

SUSTAINABILITY REPORT 2018







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OUR PURPOSE

Some have to dig deep to find their purpose. For us, it has always been there. We pursue perfection every day. We strive to brew better beers; beers that stand at the heart of moments that bring people together. We do not settle for immediate gain when we can create a better tomorrow for all of us. We are brewing for a better today and tomorrow.

2018 HIGHLIGHTS



13% REDUCTION IN ABSOLUTE CARBON EMISSIONS FROM BREWERY SINCE 2015

22% REDUCTION IN TOTAL WATER USE BY BREWERY SINCE 2015

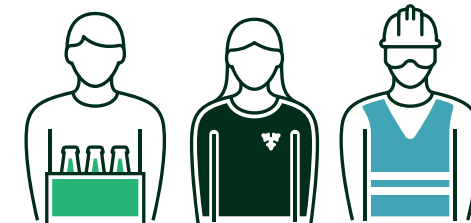
100% PRODUCTS PRODUCED AND PACKAGED IN UK INCLUDE RESPONSIBLE DRINKING MESSAGING, NUTRITIONAL INFORMATION AND INGREDIENTS

63% REDUCTION IN LOST TIME ACCIDENT RATE SINCE 2017

 carlsberguk.co.uk
 [@carlsbergukcorp](https://twitter.com/carlsbergukcorp)

 [@carlsberggroup](https://www.instagram.com/carlsberggroup)
 [Carlsberg Group](https://www.linkedin.com/company/Carlsberg-Group)

ABOUT CARLSBERG UK



715 EMPLOYEES ACROSS ADMINISTRATION, PRODUCTION AND SALES



4.3M HL BREWED

1 BREWERY

14 BRANDS INCLUDING



LETTER FROM CEES



Businesses have an increasingly important role to play in securing a sustainable future. That is why we are working hard to improve the financial and strategic health of our business and deliver on our ambitious sustainability programme, Together Towards ZERO.

2018 was a good year for the Carlsberg Group. We delivered a strong set of financial results, and taken together with our sustainability progress, I believe this demonstrates that we are living our purpose of brewing for a better today and tomorrow.

We have embedded Together Towards ZERO in our corporate strategy, SAIL'22, guiding decisions top down and bottom up, and I am pleased with the progress on our sustainability ambitions since the launch of our programme. Across the Group, we've reduced our relative

carbon emissions by 20% and our water usage by 9% since 2015, our baseline year. 96% of our packaging globally now carries responsible drinking messages. Meanwhile, innovations such as our plastic-reducing Snap Pack are enabling direct engagement with customers and consumers on sustainability, while delivering less plastic waste and lower carbon emissions.

Although 2018 was largely a year of progress, unfortunately this was not true for all our focus areas. I am far from satisfied with our health & safety record, as we suffered three fatalities. I am deeply saddened by this and extend my sincerest sympathies to the families involved. These tragedies underline the need to create a ZERO accidents culture.

Our sustainability roadmap up to 2022 is well planned and our 2018 performance shows that, while we continue to make progress, significant challenges remain for reaching our 2030 targets. Solving these will mean

innovating effectively, working with partners and preparing for a rapidly changing world. In summary, we'll continue to sharpen our focus and accelerate our journey towards ZERO, growing both a successful and a sustainable business.

CEES 'T HART
CEO, CARLSBERG GROUP

LETTER FROM TOMASZ



We have a huge opportunity. Today, our customers and consumers in the UK are more interested than ever in the sustainability of products and reducing their own impact on the planet.

This has always been at the heart of Carlsberg, through our purpose of Brewing for a Better Today and Tomorrow. Now it is underpinned by our sustainability programme, Together Towards ZERO, which guides our focus and shapes our decisions each day.

Reaching zero – zero carbon brewing, zero waste water, zero accidents, and zero irresponsible drinking – is not just the right thing to do, it is key to our long-term success. That is why sustainability is embedded in our corporate strategy, SAIL'22.

I joined Carlsberg UK at the beginning of 2019. And in these early days it is encouraging to see the progress we are already making as a business.

The launch of Snap Pack was an important moment for us. By replacing the plastic rings on our small packs of cans with glue dots, we can halve plastic usage from brewery to store. It's a huge innovation in packaging that's not just new to the UK, but new to the world. And since the announcement in September, it's been great to see more brewers innovate to cut the amount of packaging and plastic that they use.

We're making significant investments in our Northampton brewery to make the most of the water and energy we use. This is vital to going beyond incremental improvements and reaching our ambitions of zero carbon brewing and zero water waste by 2030.

How we work is equally important to us. Each of our colleagues should come to work knowing that they will return home safe. We're creating a culture where people feel valued and can perform at their best, starting with clear policies and training, and by improving reporting to prevent accidents before they happen. It's through collective effort and continuous improvement that we will achieve our aims.

Our beers bring people together to share great moments. But they must be marketed and enjoyed responsibly. Through industry-wide leadership and collaboration, such as our work with The Portman Group and Drinkaware, we are contributing to the continued decline in harmful drinking in the UK.

Throughout this report, you'll find out more about our sustainability programme and our achievements in 2018. I look forward to sharing more throughout the year, on our way Together Towards ZERO.

TOMASZ BLAWAT
MANAGING DIRECTOR, CARLSBERG UK

TOGETHER TOWARDS ZERO

Our world faces unprecedented global challenges of climate change and water scarcity. Bold and timely action is vital to secure the future of our business, and the planet. Together Towards ZERO is our response – a global sustainability programme based on four pillars: ZERO Carbon Footprint, ZERO Water Waste, ZERO Irresponsible Drinking and ZERO Accidents Culture.

Each ambition is underpinned by clear, measurable targets for 2022 and 2030, based on where we can have the greatest impact. The UN’s Sustainable Development Goals (SDGs) are central to our strategy (see right), as they form a blueprint for a more sustainable world, calling on governments, civil society, businesses and the general public to act to end poverty, reduce inequality and limit climate change by 2030. We focus our efforts on the goals where we can have the greatest impact.

These priorities are based on a materiality assessment of the most important

sustainability management topics, risks and impacts for our business globally. We expect to update the global materiality assessment in 2019.

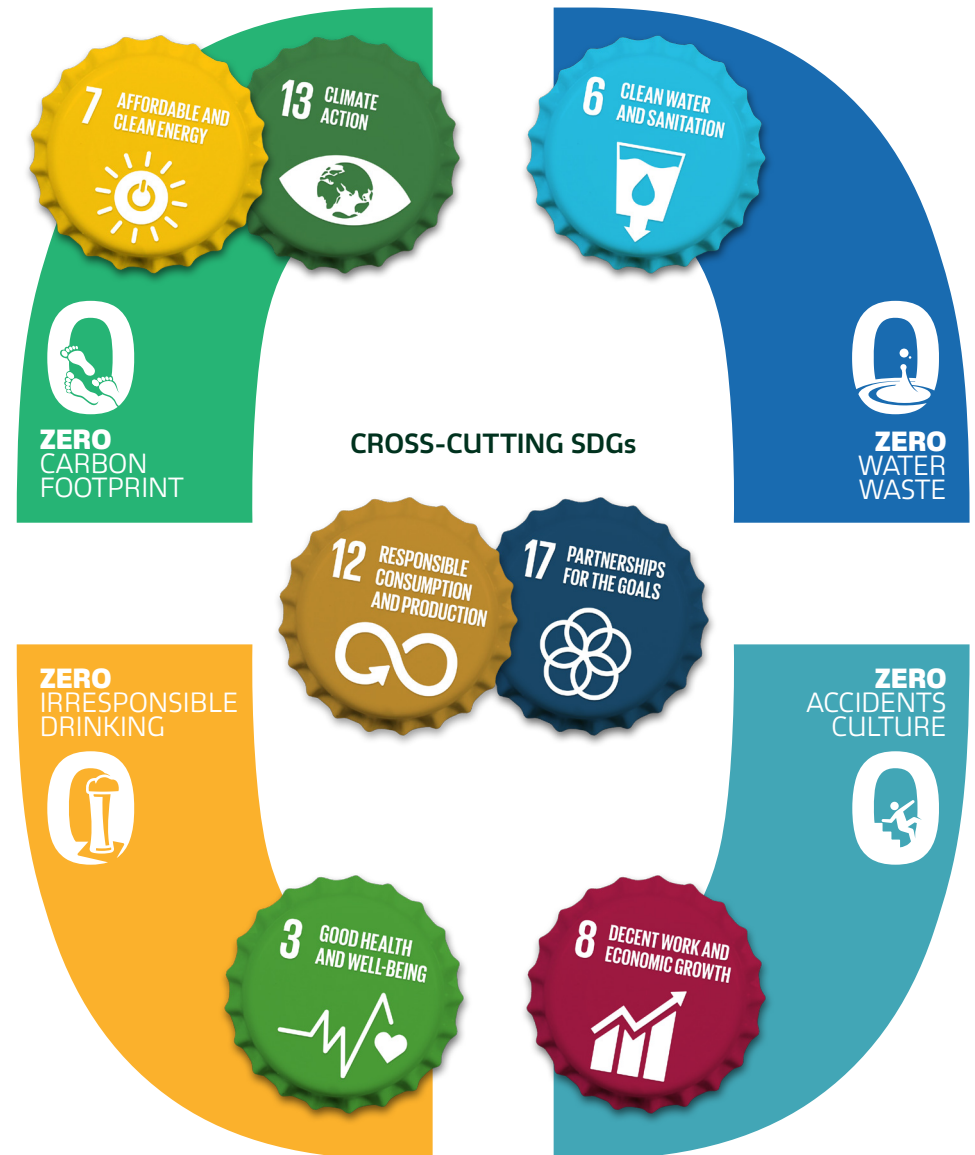
This report outlines our approach and performance in the UK. For a detailed explanation of the Together Towards ZERO strategy and the performance of Carlsberg Group, see the Carlsberg Group Sustainability Report 2018 at carlsberggroup.com/sustainability.

SUSTAINABILITY GOVERNANCE

Clear governance and accountability is central to the success of our business, and of our sustainability programme. Together Towards ZERO is owned by the Carlsberg Group Executive Committee (ExCom) and overseen by the Supervisory Board.

At Carlsberg UK, the UK Managing Director is the sponsor of Together Towards ZERO, and it is chaired by the Production Director. Responsibility for each pillar is assigned to a senior leader, who brings together the relevant people to ensure that the goals are embedded across the organisation and that the functions with the greatest impact and capacity to influence are empowered to create change.

MOST MATERIAL SDGs

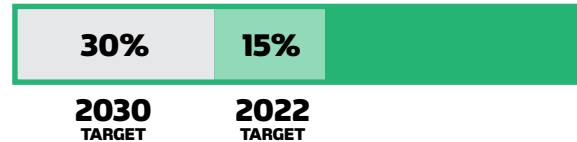


ZERO CARBON FOOTPRINT

Climate change is threatening people's lives and livelihoods. And the Intergovernmental Panel on Climate Change (IPCC) has issued critical warnings for global warming of 2°C and more above preindustrial levels. We are committed to bold climate action towards ZERO carbon footprint.

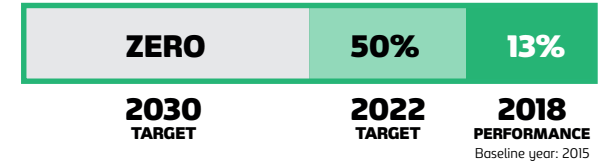
Our carbon targets – carbon zero in our breweries and a 30% reduction in the beer-in-hand footprint by 2030 – are designed to reduce the emissions across the Carlsberg Group, contributing to keeping warming under 1.5°C, the more ambitious level of the Paris Agreement. This will be challenging, but we believe it is possible for companies to significantly cut emissions while driving business growth.

Continued reduction in beer-in-hand carbon footprint



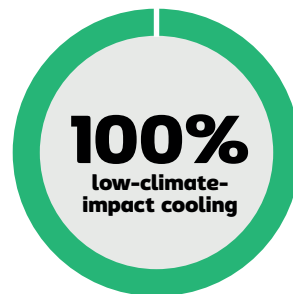
We will analyse progress against our 2015 baseline in 2020. Packaging accounts for 40% of our footprint, and in 2018 we launched Snap Pack – halving plastic usage from brewery to store (see page 9).

13% reduction in carbon emissions from our brewery



Partnering with others

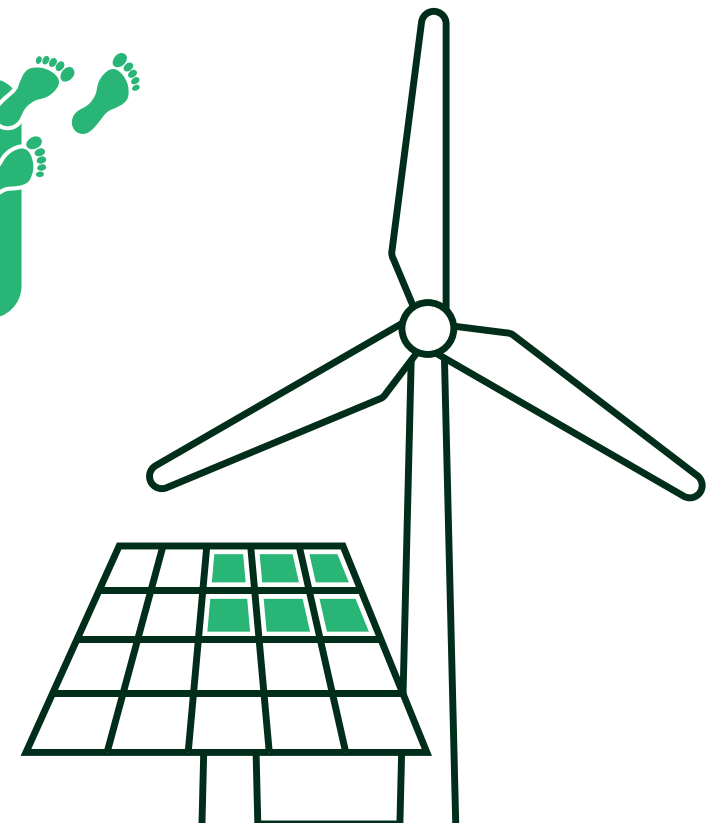
“ We partner throughout the value chain to improve the way we work and develop new solutions, like Snap Pack. By 2022 we'll be using these partnerships to reduce our shared footprint. ”



All new coolers purchased use low-climate-impact R290 refrigerant. Meeting our 2022 goal ahead of schedule.



We purchase renewable electricity certificates at a Group level to offset our use of electricity from the UK grid. Meeting our 2022 goal ahead of schedule.



ELIMINATING BREWERY EMISSIONS

Our brewery accounts for around 6% of our beer-in-hand footprint (see page 9). And it is where we have most control. Our target is for the brewery to be carbon zero by 2030, along with all breweries across the Carlsberg Group.

In 2018, CO₂ emissions from our brewery were 14,500 tonnes. This is 13% lower than the 2015 baseline. However, during the same period the relative emissions in CO₂ per hectolitre of production increased by 12% to 3.35 kg CO₂/hl and energy efficiency decreased by 9%. This is due to two reasons:

- 1. Lower production volumes:** Since the 2015 baseline we have reduced our production volume by almost 23%. While this enables a significant reduction in absolute figures both for our brewery and the beer-in-hand footprint, our brewery is only at its most efficient when it is at maximum capacity.
- 2. Use of diesel generators:** Following a serious safety incident in 2016, we were required to switch to temporary diesel chillers while repairs were made. This was compounded by essential repairs to our boiler system which also required a temporary switch to diesel. Once repairs were completed in early 2018, we switched back to natural gas, bringing emissions in line with previous years.

INVESTING IN EFFICIENCY

To achieve our ambition to eliminate carbon emissions at our brewery, we are making significant investments in the brewery. Activities in 2018 included:

- ❖ Installation of a centralised building management system and upgraded ventilation infrastructure, which allows much greater control, saving around 600,000 kwh of energy a year.
- ❖ Certification of our energy management systems to ISO 50001, encouraging continual improvement of the way we work across the brewery.
- ❖ Conversion of our lighting to energy-efficient LED, contributing to dramatically improved lighting in some areas of the brewery, and saving around 130,000 kwh.
- ❖ Installation of inverters on some of our electric motors, through our partnership with ENGIE, saving over 50,000 kwh, equivalent to almost 20 tonnes of CO₂.
- ❖ Analysis and investments to improve the efficiency of the steaming used to wash and sterilise kegs, saving around 100,000 kwh per year.



PURCHASING RENEWABLE ELECTRICITY

Our electricity is supplied through a variety of sources that feed into the grid; we offset our usage through equivalent investment in wind farms. This scheme, matched in all Carlsberg regions, encourages the global development of renewable energy programmes.

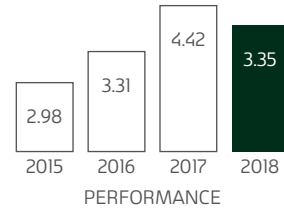
SCOPE OF DATA

In 2018, we changed the scope of the data we report for CO₂ emissions and energy consumption from how we reported in 2017. The data for 2015–2018 now includes only our brewery in Northampton. It excludes our two UK offices, the one distribution centre, and all logistics that were included in our 2017 reporting. These aspects are all included in our beer-in-hand footprint, which includes our entire value chain.

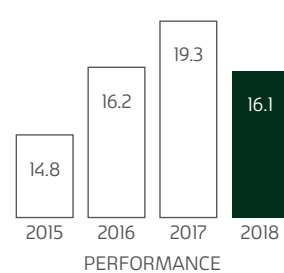
We have changed the scope of reporting for two reasons:

1. At the beginning of 2018 we completed the outsourcing of our secondary logistics. Therefore, year-on-year figures are no longer comparable.
2. To align with the targets in Together Towards ZERO and Carlsberg Group reporting.

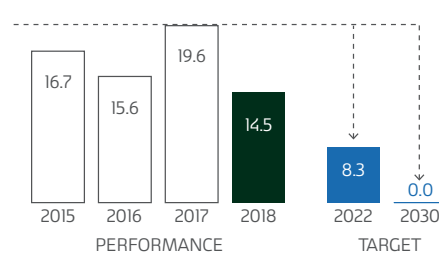
RELATIVE CO₂ EMISSIONS
(kg CO₂/hl)



RELATIVE ENERGY CONSUMPTION
(kwh/hl)



ABSOLUTE CO₂ EMISSIONS
(kt)



THE BEST JOB FOR THE WORLD? PROBABLY.

Partnerships and science are crucial to achieving our sustainability ambitions and tackling the challenges facing our planet. Building on Carlsberg’s history of science and innovation, in 2018 we hired a group of postdoctoral researchers to join the Carlsberg Young Scientists Community, based in the Carlsberg Laboratory in Copenhagen. They’re tasked with developing initiatives that set the industry standard for

science-based and partnership-driven sustainability research. They’re looking into topics from cutting carbon emissions to reusing waste water. And their work will be vital to the achieving ZERO carbon footprint and ZERO water waste.

FIND OUT MORE AT
carlsberggroup.com/pursuit-of-better/better-tomorrow/carlsberg-young-scientists-community/

REDUCING BEER-IN-HAND EMISSIONS

To play our part in keeping global warming below 1.5°C, in line with the Paris Agreement, we must go beyond eliminating emissions from our brewery to consider the entire value chain of our products. We call this our beer-in-hand footprint and have set targets to reduce carbon emissions in our value chain by 15% by 2022, and 30% by 2030.

The next assessment of our beer-in-hand carbon footprint will be in 2020 to measure progress in 2017-2019. The last one was in 2015.

PACKAGING

Packaging accounts for the largest proportion of the footprint – around 41% in 2015. In 2018, we launched a range of innovations aimed at reducing the amount of packaging we use and



GREENER INK

New 'Greener Green' ink used in the bottle label and outer packaging, is produced using renewable energy and is Cradle Certified™, ensuring it is fully recyclable. Find out more at carlsberg.com/C2C.



SNAP PACK

Our Snap Pack uses glue to hold cans together, replacing the plastic rings on our small packs of cans. This helps to cut our plastic usage from brewery to store by around 50%. Find out more at carlsberg.com/en-gb/betterment-hero-stories/snappack.



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

13%
AGRICULTURE
Cultivation of ingredients such as barley and rice

5%
MALTING
Malting and processing of grains

6%
BREWERIES
Brewing and manufacturing of our products, including refrigerants

41%
PACKAGING
Production and recycling of all packaging materials

5%
DISTRIBUTION
Distribution of our finished products from our breweries and depots

30%
REFRIGERATION
Chilling of our drinks in bars and shops, including refrigerants

LOGISTICS

At the beginning of 2018 we completed the outsourcing of our secondary logistics, meaning that both our primary and secondary logistics are now outsourced to XPO Logistics and DHL Tradeteam respectively. This means that our on-trade products are now moved as part of a shared user network and instead of having our own warehouses and vehicles, we share the space with others, maximising efficiency of each trip.

We work closely with our partners. Examples in 2018 include:

- ✦ Maintaining our target fill rate of 95% for deliveries made from our Northampton sites to DHL Tradeteam distribution centres by XPO Logistics.
- ✦ Making improvements to our infrastructure in Northampton, which will almost halve the number of brewery shuttle trips in Northampton made by XPO Logistics, saving over 30,000 trips a year.

WHAT WE SAID	WHAT WE DID 2018	ACTIONS TOWARDS ZERO 2019
Energy management: Achieve ISO 50001 status.	Achieved ISO 50001, ensuring strong energy management practices.	Embed ISO 50001 into everyday actions. Run internal auditor training to ensure continued development.
Strategic plan: Produce comprehensive energy policy and strategy.	Developed and signed off energy policy and strategy. Regularly reviewed and updated to continually improve.	Develop and announce ambitious energy reduction project for brewery to cut carbon footprint.
Develop local ZERO carbon footprint roadmap to achieve 2022/2030 targets.	Created local roadmap linked to strategy and policy. Established Together Towards ZERO pillar group to lead development and implementation of UK targets.	Identify targets and opportunities for reducing beer-in-hand carbon footprint, by partnering with others throughout the value chain. Engage employees across the business to share ideas and support to achieve targets.



THE WORLD'S FIRST WATERFALL-POWERED PUB

Sustainability is at the core of the Carlsberg brand and we wanted to create an opportunity for people to escape the busyness of life and get closer to nature. That's why we brought together six strangers to build the Carlsberg Cabin – a carbon-neutral pub, powered by hydro and solar electricity, and built

with locally-sourced sustainable materials. The Cabin, near Tintagel, Cornwall, could be booked through Airbnb so that anyone could experience living 'The Danish Way'.

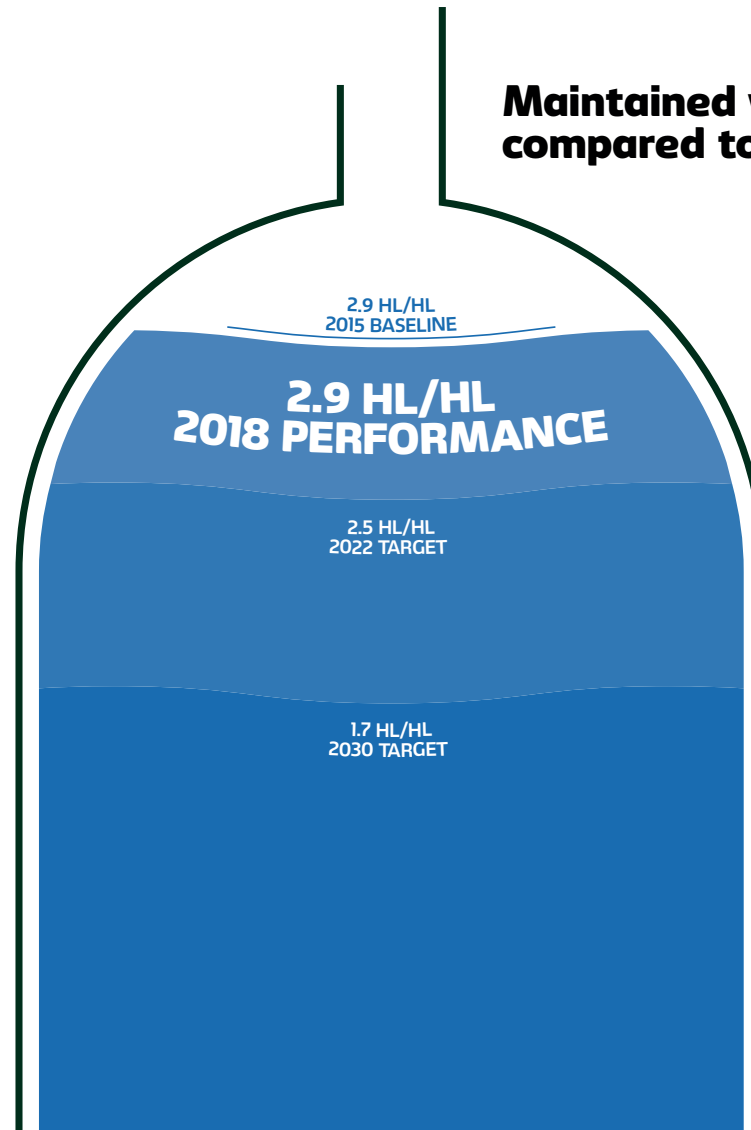
▶ WATCH THE VIDEO AT youtu.be/whCcHrmUQ8o

ZERO WATER WASTE

Water is a finite resource. Within just 25 years we could see demand for water in the UK outstripping supply, due to a growing population and changing climate patterns.*

Brewing uses a lot of water – both as an ingredient and for cleaning. Our ambition is to eliminate water waste, by reaching our target of using 1.7 hl water per hl product by 2030. This equates to a 50% improvement in water efficiency across the Carlsberg Group from 2015.

Maintained water efficiency compared to 2015 baseline.



22% reduction in total water use at our brewery

Since the 2015 baseline (2.9hl/hl), we have maintained efficiency rates while reducing production volumes. This meant we achieved a 22% reduction in the total volume of water we use.

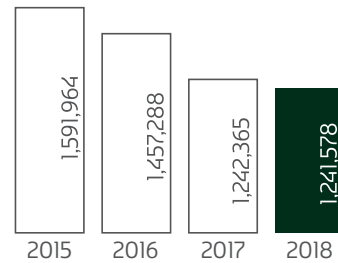
CUTTING WATER WASTE AT OUR BREWERY

In 2018, we used around 22% less water than in our baseline year of 2015, despite our water use per hectolitre of production remaining flat at 2.87hl/hl (2015: 2.85). This reflects the decrease in our production volumes of around 23% since 2015.

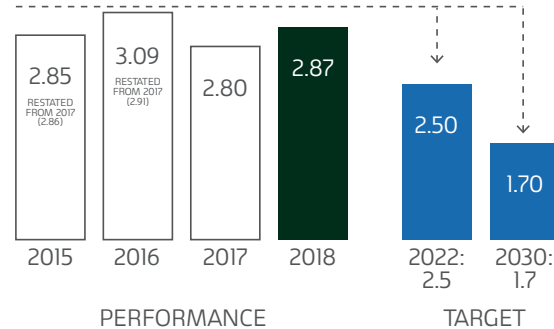
As production volumes decrease, improving efficiency becomes even harder. While we work on incremental improvements, we need to innovate to achieve our 2030 ambition of halving water consumption compared to 2015.

In 2018, we introduced a system to collect the water used to rinse bottles before they're filled. Instead of going down the drain, it's now used in the tunnel pasteuriser. This saved 45,000hl of water in 2018 – enough to fill around 18 Olympic-sized swimming pools. And by upgrading the software to run the pasteuriser, we improved control over temperatures and changeover times, saving a further 12,000 hl and almost 300,000 kwh of heat energy.

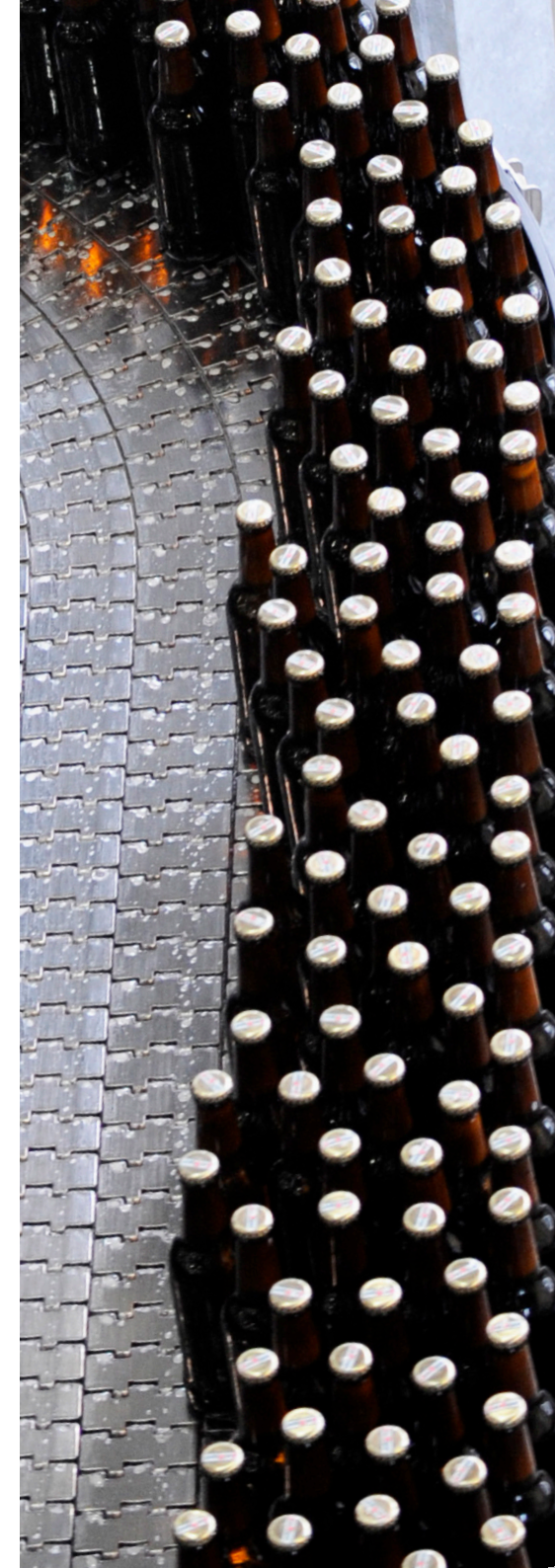
TOTAL WATER CONSUMPTION
(m3)



RELATIVE WATER CONSUMPTION
(hl/hl)



WHAT WE SAID	WHAT WE DID 2018	ACTIONS TOWARDS ZERO 2019
<p>Strategic plan Produce comprehensive water waste strategy.</p>	<p>Started development of water strategy, beginning with mapping to understand uses and opportunities for improvement to achieve 2022/2030 targets, in partnership with Ecolab/Nalco.</p>	<p>Complete water mapping to identify areas for improvement.</p> <p>Scope solutions for short and long term.</p>
<p>Develop local ZERO roadmap to achieve 2022/2030 targets.</p>	<p>Established Together Towards ZERO pillar group to lead development and implementation of UK targets.</p>	<p>Ensure regular meetings of Together Towards ZERO pillar group to support delivery of 2022/2030 targets.</p>
<p>Horizon scanning Continue to explore and trial any newly available technologies towards further waste reduction.</p>	<p>New technologies and best available techniques considered in all projects.</p> <p>Successes and failures shared across the Group.</p>	<p>Focus on shutdown trackers in packaging departments and best practice to reduce unnecessary water use.</p>



ZERO IRRESPONSIBLE DRINKING

Our beers bring people together to enjoy shared experiences. Harmful drinking patterns are declining in the UK, but we know that our products are not always enjoyed responsibly.*

We have an important role in enabling, informing and encouraging responsible choices, by improving the availability and appeal of low and no alcohol beers and collaborating across the industry to promote responsible drinking.

Improving availability of alcohol free beers



Our target is for consumers to be able to find our alcohol-free beers (AFBs) wherever they find our beers, in both on- and off-trade. We always offer AFBs as part of our portfolio, and as we increase our range and position them as a positive choice, we aim to improve availability.

“ We collaborate across the industry through The Drinkaware Trust and The Portman Group, contributing to increased consumer awareness of responsible drinking and a reduction in harmful drinking patterns across the UK. ”



All of our products brewed and packaged in the UK include responsible drinking messaging, meeting our targets to continually improve.



*WORLD HEALTH ORGANIZATION. GLOBAL STATUS REPORT ON ALCOHOL AND HEALTH. 2018. [HTTPS://WWW.WHO.INT/SUBSTANCE_ABUSE/PUBLICATIONS/GLOBAL_ALCOHOL_REPORT/EN/](https://www.who.int/substance_abuse/publications/global_alcohol_report/en/)
 PORTMAN GROUP. NEW RESEARCH SHOWS THAT 76% OF PEOPLE ARE NOW DRINKING AT, OR BELOW, LOW RISK LEVELS. 2019. BASED ON THE SURVEY ALCOHOL ALTERNATIVES, YOUGOV ON BEHALF OF PORTMAN GROUP. DECEMBER 2018. [HTTP://WWW.PORTMANGROUP.ORG.UK/MEDIA/PRESS-RELEASES/PRESS-RELEASE-DETAILS/2019/01/22/NEW-RESEARCH-SHOWS-THAT-76-OF-PEOPLE-ARE-NOW-DRINKING-AT-OR-BELOW-LOW-RISK-LEVELS-](http://www.portmangroup.org.uk/media/press-releases/press-release-details/2019/01/22/new-research-shows-that-76-of-people-are-now-drinking-at-or-below-low-risk-levels-)
 WORLD HEALTH ORGANIZATION. FACT SHEET ON ALCOHOL CONSUMPTION, ALCOHOL-ATTRIBUTABLE HARM AND ALCOHOL POLICY RESPONSES IN EUROPEAN UNION MEMBER STATES, NORWAY AND SWITZERLAND. 2018. [HTTP://WWW.EURO.WHO.INT/_DATA/ASSETS/PDF_FILE/0009/386577/FS-ALCOHOL-ENG.PDF?UA=1](http://www.euro.who.int/_data/assets/pdf_file/0009/386577/fs-alcohol-eng.pdf?ua=1)

1. ENABLE

Beer is already a low-alcohol category, and alcohol-free beers (AFBs) play an important role in providing choices for consumers. We aim to improve their availability, and in 2018 we put plans in place to launch a new low-alcohol beer, Brooklyn Special Effects, which will join Carlsberg 0.0 and San Miguel 0.0 in our portfolio from early 2019. Brooklyn Special Effects is a low-alcohol, hoppy lager, that uses a specially-developed fermentation method that limits the amount of alcohol created, while allowing more traditional beer flavours to develop. A wider range of great-tasting products means we can better suit a variety of tastes.

OUR APPROACH



ENABLE

Offer a wider range of alcohol-free choices for different drinking occasions.

2. INFORM

LABELLING

Consumers have a right to know what is in our beers. In 2018 we achieved our ambition to include ingredients and nutritional information on the packaging of all of our products brewed and packaged in the UK. These products also carry responsible drinking messages.

MARKETING COMMUNICATIONS POLICY

Our global marketing communications policy sets strict global controls for advertising placement and contents, that reach or exceed those set out in local laws and regulations. These include never using people under 25 years of age, never appealing to minors and never placing ads unless at least 70% of the audience is of legal drinking age. We did not have any breaches of the Advertising Standards Authority code in 2018.

INFORM

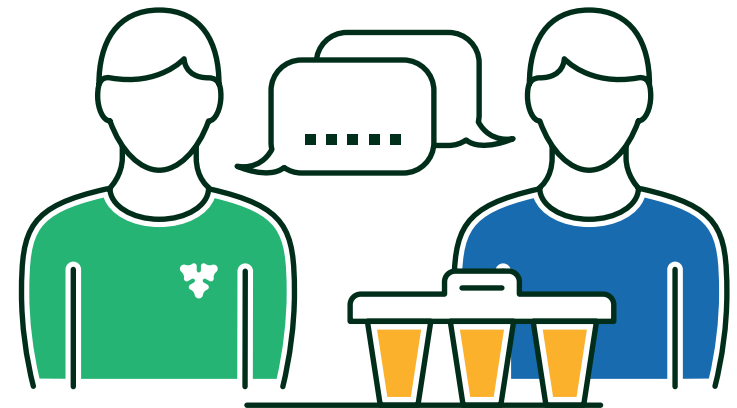
Inform positive drinking choices by providing responsible drinking information on packaging and online.

THE PORTMAN GROUP

The Portman Group is our industry's responsibility body, regulating the naming, packaging and promotion of alcoholic drinks in the UK and leading on best practice. As a member company and a signatory to the Group's Code of Practice and Sponsorship Code, we follow guidelines to ensure our beers are promoted in a socially responsible manner and only to those over the legal drinking age. Find out more at portmangroup.org.uk.

THE DRINKAWARE TRUST

We provide funding to The Drinkaware Trust – an independent charity that aims to reduce alcohol-related harm by helping people to make better choices about how they drink. In 2018, this funding contributed to The Drinkaware Trust's initiatives reaching 13.2 million people across the UK.



ENCOURAGE

Encourage consumers to make positive drinking choices through dialogue and engagement.

For example, the Drink Free Days campaign, in partnership with Public Health England, aims to help men and women aged 45–65 drink less by taking more drink-free days during the week. In 2018, the campaign ran for three months, supported by an online comparison calculator and an app to help people track their consumption and drink-free days. The campaign website saw over 2.3 million visitors. Find out more about the upcoming 2019 campaign at drinkfreedays.co.uk, and learn more about the work of The Drinkaware Trust at drinkaware.co.uk.

TWO NEW YEAR'S RESOLUTIONS IN ONE. ALCOHOL FREE. LOWER* CALORIES.



San Miguel 0,0%.
The alcohol free beer with 79 calories.



EXPLORING THE WORLD SINCE 1890

Enjoy Responsibly
drinkaware.co.uk for the facts

*San Miguel 0,0% has 24kcal per 100ml. San Miguel Especial has 45kcal per 100ml.

3. ENCOURAGE

We're proud of the low-alcohol and alcohol-free beers in our portfolio, and promote them as a positive choice - a great way to enjoy a refreshing drink at any occasion and choose moderation.

To find out more about perceptions of these drinks we commissioned the Low Alcohol Survey - a study of the attitudes and perceptions of over 2,000 UK adults. The study found that 59% of respondents had tried a low- or no-alcohol drink, and 52% agreed that low- or no-alcohol beer had become more socially acceptable over the last one or two years.

Find out more about the Low Alcohol Survey at carlsberguk.co.uk/newsroom/drinkers-seek-more-low-and-no-alcohol-choices-in-pubs.

During 2018, our most popular alcohol-free beer, San Miguel 0.0, featured in publications including *ES Magazine*, *Shortlist*, *Stylist* and *Time Out* as part of our push to promote this emerging category. Messages focused on enjoying a refreshing alcohol-free beer, without compromising on taste.

A bigger campaign is planned for 2019 across social, digital, and for the first time, out of home. We will run product sampling in commuter hubs and at events across the UK to challenge the perceptions of this category and give consumers the chance to try this great-tasting brew.

WHAT WE SAID	WHAT WE DID 2018	ACTIONS TOWARDS ZERO 2019
Develop local ZERO irresponsible drinking programme to achieve 2022/2030 targets.	Established Together Towards ZERO pillar group to lead development and implementation of UK targets.	Work with influencers as brand ambassadors to build positive perceptions of AFBs.
		Launch new packaging formats for alcohol-free products, to encourage consumer trial.
		Expand availability and range of AFBs.
		Train marketing and brand teams in requirements of the Sixth Edition of the Portman Group Code of Practice on the Naming, Packaging and Promotion of Alcoholic Drinks.

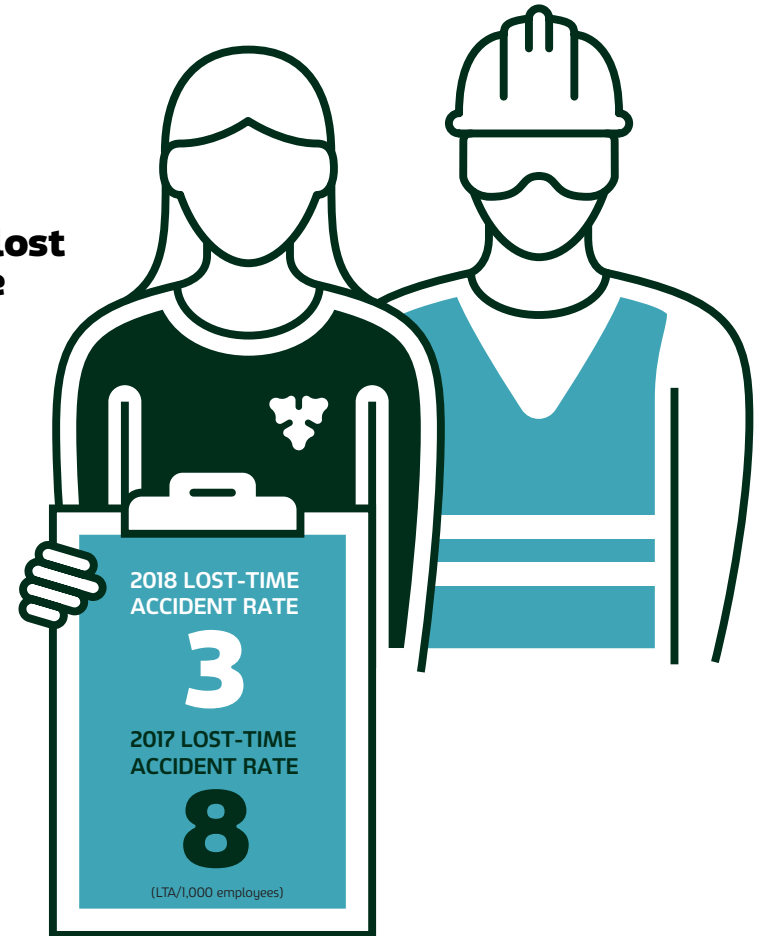
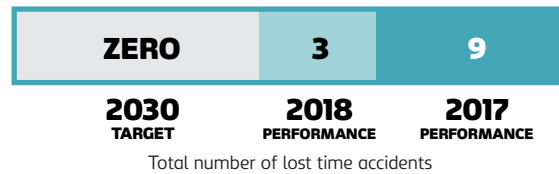
ZERO ACCIDENTS CULTURE

Protecting the lives and health of our people is fundamental to us. We strive for a ZERO accidents culture by making health and safety top of mind and ensuring compliance with our rules and standards.

Our leaders across the business set an important example, and our people on the ground are trained to observe rules and procedures and empowered to continually identify risks and propose solutions. This helps to prevent accidents and ensures that we learn from them if they occur. We engage with external partners and contractors to develop our own understanding and raise awareness of risks throughout our value chain.

63% reduction in lost time accident rate

Zero lost-time accidents by 2030



“ The balance of mental, physical, social and financial wellbeing of our employees is vital to creating a culture where everyone feels valued. ”

CREATING A SAFETY CULTURE

In 2018, there were three lost-time accidents, 66% less than in 2017. The lost-time accident rate decreased by 63% (from 8 to 3) and days lost rate by 46% (from 133 to 72). This is a dramatic drop, which represents the improved awareness of safety across the business. It is also influenced by the changes in our business during 2018 when we completed the outsourcing of our secondary logistics. Despite this decrease, any accident is too much, and we continue to strive for zero.

The Safety Leadership Team (SLT) leads our proactive approach to safety management, supported by the Carlsberg UK Leadership Team. The SLT has developed a three-year health, safety and environment strategy designed to deliver a safety culture that our people are proud of. Regular Open Safety Sessions provide all employees with an opportunity to discuss safety and further develop their understanding.

Our leaders are vital to creating a zero accidents culture, through leading by example and engaging employees. Every employee is expected to take personal responsibility for creating a safe and healthy working environment. Whether they work in the brewery, office, or in a field-based sales role, all employees have targets to report hazards, to contribute to avoiding accidents in the future.

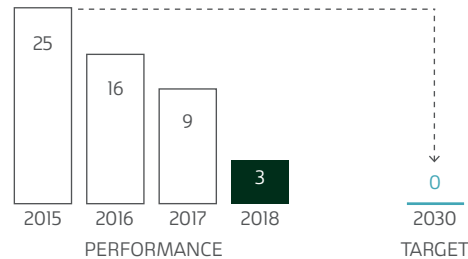
Safety is integrated across every department through monthly departmental safety meetings. Each department leads its own risk assessment programme, which feeds directly into communication and training.

While the safety agenda is well-established within the brewery and production side of the business, we have more to do to embed a positive culture around safety across the commercial side. In 2019, we will develop a cross-functional safety committee focused on sharing best practice across our field- and office-based teams, identifying the risks and implementing new solutions to tackling them.

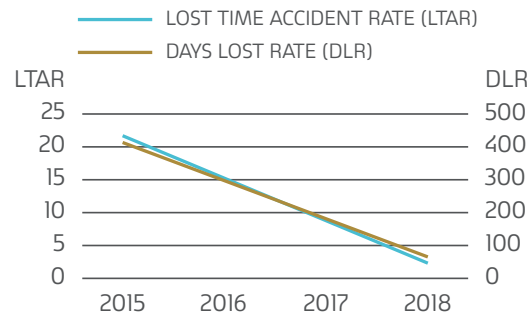
IMPROVING THE WAY WE WORK

We continue to upgrade areas of the brewery, including the building infrastructure, emergency response capability and compliance with statutory requirements, and are working towards achieving ISO 45001.

LOST-TIME ACCIDENTS



LOST-TIME ACCIDENTS AND DAYS LOST RATES (RATE/1,000 EMPLOYEES)



ENSURING WELLBEING

The balance of mental, physical, social and financial wellbeing of our employees is vital to creating a culture where everyone feels valued. We continually develop and improve our approach to ensure that every employee has access to the resources and support that they need. We have invested in services such as low-cost loans from salary, 24-hour online GP and prescription services, and a network of mental health champions across the business. In 2018 we created a wellbeing booklet outlining these services, alongside a Driver's Handbook encouraging safe driving practices and regular breaks.

BUILDING OUR EXPERTISE

We are working with industry leaders to deliver a Chemical Excellence programme, building our knowledge and capability in the area. The programme focuses on training and improving the capability of our teams in chemical management, risk assessment, manual handling and first aid.

WHAT WE SAID	WHAT WE DID 2018	ACTIONS TOWARDS ZERO 2019
ZERO accidents culture Continue to roll out local ZERO accidents programme to achieve 2022/2030 targets.	Established Together Towards ZERO pillar group to lead development and implementation of UK targets.	Increase hazard reporting across the business, including commercial and production.
		Develop and launch an app to enable real-time hazard reporting and management.
		Continually improve the safety culture and reduce lost-time accidents.
		Establish a dedicated cross-functional safety committee focused on improving safety performance across the commercial side of the business.



RESPONSIBLE BUSINESS

Together Towards ZERO is underpinned by our commitment to be a responsible business. We call this Living by our Compass.

LIVE BY OUR COMPASS

Launched in 2016 and built into SAIL'22, our Live by our Compass programme provides detailed guidance on ethical behaviour, emphasising the importance of integrity at all levels of our organisation. We reinforce this with risk assessments, third-party screening, compliance training and market audits. Find out more about the Live by our Compass programme at carlsberggroup.com/who-we-are/corporate-governance/living-by-our-compass.

All of our global codes, policies and manuals are available to employees on a single online platform, and a selection are available to the public at carlsberggroup.com/sustainability/download/download-our-policies.

We encourage employees to report suspected cases of misconduct confidentially and anonymously through our SpeakUp programme.

LABOUR AND HUMAN RIGHTS

We are committed to providing a safe, healthy and empowering environment for our people, always acting in a fair and responsible manner with respect for global standards and guidelines.

DIVERSITY AND INCLUSION

We do not tolerate any form of discrimination, and aim to create an inclusive business where everyone has the opportunity to contribute their best.

We report our gender pay gap in line with UK legislation, along with our work to address the gap in our Gender Pay Gap Report 2018. The combined UK business has a median pay gap of 27%. This is due to there being fewer women in senior roles than there are in more junior roles. We have five workstreams to address this:

1. Develop our culture of equality & inclusion
2. Optimise our talent attraction strategies to help attract outstanding female talent
3. Enhance the experience of maternity returners
4. Build a flexible workplace and culture
5. Reinvigorate our retention planning to ensure we develop and retain talent with the highest potential.

See our Gender Pay Gap Report at carlsberguk.co.uk/about-us/reports-and-downloads.

RESPONSIBLE SOURCING

We work with many suppliers and business partners from production to retail. Their integrity is key to our sustainability performance. We partner to identify and understand any issues, extending our influence and ensuring that our value chain meets the standards set out in our policies. All suppliers must comply with the Carlsberg Group Code of Ethics and Conduct before we begin working with them.

We conduct regular quality audits to monitor sustainability performance and ensure that suppliers comply with our Code. If an issue is found, our first response is to help the supplier achieve compliance, making lasting improvements. However, if it is serious, we suspend material deliveries.

QUALITY AND SAFETY OF OUR PRODUCTS

We always strive to deliver high-quality beers and beverages. In 2018, Carlsberg Group achieved 100% Food Safety System Certification (FSSC) in Western Europe. And in the UK, we achieved a Grade A against the BRC Global Food Safety Standard.

RESPONDING TO QUALITY ISSUES

We are rigorous in our attempts to identify any quality issues at the root-cause stage, long before any products leave our sites. It is very rare for a quality issue to arise after a product has left our site, and we have measures in place to minimise the consequences if that should happen. We did not have any recalls in the UK during 2018.



ECONOMIC CONTRIBUTION TO SOCIETY

We contribute to a thriving UK economy, by creating jobs directly in our operations and indirectly throughout our value chain.

CREATING JOBS THROUGHOUT THE VALUE CHAIN

In 2018, the Carlsberg Group directly employed more than 40,000 people in majority-owned businesses around the world, including 715 in the UK.

Beyond this, we contribute to significant indirect employment through our work. For

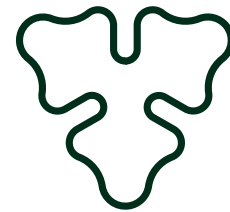
example, by sourcing raw materials and services we create employment throughout the supply chain in agriculture, packaging and logistics. And by selling our products we contribute to jobs in hospitality and retail. Taking these activities into account, the economic research consultancy Regioplan estimates that in 2018 Carlsberg Group created around 472,000 indirect jobs, including 12,000 through Carlsberg UK.

For information on our group tax contribution see the Carlsberg Group Sustainability Report 2018 at carlsberggroup.com/sustainability.



GENERATING VALUE THROUGHOUT THE VALUE CHAIN

Economic value is added at each stage of our value chain, from growing the raw materials to creating beer, and eventually serving it in bars and restaurants or selling it in retail. Regioplan calculated value added through the production and sale of all Carlsberg UK products in 2018, at GBP 770 million with over 60% in the hospitality sector.

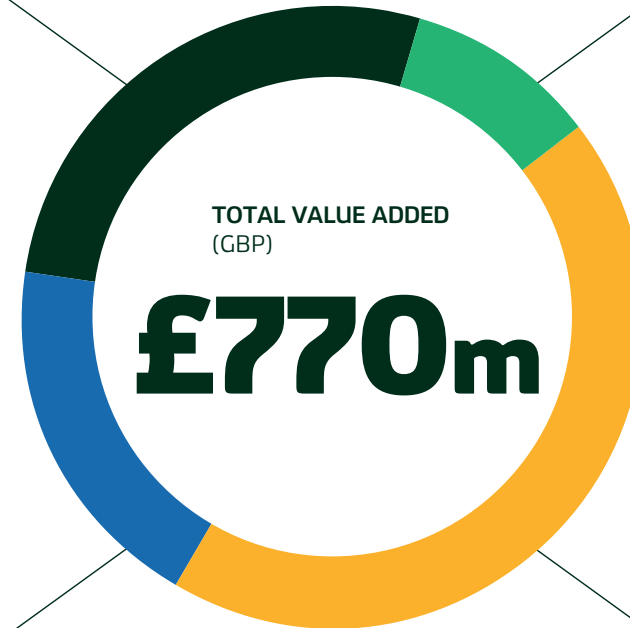


18%

CARLSBERG

8%

RETAIL

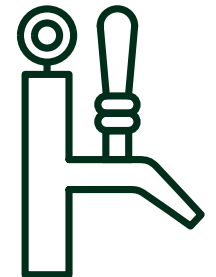


13%

SUPPLIERS, INCLUDING AGRICULTURE

62%

HOSPITALITY



CONTRIBUTING TO OUR LOCAL COMMUNITIES

Contributing to a thriving local community is important for the success of the local economy and for our business, especially when it comes to the food and drink sector. That's why, for the last nine years, we've been the headline sponsor of the Carlsberg UK Northamptonshire Food and Drink Awards. The awards celebrate the best of local food, drink and venues in Northamptonshire, judged by experts. Find out more at northamptonshirefoodanddrink.co.uk.

We also donate to organisations like the Northamptonshire Community Foundation (ncf.uk.com), which supports local charities and community groups. And to GroceryAid (groceryaid.org.uk), a national charity that supports people working in the grocery industry through financial grants and emotional support and advice. Carlsberg UK is also a member of the Worshipful Company of Brewers, which bequeathed around £2 million to charity in 2018, mostly focused on education.

It's not just our Northampton brewery that has strong local links. Many of our brands carry close connections to their local communities.

The Tetley's brand is synonymous with Leeds, where it was founded in 1822. And in 2018, we launched a new Leeds-brewed Tetley's beer. The No.3 Pale Ale is inspired by an original recipe, now brewed at Leeds Brewery within a mile of where it would have originally been brewed 150 years ago. Also in Leeds on the

site of the former brewery is The Tetley, a centre for contemporary art. Further building on the Yorkshire roots of the brand and its partnership with the Rugby League club Leeds Rhinos, in 2019 Tetley's will launch a new partnership as the official beer of the Yorkshire County Cricket Club.

In Hackney, East London, London Fields Brewery (LFB) – our joint venture with Brooklyn Brewery – is embracing its local roots. When LFB first opened in 2011, it was the first commercial brewery to open in Hackney in over 100 years. Since then, many more brewers have opened there. In 2018 the brewery relaunched after six months of closure, announcing a significant investment in rebuilding the brewery and taproom.

In the early days of LFB, the arches under the railway there hosted a variety of events. Now, it is opening up the space to the local community, hosting events like Craft Beer Cares – a charity beer festival that raised over £10,000 for London-based anti-violence charity Art Against Knives. Art is focal to the LFB brand, which is easily recognised with its pop art by local Hackney artist, Luke McLean. In 2018 it announced the London Fields Brewery Bursary in partnership with Somerset House Studios, offering one artist the opportunity to undertake a year-long residency with a free studio at Somerset House Studios, and an in-house artist mentor.



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