

**CSR Report 2011**

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The cover of our Corporate Social Responsibility (CSR) Report portrays a cluster of flourishing hop leaves that are symbolic of the sustainable growth that Carlsberg Malaysia is pursuing. The leaves are richly nurtured to produce high quality hops, a reflection of Carlsberg Malaysia's commitment to responsible and sustainable CSR to ensure that we stand out as a model for responsible corporate behaviour.



“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.”

**J.C. Jacobsen**  
Founder of Carlsberg

# Managing Director's Message



## Dear Shareholders/Friends of Carlsberg Malaysia,

We are delighted to present Carlsberg Malaysia's new-format Corporate Social Responsibility (CSR) Report which underscores our commitment to growing profitably in a responsible manner.

Good CSR practices have been ingrained within our people and businesses as far back as 1847 when Carlsberg was founded by J.C. Jacobsen. Our approach to good CSR foundation aligns with the golden words of Jacobsen:

"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."

In the same passionate and dedicated manner that our founder embraced the art of making beer, we are committed

to going beyond mere profit, embedding responsible and sustainable practices into our total business operations and value chain so that we stand out as a model for responsible corporate behaviour.

This stand-alone CSR Report provides insights into the many tangible outcomes we are delivering in the areas of the Marketplace, Community, Workplace and Environment as we balance our strong financial performance with responsible social and environmental performance.

The year 2011 saw Carlsberg Malaysia moving strongly forward on the business front as well as in our commitment towards good CSR practices. In line with one of our Winning Behaviours, "We are engaged with Society" pillar, we maintained the positive momentum of our existing CSR projects while making good inroads with new initiatives. Several heart-warming and value-added CSR activities impacted positively on a wide spectrum of stakeholders, including our shareholders, trade partners, employees and the community. Stringent measures were enforced to conserve our environment.

In line with our longstanding commitment to upholding ethical behaviour in the Marketplace, we launched a Whistleblower System. To mitigate unethical practices which may affect our reputation or impede good business practices, we continued to uphold the principles outlined in the Group's Business Ethics Policy.

As part of our efforts to educate consumers on responsible drinking, we introduced our 'Enjoy Responsibly' campaign. This campaign includes breathalyser kits and call-a-cab telephone contacts for our employees and to raise awareness to drink responsibly.

On the Community front, we continued to enrich communities through our CSR mission in Education. 2011 marked the 25th anniversary of the Top Ten Charity Campaign, the longest running platform for Chinese education with the highest funds raised. We also re-launched the Danish Royal Stout Charity Concerts in Northern Malaysia after a hiatus of four years. On top of this, we provided financial support to underprivileged and indigenous students in East Malaysia via our 'Back to School' project.

In the same passionate and dedicated manner that our founder embraced the art of making beer, we are committed to going beyond mere profit, embedding responsible and sustainable practices into all that we do.

We continued to make strong strides forward in the Workplace area. Our management and employee new networking platform – Thirst for Great Hour – has proven to be highly successful. This initiative helps to strengthen management-employee relationships as well as forging stronger bonds between our people and the Company.

To build goodwill and strengthen ties with our trade partners as well as to equip them with the necessary resources to optimise performance, we introduced ‘A Class Experience’ (ACE) initiative and the New Generation Distributor Model (NGDM). These have helped Carlsberg Malaysia bolstered its position in the marketplace.

On the Environmental front, we continued to minimise the impact of our operations on our environment with reduction in environmental waste and carbon footprint. Under our 3R Programme (Reduce, Reuse, Recycle), we minimised waste as well as water and energy usage, whilst doubling up our recycling efforts.

We are deeply grateful to all our stakeholders for the many successes we have achieved on the CSR front. CSR will remain an integral part of our operations and a priority going forward. Carlsberg Malaysia is committed to moving boldly forward on the business front and in the same vein, we will work to deliver sustainable value and be a model for responsible corporate practices on the CSR front.

We hope all our stakeholders will continue to lend us their steadfast support as we move boldly forward to conquer new grounds. We trust you will find Carlsberg Malaysia’s 2011 CSR Report an inspirational read.

**Soren Ravn**  
 Managing Director  
 Carlsberg Malaysia

## CSR Achievements



- Recognising its efforts in promoting education, Carlsberg Malaysia was awarded the “We are engaged with Society”, at the Winning Behaviours Award 2010 held in conjunction with the Carlsberg CEO Conference held in Kiev, Ukraine in 2011. This achievement was very significant as it acknowledged the milestones achieved by Carlsberg Malaysia.
- Another feather to Carlsberg Malaysia’s cap was the Asia Responsible Entrepreneurship Awards (AREA) 2011 in the category of Social Empowerment, where Carlsberg Malaysia was nominated as one of the top exemplary companies in Asia.

# About Carlsberg Malaysia



Carlsberg Brewery Malaysia Berhad (Carlsberg Malaysia) was incorporated in December 1969 and began brewing Carlsberg Green Label beer locally in 1972. Since then, the Carlsberg Green Label brand has become the most preferred beer brand in Malaysia.

Carlsberg Malaysia is listed on the Main Board of Bursa Malaysia Securities Berhad under the Consumer Products sector. We are an established brewery that manufacture and distribute beers, stouts and other beverages mainly in the domestic Malaysian market with investments in Singapore and Sri Lanka as well as in a Malaysian alcoholic beverage company.

Carlsberg Malaysia has a beer for every drinker, every palate, every lifestyle and every occasion. Our portfolio of

international brands includes Carlsberg Green Label, Carlsberg Gold, Carlsberg Special Brew, Asahi Super Dry, Kronenbourg 1664, Kronenbourg 1664 Blanc, SKOL, SKOL Super, Danish Royal Stout, Connor's Stout, Corona Extra, Tetley's, Jolly Shandy as well as the non-alcoholic beverage, Nutrimalt. In addition, through our subsidiary, Luen Heng F&B Sdn Bhd, we also have a wide range of imported international beer and spirits such as Hoegaarden, Stella Artois, Budweiser, Foster's, Beck's, Franziskaner, Erdinger and Jägermeister.

At the forefront of innovation and quality, Carlsberg Malaysia has always led the market with dynamic product launches and impactful consumer campaigns. We also continued to champion many Corporate Social Responsibility initiatives in the areas of the Marketplace, Community, Workplace and Environment.








## Statement of Corporate Governance

The Board is fully committed in ensuring that the highest standards of corporate governance including accountability and transparency are practised by the Company and embedded throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholders' value and the financial performance of the Group.

To this end, the Board continues to implement the recommendations of the Malaysian Code on Corporate Governance ("Code") which sets out the principles and best practices on structures and processes that companies may use in their operations to achieve the optimal governance framework.

At Carlsberg Malaysia, we are committed to growing in a responsible manner by integrating CSR throughout our value chain, thereby reducing our environmental and social impact. In 2011, we made good progress on this front and continued to deliver high quality products efficiently.

### Our CSR Approach – integrating CSR throughout the Value Chain

	2011 Achievement	2012 Target
	<p><b>R&amp;D</b> Continuously support our Group R&amp;D in researching for alternate raw materials, new processes and product</p>	<ul style="list-style-type: none"> <li>- Worked together with our business partner in Japan and has successfully started brewing Asahi Super Dry locally to reduce carbon footprint</li> <li>- Work together with Carlsberg Group and our business partner in France to brew Kronenbourg 1664 and Kronenbourg 1664 Blanc locally</li> </ul>
	<p><b>Procurement</b> Work with our suppliers on the compliance of the Group Supplier and Licensee Code of Conduct</p>	<ul style="list-style-type: none"> <li>- Included environmental elements in sourcing process</li> <li>- Included CSR criteria in purchasing decisions i.e. business ethics, labour and human rights, etc</li> <li>- Launch of e-procurement tool for better transparency</li> <li>- Monitor suppliers' CSR performance through assessment and audit</li> <li>- Encourage aggressive use of the e-procurement tool</li> </ul>
	<p><b>Brewing and Bottling</b> 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"> <li>- An overall improvement in waste reduction, water and energy consumption</li> <li>- Usage of biogas generated from our waste water treatment plant has successfully replaced 11.12% of total energy consumption</li> <li>- Engage external utilities auditor to conduct utilities audits to strive for better environmental performance</li> <li>- Increase focus on Continuous Improvement and LEAN (CI-LEAN) performance</li> </ul>
	<p><b>Logistics</b> Continuously improve our logistic efficiency to reduce environmental impact</p>	<ul style="list-style-type: none"> <li>- Enforced all truck loads to be full to deliver optimised usage of transport, delivering fuel usage efficiency</li> <li>- Continuous effort to drive efficiency usage of fuel in transportation</li> <li>- Continue to implement Health and Safety strategy in logistics</li> </ul>
	<p><b>Sales and Marketing</b> Committed to responsible and proactive marketing communications</p>	<ul style="list-style-type: none"> <li>- Initiated a trade programme, A-Class Experience (ACE) trainings for bartenders and outlet owners on art of brewing, product knowledge and guide on beer serving</li> <li>- Briefing of marketing team on the Marketing Communication Policy</li> <li>- Developed and circulation of Marketing Community policy booklet</li> <li>- Conduct e-Learning training on Marketing Communication policy to all Marketing personnel, creative, PR and event agencies.</li> <li>- Communicate the Company's guidelines on 'No drink and drive' to all sales and marketing employees.</li> <li>- Develop collaterals to increase the awareness of the 'No drink and drive'</li> </ul>
	<p><b>Consumers and Customers</b> Continuously listen to our consumers and customers to enhance our product quality and customer service</p>	<ul style="list-style-type: none"> <li>- Incorporated 'Enjoy Responsibly' statement into poster of products of high alcohol content and all POSM of Oktoberfest campaign</li> <li>- Conducted briefings on responsible drinking to 50% of participants of A-Class Experience (ACE) trainings</li> <li>- Launch 'Enjoy Responsibly' campaign</li> <li>- Effective engagement with our key stakeholders i.e. consumers, distributors, retailers and outlet owners</li> </ul>
	<p><b>Communities</b> Continue to support the communities where we operate our business in</p>	<ul style="list-style-type: none"> <li>- Celebrated the 25th anniversary of Top Ten Charity Campaign with higher funds raised</li> <li>- Re-launched the Danish Royal Stout charity concert</li> <li>- Distributed 4,000 school bags and water tumblers to students</li> <li>- Established a new programme named English Essentials that provided 100,000 workbooks for teachers and students of Tamil primary schools</li> <li>- Continuous improvement to the results and impact generated from the community projects</li> <li>- Improve awareness and engagement of employee in the community relations programme</li> </ul>

## Our CSR Framework



Carlsberg Malaysia's CSR Framework

Carlsberg Malaysia is committed to making a positive impact on our many stakeholders be they our shareholders, employees, customers, consumers, associates or the communities and environment in which we operate. We will do this while growing in a sustainable and responsible manner. To achieve these goals, we will continue to leverage our six CSR policies – Labour and Human Rights, Marketing

Communications, Health and Safety, Business Ethics, Community Engagement and Environment that are into and across our four focus areas of the Marketplace, Community, Workplace and Environment. These six policies are ingrained within our businesses and communicated to each employee at every level of our organisation, to ensure good CSR practices remain the heartbeat of Carlsberg Malaysia.

## Our CSR Committee

Five units within Carlsberg Malaysia overlook a specific area of CSR each. They monitor the daily activities and challenges and ensure our CSR policies are on track.

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

## Our Six Key CSR Policies

Carlsberg Malaysia's six key CSR policies cover areas that are integral to the smooth running of 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 seek 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.



# Active Stakeholder Engagement

Carlsberg Malaysia is committed to upholding the highest standards of open and proactive communication.



## Ensuring open, proactive communication

Carlsberg Malaysia is committed to upholding the highest standards of open and proactive communication. Through our Annual Report, timely announcements and corporate website, we communicate the Group's performance and share price as well as highlight key developments to our shareholders.

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 businesses. For the investing public, the Group also conducts at least two analyst briefings and face-to-face briefings with fund managers and members of the media upon the release of our quarterly results. On top of this, we continue to accord members of the media interviews as well as prompt information dissemination via press releases and press conferences.

All of these measures underscore our commitment to upholding open, proactive communications and good corporate governance practices.

The general public too has access to most of our information platforms but more importantly we engage directly with them via our many CSR platforms such as our community engagement initiatives and Enjoy Responsibly campaign. We continue to reach out to our customers and consumers through our corporate website, the media and brewery visits and ensure education on drinking responsibly as well as product safety and quality is relayed effectively.

Through various training programmes and meetings with our value chain partners, we are according them the necessary resources to perform at their best whilst ensuring good procurement management practices are in place. Through proactive information sharing, meetings, dialogue

and compliance, we are forging stronger ties with relevant Government departments and key officials.

Our internal newsletter, Berita Carlsberg, feeds employees updates and information on management objectives, corporate updates, marketing campaigns and promotions as well as staff news and movements. Our employees are also kept motivated and abreast of Carlsberg happenings through platforms such as Thirst for Great Carlsberg Hour gatherings, weekly activities updates. Through Carlsberg Malaysia's health and safety policy, we communicate the measures we are undertaking to mitigate and control potential risks that may impact upon the health and safety of our employees.

Our new stand-alone CSR publication is aligned with Bursa Malaysia's CSR Framework and in time will align with the Global Reporting Initiative (GRI) Guidelines.

## Active Stakeholder Engagement



Carlsberg Malaysia continues to work hand-in-hand with other industry players for the good of the Beer and Stout industry and our consumers.

### Strengthening Government Relations

Carlsberg Malaysia continues to share information, build goodwill and forge stronger ties with relevant Government departments and key officials through meetings, dialogue and publications. Our government-relations efforts over 2011 saw us meeting with the Ministry of International Trade and Industry, Ministry of Domestic Trade, Co-operative and Consumerism, Ministry of Finance and Ministry of Education, among others on variety of issues and collaborative activities.

### Upholding National Interests

Carlsberg is playing its part in supporting the Government's initiatives in economic transformation and Malaysia's ambition of becoming a developed, high income nation by 2020. In 2011, Carlsberg Malaysia indirectly supported the Government's tourism efforts through our association with events such as the Maybank Malaysian Open (MMO), the Malaysian International Gourmet Festival, the Women Tennis Association event and the Malaysian International Fashion Awards. Carlsberg also sponsored cultural events such as Chinggay in Johor Bahru and Temple Fair in Butterworth.



**Actively Engaging with Trade Partners**

To better engage with our trade partners, we invested in a new nationwide trade programme known as the A-Class Experience (ACE) Programme. The ACE programme comprises a series of educational and practical training sessions aimed at assisting F&B operators to raise the bar to meet the increasingly sophisticated needs of today’s customers.

The ACE programme’s syllabus comprises both off-site and classroom training that will accord our trade partners a better understanding of the brands under Carlsberg Malaysia as well as day-to-day bar operation skills and customer service excellence. In addition, participants will also be able to experience exclusive

training with world class brewers. By elevating the skills and ultimately the service levels of our trade partners, we aim to increase customer loyalty and traffic to their outlets so to enhance business profitability.

In conjunction with three training sessions, we ran a series of follow-up activities which saw mystery consumer being deployed to outlets to evaluate participants and a special taskforce leveraged to obtain consumer feedback on their preferred bar team or bar outlets. On top of this, we initiated digital activation activities including a dedicated Facebook application for trade partners to monitor consumer ratings of their outlets.

# Proactive Marketplace Practices

We value honest and open communication with trade partners and believe that transparency is vital to a successful business relationship.

## **Upholding Ethics and Integrity**

To ensure ethical business conduct and compliance with laws at the global level, Carlsberg Malaysia adheres strongly to the Carlsberg Group Business Ethics Policy and Guidelines. In September 2011, all key managers and executives underwent training in this area while commencing October 2011 all new employees undergo similar training as part of their orientation. To date, 99% of 200 employees have undergone this training which equips them with the necessary policies to ensure ethical business relationships with customers, suppliers and stakeholders.

## **Safeguarding Whistleblower Confidentiality**

Our recently launched Whistleblower System reflects the commitment and vital importance Carlsberg Malaysia places on preserving integrity. It also ensures that the principles of the Business Ethics Policy have a tangible impact throughout the chain of operations. Under this initiative, any employee or third party may tap into the Whistleblower System to report any known or suspected unethical behaviour that contravenes the Business Ethics Policy. With elements such as an external group investigating complaints, the Whistleblower System ensures employee safety, anonymity and confidentiality in a secure manner.

## **Group Supplier and Licensee Code of Conduct**

Building long-term relationships with suppliers is crucial for our business. We value honest and open communication with suppliers and believe that transparency is vital to a successful business relationship. As an advocate of the United Nations Universal Declaration of Human Rights and a signatory to the United Nations Global Compact, we support 10 principles within four important areas: human rights, labour rights, environment and anti-corruption. This Code applies to all Carlsberg Group suppliers and licensees and observance of the Code is an enforced part of any agreement or contract between the Carlsberg Malaysia Group and our suppliers. The Code's provisions extend



to all workers, including workers who are engaged informally, on short-term contracts, or on a part-time basis. It is the responsibility of suppliers to communicate and ensure that their sub-suppliers do not violate the standards of this Code.

### Implementing Responsible Communications

Our marketing practices are in compliance with all relevant Malaysian laws. In addition, compliance with various codes of ethics and conduct such as the Communications and Multimedia Content Forum of Malaysia, the Malaysian Code of Advertising Practice (MCAP) and the Confederation of Malaysian Brewers Bhd: Code of Marketing Practice are duly followed.

### Confederation of Malaysian Brewers Bhd: Code of Marketing Practice

As a member of the Confederation of Malaysian Brewers Berhad (CMBB) we adhere to CMBB Code of Marketing Practice. All advertising and marketing communications in print, television, cinema, radio, point of sales, packaging, interactive websites and experiential marketing events to all stakeholders are thoughtfully crafted and marketed responsibly. Our advertisements maintain a high standard of social responsibility and are neither unethical nor offensive against generally prevailing societal standards of taste and decency.

## Proactive Marketplace Practices



Enjoy Responsibly campaign was introduced - highlighting four stands – Be Safe, Be in Control, Drink Smart and Stick to Age Limit.

### Advocating Responsible Drinking

As an organisation that is committed to implementing responsible marketplace practices, we formally introduced the Enjoy Responsibly campaign in 2011 as a pilot project to educate employees and consumers about the importance of responsible drinking. Highlighting four stands – Be Safe, Be in Control, Drink Smart and Stick to Age Limit – the Enjoy Responsibly campaign was introduced at selected events such as our “Malaysia’s Own Oktoberfest 2011” and “Where’s the Party? 2” At these events, Carlsberg Malaysia staff distributed flyers on safe drinking tips, provided cab contact numbers and stickers to members of the public who were also invited to sign up as Ambassadors to promote our campaign.



Enjoy Responsibly is featured prominently in our corporate culture and will be inculcated among all new employees at their orientation. Our sales employees too are provided personal breathalyser devices, taxi call cards and stickers for sales vehicles to ensure responsible behaviour. We have also extended the tenets and culture of Enjoy Responsibly to our business partners, distributors, bar managers, bartenders and staff where over 600 participants were briefed on the initiative at the ACE Programme training 2011.

### Customers Come First

On top of this, Carlsberg Malaysia also has an independent Market Intelligence Team (MIT) to track and monitor product freshness, service quality, merchandising and customer service rendered in the market place. This timely tracking and

monitoring of market intelligence is to ensure that we deliver great brand experiences to both consumers and customers at all times through excellent execution of product and promotion plans at point of purchase.

As a result of MIT's market information, we have been able to build upon our strategic and tactical decision-making, improve stock rotation and distribution in the market, and make speedier deliveries to market to keep our competitive edge.

Carlsberg Malaysia's commitment to responsible communication also includes all interpersonal and interface communication with stakeholders as at all meetings, roundtable dialogues with trade and Government, analyst meetings, distributors conferences, and media briefings.



# Impactful Community Initiatives

The 25-year old Top Ten Charity Campaign has to-date accumulated more than RM369 million for approximately 588 Chinese schools and institutions nationwide.

## Sharing with the Community Unconditionally

Carlsberg Malaysia cares about the communities we engage with. Our community efforts focus predominantly on the areas of Education and Sports – in line with our guiding principle of “Sharing with the Community Unconditionally.”

## Providing Hope and a Future through Education

Recognising the merits of education, Carlsberg Malaysia is committed to opening up educational opportunities for the younger generation. We truly believe that education is the key to elevating the lives of our young despite their circumstances or backgrounds, and as such all our main community initiatives have a strong focus on education.

## Top Ten Charity Campaign

Carlsberg Malaysia’s flagship charity campaign, the Top Ten Charity Campaign (Top Ten) continues to hold the titles “Longest Running” and the “Highest Funds Raised through Chinese Charity Shows” awarded by the Malaysia Book of Records. 2011 marked the silver jubilee of Top Ten and another fruitful run for Malaysia’s most successful fund-raising platform for Chinese education and institutions.

The year also saw Top Ten supporting the WuShu Federation of Malaysia and the Centre for Malaysian Chinese Studies. Through the excellent cooperation of so many individuals and groups plus the generous donations and funds raised from the local community, the 25-year old Top Ten Charity Campaign has to date raised more than RM369 million for 588 Chinese schools and institutions nationwide. These efforts have

certainly done much to strengthen the development of Chinese primary schools and independent Chinese secondary schools which are reliant on support from the Chinese community.

## Royal Stout Charity Concert

2011 saw the return of the Royal Stout Charity Concert after a four year hiatus. The Royal Stout Charity Concert features up-and-coming popular Chinese artistes who help raise funds for partially-aided Chinese schools in Northern regions of Peninsular Malaysia. Proceeds utilised in building additional classrooms, multipurpose school halls and infrastructure upgrades. In 2011, the Concert raised RM4.1 million in funds for three schools. To date, this platform has raised more than RM37 million for 74 Chinese schools and institutions.





**“I Love Chinese Education” East Malaysia Charity Concert**

The “I Love Chinese Education” East Malaysia Charity Concert aims to support the development of Chinese educational institutions in East Malaysia. Introduced in 2010, it has to date garnered over RM2.6 million for more than 30 Chinese schools in East Malaysia for the purposes of academics as well as facilities and infrastructure upgrades. Fully funded by Carlsberg Malaysia, 2011’s campaign generated RM1.7 million for four Chinese schools in East Malaysia.

**The Carlsberg Hua Zong Education Fund**

The Carlsberg Hua Zong Education Fund was introduced in 1998 with a RM5 million revolving fund. Fully sponsored by Carlsberg Malaysia in collaboration with the Federation of Chinese Associations Malaysia, it provides interest-free study loans to deserving underprivileged students wishing to pursue tertiary education.

To date, total of 498 scholars have been granted the study loan to pursue their educational aspirations.

## Impactful Community Initiatives



### English Essentials

August 2011 saw the maiden launch of Carlsberg Malaysia's English Essentials programme for Tamil primary schools. Endorsed by the Tamil School Headmasters' Council, the programme provides school children and teachers at Tamil primary schools the opportunity to improve their knowledge and proficiency of the English language. The first wave of training saw over 400 teachers from 282 Tamil schools (comprising 53% of all Tamil schools in Malaysia) being trained on how to leverage their critical and creative thinking, communication skills and general knowledge.

The English Essentials training is fully funded by Carlsberg Malaysia. We funded the printing and distribution of 100,000 copies of the 11 volumes of English Essentials workbooks for the use by teachers and students. The training of students will take place over the course of 2012.

### Back to School Project

Carlsberg Malaysia's Back to School project aims to provide the basic school essentials for underprivileged students from rural areas across multiple communities. In 2011, 4,000 school bags and other school essentials have

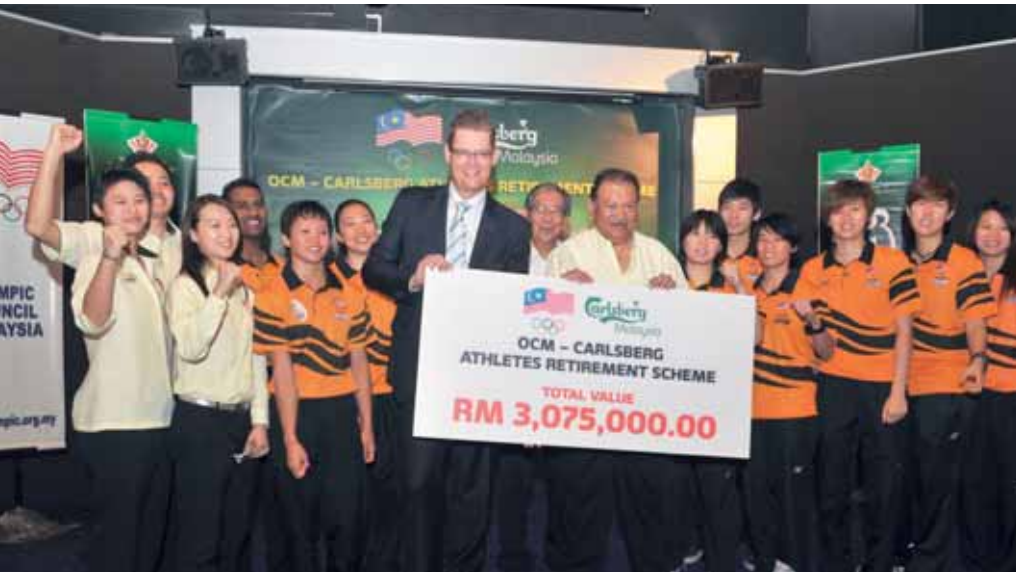
been donated to Indian and Orang Asli students in Peninsular Malaysia as well as Kadazandusun, Iban and Bidayuh students in East Malaysia.

### In Support of Tamil Schools

Carlsberg Malaysia continues to elevate the lives of young Malaysian Indians through providing them school fees assistance and infrastructural support. The latter initiative has seen us assisting Tamil schools with inadequate facilities or poor infrastructure by helping them to build or repair their school facilities, and providing cash donations and rice packets for students from Tamil schools.

### The New Straits Times-in-Education (NIE)

As part of our efforts to accord every child access to quality education, Carlsberg Malaysia worked with the New Straits Times as a partner in the latter's New Straits Times in Education (NIE) programme. In May 2011, Carlsberg Malaysia participated with the New Straits Times office in Butterworth providing 37,500 copies of the newspapers with the NIE pull-outs. 2011's initiative benefitted 6,500 students from 40 Tamil Schools in the Northern Region of Peninsular Malaysia. Students were also given a chance to experience an educational tour of the newspaper printing process and publishing.



### Leveraging Sports to Build Goodwill

As part of our efforts to “share with the community unconditionally,” Carlsberg Malaysia is committed to supporting sports events and activities that raise the quality of these sports and nurture talented Malaysian sportsmen and sportswomen.

#### Carlsberg Golf Classic Charity

Carlsberg has been the proud sponsor of the biggest and longest-running amateur golf tournament in Malaysia – the Carlsberg Golf Classic. The 18th year of the tournament saw 4,000 golfers competing in 40 of the best golf clubs in Peninsular and East Malaysia. The proceeds collected will be channeled to deserving charitable organisations across the nation.

### OCM-Carlsberg Athletes Retirement Scheme

As official partner of the Olympic Council Malaysia (OCM), Carlsberg Malaysia has been in partnership with OCM for the past 17 years via the OCM-Carlsberg Athletes Retirement Scheme. The retirement scheme provides life insurance coverage for deserving Malaysian athletes who have made the country proud by winning medals at the past Asian Games, Commonwealth Games and the Olympic Games. To date, the retirement scheme has total insurance coverage of RM3.075 million for 88 Malaysian athletes.

### SportExcel, Foundation of Malaysian Sporting Excellence

Carlsberg Malaysia continues its long association with SportExcel, the Foundation of Malaysian Sporting Excellence which promotes and supports the development of sports amongst the youth. As a pioneer charter member since 1991, we have been providing financial aid in support of SportExcel’s mission. To date, Carlsberg Malaysia has contributed RM350,000 towards SportExcel.

Carlsberg Malaysia continues to elevate the lives of young Malaysian Indians through providing them school fees assistance and infrastructural support.

# Great Workplace Practices

Carlsberg Malaysia Strategy Wheel



2011 saw the rollout of an improved MyVoice Employee Attitude Survey which was made available to employees in a more user-friendly manner. It turned in a 100% response rate.

## Our Shared Values and Culture

### The Carlsberg Stand: Thirst for Great

2010 saw the Carlsberg Group adopting a new vision globally to symbolise the diversity of the Group. The Carlsberg Stand: Thirst for Great reinforces Great People, Great Brands and Great Moments in unity of our people and brands. The Stand symbolises the way forward for all employees to collaborate in a concerted effort to build an organisation of great people, brands and moments who share a common culture of passion and commitment to do their best.

In line with the Carlsberg Stand are the Group's five core levers that form the strategy wheel. Based on this strategy wheel, the Carlsberg Group has developed its strategic thrust and action plans that have been cascaded to all companies within the Group. The concept of the Stand aligns perfectly with our Five Winning Behaviours, an action-oriented set of principles on best behaviours which are also the pillars of the stand. Our five behaviours are based on the GLOCAL approach: finding the right balance between working closely together at a GLOBAL level whilst allowing LOCAL brands and initiatives to flourish.

## New Employee Attitude Survey

Our employees are important stakeholders in ensuring the sustainability of our businesses and we are committed to engaging with them and better understanding their views.

2011 saw the rollout of an improved MyVoice Employee Attitude Survey which was made available to employees in a more user-friendly manner. It turned in a 100% response rate. The results from MyVoice 2011 show a dramatic improvement in employee confidence (from two years ago) about their being

# The Five Winning Behaviours

## Winning Behaviour Role Model 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 Awards were created to 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 2009, a total of 28 awards have been given to employees who reflected Winning Behaviours in their daily work life.



part of the Carlsberg Group, about the Group's direction, and about the effectiveness of our senior management. Eight categories have improved significantly since 2009 except for the Employee Engagement and Recognition & Reward categories which are at the same levels as they were in 2009.

The encouraging results are testament that Carlsberg Malaysia's efforts to embed The Carlsberg Stand within our shared values and work culture are bearing fruit. Going forward we will continue to leverage MyVoice to gauge employee satisfaction and confidence in the Group.



## Great Workplace Practices



### Keeping Our People Safe and Healthy

Our employees are our greatest asset and their health and safety is paramount. We recognise the importance of good health and safety practices on our overall business performance and are committed to making continuous improvements to occupational health and safety measures at our workplace.

In line with Carlsberg's Health and Safety Policy, we are committed to taking reasonable, adequate and practical steps to prevent and control potential risks that may impact upon the health and safety of our employees or may cause damage to property, products and to the environment. The Group's Central Occupational Health and Safety (OHS) Committee is the organisation to ensure the objectives of the Health and Safety Policy are met.

The policy promotes an environment of safety as well as creates awareness of the need for safety checks and drills to be adhered to in line with local and Group OHS standards. The policy also advocates that continuous improvements be made to methods and systems to enhance the Group's overall OHS standards.

### Nurturing Great People

#### Learning & Development Initiatives

In 2011, our Learning & Development (L&D) initiatives focused on raising the leadership capability of our people through leadership coaching training workshops. As part of our commitment to sharpen the leadership skills of our senior management and management team, an external coach was engaged to provide one-on-one coaching sessions for managers over a period of six months. In the spirit of fostering a coaching culture, a mentoring system was introduced for more experienced managers to mentor much younger managers to help build team support and camaraderie.

#### Carlsberg Sales Academy (CSA)

In June 2011, the Carlsberg Sales Academy (CSA) was launched with the aim of creating more structured training and development opportunities as well as a career map for new Sales hires. The main thrust of the CSA is to nurture internal talent so that the management pipeline for the Sales management talent pool is further developed. The year saw line managers handpicking Sales employees with a track record of high competence and consistent good performance to be groomed for key Sales management positions under the CSA's intensive training programme.

### New Generation Distributor Model (NGDM)

Over the third and fourth quarters of 2011, we rolled out a pilot New Generation Distributor Model (NGDM) which aims to ensure the seamless integration of our Sales employees and valued business partners so that consumers are served in the best manner possible. In support of this initiative, technology backup including handheld terminals were provided to the Sales force and trade partners. They now have the ability to share live data over a common customer database and IT backbone.

### Developing High-Potential Talent

2011 also saw us continuing to roll out several existing initiatives to further build great people. The "high-potentials" (HiPos) continued with the Carlsberg Accelerated Leadership Development Programme (ALDP). These HiPos are individuals with leadership capabilities earmarked to move into key management positions as part of the Company's succession planning strategy. The ALDP is a global Carlsberg initiative aimed at pooling and grooming HiPos to move into international leadership positions within the Group.



**Showcasing 2011's Thirst for Great Moments**

As Carlsberg Malaysia is committed to building Great People, Great Brands and Great Moments, we are leveraging on a series of Thirst for Great Moments to unite our people and brands and motivate them to do their best. The following is a showcase of some of 2011's Great Moments.

**The Thirst for Great Carlsberg Hour**

As part of our efforts to build a great team of people and strengthen employee pride in being part of the Carlsberg Malaysia Family, we introduced the Thirst for Great Carlsberg Hour in 2011. This platform aims to get all employees to participate in Great Moments that will help inculcate the company's core values and culture among them.

In April 2011, more than 200 employees from our Headquarters in Shah Alam and subsidiary Luen Heng F&B Sdn Bhd (LHFB) came together for a Thirst for Great Carlsberg Hour celebration in conjunction with C-Day. The C-Day event marked the re-launch of the Carlsberg Green Label identity across 140 markets globally. It was organised to acknowledge and reward employees for their continuous support as Carlsberg Brand Ambassadors.

Recognising that these engagement activities are helping to strengthen employer-employee relationships and drive employee performance, the Thirst for Great Hour are held on a quarterly basis.

Carlsberg Malaysia is committed to building Great People, Great Brands and Great Moments.

## Great Workplace Practices



### Paint C-Heritage Day

To reinforce Carlsberg's rich heritage and strong family bonding, a fun-filled C-Heritage Day for employees and their children complete with games, face painting, wall painting and our own C-Clown took place. Some 25 employees and their children painted a replica of the Carlsberg Elephant Gate in Copenhagen at the entrance of the Visitors' Gallery. The Elephant Gate depicts the historical 1901 elephant structures at the Carlsberg Group's headquarters in Copenhagen, Denmark.

At the C-Heritage Day, our Children's Corner was also given a facelift. The entrance to our Visitors' Gallery now boasts the Little Mermaid and replicas of the four life-sized elephants at the Elephant Gate.

### Great Moments at the Peak

A contest was also held as part of the C-Day celebration where employees were invited to write a letter to the Managing Director to explain why they should be chosen to scale Mount Everest. Two lucky winners and a programme producer from BFM 89.9 business radio station had a memorable trip where their mission was to "clean-up" Everest and help save the environment. The group comprising a team of employees from Carlsberg companies in the region spent four days cleaning up rubbish left by tourists and other climbers on the slopes of Mount Everest.

### Great Moments for Our Duty Free and East Malaysia Sales Teams

In recognition of the outstanding achievements of our Duty Free and East Malaysia Sales teams and the strong performance they delivered in 2010, our senior management team took our Sales teams of 31 employees on a sales incentive and team-building trip to Macau enroute Zhuhai-Shenzen.

### Great Moments on the Supply Chain Front

There were more great team-building moments when our Supply Chain Department took a day-off in June 2011. Great excitement and many surprises were in store for the Supply Chain team during a day of great fun and great teamwork at Sunway Lagoon Theme Park.



# Continuous Improvement and LEAN (CI-LEAN)



CI-LEAN encourages ideas from the shop floor which contribute to increased productivity, cost savings and efficiency.

## The CI-LEAN Philosophy

Carlsberg Malaysia was the first among Carlsberg Breweries in Asia to roll out the CI-LEAN programme in Supply Chain. CI-LEAN encourages ideas from the shop floor which contribute to increased productivity, cost savings and efficiency. It involves all parties making continuous improvements and ensuring the smooth implementation of effective and sustainable systems.

## Outstanding CI-LEAN Achievements

As a result of 2011's CI-LEAN programme, we produced a record production volume without significant investment in CAPEX on machinery and equipment. This is all the more noteworthy as it was done using the same resources and headcount as the previous year. We also achieved other noteworthy results through leveraging on CI-LEAN.

**Cost savings:** In 2011, Carlsberg Malaysia's Supply Chain team managed to optimise product and production costs generating a substantial saving of RM6.0 million.

**Environmental initiatives:** The year saw the supply chain team increasing the production of biogas from the waste water treatment plant from 8% to 11% thereby lowering our dependency on natural gas purchased.

**Productivity improvements:** A thorough audit and assessment was done in 2011, where corrective actions were identified and the implementation of gap closure items will continue into the first half of 2012. These improvements will generate better productivity for the supply chain which also indirectly reduce our overall production costs.

## Brewing New CI-LEAN Ideas

In 2011, Carlsberg Malaysia initiated an exchange to Holsten Brewery in Hamburg Germany, which is a part of the Carlsberg Group. Six members of the Supply Chain Department saw first-hand the CI-LEAN practices undertaken in Europe. There was much energy and excitement between the Malaysian team and their German counterparts as they exchanged perspectives on how to make the Carlsberg Group's breweries the best and most efficient breweries in the world.

# Protecting Our Environment

Carlsberg Malaysia continuously looks for new ways of reducing, recycling, and reusing to improve our environmental performance.

## Our Approach to Protecting the Environment

Carlsberg Malaysia is committed to operating in an ethical and environmentally responsible manner that contributes to sustainable development. We recognise the responsibility we have to protect our environment in relation to our brewery operations, and as such we endeavour to optimise the use of natural resources and reduce the impact of our operations on the environment.

Sincerely committed to playing our role in helping protect the environment, Carlsberg Malaysia has established an Environmental Policy, which is in support of the Carlsberg Global Environment Policy. We conform to international environmental standards i.e. ISO14001:2004, while all our activities, products and services meet all local legal criteria. We also ensure our environmental objectives and targets are constantly monitored.

Our Environmental Management System (EMS) focuses mainly on the efficient use and conservation of resources; hence energy, water and waste management programmes form the focus of our environmental strategy.

The EMS also enables us to set and review the Group's environmental objectives and targets as well as make continuous improvements to our environmental performance.

### Reuse

	2009	2010	2011
Biogas Energy (% Replacement, 2009-2011)	3.21	7.52	11.12

### Recycle

	2009	2010	2011
Internal Materials/Packaging Waste Recycled (% , 2009-2011)	71.20	69.50	87.20

### Reduce

	2009	2010	2011
Total Waste Produced (kg/hl, 2009-2011)	15.84	12.73	9.38
Water Consumption, Operation (hl/hl, 2009-2011)	3.94	4.01	3.99
Electricity Consumption, Operation (kWh/hl, 2009-2011)	10.81	9.97	9.97
Thermal Energy (kWh/hl, 2009-2011)	25.3	23.3	23.0
CO <sub>2</sub> Emissions (kg/hl, 2009-2011)	12.97	12.14	12.14



### 3R: Constantly Reducing, Recycling, Reusing

Carlsberg Malaysia continuously looks for new ways of reducing, recycling, and reusing to improve our environmental performance while at the same time undertaking efforts to reduce environmental waste and our carbon footprint. As part of our Environmental Policy, we constantly evaluate our own standards and introduce continuous improvement measures on energy, carbon emission, water and wastes.

#### Deriving the Greatest Benefit from 3R Efforts

In 2011, 87.2% of the solid wastes including paper, plastic and aluminium generated from our operations were recycled. Waste cartons, plastics and aluminium cans are accumulated and sold to outside contractors while glass waste is sold back to the manufacturer of glass bottles.

The total waste generated from our operations in 2011 amounted to 9.38 kg/hl of our production, compared to 12.73 kg/hl in the previous year.

We adhere strictly to the Environmental Quality (Scheduled Wastes) Regulations. All usage, handling, storing, packing, labelling and disposal of scheduled and general wastes are managed to prevent pollution to the environment. Only registered contractors are allowed to handle waste disposal and the details of all related activities are lodged with the Department of the Environment every six months.

## Protecting Our Environment



### Energy Conservation Efforts

To conserve energy in 2011, the air conditioning temperature was set at a minimum of 24 degrees Celsius and the lighting switch-off procedure implemented. Improved planning in brewery operations and packaging too led to better energy utilisation. On top of this, replacing inefficient equipment helped to further reduced electricity and energy consumption.

Our approach in minimising our energy usage was to have section metering to monitor usage and take corrective action. The most significant achievement in terms of energy conservation was in the improved energy usage in the packaging operations, cooling plant and compressed air system.

In 2011, we upgraded the efficiency of the anaerobic stage at our Waste Water Treatment Plant including the replacement of a new set of settlers. The upgrade contributed to an increase in biogas generated from the waste water treatment which eventually reduced the need for natural gas by 11.12%.

We go out of our way to derive the greatest benefit from our 3R efforts. Over the past three years, we have been making good inroads in most areas on the 3R front.

### Procurement Policy

In support of Carlsberg Malaysia's Environmental Policy and the EMS, we have established that all our vendors, contractors and suppliers (approximately 80% of whom are local) act in compliance with the Environmental Quality Act 1974 and all its regulations. This includes their mitigating any impact on the environment that may result from natural resource depletion, contamination of water, emission to air, contamination of land and disposal and recycling of waste and by-products.

Employees of vendors, contractors, and suppliers are trained by our team to manage and handle materials and waste that are brought, used or generated onsite. All vendors need to obtain relevant permits and copies of the licenses are sent to Carlsberg Malaysia for safekeeping until renewal.



**Beyond Earth Hour**

In 2011, Carlsberg Malaysia for the fourth consecutive year pledged its support in the Earth Hour campaign along with 20 Carlsberg companies globally. On Saturday 26 March 2011, non-essential lights at the brewery, sales depots, commercial signs and office buildings were switched off from 8.30 pm-9.30 pm.

Carlsberg Malaysia also took the Earth Hour initiative up a couple of notches by stepping forward to partner with HELP University College on the C-Green and C-Clip competitions that helped create an environmental awareness among the younger generation. The competitions urged students to use their creativity to recycle materials or produce a creative video clip featuring how they could conserve the Earth.

Going the extra mile, Carlsberg Malaysia also reached out to 48 outlets in Malaysia by encouraging them to pledge

their support to switch off all non-essential lights at their outlets for an hour.

**Annual Sponsorship to the Malaysian Zoological Society**

Carlsberg Malaysia continues to contribute towards elephant conservation and educational efforts in Malaysia. 2011 saw us contributing some RM15,000 to the National Zoo to upkeep the maintainance of the two Malaysian elephants and to educate visitors of the zoo. In the past 25 years, Carlsberg Malaysia has contributed more than RM285,000 to the Malaysian Zoological Society.

As Carlsberg Malaysia moves boldly forward on its journey to success, we will continue to uphold our commitment to operating in an ethical and environmentally responsible manner that contributes to long term sustainable development.

Going the extra mile, Carlsberg Malaysia also reached out to 48 outlets by encouraging them to support Earth Hour.

# Continuing to Move Boldly Forward

As we set our sights on delivering sustainable growth, we will ensure that we balance our financial performance with responsible social and environmental practices.

As we venture boldly forward, Carlsberg Malaysia remains committed to embedding responsible and sustainable practices in our total business operations and value chain so that we stand out as a model for responsible corporate behaviour. As we set our sights on delivering sustainable growth, we will ensure that we balance our financial performance with responsible social and environmental practices. Through ensuring the delivery of impactful and tangible CSR outcomes in the areas of the Marketplace, Community, Workplace and Environment, we hope to create sustainable value and establish enduring ties with our stakeholders.

The year 2012 will see us implementing specific initiatives to accelerate the good CSR momentum achieved thus far. We will work to enhance internal and external communications on the CSR front as well as take performance reporting and compliance activities up several notches. Over time, these will be aligned with the Global Reporting Initiative (GRI) Guidelines. We will also work towards rolling out utilities audit as part of our commitment to undertake continuous improvement on the environmental front. These and other similar activities will ensure that we further build upon the good foundation we have laid.

CSR has already become a priority within the Carlsberg Group and will remain an integral part of our operations going forward. We trust that all our stakeholders will continue to lend us their unwavering support as we journey forward on our mission to achieve sustainable growth.

# We Welcome Your Feedback

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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