

THE CARLSBERG GROUP
CORPORATE SOCIAL
RESPONSIBILITY REPORT
2012



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THIS IS THE CARLSBERG GROUP

No. 4

4th largest global brewer

9.8

DKKbn operating profit

5.9

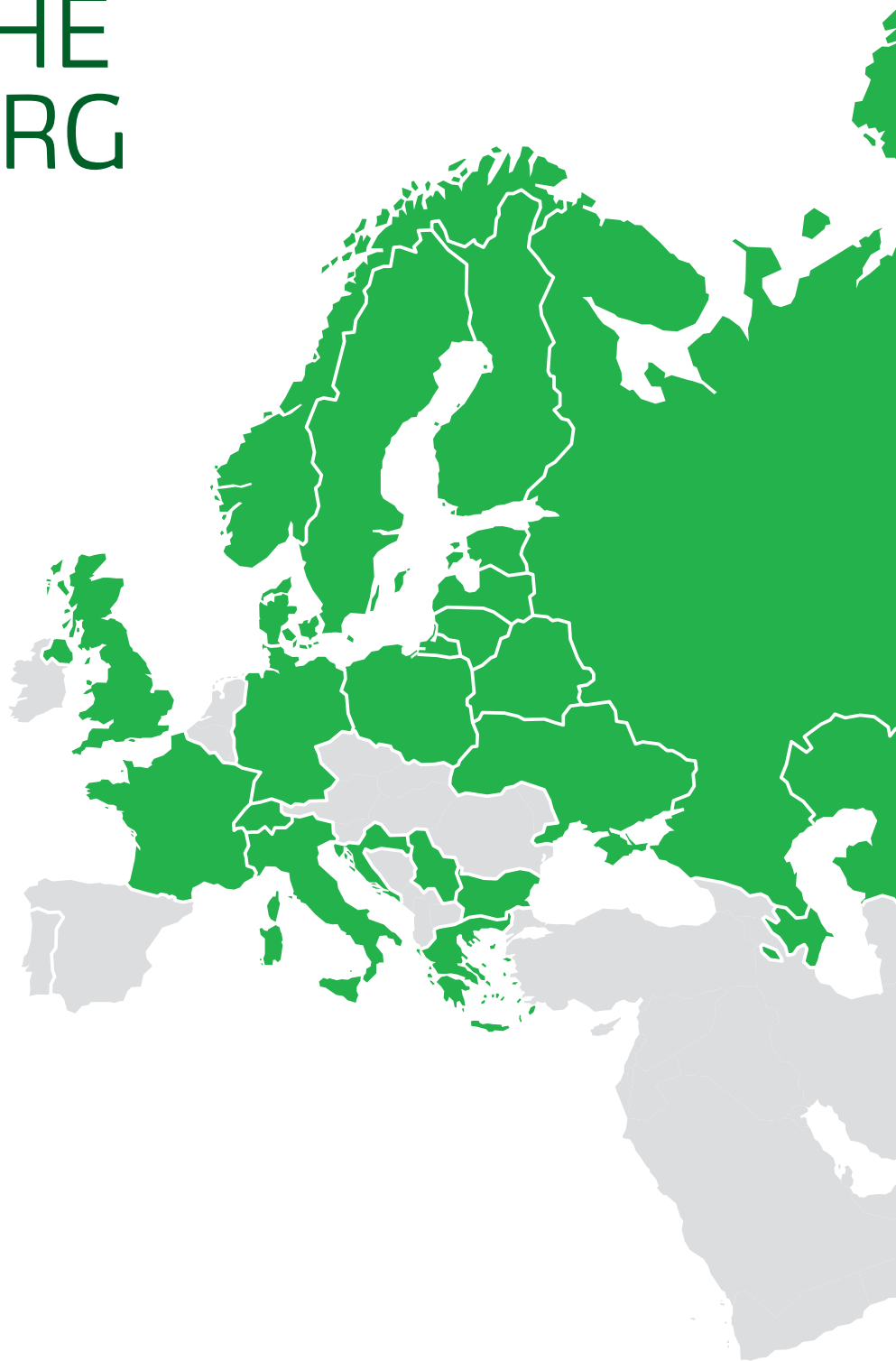
DKKbn free cash flow

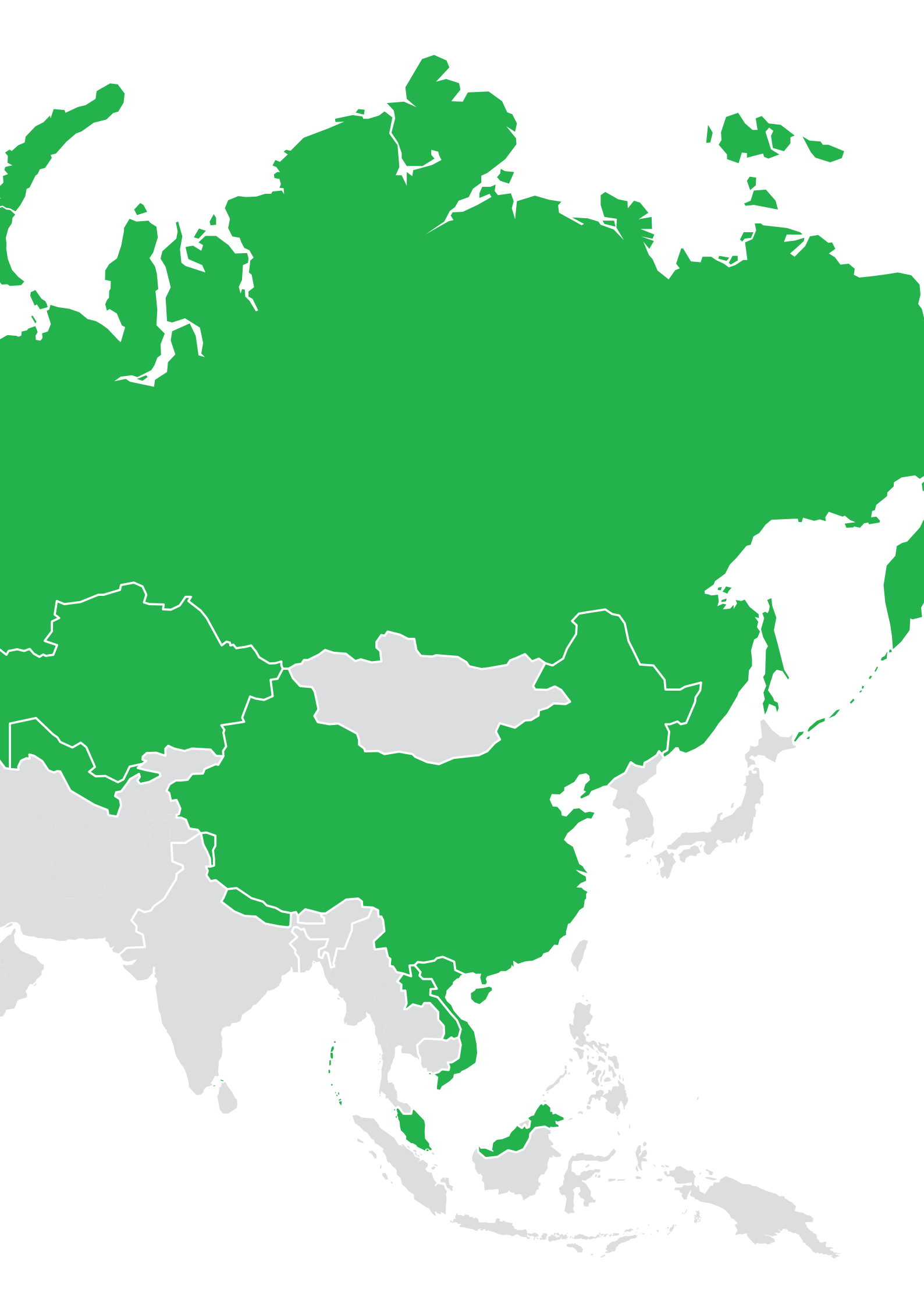
41,708

In 2012 we employed 41,708 people

8%

Carlsberg brand volume growth
in premium markets





10 SELECTED HIGHLIGHTS



1 WATER EFFICIENCY

We sustained our strong water performance of 3.3 hl/hl, maintaining our position as the world's most efficient brewer according to the most recent available public data.



2 RENEWABLE ENERGY

13 of our breweries now capture biogas from wastewater treatment operations.



3 PARTNERSHIP WITH UNIDO IN RUSSIA

We partnered with the United Nations Industrial Development Organization (UNIDO) to invest RUB 1bn (approx. EUR 25m) in environmental projects in Russia over the next five years.



4 SUSTAINABLE PACKAGING PROGRAMME

We launched the sustainable packaging programme and further implemented the packaging life cycle analysis tool.



5 ENERGY EFFICIENCY

We reduced our energy consumption to 29.1 kWh/hl.



6 RESPONSIBLE DRINKING AT EURO 2012

6.6 million consumers visiting the Carlsberg fan parks were exposed to "drink responsibly" messaging during EURO 2012.



7 FEWER ACCIDENTS

We reduced the lost-time accident rate in production by 16% and our days lost rate in production by 14%.



8 COMMITMENTS TO REDUCE HARMFUL USE OF ALCOHOL

We partnered with 12 other beer, wine and spirits producers to launch a collective commitment to 10 targeted actions in five areas over the next five years to reduce harmful use of alcohol.



9 COMMUNITY ENGAGEMENT

We invested in more than 1,500 local community engagement initiatives, and more than 4,000 employees took part in community engagement activities.



10 TRAINING IN BUSINESS ETHICS

We held 196 business ethics training sessions.

A WORD FROM OUR CEO



Jørgen Buhl Rasmussen
President & CEO, Carlsberg Group

AS WE BRING TO LIFE OUR DEDICATION TO DELIVER PROFITABLE GROWTH AND GREAT MOMENTS, GREAT BRANDS AND GREAT PEOPLE, WE DO SO WITH A KEEN AWARENESS OF OUR RESPONSIBILITY TOWARDS OUR CONSUMERS, CUSTOMERS, EMPLOYEES, THE ENVIRONMENT AND THE REST OF SOCIETY.

We know that working strategically with corporate social responsibility (CSR) makes sense to our stakeholders and our business, both now and in the long run.

In 2012, we took a number of steps to strengthen our efforts within CSR and further integrate the area into our global business strategy. As a consequence, we have updated our Governance Model, putting CSR even higher on the strategic agenda of the Executive Committee. Furthermore, we incorporated "reputation" as a strategic lever of the Group's new business strategy. I am proud of this testament to our dedication to integrating CSR throughout our business.

Partnering to increase impact

We know that we can often achieve more in cooperation with others, so, in addition to our continued commitment to the UN Global Compact, we have entered into two new key partnerships with global impact.

We have partnered with the United Nations Industrial Development Organization (UNIDO) in the investment of EUR 25m in environmental projects in Russia related to water, climate change and agriculture. And we have teamed up with 12 other global producers of beer, wine and spirits to commit to joint actions over a five-year period to

strengthen and expand existing efforts to reduce harmful use of alcohol.

Integrating CSR throughout the value chain

Our progress towards our 2013 targets continued in 2012, and I am proud that we remain the most efficient global brewer in terms of water and energy consumption and CO₂ emissions, based on a comparison of the most recent publicly available data.

I am equally pleased to report that our efforts to improve safety at our workplaces are paying off, with positive trends in both the number and severity of accidents.

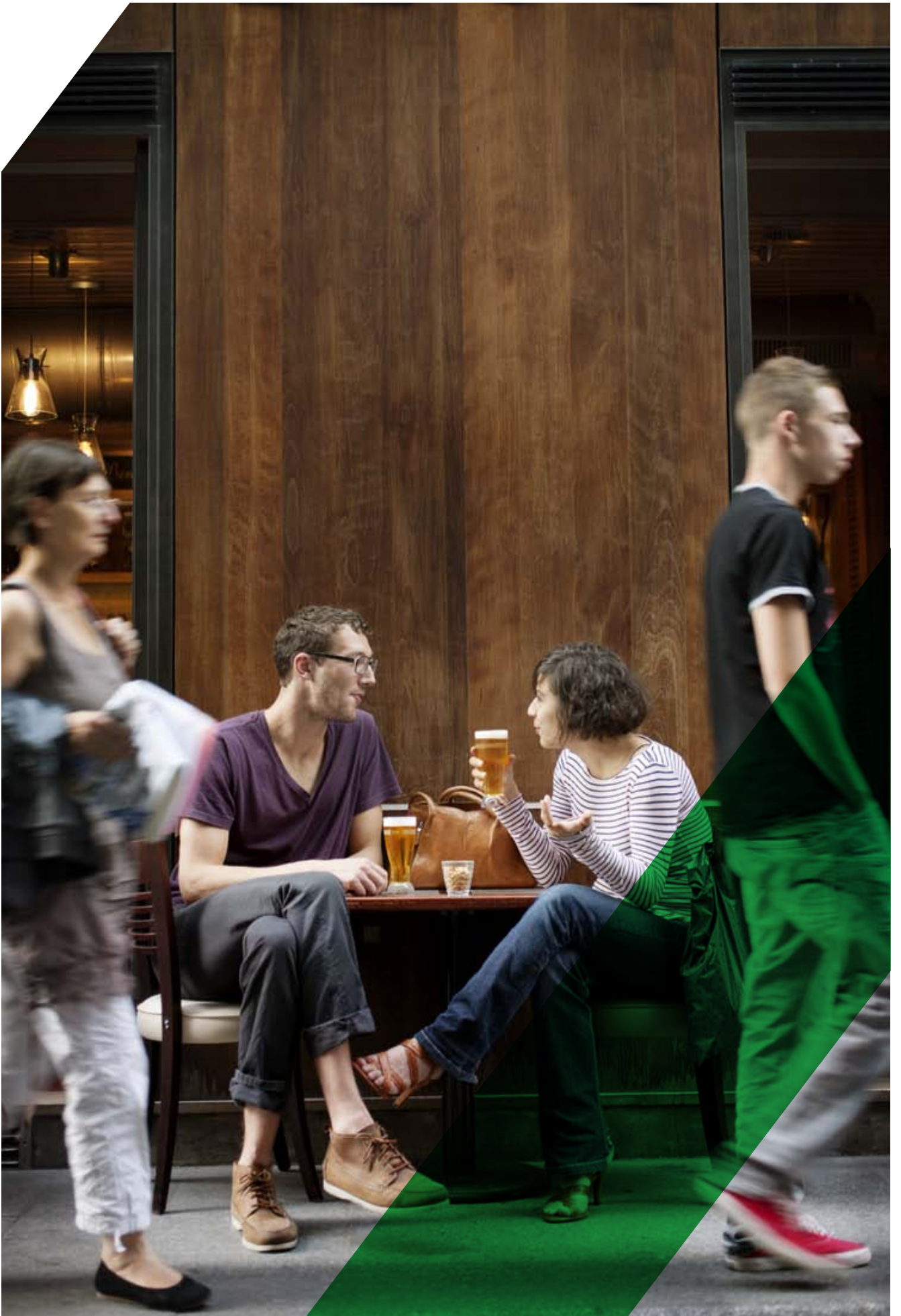
Future focus areas

Going forward, we will intensify the focus on responsible drinking and sustainable packaging, as well as reinforcing our position as the world's most efficient brewer in respect of water, energy and CO₂. We believe that these areas hold the biggest potential in terms of creating the most benefits for both Carlsberg and society.

As in previous years, I want to encourage our stakeholders to give us input and ideas for how we can do better. This can help us to achieve our vision of not only growing, but growing responsibly.

Jørgen





ABOUT THIS REPORT

WITH THIS 2012 REPORT, FOR THE FOURTH TIME THE CARLSBERG GROUP ACCOUNTS FOR PROGRESS AND ACHIEVEMENTS ON CORPORATE SOCIAL RESPONSIBILITY (CSR).

From the full spectrum of general CSR topics available, we choose to work with and report on topics that are particularly relevant to our industry, assessed in terms of our main impacts and the importance of those topics to our internal and external stakeholders. This narrows the field to eight areas that we believe it is important for us to work with.

Risk management and business development

Working strategically with CSR can have many benefits for the business, such as enhanced risk management, a stronger reputation, reduced costs and innovation from examining new products through a CSR lens.

Each of our eight work areas benefits our business in one or more of these ways. For example, the business ethics area (page 48) functions largely as a risk-mitigating initiative due to the nature of the topics, which include anti-corruption, fraud and adherence to competition law. All our CSR Policies can be found at www.carlsberggroup.com/csr.

On the other hand, sustainable packaging (page 30) and the environmental area in general (page 18) are more concerned with developing the business by creating business-driven results. This mitigates risk as well as benefiting the environment and developing the business by bringing about new opportunities in the marketplace.

In terms of the responsible drinking area (page 34), this is a highly important topic

for us as it is key to our philosophy that our products should be enjoyed in moderation by adults. In this case, our aim and methods are those of advocating responsible enjoyment in an efficient and trustworthy manner while at the same time engaging with our own industry to agree on responsible communication to the market.

Underpinning our approach is the idea that companies that work strategically on integrating CSR into their business will be more successful than their counterparts.

No business can pretend to have all the answers, but this report is an attempt to clarify where we stand and what we are doing to ensure the continued success of our business.

Assurance

Selected information in this CSR Report is assured by KPMG. The assured information is indicated by the text "Within KPMG's assurance scope" on the relevant pages. KPMG's conclusions can be found in its independent assurance report in Appendix 2 on page 72.

Comments or questions?

Send an e-mail to: CSR@Carlsberg.com

INTERGRATING CSR THROUGHOUT THE VALUE CHAIN

THE CARLSBERG GROUP BEGAN WORKING STRATEGICALLY WITH CSR IN 2008. GROWING FROM OUR FOUNDING FATHERS' DEDICATED COMMITMENT TO THE ARTS AND SCIENCES, THE NEED HAD DEVELOPED FOR A SYSTEMATIC AND STRUCTURED APPROACH TO BEING A RESPONSIBLE BUSINESS.

The aim was to identify an approach that allowed us to drive and document progress in responsible business conduct while continuing to pursue our ambitious growth strategies. The answer was an ambition to integrate CSR throughout the value chain.

Integration is not, however, accomplished overnight. It is a journey that involves finding new solutions and ways of working that take into account the rapidly changing environment in which we do business.

We are continuing to integrate CSR into all aspects of our operations through the implementation of CSR policies and codes of conduct, guidelines and related projects. Examples include working with our marketing managers to create responsible marketing campaigns and with legal counsels to prevent bribery and corruption. A further example is an initiative such as the sustainable packaging programme, where we are changing our procedures and

mindset related to packaging by including environmental considerations in our decision-making processes.

Our value chain integration approach has the benefit of making CSR not only a reputational buffer, but a connection between CSR and business strategies, enabling CSR as business development creating value for both our business and society. In this way, we believe the Carlsberg Group can create solutions that help us to achieve our vision of "growing responsibly".

Our value chain integration approach has the benefit of making CSR not only a reputational buffer, but a connection between CSR and business strategies.

CORPORATE SOCIAL RESPONSIBILITY IN THE VALUE CHAIN



R&D



Procurement



Brewing and bottling



Logistics



Marketing and communication



Consumers and customers

Learn more about the relevance of CSR in the value chain at: www.carlsberggroup.com/csr/ValueChain

FOCUS ON BARLEY

The Carlsberg Group's business is completely dependent on the availability of quality barley. Malting barley is a niche cereal accounting for less than 2% of world grain production, and further water scarcity and flooding may affect future availability and quality. For these reasons, significant resources are invested in securing supply:

a) New types of barley

The Carlsberg Research Centre has a strong pipeline for barley, including special barley varieties developed in partnership with others. These provide improved taste, the beer stays fresh for longer and there is enhanced stability, especially at high temperatures. This translates into less refrigeration during storage and transportation of beer.

In recent years, special attention has been paid to selecting and breeding competitive heat- and drought-tolerant barley varieties, which generate high yields and quality with less water in the growth season. We expect this to result in more climate-tolerant plants.

b) Helping to build farmer capacity

In Poland, Russia and China, Carlsberg works to develop a barley-sourcing base through so-called agro-projects. These projects typically lead to improved yields and higher-quality crops – benefiting both farmers and Carlsberg. Through barley supply contracts, the Carlsberg Group provides farmers with selected certified seeds of modern varieties and consultations with our agronomists on optimal growing programmes, as well as further support based on grain and soil analysis and seminars on modern farming methods.

In return, farmers sell a share of the harvest to Carlsberg and put the company first in line for purchase of surplus yield.

CSR GOVERNANCE STRUCTURE

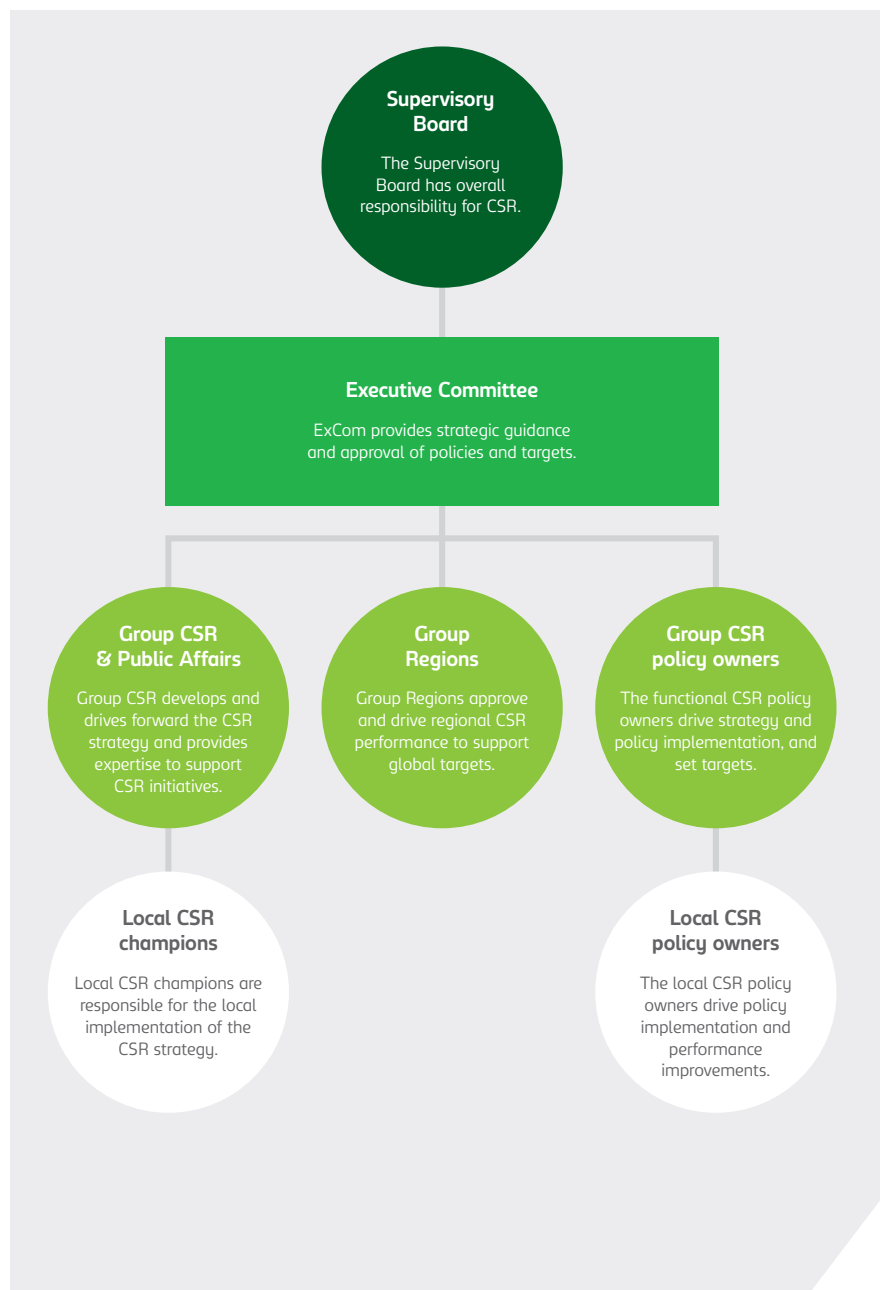
THE CARLSBERG GROUP'S SUPERVISORY BOARD IS ULTIMATELY RESPONSIBLE FOR ALL ASPECTS OF THE BUSINESS, INCLUDING CSR. IN 2012, THE MANDATE TO SET STRATEGY MOVED TO CARLSBERG'S EXECUTIVE COMMITTEE.

Our first CSR governance structure was defined in 2008. At that time, the main priorities were to establish local ownership of CSR policies and specialist areas, and to have a dedicated cross-functional decision-making forum for CSR matters.

In order to achieve these priorities, we established a group of local CSR champions and a CSR steering committee with cross-functional representation. Local ownership and cross-functionality are still key, and both are well established in the organisation. What we have found is that the increasing strategic importance of CSR to the Carlsberg Group, with CSR serving as a strategic lever for future growth, makes CSR decisions an Executive Committee (ExCom) responsibility.

As a consequence, in 2012 we made two changes to our governance structure:

- A formal shift of responsibility for providing strategic guidance, policy and KPI approval to ExCom, with specific responsibility assigned to the SVP Communications & CSR.
- More focus on driving regional targets, cascading KPIs and including CSR in regional business processes.



MATERIALITY AND STAKEHOLDER ENGAGEMENT

THE SUBJECT AREAS WE WORK ON ARE DETERMINED BY OUR STRATEGIC PRIORITIES AND OUR EXTERNAL AND INTERNAL STAKEHOLDERS' OPINIONS.

As an international brewing group, the Carlsberg Group has many stakeholders in many different parts of the world.

The feedback received in our materiality analysis conducted in 2011 has provided us with more knowledge about these stakeholders' views and opinions. This, in turn, has helped us to identify the activities that add the most value for us and society and can be used to help guide our decisions as a Group.

We regard as material all CSR-related topics that have the potential to impact the value and/or perception of our company, whether positively or negatively.

The results

Since 2011, when the materiality matrix was developed, many things have changed in terms of our focus and priorities. These changes include an increased focus on sustainable packaging (page 30) and responsible drinking (page 34). These two areas, however, did not come out as the two most important areas for our external audiences. They were assigned higher importance by our internal stakeholders. This might be explained, in part, by a lack of information, for example, the environmental impact of packaging and how industry-led initiatives on responsible drinking can be efficient ways to combat misuse.

Going forward, we will continue to include our stakeholders in our decision-making and develop partnerships to create solutions for our CSR-related challenges and opportunities.

Partnering with stakeholders

Through our partnerships, we find new ways to improve our CSR performance: by sharing best practices and by learning from others, as well as by joining forces to create a greater impact.

We participate in a number of partnerships (the largest of which are described below) that serve to help Carlsberg's business grow responsibly.

In addition to these, we engage with customers, employees and suppliers to create awareness of CSR issues among the public and to reduce the Group's impact on the environment and the communities in which we operate.

BIER

In order to share our experience regarding our environmental strategy and to learn from and work with others, we are members of the Beverage Industry Environmental Roundtable (BIER). BIER consists of 12 leading beverage companies and supporting partners working together on a variety of environmental stewardship initiatives. BIER also informs public policy in the areas of water conservation and resource protection, energy efficiency and climate change mitigation.

Partnering with UNIDO on environmental projects in Russia

The Carlsberg Group and its subsidiary Baltika Breweries, Russia's largest beer company, have entered into a partnership with the United Nations Industrial Development Organization (UNIDO) to invest RUB 1bn (approx. EUR 25m) over the next five years in environmental projects in Russia related to water, climate change and agriculture. Read more on page 22.

CEO commitment to reduce harmful use of alcohol

The CEOs of 13 beer, wine and spirits producers, including Carlsberg, announced a collective commitment to 10 targeted actions in five areas over the next five years in support of the World Health Organization's (WHO) global

strategy to reduce harmful use of alcohol. Progress and commitments can be seen at <http://event.global-actions.org>. Read more on page 36.

Industry partnership for responsible marketing communication

Alongside other major producers of beer, wine and spirits, we participate in a partnership to continue developing and enforcing common rigorous standards for self-regulation of marketing communications of alcoholic beverages in all media and, in particular, in social media channels. The initiative will involve cooperation between producers, the EU, national authorities and the World Federation of Advertisers. This is the first time that common standards supported by major beer, wine and spirits producers throughout the EU will be established. Read more on page 42.

Danish Confederation of Trade Unions

The Carlsberg Group has partnered with the Danish Confederation of Trade Unions to improve sales promoters' conditions in Cambodia. Read more on page 56.

WHAT WE DID

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 eight internal and external stakeholder groups were most relevant to our analysis: employees, government representatives, consumers, suppliers & licensees, investors, customers, NGOs and media.

From an overall list of 40 topics, compiled through analyses of internal documents, surveys, policies and a general media search, we reduced the list to 17 topics, which were then analysed in full. We used industry-level image surveys, as well as a specific stakeholder materiality survey where each topic was ranked by selected stakeholders on a scale of 1 to 4. In

total, more than 5,000 stakeholders' opinions from all our regions are represented in the matrix.

MATERIALITY MATRIX

The diagram below shows the results of our 2011 materiality analysis.



- A Health & 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 Diversity
- 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 the vertical axis you can see the importance assigned by external stakeholders.

Please find an interactive version of the materiality matrix on our website:

www.carlsberggroup.com/csr

DRIVING PROGRESS

WE DRIVE CSR INTEGRATION THROUGH THE IMPLEMENTATION OF POLICIES, LOCAL SELF-ASSESSMENTS, TARGET SETTING AND PERFORMANCE MONITORING.

Performance measurement

Since 2009, we have used a dedicated CSR reporting system to help us collect data and measure performance. This tool enables us at global, regional and local level to easily extract data and visualise our CSR progress. Furthermore, it enables us to ensure better data quality by standardising the definitions across markets and to measure the status of our policy implementation.

Tracking policy implementation

Our CSR policies constitute an important foundation for our work with CSR. We have seven policies, and every year we measure our progress within each policy area by conducting a local self-assessment of topics relevant to the given area.

Examples of the questions we use to measure our progress on policy implementation are:

- Are all production sites ISO 14001-certified? (Environmental Policy).
- Do you use the LCA calculator to assess the environmental impact of new packaging types? (Environmental Policy).
- Has the company established local limits for gifts received? (Business Ethics Policy).

- Has the company established a donations register? (Business Ethics Policy).
- Is there a “Marketing Communication Policy pre-approval” process before launching a sales and/or marketing communication campaign? (Marketing Communication Policy).

Every year we review the self-assessment questionnaires for relevance and revise them to help us best measure our progress on policy implementation and identify where we should focus our efforts. Each global policy owner uses the results to identify which areas should be investigated further and where additional efforts should be made.

Setting targets

Each policy area has a set of three-year targets broken down into annual improvement targets. Our first three-year-target period ends in 2013, when we will publish 2016 targets in connection with the publication of next year’s CSR Report.

In the following pages, we present our progress on targets in 2012 as we work to integrate CSR into the value chain.

We will publish 2016 targets in connection with the publication of next year’s CSR Report.



ECONOMIC VALUE GENERATED



Jørn P. Jensen
Deputy CEO & CFO, Carlsberg Group

THE CARLSBERG GROUP CONTRIBUTES TO THE ECONOMIES OF THE MORE THAN 40 COUNTRIES WHERE WE HAVE OPERATIONS, AS WELL AS TO AN ADDITIONAL 100+ MARKETS WHERE WE ARE PRESENT THROUGH LICENSING AND EXPORT AGREEMENTS.

Furthermore, the Group employs more than 41,000 employees directly within production, logistics, sales & marketing and administration.

In 2012, the direct generated economic value in the countries where we operate totalled DKK 96.5bn. Our contribution consists of many different aspects, including excise duties, employee wages, pensions and benefits, and goods purchased from suppliers. The contribution in the five main areas can be summarised as in chart number 1.

The Carlsberg Group's taxes borne in 2012 were DKK 30.3bn*, or one third of the economic value generated. The vast majority of our taxes borne is indirect tax incurred through excise duties (approx. 84%). Around 16% is incurred through direct taxes, such as energy tax, corporate income tax and social security contributions for employees.

Total tax contribution

Besides the taxes borne, Carlsberg also collects taxes on behalf of governments, for example the payroll taxes from Carlsberg's business activities.

The total tax contribution made by Carlsberg to society therefore consists of both taxes borne and taxes collected. In 2012, the total tax contribution amounted to DKK 40.2bn, as shown in chart number

2 for each category, starting with the taxes borne including excise duties.

For brewers and suppliers of beverages, tax does not just consist of corporate income tax. A large proportion of Carlsberg's tax contribution to society arises from indirect taxes.

Wider impact

The information given in this section is restricted to economic value, and does not contain information about the wider socio-economic impact of the Carlsberg Group. Further information can be found in the Brewers of Europe study entitled *The Contribution made by Beer to the European Economy*¹. This study points out that Carlsberg and other brewers generate significant indirect employment through purchases in related industries such as agriculture, packaging and logistics, as well as induced employment in the hospitality and retail sectors. Using a European average, it is estimated that every direct brewery job generates 16-17 additional indirect and induced jobs.

In the future, Carlsberg will look at whether quantifying our wider impact, often referred to as socio-economic impact, should be further explored.

* Within KPMG's assurance scope.

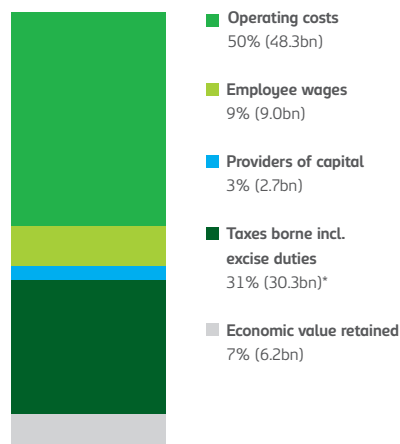
¹ Brewers of Europe: *The Contribution made by Beer to the European Economy*, September 2011. Page 33. Jobs created directly in beer production and delivery account for 6% of the total employment attributed to beer. 2 million jobs in the European Union can be attributed to the production and sale of beer.

” Jørn P. Jensen
Deputy CEO & CFO, Carlsberg Group

Wherever we operate, we contribute to society by creating jobs and government revenues. We are committed to fulfilling our tax obligations in all jurisdictions where we operate.

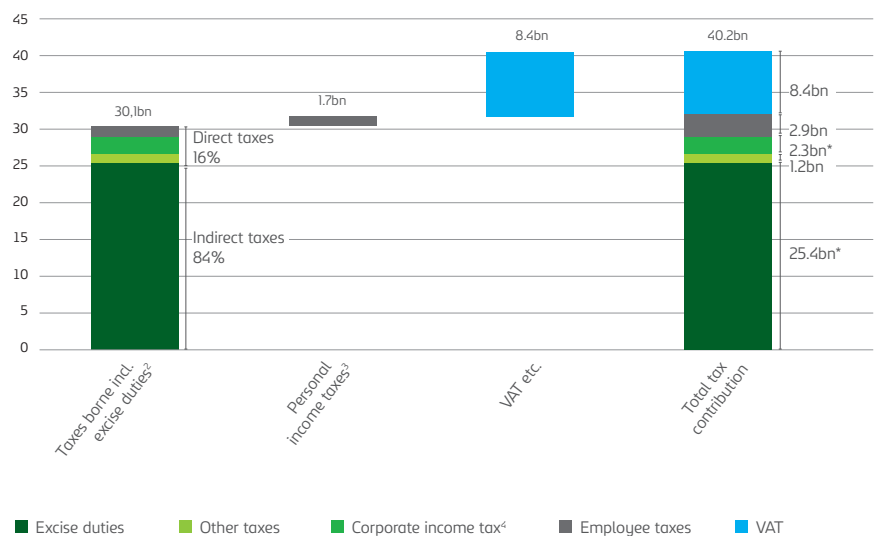
1. ECONOMIC VALUE GENERATED IN 2012

(DKK 96.5bn)



2. TOTAL TAX CONTRIBUTION IN 2012

ALL TAXES SHOWN ARE PAID (DKK)



*Within KPMG's assurance scope.
²The difference of 0,2bn between Taxes borne in the two graphs can be explained by periodic differences in Taxes expensed and Taxes paid. ³ Excluding personal income taxes paid directly by the employees.
⁴Corporate income taxes including withholding taxes.

ENVIRONMENT



Peter Ernsting
SVP Group Supply Chain

BREWING REQUIRES A HEALTHY ENVIRONMENT. MOST OF OUR RAW MATERIALS AND INGREDIENTS ARE SOURCED DIRECTLY FROM NATURE, AND THE CARLSBERG GROUP TAKES EVERY OPPORTUNITY TO LIMIT THE ENVIRONMENTAL IMPACT OF OUR ACTIVITIES.

We search for these opportunities at every point in our value chain, including research and development relating to our raw materials, optimisation of production processes in terms of energy and water consumption, and distribution and sales, where we focus on packaging, storage and transportation.

Approach

Our Environmental Policy sets out the standards which apply to our operations. In accordance with these standards, all majority-owned production sites are required to obtain environmental ISO 14001:2004 certification. New sites must obtain certification within three years of the acquisition. As of 2012, 60 out of 76 sites were certified.

We measure the environmental performance of our production sites and set three-year environmental targets. In 2012, we developed a sustainable packaging strategy and, as part of this work, developed a baseline regarding weight and CO₂ impact, to enable us to identify areas for improvement.

In 2013, we will further develop three-year targets for sustainable packaging and for reducing consumption of energy and water, as well as CO₂ emissions, at our production sites.



We are dependent on natural resources, and will continue to work smarter and reduce our environmental impact in the years to come.



ENVIRONMENTAL FOCUS AREAS



ENERGY & EMISSIONS

We are constantly finding ways to improve the efficiency of our energy use within our breweries and have set ambitious targets to drive this across our Group. We also look at our logistics operations and alternative energy sources to reduce our emissions.



WATER

We recognise that water is one of the world's most important resources and key to the sustainability of our business and society in general. We reduce our consumption by setting targets and continuously work to better understand the water-related risks where we operate.



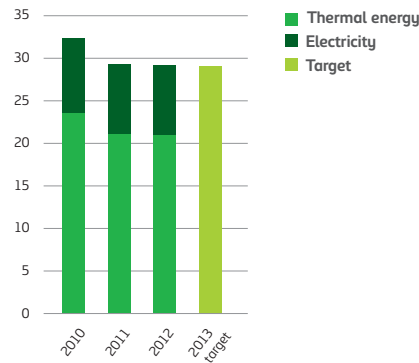
PACKAGING

We are rethinking the way we approach our packaging, reducing the amount of packaging we use and promoting the reuse and recycling of our packaging materials.

ENERGY & EMISSIONS

OUR 2012 PERFORMANCE CONFIRMS THAT WE ARE ON TRACK TO ACHIEVE OUR 2013 TARGETS WHEN IT COMES TO ENERGY CONSUMPTION AT OUR BREWERIES.

Relative energy consumption
kWh/hl



Production efficiency

The consolidated figures show that we maintained our overall performance. The consumption of relative primary energy at our production sites per hectolitre of product produced fell by 0.1 kWh/hl to 21.0 kWh/hl. Our relative electricity consumption remained unchanged at 8.1 kWh/hl. This means that our total energy consumption decreased to 29.1 kWh/hl. As our 2013 target is 29 kWh/hl, we are confident that we will be able to meet this target.

The main contributors to our 2012 performance were energy efficiency projects at our breweries in line with our commitment to continuing our utilities programme in 2012 with an emphasis on Asia and Eastern Europe.

In Eastern Europe, the Energy Leader project continued to bring about reductions in total energy consumption at 12 of our 17 breweries. We are investigating the root causes of the lack of improvements in the five breweries where consumption increased.

One example of the Energy Leader project's activities is the way in which our Russian breweries are involving the workforce to generate ideas and share best practices, using statistical models to benchmark performance, improve forecasting abilities and monitor energy consumption at breweries.

Our Asian breweries are involved in a similar effort, called Production Excellence, to use fewer resources to produce the same amount of product, thereby reducing both

the cost and the environmental impact. In 2012, we ran this project in Malawi¹ and Nepal. As a result, our brewery in Nepal reduced its total energy consumption for the year by 18.5% and our breweries in Malawi achieved a 5.0% reduction.

In the Western European region, we achieved reductions through such measures as optimising energy production, reusing waste heat in other areas of the brewery, improving the insulation of fermenter tanks and reducing steam pressure. These measures led to reductions of 14% at our Shumensko Brewery in Bulgaria, 10% at the Saku site in Estonia and 9% in Mecklenburgische Brauerei Lütz in Germany.

Sharing in order to optimise

Our focus on sharing best practices between breweries continued. During 2012, we concentrated most of our efforts on further implementing best practices in China and initiating increased best practice-sharing through local workshops in Germany, Belarus and Greece.

With the establishment of the new Carlsberg Supply Company, we can improve the utilisation of our supply chain network by optimising the logistics network, standardising and streamlining processes, and replicating best-in-class initiatives. Through Group-wide programmes such as LeanTPM² and Logistics Excellence, we intend to further reduce our energy, water and fuel consumption.

Our 2013 target is 29 kWh/hl; we are confident that we will be able to meet this target.

Within KPMG's assurance scope.

¹ Malawi is the only country in Africa where Carlsberg owns breweries. In organisational terms, these are part of our Asian region. ² Lean Total Production Maintenance.

2012 progress

2012 commitments	2012 achievements
<p>1 Continue lean utilities programme with the emphasis on Asia and Eastern Europe</p>	<p>Improvements in utilities achieved through local initiatives and investments</p> <p>Production excellence implemented in Malawi, India and Nepal, and best practice workshops conducted in Germany, Belarus, China and Greece</p> <p>Purchase of renewable power documented with Guarantees of Origin certificates in Western Europe</p>
<p>2 Assess possibilities of using renewable energy (existing plants)</p>	<p>Delayed due to reprioritisation of internal resources</p>
<p>3 Conduct further trials in the new pilot plant at our research facilities with the purpose of generating energy from by-products</p>	<p>Invested in two pilot biogas plants, which are now running at full capacity using brewery by-products</p>
<p>4 Focus on including environmental considerations in distribution-related purchases</p>	<p>Environmental considerations incorporated into guidelines for truck purchases</p>
<p>5 Extend route planning tool to other European markets</p>	<p>Postponed to ensure coordination with roll-out of other programmes</p>

2013 plans and targets

2013 plans	2013 targets
<p>1 New utility and environmental strategy to be defined at brewery level</p> <p>Improve utilities efficiency globally by entering into partnerships with external companies</p> <p>Carry out pilot involving new utilities management software in 2-3 breweries</p>	<p>Total energy consumption: 29 kWh/hl</p> <p>CO₂ emissions: 7.1 kg CO₂/hl³</p>
<p>2 Initiate Group project to explore renewable energy opportunities</p>	
<p>3 Continue pilot tests with renewable energy generation from by-products</p>	
<p>4 Implement route planning tool in Western Europe as part of the roll-out of the business standardisation project</p>	
<p>5 Continue driver training programme in Western Europe and monitor implementation status</p> <p>Roll out monitoring tool in three countries</p>	<p>Five-year plan to be established in Western Europe to ensure training for all drivers</p> <p>Monitoring tool to be rolled out in countries with direct distribution to stores</p>
<p>6 Develop and implement environmental guidelines for warehouses</p>	

³ Target revised in 2012 from 7.5 to 7.1 kg CO₂/hl.



PARTNERSHIP WITH UNIDO WILL IMPROVE ENVIRONMENT IN RUSSIA

In 2012 we initiated a partnership with the United Nations Industrial Development Organization (UNIDO) to further reduce our environmental footprint and contribute to the agro-ecosystems and water systems in Russia.

As part of this public-private partnership, which is the first of its kind in Russia, Carlsberg and UNIDO intend to reduce natural resource consumption, pollution and greenhouse gas emissions by developing joint projects in our breweries and the communities in which we operate.

With its vast experience in technical projects, community-based initiatives and agriculture practices, UNIDO is an important partner for Carlsberg to actively extend its CSR initiatives to those areas where we have a responsibility but do not always have the opportunity to direct influence.

By insourcing the knowledge of UNIDO and developing projects together we will have an opportunity to contribute to the growth of the local communities in which we operate and, in the process, improve community health and enhance local livelihoods.

Over the next five years, Carlsberg will commit around EUR 25m to environmental projects as part of this partnership.

”

Isaac Sheps
SVP Eastern Europe

This partnership is a historic example of a public-private partnership where we, as market leaders, invest in supporting and sustaining the environment in which we operate.



CO₂ emissions

We employ three strategies in relation to our emissions: reducing consumption, changing energy mix and offsetting emissions by purchasing renewable power certificates⁴.

In 2012, our CO₂ emissions per hectolitre of product produced were 7.3 kg/hl, which is 16.8% less than in 2011 (8.8 kg/hl).

The main contribution to the reduction originated from the purchase of renewable power certificates. These certificates offset emissions caused by the use of CO₂-intensive energy sources. The certificates correspond to 373,626 MWh, which represents our electricity use in Western Europe.

This year we have already achieved our 2013 target, and have therefore set a new target of 7.1 kg CO₂/hl.

Shifting a greater proportion of our energy sources away from coal and oil in favour of natural gas and renewable sources will reduce our CO₂ emissions. In 2012, around 3.5% of our thermal energy consumption came from renewable sources such as biogas captured from wastewater treatment and biomass. 13 of our breweries now capture biogas from wastewater treatment operations, two more than in 2011.

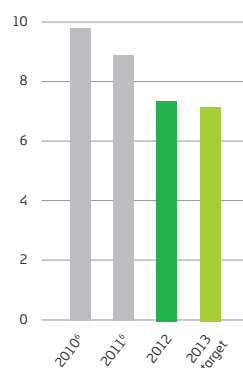
In 2012, we also invested in two pilot biogas plants at the Carlsberg Research Centre in Copenhagen, which are running at full capacity on by-products from our production processes. The goal is to further develop processes and understand output, and the results will be used in our work to optimise our energy mix in the future.

Distribution and warehouses

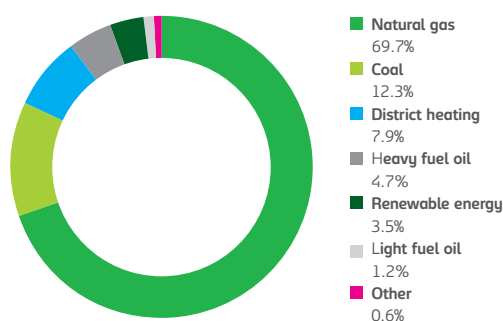
Our logistics operations also play an important role in our attempts to reduce our CO₂ emissions. We are aiming to achieve reduced fuel consumption across our distribution network, for example through driver training and monitoring of fuel-optimal driving behaviour.

In 2012, we carried out driver training in six European markets. Furthermore, we rolled out a driver behaviour monitoring tool in Denmark and the UK, and selected

Relative CO₂ emissions
kg CO₂/hl



Thermal energy mix



a common tool for the Group's future initiatives in this area.

We also introduced environmental considerations into the purchasing of trucks, in line with or better than the European emission standards. In Sweden, we also ran tests with gas and hybrid engines with the aim of reducing our impact further⁵.

Future plans

In 2013, we will be defining the new Carlsberg utilities and environmental plant strategy and reviewing our three-year targets for utilities. To further improve our efficiency in terms of utilities, we will pursue partnerships with external companies and pilot new utilities management software at two or three breweries.

We will also be rolling out a route planning tool and developing environmental guidelines for warehouses in 2013. These will be implemented in Western Europe.

Replacing coal with other energy sources remains one of our key challenges to further reduce our CO₂ emissions, and we will continue to explore opportunities to introduce renewable energy. However, combining our energy efficiency project with offsetting CO₂ emissions through

the purchase of renewable power documented by Guarantees of Origin certificates will enable us to meet our CO₂ emission targets in the future despite increasing volumes in emerging markets with CO₂-intensive energy sources.

⁴ Within KPMG's assurance scope.

⁵ Documented by Guarantees of Origin certificates. ⁶ Read more at www.carlsberggroup.com/csr/ourstories.

⁶ 2010 and 2011 CO₂ emissions restated due to changes in methodology.



ENERGY IMPROVEMENTS IN ASIA

The Carlsberg Group is expanding in Asia, both in terms of volume of sales and in terms of the number of breweries we own. Our breweries in this region tend to have older equipment with higher resource consumption than our breweries in Europe, and we are rolling out utilities projects where possible. These are some of the breweries that showed improved performance in 2012:

Dali Brewery, China, reduced energy consumption by 28.5% compared with 2011 through the use of new equipment. A new boiler reduced coal consumption, as did the collection of biogas from the brewery's wastewater treatment plant, which is burned in the new boiler. The biogas collection means that 3% of thermal energy now originates from renewable energy sources. The brewery has also worked to improve energy management and heat recovery, and to optimise pasteurisation temperatures.

Guangdong Brewery, China, has increased the use of biomass and biogas from its wastewater treatment plant, and in 2012, 95% of the site's primary energy supply came from renewable sources, up from 70% in 2011.

Lao Brewery, Vientiane, Laos, is a new majority-owned brewery that uses biogas from the wastewater treatment plant, with the result that 4% of the primary energy supply now comes from renewable energy sources.

Gorkha Brewery, Nepal, reduced its total relative energy consumption by 18.5% in 2012 by being part of our Production Excellence Programme. As an example of its activities, one more boiler operating on rice husks was installed, and the use of the old oil-fired boiler has been limited to emergency use only. 98% of the primary energy supply now comes from renewable sources.



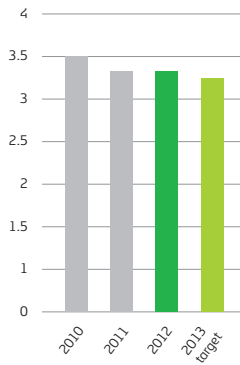
Michael Jakob
VP Manufacturing and Technology,
Group Supply Chain

Reducing our environmental impact and introducing best practices to reduce energy consumption is a priority wherever we operate.

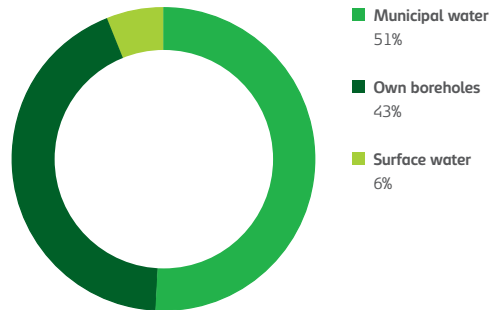
WATER

WATER IS ESSENTIAL TO OUR PRODUCT. NO WATER MEANS NO BEER. WE ARE CONSTANTLY LOOKING FOR WAYS TO REDUCE OUR WATER CONSUMPTION AND TO ENSURE A SUSTAINABLE USE OF WATER.

Relative water consumption
hl/hl



Water sources



Approach

The Carlsberg Group is striving to improve our general efficiency in using water to make beverages and has defined a 2013 target for our water consumption. Efforts to improve our efficiency are ingrained in the utilities projects at our breweries. Furthermore, we are striving to ensure that our wastewater discharges are clean and meet the required standards.

We also endeavour to work closely with local communities to manage water risks, especially in areas at risk of water scarcity, in order to ensure adequate water supplies in the long term.

2012 progress

We sustained our water efficiency during 2012 and, on average, use 3.3 hl of water to produce 1 hl of beer, which is the most efficient rate reported by a global brewer⁷. This result is created by setting site-specific targets for water consumption as part of our utilities programme, combined with focusing on management and building a water-saving culture at each of the production facilities.

Given our performance in 2012, we are well on track to meet our 2013 target of 3.2 hl/hl.

Factors contributing to the progress made in 2012 include equipment upgrades, optimised cleaning procedures, increased use of recycled water for non-production activities, capturing rainwater and an increased focus on environmental management. These types of measure have led

to reductions of 12% at our Northampton Brewery in the UK, 11% at the Kashi Brewery in China and 10% at the Baltika Khabarovsk Brewery in Russia.

However, the water consumption at a number of other breweries has increased, which means our consolidated efficiency rate is unchanged.

Water management

Carlsberg is committed to addressing water risks throughout the supply chain and in the communities where we operate. In 2011, we undertook a detailed assessment to better understand these risks.

We had intended to initiate specific community initiatives relating to water risks at and around breweries that were identified as being at high risk in our 2011 water risk assessment, but due to reprioritisation of internal resources the objective was not met.

As part of the partnership agreement between the United Nations Industrial Development Organization (UNIDO), the Carlsberg Group and Baltika Breweries (see page 22), we will, among other things, initiate projects relating to water consumption and risks in Russia in the coming years.

Future plans

In 2013, we plan to identify breweries particularly in need of water source management, based on an assessment according to the principles developed by the Beverage Industry Environmental Roundtable (BIER).

In addition, we have set a target of specifying a long-term strategic approach to water risk management and exploring new technologies relating to water reuse by the end of the year.

Finally, in 2013 we aim to join a public-private partnership to further explore opportunities within water management.

Our 2013 target is 3.2 hl/hl; we are confident that we will be able to meet this target.

⁷ Within KPMG's assurance scope.

⁷ Based on a comparison of the most recent publicly available data.

2012 progress

2012 commitments	2012 achievements
1 Initiate local production and community water management activities at high-risk sites	Water efficiency sustained Community water management activities delayed due to reprioritisation of resources Partnership established between UNIDO, the Carlsberg Group and Baltika Breweries relating to water, agriculture and climate change projects in Russia

2013 plans and targets

2013 plans	2013 targets
1 Continue water efficiency projects across the Group	Water consumption: 3.2 hl/hl
2 New water risk assessment conducted according to Beverage Industry Environmental Roundtable principles Take part in public-private partnership relating to water management	Long-term strategic approach to water risk management to be in place New technologies to reuse water inside and outside our breweries to be explored
3 Further develop partnership in Russia with UNIDO	



USING LESS WATER AT GHORKA BREWERY IN NEPAL

With a 35% reduction in water consumption, the Carlsberg-owned Gorkha Brewery in Nepal topped the list of high performers in 2012.

This result was achieved through a range of measures designed to increase the use of recycled water in non-production areas at the brewery site and increase the capacity for saving water from production for use in non-production processes. These include the recycling of water from the cooling plant's cooling tower, the use of rinse water for precleaning and the reuse of the rinse water from the wastewater treatment plant for cleaning within the plant.

Besides recycling of water, the company also focused on control and optimisation of the bottle washer and tunnel pasteuriser, which resulted in both water and energy savings.

Gorkha Brewery's water-saving initiatives were part of the general focus on utilities at the brewery in 2012. The brewery expects to reduce consumption further still in the future.



Banko Bankov
Production Director,
Gorkha Brewery

We look at all processes in order to reduce our water consumption and are proud that it shows in our 2012 performance, but we will work on reducing consumption even further in the coming year.



ENGAGING CUSTOMERS AND CONSUMERS IN POLAND

2012 was the third year in which Carlsberg Polska cooperated with major retailers in Poland to set up a waste collection scheme, with consumers encouraged to bring back their household packaging waste such as glass, PET and cans.

The 2012 campaign was rolled out in a total of 16 Tesco supermarkets and 30 Biedronka discounter stores in 20 cities across Poland during May and June 2012. The concept of the recycling scheme was simple: bring us your packaging waste, and we will give you plant seedlings in return.

The waste collection scheme with Tesco was expanded to include more than just glass packaging, as was originally the case. In 2012, it also included PET bottles and cans. During the event in the Biedronka stores, consumers were also asked to complete a consumer survey on waste-sorting and environmental habits at home.

The project has increased the collection of bottles and cans by educating consumers, and has improved waste segregation, recycling and the promotion of returnable bottles. In total, the project has resulted in 242 tonnes of waste packaging being collected. It has also led to a strengthening of Carlsberg's relationship with both consumers and customers. For example, in 2010 and 2011 Carlsberg Polska was awarded a diploma by Tesco, recognising Carlsberg's support for Tesco's CSR activities.



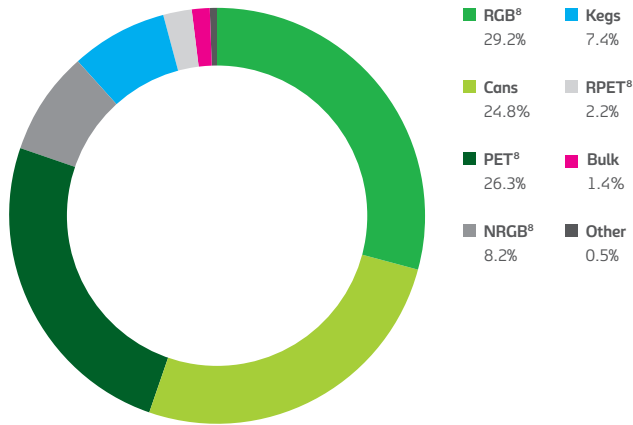
Beata Rożek
CSR Manager,
Tesco Poland

We want to explore new CSR opportunities with our partners. Our cooperation with Carlsberg Polska is a great example of that. We believe that working together on CSR projects is the best way to reach out to our customers and engage them in creating the positive change we all work for.

PACKAGING

PACKAGING PERFORMS MANY FUNCTIONS, SUCH AS MAINTAINING THE QUALITY OF OUR PRODUCTS AND PROTECTING THEM DURING TRANSPORT.

Packaging mix



- Reduce weight or change to packaging with lower environmental impact.
- Increase reuse of packaging materials, with the main focus on glass bottles.
- Encourage consumers to recycle packaging and increase the amount of recycled content in new packaging.
- Rethink packaging and waste, for example recycling of packaging materials by channelling the material into other products.

Our packaging mix consists of many different packaging types, such as returnable glass bottles, cans and PET bottles. Packaging also has a significant environmental impact. In fact, according to our own study⁹, 45% of the Group's CO₂ emissions can be attributed to packaging, taking into account the full impact throughout the value chain. At the same time, it is an area which we can influence in terms of the type and quantity of materials used and what happens to the bottles, cans and other types of container after the beverage has been consumed. We are exploring a range of solutions to reduce this impact.

2012 progress

In line with our 2012 commitment, we have developed a new strategy for sustainable packaging, which has been approved by the Executive Committee.

Based on our work with the strategy, we developed the sustainable packaging programme, which builds on four principles: reduce, reuse, recycle, rethink.

The sustainable packaging programme is expected to produce a number of operational and commercial benefits. In addition to the environmental benefits, the use of more sustainable packaging is expected to generate cost savings and strengthen the Group's relationship with key customers, many of whom work with sustainable packaging themselves. The programme will also help us to meet future legislative requirements relating to packaging and waste, thereby also serving as risk mitigation. Finally,

the programme will further improve the Group's reputation with environmentally conscious consumers.

In 2012, we also established a baseline for primary packaging weight and CO₂ emissions from packaging, as well as estimated and shared potential reductions across the Carlsberg Group.

Packaging innovation with suppliers

The Carlsberg Group cannot rethink packaging solutions alone. Whether the purpose of innovation is sustainability or brand optimisation, we need to cooperate and involve packaging suppliers.

To involve our strategic packaging suppliers more closely and at an earlier stage in our innovation processes, the first Carlsberg Global Packaging Innovation Day was held in Copenhagen in December 2012. One of the outcomes of the day was a list of potential initiatives, many of which have the potential to reduce our environmental impact. Going forward, the suppliers will play a key role in developing solutions that benefit them, Carlsberg and society.

New version of the life cycle analysis tool

In 2012, we extended the use of our life cycle analysis (LCA) tool¹⁰ for packaging to all the Group's companies and conducted online training sessions for environmental and innovation employees. In this way, we delivered on our commitment to continue training on and implementation of the LCA tool in Eastern Europe and Asia. Furthermore,

⁸ RGB: Refillable glass bottle, PET: Polyethylene terephthalate (plastic), NRGB: Non-refillable glass bottle, RPET: Recycled polyethylene terephthalate. ⁹ Together with McKinsey & Co in 2009. ¹⁰ The LCA tool is certified according to ISO 14044.

2012 progress

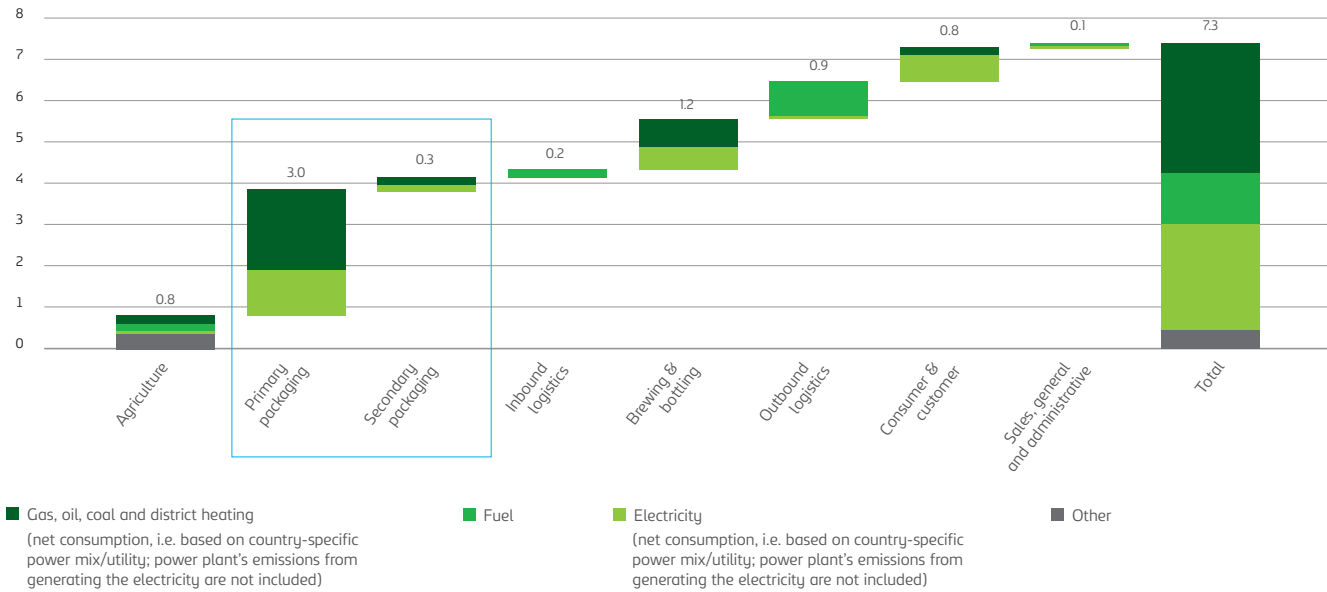
2012 commitments	2012 achievements
1 Continue training on and implementation of life cycle analysis tool in Eastern Europe and Asia	Tool has been updated and online training sessions held for environmental and innovation employees
2 Develop a Group sustainable packaging strategy	Sustainable packaging strategy developed and global baseline for primary packaging weight finalised

2013 plans and targets

2013 plans	2013 targets
1 Identify weight reduction targets for primary packaging	Three-year targets to be developed
2 Conduct Cradle-to-Cradle® analysis to identify potential Cradle-to-Cradle® products	
3 Create consumer engagement communication around recycling	
4 Sustainable packaging ideas catalogue developed and distributed internally	



End-to-end CO₂ emissions for the Carlsberg Group¹¹
MtCO₂



the tool was enhanced to include the financial consequences of our environmental impact on society.

The tool measures and benchmarks the environmental impact of various packaging materials and formats throughout the life cycle of the product, thereby enabling our companies to take immediate account of packaging when making decisions, in the same way as they do with other business parameters.

Future plans

A range of activities will be rolled out in 2013, including a weight reduction initiative, communication with consumers on recycling and the development of a sustainable packaging ideas catalogue to help all markets to reduce the environmental impact of packaging.

As part of our ambition to rethink packaging, we will commence a Cradle-to-Cradle® (C2C®) project focused on generating actual positive impacts, which is a step forward from limiting negative impacts. The Carlsberg Group and C2C® scientific authority EPEA will work together to map how packaging materials can be used by other product manufacturers and vice versa. We expect to showcase the initial results by the end of 2013.



Jørn Tolstrup Rohde
SVP Western Europe

The sustainable packaging programme can help us make stronger connections to our consumers and customers, while reducing our environmental impact.

¹¹ According to our study with McKinsey & Co in 2009.

CARLSBERG ITALIA MOVES FIRST ON ENVIRONMENTAL IMPACT STUDIES

Carlsberg Italia has studied the environmental aspects and impacts of different types of beer packaging, and in 2012 expanded the study to include aluminium cans.

The studies – carried out in collaboration with Bocconi University in Milan, Italy – analysed the impacts throughout the entire life cycle of the products, from the acquisition of raw materials to their usage and disposal. There were two sets of outcomes from the study on the Carlsberg brand.

1 There are clear environmental benefits to be derived from using a 20-litre PET keg – the DraughtMaster™ created by the Carlsberg Group – compared with steel kegs in Italy: reduced quantity of raw materials used, smaller dimensions and lower weight reducing transport needs, and a change in functionality making the CO₂ cylinder obsolete. For each functional unit produced, this amounts to approximately 30% lower water consumption, 30% lower global-warming potential, 20% less energy consumed and 20% less waste produced – again compared with the traditional steel keg in Italy.

2 The studies made it possible to obtain an Environmental Product Declaration – a way to communicate the environmental performance of a product – according to the ISO standard 14025. Carlsberg Italia was the first brewing company in the world to do this, and Carlsberg Italia was put in charge of defining and proposing the Product Category Rules (PCR) for beer. This means that any brewer who seeks an EPD for a product in the future will be using category rules developed by Carlsberg.



Fabio Iraldo
Associate Professor and
Director at Bocconi University

Our collaboration with Carlsberg Italia has been a valuable opportunity to explore and better understand green marketing. With the pilot project on the use of the results of the LCA – Life Cycle Assessment – as an information base for authoritative and transparent marketing, Carlsberg has contributed decisively to increasing the technical knowledge and the culture of green marketing.

RESPONSIBLE DRINKING



Isaac Sheps
SVP Eastern Europe

”
We encourage consumers to enjoy beer in moderation and we play an active role in fighting underage drinking and misuse.

THROUGHOUT HISTORY, BEER HAS BEEN ENJOYED IN MANY CULTURES, AND WHEN CONSUMED RESPONSIBLY, BY ADULTS, IT IS ASSOCIATED WITH CELEBRATION, FRIENDSHIP AND ENJOYMENT OF LIFE. THE VAST MAJORITY OF PEOPLE ENJOY BEER IN THIS SPIRIT AND IN MODERATION.

Beer is brewed from natural ingredients: malted barley, yeast, hops and water. We are conscious that beer is an alcoholic beverage and that its misuse can have severe and harmful effects on people. These negative effects of misuse of alcohol need to be addressed.

We believe that we share a common responsibility to help reduce these risks. Our approach to responsible drinking is twofold: we will present the relevant facts and encourage the consumer to make a considered and informed choice. Equally important, we are actively engaged in projects and initiatives to combat the harmful use of alcohol.

Strategy and approach

A key element of our strategy on responsible drinking is to develop local activities that inform our customers how to avoid misuse and how to drink in a responsible way.

Additionally, together with partners, we are engaged in a number of initiatives across our markets, designed to combat the misuse of alcohol, and further communication and partnerships.

An example of this is our sponsorship of the International Centre for Alcohol Policies (ICAP; www.icap.org), which

began in 2012. ICAP is a non-profit organisation supported by major international alcohol producers with a mission to promote understanding of the role of alcohol in society and help reduce harmful drinking worldwide, as well as encourage dialogue and pursue partnerships between the beverage alcohol industry and other stakeholders.

We understand these are complex problems, requiring the involvement of multiple parties. Our strategy is to contribute towards resolving them.

2012 progress

Responsible drinking activities were carried out in 78% of our markets in 2012 (29 out of 37).

As a result of commercial sponsorship of professional football for more than three decades, Carlsberg beer and football have become closely linked. Carlsberg continued the tradition of sponsoring 2012 European Football Championships, involving 60 markets around the world.

In line with our 2012 target, the concept of responsible drinking was part of this sponsorship, which resulted in:

- The 6.6 million consumers visiting the Carlsberg fan parks being exposed to “drink responsibly” messaging



2012 progress

2012 commitments

- 1 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

2012 achievements

Responsible drinking messages were integrated in the EURO 2012 campaign and we continued our local efforts at music festivals

2013 plans and targets

2013 plans

- 1 Further develop internal guidelines for communicating our responsible drinking commitments

2013 targets

New three-year targets to be developed

on plastic cups and on displays in Carlsberg flagship bars.

- The viewers of the 31 matches in the tournament being exposed to the “drink responsibly” messages on perimeter boards. The final attracted unprecedented television audiences.
- 375,000 people pledging to have a responsible attitude to drinking and wearing “Drink Responsibly” wristbands in the fan parks in Poland and Ukraine.

The responsible drinking activities during EURO 2012 are an indication of our journey from an exclusively local approach towards integration of a global platform on this subject. In 2013 we will further develop our guidelines for integration of “drink responsibly” messaging in our communication.

Furthermore, we continued our local “don’t drink and drive” activities in connection with music festivals, for example in Croatia.

European Beer Pledge and global commitments to reduce harmful drinking

In February 2012, Carlsberg, along with Europe’s 3,630 breweries, presented the European Beer Pledge – a package of responsibility initiatives to improve consumer information, ensure responsible

advertising and address alcohol misuse. The Beer Pledge underlines the brewers’ ongoing support for the EU Alcohol and Health Strategy, and builds on decades of action against alcohol misuse. With the Pledge, brewers will, among other things, further improve consumer information, including information about when it is advisable not to drink, and extend our advertising self-regulation to cover digital and social media.

As a responsible global brewer and a proud co-owner of the European Beer Pledge, Carlsberg will actively contribute to implementing the Pledge across the European markets where we operate. The Brewers of Europe will facilitate this implementation and ensure annual evaluations of the Pledge, starting in 2013.

At global level, the CEOs of 13 beer, wine and spirits producers announced a collective commitment to 10 targeted actions in five areas over the next five years, in support of the World Health Organization’s (WHO) Global Strategy to Reduce Harmful Use of Alcohol. The commitments, which were launched at an event in Washington, D.C. in October 2012, will be audited by qualified third-party organisations and reported publicly each year.

As the fourth largest brewing company in the world, Carlsberg is a natural participant in this initiative, which requires Carlsberg to take joint action to reduce the harmful use of alcohol at global level. The commitments cover the areas of underage drinking, marketing codes of practice, consumer communication, responsible product innovation, drinking and driving, and enlisting the support of retailers.

Future plans

The integration of responsible drinking messages in the EURO 2012 campaign provided us with many valuable learnings, which we will use in 2013 to evolve our internal guidelines.

Another major focus area for 2013 will be to ensure that the elements of the European Beer Pledge and the global commitments to combat the harmful use of alcohol are reflected in our business practices. As signatories, we are also obliged to audit and report on our progress by the end of 2013.

RESPONSIBLE DRINKING EXPLAINED

As part of our proactive approach to tackling the misuse of alcohol, we have put together a set of principles regarding what defines responsible drinking and the practices of a responsible brewer.

Drink in moderation

Do not drink more than the daily amounts recommended by public health officials. Overconsumption of alcohol can have serious consequences for you and your family.

Underage drinking

Only adults should drink alcohol. Legislation on selling alcohol to minors should be enforced.

Drinking and driving

If you drink – don’t drive. We want to help avoid driving under the influence of alcohol and in some cases actively support public transport to and from events that we sponsor.

Drinking and pregnancy

We recommend that pregnant women should avoid consuming alcohol.

Responsible marketing

We have drawn up rules for how we will reach consumers responsibly: for example, we will only target adults and only suggest drinking in moderation.





CARLSBERG CROATIA ON THE RESPONSIBLE DRINKING BUS

Festival and concert audiences often enjoy more than just music. Many also choose to have a beer or two. Or more. For this reason, Carlsberg Croatia devoted some of its 2012 responsible drinking activities to solving the issue of driving to and from music events under the influence of alcohol.

Free public transport was provided for a Red Hot Chili Peppers concert in Zagreb, as well as during the 10-day Špancirfest in Varaždin. A special bus decorated with the responsible drinking message provided transportation for festival goers.

However, responsible drinking is about more than just free buses and, in Croatia, Carlsberg also continued its "Let's show them the right way" campaign aimed at educating parents and guardians about how to prevent underage drinking. This campaign uses expert advice, celebrity endorsements and distributes educational materials to parents at schools.



MALAYSIA: VOLUNTEER RESPONSIBLE DRINKING AMBASSADORS

Carlsberg Malaysia is forging ahead to promote responsible drinking. The central elements of this brewer's activities are the "Drink Responsibly" kiosks, which are set up at events organised or sponsored by the company in order to promote messages about safe and smart drinking, with employees volunteering to act as "Drink Responsibly" ambassadors.

In 2012, kiosks were set up at around 10 different events. During the events, free mineral water and an alcohol level testing service were provided for the crowds, with consumers competing in various games to win a personal breathalyzer. The Drink Responsibly ambassadors engaged with customers and consumers, distributing pocket-sized flyers containing drinking tips, phone numbers for nationwide taxi services, a calendar and Carlsberg Malaysia's position on responsible drinking. They also encouraged audiences to sign up to receive up-to-date information about Carlsberg Malaysia's activities.

MARKETING COMMUNICATION



Khalil Younes
SVP Group Sales,
Marketing and Innovation

”
Our Marketing Communication Policy sets the standard and direction for all our marketing employees. We want to ensure that our consumer communication is responsible and targeted at adults.

WE WANT TO BE A RESPONSIBLE CORPORATE CITIZEN AND COMMUNICATE RESPONSIBLY WITH CONSUMERS.

To achieve this ambition, we work externally through our responsible drinking activities and internally by ensuring compliance with our Marketing Communication Policy.

Approach

Our Marketing Communication Policy sets out our standards for all points of contact with consumers in all media formats, including sponsorship and social media. It stipulates, among other things, that our marketing activities must be strictly targeted at adults and should never associate consumption of alcohol with potentially hazardous activities or inappropriate situations.

We require our companies to include the Marketing Communication Policy in our agency contracts and briefings, and strongly encourage our suppliers of marketing communication to adopt and implement this policy when creating campaigns and communication for us. The aim is to reduce the risk of non-compliance, with both the suppliers and our marketing employees taking the policy into consideration.

The Marketing Communication Policy addresses four key areas:

- Social responsibility and moderate consumption
- Health & safety
- Children and young people
- The effects of alcohol

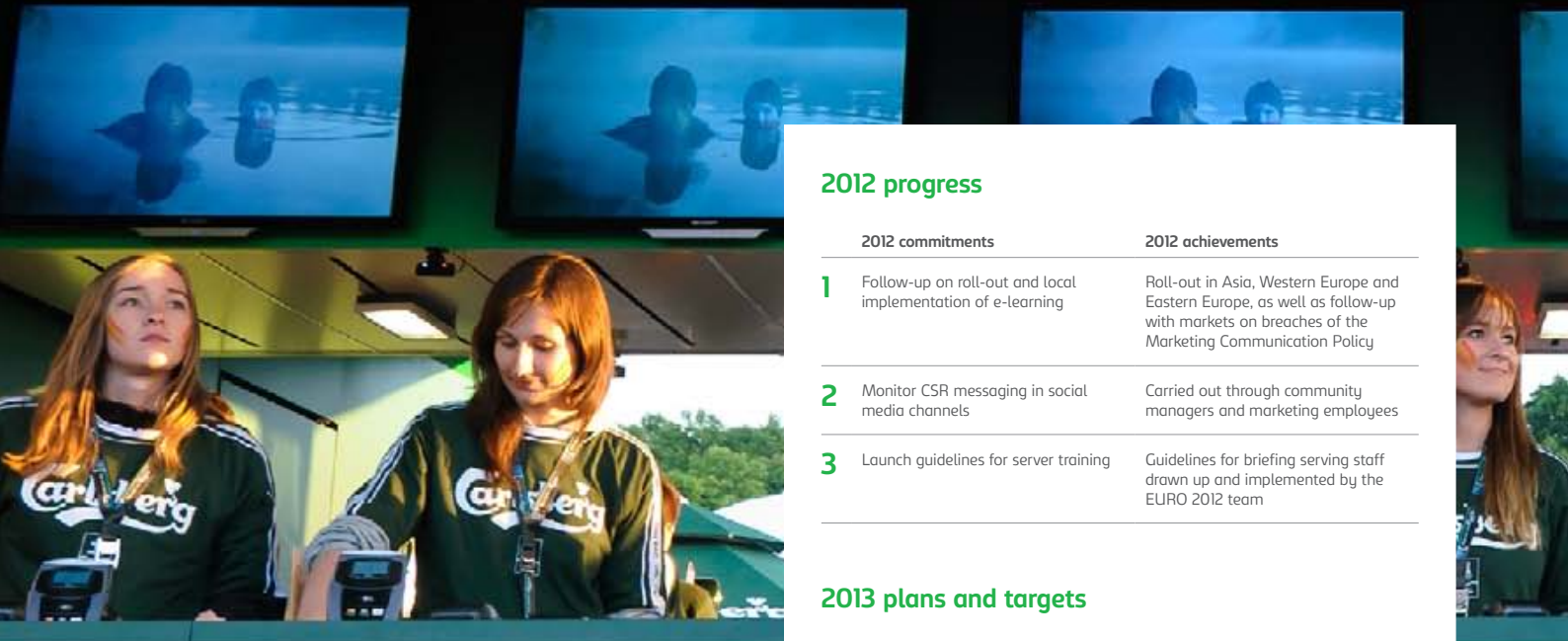
2012 performance

Policy implementation is carried out through training in the policy using the e-learning tool, and through local approval of all consumer-facing campaigns.

Training in the Marketing Communication Policy is mandatory once every two years for all employees involved in developing marketing communication, and the training programme is updated in line with this requirement.

In 2012, we began the roll-out of our e-learning training tool in Eastern Europe, and continued to provide training at headquarters, in Europe and in Asia. As a result, 251 people were trained through the e-learning tool in 2012, bringing us to a total of 486 trained over the last two years. Our target for 2013 is still to have 100% of employees involved in developing consumer- and customer-facing marketing materials trained in the policy.

We monitor our marketing activities to measure compliance with the Marketing Communication Policy. Non-compliances occur when our commercial communication associates the drinking of beer with extreme sports or heightened mental fitness, among other things. We were disappointed to record five filed non-compliances with our Marketing Communication Policy. These non-compliance incidents were filed in Denmark, Estonia, Sweden, Hungary and Ukraine. Our target for 2013 is still to have zero breaches of our policy. We have



Responsi

2012 progress

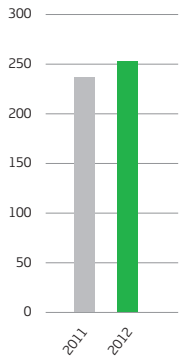
2012 commitments	2012 achievements
1 Follow-up on roll-out and local implementation of e-learning	Roll-out in Asia, Western Europe and Eastern Europe, as well as follow-up with markets on breaches of the Marketing Communication Policy
2 Monitor CSR messaging in social media channels	Carried out through community managers and marketing employees
3 Launch guidelines for server training	Guidelines for briefing serving staff drawn up and implemented by the EURO 2012 team

2013 plans and targets

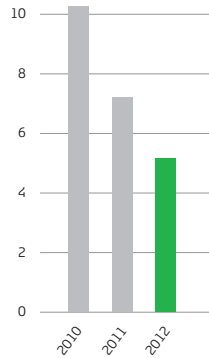
2013 plans	2013 targets
1 Develop guidelines to prevent minors from inadvertently seeing alcohol beverage marketing communications on social media	Present first progress report on implementation and compliance with agreed common standards with industry partners
2 Upgrade e-learning programme	Zero non-compliance incidents with Marketing Communication Policy 100% of employees developing marketing communication to be trained 100% awareness of Marketing Communication Policy among employees involved in consumer- and customer-facing material development 100% of companies to include Marketing Communication Policy in agency agreements 100% of companies to have procedures in place to ensure compliance



Employees trained through the marketing communication e-learning tool



Reported non-compliance incidents



set ambitious process targets for 2013 in order to further this goal, as shown in the table on commitments and targets.

CSR messaging in social media channels was monitored continuously in 2012 in order to understand stakeholders' positions and behaviours. This included community managers and marketing employees reviewing and reporting on activities according to the principles of the Marketing Communication Policy. These principles are communicated in a code of conduct in our social media guidelines, which govern all of our social media activities.

Extending our reach

In line with our 2012 commitment, we continued our work to train and create awareness about responsible drinking among our customers through server training to discourage underage drinking and binge drinking, with the aim of reducing the harmful consumption of alcoholic beverages. Serving staff at the EURO 2012 branded bars were also briefed about how to encourage responsible drinking, and we continued our server training programme in Russia.

Stakeholders and partnerships

In 2012, we entered into a partnership to strengthen our Marketing Communication Policy. We were involved in establishing the Responsible Marketing Pact, under which Carlsberg and seven other producers of beer, wine and spirits will develop and enforce common, EU-wide standards for rigorous self-regulation of marketing communication concerning alcohol beverages across all media, particularly social

media channels. The aim is to cooperate with experts, the EU, national authorities and the World Federation of Advertisers to ensure effective implementation of the Pact. This is the first time that common standards supported by major beer, wine and spirits producers throughout the EU will be created.

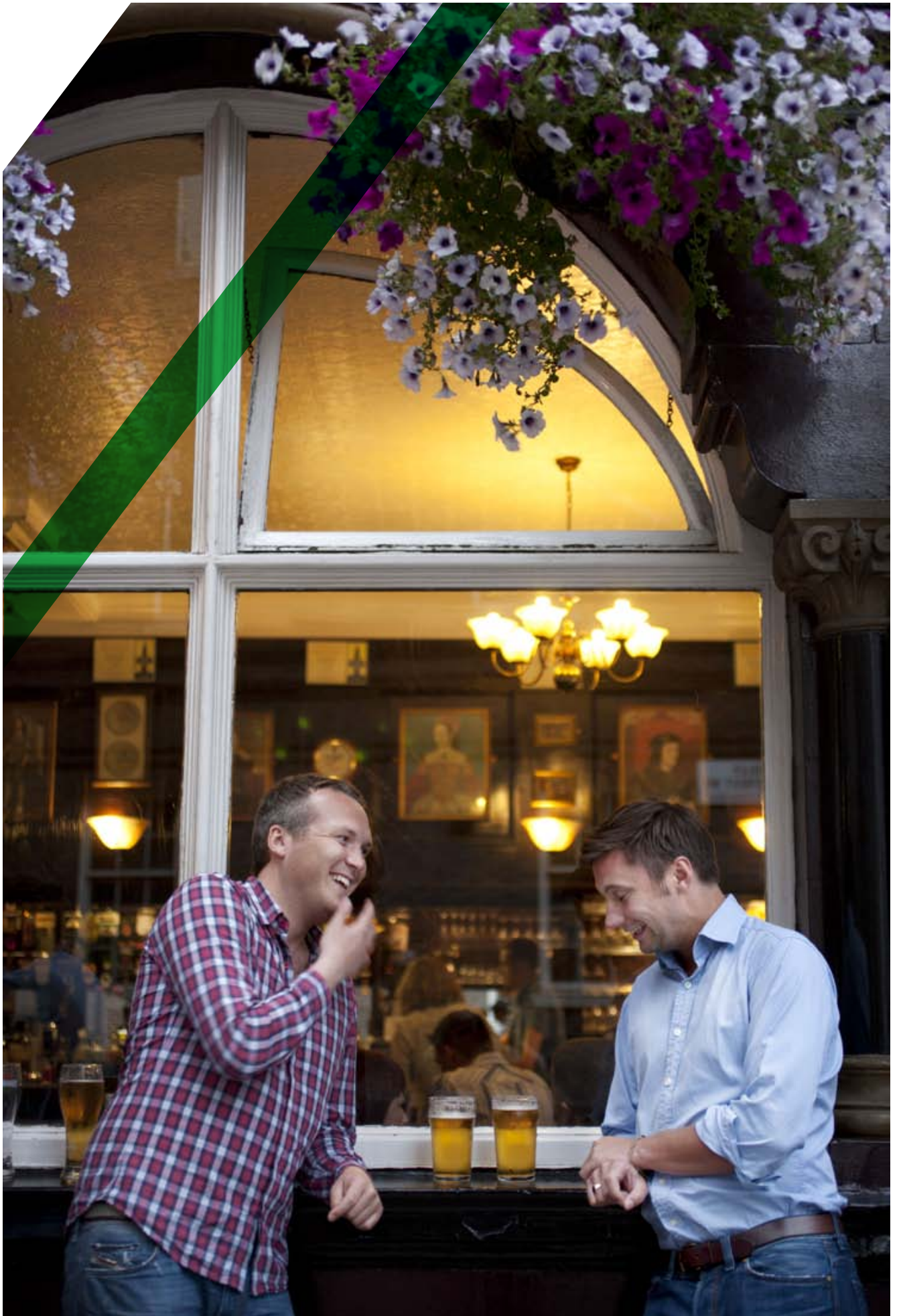
These standards support the EU Alcohol and Health Forum (EAHF), the flagship programme of "the European Strategy to support Member States in reducing alcohol-related harm". They will be subject to independent monitoring and public reporting in line with the EAHF's standards.

Future plans

A priority for next year will be to ensure that we continuously enforce our Marketing Communication Policy and deliver on our commitments relating to responsible marketing communication through self-regulation.

We will intensify our cooperation with our partners in the Responsible Marketing Pact in order to extend the application of the self-regulation standards. To achieve this, we will engage with local brewers' associations and authorities.

A priority for next year will be to ensure that we continuously enforce our Marketing Communication Policy.





2012 progress

	2012 commitments	2012 achievements
1	Continue to implement strategy in production and logistics	In all regions, focus on the progressive involvement of more managers and employees in the H&S agenda
2	Start Health & Safety Academy	H&S Academy programme launch postponed due to organisational changes
3	Implement actions based on regional priority setting	Priority requirements implemented across production sites
4	Investigate possibilities to have relevant sites OHSAS 18001-certified	Plan to implement OHSAS 18001 in another five countries initiated

2013 plans and targets

	2013 plans	2013 targets
1	Continue to implement the overall strategy in production and logistics across all regions	Production area LTAR ¹ : 10.9 (-35% vs. 2010) ² DLR ³ : 142 (-45% vs. 2010) ²
2	Reinforce a proactive approach to health & safety	Safety risk assessments to be conducted in at least 90% of workplaces (production, logistics, sales & marketing)
3	Develop cross-audits in all regions	All H&S coordinators to perform one yearly cross-audit
4	Ensure sites comply with Group Policy requirements	Three Group mandatory requirements to be implemented every year at at least 90% of sites
5	Manage a coordinated approach to implement OHSAS 18001 at Western and Eastern European sites	At least 50% of production sites to be certified OHSAS 18001 across Western Europe

¹Lost-Time Accident Rate. ²Figures compared with 2010 data for production sites. ³Days Lost Rate.

HEALTH & SAFETY



Roy Bagattini
SVP Asia

THE CARLSBERG GROUP IS COMMITTED TO IMPROVING PRACTICES AND APPLYING HIGH STANDARDS FOR HEALTH & SAFETY. OUR HEALTH & SAFETY POLICY FORMS THE BASIS OF OUR APPROACH TO SAFETY.

The aim of the policy is to ensure that all employees and contractors at every Carlsberg site are subject to the same standards, irrespective of where they work. By implementing these health & safety standards, we aim to control potential risks to the safety of our employees and contractors.

While breweries are considered relatively safe workplaces, there are risks such as broken glass, grain dust self-igniting to create small fires and the use of chemicals. In the area of logistics, the two main risks are collisions between people on the floor and fork-lift trucks, and back injuries from manual handling of goods.

Approach, organisation and behaviour

Our ambition will always be to have zero accidents. We have set ambitious targets for accident frequency and accident severity at our production sites, to be reached by the end of 2013. In the coming year we will include logistics in our target setting, as part of reinforcing our focus and efforts in this area.

The majority of the Group's lost-time accidents occur at our production sites and in the logistics area. These two parts of our operations account for 87% of all accidents. Consequently, this is where we focus on improving safety performance.

We have a common set of internal standards and mandatory requirements

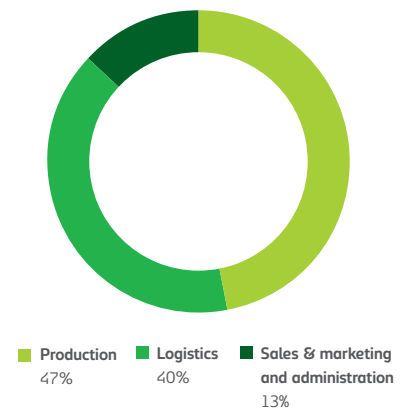
to comply with local regulations. On the other hand, we recognise that safe operations depend not only on policies, technically sound plants and procedures, but also on the mindset and behaviour of our people. Therefore, we work to build skills and awareness among all employees, as we cannot always count on the culture surrounding safety and local legislation to incentivise reporting and safety measures.

We also work on sharing best practices. For example, health & safety managers travel to perform audits at other breweries, and in the event of a significant incident, an immediate investigation is carried



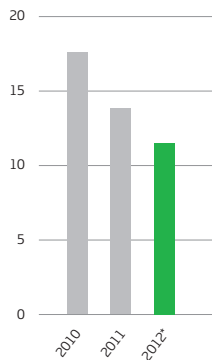
The diligent implementation of our Health & Safety Policy is critical to ensuring our people have a safe and healthy work environment.

Lost-time accidents by department

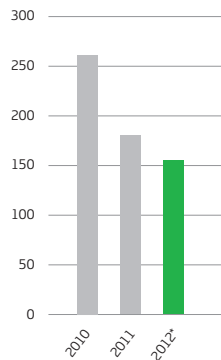


Lost-time accident rate in production

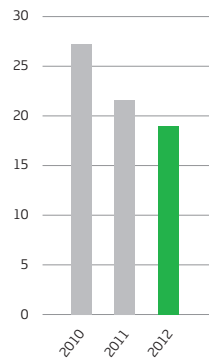
Per 1,000 employees

**Days lost rate in production**

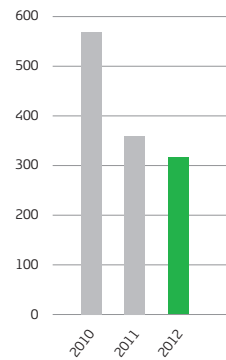
Per 1,000 employees

**Lost-time accident rate in logistics**

Per 1,000 employees

**Days lost rate in logistics**

Per 1,000 employees



out and the circumstances of the incident are shared across our health & safety network to help our sites identify any improvements required in their procedures.

Based on a risk assessment, a set of priorities is defined every year for the production area. These Group requirements are communicated to the markets, and each site is required to develop and implement plans to fulfil the requirements. This approach was primarily developed in Western Europe and has been extended across Eastern Europe and Asia.

2012 progress

For the third consecutive year we are able to report strong progress in improving safety in our production and logistics areas. We are especially pleased to see that we are still improving significantly, despite the fact that the lowest-hanging fruits have already been harvested. To us, this is a good indication of the solidity of our approach and, not least, the dedication of our people.

The 2012 safety performance keeps us on track with our three-year plan for reaching our 2013 target of a Lost-Time Accident Rate (LTAR) below 11 in the production area.

Our 2012 LTAR for production (number of lost-time accidents per 1,000 FTEs) was 11.4%*, a reduction of 16%. Our Days Lost Rate (DLR), which measures accident severity in production (number of days lost per 1,000 FTEs), was 153*, an improvement of 14%, both compared with 2011.

These improvements are a result of the investments made in improvement plans, basic requirements etc. since 2009. In 2012 specifically, we succeeded in involving more managers and employees in the health & safety agenda, performing internal audits (cross-audits) in Western and Eastern Europe, and implementing priority requirements at production sites across the Group. In 2012 the focus of the priority requirements were: inclusion of risk assessment in maintenance, working at heights, health & safety guidelines for capital expenditure projects, engaging the internal health & safety network, and the further development of a proactive attitude to health & safety.

In the logistics area, the improvements are slightly lower than within the production area: the frequency rate and the severity rate dropped by 12% versus 2011. In absolute numbers, the LTAR is 19 and the DLR (severity rate) is 316.

None of our employees suffered a fatal accident in 2012, which is a clear improvement on the previous three years, when we unfortunately experienced two fatal accidents per year. We know we must maintain a very high level of awareness to continuously control the risks that can lead to fatal accidents.

We followed up on the two accidents that led to fatalities in China in 2011 by initiating changes in management, including the employment of a dedicated health & safety manager for each site in addition to the health & safety coordinator for

China. We conducted widespread training, organised a safety day and made safety a priority KPI for management at the plants. As a consequence, the level of awareness and involvement of management and employees was improved.

Health & Safety Academy

We developed the Carlsberg Group Health & Safety Academy Programme at the end of 2011. It is a Group-wide programme to train operational and functional managers in health & safety excellence. Due to organisational changes, we had to postpone the start-up of the programme until 2013.

Future plans

2013 will be a year of consolidation in which we seek to ensure that all the requirements of the Health & Safety Policy are truly embedded in daily life within production and logistics at all our sites across all regions. To support this, we will focus on developing and completing systems and tools for safety management (based on OHSAS 18001 certification) and tools to support standardisation. We will also, for the first time, present an award for annual health & safety performance to one of our production sites worldwide.

Finally, as part of the revision of the CSR strategy, we will also review the health & safety area. We recognise that there is still some distance for us to cover before we reach our ultimate objective of having zero-accident workplaces. We will study best-in-class examples and set ambitious targets going forward.

*Within KPMG's assurance scope.

CASE STORY

STOP TAKE 10



"Just take 10" is what Carlsberg UK asks all employees to do: stop and "just take 10" to think about the risks involved with their tasks – whether it be 10 seconds, 10 minutes or 10 hours.

CARLSBERG UK WINS SEVEN NATIONAL HEALTH & SAFETY AWARDS

Every year, the British Royal Society for the Prevention of Accidents (RoSPA) presents awards to companies making a real effort to prevent accidents at work in the UK. For the last three years, some of these awards have headed in Carlsberg's direction.

2012 was no exception. A full seven awards were presented to Carlsberg UK for outstanding health & safety achievements, recognising in particular the company's dedication to accident prevention. The awards went to two breweries and five distribution centres.

Carlsberg UK's goal is to achieve zero lost-time accidents by 2020 and to be recognised as the safest beer and beverage company to do business with.

In order to reach this goal, in 2012 Carlsberg UK formed a team of Safety, Health and Environment (SHE) facilitators. The team consists of employees from all areas of the UK business covering both logistics and brewery operations, each responsible for their work site.

The members are volunteers and have completed an extensive national training programme. They meet every eight weeks to share experiences and best practices. This is the first collaboration involving all the UK Safety teams.

Since the introduction of their role, the SHE facilitator team have gone from strength to strength, contributing to a positive change in safety behaviours across our UK business and have been a key catalyst in reducing accidents and involving employees in safety through near-miss reporting.

The business has benefited in terms of wider-spread knowledge of safety ultimately resulting in accident reduction:

- The total amount of accidents fell by nearly 20% to 329 in 2012 from 408 in 2011.
- The severity of accidents fell by 13% through the reduction of lost-time days to 848 days in 2012 from 972 days in 2011.

BUSINESS ETHICS



Ulrik Andersen
VP Group Legal & Risk
Management

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We have focused on training our people, in order to increase knowledge of potential business ethics issues and avoid incidents of non-compliance.

OUR GROUP BUSINESS ETHICS POLICY LAYS DOWN COMMON, GROUP-WIDE STANDARDS TO DEAL WITH THE ETHICAL CONCERNS FACED BY GLOBAL BUSINESSES.

Our Business Ethics Policy, and the supporting handbook, guidelines and e-learning programmes, are designed to help employees resolve day-to-day ethical dilemmas, such as situations involving potential corruption issues, breaches of confidentiality, the misuse of company assets for personal gain, and donations and gifts.

Policy implementation and knowledge-sharing

To implement our Business Ethics Policy, we have used our established network of in-house local legal advisors and other nominated individuals who, besides being responsible for introducing the policy in the Group companies, coordinate efforts and share issues and experiences across the Group.

This network is key to the further development of our anti-corruption and other business ethics measures and to increasing the level of awareness in Group companies. We conducted five global train-the-trainer webinars on the policy, which facilitated sharing of knowledge and experiences and provided tools for training organisations locally. They proved to be a very successful training format and had consistently high attendance levels across the Group.

The decision was also made to assign a legal resource to our Asian regional office in order to facilitate and prioritise training and implementation in this region.

2012 progress

Our main focus was the continued implementation of our Business Ethics Policy, with the emphasis on initiatives to support our employees in understanding business ethics dilemmas and empowering them to make the right choices. By the end of 2012, 83% of all Group companies across all markets had put in place mechanisms to avoid business ethics incidents. This is an achievement which we find very encouraging.

During 2011 and 2012, over 10,000 employees were trained. We are proud of this and are committed to continuing our training efforts and initiatives across the Group. Our policy stipulates that employees must be trained biennially, which allows us to prioritise training for those employees we consider to be key in implementing our Business Ethics Policy.

Our business ethics e-learning system has been implemented in English across Group companies wherever possible, and rolled out in Finnish and German. It has also been translated into two of our key languages, namely Russian and Chinese, for roll-out in 2013. This e-learning system consists of a comprehensive introduction to the requirements of the Business Ethics Policy, followed by a compulsory exam.

In total, employees in 24 markets took part in the 184 training sessions that were completed across Group companies in 2012. A number of initiatives were

2012 progress

2012 commitments	2012 achievements
1 Develop e-learning programme in other languages	E-learning programme translated into four new languages
2 Continue awareness and training with the focus on high-risk countries	Five global train-the-trainer webinars held 184 training sessions conducted in 24 markets
3 Prepare to introduce audit and self-audit for selected countries	Postponed until 2013 due to rescheduled priorities

2013 plans and targets

2013 plans	2013 targets
1 Roll out e-learning in more Group languages	100% of key employees to be trained in business ethics
2 Continue awareness and training – focus on high-risk areas	Business Ethics Policy to be communicated to all employees
3 Prepare and design process for audit and self-audit	Introduction of audit and self-audit in selected areas
4 Incorporate business ethics compliance into Carlsberg's performance measurement system	Relevant key employees and top management to be measured regarding business ethics compliance



BUSINESS ETHICS

	2010	2011	2012
Number of training sessions held on business ethics	118	184	184
Total number of employees trained in the Business Ethics Policy	6,234	6,653	3,795
Percentage of companies with mechanisms in place to avoid business ethics incidents	78 ¹	84 ²	83 ³

¹ 28 out of 36 companies. ² 32 out of 38 companies. ³ 33 out of 40 companies.

developed to reinforce the policy and reach as many employees as possible, such as a Business Ethics awareness poster which was translated into six languages and local tools, including training podcasts, a business ethics quiz and dedicated business ethics features in staff magazines.

We have made compliance with the Business Ethics Policy an integral part of our employment contracts, stating that failure to live up to the Business Ethics Policy is grounds for termination (to the extent possible under local law). By the end of 2012, this clause had been incorporated into all employment contracts at headquarters, and its implementation into local employment contracts is continuing at a good pace.

Moreover, compliance with the Business Ethics Policy will be incorporated into the Group's management performance system and procedures. Specific wording was prepared in 2012, and implementation is now awaiting finalisation of other updates to the system.

Third Party Screening Procedures introduced

Another crucial achievement in strengthening our commitment to ethical behaviour and risk mitigation is the introduction of our Third Party Screening Procedures. These procedures specify due diligence and other requirements that must be fulfilled when entering into arrangements with third parties, based on a risk matrix relating to the particular third-party arrangement and the countries in question.

Screening our business partners is vital in order to minimise the Group's exposure to a third party's corrupt or other illegal behaviour. The procedures enable the Group to build protection from these risks into the way we work, by ensuring that rel-

evant partners and projects are properly screened and investigated. As a result of the Third Party Screening Procedures, we will be able to exclude high-risk parties and arrangements or adapt the arrangement appropriately.

The Third Party Screening Procedures were launched in late 2012, and we are pleased to report that, by the end of 2012, more than one third of Group companies had implemented the procedures into their dealings with third parties.

Whistleblower system

The Carlsberg Group whistleblower system enables employees to report activities that may involve criminal conduct or violations of our Group policies and guidelines. It consists of a website and a hotline phone number, both of which are managed by an independent third party to ensure the highest levels of security and confidentiality. Reports filed through the whistleblower system are handled by designated employees within Carlsberg Group Internal Audit.

26 reports were made in 2012, and a total of 96 reports have been made since the system was launched. All reported matters are reviewed and, unless Group Internal Audit identifies a clearly erroneous report, the matter is further investigated and appropriate action taken, including employee dismissal when necessary. None of the reported incidents has had any material impact on the financial results of the Group or of the Group company in question.

Working towards eliminating facilitation payments

Carlsberg recognises that some of its operations are in areas considered to be high risk with regard to corruption. Our global corruption risk assessment, together with the Third Party Screening Procedures, enables us to sharpen our focus on

business ethics compliance activities and better target high-risk countries and/or transactions.

In line with our commitments to the United Nations Global Compact, the Carlsberg Group does not endorse the practice of facilitation payments. While we recognise that, in some parts of the world, facilitation payments are made as part of business transactions, we are striving to eliminate them. In 2012, we updated and repeated our guidance to employees concerning facilitation payments and the specific requirement to make sure a payment is properly recorded if it cannot be avoided. We will continue to work towards zero tolerance in future.

Future plans

In 2013, we will see the Business Ethics Policy integrated into our performance management systems. Introduction of e-learning in Vietnamese is planned for the second quarter of the year, while other languages will be considered and potentially added later in the year.

We will continue to focus our business ethics activities on the basis of our global risk assessment, recognising that some of the jurisdictions in which we operate entail a higher risk of corruption. Bearing this in mind, we will prioritise various initiatives in high-risk jurisdictions to ensure that we are prepared for potential territory-specific concerns, and mitigate the risks associated with them. Finally, we are working to develop further tools for conducting local audits and self-audits of performance relating to selected areas of the Business Ethics Policy.



LABOUR & HUMAN RIGHTS



Claudia Schlossberger
SVP Group Human Resources

AT CARLSBERG, WE BELIEVE THAT EACH OF OUR 41,708 EMPLOYEES IS FUNDAMENTAL TO OUR SUCCESS. THIS IS REFLECTED IN THE UPDATED BUSINESS STRATEGY, WHERE PEOPLE IS ONE OF THE FIVE STRATEGIC LEVERS.

Ensuring the labour and human rights of our employees is a prerequisite for empowerment and engagement. We support the United Nations Universal Declaration of Human Rights and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work.

Since 2009 Carlsberg has had a Labour and Human Rights Policy setting out the standards that all employees in the Carlsberg Group must enjoy, irrespective of the country in which they work. The purpose is to ensure that all employees are treated fairly and respectfully, and are able to develop their potential in a safe workplace. Our main reason for doing this is to respect these basic human rights. In addition, we find that this adds to our attractiveness as an employer and business partner.

We recognise that we will have to work continuously on making these equal standards a reality in all of the countries in which we operate. We have found that it takes time to achieve full implementation of our Labour and Human Rights Policy. It requires extensive training and integration into other processes, particularly as Carlsberg acquires majority ownership of even more breweries.

2012 performance

For labour and human rights, 2012 brought a primary focus on ensuring compliance with the Labour and Hu-

man Rights Policy, with priority given to follow-up in all countries that were still behind in terms of full policy implementation. However, the overall results show that the policy implementation had progressed as planned, resulting in increased awareness and integration of procedures and processes in the local companies.

Initiatives to integrate the policy into local processes were launched. The policy was translated and communicated to all employees in all our majority-owned breweries except one, which was recently acquired. In 75% of the companies, Labour and Human Rights Policy training for managers with direct reports was conducted, up from 61% in 2011, and 98% have integrated the policy in their local onboarding programmes, up from 89% in 2011.

In a number of companies, initiatives to ensure full compliance were launched but not fully completed in 2012; this will be a priority in 2013. Finally, there is data suggesting that the companies furthest behind on implementation are those that have only recently become majority-owned by Carlsberg. Group HR conducted three training sessions in 2012 to support further implementation: one with all HR directors in our Asia region gathered in Hong Kong, and two web-based sessions for new HR directors and local HR managers respectively.



2012 progress

2012 commitments	2012 achievements
1 Perform internal audits in selected countries to document compliance	Audits conducted in five countries
2 Conduct policy training sessions for HR in countries with less than 100% completion on implementation	Three training sessions conducted
3 Employee engagement introduced as a KPI for all top executives	Built into ExCom's output KPIs
4 Specific targets for diversity will be set	

2013 plans and targets

2013 plans	2013 targets
1 Introduce employee engagement as a KPI for local CEOs and country management team members	Employee engagement to be introduced as a KPI for all managers
2 Conduct LHR audits in five selected countries	
3 Build e-learning module for LHR	Specific module to be developed for LHR for use in induction training and management development
4 Expand toolbox for LHR for local HR	All people managers to be automatically trained in LHR when hired/appointed as new people managers



Claudia Schlossberger
SVP Group Human Resources

The employees at Carlsberg are incredibly engaged, which creates a great foundation for being successful. The aim of the Labour and Human Rights Policy is to continue this trend by promoting high standards wherever we operate.

We met our Group commitment to conduct internal audits in Switzerland, Germany, China, Denmark and Group functions. Based on the Labour and Human Rights Policy, we investigated key HR processes. All actions required to close these gaps were implemented according to recommendations by the end of 2012.

A labour dispute at our Svyturys-Utenos Alus Brewery in Lithuania was settled in 2012. The dispute arose over salary increases. The Supreme Court of Lithuania decided that Svyturys-Utenos Alus was in compliance with the provisions of the collective agreement and that a strike in the production department was illegal.

Promoting diversity

One of the 2012 commitments that were postponed due to our focus on policy compliance was the setting of specific diversity targets. The board of our owners, the Carlsberg Foundation, has set a target for 40% female Supervisory Board members to be elected by the Annual General Meeting by 2015. This figure currently stands at 14%. In 2012, the Group appointed two new female Supervisory Board members and one new female ExCom member (SVP Human Resources).

The composition of the workforce in general (73% male/27% female) and at management level (77% male/23% female) remains stable. As to the total turnover rate, we saw a slight decrease to 14% from 16.5%, while gender turnover showed a similar female turnover and a slight decrease in male turnover compared with 2011.

Group HR carried out supporting activities to increase the number of women in leadership positions. A new global recruitment policy was drafted, including

the setting of clear requirements for the recruitment agencies we use to ensure presentation of qualified female candidates. These will be implemented in 2013 throughout the Carlsberg Group.

Engagement

Empowered and engaged people are one of the key priorities of the people lever in the Carlsberg Group strategy. ExCom is dedicated to employee engagement and has, since 2012, included the Carlsberg Group's engagement score as part of its strategic scorecard. We had originally intended for all members of executive management to be included in this process, but new priorities led us to focus on ExCom.

All employees are regularly asked what it is like to work for the company in the Group's MyVoice survey. In September 2012, close to 30,000 employees were asked to voice their perceptions of the company and 83% of the survey population did so. Employees continue to be highly engaged, including when compared with the global fast-moving consumer goods industry norm. The connection between own and Group goals is steadily growing, as is pride in working for the Group.

Results are discussed in teams and business units, and improvement actions are identified and monitored on a quarterly basis.

Appreciated as an employer

In several markets, we were nominated for or awarded national prizes, for example in Denmark and Hong Kong. We were chosen as an "Attractive employer" in the Universum survey, named "best IT employer in Denmark", and awarded a prize for good employment relationships in Russia for our work at the Samara Brewery. Our brewery in Feldschlösschen, Switzerland, was

named a "Friendly Workplace" by Health Promotion, Switzerland, and the Aldaris Brewery in Latvia achieved the title of "Top Employer".

Future plans

In 2013 we will introduce employee engagement as a KPI for our local CEOs and country management team members. We will continue our labour and human rights audit efforts in five selected countries to ensure further understanding and tracking of local company compliance. We will expand our toolbox with more tools and best practice materials and build an e-learning module on the Labour and Human Rights Policy to ensure we can reach the majority of our employees faster.

Implementing the Labour and Human Rights Policy with joint venture partners remains challenging, and is something that we will continue to try to promote in 2013.

TOTAL WORKFORCE

41,708

2012

42,670

2011

41,402

2010

MYVOICE RESULTS

ENGAGEMENT SCORE

83

2012

83

2011

81

2009

RESPONSE RATE

83

2012

82

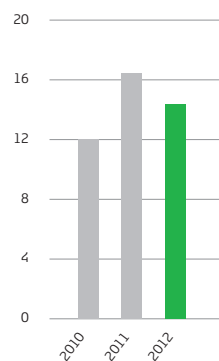
2011

85

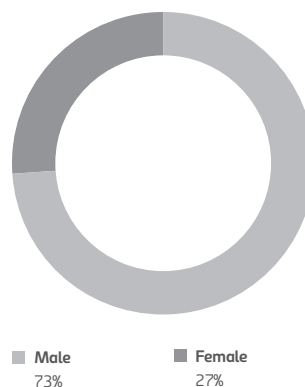
2009

TURNOVER

BY TURNOVER



BY GENDER 2012





A NEW DEAL FOR SALES PROMOTERS IN CAMBODIA

An improved work environment for sales promoters in Cambodia was on the Carlsberg Group's agenda in 2012, and we entered into a one-of-a-kind partnership with the Danish Confederation of Trade Unions (LO).

Since 2006, the Carlsberg Group and its joint venture partner Cambrew have been tackling the issues relating to sales promoters in Cambodia by working with industry and NGO partners, such as Care International Cambodia. Carlsberg and Cambrew are founding members of Beer Selling Industry of Cambodia (BSIC) which, since it was founded, has introduced a number of industry-wide initiatives to address the issues relating to sales promoters. These measures include:

- An improved wage structure, including a minimum wage that is not as reliant on commission.
- Training programmes for sales promoters to enable them to learn techniques for dealing with customers.

- The establishment of clear supervision structures and grievance procedures.
- Annual monitoring of compliance and impact by an independent party.

We know work still needs to be done on improving conditions for sales promoters, and that the negative stigma associated with beer promoters is one of the major challenges. Although improvements have been made relating to health & safety conditions at work, some issues remain, and these will continue to be addressed going forward.

Through our cooperation with LO we will work to negotiate terms for a good working life through improved social dialogue with industry and union representatives, working together with other stakeholders, including government, to resolve labour market and stigma issues.



Marie-Louise Knuppert
Confederal Secretary, the Confederation of Danish Trade Unions

We see this agreement with the Carlsberg Group as a unique opportunity to achieve great results for Cambodian beer promoters, at the same time as showing how dialogue and cooperation between the private sector and trade unions are key to a well-functioning labour market.



COMMUNITY ENGAGEMENT



Anne-Marie Skov
SVP Group Communications
& CSR

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Wherever we operate, it is critical for us to be a good corporate citizen. In partnership with our stakeholders we identify, develop and implement projects of mutual interest which have a positive impact on the environment and society.

WE WANT TO BE AN ACTIVE AND TRUSTED PARTNER IN THE COMMUNITIES WHERE WE OPERATE. IN 2012, FOR EXAMPLE, WE INVESTED IN MORE THAN 1,500 LOCAL INITIATIVES TO ACHIEVE THIS.

The companies under the Carlsberg Group's ownership have been engaged with society for many years, based on local priorities and needs. However, in 2012, when the reputation of our company and brand became one of five strategic levers to advance the company's business strategy, it also became clear that, in future, we must make our engagements increasingly strategic in nature.

2012 progress

All the majority-owned companies in the Carlsberg Group invested in 1,500+ local community engagement initiatives in 2012. These investments target a range of subjects, with education and culture, and the environment being the largest beneficiaries.

The total monetary value of these investments in 2012 was DKK 38m, which includes in-kind donations (for example free products to support charity events), direct financial contributions and cause-related marketing activities. This is less than in 2011, which can be attributed to the general economic trend.

Some Carlsberg Group companies enter into cause-related marketing partnerships with civil organisations enabling both parties to communicate their shared values while supporting a good cause. One example is from Carlsberg UK, where the Tetley beer brand has raised GBP 115,000 for the Help for Heroes charity by donating 1 pence per pint sold and carrying out various fund-raising

activities with employees and customers. In 2012, we engaged in 16 different cause-related partnerships.

One 2012 target was to engage consumers in CSR activities during EURO 2012. We reached this target by communicating to improve people's awareness of responsible drinking and environmental protection. For example, 375,000 bracelets were handed out to people pledging to drink responsibly. In addition, 20 tonnes of plastic cups were recycled in Polish fan parks. (Read more under Responsible drinking on page 34.)

In 2012, we postponed the publication of an internal community engagement guidebook. Instead, we gathered the required best practice stories from the Group companies, and will finalise the book in 2013 based on feedback and suggestions from CSR champions.

Furthermore, in 2012, 4,146 employees across the Carlsberg Group's companies volunteered in 706 different community investment activities, contributing a total of 32,104 hours.

Future plans

The target set for 2013 is to actively involve our consumers and employees in our community activities. We predict that the sustainable packaging programme (cf. page 30) and the partnership projects with global organisations will be the primary vehicles for this involvement.



2012 progress

2012 commitments	2012 achievements
1 Develop a community engagement guidebook to share best practices	Community engagement best practice stories shared and distributed internally
2 Involve consumers in community initiatives as part of the EURO 2012 tournament	Engaged consumers in recycling and responsible drinking activities

2013 plans and targets

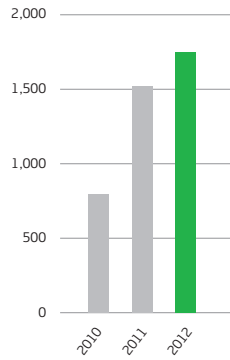
2013 plans	2013 targets
1 Develop a community engagement guidebook and impact evaluation	All our companies to have a system in place to strategically prioritise potential community activities and evaluate outcomes Actively involve Carlsberg Group employees in our global community efforts
2 Advance community activities together with global NGOs	Two global partnerships to be developed to advance community activities at local level

These are examples of a more strategic approach to community engagement, in which we identify areas that are closely linked to our business and focus our efforts there, with our companies' employees actively engaged and playing an essential role in volunteering and non-commercial sponsorship activities.

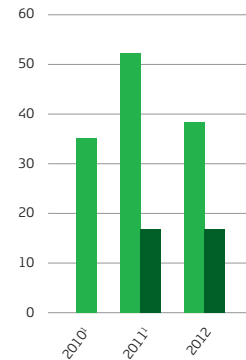
This means that going forward, whether global or local, we follow the same principles – as presented in our Community Engagement Policy – while at the same time acknowledging that communities differ in terms of needs and challenges.

In doing so, we believe that community engagement can build a reputation and a connection with society that will help Carlsberg grow responsibly.

Total number of community investment activities



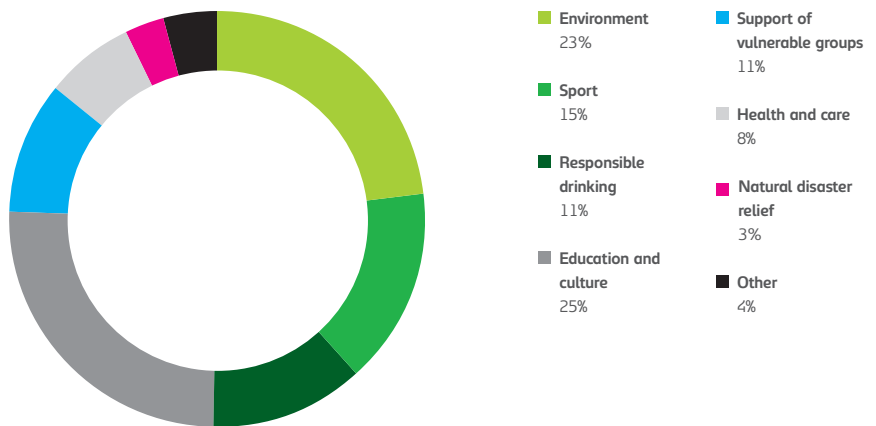
Community engagement



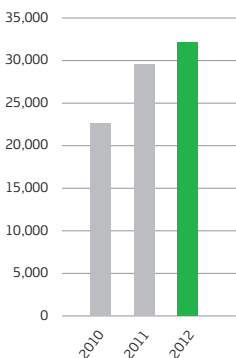
■ Total cash and in-kind donations DKKm
 ■ Number of cause-related marketing partnerships

¹ Data restated for total cash and in-kind donations due to errors in previously reported data.

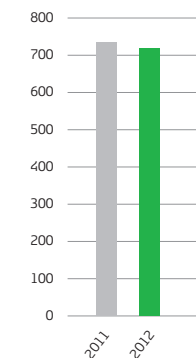
Distribution of community investment activities



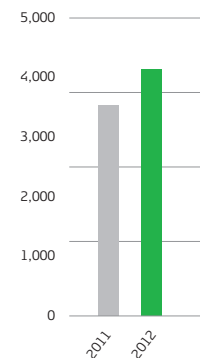
Hours spent on community investment activities



Number of volunteering activities



Total number of employees who participated in volunteering activities



CARLSBERG SVERIGE COOPERATES WITH THE RED CROSS ON WATER PROJECTS



For every litre of Ramlösa mineral water sold in Sweden, Carlsberg Sverige's Ramlösa Water Fund donates one litre of clean water to Red Cross water projects in Africa.

The initiative was launched in June 2011. The goal was to reach 100 million litres of clean water for Africa by the end of 2012, which the project succeeded in achieving in December 2012.

Two Red Cross projects directly supported by the Ramlösa Water Fund are "Water for Namibia" and "Water for Ethiopia". Over a four-year and five-year period respectively, they aim to improve access to clean water, improve sanitation, and inform and educate people about how to prevent the spread of disease through the safe storage of water and improved personal hygiene.



Patrick Fox

Water Advisor and Delegate,
Swedish Red Cross

More than 700 million people today have no access to clean water. Thanks to Carlsberg Sverige's contribution through the Ramlösa Water Fund, we can work on long-term solutions to help ensure access to clean water.







БАЛТИКА
пивоваренная компания

Сотрудники филиала «Балтика-Ярославль» совместно с Оргкомитетом «Сочи 2014» 27 июня 2012 года очистили этот берег реки Волга.

Собранные стеклянные и ПЭТ-бутылки и банки были сданы на переработку, утилизацию и повторное использование.

sochi.ru 2014 ОФИЦИАЛЬНАЯ ПОСТАВЩИК
Органический поставщик в категории «Еда»

BALTIKA RUNS TWO OF THE BEST CSR PROJECTS IN RUSSIA ACCORDING TO JURY

The Russian national programme “Best CSR projects of Russia” publishes an annual list of projects selected by an independent, international jury of experts; projects that the programme – supported by the Russian ministry of natural resources and environment and international NGOs – sees as role models for CSR in Russia.

Baltika claimed two places on the list in 2012. The two projects recognised were:

BeerPatrol

Since 2008, 180 patrols have been carried out together with non-profit organisations, public authorities and the police to check around 2,000 points of sale to make sure they are not selling alcohol to minors. The patrols place stickers with the message “Are you 18? Prove it!” at points of sale and raise awareness among sales assistants of the rules on selling alcohol to minors.

Seven Rivers

Launched in June 2012, this pan-Russian environmental campaign implemented by Baltika Breweries, together with the Organising Committee of the Sochi 2014 Winter Olympics in Russia, aims to develop a recycling culture in Russia to reduce greenhouse gas emissions. The campaign began by cleaning and recycling the rubbish collected from the banks of major Russian rivers.

RESPONSIBLE SOURCING



Bengt Erlandsson
SVP Group Procurement

”
We want to proactively cooperate with our suppliers and partners, to create solutions that can reduce our environmental impact and mitigate potential CSR-related risks.

OUR SUPPLY CHAIN PROVIDES ALL OF THE INGREDIENTS AND PACKAGING FOR OUR PRODUCTS. MANAGING QUALITY AND CSR STANDARDS WITHIN OUR SUPPLY CHAIN IS OF PARAMOUNT IMPORTANCE TO THE INTEGRITY OF OUR PRODUCTS.

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.

Promoting responsibility within our supply chain is not an easy task. To manage this, we implement the standards set out in our Code of Conduct through initiatives such as our Responsible Sourcing Programme and integrated auditing, carried out by our quality department or external auditing bodies.

Supplier and Licensee Code of Conduct

The Code of Conduct includes the standards 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, the environment and business ethics.

We have embedded the Code of Conduct in our global contracts, making the standards an integrated element of our business relationship with our suppliers. To support the implementation of the Code of Conduct, we have joined AIM-Progress, an industry-wide forum for global fast-

moving consumer goods companies and their suppliers, to enable and promote responsible sourcing practices and promote industry cooperation¹. We are also a member of Sedex², the Suppliers Ethical Data Exchange, a collaborative platform for sharing ethical supply chain data, which enables us to share information with our suppliers regarding their CSR performance.

You can read more about the Code of Conduct in the CSR section on our website, www.carlsberggroup.com/CSR.

Responsible Sourcing Programme

The aim of the Carlsberg Group Responsible Sourcing Programme is to develop and implement a set of processes to help us improve the knowledge of CSR issues in our supply chain, and to monitor compliance with our Code of Conduct and relevant industry standards.

2012 performance

For 2012, we committed to monitoring the Carlsberg Group Supplier and Licensee Code of Conduct's inclusion in global and regional contracts signed by suppliers. To this end, we conducted a survey of all active Group Procurement global contracts and enhanced tracking of compliance in the contract management system. Finally, we made sure that the Code of Conduct is included in all Group Procurement contract templates and legal reviews.

¹ Learn more about AIM-Progress at: www.aim-progress.com

² Learn more about Sedex at: www.sedexglobal.com

2012 progress

2012 commitments

- 1 Monitor if the Carlsberg Group Supplier and Licensee Code of Conduct is included in global and regional contracts signed by suppliers

2012 achievements

- Code of Conduct included in all Group Procurement contract templates and legal reviews
- Code of Conduct survey of all active Group Procurement global contracts
- Enhanced tracking of Code of Conduct compliance in contract management system

2013 plans and targets

2013 plans

- 1 Finalise pilot programme including 15 Group suppliers for Responsible Sourcing Programme
- Update the Supplier and Licensee Code of Conduct

2013 targets

- Evaluate findings from Responsible Sourcing Programme pilot and decide on next steps





Pilot programme launched

Late in the year, we launched a pilot on the Responsible Sourcing Programme involving a selected number of suppliers. This pilot will allow us to evaluate whether our programme design adequately measures compliance with our Code of Conduct and to trial third-party audits.

We chose to work with 15 suppliers with whom we have a strong relationship, to ensure that we have open dialogue and feedback. After finalising this pilot in the first quarter of 2013, we will evaluate the pilot (including scope and approach) and decide on next steps.

Integrated quality audits

Besides the pilot programme, we are also including a number of CSR-related ques-

tions in our quality audits of Carlsberg suppliers. These audits focus on assessing whether suppliers have policies, management systems, certifications and targets for environment and safety, and whether the company has a code of conduct in place. In 2012, we performed a total of 121 audits: 94 in Western Europe, 21 in Eastern Europe and seven in the US.

The current audit questions will be revised in 2013, to better reflect the standards set out in the Code of Conduct and increase relevance to our specific suppliers.

Future plans

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 still a great deal of work ahead of us.

During the course of this year we will evaluate our approach in this area. The basis for this will be the findings that come out of the pilot of our Responsible Sourcing Programme. Using these findings will help us to better define how we can most optimally engage with our suppliers.

We will continue our participation in the AIM-Progress group in order to promote collective action across fast-moving consumer goods companies to promote responsible sourcing practices and sustainable production systems.



1 DATA SUMMARY TABLE

ENVIRONMENTAL DATA	2010	2011	2012
General production figures			
Number of reporting sites	74	75	76
Beer production (million hl)	99.4	99.1	100.7
Soft drink production (million hl)	10.1	11.7	12.2
Beer and soft drink production (million hl)*	109.5	110.8	112.9
Malting (ktonnes)	464.8	410.1	467
Environmental performance data (beer, soft drink and malt production)			
Total thermal energy (GWh)*	3,012	2,735	2,808
Total electricity (GWh)*	1,016	949	966
Total CO ₂ emissions (ktonnes)*	1,185 ¹	1,079 ¹	949
Total SO ₂ emissions (tonnes)	3,222	1,376	1,440
Total NO _x emissions (tonnes)	3,098	1,568	1,483
Total water consumption (million m ³)*	40.1	38	38.7
Total waste water discharged (million m ³)	26.4	24.9	25.2
Total organic load (COD) before treatment (ktonnes)	81.2	79.8	73.6
Solid waste			
Incinerated (ktonnes)	4.4	6.6	7.1
To sanitary landfill (ktonnes)	41	43.5	45.1
Special waste (ktonnes)	0.43	0.79	0.32
Recycled (ktonnes)	151.5	135.2	147.5
Disposed of for land application (ktonnes)	284	209	244.5
Other (ktonnes)	0.8	0.8	8.3
Total solid waste (ktonnes)	483	396	452.8
Brewer's grains and brewer's yeast (ktonnes)	1,299	1,341	1,317
Relative figures for beer and soft drink production			
Thermal energy (kWh/hl)*	23.5	21.1	21.0
Electricity (kWh/hl)*	8.8	8.1	8.1
Combined energy (thermal and electricity) (kWh/hl)*	32.3	29.2	29.1
CO ₂ emissions (kg CO ₂ /hl)*	9.7 ¹	8.8 ¹	7.3
Water (hl/hl)*	3.5	3.3	3.3
Relative figures for malt production			
Thermal energy (kWh/tonne)	749.2	760.1	712.1
Electricity (kWh/tonne)	101.6	103	97.2
Combined energy (thermal and electricity) (kWh/tonne)	850.8	863.1	809.3
CO ₂ emissions (ton CO ₂ /tonne)	0.27	0.24	0.22
Water (m ³ /tonne)	2.8	2.5	2.1
Other figures			
Complaints	55	47	42
Number of sites that are ISO 14001-certified	47	60	60
Water source split			
Municipal water (%)	54	49	51
Own boreholes (%)	40	45	43
Surface water (%)	5	6	6
Other (%)	1	0	0

	2010	2011	2012
Wastewater destination			
Public sewer with WWT (%)	72	71	68
Public sewer without WWT (%)	3	5	3
On-site treatment, followed by discharge to river/lake (%)	24	24	28
Other (%)	0	0	1
Thermal energy mix			
Natural gas (%)	73.2	71.1	69.7
Coal (%)	11.8	12.7	12.3
District heating (%)	8.3	8.4	7.9
Heavy fuel oil (%)	3.2	2.6	4.7
Renewable (%)	1.6	3.1	3.5
Light fuel oil (%)	1.5	1.5	1.2
Other (%)	0.4	0.6	0.6
Packaging mix			
Cans (%)	23.1	23.8	24.8
RGB (%)	29.4	28.9	29.2
NRGB (%)	8.0	8.6	8.2
R-PET (%)	1.6	1.6	2.2
PET (%)	27.9	27.4	26.3
Kegs (%)	8.0	7.4	7.4
Bulk (%)	1.4	1.8	1.4
Other (%)	0.6	0.5	0.5

COMMUNITY ENGAGEMENT	2010	2011	2012
Total cash and in-kind donations (DKKm)	36 ²	52 ²	38
Number of cause-related marketing partnerships	N/A ³	16	16
Percentage of companies investing in community engagement initiatives	78 ⁴	86 ⁵	85 ⁶
Number of community engagement activities	788	1,504	1,731
Distribution of activities			
Environment (%)	22	22	23
Sports (%)	10	13	15
Responsible drinking (%)	10	10	11
Education and culture (%)	24	22	25
Support of vulnerable groups (%)	21	10	11
Health and care (%)	5	7	8
Natural disaster relief (%)	4	4	3
Other (%)	14	12	4
Number of employees involved in community engagement activities	N/A ³	3,527	4,146
Number of hours spent	22,590	29,465	32,104

HEALTH & SAFETY 2010 2011 2012

Figures for production

Number of lost-time accidents	233	195	171*
Lost-time accident rate	16.7	13.6	11.4*
Number of lost days	3,608	2,559	2,306*
Days lost rate	258	178	153*

Figures for logistics

Number of lost-time accidents	230	180	148
Lost-time accident rate	27.2	21.6	19
Number of lost days	4,810	2,991	2,457
Days lost rate	568	359	316

Figures for the Group

Number of lost-time accidents	540	457	367
Lost-time accident rate	14.9	12.3	9.9
Number of lost days	9,761	6,831	5,489
Days lost rate	270	184	147
Fatalities	2	2	0

Lost-time accidents by department

Percentage in production	43	43	47
Percentage in logistics	43	39	40
Percentage in sales & marketing and administration	14	18	13

MARKETING COMMUNICATION 2010 2011 2012

Percentage of companies with a procedure in place to track consumer complaints	94 ⁷	94 ⁷	97 ⁸
Number of reported incidents of non-compliance with the Marketing Communication Policy	10	7	5
Number of sales, marketing and innovation employees trained through the marketing communication e-learning tool	N/A	235	251

RESPONSIBLE DRINKING 2010 2011 2012

Percentage of companies implementing responsible drinking initiatives	N/A	80 ⁹	78 ¹⁰
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BUSINESS ETHICS 2010 2011 2012

Number of training sessions held on the Business Ethics Policy	118	184	184
Total number of employees trained in the Business Ethics Policy	6,234	6,653	3,795
Percentage of companies with mechanisms in place to avoid business ethics incidents	78 ¹¹	84 ¹²	83 ¹³
Number of markets that held business ethics training sessions	22	24	24
Percentage of companies having implemented the Third Party Screening Procedures	N/A	N/A	35 ¹⁴

LABOUR & HUMAN RIGHTS 2010 2011 2012

Total workforce	41,402	42,670	41,708
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Percentage of employees by employment contract

Number of permanent employees	93	93	93
Number of temporary employees	7	7	7

Percentage of employees by employment type

Full-time	94	94	93
Part-time	6	6	7

Percentage of employees by employment category

Total presidents + top managers	2	2	2
Total managers	10	11	11
Total specialists	36	39	39
Total workers	52	48	48

	2010	2011	2012
Percentage of employees by gender			
Male	74	74	73
Female	26	26	27
Percentage of management level by gender			
Male	76	76	77
Female	24	24	23
Percentage of employees by age			
Younger than 18	0.05	0.03	0.03
19-29	24	23	23
30-39	35	35	35
40-49	26	26	26
Older than 50	15	16	16
Employee turnover			
Percentage of employee turnover average for the Group	12	16.5	14
Percentage of employee turnover by age			
Younger than 18	0	0	0
19-29	41	43	41
30-39	30	32	32
40-49	15	14	15
Older than 50	15	11	12
Percentage of employee turnover by gender			
Male	76	75	71
Female	24	25	29
Hours of training			
Average for the Group	18	17	13
Collective bargaining			
Percentage of employees covered by collective bargaining agreements	69	68	71
Policy implementation status			
Percentage of labour and human rights procedures and processes implemented as average of the Group	87	89	93
RESPONSIBLE SOURCING			
Number of integrated quality audits	54	76	121

NOTES

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

¹ 2010 and 2011 CO₂ emissions restated due to changes in methodology.

² Restated due to errors in reported data.

³ Data gathered/consolidated for the first time in 2011.

⁴ 28 out of 36 companies

⁵ 32 out of 37 companies

⁶ 34 out of 40 companies

⁷ 34 out of 36 companies

⁸ 37 out of 38 companies

⁹ 28 out of 35 companies

¹⁰ 29 out of 37 companies

¹¹ 28 out of 36 companies

¹² 32 out of 38 companies

¹³ 33 out of 40 companies

¹⁴ 14 out of 40 companies

2 INDEPENDENT ASSURANCE REPORT

To the readers of the 2012 CSR Report

We were engaged by the Executive Board of Carlsberg A/S (“Carlsberg”) to provide assurance on selected information in the Carlsberg Group Corporate Social Responsibility Report 2012 (“the Report”). The Executive Board is responsible for the preparation of the Report, including the identification of material issues. Our responsibility is to issue an assurance report based on the engagement outlined below.

Scope

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

- In the “Environment” section, the introduction, “Energy and emissions”, CO₂ emissions and “Water” (pp. 18-28).
- In the “Health & Safety” section, the following 2012 indicators: lost-time accident rate (LTAR) and days lost rate (DLR) in production.
- In the “Economic value generated” section, the following information for 2012: taxes borne incl. excise duties, corporate tax paid and excise duty paid.

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

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 appendices 4 to 6. It is important to view the assured information 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 competences needed to provide assurance on sustainability information, and that they comply with requirements of the Code of Ethics for Professional Accounts of the International Federation of Accountants to ensure their independence.

Work undertaken

Our procedures included the following:

- A risk analysis, including a media search, to identify relevant environmental and safety issues for Carlsberg during the reporting period.

- Reviewing the suitability of the reporting criteria.
- Evaluating the design and implementation of the systems and processes for the collection, processing and control of the selected information.
- Interviews with the relevant staff at corporate level responsible for collecting, consolidating and carrying out internal control procedures on the selected information.
- Visits to three production sites in Poland, Ukraine and China to review the environmental and safety data and the design and implementation of validation procedures at local level.
- An analytical review of the data for the selected environmental and safety indicators submitted by all production sites for consolidation at corporate level.
- Evaluating internal and external documentation, based on sampling, to determine whether the selected information is supported by sufficient evidence.
- An analytical review of the selected tax information for the individual consolidated entities.
- Reconciliation of selected tax information with the audited consolidated financial statements of Carlsberg A/S.

Conclusion

Based on the procedures performed, as described above, nothing came to our attention to indicate that the selected information is not presented, in all material respects, in accordance with the reporting criteria.

Observations

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

- Carlsberg reports mainly on the environmental impacts related to production. We recommend Carlsberg to extend the reporting of absolute energy and CO₂ (Carlsberg’s footprint) to cover all of the operations under Carlsberg’s control, including logistics and marketing.
- This year Carlsberg postponed further work on water-related community initiatives. In view of the importance of water availability to the business we recommend Carlsberg to give high priority to the development of their long-term strategy approach to water management in 2013.

Amsterdam, 25 February 2013
KPMG Sustainability
part of KPMG Advisory N.V.

Wim Bartels
Partner

Copenhagen, 25 February 2013
KPMG
Statsautoriseret Revisionspartnerselskab

Henrik Kronborg Iversen
State Authorised Public Accountant

3 GLOBAL REPORTING INITIATIVE TABLE

The Carlsberg Group utilises the Global Reporting Initiative (GRI) G3 framework to produce an overview of our CSR progress. The framework provides organisations with principles and indicators so that they can measure and report their economic, environmental and social performance.

The following GRI table details how our CSR progress data from 2012 is aligned with the GRI G3 guidelines. Learn more about the GRI at www.globalreporting.org.

This is our fourth year of reporting in accordance with the GRI and it will continue to be a part of our CSR commitment. Following our self-assessment, we declare our reporting to be consistent with the criteria for Application Level C+. KPMG provided assurance on selected environmental indicators based on the International Standard for Assurance Engagements (ISAE) 3000.

To increase the transparency and comprehension of the table, we indicate whether our level of disclosure covers the GRI requirements fully or partially. In addition, every profile or performance indicator we apply is linked to a specific section of either our Annual Report (AR), our company website (www.carlsberggroup.com) or the CSR section on our company website (www.carlsberggroup.com/csr/reports).

Given that our products are made from natural resources, the sustainability of the environment is vital to our business. Most of the indicators in the GRI table are therefore environment-related. In total, we report on 27 indicators (13 of which are related to the environment), which is significantly above the required 10 profile indicators for level C. In order to simplify the table, we have only included the indicators for which we provide either full or partial data. The GRI G3 Guidelines, which

include the entire list of indicators, can be found at www.globalreporting.org.

The GRI G3 Guidelines encourage disaggregation of information where feasible, but acknowledge that the level of disaggregation may vary by indicator. We will continue to develop the maturity of our reporting systems and procedures so that we can improve the level of disaggregation in the future. We also aim to regularly revise the indicators that we include in our progress data so as to ensure that they are aligned with our CSR agenda, and so that any indicators that add value for our stakeholders or us are included.

If you have any comments or questions about our GRI reporting, please contact: csr@carlsberg.com

GRI PROFILE AND PERFORMANCE INDICATORS	CSR REPORT 2012 (CSR) ANNUAL REPORT 2012 (AR)	OTHER LOCATION AND/OR ELABORATIONS	LEVEL OF REPORTING	UNGC PRINCIPLE
1. STRATEGY AND ANALYSIS				
1.1 CEO statement	CSR: 6 AR: 7-10		●	
2. ORGANIZATIONAL PROFILE				
2.1 Name of the organization	CSR: 86		●	
2.2 Primary brands, products, and/or services		Carlsberg Group brand selector (http://www.carlsberggroup.com/brands)	●	
2.3 Operational structure of the organization	AR: 43-44: Executive Board 50-51: Executive Committee 135-137: Supervisory Board		●	
2.4 Location of organization's headquarters.	CSR: 86		●	
2.5 Number of countries where the organization operates	AR: 4-5		●	
2.6 Nature of ownership and legal form	AR: 39		●	
2.7 Markets served	AR: 12-19		●	
2.8 Scale of the reporting organization				
2.8.1 Number of employees	CSR: 55		●	
2.8.2 Net sales	AR: 8, 54-55		●	
2.8.3 Total capitalization broken down in terms of debt and equity	AR: 8, 63		●	
2.8.4 Quantity of products or services provided	AR: 8		●	

GRI PROFILE AND PERFORMANCE INDICATORS	CSR REPORT 2012 (CSR) ANNUAL REPORT 2012 (AR)	OTHER LOCATION AND/OR ELABORATIONS	LEVEL OF REPORTING	UNGC PRINCIPLE
2.8.5	Total assets	AR: 8, 62	●	
2.9	Significant changes during the reporting period regarding size, structure, or ownership	AR: 67-70	●	
2.10	Awards received in the reporting period	CSR: 63: Baltika runs two of the best CSR projects in Russia according to jury	●	
		Find more case stories from 2012 at our web site: www.carlsberggroup.com/CSR/ourstories <ul style="list-style-type: none"> • Feldschlösschen awarded the Friendly Work Space label • Carlsberg Polska receives eco-responsible business award • Saku Brewery receives the Responsible Company quality label • Bosman and Kasztelan Breweries recognised for safety improvements by Regional Labour Authorities • Carlsberg UK receives 7 awards for outstanding health & safety results 		

3. REPORT PARAMETERS

Report profile

3.1	Reporting period		The report covers the calendar year of 2012	●
3.2	Date of most recent previous report		CSR Report 2012 published on 26 of February 2013	●
3.3	Reporting cycle		The reporting cycle is annual	●
3.4	Contact point for questions regarding the report or its contents.	CSR: 8	csr@carlsberg.com	●

Report scope and boundary

3.5	Process for defining report content	CSR: 78		●
3.6	Boundary of the report	CSR: 78		●
3.7	State any specific limitations on the scope or boundary of the report	CSR: 78		●
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	CSR: 78		●
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement	CSR: 24, 60, 68	24: CO ₂ (2010 and 2011 CO ₂ emissions restated due to changes in methodology) 60: Community engagement (data restated for total cash and in-kind donations due to errors in previously reported data)	●
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	CSR: 78-79		●

GRI Content Index

3.12	Table identifying the location of the Standard Disclosures in the report. [...]		The information contained in this GRI table	●
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GRI PROFILE AND PERFORMANCE INDICATORS	CSR REPORT 2012 (CSR) ANNUAL REPORT 2012 (AR)	OTHER LOCATION AND/OR ELABORATIONS	LEVEL OF REPORTING	UNGC PRINCIPLE
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Assurance

3.13	Policy and current practice with regard to seeking external assurance for the report	CSR: 72 AR: 133		
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4. GOVERNANCE, COMMITMENTS, AND ENGAGEMENT

4.1	Governance structure of the organization	AR: 43-44: Executive Board 50-51: Executive Committee 135-137: Supervisory Board		●
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	AR: 39-45: Corporate Governance 135-137: Supervisory Board	The Supervisory Board is made up of 14 members, none of whom are involved in operative management	●
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	AR: 39-41		●
4.14	List of stakeholder groups engaged by the organization	CSR: 12-13		▶
4.15	Basis for identification and selection of stakeholders with whom to engage	CSR: 12-13	Community Engagement Policy Find it online: http://www.carlsberggroup.com/csr/ReportingonProgress/Documents/Community%20Engagement%20policy.pdf	▶

PERFORMANCE INDICATORS

Economic

EC1	Direct economic value generated and distributed	CSR: 16-17: Economic value generated 60: Distribution of community investment activities AR: 54-55: Financial review 98-100: Retirement benefit obligations and similar obligations 76: Corporation tax		▶
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change	CSR: 20-25: Energy & emissions 29-33: Packaging		● 7

Environment

EN3	Direct energy consumption by primary energy source	CSR: 20-25, 68		● 8
EN4	Indirect energy consumption by primary source	CSR: 20-25, 68		● 8
EN5	Energy saved due to conservation and efficiency improvements	CSR: 20		▶ 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	CSR: 20-25		● 8, 9

GRI PROFILE AND PERFORMANCE INDICATORS		CSR REPORT 2012 (CSR) ANNUAL REPORT 2012 (AR)	OTHER LOCATION AND/OR ELABORATIONS	LEVEL OF REPORTING	UNGC PRINCIPLE
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	CSR: 20-25		●	8, 9
EN8	Total water withdrawal by source	CSR: 26		●	8
EN16	Total direct and indirect GHG emissions by weight	CSR: 24, 68		●	8
EN18	Initiatives to reduce GHG emissions and reductions achieved	CSR: 20-25		●	7, 8, 9
EN20	NOx, SOx and other significant air emissions by type and weight	CSR: 68		●	8
EN21	Total water discharge by quality and destination	CSR: 69		●	8
EN22	Total weight of waste by type and disposal method	CSR: 68		●	8
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	<p><u>CSR: Case stories:</u> 10: Focus on barley. 22: Partnership with UNIDO will improve environment in Russia. 25: Energy Improvements in Asia. 28: Using less water at Gorkha Brewery in Nepal. 29: Engaging customers and consumers in Poland. 33: Carlsberg Italia moves first on environmental impact studies. 63: Baltika runs two of the best CSR projects in Russia according to jury.</p> <p><u>CSR: Sections:</u> 18-19: Environment 20-21: Energy & Emissions 24: CO₂ emissions 26-27: Water 30-32: Packaging</p>	<p>Find more case stories from 2012 online at www.carlsberggroup.com/CSR/ourstories:</p> <ul style="list-style-type: none"> • Kronenbourg covers 20% of its annual energy consumption with 'home-made' biogas • Carlsberg Polska activates EURO football fans in anti-littering campaign • Heat from brewing process supports district heating network • Rail transport makes sense for business and environment 	●	7, 8, 9
EN27	Percentage of products sold and their packaging materials that are reclaimed by category	CSR:30		●	8, 9
Labour practices and decent work					
LA1	Total workforce by employment type, employment contract, and region. (Core)	CSR: 70		●	
LA2	Total number and rate of employee turnover by age group, gender, and region. (Core)	CSR: 71		●	6
LA4	Percentage of employees covered by collective bargaining agreements. (Core)	CSR: 71		●	1, 3
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities by region	CSR: 70		●	1
LA10	Average hours of training per year per employee by employee category	CSR: 71		●	
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	●	
		Find it online: www.carlsberggroup.com/CSR/REPORTINGONPROGRESS/COMMUNITYENGAGEMENT/Pages/default.aspx			

GRI PROFILE AND PERFORMANCE INDICATORS	CSR REPORT 2012 (CSR) ANNUAL REPORT 2012 (AR)	OTHER LOCATION AND/OR ELABORATIONS	LEVEL OF REPORTING	UNGC PRINCIPLE
S04	Actions taken in response to incidents of corruption	CSR: 48-50	▶	10
S05	Public policy positions and participation in public policy development and lobbying		●	1-10
		Carlsberg is active in the political debate related to the regulatory environment for beer and soft drinks etc. We engage directly and indirectly in dialogues with authorities and other stakeholders at national, regional and international level.		
		At national level, we are active through our membership of brewers associations, trade associations etc. We also engage regionally through The Brewers of Europe, being the voice of the European brewing sector and a platform for dialogue with the EU Institutions. At global level we provide input to policy dialogues, e.g. through the World Wide Brewing Alliance, in the World Health Organisation, the World Trade Organisation etc. Carlsberg contributes to funding research on beer and other alcoholic beverages, for example through The European Foundation for Alcohol Research (ERAB) and the International Centre for Alcohol Policies (ICAP). Furthermore Carlsberg Group is also an active member of the 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.		
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship		▶	
		Marketing Communication Policy Find it online: http://www.carlsberggroup.com/csr/ReportingonProgress/Documents/Carlsberg_Policy_MC_group.pdf		
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	CSR: 40	▶	
N/A	% of employees trained on responsible marketing. Training could e.g. be e-learning, workshop or induction training.	CSR: 40	●	
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		▶	1-6
		98% of our companies have reported that all HR employees have been introduced to the Labour and Human Rights Policy and are familiar with the situations covered by the policy. Furthermore, 75% of our companies have trained all their people managers with direct reports in the Labour and Human Rights Policy, an increase of 14% from last year. The figures for on total % of employees trained not available		
HR4	Total number of incidents of discrimination and actions taken		●	1, 2, 6
		No incidents of discrimination reported in 2012		

4 CSR REPORTING PROCESS AND SCOPE¹

Reporting approach and criteria

[Determining the content of the reporting]

Completeness

Scope of the CSR reporting

Our CSR reporting is aligned with GRI G3. In this document we cover the relevant and significant social, ethical and environmental issues for the financial year 1 January to 31 December 2012. Our GRI table includes references to our Annual Report, which covers our financial and economic performance. Together, this information supplies our stakeholders with an overview of our social, environmental and economic performance.

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 whether our current level of activities and reporting was sufficient to meet our stakeholders' expectations. We also receive recommendations on our CSR activities and reporting from our assurance provider, KPMG, and continuously analyse competitors and industry initiatives.

Furthermore, we use the internationally recognised Global Reporting Initiative (GRI) standard in order to ensure comparability with other companies. Find out more from our GRI table in Appendix 3.

Boundary setting

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

Joint ventures and companies over which Carlsberg does not have the opportunity to exercise management control are not included in the reported data. However, we work constantly with our partners to ensure a continuous focus on CSR issues. If a majority-owned entity is acquired during the financial year, the entity will be included in the reporting for the following year.

The boundary setting is different for the information related to "Economic value generated" and "Total tax contribution". The principles used for this data can be found in Appendix 6.

Comments on boundary setting:

- The following site has been closed/sold since 2011: Vena Brewery, St Petersburg (Russia, 01.01.12), Leeds (UK, closed 17.06.11), Cardinal (Switzerland, closed 23.06.11)
- The following sites have been added since 2011: Hue Brewery, Hue (Vietnam), Hue Brewery, Phu Bai (Vietnam), Lao Brewery, Vientiane (Laos), and Lao Brewery, Pakse (Laos).

- The following sites are not included even though they are majority-owned: Qitai Malting (China), Yinchuan Bottling Plant (China).
- The following site will be excluded from 2013 due to closure: Changji Brewery (China, Xinjiang Group).
- The following site changed its name: Lao Softdrink Company changed its name to Lao Brewery due to a merger.

Ensuring data quality

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

Please find additional information on each of the topics below:

Balance

We are committed to communicating honestly and openly about our performance, both when it has improved and when it has not. Our aim is to provide our stakeholders with sufficient information about our company 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 strive to make our CSR reporting accessible and easy to read. We have worked with usability and web experts to ensure that the performance data and reporting content are understandable and well communicated on our corporate website.

Accuracy and reliability

Since 2009, we have used a dedicated CSR reporting system to help us collect data from local sites and consolidate this at 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 order to obtain a complete and fully aligned overview of all our CSR data, especially when it comes to local procedures for data gathering. Our reporting system has been developed by Enablon, an international provider of CSR software solutions. The system gives us a high degree of control over the data-gathering process, helps local companies to compare data year on year, and also allows instant consistency checks during the data-gathering phase.

We have appointed KPMG to provide independent assurance regarding selected environmental and safety indicators. In the various sections, we indicate which data has been assured. For further details, see page 72.

Timeliness

Internally, we report our CSR data with varying degrees of frequency, determined by the nature of the data. Health & safety

¹ The scope and boundary described in this section mainly relate to CSR data gathered primarily through our CSR reporting and management system.

data is reported on a monthly, quarterly and annual basis. All other CSR data is collected annually. Where necessary, we revise the reporting frequency in order to strike the right balance and obtain the right data at the right frequency. Our annual data gathering and external reporting are 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 (Appendix 3), we have listed whether our reporting is fully or partially in line with the GRI indicator definitions.

We include three-year comparisons, as recommended by GRI, for all data for which a comparable three-year history is available.

Definitions

Some differences in the interpretation of some indicators at site level were 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 at these sites. The term “production site” does not include off-site consumption such as logistics and off-site administration.

Definitions for environmental indicators and health & safety are available in Appendix 5.

Targets

We communicate two different kinds of plans and targets:

- 1) One-year short-term plans
- 2) Three-year 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 include such changes by applying scenario planning to our target-setting process.

5 ENVIRONMENT AND HEALTH & SAFETY DEFINITIONS

ENVIRONMENTAL DEFINITIONS

INDICATOR NAME	INDICATOR DEFINITION	UNIT
Total thermal energy consumption	Total thermal energy consumption for beer, and soft drink and malt production	GWh
Total electricity consumption	Total electricity consumption for beer, and soft drink and malt production	GWh
Total water consumption	Total water consumption for beer, and soft drink and malt production	m ³
Total production of beer and soft drinks	Total fermented and non-fermented products produced	hl
Total CO ₂ emissions	Total fossil carbon dioxide emissions ¹ (direct and indirect emissions) emitted due to energy used for beer, soft drink and malt production	kt tonnes 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 to produce one hectolitre of beer and soft drinks	kg CO ₂ /hl

¹ 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* (2012 Edition). CO₂ from other activities, such as logistics and CO₂-equivalents from HCFCs, is not included in the total or specific CO₂ figures.

HEALTH & SAFETY DEFINITIONS

INDICATOR NAME	INDICATOR DEFINITION	UNIT
Lost-time accidents (LTA) in production	Occupational accidents that result in employees being unable to perform the full range of their normal duties for at least one day, excluding the day of the accident	Number (LTA)
Lost-time accident rate in production	Number of LTAs x 1000 / number of FTEs	Rate (LTAR)
Days lost (DL) in production	Days absent from work (excluding the day of the accident) due to lost-time accidents	Number (DL)
Days lost rate in production	Number of DLs x 1000 / number of FTEs	Rate (DLR)
Full-time equivalents in production	Number of employees on payroll, where part-time workers are converted into FTEs by an equivalent proportion and one person maximum counts as 1 FTE	Number (FTE)

6 TAX ASSURANCE PRINCIPLES

BASIS OF PREPARATION

General comments

This Basis of Preparation presents the scope and methodology of the collection and reporting of the data on tax payments used in the Carlsberg Group Corporate Social Responsibility Report ("the Report").

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

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

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

All data, unless otherwise stated, is prepared for the year from 1 January 2012 to 31 December 2012.

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

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

Entities that, by agreement, are managed jointly with one or more other parties (joint ventures) are consolidated proportionally, and data is recognised in proportion to the ownership interest.

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

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

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

Scope of reporting and definition of key terms

"Tax" in this Report means any amount of money required to be paid to, or collected and subsequently remitted to, a government. Taxes have been reported by differentiating between taxes borne and taxes collected. The following sections provide the scope of the data presented in the Report.

Terms defined in Carlsberg's Annual Report 2012 are not described below.

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

Key term definitions

Economic value generated

Economic value generated comprises gross revenue, other income, financial income and income included in special items. Income recognised in other comprehensive income is not included.

Total tax contribution

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

Operating cost

Includes cost of sales, sales and distribution expenses, administrative expenses, other operating expenses, expenses included in special items and share of profit after tax in associates, but excluding employee wages.

Employee wages

Include wages to employees excluding social security costs.

Providers of capital

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

Economic value retained

Consolidated profit after tax.

Current tax

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

Deferred tax

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

Employee taxes

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

Government

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

Direct tax

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

Indirect tax

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

SCOPE OF REPORTING**1. Borne taxes and excise duties**

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

Corporate income tax

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

Excise duties (beer and soft drinks etc.)

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

Energy taxes (net, non-refundable)

Energy taxes comprise environmental taxes levied on the consumption of energy borne by companies' own supply of energy. Such taxes may include taxes on the consumption of electricity, oil, gas or coal.

Environmental fees

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

VAT (non-deductible)

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

Real estate taxes

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

Withholding taxes on dividends, royalties, interest and professional fees

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

Transportation taxes

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

Social contribution for employees

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

Stamp duties

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

Other taxes

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

2. Taxes collected

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

Personal income taxes

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

Social contribution withheld by the company

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

Withholding tax on dividend distributions made by Carlsberg A/S

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

VAT

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

7 LIST OF REPORTING SITES¹

COUNTRY	COMPANY	SITES
Asia		
China	Xinjiang Group	Akesu Brewery
		Changji Brewery
		Hami Brewery
		Houchen Brewery
		Kashi Brewry
		Urumqi No. 2 Brewery
		Wusu Brewery
		Korle Brewery
		Yining Brewery
		Carlsberg Brewery Guangdong
Ningxia Group	Carlsberg Brewery, Guangdong (Huizhou)	
	Ningxia Xixia Jianiang Brewery	
Yunnan Group	Kunming Huashi Brewery Yunnan	
	Dali Beer Co. Ltd	
	Carlsberg Brewery Hong Kong	Not a production site
	Carlsberg Hong Kong	Not a production site
Singapore	Carlsberg Singapore	Not a production site
Malaysia	Carlsberg Malaysia	Carlsberg Kuala Lumpur
Vietnam	SEAB (South East Asia Brewery)	SEAB Hanoi
	Hue Vietnam	Hue Brewery, Hue Hue Brewery, Phu Bai
Laos	Lao Brewery	Lao Softdrink Company Vientiane (Pepsi)
		Lao Brewery Vientiane
		Lao Brewery Pakse
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 Chelyabinsk
		Yarpivo Brewery Yaroslavl
		Yarpivo Voronezh
		Belarus
Uzbekistan	Carlsberg Uzbekistan	Tashkent
Kazakhstan	Derbes	Derbes Brewery, Almaty
Azerbaijan	Baku	Baku Brewery
Ukraine	Slavutich	Lvivska Brewery, Lviv
		Slavutich Zaporozhye
		Slavutich Kiev

¹ The reporting sites described in this paragraph relate to CSR data gathered primarily through our CSR reporting and management system.

COUNTRY	COMPANY	SITES
Northern Europe		
Denmark	Carlsberg Danmark	Jacobsen brewery Saltum Carlsberg Fredericia
	Carlsberg Breweries	Not a production site
	Danish Malting Group	DMG Denmark
Estonia	Saku Õlletehase as	Saku
Finland	Sinebrychoff	Kerava
Germany	Carlsberg Deutschland	Holsten-Brauerei Hamburg AG Mecklenburgische Brauerei, Lübz
	Aldaris	Aldaris Riga
Lithuania	Svyturys-Utenos Alys	Utena Klaipeda
Norway	Ringnes	E.C. Dahls Trondheim Farris Gjelleråsen Imsdal
		Okocim Brewery Brzesko Kasztelan Brewery Szczecin Brewery
Poland	Carlsberg Polska	Danish Malting Group Polska Sp. z.o.o. Slodownia Strzegom Sp. z.o.o.
	Danish Malting Group – Poland	
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	Rhözüns S Rheinfeld Sion
	Carlsberg Group Procurement AG	Not a production site
UK	Carlsberg UK	Northampton

