

UAB ŠVYTURYS - UTENOS ALUS

Part of the Carlsberg Group

Social Responsibility Report

Company name:
"Švyturys-Utenos alus" UAB

Country: Lithuania

Sector: production of beer, refreshment
drinks and alcohol-containing cocktails

Report for 2011.



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WORD FROM THE GENERAL DIRECTOR

“Švyturys-Utenos alus“ UAB is submitting its Social Responsibility Report to the public and the United Nations Global Compact organization for the fourth time.

We are urged to keep to the principals of social responsibility by our understanding that our company is operating and growing together with the Lithuanian society and nature, because we purchase most of raw materials for our produce in our native country. Thus, we are happy that people notice and appreciate the social responsibility projects that our company has been engaged in. We provide not just the outside financing for the social projects; we transform them into internal corporate culture and encourage the company employees to take part in them.

“Švyturys-Utenos alus“ UAB social report has been prepared on the basis of the United Nations Global Compact principals in the areas of human rights, labour, the environment and anti-corruption.

Rolandas Viršilas

General Director, “Švyturys-Utenos alus“ UAB

A handwritten signature in black ink, appearing to read 'R. Viršilas'.

ABOUT “ŠVYTURYS-UTENOS ALUS“ UAB

Danish company “Carlsberg“ is a major shareholder of “Švyturys-Utenos alus“ UAB. The interest of one of the biggest world’s brewer in the Lithuanian company was stimulated by perfect financial results and the popularity of the brewed beer. “Carlsberg“ shared its long-standing experience, has renewed the company, expanded its production capacity, increased qualifications of its employees and invested in quality improvement.

In 2011, “Švyturys-Utenos alus“ UAB produced and sold 170.5 million litres of beverages: 3.3 per cent more than in 2010 (165.1 mill. litres). The sales in domestic market (145.4 mill. litres) remained nearly the same as in 2010 (-0.4%), while the volume of exports increased by 31.4% – up to 25.1 mill. litres. Exports of private labels to foreign markets increased by 16% – up to 4.24 mill. litres.

Exports of “Švyturys-Utenos alus“ UAB

Year	Exports of private labels (mill. l.)	Total exports (mill. l.)
2011	4,24	25,1
2010	3,66	19,1

Table 1

“Švyturys-Utenos alus“ UAB Business Philosophy

Mission

Provide people with opportunity to enjoy the best beverages.

Vision

To be the leader in the Lithuanian market of drinks having the strongest brands that represent Lithuania in the world, utilizing its distribution network most effectively and assuring top-level management. “Švyturys-Utenos alus“ is always one step ahead in meeting consumer and client needs, employing cutting-edge technologies and presenting innovations to the market. “Švyturys-Utenos alus“ is the most-preferred employer and the most reliable business partner.

Our Values

- Our customers and consumers are at the heart of every decision we make
- Together we are stronger
- We are each empowered to make a difference
- We are engaged with society
- We want to win



”ŠVYTURYS-UTENOS ALUS“ UAB SOCIAL RESPONSIBILITY POLICY

“Švyturys-Utenos alus“ UAB follows responsible business principles of “Carlsberg“; conducts its business responsibly with regard to the society, its employees, partners and other interested parties; keeps to high standards of fairness, decency and safe working places.

The present Report has been prepared in accordance with 10 Global Compact principals (see: Table 2), as well as the guidelines of the General Principals for reporting and those of the “Carlsberg“ group.

Ten Principals of the Global Compact:

1 principal:	Businesses should support and respect the protection of internationally proclaimed human rights;
2 principal:	Businesses should make sure that they are not complicit in human rights abuses;
3 principal:	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4 principal:	Businesses should uphold the elimination of all forms of forced and compulsory labour;
5 principal:	Businesses should uphold the effective abolition of child labour;
6 principal:	Businesses should uphold the elimination of discrimination in respect of employment and occupation;
7 principal:	Businesses should support a precautionary approach to environmental challenges;
8 principal:	Businesses should undertake initiatives to promote greater environmental responsibility;
9 principal:	Businesses should encourage the development and diffusion of environmentally friendly technologies;
10 principal:	Businesses should work against corruption in all its forms, including extortion and bribery.

[<http://www.unglobalcompact.org/aboutTheGC/TheTenPrinciples/index.html>]

Table 2



SOCIAL RESPONSIBILITY AND RELATIONS WITH THE SOCIETY

A representative survey of Lithuanian residents conducted by market research company „GfK CR Baltic“ in 2011, 57% of Lithuanian citizens named “Švyturys-Utenos alus“ UAB as the most socially responsible company. According to the data of the survey, the highest number – even one fifth - of the respondents would like to be employed by “Švyturys-Utenos alus“.

Products and Their Quality

International Taste and Quality Institute (ITQI) based in Bruxelles, which unites the best chefs and sommeliers of Europe, awarded “Švyturys-Utenos alus“ brewers with two exclusive „three stars“ awards in 2011. The awards were given for the dark “Baltijos“ and strong “Adler Bock“ beer brewed in Klaipėda, which collected 92 per cent each of positive assessments of the culinary experts.

“Švyturys – Utenos alus“ consistently invests in the products and production processes to assure the product quality. “Utenos alaus“ brewery produce is in line with ISO – 9001 quality standard requirements.

The Company is open to its customers: they can use a toll-free quality phone line to report about any violations of the produce. The customers' claims are answered within 24 hours after they are submitted.

Issues Related to the Consumers

In 2011, a responsible advertising was prepared in accordance with the Code of Honour of the Lithuanian brewers. The commercial videos included people only if they were at least 25 years old; we always turned to the State Tobacco and Alcohol Control Agency for preventive consultations before we placed an advertisement for production.

We continued with the social campaign “For Self-expression of the Youth 18+“ together with the Brewers Guild of Lithuania. The brewers – members of the Guild, “Švyturys – Utenos alus“ among them, marked their product with special plugs bearing the brand “18+“. This brand shows that in Lithuania alcohol can be legally consumed only by people over 18 years of age.

The focus of the campaign was on the young people in order to show that one can be original and interesting to other contemporaries without consuming alcohol. The Brewers Guild of Lithuania was awarded with the title of Socially Responsible Business of the Lithuanian Business Confederation | “ICC Lietuva“ for that campaign in 2011.

On the basis of the Code of Honour of the Lithuanian brewers, “Švyturys – Utenos alus“ has not been producing beer that is stronger than 9.5%, and the company does not sell beer stronger than 6% during public festivities. Besides, preventive protection measures have been introduced against minors in “Švyturys – Utenos alus“ web sites in accordance with the Code of Honour provisions.

Sponsorship in 2011

The social responsibility programme placed greatest attention on the communities of Utena and Klaipėda; the programme of community relationship was maintained throughout the year 2011. The Company feels its responsibility before the communities: in 2011, it provided sponsorship and donation worth 2.813 million for various organisations.

Sponsorship of the Communities

In September, 2011 the town of Utena celebrated its 750-th anniversary. On the occasion, the main sponsor of the anniversary festivity, organised feast-day at the brewery's back yard and presented the town residents, workers of Utena region and the town guests with the fireworks. Besides, demonstrating its transparency and openness to the society, the company provided the people with an exclusive opportunity to walk around the brewery and find out about the secrets of beer brewing. 1.000 people participated in the guided tour around the brewery; 5.000 took part in the festive event.

“Švyturys – Utenos alus“ is an active sponsor of Klaipėda community, too: in 2011, the Company traditionally sponsored one of the biggest festivities of the Lithuanian city, the

Sea Festival. The cooperation Agreement was extended with the city municipality and the public company “Jūros šventė“ (“Sea Festival”); in accordance with the Agreement, the Company will continue with its sponsorship of the unique festival of Klaipėda city and marine culture. The new Agreement is concluded for five years; during this period “Švyturys-Utenos alus“ will donate LTL 1 million for the Sea Festival.

In 2011, “Švyturys-Utenos alus“ became general sponsor of the sailing festival “The Culture 2011 Tall Ships Regata“, during which in September the port city was visited again by large sailing-ships. Besides, the Company continued with its long-term sponsorship of the wooden sailing boat “Meridianas“, which has become a symbol of Klaipėda.

At the end of July, a universal multi-functional sports and entertainment complex “Švyturio arena“ was opened in Klaipėda: “Švyturys – Utenos alus“ provided sponsorship for its construction. The goal of “Švyturio arena“ is to become the largest leisure time attraction centre in all of Western part of Lithuania during its first year of operation.

Sponsorship of Sports

In 2011, “Švyturys-Utenos alus“ UAB direct sponsorship for sports accounted for LTL 1.8 million. “Švyturys – Utenos alus“ UAB was the official sponsor of “Eurobasket2011“; additional LTL 0.6 million was allocated for the arrangement of the fan areas next to the arenas where basketball games took place.

“Švyturys – Utenos alus“ sponsorship mainly goes to basketball: this is a consistent policy we have been pursuing for the last thirteen years. Thus, the largest share of all sponsorship for sports went for basketball in 2011. Not just the national basketball team is among the ones we sponsor; others include

“Lietuvos rytas” basketball club, “Neptūnas” of Klaipėda, “Juventus” of Utena, Vilnius and Klaipėda Sunday basketball leagues, etc. The purpose is for the sponsorship to raise the mastery of the game and its popularity on different levels.

Other sports have not been forgotten, too: “Carlsberg” has sponsored Lithuanian national soccer team for the fourth year; “Švyturys – Utenos alus” is a sponsor of the National Olympic Committee of Lithuania; it supports the dancesport formation team “Žuvėdra” of Klaipėda University and other initiatives.

“Švyturys-Utenos” UAB Sponsorship

Klaipėda Community:

- The Sea Festival;
- “The Culture 2011 Tall Ships Regatta”;
- Basketball club “Neptūnas”;
- Klaipėda city dancesport formation team “Žuvėdra”;
- Gargždai soccer club “Banga”;
- Klaipėda amateur basketball league;
- Klaipėda soccer academy;
- Klaipėda Jazz Festival;
- Sailing-boat “Meridianas” Support Fund.

Utena Community:

- Utena regional municipality administration;
- Utena district fire fighter office;
- Basketball club “Juventus”.

This is just a part of the whole list as sponsorship and donation was provided also for other community events and local teams.

Other sponsored sports, culture and arts organisations:

- Basketball Federation of Lithuania;
- Basketball club “Lietuvos rytas”;
- Soccer Federation of Lithuania;
- National Olympic Committee of Lithuania;
- Santariškės clinics of Vilnius University hospital;
- National Opera and Ballet Theatre of Lithuania;
- Lithuanian Musicians Support Foundation;
- St. Christopher Chamber Orchestra;
- Public company “Kino pavasaris” (“Cinema Spring”);
- Vilnius Festivals;
- Public company “Džiazo namai” (“Jazz House”) and others.



SOCIAL RESPONSIBILITY AND WORK ENVIRONMENT

In 2011, the young people chose “Švyturys-Utenos alus” as the most favoured employer in the sector of industry and production. “AIESEC Lietuva” and CV-Online performed a survey which showed that the largest brewer of Lithuania as best assessed by the youth because it is the leader in its own market, it has a good image and reputation, and it is modern and innovative.

The Company has been supporting students for several years: it offers them to take up their practical training sessions at “Švyturys – Utenos alus” UAB, so that when they graduate it will be easier for them to get integrated into the labour market. In 2011, 18 students went through their practical training, and later 4 of them were employed by the Company.

Employee Opinion Polls

In 2011, an opinion poll was conducted in “Švyturys – Utenos alus”, like in all companies of the “Carlsberg” group. The employees were actively participating in the poll: 88% of “Švyturys – Utenos alus” employees expressed their opinion, i. e. 12% more than in 2009. The aim of the poll was to find out which areas are the strongest in the organisation and which need to be improved. Previously the poll had been conducted every two years, but a decision was taken to do it every year in order to monitor the changes more effectively and react faster to the problematic issues.

The poll results showed the strong sides of the organisation such as team work, being a part of the “Carlsberg” family, opportunity to develop and competencies of the top executives. These areas will be actively supported further on. The employees indicated that most improvements should be done in the areas of assessment and incentives. A working group consisting of the representatives of all departments will turn their suggestions and ideas into a real plan for 2012.

In 2011, two C15 leadership surveys were conducted, which provided the leadership

with fast feedback. They are designed to create a structured and regular dialogue between the general director and his subordinates on important issues and base it on mutual cooperation. Since 2011, such surveys are being conducted in a semi-annual basis.

When we compare the data of the spring and autumn, we see the improvement of the results. The most noticeable positive changes have been identified in the area of development opportunities available for the employees. The employee activity was also very high: just 3 questionnaires remained blank out 216 distributed ones.

Training and Professional Development

In 2011, LTL 183,000 were allocated for training; 40 employees ascended in their career (it accounts for 62% of all annual appointments).

86 employees took part in half-year long English language courses, which were financed by the European Social Fund and organised at the initiative of the Industrialists

Confederation of Lithuania. The employees had an opportunity to improve their language skills during their working hours.

“Carlsberg Baltic Bridge” is a talent development programme, which is undertaken by the “Carlsberg” group employees from the three Baltic countries. The aim of the programme is to encourage employees’ movement among the countries, increase the company’s ability on international level and deepen employees’ understanding of the organisation and the business.

In 2011, 5 participants from Lithuania were selected to take part in the talent development programme: they participated in the training of the first programme module “Managing Myself”. In 2012, another two training sessions will take place, and the programme participants work in teams to implement the projects that create added value and bring benefit to the organisation.

“Utenos alus” brewery technologist was studying beer brewing technologies at the Scandinavian Brewers School in Copenhagen (Denmark).

Equal Opportunities for Employees

“Švyturys-Utenos alus” UAB assures the working environment free of any harassment, illegal discrimination and repressions.

With regard to the age distribution among the employees it is worth noticing that there were no discrimination evidence reported in 2011.

Age	Number of people
19 – 29	97
30 – 39	118
40 – 49	115
More than 50	92

Table 3

Collective Agreement

In 2011, a collective dispute occurred between the Trade Unions and administration of “Švyturys-Utenos alus” UAB about different interpretation of the Collective Agreement article, which stipulates that the employees’ wages should be reviewed annually.

The Collective Agreement provision valid at “Švyturys-Utenos alus” on annual review of the wages embraces several criteria: external competitiveness of the wages (compared to the wages in other companies), the company results, macro-economic situation, mean wage level in the country. “Švyturys-Utenos alus” initiated negotiations on a number of occasions and several complex suggestions were presented; however, the consensus was not reached, and the district court of Klaipėda city was asked to provide its explanation of the Collective Agreement interpretation. The final decision is expected to be taken in 2012.

The Hop Awards

As in previous years, employees of “Švyturys – Utenos alus” were assessed for their contribution to the fostering of the company values in 2011: 7 “Silver Hop Sprays” and 8 “Golden Hop” awards were presented to the winners. The value ambassadors who were awarded with the “Golden Hop” also received another prize – a possibility to visit “Baltika” brewery and spend a weekend in Saint Petersburg (Russia).

The company employees are nominated for the Hop prizes in the following categories: for the passion to win; the bravest man; for orientation towards the customer; we are stronger together: agent of change; other small good works; for socially responsible works. One Silver Hop was awarded for the environmental protection.

Month of Good Works

In December, “Utenos alas” Logistics warehouse employees recalled their former colleagues. They decided to visit a number of people who spent many years working at the warehouse. The employees prepared symbolic gifts, signed greeting cards, split into groups and paid surprise visits to the veterans’ homes.

„Švyturys – Utenos alas“ employees’ initiative has become a tradition: they collect clothes, toys and other items to donate them to the care home of the Women’s Crises Centre. This way they participate in the support for the women who are single mothers, who are homeless or have experienced domestic violence and have found temporary shelter at the care home of the Women’s Crises Centre. Moreover, the employees decided to support single elderly people, who live poorly and do not have anybody to take care of them.

Focus on Employees’ Children

A week of safe traffic was organised for “Švyturys – Utenos alas” UAB employees’ children in the regions of Vilnius, Klaipėda and Utena on the occasion of September 1-st. During the event the children were reminded of how they should behave safely while walking on the street or driving a car.

All the children who took part in the events in all cities received reflectors as gifts so that they could be seen on the streets on darker evenings of the season.

Health Protection and Safety at Working Places

2011 was announced by “Carlsberg” the year of safety and health at the supply chain. “Švyturys – Utenos alas” successfully met the goals in the areas of risk assessment, possible accident management and contractor control.

The employees are supplied with the means of personal safety. Possible accidents started to be registered in order to encourage the employees to care about the prevention and notice possible safety threats. Special questionnaires have been prepared for official and anonymous registration of sightings at working places; the questionnaires are analyzed on a weekly basis and their data are used for creation of a safer environment.

“Utenos alas” brewery has modernised its bottling workshop: the ventilation system has been upgraded; lifting equipment, air conditioners, air curtains and other improvements have been installed. Traffic roads and obstacles have been marked at Švyturys and Utena breweries; internal traffic rules have been prepared. Special booklets have been published for the guests of the breweries, which present a summary of work safety rules and company environmental principals. Another booklet has been prepared for the drivers who enter the territory of the breweries.

“Švyturys – Utenos alas” UAB registers not only possible accidents, but also real accidents or incidents. In 2011, there was a decrease of such events mainly due to the prevention measures undertaken at the company. The employees are informed about the incidents; analysis of the events is performed and the company tries to find the ways of preventing them from happening in the future. Besides, the training of the employees on safety and health was organised in 2011.

The bottling workshop in Utena has been equipped with a room for relaxation. The room is arranged for the employees to have a rest and a meal during their breaks. All the employees of “Švyturys-Utenos alas” are supplied with free refreshment drinks during their working hours.



SOCIAL RESPONSIBILITY AND ENVIRONMENTAL PROTECTION

At the National Awards of responsible business of 2011, "Švyturys-Utenos alus" UAB was awarded with the prize of Environmental Business of the Year for its perfect results in saving energy resources and decreasing of pollution as well as for the involvement of the company employees and customers in environmental initiatives. The National Awards of responsible business are presented to those companies that contribute mostly to the creation and strengthening of social welfare and the decrease of environmental impact in Lithuania.

Environmental Initiatives

"Utenos" brewery is located just about a dozen kilometres from the border of Aukštaitija National Park. In the summer of 2010, it started a wide programme of environmental initiatives, which was consistently continued into 2011 and will be followed throughout 2012.

According to "Ežerų krašto" ("Lake Country") programme, free degradable trash bags are being delivered to holidaymakers; taking out trash from Aukštaitija-located Eco-stations is being funded; eco-hiking tour is organised for the company employees, when Aukštaitija National Park is being trimmed. Extensive environmental production programmes are being implemented internally in the company.

Nearly 2,500 m³ of trash were taken out of six Eco-stations. About LTL 180,000 were allocated by "Utenos" brewers in 2011 for the arrangement and maintenance of the Eco-stations and for taking out of thousands of tons of trash.

In 2011, "Švyturys – Utenos alus" was an official partner in the annual public campaign "Darom 2011" ("Let's Do 2011"), when trash was being collected in all of Lithuania: the company supported the campaign not only by funding but also by active actions of its employees. During a meeting with the

organisers before the start of the campaign, the company found out about the locations that needed clearing most of all. The employees were clearing up the territory in Vilnius, Kaunas, Klaipėda and Utena.

Energy resources saving programmes, which had been started earlier, were continued in 2011. The focus was also on smaller, but effective investments. E. g., 200 lights at the logistics warehouse were changed to new ones that are 30 per cent more effective. Energy unit employees were stimulated to save energy resources by special incentives as premiums to their usual wages.

The efforts produced good results: the company managed to reduce energy and water consumption, and, most importantly, CO₂ emissions with respect to 1 litre of a product produced. The re-processing and recycling of the produced packaging was also increased significantly: last year it reached 49%, which accounts for nearly half of the packaging produced.

Air pollution: CO ₂ emission (g/l product)	Change
Mean with respect to volume produced	-3,2%

Power consumption (kWh)	Change kWh / %	For 1 litre of product (excl. production increase)
"Švyturys-Utenos alus" production	+3,38%	-2,22%

Water consumption (m ³)	Change m ³ / %	For 1 litre of product (excl. production increase)
"Švyturys-Utenos alus" production	+4,5%	-1,6%

Wastewater (m ³)	Change %	For 1 litre of product (excl. production increase)
"Švyturys-Utenos alus" production	+8,84%	+3,24%

Packaging	Tasks for packaging waste usage and/or recycling, %	Recycled, t
2009	39%	1806
2010	44%	1882
2011	49%	2404



SOCIAL RESPONSIBILITY AND FIGHT AGAINST CORRUPTION

In 2011, “Švyturys – Utenos alus” completed the implementation of the “Carlsberg” group **business ethics policy**. This policy defines the company employees’ behaviour rules, which assure that the behaviour in business is ethical and that the company follows all the relevant laws and legal acts. “Carlsberg” group business ethics policy embraces eight principal areas:

1. Bribery. “Carlsberg” group and its employees shall avoid all forms of taking and giving bribes.

2. Facilitation payments. “Carlsberg” group does not approve of facilitation payments policy.

3. Gifts, treats and entertainment. Gifts, treats and entertainment offered to or accepted by the “Carlsberg” group and its employees should be adequate. “Carlsberg” group and its employees shall not extend gifts, treats and entertainment that are not related to legal business goals to public and private interested parties, and receive such gifts, treats and entertainment from them.

4. Donations. “Carlsberg” group does not do any political contributions and does not use any donations in order to acquire improper business advantage.

5. Conflict of interests. “Carlsberg” group employees shall not be engaged in activities that may evoke conflict of private and “Carlsberg” group interests.

6. Confidential information. “Carlsberg” group employees shall not have the right to disclose or improperly use confidential business information. Confidential “Carlsberg” group relations with interested parties shall be protected.

7. Adherence to competition laws. “Carlsberg” group and its employees shall assure that the “Carlsberg” company business practices always are in compliance with the valid competition rules, laws and “Carlsberg” company’s internal business ethics policy.

8. Fraud. “Carlsberg” group employees are prohibited from appropriation of the company property and resources. The employees may use the company property and resources exclusively for the purposes of “Carlsberg” company business. The employees shall keep to the fraud prevention procedures defined in the accountancy policy of the “Carlsberg” group.

A telephone line was established to report about incidents in order to assure a comprehensive implementation of this policy. It also may be done via internet. The system assures complete confidentiality and anonymity.





Publication and Openness of the Social Responsibility Report

The Report is published on “Švyturys-Utenos alus” UAB website (<http://www.svyturys.lt>) and sent to the “UN Global Compact” partners.

The Report is submitted to all “Švyturys-Utenos alus” UAB shareholders and employees. The Report may also be provided to all interested parties; the contact information hereof is given below.

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