

At Carlsberg, we want to grow in a responsible way. We do so by integrating CSR throughout the value chain, thereby reducing our environmental and social impact. In 2010, we made good progress and now look ahead to the next phase

Developing new kinds of barley that is more resistant to climate change. Finding innovative brewing methods to reduce our energy and water consumption in our breweries. Promoting responsible drinking at Carlsberg sponsored music festivals - These and other initiatives are examples of how we integrate CSR throughout our value chain.

By doing so, we intend to bring CSR aspects relevant to our company and our stakeholders closer to our business plans and decisions. We also integrate CSR by taking the best-in-class CSR initiatives from by our local companies and sharing these across the group- such as energy saving initiatives from Baltika in Russia, water efficiency measures from the UK and responsible drinking initiatives from Denmark and Switzerland.

This year, we have set new targets for 2013 in each of the CSR areas we have chosen to focus on. The targets are presented together with the progress we made on a global and local level during 2010 in the various CSR areas. Our targets will guide our work in the coming years and underline our commitment to grow in a responsible way.

Of all our efforts, I am particularly proud that we continued to improve during 2010 when it comes to water efficiency. Our targets for water and energy efficiency are the most ambitious in the brewing industry. This is in line with our ambition to continue to be among the best in class when it comes to water and energy efficiency in our production. When we talk about water, we can see that this will be an increasingly important area when we look into the future. We will actively pursue solutions both inside and outside our breweries to manage water risks.

I am also pleased to see that we have made good achievements at some of our other CSR focus areas. We strongly reduced the number of health and safety incidents in our breweries. On a local level, many of our companies continued to be involved in responsible drinking initiatives. We see that in some areas more work is needed, and we need to provide our Group companies with tools to further local CSR implementation. This will be a priority for 2011.

During last year, our group companies also started to implement our new CSR policies in their local day-to-day business operations. In doing so, we continue to subscribe to and make progress towards integrating the principles of the [United Nations Global Compact \(UNGC\)](#) in our business operations. A detailed account can be read in our [Communication on Progress](#).

Looking ahead, we are entering the next phase of implementing our group CSR approach. For 2011, the focus will be on improving our local CSR performance as well as initiate activities to help us make progress towards our 2013 targets. An important element going forward will be to work more closely with our stakeholders in order to identify sustainable solutions together. A good example of this is developing partnerships to manage shared water risks.

At Carlsberg, we thirst for great. We never settle and always want to do better. I would like to invite you to read more about our progress and general approach and share your views on how and where we can do better in the 'open up section'.

Cheers, Jørgen



**Carlsberg Group President & CEO**

**Jørgen Buhl Rasmussen**

This Communication on Progress is a document solely created for the UN Global Compact. For the full overview of the Carlsberg Groups activities within CSR, please visit: [www.Carlsberggroup.com/CSR](http://www.Carlsberggroup.com/CSR).

## United Nations Communication on Progress 2010

**Carlsberg Group has been a member of UN Global Compact since May 2008 and this years COP will be our second publication. By joining this initiative, the Carlsberg Group has made a clear commitment to support and advance the 10 principles of the Global Compact in respect to human rights, labour rights, the protection of the environment and anti-corruption within our sphere of influence.**

[Read the message from our President and CEO Jørgen Buhl Rasmussen](#)

The Carlsberg Group has joined the UN Global Compact on behalf of all our subsidiaries, however, four of our Group companies have decided to join separately, to highlight their local commitment to the UN Global Compact, and these companies are: Svyturys- Utenos Alus in Lithuania, Carlsberg Srbija in Serbia, OJSC Olivaria Brewery in Belarus and Slavutich in Ukraine. Their progress communication can be found on the [UN Global compact website](#)

As part of the Carlsberg Group's commitment to the United Nations we have prepared a 'Communication on Progress' (COP) to offer our stakeholders a progress update on the practical actions, targets, performance indicators and outcomes from our work with implementing the 10 UN Global Compact principles in our business. The COP also contains links to our CSR website, where additional information on our work with CSR can be obtained, as well as links to relevant GRI indicators and case stories.

### **Integrating CSR throughout the value chain**

In the COP we will be referring to our Policies and our Supplier and Licensee Code of Conduct to show how we work with the 10 principles.

*"Integrating CSR throughout the value chain"* is part of our company business strategy, which means that we not only work with CSR where we have full ownership. We want our suppliers to produce their goods in an ethically, environmentally and socially responsible way. Carlsberg has a large and complex supply chain and promoting responsibility within it is not an easy task. The [Supplier and Licensee Code of Conduct \(SLCC\)](#) is included in all global supplier agreements with the aim of minimising the level of business risk within the supply chain, build closer relationships with our suppliers and licensees and safeguard future supply. It is currently available in [English](#) and [simple Chinese](#).

On the other hand our Policies set out the requirements for our majority-owned companies to live up to. We have developed policies within: [Labour & Human Rights](#), [Business Ethics](#), [Health & Safety](#), [Environment](#), [Marketing Communication](#) and [Community Engagement](#).



This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact**.

We welcome feedback on its contents.

## Human Rights & Labour

Introduction to Human Rights and Labour (principles 1, 2, 3, 4, 5 & 6)

**At Carlsberg, we believe that our employees are fundamental to our success and our aim is to provide an open and inspirational workplace where our employees can develop their full potential**

[HR 3](#)  
[HR 4](#)  
[LA 4](#)  
[SO 5](#)  
[PR 2](#)

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We are strongly committed to high standards that create a fair, respectable and safe workplace for all employees in the Carlsberg Group. We support the [United Nations Universal Declaration of Human Rights](#) and the [International Labour Organisations Declaration on Fundamental Principles and Rights at Work](#).

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

In 2009, we introduced a new Labour and Human Rights Policy to set out the working standards for our business. This underlined our commitment that all our employees must enjoy the same standards wherever they work.

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2010 was the first full year that our Labour and Human Rights Policy was in effect. Our group companies continued to implement the requirements of the Policy by training their local Human Resource managers and adjusting local procedures where necessary.

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

During 2010, Carlsberg Group companies started to implement the [Labour and Human Rights Policy](#) in their local employment procedures. We also introduced new performance appraisal procedures to foster transparency in the evaluation processes and assist employees in identifying opportunities for improvement.

We measured the progress of each company in implementing the Policy through a self-assessment. The results showed that, although progress has been made, more work is required to increase awareness of the Policy and implement its requirements, particularly in our Asian operations. In 2011, we will develop action plans with each company to ensure the Policy is better integrated into their business.

We also worked towards integrating elements of the Policy into group-wide processes such as recruitment, inductions and training programmes. We have not made as much progress as we hoped, so this will be a priority for 2011.

### 2010 achievements

- Continued implementation of the LHR Policy
- Began integrating Policy elements into induction programmes
- Introduced new performance appraisal process focused on development
- New targets set for Labour and Human Rights
- An e-learning catalogue was introduced

### Our 2011 plans

- Training material developed for the HR community and people managers
- LHR Policy translated and communicated to all employees
- All companies to conduct review of procedures against the LHR Policy
- Internal audits in selected countries to record compliance
- Guidelines for non-discrimination developed and integrated into recruitment processes
- Non-discrimination, Harassment and Business Ethics implemented in employment contracts
- LHR included in M&A processes.

### Our 2013 targets

- All employees are aware of their rights
- Specific e-learning module developed for LHR for use in induction training & management development
- All People Managers are automatically trained in LHR when hired/appointed as a new People Managers
- Employee Engagement introduced as a KPI for all managers
- Gender distribution: TBD in May 2011 after the Succession Planning process

### Relevant downloads:

- [Supplier and Licensee Code of Conduct \(SLCC\)](#)
- [Labour & Human Rights Policy](#)

Visit the [Labour & Human Rights section](#) of our website for additional information on the Carlsberg Group's work within this area.

# Labour

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Principle 3: Businesses should uphold the freedom of association and the effective recognition of the rights to collective bargaining	<p>In the <a href="#">Labour and Human Rights Policy</a> Carlsberg Group's support to freedom of association and right to collective bargaining, including our employees rights to form, join or not join a labour union or other organisations of their choice, and to bargain collectively in support of their mutual interests without fear of punitive actions such as intimidation, harassment or termination of employment is clearly stated. This also means that in situations where no legally recognised union exists in the area of operations, or if only state-authorized organisations are allowed, the Carlsberg Group responds favourably to initiatives supporting the establishment of alternative means of achieving effective representation of workers interests.</p> <p>The <a href="#">Supplier and Licensee Code of Conduct (SLCC)</a> includes requirements on freedom of association and the right to collective bargaining</p>	<a href="#">LA 4</a> <a href="#">SO 5</a>
Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labour	<p>In the <a href="#">Labour and Human Rights Policy</a> it is clearly stated that forced labour in any form is not allowed in the Carlsberg Group, including bonded labour, indentured labour, slave labour, or human trafficking. Employees are allowed to move around freely and leave their place of work when their shift ends. Furthermore, Carlsberg Group companies will not ask workers to submit their original identity papers or any other original official documentation or to pay a deposit as part of their conditions of employment.</p> <p>The <a href="#">Supplier and Licensee Code of Conduct (SLCC)</a> includes requirements on forced labour, including bonded labour, indentured labour, slave labour, or human trafficking</p>	<a href="#">SO 5</a>
Principle 5: Businesses should uphold the effective abolition of child labour	<p>The <a href="#">Labour &amp; Human Rights Policy</a> underlines that the Carlsberg Group does not condone the hiring of child labour under any circumstances. The minimum age for full-time employment is 15 or the legal minimum age for employment, whichever is greater unless the local minimum working age is 14 and in accordance with the ILO exception for developing countries, where minimum working age is accepted under the previously mentioned conditions. The Carlsberg Group must not hire workers under the age of 18 for positions that require hazardous work that could jeopardise their health, safety or morals.</p> <p>The <a href="#">Supplier and Licensee Code of Conduct (SLCC)</a> includes requirements on child labour, which amongst other criteria, determines that suppliers must ensure that where permitted by national laws, suppliers may allow children aged 12 to 15 to perform a few hours of light work a day. The prerequisite is that the work must constitute simple tasks of a limited nature and not interfere with the childrens educational responsibilities. Furthermore, the work must not be harmful to their health or development. It is also stated that the suppliers shall refrain from hiring workers under the age of 18 for positions that require hazardous work that could jeopardise their health, safety or morals.</p>	<a href="#">HR 3</a> <a href="#">SO 5</a>
Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation	<p><a href="#">The Labour and Human Rights Policy</a> reflects the Carlsberg Groups position on discrimination. This includes that no employees must experience any form of discrimination based on race, colour, gender, language, religion, political or other opinion, caste, national or social origin, property, birth, union affiliation, sexual orientation, health status, age, disability, or other distinguishing characteristics.</p> <p>The <a href="#">Supplier and Licensee Code of Conduct (SLCC)</a> includes requirements on non-discrimination, which are in line with the Carlsberg Group Policy.</p>	<a href="#">HR 3</a> <a href="#">HR 4</a> <a href="#">LA 2</a> <a href="#">SO 5</a>

# Environment

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Introduction to Environment (principles 7, 8 & 9)	<p><b>The sustainability of the environment plays a vital role within our business. Most of our raw materials and ingredients are sourced directly from nature. The continued success of our business is directly linked to the health of the environment and the communities where we operate.</b></p>	<a href="#">EC 2</a> <a href="#">EN 1</a> <a href="#">EN 3</a> <a href="#">EN 4</a> <a href="#">EN 5</a> <a href="#">EN 6</a> <a href="#">EN 7</a> <a href="#">EN 8</a> <a href="#">EN 16</a> <a href="#">EN 18</a> <a href="#">EN 20</a> <a href="#">EN 21</a> <a href="#">EN 26</a> <a href="#">SO 5</a>
Principle 7: Businesses should support a precautionary approach to environmental challenges	<p>We are continually looking for ways to reduce our impact on the environment. We take thereby a holistic approach and look at all elements of the value chain, such as working together with our research centre to develop new barley types, lowering CO2 emissions and installing energy efficient, HFC free coolers at points-of-sale.</p>	
&	<p>Through the standards set out in our <a href="#">Environmental Policy</a>, we aim to use natural resources more efficiently and minimise the negative impact of our operations. Further we have also joined the <a href="#">CEO water mandate</a> and <a href="#">Caring for Climate</a> initiatives, both initiatives supported by the United Nations.</p>	
Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility	<p>It is our ambition that all Carlsberg production sites are certified according to ISO 14001 standards, and that they develop their own annual plans for maintaining and constantly improving the environmental performance of their operations. Today, 47 (2009: 44) out of the 74 reporting majority owned sites are certified and within the coming 3 years we expect all to be certified.</p>	
&	<p>Within our environmental strategy, we are focussing our efforts on three areas that are the most relevant to our business: <a href="#">Water</a>, <a href="#">Energy and Emissions</a> and <a href="#">Packaging</a> . We focus thereby on three priorities.</p>	
Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologie	<p>Our ambition is to sustain our industry leadership position when it comes to efficiency on water and energy consumption and energy emissions in our production sites</p> <p>Within packaging , we want to reduce packaging and promote reuse and recycling of packaging material.</p> <p>Increasingly, we are starting to look at ways on how we can better engage with communities where we operate and work with our agricultural suppliers, particularly in relation to water.</p>	

## 2010 achievements

### General

- New Environmental Policy was introduced in April 2010 to all majority-owned companies.
- A new model was developed to create site-specific targets for utilities.

### Energy & emissions

- Maintained energy efficiency at 2009 levels despite decreased production (Specific energy consumption 2010: 32,3 kWh/hl.)
- Small reduction in CO2 emissions compared to 2009 (Specific CO2 emissions 2010: 8,6 kg CO2/hl)
- Carried out Prodex and Lean Utilities programmes in various regions
- New energy and CO2 targets for 2013

### Water

- Water efficiency improved by 5% (Specific water consumption 2010: 3,5 hl/hl)
- Water efficiency initiatives carried out across various breweries
- We conducted a pilot assessment on four sites in order to better understand our risk and communities' vulnerability to water scarcity and other related issues.

### Packaging

- Development of a Carbon Calculator has started

## Our 2011 plans

### Energy & emissions

- Continue implementation of Lean utility program across the group
- Increase best practice sharing across the group
- Network optimisation
- Introduce route planning in logistics operations
- Introduce environmental guidelines for warehouses
- Assess possibilities of renewable energy use
- Renewable energy research project to use spent grain as energy source

### Water

- Carry out a risk assessment on all our sites
- Identify key challenges for Carlsberg and the communities in which we operate
- Investigate possible partnerships with external organizations

### Packaging

- Train users in NE and WE to use packaging tool.
- Investigate possible partnerships with external organizations

## Our targets for 2013

Our ambition is to be the most efficient international brewing company in terms of water and energy usage on our production sites. We have set new targets for energy and water efficiency and CO2 emissions which we aim to reach by the end of 2013. We have also set targets and ambitions for our logistics operations and for water management outside production to improve our environmental performance across our value chain.

During 2011, we will be further investigating opportunities for new packaging solutions and renewable energy. Our ambitions for these areas will be published at a later stage.

### Energy & emissions

- Reduce Energy consumption by 10 % to 29 kWh/hl\* (2010: 32,3 kWh/hl)
- Reduce Co2 emissions with 6 % to 8.2 kg Co2/hl\* (2010: 8,6 kg CO2/hl)

## Water

- Reduce water consumption by 14% to 3.2hl/hl \* (2010: 3,5 hl/hl)
- Long-term strategic approach to water risk management in place
- New technologies for re-use of water inside and outside our breweries explored

## Relevant downloads

- [Supplier and Licensee Code of Conduct \(SLCC\)](#)
- [Environmental Policy](#)

## Case story

- [Energy Leaders Award](#)
- [UK 5 prestigious Awards](#)
- [UK: The all seeing eye](#)

Visit the [environmental section](#) of our website for additional information on the Carlsberg Group's work within this area.

\* Figures compared to 2010 data

## Anti-Corruption

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Introduction to Anti-corruption (principle 10)

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

**At Carlsberg, we are committed to being a respectable business partner and employer wherever we operate. Our business ethics standards help us to achieve this goal through fair and ethical business practices** [SO 4](#) [SO 5](#)

We believe that acting responsibly and fairly are important factors in achieving long-term business success. Many of our Group companies have worked with business ethics as a normal part of their processes for a long time. With the new CSR approach introduced in 2008 we are developing a common Group-wide standard for business ethics.

Our [Business Ethics Policy](#) and the supporting Handbook and Guidelines are designed to assist our employees when faced with day-to-day business ethics dilemmas; including situations related to maintaining confidentiality, avoiding misuse of Carlsberg's assets to obtain personal advantages and understanding the rules regarding donations and gifts. We are developing training materials and e-learning as well as reporting procedures to improve our performance within business ethics and to foster transparency.

As a normal part of our business procedures, Group Internal Audit carries out a random review of policies and procedures for all essential activities, including topics related to anti-corruption, in order to ensure transparent and sustainable business practices are in place and working effectively.

## 2010 achievements

- Business Ethics Policy was introduced
- Training courses organised
- Handbook provided
- New reporting procedures introduced
- Whistleblower system introduced

## 2011 plans

- Communicate the Policy across the Group
- Further develop the train the trainers programme
- Involve employees in global e-learning courses

## Our targets for 2013

- Communicate the Policy across the Group
- Further develop the train the trainers programme
- Involve employees in global e-learning courses

## Relevant downloads:

- [Supplier and Licensee Code of Conduct \(SLCC\)](#)
- [Business Ethics Policy](#)

Visit [the section on Business Ethics](#) on our website for additional information on our work with the business ethics.