

About Baltika Breweries, part of the Carlsberg Group

Baltika Breweries is the leader of the brewing industry and one of the largest Russian FMCG companies. Continuous innovation, adherence to high standards of product quality and commitment to sustainability have been ensuring the company's steady leadership in the Russian beer market since 1996.

Today, Baltika is:

- leader of the Russian beer market with a share of 30%*;
- undisputed leader of the alcohol-free beer segment with a share of about 50%*;
- a significant part of the Carlsberg Group and its Eastern Europe region, which also includes Azerbaijan, Belarus, Kazakhstan, Ukraine;
- more than 40 regional and national beer brands (including Baltika, Tuborg, Zatecky Gus, Carlsberg), as well as 9 non-beer brands;
- breweries in 8 cities of Russia: St. Petersburg, Yaroslavl, Tula, Voronezh, Rostov-on-Don, Samara, Khabarovsk, Novosibirsk;
- more than 9,200 employees;
- Russia's largest exporter of products, which are represented in more than 75 countries; in 43 of them, Baltika is the only Russian exporter in the category ;

Baltika's long-term strategy is a continuation of the Carlsberg Group strategy [SAIL'22](#). It aims to strengthen our core business, position us for identified growth opportunities and deliver enhanced value for our shareholders.

The company's ambition is to be a Most Successful, Most Professional and Most Attractive brewer in Russian market. Be №1 – now and forever.

In 2018, Baltika again became a [partner of the Russian Olympic Committee](#). Investments in this project will be primarily focused on the development of the Olympic movement and the preparation of Russian athletes for the Olympic Games.

The widest brand portfolio

Baltika Breweries has the strongest brands portfolio in the Russian beer market – **5 company's brands are among TOP-10 Russia beer brands**. Among them are [Baltika 7](#), [Baltika 3](#), [Zatecky Gus](#), [Carlsberg](#) and [Zhigulevskoye](#).

In line with one of the key priorities of the Carlsberg Group strategy [SAIL'22](#), Baltika Breweries is **actively developing sales of crafts and specialty beers**. Within this priority, Baltika is importing three varieties of the famous American craft beer - Brooklyn Lager, Brooklyn East IPA and Brooklyn Naranjito – Brooklyn Lager, Brooklyn East IPA and Brooklyn Naranjito - as well as Belgian beer Grimbergen. Also, Baltika continues to develop super premium [Kronenbourg 1664](#) brand. Special beer brands [Baltika 4](#), [Baltika 6](#) and [Baltika 8](#) win top places in Russian and international competitions (International Beer Challenge, Craft Depot Dark Beer Awards, etc.)

Baltika Breweries is the **undisputed leader in the alcohol-free beer segment, controlling about 50%* of this market**. The flagship alcohol-free brand of the company, [Baltika 0](#) is the absolute leader in this segment in Russia. The company continues to actively develop its non-alcoholic portfolio, which already includes 12 varieties, such as [Zatecky Gus](#)

[Non-alcoholic](#), [Tuborg Non Alcoholic](#), [Calsberg Non Alcoholic](#), [Baltika 7 Non-Alcoholic](#), [Baltika 0 Wheat](#) and [Baltika 0 Grapefruit](#).

Besides, within the framework of SAIL'22, Baltika Breweries continued to develop alcohol-free beverages portfolio. **FLASH UP confidently holds its position** in the growing fast (+34%* in 2018) alcohol-free energy drinks category **with the market share of 21%***.

Product quality

Baltika employs a comprehensive quality management approach "from field to glass". Only the best raw materials are used for production; modern equipment is installed at all the company's plants. Baltika was the first among the Carlsberg Group companies to introduce an integrated management system (IMS), the uniqueness of which lies in the fact that it combined four standards: quality management system (ISO 9001), food safety (ISO 22000), environmental management (ISO 14001), Occupational Health and Safety Assessment Series (OHSAS 18001), energy management system (ISO 50001). In addition to IMS, Baltika has introduced and developed the Lean TPM philosophy.

The company's products have won more than 670 Russian and international awards of professional and consumer competitions.

Innovation

Innovation is one of the fundamental principles of the company's growth. This applies both to the development of the brand portfolio - the introduction of products and packaging types that are fundamentally new to the Russian market - and to the production technologies, logistics, and sales. The company developed its own yeast strain, designed railcars for the gentle products transportation, and began to use the largest 18 tons boiling pan.

In 2001, Baltika was the first among brewing companies in Russia to start the production of alcohol-free beer.

Contribution to the national economy

Baltika is one of the largest taxpayers in the regions of its presence. Total tax payments to the budget of Russian Federation have amounted to more than 683,8 billion rubles since 1993.

Baltika's activities are integrated into a long supply chain; therefore, its impact on the economy is manifested in direct and indirect effects. One Baltika employee provides 10 jobs in related industries.

Sustainability

One of the priorities of Carlsberg Group strategy, of which Baltika is a part, is an ambitious sustainability programme, [Together Towards ZERO](#). The program includes strategic goals that the company seeks to achieve in the long term: [ZERO Carbon Footprint](#), [ZERO Water Waste](#), [ZERO Irresponsible Drinking](#) and [ZERO Accidents Culture](#). The four priorities are allocated separately, because activities in these areas have the greatest impact on business and communities.

A comprehensive approach is applied in all the four area and throughout the value chain. Effectively, this means embedding sustainability principles into the existing business strategies and processes, developing policies to ensure adherence to standards, working with partners to scale up, and setting measurable targets to track progress both on an annual basis and in the long term.

The company keeps investing in the development of the [Benefit Your City](#) separate waste collection project, under which it cooperates with the industry's players and regional operators. During the implementation of the project, Baltika has installed more than 3,000 containers for separate waste collection. Containers of the company and partners have been installed in 52 cities of Russia.

Every year, Baltika celebrates the [Global Beer Responsibility Day](#) and, together with other members of the Russian Beer Union, holds the "18+ Rules for All, Responsibilities for Everyone" campaign aimed at preventing underage drinking. As part of the project, RBU has developed the Memorandum of intent to develop partnership between market participants (brewers, retailers, consumers) and undertake joint measures on preventing underage alcohol drinking.

Contribution to the development of society

Baltika Breweries also invests in the development of social programs. In partnership with the Fund for regional social programmes "Our Future", the company has launched a large-scale program to support people with disabilities [Act Without Limits](#). The company signed an agreement on strategic partnership with the Social Projects Support Foundation. The cooperation will be aimed at supporting the development of the environment of social projects and social entrepreneurship in Russia.

As a socially responsible company, Baltika works to preserve the health of its employees and provides them with safe and comfortable working conditions. Social benefits of employees are enshrined in the collective agreement. Employees enjoy a comprehensive package of benefits in areas such as health and safety, comfortable working conditions, improving the quality of life, family and leisure. To ensure competitive wages, Baltika regularly monitors the level of wages, especially among FMCG enterprises.

Baltika provides its employees with equal and wide opportunities for professional growth through addressing complex, large-scale tasks, sharing best practices and experience with the Carlsberg Group companies. The company pays great attention to the development of leadership and business skills, working with the staff engagement, retaining talents and attracting young professionals. When closing vacancies at Baltika, preference is given to internal applicants.

Support for cultural projects, in particular, the development of sports, is also among the social priorities of Baltika. As part of events for sport fans, Baltika promotes responsible behavior at sports matches and a culture of responsible drinking. At the federal level, Baltika is a partner of the Russian Football Union, acted as the official supplier in the Beer category at the Olympic Games in Sochi, as well as a partner of the House of Fans of the Russian Olympic Team at the Olympics in Rio de Janeiro. Following the common international practice, [Baltika 0](#), the No. 1 alcohol-free brand in Russia, supports the largest marathon races helping the jogging movement around the world to actively develop, annually introducing millions of people to sports.

Leadership

The company's philosophy, optimal business processes management, the launched set of economic and social projects, innovation, investment in business development, a high level of employees' engagement – all this provides a solid leading position and stable dynamic development of Russia's leading brewing company.

Baltika is the leader of the brewing industry – the company holds around 30%* of the Russian beer market. The company continues to focus on the development of key brands and priority segments, and sustains a high level of marketing activities.

Baltika holds over 50%* in the fast-growing alcohol-free beer segment. The company's capacity for the production of alcohol-free beer is 1.8 million hectoliters per year.

Baltika is the leading exporter of Russian beer – company products are sold in more than 75 countries globally, in 43 of which Baltika is a sole Russian beer exporter. The export operations of the company continue to demonstrate a stable upward trend, as well. The company continues to introduce products into the national chains of Europe, as well as to expand the geography of the brands' presence.

** According to Nielsen Retail Audit, Urban and Rural Russia, 2018.*

*** According to the company's internal data, sales in Russia in 2018.*