

# SUSTAINABILITY REPORT

BIRRIFICIO  
ANGELO  
PORETTI  
VALGANNA DAL 1871

10

ResponsiBEErity 2016

Carlsberg  
Italia

# The sustainability report has been set and coordinated by Carlsberg Italia's CSR Team

We thank all our colleagues who  
with their precious help have  
made this project possible.  
We particularly thank colleagues,  
suppliers, clients and costumers  
that have dedicated their time,  
efforts and collaboration in the  
Stakeholder engagement activities.

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# The CSR Team presents ResponsiBEERity2016

We are pleased to present Carlsberg's 6<sup>th</sup> Sustainability Report. This edition has a special meaning for our CSR Team: 2016 saw the whole company become more and more aware of the fact that sustainability is increasingly becoming an overarching management model, which brings about concrete economic and operational results.

We care about the company's results even more, considering that the role of the CSR Team on coordination, awareness raising and monitoring stems from our passion and from a commitment which goes beyond our everyday's work activities. This allows us to accompany Carlsberg Italia in this journey, also by engaging all our colleagues.

Among the results achieved during the year, we are particularly proud of the dramatic drop of our water footprint: a reduction by almost 18% in water consumption thanks to an increased attention in monitoring activities, which are now carried out once a week. Increased awareness and employees' engagement immediately led to extremely positive results!

Our constant commitment is recognized also outside the company, as shown by customers' appreciation for the quality of our beers, which is closely related to our comprehensive quality and sustainability approach: in 2016, more than 1/3 or the interviewed customers described the beers from Birificio Angelo Poretti as "superior quality beers."

A moment which particularly struck us was our experience at the Ecoworld Exhibition in Rimini, where we presented the concept of a sustainable pub, something new for the whole system. There, we saw first-hand how much the importance of sustainability is increasing as a factor influencing beer choice - besides quality, obviously. We also realised the importance of informing our customers about our reduced environmental impact, achieved with *DraughtMaster*<sup>TM</sup>, the draught beer system without added CO<sub>2</sub>, and with PET kegs.

Informing, understanding, engaging, and exchanging opinions can really make the difference! Which is why we are even more pleased to introduce the report illustrating our team's commitment and our 2016 social and environmental performance.

Enjoy your reading.  
*Carlsberg Italia's CSR Team*



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# ResponsiBEErity 2016

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# Carlsberg Group 2016 overview



17%

## Renewable energy

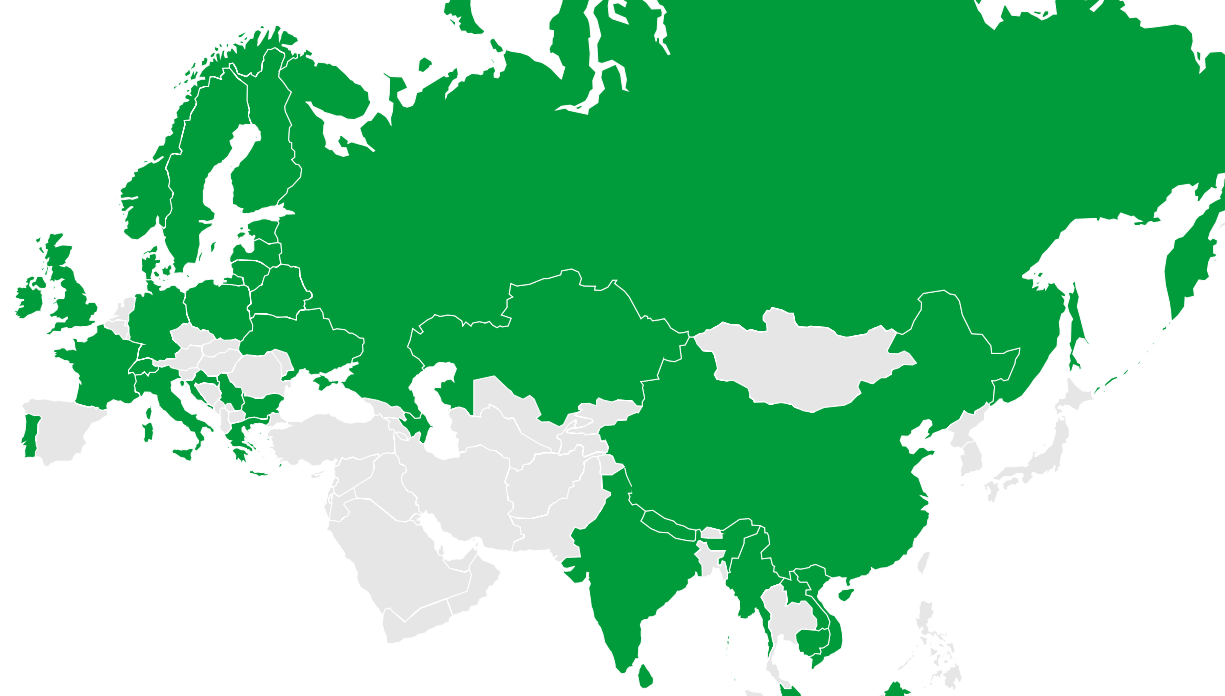
We use a mix of biomass, solar power and renewable energy certificates with guarantees of origin.



9%

## Reduction in relative water consumption at our breweries since 2010

In 2016, our water efficiency improved to 3.2 hl/hl.



42.000

Number of employees

62,6

Net revenue DKKbn

8,2

Operating profit DKKbn

90

Jobs created by every 10 Carlsberg Group employees

20

## Partnerships with external organisations to promote responsible drinking

These included Night Owls, a Scandinavian volunteer group.



Zero

## Accidents at over 50% of Group production sites

In 2016, more than half of our sites had an accident-free year.

# Charting our course



**Our Dali brewery is putting clean, renewable energy technologies to work with the installation of over 8,000 solar panels.**

Cees 't Hart, CEO, Carlsberg Group

Sustainability is a subject close to my heart. It is also central to the Carlsberg Group's purpose "to brew for a better today and tomorrow". In 2016, we embedded sustainability in our new Group strategy, SAIL'22, as part of our aim to create a winning culture throughout our business.

In the year since SAIL'22 was launched, I have witnessed many examples of the pioneering spirit this company was built upon. Our founder, J.C. Jacobsen, was committed to improving brewing and society, giving us the foundation for our purpose. Today, we build on his legacy through our sustainability activities and contribute to a better tomorrow wherever our brands are brewed and sold.

This year, as global initiatives such as the Paris Climate Accord and the UN's 17 Sustainable Development Goals gained traction, we were excited to initiate research-led relationships with expert organisations such as Business for Social Responsibility, the Carbon Trust and WWF. Together, we will hone our sustainability strategy and define new ambitious targets, to be announced later in the year.

Our materiality process highlighted the four priority areas with the greatest impact on our business and society. These are Energy & carbon, Water, Responsible drinking and Health & safety. I am pleased with the progress we have made against our 2016 targets in the first three areas. However, I cannot say the same about our Health & safety performance.

I was deeply saddened to learn of the deaths of one Carlsberg employee and four employees at minority joint ventures and contractors in 2016. Our ultimate ambition is to achieve a culture of

zero accidents and we are determined to pursue this goal with renewed vigour in the coming months and years.

Reflecting on the past year, I am especially proud of the Cradle-to-Cradle® certification of the Kronenbourg 1664 bottle and the solar power installation in Dali, China. We continued to promote responsible drinking, with targeted interventions at the heart of our approach. In connection with Global Beer Responsibility Day, I joined the Danish volunteer group Night Owls and was impressed by their dedication. We also launched a Group-wide training programme to initiate the cultural transformation needed to achieve SAIL'22.

We made investments in a range of sustainability programmes in 2016, and I look forward to seeing these come to fruition in 2017. They include developments in sustainable packaging and in technologies to reduce our use of water and increase our use of renewable energy.

In the broader context, the Carlsberg Group continues to support the UN Global Compact and the implementation of its Ten Principles. This report serves as our annual Communication on Progress and underlines our commitment to transparency.

The world promises to be quite a different place in 2022, the end year for our SAIL'22 strategy. Much can happen between now and then. However, I am confident that the course we have set puts us in a strong position to continue brewing probably the best beers in the world, and to make the Carlsberg Group an even more attractive company for shareholders, employees and society.

Cees 't Hart, CEO, Carlsberg Group.



# Carlsberg Italia 2016 overview



**-20%**

Specific water consumption\*

Thanks to more frequent water checks

\* Specific consumption: global water consumption over hectolitres (hl) of beer produced



**11 Mio**

KGs of CO<sub>2</sub> not released in the atmosphere in 2016

Thanks to the DraughtMaster™ draught beer system



**Ho.Re.Ca/ON Trade**  
Hotel, Restaurants, Cafés  
Carlsberg Ho.Re.Ca Srl

**GD/DO Clienti Speciali**

OFF Trade Catering, Horeca, Organised and Duty Free Cruise Ships, Export

**Carlsberg Italia S.p.A**

The colours in the map show the territorial organisation of Carlsberg Ho.Re.Ca Srl



**259**  
Number of employees

**36**  
Beers in portfolio

**1,3 Mio**  
HLs of beer produced

**33,7 Mio**  
Gross global added value in Euro



**46%**

Near Miss report increase (VS 2015)

Increased security at the brewery thanks to more employees' engagement



**2.500**

engaged in awareness raising on responsible consumption during Open Days

Thanks to the activities carried out directly by our employees



# Winning through innovation and sustainability



**Our challenge is to more effectively bring quality and sustainability closer together, thanks to our approach based on numbers, transparency, fairness and participation.**

Alberto Frausin, CEO, Carlsberg Italia

Number 10 is the key to interpret this Sustainability Report. Our *10 Luppoli* is the most “special” beer we launched in 2016. More than 10,000 are the tons of CO<sub>2</sub> not released in the atmosphere thanks to the *DraughtMaster*<sup>TM</sup> system. 10 are the years passed since I started managing Carlsberg Italia, a company which at that time was undergoing economic and financial difficulties. I did not know this sector, but here I found passionate people who wanted to redeem themselves, despite the problems. And, together, we committed ourselves to change the future of the company.

Now we can proudly say that the Birrificio Angelo Poretti is successful both in terms of brand and products, thanks to our ability to create new recipes according to the best Italian traditions. We challenged resistance to change by launching *DraughtMaster*<sup>TM</sup>, the draught beer system without added CO<sub>2</sub> and with PET kegs. A seemingly mad challenge built on quality, innovation and sustainability, which is bearing fruits, above all thanks to our people and a network of excellent partners. Almost 90% of our draught beer is now in PET kegs and more and more consumers consider Birrificio Angelo Poretti’s products “superior quality” beers.

*DraughtMaster*<sup>TM</sup> is now a project involving the whole Group. The internationalisation began with the production plants built by our partners in Greece and Denmark, thus promoting our country’s success stories even more. In 2016, for the first time in many years, Carlsberg Italia made a profit, thus showing that product quality, innovation and sustainability create value.

Against the backdrop of major changes, we are working to further strengthen our role on the market, despite our limited company size. Our challenge is to bring quality and sustainability more efficiently closer together, thanks to our approach based on numbers, transparency, fairness and participation.

In our company, the sustainability culture is becoming more and more integrated in our habits, and the positive contamination with our partners and supply chain is stronger and stronger. For example, during *Ecomondo 2016*, we presented the first model of sustainable pub together with some partners.

Our sector is changing as well, under the influence of social trends, which cannot be underestimated. To tackle these challenges, Carlsberg Group presented SAIL ’22, the strategic plan which will guide us over the next five years towards the ambitious goal of becoming the most successful, professional and attractive brewer. Sustainability is a fundamental part of SAIL ’22 and prompts us to act in four main areas: the

struggle against climate change, efficient management of water resources, health and safety at work, and promotion of responsible consumption. In particular, I would like to highlight a specific figure of the Sustainability Report: a total water saving amounting to 18%. Such a decrease in the consumption of one of our most precious resources is the result of the ideas of all those people who work in the background and reinterpret their daily work with sustainable improvement in mind.

I am proud of the journey we started and of what we can show and tell every year thanks to the commitment of our people, our partners and all those with whom we work and think together.

I would like to thank everybody and let’s see you in 2017, a year of great innovation.

Enjoy your reading!  
Alberto Frausin, CEO, Carlsberg Italia.



# Beer: an opportunity for sustainable growth

## Italian macroeconomic landscape

The following figures highlight the macroeconomic conditions Carlsberg Italia dealt with in 2016:

- 2016 GDP: +1%, but lower than the major European economies
- Exports: +51,6 billion Euro surplus (ISTAT data)
- Agribusiness exports: 38,4 billion Euro (+4%). The agribusiness sector is worth over 135 billion Euro (Coldiretti data)
- Food consumption is worth around 230 billion Euro, 33% of which is out of home consumption (ISTAT data).

## Brewing industry\*

- Added value: 3.2 billion Euro/year (micro-breweries excluded).
- State revenues: 4 billion Euro.
- Employed in the sector: 128 thousand people.
- Employed in related activities: more than 3.5 million people.
- Procurement (goods, packaging and services): more than 1 billion Euro.
- Yearly per capita consumption: 31 litres (stable), 58,5% Off Trade and 41,5% is On Trade.
- Sustainability: the sector drove down water consumption by 8 million litres, energy consumption by 660 thousand megajoules and CO<sub>2</sub> emissions by 62 thousand tons. Our 2020 goal is to reduce overall water consumption by 25% and CO<sub>2</sub> emissions by 50%.

\*{source: AssoBirra 2015}

## Sustainability

On the topic of sustainability, 2016 was a turning point. The XXII UN Conference on Climate Change (COP 22) paved the way for the implementation of the historic 2015 Paris agreement. However, at the beginning of 2017 the new president of the United States led the world to believe that he would withdraw from the agreement, which he officially announced on the 1st June. Companies are now urged to compensate for this drawback: according to the 'carbon law' introduced by Science magazine, the renewable energy share in the industry sector will double every 5.5 years.

Carlsberg Italia is working hard to manage the risks posed by climate change. As far as production is concerned, we joined the European LIFE IRIS project (Improve Resilience of Industry Sector). As for consumption, we are promoting the use of the innovative *DraughtMaster*<sup>™</sup> draught beer system, which uses PET kegs. *DraughtMaster*<sup>™</sup> significantly improves our environmental sustainability, with fewer emissions than the traditional supply cycle with steel kegs. Moreover, it also increases the social sustainability of beer consumption. *DraughtMaster*<sup>™</sup> allows us to dramatically reduce the use of glass bottles, which are a potential danger for security, especially in summer and outdoors, as proven by the decrees of several municipalities, which forbid their sale and consumption outside pubs.



# Sustainability and SAIL '22

With the introduction of our new corporate strategy, SAIL'22, 2016 was in many ways a year of transition, not least in the area of sustainability.

Our ultimate goal is to deliver long-term value, and this means making the Carlsberg Group an even more successful, professional and attractive brewer wherever we operate. Our SAIL'22 strategy focuses on how to achieve this long-term goal (see below).

Only by performing strongly in all these areas will we be able to deliver enhanced value for all our stakeholders.

### Create a winning culture

A winning culture is needed to underpin everything we do. It is about developing a team-based, high-performance approach combined with individual accountability. Our sustainability work falls within this main category and is entitled "Contribute to a better society". It encompasses our four sustainability priorities.

### The source of Carlsberg Italia's sustainability strategy

Our sustainability strategy is based on the targets set by Carlsberg Group, overall and specific on the national territory, on Carlsberg Italia's specific targets, on the materiality analysis' results. Furthermore, the UN Sustainable Development Goals lead us in our everyday's work.



#### STRENGTHEN THE CORE

- Leverage our strongholds
- Excel in execution
- Funding the journey



#### POSITION FOR GROWTH

- Win in growing categories
- Target big cities
- Grow in Asia



#### DELIVER VALUE FOR SHAREHOLDERS

- Organic growth in operating profit
- ROIC improvement
- Optimal capital allocation



#### CREATE A WINNING CULTURE

- Team-based performance
- Contribute to a better society
- Compass (apply our codes and policies)

# Contribute to a better society

The Carlsberg Group has a new, restructured approach to sustainability.

## Our new approach

In 2016, we carried out a materiality assessment with Business for Social Responsibility (BSR) to identify the most important sustainability management topics, risks and impacts for our business. The four priority areas that emerged as most crucial for our business and stakeholders are Water, Energy & carbon, Health & safety and Responsible drinking.

Focusing on these four priorities, we aim to bring about positive change in all the areas touched by our business:

- Contributing to the containment of climate change
- Ensuring people have access to water
- Promoting a healthy lifestyle
- Improving workplace safety

With the support and input of external partners, we are now developing specific targets for each priority to be launched in 2017.

Our determination to contribute harmonises with the global drive for prosperity with lower impact set out in the Paris Climate Accord

and the UN's Sustainable Development Goals (SDGs).

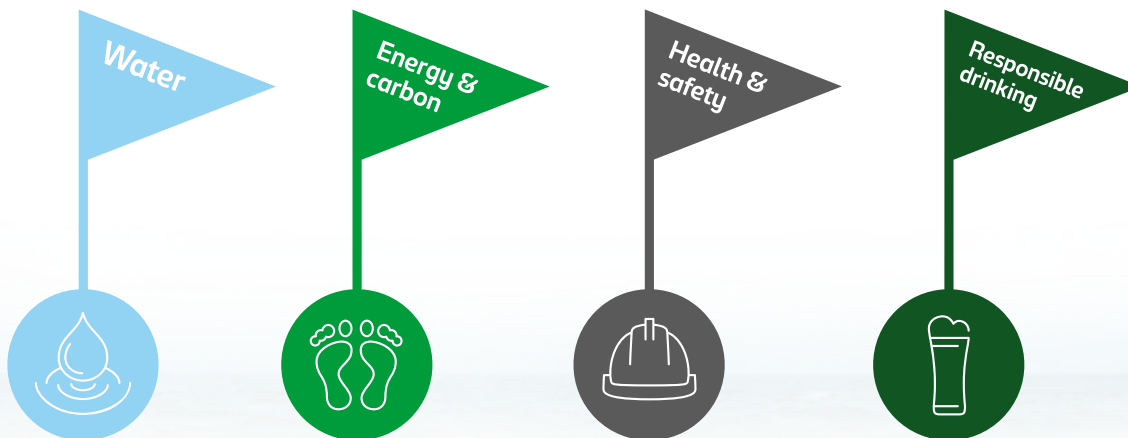
We aspire to live up to these global developments. Our sustainability priorities will guide our business actions and how we approach the SDGs. We will contribute to their realisation wherever we have the knowledge and opportunity to do so.

Although new in many ways, Contribute to a better society also builds on the legacy of our founder, J.C. Jacobsen, in that it applies science to make brewing more sustainable.

We believe that business has a leading role to play in developing concepts such as the circular economy or closed-loop practices to drive positive change.

We'll keep on building up partnerships in order to increase our contribution. The Green Fiber Bottle and the initiatives of the whole sector about responsible drinking are an evidence of it. In Carlsberg Italia we build on these priorities and define our strategy starting from them. In our sustainability report we have decided to report the four priorities according to the "beer life cycle":

- Water: the main ingredient
- Energy & carbon: the priority with the main impact on the production process
- Health & safety: the attention to the people who produce and sell beer
- Responsible Drinking: respect towards our consumers



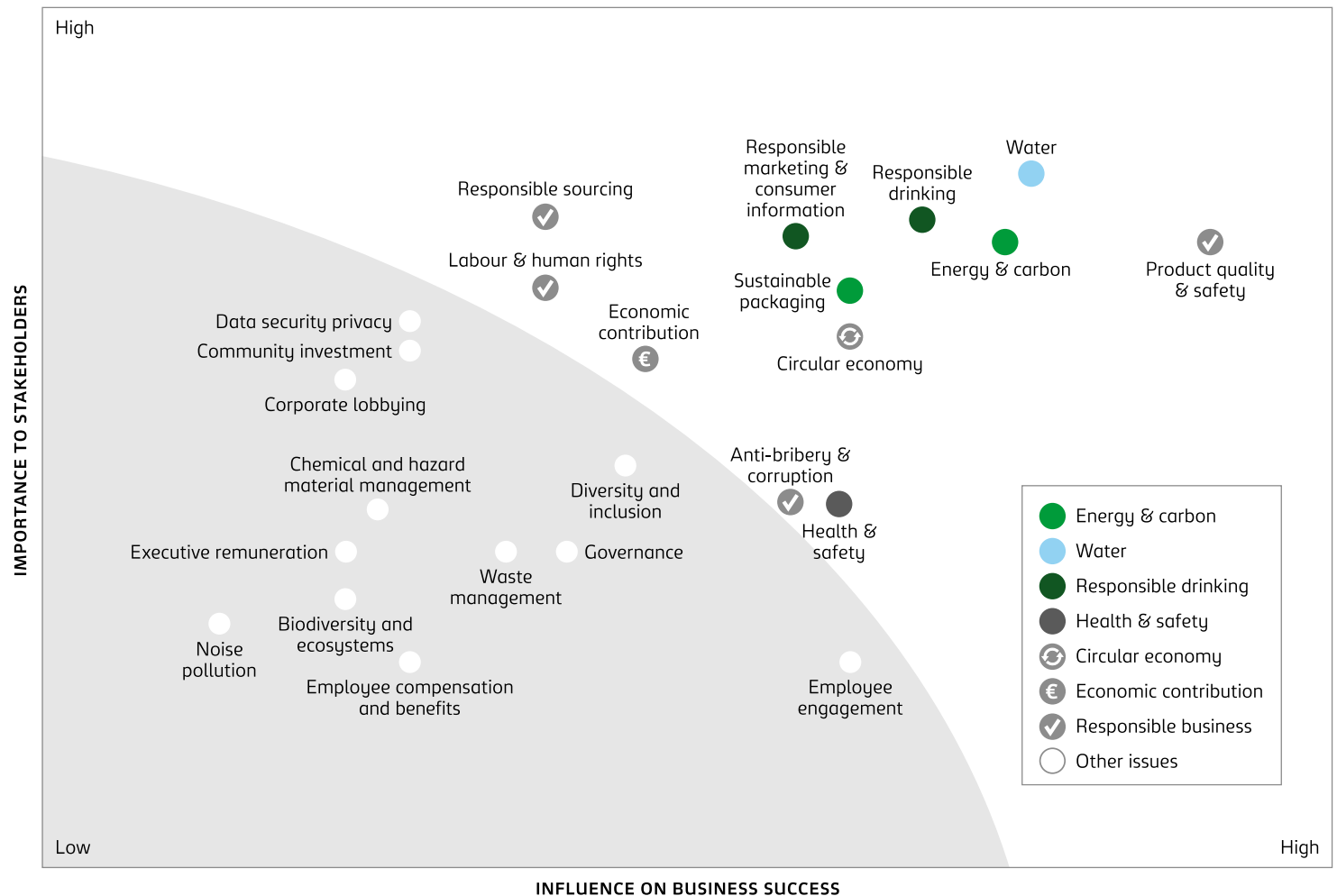
## Carlsberg Group's materiality assessment

The materiality assessment carried out by Carlsberg Group in 2016 led to a new materiality matrix.

To create this, Carlsberg Group began by listing a universe of relevant sustainability topics drawn from sources such as BSR's database, research into global trends and drivers, sector and sustainability reporting requirements, and investor rating agency criteria.

A joint working group - which also included representatives of the main stakeholders - rated the 24 key issues according to their impact on stakeholders and on the business.

Materiality Matrix - Carlsberg Group



## Carlsberg Italia's materiality assessment

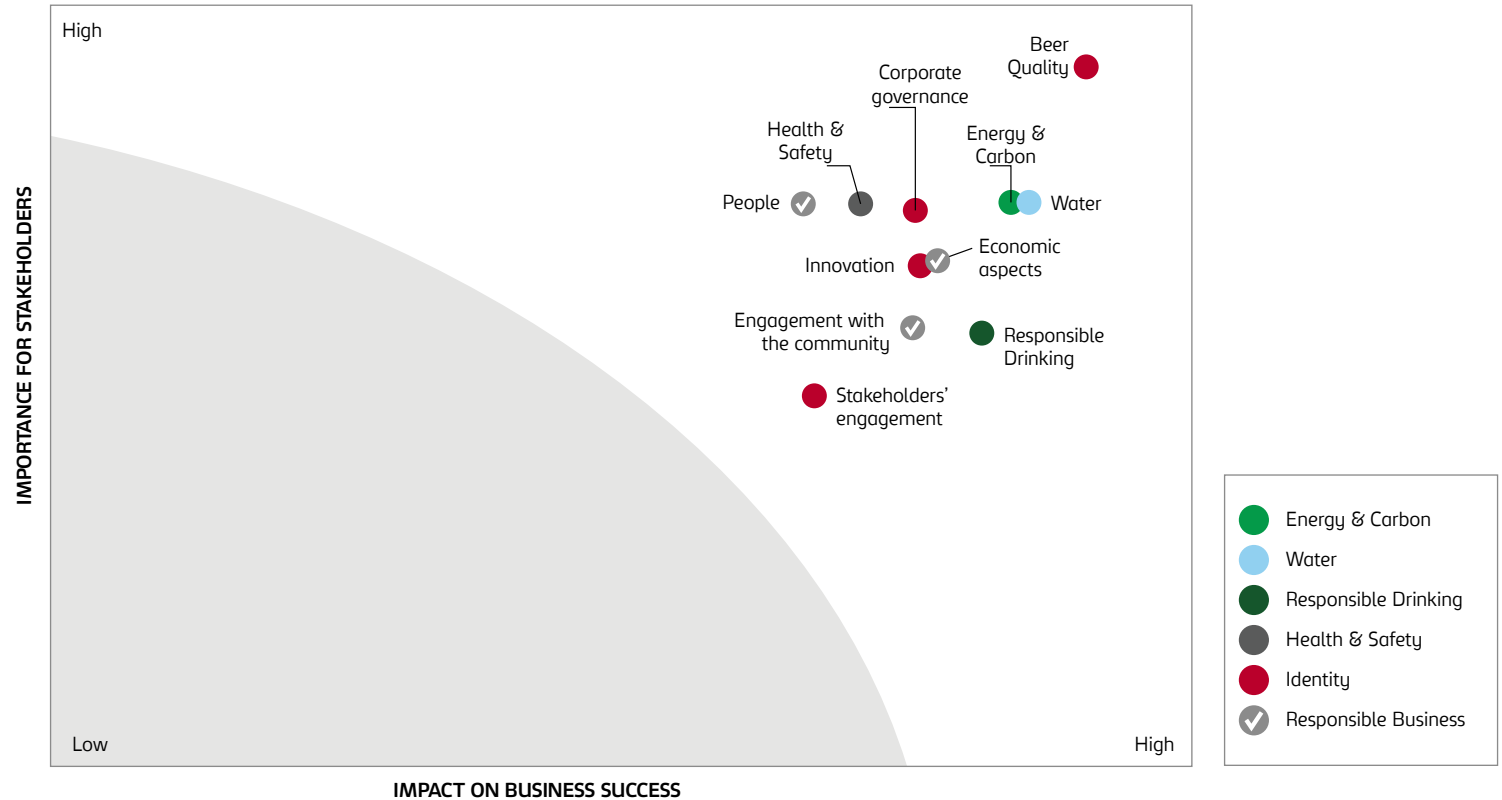
Carlsberg Italia's materiality assessment measures the importance of the stakeholders' expectations and of the most relevant subjects in terms of sustainability. The most significant expectations and subjects contribute to drafting the company's sustainability strategy and, as a consequence, its reporting process.

The 2016 materiality assessment has been carried out by analyzing:

- Carlsberg Group's 4 Priorities
- The results of "A beer for an idea," our dialogue with consumers
- The results of the SRR (Social Responsibility Reputation) research, carried out among Carlsberg Italia's employees and its suppliers
- The results of the questionnaires distributed to visitors during the Open Days at the brewery (Induno Olona, Varese)
- The sustainability Risk Assessment
- Carlsberg Italia's corporate press review.

The 'beer quality' is so widely recognised as one of Carlsberg Italia's strengths, that it is considered the main expectation of our employees, suppliers, customers and of our local community. Environment-related themes are the second most important element, after quality. Water management, which is considered a priority, was at the heart of our 2016 activities.

### Materiality Matrix - Carlsberg Italia



#### The main expectations of Carlsberg Italia's employees

	2015	2016
BEER QUALITY	9,4	9,3
FOOD SAFETY	9,3	9,2
EMPLOYEES' TRAINING	9,2	9,0
WASTE DISPOSAL	8,8	9,0
JOB ROTATION	8,3	9,0
DRAUGHTMASTER™ ASSISTANCE	9,1	8,9
DRAUGHTMASTER™ COSTUMERS' EDUCATION	8,9	8,9

\* Source: SRR Carlsberg Italia 2016

**Methodological note:** Carlsberg Italia's materiality matrix has been adapted to Carlsberg Group's matrix in order to enable comparison and consistent reading. The main changes have been introduced for 'Environmental impact,' which was divided into 'Energy and emissions' and 'Water.' 'Health and safety' refers to the employees, whereas consumer's health is included in the 'Beer quality' category.

# Thinking big about the global goals

Companies can use the Sustainable Development Goals (SDGs) in a variety of ways: from shaping their own sustainability programmes to understanding the contribution their business activities make. We want to demonstrate the private sector's central role as agents of change in overcoming these global challenges.

## Concrete actions, specific targets

Our four priority areas correlate most closely to SDGs 3, 6, 7 and 8, which means we can have the greatest influence on these Goals. As shown here, we focus our attention on the most relevant target for each SDG. Our activities will contribute to the SDG targets to double the global rate of energy efficiency by 2030, substantially increase water-use efficiency, strengthen the prevention and treatment of harmful use of alcohol, protect labour rights, and promote safe and secure working environments for all workers.

We also address two further goals – SDG 12, Responsible consumption and production, and SDG 17, Partnerships for the goals – through our activities to develop more sustainable packaging and build partnerships within the Carlsberg Circular Community (CCC). Read more on page 23. We are identifying ways in which Group activities covered in the Responsible business section of this report impact on SDGs 5, 9, 10 and 16.

Indirectly, Carlsberg influences the remaining SDGs through our impacts on society via business operations along the value chain.

We will elaborate on our contribution to achieving the SDGs when we launch our new sustainability targets later this year. At that time, we will make our intention to "think big about the global goals" even clearer.

### The Carlsberg Group sustainability priority areas



Energy & carbon



Water



Responsible drinking



Health & safety

### Most material SDGs with selected targets



**7.3** By 2030, double the global rate of improvement in energy efficiency.



**6.4** By 2030, substantially increase water-use efficiency and ensure sustainable withdrawals and supply of freshwater to address water scarcity.



**3.5** Strengthen the prevention and treatment of substance abuse, including harmful use of alcohol.



**8.8** Protect labour rights and promote safe and secure working environments for all workers.

### Sustainable Development Goals that cut across our operations

**12.5** By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.



**17.16** Enhance the global partnership for sustainable development, complemented by multi-stakeholder partnerships.

**17.17** Encourage and promote effective public, public-private and civil society partnerships.

# Carlsberg Italia's contribution to the SDGs

Carlsberg Italia uses the SDG as a framework for its own activities. We refer to the same SDGs as Carlsberg Group, to which we added SDG 11 'Sustainable cities and communities,' and SDG 13 'Climate action'.

These two goals are strictly connected to two specific 2016 activities, on which we will continue to work in 2017: more specifically: #SustainableHoreca and LIFE IRIS Project.

## Carlsberg Group's priorities



Energy & Carbon



Water



Responsible drinking



Health & Safety

## Carlsberg Italia's 2016 activities



7. Agreement signed for 100% energy from renewable sources starting from 2017.



6. Reduction of overall water consumption by 18% and reduction of specific consumption by 20% at the brewery. Building of water purifier.



3. Participation in the Global Beer Responsibility Day. 2,500 visitors were sensitized on responsible consumption during our Open Days at the brewery.



8. 'Zero Accidents culture.' Near Miss: inadequate or missing procedures driven down by 63.6%.

## Cross SDGs common to Carlsberg Group's and Italia's activities



12. 100% of plant waste sent to recovery.



17. Partnership with (category) Associations, universities, NGOs, Institutions as well as suppliers and partner customers.

## Carlsberg Italia's SDGs



11. #SustainableHoreca Project



13. LIFE IRIS Project, aimed at increasing resilience to climate change.

# Corporate governance: our model

We implement our strategy with a model based on codes, policies, and procedures inspired by ethical values and transparency. Carlsberg Italia's structure has been designed to respond effectively to the national market and to Carlsberg Group's structure (see Carlsberg Italia's 2016 organisation chart). This Sustainability Report is about Carlsberg Italia S.p.A.'s governance.

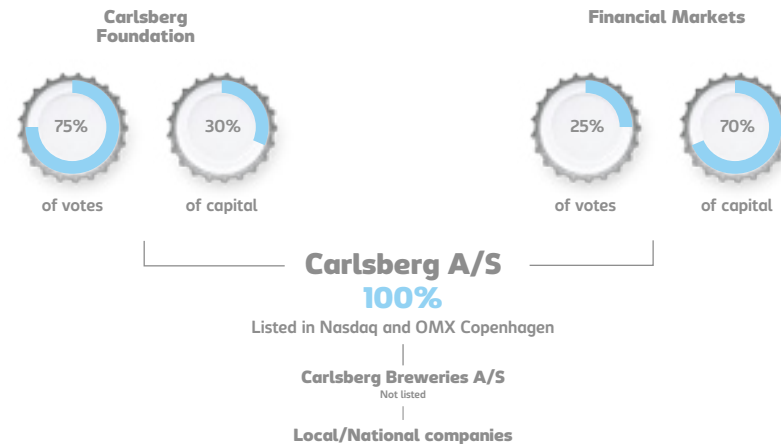
Carlsberg Group holds 100% of Carlsberg Italia's shares and it is controlled by a Foundation. The Foundation, as established in the statute, has to possess the majority of the votes of the Group's BoD and at least 25% of the share capital. Carlsberg Group manages and coordinates Carlsberg Italia's activities through the Shareholders' Meeting and the Board of Directors (BoD). The BoD is made up of 5 members appointed by the Parent Company. The president of the BoD does not have executive functions. The CEO is part of the BoD and represents Carlsberg Italia, pursuant to his mandate. Alberto Frausin has been CEO since 2007.

## The Carlsberg Foundation

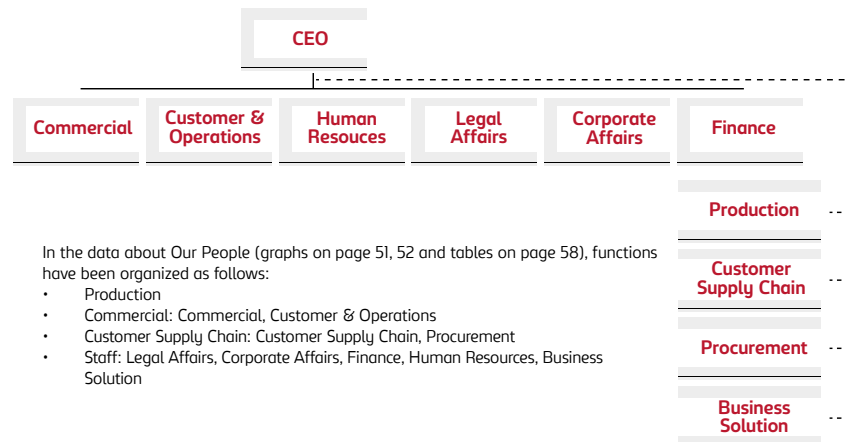
J. C. Jacobsen believed that the positive results of the company were to be attributed to the society of the country; thus, they should be shared with all citizens. He was also convinced that upholding the company's Mission, as summarized in its Golden Words, was fundamental. Carlsberg Foundation was built on this premise:

- It is one of the oldest commercial foundations (1876)
- It was built to manage Carlsberg's Laboratory and to support Danish scientific research in the fields of natural sciences, mathematics, philosophy and humanities.
- It is the founder of Copenhagen's Natural History Museum
- It is the controlling shareholder of Carlsberg Group with controlling interest. It holds at least 51% of the votes in the Board of Directors and owns 25% of the share capital.
- It guarantees the company focus on Research, Innovation and high-quality beers (Carlsberg Research Centre).

## Carlsberg Group's structure



## Carlsberg Italia's 2016 organisation





# Corporate governance: tools and management systems

## Codes of conduct

Carlsberg Italia adopted:

- Organisational model pursuant to Law Decree 231/2001, updated in 2016
- Ethics code of suppliers and licensees
- Ethics code of conduct covering the following areas:
  1. bribery
  2. facilitating payments
  3. gifts
  4. meals and entertainment
  5. donations
  6. conflicts of interest
  7. confidential information
  8. norms on competition and fraud

## Our certifications

Integrated Management System, combining:

- ISO 9001 (quality management) for HQ in Lainate and brewery in Induno.
- ISO 14001 (environmental management)
- OHSAS 18001 (management of workers' health and safety)

In addition:

- ISO 50001 (energy management) at our brewery in Induno

## Our Corporate Social Responsibility Policies

Our organic CSR and sustainability management model operates in the following areas:

- Labour and human rights

- Health and safety
- Environment
- Community engagement
- Responsible marketing communication
- Responsible drinking: corporate Responsible Drinking Policy ([www.carlsbergitalia.it](http://www.carlsbergitalia.it)) and AssoBirra's Alcohol Policy ([www.beviresponsabile.it](http://www.beviresponsabile.it))

## Sustainability governance

Sustainability is something organic in Carlsberg Italia: a management model throughout the whole company, with tools such as the Sustainability Report and moments of dialogue and engagement with our stakeholders. We follow AA1000 Accountability guidelines, integrated with the measuring systems of the 'Social Responsibility Reputation' (SRR) methodology.

**The CSR Team**, made up of 14 people representing the different company functions, has a key role in implementing the company's 2016-2018 sustainability strategy. It also contributes to design, assess and approve the Sustainability Report, in which all employees are involved.

**Life Cycle Assessment (LCA)** is the tool for the management of the sustainability of a product and/or process. It is a scientific tool which measures and evaluates the environmental impact along the value chain. It helps understanding where to work in order to reduce the environmental impact.



J.C. Jacobsen 'Golden Words': «In working the Carlsberg Breweries it should be a constant purpose, regardless of immediate profit, to develop the art of making beer to the greatest possible degree of perfection in order that these breweries as well as their products may ever stand out as a model and so, through their example, assist in keeping beer brewing on a high and honourable level»

## What we improved in 2016

- We reviewed the company's information fluxes to adapt them to the company's operations;
- We carried out an evaluation of the com-

pany's policies.

- We met the Advertising Self-regulation Institute due to a report on a billboard made by some customers. The Authority did not deem it necessary to take any measures.

# Brewing for a better today and tomorrow

Our story is the story of two great entrepreneurs, sharing the same passion for beer. J.C. Jacobsen founded Carlsberg in 1847. Angelo Poretti brewed his first beer in 1877. Even though they were at opposite ends of the continent, they shared the same passion: excellency in brewing. And innovation was already a value they shared.

Since then, our mission has always been clear. Today it has been updated in order to suit a society and a sector dramatically transformed. **Some have to dig deep to find their purpose. For us it has always been there.**

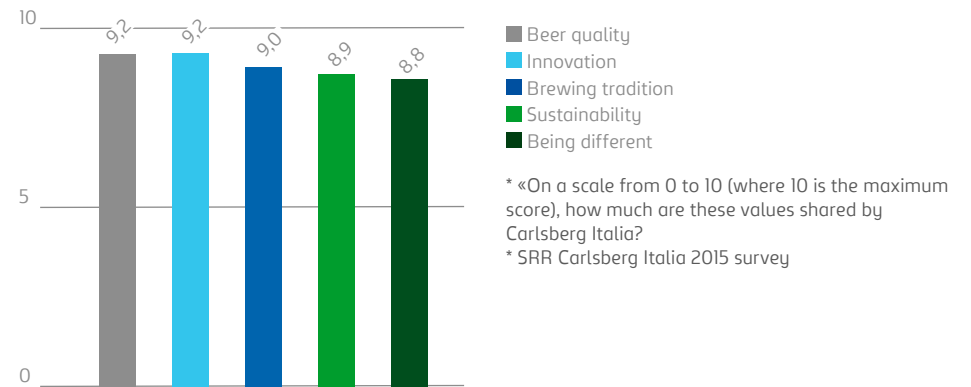
**We pursue perfection every day. We strive to brew better beers; beers that stand at the heart of moments that bring people together. We never settle for immediate gain, when we can create a better tomorrow for all of us.**

### Carlsberg Italia's values

Producing high-quality beers is our core value, widely recognised both within and outside the company. Our people rated 'beer quality' (9.2) and 'innovation' (9.2) our values of reference. Outside the company, our close partners and strategic suppliers see 'beer quality' and 'sustainability' as our most cherished values, followed by 'customers' importance' (8), 'team spirit' (7.9) and 'innovation' (7.7).

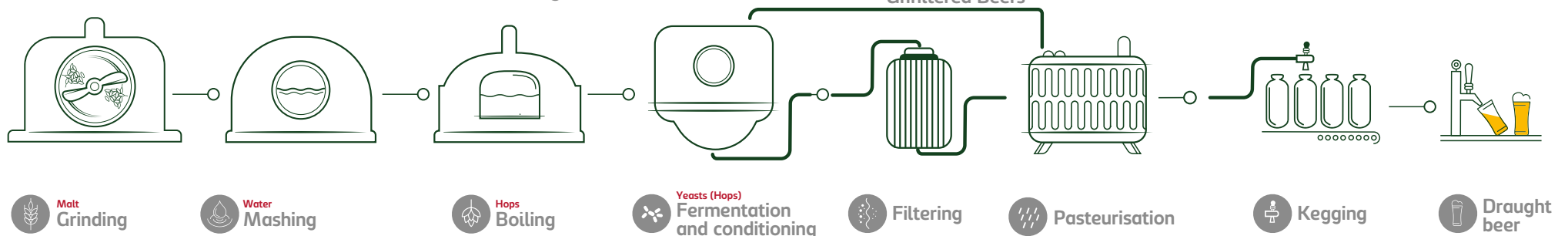
(Data referring to SRR Carlsberg Italia's research)

### Main values shared by our people\*



\* «On a scale from 0 to 10 (where 10 is the maximum score), how much are these values shared by Carlsberg Italia?»  
\* SRR Carlsberg Italia 2015 survey

## FROM BREWERY TO GLASS Beer production diagram



# Our beers

At our brewery in Induno Olona we produce the following brands: Carlsberg, Tuborg, Birrificio Angelo Poretti, Kronenbourg 1664. We also sell Carlsberg Group's brands: Grimbergen, Feldschlösschen, Jacobsen. We distribute the Brooklyn and Tucher brands, as well as the Il Bardo wines. The beers distributed in PET kegs are kegged in Induno Olona, except for Brooklyn.

## Carlsberg

It has been "probably the best beer in the world!" for 170 years. Together with **Carlsberg Elephant** and **Carlsberg Special Brew**, it is a symbol of Denmark's best brewing tradition

## Grimbergen

**Grimbergen Double Ambrée**, **Grimbergen Blonde**, **Grimbergen Blanche** and **Grimbergen Triple** are Belgian high-fermentation beers, still produced according to the 11<sup>th</sup>-century process and characteristics

## Brooklyn

Brooklyn Brewery is one of New York's main attractions: its beers are very popular in the United States, but they are also well-known all over the world

**Kronenbourg 1664**  
the French excellency in the beer world



## Tuborg

Well-known for its "pull off cap", Tuborg is a beer for young people, the perfect companion for parties with friends and times of celebration together.

## Jacobsen

In 2005, in Copenhagen, a new brewery was built where the first Carlsberg brewery used to stand. The brewery was named after J.C. Jacobsen (a real tribute to the founder) and it only produces Danish craft beer.

## Feldschlösschen Alcohol-free

guarantees the pleasure of drinking a good beer, even without alcohol

## Tucher

Tucher's beer recipes refer to the 1516 Purity Edict

# Our beers

The beers of Birrificio Angelo Poretti are inspired, in terms of recipes, raw materials and production methods, by the values of the founder's and his heirs' human and entrepreneurial experiences. Love for quality, craftsmanship, passion for innovation and respect for the brewing tradition contribute to the taste of the beers of Birrificio Angelo Poretti.

**Le Originali**  
**The family of beers from where it all began.**  
 Beers of traditional taste and style.

**Armonie di Gusto**  
**The perfect harmony between food and beer.**  
 The variety of beer tastes and aromas pairs perfectly with food with the same flavours.

**Le Bollicine**  
**Special beers for special moments**  
 Beers with a fine and elegant perlage, thanks to the yeasts used to produce spumante wines



**4 Luppoli Lager Bio**  
 Exclusively produced with organic barley malt and four different types of hops coming from organic farms

**Le Stagionali**  
**Every season has its own 7 Luppoli**  
 Four special recipes created to match perfectly every season.

**Le Oltreconfine**  
**Beers from all over the world**  
 Beer styles from all over the world for a never-ending discovery of beer tastes.

**Le Angelo**  
**Le Riserve del Birrificio**  
 Pale Ale and Brown Ale

# DraughtMaster™: quality and sustainability in one glass

Innovation and sustainability are integrated in Carlsberg Italia's identity, as a synthesis of our founders' values. By matching our brewing tradition with our constant search for innovation, we created a unique model of sustainability in the brewing industry: *DraughtMaster™* draught beer system, which combines high-quality beer with a low environmental impact.

LCA analysis allowed us to understand its remarkable sustainability level. The beer is stored in recyclable PET kegs (no more traditional steel kegs!). The beer is tapped out of the PET kegs without adding any CO<sub>2</sub>, thanks to simple air compression. With this system, the quality of the beer remains unaltered for 31 days from the keg opening (compared to 5 days for steel kegs). The environmental impact of PET kegs is significantly lower than the impact of steel kegs, cans and glass bottles.

For every 60 litres of draught beer (3 PET kegs), 25 KGs of CO<sub>2</sub> are not emitted into the atmosphere; this is the same amount of CO<sub>2</sub> a tree would absorb in one year.

## 2016 main activities

In 2015, we started a technological development plan to match our *DraughtMaster™* systems with low-impact refrigerating systems, included in almost all the *DraughtMaster™* systems installed in 2016.

*DraughtMaster™* internationalisation was launched: new production plants have been opened in Denmark and Greece. Italian partner companies have been directly involved in the development phases, thus contributing to the growth of the Italian export and development of manufacturing abroad.

## Innovation is rooted in our culture

In 2016, Carlsberg Italia's concept of innovation got even stronger. In the dialogue process with the employees this concept was highlighted in several ways.

As a corporate value, it scored 9.2 (9.1 in 2015). As a measure of sustainability (SRR Carlsberg Italia) it was given a score of 7.7, thus ranking among the first three elements. Finally, it scored 8.6 (8.8 in 2015) among expectations, in the section 'launch of innovative beers.'

## DraughtMaster™ and its advantages

### Features

- Disposable PET kegs, handy and light
- Draught beer system with compressed air
- 100% natural product without added CO<sub>2</sub>
- Less bloating thanks to the absence of added CO<sub>2</sub>
- Beer fresh and crispy as just produced at the brewery
- Perfect and compact foam
- Significantly lower environmental impact (LCA)
- Automatic cleaning
- Wide range of beers
- Keg life:
  - open: 31 days
  - closed: 9 months

### Advantages

- Increased consumption because our beer without added CO<sub>2</sub> does not cause the bloating feeling
- More customer loyalty
- More profitable
- Less bulky kegs, easier to stock
- No more space needed for the stocking of empty kegs and CO<sub>2</sub> tanks
- No risk of running out of CO<sub>2</sub>
- No need to manage the saturation level
- Elimination of some of the infection risk sources for the tap system
- No need to buy CO<sub>2</sub> tanks
- No need for a deposit for kegs and CO<sub>2</sub> tanks
- No beer is wasted (e.g. when changing keg or during cleaning)
- No waste of beer due to expired/old products



60 liters of beer from PET kegs reduce the greenhouse effect as 1 tree in 1 year\*

Formula to calculate the #TreesWatch

\*Compared to the same quantity of beer in steel kegs. Elaboration based on 2013 EPD data

# Quality from brewery to glass

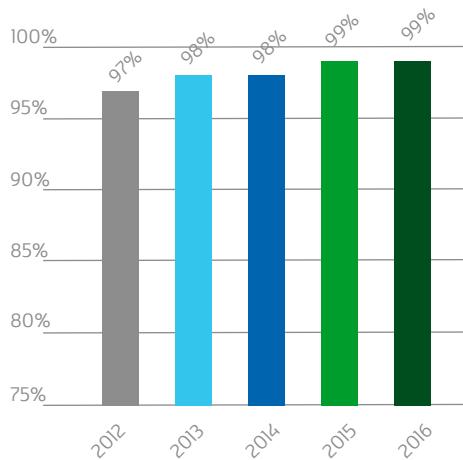
**Quality is a goal we pursue in every field**

*Courtesy Call* is Carlsberg Italia's customer service which monitors both the quality of the products and the satisfaction of HO.RE.CA customers about the *DraughtMaster™* system.

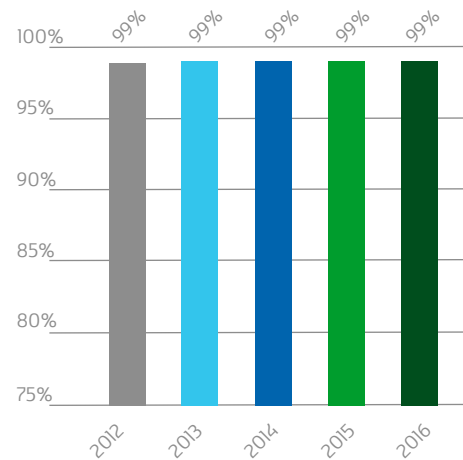
In 2016 the customer services made 2859 phone calls. The product quality has been at a level of 99% for the last 5 years. The technical service confirmed the 99% assessment, reached for the first time in 2015. On the other hand, plant functionality continued its growing trend until reaching 96%.

## *DraughtMaster™* quality evaluation

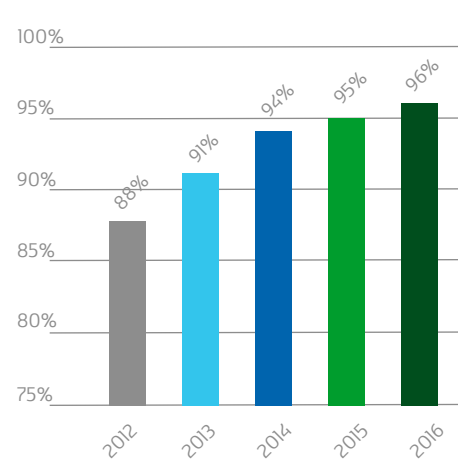
Technical service



Product quality



System functionality



# The quality of our beers: Birrificio Angelo Poretti

The quality of our beers is our main objective. A commitment which has been part of our mission from our very foundation.

Our people and strategic partners firmly consider the production of excellent beer their main expectation about Carlsberg Italia. The expectation was rated 9.3\* by our people and 8.1 by our strategic partners.

Our ability to produce high-quality beer is recognised more and more by our customers, and their support has grown over the years.

From 2012 to 2016, the customers who stated that Birrificio Angelo Poretti's beer tapped from

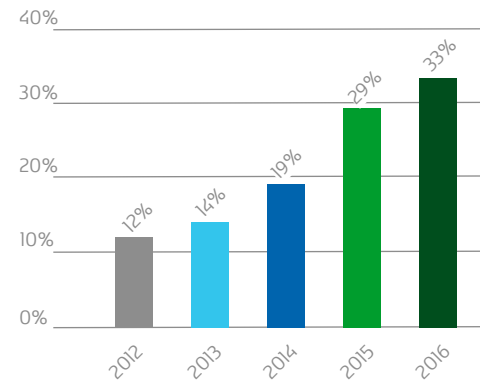
*DraughtMaster™* system is a "superior-quality beer" almost tripled, increasing from 12% to 33% (see graph on the right side).

«Easy to drink», «Refreshing» and «Excellent» with the «Right alcohol content» are some of the features which make Birrificio Angelo Poretti's products are beers of superior quality\*.

The data refers to the preferences expressed by a consumer sample in 4 Italian cities. Consumers tasted different beers by Birrificio Angelo Poretti, Carlsberg Group and competitors. They expressed their evaluation according to a series of parameters concerning sight, smell and taste enjoyment.

\*(Source: AstraRicerche - Liquid test 'draught beer' - November 2016).

**Birrificio Angelo Poretti:  
it is a superior-quality beer**



**75%**  
Right alcohol  
content

**68%**  
Easy to drink

**66%**  
Refreshing

**63%**  
Willing to buy

**49%**  
Rated as "excellent  
beer"

**2017 GOALS**

Keep on promoting Carlsberg Italia as an innovative company through the launch of new beers and packages.



# Stakeholders and Partners

The network is the strategy we chose to compete and improve. This allowed us to collaborate with the excellences of different sectors and to develop common actions. We firmly believe that engagement through listening and talking to our stakeholders and partners is the only way to improve.

The engagement process has evolved over the years. Today we measure the expectations of our stakeholders and the strength of our relationship. We do this with focus groups in the company, face to face interviews with consumers (as in Ecomondo), on line researches, and paper questionnaires during the Open Day at our plant in Induno Olona.

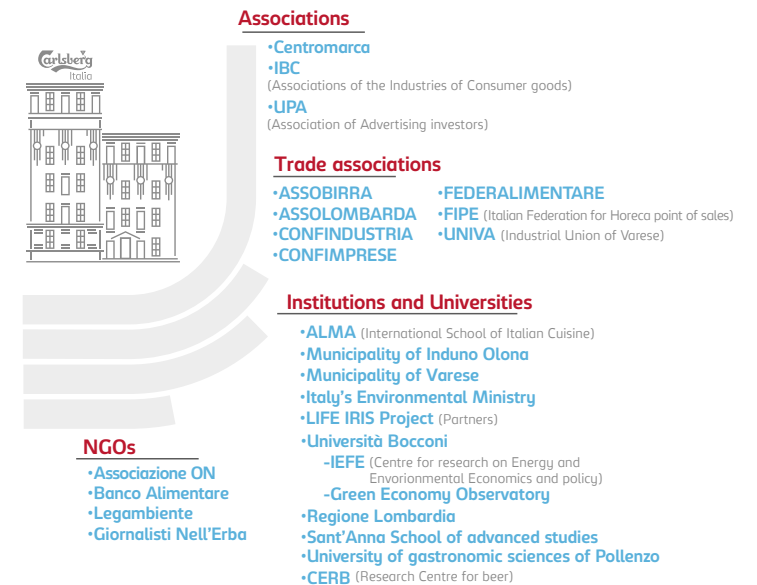
The results provide information for the management to develop the sustainability strategy and measure the impact of the action.

Over the last four years, we have been approaching consumers with growing attention, listening and talking with them to understand how to communicate sustainability in the most appropriate way. The network of excellences with which we work is the key for continuous improvement and for constant innovation.

## Stakeholders Map



## Network



- NGOs**
- Associazione ON
  - Banco Alimentare
  - Legambiente
  - Giornalisti Nell'Erba



## PARTNERSHIP

# Can draught beer contribute to saving the world?

Real sustainability is only when it engages all company's stakeholders. Loyal to this principle, in 2016 we committed to raising our partners' awareness on the importance of common actions in order to reduce our environmental impact. A concrete initiative was promoting the concept of a Sustainable Horeca Point of Sale: an area which is not often considered from this point of view, but which could make a real difference, also thanks to the direct dialogue with final consumers.

From the 8<sup>th</sup> to the 11<sup>th</sup> November 2016, during the Ecomondo Exhibition in Rimini, Carlsberg Italia and **Celli Group** – an Italian company, global benchmark for the design and production of draught systems and refrigeration systems – presented the prototype of an entirely sustainable pub, starting from the draught beer system. Our draught beers were served with the *DraughtMaster™* Modular 20 system and Celli's Geo Green technology, which drives down energy consumption by up to 79%.

## #SustainableHoreca

Water dispensers drew water from the high-quality "0 km" water network. Thus, the **#SustainableHoreca** concept was born.

The pub is 100% sustainable because every single component is sustainable: from the materials used for the setting up to paper napkins. The prototype embodies the philosophy of the "Sustainable City" pavilion. The project saw the active participation of Celli Group and other partners who embrace the same vision, such as **Alce Nero, Lessmore** and **Lucart Group**.

Presenting our project at Ecomondo was the perfect occasion to meet our consumers, who confirmed that beer quality is their main expectation, but sustainability gains a significant role when their awareness is raised. Which is what the 111 visitors who participated in the "A beer for an idea" workshops stated (27% of them were women, 73% were men).



# Our circular mindset

Designing waste out of the system and using resources in continuous loops help minimise environmental impacts. To grow our business and further reduce impacts, we must do even more.

We believe that we need to go beyond the limited focus of the clever end-of-life of the products and to consider also input and waste reduction within the life cycle etc. This simply means to re-think products and processes: this is the heart of our 4-Rs approach, a wider vision of the more common 3-Rs (reduction, reuse, recycle).

## Rethink

Challenge linear approaches to energy, packaging and water use. Channel waste into other products. Focus on biomaterials.

## Reduce

Minimise weight or change to less impactful packaging materials.

## Reuse

Promote reuse of e.g. packaging materials, by-products and water.

## Recycle

Encourage consumer recycling and increase the recycled content of packaging materials.



# Water



## -18%

Overall water consumption  
(VS 2015)

Increased efficiency thanks to  
weekly controls

## 52

Water checks  
per year

We carry out one check per week



2017 Targets

**Specific Water Consumption**  
3,4 hl/hl.

**Impact reduction**  
Reduction of specific water consumption

## 3,5 hl

The amount of water we  
use to produce 1 hl of beer



**WATER**

# Sources protection, consumption reduction

Good water is the first ingredient for excellent beers. Our brewery, among the beer pioneers in Italy, was built in Induno Olona because there are two high-quality water springs: the Fontana degli Ammalati and the Fontana Mulini Grassi.

**Responsible usage**

Water used to be considered an inexhaustible resource. At present, we know it is not and will be even less in the future. In fact, water scarcity is one of the global challenges and one of Carlsberg Group's priority. For this reason, over the last years we have been taking care of this resource with a more and more responsible use. We limit consumption as much as possible, support reusing and prevent waste. We constantly innovate our processes, increase consumption and quality monitoring, and stock

heated water during the production process to reuse it during cleaning. Between 2012 and 2016 our measures allowed us to drive down our specific consumption by 23%, which is the amount of water needed to produce 1 hectolitre of beer.

**2016 main activities**

In 2016 we reactivated parts of the old water purification system (abandoned in 2006). The rest of the plant will be reactivated in 2017, after completing maintenance and modification procedures. From now on, thanks to this investment, we can return water to the environment of nearly as good quality as that which we took.

We also increased the number of ordinary checks of the water infrastructure, which now we carry out once a week at our brewery in Induno Olona. This change allowed us to timely detect any losses and possible malfunctioning, thus significantly improving our performances, compared with 2015.



**WHAT WE SAID**

Specific water consumption: 4,25 hl/hl

Build a company purifier

Plan a gas recovery plant

**WHAT WE DID**

We significantly decreased our specific water consumption: we reached 3,5 hl/hl



Works started and the system should work properly by 2017



The design is complete and the plant building is expected in 2017



**2017 COMMITMENTS**

Drive down water consumption at our brewery in Induno Olona.

Build a purifier by 2017.

# More attention, less consumption (-20%)

Filling up 39 Olympic swimming pools.  
That's what we could have done with the water saved in 2016. 20% less than in 2015 for each hl of beer produced. 18% less overall. We have been able to achieve such efficiency thanks to the commitment and the effort of our people.

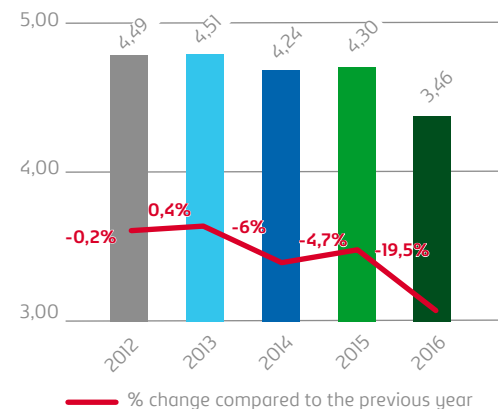
Handling priorities requires innovative ideas, determination and fast interventions. These are the principles that led us through the way we manage water in our plant. They allowed us to decrease the amount of water specific consumption from 4.3 hl/hl in 2015 to 3.5 hl/hl.

This outstanding result has been reached thanks to a more rigid monitoring pace, which went from monthly to weekly. Thanks to this increased frequency we were able to intervene faster and thus meet the need for a dramatic reduction of our water consumption.

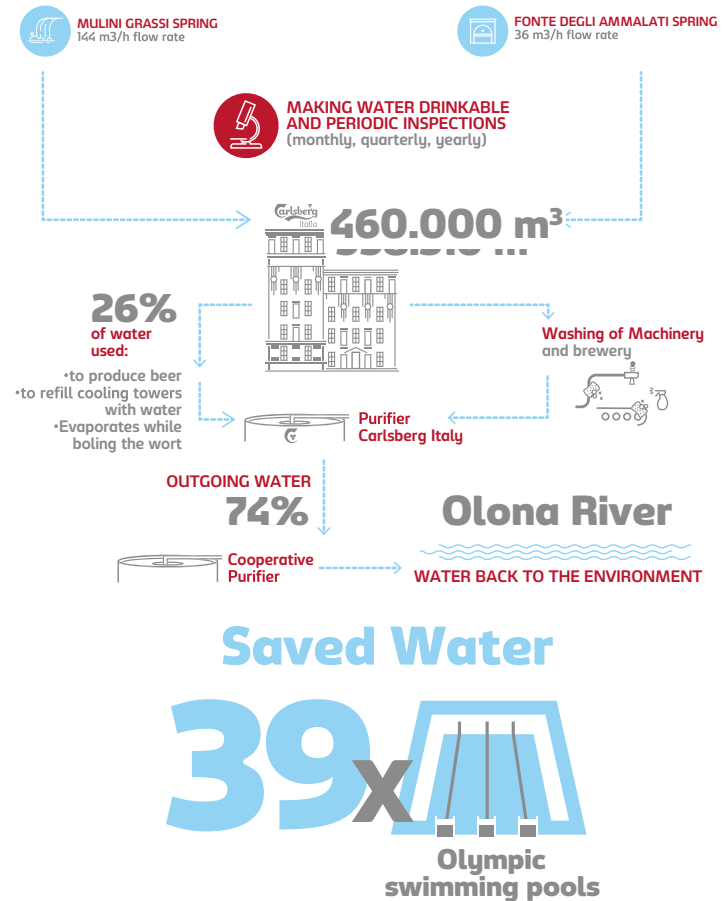
Our commitment, however, goes beyond our brewery. The Olona river flows below the central part of the brewery, just in front of our historical brew house. Though hidden, it is a vital part for

the place we work in. We inspect the bed of the river every month and we carry out maintenance work in the dam upstream from the plant by removing possible debris in order to prevent environmental damage. In this way we contribute to the protection of both our territory and community, as well as of our business, of course.

**Water specific consumption (hl/hl)**



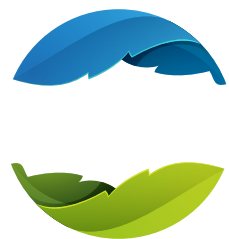
## Water cycle in the brewery



# Energy & Carbon

1<sup>st</sup>

Italian agri-food company to develop a climate change adaptation plan (Life IRIS Project)



**IRIS**  
IMPROVE RESILIENCE  
OF INDUSTRY SECTOR

**11 Mio**

KGs of CO<sub>2</sub> not emitted in the atmosphere in 2016

Thanks to the beer tapped with DraughtMaster™

**100%**

Renewable energy

Supply agreement signed in December 2016



2017 Targets

Energy consumption  
16,27 (MWh/hl).

Power consumption  
7,01 (MWh/hl).



# The environmental impact of CO<sub>2</sub> emissions

In order to seriously tackle the issues related to the environmental impact, it is fundamental to start from a strong scientific and analytical basis. And having a management team that believes in the importance of such issues helps as well. This is why in 2010 we started to implement an assessment process that led us to have a LCA (Life Cycle Assessment) for each package of the products distributed by our business and to be the first brewer in the world to obtain the EPD certification (Environmental Product Declaration, available on [www.environdec.com](http://www.environdec.com)). The LCA is an assessment based on data and numbers collected and validated by third parties. Thanks to that, we can have information on the environmental impact of the various packages in each phase of their life cycle, "from cradle to grave." This allows us to identify where to improve, to enhance already efficient processes and to raise the awareness of our partners about what does not directly depend on us. What is important in this approach is to get an overview of the impact that our products have and not a partial view on just one of the phases in their life cycle.

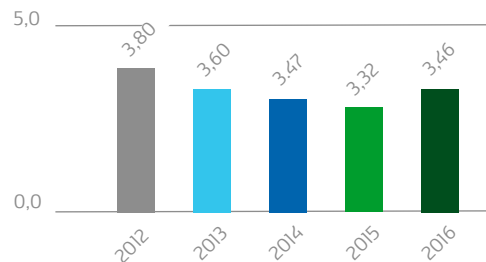
## CO<sub>2</sub> emissions of the plant factory in Induno Olona

We pay a particular close attention to everything carried out inside our brewery.

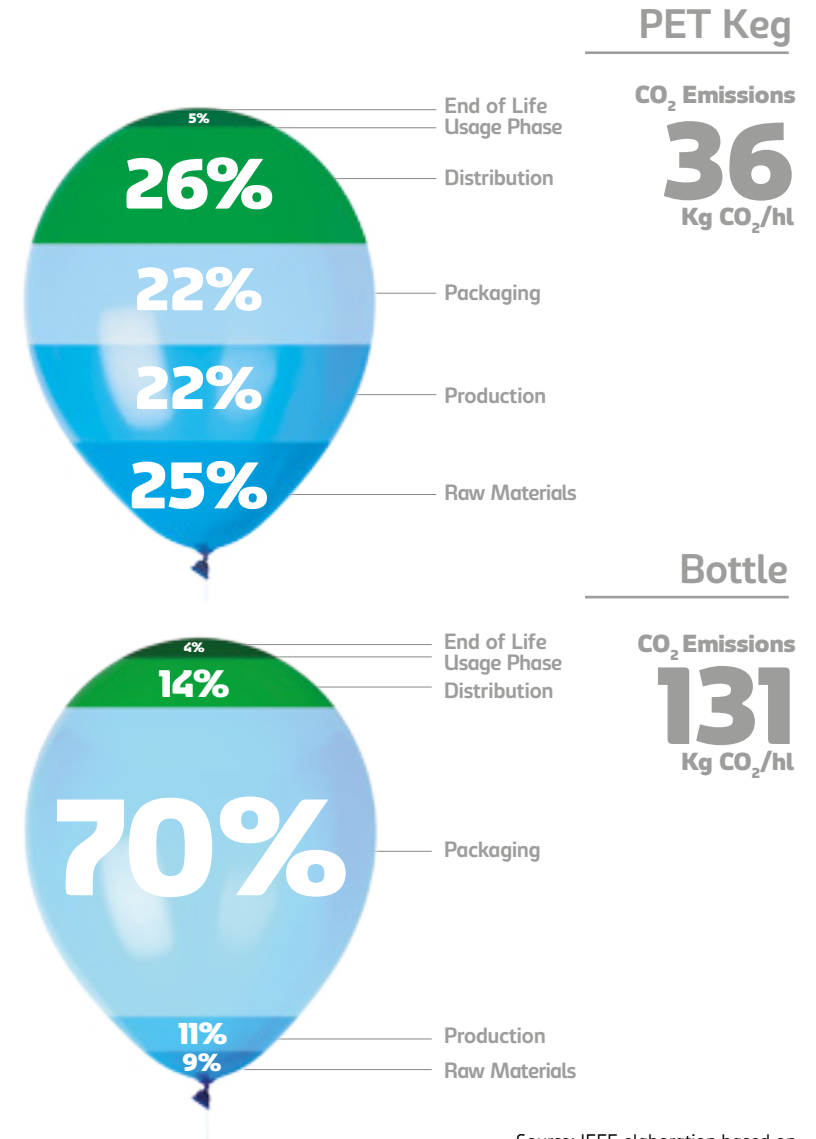
In 2016, the emissions of the brewery have risen by 4%, if compared to 2015. Such growth is due to the higher amount of beer produced and to slight internal inefficiencies that have immediately been taken care of. This is part of a 5-year-trend that has seen a decrease in the emissions produced by 9%.

In order to grant a continuous improvement, in 2016 a particularly significant step was taken: the signing of the 100% renewable energy agreement. It will allow us to have a positive performance in 2017 as far as these KPIs are concerned. Since 2005, Carlsberg Italia has been under ETS (Emission Trading Scheme), an international system setting the maximum amount of overall emissions and rewarding the most virtuous businesses, allowing them to "exchange" the amounts of emissions saved.

### Direct emissions of CO<sub>2</sub> at the brewery in Induno Olona



### CO<sub>2</sub> emissions in the life cycle phases of the different packages



Source: IEFE elaboration based on the 2015 LCA study

# Brewing with tomorrow in mind

The environmental impact of our brewery deserves the greatest focus.

Carlsberg Italia, as well as the whole Group, are continuously striving to improve their energy efficiency, especially through innovative technologies and cooperation with partners.

## Integrated utility management

Managing energy well is the first step in using it more efficiently and that's why ISO 50001 plays a fundamental role.

Our work with ISO 50001 provides useful input for our integrated utilities management standard-coordinated approach to energy and water efficiency. We develop requirements, measure our performance against them and devise programmes for improvement. A Group-wide audit of the utilities management standard is planned for 2017 and 2018 to assess progress.

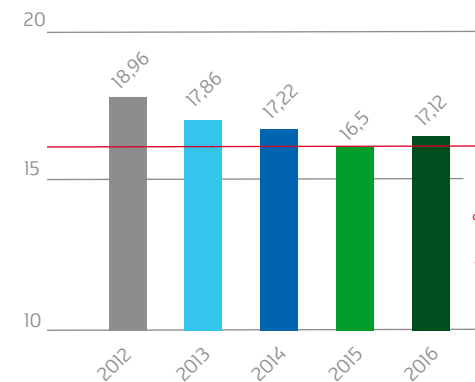
## Energy

We proved our commitment in the management of our environmental impact also in 2016. Our performance, however, has been affected by the increase of the HLs of beer

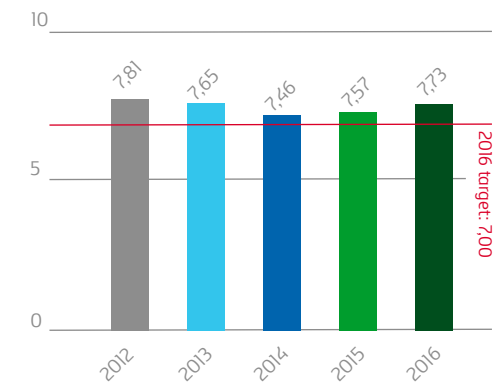
produced. The overall energy consumption has thus grown by 5.7%. More specifically:

- natural gas consumption: + 6.2% (specific consumption: + 3.8%)
- power consumption: +4.5% (specific consumption: +2.1%)

## Natural gas specific consumption



## Power specific consumption



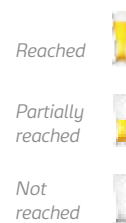
## WHAT WE SAID

Energy consumption: 16,50 MWh/hl

Power consumption: 7,00 MWh/hl

Replacing cooling technologies of the DraughtMaster™ system with low-impact ones

Optimizing loads: studying a new way to place pallets one on top of the other



## WHAT WE DID

(17,12 MWh/hl)  
Little inefficiencies, now solved, have prevented us from hitting the target



(7,73 MWh/hl)  
Little inefficiencies, now solved, have prevented us from hitting the target



The replacing process is ongoing and is continuing in 2017



Target to reach in 2018





# ENERGY & CARBON

## 100% renewable energy

The geographical structure of the valley hosting our brewery has always hampered the change of our energy supply sources. For example, despite longtime researches among advanced technologies, solar panels haven't ever been a possible solution due to the scarce sunlight in the site. That's why, at the end of 2016, we were particularly proud of signing the 100% renewable energy supply agreement starting from 2017.

## Focus on packaging

In 2016, the total amount of packaging has remained pretty stable (+0.9%), despite a higher production. This was due to accurate forecasts and waste minimization. A significant decrease was recorded in the use of the materials, such as steel (-26.8%), aluminum (-21.9%) and paper/

cardboard (-11.8%). The amount of PET used increased by 9%, thus confirming the switch from the mix of various packages towards the sustainable *DraughtMaster™* system.

## Waste management

In 2016, the amount of waste produced rose by 23.3%. The specific production of waste was 0.7 kg/hl of beer (0.6 in 2015). The rise was due to the implementation of the plant purifier, which produced mud for a total of 212,980 kg. However, we have confirmed a fundamental output: 100% of plant waste was sent to recovery.

## A lower impact in logistics, too

The distribution of our products has an impact too that we have to and want to tackle, though all our logistics activities are in outsourcing and aren't therefore under direct control.

Our logistics partners have been chosen also based on their dedication to sustainability. Our commitment is both to work with them and raise their awareness about sustainable management of their activities. This is why in 2016 we decided to extend the contract terms to develop common projects (starting from 2017). Some data from our partners Beverete and Number 1:

- Commitment to the renewal of the fleets by introducing EURO 6 vehicles
- Led lights and solar panels installed in their warehouses.
- Improved vehicles loads.

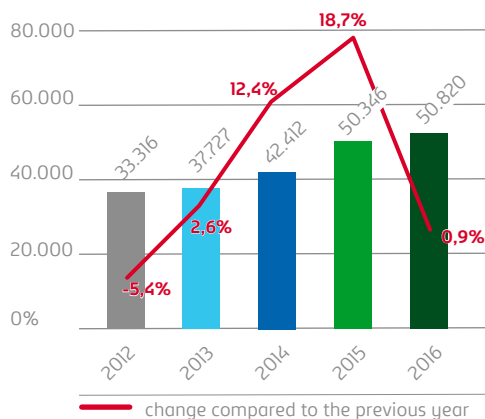
Furthermore, our partner Geodis is also well-known for its commitment in CSR (IPP certification, Investor in People).

## Continuous improvement

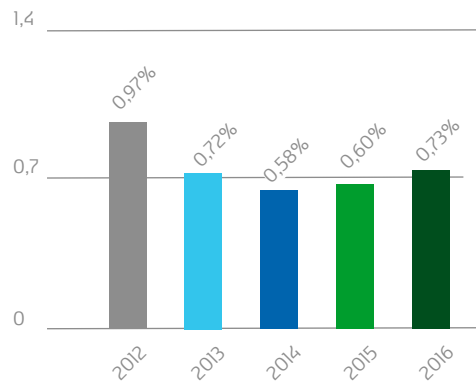
Training, better planning, monitoring, measu-

ring and inspections, and the introduction of more efficient vehicles allow us to have a lower environmental impact, something that we are paying more and more attention to. A constant and progressive improvement is difficult to grant, as often we have to deal with external factors. What is important is to have suitable tools for monitoring and measuring, as well as acting efficiently and promptly.

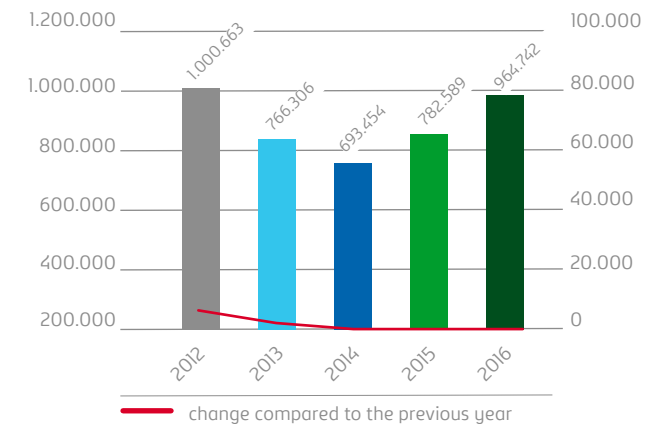
**Incoming packaging materials (tons)**



**Specific waste production**



**Waste sent to recovery**



## Climate change and impacts on brewers: LIFE IRIS Project

Heat and cold waves, drought, extreme weather and whirlwinds. These are just some of the consequences of climate change, which affect the supply of raw materials, as well as beer consumption.

Among the most significant effects of climate change we see: modification in the quality of raw materials; permanent or temporary interruptions or delays in production; damage to the company image because of negative perception and consequent loss of market shares.

### 2017 COMMITMENTS

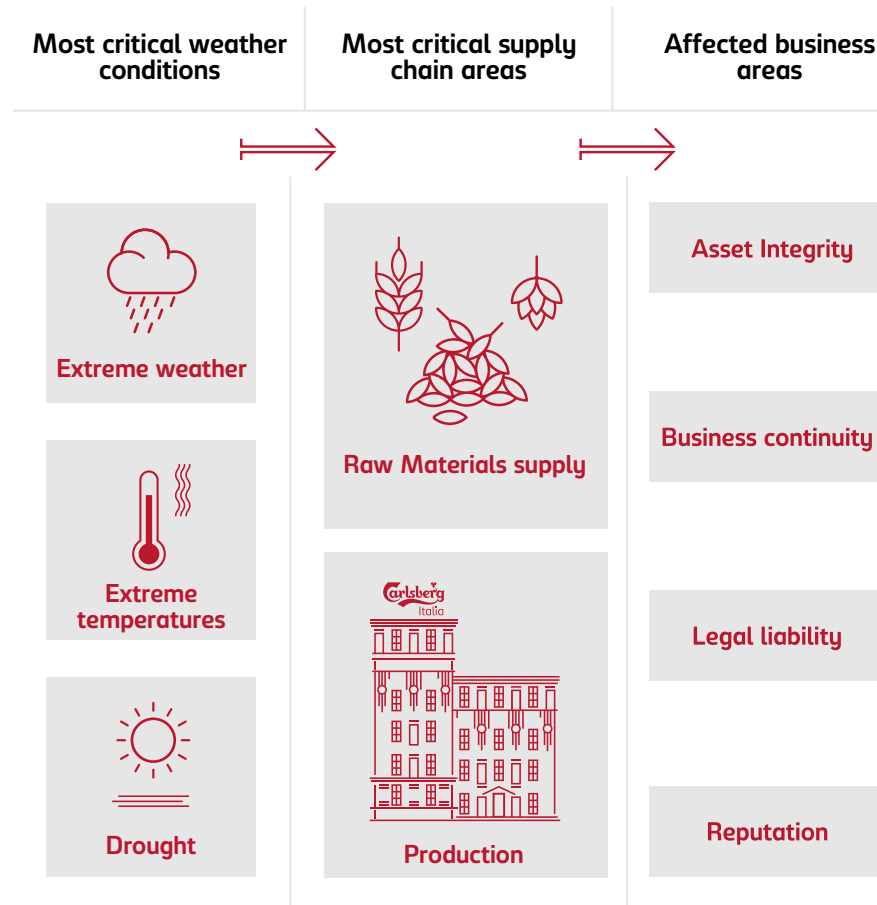
Reduce energy and power consumption at the brewery in Induno Olona.

Reduce power consumption during the cooling processes at the brewery in Induno Olona.

Reduce *DraughtMaster™* energy consumption.

Recover gas generated from the purifier plant.

Reduce and recover CO<sub>2</sub> generated in the production phase



In order to face climate change, in September 2015 the four-year project LIFE IRIS (Improve Resilience of Industry Sector) started. It gathers Italian companies/industrial areas, universities and institutions with the aim of making business and finance people more aware of the consequences of such changes.

We have decided to participate in the project and at the moment we are the only company in the agri-food field to be a partner. We are giving our support in order to contribute to reaching more quickly the European goals about the reduction of greenhouse gas emissions and also to managing the risk of climate change within our supply chain, together with other partners, such as ERVET SpA (Coordinator), Sant'Anna School of Advanced Studies, Consorzio Attività Produttive - CAP Modena business consortium, S.I.PRO Agency for Development - Ferrara. ERGO Srl, TerrAria Srl. The project aims at leading society and institutions to take actions and limit damage caused by the weather. For more information, visit the website [www.lifeiris.eu](http://www.lifeiris.eu)

## The impact of climate change on farming

Hops and barley, staple ingredients for beer, are affected by climate change. Hops mainly come from Germany and the USA. In 2015, there was a dramatic reduction in the harvest in Germany, due to a lower amount of rain, as well as in North America, hit by a real drought.

Such events, which reduce the raw materials availability and thus raise their price, are expected to become more and more frequent. A study on the barley yield from 1950 to 2014 carried out in France, the main source of this material, has shown that temperatures above 33C and the raise in the frequency of extreme weather conditions cause a 0.11-0.16% reduction in the production every year.

The Climate Risk Assessment that we have carried out in the last two years within the Life IRIS Project has improved our awareness of the effects that climate change has on sales, logistics, quality of the beer and, as a consequence, on reputation.

In accordance with the results of the project, we have created a Climate Change Adaptation Plan based on 5 actions to implement by March 2018. Furthermore, we are defining other actions to face the risks identified by the Risk Assessment in the medium term.

## CLIMATE CHANGE ADAPTATION PLAN

### ACTION

Study about a new pasteurizer

Working stations in the brewery park

Hydrogeological study to analyze the impact of climate change on water sources and to identify possible adaptation measures for the improvement of the company resilience

Study on the health and the preservation of the trees in the brewery park

Collaborating on the *BeeActive* campaign by CONAPI to raise awareness about the importance of bees for the territory, the planet and life in general

### EFFECT

- Humidity and temperature reduction in the brewery's halls, risk reduction in the health and safety of the workers and less absences during summer.
- Reduction in energy consumption
- Reduce the effect of air-conditioning on employees' health
- Prevent diseases related to too high temperatures in environments without air-conditioning
- Employees' well-being
- Ensure a safe and continuous water supply to the brewery
- Preservation of the ecosystem service of soil regulation
- The study is also addressing Campo dei Fiori Regional Park, in which the park is included
- Scientific studies show that the bees' mortality is strictly linked to climate change. Therefore, it is important to raise the awareness of consumers
- The honey by CONAPI is the ingredient of Birrificio Angelo Poretti 7 Luppoli La Mielizia, the seasonal beer that we produce in fall

## The park and us, 140 years of symbiosis

Since 1876 Induno Olona (Varese, Italy) has been the historical headquarter of Industrie Poretti in the past, and of Carlsberg Italia today. 20,000 m<sup>2</sup> out of the total 85,000 m<sup>2</sup> of the production site are part of Campo dei Fiori Regional Park and the Olona River runs along it.

Established in 1984 and widened in 2009, the park covers an area of 6,300 hectares and it is part of the site of Community significance "Monte Legnone-Chiusarella", which includes wide pine forests, petrifying springs and grasslands, which host a significant biodiversity.

Carlsberg Italia contributes to preserve the geologic, water, natural and landscape features of the park by managing the impacts of the brewery in order to ensure the highest environmental preservation and by carrying out proactive initiatives, such as the periodic cleaning of the riverbed in the related area.

# Developments in sustainable packaging

Packaging protects our products during transport and ensures they are in peak condition when our consumers receive them. At the same time, both our business and the environment benefit when we minimise packaging impacts. Our goal is therefore to find the sweet spot where optimal product protection and minimal resource use coincide. Packaging has a significant proportion in the life cycle of the product and on its cost. That means a CO<sub>2</sub> saving on packaging can often be translated into a cost saving, a win-win opportunity for the Group's bottom line and the environment.

## Circular mindset

The principles of the circular economy inform our approach to sustainable packaging. We apply the 4Rs model – reduce, reuse, recycle, rethink – with the emphasis on rethink. For example, whenever we develop a new packaging idea, we apply a circular mindset and use a life cycle assessment (LCA) tool to calculate its environmental impact throughout the life

of the package – from extracting resources, manufacture and use, all the way to recycling or reuse. We want to be sure that any new packaging is based on informed decisions that take into account both our business and the environment.

## The Green Fiber Bottle

Perhaps the best known example of how we rethink our packaging is our breakthrough, bio-based, low carbon, Green Fiber Bottle, which we describe in detail in the box on the next page.

## Carlsberg Circular Community (CCC)

The Green Fiber Bottle development project is only possible thanks to the combined efforts of our partners in the CCC. Its members come from all parts of the packaging value chain, and together we pursue a circular, zero-waste economy.

## Product environmental footprint

In 2016, Carlsberg Group and Carlsberg Italia were involved in a pilot project, coordinated by the Brewers of Europe, to harmonise approaches to Product Environmental Footprint (PEF). Using LCA, we worked with partners including brewers, packaging organisations and academia to develop industry standards for measu-



ring product impacts and test how these could be communicated to consumers. The objective is to provide input for European legislation about environmental impact at product level.

## LCA and EPD Certification in Carlsberg Italia

Since 2010 Carlsberg Italia analyzes all its packaging with the LCA (Life Cycle Analysis). In 2011 Carlsberg Italia was the first brewer to get the Environmental Product Declaration Certification (EPD) for its main products. The certification is renewed annually and all documents are available on [www.environdec.com](http://www.environdec.com).

The LCA analysis, applied according to interna-

tional standards, is the most complete scientific methodology for verifying all the environmental impacts of products in each stage of their lifecycle. The main dimensions analyzed are:

- Raw materials and natural resources consumed (Kg)
- Energy consumption (MJ)
- Water footprint (Liters)
- Global Heating Potential (kg CO<sub>2</sub> eq.)
- Total Waste (Kg)

## Packaging specific projects

Thanks to the detailed results of the LCA, any decision on product improvement can be taken on a straight and scientific basis. It happened in the past and is still happening, for

example, with the PET kegs. Originally inspired by the efficient use of raw materials and carbon reduction, today's effort is to continue the reduction of its overall environmental footprint.

That's why, though its end-of-life has a small impact compared to other stages of the lifecycle, we have decided to explore all the possibilities to improve this specific area, as well as to give new contributions to circular economy.

Among the various actions under evaluation and feasibility testing, there is, for example, the design of a keg easier to recycle, the impulse to new market places, studies about the possibility of granulating the PET kegs to produce second raw material and define its potential uses as production input.

**CASE STORY**

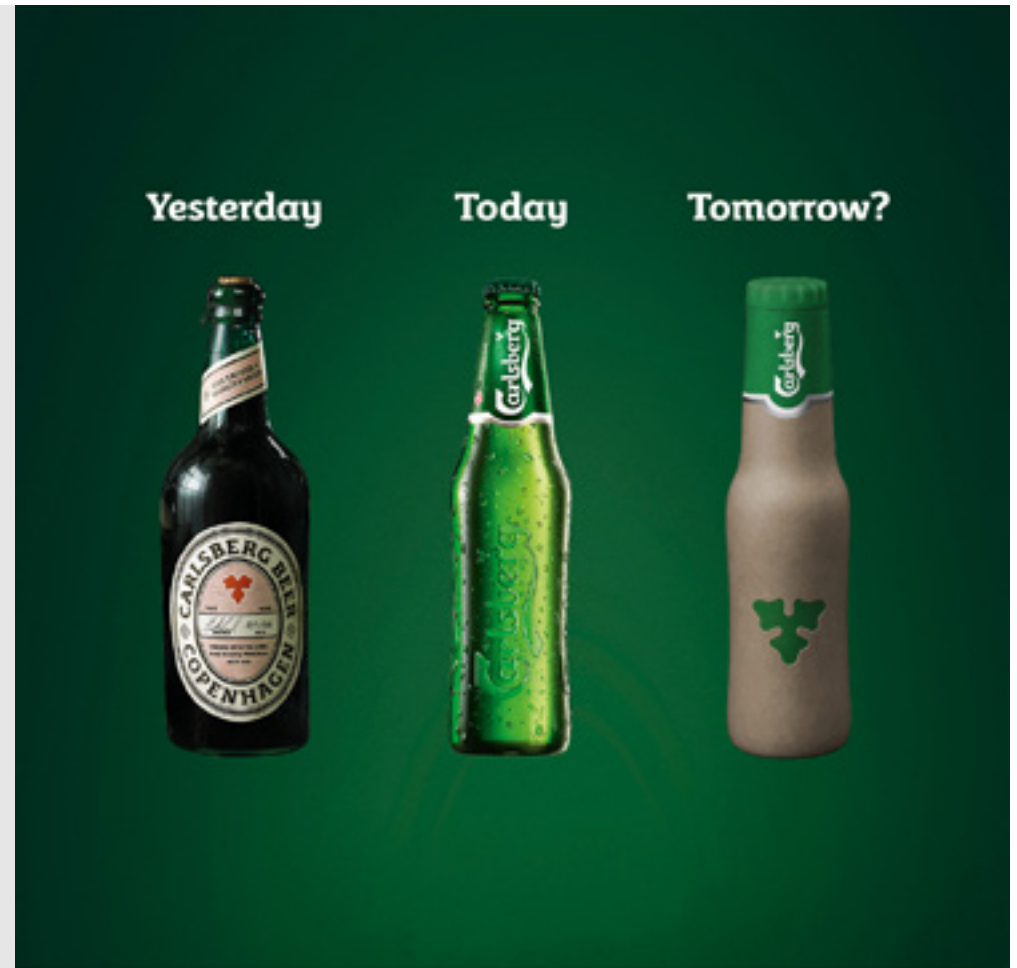
**Green Fiber Bottle attracts new partner**

The formation of the Carlsberg Circular Community (CCC), put rethinking packaging waste streams at the heart of our agenda and led to the development of the ground-breaking Green Fiber Bottle.

The CCC's next step was to explore the bottle's manufacturing potential. In 2016, we were delighted to welcome the Swedish packaging material solutions company BillerudKorsnäs to the CCC. They are an ideal partner for this development project, combining access to a responsibly sourced supply of wood pulp with an innovative approach and a clear focus on sustainability.

While the work to move from prototype to commercial production goes on, we are exploring consumer reactions to the Green Fiber Bottle. At conferences around the world, the feedback on its sustainability credentials has been overwhelmingly positive.

Naturally, people have questions about the effect on product flavour and the durability of the bottle. We are able to re-assure them that the quality of our beer will be as high as ever and the pulp-based bottle will not "spontane-



ously degrade". We know that packaging with excellent sustainability performance is essential for a healthy planet. The Carlsberg Group can play a role by offering several packaging options

and guiding consumers with clear information about their relative impacts.

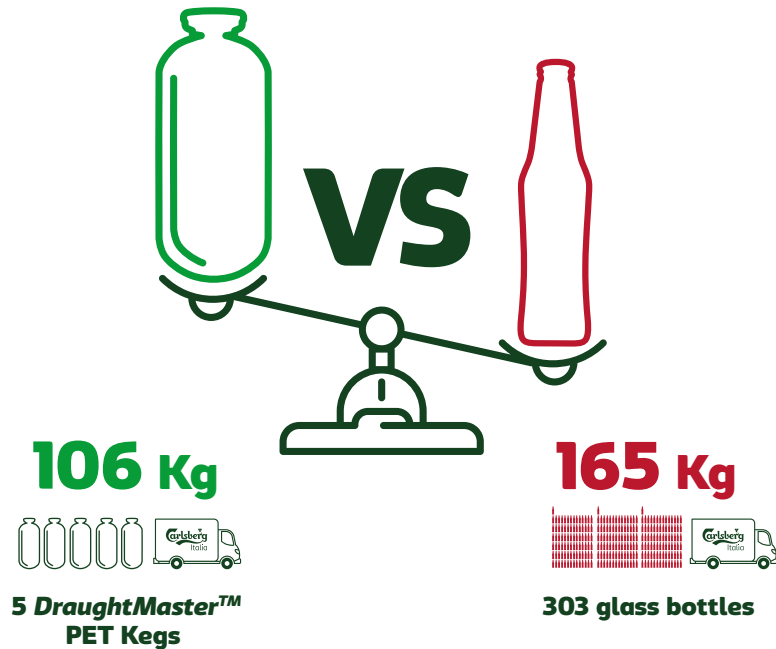
## The incredible sustainability of PET

Today PET kegs are considered the point of reference in the draft beer segment. The advantages of *DraughtMaster™* are now clear compared both to steel kegs and also to glass bottles, in terms of product quality, of the product, lower environmental impact and

respect of the urban decorum. Logistics' figures also confirm *DraughtMaster™* sustainability: the transportation of 100 liters of beer mean 106 KGs of total weight in PET kegs versus 165 KGs in glass bottles (33 cl).

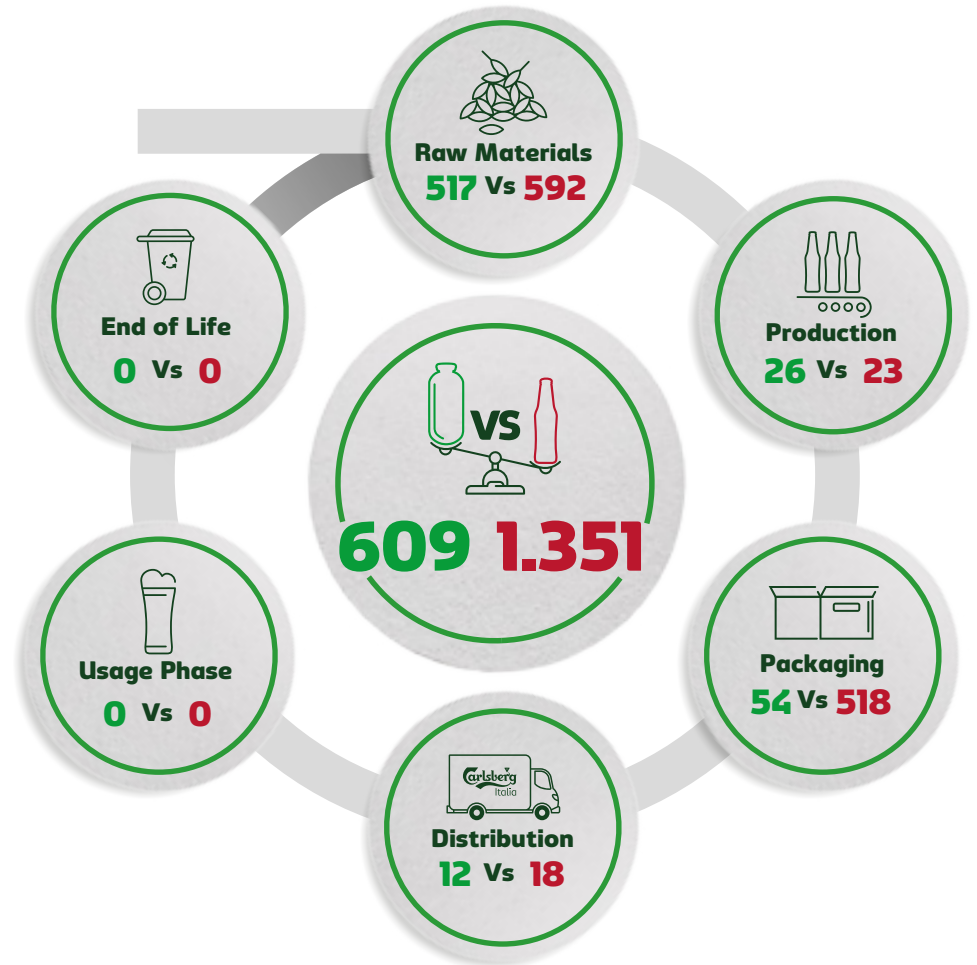


**What is the weight of 100 liters of beer?**



## PET keg vs Glass Bottle

Liters of water used in every phase of the life cycle of beer  
Base: 100 liters of beer

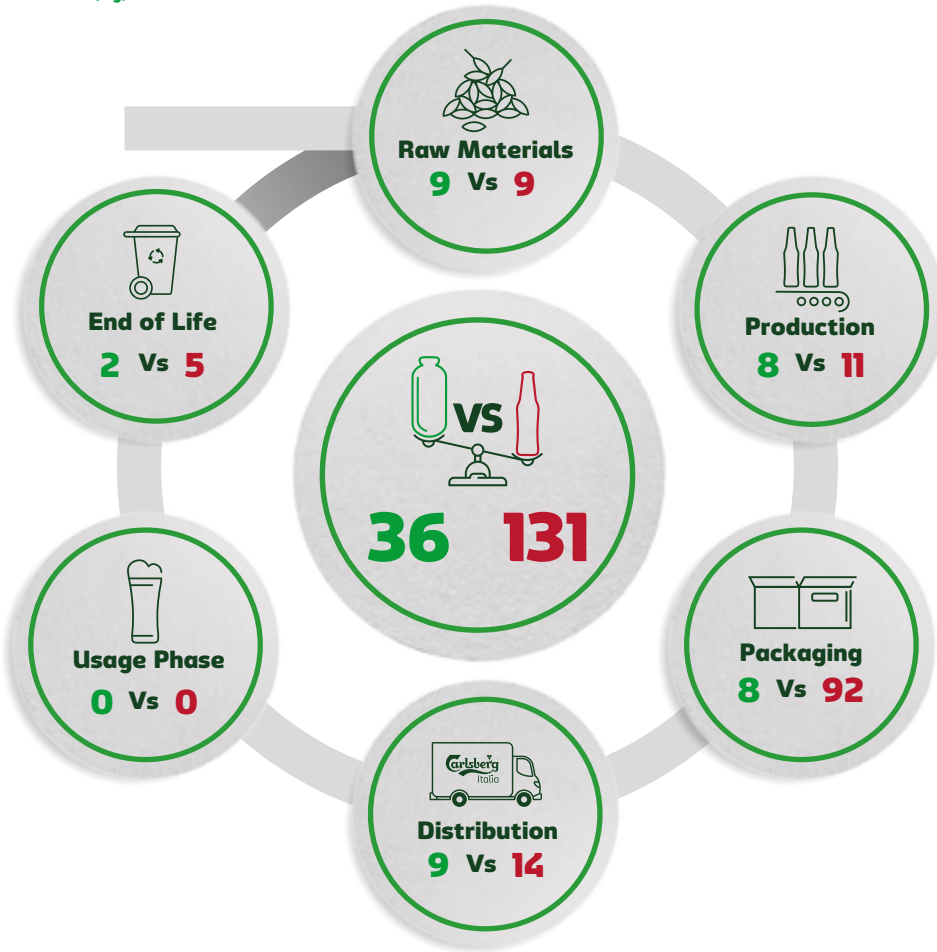




## PET keg vs Glass Bottle

Kg of CO<sub>2</sub> produced in every phase of the life cycle of beer  
Base: 100 liters of beer

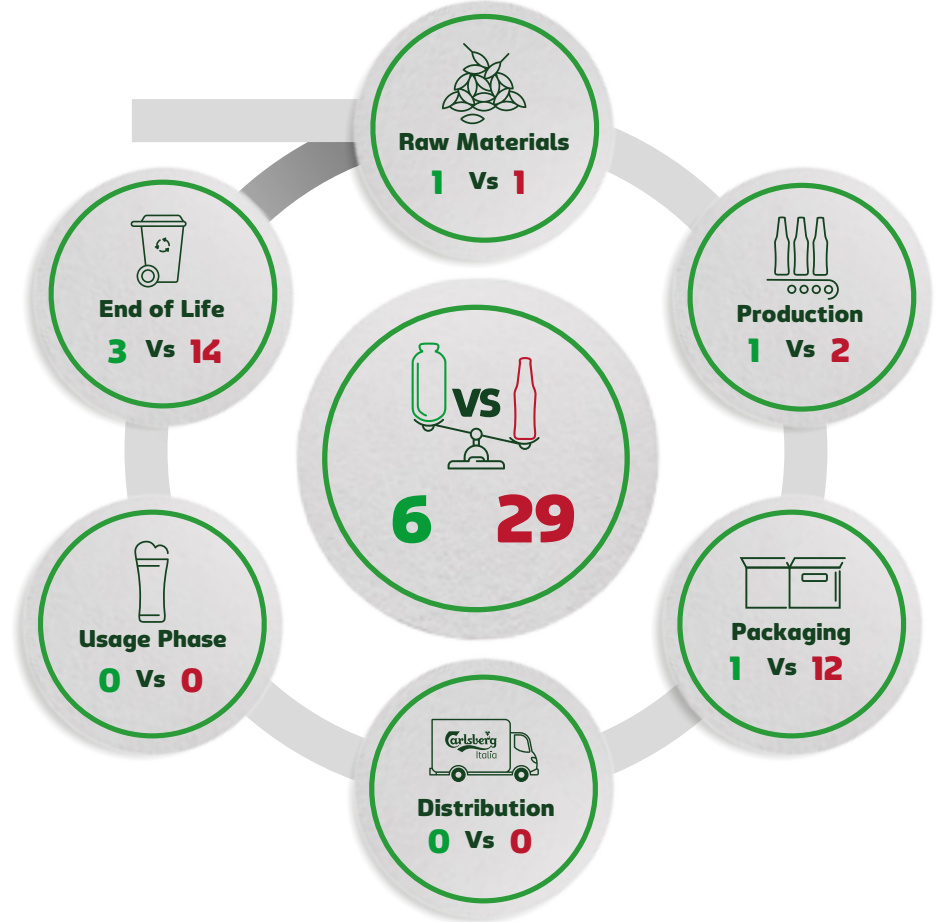
CO<sub>2</sub>  
(Kg)



## PET keg vs Glass Bottle

KGs of waste produced in every phase of the life cycle of beer  
Base: 100 liters of beer

Waste  
(Kg)

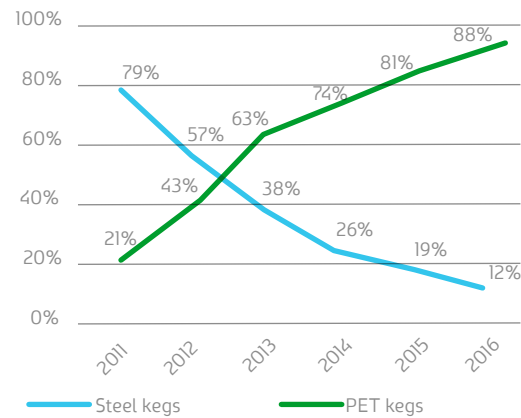


## Towards the goal of 100% PET kegs

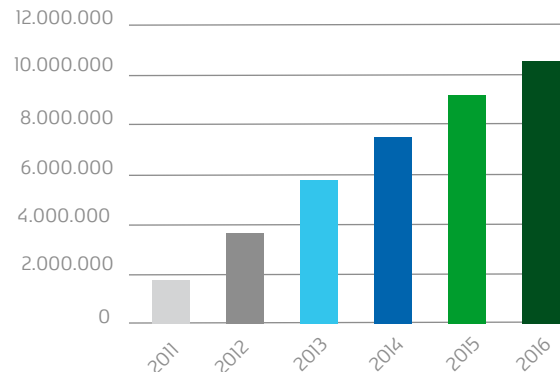
In 2016, *DraughtMaster™* has gone forward towards the goal of 100% PET kegs, touching the percentage of almost 90%. 88% of our draught beer was indeed distributed in PET kegs, +7% versus 2015.

During the year, we have installed more than 800 draught systems. Thanks to the increasing implementation of *DraughtMaster™*, in 2016 we were able to save 10,607,300 kg of CO<sub>2</sub> - + 468% compared to 2011, almost five times higher - while offering to our consumers a tastier and lighter beer, thanks to the absence of carbone dioxide in it.

HLs of beer distributed by keg type



KGs of CO<sub>2</sub> saved thanks to *DraughtMaster™*



**-10.607.300\***  
KGs of CO<sub>2</sub>

thanks to  
**DraughtMaster™**



which is the amount that  
**424.292**  
trees would absorb in a year. They would occupy a surface equal to



**624**  
times Piazza Duomo in Milan



**1.443**  
Soccer fields

**Trees Watch**



60 liters of beer from PET kegs reduce the greenhouse effect as 1 tree in 1 year\*

**Formula to calculate the #TreesWatch**

\*Compared to the same quantity of beer in steel kegs. Elaboration based on 2013 EPD data



# Health & Safety

117

"Near Miss" notices

+46% vs 2015: more safety at the brewery



HAVE A SAFE DAY!



No work can be so urgent to be carried out not in a safe way

Carlsberg  
Italia

ZERO  
INCIDENTI



2017 Targets

**Notice of potential risks**

Reaching the goal of 145 potential risks notices

**Days without accidents**

Breaking the record of 339 days without accidents

## Red Tag

**New procedures**

Involving employees to improve safety

## +29%

**Safety audits**

22 audits in the main departments: Production, Laboratory, Maintenance and Packaging

# Zero accidents: a top priority

The health and safety of the people working with us are a top and essential priority firstly from an ethical point of view.

As a business involving production, logistics and transport, we know that adversities can always occur. In order to minimize - and ideally reduce to zero - such possibility, we regularly prevent and monitor potential health and safety risks on the workplace by applying policies, procedures and adopting a fair and responsible behaviour.

Health and safety are indeed one of the top priorities of the Group, which Carlsberg Italia implements by going along its road to a zero accidents culture. As people have a central role throughout all our business, the involvement of employees in all the prevention stages is also the core of the strategy.

## 2016 main activities

2016 saw the evolution of the NearMiss procedure, which was created and required by the Group to reduce the risk of accidents. Offices have been involved in 2016, in addition to the brewery. The total notices have risen by 46%, compared to 2015, thus reaching the number of 117. This is an important evidence of an increase in the attention and awareness of the employe-

es about risks. A special tag called Red Tag has also been introduced, which identifies potential risk areas in a clearer way, thus allowing immediate action.

The safety audits carried out inside the plant have risen by 29% (from 12 to 22) and have involved the Production, Laboratory, Maintenance and Packaging departments. Furthermore, four Site meetings were organized, which are the full days dedicated to:

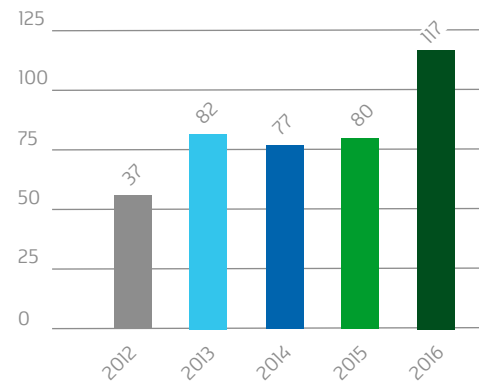
1. updates on the business performance, strategy and activities;
2. information on different issues, especially on safety.

In 2016, the total amount of accidents remained stable at 7 occurrences (3 road accidents).

The accident rate is still stable at 2.9 (the record was 2.8 in 2015), meanwhile the seriousness rate is 589.5 (the record was 498 in 2015).

The accidents seriousness rate has risen according to the rise in the days of absence due to accidents (+13%).

Near Miss trend



## "Zero Accidents" also means "Safe drive"

"Contributing to a better society" has always been a vital goal for Carlsberg Group and it also results in the attention paid to the Health and Safety of its people, one of the top priorities of SAIL '22. Based on this "Zero Accidents" culture, Carlsberg Italia has gone for a wide approach, carrying out a series of initiatives that go beyond the brewery in Induno. Starting from 2016, for example, "Safe Drive" courses for people driving company cars were introduced.

This initiative aimed at raising the awareness on the importance of H&S in the everyday working activities of the people who do not work at the brewery where great attention on that is already paid.

Aci Vallelunga was the partner of this project: people went through some training both with lessons and driving on a track.

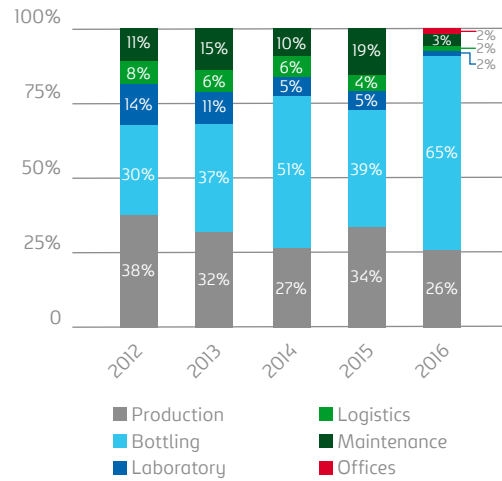
### Near Miss: increasing safety thanks to an overall commitment

During 2016 people got more involved in the Near Miss procedure in order to increase overall safety.

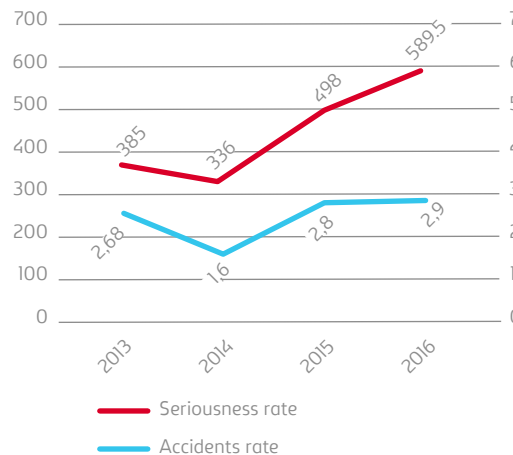
Carlsberg Group introduced the "Red Tag", a tag that employees must place where dangerous places/situations are spotted. At the same time, in order to raise attention, a related tag is placed on the department's board. During the departments' daily meetings in Induno, people also discuss the Near Miss status.

The changes in the Near Miss procedure allowed to address a closer attention to the state of the buildings and the plants. In particular, there was a significant improvement in the lacking or unsuitable procedures, which decreased by 63.6%

Near Miss: % per department



Accidents and seriousness



### 2017 COMMITMENTS

Continuously improve safety standards by increasingly engaging employees

Use Red Tag also in HQ Offices in Lainate.

Carlsberg Group **ZERO ACCIDENTS**
Tag No.:

TAG SICUREZZA

Priorità:  1 - Alta  2 - Media  3 - Bassa

Segnalato da: \_\_\_\_\_

Data : \_\_\_/\_\_\_/\_\_\_ Turno: \_\_\_\_\_

Area / Macchina: \_\_\_\_\_

Componente: \_\_\_\_\_

Descrizione: \_\_\_\_\_

Immediata azione proposta: \_\_\_\_\_

Anomalia / Tipo difetto:

strumento inadeguato  
 Condizioni Base  
 \_\_\_\_\_

Meccanico  
 Elettrico

CMMS Record No.: \_\_\_\_\_

---

Carlsberg Group **ZERO ACCIDENTS**
Tag No.:

TAG SICUREZZA

Segnalato da: \_\_\_\_\_ Data: \_\_\_/\_\_\_/\_\_\_

Descrizione: \_\_\_\_\_

Rimosso da: \_\_\_\_\_ Data: \_\_\_/\_\_\_/\_\_\_

# Responsible Drinking

## 2.500

people directly involved in responsible consumption activities

The activities have been carried out by our employees during the Open Days at our brewery



## 2

activities carried out by Carlsberg Italia during the Global Beer Responsibility Day

We have involved our employees in the offices in Lainate and visitors of the brewery during the Open Day



### 2017 Targets

**Responsible consumption messages**

[www.beviresponsabile.it](http://www.beviresponsabile.it) on all the packaging and ATL communications

**Responsible consumption activities**

Activate the Global Beer Responsibility Day by involving employees, partners and consumers.

Include responsible consumption activities in each Open Day at our brewery.

**Consumer information**

Implement Carlsberg Group's guidelines on consumer information: ingredients, responsible consumption, etc.



## 50 Mio

people reached by Carlsberg Group through campaigns to discourage irresponsible drinking

Consumers were engaged in debate at sports events such as UEFA EURO 2016™ and music festivals around the world



# Our approach

In the Carlsberg Group, we want people around the world to enjoy our great beers. It is equally important to us that they do so responsibly

Our Group strategy commits us to contributing to a better society. Among other things, that means looking at the impact of our products on communities and taking proactive steps to support consumers in making healthy, responsible choices. We do this in three ways:

- Promoting moderate consumption.
- Campaigning to prevent underage drinking and drink driving.
- Marketing our products responsibly.

## The SDGs set our direction

Our starting point is the Sustainable Development Goal on health\* and WHO's target to achieve a 10% relative reduction in the harmful use of alcohol by 2020. In our efforts to make a difference, we leverage all the tools at our disposal: our products, our advertising and our partnerships with the retailers who sell our products.

\*SDG 3.5: Strengthen the prevention and treatment of substance abuse, including alcohol misuse.

### CASE STORY

## Responsible drinking activities during Open Days at our brewery

When we launch our seasonal beers during the year, we open our brewery to the public: on each of the 4 Open Days, more than 600 visitors are led through our history, our architecture and our products by our employees. Thus, we have seen in these occasions the perfect opportunity for raising the awareness on responsible drinking. In order to be easy and effective, we have planned some very simple, funny and engaging activities.

At the end of the brewery tour, visitors are invited by our employees to wear the so-called "**Beer goggles**", which simulate a state of slight drunkenness, and to make some simple actions made thus very complex: slalom through a short path without knocking down the stakes, walking straight on a line, throwing some balls into a basket. The difficulty in these simple actions make people actually realize the effects of an excessive alcohol consumption.

These funny activities in a pleasant environment lead to the sharing of pictures and



videos on social media, thus reaching a wider audience. In 2016 more than 2,500 visitors participated in the Open Days and were therefore engaged in the awareness activities. In addition, also the employees in charge of

the activities became even more aware about responsible drinking and ambassadors of a healthier lifestyle.

# Promoting moderate consumption

Our approach to responsible drinking can be summed up in the philosophy behind the *DraughtMaster*™ project, which can also be summarized as "ResPECT": respect for the products, respect for oneself, respect for the environment and respect for society.

We believe that the approach to responsible drinking must go through the communication and the beers we offer. *DraughtMaster*™ best summarizes the way we interact with our consumers. First of all, the PET keg ensures that the high quality of our beer is granted. Choosing to have a beer tapped from *DraughtMaster*™ means getting the most of the product and not abusing it. It means enjoying all the tastes and smells of a beer just brewed. By doing this, consumers respect themselves. The low environmental impact of *DraughtMaster*™ ensures the best respect of the environment. All that just by choosing one of our draught beers.

Furthermore, what we do, mainly with our brand Birrificio Angelo Poretti, is to encourage consumption together with quality food at meals. Consumers are invited to try new tastes and pairings so to create a beer culture linked to responsible and moderate consumption, always together with food.

## Global Beer Responsibility Day

In September 2016, we ran the Global Beer Responsibility Day (GBRD) for the second time. This is a worldwide collaborative effort between brewers, retailers, police authorities and NGOs, and its purpose is to promote responsible consumption of beer while addressing the issues around alcohol misuse.

In 2015 we engaged the visitors of our Piazzetta della Birra at EXPO Milan 2015.

This year we involved our employees at our HQ offices in Lainate and visitors of our brewery in Induno during the Open Day in September (as described in the Case Story on the previous page).

## WHAT WE SAID

### Global Beer Responsibility Day

Responsible drinking activities  
Activate the Global Beer Responsibility Day by involving employees, partners and consumers.

### Number of responsible drinking activities

Include responsible drinking activities in each Open Day.

### Number of consumers reached

Involve all visitors on Open days in responsible consumption activities and raise their awareness on the topic

### Consumer information

Implement Carlsberg Group's guidelines on consumer information.

## WHAT WE DID

It was carried out in two different moments:

1. direct engagement of the employees at HQ offices in Lainate;
2. engagement of the visitors of the brewery during the Open day in September.



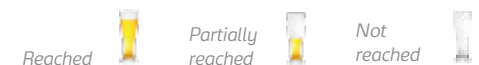
On all the Open Days 2016, our employees engaged visitors in responsible drinking activities in order to make them aware especially about the Don't Drink & Drive initiative



Over 2,500 people directly involved



Work in progress, in line with scheduled timing. Final deadline: December 2017.



# Responsible marketing and consumer information

Our brands provide us with powerful and far-reaching channels to talk with consumers directly. It is therefore crucial that we communicate responsibly at all times, and that we diligently apply the relevant standards to our marketing materials.

## Policy revisions and updates, 2016

Our marketing and consumer information is guided by our Marketing Communication Policy, which reflects standards set by industry bodies. In 2016, we updated this policy in line with recent changes in industry standards. However, the launch of the policy was brought forward to 2017 to coincide with the release of a complete set of new Group policies. A further key point of reference is the Responsible Drinking Policy.

## Global campaigns and compliance

Some marketing campaigns are devised and run locally, while others are developed at Group level then adapted for local use. In all cases, they follow the global standards set out in our policy and reflect our philosophy of moderation. One

type of communication we expressly avoid is advertising designed specifically to appeal to people below the legal drinking age or intended for use in environments where young people are prevalent.

## Responsible marketing pact

With this in mind, the Carlsberg Group, in co-operation with other alcohol producers, has created a responsible marketing pact (RMP). Through this, we commit to only placing our advertisements in contexts where at least 70% of the audience is over the legal drinking age. The RMP is governed by the World Federation of Advertisers (WFA) and covers three pillars: social media, placement and appeal.

## Monitoring compliance

To monitor compliance, the WFA commissions independent national self-regulatory organisations (SROs) to carry out spot checks on campaigns run by alcohol producers. Should they or any other individual or organisation bring an issue to our attention, we conduct an immediate investigation. If it turns out that we are in breach of laws, industry regulations or our own Group policies, the campaign is immediately withdrawn. Furthermore, Carlsberg Italia

follows Assobirra's Alcohol Policy and the code of conduct of UPA (Union of Italian advertisers). Thanks to this system of self-regulation in 2016 a Carlsberg outdoor ad has been submitted to the Italian Adv self-regulation authority.

## Use of symbols

To further help consumers make informed choices, we are now making more information about our products available, both on packaging and online. We have committed to putting symbols or text that discourage harmful drinking on 100% of our alcoholic beverages by the end of 2017. By the end of 2016, we had achieved 85% coverage.

Carlsberg Italia has chosen to use the symbol of *Don't Drink & Drive* on its beer labels. In order to develop consumer's awareness on the recipes and on the ingredients used in our beers we began to communicate this information on the package.

Carlsberg Group's target is to have this information on 80% of the total beer volumes brewed in Western Europe by end 2017.

Information about responsible drinking, as well as ingredients and nutritional information, will be made available online for all our brands by the end of 2017.

**BIRIFICIO ANGELO PORETTI**  
VALGANNA DAL 1877

**3 LUPPOLI**

**TRE LUPPOLI** EQUILIBRATA E DISSETANTE

**ORIGINALI PER NATURA.**  
CON LA RICETTA AI 3 LUPPOLI I NOSTRI MASTRI BIRRAI HANNO CREATO UNA BIRRA CHIARA DAL GUSTO EQUILIBRATO E DISSETANTE. PERFETTA PER ACCOMPAGNARE I PASTI QUOTIDIANI E IDEALE DA GUSTARE CON TUTTI I SAPORI DELLA TRADIZIONE MEDITERRANEA. PER SCOPRIRE DI PIÙ VIENI A TROVARCI SULLA NOSTRA PAGINA FACEBOOK O VISITA IL SITO [WWW.BIRIFICIOANGELOPORETTI.IT](http://WWW.BIRIFICIOANGELOPORETTI.IT)

**BIRRA - INGREDIENTI:** ACQUA, MALTO D'ORZO, ORZO, SCIROPPINO DI GLUCOSIO, LUPPOLO. PRODOTTO DA CARLSBERG ITALIA S.P.A. VIA RAMAZZOTTI 12, LAINATE 20020 (MI) NELLO STABILIMENTO DI INDUNO OLONA (VA), VIA OLONA 103, ITALIA

[WWW.BEVIRESPONSABILE.IT](http://WWW.BEVIRESPONSABILE.IT) • [CARLSBERGPORVOI@CARLSBERG.IT](mailto:CARLSBERGPORVOI@CARLSBERG.IT)

33cle  
Alc. 4,8% vol.

**DON'T DRINK & DRIVE**

[www.beviresponsabile.it](http://www.beviresponsabile.it)

Assobirra's communication platform on responsible drinking is communicated on all the packaging of Carlsberg Italia's products. The platform contains informations and campaigns on responsible drinking.

CASE STORY

**Have a break: stay fresh!**

In 2016, the Kronenbourg Brewery launched a light-hearted campaign to encourage moderate consumption. Five films parodying stereotypical drunken behaviour were broadcast in the fan zones of the ten host cities during UEFA EURO 2016™.

The OK Drinkers campaign consisted of short animated clips featuring recognisable figures such as Pukey Julie, I've-got-this Nick, I-know-how-to-fight Pete, Space-invader Steve, and My-round Tom. Targeting primarily 18-30 year olds, it highlighted the consequences – for ourselves and others – of overconsumption.

Instead of just saying "you should drink less", the films suggested that drinkers alternate alcoholic with non-alcoholic drinks, eat something in between drinks or lengthen the time between drinks. That is, if they didn't want to become Pukey Julie, My-round Tom or one of the other comic figures.

OK Drinkers was one of five campaigns to be nominated for the ESSEC Business School



Grand Award for Responsible Consumption Industries, chosen from among 60 applicants. The awards ceremony was held at the French Ministry of Finance on 1 February 2017.

The campaign insights were developed in cooperation with a group of experts from various institutions and disciplines, including the French Research Centre for the Study and Monitoring of Living Standards, the department of endocrinology at the hospital Pitié Salpêtrière in Paris and the Department of

Social Psychology at the London School of Economics.



**Young people are primarily looking for social connection. Excessive consumption of alcohol often has the reverse effect.**

Saadi Lalhoul, Professor of Social Psychology, London School of Economics



# Responsible Business

**+140%**

Speaking occasions  
about sustainability



Visitors' opinion on  
Open Days

**72%**

recognises Carlsberg Italia's bond  
to its territory

**66%**

recognises Carlsberg Italia  
as a representative of local identity

In this section we present updates on some topics not included in our four priority areas but relevant in our materiality analysis: People, Community engagement with purpose.



**98%**

Open-end  
contracts



# Our people

Enhancing our people, by making them grow within our company, training them and developing their skills, is Carlsberg Group's goal. Human Resources is the team in charge of managing this type of activities. Being part of a group allows us to share models, skills and success stories at international level. This contributes to manage our people more and more responsibly and to constantly improve the standards along the whole value chain. In order to reach our objective, we use policies, guidelines, monitoring and accounting procedures derived from the Group and adapted to our national and corporate environment. Furthermore, to prepare our company to tackle the challenges of an ever-changing market, in 2016 we started a Human Resources transformation process: Human Resources moved from staff to Business Partners, in order to have a single point of reference for each function, perfectly aware of all issues, themes and needs (recruiting, training, evaluating, etc.) of that area.

## Tools and processes of the area

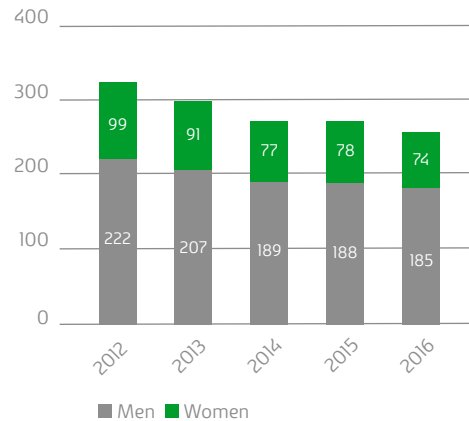
- **My Carlsberg:** it manages all Group's human resources in order to grant homogeneity. In 2017 the system will be substituted by `people@carlsberg`, a new cloud-based HR platform. The Performance Review process is managed within My Carlsberg System as well, and it is based on a dialogue between the Team Leader and the team members in at least two specific moments at least: after the second quarter, to talk about objectives, performance trends, etc., and at the end of the year to analyse performances and discuss possible goals set together at the beginning of the year.
- **My Voice:** an internal survey about work environment, which is carried out every year. Results are discussed in each single team and also in cross-functional workshops in order to identify possible improvement actions.
- **Sailing Together and Site meeting:** meetings with managers and operational teams to share performances and strategies.
- **SRR (Social Responsibility Reputation Process):** it measures all stakeholders' expectations.
- **Carlsberg Breakfast and Hoppy Hour:** monthly "informal" meetings in Lainate and Induno Olona during which new beers are presented and the employees are updated on news, events, etc. related to the company.



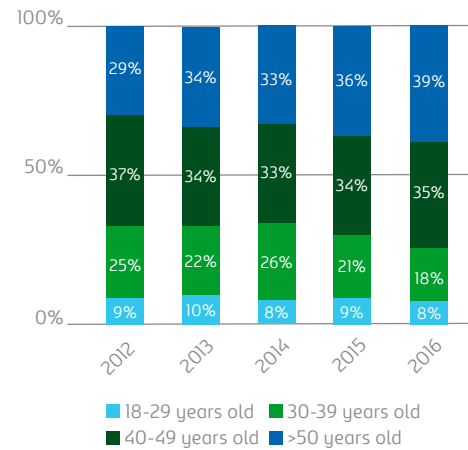
## 2016 main activities

In 2016, we focused on training: the hours dedicated to training increased by 16% compared to 2015, when our efforts were mainly channelled towards EXPO 2015. On the other hand, over the previous two years, the number of training hours was higher than average, due to the preparation for the EXPO event. We organised moments devoted to better understanding Carlsberg Group's new strategy, paying particular attention to our Group's culture. Finally, we have improved also our internal communication through a greater number of informative moments regarding the company's activities, through our corporate intranet, and moments shared together, organised by and for our employees.

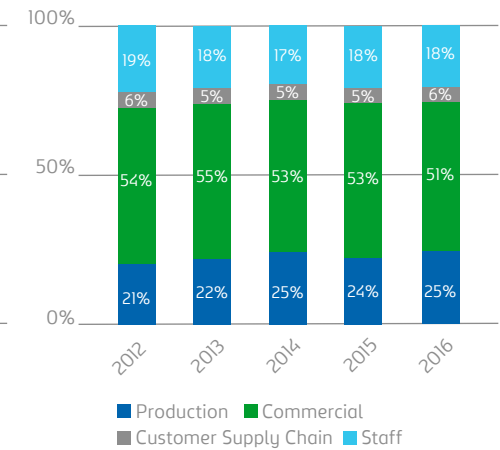
### Employees by gender



### Employees by age range



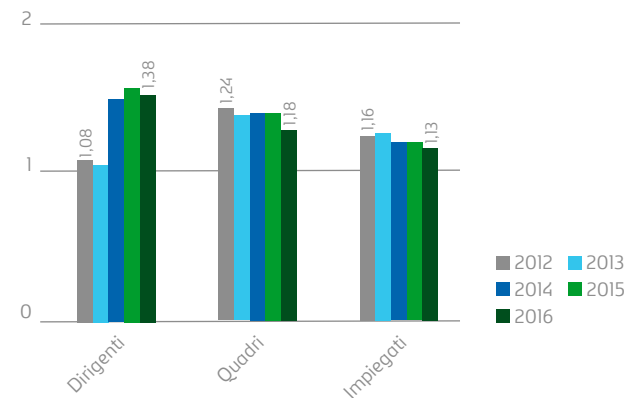
### Employees by function



## People in Carlsberg Italia - Overview on December 31<sup>st</sup>, 2016

- 259 employees: 74 women (29%) and 185 men (71%)
- 25%: employees who are less than forty
- 51%: Commercial area staff
- 1 in 4 employees work in beer brewing (Production function)
- 98%: open-end contracts
- Human Resources Turnover: 17 employees out vs 9 in
- Gender diversity: balanced turnover
- Gender pay gap men/women: decreased in management, middle management and employees

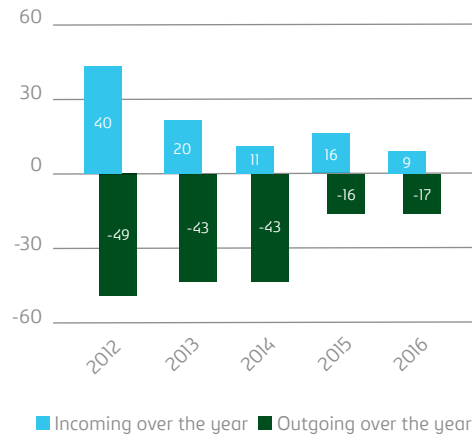
### Gender pay gap (men/women)



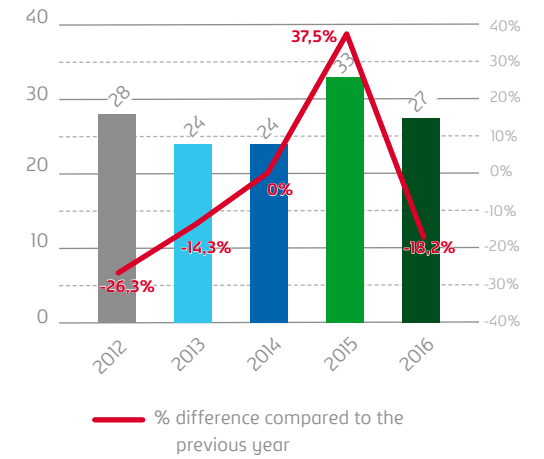
### Employees by qualification (%)



### Incoming and outgoing employees, seasonal workers excluded (number)



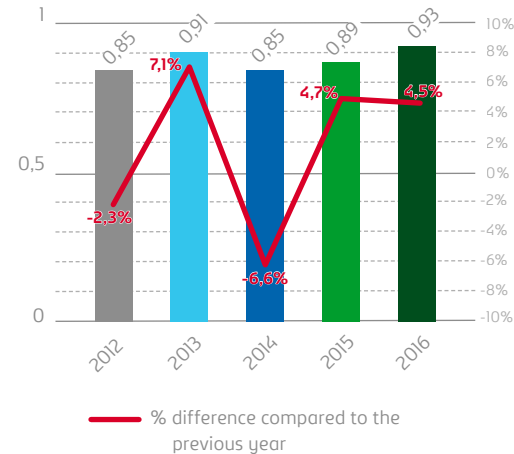
### Overtime hours per capita (number)



### Training hours per capita by functions (number)



### Standard wage of newly hired employees and minimum local wage ratio (%)



### Industrial relations (number)

	2012	2013	2014	2015	2016
Enrolled in a trade union	73	71	66	65	58
Hours for trade union activities	602	404	323	242,5	304
Employees engaged in trade union activities	8	11	10	7	7
Strike hours	276	142	400	0	255
Employees engaged in strikes	44	36	50	0	65

# Community engagement with purpose

**"We brew for a better today and tomorrow":** this is our mission.

In our everyday work, our mission means being aware that we are responsible not only for our products, but that we are also a fundamental part of the society we work and live in. Therefore, we must give our contribution to improve it. Today. And especially tomorrow.

## EXPO 2015 legacy

In 2015, thanks to EXPO, we became more aware that being connected to our local community is fundamental. Thus, we were proud of having been chosen as the official beer of the Italian Pavilion at EXPO. After spending six months at the universal exhibition, our tangible legacy was the results of the "Tree Clock" project, designed together with **Legambiente Onlus** and **IEFE Bocconi**.

The initiative allowed us to assess the exact amount of CO<sub>2</sub> we didn't release in the atmo-

sphere during the six-month event, thanks to our **DraughtMaster™** system. We "turned" that same amount of CO<sub>2</sub> into real **trees – 1,150** – which we planted in Lombardy (700 within the Desio municipality).

In 2016, we completed the planting process in the most significant municipalities in our history: Vedano Olona, Induno Olona and Varese.

## Our Open Days

Our roots lie in our local communities, which is why we feel so connected to them and try to maintain a special relationship with them.

For this reason, we love to open our brewery to our community, according to Angelo Poretti's tradition.

6.000 people, almost twice than in 2015, are the guests who visited our brewery over the last year. More specifically, thanks to the employees who work as volunteers, we keep up our Open Day

tradition: 4 days devoted to celebrating the new brew of Birrificio Angelo Poretti's seasonal beers at every change of season and allow around 600 visitors to discover our brewery for free. Moreover, to strengthen our relationship with the local community, we decided to donate part of the revenues of the Brewery Shop on the Open Day to some NGOs, suggested and selected by the employees themselves.

The Open Days were:

- 19/3: "Spring in Valganna"
- 18/6: "Open Days... for Hops"
- 17/9: "Autumn in Valganna"
- 3/12: "Christmas with the Hops"

The NGOs involved in the Open Days were: A.S.Far.M., Fondazione Piatti, Fondazione Maria Letizia Verga and Associazione Famiglie SMA Onlus.

## Our relations with NGOs

Contributing to a better society for us also means linking our daily work with the activities of people and organizations working in the so-called Third Sector. Besides the non-profit organisations we involve during the Open Days, we have been collaborating with other associations for several years. A few examples are:

- **Legambiente**, the main environmental non-profit organisation in Italy, which, for the past 3 years, has chosen **DraughtMaster™** and our draught beers for its summer festivals, especially for Festambiente.
- **Banco Alimentare**, to which, during the year, we donate the products that in our warehouses have short shelf life.
- **Giornalisti Nell'Erba**, the largest and youngest environmental editorial staff, with whom we developed several projects, among which this Sustainability Report.

During the Open Days, we asked our visitors for their opinion about us. The values they recognised in our company are:

72%

Connection with local community

63%

Brewing tradition

44%

Environmental sustainability

57%

A growth opportunity

46%

Representative of Varese

66%

Representative of local identity

The local community sees us as:

- **The ON Association**, which takes care of the 'environmental education' in the municipalities near the brewery.

Moreover, by donating our products, we try to support the local organisations and companies which are a fundamental part of our community and contribute to its development.

Over the summer in 2016, when a tragic earthquake hit central Italy, we:

- cooperated with the Italian Red Cross and one of Carlsberg Horeca's suppliers to send a shipment of water bottles to locals;
- donated our beers for dedicated fund-raising events.

## Engagement

Our story is characterised by sharing and being open to the community surrounding us. We develop our projects by engaging excellent stakeholders in a virtuous network. At the same time, it is essential for us a continuous dialogue with our main stakeholders on strategic subjects: sustainability, innovation, our business.

Over the last years, we gladly saw an increase in the requests for our participation, especially on the occasions of meetings and conferences (140% more in 2016).

More specifically, in 2016 we multiplied the number of interventions on sustainability, an evidence of the credibility and commitment that people attribute to our company.




### "Can draught beer contribute to save the world?"

A sustainable On Trade outlet respecting environment, consumers and beer.

A lab where sustainability will be lived during dedicated workshops, the "A beer for an idea" moments, the discussions on the PEF (Product Environmental Footprint) development... while enjoying a draught beer!



### Come and visit us!

**CITTÀ SOSTENIBILE**

La via Italiana alle Smart City

**Pavillion B7 – Stand num. 089**

In collaboration with




### ECOMONDO – Rimini Fiera – 8-11 November 2016

**Programma**

<p><b>Tue 8/11</b> 16:30 – 16:45 "Carlsberg Italia and Celli Group: welcome and introduction of the sustainable outlet"</p> <p>16:45 – 17:45 "The (un)known sustainability. The voice of the market"</p> <p><b>Participants:</b> A.Frausin (Carlsberg Italia), A.Pizzi (Celli Group) together with Alce Nero, F.Iraldo (Uni.Bocconi - IEFE), R.Muroni (Legambiente)</p>	<p><b>Thu 10/11</b> 12:30 – 13:15 "Eureka: sustainability on the Ho.Re.Ca. channel! Ideas, technological solutions and management approach in the food service."</p> <p><b>Participants:</b> A.Frausin (Carlsberg Italia), M.Di Geronimo (Celli Group), G.Caporaso (LessMore), T. De Luca (Lucart), F.Iraldo (Uni.Bocconi - IEFE)</p>
<p><b>Wed 09/11</b> 12:30 – 13:15 "Together we can! Institutions and On Trade collaborating for green innovation in the outlets"</p> <p><b>Participants:</b> V.Troia (ANCI), A.Frausin (Carlsberg Italia), S.Marinaccio (Mercatino srl), F.Iraldo (Uni.Bocconi - IEFE)</p>	<p><b>Thu 10/11</b> 16:30 – 17:15 "Circular Economy. A new approach in the food category, especially in the food serving."</p> <p><b>Participants:</b> A.Frausin (Carlsberg Italia), sen. S.Vaccari (Senato della Repubblica), S.Ciafani (Legambiente), F.Iraldo (Uni.Bocconi - IEFE)</p>
<p><b>Wed 9/11</b> 16:30 – 17:15 "Mission impossible? Communicate (and make people understand) products' sustainability."</p> <p><b>Participants:</b> R.Taverna (AIDA Partners), A.Frausin (Carlsberg Italia), A.Pizzi (Celli Group), M.Galatola (UE), F.Iraldo (Uni.Bocconi - IEFE)</p>	<p><b>Fri 11/11</b> 12:30 – 13:15 "DraughtManifesto. The triumph of the draught experience."</p> <p><b>Participants:</b> L.Marchini (Carlsberg Italia), M.Gallavotti (Celli Group), F.Iraldo (Uni.Bocconi - IEFE)</p>

A further reason to continue with this approach, but also to keep on raising the bar.

Furthermore, we try to promote moments of dialogue and debate, as happened at Ecomondo. In fact, at Ecomondo where we organised a series of workshops, in which we engaged partners, institutions, and universities.

The debate with the distinguished personalities who participated in the meetings was a fruitful exchange of opinions, from which we drew new ideas and food for thought for the future. Finally, we closed our year with the prestigious visit of our brewery by Vincenzo Boccia, president of Confindustria, and the president of Lombardy, Roberto Maroni.

Their visit to the brewery is the evidence of the interest that our traditional and innovative company continues to attract.

# The economic dimension

## Carlsberg Italia S.p.A.

Our 2016 performance took place in a national scenario which saw the stabilisation of the negative conditions which, in turn, stabilised consumption. As far as beer market, Off Trade grew by 6.9%. The segment of special beers, which generates added value for the whole supply chain, grew as well. Carlsberg Italia had a profit of 462,894 € at the end of 2016 (+ € 8.067.105 compared to 2015) which is to be attributed to:

- sales increase of Tuborg and Birrificio Angelo Poretti in Off Trade;
- less marketing investments compared to 2015 (the year of EXPO);
- fewer amortizations of facilities and machineries already amortized.

## Carlsberg Horeca srl

2016 saw a profit of 1,434,372 €. The improvement is to be attributed to the reduction of buying costs for finished products and of operational costs, which is higher than the revenues decrease. The latter is probably caused by the rationalisation of third parties' products. The increase in the operating margin is mainly attributable to Carlsberg Italia's product growth strategy, which mainly consisted of:

- developing the "Birrificio Angelo Poretti" brand;
- developing *DraughtMaster*<sup>TM</sup>;

- focusing on the "Craft & Specialties" segment, to improve our performance in an increasingly growing market segment.

## Main risks connected to Carlsberg Italia's activity

- Liquidity risk: the company funds its activities through self-financing, resources made available by the Parent Company and internal cash pooling. The company can also count on lines of credit with primary institutes.
- Credit risk: adequately covered by direct depreciations used to compensate for the credits which were not considered accounts receivable on the 31st December 2016. The risk is also mitigated by the absence of credit concentration for one or few clients.
- Exchange rate fluctuation risk: the company does not have a significant exchange risk due to the fact that the amounts calculated in a different currency than euro are limited.
- Risks connected to general economic conditions: the company's economic, patrimonial and financial conditions are influenced by the trend of the main macro-economic indexes.
- Since the negative economic circumstances are still evolving, at present, foresee-

ing when all sales channels will go back to a structural growth is difficult.

- Risks connected with the relationships with employees: no specific risk has been detected.
- Risks related to environmental policies: the environmental risks are connected to the nature of production activities. Safety, environmental pollution monitoring, and waste and wastewater disposal are themes which our management takes very seriously. The company has never been judged guilty of environmental crimes.

## Global gross added value

In 2016, the global gross added value (Carlsberg Italia SpA and Carlsberg horeca Srl) amounted to 33,425,619 € (+ 26%). It is the result of an almost stable production value, if compared with 2015 (263,170,837€) and of a decrease in the intermediate consumption of more 7,000,000 Euro (-3%).

The aggregated distributed added value amounted to 33,425,619 (+26%), 70% of which was redistributed to reward the employees. Collective remuneration grew from 0.3% (79,824€) to 0.7% (245,030€).

## Carlsberg Italia's economic contribution

In addition to the employees directly employed by Carlsberg Italia, the company also generates employment in related industries in connection with the production and sale of our products. According to KPMG's method to calculate Carlsberg Group's international contribution, for every person employed by the Carlsberg Group, an additional ten jobs are created in related industries, especially within the supply chain, hospitality/Horeca and trade.

More specifically, one employee in Carlsberg Italia creates the following jobs:

- 24 jobs in Horeca
- 2 jobs among suppliers
- 3 jobs in Trade

For further details, read the "2016 Economic Contribution" document available at [www.carlsberggroup.com](http://www.carlsberggroup.com)

## Distribution of the Added Value

	2015	%	2016	%
Shareholders remuneration	0		0	
Employees remuneration	23.779.678	90%	23.409.231	70%
Employees	18.982.750		19.130.844	
Non-employees	4.796.928		4.278.387	
PA remuneration	690.761	3%	735.160	2%
Indirect taxes	875.873		698.655	
Direct taxes	-185.112		36.505	
Credit capital remuneration	690.079	3%	854.196	3%
Interests and other financial charges	690.079		854.196	
Company remuneration	1.321.131	5%	8.182.002	24%
Intangible assets depreciation	160.731		103.048	
Tangible assets depreciation	8.764.611		6.181.688	
Operating result	-7.604.211		1.897.266	
Community remuneration	79.824	0,3%	245.030	0,7%
<b>Total Value Added distributed</b>	<b>26.561.473</b>	<b>100%</b>	<b>33.425.619</b>	<b>100%</b>

## Global Gross Added Value

	2015	%	2016	%
Sales revenues	232.028.403		230.987.935	
Variation in inventories	969.730		702.127	
Other revenues	30.290.708		31.480.775	
<b>Value of production</b>	<b>263.288.841</b>	<b>100%</b>	<b>263.170.837</b>	<b>100%</b>
Cost of materials	148.454.511		147.054.702	
Service cost	79.923.376		75.096.476	
Cost for lease or third-party assets	5.436.563		4.911.980	
Variation in raw materials, supplies, consumables and goods	-636.061		344.367	
Risk provisions	3.034.364		1.643.151	
Other provisions	80.072		237.408	
Other operating expenses	283.484		100.063	
<b>Intermediate consumptions</b>	<b>236.576.309</b>	<b>90%</b>	<b>229.388.147</b>	<b>87%</b>
<b>Characteristic Gross Value Added</b>	<b>26.712.532</b>	<b>10%</b>	<b>33.782.690</b>	<b>13%</b>
Accessory items	257.646		62.676	
Extraordinary items	-408.705		-419.747	
<b>Global Gross Value Added</b>	<b>26.561.473</b>	<b>10%</b>	<b>33.425.619</b>	<b>13%</b>

The Value Added production and distribution analysis Statement measures, for accounting purposes, the wealth created by the company. It includes both production and commercialization parts –proper of Carlsberg Italia– and the beer and drinks distribution activity carried out by Carlsberg Ho.Re. Ca.. The Added Value production and distribution analysis was made by aggregating the data of the two companies and this has allowed us to measure the relationship between Carlsberg Italia and the socio-economic system it interacts with.

In addition to the calculation of value added according to commonly used methods, as the difference between the production value and the intermediate costs, the analysis also determined the valuation of shares to be distributed. The Global Gross value added is representative of the wealth created by the company in favor of the stakeholders: Employees and Partners, Public Administration, Lenders, Shareholders, the Company System and the Collectivity.



# Performance table

## BEER QUALITY

	2012	2013	2014	2015	2016
<b>Production</b>					
Volumes of beer (hl)	1.047.000	1.065.535	1.201.119	1.296.943	1.327.933
<b>Breakdowns of beer distributed in kegs</b>					
Steel gecs	57%	38%	26%	19%	12,00%
PET kegs	43%	63%	74%	81%	88,00%
<b>DraughtMaster™'s quality</b>					
Technical service	97%	98%	98%	99%	99%
Product quality	99%	99%	99%	99%	99%
Functionality of facilities	88%	91%	94%	95%	96%

## WATER (ENVIRONMENT & RESOURCES)

	2012	2013	2014	2015	2016
<b>Raw materials total consumption (ton)</b>	<b>17.152</b>	<b>16.628</b>	<b>18.738</b>	<b>20.136</b>	<b>21.211</b>
Malt	12.059	11.546	12.903	13.728	14.293
Barley	352,9	2.087	2.411	2.422	3.598
Hops	23	23	25	31	33
Glucose extract	4.717	2.972	3.399	3.955	3.287
<b>Raw materials specific consumption (kg/hl)</b>	<b>16,4</b>	<b>15,6</b>	<b>15,6</b>	<b>15,5</b>	<b>16</b>
Malt (barley and wheat) + barley + hops	11,9	12,8	12,8	12,5	13,5
Glucose extract	4,5	2,8	2,8	3,0	2,5
<b>Total water consumption (m³)</b>	<b>470.906</b>	<b>480.493</b>	<b>509.065</b>	<b>558.310</b>	<b>459.827</b>
Water used in production process (m³)	220.183	223.730	206.372	215.957	117.707
Water returned to environment (m³)	250.723	256.763	302.693	342.353	342.120
Water specific consumption (hl/hl)	4,5	4,5	4,2	4,3	3,5

## ENERGY AND EMISSIONS (ENVIRONMENT & RESOURCES) - CONTINUED

	2012	2013	2014	2015	2016
<b>Total energy consumption (MWh/hl)</b>	<b>28.024</b>	<b>27.183</b>	<b>29.638</b>	<b>31.215</b>	<b>32.995</b>
Natural gas	19.841	19.034	20.678	21.393	22.728
Electricity	8.183	8.149	8.960	9.821	10.266
Specific consumption of natural gas (KWh/hl)	19,0	17,9	17,2	16,5	17,1
Specific consumption of electricity (KWh/hl)	7,8	7,7	7,5	7,6	7,7
Direct CO <sub>2</sub> emissions (kg CO <sub>2</sub> /hl)	3,8	3,6	3,5	3,3	3,5
<b>Packaging materials (kg)</b>	<b>36.767.489</b>	<b>37.726.370</b>	<b>42.411.910</b>	<b>50.345.422</b>	<b>50.820.568</b>
Glass	33.316.109	34.116.936	38.222.766	44.643.786	45.727.809
Paper/Cardboard	2.128.514	2.215.082	2.554.836	3.685.629	3.249.035
Alluminum	541.623	383.746	434.209	465.293	363.590
Steel	162.725	176.767	206.255	267.807	195.946
Plastic PET	152.948	229.122	306.858	367.952	400.902
Plastic	465.571	604.718	686.986	914.955	883.286
<b>Beer produced per type of package (%)</b>					
Glass (33/66 cl)	65%	66%	64%	66%	67%
Steel kegs	11%	9%	5%	5%	3%
Cans	13%	8%	10%	6%	6%
PET kegs (DraughtMaster™)	11%	17%	21%	23%	24%
<b>Total waste produced (kg)</b>	<b>1.015.513</b>	<b>770.206</b>	<b>693.454</b>	<b>782.589</b>	<b>964.742</b>
Waste to recover	1.000.663	766.306	693.454	782.589	964.742
Non-recovered waste	14.850	3.900	0	0	0
% waste to recover	98,5%	99,5%	100,0%	100,0%	100,0%
Paper/Cardboard	324.460	229.720	225.060	243.220	277.180
Glass	222.520	238.760	202.730	282.640	198.230
Plastic	105.450	101.220	124.640	128.610	122.240
Wood	247.320	100.120	66.500	57.840	74.540

**ENERGY AND EMISSIONS (ENVIRONMENT & RESOURCES) - CONTINUED**

	2012	2013	2014	2015	2016
Steel	9.040	24.300	9.500	14.780	16.790
Alluminum	5.980	7.740	5.520	4.500	5.040
Other packaging	82.360	60.240	54.500	44.840	48.880
Exhausted oil	880	1.000	620	1.000	720
Sludge					212.980
Other waste (toners, organic and inorganic substances)	17.503	7.106	4.384	5.159	8.142
<b>Specific production of waste (kg/hl birra)</b>	<b>1,0</b>	<b>0,7</b>	<b>0,6</b>	<b>0,6</b>	<b>0,7</b>

**PEOPLE**

	2012	2013	2014	2015	2016
<b>Employees by gender (num)</b>	<b>321</b>	<b>298</b>	<b>266</b>	<b>266</b>	<b>259</b>
Men	222	207	189	188	185
Women	99	91	77	78	74

**Employees by title (num)**

Managers	12	6	7	7	7
Supervisors	40	39	36	34	35
Employees	220	206	176	178	170
Labourers	49	47	47	47	47

**Employees by age group (%)**

18-29 years old	9%	10%	8%	9%	8%
30-39 years old	25%	22%	26%	21%	18%
40-49 years old	37%	34%	33%	34%	36%
>50 years old	29%	34%	33%	36%	39%

**Employees by function (%)**

Production	21%	22%	25%	24%	25%
Commercial	54%	55%	53%	53%	51%
Customer Supply Chain	6%	5%	5%	5%	6%
Staff	19%	18%	17%	18%	18%

**Employees by gender and unit (num)**

Women Lainate	75	65	57	58	55
Men Lainate	120	107	90	92	89
Women Induno Olona	7	8	7	7	7

**PEOPLE - CONTINUED**

	2012	2013	2014	2015	2016
Men Induno Olona	72	68	68	66	68
Women National territory	17	18	13	13	12
Men National territory	30	32	31	30	28

**Employees by type of contract (%)**

Permanent contracts	90%	91%	91%	97%	98%
Fixed-term contracts	10%	9%	9%	3%	2%

**Pay Gap men/women Index**

Managers	1,08	1,03	1,34	1,44	1,38
Supervisors	1,24	1,21	1,22	1,22	1,18
Employees	1,16	1,17	1,15	1,15	1,13

<b>Ratio between standard first salary and minimum local salary</b>	<b>0,85</b>	<b>0,91</b>	<b>0,85</b>	<b>0,89</b>	<b>0,93</b>
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**Employees turnover by age group and gender (num)**

18-29 years old Women	2	0	0	1	5
18-29 years old Men	3	6	3	1	0
30-39 years old Women	6	6	3	4	1
30-39 years old Men	13	8	2	5	6
40-49 years old Women	5	3	6	0	0
40-49 years old Men	8	11	6	2	2
>50 years old Women	2	3	7	1	1
>50 years old Men	8	6	16	2	2
Total Women	15	12	16	6	7
Total Men	32	31	27	10	10

**Employees turnover by geographical area (num)**

	2012	2013	2014	2015	2016
<b>Lainate unit</b>	<b>22</b>	<b>38</b>	<b>40</b>	<b>12</b>	<b>10</b>
Resident in Varese	2	5	5	1	1
Resident in Milano	9	18	11	3	6
Resident in Como	2	2	2	0	0
Resident in Monza Brianza	0	0	0	1	0
Residenti in other provinces	9	13	22	7	3
<b>Induno Olona unit</b>	<b>2</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>2</b>
Resident in Varese	2	0	2	3	2
Resident in Milano	0	1	0	0	0

**PEOPLE - CONTINUED**

	2012	2013	2014	2015	2016
Resident in Como	0	0	0	0	0
Resident in Monza Brianza	0	0	0	0	0
Resident in other provinces	0	0	0	0	0
<b>National territory unit</b>	<b>23</b>	<b>4</b>	<b>1</b>	<b>1</b>	<b>5</b>
Resident in Varese	0	0	0	0	0
Resident in Milano	0	0	0	0	0
Resident in Como	0	0	0	0	0
Resident in Monza Brianza	0	0	0	0	0
Resident in other provinces	23	4	1	1	5

**Evolution of the hours of training per capita (num)**
**By title**

Managers	28,5	109,0	40,9	59,3	25,4
Supervisors	14,0	36,7	32,0	38,8	29,8
Employees	25,8	21,5	23,9	24,7	18,4
Labourers	33,2	32,3	32,2	17,2	19,8
Agents	0,0	13,1	17,1	32,0	11,1
Brokers	0,0	60,0	0,0	0,0	0,0
Collaborators	0,0	4,0	2,0	0,0	0,0
Trainees	0,0	13,5	4,0	8,0	9,0

**By function**

Production	24,5	26,4	31,7	21,8	23,2
Commercial	35,0	17,5	25,3	27,5	16,8
Customer supply chain	15,8	12,8	35,4	21,0	16,2
Staff	20,3	18,7	44,4	29,4	17,2

**Industrial relations (num)**

Union activity hours	602,0	404,0	323,0	242,5	304,0
Employees involved in union activity	8	11	10	7	7
Strikes (hours)	276,0	142,0	400,0	0,0	255,0
Employees involved in strikes	44	36	50	0	65
Hours of leave	39	26	23	34	40
Hours of overtime work	28	24	24	33	27

**Average per-capita INPS leave hours (num)**

	7	10	6	7	4
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**Total injuries by function (num)**

	<b>5</b>	<b>7</b>	<b>4</b>	<b>7</b>	<b>7</b>
Production	1	2	2	3	3
Commercial	4	4	1	3	3
Customer supply chain	0	0	0	0	0

**PERSONE - CONTINUA**

	2012	2013	2014	2015	2016
Staff	0	1	1	1	1
Injuries	5	7	4	7	7
Of which total road accidents	1	5	1	4	3
<b>"Near Miss" trend by area (num)</b>	<b>37</b>	<b>82</b>	<b>77</b>	<b>80</b>	<b>117</b>
Production	14	26	21	27	31
Bottling	11	30	39	31	76
Laboratory	5	9	4	4	2
Logistics	3	5	5	3	2
Services	4	12	8	15	4
Offices					2

**Categories of reported dangers (num)**

Damage	-	-	-	13	21
Level of structures	-	-	-	13	38
Behaviour	-	-	-	10	16
Project	-	-	-	15	17
External companies	-	-	-	2	3
Alarms and protection devices	-	-	-	4	2
Other causes	-	-	-	4	2
Inadequate or missing procedures	-	-	-	11	4
Maintenance of structures	-	-	-	3	5
Malfunctioning of equipments	-	-	-	3	9
Personal protection devices	-	-	-	2	0

**ECONOMIC PERFORMANCE**

<b>Global Gross Value Added</b>	<b>2012</b>	<b>2013*</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Sales revenue	241.993.218	245.551.259	224.063.249	232.028.403	230.987.935
Variation in inventories	3.246.341	-1.432.159	-3.217.701	969.730	702.127
Other revenues	32.053.885	30.972.457	30.740.363	30.290.708	31.480.775
<b>Value of production</b>	<b>277.293.445</b>	<b>275.091.557</b>	<b>251.585.911</b>	<b>263.288.841</b>	<b>263.170.837</b>
Cost of materials	159.221.956	157.267.441	140.916.238	148.454.511	147.054.702
Service costs	78.323.867	76.643.005	79.229.246	79.923.376	75.096.476
Costs for lease of third-party assets	7.072.677	6.764.634	6.010.675	5.436.563	4.911.980
Variation in raw materials, supplies, consumables and goods	1.662.068	516.884	214.103	-636.061	344.367
Risk provisions	2.974.127	3.714.034	1.642.633	3.034.364	1.643.151
Other provisions	1.030.843	818.085	320.000	80.072	237.408
Other operating expense	723.338	476.014	230.455	283.484	100.063
<b>Intermediate consumptions</b>	<b>251.008.875</b>	<b>246.200.097</b>	<b>228.563.350</b>	<b>236.576.309</b>	<b>229.388.147</b>
<b>Characteristic Gross Value Added</b>	<b>26.284.570</b>	<b>28.891.460</b>	<b>23.022.561</b>	<b>26.712.532</b>	<b>33.782.690</b>
Accessory items	794.814	734.020	639.738	257.646	62.676
Extraordinary items	-744.343	-272.397	-225.833	-408.705	-419.747
<b>Global Gross Value Added</b>	<b>26.335.040</b>	<b>29.353.083</b>	<b>23.436.466</b>	<b>26.561.473</b>	<b>33.425.619</b>

\* In order to obtain a comparison consistent with the data for our last financial years, in 2013 some budget items have been reclassified adapting them in accordance to the new accounting principles published in 2014 by the Italian Accounting Organization (OIC).

<b>Distribution of the Value Added</b>	<b>2012</b>	<b>2013*</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>Shareholders remuneration</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Employees remuneration</b>	<b>25.015.488</b>	<b>24.176.020</b>	<b>23.831.679</b>	<b>23.779.678</b>	<b>23.409.231</b>
Employees	19.920.352	19.628.951	19.524.117	18.982.750	19.130.844
Non-employees	5.095.136	4.547.869	4.307.562	4.796.928	4.278.387
<b>PA remuneration</b>	<b>6.145.744</b>	<b>834.682</b>	<b>456.543</b>	<b>690.761</b>	<b>735.160</b>
Indirect taxes	518.954	484.647	548.155	875.873	698.655
Direct taxes	5.626.789	350.035	-91.612	-185.112	36.505
<b>Credit capital remuneration</b>	<b>419.827</b>	<b>836.430</b>	<b>714.228</b>	<b>690.079</b>	<b>854.196</b>
Interests and other financial charges	419.827	836.430	714.228	690.079	854.196
<b>Company remuneration</b>	<b>-5.304.591</b>	<b>3.369.433</b>	<b>-1.640.222</b>	<b>1.321.131</b>	<b>8.182.002</b>
Intangible assets depreciation	416.792	256.093	255.736	160.731	103.048
Tangible assets depreciation	8.723.354	8.601.632	8.793.843	8.764.611	6.181.688
Operating result	-14.444.737	-5.488.292	-10.689.801	-7.604.211	1.897.266
<b>Community remuneration</b>	<b>58.571</b>	<b>135.718</b>	<b>74.238</b>	<b>79.824</b>	<b>245.030</b>
<b>Total Value Added distributed</b>	<b>26.335.039</b>	<b>29.353.083</b>	<b>23.436.466</b>	<b>26.561.473</b>	<b>33.425.619</b>

\* In order to obtain a comparison consistent with the data for our last financial years, in 2013 some budget items have been reclassified adapting them in accordance to the new accounting principles published in 2014 by the Italian Accounting Organization (OIC).

<b>Value Added distributed</b>	<b>2012</b>	<b>2013*</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>Shareholders remuneration</b>	0%	0%	0%	0%	0%
<b>Employees remuneration</b>	95%	82%	102%	90%	70%
<b>PA remuneration</b>	23%	3%	2%	3%	2%
<b>Credit capital remuneration</b>	2%	3%	3%	3%	3%
<b>Company remuneration</b>	-20%	11%	-7%	5%	24%
<b>Community remuneration</b>	0,2%	0,5%	0,3%	0,3%	0,7%

\* In order to obtain a comparison consistent with the data for our last financial years, in 2013 some budget items have been reclassified adapting them in accordance to the new accounting principles published in 2014 by the Italian Accounting Organization (OIC).

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# Methodology note

## Reporting methodology

Carlsberg Italia's Sustainability Report 2016 is the sixth document since the company began the process of reporting to stakeholders in 2011. It is the main tool for managing and accounting on environmental, social and economic sustainability and a means of transparent dialogue and communications with stakeholders.

## Perimeter of the 2016 Sustainability Report

The accounting perimeter is:

- Frequency: annual
- Reporting period: January 1, 2016 - December 31, 2016
- Publication of the previous Sustainability Report: September 2016 (year 2015)
- Reference guidelines: Global Reporting Initiative (GRI) and the AA1000 for Stakeholder engagement
- Companies included in the perimeter of reporting: Carlsberg Italia S.p.A. and Carlsberg Ho.Re.Ca. S.r.l. (in this report, the terms "Carlsberg Italia" and "the company" always refer to both, unless otherwise stated)
- Limitations: none

- Significant changes during the reporting period: none

## Methodological note

The 2016 Sustainability Report continues the path of continuous improvement for the development of the company's sustainability. In terms of responding to stakeholder expectations, the document is in line with the previous edition.

Starting from the data shown by Enablon, the reporting software of Carlsberg Group sustainability, the CSR Team of Carlsberg Italia, made up of representatives of all business functions, collected the data with the help of Aida Partners Ogilvy PR and performed the necessary audits. The drafting process followed the procedure of implementation of the Sustainability Report prepared by our CSR Team in October 2015. KPIs are based on the best information available, the GRI G4 guidelines and the relevant measurements were applied wherever possible. In terms of representation of the information, reporting maintained a trend line of continuity and accordance with the previous edition to facilitate comparability. In the document

processes and procedures that did not undergo significant changes were not described in depth.

The 2016 Sustainability Report confirms Carlsberg Italia's path made towards the adoption of sustainability as a management model based on the involvement of its stakeholders. In this context, the objective measurement of the relationship with stakeholders and the materiality analysis continued.

The Report is formed by 3 main sections:

- Introduction, which includes scenario, 2016 overviews, the letters by Carlsberg Italia's and Carlsberg Group's CEOs, and identity.
- Strategy, which includes the goals of Carlsberg Group and Carlsberg Italia, SDGs, materiality analysis, stakeholders and governance.
- Accounting, based on Carlsberg Group's priorities: Water, Energy & Carbon, Health & Safety, Responsible drinking.

The 2016 Carlsberg Group's Sustainability Report and its Sustainability approach are assured by KPMG.

Carlsberg Italia's Sustainability Report can be read and downloaded from [www.carlsbergitalia.it](http://www.carlsbergitalia.it)

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