environmentally friendly strategy.

The effort of individual entities is to gradually continue in the greening of business and to improve their relationship with the surroundings. There are many ways to achieve this goal, from the more efficient use of resources, energy savings, through the improvement of farm animal housing, the use of modern technology to investment in innovation, waste management systems and water management. In addition, individual companies invest annually in their own employees, increasing their professional skills and deepening their know-how in their field of activity.

51%

**Share of waste handed over to recycling**  
(2018)

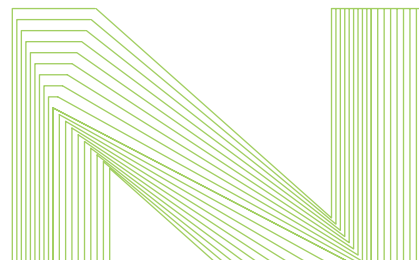
146

**million Investments in more eco-friendly technologies**  
(CZK, 2018)

## Pig Camp, the only course of its kind

The AGROFERT Group created a unique training course for future pig breeding managers. Over the course of 12 months, the participants practically prepare 10 reproductive pig breeding programmes directly for operations. Throughout the period, the trainees are provided with income, accommodation and travel expenses for work. Each participant is attended by experienced mentors who help them to master the whole process of acquiring skills.

Thanks to the fact that the whole programme is carried out in several breeding cycles, trainees gain a wide awareness of the pig-breeding industry and may subsequently transform their good practical experience into their own work in the future profession. Pig Camp is intended for anyone with a secondary school or university education in the agricultural sector. Participation in the programme may be started at any time – it runs continuously throughout the year.







20

# Food Industry

18

# Food industry in the AGROFERT Group

The AGROFERT Group's companies operating in the food industry are traditional and proven producers of food of domestic origin. They are not only important because of their market position, but also because of the long history of the many brands and traditions they bear.

## Companies in the Report

**Animalco**  
**KMOTR – Masna Kroměříž**  
**Kostelecké uzeniny**  
**Krahulík – MASOZÁVOD Krahulčí**  
**Mlékárna Hlinsko**  
**OLMA**  
**PAPEI**  
**PENAM**  
**Pekárna Zelená louka**  
**PMU**  
**PREOL FOOD**  
**PROFROST**  
**Vodňanská drůbež**

These companies are of similar importance for the AGROFERT Group – both in the “farm-to-fork” strategy, which combines synergistic links with agricultural produce, but the importance of this segment is also evident in its share of the entire Group's turnover. It is the importance and market success of the food companies that is one of the reasons why there is continuous innovation of production capacities, work processes and recipes, and plant equipment in this segment. The idea is production that meets current customer requirements and standards and a responsible business strategy. Due to this approach, the AGROFERT Group's food companies boast a broad portfolio of products that will satisfy customers across social and economic groups.

In 2018, AGROFERT's food production was also, by its very nature, under the strict and constant supervision of the inspecting authorities, customers, retail chains and media, but was also in the spotlight of the jury in a number of competitions. Businesses are well aware of this situation. Their production is therefore firmly connected with adherence to norms and standards, while working procedures are certified.

Although modern 21st century technology is widely used in food production, the production of quality food is still



based particularly on the skills of workers and traditions passed on from generation to generation. This applies to virtually all AGROFERT Group companies in this segment – from bread production through dairy products to meat production. Therefore, companies invest in developing the expertise of their employees and in the facilities of individual operations.



**7,807**

**Number  
of employees**  
(2018)

**3.4**

**billion  
Staff costs**  
(CZK, 2018)

**912**

**million  
Social and health insurance  
payments**  
(CZK, 2018)

**187.5**

**million  
Taxes and charges**  
(CZK, 2018)



1.5

billion  
Investments  
(CZK, 2018)

25.2

billion  
Turnover  
of food companies \*  
(CZK, 2018)

CZ15  
CZ333

Domestic pork and beef  
identification



- Animalco
- KMOTR – Masna Kroměříž
- Kostelecké uzeniny
- Krahulík – MASOZÁVOD Krahulčí
- Mlékárna Hlinsko
- Olma
- PENAM
- PMU CZ
- PREOL FOOD
- PAPEI
- PROFROST
- Vodňanská drůbež

- Meat processing plants
- Bakeries
- Mills
- Dairies
- Egg products
- Delicatessens
- Edible oils
- Shops

\* Only in the companies included in the Corporate Social Responsibility Report 2018.

# Quality and safe food produced in the Czech Republic

On a European scale, the Czech Republic is one of the countries where food production is most strictly supervised in relation to product quality and safety. This, of course, also applies to the AGROFERT Group companies, which are among the most important players in this market segment. The aim is to offer customers a wide range of high-quality and safe food.

Regardless of whether these are at a very affordable price or, vice versa, premium products, in all circumstances, food must comply with hygiene, guild and product standards. Moreover, this is also checked by the government administration bodies and independent laboratories. Each food company is therefore responsible for its own production.

As in other industries, food produce is constantly evolving and changes with changes in customer tastes. AGROFERT Group's businesses in the food industry focus mainly on large volumes of production with a significant share of mechanisation, which does not mean that individual companies are abandoning skills acquired for generations, handicrafts or perhaps the use of natural ingredients. On the contrary, the companies try to combine modern technology with the original recipes and skills of workers to create quality products that are available to a wider number of customers. For this purpose, funds are invested every year in plant equipment, recipe innovations, improvements in company management processes and production processes themselves. All these steps led in 2018 to further improvement of the quality and safety of the AGROFERT Group's food companies' products.

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**IFS FOOD** (food quality and safety)

All companies

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**BRC** (Food Safety and Sanitation Standards)

Kostecké uzeniny

---

**KOSHER**

Mlékárna Hlinsko, OLMA, PREOL FOOD

---

**HALAL**

Mlékárna Hlinsko, OLMA

---

**HACCP** (Hazard Analysis and Critical Control Points System)

Mlékárna Hlinsko, PENAM, PREOL FOOD

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**BIO FOOD**

OLMA

---

**ISO 9001** (Quality Management)

Kostecké uzeniny, PREOL FOOD

---

**ISO 22000** (Food Safety Management)

PAPEI

---

**ISO 14001** (Environmental Management)

OLMA

---



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**BEZ GMO** (without genetically modified components)

Mlékárna Hlinsko, OLMA, PREOL FOOD

---

**Rewards obtained in 2018**

**BREAD OF THE YEAR**

PENAM, Pekařna Zelená louka

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**DĚTSKÁ CHUŤOVKA CERTIFICATION 2018**

Mlékárna Hlinsko, PENAM, Vodňanská drůbež, OLMA

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**KLASA**

Kostecké uzeniny, PAPEI, Vodňanská drůbež

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**MOST TRUSTWORTHY BRAND** in the MEAT AND SMOKED MEAT category

Kostecké uzeniny

---

**ČESKÁ CHUŤOVKA CERTIFICATION 2018**

Mlékárna Hlinsko, Krahulík-MASOZÁVOD Krahulčí, Kostecké uzeniny, PENAM, Vodňanská drůbež

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**DLG** (Product Quality Evaluation - Lidl)

Krahulík-MASOZÁVOD Krahulčí

## There are specific people behind each product

Despite technical and technological advances, meaning many food production activities may be fully automated, food production still cannot be done without the involvement of employees and their expertise. People are the bearers of traditional practices and the relationship to craft production, which is also receiving attention in modern operations of the 21st century. For this reason, the employees are so important for AGROFERT Group's food companies.

**62**  
million  
Services and products  
purchased from protected  
workshops  
(CZK, 2018)

As the individual companies strove to further develop their skills, investments in training and courses continued in 2018 aimed at shifting the working skills of the participants involved, improving their relationship with the profession and keeping their skills to current standards.

Due to its specifics, the food segment is a relatively suitable environment for the socially responsible behaviour of the companies during their personnel work. Individual working procedures and their continuity also enable food companies of the AGROFERT Group to offer job opportunities to people with health or social disabilities. As a result, they often become invaluable helpers in the production of baked goods, dairy products and sausages. In these work activities, the talent of workers with different abilities, such as a sense of accuracy, is fully visible.

In addition, in 2018, a programme allowing job placements for persons in prison continued. Working in prison improves prisoners' psychological well-being, but also stabilises their financial situation, which in turn makes it easier for them to return to normal society after the completion of their sentence.

**6.8**

million  
Expenditure on training  
(CZK, 2018)

**5.4**

hours  
Expert training  
(employee/year, 2018)

**390**

Employees on maternity  
or parental leave  
(2018)

**188**

Disabled employees  
(2018)

**963**

Staff trained against  
corruption  
(2018)

**45**

million  
Research & development  
expenses  
(CZK, 2018)





# People and an environmentally friendly food industry

The AGROFERT Group's food processing companies are important regional business entities, especially because of their supplier-customer relations. However, their impact on regional employment and the state of the environment is equally important.

With respect to these past facts, the AGROFERT Group has adopted a strategy binding on food companies that requires them to actively implement measures that will lead to a permanent reduction of the environmental impact of their production and logistics. The strategy also focuses on protecting the lives of communities around individual operations, improving the management of input materials and, on the other hand, waste management, and permanent activities to improve working conditions for employees. As a result, AGROFERT Group's companies can be good neighbours. As such, the individual food producers of the AGROFERT Group take care of supporting local sporting, charitable and social activities, especially in the form of material support and financial donations.

As important food producers, the food companies of the AGROFERT Group also cooperated with a number of schools and specific pupils and students in 2018. Businesses are trying to bring food production nearer to the younger generation. It is a very diverse, responsible and promising area – especially with regard to the growing world population. Therefore, in 2018 individual companies arranged visits by pupils directly to production and internships of students, participated in their diploma theses and, in addition, gave them the possibility of their first job.



19

Visits  
(2018)

468

Trainees, interns  
and temporary workers  
(2018)

22%

Share of waste handed  
over to recycling  
(2018)

2.6

million  
Total amount of aid  
(CZK, 2018)

50

million  
Investments in more  
eco-friendly technologies  
(CZK, 2018)

441

Number of plant  
inspections by government  
administration  
(2018)

57

million  
Charges for packaging  
recycling companies  
(CZK, 2018)



20

**Land Transport,**

**Engineering and**

**Agricultural Technology**



18

# Land transport, engineering and agricultural technology

The companies of the AGROFERT Group which operate in the fields of land transport, technology and agricultural technology are essential for the Group's entire business, not just in terms of their economic significance, but mainly because of the link to the business of agricultural companies, primary production companies, forestry companies and food producers.

## Companies in the Report

- AGF Food Logistics**
- AGF Logistics**
- AGROTEC**
- AGRI CS**
- FARMTEC**
- Logistics Solution**
- CENTROPROJEKT GROUP**

In all these fields, agricultural technology, logistics services and modern engineering are needed for the daily operation of businesses. This is why the land transport, engineering and agricultural technology segment is an important link for synergy relations in the AGROFERT Group.

In the area of corporate social responsibility, the companies operating in these fields focus primarily on increasing the effectiveness of their own activities. The aim of these steps is to reduce the environmental impact of individual activities, to better manage resources, reduce fuel consumption and improve considerate packaging management and recycling. The focus is also on the management systems of all companies in order to achieve economic savings and improve the working environment of employees. Each of the companies approaches this issue using different strategies, mainly due to the differences between specific business activities. Specifically, it covers a wide range of activities from transporting food in fresh and ultra-fresh mode, through transport of wood, trading in modern agricultural and fire-fighting equipment, to technology for stable equipment for livestock.

**1,452**

**Number of employees**  
(2018)

**888.7**

**million Staff costs**  
(CZK, 2018)

**231.2**

**million Social and health insurance payments**  
(CZK, 2018)

**85.4**

**million Taxes and charges**  
(CZK, 2018)

**250.5**

**million Investments**  
(CZK, 2018)

The companies in this segment are specific, but at the same time very progressive, which ranks them as the market leaders. This is attractive for collaborating with external partners, including secondary schools and universities.





- |  |   |  |
|--|---|--|
| <span style="color: blue;">●</span> AGF Food Logistics | <span style="color: green;">●</span> AGROTECHNIC MORAVIA    | <span style="color: brown;">●</span> FARMTEC                 |
| <span style="color: orange;">●</span> AGF Logistics    | <span style="color: grey;">●</span> AgroZES                 | <span style="color: lightgreen;">●</span> Logistics Solution |
| <span style="color: yellow;">●</span> AGRI SYSTEM      | <span style="color: cyan;">●</span> ARBO                    | <span style="color: pink;">●</span> KVARTO                   |
| <span style="color: purple;">●</span> AGROTEC          | <span style="color: darkblue;">●</span> CENTROPROJEKT GROUP | <span style="color: teal;">●</span> NAVOS FARM TECHNIC       |

*\* The map displays AGROFERT Group's land transport, engineering and agricultural technology companies in the Czech Republic.*

# A responsible business based on standards and certificates

The nature of the activities of the AGROFERT Group's companies operating in the fields of transport, engineering and agricultural technology requires strict adherence to standards and certification of those activities where it is essential. There are many reasons. The message to customers that the services of each company are good and safe is the most important.

This is true whether it is the transport of food sensitive to maintaining a temperature regime that must not be violated throughout the product management chain, or the technologies and equipment for stables, which in turn must comply with modern breeding requirements, veterinary standards and a welfare improvement strategy for livestock. The certification of working procedures and offered goods and services is the first advert of the company to their business partners, inspection authorities, public, but also their own employees. This is a clear declaration of responsible business.

This approach is one of the cornerstones of the strategy to be trusted partners for other businesses. In addition, these activities positively influence the management of individual companies and all their internal processes, which are subordinate to achieving and maintaining quality and other standards. From the point of view of the economy of companies in this segment, an active approach to compliance with standards and certification of activities and goods is also positively reflected in the economic results. This is due to increased business efficiency and reduced resource consumption, and on the other hand, through the greening of workflows.

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**IFS LOGISTICS**  
(Refrigerated Food Handling)  
AGF Food Logistics

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**GMP+B4** (Road Transport of Feed)  
AGF Logistics, Logistics Solution

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**ISO 9001** (Quality Management)  
AGF Logistics, Logistics Solution, FARMTEC, CENTROPROJEKT GROUP

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**ISO 14001** (Environmental Management)  
AGROTEC, AGRI CS, CENTROPROJEKT GROUP

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**ISO 50001** (Energy Management System)  
AGF Logistics, AGF Food Logistics, Logistics Solution

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**ISO 3834-2** (Production of Metal Structures for Animal Farming)  
FARMTEC

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**ISO 18001** (Occupational Health and Safety Management System)  
CENTROPROJEKT GROUP

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**CONSTRUCTION OF THE YEAR 2018 IN THE ZLÍN REGION**  
CENTROPROJEKT GROUP

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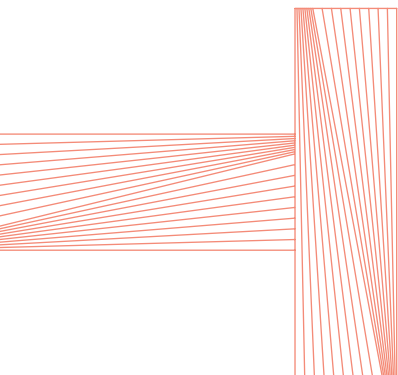
**CONSTRUCTION OF THE YEAR 2018 (finalist)**  
CENTROPROJEKT GROUP

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**GMP+B4** (Rail Transport of Feed)  
AGF Logistics, Logistics Solution

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**GMO FREE**  
AGF Logistics





# Good relationships with employees and business partners

The very good performance of the domestic economy in 2018 was strongly reflected in human resources work in virtually all segments of the AGROFERT Group, including the fields of transport, engineering and agricultural technology.

While the low level of unemployment has made it difficult to fill staffing capacity at times, on the other hand, the AGROFERT Group companies from the above segment have further strengthened their relationships with their employees, for example, by further developing their professional skills, through incentive programmes, and by improving the background of the individual companies.

In 2018, employees could also make use of a rich system of benefits. They included:

- company catering, contribution to meal vouchers, pension and life insurance,
- refreshments at the workplace,
- contributions at retirement,
- employee loans,
- cafeteria system,
- assistance in difficult life situations



Transport, engineering and agricultural technology companies are also well aware of their share of responsibility for the state of the environment and communities in their area of operation. Therefore, every year they support a number of cultural, sporting and charitable events. In 2018, this support was implemented mainly in the form of financial and material donations.

## Transport and engineering attract the incoming generation

At present, the fields of transport, engineering and agricultural technology are becoming increasingly important, especially due to customer demands, the need to respond quickly to changing market conditions and climate change, all in a situation of very rapid technology development.

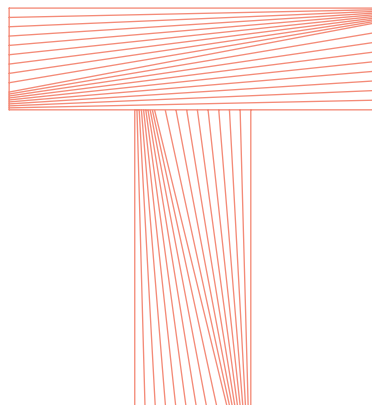
Rapid changes and the influences of modern technology are perfect prerequisites for the application of the young, incoming generation. Cooperation directly with pupils, students and graduates, and cooperation directly with educational institutions then gives the AGROFERT Group's companies the opportunity to combine modern, up-to-date approaches in the respective area of individual fields with their own experience and know-how, thanks to which they are successful in the market. It is therefore no exception that the cooperation initiated at the time of studies will gradually change into a permanent working relationship.

15

Visits  
(2018)

72

Trainees, interns  
and temporary workers  
(2018)



## Tech Camp provides experience with engineering

Tech Camp is the second absolutely unique training programme of the AGROFERT Group. Unlike Pig Camp, it focuses on engineering and technology in livestock breeding. The whole programme is managed by FARMTEC. It uses it to train and prepare for future employment with traders, product specialists and technologists. The programme focuses on investment in livestock production or renewable energy sources.

The participants are involved in the professional programme for a period of 6 to 12 months based on their previous experience in the field. The schedule of the training is designed so that each participant gains experience in selected cattle or pig farming. Of course, there is also a theoretical component. Accommodation is provided near individual farms for the duration of the Tech Camp course as a benefit for the participants. There is no worry about commuting. Interested persons may join Tech Camp at any time: applications are accepted year-round.

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**COURSE LASTING FROM 6 TO 12 MONTHS**

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**PRACTICE AT 4 TO 8 FARMS**

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**PROSPECTS OF STABLE EMPLOYMENT**



20



# Media

18

# Media in the AGROFERT Group

The media, online communications and mobile operator services segments forms the last part of the AGROFERT Group's business activities in this Corporate Social Responsibility Report. The share of this business segment in AGROFERT Group's total turnover was rather symbolic in 2018, but the media is important as a complement to the entire chain of activities of the individual companies, as it directly addresses the general public.

## Companies in the Report

**ACOMWARE**  
**MAFRA**  
**LONDA**  
**LIN**  
**Stanice O**  
**Skupina TICKETPORTAL**

In particular, this concerns the MAFRA Media House and LIN and LONDA. In 2018, the media division was strengthened by acquiring leisure-time titles from Bauer Media in the Czech and Slovak Republics. This appropriately supplemented the portfolio of products already put out by MAFRA.

AGROFERT Group's media division also includes a number of other business activities – from radio and television channels, through printers and advertising services to e-commerce, mobile operator services and ticketing services.

In terms of success, the AGROFERT Group's media was one of the most successful in the market in 2018. The MAFRA media group was number one of the printing market in the Czech Republic.\* In 2018, Radio Impuls remained the most listened to radio station nationwide. The music channel Óčko was similarly successful, even reaching a record audience of more than 1 million viewers in 2018.\*\* In the long term, it is even the fourth most watched television channel – just after the national ones.

All these facts are binding on AGROFERT Group's media companies in relation to the activities of socially responsible behaviour and cooperation with business partners

**1,182**

**Number  
of employees  
(2018)**

**938.7**

**million  
Staff costs  
(CZK, 2018)**

**223.3**

**million  
Social and health insurance  
payments  
(CZK, 2018)**

**2.3**

**million  
Taxes and charges  
(CZK, 2018)**

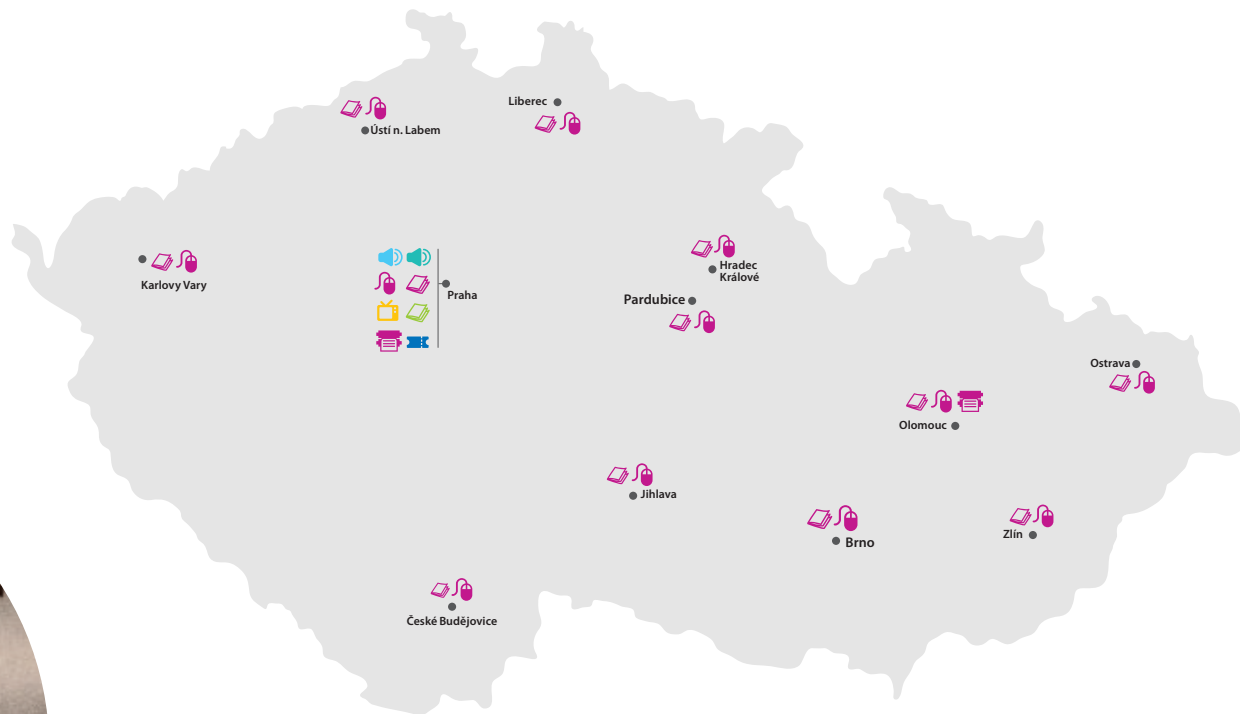
**163.8**

**million  
Investments  
(CZK, 2018)**

and schools, in relation to the support of the non-profit sector and ethical handling of information. Responsibility in relation to readers, listeners and viewers is the most important.

\* Media Project, Union of Publishers, ASMEA, Median, STEM/MARK, Q4 2018 and Q1 2019

\*\* November 2018, Mediaresearch Survey for the Association of Television Organisations



- LIN
- LONDA
- MAFRA
- MAFRAPRINT
- Stanice O
- TICKETPORTAL Group

- |  |                |  |                |
|--|----------------|--|----------------|
|  | Periodicals    |  | Rádio          |
|  | Web/Multimedia |  | Printing house |
|  | TV             |  | Tickets        |



## Recognised media work

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The media market has recently undergone very rapid development and is strongly influenced by the advent of modern technology. The traditional format of media outputs is fundamentally changing, consumer habits are evolving, the impact of online media and the use of mobile applications are rising, the impact of social networks is interfering with the markets and the volume of shared information is increasing. These phenomena manifested themselves in 2018 across the whole media market not only in the Czech Republic.

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Of course, this situation is also reflected in the environment of AGROFERT Group's companies from the media segment. Media workers are subject to higher demands, in particular with regard to the ethical compliance, speed, accuracy and credibility of provided information, reliable resource management and the ability to engage target groups in an environment with hundreds of competing entities.

It is all the more pleasing that the media companies of the AGROFERT Group are keeping their leadership in their field, and won various awards in 2018. The victory of the Lidové noviny ESPRIT supplement in the Magazine of 2018 category in the European Newspaper Awards may be an example. In 2018, 182 titles from 25 countries joined the all-European competition, and the stylish ESPRIT magazine won this award for the fifth time.

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### KŘIŠŤÁLOVÁ LUPA (2018)

Third place in News and Current affairs category (iDNES.cz)  
Fourth place in the Interest Sites category (Technet.cz)

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### EUROPEAN NEWSPAPER AWARD (2018)

The monthly magazine ESPRIT of the Lidové noviny won in the category of Magazine of the Year

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### CZECH PRESS PHOTO (2018)

The award for MAFRA photographers in the category of Photo of the Month

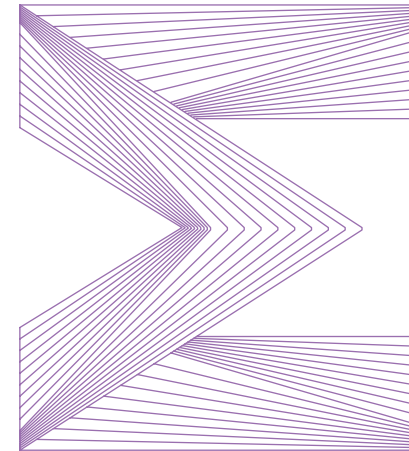


# The success of the media is based on ethics and experience

In the ever-accelerating environment of the media world, the professionalism of the individuals dealing with media content creation, processing, and distribution channels plays an ever-increasing role.

These are indispensable professions that remain hidden to the general public, but without which the world of media and e-commerce could not exist at all. In addition to journalists, editors and photographers themselves, these are for example the printer masters, web developers, graphics and proof-readers.

In recent years, the importance of adhering to ethical principles and valid legislation and the ability to quickly transmit credible information to viewers, listeners and readers has been growing in particular. To keep pace with the times, the AGROFERT Group's media segment invests annually in training employees and improving their professional skills. In selected professions, space is also devoted to a responsible approach to employing fellow citizens with disabilities, who have the opportunity to develop their talents at work.



**2,8**  
million  
Expenditure on training  
(CZK, 2018)

**106**  
Employees on maternity  
or parental leave  
(2018)

**6**  
Disabled employees  
(2018)

**9,5**  
million  
Services and products  
purchased from protected  
workshops  
(CZK, 2018)

**7**  
Visits  
(2018)

**14**  
Trainees, interns  
and temporary workers  
(2018)



# A considerate approach in the media environment

At present, the electronic communication tools are calling the tune in the media segment of the AGROFERT Group. They use electricity as their main input source. Of course, paper is another important output, especially for print media.

These two areas are therefore the focus of individual companies' efforts to reduce their consumption. This is also related to the re-use of recyclable materials.

MAFRA has also been involved in a number of charitable activities. Their purpose was to help people in difficult life situations, to improve the lives of people with disabilities and to support special projects. The traditional auction of the legendary Pirelli calendar on iDNES.cz in cooperation with the AGROFERT Foundation is one example, which in 2018 raised CZK 111,111 for the Masaryk Memorial Cancer Institute in Brno.

Other companies, for example, focus on supporting social events that are close to the media world. Radio Impuls may serve as an example, which was a partner of the traditional Benátská Festival with Impulse 2018. This festival was attended by more than 40,000 people in 2018.



98%

Share of waste handed over to recycling (2018)\*

97,8%

Recycled materials share in manufacturing procedures (2018)

6,9

million Proceeds from cooperation with third parties for charitable purposes (CZK, 2018)\*\*

1,8

million Total value of charity advertising in price lists (CZK, 2018)

\* Only MAFRA media group included, the rest not included due to insignificance.

\*\* Only MAFRA Media Group

# Thanks



Dear readers,

Finally, I would like to thank you at least in this way for the time you have found to study the Report on the Corporate Responsibility of the AGROFERT Group for 2018. The business of all of the more than 200 companies that make up the AGROFERT Group is fairly varied. You will meet our employees virtually in all areas of business throughout the Czech Republic. Therefore, I hope that in the Report you are reading right now, we have given you some insight into the activities that our individual companies in these business segments perform in the field of corporate social responsibility.

In the AGROFERT Group, we understand social responsibility as an integral part of the business strategy and above all as one of the ways to long-term success. We are fully aware that our activities influence the environment in which we all live together, and that we thus bear a share of responsibility for the state of the environment, the environment of our individual companies, and for living in the communities to which our businesses are immediately adjacent. Therefore, I would like to assure you that we will continue to actively take steps to ensure that the AGROFERT Group is also considered a good neighbour in the future.

If you would like to send us a proposal to improve the CSR activities of the AGROFERT Group or one of its companies, or if you have any other suggestion regarding the issue of social responsibility, please address an email to [csr@agrofert.cz](mailto:csr@agrofert.cz). Thank you.

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'Josef Mráz', written in a cursive style.

**JOSEF MRÁZ**

Executive Director and Deputy Chair of the Board of Directors of AGROFERT, a.s.



**AGROFERT**



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