

The background of the cover is a photograph of a golden wheat field. The lower half shows the wheat stalks in sharp detail, while the upper half is a bright, hazy sky with numerous water droplets, suggesting a dewy morning. A bright sun is visible on the left, creating a lens flare effect.

SUSTAINABILITY Report
2011–2012



ОБОЛОНЬ®

We work every day
to be the **FIRST** **№1**
and to leave nobody thirsty on the planet!

In 2011, Obolon Corporation once again demonstrated its capability to produce positive financial results regardless of the difficult economic environment. Obolon remains the No. 1 Ukrainian beverage manufacturer, developing its business in accordance with high social standards. The company places special emphasis on caring for the environment, personnel working conditions, and investment into the development of society.

For over two decades we have been persistently working to develop an efficient business aimed at steady economic growth and an improvement of the public's standard of living. As an example, the average amount of water used at Obolon per 1 liter of the finished product is 2.7 liters, which is on a par with the best results in the world. At the same time, Obolon sells, processes, and recycles over 95% of its own production waste, which illustrates its real concern for the environment. It is indicative that our corporation is the only company in the country to recycle PET bottles into rim band independently.

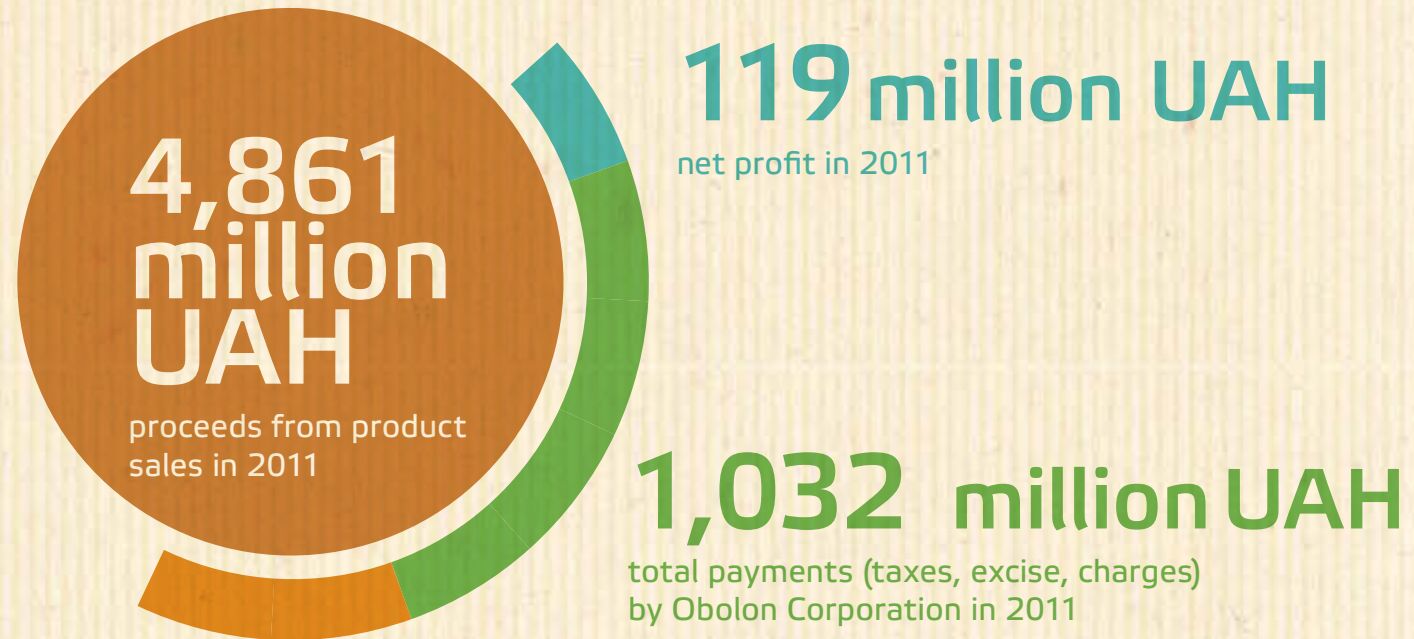
Our corporation's social programs have a Ukrainian face. They promote Ukrainian book printing, preservation of the spiritual and historical heritage, and the development of the national self-identity; in addition, the company supports a football school for children and young people and the Obolon professional football club.

Presenting our latest Sustainability Report, I express my hope for further productive dialogue with all parties interested in Obolon Corporation.

Oleksandr Slobodian
President of Obolon Corporation



OBOLON IN FIGURES



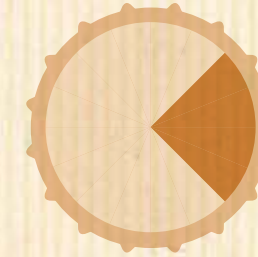
500 million UAH

investments into the company's own malt plant in Chemerivtsi (Khmelnyskyi Oblast)



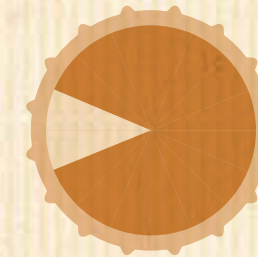
6,500

total number of employees across all corporate units of Obolon Corporation



24.3 %

share of Obolon Corporation in the Ukrainian beer market in 2011



80 %

share of Obolon Corporation in Ukrainian beer export



-32 %

reduction of production waste in 2011



-12 %

reduction of greenhouse gas emissions in 2011



30,000,000

plastic 1-liter bottles equivalent of plastic waste recycled by Obolon per year

We are an open and public corporation implementing the best practices of corporate management. We are one of the first Ukrainian companies to implement a practice of corporate social responsibility. Since 2007, Obolon is a party to the United Nations Global Compact, diligently following all the 10 Principles of responsible business. In addition to that, some of our programs, typically associated today with corporate social responsibility, have been running for over 15 years.

Obolon implemented a recycling program for used plastic bottles as early as in 2002; in 2008 it launched the production of rim band from this recyclable material. This environment-friendly project received a 2011 award for the best environment protection practices from the Center for Development of Corporate Social Responsibility.

Obolon was the first company in Ukraine to start an educational campaign for moderation in beer consumption. We were the first to provide information about responsible consumption of the beverage as recommended by the International Labor Organization on our products' labels.

Another distinguished program was the implementation of an equal opportunities policy for male and female employees. In 2011, Obolon became the first major Ukrainian company to carry out an in-depth gender review of its business, which was used to develop a program for improvement of the quality of working conditions.

Obolon has become one of the top-10 socially responsible and transparent companies in Ukraine. Such high appraisal of Obolon's achievements result from our significant contribution to sustainable development through the practical implementation of social responsibility.

Serhii Bloshchanevych
Chairman of the Supervisory Board of Obolon Corporation





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Obolon
CORPORATION

Products

Personnel

Comprehensive
Environmental
Culture

Social
Investments

Independent
Auditor
Opinion



OBOLON
Corporation

The history of modern Ukrainian brewing started with Obolon. It was Obolon that became the first Ukrainian company to obtain a privatization certificate from the State Property Fund in 1992. Since then, the company's strategy has been aimed at building a large national corporation, which competes with international beer companies in today's Ukrainian market.

Obolon is a unique Ukrainian brand and the leader of the Ukrainian food products market. In the global market, Obolon is an ambassador of the Ukrainian brewing culture, holding stable positions for the last two decades.

Obolon is the only company headquartered in the CIS which features in the 40 largest brewing company groups of the world. The company's share in global beer output is 0.5%. In addition to being the 28th beer corporation in the world, it also ranks 34th globally in the production of malt, one of the main ingredients of beer.

Apart from its achievements in production, Obolon is also proud of its contribution to the development of Ukrainian society as a whole.

Oleksandr Puchok
CEO of Obolon Corporation



CORPORATE SOCIAL RESPONSIBILITY MAP OF OBOLON CORPORATION



Economic impact:

- job creation
- national production
- exports
- tax payments
- responsibility for the product at each stage of its life cycle



Environmental safety:

- environmental investments
- optimized use of resources
- reduced environmental footprint of the company
- waste recycling and reduction



Working conditions:

- high social standards
- decent wages
- personnel training and development
- standardized occupational health and safety system
- employment of handicapped people



Social investments:

- educational projects
- aid to socially vulnerable parts of the population
- promotion of the revival of spiritual values and the historical and cultural heritage
- promotion of sports

EXTERNAL STAKEHOLDERS

Central government bodies

Mass media

Local government bodies

International organizations

Non-governmental organizations

Financial and credit institutions

Residents of the regions where the facilities are located

Consumers

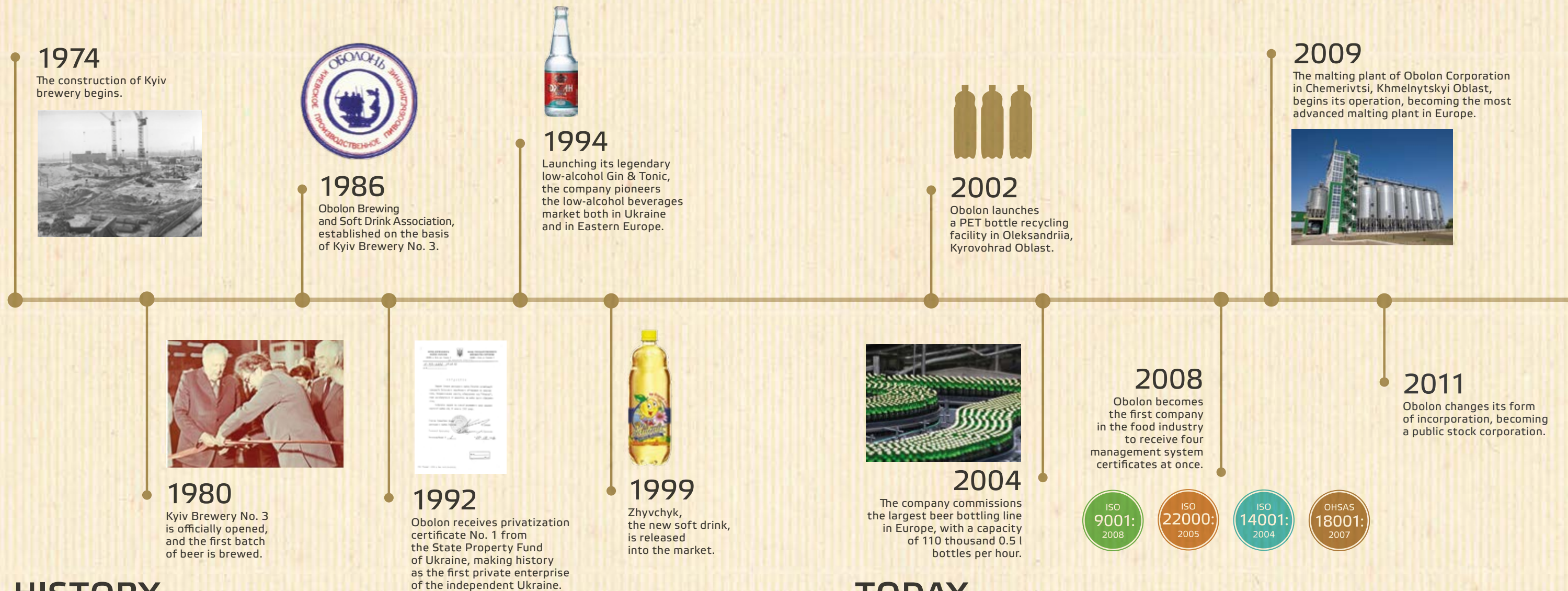
INTERNAL STAKEHOLDERS

Shareholders and investors

Employees

Partners





HISTORY

The history of the corporation dates back to the construction of the Kyiv brewery 1974, the opening of which was timed to coincide with the 1980 Olympics.

The brewery was named after the Obolon district of Kyiv in 1986. The word obolon dates back to the times of Kyivan Rus, when it used to mean low water meadows.

Soon after that, the facility initiated the formation of the largest beverage production corporation in Ukraine.

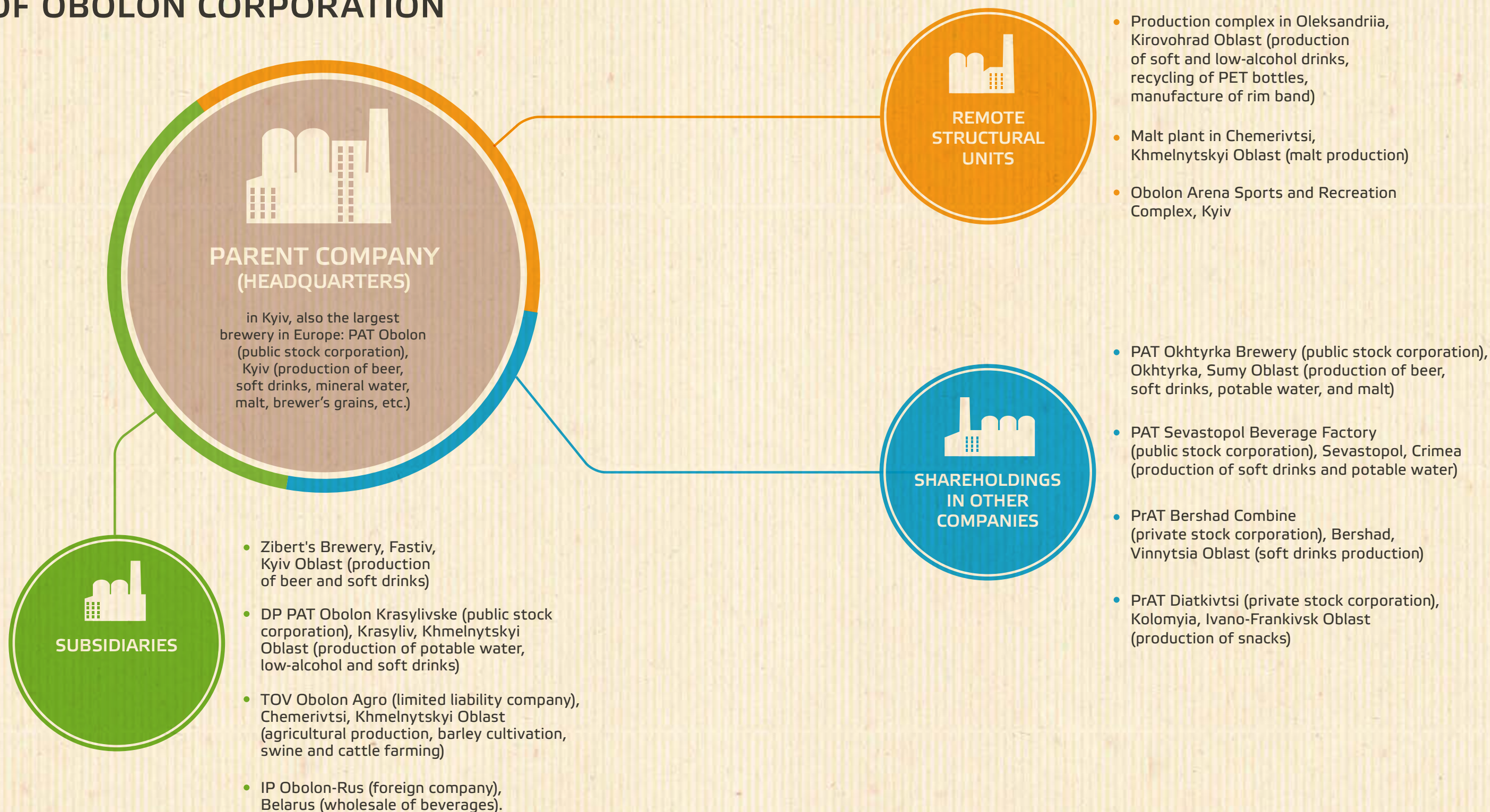
Built according to a Czech project, the brewery produced beer which rapidly gained popularity. After Ukraine gained independence, Obolon Corporation became the first company to export its beverage to the European countries and to the USA. Beer bearing the Obolon trademark came to be seen around the world as the traditional Ukrainian beer.

TODAY

In late April 2011, the meeting of shareholders resolved to convert Obolon from a private stock corporation into a public one. Ukrainian law requires such a transformation for stock corporations with over one hundred shareholders. This means that our company shall be more transparent for the public. In addition, in accordance with the provisions of the law, the shareholders' meeting resolved to perform the mandatory conversion of its shares from certificated into book-entry form.

The twenty-year-old strategy, aimed at building Obolon into a powerful national company, remains valid for the future. Obolon has always been and will remain a company in the Ukrainian market wholly owned by Ukrainians. We continue writing the history of Ukrainian business, this time through innovations in corporate governance. Obolon proves yet again that a domestic business headquartered in Kyiv really can operate successfully.

MAIN STRUCTURAL UNITS OF OBOLON CORPORATION



ECONOMIC RESULTS AND IMPACT OF THE CRISIS

Despite a drop in beer output, Obolon managed to improve its financial results. The company's profits grew by over 30%. An increase in malt prices had a limited impact on Obolon, which produces its own malt. Despite an 11.5% decrease in the product output down to 87.3 dal in the previous year, the corporation managed to increase its profits by 32% up to 118.5 million UAH.

The single largest negative factor for the beer market during the previous year was the increase in raw material prices. Malt production decreased by 8.9%, or 37 thousand tons, which caused the raw material price to increase by over one quarter. However, Obolon was able to mitigate the consequences of this fact due to its own malt production.

A large share of the company's profits is represented by the production of soft drinks and mineral waters. In 2011, Obolon was the second largest manufacturer of soft drinks, with an output of about 22 million dal. Although the market for this type of products is shrinking, with an almost 3% decrease down to 142 million dal in 2011, it is growing in terms of money, with a 15% increase in prices.

In addition, Obolon Corporation paid over 1032 million UAH in taxes, excise tax, and charges in 2011, which is 4% more than in 2010. Diligent and transparent payment of taxes has always been a key principle in Obolon's financial activities.

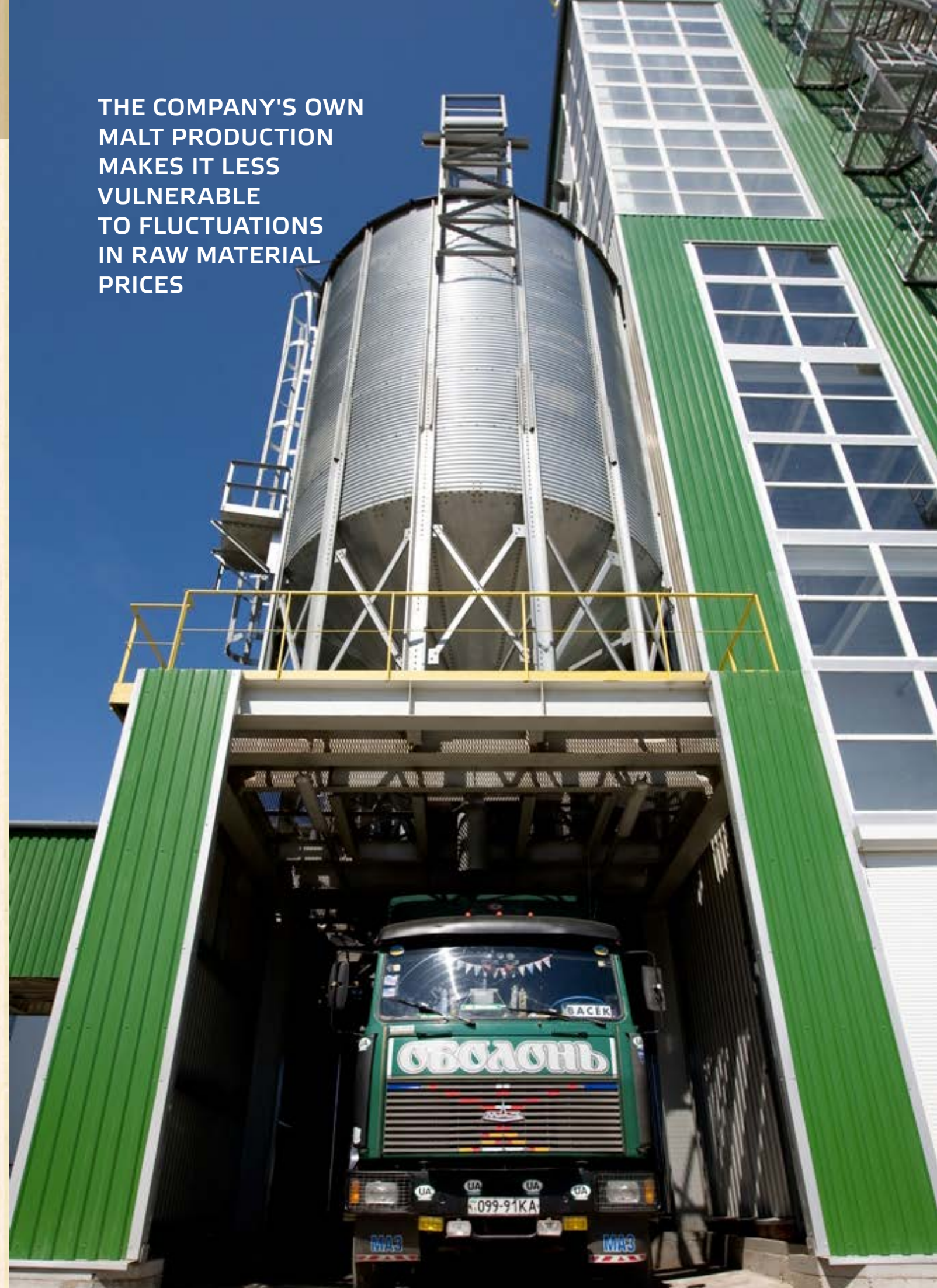
Financial Results of Obolon Corporation

(thousand UAH)

	2007	2008	2009	2010	2011
Income before tax	3,486,318	4,176,304	4,107,760	4,558,949	4,861,378
Net income	2,624,758	3,209,382	3,166,103	3,352,095	3,577,451
Net profit	159,642	-449,396	175,351	89,476	118,501
Assets	2,504,566	3,253,017	3,051,718	3,151,266	3,400,066
Excise paid	309,400	318,209	357,237	538,609	568,115
Total payments to the state	568,968	635,763	659,004	990,524	1,032,454

*-PAT Obolon, Zibert's Brewery (subsidiary), Krasylkivske (subsidiary), Obolon-Agro, Obolon-Rus, Obolon Trade Center (subsidiary)

THE COMPANY'S OWN
MALT PRODUCTION
MAKES IT LESS
VULNERABLE
TO FLUCTUATIONS
IN RAW MATERIAL
PRICES



MAIN NEWS OF THE CORPORATION AND ITS BRANDS

JANUARY 2011

- Obolon is one of the most respected employers in Ukraine. The corporation came 13th in the general rating (which included foreign companies operating in Ukraine) of the most reputable employers.

MARCH 2011

- Many families' favorite still drink, Zhyvchyk Nehazovanyi, appeared in a new non-transparent yellow bottle. The improved packaging makes this healthy still drink easier to find in the general range of Zhyvchyk products.

APRIL 2011

- Obolon Svitle light beer is improved. The Obolon brewers reduced the shelf life of Obolon Svitle. This innovation is designed to make a global change in the beer market. From now on, the consumers can always have fresh beer. Along with an improvement in taste and a shorter shelf life, the design of the Obolon Svitle packaging was also changed.
- Hike, the company's youth brand, changes its image in April. Hike gives a new taste and new label design to those who are looking for new experiences.
- In late April, the meeting of shareholders of Obolon passed a resolution to change the company's form of incorporation from a private stock corporation into a public stock corporation.

MAY 2011

- Molson Coors Brewing Company and Obolon Corporation announced the beginning of their commercial cooperation in Ukraine. One of the first results produced by the collaboration of the two companies was the release of the Carling beer brand in the Ukrainian market.
- Obolon Corporation is ranked 28th in the world based on beer output in 2010.

JUNE 2011

- Obolon launched Zhyvchyk Vyshnia, a new soft drink with juice content. It continued production of its line of healthy drinks marketed under the Zhyvchyk brand name.
- Obolon Corporation became one of the first Ukrainian companies to follow the European practice by developing its gender diversity plan. The project was implemented with support from the European Union and the International Labor Office in the framework of the project titled "Equality of Women and Men in the World of Labor".

JULY 2011

- Obolon launched an updated beer brand, Obolon Premium. Obolon's premium sub-brand was completely reformed, with major changes in design and flavor.
- Carling, Britain's favorite beer, became the official sponsor of Obolon Football Club.
- The Obolon corporate brand is the highest-value brand in the Ukrainian food products market. According to the experts of Gvardiia (a magazine published by Kontrakty group), the Obolon brand ranked 22nd in the general rating of the highest-value corporate brands in Ukraine, far ahead of all corporate brands of international beer companies. The magazine's analysts estimated the value of the Obolon brand at 2,814.77 million UAH.



AUGUST 2011

- Obolon's special present on the occasion of the Independence Day of Ukraine was Slava krainy [Glory of the country], a new special beer. A batch of 20 thousand decaliters, 1 for each year of Ukraine's independence, was bottled on the 24th of August at the largest Ukrainian brewery in Kyiv. Slava krainy is brewed exclusively from three ingredients: water, malt, and hops. Each of the three components originates from Ukraine, which puts an extra emphasis on the brand's national flavor.
- The largest tasting session of the Ukrainian Obolon beer was held in the capital city of the European Union, dedicated to the 20th anniversary of Ukrainian independence. In Brussels, a city offering over 1200 types of Belgian beer, the city residents and numerous tourists drank over 200 liters of Obolon beer. The Belgian tasting started out in the open, at the world-famous Manneken Pis, the symbol of Brussels.

SEPTEMBER 2011

- Obolon beverages won 28 awards in various categories of the 14th Beer Fest international contest held in Kyiv.
- Obolon presented the first Ukrainian comic book about responsible beer consumption. The corporation's initiative proceeds from a desire to promote the culture of beer consumption among young Ukrainians. The comic strip format was chosen as the best way to attract the attention of university students and avoid preaching and fear mongering.

OCTOBER 2011

- Obolon is one of the most open and transparent companies in Ukraine. The Company Transparency and Accountability Index, the first Ukrainian study of this kind, placed Obolon on the 3rd place in its rating. Obolon is the only FMCG company in the top-five of the list.

NOVEMBER 2011

- Obolon Corporation launched a new beer brand under the name *Yachminnyi kolos* [Barley head]. The new beverage is marketed as a time-proven classic beer produced by one of Europe's best breweries. Yachminnyi kolos is not pasteurized; its stability and long shelf life are achieved exclusively by modern filtration technologies and production hygiene.
- In November 2011, Obolon Corporation made first export shipments of beer to China. The products marketed under the Obolon trademark will now be offered at the Wal-Mart retail network, hotels, and restaurants in the largest cities of China. The average retail price of 0.5 liter of Obolon beer will amount to 20 Yuans (3.14 USD).

DECEMBER 2011

- Obolon Corporation launched its new Exclusive premium beer within the Obolon product line. The beer is specially designed for hop taste connoisseurs. The beverage is distinguished by its unique malty taste, which is a successful combination of the flavorful bitterness of hops and the softness of the drink.
- Obolon Corporation and Kozyrna karta [Trump Card] restaurant network made an announcement of their cooperation. Under the agreements made between the companies, the beer brands of Obolon Corporation will be offered in over 70 restaurants in Kyiv and other Ukrainian cities.
- Obolon Corporation was announced the winner in the Environment Protection category of a business case contest. The business case submitted by Obolon for the contest was the plastic bottle recycling project (recycling facility in Oleksandriia, Kirovohrad Oblast).

JANUARY 2012

- Obolon updated the design and expanded the product range of packaging for the cocktails in its line of low-alcohol drinks. The classic line of Obolon's low-alcohol cocktails will soon celebrate its 18th anniversary. After its release by Obolon Corporation, this product line effectively launched the Ukrainian market of low-alcohol beverages.

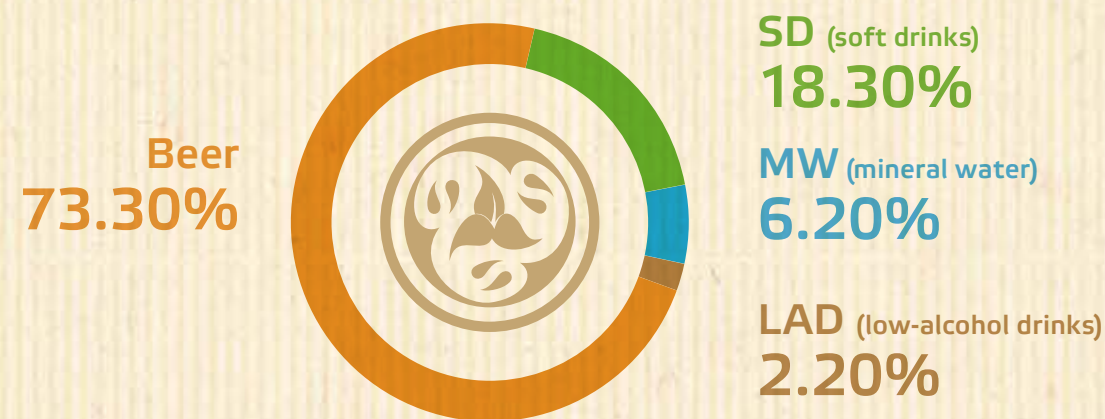


OBOLON
Products

OBOLON CORPORATION IS THE LARGEST BEVERAGE PRODUCER IN UKRAINE.

The main types of products offered by Obolon Corporation include beer, soft drinks, potable and mineral waters, low-alcohol drinks, and beer malt. Other activities include the manufacture of plastic products (from recycled PET bottles) and various agricultural products. The primary selling market is Ukraine, as over 80% of the products are sold on the domestic market.

Production of Beverages by Obolon Corporation



Industrial goods



Malt



Brewer's
grains

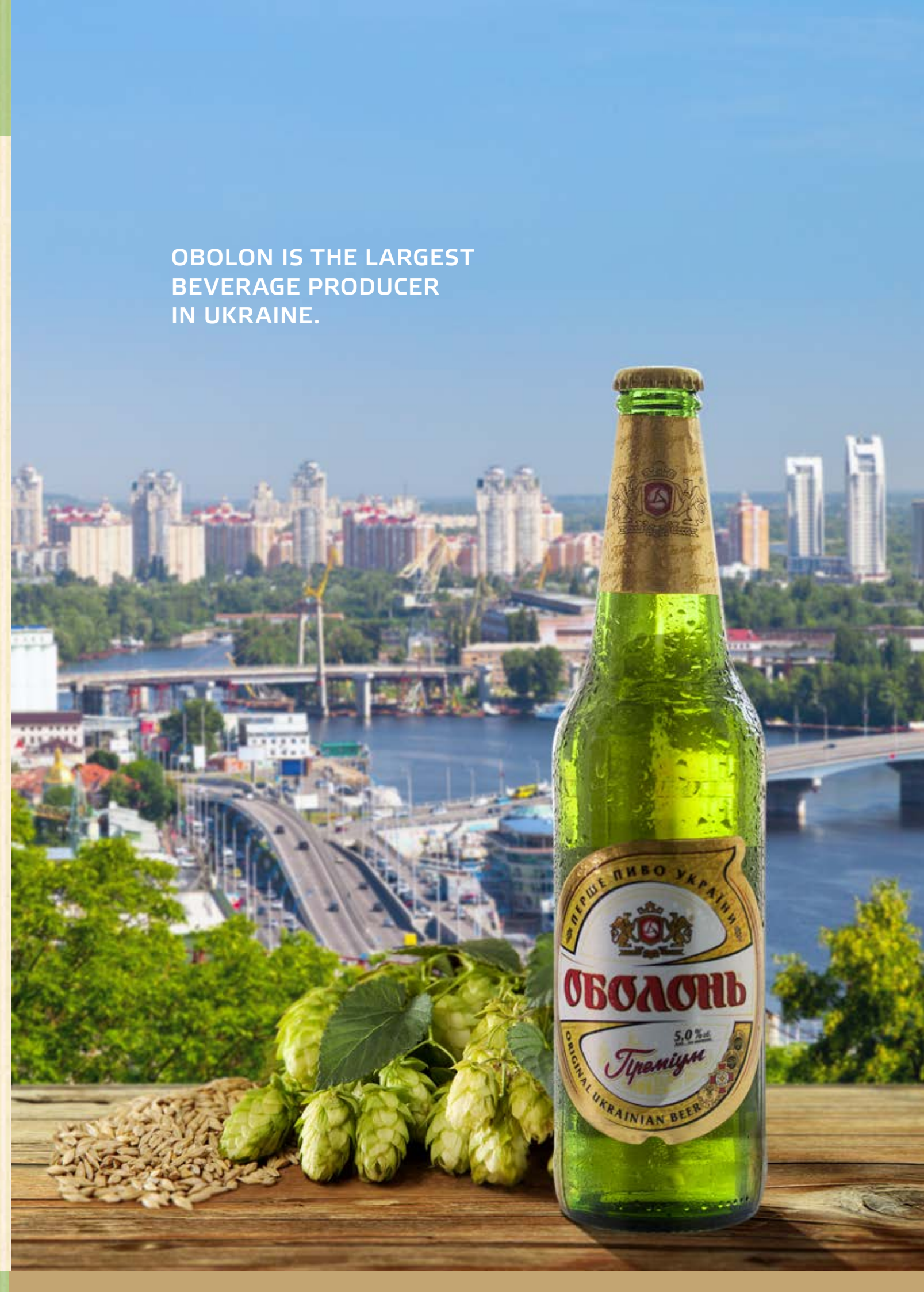


Rim band

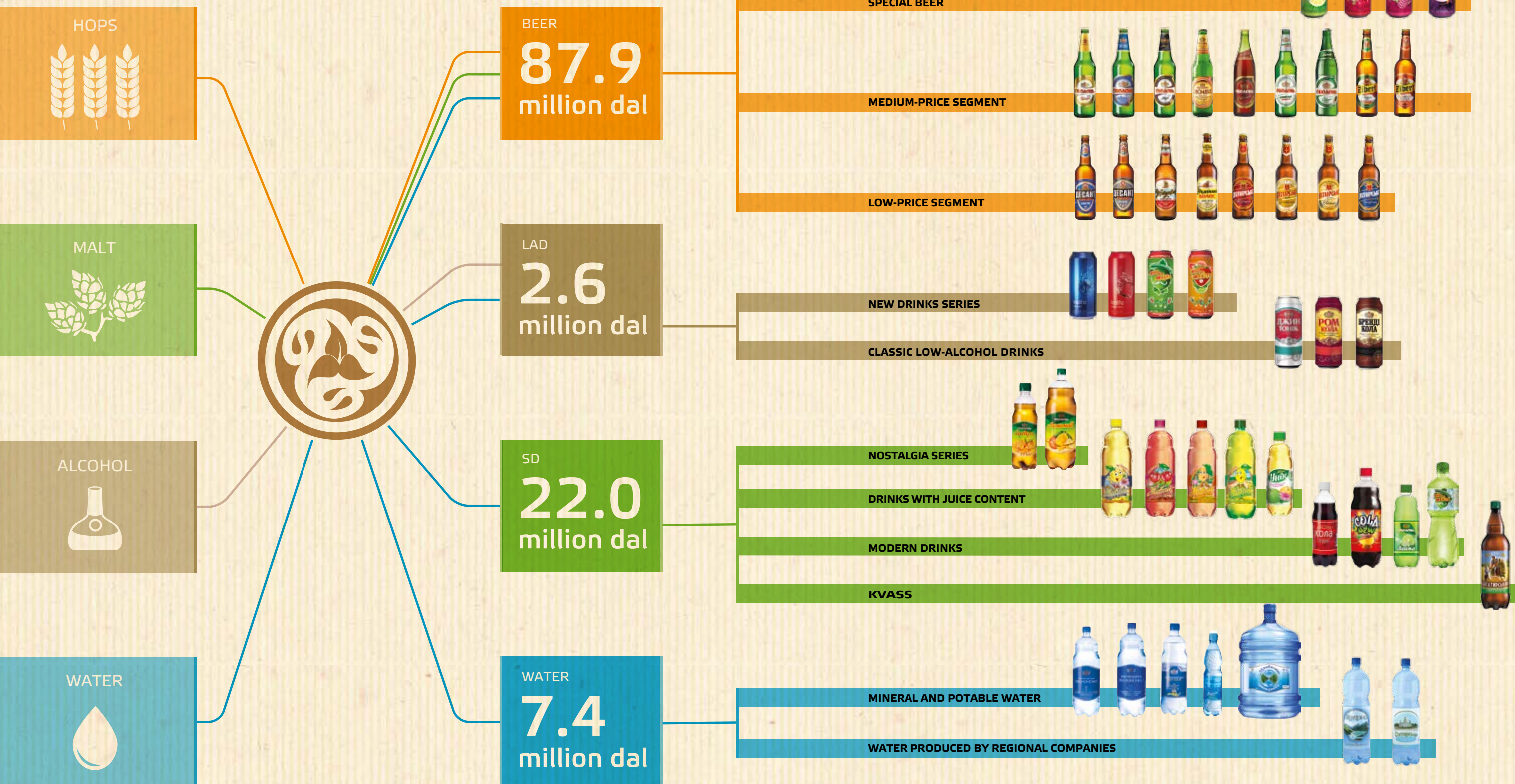


Plastic
products

OBOLON IS THE LARGEST
BEVERAGE PRODUCER
IN UKRAINE.



PRODUCTS OF OBOLON CORPORATION



POSITIONS IN THE DOMESTIC MARKET

Production of Beverages by Obolon Corporation

million dal

	2007	2008	2009	2010	2011
Beer	109.1	113.3	96.6	99.3	87.9
Low-alcohol drinks	4.2	4.1	2.8	2.6	2.6
Soft drinks	20.7	21.7	18.9	22.1	22
Mineral water	10	8.3	7	9.2	7.4
TOTAL	144	147.4	125.3	133.2	119.9

MALT PRODUCTION

In 2010, the most advanced malt plant in Europe, worth 500 million UAH, started operating at full capacity in Chemerivtsi, Khmelnytskyi Oblast. This industrial giant is not only the pride of Obolon staff but also an important factor of economic development of an entire region in Podillia, since it uses raw materials produced by local farmers.

Obolon is the only major brewery fully supported by its **own malt production**.

Malt Production by Obolon Corporation

thousand tons

	2007	2008	2009	2010	2011
Brewing malt	49.2	118.1	158.4	155.8	128.3

Major beer brands of Obolon Corporation in 2011



Obolon	11.3%
Zibert	6.0%
Zhyhulivske	4.0%
Desant	1.0%
BeerMix	0.9%
hike	0.3%
Okhtyrsk	0.2%
Carling	0.2%
Zlata Praha	0.1%

PRODUCT EXPORT

Paving its own ways to the Western markets, Obolon became the first of the post-Soviet countries to export beer abroad. Every year the corporation reasserts its status as the largest Ukrainian beer exporter and consolidates its positions in the foreign markets.

Based on the results of **2011**, the corporation's share in beer exports was **80%**, with over **21 million dal** of beer produced for foreign consumers.

The corporation's share in beer exports



The company's export strategy is aimed at building longstanding partnerships with international distributors. Our goal is to make regular deliveries and have reliable partners. Obolon Corporation's products are exported to 40 countries on five continents.

THE ANTI-DUMPING PROBLEM IN BELARUS.

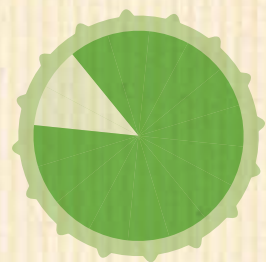
By the end of 2011, the export of beer from Ukraine was decreased by 5.86%, amounting to 280.8 million liters, while imports grew by 81.7%. The main cause for the fall in the total exports was the rapid fall in the export of beer to Belarus, which was 77% lower than in 2010.

The reason for this was the discriminatory policy of the Belarusian government against Ukrainian brewers. Previously, in 2010, Belarus introduced licensing for the Ukrainian beer, which caused the price to increase by 1.5 times.

However, on May 4, 2012, the Belarusian government suspended the resolution on licensing of the Ukrainian beer, thus removing all restrictions on beer exports. The news about the removal of restrictions came as a pleasant surprise for the Ukrainian brewers. The removal of the restrictions is important for Obolon as well as for other companies. Given the scale of the company's operations and its contribution to the development of the country, our return to the Belarusian market is important for the Ukrainian economy.

Before the restrictions were introduced, Obolon's share in the Belarusian market was 7.2%; it rapidly dropped to 1.7% in 2011. Obolon Corporation has strong reasons to expect that the positions it lost in Belarusian market will be restored.









































PRODUCT EXPORT



80 %

share of Obolon Corporation
in Ukrainian beer export

Three new countries emerged on the map of Obolon's exports: Switzerland, Iceland, and China. 40 countries of the world are already familiar with the unique taste of the Ukrainian beer produced by the specialists of Obolon.

	Abkhazia		Czech Republic		Italy		Singapore
	Armenia		Denmark		Japan		Slovakia
	Australia		Estonia		Kazakhstan		Spain
	Azerbaijan		France		Latvia		Switzerland
	Belarus		Georgia		Lithuania		The Netherlands
	Belgium		Germany		Luxembourg		Turkey
	Canada		Greece		Moldova		Turkmenistan
	Chile		Hong Kong		Poland		United Kingdom
	China		Iceland		Portugal		USA
	Cyprus		Israel		Russia		Vietnam

INTEGRATED MANAGEMENT SYSTEM

Obolon currently uses a management system certified in accordance with the requirements of four international standards:



quality management system, ISO 9001:2008;



food safety management systems, ISO 22000:2005;



environmental management systems, ISO 14001:2004;



occupational health and safety management systems, OHSAS 18001:2007.

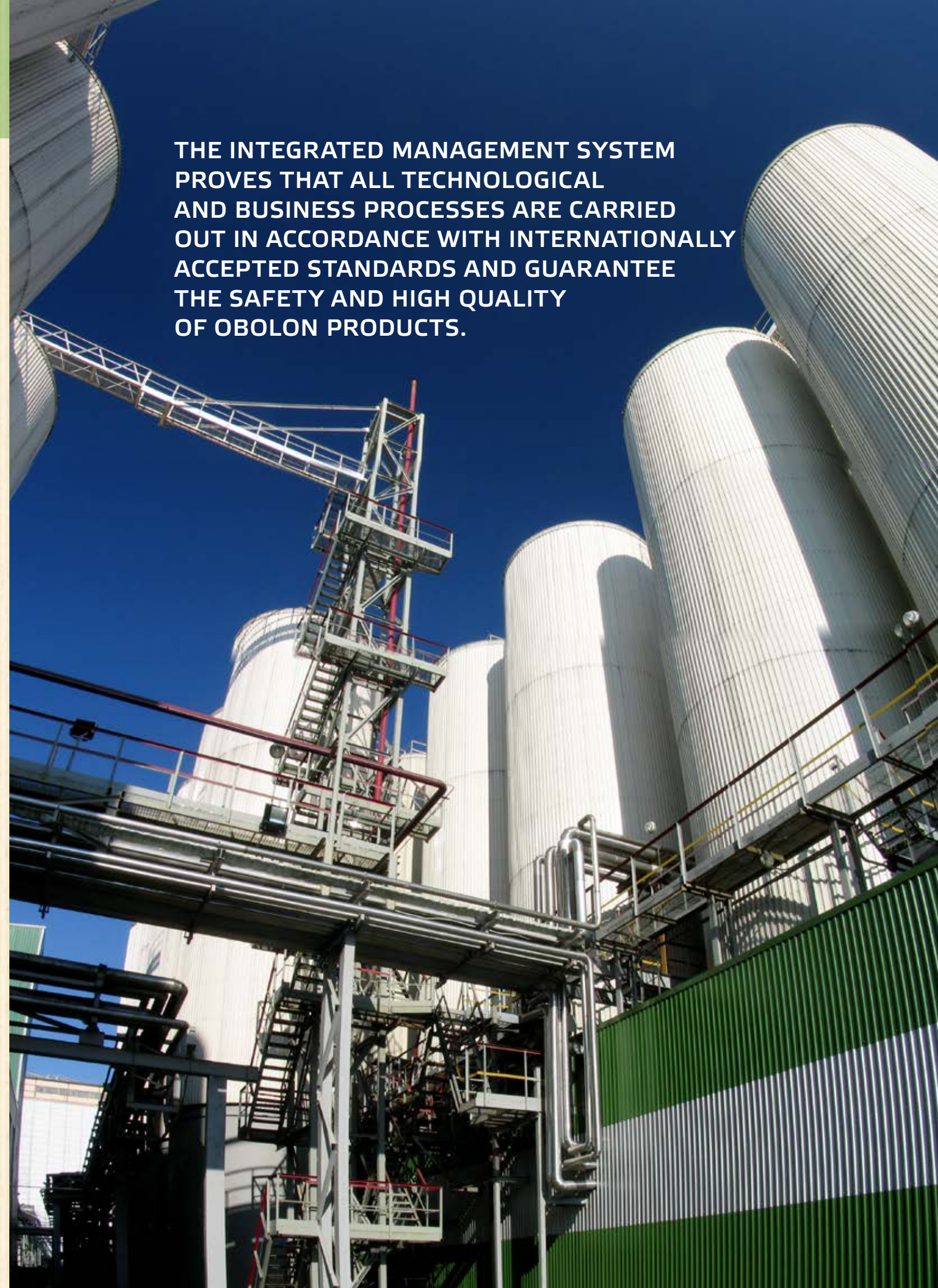
In 2012, the DEKRA Certification Kft, a German company, carried out an international supervisory audit of the integrated management system of Obolon Corporation. The international auditors noted an improvement in the operation of the management system used by Obolon Corporation.

The audit was carried out at Obolon brewery in Kyiv, Zibert's Brewery subsidiary in Fastiv (Kyiv Oblast), Krasylivske subsidiary (Khmelnyskyi Oblast), and the corporation's malt plant in Chemerivtsi (Khmelnyskyi Oblast). The audit noted the sanitation conditions of the facilities, quality and safety of raw materials and finished products, compliance with labor safety requirements, environmental impact, and organization of the document management process.

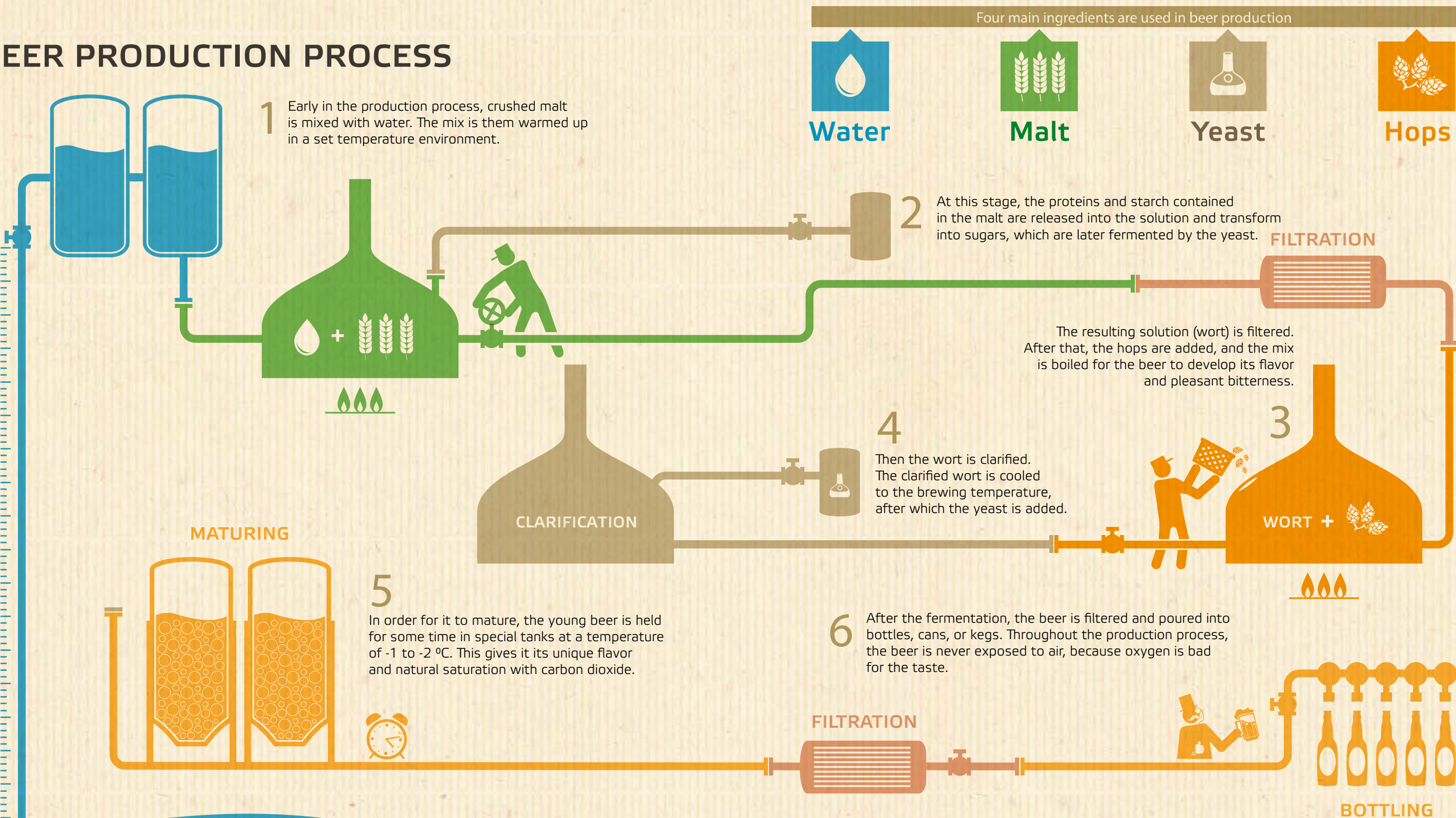
We strongly believe that **the integrated management system certificates are an additional competitive advantage** in the Ukrainian food market and a testimony to our commitment to expanding further our export horizons.

The majority of WTO member countries require compliance with the provisions of ISO 22000; otherwise, the sale of the products is simply prohibited. These certificates confirm that all technological and business processes within the corporation are carried out in accordance with internationally accepted standards and guarantee the safety and high quality of our products for the consumers.

THE INTEGRATED MANAGEMENT SYSTEM PROVES THAT ALL TECHNOLOGICAL AND BUSINESS PROCESSES ARE CARRIED OUT IN ACCORDANCE WITH INTERNATIONALLY ACCEPTED STANDARDS AND GUARANTEE THE SAFETY AND HIGH QUALITY OF OBOLON PRODUCTS.



BEER PRODUCTION PROCESS



300
meter

artesian well
drilled into Jurassic
and Cenomanian
aquifers



The best varieties of hops are grown in Ukraine, the Czech Republic, and Germany.



Malt is produced at the company's own malting plant from barley (or sometimes wheat) grains germinated and dried in specific temperature and humidity conditions.

RELATIONS WITH SUPPLIERS AND CONSUMERS

RESPONSIBLE PROCUREMENT

In order to prevent non-conforming and unsafe products from being used, Obolon Corporation ensures that its raw materials, equipment, and technical tools, as well as the purchased services, meet existing quality and safety requirements.

This is achieved by determining and establishing the requirements for suppliers and using a system to assess and monitor them, which makes it possible to establish clearly and document the processes of supplier selection and engagement.

The central facility of Obolon Corporation in Kyiv operates a radiological monitoring laboratory

Obolon Corporation ensures that the procured products comply with the requirements specified in the order, particularly the environmental requirements.

The form and scope of supervision over the supplier and the product or service procured depends on their impact on further output or finished product. Incoming inspection, along with other means, is used for verification of the products procured by Obolon Corporation.

The competitive price and quality being equal, we establish cooperation with suppliers located closest to the consumer (production, processing, or procurement companies). This makes it possible to reduce the costs of transportation and intermediary fees, at the same time demonstrating Obolon's responsible attitude to the regions where its facilities are located.

RESPONSIBLE MARKETING

The responsible marketing of Obolon Corporation involves special attention to certain audiences (for instance, the so-called high-risk group, i.e. people under 18) and a continuous dialogue with the consumers (distribution of accurate information about the product and education in the spirit of responsible consumption).



In addition to compliance with all legal requirements, the marketing messages of Obolon are responsibly targeted at consumers over 18 years of age. For example, the outdoor advertising (billboards, banners, etc.) does not violate the law, as the materials promoting alcoholic beverages are placed at a significant distance from educational facilities.

Obolon's TV advertising activities comply with the European Convention on Transfrontier Television. This involves certain restrictions:

- the persons shown in beer commercials must not appear to be minors;
- the consumption of beer must not be associated with physical work or driving;
- no statements must be made alleging medicinal properties of beer, claiming the drink to be stimulating or soothing, or depicting it as a solution to personal problems;
- abuse of alcohol must not be encouraged, and abstinence from alcohol or moderate consumption must not be depicted in a negative way; and
- no special emphasis shall be made on the alcohol content in the products.

Obolon is the first company in Ukraine to make steps towards the consumer by implementing the principles of a responsible attitude to its products. In particular, we added a message about the consumption limits on all beer bottle labels.

Obolon's voluntary initiative to include a message promoting responsible consumption in the advertising became another consistent step towards the implementation of a program promoting the culture of beer consumption in Ukraine. Product labels and TV advertising reach the largest audience of consumers. Moreover, the POS materials and souvenirs will also bear the *Consume responsibly!* logo. Information will also be delivered to consumers through the specialized website and informative brochures.

More details about the *Consume responsibly!* program can be found at www.enjoyobolon.com.





OBOLON

Personnel and Working
Conditions

PERSONNEL AND WORKING CONDITIONS

Job creation and payment of salaries and other employee benefits are some of the most important economic and social aspects of our business. The management of Obolon Corporation believes that motivated and productive work is an important part of human development, and the standards of living become better through complete and secure employment. The lack of jobs is the primary reason for social problems, especially in Ukraine, with its under-developed social security system. Labor practices mainly impact society's sense of justice, and socially responsible labor practices are important for social fairness, stability, and peace.

Distribution of Employees among Companies

Central brewery	Kyiv	3,116 employees
Zibert's Brewery	Fastiv	527 employees
Krasylivske	Krasyliv	721 employees
Malt plant	Chemerivtsi	375 employees
Production complex	Oleksandriia	373 persons
Brewery	Okhtyrka	270 employees
Bershad Combine	Bershad	102 persons
Beverage factory	Sevastopol	180 employees
Diatkivtsi	Kolomyia	96 employees
Obolon-Agro	Chemerivtsi	595 employees

Taken together, all facilities of Obolon Corporation provide jobs to about **6,500 people**, 3,116 of which are employed at the Kyiv brewery alone.

Employees are the top asset and, at the same time, the pride of Obolon. The company policy is aimed at raising the employees' professionalism, improving their working conditions and workflow safety, and guaranteeing their social security. In pursuit of these goals, Obolon has implemented an occupational health and safety management system certified under OHSAS 18001:2007. It is the consistent performance of its commitments to employees that has made Obolon a highly reputable employer. The company has a collective bargaining agreement in place, which is a sign of employee security. In addition, the company's corporate culture is designed to develop every specialist.

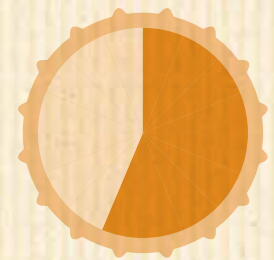
As an employer, Obolon promotes one of the most widely accepted objectives of society: the improvement of the standard of living through full and secure employment and proper work. Obolon Corporation provides its employees with appropriate working and living conditions. They are provided with annual professional development training, medical examinations, first aid, preventive medical care, and development of the social sphere.

Obolon Corporation is one of the top employers in Ukraine. The average wage in the company is above the national average, and increased 6% in 2011 as compared to 2010. All wages and benefits are paid through official channels, which means that the company fully pays all taxes and mandatory payments to the pension fund and other funds.

The social policy of Obolon in regard to its staff members is aimed at providing the necessary level of performance, reducing labor turnover and improving the social security of employees. Each employee of Obolon Corporation can have additional professional training and improve his or her skills within the personnel development and training program.

The social package, which is also available to retired employees, includes one-time benefit for health improvement, trips for children, cash bonuses on holidays, financial aid at childbirth, retirement, marriage, or in emergencies. The company has a first aid post with modern equipment and a gym.

Clearly as required by law, 4% of all employees at Obolon are handicapped people.



57 %
of all employees
work at Obolon's
central brewery
in Kyiv

OBOLON'S PRACTICES IN EMPLOYMENT OF PEOPLE WITH SPECIAL NEEDS

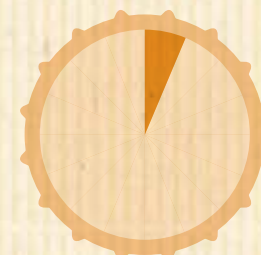
In line with current Ukrainian law and principles of social responsibility, Obolon also creates proper working conditions for people with special needs.

As required by law, about **4%** of all employees at Obolon are people who are **handicapped to various degrees**. At the Kyiv-based facility, this amounts to **161 persons**.

Obolon provides its assistance to people with special needs not only through compassion about the difficulties they face but also, and more importantly, by creating conditions for their social integration and professional development.

Most people with special needs work in the Marketing Department as agents; some are also engaged in production. The most common diseases in this group of employees include diabetes, heart disease, cancer, eye disease, and diseases of the musculoskeletal system. The agents have a flexible work schedule which depends on the amount of work. Their responsibilities include supporting events, creating and updating client databases, etc. To perform these duties, the agents are trained to use special software or acquire client communication skills.

Obolon puts a lot of effort into supporting people with special needs by creating special conditions for their work. Senior agents have separate offices. Since most of them have diabetes, it is crucial for them to monitor their blood sugar level continuously and have several meals a day. They are provided with a specially equipped medical and preventive care room, where they can eat, administer insulin, take their medicine, have their blood pressure and blood sugar level measured, or simply have some rest. All of our employees get a full lunch in the cafeteria.



4 %

of the company's
employees
are people
handicapped
to various
degrees.

All employees with limited abilities are integrated into the company's life and are an indispensable part of the team. First, they have a status equal to that of other employees and are also covered by the collective bargaining agreement, which means they have all the benefits such as facilities for health improvement, financial aid, bonuses, etc. Second, all such employees are involved in Obolon's corporate events, celebrations etc. Furthermore, and quite importantly for them, the employees receive free medical examination and can have any necessary medical tests done at Obolon Clinic No. 1.

OCCUPATIONAL HEALTH AND SAFETY

Occupational health and safety is becoming increasingly important for companies. All employees would like their working conditions to be comfortable and safe. Obolon applies a modern approach to occupational safety by utilizing the OHSAS 18001:2007 certified occupational health and safety management system as well as an effective monitoring system.

Prioritizing the life and health of the employees of the corporation is one of the key elements in Obolon's policy.

In 2011, Obolon **invested over 5.2 million UAH** into occupational health and safety.

Throughout 2008–2010, the investments made by the corporation into occupational health and safety amounted to 11.7 million UAH. Investments in this area have become larger every year; in 2011, for instance, this amount increased by 49% to 5.2 million UAH. A part of this amount was used for the training of personnel in safe techniques of hazardous works and for appraisal of working conditions at workstations. The majority of the funds was invested into preventative measures to reduce the risks to a level acceptable in the area of professional safety and occupational health.

In addition, Obolon promotes active participation of its employees in the process of maintaining occupational safety. April 2012, for example, was declared an occupational safety month, the results of which were reviewed on April 28, the World Day for Safety and Health at Work. One of the events held during this month was a contest to determine the best units and encourage the others to comply with the occupational health and safety regulations. Comprehensive inspections and reviews determined the best departments and managers in terms of occupational safety organization.



OBOLON PROMOTES EQUAL OPPORTUNITIES FOR MEN AND WOMEN

Traditionally, it has been the case that the food industry employs a large number of women. Obolon is no exception, with over 28% female employees. The company understands that supporting women's rights to rest and respecting their family values will make them even more motivated to work. Better motivation results in better performance, which is a benefit for the company. Moreover, a sound gender policy in the company improves the atmosphere in its team.

The fundamental rights of women and men have always been a part of the collective bargaining agreement in place at Obolon since the company started its operations; the document established equal rights for both female and male employees from the very outset. Further on, the opportunities and working conditions at the company have only been changing for the better. For instance, they include parental leave, family vacation, etc.

Gender equality is maintained even in terms of equal availability of parental leave to men and women. Although it is the women who traditionally take maternity leave in Ukraine, we have had cases when our male employees have taken responsibility of child care. Most importantly, the company guarantees a job for anyone returning from such leave, which is a major concern in our time. The new collective bargaining agreement, in force since early 2010, established the position of an ombudsman for gender matters.

Obolon ranked first among the best employers implementing fair gender policies at the national contest titled "Equal Opportunities: The Best Employer." The contest was held to single out Ukrainian companies with the best policy promoting equality of women and men. The contest was held under the auspices and with the active support of the Ministry of Labor and Social Policies of Ukraine, the project of the EU and International Labor Organization called "Equality of Women and Men in the World of Labor", and the European Business Association.

Obolon Corporation became one of the first Ukrainian companies to follow the European practice by developing **its own gender equality plan**.



The project was implemented with support from the European Union and the International Labor Office as part of the project titled "Equality of Women and Men in the World of Labor". Obolon's gender equality plan is a specific plan of action aimed at providing equal opportunities for the employees of both genders, jointly developed by management and workforce representatives, based on an in-depth gender review of the company, with clear result indicators and timelines. Based on the results received, the team that developed the gender plan made a list of the most urgent issues and areas requiring special attention.

CORPORATE CULTURE AND VOLUNTEERS

A unique corporate culture based on the highest human and patriotic values has evolved at Obolon Corporation throughout the years of its existence.

Obolon encourages and supports the participation of its employees in voluntary activities in various social programs for public benefit. Corporate volunteering is a part of the corporate charity program, under which the company provides resources (including volunteers) to support socially important areas, promoting public benefit and creating a positive public opinion about the company.

One of the first examples of Obolon's corporate volunteerism is the donor initiative, which has been in place for ten years.



One component of Obolon's internal corporate communications is the published Obolon Bulletin; its primary purpose is to promote the corporate culture and improve the knowledge of the employees.

Furthermore, the employees go to watch football matches with Obolon Football Club in the new Obolon Arena stadium.

One of the modern elements of corporate culture development is the adoption of "green office" principles.

In 2010, all employees of the Corporation celebrated the 30th anniversary of the Kyiv-based Obolon brewery.



OBOLO

Comprehensive
Environmental Culture

COMPREHENSIVE ENVIRONMENTAL CULTURE

Obolon steadily follows the principles of harmonious coexistence, cooperation, and continuous dialogue with society. We realize our responsibility for the environment. This is why Obolon Corporation promotes a comprehensive environmental culture, which is supported by the ISO 14001 standard for environmental management systems implemented in the company. This has resulted in a consistent reduction of our environmental footprint (waste production, energy and water consumption, and atmospheric emissions).

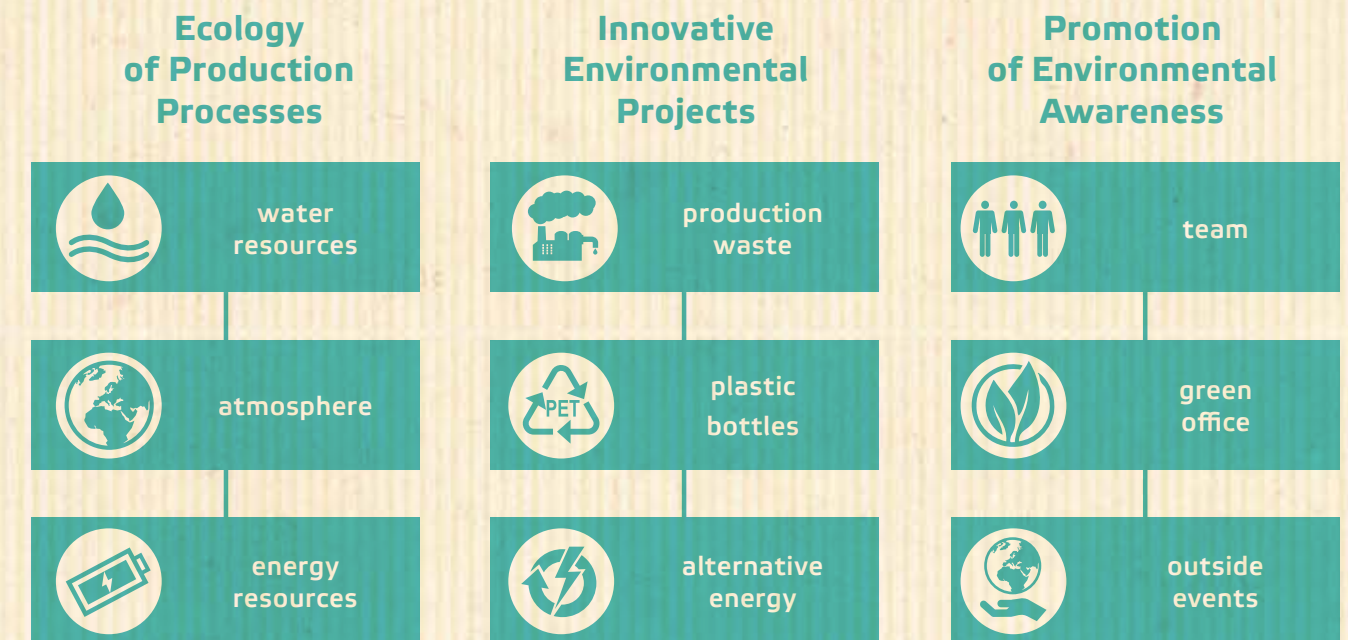
Principles of environmental management followed by Obolon Corporation:

- continuous control and analysis of the environmental impact of the production;
- improvement of technologies in terms of environment protection;
- minimization of harmful emissions by using state-of-the-art equipment;
- raising the staff's environmental awareness by providing reference information, instructions, and learning materials;
- continuous radiation control at all levels of the production process.

Obolon Corporation spent 86 million UAH on environment protection in five years, including 11.6 million UAH in 2011.



Matrix of Environmental Activity



Environmental Statistics of Obolon Corporation

	2007	2008	2009	2010	2011
Natural gas consumption, thousand cubic meters	18,192	23,160	24,829	26,260	23,377
Power consumption, thousand kWh	78,162	83,255	64,558	68,759	63,794
Water consumption (from the company's water wells), thousand cubic meters	4,608	4,525	3,614	3,537	3,313
Specific generation of waste (per unit of product), tons per thousand decaliters	1.25	0.95	0.95	0.44	0.35
Greenhouse gas emissions, tons	35,167	46,940	47,422	54,188	47,921

ECOLOGY OF PRODUCTION PROCESSES

Water resources

Like life on Earth, our corporation's production is based on water, which is the reason for our special, frugal attitude to every drop. Such an attitude is manifested in recycling and reusing water in order to achieve maximum economy of water resources in addition to continuous technological improvement.

The average **water consumption** by Obolon for production of **1 liter of its product** is around **2.7 liters**.

On average, the industry spends 5 liters of water per 1 liter of the finished product worldwide. In the process of brewing, which is more water-intensive, Obolon uses an average of 3.5 liters of water to produce one liter of beer.

Atmosphere

Atmospheric emissions are another relevant issue, as the Corporation's main facility is based in the densely populated city of Kyiv. The corporation proves to be a responsible entity in this matter as well. Our main air pollutants are the heat station, the grain elevator, and motor vehicles.

The heat station producing steam for the brewing process is a state-of-the-art gas-powered installation. Thus the emissions it produces are minimal and significantly lower than the regulatory limits. And although the heat station has already been put into operation, the construction is still in progress, pending an increase in capacity. The engineers continue to introduce innovations to recuperate and reuse the heat.

The grain elevator has the most effective dust cleaning systems, which reduce grain dust emissions by 40%.

The car fleet also reduces emissions into the atmosphere both through logistics and change of equipment. For example, the gas-powered and other fuel-powered forklifts are gradually being replaced with electric ones.



Energy Resources

With the growth of energy prices and the economic recession in the last two years, the management of energy consumption has gained special importance. Obolon Corporation continues to improve its production processes in terms of energy conservation, which, in addition to the economic benefit, presents a significant environmental advantage.

For example, the wort-boiling units are equipped with installations that capture the heat produced when the wort begins to boil. The recuperated heat is used to maintain the temperature required for the wort boiling process. This reduces the environmental impact and heat consumption.

In addition to the above examples of energy saving equipment, Obolon continues to look for ways to reduce the consumption of energy even further.

Environmental Impact

Obolon sells, recycles, and reuses over 95% of its own waste, a result that makes us especially proud and which demonstrates the company's responsible attitude to the environmental problems in Ukraine.

Obolon sells, **recycles** and reuses over **95% of its own waste**.

Another important indicator of effectiveness of the corporation's environmental policy is the specific production of waste. This figure continues to decrease, which proves the environmental policy of Obolon Corporation continues to be successful.



INNOVATIVE ENVIRONMENTAL PROJECTS

Obolon Corporation makes sizeable investments into environmental projects, which, apart from the environmental benefits, are useful for the company's core activities. We are aware of the environmental problems of Ukraine, which is why Obolon responsibly treats both the production culture and its product at all stages of its life cycle. We understand that the environmental problems of Ukraine are not limited to air pollution, but include the issue of household waste. This is why we are carefully building a system for collection and recycling of our products' packaging, thus minimizing the environmental footprint.

Brewer's Grain Recycling

Obolon became the first Ukrainian company to recycle brewer's grains (brewing waste).

This innovative technology makes it possible to convert the production waste into an environmentally safe product used in agriculture as a nutritious fodder for cattle. A dry granule installation has been in operation at the Kyiv-based facility since April 2008. It is capable of processing up to 700 tons of raw grain per day without any harmful impact on the environment. As a result, the wet grain waste has been reduced by 91% in five years, the sanitary condition of the territory has improved, and the amount of vehicle exhaust gases has decreased due to the reduction in wet grain transportation.

Reduction in wet grain waste by 91% in five years



PET Bottle Collection and Recycling

Realizing its responsibility to the society, Obolon has been running its own PET bottle recycling facility since 2002, which is a unique phenomenon for the Ukrainian market. In 2003, the facility in Oleksandriia installed equipment for the recycling of used PET bottles. This activity started out as merely crushing the bottles and exporting the so-called flake for further processing abroad. However, in 2008 the company decided to turn the flake into a final product independently. For this purpose the company purchased modern German equipment, processing 125 kg of 100% recycled flakes per hour to produce rim band. This is the first rim band production in Ukraine, recycling over 800 tons of PET packaging per year.

In a year, Obolon Corporation recycles an equivalent of 30 million plastic bottles.



Moreover, in recent years Obolon has been working to implement an environment-friendly project for PET bottle collection in Kyiv, which involves the installation of specialized containers.

In 2011, Obolon Corporation won a business case contest in the "Environment Protection" nomination, presenting its plastic bottle recycling project (recycling facility in Oleksandriia, Kirovohrad Oblast).

Alternative energy: Fuel Production from Plastic Waste

In order to promote development in this area, the corporation established Obolon-Oil, an energy company, which built an experimental facility for production of fuel from polymer waste in Horodok, Khmelnytskyi Oblast. This facility is capable of recycling and disposing of both industrial and household polymer waste.

In the future, we plan to invest in increasing the production of alternative energy on an industrial scale to supply our own needs for fuel and recycling of harmful waste. For this purpose we are looking for suppliers of this type of raw material.

PROMOTION OF ENVIRONMENTAL AWARENESS

Over the past two years, Obolon has become more active in raising the environmental awareness of its personnel and the population in general.

For several years already, the Corporation's facilities have been implementing energy-saving technologies not only in production, but also in buildings and offices. A caring attitude to the environment is a key component of our corporate culture.

Environmental knowledge is a mandatory qualification for all executives whose work is related to the use of natural resources and has an impact on the environment.

All employees have been informed of the Green Office principles within the internal communications program and put them into practice.

The corporation follows a **GREEN OFFICE** philosophy.



Waste
sorting



Power-saving
lamps



No smoking
allowed
on the premises



Indoor plants
in office spaces



A low-angle shot of a diverse group of people celebrating. In the foreground, a woman with dark hair looks up with an open-mouthed smile. Behind her, a man in sunglasses and a woman with blonde hair also look up. To the right, a man in a striped shirt holds up a smartphone to take a photo. The air is filled with a dense shower of green and gold confetti against a clear blue sky. The scene conveys a sense of joy and achievement.

OBOLON

Social Investments

SOCIAL INVESTMENTS

Obolon has been investing in social projects for over one and a half decades. This is a versatile area of the company's activities, including educational projects, aid to socially vulnerable sectors of the population, promotion of the revival of spiritual, historical, and cultural values, and development of sports. Obolon forms an annual social budget and provides a part of its products for projects of social importance.

PROMOTION OF THE REVIVAL OF SPIRITUAL VALUES AND THE HISTORICAL AND CULTURAL HERITAGE

Ukrainian book publishing development program. In the last 15 years, Obolon has supported the publishing of over two hundred textbooks, guides, collections, catalogues, reference books, fiction, science, history, and children's literature. Special emphasis is placed on supporting books promoting national awareness, Ukrainian textbooks, and historical literature.

Support of the historical and architectural heritage. Obolon is involved in the renovation of historical and architectural monuments, such as the Temple of the Protecting Veil of the Mother of God in Mariupol, the Church of Volodymyr the Great in Vyshhorod, Saint George Monastery on Cossack Graves in Pliashcheva (Rivne Oblast), Saint Panteleimon Church in Lubny (Poltava Oblast), the Church of Saint Martyr Liudmyla in Horodok, and others. The company also helps cultural institutions, such as the National Museum of Taras Shevchenko in Kyiv, the Museum of Hetmans, the National Museum of Ukrainian Folk Decorative Arts, and the Museum of Ivan Honchar.

DEVELOPMENT OF UKRAINIAN SPORTS

We are very proud that Obolon Corporation promotes children's football in Zmina Olympic Reserve Sports School for Children and Young People, which trains children aged 7 to 18. The company also sponsors international sport competitions, including the International Football Tournament for Children and Young People, which has already been held 15 times at Kyiv School No. 170 and Zmina Sports School.



Renovation
of historical
and architectural
landmarks.



Supporting
the development
of children's
football

A special place in the Corporation's system of social investments belongs to Obolon, the professional football club. In addition, the company has used its funds to build the modern Obolon Arena stadium for the club in the Obolon District of Kyiv. This football complex will be able to host high-profile games.

In 2011, Obolon Corporation continued its cooperation with the Supreme League as the general sponsor of the Ukrainian Football Championship.

EDUCATIONAL PROJECTS

Since 2006, Obolon has supported the Petro Yatsyk International Contest of the Ukrainian Language held by the League of Ukrainian Sponsors. Every year the company offers prizes for the contest winners--children from all over Ukraine and the diaspora.

Obolon provides support to Kyiv Arts School No. 5 for artistically gifted children.



Sponsorship
and support
of gifted children

AID TO SOCIALLY VULNERABLE PARTS OF THE POPULATION

The Corporation maintains partnership relations with NGOs caring for orphaned children, the disabled and people with special needs, and veterans.

It also provides aid to individuals, families with many children, and three family-type orphanages. This is a special targeted type of aid provided directly to families. This form of cooperation is the most effective, and, most importantly, can be sustained in the long term. Even during the economic crisis, Obolon did not cease to fund the family-type orphanages.



Targeted aid
provided directly
to families

LIST OF MAJOR PARTNER ORGANIZATIONS REGULARLY RECEIVING IN-KIND AND FINANCIAL AID FROM OBOLON:

HISTORY, CULTURE, AND ARTS:

- League of Ukrainian Sponsors, International Charity Foundation
- Ivan Franko National Academic Drama Theater
- Literaturna Ukraina, a newspaper of Ukrainian writers
- The Church of Saint Mykola (Prytyska) in Kyiv
- The Temple of the Protecting Veil of the Mother of God in Mariupol
- The Church of Volodymyr the Great in Vyshhorod
- Saint George Monastery on Cossack Graves in Pliasheva (Rivne Oblast)
- Saint Panteleimon Church in Lubny (Poltava Oblast)
- The Church of Saint Martyr Liudmyla in Horodok (Khmelnyskyi Oblast)
- The Church of the Protecting Veil of the Mother of God in Teofipol (Khmelnyskyi Oblast)
- The Church of Saint Nicholas in Fastiv (Kyiv Oblast)
- The Church of Assumption of the Virgin Mary in Okhtyrka (Sumy Oblast)
- The Ukrainian Institute of National Memory
- The National Museum of Taras Shevchenko in Kyiv

- The Museum of Hetmans
- The National Museum of Ukrainian Folk Decorative Arts
- The Museum of Ivan Honchar

EDUCATION AND SPORTS:

- Kyiv City Center of Family, Children, and Youth Social Services
- The Office for Family and Youth of Obolon District State Administration
- Zmina Sports School for Children and Young People
- Obolon-Grand Master Chess Club
- The Foundation for Development of Rugby for Children and Young People in Ukraine
- Kyiv School No. 170
- Children's School of Arts No. 5 in Kyiv
- Sports and Children International Charity Foundation
- 'In Children's Palms' NGO
- Leadership, Youth, Innovation All-Ukrainian Youth NGO
- Student Fraternity of the National University of the Kyiv-Mohyla Academy
- Shyshaky Oblast Gymnasium-Type Boarding School for Gifted Children (Poltava Oblast)
- The placement center for homeless minors under the Kyiv Administration of the Ministry of Internal Affairs
- Mostysche Specialized Grade I-II Boarding School

- *Ukraine for Children* National Foundation for Social Protection of Mothers and Children

- *Children are Our Future* Charity

- Saint Mary's International Charitable Foundation

ORGANIZATIONS OF THE DISABLED:

- *Soniachnyi Promin* [Sunray] Society of Disabled Mothers, Obolon District of Kyiv
- *Dimfo* Art Association for Children and Young People with Limited Abilities
- *Dytynstvo* [Childhood] Society for Rehabilitation of Disabled Children, Kyiv
- *Dity Chornobyla* [Children of Chornobyl] Obolon District Organization
- The Foundation of the Chornobyl Disabled Victims, Obolon District of Kyiv
- KASITsEP Kyiv Association of the Disabled with Cerebral Palsy
- *Vidrodzhennia* [Renaissance] Rehabilitation Center for People With Spinal Disability, an NGO
- *Yednist* [Unity] Podillia District Center of the Disabled
- Kyiv Organization of the Ukrainian Society of the Blind
- Kyiv Organization of the Ukrainian Society of the Deaf
- The Association of NGOs for the Disabled in Kyiv

- Dniprovskyi District Society of the People with Musculoskeletal Disabilities

- *Cerebral*, Children's NGO, Darnytsia District of Kyiv

- Kyiv Center of Vocational Guidance for Children with Disabilities

- *Horytsvit* NGO (Novobilychi Psychoneurological Nursing School for Men)

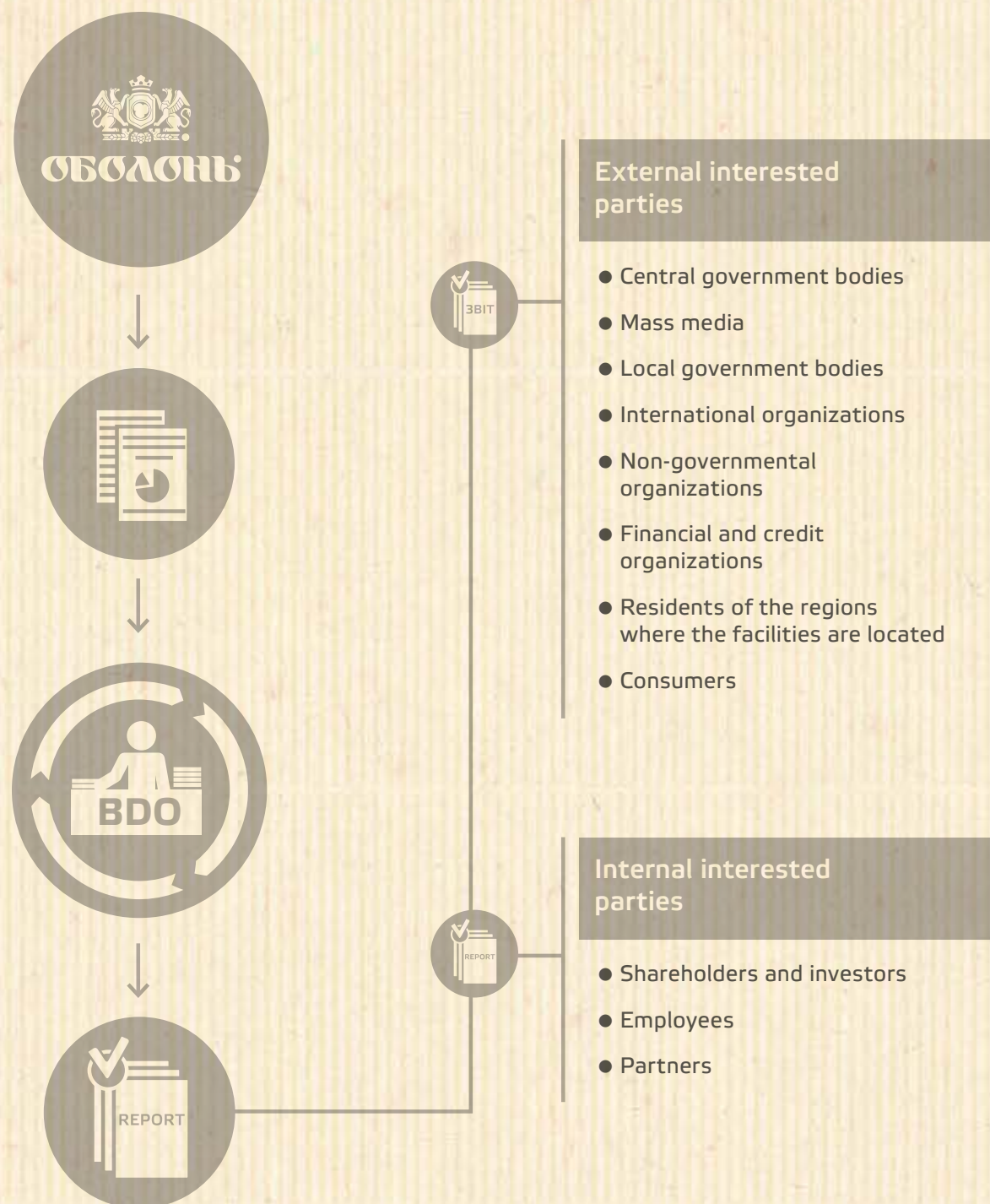
VETERANS:

- The All-Ukrainian Association of World War II Veterans
- Kyiv City Charitable Foundation for Social Protection of Prisoners and Victims of Nazi Persecution
- The Organization of the Disabled of War and Military, Obolon District in Kyiv
- The Society of Afghan War Veterans, Obolon District in Kyiv
- Kyiv Hospital for the Disabled WW2 Veterans

AWARDS RECEIVED IN 2011

Contest	Award winning product, brand, or entity	Award
Top 100 Products of Ukraine	Zhyvchyk with Apple Juice soft drink	Award winner certificate
Top 100 Products of Ukraine	Obolon Svitle light beer	Award winner certificate
Best Corporate Media in Ukraine 2011	Obolon. Beer Connoisseurs Club (special issue of Obolon Bulletin)	3rd place
Beer Fest 2011	Obolon Trademark (for the largest beer output)	Amber Star, Certificate
	Zhyvchyk Trademark (for the largest output of the beverage)	Amber Star, Certificate
	Prozora Trademark (for the best product appearance design)	Honor Cup, Certificate
	Obolon Premium	Grand Prize, Certificate
	Obolon Zhyve	Grand Prize, Certificate
	Obolon Oksamytove	Grand Prize, Certificate
	BeerMix Cherry	Grand Prize, Certificate
	Zhyvchyk Cherry	Grand Prize, Certificate
	Obolon Mitsne	Gold Medal, Certificate
	BeerMix Raspberry, BeerMix Grapefruit	Gold Medal, Certificate
	Obolon Svitle	Gold Medal, Certificate
	hike premium	Gold Medal, Certificate

	Obolon Soborne	Gold Medal, Certificate
	Zlata Praha	Gold Medal, Certificate
	Zibert Svitle, Zibert Bavarske, Zibert Bile	Gold Medal, Certificate
	Okhtyrsk Kozatske	Gold Medal, Certificate
Beer Fest 2011	Zhyvchyk Apple	Gold Medal, Certificate
	Obolon Orange	Gold Medal, Certificate
	Obolonska	Gold Medal, Certificate
	Prozora	Gold Medal, Certificate
	Kvass	Gold Medal, Certificate
	Zhyhulivske	Silver Medal, Certificate
	Obolon Bezalkoholne [non-alcoholic]	Silver Medal, Certificate
	Carling	Silver Medal, Certificate
	Okhtyrsk Svitle	Silver Medal, Certificate
	Obolon Pshenychne	Silver Medal, Certificate
Disabled Sports Support Fund	Obolon Corporation	Acknowledgement for an important contribution to the development of disabled winter sports in Ukraine
The Most Reputable Employers of 2010 according to the Reputation Institute	Obolon	Certificate (5th place)



INDEPENDENT ASSURANCE REPORT ON THE 2011–2012 SUSTAINABILITY REPORT OF OBOLON GROUP

TO THE READERS OF THE 2011/2012 SUSTAINABILITY REPORT OF OBOLON CORPORATION

We have been engaged by the Executive Board of Obolon Group ("OBOLON") to provide assurance regarding the 2011/2012 Sustainability Report of OBOLON ("the Report"). The company management is responsible for the Report, which responsibility includes determining material aspects of sustainable development. Our responsibility is to provide an assurance report pertaining to the information in the Report.

WHICH AREAS WERE REVIEWED IN ORDER TO PROVIDE ASSURANCE REGARDING THE REPORT?

Our engagement was designed to provide the readers of the Report with limited assurance on whether the information in the Report is, in all material respects, fairly stated in accordance with the reporting criteria explained below. The procedures performed to obtain a limited level of assurance were aimed at determining the reliability of the information and are less extensive than those for a reasonable level of assurance.

WHICH REPORTING CRITERIA WERE APPLIED BY OBOLON?

OBOLON uses its own sustainability reporting criteria developed based on the Sustainability Reporting Guidelines of the Global Reporting Initiative ("GRI") as indicated in the Table of Conformity to GRI ("the Table") on page 74 of the Report. It is important to view the presented performance data in the context of this explanatory information. We believe that these criteria are suitable in view of the purpose of our assurance engagement.

WHICH ASSURANCE STANDARDS DID WE USE?

We conducted our engagement in accordance with the International Standard for Assurance Engagements (ISAE) 3000 and an application level of "B" according to the GRI rating. The BDO sustainability expert team possesses the specific knowledge, skills and professional competencies needed to understand the information presented in the Report, to identify and collect the information required to confirm the reliability of the information and to ensure that the ethical aspects, including the independence requirements, were met.

WHICH PROCEDURES DID WE USE TO PRODUCE OUR CONCLUSIONS?

Our work was based on the statements made in the Report, including the statements regarding the relevant information. In order to make our conclusions, we reviewed the integrity of the internal processes, control systems, and evidence provided to BDO. We performed the following procedures:

- A review of materiality and interaction with the stakeholders in respect of sustainability related to OBOLON in order to obtain information on the relevant matters throughout the reporting period.
- A review of systems, processes, and internal control of OBOLON in order to collect and summarize the quantitative and qualitative information contained in the report on the corporate level, including an analytic review of aggregated data and a risk-based review of the samples of data collected at various sites.
- An in-depth analysis and review of the conformity of the Report on OBOLON's performance to the criteria of the Global Reporting Initiative.
- Conformity of the Report to the Principles of the UN Global Compact.
- A review of the statements and materials of the Report of OBOLON by collecting evidence to determine the accuracy and appropriateness of each identified claim or statement. This includes interviews with the corporate personnel and additional work to clarify the discrepancies in order to provide assurance regarding the accuracy of the presented statements.
- A review of mass media and Internet information that appeared during the reporting period and which concerns material aspects of OBOLON's sustainability.
- Collection and review of internal and external documents in order to determine whether there is sufficient evidence to confirm the qualitative information.

- Assessment of the reasonableness of the assumptions underlying the forward-looking statements set out in the Report.
- An evaluation of whether the information presented in the Report is in line with our overall knowledge of, and experience with, sustainability at OBOLON.

WHAT CONCLUSION DID WE MAKE?

Based on the procedures we performed, nothing came to our attention to indicate that the information collected for the year ending on July 1, 2012, is not fairly presented, in all material respects, in accordance with the reporting manual of OBOLON. This report, including our conclusions, has been prepared solely for the directors of OBOLON as a body in accordance with the agreement between us, to assist the directors in reporting OBOLON's sustainability performance and activities.

We permit this report to be disclosed in the Sustainability Report for the year ended July 1, 2012, to enable the Directors to show they have addressed their governance responsibilities by obtaining an independent assurance report in connection with the selected information. Based on the available data and the information presented in the Report, we have come to the conclusion that the Report conforms to the GRI level of "B".

Kyiv, July 10, 2012



BDO LLC
Henning Drager,
Sustainability Partner

TABLE OF CONFORMITY TO GRI

This Social Report of Obolon corporation was prepared in compliance with the international standards of non-financial reporting for sustainable development, GRI v3, and meets Grade "B" criteria. A complete expanded table of conformity of this Social Report to GRI standards can be found on our official website at: <http://obolon.ua/ukr/corporate-responsibility/social-reporting/>

GRI	Page	UNGC	GRI	Page	UNGC	GRI	Page	UNGC
STRATEGY AND ANALYSIS			4.13	*		EN30 (add.)		8, 9
1.1			4.14			LABOR PRACTICES		
1.2			4.15	*		LA1		
ORGANIZATIONAL PROFILE			4.16			LA2		6
2.1			4.17			LA3 (add.)		
2.2			ECONOMIC PERFORMANCE INDICATORS			LA4	*	1, 3
2.3			EC1			LA5	*	3
2.4			EC3			LA6 (add.)		
2.5			EC4	-		LA7		
2.6			EC5 (add.)		1	LA8		
2.7			EC6			LA9 (add.)	*	
2.8			EC7	-		LA10		
2.9			EC8			LA11 (add.)	-	
2.10			EC9 (add.)			LA12 (add.)	-	
REPORT PARAMETERS			ENVIRONMENTAL SAFETY			LA13		1, 6
3.1			EN1		8	LA14		1, 6
3.2			EN2		8, 9	HUMAN RIGHTS		
3.3			EN3		8	HR1	-	
3.4			EN4		8	HR3 (add.)	-	
3.5			EN5 (add.)			HR4	-	1, 2, 6
3.6			EN6 (add.)			HR5	*	1, 2
3.7			EN7 (add.)			HR6	*	1, 2, 5
3.8			EN8		8	HR7	*	1, 2, 3, 4
3.9			EN9 (add.)		8	HR8 (add.)	-	
3.10			EN10 (add.)		8, 9	HR9 (add.)	-	
3.11			EN11	-	8	SOCIETY		
3.12			EN12	-	8	SO2	-	
INTERACTION WITH STAKEHOLDERS			EN13 (add.)	-	8	SO3		10
4.1			EN14 (add.)	-	8	SO4		10
4.2	*		EN15 (add.)	-	8	SO7 (add.)		10
4.3	*		EN16		8	PRODUCT AND CONSUMERS		
4.4	*		EN17		8	PR1		1
4.5	-		EN18		8, 9	PR2 (add.)		1
4.6	-		EN19	-	8	PR3	-	
4.7	-		EN20		8	PR4 (add.)	-	
4.8			EN21		8	PR5 (add.)		
4.9	-		EN22		8	PR6		
4.10	-		EN23		8	PR7 (add.)	-	
4.11			EN24 (add.)	-	8	PR8 (add.)	-	
4.12			EN25 (add.)	-	8	PR9	-	
			EN26		8, 9			
			EN27		8, 9			
			EN28	-	8			
			EN29 (add.)		8			

* explained on the corporate website at www.obolon.ua

Indicators not covered in the Social Report are not shown in the table.

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