

driving sustainability

CSR Report 2012



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About this Report

This is the second CSR Report to be produced by Carlsberg Brewery Malaysia Berhad (Carlsberg Malaysia), as part of the Company's efforts to engage more effectively with its stakeholders. Together with the Annual Report, which highlights the financial aspects of our business, the two reports provide a clear, comprehensive and transparent representation of the Company's performance in managing the economic, social and environmental aspects of our operations.

The Report aims to be inclusive, and address all material issues our stakeholders may have. Carlsberg Malaysia also endeavours to enhance the level of transparency and objectivity of this Report. Wherever possible, quantitative indicators have been used for accuracy. All measurements and claims in this Report are collected and reported as accurately as possible.

In order to track our progress, our achievements in 2012 have been compared against those of previous years. Our 2012 performance will be used as a benchmark for 2013 targets.

Scope of Report

Reporting period: January 1st to December 31st 2012

Reporting Cycle: Annually

Coverage: Carlsberg Brewery Malaysia Berhad
Carlsberg Marketing Sendirian Berhad

Reference and Guidelines

Carlsberg Malaysia has employed the Global Reporting Initiative G3.1 Guidelines for the first time in this Report. It also adheres to Bursa Malaysia's Corporate Social Responsibility (CSR) Framework.

We Welcome your Feedback

This Report is available to all stakeholders in hard copy on request and can be downloaded from our corporate website. Carlsberg Malaysia welcomes feedback on our CSR efforts in the areas of Marketplace, Community, Workplace and Environment. Please feel free to contact us at:

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Managing Director's Message

Continuing to Drive Sustainability

Environmental sustainability is vital to Carlsberg Malaysia and we recognise that the actions we make today will affect the future.

It is my privilege to present Carlsberg Malaysia's Corporate Social Responsibility (CSR) Report which highlights our achievements in 2012. This report contains more disclosure in the areas of the marketplace, workplace, environment and communities in which we operate, in line with the Global Reporting Initiative (GRI) guidelines.

Carlsberg Malaysia continues to focus on integrating CSR throughout the entire value chain. This forms part of the Carlsberg Group Strategy Wheel under Society and Reputation. We made good progress and continued to deliver high quality products efficiently. We strive to conduct ethical and responsible business and insist on high standards in all areas from R&D and procurement, to marketing and helping our local communities. We continue to respond to the expectations of our various stakeholder groups.

At Carlsberg Malaysia, we believe stakeholder engagement is an integral part of CSR and achieving the triple bottom line. This is reflected in the continuous engagement with our stakeholders to balance social, environment and economic elements for a sustainable future. We engage with our diverse stakeholder groups to understand which issues matter to them the most.

Our employees are our most important asset, without which we could not operate. Our "Thirst for Great Hour" programme encourages all employees

to participate in Great Moments that will help inculcate Carlsberg's core values and culture. In 2012, the Company actively engaged with our employees and held six sessions of "Thirst for Great Hour" as opposed to the usual four. We also introduced quarterly Supply Chain Town Hall sessions to keep Supply Chain employees abreast with the latest developments in finance, safety and HR.

The safety of our employees is our number one priority in the workplace. In 2012, we launched our first Health and Safety Week featuring various activities to create awareness on occupational health and safety while educating employees on best practices. The Health and Safety Week will be held annually to promote the safety and wellbeing of our employees. We will also deliver many more safety-related training programmes for our employees and will continue to prioritise safety and health.

Environmental sustainability is vital to Carlsberg Malaysia and we recognise that the actions we make today will affect the future. In 2012, we have invested steadily in our environmental initiatives. Approximately RM2 million had been allocated to upgrade our facilities to include a new state of the art CO₂ Recovery Plant. This will not only allow us to recover all CO₂ released during fermentation making us self sufficient with CO₂, it will reduce our electricity consumption, effectively reducing our operating costs, GHG emissions and carbon footprint.

We also commissioned a comprehensive energy audit by an experienced external consultant. Our brewery's energy flows were inspected, surveyed and analysed with the aim of reducing the energy input without affecting our operations. We have evaluated the consultant's suggestions and prioritised those which are most efficient and effective to implement.

Previously, we were importing three beers: Asahi Super Dry, Kronenbourg 1664 and Kronenbourg 1664 Blanc. In 2012, we began brewing these beers locally. This ensures a much fresher product and being able to respond to supply and demand more effectively. It also allows us to source locally. This greatly reduces our carbon footprint and increases our spending with local suppliers.

At Carlsberg Malaysia, we have a strong Community CSR programme as part of our belief in "Sharing with the Community Unconditionally". In 2012, our 'Heart2Heart' charity concert raised RM310,000 for 27 charitable homes, associations and schools. Our suppliers, trade partners and business partners participated in the charity concert and contribute to this good cause. We believe in involving them in our CSR initiatives to create a caring community. We also continued to hold our Charity Concerts to support Education which raised approximately RM26 million for 17 schools nationwide. This year, I was pleased to personally partake in the KL Rat Race to support the nation's pledge in helping the less fortunate along with five of my colleagues.



Carlsberg Malaysia's effort in sharing with the community unconditionally was recognised formally on 28 May 2012 as the "Best CSR Programme" among public listed companies at The Edge Billion Ringgit Club (BRC) Awards. This inaugural award is a strong testament to Carlsberg Malaysia for its year-long commitment and dedication in the development of education, sports and philanthropy.

I believe our strong marketplace initiatives and effective supply chain management are instrumental to our success. Our brewery visits continue to allow us to showcase our products, demonstrate our commitment to the highest quality standards and educate our visitors on the brewing techniques and enhance their knowledge. Educating these stakeholders helps them assist us in delivering the best possible product to our customers.

Moving Forward

Carlsberg Malaysia has set its sights on delivering sustainable growth and has made good progress towards this goal. We are pleased with our progress in 2012. We are currently in the process of creating a supplier CSR assessment. We hope that this will encourage the adoption of good CSR practices throughout our value chain. Maintaining closer relationships with our suppliers will enable us to create value together for a more sustainable future.

The energy audit we commissioned during the year uncovered some potential inefficiencies in our operations. Some of the recommendations have been implemented while others require budget and planning. We will continue to implement these initiatives to ensure our energy consumption is as low as possible to protect the environment and reduce our costs. Main focus in 2013 will be upgrading our cooling plant, which is currently our biggest consumer of electricity, to become more electricity efficient.

We are continuously improving our health and safety processes. Many initiatives have helped our safety processes including the Kaizen programme. In 2013, we aim to include "near miss" accidents into our reporting processes. We hope that this will help prevent accidents and create an even safer workplace for our employees.

Our "Drink Responsibly" campaign is ongoing and an important part of our marketplace initiatives. In 2012, we have recruited several employees as "Drink Responsibly Ambassadors" to share the knowledge of responsible drinking with our consumers. Going forward, we will allocate more resources and increase our focus in this area.

We will continue to work closely with various stakeholders to bring more value and integrate CSR throughout the value chain. We hope that by doing so, we will bring CSR to all of our stakeholders.

I would like to thank all of our stakeholders for supporting our many CSR initiatives throughout 2012. On behalf of the Board, I would like to thank our trade partners, distributors and customers for their continued support and loyalty to our brands and CSR agenda. Our thanks also go to each and every employee for their commitment and dedication.

Soren Ravn
Managing Director



About Carlsberg Malaysia



Manufacturing of beer, stout and other malt related beverages:

CARLSBERG BREWERY MALAYSIA BERHAD

BRANDS MANUFACTURED (INCLUDING LICENSED PRODUCTS):

Carlsberg Green Label, Carlsberg Gold, Carlsberg Special Brew, Kronenbourg 1664, Kronenbourg 1664 Blanc, Asahi Super Dry, Danish Royal Stout, SKOL, SKOL Super, Connor's Stout, Jolly Shandy, Nutrimalt.

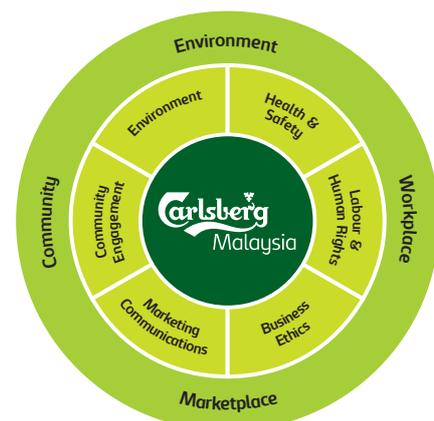
Sales and distribution of beer, stout, wines, spirits and other beverage products are done via the following subsidiaries:

Malaysia		Singapore	Sri Lanka
100% Carlsberg Marketing Sdn Bhd	70% Luen Heng F & B Sdn Bhd	100% Carlsberg Singapore Pte Ltd	24.6% Lion Brewery (Ceylon) PLC
KEY BRANDS: Carlsberg Green Label, Carlsberg Gold, Carlsberg Special Brew, Kronenbourg 1664, Kronenbourg 1664 Blanc, Asahi Super Dry, Somersby Apple Cider, Danish Royal Stout, SKOL, SKOL Super, Connor's Stout, Corona Extra, Jolly Shandy, Nutrimalt.	KEY BRANDS: Hoegaarden, Stella Artois, Budweiser, Foster's, Erdinger, Leffe, Beck's, Savanna, Grimbergen, Tetley's English Ale and numerous other wine and spirit brands.	KEY BRANDS: Carlsberg Green Label, Carlsberg Gold, Carlsberg Special Brew, Kronenbourg 1664, Kronenbourg 1664 Blanc, Somersby Apple Cider, Danish Royal Stout, SKOL, SKOL Super, Connor's Stout, Corona Extra, Tetley's English Ale, Grimbergen, Jolly Shandy	KEY BRANDS MANUFACTURED, SOLD AND DISTRIBUTED: Carlsberg Green Label, Carlsberg Special Brew, Lion Lager, Lion Stout, Lion Strong Beer.

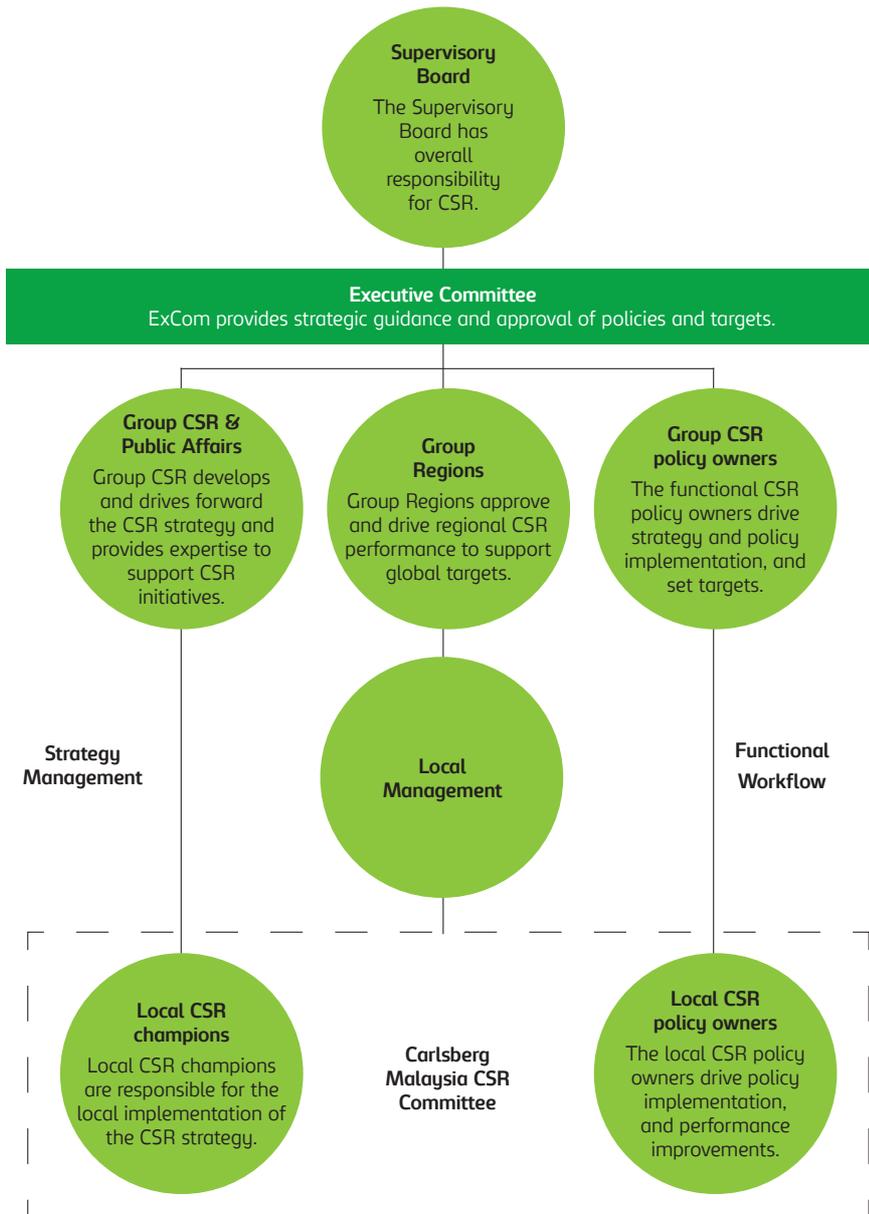
Our CSR Framework

Carlsberg Malaysia's CSR Framework

Carlsberg Malaysia is committed to making a positive impact on our diverse range of stakeholders including our shareholders, employees, customers, consumers, associates or the communities and environment in which we operate. We have formalised our CSR Framework which covers four key areas: our community, our environment, our marketplace and our workplace. These four broad areas are supported by our six CSR policies: Labour and Human Rights, Marketing Communications, Health and Safety, Business Ethics, Community Engagement and Environment. These policies are integrated into all areas of our business and communicated to each employee at every level of our organisation.



Our CSR Governance Structure



Our CSR Committee

The CSR Committee oversees Carlsberg Malaysia's attention to issues of social responsibility and the Company's policies, practices and progress. Five units are responsible for six specific CSR areas. They implement and monitor various activities and initiatives to ensure our CSR policies are relevant and on target.

Policy	Owner
Labour & Human Rights	Human Resources
Marketing Communications	Group Communications & Marketing Activation
Health & Safety	Supply Chain
Business Ethics	Internal Audit & Legal
Community Engagement	Group Communications & Marketing Activation
Environment	Supply Chain

Our Six Key CSR Policies

Carlsberg Malaysia's six key CSR policies cover areas that are vital to conducting our operations in a responsible, sustainable and profitable manner.

- 1 Labour and Human Rights**
Our employees are of great value to us and are key to our success. We shall strive to establish a workplace where our employees can develop their potential in an open and inspirational working environment.
- 2 Marketing Communications**
"Enjoyment in moderation" is the philosophy that guides all our marketing. We as a company take our social responsibility seriously. Our brands are household names: we know that they play a part in the lives of millions of our consumers, all over the world.
- 3 Health and Safety**
Carlsberg Malaysia shall be committed to achieving high standards of health and safety throughout our business as we recognise the significant contribution of good health and safety conditions to our overall business performance.
- 4 Business Ethics**
At Carlsberg Malaysia, we believe in fair and transparent business practices. Our Business Ethics Policy seeks to ensure ethical business conduct by guiding our employees when they face dilemmas of a business ethics nature in their day-to-day tasks.
- 5 Community Engagement**
Being engaged with society is one of the Carlsberg Malaysia Winning Behaviours. We recognise our impact and the opportunity to engage with the communities where we operate – and we are committed to making a positive contribution.
- 6 Environment**
The sustainability of the environment plays a vital role within our business. The continued success of our business is directly linked to the health of the environment. However as we grow, our environmental impact increases, and we are therefore continually looking for ways to reduce our impact on the environment and climate.

Integrating CSR throughout the Value Chain

At Carlsberg Malaysia, we are committed to growing in a responsible manner by integrating CSR throughout our value chain, thereby reducing our environmental impact. In 2012, we made good progress on this front and continued to deliver high quality products efficiently

	2012 Achievement	2013 Target
 <p>R&D We continuously support our Group R&D in researching alternative raw materials, new processes and products</p>	<ul style="list-style-type: none"> Successfully brewed Kronenbourg 1664 & Kronenbourg Blanc locally to reduce carbon footprint 	<ul style="list-style-type: none"> Focus on improving current supplier management performance as quality, food safety and cost perspective for existing and new suppliers.
 <p>Procurement We work with our suppliers on the compliance of the Group Supplier and Licensee Code of Conduct</p>	<ul style="list-style-type: none"> 46 e-procurement activities executed surpassing the 40 targeted 	<ul style="list-style-type: none"> To continuously monitor suppliers' CSR performance through assessment To extend e-procurement to include operation related activities
 <p>Brewing and Bottling We focus on ensuring a safe working environment for our employees and improve efficiency to reduce the environmental impact</p>	<ul style="list-style-type: none"> Comprehensive Energy audit conducted for the entire brewery by an external consultant Proposed initiatives were evaluated and quickest ideas implemented Launch of health & safety week to raise awareness 	<ul style="list-style-type: none"> 5% reduction in energy targeted in comparison with 2012 Other energy saving projects to be implemented over the following two years Implementation of near miss accident reporting
 <p>Logistics We continuously improve our logistic efficiency to reduce environmental impact</p>	<ul style="list-style-type: none"> Change the stacking pattern to increase the number of cartons per truck to reduce transportation trips 	<ul style="list-style-type: none"> Continuous effort to drive efficiency usage of fuel in transportation
 <p>Sales and Marketing We are committed to responsible and proactive marketing communications</p>	<ul style="list-style-type: none"> Marketing Communications eLearning training was attended by all Marketing employees and representatives from creative and media agencies Deployment of 'Drink Responsibly' awareness programme at selected marketing events 	<ul style="list-style-type: none"> Incorporate Thirst for Beer programme into key marketing campaigns Increase awareness of 'Drink Responsibly' amongst consumers and customers
 <p>Consumers and Customers We continuously listen to our consumers and customers to enhance our product quality and customer service</p>	<ul style="list-style-type: none"> We successfully launched our drink responsibly campaign and recruited our employees as Drink Responsibly Ambassadors to share the knowledge of responsible drinking to our consumers 	<ul style="list-style-type: none"> Reach a larger number of internal and external stakeholders with our Drink Responsibly Campaign
 <p>Communities We continue to support the communities in which our business operates</p>	<ul style="list-style-type: none"> Completed three major Chinese Community Projects, English Essential Programmes and I Love School phase I 	<ul style="list-style-type: none"> Continuous improvement to the community engagement programme that will be grouped under a Foundation set-up

Engaging with Our Stakeholders



Stakeholder Engagement helps us learn about the perceptions, issues and expectations of our stakeholders. This assists us in managing, supporting and refining our CSR strategy which leads to long-term benefit for the Company.

Engagement with our Customers

Carlsberg Malaysia has an effective engagement platform for each of its products. We always aim to relate each of our brands closely to our consumers. Our brand promotional activities reflect the unique feature of each product portfolio to make it easier for our customers and consumers to relate to themselves. We also engage with our customers through our numerous events which were held throughout the year.

Carlsberg Malaysia offers brewery visits to build and forge stronger relationship ties with our customers and other stakeholders. These visits allow us to showcase our products and commitment to the highest quality standards. This initiative aims to enhance our customers' knowledge of the brewing process and improve their knowledge on related topics.



Engaging with Our Stakeholders

In 2012, 103 groups visited our brewery. These visitors were mainly our trade partners, customer outlets and other stakeholders.

Engagement with our Consumers

Carlsberg Malaysia uses Social Media to connect with our consumers of non-Muslim aged 18 years old and above in real time interactive discussions. We connect with consumers through our regularly updated websites, Facebook page and Twitter account.

We continue to reach out to our consumers through our corporate website and the media. Other effective platform which have been introduced include “Drink Responsibly” campaign.

Engagement with the Media

Carlsberg Malaysia engages regularly with the Media. Our Company Website’s Media Centre contains detailed

information about our product branding, ingredients, packaging and other information.

We also hold press conferences and other media engagement such as visits to media publication houses and media trips.

Carlsberg Malaysia also invites media to product launches prior to our customers and consumers. During the media launches, we provide extensive information through presentations, conduct Q&As and accept interview requests with our Managing Director.

Engagement with Regulators

Our Compliance Programme is a key component in our commitment to fostering a culture of compliance where it is understood that integrity is the bottom line. Carlsberg Malaysia’s regular engagement with the local authorities

is intended to benefit our consumers and enhance the practice of sustainable business operations. In 2012, we met with various regulators including the Ministry of Finance, Ministry of International Trade and Industry and Royal Malaysian Customs to discuss current issues related to our business.

Carlsberg Malaysia is a member of the Confederation of Malaysian Brewers Berhad (CMMB). The confederation aims to promote dialogue between its members and various parties in the industry.

Engagement with the Public

Carlsberg Malaysia is committed to upholding the highest standards of open and proactive communication. Our corporate website is an effective platform to engage directly with the general public. In addition to general information on our Company and brands, web users can also learn about our brewing process. This animated virtual tour covers 15 steps of beer production from the delivery of the malt to the packaging of the finished product. This is also complemented by a flash presentation ‘From Barley to Beer’. A virtual reality section of the website also allows users to experience the full panoramic 360° view of the distinctive Carlsberg’s Visitor Gallery and Visitor Lounge.

Engagement with Academic Institutions

Carlsberg Malaysia’s operations encompass many learning disciplines and we are happy to share information with Universities. In 2012, a group of students from an international university learned how the local business environment is adopted into the business Glocal – global going local approach.





Another group of MBA students from a local university sought help on their Human Resource Management project. An interview was conducted with our Senior Manager of Organisation Development. The purpose of the study was to appreciate the roles and activities of an organisation's human resource management function and realize the human resource practices that support high performance work system.

Engagement with our Shareholders and Interest Groups

We communicate our performance, share price and key developments to our shareholders through various channels. Our Annual Report contains detailed investor information and this is supported by timely announcements throughout the year. A dedicated section of our corporate website is updated regularly and includes our current share price, financial information and recent news. Current and previous annual reports can also be downloaded.

We also actively engage with shareholders and the Minority Shareholders Watchdog Group (MSWG) at our Annual General Meeting where we openly respond to enquiries about the Group and our business.

For the investing public, we conduct at least two analyst briefings every year and face-to-face briefings with fund managers upon release of our quarterly results.

Engagement with our Employees

Our internal newsletter, Berita Carlsberg, provides employees with updates and information on management objectives. It contains corporate updates; staff news and movements; marketing campaigns and promotions. We also actively engage with our employees through our company intranet. This contains a wide range of information including activities, updates, and messages from Senior Management. We continue to appreciate our employees and unite them through various activities including Carlsberg's Thirst for Great Hour gatherings and other fun-filled activities.

Marketplace

At Carlsberg Malaysia, we place emphasis on marketplace initiatives and believe effective supply chain management is instrumental to our success. We continuously engage with these stakeholders to understand their needs and achieve the highest satisfaction and most effective distribution of our products to the end consumer.

Business Ethics and Whistleblowing

The Carlsberg Group Business Ethics Policy ensures that all business is conducted ethically and complies with applicable regulations and laws. Key personnel of Carlsberg Malaysia are required to attend business ethics training which covers general awareness and consequences of the company's policies and relationships with customers, suppliers and stakeholders. New employees also cover aspects of Business Ethics as part of their orientation programme.

An incident reporting line, website and dedicated email address have been launched and maintained by an independent party, EthicsPoint. This whistleblower system can be used by employee or third party who wishes to report any known or suspected unethical behaviour. This report will be followed-up by Group Internal Audit.

Corruption and Anti-Competition

Our employees are forbidden from accepting or offering bribes and all forms of corruption are not tolerated. They are not to receive favours in cash or kind in respect of supplies and services order by and rendered to the Carlsberg Malaysia.

Carlsberg Malaysia has introduced the Carlsberg Competition Law Compliance Programme which supports the Group's Business Ethics Policy. The programme aims to raise awareness among managers and employees on the Malaysian Competition Act 2010 that came into force in January 2012.



Procurement Practices

Since our early years, we have measured our vendor selection process to ensure product sustainability. Our vendor selection process which incorporates questions on sustainability has helped us to:

- Improve the sustainability of our products
- Integrate sustainability into our core business
- Reduce cost, improve product quality and create a more efficient supply chain
- Strengthen consumer trust in Carlsberg brand by leading our industry in transparency

All vendors are required to complete a vendor evaluation form. This questionnaire is divided into three parts: description of the vendor's general management; information related to the purchasing of raw, primary and secondary packaging material; and confirming the accuracy of the declared information. Suppliers are evaluated to see whether they comply with relevant sustainability certifications such as ISO 9001, ISO 14001, HACCP, ISO 22000 and ISO 17025. Suppliers are also required to demonstrate their Quality Management System to ensure we only take the best.

Working with Local Suppliers

As a Multinational Corporation (MNC) operating in Malaysia, we understand our obligation of contributing to local social and economic development. We are active in developing the country's economy by providing business opportunities to local market. Approximately 80% of our spending is to local suppliers.

In 2012, we continued to source most of our packaging materials, empty bottles and cleaning chemicals locally. We conduct two-way quarterly dialogue sessions with our key suppliers when we meet to discuss our progress.

Our malt and hops are sourced internationally to ensure the highest quality. Hops and malt must be free from any genetically modified material according to Regulation (EC) No 1829/2003.

Product Responsibility

At Carlsberg Malaysia, we are committed to providing our consumers with the highest level of satisfaction. We value our consumers extremely highly and take all consumer feedback seriously.

To ensure our product quality, we have a high standard of quality control in place throughout our process. We also perform tasting sessions by our experience panel of tasters to ensure all our products taste according to our standard.

We conduct rigorous testing on all our packaging materials. For example, our bottles undergo visual checks to ensure they are free from air bubbles, cracks, chips, scuffs and burrs. Rejected bottles are recycled. We conduct random inspection on our packaging for ensure quality.

Hazard Analysis & Critical Control Points (HACCP)

HACCP is a management system in which food safety is addressed through the analysis and control of biological, chemical and physical hazards. It covers all processes from raw materials, incoming inspection, in process to manufacturing/production, distribution and consumption of the finished product. In 2013, our target is to have supply chain upgraded from HACCP RVA Version 4 to HACCP RVA Version 5.

Keeping Our Consumers Informed

We declare and inform our consumers of the alcohol content and ingredients of each product we sell. This is clearly displayed on all product labels. We will continue to advocate the principle of responsible drinking among our consumers.



Marketplace



Marketing and Communications Policies

'Drink Responsibly' is the philosophy that guides all our marketing and we take our social responsibility seriously. We are proud of our brands and want to encourage our customers to enjoy them responsibly and in moderation. We present our beer and alcoholic beverage brands as offering refreshment and social enjoyment to responsible adults.

We ensure our marketing communications are decent, honest and truthful. Our marketing practices comply with all relevant Malaysian laws including the guidelines from the Communications and Multimedia Content Forum of Malaysia and the Malaysian Code of Advertising Practice (MCAP). In particular, we ensure our marketing and promotions do not:

- Target minors in any way or encourage them to start drinking
- Target Muslims or use any cultural and religious symbols
- Over-emphasise the alcohol strength of the beverages

- Associate drinking with driving or any motor sports
- Emphasise the stimulant effects of any beverage or encourage its excessive consumption
- Show or encourage excessive consumption

We conduct in-house training which provides a thorough understanding of obligations and responsibilities under our marketing codes.

Responsible Provision of Information

The policy owner of our marketing communication policy is responsible for ensuring the provision of accurate and fair information according to laws and regulations. We self-regulate our marketing and advertisements to confirm they focus on legal-drinking-age audiences and meet our rigorous internal standards. We care how our products are portrayed not only because our advertisements are a reflection of our brands, but also because responsible advertising shows our respect for our consumers

and our communities. Our marketing communication policy owner reviews our print and online marketing and advertisements to ensure compliance with state and federal regulations. Our Marketing Department reviews every advertisement as well as certain print and point of sale advertisements and digital marketing pieces for compliance with the Carlsberg Group Marketing Code of Practices.

Drink Responsibly Campaign

In 2011, Carlsberg Malaysia rolled out the Drink Responsibly Campaign. This initiative promotes moderation in consumption and aims to address underage and binge drinking, and deter drinking and driving.

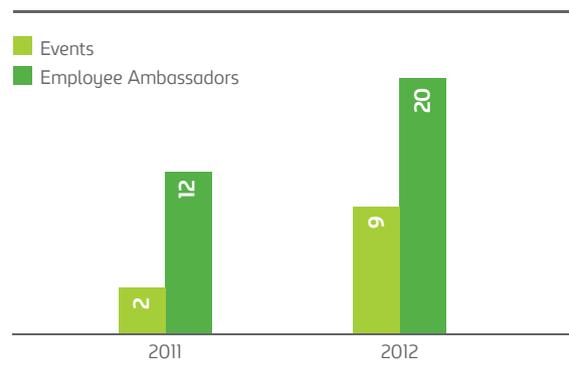
"Drink Responsibly" kiosks have been set up at Carlsberg Malaysia's key events to promote messages on safe and smart drinking. Carlsberg Malaysia employees volunteered to act as our "Drink Responsibly" ambassadors. These ambassadors are key people in promoting our "Drink Responsibly" message to



members of the public and encouraging them to register as agents to receive updated information on our activities. The campaign is designed based on four pillars of Enjoy Responsibly: Be Safe, Be in Control, Drink Smart and Responsible Drinking.

To further promote the effectiveness of this campaign, “Drink Responsibly” kiosks have been erected in more events in 2012. In 2011, the “Drink Responsibly” kiosk was present at two events which was increased to nine events in 2012. These include the Oktoberfest 2012, EURO Viewing Party, Where’s the Party? and Harvest Festival Event in East Malaysia. Event hosts continuously remind party goers to drink responsibly and in moderation.

During the events, we provide free mineral water, personal breathalyzer and alcohol level testing service for the party goers. Our consumers compete in various games to win a personal breathalyzer. Our Drink Responsibly ambassadors engaged with our customers and consumers while distributing pocket-size flyers which contain drinking tips, nationwide cab contacts, a calendar and Carlsberg Malaysia’s position towards Responsible Drinking.



Community Engagement



Carlsberg Malaysia recognise our impact and the opportunity to engage with the communities in which we operate. We are committed to making a positive contribution to these communities.

Charity Concerts

Carlsberg Malaysia's flagship charity campaign, the Top Ten Charity Campaign (Top Ten) continues to hold the titles for the "Longest Running" and "Highest Funds Raised through Chinese Charity Shows" awarded by the Malaysian Book of Records.

Top Ten works in partnership with two Chinese newspapers in Malaysia, Nanyang Siang Pau and China Press. The main charity thrust is to provide a platform for schools to raise funds to develop local Chinese educational institutions based on the principal of "Sharing With the Community Unconditionally". Top Ten Charity road shows have also been an avenue for young talented Malaysians to showcase their talents and to gain exposure in live audience performances.

The successful Top Ten has become a sought after entertainment programme in the country. To date, the Top Ten Charity Campaign has raised more than RM392 million for 590 Chinese schools and institutions nationwide.

The "I Love Chinese Education" East Malaysia Charity Concert aims to support the development of Chinese educational institutions in East Malaysia. Carlsberg Malaysia successfully organised the "I Love Chinese Education East Malaysia Charity Concert" in July 2012. The concert was held in Sandakan and Kota Kinabalu respectively.



Carlsberg Hua Zong Education Fund (CEF)

The CEF was first introduced in 1998 as a RM5 million revolving fund. The fund is operated by the Federation of Chinese Associations Malaysia (Hua Zong) and sponsored by Carlsberg Malaysia. It provides interest-free study loans to deserving underprivileged students wishing to pursue tertiary education.

In conjunction with the Teacher’s Day celebration on 16 May 2012, Carlsberg Malaysia took part in the ‘Respect for Teacher’s’ campaign organised by the United Chinese School Teachers Association Malaysia (UCSTAM). 310 Chinese language books containing values and discipline were distributed to teachers through the Kuala Lumpur Secondary School Chinese Language Teacher’s Club, New Era College.

During the Scholarship Presentation, a total of 30 beneficiary have been granted the study loan worth RM680,000 in total to pursue their

educational aspirations. To date, 535 scholars have been granted study loans to support their educational aspirations.

English Essentials Programme

The English Essentials Programme was endorsed by the Tamil School Headmasters’ Council. It provides Tamil teachers an opportunity to improve their English language skills. The Programme concluded its second year following the success of its pilot project in 2011.

The 2012 programme commenced in September and proved worthy for fellow teachers. 10 training sessions were conducted for teachers across 250 schools with approximately 1,100 participants. The total reach for English Essentials in 2012 has increased as compared to the previous year with 282 Tamil schools benefiting 415 teachers through four training sessions.

These training sessions focus on enhancing and enriching the knowledge of participants via 3Cs – Creative, Critical and Communicating skills as well as general knowledge. All training session received positive responds from participating teachers.

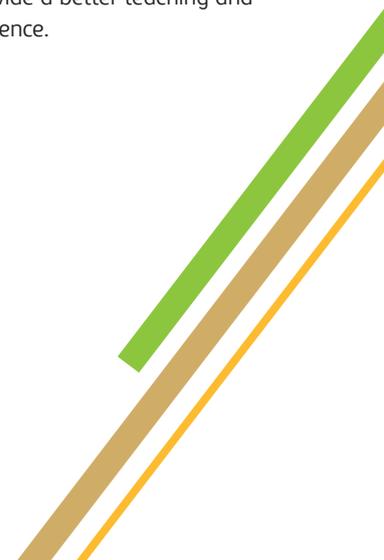
The English Essentials training is fully funded by Carlsberg Malaysia. Approximately 900 Tamil school English teachers took part in this programme. In 2012, 4,000 English Essentials workbooks were distributed to 250 Tamil primary schools in Penang, Perak and Johor.

“The training has inspired me and I hope it has inspired other teachers. As an educator, it is important that we are in control of our roles to grasp the second most important language in our country, the English language”.

- English teacher
Amutha d/o Permal
SJK(T) Ladang Tebrau, JB

Upgrading of Science Laboratory

In 2006, Carlsberg Malaysia contributed financially for the building of a science laboratory at SJK (T) Sungai Renggam. Students’ achievements in Science have been gradually improving as a result of this assistance. The recent UPSR examination results show a 10% increase compared to the first year since the Science Laboratory was built in 2006. The advanced facilities provided by the laboratory provide a better teaching and learning experience.



Community Engagement



The facilities and equipment, which were sponsored by Carlsberg Malaysia, exposed SJK (T) Sungai Renggam to many exciting opportunities. It became apparent that our contributions made a difference when the school was crowned as the champion at the State Level Science Fair and was chosen to take part at the national level.

The school was awarded a consolation prize in the State Level Science Fair for five continuous years, from 2007 to 2011. In 2012, the team became the state level champion which was a great improvement. SJK (T) Sungai Renggam also did not return empty handed when competing nationally. The team won a consolation prize at this national level.

In November 2012, Carlsberg Malaysia contributed an additional RM15,000 to SJK (T) Sungai Renggam to upgrade the Science Laboratory again. We recognised the potential of the school and the effect the upgrading of facilities and infrastructure has on the overall learning environment.

Leveraging Sports to Build Goodwill

Carlsberg Golf Classic in its 19th Year of Tournament

The Carlsberg Golf Classic is Malaysia's largest and longest running amateur golf tournament. In 2012, it returned for a thrilling session of 40 selected premier nationwide golf clubs. Money is raised from the golfers' registration fees. The proceeds were channelled to 14 deserving charitable organisations across the nation. Each of the charitable organisations received RM8,000 from the Carlsberg Golf Classic fund.

OCM-Carlsberg Athletes Retirement Scheme

Carlsberg Malaysia has been the official partner of the Olympic Council Malaysia (OCM) for the past 18 years via the OCM-Carlsberg Athletes Retirement Scheme. The retirement scheme provides life insurance coverage for Malaysian athletes who have made the country proud by winning medals at the past Asian Games, Commonwealth Games and the Olympic Games.

Carlsberg Malaysia continued its noble pledge to the OCM at a sponsorship presentation ceremony on 9 July 2012. An athlete retirement scheme was presented which is a boost to the Malaysian contingent. The scheme will provide insurance coverage for Olympic medallists of RM150,000 for a gold medal, RM100,00 for silver and RM50,000 for bronze.

The London 2012 Olympics saw the success of two Malaysian athletes. Lee Chong Wei won a silver medal in the Badminton Men's Single and Pandelega Rinong won a bronze for Women's 10M Platform diving. Both athletes will be recipients of the retirement scheme. To date, the retirement scheme has a total insurance coverage of RM3.13 million for 88 Malaysian athletes.

National Junior Sports

Carlsberg Malaysia has been a Chartered Member of SportExcel, the Foundation for Malaysian Sporting Excellence, since 1991. Incorporated in 1989, SportExcel promotes junior sports and assists young talented athletes to reach their full potential at the international arena.



This year, Carlsberg Malaysia presented a top up of RM50,000 to SportExcel early this year in addition to the annual sponsorship of RM15,000. This money was raised from the Heart to Heart Charity Dinner to support the development of junior sports, in particular golf. We hope this helps ensure that SportExcel stands out as a beacon of hope for young talents to pursue their dreams to honour themselves and their country.

Carlsberg Malaysia continued to prove its “heart for sports” by hosting the inaugural SportExcel Parent-Child Golf Tournament. The event was held at Montere Golf & Country Club, Shah Alam on 3 November 2012 in conjunction with the World Children’s Day celebration. It was graced by SportExcel Chairman and President of Olympic Council of Malaysia, YAM Tunku Imran Tuanku Jaafar.

Other Community Activities

Heart2Heart

Carlsberg Malaysia hosted a charity dinner themed ‘Heart2Heart’ at the HGH Convention Centre Kuala Lumpur. It raised RM310,000 for 27 charitable homes, associations and schools.

These beneficiaries received RM10,000 to each of these beneficiaries to finance operations and maintenance. Contributions were received from our suppliers, trade partners and business partners.

Carlsberg Malaysia runs for victory at KL Rat Race

Carlsberg Malaysia debuted in The Edge-Bursa Malaysia Kuala Lumpur Rat Race 2012 on 25 September 2012. This is part of our initiatives to support the nation’s pledge in helping the less fortunate. Registration fees were channelled to 20 beneficiaries appointed by Yayasan Bursa Malaysia, the host of the event. Carlsberg Malaysia was represented by Soren Ravn, Managing Director for the CEO 1km run while four members of Senior Management entered the 4.5km open category.

Our energetic cheer leading team, C –Blitz, also competed against seven other teams including Sunway Berhad, Maybank Berhad, Bursa Malaysia and Oracle Malaysia in the cheer category. The running team entered into the

Oktoberfest spirit and brought home a medal for Best Dressed Team as they were clad in the German national costume, the lederhosen.

Carlsberg Malaysia walks to Help Leukaemia Patients

In line with Carlsberg Malaysia’s Winning Behaviour ‘We are engaged with Society’, as many as 40 employees signed up to be part of the ‘Tesco’s Walk for Life’ fundraising drive. The ‘Tesco Walk for Life’ charity walk is a Corporate Social Responsibility (CSR) project by one of our trade partners – Tesco Malaysia. Together with its project partner University of Malaya Medical Centre (UMMC), the project through the ‘Helping Children with Leukaemia’ campaign aims to raise RM1 million to help 100 needy children with leukaemia for the next three years.



Workplace



We continue to provide our employees with a stimulating work environment, career development opportunities and a stringent health and safety policy. Our belief in rewarding employees is apparent in our competitive benefits packages.

Our employees are bound by a Code of Conduct which is part of the employment terms and conditions. The Code of Conduct is an extension of the Carlsberg Group Corporate Social Responsibility Standards which also covers key areas on Labour and Human Rights, Health and Safety and Business Ethics.

Carlsberg Strategy Wheel

In 2012, the Carlsberg Group strategy has been updated to reflect changes happening in the world, in our competitive landscape and throughout the Carlsberg Group.

The updated model also has five strategic levers like its predecessor. They are People; Consumers, Brands and Innovation; Customers; Effectiveness and Efficiency; and Society and Reputation. A detailed write up on each lever can be found in our Annual Report.

We still retain our five winning behaviours based on the GLOCAL approach: Finding the right balance between working

closely together at a GLOCAL level whilst allowing loCAL brands and initiatives to flourish. This is what sets us apart from our competitors and is critical for the success of the Carlsberg Group.

The five winning behaviours are

- Together we are stronger
- We want to win
- Our customers and consumers are at the heart of every decision we make
- We are each empowered to make a difference
- We are engaged with society

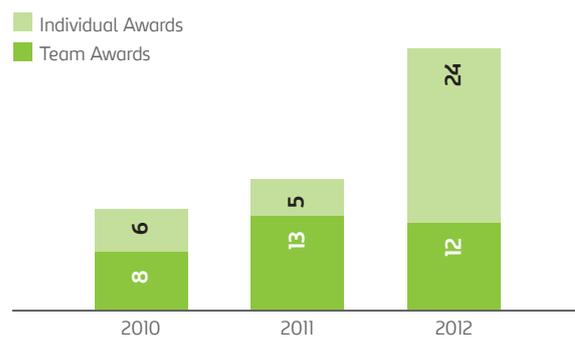
Winning Behaviour Role Model (Great) Awards

To integrate Winning Behaviours into the way that we live our daily work life in Carlsberg Malaysia, the Carlsberg Malaysia Winning Behaviour

Role Model (Great) Awards were created. These awards recognise employees who demonstrate outstanding Carlsberg Winning Behaviours. It reinforces Carlsberg Malaysia's reputation as a special place to work at by strengthening and encouraging desired winning behaviours in a timely, effective and credible manner.

Since 2010, a total of 68 awards have been given to employees who reflected Winning Behaviours in their daily work life.

Winning Behaviour Role Model (Great) Awards



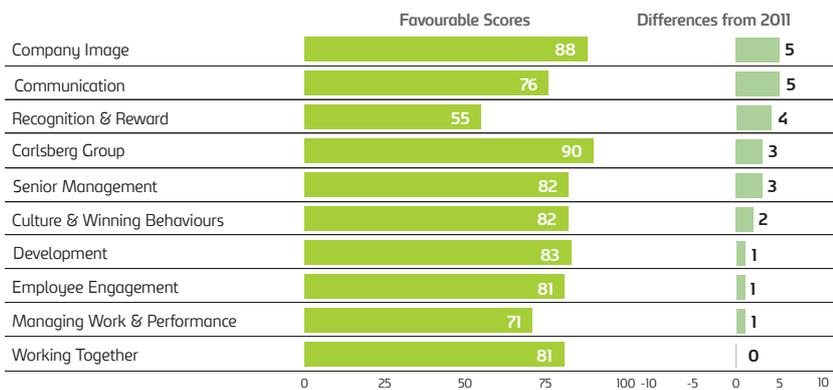
Employees Engagement Survey

Our employees are important stakeholders who ensure the success and sustainability of our business. We are committed to engaging with them to better understand their views.

The results from MyVoice 2012 survey are encouraging, with improved results from the previous year. We believe everyone’s concerted efforts to bring alive our Five Winning Behaviours, our Thirst to be a Great Company proud of its people and brands translate into a highly engaged workforce.

We will continue to leverage MyVoice as a platform to gauge employees’ engagement levels. The results of our MyVoice Employee Engagement Survey in 2012 are presented in the chart below

Results of 2012 MyVoice Employee Engagement Survey across 10 key areas



We are pleased to report that Carlsberg Malaysia performed very well in 2012. All indicators are showing improvement from 2011 apart from ‘Working Together’ in which we are on par.



Competitive Employment Benefits

Carlsberg Malaysia offers a competitive benefits package designed to motivate our workforce and ensure employees reach their full potential. We contribute more to our employees’ pension saving plans than what is required by law. We also offer generous allowances for employees and leave benefits.

The health and wellbeing of our employees is of paramount importance. Statutory Medical leave is granted; medical treatment at our appointed panel clinics’ doctors are borne by us. This extends to any medical practitioner in cases of emergency. Employees over the retirement age also receive a separate health insurance policy up to the age of 65 years.

Workplace



Active Engagement at the Workplace

Quarterly Town hall

In 2012, Supply Chain introduced an initiative to engage with its employees. The quarterly Supply Chain Town hall sessions are similar to the Thirst for Great Hour. It aims to keep employees informed on the company's financial status, safety issues, HR news, CI-LEAN activities and updates. It also raises production issues such as absenteeism, production versus sales trend, operations indicators and market survey results. It is an initiative to improve communications within the team from all levels and areas.

Thirst for Great Hour

As part of our efforts to strengthen employee pride in being part of the Carlsberg Family, we introduced the Thirst for Great Hour in 2011. This platform encourages all employees to participate in Great Moments that will help inculcate Carlsberg's core values and culture as well as unite and motivate them.

The Carlsberg Stand: Thirst for Great reinforces Great People, Great Brands and Great Moments in unity of our people and brands. This symbolises the way forward for all employees to collaborate in a concerted effort to build an organisation of great people, brands and moments that share a common culture of passion and commitment to do their best.

Six 'Thirst for Great Hour' events were held in 2012 in conjunction with various great moments at Carlsberg Malaysia. This platform helps us instil a stronger sense of belonging among our employees by making them feel being part of the Company. An in-depth knowledge of the workplace combined with engagement with fellow colleagues and top management helps create a stronger identity for each individual working at Carlsberg Malaysia.

Date	Event Description
1 Feb 2012	The first Thirst for Great Hour was held in conjunction with the Chinese New Year Celebration Open House
10 Apr 2012	The two highlights presented during the second Thirst for Great Hour get-together were UEFA EURO 2012 and Asahi Super Dry. Employees were introduced to the world's first robotic bartender, Mr. Asahi
21 Jun 2012	The third Thirst for Great Hour was held in line with the internal launch of the new Somersby Cider
14 Aug 2012	The fourth Thirst for Great Hour for 2012 saw the launch of the MyVoice Employee Engagement Survey. The event thanked all employees for the 100% survey response rate registered in 2011
4 Oct 2012	The TFG Octoberfest Hour was held at RP Saujana, Subang and attended by 200 Carlsberg Malaysia employees
10 Dec 2012	The last Thirst for Great Hour for 2012 was held in conjunction with the sponsorship ceremony between Budweiser and Malaysia's first and only professional basketball club, the Westports Malaysia Dragons (KL Dragons)

Promoting Local Talent

Although we have not set a specific policy on hiring of local talents, we believe that it is our responsibility to provide employment for locals. This is in-line with the Government 10th Malaysia Plan in building the nation. While local employment helps us meet our hiring needs, it also advances economic development and education for the Country. In 2012, 99.3% of our employees were locally hired.

Career Development and Training

At Carlsberg Malaysia, we are committed to continuously develop employee skills and providing opportunities for career advancement. We believe in continuously updating knowledge and expertise as it helps us improve our business.

The chart below summarises the number of man hours spent in training from 2011 to 2012. The data is compiled from production; logistics, administration; and sales and marketing.

Carlsberg Training Hours from 2011 to 2012

	2011	2012
Average Training Hours per Employee (including permanent and temporary employees)	25.00	30.27

Carlsberg Project Management Model Training (CPMM)

The CPMM training created a common Carlsberg language in managing projects and providing basic tools for project managers to ensure success. 32 key managers from all departments attended the training.

The training was both theory and practical based. Participants were briefed on the Model while presented with real life scenarios. CPMM was applied to employees' current projects which were presented to the team.

Accelerated Leadership Development Programme in 2012

The Accelerated Leadership Development Programme (ALDP), previously the Carlsberg International Talents Programme, was introduced in 2004 by Carlsberg Group. To date, 140 people among Carlsberg Group have been selected including 36 who were selected for the 2011 to 2012 programme. Among the 36 employees selected for 2011 to 2012 programme, Carlsberg Malaysia has three senior level employees who have completed the programme.

Diploma in Brewing

Our supply chain participated in a three-day course from the Institute of Brewing and Distilling (IBD) at the Saujana KL.

The group of 11 participants attended the training which covers three modules: barley, malting process, adjuncts, water, hops, mashing and wort; yeast and beer; and packaging technology and process technology. The next module is scheduled for 2013 and participants will graduate once passing their exams.

Carlsberg Sales Academy

The Carlsberg Sales Academy (CSA) was launched in 2011. In 2012, we continued to raise the leadership capability of our people through leadership coaching training workshops, one-on-one coaching sessions and a mentoring system. We continued improving our CSA by promoting more structured training and development opportunities for our sales personnel as well as a career map for new Sales recruits.

To-date, approximately 329 participants have been trained under the CSA on the Basic Selling Skills Module. 153 of our sales force have undergone the Basic Supervisory Skills Module.



Workplace

Employee Performance Measurement

Performance Management System

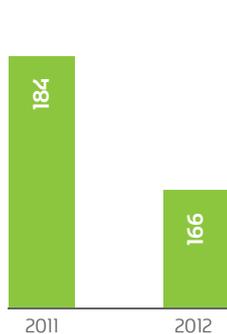
At Carlsberg Malaysia, we conduct two formal performance review sessions a year, mid-year review in June and year-end review in December. However, we inculcate performance management process as a continuous cycle of aligning expectations. This process also forms a platform to encourage mutual feedback between managers and their staff. Our performance management process supports employees in achieving objectives with a systematic approach and subsequently evaluates the output using mutually pre-agreed measurements and standards. The performance management system in Carlsberg Malaysia emphasises differentiation, where the underlying principle contains a clear equitable link between performance and rewards.

All of our employees are required to undergo a formal performance review process, with the exception of unionised employees. Employees are evaluated on two aspects. Firstly, the “What” - Key Performance Indicators (KPIs) are assessed, which are commonly known as the hard deliverables, to measure the accomplishments achieved. Secondly, the “How” - how winning behaviours and competencies are demonstrated in the course of delivering the KPIs or commonly referred to soft skills.

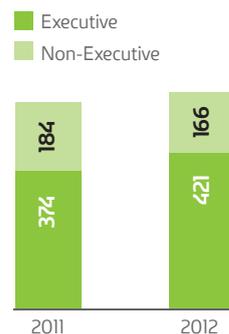
Freedom of association and collective bargaining

Carlsberg Malaysia respects employees’ rights to form, join or not join a labour union or other organisation of their choice as far as is possible under Malaysian law. Non-executive employees may bargain collectively in support of their mutual interests without fear of punitive actions such as intimidation, harassment or termination of employment.

Number of employees covered by collective bargaining agreements from 2011 to 2012



Breakdown of Employees by Executive or Non-Executive from 2011 to 2012



The Union of Beverage Industry Workers (UBIW) is our on-site union. The UBIW is a national union that consist of the in-house unions of three companies: Carlsberg Malaysia, Guinness Anchor Berhad (GAB) and Fraser & Neave (F&N) Marketing. The number of unionised staff In Carlsberg Malaysia as at 31 December 2012 was 166.

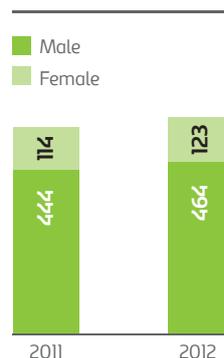
Employee Diversity and Equal Opportunities

Non-Discrimination

At Carlsberg Malaysia, we do not tolerate any form of discrimination against our employees based on race, colour, gender, language, religion, political or other opinion, caste, national or social origin, property, birth, union affiliation, sexual orientation, health status, age, disability or other distinguishing characteristics. Any employment-related decisions, from hiring to termination and retirement, are based solely on relevant and objective criteria.

In each operation, practices are in place to ensure that all hiring and promotion is solely based on the individual’s professional qualifications and skills, and not on physical or personal characteristics or beliefs.

Breakdown of Employees by Gender from 2011 to 2012



Breakdown of Permanent and Temporary Employees from 2011 to 2012



Employee Rights

Working Hours

Carlsberg Malaysia ensures it adheres to all applicable laws or industry standards relating to wages, working hours, extra hours and benefits.

Employees Grievances

Our grievance practices allow employees to voice their problems or complaints to higher levels of management. Employees can discuss their complaints with their immediate supervisors to resolve problems informally. If grievances cannot be resolved, employees may take the issues to Heads of Departments before approaching the HR Department for an amicable solution.

Sexual Harassment

Carlsberg Malaysia is committed to providing a working environment which is free from discrimination and unlawful harassment. Actions, words, jokes or comments based on an individual's gender, race, ethnicity, age, religion are forbidden. There is clear provision in our Employee Handbook for dealing with this unacceptable behaviour. Victims of harassment are encouraged to report it without fear of reprisal.

Forced and Child Labour

Carlsberg Malaysia forbids the hiring of children under any circumstances. We adhere to the national Employment Act 1955 which prohibits the employment of underage and forced workforce.

We also comply fully with our Group policy which prohibits any form of forced labour, including bonded labour, indentured labour, slave labour, or human trafficking. We are dedicated to ensuring that our employees enter into employment of their own free will. Workers are able to move around the Company freely and leave their place of work when their shift ends.

Compliance

There have been no incidents of non-compliance in relation to discrimination and any form of harassment resulting in major controversies, fines or settlements. There have been no reported incidents or infringement with regards to violation of human rights including child labour, forced labour or freedom of association, nor any recorded violations against the rights of indigenous people during the reporting period.

Occupational Safety and Health (OSH)

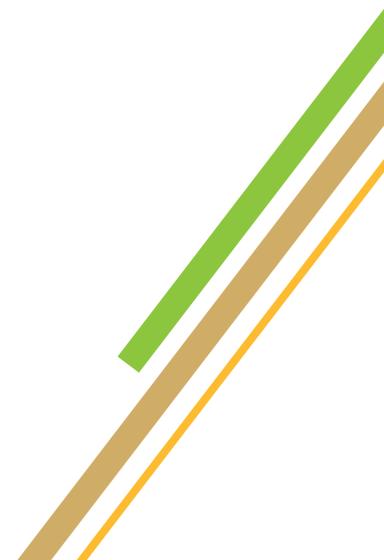
We are committed to achieving high standards of health and safety throughout our business. We recognise the significant contribution of good health and safety conditions makes to our overall business performance. Our goal is that no harm should arise to people as a result of our activities.

We are committed to taking adequate practical steps to prevent, control and guard against potential risks to the occupational health and safety of our employees and contractors at all sites and facilities. This includes protection against fire, accidents and hazardous substances.

Carlsberg Malaysia is governed by the Group Health and Safety Policy which addresses systems and documentation; work environment; training; health emergencies and occupational accidents. The risk of accidents, injury and exposure to health risks are minimised. Reviews of proper work health and safety conditions are conducted regularly and relevant corrective actions taken.

Breakdown of Workforce by age from 2011 to 2012

Workforce by employment age (whole company)	2011	2012
Number of employees (Younger than 18)	0	0
Number of employees (18 - 29)	120	125
Number of employees (30 - 39)	189	220
Number of employees (40 - 49)	143	132
Number of employees (Older than 50)	106	110
Total workforce	558	587



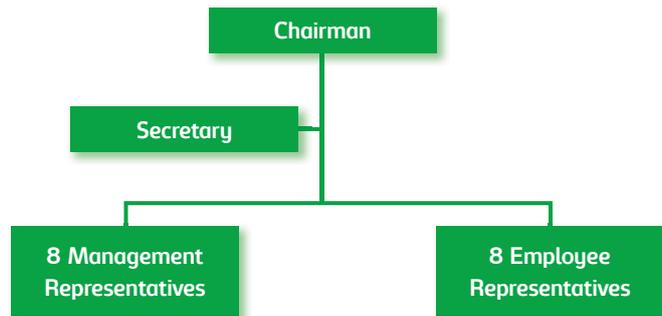
Workplace

OSH Committee

The objectives of the OSH Committee are to:

- Secure the safety, health and welfare of persons at work
- Protect persons in the workplace against the risk arising from the activities
- Promote an occupational safety and health culture in the workplace
- Provide methods and systems to improve the standards of safety and health

Carlsberg Malaysia OSH Committee



OSH Training

We ensure that all employees and contractors at our sites and facilities are informed and well trained to apply Group Policy and guidelines in order to perform their tasks safely. Training areas include Hazmat and chemical spillage; working at heights and in confined spaces. The OSH training which was conducted during 2012 is summarised in the table below.

OSH Training Programmes Conducted in 2012

Period	Training Programme	No. of Employees Trained
February	Occupational First Aider Training	22
April	Personal Protective Equipment Safety	15
April & May	Basic Handling of Forklift Training	27
	Authorised Entry And Stand by Person for Confined Space	6
July	Chemical Handling Awareness Training	6
July	Fire Safety Awareness Training	25
October	Working at Heights Awareness	10

OSH Awareness Fire Drill

Carlsberg Malaysia invited Jabatan Bomba and Penyelamat to conduct a fire drill activity on 15 February 2012. All employees in Shah Alam participated in this fire drill. The activity was held to test the level of emergency awareness and vigilance among our employees. Other objectives include providing an orderly emergency response plan for all occupants; ensuring all exit routes, emergency staircases are not obstructed and can be used in an orderly fashion during emergencies; and ensuring fast, organised and a smooth evacuation of buildings during emergencies.

First Aid and CPR

A basic occupational first aid and CPR course was attended by 22 employees on 23 and 24 February 2012. The course guided our employees to become qualified first-aiders. Participants were also given emergencies procedures.

All participants were also required to sit theory and practical assessments comprising multiple-choice questions, skill demonstrations and mock scenario based drills. Upon passing the assessment, participants were issued a First Aider Card which is valid for two years.

Health & Safety Week

On 16 July 2012, Carlsberg Malaysia launched its very first Health and Safety Week. The Health and Safety Committee organised various talks and activities to create awareness on occupational health and safety while educating employees on best practices. Representatives from the Department of Occupational Safety and Health of Malaysia gave a talk on health and safety at the workplace. Topics shared throughout the week from supporting Government agencies include organ transplants; fire awareness and demonstration; and common eye problems and awareness. Other activities include a forklift handling competition jointly organised and supported by our supplier UMW Toyota.



Efficiency throughout Our Supply Chain

In Carlsberg Malaysia, we promote Lean throughout our Supply Chain to achieve the most effective and sustainable systems. This helps us deliver customers' expectations at a sustainable cost and with minimum waste.

Five work streams were formed in Lean include Continuous Improvement (Kaizen), Performance Management System (PMS), 5S, Total Productive Maintenance (TPM) and Quick Size Changes (SMED).

In Carlsberg Malaysia, Kaizen is about making small changes on a regular basis to make jobs easier and safer, improve on ergonomics and improve the overall delivery, cost and quality. Elimination of waste from transportation, waiting, overproduction, inventory, motion, over-processing and defects is also a goal.

If an employee has an idea for continuous improvement, he or she documents the idea on a suggestion card and places it in the Suggestion Box. Once the idea is approved and implemented, Suggester and Implementer are rewarded.

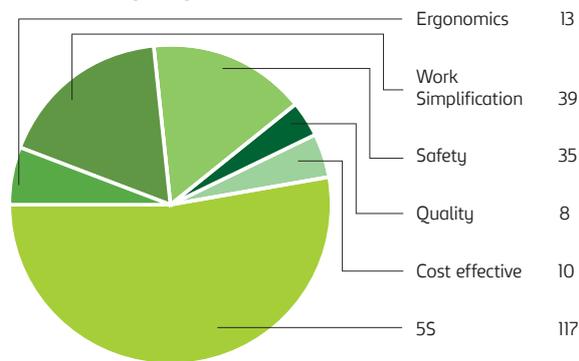
Our Kaizen activity has seen a number of ideas suggested for Continuous Improvement (CI) and employees are now actively contributing ideas in improving quality, safety, reducing cost, cleanliness, ergonomics and work simplification. We also introduced a new "Best Kaizen Award" to reward employees with the best ideas.

In one example, the paper sleeves housing the can lids, made them prone to breakage and difficult to carry. As one end was not sealed, lids would slip

and drop if not handled correctly. Hard plastic cases are now used which accommodate four sleeves. The box matches the exact length of the sleeves and the lids sit precisely in the box without the need for string or seals. This small initiative has simplified the work and the ergonomics.

In 2012, a total of 222 Kaizen suggestions were received with 176 suggestions being implemented.

Kaizen ideas by categories



Protecting Our Environment

The sustainability of the environment plays a vital role within Carlsberg Malaysia. The majority of our raw materials and ingredients are sourced directly from nature. The continued success of our business is directly linked to the health of the environment. However, as we grow our environmental impact increases. We are naturally always looking for ways to reduce our impact on the environment and climate.

Carlsberg Malaysia has established an environmental policy which complements the Global Environment Policy. Our policy has been constructed to contain corporate policy and guidelines; significant environment aspects and impacts; legal and other industry requirements. It also considers the views of our stakeholders including the authorities, external interested parties and our employees.

The Carlsberg Malaysia Environmental Policy and the Carlsberg Global Environment Policy form part of our Environment Manual which provides the direction for Environment Management System in the conduct of our business. It forms the basis for setting and reviewing the Company's environmental objectives and targets for continuous improvement of our environmental performance.

In 2008, Carlsberg Malaysia achieved certification to the ISO 14001 Environmental Management System, reflecting the commitment shown by the Management in pursuing the set environmental goals in a systematic and structured manner.

We monitor our corporate risk on non-compliance of statutory and regulatory requirements related to the environment as categorised below:

- Environmental Quality Act 1974 (EQA 1974)
- Clean Air Regulation 1978
- Scheduled Wastes Regulation 2005
- Sewage Regulation 2009
- Industrial Effluent Regulation 2009
- Classification, Packaging & Labelling (CPL) of Hazardous Chemicals Regulation 1997
- Atomic Energy License Act (AELA) 1984
- Poison Act 1952
- Enakmen LUAS
- Use & Standards of Exposure of Chemicals Hazardous to Health (USECHH) Regulation 2000

Carlsberg Malaysia also conducts continuous cycle of risk assessment, internal auditing and detailed recording of non-compliances. The Company complies with all environmental requirements under the Department of Environment's legal regulations. There were no environmental non-compliances, fines or penalties incurred during the reporting period.

Materials

Carlsberg Malaysia strives to achieve a sustainable use of water as this is a large part of our brewing process. All our beers are brewed from water, malt, hops and yeast and in some cases adjuncts.

The sustainability of the environment plays a vital role within Carlsberg Malaysia. The majority of our raw materials and ingredients are sourced directly from nature. The continued success of our business is directly linked to the health of the environment. However, as we grow our environmental impact increases. We are naturally always looking for ways to reduce our impact on the environment and climate.

Environmental Management Team

Our dedicated Environmental Management Committee oversees the Company’s environment performance. Our ISO14000 requires that we have Environmental Management Representatives and committee members. The roles of the Management Team are numerous and include all aspects of environmental management. This Team oversees all aspects of our environmental performance.

Environmental-related Expenditures

Carlsberg Malaysia made significant investment in environmental-related areas in 2012. All new investments are evaluated from an environmental perspective. In 2012, we invested approximately RM2 million in constructing our state of the art high capacity CO₂ Recovery Plant which operates more energy efficiently and makes us self sufficient in CO₂ for our products. As a good corporate citizen, we believe that our increased spending in this area is important aspect of our Sustainable Management.

Energy management

Carlsberg Malaysia believes that “you cannot manage what you cannot measure” and we have always measured our usage of gas, electricity and water. In order to reduce our consumptions we realise the urgency of understanding the detailed usage by process by process and installation of several metering devices in

2012 has enabled us to clearly monitor our usage and identify areas which are least efficient. In 2012, we introduced a number of energy saving initiatives and improvement programmes and we will continue to focus on energy efficiency in 2013.

Besides the Installation of new CO₂ Recovery Plant that efficiently balancing the liquefaction and vaporization of CO₂, and thus offsetting energy we normally used for these processes, other key initiatives in 2012 are:

- Improved truck loading allowing more products being transported at one time
- Improved production planning resulting in more efficient usage of utilities
- Installation of automatic air purgers increasing the efficiency of our cooling system by lowering the condensation pressure
- Energy meters for measuring energy consumption by line.



Protecting Our Environment

Waste Management

At Carlsberg Malaysia, we minimise waste generation to avoid soil, water and air pollution. Uncontrolled land filling in any form is avoided. We also adhere to the 3Rs principle:

1. **Reduce** – Energy Management schemes are conducted to reduce electricity and heat demand
2. **Reuse** – Bottles are returned to the brewery, cleaned and reused to minimise to use new bottles and resources
3. **Recycle** – Where possible, wastes such as paper, plastic and aluminium are recycled to minimise use of resources

When new packaging types are introduced to the marketplace, the packaging choices are evaluated in a life cycle perspective where the overall environmental impacts are considered. We take an active role in improving and building environmentally friendly beverage packaging systems.

All the waste products (sludge, yeast, kieseluhr and spent grain) produced in our brewing process is disposed of through approved licensed contractors.

Scheduled Waste Management

Scheduled wastes are stored in durable containers to prevent spillage or leakage. Incompatible scheduled wastes are stored separately. The materials are clearly labelled in accordance to the Third Schedule of the Environmental Quality for identification and warning.

Waste is stored in areas which are designed and maintained to prevent spillage or leakage. The areas are sheltered, marked with a signboard and surrounded by a dike; liquid scheduled waste in secondary containment to contain when there is spillage or leakage.

Waste Water and Effluents

Our waste water is treated at an on-site Waste Water Treatment Plant (WWTP) in accordance to regulations before discharge. Raw effluent is processed by a

series of anaerobic treatments followed by an aerobic stage. Biogas generated and collected from our WWTP made up for 10.8% of our energy usage in 2012.

Water Management

Water is our most valuable resource. It is fundamental to our health, our way of life, our economy and our environment. During 2012, we engaged a water specialist to conduct a water audit on our production area.

As a result of the audit, we optimised the water usage in continual improvement processes. Water saving jettors have also been installed in one of our bottling lines to reduce water usage in the bottle washing stage.

We also have a monthly internal leakage audit where all leakages detected were repaired immediately whenever possible or isolated until they could be rectified by the relevant section. A number of old mains water pipes are in the process of being replaced to prevent leakage.



Our 3R Performances

Reuse			
	2010	2011	2012
Biogas Energy (% Replacement)	7.52	11.12	10.80
Percentage of bottle recovery (%)	89.31	69.83	72.82
Recycle			
Packaging Materials Recycled (%)	69.50	87.20	71.98
Reduce			
Total Waste Produced (kg/hl)	12.73	9.38	9.21
Water Consumption, Operation (hl/hl)	4.01	3.99	3.96
Electricity Consumption, Operation (kWh/hl)	9.97	9.97	10.04
Thermal Energy (kWh/hl)	23.3	23.0	24.5
CO ₂ Emissions (kg/hl)	12.14	12.14	13.93

In 2012, there was a slight increase in electricity and energy usage. This is due to the increased complexity in production with implementation of several new brands and bottles affecting our efficiencies. Measures taken throughout the year have improved this trend.

In 2011, the significant reduction in the percentage of bottle recovery is explained by the introduction of new boulder bottles. This led to more new bottles being used and old bottles being destroyed. These new bottles also explain the higher percentage of Packaging Materials Recycled which includes paper, plastic, cans and glass.

Environmental Awareness Programmes

Going beyond Green

On 31 March 2012, Carlsberg Malaysia supported the Earth Hour movement along with 20 Carlsberg companies worldwide for the fifth time. Non-essential lights at the brewery, sales depots, signage and office admin buildings were switched off for one hour. We distributed a 'Living Green Shelftalker' to all employees as every good thing begins at home. This shelftalker reminds users who are away from their computers or other electronic devices for more than 30 minutes.

Biodiversity and Conservation

Carlsberg Malaysia's long term commitment to preserve the environment has come a long way with the annual sponsorship of maintaining the two female Asian elephants – Siti and Sibol at the National Zoo. To celebrate its 25th year partnership with the National Zoo, Carlsberg Malaysia pledged for another three years of support with a contribution worth RM45,000. The 'Fun Day at Zoo Negara' on 7 July was a special occasion as employees and their children and members of the media came forward to support the volunteer programme. Care for the animals was provided which includes exhibit cleaning, food preparation and animal behavioural enrichment activities. The children were entertained with a story telling by the Education Department and after to a contest of drawing Siti and Sibol.

GRI G3.1 Content Index

As part of our continuous commitment in delivering greater transparency on our approach to reporting, we have applied the most recent and most comprehensive sustainability reporting guidelines produced by the Global Reporting Initiatives (“GRI”), GRI G3.1 Guidelines, which falls under Level C application level. This latest guidelines cover a wider range of issues on the main sustainability areas: economic, social and environmental. All indicators listed in this GRI G3.1 Content Index are fully or partially reported. We will continuously improve the level of disclosures in our future Reports.

Reference : AR 2012 : Annual Report 2012;

CSR 2012 : Corporate Social Responsibility Report 2012

PROFILE DISCLOSURES

Strategy and Analysis

1.1	Statement from the most senior decision-maker of the organisation	CSR 2012 : 2-3
1.2	Description of key impacts, risks, and opportunities	CSR 2012 : 2-3, 25

Organisational Profile

2.1	Name of the organisation	Front Cover
2.2	Primary brands, products, and/or services	CSR 2012 : 4
2.3	Operational structure of the organisation	CSR 2012 : 4
2.4	Location of organisation’s headquarters	CSR 2012 : 1
2.5	Number of countries where the organisation operates	CSR 2012 : 4
2.6	Nature of ownership and legal form	CSR 2012 : 4
2.7	Markets served	CSR 2012 : 4
2.8	Scale of the reporting organisation	CSR 2012 : 1, 4
2.9	Significant changes during the reporting period	CSR 2012 : 2-3
2.10	Awards received in the reporting period	AR 2012 and CSR 2012 : 3

Report Parameters

3.1	Reporting period	CSR 2012 : 1
3.2	Date of most recent previous report	CSR 2012 : 1
3.3	Reporting cycle	CSR 2012 : 1
3.4	Contact point for questions regarding the report or its contents	CSR 2012 : 1
3.5	Process for defining report content	CSR 2012 : 1
3.6	Boundary of the report	CSR 2012 : 1
3.7	Specific limitations on the scope or boundary of the report	CSR 2012 : 1, 4
3.8	Basis for reporting on joint ventures, subsidiaries, etc	CSR 2012 : 1
3.9	Data measurement techniques and the bases of calculations	CSR 2012 : 29
3.10	Explanation of the effect of any re-statements of information	CSR 2012 : 2-3
3.11	Significant changes from previous reporting period	CSR 2012 : 2-3
3.12	Table identifying the location of the Standard Disclosures	CSR 2012 : 30-35

Governance, Commitments, and Engagement		
4.1	Governance structure of the organisation	AR 2012
4.2	Indicate whether the Chair of the highest governance body is also an executive officer	AR 2012
4.3	Independent and/or non-executive members of the Board	AR 2012
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	AR 2012
4.5	Linkage between compensation and the organisation's performance	AR 2012
4.6	Processes in place to ensure conflicts of interest are avoided	AR 2012
4.7	Qualifications and expertise of the Board	AR 2012
4.8	Internally developed statements of mission or values, codes of conduct, and principles	AR 2012 and CSR 2012 : 5
4.9	Identification and management of economic, environmental, and social performance, conduct, and principles	CSR 2012 : 5, 26
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organisation	AR 2012 and CSR 2012 : 6, 12
4.14	List of stakeholder groups engaged by the organisation	CSR 2012 : 7-9
4.15	Basis for identification and selection of stakeholders with whom to engage	CSR 2012 : 7-9
4.16	Approaches to stakeholder engagement	CSR 2012 : 7-9

Performance Indicators : ECONOMIC

Economic Performance		
EC1	Direct economic value generated and distributed	AR 2012
EC3	Coverage of the organisation's defined benefit plan obligations	CSR 2012 : 19
Market Presence		
	Standard entry level wage vs. local minimum wage	CSR 2012 : 19
EC7	Procedures for local hiring	CSR 2012 : 21
Indirect economic impacts		
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit	CSR 2012 : 14-15
EC9	Understanding and describing significant indirect economic impacts	CSR 2012 : 14-17

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Performance Indicators : ENVIRONMENTAL

Energy		
EN3	Direct energy consumption by primary energy source	CSR 2012 : 27, 29
EN4	Indirect energy consumption by primary source	CSR 2012 : 27, 29
Water		
EN8	Total water withdrawal by source	CSR 2012 : 28-29
EN9	Significant impact of withdrawal of water	CSR 2012 : 28-29
Biodiversity		
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas	CSR 2012 : 29
EN13	Habitats protected or restored	CSR 2012 : 29
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity	CSR 2012 : 29
Emissions, Effluents and Waste		
EN16	Total direct and indirect greenhouse gas emissions by weight	CSR 2012 : 29
EN21	Total water discharge by quality and destination	CSR 2012 : 28-29
EN22	Total weight of waste by type and disposal method	CSR 2012 : 28-29
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organisation's discharges of water and runoff	CSR 2012 : 28
Products and Services		
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	CSR 2012 : 26-29
Compliance		
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	CSR 2012 : 26
Overall		
EN30	Total environmental protection expenditures and investments by type	CSR 2012 : 27

Performance Indicators : SOCIAL - Labour Practices and Decent Work

Employment		
LA1	Total workforce by employment type, employment contract, and region	CSR 2012 : 22
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	CSR 2012 : 19
Labour/Management Relations		
LA4	Percentage of employees covered by collective bargaining agreements	CSR 2012 : 23
Occupational Health and Safety		
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	CSR 2012 : 23-24
LA8	Education, training, counselling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	CSR 2012 : 23-24
Training and Education		
LA10	Average hours of training per year per employee by employee category	CSR 2012 : 21
LA12	Percentage of employees receiving regular performance and career development reviews	CSR 2012 : 22
Diversity and Equal Opportunity		
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	CSR 2012 : 22
LA14	Ratio of basic salary of men to women by employee category	CSR 2012 : 22

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Performance Indicators : SOCIAL - Human Rights

Diversity and Equal Opportunity		
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening	CSR 2012 : 23
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken	CSR 2012 : 23
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	CSR 2012 : 23
Non-Discrimination		
HR4	Total number of incidents of discrimination and actions taken	CSR 2012 : 22
Freedom of Association and Collective Bargaining		
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights	CSR 2012 : 22
Child Labour		
HR6	Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour	CSR 2012 : 23
Forced and Compulsory Labour		
HR7	Operations identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of forced or compulsory labour	CSR 2012 : 23
Security Practices		
HR8	Percentage of security personnel trained in the organisation's policies or procedures concerning aspects of human rights that are relevant to operations	CSR 2012 : 23
Indigenous Rights		
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken	CSR 2012 : 23
Assessment		
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments	CSR 2012 : 23
Remediation		
HR11	Number of grievances related to human rights filed, addressed, and resolved through formal grievance mechanism	CSR 2012 : 10, 23

Performance Indicators : SOCIETY

Local Community		
SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting	CSR 2012 : 14-17
SO9	Operations with significant potential or actual negative impacts on local communities	CSR 2012 : 14-17
SO10	Prevention and mitigation measured implemented in operations with significant potential or actual negative impacts on local community	CSR 2012 : 14-17
Corruption		
SO2	Percentage and total number of business units analysed for risks related to corruption	CSR 2012 : 10
SO4	Actions taken in response to incidents of corruption	CSR 2012 : 10
Public Policy		
SO5	Public policy positions and participation in public policy development and lobbying	CSR 2012 : 8
Anti-competitive Behaviour		
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	CSR 2012 : 10

Performance Indicators : PRODUCT RESPONSIBILITY

Customer Health and Safety		
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	CSR 2012 : 6
Product and Service Labelling		
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	CSR 2012 : 11-12
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes	CSR 2012 : 11-12
Marketing Communications		
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	CSR 2012 : 12
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes	CSR 2012 : 11-13

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