

**ANNUAL
REPORT**
2017

Damm

VICTORIA
MÁLAGA 1928



2017 Annual Report

Letter from the executive chairman

2017 at a glance

The growing world of Damm

We have invested, grown and became digitalized

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LETTER FROM THE EXECUTIVE CHAIRMAN

(102-14)

Dear shareholders,

I am pleased to present the Damm Annual Report, which presents a balanced view of the group's performance in economic, social and environmental areas and describes the most relevant aspects affecting the company's overall development.

This was the first year of the ambitious 2017-2021 strategic plan whose main objective is to double our turnover. We have established the essential foundations of this plan and the results could not be more satisfactory. Our turnover reached 1.163 billion euros, up by more than 11.3% compared to 2016. We face important challenges for the future, but we have put in place all the necessary mechanisms to achieve our objective.

The past year has been characterized by the internationalization

of our brands and our constant support and promotion in their development.

I would like to highlight two milestones of our international expansion. One is the remarkable growth we have achieved in China. We have a team of nine people on the ground and have expanded the activity of our subsidiary Alfil Logistics, which already operates in that country, to increase the distribution of our beers in this market which has such enormous potential. The other noteworthy milestone is our consolidation in the United Kingdom and the United States, two very competitive markets. The United States was the scene of our first international venture back in 2008. Today we can say that Estrella Damm has become a leader in the market. Our American customers are big consumers or our Inedit gastronomic

beer and also Daura, the most award-winning gluten-free beer in the world. As a reward for our efforts and the good work carried out in this market, we were awarded the Company of the Year award by the Spanish Chamber of Commerce in the United States.

Our brands are our main asset. Creating them, developing them and making them grow is what drives us. We also reached important milestones in this regard. In 2017 we saw the fulfilment of our dream of once again producing Victoria beer in Malaga, creating a significant impact for the brand and for the city. The new Victoria factory, inaugurated on 8 September, coinciding with the feast day of Our Lady of the Victory, the patron the city, exudes modernity and is a shining example of excellence and technology. The Victoria factory is now a space open to its home city and hosts a full



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programme of events throughout the year. In line with our environmental commitment, the building has been designed following sustainability criteria and complete respect for the environment.

In 2008, we revolutionized the brewing world with the creation of Inedit, at the hands of Ferran Adrià, the first beer that could be paired with haute cuisine. Last year we innovated further in this segment and launched Malquerida, a new style of beer that we have developed with Ferran and Albert Adrià to accompany the unstoppable expansion of new Latin American culinary styles. It is a sector offering extraordinary growth opportunities, which we aim to exploit and which will be a challenge for our master brewers. The Balearic Islands market is strategic for Damm. We have strengthened our commitment by acquiring

the Laccas, Font Major and Font de Sa Senyora brands, as well as the distribution activities of our former distributor Comercial Bordoy. Over the last few years, our brands have grown significantly in this market and for this reason we have clearly marked it as a strategic target.

At Damm, as you know, we are fully committed to digitalization. We have incorporated it into our corporate DNA and I can say with satisfaction that it has permeated all areas of our organization and our entire value chain, from the relationship with the supplier to how we communicate with the end consumer. Our Digital Transformation Department is focusing all its energy on a global plan for the entire group with more than 70 priority projects in the pipeline for the coming years. Some of these were already implemented in 2017, such as the new corpo-

rate intranet and a new comprehensive talent management plan, as well as the booking website for visits to the Estrella Damm factory in El Prat de Llobregat. Also the Rodilla App, its website and the launch of a home delivery service have been consolidated and provide a source of additional growth.

Once again, Estrella Damm has managed to connect powerfully with its followers with the short film "La Vida Nuestra" (Our Life). Its premiere was viewed as the real start of summer, an event that was anticipated by everyone. Offering the experience of watching the campaign's premiere online broke all the brand's records, reaching 14.8 million views and a historic peak of visits to the website: 140,000 visits the day after the premiere. The short film, moreover, was the most watched content on YouTube over the summer.



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At the Damm Foundation we remain committed to cultural, social and sports development, organizing activities to promote the values of sport during the most formative years of youngsters with well-established projects that fill us with pride such as the Club de Futbol Damm and the Club de Pádel Damm.

All this has been possible thanks to a team of more than 4,000 committed, persevering and talented people, essential for achieving objectives which few others can match and who help us to continue growing every year. We do all this while aware of our impact on our environment and reinforcing our commitment to environmental, social and economic sustainabil-

ity. A good example of this is the work we have carried out over many years to achieve a circular economy model.

Full of the spirit of achievement that has always characterized us, I believe that we are in an excellent position to face the future and we must take advantage of this. As a company, we have a long-term vision, solid foundations and deep-rooted values, more than 140 years of experience and a motivated team committed to adding differential value for people and our environment.

Demetrio Carceller Arce
Executive Chairman



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(102-7)

Damm

DAMM

2
Malthouses

14
Production and packaging plants

9,515,016
Moved pallets Alfил Logistics

19,400,000
Boxes moved through capillary distribution by Damm Distribución Integral

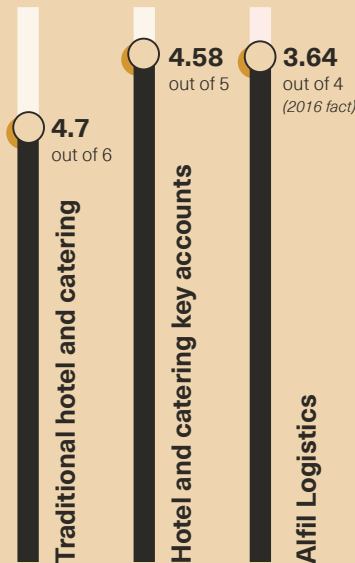
RESTAURANTS

142	10	49
Rodilla	Café de Indias	Jamaica Coffee Experience



CONSUMERS AND CUSTOMERS

CUSTOMER SATISFACTION



Source: Results from own surveys and face-to-face interviews conducted by Damm.

3rd position in the general ranking of the Supply Chain AECOC benchmarking 2017



FINANCIALS AND SHAREHOLDERS

€112 M
Net profit

€1,664 M
Total assets

€837 M
Equity

€896 M
Accumulated industrial investments since 2008

0.46
euros/share
Earnings per share



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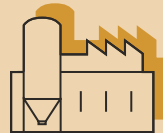


SUPPLIERS

6,000 approx.
Number of suppliers

—

+95 %
National suppliers
(Iberian Peninsula)



SOCIETY

27,000
Visitors to the El Prat and
Estrella de Levante factories



WORKFORCE

4,012
Total Group staff
*(Includes SA Damm and
subsidiary companies)*

—

3,195
Staff in the scope
of the report

—

38 %
Female staff

—

83 %
On a permanent
contract

—

85 %
Staff who have received
training



THE ENVIRONMENT



WATER CONSUMPTION

BEER

4.58 hl/hl packaged

WATER AND SOFT DRINKS

2.18 hl/hl packaged

GRUPO RODILLA

0.003 m³/kg produced



ENERGY CONSUMPTION (electrical and thermal)

BEER

29.75 kWh/hl packaged

WATER AND SOFT DRINKS

8.17 kWh/hl packaged

GRUPO RODILLA

0.50 kWh/kg produced

100 %

Electricity consumed under
“green” guarantee of origin
certification



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—
Damm receives the *2017 Company of the year* award in Miami from the Spain-USA Chamber of Commerce.

—
Acquisition of the Mallorca-based brands Agama and Laccas and incorporation of Font Major and Font de Sa Senyora mineral water companies into the portfolio.

—
Estrella Damm presents "La vida nuestra", a new short film directed by Raúl Arévalo and starring Peter Dinklage about life's big decisions, which has won several awards.

—
Malquerida is born, a new style of beer created by Damm master brewers along with Ferran Adrià, Albert Adrià and their team for pairing with Latin American gastronomy.

—
Completion of the expansion and improvement of the Barcelona and Murcia plants to increase production capacity and meet domestic and international demand.

—
Inauguration of the Victoria brewery in Malaga, a sustainable building covering more than 3,300 m² equipped with the most modern and efficient facilities.

—
Pall-Ex Iberia invests in operational efficiency with the opening of two new regional hubs: the Mediterranean and South hubs.

—
Alfil Logistics reaches almost 100 million euros in sales, the result of the consolidation of the international land transport business in Europe.

—
Rodilla sells 30 million sandwiches and grows by 13.7%, becoming for the fifth year in a row one of the chains with the highest organic growth in the market.

—
The Estrella Damm Gastronomy Congress, whose first edition was held in 2014 in London, becomes a leading international gastronomic event with new editions in Lisbon, Toronto and Melbourne in 2017.

—
First harvest of Damm's hops in Prades (Tarragona), three years after setting up the experimental farm in this municipality.

—
The Estrella Damm Padel Tour joins the United Nations Year for Peace, with a series of actions to support this international organization's initiative.

—
Alfil Logistics joins the Lean & Green platform to reduce transport emissions by 20% in five years.

—
Estrella de Levante is a pioneer in calculating and certifying the water footprint across its entire value chain.

—
Rodilla launches its home delivery service, now included in 70% of the brand's restaurants.

—
Damm continues its Digital Transformation project, across the whole of its organization and companies.



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THE GROWING WORLD OF DAMM



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ABOUT US

Master brewer August Kuentzmann Damm settled on the Mediterranean coast more than 140 years ago and today, the company he founded is now a leader in the food and beverage sector both domestically and internationally.

(G4-12) Damm is constituted as S.A. Damm as the parent company and comprised of a network of companies involved in different areas of activity: production and packaging of beer, water and soft drinks, logistics and distribution services, restaurants and event organization.

In 2017 we established several companies to continue the international development and growth of the group through the acquisition of new businesses. Of note in this regard was the **agreement with the Mallorca-based company Comercial Bordoy S.L. , former distributor of Damm in Palma de Mallorca, for the acquisition of its entire beverage distribution business, as well as the dairy production and distribution activities of Agama and Laccao, and those of the Font Major and Font de Sa Senyora water bottling companies.**





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OUR PRODUCTS

(102-2)

BEERS AND OTHERS

—
A.K. DAMM
BOCK DAMM
CERVEZA DE NAVIDAD
RADEBERGER PILSNER
DAMM LEMON
ESTRELLA DAMM
DAURA
DAURA MÄRZEN
INEDIT
ESTRELLA DE LEVANTE
ESTRELLA DE LEVANTE 0,0
PUNTA ESTE
FREE DAMM
FREE DAMM LIMÓN
KELER
KELER BROWN
ESTRELLA DEL SUR
ESTRELLA DEL SUR 0,0
CALATRAVA
MALQUERIDA
ORO
VICTORIA
VOLL-DAMM
XIBECA
TAGUS
SKOL
TURIA
SANGRÍA SUREO
TINTO DE VERANO SUREO

WATERS

—
AGUA DE VERI
FUENTE LIVIANA
PIRINEA
FONT MAJOR
FONT DE SA SENYORA

CHOCOLATE SHAKES

—
CACAOLAT UPP!
CACAOLAT ORIGINAL
CACAOLAT 0%
CACAOLAT MOCCA
LACCAO

DAIRY

—
AGAMA

RESTAURANTS

—
CAFÉS GARRIGA
GRUPO RODILLA
JAMAICA COFFEE EXPERIENCE

DISTRIBUTION

—
DAMM DISTRIBUCIÓN
INTEGRAL

The acquisition of the Agama and Lacciao brands means that new dairy products such as chocolate shakes and milk have now been added to Damm's portfolio.

Once again, the Consumers and Users Organization (known by its Spanish initials OCU) has recognized Fuente Liviana as the best quality bottled water out of more than 100 brands sold in Spain.



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SIMPLIFIED SCHEME OF OUR MOST RELEVANT COMPANIES

(102-2, 102-5)



S.A. DAMM

Production and sale of beer, by-products and derivative products.

COMPañÍA CERVECERA DAMM, S.L

Production and distribution of beverages nationwide, mainly beer.



ESTRELLA DE LEVANTE, FÁBRICA DE CERVEZA, S.A.

Production and sale of beer and malt and derivative products.



CERVEZAS VICTORIA S.L.

Production and distribution of beer.



AGUAS DE SAN MARTÍN DE VERI, S.A.

Bottling and distribution of natural mineral water.



GESTIÓN FUENTE LIVIANA, S.L.

Bottling and distribution of mineral water and non-alcoholic drinks.



FONT SALEM S.L.

Production, packaging and sale of soft drinks, beer and natural mineral water.



ENVASADORA MALLORQUINA DE BEGUDES, S.L

Wholesale of all kinds of beverages and all kinds of food products.



DERIVATS LACTIS MALLORQUINS, S.L.

Business activity related to milk and its derivatives; and production and marketing of all kinds of food products and beverages.



GRUPO CACAOLAT S.L.

Dairy products. Company participated by Damm with 50 %



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CAFÉS GARRIGA 1850 S.L.

Preparation and sale of a selection of 100% natural coffees, maintaining the traditional roasting formula used since 1850.



GRUPO RODILLA.

Restaurant group, made up of three brands: Rodilla, Jamaica Coffee Experience and Café de Indias.



DAMM DISTRIBUCIÓN INTEGRAL, S.L.

Service company specializing in distribution services.



PALL-EX IBERIA, S.L.

Distribution of palletized goods throughout Europe, with daily connections between locations and 24 hour express service.



ALFIL LOGISTICS, S.A.

Service company specializing in providing integrated logistics services for consumer goods.



ÁGORA EUROPE, S.A.

Service company focusing on design and sale of electronic or telematic logistics activities.



SETPOINT EVENTS S.A.

Organization of competitions and sporting or cultural events of any kind. Creation and marketing of any type of artistic and cultural content. Management of the World Padel Tour.



DAMM FOUNDATION.

Most of its activity is focused on the Club de Fútbol Damm, the Club de Pádel Damm and sponsorship of cultural, sports and charitable organizations.

MALTERÍA LA MORAVIA S.L.

Production of malt.



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OUR WORK CENTRES

(102-3)

A

BARCELONA **SOCIEDAD ANÓNIMA DAMM.**

C/ Rosselló, 515. 08025 Barcelona

DAMM DISTRIBUCIÓN **INTEGRAL.**

C/ Rosselló, 515. 08025 Barcelona

CORPORACIÓN ECONÓMICA **DELTA.**

C/ Rosselló, 515. 08025 Barcelona

ÁGORA EUROPE.

C/ Aragón, 141-143 Entlo. 08015 Barcelona

CCDAMM.

Ronda de Ponent, 41. 08820 El Prat de Llobregat (Barcelona)

CAFÉS GARRIGA.

Ronda de Santa María, 16. 08021 Barberà del Vallès (Barcelona)

ALFIL LOGISTICS.

ZAL II – Prat. C/ Cal Lluquer, 38-48. 08820 El Prat de Llobregat (Barcelona)

B

MADRID **PLATAFORMA CONTINENTAL** **MADRID.**

Polígono Industrial Las Mercedes. C/ De Samaniego, 3. 28022 Madrid

GRUPO RODILLA.

Polígono Industrial Aguacate. C/ Secoya, 19, Planta Primera. 28054 Madrid

PALL-EX IBERIA.

Polígono Industrial Las Mercedes. C/ De Samaniego, 3. 28022 Madrid

SETPOINT EVENTS S.A.

C/Río Bullaque, 2. 28034 Madrid

ARTESANÍA DE LA **ALIMENTACIÓN.**

C/ Duquesa de Tamames, 75-77. 28044 Madrid

C

MURCIA **ESTRELLA DE LEVANTE.**

C/ Mayor, 171. 30100 Espinardo (Murcia)

D

VALENCIA **FONT SALEM.**

Partida El Frontó, s/n. 46843 Salem (Valencia)

FONT SALEM, EL PUIG.

Camino al Mar, s/n. 46540 El Puig (Valencia)

E

LLEIDA **LA MORAVIA.**

Ctra. N-II, Km 480. 25220 Bell-Lloc d'Urgell (Lleida)

F

CUENCA **GESTIÓN FUENTE LIVIANA.**

Ctra. de Cañete, s/n. 6316 Huerta del Marquesado (Cuenca)

G

MÁLAGA **CERVEZA VICTORIA.**

Polígono Azucarera. Avenida de Velázquez, 215. 29004 Málaga

H

PORTUGAL **FONT SALEM PORTUGAL.**

Quinta da Mafarra, Várzea. 2009-003 Santarém (Portugal)



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HUESCA **AGUAS DE SAN MARTÍN DE VERI**

Ctra. del Pont de Suert, s/n. 22470 Bisuarri (Huesca)

AGUAS DE SAN MARTÍN DE VERI

Ctra. N 260, km 387. 22465 El Run - Castejón de Sos (Huesca)

J

MALLORCA **DELAMA**

C/ Manacor, n. 249. 07007 Palma (Mallorca)

FONT MAJOR AMN.

C/ Son Nebot, s/n. 07315 Escorca (Mallorca)

FONT DE SA SENYORA AMN

C/ Son Canals, s/n. 07179 Deià (Mallorca)

AQUAFONDA

C/ 16 de Julio. 07009 Palma (Mallorca)

GOETHE II

Ctra. de Muro, km. 0,5. 07420 Sa Pobla (Mallorca)



17 million hectolitres of beer, water, soft drinks, milk and milkshakes are produced in our 14 plants located in the Iberian Peninsula.

We expanded our network of work centres with the commissioning of the Victoria factory in Malaga and the acquisition of the brands located on the island of Mallorca.



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INTERNATIONAL EXPANSION

WITH OUR BEERS...

(102-4, 102-6) **We continue moving forward with our internationalization process and our brands are now present in more than 100 countries**, achieving significant growth in volume and brand awareness in recent years. We have focused on expanding in several key markets, with the English-speaking world our main foreign target.

In 2018 we will have a sales force of 90 people abroad and will focus on nine countries with high consumer potential: Canada, United States, Norway, Sweden, United Kingdom, Australia, New Zealand, China, Portugal and Chile.

We were the official beer of The World's 50 Best Restaurants awards, in Melbourne, and of Latin America's 50 Best Restaurants 2017 awards, in Bogota.





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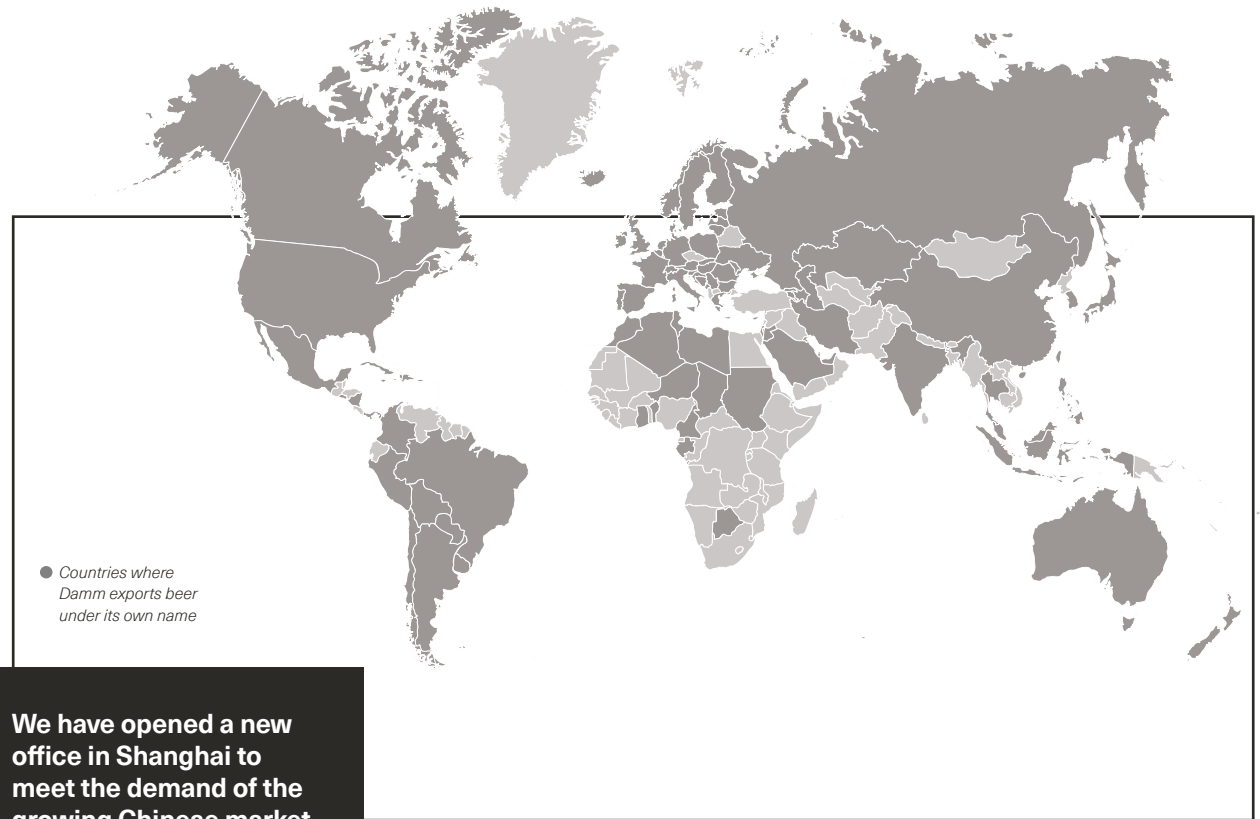
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We have opened a new office in Shanghai to meet the demand of the growing Chinese market.

We collaborate in gastronomic events around the world, always focusing on seasonal cuisine and hand in hand with the best international chefs. In 2017, we sponsored, among other events, **Taste of Sydney, Taste of Hong Kong, Taste of Dubai and Taste of Miami**, the second edition of **Sabor Fusion Shanghai** and the

gastronomic innovation conference **Food on the Edge**, in Ireland. We also sponsored the **Top 50 Gastropubs Awards 2017**, in London and the British **National Restaurant Awards 2017**. For the first time, Estrella Damm sponsored the New Zealand **Good Food Awards**, organized by Cuisine Magazine.

In order to establish a permanent communication channel with our international customers, we have created the Estrella Damm Newsletter, a monthly digital newsletter that details the company's international activities.



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ESTRELLA DAMM GASTRONOMY CONGRESS, AN INTERNATIONAL BENCHMARK

The Estrella Damm Gastronomy Congress celebrated its first edition in the Canadian city of Toronto in 2017. It was attended by the chef Albert Adrià and took place in St Lawrence Market, voted one of the best markets in the world. The chefs prepared culinary creations in the form of tapas, paired with an Estrella Damm, with the help of the tutors and students of the George Brown College Chef School, the largest and most prestigious gastronomic school in the country.

In Melbourne, Australia, under the title "Approaching high creativity", the event was attended by Joan Roca and Albert Adrià, as well as an exceptional selection of other world-renowned chefs. The chefs spoke of proximity and bringing their cuisine to the people, as well as the importance of buying seasonal products.





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WITH OUR ADVERTISING...

Our international adventure continues, always accompanied by Estrella Damm's "Mediterráneamente" advertising campaigns. In June, **London hosted the premiere of "The Little Things"**, the Estrella Damm short film directed by Alberto Rodríguez and starring Jean Reno and Laia Costa. We also carried out several advertising campaigns for our beer in that city. **In Portugal we carried out the "As pequenas coisas"** campaign on television, out-of-home and digital media. In Montevideo (Uruguay), Cyprus, Toronto (Canada) and Equatorial Guinea we advertised in public places, as well as in the popular and revamped Britomart neighbourhood in Auckland (New Zealand). In Cambodia we advertised in magazines and in Chile we advertised our products on lorries.

The video of "The Little Things" has more than 11 million views on Estrella Damm's social media sites in the United Kingdom.





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WITH LOGISTICS SERVICES...

Alfil Logistics has joined the Global Affinity Alliance, an extensive network that offers international freight services in virtually every capital, port and airport in the world.

After just 5 years of activity in the Americas, Ágora Europe already has a long list of customers, both distributors and producers, and is implementing large projects in different business areas.

Alfil USA, a pallet management company, is planning to open a plant in Fayetteville (North Carolina) in 2018.

PALL-EX FOCUSES ON OPERATIONAL EFFICIENCY WITH THE OPENING OF NEW REGIONAL HUBS

The company strengthens its network of regional hubs with two new openings: the Mediterranean Hub, a strategic business axis on the east coast of Spain and the Southern Hub, in Jaén, a strategic hub for the area of Andalusia. As a result, Pall-Ex now has four logistics hubs in the Iberian Peninsula, in addition to the existing ones in Madrid and Zaragoza.

The commissioning of these two hubs is part of the Pall-Ex strategy to bring operations closer to the areas where its customers operate with the aim of reducing distances and costs and increasing operational efficiency.





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WITH RESTAURANTS...

Rodilla continues its expansion into new markets in Spain and around the world. It is currently present in 11 of the 17 autonomous communities. After being well received by customers over the last two years, the company now aims to expand into new regions and strengthen its presence in domestic markets, specifically in northern Spain (Basque Country, Cantabria, Asturias, Galicia, Navarra), Barcelona, Valencian Community, Balearic Islands, Canary Islands and the Costa del Sol. Moreover, Rodilla's significant focus on digital transformation has resulted in strong growth in the e-commerce world. On the other hand, the important commitment of Rodilla for the digital transformation has also led a strong expansion in the world of electronic commerce, with the launch of the app and the website which allows ordering at home through mobile devices.

Rodilla aims to strengthen its presence in domestic markets, specifically in northern Spain, Barcelona, the Valencian Community, the Balearic Islands, the Canary Islands and the Costa del Sol.



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ETHICS AND INTEGRITY IN THE WAY WE ACT

A DIFFERENT BUSINESS PHILOSOPHY



MISSION

At Damm we specialize in the production and distribution of beverages domestically and internationally, mainly beer, water and soft drinks... The satisfaction of our **consumers, customers, shareholders and employees** is the foundation of our search for **competitiveness and profitability**, which, in turn, helps us to offer a **high quality product** while always respecting the environment and the safety of people.



VISION

We must be the leading domestic company in the beverage sector in all those products that we sell, and grow in a sustainable and profitable manner in each of the sectors in which we are present, with the utmost technological efficiency and quality, and with the utmost respect for the environment and current legislation. The best guarantee of independence is profitability.



VALUES

(102-16) We carry out our activity based on "The 5 C's", corporate values that constitute the pillars of our strategy and define the work of all of us who are part of Damm.*

*During 2018, the company will develop and present its new values.



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Commitment. At Damm we believe in what we do. Therefore, we always seek excellence in our work to achieve our business objectives, placing special importance on what and how we can achieve them.

Innovative Creativity. At Damm we grow each day as professionals and as a corporate leader thanks to our desire for continuous improvement and quality in the work we do.

Collaboration. At Damm we share a common purpose and we believe that the collective good prevails over individual interests.

Customer. At Damm we consider that the customer is at the top of the company's organizational chart. Knowing their needs and expectations is essential in order to develop products and services with added value that increase their satisfaction with Damm and, therefore, their brand loyalty.

Shared responsibility. The desire to be a leader in the sector means doing business responsibly and assuming the social and environmental concerns of the 21st century. An organization is no longer an institution that simply creates economic value, but also

social value. We are committed to working towards progressively meeting the expectations of our stakeholders, **focusing our actions on four essential areas:** guaranteeing the safety of our staff, as well as facilitating their professional development and training; protecting the consumer by providing safe, healthy and wholesome products; growing sustainably—our activity should not compromise the future of younger generations; participating actively in the development of the communities in which we operate and collaborating with humanitarian causes.



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MORE RESPONSIBLE MANAGEMENT: GOOD CORPORATE GOVERNANCE

Our corporate governance model facilitates the appropriate and transparent management of the company while strengthening the strategic capacity necessary to generate added value in the company and maximize economic efficiency and sustainability.

(102-18) The company is governed by the General Shareholders' Meeting, the Board of Directors and the Steering Committee.

S.A. DAMM BOARD OF DIRECTORS

Executive Chairman

Mr Demetrio Carceller Arce

Board Member and Secretary

Mr Ramón Agenjo Bosch

Board Members

Mr Ramón Armadàs Bosch,
representing Hardman-Ceres, S.L.

Mr Raimundo Baroja,
representing Corporación Petrolífera, S.A.

Mr José Carceller,
representing Disa Financiación S.A.U.

Ms María Carceller,
representing Seegrund, B.V.

Mr Pau Furriol i Fornells

Dr August Oetker

Dr Ernst F. Schroeder

DAMM STEERING COMMITTEE

Executive Chairman

Mr Demetrio Carceller Arce

Managing Director

Mr Jorge Villavecchia Barnach-Calbó

Director of Operations

Mr Pedro Marín Giménez

Director of Marketing, Communication and Exports

Mr Jaume Alemany Gas

Director of Corporate Finance

Mr Àngel Guarch López

Director of Sales

Mr Xavier Vila Vila

CEO of Rodilla

Ms Maria Carceller Arce

Director of Human Resources

Mr Ricardo Lechuga Cisneros

Managing Director of Font Salem

Mr Antoni Folguera Ventura



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All of S.A. Damm's collaborators have received training on prevention of criminal risks and have subscribed to the Code of Conduct.

(102-16) A good oversight system is a symptom of good corporate governance. In 2017, the Board of Directors of S.A. Damm approved the creation of the following tools that make up the criminal risk prevention system: the Code of Conduct, the whistleblower channel regulations, the Compliance Committee and the Compliance Committee Regulations. In addition, Damm's Internal Audit Department was created to better manage all types of risk, including criminal risk. Both the Compliance Committee and the Internal Audit Department report to the Audit and Compliance Committee, which is made up of members of the Board of Directors.

(GRI 205) The Audit and Control Committee entrusts the Compliance Committee and the Internal Audit Department with the active management of existing risks and the preparation of a global risk map and a specific one for criminal risk. The protocol for dealing with risks related to political corruption is included in the Code of Conduct and in the whistleblower channel regulations. The carrying out of audits is a function specifically entrusted to the Internal Audit Department. At Damm we have also drafted a Manual for the prevention of money laundering, with special emphasis on payments.

(GRI 205) The protocol for dealing with risks linked to conflicts of interest has been included in the Code of Conduct, notwithstanding the fact that the Board Secretariat monitors compliance with commercial regulations in this regard.



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RESPONSIBILITY AND SUSTAINABILITY, A LONG-TERM COMMITMENT

We are aware that offering a high quality product and service is not enough. The desire to be a leader in the sector means doing business responsibly, integrating social and environmental concerns in our day to day. Consequently, we organize and execute the necessary programmes and actions to guarantee sustainable growth at different levels and in accordance with the concerns of our stakeholders.

In 2017 Senior Management approved a new Comprehensive Management Policy for all certified Damm companies: SA DAMM, Compañía Cervecera Damm, Estrella de Levante, Veri, Fuente Liviana, Font Salem, Alfil and Artesanía de la Alimentación, integrating the different management systems implemented in each: Quality, Environment, Energy, Food Safety and Occupational Risk Prevention.

RELATIONSHIPS BASED ON TRUST WITH OUR STAKEHOLDERS

(102-40) Our commitment to sustainability implies adding value for all our stakeholders by actively listening to their needs and concerns through a multichannel relationship.

Collaborators

Customers – Consumers

Customers - Businesses

Distributors

Shareholders

Media and influencers

Suppliers and outsourcers

Partners / external advisors

Public and private institutions

Society

Franchisees



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AWARDS AND RECOGNITION

FOR OUR ADVERTISING CAMPAIGNS...

Gold Award for Best Branded Content in the Best Awards for the short film *The Little Things*

—
2016 Best Ads award in the Branded Content category for the short film *The Little Things*

—
Award for the best Marketing Strategy at the Vocento Business Awards

—
Marketing and Communication Award at the 1st El Español Digital Awards for the short film *Our Life*

FOR OUR SOCIAL ACTION...

Community of Madrid Red Cross **2017 Business Awards** for Grupo Rodilla for its track record and history in employing people from vulnerable groups.

—
Recognition from the Provincial Council of Cuenca of Fuente Liviana for the company's collaboration in fun runs, mountain bike races, duathlons and mountain races

FOR OUR MANAGEMENT...

2017 Company of the Year Award, granted by the Spain-USA Chamber of Commerce, which recognizes companies that are committed to establishing economic relations between both countries.

—
2017 Málaga Avanza Award for Victoria beer for its management and good work and for producing once again in Malaga, its city of origin

—
Business Trajectory Award for Grupo Rodilla at the 14th Young Entrepreneur Awards in Madrid

—
Employment Outreach Award for Grupo Rodilla at the Capital magazine awards

—
EMEA 2017 Sales Collaboration Partner of the Year Award for Ágora Europe awarded by JDA Software at FocusConnect 2017

—
2017 Consulting Partner of the Year, LATAM Award for Ágora Europe awarded by JDA Software at the Partner Leadership Awards

—
Award for the most innovative Spanish company at the European Business Awards for Grupo Rodilla

The short film *The Little Things* has been recognized by professional and popular juries and highlights how we have connected with society.



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FOR OUR PRODUCTS...



ESTRELLA DAMM

Superior Taste Awards

Three stars (91.9 points)
(Brussels, Belgium)

World Beer
Championships Gold
medal (92 points)
(Chicago, USA)

World Beer Awards
(Norwich, United
Kingdom)



DAURA

World Beer
Championships Gold
medal (92 points)
(Chicago, USA)

Superior Taste Awards
Two stars (86.9 points)
(Brussels, Belgium)



DAURA MÄRZEN

World Beer
Championships Gold
medal (90 points)
(Chicago, USA)

Superior Taste Awards
Two stars (87.1 points)
(Brussels, Belgium)

Free From Food
Awards
Silver medal (London,
United Kingdom)



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FREE DAMM

Superior Taste Awards

Two stars (84 points)
(Brussels, Belgium)

International Beer Challenge

Bronze medal (London, United Kingdom)

World Beer Awards

(Norwich, United Kingdom)



VOLL-DAMM

Superior Taste Awards

Three stars (90.20 points)
(Brussels, Belgium)

World Beer Championships

Silver medal (85 points)
(Chicago, USA)

Australian International Beer Awards

Bronze Medal
(Melbourne, Australia)



INEDIT

Superior Taste Awards

Two stars (88.1 points)
(Brussels, Belgium)

World Beer Championships

Gold medal (92 points)
(Chicago, USA)



KELER

World Beer Championships

Gold medal (94 points)
(Chicago, USA)

Superior Taste Awards

Two stars (88.8 points)
(Brussels, Belgium)

International Beer Challenge

Bronze medal (London, United Kingdom)



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INVOLVED IN THE SECTOR AND THE ENVIRONMENT



Alfil Logistics has joined the governing board of Logistop, representative in Spain of the European logistics initiative ALICE (Alliance for Logistics Innovation through Collaboration in Europe), which addresses issues such as collaborative logistics, open networks and best practices in the logistics of the future. Logistop provides access to international forums in which fundamental aspects such as digitalization and sustainability are addressed from the perspective of innovation and the development of best practices, to create the logistics of the future.



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**WE HAVE INVESTED,
GROWN AND BECOME
DIGITALIZED**



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MAIN FINANCIAL FIGURES

Consolidated income for 2017 reached 1.163 billion euros, 11.3% higher than in 2016, in the context of an improving Spanish economy with a recovery in domestic consumption based on job creation and low interest rates, factors that have cemented an average annual GDP growth of 3.1%. It should be noted that both the weather during summer, a period which represents approximately 40% of the group's activity, and that of the rest of the year, was very favourable for the consumption of the products that we sell.

The business performed very positively with sales increases in all the channels and markets in which Damm operates. Our broad portfolio of brands, products and activities allows us to adapt our offer to the growing and changing needs of the market.

In 2017 the group expanded its activities in its key markets through the acquisition of various commercial distribution, water, milk and shakes businesses in the Balearic Islands, one of the main markets in which it operates.





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We maintain a solid financial position thanks to the resources generated by the business itself.

The results of the group's internationalization process also contributed decisively to this growth. Today, Damm's brands and operations are already present in more than 100 countries, with significant growth in volume and popularity year after year, boosted by the establishment of its own sales force in the United Kingdom, the United States, Canada, China, Sweden and Chile and Australia.

Operating income (EBITDA) and attributable net income increased by 15% and 10.9% respectively, with the group maintaining its profitability over sales ratios despite enormous efforts in brand development and strengthening the sales and corporate workforce.

The group's workforce, comprising all businesses, stood at 4,012 people at the end of 2017 compared to 3,421 at the end of 2016.

Finally, it should be noted that the group increased its shareholding in Ebro Foods, S.A. to 11.51% (11.45% in 2016).



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Units in millions of €	2017	2016	Change	Constant annual growth rate (Last 5 years) 2017 / 2012
Balance sheet figures				
Fixed assets	1,087	989	9.9%	4.12%
Current assets	578	579	-0.2%	6.77%
Total assets/liabilities	1,665	1,568	6.2%	5.00%
Equity	838	751	11.6%	4.21%
Financial liabilities	459	491	-6.5%	7.75%
Other liabilities	368	326	12.9%	3.83%
Income statement figures				
Operating income	1,163	1,045	11.3%	5.26%
EBITDA	219	190	15.3%	6.61%
EBIT (Operating Profit)	146	120	21.7%	9.21%
Profit or Loss Attributable to Parent Company	112	101	10.9%	6.43%
Earnings per share (€/share)	0.46	0.42	9.5%	8.21%
Other data and indicators				
Accumulated industrial investments (since 2008)	896	783	14.4%	-
Level of net debt	26.61%	33.95%	-21.6%	3.40%
Dividend	60,575	52,644	15.1%	6.35%
Dividend (€ per share)	0.24	0.21	14.3%	10.00%
Number of shares (thousands)	270,083	270,083	0.0%	-
Number of shares in treasury stock (thousands)	17,719	24,987	-	-

The evolution of sales and profit should be the result of a clear commitment to sustainable and profitable growth.



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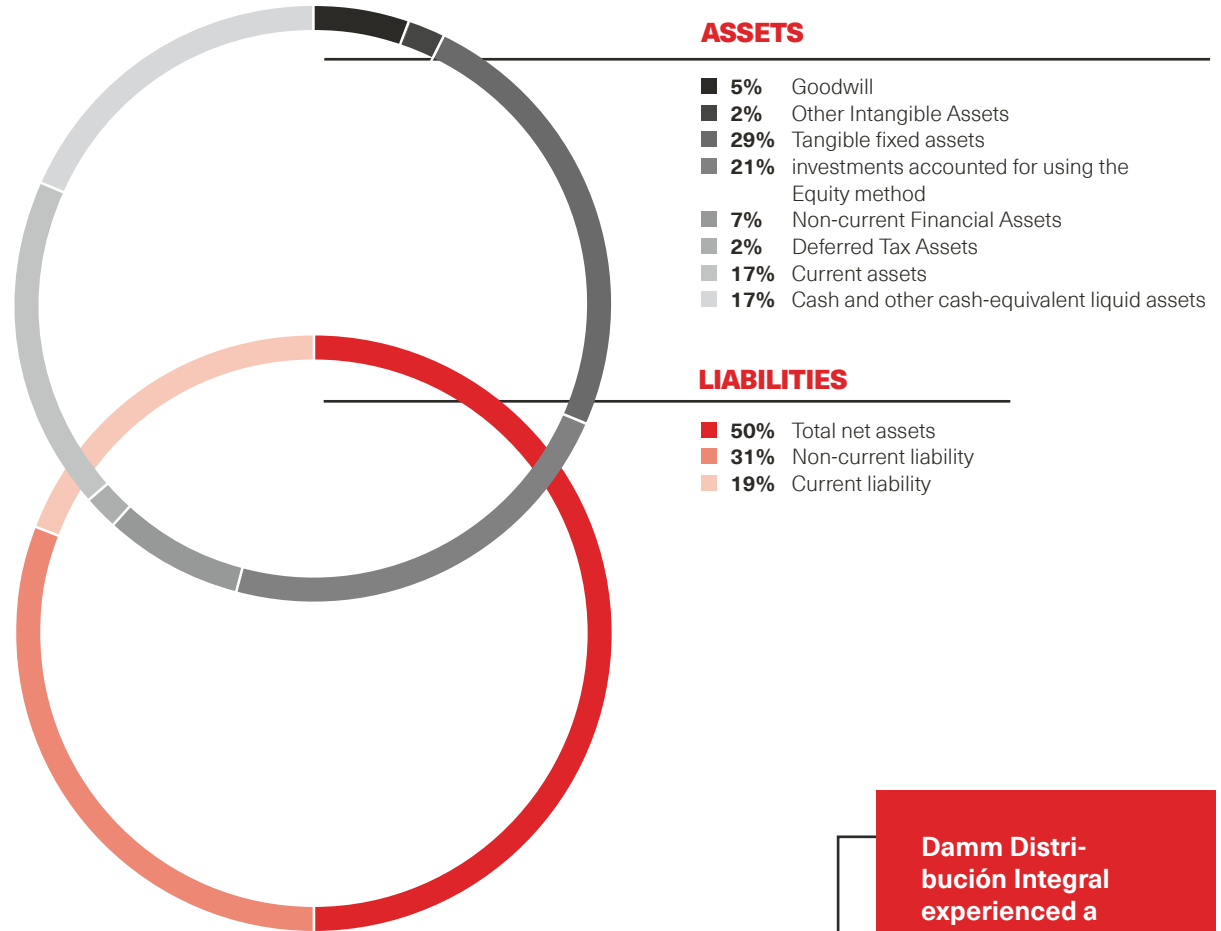
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Damm Distribución Integral experienced a 52% increase in turnover with the distribution of 19,400,000 boxes.

Alfil Logistics reached almost 100 million euros in sales in 2017, a growth of 10.3% compared to the previous year, as a result of the consolidation of the international land transport business unit in Europe thanks to rail transport, the optimization of the fleet and the strong growth of its overseas customers.



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RODILLA SELLS 30 MILLION SANDWICHES AND GROWS BY 13.7%

Rodilla's establishments sold a total of 30 million sandwiches, 4 million more than in the previous year. After increasing its turnover by 13.7% to over 111 million euros, for the fifth year in a row, Rodilla has become one of the

chains with the highest organic growth in the market. These results will allow the company to reinvest in its growth and expansion process, with an estimated investment of close to 15 million euros over the next 4 years.

Much of the success of the company is due to a rejuvenation campaign aimed at a younger target population begun in 2012, a significant investment in inno-

vating the menu and a geographic expansion plan. Currently, Rodilla has 142 restaurants throughout Spain, of which 22 were opened in 2017. By the end of 2018, Rodilla plans to have opened 21 new points of sale. The end of 2017 was also marked by the continued growth of Rodilla's e-commerce.

OUR SOCIO-ECONOMIC IMPACT

Our contribution to economic and social development is a consequence of the effects that our activity generates directly and indirectly in the locations where we operate. The growth of the business implies the creation of economic value that directly impacts on the system and on our stakeholders.

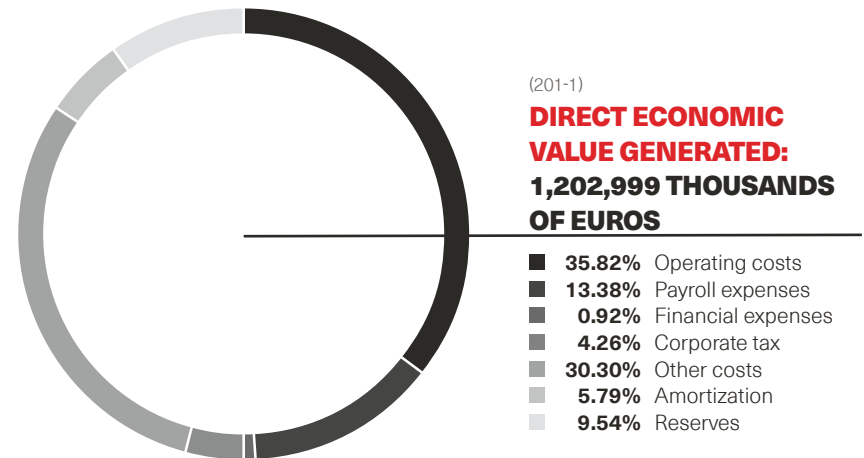


Chart created from the consolidated profit and loss account for the year ended 31 December 2017 of S.A. Damm and Subsidiary Companies (Damm Group)



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INDUSTRIAL INVESTMENT, INVESTMENT IN THE FUTURE

With the improvement and expansion of our factories and the opening of new facilities, at Damm we are now more efficient and competitive and ready to continue growing, contribute to economic development and face future challenges. This investment and development effort together with constant marketing and sponsoring activities is essential in an increasingly sophisticated market.

We aim to maximize the return on industrial investments for increasing capacity to achieve greater productivity and efficiency.



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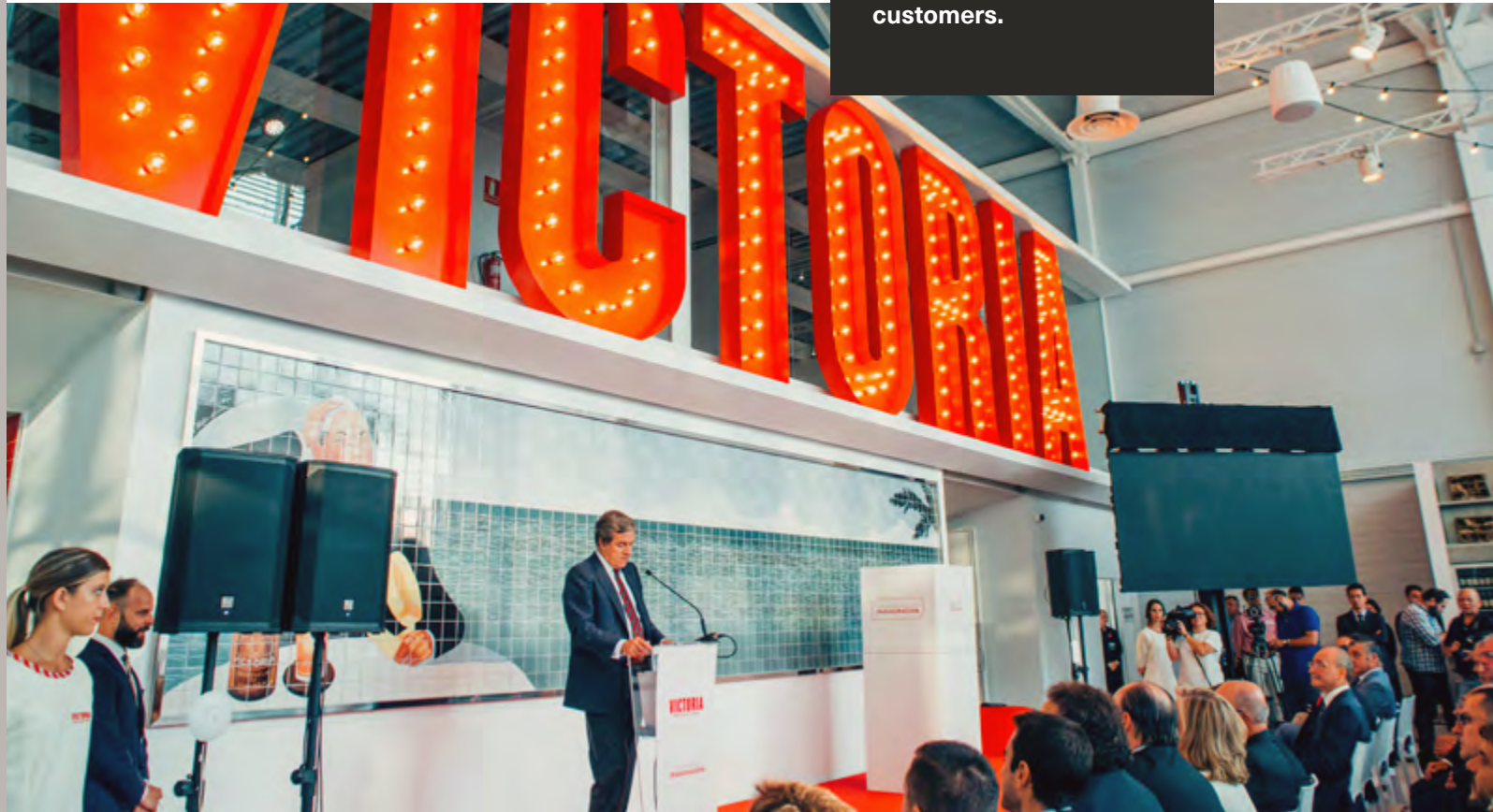
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In 2017, as the culmination of our industrial strategic plan, we completed the expansion and improvement of the Barcelona and Murcia plants, an investment of more than 35 million euros, with the aim of increasing production capacity to be more efficient and able to meet domestic and international demands.

We inaugurated the new Victoria beer factory in Málaga, which produces and packs the "Malagueña y Exquisita" beer. The heart of the factory is made up of the brewery and the packing area, as well as a space dedicated to distribution.

896 million euros in accumulated industrial investments since 2008.

In El Prat we invested 16.9 million euros in a non-returnable glass bottling line in order to increase the overall efficiency of the equipment and respond to the constant development of new products and the seasonal demand of our customers.





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The following significant investments were also carried out or initiated in 2017:

Font Salem expands the El Puig factory in Valencia and the Santarém warehouse and packaging lines in Portugal with the aim of increasing production to meet the continuous growth demand.

Rodilla opens 22 new restaurants and corners in cities such as Valencia, Pamplona, Alcalá de Henares and Valladolid and in the autonomous community of Galicia.

Veri begins the works for the commissioning of a new well to start bottling water in 2018. Also it carries out important civil engineering works in the Bisaurri plant.

Estrella de Levante expands the factory's fermentation and storage cellar to increase its production capacity from 1.6 MHI to 1.8 MHI per year.

Alfil Logistics opens a new warehouse in the city of Malaga, expands the centre at Azuqueca de Henares (Madrid) and doubles the space in the tax warehouse at the ZAL (Barcelona).

Cafés Garriga acquires a packing machine that allows it to expand its production capacity.

La Moravia increases its barley silo storage capacity, which provides greater management flexibility and better factory operations.

THE MALLORCA-BASED BRANDS AGAMA AND LACCAO ARE NOW PART OF DAMM

In 2017 we reached an agreement with the Mallorca-based company Comercial Bordoy S.L. for the acquisition of its beverage distribution business, as well as the dairy production and distribution activities of Agama and Lacciao, and those of the Font Major and Font de Sa Senyora water bottling companies. The agreement allows us to continue developing and distributing the Agama milk brand and the Lacciao chocolate milkshake brand in the Balearic Islands, collaborating fully with the island's livestock industry. The Font Major and Font de Sa Senyora mineral water brands are now integrated into our portfolio and will continue to be bottled in the plants at the Serra de Tramuntana, in Mallorca, where their springs are located. In this regard, and as part of the agreement, Damm also acquired the water dispenser business.

As a result of the integration in Damm, an improvement plan has been implemented at Agama to modify processes, facilities and buildings. We have also reached a purchase option agreement with the company Sa Pobla Goethe. The Goethe group has two business lines: distribution and production of beverages.





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DIGITAL TRANSFORMATION AND COMPETITIVENESS

In 2017 we continued to progress with our Digital Transformation project, a transversal cultural change across the whole of Damm.

The Department of Digital Transformation's mission is to help create and enforce a corporate culture open to change, flexibility and alliances with third parties with the objective not only of taking advantage of emerging technologies, but also of embracing the new business strategies that drive these technologies.

Digital transformation has become an imperative in order to continue boosting our competitiveness. Today, the way people consume and reach products and services has changed, and with it so has our connection to customers, human relationships within the company and management methods. The incorporation of digital technology allows us to improve the efficiency of important decision making and increase productivity exponentially.





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In 2017, Damm's purchasing department signed its first paperless contract.

The main projects carried out in 2017 were as follows:

Revamping of the websites of some of our brands: Estrella Damm, Oro beer, Fuente Liviana and Keler, coinciding with the re-launch of its limited edition dark variety, Keler Brown.

Launch of the **new website for visits to the El Prat factory**, which allows online bookings.

Implementation of the digital signature for contracts to improve interaction with suppliers. In addition to the positive environmental impact, the digital signature is clearly an advantage in terms of efficiency during the purchase-sale cycle.

The Rodilla e-commerce app is used by an average of 3,500 people a week and the average ticket value is higher than in the physical stores.

New Rodilla e-commerce service.

Implementation of a Manufacturing Execution System in all packaging lines in the El Prat and Murcia factories. As a result of this operational improvement, data is now automatically collected and transformed into easily interpretable information, which improves management and decision making in real time.

Launch of Damm Media, an online repository of images, videos, graphic materials and brand implementation manuals. This project is due to Damm's significant expansion into foreign markets and aims to improve communication with importers.

Damm becomes a global partner of Barcelona Tech City to promote digital and technological business. Barcelona Tech City brings together startups and entrepreneurs from Barcelona's digital and technological sector, allowing Damm to be directly involved through the projects and programme of activities developed by the association.



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TRANSPARENCY AND COMMITMENT TO THE SHAREHOLDER

As of 31 December 2017 and 2016, the share capital of the parent company amounted to 54,016,654.40 euros and was represented by 270,083,272 shares with a nominal value of 0.20 euros, all with equal political and economic rights. On the date of preparation of these Consolidated Annual Accounts, the total number of issued shares were fully paid.

The shareholders, legal persons, with a stake above 10% of the share capital of S.A. DAMM as of 31 December 2017 were DISA CORPORACION PETROLIFERA, S.A., MUSROM GMBH an SEE-GRUND, B.V., with stakes of 33.04% (30.6% in 2016), 25.016% (25.016% in 2016) and 13.952% (13.952% in 2016) respectively.

At Damm, we provide detailed reports of our financial statements, economic, social and environmental performance, corporate governance and other matters of interest to shareholders in accordance with our principles of transparency and commitment.



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**EMPLOYEES
WHO GROW
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EFFICIENT MANAGEMENT TO ACCOMPANY GROWTH

Strong growth in employees with more than 1,200 new hires and incorporations.

Our commitment to growth and internationalization has resulted in a growing number of employees in different parts of the Iberian Peninsula and the world. The whole workforce's day-to-day effort and work means that we continue to grow in the market and that our people grow with Damm.

— The acquisition of the distribution and Mallorca-based brands Agama and Lacciao, and of the Font Major and Font de Sa Senyora water bottling companies has resulted in the **incorporation of more than 200 new employees into the workforce.**

— **Grupo Rodilla has experienced a substantial increase in its**

staff numbers due to its strong expansion across the country. This growth has basically occurred in store personnel. Around 95% of new managerial positions have been filled by internal staff, evidence of our clear commitment to the professional development of employees that in many cases come from other sectors or have recently entered the job market.

— As a result of the Zenit program, **we have also incorporated new managers in the Levante, Murcia and Malaga areas.**

— **We are hiring young university graduates as managers, prioritizing training over experience** to improve our sales network and better serve the needs of our cus-

tomers and distributors. **We have also created a Sales School**, where recent university graduates spend time in the different areas of the sales department to be trained and grow within the company.

— **We have launched a succession plan for the different key positions in Agama**, to train staff to fill certain positions left vacant through retirements.

— We have implemented the **employee exit interview.**

— We have published a **practical guide to the maternity/paternity process.**



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WE WANT TO BE A GREAT PLACE TO WORK

We conducted a climate survey in order to find areas for improvement in Damm's operations and in the satisfaction of its employees. This survey allowed them to explain their day to day work and express their opinion in this regard.

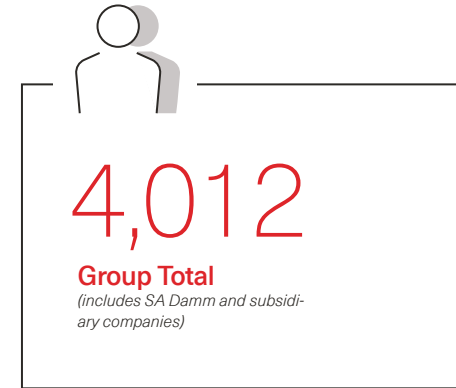
The main strengths detected in the diagnosis were: the pride of belonging (brand recognition), honesty (supervisors manage the business honestly and ethically), management (supervisors trust in the work of the people under them) and reception (when a person joins the company, they feel welcome).

Regarding the areas of improvement detected, we have set ourselves the goal of creating specific work plans that achieve cultural coherence across the group.

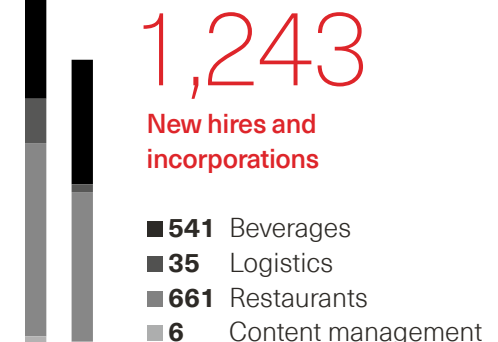
46%
Survey participation rate



75.2%
Employees feel proud when they say they work at Damm



STAFF IN THE SCOPE OF THE REPORT (102-7, 401-1)





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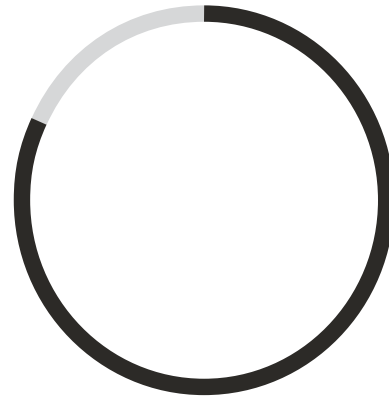
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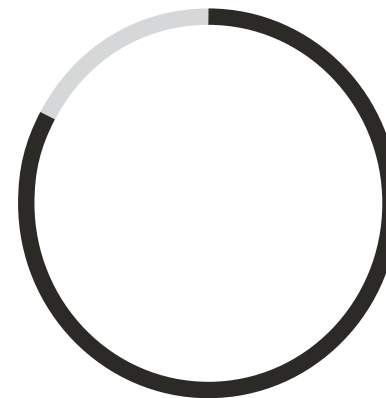
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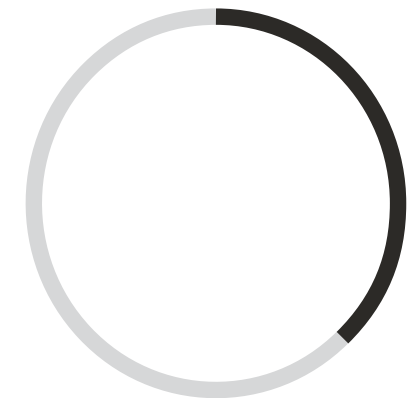
83 %
STAFF ON A
PERMANENT CONTRACT

82%	Beverages
98%	Logistics
83%	Restaurants
100%	Content management



82%
STAFF
ON A FULL-TIME BASIS

99%	Beverages
100%	Logistics
39%	Restaurants
100%	Content management

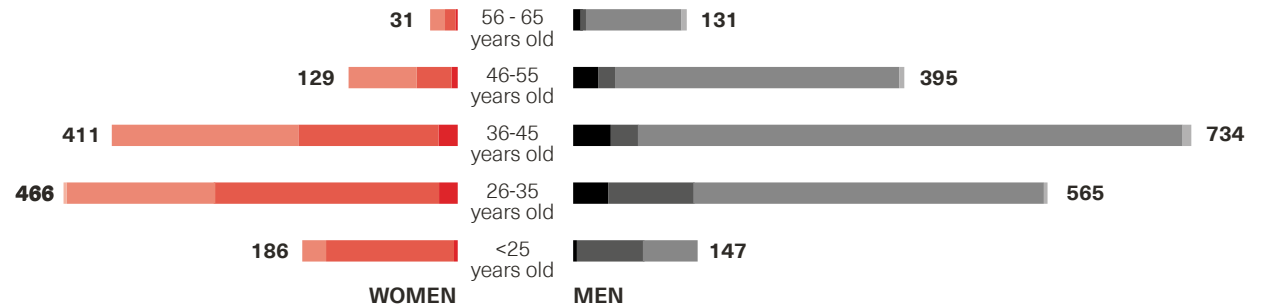


38%
FEMALE
STAFF

25%	Beverages
34%	Logistics
72%	Restaurants
14%	Content management

STAFF ACCORDING TO GENDER AND AGE GROUP

- ■ Logistics
- ■ Restaurants
- ■ Beverages
- ■ Content management





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LET'S DAMM TOGETHER: INVOLVING EMPLOYEES IN THE DIGITALIZATION PROCESS

Our Digital Transformation process also involves our people, whom we have sought to involve through the Let's Damm Together events, held monthly at the Antigua Fábrica Estrella Damm, which all employees are invited to attend in person or via streaming through iDamm (corporate intranet). In short, a space for sharing ideas and proposals on how to progress towards a transversal digital culture.

Let's Damm Together seeks to generate interest and discussion with presentations from speakers that aim

to create awareness of the opportunity that the digital era represents. In 2017, the actor and comedian José Corbacho took part in this initiative, with an ironic take on the social changes in our digital environment and how this affects a company like Damm with more than 140 years of history. In the second cycle, Víctor Küppers, an international coach and lecturer, attended the Antigua Fábrica Estrella Damm and gave a motivational talk to all attendees about how to deal with and improve day-to-day life in a company. Always with passion and enthusiasm.





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WE ARE INCLUSIVE

Part of our social commitment involves working towards the integration of people with disabilities and at risk of social exclusion into the labour market. **Alfil Logistics incorporates people at its el Prat facilities from the Cares Foundation**, a non-profit special employment centre that works for the employability of people with disabilities.

Rodilla remains committed to youth employment and the integration of people at risk of social exclusion. The company collaborates with the initiatives promoted by the ISOS Foundation (Programme Option 3) for the employment of young people in care, the Spanish Red Cross offering work experience for young people, the San Martín de Porres Foundation for the training and integration of people at risk of social exclusion, the "la Caixa" Foundation (Barcelona Activa) for the hiring of young people and the Madrid City Council through the Employment Agency for the recruitment and hiring of young people with no qualifications.





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WE RESPECT AND PROMOTE EQUALITY AND DIVERSITY

(GRI 405) We ensure equality exists between men and women in the company thanks to actions carried out as part of the Damm Equality Plan, the training of equality agents and the promotion of awareness activities. In this regard, of note was the commemoration of International Women's Day on 8 March, in which several special activities were carried out in the El Prat factory and in the Antigua Fábrica Estrella Damm. Informative panels were placed in the two work centres on the day, together with photographs of Damm past and present, featuring the company's female workers.

In 2017, Grupo Rodilla set up a negotiating table to renew the new Equality Plan, whose initial diagnosis indicates 73% of the workforce are women and 70% are young people.

Agora is committed to parity in the logistics sector



ESTRELLA DE LEVANTE APPROVES ITS EQUALITY PLAN

Through the Plan, Estrella de Levante guarantees professional promotion based on criteria that ensure recognition of accomplishments and abilities demonstrated in job performance and promotes new measures that favour the work-life balance of employees.

The pillars on which its vision of equality are built are the commitment to real equality in access to jobs and in the workplace, the promotion of positive behaviour to make equality effective, the transparency of both the company's culture and its adaptation to decisions on this matter and the active participation of all the members of the organization for the achievement of this common goal.



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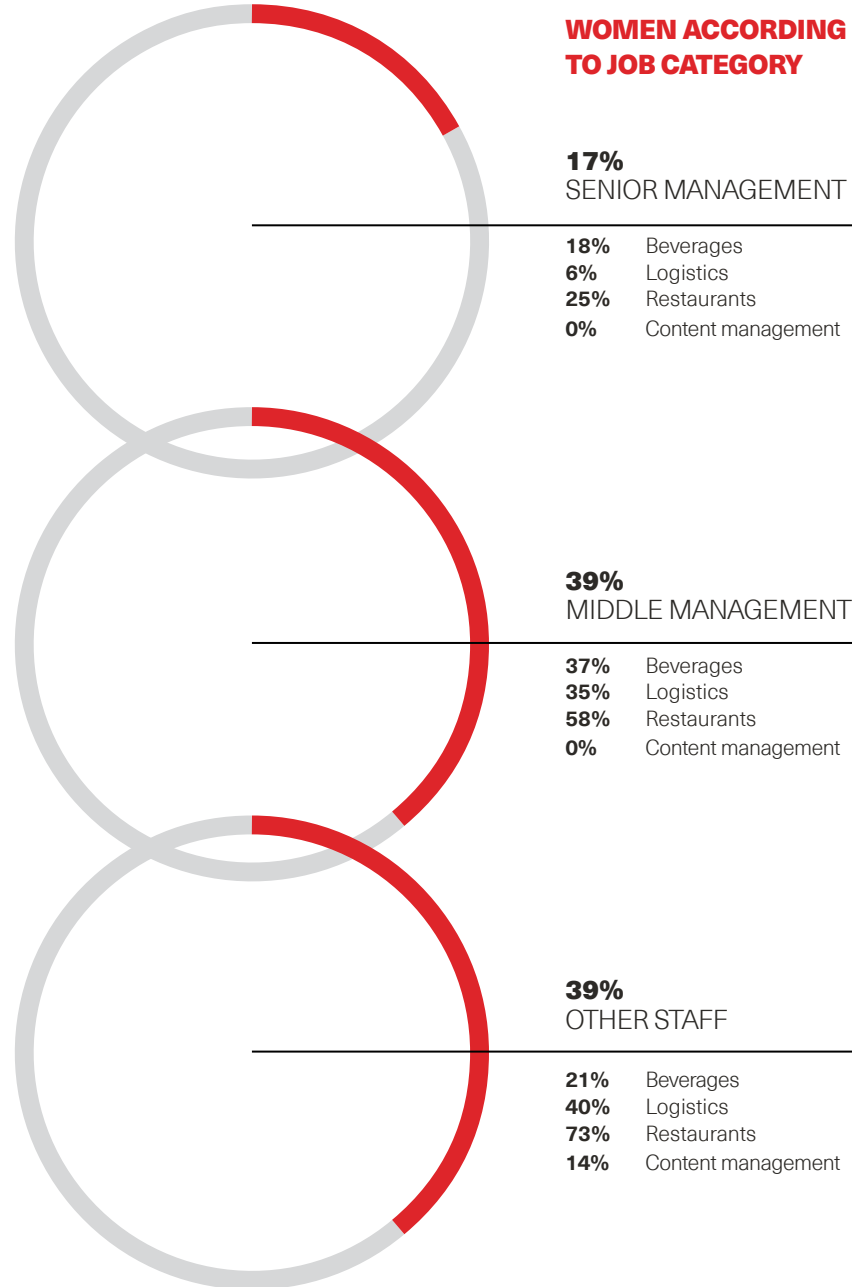
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FOR THE WELLBEING OF OUR EMPLOYEES

We promote different initiatives to promote the wellbeing of our employees, with several advantages and benefits.

— **Work-life balance measures:** flexible entry and leaving hours in offices, and intensive shift schedules in the factory.

— **Paid leave** of 4 hours per year to accompany first-degree relatives to the doctor.

— **Social benefits:** scholarships or discounts for training, access to contract products (extension of the Bènnefit Programme for all Damm employees), discounts on the purchase and acquisition of services and products through the iDamm intranet and “Damm te ofrece” (Damm offers you) promotions.

— **Leisure activities:** “Damm te acerca a la cultura” (Damm brings you closer to culture) to go to museums, theatres and concerts, and “Damm te lleva” (Damm takes you) to participate in draws for tickets to events sponsored by the company.

— **Solidarity campaigns:** we enable employees to volunteer in campaigns such as the collection of toys organized by the Casal dels Infants, “Ven a donar sangre” (blood donation) by the Banc de Sang i Teixits blood bank (more than 25 litres were collected which would save the equivalent of 87 lives) and the “Gran Colecta de Alimentos” campaign of the Banco de Alimentos food bank. Damm joined in the international aid effort to help Mexico after the earthquakes with an initial donation of €1,000 to Oxfam Inter-món and invited its employees to join this initiative.

SOLIDARITY WAS THE WINNER DURING THE SANT JORDI MUSICAL FESTIVAL

The Gaspar de Portolà Foundation and the Servei Solidari Foundation, promoter of the project “Recicla Cultura” (recycle culture), managed to raise a total of 1,100 euros with the sale of roses and books for a good cause during the celebration of the Sant Jordi Musical festival at the Antigua Fàbrica Estrella Damm.

Via an internal campaign to collect used books in different work centres, employees managed to collect a total of 600 books that were sold together with the roses, with the proceeds allocated to the social and professional integration of people with intellectual disabilities. The sale of books and roses for a good cause was carried out by nine Damm employees who volunteered.



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WE ARE IMPROVING INTERNAL COMMUNICATIONS

We continue to foster dialogue and communication among employees and use different channels to strengthen our corporate culture.

Damm Info. Integration of internal communications in this channel to inform employees about the company's news as well as provide any information that may have an impact on their job.

<<Asegúrate Damm>>. Monthly newsletter from the El Prat factory, used as an internal communication channel to boost engagement with the occupational risk prevention culture model promoted by the company. The newsletter is sent digitally and in printed format.

<<Noticias Estrella>>. Estrella de Levante newsletter featuring corporate information of interest.

Digital newsletter. Newsletter with information on Digital Transformation and tips related to new technologies to inform employees about Damm's digitalization process.





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—
iDamm intranet. In 2017 the new iDamm came into operation with more content and functionality to help internal communications and procedures. The front page of the Damm intranet has become the digital newspaper through which employees are informed of all the content generated by the different companies and departments of the group.

—
Grupo Rodilla intranet. We have started to use it in the Structure Department as a downward communication tool and for the management of various administrative tasks that provide greater agility and control to all users.

—
Connected rooms: Go Digital. Used for explanatory communications.

—
+Damm The group's internal magazine, published twice a year, is sent to the employee's home in printed format and is also sent digitally.

—
DeGusta Damm. This project recognizes and values the work carried out by our panel of internal tasters. The diligence and the results obtained in the validation rounds allow us to improve the organoleptic characteristics of our beers.

OPEN DAY AT THE EL PRAT FACTORY FOR DAMM FAMILIES.

In March and May, the Damm factory in El Prat de Llobregat opened its doors to employees over two weekends, allowing them to visit the facilities with their families. Between Saturday and Sunday, more than 300 people enjoyed the tour learning about the beer brewing process with their families.





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OPPORTUNITIES FOR TRAINING AND PROFESSIONAL DEVELOPMENT

Damm's continuous process of innovation and transformation is possible in part due to the development and evolution of its employees. We foster and promote professional development through a set of strategies (talent management and retention, brand reputation, adequate training, etc.) that allow us to cover the changing needs of the company and align our people with the business.

TALENT: BELIEVING IN AND RETAINING OUR PEOPLE

(404-2) We promote the incorporation and management of internal talent and foster the professional development of our employees.

Industrial Talent. In 2017 we continued with the process of incorporating talent at an industrial level in the EI Prat factory. The new challenges of its Industrial Plan have created new positions and the need to incorporate competent young professionals.

Mobility Programme. This is a professional development programme that offers employees the opportunity to apply to recruitment processes for internal vacancies. The programme promotes internal, functional and geographical mobility and for employees it is a platform for promotion and development in their professional career.

Grupo Rodilla has its own performance evaluation tool and an internal remuneration structure for management staff in stores that focuses on the different levels of training and performance and matching salaries to the market value. The evaluation is subject to a variable remuneration system linked to the achievement of both group and individual objectives.



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THE STAFF ARE SUBJECT TO A PERFORMANCE EVALUATION SYSTEM (404-3)



32%

- 38% Beverages
- 69% Logistics
- 4% Restaurant
- 9% Content management

TALENT RECRUITMENT PROGRAMMES AIMED AT YOUNG STUDENTS (413-1)

Ágora University is Ágora Europe's investment in training and development aimed at students in the last year of their Industrial or Civil Engineering degree or master's degree in Operations or Supply Chain to learn and practice the knowledge and skills required to be future consultants in solutions for supply chain operations planning, execution and support.

Estrella de Levante, together with the Regional Federation of Hotels and Tourism Businesses and the Regional Employment and Training Service, continues to offer "La caña emprendedora" scholarship aimed at young graduates of hospitality management

schools who want to expand their training with practical experience. In 2017, the company also promoted the "La caña emprendedora 2.0." seminar, aimed at entrepreneurs, business people and experts to analyse the business opportunities in tourism in the Noroeste region of Murcia.

The dual vocational training programmes offered by Estrella de Levante, Alfil Logistics and Ágora University comprise different initiatives that value the potential of new talent and seek to attract it by offering opportunities to students and recent graduates.



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EMPLOYER BRANDING TO ATTRACT BUSINESS TALENT

In 2017 we increased our participation in schools, universities and forums in order to attract the best prepared and appropriate talent for our business culture.

Human resources branding.

The People Development Department participates in forums at leading universities and business schools (ESADE, IQS, ETSEIB, University of Barcelona, among others) to connect with young graduates and universities.

LinkedIn. Damm has an active presence on this professional social network. In 2017, the Communications Department set up the news section of Damm's corporate channel, to become another tool for attracting external talent and to encourage Damm employee engagement.

JoBarcelona 2017. We took part in the fourth edition of JoBarcelona, the International Congress on Employment and Career Guidance for University Students and Young Graduates.

Damm already has more than 50,000 followers on LinkedIn.





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AN ADAPTED TRAINING OFFERING

(404-2) Training is a key differentiating factor for the efficient and productive performance required to respond to the needs of the market, and enables the constant renewal of knowledge and skills needed to face the day-to-day challenges of employees.

—
Lidera (Lead). Training and development programme for middle managers at the El Prat factory to develop team leadership skills.

—
Delta Express. Integration plan for factory hires, which includes 80 hours of initial theoretical and practical training.

—
Training in technology and new machinery. Continuous training programme for operators that guarantees the renewal of skills.

—
Functional versatility. Training aimed at operators of the El Prat factory for accreditation of the different functional levels of their professional group.

—
Certification training. Our management systems require the continuous training of staff in matters of quality assurance, the environment, risk prevention, food safety, Food Defense, Halal and crossed grain certification.

—
On the job training. Grupo Rodilla's in-store training is focused mainly on responding to the need to fill new store manager positions.

—
Specific training. In the restaurant business, Grupo Rodilla has carried out specific training in commercial tools and sales pitches based on quality and brand.

In the first quarter of 2018 we will launch an e-learning training platform.

Alfil Logistics collaborates with ICIL, a benchmark for excellence in logistics training.



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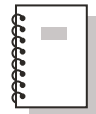
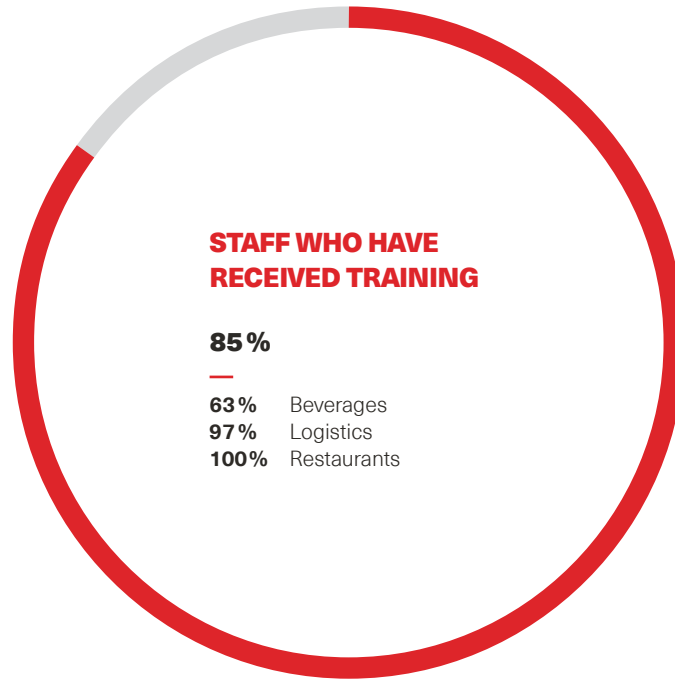
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€163	14.28
Average investment in training per employee	Average no. of training hours per employee (404-1)
—	—
€248 Beverages	21.48 Beverages
€259 Logistics	20.13 Logistics
€56 Restaurants	5.52 Restaurants

TRAINING FOR MASTER BREWERS

We continue to train our professionals in prestigious universities and specialized brewing schools, such as Doemens University, the Escuela Superior de Cerveza y Malta de Madrid, the renowned VLB in Berlin and the Institute of Brewing & Distilling. We have furthered our knowledge in different areas of brewing in the pursuit of excellence in our products and with the aim of boosting the talent of our workers, their growth and development.

Some of the training courses carried out include a Brewing Technology Course, to explain the fundamental principles of the technology through a study of the different stages of production, and a Beer Connoisseur training course.



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COMPREHENSIVE, INTEGRATED AND PARTICIPATORY SAFETY IN THE WORKPLACE

(GRI 403) **Our commitment to employee safety is reflected in the Damm Occupational health and safety policy**, which aims to achieve a zero-accidents outcome through comprehensive, integrated and participatory prevention. Throughout the year, a functional synergy has been established integrating department processes and management into corporate tools. **We have developed a unified prevention plan**, in addition to defining improvements in the planning of preventive activities and their monitoring, implementing prevention integration audits and initiating the review of prevention integration in packaging procedures.

Alfil Logistics has set up a Zero Accidents Committee in each warehouse, with the involvement of plant personnel, in charge of ensuring correct compliance with standards and detecting points of improvement or risk minimization.

A preventive culture is an important part of organizational strategy and refers to attitudes, competencies and patterns of both individual and group behaviour.





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(GRI 403) Regarding the objectives that we set for 2017, the following are worth mentioning:

— Completion of the **Safety Promoter's training** reaching the entire management structure, now already actively involved in the management of safety and providing information to personnel.

— **Consolidation of the <<Asegúrate Damm>> newsletter.**

— **Sustained growth of information activities on good operating habits recorded as Preventive Safety Observations (PSO)** and improvements in the ratios thereof. These PSO contribute to the standardization of attitudes and behaviours through

the identification of safe and unsafe practices, their correction and communication. Through the creation and dissemination of an educational infographic, we have facilitated the improvement of these safe practices on Damm premises.

— Drafting of a **monthly content guide for the Occupational Risk Prevention talks** held by each department.

(GRI 403) In order to guarantee adequate working conditions for the drivers of our suppliers, we have defined standards regarding rest hours, prevention of fatigue and on risks of theft and attacks, among other things.

Estrella de Levante is OHSAS 18001 certified.





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The launch of the Industrial Plan has had a positive effect in the factories with changes to the standard working conditions.

	ACCUMULATED INCIDENT RATE <i>Represents the number of accidents resulting in medical leave per hundred thousand people exposed</i>	FREQUENCY RATE <i>Represents the number of accidents per million working hours</i>	SEVERITY RATE <i>Represents the number of days lost per thousand hours worked</i>
Beverages	2,431	7	0.1
Logistics	970	4.6	0.08
Restaurants	6,106	33.91	0.52
Content management	0	0	0

ESTRELLA DE LEVANTE'S COMMITMENT TO ROAD SAFETY AT WORK

Estrella de Levante is the first private company to join the campaign for road safety "0 accidents, including at work. For you, for everyone". The campaign is an initiative of the Asociación DIA that aims to involve the business sector in promoting a culture of prevention, in promoting road safety and in the battle to reduce road accident rates. The objective is also to improve awareness in society in this matter.



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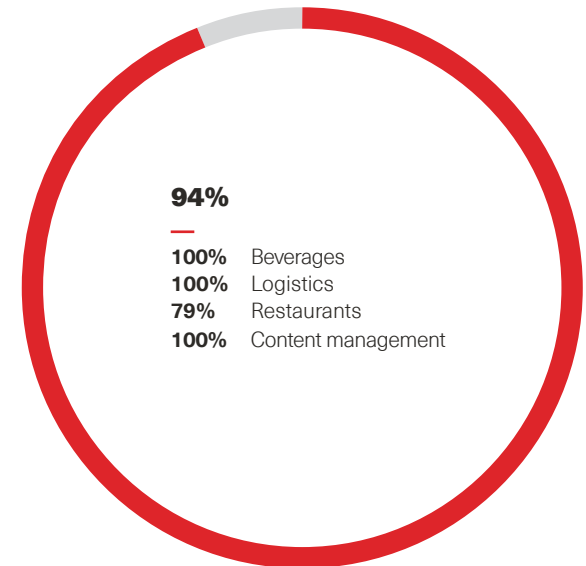
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STAFF REPRESENTED BY HEALTH AND SAFETY COMMITTEES IN THEIR RESPECTIVE WORK CENTRES



2017 has been the year with the
fewest accidents resulting in
medical leave in the history of
the EI Prat factory.



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**PRODUCTS AND SERVICES
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OUR PHILOSOPHY IS TO INNOVATE

The generation of ideas for projects through the detection, analysis and selection of new beers of interest is the goal of the **Beer Innovation Committee** created in 2017, demonstrating clear evidence of our commitment to innovation. Because it is thanks to this philosophy, through this culture of innovation, that we can adapt to the ever-changing market and add value to customers whose tastes are constantly evolving.

The research and development and technological innovation activities carried out in 2017 focused on the following categories: developing new products, designing containers and packaging, improving industrial processes and efficiency in the consumption of raw materials and other materials. In the course of these activities we collaborated bidirectionally with different entities, both public (universities) and private (technology centres).





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In 2017 we invested 5.6 million euros in research and development and technological innovation.

Rodilla has a multidisciplinary Innovation team whose goal is to launch healthy products on the market that build and develop the value of quality that the brand currently possesses.

GRUPO RODILLA, RECOGNIZED AS THE MOST INNOVATIVE SPANISH COMPANY IN THE EUROPEAN BUSINESS AWARDS 2016/17

The European Business Awards is the largest business competition in Europe that celebrates business excellence and best practices in the European business community. These awards, sponsored by RSM, are supported by business leaders, academics and political representatives from across Europe, as well as the 33,000 businesses that take part from 34 countries.

The company's clear focus on consumers, digital transformation, an innovative portfolio of products and the revamping of its premises were key factors in winning the award.

Grupo Rodilla will represent Spain in the category of Innovation in the largest business competition in Europe after the jury took into account the values of innovation, ethics and success that these awards represent.





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NEW PRODUCTS AND LAUNCHES



Fifth year of Damm's Cerveza de Navidad (Christmas Beer)

Made 100% with natural ingredients, it comes in an exclusively designed bottle and as a limited edition.



The legendary Oro beer, the flavour of Bilbao, is back

Maintaining its original recipe, the dark, unfiltered, unique tasting, high quality Oro beer returns 100 years after it was first produced and recaptures the essence of the Bilbao we all know and love.



Keler Brown, the dark beer from Donostia is back

Keler's dark beer returns to the market with a limited edition. The beer that for 25 years was "Donostia's dark beer" returns preserving its distinctive spirit and flavour.



Malquerida, a new style of beer from Damm

Created by Damm's master brewers, Ferran and Albert Adrià and their team, Malquerida is the first Damm beer for pairing with dishes inspired by Latin cuisine, perfect for savouring while enjoying the strength and complexity of a cuisine that is now a global trend.



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Calatrava Pilsen is back

A return to its elegant and original flavour, to the low fermentation process that produces a floral aroma sensation. We recall its memory and its malty character.



New Free Damm non-alcoholic drinks

We strengthen our internationalization strategy in the Middle East and North Africa with the launch of four flavours (pomegranate, apple, date and lemon) of Free Damm alcohol-free beer, which differs from the competition in that it's made with natural fruit juice.



New Voll-Damm image

The new design of this double malt beer evokes the origins of the brand, which was born in 1953, reflecting the legacy of 19th-century brewers.



New product presentations

Damm's innovation doesn't stop at its products, but also includes new types of presentations, designs and formats such as the new 24-can boxes of Estrella Damm and the launch of the 50 cl can of Daura.



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NEW DEVELOPMENTS AND ACTIVITIES



Rodilla presents its new Gourmet salad

Rodilla and Florette, a company based in Navarra which is the leader in the sector of packaged, ready-to-eat fresh vegetables, have joined forces to present the new Gourmet salad. It is a healthy and fresh proposal to add to the already existing offer of César, Mediterránea and Silvestre salads.

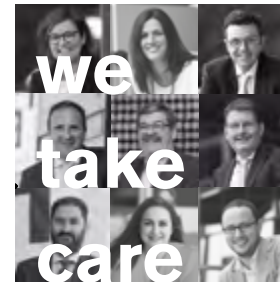
Rodilla's new gourmet sandwich

Made with cured beef, it reinforces the chain's commitment to quality products, produced daily in the store in an artisanal way.



Rodilla launches its home delivery service

70% of the Rodilla restaurants offer the new home delivery service. The company has reached an agreement to offer the service through the two main companies in the sector: Deliveroo and Glovo.



New Alfil Logistics corporate image

An advertising campaign has been carried out across different media to reinforce the new image.



Fuente Liviana revamps its image

The Fuente Liviana brand, an age-old water renowned for its low sodium and mineral content and its great taste, has been revamped in a redesign process.

We have launched the 20-litre barrel for all specialties; the barrel is lighter and more ergonomic, it makes the work of the distributor easier, occupies less space for the retailer and ensures that the product is always sold cold.





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DIGITALIZATION OF BEERDRIVE TECHNOLOGY

Within the framework of the Digital Transformation process, we have implemented the Fiori app for the document management of the BeerDrive transport and delivery process. The app, the result of a joint effort between different areas of the company, helps streamline and improve the process of entering information on customer deliveries. The digitalization of the process has also increased the quality of the information. Thanks to the possibilities offered by the Fiori app, we can provide a better and more agile response to the anticipated growth of new BeerDrive facilities in the hotel industry, one of our strategic lines.



PALL-EX IBERIA LAUNCHES A NEW APP

Pall-Ex has developed a new application, Pall-Ex Track, for managing the confirmation of pickups and deliveries in real time, which can be used by the delivery person who delivers or picks up the goods at destination, using their mobile phone or Smartphone.

The new, easy-to-use application was designed with the aim of improving procedures and keeping the customer informed at all times. All this offers an important advantage for customers, who will be able to access delivery information via the customer portal and for the company, since it is a huge step towards digitalization.



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R&D&I, AN EFFICIENT PROCESS

In 2017 we consolidated the integration of the Beer Research process, which took place in pilot plants, within the R&D Department. The hiring of new brewing technicians allows us to comprehensively develop new beers, reformulate current ones and identify technologies, products and ingredients, resulting in a broader portfolio of projects and a reduction in the time to market of new Damm products. We have also hired an expert in the field of agronomy.

The R&D&I Department initiated a “Study to measure, prevent and erase the Scuffing phenomena in returnable glass bottles”, a project which was awarded a European grant as part of the EUREKA High Level Group programme.

The efficiency of the Product R&D&I process has been sustained at the desired level achieved by the company in 2016.





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Packaging and design

— Restyling of Voll-Damm, of the design of Oro and Keler Brown and redesign of the 1/5R Damm bottle.

— Development of Inedit promotional pack that includes free glasses.

— Certified approval of self-adhesive labels for the Estrella Damm, Victoria and Oro brands.

Brewing research, new drinks and reformulations

— Research into the reevaluation of our brewing by-products, especially yeast and bagasse.

— Development of the “Shelf Life” project, to extend the life of the beer.

Barrel facilities

— Assessment of Internet of Things technologies compatible with the barrel facilities.

— Implementation of BeerDrive technology with electric vehicle in Malaga.

— Implementation at the points of sale of the Frost Column that presents a new image.

— New 20L barrel and development of adapted barrel equipment that keeps the barrels cool improving the quality of the product, and has a FOB STOP mechanism (foam reduction).

Dairy products and water

— Validation of the designs of all the products incorporated after the purchase of the Agama and Laccas brands and restyling of Font Major.

— Development of new products: lactose-free milk, Laccas 0,0%, fresh milk, etc.

New technologies

— Incorporation of a barrel traceability system.

— Collaboration in the design of the equipment to guarantee the best industrial processing of hops.

— Evaluation of new technologies such as beer concentration systems, bagasse and yeast drying and drones measuring the mechanical behaviour of containers in packaging lines.

The incorporation of new business areas has required intensive training in lactology for the R&D&I Department.



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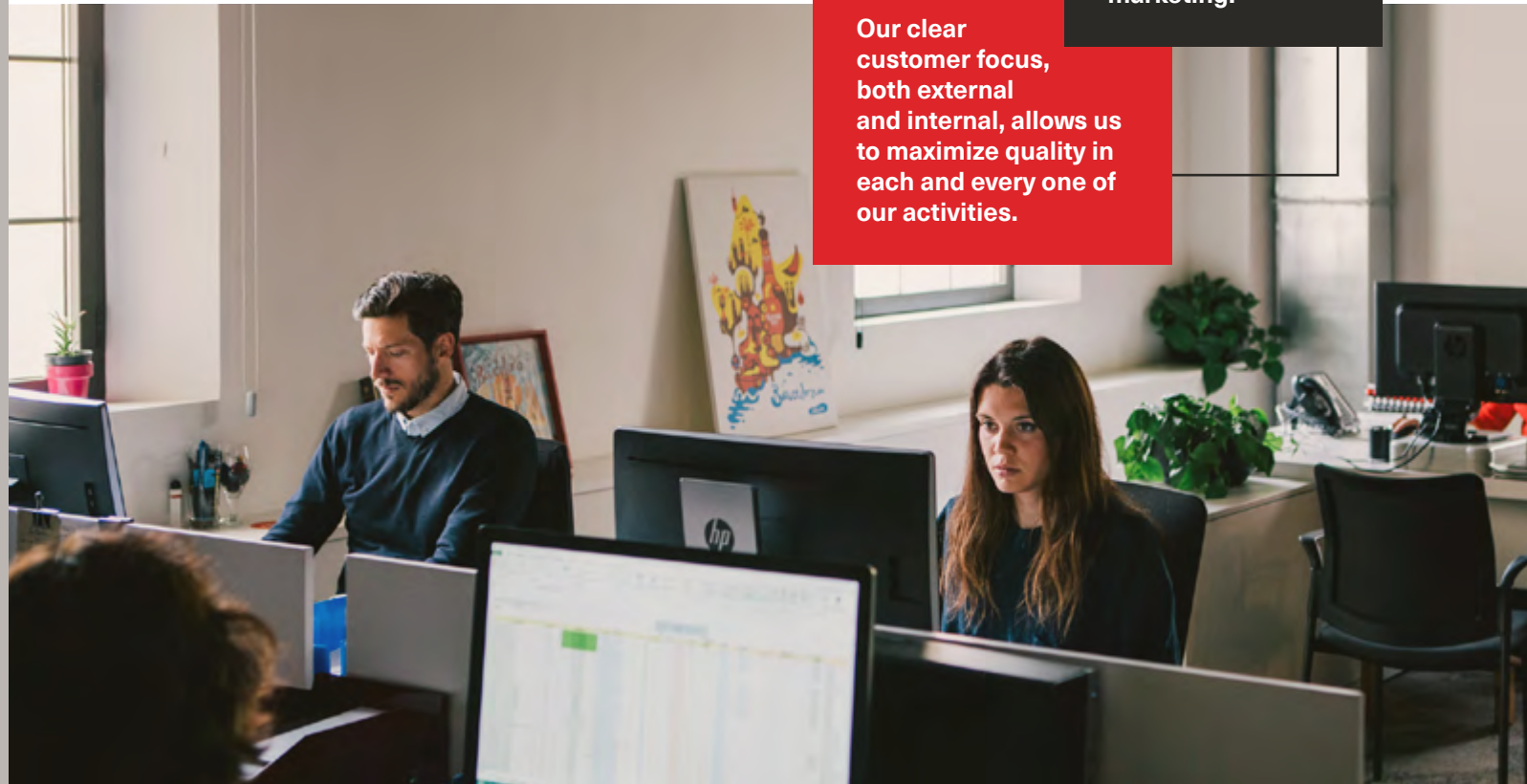
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WITH STANDARDS OF QUALITY AND EXCELLENCE

The search for excellence has been part of Damm's DNA since our origins and, indeed, is reflected in our business mission: "...to offer a high quality product...". In addition, excellence is one of our corporate values, synonymous with continuous improvement and as a way to create differential value for our customers and consumers.

We seek operational excellence in all areas of the company: production, logistics, sales and marketing.

Our clear customer focus, both external and internal, allows us to maximize quality in each and every one of our activities.





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CONSOLIDATED QUALITY MANAGEMENT

Our production and operational processes are focused on reaching the highest standards of quality and efficiency, something that our customers and consumers can perceive through our products and services. To achieve this, our processes follow the most important international quality and food safety standards. To guarantee the quality of our processes we also have other certifications in more transversal matters, such as efficiency and occupational risk prevention, among others.



COMPANIES WITH ISO 9001 CERTIFICATION

S.A. Damm

Compañía Cervecería Damm, S.L.

Estrella de Levante Fábrica de Cerveza, S.A

Aguas de San Martín de Veri, S.A

Fuente Liviana, S.L.

Font Salem, S.L.

Alfil Logistics, S.A.

Artesanía de Alimentación, S.L.

(part of Grupo Rodilla)

(GRI 416) Regarding food safety we have the following certifications:

— **International Food Standard (IFS)**, version 6, the highest level in all the Font Salem plants.

— **Hazard Analysis and Critical Control Points (HACCP)** in all Damm production centres.

— **FSSC-22000 food safety certification in process** at the El Prat factory for 2019.

Food and beverage products follow the HACCP regulations. ⁽⁴¹⁶⁻¹⁾

(417-1) As a result of our commitment to transparency and in compliance with the regulations on the labelling of marketed products, we have the following certifications:

— European License System (ELS) certification, which authorizes the use of the **crossed grain symbol** in gluten-free Damm products.

— **Halal** certification, granted by the Islamic Institute, for Damm alcohol-free products (Free Damm and Free Damm Lemon).



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The project to expand the number of Grupo Rodilla establishments during 2017 was carried out without any reduction in food quality and safety, and to ensure this the following actions were carried out: new quality management procedures in each establishment based on the principle of continuous improvement as a driver for change, the principle of shared responsibility and food hygiene as the vertex of the priority pyramid; high-level of monitoring of approved suppliers; maintenance of ISO 9001; a thorough review of allergens in the raw materials used and in the final products; improvement in the information provided to consumers, maintenance of the collaboration agreement with FACE; and the identification of ingredients made from palm oil and its derivatives, for its subsequent elimination from the products offered at Rodilla restaurants.

Alfil Logistics has implemented the integrated management of its distribution centres All the logistic operations of the warehouses are managed, adding experience to operational processes and following a plan of continuous improvement in different areas such as safety, quality and productivity. Alfil Logistics is accredited as an IATA agent (International Air Transport Association), is AEO (Authorized Economic Operators) certified and a member of the ATEIA (International Federation of Freight Forwarders Associations) and FETEIA (Spanish Federation of Freight Forwarders Associations), which allow it to offer a portfolio of services domestically and internationally with the added value of being specialists in the management and coordination of international transport.





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SATISFIED CUSTOMERS AND CONSUMERS, OUR OBJECTIVE

Knowing how satisfied our customers are is essential so that we can move forward and improve our performance in aspects such as quality, image and corporate and brand reputation. Our commitment to excellence means that the whole company works to create a positive experience for customers and consumers, and for this we have the necessary tools to create these experiences.

ALWAYS AT THE SERVICE OF THE CUSTOMER

Both the companies that purchase our products and services and end consumers have specific customer service channels available to them.

We optimized the BeerDrive order-delivery circuit to meet the needs of each area and implemented the service with its origin at the Malaga Plant.



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Customer Service Department (known by its Spanish initials SAC)

which records incidents allowing us to classify them, perform an analysis of their causes and implement measures to prevent any recurrence.

Order to cash process (OTC) which details commercial operations with customers. It was improved in 2017 in its phases of order-delivery, invoicing (adapting the invoicing workflow to the new regulations on the immediate provision of information) and payments.

Consumer Service Department (known by its Spanish initials SACO)

Export Customer Service Department (known by its Spanish initials SAE) which records incidents and complaints related to the order to cash process. This service also manages the proposals and suggestions received through the websites of the different brands from customers and consumers.

Export Sales Team, the main point of contact for importers: the team is there to resolve their doubts and queries and suggest improvements to their operations.

Point of Sale Management Team (known by its Spanish initials GpV) to help customers to give visibility to the products at the point of sale.





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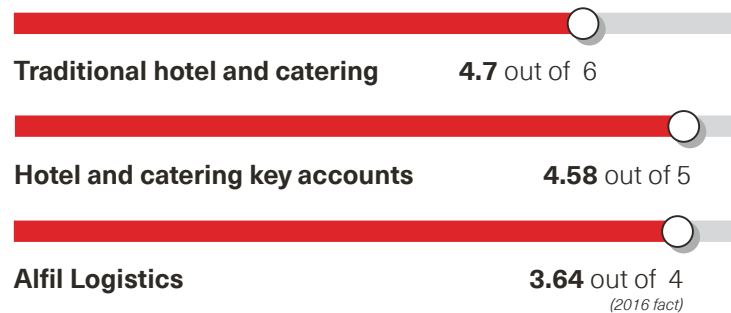
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FOCUSED ON CUSTOMER SATISFACTION

Exceeding customers' expectations in quality and excellence is an objective that we pursue year after year. To do this, we measure their satisfaction to identify areas for improvement and evaluate the actions implemented to respond in a way that is adapted and focused on their needs and expectations.

Grupo Rodilla uses the customer satisfaction module developed by the NPD institute that analyses the degree of satisfaction of its customers and of those of the competition. The group also conducts online interviews through the Nielsen company to evaluate the following customer satisfaction attributes: product, price, service (support and facilities) and brand value. In addition it employs a Mystery Shopper in all of the chain's stores to evaluate customer service, the product, cleanliness and communication.

OVERALL SATISFACTION INDEX



Source: Results from own surveys and face-to-face interviews conducted by Damm.



Customer satisfaction is one of the indicators we use to measure performance, understand the needs of customers and fulfil their expectations.

In 2016, Rodilla began conducting consumer surveys in establishments in order to optimize pre-launches and make product adjustments.

3rd

position in the general ranking of the Supply Chain AECOC benchmarking 2017



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COMMUNICATION THAT CONNECTS

Our advertising contributes directly to creating brand value and connecting with consumers, so we constantly observe society and the social, cultural and economic changes that occur in it. Observing the market and adapting to its needs and values is key.

At Damm we have been able to evolve and adapt during more than 140 years of history, and this includes our communication and marketing strat-

egies. Behind every product launch or advertising campaign we employ a lot of dedication and talent to define a coherent and differential strategy. Because we are Damm and because our communication reflects the spirit of the brand.

The new Estrella Damm website offers an events calendar and a guide of Mediterranean corners.





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DAMM AND THE SECRET OF STORY-TELLING



ESTRELLA DAMM ADVERT "THE RECIPE" (THE RECIPE)

—

What's behind an Estrella Damm beer? This is the secret revealed in the campaign "La Receta" (The Recipe), directed by Jonás Trueba and starring Miki Esparbé, Oriol Vila and Laia Costa. A misunderstanding between two friends becomes the pretext for a detailed explanation of the Estrella Damm brewing process, a recipe formulated more than 140 years ago which involves a brewing process that takes several months.



ESTRELLA DAMM SHORT FILM "LA VIDA NUESTRA" (OUR LIFE)

—

Directed by Raúl Arévalo, this Mediterranean story talks about life's big decisions. Álvaro Cervantes plays a young man who is going to live abroad, leaving behind his partner, Ingrid García-Jonsson, and one of his best friends, Marcel Borràs. The popular actor Peter Dinklage is a detective who plays a decisive role in the decision that will change the life of the young protagonist.



VOLL-DAMM ADVERT "NO AMIGO, NO TODAS LAS CERVEZAS SON IGUALES" (NO MY FRIEND, NOT ALL BEERS ARE THE SAME)

—

Starring Luis Tosar and directed by Daniel Monzón, the advert highlights the personality of those who best understand Voll-Damm: those who chose double the flavour, double the colour and double the pleasure, and on top of that are sure that they made the right choice because they know how to justify it.



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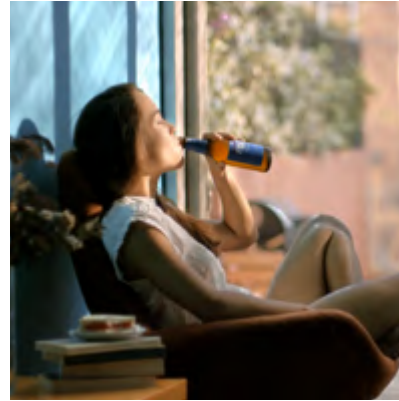
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FREE DAMM ADVERT "EL MEDIODÍA" (LUNCH BREAK)

The Free Damm advert "El mediodía" (Lunch break) is all about the right time for drinking an alcohol-free beer. The advert explains how your lunch break is a short period of time to rest, breathe, and enjoy a mini weekend in the middle of each day.



DAMM LEMON ADVERT "NO CUALQUIERA" (NOT JUST ANY KIND)

Óscar Jaenada walks along a Mediterranean cove in this brand's campaign, by creative director Oriol Villar. The actor doesn't want his to be just any kind of life. For this reason, he says, he doesn't drink just any kind of shandy, he drinks Damm Lemon, made with Estrella Damm and Mediterranean lemons.

Estrella Damm has redesigned its packaging, in collaboration with designer Martí Guixé, to feature phrases about the product and highlight key messages about the original recipe from 1876, about the brand's own malt house or how the brand works closely with local farmers.





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RODILLA CONTINUES ON ITS QUEST TO PROMOTE A HEALTHIER DIET

(102-11) Rodilla's collaboration with the 2017-2020 Plan by the Spanish Agency for Consumer Affairs, Food Safety and Nutrition for the improvement of ingredients used in food and beverages involves the adoption of different measures: a 50% reduction by 2020 of sugar and salt content in single-use sachets, the use of high oleic sunflower in frying, an increase in the offer of meals to share, an increase in the offer of whole grain products, the use of low-fat or skimmed milk, the use of spices to reduce added salt, a greater offer of garnishes of vegetables, a greater offer of fruit as a dessert option and a greater offer of whole meal bread.

Rodilla participates in the Havisia programme by including messages in its advertising that encourage consumers to maintain a healthy lifestyle. The company is also developing the "More food, less waste" plan and healthy innovation projects that incorporate healthy and affordable ingredients for the consumer.

The first Rodilla Conversa conference in 2017 focused on healthy habits, and was presented by Laura Sánchez the sponsor of Rodilla's new salad at the Mercedes Benz Fashion Week Madrid. Rodilla continues to strengthen its commitment to fashion and, wanted to do so once again as a fundamental part of the most important event in the sector in our country.

PROMOTING RESPONSIBLE DRINKING

(102-12) Damm is part of the Committee of Spanish Brewers, which has developed the "Beer Advertising Self-Regulation Code" by which all commercial communications about beer will:

— be legal, honest, true and in accordance with the principles of fair competition and good commercial practices.

— be developed with a sense of social responsibility, based on principles of good faith and fairness among the parties involved.

— in no case exceed the limits of ethics, dignity or human integrity.



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WE MAKE USE OF SOCIAL MEDIA

Reaching and connecting with the consumer, communicating and being part of their public conversation. Social media allows us to establish links with our followers, inform them of our activities and respond to their concerns.

The Keler advert on “La nueva cocina vasca” (the new Basque cuisine) has exceeded 1.6 million views.

The short film “La Vida Nuestra” (Our Life) by Estrella Damm, top of the YouTube Ads Leaderboard in June for the third consecutive year, with more than 8 million views.

In 2017 the social media profiles of Oro beer were set up.

Estrella Damm, one of the top ten consumer goods companies in terms of interaction with their consumers and relevance on social media in 2017.

	f	🐦	📷	▶	in	Followers
Damm						53,603
Beer						1,632,221
Estrella Damm						1,072,918
Voll-Damm						186,880
Free Damm						1,323
Inedit						36,263
Daura						76,707
Damm Lemon						6,282
Estrella de Levante						104,683
Keler						19,153
Oro						558
Calatrava						9,609
Victoria						45,901
Turia						71,944
Shakes						5,741
Laccao						5,741
Water						2,357
Veri						2,357
Logistics						5,315
Pall-Ex Iberia						1,417
Alfil Logistics						3,898
Restaurants						127,709
Grupo Rodilla						127,709
Total						1,723,734



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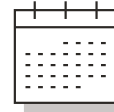
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PARTICIPATION IN TRADE FAIRS AND IMPORTANT EVENTS



19

trade fairs in which Damm brands have taken part

60

events and acts sponsored by Damm brands

A pillar of our international promotion strategy is being present at trade fairs and events around the world.

The Damm brand was present at the **Gulfood fair** in Dubai, a benchmark in the food and beverage sector in the Middle East, which saw 95,000 visitors. We also took part in **Foodex** in Japan.

With Daura, we took part in **The Allergy & Free From Show**, a series of fairs held in the United Kingdom. The brand was also present at gluten free events in Italy and at the Gluten Free Expo in Canada, and sponsored the event for the best 200 restaurants in the United Kingdom.

Alfil Logistics took part in the e-Delivery expo, an event held in parallel to the International Logistics Exhibition. The company sponsored the conference "The last mile, the challenge of cities and sustainability" and organized the conference "Digitalize to grow. Keys for the near future" It also participated in the **Transport Logistics Fair in Munich** together with the Port of Barcelona and in the **Meat Business Forum**.

Agora Europe was present at the **Madrid Retail Congress**, learning and sharing its knowledge about the digital transformation of Retail.



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TOURISM AND LEARNING IN OUR FACTORIES

Consumers can engage in industrial tourism by visiting our factories and learning about our brewing process.

Followers of Damm brands can now book a visit to the El Prat factory online and pay for the ticket in just a few clicks through the new website <http://visitas.estrelladamm.com>. This tool responds to the Digital Transformation process of the planning of the visits.

Since the beginning of September, the Estrella Damm factory in El Prat de Llobregat also has a new tasting room for visitors.



THE EL PRAT FACTORY PROMOTES INDUSTRIAL TOURISM

The Industrial Tourism Network of Catalonia increases its offer of industrial tourism by incorporating the Estrella Damm factory in El Prat de Llobregat as a new member. With this new addition, the "Living Industry" programme already brings together more than twenty companies under the motto "How things are made".



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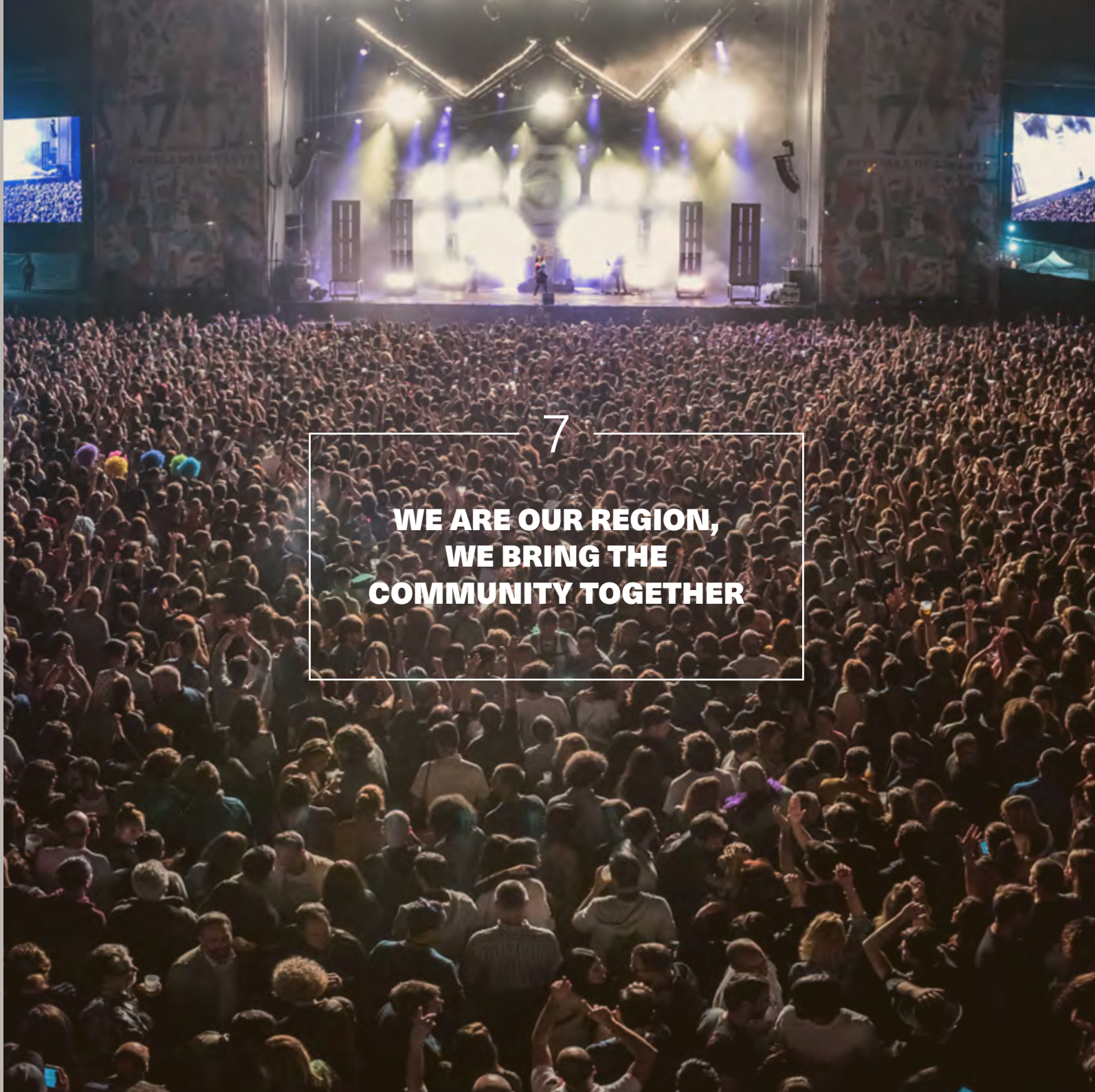
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<<MEDITERRÁNEAMENTE>>, A LIFESTYLE

"Mediterráneamente" is a way of life, it's the 100% natural ingredients such as barley, rice and hops with which our beers are made. Damm is the leading beer in the Mediterranean, our global calling card. The Mediterranean way of life associated with our brand transcends gastronomy, culture, music and sport. At Damm we stay true to our origins and values and we want to promote this natural and fresh way of life among our consumers.





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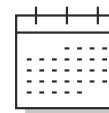
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THE ANTIGUA FÁBRICA ESTRELLA DAMM (OLD FACTORY), A SPACE FOR THE PEOPLE

Social commitment is one of the values that characterizes Damm since its beginnings. **The Antigua Fábrica Estrella Damm has become a reference space for the city of Barcelona** and hosts a multitude of cultural, gastronomic and charity events every week.



270

Organized events





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SPORT

A

Awarding of the **2016-2017 Golden Boot** for FC Barcelona's Leo Messi, an award granted by the European Sports Magazine.

B

6th "Gala de les Estrelles del Futbol Català", organized by the Catalan Football Federation, which brought together the stars of Catalan football.



B





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GASTRONOMY



The World's 50 Best Restaurants, the prestigious list of the best restaurants in the world celebrated its 15th anniversary with the presence of famous chefs such as Joan Roca, Ferran Adrià, René Redzepi, Massimo Bottura and Daniel Humm.



Estrella Damm's historical connection with gastronomy is reflected in its constant commitment to the best domestic and international proposals.



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CULTURE

D

61st edition of the Sant Jordi Film Awards granted by RNE and which were sponsored by the actor Richard Gere.

E

Sant Jordi Musical festival attended by more than 20,000 people who enjoyed a cultural offering of concerts, record signings, food trucks and a market selling vinyl records and books and roses for a good cause.





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La Mercè 2017 festivities, with activities for all ages such as concerts, gastronomy, a fashion market and children's shows.





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48H Open House Barcelona, Barcelona's annual architectural event which opens the doors of more than 200 iconic buildings in the city

H

The Delicatessen series of concerts from iCat.cat radio station which presented new talent from the music scene.

I

Presentation of the 9th edition of the Cruïlla Festival, one of the most famous festivals in the city of Barcelona.





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J

Fourth **2017 Vida Festival** launch party.



SOLIDARITY

K

The Antigua Fábrica building was lit up in blue as a show of support for **World Autism Awareness Day**, in red to support **World AIDS Day**, and in pink to commemorate **World Breast Cancer Awareness Day**, an action which the El Prat factory also took part in.





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OTHERS

L

General Assembly of Spanish Brewers, during which last year's industry data was presented. According to the association, Spain is now one of the top five European producers, after countries such as Germany and the United Kingdom.

M

Special joint edition of the **Van Van Market**, which brings together the best food trucks in the city, and the **Lost&Found Market**, featuring a selection of different vintage and second-hand product sellers.

N

"Diálogos ICIL", organized by the ICIL Foundation, with the participation of the athlete Laia Sanz and sponsored by Alfíl Logistics.





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SUPPORTING CULTURE, GASTRONOMY AND SPORT

(413-1) At Damm we are firmly committed to supporting culture, gastronomy and the practice of sport. Supporting and sponsoring these types of events allows us to transmit our commitment to the community, play our part in the dissemination of associated values and strengthen our ties with consumers.

SUPPORTING CULTURE

We bring cultural and artistic events held in Spain closer to our customers and consumers, as an added value. In 2017, once again, we supported and sponsored many initiatives, among which the following stand out.

For the first time, the Estrella Damm concerts of the Mercè festival were streamed live on Facebook and Twitter.



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Estrella Damm concert on Bogatell beach, one of the events of **Barcelona's Mercè Festival** featuring, among others, Manel, Txarango, Mishima and Sopa de Cabra and a tribute show to the rumba of 1992.

49th edition of the Voll-Damm International Jazz Festival Barcelona, with a total of 117 concerts featuring huge stars such as Diana Krall, Avishai Cohen, Chick Corea, Chucho Valdés, Gonzalo Rubalcaba, Fred Hersch and Maceo Parker.

Low Festival in Benidorm, one of the most important summer music festivals in Spain, with a programme headlined by international stars such as Mando Diao, Pixies and Franz Ferdinand, and Spanish bands such as Dorian, Lori Meyers and Sidonie.

9th edition of the **Gaudí Awards**, organized by the Catalan Film Academy. The prize for the best film went to "La propera pell" by Isaki Lacuesta and Isa Campo.

24th edition of Sónar - International Festival of Advanced Music and Multimedia Art, with a record attendance of more than 120,000 electronic music lovers Estrella Damm was present on the main stage of Sónar by Day and in the venue's bars, designed by the renowned Catalan designer Martí Guixé.

8th edition of the Cruïlla Festival, featuring the Pet Shop Boys, Jamiroquai, The Lumineers and Youssou N'Dour and **1st edition of "Cruïlla de Primavera"** at Poble Espanyol, featuring Txarango's first concert in Barcelona since the release of their new album.





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29th edition of Mercat de Musica Viva de Vic, with more than 70 concerts in 5 days.

Get Mad! Festival 2017, in Madrid, with concerts in the most emblematic venues of Malasaña, as well as in shops, bars and restaurants in the area.

International Museum Day at the Reina Sofía in Madrid sponsored by Estrella Damm, with late opening of the museum until midnight and free access to the public.

PhotOn Festival, a tribute to Valencian photojournalists and photo-historians, sponsored by Turia. Exhibition of the works of Joaquín Collado, a photographer who immortalized life in old Valencia.

1st edition of the WAM Estrella de Levante Festival in Murcia, with live music, art, cinema, talks, etc.

“Sons al Botànic”, a series of concerts sponsored by Turia beer featuring a concert each month during five months at the Botanical Garden of Valencia.

4th edition of **Abierto Valencia**, an event that marks the opening of the new artistic season in 18 galleries in the Valencian Community, sponsored by Turia.

Cerveza Victoria hosted the first edition of Camp-ero Hub, a conference about social networks and promotion of networking.



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SPONSORING FASHION, GASTRONOMY AND MUSIC AS PART OF REC.0 EXPERIMENTAL STORES

Rec.0 Experimental Stores is a temporary transformation of the old industrial Rec district in Igualada, which takes place twice a year over four days. The old factories and tanneries become pop up fashion stores where top brands sell their stocks and samples at unbeatable prices.

Rec.0 features fashion and also gastronomy in the form of Rec Street Food, a street food festival with over 40 food trucks and pop up bars. Culture and, especially, music, also feature in the Rec Music Festival, with a programme of concerts distributed around the event's venues.

SUPPORTING GASTRONOMY

Domestic and international culinary proposals, popular routes and events with the best chefs in the world are just some of the gastronomic initiatives we support.

Inedit collaborated with the fifth **Ruta del Bacallao** (cod route), an initiative of the Guild of Catalan Codmongers, in which 30 restaurants in Barcelona offered gastronomic menus and dishes featuring cod as the main ingredient, and all paired with Inedit beer.

4th edition of **La Latina Pincho Week**, a gastronomic route through the iconic Madrid neighbourhood of La Latina. Creativity and tradition were fused a selection of attractive proposals that were striking for their unique flavour. 50 emblematic restaurants participated in this delicious route.

4th edition of the **"Tast a la Rambla"** in Barcelona, where visitors were able to sample dishes from the best restaurants in the city at affordable prices. In this edition, 50 restaurants and 74 different chefs participated, such as Nandu Jubany and Carles Gaig. Estrella Damm set up a stage where 41 workshops were held, including two dedicated to beer.

5th edition of **"Tastets Surrealistes"** in Figueres, a gastronomic route in which all the dishes were inspired by Salvador Dalí's surrealist works. The 22 establishments that took part in the event prepared a menu based on 6 small dishes that were accompanied by an Inedit beer.



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11th edition of **“Andorra a taula”** by Inedit, a gastronomic event featuring 25 Andorran restaurants and a selection of seasonal recipes chosen for the occasion.

Vespres Inedit’s 2017, in which 22 terraces belonging to the best hotels in Barcelona offered signature tapas.

“Ganxet Pintxo” in Reus, a gastronomic route in which 46 restaurants in the city offered their creations in the form of tapas.

3rd edition of the **Tapa of the year**, an initiative of the Sitges Hotel Association and Estrella Damm.

Tàrraco Tapes in Tarragona, featuring different proposals of exquisite morsels and tapas-based menus created by 53 of the best establishments in the city.

Turia presented the 1st edition of the **Festival de l’Horta Turia**, in the Alquería del Pi (Valencia), featuring a market of locally sourced, artisanal products. The festival is part of the “Horta Turia” project that aims to promote the Horta de Valencia region by creating an advertising platform for farmers, initiatives and artists from the region.

“La vuelta a Murcia en 80 recetas” (Around Murcia in 80 recipes), a cookbook by Sergio Gallego sponsored by Estrella de Levante.





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Gastrovin 2017, gastronomy and wine fair sponsored by Estrella de Levante as part of the Murcia Fair.

—
1st Saborarte gastronomic conference in Cieza with Estrella de Levante as official sponsor.

—
6th edition of the **Murcia Gastronomic** conference sponsored by Estrella de Levante.

—
1st Ruta Tostada Escondida Punta Este, cultural and gastronomic event, with Estrella Levante.

—
“Málaga de Tapeo”, gastronomic finger food tour sponsored by Cerveza Victoria.

Rodilla and car2go, a car-sharing service that supports sustainable mobility, presents a guide with the best places for a picnic in Madrid.

FACE TO FACE WITH THE STARS AT CERVEZA VICTORIA

The Cerveza Victoria factory hosted a series of conferences on gastronomic entrepreneurship, entitled "Estrellas de frente y de perfil" where guests, all Michelin star chefs, described their experiences and the keys to their success to professionals from the sector. Susi Díaz, Paco Torreblanca and Óscar Velasco were among those who took part.





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SUPPORTING SPORT

We are committed to sport by promoting events that integrate values such as effort and working towards a common goal. Collaborating with the most popular sports is the basis of Damm's connection with the people and with the entities that represent them. As a result, every year we sponsor events that reinforce Spain's international standing as a leader in these sports.

Since 2008, Estrella Damm is the official sponsor of the Mutua Madrid Open men's tennis tournament. The brand also sponsors one of the most prestigious padel tours, the World Padel Tour. At the amateur level, we sponsor the Estrella Damm Padel Tour, which tours the provincial capitals of Spain. The brand is also involved in other events such as the Barcelona World Race yacht race and in popular events such as the Correbarri athletics competition, held in Barcelona.

In 2017 we made it possible for 14 fans to live like Andrés Iniesta for day, thanks to the competition we promoted on social media.





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We sponsor sports clubs and events both domestically and internationally.

Futbol Club Barcelona
Valencia CF
RCD Espanyol
World Padel Tour
Mutua Madrid Open
Madrid Horse Week
Barcelona Open Banc Sabadell Trofeo Conde de Godó
Murcia Club de Tennis

We renewed the collaboration agreement with the Olympic Sports Association for the Tokyo 2020 Olympic Games.

THE ESTRELLA DAMM MEDITERRANEAN LADIES OPEN JOINS THE FIGHT AGAINST LEUKAEMIA

This women's professional tournament which is part of the Ladies European Tour auctioned a bag of clubs belonging to the European Solheim Cup team with the proceeds going to the ARI Project, an initiative of the Hospital Clínic of Barcelona, to promote research and improve the care of patients with leukaemia.





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UNITED NATIONS AND THE ESTRELLA DAMM PADEL TOUR, HAND IN HAND WITH #WEPLAYTOGETHER

2017 was declared by the United Nations as a “year for Peace” and the Estrella Damm Padel Tour carried out a series of activities to support this international organization’s initiative.

The United Nations promoted the use of the hashtag #weplaytogether to encourage athletes at all levels and participants of different sporting events to share images on social media about “the power of sport to promote peace, unity and hope”.

The Estrella Damm Padel Tour joined this campaign with two of its own initiatives to boost the participation of its players: on the one hand, adding the hashtag #PádelEsAsí to the aforementioned #weplaytogether so that participants could include photos featuring their favourite sport. In addition, special events were held so snapshots could be taken to show the world that padel is a sport that promotes the values highlighted by the UN’s campaign.



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THE DAMM FOUNDATION, COMMITTED TO SOCIETY

(GRI 413) With the Damm Foundation, we are committed to progress in our country, promoting cultural and social initiatives, and training young people by promoting the principles and values of sport and pursuing excellence at all times. Every year we collaborate in more than 50 projects in these areas, contributing about three million euros.

In addition, we allocate two million euros per year to the first federated youth team to carry the name Club de Fútbol Damm, with the club's staff made up entirely of company employees. More than 300 people are involved in the club and its young players form part of one of the most important youth team academies in Catalonia and Spain. In recent years, the club as performed very well in the Catalan Championships, finishing in the top four in most categories.

The Damm Foundation funds the Josep Damm-Àngel Corella scholarships for high performance ballet training at the Corella Dance Academy.

**For more detailed information consult the annual report of the Damm Foundation.*





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THE DAMM FOUNDATION HELPS TO BUILD THE PAEDIATRIC CANCER CENTRE OF THE HOSPITAL SANT JOAN DE DÉU OF BARCELONA

The Foundation contributed 100,000 euros to the #paralosvalientes campaign, which the Hospital Sant Joan de Déu, the Leo Messi Foundation, the FC Barcelona Foundation and the IESE business school have promoted in order to raise the 30 million euros needed to build this centre, which aims to be a global benchmark in childhood cancer treatment.

MORE COLLABORATION AND SOCIAL INITIATIVES

We participate in different social initiatives promoted in the regions where we are present. These are initiatives that go beyond sponsorship and that demonstrate our commitment to society and to the most disadvantaged groups.

At Christmas, Rodilla donated more than 300 traditional seasonal pastries to Caritas soup kitchens.



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—
Damm collaborates with the **Seur Foundation** on the “Taponos para una nueva vida” (lids for a new life) initiative, a project aimed at providing underprivileged children with medical treatment and resources not offered by the healthcare system.

—
Estrella de Levante collaborates with the Special Employment Centre “Ecojardín”, part of the **Association of Families of People with Intellectual Disabilities of the Northwest**.

—
Alfil Logistics participates in the **European Union’s 2017 Food Distribution programme for the Most Deprived Persons** by providing transport for children’s cereal from the awarded company, Laboratorios Ordesa.

—
Damm’s employees participate in **TransplantRun**, a charity race organized by the Catalan Transplant Organization and the Catalan Transplant Society.

—
Rodilla collaborates in the **“Batido solidario”** campaign by Juegaterapia by creating two ice cream recipes whose generated sales were donated to the “El Jardín de mi Hospi” project.

—
For the **Tengo Hogar Foundation** project and the “Celebrate Birthdays” campaign, Rodilla sent the Foundation’s children a pack of sandwiches and drinks for their birthdays.

We collaborate with UK Coeliacs, the association that helps people suffering from coeliac disease and dermatitis herpetiformis.



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**SUPPLIERS,
COMMITTED TO
OUR VALUES**



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NETWORK OF LOCAL, HIGH QUALITY SUPPLIERS

(102-9) Since the first Damm beers were made in 1876 until today, our aim has always been to offer high quality beers. To achieve this only the best raw materials are used. This implies not only having suppliers who offer high technical performance and a high quality product, but also who fulfil and are aligned with the Damm's sustainability requirements.

The Purchasing Department and the Quality Department carry out periodic meetings to monitor the suppliers who play a strategic role in Damm's operations.





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6,000

active suppliers
approximately

95%

of our suppliers are located
in the Iberian Peninsula

99%

of Grupo Rodilla's suppliers
are located in Spain



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LOCAL SUPPLIERS

(102-9) One of the requirements of our commitment to sustainability use local resources for our supply and, at the same time, contribute to the economic and social development of the country, as well as minimize the environmental impact of transportation. This commitment has led us to promote different collaborative initiatives with local suppliers, mainly farmers.

100% NATURAL MEDITERRANEAN INGREDIENTS

The master brewer August Kuentzmann Damm emigrated from the cold Alsace region to the Mediterranean coast and created a lighter beer, adapted to the Mediterranean climate. Estrella Damm is made using that original recipe, created from the combination of barley malt, rice and hops— 100% natural ingredients. The quality of these ingredients is our priority, and that is why we work directly with local Mediterranean farmers. We contribute to a more sustainable agriculture and the development of the surrounding area and the local economy, guaranteeing the purchase of the produce.



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RICE

We buy rice from the Mediterranean or from the area of Seville (Guadalquivir), which has a positive impact on the economies of these areas and also gives value to a by-product, broken rice.

MAIZE

We get our maize from Huesca. Through our shareholding in Quality Corn, we ensure the local and non-transgenic supply of maize.

HOPS

We continue to buy the local hops of León but in order to meet a growth in demand we have started working on the production of hops in the municipality of Prades (Tarragona), in which we are investing heavily. One of the objectives of the project is to boost the economy of the area with more profitable crops for the farmer.

BARLEY

The barley farms in La Moravia and Huesca enable us to select the most productive varieties and their malting quality. We continue to promote the cultivation of barley using irrigation to minimize the effects of the weather and we have implemented a traceability system for the barley called "Campo a la Mesa" (from the field to the table).

Once selected, the barley arrives at our own malt house, La Moravia, where it first germinates and is then dried and toasted. Unlike many breweries, we have our own malt house, which allows us to control the whole process firsthand.

Yeast is another ingredient that makes us unique, and we have used the same strain for generations. We have three reserves of this yeast stored under maximum security: in Barcelona, Valencia and London.





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PROJECT TO PRODUCE MEDITERRANEAN HOPS IN PRADES

In 2014, the City Council of Prades, the Associació d'Amics de les Muntanyes de Prades and Damm initiated a collaboration project to produce "Mediterranean hops" in this municipality of Tarragona. One of the main objectives of the project is to boost the economy of the area through the cultivation crops that are more profitable for the farmer and are of higher quality for beer brewing.

The choice of this municipality is not coincidental: this area combines meteorological and geological features very similar to the German region of Hallertau (Bavaria, Germany), one of the most productive hop regions in the world. To check the viability of the Prades area for growing hops, the project started with the planting of ten varieties of this species on an experimental farm.

After three years of trials, in 2016 we obtained positive results which allowed us to know which varieties best adapt to this area. Currently, in collaboration with the coordinator of the agricultural cooperatives of Prades, a second phase of the project has begun, the ultimate goal of which is to plant 50 hectares of the best quality hops near to Damm's production centres.



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SUSTAINABILITY, A COMMITMENT SHARED BY OUR SUPPLIERS

(102-9) Our value chain has a direct impact on sustainability, and as a result we share our best practices with suppliers and extend to them our values, standards and requirements.

In order to meet our requirements, **many suppliers have adapted to comply with our technical, competitive, quality, productivity and sustainability standards.** These suppliers are key to the efficient management of the supply chain.

(102-9) We have a supplier approval and monitoring system that establishes the requirements or standards of behaviour according to the type of service or product required: quality, service, logistics, technical, environmental, financial, etc.

In 2017, we continued to conduct supplier audits and onsite audits to ensure quality and compliance with labour and quality regulations and requirements.

We hold technical seminars with farmers to improve the productivity and profitability of their farms.





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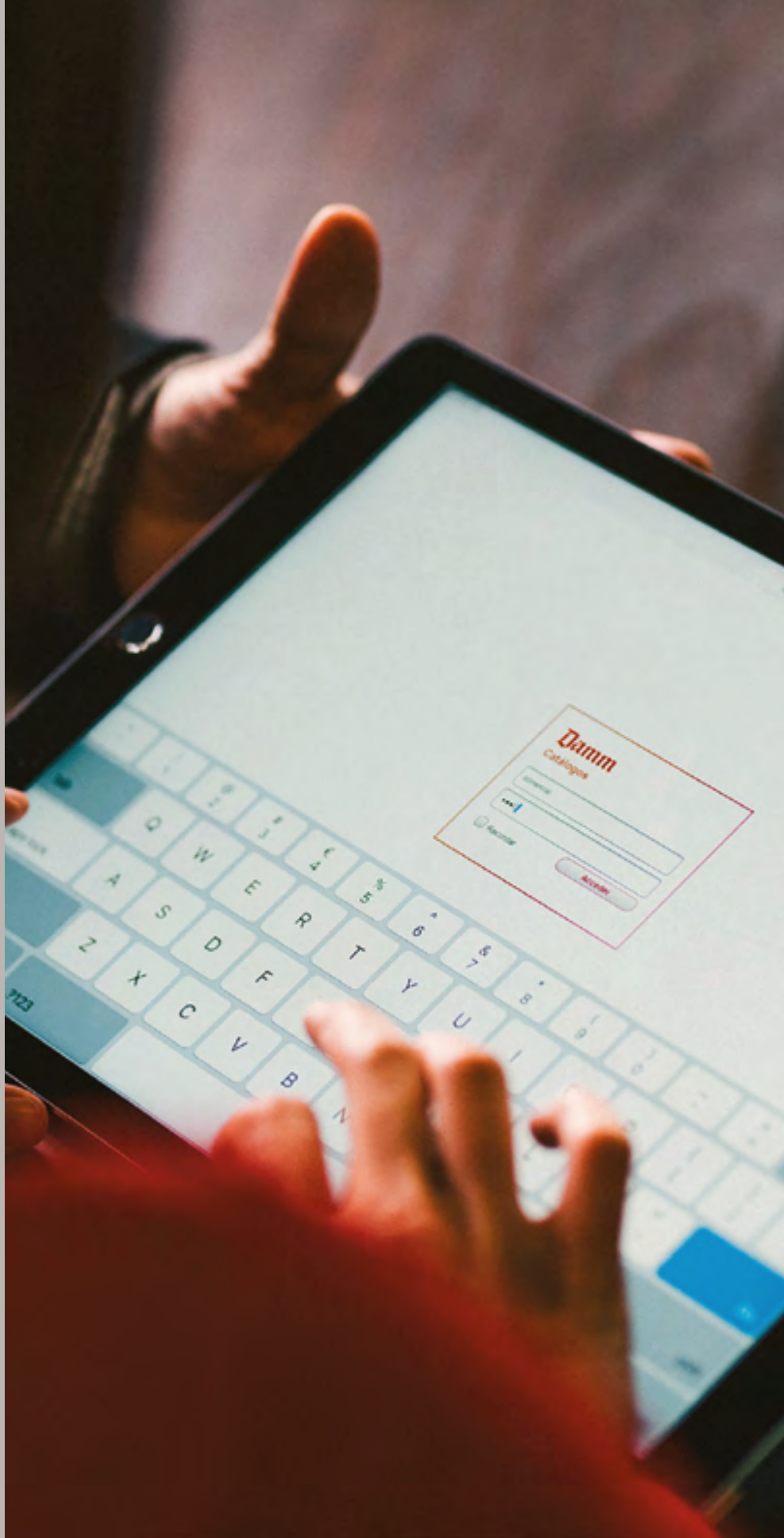
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TRANSFORMATION OF THE DAMM SUPPLIER PORTAL

As part of the Digital Transformation process, in 2017 the new version of the Damm Supplier Portal came into operation, based on the SAP-Fiori platform and fully integrated into the new iDamm.

This tool allows all our collaborators to perform their admin tasks from any mobile device, in addition to offering features such as facilitating the approval process and maintenance of data of approved suppliers.

The new version of the platform maintains the current functionalities of standardization and evaluation of suppliers, supported by the Bravo Solution tool.



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**WE CARE FOR THE
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BY REDUCING
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WE FOLLOW ENVIRONMENTAL MANAGEMENT PRINCIPLES

(102-11, GRI 300) **For Damm, moving from the linear economy—produce, use and discard—to the circular economy—produce, use, regenerate/recycle—has been the logical process to preserve and maintain the value of our products and materials for as long as possible, creating a new relationship with customers and consumers, whose help in applying this circular paradigm is essential.** Since 1999, when we obtained our first ISO 14001 certification, to today, we have incorporated important changes in our model to make it more circular.

Aware of the key role of companies in the transition to the circular economy, we have created a model based on the recovery of resources, the supply of renewable materials and energy, improvements in the efficiency and effectiveness of production, and in distribution and waste management.

Today, our environmental management system guides us in every process so we can reduce our environmental footprint, identifying the effects we have and implementing the most appropriate actions to mitigate them. In 2017, the Fuente Liviana and Veri plants were adapted to the 2015 version of ISO 14001.

Note: The environmental data presented in this chapter corresponds to the following companies: Compañía Cervecería Damm, S.L., Estrella de Levante Fábrica de Cerveza, S.A., Aguas de San Martín de Veri, S.A., Fuente Liviana, S.L., Font Salem, S.L. (El Puig y Santarém)





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100%

of our beer, water and soft drink production plants are ISO 14001 certified: Compañía Cervecería Damm, S.L., Estrella de Levante Fábrica de Cerveza, S.A., Aguas de San Martín de Veri, S.A., Fuente Liviana, S.L., Font Salem, S.L.

92%

of the environmental objectives established for 2017 achieved

WORLD ENVIRONMENT DAY CELEBRATION

The United Nations, aware that the protection and improvement of the environment is a fundamental issue that affects the welfare of humankind and the economic development of the entire world, designated 5 June as World Environment Day. At Damm we wanted to join the celebration promoting a set of good environmental practices and tips among our employees on how to be more sustainable at work.



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THE NEW VICTORIA FACTORY, A SUSTAINABLE BUILDING

Designed following architectural sustainability criteria, the Victoria factory in Malaga is an example of a building that respects the environment, where energy saving and efficiency measures have played a key role in the construction of the entire facility. The Victoria factory is considered to be an open space within the city of Malaga. The public service cycle closes and feeds back on itself.

The location has good public transport connections. Fuel consumption and CO₂ emissions are reduced.

It is built on the foundations of the previous building, allowing savings on excavations and in the use of concrete, steel and derivatives.

The south facade, which is more exposed to the sun, can be closed, while the north opens up and becomes permeable. All interior spaces receive indirect light and, at the same time, are protected from the sun.

The building has been given an Environmental Rating.

Natural light is controlled using slats, blinds and high-performance, energy-saving glass. On the roof, skylights have been installed to facilitate control of ventilation and temperature in the warehouse.

The efficiency of the air conditioning system is guaranteed via the evaporation of water, a method that produces very little environmental impact.

Water management is based on a drainage network with three independent routes that reduces the environmental impact.





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EFFECTIVE MEASURES THAT MINIMIZE OUR ENVIRONMENTAL IMPACT

Our Energy Optimization Department has the mission of reducing the consumption of natural resources and generating renewable energy. This mission is aligned with Damm's environmental policy, one of the pillars of which is eco-efficiency.



+ €6,000,000

invested in maintenance activities and
actions for environmental improvement in 2017

We work to improve our efficiency so that each product we put on the market generates the least possible impact on the environment, especially regarding the use of resources



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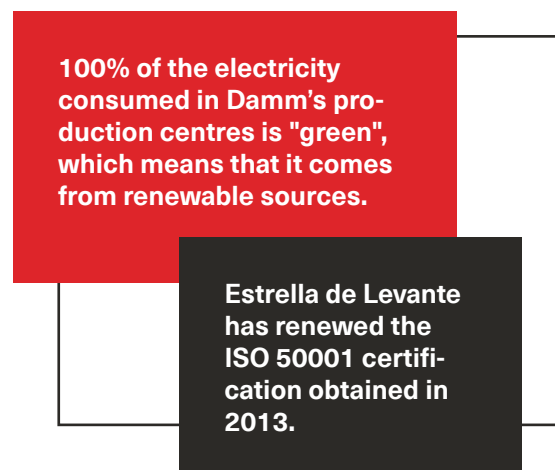
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WE ARE ENERGY EFFICIENT

(GRI 302) In recent years we have invested in renewable and energy efficient sources of energy creation (cogeneration, trigeneration, solar-photovoltaic, etc.). **Today, a large part of our energy needs are fed by these sources.** Likewise, three years ago we renewed our energy cogeneration assets, which has led to an improvement in efficiency and energy savings.

In addition, we implemented actions to reduce consumption and increase energy efficiency, including halving electricity consumption with the installation of an intelligent control system at the El Prat plant, using the heat from boiling wort for packaging pasteurization processes and recovering the energy from boiling vapour condensate avoiding almost 1,500 tonnes of steam per year.



MAIN IMPROVEMENT MEASURES 2017 (302-4)

At the El Prat factory, we have installed a **new pasteurizer on packaging line 12**, which offers the best energy and water saving features on the market (up to 75%). Taking advantage of this remodeling, **mercury vapour lamps have been replaced with LED lighting**, which means a reduction of 85% in electricity consumption. In addition, the newly installed **centrifugal air compressor has led to a reduction of electrical energy consumption of 22% and the new speed variators in the impulse pumps of the secondary glycol circuit** have led to a reduction of 50%.

At Estrella de Levante, we have improved the **energy efficiency of its Water Treatment Plant**, redesigning part of the facilities, an action that has received support from the Regional Ministry of Industry and Energy of Murcia. The installation of a third micro-turbine now allows us to reuse all the biogas generated, taking us from 80% to 100% in terms of energy self-sufficiency. The pump has reduced its consumption by 46% and the blower by 37%. Automatic purges have also been installed in the plant's steam boilers, which represent a saving of 2% in gas consumption and 10% of the water in the process itself.

At Grupo Rodilla, the **refrigeration equipment of the workrooms is selectively stopped** according to use.

(102-3) **Damm is part of the Grup de Gestors Energètics**, an initiative to promote the exchange of experiences and information in relation to sustainable energy management.



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ENERGY CONSUMPTION 2017

- Electrical energy
- Thermal energy

MALT

149.41 kWh/t produced

818.69 kWh/t produced

BEER

10.35 kWh/hl packaged

19.41 kWh/hl packaged

WATER AND SOFT DRINKS

4.71 kWh/hl packaged

3.47 kWh/hl packaged

GRUPO RODILLA

0.39 kWh/kg produced

0.11 kWh/kg produced

Rodilla reduced its consumption of electricity and diesel oil per kg produced by 10% and 6% respectively in 2017.



233 GWH

Energy generated by Compañía de Explotaciones Energéticas (CEE)

> 65%
Electrical energy

> 45%
Thermal energy



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WE OPTIMIZE WATER CONSUMPTION

Water is one of the most important raw materials in the manufacture of our products and comes basically from wells and springs. We work to optimize the consumption of this resource by employing improvement measures.

(102-12) We are members of the Comunitat d'Usuaris del Delta del Llobregat, whose goal, among other things, is to promote the implementation of new mechanisms for saving and rationalizing the use of water among users.

MAIN IMPROVEMENT MEASURES 2017

At Grupo Rodilla, investment in new trolleys with a greater capacity, thus reducing the consumption of water and chemical washing products. Artesanía de la Alimentación has managed to reduce water consumption per kg of production by 23%.

WE APPLY WATER SAVING MEASURES IN THE BREWING PROCESS

Over 95% of one of our beers is water. As part of our commitment to sustainability, we apply measures to reduce water consumption throughout our value chain:

— Installation of the best available technology for the efficient use of water

— 37% reduction in water used in our factories in the last decade

— Installation of over 300 meters in each water plant

— Installation of software in all plants that calculates the water footprint in 2018

Estrella de Levante and La Moravia are now able to calculate their water footprint.

Fuente Liviana has improved its water consumption efficiency despite an increase in the hectolitres packaged and in work shifts.

At Damm we reuse about 10% of the water consumed in the factory.



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Grupo Rodilla reduced water consumption per kg produced in 2017 by 23%.



WATER CONSUMPTION 2017



■ **MALT**
65.16 hl/t produced

■ **BEER**
4.58 hl/hl packaged

■ **WATER AND SOFT DRINKS**
2.18 hl/hl packaged

■ **GRUPO RODILLA**
0.003 m³/kg produced



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WE CALCULATE THE WATER FOOTPRINT OF THE BARLEY CROP

For this calculation, we analyse the water needs to minimize consumption during irrigation in the farms, while maintaining maximum production and quality. This reduces the environmental impact—less water and electricity consumption—and reduces the farmer's expenses.

This study is being carried out in farms in Albacete, an area that supplies barley to Estrella de Levante and in an experimental farm in Huesca. In Albacete, Estrella de Levante collaborates with the Instituto Técnico Agronómico Provincial (Provincial Technical and Agronomical Institute) and in Huesca it collaborates with the Cooperativa Los Monegros de Sariñena and with the School of Agricultural Engineering of the University of Lleida.

RESPONSIBLE CONSUMPTION OF RESOURCES AND RAW MATERIALS

We implemented different measures to reduce the consumption of all the elements used in our containers and packaging, reducing the weight of the materials and technologically improving their production and control process in order to minimize the environmental impact.

MAIN IMPROVEMENT MEASURES 2017

— 28% weight reduction of the AK Damm bottle.

— Elimination of cardboard trays used for various can formats.

— Grupo Rodilla has started a project, managed by the Purchasing, Quality and Production departments, to review the packaging of raw materials to reduce the use of intermediate grouping and cardboard packaging, without reducing the hygiene of the products contained. Currently, there are six raw materials with a ratio of kg of cardboard/kg of product that has gone from 0.05 kg/kg to 0.012 kg/kg.

— We collaborate with entities that manage the systems for selective collection and recovery of used containers and packaging waste (Ecoembes and Ecovidrio).





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65%

Beer and water containers that are reusable

100%

Beer and water containers that are recyclable

73%

Recycling rate of glass 2017

Source: Ecovidrio

76%

Recycling rate of the containers managed by Ecoembes

Source: Ecoembes Annual Report 2016

3% and 5% weight reduction of PET pre-forms at Fuente Liviana and Veri respectively, and the weight of the caps. We mainly use glass and PET, two highly recyclable materials assuming the consumer collaborates in the process by depositing them in the specific container.

Incorporation of the use of the KeyKeg system, a single-use barrel which respects the environment since all the raw materials that compose it can be separated and reused to make new barrels. Its compact design allows 25% to 30% more KeyKegs to be loaded than steel barrels, so fewer shipments are needed and the empty barrels do not have to be returned. The savings in transportation with this new system can reach 65%.

MATERIALS CONSUMPTION 2017

BEER

Malt, rice, maize, barely in process and hops
16.50 kg/hl packaged

BEER, WATER AND SOFT DRINKS¹

Glass, aluminium, steel, paper/cardboard and plastic
26.04 kg/hl packaged

GRUPO RODILLA

Raw materials
1.53 Kg/kg produced

Materials
0.01 Kg/kg produced

(1) Data from Aguas de San Martín de Veri is not included.



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WE MOVE FORWARD IN SUSTAINABLE TRANSPORT

Contributing to sustainable development through the use of more efficient and cleaner transport is one of our environmental objectives.

MAIN IMPROVEMENT MEASURES 2017

—

Pall-Ex has expanded its distribution network with the entry into service of two new “Megatrailers”, which increase the company’s cargo capacity and sustainability on the road. The results of this investment will mean cost savings, the possibility of a lower price per tonne transported, an improvement in sustainability on the road due to increased load capacity in a single vehicle and an overall greater load capacity. After incorporating these initial units, Pall-Ex will continue with its commitment to this new format of freight transport with the addition of further “Megatrailers” to its distribution network.

—

Incorporation of a compressed natural gas truck on the route that delivers advertising material in the Barcelona area, resulting in several environmental improvements: reducing emissions of pollutants into the atmosphere and almost entirely eliminating emissions of particles and sulphur oxides, access to limited traffic areas and the ability to work at night thanks to its silent operation.

Estrella de Levante has developed several initiatives related to responsible mobility and has a Mobility Plan in place for its staff.



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ALFIL LOGISTICS JOINS THE LEAN & GREEN PLATFORM TO REDUCE TRANSPORT EMISSIONS BY 20% IN FIVE YEARS

Lean & Green, a European platform whose objective is to reduce polluting emissions in logistics processes through collaboration between the different actors in the supply chain, has arrived in Spain. Alfil Logistics is one of the first companies to have joined the platform in order to help fight against climate change and is part of the newly created Lean & Green Spain Commission, an organization that aims to make this initiative a benchmark in our country, promoting collaboration between all the members of the supply chain.

According to data from the European Environment Agency, logistics and transport operations are responsible for 25% of CO2 emissions in our country. Companies adhering to the project must reduce their greenhouse gas emissions by at least 20% in the next five years.



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WE REUSE OUR WASTE

Most of the secondary materials generated in our production process are converted into co-products or used as raw materials for other activities.

MAIN IMPROVEMENT MEASURES 2017

Project to generate electrical energy from the biomethanation of waste from the agri-food industry. It involves closing the cycle and returning part of the organic matter back into the agricultural system itself.

At Rodilla, selective collection of vegetable oils for preservation and frying oil in the factory and the establishments, and raising awareness among staff and implementing protocols for the correct separation of waste. As part of the framework of the Ecoembes Corporate Prevention Plan, the take-away coffee packaging has been redesigned to make the glass and lid lighter, reducing the material used in its manufacture.

Reduction of glass waste at Fuente Liviana thanks to external maintenance performed for the glass inspecting body, which has improved false defects. During the year, sessions were carried out to train staff on procedures in the event of an accidental spill and on waste management.

Cerveza Victoria has a waste management plan for the entire production process, in which the removal of different types of waste is carried out in airtight containers, thus having no negative environmental impact.



80%

of generated waste is recovered

+99%

of waste is recovered in the El Prat factory

Rodilla subscribes to the new agreement for the Sectorial PEP (Corporate Prevention Plan) 2018-2020, planning the necessary measures for its implementation during 2018.



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**GENERATED WASTE
BEER, WATER AND SOFT DRINKS**

(kg/hl packaged beer, water and soft drinks)	Non-hazardous waste	Hazardous waste	Recoverable waste	Total
Beer	0.42	0.02	1.73	2.17
Soft Drinks	0.04	0.01	0.46	0.51
Water	0.02	0.002	0.19	0.21
Total	0.30	0.02	1.31	2.89

**GENERATED WASTE
GRUPO RODILLA**

HAZARDOUS WASTE
0.0006 Kg/kg produced

RECOVERABLE WASTE (CARDBOARD)
0.0106 Kg/kg produced

Grupo Rodilla closes the environmental circle by recycling almost 100% of the oil from canned goods, amounting to about 900 litres/month.





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THE COWS OF LA FAGEDA ARE FED WITH BAGASSE FROM THE EL PRAT FACTORY

To make our beers we use barley transformed into malt along with rice and hops. Cooking these elements creates a by-product, bagasse, which has excellent nutritional properties for feeding cows thanks to its high protein content. Instead of discarding it, 100% of the more than 90,000 annual tonnes of bagasse we generate is sold in its entirety as cow feed to dozens of farms dedicated to the production and sale of milk.

La Fageda is one of these farms. The cows belonging to this cooperative, which produces thousands of yoghurts and dairy desserts a year, are given feed containing bagasse from Damm. Thus, these famous cows eat a by-product with superb nutritional properties which would otherwise go to waste. This is one of the examples of our commitment to the circular economy.

ESTRELLA DE LEVANTE AND THE CHAIR OF SUSTAINABILITY AND HEALTHY LIVING

After years of working closely on several research projects, studies related to recycling and water recovery, Estrella de Levante and the Universidad Católica San Antonio de Murcia have created the Chair of Sustainability and Healthy Living to research how to make better use of beer by-products. Recycling beer by-products is one of Estrella de Levante's principles in its commitment to the environment. The Chair of Sustainability will enable research into the use of beer bagasse to feed insects, from which flour for food may be obtained.





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CONTROL AND MONITORING OF WASTEWATER QUALITY

(306-1) Our production centres have a pre-discharge wastewater treatment system. We continue to improve wastewater recording systems, control parameters and treatment systems.

Compañía Cervecera Damm has implemented systems for gathering information generated in the treatment plants and analytical data from the laboratory, which can generate periodic reports.

The plants belonging to Veri and Fuente Viviana have improved the management of the analytical data of their treatment plants. In addition, Veri has updated the signage in its plants relating to recycling points and waste separation areas. Both plants have reduced COD.





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WE REDUCE OUR CARBON FOOTPRINT

One of our most important environmental objectives is the reduction of our emissions via three different channels: reduction of consumption in our production processes, application of ecodesign criteria to create more sustainable products, promotion of sustainable transport and initiatives to offset the generated emissions. In this regard, Estrella de Levante planted trees on the banks of the Segura River, in the Regional Park of Sierra Espuña and the Greenway of the Northwest region between Cehegin and Caravaca de la Cruz with the aim of offsetting the emissions generated during the WAM Festival.

The plants of Estrella de Levante, Font Salem El Puig, Empresa de Explotaciones Energéticas (CCEE) and Font Salem Santarem are CO₂ emissions trading companies, which requires them to communicate and report their emissions. In 2017, the four companies reported 60,867 tonnes of CO₂.

In order to appropriately control and monitor the atmospheric emissions parameters, we have a computer system that enables continuous monitoring, in addition to emissions analysis and recording in compliance with the relevant integrated environmental authorization.

Alfil Logistics informs its customers about the carbon footprint generated by its services.

Estrella de Levante has joined the “Corporate Social Responsibility Applied to Climate Change” initiative.



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PERIOD REVIEWED

(102-50) 2017 (1 January to 31 December)

REPORT SCOPE

(102-45) This information covers all the companies controlled and managed by Damm: S.A. Damm (parent company), Ágora Europe, S.A., Aguas de San Martín de Veri, S.A., Artesanía de la Alimentación S.L., Cafés Garriga 1850, S.L., Compañía Cervecera Damm, S.L., Corporación Económica Delta, S.A., Damm Atlántica, S.A., Damm Distribución Integral, S.L., Estrella de Levante Fábrica de Cerveza, S.A., Font Salem Holding, S.L., Font Salem, S.L., Gestión Fuente Liviana, S.L., Maltería La Moravia, S.L., Pallex Iberia, S.L., Rodilla Sánchez, S.L. y Setpoint Events, S.A. Pending the addition of acquired companies in Mallorca (AGAMA, LACCAO, AIGÜES MALLORCA) and Victoria

REFERENCE STANDARDS

(102-54) The Report has been prepared according to GRI Standards according to the option "In accordance - Core". The Sustainable Development Goals of the United Nations have also been taken into account.



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CONTACT POINT

(102-53) rsc@damm.es / comunicacion@damm.es

RELEVANT ISSUES FOR SUSTAINABILITY PERFORMANCE

(102-46) The objective of the Report is to offer a comprehensive vision of our economic, social, environmental and corporate governance performance, responding to those issues that interest the groups and people with whom we interact. To determine what these issues are and to focus the content on what is relevant for our company, for the 2014-2015 edition of the Report we carried out a materiality analysis. Since there have not been any significant operational changes in Damm during 2017, we consider the results of the materiality analysis carried out to be still valid and current.



2017 Annual Report

Letter from the executive chairman

2017 at a glance

The growing world of Damm

We have invested, grown and became digitalized

Employees who grow with Damm

Products and services for customers and consumers who know what they want

We are ou region, we bring the community together

Suppliers, committed to our values

We care for the environment by reducing our footprint

About the report

GRI content index

MATERIALITY ANALYSIS

(102-47)

		Material topics		
Relevance for stakeholders	High	<p>Non-discrimination</p> <p>Energy</p> <p>Water</p> <p>Fight against corruption</p>	<p>Regulatory compliance on provision and use of the product</p> <p>Emissions</p>	<p>Health and safety of customers and food safety</p> <p>Quality and customer service</p> <p>Healthy and affordable food</p> <p>Service quality and accessibility</p> <p>Occupational health and safety</p> <p>Regulatory compliance</p> <p>Biodiversity</p> <p>Regulatory compliance</p>
	Medium	<p>Employment</p> <p>Diversity and equal opportunities and equal pay for women and men</p> <p>Materials and packaging</p> <p>Environmental expenditure and investment</p> <p>Local communities</p> <p>Economic performance</p>	<p>Product and service labelling</p> <p>Training and education and road safety</p> <p>Transportation, intermodality and route planning and vehicular traffic</p>	<p>Substance abuse</p> <p>Sustainable cultivation and raw material quality</p>
	Low	<p>Complaints mechanisms on labour practices</p> <p>Noise pollution</p> <p>Promotion of healthy lifestyles and nutritional education</p> <p>Public policy</p> <p>Unfair competition practices</p> <p>Acquisition practices</p> <p>Supply</p> <p>Assessment of environmental practices, labour practices and human rights of suppliers</p> <p>New markets (internationalization) and lines of business</p> <p>Investment</p>	<p>Marketing communications and responsible marketing</p> <p>Relationship between workers and management</p> <p>Effluents and waste</p> <p>Products and services and management of the life cycle of containers</p> <p>Market presence</p> <p>Investment in infrastructure and facilities</p>	<p>Innovation</p> <p>Promoting responsible drinking</p> <p>Working standards</p> <p>Good governance and business ethics</p>
	Low		Medium	High
		Relevance for Damm		

Relationship with customers and product responsibility
 Relationship with society
 Relationship with employees and labour practices

Relationship with suppliers
 Protection of the environment
 Economic performance and business strategy

In bold the material aspects



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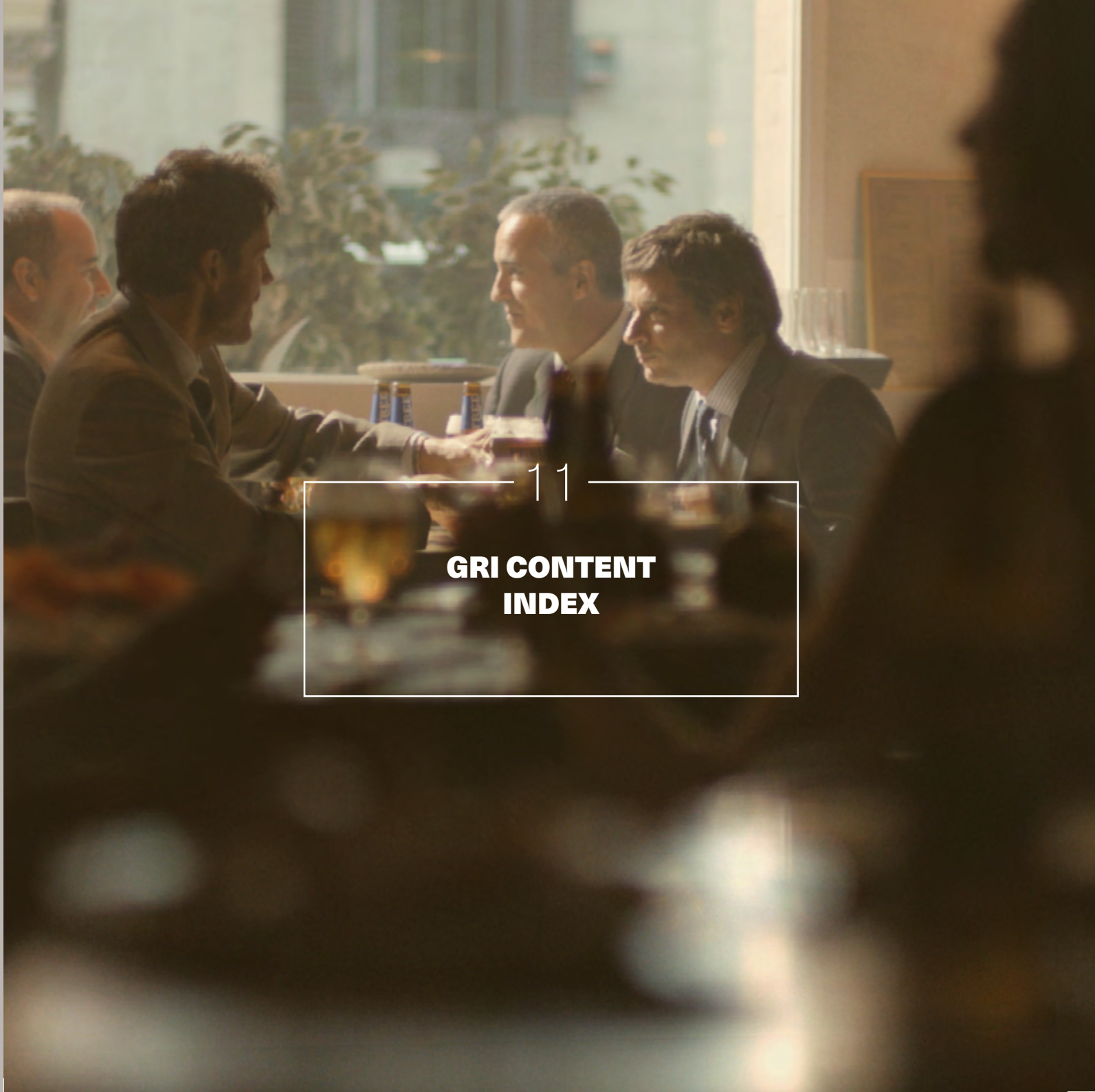
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About the report

GRI content index



11

GRI CONTENT INDEX

GRI CONTENT INDEX

The following table shows the general and individual disclosures index of the organisation Global Reporting Initiative (GRI) according to GRI Standards for option *'in accordance' - core*.

FOUNDATION AND GENERAL DISCLOSURES				
GRI Standard disclosure		Page or direct answer	Omissions	External assurance
GRI 101 FOUNDATION 2017				
101	Principles			
GRI 102 GENERAL DISCLOSURES 2017				
102-1	Name of the organisation	11		
102-2	Activities, brands, products and services	12-14		
102-3	Location of headquarters	15-16		
102-4	Location of operations	17-18		
102-5	Ownership and legal form	13-14		

102-6	Markets served	17-18 Beverage Companies	<p>Customers <i>By distribution channel</i></p> <ul style="list-style-type: none"> • Large hospitality industry accounts (organised restaurant chains and industrial catering customers) • Traditional hospitality industry (distributors) • Large food accounts (national, cash and wholesale hypermarkets and supermarkets) <p><i>By retail customers</i></p> <ul style="list-style-type: none"> • Food for consumption outside of establishment • Hospitality industry for consumption inside the establishment itself: independent (the majority of establishments in Spain) and organised (customers from the large hospitality accounts channel) <p>Consumers Product end consumers</p>																													
		Grupo Rodilla	<p>Franchisees Natural or legal person that obtains the right to sell and use the brand</p> <p>Consumers End consumer of products inside establishments.</p>																													
		Logistics companies	<p>Customers Companies from different sectors and other logistics operators. Currently, in the Pall-Ex Iberia customer base, food and beverage companies constitute 40%; the industrial sector constitutes 26% (automobile and electrical components); logistics and transport constitute 10%; and the container and packaging sector constitutes 5%.</p>																													
		Container management companies	<p>Setpoint Events Customers Companies or organisations that wish to organise competitions and sports or cultural events of any kind.</p>																													
102-7	Scale of the organisation	7-8, 46																														
102-8	Information on employees and other workers	46-47	<table border="1"> <thead> <tr> <th data-bbox="553 917 798 949">Staff as at 31 December</th> <th data-bbox="798 917 1010 949">2015</th> <th data-bbox="1010 917 1223 949">2016</th> <th data-bbox="1223 917 1649 949">2017</th> </tr> </thead> <tbody> <tr> <td data-bbox="553 949 798 981">Internal staff</td> <td data-bbox="798 949 1010 981"></td> <td data-bbox="1010 949 1223 981"></td> <td data-bbox="1223 949 1649 981"></td> </tr> <tr> <td data-bbox="553 981 798 1013">Beverages</td> <td data-bbox="798 981 1010 1013">1,818</td> <td data-bbox="1010 981 1223 1013">1,908</td> <td data-bbox="1223 981 1649 1013">2,108</td> </tr> <tr> <td data-bbox="553 1013 798 1045">Logistics</td> <td data-bbox="798 1013 1010 1045">150</td> <td data-bbox="1010 1013 1223 1045">160</td> <td data-bbox="1223 1013 1649 1045">183</td> </tr> <tr> <td data-bbox="553 1045 798 1077">Restaurants</td> <td data-bbox="798 1045 1010 1077">792</td> <td data-bbox="1010 1045 1223 1077">862</td> <td data-bbox="1223 1045 1649 1077">882</td> </tr> <tr> <td data-bbox="553 1077 798 1104">Content management</td> <td data-bbox="798 1077 1010 1104">-</td> <td data-bbox="1010 1077 1223 1104">29</td> <td data-bbox="1223 1077 1649 1104">22</td> </tr> <tr> <td data-bbox="553 1104 798 1136">Damm</td> <td data-bbox="798 1104 1010 1136">2,760</td> <td data-bbox="1010 1104 1223 1136">2,959</td> <td data-bbox="1223 1104 1649 1136">3,195</td> </tr> </tbody> </table>	Staff as at 31 December	2015	2016	2017	Internal staff				Beverages	1,818	1,908	2,108	Logistics	150	160	183	Restaurants	792	862	882	Content management	-	29	22	Damm	2,760	2,959	3,195	
Staff as at 31 December	2015	2016	2017																													
Internal staff																																
Beverages	1,818	1,908	2,108																													
Logistics	150	160	183																													
Restaurants	792	862	882																													
Content management	-	29	22																													
Damm	2,760	2,959	3,195																													

External staff	Beverages	501	599	271
	Logistics	321	495	328
	Restaurants	0	0	0
	Content management	0	0	0
	Damm	822	1,094	599

Staff by hire type and gender (as at 31 December)	2015				2016					2017				
	Damm	Beverages	Logistics	Restaurants	Damm	Beverages	Logistics	Restaurants	Content management	Damm	Beverages	Logistics	Restaurants	Content management
% open-ended	85%	91%	99%	69%	84%	87%	98%	76%	100%	83%	82%	98%	83%	100%
Open-ended	2,346	1,652	149	545	2,490	1,653	157	651	29	2,650	1,720	180	728	22
Men	1,532	1,278	102	152	1,561	1,258	103	176	24	1,630	1,296	119	196	19
Women	814	374	47	393	929	395	54	475	5	1,020	424	61	532	3
Temporary	414	166	1	247	469	255	3	211	0	545	388	3	154	0
Men	221	139	0	82	271	193	1	77	0	342	289	2	51	0
Women	193	27	1	165	198	62	2	134	0	203	99	1	103	0

Staff by workday type and gender (as at 31 December)	2015				2016					2017				
	Damm	Beverages	Logistics	Restaurants	Damm	Beverages	Logistics	Restaurants	Content management	Damm	Beverages	Logistics	Restaurants	Content management
% full-time	80%	97%	98%	39%	80%	99%	100%	34%	100%	82%	99%	100%	39%	100%
Full-time	2,206	1,757	147	302	2,377	1,888	160	300	29	2,633	2,086	183	342	22
Men	1,593	1,400	102	91	1,661	1,447	104	86	24	1,830	1,581	121	109	19
Women	613	357	45	211	716	441	56	214	5	803	505	62	233	3
Part-time	554	61	3	490	582	20	0	562	0	562	22	0	540	0
Men	160	17	0	143	171	4	0	167	0	142	4	0	138	0
Women	394	44	3	347	411	16	0	395	0	420	18	0	402	0

Staff by gender and age group (as at 31 December)	2015				2016					2017				
	Damm	Beverages	Logistics	Restaurants	Damm	Beverages	Logistics	Restaurants	Content management	Damm	Beverages	Logistics	Restaurants	Content management
Men	1,753	1,417	102	234	1,832	1,451	104	253	24	1,972	1,585	121	247	19
< 25 years	93	40	1	52	154	56	2	95	1	147	63	3	81	0
26-35 years	570	414	39	117	507	364	37	101	5	565	418	40	103	4
36-45 years	611	534	37	40	682	603	35	34	10	734	648	43	35	8
46-55 years	372	335	19	18	381	332	24	18	7	395	340	28	21	6
56-65 years	107	94	6	7	108	96	6	5	1	131	116	7	7	1
Women	1007	401	48	558	1,127	457	56	609	5	1,223	523	62	635	3
< 25 years	99	17	1	81	175	16	1	158	0	186	30	2	154	0
26-35 years	437	149	19	269	436	156	23	252	5	466	174	21	268	3
36-45 years	353	171	24	158	384	205	26	153	0	411	222	31	158	0
46-55 years	91	51	4	36	105	64	4	37	0	129	81	6	42	0
56-65 years	27	13	0	14	27	16	2	9	0	31	16	2	13	0

Women by job category (as at 31 December)	2015				2016					2017				
	Damm	Beverages	Logistics	Restaurants	Damm	Beverages	Logistics	Restaurants	Content management	Damm	Beverages	Logistics	Restaurants	Content management
Senior management	16%	16%	14%	17%	17%	20%	6%	0%	0%	17%	18%	6%	25%	0%
Middle managers	29%	21%	34%	61%	39%	38%	30%	61%	18%	39%	37%	35%	58%	0%
Other staff	39%	22%	44%	71%	39%	19%	41%	72%	20%	39%	21%	40%	73%	14%

102-9 Supply chain

109-115

102-10 Significant changes to the organization and its supply chain

11
The companies integrated in the 2017 financial year were as follows: Comercial Mallorquina de Begudes S.L., Envasadora de Begudes Mallorquina S.L., Derivats Lactis Mallorquins S.L., Comercial Distribuidora de Cervezas del Noreste S.L., Expansión DDI Alimentación 2 S.L., Expansión DDI Alimentación Cantábrica S.L., Goethe S.L., Sociedad Anónima Distribuidora de Gaseosas, Estrella Damm Trading (Shanghai) Co. Ltd., Estrella Damm Chile Spa., Damm Services Corp. y Cervezas Damm Internacional S.L.
The Neverseen Media company stopped operating in 2017.
With respect to Grupo Rodilla, there have been 9 Rodilla openings as own stores, 13 Rodilla openings as franchisee stores, 5 closures of Jamaica Coffee Experience franchisee stores, and 2 closures of own stores and 1 Café de Indias franchise.

102-11	Precautionary Principle or approach	82, 117 In the framework of the environmental management system, the identification and evaluation of environmental aspects is carried out. The objective of this identification and evaluation is to know what the main impacts are and to be able to act to reduce their effects. A review of these environmental aspects is carried out periodically, including potential or emergency situations.		
102-12	External initiatives	83, 123		
102-13	Membership of associations	31		
STRATEGY				
102-14	Statement from senior decision-maker	3-5		
ETHICS AND INTEGRITY				
102-16	Values, principles, standards, and norms of behavior	23, 26		
GOVERNANCE				
102-18	Governance structure	25		
STAKEHOLDER ENGAGEMENT				
102-40	List of stakeholder groups	27		
102-41	Collective bargaining agreements	97% of workers are covered by the collective bargaining.		
102-42	Identifying and selecting stakeholders	Damm has identified its stakeholders based on criteria such as: dependence (who depends on the activities, products or services or those on whom it depends to continue their activities), liability (whether commercial, legal, operational, social, etc.), proximity (those who are within the surrounding area) and influence (can have an impact on strategy or business).		

102-43	Approach to stakeholder engagement		Main communication channels and dialogue	Main topics identified
102-44	Key topics and concerns raised	Collaborators	Internal magazine and publications, intranet, company committees and legal representation, corporate social network, corporate e-mail and website, periodic internal meeting, internal events, climate survey, iDamm, Todos Damm, Damm Info e-mails and Internal Damm Communiqué, internal communication newsletters (Asegúrate Damm, Noticias Estrella, technological channel).	General information (operational and corporate), work climate, organisational changes, internal employment offers, benefits, schedules, company spots and videos, presentations to the media, transport, health and safety, suggestions, complaints, enquiries, etc.
Customers – Consumers		Telephone service for enquiries and questions about products, radio communication, printed and internet press and social networks, mobile applications (apps), press releases, corporate website and customer service e-mail, digital and physical mailings, advertising campaigns.	Food safety, product variety, innovation, promotions and offers, events and sponsorship, price, quality.	
Customers - Businesses		Magazines and commercial catalogues, involvement in business and sector institutions, presence in sector trade fairs, commercial team, digital and physical mailings, satisfaction survey system, complaint system, press releases.	Food and delivery safety (in the case of logistics companies), degree of service and product satisfaction, innovation, promotions and offers, events and sponsorship, price, quality.	
Distributors (only beer and water)		Magazines and commercial catalogues, involvement in business and sector institutions, presence in sector trade fairs, commercial team, digital and physical mailings, incident and complaint system.	Food safety, degree of service and product satisfaction, innovation, promotions and offers, events and sponsorship.	
Shareholders		General shareholders meeting (annual), personalised service phone lines, e-mail (accionistas@damm.es), shareholder information section on the website (www.damm.es), annual corporate governance report, annual board of directors remuneration report, annual accounts report and annual report.	Profitability and benefits, decision-making as regards objectives set, transparency and accountability, good corporate governance, competitiveness, competitive conditions, perception and reputation.	
Suppliers, contracted companies and partners/external advisers (only logistics)		Corporate website and e-mail, field days, supplier approval system, supplier website, direct communication and in-person meetings.	Hiring processes (standardisation) and fulfilment of contractual obligations, scope of corporate responsibility commitment, food safety.	
Public and private institutions		Development of partnerships with government administrations (central, autonomous and local).	Compliance with applicable legislation, transparency and accountability, good management of factories and their impacts, involvement in the local community, collaboration for the development of joint projects.	

Society	Membership in community associations and groups, factory visits, involvement in events, sponsorship collaboration with NGOs, Fundación Damm, corporate website, Fundación Damm report.	Partnerships with local institutions or others through sponsorship initiatives (cultural, sport, and social initiatives) and Fundación Damm sponsorship initiatives (social, sport and cultural initiatives), good neighbourliness, respect for the environment and natural surroundings, improvement of the local setting and community.		
Franchisees (only restaurants)	Corporate website and e-mail, digital and physical mailings, direct communication and in-person meetings.	Food safety, degree of satisfaction, innovation, promotions and offers, events and sponsorship, price, quality.		
Media and influencers	Corporate website and e-mail, press office, digital and physical mailings, direct communication and in-person meetings.	General corporate information, partnerships with local institutions or others through sponsorship initiatives (cultural, sport, and social initiatives) and Fundación Damm sponsorship initiatives (social, sport and cultural initiatives), events, respect for the environment and natural surroundings, improvement of the local setting and community.		
Score above 6		2015	2016	2017
Overall satisfaction index - traditional hospitality industry		4.4	4.7	4.7
Score above 5		2015	2016	2017
Overall satisfaction index - large hospitality industry accounts		4.17	4.54	4.58
Overall score above 4		2015	2016	2017
Satisfaction index of Alfíl Logistics customers		3.32	3.64	NA

REPORTING PRACTICES

102-45	Entities included in the consolidated financial statements	135
102-46	Defining report content and topic Boundaries	136

102-47	List of material topics	137		
102-48	Restatements of information	There were no restatements of the information provided in previous reports.		
102-49	Changes in reporting	The report includes topics identified as material, in addition to specific topics. The scope of information maintains the level of comprehensiveness of previous financial years. The scope of the report maintains all organisations that were included in the previous edition.		
102-50	Reporting period	135		
102-51	Date of most recent report	2016 (1 January to 31 December)		
102-52	Reporting cycle	Annually		
102-53	Contact point for questions regarding the report	136		
102-54	Claims of reporting in accordance with the GRI Standards	135		
102-55	GRI content index	139-162		
102-56	External assurance	This report has not been submitted for external assurance.		

MATERIAL TOPICS							
GRI Standards disclosures		Page or direct answer			Omissions	External assurance	
ECONOMIC TOPICS							
GRI 103: MANAGEMENT APPROACH 2017							
LINKED TO GRI 201: ECONOMIC PERFORMANCE, GRI 205: ANTI-CORRUPTION, SUPPLY AND INNOVATION							
103-1	Explanation of the material topic and its Boundary	Material topic	Boundary ¹	Involvement ²			
		GRI 201: Economic Performance	Within and outside of the organisation (beer, water, logistics and restaurant business)	Direct and indirect			
		GRI 205: Anti-corruption	Within and outside of the organisation (beer, water, logistics and restaurant business)	Direct and indirect			
		Supply	Within and outside of the organisation (beer, water and restaurant business)	Direct and indirect			
		Innovation	Within and outside of the organisation (beer, water and restaurant business)	Direct and indirect			
		<p>(1) Indicate where the impact is produced: within the organisation, outside of the organisation, within and outside of the organisation. (2) Indicate the organisation's involvement with the impacts: direct (the organisation has directly caused the impact) or indirect (the organisation is linked to the impact through its business relationships).</p>					
103-2	The management approach and its components	25-16, 33-42, 109-115					
103-3	Evaluation of the management approach	25-16, 33-42, 109-115					
GRI 201: ECONOMIC PERFORMANCE							
201-1	Direct economic value generated and distributed	37					
GRI 205: ANTI-CORRUPTION							
205-3	Confirmed incidents of corruption and actions taken	In 2017, no confirmed cases of corruption were recorded in the companies that make up Damm.					
SUPPLY							
	Percentage of purchase volume from suppliers that comply with the organisation's supply policy.	The most operational part of the supply chain of beer and water business, which focuses on packaging materials and raw materials and is part of supplier approval that includes all kinds of criteria, including quality, service and logistics, as well as technical, environmental, and financial criteria, in addition to other matters with regard to corporate responsibility topics. By way of example, suppliers from other countries are audited for issues such as work safety and health, respecting human rights, among others.					
INNOVATION							
		65-72					

ENVIRONMENTAL TOPICS

GRI 103: MANAGEMENT APPROACH 2017

LINKED TO GRI 301: MATERIALS, GRI 302: ENERGY, GRI 303: WATER, GRI 304: BIODIVERSITY, GRI 305: EMISSIONS, GRI 306: EFFLUENTS AND WASTE, GRI 307: ENVIRONMENTAL COMPLIANCE, SUSTAINABLE CULTIVATION AND RAW MATERIAL QUALITY

103-1	Explanation of the material topic and its Boundary	Material topic	Boundary ¹	Involvement ²		
		GRI 301: Materials	Within and outside of the organisation (beer, water and restaurant business)	Direct		
		GRI 302: Energy	Within (beer, water, logistics—except Ágora Europe—and restaurant business)	Direct		
		GRI 303: Water	Within and outside of the organisation (water business)	Direct and indirect		
		GRI 304: Biodiversity	Outside of the organisation (beer and water business)	Direct and indirect		
		GRI 305: Emissions	Within and outside of the organisation (beer, water, logistics—except Ágora Europe—)	Direct		
		GRI 306: Effluents and waste	Within and outside of the organisation (beer, water and restaurant business)	Direct and indirect		
		GRI 307: Environmental compliance	Within and outside of the organisation (beer, water, logistics and restaurant business)	Direct		
		Sustainable cultivation and raw material quality	Within and outside of the organisation (beer business)	Direct and indirect		
<p><i>(1) Indicate where the impact is produced: within the organisation, outside of the organisation, within and outside of the organisation.</i></p> <p><i>(2) Indicate the organisation's involvement with the impacts: direct (the organisation has directly caused the impact) or indirect (the organisation is linked to the impact through its business relationships).</i></p>						
103-2	The management approach and its components	117-133				
103-3	Evaluation of the management approach	117-133				

GRI 301: MATERIALS

301-1	Materials employed by weight or volume	126				
		Beer, water and soft drinks¹ (Kg/hl packaged)		2016	2017	
		Glass, aluminium, steel, paper/cardboard and plastic		23.79	26.04	
		(1) Data from Aguas de San Martín de Veri is not included.				
		Beer (kg/hl packaged)	2015	2016	2017	
		Malt, rice, maize, barely in process and hops	18.84	19.92	16.50	
		Grupo Rodilla¹ (Kg/hl packaged)	2015	2016	2017	
		Raw materials	1.59	1.55	1.53	
		Materials	0.01	0.01	0.01	

GRI 302: ENERGY

302-3	Energy intensity	122				
		Energy consumption in beer factories				
		(kWh/hl beer packaged)	2015	2016	2017	
		Electric power	10.51	10.24	10.35	
		Thermal energy	21.12	20.40	19.41	
		Energy consumption in water and soft drink factories				
		(kWh/hl water packaged)	2015	2016	2017	
		Electric power	4.72	4.71	4.71	
		Thermal energy	3.70	3.88	3.47	
		Energy consumption in malt houses				
		(kWh/t produced)	2015	2016	2017	
		Electric power	154.63	143.14	149.41	
		Thermal energy	804.84	813.39	818.69	
		Energy consumption in Grupo Rodilla	2015	2016	2017	
		Electric power (kWh/kg produced)	0.47	0.43	0.39	
		Thermal energy (l/kg produced)	-	0.012	0.011	

302-4	Reduction of energy consumption	121			
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GRI 303: WATER

303-1	Water withdrawal by source	122			
		Water consumption (hl)	2015	2016	2017
		Beer	40,952,300	44,414,422	53,241,900
		Water and soft drinks	10,375,430	9,883,430	10,883,040
		Malt houses	5,296,450	5,616,122	5,433,950
		Logistics	119,258	140,820	-
		Grupo Rodilla	611	505	462
		Total	56,744,049	60,055,299	69,559,352
		Water consumption in relative values	2015	2016	2017
		Beer (hl/hl beer packaged)	4.16	4.13	4.58
		Water and soft drinks (hl/hl water packaged)	2.22	2.06	2.18
		Malt (hl/tn produced)	63.74	65.40	65.16
		Logistics (hl/pallets moved)	0.03	0.02	NA
		Grupo Rodilla (m3/kg produced)	0.0061	0.004	0.003

GRI 304: BIODIVERSITY

304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	The Fuente Liviana and Aguas de Veri plants are located inside the area of protection for birds against collisions and electrocution on high voltage power lines. The two Aguas de Veri plants are located inside of the deployment area of the "bonecrusher" (<i>gypaetus barbatus</i>) [bearded vulture] recovery plan.			
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GRI 305: EMISSIONS

305-5	Reduction of GHG emissions	<p>Management of aspects that impact climate change is done via the environmental management systems implemented in the companies and has the objective of optimising resource consumption, both in terms of materials as well as water and energy, while extending this commitment to the suppliers.</p> <p>In order to appropriately monitor the atmospheric emissions parameters, there is a computer system that enables the continuous monitoring thereof, in addition to the analysis and recording thereof pursuant to the relevant integrated environmental authorisation.</p>			
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305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Other emissions into the atmosphere (NO2)			
		(g/hl of product packaged)	2015	2016	2017
		El Prat	5.34	6.21	6.16
		Estrella de Levante	3.69	5.72	5.89
		El Puig	3.91	4.68	4.35
		Salem	2.01	1.37	1.37
		Fuente Liviana	0.51	0.39	0.46
		Veri	0.52	0.40	0.44

GRI 306: EFFLUENTS AND WASTE

Generation de waste in relative values			
(kg/hl product packaged)	2015	2016	2017
BEER	19.62	20.63	2.17
Non-hazardous/reusable waste	0.23	0.24	0.42
Hazardous waste	0.01	0.01	0.02
Reusable waste	2.50	2.60	1.73
By-products	16.88	17.78	0.00
SOFT DRINKS	0.33	0.36	0.51
Non-hazardous/reusable waste	0.07	0.08	0.04
Hazardous waste	0.02	0.01	0.01
Reusable waste	0.24	0.27	0.46
WATER	0.26	0.23	0.21
Non-hazardous/reusable waste	0.03	0.03	0.02
Hazardous waste	0.00	0.00	0.002
Reusable waste	0.23	0.19	0.19
Total (beer, soft drinks and water)	20.22	21.22	2.89
Non-hazardous/reusable waste	0.17	0.19	0.30
Hazardous waste	0.01	0.01	0.02
Reusable waste	1.77	1.87	1.31
By-products	11.45	12.29	
Generation of waste	2015	2016	2017
(Kg/kg produced at Grupo Rodilla)			
Hazardous waste	-	0.0014	0.0006
Reusable waste (cardboard)	0.0110	0.0111	0.0106

306-1 Water discharge by quality and destination

All factories have a pre-discharge waste water treatment system. Over these two years, Damm has worked intensively on improving the monitoring of discharge parameters by enhancing the systems for recording the control parameters at the group level and improving the waste water treatment systems. The objective of this work has been to seek maximum possible automation, and to obtain the most agile and effective of environmental management ratios.

Effluent discharge load	2015	2016	2017	legal limit
COD				
Prat	213	218	246	1,500
Elesa	459	415	443	1,100
Puig	22	25	30	125
Salem	22	12	12	125
Fuente Liviana	33	27	33	125
Veri-Bisaurri	43	58	94	125
Veri-Run	6	3	4	125
Santarem	107	30	24	150
MES				
Prat	95	93	79	750
Elesa	310	275	311	500
Puig	10	10	13	35
Salem	10	8	9	60
Fuente Liviana	15	13	13	60
Veri-Bisaurri	23	21	20	35
Veri-Run	3	2	1	35
Santarem	17	19	17	60

At Grupo Rodilla, the water used at points of sale is discharged to the public sewage system as it is domestic waste water. At Artesanía de la Alimentación, the waste water is discharged to the city sewage system, but prior to this it is treated by a screening system and fat separator. The analysis of water quality parameters does not apply as consumption is below 10,000 m³.

GRI 307: ENVIRONMENTAL COMPLIANCE

307-1 Non-compliance with environmental laws and regulations

Damm's operations are carried out within the current legal framework, including applicable environmental legislation. The existing systems are constantly reviewed with the goal of adapting quickly and effectively to the regulations and changes thereof. In 2017, none of the companies that make up Damm were fined as the result of non-compliance with environmental legislation and regulations.

SUSTAINABLE CULTIVATION AND RAW MATERIAL QUALITY

111-113

SOCIAL TOPICS

GRI 103: MANAGEMENT APPROACH 2017

LINKED TO GRI 401: EMPLOYMENT, GRI 403: OCCUPATIONAL HEALTH AND SAFETY. GRI 404: TRAINING AND EDUCATION, GRI 406: NON-DISCRIMINATION, GRI 413: LOCAL COMMUNITIES, GRI 416: CUSTOMER HEALTH AND SAFETY, GRI 417: MARKETING AND LABELLING, GRI 419: SOCIOECONOMIC COMPLIANCE, QUALITY AND CUSTOMER SERVICE, HEALTHY AND AFFORDABLE FOOD, PROMOTION OF RESPONSIBLE ALCOHOL CONSUMPTION, NUTRITIONAL CONTENT AND QUALITY, SERVICE QUALITY AND ACCESSIBILITY, WORKING STANDARDS AND ROAD SAFETY

103-1	Explanation of the material topic and its Boundary	Material topic	Boundary ¹	Involvement ²		
		GRI 401: Employment	Within and outside of the organisation (beer, water, logistics and restaurant business)	Direct		
		GRI 403: Occupational Health and Safety	Within the organisation (beer, water, logistics and restaurant business)	Direct		
		GRI 404: Training and Education	Within and outside of the organisation (beer, logistics and restaurant business)	Direct and indirect		
		GRI 406: Non-discrimination	Within the organisation (beer, water, logistics and restaurant business)	Direct		
		GRI 413: Local Communities	Within and outside of the organisation (beer and water business)	Direct and indirect		
		GRI 416: Customer Health and Safety	Within and outside of the organisation (beer, water, logistics and restaurant business)	Direct and indirect		
		GRI 417: Marketing and Labelling	Within and outside of the organisation (beer, logistics and restaurant business)	Direct and indirect		
		GRI 419: Socioeconomic Compliance	Within and outside of the organisation (beer, water, logistics and restaurant business)	Direct		
		Quality and customer service	Within and outside of the organisation (beer, water, logistics and restaurant business)	Direct and indirect		
		Healthy and affordable food	Within and outside of the organisation (beer, water, logistics and restaurant business)	Direct and indirect		
		Promoting responsible alcohol consumption	Within and outside of the organisation (beer, water, logistics and restaurant business)	Direct and indirect		
		Nutritional content and quality	Within and outside of the organisation (restaurant business)	Direct		
		Service quality and accessibility	Outside of the organisation (beer, water, logistics and restaurant business)	Direct		
		Working standards	Within (logistics business)	Direct and indirect		
		<p>(1) Indicate where the impact occurs: within the organisation, outside of the organisation or within and outside of the organisation. (2) Indicate the organisation's involvement with the impact: direct (the organisation has directly caused the impact) or indirect (the organisation is linked to the impact through its business relationships).</p>				
103-2	The management approach and its components	45-63, 73-85, 87-107				
103-3	Evaluation of the management approach	45-63, 73-85, 87-107				

GRI 401: EMPLOYMENT

401-1

New employee hires and employee turnover

46

New hires by gender and age group (as at 31 December)	2015				2016					2017				
	Damm	Beverages	Logistics	Restaurants	Damm	Beverages	Logistics	Restaurants	Content management	Damm	Beverages	Logistics	Restaurants	Content management
Men	494	261	15	218	553	283	16	254	0	594	373	22	195	4
< 25 years	144	51	0	93	224	75	0	149	0	193	78	3	112	0
26-35 years	245	129	8	108	215	105	13	97	0	230	155	7	67	1
36-45 years	75	58	4	13	84	77	1	6	0	130	106	9	12	3
46-55 years	28	22	2	4	26	22	2	2	0	38	31	3	4	0
56-65 years	2	1	1		4	4	0		0	3	3	0		0
Women	580	105	8	467	652	108	12	532	0	649	168	13	466	2
< 25 years	178	25	0	153	307	26	2	279	0	248	39	1	208	0
26-35 years	298	48	3	247	258	49	7	202	0	292	69	6	216	1
36-45 years	99	32	5	62	78	31	3	44	0	76	37	6	32	1
46-55 years	5	0	0	5	8	2	0	6	0	33	23	0	10	0
56-65 years	0	0	0		1	0	0	1	0	0	0	0		0
Total	1,074	366	23	685	1,205	391	28	786	0	1,243	541	35	661	6
New hires index	39%	20%	15%	86%	41%	20%	18%	91%	0%	39%	26%	19%	75%	27%

Departures by gender and age group (as at 31 December)	2014				2015					2016				
	Damm	Beverages	Logistics	Restaurants	Damm	Beverages	Logistics	Restaurants	Content management	Damm	Beverages	Logistics	Restaurants	Content management
Men	408	161	16	231	403	154	10	236	3	525	311	10	201	3
< 25 years	89	9	0	80	139	27	3	109	0	146	47	1	98	0
26-35 years	204	75	5	124	161	44	5	112	0	206	117	2	85	2
36-45 years	75	46	9	20	66	50	2	12	2	121	102	4	14	1
46-55 years	25	17	2	6	19	15	0	3	1	33	26	3	4	0
56-65 years	15	14	0	1	18	18	0		0	19	19	0		0
Women	590	93	12	485	540	50	10	478	2	585	139	8	437	1
< 25 years	146	21	0	125	225	17	2	206	0	200	27	0	173	0
26-35 years	313	48	6	259	250	23	6	221	0	294	74	6	214	0
36-45 years	115	21	6	88	55	10	1	42	2	68	26	2	39	1
46-55 years	13	2	0	11	6	0	1	5	0	19	9	0	10	0
56-65 years	3	1	0	2	4	0	0	4	0	4	3	0	1	0
Total	998	254	28	716	943	204	20	714	5	1,110	450	18	638	4
Turnover Rate	36%	14%	19%	90%	32%	11%	13%	83%	17%	35%	21%	10%	72%	18%

401-3	Parental leave	2015				2016				2017			
		Damm	Beverages	Logistics	Restaurants	Damm	Beverages	Logistics	Restaurants	Damm	Beverages	Logistics	Restaurants
Retention rate													
Number of individuals that have taken parental leave		121	82	12	27	95	67	6	22	129	84	12	33
Men		64	57	5	2	58	51	3	4	70	62	4	4
Women		57	25	7	25	37	16	3	18	59	22	8	29
Of the above individuals, the number of people that returned to the same job post following leave		120	81	12	27	94	66	6	22	127	84	12	31
Men		63	56	5	2	57	50	3	4	69	62	4	3
Women		57	25	7	25	37	16	3	18	58	22	8	28
Of the above individuals, the number of people that, after returning to their job post, were still with the company after 12 months		113	80	11	22	88	66	6	16	116	82	12	22
Men		61	55	5	1	55	50	3	2	68	61	4	3
Women		52	25	6	21	33	16	3	14	48	21	8	19
Retention rate		93%	98%	92%	81%	93%	99%	100%	73%	90%	98%	100%	67%
Men		95%	96%	100%	50%	95%	98%	100%	50%	97%	98%	100%	75%
Women		91%	100%	86%	84%	89%	100%	100%	78%	81%	95%	100%	66%

Setpoint Events recorded no maternity or paternity leave in 2016 and 2017.

GRI 403: OCCUPATIONAL HEALTH AND SAFETY

403-1	Workers representation in formal joint management-worker health and safety committees	94% Workforce represented by the Health & Safety Committees (100% Beverages, 100% Logistics, el 79% Restaurants and 100% Content management)
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403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities

62

Each company has a prevention plan that details the integrative organisational model on which the management and performance of Damm's occupational health and safety policy is based. The plans specify the procedures, instructions and practices to manage the prevention of occupational hazards, and they gradually progress toward complete standardisation in keeping with standards and best practices.

The external prevention services which all of the companies have is consolidated in one single firm that provides a comprehensive service, except for Compañía Cervecera Damm, which has an internal prevention service, and Estrella de Levante, which chose a combined prevention service for technical operations. In all cases, health monitoring is subcontracted to an accredited external prevention service.

In accordance with the established and implemented health and safety policy, Grupo Rodilla has defined action lines to continue to reduce its workplace accident rate through an exhaustive methodology of case analysis, follow-up and implementation of corrective actions derived from investigations into accidents and through awareness raising campaigns for all collaborators. Grupo Rodilla handles its responsibility in this area through an internal and combined prevention service for all of its companies. Pursuant to that laid down in the Occupational Risk Prevention Act, an audit was performed in 2016 in which no anomaly was noted.

Occupational Risk Prevention Indicators		2015	2016	2017
Number of occupational accidents	Beverages	27	30	31
	Logistics	0	0	2
	Restaurants	32	37	6
	Content management	-	0	0
Days lost due to occupational accident	Beverages	752	805	764
	Logistics	0	0	48
	Restaurants	377	285	329
	Content management	-	0	0
Accumulated incident rate ¹	Beverages	2,503	2,698	2,431
	Logistics	0	0	970
	Restaurants	4,378	4,602	6,106
	Content management	-	0	0
Frequency index ²	Beverages	14.07	15	7
	Logistics	0	0	4.6
	Restaurants	30.85	32.83	0
	Content management	-	0	0
Severity rate ³	Beverages	0.66	0.40	0.1
	Logistics	0	0	0.08
	Restaurants	0.36	0.25	0
	Content management	-	0	0

Notes: Data from 2017 includes the companies purchased in Mallorca. In 2017, one fatality due to a work-related accident or occupational disease was recorded in restaurants.

(1) Frequency index = (number of accidents during working hours with leave / number of hours worked) x 1,000,000

(2) Incident rate = (number of accidents during working hours with leave / number of employees) x 100.000

(3) Severity rate = (number of lost days (not worked) due to accidents with leave / number of hours worked) x 1.000

External staff ¹		2017
Number of occupational accidents	Beverages	3
	Logistics	24
	Restaurants	0
	Content management	0
Days lost due to occupational accident	Beverages	NA
	Logistics	305
	Restaurants	0
	Content management	0
Accumulated incident rate	Beverages	1,000
	Logistics	5,050
	Restaurants	0
	Content management	0
Frequency index	Beverages	NA
	Logistics	25.1
	Restaurants	0
	Content management	0
Severity rate	Beverages	NA
	Logistics	0.3
	Restaurants	0
	Content management	0
Work-related fatalities or occupational disease	Beverages	NA
	Logistics	0
	Restaurants	0
	Content management	0

(1) Includes interns, apprentices, self-employed workers and people that work for external companies, e.g. for suppliers.

403-4

Health and safety topics covered in formal agreements with trade unions

Health and safety topics covered in formal agreements with trade unions are described below and expressed as a percentage: personal protective equipment: 10%; joint worker-company health and safety committees: 20%; participation of worker representatives in inspections, audits and investigations into health and safety accidents: 15%; health and safety training and education: 10%; complaint mechanisms: 15%; right to refuse unsafe work: 5%; and regular inspections: 25%.

GRI 404: TRAINING AND EDUCATION

404-1 Average hours of training per year per employee

		59			
		Average number of training hours per employee by gender and job category (h/employee)			
		2015	2016	2017	
BEVERAGES¹					
Men	Senior management	10.8	16.0	22.4	
	Middle managers	38.6	29.4	46.9	
	Other employees	23.4	25.7	16.9	
Women	Senior management	0	0	29.0	
	Middle managers	26.0	21.3	28.1	
	Other employees	21.4	27.4	24.1	
LOGISTICS					
Men	Senior management	31.2	28.8	14.5	
	Middle managers	23.0	37.8	11.5	
	Other employees	19.3	43.7	61.8	
Women	Senior management	0	0	31.0	
	Middle managers	66.0	40.3	12.3	
	Other employees	27.4	58.3	17.7	
RESTAURANTS					
Men	Senior management	16.0	0	8.0	
	Middle managers	35.6	7.7	3.6	
	Other employees	2.9	5.6	7.1	
Women	Senior management	0	-	8.0	
	Middle managers	129.0	7.7	3.6	
	Other employees	2.7	5.5	5.4	
DAMM					
Men	Senior management	19.0	22.0	15.7	
	Middle managers	35.6	25.0	26.9	
	Other employees	17.5	17.3	15.4	
Women	Senior management	0	0	24.3	
	Middle managers	47.4	11.4	9.6	
	Other employees	6.8	9.8	10.1	

(1) Data from 2017 includes the companies purchased in Mallorca.
In 2017, no training was provided at Setpoint Events.

404-2	Programs for upgrading employee skills and transition assistance programs	55-59															
		Training indicators	2015				2016					2017					
			Damm	Beverages	Logistics	Restaurants	Damm	Beverages	Logistics	Restaurants	Content management	Damm	Beverages	Logistics	Restaurants	Content management	
		Staff that has received training	60%	40%	86%	100%	57%	33%	29%	100%	0%	85%	63%	97%	100%	0%	
		Average training investment per employee	€188	€301	€272	€70	€153	€260	€495	€70	€0	€163	€248	€259	€56	€0	
		Total training hours	24,992	18,044	3,079	3,869	24,835	16,864	2,032	5,939	0	38,917	28,618	3,583	6,716	0	
Average number of training hours per collaborator	15.17	24.82	23.87	4.89	14.63	26.51	44.17	5.85	0	14.28	21.48	20.13	5.52	0			
404-3	Percentage of employees receiving regular performance and career development reviews	56															
		Employees subject to a performance review system	2015				2016					2017					
			Damm	Beverages	Logistics	Restaurants	Damm	Beverages	Logistics	Restaurants	Content management	Damm	Beverages	Logistics	Restaurants	Content management	
		Number of employees subject by gender and job category	907	593	108	206	993	727	123	130	13	1,012	794	127	33	2	
		Men	542	403	78	61	639	502	84	41	12	676	553	88	33	2	
		Senior management	101	79	18	4	112	78	23	4	7	108	87	16	4	1	
		Middle managers	165	94	44	27	179	111	46	18	4	193	139	37	17	0	
		Other employees	276	230	16	30	348	313	15	19	1	375	327	35	12	1	
		Women	365	190	30	145	354	225	39	89	1	336	241	39		0	
		Senior management	23	18	3	2	26	21	3	2	0	25	22	1	2	0	
		Middle managers	93	42	17	34	116	54	29	32	1	105	57	17	31	0	
		Other employees	249	130	10	109	212	150	7	55	0	206	162	21	23	0	
		% of staff subject	33%	33%	72%	26%	34%	38%	77%	15%	45%	32%	38%	69%	4%	9%	
		Men	31%	28%	76%	26%	35%	35%	81%	16%	50%	34%	35%	73%	13%	11%	
Women	36%	47%	63%	26%	31%	49%	70%	15%	20%	27%	46%	63%	0%	0%			

GRI 406: NON-DISCRIMINATION

406-1	Incidents of discrimination and corrective actions taken	In 2017 Damm has no registered incidents of discrimination.		
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GRI 413: LOCAL COMMUNITIES

413-1	Operations with local community engagement, impact assessments, and development programs	49, 52, 56, 82, 85, 107, 113		
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GRI 416: CUSTOMER HEALTH AND SAFETY

416-1	Assessment of the health and safety impacts of the product and service categories	<p>74-75</p> <p>Food quality and safety standards at Damm are very strict and applied at all phases of the production process, from product concept development to the purchase of raw materials, manufacture, and consumption. To this effect, resources are invested in the implementation of procedures, standards and certifications that ensure strict compliance with legal requirements for health and safety.</p> <p>Grupo Rodilla has an internal laboratory for microbiological and physiochemical analysis in which specifications of raw materials are verified and the products manufactured and workplace hygiene are analysed. The quality management system is complemented by another based on Hazard Analysis and Critical Control Points (HACCP) which has been implemented both in the factory as well as in all of its stores.</p> <p>Furthermore, all of the establishments under the Rodilla banner undergo a monthly audit by operations supervisors and a bi-monthly food quality and safety audit. The Artesanía de la Alimentación factory implemented an annual plan for internal audits as well as a monthly assessment of production processes.</p> <p>In the beverage and restaurants businesses, in order to promote improvements, the health and safety impact of all products throughout their life cycle is assessed by taking into account the following phases: product concept development, research and development, certification, manufacture, marketing and promotion initiatives, storage, distribution, product consumption, and elimination, reuse or recycling.</p>		
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GRI 417: MARKETING AND LABELLING		
417-1	Requirements for product and service information and labeling	<p>74, 82</p> <p>From product packaging to the respective brand websites, customer service and through social networks, among others, Damm provides information about the characteristics of its products (nutritional components, whether they contain gluten, etc.) in strict compliance with legislation on the labelling of the various products sold. In addition to legal compliance, as a member of the Brewers Committee of Spain, in 2015 Damm supported the sector's commitment to provide customers with other nutritional information not currently required by law in Spain.</p> <p>Damm has procedures for the development of new references and for the review of legal texts in the approval of the image and labelling. All information about products and services can be consulted at www.damm.es and on the respective websites of the companies/brands.</p> <p>Grupo Rodilla products provide information about product safety instructions and product end-of-life management.</p>
GRI 419: SOCIOECONOMIC COMPLIANCE		
419-1	Non-compliance with laws and regulations in the social and economic area	In 2017, any Damm company has received fines as a result of non-compliance with legislation and regulations in these areas.
QUALITY AND CUSTOMER SERVICE		
		73-79
HEALTHY AND AFFORDABLE FOOD		
		69
PROMOTING RESPONSIBLE ALCOHOL CONSUMPTION		
		82
NUTRITIONAL CONTENT AND QUALITY		
		69
SERVICE QUALITY AND ACCESSIBILITY		
		76-77
WORKING STANDARDS		
		60-62
ROAD SAFETY		
		60-62

Damm