



SUSTAINABILITY REPORT 2020

ENVIRONMENT,
SOCIAL & GOVERNANCE
DISCLOSURES

INTRODUCTION

Welcome to the Carlsberg Group's Sustainability Report for 2020

Here we present an update on progress on our Together Towards ZERO programme as we work with our people and partners to achieve ZERO carbon footprint, ZERO water waste, ZERO irresponsible drinking and a ZERO accidents culture. We explain how we do business responsibly to support these goals and our business strategy. And we provide information on sustainability governance.

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FIND OUT MORE

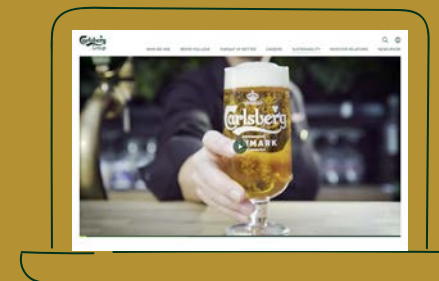


SUSTAINABILITY REPORT + SUMMARY

This full *Sustainability Report* provides detailed information on our strategy, governance, partnerships and performance. The *Summary* includes extracts from this report to provide an overview of our approach and progress.

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.youtube.com/c/CarlsbergGroup)



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



[@carlsberggroup](https://twitter.com/carlsberggroup)



[Carlsberg Group](https://www.linkedin.com/company/carlsberg-group)

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



ABOUT THIS REPORT

Our annual reporting suite comprises three reports: our *Annual Report*, this Sustainability Report and a *Remuneration Report*. Each includes content tailored to its specific audience and cross-references to the other reports where relevant. Download all the reports at carlsberggroup.com.

This Sustainability Report describes our approach and performance on our most material social, environmental and ethical issues for the financial year 1 January to 31 December 2020.

It covers all Carlsberg Group subsidiaries in which we have a controlling stake and possess more than 50% of the voting rights, across 31 countries, including 86 breweries and soft drinks production sites (together referred to as “breweries” in this report) and two malting plants. See page 74 for more on our reporting scope and methodology. Selected data on key performance indicators is subject to limited assurance by PwC (see page 90).

This report serves as our annual communication on progress to the UN Global Compact and as our statutory statement on corporate social responsibility in accordance with section 99a of the Danish Financial Statements Act.

Our actions to contribute to the UN Sustainable Development Goals are signposted in relevant sections and summarised in the Governance and transparency section (see pages 59-65).

EXTERNAL PERSPECTIVES

The Carlsberg Sustainability Advisory Board (CSAB) was established and held its first meetings in 2020 to provide additional “outside in” perspectives directly to our CEO and senior executives. We invited the three external members to provide feedback on our sustainability approach and performance.

See page 53 to find out more about the CSAB, their feedback and our response.

We also completed an update of our materiality assessment, analysing the greatest risks and opportunities for our business. This included an internal survey across a range of functions and geographies, as well as a series of interviews with external stakeholders.

See page 57 for more about our materiality assessment and our most material issues.

“ I am pleased to be part of the CSAB and have the opportunity to follow – and influence – the Carlsberg sustainability journey.

From my perspective it is a genuine improvement journey that seeks to continuously raise the bar, focusing on the material issues. Much has been done in recent years, which allows us to set high ambitions. All companies are today truly at an inflection point with regard to ESG and sustainability, and it is clear to me that Carlsberg is stepping up to this challenge.

Knut Haanaes,
Professor of Strategy,
Lundin Sustainability Chair,
IMD Business School

“ It has been my utmost pleasure and privilege to be a part of the CSAB, which has allowed me to contribute my consumer trends expertise for a higher cause.

It’s heartening to see how the Together Towards ZERO initiative is more than just a CSR campaign; but a well-crafted strategic plan to lead Carlsberg towards a more sustainable future.

Looking ahead, I’m hopeful that the executive leadership of Carlsberg will be able to set new standards for how business success will be measured – not just by financial metrics and shareholder value, but by the organization’s impact on people and planet.

Acacia Leroy,
Greenhouse Labs Manager,
Deloitte SEA

“ Since 1847, Carlsberg and its people have remained true to the founder’s heritage, aspirations and responsible way of working. The decade leading to 2030 will be dynamic and challenging.

To transform itself whilst securing business continuity and success will not be an easy task. Well-supported by a bold company purpose, with its ambitious Together Towards ZERO sustainability programme and strong commitment from its leadership and staff, Carlsberg is ready for the job.

The CSAB will play its part, acting as a sparring partner for the leadership team and helping to stay in sync with expectations of the outside world. Companies must adapt to survive, and we will challenge the speed and scale of sustainability implementation, advising on the tough dilemmas and trade-offs on the way Towards ZERO.

Frank van Ooijen,
Independent Sustainability Consultant

OUR BUSINESS

Carlsberg is one of the world's largest brewery groups. In 2020, we produced almost 117 million hectolitres (hl) of quality beers and beverages.

Our 100+ consumer brands include international premium brands such as Carlsberg, Grimbergen, 1664 and Tuborg, as well as strong local brands. In 2020, we increased sales volumes of craft & speciality brews

by 1% and alcohol-free brews by 11%, although the overall volumes of beer we sold declined due to the impact of various COVID-19 restrictions.

More than 40,000 employees help us produce, transport and sell our beer. We have 88 sites in Western Europe, Eastern Europe and Asia. Our products reach consumers in over 100 countries around the world

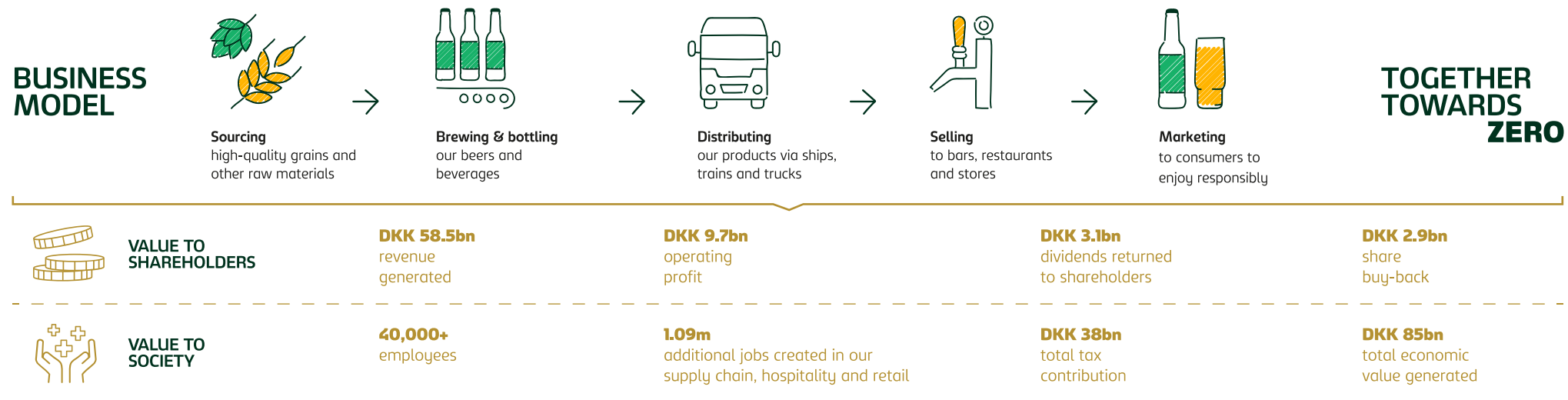
through domestic sales, exports and licensing agreements.

We deliver value to our shareholders and society, and support sustainable development, through the contribution we make to economies around the world (see graphic).

Our majority shareholder, the Carlsberg Foundation, uses its dividends for wide societal benefit. In 2020, the Carlsberg Foundation,

together with the New Carlsberg Foundation and the Tuborg Foundation, granted DKK 956m to support scientific research, arts, culture and civil society, including over DKK 109m towards COVID-19 relief efforts.

See our *Annual Report* for more information on our business and financials at carlsberggroup.com/reports-downloads.



TOGETHER TOWARDS ZERO

At Carlsberg, we are brewing for a better today and tomorrow. That is our purpose.

We have been brewing for over 170 years. Doing business responsibly and sustainably will help us stay on course to achieve our SAIL'22 strategy, deliver value for shareholders and society, and keep

brewing for many more years to come. See our Annual Report for more on our SAIL'22 strategy.

Our Together Towards ZERO programme helps us mitigate long-term risks and make our business more resilient by tackling global challenges such as climate change, water scarcity and public health

issues. It also enables us to capture opportunities by meeting growing consumer demand for more sustainable products and healthier choices.

The programme sets out transformative targets to drive action in four priority areas: ZERO carbon footprint, ZERO water waste, ZERO

irresponsible drinking and ZERO accidents culture. Identified through a materiality process (see page 57), these are the areas where we can have the biggest impact on sustainable development through our business and our partnerships. We have aligned our ambitions and targets to the UN Sustainable

Development Goals (SDGs) where we can have the greatest impact.

We partner with suppliers, NGOs and others in our industry to make progress Together Towards ZERO. Our steadfast commitment to doing business responsibly underpins progress in all four priority areas.

BREWING FOR A BETTER TODAY & TOMORROW

Purpose

SAIL'22 priorities



Sustainability strategy

TOGETHER TOWARDS ZERO

Sustainability priorities

	ZERO CARBON FOOTPRINT		ZERO WATER WASTE		ZERO IRRESPONSIBLE DRINKING		ZERO ACCIDENTS CULTURE	
2030 targets	ZERO carbon emissions at our breweries	30% reduction in beer-in-hand carbon footprint	50% reduction in water usage at our breweries	Partner to safeguard shared water resources in all high-risk areas	100% of our markets improve on responsible drinking year on year		ZERO lost-time accidents	
Progress in 2020	39% reduction since 2015	7% reduction from 2015-2019 ¹	18% reduction since 2015	Risk assessment complete, starting partnerships	11% growth in alcohol-free brews in 2020	22.5m people reached through campaigns on Global Beer Responsibility Day	116 lost-time accidents in 2020	63% reduction since 2015
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	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		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		Reduction in accident rate year on year	

Foundation



RESPONSIBLE BUSINESS

Living by our Compass · Embracing diversity & inclusion · Developing & engaging our people · Sourcing responsibly · Ensuring product quality & safety



¹ Beer-in-hand data for 2015-2019. See page 88.

SUPPORTING PEOPLE THROUGH THE COVID-19 CRISIS

The COVID-19 pandemic has impacted lives and livelihoods worldwide, with far-reaching health and economic consequences.

During these unprecedented and challenging times, we prioritised the health and wellbeing of our people (see page 39) and stepped up efforts to support our customers and communities.

HELPING COMMUNITIES STAY STRONG

We transformed brewery production lines to produce alcohol for hand sanitiser. We donated equipment and alcohol-free beverages to support healthcare workers. And we ran campaigns to support the hard-hit hospitality sector. See map for local examples.

We made corporate contributions and Carlsberg teams around the world raised funds for local organisations. In addition, the Carlsberg Foundation, together with the New Carlsberg Foundation and the Tuborg foundation, donated DKK 109m during the crisis to support

research, arts, culture and civil society.

CALLING FOR A LOW-CARBON RECOVERY

As we work to respond to COVID-19 challenges and reset our business for the future, we know society must also do the same and we are determined to play our part in supporting a low-carbon recovery.

Together with the Science Based Targets initiative and 150 other leading businesses, we called on governments around the world to align their COVID-19 recovery efforts with the latest climate science. We also joined business leaders and investors in urging the European Union to put the European Green Deal at the core of its recovery package.

EXAMPLES FROM AROUND THE WORLD

+ HEALTHCARE SUPPORT

Poland: Donated PLN 300,000 (DKK 490,900) to support three hospitals.

Kazakhstan: Supplied alcohol-free beverages, food parcels and medical equipment to around 2,000 people.

Ukraine: Gave 8,000 protective suits and 3,000 bottles of alcohol-free Kvas Taras to health workers and vulnerable people.

Cambodia: Provided 40,000 cartons of water and soft drinks to medical workers and underprivileged families.

China: Donated CNY 5m (DKK 4.7m) to help combat COVID-19.

🚰 SANITISER PRODUCTION

Croatia: Produced 4,000 litres of hand sanitiser for employees and local communities.

Switzerland: 336,000 litres of high-proof alcohol – a by-product of our alcohol-free brews – helped disinfectant manufacturers meet heightened demand.

Denmark: Produced nearly 16m litres of alcohol base for hand sanitiser on a non-profit basis.



❤️ COMMUNITY SUPPORT

Greece: Reached over 2m people through our Together at Home campaign encouraging people to stay isolated but not alienated.

Italy: Donated 2,000 food parcels for 10,000 people in need.

Malaysia: Donated MYR 1.5m (DKK 2.3m) to help 1,400 schools reopen safely for more than 1m children.

Russia: Provided 100,000 litres of non-alcoholic beverages and 500,000 pieces of protective equipment for medical staff, nursing homes and volunteers.

🍺 HOSPITALITY SUPPORT

UK: Helped bars and restaurants continue trading through the Love My Local platform for check-in, table service, collections and deliveries.

Singapore: Contributed SGD 120,000 (DKK 554,500) in subsidies and promotions to support coffeeshops in a smooth recovery.

Denmark: Adopt a Keg initiative supported the hospitality sector by offering people a free beer in a bar after lockdown if they bought our beer in stores.

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.

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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.



See SDG index, page 59.



-39%

lower carbon emissions per hl beer produced since 2015



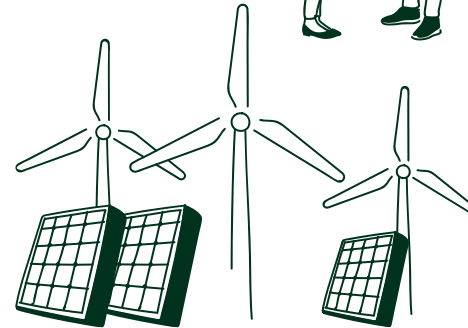
-7%

lower beer-in-hand value chain carbon footprint per hl from 2015-2019, equivalent to taking more than 200,000 cars off the road¹



64%

renewable electricity powering our breweries

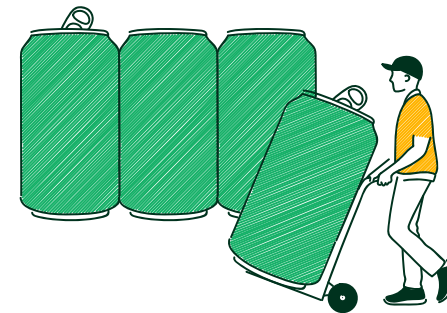


A List 2020
A CDP
rating from the CDP for transparency and action on climate



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

¹ Emissions from driving a car 20,000 km a year at a rate of 130 g CO₂/km = 2.6 tonnes CO₂/year

We have discontinued our target specifying 30 supplier partnerships as collaboration with suppliers has become such an integrated part of our approach. See page 16.



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



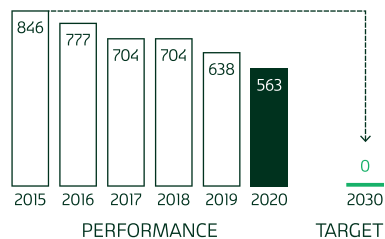
ELIMINATING BREWERY EMISSIONS

Our global *Environmental Policy* supports our progress towards ZERO carbon emissions from our breweries. It sets out our commitment to robust environmental standards with particular focus on energy and emissions as well as water, waste and packaging.

We manage our 86 breweries and two malting sites as part of our integrated supply chain, using best practice environmental management systems to drive continuous improvement. These systems are certified to the ISO 14001:2015 standard at 79 of our breweries, and energy management systems at 19 sites are also certified to ISO 50001.

We collect environmental data from across all our breweries and malting

BREWERY AND MALTING SITE EMISSIONS: ABSOLUTE SCOPE 1 & 2
(thousand tonnes CO₂, excl. logistics)*



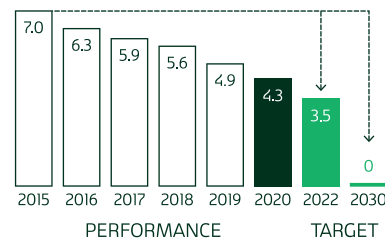
sites to track progress. In 2020, carbon emissions totalled 563,000 tonnes.

We are switching to 100% renewable electricity, eliminating use of coal and adopting best practices and advanced technologies in production processes.

In 2020, we reduced relative emissions at our breweries by 12% to 4.3 kg CO₂ per hl from 4.9 kg CO₂ per hl in 2019. That is a 39% reduction since 2015, well on the way to our target of 50% by 2022. Overall, across our breweries and malting sites we have cut our absolute emissions by 33% since 2015. This is a saving of 283,000 tonnes of CO₂, equivalent to taking 109,000 cars off the road for a year¹.

We are on course to eliminate emissions from our breweries and malting sites by 2030.

BREWERY EMISSIONS: RELATIVE SCOPE 1 & 2
(kg CO₂/hl, excl. logistics)*



SWITCHING TO RENEWABLE ENERGY

We are well over halfway towards our goal to source 100% of electricity for our breweries from renewable sources like the sun and wind by 2022. To ensure a robust approach to the measurement and use of renewable electricity, we are members of the RE100, and apply their technical criteria when working with renewable electricity – see overview of approved renewable electricity types below. In 2020, we reached 64% (up from 56% in 2019). Our breweries in China achieved 100% this year, joining all our breweries in Western Europe, which achieved this target several years ago.

Most of our renewable electricity comes from the grid through the purchase of renewable electricity certificates, totalling 570,077 MWh in 2020. At eight of our sites, we generate renewable power from on-site solar panels. We are also exploring options to buy renewable

RE100 OPTIONS FOR RENEWABLE ELECTRICITY

To achieve 100% renewable electricity, a company may choose from the following options:

Self-generated electricity

1. Generation from installations owned by the company

Purchased electricity

2. Purchase from on-site installations owned by a supplier
3. Direct line to an off-site generator with no grid transfers
4. Direct procurement from offsite grid-connected generators
5. Contract with suppliers (green electricity products)
6. Unbundled energy attribute certificate purchase
7. Other options

WHAT WE MEAN BY ZERO CARBON FOOTPRINT

Brewery emissions: We aim to eliminate carbon emissions from our 88 sites – including breweries and malting sites – by 2030. To help us drive progress towards this absolute target and improve production efficiency on the way, we aim to halve emissions per hectolitre (hl) of production from our 86 breweries – including breweries, soft drink and water plants, but excluding malting sites – between 2015 and 2022.

Both targets include Scope 1 and 2 emissions and exclude owned logistics and distribution, which are included in our beer-in-hand target.

Beer-in-hand emissions: We aim to reduce our value chain (beer-in-hand) emissions per hl of beer produced by 15% by 2022 and 30% by 2030 from our 2015 baseline. These reductions cover Scope 1, 2 and 3 emissions from: growing and malting raw materials; brewing, packaging, distributing, and chilling our products; and handling our packaging waste after use.

¹ Emissions from driving a car 20,000 km a year at a rate of 130 g CO₂/km = 2.6 tonnes CO₂/year.

* 2020 data within PwC's assurance scope. 2015-2019 data assured in prior years (see previous *sustainability reports*).

electricity directly from wind and solar producers through power purchase agreements.

Our site at Farris in Norway achieved zero carbon emissions in 2020, switching from fuel oil to renewable electricity. Globally, eight of our breweries are now carbon-neutral, powered by 100% renewable electricity and thermal energy.

By targeting 100% renewable electricity for brewing, and through our membership of the RE100, we aim to encourage our industry peers and suppliers to make the same switch to renewables.

ELIMINATING COAL

In 2020, we converted a coal-fired boiler at our Okocim brewery in Poland to run on biogas generated on site and, if necessary, natural gas. That leaves just one site where we still use coal, our Aurangabad brewery in India. Plans to convert the coal-fired boiler at this site to run on biomass have been delayed due to an extended COVID-19 lockdown in India, but we aim to complete this in 2021.

Many of our breweries have replaced coal and natural gas with innovative technology to harness carbon-neutral thermal energy. In 2020, 28 breweries made use of biomass, biogas extracted from on-site wastewater, renewable district heating or biogas

certificates. In Switzerland, 52% of all heat generation came from renewable fuels, including 27% from ethanol extracted while producing our alcohol-free beer.

TRANSFORMING BREWING EFFICIENCY

Our breweries continued to break new boundaries for efficiency and innovation in 2020.

In Asia, we cut the amount of heat our breweries use by 13% from 2019 through investments in bottle washing and energy recovery systems.

In Western Europe, we installed new brewhouse heat recovery systems in Estonia and Lithuania that cut heat use by over 10%.

In Eastern Europe, we added recuperative heat exchange units in Ukraine and reduced brewhouse evaporation in Russia.

Climate and water risks to our business are connected and so are many of the solutions. For example, the new advanced water-recycling plant at the Fredericia brewery in Denmark, operational in 2021, will halve water consumption, and biogas generated from the wastewater treatment process will replace around 10% of the site's natural gas consumption.



CASE STUDY

OUR SCIENTISTS PURSUE TOMORROW'S ZERO CARBON SOLUTIONS

Post-doctoral researchers at the Carlsberg Research Laboratory are using next-generation technology to bring us a step closer to a ZERO carbon future.

In 2020, the talented members of our Young Scientists Community created a "digital twin" brewery in close collaboration with colleagues from our integrated supply chain and Baltika in Russia. This unique virtual tool will enable us to simulate new ideas, brewing techniques and

energy-saving solutions at our breweries without disrupting current production. The scientists are already trialling interventions that could help our brewery in Ukraine cut energy use by up to 15%.

They are also evaluating early-stage technologies with the potential to save energy and carbon at our breweries globally, including solar-assisted brewing, heat pump integration and energy from spent grain.

CUTTING OUR BEER-IN-HAND EMISSIONS

We look beyond the brewery gates to understand and reduce the climate impact of our products across the value chain – from growing and malting grain to brewing, packaging, transporting and cooling our products. We call this our beer-in-hand emissions.

MEASURING OUR VALUE CHAIN FOOTPRINT

We cannot manage what we do not measure. We conduct in-depth assessments of our carbon emissions across the value chain every three years, using leading best practices and the *Greenhouse Gas Protocol*.

In 2020, we conducted our most extensive analysis yet of our global value chain carbon footprint, based on the European Commission guidelines and with support from the Carbon Trust. Suppliers representing more than 60% of our spend provided in-depth product-level data on the emissions they generated to provide ingredients, packaging and transport for our beer.

The results showed that our value chain emissions in 2019 totalled 6.8 million tonnes of CO₂-equivalents (CO₂e). For every hectolitre of our beer that consumers enjoyed, it took 56.4 kg of CO₂e to do everything needed to put the beer in their hand. That is 7% less than in 2015, putting us almost halfway towards our 2022 goal of 15%. We will use the data to help identify and implement the actions needed to achieve our target.



We have worked closely with Carlsberg on their supply chain emission calculation model since 2016, and the work we did this year sets new standards for Scope 3 emissions accounting and measurement. The model we have developed together uses very granular data for each value chain step. This enables Carlsberg to track, measure and reduce its Scope 3 emissions on a market, regional and global level with great precision, which puts the company at the forefront of Scope 3 accounting.”

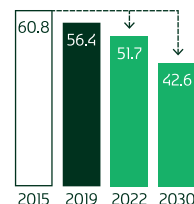
Myles McCarthy
Director Implementation, The Carbon Trust

OUR BEER-IN-HAND EMISSIONS: ABSOLUTE SCOPE 1, 2 & 3
(thousand tonnes CO₂e)



PERFORMANCE

OUR BEER-IN-HAND EMISSIONS: RELATIVE SCOPE 1, 2 & 3
(kg CO₂e/hl)



PERFORMANCE TARGET

REPORTING ON CLIMATE-RELATED FINANCIAL RISKS AND OPPORTUNITIES

Recognising the increasing risk of climate change to businesses and communities across our regions, in 2020 we broadened our analysis and reporting in this area by aligning with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Using the TCFD reporting framework, we will continue to improve our understanding and disclosure of the medium- and long-term impact of climate change on our business.

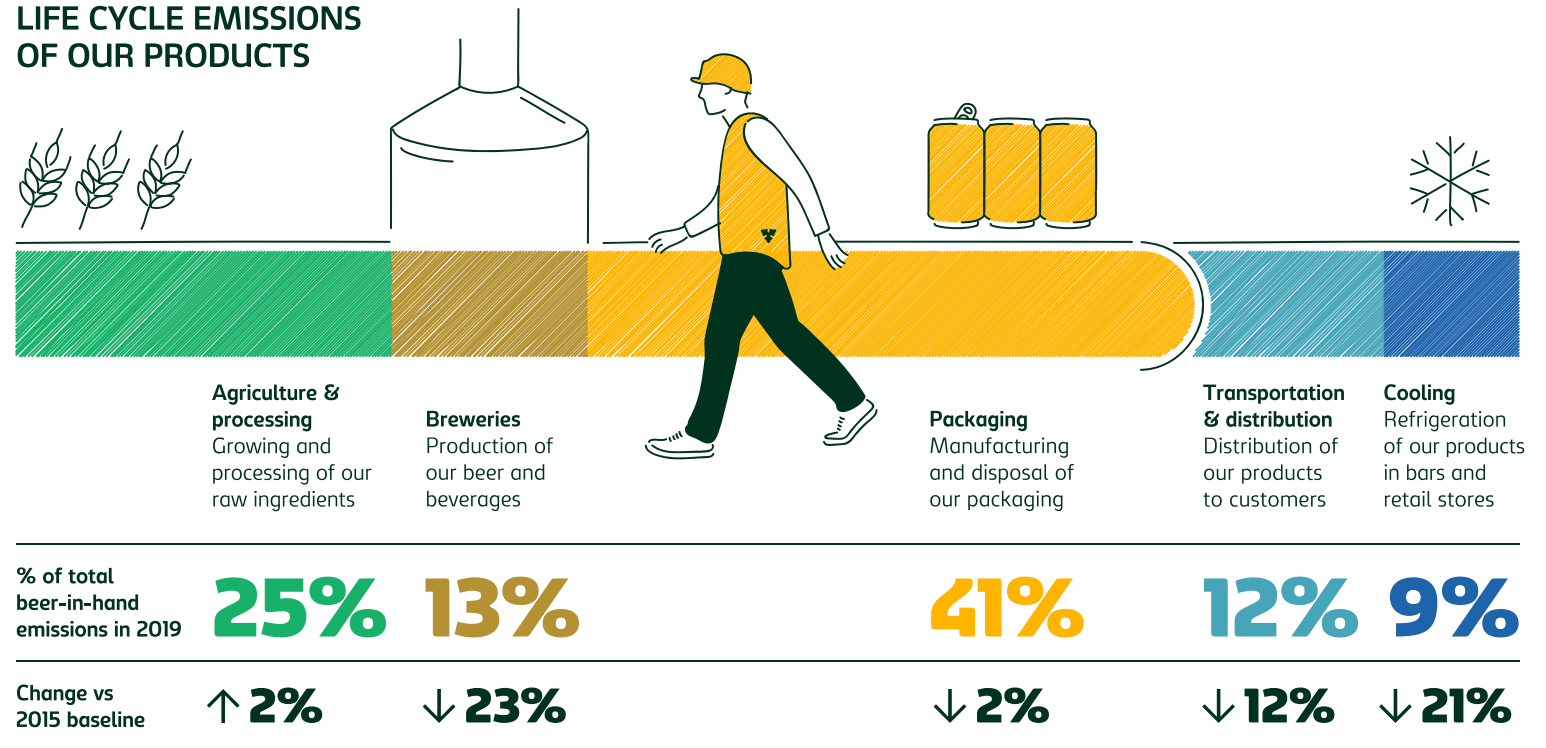
Our first disclosure according to the TCFD reporting framework is included in our *2020 Annual Report* (page 36), available at carlsberggroup.com/reports-downloads.

It provides a brief summary of our governance, strategy, risks, metrics and targets in relation to climate change with links out to more information in this Sustainability Report and elsewhere.

The graphic illustrates our progress across each stage of the journey from field to glass. It shows that we have significantly cut carbon from our brewing and cooling, and made some progress on packaging and transport. However, emissions generated from agriculture – over which we have least control – have risen slightly.

Methodologies for value chain footprinting continue to develop, and in our latest analysis we updated our 2015 baseline to reflect the improved methodology, greater availability of primary data, and additional sector guidance on both calculations and emissions factors from the Product Environmental Footprint Category Rules (PEFCR) and the Beverage Industry Environmental Roundtable (BIER). This resulted in a 12% increase in our 2015 baseline.

LIFE CYCLE EMISSIONS OF OUR PRODUCTS



THE SCIENCE BEHIND OUR CARBON ACCOUNTING

We conduct a comprehensive analysis of our global beer-in-hand carbon footprint every few years, using stringent processes that enable us to identify and conduct reduction activities specific to each market.

We adhere to the rigorous GHG Protocol for Scope 1, 2 and 3 emissions and the Beverage

Industry GHG Emissions Sector Guidance (Version 4.1), developed by the Beverage Industry Environmental Round Table (BIER).

Detailed data from our suppliers enables us to track emissions by market down to product group level. In total, we collect primary data for more than 60% of our spend, covering our wide-reaching value chain from raw materials to point of sale.

We were early adopters of the product environmental footprint guidelines, developed by the European Commission for measuring a product's environmental footprint. And we apply the relevant parts of these specific product rules for beer to measure our corporate value chain footprint.

Seventy-five percent of our Scope 3 emissions are covered by our 2030 beer-in-hand carbon

reduction target – exceeding the 67% required by the Science Based Targets initiative.

Adopting globally recognised best-practice standards gives us confidence that we are gathering science-based information to inform our efforts to reduce our carbon footprint and mitigate climate-related risks to our business.

Read more about the methodology on page 88.

PARTNERING TO SHRINK OUR SHARED FOOTPRINT

With 87% of our value chain carbon footprint outside our operations and direct control, partnering is key to reducing our beer-in-hand emissions.

We collaborate with partners who supply our ingredients, packaging, transport and refrigeration on efficiencies and innovation that drive down their carbon footprint and ours. For example, partnerships are helping us drive progress in areas such as sustainable packaging and switching to renewable energy.

Originally, we set a fixed target to enter into 30 partnerships with suppliers to reduce our shared carbon footprint by 2022. Partnerships have now become such an integral part of our approach that we have decided to stop tracking the number of partnerships and focus on their impact.

This year, we were able to obtain primary data input on greenhouse gas emissions from suppliers representing more than 60% of our spend to inform our beer-in-hand carbon footprint analysis.

More than 98 companies in our supply chain have joined the Science Based Targets initiative, 12 of which account for more than 13% of our total carbon footprint and have a significant direct impact on our beer-in-hand targets.

Together with O-I Glass, a supplier of our Western European markets, we localised production of our Grimbergen bottles in France at an energy-efficient plant. The bottles are made using almost 80% recycled broken glass and delivered to our nearby Kronenbourg brewery by train, a lower-carbon emission alternative to trucks.

Some of our key suppliers have adopted their own carbon-cutting roadmaps that support our 2022 and 2030 targets to reduce our beer-in-hand footprint. Examples include two major beverage can suppliers, Ball and Crown.

In 2020, Ball completed two long-term renewable energy agreements for 93.4 MW of new wind energy and secured additional Guarantees of Origin to address 100% of its energy load in Western Europe moving forward. Meanwhile, Crown has launched new goals to halve its operational emissions and source 60% of its electricity from renewables by 2030.

RETHINKING PACKAGING

High-profile campaigns and new regulations have put the environmental impacts of packaging, and particularly plastics, in the spotlight.

Our own packaging – including glass and plastic bottles, cans, kegs, plastic wrap and cardboard boxes – generates 41% of our beer-in-hand emissions. This is by far the largest part of our value chain carbon footprint.

To cut the climate impacts of packaging, we invest in innovation and promote reuse and recycling. We are also developing industry-leading solutions to reduce our plastic packaging, which can have a wider environmental impact, particularly if it ends up in the world's oceans (see feature on next page).

Aluminium cans are the containers we use most for our products and account for the biggest share of our emissions from packaging. This year, we partnered with suppliers to continue reducing their weight, use more recycled content and improve recycling rates after use. Our beer-in-hand analysis showed we cut emissions from cans by around 17% from 2015 to 2019 – a testament to the impact we and our suppliers can have when we work together.

Around the world, we support well-established and efficient bottle return systems for consumers with high collection rates. In some markets we wash and refill returnable glass bottles. And in Malaysia we implemented a protective coating

that can make them last three times as long.

Many of our breweries support local initiatives to boost recycling rates for packaging. In 2019, Baltika launched 19 partnerships to operate 10,000 recycling containers in 50 municipalities across Russia. And in 2020, the powerhouse brand expanded its trial with retailer VkusVill to install vending machines in St. Petersburg and Moscow stores where consumers can drop off used cans and plastic bottles – the first initiative of its kind in the country.

We are also experimenting with product packaging to reduce our carbon footprint. With our supplier DS Smith, we are testing stronger, thinner cardboard boxes that could cut raw material use and related emissions from a multipack by around 20%. In 2020, we started trialling the boxes at our brewery in Falkenberg, Sweden.



FEATURE

SPOTLIGHT ON PLASTICS

We are continuing our efforts to reduce, recycle and avoid plastics.

In 2020, we partnered with suppliers to extend our revolutionary Snap Pack technology to three more markets. Launched in the UK in 2019, Snap Pack cuts plastic by up to 76% per multipack by replacing plastic shrink wrap or rings with glue dots that hold

packs of cans together. It is now in use in Denmark, Estonia, France, Germany, Latvia, Lithuania and the UK.

We are getting closer to a “paper” beer bottle that can be launched commercially, with a trial planned for 2021 pending regulatory approval with our technology partner, Paboco.

The Green Fibre Bottle, made from sustainably sourced wood fibre, has the potential to offer a more sustainable alternative not only for beer, but for other drinks and liquid products. We were joined by other leading companies in the project, all of which have made good progress this year: Coca-Cola has launched its first prototype and Absolut has

launched a trial in Sweden and the UK.

We are also innovating in our use of recycled plastics for product packaging. We now use shrink film made of 100% recycled plastic in Denmark, Finland, France, Norway, Poland and Sweden. For the Karhu brand in Finland alone, carbon

savings will total 200 tonnes of CO₂e a year. Meanwhile, in 2020, Bon Aqua in Finland launched 100% recycled PET bottles, joining our Imsdal brand in Norway, which moved away from virgin plastic in 2019. And we launched the first PET bottle-recycling machine in Belarus together with supermarket and waste collection partners.

PROMOTING SUSTAINABLE AGRICULTURE

The second biggest share of our value chain climate impact – 25% of emissions – comes from growing, malting and processing ingredients for our beers and other beverages.

Our business depends on a long-term, sustainable supply of crops, mainly barley and rice. We generally purchase barley as a commodity. While we only work directly with farmers in one country, Russia, we support sustainable agriculture more broadly in several ways.

We invest in next-generation crops through the work of scientists at the Carlsberg Research Laboratory. Their ground-breaking efforts, highlighted on page 11, include developing climate-tolerant and high-yield varieties of barley.

Our beer-in-hand analysis enables us to identify drivers of emissions, which we will work on factoring into our purchasing decisions in the future. For example, higher-yield crops can significantly reduce carbon emissions from agriculture. This means we may buy grain from regions that produce higher yields even if this involves transporting our raw ingredients over longer distances, since it reduces overall carbon emissions.

The energy used to malt grain for our beers – by our suppliers and at our own malting plants in Russia – accounts for around 3% of our total value chain emissions. Between 2015 and 2019, we reduced carbon emissions from malting processes by 19% for every hectolitre of beer produced. This was achieved through decarbonising efforts at our own plants and by our supplier Viking, which has converted a large part of its heat generation to sustainable biomass.

MAKING OUR LOGISTICS SMARTER

The logistics of getting our beer from breweries to warehouses and on to bars, restaurants and retailers by road, rail and sea account for 12% of beer-in-hand emissions.

Emissions from transport decreased by 12% between 2015 and 2019. We plan to take advantage of improving technology to make our fleet more sustainable.

At our warehouses, whenever we replace machinery such as forklift trucks we aim to switch from natural gas and diesel to electric models, and from lead acid batteries to more efficient lithium ion batteries. To do this, we also need to invest in suitable infrastructure for charging electric vehicles. We now have over 1,550 electric powered forklifts,

making up around 70% of the fleet globally.

Outsourcing most of our outbound logistics enables us to make efficiency gains, including higher fill rates, by transporting our products alongside others. We set clear sustainability requirements in our contracts with logistics providers. For example, they must train drivers to maximise fuel efficiency, and track fuel use and emissions.

In some markets, where we operate our own fleets, we use telematics programmes to monitor and improve our drivers' awareness on the road. These have helped to cut emissions by improving fuel efficiency, as well as reducing accidents and vehicle wear and tear. In 2021, new route planning software will reduce our road mileage, further cutting emissions. In 2020, we took delivery of the first of our fleet of 26-tonne electric trucks in Switzerland – the first of their kind manufactured by Renault Trucks.

Even at its most efficient, transport by road is a relatively high-carbon solution. We therefore look for opportunities to transport products by train wherever national rail networks allow. In 2020, we continued to use rail in Denmark, France, Kazakhstan, Norway,

Russia, Sweden, Switzerland and Ukraine.

CUTTING IMPACTS FROM COOLING






Most of our products are best enjoyed chilled. The fridges and beer coolers used for our beer and beverages in bars, restaurants and retail stores account for 9% of our beer-in-hand footprint.

We work closely with two major suppliers, Frigoglass and Klimasan, to adopt the latest market technologies and solutions, switching to more energy efficient fridges and refrigerants that have a lower climate impact. This proactive approach, combined with more electricity from renewable sources in national grids, reduced our refrigeration emissions by 21% from 2015 to 2019.

The fridges and beer coolers we provide to our retail customers last around eight years on average. To minimise their carbon footprint, all new models we buy must use LED lighting and refrigerants such as hydrocarbons that have a lower climate impact than hydrofluorocarbons. In 2020, 97% of fridges and beer dispense equipment purchased through our central procurement team used low-climate-impact hydrocarbons & LED lighting.

From 2021, we will introduce energy management systems in all replacement fridges, where feasible, to reduce electricity use and related carbon emissions. This will require additional investment from us, but it will save our customers energy and money – and help us reach our 2022 and 2030 targets.

ZERO CARBON FOOTPRINT: OUR PROGRESS & TARGETS

PLANNED ACTIONS FOR 2020	STATUS	PROGRESS IN 2020	PLANNED ACTIONS FOR 2021	2022 TARGETS ¹	2030 TARGETS
Breweries					
Phase out coal at our two remaining coal-fuelled sites.		We converted a coal-fired boiler at Poland's Okocim brewery to natural gas. Plans to convert the coal boiler in India to biomass were delayed due to COVID-19.	Convert the boiler at our Aurangabad brewery in India – our last remaining use of coal – to biomass.	Zero coal at our breweries	Zero carbon emissions at our breweries
Increase use of renewable heat and electricity through sourcing renewable power (such as international renewable energy certificates and power purchase agreements), biogas generation and on-site solar projects.		We increased electricity from renewables to 64% (up from 56% in 2019) primarily by investing in more renewable energy certificates. 28 breweries now operate fully or partly on biomass or biogas.	Explore additional on-site generation and power purchase agreements to secure renewable electricity for all regions for 2022. Explore increasing use of renewable electricity for heating.	100% electricity from renewable sources at our breweries	
Upgrade equipment to improve heat recovery.		We upgraded equipment at breweries in China, Estonia, Lithuania, Russia and Ukraine, and reduced heat usage where possible by optimising production processes.	Increase use of biogas from wastewater to replace natural gas. Explore low-carbon alternatives with heat and gas suppliers to reduce carbon emissions. Support research on new renewable heat technologies.	50% reduction in carbon emissions at our breweries	
Beer-in-hand					
Update beer-in-hand carbon footprint analysis using 2019 data.		We completed a detailed analysis based on supplier input in line with the Greenhouse Gas Protocol (and European Commission guidelines specific to beer). This showed a 7% emissions reduction per hl from 2015 to 2019.	Engage with major packaging and malt suppliers to support their transition to renewable electricity. Continue to pursue reductions in carbon emissions in the areas identified for all steps of the value chain, from growing crops to packaging, transporting and chilling our beer.	15% reduction in beer-in-hand carbon footprint	30% reduction in beer-in-hand carbon footprint
Support local market teams with tracking and reducing beer-in-hand carbon footprint and engaging with suppliers to reduce joint carbon footprint.		We engaged with refrigeration partners on low-climate-impact cooling, with farmers in Russia to improve barley yields, with suppliers to extend sustainable packaging solutions to more markets, and with logistics partners to improve the efficiency of our product transport.	Introduce energy management systems in all replacement fridges, where feasible, to reduce electricity use and related carbon emissions.	100% low-climate-impact cooling	

 Fully achieved
  Partially achieved
  Not achieved

¹ We have discontinued our target specifying 30 supplier partnerships as collaboration with suppliers has become such an integrated part of our approach. See page 16.



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.¹

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

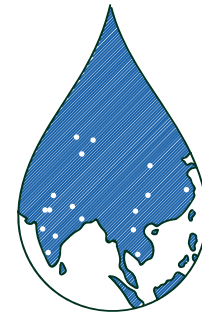
See SDG index, page 59.

18%

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

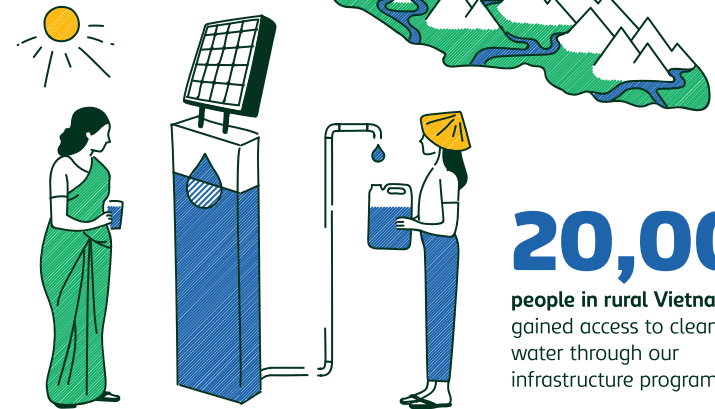


Construction started on state-of-the-art technology to recycle 90% of process water at Fredericia brewery, Denmark



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

¹ 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

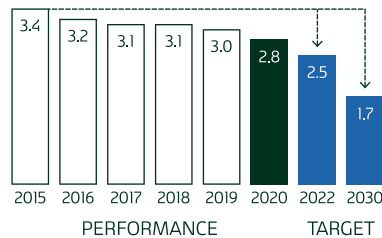


ELIMINATING WATER WASTE FROM BREWING OPERATIONS

We employ best practices and the latest technologies to continually improve the efficiency of our 86 breweries and avoid any water being wasted. Our focus on efficiency reduces costs and the risks to our business, as well as delivering sustainability benefits.

In 2020, it took 2.8 hl of water for our breweries to produce 1 hl of beer. That represents a 7% improvement on 2019, saving more than 1,100 Olympic swimming pools of water. Overall, the water efficiency of our breweries has improved by 18% since 2015.

RELATIVE BREWERY WATER USE (hl/hl)*



To meet our 2022 target (see box) and reduce our reliance on fresh water, we will combine continued efficiency upgrades with investments in wastewater recycling and reuse. We are building an advanced wastewater recycling plant in Denmark and are assessing the opportunities for other breweries.

IMPLEMENTING BEST-IN-CLASS EFFICIENCY MEASURES

We maintain rigorous environmental management standards at all our breweries (see page 12) that support continuous improvement. To drive progress towards our targets, our breweries invest in making water-intensive cleaning and production processes more efficient. Highlights from 2020 include

- **Vietnam:** The Phu Bai brewery installed two new bottle washers that, combined with best practice water management, have helped cut water use from 3.24 to 2.48 hl/hl of beer produced. This will save the equivalent of 75 Olympic swimming pools per year.
- **China:** Our Dazhulin brewery is at the forefront of implementing Carlsberg operating practices in water management (see feature on next page).

- **India:** Our Mysuru brewery was recognised as a noteworthy water-efficient unit in the 2020 Confederation of Indian Industries National Awards for excellence in water management.

INNOVATING TO REUSE WASTEWATER

Treating and reusing wastewater offers huge potential to shrink our water footprint, while creating biogas for our heat use. We have 58 wastewater treatment plants in operation at our breweries.

At our Fredericia brewery in Denmark, we are investing in advanced recycling technology that will make it the world's first brewery to virtually eliminate water waste. Once operational, the new water-recycling plant will halve water consumption at the brewery, cutting the amount of water used to produce each hectolitre of beer from 2.9 hl to 1.4 hl.

Construction of the plant began in 2020 and the Danish Minister for Higher Education and Science attended a ceremony at the site (see quote on next page), along with our partners in DRIP – the public-private partnership behind the project.

WHAT WE MEAN BY ZERO WATER WASTE

Breweries: We aim to progressively eliminate water waste in our operations by reducing water use at all our majority-owned breweries (including soft drinks and water plants, but excluding malting sites). All our operations at these sites are covered, including offices, production and warehousing.

Our targets are to reduce relative water use by 25% by 2022 and by 50% by 2030 compared with the 2015 baseline performance of 3.4 hectolitres (hundred litres) of water used to produce 1 hectolitre of our beer and beverages (3.4 hl/hl).

Communities: We will begin partnering to safeguard shared water resources for communities in areas identified as high-risk by 2022 and have a partnership in place in all high-risk areas by 2030.

* 2020 data within PwC's assurance scope. 2015-2019 data assured in prior years (see previous sustainability reports).

Other significant progress included building a state-of-the-art wastewater treatment plant at our Shumen brewery in Bulgaria, which will begin operating in 2021. In Eastern Europe we built three wastewater treatment plants, in Novosibirsk, Rostov and St. Petersburg. In India, our Alwar brewery introduced a rooftop rainwater harvesting system and extended wastewater recycling. A new water-recycling plant planned for our Kolkata brewery was not installed due to COVID-19 lockdowns.

Looking further into the future, our Young Scientists Community – a team of postdoctoral researchers based at the Carlsberg Research Laboratory – developed a promising prototype that will reduce the water and chemicals needed for brewery cleaning.

MEASURING EVERY DROP

We source water for our operations from municipal supplies, boreholes at our own sites and surface water. We continually monitor intake at both site and global level to drive improvements and understand broader performance trends. In 2020, our total water consumption decreased by 8% to 33 million m³.



We want to make Denmark a green and sustainable pioneer country, and one of the things that means a lot to me is how we make more green research work in society. Here in Fredericia, you have done it, across business, government and researchers.

Ane Halsboe-Jørgensen

Danish Minister for Higher Education and Science



CASE STUDY

WATER WASTE DETECTIVES

Our dedicated team at the Dazhulin brewery in China has made it their mission to dramatically reduce water waste. The brewery, one of our priority sites for water risk, is located within the Yangtze river basin.

The team scrutinised brewing and packing processes, checked all water pipes to detect any leaks, inefficiencies or blind spots, and installed more water meters to get a fuller picture of water use in specific areas of production.

They also asked employees at every level to use their experience to share ideas for saving

water. Based on this analysis, the team introduced measures such as reusing water in cleaning processes and using less water in bottle washing and pasteurisation. These have delivered big results for little additional cost.

In just four months, the team reduced water used in beer production by 18% – from 2.7 to 2.2 hl/hl. Dazhulin's striking success brings the brewery close to achieving our 2022 target to explore going below 2.0 hl/hl at sites in areas of high water risk. We are now sharing the team's approach and lessons learned as best practice across our breweries.

MAPPING OUR WATER RISK

Preparing for a world where water is increasingly scarce helps us build a more resilient business and better support the communities whose natural resources we share. In 2020, we worked closely with WWF to gain a better understanding of water risk.

IDENTIFYING HIGH-RISK BREWERIES

We assessed 81 of our majority-owned breweries¹ across Europe and Asia using WWF's leading Water Risk Filter tool.

To gain a complete picture, we collected and evaluated data on a wide range of river basin and operational risks². These included vulnerability to floods, water scarcity and poor water quality, and the potential for regulatory action or reputational challenges such as media scrutiny or community conflict. In evaluating sites, we also factored in each brewery's size and anticipated growth.

This assessment – the most detailed we have ever conducted – enabled us to rank sites by risk level, so we

can plan interventions accordingly. The results showed that none of our breweries currently face high overall operational risks. However, 17 breweries were identified as being in high-risk areas, spread across nine major river basins in Asia (see map). Together, these breweries account for 17% of our global production volume.

MODELLING WATER RISK SCENARIOS

Climate and water risks are closely connected, especially for businesses like ours that depend on reliable water supply in many parts of the world.

In 2020, we worked with WWF on a ground-breaking addition to its Water Risk Filter – forward-looking scenarios to help us better understand our global water risk in a changing climate.

We were the first multinational to test and use the tool, which enables businesses to explore scenarios for 2030 and 2050 based on current trends as well as both optimistic and pessimistic alternatives. The findings on likely changes in water availability and quality will help us evaluate

future risks to our breweries and how we can best prepare. WWF has now incorporated the scenarios into its water risk tool, to be used by thousands of companies globally.

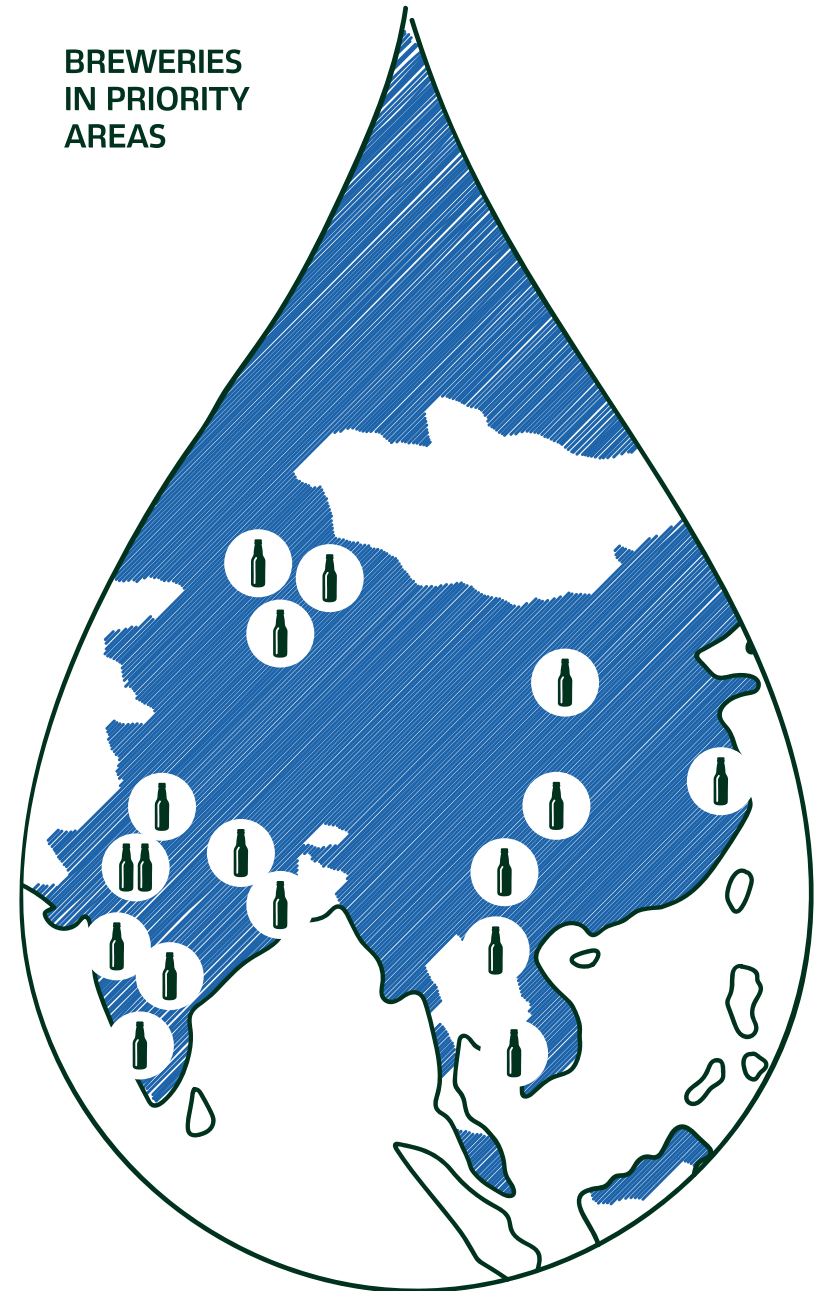
Mapping water risk for our breweries and local communities will help us work towards our 2022 goal to explore reducing water use below 2.0 hl/hl at all high-risk breweries and prioritise local partnerships to protect shared water sources.



Companies are finally waking up to growing water risks and the need to take urgent action to reduce their risks and tackle shared water challenges. By harnessing the new scenarios in the Water Risk Filter tool, companies and investors can better assess, respond and plan for climate and water resilience.

Ariane Laporte-Bisquit,
Water Risk Filter Lead, WWF

BREWERIES IN PRIORITY AREAS



¹ The water risk assessment did not cover five Carlsberg microbreweries in Europe, which together account for around 0.1% of our total production volume.

² The methodology used was more comprehensive than our 2016 assessment, which focused only on river basin risks. In 2020, we scored sites on four factors, weighted as follows: basin risks (33.33%), operational risks (33.33%), site size (16.67%) and growth projections (16.67%).

PARTNERING TO PROTECT THE WATER WE SHARE

Thriving healthy communities and freshwater ecosystems around our breweries are essential to our business success. These communities around the world rely on the water we share, and we have a responsibility to help protect this essential natural resource.

Investing in water stewardship helps us build strong relationships with communities and regulators, and supports our licence to brew now and in the future as water becomes scarcer.

By 2030, we aim to partner to safeguard shared water resources in all high-risk areas with breweries. Identifying our 17 breweries in high-risk areas – in Cambodia, China, India, Laos and Nepal – is an important step towards this goal.

We already have water access projects underway or in the pipeline in river basins serving several of these breweries, as well as in Vietnam, where our Huda brand has set a strong example (see page 21).

Our projects range from improving water access in homes and schools to restoring habitats and installing innovative technology. Some involve international NGO partners and extensive community engagement, while others are initiated directly by our breweries based on their knowledge of local needs.

In 2020, we partnered with WWF and the University of Kathmandu to consult stakeholders and research water-related health risks and management in the Narayani river region in Nepal. Based on the findings, in 2021 we will begin projects to restore wetlands, which will help purify water and maintain a stable supply for local communities and freshwater ecosystems.

In India, we have developed plans to fund clean drinking water and sanitation improvements at three schools in Alwar and Mysuru that currently lack soap, running water and other hygiene essentials. Our technology partner Desolenator and social enterprise Ecosoftt will support delivery of these projects in 2021.



“ We are proud to partner with Carlsberg, a company whose 2030 goals are setting the standard for corporate sustainability. It’s been a privilege to work with such incredible cross-sector organisations, as well as the women entrepreneurs in the Sundarbans. The impact of this collaboration goes beyond the provisioning of clean water. It is a demonstration of the transformational potential of convening partners around a shared vision of the future.

Louise Bleach, Development and Impact Lead, Desolenator

CASE STUDY

MAKING CONTAMINATED WATER DRINKABLE IN INDIA

In 2020, we announced our first project with our partner Desolenator – the world’s first solar thermal sustainable water purification technology – in a priority river basin shared by our Kolkata brewery.

The installation in the Sundarbans, West Bengal, will convert saline-contaminated water into 20,000 litres of clean water a day using technology powered by 100% renewable energy. Around 4,000 people will benefit in the region,

where rising sea levels are contaminating the last remaining freshwater sources.

Construction will be completed in 2021. Our multi-disciplinary partners, including local experts Water Aid and the Sundarban Social Development Centre as well as researchers from Strathclyde University in Scotland, are designing a water distribution model that will generate employment for local women by empowering female micro-entrepreneurs.

ZERO WATER WASTE: OUR PROGRESS & TARGETS

PLANNED ACTIONS FOR 2020	STATUS	PROGRESS IN 2020	PLANNED ACTIONS FOR 2021	2022 TARGETS	2030 TARGETS
Breweries					
Continue efficiency programme and conduct equipment upgrades.		We continued to implement efficiency measures and equipment upgrades. Learnings from our best performing breweries are being shared globally.	Continue best-practice efficiency improvements, roll out benchmarking tools, and invest in efficiency and equipment upgrades with the greatest potential for water savings.	25% reduction in water usage at our breweries Explore going below 2.0 hl/hl at all high-risk breweries	50% reduction in brewery water use¹
Build new wastewater treatment plants in Denmark and Bulgaria.		Construction of a water-recycling plant is underway at the Fredericia brewery in Denmark. Opening of the treatment plant at the Shumen brewery in Bulgaria was delayed due to COVID-19.	Begin operating advanced water-recycling and wastewater treatment plants in Denmark and Bulgaria, and assess the feasibility of developing treatment and recycling plants at other sites.		
Optimise existing wastewater treatment plants to enhance efficiency.		We continuously work to improve the efficiency of our wastewater treatment facilities, reducing use of electricity and thermal fuels. We completed optimisation projects at our Yaroslavl and Tula breweries in Eastern Europe, focused on reducing heat energy requirements and increasing biogas production respectively.			
Use results of water risk assessment to engage with communities and specific water projects in high-risk areas.		We completed a comprehensive water risk assessment of 81 of our majority-owned breweries. We identified 17 in high-risk areas, and began working with partners to plan and launch specific projects.	Further develop and implement water community partnerships in high-risk areas.		

 Fully achieved
  Partially achieved
  Not achieved

¹ Target refers to all our majority-owned breweries (including soft drinks and water plants, but excluding malting sites).

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.¹

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%

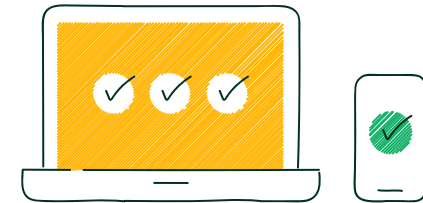
growth in alcohol-free beer volumes sold with AFBs offered in 48 markets (83% growth since 2015)

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

See SDG index, page 59.

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)

¹ 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.



EXPANDING CHOICES WITH ALCOHOL-FREE BREWS

We offer consumers a wide range of tasty, positive choices to help them drink responsibly. These include beers with a range of alcohol content, including our increasingly popular alcohol-free brews (AFBs). And we continue to develop our products, focusing on great taste and a better consumer experience.

We have set a target to ensure that by 2022 all customers and partners in all our operating markets have access to our AFB portfolio, wherever Carlsberg brands are sold. We currently offer alcohol-free variants in 48 domestic and export markets.

PREMIUM AND LOCAL POWERHOUSE BRANDS GO ALCOHOL FREE



Our AFB sales by volume climbed by 11% in 2020 (83% since 2015) as offerings expanded and consumers looked to moderate alcohol consumption during lockdowns. The category outperformed our mainstream beers, which were more affected by COVID-19-related restrictions on bars and restaurants.

MEETING EVOLVING DEMAND DURING COVID-19

Consumer demand is being driven by a shift to healthy lifestyles that has been strengthened by the COVID-19 pandemic. Nearly one in three people said they drank less – or stopped altogether – during lockdowns, according to a nine-country survey by the International Alliance for Responsible Drinking.¹

The impact of this trend was striking in some of our markets. At our Feldschlösschen brewery in

Switzerland, we saw a 40% rise in AFB sales during March and April compared with the same months in 2019. The brewery created around 336,000 litres of high-proof alcohol, extracted during AFB production, to be turned into disinfectant gel to combat hospital shortages. In Sweden, online sales of AFBs soared by as much as 350% from March to September 2020 compared with the same period in 2019.

Despite COVID-19 restrictions in 2020, we pressed ahead with our first AFB launches in Asia, where the category is less developed. We successfully launched Carlsberg Alcohol Free Pilsner and Carlsberg Alcohol Free Wheat, first in Singapore and then in Hong Kong. And Chongqing lager in China became our first local powerhouse brand to launch an AFB in Asia.

WHAT WE MEAN BY ZERO IRRESPONSIBLE DRINKING

Tailored market-level approach: By 2030, our goal is for 100% of our markets to improve on responsible drinking every year. Each market will set a target and prioritise actions specific to local needs. For example, a market may focus on supporting a reduction in drink-driving rates and measure progress according to available national statistics.

Global programmes: Our 2022 targets commit us to offer alcohol-free brews everywhere we sell beer, launch partnerships in every market to support responsible consumption, and add responsible drinking messages and consumer information to all primary packaging. These initiatives support our 2030 target.

¹ IARD survey, 2020. <https://iard.org/press/ALMOST-ONE-IN-THREE-DRINKERS-CONSUMING-LESS-ALCOHO>

EXTENDING OUR LOW- AND NO-ALCOHOL PORTFOLIO

We have expanded alcohol-free options to all our international premium brands, adding to Carlsberg 0.0 and 1664 Blanc Alcohol Free with Tuborg Nul and Grimbergen 0.0%. We have also increased distribution of existing AFBs, such as Brooklyn Special Effects Alcohol Free and Somersby 0.0%, into more markets (see page 29).

Several local power brands have introduced new AFB options, including Falcon 0.0 in Sweden, Mythos 0.0% in Greece, CRISP 0.5% in Finland and an Okocim 0.0% beer mix in Poland.

A third of our brands now offer alcohol-free variants.

INFORMING CONSUMER CHOICES

Consumers want transparency from food and beverage companies. We provide clear product information that allows people everywhere to make informed choices and enjoy our beer safely and in moderation. We collaborate with industry associations, local partners and governments to reduce alcohol-related harm in line with

recommendations from the World Health Organization.

IMPROVING PRODUCT INFORMATION

We use our product labels to send clear messages about responsible drinking to consumers – such as text or icons warning people not to drink while driving, pregnant or underage.

Having achieved our target to put this messaging in place across our product portfolio, together with other members of the International Alliance for Responsible Drinking (IARD) we are now focusing specifically on strengthening messages about underage drinking.

We continue to include nutritional information, such as calorie counts, on our product labels and online. By 2022, we will do this for all beers sold in the EU as part of the Brewers of Europe Proud to Be Clear voluntary agreement with the European Commission, and our aim is to achieve this globally.

In 2020, 99% of beverages we produced globally listed all ingredients (up from 90% in 2019) and 67% included nutritional (calorie) information (up from 65% in 2019).



CASE STUDY

FROM SUPER BOCK TO SUPER DOC

Super Bock Group, a Carlsberg joint venture in Portugal, found a unique way to thank frontline health workers battling COVID-19.

The company made a special edition of its alcohol-free offering, changing the name from Super Bock Free to Super Doc for four months. The alcohol-free brews were delivered to hospitals with thank-you cards for doctors and nurses.

An accompanying digital campaign reached more than 4 million people on social media and received great engagement from the healthcare community.

Super Bock also partnered with a Portuguese distillery to turn the alcohol removed during the production of its alcohol-free beer into disinfectant gel that was donated to hospitals across the country.

ACCELERATING ACTIONS TO REDUCE UNDERAGE DRINKING

Through the IARD, we have made a strong commitment with others in our industry to accelerate action to prevent underage drinking.

Our new target to add legal age symbols or text to all alcohol products and AFB extensions sends a clear message to all communities that our beer, wine and spirits should not be bought or consumed by minors.

Consumers increasingly engage with us online and on social media. We are working with industry peers and digital platform owners, including Facebook, Snapchat and YouTube, to implement rigorous online safeguards that prevent minors from

seeing or interacting with our brands online.

We also plan to step up collaboration with retailers, wholesalers and distributors on best-practice initiatives for age verification, including developing global standards for online alcohol sales and delivery.

OUR MARKETING REQUIREMENTS

These new commitments and partnerships support our Digital Guiding Principles, based on IARD guidelines designed to restrict those under the legal drinking age from seeing our marketing on online platforms and social media.

In early 2021, we will launch our updated global *Marketing Communication Policy* which sets strict controls to ensure that all our advertising, communications and promotions meet our high standards as a responsible brewer. These include:

- Design communications to appeal to adult audiences
- Restrict people under the legal drinking age from being exposed to our communications
- Advocate responsible drinking and enjoyment in moderation
- Never associate consumption of our products with drink driving, potentially dangerous activities or antisocial behaviour
- Never claim that alcohol can contribute to individual success, enhance abilities or benefit health
- Provide transparent information about our products
- Communicate legally, truthfully and respectfully, championing social inclusion and environmental sustainability
- Offer choice through alcohol-free brews and market them responsibly

MONITORING COMPLIANCE

We are prioritising safeguards for digital channels and online sales platforms, which have become more popular during COVID-19 lockdowns.

In 2020, we introduced a new centralised system to better monitor local market compliance with our

safeguards. Results showed 90.6% compliance with all five Digital Guiding Principles across global channels, an increase from 87% compliance in 2019. Content is regularly updated and requires regular monitoring. In the rare event that we find problems, we direct local marketing teams to fix them quickly.



Although underage drinking has fallen in many parts of the world, this trend is not universal. We want to accelerate progress and work with others to eliminate underage drinking in every community through a whole-of-society approach.

Henry Ashworth, CEO, International Alliance for Responsible Drinking (IARD)



Our Brewers' Ambition 2022 is a significant step in demonstrating our members' leadership in ensuring all beers label ingredients and calories. Fulfilling this commitment, Europe's brewing sector is meeting the expectations of consumers on how alcoholic beverages should be providing ingredients and calorie information.

Lasse Aho, President, Brewers of Europe

RESPONSIBLE DRINKING AND MARKETING COMMUNICATIONS

	2015	2016	2017	2018	2019	2020
% of Carlsberg companies implementing responsible drinking initiatives	78%	75%	90%	76%	97%	71%
Number of responsible drinking campaigns	239	194	248	159	162	81
% Fermented produced volume listing ingredient information*	-	-	-	85	90	99
% Fermented produced volume listing nutritional information*	-	-	-	65	65	67

* 2020 data within PwC's assurance scope. 2018-2019 data assured in prior years (see previous *sustainability reports*).

ENCOURAGING RESPONSIBLE BEHAVIOUR

Harmful drinking behaviours and trends vary from country to country. We work with local partners who can help us identify national priorities – such as underage drinking, drink-driving or drinking to excess – and target action where it will make the most difference in each market.

These partners include local and national governments, police departments, supermarket chains, NGOs, social research institutes and ride-hailing companies. Together, we engage with customers and consumers to encourage responsible choices.

As markets track progress against their locally developed targets, we will use this information to measure progress against our global 2030 target for 100% of markets to improve on responsible drinking year on year.

In 2020, there were fewer responsible drinking campaigns than in 2019. This is due to restrictions as a result of COVID-19, including the closure of the on-trade in many markets and the cancellation of festivals and events. However, our local initiatives still reached more

than 35.5 million people in 2020. Examples include:

- **Bulgaria:** Our yearly campaign with the Union of Bulgarian Brewers to support healthy adolescents and families reached 1,160 people.
- **Denmark:** We ran a pilot with the Danish Centre for Social research at Aarhus University using targeted text messages to encourage students to drink less.
- **Finland:** Our Karhu 0.0 AFB launched a Zero January social media campaign that reached 473,000 people during a month when many choose to abstain from alcohol.
- **France:** Kronenbourg led a coalition of drinks companies to prevent harmful drinking behaviour, partnering with 80,000 cafés, bars and restaurants.
- **Laos:** Our Beerlao brand, the country's bestselling beer, funded billboards and handed out 8,500 stickers to drivers in support of the government's anti-drink-driving campaign.
- **Latvia:** The results of our survey on what motivates bad driving habits, conducted with the Safe Driving School and the Latvian State Police, generated strong media and public interest.
- **Norway:** We partnered with major grocery chains and the national brewers' association to prevent alcohol sales to minors through in-store advertising and training sales

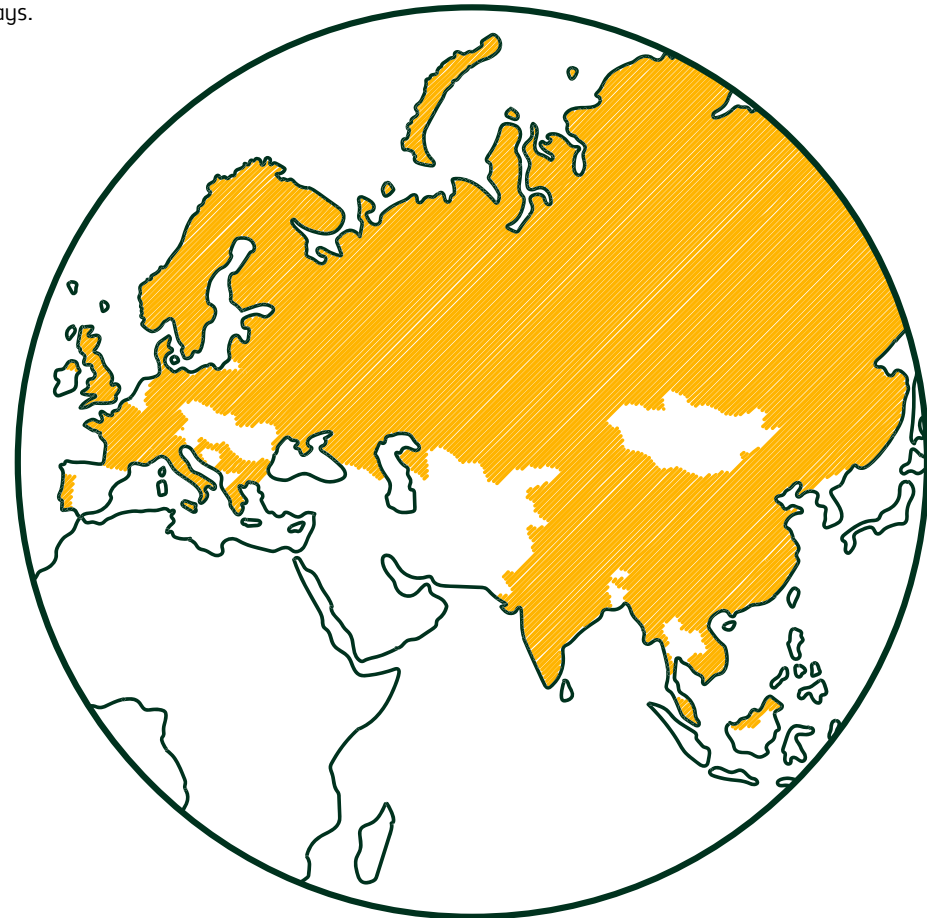
teams. An annual survey by Juvente, a youth temperance organisation, found a 20% decline in alcohol sales by stores to underage customers.

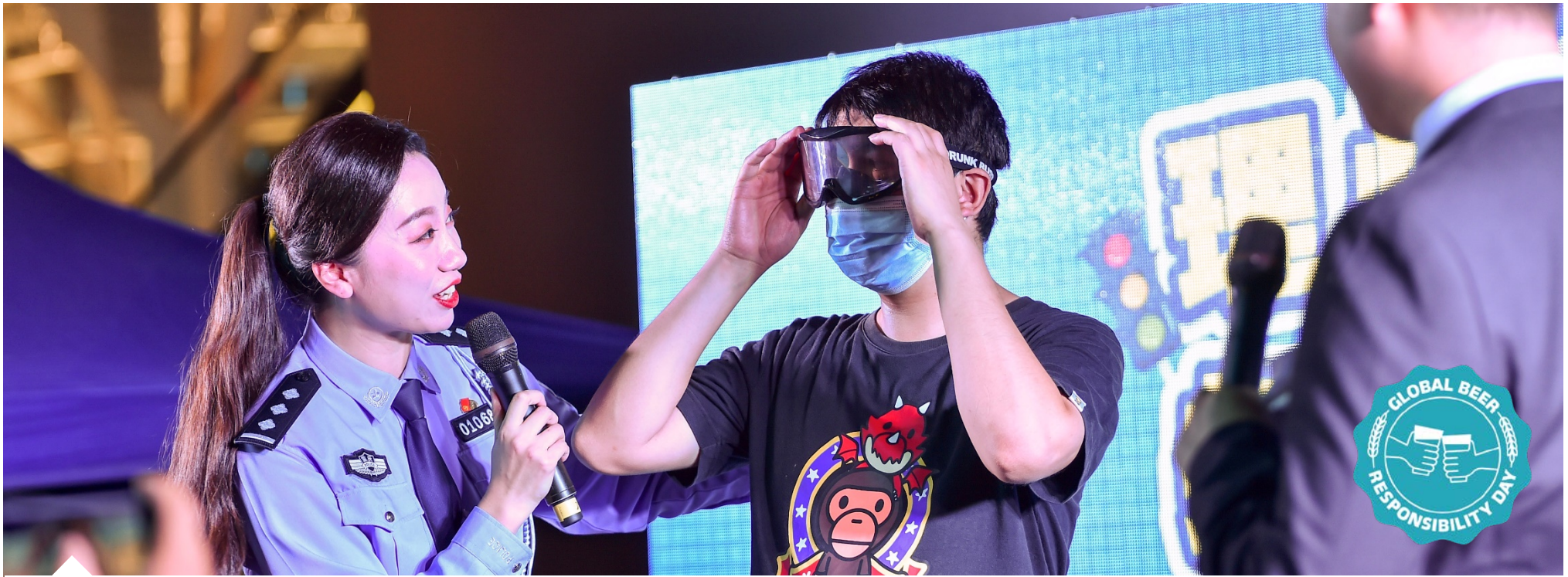
- **UK:** We continued our partnership with The Drinkaware Trust, whose Drink Free Days campaign attracted 1 million unique visitors to the website, pledging 27,800 drink-free days.

EXPANDING ALCOLOCKS IN COMPANY VEHICLES

Alcolocks prevent people from driving if they are over the legal blood alcohol limit. In many markets where there are no legal restraints to do so, we use these in our company vehicles to encourage responsible

behaviour. In 2020, 48% of our cars in Western Europe and 50% in Eastern Europe were fitted with alcolocks (up from 37% and 31% in 2019). We plan to continue this roll-out in 2021.





FEATURE

CELEBRATING GLOBAL BEER RESPONSIBILITY DAY 2020

We celebrate Global Beer Responsibility Day in September every year. COVID-19 restrictions curtailed many of the experiential activities we had planned for 2020, but our teams around the world came up with other creative ways to deliver positive drinking messages.

Together, they reached 22.5 million people.

Our Ukraine team saw an opportunity to use ubiquitous facemasks as a tool to promote responsible drinking. They created retail masks for minors carrying a message for minors trying to buy

alcohol: “We sell responsibly because we care.”

In Russia, we reached 7 million people through a social media campaign aiming to combat underage drinking by asking for honest answers about how old people were when they first tried

alcohol and how they talk about it with their children. We also teamed up with artists in Kazakhstan and popular musicians in Serbia to channel responsible drinking messages.

In China, we partnered with the police in Chongqing to warn

consumers of the dangers of drink-driving, including using simulation goggles to let them experience the impairing effects of alcohol. In Malaysia, we partnered with ride-hailing services to offer discounted rides home for patrons using our affiliated bars and restaurants (see page 28).

ZERO IRRESPONSIBLE DRINKING: OUR PROGRESS & TARGETS

PLANNED ACTIONS FOR 2020	STATUS	PROGRESS IN 2020	PLANNED ACTIONS FOR 2021	2022 TARGETS	2030 TARGETS
Continue to implement and measure compliance of global brands with Digital Guiding Principles through new centralised process.		<p>We established a centralised system to expand tracking to local marketing channels. Compliance with Digital Guiding Principles improved from 87% to 90.6% of global channels.</p> <p>We also revised our Marketing Communication Policy, launching early 2021.</p>	<p>Work with IARD and e-commerce platforms to develop standards for responsible sales of alcohol online.</p> <p>Continue implementation of legal age symbol on all product packaging.</p>	100% responsible drinking messaging through packaging and brand activations	100% of our markets improve on responsible drinking year on year
Strengthen responsible drinking partnerships on a local level.		<p>We launched partnerships in several markets, but COVID-19 delayed planned partnerships in others. On a global level, we joined other IARD members in committing to accelerate actions to protect minors from alcohol harm.</p>	<p>Continue to expand responsible drinking partnerships with measurable targets in all markets.</p>	100% of our markets run partnerships to support responsible consumption	
Expand availability of alcohol-free brews (AFBs) by increasing volume and number of different brews.		<p>We extended AFB options to all international premium brands, introduced over 20 new AFB line extensions, launched our first AFBs in Asia and grew the global volume of AFB sales by 11%.</p>	<p>Continue AFB expansion to new markets and increase AFB distribution to more hospitality and retail outlets in markets where AFBs have already launched.</p>	100% availability of alcohol-free brews (AFBs)¹	

 Fully achieved
  Partially achieved
  Not achieved

¹ 100% availability means Carlsberg will ensure all customers and partners in all our operating markets will have access to our AFB portfolio, wherever Carlsberg brands are sold.



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.

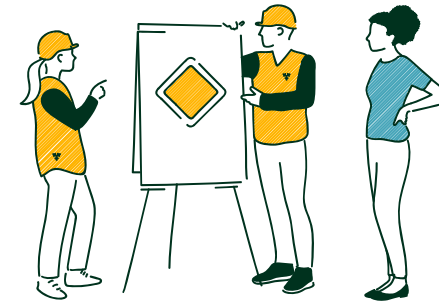
Staying safe and healthy enables our people to live full and productive lives at home and at work – and makes our business more efficient. In 2020, we stepped up our support for our employees' wider health and wellbeing to help our people stay strong through the COVID-19 pandemic.



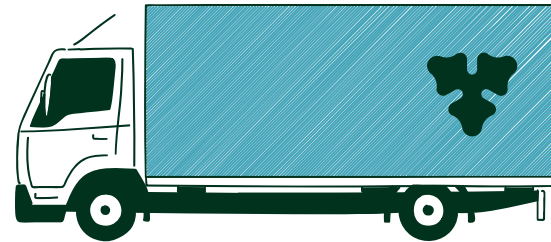
8.8 17.16 & 17.17

See SDG index, page 59.

19%
reduction in our accident rate in 2020 vs 2019



94%
compliance with Life Saving Rules

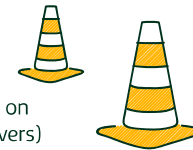


133,694
safety walks by leaders this year



11,000+

drivers completed online training on road safety (95% of company drivers)



306,377

observations on safety risks and unsafe behaviours identified by employees



Strict measures introduced to prevent COVID-19 spreading at work and bolster employee health, wellbeing and resilience through the pandemic

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



DRIVING DOWN ACCIDENT RATES

In 2020, there were 116 lost-time accidents among employees, and the employee accident rate dropped by 19% to 3.0. We have now reduced our accident rate by 55% since 2015 as we work towards ZERO accidents by 2030. Including contractors, there were 155 lost-time accidents, 23% fewer than in 2019.

Our safety initiatives have continued to drive down our accident rate, with year-on-year progress at the start of 2020. As a result of COVID-19, the accident rate dropped even

further through the year as the pandemic heightened awareness of health and safety, and government restrictions led to fewer hours being worked.

RESPONDING TO SERIOUS INCIDENTS

Any accident is one too many. Serious accidents are unacceptable.

We deeply regret that a contractor lost his life during dismantling work at our former Chelyabinsk production site in Russia in January 2020. There were also two other serious accidents this year, which resulted in severe finger injuries to an employee in Cambodia and a contractor in Germany. We completed thorough

investigations of the incidents and strengthened our controls for contractor management. We set the following programme objectives:

- A consistent end-to-end contractor management process to prevent serious accidents.
- A robust fatality prevention framework through compliance with the Life Saving Rules.
- A structured permit-to-work system for high-hazard activities.

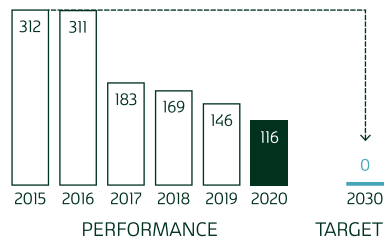
We identify health and safety compliance during execution of high-hazard contractor works as a key focus area and we are strengthening our contractor management standards globally (see page 39).

WHAT WE MEAN BY ZERO ACCIDENTS

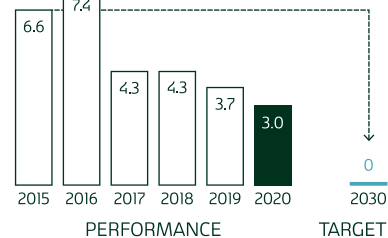
Accidents: We define these as lost-time accidents that result in an employee being unable to perform their full range of normal duties for at least one day, excluding the day of the accident. We are aiming for ZERO by 2030.

Accident rate: This is calculated as the number of lost-time accidents multiplied by 1,000 and divided by the number of full-time employees. We are targeting year-on-year reductions by 2022.

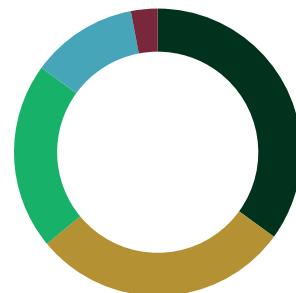
LOST-TIME ACCIDENTS (LTAs)*



LOST-TIME ACCIDENT RATE (LTAR)*



ACCIDENTS BY TYPE IN 2020



- Slips, trips and falls
- Struck by/against, other contact
- Traffic collisions
- Handling/carrying/ergonomic
- Other

* 2020 data within PwC's assurance scope. 2015-2019 data assured in prior years (see previous sustainability reports).

MANAGING RISKS

Health and safety management systems at our production sites support continuous improvement in risk management and performance. These are certified to ISO 45001:2018 at 77 of our breweries.

Our *Health & Safety Policy* includes our commitment to create a robust ZERO accidents culture and key elements of our approach to managing risks. It is supported by detailed standards, guidance and training on risks relevant to specific roles.

EMBEDDING OUR LIFE SAVING RULES

The policy includes our Life Saving Rules, which distil our safety standards into clear and simple mantras that everyone must follow (see box). The five rules focus on our biggest risks – road traffic (on and off site), working at height or in confined spaces, and working with electricity or machinery that has moving parts.

A big push to communicate the Life Saving Rules and ensure they are applied in every relevant situation has contributed to a significant drop in accident rates since 2018. In 2020, we increased compliance with

the Life Saving Rules to 94% across the business (up from 90% in 2019).

By keeping safety top of mind, our focus on these key risks has also helped us tackle other issues that can cause less severe but more frequent accidents, such as slips, trips and falls.

TARGETING ROAD SAFETY RISKS

In 2020, we continued to roll out training on road safety risks for company drivers across the business, including truck drivers and sales teams.

More than 11,000 employees – 95% of our drivers – completed our new online training on road safety in 2020 and we aim to reach 100% in 2021. Practical training has been postponed to 2021 due to COVID-19 restrictions.

Around 2,260 employees have now completed two-wheeler training in Asia, where a significant number of employees ride scooters or motorcycles to visit customers.

INSTILLING A SAFETY CULTURE

Our Behaviour Safety Programme is central to building a ZERO accidents culture. We are initially rolling this out to production and logistics teams worldwide, as these are two of the highest risk areas of our business. We also provide safety behavioural training for sales teams.

The premise of this approach is to encourage everyone working with us to look out for safety risks and unsafe behaviours, report their observations and act on them. This is not about blame, and we make it very clear that nobody should judge or feel like they are being judged. It is about taking action, caring for each other and helping colleagues to adopt safe behaviours.

TRAINING OUR PEOPLE TO STAY VIGILANT

We provide training that is designed to empower people to notice when something looks unsafe or someone is doing something in an unsafe way. It emphasises the importance of providing positive reinforcement by recognising safe ways of working as well as identifying safe and unsafe behaviours.

Our leaders took the training first to secure their commitment, encourage them to lead by example and help them coach their teams. Over the last three years, we have trained 6,000 leaders. This year, we also trained Safety Champions at our breweries across Eastern Europe to act as ambassadors for our behaviour-based safety programme.

Globally, we have begun focusing more on peer-to-peer observations and feedback to encourage people to interact directly with each other about safe and unsafe behaviours,

and overcome any reluctance to report on colleagues.

We have introduced new pocket cards for people to carry with them so they are always ready to observe, spot and act on safe and unsafe behaviours (see image). The cards contain tips tailored to employees and leaders, and we have rolled out training on how to put these tips into practice. Training conducted virtually due to COVID-19 will be reinforced with practical coaching sessions on site once restrictions are lifted.

TOPICS TO OBSERVE DURING SAFETY WALK



DON'T WALK PAST!

LIFE SAVING RULES	COMMON HAZARDS
 Traffic Rules	 Slips Trips and Falls
 Lockout-Tagout (LOTO)	 Chemical Safety
 Safeguards	 Contractors Management
 Work at Height	 Manual Handling
 Confined Spaces Work	 Manual/Power Tools

Remember to observe behaviours

ACTING ON SAFETY OBSERVATIONS

Of the 306,377 safety observations recorded across our business in 2020, 265,594 were recorded by our Production and Logistics teams, an average of 14.0 per employee in these functions. Around 97% of employees in these roles are now actively reporting observations.

Site and team leaders conducted 133,694 safety walks, including 128,487 in Production and Logistics, checking safe working environments and behaviours first-hand.

Safety observations from employees and leaders help us identify risks and define actions to address them. We track implementation of these actions at each of our sites and monitor how many actions have been closed.

WORKING WITH CONTRACTORS

Contractors work alongside our employees to provide additional labour during seasonal production peaks and to support infrastructure projects to improve facilities.

Management of these contractors is a critical element of our Health and Safety Policy.

In 2020, we introduced a new safety standard specifically for temporary contract workers and achieved 93% compliance by the end of the year. Like employees, all contract workers receive safety training as part of their induction, as well as specific training relevant to their role. We also use a buddy system to partner each contract worker with an experienced employee to coach them on safe behaviours.

For contractors supporting infrastructure projects at our sites, we include safety criteria at every stage of our partnership – from qualification and selection to induction and performance evaluation. This year, we achieved 94% compliance with our contractor management standards. In 2020, there were 39 lost-time accidents involving contractors.

SUPPORTING EMPLOYEE HEALTH AND WELLBEING

Helping our people stay well at work and at home was a priority this year through the unprecedented COVID-19 pandemic.

Our operations in China were among the first affected, and we applied the best practices we developed there to create global guidelines and enable a rapid response across the business. Throughout the pandemic, we have closely monitored and aligned our approach with guidance issued by the World Health Organization.

The COVID-19 guidelines we developed enabled local crisis management teams to adapt and respond to the rapidly evolving pandemic situation and related regulations. The guidelines set out a series of mandatory measures to prevent the spread of the virus, as well as recommended practices and tips on keeping employees informed.

Measures to stay healthy at work included social distancing, more frequent disinfection of shared spaces, additional personal protective equipment, and keeping teams separated through shift patterns and smart working schemes. Our rigorous approach enabled us to keep production running at all our breweries throughout 2020, except where government restrictions enforced closures.

If an employee presented with symptoms, we asked them to stay at home, phone a doctor and inform their manager. We then

decontaminated any areas where they had been working and activated our tracing systems to identify who that employee had been in close contact with to ensure they also quarantined. As an extra precaution, we also informed and monitored the condition of others who had been near the affected individual but not in close contact.

Outside the roles that have to be performed on site, many of our employees have worked from home for an extended period during the pandemic to support our efforts to prevent the spread of the virus. We provided training and tools to support them.

Our CEO, Cees 't Hart, issued personal video messages every week at the height of the COVID-19 restrictions to keep employees engaged. Some markets used pulse surveys to check on wellbeing, and we created a global toolbox to help managers better support their teams through COVID-19 challenges, including providing guidance on how to identify and respond to signs of stress.

STEPS FOR GOOD SAFETY FEEDBACK

1 Define which task will be observed
 • Observe, Decide, Stop and Act Safely
 • Introduce yourself, show your interest

2 State what you see (positives and/or concerns)





3 Discuss and describe the impact of your concerns

4 Ask what they think, what will they do next?
 • Listen his/her feedback and exchange how to do differently
 • Reach an agreement
 • Discuss any other issues of concerns the person may have

5 Thank them for their time

Carlsberg Group **ZERO ACCIDENTS CULTURE**
 DON'T WALK PAST!

ZERO ACCIDENTS CULTURE: OUR PROGRESS & TARGETS

PLANNED ACTIONS FOR 2020	STATUS	PROGRESS IN 2020	PLANNED ACTIONS FOR 2021	2022 TARGETS	2030 TARGETS
Breweries					
Run communication campaign to strengthen employee engagement in the reporting of H&S near misses and observations.		We introduced pocket cards with tips to help our production and logistics teams provide feedback on unsafe behaviours, and rolled out training on how to put these tips into practice.	Launch Behaviour Safety Programme to drive safety culture and people engagement.	Reduction in accident rate year on year	ZERO lost-time accidents
Increase compliance with Life Saving Rules standards to maintain at least 90% compliance rate globally.		We achieved a compliance rate of 94% globally, achieving our targets across all regions.	Maintain at least 90% compliance with our Life Saving Rules globally.		
Continue roll-out of Carlsberg Safe Driving training programme to all company drivers through online training and reach at least 25% with practical in-person training.		We reached more than 11,000 employees – 95% of our company drivers – through online training. Practical training was postponed to 2021 due to COVID-19 restrictions.	Continue roll-out of online Safe Driving training to all company drivers and reach at least 25% with practical in-person training.		
Continue implementation of the contractor management standard and introduce new standard on temporary labour management.		We achieved 94% compliance with the contractor management standard and 93% compliance with the temporary labour management standard introduced in 2020.	Focus on sustainable implementation of the contractor management standard and temporary labour standard. Complete roll-out of permit-to-work standard on high-risk activities.		

 Fully achieved
  Partially achieved
  Not achieved

RESPONSIBLE BUSINESS

Doing business responsibly is fundamental to protect our reputation, achieve our business goals and deliver our Together Towards ZERO programme.

We do this by contributing to economies, acting with integrity, respecting and supporting people, sourcing responsibly and ensuring product safety. Our responsible approach supports several of the UN Sustainable Development Goals.

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WHO WE ARE

We asked employees to submit candid video clips, before and during the COVID-19 pandemic, to celebrate who we are. Their responses illustrate the energy, creativity and diversity of our people. Watch the video above.

CONTRIBUTING TO ECONOMIES



8.1

Our business and our products play an important role in economies, supply chains and communities around the world.

We make a significant contribution to local and national economies through the jobs we create and the taxes we generate. In doing so, we are also supporting UN Sustainable Development Goal 8 to promote sustained, inclusive and sustainable economic growth.

CREATING JOBS

We directly employed more than 40,000 people in our majority-owned businesses around the world at the end of 2020.

In addition to this direct employment, our business indirectly created an estimated 1.09 million further jobs for people involved in supplying our raw ingredients and serving our beer to consumers¹. That is equivalent to 28 for every single Carlsberg employee.

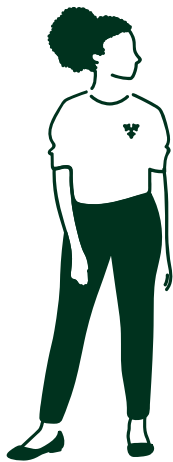
The number of indirect jobs we generated fell this year due to the effects of the COVID-19 pandemic, particularly in the hospitality sector as bars and restaurants were shut for extended periods in many countries.

Many of the jobs we create provide vital employment opportunities for people in rural areas, particularly through our agricultural supply chain and breweries that are located away from cities.

40,000+
DIRECT EMPLOYEES

1.09 million
INDIRECT JOBS CREATED

INDIRECT JOBS CREATED



1 Carlsberg employee creates an additional...

6 jobs in our supply chain providing ingredients, packaging and transport for our beers (3 in 2019)

9 jobs in hospitality serving our beers in bars and restaurants (14 in 2019)

13 jobs in retail selling our beers in stores (11 in 2019)

¹ Estimation by research consultancy Europe Economics. See page 89 for details on the methodology used.

GENERATING ECONOMIC VALUE

In 2020, we generated DKK 85bn¹ in total economic value. While remaining substantial, this total is 11% lower than in 2019 due to COVID-19 restrictions that affected our business. The decrease highlights the need for governments to support brewing and related sectors so that together we can continue our vital role in sustaining livelihoods.

Generating taxes in the regions where we operate is one of the ways we contribute to the UN Sustainable Development Goals, specifically target 8.1 to sustain per capita economic growth. In our *Tax Policy*, we set out our commitment to fulfil our global tax obligations and contribute to the societies in which we do business. Our business and our beer generate substantial revenues for governments, support public services and stimulate economic growth.

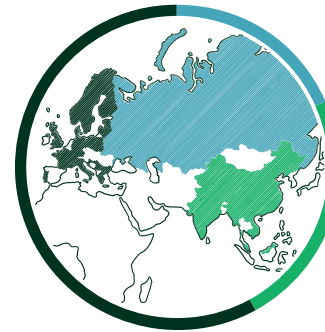
In 2020, our total tax contribution amounted to DKK 38bn (down from DKK 44bn in 2019). This includes:

- Taxes borne, including corporate income tax, social security taxes and other taxes (including environmental taxes).
- Taxes collected on behalf of governments, including personal income taxes paid on behalf of our employees, VAT and excise duties.

Additional government revenues are generated from related sectors, such as agriculture, retail and hospitality.

METHODOLOGY AND DEFINITIONS

See page 89 for details on the methodology we use to calculate our economic contribution and definitions of the categories used.



WESTERN EUROPE²

Tax paid (DKKbn)

22

59% Total tax
54% Total revenue
for Carlsberg Group

ASIA

Tax paid (DKKbn)

9

23% Total tax
29% Total revenue
for Carlsberg Group

EASTERN EUROPE

Tax paid (DKKbn)

7

18% Total tax
17% Total revenue
for Carlsberg Group

ECONOMIC VALUE GENERATED (DKKBN)

85

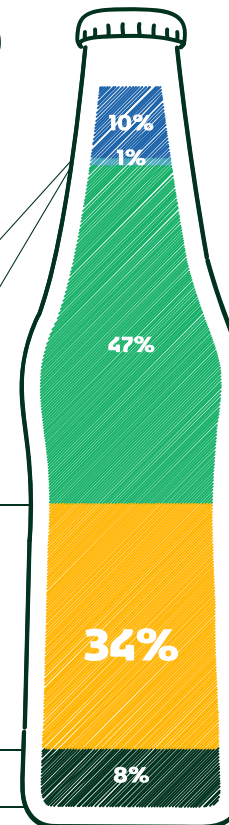
Employee wages
DKK 8bn

Providers of capital
DKK 1bn

Operating costs
DKK 40bn

Taxes borne and
excise duties collected*
DKK 29bn

Economic value retained
DKK 7bn



TOTAL TAX CONTRIBUTION (DKKBN)

38

VAT
DKK 8bn

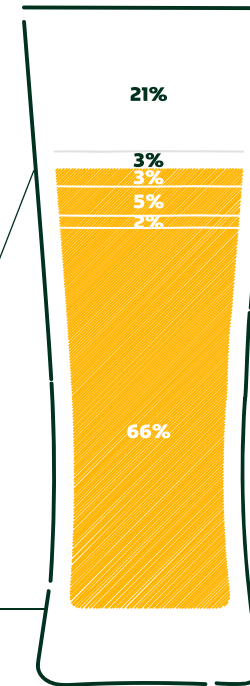
Employee personal
income taxes
DKK 1bn

Social security taxes
DKK 1bn

Corporate income tax*
DKK 2bn

Other taxes
DKK 1bn

Excise duties*
DKK 25bn



¹ Economic value generated is a combination of gross revenue, other income, financial income and income included in special items.

² All figures have been rounded. Includes segments "not allocated" and "non-beverage".

* 2020 data within PwC's assurance scope.

LIVING BY OUR COMPASS



16.5

Integrity. Responsibility. Honest and ethical business conduct. These are our core values.

Living by these values – our Compass – supports our strategy, mitigates risks and protects our reputation as a responsible brewer.

Our leadership team sets the tone from the top, and we empower everyone working with us to Live by our Compass every day.

SETTING CLEAR STANDARDS

Our *Code of Ethics & Conduct* provides clear guidance for all our employees and contract workers.

The code covers issues such as anti-bribery and corruption, competition law, data protection and privacy, conflicts of interest, political activities, discrimination and harassment. It is supported by more detailed policies on each topic (as referenced in relevant sections of this report).

We also extend ethical requirements to our business partners and suppliers (see page 48).

BUILDING AWARENESS

Everyone joining our business completes training on our Code of Ethics & Conduct as part of their induction. In 2020, 4,511 employees did this training. We deliver refresher training when we review and update the code every three years. The next review is planned for 2021.

Regular communications about ethics and compliance help to maintain awareness and empower our people to act with integrity in everything they do. These include videos, posters and e-mails that encourage employees to consider how they would respond to high-risk situations.

TARGETING BRIBERY AND CORRUPTION

We consider any form of bribery to be dishonest, morally wrong and unacceptable. Our *Anti-Bribery and Corruption Policy* and manuals spell out our zero-tolerance approach and guide employees on what constitutes a bribe and how to deal with specific situations, for example how to decide whether modest gifts or hospitality are appropriate.

In 2020, we introduced new online training on anti-bribery and

corruption for people in roles such as sales, procurement and finance. 19,162 employees completed the course, which includes real-life examples, experiences and dilemmas.

IMPLEMENTING COMPLIANCE CONTROLS

We implement strong compliance controls to protect our reputation and the smooth operation of our business everywhere we operate.

Our controls include annual assessments to identify risks of non-compliance with our policies or relevant laws on topics such as data protection, anti-bribery and corruption, competition law and trade sanctions. Based on the findings, we adopt additional measures, where required, to control these risks effectively.

In 2020, we updated our controls, including enhancement of the trade sanction screening process. We also developed tailored compliance toolkits for key functions. The aim is to make it easier for business leaders to understand the requirements most relevant to them and ensure they understand their role in ensuring compliance. In early 2021, our markets will use a new tool for reporting implementation of compliance controls across the business.

SPOTLIGHT ON HARASSMENT

The #MeToo movement has shone a spotlight on harassment in the workplace and sparked much debate in the media.

At Carlsberg, we have a zero-tolerance approach to any form of harassment against our employees. Our Code of Ethics & Conduct protects this value and clearly states the consequences if anyone breaks the rules. The message is reinforced by detailed guidance in our HR Policy and manual.

Everyone must be treated with respect in our workplace. Leaders have a responsibility to set a good example and protect colleagues from physical, verbal, sexual or psychological harassment, bullying, abuse or threats.

We support and encourage anyone who may have experienced harassment to talk to their manager, their manager's manager or their local HR team – or to report it via our confidential Speak Up line – so we can take action.

SPEAKING UP

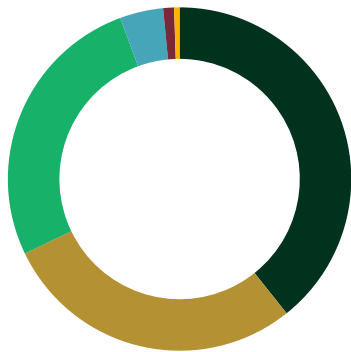
If anyone who works for or with us has any ethical concerns, we urge them to speak up without fear of retaliation.

Suspected misconduct, non-compliance with the law or breaches of our Code of Ethics & Conduct can be reported to line managers, HR teams or compliance representatives. Concerns can also be reported anonymously to speakup@carlsberg.com or via our

independent third-party Speak Up helpline.

The 24-hour helpline is available to anyone inside and outside the company in local languages online or by phone. People outside the company can also report concerns directly to our senior managers in each market.

REPORTED CONCERNS BY TYPE IN 2020



- Business integration 77 (39%)
- Asset misappropriation 56 (29%)
- Work environment 52 (27%)
- EHS 8 (4%)
- Other breaches 2 (1%)
- (Non)financial reporting 1 (<1%)

REPORTED CONCERNS BY REGION IN 2020



- Eastern Europe: 106 (54%)
- Asia: 63 (32%)
- Western Europe: 27 (14%)

INVESTIGATING AND RESPONDING TO CONCERNS

Our Group Internal Audit & Control team reviews, and where needed, investigates all reported concerns. Investigations of the most serious allegations are overseen by our Integrity Committee, which is chaired by the Chief Financial Officer and includes the General Counsel, Senior Vice President of Group HR, Vice President of Group Internal Audit and Vice President of Compliance.

The number of reported cases of suspected misconduct has increased significantly – from 53 in 2017 to 196 in 2020 – since we established an Integrity Committee and raised awareness of the importance of speaking up.

We take all reported concerns very seriously, conducting thorough reviews and investigations where needed. In 2020, more than half of the cases reported were fully or partially substantiated. As a result, 51 employees were dismissed, 56 employees received a verbal or written warning and 37 feedback meetings were held.

ACTING ON ALLEGATIONS

In 2018, a concern was reported alleging potential improper payments in 2015-2016 at a joint-venture brewery in India. An investigation concluded that the allegations could not be evidenced. Following the presentation of new materials in 2019, the investigation was reopened.

The investigation during 2019 and 2020 was conducted by a leading international accounting firm and a top-tier Indian law firm. It found no evidence of actions aimed at personal gain for Carlsberg employees, but did find evidence of potential unethical practices in breach of Carlsberg Group policies in the period up to 2018.

While no breaches of our policies were detected in relation to current operations, the investigations identified the need for further strengthening of controls. Actions taken included disciplinary measures for implicated employees still at the company, and strengthening of compliance and internal controls.

In addition, we conducted an India-wide internal audit of the process for obtaining permits and licences. This showed a clear improvement in behaviour over time, as well as identifying opportunities to further strengthen controls. We have appointed a dedicated compliance officer to oversee compliance at Carlsberg India.

In early 2021, the media reported on a separate case in India from 2018, involving underage labourers and non-compliant working conditions in a warehouse operated by a third party. We identified this through internal monitoring processes at the time and took immediate action, terminating the contract with the third-party provider in 2018.

RESPECTING HUMAN RIGHTS



We are committed to respecting all internationally recognised human rights – of our employees, workers in our supply chain and anyone else connected to our business.

Carlsberg is a signatory to the UN Global Compact and supports both the UN Universal Declaration of Human Rights and the UN Guiding Principles on Business and Human Rights.

Our *Labour & Human Rights Policy* outlines our commitment to respecting the human rights of all our employees and contract workers, irrespective of the country in which they work. It covers topics such as working hours and wages, freedom of association, discrimination, harassment, and child and forced labour.

To embed our commitment to respect human rights across our organisation, we train people managers in all markets on the policy and provide an implementation manual. In 2020, we continued to assess compliance in our operations in potentially higher-risk markets through audits in Bulgaria, Kazakhstan, Laos, Lithuania, Myanmar and Ukraine.

Our *Supplier & Licensee Code of Conduct* extends our commitment to uphold labour and human rights to the thousands of third parties we work with.

Any grievances or possible violations of human rights can be reported via our Speak Up helpline, which is available to anyone, including supplier workers. We investigate all reports of human rights concerns and, where reports are substantiated, we develop an action plan to mitigate the issues identified. We do not tolerate retaliation against anyone who raises a question or concern in good faith.

Of the total number of Speak Up reports received in 2020 (196), 58 (30%) were related to human rights topics (including discrimination and harassment, retaliation, data privacy, health and safety, labour law breaches and other HR issues). Of the closed human rights-related cases, 38% were fully or partially

substantiated (21 cases). All fully or partially substantiated cases were addressed through an agreed action plan.

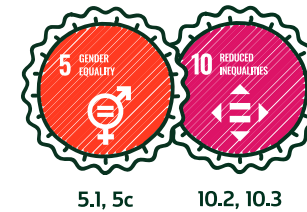
IDENTIFYING SALIENT HUMAN RIGHTS

We are committed to engaging with global and local stakeholders to identify, prioritise and address salient human rights issues – the human rights that are at risk of the most severe negative impact across our operations and value chain.

With support from Shift, the leading centre of expertise on the UN Guiding Principles on Business and Human Rights, we undertook a cross-company exercise in 2020 to identify and prioritise our salient human rights issues.

The analysis found that the highest risks we face relate to labour rights for employees and supplier workers in specific roles. Our next step is to complete a deeper assessment of these risks.

EMBRACING DIVERSITY & INCLUSION



Valuing diverse perspectives and experiences makes our business stronger by creating a winning team that supports innovation and helps us better serve our customers around the world. We strive to foster an inclusive environment where everyone can bring their true self to work.

Our *Diversity & Inclusion Policy* outlines how we will achieve this by adopting a global mindset, building a diverse talent base, ensuring equal opportunities for all our people and encouraging inclusive leadership.

SETTING AND DRIVING OUR AGENDA

We have established a Diversity & Inclusion Council to help us define our approach and turn our policy into practice. It is made up of senior leaders who represent diverse perspectives, business functions and regions (see next page).

The Council will act as ambassadors for diversity and inclusion across the business and provide input to our Executive Committee on how we can improve in this area. It met for the first time in January 2020 and will meet virtually at least three times a year.

We conducted an anonymous survey of 800 senior leaders across the business to get a better understanding of support for diversity and inclusion. It found that most leaders, both men and women, perceive Carlsberg as an inclusive organisation while also seeing opportunities to make our culture more welcoming to all.

The results are informing our roadmap to enhance diversity and inclusion. Focus areas for 2021 include training managers on unconscious bias and inclusive leadership, anchoring our diversity and inclusion agenda locally in our markets, and integrating diversity and inclusion in our processes such as recruitment, development, promotion and pay.

EMBEDDING INCLUSIVE LEADERSHIP

We continued rolling out training on unconscious bias at the start of 2020, with workshops for 130 senior leaders, building on the 90 already trained in 2019. More planned face-to-face workshops were curtailed due to COVID-19 restrictions, but a further 110 leaders completed the virtual training.

Inclusive leadership is also integrated into our leadership development training, and online learning on unconscious bias and cultural awareness is available for all employees.

REINFORCING INCLUSIVE PEOPLE PROCESSES

We are working to integrate diversity and inclusion into our recruitment and development processes to build a diverse pool of potential future leaders. Our initial focus is on gender balance.

Nearly half of our employees in the early stages of their careers are women as we build a pipeline of female talent. In 2020, women represented 37% of participants in global leadership programmes (up from 34% last year) and 40% of employees on developmental or short-term assignments (down from 43%). This year, we conducted gender pay reviews across our markets to ensure we continue to meet our commitment to equal pay for equal work.

Flexible working arrangements can support diversity by enabling people to manage their varied work/life situations. The COVID-19 pandemic has accelerated the move to homeworking, and we are developing global flexible workplace guidelines based on feedback from employees about their needs and preferred ways of working.

Gender diversity (% women)

	2019	2020
Supervisory Board	27%	27%
Top 60 leaders	14%	14%
Management	27%	28%
Early careers (graduates and apprentices)	47%	47%
All employees	33%	32%

OUR DIVERSITY & INCLUSION COUNCIL



IRINA FEDOROVA

Senior Government Relations Director, Carlsberg EE Saint Petersburg, Russia

“When we make an effort to be aware of, and address, our biases, we actively behave in ways that make people feel valued, included and respected. There is no idea more fundamental to performance than how we see and treat each other.”



VICTOR SHEVTSOV

VP Supply Chain, Asia and Africa Hong Kong

“Embracing a culture of diversity and inclusion will help us reflect the rapidly changing world outside, explore new perspectives and foster an environment where each employee can bring their whole selves to work and unleash their capabilities to the fullest.”



MYRIAM SHINGLETON

Vice President Product Development Strasbourg area, France

“Diversity fuels innovation and debate, and ensures that companies don’t get locked into a single world view and miss out on the reality of the changing marketplace. But diversity alone doesn’t make this happen – what matters is inclusion. As we look to accelerate growth with our SAIL’22 strategy, we will need everyone’s best thinking to get us there.”



CECILIA LUNDGREN

CFO, Western Europe Copenhagen, Denmark

“I feel very strongly about treating everyone the same and with the same respect independently of which position they have in the company and independently of who they are or their background. You can see diversity and inclusion in many ways but, to me, the idea is to ensure that everyone gets the same opportunity, no matter who you are and what your background is.”



VICTOR CHEONG

Marketing Director, Laos Petaling Jaya, Selangor, Malaysia

“Diversity and inclusion is good for the company and its people. We want to tap into the diverse experience, capability and talent offered by every employee around the world to enhance our competitive advantage, as well as providing equal opportunities and the best chances of success.”



JORIS HUIJSMANS

Chief HR Officer Copenhagen, Denmark

“The correlation between diverse teams, inclusive working environments and business performance is unambiguous. But diversity is not enough – nor should it be the end goal. As a company we must embrace different perspectives, creating an environment where people feel they belong, and acknowledging the benefits of inclusivity. Tangible and lasting results will require specific and immediate action, continuous commitment, gentle nudging of our leaders, a vow to measure progress and an active approach to tackling biases.”

DEVELOPING TALENT

We aim to enable everyone at Carlsberg to achieve their goals and build their career with us. We want to develop people with the right skills and experience to support our business now and in the future. We strive to provide exciting careers and opportunities at all levels, from apprentices and graduates to managers and senior leaders.

Employees set individual development objectives each year and review progress. In 2020, we introduced more continuous dialogue between managers and employees to enable real-time feedback, increase the focus on development and wellbeing, and empower people to adjust their objectives as needed throughout the year.

In 2020, we provided an average of 15 hours of training per employee. Our functional academies helped us continue to train people virtually during the pandemic. They offer programmes tailored to different roles and functions across the business, including commercial, leadership, financial, compliance and production skills. We also offer additional internal and external training locally.

We run leadership development training to prepare high-potential employees for future roles in leadership positions. In 2020, we continued to roll out our leadership training for managers, which focuses on alignment, accountability and action. More than 1,300 managers have now completed the course.

ENGAGING EMPLOYEES

We keep employees informed and engaged in the business through regular team dialogue, internal communications and CEO townhall meetings.

We run a global employee survey every two years to help us understand how we are doing as an employer and where we can improve. In the last survey, in 2019, we achieved a high level of employee engagement (84%). Priorities identified for improvement included more frequent feedback and recognition, career opportunities and support for wellbeing.

In 2020, we responded by building more continuous feedback into our people processes and encouraging managers to give their teams more support for development and wellbeing. We integrated these

principles into our leadership toolbox for leading remotely during COVID-19. In a pulse survey in 2021, we will ask employees how well they feel we have responded to their feedback.

We also engage with employee representatives through formal consultation and we recognise the right to collective bargaining. In 2020, 67% of our employees worldwide were covered by collective bargaining agreements.

Rewarding and recognising our people's hard work and achievements supports employee engagement and job satisfaction. We offer competitive pay and benefits, which we benchmark in each market. We also expect our leaders to seek out opportunities to recognise their colleagues informally or through local award schemes.

SUPPORTING PEOPLE THROUGH CHANGE

COVID-19 has affected demand for our beer at bars, restaurants and events due to restrictions on the hospitality industry. Sadly, as a result of these uncertainties, we have had to say goodbye to some of our colleagues.

We consulted employees and their representatives throughout the process in line with local law and

practices, and offered support to find new jobs. We also trained managers to lead their teams through change, including setting revised objectives and priorities for remaining staff.

SOURCING RESPONSIBLY

We strive to build long-term, collaborative relationships with suppliers that share our values and meet our high standards.

We spend billions of Danish kroner with tens of thousands of suppliers around the world. They provide the raw materials, packaging and logistics for our products, as well as other goods and services to support our business.

To work with us, all suppliers must comply with the standards set out in our *Supplier & Licensee Code of Conduct* and commit to extending these standards to their own suppliers too.

The code covers topics related to business ethics, labour and human rights, health and safety, and environmental sustainability. It includes commitments to reduce carbon emissions and manage water risk in line with our Together Towards ZERO focus areas.

We ensure that suppliers understand and follow our requirements, and monitor compliance through our supplier relationship management practices. Suppliers must be able to demonstrate compliance with the code and applicable laws on request. In the event of a breach, suppliers must promptly inform us and act to remedy the issue promptly. If a supplier fails to comply with the code or show willingness to remedy non-compliances, we may terminate their contract or refuse to do business with them.

We reserve the right to conduct audits of supplier sites. In 2020, we carried out 53 integrated quality audits to ensure our vendors are complying with the code and other relevant quality standards. Due to COVID-19 restrictions, we conducted fewer on-site audits than planned and focused on business-critical suppliers.

ENSURING PRODUCT QUALITY AND SAFETY

We closely monitor our manufacturing operations and supply chain to make sure that consumers always get high-quality and, above all, safe products from us. Quality

management systems at all our major European breweries and 87% of our large Asian breweries are certified to ISO 9001.

Carlsberg is part of the Global Food Safety Initiative (GFSI), which supports continuous improvement in food safety throughout the supply chain. All our major breweries in Europe and 27% in Asia are now

certified to external schemes recognised by the GFSI.

Suppliers of raw ingredients and packaging play a critical role in ensuring the safety of our products. We require them to meet high standards on food safety and we monitor compliance through our integrated quality audits. In 2020, we continued to work with suppliers

to assess risks, monitor performance and build capacity through our supplier management tool, starting with suppliers of glass and cans.

We aim to continually enhance the robust quality systems and foundations we have in place to ensure end-to-end product quality. In 2020, we updated our strategic quality initiatives to increase focus on

sensory elements of our quality systems and evaluation of consumer complaints to ensure the best consumer experience at all times.

Our rigorous approach to product quality and safety includes stringent checks and controls designed to ensure all our products are right first time. The aim is to identify and remedy any issues before products

leave our sites. In 2020, we enhanced the escalation process for reporting quality incidents to ensure information is shared across our production sites and prevent similar incidents occurring elsewhere.

On rare occasions, a quality issue is identified after products have been sold to consumers, requiring a recall. In 2020, one product was recalled.

RESPONSIBLE BUSINESS: OUR PROGRESS & PLANNED ACTIONS

PLANNED ACTIONS FOR 2020

STATUS

PROGRESS IN 2020

PLANNED ACTIONS FOR 2021

Diversity & inclusion

Conduct a diversity and inclusion survey measuring the inclusion climate and the experience of inclusion among all senior leaders.



We launched a diversity and inclusion survey to establish a baseline to measure our progress within diversity and inclusion.

Repeat diversity and inclusion survey to track progress for this agenda.

Conduct a gender pay review in all our markets.



We conducted a gender pay review to ensure we are meeting our commitment to equal pay for equal roles across our markets.

Continue to analyse pay practices to ensure equal pay for equal work and shift focus beyond pay to other drivers of an equal and inclusive workplace, including through guidelines around workplace flexibility

Train leaders in unconscious bias.



We initiated a global roll-out of our unconscious bias training, which was reformatted for virtual delivery due to the pandemic.

Continue global roll-out of virtual training on unconscious bias.

Debiasing our recruitment process.



We introduced a gender bias analyser in our recruitment system, created a recruitment toolkit to help minimise biases in the process, revised our employer brand to signal our inclusion, and are training all recruiters in unconscious bias.

Continue training all recruiters in unconscious bias and debiasing our recruitment process.



RESPONSIBLE BUSINESS: OUR PROGRESS & PLANNED ACTIONS




PLANNED ACTIONS FOR 2020

STATUS



PROGRESS IN 2020

PLANNED ACTIONS FOR 2021

Living by our Compass

<p>Introduce new anti-bribery & corruption e-learning course for white-collar employees.</p>		<p>We introduced e-learning on anti-bribery and corruption, completed by 19,162 employees.</p>	<p>Implement an enhanced risk-based compliance programme with a single look and feel across the four key compliance areas.</p>
<p>Implement upgraded risk and control framework and 2020 monitoring plan.</p>		<p>We updated our controls and developed tailored compliance toolkits for key functions to make it easier for senior leaders to understand the requirements most relevant to them.</p>	<p>Review and refresh the Code of Ethics & Conduct and the associated e-learning.</p>
<p>Implement new governance, risk and compliance (GRC) tool for recording and assessing compliance controls.</p>		<p>We introduced a new tool for reporting implementation of compliance controls across the business.</p>	<p>Implement pilot of enhanced anti-bribery and sanctions third-party screening process.</p>

Labour & human rights

<p>Continue in-market audits in selected higher-risk markets to monitor effectiveness of Labour & Human Rights Policy implementation.</p>		<p>We continued to assess compliance with our Labour & Human Rights Policy in higher-risk markets through audits in Bulgaria, Kazakhstan, Laos, Lithuania, Myanmar and Ukraine.</p>	<p>Continue in-market audits in selected higher-risk markets to monitor effectiveness of implementation of Labour & Human Rights Policy.</p>
<p>Develop initiatives to conduct value chain risk assessments in line with the UN Guiding Principles.</p>		<p>We partnered with experts to help us identify salient human rights risks across our value chain.</p>	<p>Review Labour & Human Rights Policy to reinforce our commitment to respecting human rights and to preventing and mitigating human rights-related risks. Assess identified salient issues and develop action plans to mitigate the issues.</p>

 Fully achieved
  Partially achieved
  Not achieved

GOVERNANCE AND TRANSPARENCY

This section explains how we govern Together Towards ZERO, engage with stakeholders and identify our most material issues. It includes indexes on the UN Sustainable Development Goals and Global Compact, and details performance data, reporting scope and assurance.

IN THIS SECTION

Governing sustainability.....	52
Engaging with stakeholders.....	55
Identifying our priorities.....	57
Contributing to the UN Sustainable Development Goals.....	59
UN Global Compact Index.....	66
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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.

GOVERNING SUSTAINABILITY

Our Executive Committee (ExCom) is responsible for sustainability, providing strategic guidance and approval for policies and targets. Ultimate accountability for sustainability at Carlsberg, including our Together Towards ZERO (TTZ) programme, lies with our CEO and ExCom.

External experts inform our approach by engaging with the CEO and other executives through the Carlsberg Sustainability Advisory Board (see page 53).

REVIEWING PERFORMANCE

Key performance indicators (KPIs) for our TTZ programme are reported monthly to our integrated supply chain management team and ExCom, and at least once a year to our Supervisory Board. Both ExCom and the Supervisory Board review overall sustainability performance and progress towards our TTZ targets at least once a year, in addition to reviewing relevant investments and projects in line with normal business procedures.

Examples in 2020 included our latest beer-in-hand carbon footprint analysis and topics related to COVID-19 crisis management.

Executive remuneration is linked to KPIs related to TTZ and sustainability. The performance of the Executive Board against their sustainability-related KPIs is discussed in the Remuneration Committee four times a year.

TTZ is also on the agenda of all the extended leadership team meetings for our top 60 leaders, with monthly health and safety updates and engagement on relevant projects throughout the year.

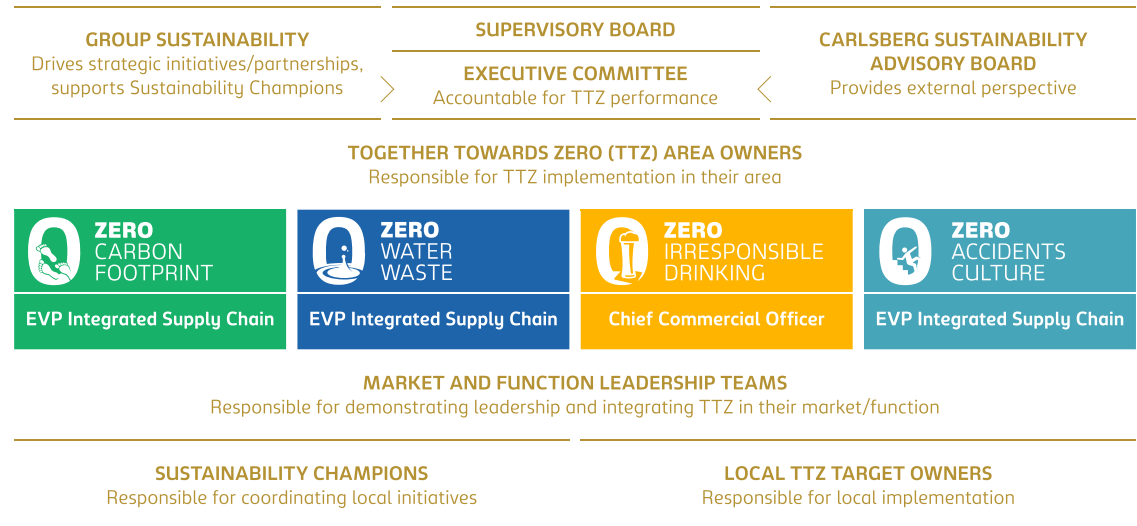
EMBEDDING TTZ IN OUR BUSINESS

We integrate responsibility for specific areas of our TTZ programme and management of sustainability topics into core business functions.

Designated TTZ owners drive the programme's implementation and progress towards our 2022 and 2030 targets within their respective areas of responsibility. They are supported by local target owners and leadership teams in our markets and relevant functions.

The Executive Vice President, Integrated Supply Chain – who is responsible for production, logistics, supply chain and procurement operations – owns the TTZ targets on carbon, water and accidents. The Chief Commercial Officer owns the TTZ targets on responsible drinking.

HOW WE MANAGE SUSTAINABILITY



Our Group sustainability team drives strategic initiatives and partnerships, and supports Sustainability Champions, who help to coordinate local sustainability initiatives across the business.

ENGAGING OUR PEOPLE

We embed sustainability throughout the business and aim to get our people involved in the TTZ programme to help us achieve our targets.

New employees are introduced to TTZ as part of their induction to the business, and everyone can access training on sustainability through our online academies. We provide additional training on specific topics

to people in relevant roles. For example, innovation managers receive training on how to integrate environmental life cycle thinking into product development, and we present the results of our beer-in-hand carbon footprint analysis to local market management teams to help them target improvements.

TTZ is a global programme, but it is anchored through ownership, action and communication at local level. Examples from across the business help us showcase local flavour and share examples of best practices with other markets. We post local stories on the intranet for all employees and disseminate these through our global corporate affairs teams. We also

train Sustainability Champions in each market to drive internal communications and awareness at local level.

To give people a personal stake in our progress Together Towards ZERO, we link remuneration to performance on TTZ targets for relevant roles, including executives, brewery managers, facilities managers, and innovation, marketing and sustainability teams. Relevant KPIs range from energy and water savings to stakeholder engagement, brand engagement and reputation.

MANAGING RISK

ExCom leads our corporate risk management programme, with oversight from the Audit Committee. We map the impact of each risk on our operating profit or brand/image against the likelihood of that risk materialising.

Based on this assessment, ExCom identifies high-risk issues for the coming year and assigns risk owners to oversee activities to manage and mitigate them. See our Annual Report for more on our approach to risk management and a list of key risks identified for 2020.

We integrate sustainability risks into this assessment and management of business risks, primarily in relation to legal and regulatory compliance, and regulatory changes. In 2020, we strengthened our focus on longer-term sustainability challenges, starting with climate-related financial risks – including reporting in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) (see page 14) – and a ground-breaking scenario analysis of water risks (see page 24).

From 2021, mid- and long-term risks will be reviewed annually, including those related to the areas of commercial and competition, governance, consumer,

macroeconomic and geopolitical environment, reputation, supply chain and climate. These will feed into our assessment of business risks.

An analysis of relevant risks informed our latest assessment of the most material sustainability issues for our business and our stakeholders (see page 57).

INTEGRATING EXTERNAL PERSPECTIVES

The Carlsberg Sustainability Advisory Board (CSAB), established in 2020, provides a valuable “outside in” perspective to ExCom.

Three independent external sustainability experts sit on the CSAB (see box). They engage directly with our CEO, TTZ area owners and other senior executives who are also CSAB members. The director of our Group Sustainability team facilitates CSAB meetings, which are held at least twice a year.

The role of the CSAB is to:

- Help us stay in sync with expectations in the outside world and remain true to our founder’s aspirations through our strategy and actions.
- Provide strategic advice, critical review and feedback.
- Act as a sparring partner for ExCom and other members of the leadership team.

The CSAB first met in May 2020 to provide feedback on our TTZ programme, progress and reporting. They raised important considerations, challenging us to continually strive for better. The table summarises their feedback and our response. See page 5 for direct feedback from each of the external CSAB members.

We also asked for insights into external trends on plastics and sustainability trends among Asian consumers. At a second full meeting in October, the CSAB discussed the business case for sustainability and how the COVID-19 pandemic has affected the sustainability agenda.

CARLSBERG SUSTAINABILITY ADVISORY BOARD: EXTERNAL MEMBERS

Knut Haanaes: Professor of Strategy – Lundin Sustainability Chair at IMD Business School in Lausanne.

Acacia Leroy: Greenhouse Labs Manager, Deloitte SEA.

Frank van Ooijen: Independent consultant specialising in issues management, strategic corporate communications and sustainability programme management.

Hear more from the Carlsberg Sustainability Advisory Board on page 5, or read their feedback and our response on the next page.

RESPONDING TO CSAB FEEDBACK

CSAB FEEDBACK

Strengthen the links between sustainability and the business in risk mapping and reporting.

Set out a clear plan to deliver the pace of progress required to meet TTZ targets on carbon and water.

Benchmark performance and reporting by publishing external ratings and aligning reporting with established guidelines.

Increase focus on raw materials and agriculture.

Elaborate on the materiality process and which stakeholders were consulted.

Share innovative solutions to benefit the wider industry and clarify the next steps for innovations like Snap Pack and the Green Fibre Bottle.

Translate corporate impact into the consumer's personal impact, explain initiatives in a language consumers can understand and quantify impact in tangible terms consumers can identify with.

Identify ways to contribute to sustainability locally and highlight local case studies.

Rewrite the rules of the industry on responsible drinking and tell the world more about it.

OUR RESPONSE

We set out the business case for our TTZ targets in the relevant sections of this report. In 2020, we integrated sustainability further in our Annual Report for investors and in our risk mapping through alignment with the Task Force on Climate-related Financial Disclosures (TCFD) guidelines. While our Annual Report and Sustainability Report are published simultaneously, we believe that a separate Sustainability Report offers more value for a wider range of stakeholders.

We have established roadmaps with specific actions to achieve our 2022 targets on water, elimination of coal and 100% renewable energy. We are now working on a roadmap to help us achieve our carbon reduction targets, supported by our latest beer-in-hand footprint analysis (see page 11). Roadmaps for the 2030 targets will be more high level to enable flexibility as the business evolves and new technologies emerge.

Our performance in key external sustainability benchmarks is published in this report (see page 51). In 2020, we aligned our reporting with TCFD guidelines. While we used the principles of the Global Reporting Initiative sustainability reporting guidelines to inform the performance indicators and framing of our reporting, we do not currently report in accordance with the GRI Standards.

Our influence on agricultural practices is relatively limited because we buy our ingredients mainly from commodity markets and do not operate in regions, such as Africa and South America, where there is a strong industry focus on supporting smallholder farmers. However, we are supporting sustainable agriculture through research at our lab, which is field-testing drought-resilient crops as part of our focus on tackling climate change (see page 10).

We updated our materiality assessment in 2020 and provide information on the process, including stakeholders consulted, in this report (see page 57).

The Green Fibre Bottle is a good example of how we aim to extend our positive impact by sharing innovative solutions with the wider industry. We were instrumental in developing it, then invited others to join the initiative too. The bottle was piloted by The Absolut Company in 2020, and The Coca-Cola Company launched its first prototype. We aim to trial the Green Fibre Bottle with our beer as soon as we receive regulatory approval. We also rolled out Snap Pack to more markets in 2020. See page 17.

We are investing in life cycle assessments and fact-based product claims to help consumers understand what our sustainability performance means for the beer in their hand. We also strive to use simple language, tangible comparisons and engaging infographics to help communicate our sustainability story to consumers. For example, we compare our carbon savings with the equivalent number of cars taken off the road and our water savings with Olympic swimming pools (see pages 12 and 22).

Many TTZ programmes are run at local level, particularly in relation to responsible drinking, shared water resources and recycling. We aim to engage further with local colleagues to translate our global programmes and targets into local contexts. Local case studies and examples are included throughout this report.

We are committed to collective industry efforts and partnerships to promote responsible drinking. We offer alcohol-free brews across our brands, and we are working on more purpose-driven marketing to better communicate our sustainability actions to consumers.

ENGAGING WITH STAKEHOLDERS

Dialogue with stakeholders helps us understand what matters most to them and respond. This is essential for fostering open communications and building trust. Their input helps us define and prioritise our sustainability efforts. And our partnerships with stakeholders enable us to drive progress Together Towards ZERO.

How we engage with stakeholders on sustainability topics

STAKEHOLDER	HOW WE ENGAGE	TOPICS OF INTEREST	OUR RESPONSE
Consumers	Marketing campaigns Social media Local websites Responsible drinking initiatives	Consumer demand for healthier and more sustainable options is growing. Sustainable packaging is the most tangible aspect of sustainable products for consumers.	We are developing products and packaging that are more sustainable for the planet through our TTZ targets on carbon (see page 10) and water (see page 20). We are also developing a process to implement sustainability in each of our brands. We put a strong focus on enjoying our beer responsibly in our marketing, we include product labelling to support healthy choices, and we have extended our range of alcohol-free brews. Our responsible drinking initiatives also connect directly with consumers (see page 27).
Customers	Sales and marketing channels Responsible drinking partnerships Customers' supplier requirements, questionnaires and audits Customer satisfaction surveys	Customers want to know how we can help them achieve their own sustainability goals and meet consumer demand for healthier and more sustainable options.	In addition to our own response to consumers (see above), we partner with customers, such as bars and retailers, on campaigns like Global Beer Responsibility Day (see page 33). We also help customers reduce sustainability risks in their supply chain through our TTZ programme and by doing business responsibly.
Employees	Biennial global employee survey Regular dialogue and feedback Twice-yearly performance reviews Formal consultation with employee representatives	Feedback from our latest employee survey in 2019 showed improved employee engagement and highlighted several areas where we could improve, including more frequent feedback and recognition, career opportunities and support for wellbeing.	We have responded to what employees told us in 2019 by building more continuous feedback into our people processes and encouraging managers to focus more on support for development and wellbeing (see page 48).
Industry	Engagement through industry organisations, such as the International Alliance for Responsible Drinking (IARD), Brewers of Europe, the Worldwide Brewing Alliance and national trade associations Engagement with peers on initiatives to drive sustainable innovation	Industry peers are keen to work together to tackle common challenges and protect the reputation of brewing companies and the wider drinks industry.	Together with other members of the IARD, in 2020 we committed to accelerating measures to tackle underage drinking (see page 31). We are also part of the Brewers of Europe Proud to Be Clear initiative to expand nutrition and ingredient information on product labels and online. We welcomed others in the drinks industry to join our innovation initiative to develop a Green Fibre Bottle and The Absolut Company began trialling it in 2020 (see page 17).
Investors	Annual Report Annual General Meeting Investor roadshows Individual meetings Investor questionnaires	Investors want to know that we meet their environmental, social and governance (ESG) requirements – and have been showing increasing interest in ESG. They want to understand how investments in sustainability will support our business goals and help deliver sustainable financial returns in the long term.	We respond to investor questionnaires to demonstrate compliance with ESG requirements, and we explain the business case for our TTZ programme. Our strong scores in ratings such as MSCI and Sustainalytics demonstrate our business is low risk for investors. See also our Annual Report and Investor Relations at carlsberggroup.com/investor-relations .
Journalists	Individual meetings and calls Direct engagement by e-mail	Journalists' questions give us an insight into wider trends across and beyond the industry. Recently, their focus has been on carbon emissions and renewables, due diligence standards, GMO policy and transparency.	We always seek constructive and fact-based dialogue with media and journalists, and value an open discussion on detailed subjects to ensure that our approach and communication are well understood and accurately reflected.

STAKEHOLDER	HOW WE ENGAGE	TOPICS OF INTEREST	OUR RESPONSE
Suppliers	Supplier & Licensee Code of Conduct Integrated quality audits Partnerships to support progress on our value chain carbon targets	Suppliers want to know what our priorities are in relation to sustainability so they can play their part in helping us achieve our targets and meet our sustainability criteria to secure access to business opportunities with us.	We communicate our requirements on sustainability through our Supplier & Licensee Code of Conduct, and we monitor compliance through audits (see page 48). In 2020, we also engaged with suppliers to gather data at product level to support our beer-in-hand value chain carbon footprint analysis, and pursued partnerships to reduce our shared carbon footprint in areas like packaging, transport and refrigeration (see page 14).
Sustainability experts	Carlsberg Sustainability Advisory Board (CSAB) Consultations and partnerships with NGOs and issue experts	Sustainability experts want to understand how our TTZ programme aligns with our business strategy and responds to global challenges. They also want to see ambitious targets, strong performance and transparent reporting. In 2020, the CSAB provided detailed feedback (see page 54). Sustainability experts also provide valuable input on our approach to issues such as human rights.	See page 54 for our response to CSAB feedback in 2020. We are a member of the Science Based Targets initiative and in 2020 we supported its call for governments to align COVID-19 recovery efforts with the latest climate science (see page 8). We have strategic partnerships with WWF and Plastic Change. In 2020, we worked closely with WWF to map water risks in our business (see page 24). Human rights experts Shift provided feedback and input on our human rights risks and due diligence (see page 46).
Policymakers and regulators	Engagement through trade associations, such as Brewers of Europe, and industry organisations in our local markets High-level public events, such as the World Economic Forum's annual Davos meeting, New York Climate Week and similar conferences where government officials are present	Governments want to know that we comply with laws and contribute to economies through job creation and taxes. They also want to understand how we support their strategies on sustainability and public health.	Our Public & Government Affairs Manual, updated in 2020, sets out clear guidance on how we engage with governments globally. We have controls in place to ensure compliance with all applicable laws (see page 44). We report our total economic contribution, including taxes generated and jobs created, every year (see page 42). And we engage with governments indirectly on sustainability and public health issues through industry associations such as the IARD and Brewers of Europe.
Communities	Local community engagement programmes	Communities near our operations want us to be a responsible neighbour and to understand how we can support them.	Our business creates jobs through the people we employ directly and many more in related sectors, including in rural communities with few employment opportunities (see page 42). In 2020, we provided targeted support for communities around the world through the COVID-19 crisis (see page 8). We also improved access to safe, reliable drinking water for people living in high-risk areas (see page 25).

IDENTIFYING OUR PRIORITIES

We aim to ensure that our work remains focused on the topics that are most significant to our business and our stakeholders – our most material issues. The Together Towards ZERO programme was informed by a materiality assessment conducted in 2016. This helped us identify where we can have the biggest economic, environmental and social impact.

Global challenges continue to evolve and the COVID-19 pandemic has highlighted health and economic concerns. In 2020, we conducted a new materiality assessment with support from experts at GlobeScan.

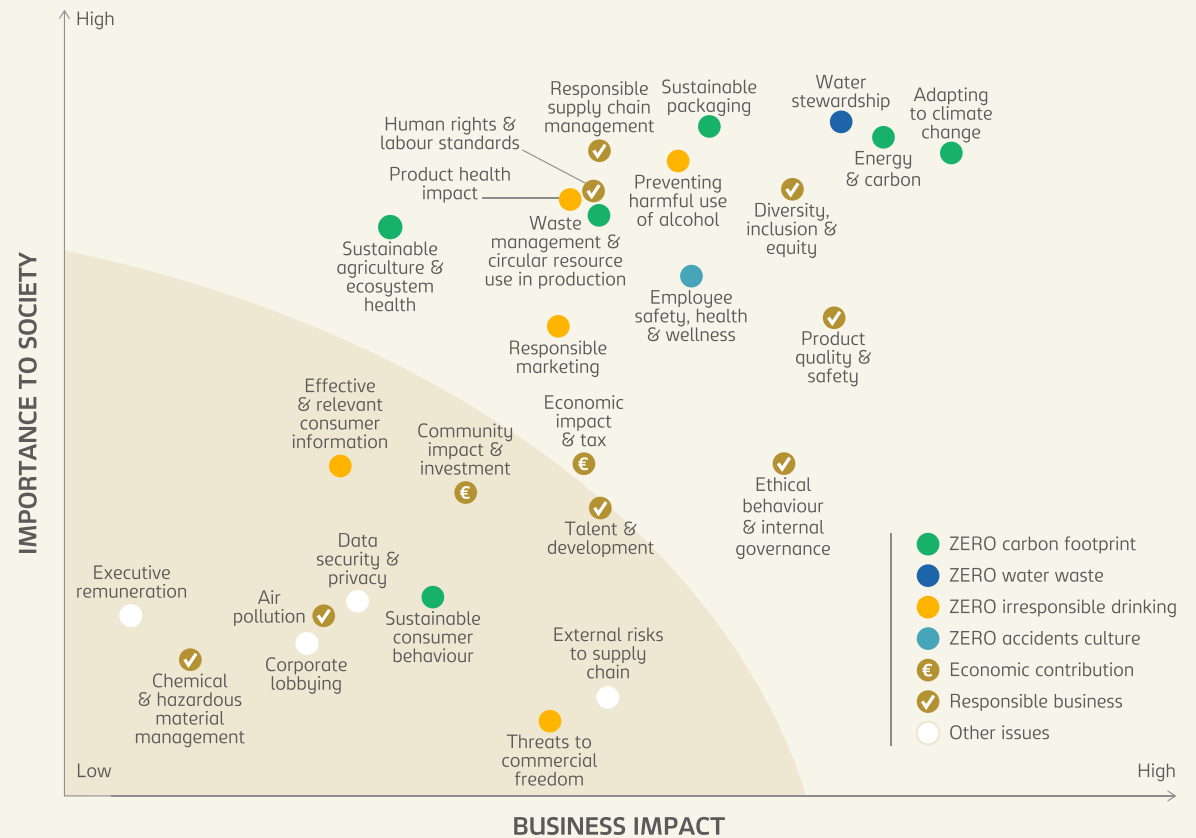
Analysis of existing data and research from both within our business and externally, combined with insights from a digital listening platform, informed an initial issues list. This was used to support focused consultation to gain internal and external perspectives. We conducted a survey of employees representing a range of geographies and functions, and in-depth interviews with external stakeholders representing groups including non-governmental and inter-governmental organisations, industry

associations, investors, customers, suppliers and academics.

THE FINDINGS

Four interconnected environmental themes top the most material issues for Carlsberg: climate change adaptation; energy and carbon; water stewardship; and sustainable packaging. These were also priority issues in 2016, but the scale and nature of stakeholder expectations have evolved. Sustainable packaging is more prominent among these top issues, while climate change adaptation is now as important as seeking to mitigate risks. Water stewardship remains a high strategic and reputation risk, but is also seen as an opportunity for Carlsberg to show leadership.

Supporting equality and caring for employees have risen in prominence. Diversity, inclusion and equity is a high priority. Employee safety, health and wellness is also a critical issue and will remain so as we emerge from the COVID-19 crisis. Looking forward, areas for potential future consideration are the future of work and the need for upskilling or reskilling (talent and development), as well as Carlsberg's role in supporting social justice and economic equality (community impact and investment).



Stakeholders also see an opportunity for Carlsberg to show leadership on product health impact and social impacts (preventing harmful use of alcohol) through innovating and widening the availability of products (such as low-/no-alcohol or low-sugar options), bolder marketing, and working with the industry and others to define the role for beer in a “healthy” society.

The prominence of sustainable agriculture and ecosystem health is rapidly increasing and expected to become more of a high-profile issue for the whole food and drinks sector. Stakeholders also highlighted the interconnection between biodiversity, water and climate.

Carlsberg's extended responsibility across the whole supply chain was




prominent in stakeholder feedback (responsible supply chain management), with human rights and labour standards being key components. Other issues identified as highly material include product quality and safety, ethical behaviour and governance, waste management and circular resource use in production, responsible marketing, and economic impact and tax.



ISSUE DEFINITIONS



ISSUE	DEFINITION
Responsible supply chain management	High social (including workers) and environmental standards for sourcing and partners. Supporting partners to develop strategies for improvement (on environmental and social impact) and monitoring their performance through audits etc.
Human rights and labour standards	Ensuring human rights are protected within own operations and throughout the value chain, including implementing governance and systems to identify, address and remedy issues. Eliminating all forms of forced and compulsory labour, child labour and human trafficking. Upholding the right of freedom of association and collective bargaining.
Sustainable packaging	Reducing, reusing, recycling and rethinking packaging materials, as well as developing sustainable packaging innovations and advocating for circular packaging systems (e.g. return schemes).
Preventing harmful use of alcohol	Working with others (e.g. policymakers, partners within and beyond the industry, and customers) to raise awareness, promote moderation, tackle misuse and reduce alcohol-related harm in society (e.g. violence and abuse, underage drinking, drink-driving).
Responsible marketing	Marketing alcoholic and non-alcoholic products in a responsible manner.
Effective and relevant consumer information	Providing the information consumers need to make informed decisions about their consumption of alcohol. Transparency through provision of consumer information on ingredients and nutrition (e.g. sugar, calories).
Sustainable consumer behaviour	Labelling and transparency about environmental impacts on products and in communications. Encouraging consumers to adopt more sustainable behaviours (e.g. recycling, use of returnable bottles) or buying the more environmentally friendly product (e.g. with the lowest CO ₂ impact or free from plastic).
Product quality and safety	Ensuring traceability, safety and consistency of products through high-quality standards and procedures. Including clear identifications of use of GMOs and pesticides.
Energy and carbon	Reducing carbon emissions and improving energy efficiency across own operations, distribution and full value chain, including investing in clean low-carbon technologies and renewable energy.
Adapting to climate change	Developing strategies to protect against climate-related hazards (e.g. water shortages, increases in pests and diseases, temperature and rain impacts on crops) and natural disasters - within own operations, supply chain and communities. Examples include investment in climate-resilient and disease-resistant hops or strengthening of finance options for farmers.
Waste management and circular resource use in production	Designing out waste and pollution, while keeping products and resources in use within own operations and supply chain. Responsible disposal of any waste, including discharge of brewery effluent, spent grain and treatment of wastewater.
Sustainable agriculture and ecosystem health	Protecting the health of ecosystems associated with the production of raw materials and across operations. Including soil health, biodiversity and land use. Understanding opportunities to have a positive impact on the health of ecosystems.
Water stewardship	Good water stewardship and governance approach across own operations and supply chain, especially in water-scarce regions, including advocating with government, partners and peers. Supporting farmers to be good water stewards.



ISSUE	DEFINITION
Chemical and hazardous material management	Appropriate systems and procedures for the continuous reduction of chemicals in products and processes, and appropriate disposal of chemical and hazardous waste.
Ethical behaviour and internal governance	Ethical approach to the legal and regulatory environment, including ensuring compliance with all local laws. Good governance systems, rules and procedures, including executive oversight. Rigorous action against corruption, misconduct, negligence, anti-competitive behaviour.
Executive remuneration	Fair, appropriate and transparent system of executive compensation, including pay and incentives.
Corporate lobbying	Responsible lobbying practices that are fully aligned with the company's sustainability commitments and strategy.
Data security and privacy	Protecting the right to privacy and ensuring security of data for customers, consumers, employees and business partners. Including via social media and other communication outlets.
Diversity, inclusion and equity	A workplace where all employees are treated fairly and without discrimination. Working towards equality internally (gender, age, race, sexual orientation, disabilities, faith etc.) and advocacy with partners and externally.
Employee safety, health and wellness	A safe working environment across all operations. Protecting the health and wellbeing of employees, including work/life balance, stress and mental health, flexible working and support for physical health issues.
Talent and development	Good pay, benefits and services to workforce (e.g. health insurance, retirement contributions). Maximising employee engagement and talent recruitment/retention through career development, training and opportunities.
Community impact and investment	Creating shared economic value with communities and other stakeholders in all operational locations (e.g. through access to opportunities, investment, programmes and partnerships to support development, inclusion and environmental protection).
Economic impact and tax	Positive economic impact across all markets through job creation/security, investment and supporting the wider value chain. Fulfilling taxation responsibilities to the economies in which we operate.
Product health impact	Supporting healthy consumption of alcohol and other beverages, including innovation on healthier products (e.g. low-/no-alcohol or low-sugar options). Working with others to raise awareness and tackle the potential impacts of alcohol on mental and physical health (e.g. obesity, NCDs, alcohol during pregnancy).
Threats to commercial freedom	Potential threats to the business (e.g. linked to the COVID-19 pandemic) through demonisation of alcohol via government restrictions, illicit trade in alcohol or threats to the wider hospitality industries.
External risks to supply chain	Challenges to the supply chain, including raw material availability, as well as import and export restrictions caused by trade wars or pandemic-related labour and travel restrictions.
Air pollution	Reduction in pollutants with negative impact on public health, particularly nitrogen oxide and sulphur dioxide.

CONTRIBUTING TO THE UN SUSTAINABLE DEVELOPMENT GOALS




SDG	TARGETS	EXAMPLE ACTIONS	FOCUS AREA	PAGE
	<p>3.5 Strengthen the prevention and treatment of substance abuse, including harmful use of alcohol.</p> <p>3.6 By 2020, halve the number of global deaths and injuries from road traffic accidents.</p>	<p>Achieved 11% global volume growth in alcohol-free brews (AFBs) in 2020 (83% since 2015).</p> <p>Extended alcohol-free options to 100% of international premium brands and a third of all brands.</p> <p>Reached more than 22.5 million people with responsible drinking campaigns on Global Beer Responsibility Day.</p> <p>Maintained commitment to the Digital Guiding Principles alongside member companies of the International Alliance of Responsible Drinking (IARD). Achieved 90.6% compliance globally.</p> <p>Continued implementation of actionable advice on responsible drinking, including age-restriction messaging.</p> <p>Continued to encourage responsible behaviour, including campaigns to tackle drink-driving in countries such as China, Laos, Latvia and Malaysia.</p> <p>Equipped 48% and 50% of company cars in Western Europe and Eastern Europe respectively with alcolocks.</p>	 <p>ZERO IRRESPONSIBLE DRINKING</p>	<p>27-34</p>
	<p>5.1 End all forms of discrimination against all women and girls everywhere.</p> <p>5c Adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels.</p>	<p>Established a Diversity & Inclusion Council to act as ambassadors for diversity and inclusion, and to provide input to the Executive Committee to define our approach on this topic.</p> <p>Conducted an anonymous survey of 800 leaders to get a better understanding of perceptions of inclusivity at Carlsberg and inform a roadmap for improvement, which includes training managers on unconscious bias and inclusive leadership, integrating diversity and inclusion in our HR processes, and promoting flexible working.</p> <p>Continued to build a pipeline of female talent, with women making up 14% of our top 60 leaders, 28% of managers, 47% of employees in the early stages of their careers, 37% of global leadership programme participants, and 40% of developmental or short-term assignments.</p>	<p>Respecting human rights</p> <p>Embracing diversity & inclusion</p>	<p>46</p> <p>46-47</p>



SDG	TARGETS	EXAMPLE ACTIONS	FOCUS AREA	PAGE
	<p>6.1 By 2030, achieve universal and equitable access to safe and affordable drinking water for all.</p> <p>6.2 By 2030, achieve access to adequate and equitable sanitation and hygiene for all and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations.</p> <p>6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally.</p> <p>6.4 By 2030, substantially increase water-use efficiency and ensure sustainable withdrawals and supply of fresh water to address water scarcity.</p> <p>6.5 By 2030, implement integrated water resources management at all levels.</p> <p>6.6 By 2020, protect and restore water-related ecosystems, including mountains, forests, wetlands, rivers, aquifers and lakes.</p>	<p>Reduced water usage by 18% per hectolitre of beer produced since 2015, saving almost 3,000 Olympic swimming pools of water.</p> <p>Introduced new efficiency measures that will significantly reduce water use in China and Vietnam.</p> <p>Commenced construction of a state-of-the-art water-recycling plant to reuse 90% of process wastewater at the Fredericia brewery in Denmark, which will take water efficiency from 2.9 hl/hl to 1.4 hl/hl.</p> <p>Continued research and innovation for reusing and reducing water use through the Carlsberg Young Scientists Community.</p> <p>Began sharing lessons learned from best-in-class efficiency measures at the Dazhulin brewery in China across the business.</p> <p>Completed a detailed water risk assessment at all 81 of our breweries using WWF's leading Water Risk Filter tool, identifying 17 breweries in high-risk areas – all in Asia.</p> <p>Worked with WWF on a ground-breaking pilot to use its Water Risk Filter tool to develop forward-looking scenarios to better understand global water risk in a changing climate.</p> <p>Implemented projects to improve access to reliable water supplies for communities, including better water infrastructure for 20,000 people in Vietnam, wetlands restoration in Nepal and an innovative partnership with Desolenator in India, which will use solar power to provide clean water for around 4,000 people.</p>		<p>20-26</p>






SDG	TARGETS	ACTIONS	FOCUS AREA	PAGE
	<p>7.2 By 2030, increase substantially the share of renewable energy in the global energy mix.</p> <p>7.3 By 2030, double the global rate of improvement in energy efficiency.</p>	<p>Sourced 64% of electricity from renewable sources (2019: 56%) and increased the total share of renewable energy to 25% (2019: 24%).</p> <p>Used 100% renewable electricity at all sites in Western Europe and, for the first time, China.</p> <p>Used renewable thermal energy (partially or fully) at 28 breweries through biogas extracted from our own wastewater, biomass, renewable district heating or biogas certificates.</p> <p>Assessed viability of new technologies such as solar-assisted brewing, heat pump integration and energy from spent grain through the Carlsberg Young Scientists Community.</p> <p>Continued to improve energy efficiency at our breweries through initiatives such as heat and energy recovery systems, and heat exchange units.</p> <p>Took delivery of the first of our fleet of 26-tonne electric trucks in Switzerland and continued to invest in electric forklift trucks to support the transition away from fossil fuels.</p>	 <p>ZERO CARBON FOOTPRINT</p>	10-19

SDG	TARGETS	ACTIONS	FOCUS AREA	PAGE
	<p>8.1 Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent gross domestic product growth per annum in the least developed countries.</p> <p>8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.</p> <p>8.7 Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms.</p> <p>8.8 Protect labour rights and promote safe and secure working environments for all workers.</p>	<p>Directly employed over 40,000 people in our majority-owned businesses and indirectly created an estimated 1.09 million further jobs for people involved in supplying our raw ingredients and serving our beer to consumers.</p> <p>Generated DKK 85bn¹ in economic value, including a total tax contribution of DKK 38bn globally.</p> <p>Maintained our commitment to uphold internationally recognised human rights as a signatory to the UN Global Compact, and as a supporter of the UN Universal Declaration of Human Rights and the UN Guiding Principles on Business and Human Rights.</p> <p>Continued to train people managers on our Labour & Human Rights Policy. Assessed compliance with the policy in potentially higher-risk markets through audits in Bulgaria, Kazakhstan, Laos, Lithuania, Myanmar and Ukraine.</p> <p>Undertook a cross-company exercise to identify and prioritise our salient human rights issues, and planned a deeper assessment of the highest risks we face, which relate to labour rights for employees and supplier workers in specific roles.</p> <p>Reduced the number of lost-time accidents to 116 (2019: 146) and the lost-time accident rate by 55% since 2015 to 3.0 (2019: 3.7).</p> <p>Completed 133,694 safety walks and recorded 306,377 observations on safety risks and unsafe behaviours reported by employees. Achieved 94% compliance with Life Saving Rules.</p>	<p> ZERO ACCIDENTS CULTURE</p> <p>Contributing to economies</p> <p>Respecting human rights</p>	<p>35-40</p> <p>42</p> <p>46</p>

¹ Economic value generated is a combination of gross revenue, other income, financial income and income included in special items.

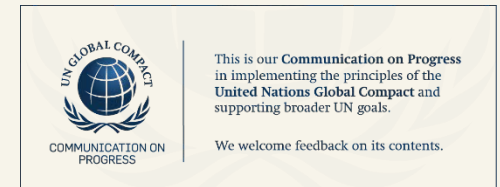
SDG	TARGETS	ACTIONS	FOCUS AREA	PAGE
	<p>10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.</p> <p>10.3 Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard.</p>	<p>Established a Diversity & Inclusion Council to act as ambassadors for diversity and inclusion, and provide input to the Executive Committee to define our approach on this topic.</p> <p>Conducted an anonymous survey of 800 leaders to get a better understanding of perceptions of inclusivity at Carlsberg and inform a roadmap for improvement, which includes training managers on unconscious bias and inclusive leadership, and integrating diversity and inclusion in our HR processes.</p> <p>Continued to train people managers on our Labour & Human Rights Policy, which covers non-discrimination. Assessed compliance with the policy in potentially higher-risk markets through audits in Bulgaria, Kazakhstan, Laos, Lithuania, Myanmar and Ukraine.</p> <p>Undertook a cross-company exercise to identify and prioritise our salient human rights issues, and planned a deeper assessment of the highest risks we face, which relate to labour rights for employees and supplier workers in specific roles.</p>	<p>Respecting human rights 46</p> <p>Embracing diversity & inclusion 46-47</p>	
	<p>12.2 By 2030, achieve the sustainable management and efficient use of natural resources.</p> <p>12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.</p> <p>12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.</p> <p>12.9 Support developing countries to strengthen their scientific and technological capacity to move towards more sustainable patterns of consumption and production.</p>	<p>Extended our revolutionary Snap Pack technology – which cuts plastic by up to 76% by replacing plastic shrink wrap or rings with glue dots that hold packs of cans together – to three more markets. It is now in use in Denmark, Estonia, France, Germany, Latvia, Lithuania and the UK.</p> <p>Celebrated progress on our Green Fibre Bottle project with trials launched by project partners and a commercial trial for use with our beer in 2021 pending regulatory approval.</p> <p>Launched 19 partnerships to operate 10,000 recycling containers in 50 municipalities across Russia and partnered with retailer VkusVill to install innovative in-store vending machines where consumers can drop off used cans and plastic bottles.</p> <p>Rolled out shrink film made of 100% recycled plastic to further markets. It is now used in Denmark, Finland, France, Norway, Poland and Sweden.</p> <p>Launched 100% recycled PET bottles in Finland and introduced the first PET bottle-recycling machine in Belarus.</p>	 <p>ZERO CARBON FOOTPRINT</p>	<p>10-19</p>

SDG	TARGETS	ACTIONS	FOCUS AREA	PAGE
	<p>13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters.</p> <p>13.3 Improve education, awareness-raising and capacity on climate change mitigation, adaptation, impact reduction and early warning.</p>	<p>Made progress towards our climate targets, which have been approved by the Science Based Targets initiative as in line with the latest climate science to limit global warming to 1.5°C.</p> <p>Reduced brewery carbon emissions by 39% since 2015.</p> <p>Conducted our most extensive analysis yet of our global beer-in-hand value chain carbon footprint, with input from suppliers representing more than 60% of our spend. It showed a 7% reduction in relative emissions since 2015, halfway towards our 15% target by 2022.</p> <p>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 called for European Union leaders to embrace a 55% carbon emissions reduction target by 2030.</p> <p>Achieved an A rating from the CDP for transparency and action on climate.</p> <p>Increased the number of carbon-neutral breweries to eight (2019: 5).</p> <p>Increased proportion of newly purchased fridges and beer coolers using low-climate-impact technology to 97% (2019: 93%).</p> <p>Continued to invest in climate-tolerant and high-yield varieties of barley through the Carlsberg Research Laboratory.</p>	 <p>ZERO CARBON FOOTPRINT</p>	<p>10-19</p>
	<p>16.5 Substantially reduce corruption and bribery in all their forms.</p>	<p>Introduced new online training on anti-bribery and corruption, completed by 19,162 employees in roles such as sales, procurement and finance.</p> <p>Investigated and acted on reported concerns of suspected misconduct, including those related to business integrity, and took appropriate disciplinary action.</p>	<p>Living by our Compass</p>	<p>44</p>

SDG	TARGETS	ACTIONS	FOCUS AREA	PAGE
	<p>17.16 Enhance the global partnership for sustainable development, complemented by multi-stakeholder partnerships.</p>	<p>Collaborated with suppliers representing more than 60% of our spend to obtain primary data input on greenhouse gas emissions. Used this data to inform our beer-in-hand carbon footprint analysis, conducted with support from the Carbon Trust.</p>	 <p>ZERO CARBON FOOTPRINT</p>	<p>10-19</p>
	<p>17.17 Encourage and promote effective public, public-private and civil society partnerships.</p>	<p>Partnered with suppliers to extend our Snap Pack technology to three more markets. Celebrated progress on our Green Fibre Bottle innovation project with two of our project partners: The Coca-Cola Company launched a prototype, The Absolut Company is conducting a trial and we are planning a trial for our beer in 2021 pending regulatory approval.</p>	 <p>ZERO WATER WASTE</p>	<p>20-26</p>
		<p>Commenced construction of a state-of-the-art water-recycling plant to reuse 90% of process wastewater at Fredericia brewery, Denmark – a result of a public-private partnership with DRIP.</p>		
		<p>Partnered with WWF to complete a detailed water risk assessment of our breweries using its Water Risk Filter tool. Completed a ground-breaking pilot using the tool to develop forward-looking scenarios on water risk in a changing climate, which WWF has now incorporated into the tool for use by thousands of companies globally.</p>	 <p>ZERO IRRESPONSIBLE DRINKING</p>	<p>27-34</p>
		<p>Began implementing an innovative partnership with Desolenator in India, which will use solar power to convert contaminated water into clean water for a town of 4,000 people.</p>		
		<p>Worked with local partners to reach more than 22.5 million people on Global Beer Responsibility Day to encourage responsible drinking, addressing locally relevant issues.</p> <p>Partnered with contractors to support compliance with safety standards, achieving 94% compliance with our contractor management standards and 93% compliance with our new standard for temporary contract workers.</p>	 <p>ZERO ACCIDENTS CULTURE</p>	<p>35-40</p>

UN GLOBAL COMPACT INDEX

We support the UN Global Compact and this report is our Communication on Progress in implementing its Ten Principles. The index below sets out where to find information on our approach and performance in relation to each principle.



GLOBAL COMPACT PRINCIPLE

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights

Principle 2: Businesses should make sure that they are not complicit in human rights abuses

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining

Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labour

Principle 5: Businesses should uphold the effective abolition of child labour

Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation

Principle 7: Businesses should support a precautionary approach to environmental challenges

Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility

Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery

OUR APPROACH

Respecting human rights, page 46

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Engaging employees, page 48

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Living by our Compass, page 44

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ZERO carbon footprint, pages 10-19

ZERO water waste, pages 20-26

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ZERO carbon footprint, pages 10-19

ZERO water waste, pages 20-26

Living by our Compass, page 44

DATA SUMMARY TABLE

ENERGY, CARBON AND WATER

	2015	2016	2017	2018	2019	2020
General production figures						
Number of reporting sites	110	92	85	85	82	88
Beer production (million hl)	105.4	100.9	97.9	102.2	101.4	100.2
Soft drinks production (million hl)	13.9	14.3	14.2	15.6	16.1	16.5
Total production of beer and soft drinks (million hl)*	119.3	115.2	112.1	117.8	117.5	116.7
Malting (kt)	547.2	311.5	301.3	314.1	307.5	295.9
Environmental performance data (beer, soft drinks and malt production)						
Total thermal energy consumption (GWh)*	2,943	2,481	2,326	2,341	2,340	2,193
Total electricity consumption (GWh)*	988	914	869	885	870	857
Total CO ₂ emissions (from direct and indirect fuel consumption) (kt)* (market-based)	945	768	698	701	626	555
Total CO ₂ emissions (from direct and indirect fuel consumption) (kt)* (location-based)		883	802	801	766	727
Total SO ₂ emissions (tonnes)	1,695	815	731	509	446	422
Total NO _x emissions (tonnes)	1,562	1,163	1,075	1,027	1,419	1,288
Total water consumption (million m ³)*	41.2	37.7	35.6	37.5	35.9	33.1
Total wastewater discharged (million m ³)	26.6	24.2	23.0	23.8	23.3	19.5
Solid waste & by-products						
Incinerated (kt)	8.7	5.7	5.1	9.2	6.0	6.8
To sanitary landfill (kt)	68.6	56.9	68.6	60.9	82.5	54.9
Special waste (kt)	0.7	1.4	0.7	0.4	1.1	0.6
Recycled (kt)	189.2	225.5	222.0	162.6	172.9	219.3
Disposed of for land applications (kt)	165.9	127.4	117.4	125.1	115.2	104.0
Total solid waste (kt)	433.1	416.9	413.8	358.3	377.6	385.6
Brewer's grain and brewer's yeast utilised (kt)	1,348.9	1,265.0	1,236.0	1,372.8	1,501.3	1,464.4

* 2020 data within PwC's assurance scope (see PwC's Assurance Report, pages 90-91). 2015-2019 data assured in prior years (see previous sustainability reports).

	2015	2016	2017	2018	2019	2020
Relative figures for beer and soft drinks production						
Thermal energy (kWh/hl)*	21.2	20.0	19.3	18.3	18.0	16.9
Electricity (kWh/hl)*	7.8	7.7	7.6	7.3	7.1	7.1
Combined energy (thermal and electricity) (kWh/hl)*	29.0	27.7	26.9	25.6	25.1	24.0
CO ₂ emissions (kg CO ₂ /hl)*	7.0	6.3	5.9	5.6	4.9	4.3
Water (hl/hl)*	3.4	3.2	3.1	3.1	3.0	2.8
Relative figures for malt production						
Thermal energy (kWh/tonne)	692.2	489.3	457.9	436.4	430.7	446.4
Electricity (kWh/tonne)	84.1	73.2	67.1	65.6	64.7	67.8
Combined energy (thermal and electricity) (kWh/tonne)	776.3	562.5	525.0	501.9	495.4	514.1
CO ₂ emissions (tonnes CO ₂ /tonne)	0.18	0.13	0.12	0.11	0.11	0.11
Water (m ³ /tonne)	2.2	1.6	1.5	1.4	1.3	1.5
Other figures						
Complaints	33	36	32	9	13	16
Number of ISO 14001-certified sites	74	66	70	76	79**	79
Number of ISO 50001-certified sites	3	4	18	20	20	19
Water source split						
Municipal water	48%	46%	48%	49%	52%	51%
Own boreholes	42%	47%	46%	45%	42%	39%
Surface water	10%	7%	6%	6%	6%	10%
Wastewater destination						
Public sewer with wastewater treatment	67%	66%	66%	69%	73%	72%
On-site treatment, followed by public sewer without wastewater treatment	3%	2%	2%	1%	0%	0%
On-site treatment, followed by discharge to river/lake	28%	28%	28%	26%	24%	24%
Other	2%	4%	4%	4%	3%	4%
Thermal energy mix						
Natural gas	66.1%	71.9%	69.1%	72.9%	75.4%	76.6%
Coal	15.6%	7.0%	5.9%	3.5%	1.8%	0.6%
District heating	6.4%	7.1%	7.6%	7.4%	6.8%	4.3%
District heating from renewable energy						2.0%
Heavy fuel	2.8%	3.1%	3.6%	3.0%	3.0%	2.8%
Renewable energy	6.9%	8.2%	9.8%	11.8%	12.3%	11.4%
Light fuel	1.2%	1.4%	3.0%	1.4%	0.8%	3.3%
Other	1.0%	1.3%	1.0%	0%	0%	0%

* 2020 data within PwC's assurance scope (see PwC's Assurance Report, pages 90-91). 2015-2019 data assured in prior years (see previous sustainability reports).

** Restated.

	2015	2016	2017	2018	2019	2020
Packaging mix						
Cans	26.6%	27.4%	28.6%	29.9%	30.6%	32.4%
RGB	33.7%	31.5%	29.8%	28%	29.2%	27.0%
NRGB	9.2%	9.5%	11.6%	12.3%	11.9%	13.2%
PET	23.0%	23.0%	20.8%	20.3%	19.8%	22.0%
Kegs	6.4%	7.6%	7.8%	7.7%	6.8%	4.4%
Bulk	1.0%	0.9%	1.2%	1.4%	1.4%	0.7%
Other	0.1%	0.1%	0.2%	0.4%	0.4%	0.3%
Total CO₂ emissions from refrigerants						
HFC-based refrigerants (kt CO ₂)*	14.9	9.8	6.8	2.9	12.3	8.7
Together Towards ZERO brewery target						
Scope 1 – Absolute CO ₂ emissions (excl. Logistics) (kt CO ₂)*					436	415
Scope 2 – Absolute CO ₂ emissions. Market-based. (kt CO ₂)*					202	148
Scope 1+2 – Absolute emissions (Together Towards ZERO 2015 baseline) (kt CO ₂)*	846	777	704	704	638	563
Renewable electricity						
Percentage of electricity from renewable sources*	41	43	45	46	56	64
Sites using coal						
Number of sites using coal*	31	17	12	6	5	2
Cooling						
% low - climate - impact cooling				88%	93%	97%
Together Towards ZERO beer-in-hand (value chain) target***						
Total value chain emissions – Absolute CO _{2e} emissions (kt CO _{2e})	7,141				6,766	
Total value chain emissions – Relative CO _{2e} emissions (kg CO _{2e} /hl)	60.8				56.4	
Agriculture & Processing (GHG Protocol**** Scope 3 category: 1. Purchased goods and services; and Scope 1, 2, 3 of owned malt plants)	23%				25%	
Breweries (GHG Protocol: Scope 1, Scope 2 market-based, and Scope 3 categories: 1. Purchased goods and services 3. Fuel & energy related activities, 5. Waste generated in operations)	16%				13%	
Packaging (incl. end-of-life treatment) (GHG Protocol Scope 3 categories: 1. Purchased goods and services, 12. End-of-life treatment of sold products)	38%				41%	
Transportation & Distribution (GHG Protocol Scope 3 categories: 4. Upstream transportation and distribution, 6. Business travel (aviation), 9. Downstream transportation and distribution)	13%				12%	
Cooling (GHG Protocol Scope 3 category: 9. Downstream transportation and distribution)	10%				9%	

* 2020 data within PwC's assurance scope (see PwC's Assurance Report, pages 90-91). 2018-2019 data assured in prior years (see previous sustainability reports).

*** Methodology on page 88.

**** All Greenhouse Gas Protocol categories are quantified by Carlsberg, but not all are part of the beer-in-hand target.

Please see the annual CDP climate assessment for the remaining categories (<25% of total impact) not part of the beer-in-hand target.

HEALTH & SAFETY

	2015	2016	2017	2018	2019	2020
Figures for Production***						
Number of lost-time accidents*	114	105	73	59	53	52
Lost-time accident rate*	6.2	7.0	5.1	4.5	4.1	4.1
Number of lost days*	1,911	1,281	1,219	1,393	2,247	1,332
Days lost rate*	104.5	85.6	85.6	105.4	172	106
Figures for Logistics***						
Number of lost-time accidents*	140	109	62	48	40	27
Lost-time accident rate*	15.5	13.8	8.2	7.5	6.3	4.4
Number of lost days*	2,511	1,619	1,128	1,393	1,473	1,508
Days lost rate*	277.2	205.1	149.5	218.0	233	243
Figures for Sales & Marketing**						
Number of lost-time accidents*	52	95	43	58	46	36
Lost-time accident rate*	3.3	6.2	2.5	3.5	2.7	2.2
Number of lost days*	565	2,787	961	1,545	1,623	1,300
Days lost rate*	36.2	183.0	56.3	94.1	97	78
Figures for Administration***						
Number of lost-time accidents*	6	2	5	4	7	1
Lost-time accident rate*	1.4	0.6	1.4	1.2	2.0	0.3
Number of lost days*	43	30	57	271	123	79
Days lost rate*	9.7	8.2	16.3	82.0	35	21
Figures for the Group***						
Number of lost-time accidents*	312	311	183	169	146	116
Lost-time accident rate*	6.6	7.4	4.3	4.3	3.7	3.0
Number of lost days*	5,030	5,717	3,365	4,602	5,466	4,219
Days lost rate*	106.2	136.9	79.4	117.0	138	108
Fatalities (Carlsberg Group employees on and off site, contractors and members of the public on site)	5	5	1	3	0	1
Number of lost-time accidents, contractors*				42	54	39
Number of lost-time accidents, members of the public*				0	0	0
Lost-time accidents – department split						
Percentage in Production	37	34	40	35	34	45
Percentage in Logistics	45	35	34	28	35	23
Percentage in Sales & Marketing and Administration	19	31	26	37	32	32

* 2020 data within PwC's assurance scope (see PwC's Assurance Report, pages 90-91). 2015-2019 data assured in prior years (see previous sustainability reports).

*** Carlsberg Group employees.

RESPONSIBLE DRINKING AND MARKETING COMMUNICATION

	2015	2016	2017	2018	2019	2020
Percentage of companies implementing responsible drinking initiatives	78	75	90	76	97	71
Percentage of fermented produced volume carrying responsible drinking guiding symbols and/or equivalent text	54	85	97	96	99	
Percentage of fermented produced volume that carry legal age-restriction symbol or equivalent text*						50
Percentage of fermented produced volume that lists nutritional information*				65	65	67
Percentage of fermented produced volume that lists ingredient information*				85	90	99
Number of responsible drinking campaigns	239	194	248	159	162	81

LIVE BY OUR COMPASS

	2015	2016	2017	2018	2019	2020
Total number of employees trained in the Code of Ethics & Conduct		4,336	34,500	2,911	4,700	4,511
Number of incidents reported through our Speak Up system	87	55	53	95	168	196

* 2020 data within PwC's assurance scope (see PwC's Assurance Report, pages 90-91). 2018-2019 data assured in prior years (see *previous sustainability reports*).

LABOUR & HUMAN RIGHTS

	2015	2016	2017	2018	2019	2020
Total workforce (FTE*****)	47,464	42,062	41,430	40,837	41,248	40,010
Percentage of employees by employment contract						
Permanent employees	88	86	89	86	87	89
Temporary employees	12	14	11	14	13	11
Percentage of employees by employment type						
Full-time	98	93	93	94	91	93
Part-time	2	7	7	6	9	7
Percentage of employees by employment category						
Total presidents + top managers	1.5	1.5	1.4	1.8	1.9	2
Total managers	12.3	12.6	13.2	13.5	14	13
Total specialists	39.9	36.7	36.9	38.5	39	36
Total workers	46.3	49.2	48.5	46.2	46	49
Percentage of employees by gender						
Male	72	69	71	68	67	68
Female	28	31	29	32	33	32
Percentage of management level by gender						
Male	78	77	76	75	73	72
Female	22	23	24	25	27	28
Percentage of employees by age						
Younger than 18	0.19	0.11	0.13	0.02	0.03	0.02
19-29	22	23	25	23	19	18
30-39	33	33	35	35	38	39
40-49	29	27	25	26	26	26
50 or older	16	17	15	16	17	17

**** FTE data from Carlsberg Group Annual Report 2020.

	2015	2016	2017	2018	2019	2020
Employee turnover						
Employee turnover percentage	19	21	24	19	17	17
Employee turnover percentage by age						
Younger than 18	-	-	-	-	-	-
19-29	32	31	31	36	35	33
30-39	33	34	38	35	37	36
40-49	20	20	18	16	15	16
50 or older	15	15	15	13	13	14
Employee turnover percentage by gender						
Male	71	69	63	70	73	69
Female	29	31	37	30	27	31
Hours of training per employee						
Average for the Group	15	15	15	16	18	15
Collective bargaining						
Percentage of employees covered by collective bargaining agreements	73	74	74	72	72	67
RESPONSIBLE SOURCING						
	2015	2016	2017	2018	2019	2020
Number of integrated quality audits	171	182	154	166	197	53

REPORTING PROCESS AND SCOPE

REPORTING APPROACH AND CRITERIA

SCOPE OF THE SUSTAINABILITY REPORTING

This report covers the relevant and significant social, ethical and environmental issues for the financial year 1 January to 31 December 2020. It gives our stakeholders an overview of our performance in these areas, complementing our Annual Report, which primarily covers our financial and economic performance.

For many years, we have been using the standards of Global Reporting Initiative (GRI) as guidance for our sustainability work. For this 2020 report, the GRI G4 Sustainability Reporting Guidelines were applied in preparing the underlying data and framing our reporting principles; however, the Carlsberg Group does not apply GRI-specific disclosures in accordance with the standard.

We receive recommendations on our sustainability activities and reporting from our assurance provider, PwC, while we ourselves routinely analyse

global megatrends, take part in industry initiatives and assess the activities of our competitors. This ensures that we fully understand the key issues and keep up to date.

The report focuses on the topics that we consider most important to our business and society. It is based on a range of inputs from our stakeholders, including, but not restricted to, the materiality assessment updated in 2020 in cooperation with GlobeScan, water risk assessments undertaken with WWF, the UN's Sustainable Development Goals (SDGs), carbon footprinting analyses undertaken with the Carbon Trust and guidance from the Carlsberg Sustainability Advisory Board.

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 routinely to ensure ongoing focus on sustainability issues. If a majority-owned entity is acquired during the financial year, it will be included in the following year's report.

COMMENTS ON BOUNDARY SETTING

Excluded from 2020 reporting scope
Holsten-Brauerei Hamburg, Germany, closed since 2019.

Added to 2020 reporting scope:
Cambodia
• Company: Cambrew LTD
• Site: Brewery Sihanouk Ville

Czechia
• Company: Zatecky Pivovar
• Site: Zatec

Denmark:
• Company: Visit Carlsberg

Germany
• Site: Hamburg Hausbruch

Lithuania
• Site: Klaipeda

Norway
• Company: E.C. Dahls Bryggeri
• Site: E.C. Dahls Trondheim

Sweden:
• Company: Nya Carnegiebryggeriet
• Site: Nya Carnegiebryggeriet

UK:
• Site: London Fields Brewery

Renamed:
Former Carlsberg Eastern Europe (Grain Co) is now named Hoppy Union

ENSURING DATA QUALITY

In gathering information about our sustainability performance, we 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 form their own judgements concerning the Carlsberg Group's position and role in the societies in which we operate.

CLARITY

We strive to make our sustainability reporting accessible and easy to read for anyone, but we 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, we have improved the indicator definitions 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. Since 2009, we have been using an international provider of sustainability software solutions to systematise and collect our data. This 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. As well as the system, we use internal data management systems to collect information such as employee headcounts. An additional tool used to improve our sustainability data is the Carlsberg Operational Manual (COM), which sets out details regarding processes and best practices.

PwC has been appointed to provide independent assurance regarding selected social, environmental and safety indicators. In each section of the report, we indicate which data has been assured. For further details, see pages 90-91.

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 them. Annual data gathering and external reporting are aligned with financial data collection, following the calendar year.

COMPARABILITY

On pages 76-83, we have published the definitions we use for the key indicators in the report, which are also the data points on which PwC provides assurance.

We include three- or five-year data in all cases where a comparable three- or five-year data history is available.

TARGETS

We communicate through actions and targets:

- One-year short-term actions towards ZERO
- 2022 targets
- 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. As far as possible, we include such changes by applying scenario planning to our target-setting process.

INDICATOR DEFINITIONS

In the following, we explain the indicators we use to measure our sustainability performance. We define them and clarify their scope and any relevant assumptions we have made when collecting data globally.

INDICATOR NAME	INDICATOR DEFINITION	UNIT
ZERO CARBON FOOTPRINT		
Total production of beer and soft drinks	<p>Definition: Volume of fermented and non-fermented products produced.</p> <p>Production output that has passed through the production process on the company's own premises is included. Output is defined as approved packaged product to warehouse, plus volume of bulk beer and volume of bulk non-fermented products.</p> <p>Scope: Beer and soft drinks production sites as defined on page 4.</p>	Million hl
Total thermal energy consumption	<p>Definition: Total thermal energy consumption used for beer, soft drinks and malt production.</p> <p>Thermal energy originates from different energy sources such as light fuel oil, heavy fuel oil, natural gas, town gas, biogas from wastewater treatment plants, coal, biomass, district heating, grid electricity and biogas with renewable certificates (documented and traceable).</p> <p>Scope: Beer, soft drinks and malt production sites as defined on page 4. Consumption for non-production site activities is included.</p> <p>Assumptions: Thermal energy sold to third parties, fuels for on-site logistics and fuels used for electricity production from on-site combined heat and power (CHP) plants are excluded from "Total thermal energy consumption". Losses from CHPs are included.</p>	GWh

INDICATOR NAME	INDICATOR DEFINITION	UNIT
ZERO CARBON FOOTPRINT		
Total electricity consumption	<p>Definition: Total electricity consumption for beer, soft drinks and malt production.</p> <p>Electricity originates from different sources such as renewable electricity generated on site (solar, wind), electricity bought with renewable certificates (e.g. Guarantees Of Origin, Renewable Energy Guarantees Origin - REGO), electricity from grid and electricity from on-site combined heat and power (CHP) plants.</p> <p>Scope: Beer, soft drinks and malt production sites as defined on page 4. Consumption for non-production site activities is included.</p> <p>Assumptions: Electricity sold to third parties is excluded from "Total electricity consumption".</p>	GWh
Total CO ₂ emissions (from direct and indirect fuel consumption)	<p>Definition: Total fossil fuel carbon dioxide emissions (direct and indirect).</p> <p>Direct emissions are from the combustion of fuels for thermal energy and indirect emissions are from purchased electricity and district heating.</p> <p>CO₂ emission factors used for fossil fuels and electricity are in accordance with the 2006 Intergovernmental Panel on Climate Change Guidelines for National Greenhouse Gas Inventories and International Energy Agency statistics. Electricity grid emission factors from IEA are updated annually.</p> <p>Renewable energy types have an emission factor of 0 g CO₂/kWh.</p> <p>Scope: Beer, soft drinks and malt production sites as defined on page 4.</p> <p>Assumptions: CO₂ emissions related to sold thermal energy and electricity are not deducted from "Total CO₂ emissions".</p>	kt
Relative thermal energy consumption	<p>Definition: Thermal energy needed to produce 1 hectolitre of beer and soft drinks.</p> <p>"Total thermal energy consumption" / "Total production of beer and soft drinks"</p> <p>Scope: Beer and soft drinks production sites as defined on page 4. Consumption for non-production site activities is included.</p> <p>Assumptions: Thermal energy used for malting or other extraordinary site activities is deducted from "Total thermal energy consumption".</p>	kWh/hl

INDICATOR NAME	INDICATOR DEFINITION	UNIT
ZERO CARBON FOOTPRINT		
Relative electricity consumption	<p>Definition: Electricity needed to produce 1 hectolitre of beer and soft drinks.</p> <p>“Total electricity consumption” / “Total production of beer and soft drinks”</p> <p>Scope: Beer and soft drinks production sites as defined on page 4. Consumption for non-production site activities is included.</p> <p>Assumptions: Electricity used for malting or other extraordinary site activities is deducted from “Total electricity consumption”.</p>	kWh/hl
Relative CO ₂ emissions	<p>Definition: Fossil fuel carbon dioxide emissions (direct and indirect emissions) emitted from energy used to produce 1 hectolitre of beer and soft drinks.</p> <p>“Total CO₂ emissions (from direct and indirect fuel consumption)” / “Total production of beer and soft drinks”</p> <p>Scope: Beer and soft drinks production sites as defined on page 4.</p> <p>Assumptions: CO₂ emissions related to malting or other extraordinary site activities are deducted from “Total CO₂ emissions (from direct and indirect fuel consumption)”.</p>	kg CO ₂ /hl
Total CO ₂ emissions from refrigerants	<p>Definition: CO₂ equivalent emissions caused by refrigerant losses from on-site refrigerant systems.</p> <p>Emission factors for refrigerants are obtained from a range of publicly available sources.</p> <p>Scope: Beer, soft drinks and malt production sites as defined on page 4.</p>	Kt

INDICATOR NAME	INDICATOR DEFINITION	UNIT
ZERO CARBON FOOTPRINT		
Percentage of electricity from renewable sources	<p>Definition: Share of electricity from renewable sources.</p> <p>Renewable sources can be on-site renewable electricity generation or electricity supplied with Guarantees Of Origin, Renewable Energy Guarantees Origin or similar standards.</p> <p>RE100 requirements provide the guiding principles for how renewable electricity is reported.</p> <p>“Total renewable electricity intake” / “Total electricity intake”</p> <p>Scope: Beer, soft drinks and malt production sites as defined on page 4.</p> <p>Assumptions: Electricity generated from on-site combined heat and power (CHP) plants is not included in “Total electricity intake”.</p>	%
Number of sites using coal	<p>Definition: Number of breweries that used coal as the primary thermal energy source during the reporting period.</p> <p>Scope: Beer, soft drinks and malt production sites as defined on page 4.</p> <p>Assumptions: The brewery does not use coal on site to generate thermal energy.</p>	Number of sites
Scope 1+2 - Absolute CO ₂ emissions (Together Towards ZERO brewery target)	<p>Definition: Sum of “Total CO₂ emissions (from direct and indirect fuel consumption)” and “Total CO₂ emissions from refrigerants”.</p> <p>Scope: Beer, soft drinks and malt production sites as defined on page 4.</p>	kt
Scope 1 - Absolute CO ₂ emissions (excl. Logistics) (kt CO ₂)	<p>Definition: Sum of “Total CO₂ emissions (from direct fuel consumption)” and “Total CO₂ emissions from refrigerants”.</p> <p>Scope: Beer, soft drinks and malt production sites as defined on page 4.</p>	kt
Scope 2 - Absolute CO ₂ emissions. Market-based. (kt CO ₂)	<p>Definition: Sum of “Total CO₂ emissions (from indirect fuel consumption)”.</p> <p>Scope: Beer, soft drinks and malt production sites as defined on page 4.</p>	kt

INDICATOR NAME	INDICATOR DEFINITION	UNIT
ZERO WATER WASTE		
Total water consumption	<p>Definition: Total water consumption for beer, soft drinks and malt production.</p> <p>Water originates from water withdrawal from own boreholes, municipal water supply, surface water or other sources.</p> <p>Scope: Beer, soft drinks and malt production sites as defined on page 4. Consumption for non-production site activities is included.</p> <p>Assumptions: Water intake to brewery sold to third parties is excluded from "Total water consumption".</p>	million m ³
Relative water consumption	<p>Definition: Water needed to produce 1 hectolitre of beer and soft drinks.</p> <p>"Total water consumption" / "Total production of beer and soft drinks"</p> <p>Scope: Beer and soft drinks production sites as defined on page 4. Consumption for non-production site activities is included.</p> <p>Assumptions: Water used for malting or other extraordinary site activities is deducted from "Total water consumption".</p>	hl/hl

INDICATOR NAME	INDICATOR DEFINITION	UNIT
ZERO IRRESPONSIBLE DRINKING		
Percentage of fermented produced volume carrying legal age-restriction symbol or equivalent text	<p>Definition: “Volume of packed fermented products that carry legal age-restriction symbol or equivalent text (on primary packaging, excluding kegs and alcohol-free brews)” / “Total packed fermented production volume x 100%”.</p> <p>Scope: All majority-owned companies and production sites as defined on page 74, excluding companies without production and/or direct sales activities.</p>	%
Percentage fermented produced volume that lists nutritional information	<p>Definition: “Volume of packed fermented products that lists nutritional information (on primary packaging, excluding kegs and alcohol-free brews)” / “Total packed fermented production volume x 100%”.</p> <p>Nutritional declaration: nutrition declared on consumer-facing primary packaging. Minimum requirement is to present energy in linear form (e.g. “Energy: 190 kJ/46 kcal per 100 ml”).</p> <p>Scope: All majority-owned companies and production sites as defined on page 74, excluding companies without production and/or direct sales activities.</p>	%
Percentage of fermented produced volume that lists ingredient information	<p>Definition: “Volume of packed fermented products that lists ingredient information (on primary packaging, excluding kegs and alcohol-free brews)” / “Total packed fermented production volume x 100%”.</p> <p>Ingredient declaration: ingredients presented on consumer-facing primary packaging in linear form (e.g. “Water, barley malt, hops”).</p> <p>Scope: All majority-owned companies and production sites as defined on page 74, excluding companies without production and/or direct sales activities.</p>	%

INDICATOR NAME	INDICATOR DEFINITION	UNIT
ZERO ACCIDENTS CULTURE		
Lost-time accidents (LTAs) in Production, Logistics, Sales & Marketing, Administration	<p>Definition: Any wound or damage to the body, resulting from a brief single event or exposure, causing lost time.</p> <p>Lost time occurs when the injured/ill person is medically considered unable to work. It includes time away from work for rest, recovery or treatment.</p> <p>“Accident” and “injury” are used interchangeably.</p> <p>Scope: All majority-owned companies and production sites as defined on page 74.</p>	LTA
Days lost (DL) in Production, Logistics, Sales & Marketing, Administration	<p>Definition: Calendar days, starting the day after the incident and ending the day before return to work, including weekends, holidays etc.</p> <p>Scope: All majority-owned companies and production sites as defined on page 74.</p>	DL
Full-time equivalents (FTEs) in Production, Logistics, Sales & Marketing, Administration	<p>Definition: Full-time equivalents (FTEs) is equal to the average number of employees on the payroll. Part-time employees are converted into FTEs proportionally.</p> <p>Scope: All majority-owned companies and production sites as defined on page 74.</p>	FTE
Lost-time accident rate (LTAR) in Production, Logistics, Sales & Marketing, Administration	<p>Definition: Number of lost-time accidents (LTAs) x 1,000 / Number of full-time equivalents (FTEs).</p> <p>Scope: All majority-owned companies and production sites as defined on page 74.</p>	LTAR

INDICATOR NAME	INDICATOR DEFINITION	UNIT
ZERO ACCIDENTS CULTURE		
Days lost rate (DLR) in Production, Logistics, Sales & Marketing, Administration	<p>Definition: Number of days lost (DLs) x 1,000 / Number of full-time equivalents (FTEs).</p> <p>Scope: All majority-owned companies and production sites as defined on page 74.</p>	DLR
Lost-time accidents (LTAs), contractors on Carlsberg site	<p>Definition: Any wound or damage to the body, resulting from a brief single event or exposure, causing lost time.</p> <p>Lost time occurs when the injured/ill person is medically considered unable to work. It includes time away from work for rest, recovery or treatment.</p> <p>Contractor: any individual who works for a service provider (or who is self-employed) and performs an outsourced activity for Carlsberg (including individuals who work for subcontractors).</p> <p>Carlsberg site: any site managed by Carlsberg, or where construction work is being carried out on our behalf, including greenfield and brownfield project sites.</p> <p>"Accident" and "injury" are used interchangeably.</p> <p>Scope: All majority-owned companies and production sites as defined on page 74.</p>	LTA
Lost-time accidents (LTAs), members of the public on Carlsberg site	<p>Definition: Any wound or damage to the body, resulting from a brief single event or exposure, causing lost time.</p> <p>Lost time occurs when the injured/ill person is medically considered unable to work. It includes time away from work for rest, recovery or treatment.</p> <p>Member of the public: any individual who does not correspond to the definitions of regular employee, temporary employee or contractor (e.g. visitors, delivery personnel, suppliers, consultants, students, family members).</p> <p>Carlsberg site: any site managed by Carlsberg, or where construction work is being carried out on our behalf, including greenfield and brownfield project sites.</p> <p>"Accident" and "injury" are used interchangeably.</p> <p>Scope: All majority-owned companies and production sites as defined on page 74.</p>	LTA

LIST OF REPORTING SITES

COUNTRY	COMPANY	SITES
WESTERN EUROPE		
Bulgaria	Carlsberg Bulgaria	Pirinsko, Shumensko
Croatia	Carlsberg Croatia	Koprivnica
Czechia	Zatecky Pivovar	Zatec
Denmark	Carlsberg Danmark Visit Carlsberg Carlsberg Breweries	Saltum, Carlsberg Fredericia Jacobsen Brewery No production sites
Estonia	Saku Õlletehase as	Saku
Finland	Sinebrychoff	Kerava
France	Kronenbourg	Kronenbourg Obernai
Germany	Carlsberg Deutschland	Hamburg Hausbruch, 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 E.C. Dahls Bryggeri	Farris, Gjelleråsen, Imsdal E.C. Dahls Trondheim
Poland	Carlsberg Polska Carlsberg Shared Services (CSS)	Okocim Brewery Brzesko, Kasztelan Brewery, Szczecin Brewery No production sites
Serbia	Carlsberg Srbija	Carlsberg Srbija – Celarevo
Sweden	Carlsberg Sverige Nya Carnegiebryggeriet	Falkenberg, Ramlösa Sverige Nya Carnegiebryggeriet
Switzerland	Feldschlösschen Carlsberg Supply Company	Rhözüns, S Rheinfeld, Sion No production sites
UK	Carlsberg UK	Northampton, London Fields Brewery

COUNTRY	COMPANY	SITES
EASTERN EUROPE		
Azerbaijan	Carlsberg Azerbaijan	Baku
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
	Hoppy Union	Malt Plant Yaroslavl, Malt Plant Tula
Ukraine	Carlsberg Ukraine	Lvivska Brewery Lviv, Slavutich Zaporozhye, Slavutich Kiev
ASIA		
Cambodia	Cambrew LTD	Brewery Sihanouk Ville
China	Xinjiang Group	Akesu Brewery, Urumqi No. 2 Brewery, Wusu Brewery, Yining Brewery, Korle Brewery
	CIB & TMH (business unit)	Carlsberg Brewery Guangdong (Huizhou), Changzhou Tianmuhu Beer Co. Ltd, Anhui Tiandao Beer Co. Ltd
	Ningxia	Ningxia Xixia Jianiang Brewery
	Yunnan Group	Kunming Huashi Brewery Yunnan, Dali Beer Co. Ltd
	Chongqing Brewery	Mawangxiang Brewery, Dazhulin Brewery, Hechuan Brewery, Liangping Brewery, Wanzhou Brewery, Fuling Brewery, Panzihua Brewery, Xichang Brewery, Boke Brewery, Shizhu Brewery, Yibin Brewery, Guoren Lixian Brewery, Guoren Yongzhou Brewery
	Guangzhou Carlsberg Consultancy and Management Services Co., Ltd	No production sites
	Carlsberg Brewery Hong Kong	No production sites
India	Carlsberg India	Kolkatta, Alwar, Aurangabad, Paonta Sahib, Hyderabad, Dharuhera, Mysuru Karnataka brewery
Laos	Lao Brewery	Pepsi Plant Vientiane, Lao Brewery Pakse, Lao Brewery Vientiane
Malaysia	Carlsberg Brewery Malaysia Berhad	Carlsberg Kuala Lumpur
Nepal	Gorkha Brewery	Gorkha Brewery
Singapore	Carlsberg Singapore	No production sites
Vietnam	Carlsberg Vietnam	Phu Bai

TAX CONTRIBUTION PRINCIPLES

BASIS OF PREPARATION GENERAL COMMENTS

This Basis of Preparation presents the scope and methodology of the collection and reporting of the data on tax payments used in the Contributing to economies section ("the Section").

The Section 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.

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, has been prepared for the year from 1 January 2020 to 31 December 2020.

Data is collected for consolidated entities in the Carlsberg Group.

Companies over which the Carlsberg Group exercises a significant influence, but does not consolidate, are considered to be associates. Data for associates is not part of the Carlsberg Group tax contribution.

Entities acquired or formed during the year are recognised in the Section from the date of acquisition or formation. Entities that are disposed of or wound up are recognised in the consolidated income statement up to 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, and 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 Section means any amount of money required to be paid to, or collected and subsequently remitted to, a government.

Terms defined in the Carlsberg Group's Annual Report 2020 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.

KEY TERM DEFINITIONS

Economic value generated

Economic value generated comprises gross revenue, other income, financial income and 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 borne and collected taxes 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 exclude employee wages.

Employee wages

Include wages to employees, excluding social security costs.

Providers of capital

Include financial expenses recognised in the income statement, but exclude financial expenses recognised in other comprehensive income.

Economic value retained

Consolidated profit after tax.

Employee taxes

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

Government

Any government body or nation, state, region or district.

SCOPE OF REPORTING

1. BORNE TAXES

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.

Energy taxes (net, non-refundable)

Energy taxes comprise environmental taxes levied on the consumption of energy borne by companies' own supply 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)

Non-deductible VAT is the part of the input VAT that cannot be recovered, e.g. VAT on gifts or entertainment.

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 possible 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, survivors' 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 the capital or assets have been transferred.

Other taxes

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

2. TAXES COLLECTED, INCLUDING EXCISE DUTIES

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.

Excise duties (beer and soft drinks etc.)

Excise duties are indirect taxes on the consumption of alcoholic beverages etc.

Excise duties are generally imposed by the tax authorities and are collected by the Group on behalf of the authorities when the goods are transferred to the customers and are thereby ready for consumption.

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 contribution 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.

VAT/GST

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.

VAT is assessed and collected at each point in the manufacturing-distribution-sales process of a good or supply of a service.

Like VAT, the Goods and Service Tax (GST) is a value-added tax assessed on most goods and services bought and sold for consumption.

BEER-IN-HAND CARBON FOOTPRINT VALUE CHAIN METHODOLOGY

Our value chain carbon footprint – which we call our beer-in-hand footprint – includes Scope 1, 2 and 3 emissions as set out in the Greenhouse Gas (GHG) Protocol.

Our targets, aligned with the Science-Based Targets initiative, are to cut our beer-in-hand footprint by 15% by 2022 and by 30% by 2030 (from our 2015 baseline).

To assess progress, we measure our beer-in-hand footprint every few years. In 2020, we completed an analysis of our 2019 footprint, which showed a 7% improvement from the 2015 baseline.

We worked with the Carbon Trust to build a value chain model that enables us to measure and track reductions in our beer-in-hand footprint.

MODELLING AND USING STANDARDS

To calculate a value chain carbon footprint requires extensive data on emissions at every stage of the value chain. While we have a good understanding of our own

operational emissions (Scope 1 and 2), visibility of Scope 3 emissions is often more limited.

Calculating footprints requires a combination of measurement and modelling, which includes an inherent level of uncertainty. We limit this uncertainty by following and supporting the development of industry-leading standards – and we encourage others to adopt these standards to support consistency and credibility in reporting across the industry.

The standards we follow are:

- GHG Protocol (including the Corporate Value Chain (Scope 3) Accounting and Reporting Standard Supplement)
- Beverage Industry GHG Emissions Sector Guidance (Version 4.1), developed by the Beverage Industry Environmental Round Table
- Specific Product Environmental Footprint Category Rules (PEFCR) developed for the beer industry in cooperation with the European Commission (while this standard is for product life cycle analysis,

much of it is also applicable to value chain analysis).

DATA QUALITY

We use the most robust data available to model our beer-in-hand emissions. In 2020, this included primary data from suppliers accounting for more than 60% of our total spend – most related to packaging, which accounts for the largest portion of our value chain emissions. Collecting raw data directly from suppliers helps to ensure the quality and comparability of data sets. We apply the standardised Circular Footprint Formula, part of the PEFCR, for all packaging types supplied to us. Where primary data is not available, we use the PEFCR's country-specific emission factors.

MATERIAL SCOPE 3 EMISSIONS

We focus our efforts and our beer-in-hand footprint targets on the Scope 3 emissions where we have the greatest influence: the value chain associated with our own production volume. An initial analysis showed that this accounts for more than 75% of the total value chain

emissions related to our production, licensees, third-party products and joint ventures. The 75% exceeds the Science Based Targets initiative's requirement to cover more than two thirds of total Scope 3 emissions.

Our beer-in-hand footprint includes emissions from each stage of the value chain:

Agriculture and processing: includes all upstream emissions (such as fertiliser and seed production), farming and processing of agricultural raw materials used at all Carlsberg breweries – modelled using data specific to each country and type of grain where available.

Breweries: includes emissions from electricity, thermal fuels, waste leaving breweries, water treatment and refrigerant leakage at all majority-owned breweries within the Carlsberg Group's management control. Excludes emissions from off-site warehouses.

Packaging: includes production and end-of-life treatment (recycling, incineration or landfill) for all

primary, secondary, tertiary and quaternary packaging (incorporating all minor components, such as labels, glues and caps).

Transportation and distribution: includes inbound transport of raw materials and outbound transport of finished products – based on distances travelled, mode of transport (road, rail, sea) and temperature (ambient, chilled) – as well as flights for business travel.

Cooling: includes chilling of products by customers (retail and hospitality). Excludes home cooling as this is beyond our influence and beverages account for only a small proportion of home refrigeration.

Engagement within the organisation
The results of our beer-in-hand footprint analysis, as well as priorities to support reductions at each stage of the value chain, are discussed and approved by our Executive Committee. In 2020, we also ran sessions with all local management teams to present market-specific developments and identify local actions.

ECONOMIC CONTRIBUTION METHODOLOGY

Estimates of the total jobs we indirectly support throughout the value chain were calculated by the research consultancy Europe Economics using a well-established methodology.

The methodology uses data collected from the Carlsberg Group Export & License department, and from the 29 companies across the world owned by Carlsberg A/S, including data on:

- employment (number of people in each market)
- production, exports and imports (in hectolitres)
- taxes borne and collected by Carlsberg in each of the markets (excise, VAT, corporate, environmental, employee income, social contribution and other taxes, in national currency).

This data is complemented with productivity indicators sourced from various national statistics offices.

UPSTREAM INDIRECT EMPLOYMENT

Our upstream indirect impacts include impacts in the supply chain

for the raw ingredients, products and services we purchase.

These were calculated using data on the shares of upstream domestic purchases for production in the following sectors: agriculture; utilities; packaging and bottling; transportation and storage; equipment and other industrial activities; media, marketing and communication; and other goods and services.

For our fermented beverages, we used data for 2019 and the shares were assumed to be the same in 2020. For our non-fermented beverages, we used 2020 data.

Upstream indirect employment was calculated using ratios of turnover per person employed.

For European countries, these ratios were sourced from Eurostat, the statistical office of the European Union, using the European Classification of Economic Activities (NACE) Rev. 2 sector classifications. For non-European countries, we used ratios taken from the World

Bank (available for the agriculture, industry and services sectors only).

DOWNSTREAM INDIRECT EMPLOYMENT

Our downstream indirect impacts include impacts in the hospitality (on-trade) and retail (off-trade) sectors.

These were calculated using data on prices collected in 2019 and shares of Carlsberg Group sales in on- and off-trade markets collected at the end of 2020.

Calculations start with the total consumption values in on- and off-trade markets, which are calculated based on three components:

- annual domestic 2020 sales in each country (domestic production plus imports less exports, in hectolitres)
- the estimated 2020 split between on- and off-trade markets in each country
- the relative prices of the products sold in each country.

The market values are then converted to pre-tax values by removing the VAT. Excise duties are

not removed as the productivity ratios used from statistical sources include these duties.

Downstream indirect employment was calculated using ratios of turnover per person employed.

For European countries, we used Eurostat data for the NACE Rev. 2 sectors of retail sale of beverages in specialised stores and beverage-serving activities. For non-European countries, we used World Bank data for the services sector.

EFFECTS OF THE COVID-19 PANDEMIC

The methodology used for estimating indirect employment involves a direct translation of production volumes into the level of employment needed to produce these volumes.

This methodology is appropriate for estimating employment in normal circumstances as it provides a fair reflection of employees' productivity.

However, this methodology does not reflect jobs that have been

maintained through government job-support schemes during the pandemic in 2020, when lower levels of production and consumption have been observed.

Therefore, we would expect the number of jobs related to our business activity to be slightly higher than the ones we report for 2020.

COMPARABILITY WITH PREVIOUS ESTIMATES

The scope of our economic contribution analysis for 2020 has been broadened to include indirect impacts from our non-fermented beverages as well as our fermented beverages.

This means the results of the 2020 analysis (presented in this report) are not directly comparable with the results of the 2019 analysis (reported in the Carlsberg Group Sustainability Report 2019), which only included sales of fermented products. However, the differences are small because non-fermented beverages are only produced in seven markets and represent a small share of Carlsberg's total production.

LIMITED ASSURANCE REPORT OF THE INDEPENDENT AUDITOR

The Carlsberg Group engaged us to provide limited assurance on the selected data described below and set out in the Carlsberg Group Sustainability Report for the period 1 January – 31 December 2020.

OUR CONCLUSION

Based on the procedures we performed and the evidence we obtained, nothing has come to our attention that causes us not to believe that data in scope for our limited assurance engagement are free of material misstatements and are prepared, in all material respects, in accordance with the accounting principles as stated in the sections “Reporting process and scope” (pages 74-75), “Indicator definitions” (pages 76-83), “List of reporting sites” (pages 84-85) and “Tax contribution principles” (pages 86-87) of the 2020 Carlsberg Group Sustainability Report.

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

SELECTED INFORMATION

The scope of our work was limited to assurance on selected data for the period 1 January – 31 December 2020 in the sections “Generating economic value” and “Data summary table” (page 43 and pages 67-73), namely:

- Economic value generated: data on “Corporate income tax”, “Taxes borne and excise duties collected” and “Excise duties” (page 43);
- Energy, carbon and water: data on “Total production of beer and soft drinks”, “Total thermal energy consumption”, “Total electricity consumption”, “Total water consumption”, “Total CO₂ emissions (from direct and indirect fuel consumption) (market-based)”, “Total CO₂ emissions (from direct and indirect fuel consumption) (location based)”, “Relative figures from beer and soft drinks production”, “Total CO₂ emissions from refrigerants”, “Scope 1 – Absolute CO₂ emissions (excl. logistics)”, “Scope 2 – Absolute CO₂ emissions, Market based”, “Scope 1+2 – Absolute emissions (Together Towards ZERO

2015 baseline)”, “Percentage of electricity from renewable sources” and “Number of sites using coal” (pages 67-69);

- Health & Safety: data on “Lost-time accidents in production, logistics, sales & marketing and administration”, “Lost-time accident rate”, “Number of days lost” and “Days lost rate” in the Carlsberg Group and “Number of lost-time accidents, contractors” and “Number of lost-time accidents, members of the public” (page 70) and ;
- Responsible drinking and marketing communication: data on “Percentage of fermented produced volume carrying legal age restriction symbol or equivalent text”, “Percentage of fermented produced volume that lists nutritional information” and “Percentage of fermented produced volume that lists ingredient information” (page 71).

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

PROFESSIONAL STANDARDS APPLIED AND LEVEL OF ASSURANCE

We performed a limited assurance engagement in accordance with the International Standard on Assurance Engagements 3000 (revised), “Assurance Engagements other than Audits and Reviews of Historical Financial Information” and, in respect of the greenhouse gas emissions stated on pages 67-69, in accordance with International Standard on Assurance Engagements 3410 “Assurance engagements on greenhouse gas statements”.

Greenhouse Gas quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

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 the 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 (sections “Reporting process and scope”, “Indicator definitions”, “List of reporting sites” and “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. In doing so and based on our professional judgement, we:

- Completed a media search to identify relevant risks 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;
- Performed remote site visits on production sites in Vietnam, Russia and Greece 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 2020 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.

CARLSBERG'S RESPONSIBILITIES

Management of the Carlsberg Group is responsible for:

- Designing, implementing and maintaining internal control over information relevant to the preparation of data in the Carlsberg Group Sustainability Report that is free from material misstatement, whether due to fraud or error;
- Establishing objective accounting principles for preparing data;
- Measuring and reporting data in the Sustainability Report based on the accounting principles; and
- The content of the Carlsberg Group Sustainability Report for the period 1 January – 31 December 2020.

OUR RESPONSIBILITIES

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 2020 Carlsberg Group Sustainability Report are free from material misstatement, and are prepared, in all material respects, in accordance with the accounting principles;

- Forming an independent conclusion, based on the procedures performed and the evidence obtained; and
- Reporting our conclusion to the stakeholders of the Carlsberg Group.

Copenhagen, 5 February 2021

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
J.C. Jacobsens Gade 1
1799 Copenhagen V
Denmark
Phone +45 3327 3300
www.carlsberggroup.com
CVR No. 61056416

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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