



COMMUNICATION ON PROGRESS 2009-2010

Alivaria Brewery, Carlsberg Group



ALIVARIA BREWERY COMMUNICATION ON PROGRESS REPORTING PERIOD: 2009–2010

| | | |
|----|---|----|
| 1. | MESSAGE FROM THE GENERAL MANAGER | 3 |
| 2. | UN GLOBAL COMPACT | 4 |
| 3. | COMPANY INFORMATION | 5 |
| 4. | HUMAN RIGHTS | 6 |
| | ▪ Product Quality | 6 |
| | ▪ Responsible Marketing Communications | 9 |
| | ▪ Personnel | 11 |
| | ▪ Health and Safety | 15 |
| 5. | ENVIRONMENTAL PROTECTION | 17 |
| 6. | BUSINESS ETHICS | 20 |

MESSAGE FROM THE GENERAL MANAGER

Dear Friends,

I am pleased to present Alivaria Brewery's first report on corporate social responsibility. The report reveals how far we have progressed in implementing the ten principles of the UN Global Compact in 2009–2010.

Alivaria Brewery takes its obligations very seriously. We know full well that by taking good care of our staff, consumers and partners, and looking after the environment, we invest in the sustainable growth of the company, and of society in general.

Since signing the Global Compact there has been changes in OJSC «Alivaria Brewery» ownership structure. We have become a full member of the Carlsberg Group with which we also share joined commitment to the UN's ten global principles.

Last year Group companies, Alivaria included, implemented Carlsberg CSR policies embracing such issues as labour and human rights, health and safety, environment, community engagement, business

ethics and marketing communication. These policies serve as guidelines for our staff in their day-to day work and are embedded into all business processes.

Throughout the reporting period and in spite of the economic crisis in 2009, we have been able to increase staff salaries, and have maintained our leading sector position. We continued to invest in the growth and the development of our employees and brands.

For two consecutive years Alivaria has been awarded the title «Best Entrepreneur in Minsk». The quality of our products has been recognized by international experts and received prestigious awards.

We have continued social initiatives. In tandem with the State Automobile Inspectorate in Minsk, we held the 'Draw the Line!' project, aimed at persuading people to stop drinking and driving. Alivaria employees also took part in the 'Eagles' Home' and 'Green Office' environmental protection campaigns.

By means of open and frank dialogue, we work to strike a balance between the interests of our business and those of our stakeholders. Only through joint efforts can we make the right decisions and contribute significantly to the sustainable development of our society.

This report is proof that social responsibility is an integral part of our corporate culture and the long-term strategy for the development of Alivaria Brewery.



A stylized, handwritten signature in black ink, appearing to read 'Mihail Chechenev'.

Mihail Chechenev
General Manager,
OJSC «Alivaria Brewery»

THE UN GLOBAL COMPACT

The Global Compact was first announced by the then UN Secretary-General Kofi Annan in an address to The World Economic Forum on January 31, 1999.

The UN Global Compact is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption. By doing so, business, as a primary driver of globalization, can help ensure that markets, commerce, technology and finance advance in ways that benefit economies and societies everywhere.



Alivaria Brewery became a signatory of the Global Compact UN on the 16th June 2009 .

THE TEN PRINCIPLES OF GLOBAL COMPACT

Human Rights

1. Businesses should support and respect the protection of internationally proclaimed human rights.

2. Make sure that they are not complicit in human rights abuses.

Labour

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

4. The elimination of all forms of forced and compulsory labour.

5. The effective abolition of child labour.

6. The elimination of discrimination in respect of employment and occupation.

Environment

7. Businesses should support a precautionary approach to environmental challenges.

8. Undertake initiatives to promote greater environmental responsibility.

9. Encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

10. Businesses should work against corruption in all its forms, including extortion and bribery.

ABOUT THE COMPANY

Alivaria Brewery is the oldest functioning brewery in the Republic of Belarus. We are proud of our history and unchanging traditions.

The brewery works to preserve its heritage. Alivaria hosts a number of historic buildings dating from the late 19th and early 20th centuries, where the old-time atmosphere meets contemporary technology and Belarus' oldest, superb-quality beer is brewed.

Alivaria's chronicles date back to 29 January 1864, when with the permission of the Minsk Governor's office, bourgeois Rohlya Frumkinova set up the first wooden-built brewery on the corner of Alexandrovskaya and Zagorodnaya Streets (today it is the crossing of Bogdanovicha and Kiseleva Streets).

Later the brewery was sold to Count Chapsky, Minsk governor, a well-known innovator and patron of the arts. Count Chapsky built the new stone building, which is still standing, and substantially improved production processes. Thus a small wooden brewery transformed into 'Bohemia Steam Brewery'.

In 1898, the Count sold the Bohemia to the Lekert brothers from Bavaria who already owned breweries in Gomel and Mogilev. This allowed them to establish the largest network of breweries in Belarus, which continued to exist until 1917.

In 1917 the company was nationalized and became brewery 'The Belarus'.

After the Second World War the brewery was one of the few buildings miraculously spared from destruction in the capital.

At the beginning of the 1990s, the brewery was privatised and acquired its present name, 'Alivaria'. Alivaria reinstated its pre-revolutionary trademark—

an eagle carrying a keg of beer. The foundation date, 1864, was also added to the logo.

In 1996 Alivaria began a large-scale project to renovate its equipment.

The new century brought new changes. In 2005 The European Bank for Reconstruction and Development (EBRD) acquired 30% of Alivaria shares.

In 2006 Baltic Beverages Holding (BBH) became a shareholder and strategic investor. At that time BBH was a joint venture between Carlsberg A/S and Scottish and Newcastle plc, spanning 19 breweries in seven Eastern European countries.

Since 2008 BBH has been owned 88.86% by Carlsberg. Thus Carlsberg became a strategic investor in Alivaria Brewery.

In 2011 Carlsberg Group obtained a majority shareholding in Alivaria (67.8%).

Carlsberg Group is one of the leading brewing companies in the world, with a broad portfolio of beer and other beverage brands. The new partnership has opened up huge opportunities for us, access to international sales and marketing experience, and state-of-the-art brewing technologies. However even while looking to the future, we remember the heritage of past generations and preserve the time-honoured brewing traditions.



HUMAN RIGHTS

PRODUCT QUALITY

Alivaria Brewery takes its responsibilities to deliver consumers and customers high quality beer and services. We constantly strive for perfection, find ways to raise our professional standards and do job better.

We are engaged in actively researching consumer preferences, conducting a wide range of surveys into taste, packaging, advertising and new products, that allows us to satisfy consumer needs in the best way possible.

Since 2008 Alivaria has become an acknowledged innovator on the local beer market. We are the first brewery in Belarus to begin production of premium beers which has won recognition of international experts.

Alivaria Brewery now produces 16 sorts of beer and has developed more than 20 beer recipes.

In 2007, Alivaria Extra won first prize at the World Beer Championship in Chicago, USA.

In 2009, Alivaria Extra won two stars for excellent taste at the Superior Taste Award in Brussels, Belgium organized by the International Taste and Quality Institute (iTQi).

In 2010, Alivaria Porter and Alivaria Extra won bronze and gold prizes at the Australian International Beer Awards, in Melbourne, Australia, and also two stars at the Superior Taste Award in Brussels, Belgium.

Alivaria's beer has been awarded more than 20 gold, silver, and bronze medals at the most prestigious international exhibitions and tastings.

In 2010, the Alivaria became brand No. 1 in both the beer and non-alcoholic drinks sectors throughout Belarus according to the 'Bel-Brand 2010 – Top 100 Belarusian brands' ranking released by the international agency, MPP Consulting. The ranking was based on brands' real market value.



For two consecutive years (2009 and 2010) Alivaria Brewery has been titled 'Minsk's Best Entrepreneur of the Year' in food processing industry.

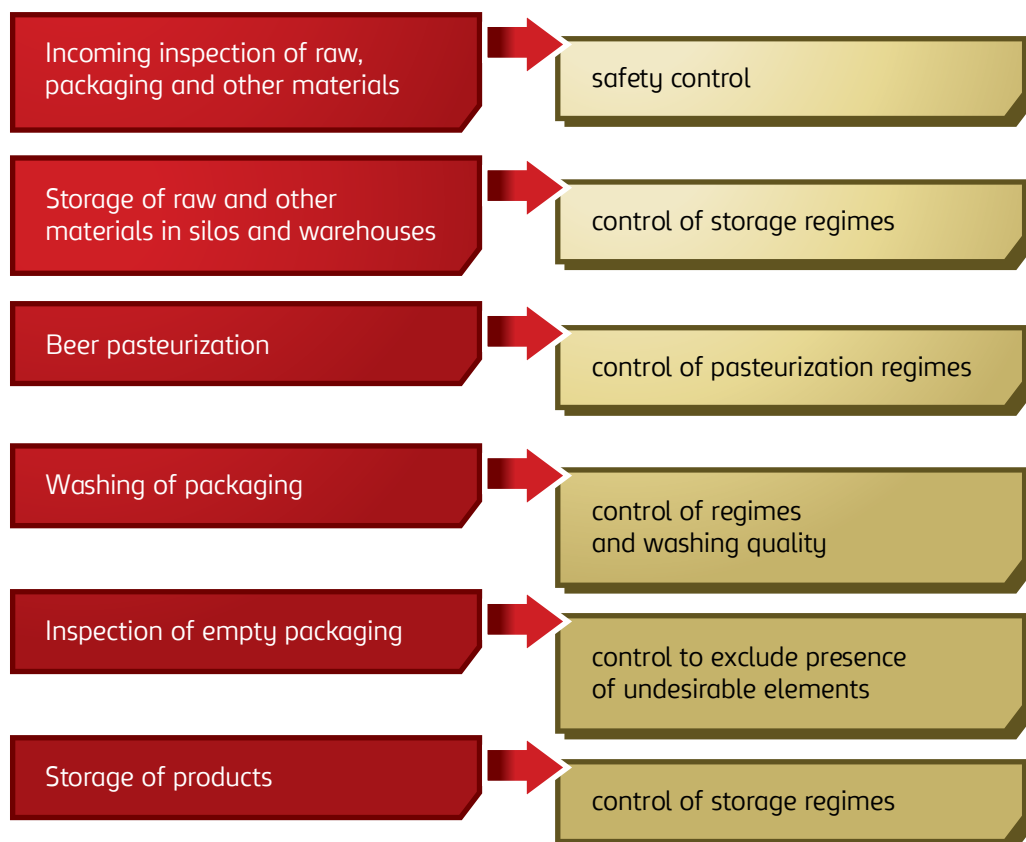


HUMAN RIGHTS

Alivaria has an effective quality management and product safety system which runs throughout our products, starting from raw materials up to finished products focused on producing confidence that quality and food safety requirements will be fulfilled. As we want our consumers to enjoy a high-quality product with original properties.



QUALITY AND SAFETY CONTROL OF RAW MATERIALS AND PRODUCTS WITH REGARDS TO ANALYSIS OF RISKS AND CRITICAL CONTROL POINTS IS PERFORMED ON THE FOLLOWING PRODUCTION LEVELS:



HUMAN RIGHTS

In 2007 Alivaria Brewery obtained three certificates of compliance with international quality standards: STB ISO 9001-2001 Quality Management System Certificate in the Belarus national system of compliance, DIM EN ISO 9001-2000 in the German system of accreditation, and a certificate of quality management systems and food products safety in compliance with HACCP (Hazard Analysis and Critical Control Points).

The quality management system is defined in terms of 10 processes; each of them is described by a corporate standard:

- Quality control management system and continuous improvement
- Human resources management
- Infrastructure management
- Risk analysis and critical control point identification
- Marketing activities and consumer satisfaction evaluation
- Development and production of new products
- Beer production

We actively invest in the modernization of production and the implementation of new technologies.

We hold regular 'Quality Days' at Alivaria Brewery: every quarter representatives of the various departments report on the achievement of quality targets in the particular process for which they are responsible for. These events allow for additional monitoring of work processes and help us to adjust our tasks accordingly.

2010 was declared the 'Year of Quality' in Belarus and Alivaria Brewery actively supported the initiative. We held a special competition amongst company staff. Prizes were awarded in three categories: 'Highest Process Indicator', 'Personal Hygiene Standards in Production Areas', and 'Logistics: Best Product Warehouse'. Based on the results of the competition, the employees with the best performance in quality control were awarded gifts. It was also decided that the competition would become another good company tradition, as a way to encourage initiatives and innovative ideas on the part of staff.

Alivaria Brewery continues to monitor the quality of its beer well beyond the brewery's walls. For the past few years, the company has been implementing a quality control programme for draft beer at points of sale and consumption. Alivaria specialists visit restaurants, cafes and evaluate the beer on the basis of 10 main indicators.

As part of the project training courses were organized for staff in the HoReCa (cafes, bars and restaurants) sector and training materials provided to all the premises inspected. Alivaria Brewery considers investment in staff education to be most reliable and progressive method of improving the quality of draft beer.

Alivaria bottled beer is also assessed by independent experts from the Carlsberg Group. Auditors acquire beer from retail outlets in Minsk and conduct laboratory tests to determine its characteristics. Results show that the quality of Alivaria beer is of the same level as the best Western European beers.

Alivaria Brewery's investments in production and trade equipment

2009



BYR 4.621 billion

2010



BYR 4.869 billion



RESPONSIBLE MARKETING COMMUNICATION

«Enjoyment in moderation' is the philosophy that guides all our marketing. We as a company take our social responsibility seriously. We mean to be part of the solution, not part of the problem. Our brands are household names: we know that they play a part in the lives of millions of our consumers, all over the world»

Marketing Communication Policy Carlsberg Group

Our marketing communications always comply with the requirements of legislation. They are decent, honest, truthful, and underpinned with a feeling of social responsibility and respect for the principles of honest competition.

All staff in the sales and marketing departments, regional representatives included, are well briefed in the Marketing Communication Policy and use it as guidelines in their everyday work.

MODERATE AND RESPONSIBLE CONSUMPTION OF ALCOHOL

Alivaria Brewery is proud of its products. For many years we have been brewing beer of unchanging quality which has won international recognition; we want our consumers to enjoy it responsibly.

Alivaria Brewery, jointly with the Brewers' Guild and members of parliament, has been working to provide information and increase understanding about beer and its consumption.

Beer is a natural product made from water, malt, hops, and yeast, in which alcohol is formed as a result of natural fermentation. Moderate beer consumption can be part of a healthy lifestyle. At the same time, however, excessive consumption can have a negative effect on health.

Alivaria considers alcohol abuse, underage drinking, and driving under the influence, to be unacceptable.

In February and March 2010, Alivaria Brewery in a joint initiative with the Minsk State Automobile In-

spectorate organized the 'Draw the Line' campaign, aimed at raising awareness about drinking and driving problem and increasing road safety.

The brewery produced more than 3,000,000 bottles of beer with pictograms reminding drivers about their responsibility for personal safety and the safety of their passengers and other road users.

Campaign posters were put up in Alivaria Brewery premises, automobile service stations, Atlant-M showrooms, driving schools, and petrol stations in Minsk and the Minsk Region. Additionally, for two weeks, officers of the Minsk State Automobile Inspectorate stopped drivers and handed out air-fresheners with the campaign logo.

Such initiatives demonstrate Alivaria's concern for society and its desire to work with all stakeholders.



HUMAN RIGHTS

BEER CONSUMPTION CULTURE

One of the key goals of our marketing communications is to develop a culture of beer consumption amongst adults. We want to create the image of beer as a drink with an ancient history and traditions, and which has to be drunk at the right place and the right time.



We are introducing new types of beer, new packaging and accessories, which will have a positive effect on the aesthetic perceptions of the drink. Alivaria Brewery is developing special educational programmes to disseminate knowledge about beer and drinking culture. 'The Combination of Beer and Food' is one of the themes which we have been promoting in our communications.

We also support the government's ban on beer drinking in the streets. Nevertheless, we believe that special places for the consumption of beer should be created. For this reason Alivaria Brewery is making substantial investments in the development of seasonal trade, such as summer cafes, tents and umbrellas.

CHILD AND YOUTH PROTECTION

Alivaria Brewery cares about the younger generation and is categorically opposed to the consumption of alcohol by minors.

Our marketing communications are guided by ethical standards and the laws of the Republic of Belarus. Our target audience is people who have reached the legal drinking age.

We do not participate in public events if we are aware that more than 30% of participants are minors.

Everyone who takes part in our marketing communications must be at least 25 years old, or appear to be 25 years old.

The voice over recordings in our adverts are performed by people over the age of 25. We deliberately do not produce animated advertising clips, to avoid attracting the attention of children.

INFORMATION TRANSPARENCY

One of the key principles of Alivaria Brewery marketing communications is to ensure complete transparency of information, and access to information which is not commercially sensitive.

We provide accurate and truthful information about the ingredients and the properties of our beers. The company's site contains materials about our activities and products. The launch of any new beer product is always accompanied by a press release containing detailed information about the product.

Alivaria Brewery collects feedback from consumers and partners. To find out more about any of our products, place an order, or make a complaint, you can contact us by telephone, email, or regular mail. You can also visit the brewery in person.



PERSONNEL

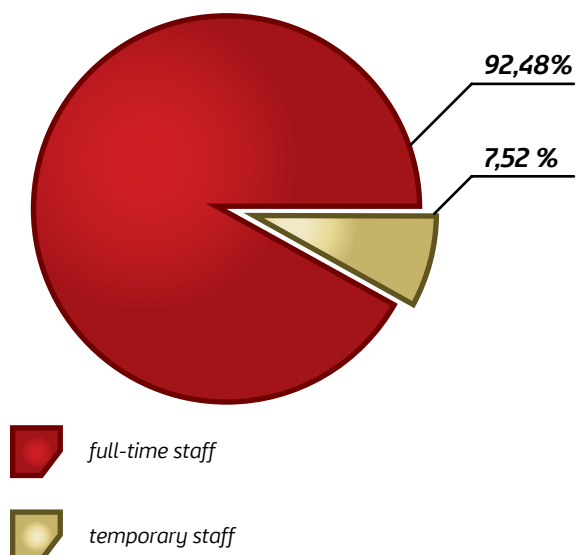
Our employees are of great value to us and are the key to our success. The Carlsberg Group shall strive to establish a workplace where our employees can develop their potential in an open and inspirational working environment. We shall maintain a strong commitment to high standards for a fair, respectable and safe workplace for all employees in the Carlsberg Group.

Labour and Human Rights Policy Carlsberg Group

In its day-to-day activities, Alivaria Brewery, as a socially responsible organization, follows:

- International human rights principles proclaimed in the Universal Declaration of Human Rights;
- International Labour Organization Declaration on Fundamental Principles and Rights at Work;
- Laws of the Republic of Belarus;
- Carlsberg Group Labour and human rights policy.

***Alivaria Brewery Staff
by employment type***



Alivaria Brewery works to prevent all forms of discrimination, forced labour and does not allow the use of child labour.

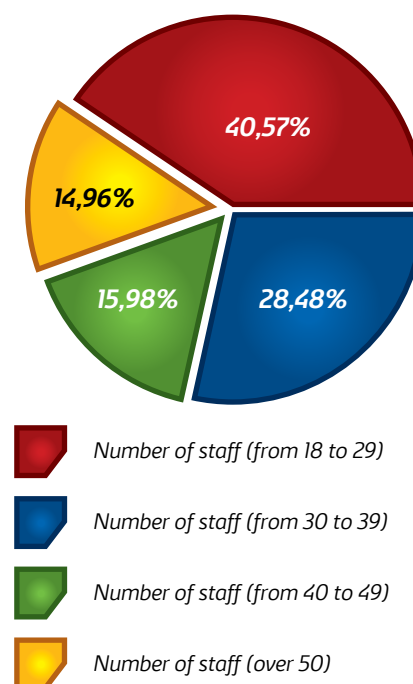
We show respect for the individuality of each member of our staff, offering equal opportunities for all our employees, notwithstanding gender, age, ethnic origin, or religious belief.

Our compliance with our undertakings can be proved by the fact that over the two reporting years, there has not been a single case of violation of human rights or discrimination.

At the suggestion of the trade union, Alivaria Brewery has set up a Labour Dispute Committee to examine any such issues.

The total number of staff employed over the reporting period 545.

***Alivaria Brewery staff
by age group***



HIRING OF STAFF

Alivaria Brewery offers equal rights and opportunities when hiring staff. Information about vacancies is published in different media, including the company website, newspapers etc.

Selection is based on candidate's professional abilities and whether he fits the corporate culture of the organization and its values.

We guarantee official employment, contractual relations and compliance with the legislation of the Republic of Belarus throughout the entire period of labour relations with the employee.

SALARY

One of the key priorities for Alivaria Brewery is to ensure social welfare and a decent standard of living for its employees.

The system of wage calculation is based on the principles of fairness and transparency. The company guarantees equal remuneration for men and women for labour of equal value. This principle is achieved through the application of a single pay scale for all categories of employees, regardless of gender. Company salaries are determined by the professional competencies of the employee and the level of responsibility of the job.

There is an annual salary review aimed at incrementation. One of the criteria used is the level of salaries in Minsk. We have always endeavoured to offer our employees more than other companies in the sector, thus attracting and retaining well-qualified and motivated staff.

The percentage of salary incrementation and career growth is directly linked to the results of each employee and his or her contribution to the overall

success of the company. For this purpose Alivaria applies an annual assessment system of staff effectiveness.

FREEDOM OF ASSOCIATION AND SOCIAL GUARANTEES

Alivaria Brewery cares about the social protection of its employees and their families.

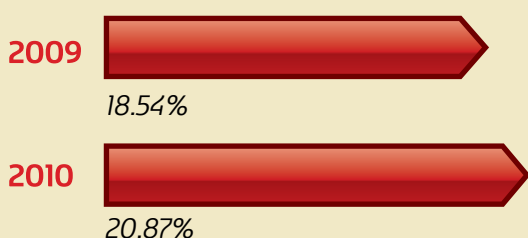
We respect the rights of employees to join or to refrain from joining worker organizations. Within the company there is a functioning trade union committee and 86% of the employees at the present time are members.

Social partnership between company management and employees is regulated by a collective agreement, the aims of which are to guarantee the social and economic development of the enterprise, productive employment for the workers, a salary level corresponding to the current price level and living expenses, decent and safe working conditions, and the efficient (profitable) operation of the enterprise.

In May 2010 a new version of the collective agreement was signed that included new clauses regarding financial allowances in the following cases:

- Acquired professional disability not related to workplace accidents;
- Loss of personal property (fire, theft);
- Long-term illness of more than two weeks in duration to maintain the average employee's income during the period of temporary incapacity for work.
- Serious illness of the employee or family members (spouse, parents, children), traumas due to a domestic accident affecting the employee, causing serious material loss and lowering the quality of life of the employee.
- Employee death unconnected to industrial accident.

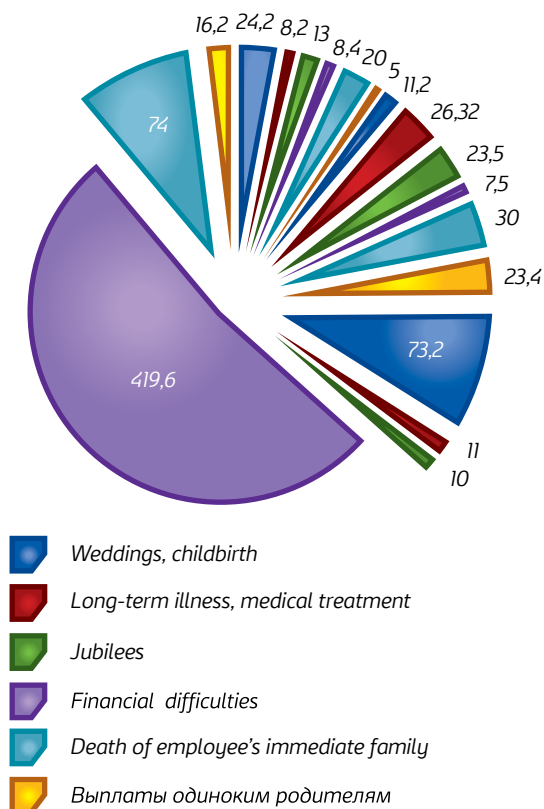
Growth of average monthly wages at Alivaria Brewery:



HUMAN RIGHTS

The company provides all employees with a package of social benefits and guarantees: annual paid holidays and targeted financial assistance.

Alivaria Brewery's financial allowances based on collective labour agreement 2010 (millions of BYR)



Employees in need of housing are provided with dormitory facilities by the company, which pays 55–65% of the housing costs.

Alivaria Brewery demonstrates concern for the health of its staff. There is a medical cabinet at the company. Employees are offered annual free vaccinations against influenza and also free fluorography.

Alivaria Brewery supports employees who want to live a healthy lifestyle: the company covers costs of swimming pools, fitness centres, sports halls, and saunas.

In 2010, Alivaria Brewery employees took part for the first time in volleyball competitions between teams from a number of Minsk companies.

The company also offers tourism trips. Last year our staff visited Moscow and Mogilev.

EMPLOYEES TRAINING AND DEVELOPMENT

Here at Alivaria Brewery we believe that by investing in human potential, we are also contributing to the sustainable development of the company and our society. Alivaria Brewery strives to create conditions conducive to developing the abilities and talents of its staff and supports their professional and personal growth.

Employee competences assessment is carried out once a year to identify the professional and leadership competences—and potential—of each employee. Based on the results of the evaluation, individual development plans are drawn up. Throughout the year employees receive support in fulfilling them.

Alivaria organises continuing education courses, trainings, and seminars for our employees.

Becoming a part of Carlsberg Group has allowed Alivaria Brewery to further expand the range of possibilities for our staff at different levels.

The high performers from the line personnel can take part in the international 'Supply chain programme' project. In 2010, three Alivaria employees spent several months working in breweries in Western Europe, studying the working practices of their foreign colleagues.



On-the-job training allows our staff to receive training in their specialized field at other Carlsberg Group breweries. In 2010 such an opportunity was provided to representatives of the sales, production, and logistics departments.

Alivaria managers participate in the Leadership Programme, which provides an opportunity for assessing their leadership potential and improve their work.

The cultivation of leaders within the company itself is one of our strategic aims. Alivaria encourages ambitious and talented staff. A special programme has been set up for such employees that involves additional training, gradual increase in the level of responsibility, thus providing them an incentive to aspire to key positions in the future. This policy has already given positive results. Up to 60% of vacancies are filled by internal applicants.

Alivaria Brewery has also initiated a project 'School for Internal Trainers'. Many of our employees possess unique skills and knowledge which they can share with their colleagues. The project lets workers enhance their status within the company. As well as that it allows to increase company's efficiency and create a succession chain.

To stimulate employee's motivation the company organizes the quarterly award ceremonies for the best-performing workers. Throughout the next quarter their photographs are displayed on information boards.

STAFF FEEDBACK

Alivaria Brewery is convinced that to win the trust of its employees and create a strong team is possible only by building transparent, open relationships within the company, and constant dialogue between the management and the staff.

The company develops a system of internal communications. Employees have an open access to company's policies, procedures and other documents they need for their work, contact details through the internal portal.

Much attention is paid to informing staff of the events and processes taking place within the company. Urgent messages are displayed on information boards; at the end of the month, a news digest comes out; and once every quarter, a corporate magazine is published.

The company holds regular quarterly staff meetings, where the results for the previous three months, as well as future plans, are announced. After the meetings 'Top Management Tours' are held. These are individual meetings between one of the Deputy General Directors, and staff who were unable to be present at the general meetings, for instance, because of their work schedule.

In September 2009 Alivaria Brewery took part in the global Carlsberg Group employee attitude survey to assess employee attitudes and perspectives on the Carlsberg Group. Based on these results, an action plan was developed to improve working conditions at the company.



HEALTH AND SAFETY

The Carlsberg Group shall be committed to achieving high standards of health and safety throughout our business as we recognise the significant contribution of good health and safety conditions to our overall business performance. Our goal is that no harm should arise to people as a result of our activities.

Health and Safety Policy Carlsberg Group

The health and safety of all employees and contractors working at our sites is one of the company's key priorities. Alivaria Brewery strives to minimize risks in the workplace, to prevent workplace accidents and industrial illnesses, and to achieve a high level of industrial safety.

Alivaria Brewery strictly complies with the requirements of legal and technical statutory regulations for health and safety, guided by the standards accepted in the area. In 2009 the company introduced a Health and Safety Management system compliant with the requirements of the RB STB 18001-2009 standard.

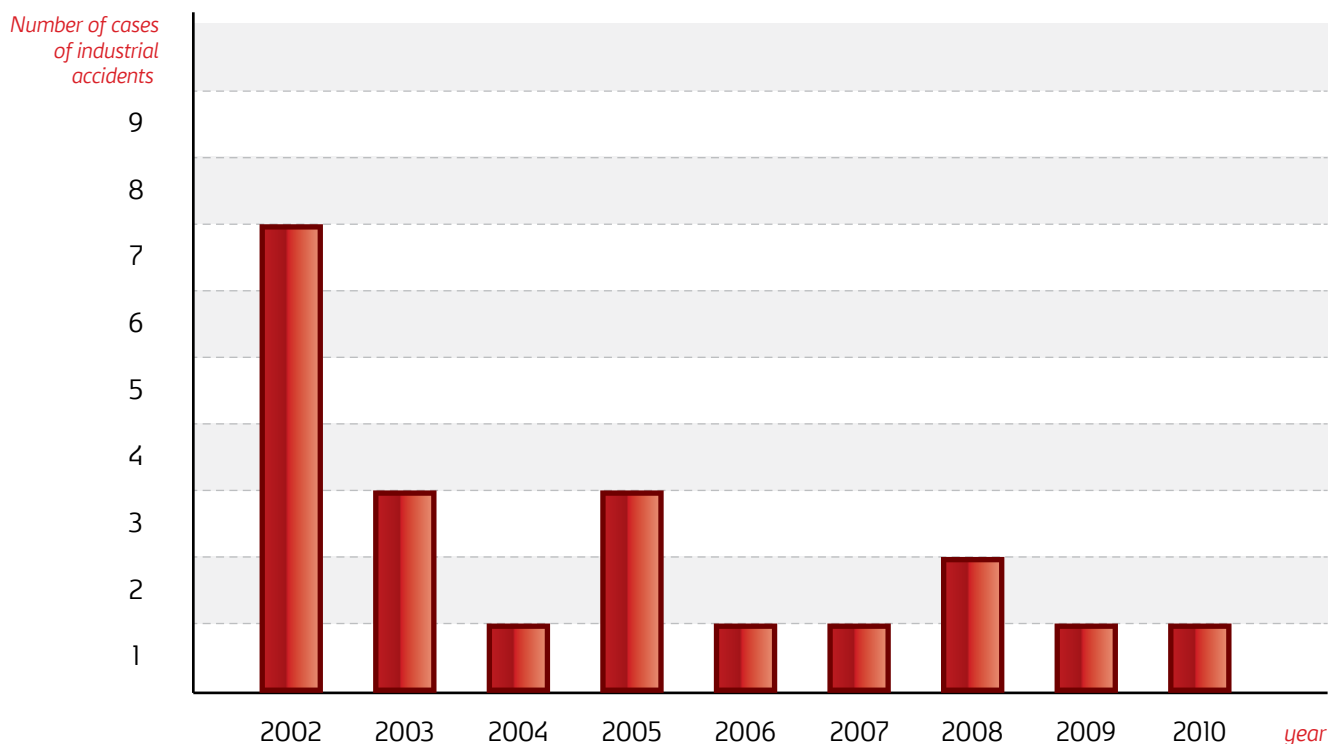


The company also has a functioning internal Health and Safety Policy which governs all employees and contractors working at our sites.

Over the reporting period the company allocated BYR 828 million to health and safety programmes.

During the reporting period Alivaria Brewery was not subject to a single claim or sanction in the area of health and safety, industrial safety, or fire prevention.

Number of cases of industrial accidents at Alivaria Brewery



WORKING CONDITIONS

Alivaria Brewery makes reasonable efforts to create safe environment for employees.

Monthly accounts of health and safety expenditures are kept. In 2010, the funds allocated for these purposes were used for replacement of the thermal insulation jackets of the pipelines and equipment in the brewery house, installation of an anti-icing system in the boiler room, lighting renovation, staff vaccination programme against influenza, and health and safety training for staff.

Our health and safety strategy involves the regular monitoring of production processes compliance with health and safety legislation, requirements for industrial safety in dangerous working environments, certification of employee workplaces.

Monitoring of working conditions, health and safety in the workplace is conducted by the management together with public inspectors from the trade union membership (26 persons).



STAFF HEALTH AND SAFETY TRAINING

All staff, upon commencing work at Alivaria Brewery, must undergo health and safety training and an assessment of health and safety knowledge by the commissions in the relevant departments.

Further on health and safety knowledge is regularly tested.

PROVISION OF SAFETY EQUIPMENT

Alivaria Brewery puts much efforts to guarantee the industrial safety of its employees when operating on the industrial premises, working with equipment, chemical substances during the production process.

Employees are provided with personal protective equipment (PPE) and protective clothing. New protective clothing and footwear is regularly issued, and the company organizes the laundering, dry cleaning, repair and storage of PPE.

Employees whose work involves harmful or dangerous factors receive additional payments, dependent on workplace reviews, and receive additional leave.

All payments made to employees comply with the requirements of the Labour Code.

ENVIRONMENTAL PROTECTION

The sustainability of the environment plays a vital role within our business. Most of our raw materials and ingredients are sourced directly from nature. The continued success of our business is directly linked to the health of the environment. However as we grow, our environmental impact increases, and we are therefore continually looking for ways to reduce our impact on the Environment and climate.

Environmental Policy Carlsberg Group

Alivaria Brewery works towards reducing our environmental footprint.

ENERGY SAVING

The reuse of energy resources lets the company reduce its ecological impact. Alivaria Brewery develops an annual energy saving plan. Thus, for the past few years, water used in the brewery house to cool the wort is later reused in other technological processes.

Our company is making the gradual transition to energy-saving equipment. The replacement of two pumps in the boiler room with more modern ones has led to a substantial reduction in electricity loss. Long-life energy-saving light bulbs have been installed throughout the brewery, and the old systems of lighting control gear have been replaced with modern electronic lighting control systems. Automated systems for unloaded machinery switch-off and thermal insulation technologies are being deployed as well.

In 2010, as a result of the optimized use of gas and electricity, the company managed to save energy equivalent to BYR 140 million.

In total over the last five years, the company has reduced its actual expenditure of thermal and electrical energy.

Actual consumption of thermal and electrical energy per production unit: heating, hot water, and thermal energy

| № | Item | Unit of measurement | 2005 | | 2006 | | 2007 | | 2008 | | 2009 | | 2010 | |
|---|-------------------------|-------------------------------------|------------------------|------------------|------------------------|------------------|------------------------|------------------|------------------------|------------------|------------------------|------------------|------------------------|------------------|
| | | | Electrical energy (kW) | Heat energy Mcal | Electrical energy (kW) | Heat energy Mcal | Electrical energy (kW) | Heat energy Mcal | Electrical energy (kW) | Heat energy Mcal | Electrical energy (kW) | Heat energy Mcal | Electrical energy (kW) | Heat energy Mcal |
| 1 | Beer | Per thousand decalitres | 1227,5 | 3666,2 | 1258 | 3967,5 | 1055,3 | 3613,3 | 918,9 | 2450,7 | 873,3 | 2307 | 881,8 | 2231,9 |
| 2 | Heating and ventilation | Per thousand cubic metres 24 hrs OC | - | 10,2 | - | 10,2 | - | 10,2 | - | 10,2 | - | 9,1 | - | 9,0 |
| 3 | Hot Water supply | Per person, per year | - | 444 | - | 444 | - | 444 | - | 444 | - | 420 | - | 266 |
| 4 | Thermal energy | To produce 1 Gcal. | 23 | - | 23 | - | 23 | - | 23 | - | 19,5 | - | 13,2 | - |

ATMOSPHERIC EMISSIONS

Since 2006 company has implemented the 'Programme of official laboratory monitoring of atmospheric air pollution'. The company conducts quarterly monitoring of environmental emissions that allows us to evaluate impact on the adjacent areas and take actions to reduce it.

In 2007 the refrigerator compressor stations were overhauled. As a result, the ammonia-based refrigerators were replaced by equipment with environmentally-friendly Freon R134a, leading to a reduction of ammonia emissions in the atmosphere.

The brewery regularly conducts tests of the ventilation system for compliance with the sanitary and hygiene standards, and dust and gas filtration equipment for the effectiveness of dust collection.

At present, the brewery contributes 1.5% of the pollution in the area.



WASTEWATER

Alivaria Brewery conducts regular reviews of the purification equipment at the brewery in order to prevent any petroleum-based products from leaking into storm drains. In 2010 the company replaced the filtration materials (sorbent) for treating storm drains.

WASTE

We are continually striving to reduce the total volume of waste and to increase the level of recycling.

The company has a waste management system when the waste is collected separately. At the brewery there is an organized system of collection, treatment and recycling of several types of waste: fluorescent lamps, accumulator batteries, mixed-waste petroleum products (oils, lubricants and cooling fluids, and swarf), polyethylene packaging, various paper waste, sacking, used containers, polymer materials and scrap metal are all made safe.

All packaging materials (PET bottles, metal tins, glass bottles, polyethylene, corrugated cardboard) are recycled. We collect industrial waste and donate it to recycling organizations.

Last year Alivaria Brewery initiated a project to reduce loss of extract in the production of beer by means of the reuse of waste grain dust. This led to a 50% reduction of such waste.

In total in 2010, the volume of materials collected for further recycling increased by 33% in comparison with 2009.

The volume of materials collected for further recycling:

2009 204.667 tonnes

2010 273.74 tonnes

SOCIAL CAMPAIGNS

Alivaria Brewery supports employees' initiatives addressed at dealing with environmental issues.

Every day, company employees contribute to the 'Green Office' programme aimed at saving water, paper and electricity.

The company holds efficiency competitions. At the end of the year employees who introduced and implemented best environment-friendly ideas are rewarded with diplomas and a cash prize.

'EAGLES' HOME'

In 2009 Alivaria Brewery, the 'Ahova ptushak Batskaishchini' organization and the Berezinsky nature reserve accomplished the 'Eagles' Home' project. Company employees worked with ornithologists to make a number of artificial eagles' nests.

Many birds of prey today are on the Red Book list of endangered species. By creating favourable sites for their survival and recreation, scientists and enthusiasts are trying to preserve the population of our feathered friends.



ALIVARIA ECOLOGICAL MISSIONS

Alivaria employees have undertaken a number of projects to clean up mass-recreation areas in Minsk. One of these missions—'Punish Rubbish'—took place in the autumn of 2010. Thirty volunteers from Alivaria helped the Minsk Forestry and Parks unitary enterprise to collect rubbish and fallen leaves in the park around the Drozdi reservoir.



In the Carlsberg Group, we believe in fair and transparent business practices. Our Business Ethics Policy seeks to ensure ethical business conduct by guiding our employees when they face dilemmas of a business ethics nature in their day-to-day tasks.

Business Ethics Policy Carlsberg Group

Alivaria Brewery values its business reputation and strives to be a trustworthy and respected partner and employer.

Our strategy is based on the legislation of the Republic of Belarus and also the Business Ethics Policy of the Carlsberg Group, which covers such key issues as bribery, promotion payments, presents, meals and entertainment, donations, conflicts of interest, confidential information, competition law, fraud, and business reputation.

Business ethics principles are integrated into all areas of our company's activities. Alivaria Brewery has developed its Regulation 'On claims and lawsuits' and also the 'Regulations on complying with the antimonopoly legislation of the Republic of Belarus'. Employees' labour contracts contain a clause requiring compliance with the Business Ethics Policy.

During the reporting period, the company has not recorded a single case of violations of business ethics.

We adhere to moral standards of business, building long-term and stable relationships with all interested parties, based on mutual trust and the complete fulfilment of obligations, openness and flexibility.

When choosing new partners and concluding agreements, Alivaria Brewery is guided exclusively by business interests and the principles of honest competition. The company practices a system of open procurement procedures based on the tender system, allowing for the choice of the most suitable partner for collaboration with the company.

All monetary transactions are made in accordance with the legislation of the Republic of Belarus.

Payments for goods and services are made to the accounts of the counterparties, if there are not lawful reasons for alternative payment arrangements.

Employee salaries are made via electronic card systems via banks with which the company has contractual relations (Belagroprombank, Belarusbank).

The company refrains from all fraudulent activities and applies an effective system of control aimed at combating any possible fraud on the part of its employees or third parties. Company property and money is used only for business purposes, and never for personal benefit. Alivaria Brewery has set up a commission to investigate any cases of violation involving materially responsible employees.

On the 11th of November 2010, Alivaria Brewery was awarded the status of 'Conscientious Participant in Foreign Trade Activities' for its conscientious attitude towards foreign trade operations, and the timely payment of all monetary obligations and customs payments.


The company also operates the Carlsberg Group Whistleblower System. Any employee may use this system if he or she becomes aware or suspects incidents at the company which, in the employee's opinion, contradict the Business Ethics Policy or Principles.

These could be situations, incidents, or actions which might:

- Have a negative effect on (the finances, reputation or other aspects) of the company, its shareholders or the Carlsberg Group as a whole;
- Be damaging to moral reputation, industrial, or personal safety.

The system has been carefully developed to preserve confidentiality and anonymity at every stage. Step-by-step instructions guarantee that any communications are made in the most secure way possible.

Last year 225 Alivaria employees underwent training in the Internal Business Ethics Policy.

A close-up photograph of a hand holding a single stalk of golden wheat. The hand is positioned in the upper right, with fingers gently gripping the stem. The wheat stalk is in sharp focus, showing the texture of the grain and the awns. The background is a clear blue sky with a white diagonal line running from the top left corner. The overall lighting is warm, suggesting a sunset or sunrise.

Thank you for your interest in
Alivaria Brewery.

Having once taken upon ourselves the obligations of responsible business, we will always remain faithful to our chosen path and will be more than grateful if you would share your opinions and suggestions with us.

Address:
30 ul. Kiseleva, 220002, Minsk
Tel. + 375 17 334 53 82
Fax. + 375 17 334 11 63
Website: www.alivaria.by