

SUSTAINABILITY REPORT 2017



TOGETHER
TOWARDS
ZERO

Carlsberg
Group

CONTENTS

INTRODUCTION

IN BRIEF

CEO foreword	3
Purpose and strategy	5

NEW SUSTAINABILITY PROGRAMME

Together Towards ZERO	7
Ambitions and targets towards ZERO	8
Together towards the SDGs	9

OUR AMBITIONS



ZERO CARBON FOOTPRINT

Introducing our ambition	11
Eliminating emissions at our breweries	14
Reducing our beer-in-hand emissions	18



ZERO WATER WASTE

Introducing our ambition	23
Cutting our water waste	25



ZERO IRRESPONSIBLE DRINKING

Introducing our ambition	29
Preventing irresponsible drinking	31
Encouraging responsible consumption	36



ZERO ACCIDENTS CULTURE

Introducing our ambition	39
Towards a ZERO accidents culture	40
Working towards a safer workplace	42

SUPPLEMENTARY

RESPONSIBLE BUSINESS

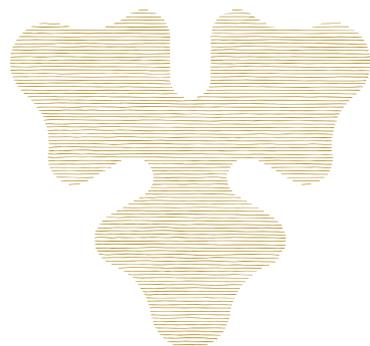
Live by our Compass	45
Labour & human rights	47
Responsible sourcing	49
Quality and safety of our products	50

ECONOMIC CONTRIBUTION TO SOCIETY

Brewing economic growth, jobs and government revenues	52
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DATA AND ASSURANCE

Data summary table	57
2015-2017 targets	64
Reporting process and scope	66
Global Reporting Initiative table	68
Definitions	73
List of reporting sites	74
Tax contribution principles	76
Independent auditor's assurance report	78



CEO FOREWORD

BREWING WITH PURPOSE



Sustainability is central to the Carlsberg Group's purpose of brewing for a better today and tomorrow. And it is more important now than ever. That is why in 2017 we launched a new sustainability programme, Together Towards ZERO, which raises our sights higher than ever before.

The world needs strong, collective action in the face of complex sustainability challenges such as climate change, access to resources and public health concerns.

The UN's Sustainable Development Goals (SDGs) and the Paris Climate Agreement are helping to accelerate change, deepening the commitment of governments, civil society and businesses globally. They highlight how important it is for us to work together if we are to succeed in delivering change.

Together Towards ZERO is our contribution to this urgently needed change. It sets new industry standards for science-based and

partnership-driven sustainability. We believe our approach is not only good for the planet, but also for business and for society as a whole. It increases our efficiency, reduces risks and builds resilience in our supply chain, while resonating with our customers and consumers in an increasingly sustainability-conscious world.

Last year, we identified the four areas with the greatest relevance for our business and society: carbon & energy, water, responsible drinking and health & safety. Together Towards ZERO states our ambition within each of these areas: ZERO carbon footprint, ZERO water waste, ZERO irresponsible drinking and a ZERO accidents culture across our business. Under each ambition, we have set measurable targets for 2022 and 2030 respectively.

Why are we setting our sights so high? Because we feel that only bold targets will stimulate the kind of game-changing innovation the world needs. We cannot do the job alone and "together" is a key element of our approach. Just as they were in the development of our new programme, partnerships will be crucial for success in its future delivery. In 2017, we joined the RE100, the We Mean Business coalition and the

Climate Leaders initiative driven by the World Economic Forum. We also continued to support the world's largest sustainability partnership, the UN Global Compact, and the implementation of its Ten Principles. This report serves as our annual communication on progress and underlines our commitment to transparency.

But 2017 was not only about planning. We made concrete progress as well – both incrementally and through more radical changes. For example, at our breweries we reduced our water consumption by 3% and our CO₂ emissions by 6% compared with 2016. Falkenberg brewery in Sweden now only uses carbon-neutral energy – a milestone on the road towards our global 2030 target - and we reached over 70 million consumers with our responsible drinking campaigns. Within health & safety, we saw a significant reduction in the number of accidents. However, one person was killed in an accident at the gates of one of our Indian breweries. This serves as a sad reminder of the need for constant vigilance as we strive towards a ZERO accidents culture. Our deepest sympathy goes to the family of the deceased person.

The world will undoubtedly see many changes between now and the culmination of Together Towards ZERO in 2030. However, we are determined to demonstrate the crucial role that business can play not only through job creation and economic contribution, but also in resolving global sustainability challenges, and we are keen to take a lead. We are confident that our high ambitions and long-term thinking will set the Group and the societies in which we operate on a path to success.

Cees 't Hart
CEO, Carlsberg Group



PURPOSE AND STRATEGY

BREWING FOR A BETTER TODAY AND TOMORROW

Our founders were driven by an ambition to brew for a better today and tomorrow. Over 170 years later, we continue to pursue the same purpose.

We continue to take a lead in sustainability because it is central to our purpose and because we sincerely believe it is the right thing to do – delivering tangible benefits for our business and for society as a whole.

CORE ELEMENT OF OUR STRATEGY

Sustainability is embedded in our corporate strategy, SAIL'22, as part of our aim to create a winning culture throughout the Group. It is our ambition to contribute to a better society wherever our beers are brewed and sold. In 2017, we refined our sustainability priorities and refocused our long-term efforts.

FOCUSING ON THE AREAS THAT COUNT

In 2016, we carried out a materiality assessment with Business for Social Responsibility (BSR) to identify the most important sustainability management topics, risks and impacts for our business.

The findings from this assessment, along with global megatrends such as climate change and water scarcity, lie at the heart of our new sustainability programme, Together Towards ZERO (see page 7). Our material issues make sense given the nature of our business, which focuses on producing, distributing and selling beer, soft drinks and other beverages. Learn more about our business model on page 6.

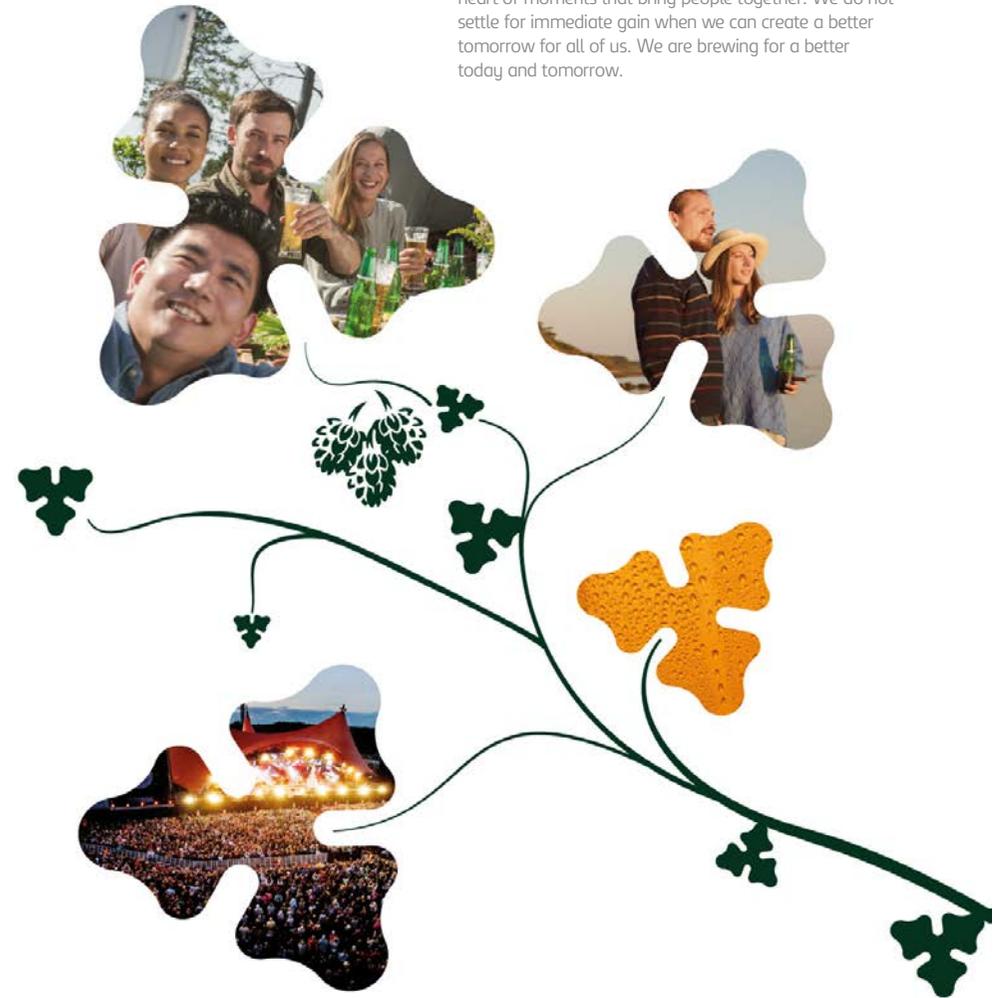
▶ View the results of our materiality matrix in our 2016 Sustainability Report

<https://carlsberggroup.com/media/10920/2016-sustainability-report.pdf> (p7)

ENGAGING WITH OUR STAKEHOLDERS

We engage regularly with our stakeholders in order to understand what is most important to them – to hear where they think we are doing well and where we need to improve. Annual reputation surveys conducted in our key markets involve consumers, customers, employees and the general public. The findings from these surveys also feed into our decision-making. Throughout this report, we describe partnerships with other stakeholder groups.

Some have to dig deep to find their purpose. For us, it has always been there. We pursue perfection every day. We strive to brew better beers; beers that stand at the heart of moments that bring people together. We do not settle for immediate gain when we can create a better tomorrow for all of us. We are brewing for a better today and tomorrow.



All these inputs inform the Carlsberg Group's sustainability decision-making and strategy, for which the Executive Committee (ExCom) has ultimate responsibility.

ECONOMIC CONTRIBUTION

Naturally, as a global brewer with operations in over 35 countries and export and licence activities in over 100 countries, we also make a significant economic contribution to society. Our contribution to economic growth is described on pages 52-56.

GOVERNANCE & RISK MANAGEMENT

Our sustainability performance is owned by ExCom and overseen by the Supervisory Board as per our normal flow of business. In addition, to support the implementation of Together Towards ZERO and ensure that we adhere to our sustainable development policies, we have a network of Together Towards ZERO area and policy owners. Each has responsibility for following up on specific KPIs and targets, and for implementing standards. Our governance is based on a decentralisation of responsibility to those functions that have the biggest impact and ability to influence the specific actions of our business.

The management of risk within our work on sustainability is integrated in the Group Risk Management approach. The findings of Group Risk Management can be reviewed on page 32 of the Annual Report. Sustainability-related risks are not singled out as most material risks for the Group, but they are included in the general risk of failure to implement the Group corporate strategy.

OUR BUSINESS MODEL



Sourcing

Global sourcing is handled by our central procurement function.



Brewing & bottling

We have brewing facilities in more than 35 markets. Overall responsibility lies with the central supply chain function.



Distribution

Distribution varies from direct to indirect.



Customers

Our customers range from on-trade to off-trade, from big to small.



Consumers

We serve consumers in more than 150 markets worldwide.

ABOUT THIS REPORT

REPORTING SCOPE

In 2017, we closed/sold three breweries. These are therefore excluded from this report. See page 66 for a full overview of the reporting process and scope.

Results against our 2015-2017 targets are described on pages 64-65.

CONTENT

This report is split into three sections covering the key issues highlighted by our 2016 materiality assessment, which can be found in our 2016 report. The first section is introductory and presents our strategy along with details of our new sustainability programme, Together Towards ZERO. The second section describes how we will work towards achieving our Together Towards ZERO targets and reports on our 2017 performance in the four ambition areas. The third section provides supplementary content under the headings Responsible Business, Economic Contribution to Society, and Data and Assurance.

METHODOLOGY AND ASSURANCE

This report references universal and topic-related standards in the Global Reporting Initiative (GRI) Sustainability Reporting Standards. The GRI table on pages 68-72 details the specific content of each standard that has been applied. To define report content, we refer to the Reporting Principles of stakeholder inclusiveness, sustainability context, materiality and completeness. To ensure reporting quality, we adopt the Reporting Principles of accuracy, balance, clarity, comparability, reliability and timeliness.

The report further serves as our annual Communication on Progress to the UN Global Compact and as the statutory statement on CSR in accordance with section 99a of the Danish Financial Statements Act.

The Group commissioned PwC to assure selected information at a limited level of assurance. This information is identified by the note "Within PwC's assurance scope". PwC's conclusions can be found in the independent assurance report on pages 78-79.

It is important to note that while Together Towards ZERO states our ambitions and targets for 2022 and 2030, we are still committed to achieving them through partnerships and circular thinking. Collaboration with partners is as much a priority today as it has been in the past.

This report provides updates on the commitments we made for 2017 and the actions we have planned for 2018. Progress towards our 2017 commitments is shown like this:



NEW SUSTAINABILITY PROGRAMME

TOGETHER TOWARDS ZERO

In 2017, we devised a new sustainability programme, Together Towards ZERO. This underlines our commitment to sustainable development.

The new programme consists of four major ambitions: ZERO carbon footprint, ZERO water waste, ZERO irresponsible drinking and a ZERO accidents culture. Each ambition is underpinned by individual and measurable targets for 2022 and 2030 respectively, as detailed in the corresponding sections of this report.

Together Towards ZERO was developed in partnership with leading global experts using a science-based approach. It is a highly ambitious programme tailored to the SDGs. It sets out to deliver emission reductions that align with the more ambitious goal of the Paris Agreement on climate change to keep the global temperature rise to 1.5°C by the end of this century.

The programme will help ensure that we reduce risks and strengthen our business, while also contributing to society. An example of the risks we face is a future increase in the cost of utilities such as water and energy. Meanwhile,

there are also opportunities, such as the falling price of renewable energy and increasing consumer interest in sustainable products. Furthermore, fewer accidents make Carlsberg a more attractive place to work, while taking a strong stance on responsible drinking shows that we are a responsible company. These examples show how our Together Towards ZERO investments can help make our business more resilient in the future, contributing to our success both short and long term.

Our wider value chain will also benefit. Through our ambitious targets, we hope to create a virtuous circle of improvements among our suppliers and business partners. We believe that setting challenging targets will increase the pace of innovation in related industries, stimulating creativity along the value chain and contributing to a more sustainable future. Together, we can make it happen.

▶ **Watch and find out more about Together Towards ZERO**

<https://www.youtube.com/CarlsbergGroup>



NEW SUSTAINABILITY PROGRAMME

AMBITIONS AND TARGETS TOWARDS ZERO



**ZERO
CARBON
FOOTPRINT**

We will eliminate carbon emissions at our breweries by 2030 and be using 100% renewable electricity by 2022. Through the Carlsberg Circular Community, we are working with partners in our value chain to reduce beer-in-hand emissions by 30% by 2030.



**ZERO
IRRESPONSIBLE
DRINKING**

We will offer 100% distribution of alcohol-free brews by 2022 to expand consumer choice. We will also provide responsible drinking messaging as well as nutrition and ingredient information on our packaging and online, while forming partnerships to encourage responsible consumption.



**ZERO
WATER
WASTE**

We will cut water usage at our breweries by half by 2030, effectively eliminating water waste during the brewing process. We will also engage with partners to improve water management outside selected breweries in high-risk areas.



**ZERO
ACCIDENTS
CULTURE**

We will continue to target a year-on-year reduction in our accident rate in order to achieve our 2030 target of ZERO lost-time accidents.

NEW SUSTAINABILITY PROGRAMME

TOGETHER TOWARDS THE SDGs

The UN's Sustainable Development Goals (SDGs) are a call for governments, civil society, businesses and the general public to act to end poverty, fight inequality and tackle climate change.

Being interconnected, all the goals are important, but we focus our efforts on those that are material to our business and where we can have the most positive effect. With the launch of Together Towards ZERO, we have added SDG 13 – Climate action – together with seven new targets since 2016.

Look out for the bottle-cap global goal icons throughout the report for updates on our progress.

SUSTAINABLE DEVELOPMENT GOALS THAT CUT ACROSS OUR OPERATIONS



***12.2** By 2030, achieve the sustainable management and efficient use of natural resources.
12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.



***12.9** Support developing countries to strengthen their scientific and technological capacity to move towards more sustainable patterns of consumption and production.



17.16 Enhance the global partnership for sustainable development, complemented by multi-stakeholder partnerships.
17.17 Encourage and promote effective public, public-private and civil society partnerships.

MOST MATERIAL SDGs AND TARGETS



***7.2** By 2030, increase substantially the share of renewable energy in the global energy mix.
7.3 By 2030, double the global rate of improvement in energy efficiency.



***13.1** Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters.
***13.3** Improve education, awareness-raising and capacity on climate change mitigation, adaptation, impact reduction and early warning.



6.4 By 2030, substantially increase water-use efficiency and ensure sustainable withdrawals and supply of freshwater to address water scarcity.



***6.5** By 2030, implement integrated water resources management at all levels.



3.5 Strengthen the prevention and treatment of substance abuse, including harmful use of alcohol.



***3.6** By 2020, halve the number of global deaths and injuries from road traffic accidents.



8.8 Protect labour rights and promote safe and secure working environments for all workers.



* New target.



ZERO
CARBON
FOOTPRINT



ZERO CARBON FOOTPRINT

2030 TARGETS

ZERO CARBON EMISSIONS AT OUR BREWERIES

30% REDUCTION IN BEER-IN-HAND CARBON FOOTPRINT

2022 TARGETS

50% REDUCTION IN CARBON EMISSIONS AT OUR BREWERIES

100% ELECTRICITY FROM RENEWABLE SOURCES AT OUR BREWERIES

ZERO COAL AT OUR BREWERIES

15% REDUCTION IN BEER-IN-HAND CARBON FOOTPRINT

100% LOW-CLIMATE-IMPACT COOLING

30 PARTNERSHIPS TO REDUCE SHARED CARBON FOOTPRINT



ZERO CARBON FOOTPRINT

INTRODUCING OUR AMBITION

Climate change is one of the most pressing issues of our time. Addressing it requires a transition to a low-carbon economy. As stated in the Paris Agreement on climate change, business has a key role to play.

Our ambition of ZERO carbon footprint aligns with the Paris Agreement’s more ambitious goal of limiting global warming to 1.5°C.

OUR TARGETS

Working with climate experts in the Carbon Trust – an independent not-for-profit organisation – we developed a baseline carbon footprint and a set of science-based carbon-reduction targets.

We want to achieve ZERO carbon emissions at our breweries by 2030. We recognise that this will be a huge challenge, only achievable with highly focused actions and innovation. In addition, we have set a target that extends beyond our own breweries to include the full value chain. We call this “beer-in-hand”, and we are aiming for a 30% reduction in emissions by 2030 against a 2015 baseline. To build

momentum on the road towards ZERO carbon emissions, we have set intermediate targets for 2022. These include a 50% emission reduction, a switch to 100% renewable electricity and the elimination of coal as an energy source at our breweries. By 2022, we also aim to reduce our beer-in-hand carbon footprint by 15%, to have 100% low-impact cooling and to establish 30 partnerships with suppliers – all leading to a reduction of our shared carbon footprint.

SUPPORTING THE GLOBAL GOALS

A single individual, organisation or government cannot tackle climate change alone. It requires strong collective action. We want to set the standard and take a lead.

Our targets contribute to SDG 7: Affordable and clean energy. By increasing the share of renewable energy and improving the rate of energy efficiency, we specifically address targets 7.2 and 7.3. See pages 14 and 15 for examples. We contribute to SDG 12.9 by carrying out research to improve every element of our production process and by installing up-to-date technology at breweries around the world. By setting a tough, science-based target, we support SDG 13: Climate action, and in particular target 13.1, which is to strengthen

resilience to climate change. What is more, we are committed to acting as agents of change, responding to SDG 13.3 to improve education, awareness and capacity on climate change mitigation and adaptation. To amplify impact, we will cooperate with stakeholders in our value chain and with other industries. See pages 18-20 for examples.

OUR APPROACH TOWARDS ZERO

Our Environmental Policy, updated in 2017, sets the standards and provides guidelines on carbon for all market companies. The policy and responsibility for Together Towards ZERO ultimately lie with ExCom, while the EVP for supply chain holds specific implementation responsibility for our roadmap for improvement. We are continuously updating the roadmaps for our markets and holding

face-to-face workshops to obtain feedback and create detailed, local emission reduction plans. This process started in 2017 and will continue into 2018 and beyond as new solutions, technology and innovations present improved ways for us to reduce our emissions.

We expect to achieve our targets through a mix of Group-wide initiatives, overseen by our supply chain operation, and local activities.

Our journey towards ZERO carbon emissions at our breweries will start with a strong drive for world-class efficiency in parallel with a search for opportunities to innovate within our existing processes and the implementation of large-scale investment projects.

The recently formed Carlsberg Young Scientists Community will also be involved in our efforts

to reach ZERO carbon footprint at our breweries, working alongside internal and external experts to develop implementable solutions.

Our beer-in-hand targets focus on three main levers: innovative partnerships, performance improvements and influential leadership.

BASELINE CARBON FOOTPRINT

In 2016, we developed an end-to-end carbon footprint with the Carbon Trust. Based on 2015 data (our baseline), this shows that packaging materials make up 40% of our carbon footprint, while agriculture accounts for 17% and our breweries for 14%. Other areas of impact are distribution (14%), trade refrigeration (9%), and malting and processing (6%).

WHAT ARE SCIENCE-BASED TARGETS?

Science-based targets are based on climate-change science. They are calculated to achieve the level of decarbonisation required to keep the global temperature increase below 2°C compared to pre-industrial temperatures.

Our targets align with the 1.5°C level of ambition in the Paris Agreement.

Learn more about the Science Based Targets initiative at: sciencebasedtargets.org

THE PROPORTION OF GREENHOUSE GAS EMISSIONS RELATING TO EACH STAGE IN THE LIFE CYCLE OF OUR PRODUCTS



AIMING FOR 1.5°C

Our Together Towards ZERO targets are designed to reduce our emissions in line with what is required to achieve the Paris Agreement's more ambitious target of limiting the temperature increase to 1.5°C.

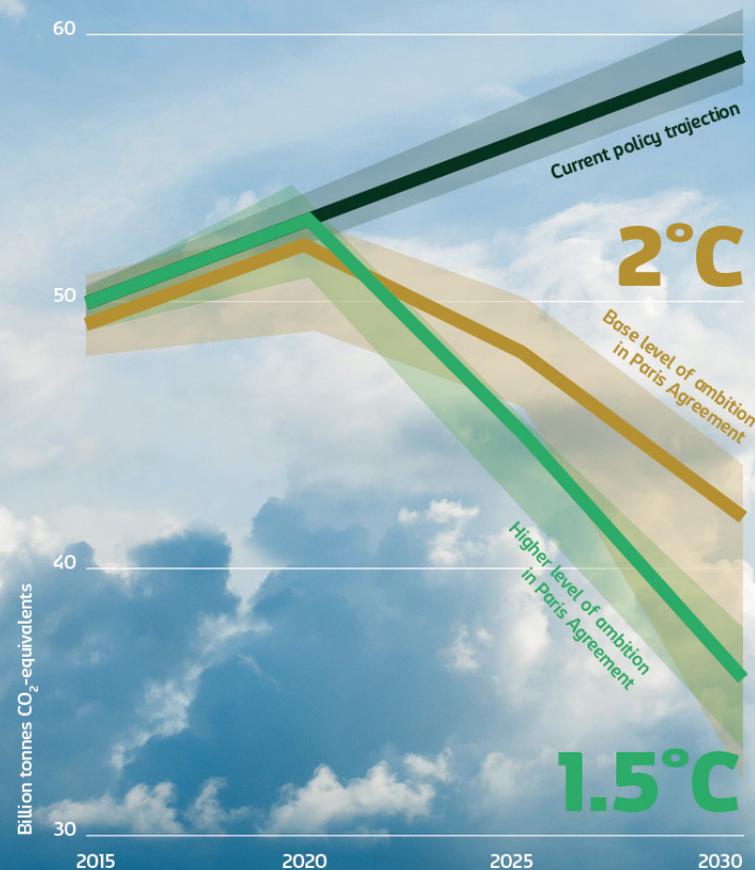
According to the latest UN projections, the current commitments described in the Nationally Determined Contributions (NDCs) in the Paris Agreement on climate change would result in global warming in excess of 3°C by the end of this century.

The Paris Agreement's goal is to keep the global temperature rise well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5°C.

With Together Towards ZERO, we want to show that it is possible for companies to deliver on the most ambitious trajectory while still driving business growth.

ANNUAL GLOBAL TOTAL GREENHOUSE GAS EMISSIONS

Source: UN Environment Emissions Gap Report 2017



CARLSBERG YOUNG SCIENTISTS COMMUNITY

To support our journey towards ZERO, we have established the Carlsberg Young Scientists Community.

Coordinated by the Carlsberg Research Laboratory, the Community will cooperate with our supply chain organisation, partners and academic institutions to develop new innovative ways to eliminate carbon emissions and reduce water waste for the benefit of our business and the wider world.

In particular, we expect their input to contribute to the achievement of our 2030 targets, where the technologies we need do not yet necessarily exist.

Find out more about the Carlsberg Young Scientists Community

<https://carlsberggroup.com/sustainability/actions-towards-ZERO/carlsberg-young-scientists-community/>

ZERO CARBON FOOTPRINT

ELIMINATING EMISSIONS AT OUR BREWERIES

Reducing the impact of brewing has long been a focus for us. It accounts for 14% of our carbon footprint, and we are proud of our progress in this area. Our 2022 and 2030 targets provide a clear direction, a long-term view and the opportunity for a step change in positive impact.

OUR 2017 PERFORMANCE

In 2017, we reduced our relative carbon emissions by 6% to 5.9 kg CO₂/hl – from 6.3 kg CO₂/hl in 2016. The reduction since 2015, our baseline year, is 16%.

Energy efficiency improved by 3% to 26.9 kWh/hl, compared to 27.7 kWh/hl in 2016.

EFFICIENCY PROGRAMMES

The improvements we have achieved to date are a direct consequence of our global efficiency programmes, which optimise our existing processes and share best practice across our breweries. Improvement projects in 2017 included upgrading our refrigeration systems to meet industry best practice at four

of our breweries, in Croatia, Estonia, Italy and Serbia, thereby reducing electricity consumption for refrigeration by an average of 10%.

By optimising or upgrading our brewing equipment, we completed projects to recover heat during the brewing process. This led to a reduction in energy consumption during pasteurisation and increased brewing automation.

Besides upgrading our equipment, we are also finding innovative ways to cut emissions. In Russia, for example, our team is taking advantage of the low winter temperatures to replace conventional cooling with free ambient cooling – a smart electricity-saving solution.

ELIMINATING COAL

In total, nine sites in China converted to energy sources cleaner than coal in 2017 as part of our ongoing fuel conversion projects in Asia. This brings us to a total of 12 sites converted since 2016. We are now fully focused on our remaining five coal-fuelled sites in India, China and Poland, as we work towards the complete elimination of coal as a source of fuel by 2022.

CERTIFICATION

ISO 50001 is a recognised standard for optimising energy management. In 2017, 14 further sites in Western and Eastern Europe achieved certification, bringing the total to 18. Another 10 sites are preparing for certification by 2020.

Eight of our most recently certified sites are in Russia, where we became the first Russian participants in a UN programme to develop greater energy efficiency in the region. The programme, called the Market Transformation Programme on Energy Efficiency in Greenhouse Gas Intensive Industries in Russia, was initiated by the UN Industrial Development Organization (UNIDO).

Find out more about UNIDO's Market Transformation Programme

http://www.unido.ru/eng/project/current_projects/energy_efficiency_ghg_intensive/

2022 TARGET

50%

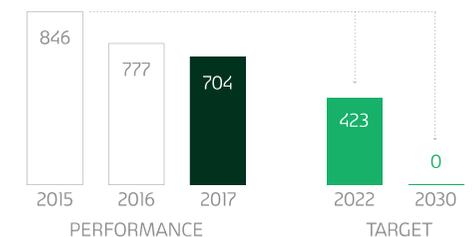
REDUCTION IN CARBON EMISSIONS AT OUR BREWERIES

2030 TARGET

ZERO

CARBON EMISSIONS AT OUR BREWERIES

ABSOLUTE CO₂ EMISSIONS (kt)



MOVING TOWARDS 100% RENEWABLE ELECTRICITY

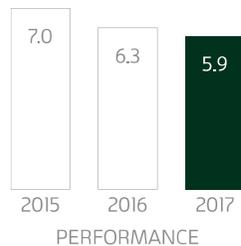
Our 2022 ambition is to be using 100% renewable electricity at our breweries globally. In pursuit of this ambition, we are converting to cleaner energy sources, such as solar panel installations, and purchasing renewable electricity certificates.

In 2017, 100% of our breweries in Western Europe used energy from renewable sources and we bought a total of 358,231 MWh of renewable energy certificates with guarantees of origin. In comparison to previous years, we adopted a slightly different approach, buying certificates from local sources, including wind farms in 10 European countries and hydropower in five.

We also continued to utilise our own rooftop solar installations in India, China and Switzerland. These installations produced a total of 3,819 MWh of renewable electricity.

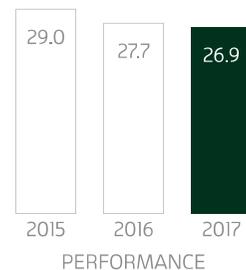
In total, 46% of the Group's electricity now comes from renewable sources, an increase of 1 percentage point since 2016, taking us a small step closer to our target of 100% in 2022. In total, energy from renewable sources, including biomass, biogas, solar power and renewable energy certificates with guarantees of origin, grew to 18% from 17% in 2016.

RELATIVE CO₂ EMISSIONS (kg CO₂/hl)*

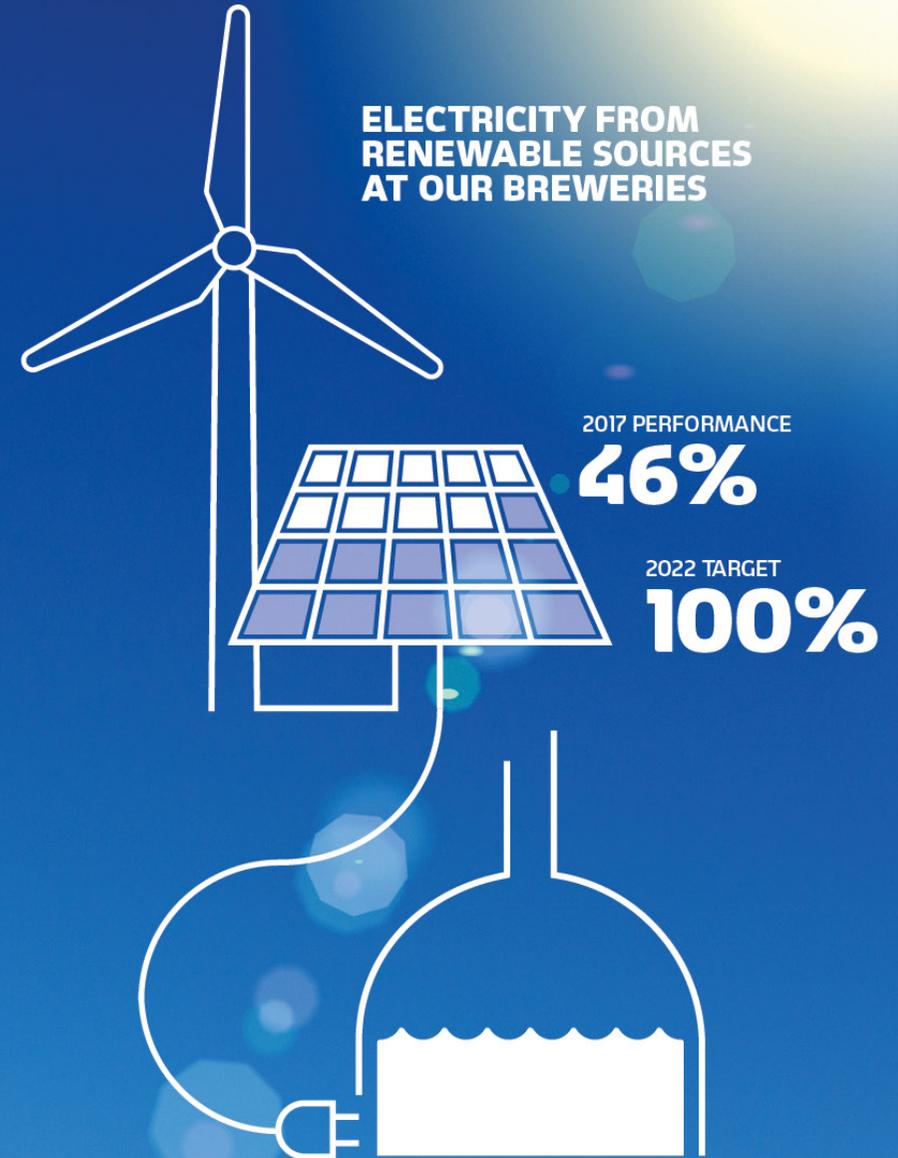


* Within PwC's assurance scope.

RELATIVE ENERGY CONSUMPTION (kWh/hl)*



* Within PwC's assurance scope.



PARTNERING TO DRIVE CHANGE

We firmly believe in the power of collaborative action to deliver change. This was demonstrated once again last year when we joined the RE100 – a coalition of influential businesses committed to 100% renewables. The coalition aims to dramatically increase demand for – and delivery of – renewable energy. The total commitment to renewable electricity consumption of its 100 plus members is more than Poland’s annual electricity consumption.

➤ **Read more about the RE100**

<http://there100.org/>

MAPPING OUR ROUTE TO ZERO

During 2018, we will draw up more detailed local carbon reduction roadmaps in cooperation with our market companies. These will include how to achieve our energy efficiency targets, fuel conversion and switching to renewable electricity. We also plan to engage with key stakeholders in a review of any new or existing technologies that might be suitable for low-carbon brewing.

Another avenue we intend to explore is integrated energy streams. This will include reviewing innovations and process technologies to reduce heat consumption, and finding new ways to reuse process heat.

ELIMINATING COAL

Coal is one of the most CO₂-intensive sources of energy and a major cause of pollution.

In China, where coal is still widely used, air pollution is a serious cause of public health issues and is also very CO₂ intensive. In 2017, we stopped using coal at nine breweries across China.

We will eliminate the use of coal at our breweries globally by 2022.

WHAT WE SAID

2016

Certifications

ISO 50001 energy management system (EnMS) in Western and Eastern Europe; certifications in 2017 as part of the Integrated Management System

Efficiency programmes

Continue energy efficiency programmes to deliver improvements across the Group

Innovations

Continue the search for innovations in process, packaging and utility facilities with key suppliers

WHAT WE DID

2017

Certifications achieved at 14 sites, bringing the total to 18



Energy efficiency programmes on track



Workshops and analysis of technologies conducted with selected key suppliers



ACTIONS TOWARDS ZERO

2018

ZERO carbon roadmap

Refine local ZERO carbon footprint roadmaps to achieve 2022/2030 targets

Performance improvements

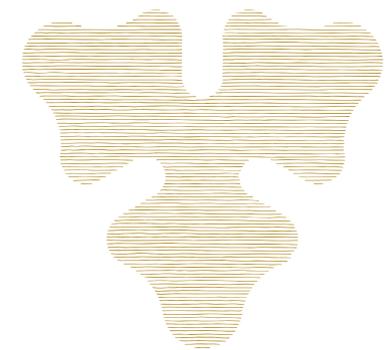
Implement best practice to reduce energy consumption and continue ISO 50001 certifications in Western Europe

Renewable electricity

Revise renewable energy procurement strategy

Carlsberg Young Scientists Community

Establish a community of young scientists focused on developing solutions to achieve our 2030 carbon target



OUR FIRST CARBON-NEUTRAL BREWERY

Carlsberg's Falkenberg brewery in Sweden now runs solely on carbon-neutral energy

Based in Falkenberg, the brewery is 100% powered by biogas and green electricity, reducing carbon emissions from thermal energy and electricity to zero.

Falkenberg has been using green electricity for many years, and 26% of its thermal energy comes from biogas generated by the brewery's own wastewater. The remaining 74% has previously come from natural gas. In cooperation with energy supplier Ørsted AB, this has now been converted to biogas, with certificates ensuring that the biogas supplied to the grid has replaced an equivalent amount of natural gas.

"For many, many years, we have been working to create a more efficient brewery with as little impact on our environment as possible, and now we are taking a big step forward and using solely carbon-neutral

energy sources," says Ted Akiskalos, Managing Director, Carlsberg Sverige.

Sweden's well-functioning infrastructure and the availability of biogas from the grid mean it is possible to convert to renewable sources by buying green energy. In markets where this is not an option, we will need to deploy other solutions in order to achieve our target of 100% renewable electricity at our breweries by 2022.

Simon Boas Hoffmeyer, Sustainability Director, Carlsberg Group, says: "Climate change is perhaps the most important issue for our society today – for citizens, governments and companies all over the world – so we are very pleased with the positive development in Sweden."



ZERO CARBON FOOTPRINT

REDUCING OUR BEER-IN-HAND EMISSIONS

In order to have the biggest impact, we will do more than just eliminate brewery emissions. We will also reduce the total carbon footprint of our products – what we call our “beer-in-hand emissions”.

MAPPING OUR ROUTE TO ZERO

Our three main activities to achieve beer-in-hand carbon footprint reductions are: innovative partnerships, performance improvements and influential leadership. Each offers unique tools to help drive down emissions.

1. INNOVATIVE PARTNERSHIPS

Transformational change cannot be achieved alone, which is why we put so much effort into developing partnerships. One such partnership is the Carlsberg Circular Community (CCC), established in 2014. Through the CCC, we are able to harness knowledge and expertise from around the world, providing a good example of our commitment to SDG 17: Partnerships for the goals, including

multi-stakeholder, public, public-private sector and civil society partnerships (SDG targets 17.16 and 17.17). In 2017, one new partner joined the CCC – KHS, a supplier of brewing technology and equipment. This is in line with our ambition to expand the community with partners in areas of our value chain other than packaging.

86% of our total emissions lie outside our breweries. Cooperation with our suppliers is therefore crucial to our efforts to reduce value chain impact. Through our supplier relationship management process, we assess our suppliers on their ambitions. The idea is to encourage and reward those suppliers who join us in the fight against climate change. By way of example, we give companies that adopt science-based targets the highest scores in our system.



Packaging impact

Packaging accounts for 40% of our carbon footprint. It therefore makes sense that packaging innovations and activities that extend the useful life of returnable bottles can make



a significant difference. Such innovations also demonstrate our commitment to SDG 12: Responsible consumption and production. We focus especially on targets 12.2 and 12.5 to achieve the efficient use of natural resources and reduce waste generation through prevention, reduction, recycling and reuse.

Circular packaging partnerships

Our list of products sold in Cradle® (C2C) certified packaging is growing.

The Cradle to Cradle Certified™ Product Standard was created to stimulate a continuous improvement process that assesses products according to five quality criteria: material health, material reutilisation, renewable energy and carbon management, water stewardship and social fairness.

In 2015, our Carlsberg and Somersby cans in the UK received bronze certification together with Ball Corporation. In 2016, the Kronenbourg 1664 glass bottle in France was added to the list in cooperation with Owens-Illinois. And in 2017, in cooperation with

VALUE CHAIN ANALYSIS

We will carry out an in-depth assessment of our beer-in-hand carbon footprint every three years.

We will use external experts, such as the Carbon Trust, to support our methodology and data reliability when calculating our footprint.

YEAR	DATA PERIOD
2020	2017-2019
2023	2020-2022
2026	2023-2025
2029	2026-2028

In the periods between the carbon footprint analyses, we will work on improving our performance in order to reach our targets in 2022 and 2030.

supplier WestRock, we received our third C2C Bronze certification for our Kronenbourg 1664 cardboard boxes.

Our Green Fiber Bottle, which will be piloted in 2018, challenges perceptions about packaging materials and waste streams. The bottle is being developed in cooperation with several partners in the CCC, including BillerudKorsnäs, ecoXpac and the Technical University of Denmark.

We also installed a coating machine in Malaysia with CCC partner Arkema. The coating makes our refillable glass bottles look better and last longer, increasing the number of times they can be used before recycling. This is a good example of a solution that improves the circularity of our packaging while also reducing its environmental impact.

In the coming years, we expect to launch more exciting innovations to reduce our packaging impact.

2. PERFORMANCE IMPROVEMENTS

Besides challenging conventional thinking with innovations, we will also reduce our carbon footprint by improving existing products and services. We will do this by continuously improving our operational performance on a day-to-day basis, for example through fuel reduction initiatives in logistics, weight reduction of materials and the phasing out of substances with high global warming potential.

Sharing delivery loads

Logistics emissions make up 14% of our carbon footprint. While we cannot stop transporting

products to consumers, we can do it more efficiently. Technology enables us to share loads with businesses across industries, resulting in fewer vehicles on the road and better route planning. We take this approach in markets such as Finland, Norway, Sweden and the UK.

In Finland, 65% of our distribution is now handled by Posti, which also delivers mail across the country. Its trucks are newer and more fuel-efficient than the ones we were using. This load-sharing initiative saves 596,750 litres of fuel per year, and in total amounts to a reduction in CO₂ emissions of 1,370,820 kg.

In markets where we run our own delivery service, such as Denmark, Latvia and

Switzerland, we continue to focus on reducing fuel consumption, and hence carbon emissions. Driver training, effective route planning and the use of more efficient trucks are all on the agenda for 2018 and beyond.

Returnable packaging improvements

Bottles, kegs, pallets and crates all offer great opportunities for recycling and reuse. Making new bottles is an energy-intensive process, so it makes sense to reuse them as often as possible in markets with an infrastructure for returns. In such markets, our bottles are used up to 20 times before being recycled, which considerably reduces carbon emissions during their lifetime. In markets that lack the necessary infrastructure, processes such as recycling are the most effective way to reduce our packaging footprint.

PARTNERS WANTED!

We cannot reduce our emissions alone. If you have ideas, innovations or insights, we would love to hear from you.

Contact us at sustainability@carlsberg.com and let's look at them together...

#TowardsZERO

WHAT WE SAID

2016

Innovation

Continue the search for innovations in process, packaging and utility facilities with key suppliers

Expanding partners

Expand the Carlsberg Circular Community (CCC) to include partners outside packaging

Circularity

Obtain 1 more Cradle-to-Cradle® certification

WHAT WE DID

2017

Coating machine installed in Malaysia to provide coating for RGBs to improve appearance and make them last longer 

KHS, producer of brewing technology and equipment, joined the CCC. As part of Together Towards ZERO, we will continue to develop new partnerships 

Bronze certification achieved by WestRock for cardboard boxes used to package Kronenbourg 1664 

ACTIONS TOWARDS ZERO

2018

Supplier engagement

Engage with suppliers with highest CO₂ footprint to reduce shared emissions

Supplier relationship management

Integrate CO₂ in supplier relationship management process to measure and follow up on supplier performance

Market innovations

Develop and market innovations with lower carbon footprint and material use

Consumer awareness

Increase communication and engagement with consumers on climate change



In 2017, we refilled over 5.5 billion glass bottles. This figure was slightly lower than in 2016 (5.6 billion) because of the switch from refillable to one-way glass bottles in Russia. This was necessitated by dwindling return rates and the difficulties of maintaining an efficient return mechanism in Russia.

3. INFLUENTIAL LEADERSHIP

To maximise our impact, we work with some of the world's most influential companies, sharing knowledge and best practice through industry coalitions, such as the Beverage Industry Environmental Roundtable (BIER) and The Brewers of Europe.

Since announcing Together Towards ZERO, we have joined several other organisations and continued our engagement in several others:

We Mean Business

A global non-profit coalition working with the world's most influential businesses to take action on climate change and catalyse business leadership to drive policy ambition and accelerate the transition to a low-carbon economy.

The RE100

A collaborative, global initiative uniting more than 120 influential businesses committed to 100% renewable electricity. Led by the Climate Group in partnership with CDP, the RE100 works to massively increase demand for – and delivery of – renewable energy.

Corporate Sourcing of Renewables

An initiative that aims to get more companies to commit to powering their operations with renewables, and deploys tools and resources to enable more companies to do so. The initiative is driven by the Clean Energy Ministerial (CEM), which is a platform to advance international collaboration to accelerate the adoption of clean energy policies and practices worldwide.

Alliance of CEO Climate Leaders

An informal network, facilitated by the World Economic Forum, for leading CEOs committed to climate action. Collectively, they seek to maintain private-sector momentum for ambitious climate action, foster cross-sector and public-private collaboration that can help scale up climate solutions, and support delivery of the Paris Agreement and the Sustainable Development Goals.

The Brewers of Europe

We have continued our involvement with a pilot project coordinated by The Brewers of Europe to harmonise approaches to Product Environmental Footprint (PEF). The objective is to provide input for European legislation about environmental impact at product level.

We also actively engage with other businesses, NGOs and civil society, fostering discussions around the need for climate action through conferences, social media channels and memberships in relevant organisations that promote climate action. We are confident that this will result in more companies joining the fight against climate change and stimulate growth in the market for climate-friendly solutions.

**WE MEAN
BUSINESS**

RE 100



KEEPING OUR BEER AND THE CLIMATE COOL

To cool beer in fridges and with draught equipment, we rely on refrigerants. These have historically caused problems for the atmosphere and climate. In the 1980s, the chlorofluorocarbons (CFCs) used in aerosol cans and coolers were found to damage the ozone layer. That is why, in 1987, 200 countries signed the Montreal Protocol, committing to phase out CFCs. They were replaced by hydrofluorocarbons (HFCs). While HFCs are not ozone depleting, we now know they have a high global warming potential. A unit of HFC is significantly more potent than a unit of CO₂.

In 2016, the Montreal Protocol was updated through the Kigali Amendment. HFCs will be phased out and replaced with alternatives such as hydrocarbons with low climate impact. To support and accelerate this action, we have committed to replacing HFCs faster than required. By 2022, we will purchase only energy-efficient coolers using natural refrigerants.

By partnering with cooling suppliers Celli, Frigoglass, Klimasan and Oprema, we are showing how we can improve products and processes to meet a common goal.

ZERO CARBON WINDMILL BAR

Consumer awareness is key to making sustainable progress, and we are doing our bit to explain this in a fun and engaging way.

We asked ourselves whether it was possible to develop the most climate-friendly bar in the world. The answer? Probably!

That is how the ZERO Carbon Windmill Bar was born. Powered completely by an integrated windmill, the bar also has a uniquely Danish feature – a bicycle that consumers can use to generate the power needed to pour their beer (just in case there is no wind).

Sustainability Director Simon Boas Hoffmeyer said: "Together Towards ZERO is not just about us – it's about raising awareness of global issues and inspiring others to take action. Bringing us into direct contact with consumers, the ZERO Carbon Windmill Bar helps us do this. And what could be more fitting for a Danish brewer than mixing renewable electricity with great beer?"

▶ **Watch the bar in action**

<https://www.youtube.com/CarlsbergGroup>





ZERO
WATER
WASTE





**ZERO
WATER
WASTE**

2030 TARGETS

50%

**REDUCTION
IN WATER USAGE
AT OUR BREWERIES**

**PARTNER TO SAFEGUARD SHARED WATER
RESOURCES IN HIGH-RISK AREAS**

2022 TARGETS

25%

**REDUCTION IN
WATER USAGE
AT OUR BREWERIES**

**EXPLORE GOING BELOW 2.0 HL/HL AT ALL
HIGH-RISK BREWERIES**



ZERO WATER WASTE

INTRODUCING OUR AMBITION

Our business is dependent on the availability of clean water. No water, no beer. But supplies are becoming scarce in some of the regions where our beers are brewed.

We must therefore treat water with the utmost respect. Our vision for a better tomorrow is a world in which zero water is wasted.

OUR TARGETS

Our targets include reducing water consumption at our breweries and the formation of partnerships to safeguard shared water resources in high-risk areas.

Our top-line target is to halve water usage at our breweries by 2030, with an intermediate target of 25% by 2022. Since water usage for our baseline year (2015) was 3.4 hl/hl, this means we are aiming for 1.7 hl/hl by 2030 – an industry-leading position.

The brewing process requires a greater volume of water than the volume of beer produced – partly due to evaporation and wet by-products, and partly because we need water to clean our equipment. Water will always be

essential, but by cutting our usage in half we will make sure that none is wasted.

However, to have real impact we can do more. We will also help safeguard shared water resources in the areas around our breweries. This means participating in community water partnerships that secure long-term water availability. We therefore intend to engage with partners who are willing to work with us in pursuit of this goal in the years leading up to 2022 and 2030.

We are particularly focusing on areas classified as high risk with regard to water scarcity. In 2016, with the support of experts from WWF and their Water Risk Filter tool, we identified 15 high-risk breweries, and we are now pushing hard to reduce our water use at these locations. See page 26 for more information.

SUPPORTING THE GLOBAL GOALS

Water scarcity is a major concern. As a global brewer with operations in high-risk areas, we have a responsibility to ensure both the success of our business and the well-being of the communities around our breweries.

Our targets for ZERO water waste contribute to SDG 6: Clean water and sanitation. As we describe on pages 25-27, we address targets 6.4 and 6.5 – increasing water use efficiency and implementing integrated water resources management – through our water use reduction programme and community engagement plans.

OUR APPROACH TOWARDS ZERO

Globally, our Environmental Policy and accompanying operational manual, updated in 2017 as part of a Group-wide refresh, provide our breweries with guidance on water management.

Water stewardship is primarily the responsibility of the leadership team at each individual brewery, particularly when it comes to managing permits for water extraction and discharge. To achieve our 2022 and 2030 targets, our local leaders will be supported by experts from our global utilities management team.

Together, they will work to implement and refine our ZERO water waste roadmap, beginning with the sites identified as high risk. This roadmap includes the continued roll-out of existing wastewater recycling technology around the world. It will also include the search for new wastewater recycling technologies,

since the cleaning of equipment is the area where most waste occurs during brewing. We will continue to measure and report on progress.

The recently formed Carlsberg Young Scientists Community will also be involved in addressing the water challenge. Working alongside internal and external experts, the Community will develop solutions to achieve ZERO water waste – at our breweries and beyond.

To protect shared water resources in high-risk areas, we will partner with other stakeholders. Together, we will carry out meaningful projects that have a real, tangible impact on the communities in which we operate. The first of these partnerships will be announced during 2018, and others will follow in the years leading up to 2030.



ZERO WATER WASTE

CUTTING OUR WATER WASTE

Responsible water stewardship is one of the most material issues for our business. We can make a big difference in this area by halving water use at our breweries.

Our water targets provide clear long-term direction. We have already taken the first steps towards best-in-class water efficiency by driving towards optimal efficiency and applying the latest technologies at sites where water scarcity is a concern.

OUR 2017 PERFORMANCE

In 2017, our water efficiency improved by 3% to 3.1 hl/hl from 3.2 hl/hl in 2016. The reduction compared with 2015, our baseline year, is 6%, which represents a strong performance when benchmarked in the industry.

WATER EFFICIENCY AND WASTEWATER

The key to improving performance further in this area is a concerted efficiency drive.

In 2017, four zero liquid discharge projects at our Indian breweries were commissioned and taken into full operation. Using cutting-edge

technology, the breweries are able to purify water and reduce salt concentration to the extent that it is safe to be used in the cleaning process or discharged into the environment. This is the most effective way to cut water waste in the brewing process, and will be a central part of our roadmap towards 1.7 hl/hl. Two other Indian sites are using equipment for partial water recycling.

Delivering on the commitment in our 2016 report, wastewater treatment upgrades were implemented in Ukraine, Poland, Nepal and Italy during 2017.

Three further upgrades will take place in Russia by the end of 2019. The plants will be built during 2018, and we expect them to be fully up and running the following year.

RELATIVE WATER CONSUMPTION (hl/hl)*



* Within PwC's assurance scope.

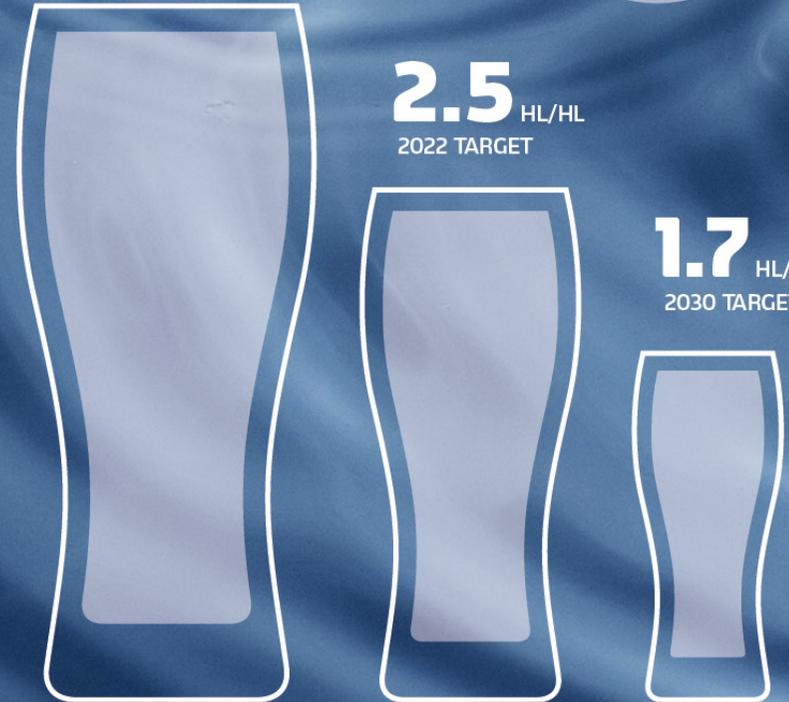
WATER USAGE AT OUR BREWERIES

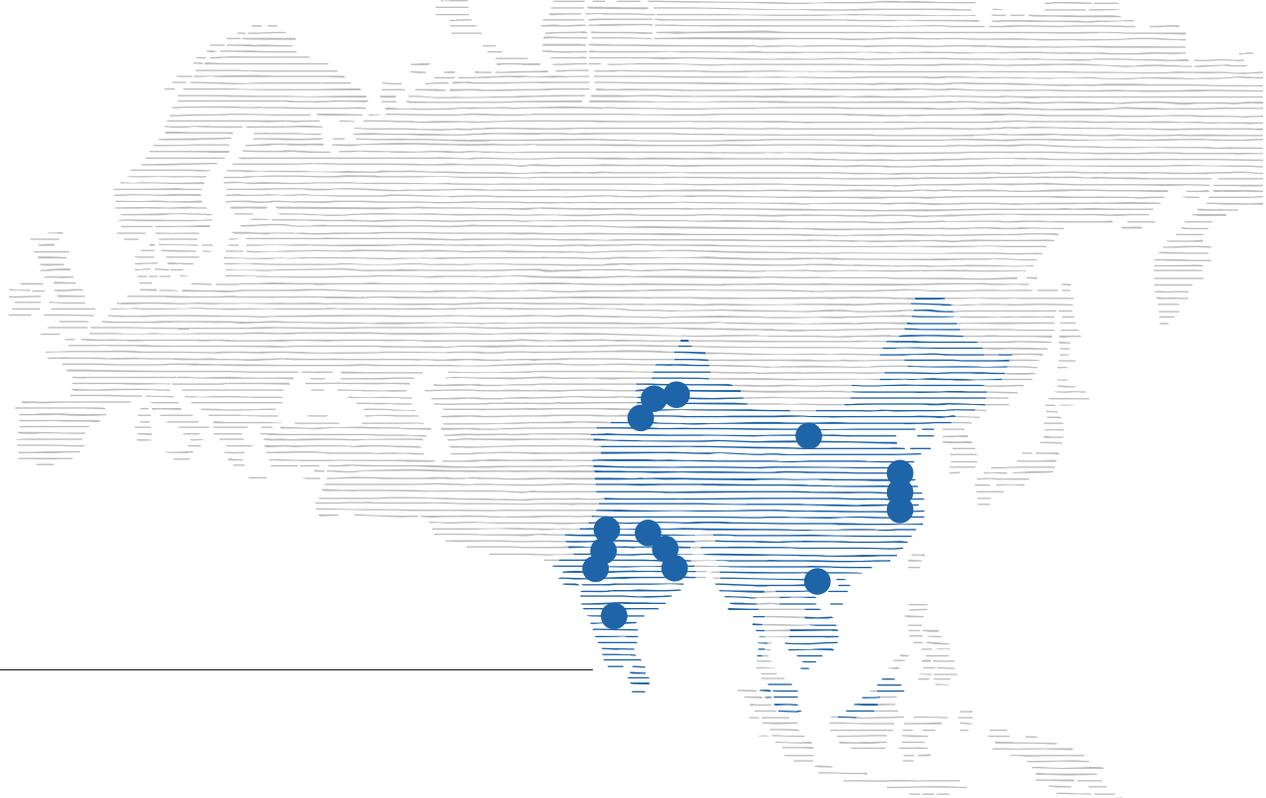
3.4 HL/HL
2015 BASELINE

3.1 HL/HL
2017 PERFORMANCE

2.5 HL/HL
2022 TARGET

1.7 HL/HL
2030 TARGET





15

PRIORITY SITES IDENTIFIED BY OUR WATER RISK ASSESSMENT

USING CLEANED WASTEWATER AS SERVICE WATER

Reusing wastewater is not always straightforward. In some markets, it is illegal to use cleaned wastewater as service water; in others, there are no standards in place. Given the sustainability benefits of this process, we will advocate for change in the coming years, engaging with governments to highlight the need for new policies that will benefit local societies as well as our business.

FOCUS ON PRIORITY SITES

Our 15 priority sites (out of a total of 85) are those which were deemed high risk in a 2016 assessment by water experts WWF. Using their Water Risk Filter methodology, high-risk sites were identified in India, Nepal, China and Vietnam.

In 2017, our global utilities management team carried out a risk analysis in collaboration with these sites, laying the foundations for the development of detailed action plans to achieve our targets in 2018.

Find out more about WWF's Water Risk Filter methodology

<http://waterriskfilter.panda.org/>

INNOVATIONS

During 2017, we reached out to a number of external stakeholders to conduct a sourcing analysis of the available new technologies. As a result, we have commissioned small-scale pilot projects in Denmark and Croatia looking at innovative technologies for cleaning our wastewater. We will continue the search in 2018 and report on progress – including pilot project outcomes – next year.

LOOKING AHEAD TO 2018

In 2018, we will continue to reduce water consumption and increase the reuse of water at our breweries by applying existing process technologies and assessing the potential of recent innovations in this area.

PROTECTING LOCAL WATER RESOURCES

The Carlsberg Group is already playing a vital part in protecting local water resources by drastically reducing water usage at our breweries.

However, this alone will not solve the problem. We recognise that to successfully manage the social and environmental impact of water use and quality, several stakeholders in a water catchment need to work together.



We are convinced that collaborating within watersheds to drive collective improvements is the best way to manage the water on which our high-priority sites depend. We have committed to forming partnerships with NGOs, governments, civil society and other businesses to ensure the success of these projects.

In 2017, we began searching for suitable partners who could help us implement concrete actions in high-risk areas. We want to carry out meaningful projects with a real, tangible impact on the ground of the communities in which we operate.

WHAT WE SAID

2016

Efficiency programmes

Continue water efficiency programmes to deliver improvements across the Group

Wastewater

Enhance compliance assurance for wastewater disposal, including new and upgraded wastewater plants, and zero liquid discharge (soil discharge after treatment and water recycling) projects in India

Innovations

Continue the search for innovations in process, packaging and utility facilities with key suppliers

WHAT WE DID

2017

Water efficiency programmes on track



Wastewater treatment upgrades conducted and additional focus given to plant compliance



Workshops and analysis of technologies conducted with selected key suppliers



ACTIONS TOWARDS ZERO

2018

ZERO water waste roadmaps

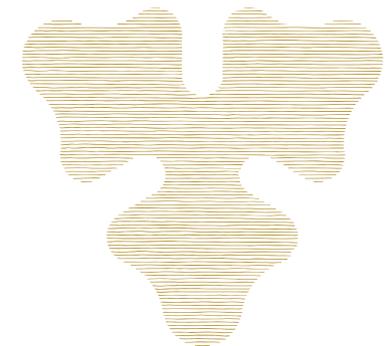
Refine local ZERO water waste roadmaps to achieve 2022/2030 targets

Performance improvements

Implement best practice to reduce water consumption

Carlsberg Young Scientists Community

Establish community of young scientists focused on developing solutions to achieve our 2030 water targets





ZERO
IRRESPONSIBLE
DRINKING





ZERO IRRESPONSIBLE DRINKING

2030 TARGETS

100% OF OUR MARKETS
IMPROVE ON
RESPONSIBLE DRINKING
YEAR ON YEAR

2022 TARGETS

100% AVAILABILITY OF
ALCOHOL-FREE
BREWS (AFB)

100% RESPONSIBLE DRINKING
MESSAGING THROUGH
PACKAGING AND BRAND
ACTIVATIONS

100% OF OUR MARKETS RUN
PARTNERSHIPS TO
SUPPORT RESPONSIBLE
CONSUMPTION



ZERO IRRESPONSIBLE DRINKING

INTRODUCING OUR AMBITION

Our beers are often at the heart of social occasions, just as they have been for centuries. That is what we want. But we also want them to be enjoyed responsibly.

In most situations, people enjoy our products in moderation and as part of a balanced lifestyle. This is the way they are intended. However, in some cases our beers are not consumed responsibly and cause harm to individuals and to society. This is not acceptable, which is why we have set an ambition of a society with ZERO irresponsible drinking. Whilst challenging, we believe that by working together across business, government and civil society we can start moving society in the right direction and ultimately make a big difference.

OUR TARGETS

Our targets in this area reflect where we think the best opportunities lie for us to make an effective contribution.

Beers provide a quality low-alcohol choice in many different situations. Yet on some occasions, consumers are looking for options that do not contain alcohol. Today, we already offer many quality alcohol-free brews that

serve as great alternatives for people who are driving, pregnant or, for other reasons, do not wish to drink alcohol. To provide more choice on these occasions, we have set a target of 100% distribution of alcohol-free brews by 2022 – meaning that wherever our beers containing alcohol are found, there will always be an alcohol-free option as well.

To further help consumers make smart choices, we are placing responsible drinking messages and nutritional information about our products on 100% of our packaging and online.

We are also embedding responsible drinking messages in all our marketing communications – all in an effort to engage with consumers and build an even healthier beer culture.

In cases where we see irresponsible behaviour, we will collaborate with relevant stakeholders to make targeted interventions. Our goal is for every market in the Carlsberg Group to have established at least one key responsible drinking partnership by 2022.

SUPPORTING THE GLOBAL GOALS

With our efforts to minimise the misuse of alcohol, we support Sustainable Development Goal 3, specifically target 3.5 to strengthen the

prevention of harmful use of alcohol and target 3.6 to halve the number of deaths and injuries from road traffic accidents – the latter through our "don't drink and drive" campaigns.

OUR APPROACH TOWARDS ZERO

Our Marketing Communication Policy (MCP), updated in 2017, sets the framework for responsible communication across our business – including marketing, digital and social media channels and product packaging.

Specifically, our MCP sets standards to limit the access to and appeal of alcohol marketing to minors. This includes strict standards on where we place our advertisements and which themes we avoid to prevent appealing to young people.

A new Group Responsible Drinking Policy was introduced this year to set global standards on drinking in the workplace.

In 2017, we sought advice from a group of health and behavioural experts from fields such as biology, sociology, anthropology and psychology to help strengthen the design and effectiveness of our responsible drinking initiatives. The purpose is to direct our responsible drinking efforts towards the right national goals and to give advice on the effectiveness of different actions.

The advisory group evaluates existing empirical evidence on the effectiveness of responsible drinking interventions and translates this into recommendations for specific initiatives at market level.

Our approach consists of three ways in which we can support consumers and society in reducing the harmful use of alcohol:

1. ENABLE

To make it easier for consumers to make smart, informed decisions, we are steadily growing our portfolio of alcohol-free brews. By 2022, we will make these products available on every relevant consumption occasion.

2. INFORM

To help our consumers make responsible drinking decisions, we aim to include responsible drinking symbols, as well as nutritional and ingredient information, on all our consumer-facing packaging and online.

3. ENCOURAGE

Communicating through our brands, we seek to engage consumers in the responsible drinking debate. This could be through partnerships with customers and sponsors to encourage smarter drinking choices, for example. Where direct engagement is impossible, we collaborate with organisations that have the access and credibility to carry our message.

Since the issues vary so much from one market to another, we need to adapt our efforts accordingly. With the input from the scientific advisory group, we are currently assessing the relevant indicators market by market. Where possible, indicators are drawn from national health strategies as a way of ensuring alignment with governments and other partners.



ENABLE

Offer a wider set of alcohol-free choices that consumers can turn to on different drinking occasions.

INFORM

Inform positive drinking choices by providing responsible drinking information on packaging and online.

ENCOURAGE

Encourage consumers to make positive drinking choices through dialogue and engagement.

ZERO IRRESPONSIBLE DRINKING

PREVENTING DRINK DRIVING AND UNDERAGE DRINKING

Preventing drink driving and underage drinking requires a multi-stakeholder approach that takes into account social and cultural differences.

Around the world, we partner with businesses, governmental authorities and other organisations, pooling our ideas and resources to find new, smarter solutions to these problems.

"DON'T DRINK AND DRIVE" CAMPAIGNS

We have found that engaging with consumers at the point of consumption is one of the most effective ways to prevent drink driving. To make this possible, we collaborate with business partners who are in direct contact with consumers, such as bar and restaurant owners.

In 2017, we ran 102 "don't drink and drive" campaigns, including one called "Don't Let Cheers Turn into Tears" in India. Combining a digital campaign with physical materials posted at customer venues, this initiative reached over a million consumers in a single day. Meanwhile, in Denmark, where 25% of all bicycle accidents involve alcohol, we created an

awareness campaign about the risks of drinking and cycling (see case story on page 32).

Altogether, our anti-drink-driving campaigns reached more than 10 million people. In 2018, as we begin the work that has been recommended by our advisory group, we will look at potential ways to increase the measurability of our responsible drinking initiatives.

PREVENTING UNDERAGE DRINKING

Our beers should never be sold to people who are below the legal drinking age. However, it does happen today. We want to tackle this problem at its root by partnering with supermarkets, bars and restaurants to ensure legal purchase ages are enforced.

In 2017, we initiated 76 underage drinking campaigns, reaching over 62 million people and involving 36 retail partnerships. In Russia, for example, we continued to combat underage drinking in collaboration with the national brewers association. With the support of several other brewers, we ran a campaign in 70,000 outlets and on social media that reached over 35 million people altogether.

Carlsberg
India



DON'T LET CHEERS

TURN INTO TEARS

**Don't Drink
& Drive.**

Drink
Responsibly

TACKLING DRINK CYCLING IN DENMARK

In a country famous for its love of bicycles, in 2017 Carlsberg Danmark chose Global Beer Responsibility Day (15 September) to raise awareness of the risk of cycling while under the influence of alcohol. This was on the back of research showing that one in four Danish cycling accidents involves alcohol.

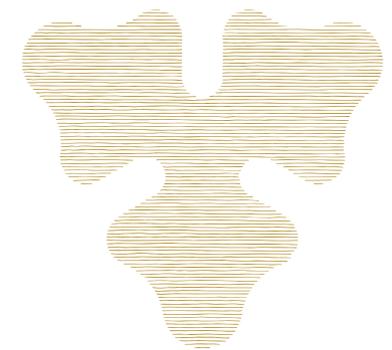
By partnering with the Danish Road Safety Council and a Copenhagen-based taxi company, we encouraged drinkers to leave their bicycles behind and offered them a free taxi-ride home instead.

This not only ensured that consumers got home safely, but also provided a platform for dialogue around the risks of drink cycling after a night out.

Globally, our Global Beer Responsibility Day (GBRD) activities reached over 54 million people. This exceeded our 2017 commitment to reach 30 million consumers. In total, 22 markets across our regions joined in the collective effort with business partners – including more than 70,000 retailers and bars, five social organisations and seven governments – to jointly promote responsible drinking and develop and implement collective solutions to tackle irresponsible drinking.



Global Beer Responsibility Day (GBRD) continues to grow as an important occasion for us to highlight our year-round efforts to promote responsible drinking. In 2017, we doubled the people reached on the day compared with 2016.



INCREASING THE AVAILABILITY OF ALCOHOL-FREE BREWS

Making alcohol-free brews (AFB) more widely available is one of our key strategies for achieving our ambition of ZERO irresponsible drinking.

In 2017, 26 of our alcohol-free beer brands were available across 43 markets in which our products are sold, with more launches to follow in 2018. In some of our main markets, such as France, AFB now accounts for 5% of the total beer market, with key brands such as Tourtel Twist and 1664 Sans Alcool continuing to grow.

In Russia, Baltika 0 has twice been awarded Best beer in the category beer by the Russian Chamber of Commerce, and has received numerous accolades outside Russia too. The Baltika brand continues to be the market leader in Russia with a 43% market share, and in 2018 the line extension Baltika 0 Wheat will be launched nationally.

In Greece, the popular FIX brand launched a new alcohol-free product extension in 2017, FIX ANEY. Following a successful launch campaign, the brand's popularity is growing amongst consumers, and FIX ANEY is expected to achieve a 39% volume share of the Greek AFB market in 2018.

ALCOLOCKS

Alcolocks prevent people from driving if they are over the legal alcohol limit. We are now introducing these across our business.

Change starts from within. In 2017, we decided that all newly acquired trucks will be equipped with alcolocks. This builds on successful experience in Northern Europe, where this is already the standard. Our Car and Responsible Drinking Policies now routinely contain requirements on alcolocks, and in line with this we have started installing alcolocks in company vehicles and making them available for employees with their own cars.

Roll-out began in Western Europe in 2017 and will continue in 2018 and beyond globally.

Alcohol-Free Minibar

In Sweden, our Alcohol-Free Minibar toured vacation hubs offering samples of alcohol-free brews and raising awareness of the category.



ZERO IRRESPONSIBLE DRINKING

CREATING DIALOGUE AROUND BINGE DRINKING

Drinking excessive amounts of alcohol in a short period of time is not good for the individual or for those around them.

In the Carlsberg Group, we leverage the power of our popular brands to speak directly with consumers about binge drinking, and to encourage moderate, responsible consumption of our products.

OUR PERFORMANCE IN 2017

Across our markets, in 2017 we implemented 34 campaigns aimed at reducing binge drinking and encouraging moderate consumption.

Music festivals and sporting events provide an ideal platform to get people talking about responsible drinking, and in 2017 we maximised the opportunities to raise awareness and nudge consumers towards smarter drinking choices.

At the 2017 Roskilde Festival, the biggest music festival in Northern Europe, our Tuborg brand drew on research showing that loud music makes people drink faster. Tuborg staff

handed out special ear plugs – Tuborg Beer Plugs. This stimulated valuable conversations about responsible drinking.

Our anti-binge-drinking activities reached over 5 million people, while our combined responsible drinking initiatives in 2017 reached over 70 million consumers globally, exceeding our commitment of 60 million.

Tuborg Beer Plugs

Tuborg Beer Plugs were nominated for a Euro Best Design Award.

➤ See Tuborg Beer Plugs in action

<https://carlsberggroup.com/sustainability/actions/towards-zero/>



PARIS CONCEPT BAR

How do you encourage responsible drinking without spoiling the consumers' fun? La Moderne, a new concept bar in France, has some bright ideas about this.

Supported by social organisation Groupe SOS and sponsored by Kronenbourg, La Moderne offers a whole series of smart ways to help consumers keep their drinking at a reasonable level. For a start, the drinks menu includes a wide range of alcohol-free drinks (including our beers) alongside traditional options.

Secondly, consumers are encouraged to alternate between alcoholic and alcohol-free beverages, and discounts are offered on this combination during happy hours.

What is more, every alcoholic beverage comes with a light snack free of charge.

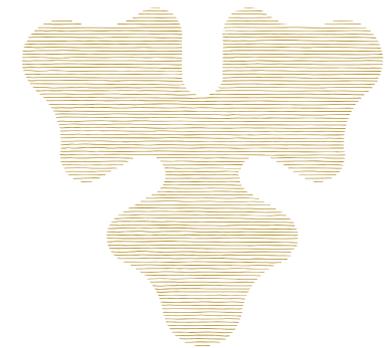


WORKING IN PARTNERSHIPS

When direct engagement with consumers is not possible or appropriate, we work with relevant partners such as NGOs and industry associations.



An example of this is the Drinkaware Crew scheme in the UK, where specially trained staff work in bars and clubs to reduce anti-social behaviour amongst 18-24-year-olds, with the aim of keeping them safe. The scheme is overseen by the Drinkaware Trust, an independent charity of which we are a funder. Since its pilot, training has been delivered in 32 venues in 17 areas around the UK. In 2017, over 3,600 individuals were supported by Drinkaware Crew and a pilot took place at two London festivals with an independent evaluation due to be published in 2018.



ZERO IRRESPONSIBLE DRINKING

ENCOURAGING RESPONSIBLE CONSUMPTION

Our brands offer us powerful and far-reaching opportunities for communicating with consumers. We want to leverage their potential responsibly, encouraging moderation and avoiding appealing to those below the legal drinking age.

To ensure that this is the case, we are implementing responsible marketing policies and providing information about our products – both on our packaging and online.

RESPONSIBLE COMMUNICATION

We continue to drive strict self-regulatory practices across our business in an effort to embed the Group’s responsible drinking philosophy in all our marketing activities.

2017 saw the launch of a revised global Marketing Communication Policy that reflects new industry standards in digital marketing. The new policy expands on earlier codes of practice through, for example, age-gating mechanisms, responsible drinking messages and community guidelines on user-generated content (UGC). In 2018, we will implement a

self-auditing process to drive global compliance with the new policy.

In 2017, our marketing managers were required to complete an e-learning module on the new policy, and by the year’s end the

completion rate was 100%, meeting our 2017 commitment in full.

We regularly monitor our advertisements to ensure they only appear in contexts where at least 70% of the audience can reasonably be expected to be above the legal drinking age. An

independent audit in selected countries in 2017 showed 100% compliance with this principle.

At market level, we support the establishment of independent self-regulating bodies, which exist in over 75% of our markets and allow individuals and organisations to flag up

WHAT WE SAID

2016

Number of consumers (GBRD)

Reach 30 million consumers during Global Beer Responsibility Day (GBRD)

Number of consumers (other)

Reach 60 million consumers globally through our combined responsible drinking initiatives

Product information

80% of consumer-facing primary packaging in Western Europe to carry information on ingredients and nutritional values

Use of symbols

100% of consumer-facing primary packaging to carry responsible drinking information or text to discourage harmful drinking

E-learning

All relevant marketing managers to complete the new e-learning module on our Marketing Communication Policy

WHAT WE DID

2017

Over 50 million consumers reached through activities in 22 markets



78 million consumers reached



Ingredient and nutritional information on 68% and 67% of packaging respectively in Western Europe. We will reach 80% in Q1 2018



Responsible drinking symbols now on 97% of our primary packaging



All marketing managers completed the module



ACTIONS TOWARDS ZERO

2018

Number of consumers (GBRD)

Reach 40 million consumers during Global Beer Responsibility Day (GBRD)

Digital Guiding Principles

Ensure that the six standards within the Digital Guiding Principles are implemented across all our brand digital channels to safeguard people below the legal drinking age

Concept initiatives

Develop and execute initial initiatives recommended by the independent advisory group to promote responsible drinking



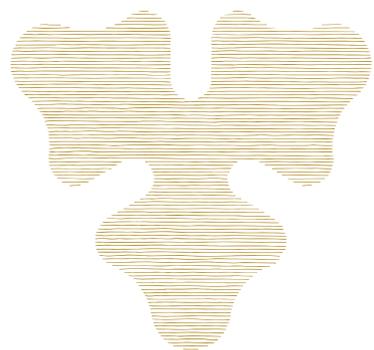
inappropriate alcohol advertisements. If the self-regulator upholds a complaint, we take actions to remove the advertisement.

CONSUMER INFORMATION

At the end of 2017, we were just short of our commitment to include ingredient and nutritional information on 80% of our packaging across Western Europe. A small number of packaging updates were postponed to early 2018, by when we will reach our original target. During 2017, this information was made available for all our beer brands across different online platforms.

In 2017, we reached our target of placing a responsible drinking symbol on all our product packaging globally. This was an extensive exercise that involved changing tens of thousands of packaging designs and provides another example of how we can leverage consumer touch-points to discourage harmful drinking.

Looking ahead, we have now set a target to make ingredient and nutritional information available on 100% of our packaging and online across all our regions by 2022.



Encouraging responsible drinking

97% of our primary packaging globally contains a responsible drinking symbol





ZERO
ACCIDENTS
CULTURE



**ZERO
ACCIDENTS
CULTURE**

2030 TARGETS

**ZERO LOST-TIME
ACCIDENTS**

2022 TARGETS

**REDUCTION IN
ACCIDENT RATE
YEAR ON YEAR**



ZERO ACCIDENTS CULTURE

INTRODUCING OUR AMBITION

We are determined to protect the welfare of our employees by pre-empting the potential risks of our operations to provide a safe working environment.

Essential to a safe working environment is a ZERO accidents culture. This mentality is fundamental to the way we run our business. Ultimately, we believe that all accidents are preventable.

OUR TARGETS

We pursue a reduction in the number of accidents year on year, with the ambition to reach ZERO lost-time accidents by 2030.

SUPPORTING THE GLOBAL GOALS

Our commitment to reach ZERO lost-time accidents contributes to SDG 8, Decent work and economic growth. In particular we focus on target 8.8 – promoting safe and secure working environments for all workers. Examples can be found throughout this section and in our case story "Stop and think: making time for safety" on page 41.

OUR APPROACH TOWARDS ZERO

Our Health and Safety (H&S) Policy defines how we manage health & safety performance across our business in order to prevent occupational injuries, illnesses and industrial accidents, and to protect people in the communities in which we operate. We also engage actively with external partners and contractors to raise awareness of the health & safety issues in our value chain.

A ZERO accidents culture requires strong and credible leadership. Managers at all levels are expected to lead by example and motivate their staff to participate in H&S initiatives. They are both responsible and accountable for managing workplace health & safety.

All employees are expected to take personal responsibility and engage in H&S activities, as well as looking out for their colleagues. We have systems in place for employees to log any observations, suggestions and near misses.

ZERO ACCIDENTS CULTURE

TOWARDS A ZERO ACCIDENTS CULTURE

Real and lasting change is only possible if we succeed in embedding a ZERO accidents culture throughout our organisation.

VISIBLE AND CREDIBLE LEADERSHIP

The first of our three H&S commitments made in 2016 concerns leadership. By modelling the behaviour they want to promote, our leaders create a solid foundation for a health & safety culture. They need to be aware of risks themselves, and to set a strong personal example and engage with staff. This takes sensitivity, skill and commitment.

To support their efforts, in 2017 we developed a new approach to safety leadership training and engaged a world-class provider to ensure that its format and contents were on point. Two face-to-face pilot training sessions were held in Western Europe during the year with the objective of clarifying the role of H&S leaders and providing them with the practical tools for use in their day-to-day work. Roll-out will continue in 2018 and reach all managers globally by 2020.

Leadership training is backed up by activities to introduce and reinforce cultural change at all levels. For instance, internal business

performance reviews and briefings now begin with H&S, signalling how important H&S is to the Carlsberg Group and ensuring that the message reaches all levels of our organisation.

TOP OF MIND – COMMUNICATION AND VISIBILITY

Making H&S top of mind for all our people is essential to developing a ZERO accidents culture. Behavioural change takes time and requires continuous communication, from daily reminders to targeted campaigns.

In 2017, we continued to implement our ZERO Accidents campaign, placing particular focus on traffic safety and lockout/tagout (ensuring dangerous energies are isolated before any intervention to equipment and machinery). We also developed new standards for the visual communication of health & safety, and shared these globally, ensuring a consistent message across the organisation.

#TowardsZERO

Our people spread the word about our new ambitions for the launch of Together Towards ZERO



STOP AND THINK MAKING TIME FOR SAFETY

Building a ZERO accidents culture is a day-to-day mission. We believe it pays to pull people away from their daily routine and provide opportunities to reflect calmly on health & safety issues.

A full day of training and best-practice sharing is a powerful way to demonstrate our commitment and reinforce key messages.

Many of our markets are now doing this on an annual basis. Carlsberg China held its EHS day on 12 December 2017. Operations were halted for 24 hours at all sites so that employees and contractors could focus 100% on safety, sharing best practice on topics such as traffic safety, conducting emergency drills and rewarding teams that had demonstrated leadership during the year.

The purpose of the day was to create awareness of the importance of changing unsafe behaviours as we build a culture of ZERO accidents.

This activity reached 6,589 people in one go, including Carlsberg Group employees and contractors as well as local government and media.



To complement the health & safety communications initiated centrally, we continued to support local initiatives and highlight specific workplace hazards.

PROCEDURES AND SYSTEMS

Our new Health & Safety (H&S) Policy, updated in 2017, will be launched in 2018. It supports our ambition of a ZERO accidents culture by detailing requirements for areas such as incident reporting and analysis, emergency planning and response, leadership and employee participation in creating a safe workplace.

The policy also includes our Life Saving Rules, a powerful reminder to our employees for those rare occasions when someone's life may be endangered if strict controls are not in place. The rules are based on real events in the history of our business and on general industry experience.

Cultural change is a gradual process, not something that can be achieved overnight. But a significant performance improvement in 2017 suggests that our multi-dimensional approach is working, with strong support from senior leadership. Looking ahead, we must continue to build the health & safety mindset in all employees and further develop competences in risk awareness, identification and control.

ZERO ACCIDENTS CULTURE

WORKING TOWARDS A SAFER WORKPLACE

Only a combination of leadership, consistent communication and safety routines will deliver progress towards our ZERO accidents target. In 2017, we began to see the first positive results of our efforts.

2017 SUMMARY

Accident rates were down across all functions, confirming that we are on the right path. But there is still room for improvement, and none for complacency.

REDUCING THE NUMBER OF ACCIDENTS

The Group lost-time accident rate (LTAR) in 2017 was 4.3, which was a significant reduction of 42% compared with 2016, indicating solid progress in our performance.

More specifically, the number of lost-time accidents went down to 183 from 311 in 2016. This strong performance is also reflected in the fact that 20 of our markets reduced their

¹ Our target of ZERO lost-time accidents applies only to direct employees.

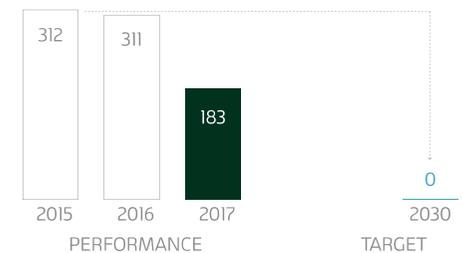
2022 TARGET

REDUCTION IN ACCIDENT RATE YEAR ON YEAR

2030 TARGET

ZERO LOST-TIME ACCIDENTS¹

LOST-TIME ACCIDENTS*



* Within PwC's assurance scope.

WHAT WE SAID

2016

Leadership

Roll out health & safety leadership training

Communication

Roll out EHS Communication Plan globally

Procedures

Deploy new Health & Safety Policy Group-wide, including our EHS Guiding Principles

WHAT WE DID

2017

New training supplier selected, and material developed and rolled out, including two pilots in Europe 

Health & safety visual communication standard developed and launched globally, including displays, banners and campaign posters 

New Health & Safety Policy approved by ExCom, and communication and implementation initiated 

ACTIONS TOWARDS ZERO

2018

Leadership

Continue to roll out the health & safety leadership training to reach all managers globally by 2020

Life Saving Rules

Roll out the Life Saving Rules programme globally, including communication and training, followed by a consistent compliance verification process



Fully achieved Partially achieved Not achieved

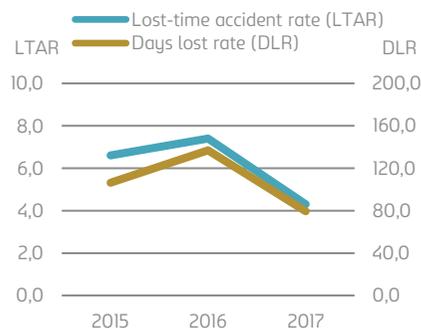
accident rate and three sustained their ZERO accident performances, while only seven saw increases, in each case minor.

INCIDENTS AND FOLLOW-UP MEASURES

2017 saw fewer accidents than the previous year². However, there was one fatality to a member of the public when a gate at one of our sites in India collapsed. This tragic incident serves as a stark reminder of the progress we still need to make.

Rather than waiting until after the event to implement a change, we will always strive to identify the risks in advance and prevent accidents from happening. In this unfortunate case, we discovered that we needed stronger controls at our entry gates. Based on this learning, we immediately drew up an action plan across our sites and monitored its implementation centrally.

Lost-time accident and days lost rates (rate/1,000 employees)*



* Within PwC's assurance scope.

² During a cross-check analysis on our 2016 data, we discovered 17 unreported accidents from our Chinese market. Our LTA baseline for 2016 was therefore restated from 294 to 311.

We also introduced a detailed review of all lost-time accidents (LTAs) reported. This process provides senior leadership of the region and market concerned with a valuable opportunity to discuss root causes and follow-up actions. Their reports are shared across all sites so that universal lessons can be drawn and new safety measures implemented globally.

LOOKING AHEAD TO 2018

Our approach for future years is founded on three strategic priorities:

1. Eliminate fatalities and serious incidents by ensuring full compliance with health & safety standards and through better managing contractors.
2. Make sure health & safety is top of mind for all our people through strong and credible leadership, employee engagement and effective communication.
3. Continuously improve our performance by reducing exposure to occupational risks.

More specifically, in 2018 we will continue to roll out our new policy and leadership training, and our Life Saving Rules programme. We will also review our compliance assessment process.



LOST-TIME ACCIDENT RATE (LTAR)

2016 PERFORMANCE
7.4



Performance data refers only to direct employees.



RESPONSIBLE
BUSINESS

RESPONSIBLE BUSINESS

LIVE BY OUR COMPASS

The Carlsberg Group's business is built on solid values such as honesty and integrity, which translate into a company culture of fair, ethical behaviour.

The Live by our Compass programme continuously promotes high ethical standards across the Group and is supported by clear codes, policies and manuals.

Introduced in 2016 as part of SAIL'22, Live by our Compass provides detailed guidance on ethical behaviour and emphasises the importance of integrity at all levels of the organisation. The Group's senior management continues to give this programme its full and vocal support, leading by example and helping to embed the values it embodies.

IMPLEMENTING OUR CODE OF ETHICS AND CONDUCT

Translated into 28 Group languages, our 2016 Code of Ethics and Conduct helps employees understand how to respond when faced with ethical dilemmas at work.

In 2017, 34,500 Group employees received training in the Code via an e-learning module or face-to-face sessions. As we delivered the programme, we overcame challenges including employee turnover and lack of access to computers for some employee groups. At the end of the e-learning, each employee signed a declaration committing to comply with the Code.

Our global compliance team is responsible for the implementation and updating of the Code, while local Managing Directors are responsible for compliance at market level. Our Supervisory Board also received training in the Code during 2017.

Code of Ethics e-learning module

The main character, Cody the Elephant, helps employees make the right ethical decisions



UPDATING AND IMPLEMENTING OUR POLICIES

During 2017, we devised a new policy structure to ensure relevance and focus on the key areas of our business today, resulting in 29 Group policies. These provide central direction, mitigate key company risks and underline the behaviour we expect of employees. All policies have been approved by ExCom and include clearly defined roles and responsibilities.

COMMUNICATION

In line with our commitment for 2017, the revised policies were communicated through internal channels. In 2018, all relevant documents will be made available to employees via an online platform, improving access to the policies and supporting materials.

Implementation of the new policies is ongoing – supported by over 200 manuals and the ongoing development of our Compass training curriculum for employees during 2018, tailored to their functional risk level.

MAINTAINING OUR FOCUS

In 2017, all markets carried out compliance risk assessments. Based on their findings, we will adapt our approach and strategy to cover both emerging and existing risks.

Third-party screening procedures are part of the Group’s standard procurement process, helping us mitigate the risk of bribery and corruption. In 2018, with the support of external specialists, we plan to review our existing third-party screening procedures. Our key objectives are to ensure full compliance with the relevant legislation and industry best practices, and to develop new, more tailored and user-friendly screening protocols.

SPEAKING UP

We encourage employees to report any suspected matters of misconduct to their line manager or compliance function, or to file a report via our anonymous Speak Up system. In 2017, we promoted our new Speak Up system globally with communication materials about how and where to speak up. The system is available in over 30 languages and can be accessed via web or phone.

We have also developed a Speak Up Manual and a Misconduct Investigation Manual to give guidance to our employees. These manuals will be implemented early in 2018. Reported matters are reviewed by our newly established Integrity Committee (IC), chaired by the CFO and including representatives of different

disciplines. The purpose of the IC is to govern key matters of misconduct in relation to reporting, investigation and follow-up.

In 2017, 53 matters were reported through our Speak Up system. This represented a significant increase, as in previous years we received between 23-30 reports³. Of all 2017 Speak Up matters investigated and closed, 29% were upheld and sanctions varied from verbal reprimands to dismissal. Our goal in 2018 is to continue to raise awareness and further improve our transparency around speaking up.

WHAT WE SAID

2016

Policies

Plan launch and implementation of all (approx. 35) new and revised Group policies developed during 2016 and 2017

Training

Support central functions and local markets to make training in the Code of Ethics and Conduct and new policies available to approx. 42,000 Carlsberg Group employees worldwide

Communication

Support central functions and local markets in informing all relevant stakeholders about the new and revised Group policies

WHAT WE DID

2017

29 policies revised and implementation started



34,500 employees received training in the Code of Ethics and Conduct via e-learning and face-to-face sessions



Policies communicated through internal awareness campaign



ACTIONS

2018

Risk assessment

Conduct market risk assessment on key compliance risks in all markets

Third-party screening

Update protocols for screening business partners and third parties

Speak Up

Promote Speak Up facilities through awareness campaign

Compliance training

Develop compliance training curriculum for employees tailored to functional risk level

Market audits

Conduct in-market audits in all regions to monitor effectiveness of the Live by our Compass programme

³ Excluding the reports filed in 2015 and 2016 via the stand-alone and financial reward-based speak-up system implemented in Malawi.



RESPONSIBLE BUSINESS

LABOUR & HUMAN RIGHTS

We are determined to ensure that around the world our business is always conducted in a fair and responsible manner with respect for global standards and guidelines.

We aim to provide a safe, healthy working environment in which all our employees are empowered to achieve their full potential.

DRIVING OUR CULTURE THROUGH TRIPLE A

Triple A is our behavioural framework, with the As standing for alignment, accountability and action. These three attributes define how we work together to create a winning culture across our organisation. Triple A is also about treating people in a fair and equal way, the key to long-term success. In 2017, we delivered on all our commitments for embedding Triple A across the Group.

Triple A became the framework for all our leadership and performance evaluations in 2017. It forms the basis for our onboarding programmes, underpins our hiring process and has been implemented across our people management tools. These include development

centres, recruitment interviews and the setting of criteria to measure job candidates' profiles against job requirements.

In 2017, MyVoice, our annual internal engagement survey of more than 30,000 employees, confirmed high acceptance of and support for Triple A.

UPDATING AND IMPLEMENTING OUR POLICY

In 2017, our Labour & Human Rights (LHR) Policy was revised as part of a Group-wide policy refresh. The policy applies globally to all management, employees and contract workers across the Group. While our overall approach has not changed, this exercise gave us a chance to align with the Group's other policies and to renew our focus on training.

In order to build awareness of the policy and of the LHR dilemmas that can arise, we provided a general e-learning module and conducted face-to-face train-the-trainer sessions throughout Asia, addressing people managers (level 3 and above) and all HR and legal professionals, and reaching around 1,200 people in total. We focused initially on Asia, since it is statistically a higher-risk area when it comes to matters addressed by the policy.



In 2018, we will continue to roll out our LHR Policy e-learning module to line managers, HR and legal professionals, focusing primarily on Eastern Europe. During the year, we expect to reach 90% of all Eastern European people managers (level 3 and above).

ISSUES AND RESPONSES 2017

In Cambodia, a labour dispute between our local partner, Cambrew, and local union activists resulted in a lawsuit, which was managed locally through the Cambodian courts. Our partner will continue to improve working conditions through the Beer Selling Industry of Cambodia association and in continuous dialogue with employees.

TRAINING AND HIRING

A diverse and competent workforce contributes to the competitiveness of any company. This includes diversity factors such as nationality, age and gender.

In the Carlsberg Group, global gender distribution in 2017 was on a similar level to previous years, and this remains a challenge for us. To foster gender diversity, external recruitment firms are required to present a minimum of one female candidate on their shortlist. And in the event of equal suitability, priority is given to the female applicant.

To increase the representation of women in top and middle management, we require that at least a third of the participants on our global Learning Leaders training programme are female. The programme is designed to prepare our future leaders for leading a function across our markets.

WHAT WE SAID

2016

Triple A

Roll out our new behavioural framework, Triple A, to all employees to develop culture and assess/develop our people, aiming to reach all employees by end of Q1 2017

Apply to performance and potential, including interview guidelines for all candidates

Introduce Triple A to Development Centres and implement in People Management Tools, e.g. People Board, 360 feedback and onboarding programmes for new employees

Gender diversity

Implement initiatives to give priority to the underrepresented gender in top and middle management. Implement and track throughout 2017

Policy

Revise Labour & Human Rights Policy, continue policy training of managers and roll-out of the policy

WHAT WE DID

2017

Triple A rolled out and implemented across the Group and included in all leadership, development and recruitment instruments



Recruitment firms must present a candidate of the underrepresented gender. Priority given to the underrepresented gender in situations of equal suitability



Revised policy implemented across the Group, supported by a manual, e-learning and train-the-trainer sessions



ACTIONS

2018

Training

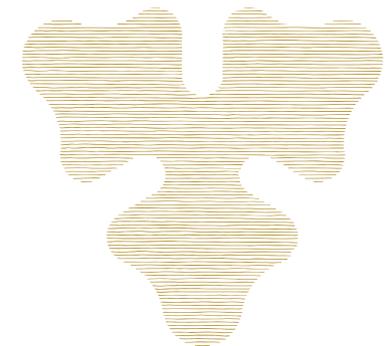
Eastern Europe: reach 90% of line managers, HR and legal professionals through e-learning and face-to-face training in selected markets

Onboarding

Include training and awareness in local onboarding programmes for people managers and HR professionals utilising new HR system platform

Human rights impact initiatives

Implement initiatives to continuously identify and account for human rights impact. Carry out ongoing monitoring of local market compliance



RESPONSIBLE BUSINESS

RESPONSIBLE SOURCING

We see it as our responsibility to extend our influence throughout the value chain to improve the standards of our suppliers and business partners.

Our Supplier and Licensee Code of Conduct clearly communicates the standards we expect with regard to labour & human rights, health & safety, environment and business ethics. We engage the support of external partners to continuously monitor our suppliers and ensure these standards are met.

QUALITY AUDITS

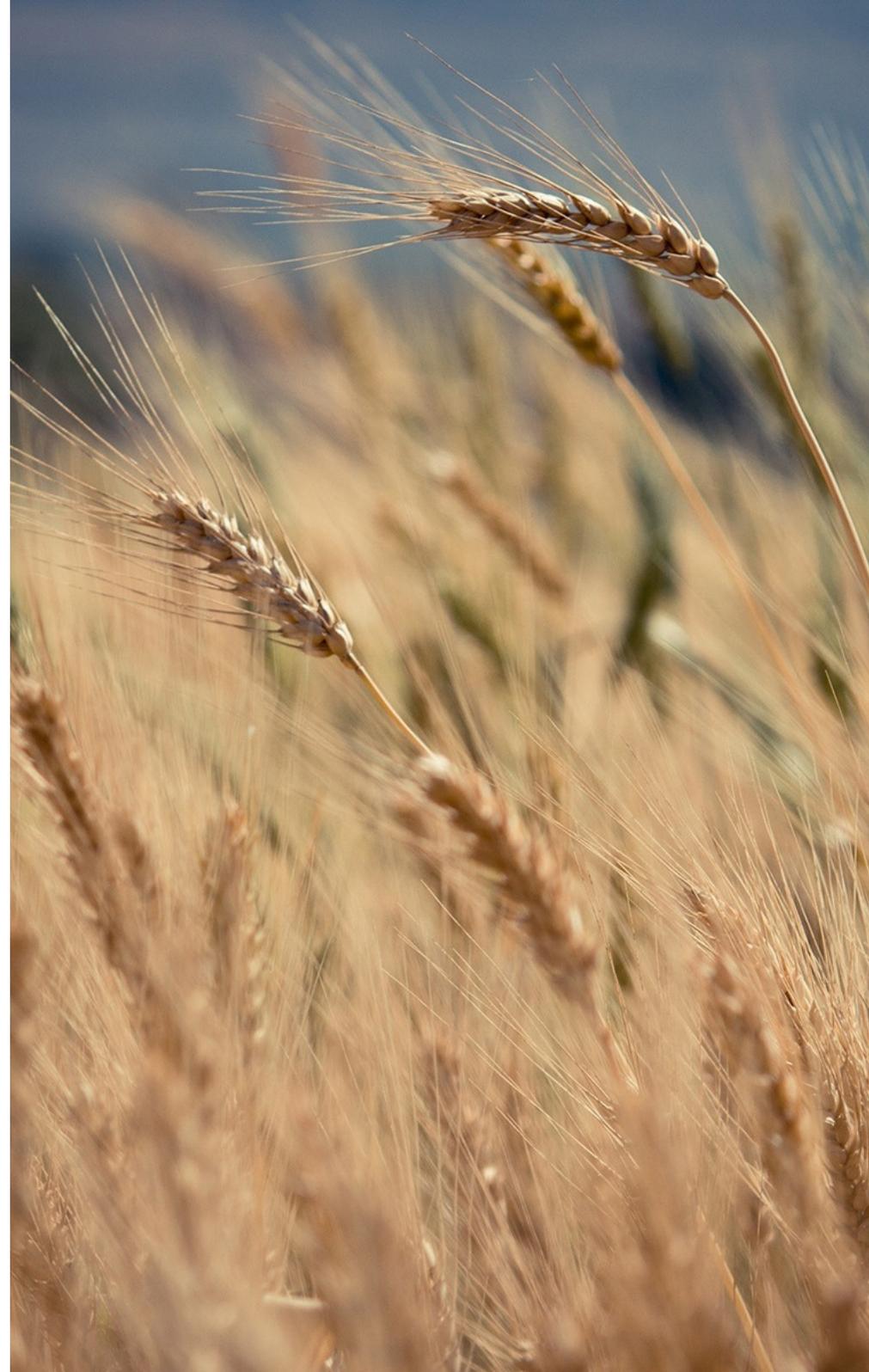
During our regular supplier audits, we check that suppliers are in compliance with the Supplier and Licensee Code of Conduct. We want to be sure that systems and policies are in place in each company to drive continuous improvement and monitoring in labour & human rights, health & safety, environment and business ethics, with particular focus on companies operating in high-risk areas. In 2017, we carried out 154 such audits, focused on glass bottles, cans and malt.

If an issue comes to light, our first response is to work with suppliers to help them achieve compliance and make lasting improvements. However, when a serious issue arises, our approach is to immediately suspend material deliveries.

STREAMLINING PROCUREMENT PROCESSES

In 2017, we started the development of a number of strategic point-of-sale (POS) ranges for our global brands for which the procurement, consolidation and supply chain have been outsourced to a company specialised in sourcing from Asia. We expect this to provide additional transparency and further strengthen compliance with our standards.

We have continued with our membership of the SEDEX (Suppliers Ethical Data Exchange) platform, which in 2017 was updated to become more user-friendly and accessible.



RESPONSIBLE BUSINESS

QUALITY AND SAFETY OF OUR PRODUCTS

Our business is all about delivering top-quality and safe products. We take measures both internally and along the value chain to ensure we always live up to our own and others' high expectations.

GETTING IT RIGHT, EVERY TIME

Our beers are brewed to precise recipes and continuously monitored throughout the production process. Any product that fails to live up to our high quality standards is removed before distribution. However, removals are wasteful and therefore best avoided.

In 2017, we developed a Cost of Poor Quality model that helps us identify the underlying root causes of quality issues and take measures to prevent them recurring. The model has already been rolled out in several Western European markets, including Croatia, Germany and Italy.

Another aspect of our quality work is the auditing of key suppliers. Every two to three years, we run checks at our suppliers' sites to ensure our high quality standards are being maintained. In 2017, 154 audits were carried

out, often leading to corrective actions being implemented by the supplier.

POLICIES AND STANDARDS

The Group's Quality and Food Safety Policy sets out our commitment to making products of the highest quality and meeting our customers' expectations as well as international standards. In 2017, this policy was revised and the new version implemented globally. Among other things, this process strengthened our resolve to attain food safety certification for all Carlsberg Group sites.

By the end of 2017, 23 of the 26 production sites we own in Western Europe had obtained Food Safety System Certification (FSSC) or an equivalent certification. In 2018, two more sites will be added to the list, and we plan to reach 100% coverage in 2019. In Eastern Europe, three of our 14 sites currently have FSSC coverage, and nine have ISO 22000 certification. By 2020, we hope to have all 14 sites covered by FSSC. In Asia, six of our 39 sites have FSSC and five have ISO 22000 certification. However, we will need more time to roll out ISO 22000 in this region, since we are still building the systems necessary to support certification.

MONITORING ON-SHELF QUALITY (OSQ)

Launched in 2010, our OSQ programme helps ensure quality standards are maintained once our products leave the Carlsberg Group site.

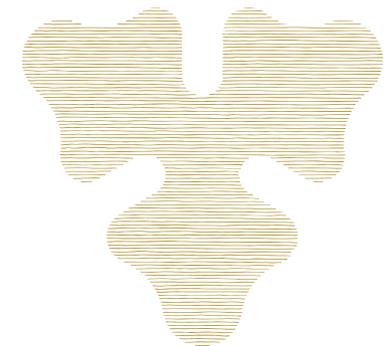
The programme involves routinely taking products from the shelves of stores in 40 markets and sending them to an external laboratory for analysis. The laboratory examines both product quality and appearance, and its findings have led to improvements in some of our production plants. We carry out similar types of quality check in 13 of our on-trade markets.

RESPONDING TO QUALITY ISSUES

Fortunately, the vast majority of quality issues are identified and addressed long before our products reach the consumers. However, on the rare occasions when a quality issue does arise after a sale, we take measures to manage and minimise its effects.

In 2017, we recalled two products, in Switzerland and Norway. A third recall took place through a licensed brewery partner in Iceland. We investigated and took action in all these cases to prevent the problems recurring.

Other, less serious issues are dealt with by withdrawals from customer inventories before they reach consumers. In 2017, 11 withdrawals were made globally.





ECONOMIC
CONTRIBUTION
TO SOCIETY

ECONOMIC CONTRIBUTION TO SOCIETY

BREWING ECONOMIC GROWTH

Promoting sustainable economic growth is a priority for most of the world's economies. Business is one of the cornerstones of prosperity and makes a significant contribution to growth.

As a global brewer with operations in over 35 countries, and export and licence activities in over 100 countries, we make a significant economic contribution to society. Our worldwide operations create jobs, support economic growth and generate government revenues through the collection of excise duties and other taxes.

SUPPORTING THE GLOBAL GOALS

To achieve economic growth, people need quality jobs that stimulate the economy. The private sector, including our Group, has a key role to play in supporting the implementation of SDG 8 through employment and value creation in the markets in which we operate.

Through our brewery operations, we contribute to targets 8.1 and 8.2 by supporting economic prosperity, higher productivity and innovation. Our success feeds into target 8.5 to achieve full and productive employment, since the Carlsberg Group creates an additional half a million jobs in related industries.



ECONOMIC CONTRIBUTION TO SOCIETY

CREATING DIRECT AND INDIRECT EMPLOYMENT

41,000 GLOBAL EMPLOYEES

In 2017, the Carlsberg Group directly employed around 41,000 people in our majority-owned businesses. Most of these employees work at our breweries, which often provide much needed employment in sparsely

populated areas outside of big cities. We also employ highly skilled people in sales & marketing, finance, procurement, logistics and administrative functions.

Taking all our activities with related industries into account, Regioplan estimates that the total indirect and induced employment created by the Carlsberg Group in 2017 amounts to approximately 497,000 employees⁴.

HALF A MILLION JOBS CREATED

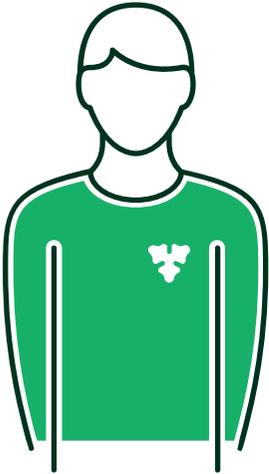
Our activities with suppliers in sectors such as agriculture, packaging and logistics stimulate indirect employment. And we contribute to induced employment – jobs created in the hospitality and retail sectors – through the sale of our products.

CREATING JOBS!

One Carlsberg Group employee creates an additional 12 jobs in adjacent sectors.

Total employment generated by the Carlsberg Group is 497,000 jobs.

⁴ The indirect employment figures are slightly higher than in the 2016 Carlsberg Group Economic Report due to the availability of more accurate information on the ratio between on-trade and off-trade sales in the Asian markets.



1 CARLSBERG GROUP EMPLOYEE CREATES AN ADDITIONAL ...

6 JOBS IN HOSPITALITY

5 JOBS WITH SUPPLIERS, INCLUDING AGRICULTURE

1 JOB IN RETAIL

ECONOMIC CONTRIBUTION TO SOCIETY

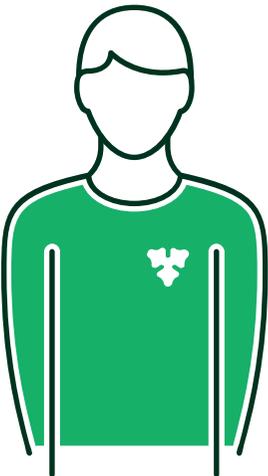
GENERATING VALUE ACROSS THE VALUE CHAIN

The Carlsberg Group’s suppliers, along with our customers in hospitality and retail outlets, and our production and sales facilities all add value to the final product – which is sold to consumers all over the world.

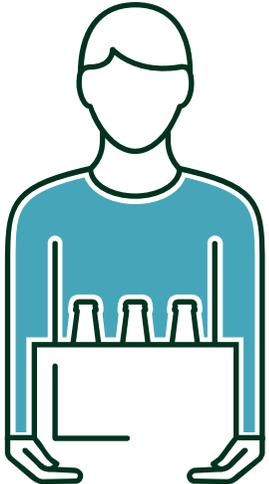
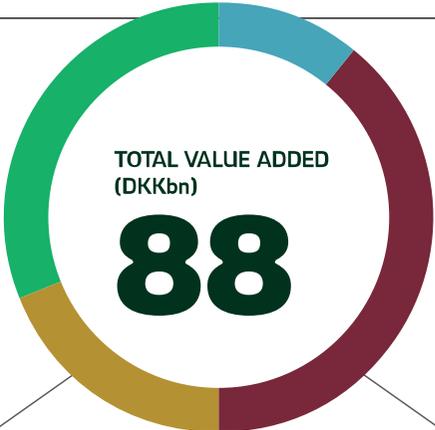
Added value is defined as the difference between the cost of the goods and services acquired for production and the market value of the final product.

This added value makes it possible to pay our employees’ wages, cover tax liabilities, and reward our lenders and investors. This added value is also the source of VAT revenues collected by governments in the countries in which we operate.

Calculated by Regioplan using a well-recognised methodology, the value added through the production and sale of all Carlsberg Group products worldwide amounted to DKK 88bn in 2017.



23%
CARLSBERG



11%
RETAIL



23%
SUPPLIERS,
INCLUDING
AGRICULTURE



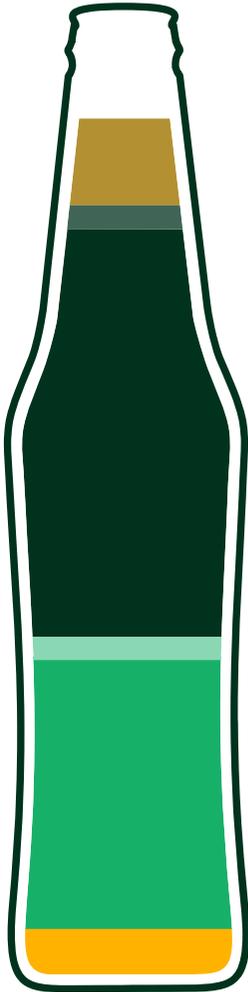
43%
HOSPITALITY

ECONOMIC CONTRIBUTION TO SOCIETY

ECONOMIC VALUE AND TOTAL TAX CONTRIBUTION

ECONOMIC VALUE GENERATED (DKKbn)

89.1



10.1% **EMPLOYEE WAGES**
DKK 9.0bn

1.8% **PROVIDERS OF CAPITAL** DKK 1.6bn

47.9% **OPERATING COSTS**
DKK 42.6bn

5.8% **SPECIAL ITEMS** DKK 5.2bn

32.1% **TAXES BORNE, INCL. EXCISE DUTIES**
DKK 28.6bn*

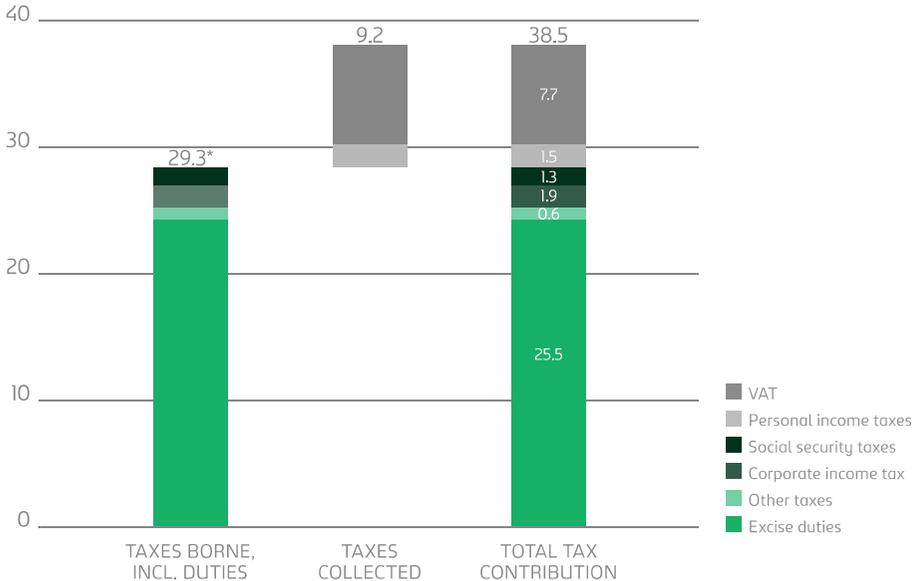
* The difference of DKK 0.7bn between taxes borne in economic value generated and total tax contribution can be explained by periodic differences in taxes expensed and taxes paid.

2.3% **ECONOMIC VALUE RETAINED**
DKK 2.1bn

In 2017, the Carlsberg Group generated a total of DKK 89.1bn in economic value in the countries in which we operate. Our total tax contribution included both taxes borne and taxes collected, which amounted to DKK 38.5bn.

TOTAL TAX CONTRIBUTION (DKKbn)

38.5



ECONOMIC VALUE

The economic value *generated* is made up of gross revenue, other income, financial income and income included in special items. Our contribution is distributed among our stakeholders in the form of payments to suppliers, wages to employees, financial expenses to those who provide capital and taxes to governments. The economic value *retained* is the profit we use to finance dividends for our shareholders and to support the future growth of our business.

In 2017, the total economic value generated by the Carlsberg Group was DKK 89.1bn.

TAXES BORNE

Taxes borne by the Carlsberg Group include direct taxes such as corporate income tax, social security taxes and environmental taxes, and indirect taxes such as excise duties. In 2017, the Carlsberg Group paid DKK 29.3bn in taxes.

TOTAL TAX CONTRIBUTION

In addition to the taxes borne, we also collect taxes on behalf of governments in the countries in which we operate. These include taxes paid by our employees, VAT and other relevant taxes. In 2017, our collected taxes amounted to DKK 9.2bn and our total tax contribution amounted to DKK 38.5bn.

TOTAL GOVERNMENT REVENUES GENERATED

The production and sale of our products generate substantial revenues for governments, supporting public services and stimulating economic growth in the countries in which we operate. In addition to our total tax contribution mentioned above, government revenues are also generated in related sectors such as agriculture, retail and hospitality.

According to Regioplan's methodology, we estimate that the Carlsberg Group generated DKK 116bn in government revenues in 2017 through a combination of direct activities and the activities of related industries. Our direct share of total government revenues was 33%.

[View our Tax Policy](https://carlsberggroup.com/media/22487/tax-policy.pdf)

<https://carlsberggroup.com/media/22487/tax-policy.pdf>



25% TAXES BORNE BY CARLSBERG, INCL. EXCISE DUTIES

8% TAXES COLLECTED BY CARLSBERG

67% TOTAL TAX CONTRIBUTION BY SUPPLIERS, RETAIL AND HOSPITALITY

TOTAL GOVERNMENT REVENUES GENERATED (DKKbn)

116

SECTION 1

DATA SUMMARY TABLE

ENERGY, CARBON AND WATER

	2014	2015	2016	2017
General production figures				
Number of reporting sites	101	110	92	85
Beer production (million hl)	107.0	105.4	100.9	97.9
Soft drinks production (million hl)	13.6	13.9	14.3	14.2
Beer and soft drinks production (million hl)*	120.6	119.3	115.2	112.1
Malting (kt)	492.0	547.2	311.5	301.3
Environmental performance data (beer, soft drinks and malt production)				
Total thermal energy (GWh)*	2,970	2,943	2,481	2,326
Total electricity (GWh)*	1,012	988	914	869
Total CO ₂ emissions (kt)* (market-based)	982	945	768	698
Total CO ₂ emissions (kt) (location-based)			883	802
Total SO ₂ emissions (tonnes)	1,651	1,695	815	731
Total NO _x emissions (tonnes)	1,586	1,562	1,163	1,075
Total water consumption (million m ³)*	42.1	41.2	37.7	35.6
Total wastewater discharged (million m ³)	27.2	26.6	24.2	23.0
Total organic load (COD) before treatment (kt)	75.5	78.8	79.9	74.9
Solid waste & by-products				
Incinerated (kt)	9.3	8.7	5.7	5.1
To sanitary landfill (kt)	64.6	68.6	56.9	68.6
Special waste (kt)	0.7	0.7	1.4	0.7
Recycled (kt)	164.8	189.2	225.5	222.0
Disposed of for land applications (kt)	173.7	165.9	127.4	117.4
Other (kt)	21.0	-	-	-
Total solid waste (kt)	434.1	433.1	416.9	413.8
Brewer's grains and brewer's yeast (kt)	1,409.0	1,348.9	1,265.0	1,236.0

* Within PwC's assurance scope (see PwC's Assurance Report, pages 78-79).

	2014	2015	2016	2017
Relative figures for beer and soft drinks production				
Thermal energy (kWh/hl)*	21.4	21.2	20.0	19.3
Electricity (kWh/hl)*	8.0	7.8	7.7	7.6
Combined energy (thermal and electricity) (kWh/hl)*	29.4	29.0	27.7	26.9
CO ₂ emissions (kg CO ₂ /hl)*	7.3	7.0	6.3	5.9
Water (hl/hl)*	3.4	3.4	3.2	3.1
Relative figures for malt production				
Thermal energy (kWh/tonne)	694.1	692.2	489.3	457.9
Electricity (kWh/tonne)	87.1	84.1	73.2	67.1
Combined energy (thermal and electricity) (kWh/tonne)	781.1	776.3	562.5	525.0
CO ₂ emissions (tonnes CO ₂ /tonne)	0.19	0.18	0.13	0.12
Water (m ³ /tonne)	2.3	2.2	1.6	1.5
Other figures				
Complaints	93	33	36	32
Number of ISO 14001-certified sites	69	74	66	70
Number of ISO 50001-certified sites	1	3	4	18
Water source split				
Municipal water	49%	48%	46%	48%
Own boreholes	43%	42%	47%	46%
Surface water	8%	10%	7%	6%
Wastewater destination				
Public sewer with wastewater treatment	66%	67%	66%	66%
On-site treatment, followed by public sewer without wastewater treatment	3%	3%	2%	2%
On-site treatment, followed by discharge to river/lake	30%	28%	28%	28%
Other	1%	2%	4%	4%
Thermal energy mix				
Natural gas	68.0%	66.1%	71.9%	69.1%
Coal	14.9%	15.6%	7.0%	5.9%
District heating	6.8%	6.4%	7.1%	7.6%
Heavy fuel	3.4%	2.8%	3.1%	3.6%
Renewable energy	5.2%	6.9%	8.2%	9.8%
Light fuel	1.1%	1.2%	1.4%	3.0%
Other	0.6%	1.0%	1.3%	1.0%

* Within PwC's assurance scope (see PwC's Assurance Report, pages 78-79).

	2014	2015	2016	2017
Total CO₂ emissions from refrigerants				
HFC-based refrigerants (kt CO ₂)*	12.9	14.9	9.8	6.8
Together Towards ZERO carbon baseline				
Absolute emissions (kt CO ₂) (Together Towards ZERO 2015 baseline)		846	777	704
Sustainable packaging				
Percentage of companies carrying out consumer-facing sustainable packaging campaigns	28	24	34	28 ¹
Number of consumer-facing sustainable packaging campaigns*	45	22	16	18
Packaging mix				
Cans	26.1%	26.6%	27.4%	28.6%
RGB	33.7%	33.7%	31.5%	29.8%
NRGB	8.2%	9.2%	9.5%	11.6%
R-PET	1.0%	0.0%	0.0%	0.0%
PET	22.5%	23.0%	23.0%	20.8%
Kegs	6.6%	6.4%	7.6%	7.8%
Bulk	1.3%	1.0%	0.9%	1.2%
Other	0.4%	0.1%	0.1%	0.2%

* Within PwC's assurance scope (see PwC's Assurance Report, pages 78-79).

¹ 15 out of 40 companies.

HEALTH & SAFETY

	2014	2015	2016	2017
Figures for Production³				
Number of lost-time accidents*	156	114	105	73
Lost-time accident rate*	9.1	6.2	7.0	5.1
Number of lost days*	2,207	1,911	1,281	1,219
Days lost rate*	128.8	104.5	85.6	85.6
Figures for Logistics³				
Number of lost-time accidents*	150	140	109	62
Lost-time accident rate*	17.4	15.5	13.8	8.2
Number of lost days*	2,201	2,511	1,619	1,128
Days lost rate*	254.8	277.2	205.1	149.5
Figures for Sales & Marketing³				
Number of lost-time accidents*	40	52	95 ²	43
Lost-time accident rate*	2.8	3.3	6.2 ²	2.5
Number of lost days*	613	565	2,787 ²	961
Days lost rate*	43.2	36.2	183.0 ²	56.3
Figures for Administration³				
Number of lost-time accidents*	6	6	2	5
Lost-time accident rate*	1.3	1.4	0.6 ²	1.4
Number of lost days*	97	43	30	57
Days lost rate*	21.3	9.7	8.2 ²	16.3
Figures for the Group³				
Number of lost-time accidents*	352	312	311 ²	183
Lost-time accident rate*	7.9	6.6	7.4 ²	4.3
Number of lost days*	5,118	5,030	5,717 ²	3,365
Days lost rate*	115.0	106.2	136.9 ²	79.4
Fatalities (Carlsberg Group employees on and off site, contractors and members of public on site)	6	5	5	1
Lost-time accidents – department split				
Percentage in Production	44	37	34 ²	40
Percentage in Logistics	43	45	35 ²	34
Percentage in Sales & Marketing and Administration	13	19	31 ²	26

* Within PwC's assurance scope (see PwC's Assurance Report, pages 78-79).

² Restated.

³ Carlsberg employees.

MARKETING COMMUNICATION

	2014	2015	2016	2017
Percentage of companies with a procedure in place to track consumer complaints	98	95	98 ⁴	100 ⁴
Number of reported incidents of non-compliance with the Marketing Communication Policy	6	4	4	0
Number of sales, marketing and innovation employees trained through the marketing communication e-learning module	490	N/A	N/A	502
Percentage of companies that have a "moderation" line on all branded communication in all digital marketing and TVCs and in all print communication above A4	56	65	66 ⁵	77 ⁵

RESPONSIBLE DRINKING

	2014	2015	2016	2017
Percentage of companies implementing responsible drinking initiatives	62	78	75 ⁶	90 ⁶
Percentage of fermented produced volume carrying responsible drinking guiding symbols and/or equivalent text*	67	54	85	97
Responsible drinking campaigns	115	239	194	248
Percentage of companies in markets with self-regulatory bodies	N/A	73	78 ⁷	77 ⁷

LIVE BY OUR COMPASS

	2014	2015	2016	2017
Total number of employees trained in the Business Ethics Policy	5,674	6,835	NA	NA
Total number of employees trained in the Code of Ethics & Conduct			4,336	34,500
Percentage of companies that have implemented third-party screening procedures	68	84	84	95
Number of incidents reported through our Speak Up system	30	87	55	53

* Within PwC's assurance scope (see PwC's Assurance Report, pages 78-79).

⁴ 39 out of 39 companies.

⁵ 30 out of 39 companies.

⁶ 35 out of 39 companies.

⁷ 30 out of 39 companies.

LABOUR & HUMAN RIGHTS

	2014	2015	2016	2017
Total workforce (FTE**)	46,832	47,464	42,062	41,430
Percentage of employees by employment contract				
Permanent employees	82	88	86	89
Temporary employees	18	12	14	11
Percentage of employees by employment type				
Full-time	94	98	93	93
Part-time	6	2	7	7
Percentage of employees by employment category				
Total presidents + top managers	2.1	1.5	1.5	1.4
Total managers	11.5	12.3	12.6	13.2
Total specialists	40.9	39.9	36.7	36.9
Total workers	45.5	46.3	49.2	48.5
Percentage of employees by gender				
Male	72	72	69	71
Female	28	28	31	29
Percentage of management level by gender				
Male	76	78	77	76
Female	24	22	23	24
Percentage of employees by age				
Younger than 18	0.02	0.19	0.11	0.13
19-29	23	22	23	25
30-39	34	33	33	35
40-49	27	29	27	25
50 or older	16	16	17	15

** FTE data from Carlsberg Group Annual Report 2017.

	2014	2015	2016	2017
Employee turnover				
Employee turnover percentage	15	19	21	24
Employee turnover percentage by age				
Younger than 18	-	-	-	-
19-29	36	32	31	31
30-39	31	33	34	38
40-49	18	20	20	18
50 or older	15	15	15	15
Employee turnover percentage by gender				
Male	72	71	69	63
Female	28	29	31	37
Hours of training per employee				
Average for the Group	15	15	15	15
Collective bargaining				
Percentage of employees covered by collective bargaining agreements	71	73	74	74
Policy implementation status				
Percentage of labour & human rights procedures and processes implemented as average for the Group	94	92	92	90
	2014	2015	2016	2017
RESPONSIBLE SOURCING				
Number of integrated quality audits	101	171	182	154

SECTION 2

2015-2017 TARGETS

WHAT WE SAID

Energy, carbon and water

Impact reduction

5 - 10% reduction in relative consumption of energy, water and CO₂ compared to 2014

Circularity

17 partners in the Carlsberg Circular Community

Certifications

3 Cradle-to-Cradle® product certifications

Consumer activities

Annual consumer-facing sustainable packaging activities by all Group companies

Returnable packaging

Improve returnable packaging performance in production and in trade in markets where returnable packaging is part of the long-term packaging strategy

WHAT WE DID

Energy consumption has improved by 8%
Water consumption has improved by 7%
CO₂ emissions have improved by 19%



10 partners by the end of 2017



3 bronze certifications obtained: Carlsberg and Somersby cans, 1664 glass bottle, 1664 cardboard box



28% of companies conducted campaigns



No baseline to track improvement against



WHAT WE SAID

Responsible drinking

Responsibility messages

All print communication above A4 and digital and TV commercials to carry responsible drinking messages

Responsibility programmes

All Group companies to implement at least one responsible drinking programme

Symbols on packaging

100% of consumer-facing primary packaging to carry responsible drinking symbols to discourage harmful drinking

Consumer information

80% of consumer-facing primary packaging in Western Europe to carry information on ingredients and nutritional values

Consumer outreach

Annually reach at least 20 million consumers through responsible drinking messaging and campaigns

Health & Safety

LTAR

40% reduction in the Group lost-time accident rate compared to 2014 performance

WHAT WE DID

77% of our marketing materials above A4 now carry responsible drinking messages



90% of our companies are now implementing responsible drinking initiatives annually



97% of our primary packaging now carries a responsible drinking symbol



Ingredient and nutritional information is on 68% and 67% of packaging respectively in Western Europe. We will reach 80% in Q1 2018



In 2017, we reached over 70 million consumers. Average of 50 million consumers reached annually since 2015



Our LTAR improved by 46%



WHAT WE SAID

Labour & human rights

Leadership

Anchor integrity in the organisation as one of the leadership competences

Diversity

Increase gender diversity in top and middle management across the Group

UN Guiding Principles

Understand and demonstrate continuous due diligence in accordance with the UN Guiding Principles on Business and Human Rights

E-learning

Roll out LHR Policy e-learning module to HR and line managers across the Group as a pilot for other target groups

WHAT WE DID

Integrity covered in the implementation of Live by our Compass



Gender distribution similar to previous years



Human rights due diligence conducted on an ongoing basis, including assessing any possible and potential human rights impacts



E-learning and classroom training sessions conducted across Asia region through 2017, reaching 1,200 employees



WHAT WE SAID

Live by our Compass

Policy training

Train all employees on Code of Ethics & Conduct upon hire and subsequently every three years

Anti-corruption training

Train all employees in high-risk markets on anti-corruption annually

Third-party screening

Embed third-party screening in contracting process and train relevant business units in all markets

Risk assessments

Conduct annual Compliance Risk Assessment across all markets

WHAT WE DID

34,500 employees received training on Code of Ethics & Conduct via e-learning and face-to-face sessions



Anti-Bribery & Corruption Policy was launched in 2017. The detailed supporting manuals were finalised in December, which meant that training was postponed until 2018, but anti-corruption essentials were covered in Code of Ethics & Conduct e-learning



Third-party screening is conducted by contract owners and monitored by local legal counsels



Risk assessments were conducted across all markets in 2017



SECTION 3

REPORTING PROCESS AND SCOPE

REPORTING APPROACH AND CRITERIA SCOPE OF THE SUSTAINABILITY REPORTING

This report contains Standard Disclosures from the GRI Sustainability Reporting G4 Guidelines without meeting the “in accordance” criteria.

In this document, we cover the relevant and significant social, ethical and environmental issues for the financial year 1 January to 31 December 2017. Our GRI table includes references to our Annual Report, which covers our financial and economic performance. This information gives our stakeholders an overview of our social, environmental and economic performance.

We receive recommendations on our sustainability activities and reporting from our assurance provider, PwC, and we also continuously analyse competitors’ and industry initiatives in order to keep ourselves up to date.

In this report, we revised the reporting areas in line with the materiality assessment from 2016. In this assessment, community investment did not come out as one of our most material issues, so we have discontinued global reporting on this area. However, community investment and other philanthropic activities are still highly relevant local topics

and will continue to play a role in connection with the main areas of Together Towards ZERO.

BOUNDARY SETTING

Entities included in this report’s performance data include majority-owned subsidiaries, which are defined as companies that the Carlsberg Group directly or indirectly owns, in which it controls more than 50% of the voting rights or that it otherwise controls.

Joint ventures and companies over which the Carlsberg Group does not have the opportunity to exercise management control are not covered. However, we work with our partners as a matter of course to ensure an ongoing focus on sustainability issues. If a majority-owned entity is acquired during the financial year, that entity will be included in the following year’s report.

By way of exception, the economic contribution section of the report follows the boundary setting of the Annual Report, which includes minority joint ventures and other associated companies.

COMMENTS ON BOUNDARY SETTING

The following sites have been closed/sold since 2016 and have therefore been excluded from 2017 reporting:

UZBEKISTAN:

- Carlsberg Uzbekistan: Tashkent brewery (both company and brewery)

INDIA:

- Carlsberg India: Bihar brewery (temporarily closed)

CHINA

- Carlsberg Beer Enterprise Management (Chongqing) Company Limited, Chongqing (“Eastern Assets”): Lujiang Co. Ltd

ENSURING DATA QUALITY

In gathering information about our sustainability performance, we have applied the widely used principles of balance, clarity, accuracy, reliability, timeliness and comparability. Please find additional information on each of the topics below:

BALANCE

We are committed to communicating honestly and openly about our performance, both when it has improved and when it has not. Our aim is to provide our stakeholders with sufficient

information about our company for them to be able to make their own judgements concerning the Carlsberg Group’s position and role in the societies in which we do business.

CLARITY

We strive to make our sustainability reporting accessible and easy to read, but are always open to feedback about the way we communicate on our material issues.

ACCURACY AND RELIABILITY

Since 2009, our dedicated sustainability reporting system has helped us collect data from local sites and consolidate this at Group level. Every year since 2009, we have improved the definitions of and accounting principles for our performance indicators in order to help our entities report accurately and reliably.

However, it is a challenge to obtain a complete and fully aligned overview of all our data that – at the same time – takes into account local procedures for data gathering. For this reason, we are continuously working on improving data accuracy. We are using an international provider of sustainability software solutions to systematise and collect our data. We have used the system since 2009, and it gives us a higher degree of control over the data-gathering process, helps local companies

compare data year on year, and enables instant consistency checks during the data-gathering phase. Besides the system, we use additional internal data management systems to collect information such as employee headcounts.

PwC has been appointed to provide independent assurance regarding selected economic, environmental and safety indicators. In each section of the report, we indicate which data has been assured. For further details, see pages 78-79.

TIMELINESS

Internally, we report our sustainability data with varying degrees of frequency, depending on the nature of the data. Where necessary, we revise the reporting frequency in order to strike the right balance between obtaining the correct data and observing appropriate time intervals for reporting on it. Annual data gathering and external reporting are aligned with financial data collection, following the calendar year.

COMPARABILITY

In the GRI table (section 4, pages 68-72), we have listed whether our reporting is fully or partially in line with the GRI indicator definitions.

We include three- or five-year data, as recommended by GRI, in all cases where a comparable three- or five-year data history is available.

DEFINITIONS

During the reporting process, we identified some differences in the interpretation of certain indicators at site level. However, we do not feel that these differences significantly impact the validity of the reported data. Within the environmental data, any reference to “production site” or “site” refers to sites where the Carlsberg Group produces beer, soft drinks or malt, as well as combinations of these, and the water and energy consumption at these sites. The term “production site” does not include off-site consumption such as logistics and off-site administration. Definitions for environmental indicators and health & safety are available in section 5, page 73.

TARGETS

We communicate two different kinds of action and target:

- One-year short-term actions
- 2022 and 2030 targets

These have been developed by each of the area owners in cooperation with Group Sustainability and may be adjusted following significant changes in the business, such as major acquisitions and divestments, but only if these changes are made before the target date. As far as possible, we include such changes by applying scenario planning to our target-setting process.

SECTION 4

GLOBAL REPORTING INITIATIVE TABLE

This report and the following table reference the Foundation, General Disclosures, Management Approach and Topic-Specific Standards from the GRI's Sustainability Reporting Standards 2016. To increase transparency, the table details the extent

to which we report on each GRI Standard and Disclosure. We have applied the GRI since 2009.

Every response or performance indicator is linked to a specific section of either our Annual Report 2017 (AR), our company website (www.carlsberggroup.com) or the Sustainability Report 2016 (SR).

The GRI Standards encourage disaggregation of information where feasible, but acknowledge that the level of disaggregation may vary by indicator. In this report we have provided data primarily at Group level, with some regional and local data.

GENERAL DISCLOSURES: GRI PROFILE

GRI STANDARD	DISCLOSURE NO.	DISCLOSURE TITLE	LOCATION	REPORTING LEVEL	EXPLANATION	UNGC PRINCIPLE	SDG
GRI 102 General Disclosures 2016							
	102-1	Name of the organization	SR 1	●			
	102-2	Activities, brands, products, and services	https://carlsberggroup.com/products/	●			
	102-3	Location of headquarters	Copenhagen	●			
	102-4	Location of operations	https://carlsberggroup.com/who-we-are/about-the-carlsberg-group/global-presence/	●			
	102-5	Ownership and legal form	AR 50	●			
	102-6	Markets served	https://carlsberggroup.com/who-we-are/about-the-carlsberg-group/global-presence/ AR 8, 15-22	●			
	102-7	Scale of the organization	AR 5-8	●			
	102-8	Information on employees and other workers	SR 62-3	◐	Partial disclosure 102-8a, 102-8b, 102-8c, 102-8d, 102-8e, 102-8f		
	102-9	Supply chain	https://carlsberggroup.com/who-we-are/about-the-carlsberg-group/carlsberg-supply-chain-csc/ SR 12	◐	Partial disclosure 102-9a		
	102-10	Significant changes to the organization and its supply chain	SR 66	●	Full disclosure 102-10ai Full disclosure 102-10aii Partial disclosure 102-10aiii		
	102-11	Precautionary Principle or approach	SR 6	●		7	
	102-12	External initiatives	SR 3, 36, 65	◐	Partial disclosure 102-12a		

GRI PROFILE

GRI STANDARD	DISCLOSURE NO.	DISCLOSURE TITLE	LOCATION	REPORTING LEVEL	EXPLANATION	UNGC PRINCIPLE	SDG
GRI 102 General Disclosures 2016							
	102-13	Membership of associations	Beverage Industry Environmental Roundtable (BIER), Corporate Sourcing of Renewables, International Alliance for Responsible Drinking (IARD), RE100, Suppliers Ethical Data Exchange (SEDEX), The Brewers of Europe (BOE), WEF CEO Climate Leaders Initiative, We Mean Business, World Federation of Advertisers (WFA), Local brewers associations	●			
	102-14	Statement from senior decision-maker	SR 3	●			
	102-16	Values, principles, standards, and norms of behavior	SR 45-46	●		10	
	102-17	Mechanisms for advice and concerns about ethics	SR 46, AR 30-31	●		10	
	102-18	Governance structure	AR 32-39	●			
	102-22	Composition of the highest governance body and its committees	AR 32-39, 46-49	●			
	102-23	Chair of the highest governance body	Chair not also an executive officer	●			
	102-24	Nominating and selecting the highest governance body	AR 37	◐	Full disclosure 102-24a Partial disclosure 102-24b		
	102-32	Highest governance body's role in sustainability reporting	Supervisory Board	●			
	102-35	Remuneration policies	AR 40-45	●			
	102-40	List of stakeholder groups	SR 5	◐	Partial disclosure 102-40a		
	102-41	Collective bargaining agreements	SR 63	●		3	8
	102-42	Identifying and selecting stakeholders	https://carlsberggroup.com/media/10920/2016-sustainability-report.pdf#page=7	◐	Partial disclosure 102-42a		
	102-43	Approach to stakeholder engagement	SR 5	◐	Partial disclosure 102-43a		17
	102-44	Key topics and concerns raised	SR 5	◐	Partial disclosure 102-44a		
	102-45	Entities included in the consolidated financial statements	AR 121-123	●			
	102-46	Defining report content and topic boundaries	https://carlsberggroup.com/media/10920/2016-sustainability-report.pdf#page=8	◐	Partial disclosure 102-46a, 102-46b		
	102-47	List of material topics	SR 5, https://carlsberggroup.com/media/10920/2016-sustainability-report.pdf#page=7	●			

GRI PROFILE

GRI STANDARD	DISCLOSURE NO.	DISCLOSURE TITLE	LOCATION	REPORTING LEVEL	EXPLANATION	UNGC PRINCIPLE	SDG
GRI 102							
General Disclosures 2016							
	102-48	Restatements of information	SR 43	●			
	102-49	Changes in reporting	SR 66	●			
	102-50	Reporting period	The report covers the 2017 calendar year	●			
	102-51	Date of most recent report	Carlsberg Group Sustainability Report 2016, published on 24 February 2017	●			
	102-52	Reporting cycle	Annual	●			
	102-53	Contact point for questions regarding the report	sustainability@carlsberg.com	●			
	102-55	GRI content index	This report has been prepared with reference to the GRI Standards	●			
	102-56	External assurance	SR 6, 78-9	●			
ECONOMIC							
GRI 201							
Economic Performance 2016							
	201-1	Direct economic value generated and distributed	SR 54	●			8
	201-2	Financial implications and other risks and opportunities due to climate change	SR 7, 23	◐	Partial disclosure 201-2a:i, 201-2a:ii, 201-2a:iv	7	13
GRI 205							
Anti-corruption 2016							
	205-2	Communication and training about anti-corruption policies and procedures	SR 45-46	◐	Partial disclosure 205-2a, 205-2b, 205-2c, 205-2d, 205-2e	10	
ENVIROMENTAL							
GRI 301							
Materials 2016							
	301-3	Reclaimed products and their packaging materials	SR 19, 59	◐	Partial disclosure 301-3a, 301-3b	7,8,9	12
GRI 302							
Energy 2016							
	103 1/2/3	Management approach	SR 12	●		7,8	
	302-1	Energy consumption within the organization	SR 11-20, 57-59	◐	Partial disclosure 302-1a, 302-1b, 302-1c, 302-1e, 302-1f, 302-1g	8,9	7
	302-4	Reduction of energy consumption	SR 11-20	◐	Partial disclosure 302-4a, 302-4b, 302-4c, 302-4d	8,9	7

GENERAL DISCLOSURES: GRI PROFILE

GRI STANDARD	DISCLOSURE NO.	DISCLOSURE TITLE	LOCATION	REPORTING LEVEL	EXPLANATION	UNGC PRINCIPLE	SDG
GRI 303 Water 2016							
	103 1/2/3	Management approach	SR 24	●	Full disclosure 103-1, 103-2 Partial disclosure 103-3	7,8	
	303-1	Water withdrawal by source	SR 58	●		7,8	6
GRI 305 Emissions 2016							
	305-1	Direct GHG emissions (Scope 1)	SR 11-21, 57-59	●	Full disclosure 305-1a, 305-1e, 305-1g Partial disclosure 305-1c, 305-1d, 305-1f	7,8,9	7,13
	305-2	Energy indirect GHG emissions (Scope 2)	SR 11-21, 57-59	●	Full disclosure 305-2a, 305-2e, 305-2g Partial disclosure 305-2b, 305-2d, 305-2f	7,8,9	7,13
	305-5	Reduction of GHG emissions	SR 11-21, 57-59	●	Full disclosure 305-5a, 305-5c Partial disclosure 305-5b, 305-5d, 305-5e	8,9	7,13
	305-7	Nitrogen oxides (NO _x), sulphur oxides (SO _x), and other significant air emissions	SR 57	●	Full disclosure 305-7a:i and ii	7,8,9	
GRI 306 Effluents and Waste 2016							
	306-1	Water discharge by quality and destination	SR 58	●	Partial disclosure 306-1a, 306-1b	7,8,9	6
	306-2	Waste by type and disposal method	SR 57	●	Full disclosure 306-2b Partial disclosure 306-2-a, 306-2c	7,8,9	12
GRI 308 Supplier Environmental Assessment 2016							
	308-1	New suppliers that were screened using environmental criteria	SR 18, 49	●	Partial disclosure 308-1a		17
SOCIAL							
GRI 401 Employment 2016							
	401-1	New employee hires and employee turnover	SR 63	●	Partial disclosure 401-1b	6	8
GRI 403 Occupational Health and Safety 2016							
	103 1/2/3	Management approach	SR 39	●	Full disclosure 103-1, 103-2 Partial disclosure 103-3	1,2	
	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	SR 39-43, SR 60	●	Partial disclosure 403-2a, 403-2b, 403-2c	1	

GENERAL DISCLOSURES: GRI PROFILE

GRI STANDARD	DISCLOSURE NO.	DISCLOSURE TITLE	LOCATION	REPORTING LEVEL	EXPLANATION	UNGC PRINCIPLE	SDG
GRI 404 Training and Education 2016	404-1	Average hours of training per year per employee	SR 63	■	Partial disclosure 404-1a	1	
GRI 405 Training and Education 2016	405-1	Diversity of governance bodies and employees	SR 48, 62-63, AR 35-36, 46-47	■	Partial disclosure 405-1a, 405-1b	6	8
GRI 412 Human Rights Assessment 2016	412-1	Operations that have been subject to human rights reviews or impact assessments	SR 49	■	Partial disclosure 412-1a	1,2,3,4,5,6	
	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	SR 49	■	Partial disclosure 412-3a	1,2	
GRI 414 Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	SR 49	■	Partial disclosure 414-1a	1,2,3,4,5,6	
GRI 416 Customer Health and Safety 2016	103 1/2/3	Management approach	SR 30	■	Full disclosure 103-1, 103-2 Partial disclosure 103-3		
	416-1	Assessment of the health and safety impacts of product and service categories	SR 31-37		Partial disclosure 416-1a		3
GRI 417 Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling	SR 29-37	■	Full disclosure 417-1b Partial disclosure 417-1a		3
	417-3	Incidents of non-compliance concerning marketing communications	SR 36	■	Partial disclosure 417-3a		3

SECTION 5

DEFINITIONS

INDICATOR NAME	INDICATOR DEFINITION	UNIT
Total thermal energy consumption	Total thermal energy consumption for beer, soft drinks and malt production	GWh
Total electricity consumption	Total electricity consumption for beer, soft drinks and malt production	GWh
Total water consumption	Total water consumption for beer, soft drinks and malt production	m ³
Total production of beer and soft drinks	Total fermented and non-fermented products produced	hl
Total CO ₂ emissions	Total fossil carbon dioxide emissions ¹ (direct and indirect) emitted from the energy used for beer, soft drinks and malt production	kt CO ₂
Specific thermal energy consumption	Thermal energy needed to produce one hectolitre of beer and soft drinks	kWh/hl
Specific electricity consumption	Electricity needed to produce one hectolitre of beer and soft drinks	kWh/hl
Specific water consumption	Water needed to produce one hectolitre of beer and soft drinks	hl/hl
Specific CO ₂ emissions	Fossil carbon dioxide emissions (direct and indirect emissions) emitted from the energy used to produce one hectolitre of beer and soft drinks	kg CO ₂ /hl
CO ₂ emissions from refrigerants	Impact from refrigerants refilled or recharged in any system at a brewery or malting site. Expressed in CO ₂ -equivalents	kt CO ₂
Lost-time accidents (LTA) in Production, Logistics, Sales & Marketing and Administration	Occupational accidents that result in employees being unable to perform the full range of their normal duties for at least one day, excluding the day of the accident	Number (LTA)
Lost-time accident rate (LTAR) in Production, Logistics, Sales & Marketing and Administration	Number of LTAs x 1,000 / number of FTEs	Rate (LTAR)
Days lost (DL) in Production and Logistics, Sales & Marketing and Administration	Days absent from work (excluding the day of the accident) due to lost-time accidents	Number (DL)
Days lost rate (DLR) in Production, Logistics, Sales & Marketing and Administration	Number of DLs x 1,000 / number of FTEs	Rate (DLR)
Full-time equivalents (FTEs) in Production, Logistics, Sales & Marketing and Administration	Number of employees on payroll, where part-time workers are converted into FTEs by an equivalent proportion and one person counts as maximum 1 FTE	Number (FTEs)
Number of consumer-facing sustainable packaging campaigns	Campaigns towards consumers with the purpose of reducing the environmental impact of packaging by, for example, encouraging correct disposal of used packaging through recycling messages	Number
Percentage of fermented produced volume carrying responsible drinking guiding symbols and/or equivalent text	Volume of packed fermented products that carry responsible drinking guiding symbols and/or equivalent text divided by total packed fermented production volume x 100%	Percentage

¹ CO₂ emission factors used for fossil fuels and electricity are in accordance with the 2006 IPCC Guidelines for National Greenhouse Gas Inventories and IEA statistics: CO₂ Emissions from Fuel Combustion (2016 Edition).

SECTION 6

LIST OF REPORTING SITES

COUNTRY	COMPANY	SITES
WESTERN EUROPE		
Bulgaria	Carlsberg Bulgaria	Pirinsko, Shumensko
Croatia	Carlsberg Croatia	Koprivnica
Denmark	Carlsberg Danmark Carlsberg Breweries	Jacobsen Brewery, Saltum, Carlsberg Fredericia No production sites
Estonia	Saku Õlletehase as	Saku
Finland	Sinebrychoff	Kerava
France	Kronenbourg	Kronenbourg Obernai
Germany	Carlsberg Deutschland	Holsten-Brauerei Hamburg AG, Mecklenburgische Brauerei Lübz
Greece	Olympic Brewery S.A.	Thessaloniki Ritsona Brewery
Italy	Carlsberg Italia	Varese
Latvia	Aldaris	Aldaris Riga
Lithuania	Svyturys Utenos Alus	Utena, Klaipeda
Norway	Ringnes	Farris, Gjelleråsen, Imsdal
Poland	Carlsberg Polska	Okocim Brewery Brzesko, Kasztelan Brewery, Szczecin Brewery
Serbia	Carlsberg Srbija	Carlsberg Srbija - Celarevo
Sweden	Carlsberg Sverige	Falkenberg, Ramlösa Sverige
Switzerland	Feldschlösschen Carlsberg Supply Company	Rhözüns, S Rheinfeld, Sion No production sites
UK	Carlsberg UK	Northampton

COUNTRY	COMPANY	SITES
EASTERN EUROPE		
Azerbaijan	Baku (Company)	Baku Brewery
Belarus	Alivaria	Alivaria
Kazakhstan	Carlsberg Kazakhstan	Carlsberg Kazakhstan (brewery site)
Russia	Baltika Breweries	Baltika Brewery St Petersburg, Baltika Don Brewery Rostov-Na-Don, Baltika Khabarovsk, Baltika Novosibirsk, Baltika Samara, Baltika Tula Brewery Tula, Yarpivo Brewery Yaroslavl, Yarpivo Voronezh
	Carlsberg Eastern Europe (Grain Co)	Malt Plant Yaroslavl, Malt Plant Tula
Ukraine	Carlsberg Ukraine	Lvivska Brewery Lviv, Slavutich Zaporozhye, Slavutich Kiev
ASIA		
China	Xinjiang Group	Akesu Brewery, Urumqi No. 2 Brewery, Wusu Brewery, Yining Brewery, Korle Brewery
	Carlsberg Brewery Guangdong	Carlsberg Brewery Guangdong (Huizhou)
	Ningxia Group	Ningxia Xixia Jianiang Brewery
	Yunnan Group	Kunming Huashi Brewery Yunnan, Dali Beer Co. Ltd
	Chongqing Brewery Group	Mawangxiang Brewery, Dazhulin Brewery, Hechuan Brewery, Liangping Brewery, Wanzhou Brewery, Fuling Brewery
	Chongqing Jianiang Beer Co., Ltd.	Panzhihua Brewery, Xichang Brewery, Boke Brewery, Shizhu Brewery, Yibin Brewery
	Chongqing Brewery Guoren Co., Ltd.	Guoren Lixian Brewery, Guoren Changde Brewery, Guoren Yongzhou Brewery
	Carlsberg Beer Enterprise Management (Chongqing) Company Limited, Chongqing ("Eastern Assets")	Changzhou Tianmuhe Beer Co. Ltd, Anhui Tiandao Beer Co. Ltd,
	Carlsberg Hong Kong	Not a production site
	Carlsberg Brewery Hong Kong	Not a production site
India	Carlsberg India	Kolkatta, Alwar, Aurangabad, Paonta Sahib, Hyderabad, Dharuhera, Bihar (temporarily closed)
Laos	Lao Brewery	Pepsi Plant Vientiane, Lao Brewery Pakse, Lao Brewery Vientiane
Malaysia	Carlsberg Malaysia	Carlsberg Kuala Lumpur
Myanmar	Myanmar Carlsberg	Bago Brewery
Nepal	Gorkha Brewery	Gorkha Brewery
Singapore	Carlsberg Singapore	Not a production site
Vietnam	Carlsberg Vietnam	Phu Bai, SEAB Hanoi

SECTION 7

TAX CONTRIBUTION PRINCIPLES

BASIS OF PREPARATION GENERAL COMMENTS

This Basis of Preparation presents the scope and methodology for the collection and reporting of the data on tax payments used in the Economic Contribution to Society Report section (“the Report”).

The Report aims to provide readers with an overview of the total tax contribution to society that the Carlsberg Group (excluding associates) has generated during the year. The total tax contribution is defined as taxes borne and taxes collected by the Carlsberg Group.

The Basis of Preparation supports the data for taxes borne, taxes collected and total tax contribution included in the Report.

It is the responsibility of the Management of the Carlsberg Group to ensure that appropriate procedures are in place to prepare reporting in line with this Basis of Preparation.

All data, unless otherwise stated, is prepared for the year from 1 January 2017 to 31 December 2017.

Data is collected for all companies that Carlsberg A/S controls. Control is obtained

when Carlsberg A/S directly or indirectly owns or controls more than 50% of the voting rights in the subsidiary or has control in some other way. Subsidiaries that Carlsberg A/S controls have reported 100% of their taxes borne and collected, and the full amount is included in the Carlsberg Group tax contribution.

Companies over which the Carlsberg Group exercises significant influence but does not control are considered to be associates. Significant influence is generally obtained by direct or indirect ownership or control of more than 20% but less than 50% of the voting rights. Data for associates is not part of the Carlsberg Group tax contribution.

Entities acquired or formed during the year are recognised in the Report from the date of acquisition or formation. Entities that are disposed of or wound up are recognised in the consolidated income statement until the date of disposal or winding-up.

The data includes a degree of estimation, as tax per entity is not reported in detail if a type of tax is below DKK 100,000 per year. Instead, taxes below DKK 50,000 are not reported, while taxes above DKK 50,000 but below DKK 100,000 are reported as DKK 50,000. The

data is reported by the entity in local currency in multiples of 1,000.

SCOPE OF REPORTING AND DEFINITION OF KEY TERMS

“Tax” in this Report means any amount of money required to be paid to, or collected and subsequently remitted to, a government.

Taxes are reported by differentiating between taxes borne and taxes collected. The following sections provide the scope of the data presented in the Report.

Terms defined in the Carlsberg Group’s Annual Report 2017 are not described below.

Taxes borne and taxes collected are the taxes due in respect of an accounting period as defined in IFRS, as adopted by the EU. Taxes borne paid and taxes collected paid, including excise duty paid, are included when cash is released from or received by the Carlsberg Group.

KEY TERM DEFINITIONS Economic value generated

Economic value generated comprises gross revenue, other income, financial income, income included in special items and share of profit after tax in associates and joint ventures.

Income recognised in other comprehensive income is not included.

Total tax contribution

Total tax contribution is the sum of taxes borne and taxes collected paid to governments for the period from 1 January to 31 December. Amounts are included as paid when cash is released from or received by the Carlsberg Group.

Operating costs

Include cost of sales, sales and distribution expenses, administrative expenses and other operating expenses, but excludes employee wages.

Employee wages

Include wages to employees excluding social security costs.

Providers of capital

Include financial expenses recognised in the income statement, but not financial expenses recognised in other comprehensive income.

Economic value retained

Consolidated profit after tax.

Current tax

The corporate income tax due in respect of taxable profit for an accounting period, as in accordance with the International Financial Reporting Standard IAS 12 "Income Taxes".

Deferred tax

The corporate income tax due in respect of temporary differences between accounting values and tax base, as defined in IAS 12.

Employee taxes

Include personal income taxes and social contributions for employees (borne and collected).

Government

The term government means any government body or nation, state, region or district.

Direct tax

A tax paid directly to a government by the person on whom it is imposed. Such taxes also include non-refundable VAT, non-recoverable withholding taxes, real estate tax etc.

Indirect tax

A tax required to be paid to a government by one person at the expense of another.

SCOPE OF REPORTING**1. TAXES AND EXCISE DUTIES BORNE**

These are the taxes that the Carlsberg Group is obliged to pay to a government on its own behalf, or taxes that the Group is obliged to pay to a third party and that cannot be recovered from a government.

Corporate income tax

Corporate income tax comprises any tax on the business calculated on the basis of its profits, income or capital gains. Typically, these taxes would be reflected in corporate income tax returns made to governments and tend to become payable, and are paid, either in the year the profits were made or up to one year later, depending on the local tax rules as to timing of payments.

Excise duties (beer and soft drinks etc.)

Excise duties are indirect taxes on the consumption or the use of certain products (e.g. alcoholic beverages or tobacco). In contrast to value-added tax (VAT), they are expressed as a monetary amount per quantity of the product.

Energy taxes (net, non-refundable)

Energy taxes comprise environmental taxes levied on the consumption of energy. Such taxes may include taxes on the consumption of electricity, oil, gas or coal.

Environmental fees

Environmental fees comprise additional environmental taxes that may apply depending on company operations. Such taxes may include other taxes and duties on the supply of goods and services that are potentially harmful to the environment and have not been included in the energy taxes.

VAT (non-deductible)

This comprises the non-deductible part of the value-added tax, i.e. taxes that arise in relation to brewing or sale, which cannot be recovered from a government. The payment is borne by the company and not the consumers.

Real estate taxes

Real estate taxes comprise any property-related taxes, including property, land and estate tax (other than stamp duty, which is shown below). Typically, these taxes tend to become payable, and are paid, to governments throughout the year.

Withholding taxes on dividends, royalties, interest and professional fees

Withholding taxes comprise the final tax burden on payment of dividends, interest etc. after any tax relief.

Transportation taxes

Transportation taxes comprise flight tax, petrol tax, registration duties and other taxes levied on the mobility of goods and employees.

Social contribution for employees

Social contribution for employees comprises the social security contributions levied on and borne by the employing company. Such contributions may include the employer's national insurance contributions, employment insurance tax, employees' provident fund, old-age and survivors' pensions, and disability insurance tax.

Stamp duties

Stamp duties comprise taxes that arise on transfers of assets or capital. Typically, these taxes would be reflected in stamp duty returns made to governments and tend to become payable, and are paid, to governments shortly after capital or assets have been transferred.

Other taxes

This category comprises all taxes paid that have not been included in the above categories.

2. TAXES AND EXCISE DUTIES COLLECTED

These are taxes not finally borne by the Carlsberg Group, but for which the Group bears an administrative burden of collection. These taxes are, however, indirectly generated from the Group's business activities and are therefore part of the Group's total tax contribution.

Personal income taxes

These comprise employee taxes withheld from employee wages and paid to governments, i.e. tax collected and remitted to governments on behalf of employees.

Social contributions withheld by the company

These comprise social contributions payable by employees to social security and private funded and unfunded schemes. Generally, the employment of staff requires the employing company to administer employees' social security contributions by deducting these from wages and salaries.

Withholding tax on dividend distributions made by Carlsberg A/S

This comprises taxes that are required to be withheld in advance on payments made to shareholders.

Value-added tax (VAT)

VAT is a broadly based consumption tax assessed on the value added to goods and services. It applies more or less to all goods and services that are bought and sold for use or consumption in certain geographic areas. The amount shown comprises the net VAT payable to a government, i.e. VAT on sales less VAT on purchases.

SECTION 8

LIMITED ASSURANCE REPORT OF THE INDEPENDENT AUDITOR

TO THE STAKEHOLDERS OF CARLSBERG GROUP

Carlsberg Group engaged us to provide limited assurance on the data and information described below and set out in the Sustainability Report of Carlsberg Group for the year ended 31 December 2017.

OUR CONCLUSION

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us not to believe that data in scope for our limited assurance engagement in the Carlsberg Group Sustainability Report for the year ended 31 December 2017 are without material misstatements and have been prepared, in all material respects, in accordance with the accounting policies as stated in the sections 3, 5, 6 and 7 of the 2017 Carlsberg Group Sustainability Report.

This conclusion is to be read in the context of what we say in the remainder of our report.

WHAT ARE WE ASSURING

The scope of our work was limited to assurance over selected 2017 data in Section 1 (pages 57-63) of the 2017 Carlsberg Group Sustainability Report, namely:

- Energy, carbon and water: data on 'beer and soft drink production', 'energy consumption', 'CO₂ emissions', 'HFC's data' and 'water consumption' and related explanations (pages 14-15 and page 25);
- Responsible drinking: data on 'percentage of fermented produced volume carrying responsible drinking guiding symbols and/or equivalent text';
- Sustainable packaging: data on 'Number of consumer facing sustainable packaging campaigns';
- 'Health & Safety': data on 'lost-time accident rate' and 'days lost rate' in Carlsberg Group respectively and additional explanations (page 42-43);
- In the "Economic contribution and tax contribution" section, the following information for 2017: Taxes borne incl. excise duties, corporate tax paid and excise duty paid (pages 55-56).

We do not provide any assurance on the achievability of Carlsberg Group's objectives, targets and expectations.

PROFESSIONAL STANDARDS APPLIED AND LEVEL OF ASSURANCE

We performed a limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) 'Assurance Engagements other than Audits and Reviews of Historical Financial Information'. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks; consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

OUR INDEPENDENCE AND QUALITY CONTROL

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other ethical requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The firm applies International Standard on Quality Control 1 and accordingly maintains a

comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. Our work was carried out by an independent multidisciplinary team with experience in sustainability reporting and assurance.

UNDERSTANDING REPORTING AND MEASUREMENT METHODOLOGIES

Data and information need to be read and understood together with the accounting principles (section 3: Reporting process and scope, section 5: Definitions, section 6: List of reporting sites and section 7: Tax contribution principles), which Management is solely responsible for selecting and applying. The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time.

WORK PERFORMED

We are required to plan and perform our work in order to consider the risk of material misstatement of the data and information. In doing so and based on our professional judgement, we:

- Completed a media search to identify relevant risk and issues within the scope of the assurance engagement for Carlsberg during the reporting period;
- Reviewed the suitability of the reporting criteria;
- Evaluated the design and implementation of the systems, and processing and internal controls over the selected data in scope for our assurance engagement;
- Conducted interviews with relevant policy owners at corporate levels, who are responsible for collecting, consolidating and carrying out internal control procedures on the selected data in scope for our assurance engagement;
- Visited production sites in China, Denmark and Russia to obtain insight into local sustainability management, review data and assess the robustness of the sustainability data management systems;
- Conducted an analytical review of the selected data in scope for our assurance engagement submitted by all production sites for consolidation at corporate level;
- Evaluated relevant internal and external documentation, based on sampling, to determine whether the selected data in scope for our assurance engagement is supported by sufficient evidence;

- Reconciled selected tax information with the audited consolidated financial statements of Carlsberg A/S;
- Read other information included in the 2017 Carlsberg Group Sustainability Report in order to identify any material inconsistencies with the selected data in scope for our assurance engagement and our limited assurance report thereon.

MANAGEMENT'S RESPONSIBILITIES

Management of Carlsberg Group is responsible for:

- Designing, implementing and maintaining internal control over information relevant to the preparation of data in the 2017 Carlsberg Group Sustainability Report that are free from material misstatement, whether due to fraud or error;
- Establishing objective accounting principles (sections 3, 5, 6 and 7) for preparing data and information;
- Measuring and reporting data and information in the Sustainability Report based on the accounting principles; and
- The content of 2017 Carlsberg Group Sustainability Report.

OUR RESPONSIBILITY

We are responsible for:

- Planning and performing the engagement to obtain limited assurance about whether selected environmental, health & safety, social and economic contribution data in the 2017 Carlsberg Group Sustainability Report are free from material misstatement, whether due to fraud or error;
- Forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- Reporting our conclusion to the Stakeholders of Carlsberg Group.

Copenhagen, 7 February 2018

PricewaterhouseCoopers

Statsautoriseret

Revisionspartnerselskab

CVR no. 3377 1231

Mogens Nørgaard Mogensen

State Authorised Public

Accountant

Mne21404

Gert Fisker Tomczyk

State Authorised Public

Accountant

Mne9777

Carlsberg A/S
100 Ny Carlsberg Vej
1799 Copenhagen V
Denmark
Phone +45 3327 3300
www.carlsberggroup.com
CVR No. 61056416

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