



SUSTAINABILITY REPORT

OF OBOLON CORPORATION

2014



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KEY FACTORS IN 2014

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**in TOP-20
largest employers
of agribusiness**



28% women
in the structure of corporation's
employees

32% women
in the management structure
of the corporation

229 employees
with special needs

70 employees
regular blood donors

+5%
growth of net income

UAH 1,2 billion
paid taxes

UAH 732 millions
paid excises

93,05 million dal
beverage produced

214 million units
of preforms released company

**UAH
13,9
millions**
financial assistance
for employees

**UAH
4 698**
average salary
at the corporation's
enterprises

24,6
thousand hours
the average duration
of employee training

**16
hours**
the average duration
of professional training

KEY FACTORS IN 2014

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ECOLOGY



-27%

— natural gas consumption

197 LED-lamps
installed

**2 solid fuels
boilers**

at the regional enterprises

-3 tons

— reduced emissions to the atmosphere

-19% — less CO₂ emissions

95,2%

— proper recycling and reuse of waste

FINANCE



UAH 10 millions

— investments in own production

UAH 3,63 millions

— investments in health and safety

UAH 2,5 millions

— investments in sponsorship and charity

UAH 3,3 millions

— investments in local communities
development

UAH 3,2 millions

— support the military forces

PROJECTS



445 thousand

liters of beverages for sponsorship
and charity

314 students

passed educational and industrial
practice

124 812

persons visited Obolon brewery

39,7 thousand

calls received on the Hotline

42% employees

passed training and testing on labor
protection



CORPORATION

STATEMENT FROM THE PRESIDENT

SUSTAINABILITY REPORT OF OBOLON CORPORATION
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Dear partners, colleagues and consumers!

I hereby present you the seventh non-financial report on sustainable development of Obolon Corporation. This document is prepared based on the records of corporate structures (except for Sevastopol plant located at the occupied territory of the AR Crimea) during 2014. During this period the company continued the communication of the previous GRI Report version 4.

The reporting year became a year of changes and challenges for each of us. Unstable macroenvironment, the fervor of the military conflict and loss of certain territories impacted both on the activities of the corporation and approaches to our responsibilities. As the largest Ukrainian manufacturer, Obolon did not stand aside the crucial events in the country. We continue to invest in the national economy, people, environment, culture and sports.

From the beginning its work on the Ukrainian market, Obolon clearly set its social priorities. They remain unchanged to this day. The corporation cares about its staff, is thoughtful regarding the environment, supports local communities and develops culture and sports in Ukraine. However, events which occurred in the country over the last year have shifted the social accents in the work of the company. We have reconsidered communications with key stakeholders, having enhanced the dialogue with the state, law enforcement structures and volunteer organisations.

In spite of the difficult situation in Ukraine and the unstable macroeconomic environment, sustained development is key to a common future. We continue building relations of trust and mutual understanding with all stakeholder groups. And these steps are reciprocated. For 35 years of operation, Obolon remains a responsible employer, reliable partner and transparent market player. Time has not broken us but only prepared us for further events and challenges. And I know that we will make it.

Today Obolon presents the seventh Social Progress Report of the Corporation. The number seven is seen as a starting point for success and extraordinary luck. I hope that with joint efforts of business, the state and society Ukraine will become a strong and independent European country.

Oleksandr Slobodian

President of Obolon Corporation



SOCIAL MISSION

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Sustainable development for Obolon Corporation is not only a factor of effectively work, but the component of responsible behavior to employees, community and environment.



SOCIAL MISSION

produce useful and safe drinks with caring for people and responsibility for environment



SOCIAL GOAL

balance of economic, social and environmental benefits by integrating sustainable development and corporate interests



PHILOSOPHY OF SUSTAINABLE DEVELOPMENT

«Good deeds for many years»

SUSTAINABLE DEVELOPMENT OF THE CORPORATION



PEOPLE

Employees are the key asset of the corporation, forming a special labour culture and distinguishing Obolon from its competitors.



ECOLOGY

Minimal environmental impact of the company is secured by recycling and reuse of resources and energy efficient technologies.



LOCAL COMMUNITIES

Community support in the regions where corporate companies operate is the basis for mutually beneficial cooperation.



CULTURE AND SPORT

Investing into the development of the cultural environment, Obolon contributes to supporting authentic Ukrainian traditions.

REPUTATION

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5680

people employed



1590

women



1818

engineers



229

employers with
special needs

Ukrainian beer market

25,3% Obolon Corporation's share



Every fourth bottle is produced
by Obolon corporation

Beers exports from Ukraine

64,5% Obolon Corporation's share



3 of 4 bottles of export beer is produced
by Obolon corporation

[See](#) >

UAH 3,19 billion

sales revenue



UAH 1,27 billion

total tax and duty payments



UAH 10 million

social investments

BUSINESS OPERATIONS STANDARDS

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VALUES OF OBOLON CORPORATION



Quality

Focusing on producing drinks compliant with high standards of quality and safety.



Professionalism

Well-coordinated and skilled work of the employees.



Safety

Responsibility for life and health of employees and consumers.



Effectiveness

Considerable output of environmental and industrial safety activities.



Team spirit

Single «family» of like-minded people with common values

BUSINESS OPERATIONS STANDARDS

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COMPONENTS OF RESPONSIBLE WORK

Code of ethics

[See](#)

Gender Plan

[See](#)

National legislation

International law

10 UN Global Compact fundamentals

[See](#)

Market «fair play»

Anti-bribery policy

Responsible procurement

[See](#)

Responsible marketing

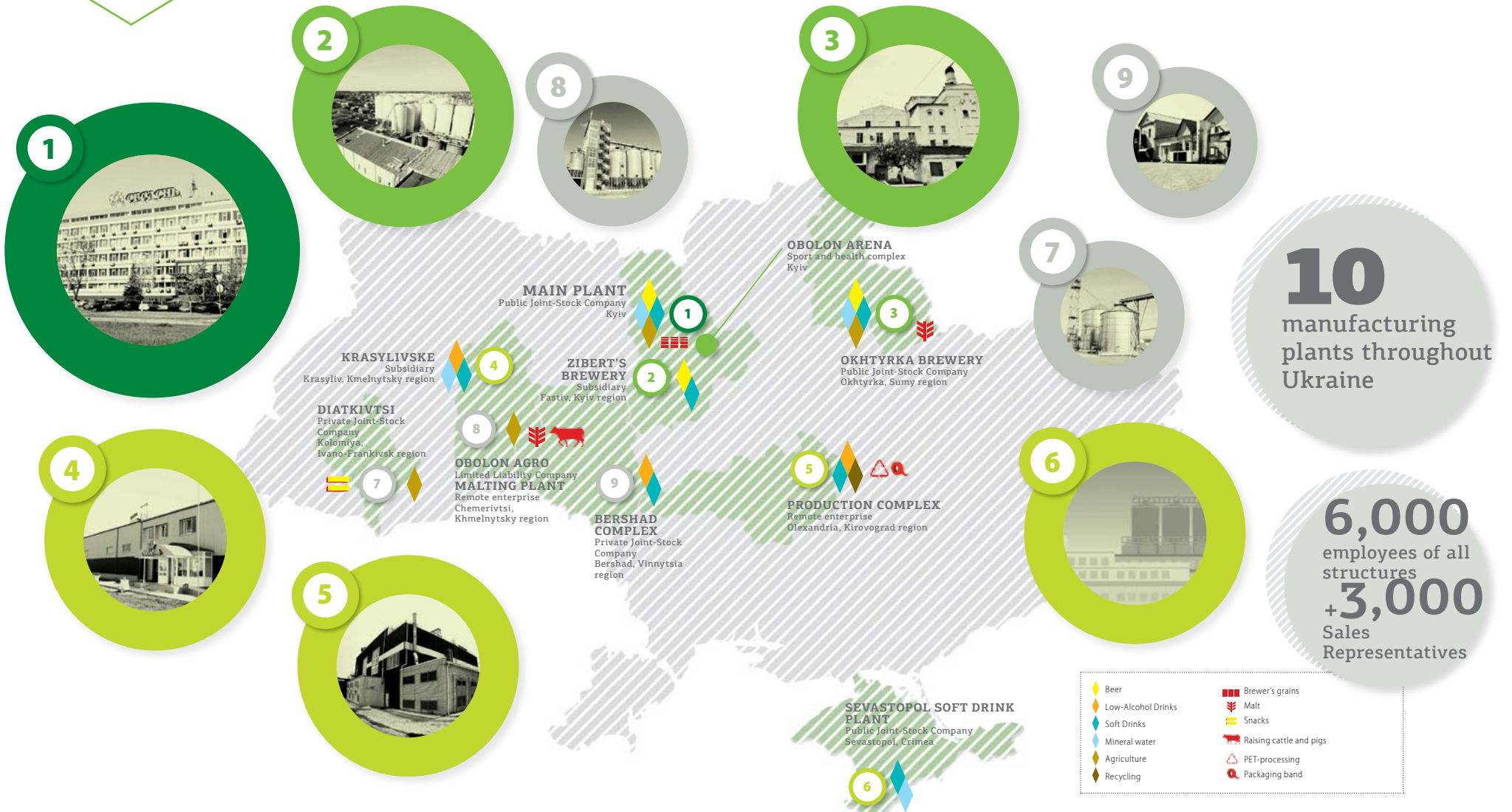
- respecting one's competitor
- respecting the rules of business and decisions of the authorities
- avoiding unfair competition
- equal chances for success

- provisions on labour rights, responsibilities of the employees and labour relations
- provisions on the choice of suppliers of goods, works and services
- provisions on contractual work in the corporation

- 'Consume Responsibly' programme
- No beer sampling in trade networks and sales outlets
- Warnings on drinks labels
- Product portfolio includes non-alcoholic beer

CORPORATE STRUCTURE

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CORPORATE MANAGEMENT

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SENIOR MANAGEMENT



Oleksandr Slobodian

President of the Corporation

«We live in rather interesting but difficult times. Today Ukraine faces serious challenges of loss of territorial integrity, economic recession and problems of the internally displaced. At the same time, climate change, natural resources and fresh water depletion are globally important issues. The time will come for Ukraine to consider these issues. Today our common task is timely preparation for the challenges of the future. We began with our own social responsibility more than 20 years ago. And today we are still going in the right direction».



Ihor Bulakh

CEO

«There are many of manufacturers in Ukraine today that produce high-quality goods and services. The distinguishing feature of Obolon Corporation is its rich history, deeply enrooted traditions and hard work of the Ukrainian people. Another important factor for our products is the social component developed from the moment of the company's incorporation. For three decades Obolon has been implementing its corporate ambitions and developing each of the four social responsibility directions in order to present to the world the best samples of unique and authentic Ukrainian goods».



Serhii Bloshchanevych

**Chairman of the Supervisory Board,
Director for Personnel and Welfare**

«People are the main capital of the Obolon Corporation. People produce drinks, form the reputation and increase the company's assets. Each day Obolon works on improving social programmes and the well-being of the company's key stakeholders. Each year the company invests in the development of its employees. Their qualification and interest in the results of their work provide the efficiency and sustained character of business processes in the corporation».

FULL CORPORATE MANAGEMENT STRUCTURE [See](#)

LEGAL BASIS OF CORPORATE MANAGEMENT [See](#)

ADDITIONAL MANAGEMENT STRUCTURES (SUSTAINABILITY TEAMS)

[See](#)

STAKEHOLDERS

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Stakeholder groups	Corporation's liabilities	Communication and frequency tools
Shareholders: holders of shares, banking structures and investment funds	<ul style="list-style-type: none"> Forming the corporation's values Timely notification Risk prevention and management 	Financial statements (annual) Meetings of subscribers (annual/quarterly) Official website of the corporation Sustainable development ratings (annual)
Personnel: employees, directors, trade unions	<ul style="list-style-type: none"> Occupational safety Competitive salaries Absence of discrimination and equal rights Gender equality Professional development investments Result acknowledgement 	Research, surveys (annual/as needed) Focus groups (as needed) Exchange of specialists (as needed) Cooperation with the trade union (regular) Intranet, corporate mass media (daily/quarterly)
Consumers: domestic and international	<ul style="list-style-type: none"> Product quality Innovations Responsible consumption Access to information on the products and company Social responsibility 	Corporate website (daily) Social media (daily) Promotion Hotline (daily) Tour programme Research (as needed)
Local communities: population of regions where the companies are located, NGOs, funds and associations	<ul style="list-style-type: none"> Job creation and tax payment Environmental protection Social and cultural projects Development of volunteering projects Partnership 	Meetings, direct communication, projects (as needed) Site tours (daily/on request) Report on sustainable development (annual) Corporate website, social networks (daily)
Authorities and mass media: branch-regulating authorities and organisations, media	<ul style="list-style-type: none"> Provision of information on activities Tax payment Observing the law Timely request fulfillment 	Press releases, comments (as needed) Press conferences (as needed) Representation in management authorities Reporting (annual/quarterly) Social media (daily)
Partners and financial institutions: suppliers, distributors, banks	<ul style="list-style-type: none"> Fair competition Transparent procurement Ethical conduct Fulfillment of all agreements and liabilities Guarantee assurance Anti-bribery procedures 	Official website Report on sustainable development (annual) Workshops, presentations (as needed) Industry fairs (annually/as needed)

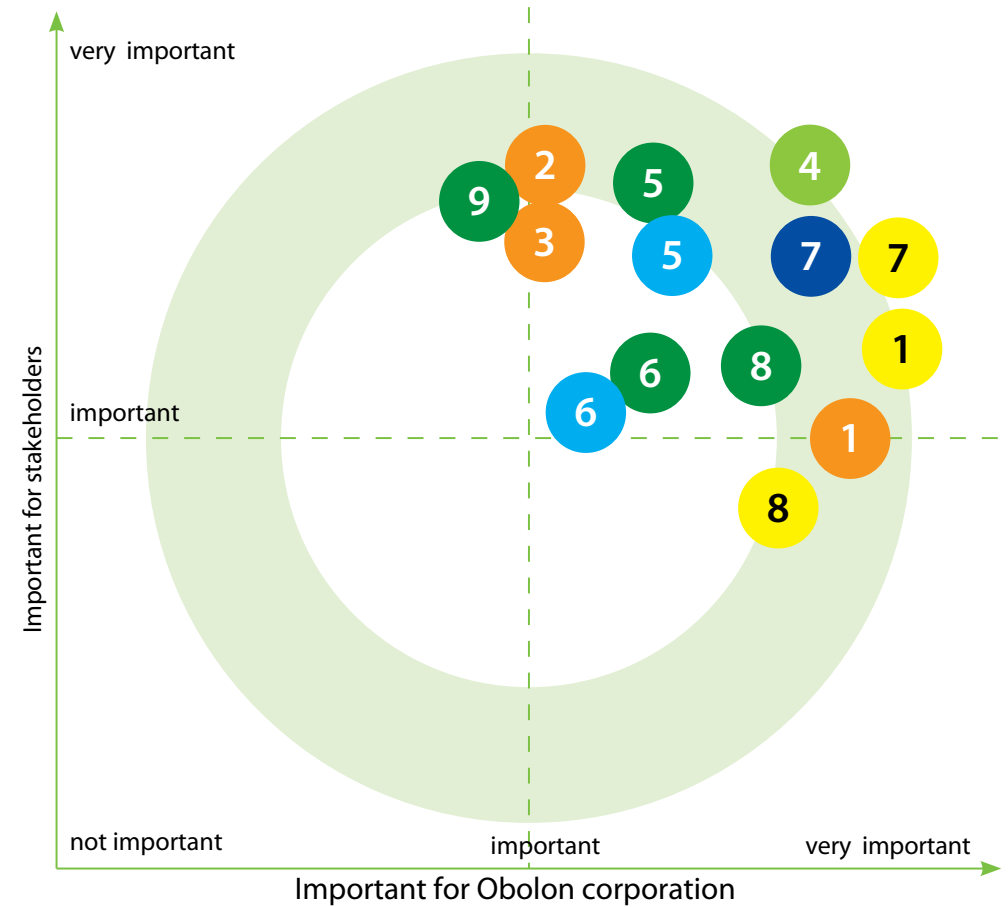
STAKEHOLDERS

KEY POINTS

Based on stakeholders' feedback – letters, meetings, hotline calls, posts in social networks, reputation research, anonymous boxes in offices – Obolon is distinguished by a range of key points:

1. Financial and economic results
2. Labour relations: personnel development, occupational safety
3. Gender equality
4. Product quality and safety
5. Environmental protection
6. Contributions to the regional economy
7. Corporate management
8. Energy efficiency: reuse of resources and waste-free production
9. Social investments

SIGNIFICANCE MATRIX



STAKEHOLDERS

DIALOGUE WITH STAKEHOLDERS



HOTLINE

Call centre telephone number

0 800 507 300

Hotline operators received **39.7 thousand calls** in 2014
Average duration of the conversation with the respondent amounted to **1 minute 51 seconds**

REASONS FOR CALLS

- 27%** — Product sales
- 20%** — Information regarding the company and contact persons
- 11%** — Product quality
- 18%** — Partnership and sponsorship offers
- 23%** — Confirming details on special offers
- 2%** — Ethical issues

GENDER



Men — **40%**

Women — **60%**



OPEN OBOLON TOUR PROGRAMME

The Open Obolon tour programme has been implemented

for **13 years**

124 812 persons have visited the Obolon brewery on tours

4,5 thousand site tours were organised

Any person who has turned 18 can participate in the tour.

You can order the tour by phone or via a special form in the Brewery tour section of the corporation's website. [See](#)

SOCIAL MEDIA



Facebook

6519 subscribers



youtube.com

500 thousand views



LinkedIn

555 subscribers

Stakeholders can directly address the Obolon corporation press office via the [Contacts section](#) on the company's website at www.obolon.ua








STAKEHOLDERS

RELATIONS WITH SUPPLIERS

The corporation implements an **APS Tender** system – a procedure of open and transparent [electronic auctions](#)

GROUPS OF MATERIALS AND MAJOR SUPPLIERS

[See](#)

Agriculture	Packaging materials	Brewery	Recycling of production waste	Drinks distribution	Consumer	PET-bottles recycling
Production of brewing malt	PET and glass bottles, cans	Beer production	Brewer's grains	Local and export	Sales of drinks	Production of packaging band
						

PROCUREMENT PRINCIPLES

OPENESS

participation in procurement process of the corporation is open for all market participants

COMPETITIVENESS

open bidding, competition between the suppliers

JUSTIFICATION

commercial attractiveness (price, payment conditions), product quality, technical specifications, supplier reliability

Each time Obolon choses suppliers via the holding of tenders for raw and other materials and works purchases. The company does not establish long-term relations with the majority of its partners.

Obolon places requirements on its suppliers that do not contradict antitrust laws and do not limit the number of companies participating in the tender.

SUPPLIER ASSESMENT

QUALITY	35%
FINANCE	35%
LOGISTICS	20%
LOYALTY/SERVICE	10%

COOPERATION WITH ORGANIZATIONS

1992 — Ukrainian Union of Industrialists and Entrepreneurs

[See](#)



1992 — Ukrainian Chamber of Commerce and Industry

[See](#)



2007 — Un Global Compact

[See](#)



2013 — Centre of CSR Development

[See](#)





PRODUCTION

BRAND PORTFOLIO

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Beer

BEER MIX

Cherry
Lemon
Raspberry
Pomegranate
Lemon non-
alcoholic

CARLING

ZLATÁ PRAHA

Cerne
Svitla

ФАСТИВСЬКЕ

Svitla
Zhyhulivske

Життя

Export

ОБОЛОНЬ

Premium
Soborne
Mitsne
Oksamytove
Alcohol-free
Svitla
Rozlyvne

hike

Zibert

Bavarian
Svitla
Bochkove
Weissbier

ОХТИРСЬКЕ

Husarske
Kozatske
Zolote pero
Svitla
Traditional
Zhyhulivske

ДЕСАНТ

Svitla
Mitsne

Low-alcohol Drink (LAD)

APPLE CIDER
CIBER

**РОМ
КОЛА**

**БРЕНДІ
КОЛА**

Rio

**ВІСКИ
ВИШНЯ**

**ВОДКА
ЛАЙМ**

**ДЖИН
ТОНІК**

de-Mojito
Margarita
Pina Colada

Soft Drink (SD)

Життя

Apple
Pear
Lemon
Still
Cherry
Orange
Unik

**КОЛА
НОВА**

Cola
Lemon

Лимонад

Ситро

**RIO de
Mojito**

**СТАРОКИЇВСЬКИЙ
КВАС**

**ОБОЛОНЬ
зі смаком
Лайма**

Water

ОБОЛОНСЬКА

Strongly carbonated
Lemon
With lemon and orange

ОБОЛОНСЬКА-2

Strongly carbonated
Still

Аквабаланс

ОХТИРСЬКА

ПРОЗОРА

Strongly carbonated
Still
With peach and
green tea

Збручанська 77
МІНЕРАЛЬНА ПРИРОДНА

Snack

**ОБОЛОНСЬКІ
сухарики**

Barbecue
Sour Cream and
Greens
Cheese
Aspic and
Horseradish
Red Caviar
Bacon
Crab

MANAGEMENT SYSTEM

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INTEGRATED CONTROL SYSTEM

Integrated control system ISO provides quality for consumers and a competitive advantage for the company.

In 1998, Obolon was the first food industry company to receive an ISO 9000 certificate. Today the company declares safety and compliance of its product with international standards.

ISO 14001: 2004 ENVIRONMENTAL MANAGEMENT SYSTEM

ISO 22000: 2005 FOOD SAFETY MANAGEMENT SYSTEM

ISO 18001: 2007 OCCUPATIONAL HEALTH AND SAFETY
MANAGEMENT SYSTEM

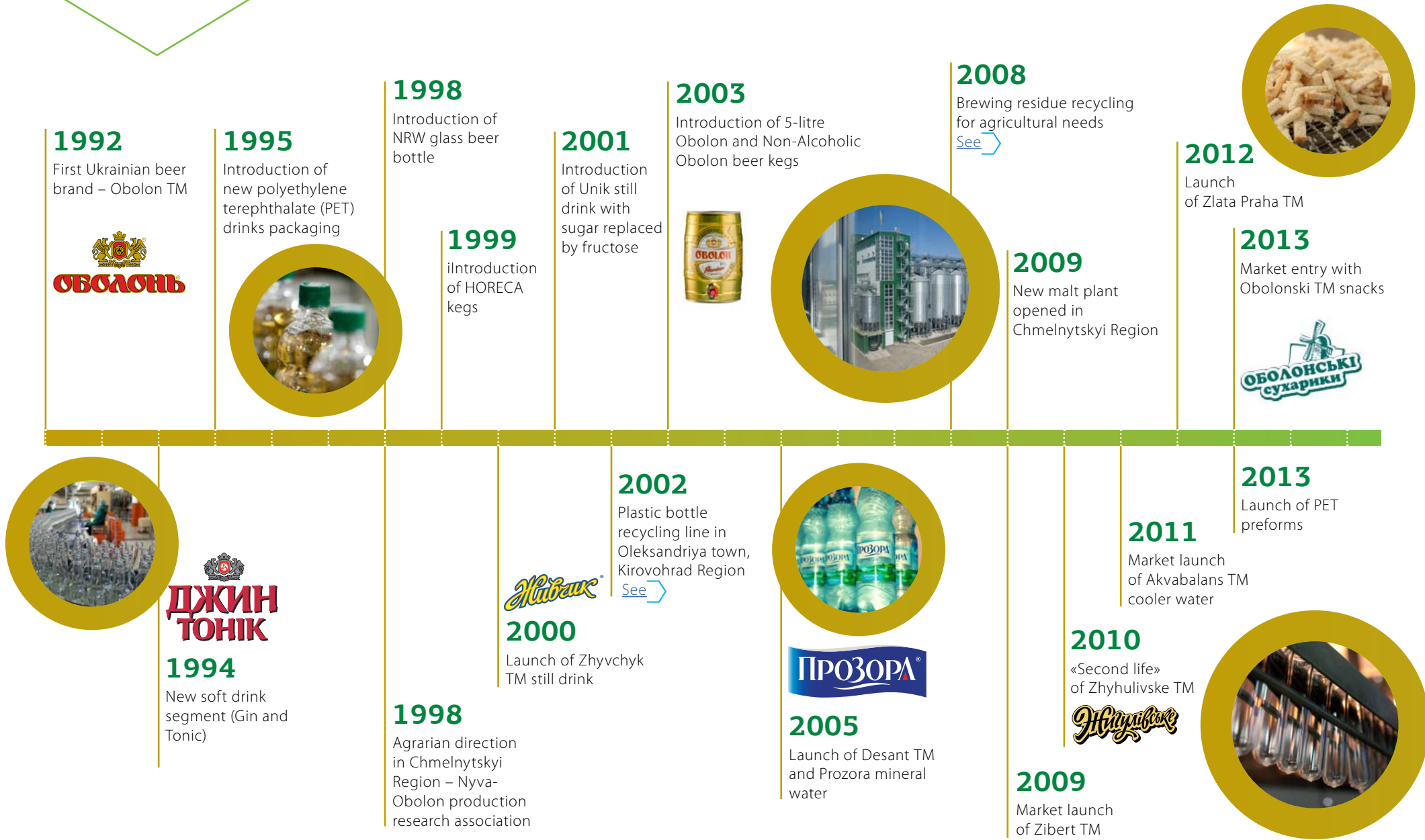
ISO 9001: 2008 QUALITY MANAGEMENT SYSTEM



Vira Ivaniuta, Head of Integrated Control System Department:
«Obolon is one of the few companies in Ukraine which has managed to combine four standards into a single management system. The integrated control system now proves the sustained responsibility of the company for its products, consumers, employees and the environment».

INNOVATIONS

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TECHNOLOGIES

11 million hectolitres of beer annually
— the largest brewery in Europe.



14 artesian wells
provide high-quality water.
Its quality is confirmed by the official EBRD
environmental appraisal consultant – Czech firm
KAP.

4 laboratories operate
at the main Obolon brewery:

- experimental
- production
- radiological
- technical supervision

EQUIPMENT



Brewing system **Ziemann (Germany):**

- 12 batches of wort per day, 750 hectolitres each
- Halving of heat consumption



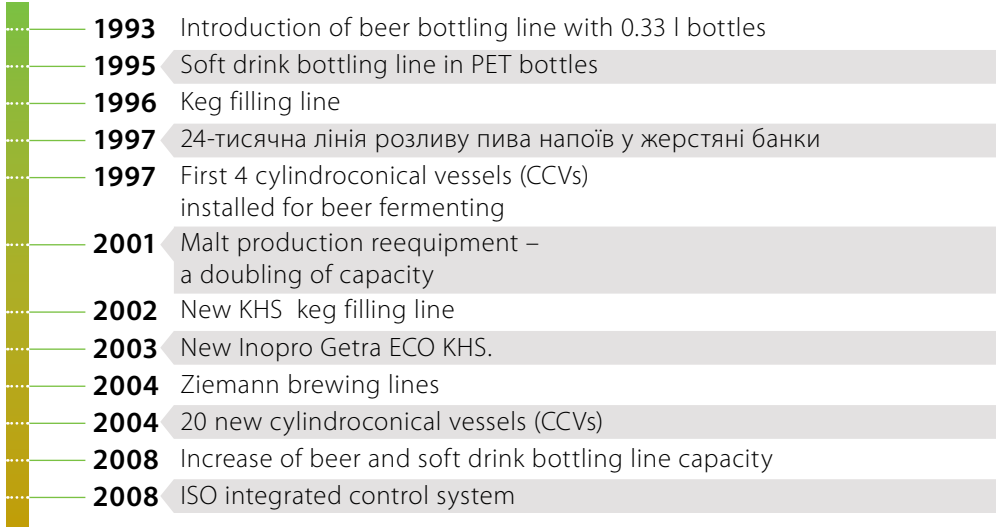
Filtering units **KHS (Germany):**

- 950 hectolitres of beer per hour

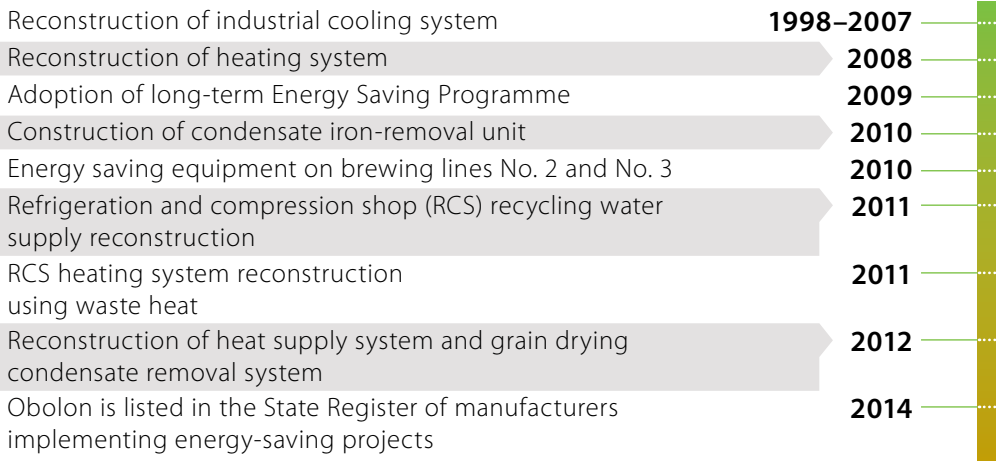


The largest **bottling line** in Ukraine:

- 110 000 bottles (0.5 l) per hour



Energy-efficient technologies





PEOPLE

WORKING ENVIRONMENT

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SAFETY AND OCCUPATIONAL CONDITIONS

Rights of the corporation's employees are provided for by:

- Collective Bargaining Agreement
- Trade Union Committee
- OHSAS 18001:2007 System [See](#)
- Labour Code of Ukraine
- UN Global Compact framework

not later than in 3 months the corporation shall inform the employees of the change in the form of incorporation, reorganisation or bankruptcy.

*100% of employees of PJSC Obolon are covered by Bargaining Agreement

Trade Union Committee:

founded in 1982. In 2014, included 499 members.

The Corporation adheres to the basic principles, declarations, laws on human rights and against the use of forced and child labor.



Serhii Bloshchanevych, *Chairman of the Supervisory Board, Director for Personnel and Welfare*

«Human rights are like air: if they are not violated, people can fail to notice them. As soon as they are taken away, it can put a human life in danger. Obolon provides labour rights and safety for all its employees, so each of them can feel the care and support of our corporate family».

WORKING ENVIRONMENT [See](#)

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EMPLOYEE PROFILE

Чисельність працюючих

		2010	2011	2012	2013	2014
Total number of employees	people	6 414	6 299	6 074	6 006	5680
Distribution of employees by the age						
18–34 years	people	2040	2016	1944	1922	1817
35–49 years	people	2423	2394	2308	2282	2101
50–54 years	people	829	819	790	781	740
>55 years	people	1084	1070	1032	1021	1022
Distribution of employees by the level of employment						
94% full-time employees 6% part-time employees						
Full-time	people	6101	6 032	5 915	5 838	5339
Part-time	people	275	267	159	168	341
Distribution of employees by gender						
28% women 72% men						
Women	people	1850	1 812	1 744	1 696	1590
Men	people	4526	4 487	4 330	4 310	4090
Distribution of employees by the specialization						
68% workers 32% engineering and technical staff						
Workers	people	4240	4 193	4 048	4 034	3862
Engineering and technical staff	people	2136	2 106	2 026	1 972	1818

Distribution of employees by the enterprises

		2010	2011	2012	2013	2014
Main brewery	Kyiv	3781	3136	3006	2882	2695
Zibert's brewery	Fastiv	487	498	501	423	375
Krasylivske	Krasyliv	696	700	693	752	680
Malt plant and 'Obolon Agro' structures	Chemervivtsi	320	957	909	991	967
Production Complex	Oleksandria	384	306	354	347	346
Okhtyrka brewery	Okhtyrka	279	264	258	248	245
Bershad integrated plant	Bershad	134	127	93	97	105
Beverage plant*	Sevastopol	184	169	164	157	157
Diatkivtski	Kolomyia	149	142	96	109	110

*Data of 2013

13,2% — average staff turnover in the corporation's structures Staff turnover is connected with the situation in the beer and soft drinks industry over the last few years, as well as the impact of economic and social risks [See](#)

The Corporation adheres to the basic principles, declarations, laws on human rights and against the use of forced and child labor.

LIFE AND HEALTH

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OCCUPATIONAL SAFETY

The occupational safety system includes a range of tools for securing of safety and proper labour conditions:

- OHSAS 18001:2007 — Occupational Health and Safety Management Systems
- Occupational safety and health monitoring
- Workplace certification
- HSE Committee
- Hazard identification and risk assessment registers

Petro Atamanenko,

Occupational Safety Assistant Manager to the CEO of Obolon JSC:

«It is important for us that every employee feels safe and comfortable working in the company. Every day we inform all employees, particularly the new ones, of the proper labour conditions. The company invests in training and control, as well as tutoring in emergency situations. It is on the wellbeing of the employees that the corporation's output depends».

LIFE AND HEALTH

INVESTMENTS IN OCCUPATIONAL SAFETY

	2010	2011	2012	2013	2014
UAH million	3,56	5,22	3,45	4,07	3,63

THE RANGE OF SAFETY MEASURES WERE ORGANIZED IN CORPORATION IN 2014

- **412** occupational safety monitoring events
- **115** workplaces certified
- **42%** of the employees underwent training and control of occupational safety awareness
- **3** thousand employees instructed on first emergency aid
- UAH **2.68** million spent on workwear and footwear, as well as personal protection equipment

RESULTS

- **206 inconsistencies were identified and eliminated**
- 1 work-related accident without serious consequences
- no work-related cases of death

PROTECTION EMPLOYEES WITH SPECIAL NEEDS

4,4% of the employees are disabled people (patients with musculoskeletal system diseases, diabetes, ophthalmologic illnesses, etc.).

Special labour conditions:

- flexible work schedule
- medical and preventive facility
- social benefits (health improvement and material aid)
- medical examinations
- social adaptation

		2010	2011	2012	2013	2014
Employees with special needs	people	281	273	279	270	229
1 st category disabled people	people	1	1	2		1
2 nd category disabled people	people	26	28	88	22	71
3 rd category disabled people	people	88	84	189	90	157

LIFE AND HEALTH

HEALTH AND HEALTHY WAY OF LIFE



A health centre and dentist's office were established

Oleksand Bodriahov, *chief of medicine at Obolon PJSC*: «We are constantly improving healthcare monitoring of our employees,

consulting them and rendering first aid. It is important for each member of the Obolon team to feel confidence and support. The team of medical specialists safeguards the health of company employees on a daily basis».



Gym

Yurii Tymoshenko, *security service employee*: «We live in a cycle of events: work – home – work. And each day we feel more and more tired. I find it important to rest not only spiritually but also physically. It is good to have an opportunity to release oneself from the

work day tiredness, spend stress-free time in the gym and return home in a good mood».



Bicycle parks installed

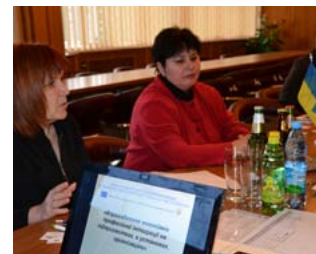
Oksana Borbelyuk, *economics department specialist*: «Why do I choose a bicycle? It is a healthy and environmentally friendly means of transportation which is not affected by traffic

jams. Besides, I spend less than 15 minutes getting to work by bike. The bicycle is a vehicle for the soul! I would like to see bicycles becoming a fashion trend of a free, healthy and positive way of life».



Organisation of preventive activities

Mariya Dolynska, *expert of USAID Strengthening Tuberculosis Control in Ukraine project*: «Today it is important to obtain timely information, particularly health-related. Obolon cares about its employees in this area and has for some time now engaged USAID experts to conduct the All-Ukrainian Tuberculosis Prevention Week».



Area lectures

Vitaliy Korzun, *Doctor of Medical Sciences – Professor of Institute for Hygiene and Medical Ecology*: «Timely information secures an advantage in the prevention of different diseases. It is particularly important for people who, due to work load and family duties, do not have access to information on safe food, high-quality water and environment».

ETHICS AND EQUAL RIGHTS

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CODE OF ETHICS

- team work
- friendly working environment
- success motivation



ETHICS COMMITTEE

Ethical grievances response mechanism

The Committee considered **2 applications** related to ethical issues during the last 2 years



HOTLINE 0 800 507 300

Ethical issues block

In 2014, the Hotline operators recorded **35 ethical grievances** of internal and external stakeholders



BOXES OF THRUST

Additional appeals' mechanism for unethical, illegal behavior in the company

ETHICS AND EQUAL RIGHTS

GENDER PLAN

1. Gender issues commissioner

2. Equal opportunities for men and women in

- salaries
- career growth
- parental leave
- professional development

3. Benefits for young parents

- additional parental leave for parents with children under 15 (+10 days to the mandatory one)
- family resort holiday packages
- holiday presents for children of the employees
- annually one-time health improvement benefit
- marriage and childbirth benefits

Ukraine is rated
56th out
of 142 countries
under the Gender
Equality Index

UAH **134
thousand** in
childbirth benefit
was paid in 2014

The anagement
structure of Obolon
corporation includes
32% of women

Management board of Obolon corporation	2012	2013	2014
Women in managerial positions	232	231	220
Men in managerial positions	493	473	449

EQUAL OPPORTUNITIES

In 2013 the Obolon corporation, in cooperation with the League of Social Workers, joined the EU project titled Back to Work. The programme is aimed at improving labour practices of employees with family responsibilities – those who return to work after parental leave.

*Details on the project can be found in the section Successful Practices – Reintegration of Employees – Back to Work project [See](#)

During the reporting period there were no cases of discrimination against employees in the corporation structures.

STRUCTURE OF EMPLOYEES WITH FAMILY RESPONSIBILITIES OF OBOLON PJSC

Description	Men	Women	Total
Pregnancy and childbirth leave	-	10	10
Parental leave for parents with children under 3	2	67	69
Parental leave for parents with children from 3 to 6 years old	-	16	16
Working with children under 3	325	12	337
Working with children from 3 to 6	409	75	484

PERSONNEL DEVELOPMENT

PERSONNEL EDUCATION

- On site (individual training)
- Special courses
- Contractual training in Institutes of Advanced Training

Professional education:		2010	2011	2012	2013	2014
retraining, specialisation (individual training)	persons	96	68	42	29	31
advanced training of employees	persons	991	571	741	614	566
advanced training for managers and specialists	persons	603	579	528	631	557
Laboratory examinations	persons	92	84	65	71	67

Average training duration for a specialist totals **16 hours**

All employees of the corporation (regardless of gender, position or functional responsibilities) are eligible and applying for training within or outside of the company.

Corporate employee training duration totals **24.6 hours**

In 2014, the company, together with Denis' School international foreign language school, organized the following courses for marketing and export department experts of the Kyiv company:

- 90 hours of foreign language training for one specialist.
- 60 specialists sat language courses

For more than 10 years the regional company of Okhtyrka town manages the advanced training school for employees, offering courses in Economics and Management, Effective Sales Management and Production Training School. Annually up to 100 employees take the school's courses.

ASSESSMENT OF LABOUR ACTIVITIES

- Manager's expert assessment
- ISO systems certification committee
- Output assessment

Based on the employee's assessment the company's management takes decisions regarding

- compliance with work duties
- salary rises
- career advancement
- inclusion into the talent pool

TRAINING AND PRODUCTION PRACTISE FOR STUDENTS

	2010	2011	2012	2013	2014
persons	347	326	306	302	314

*The list of universities – partners of the Obolon Corporation [See](#) ➤

INCENTIVES AND MOTIVATION



MATERIALS INCENTIVES

System of remuneration for the employees

- Official declared salary
- Gender balance in salaries*
- **40-hour** working week and **8-hour** working day
- Material incentives system

Salary type	Personnel category	Payment form
Time-rate	Workers, drivers, security guards, etc	Actual hours worked
Piece-rate	Production personnel	Actual scope of work performed

*Equal pay (regardless of gender) that is based on experience, functional responsibilities and position.

UAH 4 698

— average salary at Obolon corporation companies
*excluding Sevastopil plant

Obolon average corporate salary is **15% higher** than the industry average
*according to State Statistical Services in 2014

UAH 13,9million

of financial aid was provided to full-time employees
*excluding Sevastopil plant

INCENTIVES AND MOTIVATION

NON-MATERIAL INCENTIVES

Social package for employees

- transfer of employees
- modern medical centre
- subsidised meals
- gym
- gift products for special occasions
- material benefits
- resort holiday packages

Social packages are also provided to former employees of the corporation who have retired

103 families of employees were provided with health farm and resort treatment in 2014.

*Data of central Kyiv office

30 employees regularly visited the gym in 2014

15 persons visit the health centre each day

*Data of central Kyiv office

CORPORATE CULTURE AND TRADITIONS

Donorship movement

- **70** permanent **blood donors**
- **384 litres of blood** were donated over **14 years** of the movement's operations

Corporate volunteer movement

- quarterly trips to the Mostyshche boarding school in Kyiv Region
- voluntary fundraising for ATO soldiers
- seasonal wear collection for FTCH

Up to **UAH 1 million** was gathered to support the Ukrainian army

Sports movement

- **10 football teams** in Obolon PJSC
- **2 football tournaments** – Plant Championship and President's Cup
- annual football tournament of distribution teams

Corporate media

- daily newsletters
- monthly review media
- quarterly Visnyk journal

Vistnyk of Obolon Corporation was chosen as the best corporate media of Ukraine in 2014 and won a grand prix at the Innovations in Communications contest



ECONOMICS

FINANCIAL AND ECONOMICS RESULTS

SUSTAINABILITY REPORT OF OBOLON CORPORATION
ANNUAL REPORT 2014



	Вимір	2010	2011	2012	2013	2014
Net income	UAH thousand	3 352 095	4 861 378	4 075 269	3 877 633	4 073 461
Net profit	UAH thousand	89 476	3 577 451	223 878	195 309	–538 985
Equity	UAH thousand	817 605	489 062	1 103 460	1 323 165	762 116
Assets	UAH thousand	3 151 266	918 547	3 595 732	3 661 749	3 795 133

More indicators of financial and economic results are on the official web-site [See](#) ➤

and on the social report site [See](#) ➤

PRODUCTION INDICATORS



		2010	2011	2012	2013	2014
Beer	million dal	98,7	87,3	88,9	78,4	69,4
LAD	million dal	2,2	2	2,3	2,3	2,25
SD	million dal	18,4	18,5	18,1	15,8	15,9
Mineral water	million dal	9,0	7,2	6,8	5,5	5,5
Malt	thousand ton	155,8	128,3	127,9	106,8	80,3

EFFICIENT ACTIVITY

EMPLOYMENT

Obolon is one of the largest Ukrainian employers in the food industry.

The company engages the employees directly from the cities and villages of its production capacities.

In many regions Obolon production facilities are core budget-forming companies.

In 2014, Obolon was rated among the three largest employers of the agroindustrial complex.

	Population numbers at 1 January 2013 (State Statistics Service)	Population numbers at 1 January 2014 (State Statistics Service)	Number of Obolon employees in regional companies in 2013	Number of Obolon employees in regional companies in 2014
Kyiv	2 845 023	2 868 702	2 882	2 695
Sevastopol*	359 702	362 018	157	157
Oleksandria	82 819	82 636	347	346
Kolomyia	61 428	61 350	109	110
Okhtyrka	49 047	48 881	248	245
Fastiv	48 237	48 098	423	375
Krasyliv	19 743	19 679	752	680
Bershad	13 160	13 098	97	105
Chemerivtsi	5 346	5 314	991	967
Total	3 484 505	3 509 776	6 006	5 680

*Data of 2013

EFFICIENT ACTIVITY

COMMUNITY

Last year the company expanded the traditional social support channels in the regions where the local companies of Obolon are located. Apart from partnership with local residents, regional offices of the company began to cooperate with volunteers, servicemen and defensive units, hospitals and the state.

Vinnytsia Region

Bershad Plant PJSC makes product and monetary donations to local communities. Last year the plant initiated cooperation with regional military units. In cooperation with the Without Borders international charitable fund the company donated UAH 95 thousand for the purchase of protective accoutrements for the mobilized forces.

Kyiv Region

Fastiv Brewing Company supports communities in various areas. Last year the aid amounted to UAH 125 thousand. The company allocated 15 thousand litres of drinks for aid to servicemen and UAH 250 thousand for medicine, accoutrements, fuel and equipment, and the employees gathered UAH 150 thousand.

Kirovohrad Region

The production complex in the town of Oleksandriya has been operating a plastic bottle recycling project for 12 years. During this time the plant gathered 10 thousand tonnes of plastic. Within the project the company conducts active work with the local communities on promoting awareness of ecological practices and cooperates with local educational establishments for gathering plastics.

Sumy Region

In 2014, the list of Okhtyrka Brewery PJSC partners was expanded by the regional association for village ecotourism development. The plant allocated UAH 15 thousand for its initiatives. Employees of the plant participate in fundraising for the local Red Cross office. UAH 60 thousand was allocated by the plant for the purchase of protective accoutrements and combustibles and lubricants for military needs.

Chmelnytskyi Region

Within the Social Partnership Agreement with the Chemerivtsi Settlement Council, the malt plant allocated UAH 155 thousand. The company donated about UAH 1.3 million for reconstruction of a FTCH building in Horodok District of Chmelnytskyi Region. Support and participation in local sports events amounted to UAH 53 thousand. The plant provided 4 lorries (MAZ, KRAZ) for the military needs.

Obolon Krasylivske company concluded Social Partnership Agreements with Krasyliv Town and Yavorovets Village Councils. During the year the company gathered UAH 472.3 thousand for the community initiatives and built 8 sports and playgrounds in the region. The employees donated UAH 92.8 thousand and the company procured water and fuel worth more than UAH 2 million for military needs.

Ivano-Frankivsk Region

Diatkivtski Private JSC provides aid to the Social Rehabilitation Center for Disabled Children in Kolomyia and the local geriatric home. The company allocated UAH 20 thousand for the needs of the local community. Aid to servicemen amounted to UAH 80 thousand, 30% of which was raised by the employees.

EFFICIENT ACTIVITY

TAXES

The companies of the corporation form the budget revenue at the territories where they are located.

In 2014, budget allocations of the corporation increased by 9%.

OVERALL DEDUCTIONS TO THE BUDGETS OF ALL LEVELS, UAH thousand

2010	2011	2012	2013	2014
990 524	1 032 454	1 214 828	1 158 324	1 274 040

OBOLON'S SHARE IN FILLING LOCAL BUDGETS IN 2014

Kyiv	~1,3
Sevastopol*	*
Oleksandria	5,0
Kolomyia	10,7
Okhtyrka	11,0
Fastiv	3,14
Krasyliv	10,2
Bershad	2,5
Chemervitsi	8,2
Усього	3 484 505

*Data of 2013

RELATED INDUSTRIES

The brewery is one of the drivers of the Ukrainian economy.

1 workplace in brewery generates

- 1 workplace in media and marketing
- 1 workplace in packing and logistics
- 1 workplace in trade
- 1 workplace in agriculture
- 11 workplaces in the tertiary industry

Agroindustrial complex (barley, wheat, corn, hop, malt, etc.)

Agricultural production of the corporation is focused in Chmelnytskyi Region. It includes a research and development household, seed plant, agrarian firm, 17 thousand hectares of crop areas and a malt plant producing 120 thousand tonnes of malt annually.

Packing (PET, glass, tin cans)

Obolon has its own preform production facility at its Oleksandriya plant. In 2012, the company adopted PCO1881 standard of 1-litre and 1.25-litre light PET bottles. It is more environmentally friendly and more cost effective for the company. In 2014, the plant produced 214 million preforms.

Restaurant business, trade

Obolon has a network of brand outlets in the regions where its companies are located. The company's drinks can be found in all trade networks within the country and abroad.

Secondary resources recycling (PET bottles, brewer's grains)

In 2008, a line of plastics recycling for rim band was opened in Kirovohrad Region. During 7 years of recycling 9.5 thousand tonnes of PET bottles provided material for 3.5 thousand tonnes of tension and packaging band.

The Obolon plant in Kyiv recycles the so-called brewer's grain, which is brewery waste, and exports the product to the EU and Israel. Over 6 years of recycling the plant has produced 150 thousand tonnes of grain.

Logistics and transport

In 2014, established logistics and transport infrastructure provided for Obolon drinks export to 58 countries.

RISKS



Risks can arise both due to forecasted and unforecasted situations.

They all endanger the reputation and sustainable development of the corporation.

During the reporting period Obolon faced a range of economic and social risks which impacted the staff and other stakeholders of the corporation.

FORECASTED RISKS:

Export limitations to CIS markets

Belarus

On 1 May 2014 the Belarusian government introduced licensing for beer supplies from countries outside the Customs Union.

The trade partner of Ukraine violated the Agreement on Free Trade Zone between the countries.

Belarusian background:

- 2010 – anti-dumping case against Ukrainian beer
- 2011-2012 – licensing and minimal cost process for Ukrainian beer

Obolon beer supply trends to the Republic of Belarus, thousand dal

2009	2010	2011	2012	2013	2014
2 686,2	2 608,3	687,4	1 328,1	2 788,1	1 625,6

IMPACT

- Obolon beer import to the Belarusian market decreased by 41.7%

Russian Federation

- On 15 September 2014 Obolon beer export was banned.
- This political decision was unreasonable. Russia violated the WTO regulation being a member country.
- Obolon has been exporting beer to Russia since 1999.
- For 15 years of cooperation the Russian party raised no official claims.

IMPACT

- Obolon lost **65%** of imported beer market in Russia.

RISKS

FORECASTED RISKS:

Fiscal policy

- Increase of excise rate for beer by **42.5%** – from **UAH 0.87** to **UAH 1.24** in 2014
- **1.5%** – tax levy for hop production
- Excise rate of **5%** for beer sales in retail networks

IMPACT

- In 2014, the beer market in Ukraine decreased by **9.3%**
- Beer consumption decrease
- Annual average of production capacities in the industry amounted to **42%**
- Lack of transparency in distribution of tax revenue

- Beer cost index in 2014 was at the same level with the general depreciation rates
- Increase of raw material, energy resources and logistics services cost

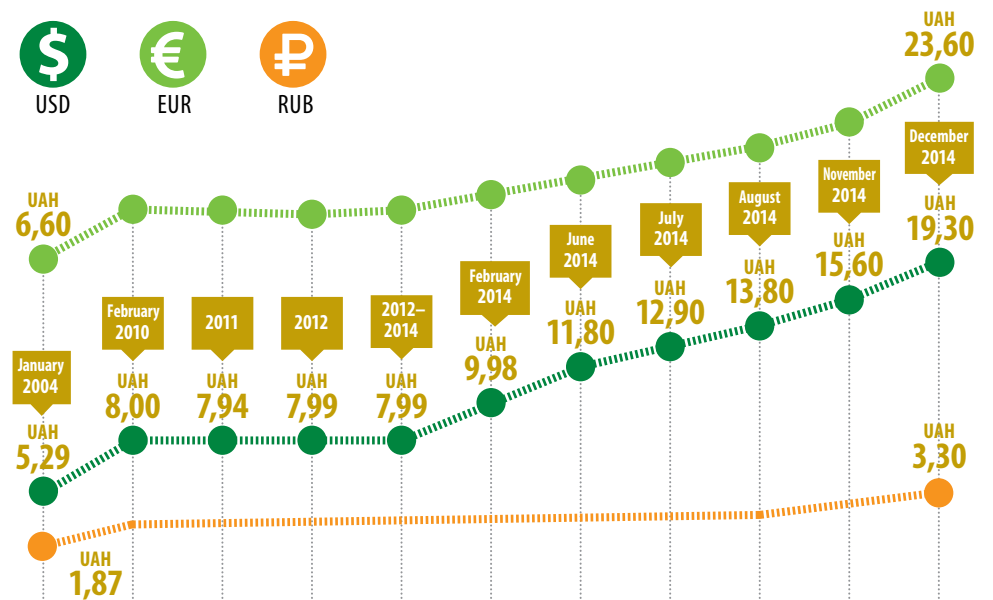
IMPACT

UNFORESEEABLE RISKS:

Depreciation of hryvnia

UAH at the end of 2014	USD exchange rate	Currency depreciation against USD, %			
		from the beginning of the year	in 6 months	in 2 months	in 1 month
	15	-46	-21	-18	-14

2004–2014. UAH exchange rate trend against RUB, USD, EUR



RISKS

Buying capacity decrease

Consumer confidence index (CCI) is a trend indicator of changes of consumer demand among the population.

CCI in 2014											
January	February	March	April	May	June	July	August	September	October	November	December
70%	65%	66%	61%	-	66,1%	65%	54,7%	53,8%	54,3%	53,4%	52,6%

*according to GfK

IMPACT

Beer is not an essential product.

A drop in income of the population = a drop in beer consumption.

Hostilities in the east

On 14 April 2014 the anti-terrorist operation (ATO) was started.
Decree of the President of Ukraine No. 405/2014

Year of the ATO. Results:

- **more than 6 thousand people** have died
- **16 thousand people** were injured
- **1.5 million citizens** lost their homes
- **1.198 million people** became internally displaced
- **over 12 thousand properties** were destroyed
- **33 bridges** were blown up
- **1,560 km of motorways** were destroyed

*According to the data of the UNO, State Migration Service of Ukraine, Ministry of Social Policy and military analysts

IMPACT

- loss of **7% sales territories** in the occupied Donetsk and Luhansk regions
- warehouses robbed in Donetsk and Luhansk
- loss of jobs of the company's sales teams in the zone of the ATO
- more than 100 company employees were mobilized

Loss of traditional sales regions

Autonomous Republic of Crimea

- On 16 March 2014 the Crimean Peninsula was annexed by Russia
- In July 2014 the Verkhovna Rada of Ukraine introduced a range of trade and financial restrictions for Crimean manufacturers

IMPACT

- loss of 8% of sales markets by beer manufacturers
- cessation of product supplies to the peninsula
- indefinite status of the soft drink plant of the corporation in Sevastopol

Potential risk of a deficit of glass containers

On 26 December 2014 Ukrzaliznytsia railway network suspended freight traffic movement from Ukraine to the Autonomous Republic of Crimea

- The glass container industry uses **200 thousand tonnes of sodium bicarbonate** annually.
- **90%** of sodium bicarbonate was supplied by the Crimean Sodium Bicarbonate Plant.
- **2.5 billion of glassware** is produced annually, most comprising bottles and jars.
- **20%** of sodium bicarbonate is included into the production cost of a glassware item
- **Import duty for sodium bicarbonate totals 5.5%**

IMPACT

- Lack of the Crimean sodium carbonate for glass container production
 - Increase of the price of glass containers due to sodium carbonate imports
- Reaction mechanism to prevent corporate risk is provided by senior management team and additional corporate management teams. [See](#)



ENVIRONMENT

EFFICIENT USE OF RESOURCES

SUSTAINABILITY REPORT OF OBOLON CORPORATION
ANNUAL REPORT 2014



As the largest beverage producer, Obolon depends on agricultural raw materials which can be heavily impacted by a severe climate change, which is an issue of the company's concern.



Serhii Pustovit, *energy efficiency manager of Obolon Corporation:*

«Sustainable development of Obolon implies the daily search for and use of innovation means to minimise environmental impact. We achieve this with the help of a cost reduction resulting from savings in electric energy, water and other resources».

DIRECTION OF ECO-RESPONSIBILITY STRATEGY:

- gradual reduction of atmospheric emissions
- rational use of water resources
- maximum recycling of production waste

Since 2010, Obolon has been participating in the global ecological initiative Earth Hour of the World Wide Fund for Nature (WWF). **For 5 years** in a row the company has demonstrated its high consideration of environmental issues.

In 2014, the company saved about **300 kW** (1080 MJ) of electric energy within the initiative.

EFFICIENT USE OF RESOURCES

RESOURCE USE FIGURES TREND

EFFICIENT USE OF ENERGY RESOURCES

Due to a range of energy efficiency and economising measures, the production impact the corporation exerted on the environment continued to decrease. In addition, production of all categories of beverages in 2014 declined by 10% year-on-year and 30% compared to 2010. Hence, the production decrease has reduced the use of resources.

	2010	2011	2012	2013	2014
Natural gas					
thousand m ³	30 328	27 003	26 826	23 708	18 544

In 2014, **27% less** natural gas was used

Water					
thousand m ³	3978	3718	3781	3240,5	2632,7

*Drinking water is provided by 12 wells within the territory of the Kyiv brewery
Water consumption decreased by **23%** year-on-year.

Steam					
Gcal	217273	202638	201094	179902	149650

In 2014, use of steam in production was **reduced by 20%**

Power					
GJ	318204	297914,4	309045,6	275832	195397,2

*The power supplier for the main plant in Kyiv is Kyivenergo PJSC. Regional companies use the services of local power companies
In 2014, Obolon decreased the **use of power by 30%**

- The company installed equipment for additional heat energy recycling in the boiler plant. Savings totalled 111 Gcal/year.
- 197 LED lamps were installed. Savings totalled 180 GJ of power energy.
- Replacement of the bottle-feeding conveyor electric drive in the bottling station an energy-saving Danfoss model. Savings totalled 2,959.2 kJ.

EFFICIENT USE OF PRODUCTION RESOURCES

		2010	2011	2012	2013	2014
Barley						
Brewing-grade barley	thousand tonnes	185	158	178,3	150,1	118,5

*Reduced use is explained by beer production depletion by 12% in 2014 compared to 2013

Hops and hop products						
Hops and hop products	thousand tonnes	0,30	0,27	0,26	0,18	0,16

*Reduced use is explained by beer production depletion by 12% in 2014 compared to 2013

Sugar						
Sugar	thousand tonnes	6,4	5,6	6,0	5,6	5,1

*Reduced use is explained by soft drinks production depletion by 14% in 2014 compared to 2010

EFFICIENT USE OF RESOURCES

		2010	2011	2012	2013	2014
Apple juice						
Apple juice	thousand dal	57,4	58,2	60,6	54,1	53,8

*Reduced use is explained by soft drinks production depletion by 14% in 2014 compared to 2010

Corrugated packaging (sheets)						
Corrugated packaging (sheets)	thousand tonnes	3376,6	3082,2	2136,5	2421,3	2212,6

RECYCLING

		2010	2011	2012	2013	2014
Water recycling						
Water recycling	thousand m ³	970,8	1006,2	1073,5	3240,5	2998

*Such water is used for washing equipment and glass bottles

CO₂						
CO ₂	tonnes	12522,7	11678	11922,3	11674,1	11378,2
Steam recycling						
Steam recycling	tonnes	1765,2	2230	2630	2140	1807

ALTERNATIVE ENERGY

In order to reduce dependency on energy resources the regional companies of Obolon in Okhtyrka and Fastiv towns installed solid fuel boilers. Wood waste (sawdust, broken pallets, boxes, etc.) are used as fuel.

**3-4 kg of burned wood waste =
burning of 1 m³ of g – 0.008 Gcal of heat**

The corporation installed a system of solar energy collectors for heating water in the office block of Kyiv Obolon brewery and production sites of Zibert's Brewery in Fastiv. Savings totalled up to 30 Gcal/year.

WASTELESS PRODUCTION



Svitlana Bashmakova,
Leading Environmental Protection Engineer:

«Environmental efficiency for the corporation is not only a challenge of the current environmental condition but also an opportunity to save and free up additional resources. Considering the increased cost of raw materials, it its beneficial for the company and safe for people and the environment»

INVESTMENTS IN ENVIRONMENT PROTECTION (UAH MILLION)

2010	2011	2012	2013	2014
23,6	15,3	19,5	16,0	10,0

WASTELESS PRODUCTION

SUSTAINABILITY REPORT OF OBOLON CORPORATION
ANNUAL REPORT 2014

REDUCTION OF ATMOSPHERIC EMISSIONS

		2010	2011	2012	2013	2014
Atmospheric emissions	tonnes	44	45	37	33	30
Nitrogen compounds	tonnes	29,95	29,6	24,04	18,6	17,3
Grain dust	tonnes	12,6	11,3	9,9	10,79	9,5
Carbon oxide	tonnes	0,42	0,51	0,45	0,76	0,64

19% less CO2 emissions in 2014

REDUCING POLLUTION

		2010	2011	2012	2013	2014
Waste water	million litres	2198	2121	2175	1810	1667,0

*Sewage treatment plants of the company has three levels of cleaning by gravity and sorption principle

WASTELESS PRODUCTION

		2010	2011	2012	2013	2014
Specific waste formation	tonnes/thousand dal	0,44	0,35	0,35	0,17	0,13

DISTRIBUTION OF WASTE DEPENDING ON RECYCLING

	2010, %	2010, т	2011, %	2011, т	2012, %	2012, т	2013, %	2013, т	2014, %	2014, т
Internal recycling and reuse	94,1	169200	94,8	170300	94,5	156592,3	94,1	134614	95,2	129839
Waste disposal	4,3	7700	3,7	6602	3,6	5720	4,1	5950	2,9	4040
Third party recycling	1,6	2800	1,5	2600	1,9	3168,6	1,8	2464	1,9	2534



SOCIETY

KYIV REGION

Zibert’s Brewery is a modern, high-technology company with a century-long history and brewery traditions making the town of Fastiv legendary.

PRODUCTION AND TECHNOLOGIES

Zibert’s Brewery produces «niche» beer brands: white beer, wheat, dark beer, as well as kvass and soft drinks.

EUR 40 million	8.7 million dal	1.1 million dal	13 countries
2009	2014		
volume of investment into Fastiv brewery modernisation	beer produced	soft drinks produced	Zibert’s Brewery export geography

ZIBERT’S BREWERY IS A PART OF UNIQUE UKRAINE

The enterprise forms part of the tourist route of the Unikalna Ukrayina [Unique Ukraine] tour operator

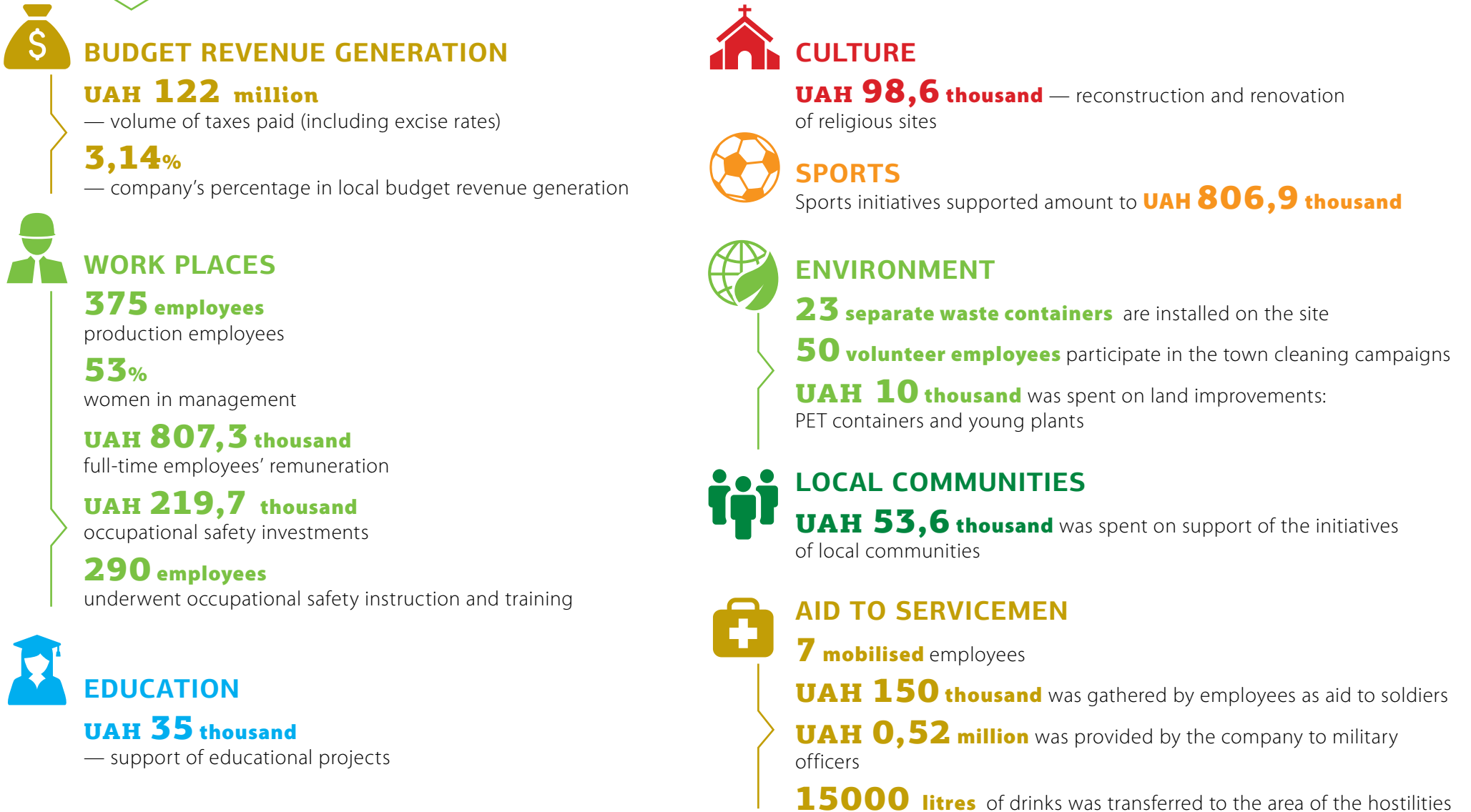
526 guests	2000 site tourists
2013	2011–2014
visiting tours around Zibert’s Brewery	visited the brewery over 4 years of the tour programme



Liubov Onyshchuk,
Director of Obolon Zibert’s Brewery Subsidiary:

«Nowadays our brewery is interesting not only for students on practical training. Each year the number of tourist to the site increases. People want to see the industrial facilities of the company, its modern equipment, and talk to our specialists. We are open to Ukraine and new guests of the brewery!»

DEVELOPMENT OF REGIONS



DEVELOPMENT OF REGIONS

SUSTAINABILITY REPORT OF OBOLON CORPORATION
ANNUAL REPORT 2014



PODILLIA

DEVELOPMENT OF CHMELNYTSKYI REGION INDUSTRY

Malt plant annual capacity totals 120 thousand tonnes of malt
50 innovation solutions



Serhi Prubniak,
Acting Agrarian Director:

«In 2009 we held the official opening of the malt plant. Equipment and machinery for the plant was supplied from 15 countries. It is the largest investment project in the region. Today the malt plant is the driving force of the agriculture of Chmelnytskyi and neighbouring regions»

PODILLIA AGROINDUSTRIAL COMPLEX DEVELOPMENT

- Elite seed farming
- Animal farming
- Vegetable production and processing



Mykhailo Zhyla,
director of Obolon-Agro LLC:

«We began our activities in 2006 from cultivating 350 hectares. The core crop of our company is brewery barley (both winter and spring). This crop is grown on about 35% of the land used for production and seed material of the required barley varieties most suitable for malt production. The percentage of production barley is insignificant; mostly we deal with growing the seed material with its subsequent processing at our own seed plant»

DEVELOPMENT OF REGIONS

SUSTAINABILITY REPORT OF OBOLON CORPORATION
ANNUAL REPORT 2014

Key agrarian region of Obolon Corporation. Chmelnytskyi Region is home to malt production facilities, grain agricultural lands and the scientific base of brewery barley breeding.

PRODUCTION AND TECHNOLOGIES

UAH 3.38 million volume of taxes paid (including excise rates)	80.3 thousand tonnes malt produced	27.9 thousand tonnes brewery barley harvested	7.906 livestock number	17 thousand hectares crop areas
2008	2014			



UAH 3,38 million

volume of taxes paid (including excise rates)

8,2%

company's percentage in local budget revenue generation



WORK PLACES

967 production employees

26 employees with disabilities

UAH 680,5 thousand full-time employees' remuneration

UAH 264,4 thousand occupational safety investments

368 employees underwent occupational safety instruction and training

Agreement on social partnership between Malt production Plant and Chemerivtsi village council



EDUCATION

UAH 417,7 thousand support of educational establishments



CULTURE

UAH 22 thousand – reconstruction of religious facilities



SPORTS

Sports initiatives supported amount to **UAH 53 thousand**



ENVIRONMENT

50 employees participate in town cleaning campaigns

20 waste containers were installed in the park of Chemerivtsi urban-type settlement

340 trees were planted within the territory of the malt plant



LOCAL COMMUNITIES

UAH 166,7 thousand was spent on supporting the initiatives of local communities

UAH 1,3 million was spent on the reconstruction of a building for a family-type children's home



AID TO SERVICEMEN

11 mobilised employees

UAH 54 thousand was gathered by the employees as aid to soldiers

The company provided **4 MAZ and KRAZ lorries** to the army

DEVELOPMENT OF REGIONS

SUSTAINABILITY REPORT OF OBOLON CORPORATION
ANNUAL REPORT 2014

SUMY REGION

Okhtyrka Brewery is the only working brewery
in Sumy Region

PRODUCTION AND TECHNOLOGIES

590,7 thousand dal
beer produced

814,2 thousand dal
soft drinks produced

587,6 thousand dal
mineral water produced

1,1 thousand tonnes
malt produced



Rymma Myronenko, Director for Economics of Okhtyrka Brewery:

«The basis of the quality of our drinks is raw materials. In particular, water produced from our own wells, 110 m deep. Qualified personnel works at the brewery. We pay considerable attention to the increase of the level of our employees' professional skills. Thus, I am a tutor of the special School of Economics and Management, established in the company eight years ago»

DEVELOPMENT OF REGIONS



BUDGET REVENUE GENERATION

UAH 16,1 million

volume of taxes paid (including excise rates)

11%

company's percentage in local budget revenue generation



WORK PLACES

245

production employees

10 employees

with disabilities

UAH 276,5 thousand

full-time employees' remuneration

UAH 168,8 thousand

occupational safety investments

168 employees

underwent occupational safety instruction and training



EDUCATION

UAH 28 thousand

— support of educational establishments



SPORT

Sports initiatives supported amount to **UAH 23 thousand**



CULTURE

UAH 51 thousand

was spent on supporting cultural initiatives



ENVIRONMENT

62 employees

participate in the town cleaning campaigns



LOCAL COMMUNITIES

UAH 48 thousand

was spent on supporting the initiatives of local communities



AID TO SERVICEMEN

UAH 25 thousand

for purchase of military accoutrements

5000 litres

of mineral water for soldiers

DEVELOPMENT OF REGIONS

SUSTAINABILITY REPORT OF OBOLON CORPORATION
ANNUAL REPORT 2014

KIROVOHRAD REGION

Production complex in Kirovohrad Region is the ecological component of the corporation. 30 million used plastic bottles arrive here for recycling annually.



Volodymyr Shkliaruk,
director of the production complex in Oleksandriya:

«The production complex has a beneficial geographic location from the point of view of logistics – Oleksandriya town is located in the centre of Ukraine. Although the capacity of the region has significantly decreased, Obolon is constantly developing production, implementing new business areas and creating jobs. We began as a small shop and due to Obolon investment we now use high-technology equipment. 35 million dal of drinks over 8 years and 530 million preform items over 2.5 years were yielded due to responsible professional work of our staff which contributed to the general output of the corporation»

DEVELOPMENT OF REGIONS

SUSTAINABILITY REPORT OF OBOLON CORPORATION
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PRODUCTION AND TECHNOLOGIES

UAH 100 million	214.5 million items	1.6 million dal	3.5 million dal	754.5 tonnes
2012–2013		2014		
investment into opening the PET preform production plant	PET preforms produced	low-alcohol beverages produced	soft drinks produced	tension and packaging band produced
2003	2008		2012	
launch of a plastic bottle recycling line	rim band production		PET preform plant	

WORK PLACES

346	132 employees	UAH 20 thousand	52 employees
2014			
production employees	work in harmful conditions and underwent medical examination	cost of milk for employees who work in harmful conditions	underwent occupational safety instruction and training

BUDGET REVENUE GENERATION

2010	2011	2012	2013	2014	2014
1520,8	2043,7	3150,9	3370,9	2508	5,0%
volume of taxes paid (including excise rates), thousand UAH					company's percentage in local budget revenue generation

ENVIRONMENT

2014	2014	annually	monthly
4 billion litres	10 thousand tonnes	30 million bottles	2.5 million bottles
PET package drinks produced in Ukraine	bottles recycled on the plant in 12 years	arrives for recycling	are recycled

DEVELOPMENT OF REGIONS

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SUPPORT OF FOOTBALL

The history of Ukrainian football with the assistance of Obolon Corporation has more than 20 years. At the beginning of 90s the company started supporting youth sports school "Zmina". Nowadays more than 700 young football players attend this sport school and 11 professional coaches train sportsmen of young generation.

Further promotion of sports' initiatives turned into supporting of FC Obolon-Brovar. Today the players of football team present Kyiv in matches of First League of the Ukrainian Championship.

More details about FC Obolon-Brovar on the official web-site [See](#)

More details about sport promotin on the web-site of Social Report [See](#)

SPORTS EVENTS

Obolon supports large-scale sport events of international intent

10th Bila Tserkva marathon

1200 participants from 15 countries

Ukraine Triathlon Championship

Vyshgorod, Kyiv Region

Ukraine Triathlon Championship

Zhytomyr

2013

2nd International Race «Cross Mile»

Kyiv

1st International Marathon

Kharkiv, 10000 athletes from 17 countries

5th Kyiv International Marathon

Kyiv, 3500 participants from 32 countries

Every 5 km the athletes could rehydrate at special stations offering Prozora water

Sports Marathon

Dnipropetrovsk

2014

SUPPORT OF EDUCATION

UAH 500 thousand – the amount of the company's investments into educational projects

PETRO YATSYK INTERNATIONAL CONTEST OF UKRAINIAN SPEAKERS

In 2005, Obolon joined the supporters of Petro Yatsyk International Contest of Ukrainian Speakers, which

- promotes the Ukrainian language among Ukrainians;
- improves the prestige of the official language among the youth; promotes respect for the culture and traditions of Ukraine.

The encouragement prizes for the winners are from 3,000 to 6,000 UAH .

For 9 years, Obolon has been providing financial assistance for the contest and establishing its own prizes for proficient speakers of Ukrainian.

Today, the Petro Yatsyk Contest includes:

- 5 million students and representatives of the Ukrainian Diaspora taking part in the linguistic marathon every year.
- 25 countries whose citizens take part in the event.
- Proficient speakers of the native language aged 9–21 who take part in the Petro Yatsyk International Contest.

SUPPORT OF YOUTH

- For over 10 years, Obolon have been providing support to Kyiv Arts School No.5 for artistically gifted children. The company provides healthy drinks, gifts and souvenirs for the students.
- Kyiv National university named by Shevchenko, Department of psychology – attracting young professionals to for conducting lectures in the company
- Supporting students' initiatives of the Ukrainian Catholic University
- Cooperation with NGO "International European Parliament"

- Long-term cooperation with NTU KPI through:
 - Students' association ESTIEM – learning the basics of engineering and management processes in the industry
 - EBEC (European BEST Engineering competitions)

SPONSORSHIP AND VOLUNTEERING

UAH 2.5 million – investments in sponsorship and charity in 2014

445 thousand litres of beverages for sponsorship and charity in 2014

- culture and education projects
- aid to socially vulnerable groups
- promotion of the revival of moral values as well as historical and cultural heritage
- promotion of sports



Lyudmyla Stetsenko, CSR

manager of Obolon JSC: «Events of last year in

Ukraine changed not only people but the business environment in general. Nowadays companies and their employees nurture real life and health values, leaving material benefits and entertainment content behind. The vector of social partnership and responsibility remains extremely important for Obolon in times like these. In spite of the instability, the corporation continues to fulfil its obligations

towards the employees, the society and the environment, investing in the sustainable development of its operations»

CHARITY

More than 20 years Obolon provides charitable support to partner organizations.

The list of company's partners on the website of Social report [See](#) ➤

SUSTAINABLE DEVELOPMENT PLANS FOR 2015-2016

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CORPORATION

- Exports expansion to the markets of Asia and Africa
- Program «Direct speech» of regular meetings with executive management staff.
- Expanding excursion tour «Open Obolon». The increase in visitors of 10%
- Discussion the pilot document “The policy of cooperation with suppliers”
- Expanding the network of the firm trade stores – by 10%.

PRODUCTION

- Implementation ReCon system on the return of energy gasification of liquefied carbon dioxide

- External audit of integrated management system by DEKRA Certification Kft.
- Expansion of capacity for storage of barley and malt.

PEOPLE

- Review and update the Code of Ethics.
- Organization of regular staff visits to the regional enterprises.
- Strengthening of the internal communications to promote healthy lifestyles (installation of the bicycle stations at 10 enterprises of the corporation)
- Finalize «Again to the work» project for the employees with family responsibilities

ENVIRONMENT

- Achieving of recycling resources at 98%.
- Gradual shift in using of the alternative energy: 10% in the structure of energy consumption
- Attempt to manufacture other products from recycled PET on production complex in Kirovograd region.

SOCIETY

- Updating ‘Consume Responsibly’ program in accordance with changes in legislation.
- Strengthening cooperation with universities.
- Students’ participation in educational and practical training – the increase of students of 10%

ABOUT REPORT

Obolon Corporation presents its seventh non-financial Sustainability Report for the year 2014. This document has been prepared according to the provisions of the GRI (Global Reporting Initiative) international sustainability reporting standard in conformity with the "Core" version of the latest G4 version and the ten principles of the UN Global Compact.

Obolon Corporation traditionally maintains the annual reporting cycle; its previous non-financial Sustainability Report was published in late 2014 based on the results of 2013 and the first half of 2014. The document is prepared in accordance with the GRI reporting standard, version G4, and UNGC principles.

According to the GRI G4 standard, the extent of information disclosure in this year's Report was established separately for each Aspect. On some major issues (Aspects), the extent of coverage and disclosure of indicators is limited because these Aspects are insignificant and their data have no impact on the consolidated reporting results. Moreover, due to the annexation of the Crimea by Russia and the uncertain status of the soft drinks plant in Sevastopol, the corporation failed to receive the data and to reveal significant issues of this structural unit in reporting document of previous year. At the same time on some issues, the extent of information disclosure is expanded due to the corporation structures for whose activity the selected Aspects are the most significant. The external limits of the Report cover the activities in the economic, environmental and social areas of ten Obolon Corporation companies in eight regions of Ukraine.

The analysis of the Global Reporting Initiative G4 Standard, corporate risks review, systematization of long-term projects and investments in sustainable development, and cooperation with the key stakeholders of the Obolon Corporation made it possible to compile this Report and determine the significant Aspects. The priority subjects of the non-financial document were determined by the management of the Obolon Corporation based on communications with the major stakeholders. More about significant Aspects for Obolon Corporation is in the subsection 'Stakeholders' of Corporation section.

Obolon Corporation's seventh report is presented in two formats: a pdf version and a full interactive website <http://report.obolon.ua/en/enter/>. This year, as a socially responsible producer, Obolon refused from a printed version of the social report, thus making another contribution to the environment protection.



TABLE OF GRI INDICATORS

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Standards GRI elements	UNGC	Pages	Comments
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CONTACTS

HEAD OFFICE OBOLON PJSC

Bogatyrska Street, Kyiv 04655
Chief Executive Officer – Igor Bulach
Phone: (044) 412-84-10
Fax: (044) 412-76-03

HOT LINE

0-800-507-300

CORPORATE COMMUNICATION DEPARTMENT

Phone: (044) 201-47-81
csr@kiev.obolon.ua
pr@kiev.obolon.ua

REMOTE ENTERPRISES

MALTING PLANT

3Obizdna Street, Chemerivtsi,
Khmelnysky 31600
Phone: (03859) 9-39-03
Director – Sergiy Prubniak

PRODUCTION COMPLEX

3/1 Herojiv Stalingradu Street, Olexandria
Kirovograd region 28000
Phone: (05335) 4-38-41
Director – Volodymyr Shklyaruk

SUBSIDIARY ENTERPRISES

«KRASYLIVSKE» SUBSIDIARY OF OBOLON JSC

3 Budivelna Street, Krasyliv, Khmelnytsky 31000
Phone: (03855) 4-42-19, 4-52-99, 4-42-16
Director – Valery Peyko

ZIBERT'S BREWERY SUBSIDIARY OF OBOLON JSC

3 Pushkina Street, Fastiv, Kyiv 08500
Phone: (04565) 6-04-42
Fax: (04565) 6-12-59
Director – Lyubov Onischuk

ENTERPRISES WITH CORPORATE RIGHTS

BERSHAD COMPLEX JSC

1 50-years Zhovtnya Street, Bershada, Vinnytsia region 24400
Phone: (04352) 2-24-76
Chairman of the Board – Olexander Gerasymenko

DIATKIVTSI JSC

3 Zavodska Street, Kolomiya, Ivano-Frankivsk region, 78200
Phone: (03433) 2-45-49, 4-99-85
General director – Roman Ostyak

OKHTYRKA BREWERY JSC

23 Batiuk S, Okhtyrka, Sumy 42700
Phone: (05446) 4-20-79, 2-27-23
Chairman of the Board – Kostyantyn Zhuravlev

SEVASTPOL SOFT DRINK PLANT JSC

2 Delegatska Street, Sevastopol
Phone: (3692) 48-81-91, 65-98-98
Chairman of the Board – Sergiy Shmyr

SUSTAINABILITY REPORT

OF OBOLON CORPORATION

2014

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Corporate Social Responsibility manager: Lyudmyla Stetsenko

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