



# SUSTAINABILITY SUMMARY 2020

# MESSAGE FROM OUR CEO



“ We are on track to meet our ambitious sustainability targets for 2022 and we will not let COVID-19 throw us off course.

Cees 't Hart,  
CEO, Carlsberg Group

**TOGETHER  
TOWARDS  
ZERO** Carlsberg Group

**2020 has been an incredibly challenging year for our business, our customers and our people all around the world.**

Through it all, we have remained resilient, buoyed by our strong performance over the past few years.

I would like to thank each and every one of our people for their role in continuing to support our business and our customers through these tough times.

During the year, our top priority was the health and wellbeing of our employees, while at the same time taking the actions required to protect the financial health of our business this year and capture long-term growth opportunities for the future.

The market decline and prolonged on-trade closures in many markets led to an 8.4% organic decline in revenue, but our relentless focus on cost efficiencies and early intervention enabled us to limit the

organic decline in operating profit to 3.1%. We ended the year with reported revenue of DKK 58.5bn, operating profit of DKK 9.7bn and free cash flow of DKK 5.1bn.

Despite the challenges posed by COVID-19, our strategic priorities and ambitions remain intact, and we have continued to invest in our brands. While volumes sold have declined overall, we have seen growth of 1% in our craft & speciality brews and 11% in our alcohol-free brews.

Our financial performance and SAIL'22 business strategy are underpinned by our ongoing commitment to responsibility and sustainability.

This year, we increased our support for local communities – including the hard-hit hospitality industry – and transformed production lines to help meet unprecedented demand for hand sanitiser. The Carlsberg Foundation, together with the New Carlsberg Foundation and the Tuborg Foundation, also donated

DKK 956m to support research, arts, culture and civil society, including DKK 109m specifically for COVID-19 relief efforts.

Our purpose is brewing for a better today and tomorrow. Despite the immense and immediate threat to human health, I am encouraged to see that the global pandemic has sharpened the world's focus on the long-term sustainability of the planet too. We must not lose sight of this overriding objective and I joined other leading CEOs in urging governments to ensure their recovery efforts support the Paris Agreement's 1.5°C climate goal.

At Carlsberg, we have our own ambitious targets to cut carbon emissions and water waste, and we will not let COVID-19 throw us off course. We are on track to meet our 2022 targets, and since 2015 we have reduced our brewery emissions by 39% and our water use by 18% for every hectolitre of beer produced. From 2015 to 2019, we cut our beer-in-hand emissions by 7%.

Achieving these targets as we work Together Towards ZERO will help us mitigate risks to our business that will be amplified by climate change in the future. I am pleased to see the increased focus on ESG risks and opportunities by our stakeholders, including investors, which will contribute to creating progress at the pace and scale needed.

This year, for the first time, we are reporting in line with the recommendations of the Task Force on Climate-related Financial Disclosures to better understand and act on climate-related risks and opportunities for our business.

Climate change is also increasing water risks and our ground-breaking water risk scenario analysis with WWF is helping us target action to sustain essential water supplies – both for our breweries and for the communities whose water resources we share. Our innovative partnership with Desolenator will use renewable energy from the sun to create access to clean water for thousands of people in an area of India stricken by the effects of both climate change and COVID-19.

ZERO carbon footprint and ZERO water waste are key ambitions in our Together Towards ZERO programme, alongside ZERO irresponsible drinking and a ZERO

accidents culture. Our efforts towards achieving all four ambitions play a critical role in the success of our business now and in the future – not only by addressing risks but by creating opportunities for growth.

Our burgeoning range of alcohol-free brews has delivered 11% growth in sales volumes this year as more people embrace healthy balanced lifestyles in the wake of the pandemic. We also want consumers to enjoy our alcoholic products responsibly and reached our target to include messaging about responsible drinking on all packaging two years early.

The success of our business depends on our people, and their health and safety remains our top priority. As well as supporting them through the challenges of the pandemic, we have stepped up our efforts to embed safe behaviour and continued to drive down accident rates by a further 19% across the business in 2020. But this progress was overshadowed by the death of a contractor during dismantling work at a former production site. Any accident is one too many and this tragedy strengthens our resolve to get to ZERO.

Carlsberg was founded over 170 years ago on a strong sense of social responsibility – and we remain

steadfast in our commitment to uphold the principles of the UN Global Compact. With the creation of the Carlsberg Sustainability Advisory Board, we are inviting external experts to provide an “outside in” view to help us stay true to the values of our founder, challenging ourselves to constantly strive for better as we work towards our ambitious targets.

I am convinced that driving progress Together Towards ZERO will help Carlsberg keep brewing for a better today and tomorrow as the world recovers from COVID-19.

**Cees 't Hart**  
CEO, Carlsberg Group

## WHERE TO FIND OTHER REPORTS



### Sustainability Report + Summary

This Sustainability Summary is a highlights version of our full Sustainability Report.

Download our full Sustainability Report at [carlsberggroup.com/sustainability/report-policies/](https://carlsberggroup.com/sustainability/report-policies/)



### Annual Report

Our *Annual Report* focuses on our financial performance. It includes information on sustainability that is most pertinent to investors.



### Website

*Carlsberggroup.com* hosts our reports and policies, as well as showcasing stories on our biggest sustainability achievements.

### Social media

We share our latest sustainability stories on social media throughout the year

[carlsberggroup.com](https://www.carlsberggroup.com)

[@carlsberggroup](https://www.instagram.com/carlsberggroup)

[@carlsberggroup](https://www.linkedin.com/company/carlsberggroup)

[Carlsberg Group](https://www.carlsberg.com)

# TOGETHER TOWARDS ZERO

Our ambition is to achieve ZERO carbon footprint, ZERO water waste, ZERO irresponsible drinking and a ZERO accidents culture. We are making good progress towards our targets by working in partnership Towards ZERO.



## MAKING OUR BEER MORE SUSTAINABLE

Watch our video to find out how our Together Towards ZERO programme helps us produce our beer more sustainably, enables consumers to enjoy it responsibly and keeps our people safe.



# ZERO CARBON FOOTPRINT

The world is facing a climate emergency that threatens people, the environment and our business.

Governments, businesses and individuals must take action now to help prevent the worst effects of climate change. We are determined to do our part by cutting the carbon footprint of our operations and our entire value chain.

Our ambitious targets, approved by the Science Based Targets initiative in 2017, are in line with the latest climate science to limit global warming to 1.5°C. In 2020, we joined other leading companies in urging governments to ensure their COVID-19 recovery efforts align with the Paris Agreement's 1.5°C goal and calling for European Union leaders to embrace a 55% carbon emissions reduction target by 2030.

We are making strong progress on our 2022 targets to switch to 100% renewable electricity, eliminate use of coal and halve carbon emissions at our breweries as we drive progress towards ZERO carbon brewing by 2030. Eliminating emissions from our breweries will help us cut our value chain footprint from field to

glass – what we call beer-in-hand emissions – by 30% by 2030 (from 2015 levels).

Beyond our own operations, we work with partners who supply our ingredients, packaging, logistics and refrigeration. Together, we are supporting sustainable agriculture, making the transition to lower-carbon transport and cooling, and creating packaging solutions like our Snap Pack and Green Fibre Bottle.

Extreme weather and shifting rainfall patterns as a result of climate change pose a direct risk to our brewing operations and to the crops and water we need to make our products. This year, we signed up to the Task Force on Climate-related Financial Disclosures and are applying its recommendations to better understand and report on these risks. We were also included in the CDP A List of global corporate leaders for transparency and action on climate risks and opportunities.



**-39%**

lower carbon emissions per hl beer produced since 2015



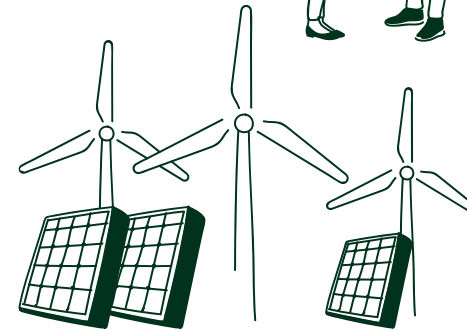
**-7%**

lower beer-in-hand value chain carbon footprint per hl from 2015-2019, equivalent to taking more than 200,000 cars off the road<sup>1</sup>



**64%**

renewable electricity powering our breweries

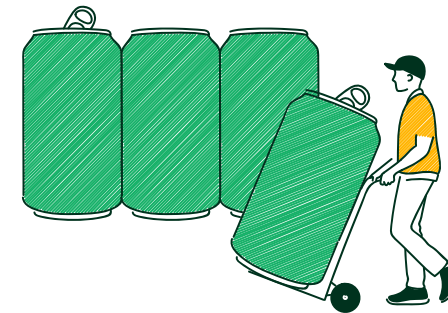


A List 2020  
**A** CDP  
rating from the CDP for transparency and action on climate



**8**

carbon neutral breweries up from five in 2019



**7**

markets offering Snap Pack, our plastic-saving multi-can packaging solution

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

**15%** REDUCTION IN BEER-IN-HAND CARBON FOOTPRINT

**ZERO** COAL AT OUR BREWERIES

**100%** LOW-CLIMATE-IMPACT COOLING

<sup>1</sup> Emissions from driving a car 20,000 km a year at a rate of 130 g CO<sub>2</sub>/km = 2.6 tonnes CO<sub>2</sub>/year

We have discontinued our target specifying 30 supplier partnerships as collaboration with suppliers has become such an integrated part of our approach.



FEATURE: ZERO CARBON FOOTPRINT IN ACTION

## PROMOTING SUSTAINABLE AGRICULTURE THROUGH CROP INNOVATION

Scientists at the Carlsberg Research Laboratory in Copenhagen have been exploring the boundaries of crop science and perfecting the art of brewing since 1876. Today, they are turning their attention to sustainable agriculture to reduce climate risks in our supply chain.

Barley is an essential ingredient for our beer – and the focus of the lab's

ground-breaking research into climate-tolerant crops. In the last decade, we have invested more than DKK 50m in research on breeding new sustainable and climate-tolerant raw materials, as well as advances in hop, yeast and brewing processes.

Our scientists have isolated more than 40 candidates for barley varieties that display climate-

resilient traits such as greater tolerance to drought and heat waves, deeper roots and the ability to grow in saline soils.

We are now partnering with local breeders in Australia to see how the new crop varieties cope in extreme drought and adverse soil conditions. The varieties that grow best will form a pipeline for barley breeding, and we will work with partners to rapidly

integrate those varieties into our beer supply chain.

Barley bred to produce higher yields also has a lower climate impact because the same amount can be grown using less fertiliser, which takes a lot of carbon to produce. In Russia, the 70 farmers who supply our Baltika breweries are using barley varieties developed by our lab that are more sustainable than

current elite varieties. Their yield is approximately 10% higher than varieties developed locally in Russia.

We set requirements for these farmers on fertiliser use and hold field days to prepare them to harvest the benefits of future innovations from our lab.



Our farm is one of the leading farms in the Yaroslavl region and has grown brewing barley for several years. Thanks to the Carlsberg Group, our experience turned out to be a success: the harvest almost tripled within three years. The barley must meet specifications and grows under regular monitoring that allows it to reach high quality. Carlsberg Group specialists provide consultations and always assist us with expert advice.”

Nikolay Minakin, Head of Kurdumovskoye farm, Yaroslavl, Russia



**Water shortages directly affect communities and our business.**

Many parts of the world face increasing water scarcity challenges as the effects of climate change trigger droughts and alter rainfall patterns. As soon as 2025, two thirds of people worldwide may be dealing with water shortages. And by 2050, almost half of global GDP could come from areas facing high water risk.<sup>1</sup>

Water is an essential ingredient in our products, and other key ingredients, such as grain and hops, need it to grow. Put simply, no water means no beer. With 17 of our breweries located where water risk is high, our focus on pushing the boundaries of efficiency and technology is both a business and a sustainability priority.

Industries like ours have a big role to play in safeguarding water supplies wherever we operate. That is why we have set ambitious global targets for ZERO water waste.

By 2030, we aim to halve the amount of water used to make every

hectolitre (hundred litres) of beer. We have already achieved an 18% reduction through best practice efficiency and water treatment upgrades at our breweries. And we will accelerate progress with state-of-the-art water-recycling technology.

In 2020, we updated our water risk assessment for 81 of our 86 majority-owned breweries and finalised a ground-breaking scenario analysis with WWF to prepare for future risks to our business. The findings will help us prioritise actions as we work with partners to protect and improve water supplies for the communities whose resources we share. We disclose our management of water risks to the CDP and achieved an A- rating in the latest assessment.



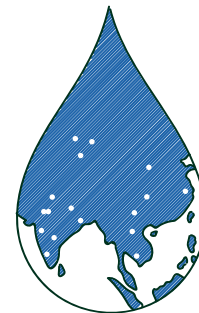
6.1, 6.2, 6.3 17.16 & 17.17  
6.4, 6.5, 6.6

**18%**

**improvement in water efficiency** at our breweries since 2015, saving almost 3,000 Olympic swimming pools of water

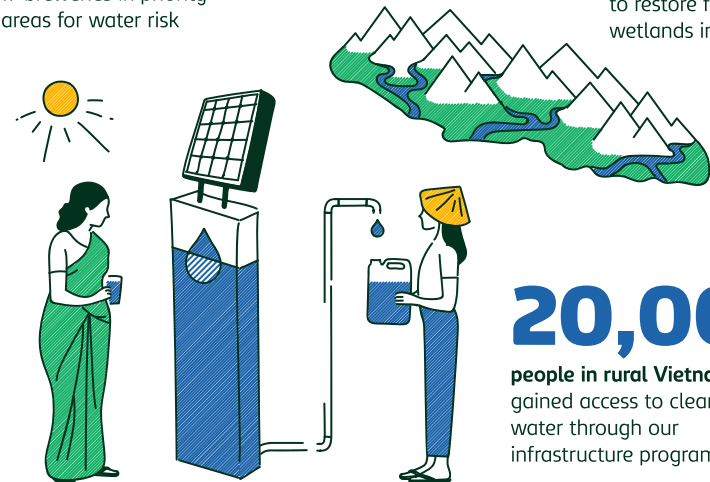


**Construction started on state-of-the-art technology** to recycle 90% of process water at Fredericia brewery, Denmark



**Water risk assessment with WWF** identified 17 breweries in priority areas for water risk

**Partnership with WWF Denmark** to restore fragile wetlands in Nepal



**Partnership with Desolenator** to use world-first solar thermal sustainable water purification technology to create clean drinking water for 4,000 people in India

**20,000**

**people in rural Vietnam** gained access to clean water through our infrastructure programme

**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**

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

<sup>1</sup> Source: WWF, October 2020.



FEATURE: ZERO WATER WASTE IN ACTION

## IMPROVING WATER QUALITY AND ACCESS IN VIETNAM

Brewed and bottled in central Vietnam for 30 years, our popular Huda brand is deeply rooted in its local communities.

Many people across the region still get their drinking water from unhygienic wells or ponds, store rainwater or are forced to buy costly bottled water to avoid drinking from contaminated supplies. Even where

public taps are available, they often run dry.

The brewery put our commitment to safeguard shared water resources into action – bringing clean water at the turn of a tap to almost 20,000 people. We partnered with local authorities to construct new water infrastructure in five provinces, including Thua Thien Hue, where the brewery is based.

First, we identified the communities most in need, then we collaborated with local people to plan how best to provide clean, reliable fresh water. Projects included installing or repairing water pipelines, reservoirs, wells, pumping stations, filter tanks, water flow meters and a concrete dam.

The projects we completed in 2019 serve around 5,500 people. In 2020,

we accelerated expansion to support over 14,000 more people as the COVID-19 pandemic made the need for reliable clean water even more urgent.

Huda's highly effective approach offers a useful template as we partner to extend water projects in priority areas across Asia to fulfil our 2030 target to safeguard shared water resources.

“ Since ages a communal well has been our village's water source. Day in day out, we took buckets of water from that well home for drinking, cooking and personal hygiene. Every day we anticipated the completion date [of the Huda project] to be able to access freshwater for our daily life.”

Villager, central Vietnam



# ZERO IRRESPONSIBLE DRINKING

We want to make sure everyone enjoys our beers responsibly and that we provide consumers with choices that support a balanced lifestyle.

Our brands sit at the heart of social occasions and play a positive role in the lives of millions of people around the world. Drinking cultures are improving in many regions, including Europe, where heavy episodic drinking is declining in 29 of 30 countries.<sup>1</sup>

COVID-19 has reinforced the importance of healthy lifestyles for many people around the world. But misuse of alcohol – like drinking when underage, while driving or to excess – remains a global health concern. That is why we are committed to promoting ZERO irresponsible drinking in all our markets.

People make their own decisions about how they consume our products, but we aim to enable,

inform and encourage them to enjoy responsibly.

We are stepping up efforts to avoid marketing to minors and include responsible drinking messages, as well as ingredient and nutritional information, on our product packaging and online. We partner with governments, customers and NGOs to tackle alcohol-related challenges in each market. And we are rapidly expanding our range of alcohol-free brews (AFBs).

Our commitment to responsible drinking is the right thing to do. It also helps to protect the reputation of our business and the brewing industry, and supports our ability to partner with regulators. As consumers prioritise healthy choices, our AFBs are creating new revenue for our business. In 2020, AFB volumes grew by 11%.



100%

of international premium beers and a third of all our brands offer alcohol-free options



11%

growth in alcohol-free beer volumes sold with AFBs offered in 48 markets (83% growth since 2015)

Set a commitment to include age restriction symbols on all our alcohol products and alcohol-free extensions by 2024 through the International Alliance for Responsible Drinking



22.5m

people reached through campaigns on Global Beer Responsibility Day



90.6%

compliance with Digital Guiding Principles for online marketing



3.5 & 3.6 17.16 & 17.17

## 2030 TARGETS

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

## 2022 TARGETS

100% RESPONSIBLE DRINKING MESSAGING THROUGH PACKAGING AND BRAND ACTIVATIONS

100% OF OUR MARKETS RUN PARTNERSHIPS TO SUPPORT RESPONSIBLE CONSUMPTION

100% AVAILABILITY OF ALCOHOL-FREE BREWS (AFBs)

<sup>1</sup> World Health Organization. Status report on alcohol consumption, harm and policy responses in 30 European countries. 2019.



Carlsberg Malaysia's Managing Director, Stefano Clini, and Corporate Affairs Director, Pearl Lai, with our #CelebrateResponsibly ride-hailing partners.

“ We are not taking away anyone’s rights to drink, but instead encourage responsible drinking. In this regard, I commend initiatives such as the #CelebrateResponsibly campaign by Carlsberg Malaysia and Sin Chew Daily which are pivotal to educate and create awareness among the public.”

Datuk Seri Ir. Dr. Wee Ka Siong, Malaysian Minister of Transport

“ We are proud of our long-standing partnership with Carlsberg Malaysia in this initiative to promote responsible drinking habits. We aim to empower more women to celebrate responsibly by providing a women-only ride-hailing service that values convenience, privacy and personal safety.”

Denise Tan, Founder, Riding Pink

FEATURE: ZERO IRRESPONSIBLE DRINKING IN ACTION

## DISCOURAGING DRINK-DRIVING WITH DISCOUNTED RIDES IN MALAYSIA

Drink-driving remains a problem in Malaysia, where several recent traffic fatalities have emphasised the dangers of driving after consuming alcohol. Our team is supporting government efforts to change consumer mindsets and behaviour.

In 2020, the country’s Road Transport Act was amended to lower the blood alcohol level permitted while driving to align with World

Health Organization recommendations. It also introduced harsher penalties for drink-driving. Education and personal responsibility are of equal importance in ensuring progress on reducing drink-driving incidents.

On Global Beer Responsibility Day, we launched our sixth annual campaign supporting people to #CelebrateResponsibly in partnership

with several ride-hailing services. The campaign discouraged drink-driving by offering people discounted rides home after a night out any time from 7 pm to midnight.

Consumers at more than 1,800 of our affiliated bars, bistros and restaurants around the country used smartphone apps to access discounts from our established partners, Grab and Riding Pink, a women-only

ride-hailing service. We also partnered with three other chauffeuring services – SOCAR+, Lailah and DriveSafe – that each offered a 10% discount on fares.

To increase consumer awareness and education, we partnered with leading newspapers *Sin Chew Daily* and *The Star* to publish articles and videos on the new laws and ways to avoid drink-driving.

The six-week campaign, our biggest yet, provided around 5,700 discounted rides from GrabCar and Riding Pink alone. Since 2015, this annual ride-hailing campaign has reached more than 81,000 consumers on the ground, and in 2020 it connected with an additional 4.5 million people through digital channels.



# ZERO ACCIDENTS CULTURE

**The health and safety of our people always comes first. We want everyone to go home safe every day.**

We believe all accidents are preventable. By 2030, we aim to make them a thing of the past by instilling a ZERO accidents culture.

Everyone at Carlsberg is responsible for their own safety and the safety of those around them. We aim to empower our people to identify unsafe behaviours and take action to help their colleagues adopt safe ways of working.

Managers at all levels of the business lead by example, making safety a personal priority to help them demonstrate strong and credible leadership. Part of their role is to make sure that every individual in their team complies with safety rules and keeps safety top of mind.

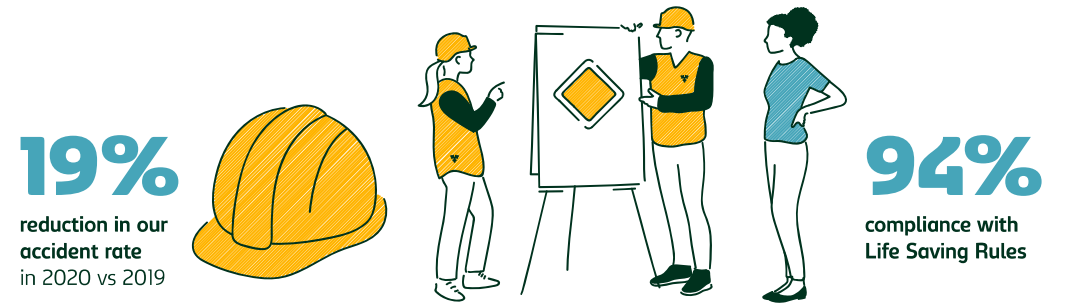
We manage key risks through our health and safety management systems, training and compliance with our stringent standards, including our Life Saving Rules that everyone must follow at all times.

Our relentless focus on safety is working, with accident rates falling for four years in a row. We aim to reach ZERO lost-time accidents across the business by 2030.

Staying safe and healthy enables our people to live full and productive lives at home and at work – and makes our business more efficient. In 2020, we stepped up our support for our employees' wider health and wellbeing to help our people stay strong through the COVID-19 pandemic.



8.8 17.16 & 17.17



**2030 TARGET**  
ZERO LOST-TIME ACCIDENTS

**2022 TARGET**  
REDUCTION IN ACCIDENT RATE YEAR-ON-YEAR



FEATURE: ZERO WATER WASTE IN ACTION

## CHAMPIONING SAFE BEHAVIOUR IN SWITZERLAND

Almost all accidents share a common root cause: unsafe behaviour. That is why we put behaviour-based safety at the heart of our ZERO accidents culture.

At the start of 2020, four specially trained truck drivers in the distribution team took on an important new role as safety ambassadors for our Feldschlösschen

brewery in Switzerland. Every day, they reinforce the message that safety is everybody's responsibility and that nobody should just walk past if they see anything unsafe.

Drawing on their experience and safety training, the ambassadors help other drivers and employees understand how to spot unsafe behaviour and risks in their working

environment and take action for improvement. This could be speaking to a colleague or showing them how to work in a safe way instead. Or working with a customer to create a safer delivery point.

All four ambassadors are experienced members of our distribution team and they know the delivery process by heart – from

safely loading and unloading vehicles to safe driving. They act as role models for safe behaviour as they accompany other truck drivers on their routes delivering beer to customers and event venues across the country, helping them stay safe every step of the way.

Changing culture and behaviour takes time, but our system of

observations and feedback is designed to open people's eyes to things they are doing that they may not even realise are unsafe. The ambassadors are helping to make sure safe behaviour is an integrated part of the working culture at Feldschlösschen.

Together, we will create a ZERO accidents culture.



Creating safety ambassadors for our distribution and event services was something completely new. No one had any experience with it. With support from our top management, the ambassadors are now firmly anchored in the day-to-day business and are making an important contribution on our journey towards ZERO accidents.”

Frank Pfeifer,  
Distribution/Transportation Manager,  
Feldschlösschen brewery, Switzerland

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## RECOGNITION FOR OUR SUSTAINABILITY APPROACH



**MSCI:** Our AAA rating from MSCI places us among the top leaders on environmental, social and governance (ESG) criteria.



**Sustainalytics:** Our score of 18.3 out of 100 from Sustainalytics positions Carlsberg as low-risk for investors.



FTSE4Good

**FTSE4Good:** Carlsberg has been a member of the FTSE4Good Index of socially responsible companies since 2015.



**CDP:** We made the CDP's prestigious A list in 2020, positioning us among a small group of companies that take a leadership approach to tackling climate change. We also achieved an A- rating for water based on our latest CDP disclosure.

**Employee feedback:** 91% of employees agreed that Carlsberg is socially and environmentally responsible in our latest employee survey in 2019.

### Tell us what you think

We welcome feedback on our Together Towards ZERO programme, our progress and our sustainability reporting. Please contact us at [sustainability@carlsberg.com](mailto:sustainability@carlsberg.com)