

ENVIRONMENT, SOCIAL & GOVERNANCE REPORT **2021**

INTRODUCTION

Welcome to the Carlsberg Group's Environment, Social & Governance (ESG) Report for 2021



Find out how our Together Towards ZERO programme supports our business strategy and responds to global challenges.

Discover the progress we are making with our people and partners by working Together Towards ZERO to achieve our ambitions for:

 **ZERO**
CARBON FOOTPRINT

 **ZERO**
WATER WASTE

 **ZERO**
IRRESPONSIBLE DRINKING

 **ZERO**
ACCIDENTS CULTURE
MANAGEMENT STATEMENT

Explore how we realise our commitment to responsible business to benefit our people, customers, consumers and wider society by:

- Contributing to economies
- Living by our Compass
- Respecting human rights
- Embracing diversity and inclusion
- Developing talent
- Engaging employees
- Sourcing responsibly
- Ensuring product quality and safety

Learn how we use governance and transparency to underpin our journey Together Towards ZERO by:

- Governing Together Towards ZERO
- Engaging with stakeholders
- Identifying our priorities
- Contributing to the UN Sustainable Development Goals
- Supporting the UN Global Compact
- Upholding data ethics
- Disclosing detailed performance data
- Explaining our reporting process and scope
- Obtaining external assurance

ABOUT THIS REPORT

As a responsible business, we are committed to transparent reporting. Each year, we publish three corporate reports: our Annual Report, this ESG Report and a Remuneration Report. The content of each report is tailored to the specific audience, with cross-references to the other reports where relevant. Download all the reports on carlsberggroup.com.

This ESG Report describes our approach to and performance on our most material ESG issues for the financial year 1 January to 31 December 2021.

It covers all Carlsberg Group subsidiaries in which we have a controlling stake and possess more than 50% of the voting rights. This scope includes 94 breweries and soft drinks production sites (together referred to as “breweries” in this report) and two malting plants across 31 countries. New this year are six breweries in the UK, one in Germany, one in China and one in

Belgium. See page 79 for more on our reporting scope and methodology.

This report serves as our annual communication on progress to the UN Global Compact and as our statutory statement on corporate social responsibility in accordance with sections 99a, 99b and 99d of the Danish Financial Statements Act. Our ESG actions also contribute to the UN Sustainable Development Goals (SDGs). We signpost this in relevant sections of the report and include indexes summarising our contribution to both the SDGs (see page 63) and the UN Global Compact (see page 70).

Selected data on key performance indicators is subject to limited assurance by PwC (see page 96).

COMMUNICATION
ON PROGRESS



This is our **Communication on Progress** in implementing the Ten Principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

FIND OUT MORE



ESG REPORT & SUMMARY

This full *ESG Report* provides detailed information on our strategy, goals, governance, performance and partnerships. The *ESG Summary* provides a quick read of the report highlights.

ANNUAL REPORT

Our *Annual Report* focuses on our financial performance. It includes sustainability information relevant to investors, including our annual TCFD climate disclosures.

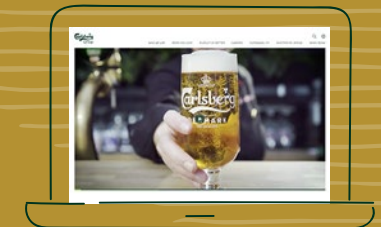


REMUNERATION REPORT

Our *Remuneration Report* includes full disclosure of Supervisory Board and Executive Management remuneration.

WEBSITE

[Carlsberggroup.com](https://carlsberggroup.com) hosts our relevant reports and policies, and showcases our biggest sustainability achievements.



SOCIAL MEDIA

We share our latest sustainability stories and updates across our markets throughout the year.

 carlsberggroup.com

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

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

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

MESSAGE FROM OUR CEO



"We're convinced that our commitment to sustainability has bolstered our resilience through another very difficult year."

Cees 't Hart
CEO, Carlsberg Group

**TOGETHER
TOWARDS
ZERO**



At Carlsberg, we are brewing for a better today and tomorrow.

We believe that our business performance and ESG performance go hand in hand. One cannot thrive without the other. We must make sure we conduct our business in a way that is sustainable for the long term, as well as optimising financial returns in the short term.

We're convinced that our commitment to sustainability has bolstered our resilience through another very difficult year. We ended 2021 with reported revenue of DKK 66.6bn, up 10% organically on the previous year, and organic operating profit up 12.5%. Return on invested capital has now reached 10.3%.

Our robust financial performance also empowers us to take further bold action to counter accelerating global sustainability challenges.

COVID-19 is just one of the major crises the world faces. The extreme weather experienced in many regions in 2021 underlines the need for urgent action to tackle the climate emergency. The science is clear: we are at a pivotal moment and the

next ten years will be crucial to protect the future of our planet.

No one can tackle this global challenge alone – we need businesses, governments and society to come together for a better tomorrow. Carlsberg was among the first ten companies – and the first brewer – to set science-based targets that align with the goal to limit global warming to 1.5°C, and I am delighted to see more and more companies joining the movement.

Ahead of COP26, I joined other CEOs in a call for policymakers to supercharge momentum towards net-zero economies with bold commitments, policies and actions. I welcome the commitments made in the Glasgow Climate Pact to keep the 1.5°C goal alive.

Consumers also have a critical role in a low-carbon future and it is encouraging that more people want to buy from brands with strong sustainability credentials. We are harnessing the power of our brands to encourage people to adopt more sustainable behaviours through the Planet Pledge and local campaigns to inspire consumers.

ZERO carbon footprint is one of four ambitions in the Together Towards ZERO sustainability programme that underpins our SAIL'22 company strategy, and we are working hard to do our part by cutting emissions from our breweries and our value chain. We have achieved a lot over the past six years. Brewery carbon emissions per hectolitre of beer are down by 40% since 2015, and we are making good progress in reducing beer-in-hand emissions.

We have also made great strides on ZERO water waste with a 21% reduction in water use per hectolitre of beer, and on ZERO irresponsible drinking with a further 114% growth in AFB volumes since 2015.

However, these successes are tempered by a setback in our previously good progress on creating a ZERO accidents culture. This year, we endured an unacceptable rise in lost-time accidents and the terrible loss of two contractors' lives. We are making every effort to prevent further tragedies with a renewed campaign to enforce our Life Saving Rules and stamp out unsafe behaviours.

We remain steadfastly committed to upholding the principles of the UN Global Compact, and we have increased our focus on topics such as diversity, inclusion and ethical conduct with employees over the past year. To me, how we do things is just as important as the results we deliver. At the end of the day, it is about treating people with respect. And respect goes hand in hand with employee engagement, which remained strong this year, despite the challenges of the pandemic.

Employees will help us drive progress on sustainability from within, and it was a pleasure to include 138 colleagues as co-strategists in the development of SAIL'27 and our updated Together Towards ZERO programme.

The world around us is changing, and we will ensure that we change with it and stay relevant to our consumers and society at large. Our new strategy will drive business growth in the coming years and remain as ambitious as ever as we work towards, and even beyond, ZERO.

Cees 't Hart
CEO, Carlsberg Group

EXTERNAL PERSPECTIVES

The Carlsberg Sustainability Advisory Board (CSAB) of independent experts provides valuable “outside in” perspectives directly to our CEO and senior executives.

The role of the CSAB is to:

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

In 2021, discussions focused on the opportunities and challenges ahead as we develop our new business strategy and refine our Together Towards ZERO programme.

Here, the three external experts on the CSAB offer their views. See page 57 for more about the CSAB and how we respond to its insights.



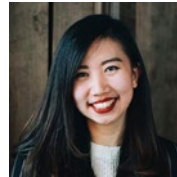
"This year, the Carlsberg Sustainability Advisory Board has been invited in for deep-dive discussions with all parts of the business to challenge them

and provide ideas on how to effectively combine the business and ESG agenda. It's clear that ESG has become much more integrated into Carlsberg's business with higher awareness, commitment and ambitions than ever before.

Carlsberg has opportunities on both environmental and social impact. In the past few years, the company has focused more on the environment, with a strong focus on climate, packaging and other impacts across the whole supply chain. The company is now increasing its focus on social impact as well, looking beyond responsible drinking to other opportunities to create value and enhance social impact for people and communities across the value chain.

There is also a growing awareness that Carlsberg will need to collaborate with others to look for solutions and deliver on its ambitions."

Knut Haanaes
Professor and Lundin Sustainability Chair, Institute for Management Development (IMD), Lausanne



"With its size and scale, Carlsberg has exciting opportunities to build on its progress to date and influence the value chain to help transform the

entire ecosystem it operates in – from rethinking packaging to promoting more sustainable agricultural practices. These are systemic challenges that need systemic solutions so engagement with stakeholders will become even more important as Carlsberg seeks to embrace these opportunities in the next phase of its journey Together Towards ZERO.

It's been a great experience to be part of the process of developing the company's SAIL'27 strategy. I have been very impressed by the effort and involvement at all levels of the business, which highlights how Carlsberg is prioritising the ESG agenda. Together Towards ZERO is not just a set of ambitions, it's part of the company strategy and there is a robust process behind every commitment."

Acacia Leroy
Innovation Design Lead, Deloitte SEA Greenhouse



"Carlsberg is positioning sustainability at the core of its business strategy and decision-making process. This will create tremendous opportunities

for the company to mitigate business continuity risks by building a sustainable supply chain and secure its position as market leader. On responsible drinking, for example, Carlsberg has already had a lot of success with alcohol-free brews.

Teaming up with others will also be essential to accelerate the pace of change and make sure Carlsberg can deliver in this decade of transition – like working with farmers to promote sustainable agriculture that will make sure crops are available for brewing in years to come.

I was deeply impressed by the way the company welcomed external insights from the CSAB in the development of SAIL'27 and how senior people from across the business are really taking ownership of sustainability topics. Integrating sustainability into the strategy process like this makes Carlsberg a role model for other companies."

Frank van Ooijen
Independent sustainability and corporate communications consultant

OUR BUSINESS

Established in Denmark in 1847, Carlsberg is one of the world's largest international brewery groups. In 2021, we sold over 140 million hectolitres (hl) of quality beers and beverages.

We are a global brewer powered by strong local brands. Our portfolio spans hundreds of beers and adjacent categories – both alcoholic and alcohol-free – including international premium brands, such

as Carlsberg and Tuborg, local power brands, such as Feldschlösschen, Baltika and Chongqing, and craft & speciality brews, such as 1664 Blanc, Grimbergen and Somersby.

Our business has demonstrated resilience during the continued market volatility and uncertainty related to COVID-19. We have delivered strong results through our robust geographical footprint and brand portfolio, alongside well-executed initiatives to safeguard the company's short- and long-term

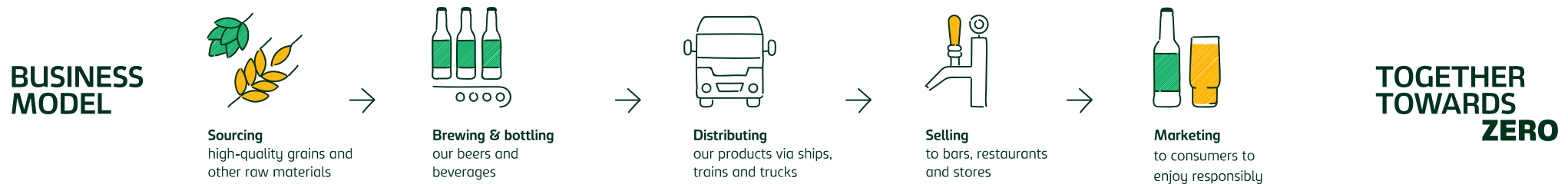
health. In 2021, total sales volumes rose by 9.3%, craft & speciality brews grew by 15% and alcohol-free brews continued to soar, up by 17% with Russia's Baltika 0 the biggest seller.

More than 39,000 people across 31 countries work for the Carlsberg Group. Our operational footprint covers 96 sites in Western Europe, Central & Eastern Europe and Asia. Carlsberg products are sold globally, reaching consumers through domestic sales, exports and licensing agreements.

The value we create for society extends well beyond our operations. We support growth and sustainable development through the positive contribution we make to economies around the world (see page 44).

Our majority shareholder, the Carlsberg Foundation, uses the dividends it generates for wide societal benefit. In 2021, this impact included DKK 879m in grants to support scientific research, arts, culture and civil society.

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



VALUE TO SHAREHOLDERS

DKK 66.6bn
revenue generated

DKK 10.9bn
operating profit

DKK 3.2bn
dividends to shareholders

DKK 3.6bn
share buy-backs



VALUE TO SOCIETY

39,000+
employees

1.09m
additional jobs created in our supply chain, hospitality and retail

DKK 40bn
total tax contribution

DKK 96bn
total economic value generated

TOGETHER TOWARDS ZERO

Our purpose at Carlsberg is brewing for a better today and tomorrow. Doing business responsibly and sustainably supports that purpose – and drives our efforts to deliver value for shareholders and society.

Our transformative Together Towards ZERO (TTZ) sustainability programme sets out our ambitions for ZERO carbon footprint, ZERO water waste, ZERO irresponsible drinking and a ZERO accidents culture by 2030. We are now four years in and well on our way to

achieving our interim targets by 2022 (see graphic).

TTZ helps us mitigate long-term risks to our business, tackle pressing environmental and societal global challenges, and make the most of opportunities to develop more

sustainable products and healthy choices for consumers. As it becomes ingrained in our culture, TTZ is creating business opportunities for our brands, a focus for our partnerships and a point of pride for our people.

Purpose

BREWING FOR A BETTER TODAY & TOMORROW



Sustainability strategy

TOGETHER TOWARDS ZERO

Sustainability priorities

	ZERO CARBON FOOTPRINT		ZERO WATER WASTE		ZERO IRRESPONSIBLE DRINKING		ZERO ACCIDENTS CULTURE	
2030 targets	ZERO carbon emissions at our breweries	30% reduction in beer-in-hand carbon footprint	50% reduction in water usage at our breweries	Partner to safeguard shared water resources in all high-risk areas	100% of our markets improve on responsible drinking year on year		ZERO lost-time accidents	
Progress in 2021	40% reduction since 2015	7% reduction from 2015 to 2019 ¹	21% reduction since 2015	Partnerships initiated in India and Nepal	17% growth in alcohol-free brews in 2021	33.6m estimated people reached through responsible drinking campaigns	168 lost-time accidents among employees in 2021	46% reduction since 2015
2022 targets	50% reduction in carbon emissions at our breweries	15% reduction in beer-in-hand carbon footprint	25% reduction in water usage at our breweries	Explore going below 2.0 hl/hl at all high-risk breweries	100% availability of alcohol-free brews (AFB)	100% responsible drinking messaging through packaging and brand activations	Reduction in accident rate year on year	
	100% electricity from renewable sources at our breweries	100% low-climate-impact cooling	Partner to safeguard shared water resources in high-risk areas		100% of our markets run partnerships to support responsible consumption			
	ZERO coal at our breweries							

Foundation



RESPONSIBLE BUSINESS

Living by our Compass · Embracing diversity & inclusion · Developing & engaging our people · Ensuring product quality, safety & human rights standards



¹ Beer-in-hand data for 2015-2019. See page 14.

TACKLING GLOBAL CHALLENGES

Our TTZ programme focuses on the most material issues for both our business and our stakeholders, informed by a detailed materiality process (see page 61). It sets bold ambitions in four priority areas where we have the potential to make the biggest positive impact on people and the planet.

Climate change and water scarcity are two of the biggest challenges the world faces, harmful drinking habits are a global health concern, and safety at work is a human right. We are embracing our responsibility as a global company to make a difference on all these fronts – including by using our position as a leading brand to influence consumer awareness and behaviour.

Progress on these priorities is underpinned by our strong commitment to doing business responsibly, including in ways that address growing global concerns related to issues such as diversity and inclusion, human rights and ethical conduct.

BOOSTING OUR BUSINESS

TTZ is driven by Carlsberg's commitment to support a sustainable future and our purpose of brewing for a better today and tomorrow. It

is good for people and the planet – and it is also good for our business.

This approach is bolstered by investors placing more emphasis on ESG criteria, and by consumers supporting global brands that adopt ethical practices. By voluntarily embracing sustainable, safe and responsible business practices, we protect our reputation and reduce our exposure to long-term risks, including tighter brewing industry regulation.

A majority of younger consumers now consider social responsibility to be important when making purchases, and under-40s are willing to pay more for sustainable products. By embracing TTZ themes, our brands are tapping into these trends and generating consumer goodwill, which in turn can lead to improved loyalty and sales. Examples of our brands taking action are highlighted in case studies throughout this report.

Our ZERO carbon and ZERO water waste targets are driving operational efficiencies that help us reduce costs as well as environmental impacts at our breweries.

TTZ also enables us to support our customers in their sustainability ambitions, including reducing their carbon footprint and responding to



In a video message to employees this year, CEO Cees 't Hart explained the importance of our sustainability agenda to Carlsberg's success now and in future.

View video at carlsberggroup.com/cees-on-sustainability-in-carlsberg/

changing consumer demands. And our focus on ZERO irresponsible drinking is spurring growth in sales of our alcohol-free brews while expanding positive choices for consumers.

Our focus on sustainability and responsible business also helps make us an attractive employer. Globally, 87% of our people say they are proud to work at Carlsberg, 86% believe the company behaves ethically, and 88% agree that we act responsibly to protect the environment.

LOOKING AHEAD

Our purpose and our TTZ programme are at the heart of our new corporate strategy, SAIL'27 (see our *Annual Report*). Developed with the support and insight of 138 co-strategists from our teams in a range of markets and functions, we will transition to this new plan during 2022.

SAIL'27 will include an updated TTZ programme, to be launched during 2022, with a sharp focus on our most material ESG issues and stretching new interim targets to drive progress towards our 2030 goals. In addition to our continued

focus on ZERO carbon, ZERO water waste, ZERO irresponsible drinking and ZERO accidents, we will use the updated TTZ programme to drive further progress, specifically on sustainable agriculture and circular packaging (currently included within our ZERO carbon targets).

This renewed strategy will make our business ever more resilient so we can continue creating value for shareholders and society – and keep brewing for many more years to come.

TOGETHER TOWARDS ZERO

Our ambition is to achieve ZERO carbon footprint, ZERO water waste, ZERO irresponsible drinking and a ZERO accidents culture by 2030. We are making good progress towards our targets by working in partnership with our colleagues, customers, communities, suppliers and other stakeholders.

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OUR PLANET PLEDGE

In 2021, we joined major consumer businesses and advertisers from around the world in signing up to the World Federation of Advertisers' Planet Pledge.

Together, we will deliver change in our own organisations and supply chains that contributes to the global

Race to Zero campaign to reach net-zero carbon emissions by 2050. And we will harness the power of global brands to inspire consumers to adopt more sustainable behaviours.

Examples of our brands in action are included throughout this report as we work Together Towards ZERO.



"The Planet Pledge targets are ambitious and very much in line with our own. They recognise that success will require getting our consumers, customers and suppliers on board. In doing so, I truly believe in the power of effective marketing communication as a way of winning the hearts and minds of beer lovers everywhere."

Robbie Millar
VP, Global Marketing, Carlsberg Group

ZERO CARBON FOOTPRINT

We must play our part in tackling the climate emergency for the future of our business and our planet.

The COP26 climate conference and the latest report from the Intergovernmental Panel on Climate Change have reinforced the urgent need for collective action to tackle the climate crisis. In the lead-up to COP26, our CEO, Cees 't Hart, joined other members of the Alliance of CEO Climate Leaders in calling for bold commitments, policies and actions towards net zero.

Our ZERO carbon ambitions commit us to eliminate emissions from our breweries by 2030 and cut our value chain carbon footprint from field to glass – what we call our beer-in-hand emissions. Back in 2017, we were one of the first ten companies in the world, and the first brewer, to have our targets approved by the Science Based Targets initiative in line with keeping global warming below 1.5°C. We are happy to see that the movement has since grown to more than 1,000 companies from different industries and regions of the world.

But we know targets are not enough to fight climate change unless they are backed up by action. That is why we are working hard to increase efficiency, switch to renewables and eliminate coal at our breweries. We also partner with suppliers to

reduce our value chain footprint as we work to develop innovative packaging solutions, promote sustainable agriculture and shift to low-carbon transport and cooling.

Understanding the risks climate change poses to our brewing operations and to our key ingredients, like crops and water, enables us to anticipate, adapt and build resilience. We report on management of our climate risks in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). In 2021, we were again included in the CDP A List, which recognises corporate leaders for transparency and action on climate risks and opportunities.



7.2 & 7.3



13.1 & 13.3



17.16 & 17.17



12.6 & 12.9

See SDG index, page 63.

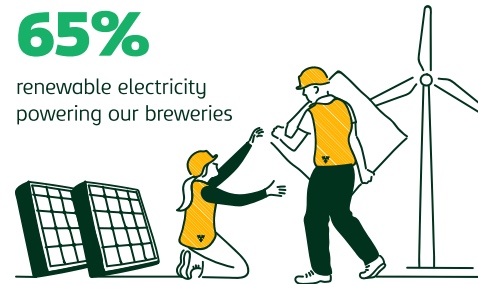
-40%

lower carbon emissions at our breweries per hl beer produced since 2015



65%

renewable electricity powering our breweries



-90%

reduction in carbon footprint of glass bottles through a trial with Encirc in the UK



2030 TARGETS

ZERO
CARBON EMISSIONS AT OUR BREWERIES

30%
REDUCTION IN BEER-IN-HAND CARBON FOOTPRINT

2022 TARGETS

50%
REDUCTION IN CARBON EMISSIONS AT OUR BREWERIES

100%
ELECTRICITY FROM RENEWABLE SOURCES AT OUR BREWERIES

ON TRACK

to reduce beer-in-hand value chain carbon footprint, with a 7% reduction from 2015 to 2019 and new partnerships this year



A

rating from the CDP for transparency and action on climate



20

heavy duty electric trucks in Switzerland – the country's largest fleet of electric trucks



15%
REDUCTION IN BEER-IN-HAND CARBON FOOTPRINT

ZERO
COAL AT OUR BREWERIES

100%
LOW-CLIMATE-IMPACT COOLING



PLANTING SEEDS OF HOPE BY RESTORING SEAGRASS IN THE UK

Seagrass is no ordinary plant. It is a natural superhero with the power to absorb carbon up to 35 times faster than a rainforest¹ and provide habitats that enable ocean wildlife to thrive. But this “underwater Amazon” is under threat. In the UK alone, more than 90% of seagrass meadows have been lost.

Our Carlsberg brand is partnering with WWF in the UK to restore this precious resource and raise climate awareness through a high-profile consumer campaign.

Carlsberg has made it easy for consumers to do their bit to protect the planet simply through their choice of beer. That is because we donate

50p to WWF from every special-edition pack of Carlsberg Danish Pilsner and Carlsberg Expørt sold to support the seagrass restoration project.

WWF has used this funding to start scoping work, including identifying areas along the UK coastline that would be most suitable to grow seagrass, with an ambition to plant seeds that will grow into 30,000 m² of seagrass meadow by 2024. The consumer campaign led with a TV ad featuring a seal that takes viewers under the waves to the seagrass meadows below. A second ad starring a turtle focuses on our Snap Pack, an innovative solution to hold multipacks of cans together without plastic rings.



Read more about the partnership at carlsberg.com/en-gb/wwf



"With such high levels of public concern about environmental issues, we're delighted to be working with Carlsberg to inspire new audiences to fight for their world. Their donation helps us restore precious seagrass along the UK coastline, which provides an important habitat for ocean wildlife as well as absorbing carbon from the atmosphere."

Alex Lankester
Director of Partnerships,
WWF

"As a purpose-led brand, Carlsberg has led the sustainability charge in recent years, such as introducing Snap Pack, an innovative technology that removes plastic rings from our packaging. Now, in collaboration with WWF, we are bringing the choice to our consumers by inspiring them to do their bit for the planet – simply by choosing our beer."

John Clements
VP, Marketing, Carlsberg Marston's Brewing
Company

¹ McLeod E, et al. 2011. A blueprint for blue carbon: toward an improved understanding of the role of vegetated coastal habitats in sequestering CO₂. *Front. Ecol. Environ.* 9, 552-560. (doi:10.1890/110004)

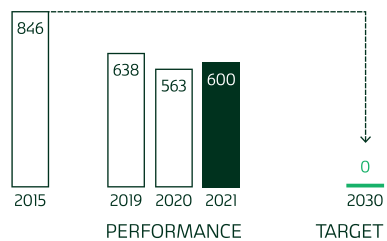
ELIMINATING BREWERY EMISSIONS

To reduce emissions from our breweries and malting sites, we focus on improving production efficiency, switching to renewable power and heat, and eliminating coal.

Our actions are guided by our global *Environmental Policy*, which commits us to robust environmental standards on energy, emissions, water, waste and packaging. We drive continuous improvement using best practice environmental management systems. These are certified to the ISO 14001:2015 standard at 79 of our 96 sites. Energy management systems at 22 sites are certified to ISO 50001.

In 2021, we continued to improve the overall efficiency of our breweries, despite COVID-19 restrictions and lockdowns affecting

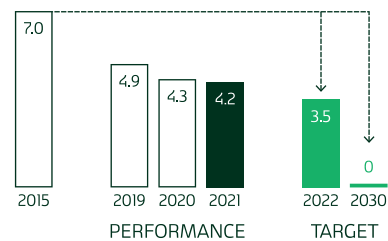
BREWERY AND MALTING SITE EMISSIONS: ABSOLUTE SCOPE 1 & 2
(thousand tonnes CO₂, excl. logistics)*



the efficiency of our operations in some countries and delaying some projects. In 2021, we reduced CO₂ emissions per hl of beer produced by a further 2% to 4.2 kg CO₂/hl to achieve a 40% reduction since 2015. We remain on track to reach our 50% reduction target in 2022.

Since 2015, we have reduced our total (absolute) emissions by 29%, saving 246,000 tonnes of CO₂. However, absolute emissions from our breweries and malting sites increased by 37,000 tonnes to 600,000 tonnes in 2021 as a result of organic growth and acquisitions. Our focus on efficiency enabled us to keep this increase to 7% while producing 10% more. Although we have continued our successful decoupling of our carbon footprint from business growth, this year's rise in absolute emissions underlines the need to drive progress through our Together Towards ZERO programme to achieve our ambition of ZERO carbon breweries by 2030.

BREWERY EMISSIONS:
(kg CO₂/hl)*



TRANSFORMING BREWING EFFICIENCY

We are continually working to improve the energy efficiency of our breweries by investing in innovative technology and processes – and our brewery directors all have energy efficiency targets linked to their remuneration.

In 2021, our Sinebrychoff brewery in Finland worked with a range of partners to develop on-site energy storage and a software platform that acts as a virtual power plant by balancing electrical loads across buildings to decrease the need for reserve power. In the UK, our Northampton brewery upgraded three of its boilers to more efficient models, reducing site carbon emissions by around 10%. And in Switzerland, our Feldschlösschen brewery invested in a heat pump, saving 100,000 hl of water a year and 400 tonnes of carbon.

Our Young Scientists Community – a team of post-doctoral researchers at the Carlsberg Research Laboratory – explores and tests new technologies that can bring us closer to our targets. In 2021, they continued work on the “digital twin” brewery, designed to support breweries in evaluating and optimising energy-saving solutions.

WHAT WE MEAN BY ZERO CARBON FOOTPRINT

BREWERY EMISSIONS

Our brewery emissions include our Scope 1 direct emissions and Scope 2 indirect emissions (for example from purchased electricity). They exclude in-house logistics and distribution operations, which are included in our beer-in-hand target. By 2030, we aim to eliminate carbon emissions from all our breweries and malting sites.

As an interim target, we aim to halve emissions per hectolitre (hundred litres or hl) of production from our breweries between 2015 and 2022. This 2022 target includes breweries newly added to our portfolio as well as existing breweries and bottling sites for soft drinks and water. It excludes malting sites.

BEER-IN-HAND EMISSIONS

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

SWITCHING TO RENEWABLE ENERGY

In 2021, we sourced 65% of our electricity from renewables, up from 64% the previous year. Of this, we sourced 564,711 MWh from the grid through renewable electricity certificates. We are members of RE100 and apply its *technical criteria* to our electricity sourcing.

We also generate renewable power through on-site solar panels at nine of our breweries. In 2021, our Feldschlösschen brewery in Switzerland installed its third photovoltaic plant, producing around 135,000 kWh of solar electricity per year – the equivalent of 40 Swiss households.

* 2021 data within PwC's assurance scope. 2015-2020 data assured in prior years (see previous sustainability reports).

REPORTING ON CLIMATE-RELATED FINANCIAL RISKS AND OPPORTUNITIES

We analyse and report on the risks of climate change to our business in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Our latest TCFD disclosure is included in our *2021 Annual Report*, available at carlsberggroup.com/reports-downloads. It summarises our climate-related governance, strategy, risks, metrics and targets, linking to more information on our approach in this ESG Report and elsewhere.

We have begun exploring how different future climate scenarios could impact our business, beginning with our water risk analysis and commodities assessment (see page 25). We are also looking into tools for modelling scenarios on climate-related financial risk.

We are also exploring options to switch to renewable heat sources, such as biogas, biomass, ethanol and renewable electricity for heat. These options will help us reduce natural gas use and replace our last coal-fired boiler to complete the elimination of coal from our operations by 2022. Plans to convert to biomass the boiler at Aurangabad, India, the final site using coal, were delayed due to COVID-19 lockdowns and regulatory issues. We aim to complete this conversion in time to meet our 2022 target to eliminate coal at our breweries.

Our use of biogas in place of natural gas was up by 9% in 2021, with

significant increases at sites in India and Russia, and use of biogas from our new wastewater treatment plant in Denmark (see page 24). During 2022, we also plan to test the potential of solar energy for heating in Greece through a partnership with Absolicon – a developer of innovative efficient solar thermal collectors for heat and steam generation.

Globally, eight of our breweries are powered completely by renewable electricity and renewable thermal energy – including most recently our Sinebrychoff brewery in Finland (see case study, right).



CASE STUDY

CARBON-NEUTRAL BREWING IN FINLAND

Sinebrychoff in Finland is the oldest brewery in the Nordic countries and our latest to achieve carbon neutrality. It is the first of the large Finnish breweries to accomplish this milestone and also the world's first carbon-neutral bottler of Coca-Cola.

As of January 2021, the brewery has been producing beverages with 100% renewable energy – for power and heat – and its remaining Scope 1 and 2 emissions have been compensated with a Gold Standard certified project with support from South Pole, a leading supplier of climate solutions and developer of emission compensation initiatives.

Heat recovered from the brewing process through heat pumps now supplies around 26% of the plant's annual heating needs, and plans to increase heat recovery from wastewater treatment will provide further efficiencies.

CUTTING OUR BEER-IN-HAND EMISSIONS

Each stage of our value chain contributes to our beer-in-hand carbon footprint – from growing grain and hops to brewing, packaging, transporting and cooling our products, and treating packaging waste. Our target is to reduce beer-in-hand emissions per hl by 15% by 2022 and 30% by 2030, from a 2015 baseline.

OUR VALUE CHAIN FOOTPRINT

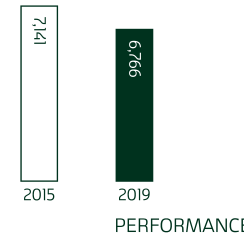
Every three years we conduct an in-depth assessment of our beer-in-hand emissions using best practice carbon accounting (see box below).

We conducted our most recent assessment in 2020, based on 2019 data, working with the Carbon Trust. It calculated that our beer-in-hand emissions in 2019 totalled 6.8 million tonnes of CO₂-equivalent (CO₂e) emissions. This is 56.4 kg CO₂e per hl of beer produced – 7%

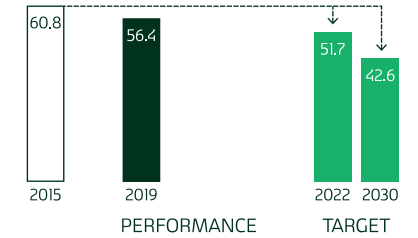
less than our 2015 baseline and nearly halfway to our 2022 target of a 15% reduction.

In 2021, we continued efforts to reduce emissions at every stage of the value chain to drive further reductions. We will complete our next in-depth analysis of beer-in-hand emissions in 2023, based on 2022 data, to determine whether we have achieved our 15% reduction target.

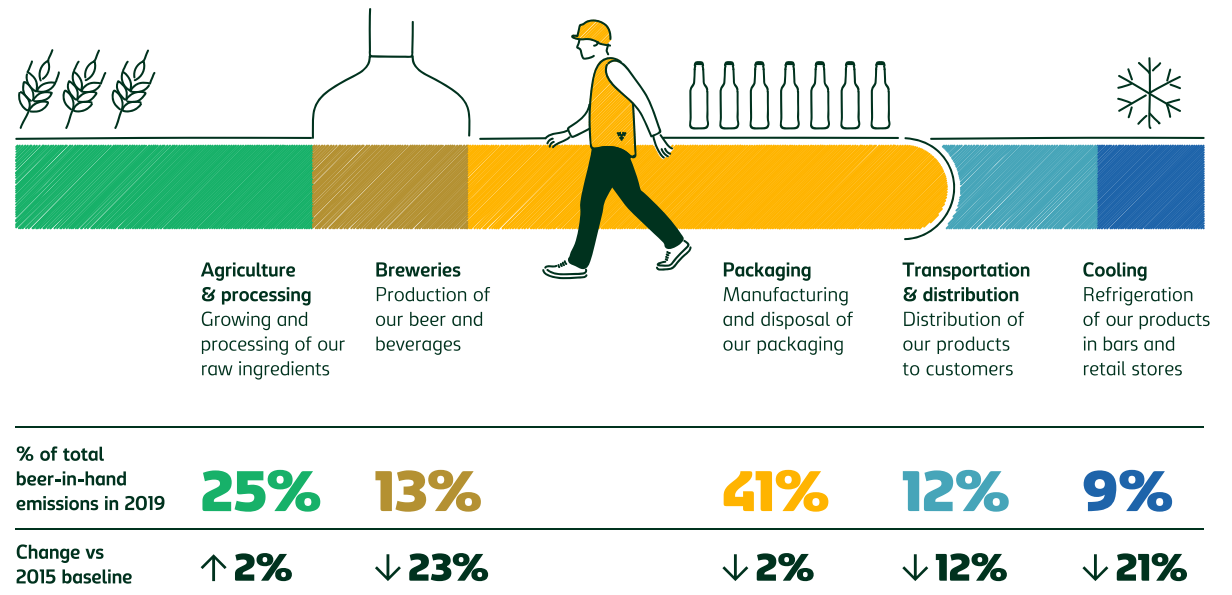
OUR BEER-IN-HAND EMISSIONS: ABSOLUTE SCOPE 1, 2 & 3
(thousand tonnes CO₂e)



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



OUR BEER-IN-HAND EMISSIONS: LATEST VALUE CHAIN ANALYSIS BASED ON 2019 DATA



OUR CARBON ACCOUNTING

We carry out our regular beer-in-hand footprint analysis in accordance with the Greenhouse Gas Protocol for Scope 1, 2 and 3 emissions, the European Commission's Product Environmental Footprint guidelines, including the category rules for beer, and the Beverage Industry Greenhouse Gas Emissions Sector Guidance.

Detailed supplier data – including primary data for more than 60% of our supplier spend in the most recent assessment – enables us to track emissions down to product level for each market and identify relevant reduction activities. We are increasing the collection of primary data direct from suppliers to further enhance the accuracy of our calculations in our next assessment.

Read more about our methodology on page 94.

PARTNERING TO SHRINK OUR SHARED FOOTPRINT

The majority of our beer-in-hand emissions are from the parts of our value chain outside our direct control (see graphic on previous page). That is why we partner with suppliers of ingredients, packaging, transport and refrigeration to reduce our value chain footprint.

Priorities include working with suppliers to reduce the amount of packaging materials required, use more recycled content, improve energy efficiency, and switch to renewable electricity and heat. These value drivers enable us to make more sustainable purchasing decisions by informing our selection of, and agreements with, key suppliers. For example, we have contracts with several suppliers that have committed to reducing emissions by investing in renewable energy or more efficient technologies. More examples of our partnerships with suppliers to reduce emissions at each stage of the value chain are covered on the following pages.

In 2021, we engaged with suppliers to gather more primary data to improve our understanding of our value chain footprint, as well as encouraging them to switch to renewables and put science-based targets in place.

We also partner with customers who share our ambitions for a more sustainable future, and where our climate ambitions align. For example, we are working with the Øyafestivalen festival in Norway to develop a model for climate-smart festivals and a tool that will enable Øyafestivalen and other festivals to choose the most sustainable solutions for their events. We are also collaborating with the Roundhouse in London, UK, to share knowledge and learning on best practice by participating in its Sustainability Committee.

RETHINKING PACKAGING AND PLASTIC

Packaging accounts for the biggest portion of our beer-in-hand emissions (41% in our latest assessment). We work with suppliers to reduce emissions from producing bottles and cans for our beers by using less material overall and introducing more recycled or renewable content where feasible.

In 2021, we partnered with suppliers to trial a new low-carbon glass bottle in the UK (see case study, right) and switch to a lightweight can in four Eastern European markets that will cut our aluminium use by 1,500 tonnes a year.



CASE STUDY

CUTTING THE CARBON FOOTPRINT OF GLASS BOTTLES

We partnered with our supplier Encirc on a ground-breaking trial to cut emissions from glass bottles by up to 90% without compromising on quality.

The new bottle is made from 100% recycled glass using 100% renewable melting energy from biofuels. Encirc produced a million of these bottles for our Carlsberg Danish Pilsner brand in the UK – the latest in a series of the brand's innovations to reduce the footprint of our products.

"This is a truly momentous occasion for glass. We have set the standard globally with this trial and now the glass industry needs to work towards realising what we've proved is possible. We now know that glass can be the most sustainable of all packaging types and must all work together to ensure that happens."

Adrian Curry
Managing Director, Encirc

In 2021, several of our brands and markets focused on reducing plastic use or increasing recycled content. For example, our Ringnes brand in Norway launched a Plastic Pledge to use 80% recycled PET in all its plastic packaging and remove 1,000 tonnes of single-use plastic from the market by 2025.

We also carried out a lifecycle analysis of secondary packaging for cans to help us identify the lowest carbon options. Our ground-breaking Snap Pack solution – which cuts plastic use by up to 76% per multipack by replacing plastic rings or shrink wrap with glue dots that hold the cans together – is now available in nine markets.

While carbon footprint is one environmental impact from the type

of packaging we choose, there are also other environmental issues to consider, such as circularity. For example, PET plastic bottles have a lower carbon footprint than one-way glass bottles or cans, but single-use plastics are the subject of growing regulatory and public scrutiny. The figures on the carbon footprint of different types of packaging in the graph below are global averages. As these can vary greatly from market to market, we use market-specific results to help us identify priorities to reduce the overall environmental impact. Specific local results are provided to all our local companies.

Innovation is key in reducing the impact of our packaging, and we continued to collaborate with others on this. Through the Bio-based

Industries Joint Undertaking PEreference consortium, we are working with Avantium and other leading companies to explore the potential for commercialisation of polyethylene furanoate (PEF) – a 100% recyclable plant-based polymer – as an alternative to conventional fossil-based plastics. We are also working on the third-generation prototype for our Green Fibre Bottle to support commercialisation and scaling.

What happens to our packaging after use can have a big impact on its carbon footprint and contribution to the circular economy. For example, a glass bottle used only once has a carbon footprint more than five times higher than one that is returned for reuse and refilled multiple times. We are working to improve our tracking of packaging losses so we can target opportunities to improve take-back, reuse and recycling.

Engaging with customers and consumers to collect and return packaging, or dispose of it through recycling channels, is essential to increase reuse and recycling rates.

In 2021, we ran a four-week campaign with one of the biggest supermarket chains in Bulgaria to educate consumers on the importance of returning packaging for recycling and reuse. The

PUTTING BREWING BY-PRODUCTS TO GOOD USE

Brewing produces beer. But it also creates by-products. We generate around 1.6 million tonnes of spent grain and yeast each year at our breweries around the world.

This is the biggest source of waste in our production processes, but it is a valuable resource for farmers. They can use it as animal fodder – replacing more carbon-intensive imported soya beans – or fertiliser. In 2021, 98% of our spent grain and yeast was used as animal fodder and 2% as fertiliser.

campaign explained that returning just one refillable glass bottle saves enough energy to power a 100W lightbulb for 6 hours. Around 300,000 bottles were returned to dedicated collection points during the campaign, which reached more than 4 million people.

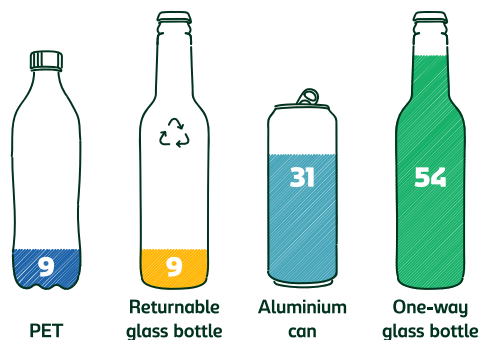
In Russia, our Baltika brand partnered with aluminium can supplier Ball to run an event at the Zabeg half marathon to collect cans and raise awareness of recycling.

We purchase most of our barley through open markets, so we do not have a strong influence over the way it is grown. However, we directly work with farmers in Russia, where we run our own maltings, to promote more sustainable practices. These include techniques that use low or no tillage to promote biodiversity and soil fertility, and cut CO₂ emissions by reducing the need for ploughing and minimising soil disturbance.

Around 35% of the Russian farms we source from, covering more than 22,000 hectares of land, have already adopted low or no tillage. In 2021, we began monitoring crop quality and CO₂ emissions remotely in Russia to better understand the impact of low tillage on biodiversity and emissions.

AVERAGE LIFECYCLE CARBON FOOTPRINT OF OUR DIFFERENT PACKAGING TYPES¹

(kg CO₂e per hl of packed product)



¹ Carlsberg Group global average based on a study conducted with the Carbon Trust. Results vary from market to market.

Our KOFF Christmas beer in Finland uses regeneratively grown barley (see case study, right). We are also exploring how to encourage farmers in other parts of Europe to adopt sustainable practices, including limiting chemical use, reducing agriculture emissions, and enhancing soil fertility and biodiversity.

We have developed a new variety of barley that reduces the amount of energy and synthetic inputs needed for the malting and brewing processes by achieving the desired flavour with less kilning, evaporation

and filtration. Developed by the Carlsberg Research Laboratory through selective breeding (not genetic modification), the first batch of seed will be ready for sowing in 2022 ahead of a wider roll-out in Western Europe. As well as using this new barley variety in our own beer, we will also make the variety available to other brewers to extend the environmental benefits beyond our own business.

By supporting more sustainable agricultural practices and crops, we aim not only to reduce emissions

CONSERVING BIODIVERSITY AND ECOSYSTEMS

Biodiversity is the foundation for healthy, productive ecosystems – which in turn nurture the natural resources and ingredients we need for our business.

We support biodiversity by promoting more sustainable agriculture, supporting regenerative farming initiatives such as KOFF Christmas beer production (see case study, right), and delivering water partnerships like our new three-year project to conserve wetlands in Nepal (see page 25).

We are also using the power of our brands to engage consumers and support biodiversity. Campaigns in 2021 included the Carlsberg brand's partnership with WWF to engage consumers in restoring seagrass (see page 11) and our Feldschlösschen brewery in Switzerland donating five cents for every can of USZIT beer sold for the protection of Swiss forests.



CASE STUDY

REGENERATIVE FARMING IN FINLAND

KOFF Christmas beer, produced at our carbon-neutral Sinebrychoff brewery, is the most popular Christmas beer in Finland.

The barley used to make it can be traced back to a single farm owned by a couple who have been working for six years to improve soil conditions through regenerative practices, including minimised tillage and planting cover crops to sequester carbon in the soil and prevent nutrients leaking into water once the barley has been harvested.

In 2021, Baltic Sea Action Group confirmed the beer as Baltic Sea-friendly following an assessment of the farm's cultivation practices, crop selection, rotation and fertilisation.

Watch a *video* to find out more.

"Today, we know that climate change is threatening the Baltic Sea and hundreds of farmers alike. It is hoped that the regenerative cultivation to improve soil condition will help mitigate climate change and reduce emissions to water bodies. Improving crop security and tolerance for extreme weather naturally motivates farmers."

Pieta Jarva
Communications Director,
Baltic Sea Action Group

that contribute to climate change, but also to combat the effects of climate change on crop yields. Our analysis of water risks (see page 25) shows how climate change could affect supplies of key ingredients, such as barley and rice. In 2021, we saw a 20% reduction in yields in some parts of the world as a result of extreme weather conditions.

The Carlsberg Foundation is investing DKK 20m in a new research project, Crops for the Future, in partnership with the Carlsberg Research Laboratory and other stakeholders. Innovation Fund Denmark is also funding a significant research project at the laboratory together with national and international partners. Both projects build on long-running

research by scientists at the laboratory to explore the development of new raw materials for brewing in the form of climate-tolerant plants with higher yield and better nutritional value.

MAKING OUR LOGISTICS SMARTER

Transport of our products between breweries, warehouses, bars, restaurants and retailers accounts for 12% of our beer-in-hand emissions. This includes our own and outsourced transport by road, rail and sea.

To improve efficiency and reduce emissions, we aim to transport products by train rather than road. Where we use road transport, we aim to fill trucks as full as possible to maximise fuel efficiency. Outsourcing outbound logistics from our breweries supports higher fill rates by enabling our beer to be transported alongside other products. In 2021, we outsourced around 70% of our outbound logistics (by spend).

We engage with logistics providers to reduce emissions by encouraging them to adopt practices such as monitoring fuel use and emissions, and training drivers on fuel efficiency. During 2022, we will begin introducing sustainability requirements into key contracts.

For our own outbound logistics fleets, we use telematics programmes to monitor and improve our drivers' fuel efficiency, supported by driver training and regular debriefing. For example, efficiency initiatives have contributed to an 11% reduction in fuel consumption per 100 km driven over the last five years in our fleets in Denmark, Norway and Switzerland.

In 2021, we introduced a fleet of 20 electric delivery trucks in Switzerland – the largest in the country. The electric trucks enable climate-friendly beer and beverage deliveries to Feldschlösschen customers all over Switzerland.

We have also continued the switch to electric vehicles in our warehouses, with Baltika Breweries in Russia moving from gas-powered to electric forklift trucks in 2021. We now have 1,719 electric forklift trucks in operation globally, making up 64% of our fleet. We are exploring options for investment in infrastructure to support further roll-out of electric forklifts, as well as continuing to replace those using lead acid batteries with models using more efficient lithium-ion batteries.

CUTTING IMPACTS FROM COOLING

The fridges and beer coolers used to chill our products at bars, restaurants

and retail stores are responsible for 9% of our beer-in-hand footprint. We are gradually reducing emissions from these cooling devices by investing in more efficient models whenever they need replacing – every eight years on average.

Any new fridges we buy must use LED lighting and refrigerants, such as hydrocarbons, that have a lower climate impact than hydrofluorocarbons. In 2021, 97% of fridges and beer dispense equipment purchased through our central procurement team used low-impact hydrocarbons and LED lighting. We are working to increase this to 100% by exploring alternative solutions and working with suppliers to improve specifications.

We are also partnering with Frigoglass and Klimasan, two of our major suppliers, to identify new technologies and solutions that lower the carbon impact of cooling. In 2021, the introduction of energy management systems in replacement fridges was a key focus, as these systems reduce device carbon footprint by 10-25%. In 2021, 74% of replacement devices included this feature, and we aim to extend it to more devices as we work towards our 2022 goal of 100% low-impact cooling.

CONVERTING TO ELECTRIC TRUCKS

KEY CHALLENGE







Electric vehicles are increasingly viewed as a key component of a low-carbon economy – and we see their potential to significantly reduce the carbon footprint of our logistics fleet.

Like others in our industry and beyond, we face significant challenges in electrifying our fleet. We first piloted electric vehicles back in 2008. Only now, over a decade later, have we been able to launch a fleet of 20 electric trucks in Switzerland, where there is sufficient charging infrastructure in place at strategic locations.




But many of the obstacles we have overcome to do this continue to thwart our efforts to roll out electric trucks elsewhere – from the availability and cost of vehicles to the size of batteries to enable sufficient power and range to travel the required distances while pulling a full trailer. The biggest challenge continues to be the lack of sufficient and reliable charging infrastructure to operate an electric fleet in many of our markets.

We will keep working with suppliers to explore ways to overcome these challenges to help us make the switch to electric trucks in more markets.

ZERO CARBON FOOTPRINT: OUR PROGRESS & TARGETS

PLANNED ACTIONS FOR 2021	STATUS	PROGRESS IN 2021	PLANNED ACTIONS FOR 2022	2022 TARGETS	2030 TARGETS
Breweries					
Convert the boiler at our Aurangabad brewery in India – our last remaining use of coal – to biomass.		Following further delays due to COVID-19 restrictions and regulatory issues, we expect to complete the conversion in 2022 in line with our target to be coal-free by the end of 2022.	Convert the boiler at our Aurangabad brewery in India – our last remaining use of coal – to biomass.	Zero coal at our breweries	Zero carbon emissions at our breweries
Explore additional on-site generation and power purchase agreements to secure renewable electricity for all regions for 2022.		We have begun engaging with energy suppliers to secure further renewable electricity through either on-site generation or power purchase agreements in each of our regions.	Purchase renewable electricity at all breweries where feasible. Enter power purchasing agreements in relevant markets.	100% electricity from renewable sources at our breweries	
Explore increasing use of renewable electricity for heating.		We explored the potential to convert a gas boiler to run on dual-heating mode, which we aim to approve in 2022. We have also replaced some heating oil with electricity on a small scale in Norway.			
Increase use of biogas from wastewater to replace natural gas.		Our wastewater project in Fredericia, Denmark, will reduce consumption of natural gas. Breweries in India and Russia have also increased biogas from wastewater.			
Explore low-carbon alternatives with heat and gas suppliers to reduce carbon emissions.		The Sinebrychoff brewery in Finland switched to district heating run on biomass to become carbon neutral. Purchasing biogas from the grid is not possible in most of our markets, so we have continued to focus on using biogas from treatment of wastewater at our breweries.	Explore and develop further thermal efficiency programmes. Explore replacing fossil fuel-based thermal energy (or heat generation) with renewables.	50% reduction in carbon emissions at our breweries	
Support research on new renewable heat technologies.		A pilot project to explore use of solar thermal energy for heating is underway in Greece and we are considering how to replicate this in other regions with favourable solar radiation conditions.			

 Fully achieved
  Partially achieved
  Not achieved

PLANNED ACTIONS FOR 2021	STATUS	PROGRESS IN 2021	PLANNED ACTIONS FOR 2022	2022 TARGETS	2030 TARGETS
Beer-in-hand					
Engage with major packaging and malt suppliers to support their transition to renewable electricity.		We engaged with suppliers to encourage them to switch to renewable electricity. We have contracts with several suppliers that have committed to reducing emissions by investing in renewable energy.	Engage with additional packaging and malt suppliers to support their transition to renewable electricity.	15% reduction in beer-in-hand carbon footprint	30% reduction in beer-in-hand carbon footprint
Continue to pursue reductions in carbon emissions in the areas identified for all steps of the value chain, from growing crops to packaging, transporting and chilling our beer.		We continued to take action to reduce emissions at every stage of our value chain in partnership with suppliers. Examples include partnering with Encirc to trial a glass bottle with up to 90% lower carbon footprint, working with farmers to reduce emissions from growing barley in Russia, rolling out a fleet of 20 electric delivery trucks in Switzerland, and collaborating with suppliers to introduce energy management systems that lower the carbon impact of fridges.	Continue to pursue reductions in carbon emissions in the areas identified for all steps of the value chain, from growing crops to packaging, transporting and chilling our beer.		
Introduce energy management systems in all replacement fridges, where feasible, to reduce electricity use and related carbon emissions.		74% of the new fridges we purchased contained energy management systems, and we began engaging with suppliers to redesign other models to include this feature.	Introduce energy management systems in all replacement fridges to reduce electricity use and related carbon emissions.		

 Fully achieved
  Partially achieved
  Not achieved



We depend on water to make our beer. Safeguarding water resources is vital for our business and communities.

Water scarcity already affects every continent in the world, with around 4 billion people currently experiencing severe shortages for at least one month a year.¹ This is exacerbated by growing urban communities and climate change.

Hops and grains need water to grow, and water is itself one of our key ingredients. Making our breweries as efficient as possible helps us to prevent water being wasted and maintain vital supplies.

Our 2030 target is to halve the amount of water we use to make every hectolitre (hundred litres or hl) of beer, from a 2015 baseline. We are on track to reach the halfway mark in 2022 as planned by improving efficiency, upgrading equipment and installing state-of-the-art water treatment plants.

We focus particularly on the 17 breweries located in areas identified as high-risk for water, as defined through our partnership with WWF, to ensure we target our efforts and investments where they can have the biggest impact for both society and our business.

We also partner with local organisations in these areas to safeguard supplies for local communities.

In the coming years, we will need to invest in further infrastructure and replenishment projects to ensure our resilience as water risks and costs rise.

Each year, we disclose our water risk management approach and performance to the CDP. We achieved an A rating in the most recent assessment.

We work to continuously improve data quality, transparency and coverage. This includes tracking our absolute water use by site and globally. Our pioneering water risk assessment and scenario analysis will support our efforts to prepare for future water scarcity challenges.



6.1, 6.2, 6.3, 6.4, 6.5 & 6.6



17.16, 17.17

See SDG index, page 63.

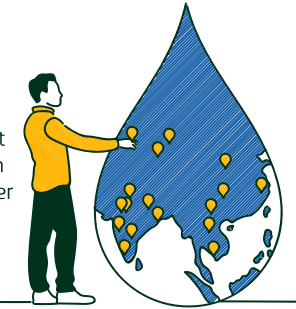
21%

improvement in water efficiency at our breweries since 2015



35%

improvement in water efficiency at our 17 breweries in areas of high water risk since 2015



22%

improvement in water consumption at our Fredericia brewery in Denmark since 2020, thanks to our new water recycling plant



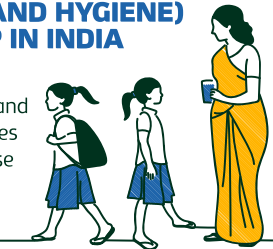
WATER STEWARDSHIP PROJECT IN NEPAL

begun to conserve and restore critical freshwater ecosystems in partnership with WWF Denmark



WASH (WATER, SANITATION AND HYGIENE) PARTNERSHIP IN INDIA

launched to provide clean water, toilets and handwashing facilities to three schools close to our breweries



A

rating from the CDP for transparency and action on water



2030 TARGETS

50% REDUCTION IN WATER USAGE AT OUR BREWERIES

PARTNER TO SAFEGUARD SHARED WATER RESOURCES IN HIGH-RISK AREAS

2022 TARGETS

25% REDUCTION IN WATER USAGE AT OUR BREWERIES

EXPLORE GOING BELOW 2.0 HL/HL AT ALL HIGH-RISK BREWERIES

PARTNER TO SAFEGUARD SHARED WATER RESOURCES IN HIGH-RISK AREAS

¹ UN water facts.



BRANDS
TAKING
ACTION

PRESERVING CHERISHED WATER RESOURCES IN POLAND

Poland has some of the lowest freshwater availability in Europe. Some areas of the country already suffer from a water deficit, which is expected to increase by up to 30% by 2050.

Led by its purpose to enrich people and communities with the generosity of nature, our Kasztelan brand ran an educational programme to tackle this challenge with the simple message “We Cherish Water”.



The campaign used educational materials and partnerships with local authorities and eco-influencers to engage consumers on the topics of water scarcity, responsible water use and rainwater harvesting. It raised awareness by sharing facts about the serious water situation in Poland and offering practical tips to help people continue to save water every day long after the campaign drew to a close in December 2020.

To demonstrate how gardens can be irrigated using rainwater alone, Kasztelan planted a garden in the centre of the town of Sierpc and offered rainwater collection tanks as prizes in a competition to write inspiring water-themed poems.

Kasztelan and our partners in the campaign reached more than 850,000 people on social media and around 2 million through messages featured in more than 100 publications, encouraging everyone to cherish precious water supplies.



"We are extremely pleased to implement such an important initiative in partnership with Kasztelan. We are aware that the fight for the natural environment is a responsibility of all of us – local governments, residents and business. The high interest in the programme is a proof of the responsibility of the people from Sierpc and a good sign for the future."

Jarostaw Perzyński
Mayor of Sierpc, Poland

"With the 'We Cherish Water' programme, we set out to educate people on how important it is to preserve scarce water supplies and how each of us can help save water. We are glad that it met with great interest. Only by working together can we improve the state of the environment."

Darek Chalecki
Marketing Manager, Kasztelan

ELIMINATING BREWERY WATER WASTE

Our breweries use water as a key ingredient in our beer, as well as during cleaning and production processes. Improving efficiency and avoiding waste lowers our environmental impact, as well as reducing costs and business risks in the long term.

We are well on the way to meeting our 2022 target to improve water efficiency at our breweries by 25% compared with 2015. By the end of 2021, we had already achieved a 21% improvement, saving more than 6 billion litres of water – enough to

fill more than 2,400 Olympic swimming pools.

Our 17 breweries in high-risk areas have together improved water efficiency by 35% over the same period, a significant achievement given that they began from a higher starting point than our global average in 2015.

The ongoing COVID-19 pandemic meant that in 2021 we did not make as much progress towards our target as we planned, with lockdowns affecting operating efficiency and causing delays to some of our planned infrastructure investments.

Despite these challenges, our breweries worldwide achieved a 4%

improvement in water use compared with 2020, averaging 2.7 hl of water to produce 1 hl of beer – and 2.6 hl/hl at breweries in high-risk areas, for the first time reaching a higher level of efficiency than our global average. We will continue piloting water recycling projects with a focus on these high-risk sites to accelerate progress towards our efficiency targets.

In 2021, we produced 10% more beer but only increased our total water use by 5% to 34.6 million m³. Breweries in high-risk areas used a total of 5.7 million m³, a 4% decrease compared with 2020.

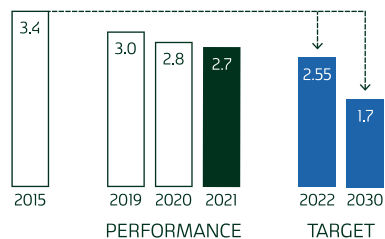
WHAT WE MEAN BY ZERO WATER WASTE

Breweries: We work to reduce the amount of water used to produce every hectolitre (hundred litres or hl) of our beer and beverages. In 2015, we used 3.4 hl of water per hl of product (3.4 hl/hl). Our targets are to reduce this by 25% by 2022 – and by 50% by 2030.

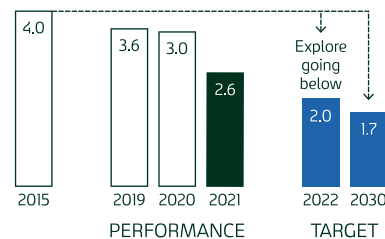
This includes all majority-owned breweries and soft drinks and water plants, but excludes malting sites. All brewery operations are covered, including on-site offices, production and warehousing.

Communities: By 2030, we aim to have partnerships in place to safeguard shared water resources for communities in all river basins where we operate that are identified as high-risk. Currently, 17 of our breweries are located in geographical areas where water risk is high, assessed according to the Water Risk Filter tool developed by WWF (see page 25).

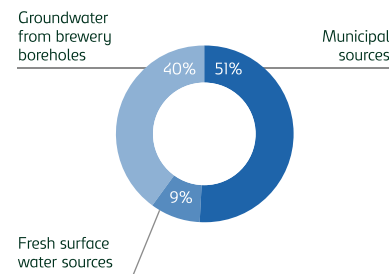
RELATIVE BREWERY WATER USE ALL SITES
(hl/hl)*



RELATIVE BREWERY WATER USE HIGH-RISK SITES
(hl/hl)



SOURCES OF WATER USE



* 2021 data within PwC's assurance scope. 2015-2020 data assured in prior years (see previous sustainability reports).

IMPROVING WATER EFFICIENCY

We work to continuously improve brewery water efficiency, guided by our comprehensive environmental management systems (see page 12). To incentivise progress, our brewery directors all have water efficiency targets linked to their remuneration.

In 2021, we shared a tool that enables individual breweries to measure water use at each stage of the brewing process against our Group average and best-performing sites. By identifying areas with the most room for improvement and learning from each other, our breweries will be able to improve efficiency faster. Examples in 2021 included:

- **Bottle washers:** The Kasztelan brewery in Sierpc (Poland) installed a new, more efficient bottle washer saving 43% water and 28% energy per bottle. This is projected to save 13,000 m³ of water per year and reduce brewery water consumption by at least 0.05 hl/hl. A similar upgrade was made in the Ningxia brewery (China).
- **Water membranes:** Breweries in Obernai (France) and Kuala Lumpur (Malaysia) installed more efficient membranes and pre-treatment systems to minimise water losses from the filtration process for surface water or groundwater.

REUSING WASTEWATER

Treating and reusing wastewater produced by our breweries is key to achieving our 2022 and 2030 targets. Treatment and recycling plants also produce biogas and recirculate hot water, contributing to our ZERO carbon footprint goal (see page 10).

We now have 60 treatment plants in operation at our breweries worldwide and made further strides in 2021:

- **Denmark:** Our Fredericia brewery began operating its ground-breaking new water recycling plant (see case study, right).
- **Russia:** We upgraded water and wastewater treatment plants at our Rostov, Samara and St Petersburg breweries, improving efficiency and reducing water waste, as well as increasing biogas production at four of our breweries.
- **China:** Dazhulin brewery is our first site in a high water risk area to achieve below 2.0 hl/hl through pure efficiency improvements. We installed a new recycling plant in late 2021, which will deliver reductions in 2022.
- **Bulgaria:** Commissioning of a new wastewater treatment plant at the Shumen brewery was delayed due to a combination of COVID-19, weather and subcontracting issues, but we expect the plant to be operational in early 2022.



CASE STUDY

THE WORLD'S MOST WATER-EFFICIENT BREWERY

Our Fredericia brewery in Denmark began operating its new state-of-the-art water-recycling plant in 2021. Developed through collaboration with the multi-stakeholder Danish partnership for Resource and water efficient Industrial food Production (DRIP), this innovation has radically improved water efficiency.

By recycling 90% of all process water from production, the recycling plant is expected to reduce the brewery's water consumption for beer and soft drinks production to just 1.4 hl/hl when fully operational. In 2021, the new plant enabled the brewery to cut water consumption by 22% to 1.8 hl/hl. The plant is also expected to reduce brewery energy consumption by 10% thanks to biogas production and recirculation of hot water.

The Fredericia project shows that it is possible to dramatically cut the amount of water needed to produce our beer – and we aim to use what we have learned as we look for further opportunities to transform our water efficiency worldwide.

TOMORROW'S SCIENTISTS TACKLING TODAY'S TECHNOLOGICAL CHALLENGES

KEY CHALLENGE

We have achieved significant improvements in water efficiency at our breweries, but major investments and innovations will be needed to get us to our 2030 target. Our Young Scientists Community at the Carlsberg Research Laboratory is helping us explore innovative solutions to reduce the amount of water needed in the brewing process.

In 2021, two breweries tested a process developed by the young scientists to reduce water and chemicals used for cleaning. The prototype proved too complex to be viable at scale, but we will apply what we have learned to develop simpler solutions to cut water in our cleaning processes.

Our young scientists kicked off two new water projects this year. The first is exploring ways to recover all water from a brewery's wastewater and collect contaminants in solid form to create a valuable by-product. The second is looking at options for reusing the condensate (water from condensation of steam) collected from brewhouse boilers.

UNDERSTANDING OUR WATER RISK

Assessing risks from water scarcity now and in the future enables us to target efforts to build the resilience of our business and better support the communities in which we operate.

Our detailed assessment using WWF's Water Risk Filter evaluated water risks for 81 of our majority-owned breweries in Europe and Asia in 2020. Although none of our breweries currently face any overall operational risk from water shortages, 17 were identified as being in high-risk areas – in Cambodia, China, India, Laos and Nepal.

A water risk assessment of two key commodities we use as ingredients, rice and barley, found that India – where we source around 4% of our barley and 22% of our broken rice – was the highest risk country for both. We are now using the findings of this analysis to investigate how we can mitigate these risks.

We were the first multinational to test WWF's ground-breaking scenario analysis tool, using it to examine the potential impacts of climatic and socioeconomic changes on water and resulting implications for our business.

WATER SCENARIO ANALYSIS

Our water scenario analysis using WWF's tool covers two time horizons – 2030 and 2050 – and examines three different pathways based on optimistic, pessimistic and current trend perspectives.

The findings show that sites currently experiencing the highest water risk are expected to see the greatest increase in risk in the future.

Overall, the main driver for emerging risk will be regulatory shifts as climate change impacts on developing countries increase. The changing climate, together with poor water management in local river basins, may also impact water quality and cause water scarcity or

flooding that could affect our sites in high-risk areas.

Read more about our climate-related risks and opportunities in our TCFD disclosure (see page 13 and our *Annual Report*).

PARTNERING TO PROTECT THE WATER WE SHARE

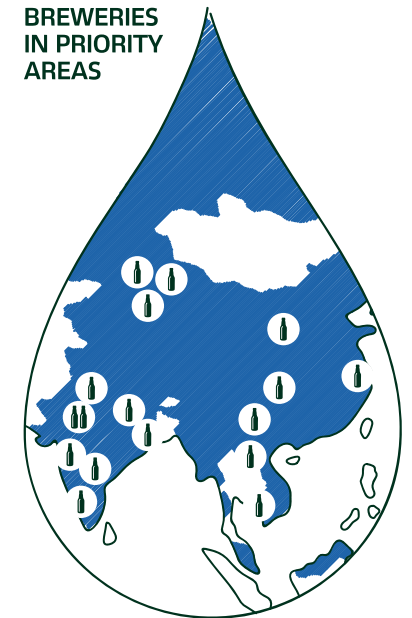
The communities and ecosystems in which we operate rely on the water resources we share with them. It is vital we help protect this precious resource so they – and our business – can thrive, particularly in areas where water scarcity is a significant risk.

We partner with local and international organisations to develop water stewardship initiatives, using a country-by-country approach that takes account of local contexts. By 2030, our goal is to partner to safeguard shared water resources in all high-risk areas where we have breweries.

In 2021, disruptions and lockdowns caused by the COVID-19 pandemic delayed some of our planned partnerships, but we were able to move some projects forward:

- **Nepal:** We continued our three-year water stewardship project in partnership with WWF. Together, we aim to conserve and restore critical freshwater ecosystems in the Narayani river basin for the benefit of people and nature. Activities will focus on four key areas: wetland restoration and construction, improved livelihoods of wetland-dependent communities, collective stakeholder action planning, and monitoring wetland and river health.

BREWERIES IN PRIORITY AREAS



- **Vietnam:** Our Huda brand launched five additional projects focused on securing and stabilising community water sources. Together with the projects run over the previous two years, these will provide around 27,000 people with access to clean water.
- **India:** Completion of the solar thermal water purification technology near our Kolkata brewery in collaboration with Desolenator was delayed due to COVID-19 lockdowns and we expect it to be up and running in 2022. We have also launched a partnership with Desolenator and EcoSoftt (see case study, right).

A GLOBAL CHALLENGE THAT NEEDS A LOCAL APPROACH

KEY CHALLENGE

Protecting water resources is a global challenge and not something we can tackle alone. Every country experiences issues with water scarcity and quality in different ways. To understand these local contexts and risks, we must collaborate with others.

Partnering helps us build strong relationships with communities and deal with a range of regulatory regimes in each urban and rural locality. It also enables us to provide training and education more effectively than we could alone.

For example, as part of our water stewardship project in Nepal we will work with local organisations to develop and deliver training on protecting water resources. In India, we are also partnering with Water Aid, the Sundarban Social Development Centre and Strathclyde University in Scotland to develop a water distribution model that empowers female micro-entrepreneurs as we work to get our solar thermal water purification plant up and running.



CASE STUDY

SUPPORTING ACCESS TO CLEAN WATER IN SCHOOLS

India faces significant water stress, with 16% of the world's population but only 4% of the world's freshwater resources.




This year, we launched a water, sanitation and hygiene (WASH) partnership with Desolenator and EcoSoftt to provide clean water, toilets and handwashing facilities at three schools near our breweries in the Indian cities of Alwar and Mysuru.

Good sanitation and access to safe drinking water are a basic right for students and staff, and a critical element of the learning environment. These facilities will support the wellness and development of the students and help protect shared water resources for the benefit of the whole community.

"Desolenator has been delighted to facilitate these school WASH initiatives as part of our ongoing partnership with the Carlsberg Group. Supported by our deployment partner EcoSoftt, these projects showcase the importance of collaboration and new ways of working to achieve impact together."

Louise Bleach
Development and Impact Lead, Desolenator

ZERO WATER WASTE: OUR PROGRESS & TARGETS

PLANNED ACTIONS FOR 2021	STATUS	PROGRESS IN 2021	PLANNED ACTIONS FOR 2022	2022 TARGETS	2030 TARGETS
Continue best-practice efficiency improvements, roll out benchmarking tools, and invest in efficiency and equipment upgrades with the greatest potential for water savings.		We continued to implement efficiency measures and equipment upgrades, and rolled out our benchmarking tool to enable breweries to identify the greatest opportunities for efficiency improvements.	Continue best-practice efficiency improvements and investments in more efficient water treatment and bottle washers.	25% reduction in water usage at our breweries	50% reduction in brewery water use¹
Begin operating advanced water recycling and wastewater treatment plants in Denmark and Bulgaria, and assess the feasibility of developing treatment and recycling plants at other sites.		We began operating our new state-of-the-art water treatment plant in Fredericia, Denmark. We continued work on our new wastewater treatment plant at the Shumen brewery in Bulgaria, which we expect to be operational in early 2022. We also installed a water recycling plant at our Dazhulin brewery in China, and began engineering work and costing for possible additional recycling plants.	Roll out water recycling treatment plants at breweries in high-risk areas.	Explore going below 2.0 hl/hl at all high-risk breweries	
Further develop and implement water community partnerships in high-risk areas.		We worked with existing and new water stewardship projects in several countries, including in high-risk areas in India and Nepal.	Continue implementation of water community projects in high-risk areas.	Partner to safeguard shared water resources in high-risk areas	

 Fully achieved
  Partially achieved
  Not achieved

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

ZERO IRRESPONSIBLE DRINKING

Our brands enrich life for millions of people around the world. We promote responsible drinking and offer a growing range of alcohol-free brews (AFBs).

More consumers are embracing healthy, balanced lifestyles and this trend was accelerated during the pandemic.

Beer is relatively low in alcohol compared with alternatives such as wine and spirits, and more people are opting for our tasty alcohol-free or low-alcohol brews.

We encourage consumers to enjoy our beers responsibly. But we recognise that alcohol misuse – including drinking underage, while driving or to excess – remains a global health concern, and we are working with our industry peers to tackle this challenge.

We are tackling underage drinking by including age restriction symbols and working with other brewers and e-commerce platforms to avoid marketing to minors. We work with customers, government agencies and NGOs on local solutions to alcohol-related challenges.

Our pursuit of better beer includes creating best-in-class AFBs for consumers who want to avoid or drink less alcohol while still enjoying a tasty beer on social occasions. This is good for society and our business. In 2021, AFB sales volumes grew by 17% compared with 2020.

Our commitment to ZERO irresponsible drinking reflects who we are as a business, underpins our efforts to collaborate with regulators and enables us to support consumers in making healthy choices.



3.5 & 3.6



17.17

See SDG index, page 63.

53%

of product packaging includes age restriction symbols, with a commitment to reach 100% by 2024



17%

growth in alcohol-free beer (AFB) volumes sold globally, with AFBs now offered in 70 markets



91%

compliance with Digital Guiding Principles for online marketing



Launched global alcohol marketing standards for influencers and e-commerce platforms through the International Alliance for Responsible Drinking (IARD)



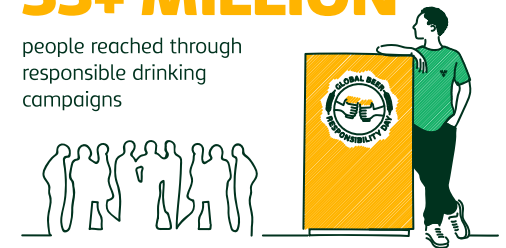
100%

of our international premium brands, and a third of all brands, have AFB options, with 27 new alcohol-free products launched in 2021



33+ MILLION

people reached through responsible drinking campaigns



2030 TARGETS

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

2022 TARGETS

100%
RESPONSIBLE DRINKING MESSAGING THROUGH PACKAGING AND BRAND ACTIVATIONS

100%
OF OUR MARKETS RUN PARTNERSHIPS TO SUPPORT RESPONSIBLE CONSUMPTION

100%
AVAILABILITY OF ALCOHOL-FREE BREWS (AFBs)



PROMOTING SAFE DRIVING IN LATVIA

Safe driving saves lives. GO, the alcohol-free brand from our Aldaris brewery, is bringing this message home to consumers in Latvia, which has one of the worst road accident records in Europe.

We surveyed 1,000 drivers of all ages across the country to identify the most common unsafe driving behaviours to tackle. A quarter of them said they drank alcohol up to the legal limit before getting behind the wheel and 9% said they drove while over the limit.

Up to a third also admitted to distracted driving, including talking on the phone, drinking coffee and eating food. And almost half said they had driven with a damaged windscreen or delayed changing tyres between seasons – bad habits that can be life-threatening.

Based on these findings, GO embarked on a year-long campaign in partnership with Latvia's Safe Driving School to raise awareness of unsafe behaviours and share advice

on safe driving – and promoting GO alcohol-free beer as a responsible alternative to avoid drink-driving.

The campaign boosted the brand's reputation and generated substantial coverage across Latvian media, with more than 7 million views of tips on safe driving that can save lives.

Safe Driving School is also using the findings of our survey to hone its training programmes for drivers, such as the practical training on safe driving techniques offered to Carlsberg colleagues in Latvia to help avoid accidents on the road.



"Our partnership with Carlsberg's GO brand has been very important in getting messages and tips out to the Latvian public about how to drive more safely. Our country has one of the worst road accident records in Europe and initiatives like ours can help save lives."

Jānis Vanks
CEO, Safe Driving School

"Safety on the road is our highest priority. That's why, in cooperation with Safe Driving School, we are organising safe driving training to help our colleagues acquire new or refresh existing knowledge."

Toms Kursitis
Communications Manager, Aldaris

EXPANDING CHOICES WITH ALCOHOL-FREE BREWS

Drinking habits are changing as more people embrace healthy lifestyles and enjoy alcohol in moderation. A third of adults in Europe and Asia are actively trying to reduce their alcohol intake, and half say they find alcohol-free choices somewhat or very appealing.¹

Carlsberg is well positioned to respond by building on our long-standing and strong portfolio of alcohol-free and low-alcohol brews.

Our brands around the world are launching AFB variants of their popular beers to meet rising demand. In 2021, our AFB sales

volume surged by a further 17%. Since 2015, our AFB sales have more than doubled.²

Great taste has always been a priority for Carlsberg, and we are applying our brewing expertise to create best-in-class alcohol-free brews and fruit-flavoured beer mixes. Taste tests of our latest AFB flavours among 600 consumers in France, Poland and the UK showed strong approval ratings, with our alcohol-free wheat and lager brews both outranking competing brands.

A third of our brands offer alcohol-free options, including all our international premium brands. We hold the biggest market share for AFBs in both Western Europe and Central & Eastern Europe, and we are exploring ways to promote AFBs in Asia (see box, right). Globally,

our AFBs are now available in 70 markets.

MORE BRANDS LAUNCH 0.0 CAMPAIGNS

AFBs are central to our business, as well as our Together Towards ZERO programme. In 2021, many of our brands launched high-profile media and advertising campaigns to introduce consumers to alcohol-free variants of their signature beers and ciders. For example:

- **Russia:** Baltika's social influencer marketing for new grapefruit and lime mixes of Baltika 0 reached 37 million people with the message that AFBs are a positive lifestyle choice.
- **Poland:** Somersby took its investment in zero-alcohol variants to the next level with a full PR campaign across social media, in-store and on TV, growing sales volumes by 28%.
- **Switzerland:** Feldschlösschen, our local power brand, connected its AFBs to mountain hiking and other active lifestyles, and ran blind taste-tests with consumers.
- **Finland:** Sinebrychoff partnered with popular hip-hop duo JVG (pictured, right) to promote its Crisp AFB as a responsible and active choice. Adverts showed the musicians performing gymnastics with a Crisp in hand, accompanied by the hashtag #FitForAllOccasions.

GROWTH OF AFBs IN 2021

70

MARKETS OFFER AFBs

UP FROM 63 IN 2020

+17%

SALES VOLUME

27

NEW AFB PRODUCT LAUNCHES

3 in 10

AFBs SOLD IN WESTERN EUROPE ARE FROM CARLSBERG

AFB BARRIERS IN ASIA

KEY CHALLENGE

A growing number of consumers are opting for AFBs in both our European regions. In Asia, our low-alcohol brews are already very popular, but AFBs have yet to take off.

We are taking a consumer-centric approach to identify barriers and triggers to AFBs in Asia to help us satisfy consumer needs. We are also strengthening our portfolio with new launches in more markets.

In 2020, we launched Carlsberg Alcohol Free Pilsner and Carlsberg Alcohol Free Wheat in Singapore and Hong Kong, and a Chongqing alcohol-free variant in China.



¹ Research by United Insights, June 2020, for Carlsberg, using GlobalData's 2019 global consumer survey. ² Total AFB category volumes have included the fermented beverage kvass in 2018 and alcohol-free ciders since 2019.

INFORMING AND EMPOWERING CONSUMERS

People make their own choices about how they enjoy our products. We provide the information they need to make responsible decisions.

Our product labels contain clear information on ingredients, and nutritional content is detailed on over two-thirds of our fermented volumes. Our labels also include text or icons warning consumers not to drink while driving, underage or pregnant.

Discouraging underage drinking is a key focus, and we are partnering with others in our industry to achieve

maximum global impact. Age restriction symbols are a regulatory requirement in some countries, but we are going further. Together with other members of the International Alliance for Responsible Drinking (IARD), in 2020 we committed to include these symbols on all our alcoholic products and alcohol-free extensions by 2024. We made progress in 2021, including age restriction symbols on around 53% of our products (up from 50% in 2020).

PARTNERING TO PROTECT MINORS

Legal age symbols send a strong message that our alcoholic beverages must not be bought or consumed by minors. But we also need to limit young people's engagement with and access to our brands online. In 2021, we worked

with the IARD to launch two new global standards governing online sales (e-commerce) and advertising by influencers.

Globally, online purchases of wine, beer and spirits have increased by a third during the pandemic. We have joined forces with industry peers, as well as 14 leading online retailers and e-commerce and delivery platforms, to launch the first *global standards* for online alcohol sales.

The standards set out five key safeguards which we and our partners have pledged to adopt:

- Improving security measures to prevent minors from buying alcohol online
- Putting in place mechanisms to prevent alcohol delivery to minors or people who are visibly intoxicated
- Giving drivers tools to empower them to deny delivery to consumers
- Enhancing consumer information and control
- Promoting these global standards to support development of related national codes and practices.

RESTRICTING INFLUENCER MARKETING

Minors can also be particularly susceptible to online marketing by social influencers. We joined with industry peers and global advertising,

"The partnership with leading advertising PR and influencer agencies recognises the significant work that IARD members, including Carlsberg, have undertaken to ensure that alcohol marketing is aimed at those over the legal purchase age. By developing the first-ever global standards for influencer marketing, partnering with others and developing tools for influencers, IARD members are taking significant steps towards preventing minors from seeing alcohol marketing online."

Henry Ashworth
CEO and President, IARD, on the launch of influencer marketing standards

PR and influencer agencies to launch *global standards* on influencer marketing of alcohol.

Led by the IARD, the initiative takes concrete steps to prevent minors from seeing alcohol advertising by influencers online. All partners have pledged to carefully screen the influencers they employ and to use age-affirmation technology on platforms where available. Specific safeguards will ensure that alcohol-related content involving influencers

"Brand marketers have a duty of care to review and reinforce marketing codes and principles and work alongside their agencies to ensure advertisements fully comply with advertising codes of conduct. Influencer marketing is no different. Consequently, the application of general marketing codes to influencers and specific sectoral initiatives like the IARD Influencer Guiding Principles are critical to ensuring credible and robust ad standards continue to evolve with the evolution of emerging marketing channels."

Will Gilroy
Director of Policy & Communications, World Federation of Advertisers

is responsibly advertised and clearly aimed at an audience over the legal purchasing age.

We are also continuing to work with Facebook, YouTube and SnapChat to tighten controls on alcohol advertising online and develop safeguards, such as better age screening, that prevent minors from seeing our advertising on these platforms.

RESPONSIBLE DRINKING AND MARKETING COMMUNICATIONS

	2015	2016	2017	2018	2019	2020	2021
% of Carlsberg companies implementing responsible drinking initiatives	78%	75%	90%	76%	97%	71%	69%
Number of responsible drinking campaigns	239	194	248	159	162	81	83
% of fermented produced volume listing ingredient information*	-	-	-	85%	90%	99%	99%
% of fermented produced volume listing nutritional information*	-	-	-	65%	65%	67%	67%
% of fermented produced volume carrying legal age-restriction symbol or equivalent text*	-	-	-	-	-	50%	53%

* 2021 data within PwC's assurance scope. 2018-2020 data assured in prior years (see previous sustainability reports).

REACHING THE RIGHT PEOPLE WITH OUR MARKETING

We maintain strict controls to ensure our marketing maintains high ethical standards and is not seen by minors. We follow the IARD's Digital Guiding Principles in how we market our brews on online platforms and social media, and track compliance through a robust centralised system. In 2021, we maintained 91% compliance with these principles across our markets, even as we extended our scope to further social media channels. In the few cases where we find problems, we work with local marketing teams to fix them quickly.

In 2021, we rolled out training to relevant employees on our updated *Marketing Communication Policy*. This tightens controls on our advertising, promotions and communications with a focus on designing all content to appeal to, and reach, adult audiences only.

IMPROVING PRODUCT INFORMATION

Providing information on our product content helps people make informed decisions about what and how much they consume.

We already list the ingredients contained in all almost all our beers, and we have now added nutritional information, including calorie counts, to 67% of our beers globally. By

2022, we have committed to adding nutritional labelling to all beers sold in the EU as part of the Brewers of Europe Proud to Be Clear partnership.

PROMOTING RESPONSIBLE BEHAVIOUR

We encourage positive drinking behaviour and cultures everywhere we sell beer. Around the world, our brands work with partners, such as governments, police departments, retail chains, NGOs and ride-hailing companies, to encourage and empower consumers to make responsible choices.

Local campaigns and partnerships aim to address national priorities such as drink-driving or underage drinking. The growth of our alcohol-free portfolio also complements our responsible drinking efforts. For example, brands hand out AFBs to consumers at events to prevent drink-driving.

Restrictions related to COVID-19 continued to hinder the roll-out of our responsible drinking campaigns and partnerships in 2021, as many festivals and other large events where we typically hold campaigns were cancelled. Leaders in our



CASE STUDY

BEER PATROLS TACKLE UNDERAGE DRINKING IN KAZAKHSTAN

In Kazakhstan, our beer patrols have been working with retailers to tackle underage drinking for over a decade. In 2021, our sales teams partnered with 480 trade outlets in seven cities across the country as part of our annual campaign. They used in-store placards and engaged with people directly to raise awareness of the issue of underage drinking, as well as conducting beer patrols to prevent alcohol sales to minors.

regions will help drive progress towards our 2022 goals as part of a new responsible drinking taskforce.

In 2021, our brands ran 83 responsible drinking campaigns, including on Global Beer Responsibility Day, which we celebrate every September. Despite having fewer campaigns than before the pandemic, we were still able to reach more than 33 million people. Examples include:

- **Azerbaijan:** We launched a new NGO partnership to survey young people's attitudes to alcohol in five cities and raise awareness of drink-driving dangers, and our beer patrol team worked with retailers to enforce age rules for buying alcohol.
- **Belarus:** Our Alivaria brand collaborated with a leading blogger to tackle the growing issue of unsafe scooter driving in the capital city of Minsk. Passers-by completing our safe scooter driving quiz got a free scooter ride and a sample of our Dark Side alcohol-free beer. Over 200 people took part and media coverage reached over 1 million people.
- **Denmark:** Carlsberg Denmark ran a social media campaign to reinforce our commitment to responsible drinking and an employee competition to win Tuborg 0 in celebration of Global Beer Responsibility Day.
- **Kazakhstan:** Our sales teams went on beer patrol to prevent the sale of alcohol to minors (see case study on page 32).
- **Latvia:** A year-long campaign aimed to promote safe driving habits (see page 29).
- **Malaysia:** Our seventh annual #CelebrateResponsibly campaign, in partnership with e-hailing providers including Grab and Riding Pink, offered consumers reduced fares for rides to and from over 3,000 Carlsberg-affiliated bars and restaurants.
- **Poland:** Our long-standing programme to promote responsible drinking habits included a three-month campaign this year using drawings from artist Marta Frej to highlight key research findings. The "I Think Soberly" campaign reached 3 million people on social media.
- **Russia:** Baltika sponsored the Golden Ring half marathon in Yaroslavl and promoted Baltika 0 at the race, linking alcohol-free beer to an active lifestyle.
- **Ukraine:** We joined forces with an industry partner to combat underage drinking by conducting interviews with famous parents and their teenage children to promote family communication and responsible attitudes to alcohol.

ENCOURAGING COLLEAGUES TO DRIVE SAFELY





To help prevent drink-driving among our own employees, we fit alcolocks in our company cars that prevent employees from driving when over the legal blood alcohol limit. In 2021, we continued to roll out this programme, expanding alcolocks to 61% of our fleet in Western Europe and 62% in Central & Eastern Europe, up from 48% and 50% respectively in 2020.

WHAT WE MEAN BY ZERO IRRESPONSIBLE DRINKING

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

Global programmes: Our 2022 targets commit us to add responsible drinking messages and consumer information to all primary packaging (already achieved in 2020), offer alcohol-free brews everywhere we sell beer, and launch partnerships in every market to support responsible consumption. These initiatives, together with implementation of our rigorous global alcohol marketing standards, support progress towards our 2030 target by helping all our markets tackle irresponsible drinking.

ZERO IRRESPONSIBLE DRINKING: OUR PROGRESS & TARGETS

PLANNED ACTIONS FOR 2021	STATUS	PROGRESS IN 2021	PLANNED ACTIONS FOR 2022	2022 TARGETS	2030 TARGETS
Work with IARD and e-commerce platforms to develop standards for responsible sales of alcohol online.		We launched voluntary standards for responsible sales of alcohol online with IARD and 14 e-commerce and delivery platforms.			
Continue implementation of legal age symbol on all product packaging.		We reached 53% implementation of legal age symbols on our product packaging, up from 50% in 2020.	Continue to roll out age symbol labels on our alcohol brands and their alcohol-free extensions.	100% responsible drinking messaging through packaging and brand activation (achieved in 2020)	100% of our markets improve on responsible drinking year on year
Continue to expand responsible drinking partnerships with measurable targets in all markets.		We ran local campaigns with existing partners, but COVID-19 continued to delay the roll-out of new partnerships.	Expand responsible drinking partnerships across our markets.	100% of our markets run partnerships to support responsible consumption	
Continue AFB expansion to new markets and increase AFB distribution to more hospitality and retail outlets in markets where AFBs have already been launched.		We launched 27 new AFB products, and our global AFB sales increased by 17%. AFBs are now available in all our operating markets in Western Europe and Central & Eastern Europe.	Develop consumer campaigns to support AFB expansion, particularly in Asia.	100% availability of alcohol-free brews (AFBs)¹	

 Fully achieved
  Partially achieved
  Not achieved

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

ZERO ACCIDENTS CULTURE

Safety comes first in everything we do, everywhere we operate.

Taking care of our people and contractors around the world is our top priority. We follow stringent safety standards across our operations, and our Life Saving Rules are designed to keep everyone safe at work in our breweries, warehouses and offices, and on the road.

Any injury is one too many, and we are working hard to eliminate lost-time accidents altogether. To achieve this, we need everyone – managers, employees, contractors and temporary workers – to play their part by adopting safe behaviours and encouraging others to do so.

In 2021, we expanded our training and safe behaviour programmes, and reinforced our Life Saving Rules to target the biggest risks.

We also continued to enforce strict COVID-19 prevention measures to keep our people safe. Local teams found creative ways to engage staff virtually and support their wellbeing, despite the pandemic making it harder to conduct our usual in-person training and on-the-job observations to promote safe behaviour.

A third of our breweries have passed the milestone of 1,000 days without an accident resulting in lost work time. However, our overall lost-time accident rate rose in 2021 as new breweries joined our business.

The steps we are taking to embed our rigorous safety culture at new breweries and across our operations had already begun to reverse this trend by the end of the year. We are back on track to achieve our targets as we build a ZERO accidents culture.



8.8

See SDG index, page 63.



17.16 & 17.17

371,000

observations on safety risks and unsafe behaviours made by our employees



134,000

safety walks conducted by our leaders



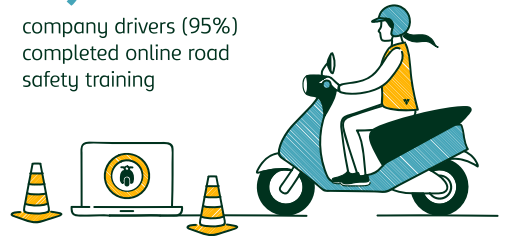
97%

compliance with our Life Saving Rules



11,000+

company drivers (95%) completed online road safety training



32

breweries achieved 1,000 consecutive days without a lost-time accident



96%

compliance with our temporary labour standard for seasonal employees



2030 TARGET

ZERO LOST-TIME ACCIDENTS

2022 TARGET

REDUCTION IN ACCIDENT RATE YEAR-ON-YEAR



BRINGING SAFE BEHAVIOUR TRAINING TO BRAND CHAMPIONS IN CHINA

Our goal is to make safety second nature for all our people, whatever their role at Carlsberg.

Behaviour-based safety is already yielding results among our production and logistics teams around the world. Now we are rolling out similar training tailored to our brand ambassadors, the sales and marketing employees who interact daily with our customers and consumers.

We started in China, home to 16 of our brands, 26 of our breweries and more than 100 offices across the country. Carlsberg China's President took the lead, urging colleagues to look out for themselves and each other.

By the end of the year, more than 3,300 people – almost all our commercial staff across China – had completed training to understand how to spot and report hazardous working conditions and unsafe behaviour.

The training focused on the risks our people are most likely to face in their day-to-day work, reinforcing the importance of adopting safe behaviours every day by showing how something as simple as using handrails on stairs can prevent slips, trips and falls.

With many of our brand ambassadors in China using scooters or motorcycles to visit customers, road safety was an important part of the practical training. It showed how to put our Life Saving Rules into practice when riding two-wheelers, including by wearing helmets and high-visibility vests every time. Employees also tried out virtual reality goggles that simulated the hazards of drink-driving.

As most of our sales and marketing staff work alone when they are on the road, they cannot observe their colleagues in the same way as those in our breweries. Instead, we train them to observe unsafe behaviours among other road users to improve their safety awareness.

In 2021, commercial employees in China recorded an average of 8.1 safety observations and submitted more than 100 entries to our video competition to find the best safety observation.

The campaign is already delivering results. The lost-time accident rate among commercial teams in China has fallen by 90% over the last two years. In 2022, we will extend behaviour-based safety to commercial teams in more markets as we continue to build a ZERO accidents culture.

"Unsafe behaviour is the root cause of most incidents at Carlsberg, including for commercial employees representing our brands. We rolled out our safety observation campaign to enable all employees and line managers to look after each other, encourage safe behaviour and reduce the occurrence of accidents. My message to employees is simple: 'If you see something, do something, don't just walk away!'"

CK Lee
President, Carlsberg China



PROGRESS TOWARDS ZERO ACCIDENTS

In 2021, 32 of our breweries achieved the safety milestone of 1,000 days without a lost-time accident (see case study, page 40).

However, our overall accident rate among employees rose by 44% to 4.3, and the total lost-time accidents among both employees and contractors increased by 34% to 208. This setback followed half a decade of progress that saw a 55% drop in our accident rate between 2015 and 2020.

Much of the rise in accidents in 2021 can be attributed to the breweries that joined our business during the year, and we are working hard to

bring them into our ZERO accidents culture (see box on page 38). Our analysis has identified failure to follow our Life Saving Rules as a root cause in many accidents, and we continue to reinforce these rules through training and awareness programmes across the business.

We already began to see an improvement in the accident rate in the second half of 2021, and we are confident that we are back on track to achieve a year-on-year reduction in 2022.

ADDRESSING SERIOUS INCIDENTS

We deeply regret that our best efforts were not enough to prevent two fatal accidents at our breweries in 2021. A contractor lost his life in a fall during dismantling work at the Okocim brewery in Poland and

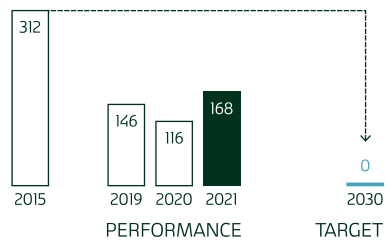
another contractor died at the Lixian brewery in China from asphyxiation caused by carbon dioxide during cleaning activities.

In both cases, we immediately alerted all our breweries to take steps to prevent similar incidents by reinforcing global safety protocols. Thorough investigations revealed that the root causes of both incidents were related to contractors breaching the Life Saving Rules that are at the heart of our safety culture.

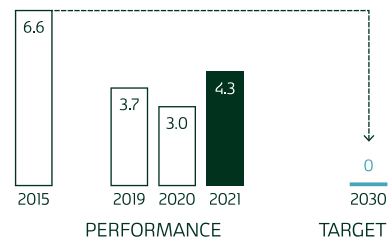
We are extremely saddened by these tragic accidents, which underline the need for day-to-day vigilance by everyone working with us to create a ZERO accidents culture. We will continue to take action, every day, to ensure that all our employees and contractors embrace this culture.

In 2022, we will step up global communications on the Life Saving Rules, health and safety leadership, and management of high-hazard contractor works. The communications campaign will emphasise the importance of following the Life Saving Rules at all times, provide guidance to employees and contractors on how to implement the rules at every workstation, and direct leaders on how to enforce this behaviour. We will also roll out a new Health & Safety Responsibility Model to reward safe behaviour and emphasise that there are consequences for anyone who breaks the rules.

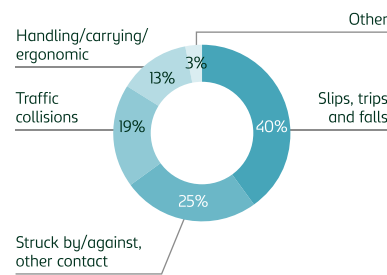
LOST-TIME ACCIDENTS
(LTAs for Carlsberg employees)*



LOST-TIME ACCIDENT RATE
(LTAR for Carlsberg employees)*



LOST-TIME ACCIDENTS BY TYPE IN 2021



* 2021 data within PwC's assurance scope. 2015-2020 data assured in prior years (see previous sustainability reports).

WHAT WE MEAN BY ZERO ACCIDENTS

ACCIDENTS

We define these as workplace accidents that result in an injured or ill person being medically considered unable to work for at least a day, starting the day after the incident and ending the day before return to work, and including time away from work for rest, recovery or treatment. We report total accidents for employees and contractors. We are aiming for ZERO lost-time accidents by 2030.

ACCIDENT RATE

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

MANAGING SAFETY RISKS

Our Health & Safety Policy includes our commitment to create a robust ZERO accidents culture as well as key elements of our approach to

managing risks, including our Life Saving Rules. The policy states that all relevant health and safety incidents must be recorded, and that deliberate failure to do so may result in disciplinary action. It is supported by detailed standards, guidance and induction training for all new

employees, temporary workers and contractors, as well as training on risks relevant to specific roles.

TARGETING TOP RISKS

The Life Saving Rules are designed to prevent injuries and save lives by targeting the most serious risks our people face (see box, right). We expect all employees, temporary workers and contractors to follow these rules, and the detailed safety requirements that accompany them, at all times.

Anyone failing to follow the Life Saving Rules endangers themselves and others, and may face disciplinary action. Across the business, we achieved 97% compliance with the Life Saving Rules in 2021, up from 94% in 2020.

STRENGTHENING SITE SAFETY

Many of the biggest potential safety risks to our people are at our production sites (including breweries, and soft drinks and malting plants). Health and safety management systems help us manage risks and promote continuous improvement. These are certified to the ISO 45001:2015 standard at 81 of our breweries.

Health and safety leaders at Group level and at each brewery join monthly calls to share good practices across the business – from

COVID-19 prevention and detection measures to the use of positive reinforcement tools, including prizes, to engage employees in reporting unsafe behaviour.

KEEPING DRIVERS AND PEDESTRIANS SAFE

Traffic collisions are among the biggest safety risks for our people, both on public roads and at our sites.

All employees who use company vehicles, including truck drivers and sales, distribution and marketing staff, are required to follow our road traffic safety standard. In 2021, we continued to roll out online training for company drivers, and 95% – more than 11,000 employees – have now completed the programme, including almost all the two-wheeler drivers in Asia who visit customers on scooters or motorcycles. We were also able to resume practical in-person training in late 2021 after COVID restrictions were lifted, reaching 34% of company drivers by year-end.

We introduced a new safety standard in 2021 specifically related to on-site traffic to protect pedestrians and ensure industrial vehicles are handled safely. This sets out mandatory procedures relating to topics such as traffic flow, loading and unloading, hazardous areas, vehicle towing and emergency situations. Third-party trucks



entering our sites must pass an inspection by a specially trained employee. We also plan to introduce a new pedestrian detection system for forklifts, with a trial under way in China.

EMBEDDING OUR SAFETY CULTURE IN NEW PARTS OF THE BUSINESS



A safety-first culture takes time to nurture and resources to build.

Carlsberg UK's joint venture with Marston's, completed in late 2020, added six breweries and 12 distribution centres to our global portfolio. When we found that accident rates at these operations were relatively high compared with others where our ZERO accidents culture is well established, we immediately took action to address this challenge.

- Led by Paul Davies, CEO of the Carlsberg Marston's Brewing Company, our comprehensive efforts to reduce site safety risks and make safety top of mind at all levels of the business aim at:
- Instilling a mindset of zero tolerance of unsafe behaviour
 - Training all managers and employees on our Life Saving Rules
 - Appointing Safety Champions and launching a hazard-spotting app
 - Sharing best practices from our other markets to improve safety at distribution sites and reduce accidents
 - Improving incident reporting and analysis.

These interventions have already helped to reduce incidents compared with the start of the year, and we continue to strive for ZERO accidents.

INSTALLING A SAFETY FIRST MINDSET

Embedding safe behaviour is central to building a ZERO accidents culture. Through our global behaviour-based safety programme, we encourage employees to look out for themselves and each other by training them to spot and report safety risks and unsafe behaviours. We want to empower our people to raise any safety concerns with their colleagues and managers.

Our focus is on peer-to-peer observations and feedback on all aspects of safety, reinforced through regular safety walks by site or team leaders. This approach is yielding results among our global production and logistics teams, with around 95% of these employees actively reporting observations in 2021. We also began rolling out behaviour-based safety training to our sales and marketing teams, with China taking a lead (see page 36).

Across the business, the number of safety observations significantly increased in 2021, and there is a clear shift in mindset, with 68% of all observations related to behaviour rather than site conditions when reporting risks (up from 50% in 2020).

Many of our markets use smart brewery worker apps to collect, track and report safety issues and incidents. In 2021, we also introduced quick risk prediction training to alert employees to take extra care during our busiest production season. And we launched a new standard to improve the way our markets collect data on unsafe behaviours, which will help us identify the biggest risks at regional and global level, and plan interventions accordingly.

Every meeting of the Extended Leadership Team starts with an update on health and safety.

PARTNERING WITH CONTRACTORS

We use contractors to provide additional temporary labour alongside our production and logistics teams when our production lines are busy and to support infrastructure projects at our sites. All contractors working at our sites must complete mandatory health and safety induction training, including on our Life Saving Rules.

We achieved 96% compliance with our temporary worker safety standard in 2021 and continued to use a buddy system, pairing temporary workers with experienced employees who coach them on safe behaviours. These measures

contributed to a 35% improvement in our contractor accident rate, despite a surge in hiring of temporary workers as our breweries responded to pent-up demand following COVID-related closures. Overall, there were 40 lost-time accidents involving contract labour in 2021.

Our management standards for contractors delivering infrastructure projects include safety criteria that we use to assess vendors at every stage of the partnership, from selection to induction, oversight and performance evaluation. In 2021, we achieved 97% compliance across our global operations.

PROMOTING HEALTH AND WELLBEING

When our people are safe and well, they thrive – and so does our business.

In 2021, we maintained COVID-19 prevention measures to protect our employees and keep our operations running smoothly. While many office-based employees continued to work from home, most of our breweries were back to full capacity except in some markets where lockdowns remained in place.

2021 SAFETY OBSERVATIONS

371,000

SAFETY OBSERVATIONS BY EMPLOYEES

16.5

OBSERVATIONS PER EMPLOYEE IN PRODUCTION AND LOGISTICS

UP FROM 14 IN 2020

10.2

OBSERVATIONS RELATED SPECIFICALLY TO BEHAVIOUR

PER EMPLOYEE IN PRODUCTION AND LOGISTICS, UP FROM 5.7 IN 2020

134,000

SAFETY WALKS

BY SITE AND TEAM LEADERS

79

SAFETY WALKS

PER MANAGER IN PRODUCTION AND LOGISTICS



CASE STUDY

SAFETY MILESTONE IN MALAYSIA

In October 2021, Carlsberg Malaysia reached an impressive health and safety milestone: 1,000 consecutive days without a single lost-time accident anywhere across the country – including in breweries, warehouses and offices, and on the road.

"Our focus on safety begins with our people actively identifying, reporting and acting on near-misses and safety concerns. Last year alone, we saw 95% of employees submitting more than 3,400 safety concerns. We are now on the next phase of our journey to reward positive behaviours through our Best Safety-based Observation system that has had a significant impact on employees' mindsets and helped us achieve our new 1,000-day record."

Peter Wachenschwanz
Supply Chain Director, Carlsberg Malaysia






On-site prevention measures centred around five key areas – hygiene rules, hand sanitisers, social distancing, face masks and regular disinfection of shared surfaces – with strong levels of compliance across our regions. Some sites continued to keep teams separate through shift patterns as well as offering flexible working options.

Local initiatives to support employees' physical, emotional and mental wellbeing in 2021 included COVID-19 vaccinations and tests, and webinars with therapists and psychologists to help manage home office ergonomics and remote working stress.

Many markets also launched creative engagement campaigns to keep up morale. For example, in Sweden we connected colleagues with activities ranging from in-person "walk and talks" to virtual "cook-alongs", coffee mornings, exercise classes and themed events. In India, colleagues took part in a virtual talent show. And in France we created a "happiness team" to organise virtual feelgood activities.

Wellbeing is a top priority for employees (see page 51), and we want to do more to help them stay well and happy at work and at home. We understand that the pandemic has changed people's perspectives on ways of working and heightened focus on health and wellbeing. We introduced global flexible workplace guidelines (see page 50), and we are exploring how we can further support our people's wellbeing needs as part of our new SAIL'27 corporate strategy.

ZERO ACCIDENTS CULTURE: OUR PROGRESS & TARGETS

PLANNED ACTIONS FOR 2021	STATUS	PROGRESS IN 2021	PLANNED ACTIONS FOR 2022	2022 TARGETS	2030 TARGETS
Launch Behaviour Safety Programme to drive safety culture and people engagement.		We launched a new standard and process to drive global implementation of our Behaviour Safety Programme, increased observations among production and logistics teams, and began to roll out training to extend the programme to commercial teams.	<p>Continue to implement our Behaviour Safety Programme for production and logistics teams and roll out the programme to sales and marketing teams globally.</p> <p>Conduct H&S Leadership Training for all people leaders in Supply Chain and Commercial functions.</p> <p>Roll out health and safety responsibility model for employees incorporating consequence, reward and recognition.</p>	Reduction in accident rate year on year	ZERO lost-time accidents
Maintain at least 90% compliance with our Life Saving Rules globally.		We achieved a global compliance rate of 97%, meeting our target across all regions.	<p>Maintain at least 95% compliance with our Life Saving Rules globally.</p> <p>Develop a communication framework to enhance in-depth employee understanding of how to practically implement the Life Saving Rules at every workstation.</p>		
Continue roll-out of online Safe Driving training to all company drivers and reach at least 25% with practical in-person training.		We continued the roll-out of online Safe Driving training, reaching more than 11,000 (95%) of company drivers. In-person instruction resumed in late 2021, reaching 34% of company car drivers and 44% of two-wheeler drivers by year-end.	<p>Launch new standard on off-site traffic management.</p> <p>Continue online and practical safe driving training for all company drivers.</p>		
Focus on sustainable implementation of the contractor management standard and temporary labour standard.		We achieved 97% compliance with our contractor management standard and 96% compliance with our temporary labour standard.	Maintain at least 95% compliance with contractor management and temporary labour standards.		
Complete roll-out of permit-to-work standard on high-risk activities.		We completed the roll-out and achieved 96% compliance with our permit-to-work standard.	<p>Maintain at least 95% compliance with our permit-to-work standard.</p> <p>Retrain permit issuers and subject matter experts to ensure effective permit-to-work processes during contractor activities.</p> <p>Launch new standards on occupational (physical) health and change management.</p>		

 Fully achieved
  Partially achieved
  Not achieved

RESPONSIBLE BUSINESS

Doing business responsibly is fundamental to our purpose – brewing for a better today and tomorrow.

Carlsberg was founded almost 175 years ago on a strong sense of social responsibility that has driven our actions ever since. Today, our commitment to responsible business underpins the success of our company and our Together Towards ZERO programme.

For us, this means contributing to the economies we are part of, acting with integrity, respecting human rights, embracing diversity and inclusion, engaging and developing our people, sourcing responsibly and ensuring product safety.

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96 DKKbn

global economic value generated in 2021



1.09 MILLION

indirect jobs created in 2021



Updated, published and rolled out training on our refreshed Code of Ethics & Conduct and Human Rights Policy



89%

of our people are satisfied with Carlsberg as a place to work



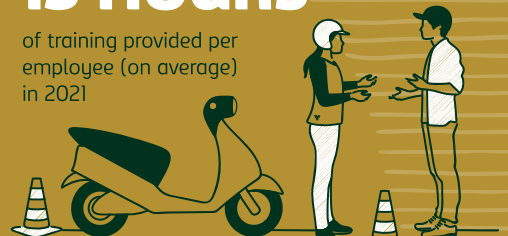
93%

of our top 350 leaders have completed training on unconscious bias in the workplace



13 HOURS

of training provided per employee (on average) in 2021



BRANDS
TAKING
ACTION

STANDING UP FOR LGBTQ+ RIGHTS

When our brews and our values combine, good things happen.

In New York City, Brooklyn Brewery has been a proud partner of the Stonewall Inn since 2017, when the brewery was asked to create a beer to help raise awareness, generate funds and create real change for the LGBTQ+ community and the non-profit The Stonewall Inn Gives Back Initiative (SIGBI).

The result is the popular Stonewall Inn IPA, now sold in China, Denmark, France, Hong Kong, Norway and the US.



In 2021, Brooklyn Brewery took its allyship further by launching an online campaign platform to Create Space for the voices of grassroots activists to be heard and channel funds to support their vital work. The first five activists hail from Brazil, Hong Kong, Iraq, the US and the UK.

Their efforts connect vulnerable LGBTQ+ people to safe housing, food, financial support and networks, as well as providing community education.

We also realise how important it is to back up our own words and actions by continually educating ourselves, our people and our partners on LGBTQ+ history, rights and issues, and to ensure that our day-to-day ways of working are truly inclusive. We aim to open up broader conversations across Carlsberg on how we can Create Space for all, regardless of differences or social identity.



Read more about the partnership at brooklynbrewery.com/createspace/

"We need allies to become accomplices and take our stories into spaces where we have been forbidden to go."

Kayla Gore

Co-Founder and Executive Director, My Sista's House Memphis, whose work is celebrated on Brooklyn Brewery's Create Space platform

"The LGBTQ+ community don't need corporations to sweep in. But we have a role in being better employers and allies. The CREATE SPACE campaign is a platform to decentre our own voices and amplify those of the LGBTQ+ community."

Maximilian Smith

Global Customer Marketing Manager, Brooklyn Brewery



CONTRIBUTING TO ECONOMIES

Carlsberg's brands bring enjoyment to millions of people and in doing so make a positive impact on economies and communities around the world.

The jobs we create in our operations and supply chains, and the taxes we pay, make a significant contribution to local and national economies. Our

business has a global presence, supporting UN Sustainable Development Goal 8 to promote sustained, inclusive and sustainable economic growth.

Following a decline in 2020 due to the impact of COVID-19 restrictions on the hospitality industry, our total economic contribution grew in 2021 as these restrictions were eased in parts of the world, particularly in Western Europe during the summer. However, people and businesses in many markets continue to face significant hardship.

CREATING JOBS

We directly employed more than 39,000 people in our majority-owned businesses around the world on 31 December 2021.

Our business also created an estimated 1.09 million indirect jobs – equivalent to 28 for each Carlsberg employee – for people involved in supplying our raw ingredients and serving our beer to consumers¹.

Overall, the number of indirect jobs we created in 2021 remained stable

but is not yet back to pre-pandemic levels.

Many of the jobs we create support people in rural areas, where employment opportunities can be scarce, particularly through our agricultural suppliers and at breweries located outside cities.

39,000+
DIRECT EMPLOYEES

1.09 million
INDIRECT JOBS CREATED

INDIRECT JOBS CREATED



1 Carlsberg employee creates an additional...

5 jobs in the supply chain providing ingredients, packaging and transport for our beers (6 in 2020)

9 jobs in hospitality serving our beers in bars and restaurants (9 in 2020)

14 jobs in retail selling our beer in stores (13 in 2020)

¹ Estimation by research consultancy Europe Economics. See page 94 for details of the methodology used.

ADDING ECONOMIC VALUE

Our business and our beer generate substantial revenues for governments, support public services and stimulate economic growth. We operate in Western Europe, Asia and Central & Eastern Europe. Across these three regions, our tax payments support target 8.1 of the UN Sustainable Development Goals – to sustain per capita economic growth.

In 2021, as the world began emerging from the pandemic, the Carlsberg Group generated DKK 96bn in total economic value¹. This was 13% more than in 2020, when COVID-19 restrictions on bars, restaurants, festivals and other venues had an even bigger impact on the hospitality industry and brewing sector. We also supported business in related sectors – including agriculture, retail and hospitality – that generated additional government revenues.

TOTAL TAX CONTRIBUTION

Our *Tax Policy* is based on good corporate practice. It sets out our commitment to fulfil our global tax obligations and contribute to the societies in which we do business.

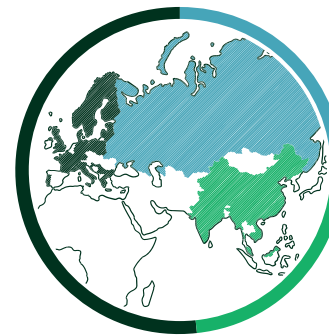
Our total tax contribution amounted to DKK 40bn in 2021 (up from DKK 38bn in 2020), including:

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

We recognise that shareholders and other stakeholders want to see transparency from multinational corporations on tax policies and tax payments. In 2021, we reviewed our Tax Policy and disclosures to assess the feasibility of increasing transparency through public country-by-country tax reporting. We concluded that until such country-level reporting applies to the entire industry, it may result in competitive disadvantage for the Carlsberg Group. However, as part of our ongoing commitment to tax transparency, we have expanded our reporting to include a regional breakdown (see table, top right) of our tax contribution and effective tax rate adjusted for special items, which was 23.5% globally this year.

METHODOLOGY AND DEFINITIONS

See page 94 for details of the methodology we use to calculate our economic contribution and definitions of the categories used.



	WESTERN EUROPE	ASIA	CENTRAL & EASTERN EUROPE
Tax paid (DKKm)	20,366	9,889	9,263
VAT	4,056	1,760	2,090
Employee taxes	1,584	343	538
Corporate income tax	680	1,013	285
Excise duties	13,652	6,523	6,099
Other taxes and duties	394	250	251
Proportion of total tax paid	52%	25%	23%
Proportion of total revenue	46%	29%	25%
Effective tax rate (ETR)	22%	23%	27%

Note: All figures have been rounded.

ECONOMIC VALUE GENERATED (DKKBN)

96

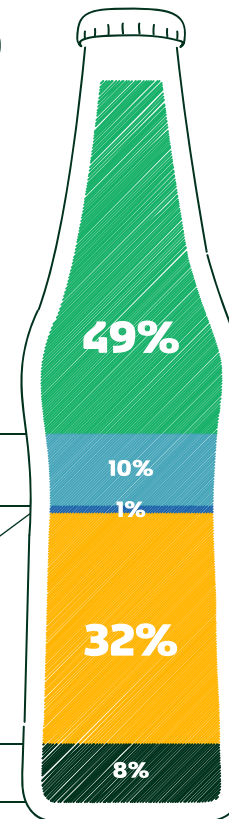
Operating costs
DKK 47bn

Employee wages
DKK 9bn

Providers of capital
DKK 1bn

Taxes borne and excise duties collected*
DKK 31bn

Economic value retained
DKK 8bn



TOTAL TAX CONTRIBUTION (DKKBN)

40

20%

3%

4%

5%

2%

66%

VAT
DKK 8bn

Employee personal income taxes
DKK 1bn

Social security taxes
DKK 2bn

Corporate income tax*
DKK 2bn

Other taxes
DKK 1bn

Excise duties*
DKK 26bn

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

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

* 2021 data within PwC's assurance scope.

LIVING BY OUR COMPASS

We live by our Compass. This means putting our core ethical values of honesty, responsibility, compliance and respect for people into practice in our day-to-day actions around the world.

Living by these values supports our business strategy and growth, and helps us build a winning culture. It also mitigates risks in our operations and supply chain, and protects our reputation and brand.

Our Executive Committee and market Managing Directors, supported by the Board of Directors, set the tone from the top. We expect everyone working with us to follow their lead as they represent Carlsberg across our global markets.

SETTING HIGH STANDARDS

Our *Code of Ethics & Conduct* guides the daily decisions made by our employees and contract workers, and reinforces our compliance culture. It covers a wide range of issues, including anti-bribery and corruption, competition law, data protection and privacy, conflicts of interest, political activities, discrimination and harassment.

Further guidance is provided in detailed corporate policies, referenced in relevant sections of this report.

In 2021, we strengthened the code and made it more user-friendly. There is new content and guidance on health and safety and environmental protection, and we reiterate our zero tolerance for harassment and discrimination. Simple checklists of “dos and don’ts” and an ethical decision-making tool have been added to make it easier for our people to do the right thing if confronted with an ethical dilemma.

We also extend ethical requirements to our business partners and suppliers in our *Supplier and Licensee Code of Conduct* (see page 52).

BUILDING AWARENESS

New employees undergo training on the Code of Ethics & Conduct, which is available in 29 languages. By the end of 2021, 12,485 new and existing employees had completed the training globally. We also updated this online e-learning to include more real-life scenarios, ethical dilemmas, insight from enforcement action against other companies and regulatory best practice.

TARGETING BRIBERY AND CORRUPTION

We have a zero-tolerance approach to any and all forms of bribery and corruption.

Our *Anti-bribery & Corruption Policy* guides employees on red flags for bribery, how to avoid them and how to decide whether modest gifts or hospitality are appropriate. Our updated Code of Ethics & Conduct also includes “dos and don’ts” for accepting gifts, meals and entertainment from customers, suppliers or other business partners.

In-depth anti-bribery and corruption training has been rolled out for employees, with a particular focus on those in sensitive roles, such as sales, procurement and finance. In 2021, 4,516 employees completed the online training course, which includes real-life experiences and dilemmas drawn from our Speak Up investigations.

During 2021, we also piloted an enhanced anti-bribery and trade sanctions screening process for relevant higher-risk business partners globally, including agents, consultants and service providers. The process uses an automated tool to screen individuals and firms we work with for a range of red flags. If potential issues are identified, we take appropriate follow-up action.

UPHOLDING DATA ETHICS

The Carlsberg Group is committed to upholding a high standard for data ethics, thereby earning and keeping the trust of our consumers, business partners, employees and other stakeholders. Our corporate *Data Ethics Policy* explains how we will live up to this commitment within a globalised and digitised business environment by only using personal data consistently with our four ethical pillars of keeping data safe, complying with data protection laws, using data respectfully and anchoring data ethics in the organisation. Read more on page 71.

IMPLEMENTING COMPLIANCE CONTROLS

We deploy strong compliance controls to help ensure our ethical standards are upheld everywhere we operate.

These controls include an annual compliance risk assessment in each market to identify potential risks of non-compliance with our policies or local laws related to issues such as anti-bribery and corruption, anti-competitive practices, data protection and trade sanctions. If we identify areas where controls may not be fully effective, we adopt additional measures to help mitigate risks.

In early 2021, each market used a new automated tool to report on the effectiveness of compliance controls during the previous year and, where relevant, detail improvement plans.

We check progress on completion of these actions quarterly at Group level, and all 122 planned actions were completed by the end of the year.

SPEAKING UP

We encourage people to voice ethical concerns about any potential breach of our Code of Ethics & Conduct without fear of retaliation, whether they are employees, contract workers or other business partners. We offer employees different ways to raise these concerns, including reaching out to their manager, human resources representative or local legal and compliance representative.

In addition, anyone can report ethical and compliance concerns anonymously through our speakup@carlsberg.com mailbox or *Carlsberg Speak Up Line*. This 24-

hour helpline – available by phone or web platform – is run by an independent third party and is available in local languages everywhere we operate. People inside or outside the company can also report concerns directly to our senior managers in each market.

In 2021, we used regular awareness campaigns and a quarterly newsletter to help employees understand when and how to speak up on specific issues, including harmful leadership styles (see box, right).

INVESTIGATING AND RESPONDING TO CONCERNS

We take alleged breaches of the Code of Ethics & Conduct very seriously and review them all to establish merit and allocate them for investigation.

Our Group Internal Audit team investigates the most serious allegations and oversees the remainder, which are conducted by local trained representatives. Our Integrity Committee oversees investigations of the most serious allegations. The Integrity Committee is chaired by the CFO and includes the General Counsel, SVP Group HR, VP Group Internal Audit and VP Compliance.

In 2021, 157 suspected cases of misconduct were reported, compared with 180¹ in 2020. Of 148 matters closed in 2021, 46% were fully or partially upheld following investigation. This led to 48 employees being dismissed, 104 receiving a verbal or written warning, and 24 having feedback meetings.

ACTING ON ALLEGATIONS IN INDIA

On 24 September 2021, the Competition Commission of India (CCI) published an order which concluded that United Breweries, SABMiller India (now AB InBev India) and Carlsberg India engaged in price coordination (partly facilitated through a trade association), supply restrictions and market sharing, in breach of India’s competition laws. According to the order, the two former companies engaged in these illegal practices from 2009 to 2018, and Carlsberg India from 2012 to 2018. Following legal advice, Carlsberg India has decided to pay the fine imposed.

The CCI decision came after a lengthy competition law investigation, during which Carlsberg India cooperated under leniency with the authorities to uncover wrongdoings. Carlsberg India has separately taken steps to strengthen its competition compliance programme and controls in India.

RESPECTING HUMAN RIGHTS

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

Carlsberg is a signatory to the UN Global Compact. We support the UN Universal Declaration of Human Rights and the UN Guiding Principles on Business and Human Rights. Our *Human Rights Policy* lays out our commitment to respecting the human rights of all our employees and contract workers, irrespective of the country in which they work. It covers topics such as working hours and wages, freedom of association, discrimination, harassment, and child and forced labour.

In 2021, we worked with Shift, the leading centre of expertise on the UN Guiding Principles on Business and Human Rights, to strengthen our Human Rights Policy.

The new policy clarifies how our commitments align with the UN Guiding Principles and apply to all our activities and relationships throughout the value chain. It also provides more detail on how we govern human rights, with leadership

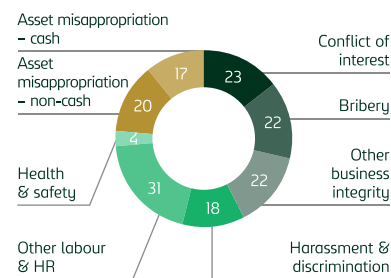
EMPOWERING EMPLOYEES TO SPEAK UP ABOUT HARMFUL LEADERSHIP STYLES

No colleague deserves to feel unsupported at work, and we work hard to ensure we build the right culture that involves, accepts and values all our people.

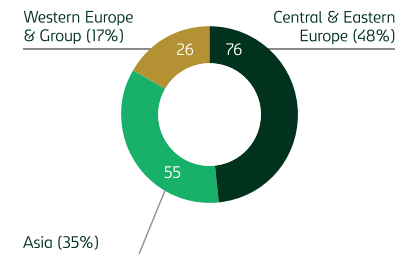
We recognise that leaders can choose different management styles as they work to achieve targets and address emerging issues. In some cases, this can lead to excessive focus on tasks rather than on people and their wellbeing. This, in turn, can risk turning into a harmful work environment that could manifest as intimidating, hostile or abusive to colleagues. Keeping silent about such experiences in daily work lives can lead to stress, burnout and high staff turnover.

In 2021, we issued a Speak Up alert to raise awareness of the signs of a harmful work environment and highlighted the escalation routes available for all colleagues to raise any concerns in a safe and supportive manner. We also encourage open and continuous dialogue and frequent feedback between managers and their team members, and promote a culture of wellbeing.

REPORTED CONCERNS BY TYPE IN 2021
(Number)



REPORTED CONCERNS BY REGION IN 2021
(Number and percentage)



¹ This was reported as 196 in last year’s sustainability report, but some reports found to be recurring or outside the scope of Speak Up were excluded in 2021.

from our Executive Committee, and how employees and third parties can report grievances and seek remedy from us.

We embed our commitment to respect human rights by training people managers in all our markets on the Human Rights Policy and providing an implementation manual. This year, we rolled out training on the updated policy across our human resources teams globally. In addition, we continued to monitor compliance in potentially higher-risk markets by conducting audits in Azerbaijan, Belarus, Cambodia and Malaysia. Our *Supplier and Licensee Code of Conduct* extends our commitment to uphold labour and human rights to the thousands of third parties we work with (see page 52).

ADDRESSING SALIENT ISSUES

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

Working with Shift in 2020, we went through a process to identify, assess and prioritise human rights risks. In 2021, we conducted a deeper assessment of these challenges, which included a due diligence process in a high-risk market. We are developing a plan to mitigate the

potential human rights risks we identified through this process.

SPEAKING UP ON HUMAN RIGHTS

Anyone who works with us, including suppliers and their workers, can use our Speak Up helpline to anonymously report possible human rights violations. We do not tolerate retaliation against anyone who raises a question or concern in good faith.

Of the 157 Speak Up reports we received in 2021, 53 (34%) were on human rights topics. These related to discrimination and harassment (34%), retaliation (4%), health and safety (8%), labour law (11%) and other human resources issues (43%). We investigate all such reports and develop action plans to address all substantiated complaints. Of the human rights investigations we completed during the year, 43% were fully or partially substantiated and each of these was addressed through an agreed action plan.

TARGETING DISCRIMINATION AND HARASSMENT

The proportion of reported concerns relating to discrimination and harassment increased in 2021. To reinforce our zero-tolerance approach, we now escalate all such concerns to the Group Integrity Committee. We have also rolled out global guidelines for human

resources managers on how to handle consequences for such behaviour consistently across our markets.

EMBRACING DIVERSITY AND INCLUSION

We aspire to become a more diverse and inclusive company to reflect the breadth of our people, customers and consumers. We are working hard to build a culture where people feel they can bring their true selves to work and be heard.

Led by our CEO, Cees 't Hart, we are making diversity and inclusion (D&I)

a business priority to help create a winning team that supports innovation and better serves our customers around the world. In a D&I video for employees, Cees highlighted what he had learned from the training on unconscious bias that all our leaders have completed. He also emphasised that each and every colleague has a key role to play in building a truly diverse and inclusive Carlsberg.

Our *Diversity & Inclusion Policy* outlines our approach, which includes adopting a global mindset and promoting a workplace built on diverse representation, inclusive culture and leadership, and equal opportunities for all our people. As part of this roadmap, we are further

"As a member of the LGBTQ+ community, I feel Carlsberg celebrating Pride is a signal of support. It's about showing the whole world that people are what makes a company successful. Carlsberg is a great workplace full of open-minded people. The culture is full of kindness and support and this environment allows me to be myself at work."

Pawel Abramczyk
Recruitment specialist, Carlsberg Poland, on celebrating Pride at work



"I'm a strong believer that a can-do attitude, together with a strong work ethic, a lifelong learning approach and a clear purpose, are the key factors to a successful career, regardless of one's gender. It also helps for companies to provide the required level of safety and working patterns that are more family-friendly."

Laura Aimone (pictured, left)
Head of Excellence, Packaging and Maintenance, Carlsberg Asia, and mentor to women in Carlsberg's manufacturing functions

integrating D&I into processes such as recruitment, leadership development, benefit practices and employee engagement.

In 2021, several of our markets and brands were active in celebrating and supporting movements that promote diversity, including LGBTQ+ rights. Somersby partnered with Copenhagen WorldPride in a global celebration of diversity and inclusion, donating DKK 500,000 to support the annual event. In Finland, local power brand Karhu partnered with Helsinki Pride to support the rights of transgender people, replacing the brand's name on cans with pronouns including they/them. And Brooklyn Brewery partnered with the Stonewall Inn to Create Space for LGBTQ+ activist voices (see page 43).

DRIVING OUR D&I AGENDA

Our D&I Council helps drive our agenda and turn policy into practice. Council members are senior leaders representing various business functions and regions.

During 2021, its first full year of operation, the Council continued to lay the foundations for an inclusive global culture and support workplace changes, including more flexible working options. Its membership also expanded from six to nine D&I Champions (see right) who offer

different perspectives and backgrounds.

In our employee pulse survey in 2021, 86% of respondents said they feel treated as an individual regardless of their social identity (such as job, age, race, gender or physical capabilities).

For the second year running, we also conducted an anonymous survey specifically on D&I that reached around 2,800 managers across our markets. Most reported positive individual experiences of D&I at work and see Carlsberg as an inclusive organisation. The findings helped us identify key areas where we can further improve – globally, regionally and at market level.

To help us craft effective company-wide policies and communications, we surveyed global leaders to assess our progress both globally and in each market. Social cultures and levels of maturity on diversity, equity and inclusion vary across our regions, underlining the importance of tailoring initiatives at local level.

EMBEDDING INCLUSIVE LEADERSHIP

Embracing inclusion must start with our leaders. That is why we are investing in training on unconscious bias and inclusive leadership for our executives and senior managers

"Over the last year, we have worked hard to raise awareness of D&I across our business.

"We have been laying the foundations through initiatives such as delivering unconscious bias training to more than 350 colleagues in all regions, embedding our flexible working guidelines, undertaking a review of parental leave policies across markets, establishing the annual D&I survey and engaging our senior leaders to take a D&I maturity assessment in their local markets.

"We are also working with a particular focus on increasing the number of women in senior positions, since we are lagging here, and we have established a metric to track D&I by market and at a global level. These steps allow us to build an accurate picture of where we are and support us in developing our vision for D&I in the future.

"So, while we are definitely making progress, there is still lots to be done in D&I and on creating a more diverse and inclusive environment in the Group."



IRINA FEDOROVA
Senior Government Relations Director, Central & Eastern Europe, Russia



VICTOR SHEVTSOV
EVP, Group Supply Chain Switzerland



MYRIAM SHINGLETON
VP, Supply Chain, Western Europe Switzerland



VICTOR CHEONG
VP, Marketing, Carlsberg Sverige Sweden



KATERINA TSINTSIFA
Director, Supply Chain, Olympic Breweries Greece



ARINDAM VARANASI
Managing Director Myanmar



JORIS HUIJSMANS
Chief HR Officer, Group HR Denmark



SARAH HAYWOOD
CIO, Integrated Information Technology UK



CECILIA LUNDGREN
CFO, Western Europe Copenhagen, Denmark D&I Council Chair

around the world. By the end of 2021, around 93% of our top 350 leaders had completed mandatory unconscious bias training.

All our leadership development training includes aspects of inclusive leadership. In 2021, we launched a pilot programme specifically on inclusive leadership that included role-playing and an examination of everyday body language and speech, as well as encouraging honest and open dialogue and self-reflection.

Online learning on unconscious bias and cultural inclusion is also available to all employees.

REINFORCING INCLUSIVE PEOPLE PROCESSES

We are building D&I into our hiring and development processes and work practices to help us become a more diverse and inclusive business.

In 2021, 68 recruiters across all markets completed unconscious bias training encompassing e-learning,

self-assessment and on-the-job learning. To support inclusive hiring, we have adopted practices such as placing gender-neutral job advertisements, debiasing filters and inclusive interview techniques. In addition, we provided training videos on unconscious bias and D&I culture to 239 human resources colleagues – around 90% of colleagues whose roles include employee development and talent management.

IMPROVING GENDER BALANCE

We believe that getting the gender balance right will pave the way for more diverse representation across our company. More than half of employees at the early stages of their career are women, and we are working to move this pipeline of female talent up our ranks. In 2021, women made up 29% of participants in our global leadership programmes and 30% of employees on developmental or short-term assignments.

To monitor our progress on gender balance, we have also started tracking the number of women we hire and promote, and the number who leave the company.

We remain committed to equal pay for equal roles everywhere we operate. An equal pay benchmarking exercise across our markets did not find any structural inequalities in the way we pay our male and female employees.

Flexible working arrangements support diversity and equal opportunity by making it easier for our people to manage their varied work/life situations. Our global flexible workplace guidelines, introduced in 2021, enable employees to work outside the office and normal working hours where their jobs allow and with their manager’s approval. We have also begun a review of parental leave policies across our markets.

GENDER BALANCE IN OUR SUPERVISORY BOARD

Gender balance in management and in our Extended Leadership Team continued to improve in 2021. However, the Supervisory Board did not meet the objective with regard to gender diversity (40% by 2021), as only two Supervisory Board members elected by the General Meeting were women, i.e. 20%.

At the Annual General Meeting in March 2022, the Supervisory Board will propose three female candidates, bringing the ratio of women on the Supervisory Board to 33%. The objective with regard to gender diversity is therefore not expected to be met in 2022. However, the Company expects to meet the gender diversity target at the Annual General Meeting in 2023.

At Carlsberg Breweries A/S, the four Supervisory Board members elected by the General Meeting are men, being the members of the Chairship and of the Executive Board of Carlsberg A/S.

At Carlsberg Danmark A/S and Carlsberg Supply Company Danmark A/S, one of three Supervisory Board members is a woman. At Carlsberg Integrated Information Technology A/S, one of four Supervisory Board members is a woman.

DEVELOPING TALENT

When our people succeed, so does our business. We aspire to help all our employees be happy and satisfied at work, and we give them the tools, training and opportunities to progress their careers with us. Employees set personal development

13
HOURS OF TRAINING PER EMPLOYEE IN 2021

101
HIGH-PERFORMING MANAGERS COMPLETED GROUP-LEVEL LEADERSHIP PROGRAMME

plans and goals each year, review progress with their managers and adjust objectives as needed.

In 2021, we rolled out tools and training for managers in all markets to support continuous dialogues that enable real-time feedback between managers and employees. Through these regular meetings (typically monthly), introduced in 2020, managers can check in on their team’s wellbeing and progress towards their personal goals as well as providing feedback on their performance.

In our 2021 pulse survey, 82% of participating employees agreed that their manager encourages their development at work (up from 81% in 2019). In addition, 79% said they receive ongoing feedback that helps

WOMEN AT CARLSBERG

	2019	2020	2021
Supervisory Board	27%	27%	20%
Extended Leadership Team	14%	14%	15%
Management	27%	28%	30%
Early careers (graduates and apprentices)	47%	47%	54%
All employees	33%	32%	31%

them improve their work (up from 76% in 2019).

We offer development opportunities for all employees through our learning academies. Options include specific training to support people in different roles and functions across the business, including commercial, leadership, financial, compliance and production. The academies also enable people to broaden their

horizons by learning new skills or exploring a different part of the business.

In 2021, we launched a global trial of LinkedIn Learning, accessed by more than 1,600 employees. Over 100 managers completed our comprehensive leadership training for high-potential employees at Group level, and our markets offered

additional internal and external training opportunities locally.

Overall, our employees benefited from an average of 13 hours of training in 2021, most of it delivered virtually due to the ongoing pandemic.

ENGAGING EMPLOYEES

Listening to our people helps us become a better employer and a more responsible business. This has been more important than ever during the pandemic, as employees grappled with new challenges and many worked remotely from home.

Our CEO led employee engagement through this challenging time with bi-weekly "Cees Direct" videos on wide-ranging topics, including sustainability and D&I. In December 2021, we invited employees to join an informal virtual "fireside chat", hosted by our Executive Committee, to ask questions about the business. We also held Q&A sessions at our virtual townhall meetings with our CEO and CFO to present financial results through the year.

We also continued to keep employees informed about the business through regular team dialogues, internal

communications and executive townhalls. In addition, we hold formal consultations with employee representatives globally.

We recognise the right to collective bargaining, and 65% of our employees worldwide were covered by collective bargaining agreements in 2021.

Every two years, we run a global employee survey to help us understand how we are doing as an employer and where we can improve. In 2021, we used a pulse survey to generate actionable findings.

More than 31,000 employees responded to the online questionnaire with an overall engagement rate of 82% – a slight drop from 84% in our last full survey in 2019.

The latest results showed that most of our people are satisfied in their jobs and proud to work for Carlsberg. But we still have work to do, especially in the areas of people development and wellbeing (see box, left).

To reward and recognise our people's hard work, we offer competitive pay and benefits that we benchmark in each market. We also expect our leaders to highlight colleagues' achievements informally or through local award schemes.

89%
OF OUR PEOPLE ARE SATISFIED WITH CARLSBERG AS A PLACE TO WORK

87%
OF OUR PEOPLE ARE PROUD TO WORK AT CARLSBERG

"As I still have to do a lot of physio, the morning hours are very important to me. Carlsberg Ukraine supported me in this, and before I started, we agreed that I would begin my working day at 10:00 am. Working flexibly also enabled me to train for my first marathon, which I completed this year. It was a great experience, and my team supported me throughout the whole journey."

Mykola Fedorenko
Recruiter for Carlsberg Ukraine, who overcame a severe car accident to become a Paracanoe World Champion

SUPPORTING OUR PEOPLE'S WELLBEING AND CAREERS

KEY CHALLENGE

In our 2021 pulse survey, employees reported an improvement in the support and opportunities we provide for them (compared with 2019), but there is still more we could do to enhance their experience in these areas.

In 2021, 74% of respondents agreed that senior management shows a genuine interest in the wellbeing of employees and that the amount of stress in their job is manageable, while 70% said they were satisfied with the career opportunities available.

Our local markets have stepped up wellbeing programmes throughout the pandemic (see page 39), but moving forward we will develop a more holistic and global approach to support wellbeing. We are hopeful that our new continuous dialogue approach (see page 50) will also enhance ongoing support for employees from their managers and help them identify suitable opportunities to develop their careers.

"The Covid-19 pandemic presented a whole new set of challenges in the workplace that we never imagined. From the start, it was great to see Carlsberg take a 'leading with care' approach that supported all employees. This made a significant difference by minimising the effects of the pandemic and enabling us all to work together to maintain production."

Hans Andersen

Brewery worker and shop steward at Fredericia brewery, Denmark, and chairman of Carlsberg's European Workers Council

SUPPORTING PEOPLE THROUGH CHANGE

In 2021, we continued to support employees through changes to our workforce and ways of working as a result of the COVID-19 pandemic (see page 39). Our "leading with care" approach and strong relationships with employees and workers councils helped make this possible (see quote).

In the UK, we completed our joint venture with Marston's and took steps to bring new employees on board with our ways of working. Sadly, we also had to let around 120 people go as we consolidated roles as a result of the joint venture. We offered affected employees tailored support, such as career coaching and job search assistance, to help them with their next career moves.

SOURCING RESPONSIBLY

Around the world, we collaborate with tens of thousands of suppliers. These business partners provide ingredients, packaging and logistics for our products, as well as other goods and services that keep our operations running.

We seek suppliers who share our values and responsible approach to business. To work with us, they must

meet the standards set out in our *Supplier and Licensee Code of Conduct* and accompanying technical standards, and commit to extending these standards to their own suppliers.

The standards include requirements on business ethics, labour and human rights, quality, health and safety, and environmental sustainability. We also drive action by suppliers in our Together Towards ZERO focus areas. For example, many of our suppliers have large carbon and water footprints, and we require them to commit to reducing carbon emissions and managing water risk. This in turn helps us cut our own value chain environmental footprint.

We make sure suppliers understand our requirements and expect them to demonstrate compliance with our standards and applicable laws on request. If they fail to meet our standards, suppliers must let us know and act quickly to fix the problem. Failure to meet our standards or remedy non-compliances may result in termination of their contract.

We also reserve the right to conduct our own audits of supplier facilities. In 2021, we carried out 121 regular quality and compliance audits of

business-critical suppliers to monitor adherence with our standards.

ENSURING PRODUCT QUALITY AND SAFETY

Consumers expect nothing but the best from Carlsberg. We closely monitor our manufacturing operations and supply chain to make sure we always provide them with high-quality and, above all, safe products.

All our major European breweries and 92% of our large Asian breweries use quality management systems certified to ISO 9001, and we continually enhance our robust processes to ensure end-to-end product quality. We also adhere to the Global Food Safety Initiative (GFSI) standards, which support continuous improvement in food safety throughout the supply chain.

All our major breweries in Europe are certified to external schemes recognised by the GFSI, and 67% in Asia meet GFSI-equivalent qualifications.

Suppliers that provide raw ingredients and packaging play a critical role in ensuring the safety of our products. We require them to meet good standards on food safety,

and we monitor compliance through regular quality audits. In 2021, we continued to work with suppliers to assess risks, monitor performance and build capacity through our supplier management tool, starting with suppliers of glass and cans.

Our rigorous approach to product quality and safety includes stringent checks and controls designed to identify and remedy any issues before products leave our sites. This includes an escalation process for reporting quality incidents, which ensures our sites share information to prevent similar incidents occurring elsewhere.

On rare occasions, a quality issue is identified after products have been sold to consumers, requiring a recall. In 2021, three products were recalled due to mislabelling.

RESPONSIBLE BUSINESS: OUR PROGRESS & PLANNED ACTIONS

PLANNED ACTIONS FOR 2021

STATUS

PROGRESS IN 2021

PLANNED ACTIONS FOR 2022

Living by our Compass

Implement an enhanced risk-based compliance programme with a single look and feel across the four key compliance areas.



We introduced a new Group-wide tool that standardises implementation and reporting of compliance controls. Markets used the automated tool to report evidence of effective controls they had implemented and actions they plan to take to improve their compliance where needed.

Pilot automated compliance controls to facilitate real-time data insights.

Review and refresh the Code of Ethics & Conduct and associated e-learning.



We refreshed the Code of Ethics & Conduct, strengthening provisions in key areas, adding “dos and don’ts” checklists and featuring an ethical decision-making guide for employees. We began rolling out e-training on the refreshed code across our global employee base.

Review and refresh guidance for policy owners on how to effectively guide conduct and behaviour.

Implement pilot of enhanced anti-bribery and sanctions third-party screening process.



We worked with a technology company to pilot an anti-bribery screening and sanctions process for higher-risk third-parties.

Roll out the enhanced anti-bribery and trade sanctions screening process to relevant new third parties globally.

Human rights

Continue in-market audits in selected potential higher-risk markets to monitor effectiveness of Human Rights Policy implementation.



We continued to assess compliance with our Human Rights Policy in higher-risk markets through audits in Azerbaijan, Belarus, Cambodia and Malaysia.

Continue to embed human rights in company-wide governance and compliance systems, including strengthening regional governance structures and human rights monitoring.

Review Labour & Human Rights Policy to reinforce our commitment to respecting human rights and to preventing and mitigating human rights-related risks.



We reviewed, updated and published a revised Labour & Human Rights Policy (renamed the Human Rights Policy) and provided training for human resources teams across our markets to raise awareness.

Assess identified salient issues and develop action plans to mitigate the issues.



We continued to partner with experts to assess and develop action plans to mitigate the salient human rights risks identified across our value chain.

Conduct human rights risk assessments and develop action plans to address potential human rights risks identified, including a focus on third-party labour.



RESPONSIBLE BUSINESS: OUR PROGRESS & PLANNED ACTIONS


PLANNED ACTIONS FOR 2021

STATUS

PROGRESS IN 2021

PLANNED ACTIONS FOR 2022

Diversity & inclusion

<p>Repeat diversity and inclusion survey to track progress for this agenda.</p>		<p>We conducted a diversity and inclusion survey with over 2,800 respondents.</p>	<p>Repeat diversity and inclusion survey to track progress of our agenda with a wider group of employees.</p>
<p>Continue to analyse pay practices to ensure equal pay for equal work and shift focus beyond pay to other drivers of an equal and inclusive workplace, including through guidelines around workplace flexibility.</p>		<p>We completed our benchmark of equal pay practices across our markets and introduced global workplace flexibility guidelines.</p>	<p>Evaluate our equity processes and conduct a deep-dive review and audit on gender pay and parental leave.</p>
<p>Continue global roll-out of virtual training on unconscious bias.</p>		<p>Around 93% of senior managers had completed unconscious bias training by the end of the year and online training is available for all employees.</p>	<p>Build inclusive leadership behaviours through training, masterclasses and coaching.</p>
<p>Continue training all recruiters in unconscious bias and debiasing our recruitment process.</p>		<p>We trained 68 recruiters across our markets in unconscious bias and provided training videos to 239 human resources staff involved in talent management.</p>	<p>Continue to debias our people processes to enable decision-making based on facts and data.</p>

 Fully achieved
  Partially achieved
  Not achieved

GOVERNANCE AND TRANSPARENCY

Strong sustainability governance and engagement are key to achieving our Together Towards ZERO ambitions. We regularly review relevant risks and priority issues to ensure we focus resources where we can have most impact. We report our contributions to the UN Sustainable Development Goals and Global Compact, disclose detailed ESG data and seek external assurance for key performance indicators.

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RECOGNITION FOR OUR ESG APPROACH AND PERFORMANCE



CDP
Rated A for both climate and water in this year's CDP disclosure.



FTSE4Good
Member of the FTSE4Good Index of socially responsible companies since 2015.



MSCI
AAA ESG rating – among the top leaders on ESG.



SUSTAINALYTICS
18.5 out of 100 – low risk for investors.

EMPLOYEE FEEDBACK

86% of employees believe the company behaves ethically, 88% agree that we act responsibly to protect the environment and 87% believe we promote responsible consumption of our products.

GOVERNING TOGETHER TOWARDS ZERO

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

TTZ programme, lies with our CEO and ExCom.

External experts inform our approach by engaging with our CEO and other executives through the Carlsberg Sustainability Advisory Board (see page 57).

INTEGRATING TTZ ACROSS OUR BUSINESS

We embed ESG throughout the business by integrating responsibility

for specific areas of our TTZ programme and management of ESG topics into core business functions.

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

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

TTZ is on the agenda of all Extended Leadership Team meetings, with monthly health and safety updates and engagement on relevant projects

throughout the year. Key performance indicators (KPIs) are also tracked monthly in our Group nine-grid of priorities that steers our progress against SAIL'22. Our Group sustainability team drives strategic programmes and partnerships, and supports Sustainability Champions, who help to coordinate local initiatives across the business.

HOW WE MANAGE ESG AND TOGETHER TOWARDS ZERO

SUPERVISORY BOARD

GROUP SUSTAINABILITY

Drives strategic initiatives/partnerships, supports Sustainability Champions



EXECUTIVE COMMITTEE

Accountable for TTZ performance



CARLSBERG SUSTAINABILITY ADVISORY BOARD

Provides external perspective

TOGETHER TOWARDS ZERO (TTZ) AREA OWNERS

Responsible for TTZ implementation in their area



EVP, Integrated Supply Chain



EVP, Integrated Supply Chain



Chief Commercial Officer



EVP, Integrated Supply Chain

MARKET AND FUNCTION LEADERSHIP TEAMS

Responsible for demonstrating leadership and integrating TTZ in their market/function

SUSTAINABILITY CHAMPIONS

Responsible for coordinating local initiatives

LOCAL TTZ TARGET OWNERS

Responsible for local implementation

ENGAGING OUR PEOPLE ON TOGETHER TOWARDS ZERO

We get our people involved in the TTZ programme to help us set and achieve our targets.

In 2021, 138 employees from a range of markets and functions supported the development of the SAIL'27 corporate strategy as co-strategists, which includes TTZ.

ESG topics, such as diversity and inclusion, were among those our CEO explored in 2021 through his regular video messages to engage colleagues remotely during the COVID-19 pandemic.

New employees are introduced to TTZ as part of their induction to the business, and everyone can access TTZ training through our online academies. We provide additional training on specific ESG topics to people in relevant roles. For example, innovation managers receive training on how to integrate environmental lifecycle thinking into product development, and we present the results of our beer-in-hand carbon footprint analysis to local market management teams to help them target improvements.

TTZ is a global programme, but it is embedded through ownership, action and communication at local level. Examples from across the business

help us showcase local flavour and share examples of best practices with other markets. We post local stories on the intranet for all employees and disseminate these through our global corporate affairs teams. Our Sustainability Champions in each market are trained to drive internal implementation and awareness at local level.

In 2021, we participated in the UN Global Compact Young SDG Innovators programme, enabling our rising stars to engage with a global network of professionals, enhance their sustainability knowledge and accelerate the development of real-world solutions to progress our TTZ ambitions and the UN Sustainable Development Goals (SDGs).

In 2021, for the 14th year in a row, employees across 17 of our markets switched off their lights to mark Earth Hour in recognition of the urgency of the climate crisis.

REVIEWING AND DRIVING PERFORMANCE

KPIs for our TTZ programme are reported monthly to our integrated supply chain management team and ExCom, and at least once a year to our Supervisory Board. Both ExCom and the Supervisory Board review overall ESG performance and progress towards our TTZ targets at least once a year, in addition to

reviewing relevant investments and projects in line with normal business procedures.

Executive remuneration is linked to progress on TTZ and ESG, with 20% of our Executive Board bonus linked to KPIs such as carbon emissions and water usage. In 2021, we broadened this to include KPIs related to responsible drinking (through promotion of alcohol-free brews) and diversity and inclusion. The Remuneration Committee reviews Executive Board performance against these KPIs four times a year.

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

Achieving our ambitions requires partnership with others who share our vision for a more sustainable brewing industry. We include ESG criteria in supplier selection processes, collaborate with customers for collective impact, and develop targeted partnerships to address specific issues such as

responsible drinking and community water scarcity.

MANAGING RISK

The Supervisory Board is ultimately responsible for risk management and has appointed the Audit Committee to act on its behalf in monitoring the effectiveness of the Group's risk management. ExCom is responsible for reviewing the overall risk exposure associated with the Group's activities and ensuring that appropriate actions are taken.

We map the impact of each risk on our operating profit or brand/image against the likelihood of that risk materialising.

An annual review of mid- and long-term risks is conducted at Group level. We integrate ESG risks into this assessment and management of business risks, primarily in relation to legal and regulatory compliance, regulatory changes and consumer action in the event of non-performance on ESG matters. This includes a focus on longer-term ESG challenges, including climate-related financial risks (see page 13).

Risk analysis informs our assessment of the most material ESG issues for our business and our stakeholders (see page 61). We are also closely examining the impact of climate and other ESG risks on our business as

we develop the next phase of our TTZ programme and SAIL'27 strategy.

In 2022, we will conduct a long-term risk assessment, including commercial and competition, governance, consumer, macroeconomic and geopolitical environment, reputation, supply chain and climate risks.

INTEGRATING EXTERNAL PERSPECTIVES

The Carlsberg Sustainability Advisory Board (CSAB) provides a valuable "outside in" perspective to ExCom. It includes three independent external sustainability experts, who engage directly with our CEO, TTZ area owners and other senior executives on the CSAB. The director of our Group Sustainability team facilitates CSAB meetings, which are held at least twice a year.

In 2021, the CSAB met three times, providing insight and input into our strategy as we develop the next evolution of TTZ. It discussed the level of ambition and issues covered by our emerging plans, as well as sense-checking regional coverage and alignment with consumer expectations. See page 5 for more on the role of the CSAB and views from each of the CSAB external experts.

REPORTING IN LINE WITH RECOGNISED FRAMEWORKS

We look for opportunities to align our reporting with recognised frameworks to enhance transparency and meet increasing demand for specific disclosures from investors, regulators and other stakeholders.

These include:

- **UN Global Compact:** This report forms our Communication on Progress and we include an index on page 70.
- **UN Sustainable Development Goals (SDGs):** We signpost relevant SDGs throughout this report and include a summary of our contributions to specific SDG targets on page 63.
- **Task Force on Climate-related Financial Disclosures (TCFD):** We report in line with TCFD recommendations (see page 13 and our *Annual Report*).
- **CDP:** We share detailed information on our carbon and water management and performance through our CDP disclosures.

- **Greenhouse Gas Protocol:** We report emissions in accordance with the Greenhouse Gas Protocol for Scope 1, 2 and 3.
- **Danish Financial Statements Act:** This report serves as our statutory statement on corporate social responsibility in accordance with sections 99a, 99b and 99d of the Danish Financial Statements Act.
- **EU Taxonomy:** Beverage producers are not currently eligible for reporting according to the new EU green taxonomy and we were therefore not required to report in line with the Taxonomy in 2021 (see box, right).

REPORTING AGAINST THE EU TAXONOMY

We are committed to lessening our impact on the environment and delivering on ambitious carbon emission and water usage reduction targets as part of our Together Towards ZERO programme.

We welcome initiatives that drive the global agenda towards meeting the targets of the Paris Agreement and we believe that the EU Sustainable Finance Disclosure Regulation – including the EU Taxonomy reporting obligations – will support the transition to a more sustainable economy.

The Carlsberg Group's economic activities were not included in the Taxonomy in 2021 because the production of beverages does not have the potential to make a substantial contribution to climate change mitigation or adaptation. Consequently, 100% of Carlsberg's activities are not Taxonomy-eligible in relation to climate change adaptation and climate change mitigation objectives.

We will review eligibility for subsequent Taxonomy objectives once criteria are published. In 2022, these are expected to include criteria on two environmental objectives: making a substantial contribution to biodiversity and making a substantial contribution to the transition to a circular economy. If eligible, we will report on alignment with the technical criteria for these environmental objectives from 2023.

ENGAGING WITH STAKEHOLDERS

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

How we engage with stakeholders on sustainability topics

STAKEHOLDER	HOW WE ENGAGE	TOPICS OF INTEREST	OUR RESPONSE
Consumers	<ul style="list-style-type: none"> Marketing campaigns Social media Local websites Responsible drinking initiatives Purpose-driven brand campaigns 	<p>Consumer demand for healthier and more sustainable options is growing. Sustainable packaging is the most tangible aspect of sustainable products for consumers.</p>	<p>We are developing products and packaging that are more sustainable for the planet through our TTZ targets on carbon (see page 10) and water (see page 21). We use the power of our brands to engage consumers on key issues such as climate change, water scarcity, responsible drinking, and diversity and inclusion (see case studies throughout the report).</p> <p>We signed the World Federation of Advertiser's (WFA) Planet Pledge – a global commitment to making marketing teams a force for positive change both internally and by inspiring consumers to act.</p> <p>Our marketing includes a strong focus on enjoying our beer responsibly, we include product labelling to support healthy choices, and we are continuing to extend our range of alcohol-free brews. Our brands also connect directly with consumers through our local partnerships to promote responsible drinking (see page 33).</p>
Customers	<ul style="list-style-type: none"> Sales and marketing channels Responsible drinking partnerships Customers' supplier requirements, questionnaires and audits Customer satisfaction surveys 	<p>Customers want to know how we can help them reduce risks in their supply chain, achieve their own sustainability goals, and meet consumer demand for healthier and more sustainable options.</p>	<p>In addition to our own response to consumers (see above), we partner with customers, such as bars and retailers, on campaigns like Global Beer Responsibility Day (see page 32).</p> <p>By doing business responsibly, we help customers reduce risks in their supply chain. We also work with customers on shared sustainability initiatives (see page 15).</p>
Employees	<ul style="list-style-type: none"> Biennial global employee survey Regular dialogue and feedback Twice-yearly performance reviews Formal consultation with employee representatives 	<p>Feedback from our pulse survey in 2021 showed that overall employee satisfaction and pride in Carlsberg remained high. Despite an improvement in scores related to the support and opportunities we provide to employees, the survey showed we could still do more in these areas. Through other engagement channels, employees also showed significant interest in diversity and inclusion.</p>	<p>In 2021, our local markets continued to roll out initiatives to support employees through the COVID-19 pandemic, and we are developing a more holistic approach to wellbeing as part of our renewed corporate strategy (see page 39). Our new continuous dialogue approach (see page 50) will also improve support for employees and help them identify suitable opportunities to develop their careers.</p> <p>We have stepped up our efforts on diversity and inclusion (see page 48). We also invited 138 colleagues from a range of markets and functions to support the development of our new SAIL'27 corporate strategy and refined TTZ programme as co-strategists to ensure that these initiatives address employee priorities.</p>
Industry	<ul style="list-style-type: none"> Engagement through industry organisations such as the International Alliance for Responsible Drinking (IARD), Brewers of Europe, the Worldwide Brewing Alliance, Beverage Industry Environmental Roundtable (BIER) and national trade associations Engagement with peers on initiatives to drive sustainable innovation 	<p>Industry peers are keen to work together to tackle common challenges and protect the reputation of brewing companies and the wider drinks industry.</p>	<p>In 2021, we worked through the IARD to launch two new global standards governing online sales (e-commerce) and advertising by influencers. We remain part of the Brewers of Europe Proud to Be Clear partnership to expand nutrition and ingredient information on product labels and online.</p> <p>In 2021, we also joined the Bio-based Industries Joint Undertaking PEference consortium, working with Avantium and other leading companies to explore the potential for commercialisation of polyethylene furanoate (PEF) – a 100% recyclable plant-based polymer – as an alternative to conventional fossil-based plastics.</p>

STAKEHOLDER	HOW WE ENGAGE	TOPICS OF INTEREST	OUR RESPONSE
Investors	Annual Report Annual General Meeting Investor roadshows Individual meetings Investor questionnaires	Investors want to know that we meet their ESG requirements – and have been showing increasing interest in ESG. They want to understand how investments in ESG and our TTZ programme will support our business goals and help deliver sustainable financial returns in the long term.	We respond to investor questionnaires to demonstrate compliance with ESG requirements, and we explain the business case for our TTZ programme. Our strong scores in ratings such as CDP, MSCI and Sustainalytics demonstrate that our business is low-risk for investors. See also our <i>Annual Report</i> and investor information at carlsberggroup.com/investor-relations .
Journalists	Individual meetings and calls Direct engagement by e-mail	Journalists' questions give us an insight into wider trends across and beyond the industry. Recently, their focus has been on carbon emissions and renewables, due diligence standards, policy on genetically modified organisms, and transparency.	We always seek constructive and fact-based dialogue with the media and value open discussion with journalists on detailed subjects to ensure that our approach and communication are well understood and accurately reflected.
Suppliers	Supplier and Licensee Code of Conduct Integrated quality audits Partnerships to support progress on our value chain carbon targets	Suppliers want to know what our priorities are in relation to ESG so they can play their part in helping us achieve our targets and meet our ESG criteria to secure access to business opportunities with us.	We communicate our requirements on ESG through our Supplier & Licensee Code of Conduct, and we monitor compliance through audits (see page 52). In 2021, we continued to work closely with suppliers to cut value chain carbon emissions. In addition to partnerships on specific innovations and initiatives, we engaged with suppliers to encourage them to switch to renewable electricity, report their carbon emissions and set science-based targets (see page 15).
Sustainability experts	Carlsberg Sustainability Advisory Board (CSAB) Consultations and partnerships with NGOs and issue experts	Sustainability experts want to understand how our TTZ programme aligns with our business strategy and responds to global challenges. They want to see ambitious targets, strong performance and transparent reporting. Sustainability experts also provide valuable input into the development of our TTZ programme and our approach to specific issues such as human rights.	In 2021, we incorporated insight and input from the CSAB into our new SAIL'27 corporate strategy and the next evolution of TTZ. We are working with the Science Based Targets initiative (SBTi), and we are members of RE100 (an initiative led by the Climate Group in partnership with CDP) and the World Economic Forum's Alliance of CEO Climate Leaders. We also have strategic partnerships with WWF, and work with leading advisors such as the Carbon Trust, South Pole and NIRAS to support our alignment with the GHG Protocol Land Sector and Removals Guidance development.
Policymakers and regulators	Engagement through trade associations, such as Brewers of Europe, and industry organisations in our local markets High-level public events, such as the World Economic Forum's annual Davos meeting and other conferences where government officials are present	Governments want to know that we comply with laws and contribute to economies through job creation and taxes. They also want to understand how we support their strategies on sustainability and public health.	Our Public & Government Affairs Manual sets out clear guidance on how we engage with governments globally. We have controls in place to ensure compliance with all applicable laws (see page 46). We report our total economic contribution, including taxes generated and jobs created, every year (see page 44). And we engage with governments indirectly on sustainability and public health issues through industry associations such as the IARD and Brewers of Europe. In the lead-up to the COP26 climate conference in 2021, our CEO, Cees 't Hart, joined other members of the Alliance of CEO Climate Leaders in calling for bold commitments, policies and actions towards net zero.
Communities	Local community engagement programmes	Communities near our operations want us to be a responsible neighbour and to understand how we can support them.	Our business creates jobs through the people we employ directly and many more in related sectors, including in rural communities with few employment opportunities (see page 44). Our majority shareholder, the Carlsberg Foundation, uses the dividends it generates for wide societal benefit by supporting scientific research, arts, culture and civil society. We also partner with local and international organisations to develop water stewardship initiatives that safeguard the water resources we share with local communities, including new projects in Nepal and India in 2021 (see page 25).

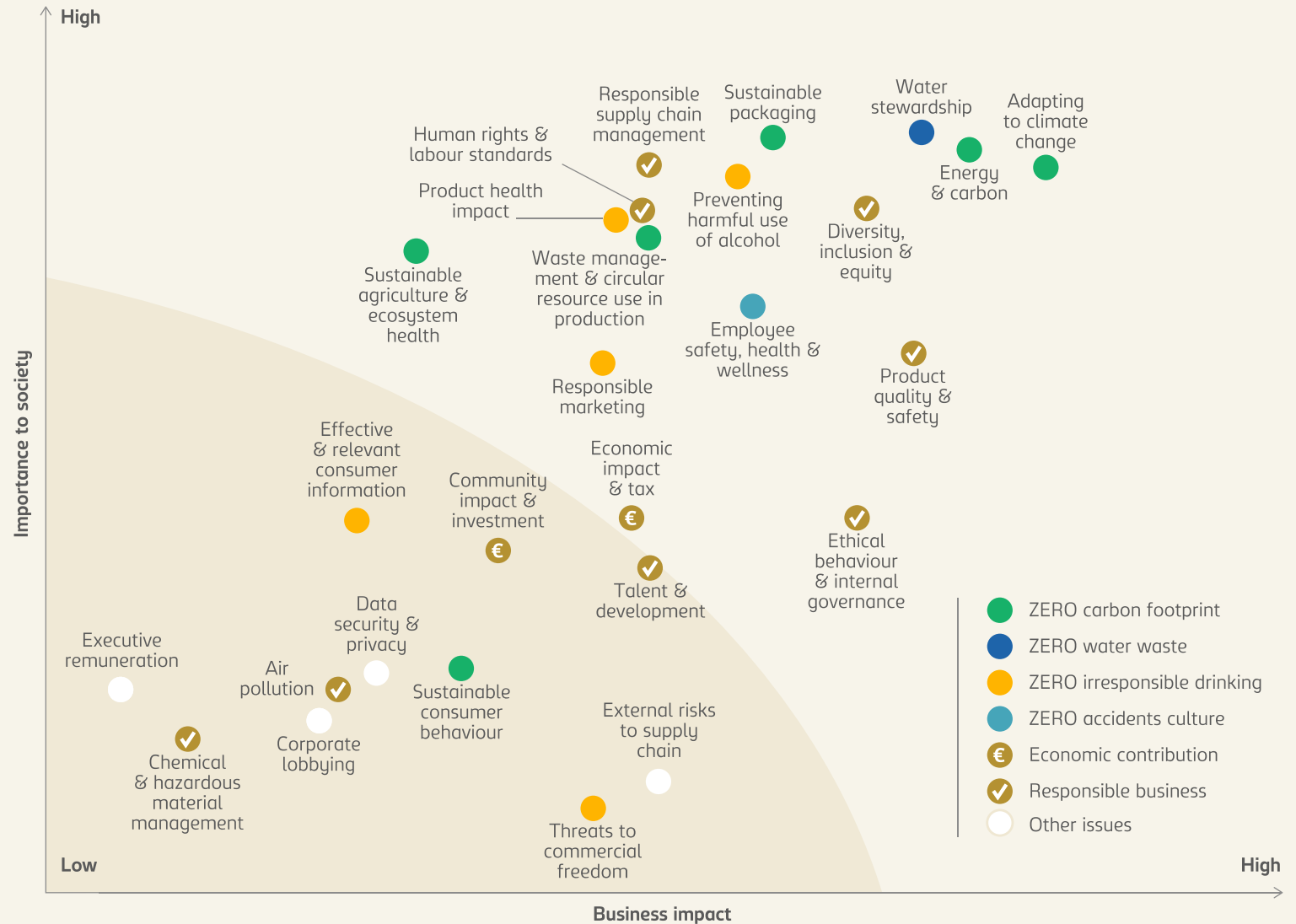
IDENTIFYING OUR PRIORITIES

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

We updated our materiality assessment in 2020, with support from experts at GlobeScan. Analysis of existing data and research from both within our business and externally, combined with insights from a digital listening platform, informed an initial issues list. This was used to support focused consultation to gain internal and external perspectives. We conducted a survey of employees representing a range of geographies and functions, and in-depth interviews with external stakeholders representing groups including non-governmental and inter-governmental organisations, industry associations, investors, customers, suppliers and academics.

The findings have informed our development of the next evolution of Together Towards ZERO.




MATERIALITY MATRIX







ISSUE DEFINITIONS



ISSUE	DEFINITION	ISSUE	DEFINITION
Responsible supply chain management	High social (including workers) and environmental standards for sourcing and partners. Supporting partners to develop strategies for improvement (on environmental and social impact) and monitoring their performance through audits etc.	Chemical and hazardous material management	Appropriate systems and procedures for the continuous reduction of chemicals in products and processes, and appropriate disposal of chemical and hazardous waste.
Human rights and labour standards	Ensuring human rights are protected within own operations and throughout the value chain, including implementing governance and systems to identify, address and remedy issues. Eliminating all forms of forced and compulsory labour, child labour and human trafficking. Upholding the right of freedom of association and collective bargaining.	Ethical behaviour and internal governance	Ethical approach to the legal and regulatory environment, including ensuring compliance with all local laws. Good governance systems, rules and procedures, including executive oversight. Rigorous action against corruption, misconduct, negligence and anti-competitive behaviour.
Sustainable packaging	Reducing, reusing, recycling and rethinking packaging materials, as well as developing sustainable packaging innovations and advocating for circular packaging systems (e.g. return schemes).	Executive remuneration	Fair, appropriate and transparent system of executive compensation, including pay and incentives.
Preventing harmful use of alcohol	Working with others (e.g. policymakers, partners within and beyond the industry, and customers) to raise awareness, promote moderation, tackle misuse and reduce alcohol-related harm in society (e.g. violence and abuse, underage drinking, drink-driving).	Corporate lobbying	Responsible lobbying practices that are fully aligned with the company's sustainability commitments and strategy.
Responsible marketing	Marketing alcoholic and non-alcoholic products in a responsible manner.	Data security and privacy	Protecting the right to privacy and ensuring security of data for customers, consumers, employees and business partners. Including via social media and other communication outlets.
Effective and relevant consumer information	Providing the information consumers need to make informed decisions about their consumption of alcohol. Transparency through provision of consumer information on ingredients and nutrition (e.g. sugar, calories).	Diversity, inclusion and equity	A workplace where all employees are treated fairly and without discrimination. Working towards equality internally (gender, age, race, sexual orientation, disabilities, faith etc.) and advocacy with partners and externally.
Sustainable consumer behaviour	Labelling and transparency about environmental impacts on products and in communications. Encouraging consumers to adopt more sustainable behaviours (e.g. recycling, use of returnable bottles) or buying the more environmentally friendly product (e.g. with the lowest CO ₂ impact or free from plastic).	Employee safety, health and wellness	A safe working environment across all operations. Protecting the health and wellbeing of employees, including work/life balance, stress and mental health, flexible working and support for physical health issues.
Product quality and safety	Ensuring traceability, safety and consistency of products through high-quality standards and procedures. Including clear identifications of use of GMOs and pesticides.	Talent and development	Good pay, benefits and services to workforce (e.g. health insurance, retirement contributions). Maximising employee engagement and talent recruitment/retention through career development, training and opportunities.
Energy and carbon	Reducing carbon emissions and improving energy efficiency across own operations, distribution and full value chain, including investing in clean low-carbon technologies and renewable energy.	Community impact and investment	Creating shared economic value with communities and other stakeholders in all operational locations (e.g. through access to opportunities, investment, programmes and partnerships to support development, inclusion and environmental protection).
Adapting to climate change	Developing strategies to protect against climate-related hazards (e.g. water shortages, increases in pests and diseases, temperature and rain impacts on crops) and natural disasters – within own operations, supply chain and communities. Examples include investment in climate-resilient and disease-resistant hops or strengthening of finance options for farmers.	Economic impact and tax	Positive economic impact across all markets through job creation/security, investment and supporting the wider value chain. Fulfilling taxation responsibilities to the economies in which we operate.
Waste management and circular resource use in production	Designing out waste and pollution, while keeping products and resources in use within own operations and supply chain. Responsible disposal of any waste, including discharge of brewery effluent, spent grain and treatment of wastewater.	Product health impact	Supporting healthy consumption of alcohol and other beverages, including innovation on healthier products (e.g. low-/no-alcohol or low-sugar options). Working with others to raise awareness and tackle the potential impacts of alcohol on mental and physical health (e.g. obesity, NCDs, alcohol during pregnancy).
Sustainable agriculture and ecosystem health	Protecting the health of ecosystems associated with the production of raw materials and across operations, including soil health, biodiversity and land use. Understanding opportunities to have a positive impact on the health of ecosystems.	Threats to commercial freedom	Potential threats to the business (e.g. linked to the COVID-19 pandemic) through demonisation of alcohol via government restrictions, illicit trade in alcohol or threats to the wider hospitality industries.
Water stewardship	Good water stewardship and governance approach across own operations and supply chain, especially in water-scarce regions, including advocating with governments, partners and peers. Supporting farmers to be good water stewards.	External risks to supply chain	Challenges to the supply chain, including raw material availability, as well as import and export restrictions caused by trade wars or pandemic-related labour and travel restrictions.
		Air pollution	Reduction in pollutants with negative impact on public health, particularly nitrogen oxide and sulphur dioxide.

CONTRIBUTING TO THE UN SUSTAINABLE DEVELOPMENT GOALS




SDG	TARGETS	EXAMPLE ACTIONS	FOCUS AREA	PAGE
	<p>3.5 Strengthen the prevention and treatment of substance abuse, including harmful use of alcohol.</p> <p>3.6 By 2020, halve the number of global deaths and injuries from road traffic accidents.</p>	<p>Achieved 17% global volume growth in alcohol-free brews (AFBs) in 2021 (more than double -114% - since 2015), with AFBs now offered in 70 markets.</p> <p>100% of international premium brands and a third of all brands continued to offer alcohol-free options, with 27 new alcohol-free products launched in 2021.</p> <p>Reached more than 33 million people through responsible drinking campaigns.</p> <p>Maintained commitment to the Digital Guiding Principles alongside member companies of the International Alliance for Responsible Drinking (IARD). Achieved 91% compliance globally.</p> <p>Launched global alcohol marketing standards for influencers and e-commerce platforms through the International Alliance for Responsible Drinking (IARD).</p> <p>Continued implementation of actionable advice on responsible drinking, including age-restriction messaging. 53% of product packaging includes age restriction symbols, with a commitment to reach 100% by 2024.</p> <p>Continued to encourage responsible behaviour through brand campaigns, including a campaign to tackle drink-driving in Latvia that led to more than 7 million views of tips on safe driving.</p> <p>Continued to install alcolocks, designed to help prevent drink-driving, in our company cars. 61% of our fleet in Western Europe and 62% in Central & Eastern Europe are now fitted with these devices.</p>	 <p>ZERO IRRESPONSIBLE DRINKING</p>	<p>28</p>
	<p>5.1 End all forms of discrimination against all women and girls everywhere.</p> <p>5c Adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels.</p>	<p>Trained leaders on unconscious bias in the workplace: 92% of our top 350 leaders have completed this training. In addition, 68 recruiters across all markets completed unconscious bias training.</p> <p>Conducted an anonymous diversity and inclusion (D&I) survey with around 2,800 managers across our markets. Surveyed global leaders to assess our D&I progress globally and in each market.</p> <p>Continued to build a pipeline of female talent, with women making up 15% of our Extended Leadership Team, 30% of management, 54% of employees in the early stages of their careers, 29% of participants in our global leadership programmes and 30% of employees on developmental or short-term assignments.</p>	<p>Respecting human rights</p> <p>Embracing diversity & inclusion</p>	<p>47</p> <p>48</p>




SDG	TARGETS	EXAMPLE ACTIONS	FOCUS AREA	PAGE
	<p>6.1 By 2030, achieve universal and equitable access to safe and affordable drinking water for all.</p> <p>6.2 By 2030, achieve access to adequate and equitable sanitation and hygiene for all and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations.</p> <p>6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimising release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally.</p> <p>6.4 By 2030, substantially increase water-use efficiency and ensure sustainable withdrawals and supply of fresh water to address water scarcity.</p> <p>6.5 By 2030, implement integrated water resources management at all levels.</p> <p>6.6 By 2020, protect and restore water-related ecosystems, including mountains, forests, wetlands, rivers, aquifers and lakes.</p>	<p>Reduced water usage by 21% per hectolitre of beer produced since 2015, saving around 2,400 Olympic swimming pools of water.</p> <p>Achieved 35% improvement in water efficiency at our 17 breweries in areas of high water risk since 2015.</p> <p>Achieved an A rating from the CDP for transparency and action on water security.</p> <p>Introduced a new water recycling plant at the Fredericia brewery in Denmark, improving the brewery's water efficiency by 22% since 2020.</p> <p>Continued research and innovation for reusing and reducing water use through the Carlsberg Young Scientists Community. Our young scientists started two new water projects this year: exploring ways to recover all water from a brewery's wastewater and collect contaminants in solid form to create a valuable by-product; and looking at options for reusing the condensate (water from condensation of steam) collected from brewhouse boilers.</p> <p>Partnered with local and international organisations to implement projects to improve access to reliable water supplies for communities. Projects started in 2021 include a new water stewardship programme to conserve and restore critical freshwater ecosystems in Nepal in partnership with WWF Denmark, and a WASH (water, sanitation and hygiene) partnership in India with Desolenator and EcoSoftt.</p>		<p>21</p>






SDG	TARGETS	ACTIONS	FOCUS AREA	PAGE
	<p>7.2 By 2030, increase substantially the share of renewable energy in the global energy mix.</p> <p>7.3 By 2030, double the global rate of improvement in energy efficiency.</p>	<p>Sourced 65% of electricity from renewable sources (2020: 64%) and increased the total share of renewable energy to 26% (2020: 25%).</p> <p>Began a project to test solar thermal heat capture as a potential source of renewable heat at Olympic Brewery's Sindos site in Greece.</p> <p>Increased use of biogas in place of natural gas by 9% in 2021, with significant increases at sites in India and Russia, and use of biogas from our new wastewater treatment plant in Denmark.</p> <p>Continued to improve energy efficiency at our breweries through initiatives such as heat and energy recovery systems, and heat exchange units. Our Sinebrychoff brewery in Finland worked with a range of partners to develop on-site energy storage and a software platform that acts as a virtual power plant by balancing electrical loads across buildings to decrease the need for reserve power. In the UK, our Northampton brewery upgraded three of its boilers to more efficient models, reducing site carbon emissions by around 10%.</p>	 <p>ZERO CARBON FOOTPRINT</p>	10

SDG	TARGETS	ACTIONS	FOCUS AREA	PAGE
	<p>8.1 Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent gross domestic product growth per annum in the least developed countries.</p> <p>8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.</p> <p>8.7 Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms.</p> <p>8.8 Protect labour rights and promote safe and secure working environments for all workers.</p>	<p>Directly employed over 39,000 people in our majority-owned businesses and indirectly created an estimated 1.09 million further jobs for people involved in supplying our raw ingredients and serving our beer to consumers.</p> <p>Generated DKK 96bn¹ in economic value, including a total tax contribution of DKK 40bn globally.</p> <p>Maintained our commitment to uphold internationally recognised human rights as a signatory to the UN Global Compact, and as a supporter of the UN Universal Declaration of Human Rights and the UN Guiding Principles on Business and Human Rights.</p> <p>Updated, published and rolled out training on our refreshed Code of Conduct and Human Rights Policy. Continued to monitor compliance with our Human Rights Policy in potentially higher-risk markets by conducting audits in Azerbaijan, Belarus, Cambodia and Malaysia.</p> <p>Building on our 2020 work to identify and prioritise human rights risks, conducted a deeper assessment of these challenges, including through a due diligence process in a high-risk market where we identified potential human rights risks and are developing a mitigation plan.</p> <p>Achieved the safety milestone of 1,000 days without a lost-time accident at 32 of our 96 breweries in 2021. However, our overall accident rate among employees rose by 44% to 4.3 and the total lost-time accidents among both employees and contractors increased by 34% to 208. This setback followed half a decade of progress that saw a 55% drop in our accident rate between 2015 and 2020.</p> <p>Completed 134,000 safety walks and recorded 371,000 observations on safety risks and unsafe behaviours reported by employees. Achieved 97% compliance with Life Saving Rules.</p> <p>More than 11,000 company drivers (95%) completed online road safety training.</p>	<p>Contributing to economies 44</p> <p>Respecting human rights 47</p> <p> ZERO ACCIDENTS CULTURE 35</p>	

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

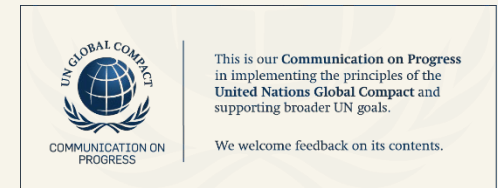
SDG	TARGETS	ACTIONS	FOCUS AREA	PAGE
	<p>10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.</p> <p>10.3 Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard.</p>	<p>Conducted an anonymous diversity and inclusion (D&I) survey with around 2,800 managers across our markets. Surveyed global leaders to assess our D&I progress globally and in each market.</p> <p>Our Diversity & Inclusion Council continued to lay the foundations for an inclusive global culture and support workplace changes, including more flexible options for our employees. Its membership expanded from six to nine D&I Champions.</p> <p>Updated, published and rolled out training on our refreshed Code of Conduct and Human Rights Policy, which includes non-discrimination. Continued to monitor compliance with our Human Rights Policy in potentially higher-risk markets by conducting audits in Azerbaijan, Belarus, Cambodia and Malaysia.</p> <p>Building on our 2020 work to identify and prioritise human rights risks, conducted a deeper assessment of these challenges, including through a due diligence process in a high-risk market where we identified potential human rights risks and are developing a mitigation plan.</p>	<p>Respecting human rights 47</p> <p>Embracing diversity and inclusion 48</p>	
	<p>12.2 By 2030, achieve the sustainable management and efficient use of natural resources.</p> <p>12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.</p> <p>12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.</p> <p>12.9 Support developing countries to strengthen their scientific and technological capacity to move towards more sustainable patterns of consumption and production.</p>	<p>Partnered with a supplier to trial a new low-carbon glass bottle in the UK and switch to a lightweight can in four Eastern European markets that will cut our aluminium use by 1,500 tonnes a year.</p> <p>Worked with Avantium and other leading companies through the Bio-based Industries Joint Undertaking PEFerence consortium to explore the potential for commercialisation of polyethylene furanoate (PEF) – a 100% recyclable plant-based polymer – as an alternative to conventional fossil-based plastics</p> <p>Extended availability of our ground-breaking Snap Pack solution, which cuts plastic use by up to 76% per multipack by replacing plastic rings or shrink wrap with glue dots that hold the cans together. The Snap Pack is now available in nine markets.</p> <p>Raised customer awareness on packaging recycling and reuse. For example, a four-week campaign with one of the biggest supermarket chains in Bulgaria educated consumers on the importance of returning packaging for recycling and reuse — around 300,000 bottles were returned to dedicated collection points during the campaign, which reached more than 4 million people. In Russia, our Baltika brand partnered with aluminium can supplier Ball to run an event at the Zabeg half marathon to collect cans and raise awareness of recycling.</p>		<p>10</p>

SDG	TARGETS	ACTIONS	FOCUS AREA	PAGE
	<p>13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters.</p> <p>13.3 Improve education, awareness-raising and capacity on climate change mitigation, adaptation, impact reduction and early warning.</p>	<p>Made progress towards our climate targets, which have been approved by the Science Based Targets initiative as in line with the latest climate science to limit global warming to 1.5°C.</p> <p>Reduced brewery carbon emissions per hl beer by 40% since 2015.</p> <p>On track to reduce beer-in-hand value chain carbon footprint per hl beer by 15% by 2022, with a 7% reduction in our last analysis from 2015 to 2019 and new partnerships this year delivering further reductions across our value chain.</p> <p>Achieved an A rating from the CDP for transparency and action on climate.</p> <p>Raised awareness of climate change with customers, for example through the partnership between our Carlsberg brand and WWF in the UK to restore seagrass meadows.</p> <p>Continued to invest in enabling our breweries to become carbon neutral, for example at our Sinebrychoff brewery in Finland.</p> <p>Began monitoring crop quality and CO₂ emissions remotely in Russia to better understand the impact of low tillage on biodiversity and emissions.</p> <p>Continued to invest in climate-tolerant and high-yield varieties of barley through the Carlsberg Research Laboratory, including launching a new research project, Crops for the Future, with funding from the Carlsberg Foundation.</p> <p>Developed a new variety of barley that reduces the amount of energy and synthetic inputs needed for the malting and brewing processes by achieving the desired flavour with less kilning, evaporation and filtration.</p>	 <p>ZERO CARBON FOOTPRINT</p>	<p>10</p>
	<p>16.5 Substantially reduce corruption and bribery in all their forms.</p>	<p>Strengthened our Code of Ethics & Conduct, and continued to roll out training on the Code, which was completed by 12,485 new and existing employees globally by the end of 2021.</p> <p>Continued to roll out online training on anti-bribery and corruption, completed by 4,516 employees in 2021.</p> <p>Investigated and acted on reported concerns of suspected misconduct, including those related to business integrity, and took appropriate disciplinary action.</p> <p>Launched a new automated tool to enable markets to report on the effectiveness of controls to mitigate compliance risk, and checked progress on completion of these actions quarterly at Group level, with all 122 planned actions completed by the end of the year.</p>	<p>Living by our Compass</p>	<p>46</p>

SDG	TARGETS	ACTIONS	FOCUS AREA	PAGE
	<p>17.16 Enhance the global partnership for sustainable development, complemented by multi-stakeholder partnerships.</p> <p>17.17 Encourage and promote effective public, public-private and civil society partnerships.</p>	<p>Engaged with suppliers to gather more primary data to improve our understanding of our value chain footprint, as well as encouraging them to switch to renewables and put science-based targets in place.</p> <p>Partnered with Øyafestivalen festival in Norway to develop a model for climate-smart festivals and a tool that will enable Øyafestivalen and other festivals to choose the most sustainable solutions for their events.</p> <p>Collaborated with the Roundhouse in London, UK, to share knowledge and learning on sustainability best practice by participating in its Sustainability Committee.</p> <p>Partnered with suppliers to trial a new low-carbon glass bottle in the UK and switch to a lightweight can in four Eastern European markets that will cut our aluminium use by 1,500 tonnes a year.</p> <p>Worked with Avantium and other leading companies through the Bio-based Industries Joint Undertaking PEFerence consortium to explore the potential for commercialisation of polyethylene furanoate (PEF) – a 100% recyclable plant-based polymer – as an alternative to conventional fossil-based plastics</p> <p>Raised awareness of climate change with customers, for example through the partnership between our Carlsberg brand and WWF in the UK to restore seagrass meadows.</p> <p>Partnered with local and international organisations to implement projects to improve access to reliable water supplies for communities. Projects started in 2021 include a new water stewardship programme to conserve and restore critical freshwater ecosystems in Nepal in partnership with WWF Denmark, and a WASH (water, sanitation and hygiene) partnership in India with Desolenator and EcoSoftt.</p> <p>Worked with local partners to reach more than 33.6 million people to encourage responsible drinking, addressing locally relevant issues.</p> <p>Partnered with contractors to support compliance with safety standards, achieving 97% compliance with our contractor management standards. Achieved 96% compliance with our temporary labour standard for seasonal employees.</p>	<p> ZERO CARBON FOOTPRINT</p> <p> ZERO WATER WASTE</p> <p> ZERO IRRESPONSIBLE DRINKING</p> <p> ZERO ACCIDENTS CULTURE</p>	<p>10</p> <p>21</p> <p>28</p> <p>35</p>

UN GLOBAL COMPACT INDEX

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



GLOBAL COMPACT PRINCIPLE

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights
- Principle 2: Businesses should make sure that they are not complicit in human rights abuses
- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining
- Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labour
- Principle 5: Businesses should uphold the effective abolition of child labour
- Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation
- Principle 7: Businesses should support a precautionary approach to environmental challenges
- Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility
- Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies
- Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery

OUR APPROACH

- Respecting human rights, page 47
- Respecting human rights, page 47
- Engaging employees, page 51
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UPHOLDING DATA ETHICS

The Carlsberg Group is committed to earning and keeping the trust of our consumers, business partners, employees and other stakeholders as we strive to brew for a better today and tomorrow.

As explained in our corporate Data Ethics Policy, which can be found on carlsberggroup.com, one way in which we live up to this commitment – within a globalised and digitised business environment – is to only use personal data consistently with our four ethical pillars:

1. Keeping data safe

We take measures to ensure that any data shared and used – whether personal or business data – is protected through robust security features, effective processes for their implementation, and reliable IT applications and providers. Through these actions, we protect the digital wellbeing of our many stakeholders by safeguarding all of their data in our care, including in our information systems, from the exponentially growing risks of illegal and damaging conduct by individuals or groups acting either carelessly or intentionally for financial gain or other pernicious reasons.

2. Complying with data protection laws

The Carlsberg Group has effective and meaningful privacy and data protection standards in place, not only to comply with the many evolving regulatory requirements across our global markets, but also to promote the trust of those countries' citizens, leaders and business communities. To comply with local requirements, the Carlsberg Group directs that all personal data, however and wherever used in our business operations, must be handled in strict accordance with the global privacy and data protection standards set out in our internal policies.

3. Using data respectfully

The Carlsberg Group respects individual privacy as part of our greater commitment to ethical business conduct and stakeholder dignity. For our workers, our commitment to a fair, respectful, safe and non-discriminatory workplace includes the lawful, fair and limited handling of their data as part of our working relationship. When collecting and using consumer data to better produce and market our products, the Carlsberg Group does so ethically, for example by not acting in any way to promote drinking to minors, by enabling consumers' autonomy over how their data is processed through transparent privacy notifications, and by reducing the privacy impact of digital technologies that we use.

4. Embedding data ethics in the organisation

Our Data Ethics Policy is approved by the Carlsberg Group executive management team. In addition to top management being committed to prioritising data ethics, it is also embedded throughout the organisation in various policies and manuals, which detail Carlsberg's high standards of data ethics and integrity. These ethical standards are promoted and safeguarded by subject matter experts in various relevant functions, such as Group Integrated Information Technology and Group Legal & Compliance, and are embedded throughout the organisation through, for example, regular employee training, communications and evolving best practices.

DATA SUMMARY TABLE

ENERGY, CARBON AND WATER

	2015	2016	2017	2018	2019	2020	2021
General production figures							
Number of reporting sites	110	92	85	85	82	88	96
Beer production (million hl)	105.4	100.9	97.9	102.2	101.4	100.2	109.4
Soft drinks production (million hl)	13.9	14.3	14.2	15.6	16.1	16.5	18.7
Total production of beer and soft drinks (million hl)*	119.3	115.2	112.1	117.8	117.5	116.7	128.1
Malting (kt)	547.2	311.5	301.3	314.1	307.5	295.9	296.9
Environmental performance data (beer, soft drinks and malt production)							
Total thermal energy consumption (GWh)*	2,943	2,481	2,326	2,341	2,340	2,193	2,374
Total electricity consumption (GWh)*	988	914	869	885	870	857	938
Total CO ₂ emissions (from direct and indirect fuel consumption) (kt)* (market-based)	945	768	698	701	626	555	595
Total CO ₂ emissions (from direct and indirect fuel consumption) (kt)* (location-based)		883	802	801	766	727	789
Total SO ₂ emissions (tonnes)	1,695	815	731	509	446	422	411
Total NO _x emissions (tonnes)	1,562	1,163	1,075	1,027	1,419	1,288	1281
Municipal water (million m ³)	19.7	17.9	17.4	18.7	18.5	17.2	17.9
Own boreholes (million m ³)	17.5	17.9	16.7	17.1	15.9	13.2	14.1
Surface water (million m ³)	4.3	2.7	2.0	2.2	2.2	3.2	3.1
Water sold to third party (million m ³)	0.3	0.8	0.5	0.5	0.7	0.5	0.4
Total water use (million m ³)*	41.2	37.7	35.6	37.5	35.9	33.1	34.6
Total wastewater discharged (million m ³)	26.6	24.2	23.0	23.8	23.3	19.5	20.3
Total water consumption (million m ³) ¹	14.6	13.5	12.6	13.7	12.6	13.6	14.3
Solid waste & by-products							
Incinerated (kt)	8.7	5.7	5.1	9.2	6.0	6.8	6.3
To sanitary landfill (kt)	68.6	56.9	68.6	60.9	82.5	54.9	57.2
Special waste (kt)	0.7	1.4	0.7	0.4	1.1	0.6	0.8
Recycled (kt)	189.2	225.5	222.0	162.6	172.9	219.3	191.3
Disposed of for land applications (kt)	165.9	127.4	117.4	125.1	115.2	104.0	39.1
Total solid waste (kt)	433.1	416.9	413.8	358.3	377.6	385.6	294.7
Brewer's grain and brewer's yeast utilised (kt)	1,348.9	1,265.0	1,236.0	1,372.8	1,501.3	1,464.4	1,569.9

¹ Total water consumption = Total water use – Total wastewater discharged.

* 2021 data within PwC's assurance scope (see PwC's Assurance Report, pages 96-97. 2015-2020 data assured in prior years (see previous sustainability reports).

	2015	2016	2017	2018	2019	2020	2021
Relative figures for beer and soft drinks production							
Thermal energy (kWh/hl)*	21.2	20.0	19.3	18.3	18.0	16.9	16.8
Electricity (kWh/hl)*	7.8	7.7	7.6	7.3	7.1	7.1	7.1
Combined energy (thermal and electricity) (kWh/hl)*	29.0	27.7	26.9	25.6	25.1	24.0	23.9
CO ₂ emissions (kg CO ₂ /hl)*	7.0	6.3	5.9	5.6	4.9	4.3	4.2
Water (hl/hl)*	3.4	3.2	3.1	3.1	3.0	2.8	2.7
Relative figures for malt production							
Thermal energy (kWh/tonne)	692.2	489.3	457.9	436.4	430.7	446.4	473.5
Electricity (kWh/tonne)	84.1	73.2	67.1	65.6	64.7	67.8	74.7
Combined energy (thermal and electricity) (kWh/tonne)	776.3	562.5	525.0	501.9	495.4	514.1	548.3
CO ₂ emissions (tonnes CO ₂ /tonne)	0.18	0.13	0.12	0.11	0.11	0.11	0.12
Water (m ³ /tonne)	2.2	1.6	1.5	1.4	1.3	1.5	1.8
Other figures							
Complaints	33	36	32	9	13	16	13
Number of ISO 14001-certified sites	74	66	70	76	79	79	79
Number of ISO 50001-certified sites	3	4	18	20	20	19	22
Water source split							
Municipal water	48%	46%	48%	49%	52%	51%	51%
Own boreholes	42%	47%	46%	45%	42%	39%	40%
Surface water	10%	7%	6%	6%	6%	10%	9%
Wastewater destination							
Public sewer with wastewater treatment	67%	66%	66%	69%	73%	72%	73%
On-site treatment, followed by public sewer without wastewater treatment	3%	2%	2%	1%	0%	0%	0%
On-site treatment, followed by discharge to river/lake	28%	28%	28%	26%	24%	24%	23%
Other	2%	4%	4%	4%	3%	4%	4%
Thermal energy mix							
Natural gas	66.1%	71.9%	69.1%	72.9%	75.4%	76.6%	77.6%
Coal	15.6%	7.0%	5.9%	3.5%	1.8%	0.6%	0.6%
District heating	6.4%	7.1%	7.6%	7.4%	6.8%	4.3%	3.2%
District heating from renewable energy						2.0%	3.0%
Heavy fuel	2.8%	3.1%	3.6%	3.0%	3.0%	2.8%	2.6%
Renewable energy	6.9%	8.2%	9.8%	11.8%	12.3%	11.4%	9.9%
Light fuel	1.2%	1.4%	3.0%	1.4%	0.8%	3.3%	3.1%
Other	1.0%	1.3%	1.0%	0%	0%	0%	0%

* 2021 data within PwC's assurance scope (see PwC's Assurance Report, pages 96-97). 2015-2020 data assured in prior years (see *previous sustainability reports*).

	2015	2016	2017	2018	2019	2020	2021
Packaging mix							
Cans	26.6%	27.4%	28.6%	29.9%	30.6%	32.4%	33.1%
RGB	33.7%	31.5%	29.8%	28%	29.2%	27.0%	25.8%
NRGB	9.2%	9.5%	11.6%	12.3%	11.9%	13.2%	14.2%
PET	23.0%	23.0%	20.8%	20.3%	19.8%	22.0%	21.1%
Kegs	6.4%	7.6%	7.8%	7.7%	6.8%	4.4%	4.6%
Bulk	1.0%	0.9%	1.2%	1.4%	1.4%	0.7%	0.6%
Other	0.1%	0.1%	0.2%	0.4%	0.4%	0.3%	0.6%
Emissions from HFC-based refrigerants							
Total CO ₂ emissions from refrigerants (kt CO ₂)*	14.9	9.8	6.8	2.9	12.3	8.7	5.3
Together Towards ZERO brewery target							
Scope 1 – Absolute CO ₂ emissions (excl. Logistics) (kt CO ₂)*					436	415	450
Scope 2 – Absolute CO ₂ emissions. Market-based. (kt CO ₂)*					202	148	150
Scope 1+2 – Absolute emissions (Together Towards ZERO 2015 baseline) (kt CO ₂)*	846	777	704	704	638	563	600
Renewable electricity							
Percentage of electricity from renewable sources*	41	43	45	46	56	64	65
Sites using coal							
Number of sites using coal*	31	17	12	6	5	2	1
Cooling							
% low - climate - impact cooling				88%	93%	97%	97%
Together Towards ZERO beer-in-hand (value chain) target***							
Total value chain emissions – Absolute CO _{2e} emissions (kt CO _{2e})	7,141				6,766		
Total value chain emissions – Relative CO _{2e} emissions (kg CO _{2e} /hl)	60.8				56.4		
Agriculture & Processing (GHG Protocol**** Scope 3 category: 1. Purchased goods and services; and Scope 1, 2, 3 of owned malt plants)	23%				25%		
Breweries (GHG Protocol: Scope 1, Scope 2 market-based, and Scope 3 categories: 1. Purchased goods and services 3. Fuel & energy related activities, 5. Waste generated in operations)	16%				13%		
Packaging (incl. end-of-life treatment) (GHG Protocol Scope 3 categories: 1. Purchased goods and services, 12. End-of-life treatment of sold products)	38%				41%		
Transportation & Distribution (GHG Protocol Scope 3 categories: 4. Upstream transportation and distribution, 6. Business travel (aviation), 9. Downstream transportation and distribution)	13%				12%		
Cooling (GHG Protocol Scope 3 category: 9. Downstream transportation and distribution)	10%				9%		

* 2021 data within PwC's assurance scope (see PwC's Assurance Report, pages 96-97). 2015-2020 data assured in prior years (see *previous sustainability reports*).

*** Methodology on page 93.

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

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

HEALTH & SAFETY

	2015	2016	2017	2018	2019	2020	2021
Figures for Production***							
Number of lost-time accidents*	114	105	73	59	53	52	52
Lost-time accident rate*	6.2	7.0	5.1	4.5	4.1	4.1	4.0
Figures for Logistics***							
Number of lost-time accidents*	140	109	62	48	40	27	76
Lost-time accident rate*	15.5	13.8	8.2	7.5	6.3	4.4	10.9
Figures for Sales & Marketing***							
Number of lost-time accidents*	52	95	43	58	46	36	37
Lost-time accident rate*	3.3	6.2	2.5	3.5	2.7	2.2	2.3
Figures for Administration***							
Number of lost-time accidents*	6	2	5	4	7	1	3
Lost-time accident rate*	1.4	0.6	1.4	1.2	2.0	0.3	0.9
Figures for the Group***							
Number of lost-time accidents*	312	311	183	169	146	116	168
Lost-time accident rate*	6.6	7.4	4.3	4.3	3.7	3.0	4.3
Fatalities (Carlsberg Group employees on and off site, contractors and members of the public on site)	5	5	1	3	0	1	2
Number of lost-time accidents, contractors*				42	54	39	40
Number of lost-time accidents, members of the public*				0	0	0	0
Lost-time accidents – department split							
Percentage in Production	37	34	40	35	34	45	31
Percentage in Logistics	45	35	34	28	35	23	45
Percentage in Sales & Marketing and Administration	19	31	26	37	32	32	24

* 2021 data within PwC's assurance scope (see PwC's Assurance Report, pages 96-97). 2015-2020 data assured in prior years (see *previous sustainability reports*).

*** Carlsberg Group employees.

RESPONSIBLE DRINKING AND MARKETING COMMUNICATION

	2015	2016	2017	2018	2019	2020	2021
Percentage of companies implementing responsible drinking initiatives	78	75	90	76	97	71	69
Percentage of fermented produced volume carrying responsible drinking guiding symbols and/or equivalent text	54	85	97	96	99		
Percentage of fermented produced volume that carry legal age-restriction symbol or equivalent text*						50	53
Percentage of fermented produced volume that lists nutritional information*				65	65	67	67
Percentage of fermented produced volume that lists ingredient information*				85	90	99	99
Number of responsible drinking campaigns	239	194	248	159	162	81	83

LIVE BY OUR COMPASS

	2015	2016	2017	2018	2019	2020	2021
Total number of employees trained in the Code of Ethics & Conduct		4,336	34,500	2,911	4,700	4,511	12,485
Number of incidents reported through our Speak Up system	87	55	53	95	168	180**	157

* 2021 data within PwC's assurance scope (see PwC's Assurance Report, pages 96-97). 2015-2020 data assured in prior years (see *previous sustainability reports*).

** Restated.

LABOUR & HUMAN RIGHTS

	2015	2016	2017	2018	2019	2020	2021
Total workforce (FTE*****)	47,464	42,062	41,430	40,837	41,248	40,010	39,375
Percentage of employees by employment contract							
Permanent employees	88	86	89	86	87	89	89
Temporary employees	12	14	11	14	13	11	11
Percentage of employees by employment type							
Full-time	98	93	93	94	91	93	93
Part-time	2	7	7	6	9	7	7
Percentage of employees by employment category							
Total presidents + top managers	1.5	1.5	1.4	1.8	1.9	2	2
Total managers	12.3	12.6	13.2	13.5	14	13	13
Total specialists	39.9	36.7	36.9	38.5	39	36	37
Total workers	46.3	49.2	48.5	46.2	46	49	48
Percentage of employees by gender							
Male	72	69	71	68	67	68	69
Female	28	31	29	32	33	32	31
Percentage of management level by gender							
Male	78	77	76	75	73	72	72
Female	22	23	24	25	27	28	28
Percentage of employees by age							
Younger than 18	0.19	0.11	0.13	0.02	0.03	0.02	0.03
19-29	22	23	25	23	19	18	16
30-39	33	33	35	35	38	39	39
40-49	29	27	25	26	26	26	26
50 or older	16	17	15	16	17	17	19

**** FTE data from Carlsberg Group Annual Report 2021.

	2015	2016	2017	2018	2019	2020	2021
Employee turnover							
Employee turnover percentage	19	21	24	19	17	17	18
Employee turnover percentage by age							
Younger than 18	-	-	-	-	-	-	-
19-29	32	31	31	36	35	33	31
30-39	33	34	38	35	37	36	38
40-49	20	20	18	16	15	16	16
50 or older	15	15	15	13	13	14	15
Employee turnover percentage by gender							
Male	71	69	63	70	73	69	70
Female	29	31	37	30	27	31	30
Hours of training per employee							
Average for the Group	15	15	15	16	18	15	13
Collective bargaining							
Percentage of employees covered by collective bargaining agreements	73	74	74	72	72	67	65
RESPONSIBLE SOURCING							
	2015	2016	2017	2018	2019	2020	2021
Number of integrated quality audits	171	182	154	166	197	53	121

REPORTING PROCESS AND SCOPE

REPORTING APPROACH AND CRITERIA

SCOPE OF THE ESG REPORTING

This report covers the relevant and significant social, ethical and environmental issues for the financial year 1 January to 31 December 2021. It gives our stakeholders an overview of our performance in these areas, complementing our Annual Report, which primarily covers our financial and economic performance.

For many years, we have been using the standards of Global Reporting Initiative (GRI) as guidance for our sustainability work. For this 2021 report, the GRI G4 Sustainability Reporting Guidelines were applied in preparing the underlying data and framing our reporting principles; however, the Carlsberg Group does not apply GRI-specific disclosures in accordance with the standard.

We receive recommendations on our sustainability activities and reporting from our assurance provider, PwC, while we ourselves routinely analyse global megatrends, take part in industry initiatives and assess the activities of our competitors. This

ensures that we fully understand the key issues and keep up to date.

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

BOUNDARY SETTING

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

Joint ventures and companies over which the Carlsberg Group does not have the opportunity to exercise management control are not covered. However, we work with our partners routinely to ensure ongoing focus on sustainability issues. If a majority-owned entity is acquired during the financial year, it will be included in the following year's report.

COMMENTS ON BOUNDARY SETTING

Excluded from 2021 reporting scope:

Denmark:
• Visit Carlsberg, Jacobsen (temporarily closed)

Added to 2021 reporting scope:

China
• Site: Yanchen Brewery

Germany
• Site: Wernesgrüner Brauerei

UK
• Site: Banks's Park Brewery
• Site: Eagle Brewery
• Site: Jennings Brewery
• Site: Marston's Brewery

• Site: Ringwood Brewery
• Site: Wychwood Brewery

Belgium
• Company: Grimbergen Abbey Brewery (Company)
• Site: Grimbergen Abbey Brewery

Renamed:

• Company: Former Carlsberg UK renamed to Carlsberg Marston's Brewing Company (CMBC)

ENSURING DATA QUALITY

In gathering information about our sustainability performance, we applied the widely used principles of balance, clarity, accuracy, reliability, timeliness and comparability. Please find additional information on each of the topics below:

BALANCE

We are committed to communicating honestly and openly about our performance, both when it has improved and when it has not. Our aim is to provide our stakeholders with sufficient information about our company for them to form their own judgements concerning the Carlsberg Group's position and role in the societies in which we operate.

CLARITY

We strive to make our ESG reporting accessible and easy to read for anyone, but we are always open to feedback about the way we communicate on our material issues.

ACCURACY AND RELIABILITY

Since 2009, our dedicated ESG reporting system has helped us collect data from local sites and consolidate this at Group level. Every year, we have improved the indicator definitions for our performance indicators in order to help our entities report accurately and reliably.

However, it is a challenge to obtain a complete and fully aligned overview of all our data that, at the same time, takes into account local procedures for data gathering. For this reason, we are continuously working on improving data accuracy. Since 2009, we have been using an international provider of sustainability software solutions to systematise and collect our data. This gives us a higher degree of control over the data-gathering process, helps local companies compare data year on year, and enables instant consistency checks

during the data-gathering phase. As well as the system, we use internal data management systems to collect information such as employee headcounts. An additional tool used to improve our sustainability data is the Carlsberg Operational Manual (COM), which sets out details regarding processes and best practices.

PwC has been appointed to provide independent assurance regarding selected social, environmental and safety indicators. In each section of the report, we indicate which data has been assured. For further details, see pages 96-97.

TIMELINESS

Internally, we report our sustainability data with varying degrees of frequency, depending on the nature of the data. Where necessary, we revise the reporting frequency in order to strike the right balance between obtaining the correct data and observing appropriate time intervals for reporting on them. Annual data gathering and external reporting are aligned with financial data collection, following the calendar year.

COMPARABILITY

On pages 81-88, we have published the definitions we use for the key indicators in the report, which are also the data points on which PwC provides assurance.

We include seven-year data in our data table.

TARGETS

We communicate through actions and targets:

- One-year short-term actions towards ZERO
- 2022 targets
- 2030 targets

These have been developed by each of the area owners in cooperation with Group Sustainability and may be adjusted following significant changes in the business, such as major acquisitions and divestments. As far as possible, we include such changes by applying scenario planning to our target-setting process.

INDICATOR DEFINITIONS

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

INDICATOR NAME	INDICATOR DEFINITION	UNIT
ZERO CARBON FOOTPRINT		
Total production of beer and soft drinks	<p>Definition: Volume of fermented and non-fermented products produced.</p> <p>Production output that has passed through the production process on the company's own premises is included. Output is defined as approved packaged product to warehouse, plus volume of bulk beer and volume of bulk non-fermented products.</p> <p>Scope: Beer and soft drinks production sites as defined on page 3.</p>	Million hl
Total thermal energy consumption	<p>Definition: Total thermal energy consumption used for beer, soft drinks and malt production.</p> <p>Thermal energy originates from different energy sources such as light fuel oil, heavy fuel oil, natural gas, town gas, biogas from wastewater treatment plants, coal, biomass, district heating, grid electricity and biogas with renewable certificates (documented and traceable).</p> <p>Scope: Beer, soft drinks and malt production sites as defined on page 3. Consumption for non-production site activities is included.</p> <p>Assumptions: Thermal energy sold to third parties, fuels for on-site logistics and fuels used for electricity production from on-site combined heat and power (CHP) plants are excluded from "Total thermal energy consumption". Losses from CHPs are included.</p>	GWh

INDICATOR NAME	INDICATOR DEFINITION	UNIT
ZERO CARBON FOOTPRINT		
Total electricity consumption	<p>Definition: Total electricity consumption for beer, soft drinks and malt production.</p> <p>Electricity originates from different sources such as renewable electricity generated on site (solar, wind), electricity bought with renewable certificates (e.g. Guarantees Of Origin, Renewable Energy Guarantees Origin - REGO), electricity from grid and electricity from on-site combined heat and power (CHP) plants.</p> <p>Scope: Beer, soft drinks and malt production sites as defined on page 3. Consumption for non-production site activities is included.</p> <p>Assumptions: Electricity sold to third parties is excluded from "Total electricity consumption".</p>	GWh
Total CO ₂ emissions (from direct and indirect fuel consumption)	<p>Definition: Total fossil fuel carbon dioxide emissions (direct and indirect).</p> <p>Direct emissions are from the combustion of fuels for thermal energy and indirect emissions are from purchased electricity and district heating.</p> <p>CO₂ emission factors used for fossil fuels and electricity are in accordance with the 2006 Intergovernmental Panel on Climate Change Guidelines for National Greenhouse Gas Inventories and International Energy Agency statistics. Electricity grid emission factors from IEA are updated annually.</p> <p>Renewable energy types have an emission factor of 0 g CO₂/KWh.</p> <p>Scope: Beer, soft drinks and malt production sites as defined on page 3.</p> <p>Assumptions: CO₂ emissions related to sold thermal energy and electricity are not deducted from "Total CO₂ emissions".</p>	kt
Relative thermal energy consumption	<p>Definition: Thermal energy needed to produce 1 hectolitre of beer and soft drinks.</p> <p>"Total thermal energy consumption" / "Total production of beer and soft drinks"</p> <p>Scope: Beer and soft drinks production sites as defined on page 3. Consumption for non-production site activities is included.</p> <p>Assumptions: Thermal energy used for malting or other extraordinary site activities is deducted from "Total thermal energy consumption".</p>	kWh/hl

INDICATOR NAME	INDICATOR DEFINITION	UNIT
ZERO CARBON FOOTPRINT		
Relative electricity consumption	<p>Definition: Electricity needed to produce 1 hectolitre of beer and soft drinks.</p> <p>“Total electricity consumption” / “Total production of beer and soft drinks”</p> <p>Scope: Beer and soft drinks production sites as defined on page 3. Consumption for non-production site activities is included.</p> <p>Assumptions: Electricity used for malting or other extraordinary site activities is deducted from “Total electricity consumption”.</p>	kWh/hl
Relative CO ₂ emissions	<p>Definition: Fossil fuel carbon dioxide emissions (direct and indirect emissions) emitted from energy used to produce 1 hectolitre of beer and soft drinks.</p> <p>“Total CO₂ emissions (from direct and indirect fuel consumption)” / “Total production of beer and soft drinks”</p> <p>Scope: Beer and soft drinks production sites as defined on page 3.</p> <p>Assumptions: CO₂ emissions related to malting or other extraordinary site activities are deducted from “Total CO₂ emissions (from direct and indirect fuel consumption)”.</p>	kg CO ₂ /hl
Total CO ₂ emissions from refrigerants	<p>Definition: CO₂-equivalent emissions caused by refrigerant losses from on-site refrigerant systems.</p> <p>Emission factors for refrigerants are obtained from a range of publicly available sources and BEIS where possible.</p> <p>Scope: Beer, soft drinks and malt production sites as defined on page 3.</p>	Kt

INDICATOR NAME	INDICATOR DEFINITION	UNIT
ZERO CARBON FOOTPRINT		
Percentage of electricity from renewable sources	<p>Definition: Share of electricity from renewable sources.</p> <p>Renewable sources can be on-site renewable electricity generation or electricity supplied with Guarantees Of Origin, Renewable Energy Guarantees Origin or similar standards.</p> <p>RE100 requirements provide the guiding principles for how renewable electricity is reported.</p> <p>“Total renewable electricity intake” / “Total electricity intake”</p> <p>Scope: Beer, soft drinks and malt production sites as defined on page 3.</p> <p>Assumptions: Electricity generated from on-site combined heat and power (CHP) plants is not included in “Total electricity intake”.</p>	%
Number of sites using coal	<p>Definition: Number of breweries that used coal as the primary thermal energy source during the reporting period.</p> <p>Scope: Beer, soft drinks and malt production sites as defined on page 3.</p> <p>Assumptions: The brewery does not use coal on site to generate thermal energy.</p>	Number of sites
Scope 1+2 - Absolute CO ₂ emissions (Together Towards ZERO brewery target)	<p>Definition: Sum of “Total CO₂ emissions (from direct and indirect fuel consumption)” and “Total CO₂ emissions from refrigerants”.</p> <p>Scope: Beer, soft drinks and malt production sites as defined on page 3.</p>	kt
Scope 1 - Absolute CO ₂ emissions (excl. Logistics) (kt CO ₂)	<p>Definition: Sum of “Total CO₂ emissions (from direct fuel consumption)” and “Total CO₂ emissions from refrigerants”.</p> <p>Scope: Beer, soft drinks and malt production sites as defined on page 3.</p>	kt
Scope 2 - Absolute CO ₂ emissions. Market-based (kt CO ₂)	<p>Definition: Sum of “Total CO₂ emissions (from indirect fuel consumption)”.</p> <p>Scope: Beer, soft drinks and malt production sites as defined on page 3.</p>	kt

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

INDICATOR NAME	INDICATOR DEFINITION	UNIT
ZERO IRRESPONSIBLE DRINKING		
Percentage of fermented produced volume that carry legal age-restriction symbol or equivalent text	<p>Definition: “Volume of packed fermented products that carry legal age-restriction symbol or equivalent text (on primary packaging, excluding kegs and alcohol-free brews)” / “Total packed fermented production volume x 100%”.</p> <p>Scope: All majority-owned companies and production sites as defined on page 3, excluding companies without production and/or direct sales activities.</p>	%
Percentage of fermented produced volume that lists nutritional information	<p>Definition: “Volume of packed fermented products that list nutritional information (on primary packaging, excluding kegs and alcohol-free brews)” / “Total packed fermented production volume x 100%”.</p> <p>Nutritional declaration: nutrition declared on consumer-facing primary packaging. Minimum requirement is to present energy in linear form (e.g. “Energy: 190 kJ/46 kcal per 100 ml”).</p> <p>Scope: All majority-owned companies and production sites as defined on page 3, excluding companies without production and/or direct sales activities.</p>	%
Percentage of fermented produced volume that lists ingredient information	<p>Definition: “Volume of packed fermented products that list ingredient information (on primary packaging, excluding kegs and alcohol-free brews)” / “Total packed fermented production volume x 100%”.</p> <p>Ingredient declaration: ingredients presented on consumer-facing primary packaging in linear form (e.g. “Water, barley malt, hops”).</p> <p>Scope: All majority-owned companies and production sites as defined on page 3, excluding companies without production and/or direct sales activities.</p>	%

INDICATOR NAME	INDICATOR DEFINITION	UNIT
ZERO ACCIDENTS CULTURE		
Lost-time accidents (LTAs) in Production, Logistics, Sales & Marketing and Administration	<p>Definition: Any wound or damage to the body, resulting from a brief single event or exposure, causing lost time.</p> <p>Lost time occurs when the injured/ill person is medically considered unable to work. It includes time away from work for rest, recovery or treatment.</p> <p>“Accident” and “injury” are used interchangeably.</p> <p>Scope: All majority-owned companies and production sites as defined on page 3.</p>	LTA
Full-time equivalents (FTEs) in Production, Logistics, Sales & Marketing and Administration	<p>Definition: Full-time equivalents (FTEs) is equal to the average number of employees on the payroll. Part-time employees are converted into FTEs proportionally.</p> <p>Scope: All majority-owned companies and production sites as defined on page 3.</p>	FTE
Lost-time accident rate (LTAR) in Production, Logistics, Sales & Marketing and Administration	<p>Definition Number of lost-time accidents (LTAs) x 1,000 / Number of full-time equivalents (FTEs).</p> <p>Scope: All majority-owned companies and production sites as defined on page 3.</p>	LTAR

INDICATOR NAME	INDICATOR DEFINITION	UNIT
ZERO ACCIDENTS CULTURE		
Lost-time accidents (LTAs), contractors on Carlsberg site	<p>Definition: Any wound or damage to the body, resulting from a brief single event or exposure, causing lost time.</p> <p>Lost time occurs when the injured/ill person is medically considered unable to work. It includes time away from work for rest, recovery or treatment.</p> <p>Contractor: any individual who works for a service provider (or who is self-employed) and performs an outsourced activity for Carlsberg (including individuals who work for subcontractors).</p> <p>Carlsberg site: any site managed by Carlsberg, or where construction work is being carried out on our behalf, including greenfield and brownfield project sites.</p> <p>"Accident" and "injury" are used interchangeably.</p> <p>Scope: All majority-owned companies and production sites as defined on page 3.</p>	LTA
Lost-time accidents (LTAs), members of the public on Carlsberg site	<p>Definition: Any wound or damage to the body, resulting from a brief single event or exposure, causing lost time.</p> <p>Lost time occurs when the injured/ill person is medically considered unable to work. It includes time away from work for rest, recovery or treatment.</p> <p>Member of the public: any individual who does not correspond to the definitions of regular employee, temporary employee or contractor (e.g. visitors, delivery personnel, suppliers, consultants, students, family members).</p> <p>Carlsberg site: any site managed by Carlsberg, or where construction work is being carried out on our behalf, including greenfield and brownfield project sites.</p> <p>"Accident" and "injury" are used interchangeably.</p> <p>Scope: All majority-owned companies and production sites as defined on page 3.</p>	LTA

LIST OF REPORTING SITES

COUNTRY	COMPANY	SITES
WESTERN EUROPE		
Belgium	Grimbergen Abbey Brewery (Company)	Grimbergen Abbey Brewery
Czechia	Zatecky Pivovar	Zatec
Denmark	Carlsberg Danmark	Saltum, Carlsberg Fredericia
	Carlsberg Breweries	No production sites
Finland	Sinebrychoff	Kerava
France	Kronenbourg	Kronenbourg Obernai
Germany	Carlsberg Deutschland	Hamburg Hausbruch, Mecklenburgische Brauerei Lübz, Wernesgrüner Brauerei
Norway	Ringnes	Farris, Gjelleråsen, Imsdal
	E.C. Dahls Bryggeri	E.C. Dahls Trondheim
Poland	Carlsberg Polska	Okocim Brewery Brzesko, Kasztelan Brewery, Szczecin Brewery
	Carlsberg Shared Services (CSS)	No production sites
Sweden	Carlsberg Sverige	Falkenberg, Ramlösa Sverige
	Nya Carnegiebryggeriet	Nya Carnegiebryggeriet
Switzerland	Feldschlösschen	Rhözüns, S Rheinfeld, Sion
	Carlsberg Supply Company	No production sites
UK	Carlsberg CMBC	Northampton, London Fields Brewery, Banks's Park Brewery, Eagle Brewery, Jennings Brewery, Marston's Brewery, Ringwood Brewery, Wychwood Brewery

COUNTRY	COMPANY	SITES
CENTRAL & EASTERN EUROPE		
Azerbaijan	Carlsberg Azerbaijan	Baku
Belarus	Alivaria	Alivaria
Bulgaria	Carlsberg Bulgaria	Pirinsko, Shumensko
Croatia	Carlsberg Croatia	Koprivnica
Estonia	Saku Õlletehase as	Saku
Greece	Olympic Brewery S.A.	Thessaloniki, Ritsona Brewery
Italy	Carlsberg Italia	Varese
Kazakhstan	Carlsberg Kazakhstan	Carlsberg Kazakhstan (brewery site)
Latvia	Aldaris	Aldaris Riga
Lithuania	Svyturys Utenos Alus	Utena, Klaipeda
Russia	Baltika Breweries	Baltika Brewery St. Petersburg, Baltika Don Brewery Rostov-Na-Don, Baltika Khabarovsk, Baltika Novosibirsk, Baltika Samara, Baltika Tula Brewery Tula, Yarpivo Brewery Yaroslavl, Yarpivo Voronezh
	Hoppy Union	Malt Plant Yaroslavl, Malt Plant Tula
Serbia	Carlsberg Srbija	Carlsberg Srbija – Celarevo
Ukraine	Carlsberg Ukraine	Lvivska Brewery Lviv, Slavutich Zaporozhye, Slavutich Kiev
ASIA		
Cambodia	Cambrew LTD	Brewery Sihanouk Ville
China	Xinjiang Group	Akesu Brewery, Urumqi No. 2 Brewery, Wusu Brewery, Yining Brewery, Korle Brewery
	CIB & TMH (business unit)	Carlsberg Brewery Guangdong (Huizhou), Changzhou Tianmuhu Beer Co. Ltd, Anhui Tiandao Beer Co. Ltd, Yanchen Brewery
	Ningxia	Ningxia Xixia Jianiang Brewery
	Yunnan Group	Kunming Huashi Brewery Yunnan, Dali Beer Co. Ltd
	Chongqing Brewery	Mawangxiang Brewery, Dazhulin Brewery, Hechuan Brewery, Liangping Brewery, Wanzhou Brewery, Fuling Brewery, Panzhuhua Brewery, Xichang Brewery, Boke Brewery, Shizhu Brewery, Yibin Brewery, Guoren Lixian Brewery, Guoren Yongzhou Brewery
	Guangzhou Carlsberg Consultancy and Management Services Co., Ltd	No production sites
	Carlsberg Brewery Hong Kong	No production sites
India	Carlsberg India	Kolkatta, Alwar, Aurangabad, Paonta Sahib, Hyderabad, Dharuhera, Mysuru Karnataka Brewery
Laos	Lao Brewery	Pepsi Plant Vientiane, Lao Brewery Pakse, Lao Brewery Vientiane
Malaysia	Carlsberg Brewery Malaysia Berhad	Carlsberg Kuala Lumpur
Nepal	Gorkha Brewery	Gorkha Brewery
Singapore	Carlsberg Singapore	No production sites
Vietnam	Carlsberg Vietnam	Phu Bai

TAX CONTRIBUTION PRINCIPLES

BASIS OF PREPARATION GENERAL COMMENTS

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

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

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

All data, unless otherwise stated, has been prepared for the year from 1 January 2021 to 31 December 2021.

Data is collected for consolidated entities in the Carlsberg Group.

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

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

The data includes a degree of estimation, as tax per entity is not reported in detail if a type of tax is below DKK 100,000 per year. Instead, taxes below DKK 50,000 are not reported, and taxes above DKK 50,000 but below DKK 100,000 are reported as DKK 50,000. The data is reported by the entity in local currency in multiples of 1,000.

SCOPE OF REPORTING AND DEFINITION OF KEY TERMS

“Tax” in this Section means any amount of money required to be

paid to, or collected and subsequently remitted to, a government.

Terms defined in the Carlsberg Group’s Annual Report 2021 are not described below.

Taxes borne and taxes collected are the taxes due in respect of an accounting period as defined in IFRS, as adopted by the EU.

KEY TERM DEFINITIONS

Economic value generated

Economic value generated comprises gross revenue, other income, financial income and income included in special items, and share of profit after tax in associates and joint ventures. Income recognised in other comprehensive income is not included.

Total tax contribution

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

Operating costs

Include cost of sales, sales and distribution expenses, administrative expenses and other operating expenses, but exclude employee wages.

Effective Tax Rate

Effective tax rate is calculated as corporate income taxes in proportion to profit before tax. When calculating effective tax rate adjusted for special items, special items as well as the tax associated herewith are deducted from profit before tax and total corporate income taxes respectively, in order to obtain an effective tax rate reflecting local business activities without influence from items which are unusual to the business.

Employee wages

Include wages to employees, excluding social security costs.

Providers of capital

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

Economic value retained

Consolidated profit after tax.

Employee taxes

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

Government

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

SCOPE OF REPORTING

1. BORNE TAXES

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

Corporate income tax

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

depending on the local tax rules as to timing of payments.

Energy taxes (net, non-refundable)

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

Environmental fees

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

VAT (non-deductible)

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

Real estate taxes

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

Withholding taxes on dividends, royalties, interest and professional fees

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

Transportation taxes

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

Social contribution for employees

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

Stamp duties

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

Other taxes

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

2. TAXES COLLECTED, INCLUDING EXCISE DUTIES

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

Excise duties (beer and soft drinks etc.)

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

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

Personal income taxes

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

Social contribution withheld by the company

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

employees' social security contributions by deducting these from wages and salaries.

Withholding tax on dividend distributions made by Carlsberg A/S

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

VAT/GST

VAT is a broadly based consumption tax assessed on the value added to goods and services. It applies more or less to all goods and services that are bought and sold for use or consumption.

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

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

BEER-IN-HAND CARBON FOOTPRINT VALUE CHAIN METHODOLOGY

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

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

To assess progress, we measure our beer-in-hand footprint every three years. In 2020, we completed an analysis of our 2019 footprint, which showed a 7% improvement from the 2015 baseline. We will conduct our next detailed analysis in 2023, based on 2022 data, to assess progress against the 2022 target.

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

MODELLING AND USING STANDARDS

To calculate a value chain carbon footprint requires extensive data on emissions at every stage of the value

chain. While we have a good understanding of our own operational emissions (Scope 1 and 2), visibility of Scope 3 emissions is often more limited.

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

The standards we follow are:

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

for product lifecycle analysis, much of it is also applicable to value chain analysis).

DATA QUALITY

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

MATERIAL SCOPE 3 EMISSIONS

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

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

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

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

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

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

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

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

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

Engagement within the organisation
The results of our beer-in-hand footprint analysis, as well as priorities to support reductions at each stage of the value chain, are discussed and approved by our Executive Committee. In 2020 and 2021, we ran sessions with all local management teams to present market-specific developments and identify local actions.

ECONOMIC CONTRIBUTION METHODOLOGY

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

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

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

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

UPSTREAM INDIRECT EMPLOYMENT

Our upstream indirect impacts include impacts in the supply chain for the raw ingredients, products and services we purchase.

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

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

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

For non-European countries, we used ratios taken from the World

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

DOWNSTREAM INDIRECT EMPLOYMENT

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

These were calculated using data on prices and shares of Carlsberg Group sales in on- and off-trade markets collected at the end of 2021.

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

- annual domestic 2021 sales in each country (domestic production plus imports less exports, in hectolitres)
- the estimated 2021 split between on- and off-trade markets in each country
- the prices of the products sold in each country.

The market values are then converted to pre-tax values by removing the VAT. Excise duties are not removed as the productivity

ratios used from statistical sources include these duties.

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

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

EFFECTS OF THE COVID-19 PANDEMIC

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

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

However, this methodology does not reflect jobs that have been maintained through the government

job-support schemes introduced during the initial phases of the pandemic in 2020, when lower levels of production and consumption were observed.

Therefore, we would expect the number of jobs related to our business activity to be slightly higher than the ones we report for 2021. The differences are expected to be small, as government job-support schemes were wound down through 2021.

MANAGEMENT STATEMENT

The Supervisory Board and Executive Board have today considered and approved the 2021 ESG Report of Carlsberg for the reporting period 1 January to 31 December 2021.

The 2021 ESG Report has been prepared in accordance with the stated ESG accounting principles and the Greenhouse Gas Protocol guidelines regarding our carbon footprint.

In our opinion, the 2021 ESG Report gives a fair presentation of the Group's ESG activities and results of our ESG efforts in the reporting period as well as a balanced presentation of our ESG performance in accordance with the stated accounting principles.

Copenhagen, 4 February 2022

Executive Board of Carlsberg A/S

Cees 't Hart
President & CEO

Heine Dalsgaard
CFO

Supervisory Board of Carlsberg A/S

Flemming Besenbacher
Chair

Henrik Poulsen
Deputy Chair

Hans Andersen

Carl Bache

Magdi Batato

Lars Fruergaard Jørgensen

Lilian Fossum Biner

Richard Burrows

Eva Vilstrup Decker

Finn Lok

Erik Lund

Søren-Peter Fuchs Olesen

Peter Petersen

Majken Schultz

Lars Stemmerik

LIMITED ASSURANCE REPORT OF THE INDEPENDENT AUDITOR

TO THE STAKEHOLDERS OF CARLSBERG A/S

Carlsberg A/S engaged us to provide limited assurance on the selected data described below and set out in the Carlsberg Group ESG Report for the period 1 January – 31 December 2021.

OUR CONCLUSION

Based on the procedures we performed and the evidence we obtained, nothing has come to our attention that causes us not to believe that the selected data in scope for our limited assurance engagement is free of material misstatements and have been prepared, in all material respects, in accordance with the accounting principles as stated in the sections “Reporting process and scope” (pages 79-80), “Indicator definitions” (pages 81-88), “List of reporting sites” (pages 89-90) and “Tax contribution principles” (pages 91-92) of the Carlsberg Group ESG Report for the period 1 January – 31 December 2021.

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

SELECTED DATA IN SCOPE

The scope of our work was limited to assurance on selected data for the period 1 January – 31 December 2021 in the sections “Economic value generated” and “Data summary table” (page 45 and pages 72-78), namely:

- “Corporate income tax”, “Taxes borne, and excise duties collected” and “Excise duties” (page 45);
- Energy, carbon and water: data on “Total production of beer and soft drinks”, “Total thermal energy consumption”, “Total electricity consumption”, “Total water use”, “Total CO₂ emissions (from direct and indirect fuel consumption) (market-based)”, “Total CO₂ emissions (from direct and indirect fuel consumption) (location-based)”, “Relative figures from beer and soft drinks production”, “Total CO₂ emissions from refrigerants”, “Scope 1 – Absolute CO₂ emissions (excl. Logistics)”, “Scope 2 – Absolute CO₂ emissions. Market-based”, “Scope 1+2 – Absolute emissions (Together Towards ZERO 2015 baseline)”, “Percentage of electricity from renewable sources” and “Number of sites using coal” (pages 72-74);

- Health & Safety: data on “Lost-time accidents in Production, Logistics, Sales & Marketing and Administration”, “Lost-time accident rate” in the Carlsberg Group and “Number of lost-time accidents, contractors” and “Number of lost-time accidents, members of the public” (page 75) and;
- Responsible drinking and marketing communication: data on “Percentage of fermented produced volume that carry legal age-restriction symbol or equivalent text”, “Percentage of fermented produced volume that lists nutritional information” and “Percentage of fermented produced volume that lists ingredient information” (page 76).

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

PROFESSIONAL STANDARDS APPLIED AND LEVEL OF ASSURANCE

We performed a limited assurance engagement in accordance with the International Standard on Assurance

Engagements 3000 (revised), “Assurance Engagements other than Audits and Reviews of Historical Financial Information” and, in respect of the greenhouse gas emissions stated on pages 72-74, in accordance with International Standard on Assurance Engagements 3410 “Assurance engagements on greenhouse gas statements”.

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

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks; consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable

assurance engagement been performed.

OUR INDEPENDENCE AND QUALITY CONTROL

We have complied with the independence requirements and other ethical requirements in the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour and ethical requirements applicable in Denmark.

PricewaterhouseCoopers applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements. Our work was carried out by an independent multidisciplinary team with experience in sustainability reporting and assurance.

UNDERSTANDING REPORTING AND MEASUREMENT METHODOLOGIES

Data and information need to be read and understood together with the accounting principles (sections “Reporting process and scope”, “Indicator definitions”, “List of reporting sites” and “Tax contribution principles”), which Management is solely responsible for selecting and applying. The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time.

WORK PERFORMED

We are required to plan and perform our work in order to consider the risk of material misstatement of the data. In doing so and based on our professional judgement, we:

- Completed a media search to identify relevant risks and issues within the scope of the assurance engagement for Carlsberg during the reporting period;
- Evaluated the suitability of the accounting principles;
- Evaluated the design and implementation of the systems, and processing and internal controls over the selected data in scope for our assurance engagement;

- Conducted interviews with relevant policy owners at corporate levels, who are responsible for collecting, consolidating and carrying out internal control procedures on the selected data in scope for our assurance engagement;
- Performed remote site visits on production sites in Russia, China and France to obtain insight into local sustainability management, test local data to underlying documentation and assess the robustness of the local sustainability data management systems;
- Conducted an analytical review of the selected data in scope for our assurance engagement submitted by all production sites for consolidation at corporate level;
- Evaluated relevant internal and external documentation, based on sampling, to determine whether the selected data in scope for our assurance engagement is supported by sufficient evidence;
- Reconciled selected tax information with the audited consolidated financial statements of Carlsberg A/S;
- Read other information included in the 2021 Carlsberg Group ESG Report to identify any material inconsistencies with the selected data in scope for our assurance engagement or knowledge obtained in our limited assurance engagement.

CARLSBERG'S RESPONSIBILITIES

Management of Carlsberg A/S is responsible for:

- Designing, implementing and maintaining internal controls over information relevant to the preparation of data in the ESG Report that is free from material misstatement, whether due to fraud or error;
- Establishing objective accounting principles for preparing data;
- Measuring and reporting data in the ESG Report based on the accounting principles; and
- The content of the Carlsberg Group ESG Report for the period 1 January – 31 December 2021.

OUR RESPONSIBILITIES

We are responsible for:

- Planning and performing the engagement to obtain limited assurance about whether selected environmental, health & safety, social and economic contribution data in the 2021 Carlsberg Group ESG Report is free from material misstatement, and has been prepared, in all material respects, in accordance with the accounting principles;
- Forming an independent conclusion, based on the procedures performed and the evidence obtained; and
- Reporting our conclusion to the stakeholders of Carlsberg A/S.

Copenhagen, 4 February 2022

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab
CVR no. 3377 1231

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TELL US WHAT YOU THINK

We welcome feedback on
our Together Towards ZERO
programme, our progress
and our ESG reporting.

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