



SUSTAINABILITY REPORT 2017



CONTENTS

INTRODUCTION

IN BRIEF

CEO foreword	3
Carlsberg UK MD foreword	4
Purpose and strategy	5

NEW SUSTAINABILITY PROGRAMME

Together Towards ZERO	6
Ambitions and targets towards ZERO	7
Together towards the SDGs	8

OUR AMBITIONS



ZERO CARBON FOOTPRINT

Introducing our ambition	10
Eliminating emissions at our brewery	12
Reducing our beer-in-hand emissions	14



ZERO WATER WASTE

Introducing our ambition	17
Cutting our water waste	18



ZERO IRRESPONSIBLE DRINKING

Introducing our ambition	20
Creating dialogue around responsible consumption	22



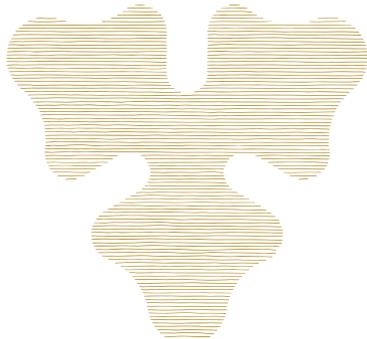
ZERO ACCIDENTS CULTURE

Introducing our ambition	26
Towards a zero accidents culture	27
Working towards a safer workplace	29

SUPPLEMENTARY

RESPONSIBLE BUSINESS

The values that guide our operation	31
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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 sets new industry standards for science-based, partnership driven sustainability.

The programme states our ambitions within the four sustainability areas most relevant to our business: ZERO carbon footprint, ZERO water waste, ZERO irresponsible drinking and a ZERO accidents culture across our business. Each ambition is underpinned by measurable targets for 2022 and 2030.

In pursuit of these targets, partnerships will be crucial to success. Besides forming numerous local alliances, in 2017 we joined the RE100, the We Mean Business coalition and the Climate Leaders initiative driven by the World Economic Forum.

But 2017 wasn't only about planning. We also made concrete progress across the Group. For example, the Falkenberg brewery in

Sweden now only uses carbon-neutral energy - a milestone on the road towards our 2030 target. Globally, we reduced brewery carbon emissions by 16% compared with our 2015 baseline year and 46% of our electricity came from renewable sources. We reached over 70 million consumers with our responsible drinking campaigns, and we continued to reduce water consumption at our breweries. Within health and safety, we saw a significant reduction in the number of accidents.

Moving forward, we are determined to demonstrate the crucial role that business can play in resolving global sustainability challenges, and we are keen to take a lead. We believe our ambitious approach is not only good for the planet, but also for business and for society as a whole. Only bold targets will stimulate the kind of game-changing innovation the world needs.

Cees 't Hart
CEO, Carlsberg Group



CARLSBERG UK MD FOREWORD

In the UK we have always had a strong sense of belief in our sustainability strategy. This supports our very clear purpose of Brewing for a Better Today and Tomorrow which is now underpinned by our 'Together Towards Zero' sustainability programme.

Since 2010, the overall trend across our sustainability pillars has been consistently positive, from waste reduction and water usage savings, to improvements in employee and customer engagement. Reflecting back on 2017, we have continued to make good progress, but our measure of success needs to be set against a backdrop of significant changes in our operation.

The first of these changes is the outsourcing of our secondary logistics operation to DHL Tradeteam as part of our business strategy to focus on brewing and selling premium quality brands. The transition from in house to externally sourced has been phased across several months. Later in our report we will explain that whilst this decision was about reshaping our business, the execution very much focused on maintaining standards in safety and our environmental responsibility.

Another major influencing factor on our 2017 sustainability performance has been the safety improvements carried out after the incident at our Northampton brewery in 2016, when a contractor tragically lost their

life and other individuals were injured. The inquiry into this incident is still in progress and continues to receive our full support. The safety of all our employees, contractors and visitors is our number one priority, and it was vital that we continued to implement further initiatives to reduce potential risk. In order to facilitate some of these improvements, temporary, diesel powered chilling units were utilised. This has inevitably impacted our emissions performance, but with safety as our paramount priority, this was a short term step backwards we needed to make. With this in mind, further investment has been made in many areas of our safety training and you can read more about this on pages 27-29.

Within Carlsberg UK, we ask all our employees to positively consider sustainability as a driver and measure of business improvement. We endeavour to create opportunities for everyone to be actively involved in helping us develop targets which are aspirational, credible and inspiring, and then pursue these with enthusiasm. There is a real sense of shared purpose across the team in creating a business that operates safely, respects our environment and delivers positive impact in our local communities.

This last year, which included many important business changes, has enabled us to put future plans in place that will help our business make a truly positive contribution towards achieving Carlsberg's global sustainability targets and ambitions for 2022 and 2030.

Julian Momen
MD, Carlsberg UK



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 6). Our material issues make sense given the nature of our business, which focuses on producing, distributing and selling beer, soft drinks and other beverages.

➤ **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. Throughout this report, we describe partnerships with other stakeholder groups. All these inputs inform our sustainability decision-making and strategy.

GOVERNANCE & RISK MANAGEMENT

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 policy owners. Each has responsibility for following up on specific KPIs and targets, and

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.



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.

We view our performance on sustainability as a critical element in our overall success as a business. Our goals here are no less important than any other aspect of our corporate strategy.

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.

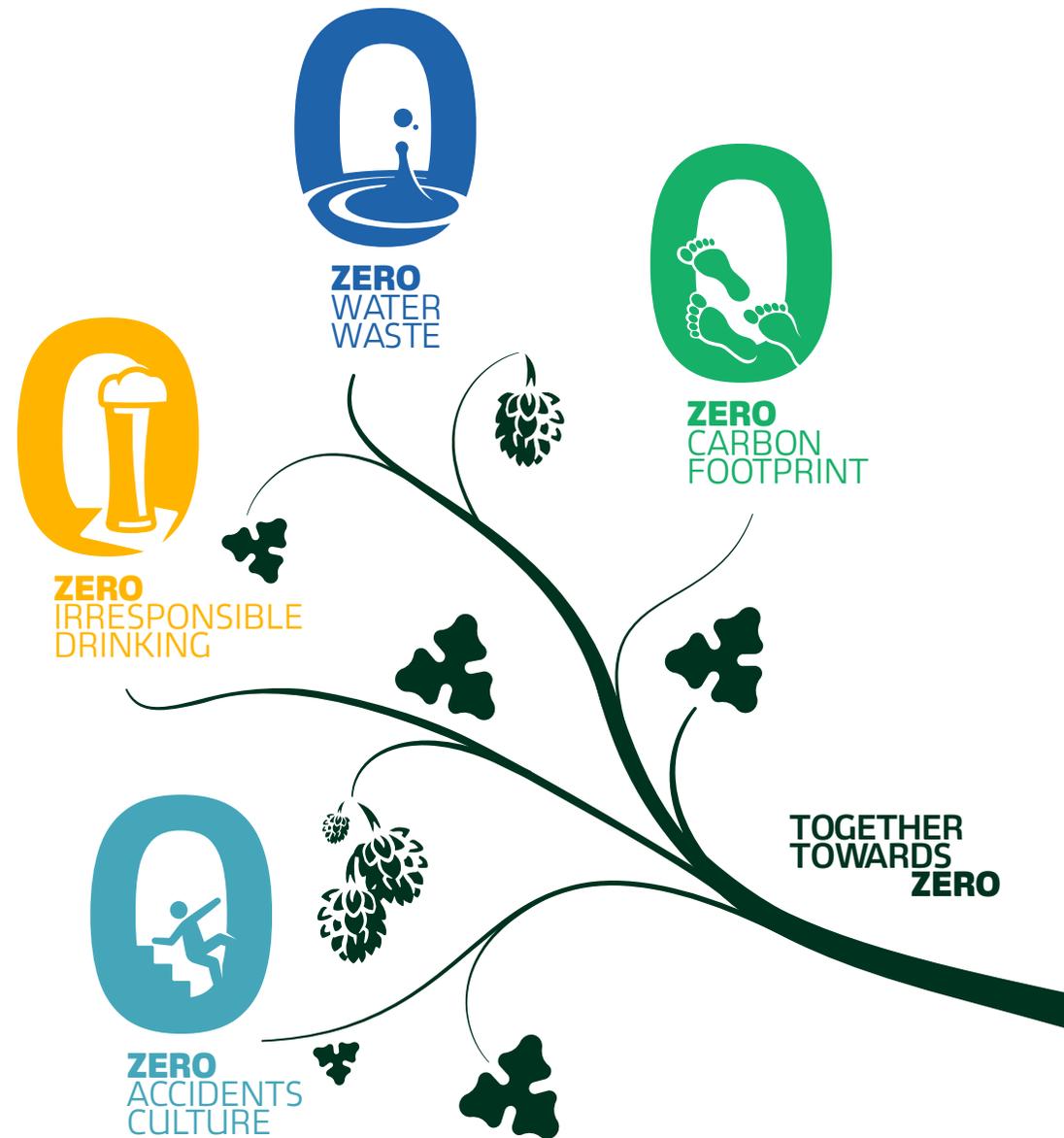
The programme will help ensure that we reduce risks and strengthen our business, while also contributing to society. An example of the risks we face is a future increase in the cost of

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.

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 41% of our carbon footprint, while agriculture accounts for 13% and our brewery for 6%. Other areas of impact are distribution (5%), trade refrigeration (30%), and malting and processing (5%).

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.

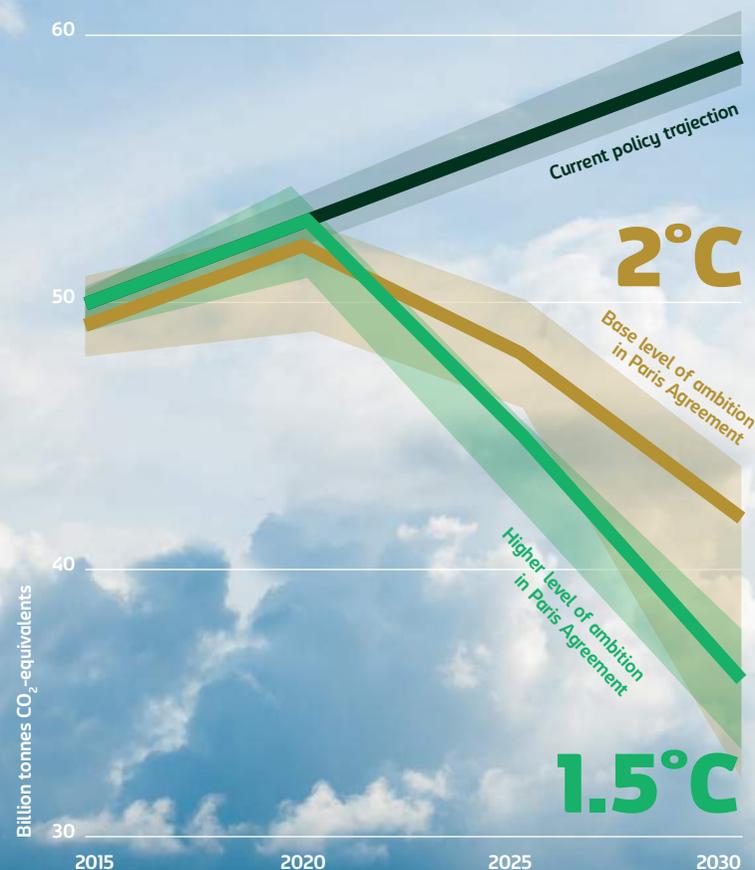
According to the latest UN projections, the current commitments described in the Nationally Determined Contributions (NDCs) in the Paris Agreement on climate change would result in global warming in excess of 3°C by the end of this century.

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.

Carlsberg's Young Scientists Community

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

ZERO CARBON FOOTPRINT

ELIMINATING EMISSIONS AT OUR BREWERY

This year, pursuit of improved energy efficiency at our Northampton brewery has been challenging following the serious safety incident in 2016.

PROACTIVE MEASURES

Following the incident, it was necessary to introduce temporary, diesel fuelled chillers and, inevitably, this led to an increase in emissions. This was compounded by essential repairs to our boiler system which again, required a temporary switch to diesel.

Relative to production, total brewery emissions were up 25.1% in 2017. However, throughout the year, the production team has worked hard to develop a number of projects which will begin to bear fruit in 2018, refocussing our efforts on our new, global targets and setting us on a positive road towards zero carbon in 2030.

Working in alignment with the HSE, we have been running our refrigeration and boilers in the usual manner since November 2017. We are now focusing our efforts in pursuit of an ambitious interim target - a 50% reduction in relative emissions by 2022.

BETTER TODAY AND TOMORROW

Towards the end of 2017, in line with our Together Towards Zero global strategy, the UK established a new approach to energy management which, for the first time, will offer a comprehensive picture of our local energy performance.

Our new Objectives, Goals, Strategies and Measures (OGSM) planning, covers all utilities, effluent and CO₂, setting out exactly what we want and need to do in order to meet Carlsberg Group's purpose of brewing for a better today and tomorrow. Working towards the ISO 50001 standard will help maintain our focus, together with our personnel working towards their individual and departmental goals, tied to our OGSM targets. However, our production team is also highly motivated to deliver the continuous improvement we need to deliver in our processes, identifying new technologies which can help to get us there. Active support from Carlsberg UK's Executive team will also play a key part in our journey. A strong partnership with our energy supplier, ENGIE continues to fuel our development projects, as they in turn seek to grow their investment in renewable energy.



ZERO CARBON FOOTPRINT

A GREEN LIGHT ON POWER

Whilst our ENGIE electricity is currently supplied through a variety of sources, we offset our usage through equivalent investment in wind farms. This scheme, matched in all Carlsberg regions, encourages

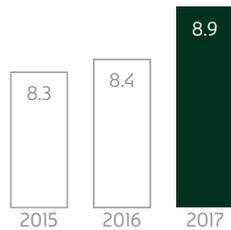
the development of global, renewable energy programmes.

Planned in 2017 and due to kick off in 2018, our LED light conversion project represents significant capital expenditure. Implementation

will begin with the largest areas of the brewery where we will see the most impact and ultimately the project will yield significant benefits, in both financial and emission savings.

RELATIVE CO₂ EMISSIONS

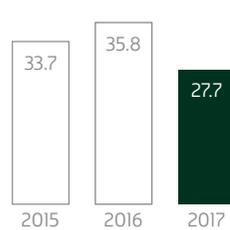
(kg CO₂/hl)*



PERFORMANCE
* Within PwC's assurance scope.

RELATIVE ENERGY CONSUMPTION

(kwh/hl)*



PERFORMANCE
* Within PwC's assurance scope.

ABSOLUTE CO₂ EMISSIONS

(kt)



PERFORMANCE TARGET

WHAT WE SAID

2016

Energy efficiency

2-5% annual reduction in relative consumption for energy and CO₂ used in the brewing process.

Sustainable logistics

80% of all secondary logistics drivers to have achieved a B rating or higher in driving efficiency performance.

WHAT WE DID

2017

25% increase in relative terms due to running with Diesel generators. 8.90 kgCO_{2e}/hl relative. Absolute 30,727 Tonnes CO_{2e}. 

Secondary logistics driver performance now transferred to DHLTT. Carlsberg UK carbon footprint significantly reduced through divestment but we recognise the need to continue performance monitoring. 

ACTIONS TOWARDS ZERO

2018

Energy management

Achieve ISO 50001 status.

Strategic plan

Produce comprehensive energy policy and strategy. Develop local ZERO carbon footprint roadmap to achieve 2022/2030 targets.

 Fully achieved  Partially achieved  Not achieved

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

2022 TARGET

50%

REDUCTION IN CARBON EMISSIONS AT OUR BREWERIES

2030 TARGET

ZERO

CARBON EMISSIONS AT OUR BREWERIES

ZERO CARBON FOOTPRINT

REDUCING OUR BEER-IN-HAND EMISSIONS

LOGISTICS IN TRANSIT

Whilst 2017 has seen our brewery successfully navigating changing circumstances, for logistics too this has been a year of transition following our decision to outsource our secondary logistics operations.

At Carlsberg UK we have traditionally handled delivery of our beverages and third-party products to customers through our own logistics network. However, in 2015 a strategic decision was taken to outsource the secondary distribution element of our logistics to a specialist, third-party supplier, DHL Tradeteam (DHLTT). The project involved transfer of five depots directly to DHLTT, and closure of the remaining seven depots. The transition began in July 2017 and was completed in early 2018.

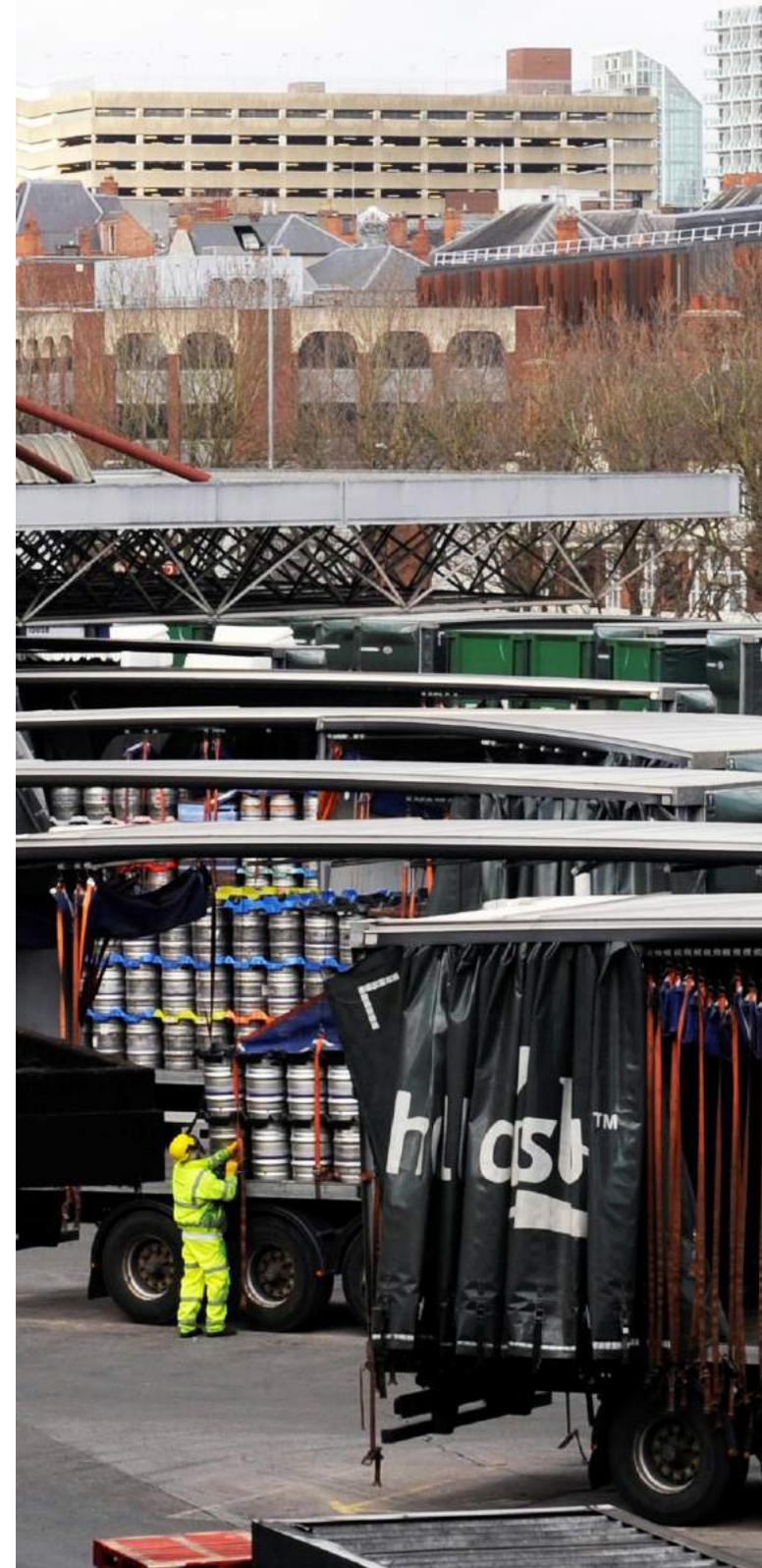
This transition has been a major undertaking for our business, including disposal of all Manual Handling Equipment (MHE) and our 297 strong fleet of heavy goods vehicles. During 2016, these HGVs covered 15 million kilometres and our 450 pieces of MHE clocked up over 145,000 hours. The final, concluding impact of the

project was a reduced carbon footprint for Carlsberg UK of 70% in 2017.

MARGINAL GAINS

As the secondary logistics outsourcing project has unfolded over 2017, our efforts to reduce our environmental impact have remained in focus and we have continued to make positive progress, achieving a further reduction of 0.4% in absolute fuel usage, and saving over 12,000 litres of fuel and 36 tonnes of CO₂ in the process.

Since our monitoring began, a combination of telematics, driver training and a culture of healthy competition have continually pushed our logistics to greater efficiency. In relative terms, from 2010 to the end of 2017 we achieved a year on year fuel reduction of 11.5%, representing over 500,000 litres of diesel and the avoidance of 1,300 tonnes of CO₂. Whilst we have now divested our secondary logistics to DHLTT we will still be looking to work in partnership with them on ways to improve the high levels of driving and environmental efficiency we have worked so hard to achieve.



TYRE RETREADING

In 2015 we reported on a new scheme to fit all Carlsberg UK forklifts with re-treads rather than brand new tyres, as these deliver a significant increase in fuel and material efficiency. Compared to a new tyre a single, re-treaded tyre can equate to a saving of 68 litres of oil and 44kg of rubber compound. Since then, our re-tread scheme has certainly delivered on that initial promise and in 2017, total savings amounted to 9.2 tonnes of rubber and an impressive 38 tonnes of CO₂.

PACKAGING IN THE UK

In the UK, we remain committed to minimising the impact of all elements of our packaging. During 2017 we introduced a new 200g bottle for Carlsberg and Carlsberg Export (330ml), which is lighter than the average for 330ml containers. We have also invested time and resources in considering ways to lightweight our cans and to reduce our use of plastic, all of which should come to fruition during 2018.



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





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.

ZERO WATER WASTE

CUTTING OUR WATER WASTE

With implications for both the environment and the local community, controlling and managing our Northampton brewery's daily water consumption is an ongoing priority.

The introduction of new technologies like reverse osmosis has already helped us to significantly reduce the amount of water we use. This year, new projects designed to further reduce consumption and maximise efficiency have added to that positive progress.

SPIN RECYCLE

Centrifugal filtration is an essential part of delivering a high-quality brewing process but keeping the equipment cool has always been water intensive. Water used in cooling is still relatively clean but historically it has been treated as waste. Now though this water is being redirected into our well-water storage tanks, two floors down in the brewery's sub-basement, ready to use in, for example, cleaning and further cooling. That's an annual saving of 300,000 litres and with no pumping required, it's also energy efficient.

BRIGHT FUTURE

Alongside recycling, water storage arrangements have also been improved, with previously redundant Bright Beer tanks recommissioned to extend the brewery's well water storage. The original well water tank is now used to store the town's tap water. In the past, varying production levels could potentially impact on local water pressure. The introduction of this new facility significantly reduces fluctuations in demand, meaning everyone in the surrounding community enjoys consistently good water pressure from the mains supply.

2022 TARGET

25%
REDUCTION IN WATER USAGE AT OUR BREWERY

2030 TARGET

ZERO
WATER WASTE AT OUR BREWERY

WHAT WE SAID

2016

ENERGY EFFICIENCY

2-5% annual reduction in relative consumption for water used in the brewing process.

IMPROVED RECYCLING

Introduction of new recycling technologies to reduce water consumption and waste.

TECHNOLOGY & PROCESS REVIEW

Search for further efficiency through process refinement and technology research.

WHAT WE DID

2017

Our target was 2.86 hl/hl. Actual consumption was 2.79 hl/hl - 1.24m hl in total. This represents a 6.7% reduction in absolute terms.



Successful introduction of recycling systems.



Storage development to regulate supply through variations in production levels.



ACTIONS TOWARDS ZERO

2018

STRATEGIC PLAN

Produce comprehensive water waste strategy. Develop local ZERO roadmap to achieve 2022/2030 targets.

HORIZON SCANNING

Continue to explore and trial any newly available technologies towards further waste reduction.

RELATIVE WATER CONSUMPTION (hl/hl)*



* Within PwC's assurance scope.





ZERO

**IRRESPONSIBLE
DRINKING**

CELLARS
H. D.
SPECIAL
BREW
1900-1910
Pilsener
or Pale



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 two 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.

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. 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.

WHAT WE SAID

2016

PACKAGING

100% of consumer-facing primary packaging on alcoholic beverages produced by Carlsberg UK to carry responsible drinking symbols.

MARKETING

All marketing materials to carry responsible drinking messages or the Drinkaware logo.

SOCIAL MEDIA

Social media accounts for each of our beer brands to activate age-gating measures.

ALCOHOL-FREE PRODUCTS

will be available as part of our beverage portfolio.

NUTRITIONAL INFORMATION

Ingredients and nutritional values of Carlsberg branded products to be included on primary packaging or website.

RESPONSIBLE TRAINING

100% of marketing employees to be trained in Carlsberg Group's Marketing Communications Policy.

WHAT WE DID

2017

A symbol warning consumers of the risks of drinking while pregnant is carried on all Carlsberg UK produced products.



100% of our marketing materials carry a reference to drinking responsibly.



Age-gating active where available, preventing access to information for anyone under the legal drinking age.



Two alcohol-free beers available in our portfolio.



Nutritional information available on our website for all Carlsberg UK brewed products.



100% of marketing employees were trained in Carlsberg Group's Marketing Communications Policy.

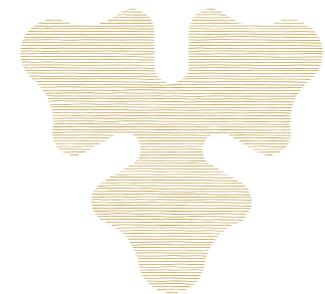


ACTIONS TOWARDS ZERO

2018

ZERO Irresponsible Drinking

Develop local ZERO irresponsible drinking programme to achieve 2022/2030 targets.



ZERO IRRESPONSIBLE DRINKING

CREATE DIALOGUE AROUND RESPONSIBLE CONSUMPTION

STRATEGIC PARTNERSHIPS

THE PORTMAN GROUP

The Portman Group is our industry's responsibility body, regulating promotion and packaging of alcoholic drinks and leading on best practice. As a signatory to the group's Alcohol Marketing and Sponsorship Codes, we follow guidelines to ensure our beers are promoted in a socially responsible manner and only to those over the legal drinking age. Our continued funding of the group has enabled us to run a number of pioneering public education projects around responsible drinking.

THE DRINKAWARE TRUST

In 2017, our funding for the Drinkaware Trust continued, supporting a range of campaigns targeting different demographics. The Trust is an independent charity, which aims to "reduce alcohol related harm by helping people make better choices about how they drink".

Drinkaware Crews, which supports the welfare and wellbeing of young people on a night out are now operating in 29 venues across England, Wales and Scotland. A Festival Crew pilot extended the initiative across two festivals in London in 2017, delivering support to a further 1000 people.

'OK to Ask' encourages bystanders to look out for people out at night who might be suffering sexual harassment. The advice is to check in with anyone who seems uncomfortable and show that they have support if they need it. The campaign reach totalled 76.8m, with associated videos attracting 1.5m views and encouraging a further 12.5k unique views to the Drinkaware website.

Drinkaware's Midlife Men campaign, 'Have a little less, feel a lot better', went from strength to strength in 2017 with an increase in completions of the online DrinkCompare Calculator to almost 200K. The campaign, which primarily targets men aged between 45 and 64, has seen more than 460k unique visits to the landing page.

There were more than 9.35m visits to the Drinkaware website in 2017.

CLEAR COMMUNICATION MAKING OUR LABELS COUNT

In recent years, packaging and labelling of our products has developed to include information relating to nutrition and alcohol content, and also warnings for specific consumer groups.

This year, labelling of primary packaging (excluding kegs) has been developed with 73% of our total beer volume now listing ingredient information. By the beginning of 2018 this will extend to all of our beer products.

Full information relating to all seven nutritional values is now available online for all of our beer brands and all Carlsberg UK packaging now includes a responsible drinking symbol.

Explore our beers

<https://carlsberguk.co.uk/our-beers/>



UK MARKETING COMMUNICATIONS POLICY

This year, our entire brand and marketing team took part in the online training for this policy, which is also part of our standard contract with external agencies, ensuring consistent messaging and standards across the business.

We have also introduced a Marketing Communication Policy pre-approval process which precedes the launch of any sales or marketing communication campaign, again, ensuring our ongoing messaging is consistently clear and responsible.

PREVENTING HARMFUL DRINKING

Between 2005 and 2016 trends in 'dangerous' drinking have been largely positive, down from 15% to 13% for women and from 23% to 18% for men. Alcohol free beers (AFB) play a key role in that picture and at Carlsberg UK we are continuing to deliver positive campaign messages around our two AFB options.

In 2017 the San Miguel team ran an on-trade campaign for San Miguel 0% with activity at eight different trade shows. Further activity ran in early 2018 with adverts throughout January in a number of publications including Shortlist, Stylist, Timeout and ES Magazine.

Overall growth in the AFB category is encouraging with an increasing number of consumers actively opting for AFB.

0,0% COMPROMISE.

If you choose to go alcohol free, you don't need to compromise on flavour.

San Miguel 0,0%.



EXPLORING
THE
WORLD
SINCE
1890

Enjoy Responsibly
drinkaware.co.uk 0800 045 045



ZERO ACCIDENTS CULTURE

EVERYONE
GOES HOME
SAFE

JUST TAKE
10

Open Safety Sessions

Open Safety Sessions are a key part of our safety culture. They provide a regular opportunity for workers to discuss safety issues and share their experiences. These sessions are designed to help workers identify and address safety concerns in their work areas. They are a vital part of our commitment to ensuring that everyone goes home safe.

The safety team will provide support and resources to help you set up and run your own Open Safety Session. For more information, please contact your safety representative or the safety team.

JUST TAKE 10



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 with the right training, policies and behaviours.

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.

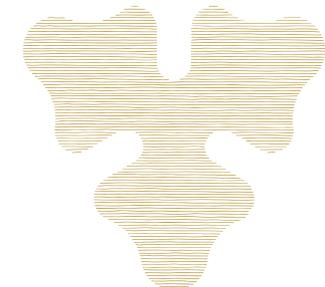
OUR APPROACH TOWARDS ZERO

Our Health and Safety (H&S) Policy defines how we manage health and 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 and 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 and 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

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.

PROTECTING PEOPLE AND THE ENVIRONMENT FROM HARM

In 2017, we established a new Safety Leadership Team (SLT) consisting of four key roles – a Compliance Manager, Head of QSHE, Contractor Controller and SHE Specialist. Supported by the Carlsberg UK leadership team, the SLT leads our proactive approach to safety management. Safety is integrated across every department through monthly departmental safety meetings with an emphasis on personal responsibility and clear accountability linked to specific policies and procedures. A Site Leadership Group involves everyone from union representatives to Quality and Engineering in developing our future safety strategy.

The safety team have also introduced regular Open Safety Sessions where they conduct informal discussions with all employees to maintain the focus on safety and further develop their understanding of safety on site.

The safety team lead our risk assessment based approach, which feeds directly into communication and training. They are also working with Industry leaders to develop a Chemical Excellence programme, building our knowledge and capability in the area.

Various areas of our brewery site have been upgraded, including our fire alarm system and our network of gantries, essential for the safety of employees working at height.



CONTRACTOR MANAGEMENT REVIEW

Our annual maintenance shutdown demonstrates the importance of effective contractor management. With nearly 500 companies on our list of potential suppliers, we must ensure that the safety training and procedures we put in place are consistently communicated and rigorously applied. Technology is playing an important role in supporting this process. In 2017, we made good progress towards establishing a digital management system, which will eventually cover all inductions, risk assessments and permits. We also developed an interactive contractor induction programme covering all areas of site safety and procedures.

EMERGENCY RESPONSE

Throughout 2017, we have been reviewing and redesigning our emergency response procedures, with the help of external consultants. This is supported by comprehensive and accessible documents and includes an increase in our emergency response capability. In 2018 this programme of work will continue with support from our local fire service who will test out the system in a series of scenario-based training days where employees will gain hands-on experience using breathing apparatus.

LOOKING AHEAD

We believe that our focus on safety is yielding positive results. There is no doubt that this has been a challenging year. Maintaining safety through 12 months of change around the brewing process has been complex. This has been an opportunity to apply all our efforts in further establishing a culture of safety that will take us into the future and towards that global ambition of ZERO accidents. Ultimately, we aim to achieve this through the implementation of our strategy and adopting the ISO 45001 standard.

WHAT WE SAID

2016

LEADERSHIP TRAINING

Run annual safety awareness events for safety leaders across the business to share best practice and reinforce expected behaviours.

DEVELOPING CULTURE

Continue to develop an accountable safety culture and ZERO accident mind-set.

WHAT WE DID

2017

Multiple safety awareness and training days implemented across the year.



Developed culture training and communications, and accidents were reduced in a number of key areas.



ACTIONS TOWARDS ZERO

2018

ZERO accidents culture

Continue to roll out local ZERO accidents programme to achieve 2022/2030 targets.



ZERO ACCIDENTS CULTURE

WORKING TOWARDS A SAFER WORKPLACE

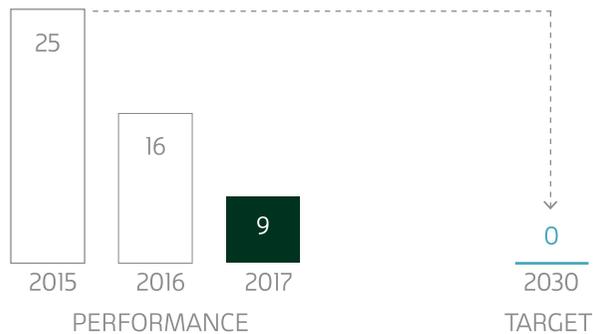
2022 TARGET

REDUCTION IN ACCIDENT RATE YEAR ON YEAR

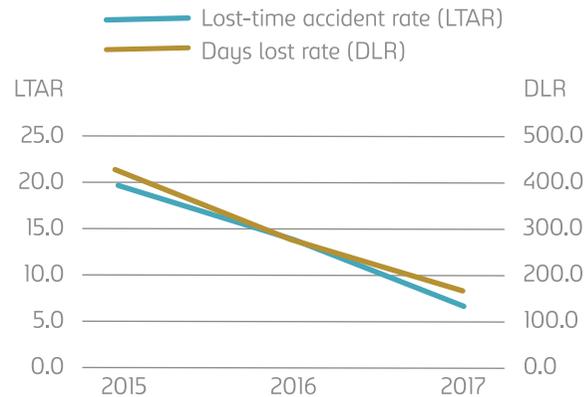
2030 TARGET

ZERO LOST-TIME ACCIDENTS

LOST-TIME ACCIDENTS



LOST-TIME ACCIDENTS AND DAYS LOST RATES (rate/1,000 employees)



LOST-TIME ACCIDENT RATE (LTAR)

2016 PERFORMANCE

16

2017 PERFORMANCE

9

Performance data refers only to direct employees.

Carlsberg
Ø P
C. Jacobsen

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Local Enterprise Partnership

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RESPONSIBLE BUSINESS

THE VALUES THAT GUIDE OUR OPERATION

LIVE BY OUR COMPASS

Introduced in 2016, The Live by our Compass programme provides detailed guidance on ethical behaviour and emphasises the importance of integrity at all levels of our organisation.

In 2017 almost 100% of Carlsberg Employees received training in our code of ethics and conduct. At the end of this bespoke e-learning module each employee signed a declaration, making a personal commitment to compliance with the code. A new policy structure was devised this year, resulting in 28 global policies. Implementation of these policies is currently underway.

Our SpeakUp programme, enabling staff to confidentially and anonymously report suspected misconduct, was extended in 2017. It is now available in 30 languages and is accessible via web or phone. 53 reports were

made in 2017 and of these, 29% were upheld. Our aim going forward is to continue to raise awareness and further improve transparency around speaking up.

LABOUR AND HUMAN RIGHTS

We are determined to ensure that across the world, business is always conducted in a fair and responsible manner, with respect for global standards and guidelines. At the same time, we work to provide a safe, healthy working environment in which all our employees are empowered to reach their full potential. Our Triple-A framework – alignment, accountability, action – defines how we work together to create a winning culture. In 2017, Triple-A became the framework for all leadership and performance evaluations.

Also in 2017, our Labour & Human Rights (LHR) policy was revised, giving us an opportunity to renew our training and build

awareness of the policy. Issues like forced and child labour, poor working conditions and gender diversity can all be raised and challenged through this policy.

RESPONSIBLE SOURCING

We see it as our responsibility to ensure that suppliers to the Carlsberg Group adhere to the same high standards as we do ourselves. 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. In 2017 we carried out 154 supplier audits focussed on glass bottles, cans and malt.

QUALITY & SAFETY OF OUR PRODUCTS

Our business is 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 other's, high expectations.

Our beers are brewed to precise recipes and continuously monitored throughout the production process. 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. We also carried out 154 audits of quality standards on supplier sites, often leading to corrective actions being implemented by the supplier.

Also in 2017, the Group's Quality and Food Safety Policy was revised. This policy sets out our commitment to produce products of the highest standards.

Our policies

<https://carlsberggroup.com/sustainability/download/download-our-policies/>





RESPONSIBLE BUSINESS

OUR CONTRIBUTION TO THE SURROUNDING COMMUNITY

THE CARLSBERG UK NORTHAMPTONSHIRE FOOD AND DRINK AWARDS

At Carlsberg UK, we recognise that a thriving food and drink sector is critical to the long-term health and sustainability of our business. In supporting regional businesses working in the sector – from artisan bread makers to gastro pubs – we can help our industry and also play our part in the life of our local community.

The Carlsberg UK Northamptonshire Food and Drink Awards is an opportunity to do just that. For the last eight years, we have been headline sponsors of the awards and this year's event showcased some truly wonderful, locally made produce, eateries and bars, recognising the very best dining and drinking venues our home county has to offer. The food and drink sector accounts for 19% of total UK manufacturing which makes it the largest single contributor. Annual turnover across the sector amounts to £97.3bn and over 400,000 people are employed. 97% of the 7,000 food and drink manufacturing businesses are SME's

and we collectively contribute £28.8bn to the economy. Our work through the awards, supporting the SME's in Northamptonshire, celebrates this success and the producers, pubs and eateries that Northamptonshire is rightly proud of.

CARLSBERG CHRISTMAS BREW

Community is a key part of the Carlsberg UK ethos and our purpose directly reflects that - 'Brewing for a Better Today and Tomorrow'. This year, our inaugural, limited edition Carlsberg Christmas Brew enabled us to donate £10,000 to the Northamptonshire Community Foundation's 'Surviving Winter Appeal'. The annual appeal supports the county's most vulnerable people during the cold winter months.

▶ Northamptonshire Community Foundation - The Surviving Winter Appeal

<http://www.ncf.uk.com/give/donate/survivingwinter>

'YOUR BEER, HERE?'

For the past four years, Carlsberg UK has developed and refreshed its offering of craft beers through its Crafted portfolio.

The latest portfolio features 65 beers and ciders, including five new draught beers and 12 new packaged world, craft and speciality beers, all of which are featured in the accompanying Crafted handbook.

As part of this year's craft celebration, we launched 'Your Beer, Here?', a competition to give smaller craft breweries and importers the chance to feature in our 2017 range and handbook. The winner was Toast Ale, the UK's first 'bread to beer' ale, brewed by a social enterprise and now available to stock in thousands of pubs, bars and venues across the country.

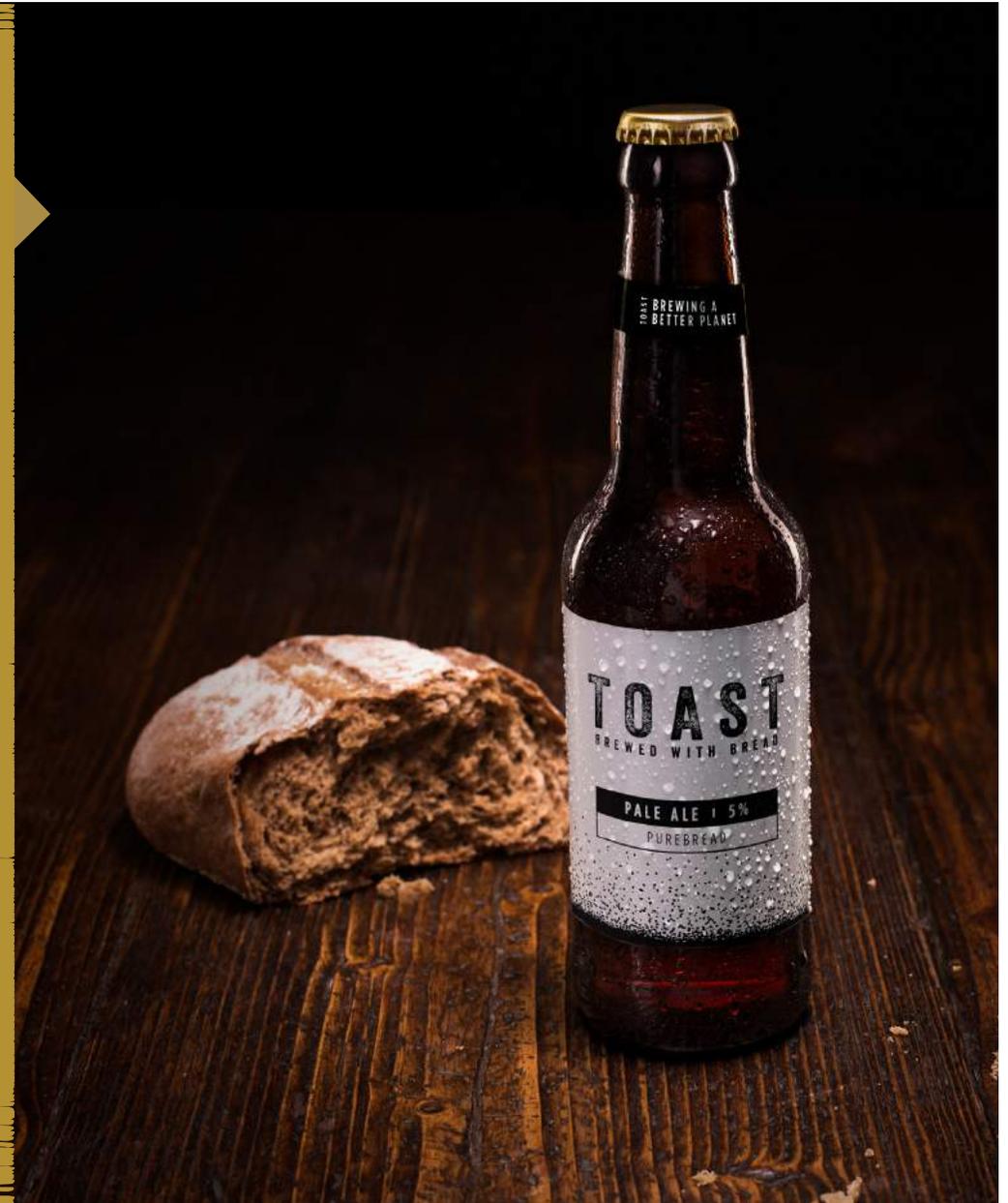
Based in Yorkshire, TOAST hope to create a rev-ALE-ution by raising awareness of food waste. Fresh, surplus bread is used to make a variety of Toast ales in microbreweries across the country.

All profits go to Feedback, a global charity with ambitions to rid the world of food waste through effective lobbying, targeted campaigns and innovative solutions.

As Rob Wilson of Toast Ale, commented: "We are thrilled to have won Carlsberg UK's first 'Your Beer, Here?' competition. Although we are a relatively young company, we are ambitious and see this as a fantastic chance to share our brew and message with an established and wide network of national contacts."

➤ Toast Ale

<https://www.toastale.com/>



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