

GROWING RESPONSIBLY

Carlsberg Group
Corporate Social Responsibility Report 2011



CSR REPORT 2012

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CEO Statement

Corporate Social Responsibility is an important element in our business' success. By implementing sustainable solutions across our business we can address challenges, create new opportunities and contribute to the communities where we operate. In 2011 we continued to do that – despite challenging times



Jørgen Buhl Rasmussen
CEO Carlsberg Group

"Sustainability is and will remain key to our long-term business success. I am pleased that many strong CSR initiatives were implemented during 2011."

2011 was a difficult year due to the economic uncertainty, rising costs of materials and a challenging Russian market. However we didn't compromise our CSR ambition to grow our businesses in a responsible way. During the year, our Group companies and functions continued to implement solutions in every part of our value chain to reduce the environmental and social impact of our operations. In turn, these solutions created new opportunities for us as a group as well as our stakeholders, and I am pleased that many strong CSR initiatives were implemented during 2011.

Using natural resources efficiently is one of our main priorities. Our energy and water use in our breweries fell by 9.3% and 5.6% respectively compared to 2010. This firmly establishes us as the most efficient global brewing company in terms of use of water and energy in production. Clearly, our significant efforts to use natural resources in our breweries efficiently are paying off and we continue to strive for further improvements. We have also decreased our CO₂ emissions and increased our share of renewable energy. Our brew masters have begun to use the new energy saving Null-Lox Barley Malt, developed at our laboratories, to brew our Carlsberg beer.

We are proud of the recognition we get for these environmental efforts. The Carlsberg Group was included in the top five of the "food, beverage and tobacco"-category in the 2011 Newsweek Green rankings – a global comparison of companies' environmental performance.

Another key CSR issue for us is responsible drinking. The majority of consumers enjoy beer in moderation as part of a healthy and social lifestyle. But as a responsible brewer, we are committed to playing our part in addressing misuse of alcohol. In 2011 our group companies continued to implement initiatives promoting responsible drinking and discouraging irresponsible behaviour. Where possible, we partner with stakeholders such as, health organisations, restaurants and public transportation companies.

Good progress was also made in other CSR areas. We significantly reduced accident figures in our breweries and logistics operations, and increased training initiatives to continue integration of the principles of the United Nations Global Compact (UNGC) into our business operations.

We also contribute to society through the taxes we pay and the jobs we create. Our local companies support a wide variety of local initiatives, ranging from cleaning up eco-zones to contributing to healthcare and sponsoring charity sports events.

Sustainability is and will remain key to our long-term business success. In 2012, we will focus our efforts on addressing specific sustainability risks and opportunities related to both our production and entire value chain. Key priorities will include promoting responsible drinking and developing a sustainable packaging strategy. In Asia, we will address water risks through selected operational and community activities.

We are focussing our efforts on those initiatives that are most relevant to our business and stakeholders and I therefore encourage you to share your views on how and where we can do better.

Cheers,
Jørgen

Corporate social responsibility in the value chain



R&D

Our strong expertise in research provides significant opportunities to continuously improve the Group's environmental impact through the development of new solutions and the use of alternative raw materials and new processes and products.



Procurement

Through our CSR activities within Procurement, we work with our suppliers with the aim to ensure that our CSR standards are adhered to and to reduce the social and environmental impact of the products and services purchased.

The purpose of our Responsible Sourcing Programme is to increase knowledge of CSR issues in the supply chain and to monitor compliance with the Carlsberg Group Supplier and Licence Code of Conduct.



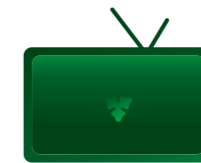
Brewing and bottling

We are running optimisation programmes at our breweries to save energy and water resources and reduce costs. Our efficiency within energy and water consumption in production is the highest of all global brewers. Strict requirements are enforced to create a safe working environment.



Logistics

We are achieving resource and cost savings by optimising logistics, including more efficient distribution, the introduction of alternative means of transport and improved warehouses. We are also working with our suppliers to improve the materials and equipment used in our logistics operations.



Sales and marketing

We are striving to market our brands in a way that reflects our philosophy of moderation and enjoyment. Our global Marketing Communication Policy applies across all markets and sets the standard for how all marketing materials are developed.

We are focusing strongly on the training of marketing managers as well as on-trade and off-trade sales employees to make sure everyone applies the Marketing Communication Policy in their day-to-day work.



Consumers and customers

We are developing local initiatives and partnering with relevant stakeholders to promote responsible drinking to our consumers and address issues related to alcohol misuse.

We are working with our customers to improve the impact of our CSR efforts and reduce our environmental footprint.

Carlsberg Group companies support the local societies in which we operate through a wide variety of community activities.

1. The **first waste water recovery plant** was commissioned in India
2. We developed a **Life Cycle Assessment (LCA)** tool to measure the environmental impact from packaging
3. Our specific **CO₂ emissions** reduced by **8.6%**
4. Responsible drinking initiatives were implemented in **85% of** our major markets
5. We improved our breweries' water efficiency by **5.6%**
6. Ranked in the **top five of Newsweek's Green Rankings** in the "food, beverage & tobacco" category
7. We carried out a **group-wide assessment** to understand our exposure to water risks
8. Our energy efficiency inside our breweries improved by **9.3 %**
9. In the UK, initiated a **supplier engagement project** in the UK to promote packaging sustainability
10. The number of lost-time accidents reduced by **19%**

Environment

The sustainability of the environment is vital to our business. Most of our raw materials and ingredients are sourced directly from nature, so the continued success of our company is linked to the health of the environment and the communities where we operate

We are continually looking for ways to reduce our impact on the environment. We take a holistic approach and look at all elements of our value chain, from working together with our research centre to develop new barley types, to using biogas from waste water treatment plans and installing energy efficient HFC free coolers at points-of-sale.

Environmental Policy

Through the standards set out in our Environmental Policy, we aim to use natural resources more efficiently and minimise the negative impact of our operations.

Measuring performance and assurance

We measure our environmental performance through various indicators relating to our production sites. This is one of the areas where we have a significant environmental impact and where we can directly improve our performance by installing new equipment and changing our operational procedures. Assessing the performance of our different sites helps us to identify where to focus our efforts in order to continually improve.

We are working with KPMG's sustainability team, which has provided assurance on selected environmental information and undertaken a readiness assessment for other indicators. This enables us to further improve our measurement and reporting systems

The assured information is indicated by the text "Within KPMG's assurance scope. See Appendix 6". KPMG's conclusions can be found in their [Independent Assurance Report](#) on page 70.

ISO 14001

All majority-owned production sites are required to obtain the environmental ISO14001 certification. Those sites currently not certified have a plan in place to achieve this within the next three years. As of 2011, 60 out of 75 sites are now ISO 14001 certified



Peter Ernsting
Senior Vice-President
Group Supply Chain

"We are proud that we are the most efficient international brewer for our production performance in water and energy use. We are continually looking for ways to reduce our impact and use resources more efficiently."

* Within KPMG's assurance scope. See Appendix 6

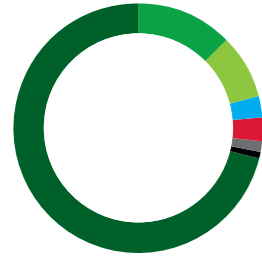


Carlsberg's brew masters started to use the new null-LOX barley malt to produce Carlsberg beer. Null-LOX malt keeps the beer fresher for longer and requires less energy for cooling the products during storage

ENERGY & EMISSIONS

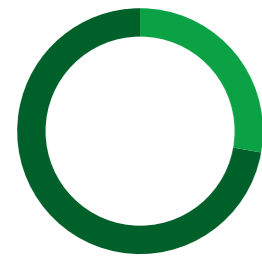
We are constantly finding new way to improve the efficiency of our energy use within our breweries and have set ambitious targets to drive this across our group

Thermal Energy Mix



- Natural gas 71,1%
- Coal 71,1%
- District Heating 71,1%
- Heavy fuel 71,1%
- Renewables 71,1%
- Light fuel 71,1%
- Other 71,1%

Specific Energy Consumption
Beer and Soft Drink production
Figures in kWh/ht



- Thermal Energy 8,1
- Electricity 21,1

2011 progress

2011 commitments	2011 achievements
Continue implementation of Lean utility program across the group	Programme continued, 25 sites implemented the programme
Increase best practice sharing across the group	Internal energy – experts teams established to implement best-in-class practices across sites
Network optimisation	Continued efforts to obtain synergies across breweries and logistics to reduce energy and carbon emissions
Introduce route planning in logistics operations	Route planning optimisation tool introduced in Nordic region
Assess possibilities of renewable energy use	Group wide assessment carried out
Renewable energy research project to use spent grain as energy source	Pilot plant commissioned and first tests carried out

Production Efficiency

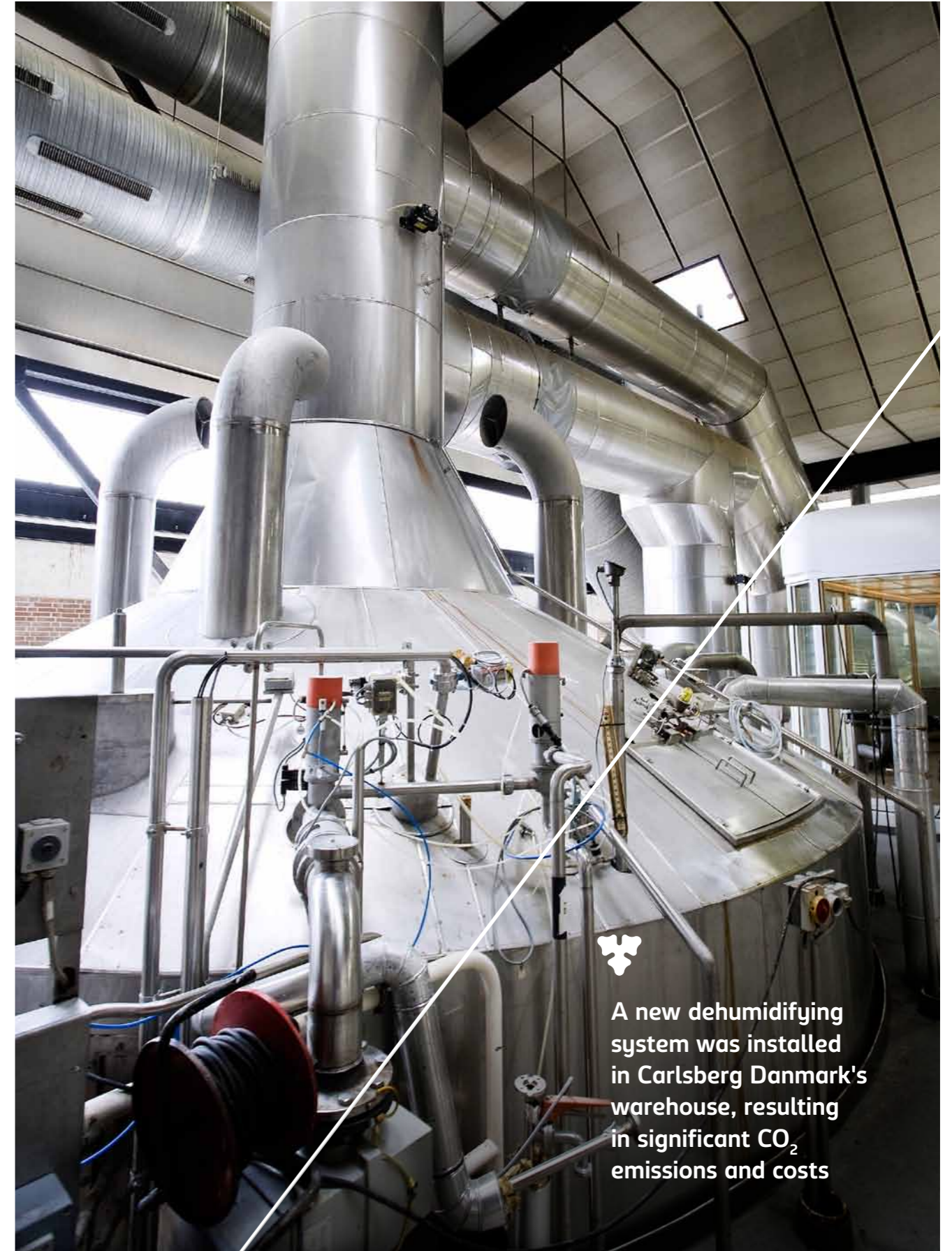
During 2011, we significantly improved our energy efficiency within our production across all our regions. As a group we managed to reduce the specific thermal energy used in our production sites by 10%, whereas our specific electricity consumption decreased by 7.4%. Overall, our energy efficiency improved by 9.3 %.

These improvements follow the strong culture within Carlsberg to use natural resources sustainably and the continued implementation of the Group-wide Lean utilities programme which aims to achieve resource efficiencies across our breweries. The results show that we are well on track to reach our energy target for 2013. In Russia in particular, Baltika Breweries award winning Energy-leader programme resulted in strong energy savings across all breweries.

Some of our sites achieved above-par performance. Our site in Thessaloniki, Greece managed to reduce their energy consumption by 16 %, following a set of savings initiatives including the recovery of condensate from the brewing process which is then in turn used for heating purposes. In Russia, our brewery in St. Petersburg achieved an 18 % reduction in specific energy thanks to a multi-faceted programme focussing on reduction of losses in steam supply lines and heat recovery. Improved performance was also achieved by our Dali brewery in China, which increased their efficiency by 28% as a result of several optimisation and investment projects such as the purchase of new boilers which caused a substantial decline in coal consumption.

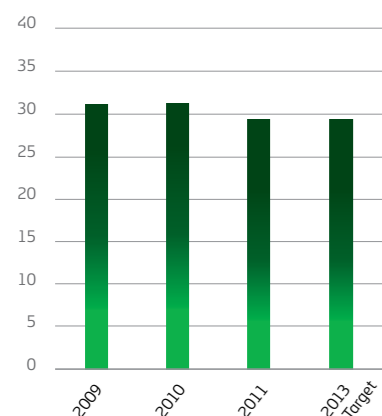
Read about the implementation of the lean utilities programme in our breweries in China on our [website](#).

* Within KPMG's assurance scope. See Appendix 6

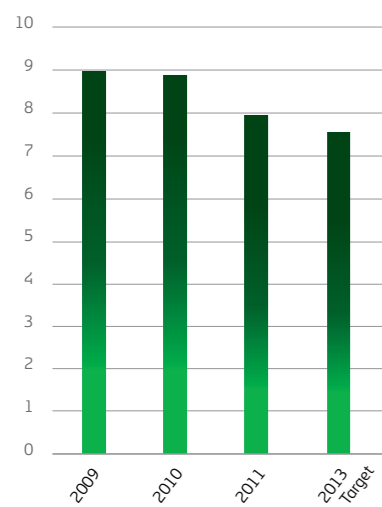


A new dehumidifying system was installed in Carlsberg Danmark's warehouse, resulting in significant CO₂ emissions and costs

Specific Energy Consumption
Beer and Soft Drink production
Figures in kWh/hl



CO₂ Emissions
Beer and Soft Drink production
Figures in kg CO₂/hl



An important initiative this year was the establishment of teams of internal energy experts which travelled across sites to share best practices from their own sites with other sites. An example is our team from Poland, which has been one of the group's front-runners in energy efficiency, who travelled to our Chinese breweries in Dali to share their best practices with the local team.

We are also looking for opportunities to further improve our efficiency as part of our network optimisation process – in which we are looking at ways to create synergies across our breweries in order to produce our products in the most efficient way possible. We thereby look at a broad range of aspects such as improving our logistic activities, inter-company sourcing to achieve energy efficiencies and investing in new more optimised equipment. During the year our breweries in Leeds (UK) and Fribourg (CH) stopped operations during the year as part of the process to optimise our network. Utility consumption figures for these two breweries are included for the months that they were operational.

CO₂ emissions

Our specific CO₂ emissions decreased by 8.6% compared to 2010 levels. The largest improvements were achieved in Carlsberg Brewery Guangdong (Huizhou) where we reduced emissions by around 35%. The team in China achieved this strong result by, amongst others, due to introduction of steam from boilers that are powered by biomass.

Based on strong improvements during this year, we have revised our CO₂ targets for 2013 to 7.5 kg CO₂ /hl.

Distribution and Warehouses

We stepped up our focus to achieve efficiencies in our logistics operations. By conducting driver-trainings and focussing on fuel-optimal driving behaviour we aim to achieve reduced fuel consumption in our distribution network. We have conducted driver training in a number of our European Markets and will continue to do so. We are constantly monitoring our fleet and make replacements to more fuel-efficient vehicles. During 2011, this was done in Norway and Switzerland. We also implement a route planning tool to find the most optimal route to deliver our products to warehouses. In the last year, this tool was implemented in our logistics operations in our Nordic Markets.

We did not achieve our commitment to develop environmental guidelines for our warehouses. Going forward we will look into ways of improving the environmental performance of our warehouses as part of the establishment of an integrated supply chain organisation.

Read about how Carlsberg Danmark reduces their CO₂ by running electric trains on our [website](#).

Renewable energy sources

Approximately 3.1 % of our thermal energy intake comes from renewable sources such as biogas which is captured from our Waste Water Treatment plant and biomass. 11 of our breweries are capturing biogas from waste water treatment operations, such as our company in Ukraine.

During the year we carried out an assessment to identify opportunities how to further increase our share of renewable energy. We identified regional and site-specific possibilities and will start to implement these in the coming years.

* Within KPMG's assurance scope. See Appendix 6

Continued challenges

Availability of energy sources instead of coal remains one of our key challenges in further reducing our CO₂ emissions. However some of our Asian sites started to use biofuels such as woodchips as a supplement to conventional energy sources. Examples include Hue Brewery in Vietnam and our Carlsberg Brewery Guangdong (Huizhou) in China. In 2012, we will continue to implement the lean utilities going forward and ramp up our intra-company knowledge sharing in order to reach our target for 2013. As part of the process to establishing an integrated supply organisation for Europe, we will develop new processes and look at further opportunities to reduce our environmental impact across our production and logistics department.

Plans & Targets

2012 Plans	2013 Targets
Continue lean utilities programme with particular focus on Asia, Eastern Europe	Reduce Energy consumption by 10 % to 29 kWh/hl* Reduce CO ₂ emissions by 13 %** to 7.5 kg CO ₂ /hl*
Focus on including environmental considerations in purchasing related to distribution	
Expand route-planning tool to other European markets	
Introduce route planning in logistics operations	
Assess possibilities of renewable energy use	
Further trials in the new pilot plant at our research facilities will be conducted with the purpose of generating energy from by-product	

About our targets

We will periodically review and revise these targets based on the progress we are making, the input we receive from our stakeholders and evaluate these also in light of changing external circumstances

* Figures compared to 2010 data
** Revised in 2011 to more ambitious target

* Within KPMG's assurance scope. See Appendix 6



Feldschlösschen becomes the first Swiss brewery to offer a CO₂-neutral delivery

Feldschlösschen's logistics department now offers its approximately 15,000 directly-supplied, on-trade customers (e.g. pubs, restaurants, and clubs) the service of a **CO₂-neutral delivery**. The principle is simple: if a customer decides to utilize the new service, the customer and Feldschlösschen logistics department cooperates to identify the **CO₂ emissions** linked to their delivery process. The emissions calculated this way will subsequently be offset with **CO₂ credits**.

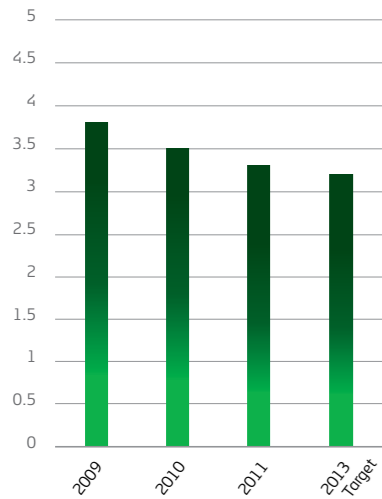
The income from these credits is invested in climate protection projects, while the on-trade customers receive a document that in a transparent manner shows in which sustainability project "their" emissions are offset.

The logistics development team invested more than a year of development work into the project and, in doing so, worked closely together with environmental engineers of the University of Technology Zurich.

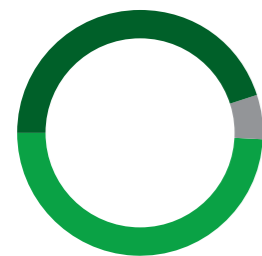
WATER

As one of the world's most important resources, we try to reduce our water consumption by setting targets on a site and group level.

Specific Water Consumption
Beer and Soft Drink production
Figures in hl/hl



Water Sources 2011



■ Municipal water: 49%
■ Own boreholes: 45%
■ Surface Water: 6%

2011 progress

2011 commitments	2011 achievements
Continue implementation of Lean utility program across the group	Programme continued, 25 sites implemented the programme
Carry out a risk assessment on all our sites	An in-depth water risk assessment was performed at our breweries
Identify key challenges for Carlsberg and the communities in which we operate	Key challenges identified but in-depth watershed assessments needed for high-risk sites

Production efficiency

Our specific water consumption within our breweries reduced by 5.6% during 2011. We are now, on average, using 3.3 hl of water to produce 1 hl of beer – which is the most efficient rate reported by global beer companies. We have managed this improvement by setting site-specific targets for water consumption as part of our Group-wide lean utilities programme, increased management focus and fostering a strong culture within each of our companies to save water in production activities.

The results show that we are well on track to reach our water target 2013 targets.

Some of our sites managed to significantly reduce their water use. Through a process of re-use, optimisation of water consumption in the filling line and the installation of new cooling equipment, our Celarevo brewery in Serbia reduced their water consumption by 11%. In Ukraine, Slavutich brewery achieved an 18 % decrease in their water use through a process of reusing water from various areas in the brewery such as the beer filtration lines, vacuum pumps and buffer tanks. Improved performance was also achieved by our Kunming site in China, which improved their efficiency through improved controls of the water temperatures and pump pressure.

An important aspect of our water consumption is to install new technologies that help us to save water, especially in those locations where this is scarce. An example is Carlsberg India that has successfully implemented a Waste Water Recovery Plant for its Hyderabad Brewery.

Water Risk Assessment

Carlsberg is committed to address water risks throughout the entire supply chain and in the communities where we operate. In 2011, we undertook a detailed assessment to better understand water risks in the communities where we operate. The results from the assessment show that in a number of locations our sites are exposed to current water risks or that water risks can be expected in the future.

* Within KPMG's assurance scope. See Appendix 6



Going forward, we will develop local community initiatives at and around breweries that have been identified as high-risk in our water risk assessment. The main focus thereby is address critical water challenges at watershed level around our sites that are exposed to risk. We thereby seek expertise from technical organisations as well as non-governmental organisations.

Plans & Targets

2012 Plans	2013 Targets
Initiate local production and community water management activities at high-risk sites	Reduce water consumption by 9% to 3.2hl/hl*
	Long-term strategic approach to water risk management in place
	New technologies for re-use of water inside and outside our breweries explored

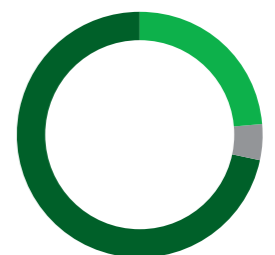
About our targets

We will periodically review and revise these targets based on the progress we are making, the input we receive from our stakeholders and evaluate these in light of changing external circumstances

* Figures compared to 2010 data

* Within KPMG's assurance scope. See Appendix 6

Waste water destination 2011



■ PS* with WWT**: 71.5%
■ On-site WWT**: 23.8%
■ PS* w/o WWT**: 4.7%



Carlsberg India's Hyderabad brewery commissioned a waste water recovery plant

As the first of its kind in the Group, **Carlsberg India** has successfully implemented a **Waste Water Recovery Plant** for its Hyderabad Brewery. The recovery plant was commissioned in June 2011, with the ambition of saving water and natural resources.

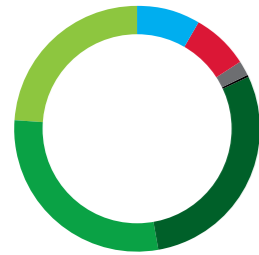
The purpose of the plant is to reprocess waste water through Reverse Osmosis (called Ultra Filtration). This way the water can be **reutilized in other brewery processes** such as cleaning of floors and utilities.

The project aims to achieve zero discharge of waste water from the brewery into the surrounding area which is mainly used for farming. Based on the plant's capacity, the expected annual savings on water from the plant is expected to be **58500 KL**, whereas the saving potential in terms of cost is expected to be as much as USD 104,000 per year.

PACKAGING

We want to reduce the amount of packaging we use and promote the reuse and recycling of packaging material.

Figures



- * PET*: 29%
- * RGB*: 28.9%
- * Cans: 23.8%
- * NRGB: 8.6%
- * KEG: 7.4%
- * Bulk: 1.8%
- * Other: 0.5%
- * Polyethylene terephthalate
- ** Returnable Glass Bottle
- *** Non-Returnable Glass Bottle

Packaging

2011 commitments

Train users in Northern and Western Europe regions to use packaging tool

Use input from Carbon Calculator to provide environmental information for packaging decisions

2011 achievements

Environmental managers and innovation managers trained

Tool applied in some European markets to assess different packaging solutions

Packaging is an important aspect of our products. It performs many functions – maintaining the quality of our products, protecting them during transport and safeguarding consumer health by keeping our beverages fresh and free of contaminants. Packaging also has a large environmental impact, which we can influence in terms of the type and quantity of materials used and what happens with the bottles, cans and other types of containers after the beverage is consumed. We are exploring a range of solutions to reduce this impact.

Using fewer materials

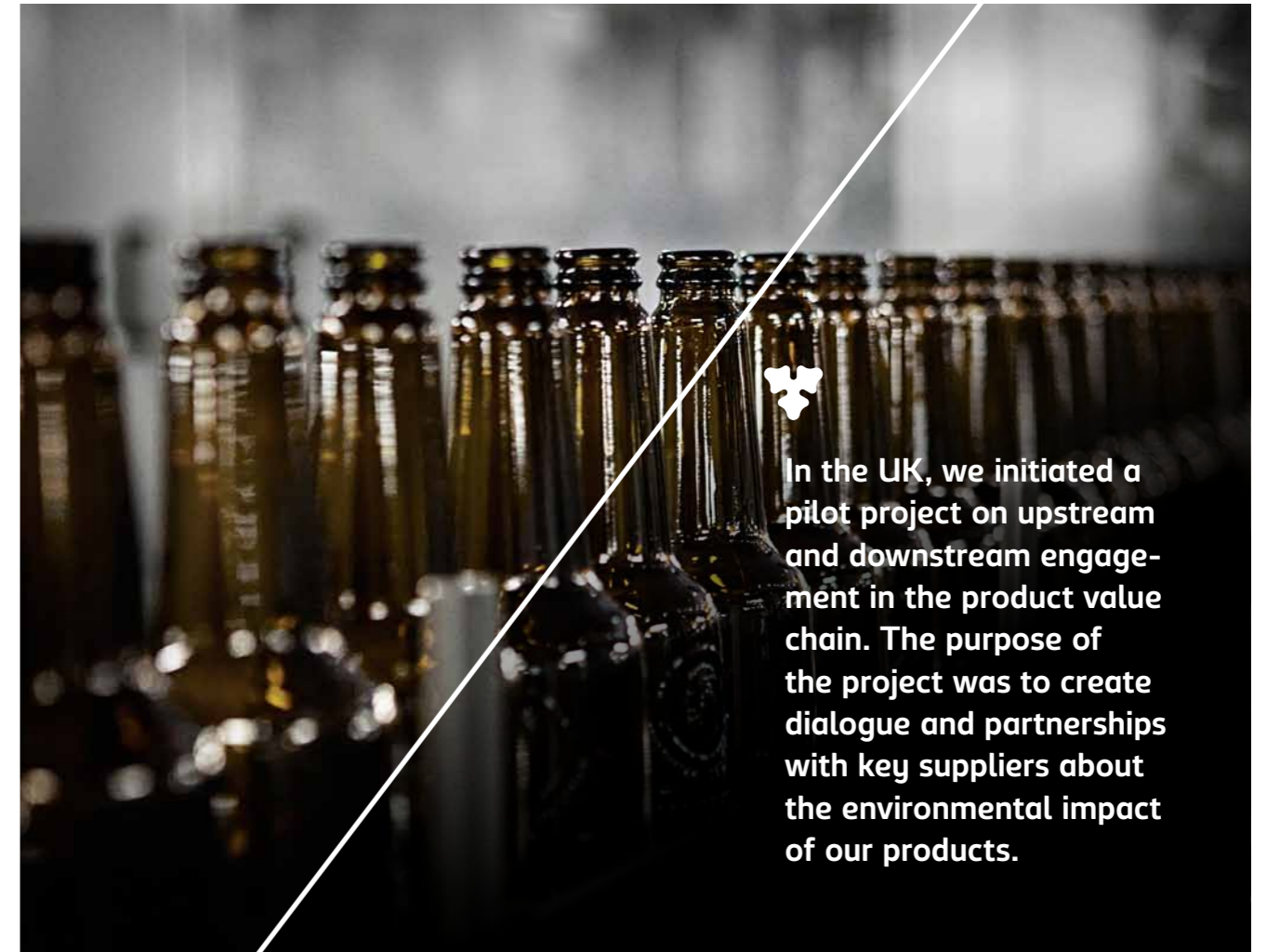
Where possible, and without comprising the function of packaging to protect quality of the product, we look for ways to reduce the materials used to produce cans, bottles and other types of containers. Our procurement department works with a number of suppliers to find opportunities for reducing the weight of our primary (such as bottles and cans) and secondary (such as cardboard boxes and plastic wrapping) packaging. Some of our initiatives in 2011 included reducing the thickness of steel in crown corks by 0.22 mm to 0.18mm in one of our markets. This cut down the use of steel by 18%. Another initiative was shifting to a different type of carton board used for multipacks which enabled for more packages to be transported.

Understanding our footprint

Different Packaging has different environmental impact in different markets. In line with our commitment for 2011 we introduced a life cycle analysis (LCA) tool to our group companies and conducted relevant training. The tool measures and benchmarks the environmental impact of various packaging materials and formats throughout the product life cycle, thereby enabling our companies to immediately evaluate this as they do other business parameters. In 2011, we started to use this tool to assess different packaging solutions in a number of markets in Northern and Western Europe.

Working with others

Reducing the environmental impact of our packaging is not a task we can do alone. We are conducting various initiatives with relevant partners, such as with suppliers and retailers. Carlsberg UK has initiated a pilot project seeking to establish a lasting dialogue and partnership with key suppliers on the environmental impacts and sustainability of supplied packaging products



In the UK, we initiated a pilot project on upstream and downstream engagement in the product value chain. The purpose of the project was to create dialogue and partnerships with key suppliers about the environmental impact of our products.

Looking ahead

Carlsberg is committed to innovative management of packaging and packaging waste. To prepare for new regulations and changing customer and consumer demands, the Group is in the process of developing a new strategic approach to packaging sustainability.

Plans & Targets

2012 Plans

Continue training and implementation of LCA tool in Eastern Europe and Asia

Develop a Group strategy for Packaging Sustainability

2013 Targets

Targets will be developed base on outcome of packaging strategy

About our targets

We will periodically review and revise these targets based on the progress we are making, the input we receive from our stakeholders and evaluate these in light of changing external circumstances

Responsible Drinking

While the vast majority of consumers enjoy beer in moderation as part of a healthy lifestyle, we recognise that a minority of consumers may have a harmful drinking pattern leading to unwanted health and social effects.

As a responsible brewer, we are committed to fighting the harmful consumption of beer and promoting responsible drinking to our consumers. An important aspect of protecting commercial freedom involves marketing beer in a way that reflects society's concerns about alcohol abuse.

Our local businesses are actively involved in initiatives related to issues such as under-age drinking, drinking and driving, and general education about responsible beer consumption. Engaging with local external stakeholders is fundamental in optimising the reach and impact of responsible drinking initiatives.

In 2011, we executed responsible drinking initiatives targeted at consumers in many of our markets. Examples include partnering with the Transport Administration and customers to prevent drinking and driving in Sweden, engagement of consumers as "responsible drinking ambassadors" in Malaysia, and running an educational TV campaign in Ukraine through the Ukrainian Brewers' Association with the objective of combating under-age drinking and promoting responsible selling of alcohol.

In Russia, we expanded our portfolio of initiatives and started a programme with the aim of training bartenders in promoting responsible drinking behaviour to consumers and serving as advocates of a drinking culture where beer is appreciated in moderation.

In addition to engaging with local stakeholders, Carlsberg also collaborates with various international organisations and with our peers from the brewing industry. Initiatives include the development of voluntary industry self-regulation schemes to avoid irresponsible marketing of alcoholic beverages and consultation with WHO on how Carlsberg's, as well as our peers,' initiatives within marketing, communication and stakeholder engagement can support WHO member states in achieving their objectives of reducing the harmful consumption of alcoholic beverages.

Plans

2012 Plans

We will increase the reach and impact of our responsible drinking activities targeted at consumers, in particular at major consumer events such as UEFA EURO 2012™ and music festivals.



Khalil Younes,
Senior Vice-President Group Sales,
Marketing, & Innovation

"We are proud that millions of consumers enjoy our products. To help them make sensible choices on alcohol consumption, we develop local responsible drinking campaigns and ensure we market our products in a responsible way."



In Russia, we started a bartender training programme. The primary goals of the programme is to teach bartenders how to promote responsible drinking to consumers and to help them learn how they can serve as advocates of a culture where beer is appreciated in moderation.



Carlsberg Sverige and restaurant chain Harry's ran a joint 'don't drink and drive' campaign

During the fall of 2011, Carlsberg Sverige and major restaurant chain, **Harry's**, in collaboration with the Swedish Transport Administration ran a national campaign to work towards preventing drunk driving.

As part of the campaign, Harry's displayed an installation of a crashed car in front of its restaurants across the country to emphasise the dangers of drinking and driving.

The crashed car installation went on a tour throughout Sweden and was located outside of different Harry's restaurants around the country. Posters on the back of the wall accentuated **the danger of drinking and driving**. Inside of the restaurants, guests were greeted by different messages in an effort to remind them **how drinking and driving do not mix**. Additionally, as they left the restaurant they received a bottle of Ramlösa mineral water that had a Don't Drink & Drive sticker on it.

Community Engagement

The companies in the Carlsberg Group have always been an integral part of society – delivering products that bring people together and helping to generate benefits for the communities in which we operate



Anne-Marie Skov,
Senior Vice-President Group
Communication

“We want to engage with the many communities in which we operate around the world. We aim to develop initiatives with our stakeholders to address the needs and concerns of society and to identify where we can make a difference.”

2011 progress

2011 commitments	2011 achievements
Develop social media based community engagement platform	Not achieved
Develop a Community Engagement guidebook to share best practices	Not achieved
Involve more closely with our stakeholders to create more efficient community initiative	Stakeholder engagement survey carried out

Our group companies continue to play an important role in the societies in which they operate. Through the jobs we create and the taxes we pay, we contribute to the economic development of the communities of our breweries. But we also contribute through dedicated investments in community projects. We have a long-standing commitment and history of contribution, in particular, to arts, health, education, community cleaning, music and recreational sports. However, the type of projects, in which we invest, reflects local needs and are often developed in cooperation with local social and government organisations to address ‘grass roots’ issues.

During 2011, our group companies invested a total of approximately 50 million Danish kroner (DKK) in local community activities. This included in-kind donations (such as free products to support charity events), financial donations and investments in community projects developed by Carlsberg companies. In Malawi when, due to foreign exchange shortages, there was a lack of medication Carlsberg Malawi stepped in and donated medicine worth of 8.3 million DKK. As part of their ongoing top 10 charity campaign, Carlsberg UK supported 17 charity concerts across the country.

Carlsberg has a long-standing relation to support recreational sports. In Germany, ‘Der Hamburger Weg’ is a long-term alliance between sport, politics and business that supports selected projects in Hamburg. As part of this alliance, Carlsberg’s brand Holsten financially supports local voluntary work in Hamburger sport clubs

We continued our efforts to support in disaster relief efforts – which we see as part of our responsibility as a global company. Our Hue Brewery in Vietnam continued their support this year to the victims of the 2010 floods in the le Thuy in Quang Binh province in Central Vietnam

Following the dramatic floods in Thailand, Lao Brewing Co provided timely assistance to their neighbors in need. The flooding created a significant shortage of drinking water throughout Thailand. Lao brewery provided rapid relief assistance through a shipment of about 4,000 LBC’s Tiger head Drinking water cases equivalent to 83,000 DKK .

Community engagement figures

	2009	2010	2011
Total Cash and In-kind donations (in million DKK)	n/a**	47	50
Number of cause-related marketing partnership	n/a**	n/a**	16

* Data collected for the first time in 2010

** Data collected for the first time in 2011

Foundations

Many of our companies have established foundations dedicated to support societies, such as in Russia and France. Our Tuborg and Carlsberg foundations have a history of over 100 years of giving back to society. Read more about the foundations support of ground-breaking research and internationally significant works. The Carlsberg Sports Foundation supports Danish sport so that more young people have the opportunity to get active. During 2011, the Foundation distributed up to a total of 2 million DKK.

2011 was the 200th birthday of J.C Jacobsen, the founder of our company. To celebrate him – his importance to the brewing industry and contributions to society – a variety of events and activities, both in the heart of Copenhagen and world-wide were organised. Grants up to 75,000 were awarded to students from China, Russia and Vietnam to support them in their studies.

Community Engagement Policy

Our Community Engagement Policy supports our local companies in creating effective community initiatives, and has recommendations on community investments, ways to engage with local stakeholders and how to develop cause-related marketing campaigns. For 2011, we set out a commitment to develop a guidebook to share best practices. We started the development but did not manage to complete this guidebook this in 2011. This task is a priority for 2012.

Continued Challenges

Understanding which issues are most relevant for our stakeholders and our business alike is an ongoing process. We are learning every day where and how we can best contribute and how we can do better. Going forward, we want to involve our customers, consumers and employees more actively in our community activities to improve their impact

Plans & Targets

2012 Plans	2013 Targets
Develop a Community Engagement guidebook to share best practices	Our employees actively involved in our global community efforts
Involve consumers in community initiatives as part of the EURO 2012 tournament	Two global partnerships developed to advance community activities on a local level
	All our companies have a system in place to strategically prioritise potential community activities and evaluate outcomes

About our targets

We will periodically review and revise these targets based on the progress we are making, the input we receive from our stakeholders and evaluate these in light of changing external circumstances



Carlsberg Malawi donated 1.5 million US dollars worth of medicine to help struggling communities

In Malawi, at the end of 2011, a shortage of foreign currencies made many things difficult in this East African country. One example of this was that **medicines were not available** because the government could not pay the producers of medicines, and in turn could not provide for ill members of the community.

To show its commitment to the country's growth and the well-being of its people, **Carlsberg Malawi** donated medicine worth USD 1.5 million.

To make this donation **Carlsberg joined up with The Coca-Cola Medical Relief Initiative** - a partnership between the Coca-Cola Africa Foundation and CitiHope International - a charity that works to prevent disease and **promote health worldwide**.

Marketing Communication

At Carlsberg we are committed to achieving the highest standards. We are determined to act as a responsible corporate citizen and take the concerns of other stakeholders into account. This belief in social responsibility applies as much to our marketing communications as it does to everything else we do.



Khalil Younes,
Senior Vice-President Group Sales,
Marketing, & Innovation

"Our brands are household names. We know that they play a part in the lives of our consumers all over the world. We want to encourage our consumers to enjoy them responsibly and in moderation."

2011 progress

2011 commitments	2011 achievements
Roll-out eLearning tool to all sales & marketing employees	Tool introduced to all markets but some delays in roll-out
Provide practical guidance and examples to companies on how to comply with Marketing Communication Policy	Not achieved

Training

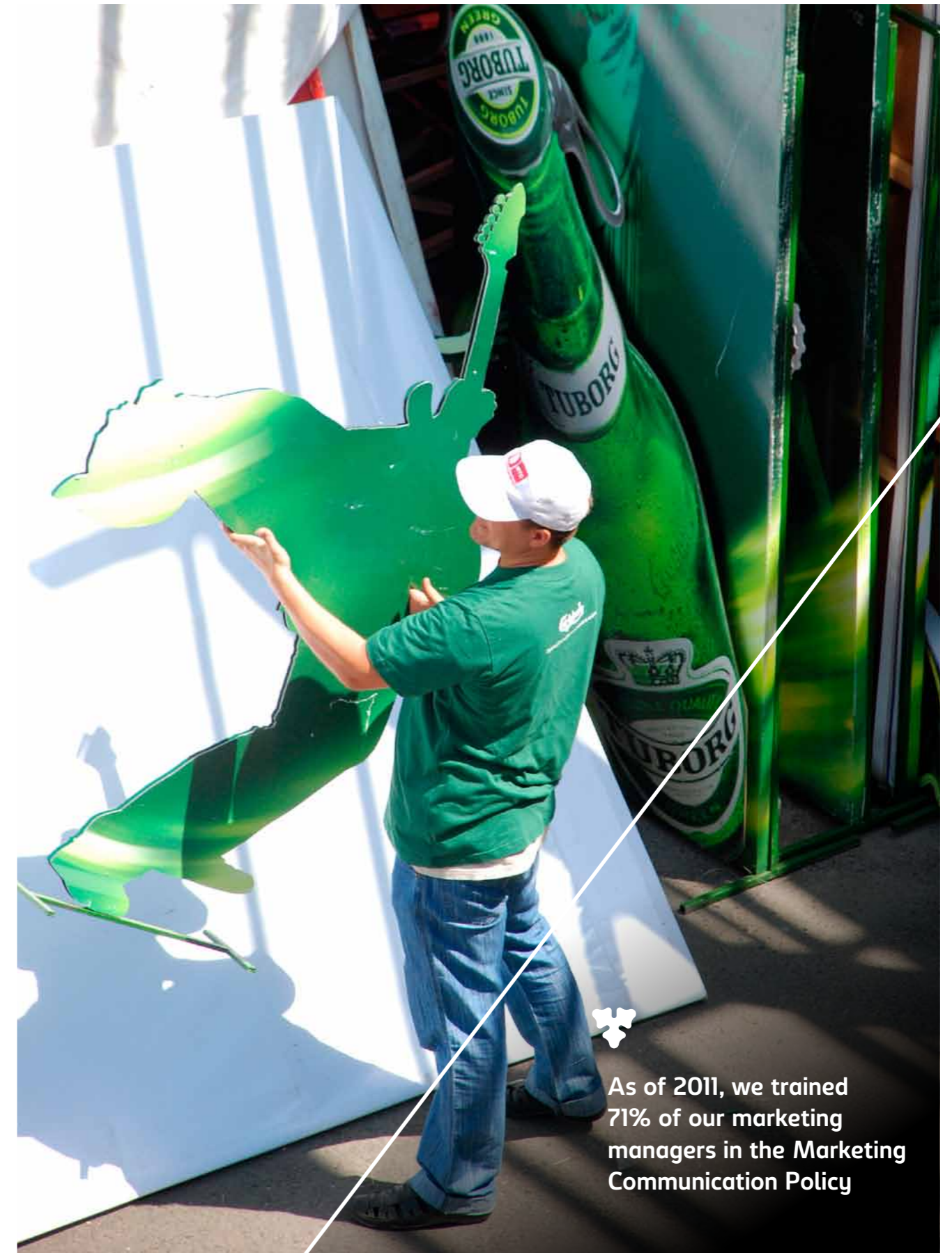
At the end of 2010, we introduced a new e-learning training tool to support our companies in integrating the aspects of the Carlsberg Group Marketing Communication Policy in their marketing materials. During 2011, we continued to roll-out the tool across our organisation in order to train all our marketing and sales employees. To measure how many people conducted the training and to follow up on results, a dedicated tracking system has been put in place.

In the first phase, training was launched in HQ, NE and WE regions. Approximately 235 people were trained in total. Following is percentage completion rate of each region and HQ by 27 Jan, 2012: HQ: 67% , NE: 40% and WE: 44%. Due to technical difficulties, our roll-out in Eastern Europe and Asia was delayed. After the roll-out, approximately 139 people were trained by the year-end in Asia using the tool. Overall, approximately 71 % of our marketing employees have been trained in the Marketing Communication Policy. For 2012, our main priorities are to roll-out the e-learning in Eastern Europe, and

Marketing Communication figures

	2009	2010	2011
Percentage of companies that have a procedure in place to track consumer complaints	83*	94**	94**
Number of reported non-compliance incidents with Marketing Communication Policy	7	10	7
Number of Sales, Marketing and Innovation employees trained in the Marketing Communication Policy	358	1936	1248

* 29 out of 35 companies in 2009
** 34 out of 36 companies in 2010



As of 2011, we trained 71% of our marketing managers in the Marketing Communication Policy

accelerate training numbers in Asia. Our target for 2013 remains to have 100% of employees who develop Marketing Communication trained in the policy.

On an ongoing basis we monitor our marketing activities in order to measure compliance with the marketing policy. We were disappointed to register 7 filed non-compliances with our marketing policy. These non-compliance incidents were filed in Denmark, Serbia and Norway. Our target for 2013 remains to have zero breaches of our Marketing Communication Policy.

As planned, we developed new guidelines for marketing activities developed on social media platforms as well as specific marketing guidelines for companies that operate in markets where there are full or partial bans on marketing activities related to alcoholic products. We did not deliver on our commitment to develop specific guidance to our group companies that can help in measuring compliance of marketing advertisements with the policy. This will be a priority for next year.

Plans & Targets

2012 Plans	2013 Targets
Monitor CSR messaging in social media channels	Zero non-compliance incidents with Marketing Communication Policy
Follow-up on roll-out and local implementation of eLearning	100% of employees developing Marketing Communication trained.
Launch guideline for server training	100% awareness of Marketing Communication Policy among consumer and customer facing employees.
Integrate Responsible Drinking messages in Carlsberg Euro 2012 campaign	100% of companies include Marketing Communication Policy in agency agreements
	100% of companies have procedures to secure compliance

About our targets

We will periodically review and revise these targets based on the progress we are making, the input we receive from our stakeholders and evaluate these in light of changing external circumstances



Labour and Human Rights

At Carlsberg, we believe that our employees are fundamental to our success. Our aim is to provide an open and inspirational workplace where all our employees can develop their full potential. We are strongly committed to high standards that create a fair, open and safe workplace where people have the opportunity to develop themselves.



Roger Muys,
Senior Vice-President
group Human Resources

"At Carlsberg, we believe that our employees are the key to our success. Our commitment to a fair, open and respectful workplace is enforced through Labour and Human Rights Policy."

2011 progress

2011 commitments	2011 achievements
Develop training material for the HR community and people managers	Not fully achieved – training materials developed for 61% of managers
Carry out internal audits in selected countries to record compliance	Not achieved

Setting standards

As a global business, we are committed to create an environment where people enjoy the same standards and opportunities wherever they work. Our Carlsberg Group Labour and Human Rights Policy, which has been in effect since the end of 2009, sets the labour and human rights standards all our employees must enjoy. At the end of 2010, we measured the progress of each company in implementing the Policy through a self-assessment. During the year, local companies used this information to develop improvement plans.

Unfortunately, we did not deliver on our group commitment that we set out for the year, namely to conduct internal audits in selected countries, due to internal re-prioritisation. We are now developing audit and compliance mechanisms across our companies related to the Labour and Human Rights Policy. This work will continue in 2012.

The re-prioritisation also led to us not completing the planned training concepts/materials for our HR community, with the goal to strengthen and support the Policy Implementation. We have renewed and adjusted our commitments for 2012 to re-focus the implementation process.

Although more efforts are needed in some areas we are also proud to be recognised by external stakeholders for our overall efforts. Carlsberg in Denmark was nominated by students as 3rd best employer in Denmark. Aldaris, our company in Latvia, was among the top three companies recognised as the best Latvian employer in 2011.

Locally we continued our pursuit of improved work environments. One example is our efforts in the Beer Selling Industry in Cambodia to improve the health, safety and working conditions of beer promoters.

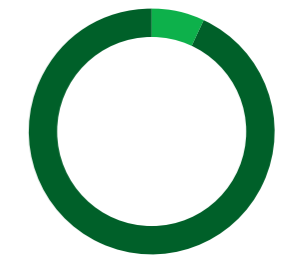


Our brewery, Aldaris, was nominated as one of the top three employers in Latvia according to the Sustainability Index organized by the Corporate Sustainability and Responsibility Institute in Riga

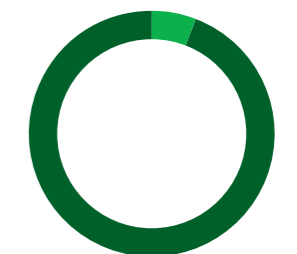
Total workforce

2010	2011
41,402	42,670

Total workforce by contract



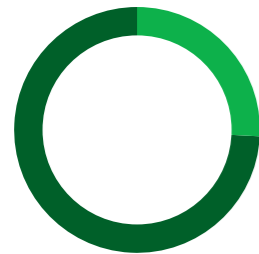
Total workforce by employment type



Total workforce by employment category



Total workforce by gender



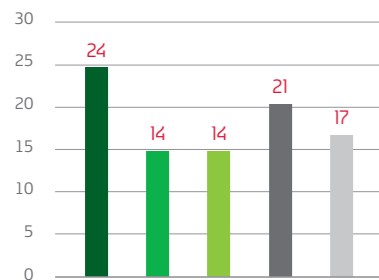
■ Male: 74%
■ Female: 26%

Total workforce by employment age



■ 30-39 yr: 35%
■ 40-49 yr: 26%
■ <50 yr: 16%
■ 19-29 yr: 23%
■ <18 yr: 0.1%

Average amount of training hours per employee by function



■ Marketing and Sales
■ Production
■ Logistics
■ Administration
■ Group average

Promoting diversity

The Carlsberg Group promotes diversity and has during 2011 initiated projects to increase and promote female leadership.

Our Chairman of the board signed Operation Chain Re-action – A Danish government initiative to increase the number of females qualifying for board positions. This is an initiative driven by the Danish Ministry of Gender Equality and brings together large Danish companies with global exposure. Through its participation Carlsberg has undertaken several initiatives such as the promoting the recruitment of more female managers by setting clear requirements to the recruitment agencies we use to ensure presentation of qualified female candidates for executive positions in Carlsberg and the supervisory board. We also took part in the “Leader Depeche” – An initiative where members of the Carlsberg Executive Committee has individual coaching and sparring sessions with female top leaders from another companies. We carried out an internal assessment of what activities are required to increase number of females in leadership positions.

As part of our commitment, we have set a new target that by no later than 2015, at least 40% of the Supervisory Board members elected by the General Meeting should be women.

During the year we increased the number of females in leadership positions increased by 14% more female leaders which allow us to build up our pipeline to increase our number of senior female leaders in the future

Development

We believe that empowering our employees to enhance the skills and potential is a cornerstone of our continued business success. We offer a global and local suite of training and development programmes, such as the our International Graduate, Talent and Leadership programmes and specialist programmes such as the Brewing courses, Supply Chain, Academy and marketing Academy. General training courses related to communication, project management, negotiation and other elementary business skills are offered throughout the year Marketing University. We thereby focus on effective skill-building and professional development for our employees in support of our business.

In Russia, Carlsberg Group Company Baltika Breweries was awarded best ‘Personnel Project for HR Changes’ for their approach to improving the training infrastructure for production personnel while also increasing efficiency.

Engagement

During the year, we expanded different initiatives to give employees the opportunity to provide more regular team and leadership feedback by including this year also management teams from Eastern Europe and Asia. Our C15 survey, which is conducted twice a year, gathers input from approximately 11.000 employees about their day to day experiences within their teams and the interaction with their manager. The purpose of the regular feedback is to provide more regular “day to day” conversation and feedback for teams and managers to increase team engagement and improve leadership behaviour. This development tool is used to identify 3-4 areas for improvement – such as team culture and engagement in each department /teams and managers work to improve from survey to survey.

Continued challenges

As some of the key markets are challenged with the global economy so are investments in HR initiatives across the Carlsberg group. Many investments in HR initiatives are reduced or in some cases postponed to 2013. This also impacts some of our initiatives in Labour Human Rights where lack of funding unfortunately postpones some of the activities into 2013.

Plans & Targets

2012 Plans	2013 Targets
Conduct policy training sessions for HR in countries with less than 100% completion on implementation	Specific module developed for LHR for use in induction training & management development
Perform internal audits in selected countries to document compliance	Specific targets for diversity will be set during 2012
Employee Engagement introduced as a KPI for all Top Executives	All People Managers are automatically trained in LHR when hired/appointed as a new People Managers
	Employee Engagement introduced as a KPI for all managers

About our targets

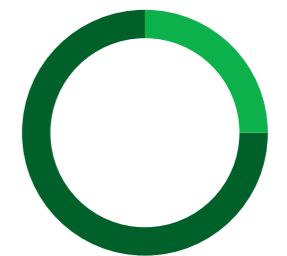
We will periodically review and revise these targets based on the progress we are making, the input we receive from our stakeholders and evaluate these in light of changing external circumstances



% of total turnover

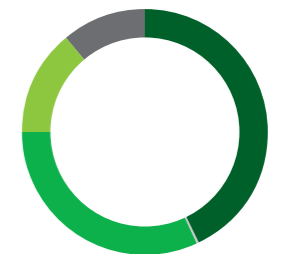
Year	Percentage
2010	12%
2011	16.5%

% of total turnover by gender



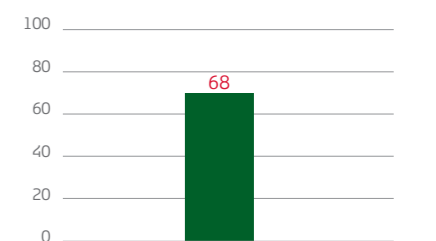
■ Male: 75%
■ Female: 25%

% of total turnover by employment age



■ 30-39 yr: 35%
■ 40-49 yr: 26%
■ <50 yr: 16%
■ 19-29 yr: 23%
■ <18 yr: 0.1%

% of employees covered by collective bargaining agreements



■ % covered by collective bargaining agreements: 68%

Health and Safety

The safety of our people is at the heart of our operations. We are committed to achieving the highest standards of Health & Safety for all our employees throughout the Group



Isaac Sheps,
Senior Vice-President
Eastern Europe

"Health and safety is at the heart of our operations. By implementing our Health and Safety Policy we aim to ensure that we integrate and enforce our standards wherever we operate."

2011 progress

2011 commitments	2011 achievements
Continue group strategy in Production	Strong decrease in accident frequency (19%) and severity(31%) in production decreased
Develop dedicated group strategy in Logistics	Strategy developed and implementation started; strong reduction figures achieved
Develop and implement requirements for controls of contractors' safety and management of H&S risks	Initiative rolled out to address risk situations for contractors
Reinforce near-miss reporting	Higher number of near-miss incidents reported
Establish information sharing platform, cross audits, HSE events	Internal H&S expert teams conducted cross-audits in 17 markets across N/W Europe according to group H&S audit protocol
Develop the H&S Academy	Materials developed, launch of academy planned for 2012

We continued to implement a set of initiatives during 2011, with the aim to strengthen our company culture regarding safety awareness. Through improved awareness, knowledge sharing, and performance monitoring through target setting, performance indicators and management systems. Our group driven-efforts are first and foremost within our logistics and production areas, which is where safety risks are most prevalent. However, on a local basis we are extending our efforts into other important areas such as improving safety for our sales employees by focussing on issues such as safe driver behaviour.

Improving safety in production

Production is one of our key areas in our efforts to improve safety conditions. 43 % of the group's lost time accidents occur in production. We are therefore proud to report strong progress in improving safety in our production areas, particularly in our Northern and Western Europe region which is also where our group strategic focus has been for the last two years. We are pleased to see that our efforts are paying off as the improvement in these regions is higher than our group average. Our accident frequency rate for production (number of Lost Time Accidents per 1000 FTEs), reduced by 19%. Our accident severity rate for production (number of days lost per 1000 FTEs) improved by 31% – both figures put us well on track to reach our 2013 targets.

These results are a result of increased awareness among employees and management and focussed approach on setting specific year-on-year requirements to improve safety throughout our breweries



We reduced the lost-time accident rate in production by 19% and we brought down the number of days lost in production by 1,049 days

Strategic requirements

To address safety risks in our production operations, we set three specific requirements for all our production sites 2011. A process-risk assessment on packaging lines set-up should be performed to identify key occupational risk related to the operation of the lines, and mitigation measures implemented

Requirements were set on improving reporting of near-miss incidents. Near-miss reporting is a pro-active way to address accidents by increasing the awareness of people on situations that can potentially result in accidents

This year, we also put special focus on contractors that work on brewery maintenance, which often have specific risks related to areas such as electricity. Sites were required to implement better control and supervisions by site managers for contractors, conduct contract risk assessment and enhance training and communication systems for contractors

To underline our commitment to safety and strengthen the awareness among employees, more than 4800 employees participated in a company-wide safety day, representing 14 of our Chinese breweries from across the country

Highly regrettably, two of our colleagues lost their lives in accidents which occurred at our production facilities. A single fatality is always one too many. We conduct thorough investigations and implement robust action plans to improve the specific safety conditions and categorically mitigate the risk

Our ambition will always be to have zero accidents. To further underline our commitment to improve safety, we have set more ambitious targets for 2013 for accident frequency and severity in our production

Improving safety in logistics

We made good progress in improving safety in our logistics operations – which is an area that has significant and specific safety risks. In our logistics operations in North and Western Europe, our accident frequency decreased by 20%, whereas our accident severity improved by 40%. In order to further improve, we have now set new targets to continue enhance our progress in this area.

Strategic requirements

- Strengthen roles & responsibilities of managers
- Develop new procedures for Accidents investigations
- Develop new procedures for Manual handling
- Develop new procedures to avoid internal traffic risks

Health & Safety Academy

In order to further strengthen our Group Health & Safety culture and increase employee's knowledge how to manage safety risks, we have developed the Carlsberg Group Health & Safety Academy – an group-wide programme to train site managers in H&S excellence. Although we hoped we had started the academy by the end of 2011, this is now planned for 2012.

Continued Challenges

Although good improvements have been made, we need to continue improve in our plan-do-act approach, whereby the focus is on ensuring that employees continuously integrate safety considerations in their day-to-day work following the requirements and action plans made for each site. In Asia, we encounter certain culture complexities whereby awareness related to safety is not always as high as in other markets, and perceptions of safety can also be very different. Moreover, we need to develop specific Health & Safety procedures for areas other than Logistics and Production. The challenges in this is that we typically cannot apply the lessons learned from other areas, but need to develop a tailored approach to each area.

Health and Safety figures

Figures for production sites	2009	2010	2011
Number of Lost Time Accidents in production ⁽¹⁾	286	233	195*
Lost Time Accidents in production ⁽¹⁾	20.1	16.7	13.6*
Number of days lost in production	4430	3608	2559*
Days lost rate in production ⁽³⁾	312	258	178*

Figures for group

Number of Lost Time Accidents ⁽¹⁾	457
Lost Time Accidents rate ⁽²⁾	12.3
Number of days lost	6831
Days lost rate ⁽³⁾	184
Fatalities	3 2 2 ⁽⁴⁾

⁽¹⁾ Number of occupational accidents that result in an incapacity for employees to perform full range of their normal duties at least one day, excluding the day of the accident and excluding accidents by driving home from work

⁽²⁾ Number of reported accidents x 1000 / number of full time employees

⁽³⁾ Number of reported days lost due to accidents x 1000 / number of full time employees

⁽⁴⁾ One fatality occurred on early morning January 1st, 2012 but has been included in the scope of the 2011 figures

* Within KPMG's assurance scope. See Appendix 6

Plans & Targets

2012 Plans	2013 Targets
Continue to implement strategy in production and logistics	35% reduction* in accidents frequency**
Start Health & Safety Academy	45% reduction* in accidents severity**
Investigate possibilities to have relevant sites OHSAS 18001 certified	Three Group mandatory requirements are implemented every year in at least 90% of sites
Implement actions based on regional priority setting	Safety risks assessments at least in 90% of workplaces***
	All H&S coordinators perform 1 yearly cross-audit

* Revised in 2011 to more ambitious target

** Figures compared to 2010 data, for production sites

*** Production, Logistics, Sales & Marketing

About our targets

We will periodically review and revise these targets based on the progress we are making, the input we receive from our stakeholders and evaluate these in light of changing external circumstances

Business Ethics

At Carlsberg, we are committed to being a reputable business partner and employer wherever we operate. Our business ethics standards help us to achieve this goal by striving for fair and responsible practices in all our companies



Ulrik Andersen,
Vice President Group Legal and Risk Management

"We believe in fair and transparent business practices. Our Business Ethics Policy and guidelines shall seek to ensure ethical business conduct and compliance with relevant laws and regulations throughout the Group."

2011 Performance

2011 commitments	2011 achievements
Roll out e-learning programme	A comprehensive E-learning module was rolled-out to central functions and a number of Group companies
Continue training and communication to facilitate implementation	Train the trainer sessions were carried out and a toolkit was introduced
Initiate integration of Business Ethics into performance management systems	Business ethics has been defined as a criterion in our performance review system. This will become effective during 2012

In 2011, our main focus has been on continuing the implementation of our Business Ethics Policy focusing on initiatives to support our employees in understanding business ethics dilemmas and empowering them to make the right choices.

Training and Awareness

We continued to carry out train-the-trainer efforts. The objective of these training sessions is that local legal counsels can in turn train the employees in their respective organisations on how to apply the Business Ethics Policy in day-to-day business decisions. To further support the overall process of policy implementation, the markets have been provided with various tools. The tools include a gift-registration system, guidance on registration of gifts, meals and entertainment expenses, and a comprehensive e-learning system. We are strengthening our internal legal network by sharing best practices and creating an ongoing dialogue about business ethics dilemmas. We thereby reinforce a common, Group-wide understanding of good business practices compliant with the Carlsberg Business Ethics Policy

Policy Implementation

We have implemented an e-learning module to train employees on how to apply the Business Ethics policy. This e-learning system consists of a comprehensive introduction to the Business Ethics Policy requirements and is followed by a mandatory exam. The e-learning has in the first phase been rolled-out to our Group headquarter functions, all legal counsels and a number of key employees in Group companies. The next step is to roll- out the e-learning to local companies during 2012. Translations of the e-learning program will be made into several important local languages.

We have made compliance with the Business Ethics Policy an integral part of employment contracts for employees working at our headquarter functions and – so far – in some Group companies. We are also integrating Business Ethics compliance into our performance management systems. This work has not been finalised in 2011 and will continue in 2012. The work will include a specification of the employees for which this is relevant and for these



As of 2011, 6,653 employees have received training on the principles of the Business Ethics Policy

employees Business Ethics is expected to be part of the performance reviews in 2013. Following the assessment we did at the end of 2010 regarding Carlsberg Group companies' progress in implementing the Business Ethics Policy, we initiated actions related to those sites that scored below Group average. We managed to improve our overall scores related to training levels and translation to local language.

Whistleblower system

In 2010, we launched a Group-wide whistleblower system which enables employees to report activities that may involve criminal conduct or violations of the Carlsberg Group's policies and guidelines, including the business ethics policy. A re-launch of the system was done in 2011 to remind employees about the possibility to report issues through the system, and because some of our markets did not sufficiently communicate the system availability in 2010.

Business Ethics figures

	2009	2010	2011
Number of training sessions held on the Carlsberg Group Business Ethics Policy	n/a*	118	184
% of employees trained in the Carlsberg Group Business Ethics Policy	n/a*	16%	17%
Total number of employees trained in the Carlsberg Group Business Ethics Policy	n/a*	6234	6653
% of companies having mechanisms in place to avoid business ethics incidents	63%	78%	84%

* Data collected for the first time in 2010
Mechanisms include accountability

Continued Challenges

Carlsberg recognises that some of its operations are in areas that are considered high-risk with regard to perceived corruption. Carlsberg's global corruption risk assessment enables it to strengthen the focus in its business ethics compliance activities.

In line with our commitments to the United Nations Global Compact, the Carlsberg Group does not endorse the practice of facilitation payments. We recognise that in some parts of the world, facilitation payments occur as part of business transactions but we strive to eliminate them. In order to reach this goal, we have this year worked to obtain a better understanding of where and in which situations our employees are met with requests for facilitation payments. We have worked with our internal legal network to create better alignment around the issue.

Our current guidelines contain general guidance for employees to use when met with requests for facilitation payments to try to avoid making the payment. Our next step is to provide tailored guidance for employees to address specific situations where requests for facilitation payments occur. Going forward we will also look at ways to increase the internal and external dialogue with our stakeholders on this issue

Plans & Targets

2012 plans	2013 targets
Prepare introduction of audit and self-audit for selected countries	Business Ethics Policy is communicated to all employees
Develop the the e-learning programme in other language	100% of key employees are trained in Business Ethics
Continue awareness and training with focus on high risk countries	Relevant key employees and top management are measured on Business Ethics compliance
	Introduction of audit and self-audit for selected areas.

About our targets

We will periodically review and revise these targets based on the progress we are making, the input we receive from our stakeholders and evaluate these in light of changing external circumstances



Responsible Sourcing

In the Carlsberg Group, we believe that good relationships are based on cooperation with our suppliers by engaging them in our work with CSR to achieve mutually beneficial goals



Bengt Erlandsson
Senior Vice-President
Group Procurement

"As a global brewer our supply chain is diverse and complex. Through our responsible sourcing program we work with our suppliers to advance CSR standards throughout the supply chain."

As a multinational company, we purchase goods in the global marketplace from countries with varying regulatory structures and standards of business practice. We want to improve our understanding of CSR issues within our supply chain while maintaining business performance and a good relationship with our suppliers.

Our efforts in this area are focused on assessing the social and ethical performance of our suppliers and finding ways to improve this performance together with our suppliers. We recognise that there is a great deal of work ahead. Supplier and Licensee Code of Conduct

The Carlsberg Group Supplier and Licensee Code of Conduct reflects our requirements that we expect our suppliers and licensees to adhere to when doing business with the Carlsberg Group. These standards are aligned with the Carlsberg Group's CSR policies on labour & human rights, health & safety, environment and business ethics. Our Code of Conduct is an integral part of our global contract template, which we use when signing contracts with global suppliers.

The Supplier and Licensee Code of Conduct can be found on our [website](#).

Responsible Sourcing Programme

The basis for our Responsible Sourcing Programme is the Carlsberg Group Supplier and Licensee Code of Conduct. The purpose is to set up a process to increase the knowledge of CSR issues in our supply chain, as well as monitoring compliance with our Code of Conduct.

AIM Progress & Sedex

In 2011 we became member of AIM-Progress, an industry wide forum for global consumer companies to enable and promote responsible sourcing practices. This collaboration with other companies is about sharing and working together on different aspects of responsible sourcing.

Read more about AIM-Progress.

We are also member a of Suppliers Ethical Data Exchange, Sedex, a collaborative platform for sharing ethical supply chain data. Gathering CSR data is a costly and time consuming exercise. By using Sedex we can share information with our suppliers regarding their performance in the four CSR areas with which we expect our suppliers to comply (labour & human rights, health & safety, environment and business ethics).
Read more about Sedex



We increased the number of bottles on a pallet by 10-15%, thus improving pallet utilisation and reducing the environmental impact of transportation.

APPENDIX

1. 2011 Environmental Data
2. Reporting definitions and Scope
- 2a. Environment and Health & Safety definitions
3. List of reporting sites
4. Global Reporting Initiative Table
5. Materiality Analysis
- 5a. Materiality Matrix
6. Independent Assurance Report

1. 2011 Environmental data

Environmental data	2009	2010	2011
General production figures			
Number of reporting sites	74	74	75 ¹
Beer production (Million hl)	100.3	99.4	99.1
Soft drink production (Million hl)	11.9	10.1	11.7
Beer and Soft drink production (Million hl)*	112.2	109.5	110.8
Malting (ktons)	448.6	464.8	410.1
Environmental performance data (beer, soft drinks and malt production)			
Total thermal energy (GWh)*	3044	3012	2735
Total electricity (GWh)*	1051	1016	949
Total CO ₂ emissions (ktons)*	1107	1058	977
Total SO ₂ emissions (tons)	3383	3222	13763
Total NO _x emissions (tons)	3280	3098	15683
Total water consumption (Million m ³)*	43.2	40.1	38
Total waste water discharged (Million m ³)	29.5	26.4	24.9
Total organic load (COD) before treatment (ktons)	99.4	81.2	79.8
Solid Waste			
Incinerated (ktons)	4.6 ²	4.4 ²	6.6
To sanitary landfill (ktons)	46	41	43.5
Special waste (ktons)	1.2	0.43	0.79
Recycled (ktons)	159 ²	151 ²	135
Disposed off for land application(ktons)	227	284	209
Other (ktons)	75	0.8	0.8
Total Solid waste (ktons)	513 ²	483	396
Brewers grain and brewers yeast (Ktons)(metric)	1296	1299	1341
Specific figures for beer and softdrink production			
Thermal energy (kWh/hl)*	23.3	23.5	21.1
Electricity (kWh/hl)*	8.9	8.8	8.1
Combined energy (thermal & electricity) (kWh/hl)*	32.2	32.3	29.2
CO ₂ emissions (kg CO ₂ /hl)*	8.9	8.7	7.9
Water (hl/hl)*	3.7	3.5	3.3
Specific figures for malt production			
Thermal energy (kWh/ton)	749.9	749.2	760.1
Electricity (kWh/ton)	105.8	101.6	103
Combined energy (thermal & electricity) (kWh/ton)	855.7	850.8	863.1
CO ₂ emissions (ton CO ₂ /ton)	0.25	0.27	0.24
Water (m ³ /ton)	3.1	2.8	2.5
Other figures			
Complaints	46	55	47
Number of sites that are ISO 14001 certified	44	47	60

(*) Within KPMG's assurance scope (see KPMG Assurance Report)

¹ 72 brewery sites and 3 malting sites

² Restated

³ Emission figures for grid electricity updated

* Within KPMG's assurance scope. See Appendix 6

2. Reporting definitions and Scope

[Determining the content of the reporting]

Completeness

Scope of the CSR reporting

We are reporting on relevant and significant social, ethical and environmental issues during the financial year starting on January 1st 2011, ending December 31st 2011.

In order to determine the areas to be included in the CSR reporting, we use various sources and inputs. In 2011, we conducted a materiality analysis among our internal and external stakeholders, in order to assess if our current level of activities and reporting is sufficient to meet our stakeholder's expectations. We also receive recommendations on our CSR activities and reporting from our assurance provider KPMG and continuously analyse competitors and industry initiatives.

Further, we use the internationally recognised standard, Global Reporting Initiative (GRI) in order to ensure comparability with other companies. Learn more in our GRI table.

Boundary setting

Entities included in the performance (data) include majority-owned subsidiaries, defined as companies which Carlsberg Breweries A/S directly or indirectly owns, controls more than 50% of the voting rights in or which it, in some other form, controls.

Joint ventures and companies where Carlsberg does not have the opportunity to exercise management control are not included in reported data. We are, though, continuously working together with our partners to ensure continuous focus on CSR issues.

If a majority-owned entity is acquired during the financial year, the entity will be included in the reporting of the following year.

Comments to Boundary setting:

- The following sites have been closed/sold compared to 2010 data: Feldschlösschen Dresden (Germany 03/01/2011)
- The following sites have been added since 2010: Gorkha Brewery (Nepal), Baku Castel (Azerbaijan),
- The following sites are not included even though MJ: Qitai Malting (China), Yinchuan Bottling plant (China)
- The following sites have only reported partially for the year: Leeds (closed 17/06 2011), Cardinal (closed 23/6 2011)
- The following sites will be included from 2012 due to acquisition in 2011: Hue Brewery Hue, Hue Brewery Phu Bai (Vietnam) & Lao Brewery Vientiane and Lao Brewery Pakse (Laos)
- The following sites changed names: Slavutich changed to Carlsberg Ukraine, Derbes changed to Carlsberg Kazakhstan

Ensuring data quality

When gathering information on our CSR performance, we have used the widely used principles of balance, clarity, accuracy, reliability, timeliness and comparability.

Please find additional information of each of the topics in the following:

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 so that they are able to make their own judgements concerning the Carlsberg Group's position and role in the societies where we do business.

Clarity

We are striving to make our CSR reporting accessible and easy to read. We have engaged with usability and web experts, to ensure that the performance data and reporting content are understandable and well-communicated on our corporate website.

Accuracy & reliability

Since 2009, we have used a dedicated CSR reporting system to help us collect data from the local sites and consolidate these on a group level. Every year since 2009, we have improved the definitions of our performance indicators, in order to help our entities report accurate and reliable data. However, we also recognise that there is still a challenge ahead in obtaining a complete and fully aligned overview of all our CSR data, especially when it comes to local procedures for data gathering. Our reporting system is developed by Enablon, an international provider of CSR software solutions. The system gives us a high degree of control with the data gathering process, and helps the local companies with comparing data year-on-year and further it allows instant consistency checks during the data gathering phase.

We have appointed KPMG to provide independent assurance on selected environmental and safety indicators. In the various web sections, we indicate which data have been assured. For further details see KPMG Assurance Report 2011.

Timeliness

Internally, we report our CSR data with varying frequency, determined by the nature of the data. Health and Safety data are reported on a monthly and quarterly basis. All other CSR data are collected annually. Where needed, we are revising the frequency of reporting, in order to strike the right balance and to obtain the right data at the right frequency. Our annual data gathering and external reporting is aligned with the financial data gathering, using the calendar year.

Comparability

Our reporting criteria and indicators are based on the GRI G3 guidelines (2006) where applicable. In the GRI table, we have listed whether our reporting is fully or partially in line with the GRI indicator definitions.

2009 was the first year that CSR data were gathered Group-wide using our new CSR reporting and management system, which is why we chose to use 2009 as baseline for our CSR performance measurement. Therefore comparable data is available for 2009, 2010 and 2011 for a majority of our indicators, though some are new and do not have historical data. 2011 is the first year we are able to include 3 year comparisons, as recommended by GRI for all data where a 3 year history is available.

Definitions

Some differences in the interpretation of some indicators at site level have been identified during the reporting process. However, we do not believe these differences are material for the validity of the reported data.

Within the Environmental data, any reference to 'production site' or 'site' refers to sites where we produce beer, soft drinks or malt as well as combinations of these and the consumption from these sites. The term 'production site' does not include off-site consumption such as logistics and off-site administration.

Definitions on environmental indicator available for download in the right hand column.

Targets

We are communicating two different kinds of plans and targets:

- 1) One-year short-term plans
- 2) Three-year term targets and objectives

These have been developed by each of the functional owners of the CSR focus areas. These targets may be adjusted according to significant changes in the business, such as major acquisitions and divestments when these are made before the target date. To the extent possible we are including such changes by applying scenario-planning to our targets setting process.

2a. Environmental and health & safety definitions

Indicator name	Indicator definition	Unit
Total thermal energy consumption	Total thermal energy consumption for beer and soft drinks and malt production	GWh
Total electricity consumption	Total electricity consumption for beer and soft drinks and malt production	GWh
Total water consumption	Total water consumption for beer and soft drinks and malt production	m ³
Total production of beer and soft drinks	Total fermented and non-fermented products produced	hl
Total CO ₂ emissions	Total fossil carbon dioxide emissions* (direct and indirect emissions) emitted due to energy used for beer and soft drinks and malt production.	ktons CO ₂
Specific thermal energy consumption	Thermal energy needed to produce one hectolitre of beer and soft drinks.	kWh/hl
Specific electricity consumption	Electricity needed to produce one hectolitre of beer and soft drinks.	kWh/hl
Specific water consumption	Water needed to produce one hectolitre of beer and soft drinks.	hl/hl
Specific CO ₂ emissions	Fossil carbon dioxide emissions (direct and indirect emissions) emitted from energy used per produced hectolitre of beer and soft drinks.	

*CO₂ emission factors used for fossil fuels and electricity are in accordance with 2006 IPCC Guidelines for National Greenhouse Gas Inventories and IEA statistics CO₂ Emissions from fuel combustion (2011 Edition). CO₂ from other activities such as logistics and CO₂ equivalents from HCFC's are not included in the total or specific CO₂ figures.

Indicator name	Indicator definition	Unit
Lost time accidents (LTA) in production	Occupational accidents that result in an incapacity for employees to perform full range of their normal duties at least one day, excluding the day of the accident	Number (LTA)
Lost time accidents rate in production	Number of LTA x 1000 / number of FTEs Scope = Production sites	Rate (LTAR)
Days lost (DL) in production	Working days of absence (excluding the day of the accident) due to Lost Time Accidents	Number (DL)
Days lost rate in production	Number of DL X 1000/ number of FTEs Scope = Production sites.	Rate (DLR)
Full Time Equivalents in production	Number of employees on payroll, where part-time workers are converted into FTE by an equivalent portion, and one person maximum counts as 1 FTE	Number (FTE)

Version approved on 22-02-2012



3. List of reporting sites

Region	Country	Company	Sites	
Asia	China	Xinjiang Group	Akesu Brewery Changji Brewery Hami Brewery Houchen Brewery Kashi Brewery Urumqi No. 2 Brewery Wusu Brewery Korte Brewery Yining Brewery	
		Carlsberg Brewery Guangdong	Carlsberg Brewery Guangdong (Huizhou)	
		Ningxia Group	Ningxia Xixia Jianiang Brewery	
		Yunnan Group	Kunming Huashi Brewery Yunnan Dali Beer Co. Ltd	
		Carlsberg Brewery Hong Kong	N/A - Not a production site	
		Carlsberg Hong Kong	N/A - Not a production site	
		Singapore	Carlsberg Singapore	N/A - Not a production site
		Malaysia	Carlsberg Malaysia	Carlsberg Kuala Lumpur
		Vietnam	SEAB (South East Asia Brewery)	SEAB Hanoi
		Laos	Lao Softdrink Company	Lao Softdrink Company Vientiane (Pepsi)
	Malawi	Carlsberg Malawi	Carlsberg Malawi Brewery Ltd. (CMBL) SOBO Blantyre SOBO Lilongwe MDL SOBO Mzuzu	
	Nepal	Gorkha Brewery	Gorkha Brewery	
	Eastern Europe	Russia	Baltika Breweries	Baltika Brewery St. Petersburg Baltika Don Brewery Rostov-Na-Don Baltika Khabarovsk Baltika Novosibirsk Baltika Samara Baltika Tula Brewery Tula Pikra Brewery Krasnoyarsk Vena Brewery St. Petersburg Vena Chelyabinsk Yarpivo Brewery Yaroslavl Yarpivo Voronezh Baku

Region	Country	Company	Sites
Northern Europe	Belarus	Alivaria	Alivaria
	Uzbekistan	Carlsberg Uzbekistan	Tashkent
	Kazakhstan	Derbes	Derbes Brewery Almaty
	Ukraine	Slavutich	Lvivska Brewery Lviv Slavutich Zaporozhye Slavutich Kiev
	Denmark	Carlsberg Danmark	Jacobsen brewery Saltum Carlsberg Fredericia
		Carlsberg Breweries Danish Malting Group	N/A - Not a production site DMG Denmark
	Estonia	Saku Öllethase as	Saku
	Finland	Sinebrychoff	Kerava
	Germany	Carlsberg Deutschland	Holsten-Brauerei Hamburg AG Mecklenburgische Brauerei Lütz
	Latvia	Aldaris	Aldaris Riga
Lithuania	Svyturys Utenos Alys	Utena Klaipeda	
Norway	Ringnes	E.C. Dahls Trondheim Farris Gjelleråsen Imsdal	
Poland	Carlsberg Polska	Okocim Brewery Brzesko Kasztelan Brewery Szczecin Brewery	
	Danish Malting Group - Poland	Danish Malting Group Polska Sp.z o.o Slodownia Strzegom Sp. z o.o	
Sweden	Carlsberg Sverige	Falkenberg Ramlösa Sverige	
Western Europe	Bulgaria	Carlsberg Bulgaria	Pirinsko Shumensko
	Croatia	Carlsberg Croatia	Koprivnica
	France	Kronenbourg	Kronenbourg Obernai
	Greece	Mythos Breweries S.A.	Thessaloniki
	Italy	Carlsberg Italia	Varese
	Serbia	Carlsberg Srbija	Carlsberg Srbija - Celarevo
	Switzerland	Feldschlösschen	Rhätzens Cardinal S Rheinfeld Sion N/A - Not a production site
	UK	Carlsberg Group Procurement AG	
		Carlsberg UK	Leeds Northampton

4. Global Reporting Initiative table

GRI Profile and Performance Indicator	Location (section/page)	Annual Report 2011 (page number)	Level of reporting	UN Global Compact Principle
1. Strategy and analysis				
1.1 CEO statement	CEO statement	06/aug	●	
2. Organizational Profile				
2.1 Name of the organization	Company factsheet		●	
2.2 Primary brands, products, and/or services	Carlsberg Group brand selector		●	
2.3 Operational structure of the organization	Governance structure Management Company factsheet	34-41	●	
2.4 Location of organization's headquarters			●	
2.5 Number of countries where the organization operates		4	●	
2.6 Nature of ownership and legal form	Carlsberg is listed at the Copenhagen Stock exchange NASDAQ OMX Copenhagen A/S Company factsheet		●	
2.7 Markets served		nov/15	●	
2.8 Scale of the reporting organization			●	
2.8.1 Number of employees	Company factsheet		●	
2.8.2 Net sales		9	●	
		52		
2.8.3 Total capitalization broken in terms of debt and equity		9	●	
		55		
2.8.4 Quantity of products or services provided		08/sep	●	
2.8.5 Total assets		9	●	
		54	●	
2.9 Significant changes during the reporting period regarding size, structure, or ownership		59	●	

GRI Profile and Performance Indicator	Location (section/page)	Annual Report 2011 (page number)	Level of reporting	UN Global Compact Principle
2.10 Awards received in the reporting period	Carlsberg China's CSR efforts receives public recognition Aldaris voted as one of the most responsible employers in Latvia Baltika Breweries' 'Beer Patrols' recognized as the best social project in the Samara region Baltika Breweries granted award for best HR project		●	
3. Report Parameters				
Report profile				
3.1 Reporting period	The report covers the calendar year of 2011		●	
3.2 Date of most recent previous report	A webbased CSR report has been published on March 1st 2011 Our Communication on Progress has been published March 1st 2011		●	
3.3 Reporting cycle	The reporting cycle is annual.		●	
3.4 Contact point for questions regarding the report or its contents	Contact Group CSR on csr@carlsberg.com		●	
Report scope and boundary				
3.5 Process for defining report content	Reporting proces and scope		●	
3.6 Boundary of the report	Reporting proces and scope		●	
3.7 State any specific limitations on the scope or boundary of the report	Reporting proces and scope		●	
3.8 Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations	Reporting proces and scope		●	
3.10 Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement	No restatements made in 2011		●	
3.11 Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	Reporting proces and scope		●	
3.12 GRI Content Index Table identifying the location of the Standard Disclosures in the report. [...]	The information contained in this GRI table		●	

GRI Profile and Performance Indicator	Location (section/page)	Annual Report 2011 (page number)	Level of reporting	UN Global Compact Principle
3.13 Assurance Policy and current practice with regard to seeking external assurance for the report	Independent assurance statement			
GRI Profile and Performance Indicator	Location (section/page)	Annual Report 2011 (page number)	Level of reporting	UN Global Compact Principle
4. Governance, Commitments, and Engagement				
4.1 Governance structure of the organization	Governance Structure	34-41 Corporate Governance 154-155 Supervisory Board 42 The Executive Committee	●	
4.2 Indicate whether the Chair of the highest governance body is also an executive officer	No, the Chairman of the Supervisory Board is not the executive officer		●	
4.3 For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	The Supervisory Board is made up of twelve members, none of whom are involved in operative management.	34-41 Corporate Governance 154-155 Supervisory Board		
4.4 Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	General Meeting			
4.14 List of stakeholder groups engaged by the organization.	Stakeholder engagement		●	
4.15 Basis for identification and selection of stakeholders with whom to engage.	Community Engagement Policy		●	
Performance indicators				
Economic				
EC1 Direct economic value generated and distributed	Community Engagement	46-47 Financial review 90-92 Retirement benefit obligations and similar obligations 68 Corporation Tax	●	
EC2 Financial implications and other risks and opportunities for the organisation's activities due to climate change.	Energy and Emissions Packaging		●	Principle 7
Environment				
EN1 Materials used by weight or volume.	Water		●	Principle 8
EN3 Direct energy consumption by primary energy source	Energy and Emissions		●	Principle 8
EN4 Indirect energy consumption by primary source	Energy and Emissions Water		●	Principle 8
EN5 Energy saved due to conservation and efficiency improvements	Energy and Emissions		●	Principle 8 & 9

EN6 Initiatives to provide energy-efficient or renewable energy-based products and services, and reductions in energy requirements as a result of these initiatives.	Energy and Emissions		●	Principle 8 & 9
GRI Profile and Performance Indicator	Location (section/page)	Annual Report 2011 (page number)	Level of reporting	UN Global Compact Principle
EN7 Initiatives to reduce indirect energy consumption and reductions achieved	Energy and Emissions		●	Principle 8 & 9
EN8 Total water withdrawal by source	Water		●	Principle 8
EN16 Total direct and indirect GHG emissions by weight	Energy and Emissions		●	Principle 8
EN18 Initiatives to reduce GHG emissions and reductions achieved	Energy and Emissions Packaging		●	Principle 7, 8 & 9
EN19 Emissions of ozone-depleting substances by weight	Energy and Emissions		●	Principle 8
EN20 NOx, SOx and other significant air emissions by type and weight	Energy and Emissions		●	Principle 8
EN21 Total water discharge by quality and destination	Water		●	Principle 8
EN22 Total weight of waste by type and disposal method	2011 Environmental Data		●	Principle 8
EN26 Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Supplier partnership drives down carbon footprint Baltika obtains ISO 14001 Certification for environmental management When green production and good business go hand in hand Improving utilization of resources and reducing waste! Carlsberg gives trash a chance at Polish music festival Rail transport makes sense for business and environment Feldschlösschen becomes the first Swiss brewery to offer a CO ₂ -neutral delivery		●	Principle 7, 8 & 9
EN27 Percentage of products sold and their packaging materials that are reclaimed by category	Packaging		●	Principle 8 & 9
Labour practices and decent work				
LA1 Total workforce by employment type, employment contract, and region. (Core)	Labour and Human Rights Data		●	
LA2 Total number and rate of employee turnover by age group, gender, and region. (Core)	Labour and Human Rights Data		●	Principle 6
LA4 Percentage of employees covered by collective bargaining agreements. (Core)	Labour and Human Rights Data		●	Principle 1 & 3

GRI Profile and Performance Indicator	Location (section/page)	Annual Report 2011 (page number)	Level of reporting	UN Global Compact Principle
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities by region.	Health & Safety	●	Principle 1
LA10	Average hours of training per year per employee by employee category.	Labour and Human Rights Data	●	
Society				
S01	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	Community Engagement Policy Community Engagement	●	
S04	Actions taken in response to incidents of corruption.	Business Ethics	●	Principle 10
S05	Public policy positions and participation in public policy development and lobbying	Carlsberg is active in the political debate related to the regulatory environment for beer and other fermented beverages as well as soft drinks. We engage in dialogues with authorities and other stakeholders at local, national and international level. As local operator, we are active through our membership of national brewers associations, trade associations etc. We also engage actively within The Brewers of Europe (http://www.brewersofeurope.org) being the voice of the European brewing sector and providing a sector platform for dialogue with the EU Institutions, the World Health Organisation the World Trade Organisation as well as the Worldwide Brewing Alliance. Carlsberg contributes funding to research on beer and other alcoholic beverages, i.a. through to The European Foundation for Alcohol Research (ERAB) and the European Brewing Convention. Furthermore Carlsberg Group is also an active member of Beverage Industry Environmental Roundtable (BIER) which a partnership of leading global beverage companies working together to advance the standing of the beverage industry in the realm of environmental stewardship. The partnership was formed in 2006 and is facilitated through member-hosted Roundtable meetings and working groups on key issues. Read more about our work with BIER here	●	Principle 1 - 10
Product responsibility				
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	Marketing Communication Marketing Communications Policy	●	

GRI Profile and Performance Indicator	Location (section/page)	Annual Report 2011 (page number)	Level of reporting	UN Global Compact Principle
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes.	Marketing Communication	●	
N/A	% of employees trained on responsible marketing Training could e.g. be e-learning, workshop or induction training.	Marketing Communication	●	
Human Rights				
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	95% of our companies have reported that all HR employees have been presented to the LHR Policy and are familiarised with the situations covered by the LHR. Further 61% of our companies have trained all their people managers with direct reports in the Labour and Human Rights Policy. Numbers on total % of employees trained not available.	●	Principle 1-6
HR4	Total number of incidents of discrimination and actions taken	No incidents of discrimination reported in 2011.	●	Principle 1, 2 & 6

5. Materiality analysis

What does materiality mean to Carlsberg Group?

Material topics in this analysis are all CSR related topics that have the potential to impact the value and or the perception of the company positively or negatively. It should be noted that the use of the term materiality used in connection with our CSR materiality survey, does not share the same meaning as materiality when it is used in relation to financial reporting.

Why do a materiality analysis?

Being an international brewing group, the Carlsberg has many stakeholders in many different parts of the world. The feedback received in our materiality analysis helps us by providing us with more knowledge about our stakeholders' views and opinions. This in turn, helps us identify the activities that add the most value to us and society, and can be used to help guide our decisions as a group.

How did we conduct the analysis?

We identified our main stakeholder groups using the GRI G3 guidelines. This gave us a prioritised list of stakeholders. Based on this list we concluded that 8 internal and external stakeholder groups were most relevant to our analysis. The eight stakeholders we decided to include in the analysis were: employees, government representatives, consumers, suppliers & licensees, investors, customers, NGO's and media.

After identifying our most relevant stakeholders, we identified more than 40 topics, based on analyses of internal documents, surveys, policies and a general media search. We then analysed the topics derived from the various sources, and reduced the amount of topics to 17, leaving only the most important topics for the actual materiality survey.

Each topic was then analysed based on industry level image surveys, as well as a specific stakeholder materiality survey where each topic was ranked by selected stakeholders on a scale from 1-4. In total, more than 5000 stakeholders' opinions from all our regions are represented in the matrix.

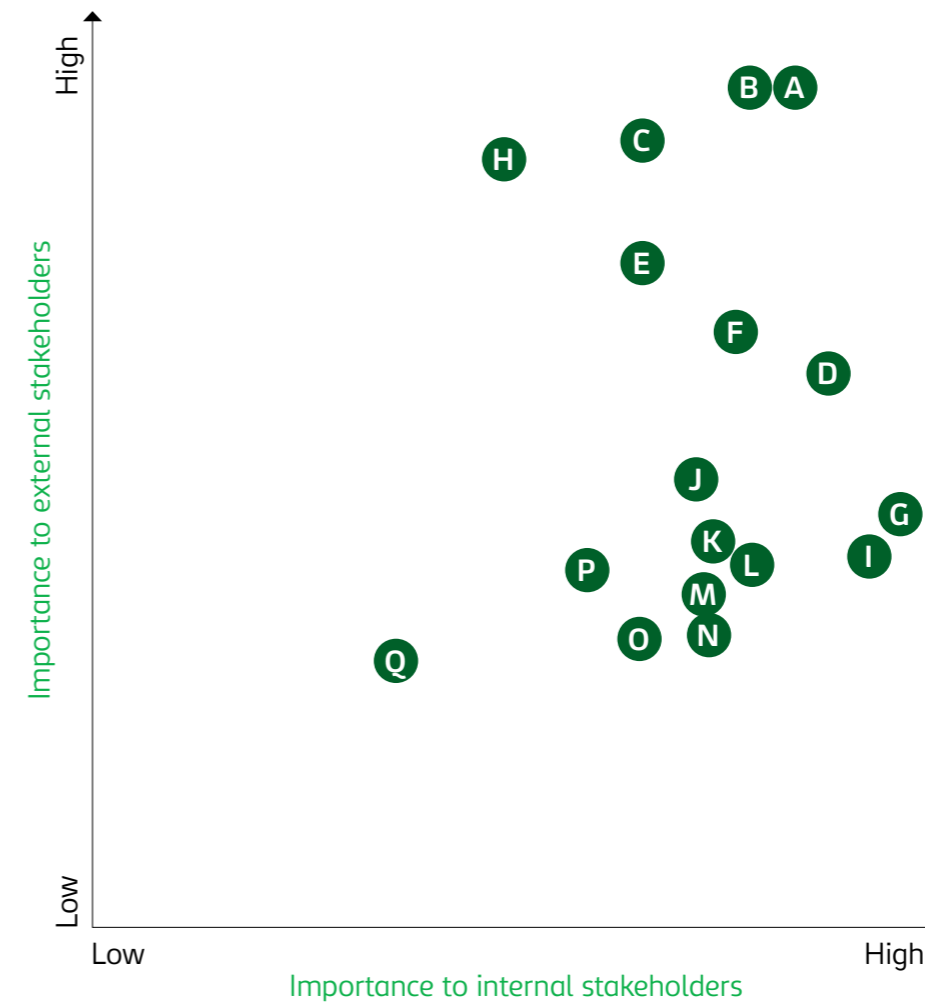
The results

We recognize that by including different stakeholders in our analysis that the results could have turned out differently and that some degree of subjectivism is inherent in the results. However, we believe that the matrix provides us with valuable input for our work with CSR by gathering and visualising the opinions of our main stakeholders. The results will be used, among other things, to identify areas where we can improve in terms of our chosen activities and our communication with specific stakeholders.

5a. Materiality matrix

The diagramme below shows the results of our 2011 materiality analysis

By external stakeholders



- A Health and safety
- B Labour standards and human rights for employees
- C Labour standards and human rights at suppliers
- D Food safety / quality of products
- E Environmental performance of suppliers
- F Health aspects
- G Responsible drinking
- H Diverzsity
- I Water
- J Bribery and Corruption
- K Responsible marketing Communication
- L Packaging
- M Waste generation and waste management
- N Emissions and Climate Change
- O Community impact and contributions
- P Contributes to economic growth for society
- Q Biodiversity

On the horizontal axis you can see the importance assigned by internal stakeholders, while on vertical axis you can see the importance assigned by external stakeholders.

Please find an interactive version of the materiality matrix on our [website](#).

6. Independent Assurance Report

To the stakeholders of Carlsberg A/S

We were engaged by the Executive Board of Carlsberg A/S (further Carlsberg) to provide assurance on selected environmental and safety information in the Carlsberg Group Corporate Social Responsibility Report 2011 (further 'the Report'). The Report, including the identification of material issues, is the responsibility of the company's management. Our responsibility is to issue an assurance report based on the engagement outlined below.

Our engagement was designed to provide limited assurance on whether the following information is, in all material respects, presented in accordance with Carlsberg's reporting criteria:

- Environment (Page 12).
- Energy and Emissions (Pages 14, 16-17).
- Water (Pages 20-21).
- Safety: 2011 data for number of Lost Time Accidents (LTA) and Rate (LTAR) in production and number of days lost and Days Lost Rate in production (Page 45)
- 2011 environmental data as indicated (Appendix 1).

The information covered by our assurance is shown by the statement 'Within KPMG's assurance scope' on the relevant pages or by an asterisk (*) on the relevant data.

Procedures performed to obtain a limited level of assurance are aimed at determining the plausibility of information and are less extensive than those for a reasonable level of assurance.

Reporting criteria and assurance standard

For the information covered by our engagement scope Carlsberg applies criteria as detailed in Appendix 2 of the Report Reporting Definitions and Scope'. It is important to view the performance of the selected indicators in the context of these criteria. We believe that these criteria are suitable in view of the purpose of our assurance engagement.

We conducted our engagement in accordance with the International Standard for Assurance Engagements (ISAE) 3000: Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board. This Standard requires, amongst others, that the assurance team possesses the specific knowledge, skills and professional competencies needed to understand and review sustainability information, and that they comply with ethical requirements, including independence requirements.

Work undertaken

Our work for the selected information included the following procedures:

- A review of the systems and processes for collecting and processing the data as well as the design and implementation of the internal controls at corporate level relating to these data.

- Interviews with staff at corporate level responsible for the selected information.
- An analytical review of the data and trend explanations submitted by all production sites for central aggregation.
- A review of conversion factors and the mathematical accuracy of the aggregation and indicator calculations for the environmental data.
- A review of the reliability of the local data and the design and implementation of local validation processes at sites in Denmark (Fredericia), Russia (Rostov) and China (Dali).
- A review of the selected information using internal and external documentation, to determine whether the information presented corresponds to the information in the relevant underlying sources.

Conclusion

Based on the procedures performed, as described above, nothing came to our attention that causes us to believe that the selected information is not, in all material respects, presented in accordance with the reporting criteria as described in Appendix 2 'Reporting Definitions and Scope'.

Observations

Without affecting the conclusions presented above, we would like to draw the readers' attention to the following:

- Other than for safety, performance data are collected on an annual basis only. In order to strengthen performance management, we recommend Carlsberg to monitoring selected key performance indicators on a more frequent basis and to include this information in the regular management cycle.
- The management of the environmental and social aspects focuses currently on Carlsberg's operations. As specific issues, particularly greenhouse gas emissions and water, can also have significant strategic implications, we recommend Carlsberg to further integrate environmental and social aspects into strategic business decision making.

Copenhagen, 28 February 2012
KPMG
Statsautoriseret Revisionspartnerselskab

Henrik Kronborg Iversen
State Authorised Public Accountant

Amsterdam, 28 February 2012
KPMG Sustainability
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