

**CORPORATE
SOCIAL RESPONSIBILITY
REPORT**

WORLDWIDE

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Introduction

Dear readers,

you have received the fourth AGROFERT corporate social responsibility report, this time with the summary data for the year 2017. Nearly half of the century's period of the AGROFERT group business brought a range of interesting news across all the fields that the group and its companies engage in. The AGROFERT group companies did not forget the activities of social responsibility either. These activities of the 44 selected most important companies are summarised by the report that you are reading right now.

In 2017, the AGROFERT group expanded with several companies, and I am sincerely glad that I can be a part of the team of tens of thousands of employees representing the AGROFERT group. It is an incredible agglomeration of knowledge and skills into one whole. From farmers through technical experts in chemical plants, logistics and salespersons of agricultural machinery, bakers, butchers to e-commerce experts and radio presenters. Such a wide range of professions and knowledge under one roof can be hardly found anywhere in the Czech Republic but in the AGROFERT group. Therefore, I would like to thank to all of my colleagues who contributed to be a successful business entity in 2017.

The main interest of all AGROFERT group companies is of course the execution of their business activities. However, they are increasingly trying to be beneficial to their surroundings, communities and the environment in which they operate. The year 2017 also became an important milestone for some AGROFERT group companies in terms of history. For instance, the Kostelecké uzeniny company celebrated its 100th anniversary of founding, the OLMMA company celebrated 50 years on the market. You will read all about these events on the following pages.

Thank you for the time that you dedicate to this AGROFERT Corporate Social Responsibility Report 2017. I believe that it will present you more information about our business.

Yours faithfully,



ZBYNĚK PRŮŠA

Chairman of the Board of Directors of AGROFERT, a.s.







AGROFERT Group

AGROFERT group

The beginnings of nearly a quarter of a century long successful business journey are related to AGROFERT, spol. s r. o., which was established in January 1993. It specialised on the fertilizer trade and at the time of its establishment it had only 4 employees.

Thanks to its unique business strategy, AGROFERT group has been transformed into a “family” of 234 entities from the fields of chemistry, agriculture and forestry, food industry, land engineering and technology or media, with its own capital exceeding CZK 70 billion. The AGROFERT group itself was also one of the largest private employers of the Czech Republic in 2017 thanks to its 32,770 employees. The strengths of the group include a broad offer of opportunities to find employment in a wide range of professions, both for graduates and experienced workers. The position of AGROFERT is also supported by the position in the CZECH TOP 100 2017 ranking, namely the third place in the category of the most significant and the second place in the category of the most admired company in the Czech Republic.

The entire AGROFERT concern also benefited from its business strategy of using the natural verticals of its activity in 2017. The “Fork-to-Field” attitude connects the AGROFERT group's individual areas of activity and it is

a key element of success. Thanks to this business approach, AGROFERT remains in the role of the largest group of Czech and Slovak agriculture and food industry, it is one of the leading domestic companies in terms of sales, the third largest exporter and the second largest chemical concern in the Czech Republic, and also the second largest producer of nitrogen fertilizers in Europe.

The integral part of the AGROFERT group's business is a considerate management of the surroundings, environment, animals and people. We do not renounce the responsibility for the impact of the production across segments on our surroundings, but we face this issue. We endeavour to continually improve our production and distribution processes so that all our stakeholders, communities and landscapes in the areas of our business benefit from the work of our employees. Therefore, the annual investments in greening projects take place in all fields of business of AGROFERT. The compliance with and the observance of quality of management standards, environmental management systems or a sophisticated personnel policy management system contributes to achieve this goal. We have also a good habit of helping our surroundings in AGROFERT group – whether through the AGROFERT Foundation or volunteering of individuals.

32,770 Employees

17 Countries (scope)

234 Entities

Global entrepreneurship with roots in the Czech Republic

The AGROFERT group companies perform their business activities in 17 states on 4 continents. Despite its global sphere of activity, AGROFERT remains a Czech company. The main markets are still the Czech Republic, Slovakia, Germany and Hungary. AGROFERT massively invests and employs around 2 thirds of all workers in the Czech Republic. Thanks to its broad portfolio, AGROFERT also provides jobs for thousands of employees in related industries. That's why AGROFERT group can take pride in positive influence on the Czech economy. It pays taxes to the state budget, helps to develop a lot of segments of the Czech economy, a whole range of other enterprises and sole traders across almost all fields is tied to it, AGROFERT contributes to a positive balance of the Czech export, provides employment and reinvests its profits. Its refunding to the Czech Republic is the key constituent of its business strategy. Thus, ecology projects can be realised, welfare of the bred farm animals can be improved, working environment of the employees can be improved and the projects supporting surroundings of a particular enterprise and local communities can be financed. One

of the main aims of the AGROFERT group is to improve the environment of the production and manufacturing industry in the Czech Republic through reinvestment of its profits.

An important part of the AGROFERT group business is agricultural production and related land and soil care. We are very mindful of respecting the sowing procedures and crop rotation in case of arable farming, animal welfare in case of livestock farming. Due to combining both types of production, the AGROFERT group participates in preserving the traditions of Czech agriculture.

All AGROFERT group's companies follow a unified strategy of consideration for their surroundings. This is reflected in the effort to contribute to the development of regions, cultural life of individual localities, support of local associations and sporting events. Cooperation with a local administration and the education system is a matter of course.

15.8 billion Replacement & development investments (CZK, 2017)

155.1 billion AGROFERT group's turnover (CZK, 2017)

Entrepreneurship across segments offers a wide range of employment

The year 2017 brought other challenges in the field of personnel policy along with the economic development. Just as other entities of the production and manufacturing industry, the AGROFERT group also faced a number of issues related particularly to ensuring a sufficient number of employees. The long-term decline in the number of graduates in technical fields and fields of secondary education seems problematic. This is reflected retroactively in the lack of new employees in agriculture, chemical industry, transport, technological fields and also in the food industry. Therefore, the AGROFERT group consistently follows the strategy of a long-term cooperation with schools. Agricultural and chemical secondary schools, as well as the individual fields – such as a dairyman or a butcher, are supported. The aim of these activities is, among other things, to avoid the disappearance of traditional fields that cannot be replaced in any way.

Thanks to the business of the AGROFERT group's companies in many areas, the employees have the opportunity to take a full advantage of their experience and skills. In the Czech Republic, it is hard to find a company that offers as a wide and varied range of job opportunities as it is in the case of the AGROFERT group. That is the reason of

often cases that whole families work in particular companies, even for more generations. Nevertheless, the rule of equal opportunities applies to all employees. Discrimination is absolutely inadmissible anywhere in the AGROFERT group. The employees have the same rights and responsibilities regardless of their age, colour, religion, economic status, or sexual orientation.

Compliance with the Code of Ethics is also essential for operation of the AGROFERT group as a whole. It is part of a comprehensive strategy, which includes the Code of Ethics, so called "Compliance", regular anti-corruption training of employees at all levels and our own Tell Us ethical line, which serves to anonymous acceptance of complaints of suspected breach of the Code of Ethics.



AGROFERT, primarily about people

Without employees' everyday work, the AGROFERT group could not successfully fulfil its business goals. The cornerstone of the work is the experience and skills of workers that are transferred from generation to generation. Thanks to a broad portfolio of activities, the AGROFERT group also offers employment opportunities for employees with various forms of disability. The companies that cannot employ disabled people due to its specialisation, at least use so-called "substitute performance" for example in the form of the purchase of products or services from sheltered workshops.

But that is not the end! Across the entire group, there are supported charity and volunteer events of employees who try to better the surroundings in the area where they work by their activity. Individual companies support them either by allowing them to do a volunteer work during working hours or in the form of material or financial aid. Thanks to this, the AGROFERT group's employees can help in senior homes or with cleaning of garbage left in the nature.

Volunteer and outside-employment charitable activities of employees are also annually evaluated by the AGROFERT Foundation. At the same time, it also organises regular Christmas present collections among AGROFERT group's employees. These presents are intended for children of

single-parents who cannot afford to fulfil their children's wishes due to their economic situation. In 2017, the AGROFERT group's employees met the wishes of 167 children via more than 500 Christmas presents.

In the AGROFERT group companies, there is also a rule of equal attitude to women and men. Despite the effort to achieve a balanced number of representatives of both sexes amongst employees, it is not possible in most cases with regard to a character of a performed work. In particular, it is chemical industry, agriculture or engineering and technology that is often a very physically demanding job more suitable for men. On the other hand, there is a higher representation of women in the areas of technical-economic governance, in bakeries and food production in general, farm animal care or in laboratories. Moreover, this division is a reflection of the free choice of study and the future profession among the incoming generation of employees.

377

Disabled employees
(2017)*

* only in the companies included in the Corporate Social Responsibility Report 2017

Transparent business under scrutiny

For the business of the AGROFERT group companies, there exists a basic strategy to always comply with the applicable legislation and legal regulations. This is a basic premise for performing the activity in the group uniting more than 230 entities. Without such a strategy, the management of individual segments of business would not be possible. AGROFERT is also aware of its responsibility for the condition of the market environment in the Czech Republic. While many competitors or media often try to create the opposite impression, it is always true that all employees and AGROFERT group companies must observe the Code of Ethics and, in particular, comply with applicable laws. It can happen that an individual or individual companies are mistaken, which can never be excluded for 100% due to the extent of the AGROFERT group. In these cases, there is a unified method of their solution and the adoption of such measures that prevent a recurrence of the situation in the future. The AGROFERT group tries to face potential problems, to learn the lesson from them and to continue to prevent them.

This strategy is also necessary because of the transparent behaviour towards business partners. They expect fair dealing and an equal attitude. The AGROFERT group has also similar expectations from them. Last but not least, the transparent business within the AGROFERT group is a matter of course, since the individual companies are under a constant scrutiny of the central purchasing system, auditors, the veterinary administration and other bodies that inspect management systems, financial transactions, tax compliance, occupational safety observance or control of production quality and its impact on the environment. In order to prevent potential risks arising from their activities, companies use the risk and quality management systems, the internal audit services and regular controlling of their business. An essential part of this approach is also the use of the central purchasing system which, among other things, ensures equal conditions for vendors in all tenders, and on the other hand reducing the costs of purchasing materials, goods or particular services for the AGROFERT group's companies.

* only in the companies included in the Corporate Social Responsibility Report 2017

500

Number of state administration inspections*



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 company in the Czech Republic. For instance, the Norwegian state 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.

Grants in the AGROFERT group

The media regularly inform the public that the AGROFERT group is drawing grants, gaining investment incentives or tax abatements. However, the whole reality is presented rarely.

The AGROFERT group in the Czech Republic reinvests the profits of its companies. These are investments into plant premises, research and development, but also into the reduction of the impact of company business on the environment. Some companies must still take care of the elimination of environmental burdens incurred long before joining the AGROFERT group. But in fact, grants and investment incentives are not profits. They form part of the cost reimbursement. In the case of an investment incentive, it is a tax abatement where this "incentive" requires that the companies reach a certain amount of profit first in order to benefit from the tax abatement in general. The grants in agriculture are then claimed when the AGROFERT group receives the same aid as other domestic farmers – whether per hectare or for farm animals.

But in both cases the AGROFERT group's companies themselves must perform a certain activity and achieve

economic results first in order to draw any grants or incentives in general. This includes the business risk, as no one knows in advance how the market situation will evolve. In addition, all public incentives have clear rules that must be met. This applies to all entities engaging in the business in the Czech Republic as well as to the AGROFERT group.

In the case of companies belonging to the AGROFERT group, the numbers are enormous in summary. But it is due to the fact that there are more than 70 agricultural companies in the AGROFERT group in the Czech Republic. In 2017, these entities farmed at 120,000 hectares of farmland in the Czech Republic. It is similar for other segments. Therefore, it is always necessary to take into account that the AGROFERT group covers 234 companies. Only this number can be measured against the amount of the public aid. The AGROFERT group is a successful business entity, it performs its work excellently and with due professional care. There is no reason to behave differently than competitors on the market.

1.6 billion Grants for the AGROFERT group's companies based in the Czech Republic (CZK, 2017)

3.7 billion Contributions of the Czech AGROFERT group's companies to the state budget of the Czech Republic (CZK, 2017)



**The AGROFERT
Foundation**

2017

Helping heartily where it is most needed

The AGROFERT group is one of the largest Czech entities of its kind. All companies in the group are aware of their role in domestic and foreign economies, but they also remember the relationship to their surroundings and that their role of a leader also obliges them to give a helping hand to those who need support.

Therefore, in 2011, the AGROFERT Foundation was established, which unified a partial charity or community activities of the companies, took patronage over them and defined the main areas of activities targeted by the aid. Individual companies have invested hundreds of millions crowns in the AGROFERT Foundation since its formation, which are further used as a source of funds to help disabled people, seniors, single parents, or voluntary and professional fire brigades. The AGROFERT Foundation thus distributes aids to individuals as well as organizations. Funds for equipment, educational or medical aids, but also the financial resources for covering the costs associated with the operation of these entities, such as the payment of wage costs, rent payments or energy payments are directed to them. This form of help is rather unusual in domestic conditions because it is difficult to present it and it cannot be caught in photographs for example. However, for organizations that help

to improve the lives of many of their clients, it is an absolutely crucial aid without which they could not exist.

The individual grants proceedings of the AGROFERT Foundation are announced to help people of various age. From the youngest to seniors, including the palliative care. Particularly the help to dying persons or more precisely grant proceedings for the organisations performing hospice care is one of the major projects of the AGROFERT Foundation. In domestic conditions, this is a neglected area but it will touch each of us at the certain stage of life. And these are the areas that are not often in the search of other foundations and charities and that the AGROFERT Foundation search for and try to help in them.

124.9 million Total amount of aid of the AGROFERT Foundation (CZK, 2017)

3,000 Number of children in the AGROFERT Foundation Sport Centres (2017)



The main areas of aid of the AGROFERT Foundation



Health and health care



Intergenerational projects



Active life of disadvantaged and handicapped fellow citizens



Senior care



Aid for single parents



Voluntary and professional fire brigades



Palliative care of children, adults and seniors

666

Number of Single Parent in Need Fund applications (2017)

15 million

Amount of aid in the Single Parent in Need Fund (CZK, 2017)

While the AGROFERT Foundation focuses on more areas, only some of them are the most important and the most used by applicants.

Firstly, it is the Single Parent in Need Fund that helps to solve a difficult financial and social situation of single parents. The AGROFERT Foundation helps these people to solve for example housing, reimbursement of costs for the necessary equipment of the flat or the payment of children's hobbies for which there are no finances in the family budget.

Another important fund is General Individual Applications. The vast majority of individuals who use this fund need aid because of their health or disability. Often, these are aids for wheelchairs, disease treatment or special therapy for people with brain and spinal cord injuries. This fund is linked to the next chapter of aid called Car for the Disabled. With this program, the AGROFERT Foundation wants to allow a greater mobility of people with physical and mental disabilities and allow them mobility in order to reach education or work.

The AGROFERT Foundation also helps organisations

The AGROFERT Foundation is also interested in organizations that are continuously trying to help their target groups. Therefore, the grant procedures enable the aid of domestic mobile hospice services for children and adults, organizations helping to care for disabled family members, organizations focused on helping adults with brain disabilities, care centres and many others.

However, the AGROFERT Foundation also focuses on helping directly to smaller communities. It is the Fire Fund, which serves to support voluntary and professional fire brigades. The funds are used to purchase the necessary equipment for which the brigades in smaller settlements often do not have enough money, as well as to support fire fighting sport and preserving of fire-fighting

traditions. Because the AGROFERT Foundation is aware of the fact that fire fighters are often – especially in smaller municipalities – the last bearers of club cultural and sport life in the locality. The second project focused directly on individual locations are the AGROFERT Foundation Sports Centres. They allow active spending of leisure time for children of the parents who cannot afford to pay expensive sports clubs. For a minimum fee, children do sport at their primary schools after classes. Consequently, the costs connected with commuting are neglected. The equipment and coaches are paid by the AGROFERT Foundation. In 2017, there were 128 sports centres in operation all over the Czech Republic. Over 3,000 children spent leisure time there.

185 Number of supported voluntary fire brigades (2017)

9.6 million Amount of aid granted from the Fire Fund (CZK, 2017)



Chemical Industry



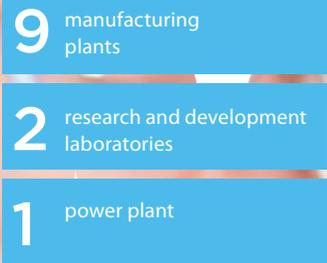
Chemical industry in the AGROFERT group

The chemical industry is one of the pillars of the AGROFERT group business. Chemical manufacturing companies are important entities and employers across regions. Of course, this also leads to social responsibility. The activities performed by chemical manufacturing companies in this field are focused particularly on reducing the impact of the production on the surrounding environment, on greening operations, improving working conditions for employees and on saving energy sources and inputs used in production. Recycling is also getting to the forefront. Chemical companies also focus on savings in water management due to the changing climate.

Because of the situation on the Czech labour market, chemical companies also faced new challenges in the area of personnel work. The market is struggling with a low number of job applicants, as well as with declining numbers of chemistry graduates. As a result, the AGROFERT group's companies did not remain idle in 2017 and they were developing a cooperation with schools. Thanks to this, pupils could really get to know chemistry in the form of a practice, internships or cooperation on diploma theses. Chemical production companies have also actively participated in the competition for pupils with an interest in this field entitled "Looking for the best young Czech chemist".

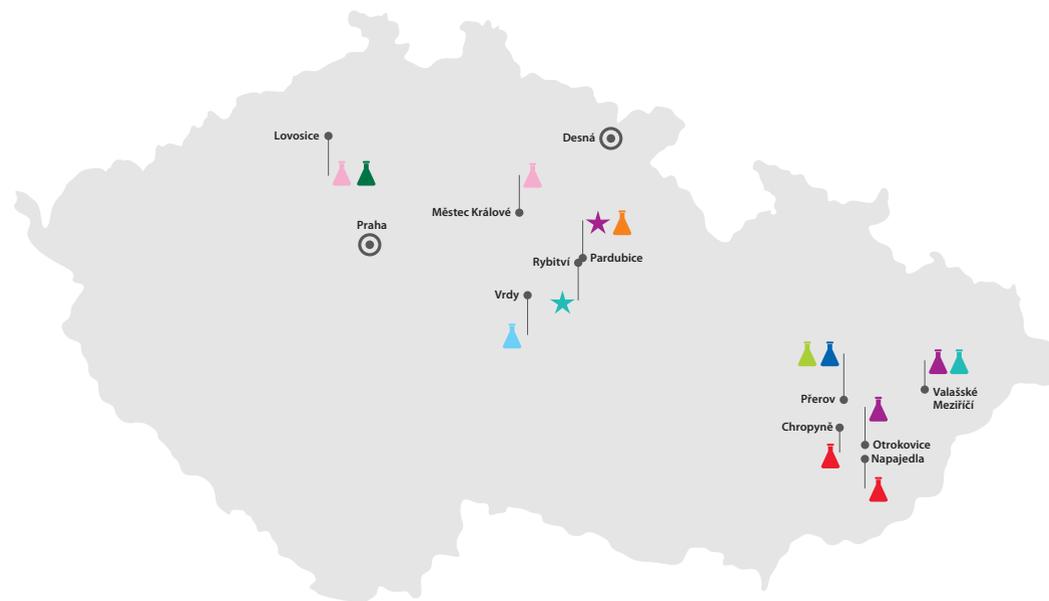
The AGROFERT group's chemical industry companies intensively paid attention to their own workers in 2017. This particularly included a further development of their skills in the form of training or courses, as well as the extension of the benefits system for employees.

The year 2017 brought significant investments in the greening of individual plants. In addition to saving energy and input materials, the aim was also to improve water management, waste management solution with emphasis on recycling, disposal of historical environmental burdens, and engineering and technological innovation of production. Total funds spent were in billions of crowns.



Companies included in the report

DEZA	PRECHEZA
Ethanol Energy	PREOL
Fatra	Synthesisia
Lovochemie	



- | | | |
|--|---|--|
| <ul style="list-style-type: none">  CS CABOT  DEZA  Ethanol Energy  Fatra  KEMIFLOC  Lovochemie  PREOL  PRECHEZA  Synthesia | <ul style="list-style-type: none">  Centre of organic chemistry  Research institute of organic syntheses | <ul style="list-style-type: none">  Production plant  Specific organization  Business organisation and representation |
|--|---|--|

*The map displays ARGOFERT group's companies of the chemical industry in the Czech Republic.

Chemistry born in the Czech Republic

The chemical industry is a core business segment for the AGROFERT group, and the companies being active in this field are among the top in the field of domestic chemistry. The importance of this sector for the AGROFERT group is also expressed by its share of the total turnover of 34%.

Chemistry as such forms an essential part of the AGROFERT group business synergy segment. The companies have been active in the market for a long time. So their 100-year history or even more than 160-year history, in which the AGROFERT group continues, is not an exception. The quality of chemical production is completely dependent on the high level of expertise of the workers, on the innovations of products and on the production and the way the resources are managed. These are the fields that the chemical sector companies, which are included in the corporate social responsibility report, also focused on in 2017.

Chemical companies have focused on personnel work, especially on retaining employee expertise and their further education, on recruitment activities, and on popularising chemistry among pupils and students. In the Czech Republic, the chemical industry is a traditional industry that has been offering stability for several generations. In addition, the AGROFERT group enables career employment in companies operating on 4 continents.

In addition to personnel issues, the environmental maintenance, continuing greening of production or water management also became key issues.

5,626

Employee headcount (2017)

2.28 billion

Wages and salaries (CZK, 2017)

714 million

Social and health payments (CZK, 2017)

365 million

Taxes and charges (CZK, 2017)

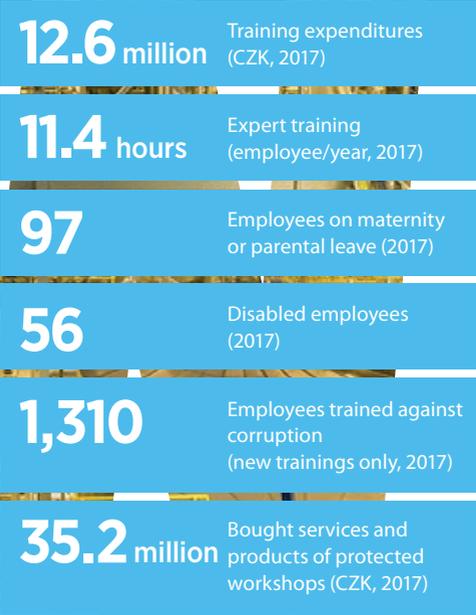
2.78 billion

Investments (CZK, 2017)

8.5%

Year-on-year increase in the employee headcount

Chemistry with emphasis on quality



The AGROFERT group's chemical companies focus on the quality of the work and the results of its production. Due to this, they can take pride in a number of independent awards and certifications of their products, of manufacturing processes and of their attitude to safety. The AGROFERT group's chemical companies are seeking to continually improve the components of their business strategy. The certification and awards should be a signal for customers, business partners, and other subjects in the industry that even the area of chemical production can be a considerate and implemented in accordance with the requirements of the century industrial production.

A similar approach is applied also in relation to compliance with vocational standards, quality management or the environment. The fundamental approach is the compliance with standards, which is subject to consequent control and validation. The purpose of these activities is to follow or improve the level of business in chemistry step-by-step, to behave regardfully to the surrounding environment but also to own employees, and to demonstrate the responsible approach of manufacturing enterprises to their own business activities to third parties.

A safe toy
Fatra

Personnel award for the best HR project
Fatra

Award of the Ústí nad Labem region for social responsibility
Lovochemie

Exporter of the year in the Zlín region
DEZA

Reliable supplier
Synthesia

Responsible Care
(Responsible Business in Chemistry)
Fatra, Lovochemie, Synthesia

Building of the year in the Zlín region
(Industrial and agricultural buildings)
DEZA

Golden seal – partnership for practice
Lovochemie

Tradition, innovation and employee development

Chemistry is a traditional industry in the Czech Republic, and the same applies to the AGROFERT group whose chemical companies belong to the largest domestic local producers. Business history dates back to the middle of the 19th century, or rather to the beginnings of the 20th century. However, this does not mean that companies are somehow obsolete, rather the opposite! The AGROFERT group honours the tradition of the chemical production, but constantly invest heavily in both the engineering and technological equipment of companies, as well as in product innovations or the growth of employees' abilities. The chemical industry absolutely cannot do without the high level of expertise of their workers. The chemical production is based on long-term cycles, which means, among other things, a career prospects with the possibility of gradually developing their own skills for the employees. Therefore, the AGROFERT group's companies invest not only in training, but also in improving the working environment or creating the conditions for innovation in production.

The personnel work in the chemical companies goes hand in hand with the development of the labour market. Very low unemployment in 2017 also brought new challenges that companies had to face. Overall, they were successful, they were stabilizing their staff capacities – even with a moderate increase – and they were continuing on

with personnel activities such as “The Fatra Century”. This project won the 3rd place in the ranking of the best HR projects in the Czech Republic in 2017.

A strategy based on investments in production capacities, working procedures, as well as on the development of colleagues working in the chemistry industry pays off. Among other things, this comprehensive approach is manifested by the fact that the AGROFERT group's chemical companies continue to belong to the industry leaders 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

(Quality management of medical devices)

Synthesia

ISO 14001 (Environmental management)

DEZA, Fatra, Lovochemie, PREOL, PRECHEZA, Synthesia

ISO 50001 (Energy management)

PRECHEZA

ISCC EU (Sustainability of biomass and bioliquids)

Ethanol Energy, PREOL

ITWL Certification (Biocomponent quality)

Ethanol Energy

Halal Certification

PRECHEZA

Kosher Certification

PRECHEZA, PREOL

OHSAS 18001 (Management of the occupational health and safety)

PRECHEZA, Synthesia

Non-GMO (Without genetic modification)

Ethanol Energy, PREOL

Fire fighters help in regions

The AGROFERT group's chemical companies maintain their own fire fighting brigades as well with regard to their business. Of course, they do not only serve chemical plants, but they also take action in the surroundings of companies, help at traffic accidents, at fire fighting or in emergencies during natural disasters. There are dozens of interventions each year. The fire brigades also participate in the exercises of the components of the integrated rescue system. We can rely on the help of the AGROFERT group's fire fighters.

159 Professional fire fighters in the AGROFERT group (CZ, 2017)

12 Number of collective actions of the integrated rescue system (2017)

New generation of chemists

Decreasing numbers of pupils in vocational high schools and universities is a problem for the entire economy. The AGROFERT group's chemical companies actively fight against this situation by several activities. First of all, the companies cooperate with high schools and universities focused on chemistry and engineering. They work together with students on their bachelor and diploma theses.

In the chemical companies there are dozens of excursions for pupils or practices that are held annually, in which the pupils and students gain working experience directly in the operation. The AGROFERT group's chemical companies actively participate in realisation of the competition for talented pupils of primary schools called "Looking for the best young Czech chemist". Each year, 15 thousand pupils participate in the competition.

However, the companies do not forget their workers and the development of the relationships with them either. We can mention for example the "Fatra Century" project that amusingly remind the employees of the significant successes of the company and at the same time it gives them an opportunity to think about how they can influence their future. The activity was classified among the 5 TOP HR projects of the Czech Republic in 2017.



18.4 million Research and development expenditures (CZK, 2017)

89 Excursions (2017)

307 Trainees, interns and temporary workers (2017)

Water management economising and ecology play first fiddle

Chemical production plants significantly influence their environment. A strategic priority of all AGROFERT group's chemical companies is to constantly improve their production attitudes, the management of materials, finished products but also the management of waste. It also applies for energy or inputs that are used but not consumed in the process of production. It includes water, for instance. The water management is the issue that became one of the main priorities with regard to climatic changes.

Chemical companies follow principles of the environmental operation of production to achieve their goals, they follow the requirements for complying to the ISO standards and they are regularly inspected by the institutions of public administration. The purpose of these measures is to reduce the impacts of the activity of the company on the environment, surroundings of the community but also on its own employees.

Support of local communities

All AGROFERT group's chemical companies endeavour to be good neighbours for the citizens living near the individual enterprises. The companies realise that it is their responsibility to support local associations, sport clubs, charity organizations or children's clubs – simply all entities that can contribute to improvement of life in the surroundings of the chemical companies. At the same time, the chemical companies themselves support voluntary activities of their employees who thus can help seniors or disabled citizen. Individual companies support their own employees to have an active attitude to their health and physical condition. In 2017, a series of running races AGROFERT Run continued and the activities as a blood donation, commuting to work on bicycle and many others were also supported.

With regard to the business of the companies the above mentioned support is realised mainly in the form of finance or material donation.

34%

Operation waste recycling ratio (2017)

11%

Inputs recycled materials ratio (2017)

461.7 million

Investments in more eco-friendly technologies (CZK, 2017)

49%

Use of own energy from the production operation (average, 2017)

7.7 million

Total aid amount (CZK, 2017)

2,746

Number of AGROFERT Run runners (2017)

Agriculture, Primary Production and Forestry

Agriculture, primary production and forestry in the AGROFERT group

Agriculture, forestry and the care for farm animals but also for the landscape in the Czech Republic is one of the pillars of the AGROFERT group's business. It is the industry that has the third highest share on the economic result of the entire group. These are also the fundamental segments of the business because they are part of synergy activities of the concern following the fields connected to agriculture, forestry and agricultural primary production.

In connection with a changing climate and higher demands to the agriculture of the 21st century, the AGROFERT group's companies abide by strategies of the correct sowing procedures, correct soil, the plant and animal care and the effort to gradually reduce the impact of the activities on the environment. This is related, for example, to the use of "smart" farming techniques, where accurate dosing of fertilizers is carried out using advanced information technology. They evaluate the locality of the growing area and its altitude or shading of the agriculture area with a precision to metres. Thanks to that, there is no overuse of fertilizers nor protective agent of plants. A similar attitude is applied in the care for farm animals. There is modernisation of breed, improving welfare of bred animals using constructions or reconstructions of the facilities of particular breeding or thanks to investments in the internal infrastructure

of breeding, which enables easier cleaning of stables and halls and its better ventilation or improving comfort of the animals during their relaxation. The AGROFERT group's companies respect the considerate attitude at farming in the forests too. It means maintaining forest paths, logging with modern technology, renewal of forest cover with good plantings, or cleaning of the areas after logging to a state that supports the growth of the new forest and the retention of water in the landscape.

Agriculture, forestry and primary production are fields closely related to people, their experience and the location in which the business is in process. The AGROFERT group's companies endeavour to preserve these traditional industries, which is successful thanks to the linkage to other types of business. For example, pig breeding in the Czech Republic probably would have been the past for a long time if the AGROFERT group's companies had not massively invested in this form of enterprise and had not improved the state of the breeding insomuch that now it is better than farms in Denmark, for example. And that is the philosophy of business in all agricultural and forestry companies: innovation, investments in the equipment and in the company management systems, reinvestments of profits and the search for competing advantages. Thanks to this, AGROFERT is the leader and the largest entrepreneur of the Czech agriculture.

202 Number of agricultural company operations

6 Number of companies for agricultural supply and purchase

29 Number of branches of forestry companies

Companies included in the report

AFEED

AgroZZN

Cerea

NAVOS

OSEVA

Primagra

Uniles

Wotan Forest

ZZN Pelhřimov

ZZN Polabí



- AgroZZN
- AFEEF
- Cereá
- NAVOS
- OSEVA
- Primagra
- ZZN Pelhřimov
- ZZN Polabí
- UNILES
- Wotan Forest

Agriculture and forestry for the 21st century

Agricultural production, the care of forests and the landscape have changed greatly over the past 30 years. The market environment has enabled the development of the industry, has changed the structure of business, and modern engineering combined with technologies has a major impact on everyday work of farmers and foresters not only in the Czech Republic. Nevertheless, the forest-based agriculture is strongly associated with the traditions and the region where the activities are performed. The AGROFERT group's companies operating in the mentioned business segments are aware of this, and therefore they apply an approach of investing in engineering or technology using the expertise of professionals who have been occupied themselves in plant or livestock production and forestry for a long time. Of course, there is a continuous improvement of working practices, which is closely related to the growth of employees. During their career in the AGROFERT group, they regularly undergo professional trainings in the fields of their profession in order to further develop their talent and professional competence. Such an approach allows the AGROFERT group to operate in the segment as a modern leader. The set business strategy in agriculture, forestry and primary production brings further effects:

a modern working environment for the employees,
 a friendly attitude to soil, plants and livestock,
 a modern, controlled forest covers treatment,
 renewal of landscape,
 economic benefits of individual companies, internal economy and the communities of the AGROFERT group's business localities,
 business activity complying with legal regulations.

Agriculture, primary production, as well as forestry, are the fields without which the Czech Republic could not exist. The AGROFERT group approaches these activities with the utmost care. It is under the scrutiny of state authorities, the media and the employees who work in the companies of the group. Thanks to the continuous effort of modern farming (not only) in the Czech Republic, the AGROFERT group takes steps to pass on the tradition of the plant and livestock production to the future generations as well as the tradition of care for domestic forests.

2,827 Employee headcount (2017)

1.2 billion Wages and salaries (CZK, 2017)

358.6 million Social and health payments (CZK, 2017)

228.6 million Taxes and charges (CZK, 2017)

612.4 million Investments (CZK, 2017)



Up to 1000 ha

- ☆ AGRO Mikulovice
- ☆ Agrobech
- ☆ AGRO-TEX
- ☆ AGRO Píchov
- ☆ AGRO Přešovice

☆ ČESKÁ VEJCE FARMS

- ☆ Doubravická
- ☆ Farma Holešov
- ☆ M + A + J
- ☆ Nový Dvůr Kunovice

☆ RESPO

- ☆ RK Náklo
- ☆ SADY CZ
- ☆ SCHROM FARMS
- ☆ Statek Lom

☆ ZEAS Mančice

- ☆ ZEOS Brnířov
- ☆ ZEMSPOL
- ☆ ZS Třebívlice

Specialized farms

Pigs

- ☆ ANIMO Žatec
- ☆ LIPRA PORK
- ☆ SPV Pelhřimov

Chickens

- ☆ Vodňanské kuře
- ☆ Výkrm Tagrea
- ☆ Výkrm Třebíč

1000–2000 ha

- ☆ AGRO Rozsochy
- ☆ AGRO Vnorovy
- ☆ AGRO Jinín
- ☆ MAVEX AGRO
- ☆ PODCHŘÍBÍ JEŽOV

☆ PRVNÍ ŽATECKÁ

- ☆ 1. Hradecká zemědělská
- ☆ SPV Pelhřimov
- ☆ STATEK BŘEŽANY
- ☆ Vlnovská zemědělská
- ☆ VSV
- ☆ ZERA
- ☆ ZEVA Chlístovice
- ☆ Zlatý klas
- ☆ ZS Vysočina

over 2000 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
- ☆ Zemědělská akciová společnost Břežno
- ☆ ZAS Podchotutí
- ☆ ZD Křečchoř
- ☆ ZEAS Puclice
- ☆ ZEM
- ☆ ZEMOS
- ☆ ZOD Zálabí
- ☆ Zemědělská společnost Blšany
- ☆ ZS Vilémov

Eggs

- ☆ AGROPODNIK Hodonín
- ☆ ČESKÁ VEJCE CZ
- ☆ DRUKO STŘÍŽOV
- ☆ ČESKÁ VEJCE FARMS
- ☆ SCHROM FARMS

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

Responsible farming across the Czech Republic

Agricultural and forestry activities are performed in the AGROFERT group at hundreds of farms and companies spread across the Czech Republic. The same applies to the agricultural land that the companies of the group take care of. In 2017, there were approximately 120,000 hectares of domestic land, and the AGROFERT group had to lease or to be a tenant in the vast majority of this area. The employees also took care of 410 thousand pigs, 32 thousand pieces of cattle and even 33 million pieces of poultry. It all accounts for a huge responsibility. To the landscape, farm animals, employees, state administration, surrounding communities, environment, but also to the vendors and buyers. In order to maintain a high quality of the activities of the AGROFERT group's companies, they are managed according to strict standard procedures. Business activity in this sector is then more transparent for all the participating subjects, and therefore, the AGROFERT group can be a reliable partner for them.

Individual companies are under constant control. Partly by the internal audit of the AGROFERT group and partly by independent audits or controls of the state administration. All these steps are a way to maintain a sustained compliance of strategy and to maintain the standard of individual certifications.

Without GMO

(Without genetic modification)

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

FAMI-QS

(System of additives quality and feed premixes)

AFEED

CFCS 2002:2013

(Consumer chain of forest products)

UNILES, Wotan Forest

OHSAS 18001

(Management of the occupational health and safety system)

UNILES, Wotan Forest, ZZN Pelhřimov

Certificate of eco-friendly farmer

UNILES

ISO 9001

(Quality management system)

Cerea, Primagra, UNILES, Wotan Forest, ZZN Polabí

ISO 14001

(Environment 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

SQAS

(System of quality and safety assessment of agrochemicals distributors)

ZZN Polabí

GTP

(Good trading practice)

AgroZZN, Cerea, NAVOS, Primagra, ZZN Pelhřimov, ZZN Polabí

Work based on education and traditions

Areas that build on workers' skills, on their expertise and experience that is often passed on from generation to generation. However, developments in these segments make great strides which was also the case in 2017. Therefore, the AGROFERT group endeavours to ensure that workers gain not only up-to-date information from the field of their activity, for example through lectures, seminars or trainings, but also that they are able to work with modern equipment, in a modern work environment, and by using methods to achieve better results. However, this approach means only one thing for the companies: to invest in employees, company premises and in their own know-how.

The AGROFERT group's companies being active in agriculture, forestry and primary production are often major regional employers and business partners. They are aware of this role. It also leads them to a greater responsibility. That is why the individual companies endeavour to establish long-term relationships with their employees and with all third parties. In the place of their business, companies also try to support local social, sporting, charity or educational events.

5.2 million Training expenditures (CZK, 2017)

20 hours Expert training (employee/year, 2017)

59 Employees on maternity or parental leave (2017)

103 Disabled employees (2017)

1,366 Staff trained against corruption (2017)

26.4 million Bought services and products of protected workshops (CZK, 2017)

35 Excursions (2017)

343 Trainees, interns and temporary workers (2017)

0.6 million Total amount of aid (CZK, 2017)

Environment-friendly attitude

The segment of agricultural production, forestry and primary production is closely related to the treatment and care of the landscape, crops, livestock and, more broadly, the surroundings of individual companies. This all obliges the companies to respect the applicable standards of their field of activity, but also to adhere to the strategy applicable to the entire group concerning a respectful approach to the environment, respectively the efforts to green the business with mitigating the impact on the environment.

This approach is practised by improving the energy management, investing in modern facilities, improving the management of input materials, energy and water, but also by investing in reducing the waste production. Individual companies also invest in their own employees, in acquiring know-how and in good working practices, and in innovating their own production.

44%

Share of waste handed over to recycling (2017)

35.5 million

Investments in more eco-friendly technologies (CZK, 2017)

Pig Camp

This is a unique training course for future chief pig breeders. Within 12 months, trainees are trained directly in the operation of 10 reproduction pig breedings of the AGROFERT group. Participants receive wage for the whole time, accommodation and travel cost coverings are also a matter of course. Experienced mentors attend to trainees. Thanks to the practice in several breedings, the participants gain a broad knowledge of the pig breeding industry and they can transfer good practice to their own future profession.

Pig Camp is intended for anyone who is interested, with a high school or university education in the agricultural sector. You can join at any time – the program runs continuously throughout the year.





Food Industry

NOW

Food industry

The food industry has been associated with the AGROFERT group for a long time. The importance of this segment is reflected both in its role in the chain called “from field to fork”, as well as in the financial results of the whole group. The food industry actually includes all the activities that AGROFERT is involved in. From seeds through fertilizers and logistics to raw materials processing, their packaging and consequent delivery to the customers or promotion of products in the media. In order to be successful in the markets, the AGROFERT group's companies continuously innovate their production capacities, working processes and equipment – so their production meets current customer's requirements. This creates a wide portfolio of products that satisfies the customers' wishes across all social and economic groups of the population.

By definition, food production is under a strict and constant inspection of auditing bodies, but also of customers, business chains and the media. It was the same in 2017. The AGROFERT group's companies that produce food are fully aware of this. That is why they always stick to the appropriate norms, standards and their working practices or products are certified.

The basis of the food production is a series of activities that are built on traditions and experience of past generations. Despite the fact that the present times enable to produce food largely by using devices with robotic elements, the hand-craft did not disappear from this segment. For example, the PENAM bakery in České Budějovice, where vánočka (type of sweet plaited bread) is plaited and baked by skilled bakers up to date and many bakers take care of optimal baking of cakes or sweet rolls. It is similar in the processing of dairy products or meat. For this reason, the AGROFERT group's companies invest in their employees, in the growth of their expertise and in the facilities that serve them in catering or rest periods.

The AGROFERT group also includes food producers, who celebrated their jubilee season of existence in 2017. Tradition, emphasis on quality of production, compliance with standards and employee's expertise – all these are the guiding principles for the AGROFERT group's food companies. Only this kind of strategy will allow food companies to be favoured by customers in future years.

34 Number of manufacturing plants

Companies included in the report

Animalco

KMOTR - Masna Kroměříž

Kostecké uzeniny

Krahulík-MASOZÁVOD Krahulčí

Mlékárna Hlinsko

OLMA

PAPEI

PENAM

Pekárna Zelená louka

PMU

PREOL FOOD

PROFROST

Vodňanská drůbež





- 7,931** Employee headcount (2017)
- 2.6 billion** Wages and salaries (CZK, 2017)
- 792.3 million** Social and health payments (CZK, 2017)
- 216.1 million** Taxes and charges (CZK, 2017)
- 887.3 million** Investments (CZK, 2017)
- CZ15** Domestic pork and beef label
- CZ333**
- 100 years** Anniversary of Kostecké uzeniny
- 50 years** Anniversary of OLMA



- KMOTR - Masna Kroměříž
- PMU CZ
- Kostecké uzeniny
- PREOL FOOD
- Krahulík-MASOZÁVOD Krahulčí
- PAPEI
- Mlékárna Hlinsko
- PROFROST
- Olma
- Vodňanská drůbež
- Pékárna Zelená louka
- PENAM

- 🥩 Meat processing plant
- 🥚 Egg products
- 🍞 Bakeries
- 🍴 Delikatessen
- ⚙️ Mills
- 🛢️ Edible oils
- 🥛 Dairies
- 🛒 Shop

Quality and safe food from the Czech Republic

Food production involves two essential elements that manufacturers must guarantee to customers. The first element is the food quality and the second is safety. The AGROFERT group's food companies are aiming to guarantee both of them. The goal is to provide customers with a wide range of food – from very affordable ones to premium products. For the whole portfolio there is a rule that food must meet hygiene standards in all circumstances; this is controlled by state administrative body and independent laboratories, as well as by guild and product standards. This responsibility for our own production is a part of the strategy of all AGROFERT group's food producers.

Like other industries, food production is constantly evolving. Although the AGROFERT group's companies focus mainly on the high-volume food production, this does not mean that we abandon traditions, hand craft work or the use of natural ingredients. Quite the opposite! So also in 2017, individual companies invested hundreds of millions into innovative recipes, better operation equipment, quality improvement of the employees' facilities and improvement of working procedures in food production, which was reflected in our further product improvement. The certifications and valuations that AGROFERT group's food companies have gained or have held for a long time are the evidence.

IFS Food (Food quality and safety)

All companies

BRC (Food safety and sanitariness standards)

Kostelecké uzeniny, Vodňanská drůbež

Kosher

Mlékárna Hlinsko, OLMA, PREOL FOOD

Halal

Mlékárna Hlinsko, OLMA

HACCP (Hazard analysis and critical control points system)

All companies

Bio food

OLMA

ISO 9001 (Quality management)

Kostelecké uzeniny, Mlékárna Hlinsko, PREOL FOOD

ISO 22000 (Food safety management)

PAPEI

ISO 14001 (Environmental management)

OLMA

Bez GMO (Without genetically modified ingredients)

Mlékárna Hlinsko, OLMA, PREOL FOOD

Nestlé responsible sourcing audit program

OLMA

Rewards obtained in 2017

TÜV SÜD certification of exceptional quality
Kostelecké uzeniny

Klasa certification
PAPEI

The most trustworthy brand in the MEAT AND SMOKED MEAT category
Kostelecké uzeniny

Česká chuťovka certification 2017
Krahlíkův-MASOZÁVOD Krahlíč, PENAM, Pekárna Zelená louka

DLG (Product quality evaluation – Lidl)
Krahlíkův-MASOZÁVOD Krahlíč

Bread of the year 2017
(Excellent quality bread reward)
PENAM, Pekárna Zelená louka

Regional product of the South Bohemian region 2017 (3rd place)
PENAM

There would be no food without employees

Although the modern high-volume food production allows a range of activities to be realised using modern engineering and technology, it is completely unthinkable that food production takes place without the involvement of employees. In some aspects, using technology is a great helper. But food production – these also involve traditional procedures and the relation to the craft which cannot be replaced. Therefore, the employees are very important for the AGROFERT group's food companies.

In 2017, individual companies spent millions of crowns to develop the skills and knowledge of their employees. The aim is to further develop their competencies within the field to match the level or demands of the 21st century food industry.

Food production also offers a relatively ample scope to socially responsible behaviour of companies within their personnel work. The AGROFERT group's food businesspersons thus like to offer jobs to disabled or socially disadvantaged citizens who can realise their potential at bread, dairy or smoked meat production and to show their talent to good advantage, such as a sense of thoroughness in the deepest detail. The companies Kostelecké uzeniny,

PAPEI and Vodňanská drůbež allow employment for prisoners, thereby improving their mental and financial situation and facilitating their gradual return to a normal society.

Of course, the companies also think about the future development of the industry, so they cooperate with a number of schools, pupils and university students. Through excursions, study visits, or cooperation on diploma theses, the individual companies endeavour to demonstrate how diverse the food production area is to the young generation, how high the demands placed on input raw materials are, their storage, processing and consequent expedition, or that it is a perspective branch, without which humanity cannot exist.

7.3 million	Training expenditures (CZK, 2017)
4 hours	Expert training (zaměstnanec/rok, 2017)
318	Employees on maternity or parental leave (2017)
194	Disabled employees (2017)
923	Staff trained against corruption (2017)
92	Number of employed male or female prisoners (2017)
52.6 million	Bought services and products of protected workshops (CZK, 2017)
22	Excursions (2017)
729	Trainees, interns and temporary workers (2017)
5.7 million	Research & development expenditures (CZK, 2017)

Environment- and human-friendly food production

The AGROFERT group's food producers are often among the most important business entities in the regions where they perform business. Not only economically in relation to the vendor or buyer, but also in terms of the impact on employment or the surrounding environment. Therefore, the AGROFERT group has adopted an internal strategy for food companies which obliges them to take steps that will permanently reduce the impact of production and logistics on the environment or community life, steps to improve the handling of raw materials and waste, and such measures which will permanently improve working conditions of the employees. Individual AGROFERT group's companies can be a good neighbour thanks to this approach. And because good neighbours are also interested in the quality of their lives, individual AGROFERT group's food production companies take care of support of local sports, charity or social activities. In the vast majority of cases, it is material support in the form of products, or aid in the form of financial donations.

23%

Share of waste handed over to recycling (2017)

56.7 million

Charge for container recycling (CZK, 2017)

95 million

Investments in more eco-friendly technologies (CZK, 2017)

424

Number of plant inspections by the state administration (2017)

1.8 million

Total amount of aid (CZK, 2017)



Land Transport, Engineering and Agricultural Technology



Land transport, engineering and agricultural technology

Land transport, engineering and agricultural technology are key fields for the AGROFERT group. Not because of the share in the economic result of the group, but mainly because they are linked to the activities of agricultural companies, primary production companies, forestry companies, or food producers. In all these fields, the services connected with logistics, modern engineering or agricultural technologies are needed. Thus, these fields are an important part of the chain of the AGROFERT group's business.

In the field of corporate responsibility, the AGROFERT group's companies running a business in transport, engineering and agricultural technology focus on increasing the efficiency of their own activities, in particular, aiming on reducing their environmental impact, improving resource handling, but also on packaging material or on the management system of all companies, which brings economic savings and better working environment for

employees. In this context, it must be mentioned that the AGROFERT group's logistics companies are active in specific sectors, such as food transport, especially those specialising in fresh and ultra-fresh products, or the transport of wood. Other companies are oriented on a modern agricultural technology or on modern facilities for livestock that gain a better life due to innovations.

Thus, the companies of this segment are very specific, which, of course, also attracts external partners, including high schools and universities. This is the evidence that the AGROFERT group's companies belong to the market leaders in their fields of business.

The group of companies included in this report consists of 3 logistics companies, 2 distributors of agricultural, construction and transport technology, 1 technological company and since 2017 also 1 project and engineering-vendor company.

Companies included in the report

AGF Food Logistics

AGF Logistics

AGROTEC

AGRI CS

FARMTEC

Logistics Solution

CENTROPROJEKT GROUP



1,411 Employee headcount (2017)

713.7 million Wages and salaries (CZK, 2017)

206.5 million Social and health payments (CZK, 2017)

92.5 million Taxes and charges (CZK, 2017)

224 million Investments (CZK, 2017)



- AGF Food Logistics
- AGROTECHNIC MORAVIA
- FARMTEC
- AGF Logistics
- AgroZES
- Logistics Solution
- AGRI SYSTEM
- ARBO
- KVARTO
- AGROTEC
- CENTROPROJEKT GROUP
- NAVOS FARM TECHNIC

**The Map displays AGROFERT group's land transport, technology and agricultural technology companies in the Czech Republic.*

Business according to standards and with a number of awards

Certification of activities and compliance with standards is a natural part of doing business in transport, engineering and agricultural technology. There are several reasons. The transport services of the AGROFERT group's companies focus for instance on transport of food sensitive to temperature, on the other side the technology supplied to farmers must meet the specifications stated for cultivation of agricultural soil, whereas technology and stable equipment must be in accordance with requirements of modern breed of livestock. And we could continue. For that reason, the individual companies are subjects to certification of working procedure or of attitude to environment to demonstrate to all their business partners, employees and to public that they do business responsibly.

Thanks to this attitude, the individual companies can become reliable partners for their customers. But it is also a supporting activity for own management of companies and for easier incorporation of company in the AGROFERT group business chain. It is then reflected in the economical results of particular companies because they are stimulated to more effective business, better resources handling or greening of their working procedures.

FS Logistics (Refrigerated food handling)
AGF Food Logistics

GMP (Road transport of feed)
AGF Logistics, Logistics Solution

ŠKODA certified dealer
AGROTEC

ISO 9001 (Quality management)
AGROTEC, AGF Logistics, AGRI CS, Logistics Solution, FARMTEC, CENTROPROJEKT GROUP

ISO 14001 (Environmental management)
AGROTEC, AGRI CS, CENTROPROJEKT GROUP

ISO 50001 (Energy management system)
AGF Logistics, AGF Food Logistics, Logistics Solution, AGRI CS, AGROTEC

ISO 3834-2 (Production of metal structures for animal production)
FARMTEC

ISO 18001 (Occupational health and safety management system)
CENTROPROJEKT GROUP

The employer of the year 2017 (2nd place)
AGROTEC

The construction of the year 2017 in the Zlín region (Prize of the regional council president, certificate of merit)
CENTROPROJEKT GROUP

The house of Ostrava of the year 2017 (2nd place)
CENTROPROJEKT GROUP

GMP+B4 (Rail transport of feed)
Logistics Solution

We maintain strong relationships with employees and the surroundings

The domestic economy was growing in 2017, which also resulted in a very low unemployment. That was also reflected in the segment of transport, engineering and agricultural technology. That is why the AGROFERT group's companies which are active in these areas are focused on strengthening relationships with their employees and improving their professional competencies. One of the ways leading to this goal were investments in employee training. However, these fields also bring other opportunities, such as the possibility to employ disabled people. Where it is not possible, the companies at least buy products of protected workshops.

In addition, a rich benefits system contributed to build long-term relationships with employees in 2017. That includes:

- pension and life insurance,
- refreshment at the workplace,
- company catering, contribution to luncheons,
- cafeteria system,
- contributions at retirement,
- employee loans,
- help in a difficult life situation.

Effort to maintain good relationships with employees and the environment is a part of the strategy of all companies in this segment. That is why the companies supported local sporting, charity or cultural events in the regions in 2017.

9.3 million Training expenditures (CZK, 2017)

16.6 hours Expert training (employee/year, 2017)

21 Employees on maternity or parental leave (2017)

16 Disabled employees (2017)

6.8 million Bought services and products of protected workshops (CZK, 2017)

4.6 million Total amount of aid (2017)

Fields open to young generation

The fields of transport, engineering and agricultural technology are experiencing a very rapid development. Connection with the modern ICT tools and systems is nowadays a matter of course. Therefore, this segment also offers opportunities for employing the young generation that is already familiar with the modern technology and is able to deal with it. Nevertheless, there is a need to gain experience in the fields and to link the possibilities of the 21st century with the experience of past times or with the principles that apply to the given field. The AGROFERT group's companies therefore cooperate with educational institutions or with individuals. The cooperation brings a reciprocal effect, and at the end, many trainees are employed in individual companies as well.

16 Excursions (2017)

71 Trainees, interns and temporary workers (2017)

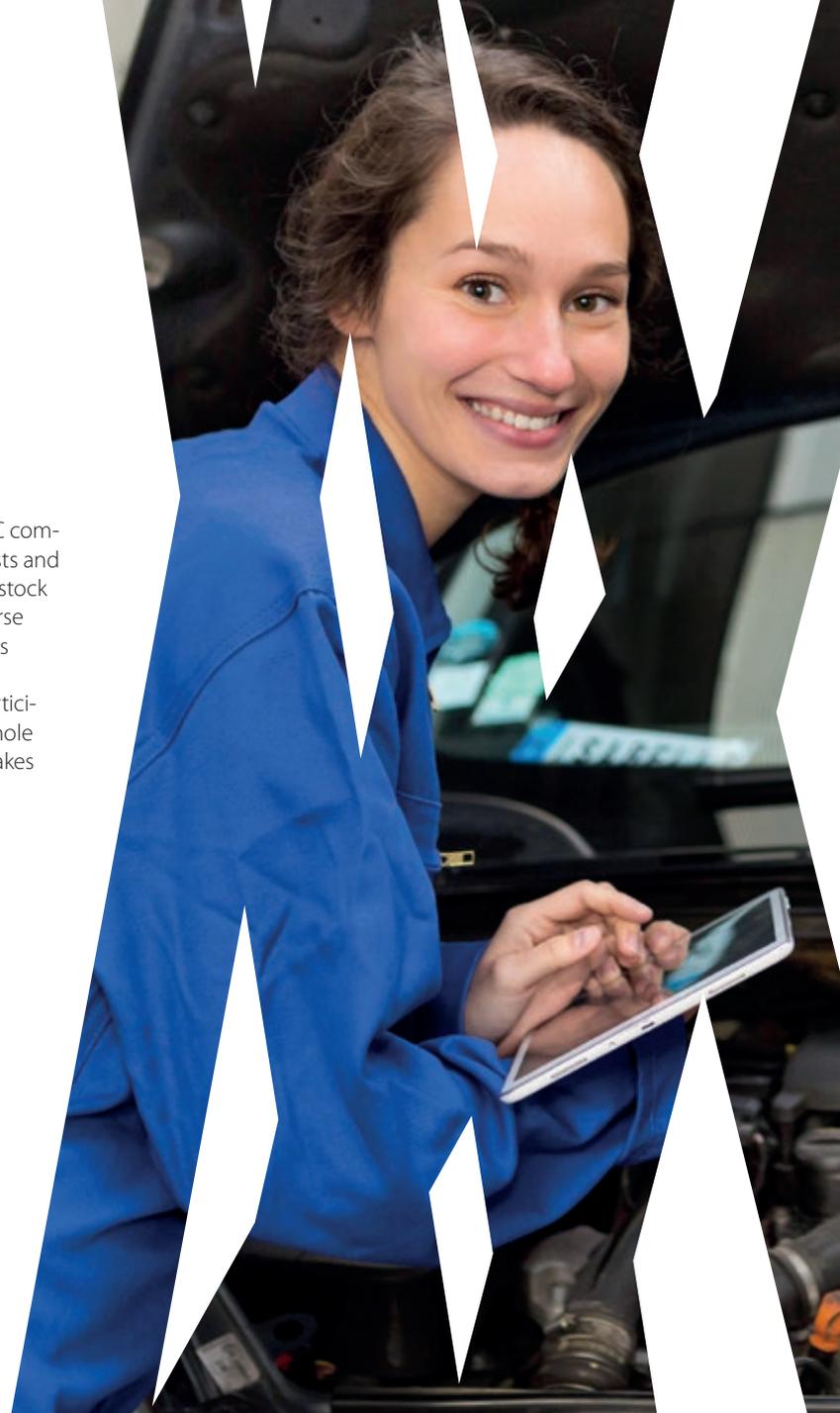
TechCamp

This is the own training program of the FARMTEC company. It is intended for traders, product specialists and technologists who want to find employment in livestock farming or renewable energy investments. The course lasts 12 months, during which each participant gains experience in selected breedings of cattle and pigs. Of course, there is also a theoretical preparation. Participants are provided with accommodation for the whole time. It is possible to join the course at any time, it takes place all year long.

Course lasting from 6 to 12 months

Practice at 4 to 8 farms

Prospects of a stable employment



Media



Media

The world of media is the last piece of the set of the AGROFERT group business that is a part of this report. While the share of the media in the overall turnover of the group is rather symbolic, the media companies are much closer to the public. In particular, this concerns the MAFRA Media House or LIN and LONDA companies.

This segment includes a range of business activities – from radio and television stations, through the printed and online media, printing companies or advertising services to e-commerce, mobile operators and ticketing services. In 2017, the AGROFERT group's media also belonged to the most searched information sources in the Czech Republic. Printed titles such as Mladá fronta DNES, Lidové noviny and TÉMA have been favourite for a long time and they are able to defend their position even in times of growing media digitisation. In addition, Radio Impulse continues to be in the first place in audience rating. All that forces the AGROFERT group's media companies to behave responsibly, cooperate with schools, support the non-profit sector, and the ethical information management in relation to sources, and consequently to readers, viewers and listeners.

Companies included in the report

ACOMWARE

MAFRA

LONDA

LIN

Stanice O

TICKETPORTAL Group

1,206

Employee headcount (2017)

695.9 million

Wages and salaries (CZK, 2017)

221 million

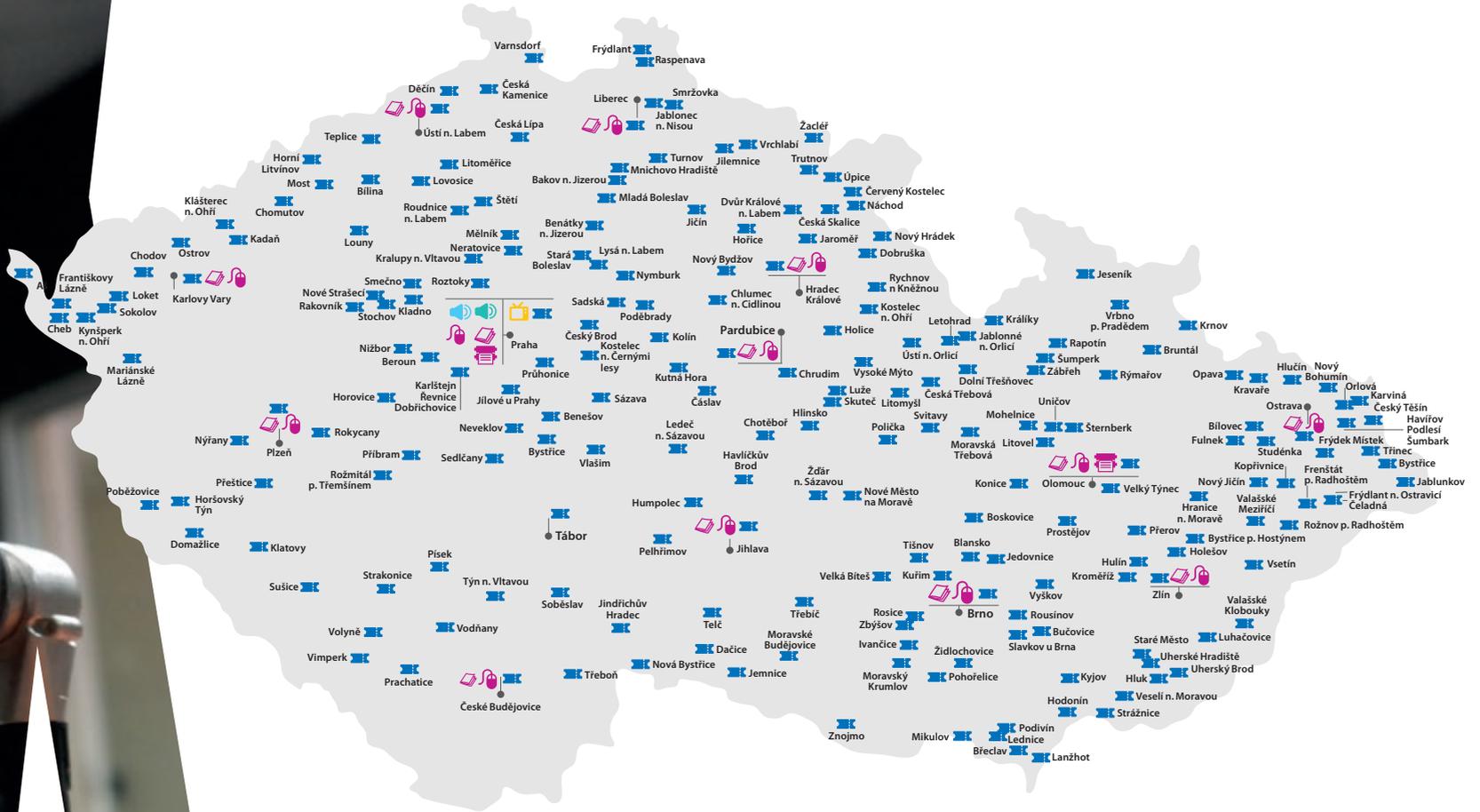
Social and health payments (CZK, 2017)

316 million

Taxes and charges (CZK, 2017)

1.6 million

Investments (CZK, 2017)



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



Periodicals



Web/multimedia



TV



Radio



Print



Tickets

Awards for the media and their staff

The media market has been a very fierce ring in recent years. In addition, in 2017, the Czech media market faced new challenges in the form of spreading fake news, increasing the use of social networks, and global acceleration in the world of information. This brings increasingly higher demands on media workers: to keep ethics during work, update information constantly, maintain fast but reliable resources management, or the need to attract viewers, listeners and readers among the hundreds of competitors. The AGROFERT group's media companies succeeded in 2017 which is proven by several awards.

Křišťálová lupa (2017)

Second places in the categories News (iDnes.cz) and Interest websites (Technet.cz)

Mobile application of the year 2017

Lifestyle category (application Portmonka)

European newspaper award (2017)

In the category of Magazine of the year, monthly magazine ESPRIT of the Lidové noviny was awarded

Czech press photo (2017)

The first places for MARFA photographers in the categories News – series and Sport – single





Media based on experienced teams

The media cannot do without experienced journalists, editors, printer masters, photographers, spelling checkers, cameramen but also developers, analysts, sound engineers, and many other professions that often remain hidden from the public, but without which the television, radio, print, online titles or mobile operators could not exist. The entire business is built on the expertise of workers who have to continue with their education throughout their professional life. This is the reality also in the AGROFERT group media business. A wide range of professions also makes it possible to offer employment to disabled fellow citizens.

2 million	Expenditure on training (2017)
90	Employees on maternity or parental leave (2017)
7	Disabled employees (2017)
8.6 million	Bought services and products of protected workshops (CZK, 2017)

Considerateness towards the environment and people

The companies in this segment use mainly electronic communications tools for their work, the sources include mainly energy. Nevertheless, in the area of media and advertising, there is a space for responsible approach not only to the environment but also to the people in the form of charitable activities. Therefore, individual companies have focused on the waste management, including their further use.

The media house MAFRA has also carried out dozens of charity projects aimed at improving the lives of people in a difficult life situation, supporting children and their education, or improving the quality of life of disabled people.

99% Share of waste separated and handed over to recycling (2017)*

97.5% Recycled materials share on manufacturing procedures (2017)

4.8 million Total amount of aid (CZK, 2017)

7 million Total value of charity advertising in price lists (CZK, 2017)

*Only the MAFRA group included.



Acknowledgements

Dear readers,

let me thank you for the time you have devoted to the AGROFERT group's corporate social responsibility report for 2017. The AGROFERT group business is very broad and is practised throughout the Czech Republic. Thus, I hope that we were able to summarize at least the most important activities that companies perform in the field of social responsibility in the particular segments of our business in the report that you have just read.

We do not only understand social responsibility as a gesture, but today, we perceive it as a part of our business strategy. We realise that we do not operate in the vacuum, but that we take responsibility for the state of the environment, the surroundings of individual companies, or the condition of communities that are neighbouring our businesses. So, I want to assure you that we will continue to take steps in the future that will make the AGROFERT group's companies good neighbours.

If you would like to send a suggestion to improve CSR activities or any other incentive in relation to social responsibility to the AGROFERT group or some of its companies, please send the message to csr@agrofert.cz.

Thank you.



JOSEF MRAZ

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





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