



BALTIKA
Part of the Carlsberg Group

ABOUT THE COMPANY



No1 on the Russian beer market



7,500 employees



43 ml hl/annual production capacity



8 breweries



2 malt houses



40 beer brands



10 non-beer brands



650 awards from around the globe

Baltika Breweries LLC, part of the Carlsberg Group, is one of Russia's largest fast-moving consumer goods manufacturers. In 2015, Baltika will be 25 years old. For 19 of these years, it has been the undisputed leader in the Russian beer market. The secret of its success is the continuous introduction of innovations in various fields of activity.

Baltika was the first Russian brewing company to build its own malt houses, and to breed unique yeast strains and two malting barley varieties under the Null-LOX technology. Following its tradition of introducing innovations, Baltika is constantly developing and launching new beer sorts. As a result, the company has the broadest portfolio of high quality brands, including unique craft beers.

Pursuing the tradition of responsible corporate citizenship, Baltika positively contributes to the economy of the regions where we operate, forming a significant part of tax

payments and generating added value. Due to its activities, the company creates 7,500 jobs directly and more than 100,000 jobs in related industries.

Baltika invests in sports development and in social projects.

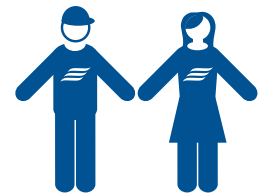
We are convinced that by following corporate social responsibility principles we open up opportunities for sustainable business growth and create common values for both the company and society.

BALTIKA BREWERIES STRATEGY

Baltika's strategy includes five key areas.



We offer consumers a wide range of brands, ensuring high quality of products and responsible marketing communications



We attract and retain highly skilled employees, unlock talents and provide appropriate working conditions



We develop mutually advantageous cooperation with customers and suppliers, taking into account our partners' needs and based on ethical business principles



We are increasing efficiency in all areas of activity, upgrading processes and reducing resources consumption



Being a socially responsible company, we are developing a responsible beer drinking culture, taking care of the environment, and ensuring that the company's activities positively impact society and the economy



KEY EVENTS



NEW ORGANIZATIONAL LEGAL FORM

Baltika was transformed from an open joint stock company into a limited liability company. The re-organization was carried out exclusively to simplify the corporate governance structure and will provide greater corporate operational flexibility and will contribute to further integration into the Carlsberg Group.

BALTIKA — SPIEF 2014 BUSINESS PROGRAM PARTNER

In addition to business sessions and meetings with the heads of the Russian regions, the company participated in the press conference of the Ministry of Natural Resources and the Environment of the Russian Federation on the theme “Development of separate waste collection in Russia”.



BALTIKA'S EXTENDED PARTNERSHIP WITH THE KHL

The Kontinental Hockey League (KHL) and Baltika signed an agreement on continued cooperation. The Baltika brand will retain its status as the official beer of the league through the 2014/2015 and 2015/2016 seasons. Investments made by our company in the project are primarily aimed at supporting and developing sports in Russia.

BALTIKA JOINED RUSPEK

In RusPEK (the non-profit “Industry for the Environment” association), the company will be involved in developing and implementing standards and joint projects in the field of packaging technology development and the organization of waste recycling in Russia.



INTEGRATED MANAGEMENT SYSTEM — QUALITY GUARANTOR

Baltika is the first among the Carlsberg Group companies, which received a certificate for successfully implementing the integrated management system, which ensures the company's compliance with the most stringent standards in terms of product quality, food safety, environmental protection, health and safety.

BALTIKA — THE LEADER IN THE RUSSIAN ALCOHOLIC BEVERAGE SUPPLIERS RATING

Following the results of the 2014 annual retailer satisfaction survey, conducted by the Advantage International organization, the company ranked first in six out of seven categories.



THE 40TH ANNIVERSARY OF THE BREWERIES IN ROSTOV-ON-DON, TULA AND YAROSLAVL

As part of the celebrations in Rostov-on-Don, Governor Vasily Golubev visited the Baltika-Rostov brewery and participated in brewing the Don Zhivoe brand using barley grown in the region.



In Tula, on the brewery's 40th anniversary, cooperation agreements on agriculture were signed with the Government of the Tula Region; and biological local wastewater treatment facilities were opened.

In Yaroslavl, Governor Sergei Yastrebov participated in launching a new malt kilning section. On the occasion of the brewery's anniversary, a special brand, Yarpivo 1974, was developed and brewed.

THE INTERNATIONAL BEER CHALLENGE 2014

INTERNATIONAL PRODUCT RECOGNITION

Five Baltika brands received awards at the largest annual international beer tasting competition for bottled beer, the International Beer Challenge. The brands include Baltika München (a gold award in the Wheat Beer category), Brewmaster Collection. Russian Imperial Stout (a silver award in the Stouts and Porters Category); Baltika 7 Export (a bronze award in the Lager class); Baltika 8 Wheat (a bronze award in the Wheat Beer class) and Old Bobby Ale (a bronze award in the Ale class).

GOLD

Baltika Munchen



SILVER

Brewmaster collection. Russian imperial stout



BRONZE

Baltika 7
Baltika 8
Old Bobby Ale



Baltika, as the official supplier of Olympic Games in Sochi 2014 in the beer category, contributed to the holding of the 2014 Sochi Olympics. The company did its utmost to ensure that fans both in Sochi and across the country could enjoy high-quality beer. We also initiated or acted as partners in important events held in support of the Olympics – the All-Russian Environmental campaign “The Seven Rivers” and the Russian Olympians' Ball. Our employees were Olympic volunteers and undertook efforts to ensure that the Games were held at a high level.

The President and Prime Minister of the Russian Federation noted Baltika's contribution to the preparation and holding of the XXII Winter Olympic Games in Sochi in 2014. The company's top managers were awarded Diplomas of the Government of the Russian Federation.



A WORD FROM THE PRESIDENT



“ We consider the partnership to be an important element in enhancing the effectiveness of our actions.”

Jacek Pastuszka
President of Baltika Breweries LLC,
Senior Vice President Carlsberg Group
Eastern Europe Region

GENERAL INFORMATION

A word from the president

Sustainable business development remains a priority of Baltika. This is particularly relevant within the context of macroeconomic instability, when businesses and society face new challenges. In this turbulent environment, it is important for us to be a reliable partner for our employees, customers, suppliers, consumers and other stakeholders.

In the reporting period, we continued to integrate corporate social responsibility across the value chain, which allows us to increase economic efficiency, better manage risks and find new development opportunities. We are making progress and, at the same time, are aware that there is still much to do to achieve best practice results.

The Sochi Olympic Games were one of the key 2014 highlights. We are very proud to have been able to contribute to this large sports forum. As the official beer supplier of the 2014 Games, Baltika presented guests with a quality product worthy of an event of this scale. In addition, the company initiated and participated in a number of activities to support the Olympics.

We continue to pay close attention to quality. During the reporting year, Baltika completed implementation of an integrated management system and received a certificate of compliance with international management standards. Based on Baltika’s positive experience, Carlsberg Group companies across the world will also begin introducing this system, and by 2018, it will be unified company-wide.

In addition to providing high quality products, we care that adult consumers enjoy our beer responsibly and in moderation. In 2014, we conducted 40 campaigns to promote the responsible drinking of beer, and we will continue to pursue the issue.

Baltika’s priority is our employees’ health and safety. Our comprehensive approach to occupational safety and the promotion of a culture of personal responsibility has allowed us to reduce the number of accidents by 20% (compared with 2013).

Environmental impact reduction is also an important focus of our work within the field of corporate social responsibility. We launched a modern complex of local wastewater treatment facilities at the Tula brewery, which will reduce the burden on the Upa River ecosystem. We also continued to reduce the amount of packaging waste as part of the project “Benefit your City”, which has been implemented in conjunction with our partners — waste operators.

We consider the partnership to be an important element in enhancing the effectiveness of our actions. Baltika is open to dialogue and will expand cooperation to jointly make a positive contribution to economic, social and environmental development.



CORPORATE SOCIAL RESPONSIBILITY

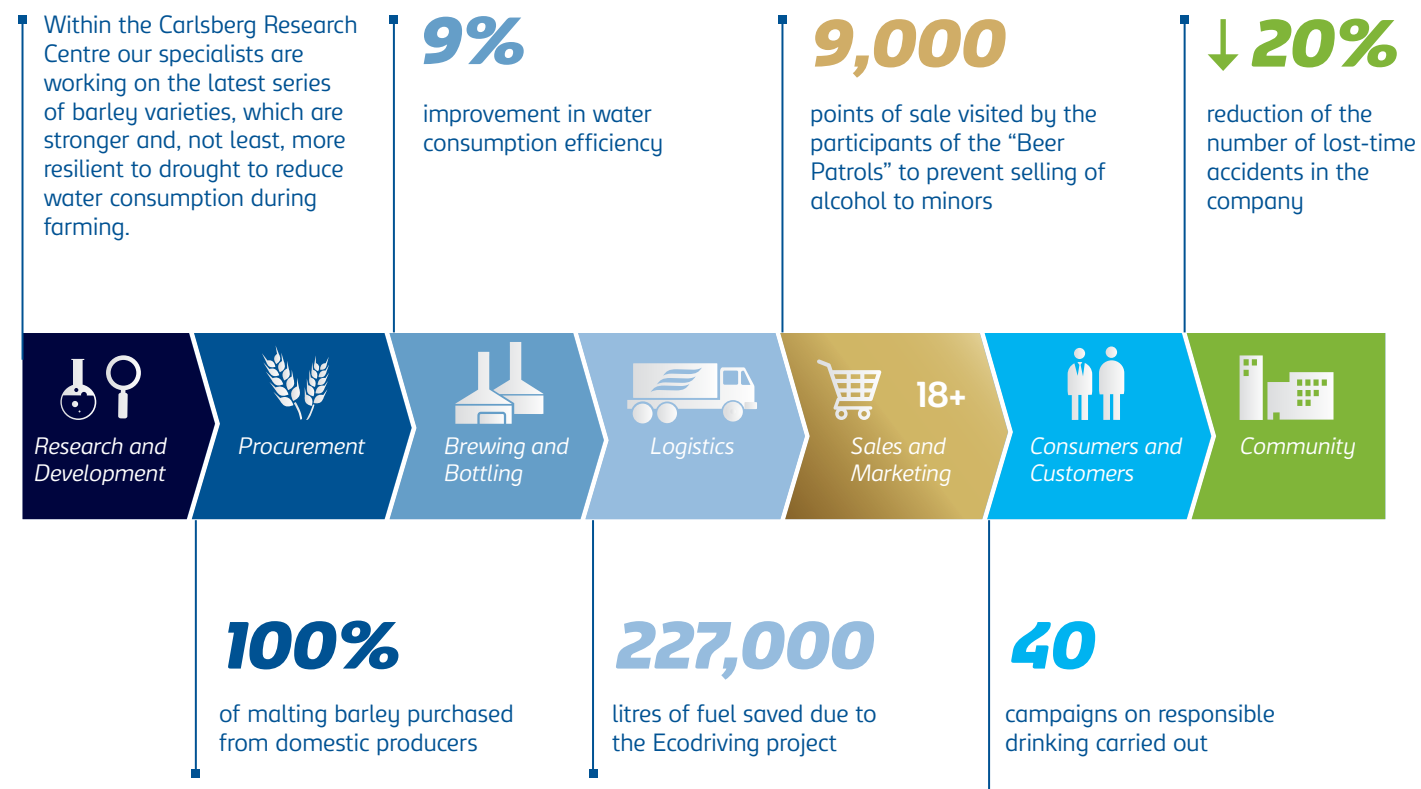
In 2014, Baltika continued to integrate corporate social responsibility (CSR) throughout the value chain.

Our ambition is to be the №1 socially responsible brewer in Russia. We want to make decisions that have a positive impact on business, employees and communities in the regions where we operate. That is why CSR is a part of our business strategy, and we integrate CSR throughout the value chain.

The cornerstone of this strategic process is embedding CSR in existing business processes, ensuring compliance with corporate policies in this sphere, setting targets to constantly improve CSR performance.

BALTICA CORPORATE SOCIAL RESPONSIBILITY PRIORITY AREAS

Baltika has identified CSR priority areas, reflecting our commitments to decrease environmental impact and responsibilities we bear before the society.





THE RUSSIAN BEER MARKET

In 2014, the beer market continued to decline, volume fell almost 6.8%. This negative trend has been ongoing for seven years, and, according to Rosstat, for the period from 2008 to 2014, the Russian beer market decreased more than 30%.

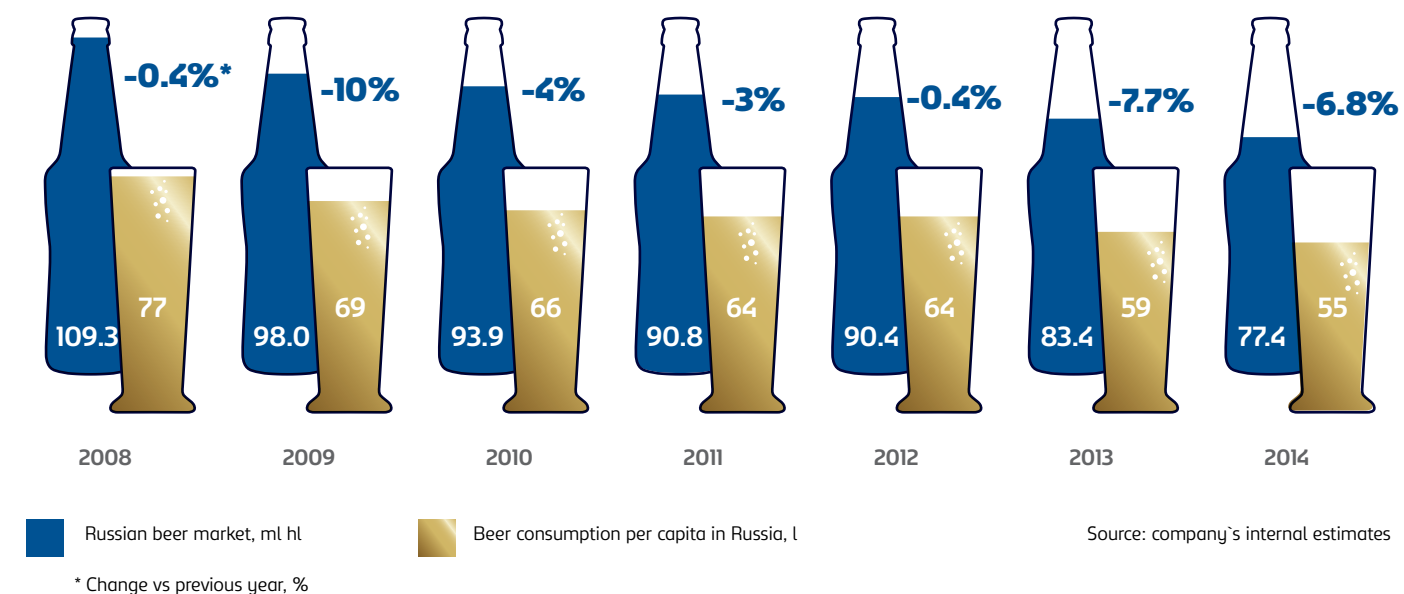
Last year, the market decline was influenced by overall macroeconomic deterioration and accelerated inflation, particularly in the second half of the year, which negatively impacted consumer purchasing power in respect to the beer category. In addition, over the years, strengthened legislative restrictions, such as a disproportionately increased tax burden and the ban on beer sales at non-stationary points of sale, have significantly impacted the market.

The above-mentioned factors affected the activities of leading market players. For example, four sites owned by major brewing companies closed in 2014 (AB InBev suspended the activities of breweries in Perm and Angarsk, Efes — in Moscow and Rostov-on-Don).

Baltika has tried to maintain its sites to the utmost. However, after careful study of its corporate operating activities and production structure, the company decided to close breweries in Chelyabinsk and Krasnoyarsk as of April 30, 2015. As a socially responsible company, Baltika ensures strict compliance with labor legislation in relation to employees affected by this decision and does everything it can for them.

In general, the volume of the Russian beer market, according to Baltika, was 77.4 million hl in 2014.

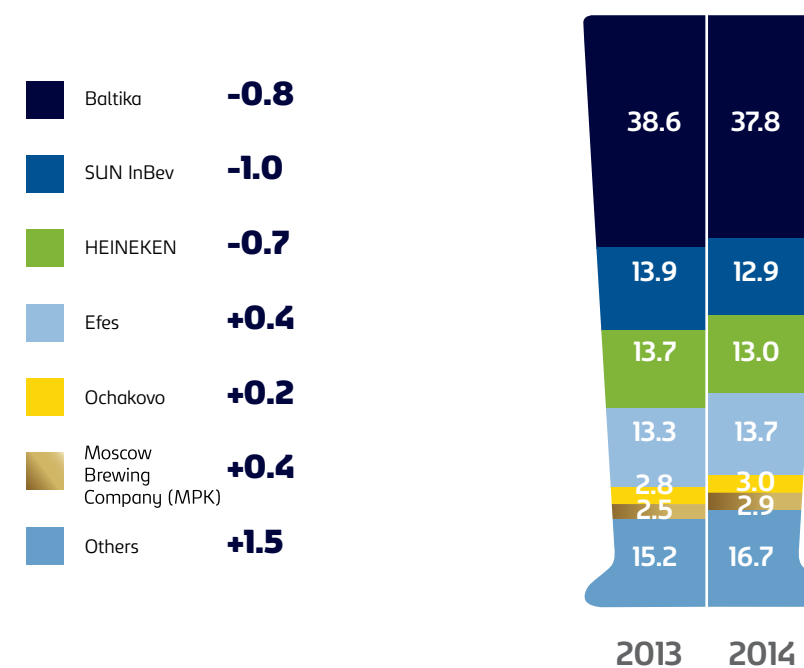
Russian beer market trends and beer consumption per capita in Russia, 2008-2014



Currently, all major global brewers — Carlsberg Group, AB InBev, Heineken, Efes, SABMiller —

have a presence on the Russian beer market.

Leading beer producers in Russia by market share 2014 and fluctuations in comparison with 2013, %



Source: according to Nielsen retail audit in volume sales (total Russia) 2014

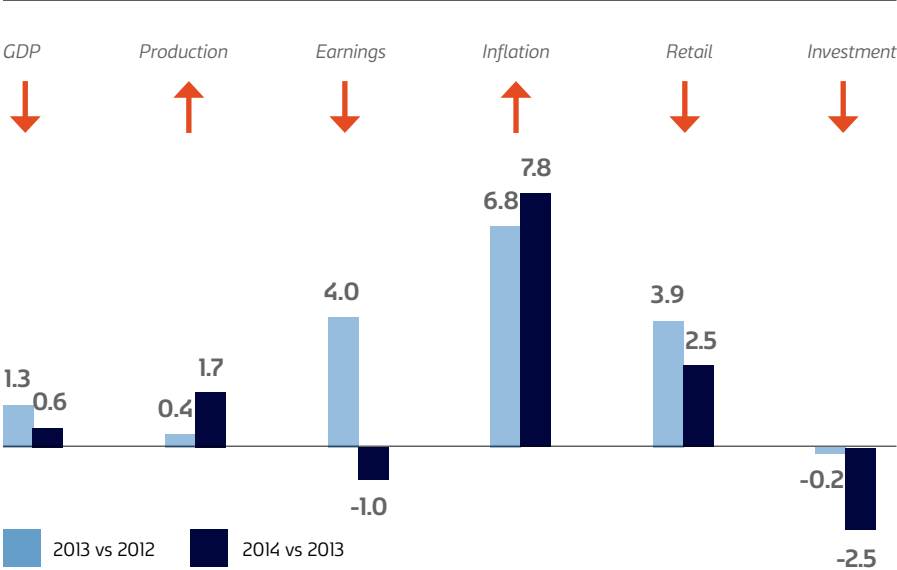
2014 CUSTOMER TRENDS

In 2014, Russian macroeconomic indicators performed significantly worse than expected (compared with 2013), not least due to increased political tensions between Russia and the West that affected economic growth.

At the same time production indicator increased due to import substitution policy, government investment in defense complex, support of the Russian heavy industry.

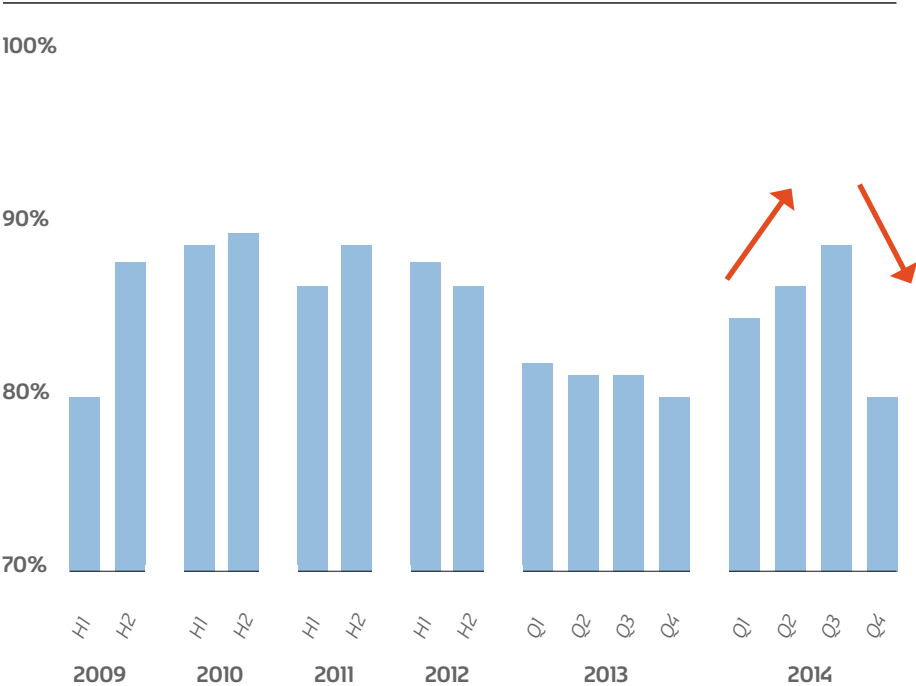
In Q4, the consumer confidence index reached its lowest point since 2009; the crisis mood had grown. Consumers are looking to protect their savings and are investing them (savings) primarily in real estate and other major purchases, thereby reducing spending on fast-moving consumer goods.

2014 macroeconomic indicators (% compared to the previous year)



Source: Rosstat/ Ministry of Economic Development of the Russian Federation

Consumer confidence index



Source: Federal State Statistics Service, Nielsen

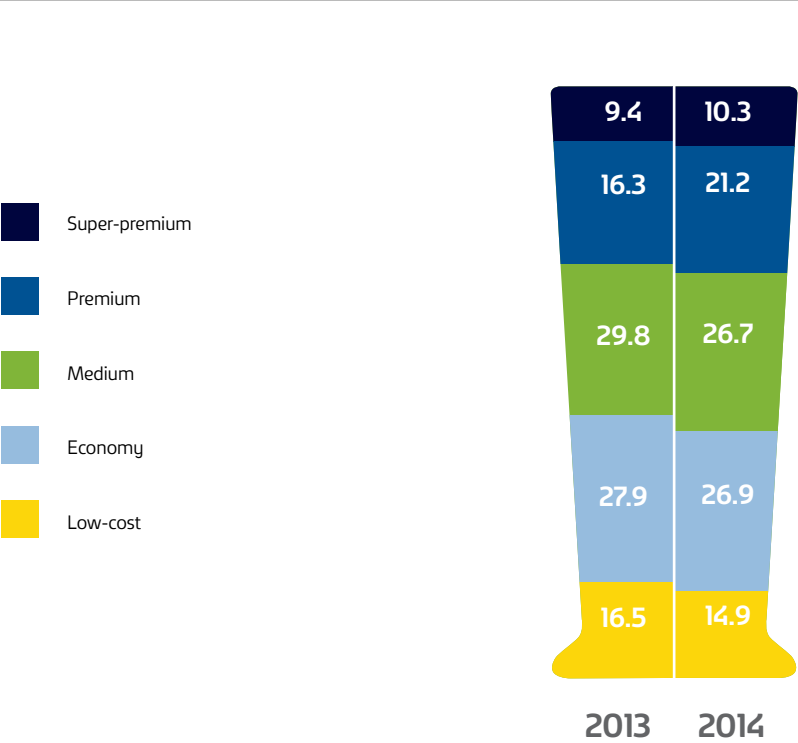


Against the background of economic instability, consumers have become more price-sensitive and are seeking additional advantages and benefits from the product, so demand for high-quality and special recipe beers has increased. In addition,

the product's place of origin and the story has become increasingly important for a buyer. This trend drives up sales of more expensive brands, and local and draught beer.

In 2014, the Russian market saw growth in the premium market segment and decline in the low-cost segment.

Russian beer market by price segments, volume, %



Source: according to Nielsen retail audit in volume sales (total Russia) 2014



THE COMPANY'S POSITION IN RUSSIA

Baltika continues to hold a leading position on the Russian beer market with market share exceeding more than double that of its nearest competitor. In 2014, the company's market share was 37.8%.

In comparison to 2013 Baltika's market share (in volume terms) has declined by 0.8% due to the launch of new smaller packaging formats to minimize price increase, as well as temporary technical sales difficulties due to a change in Baltika's corporate form in H1 2014.

However, Baltika's share dynamics results in value terms were better than by volume. The company's share in monetary value decreased only 0.3% as a result of implementation of a compliance strategy to balance volumes and value. Growth drivers were the brands "Baltika 7", "Baltika 9", and "Baltika Praha", as well as sorts from the "Brewermaster Collection" range.

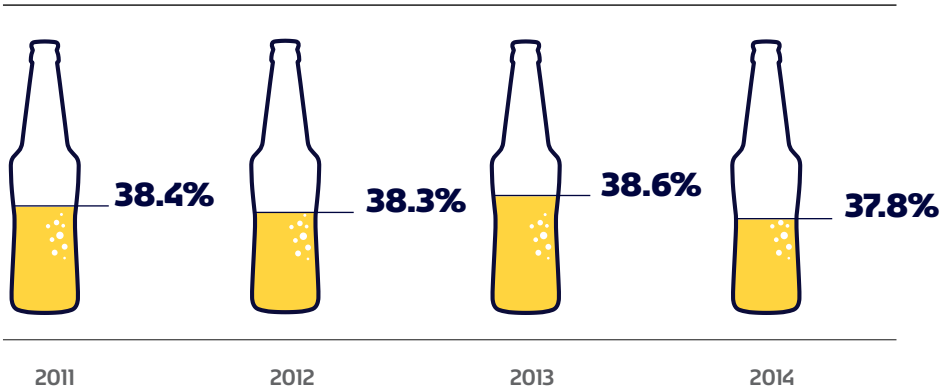
The company's primary beer shipments decreased 12.9% in the reporting period due to the unfavorable economic situation in Russia and other negative factors which affected the overall

domestic beer market, such as: legal restrictions, and the ban on alcohol sales at non-stationary point of sales.

In 2014, Baltika's in-market sales (i.e. distributors' sales to retail) in Russia was 30.1 million hl, 28.9 million hl of which were beer sales.

Non-beer category sales fell 5.4%. According to Nielsen, at the end of 2014, the market share of the energy drink Flash Up was 23.2% versus 26.6% in 2013. The similar indicator for Khleby Krai kvass was 5.7% (compared with 6.8% in 2013).

Fluctuations in Baltika's market share in Russia, %



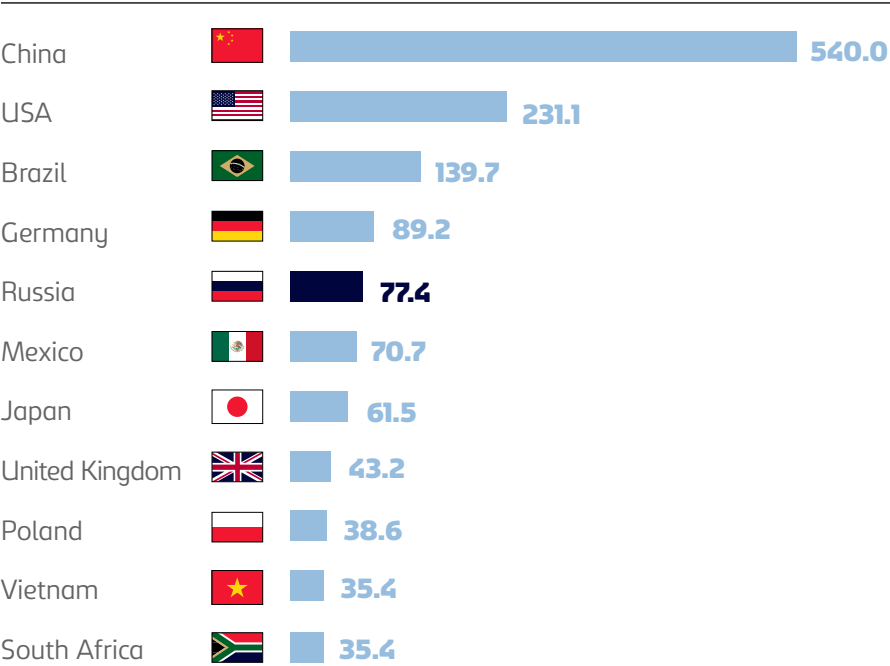
Source: according to Nielsen retail audit in volume sales (total Russia) 2014

GLOBAL BEER MARKET IN BRIEF

Russia continues to hold the fifth place in terms of beer market volume, although the indicator has decreased in comparison to 2013.

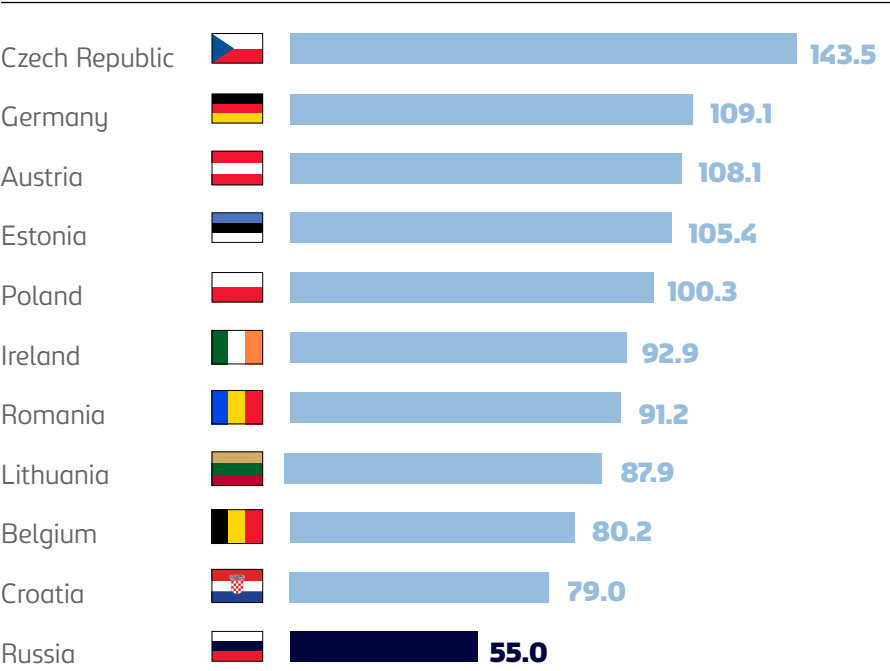
In terms of per capita beer consumption, the country is on the thirty-second position in the list.

Beer market volume 2014 (forecast), ml hl



Source: Euromonitor, company internal estimates. Top 10 + Russia

Beer consumption per capita 2014 (forecast), L



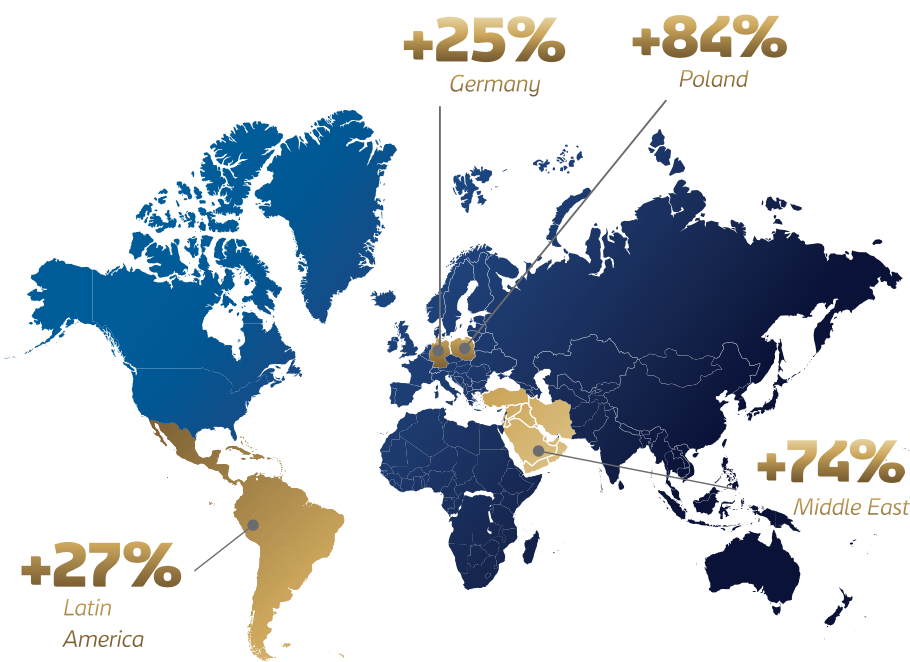
Source: Euromonitor, company internal estimates. Top 10 + Russia



BALTIKA'S EXPORT ACTIVITIES

Baltika is Russia's largest beer exporter supplying its products to almost all continents, spanning more than 75 countries.

The company's export sales growth, 2014



For the ninth time, Baltika was awarded the title “Best Exporter in the Industry — Food Industry (alcoholic and non-alcoholic drinks)”

Baltika accounts for 67% of Russian beer exports. Our brands are produced under licenses in Ukraine, Kazakhstan, Azerbaijan and Germany.

Against a backdrop of the difficult macroeconomic situation, in 2014, the company's profitability on export sales increased 1% (compared with the previous year). The sales volume for international markets increased 50% compared with 2013. Record growth was seen in the Middle East (+ 74%) and Latin America (+ 27%), as well as in the major Central European markets: Germany (+ 25%), and Poland (+ 84%).

Export sales of the Baltika brand increased 12%, whereas sales increased 40% for the Zatecky Gus brand.

Baltika continued to expand its geography of sales. In 2014, we began to export to Singapore, Malaysia, Jordan, Paraguay, and resumed shipments to Lebanon, Costa Rica, Taiwan and New Zealand.

In 2014, an awards ceremony for winners of the annual “The Best Russian Exporter 2013” contest was held in Yekaterinburg within the framework of the INNOPROM Trade Fair. For the ninth time, our company was awarded the title “The Best Exporter of the Industry — Food Industry (alcoholic and non-alcoholic drinks)”.

BALTIKA'S ECONOMIC CONTRIBUTION TO SOCIETY



Baltika is one of the largest Russian companies in terms of consumer good production. An important sustainable development indicator for our business is direct and indirect economic contribution.

EMPLOYMENT GENERATED

With breweries across the country and a wide network of sales offices, Baltika provides jobs in different fields of activities – production, logistics, marketing, sales and administrative functions to people in different regions of Russia. The company's average headcount in 2014 was 8,090 people, which is 6% less than in 2013. The reduction was due to the negative dynamics of the beer market, caused by increased legal restrictions, and a disproportionate tax burden increase, which consequently, contributed to business process optimization within the company. RUB 7.8 bn is the amount allocated by the company to the wages fund, compensation and corporate benefits for employees in the previous year. Baltika's

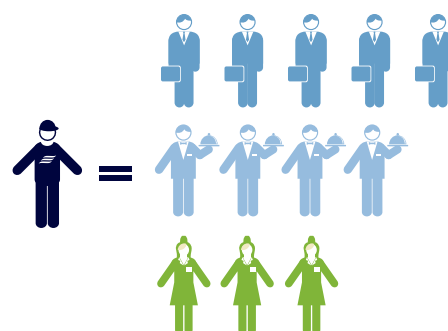
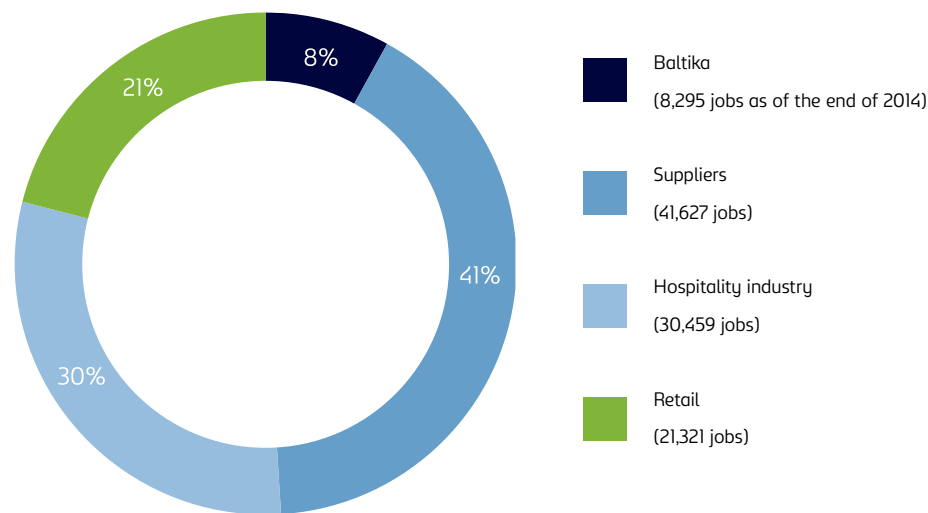
activity is integrated into a long supply chain, so its impact on the economy reveals itself via direct and indirect effects. The company looks to procure raw and other materials locally. In 2014, 95% of the companies, which Baltika cooperated with, were local suppliers.

In 2014, the company created 101,531 jobs directly and in related industries. Baltika has indirect and induced effects on employment via purchasing from farms and the manufacturers of packaging and logistics, as well as by working with the companies from hospitality and retail sectors.





Direct and indirect/induced employment generated by Baltika, 2014



101,531 jobs
created by Baltika directly and in related industries (indirectly/inductively)

1 Baltika employee generates 12 jobs in related industries*

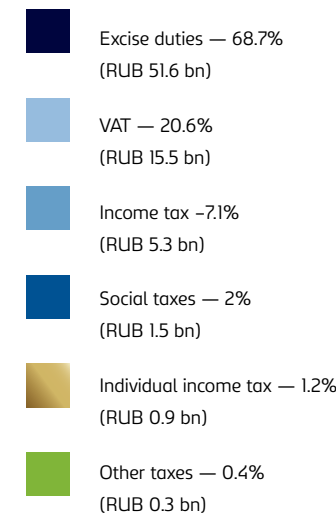
*Data is calculated in cooperation with EY using a well-recognised methodology. More information on methodology can be found at www.carlsberggroup.com

ECONOMIC CONTRIBUTION

Baltika is one of Russia's largest taxpayers which forms a significant part of tax revenues in

the cities, where its headquarters and breweries are present. In 2014, the amount of aggregate tax

payments to the budgets across all levels and non-budgetary funds was RUB 75.1 bn.



Source: company's internal data

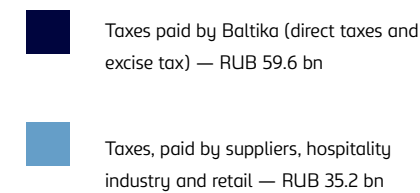


75.1 bn RUB
total amount of Baltika tax contribution

In 2014, Baltika activity indirectly contributed RUB 35.2 bn in tax proceeds to the state budget through VAT payments and individual income tax, and payments to non-budgetary funds of our suppliers, hospitality industry and retail.

Having said this, the total contribution to the state budget in 2014 was RUB 94.8 bn. This figure includes taxes paid directly by Baltika (including excise taxes, income taxes, social and other taxes), as well as taxes paid by

suppliers, hospitality industry and retailers, whose profit depends on Baltika's product sales.



94.8 bn RUB
total government revenues generated

*Data is calculated in cooperation with EY using a well-recognised methodology. More information on methodology can be found at www.carlsberggroup.com

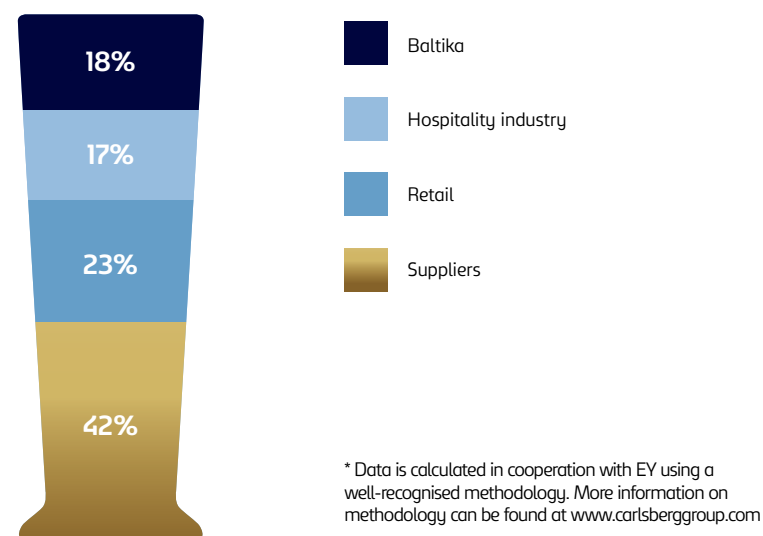


VALUE ADDED

Baltika's business generates value added both directly for the company itself and for its suppliers, hospitality industry and retail. In 2014, the value added

generated from production and consumption of Baltika's products was RUB 58.5 bn.

58.5 bn RUB
generated from production and consumption of Baltika's products



Value added is the difference between the market value of the final product and the purchasing value of the goods and services acquired for its production. It allows to pay the wages of employees,

develop business and generate income for investors. For the government value added is the source of their VAT revenues.



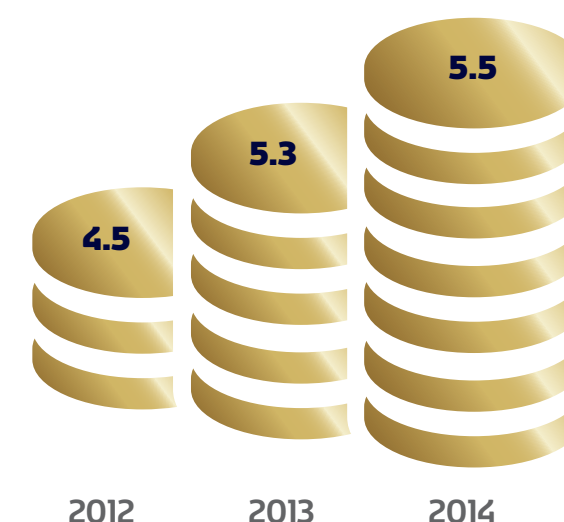
INVESTMENTS

In 2014, Baltika's total investment was RUB 5.5 bn. The company's main investments were aimed at modernizing the PET line

and acquiring a line to produce multipacks in St. Petersburg, and the purchase of equipment for drying yeast in Samara and sales

outlet equipment, as well as the modernization of the fleet of railway wagons to transport finished products.

Baltika's total investment, 2012-2014, bn RUB



Source: company's internal data

Our direct and indirect (induced) contribution to the economy has a positive impact on the local

communities in the regions in which the company operates. We are aware of our responsibility and we will

continue to develop our business in a way that benefits Baltika as well as environment and society.





QUALITY WITHOUT COMPROMISE

Quality is the cornerstone of Baltika's activities. We ensure high quality of our products and improve business processes to meet needs of stakeholders.

During the reporting year, Baltika finalized implementation of the integrated management system (IMS). The audit performed by Det Norske Veritas (DNV) resulted in Baltika being certified as compliant with international standards. The company's IMS is unique as it integrates four standards on quality management (ISO 9001), food safety (ISO 22000), environmental management (ISO 14001) and occupational health and safety management (OHSAS 18001).

All elements of the system required for successful operation, in compliance with international standards, have been developed during the year preceding certification, including the IMS policy.

The company revised its key internal regulations and instructions, trained employees and assessed labour safety, environmental and food products safety risks, and developed risk mitigation plans.

Based on Baltika's best practice, Carlsberg Group companies worldwide will implement similar system, so that it is universal by 2018.

PRODUCT QUALITY

Baltika uses a comprehensive approach to ensure product quality, starting from control of raw materials to managing consumer feedback.

During the reporting year, our breweries certified for compliance with ISO 22000:2005 "Food safety management system — requirements for any organization in the food chain". Certification took place during IMS implementation.

The company assesses product quality using a special index that takes into account different parameters for finished beer and packaging. In 2014, the index was complemented by additional indicators to achieve more accurate and complex results assessment.

The updated index will be used by all Carlsberg Group companies in Eastern Europe region.

To improve the efficiency of quality control at the breweries, employee action groups were formed during the reporting year to check the appearance, assortment and expiration dates on finished products supplied to market outlets. Using mobile devices, group members send the information to a centralized accounting system to be further processed by company specialists. In case violations are identified, the company undertakes measures to rectify them.

FEEDBACK

Feedback is a critical element of our quality management system. Therefore, Baltika continues to improve its stakeholder feedback response system.

Anyone can contact the company using the (8 800 333 3303) hotline number or by visiting www.baltika.ru.

In 2014, the company proceeded with the development of a mobile application to establish an additional feedback channel. Other initiatives included improving the feedback database to optimize feedback accounting and to provide for the safekeeping of received data.

During the reporting year, the company received 12,972 queries. The majority of them concerned cooperation, product ingredients, expiration dates, label information and participation in promotional activities.

In 2014, the company's feedback was rated at 4.9 (with 5 being the highest rating).



Gunnar Castberg, Country Manager in international certification body DNV GL in Russia:

"The IMS certificate demonstrates that the company indeed cares about different areas of its operation and sets the bar high by defining strict requirements and meeting them in everyday work. Today Baltika is one among few companies in Russia that have built an integrated management system bringing together four standards".

Hot-line number:
8 800 333 3303

www.baltika.ru





AGROPROJECT

By developing agroproject in Russia, Baltika creates a sustainable supply chain for malting barley, which ensures a steady supply of the required volume of high quality raw materials to our breweries, supports domestic agricultural producers and decreases impact on ecosystems.

A significant part of malting barley is purchased by Baltika from companies participating in the agroproject. In 2014, this amounted to 260,000 tons, an increase of 20% over the previous year. Sixty-six new companies joined the project. As a result, the total number of partners with which the company works rose to 110.

The agroproject's area for growth currently comprises 11 regions.

100%

of malting barley was purchased by Baltika from domestic producers

Number of companies participating in the agroproject



SUPPLIER RELATIONS

Baltika signs contracts with local agricultural companies, who then become our suppliers and members of the company's ongoing cooperative business system.

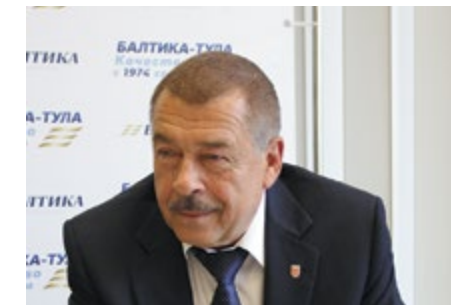
As part of the partnership framework, Baltika guarantees to purchase the volume of barley as per the contract at a fixed price, ensuring a stable income and predictability with respect to the growth of the business. For their part, the producers make a commitment to grow high-quality barley that meets the company's stringent demands.

Our specialists take part in monitoring the farming and quality of crop processing, and the storage conditions of grain elevators. The company offers its partners best-quality seeds among the most promising varieties, introduces them to new agribusiness technologies

and offers opportunities to consult with experts.

Thanks to Baltika's agroproject, new varieties of Null-Lox barley, which is developed at the Carlsberg Research Centre, were first grown in Russia. These varieties have been produced using traditional breeding methods and are not genetically modified. They do not contain enzymes that accelerate the staling process, which allows the beer to preserve its taste qualities for longer.

Research on farming technologies for malting barley is undertaken both in the laboratory and out in the fields. Baltika employees conduct soil sampling and analysis across agricultural companies, and produce recommendations based on data received from the sample studies, which include recommendations for optimal fertilizer amounts and the use of



Yuri Andrianov, First Deputy Governor of the Tula Region — Chairman of the Government of Tula region:

"We support business initiatives that contribute to the long term development of the region's economy. Baltika actively participates in the development of agriculture in the Tula region — not only by creating employment and guaranteed demand for agricultural products, but also by providing best practice methods and experience in the cultivation of malting barley, taking the industry to a new level".

crop protection agents. On the one hand, this obtains a higher quality of supplies, while on the other it leads to a decrease in the amount of fertilizer treatment used, which results in a positive effect on the surrounding environment.





ALL-RUSSIAN CONTEST “BARLEY EAR — 2014”

With the support of the Russian grain union, in 2014, Baltika organized the All-Russian Contest, “Barley Ear — 2014” among malting barley growers.

The project is designed to promote development of the sector, attract business and highlight investment opportunities, award the best agricultural producers and become an open communication platform between farmers and potential buyers.

The competition opened on July 3rd with the All-Russian Day of the Field. The top malting barley producers completed several competition challenges. An

independent expert judged the applications and crop indicators by the volume of harvested barley from each field. Afterwards, the contestants sent in samples of the recent barley crop, which was checked against key quality indicators — water content, extractivity and protein content.

The results were presented at the 16th All-Russian Exhibition “Zolotaya osen” in Moscow. Apart from prize money, the winners won a trip



Russian malting barley producers visited Carlsberg Research Centre to adopt best practices

to Denmark to learn about best practices in the field of breeding and growing malting barley.

During the trip, Russian producers visited the Carlsberg Laboratory at the Carlsberg Research Center, where new varieties of malting barley with a high crop yield and resistance to diseases and drought are being bred. This research is extremely important not only for the Carlsberg Group but for farmers growing barley all over the world.

During the tour, Søren Knudsen, Head of the Laboratory, explained to visitors the particularities of the selection process for experimental barley varieties and the innovations introduced by Danish researchers during the selection process.



Gennady Kirichenko, head of a peasant farm enterprise from the Kursk region and winner of “Barley Ear — 2014” Contest:

“It was interesting to visit Denmark and discover new technologies that are being used by specialists from the Carlsberg Group for the production of malting barley. For me as a professional, the visit is best remembered for the greenhouses of the Research Centre, where new barley varieties are grown — we have made a note of some of the things we saw, which we will try to put into practice”.



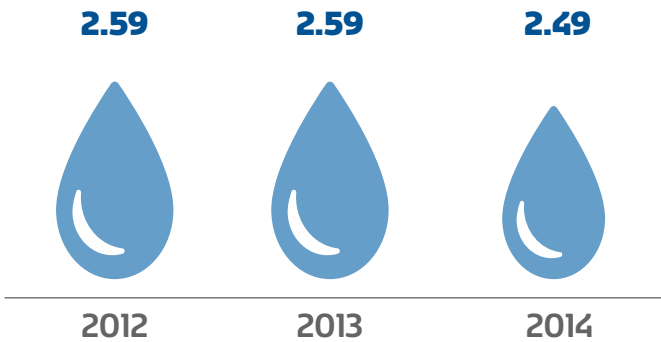
ENVIRONMENTAL MANAGEMENT

The optimization of the natural resources consumption and decreasing the environmental impact are key priorities for Baltika to ensure sustainable growth.

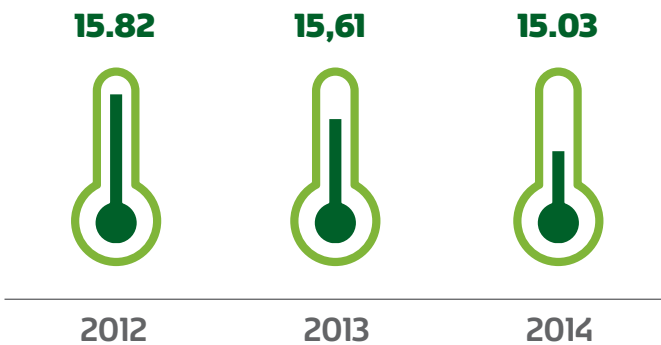
The depletion of natural resources, an increase of waste and land degradation affect the business of Baltika, as well as the sustainable development of society as a whole. We have set the goal to be the number one environmentally responsible brewer in Russia, and therefore undertake obligations of constantly improving the environmental management system. In its work, the company is governed by international standards and corporate environmental policy, which stipulate the work principles of our production sites and logistics.

In order to evaluate the results of our work, we set annual targets relating to the consumption of energy resources and a decrease in CO² emission. In 2014 we were not able to meet the ambitious set targets due to a change in production volume, which was caused by external factors. However, we improved the indicators in comparison with 2013: water consumption efficiency improved by 9%, thermal energy by 4% and electricity by 3%.

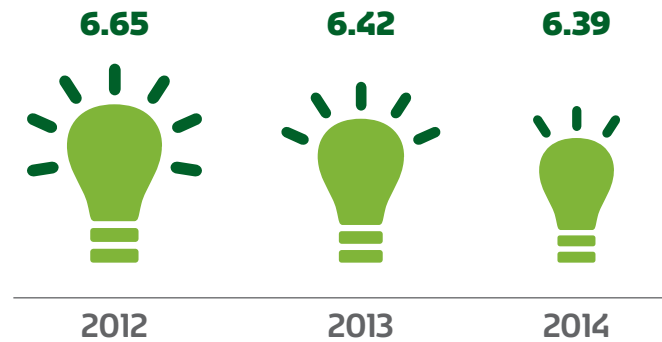
Specific water consumption in production (hl/hl)



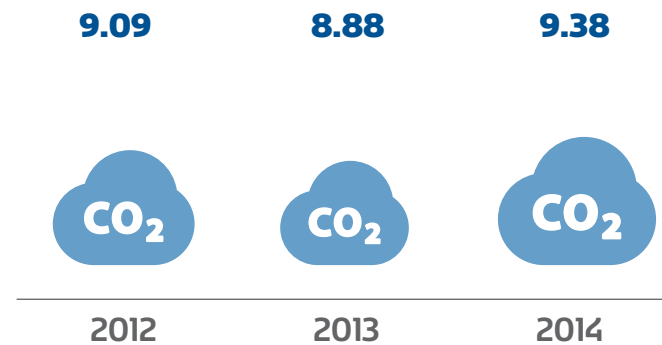
Specific thermal energy consumption in production (kW*h/hl)



Specific electricity consumption in production (kW*h/hl)



CO² emissions (kg CO²/hl) (production, malt-houses, logistics)



WATER CONSUPTION AND TREATMENT

Water is one of the most important resources for the company and for local communities in the regions where Baltika has a presence. We undertake active measures aimed at decreasing the consumption of water resources.

In 2014, we were able to improve the indicator of water use following the performance optimization of the cleaning systems equipment at breweries in St Petersburg, Rostov-on-Don and Khabarovsk. Along with that, projects related to water

reuse and a reverse water supply for technical needs, were continued at Baltika.

During the reporting year, a unique project was implemented at Baltika-Samara brewery — a system of advanced wastewater treatment, which is one-of-a-kind in Russia, was introduced. It permits to significantly save on water resources by reusing cleaned water from wastewater treatment facilities for technical needs in the boiler-house and for the site's cooling compressor station.

The launch of the project will allow specific water use indicators to decrease by 12-15%, and will also lead to a 7% decrease of the volume of water discharge transferred to the municipal plant, Samarovodokanal, from the wastewater treatment facilities.





The modern complex of wastewater treatment facilities has been opened at Baltika-Tula.

An official opening ceremony for the wastewater treatment facilities was held as part of Baltika-Tula 40th anniversary event.

The uniqueness of the modern complex is primarily due to the high degree of wastewater treatment, as well as the stability, reliability and safety of the process. The treatment cycle consists of several technological steps: anaerobic, aerobic and other systems. The launch of wastewater treatment facilities allows to lessen the load on municipal treatment plants and the ecological system of the Upa river, which receives the discharge of water from municipal sewers.

In addition, facilities use equipment that has a low consumption

of energy and chemicals. The technologies that are used offer a possibility to use biogas originating during wastewater treatment as fuel for the site's boiler-house.

The capacity of the wastewater treatment facilities is 6,500 m³/day. The total amount of investment in this large scale environmental project since the beginning of construction has been around 500 million rubles.

ENERGY EFFICIENCY



Baltika started to use special thermal coats for the kettles to save thermal energy

For Baltika, energy conservation is a strategic component to increase production efficiency and decrease the environmental impact.

We undertake a series of measures for increasing energy efficiency using a comprehensive approach. The ISO 50001 Energy Management System standard was implemented at all of the company's breweries. In 2014, Baltika also developed its own energy policy, which sets out the basic principles of work aimed to lower the usage of energy resources.

One of the company's most successful energy efficiency initiatives is the use of biogas, a byproduct of wastewater treatment facilities, which Baltika uses as an alternative energy source for the running of boiler-houses.

Currently, biogas is used at the sites in Samara, Khabarovsk and Yaroslavl. This has led to an 8-15% decrease in thermal energy costs, a decrease in carbon dioxide emission into the atmosphere and economy of natural resources. For example, in Samara the use of natural gas decreased by 2.5 mln m³/year.

In 2014, the new oast-house of the Baltika-Yaroslavl began operating, which allows to save about 15% of the consumed gas. While previously, the gas for malt kilning was supplied from the boiler facility, it is now heated by torches directly at the site.

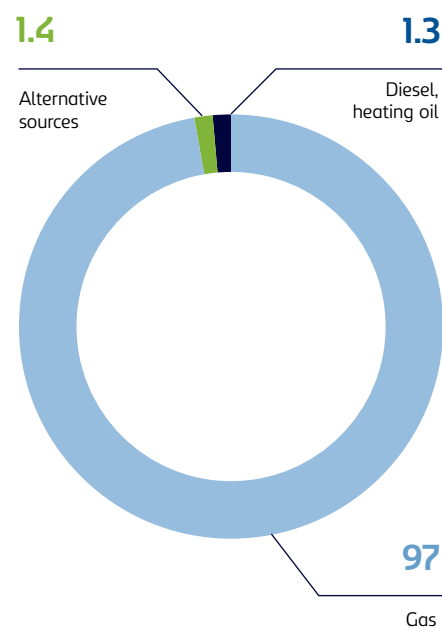


Yuri Chentyrev, Regional Production Director:

"Increased energy efficiency is one of the most economically sound measures, which contributes to meeting the growing demand for energy resources while decreasing the negative impact on the environment that leads, among other things, to climate change. We are constantly optimizing technological operations, taking as a basis the cycle of continuous improvement, monitoring progress in the achievement of goals and actively involving employees in the development of innovative solutions".



**Main types of fuel used
by Baltika, %**



LOGISTICS

The transportation of the finished products to our clients impacts the levels of carbon dioxide in the atmosphere.

In 2014, Baltika continued the realization of the Ecodriving project launched in the previous year. Since the implementation of measures, the company has been able to save 226,745 liters of fuel, which has significantly decreased carbon dioxide emissions. The company will continue to provide training to drivers in the field of environmentally friendly driving.

DECREASE IN THE VOLUME OF WASTE

Baltika implements in practice the principle of extended producer responsibility in the sphere of waste management. The company began comprehensive work in this direction in 2009, when patterns for the secondary use of materials were identified, waste was ranked by groups, and the methods to increase their utility were determined. Since then Baltika constantly optimizes its activity in decreasing the origin of waste and increasing the share of materials, which are recycled and reused.

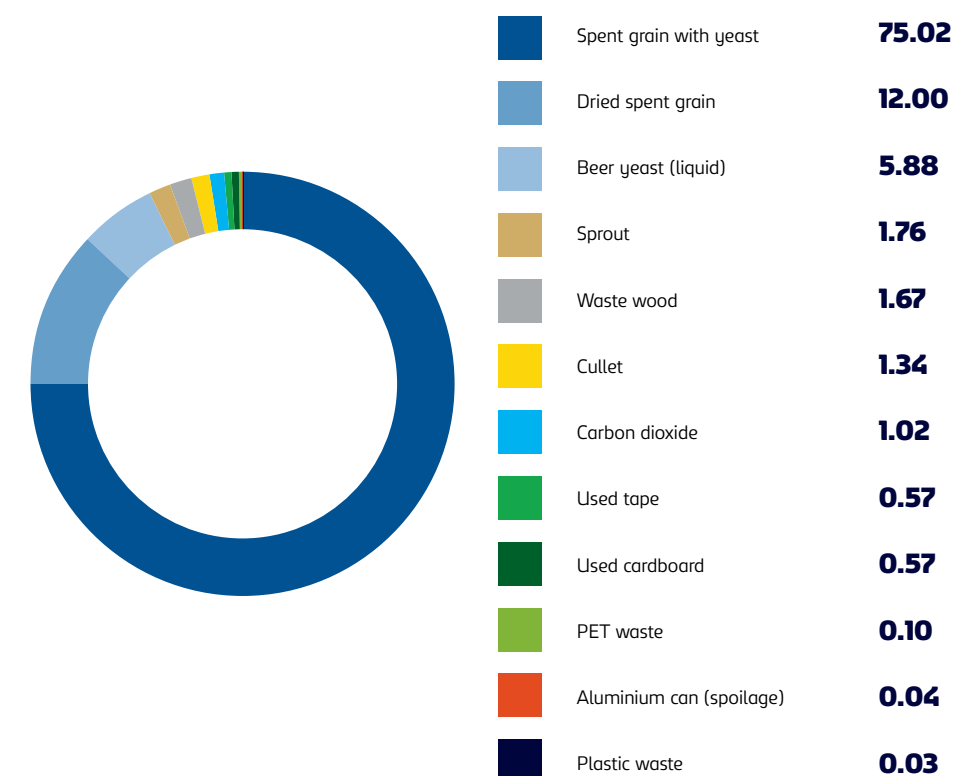
The main type of waste that originates during the production of beer is spent grain. Baltika uses systems for processing wet spent grain into dry product, which

is subsequently used as a food additive in dairy and beef farming. 98% of spent grain produced by the company in 2014 was directed to agricultural companies.

Other biological waste (yeast waste, bran) is also used as animal feed. Carbon dioxide originating during the fermentation of beer wort is sent by Baltika to producers of carbonated beverages, to medical institutions and machine-building enterprises. Thus, during the previous year, nearly 3,500 tons of CO² were not emitted in to the atmosphere.

98%
of spent grain
produced by the
company in 2014 was
directed to agricultural
companies

Main types of production waste, breakdown by volume for 2014, tons





SUSTAINABLE PACKAGING

Increasing pressure on the natural resources and consumer waste accumulation have raised the issue of the efficiency of using packaging to the top level for companies aiming at sustainable development.





In the structure of household waste in Russia, packaging materials constitute 50%. This is the type of waste that is most noticeable to consumers due to its widespread presence and, in most cases, one-time use.

Carlsberg Group identified that primary and secondary packaging account for approximately 45% of our total CO₂ emissions. In order to decrease the impact on the environment, work on sustainable packaging was outlined as one of the priorities of Baltika's and the Carlsberg Group corporate social

responsibility. At the Group level, a corresponding strategy was developed consisting of four key approaches.

Baltika actively works with suppliers around the issue of decreasing packaging weight and thickness. In 2014, energy saving additives began to be used during the production of own-made and purchased preforms, which decreases energy consumption during the blowing of PET bottles by 15%. The company also shifted to using heavy-duty stretch wrap for mechanical winding with a thickness of 27 microns

Sustainable packaging strategy

-  Reduce weight or change to packaging with lower environment impact
-  Increase reuse of packaging materials with the main focus on glass bottles
-  Encourage consumers to recycle packaging and increase the amount of recycled content in new packaging
-  Rethink packaging and waste, for example recycling packaging materials by channeling the material into other products



instead of 35 microns, which allows to save up to 570 tons of wrap per year.

The company conducts a separate collection of waste both at production sites and in the market. Through our partners — waste operators — we send all collected waste (glass, aluminum cans, PET, waste paper) for recycling and reuse. We also build cooperation with waste operators around the joint project “Benefit your city”. As a result of this initiative, 1,547 separate waste collection containers were installed in 12 cities by the end of 2014.

In the reporting year, Baltika continued use of returnable glass bottles, bringing back around 150 million bottles to production. This amount is unfortunately lower than in 2013, which is primarily due to a decrease in sales of glass-bottled beer and the shutdown of buy-back centers for packaging due to their unprofitability.

In 2014, the company, together with waste operators, launched an initiative aimed at the collection of cullet, which is subsequently sent to glass factories for melting and usage in the production of new bottles. As a result, 21,000 tons of glass was shipped to factories, which saved nearly the same amount of natural resources.

Baltika undertook 24 initiatives on sustainable packaging in the past year. Among them is the “Seven Rivers” campaign, special activities at the Greenfest festival in St. Petersburg and the Prostor festival in Khabarovsk. Detailed information on the undertaken initiatives is provided in the Community Engagement section of the present report.

21 thousand tons
of natural resources were saved by us due to collection of cullet

24 initiatives
on sustainable packaging were undertaken by Baltika in 2014





RESPONSIBLE DRINKING

Promoting responsible drinking is one of Baltika's priorities. We produce a quality product and we want adult consumers to enjoy beer responsibly and in moderation.

RESPONSIBLE MARKETING COMMUNICATIONS

Our Marketing Communication Policy defines the standards of work aimed at ensuring the compliance of corporate communications with our commitment to promote responsible beer consumption by adults.

In accordance with Russian Federation legislation, warning message on impermissibility of alcohol consumption by children and teenagers under the age of 18, pregnant women and people with diseases of the central nervous

system and the digestive system are placed on all Baltika alcoholic brand labels. All marketing material (including: printed and electronic promotional materials, TV- and radio spots) for the company's alcoholic brands contain information about the dangers of excessive alcohol consumption and an 18+ sign.

Baltika is also guided by the Global Commitment to Fight Harmful Drinking, which was signed by Carlsberg Group on the global level.



"BEER PATROL": PREVENTING ALCOHOL SALES TO MINORS

During the reporting year, Baltika has continued to carry out "Beer Patrol" campaigns, aimed at raising public awareness and responsibility about the ban on beer sales to minors. On the one hand, we remind retail outlet sellers that they are legally entitled to demand documents to prove a customer's age, on the other hand, we tell adult shoppers not to be indifferent to violations of the law.

Project activities include the use of a special sign-sticker "Are you 18? Prove it!" in retail outlets throughout the country, as well as informing staff that they are legally entitled to check the age of a buyer.

The campaigns are conducted by the company, in conjunction with representatives of supervisory bodies, municipal administrations, the Department of Internal Affairs, and public organizations.

In 2014, more than 1,000 volunteers were involved in the campaign, including Baltika employees. The patrols inspected approximately 9,000 outlets in 15 cities.

In Novosibirsk, the campaign was conducted in a new format. Before the start of the new school year, in the Central Park of the capital of Siberia, adult residents received warning stickers from volunteers reading, "Are you 18? Prove it!" to place in stores, where they consider it necessary to strengthen the enforcement of the ban on underage drinking. Novosibirsk residents were also able to report the addresses of shops where, in their opinion, it is necessary to work with sellers and remind them about legislation which limits minors' access to alcohol.

**ПИВНЬ
ДОЗОР**

In 2014

15 cities

> 1,000
participants

9,000
outlets



“BE SOBER BEHIND THE WHEEL”: DRIVING AND ALCOHOL CONSUMPTION ARE INCOMPATIBLE

“Be Sober behind the Wheel” is a federal-scale social project, which Baltika has been implementing for five years. Its aim is to persuade drivers to give up driving any vehicles after alcohol consumption. In the course of project implementation, special attention is paid to building awareness on the roads as one of the key elements to improve the driving culture.

In 2014, “Be Sober behind the Wheel” awareness months were held in Ryazan, Tula, Voronezh and Yaroslavl. They started with car rallies for partner motorcycle clubs, automobile clubs, community organizations and residents. During the campaigns, volunteers (including Baltika employees) handed out ribbons with the project symbol to spectators and reminded drivers of their responsibility for their own lives and other individuals on the road. At the same time, informational materials to stop driving after drinking alcohol were distributed to bars and restaurants. In Tula alone, the campaign was supported by more than 30,000 people.

In Yekaterinburg, the “Be Sober behind the Wheel” project was implemented in several stages. It started with a rally through the city streets. The second step was a traditional city traffic police operation, “Bacchus”. Baltika

contributed additional proactive efforts to promote rejecting drunk driving by handing to drivers memory cards with quotes from the road safety rules. In the design of the cards works of the winners of the poster competition held among students were used. The competition was carried out earlier by the public organization, “We are against drunk driving”.

The third stage of the project covered public eating places. When a guest ordered a beer, the waiter/ress gave the guest useful souvenirs reminding him/her of road safety responsibility. The campaign covered more than 30 city organizations; and nearly 1,000 visitors were informed about their driving responsibility.

During the reporting year, “Be Sober behind the Wheel” activities also took place in St. Petersburg, Novosibirsk and Khabarovsk.



COOPERATION WITH THE RUSSIAN ASSOCIATION OF BARTENDERS

We consider cooperation with other market participants, who can broaden initiative impact, to be an effective tool. In some regions, Baltika and the Russian Association of Bartenders signed an agreement to work jointly to promote a culture of beer consumption and to undertake additional measures to monitor compliance with the legislative ban on the sales of beer to minors.

Bars, cafes and restaurants are suitable places to familiarize

visitors with a culture of responsible drinking. Bartenders are conduits for drink information for visitors and they can warn customers about the consequences of excessive consumption.

As part of the above-mentioned agreement, the parties commit to undertake measures to reduce alcohol abuse, as well as to inform bar and restaurant visitors about the importance of the responsible beer consumption.

RESPONSIBLE SPORTS FAN MANIFESTO

Baltika promotes the idea of responsible beer consumption as part of its sport club sponsorship. During the reporting year, at the initiative of the company, the Responsible Sports Fan Manifesto was signed with fans of the HC Amur, FC Arsenal and FC Krylya Sovetov clubs.

The Manifesto establishes rules to support fair play, fair judging and good conduct both on the field and in the stadium, as well as the principles of responsible alcohol consumption. The purpose of the document is to draw attention to the need to build a culture of sports support, and the mutual



*Ruslan Panov, Director of
the Russian Association of
Bartenders Smolensk:*

“Bartenders are conduits of information about the properties and characteristics of beer, telling guests how to consume it and how to draw for themselves the line on drinking. Our Baltika partners understand this too. Increasing the level of training and the knowledge base of bartenders to give visitors the opportunity to enjoy the beverage responsibly is our common task. Therefore, we are pleased to have signed this new agreement with Baltika”.

During the reporting year, such agreements were concluded between the company and representatives of the Association in Smolensk, Orenburg and Khabarovsk.

responsibility of athletes and fans. In fact, any professional team is strong not only in their titles, but also in their real and loyal fans.

40

initiatives

on responsible drinking
were held by Baltika
in 2014



PROMOTING RESPONSIBLE DRINKING OF BEER AT FESTIVALS

In organizing festivals, Baltika pays particular attention to ensuring order, public safety, the promotion of responsible beer drinking and compliance with the ban on alcohol sales to minors.

Greenfest is one of the most popular music festivals, which is held with the support of the Tuborg brand. In 2014, festival geography was expanded and in addition to St. Petersburg, it was held in Krasnoyarsk and Yekaterinburg.

As part of the festival, the “Drink Responsibly” campaign was held in all three cities. In St. Petersburg, guests received commemorative badges with the campaign slogan, and in Krasnoyarsk and Yekaterinburg, adult visitors could



create a personal message which urged alcoholic beverages to be consumed responsibly as a sign of respect for the music, favorite singers and friends.

Similar campaigns were also held during the festivals: DAS FEST in St. Petersburg, DON-Fest in Rostov-on-Don and Prostor in Khabarovsk.

DEVELOPING A CULTURE OF BEER CONSUMPTION

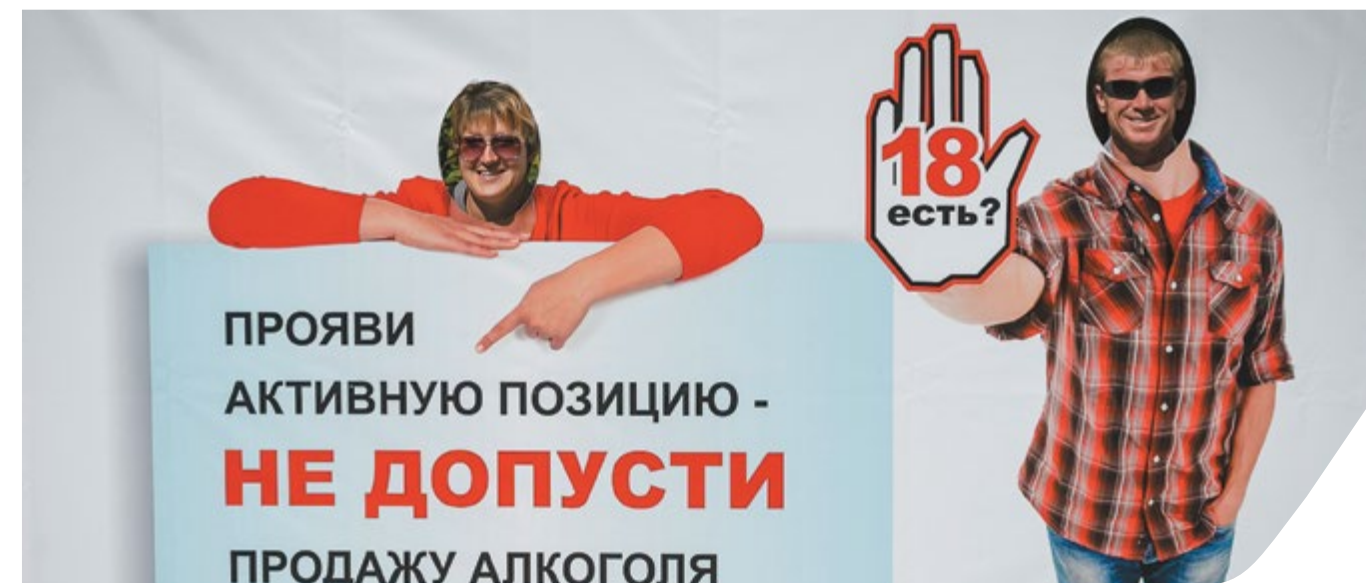
Baltika continues to implement the education project, “Beer Sommelier,” which is a series of exciting thematic lectures on brewing technology, brand classification, the rules of tasting and most importantly, the culture of consumption for the amber beverage.

In 2014, the company also launched a unique educational and gastronomic project, “Beer Gourmet.” This is a series of culinary workshops featuring Russian and foreign experts in the field of beer and food combinations. During these workshops, participants learn interesting facts about the beer drinking culture and learn the principles of matching it with



a variety of dishes. During the reporting year, more than 20

culinary workshops were held in 7 Russian cities.



INITIATIVES OF THE UNION OF RUSSIAN BREWERS

In 2014, the Union of Russian Brewers, which Baltika is a member of, developed and approved a new version of the Code of Honor of Russian Brewers. The Code is a set of principles and rules by which to conduct professional activities. It is based on the high ethical standards of professional activities and self-regulation. One section of the document focuses on corporate social responsibility, in which it spells out the commitment of signatories to pay special attention to the following issues: preventing beer sales to minors and the on-going awareness-building work with trade sphere representatives; drunk driving prevention; the prevention of excessive beer consumption and alcohol abuse in general; informing consumers that beer consumption is prohibited for pregnant and nursing women; and preventing beer consumption by persons who are prohibited from consuming alcohol

for health reasons or in connection with their employment conditions.

The Union also launched the “Family Talk” program in the reporting year. The first program was launched in the United States in 1982. An advisory group of experts prepared a special technique and developed manuals on child psychology. More than 7 million copies of the manual have been handed out. Currently, the program has been implemented worldwide.

At the initiative of the Union and with the participation of the Russian Center for the Applied Psychology of Education, a similar program has been developed for Russia. Its methodology is based on the latest achievements of domestic and foreign experts, and innovative methods and models to prevent childhood alcoholism.

The program’s task is not just to give parents information about the dangers of alcohol for minors.

The program is aimed at creating a certain type of behaviour, improving the culture of family relations and upgrading moral and spiritual values. The authors proposed a systematic method to prevent teenage alcoholism. In addition to training and informational material, organizational forms of work and incentive techniques, as well as special workshops for parents with school psychologists, were used.

In 2014, as part of the Family Talk program, special trainings were held in Krasnodar, Yaroslavl, Samara and Chelyabinsk. They were attended by 249 teachers and psychologists from 190 schools.



HEALTH AND SAFETY

The safety of our employees at the workplace and the protection of their health are a priority task for Baltika. We set the highest standards in the sphere of occupational safety, improve the system of the company's operations, and develop a culture of personal responsibility for safety, in order to reduce the number of accidents to zero.

We aim to create correct staff attitude towards labour protection and work culture, where caring for one's own health and safety, as well as for the health and safety of colleagues, is a regular behavior pattern.

For the year in review, all Baltika sites confirmed compliance with the OHSAS 18001:2007 international occupational health and safety management system specification. Certification was performed as part of the audit of the integrated management system introduced inside the company.

The complex approach of Baltika toward the improvement of procedures in the sphere of labour protection, and industrial and fire safety, has allowed the accident

indicator to decrease. In 2014, the number of lost-time accidents got reduced by 20% in comparison with 2013.

For the year in review, all Baltika breweries confirmed compliance with the OHSAS 18001:2007 international occupational health and safety management system specification

“ZERO ACCIDENTS”



ZERO  **ZERO ACCIDENTS**
BALTIKA
Part of the Carlsberg Group

by **20%**
decreased the number of lost-time accidents in comparison with the previous year

In June 2014, the Carlsberg Group's Health and Safety Conference took place in Baltika's headquarters in St. Petersburg, during which the Group's strategic vision was announced — zero accidents. In order to attain this aim, a complex program will be implemented during the next three years.

The running of the Group's conference in Russia demonstrates a recognition of Baltika's successful experience in the sphere of labour protection.

In 2014, an evaluation of the labour management system and work culture was performed jointly with international experts at several of the company's sites. Its results have helped to determine key directions of work, which will allow to integrate safety into the day-to-day operations of employees and to focus Baltika's work on the prevention of injury and accidents, as well as to allow the formation of a systematic approach to labour

protection and industry safety management.

During the reporting year, the company has paid particular attention to improving the injury and incidents prevention system. We develop and introduce procedures for the evaluation of risks and the investigation of accidents, including minor injuries and incidents. Audits of behavioral safety are performed, which are of significant importance to effect a change of attitude among employees and the management toward caring for life and safety. A skills and capabilities development of the production divisions management is being envisaged in order to ensure the effectiveness of the implementation of the safety management system. In addition, safety committees involving line managers were established.

1,632

inspections of the observance of safety norms implemented in the company were held in 2014



In 2014, the company formed a group of internal safety coaches within the program “SafeStart”. “SafeStart” is a basic platform, which describes in detail the rules for safe behaviour at production sites, during the driving of vehicles, in everyday life and other spheres. The most resourceful employees who have authority with their colleagues become coaches. In 2014, they trained over 1,800 of their colleagues and another 1,711 completed training with external organizations.

With the aim of control over safety practices, 340 audits and 1,632 inspections were held at Baltika’s sites in 2014. During the audits, an evaluation of the observance of safety rules by both company personnel and the contracted organizations was performed. Special importance was given to the correctness of hot works and working at height. The overall situation in labour and health protection was evaluated during the inspections.



In order to improve awareness among and the involvement of personnel, a campaign was held at all Baltika breweries on the World Day for Safety and Health at Work, where every employee could stand in the role of a special agent for safety.



TRANSPORTATION SAFETY

The activity of Baltika is closely associated with a large volume of shipments, including automobile transportation, and the company sets a goal of achieving a zero level of accidents both at the sites and on the road. Large numbers of drivers throughout Russia count among our personnel, and we aim to eliminate the risk of road traffic accidents to the highest possible degree in order to safeguard the health and livelihood of our employees and of other road users.

In order to increase the safety of automobile transportation, in 2014 Baltika continued to implement the “Alert Driving” program. The program consists of on an interactive computer course of 20 modules. Each level of the course determines shortcomings in the driver’s training and offers methods to eliminate them, after which the employee has to answer test questions. In 2014,

832 employees completed the course.

The company also implements a “Defensive Driving” program, which consists of practical courses taken with an experienced instructor. In 2014, 1,047 employees participated in the program.

In addition, we conduct obligatory testing for all employees using corporate vehicles. In order to increase personal responsibility, all Baltika vehicles are equipped with special stickers with hotline telephone numbers, which can be used to communicate information on breach of traffic rules by a company employee. Satellite monitoring of company vehicles is performed for the same reason .

The work conducted by the company aimed at ensuring road safety brings positive results. In 2014, the number of road accidents,

which occurred due to the fault of our drivers decreased by 17% in comparison with the previous year. The overall number of road accidents decreased by 31%.

We will continue to work actively in the field of health and safety.



LABOUR AND HUMAN RIGHTS

Employees are at the heart of the company's success. Baltika sets high corporate standards to ensure fair and comfortable conditions, professional and personal growth opportunities for its employees.

The company's compliance obligations are stated in the corporate Labour and Human Rights Policy. We respect labour rights and adhere to laws in this field. Under no circumstances does the company allow discrimination against its employees.

In 2014, the average headcount in the company stood at 8,090 employees, which is 6% less than in 2013. The reduction was due to the negative dynamics of the beer market, caused by increased legal restrictions, and a disproportionate

tax burden increase, which consequently, contributed to business process optimization within the company.

SOCIAL PARTNERSHIP

In 2014, the company signed a collective bargaining agreement for the 2014-2017 period. The agreement is the key legal instrument regulating social and labour relations within the company and setting mutual employee-employer obligations. In the new edition of the document, social guarantees contained in the previous version of the agreement were not only entirely preserved, but also improved.

Issues regulated by the agreement include: production and economic activities, labour compensation, labour relations, working hours and leisure, labour conditions, health and safety, social guarantees, benefits and basic social partnership principles. The company's Employee Association Council (EAC) represented the interests of employees in concluding the collective bargaining agreement. The EAC consists of 17 selected representatives across different

corporate divisions from 11 cities. Along with the EAC, agreement negotiations were attended by representatives of some trade unions acting in the company. The employer was represented by Baltika's top managers.

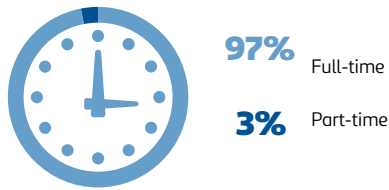
The first collective bargaining agreement was signed by the company in 2008. The document is reviewed by authorized employee and employer representatives (on equal terms) every three years to improve the company's social and labour relations system that contributes to stable corporate operations, to foster labour rights and guarantees improving employee conditions (as compared with the existing law) and to implement social partnership principles and mutual responsibility for undertaken obligations.



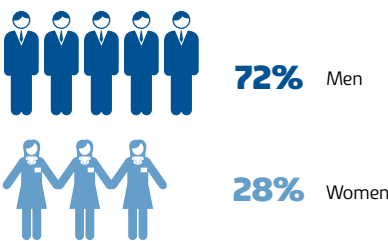
Yuri Chipchev, Chairman of the company's EAC, senior transport engineer at the Baltika-St. Petersburg brewery:

"The signing of the collective bargaining agreement is the result of an efficient dialogue between the company's management and Baltika employees represented by the EAC. The agreement contains a broadened list of guarantees and benefits for employees. We value the efforts of the management team to maintain transparent and comprehensive relations with employees. These relations are the basis for corporate success".

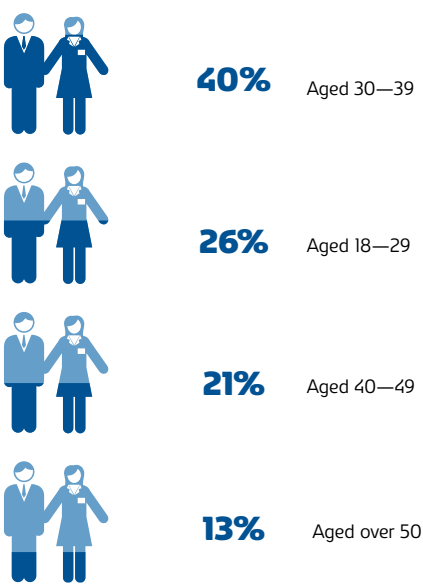
Employees by employment type



Employees by gender



Age breakdown of employees



Employees by function



REWARD AND RECOGNITION

To ensure competitive salaries, Baltika regularly monitors the country's salary levels, especially those in the FMCG sector. In 2014, employee salaries were revised taking into account the dynamics of the Russian labour market.

In 2014, the company devoted approximately RUB 260 million to compensation and benefits.

As a socially responsible company, Baltika undertakes efforts to ensure that every employee feels himself/herself a part of a greater team, experiencing employer support in many spheres of his/her life. This is the reason why the company offers its employees a complex package of benefits, embracing such spheres as healthcare and safety, improving the quality of life, well-being, leisure and comfortable working conditions.

We share the company's success with employees who achieve outstanding results, initiating and implementing unique projects or attaining ambitious goals. The company has a number of programs to recognize employee achievement.



LEADERSHIP DEVELOPMENT AND EFFICIENCY MANAGEMENT

Baltika is upgrading the system of employee efficiency management on a permanent basis to align it with the latest business requirements. New conditions and challenges require special qualities from the company and its employees. To win, one should be able to manage changes and be focused on the result, demonstrate engagement and integrity, respond to customer and consumer needs.

In 2013, the Carlsberg Group implemented eight leadership competencies, which reflect the corporate spirit and culture based on the Winning Behaviours. These competencies are intended to be a road map for employees on how to become a successful leader.

During 2014, Carlsberg Group leadership competencies were implemented in all Baltika processes associated with the attraction and assessment of the potential and the results of employee activities. More than 1,700 different level managers were trained and got acquainted with new leadership competencies model.

The annual employee assessment is done relying on the competencies described above. Based on the performance, individual development plans are designed for each employee, labour compensation and career development are determined.

69%

number of internal
promotions in the
company in 2014

SHARING KNOWLEDGE AND BEST PRACTICES

In 2014, the company's knowledge management system was recognized at the international level by winning MAKE (the Most Admired Knowledge Enterprise) Award. Experts emphasized a systematic approach to preserving, formalizing and promoting knowledge within the company. The system is constructed on efficient information sharing across divisions and the participation of the company's management in employee development, the use of mentoring and coaching practices and the engagement of employees in transferring knowledge. Baltika's Corporate University and the company's Supply Chain have implemented a cascade-type training system, which became a new form of passing on the knowledge from managers to employees. The new training system was used to train managers so that they could teach their direct reports on the following programs: "Setting motivating and developing SMART tasks and targets," "Delegating authority and empowering", and "Feedback aimed at raising efficiency". The new training method covered 138

line production managers in three breweries participating in the pilot program. In 2015, the company will continue implementing the training system at other sites.

The company's in-house coaches, who play a significant role in knowledge sharing, have trained more than 2,000 employees. The reporting year was marked by new training programs, such as "Conducting an interview", "The role of finance in company management" and "Unfolding personal potential" to improve employee efficiency. To date, the company has developed more than 20 training programs.

Last year, a joint effort by the company's Corporate University and representatives of the Carlsberg Group companies in the Eastern Europe region resulted in the development of a new leadership program intended to unite regional talents based on the new approach to leadership.

"MY VOICE" SURVEY RESULTS



The company is interested in carrying out an on-going dialogue with its employees. Therefore, the Carlsberg Group conducts the "My Voice" annual survey to elicit employee feedback. Based on survey results, any employee and his/her team may participate in the development of plan to improve labour conditions.

In 2014, a record number of employees (95%) took part in the survey. The employee engagement score grew by 6% compared with the previous year, reaching 86%. This showed high company acclaim by its employees.

Response rate

90% 95%

2013

2014

Engagement score

80% 86%

2013

2014

**BALTICA RECOGNIZED
AS THE BEST EMPLOYER
IN THE RUSSIAN FMCG
SECTOR, ACCORDING TO
THE HEAD HUNTER RATING**

Based on results of the annual Rating of Russian Employers, organized by the Head Hunter company, in 2014, Baltika improved its position from 18th (in 2013) to 6th in the list of winners and was named first among FMCG sector companies.

Employers were rated using three criteria, including the opinion of candidates, the opinion of employees and an expert assessment of the efficiency of HR departments. The final results in the Rating of Russian Employers were calculated as a sum of the scores received during each of the three stages, plus weighted scores with a certain multiplier. International auditing company verified the correctness of the methodology and calculations.

In the company's opinion, its position in the rating can be attributed to sustainable leadership in the beer market under complex macroeconomic conditions and unbalanced industry regulation in Russia, as well as Baltika's high corporate social responsibility.



**BALTICA AWARDED FIRST
PRIZE IN THE HR-BRAND 2014
AWARD**

Experts of the HR-Brand 2014 Award recognized the company's project intended to improve production culture and the management efficiency of employees from production, technical services and logistics. The company won in the most competitive nomination "Federation", receiving 90 out of 100 votes.

The HR-Brand Award is the top prize in HR sphere today, and is often referred to as the HR Oscar. It reflects recognition of the professional community, being a "sign of quality" for potential employees and providing opportunities to make the labour market more civilized by facilitating best practice sharing.



**Svetlana Starikova,
Organizational Development and
Talent Director:**

"Ranking first in the Rating of Russian Employers among the FMCG companies is a mark of leadership and stability, as well as of the company's efforts to create growth and development opportunities for employees. We value our people very much and we do everything in our power to develop and promote them. Talking about our recruitment principles it is worth mentioning that for open vacancy we first search candidates among our employees. We are proud of our Corporate University with its unique school of in-house coaches".



BUSINESS ETHICS

A responsible approach to business is the key to Baltika's success, as unethical practices such as corruption create obstacles for sustainable corporate development.

Compliance with business ethics principles and rules is extremely important for the company as a responsible employer and partner doing business in an honest manner and in good faith. The Business Ethics Policy and the corresponding Guidelines are part of our corporate social responsibility and serve as the basis for forming the ethical behavior of Baltika employees.

In 2014, Baltika took various additional measures to strengthen its status as a socially responsible company, continuing to implement ethical business practice principles.

528
employees
in Baltika were trained
in the Business Ethics
Policy in 2014



Maria Sergeeva, Compliance Lawyer:

“Baltika commits not to back away from our values to retain or improve the company’s market position. To ensure that the Business Ethics Policy is put to practice, we improve our internal management procedures, train personnel and conduct focused work with our contractors”.

Renewed third-party screening procedure

To eliminate risks of the company being involved in corruption, as well as other activities that violate accepted standards, in addition to security screening Baltika has introduced a preliminary assessment of organizations and deals negotiated with them on compliance with the provisions of the company’s Business Ethics Policy and Russian anti-corruption laws.

A new version of the business ethics clause in contracts adopted

All contracts entered into by the company contain a Business Ethics and Anti-Corruption Clause which takes into account current development trends in anti-corruption norms and, in particular, the requirements of Russian Federal Law №273-FZ “On Combating Corruption”.

A “two-key” rule introduced

Starting from September 1, 2014, Baltika has had a “two-key” rule in place, a procedure that provides for the mandatory signing of all contracts the company enters into by two authorized

persons. This innovation is intended to avoid the risks of possible abuse of office.

Business ethics training

Employees can become familiar with the provisions of the Business Ethics Policy and learn how to find the correct solutions in complex situations by taking intramural or extramural (e-learning) training courses.

The program includes a theoretical part, which entails answering test questions and taking a mandatory exam. New employees must undergo a training course and pass an examination within two months after they are employed. All employees are required to retake the course every two years.

In 2014, 528 Baltika’s employees were trained in the Business Ethics Policy. The company’s aim is to ensure 100% employee participation in these trainings.

2015 PLANS

In 2015, Baltika will continue to actively work to ensure that ethical business principles are observed.

We plan to undertake the following steps to improve ethical standards within the company:

- Improve the electronic system to facilitate the third-party screening procedure;
- Ensure that counterparties supplying goods, work or services comply with the Supplier and Licensee Code of Conduct adopted by the Carlsberg Group;
- Continue to train personnel in the Business Ethics Policy and expand the list of positions, which must take this course.



COMMUNITY ENGAGEMENT

Since its foundation, Baltika has aimed to be a reliable partner for society. We are developing responsible drinking culture, environmental initiatives, and supporting sports and the arts. By implementing long-term social projects, we want to positively contribute to the development of the regions of our presence.

The company’s commitment to engage with the community has been formalised in the relevant corporate policy. In accordance with the policy, Baltika develops sustainable long-term relationships with our stakeholders. We cooperate with our employees, partners, non-profit organisations, government etc.

One of the areas of community engagement is social investments, which include social projects, volunteering and charity.

SUPPORTING SPORTS

Supporting mass cultural projects, in particular, sports development is one of the social priorities of Baltika. Over the years, the company has supported a variety of sports, sports clubs and leagues.

On the federal level, Baltika is a partner of the Kontinental Hockey League. The company also sponsors regional sports. In 2014, we supported FC SKA-Energia (Khabarovsk), FC Shinnik (Yaroslavl), FC Krylya Sovetov (Samara) and FC Arsenal (Tula).



BALTICA'S CONTRIBUTION TO HOSTING THE XXII WINTER OLYMPIC GAMES



The Sochi Winter Olympics were the most vivid and spectacular sporting event in 2014. It is remembered for our Olympic team's triumphs, new records, innovations and the unique emotions experienced by millions of people around the world.

The history of the partnership between the company and the Sochi 2014 Organizing Committee began in 2011 when Baltika became the official beer supplier to the Sochi 2014 Olympic Games. To obtain the status as the official supplier was a great honor for the company and recognition of the fact that Baltika is making top quality beer well-deserving to represent Russia at events of the highest level.

The company has initiated and participated in a variety of activities to support the Olympic Games. Baltika organized the Federal Campaign "Inspire to Win", which gave residents of different Russian cities an opportunity to record their wishes for our Olympic team, held the All-Russian Baltika Barmen's Cup.

Russia's President and Prime Minister noted Baltika's contribution to the successful preparation and holding of the XXII Winter Olympic Games 2014 in Sochi. The company's top managers received diplomas of honour of the Government of the Russian Federation.

Baltika has awarded a special prize the "Golden Contribution to the Development of Sports" to Lyubov Vladimirovna Baranova, the legendary skier, who won the first gold Olympic medal in winter sports for the Soviet Union.



PARTNER OF THE RUSSIAN OLYMPIANS' BALL

Baltika brand was the general partner of the Russian Olympians' Ball 2014, which was held at the State Kremlin Palace. The solemn event was dedicated to the successful performance of the Russian Olympic team at the XXII Winter Olympic Games 2014 in Sochi. More than 1,300 people were guests at the event, including members of the national team, who earned historic victories in national sports in the first "home" Winter Games.

One of the highlights of the Ball was the traditional special prize award ceremony, the "Golden Contribution to the Development of Sports" established by Baltika, the official supplier of the XXII Winter Olympic Games 2014 in Sochi. For the second time, the company honors the most outstanding

and legendary Russian athletes, who made huge contributions to the development of national high-performance sports. Lyubov Vladimirovna Baranova, the legendary skier, who won the first gold Olympic medal in winter sports for the Soviet Union, was awarded this year's prize. The outstanding Soviet athlete, discus thrower, two-time Olympic Champion Nina Apollonovna Ponomaryova (Romashkova) was awarded the first "Golden Contribution to the Development of Sports" prize at the 2012 Russian Olympians' Ball.



Alexander Zhukov, President of the Russian Olympic Committee:

"Sports has a unique feature — it brings people together. And therein lies its strength. We are very pleased that the Russian Olympic Committee has reliable partners who are not just passionate about sports, but are willing to invest their strengths and capabilities in its development. Business helps us solve a wide variety of problems, including the popularization of the Olympic movement, the implementation of projects for the development of mass sports and, of course, support for Russian athletes. One such reliable partner is Baltika. We highly appreciate their cooperation and we hope that it will be successful and long-term".



**Irina Dedyuhina, VP personal assistant,
Sochi 2014 volunteer:**

"During the Olympics, I worked at the information desk: answering guest questions and helping them navigate their way through Olympic venues. Volunteers are the face and smile of the Olympics, and I tried to make sure that every guest left in a good mood. I felt great responsibility and pride. I am infinitely glad that I could be a part of such an incredible event like the Olympic Games! Thanks to Baltika for the opportunity given to me and to my colleagues for replacing me during this time!"

25,000 volunteers became heroes of the Olympic Games, providing invaluable assistance in conducting the event at a high level. 12 Baltika employees were among these individuals. Our company develops a spirit of volunteering, so Baltika supported the willingness of these employees to be volunteers and paid for their travel expenses to Sochi.



SUPPORT FOR THE SOCHI 2014 ENVIRONMENTAL STRATEGY



Implementation of the Sochi 2014 Environmental Strategy meant the integration of environmental aspects into the preparatory process of the Olympic Games. This approach to work is most close to our company. With the support of the Sochi 2014 Organizing Committee, we initiated the All-Russian "Seven Rivers" Environmental Campaign, aimed at promoting a culture of separate waste collection and preserving unique river ecosystems.

Since 2012, the Campaign has involved 11 cities and approximately 2,000 volunteers. Fifteen tons of waste have been collected separately

and sent for recycling. More information on the 2014 Campaign's results is presented in the section below.

The Sochi 2014 Organizing Committee included the "Seven Rivers" Campaign among "Towards the Future!" award laureates in the category "The Best Project of the Year in the field of Harmony with Nature", for its contribution to sustainable development in preparing and conducting the XXII Olympic Winter Games and XI Paralympic Winter Games in Sochi.

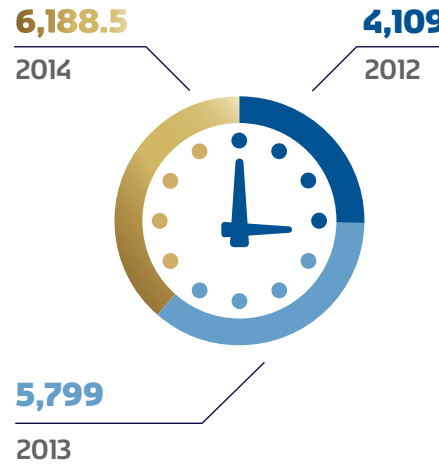
DEVELOPING VOLUNTEERING

We develop volunteering activities and encourage the social initiatives of employees who would like to bring positive changes to the regions in which they live. That inspires and empowers our people.

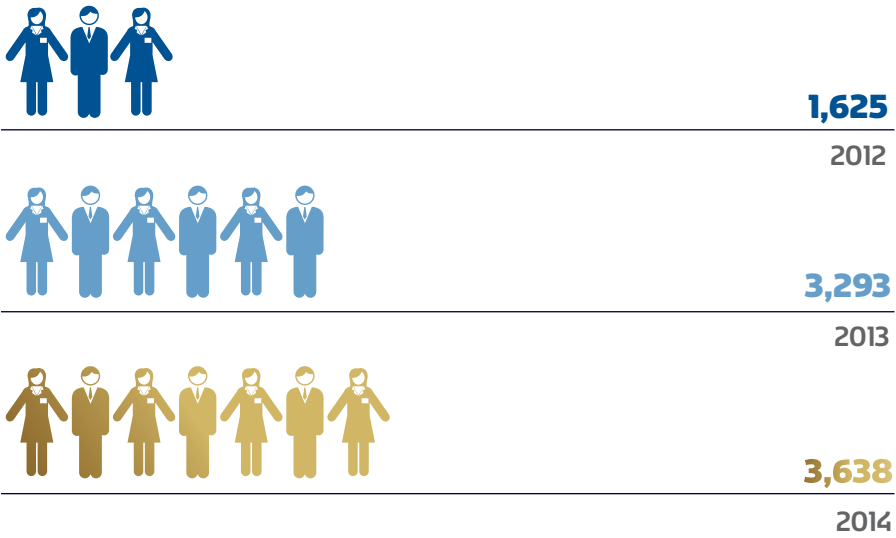
In 2014, our colleagues from different parts of Russia took part in environmental campaigns, activities to promote responsible drinking — "Beer Patrol", "Be Sober behind the Wheel" — and other useful and positive initiatives.



Hours spent on community investment activities



Total number of employees engaged in volunteering activities



EARTH HOUR



In 2014, Baltika for the sixth time joined the international Earth Hour campaign of the World Wildlife Fund (WWF). The aim of this initiative is to draw attention to climate change problems. It is important for us to be part of one of the largest international initiatives and contribute to the promotion of environmental responsibility.

On March 29 our breweries across the country (from St. Petersburg to Khabarovsk) turned off electricity, except for the most necessary facilities which ensure the safety and continuity of the production process. Hundreds of our employees, their friends and relatives in different regions of Russia also joined the campaign.





Volunteers from Samara held a bike eco-marathon: they cleaned up green parking spots for cyclists along the most popular route by the Volga and presented ecotourism principles.

Results of the 2014 "Seven Rivers" Marathon

10 cities
participating

>800
volunteers

~9 tons
of waste collected
separately and sent for
recycling and reuse

The "Seven Rivers" Environmental Campaign aims to develop a culture of separate collection, recycling and reuse of waste products, ultimately reducing CO2 emissions, and to preserve the unique ecosystem of Russian rivers.

In 2014, the "Seven Rivers" campaign was launched on June 5, World Environment Day. The starting point of the environmental marathon was Novosibirsk, where campaign volunteers joined efforts with participants of the International Environmental Volunteer Clean-Up Event, which was held at the initiative of the Russian Ministry of Natural Resources and Environment. In the summer and autumn, similar activities took place in Voronezh, Yaroslavl, Samara, Krasnoyarsk, Khabarovsk, Rostov-on-Don, Chelyabinsk, and Otradnoye. Volunteers removed waste from the banks of rivers, including: the Ob, Don, Volga, Yenisei, Amur, Miass and Neva. The final event of the 2014 season took place on the banks of the

Upa in Tula, the city which joined the campaign for the first time.

Results of the environmental marathon, which lasted nearly five months, are: 10 participating cities, more than 800 volunteers, and almost 9 tons of waste collected separately and sent for recycling and reuse.

In each city, volunteers wanted to make an extra effort to conserve nature. In Yaroslavl, players from FC Shinnik joined Baltika employees. Participants arranged facilities for the separate waste collection, and installed benches and litter bins.

In Khabarovsk, there were two "Seven Rivers" campaign events during the reporting period. In August, Amur Hockey Club members joined the event, while in September, the campaign brought together employees of Baltika and the Far Eastern division of the Russian Railways.



9,000

paper cups collected in
the Greenfest EcoZone
in St. Petersburg were
sent for recycling

"GREEN" PACKAGING

In Otradnoye, the campaign supported the launch of a project on separate waste collection in the Leningrad Region. Baltika donated to the town special containers for separate waste collection. The company also installed benches for Otradnoye's residents and guests to enjoy the clean banks of the Neva. Under the guidance of a professional artist, volunteers decorated them with nice landscapes to remind holiday-makers that they should not litter and should take care of nature.

In Tula, following a clean-up event, our volunteers have planted a picturesque avenue for the enjoyment of current and future Tula generations.

We are actively integrating "green" initiatives on sustainable packaging in various events. In St. Petersburg, as part of the Greenfest festival, sponsored by Tuborg brand, we organized EcoZone. Visitors could exchange used paper cups and aluminum cans for commemorative bracelets bearing the words "Go Green". After the festival, all packaging collected in the EcoZone was sent for recycling.

Eco Patrol took place at the Prostor Festival in Khabarovsk, held with the support of the "ДБ" brand. Participants exchanged plastic cups and bottles for prizes with the festival's symbol. Approximately 100 kg of packaging were collected and sent for recycling.



Christina Klimashevskaya, Senior IT specialist and Greenfest volunteer:

"Working as a volunteer at Greenfest was a great opportunity not only to have fun with colleagues but to help protect the environment. Why scatter litter, if you can bring a can or a cup to the EcoZone, do good for nature and get a nice bracelet? Festival visitors responded very positively to this initiative and were happy to participate in the exchange".



CARLSBERG GROUP CORPORATE SOCIAL RESPONSIBILITY

COMMEMORATIVE ALLEYS

In 2014, Baltika breweries in Rostov-on-Don, Tula and Yaroslavl celebrated their 40th anniversary. Employees decided to celebrate in a special way and gave the cities commemorative alley that will make many generations of residents happy.

In Rostov-on-Don, our colleagues, on the eve of the citywide volunteer clean-up event, took part in improving the Botanical Garden and planting seedlings of bird cherry, black cherry and sakura trees. Employees from Yaroslavl planted a chestnut alley in the Park of Culture and Recreation (Yubileiny) and in Tula, an oak alley appeared on the Tulitsa River.

MEMORY OF THE HEART

Victory Day touches hearts. The holiday is an important event for every family in Russia. In May, our employees decided to honour the country's veterans and thank them for their sacrifice.

Our volunteers in several cities presented veterans with gifts, and were happy to lend a hand to the elderly: some helped them around the house (washed windows; did spring cleaning) and others pitched in with grocery shopping.



Evgeniya Ivanova, corporate communications specialist, St. Petersburg:

"I was honored to congratulate Azarenko Antonina Pavlovna, senior lieutenant of the medical service. She was called to the front at 20, and now she is 93. From 1941 to 1945, Antonina Pavlovna took part in the Defense of Leningrad and the Leningrad Region and served as a medical assistant. It was amazing to listen to this good old woman and imagine that she had once rescued the wounded under fire and was even injured. I was overwhelmed with pride and gratitude for all our veterans".

In 2014, we continued the pursuit of our strategic objective to integrate corporate social responsibility (CSR) throughout our business functions and Group companies.

Collaboration is a cornerstone of our strategic approach. We identify relevant partners, both upstream and downstream of our operations, to improve our impact through collective actions.

Our commitments are translated into priorities, which are activated by establishing measurable short- and medium-term targets and year-on-year actions.

We have developed a new sustainability framework that captures and explains our CSR priorities. These are now centred around three overarching themes.

Under the theme of Resources & Environment, our CSR activity is oriented towards addressing the societal challenge of the increasing scarcity of resources and the need to manage the environmental impact of our operations across the supply

chain while protecting the sources from which we draw our natural raw materials.

The position and impacts of our products in society, and our efforts to promote moderate consumption where beer is enjoyed as part of a healthy lifestyle, are the focus of our Health & Well-being theme.

Our third theme, People & Policies, recognizes our role as a growing global company that each year employs more people from different cultures used to working with different norms. At Carlsberg, we are therefore implementing universal standards for the way we work, ensuring safe workplaces where people can develop, and prioritising how we contribute to communities.



RESOURCES & ENVIRONMENT

Our products depend on natural resources. As these resources are under pressure globally, we need to address the impact of our operations and products across the supply chain. We do this by embedding circularity in all our operations, brewing more efficiently and supporting healthy ecosystems.



PEOPLE & POLICIES

Working the Carlsberg way: we want to create healthy and safe workplaces, set standards for our labour and human rights practices, conduct business in an ethical manner and engage with communities.

HEALTH & WELL-BEING

We want our products to be part of a balanced lifestyle. We promote moderate consumption, combat drinking and driving and underage drinking, and communicate responsibly in our marketing.

ECONOMIC CONTRIBUTION



We employ around 46,000 people directly and, taking into account jobs generated indirectly in related industries such as agriculture and hospitality, the Carlsberg Group generates jobs for more than 466.000 in total.

In 2014, the Carlsberg Group's total tax contribution amounted to DKK 42 bn, total government revenues — DKK 108.8 bn. The value added by the production and consumption of the Carlsberg Group's products totaled more than DKK 81.1 bn for the economies of the countries in which we operate.



46,000

number of Carlsberg Group employees

RESOURCES & ENVIRONMENT

Carlsberg Group strives to optimise resource use across our operations and proactively address our impacts on the environment to contribute to a more sustainable future.

EFFICIENT BREWING

In 2014, we introduced a new global resource efficiency strategy to strengthen performance across our global brewing sites over the next three years. The key elements of this strategy are: (i) developing a tailored approach for each brewery; (ii) introducing global processes for high-impact sites; and (iii) pioneering new technologies through research and partnerships.

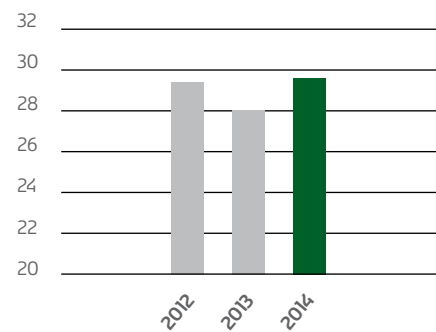
Overall, environmental efficiency was down with the inclusion of new facilities in China and India (Water usage +2%; energy usage +5%; CO² emissions +10%). Meanwhile, environmental efficiency continues to improve like-for-like vs 2013 (Water usage -5%; energy usage -2.3%; CO² emissions -2.5%), and the Group is on track to meet 2017 targets. Carlsberg refilled more than 6.4 billion refillable glass bottles.

TARGETS FOR 2017

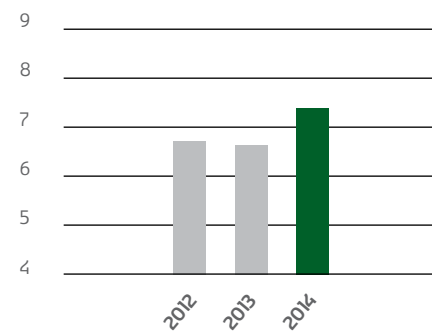
- 5-10% reduction in relative consumption for CO², energy and water;
- 17 suppliers in the Carlsberg Circular Community;
- 3 Cradle-to-Cradle® product certifications;
- Improved return rate in markets where returnable glass bottles are part of the long-term packaging strategy;
- Annual consumer-facing sustainable packaging activity by all Group companies.



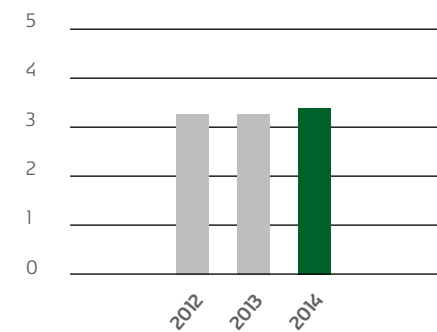
Relative energy consumption
(kWh/hl)



Relative CO² emissions
(kg CO₂/hl)



Relative water consumption
(hl/hl)



CARLSBERG CIRCULAR COMMUNITY

Waste should not exist. Resources and products should be viewed and used as high-quality materials optimised for reuse and recycling. This new circular thinking is imperative for sustaining the growth rates of our business and society at large.

The Carlsberg Circular Community continues to make good progress alongside its six founding partners, using cooperation and the Cradle-to-Cradle® (C2C) framework to design packaging that is optimised



for the circular economy. In 2014, Carlsberg achieved C2C certification for its Carlsberg and Somersby

cans in the UK. 45 consumer-facing campaigns were also carried out to improve awareness of recycling.

6

partners have joined the Carlsberg Circular Community

15

sites are capturing biogas from wastewater treatment

45

consumer-facing campaigns on sustainable packaging carried out

TARGETS FOR 2017

All print communication above A4 and digital and TVCs to carry responsible drinking messages;

All Group companies to implement at least 1 responsible drinking program;

100% of packaging to carry health warnings to discourage harmful drinking;

Launch responsible retail guidelines;

100% of companies to have a procedure for ensuring compliance with our Marketing Communication Policy;

100% of companies to include Marketing Communication Policy in agency agreements;

100% of relevant employees to be trained.

HEALTH & WELL-BEING

Beer consumed in moderation and in the right context can be part of a healthy, balanced lifestyle. However, irresponsible drinking can result in harm to individuals and societies. Global commitments guide our local actions to address the negative effects of misuse and position beer as a healthy, responsible choice, contributing positively to the well-being of our consumers around the world.

MODERATE CONSUMPTION

Our ambition is to be part of the solution to the problems caused by overconsumption. We love our beer, but we also acknowledge the risk of excessive drinking. And we take action at local, global and industry-wide levels.

UNDERAGE DRINKING AND DRINK DRIVING

Beer products should be consumed as intended — by adults only and at appropriate times. For many years, we have been implementing programmes to prevent underage drinking.

In 2014, draft retail guidelines were developed within the International Alliance for Responsible Drinking.

62%

of Group companies implemented responsible drinking programmes

56%

of Group companies provide responsible drinking messaging on all marketing communication (digital, print, TVCs)

115

responsible drinking campaigns carried out by Group companies in 2014

67%

of fermented produced volume carried health warnings



RESPONSIBLE MARKETING

Advertising beer products in the right way is important for reducing irresponsible consumption. By setting standards and making commitments for our marketing communication, we aim to contribute to positive standards of drinking behavior.

In 2014, we tracked all global execution and took corrective action on non-compliance incidents; introduced specific procedures for all markets.

The company introduced Group-wide agreement to include our Marketing Communication Policy in agency agreements in all markets.



56%

of companies carry responsible drinking messages on all their printed materials

90%

of all Group companies have a compliance procedure in place

PEOPLE & POLICIES



We aim to protect, develop and engage our employees. We want to make a positive contribution to the communities in which we operate.

TARGETS FOR 2017

Increase diversity and female representation at senior leadership level;

Reduce lost-time accidents in Production and Logistics by 40%;

Provide biannual training in the Business Ethics Policy for all employees;

Employees of the Group's companies to carry out an aggregate total of 100,000 hours of voluntary activities annually.

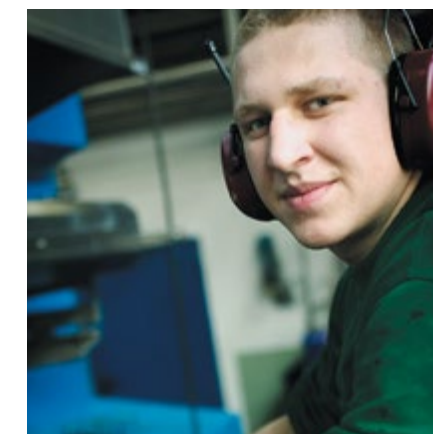
HEALTH AND SAFETY

A safe and healthy working environment for our employees, regardless of where they are operating, is fundamental to the way we work at Carlsberg. By setting standards, implementing robust systems and focusing on responsibility and behaviour, we are instilling a dedicated zero-accident culture across our Group.

In 2014, a new three-year strategy was introduced; we developed a new Traffic Standard aimed at reducing

our risk in the areas of warehousing and transportation, implemented SHAPE (Safety and Health Assessment Program Excellence), a programme that helps our sites to plan actions for continuous improvement, build awareness, and engage management and the workforce in H&S activities.

Although we did not meet our 2014 safety targets in Production and Logistics, we did achieve an overall Group-wide reduction of 9.9% in our lost-time accident rates. This reflects a continuing strong trend, with the



Group-wide lost-time accident rate coming down by 42% in the past three years.

LABOUR & HUMAN RIGHTS

Conducting business in accordance with international standards, respecting individual employees and providing a workplace in which those employees can fulfill their potential are essential to the success of a company.

During 2014, we began reviewing our policy against the UN Guiding Principles on Business and Human Rights to better understand where our activities are linked to human rights. We identified that,

while our Labour Policy covers the provisions of the principles, an approach spanning several of Carlsberg's CSR areas is needed to address broader human rights issues. Defining this approach will be a focus for 2015.

In 2014, we developed an e-learning module to make our managers even more familiar with our policy. The module has so far been introduced in two countries and will be further rolled out in 2015.

Throughout 2014, we introduced a new leadership competence



framework defining the abilities, attitudes and knowledge that are needed to realise our strategy.

MY VOICE RESULTS

79%

engagement score 2014

78%

engagement score 2013

90%

response rate 2014

88%

response rate 2013



BUSINESS ETHICS

We operate in a diverse, global marketplace in which we are committed to growing and developing Carlsberg's business responsibly through sound, transparent operational practices.

In 2014, the Group initiated awareness campaign to ensure

communication and understanding of the updated Business Ethics policy, with particular emphasis on the move to zero tolerance of facilitation payments.

We embarked on an ongoing programme to provide face-to-face training for senior management in all high-risk markets and increase engagement with our network of

individuals with responsibility for business ethics in order to reinforce a culture of compliance.

Training remained a key priority for our business ethics network, with mandatory training for all key employees (online and/or face to face). Our e-learning tool, extended to additional markets. Another focus area was third-party screening.

We will be glad to receive feedback about this report and answer your questions.

Corporate Communications Department
Baltika Breweries LLC, part of the Carlsberg Group
pr@baltika.ru

RESPONSIBLE SOURCING



We are committed to ensuring that our suppliers uphold the same

standards as our own companies. By enforcing our policy, collaborating with others and focusing on specific high-risk and high-impact areas, we aim to improve the impact of our sourcing.

Throughout 2014, we continued to onboard suppliers in our Responsible Supplier Initiative while focusing our audit efforts on Asian suppliers with regard to our packaging and point-of-sale materials, which are categories that generally represent a higher risk of non-compliances.

We added 53 suppliers to SEDEX, which means that a total of 65 suppliers and 113 different supplier sites are now registered in the system. During the year, we supported our suppliers in closing all non-compliances arising from 2013 audits. We also conducted 101 quality audits incorporating a dedicated CSR element.



COMMUNITY ENGAGEMENT

At Carlsberg, we are committed to making a positive impact on the communities in which we operate, and we have almost 170 years' experience of doing precisely that.

Our founder, J.C. Jacobsen, was a pioneer in sharing knowledge

and supporting society. Today, his legacy lives on through the Carlsberg Foundation.

A key focus of our community engagement is the involvement of our own employees in this work. 17,648 hours spent by employees of Carlsberg Group companies on volunteering in 2014.

17,648

hours spent by employees of Carlsberg Group companies on volunteering in 2014



On-line version of Baltika Breweries Sustainability report 2014



On-line version of the Carlsberg Group CSR report 2014